

Financial Results for the 3rd Quarter and Prospects for FY2005 (US GAAP Basis)

(Unit: billions of yen)

Operating Results	1st-3rd Quarter FY2005 Results		1st-3rd Quarter FY2004 Results		1st-3rd Quarter FY04/05 Variance		Prospects for FY2005	
	3rd Quarter		(*5) 3rd Quarter		3rd Quarter		Progress	
Total volume of trading transactions (*1)	6,120.1	2,105.7	5,715.8	1,973.7	404.3	132.0	8,700.0	70%
Gross trading profit	362.7	126.4	310.7	99.8	52.0	26.6	490.0	74%
Selling, general and administrative expenses	-254.1	-86.5	-249.1	-81.3	-5.1	-5.1	-350.0	73%
Provision for doubtful accounts	-3.8	-0.6	-3.3	-0.8	-0.5	0.2	-5.0	76%
Operating profit (*1)	104.7	39.4	58.3	17.7	46.4	21.7	135.0	78%
Interest expense, net of interest income	-19.6	-7.4	-16.7	-4.3	-2.9	-3.1	-30.0	65%
Dividends	6.6	1.0	5.8	0.9	0.8	0.1	10.0	66%
Gain (loss) on investment securities	5.3	3.4	10.8	2.0	-5.5	1.4		
Gain (loss) on property and equipment	-5.4	-2.2	-5.5	-2.8	0.1	0.6		
Other-net	0.2	3.6	-10.2	-3.6	10.3	7.3	-15.0	-
Income (loss) from continuing operations before income taxes and equity in earnings (losses)	91.9	37.8	42.7	9.9	49.2	28.0	100.0	92%
Provision (benefit) for income taxes	-48.4	-23.9	-26.7	-8.2	-21.7	-15.7	-50.0	97%
Minority interests in consolidated subsidiaries	-3.2	-1.5	-0.8	0.8	-2.4	-2.2	-3.5	91%
Equity in earnings (losses) of affiliated companies	28.2	11.5	21.2	8.7	7.1	2.8	30.0	94%
Net income (loss) from continuing operations	68.5	23.9	36.3	11.1	32.2	12.9	76.5	89%
Loss from Discontinued Operations(after income tax)	-6.4	0.0	-1.6	-0.5	-4.9	0.5	-6.5	99%
Net income (loss)	62.0	23.9	34.7	10.6	27.3	13.3	70.0	89%

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

Revenue (*2)	2,327.8	800.1	2,264.2	729.1	63.6	71.0
---------------------	---------	-------	---------	-------	------	------

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

Adjusted operating profit (*3)	108.5	40.0	63.1	18.5	45.5	21.5	140.0	78%
Core earnings (*4)	143.4	52.5	90.0	28.1	53.4	24.4	180.0	80%

(*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)

(*5) In accordance with SFAS144, some of the figures for the 1st-3rd Quarter FY2004 have been reclassified, in relation to operations discontinued during the 1st-3rd Quarter FY2005.

Financial Condition	December 31, 2005		Increase/Decrease of Consolidated Companies Surplus/Deficit	December 31, 2005	
	Variance from FY04 end			Results	Variance from Dec.04
Total assets	4,515.8	307.8	No. of profit making companies	434	34
(Current assets)	(2,231.3)	(138.0)	Surplus amount	86.1	18.3
(Fixed assets)	(2,284.4)	(169.8)	No. of loss making companies	130	7
Shareholders' equity	570.1	127.0	Deficit amount	-13.2	18.2
Interest-bearing debt	2,283.9	-2.4	No. of profit making companies ratio	77.0%	0.5 points
Net interest bearing debt	1,912.3	88.4			
D/E ratio (*6)	3.35 times	-0.77 points			

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

Major Financial Indicators and Financial Yearly Prospects

Major Financial Indicators	1st-3rd Quarter FY05	1st-3rd Quarter FY04	Variance	Assumptions for the current yearly prospects
1) Foreign Exchange Rate (YEN/USD)	112.11	108.56	(Yen down by 3.55 yen)	approx. 110
2) Short-term Prime Rate (Japan) (%)	1.375	1.375		1.375
Long-term Prime Rate (Japan) (%)	1.619	1.727	(down by 0.108%)	1.600
3) JPY TIBOR(%)	0.087	0.086	(up by 0.001%)	0.100
USD LIBOR(%)	3.799	1.790	(up by 2.009%)	4.000
4) Oil (USD/Barrel) *North Sea Brent	54	36	(up by USD18/Barrel)	55
Copper (USD/MT) *LME	3,471	2,790	(up by USD681/MT)	3,300

