Integrated Report 2017

Year ended March 31, 2017

Marubeni

Marubeni's Founding Spirit Lives on

Our Company Creed, "Fairness (正), Innovation (新), and Harmony (和)," dates back to Marubeni's first president, Shinobu Ichikawa. Mr. Ichikawa encouraged employees to act fairly with dignity befitting a large company, to continuously foster an enterprising culture in the aim of innovation and, most of all, to work harmoniously with each other. His encouragement lives on to this day as core principles for Marubeni employees.

Company Creed

“Fairness”	Act with fairness and integrity at all times.
“Innovation”	Pursue creativity with enterprise and initiative.
“Harmony”	Give and earn the respect of others through cooperation.

Management Philosophy

In accordance with the spirit grounded in “Fairness, Innovation and Harmony,” the Marubeni Group is proudly committed to social and economic development and safeguarding the global environment by conducting fair and upright corporate activities.

Corporate Principles

Marubeni Corporation, as a business enterprise, will actively pursue its business interests through the exercise of fair and lawful competition. As a company, Marubeni will also continue to play its part in the growth of the global economy, while always striving to enrich the society within which it operates. In order to achieve these goals, Marubeni is committed to the following six basic principles of business:

1. Conduct Fair and Open Business Activities
2. Develop a Globally Connected Company
3. Create New Value Through Business Vision
4. Respect and Encourage Individuality and Originality
5. Promote Good Corporate Governance
6. Safeguard Ecological and Cultural Diversity

Challenge and Transformation in Pursuit of New Value Creation

Throughout its history, Marubeni has created new value while transforming itself through repeated challenges. Such challenges and transformation have fundamentally built Marubeni into the general trading company it is today. Marubeni is committed to continue evolving by unremittingly tackling all manner of challenges in pursuit of societal and industrial progress.

Marubeni's founder Chubei Itoh

Benchu storefront

1858
Founded

1872
Opened Benchu in Osaka

1918
Established Itochu Shoten, Ltd.

1921
Established Marubeni Shoten, Ltd.

Itoh Chobei Shoten

1941
Established Sanko Kabushiki Kaisha Ltd.

C.Itoh & Co., Ltd.
Kishimoto Shoten, Ltd.

1944
Established Daiken Company, Ltd.

Daido Boeki Kaisha Ltd.

Kureha Cotton Spinning Co., Ltd.

The Road to 2020

Combining all our individual strength to create a more powerful Marubeni Group

The Marubeni Group aims to be a true global company that contributes to both society and regional economies while outcompeting top rivals across all sectors and markets in which it operates.

Marubeni in Fiscal Year Ended March 2017

> Net Profit	:	¥155.4	billion
> Total Equity	:	¥1,742.8	billion
> Number of Employees	:	4,458	at parent company
	:	39,952	on consolidated basis
> Number of Branches and Offices	:	131	locations
		in 66	countries and regions (As of April 1, 2017)

2016 Mid-term management plan Global Challenge 2018 started

2013 Consolidated net profit surpassed ¥200 billion

1981 Equity surpassed ¥100 billion

Nanyo Bussan Co., Ltd.

1951 First overseas subsidiary was established in New York

1972
Changed trading name to Marubeni Corporation

Totsu Co., Ltd.

C.Itoh & Co., Ltd.
Amagasaki Nail Works, Ltd.
Kureha Cotton Spinning Co., Ltd.

1955
Changed trading name to Marubeni-Iida Co., Ltd. following the merger of Marubeni Co., Ltd. and Iida & Co., Ltd.

1950 Listed shares on the Tokyo Stock Exchange.

1949
Established Marubeni Co., Ltd.

1958 Celebrated its centennial

Contents

Editorial Policy

Integrated Report 2017 is meant to serve as a tool for communicating with stakeholders and gaining the trust of greater society. To provide a systematic explanation of the Marubeni Group's corporate value, this report is compiled in the form of an integrated report that describes our quest to create both corporate and social value. We hope that this report will give readers an understanding of our business strategies as well as our commitment to helping resolve social issues through our business activities.

Furthermore, this report has a notation of fiscal years of the reporting period 2017.3 (April 1, 2016 to March 31, 2017).

Disclaimer Regarding Forward-Looking Statements

This report contains forward-looking statements about the performance and management plans of Marubeni Corporation and its Group companies based on management's assumptions in light of current information. The following factors may therefore influence actual results: consumer trends in Japan and in major global markets, private capital expenditure, currency fluctuations, notably against the U.S. dollar, materials price changes, political turmoil in certain countries and regions, etc.

Note Regarding Accounting Standards

The Company adopted U.S. GAAP up until the fiscal year ended March 31, 2013, and IFRS from the fiscal year ended March 31, 2014.

"Profit attributable to owners of the parent" is described as "Net profit" in this report.

Message from the CEO

Making a Consistently Growing Marubeni Group a Reality

The Marubeni Group, by contributing to societal progress and regional economic development, will realize sustainable growth and maximize its corporate value.

Fumiya Kokubu
President and CEO

Solidifying our global footprint through deep local roots as a locally focused global company. Armed with unrivaled strengths, upgrading our network of localized businesses.

The Year in Review — A Crucial Moment for Marubeni

The fiscal year ended March 31, 2017 was a crucial one for the Marubeni Group. Having incurred large impairment losses in the two preceding fiscal years, we approached last fiscal year as a key turnaround year, placing top priority on improving our financial condition. To this end, we conducted management that pivoted on our efforts to maximize cash flow.

Accordingly, we set minimum targets for free cash flow for each business group and drove ahead with strengthening cash flow management at the business site level. We also rigorously screened and narrowed down new projects, all while expediting return on investment. As a result, free cash flow for the fiscal year ended March 2017 was ¥370.8 billion, a dramatic and positive improvement that marked a historic record high for Marubeni. Assisted by our procurement of perpetual subordinated loans in August 2016, our net debt/equity ratio as of March 31, 2017 dramatically improved to 1.20 times. This outcome was better than our initial target, and offers clear evidence of steady progress made in building a strong financial foundation.

At the same time, we worked on strengthening our earnings foundation by growing businesses in which we possess competitive advantages and shoring up existing businesses. As a result, our consolidated net profit in the fiscal year ended March 2017 increased ¥93.1 billion year on year to ¥155.4 billion, reversing its two-year decline to end the year with earnings growth.

Major Societal Changes Constitute New Business Opportunities

With society currently in the midst of a major transformation, we realize that age-old conventional wisdom may no longer hold true.

International political uncertainties have been increasing, as exemplified by Brexit and the 2016 US presidential election outcome. Such political developments' impact, including potential disruption of supply chains predicated on free trade, is a concern.

Financial conditions, hitherto marked by globally ultralow interest rates and a global savings glut, are also distinctly changing in response to the United States' incipient exit from its accommodative monetary policies.

We recognize that the financial environment in which our Group funds its operations is set to change markedly, partly as a result of the Basel III regulatory regime's impact on international financial institutions.

In industry, IT innovations such as the Internet of Things (IoT), artificial intelligence and Big Data analytics are evolving faster than we had envisioned. Their impacts are starting to change business practices. Various new businesses are emerging while inter-industry boundaries are disappearing. For general trading companies, such changes and innovations are a great chance to create new business opportunities.

Today, we are directly confronted with changes driven by international politics, finance and IT innovations. I sense 2017 will likely be seen as a major turning point.

Aspire to Be a True Global Company by 2020

By 2020, the Marubeni Group aspires to be a true global company that contributes to society and regional economies while outcompeting top rivals across a broad swath of sectors and markets. In our eyes, a true global company has strong, locally rooted operational foundations and an on-the-ground presence as a leading player in overseas markets. We will become stronger overseas by building robust businesses integrated into local markets and communities, solidifying our global footprint through deep local roots as a locally focused global company. We seek to develop unrivaled strengths by concentrating on and deeply immersing ourselves in selected markets and products.

Pursuing Competitive Advantage with Evolving Business Strategies

Faced with accelerating change and the advent of a momentous new era as I mentioned previously, we reaffirm that the Marubeni Group needs a strong financial foundation as the cornerstone of its future growth into the Group we aspire to be. In May 2017, we revised our Global Challenge 2018 (GC2018) mid-term management plan to clarify that our commitment to further strengthening our financial foundation is our top priority while updating our business strategies.

The revised GC2018's core policy and primary pillar is to continue to strengthen our financial foundation as our utmost priority. We will improve our net debt/equity ratio to around 0.8 by March 31, 2021 at the latest. To achieve this target, we aim to maximize adjusted operating cash flow* by upgrading our cash flow management. We will also expedite asset turnover by strategically exiting or otherwise recouping previous investments.

The revised GC2018's second key pillar is business strategy evolution. We will strategically select investee businesses in pursuit of competitive advantage in individual business domains, thereby maximizing our businesses' value. Particularly high-priority businesses are ones likely to yield synergies once linked to our platforms and network. A case in point is Orffa International Holding B.V., one of Europe's largest livestock feed additive distributors. In February 2017, we announced plans to acquire an equity stake in Orffa. We aim to maximize Orffa's business value by, for example, exploring options for developing the US market by leveraging the feed sales network of the Group's US subsidiary Gavilon. Going forward, we intend to invest more selectively than in the past. We plan to tighten new investments that are solely concerned with immediate returns. We seek to invest in more Orffa-like companies that will expand our Group's competitive advantages over the medium to long term.

GC2018 Quantitative Targets

	GC2018	Revised GC2018
Consolidated Net Profit	2018 (FYE 3/2019) ¥250.0 billion (Non-natural resources ¥230.0 billion or more)	2018 (FYE 3/2019) ¥200.0 billion (Non-natural resources ¥180.0 billion or more)
Free Cash Flow (after dividends)	Cumulative total for 2016-2018 (FYE 3/2017-FYE 3/2019) Positive free cash flow (Approximately a net D/E ratio of 1.3 times as of March 31, 2019)	Cumulative total for 2016-2018 (FYE 3/2017-FYE 3/2019) Free cash flow (after dividends) of ¥400-500 billion (Approximately a net D/E ratio of 1.0 times as of March 31, 2019)
ROE	10% or more	10% or more
New Investments	2016-2018 (FYE 3/2017-FYE 3/2019) ¥1 trillion (Breakdown) Distribution Businesses 30% Finance Businesses 20% Stable Earnings-Type Businesses 40% Natural Resource Investments 10%	2016-2018 (FYE 3/2017-FYE 3/2019) ¥400-500 billion Strictly evaluate new investments in strong strategic terms mainly in non-natural resources
Consolidated Dividend Payout Ratio	25% or more of consolidated net profit	25% or more of consolidated net profit

* Adjusted operating cash flow: Operating cash flow net of changes in working capital, a measure of cash-basis earnings power

We are also pursuing business-model innovations through digital technologies. This initiative is spearheaded by the IoT/Big Data Strategy Department we recently established as a corporate function. We aim to develop innovative business models unique to a general trading company active across a vast multitude of product markets.

Revised GC2018 Quantitative Targets

In the initial GC2018, we set our consolidated net profit target for the fiscal year ending March 31, 2019 at ¥250 billion. Non-natural resource businesses' share of this initial target was "at least ¥230 billion or more." In the revised GC2018, we lowered this target and non-natural resource businesses' share thereof by ¥50 billion apiece to ¥200 billion and "at least ¥180 billion or more," respectively.

For free cash flow (FCF), our initial GC2018 target was to achieve a cumulative FCF surplus after dividends during GC2018's three-year term. In the revised GC2018, we raised this target in response to accelerated improvement in cash flow. We are now targeting a three-year cumulative FCF surplus of ¥400-500 billion after dividends. We are treating this target as a minimum goal. We plan to expedite fortification of our financial foundation by surpassing our FCF target. Our new net debt/equity ratio target for the fiscal year ending March 2019 is around 1.0, revised from around 1.3 initially.

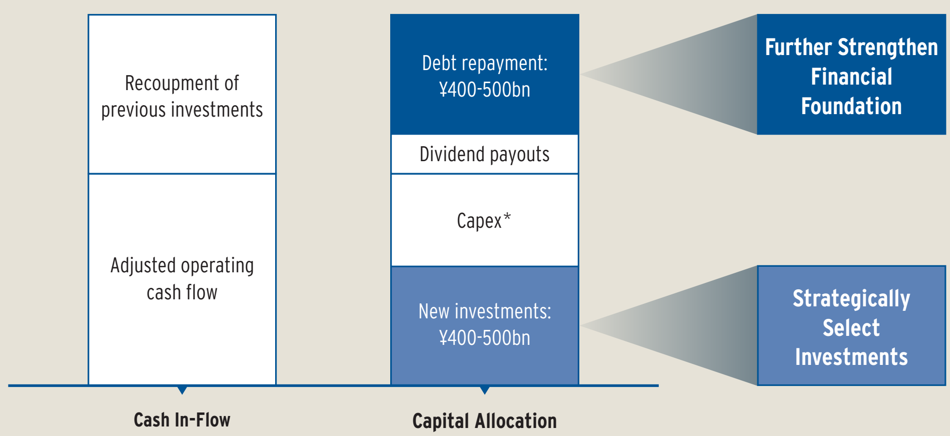
With GC2018's foremost objective being to generate positive FCF, we initially intended to limit new investments planned during its three-year term to a cumulative ¥1 trillion at most. We have now lowered this three-year cumulative maximum to ¥400-500 billion in conjunction with our FCF target's upward revision. GC2018's ROE and dividend payout ratio targets remain unchanged at their initial levels.

For the fiscal year ending March 31, 2018, we have set a consolidated net profit target of ¥170 billion, a ¥14.7 billion year-on-year increase. On our balance sheet, we plan to end the fiscal year with a net debt/equity ratio of around 1.1, a year-on-year improvement of 0.1 points, by maintaining positive FCF after dividends. By doing so, we aim to further strengthen our financial foundation. We will steadily achieve these quantitative targets as a stepping-stone toward our consolidated net profit target of ¥200 billion (and non-natural resource businesses' corresponding target of at least ¥180 billion) in the fiscal year ending March 31, 2019.

Shareholder Returns

Under GC2018, our basic policy is to pay dividends equivalent to at least 25% of consolidated net profit. Based on this policy, we raised our annual dividend in the

Capital Allocation (GC2018 Three-Year Cumulative Totals)



* Capex: Additional capital spending to maintain/improve business values of existing projects

Leveraging the Marubeni Group's mega-platform as a sturdy launchpad for realizing dreams.

fiscal year ended March 2017 to ¥23 per share from ¥21 in the previous fiscal year. While endeavoring to enhance our corporate value, we plan to continue to augment shareholder returns based on a comprehensive assessment of our annual earnings performance, financial condition, dividend payout ratio and other relevant factors.

The Marubeni Group Is Embracing the Future as a Mega Dream-Realization Platform

As Marubeni's CEO, I encourage every class of new recruits by saying, "The most important thing as a member of a general trading company is to have big dreams. Through your jobs, I want you to have a strong drive to not only achieve your dreams but also contribute to your customers' businesses and local communities."

The world today faces many societal challenges related to sustainability, including environmental, food, energy and other resource issues. As a general trading company, the Marubeni Group is always proactively addressing these issues. Additionally, we look upon recent major changes in our business environment as a tremendous chance for general trading companies to create new high-growth business opportunities.

We in the Marubeni Group have the power to resolve such societal issues and create new business opportunities amid change. This power stems from expertise and human networks amassed over decades and the corporate functions that support our businesses in addition to our diverse business models, ample financial resources and information capabilities. The Marubeni Group is in effect a mega-platform endowed with such tangible and intangible assets and functions. By fully leveraging this mega-platform, all Group personnel can challenge themselves to achieve their respective dreams.

As CEO, I always want our Group's personnel to dream big. I believe that the Marubeni Group must serve as a sturdy launchpad that enables our personnel to achieve their dreams. I hope that each and every Marubeni Group employee realizes his or her dreams by leveraging the mega-platform that is the Marubeni Group. By realizing our individual dreams through operational management tailored to regions, markets and businesses, we will help solve societal problems and contribute to local communities' development.

The Marubeni Group aims to maximize its corporate value by contributing to societal progress and regional economic development together with all of our stakeholders. In this way, we will keep growing over the coming years and decades.

Marubeni's Value Creation Process

Marubeni creates new value by deploying various forms of capital in its business activities in pursuit of unrivaled strengths. The economic value and societal value (resolution of societal problems) thus created are shared broadly among stakeholders and reinvested in Marubeni's operations, leading to medium-to long-term growth in corporate value.

OUR INPUTS

Financial Capital
Strong financial foundation

Intellectual Capital
Operational know-how and brands amassed over decades

Human Capital
Diverse, professional workforce

Social and Relationship Capital
Partnerships/relationships of trust with local communities

Natural Capital
Global environment and natural resources underpin all businesses

OUR ACTIVITIES

Food & Consumer Products Group
The Food & Consumer Products Group operates a wide range of businesses related to food, shelter and clothing. It aims to create and maximize business value by capturing demand growth driven by global population growth and providing high-added-value services that meet changing consumer needs reflective of increasingly diverse lifestyles.

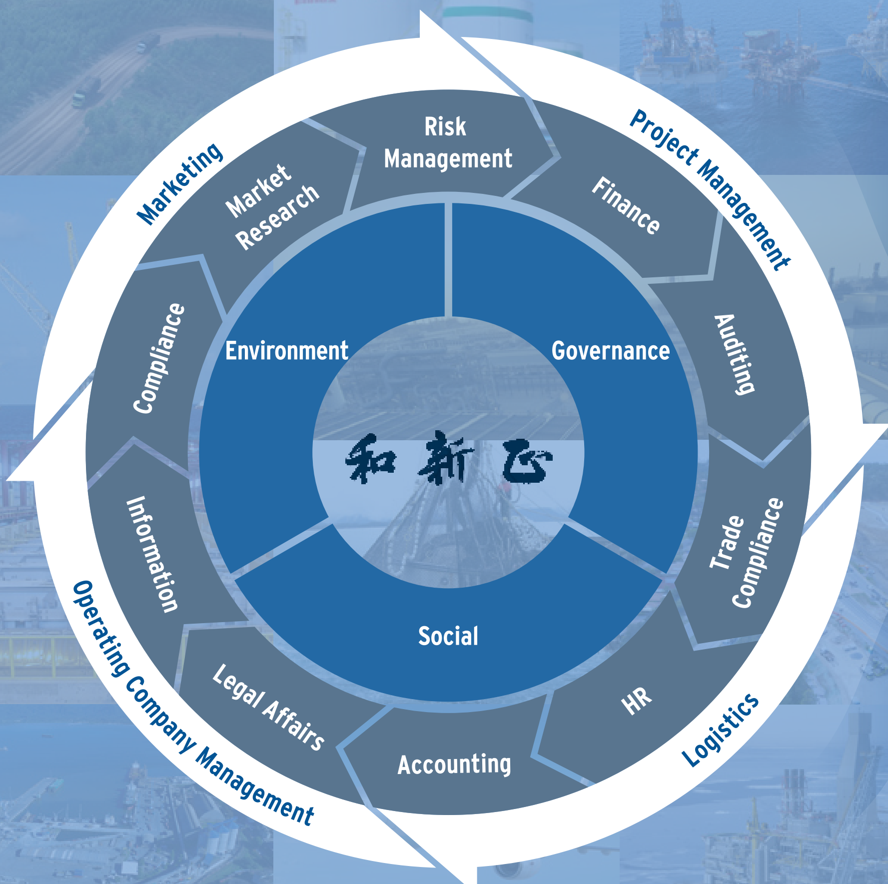
Chemical & Forest Products Group
The Chemical & Forest Products Group operates within the range of agricultural materials, chemicals and paper pulp. The Agri-Input Division has built up a platform providing various commodities and services, whereas the Chemicals/Paper Pulp Division responds swiftly to the needs of the market, to provide added value to the customers.

Energy & Metals Group
The Energy & Metals Group operates in a wide range of businesses throughout the supply chain, including resource development, smelting, recycling, and trading raw materials and refined products. It continues to strengthen its earnings foundation by improving operational efficiency while helping to ensure stable resource supplies.

Power Business & Plant Group
The Power Business & Plant Group runs a diversified collection of economically and societally foundational infrastructure businesses, including power plants, water and sewage utilities, transportation systems and industrial plant businesses. It continues to accumulate stable, prime assets while enhancing its existing assets' value on an ongoing basis.

Transportation & Industrial Machinery Group
The Transportation & Industrial Machinery Group is active in a broad range of businesses involving aircraft, ships, automotives, leasing, construction machinery and industrial machinery. While strengthening its operating companies' management, it is also strategically investing in new businesses with the potential to generate stable earnings.

VALUE DRIVERS



Marubeni creates new value in accord with the spirit of its Company Creed, "Fairness, Innovation and Harmony," by capitalizing on the core functions, expertise, know-how and other strengths it has amassed over its long history.

OUR OUTCOMES

As of March 31, 2017 (*as of April 1, 2017)

Financial Capital

- Free Cash Flow: ¥370.8 billion
- Consolidated Net Profit: ¥155.4 billion
- Net D/E Ratio: 1.20 Times
- Total Annual Dividends Paid: ¥34.7 billion

Intellectual Capital

- History: 159 years since founding
- Consolidated Subsidiaries and Associates: 438
- Sites*: 131 locations in 66 countries/regions

Human Capital

- Group Workforce: (consolidated-basis) 39,952 personnel
- Employees' Average Tenure: (parent company) 16.6 years
- Women in Management Positions: (relative to 2014) +50 %

Social and Relationship Capital

- Net Power Generation Capacity: (53 overseas projects in 22 countries + 18 domestic projects) 11,765 MW
- Marubeni Fund's Cumulative Charitable Contributions: (1975-2016) ¥4.2 billion

Natural Capital

- Population Served by Water Business: (7 countries) approx. 8 million
- Tree Plantations' Area: approx. 210,000 ha

Marubeni's Va

Marubeni creates new value by deploy
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Strong financial foundation

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Diverse, professional workforce

Social and Relationship Capital

Partnerships/relationships of trust with local communities

Natural Capital

Global environment and natural resources underpin all businesses

D Distribution Businesses

- Focus on such domestic-demand-oriented businesses as value-added distribution and agri-related businesses worldwide (food, chemicals, transport).
- Promote platform-type business models in regions, fields and product areas that are expecting growth through M&A and organic growth to expand earnings and improve profitability over the long term.
- Primarily take majority investment.

Management Policies

To globally lay the groundwork for long-term earnings
strategies tailored to individual businesses' operating

S Stable Earnings-Type Businesses (Infrastructure, etc.)

- Focus on new investment in stable-earnings infrastructure businesses that are backed by long-term contracts, such as IPP*1 with PPAs*2, water treatment and sewage services and other PPPs*3 to grow earnings.
- As investments in these businesses require large amounts of capital, have a limited upside and high dividend payout ratios, take minority investment stakes as a matter of policy.
- Take active role in projects even when in a minority investment position.

*1 IPP: Independent Power Producer
*2 PPA: Power Purchase Agreement
*3 PPP: Public-Private Partnership

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F Finance Businesses

- Concentrate on leasing and sales finance businesses.
- Promote platform-type business models in regions, fields and product areas that are expecting growth through M&A and organic growth to expand earnings and improve profitability over the long term.
- Primarily take majority investment. However, allow for minority investment stakes when large-scale investment is required.

by Business Model

growth, Marubeni is pursuing business and investment environment, business models and other attributes.

N Natural Resource Investments

- Maintain assets based on a long-term perspective. Focus efforts on an early start of production for projects that are already in the process of being implemented. At the same time, center on long-term projects with a high level of cost competitiveness when making new investments.
- As the dividend payout ratio is high and investment amounts are large, make participation as a minority stakeholder in projects with operators that are reliable for investing.
- Establish a framework to balance the Group's cumulative investment in order to stabilize fluctuating profits at a certain level due to volatile and unstable resource prices.

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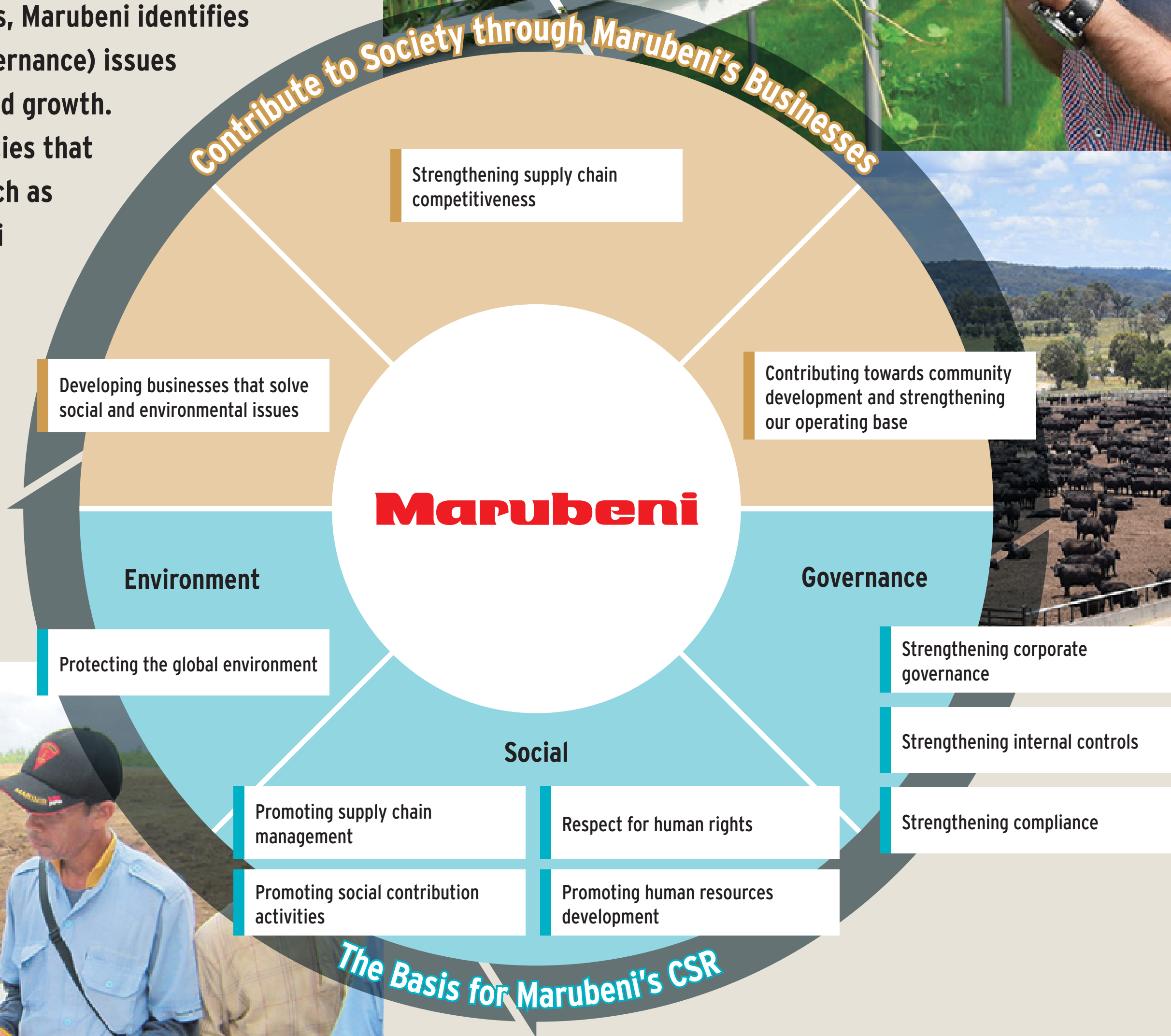
Sustainability
—Targeting Sustained Growth

In conducting its business activities, Marubeni identifies ESG (environmental, social and governance) issues that are highly material to sustained growth. Through integrated business activities that place priority on ESG objectives such as solving societal problems, Marubeni aims to not only enhance its value through its economic activities but also gain stakeholders' trust in its value creation process.



Material Issues

- Strengthening corporate governance
- Strengthening internal controls
- Strengthening compliance
- Respect for human rights
- Promoting human resources development
- Promoting supply chain management
- Protecting the global environment
- Promoting social contribution activities

The Marubeni Group fulfills its responsibility toward the environmental and social impact of its businesses.

Material Issues

- Developing businesses that solve social and environmental issues
- Strengthening supply chain competitiveness
- Contributing towards community development and strengthening our operating base

The Marubeni Group solves social and environmental issues while strengthening its competitiveness, leading to sustainable growth.

Courtesy of Fukushima Offshore Wind Farm Consortium (Project sponsored by Ministry of Economy, Trade and Industry's Agency for Natural Resources and Energy)

Identification and Review Process of Material Issues in Our Sustainability

Selection and prioritization of issues

Dialogue with stakeholders
- Customers and business partners
- Shareholders
- Employees
- Local communities

Confirm expectations from society
- Dialogue with CSR experts
- Expectations from NGOs / NPOs
- Requests from SRI research organizations
- Grasping of international treaties and the trends of each country and industry

Analysis and consideration of the impact on Marubeni
- Company Creed, Management Philosophy, and Corporate Principles
- Management plan
- Business growth and continuity potential
- Risk management
- Strengthening of legal regulations, etc.
- Creation of new business

Selection of real and potential social and environmental issues

Identify issues with high materiality within Marubeni's Sustainability

Implement business activities with goals and purposes

Annual review

Approve

Instruct / Advise

Report result

CSR & Environment Committee (Directed by the CEO)

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Together with Our Stakeholders

The Marubeni Group's operations are supported by diverse stakeholders throughout the world. We accordingly recognize the importance of always listening to our stakeholders' opinions, putting our heads together with theirs and advancing as one. Cognizant of our Group business activities' societal and environmental impacts, we create and offer new value to help solve societal issues together with our stakeholders.
We believe our stakeholders are all equally important. We do not give any one stakeholder constituency precedence over any other.

[Customers/Business Partners]

We are committed to providing highly satisfying products and services, promoting fair dealing and upgrading our service functions with the aim of gaining customers' and business partners' trust and confidence. We constantly endeavor to better satisfy and win the trust of customers and business partners by responding sincerely to their needs as we develop and offer safe products and services useful to society.

[Shareholders/Investors]

We strive to ensure management transparency, upgrade our disclosure practices and strengthen our Group governance. We also aim to enhance our corporate value by adapting to changes in our operating environment, earning stable profits and being environmentally and socially conscious.

[Environment/Society]

We are committed to helping to create thriving local communities and coexisting as a member of local society. Overseas, we respect local culture and customs, and pursue management that contributes to local communities' development. We resolutely oppose antisocial forces or organizations that threaten public order or civil society's safety.

We voluntarily and proactively act to mitigate environmental problems in the belief that doing so is an essential condition for corporate existence and activities. We also help to preserve the global environment through environmental businesses and efforts to reduce our environmental impact.

[Employees]

We endeavor to treat Group employees adequately and provide them with suitable workplaces while respecting their individual values and lifestyles. Additionally, we aim to create discrimination-free workplaces where everyone can work comfortably.

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Helena Chemical Company

Create value by maximizing farming business production from the customer's viewpoint and profitability, and grow to become among the largest agricultural input retailers in the U.S.

INPUTS

- Financial Capital:
  Wholly owned by the Marubeni Group
- Human Capital:
  Helena Chemical Company employees 5,160
  (As of March 31, 2017)
- Social and Relationship Capital:
  U.S. domestic network of 495 sales locations

D Distribution Businesses

Helena Chemical Company's Strengths and Competitive Edge

- Provides customers with all materials at every stage of farming from tilling through harvesting based on strategic partnerships with major suppliers
- Deeply rooted in each region with geographic diversity
- Possesses exclusive product line including crop protection products and fertilizers
- Employees well-versed in soil conditions, agricultural methods, and regulatory systems of individual regions
- Proposes consulting services leveraging technology of precision farming
- Accumulated understanding of customers' needs and sales people who provide solutions representing growers' interest

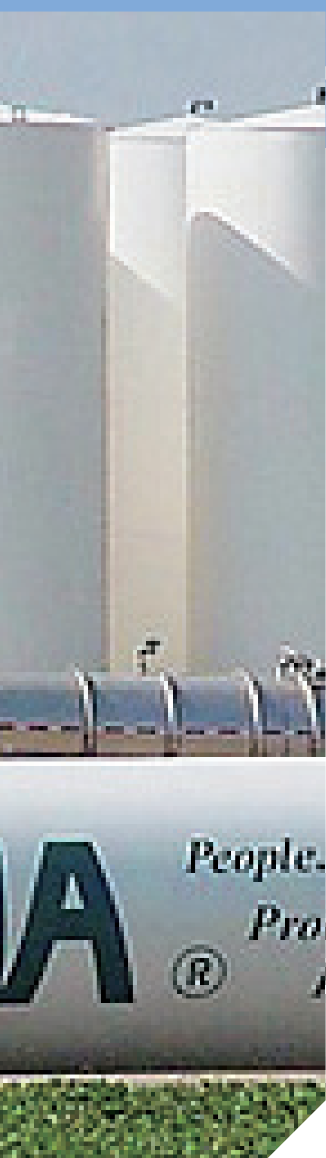
VALUE DRIVERS

- Knowledgeable / experienced sales people capable enough to understand real needs of the growers
- Helena's exclusive product line including crop protection products and fertilizers
- Consulting service representing growers' interest including utilization of information systems such as AGRIntelligence

Deeply rooted in each region having a U.S. nationwide network

OUTCOMES

- As the distributor of choice, has the 2nd largest U.S. share (market share approximately 8%)
- Provides optimal solutions through multi-faceted analyses of soil and crop using IT



The Marubeni Group, through its consolidated subsidiary Helena Chemical Company (Helena), is engaged in the agricultural inputs retail business in the United States, the world's foremost agricultural superpower. US agri-inputs business, in which needs have become extremely diversified, is leading the world. Therefore, developing the business in the United States is key to the success of Marubeni's agri-inputs business in the global market.

Marubeni and Helena incorporated innovations to create Helena's current original business model; up until the time it was acquired, the company's business model had been mainly crop protection sales. Firstly, the two companies took Helena's strength in region-linked consulting sales and expanded this to a nationwide network across the United States to create further growth. By having built this network, Helena could gain a deep understanding of the needs of those in the farming business throughout the United States, and expanding its product line to seeds and fertilizers, the company further enhanced its competitive edge and accelerated growth. Now, in addition to the agricultural inputs and consulting service, Helena is expanding business further through the development of new products and services, including the AGRIntelligence (precision farming service) cutting-edge IT service.

The success of Helena, which always pursued value creation from the customer's perspective, makes it a model case of the Distribution Businesses, the first of the Management Policies by Business Model, through seeking differentiation in the products, services, functions and other factors that investment recipients possess to create added value. The basis of this success lay in Helena leveraging its powerful regional network, providing customers with its exclusive product line and consulting services to carve out new markets to further accelerate growth. Looking ahead, Marubeni will learn from Helena's innovations as a model case to disseminate knowledge and expertise globally to create further value.

F Finance Businesses

MAC Trailer Leasing

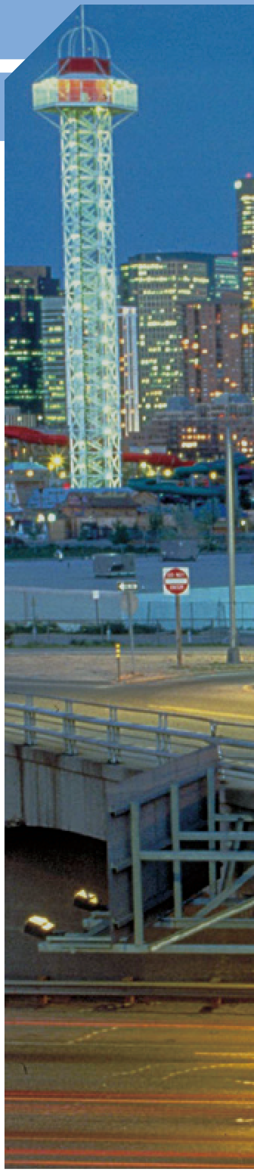
MAC Trailer Leasing, Inc. (PLM):
Redefining the company's strengths to innovate its business model. Creating new value by focusing on customer-centric products and services.

INPUTS

- **Financial Capital:**
  Wholly owned by the Marubeni Group
- **Intellectual Capital:**
  - Highly specialized expertise in products and services
  - Marketing capabilities based in all regions of the US
  - Localized management with local human resources
- **Social and Relationship Capital:**
  Over 7,000 owned trailers and 28 sales locations within the US

Marubeni's Automotive & Leasing Division engages in a wide array of efforts, from general leasing to products specialized leasing and sales financing. Among these, MAC Trailer Leasing, Inc. (PLM), a products specialized leasing company in the US, is a company that actively seeks new value creations and consistently delivers great results. Since joining the Marubeni Group in 2000, PLM has worked on business model renovation through several discussions with Marubeni on new value creations. In 2005, PLM decided to focus on refrigerated trailer leasing and rental business, in which PLM saw the potential long-term growth based on the US demographic trend. The execution of this change included improving its financial structure, such as replacing assets and cost reductions, in the face of the economic recession. It also included working toward improvements in products and services to penetrate the market deeper. Presently, PLM is expanding its business to provide fleet management services that include maintenance, GPS-enabled location and temperature monitoring, and consulting services for refrigerated trailers. At the same time, PLM continues to develop its refrigerated trailer leasing business to cater to a wide variety of clients. PLM will continue to make effective use of its assets, consisting of over 7,000 trailers and 28 sales locations, and strive for even further growth.

PLM's success is a model case for Finance Businesses, the second management policy by business model outlined in Marubeni's mid-term plan. PLM thoroughly confronted its own strengths, and in doing so it gradually clarified the direction of its new business model by redefining those advantages. In focusing on its strengths, it pursued economies of scale by increasing its high-quality assets, such as refrigerated trailers and locations. Those assets were effectively utilized through asset financing to secure funding. This led PLM to build a virtuous cycle: accumulate further quality assets, improve its products and services, then expand these throughout the US. In Finance Businesses, Marubeni adopts a basic strategy of improving on its strengths through accumulating its assets and improving its efficiency in the equipment leasing and sales financing business area in the transportation industry, and will invest in businesses which could be a potential platform for Marubeni to expand the businesses geographically. Moving forward, Marubeni will strive to use PLM's successful case to create even further value around the world.



VALUE DRIVERS

- Leasing company focusing on refrigerated trailers
- GPS-enabled fleet management
- Control of trailer interior temperatures
- Maintenance

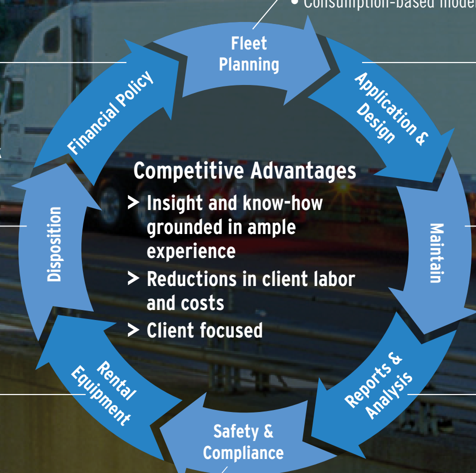
Expanding its business as total fleet management provider for refrigerated trailers

OUTCOMES

- Number one refrigerated trailer leasing company in the US
- Enabling high-quality fresh and frozen food transportation throughout the US
- Reducing food spoilage

PLM's Strengths and Competitive Advantages

> Fleet management in pursuit of ideal refrigerated transport



Fleet Planning
- Trailer lifecycle management
- Data-driven analysis
- Residual risk strategy
- Consumption-based modeling for optimal asset life

Application & Design
- Optimizing trailer design
- Lower lifecycle maintenance
- Damage-resistant specifications
- Maximizing loading capabilities

Maintain
- Trailer and refrigerated unit care and repair
- Emergency breakdown service
- Disciplined preventative maintenance plan
- Onsite mobile service – we come to you

Reports & Analysis
- Web-based reporting capabilities
- Asset lifecycle cost analysis
- Benchmarking by segment and equipment type
- Temperature reporting with real time alerts and push notifications

Safety & Compliance
- Food Safety Modernization Act compliance
- SmartWay® EPA certified equipment
- Electronic data retention
- ColdLink® temperature documentation

Rental Equipment
- Locations throughout US
- 28' to 53' trailer availability
- Single-temp, multi-temp and electric-only
- Flexible rental solutions - as little as one day

Disposition
- Nationwide remarketing program
- End-of-term solutions
- Eliminate disposal time and cost
- PLM pre-owned equipment available for sale or finance

Financial Policy
- Lease vs. ownership analysis
- Cash flow management
- Tax advantage modeling
- Leasing options to prevent residual risk

IPP Business

Realizing stable and sizable profits in the IPP[*1] business through project development ability and asset management capabilities backed by results from overseas power projects.

*1 IPP: Independent Power Producer

INPUTS

> Financial Capital:
Project financing composed from various funding sources, such as the Company and its investment partners, domestic and foreign export credit agencies, and banks, both in Japan and abroad

> Intellectual Capital:
- Local sales presence
- Know-how cultivated from power plant EPC[*2] projects

> Social and Relationship Capital:
Regional development offices (Singapore, Dubai, Johannesburg, London, New York), Asset Management Offices (Hong Kong, Abu Dhabi, Lisbon)

*2 EPC: Engineering, Procurement, and Construction

S Stable Earnings-Type Businesses (Infrastructure, etc.)

Strengths and Competitive Advantages of IPP Business

> Local sales presence
- Solid reputation through the reliable execution of contracts and competitiveness in EPC and IPP business

> EPC project management capabilities and synergy with IPP business
- Cost competitiveness and ability to complete contracts in a stable manner in the EPC business, our core competency
- Synergy effects in construction management for power plants

> Competitiveness and development capabilities in the IPP business, backed up by actual results
- Business development capabilities that leverage strong competitive position in international bidding
- Ability to solve problems in the development of IPP projects

> Business management capabilities
- Demonstration of leadership and independent involvement in business
- Asset management system covering all owned assets
- Long-term market analysis problem-solving abilities, built by grasping decentralization and deregulation of energy and trying for new business models

VALUE DRIVERS

> Project development
- Regional sales
- Sourcing
- Partner selection

> Development and construction
- Negotiating with governments and clients
- Power plant construction contracts (EPC contracts)
- Financing composition
- Project management

> Asset management
- Safe, secure, and stable operations
- Increasing value of assets

Project development ability and portfolio management

OUTCOMES

- Leading IPP business player in Japan with net capacity of 11 gigawatts
- Global expansion with 71 projects in 23 countries, well distributed between developed and emerging countries
- Expanding business across diversified power sources, from large thermal and hydroelectric plants to eco-friendly renewable energy

Marubeni's involvement in power began with trade in electrical power equipment, and in the 1960s it moved on to EPC business overseas. In the 1990s, when privatization for infrastructure projects opened up worldwide, business expansion into foreign IPPs began, which was determined to have the potential for long-term, stable profits. In the 2000s, work began in the power and water business (IWPP*[3]) in the Middle East. Ever since then, we have promoted diversification in our power business, growing and evolving into a global general power contractor, dealing in areas such as power wholesalers in the UK, the renewable energy business, the domestic power supplier business (PPS*[4]), and power distribution. With a net worldwide capacity of 11 gigawatts across 23 countries, we have become Japan's leading IPP business player.

Marubeni's continuous effort to satisfy its clients' high demand has led to its strength in power project businesses around the world. Starting as a trade business that delivered individual parts for facilities, such as turbines, we have moved on to become a prime contractor for power plant construction, covering everything from design, to commissioning and plant maintenance training after construction, accumulating successful results as we propose the optimum solutions with our full turnkey contracts. Furthermore, within the IPP business, where customers' needs have grown to include financing through private companies and power generation asset management, we have continued to achieve results with our project financing structure through domestic and foreign financial institutions, and with maintenance and operation work alongside partner electric companies in Japan and the West. Marubeni's power business has an ultimate goal of contributing by providing safe, stable, and secure power over the long term of 20 to 30 years, based on a key infrastructure business that aims for sustainable growth along with local communities, as Marubeni strives for even greater value creation in the future.

IPP is the core business within Stable Earnings-Type Businesses, the third management policy by business model outlined in our mid-term plan. These businesses mainly target the infrastructure business, which can yield stable profits backed by long-term contracts. Moving forward, we will continue to work proactively toward expanding profits while keeping an eye on the risks and trends of the times. For new investments, focus will be placed on capital efficiency, seeking to increase profits through the use of new technologies, such as the Internet of Things, and to further build our portfolio of businesses that continually generate stable income.

*3 IWPP: Independent Water and Power Producer
*4 PPS: Power Producer and Supplier

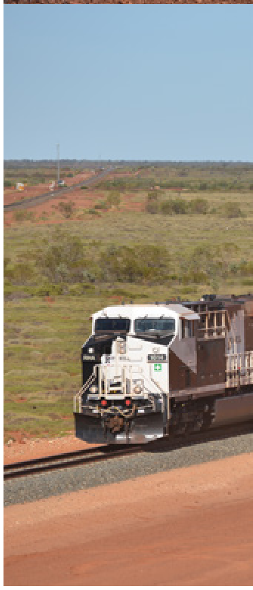
N Natural Resource Investments

Roy Hill Iron Ore Project

Fully exerting capabilities as a general trading company to create cost competitiveness based on a long-term outlook, while contributing to the steel industries in Japan and the rest of Asia through a stable supply of quality iron ore.

INPUTS

- **Financial Capital:**
  Large-scale project with a total development cost of approximately ¥1 trillion (Marubeni Group has 15% stake)
- **Intellectual Capital:**
  - Strong marketing experience and sales network covering Asia
  - Excellent insight related to formation of project financing
- **Social and Relationship Capital:**
  Supply capabilities of the Marubeni Group, supporting procurement of construction materials and heavy equipment
- **Natural Capital:**
  Abundant resources of quality iron ore



The Roy Hill Iron Ore Project, in which Marubeni holds a 15% stake, is a large-scale project with integrated infrastructure, including mine, railway, and port, all owned in-house. The total development cost for the project is about ¥1 trillion. The annual production and shipment capacity of 55 million tonnes is the largest for any single iron mine in the Pilbara region of Western Australia. The majority of the production volume is accounted for in long-term sales contracts, which have been signed with steel companies in Japan and throughout Asia, and shipments began in December 2015. In preparation for the move to full production, efforts with project partners Hancock Prospecting (Australia), POSCO (South Korea), and China Steel Corporation (Taiwan), are presently under way with production ramping up steadily according to plan.

The Roy Hill Iron Ore Project is an example of a natural resource project, in which decisions of initial investment based on a long-term outlook are vital. By making full use of its capabilities as a general trading company, such as its strong ability to raise funds, highly experienced personnel, and wide-ranging business network, Marubeni was able to develop a fine-tuned investment plan and steadily execute that plan. While the procurement of development funds was extremely difficult, Marubeni and its partners succeeded in securing a project financing package totaling US$7.2 billion after about a year and a half of negotiations with banks. Construction included not only the mine, but also a 344-km* railway from the mine to the port, as well as port facilities capable of handling large transport ships. All of those facilities take advantage of the latest technologies and products, with the Marubeni Group's broad business network also contributing to the procurement of materials and equipment. Over the long term, this project will create new value by utilizing large competitive advantages in production and shipping costs.

The Roy Hill Iron Ore Project is a model case of the fourth management policy by business model, Natural Resource Investments, which strives for long-term creation of value through held assets. The experience and know-how obtained through this project will continue to be used in Marubeni's future Natural Resource Investments.

* About the same as the distance between Tokyo and Nagoya

VALUE DRIVERS

- Highly experienced management team with track record of realizing quick startup of production
- State-of-the-art production management system making use of IT features such as remote operation
- Long-term sales contracts with major steel companies in Japan and throughout Asia

Fully integrated project with all infrastructure, from the mine to the railway and port, owned in-house

OUTCOMES

- Annual production of up to 55 million tonnes of ore from a single iron mine in the Pilbara region of Western Australia
- Creation of 2,000 jobs during the operation phase
- Maintaining cost competitiveness that ranks with major resource companies

Strengths and Competitive Advantages of the Roy Hill Iron Ore Project

> Strengths of the iron ore resources
- Abundant resources of about 2.3 billion tonnes
- High-grade iron ore
- Supply source of lump ore which is expected to become increasingly rare

> Strengths of operational capabilities
- Cost competitiveness that ranks with major resources companies
- Fully integrated operation with all infrastructure, from the mine to the railway and port, owned in-house
- State-of-the-art production management system

> Strengths of human resources
- Strong partnership between project owners
- Managed by a highly experienced management team
- Broad marketing network which enabled settlement of long-term sales contracts with steel companies in Japan and Asia

Performance Highlights

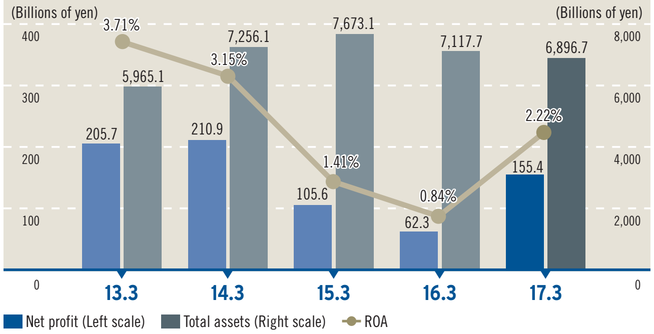
Mid-Term Management Plan	"G" PLAN		SG2009	
	U.S. GAAP			
	2007.3	2008.3	2009.3	2010.3
For the year:				
Total volume of trading transactions*1	¥9,554,943	¥10,631,616	¥10,462,067	¥7,965,055
Gross trading profit	531,171	596,916	644,803	491,673
Operating profit*2	165,020	200,153	234,065	118,926
Dividend income	20,705	23,645	27,719	23,561
Share of profits of associates and joint ventures	44,880	55,661	21,973	28,864
Profit for the year attributable to owners of the parent (Net profit)	119,349	147,249	111,208	95,312
At year-end:				
Total assets	¥4,873,304	¥5,207,225	¥4,707,309	¥4,586,572
Net interest-bearing debt	1,843,445	2,001,977	1,911,607	1,706,397
Total equity	820,839	860,581	623,356	799,746
Amounts per share (¥, US$):				
Basic earnings*5	¥72.41	¥84.93	¥64.04	¥54.89
Cash dividends	10.00	13.00	10.00	8.50
Cash flows:				
Net cash provided by operating activities	¥ 152,075	¥ 235,290	¥ 343,618	¥ 280,610
Net cash used in investing activities	(135,147)	(306,855)	(387,069)	(35,207)
Free cash flow	16,928	(71,565)	(43,451)	245,403
Net cash (used in) provided by financing activities	24,819	65,865	257,608	(254,655)
Cash and cash equivalents at end of year	414,952	402,281	573,924	570,789
Ratios:				
ROA (%)	2.52	2.92	2.24	2.05
ROE (%)	16.94	19.31	16.51	14.52
Shareholders' equity ratio (%)*6	15.3	15.0	12.0	16.2
Net debt–equity (D/E) ratio (Times)	2.25	2.33	3.07	2.13

Notes:
*1 "Total volume of trading transactions" includes all transactions involving the Company and its consolidated subsidiaries regardless of transaction type.
"Total volume of trading transactions" and "operating profit" are presented in accordance with Japanese accounting practices for investors' convenience and are not required by IFRS.
*2 Operating profit = Gross trading profit + SGA expenses + Provision for doubtful accounts
*3 U.S. dollar amounts above and elsewhere in this report are converted from yen, for convenience only, at ¥112 to US$1, the exchange rate prevailing on March 31, 2017.
*4 Including financing through perpetual subordinated loans in the amount of ¥ 250.0 billion in August 2016. The loans are classified as Total equity (other equity instruments) under IFRS.
*5 "Basic earnings per share attributable to owners of the parent" is based on "Profit attributable to owners of the parent" excluding the amount not attributable to ordinary shareholders.
*6 Shareholders' equity = Total equity – Non-controlling interests – Perpetual subordinated loan-related items

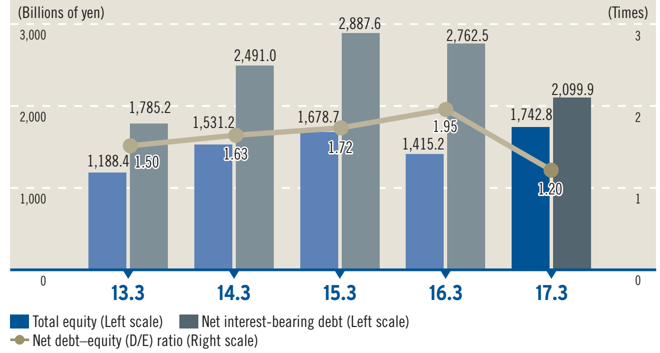
SG-12			GC2015			GC2018	
			IFRS			(Millions of yen)	(Millions of U.S. dollars)
2011.3	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2017.3*3
¥9,020,468	¥10,584,393	¥10,509,088	¥13,633,520	¥13,925,339	¥12,207,957	**¥11,134,169**	**$99,412**
522,152	541,454	528,194	651,063	707,318	670,086	**613,880**	**5,481**
145,774	157,315	122,932	157,462	160,688	104,231	**91,597**	**818**
19,200	27,351	30,112	34,917	34,957	18,555	**17,512**	**156**
71,452	81,528	87,790	99,405	89,919	31,824	**114,725**	**1,024**
136,541	172,125	205,696	210,945	105,604	62,264	**155,350**	**1,387**
¥4,679,089	¥5,129,887	¥5,965,086	¥7,256,085	¥7,673,064	¥7,117,686	**¥6,896,733**	**$61,578**
1,615,634	1,755,705	1,785,247	2,491,043	2,887,608	2,762,453	**2,099,939**	**18,749**
831,730	915,770	1,188,379	1,531,231	1,678,713	1,415,202	**1,742,758*4**	**15,560**
¥78.63	¥99.13	¥118.48	¥121.52	¥60.85	¥35.88	**¥88.08**	**$0.79**
12.00	20.00	24.00	25.00	26.00	21.00	**23.00**	**0.21**
¥ 210,044	¥ 172,599	¥ 295,734	¥ 291,188	¥ 170,943	¥ 359,132	**¥ 324,263**	**$2,895**
(128,495)	(273,689)	(210,878)	(706,585)	(331,411)	(174,596)	**46,504**	**415**
81,549	(101,090)	84,856	(415,397)	(160,468)	184,536	**370,767**	**3,310**
(17,010)	171,913	129,030	196,779	(70,705)	(36,268)	**(258,123)**	**(2,305)**
616,003	677,312	919,475	665,498	469,106	600,840	**704,972**	**6,294**
2.95	3.51	3.71	3.15	1.41	0.84	**2.22**	
17.98	21.17	20.74	16.67	7.28	4.39	**11.09**	
16.5	16.6	19.0	19.1	19.8	18.5	**20.9**	
1.94	1.92	1.50	1.63	1.72	1.95	**1.20**	

Financial Data

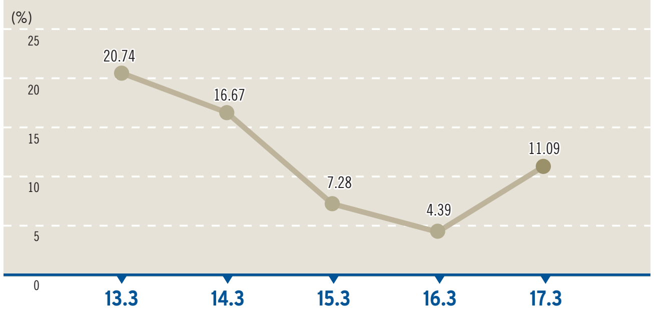
Net profit / Total assets / ROA



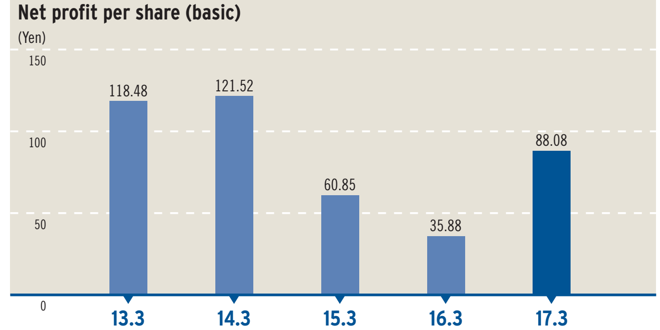
Total equity / Net interest-bearing debt / Net debt–equity (D/E) ratio



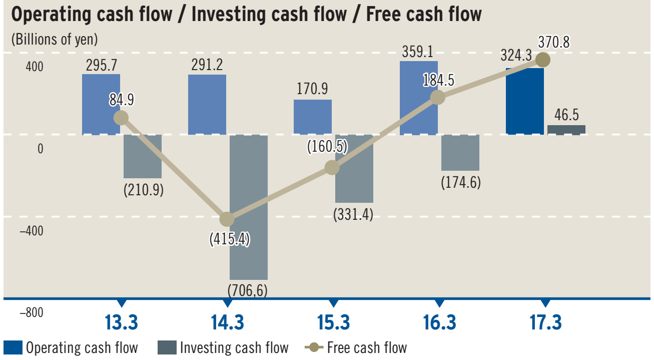
ROE



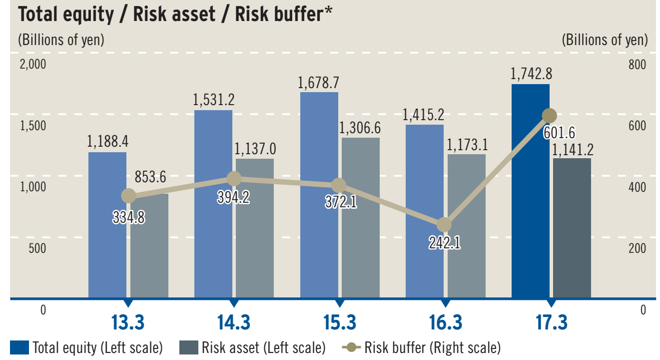
Net profit per share (basic)



Operating cash flow / Investing cash flow / Free cash flow

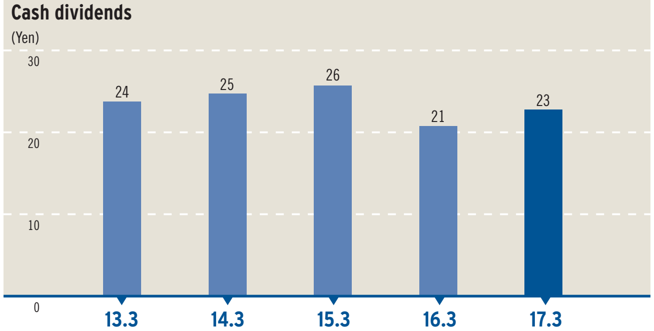


Total equity / Risk asset / Risk buffer*



* Risk buffer = Total equity – Risk asset

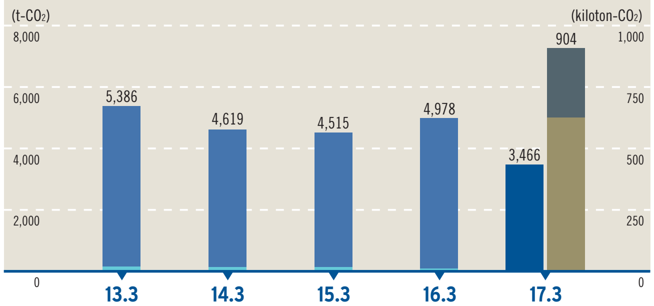
Cash dividends



Non-Financial Data

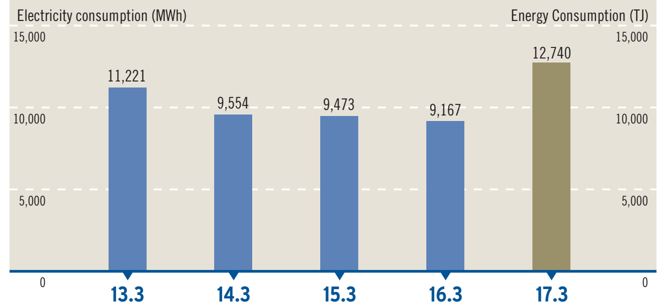
Environmental Data*1

Greenhouse Gas (CO_2) Emissions (energy-related)



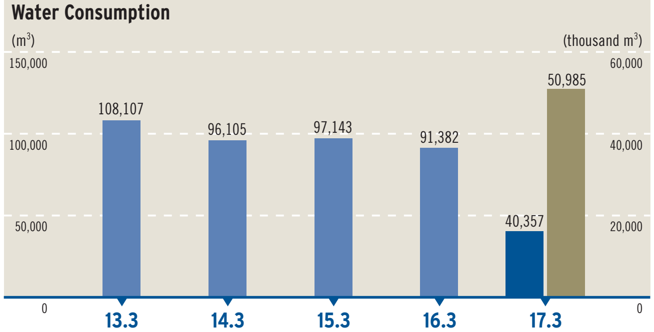
Marubeni Corporation's six principal offices Scope1 (Left scale) Marubeni Corporation's six principal offices Scope2 (Left scale)
Marubeni Corporation's other offices + consolidated subsidiaries Scope1 (Right scale) Marubeni Corporation's other offices + consolidated subsidiaries Scope2 (Right scale)

Energy Consumption



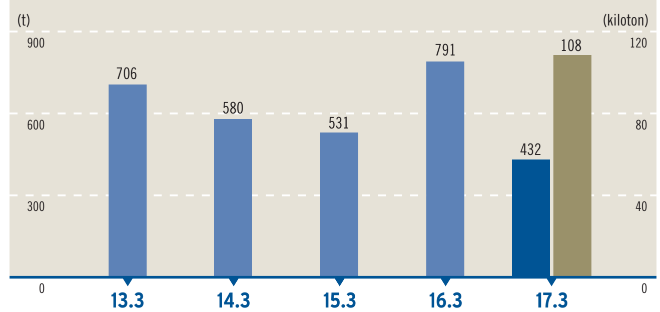
Electricity consumption of Marubeni Corporation's six principal offices (Left scale)
Energy consumption of Marubeni Corporation + consolidated subsidiaries (Right scale)

Water Consumption



Marubeni Corporation's six principal offices (Left scale)
Others of Marubeni Corporation + consolidated subsidiaries (Right scale)

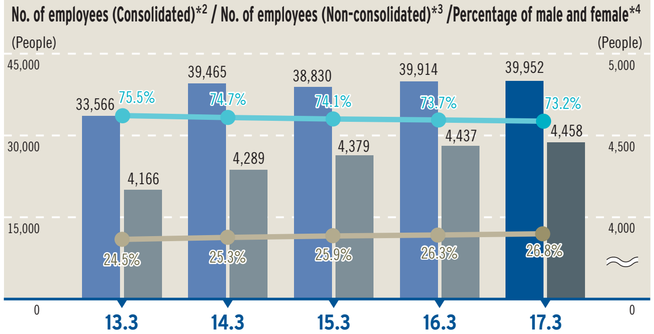
Waste Generated



Marubeni Corporation's six principal offices (Left scale)
Others of Marubeni Corporation + consolidated subsidiaries (Right scale)

Social Data

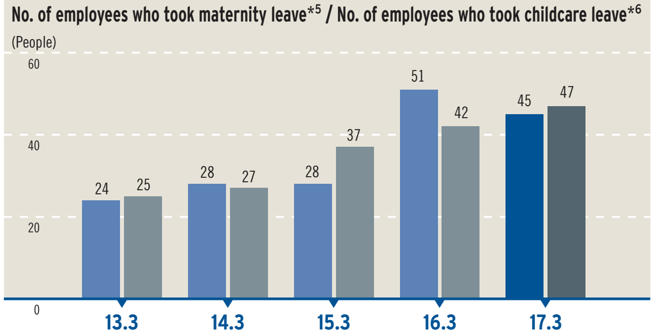
No. of employees (Consolidated)*2 / No. of employees (Non-consolidated)*3 /Percentage of male and female*4



No. of employees (Consolidated) (Left scale) No. of employees (Non-consolidated) (Right scale)
Percentage of males Percentage of females

Usage of annual paid leave*4

No. of employees who took maternity leave*5 / No. of employees who took childcare leave*6



No. of employees who took maternity leave No. of employees who took childcare leave

*1 Data collected from the following offices:
For fiscal years 2013-2016
Marubeni Corporation's six principal offices (Tokyo Head Office, and Hokkaido, Nagoya, Osaka, Kyushu, and Shizuoka Branches). Due to the relocation of the Osaka Branch in July 2015, the energy consumption of the office in July is calculated based on figures at both its previous and current sites for FY 2016 data.
For FY 2017:
Marubeni Corporation and its domestic and international consolidated subsidiaries, excluding the grain procurement and export company based in northern U.S., Helena Chemical, and the subsidiaries that are designated to be liquidated or sold.
Greenhouse gas (CO_2) emissions (energy-related):
- Emission factors stipulated by the Act on Promotion of Global Warming Countermeasures are used for fuel and steam.
- Emission factors for electricity:
  Emission factors for each electric power provider released by the Ministry of the Environment (actual emission factors) are used for Marubeni Corporation. International Energy Agency (IEA) 2014 emission factors by country (CO_2 emissions per kWh from electricity generation) are used for the domestic and international consolidated subsidiaries.
- Emission factors for city gas:
  For fiscal years 2013-2015, emission factors released by the gas companies in each location of the six principal offices are used. From FY 2016, the emission factor stipulated by the Act on Promotion of Global Warming Countermeasures is used.

