

Financial Results for 1st Half FY2007 and Prospects for FY2007 (US GAAP Basis)

(Unit: billions of yen)

Operating Results	1st Half FY2007 Results	1st Half FY2006 Results	FY06/07 1H Variance		Prospects for FY2007		
				Variance in Percentage	Revised prospect at October 2007	Progress ratio	Initial prospect at May 2007
Total volume of trading transactions (*1)	¥ 5,097.0	¥ 4,686.7	¥ 410.2	9%	¥ 10,700.0	48%	¥ 10,500.0
Gross trading profit	281.4	265.0	16.4	6%	593.0	47%	570.0
Selling, general and administrative expenses	-185.3	-174.9	-10.4	-	-403.0		-388.0
Provision for doubtful accounts	-0.5	0.7	-1.2	-	-2.0		-2.0
Operating profit (*1)	95.6	90.9	4.8	5%	188.0	51%	180.0
Interest expense, net of interest income	-18.8	-15.2	-3.6	-	-44.0		-44.0
Dividends	12.3	4.2	8.1	-	20.0		15.0
Gain (loss) on investment securities	8.7	6.4	2.3	-	10.0	}	5.0
Gain (loss) on property and equipment	0.8	-2.8	3.6	-			
Other-net	1.0	-0.0	1.1	-			
Equity in earnings (losses) of affiliated companies	23.7	23.7	-0.0	-	56.0		59.0
Income (loss) from continuing operations before income taxes	123.3	107.0	16.3	15%	230.0	54%	215.0
Provision (benefit) for income taxes	-39.7	-37.9	-1.8	-	-78.0		-74.0
Minority interests in consolidated subsidiaries	-3.2	-3.5	0.2	-	-7.0		-6.0
Net income (loss)	80.3	65.6	14.7	22%	145.0	55%	135.0

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

Revenue (*2)	2,014.1	1,807.6	206.5	11%
Adjusted operating profit (*3)	96.1	90.1	6.0	7%
Core earnings (*4)	132.0	121.3	10.7	9%

(*2) Revenue is presented in accordance with FASB Emerging Issue Task Force (EITF) 99-19.

(*3) Adjusted operating profit = Gross trading profit - SGA expenses (excluding restructuring costs)

(*4) Core earnings = Adjusted operating profit + Dividend income ± Equity in earnings of affiliated companies (excluding restructuring costs)

Financial Condition	September 30, 2007	March 31, 2007	Variance from March 31
Total assets	5,308.5	4,873.3	435.2
(Current assets)	(2,656.6)	(2,502.6)	(154.0)
(Fixed assets)	(2,651.9)	(2,370.7)	(281.2)
Shareholders' equity	821.0	745.5	75.6
Interest-bearing debt	2,475.1	2,278.4	196.7
Net interest bearing debt	2,054.2	1,843.4	210.7
D/E ratio (*5)	2.50 x	2.47 x	0.03 points

(*5) D/E ratio is calculated based on net interest-bearing debt

Cash Flow	1st Half FY2007	1st Half FY2006	Increase/Decrease in the Surplus/Deficit of Consolidated Companies	1st Half FY2007	1st Half FY2006	Variance
Cash flow from operating activities	70.6	-19.7	No. of profit making companies	464	414	50
Cash flow from investing activities	-144.2	-67.4	Surplus amount	83.4	72.9	10.5
Free Cash Flows	-73.5	-87.1	No. of loss making companies	140	141	-1
Cash flow from financing activities	42.5	46.5	Deficit amount	-11.5	-10.2	-1.2
Effect of exchange rate changes	4.8	-1.7	No. of companies, total	604	555	49
Changes in cash and cash equivalents	-26.2	-42.3	Net Income (loss)	71.9	62.7	9.3
			Ratio of profit making companies	76.8%	74.6%	+2.2%

Major Financial Indicators and Yearly Prospects				
Major Financial Indicators	Assumptions for the revised yearly prospects			2nd Half FY07
	1st Half FY07	1st Half FY06	Variance	
1) Foreign Exchange Rate (YEN/USD)	119.33	115.38	(Yen down by 3.95 yen)	¥115
2) JPY TIBOR(%)	0.735	0.324	(up by 0.411%)	1.000
USD LIBOR(%)	5.402	5.331	(up by 0.071%)	5.400
3) Oil (USD/Barrel) *North Sea Brent	64	66	(down by USD2/Barrel)	70
Copper (USD/MT) *LME	6,769	6,070	(up by USD699/MT)	7,300

note) Figures for North Sea Brent oil and LME copper are the average of the actual prices for the six months of January to June.

