

Highlights of Consolidated Financial Results for the Second Quarter of FY 2010 (U.S. GAAP) (from July 1, 2009 to September 30, 2009)

Financial topics for the Second Quarter (2nd Q) of FY 2010

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

- 2Q "Net income attributable to ITOCHU" decreased by ¥41.7bil. compared with the previous 2Q to ¥34.9bil., achieved 27% of the expected net income for FY2010.
- 2Q "Net income attributable to ITOCHU" increased by ¥14.5bil. compared with 1Q, which shows a sign of recovery.
- The income in "Textile" & "Mach." increased to ¥6.3bil. and ¥4.4bil. respectively, "ITC & Aero., Elec." also increased. "Ener., Met. & Min." showed significant decrease due to price falls in metal resources in addition to retroactive adjustment of iron ore price determined in 2Q of FY2009, but still secured over ¥20.0bil. The income decreased in "Chem., FP & GM" & in "Food", recorded ¥5.9bil. & ¥5.5bil. respectively, both of which exceeded ¥5.0bil. "Fin., Rlty., Insur. & LS" also secured profit.

Consolidated Financial Results of Operations	2nd Quarter FY 2010	2nd Quarter FY 2009	Increase (Decrease)		Summary of changes from the same period of the previous fiscal year	
				%		
Revenue	883.8	767.9	116.0	15.1%	<p>Revenue: Increase due to the acquisition of several subsidiaries including ITOCHU ENEX CO., LTD., despite decrease due to price falls in metal resources and energies, reduced market in automobiles and housing market slowdown in Japan and the U.S.</p> <p>Gross trading profit: [Operating segment/Incr (Decr)](Incr/Decr fields & business) Textile / 0.1: Almost the same level due to market slowdown in textile materials, fabrics and apparels despite increase from an acquisition of SANKEI CO., LTD. Mach. / (12.4): Decrease due to reduced transactions in automobile and construction machinery business, decrease in sales volume by the absence of ship trading transactions in 2Q of FY2009 ICT & Aero., Elec. / 0.1: Almost the same level Ener., Met. & Min. / (35.8): Significant decrease due to the absence of the retroactive adjustment of higher iron ore price determined in 2Q of FY2009 in addition to price falls in metal resources and energies despite increase from an acquisition of ITOCHU ENEX CO., LTD. Chem., FP & GM / (6.9): Decrease due to price falls in chemicals since last autumn and slowdown in housing market in Japan and the U.S., and deconsolidation of a subsidiary in the U.S. despite increase from an acquisition of C.I.Kasei Co., Ltd. Food / (0.5): Decrease due to price falls in feed and grain materials Fin., Rlty. Insur. & LS / (1.0): Decrease in finance-related business</p> <p>SG&A: Increase mainly due to increase in pension cost and the effect of the acquisition of ITOCHU ENEX CO., LTD.</p> <p>Net financial income (exp.): Net interest expenses +0.5 (decline in US\$ interest rate) Dividend received -3.0(LNG-related investments -2.5)</p> <p>Gain (loss) on investments-net: Impairment loss -0.1, Net gain on sales of investments +2.5, Loss on business disposals and others +0.9</p> <p>Loss on property and equipment-net: Impairment loss +1.0, Net gain on sales of property and equipment and other +0.6</p> <p>Other-net: Improvement of foreign currency exchange gains (losses) +3.5, other -2.3</p> <p>Equity in earnings of associated companies: Brazil Japan Iron Ore Corporation +0.9, TING HSIN (CAYMAN ISLANDS) HOLDING CORP. +0.6, Marubeni-Itochu Steel Inc. -7.0, Equity-method associated companies of IMEA -2.9, Orient corporation -1.1, Japan Brazil Paper and Pulp Resources Development Co., Ltd. -1.0</p>	
Gross trading profit	233.7	294.4	(60.7)	(20.6%)		
Selling, general and administrative expenses	(192.6)	(186.5)	(6.1)	3.3%		
Provision for doubtful receivables	(0.5)	(11.7)	11.3	(96.1%)		
Net interest expenses	(6.7)	(7.2)	0.5	(7.1%)		
Dividends received	4.4	7.5	(3.0)	(40.8%)		
Net financial income (exp.)	(2.2)	0.3	(2.5)	-		
Gain (loss) on investments-net	2.4	(0.9)	3.3	-		
Loss on property and equipment-net	(0.4)	(1.9)	1.6	-		
Other-net	0.9	(0.3)	1.2	-		
Total other expenses	(192.4)	(201.0)	8.7	(4.3%)		
Income before income taxes	41.3	93.4	(52.1)	(55.8%)		
Income taxes	(15.3)	(30.2)	14.8	(49.1%)		
Income after income taxes	26.0	63.2	(37.3)	(58.9%)		
Equity in earnings of associated companies	11.4	16.0	(4.6)	(28.8%)		
Net income	37.3	79.2	(41.9)	(52.9%)		
Minority interests	(2.4)	(2.6)	0.1	(4.7%)		
Net income attributable to ITOCHU	34.9	76.7	(41.7)	(54.5%)		
(Reference)						
Total trading transactions	2,609.4	3,366.8	(757.3)	(22.5%)		
Gross trading profit ratio	9.0%	8.7%	0.2%			
Adjusted profit	50.2	124.2	(74.0)	(59.6%)		
Adjusted profit = Gross trading profit + SG&A expenses + Net financial income + Equity in earnings of associated companies						

Operating Segment Information	Net income attributable to ITOCHU			Summary of changes from the same period of the previous fiscal year	Net income attributable to ITOCHU	
	2nd Quarter FY 2010	2nd Quarter FY 2009	Increase (Decrease)		1st Quarter FY 2010	Increase (Decrease)
Textile	6.3	3.4	2.9	Increase due to the absence of impairment loss on an investment (2009/2Q), earnings from newly purchased associated companies despite decreased gross trading profit	0.8	5.4
Machinery	4.4	2.8	1.6	Increase in equity in earnings of associated companies	(0.4)	4.8
ICT, Aerospace & Electronics	1.8	1.0	0.8	Increase due to decrease in SG&A	(0.6)	2.3
Energy, Metals & Minerals	20.5	54.1	(33.6)	Decrease due to decreased equity in earnings of associated companies in addition to significant decrease in gross trading profit	5.6	14.9
Chemicals, Forest Products & General Merchandise	5.9	8.0	(2.0)	Decrease due to decreased gross trading profit and equity in earnings of associated companies despite increased gain (loss) on property and equipment-net and other-net	2.2	3.7
Food	5.5	6.8	(1.2)	Decrease due to impairment loss on investments despite increased gross trading profit	13.0	(7.4)
Finance, Realty, Insurance & Logistics Services	0.3	4.3	(4.0)	Decrease in dividends received from fund investment (FY2009/2Q), equity in earnings of finance-related associated companies & gross trading profit	2.0	(1.7)
Other, Adjustments & Eliminations	(9.9)	(3.7)	(6.1)	Decrease due to decreased gross trading profit and equity in earnings of associated companies and increased inter-company income tax	(2.2)	(7.6)
Total	34.9	76.7	(41.7)		20.4	14.5

Components of Net Income attributable to ITOCHU	2nd Quarter FY 2010	2nd Quarter FY 2009	Increase (Decrease)
Parent company	0.4	16.8	(16.4)
Group companies	29.3	54.6	(25.3)
Overseas trading subsidiaries	3.1	8.5	(5.4)
Consolidation adjustments	2.1	(3.2)	5.3
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Earnings from overseas businesses (*)	14.2	46.5	(32.3)
Share of earnings from overseas businesses	41%	61%	

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