

[ Change of major indices ]	Six months ended Sept. 30, 2006	Six months ended Sept. 30, 2005	Increase or decrease
Crude oil (USD/BBL)	65.3	51.6	13.7 (+27%)
Foreign Exchange (YEN/USD)	115.4	109.5	5.9 (5% yen depreciation)
Interest (%)TIBOR	0.32	0.09	0.23 (+256%)

## Interim Results and Outlook for Fiscal Year Ending March 2007 (US GAAP)

Consolidated Income (Billions of Yen)	For the six months ended Sept.30,2005	For the fiscal year ended Mar. 31, 2006	For the six months ended Sept.30,2006		Outlook for the fiscal year ending Mar.2007	
				Increase or decrease		Percentage of achievement
Operating transactions <Increase/decrease from original forecast of April 2006>	9,013.7	19,067.2	9,835.7	822.0	20,000.0	49%
Gross profit <Increase/decrease from original forecast of April 2006>	<b>503.8</b>	<b>1,051.5</b>	<b>565.9</b>	<b>62.1</b> <+12%>	<b>1,150.0</b>	<b>49%</b>
Selling, general and administrative expenses	(337.8)	(696.8)	(358.7)	(20.9)	(755.0)	48%
Provision for doubtful receivables	(1.9)	(4.8)	(2.2)	(0.3)	(5.0)	44%
Operating income <Increase/decrease from original forecast of April 2006>	<b>164.1</b>	<b>349.9</b>	<b>205.0</b>	<b>40.9</b> <+25%>	<b>390.0</b>	<b>53%</b>
Interest expense --- net	(1.8)	(4.4)	(5.8)	(4.0)	(22.0)	26%
Dividend income	31.8	68.1	65.0	33.2	112.0	58%
Gain on marketable securities and investments --- net	19.8	51.3	56.2	36.4	60.0	85%
Gain (loss) on property and equipment --- net	4.6	(2.1)	1.0	(3.6)		
Other income --- net	15.7	15.6	(6.3)	(22.0)		
Income from consolidated operations before income taxes <Increase/decrease from original forecast of April 2006>	<b>234.2</b>	<b>478.4</b>	<b>315.1</b>	<b>80.9</b> <+35%>	<b>540.0</b>	<b>58%</b>
Income taxes	(90.2)	(212.1)	(121.6)	(31.4)	(230.0)	53%
Minority interests in income of consolidated subsidiaries	(18.2)	(35.3)	(20.6)	(2.4)	(45.0)	46%
Equity in earnings of affiliated companies --- net	52.5	119.0	61.9	9.4	135.0	46%
Net income <Increase/decrease from original forecast of April 2006>	<b>178.3</b>	<b>350.0</b>	<b>234.8</b>	<b>56.5</b> <+32%>	<b>400.0</b>	<b>59%</b>
Core earnings (**1) <Increase/decrease from original forecast of April 2006>	<b>248.5</b>	<b>537.4</b>	<b>328.3</b>	<b>79.8</b> <+32%>	<b>620.0</b>	<b>53%</b>

(\*\*1) Core earnings = Operating income (before the deduction of provision for doubtful receivables) + Interest expense-net + Dividend income + Equity in earnings of affiliated companies-net

(\*\*2) Operating transactions and operating income, as presented above, are voluntary disclosures solely for the convenience of investors in Japan.

Revenue in accordance with Financial Accounting Standard Board Emerging Issues Task Force (EITF) No. 99-19 were 2,489.1 billion yen and 2,213.5 billion yen for the six months ended Sept. 30, 2006 and the six months ended Sept. 30, 2005, respectively.

