

Highlights of Consolidated Financial Results for the First Half of FY 2012 (U.S. GAAP)
(6 months from April 1, 2011 to September 30, 2011)

November 2, 2011
ITOCHU Corporation

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

Financial topics for the 1st Half (6 months) of FY 2012

- 1st Half "Net income attributable to ITOCHU" increased by ¥55.1 bil. to ¥158.1 bil. and recorded the highest ever 1st Half earnings. Progress toward the Outlook for FY 2012 of ¥240.0 bil. was 66%. Similarly, "Income before income taxes", "Equity in earnings of associated companies", Net income attributable to ITOCHU of group companies (subsidiaries and associated companies) reporting profits and total of group companies achieved record-high. Adjusted profit increased by ¥41.7 bil. to ¥199.3 bil.
- For "Net income attributable to ITOCHU" by segment, "Ener., Met. & Min." increased significantly by ¥24.3 bil. to ¥87.3 bil., and increases of ¥11.4 bil. to ¥26.8 bil. for "Food" and ¥4.3 bil. to ¥18.2 bil. for "Chem., FP & GM" These 3 segments recorded highest ever 1st Half earnings. "ICT & Mach." increased by ¥7.3 bil. to ¥18.4 bil.; "Fin. & IS, LS" increased by ¥2.4 bil. to ¥3.4 bil.; and "Textile" increased by ¥2.3 bil. to ¥9.4 bil. "Const. & Rlty." recorded small loss. (Refer to Exhibit A-2)
- Share of "Net income attributable to ITOCHU" by sector: Natural Resource/Energy-Related 55% (¥87.3 bil.), Consumer-Related 28% (¥44.3 bil.), Machinery-Related 12% (¥18.4 bil.), and Chemicals, Construction & Realty and Others 5% (¥8.1 bil.). Natural Resource/Energy-Related and Consumer-Related sectors reached record-high.
- "Total ITOCHU stockholders' equity" increased by ¥69.8 bil. to ¥1,224.6 bil. from the previous FY end. Ratio of ITOCHU stockholders' equity to total assets was 20.5%. NET DER recorded 1.5 times. Total equity was ¥1,573.0 bil. (Refer to Exhibit A-2)

Consolidated Financial Results of Operations	1st Half FY 2012	1st Half FY 2011	Increase (Decrease)
Consolidated Statements of Income			
Revenue	1,922.6	1,717.7	204.9
Gross trading profit (Note 1)	493.0	472.5	20.5
Selling, general and administrative expenses (Note 1)	(353.2)	(355.6)	2.4
Provision for doubtful receivables	(2.4)	(1.0)	(1.4)
Net interest expenses	(6.0)	(9.1)	3.1
Dividends received	13.8	12.1	1.7
Net financial income	7.8	3.0	4.8
Gain (loss) on investments-net	13.4	(10.4)	23.8
Gain on property and equipment-net (*)	0.9	6.5	(5.6)
Gain on bargain purchase in acquisition	10.5	-	10.5
Other-net	15.8	(3.4)	19.2
Total other expenses	(307.3)	(361.0)	53.7
Income before income taxes and equity in earnings of associated companies	185.7	111.5	74.2
Income taxes	(69.6)	(41.1)	(28.5)
Income before equity in earnings of associated companies	116.1	70.4	45.7
Equity in earnings of associated companies	51.7	37.7	14.1
Net income	167.8	108.0	59.8
Less: Net income attributable to the noncontrolling interest	(9.7)	(5.0)	(4.6)
Net income attributable to ITOCHU	158.1	103.0	55.1
(Reference)			
Total trading transactions	5,997.3	5,668.8	328.5
Gross trading profit ratio	8.2%	8.3%	(0.1%)
Adjusted profit	199.3	157.6	41.7

Adjusted profit = Gross trading profit + SG&A expenses + Net financial income + Equity in earnings of associated companies

