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**US Securities and Exchange Commission**  
Office of International Corporate Finance  
Division of Corporation Finance



Date: 2003/11/17

SUPPL

Re: Company Information of **Marubeni Corporation**, file no. **82-616**

With regard to the exemption relating to certain foreign issuers under **Rule 12g3-2(b)**, we are pleased to submit our latest company information as enclosed. We would be grateful if you could check on the enclosed and keep it in your file. Thank you.

- \*Announcement of Issue of Preferred Shares
- \*Supplemental Explanation of Issue of Preferred Shares
- \*Interim Financial Results for FY2003

PROCESSED  
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THOMSON  
FINANCIAL

Investor Relations Section  
Finance Dept.  
Marubeni Corporation

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This document is an English translation of a brief summary of a statement written initially in Japanese. The original in Japanese should be considered the primary version.

Disclaimer Regarding Forward-Looking Statements  
 This document contains forward-looking statements about the performance of Marubeni and its Group companies, based on management's assumptions in light of current information. The following factors may therefore influence actual results. These factors include consumer trends in Japan and in major global markets, private capital expenditures, currency fluctuations, notably against the U.S. dollar, materials prices, and political turmoil in certain countries and regions.

November 12, 2003

To All Concerned Parties

**Marubeni Corporation**  
**(TSE Code 8002)**

Enquiries: HONDA, Tsutomu  
 Deputy General Manager,

TEL: 81-3-3282-4800

### Announcement of Issue of Preferred Shares

At its board meeting held today, the Board of Directors of Marubeni Corporation (the Company) approved a resolution for the issue of 75.5 billion yen of preferred shares with common share conversion rights, to be completed through a third-party allocation.

The capital enhancement based on this issue of preferred shares will be part of the Company's previously announced "100 billion yen capital enhancement policy," and is included in the "V" PLAN, the new medium-term management plan the Company is currently implementing.

The managerial objective of the "V" PLAN is to reinforce Marubeni's earnings base and improve the Company's financial structure. As demonstrated clearly by its previously announced financial results for the first half of Fiscal Year 2003, the Company is achieving a steady recovery in earnings capability. Although the Company has made progress in reducing net interest-bearing debt faster than its initial plan, to further increase shareholders' equity the Company has decided to issue preferred shares in order to accelerate the improvement of its financial structure, strengthen its creditworthiness and increase corporate value.

The decision to issue the preferred shares at this time was based on management's assessments of the effect on the Company's stock price from the large-scale dilution that would result from an issue of common stock and on considerations of future dividend policy. Because the preferred shares will be issued in a form that is unfamiliar to individuals and other ordinary investors, the shares will be issued using a third-party allocation procedure rather than a public offering. The subscribers for the preferred shares will be financial institutions and major customers.

The Company plans to use the issue proceeds to invest in major operating sectors such as food products distribution, natural resource development and overseas IPP, and partially to repay loans related to these areas that the Company borrowed in the past.

**Attachment I** : Summary of the Preferred Shares

**Attachment II** : Name of Subscribers and the Number of Shares to be subscribed

**Summary of the Preferred Shares**

- Class of stock: Class I Preferred Shares (preferred shares with common share conversion rights)
- Number of newly issued shares: 75.5 million shares
- Issue price: 1,000 yen per share
- Aggregate issue price: 75.5 billion yen
- Issue method: The Company will allocate the shares to financial institutions and customers through a third-party allocation.
- Issue date: December 16, 2003
- Preferred dividend: 20 yen per share per annum
- Conversion Period Start Date: 2 years and 9 months after issue (From September 1, 2006)
- Initial Conversion Price: Market price on the Conversion Period Start Date (However, not less than 50 yen)
- Conversion Price Reset Provision: Downward revisions only
- Conversion Price Reset Floor Price: The higher of 70% of the Initial Conversion Price or 50 yen
- Final Mandatory Conversion Date: After 10 years (December 13, 2013)
- Final Mandatory Conversion Price: Market price on the Final Mandatory Conversion Date
- Final Mandatory Conversion Floor Price: The higher of 70% of the Initial Conversion Price or 50 yen
- Use of proceeds: The Company plans to use the issue proceeds to invest in major operating sectors such as food products distribution, natural resource development and overseas IPP, and partially to repay loans related to these sectors that the Company borrowed in the past.

**Attachment II****Name of Subscribers and the Number of Shares to be subscribed**

<b>Subscriber</b>	<b>Shares</b>
Mizuho Corporate Bank, Ltd.	15,000,000
The Yasuda Mutual Life Insurance Company	10,000,000
The Bank of Tokyo-Mitsubishi, Ltd.	7,500,000
The Sumitomo Trust & Banking Co., Ltd.	7,000,000
Sompo Japan Insurance Inc.	5,000,000
The Dai-ichi Mutual Life Insurance Company	5,000,000
Mizuho Trust & Banking Co., Ltd.	5,000,000
Lotte Co., Ltd. (Japan)	3,000,000
The Norinchukin Bank	3,000,000
The Mitsubishi Trust and Banking Corporation	2,500,000
Sumitomo Mitsui Banking Corporation	2,000,000
The Tokio Marine and Fire Insurance Co., Ltd.	2,000,000
Nippon Yusen Kabushiki Kaisha (NYK LINE)	2,000,000
The Nichido Fire & Marine Insurance Co., Ltd.	1,500,000
Lotte Shoji Co., Ltd.(Japan)	1,500,000
Mitsui O.S.K. Lines, Ltd.	1,000,000
The Sumitomo Warehouse Co., Ltd.	1,000,000
UFJ Bank Limited	1,000,000
Lotte Ad. Co., Ltd. (Japan)	500,000

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November 12, 2003

To All Concerned Parties

**Marubeni Corporation**  
**(TSE Code 8002)**

**Supplemental Explanation of Issue of Preferred Shares**

Below please find a supplemental explanation concerning the issue of 75.5 billion yen of preferred shares with common share conversion rights through a third party allocation procedure, which Marubeni Corporation announced today.

**○ Purpose and background to the issue of preferred shares**

Marubeni Corporation is currently implementing the "V" PLAN, its new medium-term management plan. The goal of the plan is to reinforce Marubeni's earnings base and improve the company's financial structure. The objectives of the plan call for achieving consolidated net income of 50.0 billion yen, consolidated net interest-bearing debt of 2.0 trillion yen or less and a net D/E ratio in the range of 4 to 5 times by fiscal 2005.

Actual consolidated net income for the first half of Fiscal Year 2003 was 19.7 billion yen. This exceeded the Company's initial projection of 15.0 billion yen, and clearly indicates the steady recovery in earnings capability and strong progress towards the Company's goal of reinforcing its earnings base.

In its effort to improve its financial structure, the Company reduced net interest-bearing debt to 2,168 billion yen as of September 30, achieving its objective of lowering net interest-bearing debt to 2,200 billion yen or less by the end of the current fiscal year well ahead of schedule. Total shareholders' equity was 304.2 billion yen as of September 30, and the net D/E ratio was 7.1. Although the Company improved its net D/E ratio from 8.7 times at the end of March 2003, management recognizes the progress to-date is still insufficient to accomplish its goal. Therefore in addition to accumulating profits for periods, the Company decided to accelerate an increase of shareholders' equity by issuing 75.5 billion yen of preferred shares.

## ○ Summary of the preferred shares

A summary of the preferred shares the Company will issue is provided below.

- Class of stock: Class I Preferred Shares (preferred shares with common share conversion rights)
- Number of newly issued shares: 75.5 million shares
- Issue price: 1,000 yen per share
- Aggregate issue price: 75.5 billion yen
- Issue method: The Company will allocate the shares to financial institutions and customers through a third-party allocation.
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- Final Mandatory Conversion Price: Market price on the Final Mandatory Conversion Date
- Final Mandatory Conversion Floor Price: The higher of 70% of the Initial Conversion Price or 50 yen
- Use of proceeds: The Company plans to use the issue proceeds to invest in major operating sectors such as food products distribution, natural resource development and overseas IPP, and to partially repay loans related to these sectors that the Company borrowed in the past.

### **1. Kinds of stock**

Because there is a possibility that large-scale dilution would negatively affect the price of the Company's common stock if the Company raised funds by issuing common stock at this time, the Company decided to issue preferred stock as a means to enhance shareholders' equity quickly and minimize the influence of dilution from a possible conversion to common shares at the share price after 2 years and 9 months that will incorporate the achievement of the Company's "V" PLAN.

### **2. Issue method**

Because preferred stock convertible into common shares is a form of issue that is unfamiliar to individuals and other ordinary investors, and because the shares will be unlisted and will have little liquidity, the Company decided to issue the preferred shares at this time using a third-party allocation procedure, rather than a public offering. The subscribers for the preferred shares will be financial institutions and major customers.

### **3. Conversion Period Start Date**

Although the Company plans to announce its financial statements for the final year of the new medium-term management plan "V" PLAN in May 2005, setting the conversion price at the share price incorporated in the actual results of the plan was believed to be the optimal alternative.

### **4. Others**

The Company has not decided at the present time whether it will execute the remaining balance of 24.5 billion yen of its capital enhancement plan. The Company will make a decision, including whether to execute the balance, after carefully reviewing the price of the Company's stock and the trend of the stock market.

The Company firmly believes the increase in shareholders' equity as a result of this preferred share issue will be closely linked to the improvement of its earnings capability and an increase in the Company's creditworthiness and corporate value.

Financial Results for the 1st Half and Prospects for FY2003 (US GAAP Basis)

### Outline of Financial Results for the 1st Half of FY2003

Major Financial Indicators	1st Half FY2003	FY2002	Variance
① Foreign Exchange Rate (YEN/USD)	123.14	118.05	(5.09 yen appreciation)
② Short-term Prime Rate (Japan)	1.375	1.375	
Long-term Prime Rate (Japan)	1.981	1.475	(0.506% pt. decline)

Major Financial Indicators	1st Half FY2003	FY2002	Variance
① Total Volume of Trading Transactions	3,825.4 billion yen	4,877.0 billion yen	-487.0 billion yen
② Gross Trading Profit	198.6 billion yen	197.7 billion yen	0.9 billion yen
③ Net Income (loss)	17.8 billion yen	17.8 billion yen	0 billion yen

**④ Major Financial Indicators**

Gain (Loss) on Investment Securities... 1.8 billion yen  
 Gain (Loss) on Sale of Investment Securities... 9.7 billion yen  
 Evaluation Loss on Investment Securities... -7.9 billion yen  
 (Sibie Energies Inc. stock: -6.0 billion yen)

The Gain (Loss) on Investment Securities improved by 4.4 billion yen compared to the previous year. The Gain (Loss) on Sale of Investment Securities deteriorated by 3.0 billion yen compared to the previous year, because the previous year reflected a large gain booked on an exchange of stock at Vectam Inc. (6.6 billion yen). This was offset, however, by the fact the company did not have the large valuation loss on listed stock (-12.2 billion yen) in the previous year.

⑤ Loss on Property and Equipment... -0.5 billion yen  
 The loss on sale of company-owned property totaled 0.5 billion yen.

⑥ Other-net... -5.4 billion yen  
 The main items were liquidation losses of group companies of -2.0 billion yen and minority interest of -1.1 billion yen.  
 Although the company did not have a gain on early redemption of corporate bonds (4.5 billion yen) similar to the previous year, Other-net improved by 1.2 billion yen over the previous year. The main factor was improvement in foreign exchange loss (5.1 billion yen).

⑦ Equity in Earnings (Losses) of Affiliated Companies... -6.9 billion yen  
 A break-down of Investment Gain (Loss) Accounted for by the Equity Method is provided below.

Uni-Mar Energy Yamaichi: 2.2 billion yen (Compared to previous year -0.9 billion yen)  
 Marubeni-Itochu Steel Inc.: 1.7 billion yen (Compared to previous year -0.2 billion yen)  
 Daihwa-Marubeni Int'l: 1.6 billion yen (Compared to previous year +1.2 billion yen)  
 San Roque Power Corp.: 1.1 billion yen (Compared to previous year +1.1 billion yen)  
 Asano Engineering Co.: -1.1 billion yen (Compared to previous year -0.2 billion yen)  
 P.T. Chandra Asri: -3.2 billion yen (Compared to previous year -3.4 billion yen)  
 (Note) The figure for P.T. Chandra Asri includes -2.2 billion losses related to impairment charges to its fixed assets.

⑧ Net Income (Loss)... 19.7 billion yen  
 Net income increased by 1.9 billion yen over the previous year.

⑨ Shareholders' Equity... 304.2 billion yen  
 Increase in retained earnings of 15.2 billion yen (Net profit for the period: +19.7 billion yen, Dividend paid: -4.5 billion yen), improvement in unrealized gain (loss) on investment securities of 2.5 billion yen, and an upward shift in currency translation adjustments of 5.5 billion yen resulted in an increase of 44.1 billion compared to the previous year.

⑩ Net Interest-bearing Debt... 2,168.0 billion yen  
 Interest-bearing debt decreased by 96.1 billion yen over the previous year as a result of capital efficiency improvement, including streamlining of trade receivables and collection of loan receivables.

Operating Results	1st Half FY2003		Variance	Prospects for FY2003	
	1st Quarter	2nd Quarter		Progress	Progress
Total volume of trading transactions	1,783.1	2,042.3	-487.0	8,200.0	47%
Gross trading profit	90.9	107.7	-16.0	420.0	47%
Selling, general and administrative expenses	-78.0	-83.0	8.1	-335.0	48%
Provision for doubtful accounts	2.6	-1.1	7.6	-8.0	-
Operating profit	15.5	23.5	-0.3	77.0	51%
Interest expense, net of interest income	-6.0	-8.8	0.5	-26.0	42%
Dividends	2.2	2.2	0.8	5.0	88%
Gain (Loss) on investment securities	1.9	-0.1	1.4	-10.0	41%
Gain (Loss) on property and equipment	0.3	-0.8	-1.7	46.0	62%
Other-net	-0.2	-5.2	1.2	-26.0	60%
Income (loss) before income taxes and equity in earnings (losses)	13.7	14.7	1.9	13.0	53%
Provision (benefit) for income taxes	-7.2	-8.4	-0.4	33.0	60%
Equity in earnings (losses) of affiliated companies	4.1	2.8	0.4	103.0	49%
Net income (loss)	10.6	9.1	1.9		

Core earnings(*1)	1st Half FY2003	2nd Quarter	Variance	Prospects for March 31, 2004
Core earnings	19.2	30.9	-5.4	4,200.0
Current assets	4,321.5	4,263.5	-58.0	(49.2)
Fixed assets	(2,202.1)	(2,110.6)	(-8.8)	44.1
Shareholders' equity	260.1	304.2	-44.1	-47.1
Net interest-bearing debt	2,745.0	2,697.9	47.1	-96.1
DFE ratio(*2)	2,064.1	2,168.0	103.9	7.13 times

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

(\*2) DFE ratio is calculated based on net interest-bearing debt.

Financial Condition	March 31 2003	September 30 2003	Variance	Prospects for March 31, 2004
Total assets	4,321.5	4,263.5	-58.0	4,200.0
Current assets	(2,202.1)	(2,110.6)	(-8.8)	44.1
Shareholders' equity	260.1	304.2	-44.1	-47.1
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DFE ratio(*2)	2,064.1	2,168.0	103.9	7.13 times

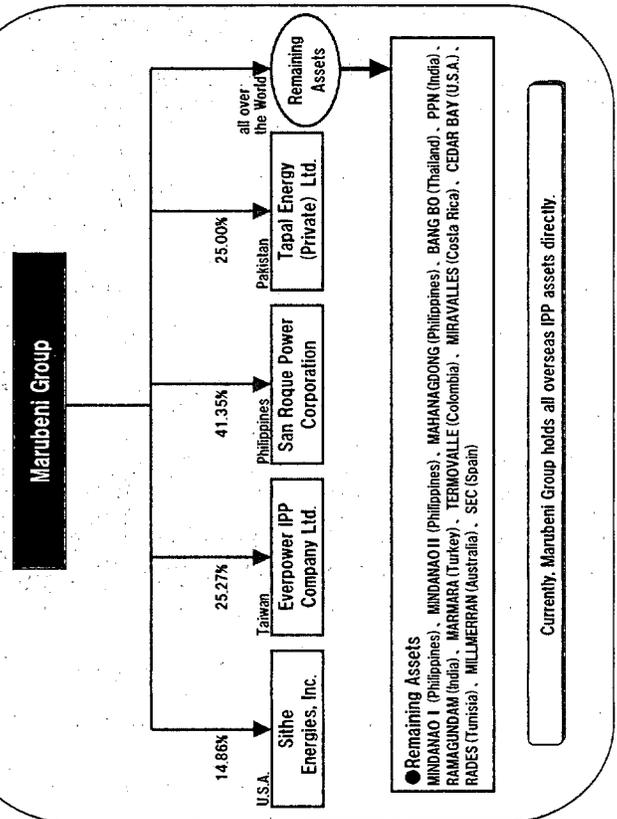
Cash Flows	1st Half FY2002	1st Half FY2003
Cash provided by operating activities	65.5	72.4
Cash provided by investing activities	80.5	10.6
Free cash flows	146.0	82.9
Cash used in financing activities	-202.6	-30.1
Effect of exchange rate changes	-13.6	1.0
(Decrease) increase in cash and cash equivalents	-70.2	51.8

Financial Prospects for FY2003

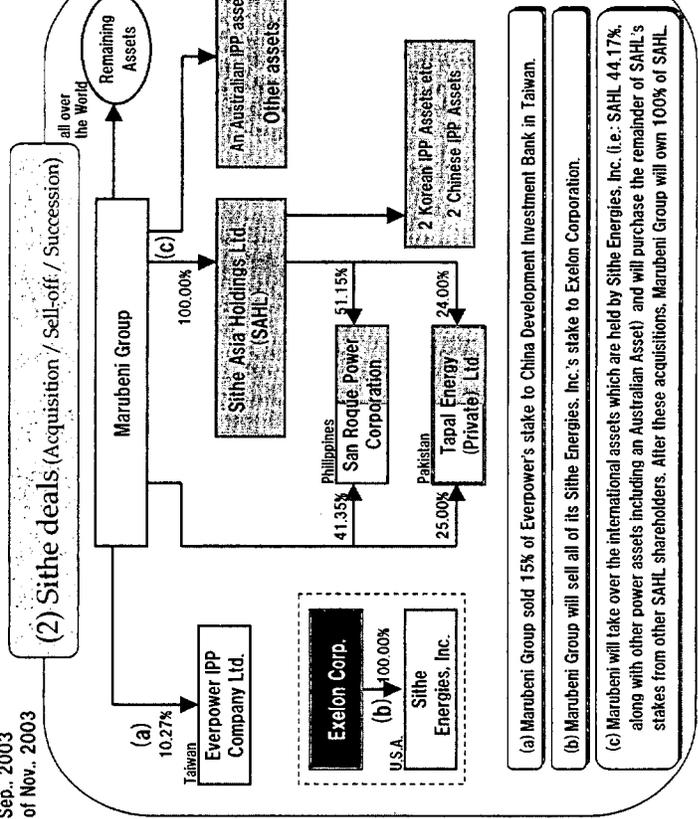
- Assumptions for main indicators**
- ① Foreign Exchange Rate (YEN/USD) approx. 115 yen
  - ② Short-term Prime Rate (Japan) approx. 1.4%
  - Long-term Prime Rate (Japan) approx. 1.6%
- Financial Yearly Prospects**
- Based on considerations such as uncertainty in the economic environment in and outside Japan, along with foreign exchange, stock price, and interest rate, the prospects announced at the beginning of the fiscal year has remained unchanged.

# Transition of Holding Scheme of Marubeni IPP Assets Overseas

## (1) Current Scheme

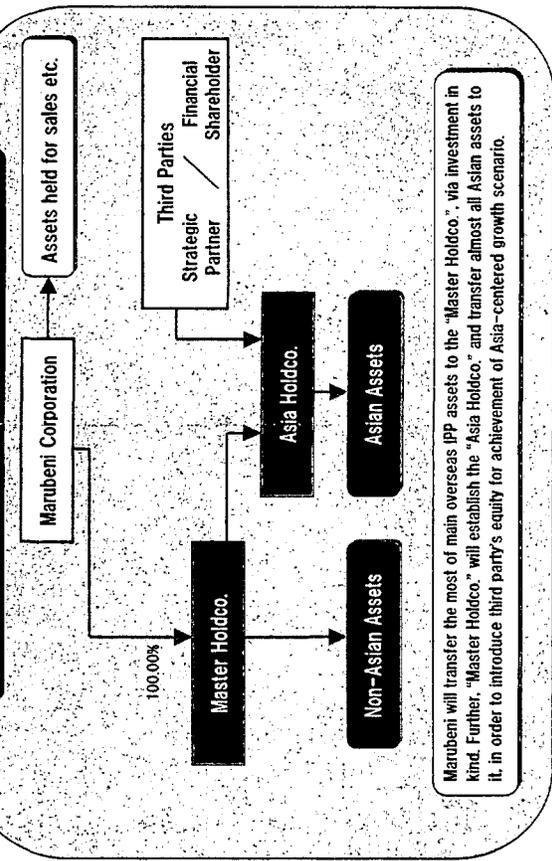


From end of Sep., 2003  
to end of Nov., 2003



## (3) The concept for Master/Asia Holdco.

Post fiscal year 2004



82-616

**Marubeni**  
CORPORATION

# Outline of Financial Results for 1st Half FY2003

November 7, 2003

**Marubeni Corporation**  
(TSE Code: 8002)

*\* This document is an English translation of a statement written initially in Japanese.  
The original in Japanese should be considered the primary version.*

# Agenda

- Consolidated P&L
  1. Financial Highlights
  2. Consolidated Financial Results for 1st Half FY03
  3. Balance Sheets
  4. Gross Trading Profit and SGA Expenses
  5. Core Earnings
  
- Operating Segment Information
  6. Gross Trading Profit and Net Profit by Operating Segment
  7. Core Earnings and Total Assets by Operating Segment
  
- Cash Flows
  
- Balance Sheet and Interest Coverage
  
- Group Firms
  11. Number and Consolidated Profits & Losses of Group Firms
  12. Major Profit-making & Loss-making Firms
  
- Non-consolidated Information
  13. <Reference> Non-consolidated Financial Results for 1st Half FY03

**DISCLAIMER REGARDING FORWARD-LOOKING STATEMENTS**

THIS DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS ABOUT THE PERFORMANCE OF MARUBENI AND ITS GROUP COMPANIES, BASED ON MANAGEMENT'S ASSUMPTIONS IN LIGHT OF CURRENT INFORMATION. THE FOLLOWING FACTORS MAY THEREFORE INFLUENCE ACTUAL RESULTS. THESE FACTORS INCLUDE CONSUMER TRENDS IN JAPAN AND IN MAJOR GLOBAL MARKETS, PRIVATE CAPITAL EXPENDITURES, CURRENCY FLUCTUATIONS, NOTABLY AGAINST THE U.S. DOLLAR, MATERIALS PRICES, AND POLITICAL TURMOIL IN CERTAIN COUNTRIES AND REGIONS.

