
Summary of Consolidated Financial Results
For the Nine-month Period Ended December 31, 2019
(IFRS basis)

(April 1, 2019 – December 31, 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 Nine-Month Period Ended December 31, 2019 (IFRS basis)

Company name: Marubeni Corporation
Listed: Tokyo, Nagoya

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

Code number: 8002

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Expected filing date of quarterly financial statement report: February 7, 2020 TEL (03) 3282 - 4803
Expected date of the beginning of delivery of dividends: -
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 nine-month period ended December 31, 2019 (April 1, 2019 - December 31, 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)	(%)
Nine months ended December 31,												
2019	5,239,786	(8.1)	109,947	(20.0)	186,955	(34.3)	152,880	(32.2)	145,648	(33.7)	92,061	(64.2)
2018	5,704,006	(0.8)	137,449	43.6	284,620	36.6	225,402	33.2	219,620	33.3	257,078	3.8

	Earnings per share (basic)		Earnings per share (diluted)	
	(yen)	(yen)	(yen)	(yen)
Nine months ended December 31,				
2019	82.23	82.14	82.14	82.14
2018	124.81	124.71	124.71	124.71

(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 shareholders.

(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)	(%)
December 31, 2019	6,812,042	2,088,159	1,997,308	29.3
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)
Yearly	200,000	(13.4)	112.99

(Note) Changes from the latest announced forecasts: Yes

* "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	December 31, 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	December 31, 2019	2,456,009
	March 31, 2019	2,590,013
③ Average number of outstanding shares during the term	Nine months ended December 31, 2019	1,735,419,337
	Nine months ended December 31, 2018	1,735,354,817

<The Summary of Consolidated Financial Statements for the Nine-Month Period Ended December 31, 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 Wednesday, February 5, 2020.

The Company is scheduled to hold an IR meeting on financial results for institutional investors and analysts on Wednesday, February 5, 2020, 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 Nine-month Period under Review

(1) Qualitative Information on Consolidated Business Results

In the nine-month period ended December 31, 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. A partial agreement was reached at U.S.-China trade talks in December thereby preventing further deterioration of business confidence, but the outlook remained uncertain. 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 grew at an annualized rate of only about 2%, 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. Since July, the Federal Reserve has cut interest rates at three consecutive meetings while leaving rates unchanged in December.

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. Meanwhile, uncertainty surrounding Brexit negotiations eased somewhat in response to the results of the U.K. general election held in December.

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 and India. Other developing economies also experienced a decline in growth rates amid a slowdown in exports and other factors.

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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. The implementation of a higher consumption tax rate in October also dampened the growth. Inflationary pressure remains weak, and the Bank of Japan maintained its accommodative monetary policy.

Under the aforementioned business environment, consolidated operating results for the nine-month period ended December 31, 2019 are as follows:

	Nine-month period ended December 31,		(millions of yen)
	2018	2019	Variance
Revenue	5,704,006	5,239,786	(464,220)
Gross trading profit	548,889	531,762	(17,127)
Operating profit	137,449	109,947	(27,502)
Share of profits (losses) of associates and joint ventures	107,749	116,748	8,999
Profit attributable to owners of the parent	219,620	145,648	(73,972)

(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 464.2 billion yen (8.1%) year on year to 5,239.8 billion yen. By operating segment, profits decreased mainly in *Food, Chemicals* and *Agri Business*.

Gross trading profit

Gross trading profit decreased 17.1 billion yen (3.1%) from the year-earlier period to 531.8 billion yen. By operating segment, profits decreased mainly in *Agri Business, Energy* and *Chemicals*.

Operating profit

Operating profit decreased 27.5 billion yen (20.0%) from the year-earlier period to 109.9 billion yen.

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Share of profits of associates and joint ventures

Share of profits of associates and joint ventures increased 9.0 billion yen (8.4%) from the year-earlier period to 116.7 billion yen. By operating segment, profits increased mainly in *Metals & Mineral Resources*.

Profit attributable to owners of the parent

Profit attributable to owners of the parent for the nine-month period ended December 31, 2019 (also referred to as *net profit* for the period under review) decreased 74.0 billion yen (33.7%) to 145.6 billion yen relative to the year-earlier period.

Results for each operating segment for the nine-month period ended December 31, 2019 are as follows:

Lifestyle

Gross trading profit decreased 0.7 billion yen (3.9%) year on year to 16.9 billion yen, largely in response to reduced sales of apparel and such. Net profit was down 0.4 billion yen (9.9%) year on year to 3.3 billion yen.

