

<Results of Operations in Fiscal 2005>

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Marubeni-Itochu Steel Inc. (President: Tsunekatsu Yonezawa), is pleased to announce the following summary of its financial results for FY2005 (April 2005 through March 2006).

[Economic Environment]

During FY2005, the global economy continued its trend of strong expansion. The key driving force was the United States, as well as China and other emerging economies. While the world economy entered a phase of adjustment from mid-year, the overall trend was for high prices of crude oil, steel materials and other raw materials to continue.

Turning to the Japanese economy, progress was made by the corporate sector in the processing of doubtful assets, and there was robust expansion in earnings as well as other positive factors. Against this backdrop, capital investment displayed high growth as the business scene continued to stage a steady recovery.

The steel industry also posted strong results during FY2005. Worldwide crude steel production, buoyed by expanded steel demand in China, rose by 5.9% over fiscal 2004 to 1,129.4 million tonnes. Japanese domestic crude steel output, although edging down 0.2% from the previous year, maintained a high level of 112.7 million tonnes.

[MISI Business Performance in FY2005]

Within this environment, the Company's business turned in a solid performance during FY2005. Consolidated net income rose by ¥12.4 billion over the previous year's ¥19.5 billion to ¥31.9 billion, far eclipsing the annual budget projection of ¥18.5 billion set at the beginning of the year.

【Statements of Consolidated Income】

(Billions of yen)

	FY2005 result	FY2004 result	Change
Sales	1,697.5	1,526.1	171.4
Gross Profit	104.1	93.4	10.7
Ordinary Income	46.0	39.5	6.5
Income before taxes	51.4	35.4	16.0
Net Income	31.9	19.5	12.4

【Statements of Non-Consolidated Income】

(Billions of yen)

	FY2005 result	FY2004 result	Change
Sales	1,010.5	884.8	125.7
Gross Profit	31.7	26.2	5.5
Ordinary Income	19.7	11.5	8.2
Income before taxes	25.3	11.1	14.2
Net Income	16.3	6.3	10.0

【Prospect for fiscal 2006 on consolidated basis】

(Billions of yen)

	FY2006	FY2005 result	Change
Sales	1,800.0	1,697.5	102.5
Net Income	22.5	31.9	-9.4

Attachment: [Outline of Consolidated Financial Results in FY2005](#)

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