*2 As of March 31.
*3 Total figures include the number of Marubeni employees assigned to other companies and exclude secondees to Marubeni from other companies (as of March 31).
*4 Figures for Marubeni Corporation (non-consolidated basis as of March 31).
*5 Figures for Marubeni Corporation indicate the total number of people who used leave in the fiscal year, including those who used the leave continuously from the previous fiscal year.
*6 Figures for Marubeni Corporation indicate the total number of people who started using leave in the applicable fiscal year.

Nobuhiro Yabe
Managing Executive Officer, Member of the Board
CFO; Chief Operating Officer, Investor Relations and Credit Ratings; Chairman of Investment and Credit Committee; Chairman of CSR & Environment Committee; Chairman of Disclosure Committee

The Highest Level of Free Cash Flow

In the fiscal year ended March 31, 2017, we endeavored to solidify our balance sheet and upgrade our cash flow management in accord with our top priority of improving our financial condition. In addition to steadily ratcheting up operating cash flow, we selectively invested in strategic growth opportunities while recouping some ¥300 billion of invested funds.

We consequently achieved positive free cash flow (FCF), the sum of operating and investment cash flows, of ¥370.8 billion, our biggest FCF surplus since the fiscal year ended March 31, 2001. I believe we fulfilled our commitment to improve our financial condition.

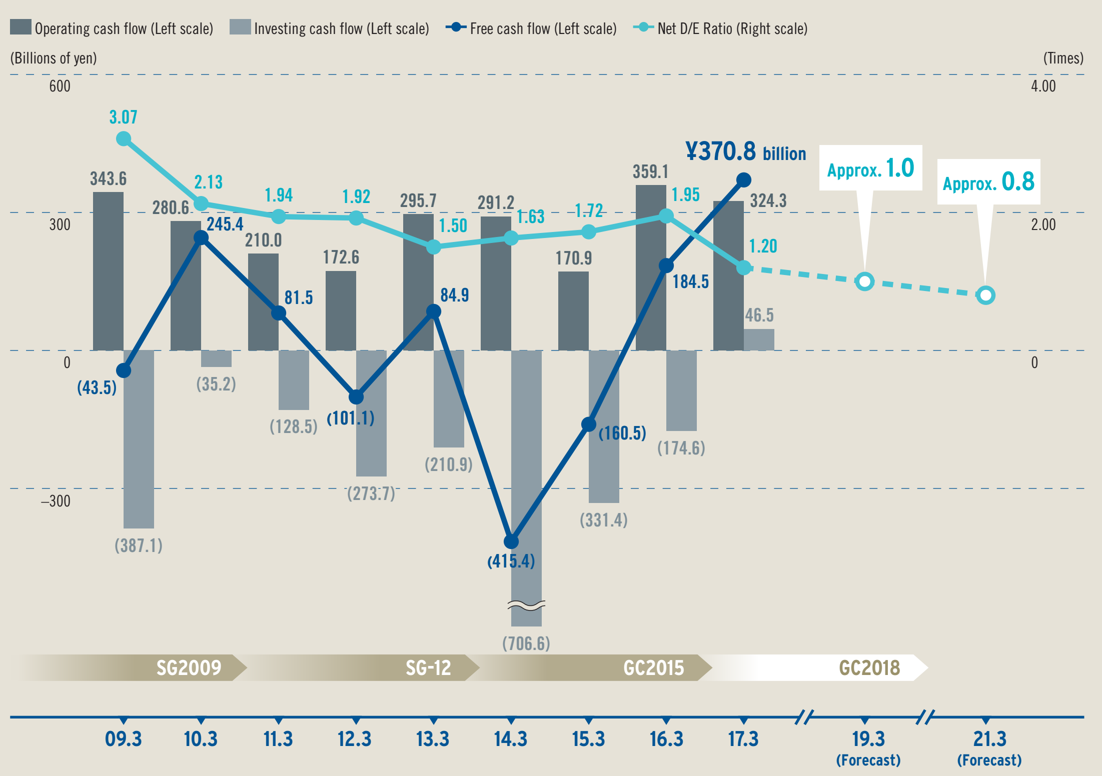
Strong Financial Foundation Is the Cornerstone of Marubeni's Growth

Given our business models' objective of earning adequate returns within predetermined risk limits amid accelerating change in our operating environment, maintaining financial soundness is fundamental to our business operations. We believe we have to further solidify our financial condition. In May 2017, we unveiled a revised GC2018 plan to clarify the utmost priority we place on further strengthening our financial foundation as a springboard for growth.

In the initial GC2018 plan, we were targeting positive FCF after dividends on a three-year cumulative basis. To better improve our financial condition, we have raised this target to a cumulative post-dividend FCF surplus of ¥400-500 billion. Having generated over ¥300 billion of FCF after dividends in the fiscal year ended March 31, 2017, we regard our revised three-year cumulative post-dividend FCF surplus target of ¥400-500 billion as a minimum goal. We intend to surpass it with expediting progress in strengthening our financial foundation.

By doing so, we will improve our net debt/equity ratio to around 1.0 times by March 31, 2019, and to the vicinity of 0.8 times by no later than March 31, 2021. Even after reducing our net debt/equity ratio to 0.8 times, we will maintain financial discipline to keep the cornerstone of our growth solid. We recognize that reducing financial leverage is of crucial importance from the standpoint of maintaining and improving our credit ratings as a company that obtains financing globally.

Cash Flows / Net D/E Ratio



While our top priority is strengthening our financial condition, we must also allocate capital to new investments in the aim of sustained earnings growth. During the revised GC2018 plan's three-year term, we aim to allocate a cumulative ¥400-500 billion to new investments. We plan to strategically invest in carefully selected opportunities, mainly in non-resource businesses, in accord with management policy by business model.

By investing in new businesses, we will generate additional cash flow that increases our capacity to invest in growth. Meanwhile, we will use cash generated by businesses without promising growth prospects to fund new investments in next-generation growth businesses. Through such an approach, we aim to maximize cash flow and, in turn, corporate value.

Moreover, we will decisively divest assets that lack a clear strategic rationale and strategically exit businesses that are past their prime, cannot independently manage themselves or cannot adequately control their cash flows. Those measures are critical components of maximizing cash flow while also efficiently utilizing limited management resources.

Proactively Preparing for Future Changes

The external environment is relentlessly changing. Most notably, fiscal and monetary policy normalization is accelerating globally in the wake of the global economy's ongoing gradual recovery. Meanwhile, financial institutions are facing regulatory tightening in the form of Basel III*. We expect such changes to affect our funding environment before long.

In the fiscal year ended March 31, 2017, we reduced our net interest-bearing debt by roughly ¥660 billion by not only running a large FCF surplus but also financing

Management Cognizant of Cost of Capital

We manage our operations with a risk/return mindset using our proprietary PATRAC metric in pursuit of returns in excess of our cost of capital. Since adopting PATRAC, we have been better allocating management resources by replacing unprofitable and inefficient assets.

PATRAC (Profit After Tax less Risk Asset Cost)

PATRAC (objective is long-term growth) = Consolidated net profit − Risk asset amount (Necessary shareholders' equity) × Risk asset costs 10% (Cost of capital)

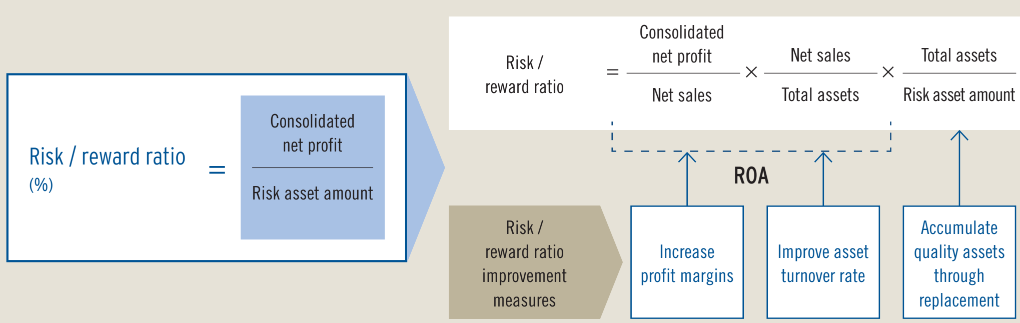
Upgrading cash-flow control in anticipation of medium-to long-term changes in our funding environment.

¥250 billion of perpetual subordinated loans. While our financial foundation is thus getting steadily stronger, we will proactively strengthen it further to achieve sustainable growth irrespective of how our environment changes going forward.

* Basel III is a new set of capital adequacy regulations intended to keep internationally active banks financially sound. It was issued in 2010 by the Basel Committee on Banking Supervision, a body comprising representatives of major countries' financial regulatory authorities.

Under GC2018, we are targeting ROE of at least 10%. We aim to continue to boost capital efficiency through such means as improving profitability via asset reallocation.

Risk / Reward Ratio



CSR Management

The Marubeni Group strives to grow sustainably while coexisting and prospering together with the environment and society, and this cannot be accomplished by pursuing profit alone. We must adopt perspectives based on the environment and society as well as business profit, and strike a balance between creating value and evaluating ourselves based on these three perspectives. The Group believes that it is this practice that constitutes CSR management. The Marubeni Group is committed to earning the trust of all its stakeholders by practicing CSR management as a highly ethical corporate group in accordance with the spirit of its Company Creed, "Fairness (正), Innovation (新), and Harmony (和)."

Marubeni has established the CSR & Environment Committee within the business execution system portion of its corporate governance structure as an organization for sharing and promoting CSR activities throughout the Company. By reporting on its initiatives to the Corporate Management Committee, the CSR & Environment Committee improves coordination with business groups while working to enhance CSR activities in various fields.

CSR Fulfilled Together with Stakeholders

The Marubeni Group conducts its business with the support of various stakeholders from around the world. In consideration of the expectations and concerns of the stakeholders, as well as its own impact on the environment and society, the Group is building a sustainable corporate foundation by always listening to the opinions of the stakeholders and advancing ideas together with them.

Participation in Global Initiatives

The Marubeni Group defined its goal of becoming a true global company in its GC2018 mid-term management plan. CSR activities have been judged to be of incredible importance in accomplishing this goal, and we thus feel it is vital for Marubeni to view its CSR activities from a global perspective amid the worldwide development of its business. Based on this recognition, we have declared our support for the international initiative that is the United Nations Global Compact. Accordingly, we endeavor to be always mindful of the relationship between its 10 principles and the Group's businesses, and will continue striving to conduct CSR activities through this business.

The UN Global Compact's 10 Principles

Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	make sure that they are not complicit in human rights abuses.
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labor;
	Principle 5	the effective abolition of child labor; and
	Principle 6	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

UN GLOBAL COMPACT
Network Japan
WE SUPPORT

Relationship with the SDGs (Sustainable Development Goals)

In promoting CSR management, the Marubeni Group refers to international standards and clarifies which challenges it should address as it confirms the direction for its activities. As part of that, the Group recognizes SDGs (Sustainable Development Goals), which are common goals toward sustainable development for the international community in the areas of society, economics, and the environment. Based on this recognition, we associate our CSR Action Plans and Targets with the SDGs and disclose them, and we refer to the SDGs when considering the state of our efforts toward resolving social and environmental issues from a medium- to long-term perspective.

* Refer to page 44 for "CSR Action Plan and Targets".

SUSTAINABLE DEVELOPMENT GOALS

Environmental Protection

Policies and Approach

With the entry into force of the Paris Agreement in 2016, there is a strengthening of the international framework for reducing greenhouse gases that goes beyond the regulations of individual nations. The Marubeni Group is seeing global demands for efforts related to issues that are materializing around the world, such as climate change and biodiversity, and the Group recognizes that there are expectations for companies to demonstrate creativity, innovation, and leadership in the Group resolution of such global concerns. Based on this recognition, the Group works toward reducing environmental risks through activities such as measures targeting climate change, protection of biodiversity and ecosystems, environmental conservation and protection that includes the development of a recycling-oriented society, and prevention of pollution. The Group continually considers its impact on the environment within its business activities, and works together with its stakeholders to carry out these efforts.

EMS Strengthening

The Marubeni Group has introduced an EMS based on ISO 14001 as a tool to assist employees in addressing environmental issues based on a common understanding.

Marubeni obtained ISO 14001 certification in 1998, and as of December 31, 2016, 54 Marubeni Group companies have been certified.

The EMS utilizes a plan–do–check–act (PDCA) cycle to ensure ongoing improvement.

With regard to Group companies that have not received ISO 14001 certification, we still expect these companies to understand and cooperate with environmental preservation activities conducted in accordance with the Marubeni Group Environmental Policy.

On-Site Inspections at Group Companies without ISO 14001 Certification

The Marubeni Group identifies and conducts on-site inspections of subsidiaries that have yet to acquire ISO 14001 certification and that are engaged in activities with a relatively high risk of exerting a significant environmental impact. For these on-site inspections, Marubeni personnel visit the plants and offices of the applicable companies together with auditors specializing in environmental audits from an independent assessment agency. There, they check the systems designed to ensure compliance with environmental regulations related to work procedures and confirm compliance status. They also examine the site's environmental risk control status with regard to such areas as the operation and management of facilities and the disposal of waste. In the fiscal year ended March 31, 2017, a total of 29 operating sites of 22 companies around the world were inspected. No significant environmental issues were identified.

Environmental Evaluations of Development Projects and Financing and Investment

Before launching a development project or financing or investing in a new business, Marubeni assesses the project's conformity with environmental laws and the possibility of adverse impact on the environment in the event of an accident or other emergency using the Company's Environmental Evaluation Sheet. The completed evaluation sheet is used as a factor when making the final decision on whether or not the project should be implemented.

Follow-up evaluations are also conducted for projects considered to have potential environmental risks as a result of the initial assessment. Follow-ups are continued until all concerns have been dispelled. In the fiscal year ended March 31, 2017, we assessed 73 projects with environmental risks related to water pollution, noise pollution, and global warming.

Expansion of Environmental Data Collection and Disclosure

In order to increase the reliability of the Group's efforts toward environmental protection, it publishes group-level information, and it aims to get independent assurance for information for at least part of that information.

As part of this effort, from the fiscal year ended March 31, 2017, the Group will expand the range of information to be disclosed with independent assurance from the main six sites of the Marubeni Corporation (Tokyo Headquarters, Hokkaido, Shizuoka, Nagoya, Osaka, and Kyushu Branches) to all domestic and foreign consolidated subsidiaries. We will continue to drive environmental protection initiatives forward, as we redouble our efforts toward realizing a low-carbon society.

* Refer to page 194 for "Independent Assurance of Environmental and Social Data."

Supply Chain

Policies and Approach

Promoting CSR management throughout the supply chain is an important aspect of CSR activities.

To help address these issues, Marubeni has formulated the Basic Supply Chain CSR Policy, which we transmit to all suppliers, requesting that they understand and cooperate with the enforcement of this policy. Furthermore, Marubeni conducts on-site inspections of suppliers, and will continue these activities so as to maintain an understanding of the social issues faced in different regions and work toward their resolution.

Basic Supply Chain CSR Policy

① Marubeni does not stop at achieving strong CSR results for itself, but also supports the achievement of strong CSR results throughout its supply chain, with the objective of building an environmentally friendly, healthy, and sustainable society.

② Marubeni requests the understanding and cooperation of its business partners in the observance of the Supply Chain CSR Guidelines set forth below, so that Marubeni, together with its business partners, can facilitate highly efficient CSR results.

③ Supply Chain CSR Guidelines

1. Observance of Laws
- Observe the applicable laws of each relevant country and the various countries affected by the transaction.

2. Respect for Human Rights
- Respect human rights, without discrimination, physical, verbal, sexual, and other forms of harassment or inhumane treatment.
- No child labor, forced labor, inappropriate wage abatement, or excessive working hours.
- Respect employees' right to unionize for the purpose of negotiations between labor and management and to bargain collectively.

3. Preservation of the Environment
- Protect nature.
- Minimize environmental impact, and prevent pollution.

4. Fair Transactions
- Conduct fair transactions, and do not inhibit free competition.
- No bribery or illegal contributions, and prevent corruption.

5. Safety and Health
- Secure safety and health in the workplace, and maintain a good working environment.

6. Quality Control
- Maintain the quality and safety of products and services.

7. Disclosure of Information
- Including the items mentioned above, appropriately disclose company information.

Implementation of CSR On-Site Inspections for the Supply Chain

In regions centered on developing countries, there are latent problems, such as forced labor, child labor, and local environmental pollution. For suppliers in countries and industries where there are concerns about the risk of human rights violations or worker safety, Marubeni conducts site visits to related companies and checks that there are no violations of the Basic Supply Chain CSR Policy. The Company then reports the results of its inspection to the visited site and shares information that can be used for future improvement.

Furthermore, as part of the Basic Supply Chain CSR Policy, Marubeni has formulated measures and procedures for contract noncompliance with the labor standards set forth in the Basic Supply Chain CSR Policy, and encourages suppliers to effect improvements.

Human Rights Risks in the Supply Chain

Under the UK Modern Slavery Act enacted in October 2015, companies with annual sales over 36 million pounds sterling that do business within the UK are required to take gradual measures toward confirming that there are no instances of human rights violations, such as slavery or human trafficking, within their company or supply chain. They must also give a statement about those measures the following fiscal year. Within the Group, Marubeni Europe plc, along with some of the Group's UK-based companies, and Marubeni Corporation, which has a certain degree of control over those companies, published these statements in September 2016.

Additionally, in regard to human rights violation risks in its business, the Company is advancing efforts toward early prevention of the spread and expansion of risks, including lectures by outside experts and identification of risks related to human rights.

Contribution to the Community

Policies and Approach

The Marubeni Group's business is supported by its stakeholders around the world. Accordingly, the Group believes that contributing to society is important in ensuring continued sustainable growth. We are therefore conducting social contribution activities while also giving back to local communities by resolving social issues through our business. The Group has a long history of conducting social contribution activities, which include the Marubeni Foundation and overseas scholarship funds. We also actively encourage all employees to participate in volunteer activities. Our commitment to building a better relationship with society, based on coexistence, and being an organization trusted by all stakeholders will remain firm into the future. The Basic Policy on Social Contribution Activities will guide us on this quest.

Marubeni Foundation

Funded by Marubeni, the Marubeni Foundation was established in 1974 as a private support organization for social welfare activities. The Foundation celebrated its 40-year anniversary in 2014. Every year, it continues its tradition of providing ¥100 million in annual donations to aid welfare facilities and organizations across Japan. It has given a total of 2,425 grants totaling ¥4.2 billion up to the fiscal year ended March 31, 2017.

In the fiscal year ended March 31, 2017, the foundation received grant applications from 563 welfare programs, 64 of which were selected to receive funding. Funding for the grants includes contributions from Marubeni, provided partially as a means of utilizing earnings, and contributions from the 100 Yen Club, consisting of concerned present and former executives and employees who make fixed monthly donations in multiples of ¥100, with matching contributions by Marubeni.

In addition to the efforts of the 100 Yen Club, volunteers from among the Group's employees have been participating in the grant certificate presentation ceremony from the fiscal year ended March 2016. More than 100 employees participated in the fiscal year ended March 31, 2017. The Foundation is adding further support for grant recipients from the fiscal year ending March 31, 2018, such as a system for providing physical support.

Overseas Scholarship Funds

To support the education and development of young people in emerging economies, Marubeni has set up scholarship funds, mainly in the ASEAN region. Specifically, scholarship funds have been established in the Philippines, Vietnam, Indonesia, Cambodia, Laos, and Myanmar, as well as in South America, principally Brazil. Additionally, scholarships were awarded in India in the fiscal year ended March 31, 2017.

As of March 31, 2017, efforts to support the education and development of young people in developing nations have spread to eight countries. Each year, we provide support to meet the local communities' needs in accordance with the educational circumstances in each country, including scholarships for students from elementary through to university level and vocational training, as well as material assistance such as PCs and stationery.

Volunteer Activities

Marubeni cooperates with NGOs and NPOs in planning and running volunteer activities for employee participation. The goal is to encourage employees to participate in volunteer activities and thereby develop an understanding of what social contribution entails and the need for the Group to make ongoing efforts as a good corporate citizen.

Also, the Company has introduced the Volunteer Leave System (five days per year) to support employees who wish to participate in volunteer activities.

Forest thinning activities in the Okutama region

Utilization of Diverse Human Resources

Policies and Approach

The Marubeni Group views human resources (HR) as its most valuable asset. For this reason, we strive to create a stronger Marubeni Group in which a diverse range of individuals play an active role. The Group's basic policy for HR systems is to develop a framework that allows employees to utilize their skills and capabilities to the fullest extent while providing an environment in which every employee can create the most value possible by drawing on their strengths. We are instituting various measures aimed at realizing this vision.

Group HR Strategy within the GC2018 Mid-Term Management Plan

The basic HR policy for the Marubeni Group in its mid-term management plan, GC2018, consists of two points. First is the promotion and training of talented and achievement-oriented personnel that can win in a global environment. Second is to further promote diversity within the Group through appointment and placement practices. Efforts are under way to promote and train the best personnel for maximizing the value of the Group. Further, we have reviewed our hiring strategy, assignment policies, and system for qualifications, compensation, and evaluation with the goal of identifying, developing, and rewarding talented and achievement-oriented individuals who take a central role in the creation of business and growth. These individuals should embody and demonstrate the spirit of Marubeni and the focused determination required of all employees through their daily actions, exhibiting advanced professionalism, innovation, and commitment.

▶ Basic HR Strategy for GC2018

– Promotion and training of talented personnel that can win in a global environment
– Further promotion of diversity within the Group through appointment and placement practices

▶ The Image of Ideal Personnel

Talented and achievement-oriented individuals with an advanced degree of professionalism, innovation, and commitment, who take a central role in the creation of business and growth.

Professionalism	Innovation	Commitment
• Knowledge and personal connections in the industry, business skills, general and specialized abilities required for sales or customer service roles	• Pursues innovation without fear of failure • Sees the coming of change and takes initiative • Prompts growth and development for both themselves and the organization	• Has a strong will and the ability to think and act independently • Aims for the best results and follows through to the finish • Takes responsibility for their results

Reorganization and Enhancement of Training Systems

From the fiscal year ended March 31, 2017, company-wide training systems are being revised and an off-the-job training* platform, Marubeni Global Academy (MGA), is being established and enhanced to provide functions for supporting the advancement of the Marubeni Group's HR strategy, which is defined in GC2018. Moving forward, the Group is developing programs at the global group level to implement the MGA in order to strengthen human resources across the entire Marubeni Group.

* Off-the-job training: For example, business skills training, etc., implemented in a location other than the workplace.

Examples of MGA Programs

- Management School for the Next Generation of Management
- Dispatch to short-term executive programs
- Work on mergers and acquisitions
- Fundamentals of investment analysis
- Logical thinking
- Facilitation
- Presentations
- Cross cultural, etc.

Measures for Reducing Overtime Work and Improving Operational Efficiency

The Marubeni Group is implementing the Marubeni Cool & Smart (MaCS) Work Project in order to strengthen our competitiveness by making all Group companies, organizations, and employees fully aware of the fact that time is a finite resource, thereby encouraging them to pursue even higher levels of productivity. This project discourages overtime work after 8 PM and bans overtime after 10 PM, encouraging a shift toward work in the morning hours when productivity is higher.

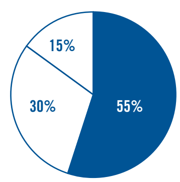
Additionally, we are implementing a site-led Organizational Structure Improvement Project every year. Members within the organization gather to discuss and promote work improvement measures suited to their workplace.

Excerpts from MaCS Work Project Survey Results

Effects of Overtime Restrictions

Has there been an effect on efficiency and productivity?

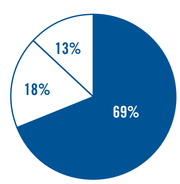
Positive Responses	**55%**
Neutral	30%
Negative Responses	15%



Culture of Overall Organization

On the organization’s acceptance of leaving early

Positive Responses	**69%**
Neutral	18%
Negative Responses	13%



Further Empowerment of Female Career-Track Employees

In the fiscal year ended March 31, 2015, Marubeni launched the “BENInovation (BENI Innovation) Program” as a measure designed to further empower female career-track employees. Additionally, the following action plan was established in April 2016 in response to the promulgation of the Act on Promoting Women’s Empowerment in the Workplace. This plan defines the period leading up to March 31, 2021, as a time for creating foundations for incorporating diversity into decision-making. Going forward, Marubeni will enhance hiring, overseas dispatch, and education activities based on this plan.

Marubeni’s efforts have been evaluated, and it has been selected as a Nadeshiko Brand 2017 enterprise by the Japanese Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) for excellence in promoting women’s empowerment. Marubeni was also honored and selected as a Nadeshiko Brand in 2015. The Nadeshiko Brand is an initiative that was launched in 2012 for the purpose of selecting and publicizing listed enterprises that excel at encouraging women's success in the workplace based on two factors: “conducting career support for women” and “supporting women in balancing work and family.” Selected companies must also demonstrate strong financial performance. In the fiscal year ended March 31, 2017, Marubeni was among 47 companies selected, each of which worked toward sustainable growth through management that makes use of diverse human resources and an ability to adapt to changes in the environment.

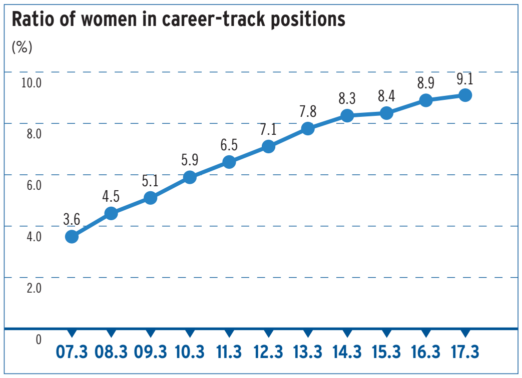
Action Plan for Empowering Female Employees

(Phase 1: April 1, 2016–March 31, 2021)

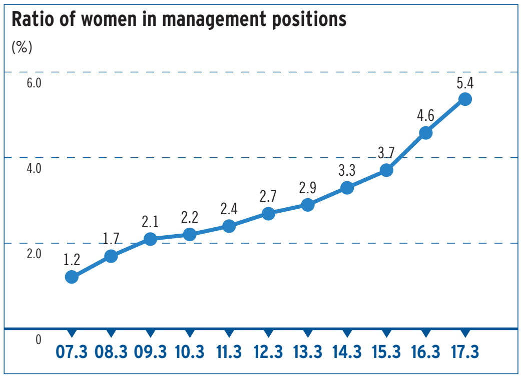
Goals

Construct HR development pipelines by strengthening hiring, overseas dispatch, and other development programs with the goals of increasing the ratio of female career-track employees to more than 10% and raising the ratio of female managers to above 7% by March 31, 2021

Ratio of women in career-track positions



Ratio of women in management positions



Creating a Rewarding Workplace

Marubeni promotes work-life management as a core value that supports employees from a wide range of backgrounds to achieve results.

Marubeni's basic policy is to select applicants according to their capability and competence, based on a fair recruitment process in which no form of discrimination is tolerated. To ensure that fair recruiting activities are conducted across the entire Group, we have prepared the Marubeni Recruiting Manual, and strive to ensure that our policies are thoroughly understood. Marubeni has adopted a continued employment system for employees aged 60 or over in accordance with the revised Elderly Employment Stabilization Act. As of March 31, 2017, 114 employees have been hired under this system, and these and other senior citizen employees are currently calling upon their breadth of experience to make wide-reaching contributions in Japan and overseas.

In addition, to further promote the employment of persons with disabilities, Marubeni established Marubeni Office Support Corporation, which has been certified as a special-purpose subsidiary* by the Minister of Health, Labour and Welfare. As of March 31, 2017, Marubeni Corporation and Marubeni Office Support Corporation employed a total of 77 individuals with disabilities on a full-time basis. In March 2016, Marubeni Office Support Corporation was certified by the Ministry of Health, Labour and Welfare as a Superior Company for employing persons with disabilities. This certification is awarded to superior companies that actively employ mentally or otherwise challenged individuals, and a total of 21 companies throughout Japan have received this certification.

* Special-purpose subsidiary: A subsidiary that has been certified by the Minister of Health, Labour and Welfare as satisfying the conditions specified in the Act on Employment Promotion, etc., of Persons with Disabilities. The number of workers with disabilities employed by such a subsidiary may be included in the calculation of the ratio of disabled persons the parent company employs.

Mark signifying certification as a Superior Company for employing persons with disabilities

Efforts to Promote Employee Health

The top levels of management at Marubeni consider the promotion of employee health to be a key company-wide issue. Accordingly, efforts to improve health are under way based on the idea that fulfillment of body and mind lead to improved productivity and satisfaction in one's work. The Human Resources Department, Health Insurance Association, and Internal Medical Clinic formed a committee that meets regularly to share information and work on the effective development of healthcare business that is coordinated with the Health Insurance Association's Data Health Plan. Further, in addition to ensuring regular medical exams, the Company covers the full cost of comprehensive physical exams and brain scans for employees over a certain age, providing employees with health guidance and allowing them to check their health. In regards to mental health care, work is in progress to improve measures such as the introduction of EAP* counseling and workshops on self-care and care methods for managers.

*EAP (Employee Assistance Program):
Designed to improve productivity, this program targets complete employee mental wellbeing with specialized counselors who, in addition to providing health consultations regarding mental illness, are available to discuss a wide range of issues with employees, including concerns in the workplace or at home.

External Recognition

The Marubeni Group has continually received high ratings for its efforts toward sustainability from various research and rating companies that evaluate the capacity for sustainable growth in companies based on the three aspects of ESG: Environment, Society, and Governance. Among those, Marubeni has been included in the Dow Jones Sustainability Indices (DJSI) World since 2008, and included in the similarly prestigious FTSE4Good Index Series since 2002.

* SRI Index: An index for outside investors that focuses not only on financial aspects, but also places heavy importance for investment decisions on Corporate Social Responsibility (CSR).

Dow Jones Sustainability Indices (DJSI) World

The constituents of the Dow Jones Sustainability Indices (DJSI) World are selected as the top 10% of companies from the 2,500 largest companies worldwide, chosen by a comprehensive assessment based on economic, environmental and social criteria by Dow Jones & Company, Inc. (United States) and RobecoSAM AG (Switzerland).

Listed stocks are reviewed every September, and in 2016, 316 companies were listed. Among those, 26 were Japanese companies.

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

FTSE4Good Global Index Series

The FTSE4Good was developed and established by FTSE Russell, a subsidiary of the London Stock Exchange Group. In selecting the constituent companies, evaluators assess candidates based on criteria pertaining to environmental management, climate change, human and labor rights, supply chain labor standards, and anti-bribery measures. In 2017, 883 companies worldwide were listed, with 148 Japanese companies among those selected.

FTSE4Good

CDP

CDP, a non-profit organization based in London, is a project that requests information on environmental strategy and greenhouse gas emissions from companies listed in the FTSE Index. It then analyzes and evaluates that data and publishes it to investors. Presently, in addition to its efforts toward reducing carbon footprints, it is also expanding to cover water and forest resources. Marubeni has been participating in CDP since 2007.

CDP DRIVING SUSTAINABLE ECONOMIES

Marubeni Certified to "RobecoSAM Bronze Class 2017"

In January 2017, Marubeni Corporation was awarded the "RobecoSAM Bronze Class 2017." RobecoSAM is a globally famous CSR research and rating company which analyzes candidate companies for inclusion in the Dow Jones Sustainability Index (DJSI), an index of companies leading in the field of socially responsible investment (SRI). This was an evaluation of the Company's efforts and plans that recognize the opportunities and risks that arise from changes to the economy, the environment and society within the context of the trading company and distributor industry. Marubeni will continue its CSR efforts toward its goal of realizing a sustainable society while meeting the various demands of society.

ROBECOSAM Sustainability Award Bronze Class 2017

*RobecoSAM
A CSR research and rating company headquartered in Switzerland. RobecoSAM assesses and rates each company's economic, environmental and social elements from the perspective of sustainability based on the information obtained from a questionnaire conducted with companies, published documents, media, etc.

CSR Action Plan and Targets

Marubeni identifies material issues that are of importance to it as a company, both in terms of the expectations and concerns of its stakeholders, and in light of its own impact as an enterprise. Furthermore, Marubeni prepares a CSR Action Plan and targets that highlight material issues and connectivity with the plans and targets of each business division and corporate staff department, and regularly discloses the status of progress on these initiatives to the public. In order to convey its initiatives to stakeholders in a readily accessible manner, a portion of the CSR Action Plan and targets are aligned with the United Nations' 17 Sustainable Development Goals (SDGs).

Connection of SDGs to material Issues for Marubeni

Goal 2 : End hunger, achieve food security and improved nutrition and promote sustainable agriculture	• Developing business that solve social and environmental issues • Providing stable supply for unevenly distributed food (meeting demands of Japan and other countries)
Goal 6 : Ensure availability and sustainable management of water and sanitation for all	• Developing business that solve social and environmental issues • Contributing toward community development and strengthening our operating base • Building the social infrastructure for the basis of daily life / Contribution for improving and stabilizing the daily life standards of the social community by providing the water solutions
Goal 7 : Ensure access to affordable, reliable, sustainable and modern energy for all	• Developing business that solve social and environmental issues • Stable supply of energy
Goal 9 : Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	• Developing business that solve social and environmental issues • Contributing toward community development and strengthening our operating base • Building the social infrastructure for the basis of living / Improving and stabilizing the living standards of the local community
Goal 12 : Ensure sustainable consumption and production patterns	• Protecting the global environment • Reduction of food waste
Goal 13 : Take urgent action to combat climate change and its impacts	• Developing business that solve social and environmental issues • Promoting renewable energy
Goal 14 : Conserve and sustainably use the oceans, seas and marine resources for sustainable development	• Developing business that solve social and environmental issues • Responding to the environmental impact caused by transportation/ Preserving biodiversity
Goal 15 : Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	• Developing business that solve social and environmental issues • Maintaining the various functions of forests such as global environmental conservation, biodiversity preservation, and soil conservation.

▶ What Are Sustainable Development Goals (SDGs)?

SDGs are common goals shared by the international community with regard to sustainable development from a social, economic and environmental standpoint. Adopted by the UN General Assembly in 2015, the SDGs consist of 17 goals and 169 targets to strive for realization of by 2030.

Marubeni supports the Sustainable Development Goals.

FYE 3/2017 Performance	Implementation Status	Action Plan and Targets for FYE 3/2018
Food & Consumer Products Group Grain Division Made good use of the Group's grain network owned by Marubeni, such as the pickup functions of Gavilon Agriculture Investment, Inc. and Columbia Grain, Inc., and the export shipping facilities of Terlogs Terminal Maritimo Ltda. and Pacificor, LLC, to export grain to Japan and other countries around the world, and contributed to providing a stable supply of food.	★★★	We will continue to increase the trading volume and develop our global markets, while also cultivating new harvesting areas and strengthening procurement.
Power Business & Plant Group Plant Division Marubeni has built a well-balanced water asset portfolio in the Americas, China, Asia, Europe and Australia, ranging from water/sewage BOT/BOO projects, concessions, EPCs to O&Ms. Our stable portfolio management has created additional corporate value. We also continue to originate new investment and EPC opportunities.	★★	In addition to optimizing our operation and stabilizing our earnings base on existing projects, we also intend to grow our business and develop new projects.
Energy & Metals Group Energy Division Marubeni participated in LNG projects around the world including Qatar, Equatorial Guinea, Peru, and Papua New Guinea. Through the safe operation of existing projects, Marubeni responded to the increasing global demand for LNG. We maintained smooth operation of our existing projects.	★★★	We will ensure the smooth operation of existing projects while also seeking participation in new projects and trades.
Power Business & Plant Group Power Business Division Marubeni's global power portfolio includes IPP, EPC and related activities. The business helps local economies reinforce social (particularly electricity) infrastructure. Marubeni currently owns a 11,765MW net generating capacity as of March 31, 2017.	★★★	We ensure stable operation of our portfolio power assets while contributing to local communities and improvement of their social infrastructure with new projects.
Food & Consumer Products Group Grain Division, Food Products Division We carried out activities for improvement based on the rules and guidebook on food safety in the Divisions. We also work on food waste reduction and recycling, though it is still not sufficient yet, and we will continue the activities.	★	We will continue to reduce food waste and promote food recycling when waste food does occur.
Power Business & Plant Group Power Business Division We have been very active in development and investment in renewable energy (wind, solar, small hydropower, geothermal, biomass) projects both within and outside Japan. We are developing a mega-solar project in Abu Dhabi in the UAE. Marubeni also acquired solar assets in Ina City and Tomakomai City in Japan and began commercial operations.	★★★	In addition to managing our portfolio assets, Marubeni will be active in project development. Marubeni intends to promote renewable energy through our Power Producer & Supplier (PPS) business in Japan, selling electricity generated by renewable generation.
Transportation & Industrial Machinery Group Aerospace & Ship Division Marubeni sells ballast water clarification facilities for ships, and also provides energy-saving ships, conducting businesses for reducing the environmental burden caused by transportation. We promoted sales to shipowners as well as shipyards based on retrofits.	★★★	We will appropriately carry out our existing trades, while also seeking to develop new deals.
Chemical & Forest Products Group Forest Products Division Marubeni began afforestation projects in the 1990s, and currently manages approx. 210,000 ha of land for afforestation for four projects in three countries. We have kept up the proper management of our afforestation projects.	★★★	We will continue to work on the proper management of the projects, and carry out sustainable forest management.

★★★: Achieved goal ★★: Improving (but have not achieved goal) ★: Continuing efforts

Our Corporate Governance

Members of the Board

1 Chairman of the Board
Teruo Asada

2 President and CEO
Fumiya Kokubu

3 Senior Executive Vice President
Mitsuru Akiyoshi

6 Managing Executive Officer
Nobuhiro Yabe

7 Independent Director
Takao Kitabata

8 Independent Director
Kyohei Takahashi

4 Senior Executive Vice President

Shigeru Yamazoe

5 Managing Executive Officer

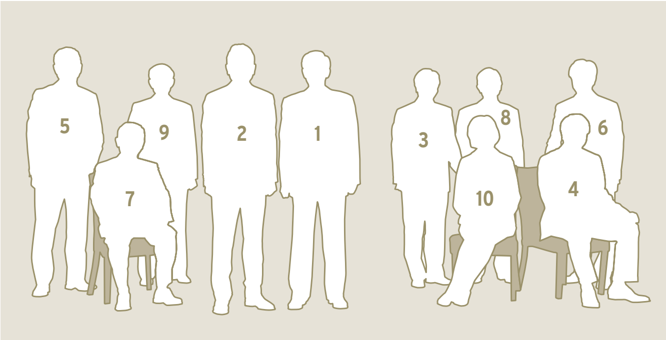
Hikaru Minami

9 Independent Director

Susumu Fukuda

10 Independent Director

Yuri Okina



Audit & Supervisory Board Members

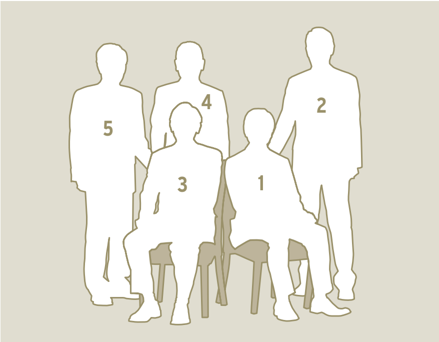
1 Audit & Supervisory Board Member
Kaoru Kuzume

2 Audit & Supervisory Board Member
Kazuro Gunji

3 Independent Audit & Supervisory Board Member
Shuichi Yoshikai

4 Independent Audit & Supervisory Board Member
Takashi Hatchoji

5 Independent Audit & Supervisory Board Member
Tsuyoshi Yoneda



Message from the Chief Independent Director

Takao Kitabata
Chief Independent Director

Marubeni Is Forging Ahead Through Smart Risk-Taking Under the Oversight of an Effective Board of Directors

Over the two years since Japan adopted its Corporate Governance Code, Marubeni has taken the initiative to upgrade its governance as a dynamic global company, earning a reputation as a proactive leader among Japanese companies.

As a general trading company that pursues returns by embracing risks, Marubeni plays a special role in a heavily import-dependent Japanese economy that lacks self-sufficiency in food, energy and mineral resources. Japanese general trading companies have long fulfilled the critical societal mission of contributing to Japan's economic development and maintenance of its national standard of living by not only importing goods but also actively making overseas investments that entail risk, enormous capital requirements and long payback periods. Marubeni has been fulfilling this important societal role to an even greater extent than its trading company peers.

Another of Marubeni's missions is supporting the overseas operations of Japanese companies that have been internationalizing their growth strategies as their domestic growth prospects have dimmed in the face of population shrinkage.

I believe the key to successfully operating a diversified portfolio of risky businesses is to adequately assess the balance between risk and return, devise measures to maximally mitigate risks and forge ahead proactively. While the Investment and Credit Committee and Board of Directors thoroughly discuss such matters, independent directors play a valuable role in the form of additional scrutiny.

Given Marubeni's extensive global network of operating companies, it is important to meet the same governance standards overseas as in Japan. Doing so, however, is complicated by cultural and language differences. While pervasively embedding Marubeni governance into overseas operations, I believe that deepening local corporate officers' understanding of such governance is crucial. Marubeni practices highly transparent governance. Although not formally organized as a company with majority-independent nominating, audit and compensation committees, Marubeni has established a Nominating Committee and Governance and Remuneration Committee as advisory bodies of its Board. Marubeni hired an outside expert to assess its Board of Directors' effectiveness. The Board's quantitative assessment results compare favorably with other companies'. We intend to continue striving to improve the Board's effectiveness to better meet all stakeholders' expectations.

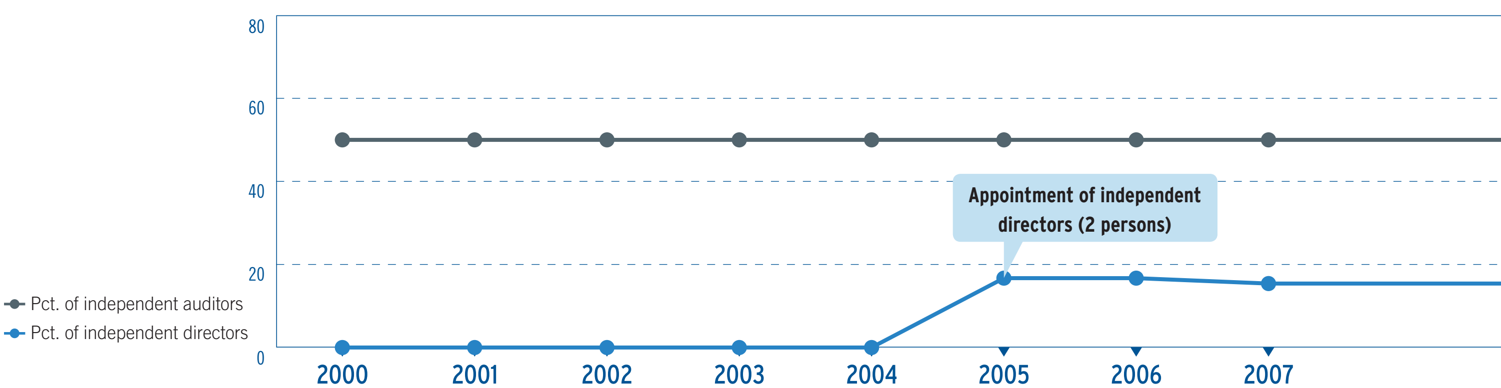
Corporate Governance System

Basic Approach to Corporate Governance

In keeping with the spirit of our Company Creed of "Fairness, Innovation, and Harmony," we seek to improve corporate value with the aim of becoming a proud corporate group that contributes to economic and social development as well as environmental preservation. This quest, we believe, is a means of living up to the expectations of our shareholders, business partners, regional communities, employees, and other stakeholders. We are enhancing corporate governance to serve as the foundation for ensuring the soundness, transparency, and efficiency of management as we recognize that this quest must be supported by such a foundation.

Acting in accordance with this basic stance, we have established criteria for determining the independence of independent executives—individuals who are playing a key role in reinforcing the supervisory function for management. At the same time, we realize the importance of constructive interactions with shareholders and other investors in pursuing medium-to-long-term improvements in corporate value. Accordingly, through such interactions, we work to promote understanding with regard to Marubeni's management policies while gaining insight into the perspective of shareholders and other investors so that we may better respond to their needs. The Company thus has the policy of advancing initiatives such as those described above to improve the soundness, transparency, and efficiency of management while complying with the Corporate Governance Code.

Changes in Corporate Governance at Marubeni



	2000	2001	2002	2003	2004	2005	2006	2007
Clarification of accountability framework	Adoption of executive officer system			Term of directors changed from two years to one Establishment of Committee of Executive Officers				
Enhance management transparency and soundness			Establishment of Compliance Committee	Establishment of Investment and Credit Committee	Proceedings conducted by the Chairman of Marubeni, who has no executive authority in capacity as the Chair of the Board of Directors.		Establishment of basic policy for internal control system	
Enhance Supervisory and Audit Functions				Establishment of Audit Department Dramatic increase in Audit Department staff		Appointment of independent directors (2 persons)		
Enhance Decision-making Functions	Establishment of Committee of Heads of Divisions, adoption of managing officer system		Reduction in number of directors					

Corporate Governance Structure

Marubeni operates under a corporate audit governance system, adhering closely to the Companies Act, with a control structure designed to facilitate a clearly defined decision-making process, business execution system, and supervisory system. Marubeni has established the structure as shown in the diagram on page 52.

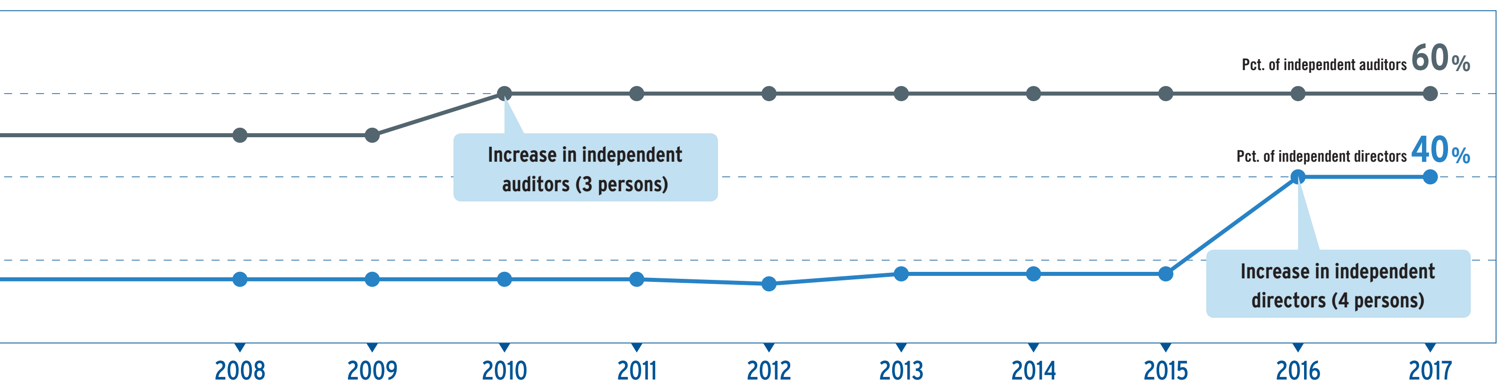
Marubeni conducts a diverse range of businesses globally. Accordingly, Marubeni has established a corporate audit governance model with a Board of Directors mainly comprising internal directors (with appointment of Independent directors and collaboration with the Audit & Supervisory Board) in order to ensure rapid and efficient decision-making and appropriate supervisory functions in management. Marubeni has determined that this governance model is functioning effectively as set forth in items (a) and (b) on the right. Therefore, Marubeni will retain the current governance structure.

(a) Ensuring rapid and efficient decision-making

Marubeni ensures rapid and efficient decision-making by structuring the Board of Directors mainly around directors who serve concurrently as executive officers and are well-versed in the Company's diverse business activities.

(b) Ensuring appropriate supervisory functions

Marubeni ensures appropriate supervisory functions by implementing various measures, including appointing Independent directors; assigning dedicated staff to the Audit & Supervisory Board Member's Office; fostering collaboration among the Audit & Supervisory Board Members, the Audit Department, the independent Audit & Supervisory Board Members, and the corporate auditors of Group companies; and implementing advance briefings on matters referred to the Board of Directors for both independent directors and Audit & Supervisory Board Members on the same occasions.