ICT & Real Estate Business

Gross trading profit increased 14.3 billion yen (21.5%) year on year to 81.1 billion yen, as a result of a consolidation of a subsidiary in the year-earlier period that was previously an equity-method associate in the ICT business. Net profit decreased 23.9 billion yen (88.3%) year on year to 3.2 billion yen as a result of a non-recurrence of a mark-to-market valuation gain on the above mentioned consolidated subsidiary and such.

Forest Products

Gross trading profit decreased 5.1 billion yen (17.4%) year on year to 24.0 billion yen, due to the profit decline in the pulp business as a result of worsened market prices and such. Net profit decreased 7.0 billion yen (64.4%) year on year to 3.9 billion yen, largely as a result of a deconsolidation of an equity-method associate in the pulp business and such.

Food

Gross trading profit increased 3.4 billion yen (4.7%) year on year to 77.0 billion yen, as a result of improved margins in grain trading and such. Net profit increased 3.3 billion yen (20.5%) year on year to 19.3 billion yen.

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Agri Business

Gross trading profit decreased 12.8 billion yen (8.9%) year on year to 129.9 billion yen, as a result of a profit decrease in Gavilon due to weather conditions and deteriorated market conditions of fertilizers and such. Net profit decreased 8.4 billion yen (42.6%) year on year to 11.3 billion yen, as a result of the decrease in gross trading profit as well as the 2nd quarter's 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.

Chemicals

Gross trading profit decreased 6.3 billion yen (21.3%) year on year to 23.3 billion yen, largely as a result of declined margins and such in the petrochemical business. Net profit decreased 4.9 billion yen (58.5%) year on year to 3.5 billion yen.

Power Business

Gross trading profit decreased 4.2 billion yen (18.3%) year on year to 18.7 billion yen, as a result of declined profits in UK electricity wholesaling/retailing business and such. Net profit decreased 14.6 billion yen (41.0%) year on year to 20.9 billion yen, as a result of a 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 7.5 billion yen (16.6%) year on year to 37.4 billion yen, as a result of lower margins and such in the oil & gas development business and oil & gas trading business. Net profit decreased 27.8 billion yen (- %) year on year to negative 6.4 billion yen, mainly due to the impairment losses in the oil & gas development business.

Metals & Mineral Resources

Gross trading profit decreased 2.4 billion yen (8.9%) year on year to 24.1 billion yen, as a result of lower margins in the non-ferrous and light metal business. Net profit increased 17.5 billion yen (54.4%) year on year to 49.7 billion yen, because of the increase in the share of profits of associates and joint ventures in the Australian iron ore business and such.

Plant

Gross trading profit decreased 1.7 billion yen (14.7%) year on year to 9.6 billion yen, as a result of decrease in the profit of overseas plant project and such. Net profit decreased 9.0 billion yen (59.5%) year on year to 6.1 billion yen, because of the decrease in the share of profits of associates and joint ventures in overseas infrastructure businesses and such.

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Aerospace & Ship

Gross trading profit increased 2.9 billion yen (16.4%) year on year to 20.6 billion yen, mainly due to increase in ship-related business' earnings. Net profit increased 2.3 billion yen (22.0%) year on year to 13.0 billion yen.

Finance & Leasing Business

Gross trading profit decreased 0.3 billion yen (3.2%) year on year to 8.4 billion yen. Net profit increased 0.4 billion yen (2.8%) year on year to 15.6 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 1.8 billion yen (2.7%) year on year to 66.6 billion yen, as results of profit growths in the construction machinery sales business and tire, rubber materials business. Net profit decreased 2.0 billion yen (11.6%) year on year to 15.2 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	December 31, 2019	Variance
Total assets	6,809.1	6,812.0	3.0
Total equity	2,071.7	2,088.2	16.4
Net interest-bearing debt	1,858.8	1,848.7	(10.1)
Net D/E ratio (times)	0.90	0.89	-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 increased 3.0 billion yen from the end of the previous fiscal year to 6,812.0 billion yen, due to the increases in property, plant and equipment and such, caused by the adoption of new accounting policy which offset the decreases in notes, trade accounts and loans receivable, and such. **Net interest-bearing debt** decreased 10.1 billion yen from the end of the previous fiscal year to 1,848.7 billion yen, due to the free cash inflow and such which offset the impact on dividend payment. **Total equity** increased 16.4 billion yen from the end of the previous fiscal year to 2,088.2 billion yen due to an increase in retained earnings against a decrease in other components of equity. Consequently, **Net D/E ratio** stood at 0.89 times.