# 1. Financial Highlights

(billions of yen)	FY00		FY00		FY01		FY01		FY02		FY02		FY03		FY03	
	1st Half	2nd Half	Yearly	Yearly	1st Half	2nd Half	Yearly	Yearly	1st Half	2nd Half	Yearly	Yearly	1st Half	2nd Half	Yearly	Yearly Pros.
Total volume of trading transactions	4,499.5	4,937.4	9,436.9	4,447.0	4,525.2	4,447.0	8,972.2	4,312.4	4,480.9	8,793.3	3,825.4	(-487.0)	8,200.0			
Gross trading profit *	242.1	237.7	479.8	213.6	224.4	213.6	438.0	214.6	210.0	424.6	198.6	(-16.0)	420.0			
SGA expenses *	-199.2	-199.0	-398.2	-191.9	-198.9	-191.9	-390.8	-169.1	-174.4	-343.5	-161.0	(+8.1)	-335.0			
<b>Adjusted operating profit</b>	<b>42.9</b>	<b>38.7</b>	<b>81.6</b>	<b>21.7</b>	<b>25.5</b>	<b>21.7</b>	<b>47.2</b>	<b>45.4</b>	<b>35.7</b>	<b>81.1</b>	<b>37.5</b>	<b>(-7.9)</b>	<b>85.0</b>			
Other restructuring costs																
Gross trading profit					-4.0	2.8	-1.2									
SGA expenses					-1.0	-0.3	-1.3									
Provision for doubtful accounts					-39.4	-4.6	-43.9									
Operating profit	28.9	12.6	41.5	19.8	-18.8	19.8	0.8	39.3	34.1	73.4	39.0	(-0.3)	77.0			
Interest expense-net	-14.5	-15.0	-29.5	-14.4	-15.1	-14.4	-29.5	-11.4	-12.1	-23.5	-10.8	(+0.5)	-26.0			
Dividends received	3.0	4.7	7.7	3.1	4.4	3.1	7.5	3.6	3.2	6.8	4.4	(+0.8)	5.0			
Minority interests in earnings of subsidiaries	-0.2	-0.7	-0.9	-0.2	-1.0	-0.2	-1.2	-1.0	-2.2	-3.2	-1.1	(-0.1)	-10.0			
Others	-8.4	-3.7	-12.1	-14.5	-128.2	-14.5	-142.7	-4.0	-16.3	-20.3	-3.0	(+1.0)				
Income/losses before income taxes and equity in earnings/losses	8.8	-2.1	6.7	-6.4	-158.8	-6.4	-165.2	26.5	6.7	33.2	28.4	(+1.9)	46.0			
Income/losses before equity in earnings	-3.6	1.8	-1.8	0.5	-98.0	0.5	-97.5	11.3	5.6	16.9	12.8	(+1.5)	20.0			
Equity in earnings/losses -net *	9.7	7.2	16.9	2.4	-1.0	2.4	1.4	6.5	6.9	13.4	8.2	(+1.7)	13.0			
Restructuring costs in equity in earnings/losses					-8.0	-12.3	-20.3				-1.3	(-1.3)				
<b>Net income/loss</b>	<b>6.1</b>	<b>8.9</b>	<b>15.0</b>	<b>-9.4</b>	<b>-107.0</b>	<b>-9.4</b>	<b>-116.4</b>	<b>17.8</b>	<b>12.5</b>	<b>30.3</b>	<b>19.7</b>	<b>(+1.9)</b>	<b>33.0</b>			

\* excluding restructuring costs

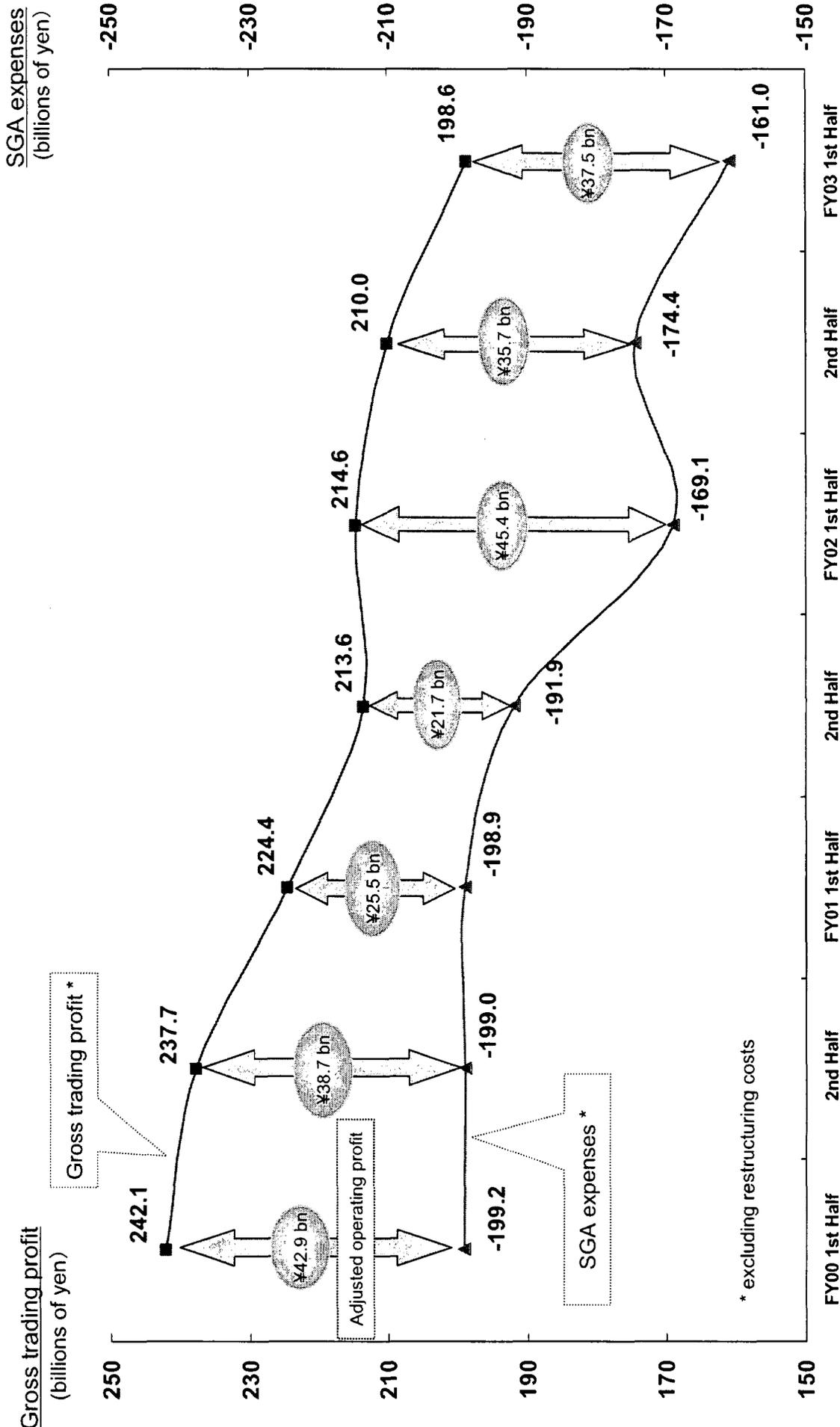
## 2. Consolidated Financial Results for 1st Half FY03

(billions of yen)	1st Half		FY03		FY02		FY03	
	FY02	1st Half	FY03	(Variance)	Results	Yearly Pros.	(Variance)	
Gross trading profit *	214.6	198.6	198.6	(-16.0)	424.6	420.0	(-4.6)	
SGA expenses *	-169.1	-161.0	-161.0	(+8.1)	-343.5	-335.0	(+8.5)	
Adjusted operating profit	45.4	37.5	37.5	(-7.9)	81.1	85.0	(+3.9)	
Dividends received	3.6	4.4	4.4	(+0.8)	6.8	5.0	(-1.8)	
Equity in earnings *	6.5	8.2	8.2	(+1.7)	13.4	13.0	(-0.4)	
<b>Core earnings</b>	<b>55.5</b>	<b>50.1</b>	<b>50.1</b>	<b>(-5.4)</b>	<b>101.3</b>	<b>103.0</b>	<b>(+1.7)</b>	
Interest expense-net	-11.4	-10.8	-10.8	(+0.5)	-23.5	-26.0	(-2.5)	
<b>Total</b>	<b>44.1</b>	<b>39.3</b>	<b>39.3</b>	<b>(-4.8)</b>	<b>77.8</b>	<b>77.0</b>	<b>(-0.8)</b>	
<b>Net income</b>	<b>17.8</b>	<b>19.7</b>	<b>19.7</b>	<b>(+1.9)</b>	<b>30.3</b>	<b>33.0</b>	<b>(+2.7)</b>	
*excluding restructuring costs								
<b>Total assets</b>	4,401.2	4,263.5	4,263.5	(-137.7)	4,321.5	4,200.0	(-121.5)	
<b>Net interest-bearing debt</b>	2,512.7	2,168.0	2,168.0	(-344.7)	2,264.1	2,200.0	(-64.1)	
<b>Shareholders' equity</b>	257.9	304.2	304.2	(+46.3)	260.1	290.0	(+29.9)	
<b>Net D/E ratio</b>	9.7 times	7.1 times	7.1 times	(-2.6 points)	8.7 times	7.6 times	(-1.1 points)	
	<b>Sep. 2002</b>	<b>Sep. 2003</b>	<b>Sep. 2003</b>	<b>(Variance)</b>	<b>Mar. 2003</b>	<b>Pros. For Mar. 2004</b>	<b>(Variance)</b>	

### 3. Balance Sheets

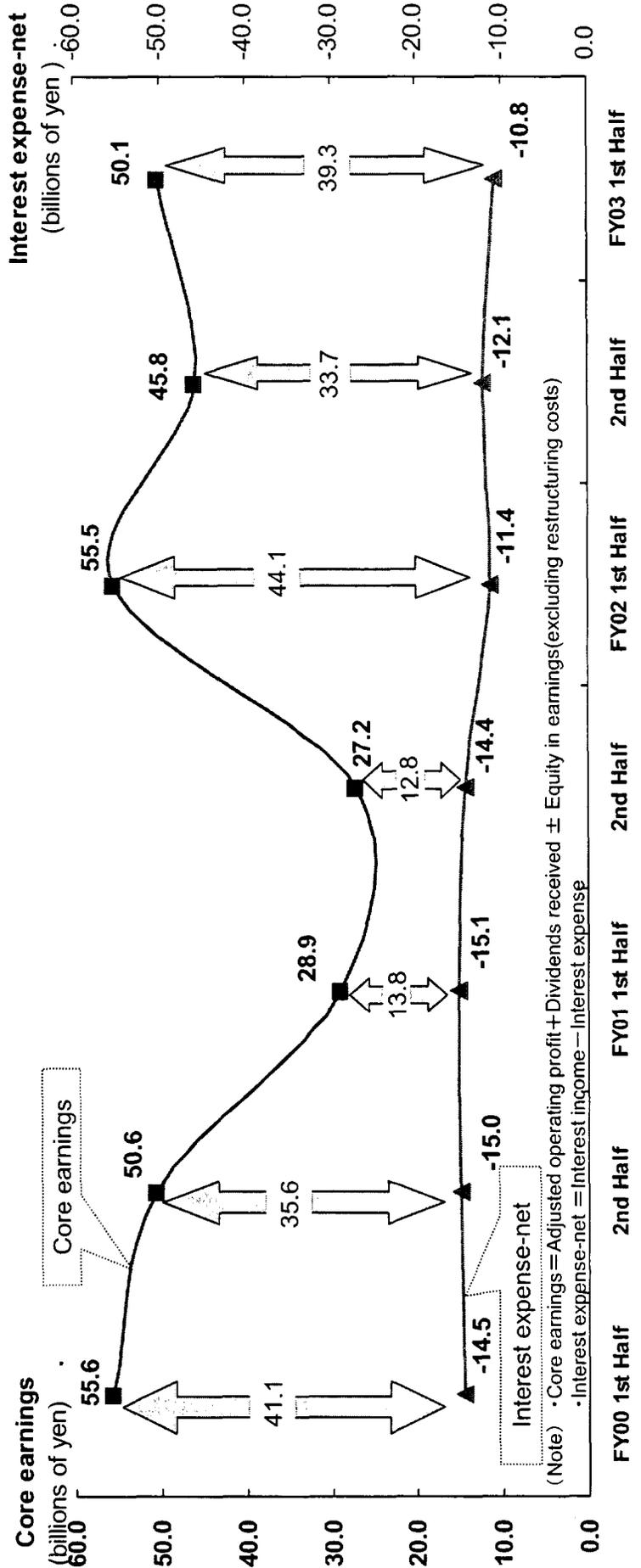
(billions of yen)	Mar. 01	Mar. 02	Mar. 03	Sep. 03	(Change from Mar. 03)	Pros. For Mar. 04
Current assets	2,772.8	2,487.6	2,202.1	2,152.9	(-49.2)	
Investment/Fixed assets	2,547.8	2,318.1	2,119.4	2,110.6	(-8.8)	
Total assets	5,320.6	4,805.7	4,321.5	4,263.5	(-58.0)	4,200.0
Short-term loans (*)	1,311.5	1,247.3	963.3	1,039.4	(+76.2)	
Long-term interest-bearing debt	2,116.9	1,937.6	1,781.6	1,658.5	(-123.2)	
Interest-bearing debt	3,428.4	3,184.9	2,745.0	2,697.9	(-47.1)	2,550.0
(*) including current portion of long-term debt						
Net interest-bearing debt	3,089.8	2,712.9	2,264.1	2,168.0	(-96.1)	2,200.0
Shareholders' equity	342.3	263.9	260.1	304.2	(+44.1)	290.0
Net D/E ratio (times)	9.0 times	10.3 times	8.7 times	7.1 times	(-1.6 points)	7.6 times
Equity ratio (%)	6.43%	5.49%	6.00%	7.14%	(+1.14%)	6.90%
Current ratio (%)	101.80%	101.90%	104.60%	101.50%	(-3.1%)	-

## 4. Gross Trading Profit and SGA Expenses

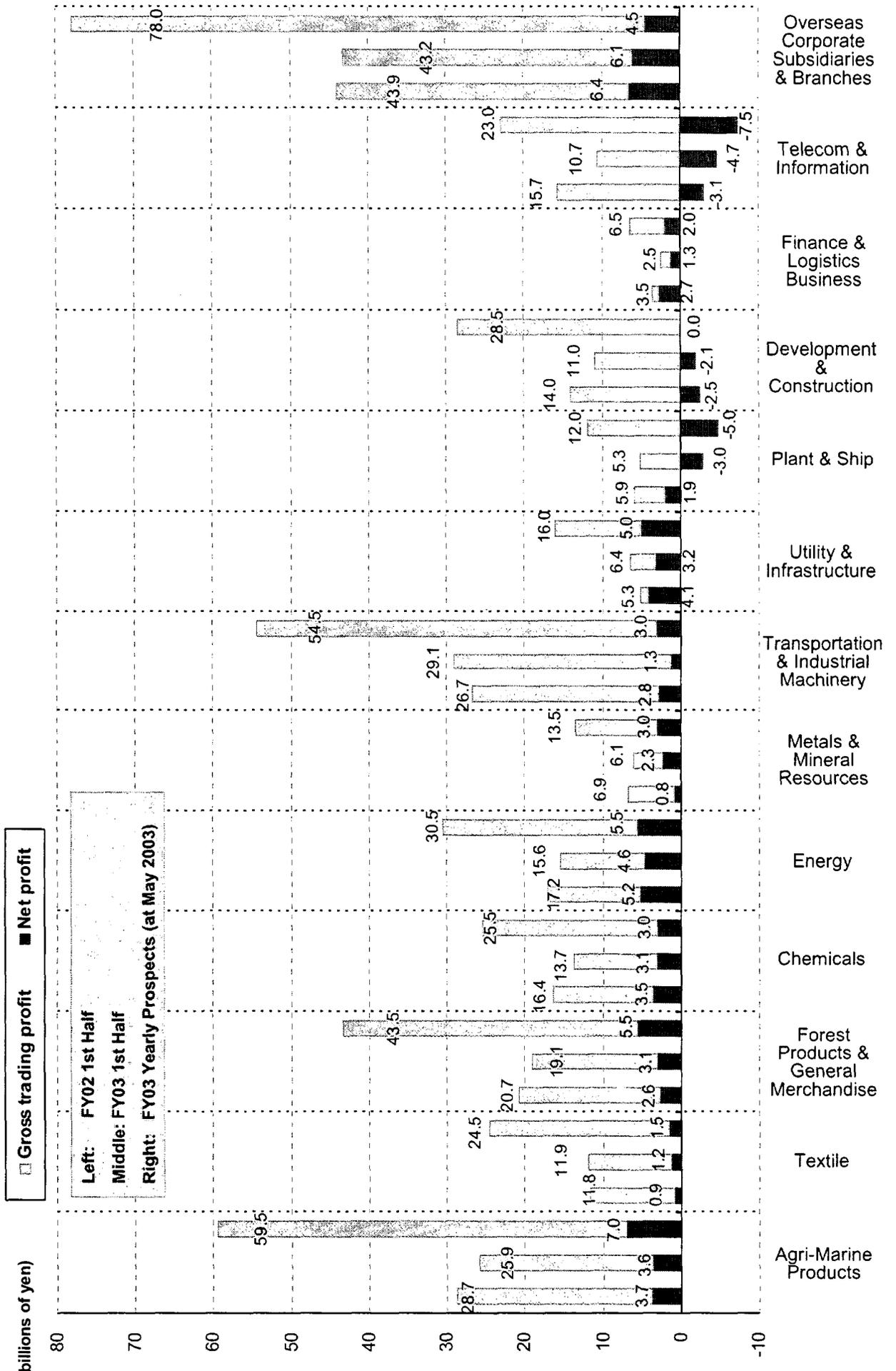


## 5. Core Earnings

(billions of yen)	FY00		FY01		FY02		FY03	
	1st Half	2nd Half						
Adjusted operating profit	42.9	38.7	25.5	21.7	45.4	35.7	37.5	37.5
Dividend received	3.0	4.7	4.4	3.1	3.6	3.2	4.4	4.4
Equity in earnings (excluding restructuring costs)	9.7	7.2	-1.0	2.4	6.5	6.9	8.2	8.2
<b>Core earnings</b>	<b>55.6</b>	<b>50.6</b>	<b>28.9</b>	<b>27.2</b>	<b>55.5</b>	<b>45.8</b>	<b>50.1</b>	<b>50.1</b>
Interest expense-net	-14.5	-15.0	-15.1	-14.4	-11.4	-12.1	-10.8	-10.8
<b>Total</b>	<b>41.1</b>	<b>35.6</b>	<b>13.8</b>	<b>12.8</b>	<b>44.1</b>	<b>33.7</b>	<b>39.3</b>	<b>39.3</b>

