
Summary of Consolidated Financial Results
For the Six-month Period Ended September 30, 2019
(IFRS basis)

(April 1, 2019 – September 30, 2019)

**This document is an English translation of materials originally prepared in Japanese.
The Japanese original shall be considered the primary version.*

Marubeni

(TSE Code: 8002)

Summary of Consolidated Financial Statements for the Six-Month Period Ended September 30, 2019 (IFRS basis)

Company name: Marubeni Corporation
Listed: Tokyo, Nagoya

(URL <https://www.marubeni.com/en/>)

Code number: 8002

Representative:

KAKINOKI Masumi President and CEO, Member of the Board

Inquiries:

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Expected filing date of quarterly financial statement report:

November 8, 2019

TEL (03) 3282 - 4803

Expected date of the beginning of delivery of dividends:

December 2, 2019

Supplementary explanations of quarterly business results:

Prepared

IR meeting on financial results:

To be held (for institutional investors and analysts)

1. Consolidated financial results for the six-month period ended September 30, 2019 (April 1, 2019 - September 30, 2019)

(Remarks)

Figures are rounded to the nearest million.

%: change from the previous fiscal year

(1) Consolidated business results

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of the parent		Comprehensive income for the period	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Six months ended September 30, 2019	3,651,002	(10.9)	78,774	(20.3)	138,758	(28.5)	116,651	(25.3)	111,780	(26.4)	(1,283)	-
2018	4,097,473	8.5	98,831	87.4	193,967	43.2	156,177	45.5	151,976	45.3	285,767	88.1

	Earnings per share (basic)		Earnings per share (diluted)	
	(yen)	(yen)	(yen)	(yen)
Six months ended September 30, 2019	63.27	63.21	63.27	63.21
2018	86.42	86.36	86.42	86.36

(Note) 1. "Operating profit" is presented in accordance with Japanese accounting practice for investors' convenience and is not required by IFRS.

"Operating profit" is the sum of "Gross trading profit", "Selling, general and administrative expenses" and "Provision for doubtful accounts".

2. "Basic and diluted earnings per share" are based on "Profit attributable to owners of the parent" excluding the amount not attributable to ordinary shareholder.

(2) Consolidated financial conditions

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio
	(millions of yen)	(millions of yen)	(millions of yen)	(%)
September 30, 2019	6,541,069	2,024,061	1,937,489	29.6
March 31, 2019	6,809,077	2,071,726	1,977,741	29.0

2. Dividends information

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
Year ended March 31, 2019	-	17.00	-	17.00	34.00
Year ending March 31, 2020	-	17.50	-	-	-
Year ending March 31, 2020 (Forecast)	-	-	-	17.50	35.00

(Note) Changes from the latest announced forecasts: None

3. Consolidated earnings forecast for FYE 3/2020 (April 1, 2019 - March 31, 2020)

(Remarks)

%: change from the previous fiscal year

	Profit attributable to owners of the parent		Earnings per share (basic)	
	(millions of yen)	(%)	(yen)	(yen)
Yearly	240,000	3.9	135.91	135.91

(Note) Changes from the latest announced forecasts: None

* "Earnings per share (basic)" is based on "Profit attributable to owners of the parent" excluding the amount not attributable to ordinary shareholders.

***Note**

- (1) Changes in principal subsidiaries during the period : Yes
Excluded: Gavilon Holdings, LLC
- (2) Changes in accounting principles and accounting estimates
- ① Changes in accounting principles required by IFRS : Yes
- ② Changes other than ① : None
- ③ Changes in accounting estimate : None
- (Note) Please refer to p.15 "2. Consolidated Financial Statements and Notes, (6) Changes in Accounting Principles" for details.

(3) Number of issued shares (Common shares)

① Number of issued shares at the end of the term	September 30, 2019	1,737,940,900
(Treasury stock is included)	March 31, 2019	1,737,940,900
② Number of treasury stock at the end of the term	September 30, 2019	2,453,039
	March 31, 2019	2,590,013
③ Average number of outstanding shares during the term	Six months ended September 30, 2019	1,735,385,818
	Six months ended September 30, 2018	1,735,355,523

<The Summary of Consolidated Financial Statements for the Six-Month Period Ended September 30, 2019 (IFRS basis) is not subject to quarterly review.>

<Descriptions relating to the proper use of financial forecasts and other special notes>

(Notes to the description about future, other)

The descriptions about future such as the above forecasts are based upon available information and assumptions, as of the time of the announcement date, about uncertain factors which would influence future businesses. Actual results might be influenced by various factors in the future.

(How to access supplementary explanations on business results and the details of briefing on business results)

Supplementary explanations on business results will be made available on the Company's website on Tuesday, November 5, 2019.