② Cash Flows

Cash and cash equivalents at the end of the period under review were 503.7 billion yen, an decrease of 5.6 billion yen from the end of the previous fiscal year.

(Operating activities)

Net cash provided by operating activities was 156.6 billion yen due to operating revenue, dividend income and such, despite an increase in working capital and such.

(Investing activities)

Net cash used in investing activities was 79.3 billion yen as a result of capital expenditure in overseas businesses, despite the inflow from sales of investment securities.

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As a result of the above-mentioned activities, free cash flow for the fiscal year under review was an inflow of 77.3 billion yen.

(Financing activities)

Net cash used in financing activities amounted to 81.1 billion yen as results of repayment of corporate bonds and long-term borrowings and dividend payment.

(3) Qualitative Information on Forecasts of Consolidated Financial Results

The net profit for the nine-month period ended December 31, 2019 amounted to 145.6 billion yen, with the progress to the yearly forecasts announced on May 9, 2019 (net profit of 240.0) remaining at 61%. Based on this result, yearly forecasts have been reviewed, and given the slow down of Agri Business and Chemicals along with the one-time item of impairment losses in the oil & gas development business and such, the initial forecasts announced on May 9, 2019 have been revised to the following.

	Forecasts announced on May 9, 2019 (A)	Revised forecasts (B)	Variance (B-A)	Variance in percentage (%)
Profit attributable to owners of the parent for FYE 3/2020	240.0 billion yen	200.0 billion yen	-40.0 billion yen	-16.7%
Earnings per share attributable to owners of the parent (basic) for FYE 3/2020	135.91 yen	112.99 yen	-22.92 yen	-16.9%

<Assumptions of major financial indicators for the above forecasts>

Foreign exchange rate: 109 YEN/USD

JPY TIBOR: 0.1%

USD LIBOR: 2.1%

Oil WTI: 58 USD/Barrel

Copper LME: 6,050 USD/MT

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, the year-end dividend is 17.5 yen consequently.

(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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2. Consolidated Financial Statements and Notes

(1) Consolidated Statements of Financial Position

	<i>Millions of yen</i>		
	March 31 2019	December 31 2019	Variance
Assets			
Current assets:			
Cash and cash equivalents	509,288	503,656	(5,632)
Time deposits	250	140	(110)
Investment securities	151	67	(84)
Trade and loan receivables	1,289,196	1,167,694	(121,502)
Other current financial assets	182,208	190,819	8,611
Inventories	900,472	875,880	(24,592)
Assets held-for-sale	35,438	89,057	53,619
Other current assets	241,546	258,102	16,556
Total current assets	3,158,549	3,085,415	(73,134)
Non-current assets:			
Investments in associates and joint ventures	1,732,712	1,716,775	(15,937)
Other investments	292,752	273,804	(18,948)
Trade and loan receivables	132,328	128,146	(4,182)
Other non-current financial assets	79,511	83,730	4,219
Property, plant and equipment	926,092	1,038,931	112,839
Intangible assets	379,941	380,658	717
Deferred tax assets	45,806	40,851	(4,955)
Other non-current assets	61,386	63,732	2,346
Total non-current assets	3,650,528	3,726,627	76,099
Total assets	6,809,077	6,812,042	2,965