2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
> Establishment of Internal Control Committee > Establishment of Disclosure Committee > Establishment of CSR & Environment Committee					> Formulation of standards and methodology regarding independence of independent executives			> Establishment of Nomination Committee > Establishment of Governance and Remuneration Committee > Implementation of performance evaluations for Board of Directors	
> Participation of independent directors in Committee of Executive Officers		> Increase in independent auditors (3 persons)			> Appointment of female independent director (1 person)			> Increase in independent directors (4 persons)	
							> Abolishment of managing officer system, adoption of Group CEO system	> Change in Board of Directors composition, from 12 directors to 10	

Corporate Governance Structure As of June 23, 2017

Board of Directors

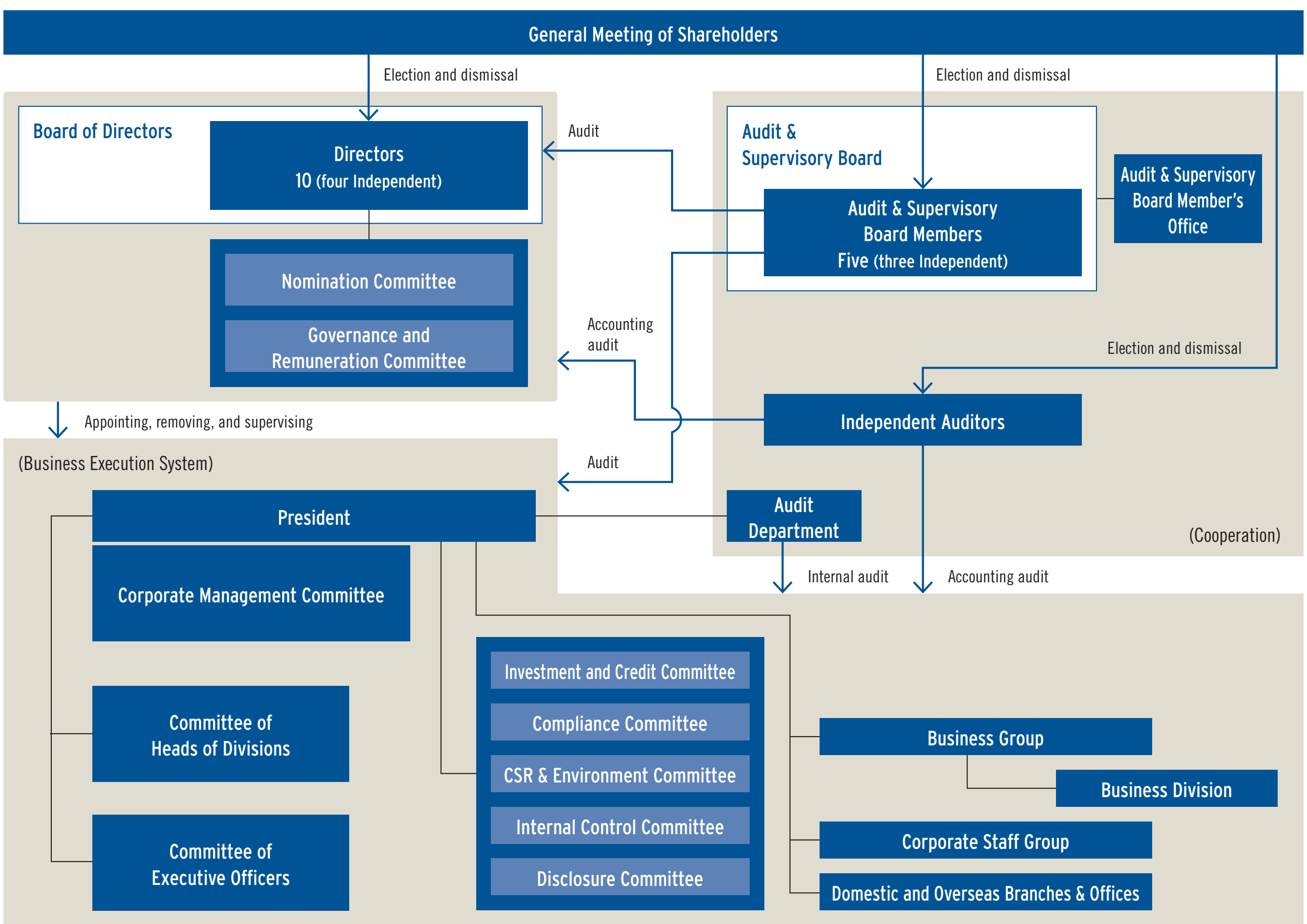
Our Board of Directors comprises 10 directors (including four independent directors) who deliberate on overall corporate policy and major issues, while monitoring the performance of individual directors. Each director's term of office is one year. This is to flexibly put in place an optimal management structure in response to changes in the business environment, while clarifying management responsibility.

Audit & Supervisory Board

As a company with a corporate audit governance system, the Audit & Supervisory Board Members at Marubeni are responsible for auditing directors in the execution of their duties by attending important meetings, such as the Board of Directors, and by monitoring business activities and financial conditions in accordance with the auditing policies and plans set by the Audit & Supervisory Board. The Audit & Supervisory Board Members have monthly meetings with the independent auditors to exchange information and opinions on auditing plans, the progress of auditing activities at Marubeni and Group companies, audit results, key points and considerations on earnings results, and accounting audit trends.

The President also holds regular meetings with the Audit & Supervisory Board Members and reports to them on business performance. Other directors, division COOs, and general managers from the Corporate Staff Group report to the Audit & Supervisory Board Members each year on business performance.

▶ Corporate Governance Structure



Corporate Management Committee

The Corporate Management Committee was established as an advisory committee for the President and comprises five members of the board, including the president, as well as three senior managing executive officers and one managing executive officer. The committee deliberates substantive matters related to management and operations.

Committee of Heads of Divisions

The members of the Committee of Heads of Divisions are the President, the representative directors, Chief executive officer (Group CEOs), the division COOs, and regional CEOs and COOs appointed by the President. They discuss matters pertaining to budgeting, account settlement, and financial planning, as well as other issues relating to the execution of business.

Committee of Executive Officers

The Committee of Executive Officers comprises 35 executive officers (five of whom are also directors) to announce management policies issued by the President and to discuss financial performance, the results of internal audits, and other issues that affect business execution, and to facilitate the exchange of information between the oversight function and the implementation function. Keeping communication lines open between the directors and executive officers, independent directors also attend these meetings. Executive officers are selected by the Board of Directors and appointed to one-year terms of office.

Nomination Committee

The Nomination Committee serves as an advisory body to the Board of Directors, deliberating proposed candidates for appointment as directors and auditors, and reporting its findings to the Board of Directors. Independent executives are the majority of committee members.

Nomination Committee

Chair: Takao Kitabata, Director (Independent)
Members: Fumiya Kokubu, President and CEO, Member of the Board
Kyohei Takahashi, Director (Independent)
Takashi Hatchoji,
Audit & Supervisory Board Member (Independent)

Governance and Remuneration Committee

The Governance and Remuneration Committee serves as an advisory body to the Board of Directors, deliberating decision-making policies and the suitability of standards regarding remuneration for directors and auditors, and reporting its findings to the Board of Directors. Independent executives are the majority of committee members. The committee also assesses and reviews the Board of Directors as a whole, including the Board's composition and operations, and reports its findings to the Board of Directors.

Governance and Remuneration Committee

Chair: Kyohei Takahashi, Director (Independent)
Members: Fumiya Kokubu, President and CEO, Member of the Board
Hikaru Minami, Managing Executive Officer,
Members of the Board
Susumu Fukuda, Director (Independent)
Shuichi Yoshikai,
Audit & Supervisory Board Member (Independent)

Committee Roles and Functions

Marubeni has established various committees designed to enhance corporate governance. A brief description of the principal committees and their respective governance roles is given below.

Committee	Role	Meeting Frequency
Investment and Credit Committee	Projects pending approval, such as investments, are discussed and approved by the Investment and Credit Committee prior to appearing on the Corporate Management Committee's agenda.	Held three times a month in principle
Compliance Committee	The Compliance Committee provides support and guidance with regard to practicing compliance and as such develops, maintains, and manages the Marubeni Group's compliance structure.	Held four times a year and when necessary
CSR & Environment Committee	The CSR & Environment Committee is responsible for discussing and reporting on the Marubeni Group's CSR and environmental protection activities as well as the policies for these activities.	Held when necessary
Internal Control Committee	The Internal Control Committee is responsible for developing and monitoring the enforcement of internal control policies based on the Companies Act as well as drafting revisions when necessary. It also establishes, operates, and verifies the effectiveness of internal control systems for financial reports in accordance with the Financial Instruments and Exchange Act, while also drafting internal control reports.	Held when necessary
Disclosure Committee	The Disclosure Committee creates disclosure policies, ensures that internal systems concerning legally mandated and timely disclosure are in place, and decides the importance and appropriateness of the information targeted for legally mandated or timely disclosure.	Held when necessary
Customs Clearance Supervising Committee	The Customs Clearance Supervising Committee establishes and maintains systems to ensure that the Marubeni Group follows appropriate procedures when importing and exporting and also conducts related internal inspections and training.	Held once a year and when necessary
Security Trade Control Committee	The Security Trade Control Committee establishes and maintains security trade control systems, inspects and approves transactions, and conducts internal audit and training concerning security trade controls.	Held once a year and when necessary

Roles and Functions of Independent Directors

Independent Directors offer opinions on business management drawn from their broad experience and high-level perspective, and give advice to better implement corporate governance. Independent Directors attend the meetings of the Board of Directors and the Committee of Executive Officers, including on an ad hoc basis, making active contributions from the perspective of internal control. Prior to meetings, Independent Directors are provided with agendas and fully briefed on management issues and project execution status.

Major Activities

Name	Independent Director	Reason for Appointment	Advisory Committee	Biography
Chief Independent Director Takao Kitabata	Y	Mr. Takao Kitabata possesses extensive insight pertaining to economic trends in and outside of Japan, reflecting his career background of important positions in official circles. This has enabled Mr. Kitabata, as Marubeni's Chief Independent Director, to advise management and appropriately monitor business execution from both an objective and expert perspective, including through his active input at meetings of the Board of Directors. Mr. Kitabata is also well versed in corporate governance, and has readily offered opinions on ways to enhance the soundness, transparency and effectiveness of Marubeni management as Chair of the Governance and Remuneration Committee, and as a member of the Nomination Committee. In light of this contribution and the findings of the Nomination Committee, Mr. Kitabata has been named by the Board of Directors as a candidate for Independent Director. Moreover, Mr. Kitabata has no conflicts with the interests of general shareholders represented by his present or past personal, transactional, and capital relationships with the Company. Consequently, we have determined that he fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.	Chairman of Nomination Committee	2006 Vice-Minister of Economy, Trade and Industry of Japan (Retired 2008) 2010 Director, Kobe Steel, Ltd. (Current); Appointed Audit & Supervisory Board Member of Marubeni 2013 President, Sanda Gakuen Schools (Current) 2014 Director, SEIREN Co., Ltd. (Current); Director, Zeon Corporation (Current)
Kyohei Takahashi	Y	Mr. Kyohei Takahashi has exceptional insight gained through a career in corporate management at a multinational corporation. This background has enabled Mr. Takahashi, as an Independent Director, to advise management and appropriately monitor business execution from a practical perspective, including through his active input at meetings of the Board of Directors. Mr. Takahashi is also well versed in corporate governance, and has readily offered opinions on ways to enhance the soundness, transparency and effectiveness of Marubeni management as a member of the Nomination Committee. In light of this contribution and the findings of the Nomination Committee, Mr. Takahashi has been named by the Board of Directors as a candidate for Independent Director. Moreover, Mr. Takahashi has no conflicts with the interests of general shareholders represented by his present or past personal, transactional, and capital relationships with the Company. Consequently, we have determined that he fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.	Nomination Committee Chairman of Governance and Remuneration Committee	2007 President and Chief Executive Officer (CEO), Showa Denko K.K. 2011 Chairman of the Board, Showa Denko K.K. 2014 Appointed Audit & Supervisory Board Member of Marubeni 2015 Director, Chairman of the Board, Showa Denko K.K. 2016 Audit & Supervisory Board Member, Fukoku Mutual Life Insurance Company (Current) 2017 Director and Advisor, Showa Denko K.K. (Current)
Susumu Fukuda	Y	Mr. Susumu Fukuda possesses extensive insight pertaining to finance and taxation, reflecting his career background of important positions in official circles, coupled with experience serving as an independent executive at various companies. This has enabled Mr. Fukuda, as an Independent Director, to advise management and appropriately monitor business execution from both an objective and expert perspective, including through his active input at meetings of the Board of Directors, to enhance the soundness, transparency and effectiveness of Marubeni management. In light of this contribution and the findings of the Nomination Committee, Mr. Fukuda has been named by the Board of Directors as a candidate for Independent Director. Moreover, Mr. Fukuda has no conflicts with the interests of general shareholders represented by his present or past personal, transactional, and capital relationships with the Company. Consequently, we have determined that he fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.	Governance and Remuneration Committee	2006 Commissioner of the National Tax Agency (Retired in 2007) 2007 Vice-Chairman, The General Insurance Association of Japan 2008 Assistant Chief Cabinet Secretary 2012 Chief Director, Japan Real Estate Institute (Current) 2015 Member of National Tax Council, Ministry of Finance (Current) 2015 Audit & Supervisory Board Member, Tokio Marine & Nichido Fire Insurance Co., Ltd. (Current) 2016 Appointed Independent Director of Marubeni
Yuri Okina	Y	Ms. Yuri Okina has exceptional insight gained through years of research on economic and financial conditions as part of a think tank, has served as an Independent Executive at various companies, and possesses experience rooted in a broad spectrum of activities as a government member of Japan's Industrial Structure Council, Finance Council and Tax System Research Committee. Accordingly, we believe that this background will allow Ms. Okina to advise management and appropriately monitor business execution from both an expert and multifaceted perspective. In light of this anticipated contribution and the findings of the Nomination Committee, Ms. Okina has been named by the Board of Directors as a new candidate for Independent Director. Moreover, Ms. Okina has no conflicts with the interests of general shareholders represented by her present or past personal, transactional, and capital relationships with the Company. Consequently, we have determined that she fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.		2006 Counselor, The Japan Research Institute, Limited 2008 Director, Nippon Yusen Kabushiki Kaisha 2013 Director, Seven Bank, Ltd. 2014 Director, Bridgestone Corporation (Current) 2014 Vice Chairman, The Japan Research Institute, Limited (Current) 2017 Appointed Independent Director of Marubeni

Roles and Functions of Independent Audit & Supervisory Board Members

Independent Audit & Supervisory Board Members monitor the directors' execution of duties and draw upon their wealth of professional expertise to offer various recommendations and advice to enhance the Audit & Supervisory Board. Independent Audit & Supervisory Board Members attend meetings of the Audit & Supervisory Board and also the Board of Directors and Committee of Executive Officers. In addition, the Independent Audit & Supervisory Board Members meet with the President on a regular basis, as well as with members of the Audit Department, Corporate Accounting Department, and independent auditors, for an exchange of opinions. They receive audit-related information from Full-time Audit & Supervisory Board Members, which they use in the execution of their auditing duties.

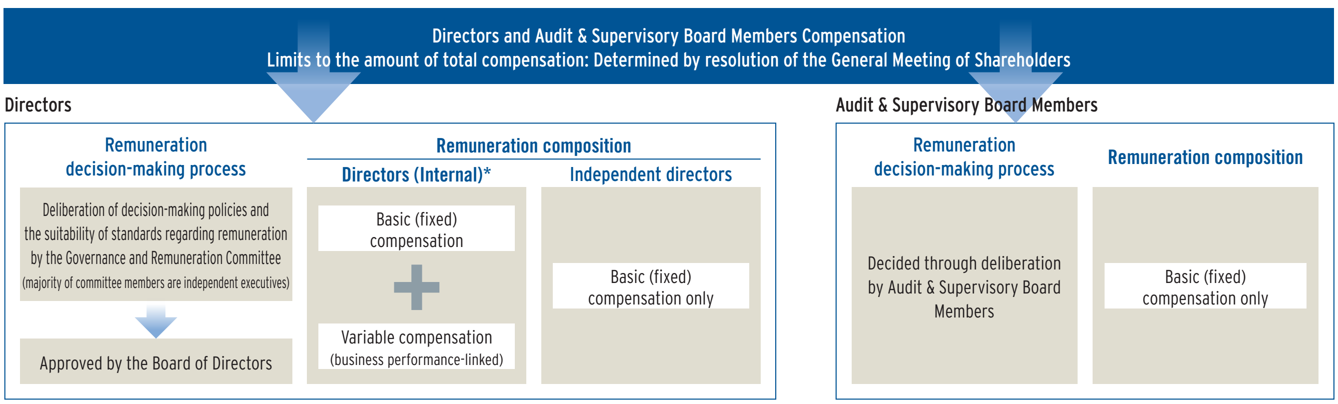
Major Activities

Name	Independent Director	Reason for Appointment	Advisory Committee	Biography
Shuichi Yoshikai	Y	Mr. Shuichi Yoshikai was selected for the position of independent Audit & Supervisory Board Member as it was determined that he could contribute to enhancing Company audits by utilizing his highly professional insight and calling on the extensive experience in the legal field that underpins this insight. No personal, transaction or capital relationships exist between Mr. Yoshikai and the Company that result in conflicts of interest. Consequently, we have determined that he fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.	Governance and Remuneration Committee	2006 Administrative Judge, Tokyo High Court 2009 Chief Judge, Yokohama District Court 2010 Chief Judge, Tokyo District Court 2011 President, Osaka High Court 2012 President, Tokyo High Court (Retired in 2013) 2013 Admitted to Tokyo Bar Association (Current) 2016 Appointed Audit & Supervisory Board Member of Marubeni 2017 Audit & Supervisory Board Member, The Shoko Chukin Bank, Ltd. (Current)
Takashi Hatchoji	Y	Mr. Takashi Hatchoji has extensive insight cultivated through a career in corporate management at a multinational corporation, coupled with experience serving as an independent executive at another company. Accordingly, while bringing a practical focus to bear, we believe that Mr. Hatchoji will suitably fulfill his duties as an Independent Audit & Supervisory Board Member, contributing to improved corporate governance and efforts to enhance monitoring and audits at Marubeni from a neutral and objective perspective. In light of this anticipated contribution, the consent of the Audit & Supervisory Board and the findings of the Nomination Committee, Mr. Hatchoji has been named by resolution of the General Meeting of Shareholders as an Independent Audit & Supervisory Board Member. No personal, transaction or capital relationships exist between Mr. Hatchoji and the Company that result in conflicts of interest. Consequently, we have determined that he fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.	Nomination Committee	2006 Representative Executive Officer, Executive Vice President, Hitachi, Ltd. 2007 President and Representative Director, Hitachi Research Institute 2009 Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd. 2011 Director, Hitachi, Ltd. 2015 Director, Nitto Denko Corporation (Current) 2017 Director, Konica Minolta, Inc. (Current); Appointed Independent Audit & Supervisory Board Member of Marubeni
Tsuyoshi Yoneda	Y	Mr. Tsuyoshi Yoneda has a wealth of experience from a career of important positions in official circles, as well as exceptional insight grounded in that experience. He also has experience serving as an Independent Executive at another company. Consequently, we believe that Mr. Yoneda will suitably fulfill his duties as an Independent Audit & Supervisory Board Member, contributing to improved corporate governance and efforts to enhance monitoring and audits at Marubeni from a neutral and objective perspective. In light of this anticipated contribution, the consent of the Audit & Supervisory Board and the findings of the Nomination Committee, Mr. Yoneda has been named by resolution of the General Meeting of Shareholders as an Independent Audit & Supervisory Board Member. No personal, transaction or capital relationships exist between Mr. Yoneda and the Company that result in conflicts of interest. Consequently, we have determined that he fulfills the standards and policies regarding independence for an independent executive, and is appointed to serve in that capacity.		2007 Director-General, National Police Agency 2009 Commissioner-General's Secretariat, National Police Agency 2011 Deputy Director-General, National Police Agency 2013 Commissioner General, National Police Agency (Retired in January 2015) 2015 Director, Japan Exchange Group, Inc. (Current) 2017 Appointed Independent Audit & Supervisory Board Member of Marubeni

Executive Compensation

Compensation for directors and Audit & Supervisory Board Members is decided based on limits to the amount of total compensation for directors and Audit & Supervisory Board Members determined by resolution of the General Meeting of Shareholders. Compensation for directors is decided by resolution of the Board of Directors following a process of deliberation of decision-making policies and the suitability of standards regarding remuneration by the Governance and Remuneration Committee, which reports its findings to the Board of Directors. Independent executives are the majority of committee members. Compensation for individual Audit & Supervisory Board Members is decided through deliberation by the Audit & Supervisory Board Members.

Executive Compensation Calculation Method



*Stock options are issued within the limits described above.

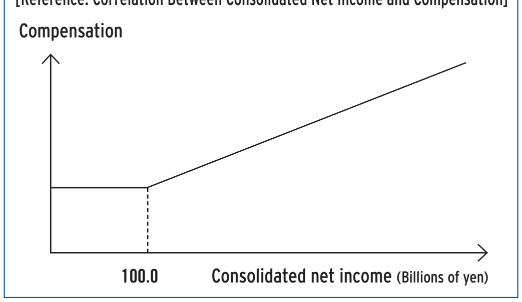
Compensation for Directors

Directors (Internal)

Basic compensation for Directors (excluding Independent Directors) comprises a fixed amount of basic compensation based on the role or position of individual directors, and performance-based compensation pegged to the consolidated business performance of the preceding fiscal year. The basic compensation portion is decided based on individual evaluation that incorporates quantitative and qualitative metrics. Performance-based compensation is calculated based on the following formula:

- Consolidated net income for the previous fiscal year (profit attributable to owners of the parent) less than ¥100.0 billion: 0
- Consolidated net income for the previous fiscal year of ¥100.0 billion or more: Base amount times a multiplier that increases proportionally in step with consolidated net income

[Reference: Correlation Between Consolidated Net Income and Compensation]



For a portion of compensation, the Company provides stock options as a stock-based form of remuneration. In this way, directors share the benefits and risks of stock price fluctuations with shareholders, while having an incentive to contribute more than ever before to efforts to improve stock price and corporate value.

Independent Directors

Compensation for Independent Directors, who are independent from business execution, consists solely of basic compensation (no performance-based compensation).

Compensation for Audit & Supervisory Board Members

Compensation for Audit & Supervisory Board Members, who are independent from business execution, consists solely of basic compensation (no performance-based compensation).

▶ Total Compensation Paid to Directors and Audit & Supervisory Board Members for the Year Ended March 31, 2017

Position	Total Amount of Compensation			Number of Recipients
	Cash Compensation	Stock options		
Directors (excluding independent directors)	¥399 million	¥54 million	¥453 million	9
Audit & Supervisory Board Members (excluding Independent Audit & Supervisory Board Members)	¥63 million	—	¥63 million	2
Independent executives	¥78 million	—	¥78 million	7
Total	¥540 million	¥54 million	¥594 million	18

Notes:
- Rounded to the nearest million.
- Limits to the amount of executive compensation determined by a resolution of the General Meeting of Shareholders are as follows: "Annual pool not to exceed ¥1,100 million for directors (including pool of ¥60 million for independent directors)" (at the 92nd General Meeting of Shareholders held on June 24, 2016) and "Monthly pool not to exceed ¥12 million for Audit & Supervisory Board Members" (at the 88th General Meeting of Shareholders held on June 22, 2012). In addition, based on a resolution of the 92nd General Meeting of Shareholders held on June 24, 2016, the Company introduced a stock option system for directors (excluding independent directors) with an "Annual pool not to exceed ¥220 million for directors."
- The Company submitted a resolution to abolish its system of retirement bonuses for executives at the conclusion of the 83rd General Meeting of Shareholders, held on June 22, 2007, with abolishment accompanied by the decision to close out and pay any remaining retirement bonuses associated with the system. The Company will make these payments to directors and Audit & Supervisory Board Members who are eligible under the resolution, paying directors when they have retired both from their directorship and any held post as executive officer, and paying Audit & Supervisory Board Members upon their retirement. In the year ended March 31, 2017, retirement bonuses were not paid to the directors and Audit & Supervisory Board Members who are eligible to receive a final payment in relation to the abolition of the retirement bonuses plan.

▶ Individuals to whom the Total Amount of Compensation Paid Exceeded ¥100 Million

Name	Position	Company Category	Total Amount of Compensation		
			Cash Compensation	Stock options	
Fumiya Kokubu	Director	Issuing company	¥91 million	¥14 million	¥105 million

Effectiveness Evaluation of the Board of Directors

The effectiveness evaluation of the Board of Directors conducted by Marubeni for the fiscal year ended March 31, 2017 is detailed below.

Evaluation Framework and Methodology

1. Subjects

All Directors (10 persons) and Audit & Supervisory Board Members (5 persons)

* For individuals in these roles as of December 2016

2. Implementation Method

Questionnaire (responses are anonymous)

*Outside specialist utilized for implementation

3. Items for Evaluation

① Role and accountability of the Board of Directors
② Relationship between the Board of Directors and managers/management team
③ Institutional design/composition of the Board of Directors
④ Qualifications and knowledge of (Board of) Directors
⑤ Deliberations by the Board of Directors
⑥ Relationship and communication with shareholders
⑦ Responsive to stakeholders other than shareholders

4. Evaluation Process

Based on the specifics of questionnaire responses, deliberations were conducted by the Board of Directors in reference to evaluation and review of the entire Board by the Governance and Remuneration Committee regarding Board composition, operations and other matters.

II Summary of Evaluation Results

The Board of Directors conducted deliberations in reference to evaluation and review by the Governance and Remuneration Committee, confirming the overall effectiveness of the operations of the Board of Directors as a whole. This evaluation and review will now serve as a point of reference for efforts by Marubeni to maintain and improve the effectiveness of the Board of Directors.

Internal Control

Basic Internal Control Policy

Marubeni seeks to steadily increase and maximize corporate value through business activities that are in accordance with its Company Creed and Management Philosophy, and to steadily and continuously build and expand the entire Group's business foundation. To this end, Marubeni has established internal control systems, which serve as a rational process to ensure improvement of efficiency of business operations, accurate financial reporting to stakeholders, compliance with applicable laws and regulations, safeguarding of assets, and appropriateness of corporate activities. Marubeni regularly reviews this internal control system policy based on its structure and operation status to respond to changes in social conditions and the business environment.

In accordance with the Companies Act and its implementation guidelines, Marubeni has established a basic internal control policy, which helps to ensure that all business activities are conducted appropriately. Each year, Marubeni confirms the content and implementation of this policy, and implements improvements when necessary. With regard to the internal control report system mandated under the Financial Instruments and Exchange Act, the Internal Control Committee conducts evaluations as stipulated in the practical standards. As in the year ended March 31, 2016, we submitted our internal control report for the year ended March 31, 2017, which concluded that, “internal control is effective.”

Basic Internal Control Policy (Key Items)

① System necessary to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
② Systems to preserve and manage information related to the execution of duties by Directors
③ Internal regulations for the risk management of losses and other related systems
④ Systems necessary to ensure the efficient execution of duties by Directors
⑤ Systems necessary to ensure the appropriateness of operations by the Group
⑥ Matters concerning employees assisting the duties of Audit & Supervisory Board Members, and matters concerning the independence of these employees from Directors
⑦ Systems for Directors and employees to report to Audit & Supervisory Board Members and other systems for reports to Audit & Supervisory Board Members
⑧ Other systems necessary to ensure effective audits by Audit & Supervisory Board Members

Please refer to the corporate website for information on the Company’s basic internal control policy.

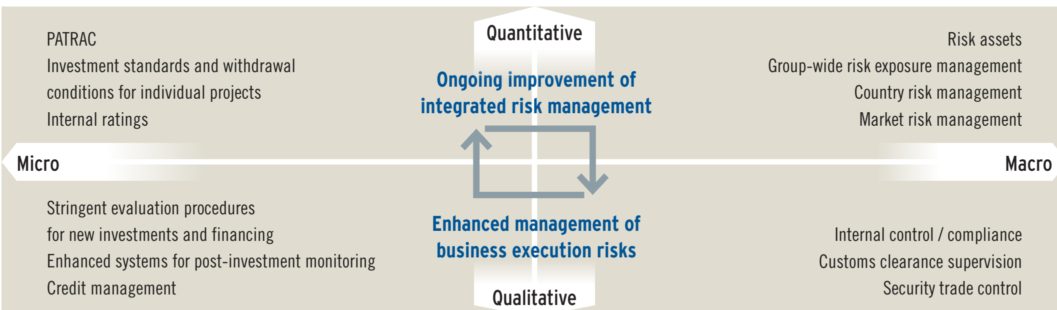
http://www.marubeni.com/ir/reports/business_report/data/93_notice_en_full.pdf (Pages 43-44)

Risk Management

In the course of its diversified business activities, Marubeni conducts risk management activities which address risk from a variety of perspectives: macro and micro, as well as qualitative and quantitative. Increased volatility in exchange rates, natural resource prices, and other parameters have continued unabated.

Under these conditions, the Company is promoting integrated risk management, measuring the maximum level of risk on a consolidated basis and limiting it to within the scope of total equity. By conducting thorough screening and follow-up for individual projects and further enhancing internal control systems, the Company has established a structure that minimizes losses due to unforeseen events.

Marubeni's Risk Management Approach



Integrated Risk Management

Marubeni operates in a diversified range of industries and regions. Therefore, the Company has established an integrated risk management system which not only focuses on the micro level of the individual risk factors, but also takes a macro view of the various factors that affect the entire Marubeni Group. Integrated risk management takes a broad overview of the assets for the entire Group, gauging risk based on the exposure of these assets to each specific risk factor—country risk, industry risk, credit risk for each client, and so on. These risks form the basis for calculating Value at Risk (VaR), which takes into account dispersion effects and correlations to calculate maximum risk. VaR is used as a primary benchmark for our portfolio management.

Integrated risk management looks at various risk factors in a comprehensive way to enable managers to understand risk as a single monetary value. By using computer simulations that reflect the latest information, Marubeni has made it possible to grasp the degree of risk in more detail than ever before. We calculate PATRAC*[1] based on risk assets—a value based on the maximum decline in the value of Group assets as quantified by the Company. PATRAC indicates profit after tax following adjustment for risk. Marubeni has adopted PATRAC as an important management indicator, using it as a method of screening proposals requiring approval. Each Portfolio Unit*[2] constantly takes steps to adjust its portfolio in a flexible manner, seeking to improve PATRAC in order to achieve maximum returns for a given level of risk, enabling Marubeni to achieve steady and balanced earnings growth.

*1 PATRAC: Profit After Tax less Risk Asset Cost Marubeni's proprietary management index for measuring the degree to which the return on a risk exceeds a minimum target

*2 Portfolio Unit: Unit of business management linking business departments and Group companies by business domain

Risk Management System

For important individual proposals, such as those relating to investment or financing, drafts are first circulated and discussed by the Investment and Credit Committee and the Corporate Management Committee before the President makes a decision.

The Board of Directors is also involved in decision-making on issues of substantial importance. Following implementation, each business department manages its own risk exposure and, for important cases, periodic status reports are made to the Investment and Credit Committee, Corporate Management Committee, and the Board of Directors.

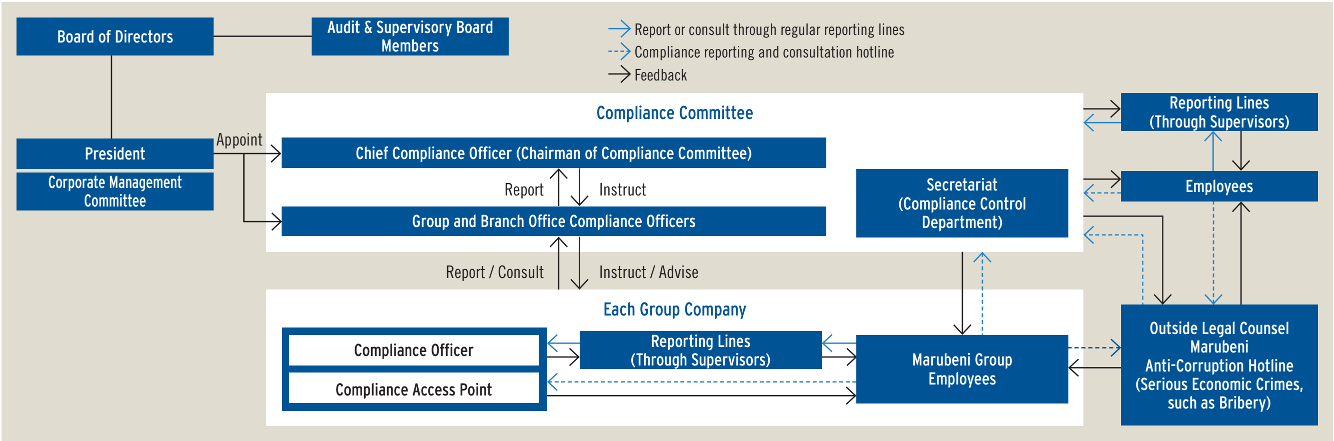
In addition, a corporate planning and strategy department was placed under direct control of the Group CEO, the highest authority with regard to all business groups, thereby establishing a risk management system that has been optimized to the business models of each business group.

Compliance

As it advances its global operations, Marubeni acts in accordance with the belief that compliance goes beyond merely following the letter of the law. In its truest sense, compliance means corporations—as good members of society—practicing high levels of ethics, living up to the expectations of stakeholders, and fulfilling their social responsibilities. To achieve this type of compliance, Marubeni is reinforcing and regularly improving its compliance systems under the guidance of the Compliance Committee, which is overseen by the President and CEO.

We have also established the specialized Compliance Control Department and are constructing compliance systems and spreading awareness with an emphasis on preventing the occurrence of serious economic crimes within the Group. Going forward, we will continue to strengthen global compliance systems that encompass all Group companies.

Organizational Diagram for the Marubeni Group Compliance System



Stringent Application of the Compliance Manual

Part of the Marubeni Group's Company Creed is "Fairness." This symbolizes our pledge to always conduct ourselves in a fair and upright manner. We have defined Marubeni's stance on compliance as: "When you are faced with a choice between integrity and profit, choose integrity without hesitation." Based on this stance, Marubeni has compiled the Marubeni Group Compliance Manual, which specifies the standards of behavior that Group employees are expected to follow in all their daily work activities.

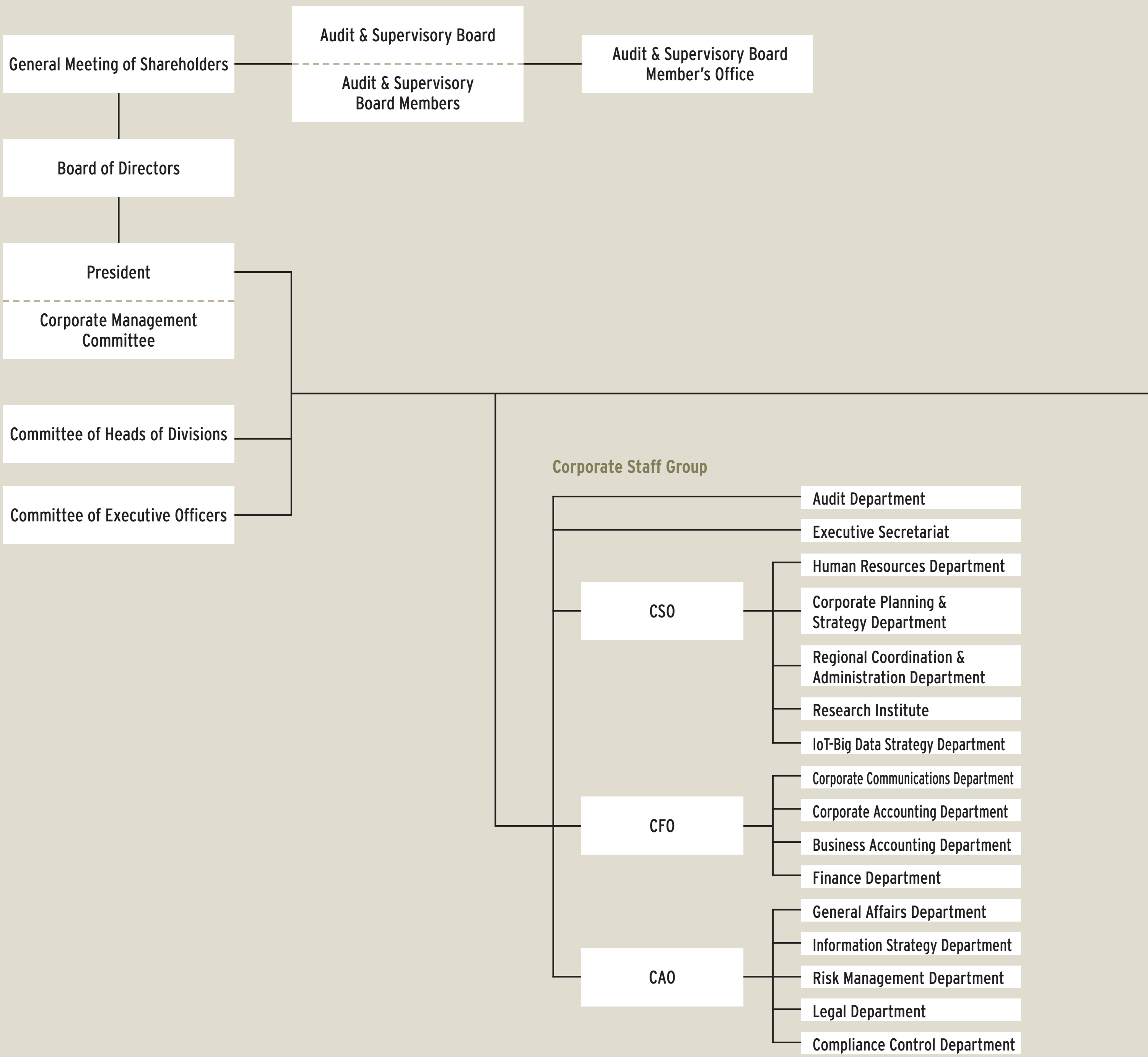
Every year, the Company's executives and employees, as well as the presidents of all domestic Marubeni Group companies, make a written statement to adhere to the code expressed in this manual. As of June 2017, the Compliance Manual, now in its 14th edition, is available in English as well as Japanese, and can be viewed on the Company's website.

Compliance Education and Training

The Marubeni Group conducts education and training programs throughout its organization in accordance with the Marubeni Group Compliance Manual. Specifically, we conduct e-Learning programs and group training sessions to teach employees about general compliance topics, anti-bribery precautions, and cartel countermeasures. In addition, the Chairman of the Compliance Committee and representatives from the Compliance Control Department make periodic visits to Group companies and overseas offices to provide training and raise awareness of compliance.

Organization

(As of April 1, 2017)



CSO: Chief Strategy Officer
CFO: Chief Financial Officer
CAO: Chief Administrative Officer

Management Policy by Business Model

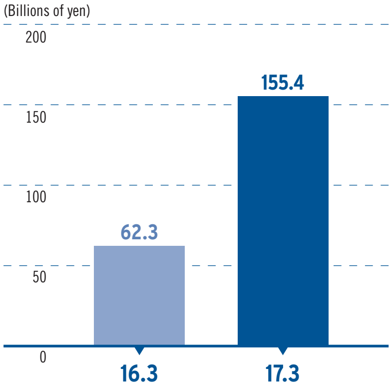
Business Group	Division	Distribution Businesses (D)	Finance Businesses (F)	Stable Earnings-Type Businesses (S)	Natural Resource Investments (N)
Food & Consumer Products Group	Grain Division	D			
	Food Products Division	D			
	Lifestyle Division	D			
	ICT, Logistics & Healthcare Division	D			
	Insurance, Finance & Real Estate Business Division	D			
Chemical & Forest Products Group	Agri-Input Business Division	D			
	Chemical Products Division	D			
	Forest Products Division	D			
Energy & Metals Group	Energy Division	D			N
	Steel Products Division	D			
	Metals & Mineral Resources Division	D			N
Power Business & Plant Group	Power Business Division	D	F	S	
	Plant Division	D	F	S	
Transportation & Industrial Machinery Group	Aerospace & Ship Division	D	F	S	
	Automotive & Leasing Division	D	F		
	Construction & Industrial Machinery Division	D	F		
Domestic Branches & Offices					
Overseas Branches & Offices					

At a Glance

Fiscal Year Ended March 31, 2017

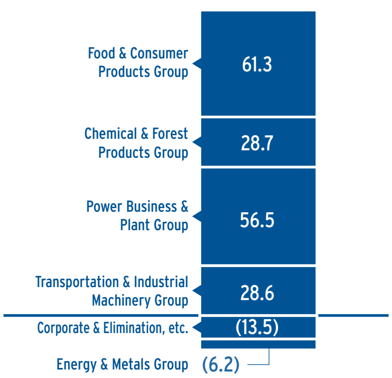
Net Profit

(Billions of yen)

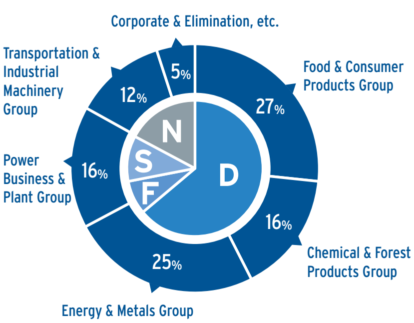


Earnings Structure by Segment

(Billions of yen)



Total Assets by Segment and Business Model



- **D** Distribution Businesses 60%
- **F** Finance Businesses 10%
- **S** Stable Earnings-Type Businesses (Infrastructure, etc.)..................................10%
- **N** Natural Resource Investments..................20%

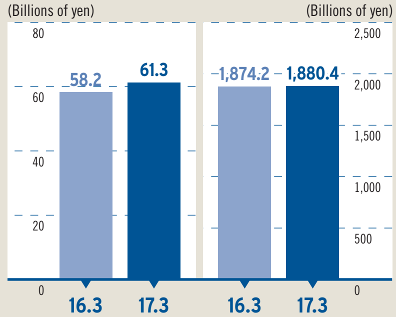
Food & Consumer Products Group

Divisions

- Grain Division
- Food Products Division
- Lifestyle Division
- ICT, Logistics & Healthcare Division
- Insurance, Finance & Real Estate Business Division

Change of Net Profit / Change of Total Assets

(Billions of yen) (Billions of yen)



Total Assets Composition by Business Model

- **D** Distribution Businesses 100%
- **F** Finance Businesses 0%
- **S** Stable Earnings-Type Businesses (Infrastructure, etc.) 0%
- **N** Natural Resource Investments 0%

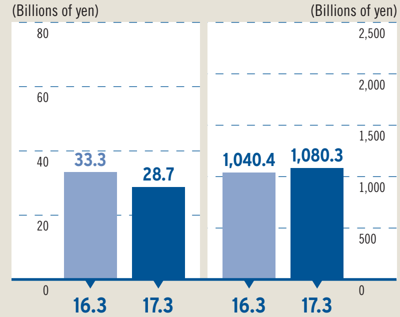
Chemical & Forest Products Group

Divisions

- Agri-Input Business Division
- Chemical Products Division
- Forest Products Division

Change of Net Profit / Change of Total Assets

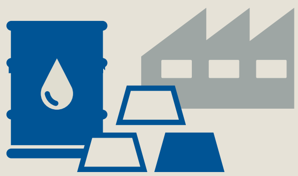
(Billions of yen) (Billions of yen)



Total Assets Composition by Business Model

- **D** Distribution Businesses 100%
- **F** Finance Businesses 0%
- **S** Stable Earnings-Type Businesses (Infrastructure, etc.) 0%
- **N** Natural Resource Investments 0%

* Reflecting the organizational changes, Energy Div. -I and Energy Div. -II have been merged and reorganized into Energy Div., while Energy & Environmental Infrastructure Div. and Plant Div. have been merged and reorganized into Plant Div. as of April 1, 2017. Each figure is based on the former organizational structure valid until March 31, 2017.

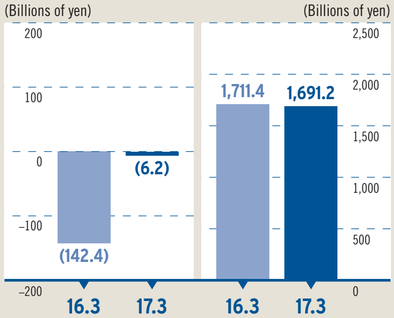


Energy & Metals Group

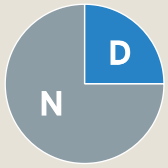
Divisions

- Energy Division
- Steel Products Division
- Metals & Mineral Resources Division

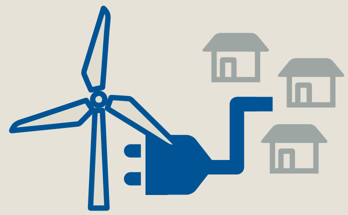
Change of Net Profit / Change of Total Assets



Total Assets Composition by Business Model



- D Distribution Businesses 25%
- F Finance Businesses 0%
- S Stable Earnings-Type Businesses (Infrastructure, etc.) 0%
- N Natural Resource Investments 75%

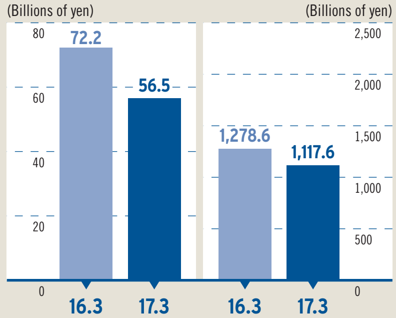


Power Business & Plant Group

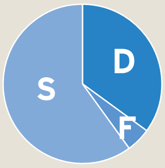
Divisions

- Power Business Division
- Plant Division

Change of Net Profit / Change of Total Assets



Total Assets Composition by Business Model



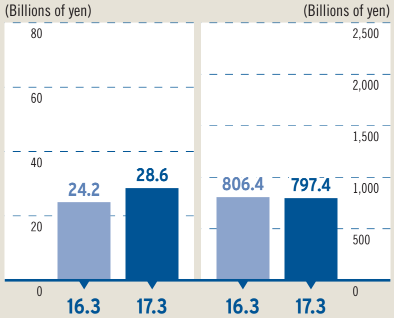
- D Distribution Businesses 30%
- F Finance Businesses 10%
- S Stable Earnings-Type Businesses (Infrastructure, etc.) 60%
- N Natural Resource Investments 0%

Transportation & Industrial Machinery Group

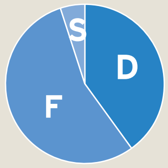
Divisions

- Aerospace & Ship Division
- Automotive & Leasing Division
- Construction & Industrial Machinery Division

Change of Net Profit / Change of Total Assets



Total Assets Composition by Business Model



- D Distribution Businesses 40%
- F Finance Businesses 55%
- S Stable Earnings-Type Businesses (Infrastructure, etc.) 5%
- N Natural Resource Investments 0%

Food & Consumer Products Group

The Food & Consumer Products Group globally operates a wide range of businesses related to the human necessities of food, shelter and clothing. Optimally combining various strengths and functions, the Group provides goods and services that support consumers' everyday lives.

Group Highlights (2017.3)

Net Profit

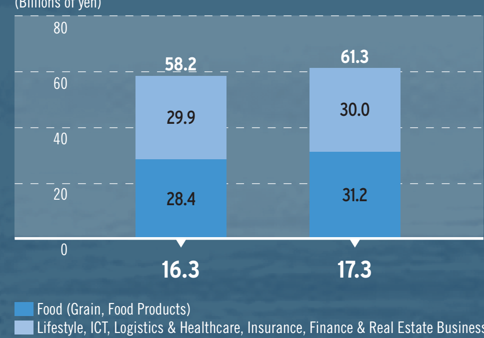
¥61.3 billion

Total Assets by Segment

¥1,880.4 billion

Net Profit by Sub-Segment

(Billions of yen)



Strengths

- Top-ranked general trading company by grain trading volume, with broad global network encompassing all supply chain links from grain collection through sales
- Approximately 30% share of Japan's raw coffee bean imports; manufactures instant coffee in Brazil and sells it in over 30 countries globally
- Advanced sales, sourcing and production capabilities as well as the ability to accurately gauge final demand for a wide range of consumer products
- One of Japan's top mobile phone retailers, with nationwide network of 427 stores as of April 1, 2017
- Condominium development business highly adept at meeting customers' needs, having developed and sold some 90,000 condos in Japan and overseas

Opportunities

- Grain demand growth driven by economic growth in Asia, Middle East and North Africa, which are major grain importers
- Growth in food demand in countries with growing populations/incomes, including China, emerging Asian economies and developing African countries
- Growing consumer product demand as a result of population growth and economic development, mainly in emerging Asian economies
- Growth in domestic IoT/AI-related businesses' markets in response to digital technological advances; capital inflows to private REITs from domestic financial institutions and pension funds

Risks

- Variations in grain crop conditions due to weather irregularities in grain producing countries and resultant fluctuations in grain collection and export volumes
- Risk of communicable livestock disease (e.g., avian influenza, hoof-and-mouth disease) outbreaks
- Risk of natural disasters including crop failures due to adverse weather in key agricultural regions
- Sluggish in growth in emerging economies, particularly in Asia; cost inflation in major food-producing regions due to exchange rate movements and/or local economic growth; chronic labor shortages in domestic supply chains; and freight rate declines due to intensification of competition in international containerized shipping markets
- Tightening of real estate regulations by Chinese authorities in response to changes in Chinese real estate market conditions

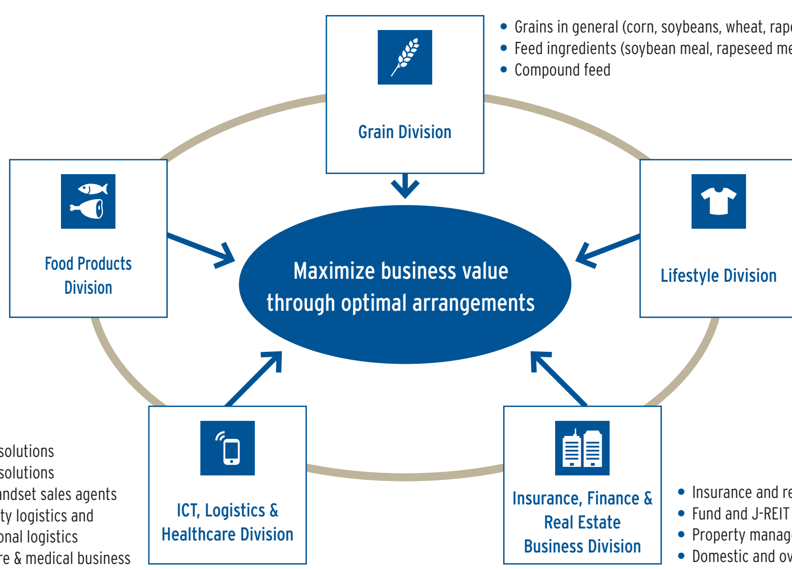
The Food & Consumer Products Group aims to enhance its businesses' value by optimizing its diverse functions, providing services that meet customers' needs and cultivating a workforce capable of driving global expansion with a deeply rooted front-line mindset.

Mitsuru Akiyoshi
Chief Executive Officer,
Food & Consumer Products Group

Medium-to Long-Term Strategy

The Food & Consumer Products Group will realize sustained growth by building profitable operations and reforming its business models in response to changing times and market changes. The Group will expand its grain and food businesses in the Middle East, China and elsewhere in Asia where incomes are rising in tandem with economic growth. It will also support consumers' quest for more affluent lifestyles by expanding its real estate development business and producing and supplying consumer goods tailored to consumers' increasingly diverse needs. In IoT- and AI-related businesses that are expanding in the wake of digital technological progress, the Group will create and capture demand, supplying high-value-added services that simultaneously meet diverse customer needs by combining new technologies with the Group's existing functions as a general trading company. In addition to improving, revamping and investing anew in existing businesses, the Group will also focus on expeditiously cultivating operational management capabilities and developing well-rounded personnel, capitalizing on its experience in trading businesses.

Business Overview



Grain Division
- Grains in general (corn, soybeans, wheat, rapeseed, etc.)
- Feed ingredients (soybean meal, rapeseed meal, fish meal, etc.)
- Compound feed

Food Products Division
- Consumer-use food products, commercial-use food materials, and agricultural resources
- Marine products, processed seafood, and fresh and processed meat
- Raw ingredients for food (flour, sugar, oils and fats, etc.)
- Raw materials for beverages (coffee, tea, fruit juice, etc.)

Lifestyle Division
- Apparel, uniforms, and household goods
- Raw materials for textiles and industrial materials
- Footwear and office machinery
- Rubber products (tires, etc.) and natural rubber

ICT, Logistics & Healthcare Division
- Systems solutions
- Network solutions
- Mobile handset sales agents
- Third-party logistics and international logistics
- Healthcare & medical business

Insurance, Finance & Real Estate Business Division
- Insurance and reinsurance
- Fund and J-REIT management
- Property management
- Domestic and overseas housing development

Marubeni's Grain Trade Map

Marubeni has established a grain trade system that encompasses everything from procurement in producing countries, most notably the United States and Brazil, to export and then sales to consuming countries, such as Japan and principal Asia nations. In addition, we are expanding sales to the Middle East and North Africa, positioning these regions as promising emerging markets. The Company is also working to optimize sea transport and is sharing information on producing and consuming countries on a global basis to expand transactions. Furthermore, we are leveraging Gavilon Agriculture Investment, Inc., to step up initiatives for addressing the continually growing internal demand in North America.

Major Subsidiaries and Associates (Outline and profit/loss)

(Unit: billions of yen)

Business Model	Company Name	Voting Rights	FYE 3/2016 Actual	FYE 3/2017 Actual	Description of Business
D	Columbia Grain	100.00%	2.2	3.1	Collection, storage, exporting and domestic sale of grain produced in North America
D	Gavilon Agriculture Investment	100.00%	5.4	11.3	Parent company of Gavilon Group (collection/sales of grain, fertilizer, etc.)
D	Wellfam Foods	100.00%	3.5	3.6	Marketing of livestock, meats and processed products
D	Yamaboshiya	75.62%	1.9	1.8	Wholesale of confectionary products to mass-retail and convenience stores
D	Marubeni Foods	100.00%	1.2	1.1	Imports, exports and sales of food products
D	Benirei	98.76%	0.9	1.0	Wholesale of seafood products and warehousing
D	Marubeni Fashion Link	100.00%	0.7	0.9	Planning, production and sale of textile products
D	Marubeni Intex	100.00%	1.0	1.1	Sales of industrial materials, lifestyle material-related textile goods and products
D	B-Quik	—	1.9	1.9	Tire retailer in the ASEAN
D	Marubeni Information Systems	100.00%	1.8	1.9	IT solution provider for full range of IT lifecycle in every industry
D	MX Mobiling	100.00%	4.6	6.0	Sales, repair and maintenance of mobile handsets and related equipment
D	Marubeni Logistics	100.00%	1.5	1.2	International combined transport operation (NVOCC), 3PL (Third-party Logistics), ocean & air freight forwarding, consultancy relating to logistics
D	ARTERIA Networks	50.00%	2.4	1.9	Telecommunication business, data communication service business, data center business

D Distribution Businesses

Group Organization

- Food & Consumer Products Group
  - Grain Division
  - Food Products Division
  - Lifestyle Division
  - ICT, Logistics & Healthcare Division
  - Insurance, Finance & Real Estate Business Division

(From left)

Kenichiro Oikawa
Chief Operating Officer, Insurance, Finance & Real Estate Business Division

Yuichi Ohira
Chief Operating Officer, Lifestyle Division

Yoshiaki Mizumoto
Chief Operating Officer, Grain Division

Koji Yamazaki
Chief Operating Officer, Food Products Division

Koji Kabumoto
Chief Operating Officer, ICT, Logistics & Healthcare Division

Initiatives in Pursuit of Sustained Growth

Topics

Integrated Domestically Raised Chicken Business

Wellfam Foods Corporation operates an integrated broiler chicken business in Japan. It raises chickens itself and processes and sells their meat and meat products. With domestically raised chickens increasingly preferred by Japanese consumers, Wellfam Foods is expanding its operations by leveraging its Shinrindori brand's high quality, industry-leading cost-competitiveness and a trio of domestic production sites that enable it to supply fresh, locally sourced chicken throughout Japan. It aims to further increase the value of its business by improving its already formidable cost-competitiveness through continued investment and expansion of its scale of production.

Inside a chicken coop (Kagoshima Prefecture)

Resolving Social Problems through Business

Preserving Seafood Resources and Upgrading Sales Capabilities

Marubeni is building businesses that stably supply seafood as part of its global foodstuffs supply chains. One such business, which dates back to 1972, mainly harvests wild salmon in Alaska, where marine resources are strictly regulated to preserve ecosystems and prevent overfishing.

A salmon catch (US)

In the fiscal year ended March 31, 2017, the MSC-certified* share of Marubeni's seafood trading volume more than quadrupled to 15.7% from 3.5% in the previous fiscal year as a result of MSC certification of Marubeni's salmon plant. Marubeni plans to contribute to sustainable fisheries by continuing to promote sales of seafood products certified by the MSC and other industry bodies.

* MSC certification: The Marine Stewardship Council (MSC) is an international organization that advocates sustainable fishing of wild fish and encourages environmentally conscientious seafood choices in the aim of preserving marine resources in perpetuity. MSC certification is an international certification of compliance with the MSC's sustainable fishing standards.

