

Financial Results for the 2nd Quarter of FY2008 and Prospects for FY2008 (US GAAP Basis)

(Unit: billions of yen)

Operating Results	FY2008 1Q-2Q Results	FY2007 1Q-2Q Results	FY07/08 Variance		Prospects for FY2008		
			Variance in Percentage		Revised prospect at October 2008	Progress ratio	Initial prospect at May 2008
Total volume of trading transactions (*1)	¥ 5,881.8	¥ 5,097.0	¥ 784.8	15%	¥ 11,900.0	49%	¥ 11,300.0
<b>Gross trading profit</b>	340.1	281.4	58.7	21%	675.0	50%	650.0
Selling, general and administrative expenses	-200.9	-185.3	-15.5	-	-420.0		-425.0
Provision for doubtful accounts	0.2	-0.5	0.6	-	-3.0		-5.0
<b>Operating profit (*1)</b>	139.4	95.6	43.8	46%	252.0	55%	220.0
Interest expense, net of interest income	-19.9	-18.8	-1.2	-	-44.0		-45.0
Dividends	12.5	12.3	0.2	-	27.0		20.0
Gain (loss) on investment securities	0.2	8.7	-8.6	-			
Gain (loss) on property and equipment	-0.2	0.8	-1.0	-			
Other-net	4.5	1.0	3.5	-			
Equity in earnings (losses) of affiliated companies	33.9	23.7	10.2	-	60.0		65.0
<b>Income (loss) from continuing operations before income taxes</b>	170.3	123.3	47.0	38%	270.0	63%	270.0
Provision (benefit) for income taxes	-58.4	-39.7	-18.6	-	-95.0		-95.0
Minority interests in consolidated subsidiaries	-5.5	-3.2	-2.3	-	-10.0		-10.0
<b>Net income (loss)</b>	106.4	80.3	26.1	32%	165.0	65%	165.0

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

<b>Revenue (*2)</b>	2,379.4	2,014.1	365.3	18%
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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>	139.2	96.1	43.2	45%	255.0	55%	225.0
<b>Core earnings (*4)</b>	165.7	113.2	52.4	46%	298.0	56%	265.0

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

(\*4) Core earnings = Adjusted operating profit + Interest expense-net + Dividend income + Equity in earnings of affiliated companies

Financial Condition	September 30, 2008	March 31, 2008	Variance from March 31
<b>Total assets</b>	5,499.0	5,207.2	291.8
(Current assets)	(2,897.3)	(2,607.9)	(289.4)
(Fixed assets)	(2,601.7)	(2,599.3)	(2.4)
<b>Shareholders' equity</b>	842.1	779.8	62.3
<b>Interest-bearing debt</b>	2,625.5	2,442.3	183.2
<b>Net interest bearing debt</b>	2,016.3	2,002.0	14.4
<b>D/E ratio (*5)</b>	2.39 x	2.57 x	-0.18 points

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

Cash Flow	1Q-2Q FY2008	1Q-2Q FY2007	Increase/Decrease in the Surplus/Deficit of Consolidated Companies	1Q-2Q FY2008	1Q-2Q FY2007	Variance
Cash flow from operating activities	87.8	70.6	No. of profit making companies	336	329	7
Cash flow from investing activities	-113.5	-144.2	Surplus amount	126.1	82.9	43.2
<b>Free Cash Flows</b>	-25.7	-73.5	No. of loss making companies	116	102	14
Cash flow from financing activities	213.9	42.5	Deficit amount	-14.4	-11.0	-3.4
Effect of exchange rate changes	-5.9	4.8	No. of companies, total	452	431	21
<b>Changes in cash and cash equivalents</b>	182.2	-26.2	Net Income (loss)	111.7	71.9	39.8
			Ratio of profit making companies	74.3%	76.3%	-2.0%

Major Financial Indicators and Yearly Prospects				
Major Financial Indicators	1Q-2Q FY08	1Q-2Q FY07	Variance	Assumptions for the revised yearly prospects 3Q-4Q FY08
1) Foreign Exchange Rate (YEN/USD)	106.11	119.33	(Yen appreciation by 13.22 yen)	¥100.00
2) JPY TIBOR(%)	0.848	0.735	(rise by 0.113% points)	1.000
USD LIBOR(%)	2.831	5.402	(down by 2.571% points)	3.500
3) Oil (USD/Barrel)	110	64	(rise by USD46/barrel)	90 *2
Copper (USD/MT) LME	*1 8,108	6,769	(rise by USD1,339/MT)	6,300 *2

\*1 Figures for North Sea Brent oil and LME copper for 1Q-2Q are the average of the actual prices for the six months of January to June.