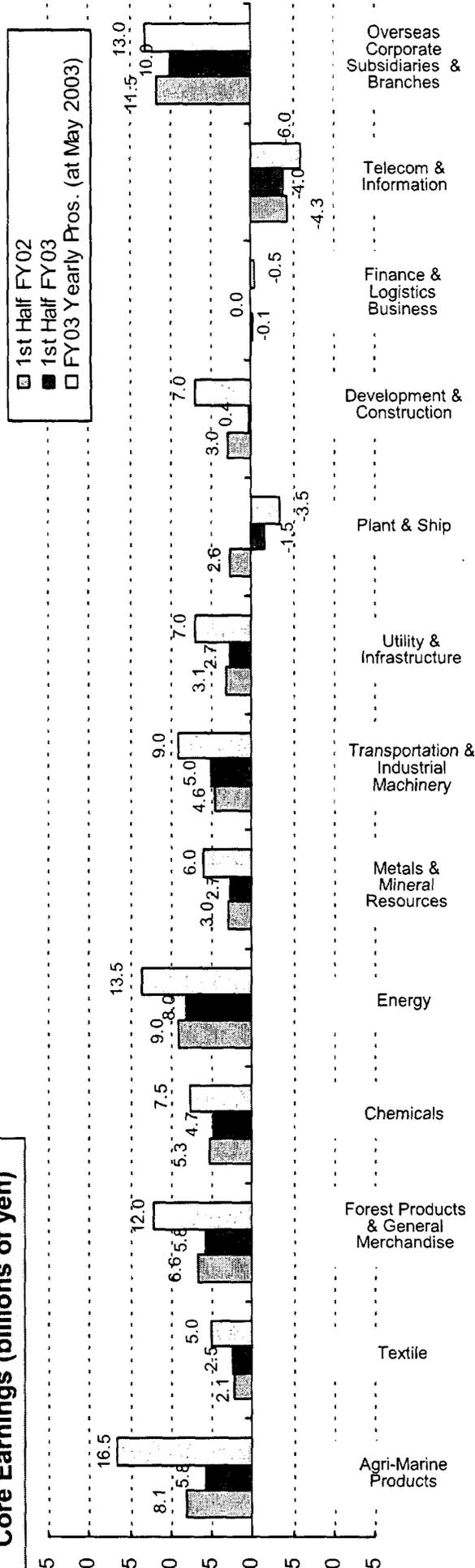


## 6. Gross Trading Profit and Net Profit by Operating Segment

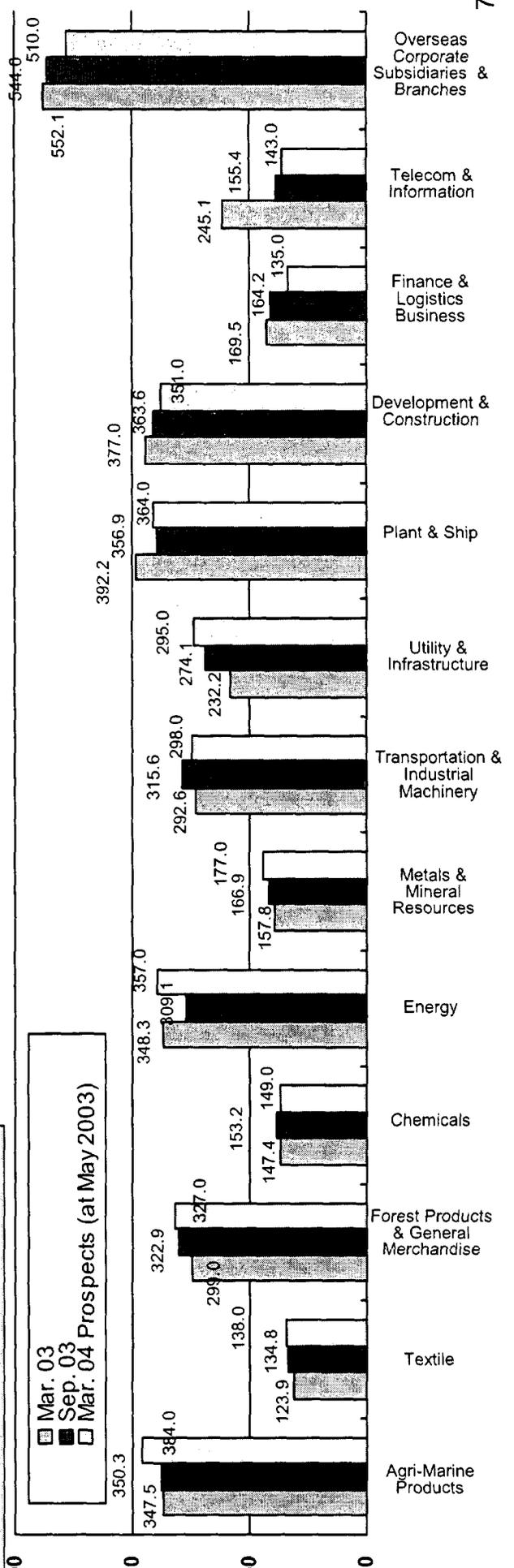


# 7. Core Earnings and Total Assets by Operating Segment

**Core Earnings (billions of yen)**



**Total Assets (billions of yen)**



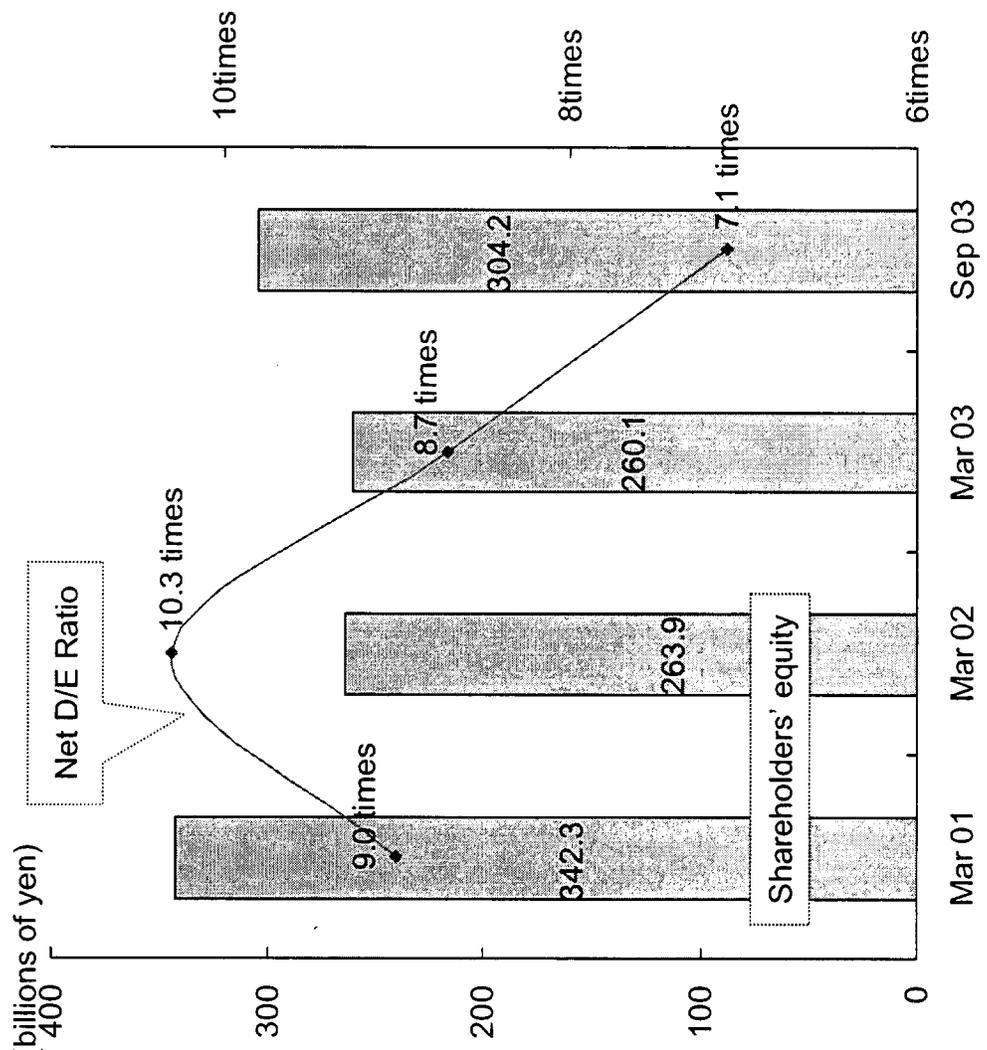
# 8. Cash Flows

(billions of yen)	FY01 Yearly	FY02 Yearly	FY03 1st Half	Major factors during 1st Half FY03
<b>Operating activities</b>				
Net income(losses)	-116.4	30.3	19.7	
Adjustments to reconcile net income (losses) to net cash provided by operating activities:				
Depreciation and amortization	71.1	63.7	25.3	
Provision for doubtful accounts	43.9	5.7	-1.5	
Other	71.7	-2.1	5.2	
<b>Sub total</b>	<b>186.7</b>	<b>67.3</b>	<b>29.0</b>	
Changes in assets and liabilities concerning operating activities:				
Other	124.4	91.6	14.1	Decrease in working capital due to reduction of accounts receivable, etc.
<b>Net cash provided by operating activities</b>	<b>198.5</b>	<b>194.8</b>	<b>72.4</b>	
<b>Investing activities</b>				
Purchase and sales/redemptions of securities and other investments -net	66.3	25.3	4.6	
Purchase and sales of property and equipment and property leased to others -net	-57.3	-11.9	-19.3	Asset purchase by a leasing subsidiary of Marubeni America Corporation
Collection of loans receivable -net	55.9	103.8	31.3	Acceleration of collection of loans receivable
Other	9.6	-4.0	-6.0	
<b>Net cash provided by investing activities</b>	<b>74.5</b>	<b>113.2</b>	<b>10.6</b>	
<b>Free cash flows</b>				
	273.0	308.0	82.9	
<b>Financing activities</b>				
Increase and decrease in interest-bearing debt -net	-152.6	-295.1	-25.2	
Other	2.5	1.1	-4.9	
<b>Net cash used in financing activities</b>	<b>-150.1</b>	<b>-294.0</b>	<b>-30.1</b>	
Effect of exchange rate changes on cash and cash equivalents	13.9	-14.1	1.0	
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>136.8</b>	<b>-0.1</b>	<b>53.8</b>	
				(billions of yen)
				Decrease in gross interest-bearing debt on the balance sheets -47.1
				Decrease in gross interest-bearing debt in cash flow -25.2
				Difference 22.0
				(Breakdown of the difference)
				Decrease due to the exchange rate -3.0
				Increase with the adoption of FASB133 -19.0

## 9. Shareholders' Equity

(billions of yen)	Mar. 01	Mar. 02	Mar. 03	Sep. 03	(Change from Mar. 03)	Pros. for Mar. 04
-------------------	---------	---------	---------	---------	-----------------------	-------------------

Shareholders' equity	342.3	263.9	260.1	304.2	(+44.1)	290.0
<b>Net DE ratio</b>	<b>9.0 times</b>	<b>10.3 times</b>	<b>8.7 times</b>	<b>7.1 times</b>	<b>(-1.6 points)</b>	<b>7.6 times</b>

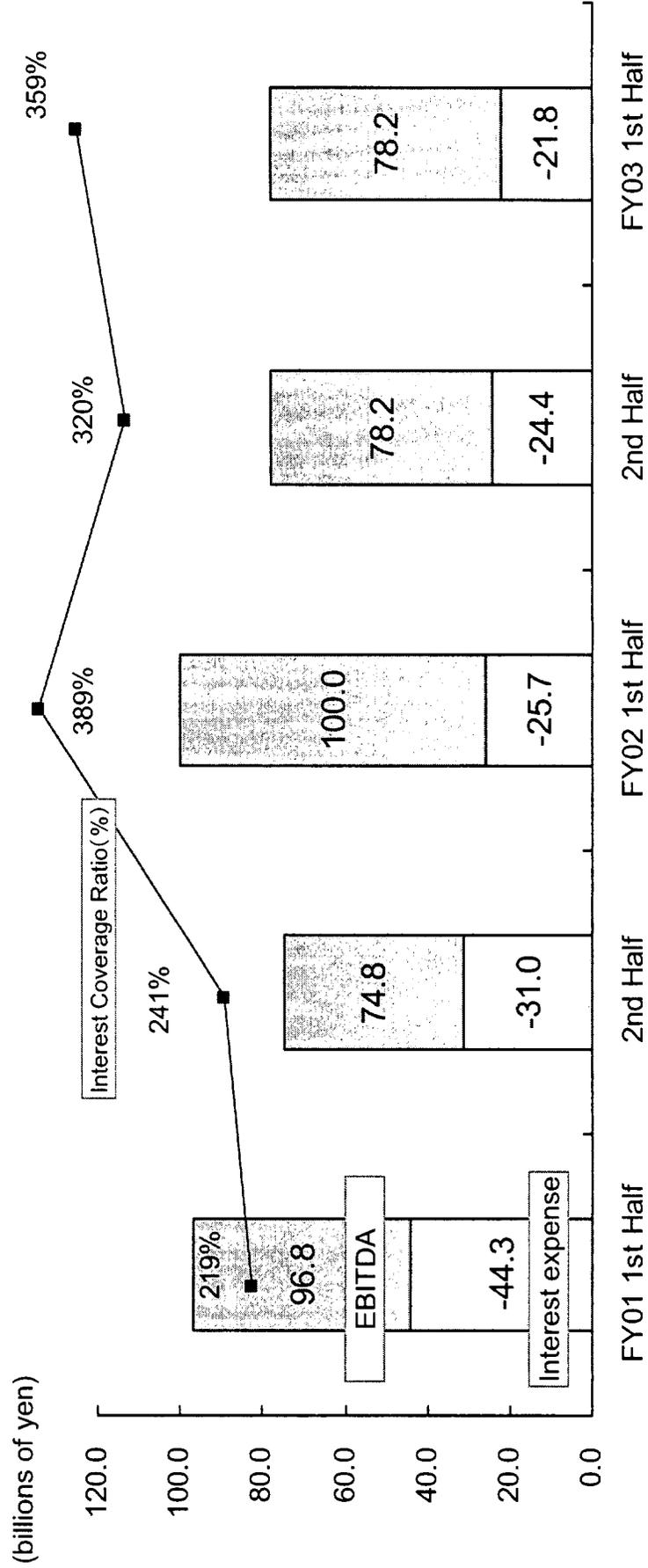


### <Breakdown of Shareholders' Equity as of Sep.03>

(billions of yen)	Change from Mar. 2003
Common stock and additional paid in capital	281.8 (-)
Retained earnings	80.0 (+15.2)
Net unrealized losses on investment securities	14.1 (+22.5)
Currency translation adjustments	-67.2 (+5.5)
Minimum pension liability adjustment	-0.6 (-)
Net unrealized losses on derivatives	-3.9 (+0.9)
Treasury stocks	-0.1 (-)
<b>Total shareholders' equity</b>	<b>304.2 (+44.1)</b>

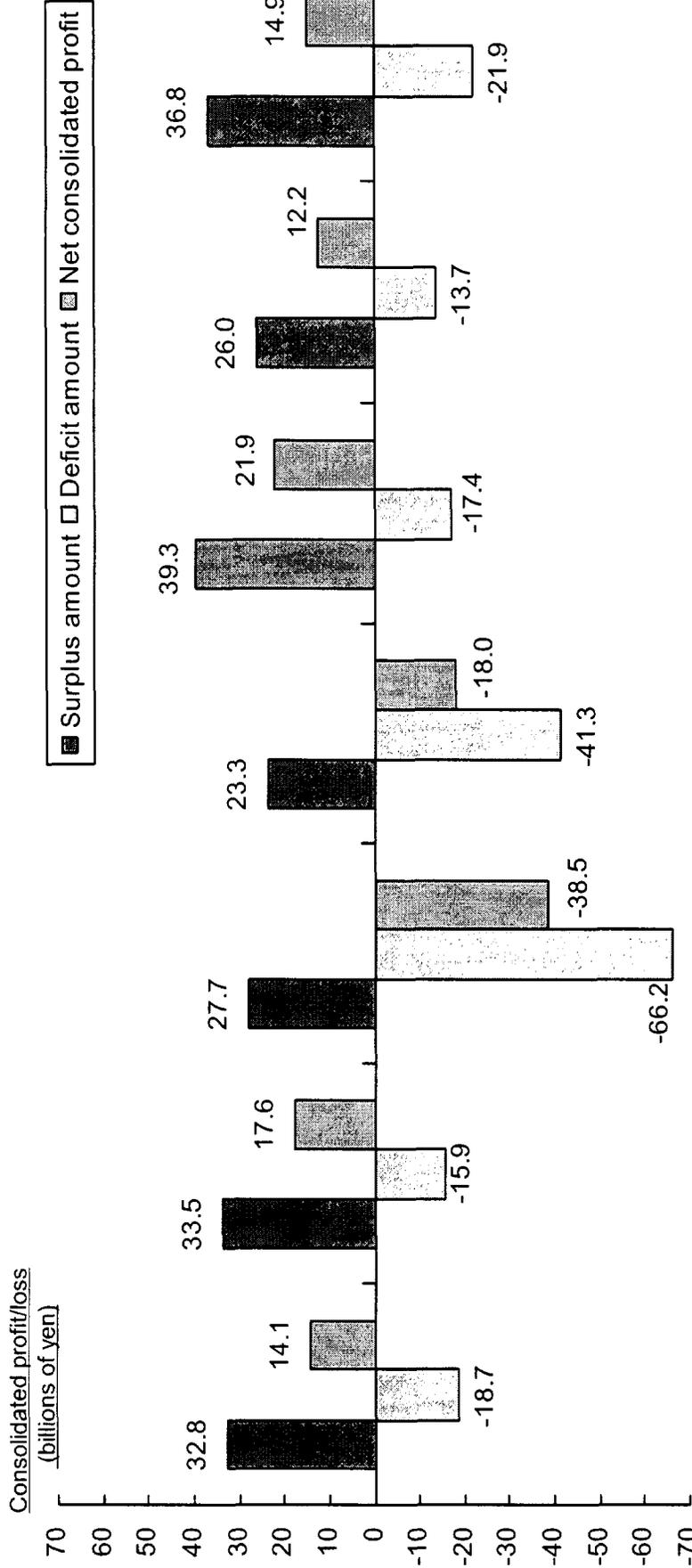
## 10. Interest Coverage Ratio

(billions of yen)	FY01		FY02		FY03	
	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Adjusted operating profit	25.5	21.7	45.4	35.7	37.5	37.5
Interest income	29.2	16.6	14.3	12.3	11.0	11.0
Dividends	4.4	3.1	3.6	3.2	4.4	4.4
Depreciation and amortization	37.7	33.4	36.7	27.0	25.3	25.3
<b>Total EBITDA (a)</b>	<b>96.8</b>	<b>74.8</b>	<b>100.0</b>	<b>78.2</b>	<b>78.2</b>	<b>78.2</b>
Interest expense (b)	-44.3	-31.0	-25.7	-24.4	-21.8	-21.8
<b>Interest coverage (a)/(b)</b>	<b>219%</b>	<b>241%</b>	<b>389%</b>	<b>320%</b>	<b>359%</b>	<b>359%</b>



# 11. Number and Consolidated Profits & Losses of Group Firms

	FY00	FY01	FY02	FY03
	1st Half	2nd Half	1st Half	2nd Half



	FY00	FY01	FY02	FY03
	Sep. 00	Mar. 01	Sep. 01	Mar. 02

	Sep. 00	Mar. 01	Sep. 01	Mar. 02	Sep. 02	Mar. 03	Sep. 03
Number of profit-making firms	441	480	403	391	385	375	361
Number of loss-making firms	195	118	180	124	115	109	123
<b>Total number of consolidated group firms</b>	<b>636</b>	<b>598</b>	<b>583</b>	<b>515</b>	<b>500</b>	<b>484</b>	<b>484</b>
<b>Loss-making firm ratio</b>	<b>30.7%</b>	<b>19.7%</b>	<b>30.9%</b>	<b>24.1%</b>	<b>23.0%</b>	<b>22.5%</b>	<b>25.4%</b>

## 12. Major Profit-making & Loss-making Firms

Consolidated profit / loss (billions of yen)	FY02		FY03		FY03 Yearly Pros. (at May 2003)
	1st Half	2nd Half	Yearly	1st Half	
<b>&lt;Major Profit-making firms&gt;</b>					
Subsidiaries					
M. America (100%)	3.1	-0.7	2.4	2.8	2.8
M. LNG International (100%)	0.6	1.7	2.3	1.6	1.3
M. Real Estate Co., Ltd. (100%)	0.5	0.1	0.6	0.8	0.4
M. Aluminium Australia (100%)	1.0	0.2	1.2	0.8	0.8
M. Energy (100%)	0.5	0.9	1.4	0.6	0.9
Affiliated					
Uni-Mar Energi (33.3%)	3.1	2.4	5.5	2.2	2.2
Companies					
Marubeni-Itochu Steel Inc. (50%)	1.9	1.4	3.3	1.7	2.7
Daishowa-Marubeni Int'l (50%)	0.4	-0.1	0.3	1.6	0.8
San Roque Power (41.35%)	-	-	-	1.1	2.1
Thai Cold Rolled Steel Sheet (37.57%)	0.3	0.5	0.8	0.7	0.5
<b>&lt;Major Loss-making firms&gt;</b>					
Subsidiaries					
Vectant Group (100%)	-3.7	-1.6	-5.3	-2.5	-5.6
MIECO (100%)	1.1	-0.7	0.4	-2.2	-1.6
Meditec Corporation (100%)	-0.5	-2.4	-2.9	-1.6	-1.3
Marubeni Chikusan Corp. (99.98%)	0.0	-0.2	-0.2	-1.1	0.3
MC Estate Ltd. (100%) (former Marubeni Construction Co.)	-0.7	-0.6	-1.3	-0.9	-3.0 →
Affiliated					
MUSI Pulp Project (45%)	-0.8	-0.3	-1.1	-1.4	-3.1
Companies					
Asano Engineering Co. (47.5%)	-0.9	0.5	-0.4	-1.1	-0.9
PT Chandra Asri (24.6%)	0.2	-2.2	-2.0	-1.0 *	-2.2
Japan Cablenet Ltd. (23%)	-0.3	-0.1	-0.4	-0.2	-0.3

(\*):excluding Equity in losses related to impairment charges to its fixed assets(-2.2 billion yen)

**13. <Reference> Non-consolidated Financial Results for 1st Half FY03**

(billions of yen)	FY02		FY02	FY03	FY03 Yearly Pros.
	1st Half	2nd Half	Yearly	1st Half	

**<Business Results>**

Total volume of trading transactions	3,375.6	3,509.7	6,885.3	2,817.2	
Gross trading profit	57.2	59.9	117.1	53.4	-
Operating profit	10.8	5.9	16.7	6.8	-
Ordinary profit	8.9	21.4	30.3	10.4	
Net income(loss)	6.4	4.0	10.4	6.6	12.0

**<Balance Sheets>**

	<u>Sep. 02</u>	<u>Mar. 03</u>	<u>Sep. 03</u>
Total assets	2,673.9	2,733.5	2,726.6
Shareholders' equity	257.6	257.1	276.6
Interest-bearing debt	1,780.6	1,736.3	1,732.4
(Net interest-bearing debt)	1,567.4	1,463.3	1,423.0
Net D/E ratio (times)	6.1 times	5.7 times	5.1 times

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**Marubeni**  
CORPORATION

# *Interim Financial Results for FY2003*

(April 1, 2003 ~ September 30, 2003)

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November 14, 2003

**Marubeni Corporation**

(TSE Code: 8002)

*\*This document is an English translation of statements written initially in Japanese.*

*The original in Japanese should be considered the primary version.*

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# Interim Financial Results for FY2003

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Summary of Consolidated Financial Statements for 1<sup>st</sup> Half FY2003

#### Disclaimer Regarding Forward-Looking Statements

This document contains forward-looking statements about the performance of Marubeni and its Group companies, based on management's assumptions in light of current information. The following factors may therefore influence actual results.

These factors include consumer trends in Japan and in major global markets, private capital expenditures, currency fluctuations, notably against the U.S. dollar, materials prices, and political turmoil in certain countries and regions.

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I. Consolidated Financial Results  
for 1<sup>st</sup> Half FY2003

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# Marubeni Corporation

## 1. Consolidated Statements of Operations

	<i>Millions of yen</i>			
	<i>Six months ended</i>		<b>Variance</b>	
	<b>September 30</b>			
	<b>2003</b>	<b>2002</b>		
Total volume of trading transactions	<b>¥ 3,825,357</b>	¥ 4,312,403	¥ - 487,046	- 11.3 %
Gross trading profit (ratio)	¥ 198,550 (5.19%)	¥ 214,555 (4.98%)	¥ - 16,005	- 7.5%
Expenses:				
Selling, general and administrative expenses	- 161,041	- 169,123	8,082	- 4.8 %
Provision for doubtful accounts	1,450	- 6,128	7,578	-
Total	<b>- 159,591</b>	<b>- 175,251</b>	15,660	- 8.9 %
Operating profit (loss)	<b>38,959</b>	39,304	- 345	- 0.9 %
Other income (expenses):				
Interest expense, net of interest income	- 10,840	- 11,389	549	- 4.8 %
Dividends	4,379	3,565	814	22.8 %
Gain (loss) on investment securities	1,817	455	1,362	-
Gain (loss) on property and equipment	- 530	1,131	- 1,661	-
Other - net	- 5,408	- 6,578	1,170	-
Total	<b>- 10,582</b>	<b>- 12,816</b>	2,234	-
Income (loss) before income taxes and equity in earnings (losses) of affiliated companies	<b>28,377</b>	26,488	1,889	7.1 %
Provision for income taxes	<b>- 15,564</b>	- 15,207	- 357	2.3 %
Income (loss) before equity in earnings (losses) of affiliated companies	<b>12,813</b>	11,281	1,532	13.6 %
Equity in earnings (losses) of affiliated companies-net (after income tax effects)	<b>6,890</b>	6,522	368	5.6 %
Net income (loss)	<b>¥ 19,703</b>	¥ 17,803	¥ 1,900	10.7 %

\*These financial statements are based on US GAAP.

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

Total volume of trading transactions is the sum of those in which the Companies act as principal and those in which the Companies act as agent.

**1. Total volume of trading transactions and Gross trading profit by operating segment:**

	Total volume of trading transactions		Gross trading profit		(Main reasons for increase/ decrease of Gross trading profit)
	1st Half FY2003	Variance from	1st Half FY2003	Variance from	
		same period of previous year		same period of previous year	
Agri-Marine Products	381.2	-97.0	25.9	-2.8	Decrease in marine products, livestock, and beverage-related business
Textile	172.1	-7.2	11.9	0.1	Remaining at same level as the same period of the previous year
Forest Products & General Merchandise	381.6	18.0	19.1	-1.6	Decrease in profit ratio in paper related business and building material
Chemicals	278.7	-7.4	13.7	-2.6	Decrease in electronic materials and vinyl chloride/alkali, unconsolidation of subsidiaries
Energy	1,008.9	-86.1	15.6	-1.6	Decrease in crude oil dealing
Metals & Mineral Resources	243.0	20.1	6.1	-0.8	Decrease due to foreign exchange
Transportation & Industrial Machinery	344.0	9.0	29.1	2.3	Increase in industrial machinery and aircraft related business, and increase due to transfer of digital product businesses
Utility & Infrastructure	134.5	-43.4	6.4	1.1	Increase in an Abu Dhabi water pipe project
Plant & Ship	283.8	-153.5	5.3	-0.6	Decrease in transactions of energy & chemical plants towards Middle East and Africa
Development & Construction	67.7	3.2	11.0	-3.1	Decrease in domestic housing projects and sales of overseas leased buildings
Finance & Logistics Business	9.3	-13.3	2.5	-1.0	Decrease due to unconsolidation of leasing subsidiaries
Telecom & Information	81.2	-123.3	10.7	-5.0	Decrease due to unconsolidation of subsidiaries and transfer of digital product business
Domestic Branches and Offices	75.3	-14.8	2.1	-1.6	Decrease in development & construction-related business
Overseas Corporate Subsidiaries	575.9	-1.7	41.1	0.9	Increase due to unconsolidation of leasing subsidiaries
Corporate & elimination, etc.	-211.8	10.4	-2.0	0.3	
<b>Consolidated</b>	<b>3,825.4</b>	<b>-487.0</b>	<b>198.6</b>	<b>-16.0</b>	

**2. Expenses:**

	(billions of yen)		Variance	(Main reasons for increase/ decrease)
	1st Half FY2003	1st Half FY2002		
Selling, general and administrative expenses	- 161.0	- 169.1	8.1	
(Personnel expenses)	( - 78.9)	( - 84.0)	( 5.1)	Decrease in employees' retirement benefits expense due to introduction of cash balance plan at Parent +2.5
(Transportation expenses)	( - 6.1)	( - 6.5)	( 0.4)	
(Service commissions)	( - 6.4)	( - 7.3)	( 0.8)	
(Depreciation expenses)	( - 10.6)	( - 11.0)	( 0.3)	
Provision for doubtful accounts	1.5	- 6.1	7.6	NATIONAL STEEL +1.2(reversal), Ohira Development posted previous year +3.8
<b>Total</b>	<b>- 159.6</b>	<b>- 175.3</b>	<b>15.7</b>	

**3. Financial Expenses:**

	(billions of yen)		Variance	(Main reasons for increase/ decrease)
	1st Half FY2003	1st Half FY2002		
Interest income	11.0	14.3	- 3.3	Decrease in assets
Interest expense	- 21.8	- 25.7	3.9	Decrease in interest-bearing debt
(Interest - net)	( - 10.8)	( - 11.4)	( 0.5)	(Breakdown of dividends) Parent: 2.1 (Domestic 1.5, Overseas 0.6), Domestic subsidiaries: 0.2, Overseas subsidiaries: 2.1
Dividends	4.4	3.6	0.8	
<b>Total</b>	<b>- 6.5</b>	<b>- 7.8</b>	<b>1.3</b>	

