

Financial Results for the 3rd Quarter and Prospects for FY2004 (US GAAP Basis)

Operating Results	1st-3rd Quarter FY2003 results		1st-3rd Quarter FY2004 results		1st-3rd Quarter FY03/04 variance		FY2004 Yearly prospects	
	3rd Quarter		3rd Quarter		3rd Quarter		Progress	
Total volume of trading transactions (*1)	5,581.6	1,756.2	5,716.9	1,974.1	135.3	217.9	7,600.0	75%
Gross trading profit	298.7	100.1	311.6	100.2	12.9	0.1	435.0	72%
Selling, general and administrative expenses	-243.4	-82.3	-251.5	-82.2	-8.2	0.2	-342.0	74%
Provision for doubtful accounts	3.0	1.5	-3.3	-0.8	-6.2	-2.3	-8.0	41%
Operating profit (*1)	58.3	19.3	56.8	17.3	-1.5	-2.1	85.0	67%
Interest expense, net of interest income	-16.6	-5.7	-17.0	-4.4	-0.5	1.3	-28.0	61%
Dividends	5.1	0.7	5.8	0.9	0.7	0.2	6.0	97%
Gain (loss) on investment securities	5.2	3.4	10.8	2.0	5.6	-1.4	-12.0	40%
Gain (loss) on property and equipment	1.0	1.6	-5.5	-2.8	-6.5	-4.4		
Other-net	-9.9	-5.5	-10.2	-3.6	-0.3	1.9		
Income (loss) before income taxes and equity in earnings (losses) of affiliated companies	43.2	13.7	40.8	9.3	-2.4	-4.4	51.0	80%
Provision (benefit) for income taxes	-22.8	-7.2	-26.4	-8.2	-3.7	-0.9	-27.0	98%
Minority interests in consolidated subsidiaries (*2)	-2.2	-1.1	-0.8	0.8	1.4	1.9	-3.0	26%
Equity in earnings (losses) of affiliated companies	11.4	4.5	21.2	8.7	9.8	4.2	16.0	132%
Net income (loss)	29.6	9.9	34.7	10.6	5.1	0.7	37.0	94%

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

(*2) In the 3rd Quarter FY2003, Minority interests in consolidated subsidiaries was included in Income before income taxes and equity in earnings, however certain reclassifications have been made to conform to the presentation for the 3rd Quarter FY2004.

Revenue (*3)	2,028.2	670.3	2,265.3	729.5	237.1	59.2

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

Adjusted operating profit (*4)	55.3	17.8	61.5	18.0	6.2	0.2	93.0	66%
Core earnings (*5)	73.1	23.0	88.5	27.6	15.4	4.6	115.0	77%

(*4) Adjusted operating profit= Gross trading profit - SGA expenses (excluding restructuring costs)

(*5) Core earnings= Operating profit + Dividend income ± Equity in earnings of affiliated companies (excluding restructuring costs)

Financial Condition	March 31 2004	December 31, 2004	Mar.31 2005 Prospects	Increase/Decrease of Consolidated Companies Surplus/Deficit	Dec. 31 2003	December 31, 2004
		Variance				Variance
Total assets	4,254.2	4,219.4	4,100.0	No. of profit making companies	384	400
(Current assets)	(2,080.0)	(2,004.7)	-	No. of loss making companies	131	123
(Fixed assets)	(2,174.2)	(2,214.7)	-	Total	515	523
Shareholders' equity	393.0	444.8	425.0	No. of profit making companies ratio	74.6%	76.5%
Interest-bearing debt	2,454.8	2,289.9	-			1.9points
Net interest-bearing debt	1,969.3	1,969.3	2,000.0			
D/E ratio (*6)	5.01times	4.43times	aprx. 4.7 times			
		-0.58points				
				1st-3rd Quarter FY2003 results	1st-3rd Quarter FY2004 Results	Variance
				Surplus amount	50.0	67.8
				Deficit amount	-30.0	-32.8
				Total	20.0	35.0
						17.8
						-2.8
						15.0

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

Outline of Financial Results for the 3rd Quarter FY2004Highlights of the 3rd Quarter FY2004 Financial Results

- Net income for the 1st-3rd Quarter FY2004 was 34.7 billion yen, 5.1 billion yen above the level of the same period of the previous year, the highest record since the disclosure of quarterly results.
- Adjusted operating profit was 61.5 billion yen, an increase by 6.2 billion yen(11%) compared to the same period of the previous year. Core earnings was 88.5 billion yen, a rise by 15.4 billion yen(21%) from the same period last year, both leading to a steady growth in our earning power.
- Shareholders' equity increased by 51.9 billion yen compared with the FY2003 year-end to 444.8 billion yen, due to such factors as the increase in net income for this period, and improvement in net unrealized gains (losses) on investment securities.
- Net interest-bearing debt was 1,969.3 billion yen, achieving the FY2005 year-end target of 2,000 billion yen or less, as stated in the "V" Plan, following the FY2003 year-end. D/E ratio was 4.43 times, representing an improvement by 0.58 points.

Main Items

1) Total volume of trading transactions ••• 5,716.9 billion yen

Total volume of trading transactions rose by 135.3 billion yen compared to the same period of the previous year. The impact of the appreciation of the yen resulted in a decrease by approximately 130 billion yen.