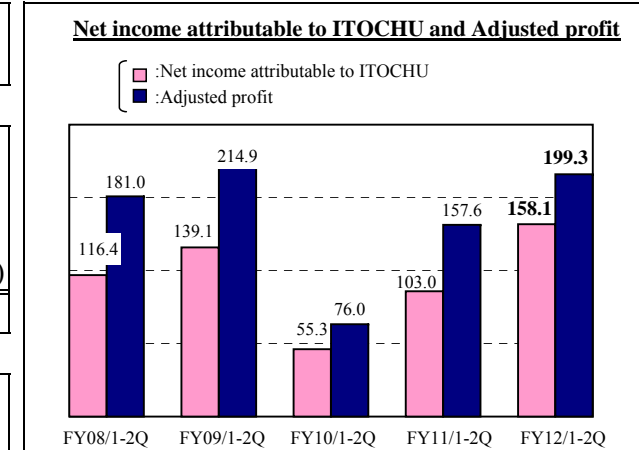
Summary of changes from the same period of the previous fiscal year
<ul style="list-style-type: none"> • Revenue: Increase in Energy, Metals & Minerals Company (higher prices for iron ore, oil & gas and an increase in iron ore sales volume), in Chemicals, Forest Products & General Merchandise Company (higher market prices for natural rubber and chemicals) and in Food Company (higher market prices for food materials, such as feed grains and others, an increase in transaction volume for food-distribution-related subsidiaries) • Gross trading profit: <ul style="list-style-type: none"> <u>Textile/ Decr (60.8→59.6):</u> Due to liquidation of a subsidiary in apparel-related businesses at the previous fiscal year-end, despite rise in uniform products and textile materials transactions <u>ICT & Machinery/ Incr (86.1→94.7):</u> Due to strong transactions of domestic ICT-related businesses and others, acceptance in healthcare-related businesses <u>Energy, Metals & Minerals/ Incr (100.4→114.6):</u> Due to higher price for oil & gas and recovery of operations in energy transactions, higher prices for iron ore and sales volume, despite decrease in revenue due to lower coal production volume <u>Chemicals, Forest Products & General Merchandise/ Incr (58.8→62.7):</u> Due to higher prices in markets for natural rubber and chemicals, strong domestic market conditions for plywood <u>Food/ Decr (139.3→138.5):</u> Due to aftermath of the Great East Japan Earthquake, despite rise in transaction volume at food distribution sectors <u>Construction & Realty/ Incr (6.4→6.7):</u> Due to sales of real-estate for leasing to investors and the absence of the losses on lower-of-cost-or-market of real-estate for sales for the same period of the fiscal previous year, despite lower revenue from condominium sales due to delay in deliveries arising from aftermath of the Great East Japan Earthquake <u>Financial & Insurance Services, Logistics Services/ Decr (10.2→7.6):</u> Due to sale of the travel-related domestic subsidiary • SG & A: Decreases due to cost reductions and the de-consolidation of certain subsidiaries, which offset an increase accompanying a rise in revenue among existing consolidated companies • Provision for doubtful receivables: Due to an increase in allowance for doubtful receivables • Net financial income: Improved mainly due to a decline in yen interest rates, increase in dividends from LNG-related investments • Gain (loss) on investments-net: Net of impairment losses and a remeasuring gain on investments+21.9, Net gain on sales of investments+1.1, Loss on business disposals and others+0.8 • Gain on property and equipment-net: Due to the absence of a gain on sales of coal interests for the same period of the previous fiscal year and loss on disposal of oil interests, which offset a gain on sale of property and equipment of consolidated subsidiaries • Gain on bargain purchase in acquisition: Gain on acquisition of Brazil Japan Iron Ore Corporation for the first quarter of fiscal year 2012 • Other-net: Due to the receipt of insurance claims related to the Great East Japan Earthquake and improvement in miscellaneous gain (loss) and others • Equity in earnings of assoc. co.: Equity-method associated companies of Brazil Japan Iron Ore Corporation+4.4, Marubeni-Itochu Steel Inc.+3.3, Equity-method associated companies of ITOCHU Minerals & Energy of Australia Pty Ltd+2.4, Century Tokyo Leasing Corporation (Note2) +1.9

(Note 1) As a result of the ITOCHU Group's integration of food distribution and marketing business, the items in which distribution cost related to these operations has been included were changed from the beginning of fiscal year, 2012. The relevant amounts for the same period of the previous fiscal year were reclassified based on this new classification.
(Note 2) Including gain on negative goodwill (1.5 billion yen before tax effect) accompanying the purchase of additional common shares of Century Tokyo Leasing Corporation in the first quarter of fiscal year 2012.
(Note 3) "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 branches of parent company and the companies established in Japan for specific overseas business whose sources of revenue are in overseas.

