

Financial Results for the Fiscal Year Ended March 31, 2017

Consolidated Financial Results for FYE 3/2017

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Marubeni Corporation
Consolidated Financial Statements

Consolidated Financial Statements

1. Consolidated Statements of Financial Position

	<i>Millions of yen</i>		
	March 31		
	2017	2016	Variance
Assets			
Current assets:			
Cash and cash equivalents	704,972	600,840	104,132
Time deposits	1,227	5,032	(3,805)
Investment securities	10,075	10,075	0
Trade and loan receivables	1,235,392	1,270,284	(34,892)
Other current financial assets	200,560	219,652	(19,092)
Inventories	767,365	779,581	(12,216)
Assets held-for-sale	36,689	63,308	(26,619)
Other current assets	208,206	213,808	(5,602)
Total current assets	3,164,486	3,162,580	1,906
Non-current assets:			
Investments in associates and joint ventures	1,755,952	1,651,350	104,602
Other investments	334,441	348,063	(13,622)
Trade and loan receivables	162,961	168,733	(5,772)
Other non-current financial assets	85,799	91,434	(5,635)
Property, plant and equipment	968,392	1,201,444	(233,052)
Intangible assets	289,334	335,273	(45,939)
Deferred tax assets	88,216	94,113	(5,897)
Other non-current assets	47,152	64,696	(17,544)
Total non-current assets	3,732,247	3,955,106	(222,859)
Total assets	6,896,733	7,117,686	(220,953)

Marubeni Corporation
Consolidated Financial Statements

	<i>Millions of yen</i>		
	March 31		
	2017	2016	Variance
Liabilities and Equity			
Current liabilities:			
Bonds and borrowings	643,049	636,536	6,513
Trade and other payables	1,243,087	1,221,150	21,937
Other current financial liabilities	361,768	351,246	10,522
Income tax payable	19,454	15,473	3,981
Liabilities directly associated with assets held-for-sale	4,086	1,873	2,213
Other current liabilities	344,761	367,938	(23,177)
Total current liabilities	2,616,205	2,594,216	21,989
Non-current liabilities:			
Bond and borrowings	2,163,089	2,731,789	(568,700)
Trade and other payables	18,349	17,658	691
Other non-current financial liabilities	70,285	76,697	(6,412)
Accrued pension and retirement benefits	83,468	91,918	(8,450)
Deferred tax liabilities	105,630	100,617	5,013
Other non-current liabilities	96,949	89,589	7,360
Total non-current liabilities	2,537,770	3,108,268	(570,498)
Total liabilities	5,153,975	5,702,484	(548,509)
Equity:			
Issued capital	262,686	262,686	—
Capital surplus	142,881	141,504	1,377
Other equity financial instrument:	243,589	—	243,589
Treasury stock	(1,374)	(1,369)	(5)
Retained earnings	856,647	737,215	119,432
Other components of equity:			
Gains (losses) on financial assets measured at fair value through other comprehensive income	54,606	43,066	11,540
Foreign currency translation adjustments	165,310	193,608	(28,298)
Gains (losses) on cash flow hedges	(40,622)	(59,658)	19,036
Remeasurements of defined benefit pension plan	—	—	—
Equity attributable to owners of the parent	1,683,723	1,317,052	366,671
Non-controlling interests	59,035	98,150	(39,115)
Total equity	1,742,758	1,415,202	327,556
Total liabilities and equity	6,896,733	7,117,686	(220,953)

Marubeni Corporation
Consolidated Financial Statements

2. Consolidated Statements of Comprehensive Income

	<i>Millions of yen</i>			
	Fiscal year ended March 31,		Variance	Ratio (%)
	2017	2016		
Revenue:				
Sale of goods	6,940,332	7,077,085	(136,753)	(1.9)
Commissions on services and trading margins	188,473	223,214	(34,741)	(15.6)
Total revenue	7,128,805	7,300,299	(171,494)	(2.3)
Cost of goods sold	(6,514,925)	(6,630,213)	115,288	(1.7)
Gross trading profit	613,880	670,086	(56,206)	(8.4)
Other income (expenses) :				
Selling, general and administrative expenses	(522,283)	(565,855)	43,572	(7.7)
Gains (losses) on property, plant and equipment				
Impairment losses on non-current assets	(69,246)	(114,658)	45,412	(39.6)
Gains (losses) on sales of property, plant and equipment	5,852	11,362	(5,510)	(48.5)
Other – net	45,934	(16,035)	61,969	-
Total other income (expenses)	(539,743)	(685,186)	145,443	(21.2)
Finance income (expenses):				
Interest income	16,213	14,602	1,611	11.0
Interest expense	(33,318)	(33,628)	310	(0.9)
Dividend income	17,512	18,555	(1,043)	(5.6)
Gains (losses) on investment securities	11,002	74,306	(63,304)	(85.2)
Total finance income (expenses)	11,409	73,835	(62,426)	(84.5)
Share of profits of associates and joint ventures	114,725	31,824	82,901	260.5
Profit before tax	200,271	90,559	109,712	121.1
Provision for income tax	(44,485)	(23,031)	(21,454)	93.2
Profit for the year	155,786	67,528	88,258	130.7
Profit for the year attributable to:				
Owners of the parent	155,350	62,264	93,086	149.5
Non-controlling interests	436	5,264	(4,828)	(91.7)
Total volume of trading transactions	11,134,169	12,207,957	(1,073,788)	(8.8)