Human Resources Development

Supporting Homegrown Asian Businesses through Fund Investments

—Keisuke Shiba, Advantage Partners H.K. Limited

I work in Hong Kong sourcing Chinese and Southeast Asian investment deals and formulating growth strategies for them. This is a crucial first step toward developing our overseas private equity (PE) practice. I am learning to effectively interact with investee companies' management and gaining specialized financial knowledge at the forefront of the PE industry. By utilizing Marubeni's extensive business network, we aim to bring value to target companies no other PE funds can offer. With Chinese and Southeast Asian companies increasingly encountering succession challenges and slower growth as their local economies mature, I believe Marubeni PE practice can provide business support that helps Asian companies maintain sustainable growth. I will strive to add value to these companies.

Keisuke Shiba (right) with Emmett Thomas, Asia Head, Advantage Partners H.K. Limited

Chemical & Forest Products Group

The Chemical & Forest Products Group aims to expand its market share in the agricultural supplies sector, mainly through Helena Chemical Company, while enhancing the competitive advantages of its Chemical Products and Forest Products Divisions.

Group Highlights (2017.3)

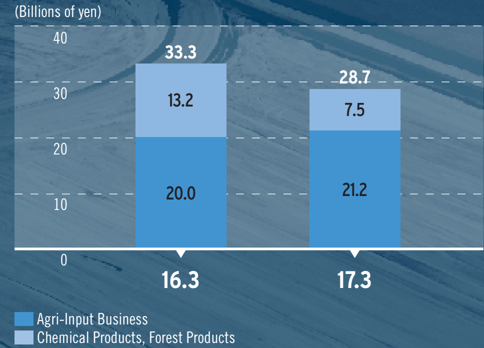
Net Profit

¥28.7 billion

Total Assets by Segment

¥1,080.3 billion

Net Profit by Sub-Segment



Strengths

- North American agricultural supplies business with localized operations to better meet farmers' needs
- Commands roughly 30% share of global ethylene trade through use of the industry's largest fleet of specialized ethylene tankers and Marubeni's network
- Pulpwood tree plantation in Sumatra, Indonesia covering an area larger than Tokyo
- Forest product operations encompassing all supply chain links from tree farming through sales of paper end-products
- Global network that includes locally hired personnel in addition to Japanese workforce, about 40% of whom are posted overseas
- In agricultural supply retailing, Marubeni has Helena Chemical Company, ranked second in the U.S. by market share, and Agrovista U.K. Ltd., which boasts a top-ranked share in the U.K.
- Ranked fifth in Japan for containerboard production

Opportunities

- Expansion of Helena Chemical Company's business domain and acquisition of new customers through M&A
- Strengthening of North American fertilizer business through acquisition of Gavilon and its subsequent growth
- Involvement in biomass power plant projects that facilitate wider use of renewable energy
- Business expansion in solar energy market, particularly through sales of proprietary residential solar power systems
- Expansion of agricultural supplies market due to demands for increased food production in response to population growth and limits on expansion of arable land area
- Growth in developing countries' petroleum product markets in tandem with economic growth
- Growth in industrial paper (e.g., containerboard) markets in tandem with economic growth

Risks

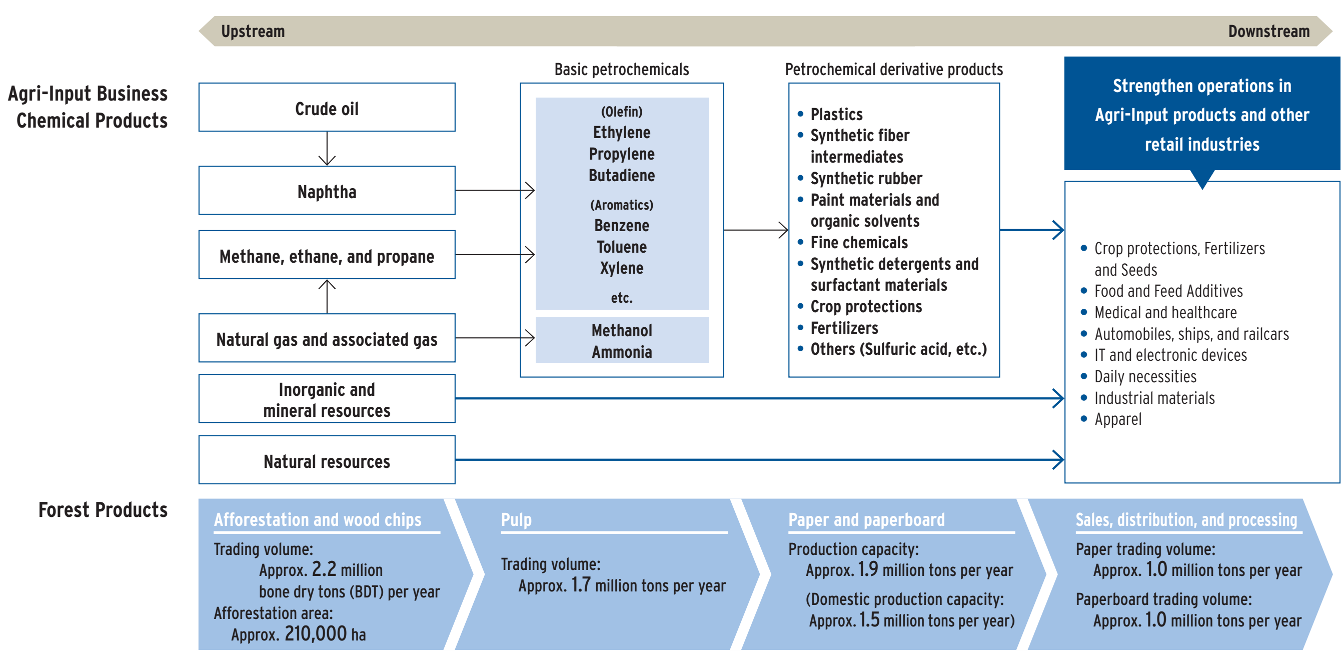
- Impact on agricultural and forestry businesses from climate-related risks
- Changes in farmers' incomes, a key determinant of Helena Chemical Company's sales
- Trade in products sensitive to changes in market prices, such as petrochemicals and pulp
- Political and economic risks in China, a major petrochemical importer
- U.S. economic downturn or stagnation in international trade with U.S. due to protectionist policies

Medium-to Long-Term Strategy

The Chemical & Forest Products Group's divisions aim to grow over the medium-to long-term by further enhancing their existing strengths in their respective industries and geographic markets.

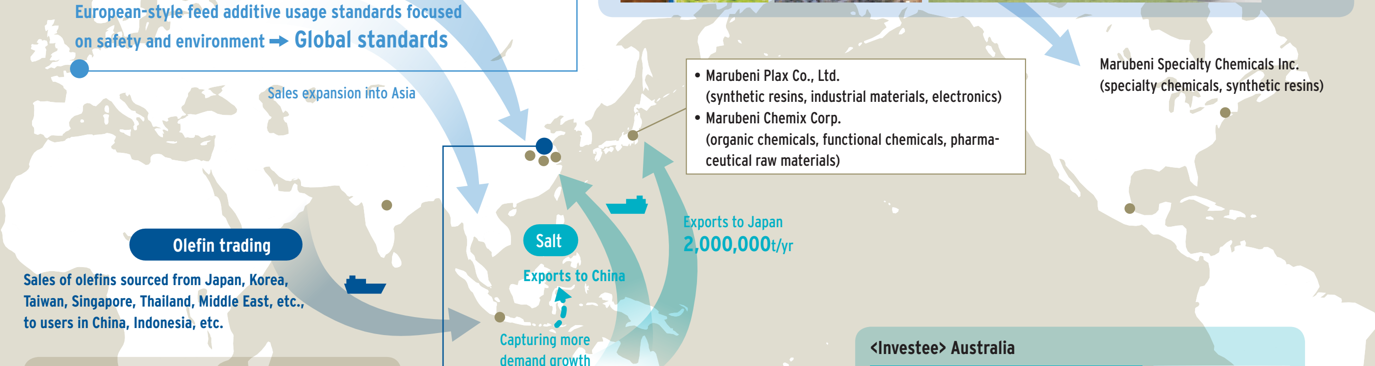
The Agri-Input Business Division will pursue further market share growth by acquiring new customers and strengthening its services, mainly through asset acquisitions by Helena Chemical Company. It will also pursue global business expansion through other subsidiaries, including a major European retailer of agricultural supplies, Malaysian agricultural chemical manufacturer/distributor and Burmese fertilizer manufacturer/distributor. The Chemical Products Division will develop new businesses while augmenting the unique strengths conferred by its diverse portfolio of domestic and overseas businesses. Its existing businesses include chemical feedstocks derived from crude oil and natural gas, inorganic materials (e.g., salts, boric acid, iodine) and electronics, most notably solar cell modules. The Forest Products Division operates diverse businesses ranging from tree plantations to pulp production, paper manufacturing and trading of paper products. It will also strengthen its biomass fuel business, which has favorable market demand growth prospects, through initiatives such as sales of pellets manufactured in Vietnam.

Business Overview



Major Marubeni Subsidiaries/Associates in Chemical Business

Marubeni's Chemical Products Division operates businesses around the world through three business units and a global network revolving around a nucleus of over 20 consolidated subsidiaries and associates.



Business expansion focused on life sciences

<Investee> Netherlands

Orffa International Holding B.V.
Marubeni Group's equity stake: 60%
(February 2017 agreement)

- One of Europe's largest feed additive distributors, with sales in approximately 60, mainly European, countries
- Product line includes food and beverage additives, cosmetics and personal care products in addition to feed additives

Among the world's top olefin traders by trading volume

- Roughly 30% share of global olefin trade
- 25 specialty tankers chartered at all times

Strategic investments/alliances
<Investee> China

Shen Hua Chemical Industrial Co., Ltd.
(synthetic rubber)
Marubeni Group's equity stake: 22.56%

<Investee> Australia

Dampier Salt Limited
(solar salt)
Marubeni Group's equity stake: 21.51%

- World's top exporter of industrial salts by volume
- Roughly 50% share of Asian salt trade

Major Subsidiaries and Associates (Outline and profit/loss)

(Unit: billions of yen)

Business Model	Company Name	Voting Rights	FYE 3/2016 Actual	FYE 3/2017 Actual	Description of Business
D	Helena Chemical	100.00%	19.5	20.1	Sale of agricultural materials and provision of various services
D	Marubeni Plax	100.00%	0.3	0.6	Sales and foreign trade of plastic products and resins
D	Marubeni Chemix	100.00%	0.6	0.8	Sales and foreign trade of organic chemicals and fine chemicals
D	Marubeni Pulp & Paper	100.00%	1.5	1.8	Sale of paper products
D	Koa Kogyo	79.95%	0.4	0.0	Manufacture and sale of corrugating medium and printing paper
D	Fukuyama Paper	55.00%	0.3	0.2	Manufacture and sales of corrugating medium and core board
D	MUSI Pulp Project	—	(6.1)	(15.2)	Afforestation, production and sales of pulp in Indonesia
D	WA Plantation Resources	100.00%	0.6	0.1	Wood chip production and plantation in Australia

D Distribution Businesses

Group Organization

Chemical & Forest Products Group
- Agri-Input Business Division
- Chemical Products Division
- Forest Products Division

(From left)
Takeo Kobayashi
Chief Operating Officer, Forest Products Division
Michael McCarty
Chief Operating Officer, Agri-Input Business Division
Jun Horie
Chief Operating Officer, Chemical Products Division

Initiatives in Pursuit of Sustained Growth

Topics

Roughly 30% share of global ethylene trade


Ethylene tanker

Marubeni has long been one of the world's top ethylene traders, mainly in Asia and the Middle East. Ethylene is used as a feedstock in the manufacture of a variety of petrochemicals that are ubiquitous in daily life. Marubeni provides timely and flexible logistics services to both suppliers and users by keeping them informed of its ethylene tanker fleet's global operating status in real time. Instead of resting on its laurels, Marubeni aims to further expand its ethylene trading volume by upgrading its logistics and network to better provide optimal solutions to suppliers and customers.

Resolving Social Problems through Business

Tree Plantation in Indonesia

The timber resources from which paper is made are valuable natural resources that help to mitigate climate change and preserve biodiversity. The Marubeni Group has four tree plantations in three countries. It manages a total of 210,000ha of afforestable land, an area comparable in size to the Tokyo Metropolis. It plants and harvests fast-growing tree species suitable for producing pulp for paper manufacturing, such as eucalyptus trees, in compliance with local environmental standards. In Indonesia, Marubeni is gaining stature in the market by virtue of owning one of the world's most prime timber growing sites. Marubeni will continue to sustainably manage its tree plantations while stably supplying woodchips as a raw material for paper manufacturing.


Tree plantation (Indonesia)

Human Resources Development

Young Japanese expat helping to ensure stable pulpwood supply at Indonesian tree plantation

—Yuya Shima, PT. Musi Hutan Persada

The Marubeni Group's PT. Musi Hutan Persada operates a tree plantation in Sumatra, Indonesia. Nine Japanese expats from Marubeni are currently working together with 1,000 local employees to cultivate a healthy forest of fast-growing eucalyptus trees.


Yuya Shima (second from left)

Supervisory staff includes both expats and local personnel working on site to ensure the quality of planting, maintenance and harvesting work. If problems arise at the plantation, workers promptly devise remedial measures in concert with supervisory staff and immediately implement them. By doing so, we are building a foundation to maximize production and future stable supplies of pulpwood. One of the benefits of working here is that we can see the results of our work in the form of not only numbers but also the trees' growth.

Energy & Metals Group

The Energy & Metals Group contributes to society through diverse fields of businesses throughout the supply chain. We aim to improve people's quality of life and support economic growth, by stabilizing supply of energy, metal and mineral resources.

Group Highlights (2017.3)

Net Profit

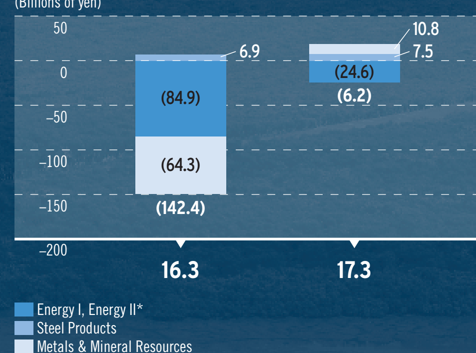
¥(6.2) billion

Total Assets by Segment

¥1,691.2 billion

Net Profit by Sub-Segment

(Billions of yen)



Strengths

- Business portfolio comprising a well-balanced mix of resource investments and trading operations
- A sustainably stronger earnings base through the ownership of highly cost-competitive projects
- Partnerships with top-caliber business partners willing to strive together with Marubeni to enhance the values of various projects
- One of the world's top traders of naphtha and LNG by trading volume
- All-around capabilities that enable pursuit of profit opportunities throughout the supply chain

Opportunities

- Long-term increase in demands for energy, metals and mineral resources due to global population growth and economic growth
- New investment and trading opportunities arising from oil and natural gas production growth occurring mainly in the U.S.
- Long-term growth in nonferrous metal demands driven by proliferation of electric vehicles in the coming of the IoT era
- Growing demands in clean energy (e.g., natural gas) driven by tighter environmental regulations
- Rising demand for steel, metal products and minerals, due to the continuous growth in infrastructure

Risks

- Volatile resource prices that can affect energy, metals and minerals resource projects' profitability
- Changes in government policies that can affect resource investments or trading businesses
- Widespread adoption of renewable energy or energy-efficient technologies along with other technological advances that can affect demand for coal, petroleum and natural gas

* As of April 1, 2017, Energy Div. – I and Energy Div. – I I have been merged and reorganized into Energy Div.

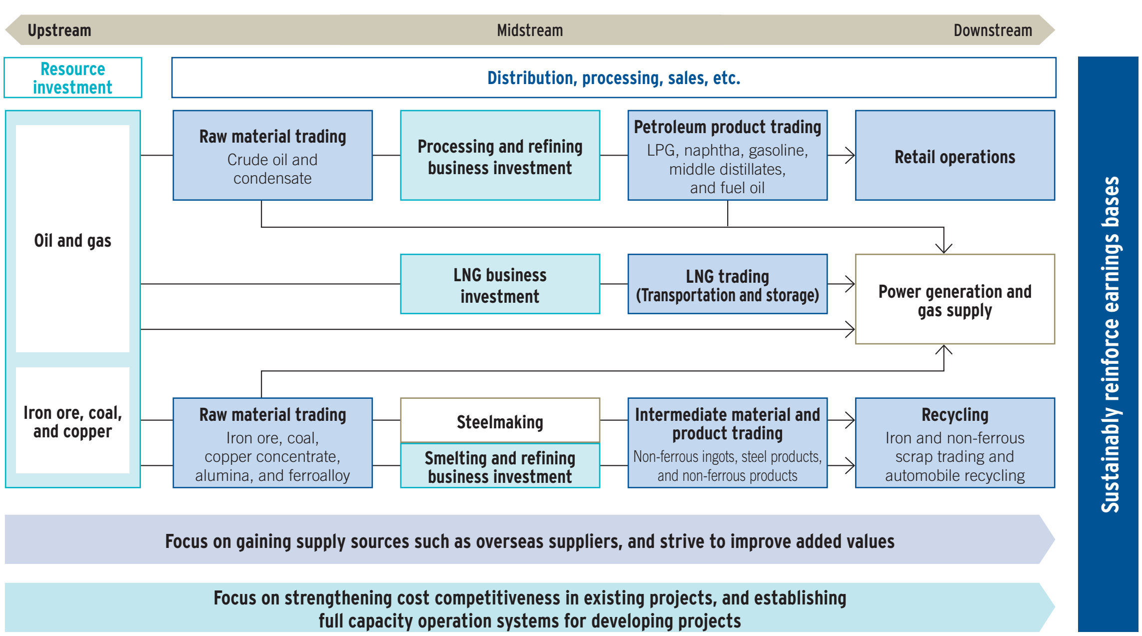
The Energy & Metals Group strives to build strong relationships with our partners as we work by focusing on long-term visions, ultimately aiming to establish a stronger and stable earnings base.

Ichiro Takahara
Chief Executive Officer,
Energy & Metals Group

Medium-to Long-Term Strategy

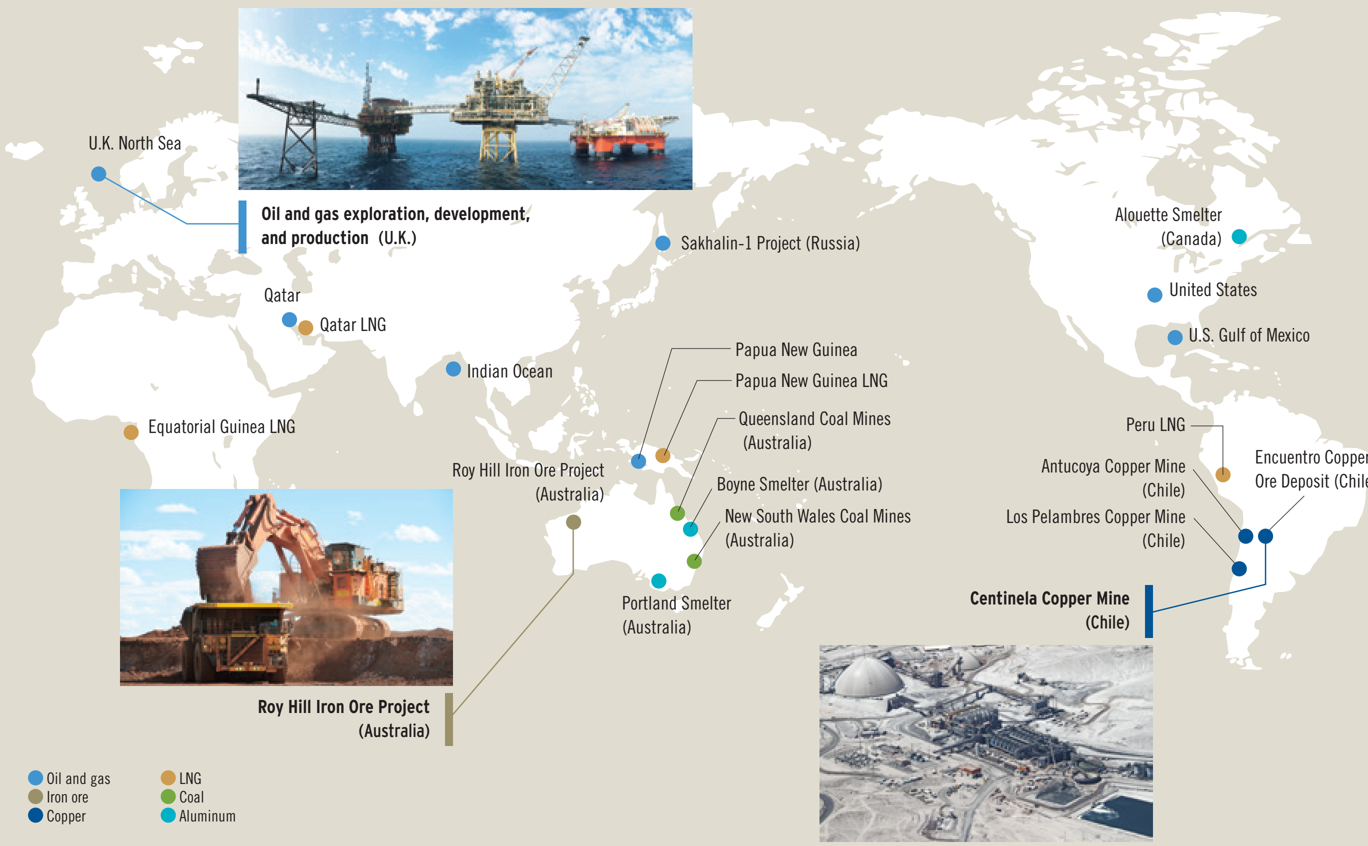
In investments such as oil and gas exploration, development and production, as well as iron ore, coal and copper mine development and operation, the Energy & Metals Group aims to maximize its cash flow and profits by sustaining both production and reserves. We work together with our strong business partners to improve the competitiveness of existing operations through cost-control, and operating efficiency. The LNG business will pursue investment opportunities in natural gas liquefaction projects in anticipation of global growth in demand. It will also create demand through downstream gas infrastructure development, mainly in emerging economies, and strengthen its overall operations from upstream through downstream. In trading businesses, the Group will focus on markets where it can provide high-value-added services in response to market needs by tapping into Marubeni's global network. Trading businesses will also pursue diversification of suppliers and customers together with sales-channel expansion. The Group will establish earnings stability and long-term profit growth by building a suitable portfolio comprising a broad array of businesses spread across the supply chain.

Business Overview



Marubeni's Resource Interests

Marubeni has energy, metals and minerals resource development and production operations throughout the world. Its resource interests include a geographically diversified portfolio of LNG projects, most notably in Qatar; oil and gas development projects and production operations in the U.S., the U.K. and Russia; and iron ore, coal and copper mine development projects and aluminum smelting operations in Australia, Canada and Chile.



Major Subsidiaries and Associates (Outline and profit/loss)

(Unit: billions of yen)

Business Model	Company Name	Voting Rights	FYE 3/2016 Actual	FYE 3/2017 Actual	Description of Business
N	Energy concession business in total	—	(100.0)	(52.7)	Oil and natural gas exploration, development, production and sales
D	MIECO	100.00%	0.6	0.8	Sales of all types of petroleum products and natural gas
N	Marubeni Coal	100.00%	3.0	16.1	Investment in coal mines in Australia
N	Marubeni Aluminium Australia	100.00%	1.4	(3.2)	Investment in aluminum smelting in Australia
N	Marubeni Metals & Minerals (Canada)	100.00%	0.8	0.2	Investment in aluminum smelting in Canada
N	Marubeni LP Holding*1	100.00%	(44.8)	3.0	Investment in copper mines in Chile
D	Marubeni-Itochu Steel	50.00%	6.6	7.6	Sales and business management of steel products

*1. Net profit for the fiscal year ended March 31, 2016 is that of Marubeni Los Pelambres Investment, which was renamed Marubeni LP Holding upon merging with its erstwhile subsidiary Marubeni LP Holding in the third quarter of the fiscal year ended March 31, 2017.

D Distribution Businesses N Natural Resource Investments

Group Organization

Energy & Metals Group
- Energy Division
- Steel Products Division
- Metals & Mineral Resources Division

(From left)
Mutsumi Ishizuki
Chief Operating Officer, Metals & Mineral Resources Division
Akihiko Sagara
Chief Operating Officer, Energy Division
Masahiro Inoue
Chief Operating Officer, Steel Products Division

Initiatives in Pursuit of Sustained Growth

Topics

Qatar LNG Project

In 1985, Marubeni became the first Japanese company to invest in an LNG project in Qatar, the world's largest LNG exporter. Since commencing LNG shipments in 1996, Marubeni's Qatar LNG project has been selling LNG to eight major Japanese electric and gas utilities pursuant to long-term contracts that extend out to 2021. In recent years, the project has been selling extra LNG to Japanese customers under short- and medium-term contracts in response to changes in Japan's domestic energy demand structure in the aftermath of the 2011 Great East Japan Earthquake. Marubeni provides diverse services that meet our users' needs from past experience, know-how, technology, network and relationships of trust with business partners and customers that it has gained through its Qatar LNG project.

Natural gas liquefaction plant (Qatar)

Resolving Social Problems through Business

Stable Supply of Metal Resources

Copper is an essential resource for global economic development. Copper demand is projected to grow, driven by infrastructure investment in developing countries and technological progress in developed countries in fields such as IT and electric vehicles. To stably supply copper, Marubeni operates three Chilean copper mines–Los Pelambres, Centinela and Antucoya–in partnership with Antofagasta plc, one of the world's largest copper producers. It is also developing the Encuentro copper ore deposit adjacent to the Centinela Copper Mine. Marubeni is contributing to stable copper supplies and societal progress through stable operation of its copper mines and expansion of copper resource sales channels.

Antucoya Copper Mine (Chile)

Human Resources Development

Stably supplying LNG through smooth on-the-ground operations in Qatar

—Ayumi Hashiba, Qatargas Operating Company

I am a Marubeni employee on assignment at Qatargas Operating Company, operator of the Qatar LNG project partly owned by Marubeni. I coordinate LNG shipment plans to appropriately manage the project's production and inventory while also taking customers' wishes into account. Surrounded by a diverse, international cast of coworkers, I help keep the project running smooth through close communication with front-line personnel and do my best to enhance the project's value. The project's smooth operation leads to stable LNG supplies for the Japanese electric and gas companies that purchase the project's LNG.

Ayumi Hashiba (right)

Power Business & Plant Group

The Power Business & Plant Group develops, invests in, manages, operates, maintains, constructs, and supplies equipment for electric power projects, other energy infrastructure projects, water and sewage utilities, transportation and infrastructure system projects, and industrial plants in Japan and overseas.

Group Highlights (2017.3)

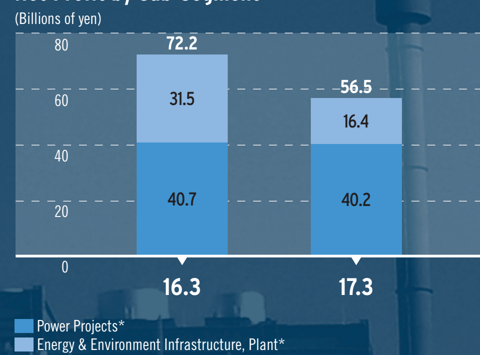
Net Profit

¥56.5 billion

Total Assets by Segment

¥1,117.6 billion

Net Profit by Sub-Segment



Strengths

- Broad upstream-through-downstream electric power business domain ranging from power generation to electricity retailing, power plant operations/maintenance (O&M*[1]) and offshore wind farm installation
  - Japan's leading IPP*[2] business player by power generation capacity (global net capacity of 11,765MW as of March 31, 2017)
  - Extensive EPC*[3] track record in overseas power sector and unique EPC coordination capabilities
  - Vast experience in electricity retailing in Japan and overseas; growing domestic electric power business
- Top Class track record in EPC projects for industrial plant and railway among general trading companies
- Diverse infrastructure investment portfolio (railway PPPs*[4], railcar leasing business, roads, airports, seaports, industrial parks, FPSOs*[5], offshore energy businesses (e.g., offshore platforms), energy infrastructure investments (e.g., pipelines, piped-gas supply infrastructure)
- Japanese top-level varied portfolio in the water business (ranging from water and sewage utilities to water treatment plant EPC, BOT*[6] and O&M projects in Latin America, China, Asia, Europe, Middle East and Australia)

Opportunities

- Diversification of power generation resources (e.g., renewable energy, distributed power sources, storage batteries) and new large-scale power projects (IPP and EPC) in response to electricity demand growth in developing countries
- Development of new renewable energy sources and grid management projects (e.g., storage batteries/demand response) in developed countries
- Social/industrial infrastructure demand driven by economic growth, population growth and rising living standards in developing countries
- Replacement of aging infrastructure in developed countries
- New PPP opportunities arising from trend toward utilization of private capital for public infrastructure projects
- Infrastructure (e.g., railway, waste-to-energy) development demand driven by environmental regulations and growing environmental consciousness

Risks

- Reduction in new business opportunities due to slowdown in economic growth, particularly in developing countries
- Intensification of competition due to new market entrants from other sectors
- Legal or regulatory changes

* As of April 1, 2017, Power Projects Div. has been renamed Power Business Division.
As of April 1, 2017, Energy & Environment Infrastructure Div. and Plant Div. have been merged and reorganized into Plant Div.

The Power Business & Plant Group contributes to the development of local communities as a total infrastructure solution provider, capitalizing on its network and project development and asset management capabilities that are backed by a proven track record in various business sectors and regions throughout the world.

Masumi Kakinoki
Chief Executive Officer,
Power Business & Plant Group

Medium-to Long-Term Strategy

The Power Business & Plant Group is engaged in economically and socially foundational infrastructure businesses that give full play to its project management and financing capabilities. Such infrastructure includes electric power, other energy, water and transportation infrastructure and industrial plants. The Group continues to accumulate stable, prime assets while upgrading existing assets with the aim of building a business portfolio that sustainably generates more stable profits.

The IPP business plans to accumulate prime assets with an emphasis on better balancing its portfolio across countries and sectors. It also plans to proactively enhance the value of existing assets, partly by utilizing IoT technologies, and so forth. The domestic PPS*7 business is expanding its scope in the wake of the retail electricity market's complete liberalization in April 2016. It aims to expand its operations over the medium–to long–term while placing priority on stably supplying power. The water, energy and transportation infrastructure business aims to build up a stable earnings foundation by acquiring water and sewage utilities, gas infrastructure, marine businesses, and PPP projects. In the EPC business, the Group will focus on projects related to electric power, water, transportation systems and plants in industries such as steelmaking, cement, pulp and paper, sugar refining, and textiles.

Business Overview

	Construction	Business investment and operation		Retail and other businesses
Power	**EPC** • EPC contract generation volumes: 109,328 MW	**EPC business-related investments** • PIC Group, Inc. (U.S.) O&M-related businesses • Seajacks International Ltd. (U.K.) Offshore wind power facility installation vessel operations	**I(W)PP*2** • Global generation stake: 11,765 MW	**Electricity wholesale and retail businesses** • SmartestEnergy Ltd. (U.K.) • Marubeni Power Retail Corporation Co., Ltd. (Japan)
Water	**EPC and O&M** • Construction, operation and maintenance of water, wastewater and seawater desalination plants, etc.	**PPP and BOT** • Development, investment and management of water/wastewater treatment facilities and utility concessions		
Oil & Gas	**EPC** • Construction and financing of energy and chemical projects	**Business investment** • Gas provision infrastructure businesses • FPSO businesses		
Industrial Plant	**EPC** • Steel, non-ferrous metals, cement, paper, pulp, and textiles			
Transportation & Infrastructure	**EPC and O&M** • Railways, roads, bridges, etc.	**PPP and Concessions** • Railway, road, harbor, and airport projects		**Railcar leasing and Industrial park projects**

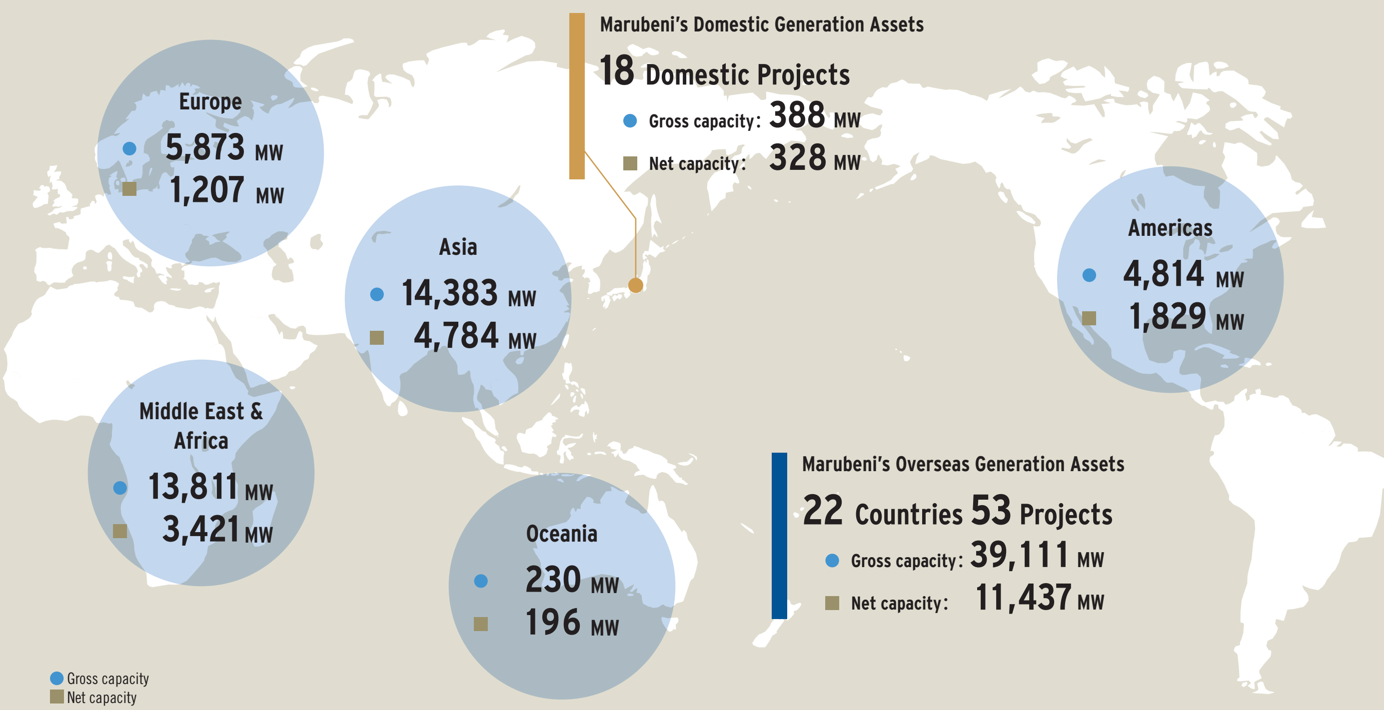
*1 O&M: Operation and Maintenance
*2 I(W)PP: Independent (Water) Power Producer
*3 EPC: Engineering, Procurement, and Construction
*4 PPP: Public–Private Partnership
*5 FPSO: Floating Production, Storage, and Offloading system
*6 BOT: Build, Operate, and Transfer; projects in which plants are built and operated temporarily before the assets are turned over to government agencies
*7 PPS: Power Producer and Supplier

Update on Domestic and Overseas Power Projects

As of March 31, 2017, Marubeni is developing power generation business in Japan and 22 other countries around the world, and has stable earnings sources through long-term power purchase agreements.

Focused on highly profitable development projects, Marubeni functions as a project leader, playing a central role in everything from construction to operation. We are engaged in a diverse range of eco-friendly power generation businesses, including offshore and other wind, solar, and micro-hydro power generation.

Recent major projects include the gas-fired West Deptford Energy Station in the US (New Jersey) and Sweihan Photovoltaic Independent Power Project in the United Arab Emirates.



Gross capacity
Net capacity

As of March 31, 2017

Major Subsidiaries and Associates (Outline and profit/loss)

(Unit: billions of yen)

Business Model	Company Name	Voting Rights	FYE 3/2016 Actual	FYE 3/2017 Actual	Description of Business
S	Overseas IPP Projects*1	—	51.2	40.9	Overseas power generation
S	Overseas Water and Wastewater Services*2	—	5.8	7.5	Overseas water and wastewater services
S	FPSO Project*3	—	2.5	2.3	FPSO project investment and management
F	Marubeni SuMiT Rail Transport*4	50.00%	2.6	1.1	Investment in railcar leasing business

*1. Total of share of profits of associates and joint ventures of our overseas IPP business.
*2. Total profits of consolidated subsidiaries and share of associates and joint ventures of our overseas water and wastewater services.
*3. Total profits of consolidated subsidiaries and share of associates and joint ventures of our FPSO projects.
*4. Figure for the fiscal year ended March 31, 2016 is that of Marubeni Rail Transport.
S Stable Earnings-Type Businesses F Finance Businesses

Group Organization

- Power Business & Plant Group
  - Power Business Division
  - Plant Division

(From left)
Hirohisa Miyata
Chief Operating Officer, Power Business Division

Hajime Kawamura
Chief Operating Officer, Plant Division

Initiatives in Pursuit of Sustained Growth

Topics

Investment in Gas-Fired West Deptford Energy Station

In September 2016, Marubeni acquired an equity stake in the 751MW gas-fired West Deptford Energy Station (WDES) in New Jersey. Commissioned into commercial operation in November 2014, the WDES supplies power to the Northeastern U.S. through PJM (Pennsylvania-New Jersey-Maryland Interconnection), North America's largest wholesale electricity market.


Gas-fired West Deptford Energy Station (U.S.)

Marubeni has designated North America as a key electric power market. The WDES is the second power plant in which Marubeni has invested within PJM's market. The first was the 725MW gas-fired CPV St. Charles Energy Center commissioned into commercial operation in February 2017. Marubeni bought into the St. Charles project in August 2014 and was involved in its construction.

Resolving Social Problems through Business

Supply of Railway Systems and Maintenance Service for Purple Line in Bangkok, Thailand

The Purple Line is a new 23-km passenger mass transit railway line that will connect Bang Sue in Bangkok and Bang Yai in Nonthaburi Province northwest of Bangkok. This is the first railway project in Bangkok to deploy Japanese electric trains, being maintained by a consortium of Japanese companies, including a Japanese railway operator. The Joint Venture (Marubeni and Toshiba Corporation) completed supply of 63 cars for the 21 trains in January 2016, and revenue service started in early August 2016.

Taking advantage of its experience in overseas turnkey railway projects, Marubeni will continue to contribute to Thailand's economic development through alleviation of Bangkok's traffic congestion and associated environmental problems.


Bangkok's MRT Purple Line (Thailand)

Human Resources Development

Finding Fulfillment on Front Lines of Mega-Power Plant in Qatar

—Masayuki Kato, Mesaieed Power Company Limited

I am working as a Financing and Commercial Manager at Mesaieed Power Company Limited (MPCL), which is 30% owned by Marubeni. MPCL maintains, operates and manages a 2,000MW thermal power plant. My job involves coordination with stakeholders on contractual performance, managing project financing, arranging insurance coverage and improving maintenance/operating cost-efficiency from a medium to long-term perspective.


Masayuki Kato at MPCL (Qatar)

As a front-line manager of an operating company, my thoughts and actions have a direct impact on business operations. While my job thus entails heavy responsibility, it also gives me a lot of fulfillment. I plan to continue immersing myself more deeply into the business and broadening my knowledge in the aim of keeping the power plant running stably and enhancing its value.

Transportation & Industrial Machinery Group

The Transportation & Industrial Machinery Group operates businesses throughout the world. It encompasses about 80 operating companies and has around 120 Japanese personnel posted abroad. It will continue to globally diversify its operations, capitalizing on its knowledge of various sectors and regions.

Group Highlights (2017.3)

Net Profit

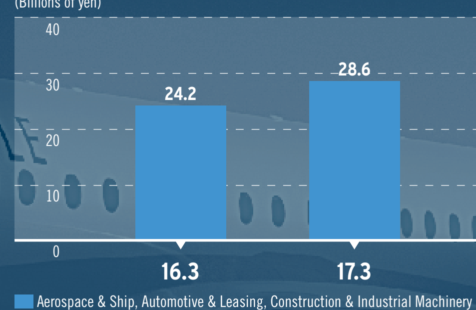
¥28.6 billion

Total Assets by Segment

¥797.4 billion

Net Profit by Sub-Segment

(Billions of yen)



Strengths

- Includes businesses occupying every link of the aircraft value chain from development to ownership, operation and decommissioning
- Providing ships with multifaceted approach. Trading, investment and finance, owning and operation of a diverse fleet such as bulk carriers, tankers and LNG carriers.
- Sells over 20 makes of automobiles, sells auto parts, provides vehicle financing and runs aftermarket businesses in over 30 countries
- Provides a wide range of financing solutions for various goods through leasing and nonbank financing businesses
- Strong relationships of trust with customers and manufacturers by virtue of long, broad track record on front lines of manufacturing, construction, mining and other industries
- Well-established operational foundation and growing peripheral businesses involving global sales, services and/or financing based on relationships of trust with customers and manufacturers

Opportunities

- Aircraft-related business expansion driven by global commercial aircraft fleet's projected growth from 20,000 to 40,000 aircraft over next 20 years
- Ship demand growth driven by growth in marine cargo volumes amid trend toward borderless global economy
- Solid growth in auto demand, mainly in developing countries, and concomitant expansion of broad-based business domain
- Growth in US automotive aftermarket, which offers stable earnings prospects, is largely economically insensitive
- Growth in demand for construction machinery and maintenance thereof in conjunction with resource/infrastructure development
- Rapid market changes due to technological innovations such as AI, IoT, automation, electric vehicles and use of renewable energy

Risks

- Event risk, including terrorism, regional conflicts, war, epidemics or other changes in international conditions, jet fuel inflation and changes in shipbuilding prices or marine freight rates
- Contraction in automotive demand due to the emergence of protectionism and international conflict
- Economic slowdown due to the changes in macro environment such as emerging-market capital flight in response to US interest rate hikes
- Market volatility triggered by resource/energy price movements in response to changes in developing economies' growth rates
- Speed of technological innovation (e.g., AI, IoT, automation, electric vehicles, renewable energy use) and responses to change

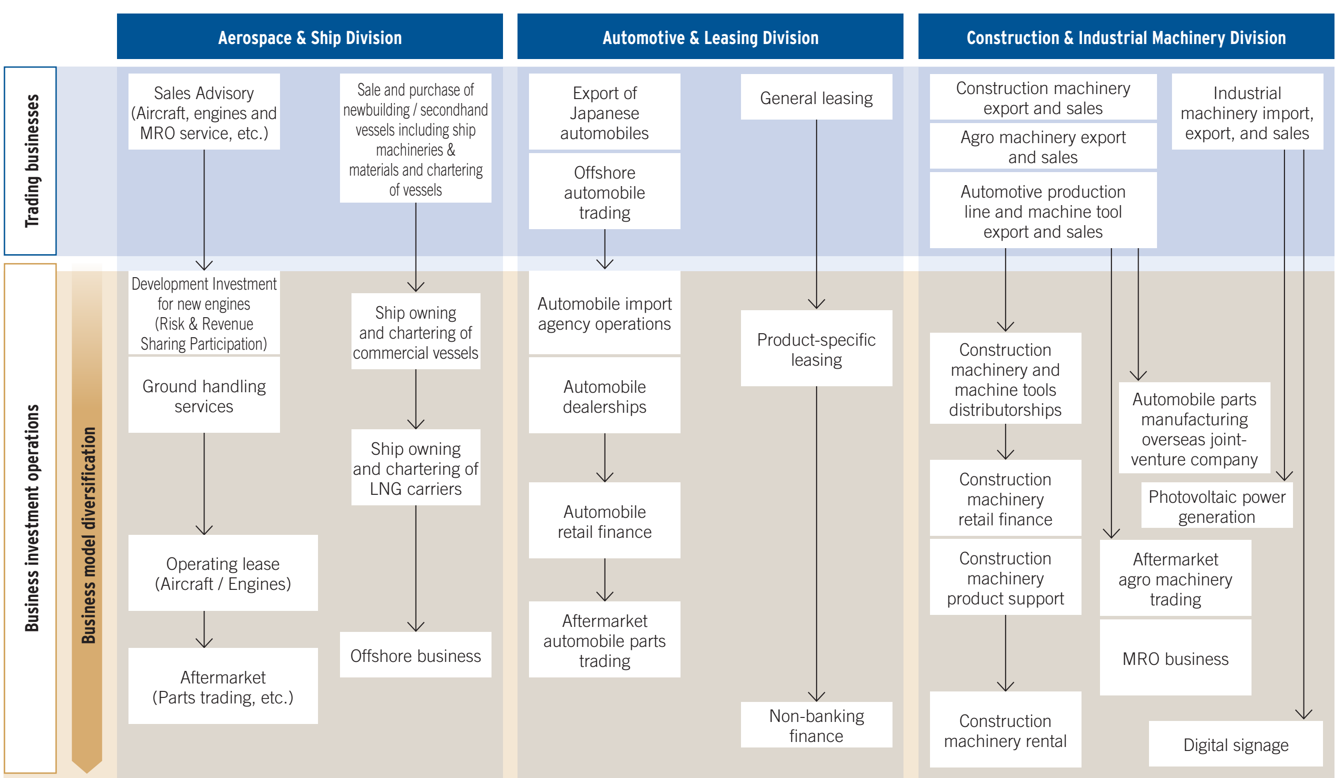
We aim to build a spirited and strong Transportation & Industrial Machinery Group under our three mottos: "Ceaseless innovation," "Create the future with an entrepreneurial spirit," and "Always think first and act fast."

Kaoru Iwasa
Chief Executive Officer,
Transportation & Industrial Machinery Group

Medium-to Long-Term Strategy

As its business strategy, the Transportation & Industrial Machinery Group will pursue sustained stable growth by improving its operating efficiency through business-model diversification and proactive asset reallocation enabled by continual business investment. The Group is building a rock-solid business portfolio and strengthening its presence in various types of businesses. The first is economically insensitive businesses such as aftermarket automotive and aircraft parts and general-use equipment and materials. The second is long-term leasing businesses (e.g., aircraft, ship, refrigerated trailer) with stable profit structures. The third is auto dealerships and construction machinery distributorships that will benefit from growth tailwinds stemming from the rise of emerging economies. As part of its human resources strategy, the Group aims to strengthen its management capabilities through the management of its operating companies, actively hire and train young employees, promote diversity and cultivate human resources that contribute to maximizing the Group's value from a holistic standpoint.

Business Overview



Global Group Network

The Transportation & Industrial Machinery Group has 81 operating companies throughout the world, with expat personnel posted at 40 of its overseas branches and subsidiaries. Having long operated overseas auto dealerships and construction machinery distributorships in numerous countries in addition to cross-border aircraft and ship businesses, the Group has amassed a wealth of operational know-how via its overseas operating companies. The Group will tap into such know-how as it continues to globally diversify its operations without overexposing itself to any specific market or business model.

Major Subsidiaries and Associates (Outline and profit/loss)

(Unit: billions of yen)

Business Model	Company Name	Voting Rights	FYE 3/2016 Actual	FYE 3/2017 Actual	Description of Business
F	Marubeni Aviation Services	100.00%	0.3	0.2	Investment in engines for civil aircraft
D	Marubeni Auto Investment (U.K.)	100.00%	0.8	0.7	Investment in retail sales business of automobiles in UK
F	MAI Holding	100.00%	2.4	2.8	Investment in automobile retail finance businesses
F	MAC Trailer Leasing	100.00%	1.8	1.8	Leasing and rental of refrigerated trailers
D	Marubeni Techno-Systems	100.00%	0.8	0.9	Sale, export and import of industrial machinery

D Distribution Businesses F Finance Businesses

Group Organization

Transportation & Industrial Machinery Group
- Aerospace & Ship Division
- Automotive & Leasing Division
- Construction & Industrial Machinery Division

(From left)

Toshiaki Ujiie
Chief Operating Officer, Construction & Industrial Machinery Division

Minoru Tomita
Chief Operating Officer, Aerospace & Ship Division

Hisamichi Koga
Chief Operating Officer, Automotive & Leasing Division

Initiatives in Pursuit of Sustained Growth

Topics

UK Construction Machinery Distributorship and South American Mining Equipment Products Support Business

Marubeni launched a construction machinery distributorship and wholesale business in the U.K. in 1972 and has since operated the business in close contact with the local construction industry for over 45 years. In addition to selling construction machinery, the distributorship also offers a full lineup of services, including after-sales maintenance and repairs. Its services have contributed to earnings stability by fostering strong customer loyalty. In 2011, Marubeni entered the mining machinery product support business in South America. The business has since expanded to Peru, Colombia and Chile, where it helps to keep mining equipment reliably operational at mine sites. Utilizing its product support businesses' know-how, Marubeni will continue to expand its operational footprint.

Mining equipment products support business (Chile)

Resolving Social Problems through Business

Widespread Promotion of Ballast Water Treatment Systems

To maintain stability when carrying no cargo, ships fill their ballast tanks with seawater to serve as ballast. Once the cargo is loaded, they discharge the ballast water.

Ballast water treatment system

Although ballast water, containing living marine organisms, is essential for cargo ships, relocation of marine organisms from their native habitats to new locales via ballast tanks can be disruptive to ecosystems and/or detrimental to fisheries or the natural environment. Marubeni subsidiary MMSL Japan Ltd. has been selling electrolytic ballast water treatment systems in Japan since forming an alliance with a Korean manufacturer, Techcross Inc., in 2009. To date, it has sold over 250 units. Marubeni Group contributes to the preservation of marine ecosystems through the widespread promotion of ballast water treatment systems.

Human Resources Development

Relationships of trust pay off when negotiating huge sales in Greece, the world's biggest shipping superpower –Sho Hiraizumi, Manager, Marubeni Corporation Athens Office

Greece may be best known for its economic crisis of recent years, but with over 15% of the global shipping fleet owned by Greek shipowners, Greece is the world's foremost marine shipping superpower.

As an expat employee of the Aerospace & Ship Division's Ship Department-I, I sell top-quality ships newly built by Japanese shipyards and secondhand ships owned by Japanese shipowners that have close relationships with Marubeni.

Successful negotiations for the sale of a ship worth billions of yen is by no means easy, but I am glad to be working in Greece, where timely, accurate information builds relationships of trust that are valued fairly in this big marketplace.

Sho Hiraizumi (right)

Financial Information / Corporate Profile

Financial Information

* In this section, the segment names as of the year ended March 31, 2017 have been adopted.

Corporate Profile

Management's Discussion and Analysis of Financial Position and Business Results

Overview of Business Results

In the fiscal year ended March 31, 2017, developed economies, particularly the U.S., generally continued to gradually recover. The global economy, however, slowed in response to weakness in emerging economies, most notably China. Crude oil and other commodity prices declined before rebounding at the end of 2016. In financial markets, volatility briefly flared up in response to passage of the UK's referendum in favor of exiting the EU and the outcome of the U.S. presidential election. The U.S. economy continued to recover, driven chiefly by personal consumption encompassed by a robust employment environment. Additionally, equities rallied on optimism about the new U.S. administration's policies. The European economy continued to gradually recover, led by Germany. Emerging economies grew sluggishly overall as results of the slowdown of the Chinese economy due to weak consumption, investment and exports, as well as the prolonged lackluster demands, both domestic and external, in Brazil and elsewhere. The Japanese economy remained stuck in an anemic recovery as consumer sentiment softened even amid continued improvement in the employment environment.

In this operating environment, business results for the year ended March 31, 2017 were as follows.

Total Volume of Trading Transactions

Total volume of trading transactions for the fiscal year ended March 31, 2017 decreased ¥1,073.8 billion (8.8%) from the year-earlier period to ¥11,134.2 billion, due mainly to Japanese yen appreciation. Meanwhile, "Revenue" as defined under IFRS was ¥7,128.8 billion, a decline of ¥171.5 billion (2.3%) from the year-earlier period.

Gross Trading Profit

Gross trading profit decreased ¥56.2 billion (8.4%) from the year-earlier period to ¥613.9 billion. By operating segment, profits decreased mainly at Food & Consumer Products and Chemical & Forest Products.

Operating Profit

Operating profit decreased ¥12.6 billion (12.1%) from the year-earlier period to ¥91.6 billion due to a decrease in gross trading profit, despite a decline in selling, general and administrative expenses led by the stronger Japanese yen.

Share of Profits of Associates and Joint Ventures

Share of profits of associates and joint ventures increased ¥82.9 billion (260.5%) from the year-earlier period to ¥114.7 billion, due mainly to non-recurrence of the year-earlier impairment losses on one of the copper mine businesses in Chile and the iron ore business in Australia.

Profit for the Year Attributable to Owners of the Parent

Profit attributable to owners of the parent for the fiscal year ended March 31, 2017 (also referred to as net profit for the year under review) amounted to ¥155.4 billion, an increase of ¥93.1 billion (149.5%) year on year.

Millions of yen

	2017.3	2016.3	Change
Total volume of trading transactions	11,134,169	12,207,957	(1,073,788)
Gross trading profit	613,880	670,086	(56,206)
Operating profit	91,597	104,231	(12,634)
Share of profits of associates and joint ventures	114,725	31,824	82,901
Profit for the year attributable to owners of the parent	155,350	62,264	93,086
Total revenue	7,128,805	7,300,299	(171,494)

Notes:
1. Figures are rounded to the nearest million yen unless otherwise stated.
2. "Total volume of trading transactions" and "operating profit" are presented in accordance with Japanese accounting practices for investors' convenience and are not required by IFRS. "Total volume of trading transactions" includes all transactions involving the Company and its consolidated subsidiaries regardless of transaction type.
3. Operating profit = Gross trading profit + SGA expenses + Provision for doubtful accounts

Business Results by Operating Segment

Results for each operating segment for the fiscal year ended March 31, 2017 are as follows.

Food & Consumer Products

Gross trading profit decreased ¥23.1 billion (7.5%) year on year to ¥282.6 billion, mainly as a result of deconsolidation of a food-related former subsidiary, now an equity-method associate. Net profit, however, increased ¥3.0 billion (5.2%) year on year to ¥61.3 billion, largely as a result of growth in profits from equity-method investments, a gain on the sale of an equity stake in a subsidiary in an ICT-related business and a gain on the sale of non-current assets of an overseas subsidiary in the food products business.

Chemical & Forest Products

Gross trading profit decreased ¥21.4 billion (10.9%) year on year to ¥175.8 billion, while net profit was down ¥4.6 billion (13.7%) year on year to ¥28.7 billion. The profit declines were largely attributable to reduction in Helena Chemical's yen-equivalent earnings due to yen appreciation and margin deterioration in the woodchip and pulp business due to lower pulp prices.

Energy & Metals

Gross trading profit increased ¥6.7 billion (34.7%) year on year to ¥26.2 billion, largely by virtue of the Australian coal business's profit growth driven mainly by higher coal prices. Net loss improved ¥136.2 billion (–%) year on year to ¥6.2 billion (loss) despite an impairment loss in the oil and gas development business. The improvement was largely due to a gain on the sale of a solar power generation business and non-recurrence of year-earlier impairment losses in the Chilean copper business, Australian iron ore business and oil and gas development business.

Power Projects & Plant

Gross trading profit declined ¥8.8 billion (16.3%) year on year to ¥45.3 billion, largely as a result of deconsolidation of a former consolidated subsidiary, now an equity-method associate, in the North American freight railcar leasing business. Net profit decreased ¥15.7 billion (21.7%) year on year to ¥56.5 billion , largely as a result of nonrecurrence of year-earlier one-time items, that is, valuation gains on equity interests in Chinese sewage treatment and North American freight railcar leasing businesses and a loss on withdrawal from a Uruguayan LNG receiving terminal project.

Transportation & Industrial Machinery

Gross trading profit decreased ¥5.6 billion (5.7%) year on year to ¥93.3 billion in the wake of sales declines in businesses related to automotive and construction machinery. Despite an impairment loss in the North American automotive business, net profit increased ¥4.4 billion (18.3%) year on year to ¥28.6 billion, boosted by a gain on a divestment of another North American automotive business and improved returns from equity-method investments in ship-related businesses.

Notes:
*1 Businesses of the overseas corporate subsidiaries have all been segmented according to the Company's operating segments effective as of the fiscal year ended March 31, 2017. The figures of each operating segment for the year ended March 31, 2016 have been altered accordingly.
*2 Inter-segment transactions are priced in accordance with the prevailing market prices.

Analysis of Operating Results for the Year Ended March 31, 2017

Profit attributable to owners of the parent in the year ended March 31, 2017 increased ¥93.1 billion year on year to ¥155.4 billion. An analysis of the operating results is provided as follows.

Gross Trading Profit

Gross trading profit for the year ended March 31, 2017 was ¥613.9 billion, down ¥56.2 billion year on year. This was mainly attributable to lower profits in the Food and Consumer Products segment and the Chemical and Forest Products segment.

