

Financial Results for FY2007 and Prospects for FY2008 (US GAAP Basis)

(Unit: billions of yen)

Operating Results	FY2007 Results	FY2006 Results	FY06/07 Variance		Prospects for FY2008	
			Variance	Variance in Percentage	Variance from FY07 Results	
Total volume of trading transactions (*1)	¥ 10,631.6	¥ 9,554.9	¥ 1,076.7	11%	¥ 11,300.0	¥ 668.4
Gross trading profit	596.9	531.2	65.7	12%	650.0	53.1
Selling, general and administrative expenses	-393.4	-365.3	-28.1	-	-425.0	-31.6
Provision for doubtful accounts	-3.4	-0.9	-2.5	-	-5.0	-1.6
Operating profit (*1)	200.2	165.0	35.1	21%	220.0	19.8
Interest expense, net of interest income	-43.3	-32.7	-10.5	-	-45.0	-1.7
Dividends	23.6	20.7	2.9	-	20.0	-3.6
Gain (loss) on investment securities	-7.5	13.0	-20.4	-	10.0	30.0
Gain (loss) on property and equipment	-1.5	-19.0	17.5	-		
Other-net	-11.1	1.9	-13.0	-		
Equity in earnings (losses) of affiliated companies	55.7	44.9	10.8	-	65.0	9.3
Income (loss) from continuing operations before income taxes	216.2	193.8	22.4	12%	270.0	53.8
Provision (benefit) for income taxes	-60.5	-68.2	7.7	-	-95.0	-34.5
Minority interests in consolidated subsidiaries	-8.4	-6.3	-2.1	-	-10.0	-1.6
Net income (loss)	147.2	119.3	27.9	23%	165.0	17.8

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

Revenue (*2)	4,166.2	3,658.9	507.4	14%		
Adjusted operating profit (*3)	203.5	165.9	37.7	23%	225.0	21.5
Core earnings (*4)	282.9	234.8	48.0	20%		
Core earnings (including interest expense-net) (*5)	239.6				265.0	25.4

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

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

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

(*5) Core earnings (including interest expense-net) = Adjusted operating profit - Interest expense-net + Dividend income + Equity in earnings of affiliated companies

Financial Condition	March 31, 2008	March 31, 2007	Variance
Total assets	5,207.2	4,873.3	333.9
(Current assets)	(2,607.9)	(2,502.6)	(105.3)
(Fixed assets)	(2,599.3)	(2,370.7)	(228.6)
Shareholders' equity	779.8	745.5	34.3
Interest-bearing debt	2,442.3	2,278.4	163.9
Net interest bearing debt	2,002.0	1,843.4	158.5
D/E ratio (*6)	2.57 x	2.47 x	+0.10 points

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

Cash Flow	FY2007	FY2006	Increase/Decrease in the Surplus/Deficit of Consolidated Companies	FY2007	FY2006	Variance
Cash flow from operating activities	235.3	152.1	No. of profit making companies	362	352	10
Cash flow from investing activities	-306.9	-135.1	Surplus amount	168.0	142.4	25.6
Free Cash Flows	-71.6	16.9	No. of loss making companies	87	90	-3
Cash flow from financing activities	65.9	24.8	Deficit amount	-37.7	-26.7	-11.0
Effect of exchange rate changes	-7.0	4.3	No. of companies, total	449	442	7
Changes in cash and cash equivalents	-12.7	46.0	Net Income (loss)	130.4	115.7	14.6
			Ratio of profit making companies	80.6%	79.6%	+1.0 points

Major Financial Indicators and Yearly Prospects

Major Financial Indicators	FY2007	FY2006	Variance	Assumptions for FY2008 yearly prospects
1) Foreign Exchange Rate (YEN/USD)	114.28	117.02	(Yen up by 2.74 yen)	100.00
2) JPY TIBOR(%)	0.794	0.431	(up by 0.363 points)	1.000
USD LIBOR(%)	4.786	5.347	(down by 0.561 points)	3.200
3) Oil (USD/Barrel) *North Sea Brent	73	66	(up by USD 7/Barrel)	85
Copper (USD/MT) *LME	7,126	6,731	(up by USD 395/MT)	7,000

