

## Financial Results for the 3rd Quarter FY2007 and Prospects for FY2007 (US GAAP Basis)

(Unit: billions of yen)

Operating Results	1st-3rd Quarter FY2007 Results		1st-3rd Quarter FY2006 Results	1st-3rd Quarter FY06/07 Variance		Prospects for FY2007	
	3rd Quarter			Ratio		Progress	
Total volume of trading transactions (*1)	7,784.1	2,687.2	6,990.1	794.0	11%	10,700.0	73%
<b>Gross trading profit</b>	<b>428.9</b>	<b>147.5</b>	<b>389.4</b>	<b>39.5</b>	<b>10%</b>	<b>593.0</b>	<b>72%</b>
Selling, general and administrative expenses	-286.5	-101.1	-266.5	-19.9	-	-403.0	-
Provision for doubtful accounts	-1.2	-0.7	0.8	-2.0	-	-2.0	-
<b>Operating profit (*1)</b>	<b>141.2</b>	<b>45.6</b>	<b>123.7</b>	<b>17.5</b>	<b>14%</b>	<b>188.0</b>	<b>75%</b>
Interest expense, net of interest income	-29.8	-11.0	-24.5	-5.2	-	-44.0	-
Dividends	16.5	4.2	11.8	4.8	-	20.0	-
Gain (loss) on investment securities	12.1	3.4	11.0	1.1	-	10.0	-
Gain (loss) on property and equipment	2.5	1.7	-3.7	6.2	-		
Other-net	-0.1	-1.2	-1.4	1.3	-		
Equity in earnings (losses) of affiliated companies	41.2	17.5	39.8	1.4	-	56.0	-
<b>Income (loss) from continuing operations before income taxes</b>	<b>183.7</b>	<b>60.4</b>	<b>156.7</b>	<b>27.0</b>	<b>17%</b>	<b>230.0</b>	<b>80%</b>
Provision for income taxes	-61.1	-21.3	-56.1	-5.0	-	-78.0	-
Minority interests in consolidated subsidiaries	-5.4	-2.1	-5.0	-0.4	-	-7.0	-
<b>Net income (loss)</b>	<b>117.2</b>	<b>36.9</b>	<b>95.6</b>	<b>21.6</b>	<b>23%</b>	<b>145.0</b>	<b>81%</b>

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

<b>Revenue (*2)</b>	3,048.8	1,034.8	2,737.5	311.4	11%
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(\*2) Revenue is presented in accordance with FASB Emerging Issue Task Force (EITF) 99-19.

<b>Adjusted operating profit (*3)</b>	142.4	46.4	122.9	19.5	16%	190.0	75%
<b>Core earnings (*4)</b>	200.2	68.1	177.9	22.3	13%	266.0	75%

(\*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	December 31 2007	March 31 2007	Variance
<b>Total assets</b>	5,231.7	4,873.3	358.4
(Current assets)	(2,607.4)	(2,502.6)	(104.8)
(Fixed assets)	(2,624.4)	(2,370.7)	(253.7)
<b>Shareholders' equity</b>	815.2	745.5	69.7
<b>Interest-bearing debt</b>	2,462.5	2,278.4	184.1
<b>Net interest bearing debt</b>	2,077.7	1,843.4	234.3
<b>D/E ratio (*5)</b>	2.55x	2.47x	0.08points

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

Surplus/Deficit of Consolidated Companies	1st-3rd Q FY2007	1st-3rd Q FY2006	Variance
Number of profit making companies	472	428	44
Surplus amount	128.8	110.7	18.1
Number of loss making companies	149	132	17
Deficit amount	-15.2	-11.1	-4.0
Total number of companies	621	560	61
Net profit/loss	113.6	99.6	14.0
Ratio of profit making companies	76.0%	76.4%	-0.4 points

(Note) Number of companies : As of December 31, 2006 and 2007, respectively.