Outline of Financial Results for the 3rd Quarter FY2005

Highlights of the 1st-3rd FY2005 Financial Results

- Net income for the first three quarters of FY2005 recorded a new historical high of 62.0 billion yen, and was 27.3 billion yen (79%) higher than the 34.7 billion yen reported for the same period the previous fiscal year.
- Adjusted operating profit increased 45.5 billion yen (72%) to 108.5 billion yen, and core earnings also recorded a new historical high in rising 53.4 billion yen (59%) to 143.4 billion yen, reflecting the solid growth seen in the Company's earnings power.
- Shareholder's equity increased 127.0 billion yen from the end of the previous fiscal year to 570.1 billion yen on the buildup of net income for the period and an improvement in unrealized gains (losses) on investment securities.
- Net interest-bearing debt was 1,912.3 billion yen. The D/E ratio was 3.35 and recorded a significant improvement of 0.77 points from the end of the previous fiscal year.

Main Items

1) Total volume of trading transactions ... 6,120.1 billion yen

Total trading transactions increased 404.3 billion yen over the same period the previous year. By major segment, growth was recorded in Energy (+224.1), Transportation Machinery (+91.6), Chemicals (+81.6), Metal & Mineral Resources (+71.9), while Industrial Machinery & Information Business transactions declined (-62.2). In addition, reported transactions were 50.0 billion yen higher due to the impact of the weaker yen.
(Note) Amounts in parenthesis represent the amount of year-on-year change (unit: billions of yen)

2) Gross trading profit ... 362.7 billion yen

Year-on-year growth was 52.0 billion yen. By segment, Energy recorded the largest profit increase.

3) Provision for doubtful accounts ... -3.8 billion yen

The deterioration of 0.5 billion yen over the same period the previous fiscal year was due to increased provisions for overseas bad debt.

4) Interest expense, net of interest income ... -19.6 billion yen

Net interest expense increased 2.9 billion yen over the same period the previous fiscal year mainly due to newly included subsidiaries and rising US dollar interest rates.

5) Gain (Loss) on investment securities ... -5.3 billion yen

Gain (Loss) on sales of investment securities 6 billion yen (-8.8 billion yen year-on-year)
Valuation loss on investment securities -0.7 billion yen (+3.3 billion yen year-on-year)
The net gain deteriorated by 5.5 billion yen due to the absence of gains from the sale of a portion of the IPP Business and the sale of Vodafone stock that were recorded in the same period the previous fiscal year.

6) Gain (Loss) on property and equipment ... -5.4 billion yen

Gain on sale of property and equipment 0.6 billion yen (-0.9 billion yen year-on-year)
Loss on sale /valuation loss of property and equipment -6 billion yen (+1 billion yen year-on-year)
While gains from the sale of property at parent company and subsidiary declined, the overall loss improved by 0.1 billion yen year-on-year due to an improvement in valuation losses recorded at the parent.

7) Other-net ... 0.2 billion yen

This item improved by 10.3 billion yen year-on-year, mainly due to an improvement of foreign exchange gain (loss) and the absence of extraordinary loss stemming from restructuring at subsidiaries.

8) Equity in earnings (losses) of affiliated companies ... 28.2 billion yen

This item increased by 7.1 billion yen year-on-year. Main items are provided below.

Marubeni-Itochu Steel Inc.	13.2 billion yen (+5.0 billion yen year-on-year)
Nippon L.P Resources	5.9 billion yen (+2.2 billion yen year-on-year)
Thai Cold Rolled Steel	2.0 billion yen (+0.8 billion yen year-on-year)
Daishowa-Marubeni	-0.7 billion yen (-0.9 billion yen year-on-year)

9) Loss from Discontinued Operations(after income tax) ... -6.4 billion yen

Losses associated with withdrawal from the leisure-related business.