(Note)

These financial statements are unaudited.

These financial statements are based on IFRS.

"Total volume of trading transactions" includes all transactions involving the Company and its consolidated subsidiaries regardless of transaction type. "Total volume of trading transactions" is presented in accordance with Japanese accounting practice for investors' convenience and is not required by IFRS.

I. Expenses: (Billions of yen)

	FYE 3/2017		FYE 3/2016		Variance
Selling, general and administrative expenses	-	518.1	-	553.3	35.3
(Personnel expenses)	(-	283.3)	(-	293.2)	(9.9)
(Travel and Transportation expenses)	(-	17.4)	(-	19.2)	(1.8)
(Service commissions)	(-	14.5)	(-	25.9)	(11.4)
(Depreciation expenses)	(-	36.4)	(-	37.7)	(1.2)
Provision for doubtful accounts	-	4.2	-	12.5	8.3
Total	-	522.3	-	565.9	43.6

II. Gains (losses) on property, plant and equipment: (Billions of yen)

	FYE 3/2017		FYE 3/2016		Variance
Losses on fair value of property, plant and equipment	-	69.2	-	114.7	45.4
Gains (losses) on sales of property, plant and equipment		5.9		11.4	- 5.5
Total	-	63.4	-	103.3	39.9

III. Other Gains and Losses: (Billions of yen)

	FYE 3/2017		FYE 3/2016		Variance
Foreign currency translation gain or loss		13.5	-	32.5	46.0
Loss on liquidation of associates	-	0.5	-	16.5	16.1
Others		32.9		33.0	- 0.1
Total		45.9	-	16.0	62.0

IV. Finance Income (Expenses): (Billions of yen)

	FYE 3/2017		FYE 3/2016		Variance
Interest income		16.2		14.6	1.6
Interest expense	-	33.3	-	33.6	0.3
(Interest - net)	(-	17.1)	(-	19.0)	(1.9)
Dividend income		17.5		18.6	- 1.0
Gains (losses) on investment securities		11.0		74.3	- 63.3
(Gains and losses on sale of investment securities)	(15.6)	(12.3)	(3.2)
(Gains and losses on valuation of investment securities)	(-	4.6)	(62.0)	(- 66.5)
Total		11.4		73.8	- 62.4

V. Influence of newly included companies / excluded companies on Consolidated P/L (compared with FYE 3/2016 actual)

	Newly included		Excluded		Net
Total volume of trading transactions		39.5	-	205.5	- 165.9
Gross trading profit		10.4	-	32.1	- 21.7
SGA expenses (excl. doubtful accounts)	-	8.2		26.0	17.8
Operating profit		2.0	-	5.9	- 4.0
Interest expense-net	-	0.2		1.7	1.5
Dividend received		0.0	-	0.2	- 0.2
Share of profits of associates and joint ventures		0.4	-	3.3	- 2.9