**4. Gain (loss) on investment securities:**

	(billions of yen)		Variance	(Main reasons for increase/ decrease of Gain/loss on investment securities (Variance from same period of previous year))
	1st Half FY2003	1st Half FY2002		
Gain (loss) on investment securities	9.7	12.8	- 3.0	Profit on sale of listed stock 5.3 (+2.8), Profit on stock sales of Taiwan IPP 3.2(+3.2), Gain from GAL equity swap posted previous year 0(-6.6)
Evaluation losses on investment securities	- 7.9	- 12.3	4.4	Loss resulted from valuation of listed stock posted previous year 0 (+12.2), Sithe related appraisal loss -6.0 (-6.0)
<b>Total</b>	<b>1.8</b>	<b>0.5</b>	<b>1.4</b>	

**5. Gain (loss) on property and equipment:**

	(billions of yen)		Variance	(Main reasons for increase/ decrease)
	1st Half FY2003	1st Half FY2002		
Gain on sales of property and equipment	0.6	1.6	- 0.1	Profit in sales of company residence in Jakarta (Posted previous term) -0.5 etc.
Loss on sales of property and equipment/ appraisal losses	- 1.1	- 0.5	- 0.7	
<b>Total</b>	<b>- 0.5</b>	<b>1.1</b>	<b>- 1.7</b>	

**6. Other-net**

	(billions of yen)		Variance	(Main reasons for increase/ decrease)
	1st Half FY2003	1st Half FY2002		
Gain (loss) on foreign exchange	- 0.4	- 5.5	5.1	(03/3:@120.20-03/9:@111.25 (↑:8.95) / 02/3:@133.25-02/9:@122.60 (↑:10.65))
Loss on affiliated companies	- 2.0	- 0.7	- 1.3	Losses related to an Agri-marine related subsidiary -1.2 etc.
Minority interests in consolidated subsidiaries	- 1.1	- 1.0	- 0.1	
Other	- 1.9	0.6	- 2.5	Gain on early redemption of corporate bonds posted previous year -4.5
<b>Total</b>	<b>- 5.4</b>	<b>- 6.6</b>	<b>1.2</b>	

**7. Equity in earnings and losses (after income tax effects)**

	(billions of yen)		Variance	
	1st Half FY2003	1st Half FY2002		
Uni-Mar Enerji	2.2	3.1	- 0.1	Decrease due to foreign exchange
Marubeni-Itchu Steel Inc.	1.7	1.9	- 0.0	
Daishowa-Marubeni	1.6	0.4	0.1	Improvement in gain (loss) on foreign exchange
SAN ROQUE POWER	1.1	-	1.1	Start of operation
Asano Engineering	- 1.1	- 0.9	- 0.0	
P.T.CHANDRA ASRI	- 3.2	0.2	- 0.3	Impairment charges to fixed assets (-2.2)
Other	4.6	1.8	0.3	
<b>Total</b>	<b>6.9</b>	<b>6.5</b>	<b>0.1</b>	

Marubeni Corporation  
2. Consolidated Balance Sheets

	<i>Millions of yen</i>		
	September 30 2003	March 31 2003	Variance
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents, and time deposits	¥ 529,925	¥ 480,842	¥ 49,083
Investment securities	17,057	13,290	3,767
Notes and accounts receivable - trade:			
Notes receivable	109,673	108,048	1,625
Accounts receivable	749,639	824,784	- 75,145
Due from affiliated companies	125,589	131,655	- 6,066
Allowance for doubtful accounts	- 28,651	- 32,068	3,417
Inventories	393,425	397,714	- 4,289
Advance payments to suppliers	57,777	67,741	- 9,964
Deferred income taxes	34,052	34,594	- 542
Prepaid expenses and other current assets	164,384	175,474	- 11,090
<b>Total current assets</b>	<b>2,152,870</b>	<b>2,202,074</b>	<b>- 49,204</b>
Investments and long-term receivables:			
Affiliated companies	363,498	364,648	- 1,150
Securities and other investments	495,411	450,544	44,867
Notes, loans and accounts receivable - trade	339,910	356,349	- 16,439
Allowance for doubtful accounts	- 105,691	- 110,462	4,771
Property leased to others, at cost, less accumulated depreciation	204,674	201,871	2,803
<b>Total investments and long-term receivables</b>	<b>1,297,802</b>	<b>1,262,950</b>	<b>34,852</b>
Net property and equipment	454,853	460,331	- 5,478
Prepaid pension cost	112,214	113,005	- 791
Deferred income taxes	135,582	157,335	- 21,753
Intangible fixed assets	46,746	42,236	4,510
Goodwill	24,763	23,553	1,210
Other assets	38,688	59,998	- 21,310
<b>Total assets</b>	<b>¥4,263,518</b>	<b>¥4,321,482</b>	<b>¥ - 57,964</b>

\*These financial statements are based on US GAAP.

## 1. Major Increase/Decrease

### Assets

	<i>Billions of yen</i>		
	Sept. 03	Variance from Mar. 03	
Cash and cash equivalents, and time deposits	529.9	+ 49.1	Increase mainly in Parent and a financial subsidiary
Notes and accounts receivable-trade	749.6	- 75.1	Decrease in <i>Transportation, Energy, etc.</i>
Due from affiliated companies	125.6	- 6.1	Decrease in trade receivable, short-term loans receivable
Advance payments to suppliers	57.8	- 10.0	Decrease mainly in Marubeni America Corporation (Helena Chemical)
Other current assets	164.4	- 11.1	Decrease in Parent regarding money trust
Securities and other investments	495.4	+ 44.9	Rise of market value of listed shares held by Parent Increase in investment of a machinery related subsidiary
Long-term receivables	339.9	- 16.4	Decrease due to disposal of overseas accounts receivable and repayment before maturity Decrease in doubtful accounts
Other fixed assets	38.7	- 21.3	Decrease in derivative assets in Parent
Deferred income tax assets (current & fixed)	169.6	- 22.3	
Deferred income tax liabilities (current & fixed)	20.5	+ 7.5	
Net deferred income tax assets	149.2	- 29.8	

Marubeni Corporation

2. Consolidated Balance Sheets (continued)

	<i>Millions of yen</i>		
	September 30 2003	March 31 2003	Variance
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Short-term loans	¥ 627,303	¥ 561,139	¥ 66,164
Current portion of long-term debt	412,137	402,186	9,951
Notes and accounts payable-trade			
Notes and acceptances payable	183,666	196,282	- 12,616
Accounts payable	564,590	608,386	- 43,796
Due to affiliated companies	46,568	44,717	1,851
Advance payments received from customers	55,302	60,553	- 5,251
Income taxes	10,603	13,773	- 3,170
Deferred income taxes	1,756	1,984	- 228
Accrued expenses and other current liabilities	219,133	216,880	2,253
<b>Total current liabilities</b>	<b>2,121,058</b>	<b>2,105,900</b>	<b>15,158</b>
Long-term debt, less current portion	1,776,658	1,902,327	- 125,669
Employees' retirement benefits	9,288	9,571	- 283
Deferred income taxes	18,694	10,972	7,722
Minority interests in consolidated subsidiaries	33,643	32,661	982
<b>Shareholders' equity:</b>			
Common stock	194,039	194,039	-
Additional paid-in capital	87,765	87,765	-
Retained earnings (losses)	80,008	64,786	15,222
Accumulated other comprehensive loss	- 57,530	- 86,441	28,911
Cost of common stock in treasury	- 105	- 98	- 7
<b>Total shareholders' equity</b>	<b>304,177</b>	<b>260,051</b>	<b>44,126</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥4,263,518</b>	<b>¥4,321,482</b>	<b>¥ - 57,964</b>
<b>Cash and cash equivalents:</b>	<b>¥ 520,282</b>	<b>¥ 466,511</b>	<b>¥ 53,771</b>
<b>Accumulated other comprehensive loss:</b>			
Net unrealized gains (losses) on investment securities, net of reclassification	¥ 14,121	¥ - 8,363	¥ 22,484
Currency translation adjustments, net of reclassification	- 67,183	- 72,680	5,497
Minimum pension liability adjustment	- 582	- 582	-
Net unrealized losses on derivatives	- 3,866	- 4,816	930

## 1. Major Increase/Decrease (cont.)

### Liabilities

	<i>Billions of yen</i>		
	<u>Sept. 03</u>	<u>Variance from Mar. 03</u>	
Short-term loans	627.3	66.2	Increase mainly in Parent and financial subsidiaries
Current portion of long-term debt	412.1	10.0	Increase mainly in Parent and decrease in financial subsidiaries
Long-term interest-bearing debt, less current portion	1,658.5	-123.2	Decrease mainly in Parent and financial subsidiaries
Short & long-term loans, debentures	2,697.9	-47.1	
Net interest-bearing debt	2,168.0	-96.1	
Notes and acceptances payable	183.7	-12.6	Decrease in <i>Development &amp; Construction etc.</i>
Accounts payable	564.6	-43.8	Decrease in <i>Information &amp; Technology, Transportation &amp; Industrial machinery and Energy</i>
Advance payments received from customers	55.3	-5.3	Decrease mainly in Marubeni America Corporation (Helena Chemical)

### Shareholders' equity

	<i>Billions of yen</i>		
	<u>Sept. 03</u>	<u>Variance from Mar. 03</u>	
Total shareholders' equity	304.2	44.1	Currency translation adjustments, net of reclassification 5.5, Net unrealized gains (losses) on investment securities, net of reclassification 22.5, Net unrealized losses on derivatives -0.9, Net income 19.7, Dividend payed -4.5

## 2. Financial Position

	<u>Sept. 03</u>	<u>Mar. 03</u>	
Ratio of net worth to total assets	7.10%	6.00%	
Current ratio	101.5%	104.6%	
D/E ratio ※	7.13 times	8.71 times	※ D/E ratio = (Gross interest-bearing debt - Cash and cash equivalents, and time deposits) / Shareholders' equity
	<u>Sept. 03</u>	<u>Sept. 02</u>	
R O A	0.46%	0.39%	
R O E	6.98%	6.82%	

Marubeni Corporation

3. Consolidated Statements of Cash Flows

	<i>Millions of yen</i>	
	<i>Six Months ended Sept. 30, 2003</i>	
<b><i>Operating activities</i></b>		
Net income (loss)	¥	19,703
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		29,015
Changes in operating assets and liabilities:		23,656
<b>Net cash provided by operating activities</b>		<b>72,374</b>
<b><i>Investing activities</i></b>		
Proceeds from sales and redemptions of securities and other investments	31,268	} Cash inflow from disposal of equity held by the Parent, redemptions of bonds held by a financial subsidiary, etc.
Purchases of securities and other investments	- 26,668	
Proceeds from sales of property and equipment and property leased to others	4,195	} Cash outflow due to purchase of leased assets by overseas corporate subsidiaries, etc.
Purchases of property and equipment and property leased to others	- 23,492	
Collection of loans receivable	47,495	} Collection and sales of overseas receivables
Loans made to customers	- 16,226	
Other	-6,017	
<b>Net cash provided (used) by investing activities</b>		<b>10,555</b>
<b>Free Cash Flows</b>		<b>82,929</b>
<b><i>Financing activities</i></b>		
Net decrease (increase) in short-term loans	12,058	} Free cash flow appropriated to repayments (25.2 billion yen)
Proceeds from long-term debt	244,609	
Payments of long-term debt	-281,845	
Cash dividend	-4,481	
(Purchase) sale of treasury stock	-7	
Other	- 449	
<b>Net cash used (provided) in financing activities</b>		<b>- 30,115</b>
Effect of exchange rate changes on cash and cash equivalents		957
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>53,771</b>
Cash and cash equivalents at beginning of period		466,511
<b>Cash and cash equivalents at end of period</b>		<b>520,282</b>

These financial statements are based on US GAAP.

# Marubeni Corporation

## 4. Consolidated Companies

### 1. Number of consolidated companies

		September 30 2003	Established Bought	Control Influence	Liquidated Divestiture	March 31 2003	Variance
Subsidiaries	Domestic	120	3	0	-5	122	-2
	Overseas	210	9	0	-4	205	5
	Total	330	12	0	-9	327	3
Affiliated companies	Domestic	53	2	0	-3	54	-1
	Overseas	101	1	0	-3	103	-2
	Total	154	3	0	-6	157	-3
	Domestic	173	5	0	-8	176	-3
	Overseas	311	10	0	-7	308	3
	Total	484	15	0	-15	484	0

### 2. Major companies that have been newly included during this term:

<u>Company name</u>	<u>Capital</u>		<u>Marubeni Group's equity portion</u>	<u>Type of business</u>
Fuji Coated Paper Co., Ltd.	YEN	490 mil	100.00%	Manufacturing, processing and sales of papers
Fabricant Co., Ltd.	YEN	480 mil	33.36%	Manufacturing and sales of clothing items
Japan Reit Advisors	YEN	425 mil	36.00%	Asset management of an investment company
Marubeni Oil & Gas (U.S.A.) Limited	USD	23.25 mil	100.00%	Development, production and sales of crude oil and gas
Jiangmen Xinhui Chemical Harbor Storage Co., Ltd.	RMB	3.12 mil	100.00%	Storage, shipping and transportation of petrochemicals
FAZIX Corporation	USD	1.4 mil	100.00%	Analysis of protein structure and features
SEC Holding Co.S.A.	EUR	120,000	50.00%	Wind-power generation

### 3. Major companies that have been excluded during this term:

<u>Company name</u>	<u>Reasons of exclusion</u>	<u>Marubeni Group's equity portion</u>	<u>Type of business</u>
Vectant Japan Inc.	Liquidated	100.00%	Management of Vectant Group
ez Finance Co., Ltd.	Liquidated	87.00%	Short-term finance for transactions on B to B e-commerce
Hewlett-Packard Solutions Delivery, Ltd.	Sold	34.00%	Integration, consultation and other related services for information systems
MAC Leasing	Liquidated	100.00%	Investment in reefer container leasing businesses
Ever Power IPP Company Ltd.	Sold	25.27%	Planning, construction and operation of a combined power plant

#### 4. Increase/Decrease of Consolidated Companies Surplus/Deficit

1st Half FY2003

(billions of yen)

		Profit-making companies		Loss-making companies		Total	
		No. of companies	Surplus amount	No. of companies	Deficit amount	No. of companies	Net profit(loss)
Subsidiaries	Domestic (ratio)	86 72%	6.2	34 28%	-8.6	120	-2.4
	Overseas (ratio)	160 76%	18.3	50 24%	-7.8	210	10.4
	Total (ratio)	246 75%	24.5	84 25%	-16.4	330	8.0
Affiliated companies	Domestic (ratio)	38 72%	3.2	15 28%	-1.6	53	1.6
	Overseas (ratio)	77 76%	9.2	24 24%	-3.9	101	5.3
	Total (ratio)	115 75%	12.3	39 25%	-5.4	154	6.9
Total	Domestic (ratio)	124 72%	9.4	49 28%	-10.2	173	-0.8
	Overseas (ratio)	237 76%	27.4	74 24%	-11.7	311	15.7
	Total (ratio)	361 75%	36.8	123 25%	-21.9	484	14.9

1st Half FY2002

(billions of yen)

		Profit-making companies		Loss-making companies		Total	
		No. of companies	Surplus amount	No. of companies	Deficit amount	No. of companies	Net profit(loss)
Subsidiaries	Domestic (ratio)	92 71%	7.7	38 29%	-9.1	130	-1.4
	Overseas (ratio)	173 80%	21.9	42 20%	-5.2	215	16.7
	Total (ratio)	265 77%	29.6	80 23%	-14.3	345	15.3
Affiliated companies	Domestic (ratio)	35 69%	2.5	16 31%	-1.6	51	0.9
	Overseas (ratio)	85 82%	7.2	19 18%	-1.6	104	5.6
	Total (ratio)	120 77%	9.7	35 23%	-3.1	155	6.5
Total	Domestic (ratio)	127 70%	10.2	54 30%	-10.6	181	-0.4
	Overseas (ratio)	258 81%	29.1	61 19%	-6.8	319	22.3
	Total (ratio)	385 77%	39.3	115 23%	-17.4	500	21.9

#### Transition of number of profit-making/loss-making consolidated companies

	1st Half FY2000	1st Half FY2001	1st Half FY2002	1st Half FY2003	FY2000	FY2001	FY2002
Profit-making companies	441 69%	403 69%	385 77%	361 75%	480 80%	391 76%	375 77%
Loss-making companies	195 31%	180 31%	115 23%	123 25%	118 20%	124 24%	109 23%
Total	636	583	500	484	598	515	484

## 5. Influence of newly included companies / excluded companies on Consolidated P/L

### Influence on consolidated P/L (Variance from September, 2002)

(billions of yen)

Profit & Loss	Newly included	Excluded	Net influence
Total volume of trading transactions	21.8	77.5	-55.7
Gross trading profit	2.6	8.4	-5.8
SGA expenses	-1.9	-8.6	+6.7
Operating profit	0.7	-0.2	+0.9
Interest expense-net	-0.1	-0.6	+0.5
Dividends	0.0	0.0	+0.0
Equity in earnings (losses) of affiliated companies	-0.6	0.4	-1.0

### <Major influences of newly included companies>

(billions of yen)

Company Name (Business Division)	Total volume of trading transactions	Gross trading profit	SGA expenses	Operating profit	Interest expense-net	Dividends
D.M. Gas Station (Energy)	7.8	0.8	-0.8	0.1	-0.2	0.0
Fuji Coated Paper Co., Ltd. (Forest products & General merchandise)	8.2	0.5	-0.6	-0.0	-0.0	0.0
Pine Maritime (Plant & Ship)	4.5	0.1	0.0	0.1	-0.0	0.0
Others	1.3	1.1	-0.6	0.5	0.1	0.0
Total	21.8	2.6	-1.9	0.7	-0.1	0.0

### <Major influences of excluded companies>

Company Name (Business Division)	Total volume of trading transactions	Gross trading profit	SGA expenses	Operating profit	Interest expense-net	Dividends
Marubeni Infotec Corporation (Transportation & Industrial machinery)	-48.3	-2.9	2.9	-0.1	0.1	-0.0
	This term	-	-	-	-	-
Previous term	48.3	2.9	-2.9	0.1	-0.1	0.0
MG Leasing Corporation (Finance & Logistics)	-8.9	-0.9	0.4	-0.4	0.0	0.0
	This term	-	-	-	-	-
Previous term	8.9	0.9	-0.4	0.4	0.0	0.0
MT Interpet Amsterdam B.V. (Chemicals)	-6.1	-1.0	0.4	-0.6	0.4	0.0
	This term	-	-	-	-	-
Previous term	6.1	1.0	-0.4	0.6	-0.4	0.0
Ain Medical Systems Inc. (Chemicals)	-3.4	-0.3	0.2	-0.1	0.0	0.0
	This term	-	-	-	-	-
Previous term	3.4	0.3	-0.2	0.1	-0.0	0.0
San Mari (Agri-marine products)	-2.9	-0.7	0.7	0.0	0.0	0.0
	This term	-	-	-	-	-
Previous term	2.9	0.7	-0.7	-0.0	-0.0	0.0
Birkby's Plastics Limited (Chemicals)	-2.6	-0.6	1.3	0.6	0.1	0.0
	This term	-	-	-	-	-
Previous term	2.6	0.6	-1.3	-0.6	-0.1	0.0
Nikkenpan (Iron & Steel Strategies and Coordination Dept.)	-1.3	-0.3	0.2	-0.1	0.0	0.0
	This term	-	-	-	-	-
Previous term	1.3	0.3	-0.2	0.1	-0.0	0.0
Others	-4.0	-1.7	2.5	0.8	0.1	0.0
	This term	0.3	0.1	-0.1	0.0	0.0
Previous term	4.3	1.8	-2.6	-0.8	-0.1	-0.0
Total	-77.5	-8.4	8.6	0.2	0.6	0.0
	This term	0.3	0.1	-0.1	0.0	0.0
Previous term	77.8	8.5	-8.7	-0.2	-0.6	0.0

Details of Net Income (Loss) of Consolidated Subsidiaries for 1st Half FY2003

(billions of yen)

Subsidiary	Share (%)	Net Income (Loss)			FY2003 Prospects	Outline of 1st Half FY2003
		1st Half FY2003	1st Half FY2002	Increase/Decrease		
<b>Domestic</b>						
Marubeni Real Estate Co., Ltd.	100.00	0.8	0.5	0.3	0.6	Increase in gross trading profit
Marubeni Energy Corporation	100.00	0.6	0.5	0.1	1.4	Stable operating performance in petroleum related businesses
Marubeni Telecom Co., Ltd.	71.78	0.3	0.2	0.1	0.5	Strong mobile businesses
Marubeni Ennex Corporation	100.00	0.3	0.4	-0.1	0.5	Revenue from leasing of storage terminals remains unchanged
Marubeni Shiryō Co., Ltd.	100.00	0.3	0.3	0.0	0.3	Increase in trading volume
MC Estate Limited	100.00	-0.9	-0.7	-0.2	-1.3	Increase in extraordinary loss
Marubeni Chikusan Corporation	99.98	-1.1	0.0	-1.1	-0.2	Significant deterioration due to stagnation in domestic poultry market
Global Access Ltd.	100.00	-1.4	-1.6	0.2	-2.7	Showing good results despite preceding capital investment
Meditec Corporation	100.00	-1.6	-0.5	-1.1	-2.9	Extraordinary loss of 1.8 billion
Others	—	0.3	-0.5	0.8	10.2	—
Domestic total	—	-2.4	-1.4	-1.0	6.4	—
<b>Overseas</b>						
M.America	100.00	2.8	3.1	-0.3	2.4	Same net income level compared to the 1st Half FY2002 on USD base
M.LNG INTERNATIONAL B.V.	100.00	1.6	0.6	1.0	2.3	Stable petroleum price caused increase of dividend income
Cia.Iguacu de Cafe	61.54	0.8	0.3	0.5	0.6	Profit increase thanks to shifting to value added products, favorable price of crude oil and beneficial exchange rates.
M.ALUMINIUM AUSTRALIA	100.00	0.8	1.0	-0.2	1.2	Decrease due to yen appreciation and corporate income tax increase
M.LP HOLDING B.V.	100.00	0.7	0.4	0.3	0.8	Due to rising copper price
M.Power Ventures	100.00	-0.9	-0.2	-0.7	0.0	Appraisal loss for Sithe Energies, Inc. stocks and gains on sales of Taiwan IPP stocks
MIECO	100.00	-2.2	1.1	-3.3	0.4	Decline due to non-recurring trade losses
Others	—	6.8	10.4	-3.6	6.6	—
Overseas total	—	10.4	16.7	-6.3	14.3	—
Total	—	8.0	15.3	-7.3	20.7	—

**Details of Equity in Earnings (Losses) of Affiliated Companies for 1st Half FY2003**

(billions of yen)

