

<Results for 1st Half of FY2006>

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Marubeni-Itochu Steel Inc. (President: Tsunekatsu Yonezawa) announced results for the first half of fiscal 2006 (April 1 to September 30, 2006) as follows:

[Economic environment]

The first half of fiscal 2006 progressed smoothly thanks to brisk manufacturing activity. Private sector demand continued to expand in Japan and the economy's autonomous recovery continued. Strong growth in capital investments was accompanied by continued buoyancy in manufacturing industries such as cars, shipbuilding, and industrial equipment, as well as in housing and other areas of the construction sector. Overseas, the U.S. economy has slowed due to the downturn in the housing market, but Asia has remained robust overall, with China's growth rate accelerating and ASEAN also maintaining economic growth comparable to the previous term.

[Results of operations for the term under review]

The Company's performance for the first half under review continued to run strong, with a recording of ¥916.8 billion in consolidated sales volume and ¥18.4 billion in consolidated net profits.

[Forecasting the year in full]

With ¥14 billion in consolidated second half net income projected, the Company expects to revise the initial full year forecast of ¥22.5 billion in consolidated net income to ¥32.4 billion for the period ending March 2007.

[Statements of Consolidated Income]

(Billions of yen)

	Result for the first half of FY2006	Result for the first half of FY2005	Increase/Decrease
Sales	916.8	837.3	79.5
Gross Profit	57.8	53.1	4.7
Ordinary Income	27.7	25.1	2.6
Income before taxes	28.9	30.2	-1.3
Net Income	18.4	19.0	-0.6

[Statements of Non-Consolidated Income]

(Billions of yen)

	Result for the first half of FY2006	Result for the first half of FY2005	Increase/Decrease
Sales	543.3	503.6	39.7
Gross Profit	17.4	15.9	1.5
Ordinary Income	11.2	9.0	2.2
Income before taxes	9.2	12.9	-3.7
Net Income	5.5	8.5	-3.0

[Forecast for fiscal 2006 on consolidated basis]

(Billions of yen)

	New Forecast for FY2006	Original Forecast for FY2006	Increase/Decrease
Sales	1,850.0	1,800.0	50.0
Net Income	32.4	22.5	9.9

Attachment: Outline of Financial Results in First Half of FY2006

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