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	<i>Millions of yen</i>		
	March 31	December 31	
	2019	2019	Variance
Liabilities and Equity			
Current liabilities:			
Bonds and borrowings	478,387	584,798	106,411
Trade and other payables	1,273,196	1,118,070	(155,126)
Other current financial liabilities	275,217	326,756	51,539
Income tax payable	17,778	11,359	(6,419)
Liabilities directly associated with assets held-for-sale	359	32,086	31,727
Other current liabilities	421,489	366,721	(54,768)
Total current liabilities	2,466,426	2,439,790	(26,636)
Non-current liabilities:			
Bond and borrowings	1,889,990	1,767,727	(122,263)
Trade and other payables	11,566	5,639	(5,927)
Other non-current financial liabilities	74,404	223,544	149,140
Accrued pension and retirement benefits	89,764	83,835	(5,929)
Deferred tax liabilities	107,783	112,494	4,711
Other non-current liabilities	97,418	90,854	(6,564)
Total non-current liabilities	2,270,925	2,284,093	13,168
Total liabilities	4,737,351	4,723,883	(13,468)
Equity:			
Issued capital	262,686	262,686	—
Capital surplus	139,898	142,884	2,986
Other equity instruments	243,589	243,589	—
Treasury stock	(1,384)	(1,307)	77
Retained earnings	1,163,472	1,242,257	78,785
Other components of equity:			
Gains (losses) on financial assets measured at fair value through other comprehensive income	71,912	63,477	(8,435)
Foreign currency translation adjustments	131,178	100,589	(30,589)
Gains (losses) on cash flow hedges	(33,610)	(56,867)	(23,257)
Equity attributable to owners of the parent	1,977,741	1,997,308	19,567
Non-controlling interests	93,985	90,851	(3,134)
Total equity	2,071,726	2,088,159	16,433
Total liabilities and equity	6,809,077	6,812,042	2,965

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(2) Consolidated Statements of Comprehensive Income

	<i>Millions of yen</i>			
	Nine-month period ended December 31,			
	2018	2019	Variance	Ratio (%)
Revenue:				
Sale of goods	5,548,158	5,097,705	(450,453)	(8.1)
Commissions on services and trading margins	155,848	142,081	(13,767)	(8.8)
Total revenue	5,704,006	5,239,786	(464,220)	(8.1)
Cost of goods sold	(5,155,117)	(4,708,024)	447,093	(8.7)
Gross trading profit	548,889	531,762	(17,127)	(3.1)
Other income (expenses) :				
Selling, general and administrative expenses	(405,104)	(418,719)	(13,615)	3.4
Provision for doubtful accounts	(6,336)	(3,096)	3,240	(51.1)
Gains (losses) on property, plant and equipment				
Impairment losses on property, plant and equipment	(8,599)	(29,445)	(20,846)	242.4
Gains (losses) on sales of property, plant and equipment	2,365	(443)	(2,808)	-
Other – net	18,152	(5,289)	(23,441)	-
Total other income (expenses)	(399,522)	(456,992)	(57,470)	14.4
Finance income (expenses):				
Interest income	11,495	13,932	2,437	21.2
Interest expense	(34,247)	(38,877)	(4,630)	13.5
Dividend income	23,998	16,625	(7,373)	(30.7)
Gains (losses) on investment securities	26,258	3,757	(22,501)	(85.7)
Total finance income (expenses)	27,504	(4,563)	(32,067)	-
Share of profits of associates and joint ventures	107,749	116,748	8,999	8.4
Profit for the period before tax	284,620	186,955	(97,665)	(34.3)
Provision for income tax	(59,218)	(34,075)	25,143	(42.5)
Profit for the period	225,402	152,880	(72,522)	(32.2)
Profit for the period attributable to:				
Owners of the parent	219,620	145,648	(73,972)	(33.7)
Non-controlling interests	5,782	7,232	1,450	25.1
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	(22,914)	(12,277)	10,637	(46.4)
Remeasurements of defined benefit pension plan	(4,935)	4,485	9,420	-
Changes in other comprehensive income of associates and joint ventures	(4,434)	1,237	5,671	-
Items that will be reclassified to profit and loss for the period				
Foreign currency translation adjustments	41,828	(29,649)	(71,477)	-
Gains (losses) on cash flow hedges	1,332	243	(1,089)	(81.8)
Changes in other comprehensive income of associates and joint ventures	20,799	(24,858)	(45,657)	-
Other comprehensive income, net of tax	31,676	(60,819)	(92,495)	-
Total comprehensive income for the period	257,078	92,061	(165,017)	(64.2)
Attributable to:				
Owners of the parent	251,009	85,709	(165,300)	(65.9)
Non-controlling interests	6,069	6,352	283	4.7

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Consolidated Financial Statements

(3) Consolidated Statements of Changes in Equity

◆ The Nine-month Period Ended December, 2018 (April 1, 2018 - December 31, 2018)

(Millions of yen)

	Equity attributable to owners of the parent						Other components of equity	
	Issued capital	Capital surplus	Other equity instruments	Treasury stock	Retained earnings	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					219,620			
Other comprehensive income						(27,158)	50,103	
Purchases and sales of treasury stock				(3)				
Dividends payment					(61,611)			
Equity transactions with non-controlling interests and others		2,832						
Distribution to owners of other equity instruments					(1,970)			
Transfer to retained earnings					(11,139)	6,189		
Transfer to non-financial assets and others								
Balance at end of period	262,686	138,127	243,589	(1,382)	1,158,492	61,627	126,356	

