

[ Change of major indices ]	Six months ended Sept. 30, 2006	Six months ended Sept. 30, 2007	Increase or decrease
Crude oil (USD/BBL)	65.3	67.4	+2.1 (+3%)
Foreign Exchange (YEN/USD)	115.4	119.4	+4.0 (3% yen depreciation)
Interest (%)TIBOR	0.32	0.73	+0.41 (+128%)

## Interim Results and Outlook for Fiscal Year Ending March 2008 (US GAAP)

Consolidated Income (Billion Yen)	For the six months ended Sept.30,2006	For the fiscal year ended Mar. 31, 2007	For the six months ended Sept.30,2007		Outlook for the fiscal year ending Mar.2008	
				Increase or decrease		Percentage of achievement
Operating transactions <Increase/decrease from original forecast of April 2007>	9,835.7	20,516.3	11,072.6	1,236.9	22,000.0 <+2,500.0>	50%
Gross profit <Increase/decrease from original forecast of April 2007>	565.9	1,148.1	591.1	25.2 <+4%>	1,220.0 <+40.0>	48%
Selling, general and administrative expenses Provision for doubtful receivables	(358.7) (2.2)	(734.7) (1.3)	(401.2) 0.2	(42.5) 2.4	(830.0) (5.0)	48%
Operating income <Increase/decrease from original forecast of April 2007>	205.0	412.1	190.1	(14.9) <-7%>	385.0 <+0>	49%
Interest expense --- net	(5.8)	(14.3)	(4.9)	0.9	(25.0)	20%
Dividend income	65.0	133.5	60.6	(4.4)	140.0	43%
Gain on marketable securities and investments --- net	56.2	86.8	30.5	(25.7)	45.0	88%
Gain (loss) on property and equipment --- net	1.0	(7.6)	0.2	(0.8)		
Other income (expense) --- net	(6.3)	(15.0)	8.8	15.1		
Income from consolidated operations before income taxes <Increase/decrease from original forecast of April 2007>	315.1	595.5	285.3	(29.8) <-9%>	545.0 <+30.0>	52%
Income taxes	(121.6)	(281.1)	(94.2)	27.4	(210.0)	45%
Minority interests in income of consolidated subsidiaries	(20.6)	(45.4)	(24.9)	(4.3)	(50.0)	50%
Equity in earnings of affiliated companies --- net	61.9	146.9	71.5	9.6	145.0	49%
Net income <Increase/decrease from original forecast of April 2007>	234.8	415.9	237.7	2.9 <+1%>	430.0 <+30.0>	55%
Core earnings (*1) <Increase/decrease from original forecast of April 2007>	328.3	679.5	317.1	(11.2) <-3%>	650.0 <+35.0>	49%

(\*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 2,810.5 billion yen for the six months ended Sept. 30, 2006 and the six months ended Sept. 30, 2007, respectively.

Assets and Liabilities	Sept. 30, 2006	Mar. 31, 2007	Sept. 30, 2007		Mar. 31, 2008 (Outlook)	
				Increase/decrease from Mar. 2007		Increase/decrease from Sept. 2007
Total assets	10,597.2	11,485.7	12,329.3	843.6	13,000.0	670.7
(Current assets)	5,516.0	5,871.8	6,278.7	406.9	6,450.0	171.3
(Investments and non-current receivables)	3,438.2	3,913.7	4,109.1	195.4	4,350.0	240.9
(Property and equipment-net, other)	1,643.0	1,700.2	1,941.5	241.3	2,200.0	258.5
Total shareholders' equity	2,514.3	2,950.9	3,124.5	173.6	3,250.0	125.5
Interest bearing liabilities (*3) Gross	3,844.7	3,813.8	4,389.0	575.2	4,850.0	461.0
Interest bearing liabilities (*3) Net	3,118.5	3,046.3	3,419.9	373.6	3,950.0	530.1
(Debt-to-equity ratio - Gross)	1.5	1.3	1.4	(0.1)	1.5	0.1
(Debt-to-equity ratio - Net)	1.2	1.0	1.1	(0.1)	1.2	0.1

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

Cash Flows	Six months ended Sept. 30, 2006	Year ended Mar. 31, 2007	Six months ended Sept. 30, 2007	
Investing activities	(134.6)	(281.6)	(94.7)	Reflects new investments and capital expenditures in excess of cash provided by sales of large investments.
Free cash flow	104.9	197.5	(70.4)	
Financing activities	(35.5)	(157.6)	276.0	Reflects an increase in fund raising to meet increased demand for working capital and funds for investment. The main uses of cash were for acquisition of treasury stock and the payment of higher dividends.
Increase/decrease of cash and cash equivalents	67.6	108.5	203.8	

### Outline of Fiscal 2008 Interim Results

**Overview**  
**(1) Interim Consolidated Net Income Breaks Record for Fourth Consecutive Year**  
Gross profit rose 4% overall and was up year on year in all segments except Metals, which was affected by a drop in the coking coal price. In addition, equity in earnings of affiliated companies rose 16% year on year. These increases compensated for the absence of large gains on sales of shares recorded in the same period of previous fiscal year and lifted interim consolidated net income to an all-time high of 237.7 billion yen. This was a record bottom-line result for the fourth straight year.

Item	Sept.30.2005	Sept.30.2006	Sept.30.2007
Net income	178.3	234.8	237.7
Operating income	164.1	205.0	190.1
Core earnings	248.5	328.3	317.1

**(2) Large Earnings Increases in Energy Business, Machinery and Chemicals**  
The Energy Business Group posted a 52% rise in net income due to rising crude oil prices and other factors. Meanwhile, the Machinery and Chemicals groups also saw net income rise sharply, by 39% and 65%, respectively, reflecting mainly business expansion in the overseas IPP and petrochemicals fields.