Selling, General, and Administrative Expenses

Selling, general, and administrative (SGA) expenses for the year ended March 31, 2017 decreased ¥43.6 billion to ¥522.3 billion due to the effects of the appreciating yen.

Losses on Property, Plant, and Equipment

Losses on property, plant and equipment in the year ended March 31, 2017 amounted to ¥63.4 billion following the recording of impairment losses with regard to resource interests. This is an improvement of ¥39.9 billion in comparison with impairment losses on resource interests that were also recorded in the year ended March 31, 2016.

Other-Net

Other-net in the year ended March 31, 2017 equated to income of ¥45.9 billion, an increase of ¥62.0 billion year on year. This outcome was largely the result of recorded sales of a solar power business and a North American transportation business, as well as non-recurrent recorded losses from the discontinuation of Uruguayan LNG receiving operations in the year ended March 31, 2016.

Interest Income and Interest Expenses

Interest income in the year ended March 31, 2017 rose by ¥1.6 billion year on year to ¥16.2 billion. Interest expenses decreased ¥0.3 billion year on year to ¥33.3 billion.

Dividend Income

Dividend income in the year ended March 31, 2017 decreased ¥1.0 billion year on year to ¥17.5 billion. Of this figure, ¥6.4 billion (¥3.6 billion in Japan and ¥2.8 billion from overseas) was received by the Company. Domestic consolidated subsidiaries received dividends totaling ¥0.4 billion, while overseas consolidated subsidiaries received dividends of ¥10.7 billion.

Gains and Losses on Investment Securities

Gains and losses on investment securities in the year ended March 31, 2017 totaled ¥11.0 billion, down ¥63.3 billion year on year despite the recorded sale of shares in an information business. This was largely the result of non-recurrent stock appreciation from wastewater treatment projects in China and North American freight car lease projects recorded in the year ended March 31, 2016.

Share of Profits and Losses of Associates and Joint Ventures

Share of profits and losses of associates and joint ventures in the year ended March 31, 2017 equated to a profit of ¥114.7 billion, up ¥82.9 billion year on year as a result of non-recurrent impairment losses on a Chilean copper project and Australian iron ore project recorded in 2016.

Income Taxes

Income taxes for the year ended March 31, 2017 increased ¥21.5 billion year on year to ¥44.5 billion.

Liquidity and Funding Sources

Financial Position

Total assets as of March 31, 2017 were ¥6,896.7 billion, down ¥221.0 billion from the end of the previous fiscal year, mostly due to a decrease in property, plant, and equipment. Total equity as of March 31, 2017 increased by ¥327.6 billion year on year to ¥1,742.8 billion, primarily through accumulation of profits and financing through perpetual subordinated loans.

Net interest-bearing debt (total of current and non-current bonds and borrowings less cash and cash equivalents and time deposits) was down ¥662.5 billion, standing at ¥2,099.9 billion on March 31, 2017. As a result, the net debt-equity (D/E) ratio was 1.20 times on March 31, 2017.

Cash Flows

Net cash provided by operating activities was ¥324.3 billion, due primarily to steady operating income from overseas subsidiaries. Net cash provided by investing activities was ¥46.5 billion, as the inflows from the sale of shares and tangible assets outweighed capital outlays directed at overseas operations. These activities resulted in positive free cash flow of ¥370.8 billion for the year ended March 31, 2017.

Net cash used in financing activities amounted to ¥258.1 billion, as repayment of interest-bearing debt outweighed financing from perpetual subordinated loans.

As a result, cash and cash equivalents as of March 31, 2017 were ¥705.0 billion, an increase of ¥104.1 billion from the end of the previous fiscal year.

Fund Procurement

The fundamental policy of Marubeni and its consolidated subsidiaries is to maintain an optimal mix of funding in line with the requirements of its asset portfolio. The goal is to sustain a stable level of liquidity while trimming financing costs. Funding sources include indirect financial procurement from banks and other financial institutions, as well as direct procurement through the issuance of bonds, commercial paper, and other means. With the aim of maximizing fund utilization efficiency across the Group, Marubeni is accelerating the shift toward a centralized fund procurement scheme, under which principal consolidated subsidiaries procure funds directly from Marubeni Corporation, domestic and overseas financing subsidiaries, and/or overseas corporate subsidiaries. This approach enables Group companies holding surplus funds to reallocate such funds to other Group companies in need of operating funds, allowing for more flexible fund procurement on a Group-wide scale. In order to further strengthen our financial foundation, we secured financing of ¥250.0 billion from perpetual subordinated loans on August 16, 2016.

As a means of procuring funds directly from capital markets, Marubeni registered ¥300.0 billion for the public sale of ordinary bonds in Japan.

Marubeni has also acquired credit ratings from Moody's Investors Service, Inc. (Moody's), Standard & Poor's Financial Services LLC (S&P), Rating and Investment Information, Inc. (R&I), and Japan Credit Rating Agency, Ltd. (JCR).

In the year ended March 31, 2017, Marubeni's long-term credit ratings consisted of long-term ratings of Baa2 from Moody's, BBB from S&P, A from R&I, and A+ from JCR.

Liquidity

On a consolidated basis, the liquidity ratio was 121.0% as of March 31, 2017, down from 121.9% as of the end of the previous fiscal year. In terms of liquidity, Marubeni is maintaining a sound financial position. In addition, Marubeni and its consolidated subsidiaries maintain a sufficient level of liquidity, mainly in the form of cash and deposits and established commitment lines.

As of March 31, 2017, cash and cash equivalents and time deposits totaled ¥706.2 billion.

Details regarding commitment lines are as follows:

- ¥300.0 billion from syndicates consisting largely of major Japanese banks (long term)
- US$555 million from syndicates consisting largely of major European and U.S. banks (short term)

In addition to these commitment lines, Marubeni and its consolidated subsidiaries hold highly liquid assets, such as marketable securities. In all, these assets provide sufficient liquidity to cover the Group's funding demand as well as the funds linked to market interest rates, such as corporate bonds redeemable within one year, which totaled ¥79.5 billion as of March 31, 2017.

Business Risks

Major risks that could have a serious impact on investor decisions associated with the business operations and other activities of Marubeni Corporation and its consolidated subsidiaries are outlined below. The risks discussed, however, are not inclusive of the full range of possible risks faced in the broad range of activities engaged in by the Group. Any number of additional risks other than those discussed below could also impact business performance. Furthermore, risks considered to have a low likelihood of materializing have also been disclosed, from the perspective of ensuring proactive information disclosure. Forward-looking statements with respect to the risks discussed below reflect the reasonable judgment of the Company's management based on information available as of March 31, 2017.

Impact of Japanese and Global Economies on the Marubeni Group

The Company is a general trading company engaged in a wide range of business activities through bases in Japan and over 60 other countries. Examples include the production and procurement of natural resources and other primary commodities, as well as the manufacture and sale of finished goods and various commercial and investing activities in Japan and overseas in many industrial fields. As a result, the Group is impacted by the economic conditions prevailing in Japan and other countries where it has operations, as well as by the state of the global economy as a whole. Worsening economic conditions on either of these fronts could adversely affect the operating activities, business results, and financial condition of the Group.

Credit Risks Regarding Business Partners

Marubeni and its consolidated subsidiaries extend credit to business partners in the form of accounts receivable, advances, loans, guarantees, and other means. In addition, as a part of its sales activities, the Group concludes merchandise supply, subcontracting, operational outsourcing, and other types of contracts with business partners. The incurrence of credit risk due to the inability of business partners to fulfill their credit obligations or a breach of contract by these business partners could adversely affect the Group's business results and financial condition.

To prevent credit risks from materializing, the Group conducts extensive risk management at the credit screening stage. Nevertheless, the Company is susceptible to a variety of credit risks.

In preparation for the incurrence of possible losses when credit risk becomes apparent, the Group establishes allowances for doubtful accounts based on the estimated amount of loss, the business partner's creditworthiness, collateral value, and other set factors. In the event of such losses, however, the Company cannot guarantee that actual losses will not exceed these established allowances.

Investment Risk

Marubeni and its consolidated subsidiaries, both independently and in collaboration with other companies, establish new companies and purchase existing enterprises in the course of their business operations. Most of these business investments require sizable amounts of capital. The Group may be unable to withdraw from such businesses in an optimal manner or time frame, in which case it would be obliged to commit additional capital.

In an effort to prevent the occurrence of risks associated with investments and other activities, the Group conducts extensive risk management, including checking new investments to determine whether expected returns are commensurate with the risks involved. Nevertheless, a decline in the value of these investments or the necessity of additional expenditures of capital could adversely affect the Group's business results and financial condition.

Concentrated Risk Exposure

As part of their commercial and investment activities, Marubeni and its consolidated subsidiaries are concentrated in specific investment targets, markets, and regions. In the context of the Group's country risk management, the Company classifies countries according to their level of risk, and has established transaction management standards and promotes efforts to ensure optimal portfolio management and appropriate risk/reward ratios. Nevertheless, a deteriorating operating environment in these markets or regions could adversely affect the Group's business results and financial condition.

Ability to Procure Funds and Funding Cost

Marubeni and its consolidated subsidiaries engage in fund procurement with an emphasis on maintaining an optimal mix of funding in line with the requirements of their respective asset portfolios and ensuring liquidity. However, significant disruptions in major global capital markets, shortages of cash flows from operating activities, declining profitability, failure in asset-liability management, or a sharp downgrade in the credit rating of the Group by ratings agencies could constrain fund procurement or lead to an increase in funding cost, which could adversely affect the Group's business results and financial condition.

Market Risks

1. Fluctuations in the Price of Goods and Merchandise

Marubeni and its consolidated subsidiaries handle a variety of merchandise. In order to mitigate the risk of fluctuations in market conditions for certain merchandise, contracts, and scheduled contracts, the Group enters into commodity futures and forward contracts. However, changes in respective market conditions could adversely affect the Group's business results and financial condition.

In addition, the Group participates in energy and natural resource exploration and production (E&P) businesses and other manufacturing businesses. Fluctuations in the markets of the products sold through these activities could adversely affect the Group's business results and financial condition.

2. Market Liquidity (Liquidity Risk)

Marubeni and its consolidated subsidiaries hold a variety of assets that are subject to market trading, including financial instruments. Financial market turmoil and other factors can cause the market liquidity of held assets to decline dramatically, a situation that could potentially trigger a precipitous drop in the value of held assets. Such an occurrence could adversely affect the Group's business results and financial condition.

3. Fluctuations in Foreign Currency Exchange Rates

Marubeni and its consolidated subsidiaries conduct transactions in a variety of currencies and under a variety of terms. In order to mitigate the risk of exchange rate fluctuations associated with transactions, receivables, and liabilities denominated in foreign currencies, the Group enters into forward exchange contracts and other derivative transactions. Despite these measures, fluctuations in exchange rates could adversely affect the Group's business results and financial condition.

4. Fluctuations in Interest Rates

Marubeni and its consolidated subsidiaries procure necessary business funds through borrowings from financial institutions, the issuance of corporate bonds, and other methods of procuring from capital markets. A large portion of floating rate liabilities is proportionate to operating assets that can counteract adverse impacts of interest rate fluctuations. However, interest rate fluctuation risks cannot be completely eliminated, and a certain degree of exposure remains. Among the liabilities procured for interest insensitive assets, such as investment securities and property, plant and equipment, the portion at procured floating rates is categorized as unhedged through the asset-liability management practices of Marubeni and its consolidated subsidiaries. Monitoring market movements in interest rates, the Group utilizes interest rate swaps and other measures to mitigate the risk of interest rate fluctuations.

There is no guarantee that the Group will be able to completely avoid interest rate risk, even after having implemented these management measures. Therefore, changes in market interest rates could adversely affect the Group's business results and financial condition.

5. Fluctuations in Values of Marketable Securities Subject to Market Volatility

To strengthen business relationships and for other purposes, Marubeni and its consolidated subsidiaries invest in marketable securities that are subject to market volatility. Such securities held by the Group carry the risk of fluctuations in original value due to changes in fair value. Drops in the fair value of these securities could adversely affect the Group's business results and financial condition.

6. Risks Regarding Employees' Retirement Benefits

As the Group holds domestic and foreign stocks and bonds as pension assets, sluggish performance in securities markets could decrease the value of those assets or could require it to accumulate additional pension assets. Such an event could adversely affect the Group's business results and financial condition.

Impairment of Real Estate, Machinery and Equipment, and Other Property, Plant and Equipment

Marubeni and its consolidated subsidiaries hold real estate, machinery and equipment, and other property, plant and equipment for sale and lease to other parties as well as for their own use. A decline in the value of these assets could potentially require the Group to recognize impairment losses. The Group accounts for impairment of property, plant and equipment in accordance with IFRS. Nevertheless, a dramatic decline in asset value could adversely affect the Group's business results and financial condition.

Laws and Regulations

In the course of operations, Marubeni and its consolidated subsidiaries are subject to a broad range of laws and regulations both in Japan and other applicable countries. Changes in or unanticipated interpretations of these laws and regulations could increase the obligations pertaining to legal and regulatory compliance placed on the Group. Accordingly, changes or altered interpretations of laws and regulations may result in punitive measures, including the interruption of operations, lower the Company's credibility, or cause the occurrence of other circumstances that could adversely affect the Group's business results and financial condition.

Significant Litigation

In the course of business activities in Japan and overseas, Marubeni and its consolidated subsidiaries may be a party to litigation, disputes, and other legal proceedings. When party to such litigation, predicting the outcome is impossible given the inherent uncertainty of these matters. The Company cannot guarantee that such litigation will not adversely affect the Group's business results and financial condition.

Environmental Risk

Marubeni and its consolidated subsidiaries conduct business activities globally across a broad range of industries, and environmental pollution as a result of these activities could result in business stoppage, pollution remediation expenses, and legal fees in response to litigation by local residents. In addition, the Group's social reputation could be damaged. In the year ended March 31, 2000, an environmental management system was introduced to cope with such environmental risks, under which various initiatives have been implemented to assess the potential environmental burden and reduce environmental risk, including environmental impact evaluations for each new financing and development project. In the event, however, that some form of environmental impact occurs, it could adversely affect the Group's business results and financial condition.

Natural Disaster Risk

Earthquakes and other natural disasters could cause damage and loss to the Group's offices and facilities and inhibit the normal business activities of Marubeni and its consolidated subsidiaries. While every effort has been made to implement appropriate countermeasures, such as the formulation of business continuity plans, earthquake countermeasures, and fire prevention drills, the potential for damage from natural disasters cannot be completely mitigated. Consequently, there is no guarantee that such disasters will not adversely affect the Group's business results and financial condition.

Risk Relating to Terrorists and Violent Groups

Marubeni and its consolidated subsidiaries conduct business operations globally, and these operations are therefore exposed to risk from unexpected situations relating to terrorists and violent groups, as well as trends in politics and social factors. The materialization of such risks could adversely affect the Group's business results and financial condition.

Other Risks Inherent and Related to Overall Marubeni Operations

Negligence on the part of employees charged with executing business operations and malfunctions pertaining to information leakages from computer systems supporting business activities are among other risks, the materialization of which could adversely affect the Group's business results and financial condition.

Consolidated Financial Statements

Marubeni Corporation and Subsidiaries

At March 31, 2017 and
for the year ended March 31, 2017
with Independent Auditors' Report

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Independent Auditor's Report

The Board of Directors
Marubeni Corporation

We have audited the accompanying consolidated financial statements of Marubeni Corporation and its consolidated subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Marubeni Corporation and its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

Tokyo, Japan
June 23, 2017

Marubeni Corporation and Subsidiaries
Consolidated Statement of Financial Position

Assets	Millions of yen March 31, 2017	Millions of yen March 31, 2016	Thousands of U.S. dollars (Note 1) March 31, 2017
Current assets:			
Cash and cash equivalents *(Notes 14 and 15)*	**¥704,972**	¥600,840	**$6,294,393**
Time deposits *(Notes 14 and 15)*	**1,227**	5,032	**10,955**
Investment securities *(Note 14)*	**10,075**	10,075	**89,956**
Notes, trade accounts and loans receivable *(Notes 14 and 15)*	**1,235,392**	1,270,284	**11,030,286**
Other current financial assets *(Notes 14 and 15)*	**200,560**	219,652	**1,790,714**
Inventories *(Notes 4 and 15)*	**767,365**	779,581	**6,851,473**
Assets classified as held for sale *(Note 8)*	**36,689**	63,308	**327,580**
Other current assets	**208,206**	213,808	**1,858,982**
Total current assets	**3,164,486**	3,162,580	**28,254,339**
Non-current assets:			
Investments in associates and joint ventures *(Notes 13 and 15)*	**1,755,952**	1,651,350	**15,678,143**
Other investments *(Notes 14 and 15)*	**334,441**	348,063	**2,986,080**
Notes, trade accounts and loans receivable *(Notes 14 and 26)*	**162,961**	168,733	**1,455,009**
Other non-current financial assets *(Note 14)*	**85,799**	91,434	**766,063**
Property, plant and equipment *(Notes 5, 9 and 15)*	**968,392**	1,201,444	**8,646,357**
Intangible assets *(Note 6)*	**289,334**	335,273	**2,583,339**
Deferred tax assets *(Note 12)*	**88,216**	94,113	**787,643**
Other non-current assets	**47,152**	64,696	**421,000**
Total non-current assets	**3,732,247**	3,955,106	**33,323,634**
Total assets *(Note 19)*	**¥6,896,733**	¥7,117,686	**$61,577,973**

Marubeni Corporation and Subsidiaries
Consolidated Statement of Financial Position (continued)

Liabilities and equity	Millions of yen March 31, 2017	Millions of yen March 31, 2016	Thousands of U.S. dollars (Note 1) March 31, 2017
Current liabilities:			
Bonds and borrowings *(Note 14)*	**¥643,049**	¥636,536	**$5,741,509**
Notes and trade accounts payable *(Note 14)*	**1,243,087**	1,221,150	**11,098,991**
Other current financial liabilities *(Note 14)*	**361,768**	351,246	**3,230,072**
Income tax payable *(Note 12)*	**19,454**	15,473	**173,696**
Liabilities directly associated with assets classified as held for sale *(Note 8)*	**4,086**	1,873	**36,482**
Other current liabilities *(Note 7)*	**344,761**	367,938	**3,078,223**
Total current liabilities	**2,616,205**	2,594,216	**23,358,973**
Non-current liabilities:			
Bonds and borrowings *(Note 14)*	**2,163,089**	2,731,789	**19,313,295**
Notes and trade accounts payable *(Notes 14 and 26)*	**18,349**	17,658	**163,830**
Other non-current financial liabilities *(Note 14)*	**70,285**	76,697	**627,545**
Accrued pension and retirement benefits *(Note 10)*	**83,468**	91,918	**745,250**
Deferred tax liabilities *(Note 12)*	**105,630**	100,617	**943,125**
Other non-current liabilities *(Note 7)*	**96,949**	89,589	**865,616**
Total non-current liabilities	**2,537,770**	3,108,268	**22,658,661**
Total liabilities	**5,153,975**	5,702,484	**46,017,634**
Equity:			
Issued capital *(Note 20)*	**262,686**	262,686	**2,345,411**
Capital surplus *(Note 20)*	**142,881**	141,504	**1,275,723**
Other equity instruments *(Note 21)*	**243,589**	–	**2,174,902**
Treasury stock *(Note 20)*	**(1,374)**	(1,369)	**(12,268)**
Retained earnings *(Notes 20 and 22)*	**856,647**	737,215	**7,648,634**
Other components of equity *(Note 17)*:			
Gains (losses) on financial assets measured at fair value through other comprehensive income *(Notes 14 and 17)*	**54,606**	43,066	**487,553**
Foreign currency translation adjustments *(Notes 14 and 17)*	**165,310**	193,608	**1,475,982**
Gains (losses) on cash flow hedges *(Notes 14 and 17)*	**(40,622)**	(59,658)	**(362,696)**
Remeasurements of defined benefit plan *(Notes 10 and 17)*	**–**	–	**–**
Equity attributable to owners of the parent	**1,683,723**	1,317,052	**15,033,241**
Non-controlling interests *(Note 27)*	**59,035**	98,150	**527,098**
Total equity	**1,742,758**	1,415,202	**15,560,339**
Total liabilities and equity	**¥6,896,733**	¥7,117,686	**$61,577,973**

See accompanying Notes to Consolidated Financial Statements.

Marubeni Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Year ended March 31, 2017	Year ended March 31, 2016	**Year ended March 31, 2017**
Revenue *(Note 19)*:			
Sales of goods *(Note 14)*	**¥6,940,332**	¥7,077,085	**$61,967,250**
Commissions on services and trading margins	**188,473**	223,214	**1,682,795**
Total revenue	**7,128,805**	7,300,299	**63,650,045**
Cost of goods sold *(Notes 4, 5, 6 and 14)*	**(6,514,925)**	(6,630,213)	**(58,168,973)**
Gross trading profit *(Note 19)*	**613,880**	670,086	**5,481,072**
Other income (expenses):			
Selling, general and administrative expenses *(Notes 5, 6 and 10)*	**(522,283)**	(565,855)	**(4,663,241)**
Gains (losses) on property, plant and equipment:			
Impairment losses *(Notes 5 and 6)*	**(69,246)**	(114,658)	**(618,268)**
Gains (losses) on sales of property, plant and equipment	**5,852**	11,362	**52,250**
Other-net *(Notes 11 and 14)*	**45,934**	(16,035)	**410,125**
Total other income (expenses)	**(539,743)**	(685,186)	**(4,819,134)**
Finance income (expenses):			
Interest income *(Note 14)*	**16,213**	14,602	**144,759**
Interest expenses *(Note 14)*	**(33,318)**	(33,628)	**(297,482)**
Dividend income *(Note 14)*	**17,512**	18,555	**156,357**
Gains (losses) on investment securities *(Note 14)*	**11,002**	74,306	**98,232**
Total finance income (expenses)	**11,409**	73,835	**101,866**
Share of profits of associates and joint ventures *(Notes 13 and 19)*	**114,725**	31,824	**1,024,330**
Profit before taxes	**200,271**	90,559	**1,788,134**
Income taxes *(Note 12)*	**(44,485)**	(23,031)	**(397,188)**
Profit for the year	**¥155,786**	¥67,528	**$1,390,946**
Profit for the year attributable to:			
Owners of the parent *(Note 19)*	**¥155,350**	¥62,264	**$1,387,054**
Non-controlling interests	**436**	5,264	**3,892**

Marubeni Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income (continued)

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	Year ended March 31, 2017	Year ended March 31, 2016	**Year ended March 31, 2017**
Other comprehensive income *(Note 17)***:**			
Items that will not be reclassified to profit or loss:			
Gains (losses) on financial assets measured at fair value through other comprehensive income *(Notes 14 and 17)*	**¥7,998**	¥(57,824)	**$ 71,411**
Remeasurements of defined benefit plan *(Notes 10 and 17)*	**1,207**	(15,468)	**10,777**
Changes in other comprehensive income of associates and joint ventures *(Note 13)*	**3,384**	(4,436)	**30,215**
Items that will be reclassified to profit or loss:			
Foreign currency translation adjustments *(Notes 14 and 17)*	**(27,860)**	(116,361)	**(248,750)**
Gains (losses) on cash flow hedges *(Notes 14 and 17)*	**4,185**	5,203	**37,366**
Changes in other comprehensive income of associates and joint ventures *(Note 13)*	**7,809**	(22,684)	**69,723**
Other comprehensive income (loss), net of tax	**(3,277)**	(211,570)	**(29,258)**
Total comprehensive income (loss) for the year	**¥152,509**	¥(144,042)	**$ 1,361,688**
Total comprehensive income (loss) for the year attributable to:			
Owners of the parent	**¥153,449**	¥(144,593)	**$ 1,370,080**
Non-controlling interests	**(940)**	551	**(8,392)**

	Yen		*U.S. dollars (Note 1)*
	Year ended March 31, 2017	Year ended March 31, 2016	**Year ended March 31, 2017**
Basic earnings per share attributable to shareholders of the parent *(Note 16)*	**¥88.08**	¥35.88	**$0.79**
Diluted earnings per share attributable to shareholders of the parent *(Note 16)*	**¥88.06**	¥35.88	**$0.79**

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	Year ended March 31, 2017	Year ended March 31, 2016	**Year ended March 31, 2017**
Total volume of trading transactions *(Notes 19 and 24)*	**¥11,134,169**	¥12,207,957	**$99,412,223**

"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 not required by International Financial Reporting Standards ("IFRSs") but is presented here to provide readers with a better understanding and is as presented in common Japanese accounting practice.

See accompanying Notes to Consolidated Financial Statements.

Marubeni Corporation and Subsidiaries
Consolidated Statement of Changes in Equity

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	Year ended March 31, 2017	Year ended March 31, 2016	**Year ended March 31, 2017**
Issued capital *(Note 20)*:			
Balance at beginning of year	**¥262,686**	¥262,686	**$2,345,411**
Balance at end of year	**262,686**	262,686	**2,345,411**
Capital surplus *(Note 20)*:			
Balance at beginning of year	**141,504**	148,243	**1,263,429**
Disposal of treasury stock	**(1)**	–	**(9)**
Equity transactions with non-controlling interests and others	**1,378**	(6,739)	**12,303**
Balance at end of year	**142,881**	141,504	**1,275,723**
Other equity instruments:			
Balance at beginning of year	**–**	–	**–**
Issuance of other equity instruments *(Note 21)*	**243,589**	–	**2,174,902**
Balance at end of year	**243,589**	–	**2,174,902**
Treasury stock *(Note 20)*:			
Balance at beginning of year	**(1,369)**	(1,361)	**(12,223)**
Purchases and sales of treasury stock	**(5)**	(8)	**(45)**
Balance at end of year	**(1,374)**	(1,369)	**(12,268)**
Retained earnings:			
Balance at beginning of year	**737,215**	728,098	**6,582,277**
Profit for the year attributable to owners of the parent *(Note 19)*	**155,350**	62,264	**1,387,054**
Transfer from other components of equity *(Note 17)*	**803**	(12,361)	**7,169**
Dividends to shareholders of the parent *(Note 22)*	**(34,711)**	(40,786)	**(309,920)**
Distribution to owners of other equity instruments	**(2,010)**	–	**(17,946)**
Balance at end of year	**856,647**	737,215	**7,648,634**
Other components of equity:			
Balance at beginning of year	**177,016**	380,849	**1,580,500**
Gains (losses) on financial assets measured at fair value through other comprehensive income *(Notes 14 and 17)*	**11,212**	(61,130)	**100,107**
Foreign currency translation adjustments *(Notes 14 and 17)*	**(28,298)**	(134,174)	**(252,661)**
Gains (losses) on cash flow hedges *(Notes 14 and 17)*	**14,054**	4,868	**125,482**
Remeasurements of defined benefit plan *(Notes 10 and 17)*	**1,131**	(16,421)	**10,098**
Transfer to retained earnings *(Note 17)*	**(803)**	12,361	**(7,169)**
Transfer to non-financial assets or non-financial liabilities *(Notes 14 and 17)*	**4,982**	(9,337)	**44,482**
Balance at end of year	**179,294**	177,016	**1,600,839**
Equity attributable to owners of the parent	**¥1,683,723**	¥1,317,052	**$15,033,241**

Marubeni Corporation and Subsidiaries
Consolidated Statement of Changes in Equity (continued)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Year ended March 31, 2017	Year ended March 31, 2016	**Year ended March 31, 2017**
Non-controlling interests:			
Balance at beginning of year	**¥98,150**	¥160,198	**$876,339**
Dividends to non-controlling interests	**(3,480)**	(6,742)	**(31,071)**
Equity transactions with non-controlling interests and others *(Note 27)*	**(34,695)**	(55,857)	**(309,777)**
Profit for the year attributable to non-controlling interests	**436**	5,264	**3,892**
Other components of equity:			
Gains (losses) on financial assets measured at fair value through other comprehensive income *(Notes 14 and 17)*	**235**	14	**2,098**
Foreign currency translation adjustments *(Notes 14 and 17)*	**(1,716)**	(4,591)	**(15,321)**
Gains (losses) on cash flow hedges *(Notes 14 and 17)*	**94**	55	**840**
Remeasurements of defined benefit plan *(Notes 10 and 17)*	**11**	(191)	**98**
Balance at end of year	**59,035**	98,150	**527,098**
Total equity	**¥1,742,758**	¥1,415,202	**$15,560,339**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Year ended March 31, 2017	Year ended March 31, 2016	**Year ended March 31, 2017**
Total comprehensive income for the year attributable to:			
Owners of the parent	**¥153,449**	¥(144,593)	**$ 1,370,080**
Non-controlling interests	**(940)**	551	**(8,392)**
Total comprehensive income (loss) for the year	**¥152,509**	¥(144,042)	**$ 1,361,688**

See accompanying Notes to Consolidated Financial Statements.

Marubeni Corporation and Subsidiaries
Consolidated Statement of Cash Flows

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	Year ended March 31, 2017	Year ended March 31, 2016	**Year ended March 31, 2017**
Operating activities:			
Profit for the year	**¥155,786**	¥67,528	**$1,390,946**
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:			
Depreciation and amortisation	**111,682**	121,463	**997,161**
(Gains) losses on property, plant and equipment	**63,394**	103,296	**566,018**
Finance (income) expenses	**(11,409)**	(73,835)	**(101,866)**
Share of profits of associates and joint ventures	**(114,725)**	(31,824)	**(1,024,330)**
Income taxes	**44,485**	23,031	**397,188**
Changes in notes and accounts receivable	**(25,820)**	70,178	**(230,536)**
Changes in inventories	**24,791**	93,844	**221,348**
Changes in notes and trade accounts payable	**64,793**	(38,174)	**578,509**
Other-net	**(45,474)**	(8,370)	**(406,018)**
Interest received	**13,425**	15,139	**119,866**
Interest paid	**(33,358)**	(34,470)	**(297,839)**
Dividends received	**102,467**	102,278	**914,884**
Income taxes paid	**(25,774)**	(50,952)	**(230,125)**
Net cash provided by operating activities	**324,263**	359,132	**2,895,206**
Investing activities *(Note 18)***:**			
Net (increase) decrease in time deposits	**3,665**	6,434	**32,723**
Proceeds from sale of property, plant and equipment	**89,684**	26,514	**800,750**
Proceeds from sale of investment property	**13,446**	15,551	**120,053**
Collection of loans receivable	**30,005**	25,848	**267,902**
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	**56,622**	52,080	**505,553**
Proceeds from sale of investments in associates and joint ventures, and other investments	**105,816**	116,984	**944,786**
Purchase of property, plant and equipment	**(130,987)**	(259,332)	**(1,169,527)**
Purchase of investment property	**(181)**	(418)	**(1,616)**
Loans provided to customers	**(21,052)**	(32,834)	**(187,964)**
Acquisition of subsidiaries, net of cash and cash equivalents acquired	**(10,705)**	(13,772)	**(95,580)**
Purchase of investments in associates and joint ventures, and other investments	**(89,809)**	(111,651)	**(801,866)**
Net cash provided by (used in) investing activities	**46,504**	(174,596)	**415,214**

Marubeni Corporation and Subsidiaries
Consolidated Statement of Cash Flows (continued)

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	Year ended March 31, 2017	Year ended March 31, 2016	**Year ended March 31, 2017**
Financing activities *(Note 18)***:**			
Net increase (decrease) in short-term borrowings	**¥(135,725)**	¥(64,691)	**$(1,211,830)**
Proceeds from long-term bonds and borrowings	**126,589**	530,489	**1,130,259**
Repayments of long-term bonds and borrowings	**(450,820)**	(391,369)	**(4,025,179)**
Dividends paid to shareholders of the parent	**(34,711)**	(40,786)	**(309,920)**
Net cash outflows on purchases and sales of treasury stock	**(8)**	(22)	**(71)**
Capital contribution from non-controlling interests	**374**	121	**3,339**
Acquisition of additional interests in subsidiaries from non-controlling interests *(Note 27)*	**(1,656)**	(63,309)	**(14,786)**
Proceeds from issuance of other equity instruments *(Note 21)*	**243,589**	–	**2,174,902**
Distribution to owners of other equity instruments	**(2,010)**	–	**(17,946)**
Other	**(3,745)**	(6,701)	**(33,438)**
Net cash used in financing activities	**(258,123)**	(36,268)	**(2,304,670)**
Effect of exchange rate changes on cash and cash equivalents	**(8,512)**	(16,534)	**(76,000)**
Net increase (decrease) in cash and cash equivalents	**104,132**	131,734	**929,750**
Cash and cash equivalents at beginning of year	**600,840**	469,106	**5,364,643**
Cash and cash equivalents at end of year	**¥704,972**	¥600,840	**$6,294,393**

See accompanying Notes to Consolidated Financial Statements.

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements

1. Business Overview

Marubeni Corporation (the "Company") is a corporation domiciled in Japan. The Company and its domestic and overseas subsidiaries, which are controlled by the Company mainly through direct or indirect holdings of the majority of voting rights (together the "Companies"), engage in import and export trading of domestic and overseas products and commodities, including domestic and offshore trading in fields which cover a wide range of commodities such as Food & Consumer Products, Chemical & Forest Products, Energy & Metals, Power Projects & Plant, Transportation & Industrial Machinery, and others. In addition, the Companies offer various services and engage in diversified businesses such as investments in domestic and foreign businesses, exploration of natural resources and others.

The translation of Japanese yen amounts into U.S. dollar amounts for the year ended March 31, 2017 and at March 31, 2017 is included solely for the convenience of readers outside of Japan and has been made at ¥112 to $1, the exchange rate prevailing on March 31, 2017. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at this or any other rate.

2. Basis of Presentation

(1) Statements of Compliance

The Company's Consolidated Financial Statements have been prepared in accordance with the IFRSs issued by the International Accounting Standards Board. As the Company meets the requirements of a "Specified Company applying Designated International Financial Reporting Standards", pursuant to Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976, the "Consolidated Financial Statements Ordinance"), it has applied the provisions of Article 93 of said Ordinance.

(2) Functional Currency and Presentation Currency

The Consolidated Financial Statements of the Company are presented in Japanese yen, the functional currency of the Company, and amounts of less than one million yen are rounded to the nearest million yen.

(3) Use of Estimates and Judgments

Preparation of the Consolidated Financial Statements requires management to make accounting estimates and assumptions, as necessary that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the end of the reporting period as well as the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates and assumptions due to their inherent uncertainty. Accounting estimates and assumptions that could significantly affect the Consolidated Financial Statements are as follows:

- Write-down of inventories (Note 4 "Inventories")
- Impairment of property, plant and equipment (Note 5 "Property, Plant and Equipment")
- Impairment of intangible assets (Note 6 "Intangible Assets")
- Provisions (Note 7 "Provisions")
- Defined benefit obligation (Note 10 "Employee Benefits")
- Recoverability of deferred tax assets (Note 12 "Income Taxes")
- Impairment of investments in associates and joint ventures (Note 13 "Associates and Joint Ventures")
- Valuation of financial instruments (Note 14 "Financial Instruments and Related Disclosures")
- Contingent liabilities (Note 25 "Commitments and Contingent Liabilities")

Information related to judgments made by the Company that could significantly affect the Consolidated Financial Statements in the process of applying the accounting policies are as follows:

- Scope of subsidiaries, associates and joint ventures (Note 3 "Significant Accounting Policies")
- Classification of non-current assets or disposal groups as held for sale (Note 8 "Non-current Assets or Disposal Groups Held for Sale)
- Accounting for leases (Note 9 "Leases")
- Derecognition of financial assets (Note 14 "Financial Instruments and Related Disclosures")
- Classification of liabilities and equity (Note 21 "Other Equity Instruments")

3. Significant Accounting Policies

(1) Basis of Measurement

The Consolidated Financial Statements, as stated in the accounting policies below, have been prepared on an historical cost basis, with the exception of certain current assets, financial instruments, and assets and liabilities relating to the post-employment benefit plan, which are measured at fair value.

(2) Basis of Consolidation

The Consolidated Financial Statements of the Company include the accounts of all domestic and foreign subsidiaries under the control of the Company either through direct or indirect ownership of a majority voting interest or by other means. Intercompany transactions and accounts between the Companies are eliminated. To align the reporting periods of subsidiaries that have a financial year end that is different from the financial year end of the Company (March 31) due to unavoidable reasons such as compliance with the local legal system of the country in which they operate, subsidiaries prepare additional financial statements as of the financial year end date of the Company and similar such adjustments.

(3) Business Combinations

The Companies use the acquisition method of accounting for all business combinations. The acquisition cost is the aggregate of the consideration transferred measured at acquisition date fair value, plus any previously held equity interest in the acquiree remeasured at its acquisition date fair value and any non-controlling interest in the acquiree. The amount of any non-controlling interest is measured as elected for each business combination either at fair value or at the proportionate interest in the identifiable net assets of the acquiree.

Any difference between the fair value and the carrying amount of the equity interest in the acquiree previously held at the time control is obtained is recognised in profit or loss. Further, any other comprehensive income that had been previously recognised in connection with the equity interest in the acquiree is treated in the same way as a disposal of the equity interest. Acquisition costs incurred are recognised in profit or loss.

The Companies perform any necessary classification and designation of identifiable assets acquired and liabilities assumed based, in principle, on the contractual terms, economic conditions, business or accounting policies, and other appropriate conditions that exist on the acquisition date.

(4) Investments in Associates and Joint Ventures

Associates refer to investees over which the Companies have the ability to exercise significant influence through such factors as the ownership of 20% to 50% of the voting interest in the entity and other factors.

A joint venture is a joint arrangement whereby the Companies, as the parties that have joint control of the arrangement, have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Companies account for investments in associates and joint ventures under the equity method. Under the equity method, investments in associates and joint ventures are normally recorded at cost, adjusted for the Companies' share of the change in the net assets of these associates and joint ventures since the acquisition date. Any dividends received from these associates and joint ventures are subtracted from the carrying amount of investments in associates and joint ventures.

The Companies' share of the profit or loss of the associates and joint ventures is included as "Share of profit of associates and joint ventures" in the Consolidated Statement of Comprehensive Income. The Companies' share of any change in other comprehensive income recognised by the associates and joint ventures is recognised in other comprehensive income. Any unrealised profit arising from the transactions between the Companies and the associates and joint ventures is eliminated against the Companies' interest in associates and joint ventures. Certain adjustments are made to achieve unification of the accounting policies of the associates and joint ventures with those of the Companies.

To align the reporting periods of associates and joint ventures accounted for under the equity method that have a financial year end that is different from the financial year end of the Company (March 31) due to unavoidable reasons such as the relationship with other shareholders, the associates and joint ventures prepare additional financial statements as of the financial year end date of the Company and similar such adjustments.

If it is determined, after the initial application of the equity method to investments in associates and joint ventures, that there is objective evidence of impairment based on all available information, the carrying amount of investments in associates and joint ventures is reduced to their recoverable amounts and the difference is recognised in profit or loss as an impairment loss.

The Companies determine, at each reporting date, whether there is an indication that the recognised impairment loss may no longer exist or may have been reduced. If there is such an indication, the Companies estimate the recoverable amount of investments in associates and joint ventures. If the estimated recoverable amount exceeds the carrying amount of the investment, a reversal of impairment losses is recognised in profit or loss to the extent of the increase in the recoverable amount of the investment since the recognition of impairment losses, and is recognised only up to the amount of impairment losses that have been recognised in the past.

If the Companies lose significant influence or joint control over any associates and joint ventures, such investments in associates and joint ventures are measured at fair value. Specifically, the difference between; the fair value of any residual interests plus the proceeds from the partial disposal of interests in associates or joint ventures, and the carrying amount of the investment at the date on which control was lost, is recognised in profit or loss. Any other comprehensive income previously recognised under the equity method is accounted for in the same manner as a disposal of assets or liabilities related to the other comprehensive income of the associates and joint ventures.

(5) Foreign Currency Translation

The Consolidated Financial Statements of the Companies are presented in Japanese yen, the functional currency of the Company. Each entity in the consolidated group determines its functional currency in consideration of, among other factors, the economic environment in which it operates, and it measures the items in its financial statements using its own functional currency.

Assets and liabilities included in the financial statements of foreign operations are translated into Japanese yen at the reporting date rates. Income and expenses are translated at the average rates prevailing for the reporting period. The resulting translation adjustments are recognised in other comprehensive income and the cumulative translation adjustments are recognised in other components of equity.

On disposal of a subsidiary that results in loss of control, all cumulative translation adjustments related to the foreign operation that have been recognised in other components of equity are reclassified to profit or loss. In a partial disposal of a subsidiary that does not result in loss of control, the corresponding share of the cumulative translation adjustment that has been recognised in other components of equity is reclassified to non-controlling interest rather than profit or loss.

On disposal of an associate or joint venture that results in loss of significant influence or loss of joint control, the full amount of the cumulative translation adjustment that has been recognised in other components of equity is reclassified to profit or loss. In a partial disposal of an associate or joint venture that does not result in loss of significant influence or loss of joint control, the corresponding proportionate share of the cumulative translation adjustment that has been recognised in other components of equity is reclassified to profit or loss.

(6) Cash and Cash Equivalents

The Companies include deposits in banks and certificates of deposit with a remaining maturity of 3 months or less at the acquisition date in cash equivalents.

(7) Financial Instruments

(i) Financial assets

Initial recognition and measurement

Financial assets to which IFRS 9 *Financial Instruments* ("IFRS 9") applies are classified as follows: debt instrument financial assets are classified as either financial assets measured at amortised cost or financial assets measured at fair value through profit or loss ("Financial assets measured at FVTPL"), and equity financial assets are classified as either Financial assets measured at FVTPL or financial assets measured at fair value through other comprehensive income ("Financial assets measured at FVTOCI"). The Companies determine such classifications at initial recognition of the financial assets.

Financial assets measured at FVTPL are measured at fair value at initial recognition and financial assets other than Financial assets measured at FVTPL are measured at fair value plus transaction costs at initial recognition.

For purchases or sales of financial assets under contracts with terms requiring delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned (regular way purchase or sale), the purchase or sale is recognised on the trade date on which the Companies become a party to the contract for the financial asset.

Financial assets of the Companies include cash and cash equivalents, debt instrument financial assets including notes, trade accounts and loans receivable, equity financial assets, and derivative financial assets.

Subsequent measurement

After initial recognition, financial assets are measured according to their category as follows:

Financial assets measured at amortised cost

A debt instrument financial asset is measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, a debt instrument financial asset for which these conditions are satisfied is measured at amortised cost calculated using the effective interest method less any impairment losses. Amortisation using the effective interest method is recognised as part of finance income in the Consolidated Statement of Comprehensive Income.

The Companies may, at initial recognition, make an irrevocable election to designate a financial asset that meets the conditions for classification as measured at amortised cost mentioned above as Financial assets measured at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets measured at FVTPL

The Companies classify the following financial assets as Financial assets measured at FVTPL: (i) equity financial assets not designated as Financial assets measured at FVTOCI at initial recognition and (ii) debt instrument financial assets that either do not meet the conditions for classification as measured at amortised cost or those that meet these conditions but are designated as Financial assets measured at FVTPL under an election made by the Companies at initial recognition.

After initial recognition, changes in the fair values of financial assets classified as Financial assets measured at FVTPL, together with the related dividend and interest income, are mainly recognised as part of finance income in the Consolidated Statement of Comprehensive Income.

Financial assets measured at FVTOCI

The Companies make an irrevocable election at initial recognition to (or not to) designate equity financial assets that are not held for trading as Financial assets measured at FVTOCI.

After initial recognition, equity financial assets designated as Financial assets measured at FVTOCI are measured at fair value with any change in fair value recognised in other comprehensive income. The cumulative amount of the change in fair value recognised in other comprehensive income is recognised in other components of equity. However, dividend income arising from equity financial assets designated as Financial assets measured at FVTOCI is recognised as part of finance income (or expenses) in the Consolidated Statement of Comprehensive Income.

Derecognition

The Companies derecognise a financial asset in the following situations:

- When the contractual rights to receive the cash flows of the financial asset are extinguished;
- When the contractual rights to receive the cash flows of the financial asset are transferred or when the Companies retain their contractual rights to receive the cash flows of the financial asset, but assume a contractual obligation to pay those cash flows to one or more of the ultimate payees without significant delay under a pass-through arrangement and substantially all the risks and rewards of ownership are transferred to the transferee; and
- When the contractual rights to receive the cash flows of the financial asset are transferred or when the Companies retain their contractual rights to receive the cash flows of the financial asset, but assume a contractual obligation to pay those cash flows to one or more of the ultimate payees without significant delay under a pass-through arrangement and substantially all the risks and rewards of ownership of the financial asset are neither transferred nor retained, but control over the financial asset is transferred.

Where substantially all the risks and rewards of ownership of the financial asset are neither transferred nor retained and control over the transferred financial asset is retained, the Companies continue to recognise the financial asset to the extent of their continuing involvement.

When Companies continue to recognise the financial asset to the extent of their continuing involvement, any liabilities arising in relation to such continuing involvement are recognised. The continuing involvement in the financial asset and any liabilities arising in relation to such continuing involvement are measured on the basis of the rights and obligations held by the Companies.

Impairment of financial assets measured at amortised cost

The Companies judge that a financial asset measured at amortised cost is impaired only if there is objective evidence of impairment as a result of one or more events that occur after the initial recognition of the asset, and such an event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence of impairment includes such events as significant financial difficulty of the issuer or obligor and a default or delinquency in interest or principal payments.

The amount of an impairment loss is estimated based on the present value of estimated future cash flows discounted at the financial asset's original effective interest rate or observable market prices of the financial asset. However, if the returns on the financial asset are based on a floating interest rate, the present value of estimated future cash flows is calculated using the effective interest rate at each reporting date.

In addition to the impairment losses recognised in the manner described above, the Companies recognise impairment losses on financial assets based on historical credit loss rates calculated in consideration of past experience, etc. or estimated recoverable amounts after evaluating potential risks associated with the obligors, geographic areas, etc. pertaining to the financial assets.

Impairment losses are recognised in the Consolidated Statement of Financial Position by deducting them directly from the carrying amount of the respective assets in the case of debt securities and by recognising an allowance in the case of financial assets other than debt securities. Impairment losses arising from trade receivables are recognised as part of selling, general and administrative expenses and those arising from other assets are recognised as part of finance income (or expenses) in the Consolidated Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. Such a reversal is recognised to the extent that it does not result in the financial asset having a carrying amount that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal of impairment loss is recognised in profit or loss.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities to which IFRS 9 applies, are classified as follows: financial liabilities are classified as financial liabilities measured at amortised cost unless they are financial liabilities measured at fair value through profit or loss ("Financial liabilities measured at FVTPL"). The Companies determine such classifications at the initial recognition of the financial liabilities.

Financial liabilities measured at FVTPL are measured at fair value at initial recognition and financial liabilities classified as financial liabilities measured at amortised cost are measured at fair value less transaction costs at initial recognition.

Financial liabilities of the Companies include corporate bonds and loans payable, notes and trade accounts payable, derivative financial liabilities, etc.

Subsequent measurement

After initial recognition, financial liabilities are measured according to their classification as follows:

Financial liabilities measured at FVTPL

Financial liabilities designated as Financial liabilities measured at FVTPL are measured at fair value.

After initial recognition, changes in the fair values of Financial liabilities measured at FVTPL together with the related interest expense are mainly recognised as part of finance income (or expenses) in the Consolidated Statement of Comprehensive Income. However the amount of changes in the fair value of the financial liabilities that is attributable to changes in the credit risk of the entity is recognised as other comprehensive income in the Consolidated Statement of Comprehensive Income.

Financial liabilities measured at amortised cost

Financial liabilities not classified as Financial liabilities measured at FVTPL are measured at amortised cost.

After initial recognition, financial liabilities measured at amortised cost are measured at amortised cost using the effective interest method. Amortisation using the effective interest method is recognised as part of finance income (or expenses) in the Consolidated Statement of Comprehensive Income.

Derecognition

The Companies derecognise a financial liability only when the underlying obligation specified in the contract is performed, discharged, cancelled or expires.

An exchange of financial liabilities with substantially different terms or a substantial modification of the terms of an existing financial liability is accounted for as the derecognition of the original financial liability and the recognition of a new financial liability, and the difference between the carrying amount of these liabilities is recognised as part of finance income (or expenses) in the Consolidated Statement of Comprehensive Income.

Financial guarantee contracts

The Company and certain consolidated subsidiaries, in the normal course of their business, issue various guarantees for obligations owed by associates and general trade partners ("guaranteed parties"). These are issued to third parties to guarantee the repayment, mainly of loans which the guaranteed parties have borrowed from external parties. When a guaranteed party fails to perform its obligations, the Company and certain consolidated subsidiaries are obligated to perform the obligations in accordance with the relevant financial guarantee contract.

Liabilities recognised for such financial guarantee contracts are measured at initial recognition at the present value of the total guarantee premiums to be received by the guarantor over a future period under the financial guarantee contract adjusted for directly attributable transaction costs. After initial recognition, these liabilities are amortised over the financial guarantee period on a systematic basis and the amortised amounts are recognised in profit or loss. However, if the estimated amount required to settle any such current guarantee obligations at the reporting date exceeds the amount initially recognised less cumulative amortisation, the balance of any such liability is recognised at the estimated amount required to settle such current guarantee obligations at the reporting date, and any resulting difference is recognised in profit or loss.

(iii) Offsetting of financial instruments

A financial asset and a financial liability are offset and the net amount is presented in the Consolidated Statement of Financial Position when, and only when, the Companies currently have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Fair value of financial instruments

The fair value of financial instruments at the end of each reporting period is measured based on the market price in an active market. If the market in which a financial instrument is traded is not active or no active market exists for the financial instrument, fair value is determined by using an appropriate valuation technique.

(8) Derivatives and Hedge Accounting

Initial recognition and subsequent measurement

The Companies recognise derivatives as assets or liabilities at fair value. For derivatives designated as qualifying hedging instruments, subsequent changes in fair value are recognised according to the objective and designation of the hedge. Subsequent changes in the fair value of derivatives not designated as qualifying hedging instruments are recognised in profit or loss.

Fair value hedges

If the objective of holding a derivative is to hedge the exposure of changes in the fair value of the hedged item (as a fair value hedge), changes in the fair value of the derivative are recognised in profit or loss and are offset against the changes in the fair value of the hedged assets, liabilities, or firm commitments.

When financial instruments measured at amortised cost are designated as hedged items, after recognising the difference between the carrying amount and the fair value of such hedged items in profit or loss, the adjusted financial instruments are amortised through profit or loss using the recalculated effective interest rate.

The Companies use fair value hedges mainly for hedging the exposure of changes in the fair value of goods or firm commitments to purchase goods and the exposure of changes in the fair value of assets and liabilities with a fixed interest rates arising from changes in interest rates.

Cash flow hedges

Changes in the fair value of derivatives designated as cash flow hedges, which are held to hedge the exposure to variability in cash flows of the hedged items, are recognised in other components of equity until changes in the fair value of the hedged item are recognised in profit or loss. However, the ineffective portion of the changes in the fair value of such derivatives is recognised in profit or loss. The Companies use cash flow hedges for hedging the exposure to variability in cash flows of forecast purchases of goods, sales of goods, etc. arising from changes in prices and exchange rates and the exposure to variability in interest cash flows of a floating rate interest bearing assets and liabilities arising from changes in interest rates.

The amounts that have been recognised in other components of equity relating to such hedging instruments are reclassified to profit or loss when the hedged transaction affects profit or loss. However, if a hedged item is a recognised non-financial asset or non-financial liability, the amounts that have been recognised in other components of equity relating to the hedging instrument are reclassified as adjustments to the initial carrying amount of the non-financial asset or non-financial liability.

If a forecast transaction or firm commitment is no longer expected to occur, the Companies discontinue hedge accounting. Accordingly, any amounts that had been recognised in other components of equity while the hedge was effective are reclassified to profit or loss when hedge accounting is discontinued. Changes in the fair value of the derivative after hedge accounting is discontinued are recognised in profit or loss prospectively as it is no longer a hedging instrument. However, to the extent that such a previously hedged forecast transaction continues to be expected to occur even if hedge accounting is discontinued, amounts that had been recognised in other components of equity before the discontinuation of hedge accounting remain in other components of equity until the forecast transaction occurs.

Hedges of a net investment in a foreign operation

Where the objective of holding a derivative and other non-derivative hedging instruments, such as loans payable, is to hedge the foreign currency risk of a net investment in a foreign operation (as a hedge of a net investment in a foreign operation), changes in the fair value of the hedging instruments attributable to changes in exchange rates are recognised in other components of equity to the extent that the hedge is effective. Of the changes in the fair values of derivative and other non-derivative hedging instruments which are due to exchange rate movements, the portions related to any ineffectiveness or any parts outside the hedge effectiveness assessment are recognised in profit or loss.

The cumulative amount of changes in the fair value of hedging instruments attributable to changes in exchange rates that have been recognised in other components of equity under a hedge of a net investment in a foreign operation is reclassified to profit or loss when the underlying foreign operation is disposed of.

(9) Inventories

Inventories, which mainly consist of commodities, merchandise, and real estate held for sale, are measured at the lower of cost (mainly specific or moving average cost) and net realisable value. If the net realisable value is lower than cost, the difference is expensed as a write-down and the amount of the write-down is directly deducted from the carrying amount of inventories.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When the cause of a write-down no longer exists, or when there is clear evidence of an increase in net realisable value due to changes in economic conditions, reversals of such write-downs are recognised. The carrying amount after reversal is recognised at the lower of cost or the revised net realisable value, and the amount of the reversal of write-downs is recognised in profit or loss.

Inventories held for generating profits from short-term fluctuations in market prices are measured at fair value less costs to sell, with fluctuations in fair value less costs to sell recognised in profit or loss in the period in which such fluctuations occur.

(10) Property, Plant and Equipment

Items of property, plant and equipment are recognised initially at acquisition cost including transaction costs. Acquisition cost includes borrowing costs directly attributable to the acquisition, construction, etc. of assets requiring a considerable time period before they can be used as intended. The present value of the estimated costs for the disposal of an item of property, plant and equipment at the end of its useful life is included in the acquisition cost of the item if the recognition criteria for provisions are met, and are recognised as an expense through depreciation over the useful life of the item.

After initial recognition, the Companies apply the cost model to items of property, plant and equipment and measure such assets at acquisition cost less accumulated depreciation and accumulated impairment loss. The depreciable amount of items of property, plant and equipment is allocated over each period for the useful life of each item through depreciation, mainly on a straight-line basis over the useful life of each item (buildings and structures from 2 to 60 years, machinery and equipment from 2 to 45 years), or the units of production method based on reserve estimation. Land is not depreciated. If an item of property, plant and equipment includes one or more significant parts, each significant part is individually depreciated.

The Companies derecognise an item of property, plant and equipment when they have disposed of it or when it is no longer expected to produce any future economic benefits through use or disposal. The difference between the net disposal proceeds of the item and its carrying amount is recognised in profit or loss when the item is derecognised.

The basis of depreciation of property, plant and equipment, such as residual value, useful life, and depreciation method, is reviewed at each reporting date. When there is a change in the basis of depreciation, the depreciation charge is adjusted prospectively as a change in an accounting estimate.

(11) Intangible Assets

Intangible assets other than goodwill

Intangible assets acquired separately are measured at initial recognition at acquisition cost. The acquisition cost of intangible assets acquired in a business combination is measured at the acquisition date fair value. After initial recognition, the Companies apply the cost model to intangible assets and measure such assets at acquisition cost less accumulated amortisation and accumulated impairment loss. Internally generated intangible assets are expensed in the period in which they are incurred, unless they satisfy the criteria for capitalisation.

Intangible assets are classified as either intangible assets with finite useful lives or intangible assets with indefinite useful lives.

The amount of intangible assets with finite useful lives subject to amortisation is allocated as an expense over each period for the useful life of each asset (franchises and customer relationships approximately from 3 years to 45 years, software approximately from 2 years to 20 years) through amortisation, mainly on a straight-line basis. The basis of amortisation of these intangible assets, such as useful life and depreciation method, is reviewed at the end of each reporting period. When there is a change in the basis of amortisation, the amortisation charge is adjusted prospectively as a change in accounting estimate.

Intangible assets judged to have indefinite useful lives are not subject to amortisation, and the Companies review, at the end of each reporting period, whether the events or circumstances supporting such a judgment continue to exist. If the judgment that the useful life is indefinite is no longer valid, the intangible asset is reclassified from an intangible asset with an indefinite life to an intangible asset with a finite useful life, with amortisation charges adjusted prospectively as a change in an accounting estimate.

The Companies derecognise an item of intangible assets when they have disposed of it or when it is no longer expected to produce any future economic benefits from its use or disposal. The difference between the net disposal proceeds of an intangible asset arising from its derecognition and its carrying amount is recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill is recognised as the excess of (a) the aggregate of the consideration transferred measured at acquisition date fair value, the acquirer's previously held equity interest in the acquiree remeasured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree (hereinafter collectively referred to as "the aggregate amount of consideration") over (b) the net of the acquisition date fair values of the identifiable assets acquired and the liabilities assumed. The amount of non-controlling interest is measured for each business combination either at acquisition date fair value or at the acquirer's proportionate interest in the identifiable net assets of the acquiree. If the total amount of consideration is less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognised in profit or loss.

