

Highlights of Consolidated Financial Results for the Second Quarter of FY 2009 (U.S. GAAP) (from July 1, 2008 to September 30, 2008)

Financial topics for the Second Quarter (2nd Q) of FY 2009

(Unit: billion yen, (losses, decrease))

- 2nd Q Net income increased by ¥45.4 bil compared with the previous 2nd Q to ¥76.6 bil, the next highest to FY2008 1st Q of ¥85.9 bil with a gain of ¥30.8 bil from the capital restructuring program by Orient Corporation (hereafter "Orico"). However, considering the fact of this Orico-related gain of ¥30.8 bil recognized in FY 2008 1st Q, Net income of the 2nd Q is substantially regarded to be the highest. Also, the followings marked the highest in all of the past Qs; Gross trading profit, Income before income taxes, and Adjusted profit.
- 2nd Q Net income in "Ener., Met.&Min.", "Chem., FP&GM", and "Fin., Rlty., Insur.&LS" increased by ¥54.8 bil on year-to-year basis, far surpassed total decrease of the worsened segments (including "Other, Adj. & Elimin.") of ¥9.3 bil. Increased by ¥25.7 bil in "Ener., Met.&Min.", and ¥2.4 bil in "Textile", "Food" and "FP&GM" for Consumer-Related sector.
- 2nd Q Net income of Group companies increased by ¥35.3 bil compared with the previous 2nd Q to ¥54.6 bil. Net income of Overseas subsidiaries increased by ¥1.7 bil to ¥8.5 bil. Earnings from overseas businesses amounted to ¥46.5 bil, achieved 61% of Net income ¥76.6 bil, surpassed the target of 60% for a single Quarter.

(Note 1) Impacts of the special factors regarding the investment in Orico are as follows.

Impairment loss and its tax effect related to Orico common stocks	Recognized items in Consolidated Financial Results of Operations			
	FY 2008	Equity in earnings (losses) of associated companies	Income taxes	Net income
2nd Quarter		(26.2)	10.7	(15.4)

Consolidated Financial Results of Operations	2nd Quarter FY 2009	2nd Quarter FY 2008	Increase (Decrease)		Summary of changes from the same period of the previous fiscal year
				%	

Revenue	767.8	753.8	14.0	1.9%
Gross trading profit	294.3	255.7	38.6	15.1%
Selling, general and administrative expenses	(186.5)	(182.5)	(4.0)	2.2%
Provision for doubtful receivables	(11.7)	(1.4)	(10.3)	-
Net interest expenses	(7.2)	(8.3)	1.1	(13.7%)
Dividends received	7.5	5.7	1.7	30.0%
Net financial income (exp.)	0.3	(2.6)	2.9	-
Gain (loss) on disposal of investments and marketable securities, net of write-down	(0.9)	0.5	(1.3)	-
Loss on property and equipment-net	(1.9)	(0.5)	(1.4)	-
Other-net	(0.4)	1.7	(2.1)	-
Total other expenses	(201.1)	(184.8)	(16.3)	8.8%
Income before income taxes	93.2	70.9	22.3	31.5%
Income taxes	(30.1)	(24.0)	(6.1)	25.3%
Income after income taxes	63.1	46.8	16.3	34.7%
Minority interests	(2.6)	(3.6)	1.0	(28.7%)
Equity in earnings (losses) of associated companies	16.0	(12.2)	28.1	-
Net income	76.6	31.1	45.4	146.1%