**(3) Shareholders' Equity Increases Further, Tops 3 Trillion Yen**  
Shareholders' equity increased 173.6 billion yen from March 31, 2007 to 3,124.5 billion yen because of higher retained earnings due to the strong operating results. As a result, the net debt-to-equity ratio (net basis, excluding cash and deposits) was maintained at a low level of 1.1, on a par with fiscal 2007 year-end.

### Major Year-on-Year Changes

**Major Year-on-Year Changes**

**a. Gross profit (+ 25.2 billion yen)**  
Gross profit rose 4% year on year. Although earnings were affected by a lower sales price for coking coal, the higher gross profit reflected generally firm commodity prices and new consolidations.

**b. Selling, general and administrative expenses (- 42.5 billion yen)**  
Increased mainly due to new consolidations and higher personnel expenses in line with business expansion.

**c. Net financial income (- 3.5 billion yen)**  
Decrease reflects lower dividend income.

**d. Gain on marketable securities and investments --- net (- 25.7 billion yen)**  
- Write-off of marketable securities (available for sale) .....  
+ 0.7 billion yen ( [ - 0.1 billion yen ] <--- [ - 0.8 billion yen ] )  
- Impairment losses on non-performing assets .....  
- 0.1 billion yen ( [ - 1.8 billion yen ] <--- [ - 1.7 billion yen ] )  
(losses on sale and write-down losses)  
- Other gains on sales of shares, etc....  
+ 26.3 billion yen ( [ + 32.4 billion yen ] <--- [ + 58.7 billion yen ] )  
(-43.8 bil. yen absence of gain on the sale of Diamond City shares)

**e. Other income --- net (+ 15.1 billion yen)**  
Improvement in foreign currency gains and losses at overseas subsidiaries.

**f. Equity in earnings of affiliated companies --- net (+9.6 billion yen)**  
Increase reflects new consolidations in overseas IPP business, strong results in metal resource-related businesses and the effect of forex movements.

### Segment Overview

**Net Income by Segment**

Segment	Sept. 30, 2006	Sept. 30, 2007
Business Innovation	24.6	19.6
Industrial Finance, Logistics & Development	11.9	25.4
Energy Business	23.3	31.9
Metals	99.6	82.4
Machinery	26.7	40.6
Chemicals	21.0	4.7
Living Essentials	0.8	1.1
Adjustments and Eliminations	-0.8	-1.1
<b>Total</b>	<b>178.3</b>	<b>237.7</b>

**Major Changes**  
**Business Innovation**...Decrease due to absence of fiscal 2007 gains on sales of shares, etc.  
**Industrial Finance, Logistics & Development**...Reflects absence of fiscal 2007 gain on sale of Diamond City shares and increase in foreign exchange related earnings at a finance subsidiary. Other businesses were strong as a whole.  
**Energy Business**...Higher earnings reflect increase in gross profit at overseas resource-related subsidiaries due to rising crude oil prices and increased transactions as well as gain on sale of shares in Sakhalin Energy Investment Co., Ltd.  
**Metals**...Decrease in earnings due to lower sales price at Australian coking coal subsidiary.  
**Machinery**...Increase in earnings due to new consolidations in overseas IPP business, as well as recovery of auto market in Asia. Also reflects foreign exchange rate movements.  
**Chemicals**...Increase in earnings due to strong transactions at overseas subsidiaries and tax benefits from higher equity interest in petrochemical business-related company.  
**Living Essentials**...Increase in earnings, despite absence of fiscal 2007 gain on sale of shares. Higher earnings were due to strong results in food-related businesses.

**Forward-looking Statements**  
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 2008 & Dividend Policy

**Overview**  
MC has raised its projection of fiscal 2008 consolidated net income to 430.0 billion yen, an increase of 30.0 billion yen from its initial forecast of 400.0 billion yen. This revision, which would represent a year-on-year increase in net income of 3%, reflects generally firm prices for major commodities and steady returns from upfront investments in non-resource as well as resource fields.

**Main Points**  
**g. Operating income...385.0 billion yen**  
MC is forecasting operating income of 385.0 billion yen, the same as its initial forecast. This forecast is premised on expectations for higher gross profit resulting from business expansion and other factors, but also an increase in selling, general and administrative expenses in line with this.  
**h. Income from consolidated operations before income taxes ... 545.0 billion yen**  
MC is forecasting income from consolidated operations before income taxes of 545.0 billion yen, 30.0 billion yen more than originally projected due to expectations for higher dividend income from resource-related companies.  
**i. Net income... 430.0 billion yen**  
MC is forecasting net income of 430.0 billion yen, 30.0 billion yen higher than originally projected due to increased equity in earnings of affiliated companies, in addition to the above factors. This upward revision is despite higher income taxes in line with the forecast increase in income from consolidated operations before income taxes.

**Dividend Policy**  
We have based our dividend policy on using retained earnings to make investments that will drive our growth and maximize corporate value. At the same time, since fiscal 2005, the company has also taken 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.  
Due to the existence of many promising investment opportunities, MC's policy will be to use retained earnings for investments that will drive growth while paying a dividend that reflects the amount of earnings. While also taking into consideration 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 the target of a consolidated payout ratio of 15% or more. The annual ordinary dividend per common share applicable to fiscal 2008 will be determined based on fiscal 2008 performance.  
(Providing, however, MC achieves its current consolidated net income forecast of 430.0 billion yen for fiscal 2008, MC plans to pay an annual ordinary dividend of around 52 yen per common share, 6 yen higher than the 46 yen initially forecast. This dividend also takes into account the share buyback conducted in August this year.)  
The interim dividend for fiscal 2008 has been set at 26 yen per common share, half of the current projected annual dividend.