

October 26, 2007

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**Summary of Consolidated Financial Results**  
**for the 1<sup>st</sup> Half FY2007**  
(April 1, 2007 – September 30, 2007)

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*\*This document is an English translation of a statement written initially in Japanese.  
The original in Japanese should be considered the primary version.*

Disclaimer Regarding Forward-Looking Statements

This document contains forward-looking statements about the performance of Marubeni and its Group companies, based on management's assumptions in light of current information. The following factors may therefore influence actual results.

These factors include consumer trends in Japan and in major global markets, private capital expenditures, currency fluctuations, notably against the U.S. dollar, material prices, and political turmoil in certain countries and regions.

**Marubeni**  
CORPORATION

(TSE Code: 8002)

**Summary of Consolidated Financial Statements for 1st Half FY2007 (US GAAP basis)**

Company Name: Marubeni Corporation (URL: <http://www.marubeni.com>)  
 Listed : Tokyo, Osaka, Nagoya  
 Head Office: Tokyo

Code Number : 8002

Representative: KATSUMATA Nobuo President and CEO, Member of the Board  
 Enquiries: HASHIMOTO Takashi General Manager, Media Relations Sec. TEL (03) 3282 - 4803  
 Expected filing date of semiannual financial statement report : November 30, 2007  
 Expected Date of the beginning of delivery of dividends: December 3, 2007

**1. Consolidated financial results for 1st Half FY2007 (April 1, 2007 - September 30, 2007)****(1) Consolidated business results**

	Total volume of trading transactions		Operating profit		Income before income taxes	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
1st Half FY2007	5,096,961	8.8	95,601	5.2	123,296	15.2
1st Half FY2006	4,686,738	16.7	90,850	39.0	107,036	40.5
FY2006	9,554,943	10.0	165,020	15.2	193,815	45.7

  

	Net income		Earnings per Share	Diluted EPS
	(millions of yen)	(%)	(yen)	(yen)
1st Half FY2007	80,336	22.4	46.35	-
1st Half FY2006	65,645	72.2	40.40	37.87
FY2006	119,349	61.7	72.41	68.85

(Note)

- ①Equity in earnings-net 1st Half FY2007 23,650million yen 1st Half FY2006 23,652million yen FY2006 44,880million yen  
 ②The ratio of Total volume of trading transactions, Operating profit, Income before income taxes and Net income represents the changes from the previous year.  
 ③For Japanese Investors' convenience, Total volume of trading transactions and Operating profit are shown according to Japanese accounting practice. Total volume of trading transactions is the sum of those in which Marubeni and its consolidated subsidiaries ("the Companies") act as principal and those which the Companies act as agent.  
 ④Class I Preferred Stock issued in December 2003 has dilution effect for the 1st half of FY2006 and yearly FY2006.  
 All of the stock has been converted to common share as of March 19, 2007.

**(2) Consolidated financial conditions**

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' equity per share
	(millions of yen)	(millions of yen)	(%)	(yen)
September 30, 2007	5,308,536	821,046	15.5	473.70
September 30, 2006	4,694,493	686,200	14.6	383.02
March 31, 2007	4,873,304	745,454	15.3	430.04

(Note)

In accordance with the US GAAP, Shareholders' equity, Shareholders' equity ratio, and Shareholders' equity per share are stated as was conventionally done.

**(3) Consolidated cash flow**

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the term
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
1st Half FY2007	70,627	-144,157	42,463	388,730
1st Half FY2006	-19,687	-67,392	46,463	326,649
FY2006	152,075	-135,147	24,819	414,952

**2. Dividends information**

	Dividend per share		
	Interim dividend	Year end dividend	Yearly dividend
	(yen)	(yen)	(yen)
FY2006	3.50	6.50	10.00
FY2007	6.00	6.00	12.00
FY2007 (prospects)		6.00	

(Note) Above figures show the dividends regarding common shares. The dividends regarding classified shares which are unlisted are mentioned in page2 "Dividends for classified shares"

### 3. Forecast of consolidated financial results for FY2007 (April 1, 2007-March 31, 2008)

	Total volume of trading transactions		Operating profit		Income before income taxes		Net income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
FY2007	10,700,000	12.0	188,000	13.9	230,000	18.7	145,000	21.5
	Basic EPS							
	(yen)							
FY2007	83.66							

(Note) The ratio of Total volume of trading transactions, Operating profit, Income before income taxes and Net income represents the changes from the previous year.

### 4. Others

(1) Changes in major consolidated subsidiaries and affiliated companies accounted for by equity method : No changes

(2) Changes in accounting principle, procedure or display method

① Any changes in accordance with the changes in the accounting system? : No changes

② Any changes other than ①? : No changes

(3) Number of outstanding shares

①Number of outstanding shares at the end of the term	September 30, 2007 (Common shares)	1,734,916,816	(Class 1 preferred shares)	-
(Consolidated basis/Treasury shares are included)	September 30, 2006 (Common shares)	1,633,576,791	(Class 1 preferred shares)	60,500,000
	March 31, 2007 (Common shares)	1,734,916,816	(Class 1 preferred shares)	-
②Number of outstanding treasury shares	September 30, 2007 (Common shares)	1,664,383	(Class 1 preferred shares)	-
at the end of the term	September 30, 2006 (Common shares)	1,352,097	(Class 1 preferred shares)	-
	March 31, 2007 (Common shares)	1,483,567	(Class 1 preferred shares)	-

(Note)The assumptions on calculating EPS(consolidated basis) are stated in page33 "Earnings/Loss per Share of Common Stock"

### <Notes to the description about future, other >

(1) The above prospects are based upon available information and assumption, at the announcement date, about uncertain factors which would influence upon future businesses. Actual results might be influenced by various factors in the future.

Assumptions of the above prospects are mentioned in page 17 "Financial Prospects and preconditions for FY2007".

(2) Forecast of consolidated financial results for FY2007 is modified considering interim consolidated financial results for FY2007.

### < Reference > Dividends information regarding classified shares

Dividends for classified shares are as follows.

(Record date)	Dividend per share			Total amount of dividend (Yearly) (millions of yen)
	Interim dividend (yen)	Year end dividend (yen)	Yearly dividend (yen)	
FY2007	-	-	-	-
FY2006	10.00	-	10.00	605

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### 1. Financial Results

#### Business Environment

An overview of the economic environment for our first half of the period under review reveals that, despite a slowdown in economies in developed countries, notably in the U.S., those in emerging nations expanded steadily and the global economy maintained stable growth. Meanwhile, demand for energy and natural resources expanded on a global scale, causing prices of primary commodities including crude oil, steelmaking raw materials and non-ferrous metals to remain at high levels.

In the U.S., housing investment fell off sharply but the economy went no further than decelerating as favorable corporate earnings and wage conditions helped capital expenditures and consumer spending to remain brisk, in addition to the positive effect from increased demand from overseas backed by weakening of the dollar. In the meantime, the FRB cut the interest rate for the first time in nearly four years amid a slight easing of upward pressure on prices in the face of turmoil in the financial market that had started from the sub-prime loan problem.

In Europe, stable increases in exports continued, chiefly in Germany, but sluggish growth in consumer spending triggered a slowdown in the economy. The European Central Bank, which had implemented interest rate hikes aimed at preventing inflation until June, left interest rates unchanged after July in the face of a decrease in inflationary pressure and a turmoil in financial market.

The Asian economies, notably in China and India, continued to expand. In China, economic growth accelerated because fixed-asset investments and exports continued to demonstrate strong growth and consumer spending accelerated its upward trend supported by income growth. In addition, trade surplus and foreign currency reserves continued to build up and the government there gradually stepped up the pace of appreciation of the yuan. In India, the favorable expansion in the service and manufacturing sectors fueled a high growth of the economy. Elsewhere in Asia, economies continued to grow generally in a stable fashion.

In resource-exporting countries including Russia, economies remained strong as exports expanded in the shadow of globally escalated demand for and soaring prices of primary commodities and this had a favorable ripple effect on their domestic demand. In Brazil, the economy expanded steadily, amid continued monetary easing under a decrease in inflationary pressure, on the strength of faster growth in consumer spending and capital expenditures.

Turning our eyes to the state of the Japanese economy for our first half of the period under review, we observe that business conditions, driven by exports and capital expenditures, remained on a mild recovery track. Capital expenditures maintained an upward trend as corporate earnings remained on high levels and with strong appetites for investments remaining. Exports continued to increase supported by the expansion of the global economy and depreciation of the yen. While the employment situation continued to improve, consumer spending remained on a modest recovery

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track given the slow pace of wage increases. Consumer prices remained slightly below the level of the same period in the previous year and the Bank of Japan kept the financial policy to maintain the status quo. While exchange rates remained on a downward trend with the yen reflecting relatively low interest rate levels until June, a modest upward swing in the yen continued after July due to the influence of turmoil in the U.S. financial market.