After initial recognition, goodwill is not subject to amortisation and is measured at acquisition cost less accumulated impairment loss. For impairment testing purposes, goodwill acquired in a business combination is, on or after the acquisition date, allocated to cash-generating units or groups of cash-generating units that are expected to receive benefits from the business combination.

If an operation within a cash-generating unit or a group of cash-generating units to which goodwill has been allocated is disposed of, the portion of goodwill related to the operation to be disposed of is included in the carrying amount of the operation for the purpose of calculation of the disposal gain or loss. Goodwill is allocated on the basis of the relative percentage of the values of the business to be disposed of and the remaining portion of the cash-generating unit, unless there is a more reasonable method.

(12) Oil, Gas and Mineral Resources Mining Activities

Costs associated with the exploration, evaluation and development of oil and gas are accounted for based on the successful efforts method. Costs associated with the acquisition of vested mining rights, costs associated with the drilling and construction of exploratory wells and development wells, and related facilities are capitalised; and costs associated with exploratory wells are expensed when it has been demonstrated that the wells have no commercial viability, while other costs associated with exploration and evaluation, including geographical survey costs, are recognised as expenses when incurred. Costs associated with the exploration and evaluation of mineral resources are recognised as an expense as they are incurred until such time as the commercial viability of the mining activities is demonstrated.

Capitalised costs associated with exploration, evaluation and development are recognised as property, plant and equipment (machinery and equipment). Additionally, expenditures associated with the acquisition of rights to explore, etc. are recognised as intangible assets (licenses and operating rights for natural resources), and reclassified as property, plant and equipment (machinery and equipment) when their technical feasibility and economic viability have been demonstrated.

When facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, such carrying amount is written down to its recoverable amount.

(13) Leases

The Companies engage in the business of leasing non-current assets as lessors and lease non-current assets as lessees under finance leases and operating leases.

Whether or not an arrangement is (or contains) a lease is determined at the inception of the lease based on the substance of that arrangement considering whether the performance of that arrangement depends on the use of a specific asset or group of assets, and whether the right to use the asset is transferred under the terms of that arrangement.

Accounting as lessee

For finance leases that transfer substantially all of the risks and rewards incidental to ownership of the asset, an asset and a liability are recognised on the commencement of the lease term in the Consolidated Statement of Financial Position at the lower of the fair value of the leased asset, determined at the inception of the lease, or the present value of the minimum lease payments calculated at the inception of the lease. Lease payments are apportioned between finance charges and reduction of the outstanding liability, and finance charges are calculated so that they are equivalent to a constant interest rate on the balance of the liability. Finance charges are recognised as expenses over the lease term and contingent rents are recognised as expenses in the period in which they are incurred. Leased assets are depreciated over the period of expected use by a method consistent with the depreciation method for other similar assets owned by the lessee. The period of expected use is the useful life of the asset if the transfer of ownership is reasonably certain, or the shorter of the lease term or the useful life of the asset if the transfer of ownership is not reasonably certain.

Lease payments under an operating lease are recognised as expenses on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern by which the user of the asset obtains benefits from use of the asset. Contingent rents are recognised as expenses in the period in which they are incurred.

Accounting as lessor

For finance leases that transfer substantially all the risks and rewards incidental to ownership of the asset, a lease receivable is recognised on the commencement of the lease term at an amount that equals the net investment in the lease at the inception of the lease. Initial direct costs incurred by the lessor are recognised as part of net investment in the lease in principle.

For operating leases, the leased assets are presented in the Consolidated Statement of Financial Position according to the nature of the assets and are depreciated by a method consistent with the depreciation method for other similar assets owned by the lessor. Lease income is recognised on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern by which the user of the asset obtains benefits from use of the asset. Initial direct costs incurred by the lessor are included in the carrying amount of the leased asset and are recognised as expenses over the lease term as corresponding lease income is recognised.

(14) Impairment of Non-financial Assets Other than Inventories

Impairment losses

The Companies assess, at the end of each reporting period, whether there is an indication that an asset may be impaired.

Property, plant and equipment, and intangible assets with finite useful lives:

If there is an indication that an asset may be impaired, the recoverable amount of the asset is estimated.

Intangible assets with indefinite useful lives and goodwill:

If there is an indication that an asset may be impaired, the recoverable amount of the asset is estimated. The Companies also evaluate whether the carrying amount of an asset exceeds its recoverable amount on a regular basis (at least annually), irrespective of whether there is any indication that an asset may be impaired.

The recoverable amount of an asset is the higher of asset's or cash-generating unit's fair value less costs of disposal and its value in use. This determination is made for individual assets, unless an individual asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount is reduced to the recoverable amount and that reduction is recognised as an impairment loss. Value in use is calculated as the present value of the estimated future cash flows discounted at a discount rate reflecting the time value of money and the current market evaluation of the risks inherent in the asset.

Reversals of impairment losses

The Companies assess, at the end of each reporting period, whether there is an indication that the recognised impairment losses in prior periods for an asset may no longer exist or may have decreased. If there is such an indication, the Companies estimate the recoverable amount of the asset. If the estimated recoverable amount exceeds the carrying amount of the asset, a reversal of impairment losses is recognised to the extent that the carrying amount after the reversal does exceed the carrying amount (after deducting accumulated depreciation or accumulated amortisation) that would have been determined had the impairment losses not been recognised previously. Reversal of impairment losses is recognised in profit or loss.

However, impairment losses recognised in respect of goodwill are not reversed under any circumstances.

(15) Non-current Assets Held for Sale and Discontinued Operations

The Companies classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and the following conditions are met:

- It is available for immediate sale in its present condition based solely on usual or customary conditions; and
- Sale is highly probable.

A non-current asset or disposal group classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

Depreciation or amortisation is discontinued for a non-current asset or disposal group for the year in which it is classified as held for sale.

(16) Provisions

The Companies recognise a provision when (i) they have a present obligation (legal or constructive) as a result of a past event, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the amount of a provision is measured at the present value of the expenditure expected to be required to settle the obligation, discounted at a discount rate reflecting the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance expenses.

For decommissioning obligations, a provision is recognised for the costs of demolition or removal of the asset, land restoration costs and expenditures incurred as a result of the use of the asset, and is added to the acquisition cost of the asset. Estimated costs and the discount rate applied are reviewed every year and any adjustment to the estimated amount is accounted for as a change in accounting estimate. The effect of changes in estimated costs or the discount rate applied is added to or deducted from the carrying amount of the related asset.

(17) Post-employment Benefits

The Company and certain of its consolidated subsidiaries have defined benefit pension plans and lump-sum severance indemnity plans covering substantially all employees. The Companies measure the present value of defined benefit obligations and the post-employment benefit costs based on the projected unit credit method for each plan.

The effect of the remeasurement of a net defined benefit asset or liability is recognised in other comprehensive income and is immediately reclassified from other components of equity to retained earnings. Such remeasurement consists of actuarial gains and losses on the defined benefit obligation and the return on plan assets (excluding the amount of interest income on plan assets). Past service cost is recognised immediately in profit or loss.

A net defined benefit asset or liability is calculated as the present value of the defined benefit obligation less the fair value of the plan assets and is recognised as an asset or liability in the Consolidated Statement of Financial Position.

(18) Treasury Stock

If the Companies buy back their own equity instruments (treasury stock), such treasury stock is recognised at acquisition cost and is deducted from equity. No gain or loss is recognised in profit or loss at the time of purchase, sale, issuance or retirement of treasury stock. The difference between the carrying amount and the sale proceeds is recognised in capital surplus.

(19) Share-based Payment

The Company has a stock option plan for its directors (excluding outside directors) and executive officers. The fair value at the grant date of the stock options are recognised as an expense over the period during which all the specified vesting conditions are satisfied with a corresponding increase in equity. The fair value of the stock options is measured using the Black-Scholes model.

(20) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Such a fair value is calculated after deducting sales discounts, volume rebates, etc.

The Companies are involved in various forms of transactions including proprietary transactions and agency transactions. In agency transactions, consideration for the transaction is settled directly between the ultimate buyer and the seller, and the Companies receive fees from the buyer, the seller or both. Proprietary transactions, agency transactions, etc. are carried out in the following forms.

Sale of goods

Revenue arising from the sale of goods is recognised when all the following conditions have been satisfied:

- The significant risks and rewards of ownership of the goods have been transferred to the buyer;
- Neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

For sale of goods, if the Companies arrange shipping or deliver a bill of lading, warehouse receipt, delivery order, etc., to the buyer, revenue is recognised when the delivery obligations specified in the contract have been performed, such as when said document is delivered or when the inspection of goods is completed, and there are substantially no further obligations to perform, and the receipt of goods by the customer is practically certain.

Rendering of services

When the outcome of the rendering of services can be estimated reliably, revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period.
The Companies judge that the outcome of the rendering of services can be estimated reliably if all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The stage of completion of the transaction can be measured reliably at the end of the reporting period; and
- The costs incurred for the transaction or the costs to complete the transaction can be measured reliably.

In the case of rendering of services, revenue is recognised only to the extent of the expenses recognised that are recoverable, unless the outcome of the rendering of services can be estimated reliably. In acting as an agent, the Companies recognise commissions when contracted services are fully rendered to the customers.

Construction contracts

When the outcome of the construction contract can be reliably estimated, the percentage of completion method is applied. Under the percentage of completion method, contract revenue is recognised progressively over several accounting periods as work is performed representing the proportionate completion of the contract. The Companies judge that the outcome of the construction contract can be estimated reliably when all the following conditions are satisfied:

- The total amount of contract revenue can be measured reliably;
- It is probable that the economic benefits associated with the contract will flow to the entity;
- Both the contract costs to complete the contract and the stage of contract completion at the end of the reporting period can be measured reliably; and
- The contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of the construction contract cannot be reliably estimated, contract revenue is recognised to the extent recovery of contract costs incurred is probable.

When it is probable that total contract costs will exceed total contract revenue, the excess amount is recognised immediately as an expense.

Presentation of the total amount of revenue and the net amount of revenue

The Companies are deemed to be performing transactions as a principal when they have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, and the total amount of transactions is presented as revenue. The Companies are deemed to be performing transactions as an agent when they do not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, and the net amount, after deduction of amounts due to third parties from the consideration earned on the transactions, is presented as revenue.

"Total volume of trading transactions" includes all transactions involving the Companies regardless of transaction type. "Total volume of trading transactions" is not required by IFRSs but is presented here to provide readers with a better understanding and is as presented in common Japanese accounting practice.

Interest income

Interest income is recognised when it is probable that economic benefits will flow to the Companies and the amount of revenue can be measured reliably. Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the shareholder's right to receive the dividends is established.

(21) Income and Other Taxes

Current tax

Taxes payable (receivable) at the end of each reporting period are measured at an amount expected to be due for payment to, or refunded from, the taxation authorities. In measuring the amount of taxes, the Companies use the statutory tax rate or statutory effective tax rate at the end of each reporting period.

Current tax related to items recognised in other comprehensive income is recognised in other comprehensive income, whereas current tax related to items recognised directly in equity is recognised directly in equity. The Companies recognise the financial statement effects of tax positions when it is more likely than not, based on technical interpretations, that the tax positions will be sustained upon examination by the tax authorities.

Current tax assets and current tax liabilities are offset if the Companies currently have a legally enforceable right to set off the recognised amounts of the assets and liabilities and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax assets and liabilities are recognised by the Companies based on differences between the carrying amount of assets and liabilities in the Consolidated Financial Statements and their tax basis, and are measured using the enacted tax rates and tax laws which will be in effect when the differences are expected to reverse.

Deferred tax liabilities are recognised with respect to taxable temporary differences other than those arising in the following cases:

- Initial recognition of goodwill;
- Initial recognition of assets or liabilities arising from a transaction that is not a business combination and does not affect accounting profit or taxable profit (loss) at the time of the transaction; and
- Taxable temporary differences associated with investments in subsidiaries, and associates or interests in joint ventures if the parent, investor or party to a joint venture is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, tax loss carryforwards, and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, etc. can be utilised, except as follows. Deferred tax assets or liabilities are not recognised where they arise from the initial recognition of assets or liabilities as a result of transactions that are not a business combination and which do not affect accounting profit or taxable profit (loss) at the time of the transaction.

For deductible temporary differences associated with investments in subsidiaries and associates or interests in joint ventures, a deferred tax asset is recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profit will be available against which the temporary difference can be utilised.

The Companies review, at the end of each reporting period, whether it is probable that sufficient taxable profit will be available to realise part or all of the benefit of the deferred tax assets, and reduce the amount of deferred tax assets to the extent that it is no longer probable that such taxable profit will be available. The Companies also review unrecognised deferred tax assets at the end of each reporting period and recognise them to the extent that it has become probable that future taxable profit will be available.

Deferred tax assets and deferred tax liabilities are presented as non-current assets and non-current liabilities, respectively.

Deferred tax related to items recognised in other comprehensive income is recognised in other comprehensive income, whereas deferred tax related to items recognised directly in equity is recognised directly in equity. Deferred tax assets and deferred tax liabilities are offset and presented net if, and only if, the Companies currently have a legally enforceable right to set off current tax assets and current tax liabilities and either of the following two conditions is met:

- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity; and
- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on different taxable entities, and those entities intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period.

(22) Reclassifications

In cases where the presentation of the Consolidated Financial Statements or the Notes to Consolidated Financial Statements has been modified, reclassifications and format changes have been made to comparative information.

(23) Early Application of Standards and Interpretations

The Companies have early applied the following standards.

Standards and interpretations	Description
IFRS 9 *Financial Instruments (Amended November 2013)*	Changes in qualifying criteria for hedge accounting

(24) New Standards and Interpretations not yet adopted

Major standards and interpretations issued by the date of approval of the Consolidated Financial Statements are as follows.

At March 31, 2017, the Company has not yet adopted the following standards and interpretations. The potential impacts that application of the following standards and interpretations will have on the Consolidated Financial Statements of the Companies are currently being evaluated and cannot be estimated at the present time.

Standards and interpretations	Reporting periods on or after which the application are required	Reporting periods for adoption by the Company	Description
IFRS 9 *Financial Instruments (Amended July 2014)*	January 1, 2018	Financial year ending March 31, 2019	Changes in qualifying criteria for impairment accounting
IFRS 15 *Revenue from Contracts with Customers*	January 1, 2018	Financial year ending March 31, 2019	Accounting for and disclosure of revenue recognition
IFRS 16 *Leases*	January 1, 2019	Financial year ending March 31, 2020	Changes in lease accounting

4. Inventories

Inventories at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Merchandise/finished goods	**¥720,591**	¥727,089	**$6,433,848**
Materials/work in progress	**26,333**	26,315	**235,116**
Real estate held for sale	**20,441**	26,177	**182,509**
Total	**¥767,365**	¥779,581	**$6,851,473**

The carrying amount of inventories measured at fair value less costs to sell on a recurring basis is based mainly on a market approach using observable inputs such as reasonable price obtained from trading partners and others, and is categorised as Level 2 in the fair value hierarchy, were ¥174,148 million ($1,554,893 thousand) and ¥164,033 million at March 31, 2017 and 2016, respectively.

During the year ended March 31, 2017, there were no transfers between Level 1 and Level 2.

Inventories recognised as expenses for the years ended March 31, 2017 and 2016 were ¥6,371,215 million ($56,885,848 thousand) and ¥6,406,170 million, respectively. Among those expenses, inventory write-offs of ¥2,627 million ($23,455 thousand) and ¥4,317 million were included in expenses for the years ended March 31, 2017 and 2016, respectively.

5. Property, Plant and Equipment

Changes in cost, accumulated depreciation and impairment losses of property, plant and equipment for the years ended March 31, 2017 and 2016 were as follows:

Cost

	Millions of yen				
	Land	Buildings and structures	Machinery and equipment	Other	Total
April 1, 2015	¥152,056	¥366,159	¥1,835,502	¥49,931	¥2,403,648
Additions	1,074	7,871	144,608	36,146	189,699
Disposals	(4,699)	(13,226)	(14,357)	–	(32,282)
Disposals of subsidiaries	(1,216)	(7,391)	(66,957)	–	(75,564)
Currency translation adjustments	(1,186)	(14,060)	(106,669)	(2,215)	(124,130)
Other	261	15,298	16,745	(48,437)	(16,133)
March 31, 2016	**¥146,290**	**¥354,651**	**¥1,808,872**	**¥35,425**	**¥2,345,238**
Additions	**395**	**12,021**	**76,717**	**34,769**	**123,902**
Disposals	**(70,463)**	**(8,629)**	**(43,068)**	**(169)**	**(122,329)**
Disposals of subsidiaries	**–**	**(135)**	**(115,844)**	**–**	**(115,979)**
Currency translation adjustments	**(397)**	**(1,106)**	**(11,385)**	**85**	**(12,803)**
Other	**1,548**	**13,479**	**14,453**	**(30,402)**	**(922)**
March 31, 2017	**¥77,373**	**¥370,281**	**¥1,729,745**	**¥39,708**	**¥2,217,107**

	Thousands of U.S. dollars				
	Land	Buildings and structures	Machinery and equipment	Other	Total
March 31, 2016	**$1,306,161**	**$3,166,527**	**$16,150,643**	**$316,294**	**$20,939,625**
Additions	**3,527**	**107,330**	**684,973**	**310,438**	**1,106,268**
Disposals	**(629,134)**	**(77,045)**	**(384,536)**	**(1,508)**	**(1,092,223)**
Disposals of subsidiaries	**–**	**(1,205)**	**(1,034,322)**	**–**	**(1,035,527)**
Currency translation adjustments	**(3,545)**	**(9,875)**	**(101,652)**	**759**	**(114,313)**
Other	**13,821**	**120,348**	**129,046**	**(271,447)**	**(8,232)**
March 31, 2017	**$690,830**	**$3,306,080**	**$15,444,152**	**$354,536**	**$19,795,598**

Accumulated depreciation and impairment losses

	Millions of yen				
	Land	Buildings and structures	Machinery and equipment	Other	Total
April 1, 2015	¥(6,339)	¥(164,516)	¥(869,017)	¥–	¥(1,039,872)
Depreciation	–	(15,590)	(90,405)	–	(105,995)
Impairment losses	(1,095)	(798)	(110,596)	–	(112,489)
Disposals	1,989	7,633	12,312	–	21,934
Disposals of subsidiaries	210	5,624	11,816	–	17,650
Currency translation adjustments	64	3,955	57,618	–	61,637
Other	(461)	(2,516)	16,318	–	13,341
March 31, 2016	**¥(5,632)**	**¥(166,208)**	**¥(971,954)**	**¥–**	**¥(1,143,794)**
Depreciation	**–**	**(16,437)**	**(80,165)**	**–**	**(96,602)**
Impairment losses	**(308)**	**(1,709)**	**(53,616)**	**(3)**	**(55,636)**
Disposals	**1,667**	**4,029**	**17,732**	**–**	**23,428**
Disposals of subsidiaries	**–**	**48**	**11,147**	**–**	**11,195**
Currency translation adjustments	**(2)**	**156**	**825**	**–**	**979**
Other	**(84)**	**30**	**11,769**	**–**	**11,715**
March 31, 2017	**¥(4,359)**	**¥(180,091)**	**¥(1,064,262)**	**¥(3)**	**¥(1,248,715)**

	Thousands of U.S. dollars				
	Land	Buildings and structures	Machinery and equipment	Other	Total
March 31, 2016	**$ (50,286)**	**$ (1,484,000)**	**$ (8,678,161)**	**$–**	**$ (10,212,447)**
Depreciation	**–**	**(146,759)**	**(715,759)**	**–**	**(862,518)**
Impairment losses	**(2,750)**	**(15,259)**	**(478,714)**	**(27)**	**(496,750)**
Disposals	**14,884**	**35,973**	**158,322**	**–**	**209,179**
Disposals of subsidiaries	**–**	**428**	**99,527**	**–**	**99,955**
Currency translation adjustments	**(18)**	**1,393**	**7,366**	**–**	**8,741**
Other	**(750)**	**269**	**105,080**	**–**	**104,599**
March 31, 2017	**$ (38,920)**	**$ (1,607,955)**	**$ (9,502,339)**	**$(27)**	**$ (11,149,241)**

Carrying amount

	Millions of yen				
	Land	Buildings and structures	Machinery and equipment	Other	Total
March 31, 2016	¥140,658	¥188,443	¥836,918	¥35,425	¥1,201,444
March 31, 2017	**¥73,014**	**¥190,190**	**¥665,483**	**¥39,705**	**¥968,392**

	Thousands of U.S. dollars				
	Land	Buildings and structures	Machinery and equipment	Other	Total
March 31, 2017	**$651,910**	**$1,698,125**	**$5,941,813**	**$354,509**	**$8,646,357**

Changes in the cost classified as “Other” included transfers from construction in progress to other property, plant and equipment.

For the years ended March 31, 2017 and 2016, the Company and certain of its consolidated subsidiaries recognised impairment losses on facilities, real estate and industrial plants of ¥55,636 million ($496,750 thousand) and ¥112,489 million, respectively, based on the related recoverable amounts due to decreases in estimated future cash flows and other factors.

In terms of operating segments, the major impairment losses of ¥50,783 million ($453,420 thousand) were included in the Energy & Metals segment for the year ended March 31, 2017; and of ¥110,200 million were included in the Energy & Metals segment for the year ended March 31, 2016.

Impairment losses are included in “Impairment losses” in the Consolidated Statement of Comprehensive Income.

Depreciation of property, plant and equipment is included in “Cost of goods sold” and “Selling, general and administrative expenses” in the Consolidated Statement of Comprehensive Income.

Significant impairment losses recognised for the year ended March 31, 2017 included ¥47,495 million ($424,063 thousand) as a result of downward revisions in estimated future cash flows due to such factors as the decrease in reserves for oil and gas assets in the U.S. Gulf of Mexico. These impairment losses were reported under the Energy & Metals segment. The amount of the impairment losses was calculated using the recoverable amounts measured at value in use based on discounted future cash flows, and the total amount of the recoverable amounts was ¥67,619 million ($603,741 thousand). The discount rate used in the value in use calculations was 8.0% and reflected current market assessments of the time value of money and risks specific to the assets. Discounted future cash flows used in value in use calculations were calculated by referring to prices such as long-term prices published by external organisations such as brokers.

Significant impairment losses recognised for the year ended March 31, 2016 included ¥74,949 million as a result of downward revisions in estimated future cash flows due to delays in the development plans, the increase in the development costs, the decrease in reserves and the decline in crude oil prices for oil and gas assets in the U.S. Gulf of Mexico and ¥33,925 million as a result of downward revisions in estimated future cash flows due to the decline in crude oil prices for oil and gas assets in the UK North Sea. These impairment losses were reported under the Energy & Metals segment. The amount of the impairment losses was calculated using the recoverable amounts measured at value in use based on discounted future cash flows, and the total amount of the recoverable amounts was ¥290,205 million. The discount rate used in the value in use calculations ranged from 7.0% to 8.5% and reflected current market assessments of the time value of money and risks specific to the assets. Discounted future cash flows used in value in use calculations were calculated by referring to prices such as long-term prices published by external organisations such as brokers.

6. Intangible Assets

Changes in cost, accumulated amortisation and impairment losses of intangible assets for the years ended March 31, 2017 and 2016 were as follows:

Cost

	Millions of yen					
	Licenses and operating rights in natural resources	Franchises and customer relationships	Software	Goodwill	Other	Total
April 1, 2015	¥67,001	¥208,846	¥29,321	¥226,934	¥13,118	¥545,220
Acquisitions arising from business combinations	–	10,113	201	942	–	11,256
Additions	–	106	7,281	–	291	7,678
Disposals	–	(919)	(1,334)	–	(68)	(2,321)
Currency translation adjustments	(5,849)	(11,478)	(363)	(12,796)	(511)	(30,997)
Other	–	(3,076)	(3,414)	(16,826)	(146)	(23,462)
March 31, 2016	**¥61,152**	**¥203,592**	**¥31,692**	**¥198,254**	**¥12,684**	**¥507,374**
Acquisitions arising from business combinations	**–**	**2,297**	**239**	**2,824**	**9**	**5,369**
Additions	**–**	**120**	**10,252**	**–**	**148**	**10,520**
Disposals	**–**	**–**	**(2,140)**	**–**	**(484)**	**(2,624)**
Currency translation adjustments	**(383)**	**(1,868)**	**(215)**	**(1,752)**	**(373)**	**(4,591)**
Other	**–**	**(24,874)**	**884**	**(8,461)**	**(1,476)**	**(33,927)**
March 31, 2017	**¥60,769**	**¥179,267**	**¥40,712**	**¥190,865**	**¥10,508**	**¥482,121**

	Thousands of U.S. dollars					
	Licenses and operating rights in natural resources	Franchises and customer relationships	Software	Goodwill	Other	Total
March 31, 2016	**$546,000**	**$1,817,786**	**$282,964**	**$1,770,125**	**$113,250**	**$4,530,125**
Acquisitions arising from business combinations	**–**	**20,509**	**2,134**	**25,214**	**81**	**47,938**
Additions	**–**	**1,071**	**91,536**	**–**	**1,322**	**93,929**
Disposals	**–**	**–**	**(19,107)**	**–**	**(4,322)**	**(23,429)**
Currency translation adjustments	**(3,420)**	**(16,678)**	**(1,920)**	**(15,643)**	**(3,330)**	**(40,991)**
Other	**–**	**(222,089)**	**7,893**	**(75,544)**	**(13,180)**	**(302,920)**
March 31, 2017	**$542,580**	**$1,600,599**	**$363,500**	**$1,704,152**	**$93,821**	**$4,304,652**

Accumulated amortisation and impairment losses

	Millions of yen					
	Licenses and operating rights in natural resources	Franchises and customer relationships	Software	Goodwill	Other	Total
April 1, 2015	¥(61,208)	¥(31,507)	¥(18,131)	¥(63,777)	¥(4,412)	¥(179,035)
Amortisation expenses	(235)	(10,077)	(3,893)	–	(408)	(14,613)
Impairment losses	(1,049)	(417)	–	(643)	–	(2,109)
Disposals	–	812	1,215	–	56	2,083
Currency translation adjustments	5,378	2,136	273	3,673	96	11,556
Other	–	981	3,189	5,471	376	10,017
March 31, 2016	**¥(57,114)**	**¥(38,072)**	**¥(17,347)**	**¥(55,276)**	**¥(4,292)**	**¥(172,101)**
Amortisation expenses	**(212)**	**(9,230)**	**(4,423)**	**–**	**(656)**	**(14,521)**
Impairment losses	**(3,596)**	**(15)**	**(11)**	**(8,617)**	**(716)**	**(12,955)**
Disposals	**–**	**–**	**1,908**	**–**	**476**	**2,384**
Currency translation adjustments	**376**	**37**	**172**	**(28)**	**16**	**573**
Other	**–**	**2,417**	**(393)**	**(286)**	**2,095**	**3,833**
March 31, 2017	**¥(60,546)**	**¥(44,863)**	**¥(20,094)**	**¥(64,207)**	**¥(3,077)**	**¥(192,787)**

	Thousands of U.S. dollars					
	Licenses and operating rights in natural resources	Franchises and customer relationships	Software	Goodwill	Other	Total
March 31, 2016	**$(509,946)**	**$(339,929)**	**$(154,884)**	**$(493,536)**	**$(38,321)**	**$(1,536,616)**
Amortisation expenses	**(1,893)**	**(82,411)**	**(39,491)**	**–**	**(5,857)**	**(129,652)**
Impairment losses	**(32,107)**	**(134)**	**(98)**	**(76,938)**	**(6,393)**	**(115,670)**
Disposals	**–**	**–**	**17,036**	**–**	**4,250**	**21,286**
Currency translation adjustments	**3,357**	**330**	**1,536**	**(250)**	**143**	**5,116**
Other	**–**	**21,581**	**(3,510)**	**(2,553)**	**18,705**	**34,223**
March 31, 2017	**$(540,589)**	**$(400,563)**	**$(179,411)**	**$(573,277)**	**$(27,473)**	**$(1,721,313)**

Carrying amount

	Millions of yen					
	Licenses and operating rights in natural resources	Franchises and customer relationships	Software	Goodwill	Other	Total
March 31, 2016	¥4,038	¥165,520	¥14,345	¥142,978	¥8,392	¥335,273
March 31, 2017	**¥223**	**¥134,404**	**¥20,618**	**¥126,658**	**¥7,431**	**¥289,334**

	Thousands of U.S. dollars					
	Licenses and operating rights in natural resources	Franchises and customer relationships	Software	Goodwill	Other	Total
March 31, 2017	**$1,991**	**$1,200,036**	**$184,089**	**$1,130,875**	**$66,348**	**$2,583,339**

Changes in the cost of “Franchises and customer relationships” for the year ended March 31, 2017 classified as “Other” included a decrease of ¥22,218 million ($198,375 thousand) as a result of disposals of subsidiaries. Changes in the cost of “Goodwill” classified as “Other” included a decrease of ¥12,547 million ($112,027 thousand) as a result of disposals of subsidiaries.

Changes in the cost of “Goodwill” for the year ended March 31, 2016 classified as “Other” included a decrease of ¥15,499 million as a result of disposals of subsidiaries.

Of the intangible assets stated above, the carrying amounts of intangible assets with indefinite useful lives at March 31, 2017 and 2016 were ¥48,237 million ($430,688 thousand) and ¥52,965 million, respectively. Major intangible assets with indefinite useful lives were trademarks, which were included in “Franchises and customer relationships”. As the trademarks with indefinite business terms will basically exist as long as the Company continues to exist, it has been determined that there is no foreseeable limit to the period of inflow of future economic benefits and thus they are classified as intangible assets with indefinite useful lives. The carrying amounts of intangible assets with indefinite useful lives at March 31, 2017 and 2016 included trademarks recognised as a result of the acquisition of Gavilon in the amounts of ¥42,071 million ($375,634 thousand) and ¥42,255 million, respectively.

Of the intangible assets stated above, intangible assets with finite useful lives are amortised by the straight-line basis based over their expected useful lives. However, exploration and evaluation assets are not amortised until the technical feasibility and commercial viability of the mine have been demonstrated. When the technical feasibility and commercial viability are demonstrated, an exploration and evaluation asset is reclassified to property, plant and equipment, and amortised using the units-of-production method based on the estimation of proved reserves. Major intangible assets with finite useful lives at March 31, 2017 and 2016, which were included in “Franchises and customer relationships”, and their carrying amounts were as follows: customer relationship assets related to the trading and distribution business of grains and fertilizers were ¥26,758 million ($238,911 thousand) and ¥29,263 million, and franchises and customer relationship assets related to the mobile phone sales distribution business were ¥27,554 million ($246,018 thousand) and ¥29,821 million, respectively. The assets are amortised over 4-25 years on a straight-line basis.

Amortisation of intangible assets is included in “Cost of goods sold” and “Selling, general and administrative expenses” in the Consolidated Statement of Comprehensive Income.

For the years ended March 31, 2017 and 2016, the Company and certain of its consolidated subsidiaries recognised impairment losses on intangible assets of ¥12,955 million ($115,670 thousand) and ¥2,109 million, respectively, based on the relevant recoverable amounts due to decreases in estimated future cash flows and other factors.

Impairment losses are included in “Impairment losses” in the Consolidated Statement of Comprehensive Income.

The carrying amounts of “Goodwill” at March 31, 2017 and 2016 included goodwill for Gavilon in the amounts of ¥70,155 million ($626,384 thousand) and ¥70,462 million, respectively. The recoverable amount used in impairment testing was calculated based on value in use which was measured by discounting the estimated future cash flows based on the revised business plan approved by the management. The business plan represents the management's estimate of a range of economic conditions including such significant assumptions as quantity, price and margin based on past experience, which was also consistent with external evidence. The business plan used on the most recent 10 years forecasts in order to average market conditions. For the period beyond 10 years, the Company calculated the terminal value based on a steady growth rate of 2%. The growth rate was determined by considering the market in which Gavilon operates or the long-term average growth rate in the U.S.A. The discount rate used in the value in use calculations at March 31, 2017 and 2016 was 8.1% and 8.8%, respectively, which reflects current market assessments of the time value of money and risks specific to the assets.

7. Provisions

Changes in provisions for the year ended March 31, 2017 were as follows:

	Millions of yen			*Thousands of U.S. dollars*		
	Decommissioning Obligations	Other Provisions	Total	Decommissioning Obligations	Other Provisions	Total
Balance at beginning of year	**¥80,497**	**¥14,854**	**¥95,351**	**$718,723**	**$132,625**	**$851,348**
Increase for the year	**3,107**	**5,765**	**8,872**	**27,741**	**51,473**	**79,214**
Decrease for the year	**(15,060)**	**(6,925)**	**(21,985)**	**(134,464)**	**(61,830)**	**(196,294)**
Interest expense	**6,381**	**28**	**6,409**	**56,973**	**250**	**57,223**
Other	**(941)**	**458**	**(483)**	**(8,401)**	**4,089**	**(4,312)**
Balance at end of year	**¥73,984**	**¥14,180**	**¥88,164**	**$660,572**	**$126,607**	**$787,179**

"Other" includes changes due to foreign currency fluctuations.

Decommissioning obligations mainly relate to the costs of dismantlement and removal of development facilities for natural resources owned by consolidated subsidiaries engaged in oil and gas producing activities. Generally, costs relating to the dismantlement and removal of facilities are expected to be paid after 10 years or more after the initial recognition of said decommissioning obligations.

Other provisions include provisions for litigation and provisions for onerous contracts.

Decommissioning obligations and other provisions are included in "Other current liabilities" and "Other non-current liabilities" in the Consolidated Statement of Financial Position.

8. Non-current Assets or Disposal Groups Held for Sale

Assets classified as held for sale and liabilities directly associated with assets classified as held for sale in the Consolidated Statement of Financial Position at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Assets classified as held for sale	**¥36,689**	¥63,308	**$327,580**
Liabilities directly associated with assets classified as held for sale	**4,086**	1,873	**36,482**

The Companies classify non-current assets or disposal groups as held for sale if they are expected to be sold within approximately one year, and they are measured at the lower of their carrying amounts and fair value less costs to sell.

The amounts of newly classified as Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale at March 31, 2017 included in the Transportation & Industrial Machinery segment were ¥10,897 million ($97,295 thousand) and ¥3,929 million ($35,080 thousand), respectively. Such assets and liabilities were mainly comprised of other non-current financial assets; and borrowings.

The amounts of the decrease in assets classified as held for sale and in liabilities directly associated with the assets classified as held for sale at March 31, 2016 included in, by operating segment, the Chemical & Forest Products, the Power Projects & Plant and the Transportation & Industrial Machinery, as a result of the completion of sales in the current year were ¥39,432 million ($352,071 thousand) and ¥1,749 million ($15,616 thousand), respectively. Such assets and liabilities were mainly comprised of investments in associates and joint ventures; other investments; inventories; and notes and trade accounts payable.

9. Leases

Lessor

The Company and certain of its consolidated subsidiaries lease machinery and equipment, etc. under finance leases.

Gross investment in the lease and present value of the total of future minimum lease payments receivable under finance leases at March 31, 2017 and 2016 were as follows:

	Millions of yen				*Thousands of U.S. dollars*	
	March 31, 2017		March 31, 2016		**March 31, 2017**	
	Gross investment in the lease	Present value of minimum lease payments receivable	Gross investment in the lease	Present value of minimum lease payments receivable	Gross investment in the lease	Present value of minimum lease payments receivable
Not later than one year	**¥7,297**	**¥6,811**	¥26,820	¥25,044	**$65,152**	**$60,813**
Later than one year and not later than five years	**20,284**	**17,641**	30,222	26,634	**181,107**	**157,509**
Later than five years	**1,954**	**1,575**	2,411	1,862	**17,446**	**14,063**
Total	**¥29,535**	**¥26,027**	¥59,453	¥53,540	**$ 263,705**	**$232,384**
Less: Unearned finance income	**3,505**		5,909		**31,295**	
Net investment in the lease	**¥26,030**		¥53,544		**$232,411**	
Less: Present value of unguaranteed residual value	**3**		4		**27**	
Present value of minimum lease payments receivable	**¥26,027**		¥53,540		**$232,384**	

The Company and certain of its consolidated subsidiaries also lease machinery and equipment, etc. under operating leases.

The total of future minimum lease payments receivable under non-cancellable operating leases at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Not later than one year	**¥27,127**	¥23,640	**$242,205**
Later than one year and not later than five years	**74,782**	79,840	**667,696**
Later than five years	**25,377**	41,617	**226,580**
Total	**¥127,286**	¥145,097	**$1,136,482**

Lessee

The Company and certain of its consolidated subsidiaries lease machinery and equipment, etc. under finance leases. At March 31, 2017 and 2016, the net carrying amounts included in property, plant and equipment (Machinery and equipment) in the Consolidated Statement of Financial Position, were ¥27,109 million ($242,045 thousand) and ¥20,864 million, respectively.

The total of future minimum lease payments and the present value under finance leases at March 31, 2017 and 2016 were as follows:

	Millions of yen				*Thousands of U.S. dollars*	
	March 31, 2017		March 31, 2016		**March 31, 2017**	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Not later than one year	**¥5,370**	**¥4,874**	¥4,260	¥3,844	**$47,946**	**$43,518**
Later than one year and not later than five years	**23,709**	**22,827**	19,806	18,952	**211,688**	**203,813**
Later than five years	**1,537**	**1,147**	528	483	**13,723**	**10,241**
Total	**¥30,616**	**¥28,848**	¥24,594	¥23,279	**$273,357**	**$257,571**
Less: Financial charges	**1,768**		1,315		**15,786**	
Present value of minimum lease payments	**¥28,848**		¥23,279		**$257,571**	

The Company and certain of its consolidated subsidiaries also lease machinery and equipment, buildings and structures, etc. under operating leases. Lease payments amounted to ¥51,299 million ($458,027 thousand) and ¥47,969 million for the years ended March 31, 2017 and 2016, respectively. Payments for services of ¥3,081 million ($27,509 thousand) and ¥5,815 million, respectively, were included in the lease payments.

The total of future minimum lease payments under non-cancelable operating leases at March 31, 2017 and 2016 were as follows. The total of future minimum lease payments receivable at March 31, 2017 and 2016 had not been offset by the future minimum sublease rentals of ¥99,882 million ($891,804 thousand) and ¥107,703 million, respectively, under non-cancelable subleases.

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Not later than one year	**¥41,492**	¥38,643	**$370,464**
Later than one year and not later than five years	**89,753**	88,754	**801,366**
Later than five years	**78,696**	80,780	**702,643**
Total	**¥209,941**	¥208,177	**$1,874,473**

Future payments for services of ¥6,725 million ($60,045 thousand) and ¥6,457 million at March 31, 2017 and 2016, respectively, were included in the total of future minimum lease payments.

10. Employee Benefits

(1) Post-employment benefits

The Company and certain of its consolidated subsidiaries have cash balance plans based on the Japanese Defined Benefit Corporate Pension Plan Act and other defined benefit pension plans. These plans cover substantially all employees other than directors. In addition to the pension plans, the Company and certain of its consolidated subsidiaries have lump sum retirement plans to be paid upon retirement or severance based on the years of service and compensation level.

The Company, pursuant to the Japanese Defined Benefit Corporate Pension Plan Act and other laws, has the obligation to make contributions to the Marubeni Corporate Pension Fund (the “Fund”), which pays out pension benefits. The Director of the Fund has the fiduciary duty to comply with laws, the dispositions of the Minister of Health, Labour and Welfare made pursuant to laws, the bylaws of the Fund and the decisions of the Board of Representatives, and to faithfully perform duties for the Fund including the management and operation of the contributions. Additionally, a code of conduct has been articulated, which prohibits the Director of the Fund from entering into asset management agreements for the purpose of benefiting a third party and from acts that constitute conflicts of interest.

The pension plan is operated by the Fund, which is legally independent from the Company. The Board of Representatives comprises an equal number of Representatives elected from the management side (Assigned Representatives) and Representatives elected from the employee side (Mutually Elected Representatives), while the chair of the Board of Representatives (the “Chairman”) is elected from the management side.

Proceedings of the Board of Representatives are decided by a majority vote of the members attending. In the case of a tied vote, the Chairman has the power to decide the vote. However, with regard to particularly important matters, the bylaws provide that the decision be made by a majority that exceeds the above.

The Representatives hold exclusive power to decide important matters including investment policy. The actual management of the assets is conducted by investment managers on the basis of an entrustment contract, and the Representatives are prohibited by law from giving instructions, such as instructions on specific investments.

The Company is required to make contributions to the Fund, and the contributions are reviewed regularly to the extent allowed by law. While it is under obligation to make contributions stipulated by the Fund into the future, the Company, in addition to these contributions, also funds a retirement benefit trust on a voluntary basis.

With regard to the lump sum retirement plan, the Company is under obligation to pay benefits directly to the beneficiaries. Although the Company is not under any legal obligation regarding the funding of this plan, fund assets exist, which have been voluntarily contributed by the Company to the retirement benefit trust.

Changes in the present value of defined benefit obligation and the fair value of plan assets of the Company and certain of its consolidated subsidiaries for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Balance at beginning of year of net defined benefit liability	**¥91,316**	¥75,548	**$815,321**
Changes in the present value of defined benefit obligation:			
Balance at beginning of year	**329,323**	324,586	**2,940,384**
Current service cost	**12,211**	12,199	**109,027**
Past service cost	**(1,307)**	149	**(11,670)**
Interest expense	**4,514**	5,735	**40,304**
Remeasurements	**9,271**	12,818	**82,777**
Effect of changes in foreign exchange rates	**(1,705)**	(6,132)	**(15,223)**
Employees' contributions	**356**	411	**3,179**
Benefits paid	**(19,845)**	(19,641)	**(177,188)**
Effects of business combinations, divestitures and others	**(648)**	(802)	**(5,786)**
Balance at end of year	**332,170**	329,323	**2,965,804**
Changes in the fair value of plan assets:			
Balance at beginning of year	**238,007**	249,038	**2,125,063**
Interest income	**3,293**	4,321	**29,402**
Remeasurements	**14,786**	(8,178)	**132,018**
Effect of changes in foreign exchange rates	**(1,287)**	(4,088)	**(11,491)**
Employees' contributions	**356**	411	**3,179**
Employer's contributions	**12,568**	13,759	**112,214**
Benefits paid	**(16,759)**	(16,478)	**(149,634)**
Effects of business combinations, divestitures and others	**(1,553)**	(778)	**(13,867)**
Balance at end of year	**249,411**	238,007	**2,226,884**
Balance at end of year of net defined benefit liability	**¥82,759**	¥91,316	**$738,920**

Actuarial assumptions used for the present value calculation of defined benefit obligations at March 31, 2017 and 2016 were mainly as follows:

	March 31, 2017	March 31, 2016
Discount rate	**0.8%**	0.5%
Rates of salary increase	**5.0%**	4.9%

Sensitivity analyses are conducted at the year end based on reasonably estimable changes in assumptions. Although sensitivity analyses assume that the actuarial assumptions other than those that are subject to the analyses are held constant, in reality, it is possible for the sensitivity analyses to be impacted by other actuarial assumptions.

If, for example, the discount rate fell by 0.5%, and the other assumptions were held constant, defined benefit plan liability at March 31, 2017 and 2016 would increase by ¥15,556 million ($138,893 thousand) and ¥13,874 million, respectively. The rate of salary increase is not expected to change in the future.

Fair value of plan assets by class at March 31, 2017 was as follows:

Class of plan assets	*Millions of yen* With a quoted market price in an active market	Without a quoted market price in an active market	Total
Cash and cash equivalents	**¥19,346**	**¥–**	**¥19,346**
Equity securities:			
Japanese companies	**39,788**	**–**	**39,788**
Pooled funds	**1,596**	**65,384**	**66,980**
Debt securities:			
Bonds denominated in Japanese yen	**–**	**8,369**	**8,369**
Bonds denominated in foreign currencies	**2,505**	**7,118**	**9,623**
Pooled funds	**–**	**82,909**	**82,909**
Life insurance company general accounts	**–**	**16,368**	**16,368**
Other	**2,318**	**3,710**	**6,028**
Total plan assets	**¥65,553**	**¥183,858**	**¥249,411**

Class of plan assets	*Thousands of U.S. dollars* With a quoted market price in an active market	Without a quoted market price in an active market	Total
Cash and cash equivalents	**$172,732**	**$–**	**$172,732**
Equity securities:			
Japanese companies	**355,250**	**–**	**355,250**
Pooled funds	**14,250**	**583,786**	**598,036**
Debt securities:			
Bonds denominated in Japanese yen	**–**	**74,723**	**74,723**
Bonds denominated in foreign currencies	**22,366**	**63,554**	**85,920**
Pooled funds	**–**	**740,259**	**740,259**
Life insurance company general accounts	**–**	**146,143**	**146,143**
Other	**20,697**	**33,124**	**53,821**
Total plan assets	**$585,295**	**$1,641,589**	**$2,226,884**

Fair value of plan assets by class at March 31, 2016 was as follows:

Class of plan assets	*Millions of yen* With a quoted market price in an active market	Without a quoted market price in an active market	Total
Cash and cash equivalents	¥22,787	¥–	¥22,787
Equity securities:			
Japanese companies	39,413	–	39,413
Pooled funds	1,534	60,156	61,690
Debt securities:			
Bonds denominated in Japanese yen	–	8,637	8,637
Pooled funds	–	83,958	83,958
Life insurance company general accounts	–	16,409	16,409
Other	2,187	2,926	5,113
Total plan assets	¥65,921	¥172,086	¥238,007

In making investment decisions, the main objective is to secure the necessary return over the long term to cover pension and retirement benefit payments. The primary investment policy is to analyse the risk/return characteristics by asset class and to invest in a diversified portfolio taking into consideration the correlation among asset classes.

The Company sets an asset mix policy with investments in equity securities, debt securities and other assets. Based on this policy, the Company selects multiple investment managers who execute the strategy. When selecting an investment manager, the Company gives consideration to management philosophy and content, investment management policy and investment style, investment control systems including information collection mechanisms and decision-making processes, compliance systems, investment experience and the track record of the investment manager as well as the professionals in charge of managing pension assets.

Plan assets are invested 30%, 60% and 10% in equity securities, debt securities and other, respectively, at March 31, 2017.

The investments executed by investment managers are outlined as follows:

Equity securities are selected mainly from stocks that are listed on securities exchanges. Prior to investing, the Company investigates the business conditions of the investee companies and appropriately diversifies investments in consideration of the type of industry, investees and other relevant factors. Debt securities are selected mainly from government bonds, public debt instruments and corporate bonds. Prior to investing, the Company investigates the quality of the issuing conditions, including issuers, rating, interest rate and repayment dates, and appropriately diversifies the investments. Pooled funds are selected using strategies consistent with the equity and debt securities described above. For investments in life insurance company general accounts, contracts with insurance companies include a guaranteed interest rate and a return of capital. With respect to foreign investments vehicles, the Company investigates the stability of the underlying governments and economies, the market characteristics, such as settlement systems, and the taxation systems. For each such investment, the Company selects the appropriate investment country and currency.

The performance of certain plan assets by the cash balance plan is matched with the related pension benefits to a certain extent.

Funding of the Marubeni Corporate Pension Fund is conducted by taking into account various factors including limits on deductible expenses under the tax rules, the funding status of plan assets and actuarial calculations. Contributions to plan assets are intended to cover benefits for services to be rendered by employees in the future as well as services already rendered.

In accordance with the Japanese Defined Benefit Corporate Pension Plan Act, the bylaws of the Marubeni Corporate Pension Fund provide for the re-calculation of the contribution amount at five-year intervals with the year end as the base date for the purpose of maintaining balanced finances into the future.

The re-calculation process reviews the basic rates relating to the contribution (the guaranteed rate of return, expected rate of mortality, expected withdrawal rate, expected salary increase, expected new enrollment rate, etc.) and verifies the adequacy of the contribution amount.

Additionally, the Company, in order to ensure sufficient funding of the pension plan, may also contribute marketable equity securities and cash to the retirement benefit trust in the amount of the unfunded portion of defined benefit obligation.

The amount of contributions expected to be paid to plan assets for the year ending March 31, 2018 is approximately ¥6,200 million ($55,357 thousand).

The weighted average duration of defined benefit obligation at March 31, 2017 and 2016 was 14.6 years, respectively.

(2) Employee benefit cost

The aggregate amounts of employee benefit cost included under “Selling, general and administrative expenses” in the Consolidated Statement of Comprehensive Income for the years ended March 31, 2017 and 2016 were ¥283,349 million ($2,529,902 thousand) and ¥293,246 million, respectively.

11. Other-net

"Other-net" in the Consolidated Statement of Comprehensive Income was the net amount of other income of ¥73,600 million ($657,143 thousand) and other expenses of ¥27,666 million ($247,018 thousand) for the year ended March 31, 2017, and the net amount of other income of ¥55,709 million and other expenses of ¥71,744 million for the year ended March 31, 2016.

"Other-net" was mainly comprised of the following.

For the year ended March 31, 2017

Net exchange differences recognised in profit or loss classified as "Other-net" in the Consolidated Statement of Comprehensive Income were net gains of ¥13,496 million ($120,500 thousand). These net exchange differences (net gains) were mainly offset by profits or losses on derivatives held for hedging purposes.

Also, the Company recognised a gain on transfer in the amount of ¥22,387 million ($199,884 thousand) associated with the sale of solar power generating business in Oita Prefecture.

For the year ended March 31, 2016

Net exchange differences recognised in profit or loss classified as "Other-net" in the Consolidated Statement of Comprehensive Income were net losses of ¥32,515 million. These net exchange differences (net losses) were mainly offset by profits or losses on derivatives held for hedging purposes.

A loss in the amount of ¥15,388 million was recognised for the LNG receiving terminal project in Uruguay, as the Company determined its policy to discontinue involvement in this project.

12. Income Taxes

The Company files a consolidated income tax return in Japan.

Total income taxes recognised for the years ended March 31, 2017 and 2016 were attributable to the following:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Current tax	**¥(53,615)**	¥(40,375)	**$(478,705)**
Deferred tax	**9,130**	17,344	**81,517**
Total	**¥(44,485)**	¥(23,031)	**$(397,188)**

The Company is mainly subject to income tax, inhabitants tax and enterprise tax, which is recognised as a deductible expense, and the applicable income tax rates calculated on the basis of these taxes for the years ended March 31, 2017 and 2016 were approximately 31.0% and 33.0%, respectively. However, the income tax rates of foreign subsidiaries are calculated on the basis of general local tax rates.

On November 18, 2016, the Act to Partially Amend the Act for Partial Amendment of the Consumption Tax Act and Others for the Drastic Reform of the Taxation System for Ensuring Stable Financial Resources for Social Security (Act No. 85 of 2016) and the Act to Partially Amend the Act of Partial Amendment of the Local Tax Act and Local Allocation Tax Act and Others for the Drastic Reform of the Taxation System for Ensuring Stable Financial Resources for Social Security (Act No. 86 of 2016) were enacted in the Japanese Diet session. These Acts postponed the timing for raising the consumption tax rate to 10% from April 1, 2017 to October 1, 2019. In conjunction with this, the timing for implementing the abolition of the special local corporation tax and the accompanying restoration of the corporate enterprise tax, the revision of the local corporation tax rate, and the revision of the corporate inhabitant tax rate was also postponed from fiscal years commencing on or after April 1, 2017 to fiscal years commencing on or after October 1, 2019. Although there are no changes in the combined tax rate to be used for the calculation of deferred tax assets and liabilities, a tax rate reclassification has occurred between the national tax and the local tax. The impact of these changes in tax rates on the financial position and results of operation of the Companies was immaterial.

A reconciliation of the applicable tax rates to the effective tax rates expressed as a percentage of profit before tax for the years ended March 31, 2017 and 2016 were as follows:

	2017	2016
Applicable tax rate	**31.0 %**	33.0 %
Tax effect on income and expenses not taxable and deductible for tax purposes	**(1.6)%**	(2.1)%
Difference in tax rate of foreign subsidiaries	**2.1 %**	(9.3)%
Tax effect on share of profits of associates and joint ventures and retained earnings of subsidiaries	**(17.4)%**	(10.1)%
Reassessment of the recoverability of deferred tax assets	**2.6 %**	9.3 %
Other	**5.5 %**	4.6 %
Effective tax rate	**22.2 %**	25.4 %

Changes in deferred tax assets and deferred tax liabilities for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2017	2016	**2017**
Balance at beginning of year (Deferred tax assets-net)	**¥(6,504)**	¥(53,493)	**$(58,071)**
Deferred tax income or expense recognised in profit or loss	**9,130**	17,344	**81,518**
Deferred tax income or expense recognised in other comprehensive income	**(22,578)**	19,018	**(201,590)**
Changes in acquisitions and divestitures	**2,538**	10,627	**22,661**
Balance at end of year (Deferred tax assets-net)	**¥(17,414)**	¥(6,504)	**$(155,482)**

Significant components of deferred tax assets and deferred tax liabilities at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Deferred tax assets:			
Allowance for doubtful accounts	**¥2,950**	¥4,636	**$26,339**
Inventories	**718**	2,979	**6,411**
Property, plant and equipment and investment property	**18,926**	13,898	**168,982**
Employees' retirement benefits	**27,563**	34,273	**246,098**
Unrealised profit on intercompany transactions	**936**	617	**8,357**
Net operating loss carryforwards	**150,825**	145,926	**1,346,652**
Other	**42,055**	40,622	**375,491**
Total deferred tax assets	**¥243,973**	¥242,951	**$2,178,330**
Deferred tax liabilities:			
Property, plant and equipment and investment property	**¥114,836**	¥114,946	**$1,025,321**
Investment securities and other investments	**28,922**	23,332	**258,232**
Intangible assets	**32,329**	32,472	**288,652**
Undistributed earnings	**51,457**	49,050	**459,438**
Other	**33,843**	29,655	**302,169**
Total deferred tax liabilities	**¥261,387**	¥249,455	**$2,333,812**
Deferred tax assets-net	**¥(17,414)**	¥(6,504)	**$(155,482)**

Deferred tax assets and deferred tax liabilities in the Consolidated Statement of Financial Position at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Deferred tax assets	**¥88,216**	¥94,113	**$787,643**
Deferred tax liabilities	**105,630**	100,617	**943,125**
Deferred tax assets-net	**¥(17,414)**	¥(6,504)	**$(155,482)**

The amount of deductible temporary differences and tax loss carryforwards for which deferred tax assets were not recognised at March 31, 2017 and 2016 were ¥733,604 million ($6,550,036 thousand) and ¥671,555 million, respectively. Within these amounts, tax loss carryforwards classified by expiry date at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
Expiry date	**March 31, 2017**	March 31, 2016	**March 31, 2017**
Not later than one year	**¥10,457**	¥1,641	**$93,366**
Later than one year and not later than five years	**40,394**	27,868	**360,661**
Later than five years	**75,139**	87,230	**670,884**
Indefinite carryforward periods	**39,641**	32,780	**353,937**
Total	**¥165,631**	¥149,519	**$1,478,848**

Deferred tax assets of ¥100,122 million ($893,946 thousand) and ¥87,524 million were recognised at March 31, 2017 and 2016, respectively, by certain subsidiaries that have recorded losses in the years ended March 31, 2016 or 2017 in the tax jurisdiction to which the deferred tax assets relate, and the utilisation of the deferred tax assets is dependent on future taxable profits. Each company's management carefully has assessed the probability that taxable profit will be available against which the unused tax losses or deductible temporary differences may be utilised based on tax planning.

The aggregate amounts of temporary differences relating to investments in subsidiaries and associates and equity interests in joint ventures for which deferred tax liabilities were not recognised at March 31, 2017 and 2016 were ¥776,091 million ($6,929,384 thousand) and ¥815,354 million, respectively. Determination of the amounts of the related unrecognised deferred tax liabilities is not practical.

13. Associates and Joint Ventures

For the year ended March 31, 2017

The aggregate carrying amount of investments in associates accounted for under the equity method in the Consolidated Statement of Financial Position and the Companies' share of comprehensive income were ¥1,001,351 million ($8,940,634 thousand) and ¥72,649 million ($648,652 thousand), respectively. The share of comprehensive income consisted of ¥71,494 million ($638,339 thousand) in profit for the year and ¥1,155 million ($10,313 thousand) in other comprehensive income.

The aggregate carrying amount of investments in joint ventures accounted for under the equity method in the Consolidated Statement of Financial Position and the Companies' share of comprehensive income were ¥754,601 million ($6,737,509 thousand) and ¥53,269 million ($475,615 thousand), respectively. The share of comprehensive income consisted of ¥43,231 million ($385,991 thousand) in profit for the year and ¥10,038 million ($89,624 thousand) in other comprehensive income.

The share of losses of associates and joint ventures accounted for under the equity method for which recognition was discontinued amounted to ¥15,554 million ($138,875 thousand) (a ¥7,184 million ($64,143 thousand) decrease for the current year). This unrecognised share of losses mainly consisted of remeasurement losses on cash flow hedges executed by joint ventures.

Certain associates and joint ventures procure funds through project financing, and impose restrictions on the use of cash deposits.

