

Highlights of Consolidated Financial Results for the First Half of FY 2013 (U.S. GAAP)
(6 months from April 1, 2012 to September 30, 2012)

November 2, 2012
ITOCHU Corporation

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

Financial topics for the 1st Half (6 months) of FY 2013

• “Net income attributable to ITOCHU” decreased by ¥16.8 bil. to ¥142.2 bil. Progress toward the Outlook for FY 2013 of ¥280.0 bil. was 50.8%.

• For “Net income attributable to ITOCHU” by segment, “Textile,” “Machinery,” and “ICT, General Products & Realty” achieved increases compared with the same period of the previous FY. “Food” also effectively increased earnings, excluding the absence of the receipt of insurance for the same period of the previous FY.

Further, “Energy & Chemicals” also effectively increased earnings excluding the effect of a decrease in dividends received from LNG-related investments, which resulted from a change of an investee’s dividend policy from a quarterly basis to a yearly basis and absence of gain on sales of investments for the same period of the previous FY.

The earnings of “Metals & Minerals” decreased due to falls in iron ore and coal prices in addition to the absence of the gain on the acquisition of Brazil Japan Iron Ore Corporation for the same period of the previous FY. (Refer to Exhibit A-2)

• The share of the Natural Resources/Energy-Related Sector is 33% (earnings of ¥45.8 bil.) and the Non-Resource Sector is 67% (earnings of ¥93.7 bil.). Furthermore, the Non-Resource Sector posted an increase of ¥12.1 bil. to ¥93.7 bil. which is the highest record.

• “Total ITOCHU stockholders’ equity” increased ¥23.6 bil. from the previous FY end to ¥1,387.4 bil. due to an increase in “Net income attributable to ITOCHU” more than compensated for a decrease accompanying dividends payment and a deterioration in foreign currency translation adjustments.

The “Ratio of ITOCHU stockholders’ equity to total assets” rose 0.6 points from the previous FY end to 21.6%. NET DER remained at the same level as the previous FY end at 1.5 times. Total equity was ¥1,719.3 bil. (Refer to Exhibit A-2)