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### Consolidated Financial Results

The summary of consolidated financial results for the 1<sup>st</sup> Half FY2007 is as follows:

(billions of yen)

	1 <sup>st</sup> Half FY2007	1 <sup>st</sup> Half FY2006	Variance	
			Amount	%
Total volume of trading transactions	5,097.0	4,686.7	410.2	8.8%
Gross trading profit	281.4	265.0	16.4	6.2%
Operating profit	95.6	90.9	4.8	5.2%
Income before income taxes	123.3	107.0	16.3	15.2%
Net income	80.3	65.6	14.7	22.4%
Revenue	2,014.1	1,807.6	206.5	11.4%

(Note) For Japanese investors' convenience, Total volume of trading transactions and Operating profit are shown according to Japanese accounting practice.

The consolidated total volume of trading transactions increased 8.8% year-on-year to ¥5,097 billion. Gross trading profit grew ¥16.4 billion (6.2%) year-on-year to ¥281.4 billion. While expenses, notably payroll expenses, rose by ¥11.6 billion year-on-year, operating profit increased ¥4.8 billion (5.2%) year-on-year, to ¥95.6 billion primarily as a result of increased gross trading profit. Income before income taxes increased ¥16.3 billion (15.2% year-on-year) to ¥123.3 billion owing to an increase in operating profit, an improvement in the item of other-net, including an increase in dividends received, a gain (loss) on investment securities and a gain (loss) on property and equipment, despite a deterioration in interest expenses (net of interest income). As a result, net income for the period grew ¥14.7 billion (22.4%) to ¥80.3 billion.

In addition, "Revenue" as defined under U.S. GAAP was ¥2,014.1 billion, or ¥206.5 billion (11.4%) higher than the same period a year previous.

The total volume of trading transactions, gross trading profit and operating conditions for each operating segment were as follows.

#### ***Agri-marine Products:***

Transactions increased ¥136.4 billion (26.9%) year-on-year, as a result of increases in feedstuff and agri-marine related product transactions. Gross trading profit rose ¥1.8 billion (5.1%)

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year-on-year owing to higher profit mainly from feedstuff related transactions. Operating profit remained flat, despite an increase in gross trading profit, because of an increase in expenses. Net income declined ¥2.2 billion (48.1%) year-on-year because of decreased profit on the Company's equity in the earnings of its distribution affiliate.

### ***Textile:***

Transactions declined ¥6.4 billion (3.6%) year-on-year because of a decrease in apparel product transactions and material transactions. Gross trading profit increased ¥0.4 billion (3.4%) year-on-year owing to a higher profit margin. Net income increased ¥0.8 billion (257.7%) year-on-year as a result of higher operating profit owing to an increase in gross trading profit and a decrease in expenses.

### ***Forest Products and General Merchandise:***

Transactions increased ¥37.4 billion (9.0%) year-on-year owing to an increase in rubber related transactions. Gross trading profit rose ¥0.4 billion (1.5%), year-on-year despite lower profit in an industrial paper subsidiary, because of the higher profit in the overseas pulp project. Net income increased ¥1.1 billion (23.9%) year-on-year as a result of the increased profit on the Company's equity in the earnings of a pulp manufacturing affiliate abroad despite lower operating profit from an increase in expenses.

### ***Chemicals:***

Transactions rose ¥21.5 billion (5.1%) year-on-year because of an increase in basic chemical transactions and vinyl alkali related transactions. Gross trading profit decreased ¥0.2 billion (1.5%) year-on-year as a result of disposal of an agri-material business affiliate. Although gross trading profit registered a year-on-year decrease, net income increased ¥2.4 billion (239.8%) year-on-year, owing to a higher operating profit as a result of the decrease in expenses and the effect of losses in valuation of electronic materials related investments which were posted in the same period of the previous year.

### ***Energy:***

Transactions rose ¥142.8 billion (11.7%) year-on-year because of an increase in petroleum related transactions. Gross trading profit declined ¥0.2 billion (0.4%) year-on-year. Net income rose ¥4.4 billion (31.0%) year-on-year, owing to an increase in dividends received, although operating profit decreased because of a decrease in gross trading profit.

### ***Metals and Mineral Resources:***

Transactions increased ¥16.9 billion (3.4%) year-on-year because of an increase in transactions,

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notably for ferrous alloys and raw materials for steelmaking. Gross trading profit rose ¥1.5 billion (17.5%) year-on-year in step owing to an improvement of the profit ratio of nonferrous metals related transactions. Net income declined ¥2.0 billion (16.7%) year-on-year, despite an increase in gross trading profit, because of a decrease in operating profit as a result of an absence of a transitory gain from reversal of allowance for doubtful accounts from a loan collection that was posted in the same period of the previous year.

### ***Transportation & Industrial Machinery:***

Transactions increased ¥46.2 billion (15.3%) year-on-year owing to an increase in transactions, notably in aerospace, construction machinery and paper & pulp machinery related operations. Gross trading profit increased ¥2.8 billion (10.5%) year-on-year, with higher profit mainly from construction machinery related transactions. Net income rose ¥5.8 billion (134.2%) year-on-year, because of an increase in operating profit as a result of a higher gross trading profit, a gain associated with withdrawal from automobile related operations and a reduction in income taxes on construction machinery related operations.

### ***Power Projects :***

Transactions grew ¥2.7 billion (2.3%) year-on-year, mainly as a result of increased sales generated by EPC projects abroad. Gross trading profit rose ¥2.6 billion (21.3%) year-on-year owing to increased sales and income generated by EPC projects abroad. Although operating profit decreased as a result of an absence of a transitory gain from reversal of allowance for doubtful accounts from loan collections that was posted in the same period of the previous year, net income grew ¥0.1 billion (2.7%) year-on-year, owing to higher income from a gain on disposal of power generation operations overseas.

### ***Plant, Ship & Infrastructure Projects:***

Transactions rose ¥8.7 billion (2.9%) year-on-year because of increased cargo vessel transactions. Gross trading profit increased ¥0.8 billion (9.7%) year-on-year as a result of increased sales mainly from cargo vessel transactions and a new consolidation of a lease operating company. Net income grew ¥2.4 billion (325.4%) year-on-year, owing to an increase in operating profit in step with gross trading profit, as well as a decrease in loss incurred by restructuring a project in Central America that was posted in the same period of the previous year.

### ***Information & Communication:***

Transactions decreased ¥2.3 billion (2.2%) year-on-year because of a decrease in the transactions of solution-related business companies. Gross trading profit declined ¥1.1 billion

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(8.3%) year-on-year as a result of decreased profit in line with the decline in transactions. Operating profit remained flat owing to a decrease in expenses despite the lower gross trading profit. Net income was down ¥1.4 billion (95.4%) year-on-year, as a result of an absence of a gain on sale of investment securities that was posted in the same period of the previous year, while operating profit remained flat despite of the decrease in gross trading profit.

### ***Development and Construction:***

Transactions decreased ¥38.1 billion (41.1%) year-on-year owing to the absence of transactions from large-scale projects that were registered in the same period of the previous year. Gross trading profit declined ¥4.5 billion (24.1%) year-on-year reflecting a decrease in transactions. Net income was down ¥3.0 billion (55.9%) year-on-year, as a result of a decrease in operating profit reflecting a decline in gross trading profit.

### ***Finance, Logistics & New Business:***

Transactions declined ¥1.4 billion (7.3%) year-on-year because of a decrease in the transactions of domestic subsidiaries. Although gross trading profit remained flat, operating profit declined as a result of an increase in expenses. Net income was down ¥1.1 billion (36.8%) year-on-year, as a result of decreased income from fund operations.

### ***Iron & Steel Strategies and Coordination:***

Transactions increased ¥0.1 billion (28.1%) year-on-year. Gross trading profit rose ¥0.1 billion (28.1%) year-on-year. Despite an increase in operating profit in step with gross trading profit, net income declined ¥0.5 billion (6.5%) year-on-year because of a decrease in profit on equity in earnings.

### ***Overseas Corporate Subsidiaries and Branches:***

Transactions increased ¥132.6 billion (18.7%) year-on-year mainly because of increased agri-marine product related transactions and agrochemical related transactions, as well as the effect of a new consolidation of a paper distributing company in U.S.. Gross trading profit rose ¥9.7 billion (22.5%) year-on-year in line with increased transactions. Net income increased ¥1.2 billion (21.9%) year-on-year, as a result of an increase in operating profit and a rise in profit on equity in earnings.

