

Financial Results for the 3rd Quarter and Prospects for FY2003 (US GAAP Basis)

February 6, 2004
Marubeni Corporation

Operating Results	(Unit: billions of yen)						
	1st-3rd Quarter FY2002 Results		1st-3rd Quarter FY2003 Results		1st-3rd Quarter FY2003 Variance		FY2003 Yearly Prospects
	3rd Quarter	3rd Quarter	3rd Quarter	3rd Quarter	3rd Quarter	3rd Quarter	
Total volume of trading transactions	6,220.1	1,907.7	5,581.6	1,756.2	-638.5	-151.5	8,200.0
Gross trading profit	314.1	99.5	298.7	100.1	-15.4	0.6	420.0
Selling, general and administrative expenses	-252.8	-83.7	-243.4	-82.3	9.4	1.3	-335.0
Provision / reversal of allowance for doubtful accounts	-6.2	0.0	3.0	1.5	9.2	1.6	-8.0
Operating profit	55.1	15.8	58.3	19.3	3.2	3.5	77.0
Interest expense, net of interest income	-16.8	-5.4	-16.6	-5.7	0.3	-0.3	-26.0
Dividends	4.2	0.7	5.1	0.7	0.8	0	5.0
Gain (loss) on investment securities	1.5	1.1	5.2	3.4	3.7	2.3	-10.0
Gain (loss) on property and equipment	2.3	1.2	1.0	1.6	-1.3	0.4	
Other-net	-7.9	-1.3	-12.1	-6.7	-4.2	-5.4	
Income before income taxes and equity in earnings of affiliated companies	38.5	12.0	41.0	12.6	2.5	0.6	46.0
Provision (benefit) for income taxes	-21.3	-6.1	-22.8	-7.2	-1.5	-1.1	-26.0
Equity in earnings of affiliated companies	8.7	2.2	11.4	4.5	2.6	2.3	13.0
Net income	25.9	8.1	29.6	9.9	3.7	1.8	33.0
Core earnings(*1)	74.3	18.7	73.1	23.0	-1.1	4.3	103.0

(*1) Core earnings=Operating profit (excluding restructuring costs) + Dividend income + Equity in earnings (excluding restructuring costs)

Financial Condition	March 31, 2003	December 31, 2003 Variance	
Total assets	4,321.5	4,320.8	-0.7
(Current assets)	(2,202.1)	(2,107.9)	(-94.2)
(Fixed assets and others)	(2,119.4)	(2,212.9)	(+93.5)
Shareholders' equity	260.1	375.9	+115.9
Interest-bearing debt	2,745.0	2,583.2	-161.7
Net interest-bearing debt	2,264.1	2,142.1	-122.0
D/E ratio(*2)	8.71 times	5.70 times	-3.01 points

(*2) D/E ratio is calculated based on Net interest-bearing debt.