Major Financial Indicators	1st-3rd Q FY2007	1st-3rd Q FY2006	Variance
Exchange Rate (YEN/USD)	117.28	116.19	yen down by 1.09 yen
JPY TIBOR(%)	0.776	0.377	+0.399
USD LIBOR(%)	5.277	5.344	-0.067
Oil (USD/Barrel) North Sea Brent	67	67	+0
Copper (USD/MT) LME	7,089	6,612	+477

(Note) Figures of North Sea Brent and LME are the average of actual prices for January to September, respectively.

## Outline of Financial Results for the 3rd Quarter FY2007

## Highlights of 1st-3rd Quarter FY2007 Financial Results

○ Net income for the first three quarters of FY2007 recorded a new historical high for the period of 117.2 billion yen, and was 21.6 billion yen (23%) higher than the same period the previous fiscal year. It represents the progress by 81% of the revised yearly prospects announced in October.

○ Adjusted operating profit increased 19.5 billion yen (16%) to 142.4 billion yen, and core earnings increased 22.3 billion yen (13%) to 200.2 billion yen. Both recorded a historical high for the first three quarters.

○ Shareholders' equity increased 69.7 billion yen from the end of the previous fiscal year to 815.2 billion yen on the buildup of net income for the period, despite a decrease in unrealized gains (losses) on investment securities.

○ Net interest-bearing debt was 2,077.7 billion yen with a 234.3 billion yen increase, and the D/E ratio became 2.55 times, accordingly.

## Main Items

## 1) Total volume of trading transactions ... 7,784.1 billion yen

Total trading transactions increased 794.0 billion yen over the same period the previous year. (The impact of yen depreciation was about 100.0 billion yen -positive.)  
By major segment, growth was recorded in Energy (+344.1), Agri-marine products (+219.2), and Overseas corporate subsidiaries & branches (+205.0).

## 2) Gross trading profit ... 428.9 billion yen

Year-on-year growth was 39.5 billion yen. See below chart for segmental figures.

## 3) Selling, general and administrative expenses ... -286.5 billion yen

Year-on-year increase was 19.9 billion yen, owing mainly to personnel expenses.

## 4) Provision for doubtful accounts ... -1.2 billion yen

The 2.0 billion yen down over the same period the previous fiscal year was mainly due to the reversal of the provisions for overseas bad debt posted in the previous year.

## 5) Interest expense, net of interest income ... -29.8 billion yen

Increase of 5.2 billion yen over the previous fiscal year was due mainly to new investments and rising Japanese Yen interest rates.

## 6) Dividends ... 16.5 billion yen

Dividends increased by 4.8 billion yen year-to-year mainly through Energy-related dividends.

## 7) Gain (Loss) on investment securities ... 12.1 billion yen

Gain (Loss) on sales of investment securities 13.5 billion yen (-1.8 billion yen year-on-year)

Valuation loss on investment securities -1.4 billion yen (+2.9 billion yen year-on-year)

The net gain increased 1.1 billion yen due to a valuation loss on electronic materials-related investment. This item improved by 6.2 billion yen year-on-year due to an appraisal loss on real estate posted in the previous fiscal year.

## 8) Gain (Loss) on property and equipment ... 2.5 billion yen

Gain on sale of property and equipment 3.9 billion yen (+1.7 billion yen year-on-year)

Loss on sale /Valuation loss of property and equipment -1.4 billion yen (+4.5 billion yen year-on-year)

This item improved by 6.2 billion yen year-on-year due to an appraisal loss on real estate posted in the previous fiscal year.

## 9) Other-net ... -0.1 billion yen

This item improved by 1.3 billion yen year-on-year.

## 10) Equity in earnings (losses) of affiliated companies ... 41.2 billion yen

This item increased by 1.4 billion yen year-on-year. Main items are provided below.