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### Consolidated Financial Conditions

A summary of the consolidated balance sheets for the 1<sup>st</sup> Half FY2007 is as follows:

(billions of yen)

	September 30 2007	March 31 2007	Variance
Total assets	5,308.5	4,873.3	435.2
Shareholders' equity	821.0	745.5	75.6
Interest-bearing debt	2,475.1	2,278.4	196.7
Net interest-bearing debt (Net D/E ratio)	2,054.2 2.50 times	1,843.4 2.47 times	210.7 0.03 points

Net interest-bearing debt after factoring out impact of FAS No.133 (Net D/E ratio)	2,052.9 2.50 times	1,840.9 2.47 times	212.0 0.03 points
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Net interest-bearing debt is calculated as cash and cash equivalents subtracted from interest-bearing debt (sum of long-term and short-term debts and bonds).

Total consolidated assets increased ¥435.2 billion from the end of the previous fiscal year to ¥5,308.5 billion, largely due to an increase in property and equipment, accounts receivable as well as investments and long-term receivables to affiliated companies owing to new investments. Gross consolidated interest-bearing debt increased ¥196.7 billion from the end of the previous fiscal year to ¥2,475.1 billion as a result of an increase of investment demand. In addition, net interest-bearing debt after deduction of cash and cash equivalent increased ¥210.7 billion from the end of the previous fiscal year to ¥2,054.2 billion. With net income added and improvement in currency translation adjustments, consolidated shareholders' equity amounted to ¥821.0 billion, up ¥75.6 million year on year, despite the payout of dividends and deterioration in unrealized gain on investment securities. As a result, the net debt/equity ratio stayed at the almost same level as the end of the previous fiscal year to 2.50x.

Net cash flow from operating activities increased ¥90.3 billion year-on-year to positive ¥70.6 billion, because of the steady operating income mainly from overseas resource related subsidiaries as well as an alleviation of business fund burden. Net cash flow from investing activities amounted to a negative ¥144.2 billion mainly as a result of investments in overseas power projects.

Therefore free cash flow for the period was negative ¥73.5 billion.

Net cash earned in financing activities came out to ¥42.5 billion as a result of the financing for

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aggressive investments.

As a result, cash and cash equivalents at the end of the period were ¥388.7 billion, ¥26.2 billion decreased from the end of the previous fiscal year.

### **Basic Policy Regarding Earnings Appropriation and Dividends of FY2007**

Marubeni recognizes that its important corporate responsibilities lie in paying stable dividends to shareholders in a consistent manner as well as maximizing corporate value and competitiveness by building up and effectively utilizing internal reserves. With regard to dividends, the Company applies a new basic policy to determine dividend aiming for consolidated payout ratio around 15%, based on the principle of linking dividend to the company's business results for each term, in consideration of a clear profit distribution to our shareholders.

In accordance with the aforementioned basic policies, dividend per share for FY2007 is scheduled to be 12 yen. Interim dividend per share for FY2007 is 6 yen as previously announced at the beginning of the period.

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### **Risk Information**

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 Marubeni and its consolidated subsidiaries. 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 enduring 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 September 30, 2007.

#### **(1) Risks regarding overall Marubeni Operations**

##### Impact of the Japanese and global economies on the Marubeni Group

Marubeni (the "Company") and its consolidated subsidiaries (together, the "Group") are a general trading company engaged in a wide range of business activities in Japan and over 70 countries. Since the business activities of the Group encompass a variety of commercial and investment activities throughout a broad spectrum of industries in both in Japan and overseas that include the production and procurement of primary commodities such as resources as well as the manufacture and sale of finished goods, the Group feels the effects from the economies in Japan and the countries in which it does business as well as the global economy as a whole. Any worsening or slowdown in these economies carries the possibility of a negative impact on the operating activities, performance and financial position of the Group.

##### Credit risks regarding business partners

The Group extends credit to business partners in various forms such as notes and accounts receivable-trade, advance payments to suppliers, loans, guarantees and other means, and the Group concludes merchandise supply, subcontracting, operational outsourcing, and other types of contracts with business partners, as part of sales activities. 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 negatively impact business results and financial position of the Group.

To protect against such credit risks, the Group carries out thorough risk management when granting any credit. However, there is no assurance that such measures will completely prevent the occurrence of credit risk. Moreover, in preparation of any possible loss incurred by the

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exteriorization of such credit risks, the Group maintains an allowance for doubtful account based on a prior assessment and estimate of the creditworthiness of business partners, collateral value and other set factors. Nevertheless, actual losses may exceed these established allowances.

### Investment risk

The Group, both independently and in collaboration with other companies, establishes new companies and purchase existing enterprises in the course of their business operations. Most of these business investments are of minimal liquidity and require sizeable amounts of capital. The Group may be unable to withdraw from such businesses in an optimal manner or timeframe, which could inevitably require the commitment of an additional expenditure of capital.

To address the risk associated with investment activity and other means, when making any new investments, the Group conducts thorough risk management that also includes an a review as to whether such investments are generating good return enough to compensate for their risk. However, a decline in the value of these investments or the necessity of additional expenditures of capital may adversely affect the business results and financial condition of the Group.

### Concentration of risk exposure

Certain parts of the commercial and investing activities of the Company and its consolidated subsidiaries, including business activities in Indonesia and the Philippines, are conducted with a high degree of concentration in specific investees, markets or regions. Marubeni classifies each country according to differing levels of country risk, establishes trading control criteria for each country, and executes necessary control and management in such a manner as to assure that its overall portfolio will remain proper and prudent. However, if the business performances of such investees turn out to be poor or if the business environment in such markets or regions deteriorates, the business performances and financial positions of the Company and its consolidated subsidiaries may be adversely affected.

### Ability of fund-raising and funding cost

The Group engages in fund-raising 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 domestic and overseas financial markets, shortages of cash flow from operating activities, declining profitability, failure in asset-liability management, or significant downward revisions in the Group's credit ratings by the rating agencies could constrain fund-raising or lead to an increase in funding cost, which may adversely affect the

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business results and financial condition of the Group.

### Market risks

#### ) Fluctuations in the prices of goods and merchandise

Since the Group handles a variety of merchandise, and enters into commodity futures and forward contracts to mitigate the risk of fluctuations in market conditions for certain merchandise, contracts and anticipated transactions, changes in their respective market conditions may adversely affect the business results and financial condition of the Group.

In addition, the Group is engaged in resources and energy development businesses and other manufacturing businesses. Changes in market conditions relating to the products and manufactured goods sold by these businesses may adversely affect the Group's business results and financial conditions.

#### ) Fluctuations in foreign currency exchange rates

The Group conducts transactions under a variety of currencies and terms, and enters into forward-exchange contracts and other derivative transactions to mitigate the risk of exchange rate fluctuations associated with transactions, receivables and liabilities denominated in foreign currencies. However, changes in market exchange rates may adversely affect the business results and financial condition of the Group.

#### ) Fluctuations in interest rates

The Group raises necessary funds from financial institutions, the issuance of bonds and other means from capital markets. Further, the Group has interest-bearing debt at fixed interest rates or at floating interest rates. While the interest from the majority of the operating assets held by the Group offsets the interest rate risk associated with debt through Asset-Liability Management, the Group utilizes interest rate swaps and other means to mitigate the risk of interest rate fluctuations. However, changes in market interest rates may adversely affect the business results and financial condition of the Group.

#### ) Gains and losses on marketable debt and equity securities

To strengthen business relationships and for other purposes, the Group invests in marketable debt securities, marketable equity securities and other types of securities. At the time of purchase, these securities are classified as trading, held-to-maturity, or available-for-sale securities, in accordance with SFAS 115, Accounting for Certain Investments in Debt and Equity Securities, published by the Financial Accounting Standards Board (FASB) of the United States.

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Trading and available-for-sale securities held by the Group carry the risk of fluctuations in original value due to changes in the fair value. The posting of impairment losses on these securities at low points in fair value may adversely affect the business results and financial condition of the Group.

### ) Risks concerning employees' retirement benefit expenses

As pension assets of the Group include domestic and foreign stocks and bonds, sluggish performance in securities markets could decrease its asset values and increase its pension expenses or could require the Group to accumulate pension assets. In such an event, the Group's business results and financial conditions may be adversely affected.

### Losses on fixed assets such as real estate and machinery

The Group owns fixed assets such as real estate and machinery which is sold or leased to third parties or used for the Group's own purposes. Such fixed assets have the potential to cause losses if they experience a decline in value. Although the Group depreciates these fixed assets in conformity with U.S. accounting standards, if they experience a severe drop in value, this may adversely affect the business results and financial condition of the Group.

### Laws and regulations

In the course of operations, the Group is 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 the Group's operating activities, lower the Group's credibility or cause the occurrence of other circumstances that may adversely affect the business results and financial condition of the Group.