3. Consolidated Statements of Cash Flows

	<i>Millions of yen</i>	
	Fiscal year ended March 31,	
	2017	
Operating activities		
Profit for the year	155,786	Operating activities provided net cash of 324.3 billion yen, mainly from overseas subsidiaries' operating revenues. Note) Dividend income from associated companies: 85.3 billion yen (83.6 billion yen for the previous fiscal year)
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:		
Depreciation and amortisation	111,682	
Losses (gains) on property, plant and equipment	63,394	
Finance expenses (income)	(11,409)	
Share of profits of associates and joint ventures	(114,725)	
Income taxes	44,485	
Changes in notes accounts receivable	(25,820)	
Changes in inventories	24,791	
Changes in notes and trade accounts payable	64,793	
Other-net	(45,474)	
Interest received	13,425	
Interest paid	(33,358)	
Dividends received	102,467	
Income taxes paid	(25,774)	
Net cash provided by operating activities	324,263	
Investing activities		
Net decrease (increase) in time deposits	3,665	
Proceeds from sale of property, plant and equipment	89,684	
Proceeds from sale of investment property	13,446	
Collection of loans receivable	30,005	
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	56,622	
Proceeds from sale of investments in associates and joint ventures, and other investments	105,816	Cash inflow of 105.8 billion yen is due mainly to gains on sale of shares related to a railcar leasing business and an automotive sector business in North America.
Purchase of property, plant and equipment	(130,987)	Cash outflow of 131.0 billion yen is due mainly to capital expenditure in overseas businesses.
Purchase of investment property	(181)	
Loans provided to customers	(21,052)	
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(10,705)	
Purchase of investments in associates and joint ventures, and other investments	(89,809)	Cash outflow of 89.8 billion yen is due mainly to investment in natural gas fired power generation business in the U.S.A and gas distribution business in Portugal.
Net cash provided by/used in investing activities	46,504	
Financing activities		
Net increase (decrease) in short-term borrowings	(135,725)	
Proceeds from long-term bonds and borrowings	126,589	
Repayments of long-term bonds and borrowings	(450,820)	
Dividends paid to owners of the parent	(34,711)	
Net cash outflows on purchases and sales of treasury stock	(8)	
Capital contribution from non-controlling interests	374	
Acquisition of equity portion of subsidiary from non-controlling interests	(1,656)	
Proceeds from issuance of other equity financial instruments	243,589	
Distribution to owners of other equity financial instruments	(2,010)	
Other	(3,745)	
Net cash used in financing activities	(258,123)	
Effect of exchange rate changes on cash and cash equivalents	(8,512)	
Net increase (decrease) in cash and cash equivalents	104,132	
Cash and cash equivalents at beginning of year	600,840	
Cash and cash equivalents at end of year	704,972	

*These financial statements are unaudited.
These financial statements are based on IFRS.*

4. Balance of Risk Exposure Outstanding in 18 Countries as of March 31, 2017

Balance of Risk Exposure Outstanding (Long-term credit exposure, Fixed assets, Investment)

Billions of Yen

	Long - term credit exposure	Fixed assets	Investment	Gross Risk Exposure		Net Risk Exposure	
					+/- from March 2016		+/- from March 2016
P.R.China	2.5	0.9	63.0	66.3	-20.2	65.1	-19.2
Taiwan	2.1	0.0	67.7	69.8	8.1	69.8	8.1
Indonesia	23.5	50.5	51.0	125.0	-4.1	95.9	-6.4
Thailand	1.0	4.9	6.7	12.5	-1.2	12.5	-1.2
Philippines	12.5	1.6	95.7	109.7	16.3	109.7	16.3
UAE	13.1	0.0	33.1	46.2	5.8	46.2	5.8
Oman	4.4	0.0	11.8	16.2	-0.9	5.0	-0.1
Qatar	4.1	1.1	52.2	57.4	-12.2	54.4	-12.2
Saudi Arabia	27.7	0.0	11.1	38.8	3.6	33.0	12.2
Portugal	5.0	0.0	57.0	61.9	-4.5	61.9	-4.5
Russia	4.2	0.0	12.0	16.2	8.3	16.2	8.3
Jamaica	0.8	0.0	26.3	27.1	2.1	4.7	3.4
Trinidad and Tobago	3.3	0.0	9.8	13.1	-0.6	13.1	-0.6
Mexico	0.0	0.1	10.3	10.4	5.4	10.4	5.4
Chile	97.9	0.5	231.8	330.2	0.8	330.2	0.8
Brazil	25.1	10.4	6.7	42.1	10.1	42.1	10.1
Peru	0.0	1.4	16.9	18.4	0.7	18.4	0.7
Papua New Guinea	2.7	0.0	30.9	33.7	-0.6	9.4	4.9
18 Countries Total	229.8	71.4	793.9	1,095.1	17.1	997.9	32.0

- Focused Countries with over 10 billion yen "Gross Risk Exposure" are shown above.
- Long-term credit exposure includes loan receivables, guarantees, deferred payments etc.
- Net Risk Exposure is Gross Risk Exposure minus the amount secured by insurance.

5. Disposition of Employees (Non-consolidated basis)

● By office location

	March 31, 2016	March 31, 2017	Variance
Head Office	2,954	2,944	-10
Domestic Branches	19	18	-1
Domestic Group Firms	584	598	+14
Overseas branches and corporate subs.	880	898	+18
North, Central & South America	255	260	+5
Europe & CIS	115	121	+6
Asia	376	387	+11
Others	134	130	-4
Total	4,437	4,458	+21

● By business group

	March 31, 2017
Food & Consumer Products	1,057
Chemical & Forest Products	525
Energy & Metals	492
Power Projects & Plant	636
Transportation & Industrial Machinery	429
Corporate Staff, Others	1,319
Total	4,458

Employees assigned to domestic and overseas group firms and corporate subsidiaries are classified in each corresponding groups.