Affiliated Company	Share (%)	Net Income (Loss)			FY2002	FY2003 Prospects	Major Partners and Outline of 1st Half FY2003
		1st Half FY2003	1st Half FY2002	Increase/Decrease			
<b>Domestic</b>							
Marubeni-Itochu Steel Inc.	50.00	1.7	1.9	- 0.2	3.3	2.7	Itochu (50.00%) / Favorable condition in domestic dealing of automotive steel sheet and exports of steel pipes
Marusumi Paper	32.16	0.6	0.5	0.1	1.1	1.1	HOSHIKAWA, Kazuharu (13.50%)
YAMABOSHIYA CO., LTD	44.74	0.5	0.4	0.1	0.5	0.6	MEIJI SEIKA (6.36%) / Increase in profits due to unusual cool summer resulting in increase of sales compared to previous year (1.2%)
The Marutsu Inc.	30.09	0.4	0.4	0.0	- 0.1	0.8	Stable operating revenue.
The Nisshin Oililo Group, Ltd.	15.00	0.4	0.1	0.3	- 0.3	0.2	Mitsubishi Corp. (16.63%) / Though suffering from decrease in operating profit from high cost of raw materials and unfavorable market price, increase in profits due to posting of extraordinary profits from sales of land
Nissan-Agri Co., Ltd.	34.99	- 0.2	- 0.2	0.0	0.0	0.0	Nissan Chemical Industries, Ltd. (59.20%) / Decrease in sales of fertilizer and manure
Japan Cablenet Holdings Ltd.	23.00	- 0.2	- 0.3	0.1	- 0.4	- 0.3	Fujitsu (28.00%), TEPCO (23.00%), SECOM (23.00%) / Though precedence of capital investments, building-up solid accomplishments through the increasing number of subscribers
Sumatra Pulp Corporation	49.95	- 0.5	- 0.8	0.3	- 1.1	- 1.0	JBIC (42.70%), Nippon Paper Industries (7.35%) / Slight improvement in performance of investment PT. TEL in Indonesia
ASANO ENGINEERING CO., Ltd.	47.46	- 1.1	- 0.9	- 0.2	- 0.4	- 0.8	Nihon Hodo KK (47.46%) / Increase in extraordinary loss
Others	--	0.0	- 0.2	0.2	- 1.8	--	
<b>Domestic Total</b>	--	1.6	0.9	0.7	0.8	--	
<b>Overseas</b>							
Uni-Mar Enerji Yatirimlari	33.33	2.2	3.1	- 0.9	5.5	3.2	UNIT GROUP (33.33%), INTERNATIONAL POWER (33.33%) / Decrease due to foreign exchange
Daishowa-Marubeni	50.00	1.6	0.4	1.2	0.3	1.5	Daishowa Paper Mfg. Co.Ltd. (50%) / Improvement on foreign exchange
SAN ROQUE POWER	41.35	1.1	--	1.1	--	3.2	SITHE PHILIPPINE (50.15%) / Commencement of electric power sales on schedule, from 2003
Thai Cold Rolled Steel Sheet	37.57	0.7	0.3	0.4	0.8	0.9	JFE (38.41%) / Recovery of international market price of steel materials and favorable economic condition in Thai resulting in favorable growing surplus
COMPANIA DE SERVICIOS DE COM.	50.00	0.6	1.0	- 0.4	1.5	1.0	DUKE ENERGY (50.00%) / Continuous favorable operations since its commencement
ROYAL MARITIME	49.00	0.4	0.1	0.3	- 0.4	0.5	GLORY SHIPHOLDING MARITIME S.A. (51.00%) / Stable revenue from ship operation and finance
Evm Leasing	32.50	0.4	0.4	0.0	0.8	0.7	Mitsui & Co. (32.5%) / Sumitomo Corp. (15%), Itochu (10%), Mitsubishi Corp. (10%) / Steady operations of leasing business
ANT Minerals	20.00	- 0.1	0.0	- 0.1	- 0.1	- 0.2	Nippon Mining Metals Co., Ltd. (60.00%) / Decrease in profits due to appreciation of AUD against USD
COMPANIA DE NITROGENO	35.00	- 0.3	2.0	- 2.3	2.0	- 0.4	BOC (35.00%), DUKE ENERGY (30.00%) / Operation is as estimated at beginning of term
PT Tanjungenim Lestari Pulp	30.14	- 0.9	--	- 0.9	--	- 2.1	BARITO PACIFIC(40.00%), Sumatra Pulp Corp. (29.86%)
P.T.Chandra Asri	20.81	- 3.2	0.2	- 3.4	- 2.0	- 4.4	JIPIC (24.59%) / Due to impairment charges to fixed assets
Others	--	2.8	- 1.9	4.7	4.2	--	
<b>Overseas Total</b>	--	5.3	5.6	- 0.3	12.6	--	
<b>TOTAL</b>	--	6.9	6.5	0.4	13.4	--	

# Marubeni Corporation

## 5. Segment Information

### (1)-1 Major Reasons for Increase and Decrease for Total Volume of Trading Transactions by Operating Segment

(billions of yen)

	1st Half FY2003	1st Half FY2002	Variance	Major factors
Agri-marine products	381.2	478.2	-97.0	Decline due to decrease in transactions involving food products and beverage
Textile	172.1	179.3	-7.2	Decline due to a decrease in domestic transactions
Forest products & general merchandise	381.6	363.5	18.0	Improvement due to increased trade of plywood and wood building materials and consolidation of Fuji Coated Paper Co., Ltd.
Chemicals	278.7	286.1	-7.4	Decrease due to exclusion and sales of plastics-related subsidiaries
Energy	1,008.9	1,095.0	-86.1	Decrease in agency import transactions
Metals & mineral resources	243.0	222.9	20.1	Improvement due to rising prices of light non-ferrous metal ore and other factors
Transportation & industrial machinery	344.0	335.0	9.0	Due to increases in industrial machinery-related and aircraft-related trading as well as by the transfer of businesses from the former IT Business segment
Utility & infrastructure	134.5	177.9	-43.4	Decline due to completion of power generation projects for Taiwan, India and Central and South America, despite a boost from Abu Dhabi water pipe project.
Plant & ship	283.8	437.4	-153.5	Decrease due to a drop in sales related to energy and chemical plants for the Near and Middle East and Africa
Development & construction	67.7	64.4	3.2	Improvement due to increase in brokerage transactions
Finance & logistics business	9.3	22.6	-13.3	Decrease due to exclusion of a leasing company
Telecom & information	81.2	204.5	-123.3	Decrease in overseas communication projects and from transferring businesses to other segments
Domestic branches and offices	75.3	90.2	-14.8	Decline mainly in agri-marine products and machinery-related areas
Overseas corporate subsidiaries and branches	575.9	577.6	-1.7	Decrease primarily due to foreign exchange fluctuation
Corporate and elimination, etc.	-211.8	-222.2	10.4	
Consolidated	3,825.4	4,312.4	-487.0	

### (1)-2 Major Reasons for Increase and Decrease for Gross Trading Profit by Operating Segment

(billions of yen)

	1st Half FY2003	1st Half FY2002	Variance	Major factors
Agri-marine products	25.9	28.7	-2.8	Decrease due to decline in fisheries and livestock-related areas and beverage related areas
Textile	11.9	11.8	0.1	Rise due to improved profitability
Forest products & general merchandise	19.1	20.7	-1.6	Due to a decrease in the profitability of building products-related transactions and increased prices of raw materials in paper related business
Chemicals	13.7	16.4	-2.6	A drop in income from electronic materials and vinyl chloride-related areas combined with the decline in Total volume of trading transactions
Energy	15.6	17.2	-1.6	A decline in revenue of dealing transactions in a group company
Metals & mineral resources	6.1	6.9	-0.8	Decrease due to currency fluctuations
Transportation & industrial machinery	29.1	26.7	2.3	As a result of the increase in revenue
Utility & infrastructure	6.4	5.3	1.1	Improvement due to increases from the Abu Dhabi water pipe project
Plant & ship	5.3	5.9	-0.6	Caused by the fall in revenues
Development & construction	11.0	14.0	-3.1	Decline owing to selling off overseas real estate companies and decreased income from housing and leasing related activities
Finance & logistics business	2.5	3.5	-1.0	Due to the revenue decline
Telecom & information	10.7	15.7	-5.0	Due to the revenue decline
Domestic branches and offices	2.1	3.7	-1.6	Decline due to decrease in domestic development and construction
Overseas corporate subsidiaries and branches	41.1	40.2	0.9	Increase in a leasing subsidiary
Corporate and elimination, etc.	-2.0	-2.3	0.3	
Consolidated	198.6	214.6	-16.0	

**(1)-3 Operating Profit (Excluding Restructuring Costs) by Operating Segment**

(billions of yen)

	1st Half FY2003	1st Half FY2002	Variance
Agri-Marine Products	4.2	6.9	-2.7
Textile	2.4	2.0	0.4
Forest Products & General Merchandise	3.6	6.0	-2.4
Chemicals	3.6	3.9	-0.3
Energy	6.2	8.2	-2.0
Metals & Mineral Resources	1.7	2.5	-0.8
Transportation & Industrial Machinery	3.8	3.8	0.0
Utility & Infrastructure	-1.5	-1.2	-0.3
Plant & Ship	-0.3	0.6	-0.9
Development & Construction	1.4	3.6	-2.2
Finance & Logistics Business	-0.7	-0.4	-0.3
Telecom & Information	-3.4	-5.2	1.8
Domestic branches and offices	0.1	1.4	-1.3
Overseas corporate subsidiaries and branches	10.1	8.6	1.5
Corporate and elimination, etc.	6.3	4.8	1.5
Consolidated	37.5	45.4	-7.9

**(1)-4 Net Profit by Operating Segment**

(billions of yen)

	1st Half FY2003	1st Half FY2002	Variance	Major Factors
Agri-Marine Products	3.6	3.7	-0.1	
Textile	1.2	0.9	0.3	
Forest Products & General Merchandise	3.1	2.6	0.5	Increase in equity income of Daishowa-Marubeni International
Chemicals	3.1	3.5	-0.4	
Energy	4.6	5.2	-0.6	Decrease in an overseas group company
Metals & Mineral Resources	2.3	0.8	1.5	Increase in overseas subsidiaries and decrease in bad debts loss
Transportation & Industrial Machinery	1.3	2.8	-1.5	Posting of extraordinary losses of a domestic group company
Utility & Infrastructure	3.2	4.1	-0.9	Posting of appraisal loss on Sithe stocks
Plant & Ship	-3.0	1.9	-5.0	Deterioration of equity in losses of P.T.Chandra Asri related to provision for impairment charges
Development & Construction	-2.1	-2.5	0.4	
Finance & Logistics Business	1.3	2.7	-1.4	Capital gain related to investment funds posted previous year
Telecom & Information	-4.7	-3.1	-1.6	Stock exchange gain at Vectant posted previous term
Domestic branches and offices	0.2	0.7	-0.5	
Overseas corporate subsidiaries and branches	5.9	5.7	0.2	
Corporate and elimination, etc.	-0.2	-11.1	10.9	
Consolidated	19.7	17.8	1.9	

**(1)-5 Total Assets by Operating Segment**

(billions of yen)

	September 2003	March 2003	Variance	Major factors
Agri-Marine Products	350.3	347.5	2.8	
Textile	134.8	123.9	11.0	Increase in inventories, business investment, and accounts receivable
Forest Products & General Merchandise	322.9	299.0	23.8	Increase in loans receivable and rise in market price of listed equity securities, and increase in investments to affiliated companies
Chemicals	153.2	147.4	5.7	
Energy	309.1	348.3	-39.2	Decrease in dealing of petroleum
Metals & Mineral Resources	166.9	157.8	9.1	
Transportation & Industrial Machinery	315.6	292.6	23.0	Increase mainly due to transfer of businesses from former IT Division
Utility & Infrastructure	274.1	232.2	41.9	Increase mainly due to transfer of businesses from former IT Division
Plant & Ship	356.9	392.2	-35.3	Decrease due to sales of receivables from Asia, prepayment of receivables from Asia & Africa, and due to appreciation of the yen
Development & Construction	363.6	377.0	-13.4	Decrease in accounts receivable, fixed assets, and cash & deposits, an increase in inventories notwithstanding
Finance & Logistics Business	164.2	169.5	-5.3	
Telecom & Information	155.4	245.1	-89.7	Decrease due to transfer of businesses to other divisions
Domestic branches and offices	61.0	60.8	0.2	
Overseas corporate subsidiaries and branches	483.0	491.4	-8.4	
Corporate and elimination, etc.	652.5	636.8	15.7	
Consolidated	4,263.5	4,321.5	-58.0	

**(2)-1 Total Volume of Trading Transactions by Geographical Segment**

(billions of yen)

		1st Half FY2003	1st Half FY2002	Variance	Major factors
Japan	Parent	2,429.9	2,934.7	-504.7	
	Subsidiaries	881.7	931.2	-49.5	Decrease in Telecom & Information related business
	Total	3,311.7	3,865.9	-554.3	
North America	Overseas Corporate Subsidiaries/Branches	382.0	384.1	-2.1	
	Other Subsidiaries	394.8	427.5	-32.7	Decrease in Energy related business
	Total	776.9	811.6	-34.8	
Europe	Overseas Corporate Subsidiaries/Branches	83.1	74.2	8.9	Increase in Marubeni Europe p.l.c.
	Other Subsidiaries	121.7	137.3	-15.6	Decrease in Transportation & Industrial Machinery and Chemicals related business
	Total	204.9	211.5	-6.7	
Asia / Oceania	Overseas Corporate Subsidiaries/Branches	102.6	106.3	-3.8	
	Other Subsidiaries	156.7	152.6	4.1	
	Total	259.2	258.9	0.3	
Others	Overseas Corporate Subsidiaries/Branches	3.0	4.2	-1.2	
	Other Subsidiaries	410.1	365.1	44.9	Increase in Energy, Transportation & Industrial Machinery related business
	Total	413.1	369.4	43.7	
Elimination		-1,140.4	-1,204.9	64.6	
Consolidated Total		3,825.4	4,312.4	-487.0	

**(2)-2 Operating Profit by Geographical Segment**

(billions of yen)

		1st Half FY2003	1st Half FY2002	Variance	Major Factors
Japan	Parent	15.1	8.7	+6.4	
	Subsidiaries	6.2	7.3	-1.1	Decrease in Agri-marine related businesses
	Total	21.2	16.0	+5.3	
North America	Overseas Corporate Subsidiaries/Branches	7.2	5.9	+1.3	Increase in Marubeni America Corporation
	Other Subsidiaries	-1.2	2.1	-3.3	Decrease in Energy related businesses
	Total	6.0	7.9	-1.9	
Europe	Overseas Corporate Subsidiaries/Branches	0.8	0.5	+0.3	
	Other Subsidiaries	3.8	5.5	-1.7	Decrease in Energy and Chemicals related businesses
	Total	4.6	6.0	-1.4	
Asia / Oceania	Overseas Corporate Subsidiaries/Branches	0.6	0.9	-0.3	
	Other Subsidiaries	4.4	5.6	-1.2	Decrease in Utility & Infrastructure related businesses
	Total	5.0	6.5	-1.5	
Others	Overseas Corporate Subsidiaries/Branches	0.1	0.3	-0.2	
	Other Subsidiaries	2.1	2.7	-0.5	
	Total	2.3	2.9	-0.7	
Elimination		-0.1	0.0	-0.1	
Consolidated Total		39.0	39.3	-0.3	

**(2)-3 Total Assets by Geographical Segment**

(billions of yen)

		Sep. 2003	March 2003	Variance	Major factors
Japan	Parent	1,269.1	1,372.4	-103.3	
	Subsidiaries	782.1	784.0	-1.9	Decrease in Energy and General merchandise & Forest Products related businesses
	Total	2,051.2	2,156.4	-105.1	
North America	Overseas Corporate Subsidiaries/Branches	254.5	238.0	+16.5	Increase Marubeni America Corporation
	Other Subsidiaries	98.0	136.3	-38.3	Decrease in Energy related businesses
	Total	352.5	374.3	-21.8	
Europe	Overseas Corporate Subsidiaries/Branches	44.9	51.9	-7.0	Decrease in Marubeni Europe p.Lc.
	Other Subsidiaries	100.3	111.4	-11.1	Decrease in Utility & Infrastructure related businesses
	Total	145.2	163.3	-18.1	
Asia / Oceania	Overseas Corporate Subsidiaries/Branches	44.5	44.5	-0.0	
	Other Subsidiaries	119.8	126.0	-6.2	Decrease in a financial subsidiary
	Total	164.3	170.5	-6.2	
Others	Overseas Corporate Subsidiaries/Branches	1.2	1.2	+0.0	
	Other Subsidiaries	92.7	79.7	+13.1	Decrease in Plant & Ship related businesses
	Total	94.0	80.9	+13.1	
Elimination		-116.0	-118.4	+2.5	
Consolidated Total		2,691.2	2,826.9	-135.7	

**Marubeni Corporation**  
**6. Risk Exposures to Specific Countries**  
**(as of September 30, 2003)**

**Balance of Risk Exposure Outstanding (Investments, Loans, Guarantees and Deferred Payments : Consolidated Basis)**

(Billions of Yen)	Investments			Loans			Guarantees			Deferred Payments			Gross Risk Exposure			Net Risk Exposure		
	2003.9	2003.3	increase and decrease	2003.9	2003.3	increase and decrease	2003.9	2003.3	increase and decrease	2003.9	2003.3	increase and decrease	2003.9	2003.3	increase and decrease	2003.9	2003.3	increase and decrease
P.R. China	26.6	25.1	1.5	43.2	47.7	(4.5)	7.6	10.3	(2.7)	3.2	3.3	(0.1)	80.6	86.4	(5.8)	66.9	73.7	(6.8)
Hong Kong	1.1	1.3	(0.2)	0.0	0.0	0.0	0.0	0.1	(0.1)	0.0	0.0	0.0	1.1	1.4	(0.3)	1.1	1.4	(0.3)
S. Korea	2.6	1.9	0.7	3.0	4.3	(1.3)	0.2	1.0	(0.8)	0.4	1.0	(0.6)	6.2	8.2	(2.0)	3.3	7.4	(4.1)
Indonesia	28.3	30.4	(2.1)	153.2	158.1	(4.9)	23.4	28.0	(4.6)	0.4	0.4	0.0	205.3	216.9	(11.6)	162.1	172.1	(10.0)
Philippines	26.8	24.9	1.9	29.3	30.9	(1.6)	2.7	3.4	(0.7)	0.1	0.2	(0.1)	58.9	59.4	(0.5)	52.4	57.0	(4.6)
Thailand	8.5	11.7	(3.2)	0.5	2.4	(1.9)	15.5	15.8	(0.3)	0.0	0.0	0.0	24.6	29.9	(5.3)	24.1	29.3	(5.2)
Malaysia	3.1	3.2	(0.1)	4.6	4.6	(0.0)	1.0	1.4	(0.4)	0.5	0.1	0.4	9.2	9.3	(0.1)	8.9	9.3	(0.4)
Pakistan	2.4	2.4	0.0	0.4	8.4	(8.0)	3.3	4.2	(0.9)	0.3	0.6	(0.3)	6.5	15.6	(9.1)	6.5	15.6	(9.1)
India	9.6	9.9	(0.3)	1.4	1.6	(0.2)	0.0	0.0	0.0	0.0	0.1	(0.1)	11.1	11.6	(0.5)	11.1	11.6	(0.5)
Turkey	5.1	3.5	1.6	3.0	3.8	(0.8)	1.2	1.2	(0.0)	0.8	0.7	0.1	10.1	9.2	0.9	9.6	9.2	0.4
Russia	2.9	3.0	(0.1)	2.0	1.9	0.1	3.7	2.4	1.3	0.0	0.0	0.0	8.7	7.3	1.4	6.9	5.6	1.3
Nigeria	0.0	0.0	0.0	18.0	18.5	(0.5)	0.0	1.7	(1.7)	0.0	1.3	(1.3)	18.0	21.5	(3.5)	5.5	6.9	(1.4)
Mexico	3.1	2.9	0.2	15.9	18.8	(2.9)	0.2	0.3	(0.1)	0.0	0.0	(0.0)	19.3	22.0	(2.7)	19.3	22.0	(2.7)
Brazil	6.8	6.7	0.1	15.5	17.1	(1.6)	11.1	15.6	(4.5)	3.2	4.1	(0.9)	36.6	43.5	(6.9)	25.2	27.6	(2.4)
Argentina	1.6	1.3	0.3	2.2	2.2	(0.0)	0.0	0.0	0.0	1.2	1.7	(0.5)	4.9	5.2	(0.3)	4.1	4.2	(0.1)
15 Countries Total	128.7	128.2	0.5	292.2	320.3	(28.1)	70.0	85.4	(15.4)	10.2	13.5	(3.3)	501.1	547.4	(46.3)	407.0	452.9	(45.9)

**Reason for change of gross exposure (Unit : billions of yen)**

P.R. China	Loan→Ship related projects repayment -1.1
Indonesia	Investment→Equity in loss of Plant related business: -3.4, Loan→Automotive related repayment: -0.5, Guarantee→Plant related repayment -0.8
Philippines	Loan + Guarantee→Repayment: -1.8
Thailand	Loan→Development & construction related repayment: -2.1
Pakistan	Loan→Plant related repayment: -6.5
Turkey	Investment→Power generation project shared profit: +1.6
Nigeria	Guarantee→Plant related repayment: -1.7, Deferred payment→Plant related repayment: -1.3
Mexico	Loan→Utility & infrastructure related repayment: -0.7, Telecom related repayment: -0.4, Plant related repayment: -0.3
Brazil	Loan→Plant related repayment: -0.6, Guarantee→Plant related repayment: -3.6

## 7. Outstanding Balance of Real Estate for Sale and Lease

(billions of yen)

	Sept. 2003	Mar. 2003
Real Estate for Sale (Consolidated Basis)	121.9	115.1
Real Estate for Lease (Consolidated Basis)	135.0	134.8

Note: The Company has taken the necessary impairment charges to its real estate on the US GAAP basis

## 8. Disposition of Employees (Non-consolidated basis)

### ● By office location

	April 2002	October 2002	April 2003	October 2003	Variance from
					April 2002
Head Office	1,929	1,865	1,873	1,837	- 36
Domestic Branches	185	176	153	156	+ 3
Domestic Group Firms	1,292	1,232	1,151	1,116	- 35
Overseas branches and corporate subs.	689	676	634	632	- 2
North America	147	141	132	128	- 4
Europe	115	111	106	104	- 2
Asia	308	307	283	287	+ 4
Latin America	41	39	38	38	0
Others	78	78	75	75	0
<b>Total</b>	<b>4,095</b>	<b>3,949</b>	<b>3,811</b>	<b>3,741</b>	<b>- 70</b>

### ● By Division

	April 2002	October 2002	April 2003	October 2003	Variance from
					April 2003
Agri-Marine Products	259	230	237	230	- 7
Textile	291	284	270	268	- 2
Forest Products & General Merchandise	250	246	236	232	- 4
Chemicals	284	280	278	268	- 10
Energy	202	201	196	191	- 5
Metals & Mineral Resources	139	135	128	127	- 1
Transportation & Industrial Machinery *1	250	240	268	268	0
Iron & Steel	93	85	80	78	- 2
Utility & Infrastructure	195	192	188	187	- 1
Plant & Ship	186	182	176	175	- 1
Development & Construction	166	166	157	153	- 4
Finance & Logistics Business	121	119	107	107	0
Telecom & Information *1	181	170	181	170	- 11
IT Business *1	237	231	237	231	- 6
Business Incubation	9	9	10	10	0
Corporate Staff, Others *2	483	468	454	442	- 12
<b>Total Core Staff</b>	<b>3,165</b>	<b>3,068</b>	<b>2,966</b>	<b>2,906</b>	<b>- 60</b>
Assistant Staff, Others	930	881	845	835	- 10
<b>Total</b>	<b>4,095</b>	<b>3,949</b>	<b>3,811</b>	<b>3,741</b>	<b>- 70</b>

\*1 *IT Business* divided into *Telecom & Information* and *Transportation & Industrial Machinery* since April 2003

\*2 Name changed to *Corporate Staff* since April 2003

### ◆ FY2004

- Recruitment of core staff for FY2004

69 employees

- ◆ Projected number of staffs at end of FY2003

approx. 3,700 employees

<Reference> Number of employees (consolidated basis)

24,829 employees

*Intentional Blank*

<Reference> Transition of Consolidated Financial Results / Stock Prices & Foreign Exchange Rate

Transition of Consolidated Financial Results

(billions of yen)