### Significant litigation

In the course of business activities in Japan and overseas, the Group may be 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. Such litigation may adversely affect the business results and financial condition of the Group.

### Environmental Risk

The Group conducts business activities globally across a broad range of industries.

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Environmental pollution as a result of these activities could result in business stoppage, decontamination expenses or legal fees in response to litigation by local residents, which could damage its social reputation. In order to cope with such environmental risks, the Group introduced an environmental management system in fiscal 1999, under which environmental impact evaluations are made for each new financing and development project as a means of assessing the potential environmental burden and reducing environmental risks. This notwithstanding, there is a possibility that potential environmental burdens will materialize and may adversely affect the business results and financial condition of the Group.

### 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 the Group. While every effort has been made to implement appropriate countermeasures such as the preparation of disaster preparedness manuals, earthquake countermeasures and fire prevention drills, as the potential for damages from natural disasters cannot be completely mitigated, such disasters may adversely affect the business results and financial condition of the Group.

### Other risks inherent and related to overall Marubeni operations

Negligence on the part of employees charged with executing business operations, and malfunctions pertaining to computer systems supporting business activities are among the other risks that may adversely affect the business results and financial condition of the Group.

## **(2) Risk Management**

The Group has adopted a circular method for decision-making on individual transactions involving significant extensions of credit or amounts of investment. Once done, decision-making over large new projects is handled by the submission of periodic reports to the Corporate Management Committee in an effort to further strengthen individual risk management.

From the perspective of diversifying overall risk, integrated risk management is carried out by gaining a clear understanding of possible risks (measurable risks) through quantitative analysis of factors such as market risk, credit risk and investment risk as they relate to a particular country, industry or trading partner. A basic risk management policy and internal rules have been established for comprehensive risk management to enable decision-making and monitoring to be carried out appropriately, and the organization, reporting lines, methodology

# Marubeni Corporation

## Financial Results

and system infrastructure to implement this policy and system of rules and regulations has been put in place.

On the other hand, for risks that is not readily amenable to quantitative analysis such as compliance risk (risks that cannot be measured), corporate governance has been strengthened and a system of internal controls have been put in place to prevent the occurrence of problems by means of shoring up the system of compliance oversight.

Nevertheless, there is a possibility that the Group's system of risk management may not function adequately to address a diverse number of risks that either presently exist or may arise in the future in relation to the broad range of business activities conducted by the Group, and in that case, the business results and financial condition of the Group may be adversely affected .

### **(3) The Medium-term Management Plan**

The Group inaugurated its new two-year medium-term management plan, the "G" PLAN in April 2006. The numerical targets of the Plan are to achieve two-year consolidated net income of ¥220 billion, a risk-return of over 10%, a ROA of over 2%, a net debt to equity ratio of 2.0~3.0 times, and total assets of approximately ¥5 trillion. However, these objectives were prepared based on certain assumptions, hypotheses and projections regarding the persistence of certain economic conditions, industry trends, and other concerns. A number of unknown and uncontrollable factors could prevent the completion of these objectives.

### **(4) Significant Accounting Policies and Estimates**

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted and recognized in the United States. In preparing important accounting policies and these statements, certain accounting estimates and assumptions are utilized as needed when calculating assets and liabilities as of the fiscal year-end, the disclosure of contingent assets and liabilities, and earnings and expenses incurred during the year. In determining accounting estimates and assumptions, the management of the Company makes what it believes to be a reasonable inference based on experience and on a case-by-case basis. Thus, estimates and assumptions made in this way may have an inherent degree of uncertainty, and actual results could differ from those estimates.

The management considers those estimates and assumptions are reasonable, however, in case there are unexpected changes, they could have a material impact on the Company's consolidated financial statements.

# Marubeni Corporation

## Financial Results

### Financial Prospects and preconditions for FY2007

An overview of the economy for our first half of the period under review reveals that, despite a slowdown in economies in developed countries, notably in the U.S., those in emerging nations expanded steadily and the global economy maintained stable growth. Meanwhile, demand for energy and natural resources expanded on a global scale, causing prices of primary commodities including crude oil, steelmaking raw materials and non-ferrous metals to remain at high levels.

In the meantime, an outlook of the economy for our second half of the period under review would seem to indicate that, although deceleration in the U.S. economy will continue due to an adjustment in the housing market, economic growth in emerging nations will drive stable expansion in the global economy, as a result of which prices of primary commodities are expected to remain at high levels.

Given this economic environment, we are of the view that the Company will continue to perform favorably in each of its business fields, notably in the machinery and the forest products segments, in addition to the energy-related and the metals and mineral resources segments which are supported by buoyant market conditions. Projected financial results for FY2007 are as follows:

< Consolidated financial prospects for FY2007 >

(billions of yen)

	Forecast FY2007
Total volume of trading transactions	10,700.0
Operating profit	188.0
Income before income taxes	230.0
Net income	145.0
EPS (yen)	83.66

< Major assumptions >

Foreign exchange rate: US\$1 = 115yen

JPY TIBOR: 1.000%      USD LIBOR: 5.400%

Oil North Sea Brent: USD70 / Barrel      Copper LME: USD7,300 / MT

Notes to the description about future: The above-stated projections are based on information that is available as of the date of release of this material and on certain assumptions considered reasonable. Actual business results may vary for a variety of causes which may arise in the future.

# Marubeni Corporation Business Group

## 2. Business Group

Description of this information is omitted as there is no major change from that of in “Business” and “Affiliated companies” in the latest financial statement report filed June 22, 2007.

Information about consolidated companies is stated in page34 "Consolidated Companies".

# Marubeni Corporation Management Policy

## 3. Management Policy

### (1) Fundamental Management Policy

The Marubeni Group is pursuing its two-year medium term management plan called the “G”PLAN from FY 2006. Under “G”PLAN, the Group is seeking to build a rock-solid “defense” by further strengthening its management systems, while variety of human resources will at the same time proactively and boldly be challenging business domain expansion and seek to establish an aggressive management style of providing more sophisticated and diversified trading company functions to customers, and effecting aggressive investments in priority fields. Thus the Group will realize continuous growth and further progress.

While maintaining a balance between “offense” and “defense” and executing CSR-focused management, the Group will be working to selectively apply management resources in priority fields (through new investment of ¥500~600 billion over two years), to continue thoroughly implementing portfolio management, to strengthen risk management, to promote human resource utilization and education, to enhance CSR and internal controls, and to leverage overall strengths through lateral collaboration (collaboration among divisions, etc.). The quantitative targets are to limit risk assets to within the size of shareholders’ equity, achieve two-year consolidated net income of ¥220 billion, a risk-adjusted return of over 10%, a ROA of over 2%, a net debt/equity ratio of 2 times range, and total assets of approximately ¥5 trillion. By implementing these measures, the Group will aim to become:

- ① a corporate group with “win-win” relationship with customers, providing high quality merchandise, service, and function from the customers’ standpoint ;
- ② a corporate group with social contribution and sustainable growth, taking change of business environment in advance, through-out persistent challenge and innovation;
- ③ a corporate group with a stable revenue base by expanding prime assets and pursuit of efficiency.

※ For details concerning the new “G” PLAN medium-term management plan, please visit the Marubeni home page.

# Marubeni Corporation Management Policy

## (2) Progress in the “G” PLAN Mid-Term Management Plan

Progresses made toward the targets of the “G” PLAN in FY2006 and in the 1<sup>st</sup> half FY2007 are summarized in the following table:

	Planned targets	Status for FY2006	Status for 1 <sup>st</sup> Half FY2007
Consolidated net income	¥220.0 billion over 2 years	¥119.3 billion	¥80.3 billion
Total assets	¥5,000 billion	¥4,873.3 billion	¥5,308.5 billion
Shareholders' equity	¥820.0 billion	¥745.5 billion	¥821.0 billion
Consolidated net D/E ratio	2 times range	2.47 times	2.50 times
ROA	2% or higher	2.52%	1.58%*1
Amount of new investments	Total ¥500 to 600 billion over 2 years	About ¥300 billion*2	About ¥160 billion*2
Risk assets	¥750.0 billion	¥642.5 billion	¥723.5 billion
Risk-adjusted return	10% or higher	18.6%	11.1%*1

\*1 Calculation based on the interim consolidated net income

\*2 Total amounts of new investment to which commitment of the Group's participation has been provided in each period, including the amount of actual payment comes after the period.