The forecast and prospects on this document are based upon available information and assumptions as of the announcement date, about uncertain factors which would influence upon future businesses.
Actual results might be influenced by various factors in the future.

Outline of Financial Results for 1st Half FY2007

Highlights of 1st Half FY2007 Financial Results																	
<p>○ Net income for the period amounted 80.3 billion yen, which renewed our half-year record high, achieving an increase by 14.7 billion yen or 22% from 65.6 billion yen for the same period in the previous fiscal year. As a consequence, yearly prospect has been revised upward to 145.0 billion yen, which assured our yearly record profit for the fifth consecutive years.</p> <p>○ Adjusted operating profit increased 6.0 billion yen (7%) to 96.1 billion yen, and core earnings rose 10.7 billion yen (9%) to 132.0 billion yen, both renewing our record for half-year results.</p> <p>○ Shareholders' equity increased 75.6 billion yen from the end of the previous fiscal year to 821.0 billion yen due to the buildup of net income for the period.</p> <p>○ Net interest-bearing debt was 2,054.2 billion yen. The D/E ratio was 2.50x, which is around the same level as the previous year-end.</p>	<p>4) Provision for doubtful accounts ... -0.5 billion yen This item decreased by 1.2 billion yen year-on-year, because reversal of the provision for doubtful accounts was posted in the previous year, due to a collection of overseas receivables.</p> <p>5) Interest expense, net of interest income ... -18.8 billion yen This item increased by 3.6 billion yen due to new investments and effect of rising interest rates.</p> <p>6) Dividends ... 12.3 billion yen Year-on-year increase of 8.1 billion yen was caused by dividend income from energy related businesses.</p> <p>7) Gain (Loss) on investment securities ... 8.7 billion yen • Gain (Loss) on sales of investment securities 10.0 billion yen (-0.6 billion yen year-on-year) • Valuation loss on investment securities -1.2 billion yen (+2.9 billion yen year-on-year) The net gain improved by 2.3 billion yen, due to the appraisal loss from electronic material related investment posted in the same period the previous year.</p> <p>8) Gain (Loss) on property and equipment ... 0.8 billion yen • Gain on sale of property and equipment 1.6 billion yen (-0.0 billion yen year-on-year) • Loss on sale /Valuation loss of property and equipment -0.8 billion yen (+3.6 billion yen year-on-year) The net gain/loss improved by 3.6 billion yen because appraisal loss on property posted in the same period the previous year.</p> <p>9) Other-net ... 1.0 billion yen This item improved by 1.1 billion yen year-on-year, mainly due to increase in gain on currency exchange.</p> <p>10) Equity in earnings (losses) of affiliated companies ... 23.7 billion yen Remained the same level as the previous year.</p>																
<p>Main Items</p> <p>1) Total volume of trading transactions ... 5,097.0 billion yen Total trading transactions increased 410.2 billion yen over the same period of the previous fiscal year. By segment, major growth was recorded in Energy (+142.8), Agri-marine Products (+136.4), and Overseas corporate subsidiaries & branches (+132.6). For reference's sake, the impact of the weaker yen resulted in an improvement of 70.0 billion yen. (Note) Amounts in parentheses represent the amount of change over the same period in the previous fiscal year (unit: billions of yen).</p> <p>2) Gross trading profit ... 281.4 billion yen Year-on-year growth was 16.4 billion yen. See below chart for segmental figures.</p> <p>3) Selling, general, and administrative expenses ... -185.3 billion yen Year-on-year increase was 10.4 billion yen, owing mainly to personnel expenses.</p>																	
<table border="1"> <thead> <tr> <th>Operating Segments</th> <th>1st Half FY07</th> <th>1st Half FY06</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Marubeni-Itochu Steel Inc.</td> <td>8.2 billion yen</td> <td>(-1.0 billion yen year-on-year)</td> <td></td> </tr> <tr> <td>Nippon LP Resources</td> <td>7.0 billion yen</td> <td>(+0.2 billion yen year-on-year)</td> <td></td> </tr> <tr> <td>Daishowa-Marubeni International</td> <td>0.5 billion yen</td> <td>(+1.1 billion yen year-on-year)</td> <td></td> </tr> </tbody> </table>		Operating Segments	1st Half FY07	1st Half FY06	Variance	Marubeni-Itochu Steel Inc.	8.2 billion yen	(-1.0 billion yen year-on-year)		Nippon LP Resources	7.0 billion yen	(+0.2 billion yen year-on-year)		Daishowa-Marubeni International	0.5 billion yen	(+1.1 billion yen year-on-year)	
Operating Segments	1st Half FY07	1st Half FY06	Variance														
Marubeni-Itochu Steel Inc.	8.2 billion yen	(-1.0 billion yen year-on-year)															
Nippon LP Resources	7.0 billion yen	(+0.2 billion yen year-on-year)															
Daishowa-Marubeni International	0.5 billion yen	(+1.1 billion yen year-on-year)															