	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				219,620	5,782	225,402
Other comprehensive income	13,394	(4,950)	31,389	31,389	287	31,676
Purchases and sales of treasury stock				(3)		(3)
Dividends payment				(61,611)	(6,428)	(68,039)
Equity transactions with non-controlling interests and others				2,832	29,727	32,559
Distribution to owners of other equity instruments				(1,970)		(1,970)
Transfer to retained earnings		4,950	11,139	—		—
Transfer to non-financial assets and others	(1,851)		(1,851)	(1,851)		(1,851)
Balance at end of period	(30,731)	—	157,252	1,958,764	93,530	2,052,294

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Consolidated Financial Statements

◆ The Nine-month Period Ended December, 2019 (April 1, 2019 - December 31, 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					145,648		
Other comprehensive income						(10,906)	(30,589)
Purchases and sales of treasury stock		(17)		77			
Dividends payment					(59,878)		
Equity transactions with non-controlling interests and others		3,003			(137)		
Distribution to owners of other equity instruments					(1,956)		
Transfer to retained earnings					1,782	2,471	
Transfer to non-financial assets and others							
Balance at end of period	262,686	142,884	243,589	(1,307)	1,242,257	63,477	100,589

	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				145,648	7,232	152,880
Other comprehensive income	(22,697)	4,253	(59,939)	(59,939)	(880)	(60,819)
Purchases and sales of treasury stock				60		60
Dividends payment				(59,878)	(6,442)	(66,320)
Equity transactions with non-controlling interests and others				2,866	(3,044)	(178)
Distribution to owners of other equity instruments				(1,956)		(1,956)
Transfer to retained earnings		(4,253)	(1,782)	—		—
Transfer to non-financial assets and others	(560)		(560)	(560)		(560)
Balance at end of period	(56,867)	—	107,199	1,997,308	90,851	2,088,159

Marubeni Corporation

Consolidated Financial Statements

(4) Consolidated Statements of Cash Flows

	<i>Millions of yen</i>		
	Nine-month period ended December 31,		Variance
	2018	2019	
Operating activities			
Profit for the period	225,402	152,880	(72,522)
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:			
Depreciation and amortisation	83,478	122,117	38,639
Losses (Gains) on property, plant and equipment	6,234	29,888	23,654
Finance expenses (income)	(27,504)	4,563	32,067
Share of profits of associates and joint ventures	(107,749)	(116,748)	(8,999)
Income taxes	59,218	34,075	(25,143)
Changes in notes accounts receivable	81,400	141,447	60,047
Changes in inventories	(50,928)	20,841	71,769
Changes in notes and trade accounts payable	(165,892)	(159,894)	5,998
Other-net	(56,526)	(110,380)	(53,854)
Interest received	8,071	9,687	1,616
Interest paid	(32,098)	(38,362)	(6,264)
Dividends received	108,250	84,073	(24,177)
Income taxes paid	(35,298)	(17,585)	17,713
Net cash provided by/ used in operating activities	96,058	156,602	60,544
Investing activities			
Net decrease (increase) in time deposits	589	108	(481)
Proceeds from sale of property, plant and equipment	2,604	7,146	4,542
Proceeds from sale of investment property	320	170	(150)
Collection of loans receivable	9,266	6,299	(2,967)
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	186	173	(13)
Proceeds from sale of investments in associates and joint ventures, and other investments	72,946	48,638	(24,308)
Purchase of property, plant and equipment	(62,174)	(76,679)	(14,505)
Purchase of investment property	(60)	(109)	(49)
Loans provided to customers	(19,895)	(15,184)	4,711
Acquisition of subsidiaries, net of cash and cash equivalents acquired	7,273	(14,729)	(22,002)
Purchase of investments in associates and joint ventures, and other investments	(37,212)	(35,153)	2,059
Net cash provided by/used in investing activities	(26,157)	(79,320)	(53,163)
Financing activities			
Net increase (decrease) in short-term borrowings	32,420	95,809	63,389
Proceeds from long-term bonds and borrowings	176,893	183,994	7,101
Repayments of long-term bonds and borrowings	(316,334)	(285,097)	31,237
Dividends paid to owners of the parent	(61,611)	(59,878)	1,733
Net cash outflows on purchases and sales of treasury stock	(8)	(6)	2
Capital contribution from non-controlling interests	2	87	85
Acquisition of equity portion of subsidiary from non-controlling interests	(3,867)	(6,910)	(3,043)
Distribution to owners of other equity instruments	(1,970)	(1,956)	14
Other	(6,429)	(7,102)	(673)
Net cash provided by/used in financing activities	(180,904)	(81,059)	99,845
Effect of exchange rate changes on cash and cash equivalents	3,241	(1,855)	(5,096)
Net increase (decrease) in cash and cash equivalents	(107,762)	(5,632)	102,130
Cash and cash equivalents at beginning of period	625,834	509,288	(116,546)
Cash and cash equivalents at end of period	518,072	503,656	(14,416)