The Company is scheduled to hold an IR meeting on financial results for institutional investors and analysts on Thursday, November 7, 2019, and to post the audio file of the meeting together with the materials used at the briefing on the Company's website at the earliest possible time.

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Consolidated Financial Results

1. Qualitative Information on Consolidated Financial Results for the Six-month Period under Review

(1) Qualitative Information on Consolidated Business Results

In the six-month period ended September 30, 2019, a slowdown in developed economies and the Chinese economy was compounded by a slowdown in developing economies other than China in response to continued U.S.-China trade tensions. As a result, central banks across much of the world, most notably in the U.S., shifted to an easing bias. Crude oil and other commodity price movements varied among commodities in response to supply-side factors, the U.S.-China trade tensions, and escalation of geopolitical risk, mainly in the Middle East.

The U.S. economy slowed moderately, despite support from consumer spending. A deterioration in real demand and business confidence was seen, particularly in the corporate sector while in the face of an increasingly murky economic outlook clouded by continued U.S.-China trade tensions, among other factors. The Federal Reserve shifted its monetary policy toward easing, cutting interest rates for the first time in about 10 and a half years in July, followed by a further cut in September.

The European economy's slowdown generally intensified, mainly in Germany. The ECB returned to monetary easing in September, resuming quantitative easing and cutting interest rates for the first time in about 3 and a half years, amid continued uncertainty stemming from fraught Brexit negotiations and ascendant populism.

Emerging market economies generally continued to grow, but their growth was dampened by the U.S.-China trade conflict and other headwinds, resulting in a sharper slowdown in China. Other developing economies also experienced a decline in growth rates amid a slowdown in exports and other factors. In response, China and many other developing economies have implemented stimulus measures.

The Japanese economy slowed moderately as capital investment and exports softened in response to the impact of U.S.-China trade tensions and other factors, despite support from consumer spending. Inflationary pressure remains weak, and the Bank of Japan maintained its accommodative monetary policy.

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Consolidated Financial Results

Under the aforementioned business environment, consolidated operating results for the six-month period ended September 30, 2019 are as follows:

(millions of yen)

	Six-month period ended September 30,		Variance
	2018	2019	
Revenue	4,097,473	3,651,002	(446,471)
Gross trading profit	366,208	355,348	(10,860)
Operating profit	98,831	78,774	(20,057)
Share of profits (losses) of associates and joint ventures	75,037	81,943	6,906
Profit attributable to owners of the parent	151,976	111,780	(40,196)

(Note 1)

Figures are rounded to the nearest million yen unless otherwise stated.

(Note 2)

“Operating profit” is presented in accordance with Japanese accounting practice for investors’ convenience and is not required by IFRS. “Operating profit” is the sum of “Gross trading profit” and “Selling, general and administrative expenses” including “Provision for doubtful accounts”.

Revenue

Revenue was down 446.5 billion yen (10.9%) year on year to 3,651.0 billion yen. By operating segment, profits decreased mainly in *Food, Chemicals* and *Agri Business*.

Gross trading profit

Gross trading profit decreased 10.9 billion yen (3.0%) from the year-earlier period to 355.3 billion yen. By operating segment, profits decreased mainly in *Power Business, Chemicals* and *Energy*.

Operating profit

Operating profit decreased 20.1 billion yen (20.3%) from the year-earlier period to 78.8 billion yen.

Share of profits of associates and joint ventures

Share of profits of associates and joint ventures increased 6.9 billion yen (9.2%) from the year-earlier period to 81.9 billion yen. By operating segment, profits increased mainly in *Metals & Mineral Resources*.

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Profit attributable to owners of the parent

Profit attributable to owners of the parent for the six-month period ended September 30, 2019 (also referred to as **net profit** for the period under review) decreased 40.2 billion yen (26.4%) to 111.8 billion yen relative to the year-earlier period. As of the end of the six-month period under review, Marubeni achieved 46.6% of 240.0 billion yen, the yearly forecast for the fiscal year ending March 31, 2020.

Results for each operating segment for the six-month period ended September 30, 2019 are as follows:

Lifestyle

Gross trading profit decreased 0.5 billion yen (4.4%) year on year to 11.4 billion yen, largely in response to reduced sales of apparel and such. Net profit was down 1.2 billion yen (40.8%) year on year to 1.8 billion yen.

ICT & Real Estate Business

Gross trading profit increased 10.5 billion yen (23.8%) year on year to 54.7 billion yen, as a result of a newly consolidated subsidiary that was previously an equity-method associate in the ICT business. Net profit increased 1.4 billion yen (25.5%) year on year to 7.1 billion yen.

Forest Products

Gross trading profit decreased 2.9 billion yen (15.0%) year on year to 16.6 billion yen, due to the profit decline in the pulp business as a result of worsened market prices. Net profit decreased 4.1 billion yen (50.2%) year on year to 4.0 billion yen, largely as a result of deconsolidation of an equity-method associate in the pulp business and such.