Consolidated Financial Results of Operations	1st Half FY 2013	1st Half FY 2012	Increase (Decrease)	Summary of changes from the same period of the previous fiscal year	Outlook for FY 2013 (Disclosed on Nov 2, 2012)	
					Progress(%)	
Consolidated Statements of Income						
Revenue (Note 2)	2,172.1	1,885.3	286.8	<p>- Revenue: Increase mainly due to the acquisition of Kwik-Fit Group in the ICT, General Products & Realty Company and the acquisition of energy-related companies in the Energy & Chemicals Company</p> <p>- Gross trading profit: Textile +1.7 (59.6 → 61.3): Increase due to acquisition of European apparel manufacturing and wholesale-related companies, and rise in apparel product transactions in Japan Machinery +2.7 (40.1 → 42.8): Increase due to rise accompanying acquisition of automobile-related companies Metals & Minerals -32.4 (71.4 → 39.1): Decrease mainly due to falls in iron ore and coal prices Energy & Chemicals +4.5 (75.1 → 79.6): Increase due to acquisition of energy-related companies as subsidiaries, despite decline resulting from slumping market prices for chemicals Food +1.0 (101.3 → 102.3): Increase due to rise in transaction volume in food-distribution-related companies, despite deterioration in profitability of food-resources-related subsidiaries and decrease resulting from conversion of existing consolidated subsidiaries into equity-method associated companies ICT, General Products & Realty +19.6 (99.8 → 119.4): Increase due to rise resulting from acquisition of Kwik-Fit Group, higher transactions in domestic ICT-related companies, and rise in sales of condominiums, despite decrease resulting from sale of consolidated subsidiary</p> <p>- SG & A: Attributable to higher expenses accompanying a rise in revenue among existing consolidated companies and higher expenses resulting from the acquisition of new consolidated subsidiaries</p> <p>- Provision for doubtful receivables: Decrease in allowance for doubtful receivables and collections</p> <p>- Net financial income: Decrease in dividends from LNG-related investments, resulting from a change of an investee’s dividend policy from a quarterly basis to a yearly basis and decrease in interest income in overseas subsidiaries</p> <p>- Gain on investments-net: Net of impairment losses and remeasuring gain on investments -13.2 (8.6 → -4.6), Net gain on sales of investments +12.0 (5.0 → 17.1), Losses on business disposals and others -0.2 (-0.2 → -0.5)</p> <p>- Gain (Loss) on property and equipment-net: Impairment losses on property and equipment-net -2.4 (-0.3 → -2.7), Net gain on sales of property and equipment and others -1.1 (1.1 → 0.0)</p> <p>- Gain on bargain purchase in acquisition: Gain on the acquisition of Brazil Japan Iron Ore Corporation was recognized for the previous fiscal year</p> <p>- Other-net: Decrease due to the absence of the receipt of insurance related to the Great East Japan Earthquake for the same period of the previous fiscal year and a loss on foreign currency translation</p> <p>- Equity in earnings of assoc. co.: Contribution of newly joined equity-method associated companies +7.5, Equity-method associated companies of Brazil Japan Iron Ore Corporation +2.8 (8.1 → 10.9), Orient Corporation (Note.3) +1.9 (-0.5 → 1.4), PT. KARAWANG TATABINA INDUSTRIAL ESTATE +0.9(0.0 → 0.9), Equity-method associated companies of China Foods Investment Corp. +0.8 (2.0 → 2.8), Equity-method associated companies of ITOCHU Minerals & Energy of Australia Pty Ltd. -2.4 (5.8 → 3.4), Century Tokyo Leasing Corporation (Note.4) [the absence of gain on negative goodwill accompanying the additional investment for the same period of the previous fiscal year (Note.3) -1.5 (1.5 → -)]</p>	940.0	47.8%
Gross trading profit (Note 2)	449.5	457.4	(8.0)		(673.0)	50.3%
Selling, general and administrative expenses (Note 2)	(338.4)	(316.1)	(22.3)		(2.0)	-
Provision for doubtful receivables	1.1	(2.4)	3.5		(17.0)	43.0%
Net interest expenses	(7.3)	(5.9)	(1.4)		25.0	30.2%
Dividends received	7.6	13.8	(6.2)		8.0	3.0%
Net financial income	0.2	7.8	(7.6)		(*) 2.0	-
Gain on investments-net	12.0	13.4	(1.4)			(665.0)
Gain (loss) on property and equipment-net (*)	(2.6)	0.9	(3.5)		275.0	46.0%
Gain on bargain purchase in acquisition	-	10.5	(10.5)		(105.0)	34.8%
Other-net	4.8	15.8	(11.0)		170.0	52.9%
Total other-expenses	(323.0)	(270.2)	(52.8)		135.0	46.3%
Income before income taxes and equity in earnings of associated companies	126.5	187.3	(60.8)		305.0	50.0%
Income taxes	(36.5)	(70.3)	33.8		(25.0)	41.0%
Income before equity in earnings of associated companies	90.0	117.0	(27.0)		280.0	50.8%
Equity in earnings of associated companies	62.5	51.7	10.8			
Net income	152.5	168.7	(16.2)			
Less: Net income attributable to the noncontrolling interest	(10.2)	(9.7)	(0.6)			
Net income attributable to ITOCHU	142.2	159.0	(16.8)			
(Reference)					12,900.0	47.4%
Total trading transactions	6,115.5	5,960.1	155.4	7.3%		
Gross trading profit ratio	7.3%	7.7%	(0.3%)	410.0	42.4%	
Adjusted profit	173.8	200.8	(27.1)			