Outlook for FY 2012 (Announced on May. 6)	
Progress(%)	
1,050.0	46.9%
(730.0)	48.4%
-	-
(20.0)	29.8%
20.0	68.8%
0.0	-
(*) (20.0)	-
(750.0)	41.0%
300.0	61.9%
(120.0)	58.0%
180.0	64.5%
80.0	64.6%
260.0	64.5%
(20.0)	48.4%
240.0	65.9%
12,000.0	50.0%
8.8%	-
400.0	49.8%

Consolidated Statements of Comprehensive Income			
Net income	167.8	108.0	59.8
Other comprehensive income (loss) (net of tax)			
Foreign currency translation adjustments	(61.7)	(48.1)	(13.6)
Pension liability adjustments	2.2	1.3	1.0
Unrealized holding losses on securities	(8.9)	(6.8)	(2.1)
Unrealized holding gains (losses) on derivative instruments	(3.6)	1.9	(5.5)
Total other comprehensive income (loss) (net of tax)	(72.1)	(51.8)	(20.2)
Comprehensive income (loss)	95.7	56.2	39.6
Comprehensive income (loss) attributable to the noncontrolling interest	(10.7)	(3.9)	(6.8)
Comprehensive income (loss) attributable to ITOCHU	85.0	52.3	32.7

Components of Net income attributable to ITOCHU	1st Half FY 2012	1st Half FY 2011	Increase (Decrease)
Parent company	71.2	34.5	36.7
Group companies	145.2	103.4	41.8
Overseas trading subsidiaries	11.8	8.8	3.0
Consolidation adjustments	(70.2)	(43.7)	(26.4)
Net income attributable to ITOCHU	158.1	103.0	55.1
Earnings from overseas businesses (Note 3)	103.2	78.0	25.2
Share of earnings from overseas businesses	65%	76%	



Dividend Information (Per Share)	
Annual (Planned)	33.0 yen
Interim	16.5 yen

Brand-new Deal 2012
Earn, Cut, Prevent

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Operating Segment Information	Net income attributable to ITOCHU			[Net income attributable to ITOCHU] Summary of changes from the same period of the previous fiscal year
	1st Half FY 2012	1st Half FY 2011	Increase (Decrease)	
Textile	9.4	7.1	2.3	Increase due to rise in uniform products and textile materials transactions, as well as upturn of "Gain or loss on investments" and net interest expenses
ICT & Machinery	18.4	11.1	7.3	Increase due to rise in gross trading profit, higher equity in earnings of associated companies resulting from increase in earnings from leasing-related company, and improvement in tax and other factors, despite impairment losses on investment securities related to automobiles
Energy, Metals & Minerals	87.3	62.9	24.3	Increase due to rise in gross trading profit and gain on bargain purchase and remeasuring its previously held equity interests on the acquisition date at the fair value of Brazil Japan Iron Ore Corporation
Chemicals, Forest Products & General Merchandise	18.2	13.9	4.3	Increase due to rise in gross trading profit and higher equity in earnings of associated companies resulting from higher prices in market for chemicals
Food	26.8	15.4	11.4	Increase due to the absence of impairment losses on investment securities recognized for the same period of the previous fiscal year, gain on sales of investments, gain on sales of property and equipment, and income on insurance claims, despite decrease in gross trading profit
Construction & Realty	(1.1)	(0.8)	(0.3)	Deterioration due to absence of gain on sales of real-estate-related businesses and other factors for the same period of the previous fiscal year, despite increase in gross trading profit
Financial & Insurance Services, Logistics Services	3.4	1.0	2.4	Increase due to contribution of the financial-related business subsidiary in Europe and gain on sales of investments
Adjustments & Eliminations and others	(4.2)	(7.6)	3.4	Improvement due to upturn in equipment-material-related businesses currently undergoing restructuring in North America and the absence of impairment losses on investment securities recognized for the same period of the previous fiscal year
Total	158.1	103.0	55.1	