(Unit: billions of yen)

Operating Segments	Gross trading profit			Net income (loss)			Main reasons for increase/decrease
	1st-3rd Quarter FY05	1st-3rd Quarter FY04	Variance	1st-3rd Quarter FY05	1st-3rd Quarter FY04	Variance	
Agri-marine products	52.2	54.9	-2.7	6.4	2.7	3.7	While gross trading profit declined due to the conversion of a subsidiary into an affiliated company, net income for the period increased owing to the absence of extraordinary losses recorded during the same period a year previous for a seafood-related subsidiary.
Textile	18.6	18.0	0.6	0.5	1.3	-0.8	Net income for the period declined because of a deterioration in operating profit.
Forest products & general merchandise	36.0	34.0	2.1	0.0	6.7	-6.7	While gross trading profit increased supported by growth in rubber related transactions and the Musi Pulp Project, net income recorded a significant decline because of provisions for losses in the leisure related business.
Chemicals	23.1	20.8	2.3	5.4	4.7	0.7	The increase in gross trading profit was supported mainly by electronic materials, vinyl chloride alkali, and synthetic resin.
Energy	48.6	30.1	18.6	16.5	10.1	6.4	Growth in gross trading profit for concessions in natural resources fields, and trading of oil and gas, supported a significant increase in net income for the period.
Metals & mineral resources	18.9	11.6	7.3	13.4	7.1	6.3	Gross trading profit increased mainly due to soaring prices in coal, iron ore and copper. In addition, increased equity in earnings from the copper mining and smelter business resulted in sharp growth in net income for the period.
Transportation Machinery	38.4	37.2	1.3	6.4	7.0	-0.6	While gross trading profit for automobile, construction and agricultural machinery increased, provisions for losses on withdrawal from automotive related subsidiaries resulted in a decline in net income for the period.
Industrial Machinery & Information Business	27.9	26.9	0.9	-0.9	-9.8	8.8	The net loss for the period improved significantly due to the absence of extraordinary losses related to business restructuring that were posted during the same period the previous year.
Plant, Power & Infrastructure Projects	20.0	19.0	1.0	6.9	5.3	1.5	Gross trading profit increased due to sales growth in the IPP business. The increase in net income was also supported by foreign exchange gains.
Development & construction	20.6	17.1	3.4	2.0	-8.5	10.5	In addition to growth in gross trading profit from the development and sale of domestic housing, net income for the period recorded a sharp increase due to the absence of extraordinary losses at parent and subsidiaries recorded for the same period the previous year.
Finance & logistics business	5.2	4.4	0.8	3.2	3.3	-0.1	Net income for the period showed just a small decrease due to reduced returns on fund investments.
Iron & Steel Strategies and Coordination	0.7	1.0	-0.3	14.8	9.3	5.4	Net income for the period recorded a sharp increase due to increased equity in earnings from Marubeni-Itochu Steel Inc., which recorded strong performance.
Domestic branches & offices	3.6	3.3	0.3	0.2	0.0	0.2	Net income for the period increased due to the absence of extraordinary losses recorded for the same period a year earlier.
Overseas corporate subsidiaries & branches	58.4	55.0	3.4	6.8	5.0	1.8	The increase in net income for the period was mainly supported by Marubeni America Corporation.
Corporate & elimination	-9.6	-22.6	13.0	-19.5	-9.5	-10.0	
Consolidated	362.7	310.7	52.0	62.0	34.7	27.3	

(Note) Effective April 1, 2005, the segments of Transportation & Industrial machinery, Utility & Infrastructure, Plant & Ship, and Telecom & Information have been reorganized as Transportation machinery, Industrial machinery & Information business, and Plant, Power & Infrastructure Projects. Furthermore, Iron & Steel Strategies and Coordination, which was formerly included in Corporate & Elimination, has been indicated as an independent operating segment from FY2005 due to significance of its business. Accordingly, the above segment information has been restated.

(Note) In accordance with SFAS144, the figures of consolidated gross trading profit and Corporate & Elimination for the first three quarters of FY2004 have been reclassified in relation to operations discontinued during the first three quarters of FY2005.

Outline of FY2005 Prospects

- Forecast of consolidated results for FY2005 (70.0 billion yen) is unchanged from that in the announcement on October 28, 2005.