Marubeni Group's consolidated net income for the 1<sup>st</sup> half of FY2007 increased year-on-year by ¥65.6 to ¥80.3 billion, recording an increase for sixth consecutive year and an all-time high level for the fourth consecutive year. As a result, the rate of progress toward the planned target of ¥220.0 billion over the two-year period under the “G” PLAN moved up to 91%, showing successful progress. At the same time, total assets increased ¥435.2 billion from the end of the previous fiscal year to ¥5,308.5 billion, owing to aggressive new investments and loans amounted to ¥160 billion in the strategic fields such as energy, natural resources and overseas IPP. The net debt/equity ratio stayed at the almost same level as the end of the previous fiscal year to 2.50x, owing to an increase in shareholders' equity with accumulation of net income despite an increase in net interest-bearing debt. The Group continues to maintain a good balance between “offensive” and “defensive” positions by reinforcement of financial strength as well as expansion of earning capability with efficiency.

With respect to new investment and loan projects among the various measures that Marubeni is implementing under the “G” PLAN, the Group is moving ahead with a focused deployment of its

# Marubeni Corporation Management Policy

management resources in strategic fields. For instance, the Group was instrumental in forming a tripartite capital and operating coalition involving Daiei Inc. by selling to AEON Co. some of the deferred shares of Daiei that it had acquired from Industrial Revitalization Corporation of Japan in the previous fiscal year, and Marubeni acquired a group company of Mirant Corporation, a major U.S. power company that operates power generation businesses in the Philippines and Caribbean, in the first half of the period under review.

Meanwhile, the Group has continued with a full commitment to portfolio management, and is now screening business projects and opportunities more stringently by raising the target rate of risk-adjusted return from 8% to 10% with a view to expanding its future earnings further. In addition, the Group continues to hold a firm “defensive” position by bolstering risk management including an overhaul of the investment/loan follow-up system.

Marubeni put its efforts actively into corporate social responsibility (CSR) initiatives in a broad spectrum of fields including environmental protection, social actions and human rights. For instance, the Group launched, in August this year, the “Environmental Awareness Campaign” with the purpose of heightening its executives’ and employees’ awareness of the environment and promoting participation in global environmental protection initiatives. In addition, Marubeni will move ahead with the initiatives it has been implementing since last fiscal year to raise CSR awareness by stepping up activities such as having external commentators hold environmental lectures for the employees and continuing with e-learning programs covering environmental and compliance matters. Details of these initiatives are being introduced broadly to our stakeholders via Marubeni’s CSR reports. Since FY 2004, Marubeni had made, and continued to make Group-wide efforts to improve on the area of internal control with a special focus on enhancing and assuring the reliability of its financial reporting.

Elsewhere, Marubeni has established the Internal Coordination Committee in FY 2006 as a lateral organization in order to lend further impetus to cross-segment coordination, boost sales and marketing capabilities, and enhance profit-earning opportunities. Furthermore, as a means of fully utilizing and developing human resources, the Group has revised its employee management system with a view to making it possible to treat its employees according to their differing responsibilities and functions, and, from the perspective of helping employees strike a balance between their work and private life, strives to develop and improve a comfortable office environment by launching new programs such as family-support leave and spouse-transfer-leave.

As described above, the “G” PLAN has shown brisk progress.

### (3) Business Performance by Operating Segment

Specific activities by operating segment for the fiscal year under review are given below.

# Marubeni Corporation Management Policy

## ●Agri-Marine Products

In the upstream sector, grain prices are fixed at high levels because of an increase in demand for grain as a biomass energy feedstock. In addition, prices of bulk freight rose sharply against the backdrop of brisk demand in China. While the market expects the tightening of the supply-demand balance for grain to continue, Marubeni decided to establish a grain terminal and a feed company in the Tokachi District of Hokkaido to step up measures to secure a stable supply of grain. In the midstream sector, Marubeni purchased additional shares in Yamaboshiya Co., Ltd., a major confectionery wholesaler, turning it into a subsidiary. In the downstream sector, Marubeni agreed with AEON Co., Ltd. and Maruetsu, Inc. to enter into a business alliance and established collaborative and cooperative frameworks with these companies.

## ●Textiles

Marubeni is reinforcing business development in its downstream operations in the consumer life industry sector related to clothing and is pressing ahead with specific projects including joint sales promotion and product development with Daiei and AEON. In addition, Marubeni is moving ahead with brand expansion. For instance, it began sales of children's underwear depicting U.S. cartoon characters and Kyoto Marubeni Co., Ltd. initiated a joint project with a fashion model to develop new lines of kimono.

## ●Forest Products & General Merchandise

In the first half of the period under review, market conditions for raw materials such as chip and pulp remained firm and two pulp manufacturers in Indonesia and Canada boosted earnings. In the domestic market, paper and cardboard manufacturers are increasingly passing their cost increases on to their prices. While the supply of rubber products such as tires and conveyor belts remain tight globally, B-Quik, a retail tire chain in Thailand, and Belterra Corporation, a conveyor belt supplier in Canada, which are companies Marubeni acquired in the previous period, are demonstrating steady performance.

## ●Chemicals

In the petrochemical field, while market prices of ethylene remain at high levels, business transactions expanded, notably for olefin, as Marubeni moved ahead with its reinforcement of logistics by means such as a further buildup of its dedicated tanker fleet for ethylene. In the synthetic resin field, sales of resin for food packaging materials and the automobile industry were buoyant. In the field of inorganic and agrichemical products, agrichemicals distributors overseas are steadily boosting earnings. In the field of electronic materials, business sales, mainly of raw materials for semiconductors and solar cells, remain strong.

## ●Energy

Marubeni's energy-resource development businesses including oil and gas production and LNG projects abroad remained healthy. With regard to LNG projects, Marubeni achieved progress which included starting

# Marubeni Corporation

## Management Policy

shipments in an LNG project in Equatorial Guinea and deciding to participate in an LNG project in Peru. In the oil trading field, Marubeni successfully started offtaking crude oil based on the loan agreement and the master offtake agreement that it had concluded with Venezuela's state-owned oil company, and imported two million barrels of crude oil for the Japanese market. Other operations related to trading also remained favorable.

### ●Metals & Mineral Resources

Earnings remained robust in the first half of the period under review as copper prices remained at high levels. Los Pelambres copper mine in Chile maintained steady production and Marubeni's overseas aluminum refinery operations and coal operations in Australia continued to operate smoothly. In the meantime, Marubeni purchased additional shares in Resource Pacific Holdings Limited of Australia to raise its shareholding ratio to a little less than 15% and acquired a third of the shares in Queensland Coal Mine Management Pty Ltd. with the aim of reinforcing its coal business.

### ●Transportation & Industrial Machinery

In the aerospace and defense fields, Marubeni successfully imported and sold jet airliners that were made in Brazil, for the first time as a sales agent in Japan. In addition, it ventured into the business of ground handling in airports. In the fields of automobiles, automobile facilities, construction machinery and agricultural machinery, exports to Asia and the Middle East and retail sales overseas remained strong and Marubeni also launched a wholesale business for automobile parts in the U.S., and began retail sales of construction machinery in the Philippines. In the industrial machinery field, we received orders for chemical plant facilities for Brazil, in addition to paper manufacturing facilities and private power generation facilities for Vietnam.

### ●Power Projects

In the IPP field, Marubeni acquired Mirant Caribbean Holdings (with the acquired power-generating assets and interests having a total installed capacity of 1,150 MW), a power generation business holding company in the Caribbean, in addition to the right to build, own and operate power and water businesses (a power generation capacity of 2,000 MW plus a water desalination capacity of 0.59 million tons per day) in the Emirate of Fujirah in the United Arab Emirates, as well as a power generation development right with a power generation capacity of 660 MW in Cirebon, Indonesia. In the EPC field, Marubeni received an order, in a consortium with Mitsubishi Heavy Industries, Ltd., to construct a 700 MW combined thermal power plant in Gunsan, Korea, as well as a contract to lay down a 0.4 million-kV underground power cable, together with Viscas Corporation, for an electric transmission company in Abu Dhabi, UAE.

### ●Plant, Ship & Infrastructure Projects

In the plant operations, Marubeni received orders to construct a cement plant in the U.S. and Russia and a large-scale reactor for South Africa. In addition, Marubeni concluded an agreement on emissions-trading in

# Marubeni Corporation Management Policy

China in a project to construct a hydraulic power generation plant. In the infrastructure business, Marubeni received an order to develop the trans-Bosporus railroad for Turkey and concluded an agreement for railroad cargo leasing for Brazil. Marubeni's ship business remained strong thanks to an accumulation of orders for building new ships for customers in Japan, Asia and Europe on the strength of robust marine transportation market conditions.

## ●Information & Communication

Marubeni decided to carry out a merger between Marubeni Information Systems Co., Ltd. and Marubeni Solutions Corporation effective October 1 with the aim of enhancing its marketing capability by fusing the services and products of the two companies. In addition, Marubeni focused its efforts on restructuring and consolidating operating companies with a view to expanding earnings in the future. For instance, Marubeni carried out a TOB for Marubeni Infotec Corp. with the aim of converting it to a wholly owned subsidiary and purchased shares in Mystery Channel, Inc. which were held by other companies. Meanwhile, earnings of the Vectant Group remained strong, notably in enterprise IP networking services.