Food

Gross trading profit increased 2.8 billion yen (6.0%) year on year to 49.3 billion yen, as a result of improved margins in grain trading. Net profit increased 4.0 billion yen (52.1%) year on year to 11.6 billion yen, due to improved selling, general and administrative expenses.

Agri Business

Gross trading profit decreased 3.8 billion yen (4.0%) year on year to 90.1 billion yen, as a result of grain related business in North America. Net profit decreased 4.9 billion yen (32.8%) year on year to 10.0 billion yen, as a result of the recognition of a 3.9-billion-yen loss in Gavilon due to prior-period adjustments related to inappropriate transactions within the Italy and Spain business.

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Chemicals

Gross trading profit decreased 5.0 billion yen (24.2%) year on year to 15.6 billion yen, largely as a result of declined margins and such in the petrochemical business. Net profit decreased 4.8 billion yen (77.0%) year on year to 1.4 billion yen.

Power Business

Gross trading profit decreased 5.1 billion yen (27.6%) year on year to 13.5 billion yen, as a result of declined profits in UK electricity wholesaling/retailing business, as well as overseas EPC projects and such. Net profit decreased 20.9 billion yen (59.7%) year on year to 14.1 billion yen, as a result of non-recurrence of a gain recognized in the year-earlier period on the sale of a domestic power generating business and such.

Energy

Gross trading profit decreased 4.4 billion yen (16.3%) year on year to 22.8 billion yen, as a result of declined trading volume and crude oil and gas prices in oil and gas development business, as well as margin deterioration in the oil and gas trading business. Net profit decreased 11.1 billion yen (- %) year on year to negative 0.6 billion yen, due to the impairment loss in the oil and gas development business.

Metals & Mineral Resources

Gross trading profit decreased 2.7 billion yen (14.2%) year on year to 16.3 billion yen, as a result of lower margins in the non-ferrous and light metal business. Net profit increased 14.9 billion yen (62.8%) year on year to 38.6 billion yen, because of increase in the share of profits of associates and joint ventures in the Australian iron ore business.

Plant

Gross trading profit decreased 1.6 billion yen (19.6%) year on year to 6.4 billion yen, as a result of decrease in profit of overseas plant project and such. Net profit decreased 4.5 billion yen (68.6%) year on year to 2.0 billion yen, because of decrease in the share of profits of associates and joint ventures in overseas infrastructure businesses and such.

Aerospace & Ship

Gross trading profit increased 0.2 billion yen (1.5%) year on year to 13.1 billion yen, as a result of increase in ship-related business' earnings. Net profit decreased 0.4 billion yen (4.9%) year on year to 7.8 billion yen.

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Finance & Leasing Business

Gross trading profit decreased 0.3 billion yen (4.4%) year on year to 5.5 billion yen. Net profit increased 0.8 billion yen (8.1%) year on year to 10.5 billion yen as a result of increased profit from earnings through equity method of an automotive retail finance business in North America.

Construction, Auto & Industrial Machinery

Gross trading profit increased 1.1 billion yen (2.4%) year on year to 43.9 billion yen, as results of profit growths in tire, rubber materials business and construction machinery sales business. Net profit decreased 0.1 billion yen (1.1%) year on year to 11.7 billion yen, as a result of non-recurrence of a gain recognized in the year-earlier period on the sale of a domestic power generating business and such.

(Note 1)

From the FYE 3/2020, "Food", "Consumer Products", "Chemical & Forest Products", "Energy & Metals", "Power Business & Plant" and "Transportation & Industrial Machinery" have been reclassified into "Lifestyle", "ICT & Real Estate Business", "Forest Products", "Food", "Agri Business", "Chemicals", "Power Business", "Energy", "Metals & Mineral Resources", "Plant", "Aerospace & Ship", "Finance & Leasing Business", "Construction, Auto & Industrial Machinery" and "Next Generation Business Development" divisions. In conjunction with these organizational changes, operating segment information for the year-earlier period has been reclassified.

(Note 2)

Inter-segment transactions are generally priced in accordance with the prevailing market prices.

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(2) Qualitative Information on Consolidated Financial Conditions

① Conditions of Assets, Liabilities and Equity

(billions of yen)

	March 31, 2019	September 30, 2019	Variance
Total assets	6,809.1	6,541.1	(268.0)
Total equity	2,071.7	2,024.1	(47.7)
Net interest-bearing debt	1,858.8	1,850.8	(8.0)
Net D/E ratio (times)	0.90	0.91	+0.01 points

(Note 1)

Figures are rounded to the nearest hundred million yen unless otherwise stated.

(Note 2)

Net interest-bearing debt is calculated as cash and cash equivalents and time deposits subtracted from the sum of corporate bonds and current and noncurrent borrowings.