- **Revenue:** Rise in prices of metal resources and energy, and volume increase in food resources such as feed grains, oilseeds, oils and fats trade and food distribution business
- **Gross trading profit: (Incr/Decr fields & business)**
 - Textile /Decr:** Leaving of several subsidiaries and slowdown in apparel market
 - Mach. /Decr:** Sluggish performance of automobile and construction machinery business caused by market slowdown in U.S., despite increase in ship trading business
 - Aero. Elec. & MltiMd /Decr:** Sluggish domestic IT-related business despite increase in sales business of domestic mobile phones sales business
 - Ener., Met. Min. /Incr:** Retrospective application of new prices for sale of iron ore in addition to rise in prices of metal resources and energy and expansion of sales volume of iron ore
 - Chem., FP & GM /Incr:** Steadily high prices of chemicals and steady growth in housing businesses in North America
 - Food /Incr:** Expansion of food resources such as feed grains, oilseeds, oils and fats trade and food distribution business
 - Fin. Rlty. Insur. & LS /Incr:** Absence of devaluation loss on long-term development of real-estate business recorded in the same period of the previous fiscal year
- **SG&A:** Increase due to expansion of business and increase in pension cost
- **Provision for doubtful receivables:** Increase mainly due to the provision for doubtful receivables from Machinery-related customers in Mongolia -10.8
- **Net financial income (exp.):** Net interest expenses +1.1 (declined US dollars interest rate) Dividends received +1.7 (LNG-related +1.0)
- **Gain (loss) on disposal inv. & sec.:** Gain on disposal -4.9, Impairment loss +0.8 Loss on business disposals and others +2.8
- **Loss on property and equipment-net:** Impairment loss of property and equipment -1.0
- **Other-net:** Foreign currency exchange losses -4.0
- **Equity in earnings of assoc. co.:** Orico (Note 1), Equity in earnings of assoc. co. on IMEA +2.1, MISI +0.4, FamilyMart Co., Ltd. +0.3, Japan Brazil Paper and Pulp Resources Development, Co. Ltd. -0.2

(Reference)				
Total trading transactions	3,491.3	3,130.1	361.2	11.5%
Gross trading profit ratio	8.4%	8.2%	0.3%	

Adjusted profit	124.1	58.5	65.6	112.3%
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Adjusted profit = Gross trading profit + SG&A expenses + Net financial income + Equity in earnings of associated companies

Operating Segment Information	Gross trading profit (Note 2)			Net income			[Net income] Summary of changes from the same period of the previous fiscal year (Note 2) Refer to "Summary of changes from the same period of the previous fiscal year" in "Consolidated Financial Results of Operations"
	2nd Quarter FY 2009	2nd Quarter FY 2008	Increase (Decrease)	2nd Quarter FY 2009	2nd Quarter FY 2008	Increase (Decrease)	

Textile	25.1	30.0	(4.9)	3.4	4.5	(1.1)	Decrease due to absence of gain on disposal of investments in the previous 2Q, in addition to decrease in gross trading profit
Machinery	24.8	28.6	(3.7)	2.7	10.2	(7.5)	Decrease due to decrease in gross trading profit
Aerospace, Electronics & Multimedia	32.8	34.5	(1.6)	1.0	2.6	(1.6)	Decrease due to decrease in gross trading profit despite improvement in equity in earnings of associated companies
Energy, Metals & Minerals	68.2	34.3	33.9	54.1	28.4	25.7	Increase due to increase in gross trading profit, dividends received from LNG-related investments and equity in earnings of assoc. co.
Chemicals, Forest Products & General Merchandise	35.2	32.0	3.2	8.0	5.8	2.2	Increase due to increase in gross trading profit
Food	89.2	85.4	3.9	6.8	6.7	0.1	Almost same due to absence of gain on disposal of investments in the previous 2Q offset by increase in gross trading profit and equity in earnings of assoc. co.
Finance, Realty, Insurance & Logistics Services	9.9	4.4	5.4	4.3	(22.5)	26.8	Increase due to absence of impairment loss in finance business in the previous 2Q. (Note 1)
Other, Adjustments & Eliminations	9.0	6.5	2.4	(3.7)	(4.6)	0.9	Increase due to increase in gross trading profit as well as improvement in equity in earnings of associated companies
Total	294.3	255.7	38.6	76.6	31.1	45.4	

Components of Consolidated Net Income	2nd Quarter FY 2009	2nd Quarter FY 2008	Increase (Decrease)
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Parent company	16.7	13.4	3.4
Group companies	54.6	(*) 19.2	35.3
Overseas trading subsidiaries	8.5	6.8	1.7
Consolidation adjustments	(3.2)	(8.3)	5.1
Consolidated net income	76.6	31.1	45.4

2nd Quarter FY 2009	2nd Quarter FY 2008	Increase (Decrease)
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Consolidated net income	76.6	31.1	45.4
Earnings from overseas businesses (**)	46.5	28.1	18.3
Share of earnings from overseas businesses	61%	90%	
Exclude Orico's special factors (***)		60%	

(*) Includes the tax effect relating to the equity in investment in Orico.

(**) "Earnings from overseas businesses" is the total of net incomes of overseas trading subsidiaries and overseas group companies, plus net incomes of overseas branch of parent company and domestic group companies substantially operating in overseas.

(***) Refer to (Note 1) for the special factors on share of net income for Orico included in the previous 2Q.