\*2 Figures for North Sea Brent oil and LME copper for 3Q-4Q are the average prices for the six months of July to December.

Outline of Financial Results for the 2nd Quarter of FY2008

Highlights of 1st to 2nd Quarters of FY2008 Financial Results

○ Net income amounted to 106.4 billion yen, which renewed our record for the period, achieving an increase by 26.1 billion yen or 32% from 80.3 billion yen for the same period in the previous fiscal year. As a consequence, it is ensured that the yearly profit for this fiscal year records the new high for the sixth consecutive years.

○ Gross trading profit for the period amounted to 340.1 billion yen, increased 58.7 billion yen or 21% compared with the same period of the previous year. Operating profit increased 43.8 billion yen or 46% to 139.4 billion yen. Income from continuing operations before income taxes increased 47.0 billion yen or 38% to 170.3 billion yen.

○ Adjusted operating profit increased 43.2 billion yen or 45% to 139.2 billion yen, and core earnings rose 52.4 billion yen or 46% to 165.7 billion yen, both representing steady growth of Marubeni's earnings power.

○ Shareholders' equity increased only slightly by 62.3 billion yen to 842.1 billion yen, despite the build up of net income. This is because accumulated other comprehensive profit-net decreased in accordance with the declines in stock prices and the appreciation of the yen.

○ Net interest-bearing debt was 2,016.3 billion yen, with an increase by 14.4 billion yen. The D/E ratio was 2.39 times.

Main Items

1) Total volume of trading transactions ... 5,881.8 billion yen

Total trading transactions increased 784.8 billion yen over the same period of the previous fiscal year. (Effect of yen appreciation is -314.0 billion yen.) By segment, major growth was recorded in Energy (+443.2) and Food (+197.2).

2) Gross trading profit ... 340.1 billion yen

Year-on-year growth was 58.7 billion yen. Please see below chart for segmental figures.

3) Selling, general, and administrative expenses ... -200.9 billion yen

Year-on-year increase was 15.5 billion yen, owing mainly to personnel expenses.

4) Provision for doubtful accounts ... 0.2 billion yen

This item improved by 0.6 billion yen, in accordance with collection of receivables.

5) Interest expense, net of interest income ... -19.9 billion yen

This item increased by 1.2 billion yen year on year.

6) Dividends ... 12.5 billion yen

Year-on-year increase of 0.2 billion yen.

7) Gain (Loss) on investment securities ... 0.2 billion yen

• Gain (Loss) on sales of investment securities 16.4 billion yen (+ 6.4 billion yen year-on-year)  
• Valuation loss on investment securities -16.2 billion yen (-15.0 billion yen year-on-year)  
Despite the increase in gain on sales of investment securities, the appraisal losses on listed stocks diminished the net gain by 8.6 billion yen compared with the same period the previous year.

8) Gain (Loss) on property and equipment ... -0.2 billion yen

• Gain on sale of property and equipment 1.4 billion yen (-0.2 billion yen year-on-year)  
• Loss on sale /Valuation loss of property and equipment -1.5 billion yen (-0.8 billion yen year-on-year)  
The net gain/loss slipped by 1.0 billion yen year-on-year.

9) Other-net ... 4.5 billion yen

This item improved by 3.5 billion yen year-on-year.

10) Equity in earnings (losses) of affiliated companies ... 33.9 billion yen

This item increased by 10.2 billion yen year-on-year.

