

<Results for 1st Half of FY2005>

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Marubeni-Itochu Steel Inc. (President: Tsunekatsu Yonezawa) announced results for the first half of fiscal 2005 (April 1 to September 30, 2005) as follows:

Economic environment

In review, the first half of fiscal 2005 was marked by concerns linked to rising energy costs accompanying the surge in the price of crude oil.

In Japan, however, automobiles, shipbuilding, consumer electronics, industrial machinery and other manufacturing industries continued their strong performance from the previous year, while construction, with the focus on the housing and the non-housing sectors, also maintained bullish figures.

Overseas, although damage from the hurricanes that struck the United States in late August pose a factor capable of pushing down economic performance for the time being, during half-year under review the U.S. economy displayed a firm tone with the spotlight on consumer spending. In the ASEAN countries, which are susceptible to the impact of the jump in crude prices, growth rates dulled slightly at one point. Overall, though, Asia remained in solid territory, with China also charting high growth fueled by expanding investments.

Results of operations for the term under review

The Company's performance for the first half under review continued to run strong, with its consolidated settlement listing net income of ¥19.0 billion, a gain of ¥8.9 billion over the ¥10.1 billion posted for the first half of FY2004. This also means that the target of ¥18.5 billion in net income budgeted for the year in full was achieved during the first half alone.

Forecasting the year in full

As noted, the target set at the start of the year for consolidated net income of ¥18.5 billion for fiscal 2005 in full was reached during the first half. In view of this, the forecast for Group-wide net income for the year to end March 2006 has been adjusted up to ¥28.0 billion.

【Statements of Consolidated Income】

(Billions of yen)

	Result for the first half of FY2005	Result for the first half of FY2004	Increase/Decrease
Sales	837.3	714.7	122.6
Gross Profit	53.2	45.5	7.7
Ordinary Income	25.1	18.1	7.0
Income before taxes	30.2	17.4	12.8
Net Income	19.0	10.1	8.9

【Statements of Non-Consolidated Income】

(Billions of yen)

	Result for the first half of FY2005	Result for the first half of FY2004	Increase/Decrease
Sales	503.8	409.0	94.8
Gross Profit	16.9	11.9	5.0
Ordinary Income	9.1	3.8	5.3
Income before			

taxes	12.9	3.9	9.0
Net Income	8.4	2.7	5.7

【Prospect for fiscal 2005 on consolidated basis】

(Billions of yen)

	Result for the first half of FY2005	Result for the first half of FY2004	Increase/ Decrease
Sales	1,600.0	1,526.1	73.9
Net Income	28.0	19.5	8.5

Attachment: Outline of Consolidated Financial Results in First Half of FY2005

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