Total assets decreased 268.0 billion yen from the end of the previous fiscal year to 6,541.1 billion yen, due to a decrease in inventories and such, which offset the increase in property, plant and equipment and such, caused by the adoption of new accounting policy. **Net interest-bearing debt** decreased 8.0 billion yen from the end of the previous fiscal year to 1,850.8 billion yen, due to the foreign exchange rate and such which offset the impact on dividend payment. **Total equity** decreased 47.7 billion yen from the end of the previous fiscal year to 2,024.1 billion yen due to a decreased currency translation adjustments for foreign operations caused by Japanese yen appreciation and such, which offset an increase in retained earnings from accumulating net profit. Consequently, **Net D/E ratio** stood at 0.91 times.

② Cash Flows

Cash and cash equivalents at the end of the period under review were 536.8 billion yen, an increase of 27.5 billion yen from the end of the previous fiscal year.

(Operating activities)

Net cash provided by operating activities was 66.3 billion yen due to operating revenue, dividend income and such, despite an increase in working capital and such.

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(Investing activities)

Net cash used in investing activities was 59.3 billion yen due to the outflow of a capital expenditure in overseas businesses and such, despite the inflow from sale of investment securities.

As a result of the above-mentioned activities, free cash flow for the fiscal year under review was an inflow of 7.0 billion yen.

(Financing activities)

Net cash provided by financing activities amounted to 28.1 billion yen as results of procurement of corporate bonds and long-term borrowings and such.

(3) Qualitative Information on Forecasts of Consolidated Financial Results

The earnings forecasts (net profit of 240.0 billion yen) for the fiscal year ending March 31, 2020 are unchanged from the initial projections announced on May 9, 2019.

Accordingly, the yearly dividend forecast for the fiscal year ending March 31, 2020 of 35 yen per share (set as the minimum) is unchanged. The interim dividend has been resolved at 17.5 yen per share.

(Notes to the description about future, other)

The descriptions about future such as the above forecasts are based upon available information and assumptions, as of the time of the announcement date, about uncertain factors which would influence future businesses. Actual results might be influenced by various factors in the future.

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Consolidated Financial Statements

2. Consolidated Financial Statements and Notes

(1) Consolidated Statements of Financial Position

	<i>Millions of yen</i>		
	March 31 2019	September 30 2019	Variance
Assets			
Current assets:			
Cash and cash equivalents	509,288	536,775	27,487
Time deposits	250	146	(104)
Investment securities	151	185	34
Trade and loan receivables	1,289,196	1,156,662	(132,534)
Other current financial assets	182,208	173,123	(9,085)
Inventories	900,472	727,607	(172,865)
Assets held-for-sale	35,438	41,676	6,238
Other current assets	241,546	193,240	(48,306)
Total current assets	3,158,549	2,829,414	(329,135)
Non-current assets:			
Investments in associates and joint ventures	1,732,712	1,676,734	(55,978)
Other investments	292,752	256,788	(35,964)
Trade and loan receivables	132,328	119,691	(12,637)
Other non-current financial assets	79,511	91,196	11,685
Property, plant and equipment	926,092	1,096,834	170,742
Intangible assets	379,941	372,791	(7,150)
Deferred tax assets	45,806	43,223	(2,583)
Other non-current assets	61,386	54,398	(6,988)
Total non-current assets	3,650,528	3,711,655	61,127
Total assets	6,809,077	6,541,069	(268,008)

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	<i>Millions of yen</i>		
	March 31	September 30	
	2019	2019	Variance
Liabilities and Equity			
Current liabilities:			
Bonds and borrowings	478,387	570,813	92,426
Trade and other payables	1,273,196	941,712	(331,484)
Other current financial liabilities	275,217	321,786	46,569
Income tax payable	17,778	13,903	(3,875)
Liabilities directly associated with assets held-for-sale	359	2,049	1,690
Other current liabilities	421,489	320,757	(100,732)
Total current liabilities	2,466,426	2,171,020	(295,406)
Non-current liabilities:			
Bond and borrowings	1,889,990	1,816,928	(73,062)
Trade and other payables	11,566	8,287	(3,279)
Other non-current financial liabilities	74,404	244,523	170,119
Accrued pension and retirement benefits	89,764	86,648	(3,116)
Deferred tax liabilities	107,783	102,086	(5,697)
Other non-current liabilities	97,418	87,516	(9,902)
Total non-current liabilities	2,270,925	2,345,988	75,063
Total liabilities	4,737,351	4,517,008	(220,343)
Equity:			
Issued capital	262,686	262,686	—
Capital surplus	139,898	142,925	3,027
Other equity instruments	243,589	243,589	—
Treasury stock	(1,384)	(1,307)	77
Retained earnings	1,163,472	1,235,946	72,474
Other components of equity:			
Gains (losses) on financial assets measured at fair value through other comprehensive income	71,912	50,146	(21,766)
Foreign currency translation adjustments	131,178	57,893	(73,285)
Gains (losses) on cash flow hedges	(33,610)	(54,389)	(20,779)
Equity attributable to owners of the parent	1,977,741	1,937,489	(40,252)
Non-controlling interests	93,985	86,572	(7,413)
Total equity	2,071,726	2,024,061	(47,665)
Total liabilities and equity	6,809,077	6,541,069	(268,008)

