

Financial Results for FY2005 and Prospects for FY2006 (US GAAP Basis)

(Unit: billions of yen)

Operating Results	FY2005 Results	FY2004 Results (*5)	FY04/05 Variance		Prospects for FY2006 (*6)	
			Variance in Percentage		FY05/06 Variance	
Total volume of trading transactions (*1)	¥ 8,686.5	¥ 7,936.3	¥ 750.2	9%	¥ 9,300.0	¥ 613.5
Gross trading profit	502.0	433.4	68.6	16%	535.0	33.0
Selling, general and administrative expenses	-350.3	-340.6	-9.6	-	-370.0	-19.7
Provision for doubtful accounts	-8.5	-6.3	-2.2	-	-5.0	3.5
Operating profit (*1)	143.2	86.5	56.8	66%	160.0	16.8
Interest expense, net of interest income	-24.1	-19.8	-4.3	-	-38.0	-13.9
Dividends	12.1	9.0	3.1	-	14.0	1.9
Gain (loss) on investment securities	-3.4	28.7	-32.1	-	-10.0	19.7
Gain (loss) on property and equipment	-21.3	-6.3	-15.0	-		
Other-net	-5.0	-36.5	31.4	-		
Equity in earnings (losses) of affiliated companies	-	-	-	-	40.0	-
Income (loss) from continuing operations before income taxes and equity in earnings (losses)	101.5	61.6	39.9	65%	166.0	-
Provision (benefit) for income taxes	-45.6	-36.7	-8.9	-	-60.0	-
Minority interests in consolidated subsidiaries	-5.4	-1.4	-4.0	-	-6.0	-
Equity in earnings (losses) of affiliated companies	29.7	20.7	9.1	-	-	-
Net income (loss) from continuing operations	80.2	44.1	36.1	82%	100.0	19.8
Loss from Discontinued Operations (after income tax)	-6.4	-2.9	-3.5	-	-	-
Net income (loss)	73.8	41.2	32.6	79%	100.0	26.2

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

Revenue (*2)	3,139.8	3,035.6	104.3	3%
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(*2) Revenue is presented in accordance with FASB Emerging Issue Task Force (EITF) 99-19.

Adjusted operating profit (*3)	151.8	95.0	56.8	60%	165.0	13.2
Core earnings (*4)	193.6	124.7	68.9	55%	219.0	-

(*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 FY2004 have been reclassified, in relation to operations discontinued during FY2005.

(*6) Equity in earnings (losses) of affiliated companies is planned to be included within income before taxes, as of FY2006

Financial Condition	March 31, 2006	March 31, 2005	Variance, 2005-2006
Total assets	4,587.1	4,208.0	379.0
(Current assets)	(2,168.6)	(2,093.4)	(75.3)
(Fixed assets)	(2,418.5)	(2,114.7)	(303.8)
Shareholders' equity	663.8	443.2	220.6
Interest-bearing debt	2,267.0	2,286.4	-19.4
Net interest bearing debt	1,876.4	1,823.9	52.4
D/E ratio (*7)	2.83 x	4.12 x	-1.29 points

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

Cash Flow	FY 2005 Results	FY 2004 Results	Increase/Decrease in the Surplus/Deficit of Consolidated Companies	FY 2005 Results	FY 2004 Results	Variance
Cash flow from investing activities	-193.8	46.0	Surplus amount	120.9	92.7	28.2
Free Cash Flows	-60.4	219.9	No. of loss making companies	122	103	19
Cash flow from financing activities	-46.0	-238.1	Deficit amount	-41.5	-45.5	4.0
Effect of exchange rate changes	16.2	-1.3	No. of companies, total	555	525	30
Changes in cash and cash equivalents	-90.3	-19.5	Net Income (loss)	79.4	47.2	32.2
			Ratio of profit making companies	78.0%	80.4%	-2.4%

Major Financial Indicators and Financial Yearly Prospects

Major Financial Indicators	FY2005	FY2004	Variance	FY2006 Assumptions for the current yearly prospects
1) Foreign Exchange Rate (YEN/USD)	113.31	107.55	(Yen down by 5.76 yen)	¥115
2) JPY TIBOR(%)	0.093	0.088	(up by 0.005%)	0.200
USD LIBOR(%)	4.041	2.048	(up by 1.993%)	5.000
3) Oil (USD/Barrel) *North Sea Brent	55	38	(up by USD17/Barrel)	55
Copper (USD/MT) *LME	3,684	2,869	(up by USD815/MT)	4,500

Outline of Financial Results for FY2005

Highlights of FY2005 Financial Results

- Net income for FY2005 renewed our record high to 73.8 billion yen, which was 32.6 billion yen (79%) higher than the 41.2 billion yen reported for the previous fiscal year. Gross trading profit and income before taxes exceeded 500 and 100 billion yen, respectively. Particularly, income before taxes has recorded a historical high.
- Adjusted operating profit increased 56.8 billion yen (60%) to 151.8 billion yen, and core earnings also recorded a new historical high in rising 68.9 billion yen (55%) to 193.6 billion yen, reflecting the solid growth seen in the Company's earnings power.
- Shareholder's equity increased 220.6 billion yen from the end of the previous fiscal year to 663.8 billion yen from the buildup of net income for the period and an increase in unrealized gains (losses) on investment securities, and the conversion of convertible bonds.
- Net interest-bearing debt was 1,876.4 billion yen. The D/E ratio was 2.83x, first ever to fall under 3x, and recorded a significant improvement of 1.29 points from the end of the previous fiscal year.
- All goals set in FY 2003 with the mid-term management plan "V" Plan have been largely surpassed.