## ●Development & Construction

In the domestic sales of condominiums, units selling particularly well included those in downtown Tokyo such as an urban redevelopment project called Grand-Suite Toranomom (in Minato-ku, Tokyo). With regard to investor-oriented real estate properties, Marubeni sold ACTIOLE Miami-Ikebukuro (in Toshima-ku, Tokyo), a business complex which it was leasing to a REIT, on the strength of favorable real estate market conditions. In the overseas markets, sales of Lu Ming Garden condominiums targeting Chinese people in Shanghai, China, remained steady. In addition, Marubeni participated in the development of complex facilities for housing, offices and commercial facilities in Tianjin, in addition to those it had developed in the previous period in Beijing.

## ●Finance, Logistics & New Business

In the field of emissions trading, Marubeni concluded an agreement to purchase emissions equivalent to two million tons-CO<sub>2</sub> in the Kyoto Mechanism Credit Acquisition Programme, which is implemented by the New Energy and Industrial Technology Organization (NEDO). In addition, Marubeni became the first Japanese company to become a member of Europe's European Climate Exchange (ECX), which is the largest marketplace for trading carbon dioxide emissions in the world. In the life care business area, Marubeni started distribution of medical materials for medical institutions and began consigning SPD operations on a full scale through Marubeni Hospital Partners Corporation.

## ●Iron & Steel Strategies and Coordination

Despite concerns such as a slowdown in the U.S. housing market and excessive steel production in China, demand for steel products from the energy-related sector remained strong, and conditions in the domestic steel

# Marubeni Corporation Management Policy

market also remained firm primarily as a result of increased demand from the manufacturing sectors. Meanwhile, Marubeni-Itochu Steel Inc. is generating favorable results in an environment marked by persistently strong demand for steel products coming mainly from the energy and automotive sectors.

## ●Overseas Subsidiaries and Branches

Marubeni's U.S. subsidiaries expanded the trading volume mainly due to favorable results of Helena Chemical Company, which distributes agrichemicals and fertilizers, and new acquisition of businesses. In addition, key local subsidiaries in Taiwan, Korea, Singapore, China, Thailand and other countries in Asia as well as in Australia demonstrated a generally favorable performance in line with their expanded trading volume.

Marubeni Corporation  
Consolidated Balance Sheets  
< Unaudited >

	<i>Millions of yen</i>		
	September 30 2007	March 31 2007	Variance
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	¥ 388,730	¥ 414,952	¥ -26,222
Time deposits	32,162	20,010	12,152
Investment securities	13,360	26,693	-13,333
Notes and accounts receivable - trade:			
Notes receivable	91,954	107,930	-15,976
Accounts receivable	1,167,318	1,032,790	134,528
Due from affiliated companies	74,890	85,799	-10,909
Allowance for doubtful accounts	-13,881	-16,332	2,451
Inventories	444,511	420,533	23,978
Advance payments to suppliers	227,385	214,067	13,318
Deferred income taxes	36,981	43,715	-6,734
Prepaid expenses and other current assets	193,229	152,435	40,794
Total current assets	<u>2,656,639</u>	<u>2,502,592</u>	<u>154,047</u>
Investments and long-term receivables:			
Affiliated companies	586,509	504,501	82,008
Securities and other investments	625,014	603,545	21,469
Notes, loans and accounts receivable - trade	124,010	121,138	2,872
Allowance for doubtful accounts	-53,817	-51,337	-2,480
Property leased to others, at cost, less accumulated	174,911	171,115	3,796
Total investments and long-term receivables	<u>1,456,627</u>	<u>1,348,962</u>	<u>107,665</u>
Net property and equipment	868,113	731,452	136,661
Prepaid pension cost	21,338	21,642	-304
Deferred income taxes	59,760	53,088	6,672
Intangible fixed assets	100,281	86,654	13,627
Goodwill	46,905	35,794	11,111
Other assets	98,873	93,120	5,753
Total assets	<u>¥ 5,308,536</u>	<u>¥ 4,873,304</u>	<u>¥ 435,232</u>

Marubeni Corporation  
Consolidated Balance Sheets (Continued)  
< Unaudited >

	<i>Millions of yen</i>		
	September 30 2007	March 31 2007	Variance
<b>Liabilities and shareholders' equity</b>			
Current liabilities:			
Short-term loans	¥ 258,204	¥ 170,423	¥ 87,781
Current portion of long-term debt	84,260	164,485	-80,225
Notes and accounts payable-trade			
Notes and acceptances payable	194,573	210,151	-15,578
Accounts payable	894,064	762,520	131,544
Due to affiliated companies	46,375	52,288	-5,913
Advance payments received from customers	214,851	204,489	10,362
Accrued income taxes	19,624	17,219	2,405
Deferred income taxes	5,214	4,632	582
Accrued expenses and other current liabilities	288,669	294,059	-5,390
Total current liabilities	<u>2,005,834</u>	<u>1,880,266</u>	<u>125,568</u>
Long-term debt, less current portion	2,328,372	2,130,137	198,235
Employees' retirement benefits	15,643	12,075	3,568
Deferred income taxes	44,022	29,987	14,035
Minority interests in consolidated subsidiaries	93,619	75,385	18,234
Shareholders' equity:			
Paid-in capital	262,686	262,686	-
Capital surplus	155,909	155,905	4
Retained earnings	367,079	298,011	69,068
Accumulated other comprehensive income (loss)			
Unrealized gains on investment securities	93,337	102,899	-9,562
Currency translation adjustments	-16,205	-39,547	23,342
Unrealized losses on derivatives	-15,162	-6,410	-8,752
Pension liability adjustment	-25,928	-27,603	1,675
Cost of common stock in treasury	-670	-487	-183
Total shareholders' equity	<u>821,046</u>	<u>745,454</u>	<u>75,592</u>
Total liabilities and shareholders' equity	<u>¥ 5,308,536</u>	<u>¥ 4,873,304</u>	<u>¥ 435,232</u>

\*These financial statements are based on US GAAP.

Marubeni Corporation  
Consolidated Statement of Income  
< Unaudited >

	<i>Millions of yen</i>			
	Six months ended September 30			
	2007	2006	Variance	Ratio
<b>Revenues:</b>				
Revenues from trading and other activities	¥1,913,448	¥1,718,982	¥ 194,466	11.3%
Commissions on services and trading margins	100,635	88,583	12,052	13.6%
Total	2,014,083	1,807,565	206,518	11.4%
Cost of revenues from trading and other activities	-1,732,683	-1,542,549	-190,134	12.3%
Gross trading profit	281,400	265,016	16,384	6.2%
<b>Expenses and other:</b>				
Selling, general and administrative expenses	-185,325	-174,898	-10,427	6.0%
Provision for doubtful accounts	-474	732	-1,206	-
Interest income	13,903	11,630	2,273	19.5%
Interest expense	-32,691	-26,853	-5,838	21.7%
Dividends received	12,301	4,218	8,083	191.6%
Impairment loss on investment securities	-1,239	-4,167	2,928	-70.3%
Gain (loss) on sales of investment securities	9,953	10,532	-579	-5.5%
Gain (loss) on property and equipment	773	-2,797	3,570	-
Equity in earnings (losses) of affiliated companies-net	23,650	23,652	-2	0.0%
Other – net	1,045	-29	1,074	-
Total	-158,104	-157,980	-124	0.1%
Income (loss) from continuing operations before income taxes	123,296	107,036	16,260	15.2%
Provision for income taxes	-39,721	-37,930	-1,791	4.7%
Income (loss) from continuing operations	83,575	69,106	14,469	20.9%
Minority interests in consolidated subsidiaries	-3,239	-3,461	222	-6.4%
<b>Net Income</b>	<b>¥ 80,336</b>	<b>¥ 65,645</b>	<b>¥ 14,691</b>	<b>22.4%</b>
Dividend for preferred shares	¥ -	¥ 605	¥ -605	-
Net income available for shareholders	80,336	65,040	15,296	23.5%
Basic earnings per share (yen)	46.35	40.40	5.95	14.7%
Diluted earnings per share (yen)	-	37.87	-	-
Total volume of trading transactions (Based on Japanese accounting practice)	5,096,961	4,686,738	410,223	8.8%
Operating profit (Based on Japanese accounting practice)	95,601	90,850	4,751	5.2%

(Note 1) These financial statements are based on US GAAP. (Revenue is presented in accordance with FASB Emerging Issue Task Force (EITF) 99-19.)