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(2) Consolidated Statements of Comprehensive Income

	<i>Millions of yen</i>			
	Six-month period ended September 30,			
	2018	2019	Variance	Ratio (%)
Revenue:				
Sale of goods	3,997,258	3,558,567	(438,691)	(11.0)
Commissions on services and trading margins	100,215	92,435	(7,780)	(7.8)
Total revenue	4,097,473	3,651,002	(446,471)	(10.9)
Cost of goods sold	(3,731,265)	(3,295,654)	435,611	(11.7)
Gross trading profit	366,208	355,348	(10,860)	(3.0)
Other income (expenses) :				
Selling, general and administrative expenses	(264,003)	(273,342)	(9,339)	3.5
Provision for doubtful accounts	(3,374)	(3,232)	142	(4.2)
Gains (losses) on property, plant and equipment				
Impairment losses on property, plant and equipment	(201)	(12,199)	(11,998)	—
Gains (losses) on sales of property, plant and equipment	47	129	82	174.5
Other – net	10,642	(6,024)	(16,666)	—
Total other income (expenses)	(256,889)	(294,668)	(37,779)	14.7
Finance income (expenses):				
Interest income	8,020	9,697	1,677	20.9
Interest expense	(22,199)	(26,317)	(4,118)	18.6
Dividend income	17,636	11,361	(6,275)	(35.6)
Gains (losses) on investment securities	6,154	1,394	(4,760)	(77.3)
Total finance income (expenses)	9,611	(3,865)	(13,476)	—
Share of profits of associates and joint ventures	75,037	81,943	6,906	9.2
Profit for the period before tax	193,967	138,758	(55,209)	(28.5)
Provision for income tax	(37,790)	(22,107)	15,683	(41.5)
Profit for the period	156,177	116,651	(39,526)	(25.3)
Profit for the period attributable to:				
Owners of the parent	151,976	111,780	(40,196)	(26.4)
Non-controlling interests	4,201	4,871	670	15.9
Other comprehensive income:				
Items that will not be reclassified to profit and loss for the period				
Gains (losses) on financial assets measured at fair value through other comprehensive income	19,354	(22,886)	(42,240)	—
Remeasurements of defined benefit pension plan	1,701	1,448	(253)	(14.9)
Changes in other comprehensive income of associates and joint ventures	(339)	(1,359)	(1,020)	300.9
Items that will be reclassified to profit and loss for the period				
Foreign currency translation adjustments	93,875	(68,721)	(162,596)	—
Gains (losses) on cash flow hedges	1,843	(983)	(2,826)	—
Changes in other comprehensive income of associates and joint ventures	13,156	(25,433)	(38,589)	—
Other comprehensive income, net of tax	129,590	(117,934)	(247,524)	—
Total comprehensive income for the period	285,767	(1,283)	(287,050)	—
Attributable to:				
Owners of the parent	280,449	(5,313)	(285,762)	—
Non-controlling interests	5,318	4,030	(1,288)	(24.2)

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(3) Consolidated Statements of Changes in Equity

◆ The Six-month Period Ended September 30, 2018 (April 1, 2018 - September 30, 2018)

(Millions of yen)

	Equity attributable to owners of the parent						
	Issued capital	Capital surplus	Other equity instruments	Treasury stock	Retained earnings	Other components of equity	
						Gains (losses) on financial assets measured at fair value through other comprehensive income	Foreign currency translation adjustments
Balance at beginning of period	262,686	135,295	243,589	(1,379)	1,014,709	82,596	76,253
Cumulative effects of new accounting policy adopted					(1,117)		
Profit for the period					151,976		
Other comprehensive income						18,797	96,182
Purchases and sales of treasury stock				(1)			
Dividends payment					(32,107)		
Equity transactions with non-controlling interests and others		2,514					
Distribution to owners of other equity instruments					(1,970)		
Transfer to retained earnings					(212)	2,148	
Transfer to non-financial assets and others							
Balance at end of period	262,686	137,809	243,589	(1,380)	1,131,279	103,541	172,435