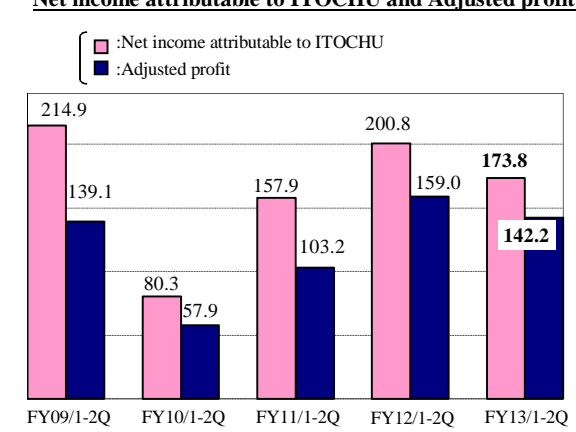
Consolidated Statements of Comprehensive Income

	1st Half FY 2013	1st Half FY 2012	Increase (Decrease)
Net income	152.5	168.7	(16.2)
Other comprehensive income (loss) (net of tax)			
Foreign currency translation adjustments	(61.6)	(63.8)	2.3
Pension liability adjustments	2.3	2.2	0.1
Unrealized holding losses on securities	(21.8)	(8.9)	(12.9)
Unrealized holding gains (losses) on derivative instruments	0.2	(3.6)	3.8
Total other comprehensive income (loss) (net of tax)	(80.9)	(74.2)	(6.7)
Comprehensive income (loss)	71.6	94.5	(22.9)
Comprehensive income (loss) attributable to the noncontrolling interest	(4.5)	(10.7)	6.2
Comprehensive income (loss) attributable to ITOCHU	67.1	83.8	(16.7)

Components of Net income attributable to ITOCHU

	1st Half FY 2013	1st Half FY 2012	Increase (Decrease)
Parent company	99.5	71.2	28.3
Group companies	113.1	147.8	(34.6)
Overseas trading subsidiaries	11.7	11.8	(0.1)
Consolidation adjustments	(82.1)	(71.8)	(10.3)
Net income attributable to ITOCHU	142.2	159.0	(16.8)
Earnings from overseas businesses (Note 5)	64.2	105.8	(41.5)
Share of earnings from overseas businesses	45%	67%	

Net income attributable to ITOCHU and Adjusted profit



Dividend Information (Per Share)

Annual (Planned)	40.0 yen
Interim	20.0 yen

Brand-new Deal 2012
Earn, Cut, Prevent

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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 2013	1st Half FY 2012	Increase (Decrease)	
Textile	18.0	9.4	8.7	Increase in gross trading profit as well as increase due to contribution of equity-method associated companies including newly joined companies
Machinery	14.8	12.6	2.2	Increase due to rise accompanying acquisition of automobile-related companies and rise in earnings of IPP-related companies
Metals & Minerals	43.0	77.5	(34.5)	Significant decrease due to lower gross trading profit and absence of unordinary gain recognized for the same period of the previous fiscal year in acquisition of Brazil Japan Iron Ore Corporation
Energy & Chemicals	15.0	19.7	(4.7)	Decrease in dividends received from LNG-related investments by a change of investee's dividend policy and absence of gain on sales of investments for the same period of the previous fiscal year, despite increase in gross trading profit
Food	25.3	26.8	(1.4)	Decrease due to absence of gain on sale of property and equipment and receipt of insurance for the same period of the previous fiscal year, despite increase in gross trading profit and gain on sales of investments
ICT, General Products & Realty	23.4	16.3	7.1	Increase due to rise in gross trading profit and higher equity in earnings of associated companies
Others, Adjustments & Eliminations	2.8	(3.3)	6.0	Improvement of income tax expense resulting from increase in foreign tax credit and sale of finance-related subsidiaries
Total	142.2	159.0	(16.8)	