	1st Half FY1999	FY1999	1st Half FY2000	FY2000	1st Half FY2001	FY2001	1st Half FY2002	FY2002	1st Half FY2003
Total volume of trading transactions	4,688.8	10,222.4	4,499.5	9,436.9	4,525.2	8,972.2	4,312.4	8,793.3	3,825.4
Gross trading profit	241.3	453.5	242.1	479.8	220.4	436.8	214.6	424.6	198.6
Selling, general and administrative expenses	-209.8	-411.5	-199.2	-400.4	-199.9	-392.1	-169.1	-345.6	-161.0
Provision for doubtful accounts	-6.0	-25.7	-14.0	-37.9	-39.4	-43.9	-6.1	-5.7	1.5
Operating income	25.6	16.3	28.9	41.5	-18.8	0.8	39.3	73.4	39.0
Other profits - expenses	-19.3	-10.9	-20.0	-34.8	-140.0	-165.9	-12.8	-40.2	-10.6
Interest expense-net	-17.3	-32.6	-14.5	-29.5	-15.1	-29.5	-11.4	-23.5	-10.8
Dividends	2.9	5.2	3.0	7.7	4.4	7.5	3.6	6.8	4.4
Gain (loss) on investment securities	20.8	49.3	3.8	2.3	-81.8	-83.8	0.5	-12.7	1.8
Gain (loss) on property and equipment	-7.8	-4.8	5.2	3.7	-41.7	-43.6	1.1	8.5	-0.5
Other-net	-17.9	-28.1	-17.4	-19.0	-5.7	-16.5	-6.6	-19.3	-5.4
(Liquidation and disposal losses related to associated firms)	-6.2	-7.8	-7.9	-9.2	-3.2	-16.7	-0.7	-12.5	-2.0
Income before taxes and equity in earnings (losses)	6.2	5.4	8.8	6.7	-158.8	-165.2	26.5	33.2	28.4
Equity in earnings (losses)	-2.0	3.7	9.7	16.9	9.0	-18.9	6.5	13.4	6.9
Net income (loss)	3.3	2.1	6.1	15.0	-107.0	-116.4	17.8	30.3	19.7
Core earnings	39.9	85.4	55.6	106.2	28.9	56.1	55.5	101.3	50.1
Spread	22.6	52.8	41.1	76.7	13.8	26.6	44.1	77.8	39.3
Gains from sales of assets	28.5	68.0	20.6	38.8	11.8	25.2	19.2	42.7	10.7

Total assets	6,204.8	5,584.4	5,389.1	5,320.6	5,255.2	4,805.7	4,401.2	4,321.5	4,263.5
Current assets	3,722.8	3,213.9	2,870.0	2,772.8	2,753.1	2,487.6	2,200.5	2,202.1	2,152.9
Fixed assets and others	2,482.0	2,370.5	2,519.1	2,547.8	2,502.1	2,318.1	2,200.7	2,119.4	2,110.6
Interest-bearing debt	4,310.5	3,736.1	3,496.8	3,428.4	3,511.5	3,184.9	2,914.0	2,745.0	2,697.9
Cash and cash equivalents	604.0	407.7	321.4	338.5	391.2	472.0	401.3	480.8	529.9
Interest-bearing debt-net	3,706.5	3,328.4	3,175.4	3,089.8	3,120.3	2,712.9	2,512.7	2,264.1	2,168.0
Shareholders' equity	380.8	324.3	309.4	342.3	270.7	263.9	257.9	260.1	304.2
Common stock	194.0	194.0	194.0	194.0	194.0	194.0	194.0	194.0	194.0
Additional paid-in capital	217.0	217.0	217.0	217.0	217.0	217.0	87.8	87.8	87.8
Retained earnings	7.9	6.6	12.8	21.7	-85.3	-94.8	52.3	64.8	80.0
Unrealized gains (losses) on investment securities arising during period	51.1	23.3	-1.1	-14.2	9.8	0.4	2.0	-8.4	14.1
Net currency translation adjustments	-59.0	-86.3	-82.9	-76.0	-64.3	-51.8	-75.1	-72.7	-67.2
Minimum pension liability adjustment	-30.3	-30.4	-30.4	-0.2	-0.2	-0.2	-0.2	-0.6	-0.6
Net unrealized losses on derivatives	-	-	-	-	-0.3	-0.7	-2.8	-4.8	-3.9
Cost of common stock in treasury	-	-	-	-	-	-	-0.1	-0.1	-0.1

## Financial Ratios

	1st Half FY1999	FY1999	1st Half FY2000	FY2000	1st Half FY2001	FY2001	1st Half FY2002	FY2002	1st Half FY2003
ROA	0.05%	0.03%	0.11%	0.28%	—	—	0.39%	0.66%	0.46%
ROE	0.91%	0.61%	1.93%	4.51%	—	—	6.82%	11.57%	6.98%
Net Debt-to-Equity Ratio (times)	9.7	10.3	10.3	9.0	11.5	10.3	9.7	8.7	7.1
Shareholders' equity-to-Total assets Ratio	6.14%	5.81%	5.74%	6.43%	5.15%	5.49%	5.86%	6.02%	7.13%
Current Ratio	114.7%	113.7%	104.2%	101.8%	102.0%	101.9%	100.6%	104.6%	101.5%

Consolidated group firms	689	646	636	598	583	515	500	484	484
Subsidiaries	486	456	440	412	401	354	345	327	330
Affiliated companies	203	190	196	186	182	161	155	157	154
Profit-making firms	442	476	441	480	403	391	385	375	361
Profit-making firm ratio	64.2%	73.7%	69.3%	80.3%	69.1%	75.9%	77.0%	77.5%	74.6%
Profit amount (JPY bn)	26.1	47.7	32.8	66.3	22.7	51.0	39.3	65.3	36.8
Loss-making firms	247	170	195	118	180	124	115	109	123
Loss-making firm ratio	35.8%	26.3%	30.7%	19.7%	30.9%	24.1%	23.0%	22.5%	25.4%
Deficit amount (JPY bn)	-19.7	-38.8	-18.7	-34.6	-66.2	-107.6	-17.4	-31.1	-21.9

## Stock Prices, Foreign Exchange & Interest Rates

	1st Half FY1999	FY1999	1st Half FY2000	FY2000	1st Half FY2001	FY2001	1st Half FY2002	FY2002	1st Half FY2003
Nikkei Stock Average (Term-end)	17,605.46	20,337.32	15,747.26	12,999.70	9,774.68	11,024.94	9,383.29	7,972.71	10,219.05
Exchange Rates (¥/\$)									
Term-end rate for March-closing companies	106.95	106.15	108.00	123.90	119.40	133.25	122.60	120.20	111.25
Average rate for March-closing companies	117.35	111.60	107.17	110.58	122.21	125.14	123.14	121.95	118.05
Term-end rate for December-closing companies	121.10	102.45	105.50	114.75	124.60	131.95	119.50	119.90	119.80
Average rate for December-closing companies	118.78	113.95	106.91	107.83	120.43	121.54	129.78	125.35	118.72
Interest Rates (Term-end)									
Short-term Prime Rate	1.38 %	1.38 %	1.50 %	1.38 %	1.38 %	1.38 %	1.38 %	1.38 %	1.38 %
Long-term Prime Rate	2.30 %	2.20 %	2.30 %	1.90 %	1.65 %	2.30 %	1.70 %	1.50 %	1.85 %
US Prime Rate	8.25 %	9.00 %	9.50 %	8.00 %	6.00 %	4.75 %	4.75 %	4.25 %	4.40 %

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## II . Financial Prospects for FY2003

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**Consolidated Financial Prospects for FY2003 Ending March 31, 2004**

(billions of yen)

	1st Half FY2003 Results	FY2003 Prospects Announced in May	FY2002 Results	Variance
Total volume of trading transactions (trillions of yen)	3.8	8.2	8.8	- 0.6
Gross trading profit	198.6	420.0	424.6	- 4.6
SGA expenses	- 159.6	- 343.0	- 351.3	+ 8.3
(Provision for doubtful accounts)	( 1.5)	( - 8.0)	( - 5.7)	- 2.3
(Other SGA expenses)	( - 161.0)	( - 335.0)	( - 345.6)	+ 10.6
Operating profit (loss)	39.0	77.0	73.4	+ 3.6
(Interest expense, net of interest income)	( - 10.8)	( - 26.0)	( - 23.5)	- 2.5
(Dividends)	( 4.4)	( 5.0)	( 6.8)	- 1.8
(Other-net)	( - 4.2)	( - 10.0)	( - 23.5)	+ 13.5
Income before income taxes and equity in earnings (losses)	28.4	46.0	33.2	+ 12.8
Provision for income taxes	- 15.6	- 26.0	- 16.3	- 9.7
Income before equity in earnings (losses)	12.8	20.0	16.9	+ 3.1
Equity in earnings (losses)-net	6.9	13.0	13.4	- 0.4
Net income	19.7	33.0	30.3	+ 2.7

**Gross Trading Profit by Operating Segment**

(billions of yen)

	1st Half FY2003 Results	FY2003 Prospects Announced in May	FY2002 Results	Variance
Agri-Marine Products	25.9	59.5	58.6	+ 0.9
Textile	11.9	24.5	24.5	0.0
Forest Products and General Merchandise	19.1	43.5	41.2	+ 2.3
Chemicals	13.7	25.5	29.3	- 3.8
Energy	15.6	30.5	29.6	+ 0.9
Metals and Mineral Resources	6.1	13.5	14.0	- 0.5
Transportation and Industrial Machinery	29.1	54.5	54.4	+ 0.1
Utility and Infrastructure	6.4	16.0	11.8	+ 4.2
Plant and Ship	5.3	12.0	13.9	- 1.9
Development and Construction	11.0	28.5	34.0	- 5.5
Finance & Logistics Business	2.5	6.5	6.5	0.0
Telecom & Information (Former IT Business)	10.7	23.0	32.6	- 9.6
Domestic Branches and Offices	2.1	5.0	6.1	- 1.1
Overseas Branches	41.1	73.0	72.8	+ 0.2
Corporate and Administration etc.	- 2.0	4.5	- 4.7	+ 9.2
<b>Total</b>	<b>198.6</b>	<b>420.0</b>	<b>424.6</b>	<b>- 4.6</b>

**Summary of Consolidated Financial Statements for 1st Half FY2003 (US GAAP basis)**Company name : Marubeni Corporation (URL <http://www.marubeni.com>)

Code Number : 8002

Listed : Tokyo, Osaka, Nagoya, Fukuoka, Sapporo

Head Office: Tokyo

Representative: KATSUMATA, Nobuo President and CEO, Member of the Board

Enquiries : (Tokyo) Name HONDA, Tsutomu TEL(03)3282-4800

Title General Manager, Media Relations Sec.

Corporate Communications Dept.

Date of Director meeting for 1st Half FY2003 Financial Results : November 7, 2003

Adoption of US GAAP : YES

**1. Consolidated financial results for 1st Half FY2003 (April 1, 2003 - September 30, 2003)****(1) Consolidated statements of income**

	Total volume of trading transactions		Net operating profit		Income before taxes & equity in earnings	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
1st Half FY2003	3,825,357	-11.3	38,959	-0.9	28,377	7.1
1st Half FY2002	4,312,403	-4.7	39,304	-	26,488	-
FY2002	8,793,303		73,371		33,166	

	Net income		Earnings per Share	Diluted EPS
	(millions of yen)	(%)	(yen)	(yen)
1st Half FY2003	19,703	10.7	13.19	12.32
1st Half FY2002	17,803	-	11.92	11.10
FY2002	30,312		20.30	18.96

(Note) [1] Equity in earnings-net 1st Half FY2003 6,890 million yen  
1st Half FY2002 6,522 million yen FY2002 13,420 million yen

[2] Average number of outstanding shares for the term 1st Half FY2003 1,493,255,846  
(Consolidated basis) 1st Half FY2002 1,493,718,673  
FY2002 1,493,495,279

[3] Any changes of accounting method? No

[4] The ratio of total volume of trading transactions, net operating profit, income before taxes and equity in earnings, and net income represents the changes from the same period of the previous fiscal year

[5] For Japanese investors' convenience, Total volume of trading transactions and Operating profit is are shown according to Japanese accounting practice. Total volume of trading transactions is the sum of those in which the Companies act as principal and those in which the Companies act as agent.

**(2) Consolidated balance sheet**

	Total assets	Shareholders' equity	Shareholders' equity/ total assets	Shareholders' equity per share
	(millions of yen)	(millions of yen)	(%)	(yen)
September 30, 2003	4,263,518	304,177	7.1	203.70
September 30, 2002	4,401,176	257,925	5.9	172.70
March 31, 2003	4,321,482	260,051	6.0	174.15

(Note) Number of outstanding shares at the end of the term 1st Half FY2003 1,493,229,821  
(Consolidated basis) 1st Half FY2002 1,493,516,464  
FY2002 1,493,264,305

**(3) Consolidated cash flow**

(millions of yen)

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the term
	1st Half FY2003	72,374	10,555	-30,115
1st Half FY2002	65,544	80,482	-202,551	396,488
FY2002	194,788	113,241	-294,001	466,511

(4) Number of consolidated subsidiaries and affiliated companies accounted for by equity method

Subsidiaries 330 Affiliated companies 154

(5) Increase/decrease of consolidated subsidiaries and affiliated companies accounted for by equity method

Subsidiaries (Newly included) 12 (Excluded) 9 Affiliated companies (Newly included) 3 (Excluded) 6

**2. Consolidated financial prospects for FY2003 (April 1, 2003 - March 31, 2004)**

(millions of yen)

	Total volume of trading transactions	Net income
For the year ending March 31, 2004	8,200,000	33,000

(Reference) EPS prospect of the year ending March 31, 2004 22.10 (yen)

Remarks: The above prospects are based upon available information and assumption, at the announcement date, about uncertain factors which would influence upon future businesses.

Actual results might be influenced by various factors in the future.

Assumptions of the above prospects are mentioned in page 13.

# Marubeni Corporation

## Business Group

The major activities of Marubeni's business group are sales and trades of wide range of products and commodities, making the most of our world wide business bases and information network. In addition, we offer various financing and project-organizing services to customers, and also work on diversified businesses like natural resource development and investment in high-tech industries.

The Company breaks its operating segments into 12 segments identified by product and service, in addition to its domestic branches and offices, and overseas corporate subsidiaries and branches. From this fiscal year, *IT Business* has been renamed to *Telecom & Information*, transferring a part of its business to *Transportation & Industrial Machinery* and *Utility & Infrastructure*.

Below are our products and services, and some of our major group firms by operating segment.

**Agri-marine products:** This group produces and handles all sorts of foods such as agricultural and marine products, processed food and beverages, raw materials and fodder and manure in addition to distributing these products on a worldwide basis.

**Subsidiaries:** Marubeni Shiryō Co., Ltd. (\*1) Pacific Grain Terminal Ltd.,  
Ten Corporation (\*2), Cia. Iguazu de Café Solúvel

**Affiliated companies:** Yamaboshiya Co., Ltd., The Maruetsu, Inc.,  
Katakura Chikkarin Co., Ltd., The Nisshin Oil Co., Ltd.,  
Toyo Sugar Refining Co., Ltd.

**Textile:** As a consistent organization handling various textile-related goods from raw materials through finished products, the group purchases and produces raw materials for apparel and designs and sells apparel and living products in addition to rendering distribution services on a worldwide basis.

**Subsidiaries:** Marubeni Fashion Link, Limited, Marubeni Intex Co., Ltd.,  
Marubeni Textile Asia Ltd.

**Affiliated companies:** Erawan Textile Co., Ltd.

**Forest products and general merchandise:** Besides selling rubber products, footwear and housing materials, the group operates leisure facilities, manufactures and sells raw materials for paper production, paper and cardboard, and takes part in afforestation projects both domestically and internationally.

**Subsidiaries:** Marubeni Pulp & Paper Sales Co., Ltd., Kōa Kōgyō Co., Ltd.,  
Marubeni Building Materials Co., Ltd.

**Affiliated companies:** Marusumi Paper Co., Ltd., Daishowa-Marubeni International Ltd.

## Marubeni Corporation

**Chemicals:** This group handles a wide variety of goods ranging from basic chemicals to leading-edge finished products for the information technologies and bio technologies industries for sale both domestically and internationally. Especially, this group focuses on furthering bolster efficient operations in electric-related materials, retail, resource development and environmental area.

**Subsidiaries:** Marubeni Plax Corporation, Marubeni Chemix Corporation

**Affiliated companies:** Shanghai Asahi Electronic Glass Co., Ltd., Dampier Salt Limited

**Energy:** This group focuses on products related to energy such as oil, gas, nuclear energy and coal. It also enters into various sorts of businesses which benefit from the development of resources through retail such as gas stations.

**Subsidiaries:** Marubeni Energy Corporation, MIECO Inc.

**Affiliated companies:** Shenzhen Sino-Benny LPG Co., Ltd.

**Metals and mineral resources:** This group produces, processes and sells nonferrous light metals both domestically and internationally, in addition to processing and selling raw materials for production of steel and light metals internationally.

**Subsidiaries:** Marubeni Metals Corporation, Marubeni Tetsugen Co., Ltd.

Marubeni Aluminium Australia Pty. Ltd.

**Affiliated companies:** Toyo-Memory Technology Sdn. Bhd.

**Transportation and industrial machinery:** This group imports and exports airplanes, defense-related equipment, aerospace-related equipment, vehicles, construction machinery, agro-industrial machines, production machinery, environmental and industrial machines, PC's and PC-related products both domestically and internationally, and markets them in Japan.

**Subsidiaries:** Computer Wave Inc. (\*2), Marubeni Aerospace Corporation,  
Marubeni Auto & Construction Machinery America, Inc.

**Affiliated companies:** Sofmap Co., Ltd., Marubeni Infotec Corporation,  
Kubota Europe S.A., Unipres U.S.A. Inc.

**Utility and infrastructure:** This group develops and promotes the privatization of electricity, water supply and sewerage, and solid waste businesses both domestically and internationally. In addition, the group promotes construction, installment and supply businesses related to railroads, airports, harbors, bridges and others.

**Subsidiaries:** Marubeni Power Systems Corporation, Marubeni Power Ventures, Inc.

**Affiliated companies:** Uni-Mar Enerji Yatirimlari A.S., San Roque Power

## Marubeni Corporation

**Plant and ship:** This group builds and delivers a wide variety of plants and participates in investments in plant businesses both domestically and internationally. In addition, it deals cargo ships and tankers, and owns, leases and operates a fleet.

**Subsidiaries:** Marubeni Tekmatex Corporation, Marubeni Protechs Corporation,  
Koyo Line Ltd.

**Affiliated companies:** Pt. Chandra Asri, Royal Maritime Corporation

**Development and construction:** This group develops condominiums, houses and apartments, and develops and rents sports facilities and commercial buildings in Japan while operating internationally as a general area developer.

**Subsidiaries:** Marubeni Real Estate Co., Ltd., Marubeni Real Estate Sales Co., Ltd.,  
Benny Estate Service Co., Ltd.

**Affiliated companies:** Tipness Co., Ltd., Koshigaya Community Plaza Co., Ltd.

**Finance and logistics business:** Both in Japan and overseas, this group is involved in various financial businesses such as investment finance - fund management and fund investment -, insurance intermediary business, and financial product trading, while in logistics area, it operates forwarding business and logistics related consultation, and invests in logistics infrastructure.

**Subsidiaries:** Marubeni Logistics Corporation, Marubeni Safenet Co., Ltd.  
Marubeni International Finance p.l.c.

**Affiliated companies:** MG Leasing Corporation,  
Eastern Sea Leam Chabang Terminal Co., Ltd.

**Telecom & Information:** This group is engaged in information technology-related businesses : such as IP network infrastructures, overseas communication facilities, cellular phones, BS/CS broadcasting, RFID related business, ASP/ISP, etc., both domestically and internationally.

**Subsidiaries:** Marubeni Telecom Co., Ltd.(\*2), Marubeni Solutions Corporation,  
Marubeni Information Systems Co., Ltd., Global Access Ltd.

**Affiliated companies:** Japan Cablenet Holdings Ltd.

**Domestic branches and offices:** Domestic branches and offices are located throughout Japan, and handle various merchandise and carry out related activities.

**Subsidiaries:** IMT Corporation

## Marubeni Corporation

**Overseas corporate subsidiaries and branches:** Overseas corporate subsidiaries and branches are located throughout the world, and handle various merchandise and perform related activities.

**Overseas corporate subsidiaries:** Marubeni America Corporation, Marubeni Europe p.l.c.,  
Marubeni Hong Kong and South China Ltd.

**Subsidiaries:** Helena Chemical Company

**Corporate and administration, etc.:** This group carries out financial services, group finance, etc.

**Subsidiaries:** Marubeni Finance Corporation  
Marubeni Management Resources Corp.

**Affiliated companies:** Marubeni-Itochu Steel Inc.  
Marubeni Construction Material Lease Co., Ltd.

(\*1)Company name change:

Marubeni Shiryo Co., Ltd. (Renamed to Marubeni Nisshin Feed Co., Ltd. as of October 1, 2003)

MG Leasing Corporation (Renamed from Marubeni General Leasing Co. as of June 16, 2003)

(\*2)Domestic listed subsidiaries:

Marubeni Telecom Co., Ltd. (Tokyo Stock Exchange Section 2),

Ten Corporation (JASDAQ)

Computer Wave Inc. (JASDAQ)

## Management Policy

### (1) Fundamental management policy

In order to propel the company's earning power and corporate vitality to an even higher level, Marubeni Corporation is promoting the "V" PLAN, a new medium-term management plan that will be implemented over a three-year period beginning in fiscal year 2003.

The "V" PLAN states that Marubeni's management policy is to "aim to be a robust corporate group consisting of No.1 portfolio units in each industry". Based on this plan, we are endeavoring to improve our financial structure and reinforce our earnings base by putting solid management into practice. We are implementing management strategies tailored to the respective business models of each unit and attempting to focus thoroughly on risk-return, and cash flow.

### (2) Progress status of the "V" PLAN, the new medium-term management plan, and challenges

Based on the fundamental management policy mentioned above, we pursued the following measures in the first half of fiscal 2003.

#### ① Reinforcing the earnings base

In April 2003, we introduced a portfolio unit system. In addition to business management focused on Marubeni's previous divisions, this system enables us to implement business management based on finely divided units that correspond to the company's products, business areas, and customers.

By measuring profitability and earnings potential on a consolidated basis for each portfolio unit with risk and return indicators, we are putting a greater focus on detailed business domains in each division that were previously difficult to monitor, and this will lead to the more effective deployment of management resources.

Similarly, from fiscal year 2003, we will clearly position PATRAC (Profit After Tax less Risk Asset Cost) as our most important management indicator, thoroughly pursue returns that suit the risks concerned, and replace assets with high-quality ones that will achieve an increase in PATRAC.

Following is a discussion of trade volumes, gross trading profits and operating environments in the first half, by operating sector.

#### *A) Agri-marine Products Division*

In the Feedstuffs business, Marubeni Shiryo Co., Ltd. and Nisshin Feed Inc. of Nisshin Seifun Group merged on October 1, 2003 to form a new company called Marubeni Nisshin Feed Co., Ltd. The new company will have the second largest transaction level in the assorted feed industry after Zen Noh. In order to strengthen the intermediate wholesale business, Marubeni took the decision to include Nacx Nakamura Corporation, a leading company in the wholesale of frozen foods, as one of its subsidiaries. This company will support one arm of Marubeni's distribution

network, and will further expand the business of the Marubeni Group in the downstream industry.

***B) Textile Division***

To strengthen the domestic marketing of textile products, Marubeni invested in Fabricant Co., Ltd., a company licensed to manufacture and market "Lacoste" brand products, and established a joint venture with Goldwin, Inc. to plan, manufacture and market casual clothing. Overseas, Marubeni established Marubeni Textile (Shanghai) Co. Ltd., to expand the single flow of goods in China from materials to finished products, and to strengthen materials sales and transactions both within and outside China.

***C) Forest Products & General Merchandise Division***

Pulp transactions are showing steady growth supported by the procurement difficulty of raw wood and other active purchase in China, and across Asia. The performance of Daishowa-Marubeni International Ltd., an affiliated company, is also favorable. Business through Forestnet, Inc., an on-line sales portal in its second year, increased steadily, and turned operationally profitable in the first half of this year.

***D) Chemicals Division***

In the plastics business, Marubeni established MARUBENI PLAX CHINA Ltd. in Hong Kong, a subsidiary that imports and exports plastics materials and products, and construction materials. The company's mission is to expand business in China. Market forces fueled growth in sulfur-related transactions in the inorganic chemicals area, and synthetic fiber materials and polyvinyl chloride resin transactions in the petrochemical area, and both businesses grew a steady pace.

***E) Energy Division***

Petroleum and gas projects in the UK, US, India and Qatar are progressing smoothly. In measures to strengthen the competitiveness and profitability of the wholly owned subsidiary that markets petroleum and gas in Japan, Marubeni decided to reorganize and divide Marubeni Energy Corporation, and sell some shareholdings.