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Equity attributable to owners of the parent		
	Gains (losses) on cash flow hedges	Remeasurements of defined benefit pension plan	Other components of equity total			
Balance at beginning of period	(42,274)	—	116,575	1,771,475	64,162	1,835,637
Cumulative effects of new accounting policy adopted				(1,117)		(1,117)
Profit for the period				151,976	4,201	156,177
Other comprehensive income	11,558	1,936	128,473	128,473	1,117	129,590
Purchases and sales of treasury stock				(1)		(1)
Dividends payment				(32,107)	(5,942)	(38,049)
Equity transactions with non-controlling interests and others				2,514	(2,879)	(365)
Distribution to owners of other equity instruments				(1,970)		(1,970)
Transfer to retained earnings		(1,936)	212	—		—
Transfer to non-financial assets and others	(166)		(166)	(166)		(166)
Balance at end of period	(30,882)	—	245,094	2,019,077	60,659	2,079,736

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◆ The Six-month Period Ended September 30, 2019 (April 1, 2019 - September 30, 2019)

(Millions of yen)

	Equity attributable to owners of the parent						
	Issued capital	Capital surplus	Other equity instruments	Treasury stock	Retained earnings	Other components of equity	
						Gains (losses) on financial assets measured at fair value through other comprehensive income	Foreign currency translation adjustments
Balance at beginning of period	262,686	139,898	243,589	(1,384)	1,163,472	71,912	131,178
Cumulative effects of new accounting policy adopted					(6,674)		
Profit for the period					111,780		
Other comprehensive income						(24,183)	(73,285)
Purchases and sales of treasury stock		(17)		77			
Dividends payment					(29,504)		
Equity transactions with non-controlling interests and others		3,044			(120)		
Distribution to owners of other equity instruments					(1,956)		
Transfer to retained earnings					(1,052)	2,417	
Transfer to non-financial assets and others							
Balance at end of period	262,686	142,925	243,589	(1,307)	1,235,946	50,146	57,893

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Equity attributable to owners of the parent		
	Gains (losses) on cash flow hedges	Remeasurements of defined benefit pension plan	Other components of equity total			
Balance at beginning of period	(33,610)	—	169,480	1,977,741	93,985	2,071,726
Cumulative effects of new accounting policy adopted				(6,674)		(6,674)
Profit for the period				111,780	4,871	116,651
Other comprehensive income	(20,990)	1,365	(117,093)	(117,093)	(841)	(117,934)
Purchases and sales of treasury stock				60		60
Dividends payment				(29,504)	(6,296)	(35,800)
Equity transactions with non-controlling interests and others				2,924	(5,147)	(2,223)
Distribution to owners of other equity instruments				(1,956)		(1,956)
Transfer to retained earnings		(1,365)	1,052	—		—
Transfer to non-financial assets and others	211		211	211		211
Balance at end of period	(54,389)	—	53,650	1,937,489	86,572	2,024,061

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Consolidated Financial Statements

(4) Consolidated Statements of Cash Flows

	<i>Millions of yen</i>		
	Six-month period ended 2018	September 30, 2019	Variance
Operating activities			
Profit for the period	156,177	116,651	(39,526)
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:			
Depreciation and amortisation	55,009	79,587	24,578
Losses (Gains) on property, plant and equipment	154	12,070	11,916
Finance expenses (income)	(9,611)	3,865	13,476
Share of profits of associates and joint ventures	(75,037)	(81,943)	(6,906)
Income taxes	37,790	22,107	(15,683)
Changes in notes accounts receivable	(45,265)	136,707	181,972
Changes in inventories	78,540	157,485	78,945
Changes in notes and trade accounts payable	(177,232)	(319,798)	(142,566)
Other-net	(58,910)	(82,303)	(23,393)
Interest received	5,037	7,136	2,099
Interest paid	(19,749)	(25,931)	(6,182)
Dividends received	71,911	52,829	(19,082)
Income taxes paid	(21,534)	(12,174)	9,360
Net cash provided by/ used in operating activities	(2,720)	66,288	69,008
Investing activities			
Net decrease (increase) in time deposits	273	100	(173)
Proceeds from sale of property, plant and equipment	1,297	2,538	1,241
Proceeds from sale of investment property	292	109	(183)
Collection of loans receivable	8,847	4,978	(3,869)
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	211	173	(38)
Proceeds from sale of investments in associates and joint ventures, and other investments	53,749	26,695	(27,054)
Purchase of property, plant and equipment	(39,076)	(47,639)	(8,563)
Purchase of investment property	(29)	(97)	(68)
Loans provided to customers	(22,645)	(12,952)	9,693
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(125)	(8,002)	(7,877)
Purchase of investments in associates and joint ventures, and other investments	(29,183)	(25,167)	4,016
Net cash provided by/used in investing activities	(26,389)	(59,264)	(32,875)
Financing activities			
Net increase (decrease) in short-term borrowings	45,066	113,147	68,081
Proceeds from long-term bonds and borrowings	133,096	126,883	(6,213)
Repayments of long-term bonds and borrowings	(240,879)	(166,693)	74,186
Dividends paid to owners of the parent	(32,107)	(29,504)	2,603
Net cash outflows on purchases and sales of treasury stock	(5)	(2)	3
Capital contribution from non-controlling interests	2	71	69
Acquisition of equity portion of subsidiary from non-controlling interests	(3,837)	(6,909)	(3,072)
Distribution to owners of other equity instruments	(1,970)	(1,956)	14
Other	(5,940)	(6,954)	(1,014)
Net cash provided by/used in financing activities	(106,574)	28,083	134,657
Effect of exchange rate changes on cash and cash equivalents	7,510	(7,620)	(15,130)
Net increase (decrease) in cash and cash equivalents	(128,173)	27,487	155,660
Cash and cash equivalents at beginning of period	625,834	509,288	(116,546)
Cash and cash equivalents at end of period	497,661	536,775	39,114

