

Financial Results for the 3rd Quarter FY2006 and Prospects for FY2006 (US GAAP Basis)

Operating Results	1st-3rd Quarter FY2006 Results		1st-3rd Quarter FY2005 Results (*2)	1st-3rd Quarter FY05/06 Variance		Prospects for FY2006	
	3rd Quarter			Ratio		Progress	
Total volume of trading transactions (*1)	6,990.1	2,303.4	6,120.1	870.1	14%	9,500.0	74%
Gross trading profit	389.4	124.4	362.7	26.8	7%	535.0	73%
Selling, general and administrative expenses	-266.5	-91.6	-254.1	-12.4		-370.0	
Provision for doubtful accounts	0.8	0.1	-3.8	4.6		-3.0	
Operating profit (*1)	123.7	32.9	104.7	19.0	18%	162.0	76%
Interest expense, net of interest income	-24.5	-9.3	-19.6	-4.9		-36.0	
Dividends	11.8	7.5	6.6	5.1		16.0	
Gain (loss) on investment securities	11.0	4.7	5.3	5.7			
Gain (loss) on property and equipment	-3.7	-0.9	-5.4	1.7		-5.0	
Other-net	-1.4	-1.4	0.2	-1.6			
Equity in earnings (losses) of affiliated companies (*2)	39.8	16.2	33.0	6.9		50.0	
Income (loss) from continuing operations before income taxes	156.7	49.7	124.8	31.9	26%	187.0	84%
Provision (benefit) for income taxes	-56.1	-18.2	-53.2	-2.9		-66.0	
Minority interests in consolidated subsidiaries	-5.0	-1.5	-3.2	-1.8		-6.0	
Net income (loss) from continuing operations	95.6	30.0	68.5	27.2	40%	115.0	83%
Loss from Discontinued Operations (after income tax)	-	-	-6.4	6.4		-	
Net income (loss)	95.6	30.0	62.0	33.6	54%	115.0	83%

(*1) For Japanese investors' convenience, Total volume of trading transactions and Operating profit are shown according to Japanese accounting practice.
(*2) As of FY 2006, Equity in earnings (losses) of affiliated companies are included within income before income taxes.
Some of the figures for 1st-3rd Quarter FY2005 have been reclassified accordingly.

Revenue (*3)	2,737.5	929.9	2,327.8	409.7	18%
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(*3) Revenue is presented in accordance with FASB Emerging Issue Task Force (EITF) 99-19.

Adjusted operating profit (*4)	122.9	32.8	108.5	14.4	13%	165.0	74%
Core earnings (*5)	177.9	56.5	148.1	29.7	20%	234.3	76%

(*4) Adjusted operating profit = Gross trading profit - SGA expenses (excluding restructuring costs)
(*5) Core earnings = Adjusted operating profit + Dividend income ± Equity in earnings of affiliated companies (excluding restructuring costs)

Financial Condition	December 31 2006	March 31 2006	Variance
Total assets	4,784.2	4,587.1	197.1
(Current assets)	(2,435.9)	(2,168.6)	(267.3)
(Fixed assets)	(2,348.3)	(2,418.5)	(-70.2)
Shareholders' equity	726.2	663.8	62.4
Interest-bearing debt	2,292.2	2,267.0	25.2
Net interest bearing debt	1,921.4	1,876.4	45.1
D/E ratio (*6)	2.65x	2.83x	-0.18 points

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

Surplus/Deficit of Consolidated Companies	December 31			Surplus amount	1st-3rd Q FY2006	1st-3rd Q FY2005	Variance
	2006	2005	Variance				
Number of profit making companies	428	434	-6	110.7	86.1	24.6	
Number of loss making companies	132	130	2	-11.1	-13.2	2.1	
Total number of companies	560	564	-4	99.6	72.9	26.7	
Ratio of profit making companies	76.4%	77.0%	-0.6 points				