Marubeni Corporation  
Consolidated Statements of Changes in Shareholders' Equity  
< Unaudited >

*Millions of yen*

	September 30		March 31		September 30	
	2007		2007		2006	
<b>Common stock:</b>						
Balance at beginning of period	262,686		262,686		262,686	
Balance at end of period	262,686		262,686		262,686	
<b>Capital surplus:</b>						
Balance at beginning of period	155,905		155,903		155,903	
Gains from disposition of treasury stock	4		2		1	
Balance at end of period	155,909		155,905		155,904	
<b>Retained earnings (losses):</b>						
Balance at beginning of period	298,011		193,772		193,772	
Net income (loss)	80,336	80,336	119,349	119,349	65,645	65,645
Cash dividend – common and preferred stocks	-11,268		-15,110		-8,792	
Balance at end of period	367,079		298,011		250,625	
<b>Accumulated other comprehensive Income(loss):</b>						
Balance at beginning of period	29,339		51,752		51,752	
Unrealized (losses) gains on investment securities, net of reclassification		-9,562		-6,136		-24,904
Currency translation adjustments, net of reclassification		23,342		13,903		-5,187
Unrealized (losses) gains on derivatives, net of reclassification		-8,752		-4,294		-4,275
Minimum pension liability adjustment		-		-834		-
Employees' retirement benefits adjustment		1,675		-		-
Other comprehensive income - net of tax	6,703	6,703	2,639	2,639	-34,366	-34,366
Comprehensive income		87,039		121,988		31,279
Adjustment to initially apply No.158 FSAS, net of tax	-		-25,052		-	
Balance at end of period	36,042		29,339		17,386	
<b>Cost of common stock in treasury:</b>						
Balance at beginning of period	-487		-326		-326	
Treasury stock repurchased	-183		-161		-75	
Balance at end of period	-670		-487		-401	

Marubeni Corporation  
Consolidated Statements of Cash Flows  
< Unaudited >

*Millions of yen*

	Six months ended September 30		Variance
	2007	2006	
<b>Operating activities</b>			
Net income (loss)	80,336	65,645	14,691
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	43,182	46,569	-3,387
Provision for doubtful accounts	474	-732	1,206
Equity in earnings of affiliated companies, less dividends received	-7,151	-9,312	2,161
(Gain) loss on investment securities	-8,714	-6,365	-2,349
Loss on property, plant and equipment	-773	2,797	-3,570
Deferred income taxes	15,186	7,732	7,454
Changes in operating assets and liabilities:			
Notes and accounts receivable	-69,928	-171,126	101,198
Inventories	-5,728	-25,034	19,306
Notes, acceptances and accounts payable	57,423	68,848	-11,425
Other	-33,680	1,291	-34,971
<b>Net cash provided by operating activities</b>	<b>70,627</b>	<b>-19,687</b>	<b>90,314</b>
<b>Investing activities</b>			
Net decrease (increase) in time deposits	-4,816	-3,896	-920
Proceeds from sales and redemptions/expenditure for purchase of securities and other investments	-121,156	-60,877	-60,279
Proceeds from sales /expenditure for purchases of property and equipment	-39,170	-19,728	-19,442
Collection of loans receivable and loans made to customers	20,985	17,109	3,876
<b>Net cash provided (used) by investing activities</b>	<b>-144,157</b>	<b>-67,392</b>	<b>-76,765</b>
<b>Free Cash Flows</b>	<b>-73,530</b>	<b>-87,079</b>	<b>13,549</b>
<b>Financing activities</b>			
Net decrease (increase) in short-term loans	31,828	-65,211	97,039
Proceeds from/payment of long-term debt	24,234	122,109	-97,875
Cash dividend - common and preferred stocks	-11,268	-8,792	-2,476
Purchase of treasury stock, net	-179	-74	-105
Other	-2,152	-1,569	-583
<b>Net cash used (provided) in financing activities</b>	<b>42,463</b>	<b>46,463</b>	<b>-4,000</b>
Effect of exchange rate changes on cash and cash equivalents	4,845	-1,671	6,516
Net increase (decrease) in cash and cash equivalents	-26,222	-42,287	16,065
Cash and cash equivalents at beginning of period	414,952	368,936	46,016
Cash and cash equivalents at end of period	388,730	326,649	62,081

(Note) These financial statements are based on US GAAP.

Marubeni Corporation  
Basis of Consolidated Financial Statements

1. Subsidiaries and affiliated companies accounted for by equity method

(1) Number of subsidiaries and affiliated companies

	September 30, 2007	March 31, 2007	Variance
Subsidiaries	420	385	35
Affiliated companies	184	176	8
Total	604	561	43

(2) Major Group Firms

Subsidiaries

Overseas 262	Marubeni America Corporation Marubeni Europe p.l.c. Axia Power Holdings, B.V. Marubeni Caribbean Power Holdings, Inc. PT Tanjungenim Lestari Pulp & Paper
Domestic 158	Marubeni Nisshin Feed Co., Ltd. Marubeni Telecom Co., Ltd. Yamaboshiya Co., Ltd. Marubeni Energy Corporation Marubeni Real Estate Co., Ltd.

Affiliated companies

Overseas 134	TeaM Energy Corporation Daishowa-Marubeni International Ltd.
Domestic 50	The Daiei, Inc. The Maruetsu, Inc. Marubeni-Itochu Steel Inc. Marubeni Construction Material Lease Co., Ltd

(3) Changes

Subsidiaries

Newly included 51	Yamaboshiya Co., Ltd. Marubeni Infotec Corporation Marubeni Caribbean Power Holdings, Inc. Marubeni LNG Development B.V. Others--- 47 companies
Excluded	16 companies

Affiliated companies

Newly included 21	Long Chen Paper (China) Holdings Agreco Bioenergia Industria e Comercio de Oleos e Biodiesel LTDA. Others---19 companies
Excluded	13 companies

2. Matters Concerning Accounting Standards

Description is omitted as there are no major changes from the latest financial statement report filed on June 22, 2007.

## Segment Information

### Operating Segments

The Company's operating segments by which management evaluates performance and allocates resources are classified in terms of the nature of the products and services or areas. The segments, by products and services, are managed by the divisions of the Head Office. Overseas corporate subsidiaries and branches operate in the respective areas and are independent operating units.

Each reportable segment purchases, distributes and markets a wide variety of industrial and consumer goods including raw materials and equipment relating to a multitude of industries and, in addition, provides the related financing, insurance and other services to these operations primarily on a worldwide basis. The Company breaks its operating segments into 13 segments identified by product and service, in addition to its overseas corporate subsidiaries and branches.

The segment information for the 1st half of FY2007, and the corresponding period the year before are as shown hereafter.

◆ 1<sup>st</sup> Half of FY2007 (April 1, 2007-September 30, 2007)

<i>Millions of yen</i>						
	Agri-marine products	Textile	Forest Products & General merchandise	Chemicals	Energy	
<b>Total volume of trading transactions</b>						
outside customers	628,162	169,567	429,652	420,584	1,361,993	
internal transaction	14,998	1,056	25,617	20,749	2,477	
<b>total</b>	<b>643,160</b>	<b>170,623</b>	<b>455,269</b>	<b>441,333</b>	<b>1,364,470</b>	
<b>Gross trading profit</b>	36,191	12,391	27,671	15,628	43,767	
<b>Operating profit (loss)</b>	6,870	2,311	10,239	5,390	28,466	
<b>Equity in earnings (losses) of affiliated companies</b>	-1,873	-24	1,015	81	69	
<b>Segment net income (loss)</b>	2,417	1,091	5,636	3,361	18,783	
<b>Segment assets (as of September 30, 2007)</b>	591,998	135,934	547,312	228,334	700,276	
	Metals & Mineral Resources	Transportation & Industrial	Power Projects	Plant, Ship & Infrastructure Projects	Information & Communication	
<b>Total volume of trading transactions</b>						
outside customers	477,034	328,671	119,586	311,413	101,623	
internal transaction	30,336	20,096	3	279	1,575	
<b>total</b>	<b>507,370</b>	<b>348,767</b>	<b>119,589</b>	<b>311,692</b>	<b>103,198</b>	
<b>Gross trading profit</b>	10,222	28,935	14,798	9,356	12,139	
<b>Operating profit (loss)</b>	5,127	7,915	5,522	1,683	-29	
<b>Equity in earnings (losses) of affiliated companies</b>	7,804	2,493	2,249	2,236	-646	
<b>Segment net income (loss)</b>	10,019	10,120	5,202	3,093	69	
<b>Segment assets (as of September 30, 2007)</b>	341,982	293,820	627,428	356,188	146,462	
	Development & Construction	Finance Logistics & New Business	Iron & Steel Products	overseas corporate subsidiaries & branches	corporate & elimination etc.	consolidated
<b>Total volume of trading transactions</b>						
outside customers	54,401	15,531	426	602,366	75,952	5,096,961
internal transaction	199	2,402	43	238,478	-358,308	-
<b>total</b>	<b>54,600</b>	<b>17,933</b>	<b>469</b>	<b>840,844</b>	<b>-282,356</b>	<b>5,096,961</b>
<b>Gross trading profit</b>	14,134	4,774	469	52,962	-2,037	281,400
<b>Operating profit (loss)</b>	6,509	-534	-164	13,282	3,014	95,601
<b>Equity in earnings (losses) of affiliated companies</b>	84	596	8,641	855	70	23,650
<b>Segment net income (loss)</b>	2,329	1,842	7,541	6,842	1,991	80,336
<b>Segment assets (as of September 30, 2007)</b>	270,370	118,201	105,580	574,296	270,355	5,308,536