Others include employees assigned to domestic and overseas branches and offices, as well as trainees.

◆ Projected number of staff at the end of March 2018 (non-consolidated basis) approx. 4,500 employees

◆ Number of staff at the end of March 2017 (consolidated basis) actual 39,952 employees

6. Transition of Consolidated Financial Results / Financial Indicators / Stock Prices, Foreign Exchange & Interest Rates

Consolidated Financial Results

(Unit : Billions of yen)

Operating Results	FYE 3/2009	FYE 3/2010	FYE 3/2011	FYE 3/2012	FYE 3/2013	FYE 3/2014	FYE 3/2015	FYE 3/2016	FYE 3/2017
	US GAAP					IFRS			
Total volume of trading transactions	10,462.1	7,965.1	9,020.5	10,584.4	10,509.1	13,633.5	13,925.3	12,208.0	11,134.2
Gross trading profit	644.8	491.7	522.2	541.5	528.2	651.1	707.3	670.1	613.9
Selling, general and administrative expenses	-408.9	-366.9	-371.0	-383.0	-403.4	-490.8	-540.5	-553.3	-518.1
Provision for doubtful accounts	-1.8	-5.8	-5.4	-1.2	-1.9	-2.8	-6.2	-12.5	-4.2
Operating profit	234.1	118.9	145.8	157.3	122.9	157.5	160.7	104.2	91.6
Interest expense, net of interest income	-40.6	-22.8	-18.1	-17.8	-15.9	-22.1	-24.6	-19.0	-17.1
Dividend income	27.7	23.6	19.2	27.4	30.1	34.9	35.0	18.6	17.5
Gain (loss) on investment securities	-22.8	11.2	11.6	13.8	28.9	14.1	0.7	74.3	11.0
Gain (loss) on property, plant and equipment	-13.6	-10.8	-6.9	-7.7	-28.6	-41.5	-144.9	-103.3	-63.4
Other income (expenses)	-5.8	17.5	-15.8	6.6	22.3	-5.9	7.8	-16.0	45.9
Share of profits of associates and joint ventures	22.0	28.9	71.5	81.5	87.8	99.4	89.9	31.8	114.7
Profit before tax	200.9	166.4	207.2	261.0	247.5	236.4	124.6	90.6	200.3
Tax expense	-80.9	-65.8	-64.5	-83.9	-38.6	-23.1	-11.9	-23.0	-44.5
Profit for the Period	120.0	100.6	142.7	177.0	209.0	213.3	112.7	67.5	155.8
Profit attributable to owners of the parent	111.2	95.3	136.5	172.1	205.7	210.9	105.6	62.3	155.4
Profit attributable to non-controlling interests	8.8	5.3	6.1	4.9	3.3	2.3	7.1	5.3	0.4

Financial Position	FYE 3/2009	FYE 3/2010	FYE 3/2011	FYE 3/2012	FYE 3/2013	FYE 3/2014	FYE 3/2015	FYE 3/2016	FYE 3/2017
	US GAAP					IFRS			
Total assets	4,707.3	4,586.6	4,679.1	5,129.9	5,965.1	7,256.1	7,673.1	7,117.7	6,896.7
Current assets	2,328.8	2,241.1	2,397.8	2,643.9	3,062.7	3,311.0	3,260.7	3,162.6	3,164.5
Non-current assets	2,378.6	2,345.4	2,281.3	2,486.0	2,902.4	3,945.1	4,412.4	3,955.1	3,732.2
Interest-bearing debt	2,533.8	2,300.1	2,256.8	2,483.0	2,737.0	3,182.4	3,369.0	3,368.3	2,806.1
Cash and cash equivalents	622.2	593.7	641.2	727.3	951.7	691.3	481.4	605.9	706.2
Net interest-bearing debt-net	1,911.6	1,706.4	1,615.6	1,755.7	1,785.2	2,491.0	2,887.6	2,762.5	2,099.9
Total equity	623.4	799.7	831.7	915.8	1,188.4	1,531.2	1,678.7	1,415.2	1,742.8
Non-controlling interests	56.2	54.4	58.1	63.6	56.5	147.9	160.2	98.2	59.0
Equity attributable to owners of the parent	567.1	745.3	773.6	852.2	1,131.8	1,383.4	1,518.5	1,317.1	1,683.7
Issued capital	262.7	262.7	262.7	262.7	262.7	262.7	262.7	262.7	262.7
Capital surplus	158.5	158.4	157.9	158.2	154.6	154.1	148.2	141.5	142.9
Other equity financial instruments	-	-	-	-	-	-	-	-	243.6
Treasury stock	-0.7	-0.6	-0.7	-0.8	-0.9	-1.3	-1.4	-1.4	-1.4
Retained earnings	510.5	594.5	712.8	856.3	1,023.8	700.0	728.1	737.2	856.6
Other components of equity	-363.8	-269.7	-359.1	-424.3	-308.4	268.0	380.8	177.0	179.3
Gains and losses on financial assets measured at fair value through other comprehensive income	6.8	33.8	21.0	19.5	14.6	120.7	108.3	43.1	54.6
Foreign currency translation adjustments	-242.3	-204.5	-273.0	-307.6	-188.7	181.7	327.8	193.6	165.3
Gains and losses on cash flow hedges	-66.0	-42.9	-46.2	-71.3	-65.6	-34.5	-55.2	-59.7	-40.6
Remeasurements of defined benefit pension plan	-62.2	-56.1	-60.9	-64.8	-68.7	-	-	-	-