Main Items

- Total volume of trading transactions ... 8,686.5 billion yen**
Total trading transactions increased 750.2 billion yen over the previous fiscal year. By major segment, growth was recorded in Energy (+417.7), Metals & Mineral Resources (+122.7), Transportation Machinery (+117.2), Chemicals (+114.5), while Industrial Machinery & Information Business transactions declined (-64.5). In addition, reported transactions improved 150 billion yen due to the impact of the weaker yen. (Note) Amounts in parentheses represent the amount of year-on-year change (unit: billions of yen)
- Gross trading profit ... 502.0 billion yen**
Year-on-year growth was 68.6 billion yen. Most of segments saw profit increase, notably in Energy, Metals & Mineral Resources, and Transportation Machinery.

3) Provision for doubtful accounts ... -8.5 billion yen

The deterioration of 2.2 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 ... -24.1 billion yen

Increase of 4.3 billion yen over the the previous year was due mainly to rising US dollar interest rates.

5) Gain (Loss) on investment securities ... -3.4 billion yen

Gain (Loss) on sales of investment securities 14.5 billion yen (-21.7 billion yen year-on-year)
Valuation loss on investment securities -17.9 billion yen (-10.5 billion yen year-on-year)
The net gain deteriorated by 32.1 billion yen mainly due to fewer gains from sales of listed securities and revaluation loss in optical transmission device-related investments.

6) Gain (Loss) on property and equipment ... -21.3 billion yen

Gain on sale of property and equipment 1.6 billion yen (-7.0 billion yen year-on-year)
Loss on sale /Valuation loss of property and equipment -22.9 billion yen (-8.0 billion yen year-on-year)
The net loss expanded by 15.0 billion yen from the previous year, from an absence of capital gain in an overseas subsidiary posted last period, and from an asset impairment in an overseas resources affiliate.

7) Other-net ... -5.0 billion yen

This item improved by 31.4 billion yen year-on-year, mainly due to an absence of extraordinary loss related to a withdrawal from an Indonesian petrochemical concession posted during the previous year.

8) Equity in earnings (losses) of affiliated companies ... 29.7 billion yen

This item increased by 9.1 billion yen year-on-year. Main items are provided below.
Marubeni-Itochu Steel Inc. 15.9 billion yen (+6.2 billion yen year-on-year)
Nippon LP Resources 7.1 billion yen (+1.4 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
	FY2005	FY2004	Variance	FY2005	FY2004	Variance	
Agri-Marine Products	69.3	71.3	-2.0	5.8	1.2	4.6	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 previous year for a seafood-related subsidiary.
Textile	26.4	25.2	1.2	-1.6	2.6	-4.2	While gross trading profit grew due to increased revenue in apparel products, net income for the period substantially declined from extraordinary costs caused by discontinued operations.
Forest Products & General Merchandise	48.1	46.6	1.5	0.4	7.5	-7.2	While gross trading profit increased supported by the Must Pulp Project, net income for the period recorded a significant decline from withdrawal costs in the leisure related business.
Chemicals	29.6	26.9	2.7	3.7	4.5	-0.8	While gross trading profit increased from robust sales of basic chemicals and synthetic resin supported by active demand in petrochemical markets, net income for the period decreased mainly due to a drop of equity in earnings of affiliates.
Energy	71.5	42.1	29.3	26.7	15.9	10.8	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	24.4	15.7	8.7	16.1	9.8	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	56.2	51.7	4.5	9.9	9.2	0.8	Gross trading profit increased centering on automobile, marine vessels, and civilian aircraft, leading to an increase in net income for the period.
Industrial Machinery & Information Business	39.1	36.7	2.4	0.9	-14.8	15.7	Gross trading profit increased mainly in information-related subsidiaries. The net income for the period improved due to the absence of extraordinary losses related to business restructuring that were posted during the previous year, despite a revaluation loss in optical transmission device-related investment posted this period.
Plant, Power & Infrastructure Projects	30.7	28.3	2.4	5.5	-12.0	17.5	Gross trading profit increased due to sales growth in the IPP business. The increase in net income was also supported by an absence of extraordinary losses related to an Indonesian petrochemical project posted during the previous year.
Development & Construction	27.6	27.5	0.1	1.1	-11.4	12.5	Despite a rise of profits in domestic condominiums and real estate funds, gross trading profit showed little change due to a selling of a subsidiary. Net income for the period increased drastically due to an absence of extraordinary losses posted last fiscal year.
Finance & Logistics Business	7.1	5.8	1.3	4.0	4.0	-0.1	While gross trading profit increased centering on logistics businesses, net income for the period was stagnant due to reduced returns on fund investments.
Iron & Steel Strategies and Coordination	0.9	1.2	-0.3	17.0	11.5	5.5	Net income for the period recorded a sharp increase due to increased equity earnings from Marubeni-Itochu Steel Inc., which recorded strong performance.
Domestic branches & offices	5.3	4.9	0.4	0.7	-0.5	1.1	Net income (loss) for the period improved due to the absence of extraordinary losses recorded for the same period a year earlier.
Overseas corporate subsidiaries & branches	79.9	76.5	3.4	4.0	6.2	-2.2	While gross trading profit increased supported by Marubeni America Corporation, impairment on goodwill and an absence of extraordinary income posted last year resulted in a significant drop in net income for the period.
Corporate & elimination	-14.2	-27.0	12.9	-20.4	7.5	-27.8	
Consolidated	502.0	433.4	68.6	73.8	41.2	32.6	

(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 FY2004 have been reclassified in relation to operations discontinued during FY2005.

Outline of FY2006 Prospects

Net income for FY 2006 is forecasted at 100.0 billion yen, which is a 26.2 billion yen (36%) increase from FY 2005, and is to renew our record profit.