Major Financial Indicators and Financial Yearly Prospects					
Major Financial Indicators	1st-3rd Quarter FY06			Assumptions for the current yearly prospects	
	1st-3rd Quarter FY06	1st-3rd Quarter FY05	Variance	4th Quarter FY06	
1) Foreign Exchange Rate (YEN/USD)	116.19	112.11	(Yen down by 4.08 yen)	117	
2) JPY TIBOR(%)	0.377	0.087	(up by 0.290%)	0.500	
USD LIBOR(%)	5.344	3.799	(up by 1.545%)	5.400	
3) Oil (USD/Barrel) *North Sea Brent	67	54	(up by USD13/Barrel)	60	
Copper (USD/MT) *LME	6,612	3,471	(up by USD3,141/MT)	7,000	

Outline of Financial Results for the 3rd Quarter FY2006	
Highlights of 1st-3rd Quarter FY2006 Financial Results	
<p>○ Net income for the first three quarters of FY2006 recorded a new historical high of 95.6 billion yen, and was 33.6 billion yen (54%) higher than the 62.0 billion yen reported for the same period the previous fiscal year. Furthermore, it was 21.8 billion yen higher than the FY2005 yearly result of 73.8 billion yen. Gross trading profit increased 26.8 billion yen (7%) to 389.4 billion yen, while income before income tax increased 31.9 billion yen (26%) to 156.7 billion yen.</p> <p>○ Adjusted operating profit increased 14.4 billion yen (13%) to 122.9 billion yen, and core earnings increased 29.7 billion yen (20%) to 177.9 billion yen.</p> <p>○ Shareholders' equity increased 62.4 billion yen from the end of the previous fiscal year to 726.2 billion yen on the buildup of net income for the period, despite a decrease in unrealized gains (losses) on investment securities from a realization of gains through sales of listed stock, and others.</p> <p>○ Net interest-bearing debt was 1,921.4 billion yen. The D/E ratio was 2.65 and showed an improvement of 0.18 points from the end of the previous fiscal year.</p>	<p>4) Provision for doubtful accounts ... 0.8 billion yen The improvement of 4.6 billion yen over the same period the previous fiscal year was mainly due to provisions for overseas bad debt posted in the previous year.</p> <p>5) Interest expense, net of interest income ... -24.5 billion yen Increase of 4.9 billion yen over the previous fiscal year was due mainly to rising US dollar interest rates.</p> <p>6) Dividends ... 11.8 billion yen Dividends increased by 5.1 billion yen year-to-year mainly through Energy-related dividends.</p> <p>7) Gain (Loss) on investment securities ... 11.0 billion yen Gain (Loss) on sales of investment securities 15.3 billion yen (+9.3 billion yen year-on-year) Valuation loss on investment securities -4.3 billion yen (-3.6 billion yen year-on-year) The net gain increased 5.7 billion yen due to the sales of listed stock and unlisted broadcasting-related investment, despite a valuation loss on electronic materials-related investment.</p> <p>8) Gain (Loss) on property and equipment ... -3.7 billion yen Gain on sale of property and equipment 2.2 billion yen (+1.6 billion yen year-on-year) Loss on sale / Valuation loss of property and equipment -5.9 billion yen (+0.1 billion yen year-on-year) The overall loss improved by 1.7 billion yen year-on-year through a reexamination of assets in subsidiaries.</p> <p>9) Other-net ... -1.4 billion yen This item worsened by 1.6 billion yen year-on-year, mainly due to a decrease in currency exchange gains.</p> <p>10) Equity in earnings (losses) of affiliated companies ... 39.8 billion yen This item increased by 6.9 billion yen year-on-year. Main items are provided below. Marubeni-Itochu Steel Inc. 14.1 billion yen (+0.9 billion yen year-on-year) Nippon LP Resources 11.7 billion yen (+5.8 billion yen year-on-year)</p>
Main Items	
<p>1) Total volume of trading transactions ... 6,990.1 billion yen Total trading transactions increased 870.1 billion yen over the same period the previous year. By major segment, growth was recorded in Energy (+261.9), Metals & Mineral Resources (+216.5), and Overseas corporate subsidiaries & branches (+145.3). In addition, reported transactions were 156.0 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)</p> <p>2) Gross trading profit ... 389.4 billion yen Year-on-year growth was 26.8 billion yen. See below chart for segmental figures.</p> <p>3) Selling, general and administrative expenses ... -266.5 billion yen Year-on-year increase was 12.4 billion yen, owing mainly to personnel expenses.</p>	