For the year ended March 31, 2016

The aggregate carrying amount of investments in associates accounted for under the equity method in the Consolidated Statement of Financial Position and the Companies' share of comprehensive income (loss) were ¥931,216 million and ¥(1,395) million, respectively. The share of comprehensive income (loss) consisted of ¥14,080 million in profit for the year and ¥(15,475) million in other comprehensive income (loss).

By operating segment, the Energy & Metals segment recognised impairment losses of ¥35,869 million from investments in certain copper mining projects in Chile and ¥20,153 million from investments in iron ore mining projects in Australia due to the anticipated decrease in the estimated future cash flows following the decline in commodity prices, etc. The impairment losses were calculated using the recoverable amounts measured at value in use based on discounted future cash flows, and the total amount of the recoverable amounts was ¥136,814 million. The discount rate used in the value in use calculations ranged from 6.6% to 9.2% and reflected current market assessments of the time value of money and risks specific to the assets. Discounted future cash flows used in the value in use calculations were calculated by referring to prices such as long-term prices, published by external organisations such as brokers. These impairment losses were included in "Share of profits of associates and joint ventures" in the Consolidated Statement of Comprehensive Income.

The aggregate carrying amount of investments in joint ventures accounted for under the equity method in the Consolidated Statement of Financial Position and the Companies' share of comprehensive income were ¥720,134 million and ¥6,099 million, respectively. The share of comprehensive income consisted of ¥17,744 million in profit for the year and ¥(11,645) million in other comprehensive income (loss).

The share of losses of associates and joint ventures accounted for under the equity method for which recognition was discontinued amounted to ¥22,738 million (a ¥8,470 million decrease for the current year). This unrecognised share of losses mainly consisted of remeasurement losses on cash flow hedges executed by joint ventures.

Certain associates and joint ventures procure funds through project financing, and impose restrictions on the use of cash deposits.

14. Financial Instruments and Related Disclosures

(1) Policy for managing capital

The fundamental policy of the Companies is to maintain an optimal mix of funding in line with the requirements of the asset portfolio. Funding sources include indirect financial procurement firstly from banks and other financial institutions, as well as direct procurement through the issuance of bonds, commercial paper and other means. The Companies utilise such management indicators as net D/E ratio (Note 1) and risk assets (Note 2) and strengthen the financial base to establish a strong earnings structure and a solid financial footing that can withstand changes in the business environment while attaining sustainable growth.

Note 1 Net D/E ratio = Net interest bearing debt / Total equity. Net interest bearing debt is calculated by subtracting cash and cash equivalents, and time deposits from the total bonds and borrowings (current and non-current).

Note 2 The Company defines risk assets as the exposure of its portfolio to the maximum possible loss that could be incurred on a consolidated basis, measured using the Value at Risk method. The Company conducts computer simulations on all group assets including the assets of the consolidated subsidiaries that take into account the risk attributes of each type of exposure such as country risk, industry risk, credit rating of the customers, and scheduled due dates of receivables.

At the group level, the target net D/E ratio had been set at approximately 1.3 times by the end of the year ending March 31, 2019 under the three-year mid-term management plan, “Global Challenge 2018”, which commenced April 2016. However, in the “Revised GC2018” released on May 9, 2017, the target net D/E ratio was revised to approximately 1.0 times by the end of the year ending March 31, 2019, based on the basic policy of further reinforcing the Group's financial foundation and evolving its business strategy. Management regularly monitors the net D/E ratio as a target management indicator.

The Companies are not subject to any significant capital restrictions (with the exception of general restrictions pursuant to laws such as the Companies Act of Japan).

(2) Policy for managing risks

The Companies conduct business activities in various countries including Japan and are, thus, subject to the effects of interest rate risks, exchange rate risks, credit risks, commodity price risks, liquidity risks and stock price fluctuation risks described below. The Companies evaluate these risks through monitoring on a regular basis and manage these risks under an identical risk management policy, regardless of the application of hedge accounting, in order to hedge all or part of these risks. In principle, the hedged items and the hedging instruments are based on the same underlying and have an economic relationship. Additionally, the hedge ratio is on a one-to-one basis so that the risk exposure of the hedged items is effectively reduced.

(i) Management of interest rate risks

Since the Companies have raised certain funds at floating interest rates, they are exposed to the risk of an increase in interest expense in the event of a hike in market interest rates. The majority of liabilities at floating rates correspond to notes, trade accounts and loans receivable, which are positively affected by changes in interest rates. Interest insensitive assets such as certain fixed assets and investment securities will also possibly produce an increase in dividends and other income because of a rise in market interest rates. The Companies cannot completely avoid interest rate risks, however, risk exposure is limited by the portfolio of assets and liabilities held.

In addition, among the liabilities used to fund interest insensitive assets, such as certain fixed assets and investment securities, that portion with floating rates is categorised as “unhedged” based on the Group’s asset-liability management. Monitoring market movements in interest rates, the Group utilises interest rate swaps and takes other measures to mitigate the risk of interest rate fluctuations.

Interest rate sensitivity

The following table illustrates the impact of a 1% rise in interest rates on profit before tax of the Companies at March 31, 2017 and 2016 assuming that all other variables are held constant.

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Effect on profit before tax	**¥(13,596)**	¥(18,117)	**$(121,393)**

(ii) Management of foreign currency risks

The Companies conduct transactions in a variety of currencies and are, thus, subject to the effects of exchange rate fluctuation risks associated with business activities conducted in foreign currencies and with net investments in foreign operations. In order to hedge the risks associated with business activities, i.e., the risk of changes in cash flows of foreign currency denominated receivables, payables, firm commitments and forecast transactions, and the risk of changes in fair value of foreign currency denominated receivables, payables and firm commitments; as well as the exchange rate fluctuation risk of net investments in foreign operations, the Companies utilise forward-exchange contracts, foreign currency denominated bonds and borrowings, currency swaps and other means to mitigate these risks associated with exchange rate fluctuations.

Foreign exchange sensitivity

The following table illustrates the impact of an appreciation of the Japanese yen by ¥1 against the US$ and AU$ on profit before tax and equity of the Companies, assuming that all other variables are held constant at March 31, 2017 and 2016. A depreciation of the Japanese yen by ¥1 against the US$ and AU$, assuming that all other variables are held constant, would result in the opposite impact on profit before tax and equity of the Companies of the amounts shown in the following table. Currencies other than the US$ and AU$, there are no foreign currencies that pose a significant exchange rate fluctuation risk.

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
<U.S. dollars>			
Effect on profit before tax	**¥279**	¥292	**$2,491**
Effect on foreign currency translation adjustments (before tax)	**(5,951)**	(6,538)	**(53,134)**
<Australian dollars>			
Effect on profit before tax	**38**	33	**339**
Effect on foreign currency translation adjustments (before tax)	**(1,807)**	(385)	**(16,134)**

(iii) Management of credit risks

The Companies carry out general trading business, which comprise export, import, domestic and offshore trading in a wide variety of fields including industrial, agricultural and consumer products, and which also involves all levels of activities from planning, investment, and research and development through production, distribution and marketing. In addition, the Companies operate in substantially all geographic areas of the world, and their customers are diversified. Accordingly, the management of the Companies believes there is no significant concentration of credit risk among its customers or in its investments. The Companies require collateral to the extent considered necessary.

The carrying amount of the financial assets of the Companies after impairment represent the maximum exposure to credit risk that does not take into account collateral and other credit enhancements.

(iv) Management of commodity price risks

The Companies are subject to the effects of fluctuation risk of oil and gas, coal, aluminum, copper, and agricultural product prices. The Companies match buy and sell orders and use commodity derivatives including commodity futures, commodity forward contracts, commodity swaps and commodity options to mitigate the fluctuation risks of commodity prices. Additionally, certain commodity derivatives are entered into for trading purposes within pre-determined limits and loss limits.

Commodity price sensitivity

The fluctuation risk of commodity prices on inventories, and purchase and sales contracts at the end of year is substantially diminished through commodity derivatives and other means. Additionally, the impact of changes in the fair value of commodity derivatives for trading purposes is not significant.

(v) Management of liquidity risk

The Companies are subject to the effects of liquidity risk including the dramatic decline in liquidity of held assets due to financial market turmoil. The Companies maintain a sufficient level of liquidity, mainly in the form of cash and deposits, in addition to cash flows from operating activities and the establishment of commitment lines with financial institutions.

The following table illustrates the results of a liquidity analysis conducted on the derivatives of the Companies at March 31, 2017 and 2016. Derivatives that are settled net with other contracts are represented as gross amounts.

	Millions of yen				*Thousands of U.S. dollars*	
	March 31, 2017		March 31, 2016		**March 31, 2017**	
	Not later than one year	More than one year	Not later than one year	More than one year	Not later than one year	More than one year
Revenue						
Interest rate	**¥6,290**	**¥24,426**	¥6,684	¥31,931	**$56,161**	**$218,089**
Foreign currency	**10,758**	**1,830**	22,760	1,733	**96,054**	**16,339**
Commodity	**66,908**	**15,758**	96,972	4,503	**597,393**	**140,696**
Other	**–**	**–**	–	–	**–**	**–**
Expense						
Interest rate	**(15)**	**(825)**	(150)	(2,488)	**(134)**	**(7,366)**
Foreign currency	**(25,275)**	**(1,097)**	(10,519)	(2,067)	**(225,670)**	**(9,795)**
Commodity	**(57,747)**	**(4,006)**	(74,206)	(2,735)	**(515,598)**	**(35,768)**
Other	**–**	**0**	–	(100)	**–**	**0**

For the liquidity analysis of non-derivative financial liabilities, see (3) Fair value of financial instruments.

(vi) Management of stock price fluctuation risk

The Companies hold equity instruments (stocks) mainly for the purpose of strengthening relationships with business partners and are, thus, subject to the effects of stock price fluctuations. The Companies regularly review their holding of stocks, and by disposing of stocks that are no longer considered worthwhile holding, mitigate the risk of fluctuations in stock prices.

Sensitivity to stock price fluctuations

In terms of equity instruments (stocks) in active markets, if quoted prices drop 5% across the board at the year end, the negative impact (before tax) on “Gains (losses) on financial assets measured at fair value through other comprehensive income” of the Companies for the years ended March 31, 2017 and 2016 would be ¥(9,261) million ($(82,688) thousand) and ¥(8,811) million, respectively; while the impact on profit or loss would be minimal.

(3) Fair value of financial instruments

(i) Fair value measurement methods

The estimated fair value of the financial instruments of the Companies has been determined using available market information or other appropriate valuation methodologies.

The following methodologies and assumptions are used by the Companies in estimating the fair value disclosures of financial instruments:

Cash and cash equivalents, and time deposits: Cash and cash equivalents, and time deposits are measured at amortised cost, and their carrying amount in the Consolidated Statement of Financial Position approximate fair value due to the relative short-term maturities.

Investment securities and other investments: The fair value of investment securities in active markets is measured on the basis of quoted prices at the year end.

The fair value of equity financial assets in markets that are not active and debt instrument financial assets classified as Financial assets measured at FVTPL is measured on the basis of discounted future cash flows, third-party valuations and other valuation methods.

The fair value of debt instrument financial assets measured at amortised cost is estimated using discounted future cash flows based on the market interest rates at the year end applicable to debt instrument financial assets with identical remaining periods and similar credit ratings.

Notes, trade accounts and loans receivable, and notes and trade accounts payable: The fair value of notes, trade accounts and loans receivable, and notes and trade accounts payable is estimated using discounted future cash flows based mainly on the interest rates at the year end applicable to notes, trade accounts and loans receivable, and notes and trade accounts payable with identical remaining periods and similar credit ratings.

Bonds and borrowings: The fair value of bonds and borrowings is estimated using discounted future cash flows based on the interest rates at the year end applicable to similar loan agreements with identical remaining periods.

Other financial assets and liabilities: Other financial assets and other financial liabilities include derivative assets and derivative liabilities as well as non-derivative assets and non-derivative liabilities.

The carrying amounts of derivative assets and derivative liabilities reflected in the Consolidated Statement of Financial Position represent fair value.

Non-derivative assets mainly consist of other receivables from customers, and have been measured at amortised cost, with the exception of Financial assets measured at FVTPL.

Non-derivative liabilities mainly consist of other payables to customers and payables relating to consideration for notes, trade accounts and loans receivable that have been transferred without satisfying the criteria for derecognition of financial assets, and have been measured at amortised cost.

The carrying amounts of non-derivative assets and non-derivative liabilities measured at amortised cost reflected in the Consolidated Statement of Financial Position approximate fair value.

Interest rate swap agreements: The fair value of interest rate swap agreements is estimated using discounted future cash flows based on the swap rates at the year end applicable to similar interest rate swap agreements with identical remaining periods.

Forward exchange contracts: The fair value forward exchange contracts is estimated based on quoted prices at the year end.

Commodity futures and forward contracts: The fair value of commodity futures and forward contracts is estimated based on quoted prices at the year end.

(ii) Notes, trade accounts and loans receivable

The carrying amounts of notes, trade accounts and loans receivable at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Notes receivable	**¥74,228**	¥90,959	**$662,750**
Trade accounts receivable	**1,215,018**	1,237,893	**10,848,375**
Loans receivable	**144,874**	150,047	**1,293,518**
Allowance for doubtful accounts	**(35,767)**	(39,882)	**(319,348)**
Total	**¥1,398,353**	¥1,439,017	**$12,485,295**

Notes, trade accounts and loans receivable subsequently measured at FVTPL have been classified as such based on the Company's business model and the contractual cash flow characteristics of the financial asset, while all other notes, trade accounts and loans receivable are substantially measured at amortised cost.

Notes, trade accounts and loans receivable measured at FVTPL were ¥43,482 million ($388,232 thousand) and ¥50,208 million at March 31, 2017 and 2016, respectively.

The fair value of notes, trade accounts and loans receivable measured at amortised cost was ¥1,355,261 million ($12,100,545 thousand) and ¥1,389,563 million at March 31, 2017 and 2016, respectively.

Notes, trade accounts and loans receivable that were transferred without meeting the criteria for derecognition and therefore continued to be recognised by the Company at March 31, 2017 and 2016 were ¥129,871 million ($1,159,563 thousand) and ¥127,466 million, respectively, and have been included in "Notes, trade accounts and loans receivable". Correspondingly amounts received from such transfers of ¥61,378 million ($548,018 thousand) and ¥73,162 million, respectively, have been included in "Other current financial liabilities". In terms of these notes, trade accounts, and loans receivable, the Companies have been judged to substantially retain all the risks and rewards of ownership of the transferred assets, as the Companies assume payment obligations in the event of default by the drawer or the obligor.

Of the amounts above, notes, trade accounts and loans receivable for which the transferee has the right to recourse to the transferred assets only were ¥90,757 million ($810,330 thousand) and ¥96,394 million, and the carrying amount of the related liabilities were ¥22,285 million ($198,973 thousand) and ¥42,101 million at March 31, 2017 and 2016, respectively. These carrying amounts approximate their respective fair values.

Additionally, certain notes, trade accounts and loans receivable transferred continue to be recognised as assets to the extent of continuing involvement, due to the Companies assuming partial payment obligations in the event of a default by the obligor or due to the Companies having been determined to retain control over the said notes, trade accounts and loans receivable. At March 31, 2017 and 2016, the carrying amounts prior to transfer of the said notes, trade accounts and loans receivable were ¥854 million ($7,625 thousand) and ¥1,450 million, respectively, and the carrying amounts of assets continued to be recognised by the Companies due to continuing involvement and the related liabilities in the same amounts were ¥140 million ($1,250 thousand) and ¥251 million, respectively.

Changes in allowance for doubtful accounts for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Balance at beginning of year	**¥39,882**	¥31,212	**$356,089**
Provision for the year	**4,191**	5,476	**37,420**
Charge-offs	**(13,386)**	(2,491)	**(119,518)**
Others	**5,080**	5,685	**45,357**
Balance at end of year	**¥35,767**	¥39,882	**$319,348**

Notes, trade accounts and loans receivable for which impairment was recognised at March 31, 2017 and 2016 were ¥34,738 million ($310,161 thousand) and ¥31,268 million, respectively; and their corresponding allowances for doubtful accounts were ¥27,711 million ($247,420 thousand) and ¥24,049 million, respectively. The Companies have determined that the difference between the carrying amounts of the notes, trade accounts and loans receivable and their respective allowances will be recoverable through the collection of collateral and other means.

The Companies, as part of their accounts receivable management policy, consider financing receivables 90 days past due as delinquent and strengthen procedures over collection. Notes, trade accounts and loans receivable that were past due but not impaired at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Not later than 90 days	**¥42,761**	¥34,859	**$381,795**
Later than 90 days	**20,581**	16,219	**183,759**
Total	**¥63,342**	¥51,078	**$565,554**

(iii) Investment securities and other investments

The carrying amounts of investment securities and other investments at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Investment securities			
Amortised cost	**¥10,075**	¥10,075	**$89,956**
Total	**¥10,075**	¥10,075	**$89,956**
Other investments			
FVTPL	**¥2,832**	¥13,822	**$25,286**
FVTOCI	**328,901**	326,526	**2,936,616**
Amortised cost	**2,708**	7,715	**24,178**
Total	**¥334,441**	¥348,063	**$2,986,080**

Debt in the form of other investments subsequently measured at FVTPL have been classified as such based on the Company's business model and the contractual cash flow characteristics of the financial asset.

At March 31, 2017 and 2016, other investments measured at FVTPL mainly consisted of investments in funds.

Investment securities and other investments measured at amortised cost mainly consisted of government and corporate bonds, and their amortised cost approximated their fair values at March 31, 2017 and 2016.

Equity instruments measured at fair value within other investments held by the Company and certain of its consolidated subsidiaries, included investments made mainly for the purpose of maintaining and strengthening relationships with business partners which have been classified as subsequently measured at FVTOCI. Said financial assets as FVTOCI mainly consisted of common stock and details of their fair values at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
With quoted prices in active markets	**¥185,210**	¥176,216	**$1,653,661**
Without quoted prices in active markets	**143,691**	150,310	**1,282,955**
Total	**¥328,901**	¥326,526	**$2,936,616**

Major issuers of other investments measured at FVTOCI with quoted prices in active markets at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
Stocks	**March 31, 2017**	March 31, 2016	**March 31, 2017**
YAMAZAKI BAKING CO., LTD.	**¥18,700**	¥19,361	**$166,964**
Anhui Guozhen Environment Protection Technology Joint Stock Co., Limited.	**15,427**	18,923	**137,741**
NISSHIN SEIFUN GROUP INC.	**10,439**	11,243	**93,205**
INPEX CORPORATION	**10,167**	7,928	**90,777**
AEON CO., LTD.	**9,061**	9,062	**80,902**
Dai-ichi Life Holdings, Inc.	**8,735**	5,961	**77,991**
Okamoto Industries, Inc.	**8,588**	6,850	**76,679**
ISUZU MOTORS LIMITED	**6,439**	5,081	**57,491**
SAPPORO HOLDINGS LIMITED	**4,964**	4,618	**44,321**
Tokio Marine Holdings, Inc.	**4,281**	3,464	**38,223**

Other investments measured at FVTOCI that do not have quoted prices in active markets comprised investments in resources, materials, machinery and lifestyle related businesses. At March 31, 2017 and 2016, investments in resources related businesses were ¥77,413 million ($691,187 thousand) and ¥88,919 million, respectively, while investments in other areas were ¥66,278 million ($591,768 thousand) and ¥61,391 million, respectively.

Dividend income recognised on other investments measured at FVTOCI for the year ended March 31, 2017 was ¥17,301 million ($154,473 thousand), of which dividend income on investments held at March 31, 2017 was ¥16,563 million ($147,884 thousand). Dividend income recognised on other investments measured at FVTOCI for the year ended March 31, 2016 was ¥18,018 million, of which dividend income on investments held at March 31, 2016 was ¥17,164 million.

Gains and losses on Financial assets measured at FVTOCI relating to other investments measured at FVTOCI recognised within Equity in the Consolidated Statement of Financial Position that relate to the portion of investments that were derecognised or of which the decline in fair value compared with its acquisition cost is significant and other than temporary for the year have been reclassified to retained earnings. Amounts of reclassified items (after tax) for the years ended March 31, 2017 and 2016 were ¥328 million ($2,929 thousand) (losses) and ¥4,060 million (gains), respectively.

Other investments measured at FVTOCI that were disposed of due to revisions of business strategies and other reasons for the years ended March 31, 2017 and 2016 were as follows.

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Fair value at derecognition	**¥25,768**	¥44,491	**$230,071**
Cumulative gains (losses) at derecognition	**(2,094)**	15,692	**(18,696)**
Dividend income on the derecognised investments	**738**	854	**6,589**

(iv) Notes and trade accounts payable

The carrying amounts of notes and trade accounts payable at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Notes payable	**¥258,254**	¥241,624	**$2,305,839**
Trade accounts payable	**1,003,182**	997,184	**8,956,982**
Total	**¥1,261,436**	¥1,238,808	**$11,262,821**

Notes and trade accounts payable are measured at amortised cost.

The carrying amounts of notes and trade accounts payable approximated their fair value at March 31, 2017 and 2016.

The future contract due dates of notes and trade accounts payable at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Not later than one year	**¥1,243,087**	¥1,221,150	**$11,098,991**
Later than one year	**18,349**	17,658	**163,830**

(v) Bonds and borrowings

The carrying amounts of bonds and borrowings at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Bonds	**¥376,404**	¥428,930	**$3,360,750**
Borrowings	**2,429,734**	2,939,395	**21,694,054**
Total	**¥2,806,138**	¥3,368,325	**$25,054,804**

Bonds and borrowings are measured at amortised cost.

The fair values of bonds and borrowings at March 31, 2017 and 2016 were ¥2,806,133 million ($25,054,759 thousand) and ¥3,368,796 million, respectively, and were categorised as Level 3.

The future contract due dates of bonds and borrowings at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Not later than one year	**¥680,008**	¥665,969	**$6,071,500**
Later than one year and not later than five years	**1,258,369**	1,717,620	**11,235,438**
Later than five years	**1,017,340**	1,073,196	**9,083,393**

Details of bonds and borrowings at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
0.23% - 2.55% unsecured bonds payable in Japanese yen with final maturity in 2029	**¥358,000**	¥408,000	**$3,196,429**
3.97% bonds payable in Australian dollars due 2017	**9,442**	9,488	**84,304**
Short-term borrowings principally at rates from 0.30% to 4.31%	**222,733**	323,187	**1,988,687**
Long-term borrowings due serially through 2031 principally at rates from 0.01% to 8.75%	**2,207,001**	2,616,208	**19,705,366**
(Current portion of long-term borrowings)	**(340,835)**	(273,302)	**(3,043,170)**
Other	**8,962**	11,442	**80,018**
Total	**¥2,806,138**	¥3,368,325	**$25,054,804**

(vi) Finance income (expenses)

Each component of finance income (expenses) for the years ended March 31, 2017 and 2016 was as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Interest income:			
Financial assets measured at amortised cost	**¥16,213**	¥14,602	**$144,759**
Total	**¥16,213**	¥14,602	**$144,759**
Interest expenses:			
Financial liabilities measured at amortised cost	**¥(36,887)**	¥(36,693)	**$(329,348)**
Other	**3,569**	3,065	**31,866**
Total	**¥(33,318)**	¥(33,628)	**$(297,482)**
Dividend income:			
Financial assets measured at FVTPL	**¥211**	¥537	**$1,884**
Financial assets measured at FVTOCI	**17,301**	18,018	**154,473**
Total	**¥17,512**	¥18,555	**$156,357**
Gains (losses) on investment securities:			
Financial assets measured at FVTPL	**¥(255)**	¥(2,873)	**$(2,277)**
Other	**11,257**	77,179	**100,509**
Total	**¥11,002**	¥74,306	**$98,232**

"Other" within "Interest expenses" mainly included gains and losses from derivative transactions.

"Other" within "Gains (losses) on investment securities" mainly included gains (losses) accompanying the loss of control of subsidiaries, gains (losses) accompanying the loss of significant influence, gains (losses) on disposal of investments and impairment losses (refer to Note 13. Associates and Joint Ventures) with respect to associates and joint ventures. For the years ended March 31, 2017 and 2016, gains (losses) on disposal of subsidiaries and other were ¥9,165 million ($81,830 thousand) (gains) and ¥32,624 million (gains), respectively. Included in the amounts, gains (losses) on the remeasurement to fair value of residual interests in the former subsidiaries at the date of loss of control for the years ended March 31, 2017 and 2016 were ¥3,814 million ($34,054 thousand) (losses) and ¥30,817 million (gains), respectively.

In respect of gains (losses) accompanying the loss of control of subsidiaries in the year ended March 31, 2016, the Company concluded a share transfer agreement with regard to the shares of Marubeni Rail Transport Inc. ("MRTI"), a holding company of Midwest Railcar Corporation, which is engaged in the leasing of railroad freight cars in North America. As a result of this agreement, the Company was required to obtain the consent of the transferee for major business decisions. Accordingly, the Company recognised a gain on remeasurement to fair value of ¥30,097 million.

In respect of gains (losses) accompanying the loss of significant influence over associates in the year ended March 31, 2016, the approval of the partial disposal of its shares in Anhui Guozhen Environment Protection Science and Technology Joint Stock Co., Ltd. ("Anhui Guozhen"), the Company's affiliate engaged in the sewage treatment business in China, from Anhui Guozhen, the Company relinquished its voting rights corresponding to the number of shares to be sold prior to the disposal of the shares. Accordingly, the Company recognised a gain on remeasurement to fair value of ¥39,800 million.

(vii) Fair value measurements

The Companies measure certain assets and liabilities at fair value. The inputs used in the fair value measurement are categorised into three levels based upon the observability of the inputs in markets.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Companies can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3: Unobservable inputs for the assets or liabilities

The financial assets and liabilities measured at fair value by the Companies on a recurring basis at March 31, 2017 and 2016 were as follows:

	Millions of yen								*Thousands of U.S. dollars*			
	March 31, 2017				March 31, 2016				**March 31, 2017**			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:												
Non-derivative Financial assets measured at FVTPL:												
Notes, trade accounts and loans receivable	**¥–**	**¥31,939**	**¥11,543**	**¥43,482**	¥–	¥38,581	¥11,627	¥50,208	**$–**	**$285,170**	**$103,062**	**$388,232**
Other Investments (equity)	**–**	**–**	**106**	**106**	1,782	6,390	122	8,294	**–**	**–**	**947**	**947**
Other Investments (debt)	**–**	**–**	**2,726**	**2,726**	–	–	5,528	5,528	**–**	**–**	**24,339**	**24,339**
Other financial assets	**–**	**–**	**12,882**	**12,882**	–	–	12,526	12,526	**–**	**–**	**115,018**	**115,018**
Non-derivative Financial assets measured at FVTOCI:												
Other Investments	**185,210**	**–**	**143,691**	**328,901**	176,216	1,281	149,029	326,526	**1,653,661**	**–**	**1,282,955**	**2,936,616**
Derivative instruments:												
Interest rate contracts	**–**	**28,823**	**–**	**28,823**	–	36,947	–	36,947	**–**	**257,348**	**–**	**257,348**
Forward exchange contracts	**–**	**12,563**	**–**	**12,563**	–	24,493	–	24,493	**–**	**112,170**	**–**	**112,170**
Commodity contracts	**9,795**	**52,194**	**1,006**	**62,995**	9,223	56,579	2,018	67,820	**87,455**	**466,018**	**8,982**	**562,455**
Other	**–**	**–**	**–**	**–**	–	–	–	–	**–**	**–**	**–**	**–**
Liabilities:												
Derivative instruments:												
Interest rate contracts	**–**	**(497)**	**–**	**(497)**	–	(2,138)	–	(2,138)	**–**	**(4,438)**	**–**	**(4,438)**
Forward exchange contracts	**–**	**(26,347)**	**–**	**(26,347)**	–	(12,586)	–	(12,586)	**–**	**(235,241)**	**–**	**(235,241)**
Commodity contracts	**(6,611)**	**(35,123)**	**(348)**	**(42,082)**	(3,110)	(41,259)	(663)	(45,032)	**(59,027)**	**(313,598)**	**(3,107)**	**(375,732)**
Other	**–**	**–**	**0**	**0**	–	–	(100)	(100)	**–**	**–**	**0**	**0**

Other investments categorised as Level 1 mainly consist of marketable equity securities in active markets. Derivative instruments categorised as Level 1 consist of derivatives related to commodity contracts. These assets are measured at quoted prices in active markets without adjustment.

Notes, trade accounts and loans receivable categorised as Level 2 consist of notes and trade accounts receivable that are settled at future market prices; and other investments categorised as Level 2 consist of equity securities traded on markets that are not active. Derivative instruments categorised as Level 2 consist of interest rate swaps, forward exchange contracts and derivatives related to commodity contracts. These assets and liabilities are mainly measured based on quoted prices of identical assets not categorised as Level 1 in markets that are not active or similar assets or liabilities in active markets, and measurement is based mainly on a market approach using observable inputs, such as prices in commodity markets, foreign exchange rates and interest rates.

Other investments categorised as Level 3 mainly consist of equity securities in inactive markets; and derivative instruments categorised as Level 3 mainly consist of derivatives related to commodity contracts. These assets and liabilities are measured mainly based on an income approach using inputs that are reasonably available or inputs many market participants use with reasonable confidence because observable inputs are not available due to a lack of similar assets or liabilities in active markets or distortive market prices resulting from dramatic liquidity decreases and such like.

Significant unobservable inputs used in the fair value measurement of investments whose fair values are measured on a recurring basis categorised as Level 3 are discount rates. Fair value decreases (increases) as the discount rate rises (declines). At March 31, 2017 and 2016, discount rates used in fair value measurement by the Companies range from 6.5% to 11.7% and 5.8% to 13.3%, respectively.

The Companies recognise transfers of assets and liabilities between Levels of the fair value hierarchy at the end of each quarterly period.

During the years ended March 31, 2017 and 2016, there were no significant transfers between Levels 1 and 2.

Changes in Level 3 assets and liabilities measured at fair value on a recurring basis by the Companies for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen					
	Non-derivative Financial assets measured at FVTPL			Non-derivative Financial assets measured at FVTOCI	Derivative instruments	
March 31, 2017	Notes, trade accounts and loans receivable	Other investments	Other financial assets	Other investments	Commodity contracts	Other contracts
Balance at beginning of year	**¥11,627**	**¥5,650**	**¥12,526**	**¥149,029**	**¥1,355**	**¥(100)**
Gains (losses) in profit or loss	**(33)**	**(236)**	**4,913**	**–**	**2,291**	**69**
Gains (losses) in other comprehensive income	**–**	**–**	**–**	**(6,095)**	**–**	**–**
Purchases	**–**	**229**	**–**	**339**	**–**	**27**
Sales/Redemptions	**–**	**(1,273)**	**(4,538)**	**(7,727)**	**–**	**–**
Settlements	**–**	**–**	**–**	**–**	**(2,955)**	**–**
Transfers	**–**	**(1,500)**	**–**	**3,482**	**(2)**	**–**
Effects of acquisition and divestitures	**–**	**–**	**–**	**(26)**	**–**	**–**
Net transfers in and/or (out) of Level 3	**–**	**–**	**–**	**–**	**–**	**–**
Other	**(51)**	**(38)**	**(19)**	**4,689**	**(31)**	**4**
Balance at end of year	**¥11,543**	**¥2,832**	**¥12,882**	**¥143,691**	**¥658**	**¥0**
Gains (losses) in assets and liabilities held at end of year	**¥(33)**	**¥(236)**	**¥4,913**	**¥–**	**¥637**	**¥96**

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	Thousands of U.S. dollars					
	Non-derivative Financial assets measured at FVTPL			Non-derivative Financial assets measured at FVTOCI	Derivative instruments	
March 31, 2017	Notes, trade accounts and loans receivable	Other investments	Other financial assets	Other investments	Commodity contracts	Other contracts
Balance at beginning of year	**$103,813**	**$50,446**	**$111,839**	**$1,330,616**	**$12,098**	**$(893)**
Gains (losses) in profit or loss	**(295)**	**(2,107)**	**43,866**	**–**	**20,455**	**616**
Gains (losses) in other comprehensive income	**–**	**–**	**–**	**(54,420)**	**–**	**–**
Purchases	**–**	**2,045**	**–**	**3,027**	**–**	**241**
Sales/Redemptions	**–**	**(11,366)**	**(40,518)**	**(68,991)**	**–**	**–**
Settlements	**–**	**–**	**–**	**–**	**(26,384)**	**–**
Transfers	**–**	**(13,393)**	**–**	**31,089**	**(18)**	**–**
Effects of acquisition and divestitures	**–**	**–**	**–**	**(232)**	**–**	**–**
Net transfers in and/or (out) of Level 3	**–**	**–**	**–**	**–**	**–**	**–**
Other	**(456)**	**(339)**	**(169)**	**41,866**	**(276)**	**36**
Balance at end of year	**$103,062**	**$25,286**	**$115,018**	**$1,282,955**	**$5,875**	**$0**
Gains (losses) in assets and liabilities held at end of year	**$(295)**	**$(2,107)**	**$43,866**	**$–**	**$5,688**	**$857**

	Millions of yen					
	Non-derivative Financial assets measured at FVTPL			Non-derivative Financial assets measured at FVTOCI	Derivative instruments	
March 31, 2016	Notes, trade accounts and loans receivable	Other investments	Other financial assets	Other investments	Commodity contracts	Other contracts
Balance at beginning of year	¥12,228	¥15,917	¥15,079	¥213,047	¥1,064	¥–
Gains (losses) in profit or loss	172	203	2,845	–	2,000	(35)
Gains (losses) in other comprehensive income	–	–	–	(39,280)	–	–
Purchases	–	264	–	10	–	14
Sales/Redemptions	–	(2,270)	(4,602)	(16,637)	–	–
Settlements	–	–	–	–	(1,622)	(86)
Transfers	–	–	–	(767)	1	–
Effects of acquisition and divestitures	–	–	–	–	–	–
Net transfers in and/or (out) of Level 3	–	(8,370)	–	(1,455)	–	–
Other	(773)	(94)	(796)	(5,889)	(88)	7
Balance at end of year	¥11,627	¥5,650	¥12,526	¥149,029	¥1,355	¥(100)
Gains (losses) in assets and liabilities held at end of year	¥172	¥250	¥2,845	¥–	¥1,444	¥(107)

Gains and losses on the above assets and liabilities, gains and losses on other investments are included in “Gains (losses) on investment securities”, gains and losses on other financial assets are included in “Sales of goods” or “Cost of goods sold”, and gains and losses on derivatives are included in “Cost of goods sold” or “Other-net” in the Consolidated Statement of Comprehensive Income.

Additionally, "Other" above mainly consists of "Foreign currency translation adjustments" in the Consolidated Statement of Comprehensive Income.

The relevant division of the Company, upon determining the valuation method of the applicable assets and liabilities, measures the fair value of assets and liabilities categorised as Level 3, according to valuation policies and procedures stipulated by the Company. Additionally, appropriate third-party valuations are obtained, as necessary. The results of fair value measurements are then reviewed by the Corporate Staff Group, which is independent from the division responsible for the fair value measurement.

If the inputs used to measure "Other investments measured at FVTOCI" among the assets categorised as Level 3 were to be changed, there were no significant changes of the fair value at March 31, 2017 and 2016.

(4) Offsetting financial assets and financial liabilities

At March 31, 2017 and 2016, among the financial assets and financial liabilities recognised with the same counterparty, the financial instruments offset in accordance with the criteria for offsetting financial assets and financial liabilities and the financial instruments not offset as a result of not meeting some or all of the offsetting criteria despite being subject to an enforceable master netting arrangement or similar agreement, were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Gross amounts of recognised financial assets	**¥140,048**	¥113,933	**$1,250,429**
Amounts offset in accordance with the criteria for offsetting of financial assets and liabilities	**(50,104)**	(42,521)	**(447,357)**
Net amount presented in the Consolidated Statement of Financial Position	**89,944**	71,412	**803,072**
Amounts not offset due to not meeting some or all of the offsetting criteria for offsetting financial assets and liabilities despite being subject to an enforceable master netting arrangement or similar agreement	**(54,998)**	(58,278)	**(491,054)**
Net amount	**¥34,946**	¥13,134	**$312,018**

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Gross amounts of recognised financial liabilities	**¥136,422**	¥125,609	**$1,218,054**
Amounts offset in accordance with the criteria for offsetting of financial assets and liabilities	**(50,104)**	(42,521)	**(447,357)**
Net amount presented in the Consolidated Statement of Financial Position	**86,318**	83,088	**770,697**
Amounts not offset due to not meeting some or all of the offsetting criteria for offsetting financial assets and liabilities despite being subject to an enforceable master netting arrangement or similar agreement	**(54,998)**	(58,278)	**(491,054)**
Net amount	**¥31,320**	¥24,810	**$279,643**

Generally, the set-off rights on financial instruments that do not meet some or all of the offsetting criteria for offsetting financial assets and financial liabilities become enforceable only under special circumstances, such as when the counterparty can no longer fulfill its obligations due to bankruptcy and other reasons.

(5) Derivative instruments and hedging activities

Fair value hedges

The Company and certain of its consolidated subsidiaries mainly designate, as fair value hedges, currency swap agreements, which hedge the risk of changes in the fair value of foreign currency denominated receivables and payables, and foreign currency denominated firm commitments; commodity futures and forward contracts, which hedge volatility risk of the fair value of inventories and firm commitments on commodity transactions; and interest rate swaps, which convert fixed interest rates on assets and liabilities to floating interest rates.

For the years ended March 31, 2017 and 2016, there were no significant amounts recognised in profit or loss relating to the ineffective portion of hedges or portions excluded from the assessment of hedge effectiveness. Additionally, the effects of discontinuing hedge accounting and the amounts recognised in profit or loss due to firm commitments becoming ineligible as hedged items were immaterial.

Cash flow hedges

The Company and certain of its consolidated subsidiaries mainly designate, as cash flow hedges, forward exchange contracts, which hedge the cash flows of foreign currency denominated receivables and payables, foreign currency denominated firm commitments and foreign currency denominated forecast transactions; interest rate swaps, which convert floating interest rates on assets and liabilities to fixed interest rates; and commodity futures and forward contracts, which hedge the cash flows of forecasted transactions on commodity transactions. For the years ended March 31, 2017 and 2016, there were no significant amounts recognised in profit or loss relating to the ineffective portion of hedges or portions excluded from the assessment of hedge effectiveness. Additionally, the effects of discontinuing hedge accounting and the amounts of gains (losses) on cash flow hedges reclassified to profit or loss because the forecast transactions no longer were expected to occur were immaterial.

Hedges of net investments in foreign operations

The Company and certain of its consolidated subsidiaries use foreign currency denominated bonds and borrowings, and forward exchange contracts to hedge foreign exchange fluctuation risks of net investments in foreign operations. For the years ended March 31, 2017 and 2016, there were no significant amounts recognised in profit or loss relating to the ineffective portion of hedges.

At March 31, 2017 and 2016, the carrying amounts of hedging instruments to which the Company and certain of its consolidated subsidiaries applied hedge accounting by risk category for each type of hedge were as follows:

	Millions of yen				*Thousands of U.S. dollars*		Line item in the Consolidated Statement of Financial Position
	March 31, 2017		March 31, 2016		**March 31, 2017**		
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
Fair value hedges:							
Interest rate risk	**¥28,807**	**¥(371)**	¥36,937	¥(430)	**$257,205**	**$(3,313)**	
Foreign exchange risk	**–**	**–**	–	(70)	**–**	**–**	(Note 1)
Commodity price risk	**1,777**	**(1,147)**	1,949	(1,610)	**15,866**	**(10,241)**	
Total	**¥30,584**	**¥(1,518)**	¥38,886	¥(2,110)	**$273,071**	**$(13,554)**	
Cash flow hedges:							
Interest rate risk	**¥16**	**¥(92)**	¥10	¥(1,702)	**$143**	**$(821)**	
Foreign exchange risk	**3,551**	**(10,513)**	2,357	(19,801)	**31,705**	**(93,866)**	(Note 2)
Commodity price risk	**13,554**	**(3,723)**	1,654	(186)	**121,018**	**(33,241)**	
Total	**¥17,121**	**¥(14,328)**	¥4,021	¥(21,689)	**$152,866**	**$(127,928)**	
Hedges of net investments in foreign operations	**¥1,127**	**¥(320,726)**	¥2,554	¥(565,650)	**$10,063**	**$(2,863,625)**	(Note 3)
Total financial instruments to which hedge accounting was applied	**¥48,832**	**¥(336,572)**	¥45,461	¥(589,449)	**$436,000**	**$(3,005,107)**	

Notes: (1) "Other current financial assets", "Other non-current financial assets", "Other current financial liabilities" and "Other non-current financial liabilities"
(2) "Other current financial assets", "Other non-current financial assets", "Notes and trade accounts payable", "Other current financial liabilities" and "Other non-current financial liabilities"
(3) "Other current financial assets", "Bonds and borrowings" and "Other current financial liabilities"

In addition to the above, the fair values of derivative assets and liabilities to which hedge accounting was not applied at March 31, 2017 and 2016 were ¥55,647 million ($496,848 thousand) and ¥39,817 million ($355,509 thousand) and ¥83,885 million and ¥48,151 million, respectively.

At March 31, 2017 and 2016, the profile of the timing of the nominal amount and the average price or rate of the main hedging instruments were as follows:

March 31, 2017

				Not later than one year	Later than one year and not later than five years	Later than five years	Total
Fair value hedges	Soy bean futures and forward contracts	Buy	Nominal amount (MT)	**8,021,144**	–	–	**8,021,144**
			Average price (U.S. dollars/MT)	**374.35**	–	–	**374.35**
		Sell	Nominal amount (MT)	**7,022,224**	–	–	**7,022,224**
			Average price (U.S. dollars/MT)	**378.23**	–	–	**378.23**
	Interest rate swaps, fixed to floating	–	Nominal amount (Millions of yen)	**83,642**	**421,600**	**260,010**	**765,252**
Cash flow hedges	Forward exchange contracts (U.S. dollars)	Buy yen/Sell U.S. dollars	Nominal amount (Millions of U.S. dollars)	**157**	**0**	–	**157**
			Average rate (Yen/U.S. dollars)	**111.88**	**113.96**	–	**111.89**
		Buy U.S. dollars/Sell yen	Nominal amount (Millions of U.S. dollars)	**1,048**	**189**	**40**	**1,277**
			Average rate (Yen/U.S. dollars)	**110.74**	**106.66**	**97.98**	**109.65**
Hedges of net investments in foreign operations	Forward exchange contracts and borrowings (U.S. dollars)	Buy yen/Sell U.S. dollars	Nominal amount (Millions of U.S. dollars)	**161**	**1,665**	**749**	**2,575**
			Average rate (Yen/U.S. dollars)	**99.59**	**99.69**	**109.46**	**102.53**
	Range forward contracts (U.S. dollars)	–	Nominal amount (Millions of U.S. dollars)	**5,000**	–	–	**5,000**
			Average rate (Yen/U.S. dollars)	**101.97**	–	–	**101.97**

The terms under the interest rate swaps of fair value hedges converting fixed interest rates to floating interest rates were principally receiving fixed interest rates from 0.1% to 2.0% and paying variable interest rates equivalent to the Japanese Bankers Association's 3-month or 6-month Japanese yen TIBOR.

March 31, 2016

				Not later than one year	Later than one year and not later than five years	Later than five years	Total
Fair value hedges	Soy bean futures and forward contracts	Buy	Nominal amount (MT)	6,670,256	–	–	6,670,256
			Average price (U.S. dollars/MT)	325.98	–	–	325.98
		Sell	Nominal amount (MT)	7,874,400	–	–	7,874,400
			Average price (U.S. dollars/MT)	331.83	–	–	331.83
	Interest rate swaps, fixed to floating	–	Nominal amount (Millions of yen)	73,100	370,288	395,034	838,422
Cash flow hedges	Forward exchange contracts (U.S. dollars)	Buy yen/Sell U.S. dollars	Nominal amount (Millions of U.S. dollars)	321	9	–	330
			Average rate (Yen/U.S. dollars)	116.53	120.35	–	116.64
		Buy U.S. dollars/Sell yen	Nominal amount (Millions of U.S. dollars)	1,126	194	48	1,368
			Average rate (Yen/U.S. dollars)	115.50	111.36	99.25	114.34
Hedges of net investments in foreign operations	Forward exchange contracts and borrowings (U.S. dollars)	Buy yen/Sell U.S. dollars	Nominal amount (Millions of U.S. dollars)	2,794	2,411	774	5,979
			Average rate (Yen/U.S. dollars)	103.57	90.35	108.98	98.94
	Range forward contracts (U.S. dollars)	–	Nominal amount (Millions of U.S. dollars)	1,500	–	–	1,500
			Average rate (Yen/U.S. dollars)	119.31	–	–	119.31

The terms under the interest rate swaps of fair value hedges converting fixed interest rates to floating interest rates were principally receiving fixed interest rates from 0.1% to 2.0% and paying variable interest rates equivalent to the Japanese Bankers Association's 3-month or 6-month Japanese yen TIBOR.

At March 31, 2017 and 2016, the carrying amounts of hedged items which the Company and certain of its consolidated subsidiaries categorised as fair value hedges and the accumulated amounts of fair value hedge adjustments on the hedged items included in the carrying amounts of hedged items recognised in the Consolidated Statement of Financial Position were as follows:

March 31, 2017

	Millions of yen				Line item in the Consolidated Statement of Financial Position
	Carrying amounts		Accumulated amounts of fair value hedge adjustments		
	Assets	Liabilities	Assets	Liabilities	
Interest rate risk	**¥–**	**¥(909,830)**	**¥–**	**¥(28,578)**	(Note 1)
Foreign exchange risk	**3**	**–**	**3**	**–**	(Note 2)
Commodity price risk	**45,896**	**(48,280)**	**45,868**	**(48,277)**	(Note 3)

	Thousands of U.S. dollars				Line item in the Consolidated Statement of Financial Position
	Carrying amounts		Accumulated amounts of fair value hedge adjustments		
	Assets	Liabilities	Assets	Liabilities	
Interest rate risk	**$–**	**$(8,123,482)**	**$–**	**$(255,161)**	(Note 1)
Foreign exchange risk	**27**	**–**	**27**	**–**	(Note 2)
Commodity price risk	**409,786**	**(431,071)**	**409,536**	**(431,045)**	(Note 3)

March 31, 2016

	Millions of yen				Line item in the Consolidated Statement of Financial Position
	Carrying amounts		Accumulated amounts of fair value hedge adjustments		
	Assets	Liabilities	Assets	Liabilities	
Interest rate risk	¥17,803	¥(983,640)	¥149	¥(37,218)	(Note 1)
Foreign exchange risk	688	–	73	–	(Note 2)
Commodity price risk	29,598	(32,561)	28,033	(31,694)	(Note 3)

Notes: (1) “Notes, trade accounts and loans receivable (Current assets)” and “Bonds and borrowings”
(2) “Other current financial assets” and “Notes, trade accounts and loans receivable (Non-current assets)”
(3) “Other current financial assets” and “Other current financial liabilities”

The amounts which the Company and certain of its consolidated subsidiaries recognise in the Consolidated Statement of Comprehensive Income on cash flow hedges and hedges of net investments in foreign operations (before tax) for the years ended March 31, 2017 and 2016 were as follows:

Year ended March 31, 2017

	Millions of yen		*Thousands of U.S. dollars*		Line item in the Consolidated Statement of Comprehensive Income corresponding to reclassification adjustment
	Hedging gains or losses	Amounts reclassified as reclassification adjustment	Hedging gains or losses	Amounts reclassified as reclassification adjustment	
Cash flow hedges:					
Interest rate risk	**¥298**	**¥1,116**	**$2,661**	**$9,964**	Interest expenses
Foreign exchange risk	**1,447**	**(3,669)**	**12,919**	**(32,759)**	Other-net
Commodity price risk	**9,589**	**(2,690)**	**85,616**	**(24,018)**	Cost of goods sold
Total	**¥11,334**	**¥(5,243)**	**$101,196**	**$(46,813)**	
Hedges of net investments in foreign operations:	**¥(7,564)**	**¥(882)**	**$(67,536)**	**$(7,875)**	Other-net and gains (losses) on investment securities

Year ended March 31, 2016

	Millions of yen		Line item in the Consolidated Statement of Comprehensive Income corresponding to reclassification adjustment
	Hedging gains or losses	Amounts reclassified as reclassification adjustment	
Cash flow hedges:			
Interest rate risk	¥1,147	¥667	Interest expenses
Foreign exchange risk	1,177	4,235	Other-net
Commodity price risk	(55)	(162)	Cost of goods sold
Total	¥2,269	¥4,740	
Hedges of net investments in foreign operations:	¥49,274	¥2,521	Other-net and gains (losses) on investment securities

For the years ended March 31, 2017 and 2016, for hedges of net positions, there were no significant hedging gains or losses recognised as an individual account in the Consolidated Statement of Comprehensive Income.

Changes in other components of equity arising from cash flow hedges and hedges of net investments in foreign operations for the years ended March 31, 2017 and 2016 were as follows:

Year ended March 31, 2017

	Millions of yen			
	Cash flow hedges			Hedges of net investments in foreign operations
	Interest rate risk	Foreign exchange risk	Commodity price risk	Foreign exchange risk
Balance at beginning of year	**¥(38,984)**	**¥(17,529)**	**¥(3,145)**	**¥(188,482)**
Changes for the year	**(3,838)**	**5,428**	**7,336**	**(5,128)**
Reclassification to profit or loss for the year	**9,440**	**(2,159)**	**(2,153)**	**(990)**
Transfer to non-financial assets or non-financial liabilities	**–**	**4,982**	**–**	**–**
Balance at end of year	**¥(33,382)**	**¥(9,278)**	**¥2,038**	**¥(194,600)**

	Thousands of U.S. dollars			
	Cash flow hedges			Hedges of net investments in foreign operations
	Interest rate risk	Foreign exchange risk	Commodity price risk	Foreign exchange risk
Balance at beginning of year	**$(348,072)**	**$(156,509)**	**$(28,081)**	**$(1,682,875)**
Changes for the year	**(34,268)**	**48,465**	**65,500**	**(45,786)**
Reclassification to profit or loss for the year	**84,286**	**(19,277)**	**(19,223)**	**(8,839)**
Transfer to non-financial assets or non-financial liabilities	–	**44,482**	–	–
Balance at end of year	**$(298,054)**	**$(82,839)**	**$18,196**	**$(1,737,500)**

Year ended March 31, 2016

	Millions of yen			
	Cash flow hedges			Hedges of net investments in foreign operations
	Interest rate risk	Foreign exchange risk	Commodity price risk	Foreign exchange risk
Balance at beginning of year	¥(45,175)	¥(6,850)	¥(3,164)	¥(241,800)
Changes for the year	(7,101)	(5,398)	(3,264)	51,146
Reclassification to profit or loss for the year	13,292	4,056	3,283	2,172
Transfer to non-financial assets or non-financial liabilities	–	(9,337)	–	–
Balance at end of year	¥(38,984)	¥(17,529)	¥(3,145)	¥(188,482)

"Reclassification to profit or loss for the year" mainly represented the amounts transferred because the hedged items affected profit or loss.

There were no significant items excluded from the designation as the hedging instrument, such as the time value of option contracts, forward elements of forward contracts included in hedging instruments and foreign currency basis spreads of financial instruments.

Derivative assets included in “Other current financial assets” and “Other non-current financial assets” in the Consolidated Statement of Financial Position at March 31, 2017 and 2016 were ¥61,210 million ($546,518 thousand) and ¥43,171 million ($385,455 thousand), and ¥87,936 million and ¥41,324 million, respectively.

Additionally, at March 31, 2017 and 2016, non-derivative assets in “Other current financial assets” and “Other non-current financial assets” included Financial assets measured at FVTPL in the amounts of ¥12,882 million ($115,018 thousand) and ¥12,526 million, respectively.

Derivative liabilities included in “Other current financial liabilities” and “Other non-current financial liabilities” in the Consolidated Statement of Financial Position at March 31, 2017 and 2016 were ¥65,993 million ($589,223 thousand) and ¥2,933 million, ($26,188 thousand) and ¥54,395 million and ¥5,461 million, respectively.

15. Pledged Assets

The assets pledged as collateral for the Companies' loans and such like at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Cash and cash equivalents, and time deposits	**¥1,043**	¥527	**$9,312**
Notes, trade accounts and loans receivable	**24,069**	30,806	**214,902**
Inventories	**14,898**	21,035	**133,018**
Investments in associates and joint ventures	**32,756**	89,475	**292,464**
Property, plant and equipment (after deducting accumulated depreciation)	**61,856**	55,834	**552,286**
Other	**13,807**	15,935	**123,277**
Total	**¥148,429**	¥213,612	**$1,325,259**

The Companies pledge collateral under conventional conditions in standard borrowing arrangements, etc.

In addition to the above, import bills included in notes payable at March 31, 2017 and 2016 were secured by trust receipts on inventories.

The standard terms provide that the proceeds from the sales of any such collateral be delivered to the respective bank to be applied against outstanding acceptances. However, the Companies have, in general, followed the practice of paying acceptances on their maturity dates. Given the substantial volume of the Companies' transactions, it would not be practical to determine the total amount of inventories and/or proceeds from the sales of such inventories covered by outstanding trust receipts.

As is customary in Japan, security, if requested by a lending bank, must be given and, regardless of the existence of such security, the bank has the right to offset cash deposits against any debt or obligations that become due and, in the case of default or certain other specified events, against all debt payable to the bank. To date, no such request has been made to the Companies and no such rights have been exercised.

16. Earnings per Share

Basic and diluted earnings per share attributable to shareholders of the parent for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Numerator:			
Profit for the year attributable to owners of the parent	**¥155,350**	¥62,264	**$1,387,054**
Adjustment amount used for the calculation of earnings per share attributable to shareholders of the parent (basic)			
Amount not attributable to shareholders of the parent	**2,499**	–	**22,313**
Profit for the year used for the calculation of earnings per share attributable to shareholders of the parent (basic)	**152,851**	62,264	**1,364,741**
Adjustment amount used for the calculation of earnings per share attributable to shareholders of the parent (diluted)			
Adjustment concerning stock acquisition rights	**(0)**	–	**(0)**
Profit for the year used for the calculation of earnings per share attributable to shareholders of the parent (diluted)	**¥152,851**	¥62,264	**$1,364,741**

	Number of shares	
	March 31, 2017	March 31, 2016
Denominator:		
Weighted average number of ordinary shares used for the calculation of earnings per share attributable to shareholders of the parent (basic)	**1,735,357,836**	1,735,368,048
Effect of dilution		
Adjustment concerning stock acquisition rights	**331,454**	–
Weighted average number of ordinary shares used for the calculation of earnings per share attributable to shareholders of the parent (diluted)	**1,735,689,289**	1,735,368,048

Earnings per share attributable to shareholders of the parent	*Yen*		*U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Basic	**¥88.08**	**¥35.88**	**$0.79**
Diluted	**¥88.06**	**¥35.88**	**$0.79**

17. Other Components of Equity and Other Comprehensive Income

Changes in other components of equity for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Gains (losses) on financial assets measured at fair value through other comprehensive income			
Balance at beginning of year	**¥43,066**	¥108,256	**$384,517**
Change for the year	**11,212**	(61,130)	**100,107**
Transfer to retained earnings	**328**	(4,060)	**2,929**
Balance at end of year	**¥54,606**	¥43,066	**$487,553**
Foreign currency translation adjustments			
Balance at beginning of year	**¥193,608**	¥327,782	**$1,728,643**
Change for the year	**(28,298)**	(134,174)	**(252,661)**
Balance at end of year	**¥165,310**	¥193,608	**$1,475,982**
Gains (losses) on cash flow hedges			
Balance at beginning of year	**¥(59,658)**	¥(55,189)	**$(532,660)**
Change for the year	**14,054**	4,868	**125,482**
Transfer to non-financial assets or non-financial liabilities	**4,982**	(9,337)	**44,482**
Balance at end of year	**¥(40,622)**	¥(59,658)	**$(362,696)**
Remeasurements of defined benefit plan			
Balance at beginning of year	**¥–**	¥–	**$–**
Change for the year	**1,131**	(16,421)	**10,098**
Transfer to retained earnings	**(1,131)**	16,421	**(10,098)**
Balance at end of year	**¥–**	¥–	**$–**
Other components of equity			
Balance at beginning of year	**¥177,016**	¥380,849	**$1,580,500**
Change for the year	**(1,901)**	(206,857)	**(16,974)**
Transfer to retained earnings	**(803)**	12,361	**(7,169)**
Transfer to non-financial assets or non-financial liabilities	**4,982**	(9,337)	**44,482**
Balance at end of year	**¥179,294**	¥177,016	**$1,600,839**

Marubeni Corporation and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Each component of other comprehensive income, including non-controlling interests and related tax effects, for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen					
	March 31, 2017			March 31, 2016		
	Before tax amount	**Tax (expense) or benefit**	**Net of tax amount**	Before tax amount	Tax (expense) or benefit	Net of tax amount
Gains (losses) on financial assets measured at fair value through other comprehensive income:						
Gains (losses) arising for the year	**¥17,400**	**¥(5,953)**	**¥11,447**	¥(72,534)	¥11,418	¥(61,116)
Change for the year	**¥17,400**	**¥(5,953)**	**¥11,447**	¥(72,534)	¥11,418	¥(61,116)
Foreign currency translation adjustments:						
Gains (losses) arising for the year	**¥(27,960)**	**¥(641)**	**¥(28,601)**	¥(133,224)	¥867	¥(132,357)
Reclassification to profit or loss for the year	**(1,492)**	**79**	**(1,413)**	(6,577)	169	(6,408)
Change for the year	**¥(29,452)**	**¥(562)**	**¥(30,014)**	¥(139,801)	¥1,036	¥(138,765)
Gains (losses) on cash flow hedges:						
Gains (losses) arising for the year	**¥11,997**	**¥(2,998)**	**¥8,999**	¥(15,642)	¥(58)	¥(15,700)
Reclassification to profit or loss for the year	**4,057**	**1,092**	**5,149**	22,430	(1,807)	20,623
Change for the year	**¥16,054**	**¥(1,906)**	**¥14,148**	¥6,788	¥(1,865)	¥4,923
Remeasurements of defined benefit pension plan:						
Gains (losses) arising for the year	**¥4,333**	**¥(3,191)**	**¥1,142**	¥(21,974)	¥5,362	¥(16,612)
Change for the year	**¥4,333**	**¥(3,191)**	**¥1,142**	¥(21,974)	¥5,362	¥(16,612)
Other comprehensive income (loss)	**¥8,335**	**¥(11,612)**	**¥(3,277)**	¥(227,521)	¥15,951	¥(211,570)

	Thousands of U.S. dollars		
	March 31, 2017		
	Before tax amount	**Tax (expense) or benefit**	**Net of tax amount**
Gains (losses) on financial assets measured at fair value through other comprehensive income:			
Gains (losses) arising for the year	**$155,357**	**$(53,152)**	**$102,205**
Change for the year	**$155,357**	**$(53,152)**	**$102,205**
Foreign currency translation adjustments:			
Gains (losses) arising for the year	**$(249,643)**	**$(5,723)**	**$(255,366)**
Reclassification to profit or loss for the year	**(13,321)**	**705**	**(12,616)**
Change for the year	**$(262,964)**	**$(5,018)**	**$(267,982)**
Gains (losses) on cash flow hedges:			
Gains (losses) arising for the year	**$107,117**	**$(26,768)**	**$80,349**
Reclassification to profit or loss for the year	**36,223**	**9,750**	**45,973**
Change for the year	**$143,340**	**$(17,018)**	**$126,322**
Remeasurements of defined benefit plan:			
Gains (losses) arising for the year	**$38,688**	**$(28,491)**	**$10,197**
Change for the year	**$38,688**	**$(28,491)**	**$10,197**
Other comprehensive income (loss)	**$74,421**	**$(103,679)**	**$(29,258)**

18. Cash Flow Information

Supplemental cash flow information for the years ended March 31, 2017 and 2016 was as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Non-cash investing and financing activities:			
Exchange of assets:			
Fair value of assets received	**¥7,261**	¥8,900	**$64,830**
Carrying amounts of assets surrendered	**5,459**	8,308	**48,741**

19. Segment Information

(1) Operating Segments

The Companies' operating segments by which the management evaluates performance and allocates resources are classified in terms of the nature of the products and services. Each reportable segment purchases, distributes and markets a wide variety of industrial and consumer goods including raw materials and equipment relating to a wide variety of industries and, in addition, provides the related financing, insurance and other services to these operations on a worldwide basis. The Companies have five segments identified by products and services.