Marubeni-Itochu Steel Inc.	10.1 billion yen (+1.9 billion yen year-on-year)
Los Pelambres copper business	7.4 billion yen (+0.4 billion yen year-on-year)
Ever Power	1.8 billion yen (+1.8 billion yen year-on-year)
Ship related operations	1.7 billion yen (+1.6 billion yen year-on-year)

(Unit: billions of yen)

Operating Segments	Gross trading profit			Net income (loss)			Main reasons for increase/decrease
	1Q-2Q FY08	1Q-2Q FY07	Variance	1Q-2Q FY08	1Q-2Q FY07	Variance	
Food	50.4	36.7	13.8	0.4	2.5	-2.1	Along with the earnings from grain trade, a group firm which became a subsidiary in the 2nd quarter last year pushed up gross trading profit for this term. Net income decreased due to appraisal losses on listed stocks and the effect from gains on sales of marketable securities posted in the previous year.
Lifestyle	16.8	18.2	-1.4	2.3	2.1	0.2	Despite profit increase in natural rubber trade, gross trading profit declined due to shrinkage of profit in apparel products and textile materials. Net profit for the period increased because of cost cutting, notwithstanding.
Forest Products	23.2	22.4	0.8	5.6	4.7	0.9	MUSI Pulp business and construction material trade pushed up gross trading profit. Net income improved accordingly, despite the decline in equity in earnings from overseas pulp processing business.
Chemicals	20.1	15.8	4.3	5.4	3.4	2.1	Gross trading profit increased due to higher sales in inorganic, agricultural and basic chemicals. Gross trading profit and increase in equity in earnings pushed up net income, in spite of the appraisal loss on listed stocks.
Energy	54.3	43.8	10.5	32.7	18.8	13.9	Gross trading profit increased mainly in concession business. Net income was pushed up by gains on marketable securities and higher dividends received, along with increased gross trading profit.
Metals & Mineral Resources	16.1	10.2	5.9	14.1	10.0	4.1	Both gross trading profit and net income for this segment rose due to higher prices in steel materials and also due to improvement of profit margin in light metal transactions.
Transportation Machinery	25.8	26.4	-0.6	5.5	10.0	-4.5	Sales of overseas automobile-related business caused shrinkage of gross trading profit. In addition, gain on marketable shares and improvement of tax payment posted last year caused net income decrease for this period.
Power Projects & Infrastructure	23.4	15.6	7.7	8.2	5.6	2.6	Gross trading profit increased with contribution from Caribbean vertically integrated power project, which was consolidated as a subsidiary in the 2nd quarter last year. On top of that, improvement in equity in earnings pushed up the segmental net income.
Plant, Ship & Industrial Machinery	12.7	11.7	1.0	5.8	2.9	2.9	Gross trading profit improved along with a new business in pulp machinery and a profit rise in industrial machinery related business. Net income increased because of higher gross trading profit and equity in earnings from ship-related business.
Real Estate Development	17.4	14.6	2.8	3.4	2.3	1.1	Both gross trading profit and net income increased from profit rise on large-scaled apartment development and sales of real estate for institutional investors.
FT, LT, IT & Innovative Business	25.0	16.9	8.1	0.9	1.9	-1.0	Gross trading profit increased owing to a PC wholesale subsidiary and other domestic subsidiaries. However, net income dropped due to loss on fund management.
Iron & Steel Strategies and Coordination	0.7	0.5	0.3	11.6	7.5	4.1	Net income for the period increased due to gains on sales of marketable securities and rise in equity in earnings.
Overseas corporate subsidiaries & branches	58.9	53.0	6.0	10.4	6.8	3.6	Net income was pushed up by gross trading profit increased mainly in Marubeni America.
Corporate & elimination	-4.9	-4.3	-0.6	0.1	1.7	-1.6	
Consolidated	340.1	281.4	58.7	106.4	80.3	26.1	

(Note) In April 2008, Marubeni made some changes in its business segmentation.

"Textile" and "Forest Products & General Merchandise" were reorganized into "Lifestyle" and "Forest Products".

"Transportation & Industrial Machinery", "Power Project" and "Plant, Ship & Infrastructure" were reorganized into "Transportation Machinery", "Power Projects & Infrastructure" and "Plant, Ship & Industrial Machinery".

"Information & Communication" and "Finance, Logistics & New Business" were integrated into "FT, LT, IT & Innovative Business".

"Domestic Branches and Offices" which used to be included in "Corporate & Elimination" was distributed into each product segment.

Segmental information for FY2007 has been altered accordingly.

Outline of FY2008 Prospects

○ Accumulated net income for the 1st and the 2nd quarters amounted to 106.4 billion yen. The yearly prospect for net income for FY2008, however, is left unchanged in view of uncertainty of the global economy.

○ Yearly cash dividend for this term is planned to be 14 yen per share. Interim cash dividend is to be 7 yen per share as announced in April.

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.