Outline of Financial Results for the 1st-3rd Quarters of FY2003 (Statements of Operations)			
【Change in main indicators】			
	1st-3rd Qtrs. FY2002	1st-3rd Qtrs. FY2003	Variance
① Foreign Exchange Rate (YEN/USD)	122.95	115.01	(Yen appreciated by 7.94 yen)
② Short-term Prime Rate (%)	1.375	1.375	
Long-term Prime Rate (%)	1.861	1.559	(0.302% decrease)
【Outline】			
① Total volume of trading transactions...5,581.6 billion yen		⑤ Gain (loss) on investment securities...5.2 billion yen	
Total volume of trading transactions decreased by 638.5 billion yen compared to the same period of the previous year. In real terms however, the decrease amounted to 512.2 billion yen, considering the decrease due to liquidation and divestiture of subsidiaries of 126.3 billion yen (The effect from appreciation of the yen was a decrease of approximately 140 billion yen)		A breakdown of the Gain (loss) on investment securities and the main items are as below:	
By segment, although trading transactions rose by 46.0 billion yen in Transportation & Industrial machinery, and 29.6 billion yen increase in Metals & Mineral resources, and 16.4 billion yen increase in Forest products & General merchandise, trading transactions decreased by 186.8 billion yen in Plant & Ship, 180.1 billion yen in Energy, and 175.8 billion yen in Telecom & Information.		Gain (loss) on sale of investment securities 13.4 billion yen (0.6 billion yen down from previous year) (Listed stocks: 7.8 billion yen, Taiwan IPP stocks: 4.8 billion yen)	
② Gross trading profit...298.7 billion yen		Evaluation loss on investment securities -8.2 billion yen (4.2 billion yen rise from previous year) (Site Energies Inc. stocks: -6.1 billion yen)	
Although gross trading profit declined by 15.4 billion yen compared to the previous year, in real terms, the decrease amounted to 0.3 billion yen, due to the decrease by 15.1 billion yen from liquidation and divestiture of subsidiaries.		Although the gain on sale of listed stocks increased by 4.2 billion yen, the gain (loss) on sale of investment securities deteriorated by 0.6 billion yen compared to the previous year, because the previous year reflected a gain booked on an exchange of stocks at Vectant Inc. (6.6 billion yen).	
By segment, the change was primarily accounted for by an increase of 4.2 billion yen in Utility & Infrastructure, 2.2 billion yen in Overseas corporate subsidiaries & branches, 1.8 billion yen in Transportation & Industrial machinery, and 1.6 billion yen in Agri-marine products, offset by a decrease by 8.7 billion yen in Telecom & Information, 3.8 billion yen in Chemicals, and 3.6 billion yen in Development & Construction.		The valuation losses on investment securities improved by 4.2 billion yen compared to the previous year when the company recognized 12.2 billion yen valuation losses on listed stock.	
③ Selling, general and administrative expenses...243.4 billion yen		⑥ Other-net... -12.1 billion yen	
Selling, general and administrative (SG&A) expenses fell by 9.4 billion yen. The change in real terms, however, was an increase of 5.0 billion yen, reflecting the decrease of 14.4 billion yen as a result of liquidation and divestiture of subsidiaries.		The main items were losses from fluctuations of exchange rates of -3.1 billion yen, minority interest of -2.2 billion yen, and liquidation losses of group companies of -2.0 billion yen. Other-net deteriorated by 4.2 billion yen, because the company did not have a gain on early redemption of corporate bonds (5.0 billion yen) in the previous year.	
④ Provision for doubtful accounts... 3.0 billion yen (reversal)		⑦ Equity in earnings of affiliated companies...11.4 billion yen	
Provision for doubtful accounts declined by 9.2 billion yen over the previous year, because the large doubtful accounts experienced in the previous year were not repeated and the company reversed the allowance for doubtful accounts because of decreased receivables.		A breakdown of equity income accounted for by the equity method is as follows:	
		Uni-Mar Enerji Yatirimlari 2.8 billion yen (Compared to previous year -1.7 billion yen)	
		Marubeni-Itochu Steel Inc. 2.3 billion yen (Compared to previous year -0.7 billion yen)	
		Daishowa-Marubeni Int'l 1.6 billion yen (Compared to previous year +1.6 billion yen)	
		P.T. Chandra Asri -3.5 billion yen (Compared to previous year -2.9 billion yen)	
		(Note) The figure for P.T. Chandra Asri includes -2.2 billion losses related to impairment charges to its fixed assets.	
Outline of Financial Results for the 3rd Quarter (Balance Sheets)			
【Outline】			
① Total assets... 4,320.8 billion yen		③ Net interest-bearing debt...2,142.1 billion yen	
Although the company increased total assets (191.0 billion yen) from the acquisition of IPP assets such as San Roque Power, total assets decreased by 0.7 billion yen compared to the previous year, as the company proceeded to review low-profit transactions, adjust its businesses and sell its assets.		Although debt rose as a result of converting San Roque Power and other companies into subsidiaries following the acquisition of IPP businesses (53.5 billion yen), net interest-bearing debt declined 122.0 billion yen compared to the previous year, because the company issued preferred stock (75.5 billion yen) and reduced accounts receivable and applied the proceeds to repay its debt, and pursued capital efficiency improvements including collection of outstanding loans.	
② Shareholders' equity...375.9 billion yen			
Shareholders' equity was negatively affected by deterioration in the foreign currency adjustment account as a result of exchange rate fluctuations (-13.0 billion yen), but increased by 115.9 billion yen compared to the previous year as a result of the issue of preferred stock (75.4 billion yen, net of new stock issuing expense), net income for the period under review (29.6 billion yen), and an increase in unrealized gains on investment securities (28.4 billion yen).			
Prospects for Fiscal Year 2003			
○ The Company achieved steady operating results for the period under review, however, based on considerations such as uncertainty of stock market and foreign exchange rates, the Company will not change its yearly prospects for FY2003.		○ The company projects its net interest bearing debt under 2.2 trillion yen at the end of FY2003, as it continuously reduce risk assets and replace with the superior assets.	