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

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 FY2007

Highlights of FY2007 Financial Results

- Net income for the period amounted 147.2 billion yen, which renewed our record high for the fifth consecutive year, achieving an increase by 27.9 billion yen or 23% from 119.3 billion yen for the previous fiscal year. Total net income of the two years under "G" PLAN amounted 266.6 billion yen, exceeding the target of 220.0 billion yen by 46.6 billion yen or 21%.
- Gross trading profit increased by 65.7 billion yen (12%) to 596.9 billion yen. Income before income taxes amounted 216.2 billion yen, increased by 22.4 billion yen or 12%. Both renewed the record highs.
- Adjusted operating profit increased by 37.7 billion yen (23%) to 203.5 billion yen, which was a profit increase in four consecutive years. Meanwhile, core earnings rose 48.0 billion yen (20%) to 282.9 billion yen, which was the sixth consecutive yearly rise.
- Shareholders' equity increased by 34.3 billion yen from the end of the previous fiscal year to 779.8 billion yen due to the buildup of net income for the period, in spite of deterioration in net unrealized losses on investment securities (-52.4 billion yen) caused by stagnant stock prices.
- Net interest-bearing debt at the end of the term was 2,002.0 billion yen, increased by 158.5 billion yen due to new investments. The D/E ratio was 2.57x.
- Yearly cash dividend for FY2007 is planned to be 13.0 yen per share, which is a dividend increase by 3.0 yen compared with that of FY2006, owing to the net income of 147.2 billion yen.

Main Items

- 1) Total volume of trading transactions ... 10,631.6 billion yen**
Total volume of trading transactions increased by 1,076.7 billion yen over the same period of the previous fiscal year. (The impact of higher yen is minimal.)
By segment, major growth was recorded in Energy (+545.2), Agri-marine Products (+315.8), and Overseas corporate subsidiaries & branches (+211.9). (unit: billions of yen)
- 2) Gross trading profit ... 596.9 billion yen**
Year-on-year growth was 65.7 billion yen. See below chart for segmental figures.
- 3) Selling, general, and administrative expenses ... -393.4 billion yen**
Year-on-year increase was 28.1 billion yen, due mainly to personnel expenses.

- 4) Provision for doubtful accounts ... -3.4 billion yen**
This item slipped by 2.5 billion yen year-on-year, as reversal of the provision for doubtful accounts due to a collection of overseas receivables was posted in the previous year.
- 5) Interest expense, net of interest income ... -43.3 billion yen**
This item increased by 10.5 billion yen due to new investments and effect of rising interest rates.
- 6) Dividends ... 23.6 billion yen**
This item increased by 2.9 billion yen year-on-year.
- 7) Gain (Loss) on investment securities ... -7.5 billion yen**
• Gain (Loss) on sales of investment securities 23.8 billion yen (-0.3 billion yen year-on-year)
• Valuation loss on investment securities -31.2 billion yen (-20.1 billion yen year-on-year)
This item deteriorated with 20.4 billion yen decrease year-on-year, due to loss on fund management in a financial subsidiary in Europe and impairment loss on listed stock mainly in Parent.
- 8) Gain (Loss) on property and equipment ... -1.5 billion yen**
• Gain on sale of property and equipment 5.6 billion yen (+2.9 billion yen year-on-year)
• Loss on sale /valuation loss of property and equipment -7.0 billion yen (+14.5 billion yen year-on-year)
The net gain/loss improved by 17.5 billion yen, because of appraisal loss on golf course-related property posted in the previous year.
- 9) Other-net ... -11.1 billion yen**
This item deteriorated by 13.0 billion yen year-on-year, mainly due to currency exchange loss.
- 10) Equity in earnings (losses) of affiliated companies ... 55.7 billion yen**
New investments and the impact of restructuring loss from Central American Project posted in the previous year pushed this item upward by 10.8 billion yen compared with that of the previous year. Major factors are as follows:

Marubeni-Itochu Steel Inc.	16.9 billion yen (+0.2 billion yen year-on-year)
Los Pelambres copper business	14.1 billion yen (-0.7 billion yen year-on-year)
TeaM Energy	1.5 billion yen (+1.5 billion yen year-on-year)
Daishowa-Marubeni International	1.4 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
	FY07	FY06	Variance	FY07	FY06	Variance	
Agri-Marine Products	89.0	72.4	16.6	10.2	10.1	0.2	Gross trading profit increased due to profit increase in grain business and a food distributive group firm which became a subsidiary. Net income increased slightly while gains on Daiei stock was posted in the previous year.
Textile	23.6	24.8	-1.2	2.1	-2.4	4.5	Gross trading profit declined due to shrinkage of profit in apparel products and materials. However, net profit for the period increased year-on-year, because of the impact of the restructuring cost posted in the previous year.
Forest Products & General Merchandise	56.3	54.2	2.1	11.5	9.6	1.9	Despite profit decline in industrial paper products and a subsidiary dealing building materials, gross trading profit increased due to brisk overseas pulp and chip business. Segmental net income improved owing to swollen equity in earnings from overseas pulp manufacturer along with the growth in gross trading profit.
Chemicals	30.5	30.0	0.5	5.6	1.4	4.1	In spite of disposal of an agricultural material-related subsidiary, gross trading profit increased due to the effect of profit increase in inorganic, agricultural and basic chemicals. Net income increased in connection with these profit increase and also with a valuation loss on electronic materials-related investment posted in the previous year.
Energy	89.2	85.5	3.7	38.9	31.6	7.2	Gross trading profit increased mainly in concession business. Net income for the period was pushed up by gains on fixed assets and marketable securities.
Metals & Mineral Resources	19.1	18.2	0.8	22.2	24.9	-2.7	Gross trading profit increased mainly in steel related transactions. 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	57.4	55.5	1.9	15.0	10.0	5.0	Gross trading profit increased mainly in construction machinery. In addition, increase in equity in earnings from construction and agricultural machinery business and reduced income tax for construction machinery-related business caused an improvement in net income.
Power Projects	38.7	27.6	11.1	11.0	6.4	4.7	Gross trading profit increased with contribution from overseas EPC projects and newly consolidated overseas IPP subsidiary. Net income increased due to business disposal gain and increased equity in earnings, despite a reversal of the provision for doubtful accounts posted in the same period the previous year.
Plant, Ship & Infrastructure Projects	20.1	17.7	2.4	4.8	1.7	3.1	Gross trading profit increased through buoyant sales in ship business as well as the effect of newly consolidated leasing company. Since a restructuring loss from Central American Project was posted in the previous year, net income increased for the period under review.
Information & Communication	32.1	28.1	4.0	4.1	2.5	1.6	Gross trading profit increased owing to a PC sales subsidiary. In addition, reduced income taxes pushed net income upward.
Development & Construction	31.3	31.5	-0.2	2.6	3.2	-0.6	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, in spite of gain on sales of real estate for investment and profit increase in a group firm in China.
Finance, Logistics & New Business	9.7	9.9	-0.2	-6.0	4.6	-10.6	Net income for the period turned to be negative due to loss on fund management transaction in an European financial subsidiary.
Iron & Steel Strategies and Coordination	1.0	0.8	0.2	16.5	14.9	1.6	Net income for the period increased due to increase in gross trading profit, and also due to valuation loss on marketable securities posted in the previous year.
Overseas corporate subsidiaries & branches	103.0	84.2	18.8	7.0	6.8	0.2	Gross trading profit as well as net income increased mainly in Marubeni America.
Corporate & elimination	-4.0	-9.2	5.2	1.9	-5.8	7.7	
Consolidated	596.9	531.2	65.7	147.2	119.3	27.9	

Outline of FY2008 Prospects

- Marubeni pursues further sustainable growth in the first year of "SG2009", which is the Company's new two-year management plan to aim to build even more robust earnings base and finance structure. Net income target for the first year of the plan is 165.0 billion yen.
- Starting in FY2008, Marubeni adopts a new management indicator "core-earnings including interest expense-net" (see *5) as a substitute for the original "core-earnings".
- Yearly cash dividend for FY2008 is planned to be JPY 14 per share.