Marubeni Corporation

Consolidated Financial Results

(5) Notes Related to Going Concern Assumptions

None

(6) Changes in Accounting Principles

Except for the changes disclosed below, significant accounting policies applied to the consolidated financial statements herein are identical to the accounting policies applied to consolidated financial statements for the previous fiscal year.

Newly Adopted Standards and Interpretive Guidance

The Company and its consolidated subsidiaries have adopted the following accounting standards effective from the first quarter of the current fiscal year.

Standard and Interpretive Guidance	Summary
IFRS 16 <i>Leases</i>	Revisions concerning lease accounting

Application of IFRS 16 *Leases* has two main effects on the consolidated financial statements. First, for all leases, a right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to pay lease payments are newly recognized in the Consolidated Statement of Financial Position as a general rule. Second, depreciation charges on right-of-use assets and finance costs on lease liabilities are recognized in the Consolidated Statement of Comprehensive Income for all leases as a general rule. Application of IFRS 16 resulted in a 235,170 million yen increase in the sum of “property, plant and equipment”, “intangible assets”, and “trade and loan receivables” and 237,958 million yen increase in other financial liabilities (current and non-current) at the date of initial application. Application of IFRS 16 did not have a significant effect on the Consolidated Statement of Comprehensive Income.

The difference between the lease liabilities recognized at IFRS 16’s initial application date and the discounted value of total minimum lease payments under non-cancelable operating leases that was disclosed at the end of the previous fiscal year is mainly attributable to revision of lease durations. Lease liabilities are measured at the present value of remaining lease payments at the date of initial application, discounted using the lessee’s incremental borrowing rate at the same date.

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As the cumulative effect of application of IFRS 16 and interpretive guidance pertaining thereto, retained earnings at the date of initial application decreased by 6,674 million yen.

Significant accounting policies related to the above standards and interpretive guidance are as follows.

IFRS 16 *Leases*

Whether a contract is, or contains, a lease, the Companies assess, at inception date of the lease, whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Accounting as lessee

At the commencement date of the lease, a lessee recognizes a right-of-use asset that represents lessee's right to use an underlying asset and a lease liability that represents the obligation to pay lease payments. The right-of-use asset is measured at cost and the cost comprise the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, any initial direct costs and an estimate of costs to be incurred in restoring the underlying asset to the condition. The lessee depreciates the right-of-use asset over the lease term in principle. Lease term is determined during the periods covered by an option to extend the lease and periods covered by an option to terminate the lease within the non-cancellable period, if the lessee is reasonably certain to exercise that option.

A lessee measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee uses the lessee's incremental borrowing rate. Lessee's incremental borrowing rate shall be determined by the length of the lease period, credibility of the lessee, and collateral, guarantee or the nature of the underlying asset. Interest on the lease liability is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

As a lessee, the Company recognizes lease payments associated with leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern of its benefit as lessee.

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Accounting as lessor

For finance leases that transfers substantially all the risks and rewards incidental to ownership of an underlying asset, at the commencement date of the lease, a lessor derecognises the underlying asset subject to the lease, and recognises assets held under a finance lease and present them as a lease receivable at an amount equal to the net investment in the lease. Initial direct costs are included in the initial measurement of the net investment in the lease in principle.

For operating leases in which the Company is the lessor, the Company presents the leases' underlying assets in its Consolidated Statement of Financial Position according to the nature of the underlying asset. Its depreciation policy for operating leases' underlying assets is consistent with its depreciation policy for similar assets. A lessor recognises the lease income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. It adds initial direct costs incurred in obtaining a lease contract to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term on the same basis as the lease income.

Restated Comparative Information

Where the method of presentation of the consolidated financial statements or notes to the consolidated financial statements has changed, comparative information is restated accordingly.