P/L of Group Companies Reporting Profits/Losses	1st Half FY 2012	1st Half FY 2011	Increase (Decrease)	Group Companies (Major Group Companies)	1st Half FY 2012	1st Half FY 2011	Summary of changes from the same period of the previous fiscal year
Group co. reporting profits	163.4	122.0	41.4	ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA) (C)	50.5	47.0	Due to increases in iron ore prices and sales volume, despite lower earnings stemming from decline in coal production volume
Group companies reporting profits	151.6	113.2	38.4	Brazil Japan Iron Ore Corporation (C)	22.4	3.7	Due to gains accompanying acquisition as well as higher sales volume and prices
Overseas trading subsidiaries reporting profits	11.9	8.8	3.0	Marubeni-Itochu Steel Inc. (E)	6.5	3.2	Due to recovery in demand for steel products in Asia and others
Group co. reporting losses	(6.4)	(9.9)	3.4	ITOCHU Property Development, Ltd. (C)	(1.4)	(2.1)	Due to the absence of losses on lower-of-cost-or-market of real estate for sale in the same period of the previous fiscal year and sales to investors of real estate for leasing
Group companies reporting losses	(6.4)	(9.8)	3.4	IPC EUROPE LTD. (C)	(0.6)	0.6	Due to decrease in profit from energy-related businesses and lackluster transactions for crude oil/fuel oil and petroleum products, mainly gas oil
Overseas trading subsidiaries reporting losses	(0.0)	(0.0)	0.0				
Total	157.0	112.2	44.8				
Share of group co. reporting profits	76.3%	73.3%	3.1%				
Number of group co. reporting profits	300	299	1				
Total number of group co. reporting	393	408	(15)				

(Note 5) The number of companies directly invested by ITOCHU or its Overseas trading subsidiaries are shown above.

Financial Position	Sep. 2011	Mar. 2011	Increase (Decrease)	Summary of changes from the previous fiscal year end	Outlook for March 31, 2012
Interest-bearing debt	2,334.6	2,268.4	66.2	2,700.0	
Net interest-bearing debt	1,877.2	1,633.2	244.0	2,200.0	
Total ITOCHU stockholders' equity	1,224.6	1,154.8	69.8	1,350.0	
Total equity	1,573.0	1,397.5	175.5	1,590.0	
Ratio of stockholders' equity to total assets	20.5%	20.4%	0.1%	21.1%	
Net debt-to-equity ratio (times)	1.5	1.4	0.1 up	1.6	

(Note 6) "Stockholders' equity" is equivalent to "ITOCHU stockholders' equity" and used in calculating "NET DER".

Cash Flows	1st Half FY 2012	1st Half FY 2011	Summary of Cash Flows for the 1st Half of FY 2012	Major Indicators		1st Half FY 2012	1st Half FY 2011	Variance	
				Foreign exchange (Yen/US\$)	Interest				
Operating activities	49.6	117.6	<ul style="list-style-type: none"> Operating: Net cash-inflow resulting from the steady performance in operating revenue in overseas natural resources, despite an increase in inventories in Energy, Metals & Minerals and Chemicals, Forest Products & General Merchandise Investing: Net cash-outflow mainly due to purchase of additional shares of Brazil Japan Iron Ore Corporation and an investment in IPP in North America, as well as additional capital expenditures and purchase of interests in natural resource development sector Financing: Net cash-outflow due to repayment of debt and dividend payment 	Foreign exchange (Yen/US\$)	Mar. closing	Average (Apr.-Sep.)	80.45	89.93	(9.48)
Investing activities	(182.1)	(116.3)				September 30th	Sep.-11 76.65	Mar.-11 83.15	(6.50)
Financing activities	(38.1)	(48.0)		Interest	Dec. closing	Average (Jan.-Jun.)	82.64	90.98	(8.34)
Cash and cash equivalents	453.2	424.5				June 30th	Jun.-11 80.73	Dec.-10 81.49	(0.76)
Increase (Decrease)	(177.5)	(51.1)				JPY TIBOR 3M, average (Apr.-Sep.)	0.339%	0.385%	(0.046%)
						US\$ LIBOR 3M, average (Jan.-Jun.)	0.286%	0.346%	(0.060%)
					Crude oil (Brent) average (US\$/BBL)	114.68	78.22	36.46	
						111.19	78.36	32.83	
					Iron ore, fine (US\$/ton)	170	134	36	
					Coking coal / Thermal coal (US\$/ton)	323 / 130	213 / 98	110 / 32	