***F) Metals & Mineral Resources Division***

In metal and minerals resources development, the Hail Creek Coal Project in Australia is progressing smoothly, and coal shipment began in August 2003 as initially scheduled. The mine is scheduled to go into full production in 2007, with an annual production volume of 5.5 million tons.

***G) Transportation & Industrial Machinery Division***

In the area of industrial machinery, the Marubeni Vision Techno Center (Tokyo) opened as a product concept development base for image inspection systems, to provide tailored machine vision solutions to clients in the field of beverage/medical/electronics/automotive. In the construction machinery area, Marubeni won the contract to supply 20 units of construction machinery to the Eastern Cement Corporation of Algeria.

#### ***H) Utility & Infrastructure Division***

In the area of electric power business overseas, Marubeni acquired the Independent Power Producer (IPP) operational assets of US-based Sithe Energies, Inc. operating mainly in Asia and in other regions. Marubeni defines Asia as a significant region and is committed to strengthening the IPP business in the region. Marubeni won major orders for the construction of a co-generation power plant for the largest IPP in Thailand, for the expansion of facilities at a transformer station in Jakarta for the Indonesian state-run electric power company, for the delivery of equipment for pumped storage power station for West Bengal Power Development Corporation Ltd. and for the installation of transmission lines and transformer stations for Qatar General Electricity and Water Corporation.

#### ***I) Plant & Ship Division***

In the plant sector, Marubeni collaborated in winning a construction project related to a pipeline deployment project in Pakistan, and acted as an intermediary in implementing the European Investment Bank's loan program, which will be extended for the first time to a corporation in Pakistan.

In the ship sector, orders were supported by the brisk chartered ship market, and Marubeni won orders for 35 units of new ships in the first half.

#### ***J) Development & Construction Division***

In domestic condominium sales, the main business area of the division, sales of large-scale units such as Famille Garden Yokohama-Minami in the Tokyo region, and Famille Tokiwa Ontocho Residence Hill near Uzumasa, Kyoto, in Kinki region, were good. Regarding residential condominium sales in China, sales in the Phoenix City Condominium Project, Shanghai, (Second Round of the First Phase), began during this period, and all 380 units were sold. The housing business overseas is progressing well.

#### ***K) Telecom & Information Division***

Marubeni invested in US-based Matrix, a manufacturer of IC tag products for UHF bandwidth, and acquired exclusive sales rights of Matrix products in Japan and sales rights overseas. In addition, Marubeni launched field trials of IC tags, in preparation for entry to the RFID (radio frequency identification) business that is expected to deploy fully in the future. Further, although export of communication devices was difficult in the first half, Marubeni Telecom Co. Ltd, Marubeni Solution Corporation, Ltd. and Marubeni Information Systems Co., Ltd. all performed well. Global Access Ltd., a company engaged in the optical cable networking business which requires prior investments, increased sales notably to financial and CATV related customers.

#### ***L) Finance & Logistics Business Division***

In the financial area, Marubeni continued to take advantage of its track record with MBI funds, leading to new engagements in enterprise turnaround funds, and further fund related businesses.

In the logistics area, utilizing its own warehouses, Marubeni continued to actively develop 3PL (third party logistics) through consulting, and actively finding solutions enabling clients to reduce logistics costs etc.

***M) Domestic branches & offices, overseas corporate subsidiaries and branches***

Gross trading profit on sales at domestic branches are on a general downward trend, with the exception of the Nagoya Branch, but efforts continue to focus on securing new revenues through working with varied businesses that are well installed in their respective regions across Japan, and in their markets, such as condominium sales, machinery, chemicals, general merchandise, and pulp and paper.

Among the overseas corporate subsidiaries and branches, Marubeni America Corporation's major businesses, such as Helena Chemical Company, which sells agricultural chemicals, and Carlisle Leasing International, which leases containers, are doing well. Among subsidiaries in Europe, profits are growing steadily overall, primarily in mainline chemical products.

**② Strengthening the financial structure**

The "V" PLAN calls for consolidated net income of ¥50 billion, consolidated net interest-bearing debt of ¥2,000 billion, and a net D/E ratio of 4 to 5 times as numerical targets for fiscal year 2005. At the end of the first half under review, consolidated net interest-bearing debt was ¥2,168.0 bn and the net D/E ratio was 7.13 times (compared with net interest-bearing debt of ¥2,264.1 billion and a net D/E ratio of 8.71 times at the end of March 2003). Thus we are making steady progress toward the achievement of the numerical goals for fiscal 2005.

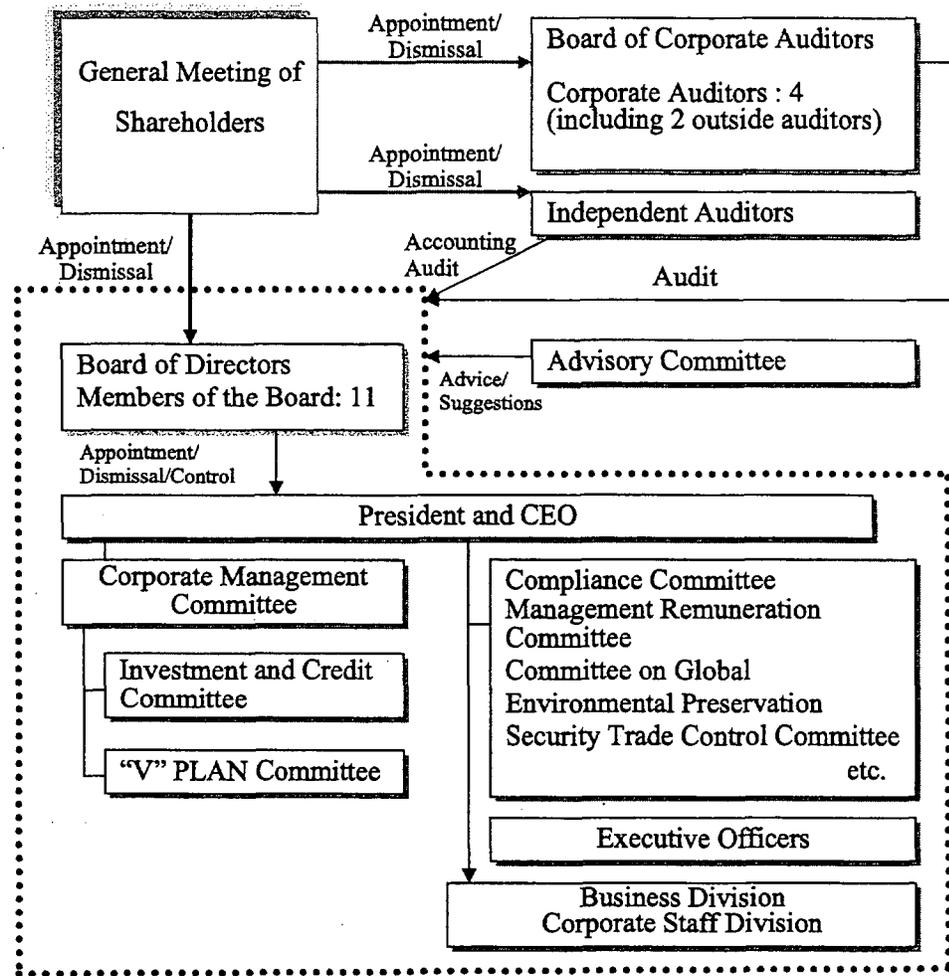
In addition, we plan to reinforce our capital during the term of the "V" PLAN. With the aim of diversifying the options that the company can make flexible and swift decisions on its capital structure, we received approval at the ordinary general meeting of shareholders in June 2003 for a partial modification of Marubeni's articles of incorporation to enable the Company to issue preferred stocks.

**(3) Action relating to corporate governance**

In order to develop an open management for society and our shareholders, we are attempting to bolster corporate governance through the following measures.

- With the aim of further invigorating company management, we amended the term of appointment for directors from two years to one year at the ordinary general meeting of shareholders in June 2003.
- We established an "Advisory Committee" that includes five external members to ensure corporate transparency and soundness by reflecting the advice and proposals of knowledgeable people outside the company in future management. The committee held its first meeting in August 2003, and is scheduled to meet about three times a year.
- In April 2003, we established the Corporate Auditor Department with the aim of strengthening the functions of auditors. As we will reinforce internal audits, we increased the number of members of the Audit Department from 14 to 27.

Marubeni's business management organization is as shown in the figure below.



#### (4) Action relating to compliance

Marubeni regards compliance as the most important obligation of management to society. In fiscal year 2002, we established a "Compliance Committee" and drafted the Compliance Manual, and we also conducted internal training sessions and explanatory meetings relating to compliance. In fiscal year 2003 as well, we are reinforcing the compliance system within the overall group, including overseas corporate subsidiaries group companies. For example, we are formulating guidelines for the construction of a compliance structure for overseas offices.

#### (5) Basic Policy regarding Profit Distribution

At Marubeni, we recognize that continuing to distribute dividends to shareholders in a stable manner is an important corporate responsibility along with increasing shareholders' equity. In the current fiscal year, we intend to pay a term-end cash dividend of ¥3 per share, as in the previous fiscal year.

## **Financial Results and Conditions**

### **(1) Financial Results**

#### **Business Environment**

Looking broadly at overseas economies in the first half of FY2003, the negative effects of both the Iraq war and SARS were limited and a gentle recovery centering on the U.S. economy more or less continued.

In the U.S., the sentiment of both enterprises and consumers lifted with the de facto conclusion of the Iraq war, and this combined with aggressive monetary easing and large-scale tax cuts to put stock prices back on an upward trend. Led by consumer spending and capital investment, the pace of the recovery picked up. The outlook for the U.S. economy, however, remains uncertain, as there are fears of surplus employment and facilities and concern over the expanding national budget deficit and growing current account deficits.

Amidst weakening external demand in Europe due in part to an appreciating euro, slumping business conditions have persisted, as budgetary discipline compliance mechanisms in euro zone countries have prevented aggressive internal leveraging.

In Asia, the SARS outbreak caused the flow of both people and goods to stagnate, especially in China. By June, however, the disease had stopped spreading, and its effect on the economy was limited to the service industry and a few other areas. China maintained high growth of close to 8% despite soft internal demand in the April-June quarter thanks to direct investment and exports. The economics of Thailand, Indonesia and Malaysia expanded at a stable rate on the back of strong internal demand. The economies of Singapore, Hong Kong, Taiwan and South Korea were limited to low growth due to slumping internal demand.

The persistently high price of crude oil helped the Russian economy to a solid performance. In Central and South America, the turbulence in Brazil's and Argentina's financial and currency markets subsided.

The Japanese economy in the first half of FY2003 continued to be marked by a gradual, export-led recovery in business conditions. Exports trended firmly against a backdrop of economic growth in China and the rest of Asia and stable currency rates courtesy of the government's and the Bank of Japan's large-scale market interventions. In financial markets, the Bank of Japan expanded its policy of quantitative easing and this along with a rally in stock prices on the back of aggressive purchases of Japanese stock by foreign investors, part of a global trend of share price appreciation, caused concerns over the financial system to retreat. Affected by these developments, companies' confidence in the economy improved and the number of companies starting to update facilities increased, which supported the continuing recovery in capital investment. On the downside, however, the deflationary trend persisted, as the sense of employment and

facilities surpluses continued to be deeply rooted, and the recovery in consumer spending was lackadaisical.

### **Consolidated Financial Results**

The summary of consolidated financial results for the 1<sup>st</sup> Half of FY2003 is as follows:

(billions of yen)

	1st Half FY2003	1st Half FY2002	Variance	
			Amount	%
Total volume of trading transactions	3,825.4	4,312.4	-487.0	-11.3%
Gross trading profit	198.6	214.6	-16.0	-7.5%
Operating profit	39.0	39.3	-0.3	-0.9%
Income before income taxes and equity in earnings	28.4	26.5	1.9	7.1%
Current net income	19.7	17.8	1.9	10.7%

The total volume of trading transactions on a consolidated basis in the first half of the current fiscal year decreased 11.3% compared to the same period of the previous year to ¥3,825.4 billion.

Gross trading profit decreased ¥16.0 billion, or 7.5%, compared to the same period of the previous year to ¥198.6 billion.

Operating profit declined ¥0.3 billion, or 0.9%, year-on-year to ¥39.0 billion, as selling, general and administrative expenses and the provision for doubtful accounts decreased ¥15.7 billion against the same period of last year.

Income before income taxes and equity in earnings improved ¥1.9 billion, or 7.1% year-on-year to ¥28.4 billion thanks to improvements in financial expenses-net and gain/loss on investment securities.

Income after income taxes and equity in earnings (adopting income tax effects) increased ¥1.5 billion, or 13.6%, compared to the same period of the previous year to ¥12.8 billion.

Net income increased ¥1.9 billion, or 10.7%, over the interim period of last year to ¥19.7 billion because of a year-on-year improvement of ¥0.4 billion, or 5.6%, in equity in earnings of affiliated companies.

## (2) Financial Condition

### Consolidated Financial Conditions

A summary of the consolidated balance sheets for the 1<sup>st</sup> Half of FY2003 is as follows:  
(billions of yen)

	September 30, 2003	March 31, 2003	Variance
Total assets	4,263.5	4,321.5	-58.0
Shareholders' equity	304.2	260.1	44.1
Interest-bearing debt	2,697.9	2,745.0	-47.1
Net interest-bearing debt (Net debt-equity ratio)	2,168.0 7.13 times	2,264.1 8.71 times	-96.1 -1.58 points

Net interest-bearing debt after factoring out impact of SFAS No. 133 (Net debt-to-equity ratio)	2,146.3 7.06 times	2,223.1 8.55 times	-76.8 -1.49 points
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**Consolidated total assets** fell ¥58.0 billion compared to the end of the previous fiscal year to ¥4,263.5 billion as increases in listed investment equity securities and other investments from rising stock prices were more than offset by a decrease in trade receivables from reorganizing low-profit transactions and other factors. **Consolidated interest-bearing debt** fell in line with the reduction in total assets, dropping ¥47.1 billion year-on-year to ¥2,697.9 billion. Net interest-bearing debt excluding cash and cash equivalents dropped ¥96.1 billion from the previous fiscal year-end to ¥2,168.0 billion. **Total shareholders' equity** increased ¥44.1 billion compared to the end of the previous fiscal year to ¥304.2 billion, as the Company posted a net income and accumulated other comprehensive loss improved.

As a result of these developments, the **net debt-to-equity ratio** improved 1.58 points over the previous year-end from 8.71 to 7.13 times.

**Net cash provided by operating activities** rose ¥6.8 billion from the previous year to ¥72.4 billion as a result of efforts to improve operational efficiency by reducing trade receivables etc. **Net cash provided by investing activities** was 10.6 billion yen, due to the sale and redemption of securities and investment securities, and collection of loans.

As a result, 82.9 billion yen in **free cash flow** has been generated during the period under review.

By appropriating the cash in flow to cut interest-bearing debt, the **net cash used in financing activities** was 30.1 billion yen, and **cash and cash equivalents** at the end of the period came to 520.3 billion yen, increasing by 53.8 billion yen from the end of the previous fiscal year.

**(3) Financial Prospects for the Fiscal Year Ending March 31, 2004**

Financial prospects for the year ending March 31, 2004, is as follows:

(billions of yen)

	Forecast FY2003	Result FY2002
Total volume of trading transactions	8,200.0	8,793.3
Net income	33.0	30.3

**Major assumptions:**

Foreign exchange rate: US\$1 = approx. ¥115

Short-term prime rate (Japan): approx. 1.4%

Long-term prime rate (Japan): approx. 1.6%

Marubeni Corporation  
Consolidated Statements of Operations

	<i>Millions of yen</i>			
	<i>Six months ended</i>			
	<b>September 30</b>			
	<b>2003</b>	<b>2002</b>	<b>Variance</b>	
Total volume of trading transactions	¥ 3,825,357	¥ 4,312,403	¥ - 487,046	- 11.3 %
Gross trading profit (ratio)	¥ 198,550 (5.19%)	¥ 214,555 (4.98%)	¥ - 16,005	- 7.5%
Expenses:				
Selling, general and administrative expenses	- 161,041	- 169,123	8,082	- 4.8 %
Provision for doubtful accounts	1,450	- 6,128	7,578	-
Total	- 159,591	- 175,251	15,660	- 8.9 %
Operating profit (loss)	38,959	39,304	- 345	- 0.9 %
Other income (expenses):				
Interest expense, net of interest income	- 10,840	- 11,389	549	- 4.8 %
Dividends	4,379	3,565	814	22.8 %
Gain (loss) on investment securities	1,817	455	1,362	-
Gain (loss) on property and equipment	- 530	1,131	- 1,661	-
Other - net	- 5,408	- 6,578	1,170	-
Total	- 10,582	- 12,816	2,234	-
Income (loss) before income taxes and equity in earnings (losses) of affiliated companies	28,377	26,488	1,889	7.1 %
Provision for income taxes	- 15,564	- 15,207	- 357	2.3 %
Income (loss) before equity in earnings (losses) of affiliated companies	12,813	11,281	1,532	13.6 %
Equity in earnings (losses) of affiliated companies-net (after income tax effects)	6,890	6,522	368	5.6 %
Net income (loss)	¥ 19,703	¥ 17,803	¥ 1,900	10.7 %

\*These financial statements are based on US GAAP.

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

Total volume of trading transactions is the sum of those in which the Companies act as principal and those in which the Companies act as agent.

Marubeni Corporation  
Consolidated Balance Sheets

	<i>Millions of yen</i>		
	September 30 2003	March 31 2003	Variance
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents, and time deposits	¥ 529,925	¥ 480,842	¥ 49,083
Investment securities	17,057	13,290	3,767
Notes and accounts receivable - trade:			
Notes receivable	109,673	108,048	1,625
Accounts receivable	749,639	824,784	- 75,145
Due from affiliated companies	125,589	131,655	- 6,066
Allowance for doubtful accounts	- 28,651	- 32,068	3,417
Inventories	393,425	397,714	- 4,289
Advance payments to suppliers	57,777	67,741	- 9,964
Deferred income taxes	34,052	34,594	- 542
Prepaid expenses and other current assets	164,384	175,474	- 11,090
<b>Total current assets</b>	<b>2,152,870</b>	<b>2,202,074</b>	<b>- 49,204</b>
<b>Investments and long-term receivables:</b>			
Affiliated companies	363,498	364,648	- 1,150
Securities and other investments	495,411	450,544	44,867
Notes, loans and accounts receivable - trade	339,910	356,349	- 16,439
Allowance for doubtful accounts	- 105,691	- 110,462	4,771
Property leased to others, at cost, less accumulated depreciation	204,674	201,871	2,803
<b>Total investments and long-term receivables</b>	<b>1,297,802</b>	<b>1,262,950</b>	<b>34,852</b>
Net property and equipment	454,853	460,331	- 5,478
Prepaid pension cost	112,214	113,005	- 791
Deferred income taxes	135,582	157,335	- 21,753
Intangible fixed assets	46,746	42,236	4,510
Goodwill	24,763	23,553	1,210
Other assets	38,688	59,998	- 21,310
<b>Total assets</b>	<b>¥4,263,518</b>	<b>¥4,321,482</b>	<b>¥ - 57,964</b>

\*These financial statements are based on US GAAP.

Marubeni Corporation  
Consolidated Balance Sheets (continued)

	<i>Millions of yen</i>		
	September 30 2003	March 31 2003	Variance
<b>Liabilities and shareholders' equity</b>			
Current liabilities:			
Short-term loans	¥ 627,303	¥ 561,139	¥ 66,164
Current portion of long-term debt	412,137	402,186	9,951
Notes and accounts payable-trade			
Notes and acceptances payable	183,666	196,282	- 12,616
Accounts payable	564,590	608,386	- 43,796
Due to affiliated companies	46,568	44,717	1,851
Advance payments received from customers	55,302	60,553	- 5,251
Income taxes	10,603	13,773	- 3,170
Deferred income taxes	1,756	1,984	- 228
Accrued expenses and other current liabilities	219,133	216,880	2,253
Total current liabilities	2,121,058	2,105,900	15,158
Long-term debt, less current portion	1,776,658	1,902,327	- 125,669
Employees' retirement benefits	9,288	9,571	- 283
Deferred income taxes	18,694	10,972	7,722
Minority interests in consolidated subsidiaries	33,643	32,661	982
Shareholders' equity:			
Common stock	194,039	194,039	-
Additional paid-in capital	87,765	87,765	-
Retained earnings (losses)	80,008	64,786	15,222
Accumulated other comprehensive loss	- 57,530	- 86,441	28,911
Cost of common stock in treasury	- 105	- 98	- 7
Total shareholders' equity	304,177	260,051	44,126
Total liabilities and shareholders' equity	¥4,263,518	¥4,321,482	¥ - 57,964
<b>Cash and cash equivalents:</b>	¥ 520,282	¥ 466,511	¥ 53,771
<b>Accumulated other comprehensive loss:</b>			
Net unrealized gains (losses) on investment securities, net of reclassification	¥ 14,121	¥ - 8,363	¥ 22,484
Currency translation adjustments, net of reclassification	- 67,183	- 72,680	5,497
Minimum pension liability adjustment	- 582	- 582	-
Net unrealized losses on derivatives	- 3,866	- 4,816	930

Marubeni Corporation  
Consolidated Statements of Changes in Shareholders' Equity

	<i>Millions of yen</i>					
	<i>Six Months ended</i> September 30, 2003		<i>Year ended</i> March 31, 2003		<i>Six Months ended</i> September 30, 2002	
<b>Common stock:</b>						
Balance at beginning of period	¥194,039		¥194,039		¥ 194,039	
Balance at end of period	<u>¥194,039</u>		<u>¥194,039</u>		<u>¥ 194,039</u>	
<b>Additional paid-in capital:</b>						
Balance at beginning of period	¥87,765		¥216,993		¥216,993	
Transfer to retained earnings (losses)	-		-129,228		-129,228	
Balance at end of period	<u>¥ 87,765</u>		<u>¥87,765</u>		<u>¥ 87,765</u>	
<b>Retained earnings (losses):</b>						
Balance at beginning of period	¥ 64,786		¥ -94,754		¥ -94,754	
Net income (loss)	19,703	19,703	30,312	30,312	17,803	¥ 17,803
Cash dividend	- 4,481		-		-	
Transfer from additional paid-in capital	-		129,228		129,228	
Balance at end of period	<u>¥ 80,008</u>		<u>¥64,786</u>		<u>¥ 52,277</u>	
<b>Accumulated other comprehensive income (loss):</b>						
Balance at beginning of period	¥ -86,441		¥ -52,375		¥ - 52,375	
Unrealized (losses) gains on investment securities, net of reclassification		22,484		-8,749		1,629
Currency translation adjustments, net of reclassification		5,497		-20,854		-23,288
Minimum pension liability adjustment		-		-362		-
Net unrealized losses on derivatives		<u>930</u>		<u>-4,101</u>		<u>-2,055</u>
Other comprehensive income (loss), net of tax	28,911	<u>28,911</u>	-34,066	<u>-34,066</u>	-23,714	<u>-23,714</u>
Comprehensive income (loss)		<u>¥ 48,614</u>		<u>¥ -3,754</u>		<u>¥ -5,911</u>
Balance at end of period	<u>¥ -57,530</u>		<u>¥ -86,441</u>		<u>¥ - 76,089</u>	
<b>Cost of common stock in treasury:</b>						
Balance at beginning of period	¥ - 98		¥ - 8		¥ - 8	
Treasury stock sold (repurchased)	- 7		- 90		- 59	
Balance at end of period	<u>¥ - 105</u>		<u>¥ - 98</u>		<u>¥ - 67</u>	

\*These financial statements are based on US GAAP.

