

**Highlights of Consolidated Financial Results for the Second Quarter of FY 2012 (U.S. GAAP)**  
**(3 months from July 1, 2011 to September 30, 2011)**

November 2, 2011  
ITOCHU Corporation

**Financial topics for the 2nd Quarter (3 months) of FY 2012**

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

• 2nd Quarter "Net income attributable to ITOCHU" increased by ¥5.0 bil. compared with the previous 2nd Quarter to ¥67.8 bil. -This figure is next to ¥76.7 bil. in the 2nd Quarter of FY 2009 as an individual 2nd Quarter. Adjusted profit was ¥116.4 bil., increased by ¥24.2 bil. and by ¥33.6 bil. respectively compared with the previous 2nd Quarter and the 1st Quarter of FY 2012

• For "Net income attributable to ITOCHU" by segment, "Food" increased by ¥6.8 bil. to ¥14.4 bil. and recorded the highest ever quarterly earnings. In addition, achieving increases in "Ener., Met. & Min." ¥39.4 bil., "Textile" ¥5.4 bil., and "Fin. & IS, LS" ¥1.8 bil. "ICT & Mach." and "Chem., FP & GM" decreased but still recorded ¥5.7 bil. and ¥7.6 bil. "Const. & Rlty." recorded net loss of ¥0.7 bil.

• Share of "Net income attributable to ITOCHU" by sector: Natural Resource/Energy-Related 58%, Consumer-Related 35%, Machinery-Related 8%, and Chemicals, Construction & Realty and Others -1%. Consumer-Related achieved ¥23.5 bil. and recorded the highest ever quarterly earnings

Consolidated Financial Results of Operations	Summary of changes from the same period of the previous fiscal year		
	2nd Quarter FY 2012	2nd Quarter FY 2011	Increase (Decrease)
<b>Consolidated Statements of Income</b>			
Revenue	1,024.3	890.1	134.2
Gross trading profit (Note 1)	265.5	248.1	17.4
Selling, general and administrative expenses (Note 1)	(178.8)	(178.8)	0.0
Provision for doubtful receivables	(1.3)	(0.6)	(0.8)
Net interest expenses	(2.6)	(3.6)	0.9
Dividends received	6.4	5.0	1.4
Net financial income	3.8	1.5	2.3
Loss on investments-net	(6.6)	(4.7)	(1.9)
Gain on property and equipment-net	0.8	6.3	(5.5)
Other-net	6.5	(0.9)	7.4
Total other expenses	(175.6)	(177.2)	1.6
Income before income taxes and equity in earnings of associated companies	89.9	70.9	19.1
Income taxes	(41.5)	(26.4)	(15.0)
Income before equity in earnings of associated companies	48.5	44.4	4.0
Equity in earnings of associated companies	25.9	21.5	4.4
Net income	74.4	66.0	8.4
Less: Net income attributable to the noncontrolling interest	(6.6)	(3.2)	(3.4)
Net income attributable to ITOCHU	67.8	62.7	5.0
(Reference)			
Total trading transactions	3,135.9	2,938.8	197.1
Gross trading profit ratio	8.5%	8.4%	0.0%
Adjusted profit	116.4	92.3	24.2

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

• **Revenue:** Increase in Energy, Metals & Minerals Company (higher prices for iron ore, oil & gas and an increase in iron ore sales volume, rise in price of coal [production volume: recovered compared with the first quarter of the current fiscal year, decreased compared with the same period of previous fiscal year]), in ICT, Aerospace & Electronics Company (higher transactions volume in domestic ICT-related businesses and domestic mobile phone sales businesses) and in Chemicals, Forest Product & General Merchandise Company (higher market price for natural rubber)

• **Gross trading profit:**  
**Textile/ Incr (31.4→31.7):** Due to rise in uniform products and textile materials transactions, despite decrease in revenues because of liquidation of a subsidiary in apparel-related businesses at the previous fiscal year-end  
**ICT & Machinery/ Incr (46.9→51.8):** Due to strong transactions in domestic ICT-related businesses and domestic mobile phone sales businesses, acceptance in healthcare-related businesses  
**Energy, Metals & Minerals/ Incr (50.6→65.2):** Due to higher prices for iron ore and oil & gas and higher iron ore sales volume, rise in price of coal, [production volume: recovered compared with the first quarter of the current fiscal year, decreased compared with the same period of the previous fiscal year]  
**Chemicals, Forest Products & General Merchandise/ Slight incr (31.3→31.6):** Due to strong domestic market conditions for plywood and higher prices in market for natural rubber than those for the same period of the previous fiscal year, despite the trend in falling prices in the plastics market  
**Food/ Slight incr (72.6→72.8):** Due to increase in transaction volume in food distribution subsidiaries, despite aftermath of the Great East Japan Earthquake  
**Construction & Realty/ Decr (3.8→3.3):** Due to lower condominium sales volume as a result of delay in deliveries arising from aftermath of the Great East Japan Earthquake, despite the absence of the losses on lower-of-cost-or-market of real-estate for sale for the same period of the previous fiscal year  
**Financial & Insurance Services, Logistics Services/ Decr (4.8→4.0):** Due to sale of the travel-related domestic subsidiary