Assets and Liabilities	Sept. 30, 2005	Mar. 31, 2006	Sept. 30, 2006		Mar. 31, 2007 (Outlook)	
				Increase/decrease from Mar. 2006		Increase/decrease from Sept. 2006
Total assets	9,542.0	10,411.2	10,597.2	186.0	11,300.0	702.8
(Current assets)	4,952.8	5,383.5	5,516.0	132.5	5,750.0	234.0
(Investments and non-current receivables)	3,058.1	3,415.7	3,438.2	22.5	3,700.0	261.8
(Property and equipment-net, other)	1,531.1	1,612.0	1,643.0	31.0	1,850.0	207.0
Total shareholders' equity	1,965.4	2,379.3	2,514.3	135.0	2,650.0	135.7
Interest bearing liabilities (**3) Gross	3,843.7	3,802.6	3,844.7	42.1	4,100.0	255.3
Interest bearing liabilities (**3) Net (Debt-to-equity ratio - Gross)	3,189.0	3,148.7	3,118.5	(30.2)	3,400.0	281.5
(Debt-to-equity ratio - Net)	2.0	1.6	1.5	(0.1)	1.5	-
	1.6	1.3	1.2	(0.7)	1.3	0.1

(\*\*3) Interest bearing liabilities do not include the impact of adopting SFAS 133.

Cash Flows	Six months ended Sept. 30, 2005	Year ended Mar. 31, 2006	Six months ended Sept. 30, 2006		Reflects steady growth in dividends mainly from natural resource-related businesses and in cash flows from operating transactions at overseas natural resource-related subsidiaries.
				Increase/decrease from Mar. 2006	
Operating activities	129.6	336.3	227.8		Reflects new investments such as in natural resource- and general merchandise-related areas, as well as higher overall capital expenditures.
Investing activities	39.5	(94.5)	(134.6)		
Free cash flow	169.1	241.8	93.2		
Financing activities	(106.0)	(187.9)	(23.9)		Reflects the repayment of short-term debt accompanying improvement in working capital requirements, although long-term debt was procured to fund new investments.
Increase/decrease of cash and cash equivalents	73.6	77.3	67.6		

Outline of Fiscal 2007 Interim Results																	
<b>Overview</b>																	
<b>(1) Interim Consolidated Net Income Rises 32% Year on Year</b>																	
Operating income rose by 25% and dividend income was up 104% year on year on the back of continued strength in commodities markets. As a result, consolidated net income rose by 32% to 234.8 billion yen. This marked the third straight year of the record interim net income. Core earnings also set a new record, rising 32% year on year to 328.3 billion yen.																	
<table border="1"> <caption>3-Year Interim Earnings (Billions of Yen)</caption> <thead> <tr> <th>Period</th> <th>Net income</th> <th>Operating income</th> <th>Core earnings</th> </tr> </thead> <tbody> <tr> <td>Sept.30,2004</td> <td>98.1</td> <td>90.0</td> <td>166.5</td> </tr> <tr> <td>Sept.30,2005</td> <td>178.3</td> <td>164.1</td> <td>248.5</td> </tr> <tr> <td>Sept.30,2006</td> <td>234.8</td> <td>205.0</td> <td>328.3</td> </tr> </tbody> </table>		Period	Net income	Operating income	Core earnings	Sept.30,2004	98.1	90.0	166.5	Sept.30,2005	178.3	164.1	248.5	Sept.30,2006	234.8	205.0	328.3
Period	Net income	Operating income	Core earnings														
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<b>(2) Large Increase in Earnings in Metals Group</b>																	
The Metals Group posted net income of 99.8 billion yen, up 85% year on year, the result of sharply higher metals resource prices and a strong performance in steel products operations.																	
<b>(3) Balance Sheet Stronger as Shareholders' Equity Increases</b>																	
Shareholders' equity increased 135.0 billion yen to 2,514.3 billion yen because of higher retained earnings due to the strong operating results. This resulted in a 0.1 point improvement to 1.2 times the equity in the net debt-to-equity ratio (net basis, excluding cash and deposits).																	