Marubeni Corporation  
Consolidated Statements of Cash Flows

	<i>Millions of yen</i>		
	<u>Six Months ended</u> <u>2003</u>	<u>Sept. 30</u> <u>2002</u>	<u>Variance</u>
<b>Operating activities</b>			
Net income (loss)	¥ 19,703	¥ 17,803	¥ 1,900
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	25,262	36,693	- 11,431
Provision for doubtful accounts	-1,450	6,128	- 7,578
Equity in (earnings) losses of affiliated companies- net	- 3,731	- 4,886	1,155
(Gain) loss on investment securities	- 1,817	- 455	- 1,362
(Gain) loss on property and equipment	530	- 1,131	1,661
Deferred income taxes	10,221	4,491	5,730
Changes in operating assets and liabilities:			
Notes and accounts receivable	40,733	61,244	- 20,511
Inventories	7,369	1,374	5,995
Advance payments to suppliers and prepaid expenses and other current assets	30,698	24,359	6,339
Prepaid pension cost	791	1,273	-482
Notes, acceptances and accounts payable	- 54,518	- 68,581	14,063
Advance payments received from customers and accrued and other current liabilities	- 6,125	- 17,066	10,941
Income taxes	- 4,817	- 1,493	- 3,324
Other	9,525	5,791	3,734
Net cash provided by operating activities	<u>72,374</u>	<u>65,544</u>	<u>6,830</u>
<b>Investing activities</b>			
Proceeds from sales and redemptions of securities and other investments	31,268	75,168	- 43,900
Purchases of securities and other investments	- 26,668	- 51,552	24,884
Proceeds from sales of property and equipment and property leased to others	4,195	23,719	- 19,524
Purchases of property and equipment and property leased to others	- 23,492	- 33,782	10,290
Collection of loans receivable	47,495	102,093	- 54,598
Loans made to customers	- 16,226	- 34,741	18,515
Other	- 6,017	- 423	- 5,594
Net cash provided (used) by investing activities	<u>10,555</u>	<u>80,482</u>	<u>- 69,927</u>
Free Cash Flows	<u>82,929</u>	<u>146,026</u>	<u>- 63,097</u>
<b>Financing activities</b>			
Net decrease (increase) in short-term loans	12,058	-63,342	75,400
Proceeds from long-term debt	244,609	185,143	59,466
Payments of long-term debt	-281,845	-325,094	43,249
Cash dividend	-4,481	-	-4,481
(Purchase) sale of treasury stock	-7	-59	52
Other	- 449	801	-1,250
Net cash used (provided) in financing activities	<u>- 30,115</u>	<u>-202,551</u>	<u>172,436</u>
Effect of exchange rate changes on cash and cash equivalents	957	- 13,629	14,586
Net increase (decrease) in cash and cash equivalents	<u>53,771</u>	<u>-70,154</u>	<u>123,925</u>
Cash and cash equivalents at beginning of period	<u>466,511</u>	<u>466,642</u>	<u>-131</u>
Cash and cash equivalents at end of period	<u>520,282</u>	<u>396,488</u>	<u>123,794</u>

\*These financial statements are based on US GAAP.

**Marubeni Corporation**  
**Notes to Consolidated Financial Statements**

**Basis of Consolidated Financial Statements**

1. Subsidiaries and affiliated companies accounted for by equity method

(1) Number of subsidiaries and affiliated companies

	September 30, 2003	March 31, 2003	Variance
Subsidiaries	330	327	3
Affiliated companies	154	157	-3
Total	484	484	0

(2) Major Group Firms

Subsidiaries

Overseas 210	Marubeni America Corporation Marubeni Europe p.l.c. Marubeni Hong Kong & South China Ltd. Marubeni International Finance p.l.c. Iguaçu de Café Solúvel
Domestic 120	Marubeni Real Estate Co., Ltd. Marubeni Energy Corporation Marubeni Shiryō Co., Ltd. (*) Marubeni Pulp & Paper Sales Co., Ltd. Marubeni Telecom Co., Ltd.

(\*) Company name changed to "Marubeni Nisshin Feed Co., Ltd." from Oct. 1, 2003.

Affiliated companies

Overseas 101	Shanghai Asahi Electronic Glass Co., Ltd. Uni-Mar Energi Yatirimlari A.S. Daishowa-Marubeni International Ltd.
Domestic 53	Marubeni-Itochu Steel Inc. The Maruetsu, Inc. Sofmap Co., Ltd. Marubeni Construction Material Lease Co., Ltd. Marubeni Infotec Corporation

(3) Changes

Subsidiaries

Newly included 12	Marubeni Oil & Gas (USA) Inc. Fuji Coated Paper Co., Ltd. Jiangmen Xinhui Chemical Harbor Storage Co., Ltd. Others— 9 companies
Excluded	9 companies

Affiliated companies

Newly included 3	Fabricant Co., Ltd. Japan Reit Advisors SEC Holding Co. S.A.
Excluded	6 companies

2. Change of Accounting Standards

From this term, the Company has adopted Statement of Financial Accounting Standards Statement No. 143 "Accounting for Asset Retirement Obligations".

Marubeni Corporation  
Notes to Consolidated Financial Statements (continued)

**Interim Earnings/Loss per Share of Common Stock**

The following table sets forth the computation of basic and diluted earnings/loss per share:

	<i>Millions of yen</i>			
	1 <sup>st</sup> Half (April 1 – September 30) of FY2003		FY2002	
<b>Numerator:</b>				
Net income (loss) (numerator for basic earnings (loss) per share)	¥	19,703	¥	17,803
Effect of dilutive securities:				
Convertible debentures		162		167
Numerator for diluted earnings (loss) per share	¥	19,865	¥	17,970
<i>Thousands of shares</i>				
<b>Denominator:</b>				
Denominator for basic earnings (loss) per share - weighted average shares		1,493,256		1,493,719
Effect of dilutive securities:				
Convertible debentures		119,666		125,840
Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversions		1,612,922		1,619,559
<i>Yen</i>				
Basic earnings (loss) per share	¥	13.19	¥	11.92
Diluted earnings (loss) per share	¥	12.32	¥	11.10

The convertible debenture #8 issued in November 1996 has dilution effect for the 1<sup>st</sup> Half of FY2002 and FY2003.

## Marubeni Corporation

### Notes to Consolidated Financial Statements (continued)

#### Segment Information

##### 1. Operating Segments

The Company's operating segments by which management evaluates performance and allocates resources are classified in terms of the nature of the products and services or areas. The segments, by products and services, are managed by the divisions of the Head Office. Domestic branches and offices, and overseas corporate subsidiaries and branches operate in the respective areas and are independent operating units. Each reportable segment purchases, distributes and markets a wide variety of industrial and consumer goods including raw materials and equipment relating to a multitude of industries and, in addition, provides the related financing, insurance and other services to these operations primarily on a worldwide basis. The Company breaks its operating segments into 12 segments identified by product and service, in addition to its domestic branches and offices, and overseas corporate subsidiaries and branches.

Marubeni Corporation

Notes to Consolidated Financial Statements (continued)

Segment Information (continued)

The Company's operating segment information for the 1<sup>st</sup> Half FY2003 and FY2002, were as follows:

	Millions of yen							
	Agri-marine products	Textile	Forest products and general merchandise	Chemicals	Energy	Metals and mineral resources	Transportation and industrial machinery	Utility and infrastructure
<b>1<sup>st</sup> Half FY2003</b>								
<b>(April 1, 2003 - September 30, 2003)</b>								
Total volume of trading transactions:								
Outside customers	¥ 375,576	¥ 170,168	¥ 361,722	¥ 266,938	¥ 1,008,577	¥ 232,315	¥ 333,411	¥ 134,441
Inter-segment	5,645	1,882	19,870	11,781	330	10,674	10,543	15
Total	¥ 381,221	¥ 172,050	¥ 381,592	¥ 278,719	¥ 1,008,907	¥ 242,989	¥ 343,954	¥ 134,456
Gross trading profit	¥ 25,860	¥ 11,917	¥ 19,121	¥ 13,746	¥ 15,584	¥ 6,084	¥ 29,082	¥ 6,431
Segment net income (loss)	¥ 3,570	¥ 1,197	¥ 3,088	¥ 3,070	¥ 4,605	¥ 2,302	¥ 1,340	¥ 3,168
Segment asset (September 30, 2003)	¥ 350,320	¥ 134,848	¥ 322,853	¥ 153,158	¥ 309,097	¥ 166,906	¥ 315,618	¥ 274,088

	Millions of yen							
	Plant and ship development and construction	Development and construction	Finance and logistics business	Telecom & Information	Domestic branches and offices	Overseas corporate subsidiaries and branches	Corporate and elimination	Consolidated
Total volume of trading transactions:								
Outside customers	¥ 282,992	¥ 67,484	¥ 8,273	¥ 79,564	¥ 68,801	¥ 433,379	¥ 1,716	¥ 3,825,357
Inter-segment	836	175	1,000	1,681	6,547	142,508	-213,487	-
Total	¥ 283,828	¥ 67,659	¥ 9,273	¥ 81,245	¥ 75,348	¥ 575,887	¥ -211,771	¥ 3,825,357
Gross trading profit	¥ 5,291	¥ 10,960	¥ 2,478	¥ 10,703	¥ 2,106	¥ 41,141	¥ -1,954	¥ 198,550
Segment net income (loss)	¥ -3,045	¥ -2,128	¥ 1,339	¥ -4,668	¥ 166	¥ 5,920	¥ -221	¥ 19,703
Segment asset (September 30, 2003)	¥ 356,904	¥ 363,607	¥ 164,191	¥ 155,409	¥ 60,971	¥ 483,018	¥ 652,530	¥ 4,263,518

Marubeni Corporation

Notes to Consolidated Financial Statements (continued)

Segment Information (continued)

	Millions of yen							
	Agri-marine products	Textile	Forest products and general merchandise	Chemicals	Energy	Metals and mineral resources	Transportation and industrial machinery	Utility and infrastructure
1 <sup>st</sup> Half FY2002								
(April 1, 2002 - September 30, 2002)								
Total volume of trading transactions:								
Outside customers	¥ 473,042	¥ 177,404	¥ 343,833	¥ 275,528	¥ 1,094,581	¥ 206,695	¥ 325,477	¥ 177,787
Inter-segment	5,177	1,865	19,715	40,542	441	16,208	9,474	73
Total	¥ 478,219	¥ 179,269	¥ 363,548	¥ 286,070	¥ 1,095,022	¥ 222,903	¥ 334,951	¥ 177,860
Gross trading profit	¥ 28,677	¥ 11,842	¥ 20,743	¥ 16,565	¥ 17,206	¥ 6,933	¥ 26,746	¥ 5,338
Segment net income (loss)	¥ 3,661	¥ 919	¥ 2,563	¥ 3,475	¥ 5,240	¥ 759	¥ 2,791	¥ 4,105
Segment assets (March 31, 2003)	¥ 347,483	¥ 123,868	¥ 299,009	¥ 147,420	¥ 348,338	¥ 157,820	¥ 292,581	¥ 232,197

	Millions of yen						
	Plant and ship	Development and construction	Finance and logistics business	Domestic branches and offices	Overseas corporate subsidiaries and branches	Corporate and elimination	Consolidated
Total volume of trading transactions:							
Outside customers	¥ 435,603	¥ 64,243	¥ 19,415	¥ 202,717	¥ 83,048	¥ 430,428	¥ 4,312,403
Inter-segment	1,762	194	3,175	1,827	7,149	147,153	-224,755
Total	¥ 437,365	¥ 64,437	¥ 22,590	¥ 204,544	¥ 90,197	¥ 577,581	¥ 4,312,403
Gross trading profit	¥ 5,879	¥ 14,041	¥ 3,481	¥ 15,697	¥ 3,669	¥ 40,192	¥ -2,254
Segment net income (loss)	¥ 1,926	¥ -2,535	¥ 2,740	¥ -3,114	¥ 708	¥ 5,699	¥ -11,134
Segment assets (March 31, 2003)	¥ 392,244	¥ 376,963	¥ 169,504	¥ 245,103	¥ 60,764	¥ 491,371	¥ 636,817

(Note 1) From this fiscal year, *IT Business* has been renamed to *Telecom & Information*, transferring a part of its business to *Transportation & Industrial Machinery* and *Utility & Infrastructure*. Restatement of the financial information for FY2002 regarding those operating segments according to this reorganization for FY2003, is not practical. Restated amounts of those segments in FY2003 according to the segments in FY2002 are as follows:

Transportation & Industrial Machinery	294,641	Utility & Infrastructure	134,456	Telecom & Information	130,558
Total volume of trading transactions	27,539		6,431		12,246
Gross trading profit	3,340		3,332		-6,832
Net income (loss) for the term	278,862		243,242		223,011
Total assets (as of September 30, 2003)					

(Note 2) Inter-segment transactions are generally priced in accordance with the prevailing market prices. *Corporate and elimination* includes differences in accounting principles generally accepted in Japan and those in the United States of America.

Marubeni Corporation  
Notes to Consolidated Financial Statements (continued)

**Segment Information (continued)**

(Note 3) Total Volume of Trading Transactions and Gross Trading Profit and Business Summary by Operating Segment are as follows:

*Agri-Marine Products* transactions declined ¥97.0 billion, or 20.3%, compared to the same period of the previous year due to decreases in transactions involving food products and beverage. Gross trading profit fell ¥2.8 billion, or 9.8%, year-on-year primarily because of declines in fisheries and livestock-related areas and beverage ingredients-related areas.

*Textile* transactions declined ¥7.2 billion, or 4.0%, against the same period of a year ago owing to a decrease in domestic transactions. By improving profitability, year-on-year gross trading profit rose ¥0.1 billion, or 0.6%.

*Forest Products & General Merchandise* transactions increased ¥18.0 billion, or 5.0%, compared to the same period of the previous year because of increased trade of plywood and wood building materials and a paper-related company newly included within the scope of consolidation. Gross trading profit declined ¥1.6 billion, or 7.8%, year-on-year due to a decrease in the profitability of building products-related transactions and increases in the prices of raw materials used in paper-related businesses.

*Chemicals* transactions were affected by excluding or selling-off plastics-related subsidiaries, with total sales slipping ¥7.4 billion, or 2.6%, compared to same-period levels of a year ago. A drop in income from electronic materials and vinyl chloride-related areas combined with the decline in revenue to push gross trading profit down ¥2.6 billion, or 16.0%, compared to the same period of the previous year.

*Energy* transactions decreased ¥86.1 billion, or 7.9%, against the first half of last year due to a decrease in agency imports. Gross trading profit decreased by 1.6 billion, or 9.4% year-on-year due to a decline in revenue of a group company's transactions.

*Metals & Mineral Resources* transactions were buoyed by rising prices of light non-ferrous metal ore and other factors, with total sales improving ¥20.1 billion, or 9.0%, compared to the same period of the previous year. Gross trading profit fell ¥0.8 billion, or 12.2%, year-on-year primarily as a consequence of currency fluctuations.

*Transportation & Industrial Machinery* transactions were boosted by increases in industrial machinery-related and aircraft-related trading as well as by the transfer of business rights from the former IT Business segment. These factors pushed total sales up ¥9.0 billion, or 2.7%, compared to the previous interim period. Gross trading profit improved ¥2.3 billion, or 8.7%, over the same period of a year ago as a result of the increase in revenue.

*Utility & Infrastructure* transactions received a boost from Abu Dhabi water pipe project transactions, but overall they declined ¥43.4 billion, or 24.4%, compared to the interim period of the previous year as a result of decreases incurred with the end of power generation projects for Taiwan, India and Central and South America. Thanks to increases from the Abu Dhabi water pipe project, gross trading profit improved ¥1.1 billion, or 20.5%, over the half-year period of a year ago.

## Marubeni Corporation

### Notes to Consolidated Financial Statements (continued)

**Plant & Ship** transactions fell ¥153.5 billion, or 35.1%, compared to the same period of the previous year primarily because of a drop in sales related to energy and chemical plants for the Near and Middle East and Africa. The fall in revenues pushed gross profit down ¥0.6 billion, or 10.0%, compared to the same period of the previous year.

**Development and Construction** transactions were buoyed by brokerage transactions and other activities, increasing ¥3.2 billion, or 5.0%, compared to the interim period of last year. Gross trading profit declined ¥3.1 billion, or 21.9%, year-on-year owing to selling off an overseas real estate subsidiary and decreased income from housing and leasing related activities.

**Finance & Logistics Business** transactions fell ¥13.3 billion, or 59.0%, year-on-year as a consequence of excluding a lease-related subsidiary. This revenue decline resulted in a year-on-year fall in gross trading profit of ¥1.0 billion, or 28.8%.

**Telecom & Information** transactions decreased ¥123.3 billion, or 60.3%, compared to the same period of the previous year due to reduced revenue from overseas communications projects and from transferring business rights to other segments. Gross trading profit was affected by this decline, dropping ¥5.0 billion, or 31.8%, against the interim period of the previous year.

**Domestic Branches and Offices** transactions declined ¥14.8 billion, or 16.5%, year-on-year primarily because of decreased trading in agri-marine products and machinery-related areas. A contraction in income from domestic development and construction sent gross trading profit down ¥1.6 billion, or 42.6%, compared to the same period of the previous year.

**Overseas Corporate Subsidiaries and Branches** transactions fell ¥1.7 billion, or 0.3%, primarily for currency-related reasons. Gross trading profit improved ¥0.9 billion, or 2.4%, year-on-year owing chiefly to an increase in revenue from a lease-related subsidiary.

Marubeni Corporation

Notes to Consolidated Financial Statements (continued)

Segment Information (continued)

2. Geographical Segments

The Company's geographical segment information for the 1<sup>st</sup> Half FY2003 and FY2002, were as follows:

	1 <sup>st</sup> Half FY2003					Eliminations	Consolidated
	Millions of yen						
(April 1, 2003 - September 30, 2003)	Japan	North America	Europe	Asia/Oceania	Other		
Total volume of trading transactions:							
Outside customers	¥ 2,408,013	¥ 669,885	¥ 192,005	¥ 184,462	¥ 370,992	¥ -	¥ 3,825,357
Inter-segment	903,651	106,996	12,846	74,779	42,110	-1,140,382	-
Total	¥ 3,311,664	¥ 776,881	¥ 204,851	¥ 259,241	¥ 413,102	¥ -1,140,382	¥ 3,825,357
Segment operating profit (loss)	¥ 21,239	¥ 5,975	¥ 4,577	¥ 4,975	¥ 2,271	¥ -78	¥ 38,959
Segment assets	¥ 2,051,226	¥ 352,493	¥ 145,170	¥ 164,296	¥ 93,976	¥ -115,958	¥ 2,691,203
Other assets							¥ 1,572,315
Total assets							¥ 4,263,518

Millions of yen

	1 <sup>st</sup> Half FY2002					Eliminations	Consolidated
	Millions of yen						
(April 1, 2002 - September 30, 2002)	Japan	North America	Europe	Asia/Oceania	Other		
Total volume of trading transactions:							
Outside customers	¥ 2,896,989	¥ 700,152	¥ 194,800	¥ 188,632	¥ 331,830	¥ -	¥ 4,312,403
Inter-segment	968,931	111,484	16,723	70,269	37,531	-1,204,938	-
Total	¥ 3,865,920	¥ 811,636	¥ 211,523	¥ 258,901	¥ 369,361	¥ -1,204,938	¥ 4,312,403
Segment operating profit (loss)	¥ 15,980	¥ 7,911	¥ 5,959	¥ 6,504	¥ 2,938	¥ 12	¥ 39,304
Segment assets	¥ 2,156,364	¥ 374,340	¥ 163,266	¥ 170,492	¥ 80,894	¥ -118,424	¥ 2,826,932
Other assets							¥ 1,494,550
Total assets							¥ 4,321,482

(Note 1) Countries and regions are categorized by geographical classification.

(Note 2) Major countries or areas that belong to each category:

1. North America ----- USA, Canada
2. Europe ----- UK, Belgium
3. Asia/Oceania ----- Singapore, China
4. Others ----- Latin America, Africa

(Note 3) Other assets which are not included in the segments are mainly cash and deposits, marketable securities, and investment securities. Inter-segment transactions are generally priced in accordance with the prevailing market prices.

Marubeni Corporation  
Notes to Consolidated Financial Statements (continued)

Segment Information (continued)

3. Volume of Overseas Trading Transactions

The volumes of overseas trading transactions for 1<sup>st</sup> Half FY2003 and 2002, were as follows:

<b>1<sup>st</sup> Half FY2003</b> (April 1, 2003 - September 30, 2003)	<i>Millions of yen</i>		<i>Ratio of overseas transactions(%)</i>
	Total volume of overseas transactions	Total volume of consolidated transactions	
North America	¥683,558		17.9
Europe	252,641		6.6
Asia/Oceania	705,771		18.5
Other	342,019		8.9
<b>Total</b>	<b>¥1,983,989</b>	<b>¥3,825,357</b>	<b>51.9</b>

<b>1<sup>st</sup> Half FY2002</b> (April 1, 2002 - September 30, 2002)	<i>Millions of yen</i>		<i>Ratio of overseas transactions(%)</i>
	Total volume of overseas transactions	Total volume of consolidated transactions	
North America	¥818,548		19.0
Europe	289,282		6.7
Asia/Oceania	642,090		14.9
Other	464,766		10.8
<b>Total</b>	<b>¥2,214,686</b>	<b>¥4,312,403</b>	<b>51.4</b>

(Note 1) Countries and regions are categorized by geographical classification.

(Note 2) Major countries or areas that belong to each category:

1. North America ----- USA, Canada
2. Europe ----- UK, Belgium
3. Asia/Oceania ----- China, Singapore
4. Others ----- Middle East, Africa

(Note 3) Overseas transactions sum up to the export transactions of the parent and the subsidiaries in Japan, the offshore transactions, and the transactions of the overseas subsidiaries, excluding transactions to Japan.

**Marubeni Corporation**  
Notes to Consolidated Financial Statements

**Marketable Securities and Debt Securities**

Available-for-sale securities

(millions of yen)

	September 30, 2003				March 31, 2003			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<b>Current:</b>								
Corporate bonds	5,332	-	-229	5,103	7,947	19	-360	7,606
Other debt securities	-	-	-	-	-	-	-	-
<b>Total debt securities</b>	<b>5,332</b>	<b>-</b>	<b>-229</b>	<b>5,103</b>	<b>7,947</b>	<b>19</b>	<b>-360</b>	<b>7,606</b>
Marketable equity securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,332</b>	<b>-</b>	<b>-229</b>	<b>5,103</b>	<b>7,947</b>	<b>19</b>	<b>-360</b>	<b>7,606</b>
<b>Non-current:</b>								
Corporate bonds	7,088	287	-	7,375	7,205	252	-	7,457
Other debt securities	2	-	-1	1	2	-	-1	1
<b>Total debt securities</b>	<b>7,090</b>	<b>287</b>	<b>-1</b>	<b>7,376</b>	<b>7,207</b>	<b>252</b>	<b>-1</b>	<b>7,458</b>
Marketable equity securities	125,236	40,412	-15,774	149,874	124,353	17,068	-28,832	112,589
<b>Total</b>	<b>132,326</b>	<b>40,699</b>	<b>-15,775</b>	<b>157,250</b>	<b>131,560</b>	<b>17,320</b>	<b>-28,833</b>	<b>120,047</b>

\*The fair value of available-for-sale securities reflected in the balance sheets are based on quoted market prices. The unrealized gains and losses, net of taxes are added to accumulated other comprehensive income (loss) in shareholders' equity.

Held-to-maturity securities

(millions of yen)

	September 30, 2003				March 31, 2003			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<b>Current:</b>								
Corporate bonds	10,554	44	-	10,598	5,502	59	-	5,561
Other debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,554</b>	<b>44</b>	<b>-</b>	<b>10,598</b>	<b>5,502</b>	<b>59</b>	<b>-</b>	<b>5,561</b>
<b>Non-current:</b>								
Corporate bonds	44,036	616	-348	44,304	46,120	173	-3,398	42,895
Other debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>44,036</b>	<b>616</b>	<b>-348</b>	<b>44,304</b>	<b>46,120</b>	<b>173</b>	<b>-3,398</b>	<b>42,895</b>

\*The held-to-maturity securities are stated in the balance sheets at amortized cost, adjusted by method of depreciation.

\*In addition to the above stated securities, 1,400 million yen and 182 million yen of marketable securities for sale are held at September 30, 2003 and at March 31, 2003, respectively.

The net unrealized gain/loss of 21 million yen(gain) for 1st Half of FY2003 and 5 million yen for FY2002(loss) have been included in the income statements.