Comparison by segment with the same period of the previous year's results:

		[Unit: billion yen]	
Agri-Marine Products	+115.0	Due to mergers of subsidiaries, and the consolidation of the new subsidiaries in feed grain and distribution.	
Metals & Mineral Resources	+101.3	Due to rise in price of coal, steel making raw materials, and non-ferrous metals.	
Chemicals	+83.4	Due to rise in price of petrochemicals.	
Energy	-161.1	Due to the reduction of petroleum related transactions.	
Plant & Ship	-83.5	Due to decline of energy/ petrochemical plant and ship related transactions.	

2) Gross trading profit ••• 311.6 billion yen

Gross trading profit rose by 12.9 billion yen from the same period last year.

Comparison by segment with the same period of the previous year's results:

		[Unit: billion yen]	
Agri-Marine Products	+9.9	Due to mergers of subsidiaries, and the consolidation of the new subsidiaries in feed grain and distribution.	
Energy	+6.1	Due to the improvement of profitability in petroleum related transactions and the additional profit from the rights in natural resources fields.	
Forest Products & General Merchandise	+3.6	Due to the strong performance of the paper related affiliated companies, improvement of profitability of woodchip businesses, and the increase in plywood transactions.	
Utility & Infrastructure	+3.5	Due to the consolidation of the new subsidiaries (Sithe related).	
Overseas Corporate Subsidiaries & Branches	-2.1	Due to the effects of fluctuations in exchange rate.	

Financial Prospects for FY2004

Prospect of the consolidated financial results for FY2004 is unchanged from that in the announcement on May 10, 2004.

Major Financial Indicators and Financial Yearly Prospects

Major Financial Indicators

	3Q FY03	3Q FY04	Variance
1) Foreign Exchange Rate (YEN/USD)	115.01	108.56	(Yen up by 6.45 yen)
2) Short-term Prime Rate (Japan) (%)	1.375	1.375	
Long-term Prime Rate (Japan) (%)	1.559	1.727	(0.168% up)

Financial Yearly Prospects

	Prospects for FY2004
1) Foreign Exchange Rate (YEN/USD)	approx. 110 yen
2) Short-term Prime Rate (Japan) (%)	1.375
Long-term Prime Rate (Japan) (%)	1.700

3) Selling, general and administrative expenses ••• -251.5 billion yen

Selling, general and administrative expenses rose by 8.2 billion yen compared to the same period of the previous year. Mainly due to the effects of newly included subsidiaries (-5.1 billion yen) and loss from transfer of the substitutional portion of Japanese Welfare Pension Fund (-1.5 billion yen).

4) Provision for doubtful accounts ••• -3.3 billion yen

Provision for doubtful accounts deteriorated by 6.2 billion yen compared to the same period of the previous year, due to large-scale reversal of this term, which was booked in the previous year.

5) Interest expense, net of interest income ••• -17.0 billion yen

Interest expense, net of interest income deteriorated by 0.5 billion yen. Excluding the effects due to the consolidation of the new subsidiaries related to Sithe (-2.3 billion yen), there is actual improvement.

6) Gain (Loss) on investment securities ••• 10.8 billion yen

A breakdown of the Gain (Loss) on investment securities is as below.

- Gain (Loss) on sales of investment securities 14.8 billion yen (+1.5 billion yen compared to the same period of previous year)
- Devaluation loss on investment securities -4.0 billion yen (+4.2 billion yen compared to the same period of previous year)

This item improved by 5.6 billion yen compared to the same period of the previous year, due to the increases in capital gain from sales of stock (a part of IPP, Vodafone) and the clearance of devaluation loss on Sithe Energies' stock, which was booked in the previous year.

7) Gain (Loss) on property and equipment ••• -5.5 billion yen

A breakdown of the Gain (Loss) on property and equipment is as below.

- Gain on sale of property and equipment 1.6 billion yen (-1.2 billion yen compared to the same period of previous year)
- Loss on sale/Devaluation loss of property and equipment -7.0 billion yen (-5.3 billion yen compared to same period of previous year)

This item deteriorated by 6.5 billion yen year on year, owing to such factors as the devaluation loss on factories at subsidiaries and the devaluation loss on real estate holdings of the Parent.

8) Other-net ••• -10.2 billion yen

Other-net deteriorated by 0.3 billion yen compared to the same period of the previous year, owing mainly to such factors as restructuring losses at subsidiaries.

9) Equity in earnings (losses) of affiliated companies ••• 21.2 billion yen

Equity in earnings (losses) of affiliated companies improved by 9.8 billion yen compared to the same period of the previous year.

A breakdown of this item for this term's increase/decrease is as below.

		(Compared to same period of previous year)
Marubeni-Itochu Steel Inc.	8.2 billion yen	(+5.9 billion yen)
P.T. Chandra Asri	3.0 billion yen	(+6.5 billion yen)
Uni-Mar Enerji Yatirimlari	2.7 billion yen	(-0.1 billion yen)
Thai Cold Rolled Steel	1.3 billion yen	(-0.1 billion yen)
Daishowa-Marubeni	0.2 billion yen	(-1.3 billion yen)
Sumatra Pulp	-0.3 billion yen	(+0.2 billion yen)
P.T. TEL	-0.6 billion yen	(+0.5 billion yen)