These segments are outlined as follows:

Food & Consumer Products: Both domestically and internationally, the Foods sector produces and distributes all sorts of foods such as fodder, soy beans, grain, sugar, processed food and beverages, raw materials, foodstuffs for commercial use, and agricultural and marine products. The Lifestyle sector includes apparel, footwear, tires, household goods, home furnishings and sporting goods, and operates various businesses from planning, manufacturing, importing, and wholesaling/retailing of products to business investment. The Communication sector is involved in the system integration business, the data communication network business, the mobile devices sales business. The Logistics sector operates forwarding business and logistics centers, and the Insurance sector operates an insurance brokerage business, a reinsurance business and other related businesses. The Finance sector operates asset and property managements, fund operations and other businesses, while the Real estate development sector deals with condominium development business, redevelopment business, and other broad range businesses to provide various services.

Chemical & Forest Products: Both domestically and internationally, the Chemical sector handles a wide variety of goods ranging from upstream, such as basic petrochemicals, to downstream, such as electronic materials and specialty chemicals. Focusing on China, the Americas, Middle East and South East Asia as priority markets, this sector is conducting business with a balance between investment and trade. The Helena Business, which had been made independent at the division level with the aim of expanding earnings of the agriculture material sales operation in the U.S., was renamed the "Agri-Input Business Division". It seeks to further expand the Company's agriculture related business by consolidating the sales operations of other regions and the global trade business involving agrochemicals, fertilizers and raw materials of fertilizers. The Forest Products sector manufactures and distributes raw materials for paper production, paper and cardboard, and takes part in afforestation projects and sells housing materials.

Energy & Metals: Both domestically and internationally, the Energy sector, which focuses on products related to energy such as oil, gas and etc., takes part in various sorts of businesses which benefit from the development of resources through retail channels such as gas stations. The Metals and Mineral Resources sector is engaged in the development business for raw materials for production of steel and iron and nonferrous light metals. Also, this sector processes and sells nonferrous light metals, and is engaged in trading of raw materials for steel and iron and nonferrous light metals, as well as producing, processing and selling steel products in general including steel plates, steel pipes, and special steels.

Power Projects & Plant: Both domestically and internationally, this segment develops, invests in, operates and manages a variety of power projects including power generating, distributing and transforming operations, energy related infrastructure operations, desalination and water treatment operations, traffic and infra-system operations and various fields of industrial plants. In addition, this segment also delivers and contracts works of related equipments.

Transportation & Industrial Machinery: Both domestically and internationally, this segment focuses on domestic and international trade (export and import) in aerospace and defense systems, automotive, construction, agricultural machinery and other transportation-related machinery; loans and investments in wide-ranging fields such as wholesale, retail, retail finance, leasing business, product development and services related to such transportation machinery; and trading, possessing and chartering various cargo vessels, tankers and LNG carriers.

The Companies' operating segment information for the years ended March 31, 2017 and 2016 was as follows:

March 31, 2017	Food & Consumer Products	Chemical & Forest Products	Energy & Metals	Power Projects & Plant
	Millions of yen			
Total volume of trading transactions:				
External customers	¥4,984,336	¥2,433,392	¥2,503,116	¥396,949
Inter-segment	36,965	2,642	2,850	1,099
Total	¥5,021,301	¥2,436,034	¥2,505,966	¥398,048
Gross trading profit	¥282,585	¥175,812	¥26,155	¥45,279
Share of profits (losses) of associates and joint ventures	¥12,317	¥4,141	¥19,429	¥61,097
Profit (loss) for the year attributable to owners of the parent	¥61,269	¥28,700	¥(6,240)	¥56,508
Segment assets	¥1,880,421	¥1,080,307	¥1,691,231	¥1,117,558

March 31, 2017	Transportation & Industrial Machinery	Corporate & Elimination, etc.	Consolidated
	Millions of yen		
Total volume of trading transactions:			
External customers	¥810,649	¥5,727	¥11,134,169
Inter-segment	3,406	(46,962)	—
Total	¥814,055	¥(41,235)	¥11,134,169
Gross trading profit	¥93,316	¥(9,267)	¥613,880
Share of profits (losses) of associates and joint ventures	¥18,211	¥(470)	¥114,725
Profit (loss) for the year attributable to owners of the parent	¥28,615	¥(13,502)	¥155,350
Segment assets	¥797,380	¥329,836	¥6,896,733

March 31, 2017	Food & Consumer Products	Chemical & Forest Products	Energy & Metals	Power Projects & Plant
	Thousands of U.S. dollars			
Total volume of trading transactions:				
External customers	$44,503,000	$21,726,715	$22,349,250	$3,544,187
Inter-segment	330,045	23,589	25,446	9,813
Total	$44,833,045	$21,750,304	$22,374,696	$3,554,000
Gross trading profit	$2,523,080	$1,569,750	$233,527	$404,277
Share of profits (losses) of associates and joint ventures	$109,973	$36,973	$173,473	$545,509
Profit (loss) for the year attributable to owners of the parent	$547,045	$256,250	$(55,714)	$504,536
Segment assets	$16,789,473	$9,645,598	$15,100,277	$9,978,197

March 31, 2017	Transportation & Industrial Machinery	Corporate & Elimination, etc.	Consolidated
	Thousands of U.S. dollars		
Total volume of trading transactions:			
External customers	$7,237,937	$51,134	$99,412,223
Inter-segment	30,411	(419,304)	—
Total	$7,268,348	$(368,170)	$99,412,223
Gross trading profit	$833,179	$(82,741)	$5,481,072
Share of profits (losses) of associates and joint ventures	$162,598	$(4,196)	$1,024,330
Profit (loss) for the year attributable to owners of the parent	$255,491	$(120,554)	$1,387,054
Segment assets	$7,119,464	$2,944,964	$61,577,973

March 31, 2016	Food & Consumer Products	Chemical & Forest Products	Energy & Metals	Power Projects & Plant
	Millions of yen			
Total volume of trading transactions:				
External customers	¥5,439,693	¥2,557,673	¥2,845,446	¥432,810
Inter-segment	26,788	6,481	5,727	312
Total	¥5,466,481	¥2,564,154	¥2,851,173	¥433,122
Gross trading profit	¥305,655	¥197,254	¥19,417	¥54,097
Share of profits (losses) of associates and joint ventures	¥10,117	¥4,237	¥(63,846)	¥67,793
Profit (loss) for the year attributable to owners of the parent	¥58,246	¥33,259	¥(142,409)	¥72,214
Segment assets	¥1,874,173	¥1,040,441	¥1,711,361	¥1,278,555

March 31, 2016	Transportation & Industrial Machinery	Corporate & Elimination, etc.	Consolidated
	Millions of yen		
Total volume of trading transactions:			
External customers	¥916,518	¥15,817	¥12,207,957
Inter-segment	777	(40,085)	—
Total	¥917,295	¥(24,268)	¥12,207,957
Gross trading profit	¥98,910	¥(5,247)	¥670,086
Share of profits (losses) of associates and joint ventures	¥13,522	¥1	¥31,824
Profit (loss) for the year attributable to owners of the parent	¥24,187	¥16,767	¥62,264
Segment assets	¥806,412	¥406,744	¥7,117,686

Notes: (1) Effective from the financial year ended March 31, 2017, all “Overseas Corporate Subsidiaries” have been allocated to the five operating segments based on products and services. In conjunction with this, operating segment information for the financial year ended March 31, 2016 has been restated and is presented accordingly.

(2) “Total volume of trading transactions” includes all transactions involving the Companies regardless of transaction type. “Total volume of trading transactions” is not required by IFRSs but is presented here to provide readers with a better understanding and is as presented in common Japanese accounting practice.

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

(4) “Profit (loss) for the year attributable to owners of the parent” of “Corporate & Elimination, etc.” includes profit/loss such as head office expenses that are not allocated to the operating segments and inter-segment elimination. “Segment assets” of “Corporate & Elimination, etc.” include assets such as cash and cash equivalents related to financing held for general corporate purposes that are not allocated to the operating segments and inter-segment elimination.

(2) Geographical information

Geographical information is categorised according to the region or country in which the assets, which are the sources of revenue, are located.

Geographical information for the years ended March 31, 2017 and 2016 was as follows:

Revenue from external customers

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Japan	**¥3,811,051**	¥3,878,418	**$34,027,241**
United States	**2,404,209**	2,430,287	**21,466,152**
Singapore	**239,376**	258,643	**2,137,286**
Other	**674,169**	732,951	**6,019,366**
Total	**¥7,128,805**	¥7,300,299	**$63,650,045**

Note: There is no concentration of revenue from a specific customer for the years ended March 31, 2017 and 2016.

Non-current assets other than financial assets and deferred tax assets

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
United States	**¥638,976**	¥713,901	**$5,705,143**
Japan	**261,569**	367,636	**2,335,437**
United Kingdom	**152,481**	254,923	**1,361,438**
Other	**251,143**	264,351	**2,242,348**
Total	**¥1,304,169**	¥1,600,811	**$11,644,366**

20. Issued Capital Stock and Reserves

The number of shares authorised and issued at March 31, 2017 and 2016 were as follows:

	Number of shares	
	March 31, 2017	March 31, 2016
Class of share	**Ordinary shares**	Ordinary shares
Authorised	**4,300,000,000**	4,300,000,000
Issued:		
Balance at beginning of year	**1,737,940,900**	1,737,940,900
Change for the year	**–**	–
Balance at end of year	**1,737,940,900**	1,737,940,900

Notes: (1) Common stock has no par value.
(2) Issued stock is fully paid.

Treasury stock held by the Company and by its subsidiaries or associates at March 31, 2017 and 2016 was as follows:

	March 31, 2017		March 31, 2016		**March 31, 2017**
	Shareholding		*Shareholding*		***Shareholding***
Name	***Number of shares***	***Millions of yen***	*Number of shares*	*Millions of yen*	***Thousands of U.S. dollars***
The Company	**2,398,261**	**¥1,347**	2,390,245	¥1,342	**$12,027**
Subsidiaries and associates	**189,677**	**27**	189,950	27	**241**
Total	**2,587,938**	**¥1,374**	2,580,195	¥1,369	**$12,268**

The Companies Act of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than capital reserve) and retained earnings (other than legal reserve) be transferred to capital reserve and legal reserve, respectively, until the sum of capital reserve and legal reserve equals 25% of the amount of issued capital.

21. Other Equity Instruments

On August 16, 2016, the Company obtained financing through perpetual subordinated loans (the "Subordinated Perpetual") in order to bolster its balance sheet.

The Subordinated Perpetual are classified as equity instruments in accordance with IFRS as there is no specific due date set for the repayment of the principal and interest payments are deferrable at the Company's discretion. As a result, this arrangement resulted in an increase of ¥243,589 million ($2,174,902 thousand) (after deducting transaction costs of ¥6,411 million ($57,241 thousand)) in "Other equity instruments" in the "Equity" section of the Consolidated Statement of Financial Position.

Accrued interest on the Subordinated Perpetual has not been recognised as a distribution to owners of other equity instruments at March 31, 2017 because such interest payment is discretionary and it was not determined at that date. The potential amount payable would have been ¥489 million ($4,366 thousand).

Overview of the Subordinated Perpetual

(i)	Total amount of financing obtained	¥250 billion (Tranche A: ¥100 billion, Tranche B: ¥150 billion)
(ii)	Arranger	Mizuho Bank, Ltd.
(iii)	Co-arrangers	Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Trust Bank, Limited, and Sumitomo Mitsui Banking Corporation
(iv)	Contract date	August 10, 2016
(v)	Execution date	August 16, 2016
(vi)	Due date of final repayment	No specific maturity has been set. However, by giving prior notice the Company has the option to make early repayments of the principal of Tranche A on August 16, 2021 and subsequent interest payment dates and the principal of Tranche B on August 16, 2023 and subsequent interest payment dates.
(vii)	Restrictions on interest	The Company is able to suspend and defer interest payments at its discretion by giving prior notice. However, if dividends on common stock, etc. are distributed, feasible and reasonable efforts will be made to pay any such suspended interest and associated additional interest.
(viii)	Subordination clause	If a subordination event (e.g., liquidation) provided for in the contract occurs, the order of repayment of the Subordinated Perpetual will be subordinated to all senior creditors.
(ix)	Applicable interest rate	Tranche A: 0.25% increase on and after interest payment dates in August 2026 and another 0.75% increase on and after interest payment dates in August 2041 Tranche B: 0.25% increase on and after interest payment dates in August 2026 and another 0.75% increase on and after interest payment dates in August 2043

22. Dividends

Dividends on common stock recognised as distributions to shareholders of common stock for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen (Yen)		*Thousands of U.S. dollars (U.S. dollars)*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Year-end dividend	**¥18,223**	¥22,562	**$162,706**
(Dividends per share)	**(10.5)**	(13)	**(0.09)**
Interim dividend	**16,488**	18,223	**147,214**
(Dividends per share)	**(9.5)**	(10.5)	**(0.08)**

Dividends on common stock which were approved by resolution of the Board of Directors after the year end but which have not been recognised as distributions to shareholders of common stock for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen (Yen)		*Thousands of U.S. dollars (U.S. dollars)*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Year-end dividend	**¥23,430**	¥18,223	**$209,196**
(Dividends per share)	**(13.5)**	(10.5)	**(0.12)**

23. Share-based Payment

The Company has a stock option plan for its directors (excluding outside directors) and executive officers. Under the plan, each stock option entitles stock acquisition right holders to acquire 100 shares of common stock at an exercise price equal to ¥1 ($0.01) per share.

Stock acquisition right holders shall be able to exercise their stock acquisition rights for 33 years after the allotment date, on and after (i) the day when three years have elapsed from the allotment date or (ii) the day following the date on which they cease to be a director or executive officer of the Company, whichever is earlier.

A summary of the Company's stock option activity is as follows:

	Year ended March 31, 2017	
	Number of shares	*Weighted average exercise price*
Outstanding at beginning of year	—	—
Granted	472,400	¥1($0.01)
Forfeited	—	—
Exercised	—	—
Expired	—	—
Outstanding at end of year	472,400	¥1($0.01)
Exercisable at end of year	—	—

The exercise price and weighted average remaining contractual life at March 31, 2017 were ¥1($0.01) and 32.3 years.

The weighted average fair value of stock options under the Company's stock option plan at the measurement date for the year ended March 31, 2017 was ¥419($3.74).

The fair value of the stock options was measured using the Black-Scholes model. The expected volatility is measured based on the historical share prices of the Company for a period corresponding to the expected option life. The assumptions used for measuring the fair value are as follows:

	Year ended March 31, 2017
Weighted average share price	¥478 ($4.27)
Exercise price	¥1 ($0.01)
Expected volatility	28.6
Expected option life	3.0
Expected dividend yield	4.4
Risk-free interest rate	(0.4)

Stock compensation expenses recorded for the year ended March 31, 2017 were ¥180 million ($1,607 thousand).

24. Related Party Transactions

The Consolidated Financial Statements of the Company include following subsidiaries.

For the year ended March 31, 2017

Company name	Main businesses	Area/Country	Holding ratio
MX Mobiling Co., Ltd.	Sale of mobile phone and related products	Tokyo/Japan	100.00%
Yamaboshiya Co., Ltd.	Wholesale of confectionery, etc. to mass retailers, convenience stores, etc.	Osaka/Japan	75.62%
Marubeni Energy Corporation	Sale of petroleum and petrochemical products, management and leasing of oil terminals and service stations	Tokyo/Japan	66.60%
Marubeni Nisshin Feed Co., Ltd.	Manufacture and sale of feed	Tokyo/Japan	60.00%
Axia Power Holdings B.V.	Overseas power assets holding company	Amsterdam/ Netherlands	100.00%
Gavilon Agriculture Investment, Inc.	Company overseeing the Gavilon Group (engaged in the business of consolidation and distribution of grains, fertilizers, etc.)	Nebraska/U.S.A.	100.00%
Helena Chemical Company	Sale of agricultural materials and provision of various services	Tennessee/U.S.A.	100.00%
Marubeni Coal Pty. Ltd.	Investment in coal business in Australia	Brisbane/Australia	100.00%
Marubeni LP Holding B.V.	Investment in copper business in Chile	Amsterdam/ Netherlands	100.00%
Marubeni Oil & Gas (USA) LLC.	Exploration, development, production and sales of crude oil and natural gas in the U.S. Gulf of Mexico	Texas/U.S.A.	100.00%

In addition to the above, the financial statements of the other 275 consolidated subsidiaries are included.

Total amounts of compensation to members of the board and corporate auditors of the Company for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	March 31, 2017	March 31, 2016	**March 31, 2017**
Basic payments	**¥540**	¥843	**$4,822**
Stock compensation-type stock options	**54**	–	**482**
Total	**¥594**	¥843	**$5,304**

The outstanding balances of receivables from and payables to the primary/major related parties of the Companies at March 31, 2017 and 2016 were as follows:

	Millions of yen				*Thousands of U.S. dollars*	
	March 31, 2017		March 31, 2016		**March 31, 2017**	
	Outstanding receivables	Outstanding payables	Outstanding receivables	Outstanding payables	Outstanding receivables	Outstanding payables
Associates	**¥133,796**	**¥26,362**	¥129,143	¥28,800	**$1,194,607**	**$235,375**
Joint Ventures	**29,907**	**14,314**	30,073	26,476	**267,027**	**127,804**

Total volume of trading transactions and purchases of goods with the main related parties of the Companies for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen				*Thousands of U.S. dollars*	
	March 31, 2017		March 31, 2016		**March 31, 2017**	
	Purchases	Trading transactions	Purchases	Trading transactions	Purchases	Trading transactions
Associates	**¥110,643**	**¥148,357**	¥105,625	¥152,664	**$987,884**	**$1,324,616**
Joint Ventures	**69,677**	**92,088**	74,612	86,334	**622,116**	**822,214**

25. Commitments and Contingent Liabilities

The Company and certain of its consolidated subsidiaries enter into long-term purchase contracts for certain goods and products in chemical, metal and machinery industries at either fixed or variable prices. The Company and certain of its consolidated subsidiaries generally enter into sales contracts for such purchase contracts with customers. The total amounts of the long-term purchase contracts were approximately ¥662,000 million ($5,910,714 thousand) and ¥743,000 million at March 31, 2017 and 2016, respectively.

The Company and certain of its consolidated subsidiaries had commitments to make additional investments or loans in the aggregate amounts of approximately ¥224,000 million ($2,000,000 thousand) and ¥200,000 million at March 31, 2017 and 2016, respectively, of which capital expenditures in property, plant and equipment were approximately ¥2,000 million ($17,857 thousand) and approximately ¥4,000 million, respectively, while commitments to joint ventures were approximately ¥53,000 million ($473,214 thousand) and approximately ¥54,000 million, respectively.

The Company and certain of its consolidated subsidiaries provide various types of guarantees for the obligations of their associates and customers in the ordinary course of business. The guarantees mainly relate to the repayment of borrowings to third parties. Should the guaranteed associates and customers fail to fulfill their obligations, the Company and certain of its consolidated subsidiaries would be required to fulfill the obligations under these guarantees.

Outstanding guarantees were ¥357,619 million ($3,193,027 thousand) and ¥406,467 million, including ¥294,394 million ($2,628,518 thousand) and ¥357,048 million to associates and joint ventures, at March 31, 2017 and 2016, respectively. Outstanding guarantees (total of guarantee payable) represent the maximum potential amount of future payments under the contracts without any consideration of the likelihood of such obligations being incurred.

Therefore, such amounts do not represent the anticipated losses on these guarantees and indemnifications, and they greatly exceed anticipated losses. Some guarantees are secured by counter guarantees provided for the Company and certain of its consolidated subsidiaries by third parties.

The amounts of counter guarantees provided for the Company and certain of its consolidated subsidiaries by third parties were ¥25,353 million ($226,366 thousand) and ¥21,919 million, including ¥21,074 million ($188,161 thousand) and ¥20,589 million relating to the associates and joint ventures at March 31, 2017 and 2016, respectively.

The Company manages the risk of fulfillment of obligations under the guarantees by setting the appropriate line of credit and by undertaking provisional measures in accordance with the credit risk rank to which each guaranteed customer belongs. The Company determines the rank of each customer before entering into the guarantee agreements according to the customer's credit risk which is estimated and reviewed based on the customer's financial information.

The likelihood of such obligations being incurred under the guarantees which would have a material effect in the Consolidated Financial Statements were estimated to be remote at March 31, 2017. A provision for loss on guarantees was recognised for the amount that was considered probable.

The Companies conduct business activities on a global scale and are involved in transactions which are subject to the oversight by various types of authorities, both in Japan and abroad. Such business activities are exposed to risk and, from time to time, may involve legal actions, claims or other disputes.

After the Supreme Court of Indonesia ("Supreme Court") ruled in favor of the Company in a lawsuit on March 17, 2011 (hereinafter referred to as the "Previous Case"*), lawsuits were filed against the Company in Gunung Sugih and South Jakarta (hereinafter collectively referred to as the "Two Current Cases"), in which substantially the same claims were made as in the Previous Case, including a claim for compensation for damages. As the lower courts partially ruled in favor of the plaintiffs, the Company appealed to the Supreme Court. The Supreme Court's draft decisions on the Gunung Sugih case and South Jakarta case were made public on its website in October 2016 and December 2016, respectively. The Supreme Court handed down a ruling on the South Jakarta case on May 17, 2017.

* The Company had receivables owed by PT. Indolampung Perkasa and PT. Sweet Indolampung—both of which belong to the Indonesian enterprise group Sugar Group—and requested payment from such receivables. However, in response, Sugar Group companies including the aforementioned two debtors (PT. Indolampung Perkasa, PT. Sweet Indolampung, PT. Gula Putih Mataram, PT. Indolampung Distillery and PT. Garuda Pancaarta) sued the defendants including the Company for damages and sought affirmation of the invalidity of the Company's receivables and security interest.

The draft decision on the Gunung Sugih case posted on the Supreme Court's website is as summarised below.

Gunung Sugih case:
To find five out of the seven defendants, including the Company, jointly liable for damages in a total amount of US$250 million to the plaintiffs, i.e., four companies belonging to Indonesian enterprise group Sugar Group (PT. Indolampung Perkasa, PT. Sweet Indolampung, PT. Gula Putih Mataram and PT. Indolampung Distillery).

The Supreme Court's decision on the South Jakarta case is as summarised below.

South Jakarta case:
To find four out of the six defendants, including the Company and Marubeni Europe PLC, jointly liable for damages in a total amount of US$250 million to the plaintiffs, i.e., five companies belonging to Indonesian enterprise group Sugar Group (PT. Indolampung Perkasa, PT. Sweet Indolampung, PT. Gula Putih Mataram, PT. Indolampung Distillery and PT. Garuda Pancaarta).

The Two Current Cases were brought before the courts again by the Sugar Group against the defendants including the Company, making substantially the same claims as in the Previous Case. The decision above is deemed to contradict with the ruling on the Previous Case by the Supreme Court itself, in which Sugar Group's claims were rejected. Pursuant to Indonesian Supreme Court legislation, the Company will file an application for judicial review (retrial) with respect to those cases.

The Company did not recognise any provisions for litigation in regards to the Gunung Sugih and South Jakarta cases at March 31, 2017, having determined that there is a high possibility that the aforementioned ruling will be overturned as a result of such judicial review (retrial).

In addition to the above, although there are certain outstanding litigations such as those relating to compensation for damages and collection of receivables regarding infrastructure projects overseas at March 31, 2017, the outcome of these cannot be determined at this time. The Company provides no further disclosures on these litigations since the Company believes that such disclosures would prejudice seriously the outcome of the proceedings.

26. Structured Entities

The Company and certain of its consolidated subsidiaries are involved in structured entities through investments and financing, but do not include certain of such structured entities engaged in financing, leasing, etc. in their scope of consolidation. Total assets of these unconsolidated structured entities at March 31, 2017 and 2016 were ¥391,400 million ($3,494,643 thousand) and ¥405,669 million, respectively. These structured entities mainly procure funds through bank loans.

Carrying amounts of assets and liabilities recognised in the Consolidated Statement of Financial Position relating to the involvement in these unconsolidated structured entities and maximum exposures to assets, liabilities and lease contracts at March 31, 2017 and 2016 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
Classification	**March 31, 2017**	March 31, 2016	**March 31, 2017**
Carrying amount of assets	**¥8,031**	¥11,380	**$71,705**
Carrying amount of liabilities	**15,043**	9,774	**134,313**
Maximum exposures	**110,196**	109,807	**983,893**

The carrying amount of assets mainly consists of non-current notes, trade accounts and loans receivable, whereas the carrying amount of liabilities mainly consists of non-current notes and trade accounts payable. The sum of the carrying amount of assets and the carrying amount of liabilities is different from maximum exposures primarily due to lease contracts.

Maximum exposures represent the maximum potential amounts of losses precipitated through the decline in the price of assets held and lease contracts. Therefore, such amounts bear no relationship to the anticipated amounts of losses through the involvement in the structured entities.

27. Other Notes

For the year ended March 31, 2016

On January 20, 2016, the Company exercised the right to purchase all preferred shares issued by its subsidiary Gavilon Agriculture Holdings, Co. (Gavilon Agriculture Investment has absorbed and merged Gavilon Agriculture Holdings in March 2016.) that had been held by the Japan Bank for International Cooperation (hereinafter referred to as "JBIC") pursuant to the agreement between shareholders—i.e., the Company and JBIC—and acquired the preferred shares for an aggregate amount of ¥61,886 million including the amount equivalent to the preferred shares yet to be paid for until the day of purchase, and completed the payment for the preferred shares.

As said preferred shares had been recognised as "Non-controlling interests" in the Consolidated Statement of Financial Position, the purchase during the fiscal year ended March 31, 2016 resulted in a decrease in "Non-controlling interests" by the same amount as the amount of the acquisition.

28. Subsequent Events

The Companies have assessed whether any subsequent events occurred through June 23, 2017, the issuance date of the Consolidated Financial Statements, and there are no subsequent events to be disclosed.

29. Approval of Consolidated Financial Statements

The Consolidated Financial Statements were approved by the Board of Directors on June 23, 2017.

Global Network

(As of April 1, 2017)

Locations of Branches and Offices

NORTH & CENTRAL AMERICA

Guatemala City
Houston
Los Angeles
Mexico City
New York
Omaha
Queretaro
Silicon Valley
Toronto
Vancouver
Washington, D.C.

SOUTH AMERICA

Bogota
Buenos Aires
Caracas
Habana
Lima
Rio de Janeiro
Salvador
Santiago
São Paulo

EUROPE & CIS

Almaty
Astana
Athens
Bucharest
Budapest
Düsseldorf
Hamburg
Khabarovsk
Kiev
Lisbon
London
Madrid
Milan
Moscow
Paris
Prague
Risley
St. Petersburg
Tashkent
Vladivostok
Warsaw
Yuzhno-Sakhalinsk

MIDDLE EAST & AFRICA

Abidjan
Abu Dhabi
Accra
Addis Ababa
Algiers
Amman
Ankara
Baghdad
Cairo
Casablanca
Doha
Dubai
Istanbul
Johannesburg
Kuwait City
Lagos
Luanda
Maputo
Muscat
Nairobi
Riyadh
Tehran
Tripoli

SOUTHWEST ASIA	ASEAN	CHINA / EAST ASIA		OCEANIA	JAPAN
Chennai	Bangkok	Beijing	Taipei	Auckland	Sapporo
Chittagong	Hanoi	Changchun	Tianjin	Melbourne	Sendai
Dhaka	Ho Chi Minh City	Chengdu	Ulan Bator	Perth	Tokyo
Goa	Jakarta	Dalian	Wuhan	Sydney	Shizuoka
Islamabad	Kuala Lumpur	Guangzhou	Xiamen		Hamamatsu
Karachi	Kuching	Hefei			Nagoya
Kolkata	Manila	Hong Kong			Osaka
Lahore	Nay Pyi Taw	Kunming			Fukuyama
Mumbai	Phnom Penh	Nanjing			Hiroshima
New Delhi	Quang Ngai	Qingdao			Imabari
	Singapore	Seoul			Fukuoka
	Vientiane	Shanghai			Naha
	Yangon	Shenzhen			

Major Subsidiaries and Associates

(The scope of consolidation of Marubeni Group comprises a total of 438 companies: 285 consolidated subsidiaries and 153 associates accounted for by the equity method as of March 31, 2017. The list is based on data current as of March 31, 2017, with recent data reflected.)

		Business Model	Company Name	Business	Country / Area	Voting Rights
Food & Consumer Products Group						
Grain Division						
Consolidated Subsidiaries	Domestic	D	Pacific Grain Terminal	Warehousing, stevedoring and transportation operations	Japan	78.40%
		D	Marubeni Nisshin Feed	Manufacture and sales of livestock feed	Japan	60.00%
	Overseas	D	Gavilon Agriculture Investment	Parent company of Gavilon Group (collection/sales of grain, fertilizer, etc.)	U.S.	100.00%
		D	Columbia Grain	Collection, storage, exporting and domestic sale of grain produced in North America	U.S.	100.00%
		D	Harrison Grain Investment	Investment company specializing in grain businesses	U.S.	100.00%
Associate	Domestic	D	The Nisshin OilliO Group	Processing and sale of edible oil business	Japan	15.73%
Food Products Division						
Consolidated Subsidiaries	Domestic	D	Wellfam Foods	Marketing of livestock, meats and processed products	Japan	100.00%
		D	Benirei	Wholesale of seafood products and warehousing	Japan	98.76%
		D	Yamaboshiya	Wholesale of confectionary products to mass-retail and convenience stores	Japan	75.62%
	Overseas	D	MBC EUROPE	Holding company of Iguacu de Cafe Soluvel	U.K.	100.00%
		D	Iguaçu de Café Solúvel	Manufacturing and sale of instant coffee	Brazil	100.00%
Associates	Domestic	D	Nacx Nakamura	Wholesale of frozen foods primarily to mass-retail and convenience stores	Japan	44.25%
		D	Toyo Sugar Refining	Manufacturing and sale of sugar and functional food materials	Japan	39.30%
		D	Tobu Store	Supermarket chain	Japan	33.55%
		D	Aeon Market Investment	Holding company for United Super Markets Holdings Inc., a holding company for supermarket operators in the Tokyo metropolitan area	Japan	28.18%
		D	Kokubu Shutoken	Wholesale of foods, alcohol, and other products primarily to mass-retail and convenience stores	Japan	20.00%
		D	SFoods	Meat-related production, wholesale, retail, and restaurant businesses	Japan	17.25%
	Overseas	D	Acecook Vietnam	Manufacturing and sale of instant noodles and other products	Vietnam	18.30%
Lifestyle Division						
Consolidated Subsidiaries	Domestic	D	Marubeni Intex	Sales of industrial materials, lifestyle material-related textile goods and products	Japan	100.00%
		D	Marubeni Fashion Link	Planning, production and sale of textile products	Japan	100.00%
		D	Marubeni Mates	Planning, production, rental, and sale of uniforms; subcontracting of related clerical operations	Japan	100.00%
	Overseas	D	Marubeni Textile Asia Pacific	Purchase agent of textile products for Japan and other countries	Hong Kong	100.00%
Associate	Domestic	D	LACOSTE JAPAN	Manufacturing and sales of Lacoste-brand apparel and other related products	Japan	33.36%
ICT, Logistics & Healthcare Division						
Consolidated Subsidiaries	Domestic	D	MX Mobiling	Sales, repair and maintenance of mobile handsets and related equipment	Japan	100.00%
		D	Marubeni Information Systems	IT solution provider for full range of IT lifecycle in every industry	Japan	100.00%
		D	Marubeni Logistics	International combined transport operation (NVOCC), 3PL (Third-party Logistics), ocean & air freight forwarding, consultancy relating to logistics	Japan	100.00%
Associates	Domestic	D	ARTERIA Networks	Telecommunication business, data communication service business, data center business	Japan	50.00%
	Overseas	D	Shanghai Jiaoyun Rihong International Logistics	Freight transport	China	34.00%

D Distribution Businesses

		Business Model	Company Name	Business	Country / Area	Voting Rights
Food & Consumer Products Group						
Insurance, Finance & Real Estate Business Division						
Consolidated Subsidiaries	Domestic	D	Marubeni Safenet	Insurance agency and lending business	Japan	100.00%
		D	Marubeni Real Estate Sales	Real estate sales	Japan	100.00%
		D	Japan REIT Advisors	Utilization of investee assets	Japan	95.00%
	Overseas	D	Shanghai House Property Development	Housing development in Shanghai, China	China	60.00%

		Business Model	Company Name	Business	Country / Area	Voting Rights
Chemical & Forest Products Group						
Agri-Input Business Division						
Consolidated Subsidiary	Overseas	D	Helena Chemical	Sale of agricultural materials and provision of various services	U.S.	100.00%
Chemical Products Division						
Consolidated Subsidiaries	Domestic	D	Marubeni Chemix	Sales and foreign trade of organic chemicals and fine chemicals	Japan	100.00%
		D	Marubeni Plax	Sales and foreign trade of plastic products and resins	Japan	100.00%
Associates	Domestic	D	Sun Agro	Manufacture and sale of fertilizer and other products; sale of agrochemicals; golf-related business	Japan	22.78%
		D	Katakura & Co-op Agri	Manufacture and sale of fertilizer; sale of livestock feed and materials	Japan	20.73%
	Overseas	D	Shen Hua Chemical Industrial	Production and sale of synthetic rubber (SBR)	China	22.56%
		D	CMK Electronics (Wuxi)	Development, manufacture, and sale of printed circuit boards (PCBs)	China	20.00%
		N	Dampier Salt	Production and sale of salt and gypsum	Australia	21.51%
Forest Products Division						
Consolidated Subsidiaries	Domestic	D	Marubeni Pulp & Paper	Sale of paper products	Japan	100.00%
		D	Koa Kogyo	Manufacture and sale of corrugating medium and printing paper	Japan	79.95%
		D	Fukuyama Paper	Manufacture and sales of corrugating medium and core board	Japan	55.00%
	Overseas	D	Tanjungenim Lestari Pulp and Paper	Manufacturer/Distributor of broad-leaved tree-based bleached kraft pulp	Indonesia	100.00%
Associates	Domestic	D	Marusumi Paper	Manufacture and sale of paper	Japan	32.16%
		D	SMB Kenzai	Distribution and development of housing/construction materials, contracts various construction projects	Japan	27.50%
	Overseas	D	Daishowa-Marubeni International	Manufacture and sale of pulp	Canada	50.00%
		D	Paperbox Holdings	Holding company for container board operations in Malaysia	Virgin Islands	25.00%

D Distribution Businesses N Natural Resource Investments

		Business Model	Company Name	Business	Country / Area	Voting Rights
Energy & Metals Group						
Energy Division						
Consolidated Subsidiaries	Domestic	D	Marubeni Energy	Sale of petroleum products, management and leasing of oil terminals and service stations	Japan	66.60%
	Overseas	D	Marubeni Petroleum	Sales of crude oil and petroleum products	Bermuda	100.00%
		D	MIECO	Sales of all types of petroleum products and natural gas	U.S.	100.00%
		D	Marubeni International Petroleum (Singapore)	Sales of crude oil and all types of petroleum products	Singapore	100.00%
		N	Marubeni LNG Development	Investment company for participation in LNG project in Peru	Netherlands	100.00%
		N	Marubeni Oil & Gas (USA)	Exploration, development, production, and sale of oil and gas in the U.S. Gulf of Mexico	U.S.	100.00%
		N	Marubeni North Sea	Exploration, development, production, and sale of oil and gas in the North Sea	U.K.	100.00%
		N	Marubeni Shale Investment	Investment in onshore shale oil and gas development projects in the United States	U.S.	100.00%
Associates	Domestic	D	ENEOS GLOBE	Import and sale of LPG, and sale of new energy-related equipment	Japan	20.00%
	Overseas	N	Merlin Petroleum	Exploration, development, production, and sale of oil and natural gas	U.S.	20.37%
Steel Products Division						
Associates	Domestic	D	Marubeni-Itochu Steel	Sales and business management of steel products	Japan	50.00%
		D	Marubeni Construction Material Lease	Leasing, sale, repair, and processing of steelmaking materials	Japan	35.22%
Metals & Mineral Resources Division						
Consolidated Subsidiaries	Domestic	D	Marubeni Tetsugen	Sale of raw materials for steelmaking	Japan	100.00%
		D	Marubeni Metals	Sales of non-ferrous and light metals	Japan	100.00%
	Overseas	N	Marubeni LP Holding	Investment in copper mines in Chile	Netherlands	100.00%
		N	Marubeni Iron Ore Australia	Investment in iron ore mining operations in Australia	Australia	100.00%
		N	Marubeni Coal	Investment in coal mines in Australia	Australia	100.00%
		N	Marubeni Aluminium Australia	Investment in aluminum smelting in Australia	Australia	100.00%
		N	Marubeni Metals & Minerals (Canada)	Investment in aluminum smelting in Canada	Canada	100.00%
Associate	Overseas	N	Resource Pacific Holdings	Investment in Ravensworth underground coal mine in Australia	Australia	22.22%

D Distribution Businesses N Natural Resource Investments

		Business Model	Company Name	Business	Country / Area	Voting Rights
Power Business & Plant Group						
Power Business Division						
Consolidated Subsidiaries	Domestic	D	Marubeni Power Retail	Retail sale of electricity in Japan	Japan	100.00%
		D	Marubeni Power Systems	EPC services for overseas power projects	Japan	100.00%
		S	Marubeni Power Development	Development and operation of overseas IPP projects	Japan	100.00%
		F	Japan Offshore Wind Power	Holding company for Seajacks International Ltd. in Japan	Japan	100.00%
	Overseas	D	SmartestEnergy	Electricity aggregation and retail business in UK	U.K.	100.00%
		S	Axia Power Holdings	Holding company of overseas power assets	Netherlands	100.00%
Associates	Overseas	D	Lion Power (2008)	IPP in Singapore	Singapore	42.86%
		S	TeaM Energy	Holding company for the Ilijan, Pagbilao, and Sual power plants in the Philippines	Philippines	50.00%
		S	TrustEnergy	IPP in Portugal	Portugal	50.00%
		S	Uni-Mar Enerji Yatirimlari	Gas-fired combined-cycle thermal power generation in Turkey	Turkey	33.33%
		S	Mesaieed Power	IPP in Mesaieed, Qatar	Qatar	30.00%
		S	PPN Power Generating	IPP in India	India	26.00%
Plant Division						
Consolidated Subsidiaries	Domestic	D	Marubeni Tekmatex	Sales of textile machinery and various equipment	Japan	100.00%
		D	Marubeni Protechs	Sale of steelmaking and industrial devices, environment-related business and sale of related devices, and logistics for factory construction and machinery installation overseas	Japan	100.00%
	Overseas	S	Aguas Decima	Water/sewage utility	Chile	100.00%
Associates	Overseas	D	Eastern Sea Laem Chabang Terminal	Container terminal operation	Thailand	25.00%
		F	Marubeni SuMiT Rail Transport	Investment in railcar leasing business	U.S.	50.00%
		S	Southern Cone Water	Holding company of Aguas Nuevas S.A., which provides full water supply and wastewater services in Chile	U.K.	50.00%

D Distribution Businesses F Finance Businesses S Stable Earnings-Type Businesses (Infrastructure, etc.)

		Business Model	Company Name	Business	Country / Area	Voting Rights
Transportation & Industrial Machinery Group						
Aerospace & Ship Division						
Consolidated Subsidiaries	Domestic	D	Marubeni Aerospace	Import and sale of aircraft and related components	Japan	100.00%
		F	MMSL Japan	Ship management	Japan	100.00%
		F	Scarlet LNG Transport	Investment, finance, and consulting services for shipping-related businesses	Japan	100.00%
	Overseas	F	Marubeni Aviation Holding	Investment in aircraft operating lease business	Netherlands	100.00%
		F	Marubeni Aviation Services	Investment in engines for civil aircraft	Cayman Islands	100.00%
		F	Royal Maritime	Ship chartering and trade	Liberia	100.00%
Automotive & Leasing Division						
Consolidated Subsidiaries	Overseas	D	Marubeni Auto Investment (U.K.)	Investment in retail sales business of automobiles in UK	U.K.	100.00%
		D	Marubeni Auto & Construction Machinery America	Investment in retail sales business of automobiles	U.S.	100.00%
		F	MAI Holding	Investment in automobile retail finance businesses	U.S.	100.00%
		F	MAC Trailer Leasing	Leasing and rental of refrigerated trailers	U.S.	100.00%
Associate	Domestic	F	MG Leasing	General leasing	Japan	45.00%
Transportation & Industrial Machinery Group						
Consolidated Subsidiaries	Domestic	D	Marubeni Techno-Systems	Sale, export and import of industrial machinery	Japan	100.00%
	Overseas	D	Marubeni-Komatsu	Sales distributor for Komatsu construction equipment	U.K.	100.00%
Associates	Overseas	D	Temsa Is Makinalari Imalat Pazarlama Ve Satis	Sales distributor for Komatsu construction equipment	Turkey	49.00%
		D	Unipres U.S.A.	Manufacturer/distributor of pressed auto body parts	U.S.	25.00%
		D	Hitachi Construction Machinery (Australia)	Sales distributor for Hitachi Construction Machinery Co., Ltd.	Australia	20.00%

D Distribution Businesses F Finance Businesses

	Company Name	Business	Voting Rights
Corporate Subsidiaries			
Consolidated Subsidiaries	Marubeni America Corporation	Import and export of domestic and overseas merchandise; domestic sales	100.00%
	Marubeni Europe plc	Import and export of domestic and overseas merchandise; domestic sales	100.00%
	Marubeni ASEAN Pte. Ltd.	Import and export of domestic and overseas merchandise; domestic sales	100.00%
	Marubeni Australia Ltd.	Import and export of domestic and overseas merchandise; domestic sales	100.00%

		Company Name	Business	Country / Area	Voting Rights
Others					
Consolidated Subsidiaries	Domestic	Marubeni Financial Service	Loan and zero-balance transactions; provision of finance-related support and consulting for the Marubeni Group	Japan	100.00%
	Overseas	Marubeni Finance America	Group finance	U.S.	100.00%
		Marubeni Finance Europe	Group finance	U.K.	100.00%
Associate	Domestic	Koshigaya Community Plaza	Commercial facility rental	Japan	42.86%

Corporate Management

(As of June 23, 2017)

Chairman of the Board

Teruo Asada

President and CEO, Member of the Board

Fumiya Kokubu

Senior Executive Vice Presidents, Members of the Board

Mitsuru Akiyoshi
Chief Executive Officer, Food & Consumer Products Group

Shigeru Yamazoe
CSO (Human Resources Dept., Corporate Planning & Strategy Dept., Regional Coordination & Administration Dept., Research Institute, IoT-Big Data Strategy Dept.); Senior Operating Officer, Executive Secretariat; Regional CEO for East Asia; Vice Chairman of Investment and Credit Committee

Managing Executive Officers, Members of the Board

Hikaru Minami
CAO (General Affairs Dept., Information Strategy Dept., Risk Management Dept., Legal Dept., Compliance Control Dept.); CIO; Senior Operating Officer, Audit Dept.; Chairman of Compliance Committee; Chairman of Internal Control Committee; Chairman of IT Strategy Committee; Vice Chairman of Investment and Credit Committee

Nobuhiro Yabe
CFO (Corporate Communications Dept., Corporate Accounting Dept., Business Accounting Dept., Finance Dept.); Chief Operating Officer, Investor Relations and Credit Ratings; Chairman of Investment and Credit Committee; Chairman of CSR & Environment Committee; Chairman of Disclosure Committee

Independent Directors, Members of the Board

Takao Kitabata

Kyohei Takahashi

Susumu Fukuda

Yuri Okina

Audit & Supervisory Board Members

Kaoru Kuzume

Kazuro Gunji

Independent Audit & Supervisory Board Members

Shuichi Yoshikai

Takashi Hatchoji

Tsuyoshi Yoneda

Senior Managing Executive Officers

Kaoru Iwasa
Chief Executive Officer, Transportation & Industrial Machinery Group

Yukihiko Matsumura
Regional CEO for the Americas; Regional COO for North & Central America; President and CEO, Marubeni America Corporation

Naoya Iwashita
Regional CEO for Europe, Africa & CIS; Regional COO for Europe; Managing Director and CEO, Marubeni Europe plc

Masumi Kakinoki
Chief Executive Officer, Power Business & Plant Group

Ichiro Takahara
Chief Executive Officer, Energy & Metals Group

Managing Executive Officers

Keizo Torii
Regional CEO for China; President, Marubeni (China) Co., Ltd.

Shoji Kuwayama
Regional CEO for ASEAN & Southwest Asia; Regional COO for ASEAN; Managing Director, Marubeni ASEAN Pte. Ltd.

Akira Terakawa
Chief Executive Officer, Chemical & Forest Products Group

Mutsumi Ishizuki
Chief Operating Officer, Metals & Mineral Resources Div.

Takeo Kobayashi
Chief Operating Officer, Forest Products Div.

Hajime Kawamura
Chief Operating Officer, Plant Div.

Hirohisa Miyata
Chief Operating Officer, Power Business Div.

Koji Yamazaki
Chief Operating Officer, Food Products Div.

Michael McCarty
Chief Operating Officer, Agri-Input Business Div.; President and CEO, Helena Chemical Company

Toshiaki Ujiie
Chief Operating Officer, Construction & Industrial Machinery Div.

Executive Officers

Noriaki Isa
Senior Operating Officer for CSO

Masashi Hashimoto
General Manager, Osaka Branch

Shinichi Kobayashi
Regional CEO for Oceania; Managing Director, Marubeni Australia Ltd.

Akihiko Sagara
Chief Operating Officer, Energy Div.

Koji Kabumoto
Chief Operating Officer, ICT, Logistics & Healthcare Div.

Takeshi Kumaki
General Manager, Nagoya Branch

Eiji Okada
Regional CEO for Middle East

Soji Sakai
Senior Operating Officer for ASEAN & Southwest Asia; President, Marubeni Thailand Co., Ltd.; General Manager, Bangkok Branch

Hisamichi Koga
Chief Operating Officer, Automotive & Leasing Div.

Yoshiaki Mizumoto
Chief Operating Officer, Grain Div.

Yutaka Shimazaki
General Manager, Executive Secretariat, and Corporate Communications Dept.

Minoru Tomita
Chief Operating Officer, Aerospace & Ship Div.

Jun Horie
Chief Operating Officer, Chemical Products Div.

Kenichiro Oikawa
Chief Operating Officer, Insurance, Finance & Real Estate Business Div.

Hidekazu Futai
Senior Operating Officer, Agri-Input Business Div.

Corporate Data

(As of March 31, 2017, except * as of April 1, 2017)

Company Name

Marubeni Corporation

Securities Code

8002

Head Office

7-1, Nihombashi 2-chome, Chuo-ku,
Tokyo 103-6060, Japan
Tel: 81-3-3282-2111
E-mail: tokb138@marubeni.com

Number of Branches and Offices* (Including Tokyo Head Office)

131 branches and offices in 66 countries and regions, consisting of 12 domestic branches and offices, 57 overseas branches and offices and 30 overseas corporate subsidiaries with 62 offices

Founded

May 1858

Incorporated

December 1, 1949

Paid-in Capital

¥262,685,964,870

Number of Employees

4,458

(Excluding 433 local employees of overseas branches and offices and 1,520 local employees of overseas corporate subsidiaries)

Corporate Website

http://www.marubeni.com

(IR page)

http://www.marubeni.com/ir

(CSR & Environment page)

http://www.marubeni.com/csr

Business Year

April 1 to March 31 of the following year

Regular General Meeting of Shareholders

June of each year

Stock Information

(As of March 31, 2017)

Number of Shares Issued and Outstanding

1,737,940,900

Number of Shares Authorized

4,300,000,000

Stock Listings

Tokyo, Nagoya

Number of Shareholders

189,437

Share Unit

100 shares

Record Date for Year-End Dividend

March 31 of each year

Record Date for Interim Dividend

September 30 of each year

Transfer Agent of Common Stock

Mizuho Trust & Banking Co., Ltd.

Long-Term Credit Rating

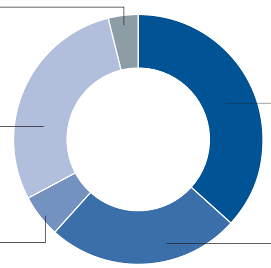
JCR	A+
R&I	A
S&P	BBB
Moody's	Baa2

Major Shareholders

Name of Shareholder	Number of Shares Held (hundreds)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	857,539	4.94
Japan Trustee Services Bank, Ltd. (Trust account)	813,066	4.68
Sompo Japan Nipponkoa Insurance Inc.	420,830	2.42
Meiji Yasuda Life Insurance Company	418,187	2.41
Japan Trustee Service Bank, Ltd. (Trust account 9)	368,722	2.12
Japan Trustee Service Bank, Ltd. (Trust account 5)	356,838	2.05
Mizuho Bank, Ltd.	300,000	1.72
BJBS S/A Suhail S A AL M Bahwan A/O Saad S Bahwan A/O Omar S Bahwan-2	292,246	1.68
Japan Trustee Service Bank, Ltd. (Trust account 2)	262,049	1.51
Japan Trustee Service Bank, Ltd. (Trust account 1)	261,866	1.50

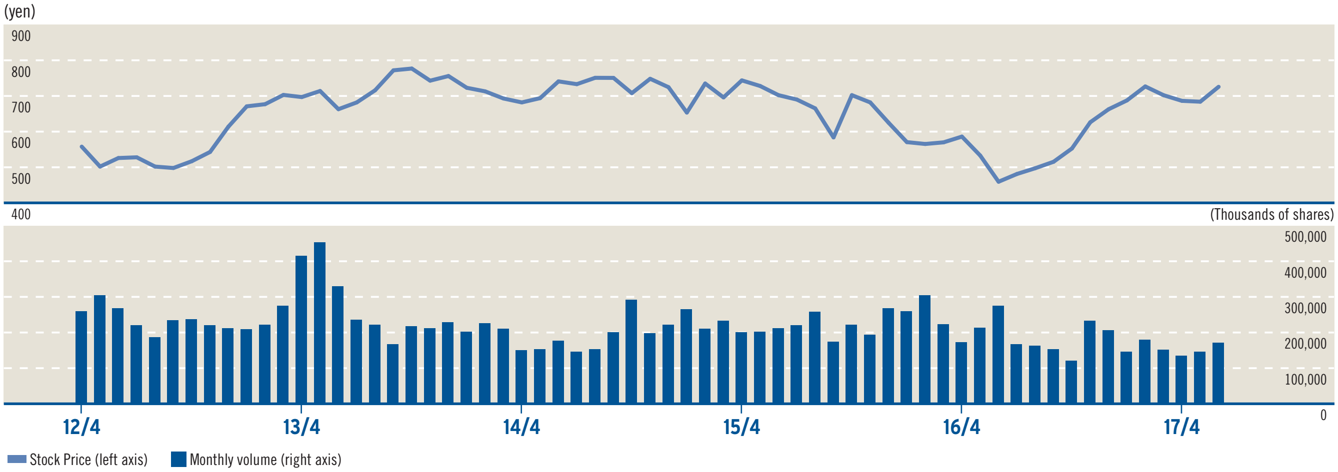
Notes: The number of shares owned is rounded down to the nearest hundred.
Percentages of voting rights are rounded down to the nearest two decimal points.

Distribution of Shares by Type of Shareholder (%)



Note: The sum of each ratio may not be 100%, because each ratio has been rounded.

Stock Price



Independent Assurance of Environmental and Social Data

Marubeni obtains independent assurance of its environmental and social data to enhance the data's reliability. For the fiscal year ended March 31, 2017, KPMG AZSA Sustainability Co., Ltd., provided assurance* on the following data posted in the CSR & Environment section of Marubeni's website.

* The indicators to Third-Party Assurance are assured by KPMG AZSA Sustainability Co., Ltd., through an independent assurance engagement in accordance with ISAE 3000 and 3410, the Practical Guidelines for the Assurance of Sustainability Information (revised December 2014) of the Japanese Association of Assurance Organizations for Sustainability Information.
* KPMG AZSA Sustainability's Independent Assurance Report is available in the CSR & Environment section of Marubeni's website.
Environmental Data http://www.marubeni.com/csr/environment/env_data/
Employee Data http://www.marubeni.com/csr/human_resources/employee/

Independent Assurance Process

1. Planning
• Ascertain assurance engagement's scope, indicators subject to independent assurance and the criteria to be applied in the preparation of the indicators
• Determine assurance procedures and schedule

↓

2. Execution
• Conduct interviews and analytical procedures, ask questions based on analytical results and examine evidences (done mainly on site)
• Review content of disclosure media subject to third-party assurance

↓

3. Submission of Assurance Report
• Confirm completion of all required revisions
• Conduct internal review (assessment of assurance work's adequacy by personnel not on the team that performed the work)
• Submit assurance report

Indicators Subject to Independent Assurance

Marubeni Group: Energy Consumption, Greenhouse Gas (CO_2) Emissions, Waste Generated, Water Consumption, No. of employees (Consolidated)

Marubeni Corporation: No. of employees (Non-Consolidated) ; Domestic and Overseas, Percentages of male and female, Average age, Average service years, No. of managerial employees ; general managers or above, Turnover rate, Usage of annual paid leave, No. of employees who took maternity leave, No. of employees who took childcare leave; male childcare leave takers, No. of employees who took nursing care leave, No. of employees who took volunteer leave, Lost-time injuries frequency rate, Occupational illness frequency rate, No. of occupational accidents or incidents leading to injuries or fatalities, Fatal occupational accidents rate

Marubeni Corporation and certified special-purpose subsidiary Marubeni Office Support Corporation:
Employment rate of persons with disabilities

Marubeni

http://www.marubeni.com

VEGETABLE OIL INK

Printed in Japan