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(7) Segment Information

<Operating Segment>

◆ The Six-Month Period September 30, 2018 (April 1, 2018 - September 30, 2018)

Millions of yen

	Lifestyle	ICT & Real Estate Business	Forest Products	Food	Agri Business	Chemicals	Power Business	Energy
Revenue	119,402	77,156	138,627	1,141,451	1,628,308	334,110	87,239	204,561
Gross trading profit (loss)	11,908	44,196	19,569	46,497	93,875	20,625	18,610	27,250
Operating profit (loss)	2,739	6,343	9,385	9,070	24,985	9,440	(92)	10,716
Share of profits (losses) of associates and joint ventures	761	1,586	2,361	3,296	595	758	18,529	656
Profit (loss) attributable to owners of the parent	2,981	5,625	8,080	7,619	14,811	6,226	34,947	10,574
Segment assets (as of March 31, 2019)	122,188	447,106	266,855	762,628	1,233,343	351,427	712,176	787,524

	Metals & Mineral Resources	Plant	Aerospace & Ship	Finance & Leasing Business	Construction, Auto & Industrial Machinery	Next Generation Business Development	Other	Consolidated
Revenue	203,950	29,735	38,333	12,784	163,746	1	(81,930)	4,097,473
Gross trading profit (loss)	19,058	7,957	12,893	5,806	42,890	(2)	(4,924)	366,208
Operating profit (loss)	10,173	(880)	6,801	1,043	9,953	(786)	(59)	98,831
Share of profits (losses) of associates and joint ventures	17,079	9,899	2,713	11,011	5,529	6	258	75,037
Profit (loss) attributable to owners of the parent	23,675	6,515	8,199	9,742	11,784	(811)	2,009	151,976
Segment assets (as of March 31, 2019)	853,100	343,588	245,707	250,097	340,728	643	91,967	6,809,077

◆ The Six-Month Period September 30, 2019 (April 1, 2019 - September 30, 2019)

Millions of yen

	Lifestyle	ICT & Real Estate Business	Forest Products	Food	Agri Business	Chemicals	Power Business	Energy
Revenue	82,443	97,615	137,275	934,125	1,550,304	205,575	74,120	224,592
Gross trading profit (loss)	11,380	54,728	16,624	49,284	90,095	15,626	13,476	22,809
Operating profit (loss)	2,076	10,213	6,522	13,745	21,023	2,151	(4,035)	6,278
Share of profits (losses) of associates and joint ventures	388	290	353	3,297	231	725	20,310	52
Profit (loss) attributable to owners of the parent	1,766	7,058	4,021	11,585	9,957	1,432	14,067	(571)
Segment assets (as of September 30, 2019)	121,669	472,353	263,048	674,836	1,098,308	296,279	703,388	706,027

	Metals & Mineral Resources	Plant	Aerospace & Ship	Finance & Leasing Business	Construction, Auto & Industrial Machinery	Next Generation Business Development	Other	Consolidated
Revenue	181,155	10,117	40,738	12,552	157,168	0	(56,777)	3,651,002
Gross trading profit (loss)	16,348	6,395	13,086	5,549	43,940	(1)	(3,991)	355,348
Operating profit (loss)	7,051	(2,143)	7,145	373	10,813	(1,821)	(617)	78,774
Share of profits (losses) of associates and joint ventures	30,672	8,026	3,364	11,481	2,739	5	10	81,943
Profit (loss) attributable to owners of the parent	38,550	2,043	7,800	10,530	11,650	(1,479)	(6,629)	111,780
Segment assets (as of September 30, 2019)	841,758	311,337	286,382	258,276	346,844	1,427	159,137	6,541,069

(Note 1) From the FYE 3/2020, "Food", "Consumer Products", "Chemical & Forest Products", "Energy & Metals", "Power Business & Plant" and "Transportation & Industrial Machinery" have been reclassified into "Lifestyle", "ICT & Real Estate Business", "Forest Products", "Food", "Agri Business", "Chemicals", "Power Business", "Energy", "Metals & Mineral Resources", "Plant", "Aerospace & Ship", "Finance & Leasing Business", "Construction, Auto & Industrial Machinery" and "Next Generation Business Development" divisions.

(Note 2) In conjunction with these revisions, operating segment information for the year-earlier period and FYE 3/2019 has been reclassified.

(Note 3) "Operating profit (loss)" is presented in accordance with Japanese accounting practice for investors' convenience and is not required by IFRS. "Operating profit (loss)" is the sum of "Gross trading profit" and "Selling, general and administrative expenses" including "Provision for doubtful accounts".

(Note 4) Inter-segment transactions are generally priced in accordance with the prevailing market prices.

(Note 5) "Other" includes headquarters expenses that are not allocated to the operating segments and inter segment elimination, cash and cash equivalents related to financing held for general corporate purposes that are not allocated to the operating segments.