Marubeni-Itochu Steel Inc. 12.6 billion yen (-1.5 billion yen year-on-year)

Nippon LP Resources 10.4 billion yen (-1.3 billion yen year-on-year)

(Unit: billions of yen)

Operating Segments	Gross trading profit			Net income (loss)			Main reasons for increase/decrease
	1st-3rd Quarter FY07	1st-3rd Quarter FY06	Variance	1st-3rd Quarter FY07	1st-3rd Quarter FY06	Variance	
Agri-Marine Products	61.7	52.7	9.0	5.7	7.1	-1.3	Despite increase in gross trading profit from feedstuffs and cereals and from a conversion of a subsidiary into an affiliate, net income decreased due to decline in equity in earnings in food merchandizing business.
Textile	18.3	18.7	-0.5	1.6	0.6	0.9	Net income for the period increased because of cost cutting, although gross trading profit decreased due to lower profit in apparel products and materials.
Forest Products & General Merchandise	41.6	41.5	0.1	8.5	7.6	0.9	Gross trading profit remained the same level, as profit decrease in industrial paper and construction materials business was offset by profit increase in overseas pulp business and wood chip trading. Net income for the period increased due to improvement in equity in earnings of overseas pulp producer, even with increase in expenses.
Chemicals	23.2	23.0	0.2	3.9	1.2	2.8	Gross trading profit increased because of earnings growth in basic chemicals and inorganic & agricultural chemicals business, in spite of the impact of withdrawal from agricultural materials-related business. Net income improved owing to these profit growth along with a decrease in expenses, also due to the valuation loss in electronic materials-related investment posted in the previous year.
Energy	67.5	60.6	6.9	28.2	21.6	6.6	Net income increased due to improved gross trading profit in concession business, also due to increased dividends received.
Metals & Mineral Resources	13.9	13.6	0.3	16.2	19.4	-3.2	Gross trading profit increased mainly in ferroalloy, steel materials, and non-ferrous related businesses. Net income decreased due to the reversal of the provisions for overseas bad debt posted in the previous year, and due to decrease in earnings from the copper mining and smelter business.
Transportation & Industrial Machinery	43.2	40.4	2.8	13.0	7.8	5.2	Gross trading profit increased mainly in construction machinery and aircraft business. Decrease in income taxes also pushed up the net profit for the period.
Power Projects	25.5	19.5	6.0	7.2	7.1	0.2	Gross trading profit increased because of an overseas EPC business and newly consolidated overseas IPP company. Net income improved owing to a gain on sales of overseas power business, notwithstanding the reversal of the provisions for doubtful accounts posted in the previous year.
Plant, Ship & Infrastructure Projects	14.6	11.7	2.8	5.2	1.5	3.7	Gross trading profit increased with an improvement in ship projects and with a consolidation of a leasing-related subsidiary. Net income grew accordingly. Without a restructuring loss posted in the previous year in Central America, equity in earnings increased this term, which also contributed to the income increase.
Information & Communication	21.0	20.2	0.9	1.1	1.6	-0.4	Gross trading profit increased due to consolidation of a PC distributor. Yet, net income decreased in the effect of the sales of investment securities posted in the same period the previous year.
Development & Construction	19.0	24.8	-5.8	2.7	6.0	-3.3	Both gross trading profit and net income showed decline because of the absence of buoyant sales posted in the same period the previous year.
Finance, Logistics & New Business	7.2	7.3	-0.2	3.1	4.2	-1.1	Gross trading profit remained the same level as the previous year. However, net income decreased through profit decline in investment funds.
Iron & Steel Strategies and Coordination	0.7	0.5	0.2	11.5	12.6	-1.1	Net income for the period dropped due to a decrease in equity in earnings of steel-related affiliated companies.
Overseas corporate subsidiaries & branches	74.0	61.4	12.6	7.4	6.3	1.1	Both gross trading profit and net income increased mainly in Marubeni America.
Corporate & elimination	-2.4	-6.4	4.0	1.8	-8.8	10.6	
Consolidated	428.9	389.4	39.5	117.2	95.6	21.6	

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.