

## Financial Results for 1st Quarter FY2005 (US GAAP Basis)

(Unit: billions of yen)

Operating Results	1st Quarter FY2004 Results	1st Quarter FY2005 Results		Prospects for FY2005	
		Results	Variance	Results	Progress ratio
Total volume of trading transactions (*1)	1,699.2	1,969.2	270.0	8,000.0	25%
<b>Gross trading profit</b>	100.5	110.0	9.5	485.0	23%
Selling, general and administrative expenses	-81.2	-82.1	-0.9	-350.0	23%
Provision for doubtful accounts	-0.5	-2.2	-1.8	-5.0	45%
<b>Operating profit (*1)</b>	18.8	25.7	6.8	130.0	20%
Interest expense, net of interest income	-6.5	-5.9	0.6	-30.0	20%
Dividends	2.4	2.9	0.5	7.0	41%
Gain (loss) on investment securities	4.1	0.9	-3.2	-20.0	-
Gain (loss) on property and equipment	0.2	0.0	-0.1		
Other-net	1.0	-0.7	-1.7		
<b>Income (loss) before income taxes and equity in earnings (losses)</b>	19.9	22.8	3.0		
Provision (benefit) for income taxes	-10.0	-8.9	1.1	-47.0	19%
Minority interests in consolidated subsidiaries	-0.6	-1.2	-0.6	-4.0	30%
Equity in earnings (losses) of affiliated companies	6.5	9.3	2.8	24.0	39%
<b>Net income (losses)</b>	15.7	22.0	6.3	60.0	37%

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

<b>Revenue (*2)</b>	661.0	703.6	42.7
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(\*2) Revenue is presented in accordance with FASB Emerging Issue Task Force (EITF) 99-19.

<b>Adjusted operating profit (*3)</b>	19.3	27.9	8.6	135.0	21%
<b>Core earnings (*4)</b>	28.1	40.1	11.9	166.0	24%

(\*3) Adjusted operating profit = Gross trading profit - SGA expenses

(\*4) Core earnings = Adjusted operating profit + Dividend income ± Equity in earnings of affiliated companies

Financial condition	March 31, 2005	June 30, 2005		March 31, 2006 Prospects
	Results	Results	Variance	Results
<b>Total assets</b>	4,208.0	4,106.9	-101.1	4,250.0
(Current assets)	(2,093.4)	(1,958.9)	-134.5	—
(Fixed assets)	(2,114.7)	(2,148.1)	33.4	—
<b>Shareholders' equity</b>	443.2	459.8	16.6	490.0
<b>Interest-bearing debt</b>	2,286.4	2,187.5	-98.8	—
<b>Net interest-bearing debt</b>	1,823.9	1,890.5	66.5	1,950.0
<b>D/E ratio (*5)</b>	4.12 times	4.11 times	-0.01 points	less than 4 times

(\*5) D/E ratio is calculated based on net interest-bearing debt

Increase/Decrease of Consolidated Companies Surplus/Deficit	June 30, 2004	June 30, 2005	
	Results	Results	Variance
No. of profit making companies	374	406	32
Surplus amount	19.4	27.2	7.8
No. of loss making companies	149	143	-6
Deficit amount	-7.9	-6.0	1.9
Total number of companies	523	549	26
Net gain and loss	11.5	21.1	9.7
No. of profit making companies ratio	71.5%	74.0%	+ 2.5 points

### Outline of Financial Results for 1st Quarter FY2005

#### ◆ Major Financial Indicators

	1st Quarter of		
	FY2004	FY2005	Variance
1) Foreign exchange rate (YEN/USD)	109.77	107.69	(2.08 yen up)
2) Short-term Prime rate (Japan)	1.375%	1.375%	
Long-term Prime rate (Japan)	1.744%	1.515%	

#### ◆ Main Items

##### 1) Total Volume of Trading Transactions... 1,969.2 billion yen

This item increased by 270 billion yen over the 1st Quarter FY2004, including the negative impact of strong yen of approximately 10 billion yen.

The year over year variance in net income by operating segment are as follows.  
(Unit: billion yen)

Energy	+93.1	Increase in petroleum sales.
Plant, Power & Infrastructure Project	+67.2	Increase in Energy and natural resources plant transactions for Middle and Near East, as well as transportation projects in East Asia.
Chemicals	+41.5	Increase in transactions of basic chemicals, synthetic resins, and electronic materials.
Transportation Machinery	+39.3	Increase in sales of ships, construction machinery and agricultural machinery.
Industrial Machinery & Information Business	-17.5	Decrease due to unconsolidation of the subsidiaries.
Agri-Marine Products	-16.6	Decrease in sales of food and feed products.

##### 2) Gross Trading Profit ... 110.0 billion yen

Gross trading profit rose 9.5 billion yen year over year. All segments excluding Textiles, Transportation Machinery, Plant, Power & Infrastructure Project, and Iron & Steel products, resulted in an increase.