(Unit: billions of yen)

Operating Segments	Gross trading profit			Net income (loss)			Main reasons for increase/decrease
	1st Half FY07	1st Half FY06	Variance	1st Half FY07	1st Half FY06	Variance	
Agri-Marine Products	36.2	34.4	1.8	2.4	4.7	-2.2	Despite gross trading profit increased mainly in feedstuff, declined equity in earnings on distributive group firm pushed down segmental net income for the period.
Textile	12.4	12.0	0.4	1.1	0.3	0.8	Improved profit ratio pushed up gross trading profit. In addition, decrease in expenses contributed to net income increase.
Forest Products & General Merchandise	27.7	27.3	0.4	5.6	4.5	1.1	Despite profit decline in industrial paper products and building material subsidiary, gross trading profit increased due to brisk overseas pulp business. Segmental net income improved owing to swollen equity in earnings from overseas pulp manufacturer along with the growth in gross trading profit.
Chemicals	15.6	15.9	-0.2	3.4	1.0	2.4	Gross trading profit remained the same level as the previous year in connection with the effect of disposal of agricultural material-related business. However, due to a valuation loss on electronic materials-related investment posted in the previous year, net income made a notable improvement.
Energy	43.8	43.9	-0.2	18.8	14.3	4.4	Although gross trading profit remained the same level as the previous year, net income for the period was pushed up by increased dividend income.
Metals & Mineral Resources	10.2	8.7	1.5	10.0	12.0	-2.0	Despite an increase in gross trading profit mainly in non-ferrous, ferroalloy and steel materials, net income declined in accordance with the reversal profit of provision for doubtful accounts posted in the previous year, caused by a recovery of receivables.
Transportation & Industrial Machinery	28.9	26.2	2.8	10.1	4.3	5.8	Gross trading profit increased mainly in construction machinery. In addition, a withdrawal gain on automobile-related business and decrease in income tax for construction machinery-related business caused a substantial improvement in net income.
Power Projects	14.8	12.2	2.6	5.2	5.1	0.1	Gross trading profit increased with contribution from overseas EPC projects. Net income remained the same level due to reversal of the provision for doubtful accounts posted in the same period the previous year, in spite of gain on sales of overseas power producing business.
Plant, Ship & Infrastructure Projects	9.4	8.5	0.8	3.1	0.7	2.4	Gross trading profit increased through buoyant sales in ship business as well as the effect of newly consolidated leasing company. Since a restructuring loss posted in the previous year, net income increased for the period under review.
Information & Communication	12.1	13.2	-1.1	0.1	1.5	-1.4	Gross trading profit decreased in connection with a profit decline of a solution business-related group firm. In addition, gain on sales of marketable securities posted in the previous year caused a fall in net income for the period.
Development & Construction	14.1	18.6	-4.5	2.3	5.3	-3.0	Both gross trading profit and net income declined for this period, effected by profit from a large-scale project posted in the same period the previous year.
Finance, Logistics & New Business	4.8	4.7	0.0	1.8	2.9	-1.1	Although gross trading profit remained the same level as the last year, net income decreased due to profit decline in fund investments.
Iron & Steel Strategies and Coordination	0.5	0.4	0.1	7.5	8.1	-0.5	Net income for the period dropped due to decreased equity in earnings of affiliated companies.
Overseas corporate subsidiaries & branches	53.0	43.2	9.7	6.8	5.6	1.2	Gross trading profit as well as net income increased mainly in Marubeni America.
Corporate & elimination	-2.0	-4.2	2.2	2.0	-4.7	6.7	
Consolidated	281.4	265.0	16.4	80.3	65.6	14.7	

Outline of FY2007 Prospects

- The yearly prospect for net income has been revised to 145.0 billion yen, as the interim net income amounted to 80.3 billion yen.
- Yearly cash dividend is planned to be JPY 12 per share as announced in April. Interim cash dividend is to be JPY 6 per share.