Operating Segments	Gross trading profit			Net income (loss)			Main reasons for increase/decrease
	1st-3rd Quarter FY06	1st-3rd Quarter FY05	Variance	1st-3rd Quarter FY06	1st-3rd Quarter FY05	Variance	
Agri-Marine Products	52.7	52.2	0.5	7.1	6.4	0.7	Despite a conversion of a subsidiary into an affiliate, gross trading profit increased mainly in feedstuffs and beverages. Net income also increased with increased equity in earnings of affiliates.
Textile	18.7	18.6	0.1	0.6	0.5	0.1	Net income for the period remained stagnant even though gross trading profit decreased due to lower profit ratio in apparel products, mainly owing to an improvement in gain (loss) on investment securities.
Forest Products & General Merchandise	41.5	36.0	5.5	7.6	0.0	7.6	Added to the growth in gross trading profit from the effect of the consolidation of the Musi Pulp Project, the absence of loss from discontinued operations posted last year resulted in a sharp increase in net income.
Chemicals	23.0	23.1	-0.1	1.2	5.4	-4.3	Net income suffered a sharp decline with the valuation loss posted in electronic materials-related investment.
Energy	60.6	48.6	11.9	21.6	16.5	5.1	A sharp increase in gross trading profit mainly from concessions in natural resources fields added to an increase in dividends supported a significant increase in net income for the period.
Metals & Mineral Resources	13.6	18.9	-5.3	19.4	13.4	6.0	Despite a decrease in gross trading profit from an absence of a transitory profit posted last year, increased equity in earnings from the copper mining and smelter business resulted in a sharp increase in net income.
Transportation & Industrial Machinery	40.4	40.4	-0.1	7.8	4.5	3.3	Increase in net income resulted from an increased revenue centering on aerospace businesses and an improvement in equity in earnings, and an absence of a withdrawal loss from an automotive-related business posted last year.
Power Projects	19.5	16.5	3.0	7.1	5.6	1.5	Both net income and gross trading profit increased mainly in overseas IPP projects.
Plant, Ship & Infrastructure Projects	11.7	9.9	1.9	1.5	3.6	-2.1	Gross trading profit increased with an increase of overseas plant projects, yet decrease in equity in earnings from a project located in Central America lead to a decline in net income for the period.
Information & Communication	20.2	19.6	0.6	1.6	-1.3	2.9	Gross trading profit increased in domestic subsidiaries. In addition, profit from sales of broadcasting-related investment contributed to a significant rise in net profit.
Development & Construction	24.8	20.6	4.3	6.0	2.0	4.0	Both gross trading profit and net income showed significant increase through buoyant sales of housing in both domestic and overseas markets.
Finance, Logistics & New Business	7.3	5.2	2.1	4.2	3.2	1.0	Gross trading profit increased from a consolidation of a subsidiary. In addition, net income increased through higher profit in investment funds.
Iron & Steel Strategies and Coordination	0.5	0.7	-0.1	12.6	14.8	-2.1	Net income for the period dropped due to a decrease in equity in earnings of affiliated companies, and to an increase in taxes.
Overseas corporate subsidiaries & branches	61.4	58.4	3.0	6.3	6.8	-0.5	Gross trading profit increased due to effects of currency translation, while net income decreased from lower outcome from Marubeni Europe, and others.
Corporate & elimination	-6.4	-6.0	-0.4	-8.8	-19.4	10.5	
Consolidated	389.4	362.7	26.8	95.6	62.0	33.6	

(Note1) Effective April 1, 2006, the figures of each operating segment are shown based on US GAAP. Until then, the figures of each segment were shown according to Japanese accounting practice, and therefore the difference between the two standards for the 1st-3rd quarter FY2005 is included in "corporate & elimination".
(Note2) Effective April 1, 2006, the segments of **Transportation Machinery**, **Industrial Machinery** & **Information Business**, and **Plant, Power & Infrastructure Projects** have been reorganized as **Transportation & Industrial Machinery**, **Power Projects**, **Plant, Ship & Infrastructure Projects**, and **Information & Communication**. Furthermore, **Domestic Branches & Offices** have been incorporated into **Corporate & elimination** due to its significance. Accordingly, the above segment information has been restated.

Outline of FY2006 Prospects
- Forecast of consolidated results for FY2006 (115.0 billion yen) is unchanged from that in the announcement on October 27, 2006.