

<Results of Operations in Fiscal 2004>

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Marubeni-Itochu Steel Inc. (President: Tsunekatsu Yonezawa) hereby announces the results of its operations for FY2004 (April 1, 2004 to March 31, 2005):

Economic Environment

During FY 2004, the global economy continued to chart a robust business recovery, driven by the strong performances of the U.S. and Chinese economies.

In the United States, brisk corporate earnings supported high growth in capital investment, and with consumer spending also turning in solid figures the result was steady economic expansion. In Asia, business expansion was sustained with the focus on China, where the pace of investment in fixed assets slowed under the impact of monetary tightening measures. However, with both exports and consumer spending on the rise there, China's 2004 economic growth rate was 9.5% over the previous year. The ASEAN countries, Taiwan and Hong Kong also maintained business expansion characterized by a balance between exports and domestic demand. South Korea turned in a gentle economic recovery focused on exports, while the steady business expansion in India was driven primarily by sturdy trends in consumer spending.

Japan's domestic economy also displayed a steady expansion in earnings, buoyed by the key sectors of exports, capital investment and consumer spending, while stock prices also moved in a generally stable trend.

Turning to the steel industry, the volume of worldwide crude steel production reached 1.05 billion tonnes for the year under review, clearing the 1 billion tonne line for the first time ever. Japanese domestic crude steel output was also supported by vigorous demand from the automobile, consumer electronics, shipbuilding and other sectors, with all steelmakers operating at full capacity. Production volume topped 110 million tonnes for the second straight year, finishing at 112.89 million tonnes.

MISI Business Performance in FY2004

Within this environment, the Company's business turned in a solid performance during FY2004, posting increases in both the revenue and profit columns. Consolidated net income was listed at ¥19.5 billion, a gain of ¥13.2 billion over the ¥6.3 billion registered in the previous year. With this, the goal of ¥10.0 billion in consolidated net income was achieved one year ahead of the FY2005 target year specified in the Company's medium term management program.

Consolidated Statement of Income

[in billions of yen]

	FY2004 results	FY2003 results	Change
Sales	1,526.1	1,278.5	247.6
Gross profit	93.4	66.7	26.7
Ordinary income	39.5	15.0	24.5
Income before income taxes	35.4	12.4	23.0
Net income	19.5	6.3	13.2

Non-Consolidated Statement of Income

[in billions of yen]

	FY2004 results	FY2003 results	Change
Sales	884.8	761.0	123.8
Gross profit	26.2	21.0	5.2

Ordinary income	11.5	3.4	8.1
Income before income taxes	11.1	4.4	6.7
Net income	6.3	2.2	4.1

Management Plan for FY2005

[in billions of yen]

	FY2004 results	FY2003 results	Change
Consolidated net income	18.5	19.5	-1.0

Attachment: [Outline of Consolidated Financial Results in FY2004\(PDF\)](#)

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