◆ 1<sup>st</sup> Half of FY2006 (April 1, 2006-September 30, 2006)

<i>Millions of yen</i>						
	Agri-marine products	Textile	Forest Products & General merchandise	Chemicals	Energy	
<b>Total volume of trading transactions</b>						
outside customers	496,307	175,526	396,334	400,900	1,219,801	
internal transaction	10,501	1,537	21,504	18,971	1,919	
<b>total</b>	<b>506,808</b>	<b>177,063</b>	<b>417,838</b>	<b>419,871</b>	<b>1,221,720</b>	
<b>Gross trading profit</b>	34,425	11,985	27,254	15,870	43,926	
<b>Operating profit (loss)</b>	6,850	512	11,270	4,782	29,196	
<b>Equity in earnings (losses) of affiliated companies</b>	3,205	-72	-144	-283	219	
<b>Segment net income (loss)</b>	4,655	305	4,547	989	14,334	
<b>Segment assets (as of March 31, 2007)</b>	549,217	131,757	538,417	201,728	688,630	
	Metals & Mineral Resources	Transportation & Industrial	Power Projects	Plant, Ship & Infrastructure Projects	Information & Communication	
<b>Total volume of trading transactions</b>						
outside customers	464,111	266,723	116,778	302,695	103,937	
internal transaction	26,374	35,862	136	314	1,536	
<b>total</b>	<b>490,485</b>	<b>302,585</b>	<b>116,914</b>	<b>303,009</b>	<b>105,473</b>	
<b>Gross trading profit</b>	8,703	26,177	12,201	8,531	13,232	
<b>Operating profit (loss)</b>	6,050	5,923	6,574	1,281	114	
<b>Equity in earnings (losses) of affiliated companies</b>	7,550	1,813	2,507	-179	-457	
<b>Segment net income (loss)</b>	12,032	4,321	5,064	727	1,487	
<b>Segment assets (as of March 31, 2007)</b>	279,991	310,352	391,009	342,779	116,524	
	Development & Construction	Finance Logistics & New Business	Iron & Steel Products	overseas corporate subsidiaries & branches	corporate & elimination etc.	consolidated
<b>Total volume of trading transactions</b>						
outside customers	92,435	16,002	352	548,977	85,860	4,686,738
internal transaction	241	3,351	14	159,280	-281,540	-
<b>total</b>	<b>92,676</b>	<b>19,353</b>	<b>366</b>	<b>708,257</b>	<b>-195,680</b>	<b>4,686,738</b>
<b>Gross trading profit</b>	18,625	4,735	366	43,233	-4,247	265,016
<b>Operating profit (loss)</b>	10,561	864	-440	9,934	-2,621	90,850
<b>Equity in earnings (losses) of affiliated companies</b>	335	425	9,671	-166	-772	23,652
<b>Segment net income (loss)</b>	5,284	2,916	8,068	5,611	-4,695	65,645
<b>Segment assets (as of March 31, 2007)</b>	265,617	118,501	101,606	413,443	423,733	4,873,304

(Note 1) The figures of each operating segment are shown based on US GAAP.

For Japanese Investors' convenience, Total volume of trading transactions and Operating profit are shown according to Japanese accounting practice.

(Note 2) Inter-segment transactions are generally priced in accordance with the prevailing market prices.

Marubeni Corporation  
Earnings/Loss per Share of Common Stock

The following table sets forth the computation of basic and diluted earnings/loss per share:

	<i>Millions of yen</i>	
	<b>Six Months ended September 30</b>	
	2007	2006
<b>Numerator:</b>		
Net income (loss)	80,336	65,645
Amount which does not belong to ordinary shares – dividend for preferred shares	–	△ 605
Net income available for common shareholders – Numerator for basic earnings (loss) per share	80,336	65,040
Effect of dilutive securities - Dividend for preferred shares	–	605
Numerator for diluted earnings (loss) per share	80,336	65,645
		<i>Number of shares</i>
<b>Denominator:</b>		
Denominator for basic earnings (loss) per share	1,733,340,328	1,609,712,521
Effect of dilutive securities - Preferred shares	–	123,921,062
Denominator for diluted earnings per share	1,733,340,328	1,733,633,583
		<i>yen</i>
Basic earnings per share	46 . 35	40 . 40
Diluted earnings per share	–	37 . 87

Class I Preferred Stock issued in December 2003 has dilution effect for FY2006, and all of this stock was converted to common shares as March 19, 2007.

< Omission of Disclosure >

Description of notes to leases, investment securities, derivative instruments, hedging activities and acquisitions are omitted because it is considered to be less important to state in interim financial statements.

# Marubeni Corporation Consolidated Companies

## 1. Number of consolidated companies

		September 2007	Established Bought	Liquidated Divestiture	March 31 2007	Variance
Subsidiaries	Domestic	158	19	-3	142	+16
	Overseas	262	32	-13	243	+19
	Total	420	51	-16	385	+35
Affiliated companies	Domestic	50	5	-3	48	+2
	Overseas	134	16	-10	128	+6
	Total	184	21	-13	176	+8
	Domestic	208	24	-6	190	+18
	Overseas	396	48	-23	371	+25
	Total	604	72	-29	561	+43

## 2. Major companies that have been newly included during this term:

Company name	Capital	Marubeni Group's equity portion	Type of business
Long Chen Paper (China) Holdings ※1	USD 164.426 mil	17.73%	Holding company of a containerboard manufacturer in china (a member of the Long Chen Paper Co., Ltd. Group)
Agrenco Bioenergia Industria e Comercio de Oleos e Biodiesel LTDA.	USD 120 mil	33.33%	Production and sales of soi oil, bio-deisel and soymeal
Marubeni Caribbean Power Holdings, Inc.	USD 0 mil	100.00%	Electricity Holding company in the Caribbean nations
Marubeni LNG Development B.V.	USD 0.025 mil	100.00%	Investment in the Peru LNG Project
Yamaboshiya Co., Ltd. ※2	JPY 2,200 mil	65.58%	Wholesale of confectionery
Marubeni Infotec Corporation ※2	JPY 921 mil	89.50%	Wholesale of PCs and peripheral equipment, electronic components and software

※1 Former name is Yuema International Co.,(Caymans)Ltd..

※2 These companies were affiliated companies but newly included by additional investment in this period.

## 3. Major companies that have been excluded during this term:

Company name	Reasons of exclusion	Marubeni Group's equity portion	Type of business
Clarity Opnext Holdings I, LLC	Liquidated	100.00%	Manufacture and sale of optical component products
N.V. NISSAN BELGIUM S.A.	Sold	100.00%	Wholesale and distribution of nissan automobiles
P.T.UNITEX	Sold	25.23%	Spining, weaving, dyeing, printing and finishing of cotton and cotton fabrics
P.T.ASTRA MULTI FINANCE	Sold	20.00%	Sales and finance of automobiles

## Profit-making/loss-making consolidated companies

(Unit: billions of yen)

		September 30, 2007			September 30, 2006			Variance		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Profit-making companies	No. of companies	153	311	464	142	272	414	11	39	50
	Surplus amount	20.8	62.6	83.4	23.2	49.7	72.9	-2.4	12.9	10.5
Loss-making companies	No. of companies	55	85	140	54	87	141	1	-2	-1
	Deficit amount	-8.1	-3.4	-11.5	-3.5	-6.8	-10.2	-4.6	3.4	-1.2
Total	No. of companies	208	396	604	196	359	555	12	37	49
	Net profit/loss	12.7	59.2	71.9	19.7	42.9	62.7	-7.0	16.3	9.3
Surplus company ratio		73.6%	78.5%	76.8%	72.4%	75.8%	74.6%	+1.2 points	+2.7 points	+2.2 points

(Note) Surplus/Deficit amount is based on equity method