P/L of Group Companies Reporting Profits/Losses	1st Half FY 2013	1st Half FY 2012	Increase (Decrease)	Group Companies (Major Group Companies) (C): Consolidated subsidiary	1st Half FY 2013	1st Half FY 2012	Summary of changes from the same period of the previous fiscal year
Group companies reporting profits	119.4	154.1	(34.7)	ITOCHU Oil Exploration (Azerbaijan) Inc. (C)	7.3	6.5	Increase due to rise in sales volume, despite fall in oil price
Overseas trading subsidiaries reporting profits	11.7	11.9	(0.1)	NIPPON ACCESS, INC. (C)	6.5	6.2	Increase due to absence of expenses related to the Great East Japan Earthquake and increase in transaction volume, despite absence of gain on sale of property and equipment recognized for the same period of the previous fiscal year
Group co. reporting losses	(6.3)	(6.4)	0.1	Brazil Japan Iron Ore Corporation (C)	5.8	22.4	Decrease due to fall in sales prices and absence of related gain in business combination recognized for the same period of the previous fiscal year, despite increase in sales volume and gain on foreign currency translation
Group companies reporting losses	(6.3)	(6.4)	0.1	JD Rockies Resources Limited (C)	(0.8)	(0.1)	Deterioration mainly due to drilling cost arising from the self-possessing shale oil projects; equity pick-up from new associate oil & gas development company was a little over the six-month period
Overseas trading subsidiaries reporting losses	(0.0)	(0.0)	0.0				
Total	124.8	159.6	(34.7)				
Share of group co. reporting profits	77.4%	76.3%	1.1%				
Number of group co. reporting profits (Note 6)	278	300	(22)				
Total number of group co. reporting (Note 6)	359	393	(34)				

(Note 6) The number of companies directly invested by ITOCHU or its Overseas trading subsidiaries are shown above.

Financial Position	Sep. 2012	Mar. 2012	Increase (Decrease)	Summary of changes from the previous fiscal year end	Outlook for March 31, 2013
Interest-bearing debt	2,569.0	2,533.6	35.4		2,800.0
Net interest-bearing debt	2,090.6	2,014.9	75.7		2,300.0
Total ITOCHU stockholders' equity	1,387.4	1,363.8	23.6	- Total ITOCHU stockholders' equity: Increase in Net income attributable to ITOCHU more than compensated for a decrease accompanying dividends payment and a deterioration in Foreign currency translation adjustments. "The Ratio of stockholders' equity to total assets" (Note 7) rose by 0.6 points to 21.6% from March 31, 2012. "NET DER" (Note 7) was 1.5 times. Total equity, or the sum of "Total ITOCHU stockholders' equity" and Noncontrolling interest increased to 1,719.3 billion yen.	1,550.0
Total equity	1,719.3	1,696.1	23.1		1,900.0
Ratio of stockholders' equity to total assets (Note 7)	21.6%	21.0%	0.6%		22.1%
Net debt-to-equity ratio (times) (Note 7)	1.5	1.5	Almost the same level		1.5

(Note 7) "Stockholders' equity" is equivalent to "ITOCHU stockholders' equity" and used in calculating "NET DER".

Cash Flows	1st Half FY 2013	1st Half FY 2012	Summary of Cash Flows for the 1st Half of FY 2013	Major Indicators		Variance		
				1st Half FY 2013	1st Half FY 2012			
Operating activities	106.8	51.7	- Operating: Net cash-inflow resulting from the stable performance in operating revenue in the overseas natural resources and the food sectors, despite an increase in inventories in Textile, the construction and ICT sectors	Foreign exchange (Yen/US\$)	Average (Apr.-Sep.)	80.25	80.45	(0.20)
Investing activities	(187.6)	(182.5)	- Investing: Net cash-outflow mainly due to an investment in automobile-related companies, as well as a new investment in pulp business in Europe and additional capital expenditures in the natural resource development sector		September 30th	Sep.-12 77.60	Mar.-12 82.19	(4.59)
Financing activities	(1.6)	(45.5)	- Financing: Net cash-outflow due to dividends payment exceeding proceeds from debt	Interest	JPY TIBOR 3M, average (Apr.-Sep.)	0.333%	0.339%	(0.006%)
Cash and cash equivalents	426.5	450.5			US\$ LIBOR 3M, average (Apr.-Sep.)	0.445%	0.281%	0.164%
Increase (Decrease)	(87.0)	(183.3)			Crude oil (Brent) (US\$/BBL) Average (Apr.-Sep.)	109.19	114.68	(5.49)
					Iron ore, fine (US\$/ton)	134	170	(36)
					Coking coal (US\$/ton)	216	323	(107)
					Thermal coal (US\$/ton)	115	130	(15)