• **SG & A:** Almost at the same level due to decreases of 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 on investments-net:** Net of impairment losses-2.3, Net gain on sales of investments-0.4, Loss on business disposals and others+0.7

• **Gain on property and equipment-net:** Due to the absence of a gain on sale of coal interests in 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

• **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 ITOCHU Minerals & Energy of Australia Pty Ltd+1.5, Equity-method associated companies of Brazil Japan Iron Ore Corporation+1.4, FamilyMart Co., Ltd.+0.5

(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.

Consolidated Statements of Comprehensive Income	Components of Net income attributable to ITOCHU			Cash Flows			Summary of Cash Flows for the 2Q of FY 2012
	2nd Quarter FY 2012	2nd Quarter FY 2011	Increase (Decrease)	2nd Quarter FY 2012	2nd Quarter FY 2011		
Net income	74.4	66.0	8.4	Parent company	19.0	4.6	14.4
Other comprehensive income (loss) (net of tax)				Group companies	71.2	63.1	8.2
Foreign currency translation adjustments	(43.4)	(22.0)	(21.3)	Overseas trading subsidiaries	6.8	5.2	1.6
Pension liability adjustments	0.9	0.1	0.8	Consolidation adjustments	(29.3)	(10.1)	(19.2)
Unrealized holding losses on securities	(15.0)	(0.8)	(14.2)	Net income attributable to ITOCHU	67.8	62.7	5.0
Unrealized holding gains (losses) on derivative instruments	(3.9)	4.6	(8.5)	Earnings from overseas businesses	48.9	44.5	4.3
Total other comprehensive income (loss) (net of tax)	(61.3)	(18.1)	(43.3)	Share of earnings from overseas businesses (Note 2)	72%	71%	
Comprehensive income (loss)	13.0	47.9	(34.9)				
Comprehensive income (loss) attributable to the noncontrolling interest	(6.9)	(2.5)	(4.3)				
Comprehensive income (loss) attributable to ITOCHU	6.2	45.4	(39.2)				

(Note 2) "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.

Operating Segment Information	Net income attributable to ITOCHU			Summary of changes from the same period of the previous fiscal year
	2nd Quarter FY 2012	2nd Quarter FY 2011	Increase (Decrease)	
Textile	5.4	4.5	0.9	Increase due to rise in gross trading profit and others, despite decrease in the absence of unordinary gain for the same period of the previous fiscal year
ICT & Machinery	5.7	9.0	(3.3)	Decrease due to impairment losses on investment securities related to automobiles and recurring the additional tax expenses and others, despite rise in gross trading profit
Energy, Metals & Minerals	39.4	36.7	2.7	Increase due to rise in gross trading profit and increase in equity in earnings of associated companies from iron ore businesses, despite the absence of gain on property and equipment-net stemming from sale of coal interests for the same period of the previous fiscal year, as well as losses on disposal of oil interests and impairment losses on investment securities in the current fiscal year and others
Chemicals, Forest Products & General Merchandise	7.6	8.4	(0.9)	Decrease due to the trend in falling prices in the plastics market, as well as the absence of gain on investments for the same period of the previous fiscal year and decrease in equity in earnings of associated companies as a result of currency exchange loss of pulp businesses
Food	14.4	7.5	6.8	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 property and equipment-net, and income on insurance claims, despite aftermath of the Great East Japan Earthquake
Construction & Realty	(0.7)	0.7	(1.4)	Deterioration due to decrease in gross trading profit and the absence of gain on sales of real-estate-related businesses and other factors for the same period of the previous fiscal year
Financial & Insurance Services, Logistics Services	1.8	1.0	0.8	Increase due to contribution of the financial-related business subsidiary and decrease in tax expenses and others
Adjustments & Eliminations and others	(5.7)	(5.1)	(0.6)	Deterioration due to the impairment losses on investment securities, despite upturn in equipment-material-related businesses currently undergoing restructuring in North America
<b>Total</b>	<b>67.8</b>	<b>62.7</b>	<b>5.0</b>	