Financial Indicators

	FYE 3/2009	FYE 3/2010	FYE 3/2011	FYE 3/2012	FYE 3/2013	FYE 3/2014	FYE 3/2015	FYE 3/2016	FYE 3/2017
	US GAAP					IFRS			
ROA	2.24%	2.05%	2.95%	3.51%	3.71%	3.15%	1.41%	0.84%	2.22%
ROE	16.51%	14.52%	17.98%	21.17%	20.74%	16.67%	7.28%	4.39%	11.09%
Net D/E Ratio (times) *1	3.07	2.13	1.94	1.92	1.50	1.63	1.72	1.95	1.20
Shareholders' Equity Ratio *2	12.0%	16.2%	16.5%	16.6%	19.0%	19.1%	19.8%	18.5%	20.9%
Current Ratio	134.2%	139.7%	138.1%	143.8%	136.5%	125.0%	119.4%	121.9%	121.0%

Consolidated group companies	440	428	425	430	442	453	452	448	438
Subsidiaries	279	272	262	272	291	303	303	299	285
Associated companies	161	156	163	158	151	150	149	149	153
Number of profit-making companies	327	312	330	342	351	355	337	354	351
Profit-making company ratio	74.3%	72.9%	77.6%	79.5%	79.4%	78.4%	74.6%	79.0%	80.1%
Profit amount (JPY bn)	198.7	151.2	180.7	221.0	228.2	268.4	256.7	260.1	274.9
Number of loss-making companies	113	116	95	88	91	98	115	94	87
Loss-making company ratio	25.7%	27.1%	22.4%	20.5%	20.6%	21.6%	25.4%	21.0%	19.9%
Deficit amount (JPY bn)	-56.1	-40.8	-14.6	-30.2	-48.5	-67.2	-146.5	-218.8	-116.0

(note) *1 Net D/E ratio = Net interest-bearing debt / Total equity
*2 Shareholders' Equity = Total Equity - Non-controlling Interests - Perpetual Subordinated Loan Related Items

Stock Prices, Foreign Exchange & Interest Rates

	FYE 3/2009	FYE 3/2010	FYE 3/2011	FYE 3/2012	FYE 3/2013	FYE 3/2014	FYE 3/2015	FYE 3/2016	FYE 3/2017
Nikkei Stock Average (Term-end) (yen)	8,109.53	11,089.94	9,755.10	10,083.56	12,397.91	14,827.83	19,206.99	16,758.67	18,909.26
Exchange Rates (¥/\$)									
Term-end rate for March-closing companies	98.23	93.04	83.15	82.19	94.05	102.92	120.17	112.68	112.19
Average rate for March-closing companies	100.54	92.85	85.71	79.07	83.10	100.24	109.93	120.14	108.38
Term-end rate for December-closing companies	91.03	92.10	81.49	77.74	86.58	-	-	-	-
Average rate for December-closing companies	103.46	93.57	87.80	79.83	79.82	-	-	-	-
Interest Rates (Average)									
JPY 3M TIBOR	0.82%	0.53%	0.36%	0.34%	0.32%	0.23%	0.20%	0.16%	0.06%
USD 3M LIBOR (Jan.-Dec.)	2.93%	0.69%	0.34%	0.34%	0.43%	-	-	-	-
USD 3M LIBOR (Apr.-Mar.)	-	-	-	0.39%	0.37%	0.25%	0.24%	0.41%	0.86%