Major Year-on-Year Changes	
<b>Major Year-on-Year Changes</b>	
<b>a. Gross profit (+ 62.1 billion yen)</b> Gross profit rose by 12% year on year mainly due to strong performance of resource-related subsidiaries due to rising prices of metal resources.	
<b>b. Selling, general and administrative expenses (- 20.9 billion yen)</b> Increased due to business expansion, including new consolidations.	
<b>c. Net financial income (+ 29.2 billion yen)</b> Increased due to higher dividend income from resource-related companies.	
<b>d. Gain on marketable securities and investments net (+ 36.4 billion yen)</b> - Write-off of marketable securities (available for sale) ..... - 0.7 billion yen ( [ - 0.8 billion yen ] <--- [ - 0.1 billion yen ] ) - Impairment losses on non-performing assets ..... + 0.9 billion yen ( [ - 1.7 billion yen ] <--- [ - 2.6 billion yen ] ) (losses on sale and write-down losses) - Other gains on sales of shares, etc.... + 36.2 billion yen ( [ + 58.7 billion yen ] <--- [ + 22.5 billion yen ] ) (+43.8 bil. yen gain on the sale of Diamond City shares)	
<b>e. Gain (loss) on property and equipment (- 3.6 billion yen)</b> Decrease reflects gains on sales of properties recorded in the previous fiscal year.	
<b>f. Other income --- net (- 22.0 billion yen)</b> Reflects foreign exchange losses at overseas subsidiaries.	
<b>g. Equity in earnings of affiliated companies --- net (+ 9.4 billion yen)</b> Reflects strong performance of resource-related companies overseas.	

Segment Overview																																	
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<b>Major Changes</b>																																	
<b>New Business Initiative</b> ...Decrease in foreign exchange related earnings of a finance subsidiary and decrease in gains from investment activities																																	
<b>Energy Business</b> ...Increase in development expenses in line with the progress of projects																																	
<b>Metals</b> ...Increase in earnings and dividend income from resource-related companies																																	
<b>Machinery</b> ...Increase due to sales of Diamond City shares																																	
<b>Chemicals</b> ...Favorable trading at the parent company and Increase in equity earnings of overseas affiliated companies																																	
<b>Living Essentials</b> ...Increase of expenses related to new capital expenditure at food related subsidiary etc.																																	
<b>Forward-looking Statements</b> Earnings forecasts and other forward-looking statements in this release are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual results to differ materially from those projected.																																	

Outlook for the fiscal year ending March 2007 & Dividend Policy	
<b>Overview</b>	
MC has raised its projection of fiscal 2007 consolidated net income to 400.0 billion yen, an increase of 30.0 billion yen from its initial forecast of 370.0 billion yen. This revision, which would represent a 14% year-on-year increase in net income, reflects higher prices for metal commodities, mainly non-ferrous metals, than were assumed at the start of the fiscal year and some healthy growth of businesses in fields other than resources.	
<b>Main Points</b>	
<b>h. Operating income...390.0 billion yen</b> MC is forecasting operating income of 390.0 billion yen, 10.0 billion yen higher than originally projected. This forecast is based mainly on an expected increase in gross profit in the Metals Group due to strongly performing resource-related subsidiaries and higher metal commodity prices.	
<b>i. Income from consolidated operations before income taxes ... 540.0 billion yen</b> MC is forecasting income from consolidated operations before income taxes of 540.0 billion yen, 40.0 billion yen more than originally projected. In addition to the expected increase in operating income, this forecast is based on the expectation of higher dividends from resource-related companies.	
<b>j. Net income... 400.0 billion yen</b> MC is forecasting net income of 400.0 billion yen, 30.0 billion yen higher than originally projected due to the higher income from consolidated operations before income taxes, although income taxes will increase.	
<b>Dividend Policy</b>	
MC continues to base its dividend policy on the use of retained earnings to accelerate growth and maximize corporate value. The company also takes into consideration consolidated net income, as well as retained earnings available for dividends, to directly return profits to shareholders in line with operating results in each fiscal year. Based also on the need for funds to invest, the financial condition of the parent company and other factors, MC will determine the dividend in a flexible manner with minimum consolidated payout ratio of 15% or more.	
MC plans to set the annual dividend applicable to fiscal 2007 based on consolidated net income for the year. (MC plans to pay an annual ordinary dividend of around 36 yen per common share, 1 yen higher than the 35 yen initially planned, provided it achieves its current consolidated net income forecast for fiscal 2007 of 400.0 billion yen.) The interim dividend has been set at 18 yen per common share.	