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”, “trade and loan receivables”, and “other non-current assets” 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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Consolidated Financial Results

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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Consolidated Financial Results

(7) Segment Information

<Operating Segment>

◆ *The Nine-Month Period Ended December 31, 2018 (April 1, 2018 - December 31, 2018)*

Millions of yen

	Lifestyle	ICT & Real Estate Business	Forest Products	Food	Agri Business	Chemicals	Power Business	Energy
Revenue	125,509	113,058	216,584	1,543,496	2,236,991	485,431	127,186	327,161
Gross trading profit (loss)	17,573	66,776	29,055	73,505	142,619	29,608	22,911	44,846
Operating profit (loss)	3,927	9,576	13,098	17,653	35,054	12,506	(8,466)	19,019
Share of profits (losses) of associates and joint ventures	671	3,811	2,654	4,836	585	1,275	21,935	(245)
Profit (loss) attributable to owners of the parent	3,704	27,099	10,903	16,036	19,700	8,350	35,491	21,409
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	300,573	37,188	57,846	19,234	235,208	7	(121,466)	5,704,006
Gross trading profit (loss)	26,465	11,290	17,717	8,659	64,847	23	(7,005)	548,889
Operating profit (loss)	12,969	(1,843)	8,845	1,473	15,061	(1,355)	(68)	137,449
Share of profits (losses) of associates and joint ventures	28,399	14,455	4,335	17,397	7,163	16	462	107,749
Profit (loss) attributable to owners of the parent	32,152	15,112	10,698	15,154	17,192	(1,385)	(11,995)	219,620
Segment assets (as of March 31, 2019)	853,100	343,588	245,707	250,097	340,728	643	91,967	6,809,077

◆ *The Nine-Month Period Ended December 31, 2019 (April 1, 2019 - December 31, 2019)*

Millions of yen

	Lifestyle	ICT & Real Estate Business	Forest Products	Food	Agri Business	Chemicals	Power Business	Energy
Revenue	122,309	145,916	203,437	1,328,757	2,160,888	315,212	119,859	354,146
Gross trading profit (loss)	16,886	81,103	24,000	76,954	129,868	23,291	18,727	37,385
Operating profit (loss)	3,135	14,415	8,784	23,862	22,732	4,355	(8,358)	11,739
Share of profits (losses) of associates and joint ventures	367	382	(829)	4,285	220	1,183	29,928	277
Profit (loss) attributable to owners of the parent	3,339	3,167	3,885	19,329	11,316	3,468	20,933	(6,401)
Segment assets (as of December 31, 2019)	120,133	475,001	273,685	717,499	1,257,404	306,392	738,198	769,211

	Metals & Mineral Resources	Plant	Aerospace & Ship	Finance & Leasing Business	Construction, Auto & Industrial Machinery	Next Generation Business Development	Other	Consolidated
Revenue	265,661	15,138	63,057	18,832	233,792	-	(107,218)	5,239,786
Gross trading profit (loss)	24,097	9,627	20,623	8,386	66,603	-	(5,788)	531,762
Operating profit (loss)	9,967	(3,802)	11,545	683	15,510	(2,940)	(1,680)	109,947
Share of profits (losses) of associates and joint ventures	41,204	12,339	5,624	17,903	3,816	37	12	116,748
Profit (loss) attributable to owners of the parent	49,657	6,127	13,047	15,573	15,194	(2,383)	(10,603)	145,648
Segment assets (as of December 31, 2019)	845,126	321,484	288,194	271,261	362,369	3,416	62,669	6,812,042

(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.