##### 3) Selling, General and Administration Expenses ... -82.1 billion yen

This item increased 0.9 billion yen year over year due to an increase in personnel expenses.

##### 4) Provision for Doubtful Accounts ... -2.2 billion yen

This item deteriorated by 1.8 billion yen over the 1st Quarter FY2004 due to an increase in allowance for overseas bad debt.

##### 5) Interest Expense, Net of Interest Income ... -5.9 billion yen

This item improved by 0.6 billion yen over the same period of the previous year.

##### 6) Gain (Loss) on Investment Securities ... 0.9 billion yen

Gain (Loss) on sales of investment securities... 0.9 billion yen  
(-3.2 billion yen year-over-year)  
Gain (Loss) on sales of investment securities deteriorated by 3.2 billion yen due to a gain from sales of Vodafone stocks (2.1 billion yen) posted in the 1st Quarter FY2004.

##### 7) Equity in earnings (Losses) of Affiliated Companies ... 9.3 billion yen

This item increased 2.8 billion yen over the same period of the previous year.

A breakdown for the increase/decrease is provided below.

(Unit: billion yen)

Marubeni-Itochu Steel Inc.	4.4	(+2.0 year-over-year)
Nippon LP Resources	2.3	(+1.5 year-over-year)
Thai Cold Rolled Steel	0.9	(+0.3 year-over-year)
Compania de Nitrogeno	0.3	(+0.2 year-over-year)
Daishowa-Marubeni	-0.2	(±0 year-over-year)

Operating Segments	Gross trading profit			Net income (loss)			Main reasons for increase/decrease
	1Q FY04	1Q FY05	Variance	1Q FY04	1Q FY05	Variance	
Agri-marine products	18.0	18.1	0.2	1.6	1.8	0.2	Gross trading profit increased mainly due to an increase in sales of livestock. However, net income for this term resulted in just a small increase due to a decrease in equity earnings.
Textile	5.5	5.1	-0.4	0.5	-0.3	-0.8	Gross trading profit fell due to a decline in sales of raw materials and textiles. In addition, net income fell because gain on property and equipment was posted in 1Q FY2004.
Forest products & General merchandise	10.9	11.1	0.3	1.6	2.2	0.6	Net income rose according to an increase in gross trading profit because of increase in natural rubber and woodchip sales and improvements in profit ratios.
Chemicals	6.2	7.7	1.4	1.3	2.0	0.7	Net income increased as the result of growth in gross trading profit stemming from increased sales of basic chemicals, synthetic resins, and electronic materials.
Energy	10.5	14.9	4.5	3.3	4.7	1.5	Net income increased due to rising gross trading profit stemming from concessions in natural resources fields.
Metals & Mineral resources	3.3	4.3	1.0	2.1	3.6	1.5	Increase of gross trading profit largely depends upon soaring prices of coal and iron-ore. In addition, net income increased owing to a gain in equity in earnings from the copper smelter business.
Transportation machinery	12.8	12.5	-0.3	3.2	2.8	-0.4	Despite an increase in gross trading profit in the field of ship, construction machinery, and agricultural machinery, net income fell due to a decline in gross trading profit in primarily automotive and defense system related transactions.
Industrial machinery & Information business	8.3	8.5	0.2	-1.7	-0.6	1.2	Due to restructuring losses of subsidiaries posted in 1Q FY2004, net income for this term showed an increase.
Plant, Power & Infrastructure Projects	5.9	5.7	-0.2	1.6	1.1	-0.5	Net income fell due to increases in allowance for overseas bad debt.
Development & Construction	4.0	5.6	1.5	-1.0	0.6	1.6	Net income rose as a result of an increase in gross trading profit stemming from domestic housing development business.
Finance & Logistics	1.6	1.6	0.1	1.0	1.6	0.6	Net income increased owing to the realization of capital gain from investment fund business.
Iron & Steel products	0.3	0.3	0.0	2.8	5.0	2.2	Net income increased thanks to a rise in equity in earnings mainly from a good performance of Marubeni-Itochu Steel, Inc.
Domestic Branches & Offices	1.1	1.1	0.0	0.2	0.3	0.1	Net income rose slightly due to improvement in non-operating profits and losses.
Overseas Branches & Offices	14.2	15.1	0.9	0.4	0.8	0.4	Net income increased mainly in Marubeni America Corporation.
Corporate & elimination	-2.1	-1.6	0.4	-1.1	-3.6	-2.5	—
Consolidated	100.5	110.0	9.5	15.7	22.0	6.3	

(Note) Effective April 1, 2005, the segments of *Transportation & Industrial machinery*, *Utility & Infrastructure*, and *Telecom & Information* have been reorganized as *Transportation machinery*, *Industrial machinery & Information business*, and *Plant, Power & Infrastructure*. Furthermore, *Iron & Steel products*, 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.