

Highlights of Consolidated Financial Results for the First Half of FY 2014 (U.S. GAAP)
(6 months from April 1, 2013 to September 30, 2013)

November 5, 2013
ITOCHU Corporation

Financial topics for the 1st Half (6 months) of FY 2014

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

• “Net income attributable to ITOCHU” increased by ¥22.9 bil. to ¥165.1 bil. compared with the same period of the previous FY which is the highest earnings for the first half. Progress toward Outlook for FY 2014 was 57%.
• For “Net income attributable to ITOCHU” by segment, “Machinery”, “Food”, and “ICT, General Products & Realty” achieved increases compared with the same period of the previous FY. “Textile”, “Metals & Minerals”, and “Energy & Chemicals” recorded decreases. The earnings of “Metals & Minerals” was ¥42.0 bil., followed by earnings of “ICT, General Products & Realty” of ¥39.9 bil. “Food” and “Machinery” recorded over ¥20.0 bil. of ¥26.0 bil. and ¥24.1 bil. respectively. “Textile” and “Energy & Chemicals” recorded over ¥10.0 bil. of ¥16.3 bil. and ¥11.5 bil. respectively. (Refer to Exhibit A-2)
• The share of the Non-Resource Sector was 77% (earnings of ¥122.3 bil.) and the Natural Resource/Energy-Related Sector was 23% (earnings of ¥37.5 bil.). Furthermore, the Non-Resource Sector increased by ¥28.6 bil. compared with the same period of the previous FY, which surpassed ¥8.3 bil. decrease of the Natural Resource/Energy-Related Sector. The increase of the Non-Resource Sector was approximately 3.5 times the decrease of the Natural Resource/Energy-Related Sector.
• “Comprehensive income (loss) attributable to ITOCHU” increased by ¥148.4 bil. to ¥215.5 bil. affected by yen depreciation and higher stock prices, in addition to the contribution of “Net income attributable to ITOCHU”.
• “Total ITOCHU stockholders’ equity” increased by ¥184.2 bil. from the previous FY end to ¥1,949.7 bil. due to an increase in “Net income attributable to ITOCHU” and an improvement in “Accumulated other comprehensive income (loss)” due to yen depreciation and higher stock prices, which more than compensated for a decrease accompanying dividends payment. “Ratio of ITOCHU stockholders’ equity to total assets” rose by 0.9 points from the previous FY end to 25.7%. NET DER was 1.22 times. “Total equity” increased by ¥209.1 bil. to ¥2,321.7 bil. compared with the previous FY end. (Refer to Exhibit A-2)

	1st Half FY 2014	1st Half FY 2013	Increase (Decrease)
Natural Resource/Energy-Related	37.5	45.8	(8.3)
Non-Resource	122.3	93.7	28.6
Others	5.4	2.8	2.6
Non-Resource & Others	127.6	96.4	31.2
Natural Resource/Non-Resource	23%/77%	33%/67%	-10%/10%

(Note 1) Petroleum products transaction of Energy was reclassified from “Natural Resource/Energy-Related” into “Non-Resource” since FY 2014.

Consolidated Financial Results of Operations	1st Half FY 2014	1st Half FY 2013	Increase (Decrease)
--	------------------	------------------	---------------------

Consolidated Statements of Income

Revenue	2,592.6	2,172.1	420.5
Gross trading profit	484.7	449.5	35.2
Selling, general and administrative expenses	(362.7)	(338.4)	(24.2)
Provision for doubtful receivables	(2.6)	1.1	(3.7)
Net interest expenses	(6.7)	(7.3)	0.6
Dividends received	8.7	7.6	1.2
Net financial income	2.0	0.2	1.8
Gain on investments-net	36.1	12.0	24.1
Gain (loss) on property and equipment-net	0.8	(2.6)	3.4
Other-net	6.4	4.8	1.6
Total other-expenses	(320.1)	(323.0)	2.9
Income before income taxes and equity in earnings of associated companies	164.6	126.5	38.1
Income taxes	(57.4)	(36.5)	(20.9)
Income before equity in earnings of associated companies	107.2	90.0	17.2
Equity in earnings of associated companies	66.9	62.5	4.4
Net income	174.1	152.5	21.6
Less: Net income attributable to the noncontrolling interest	(8.9)	(10.2)	1.3
Net income attributable to ITOCHU	165.1	142.2	22.9

(Reference)

Total trading transactions	6,959.4	6,115.5	843.9
Gross trading profit ratio	7.0%	7.3%	(0.4%)
Adjusted profit	190.9	173.8	17.2

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

Consolidated Statements of Comprehensive Income

Net income	174.1	152.5	21.6
Other comprehensive income (loss) (net of tax)			
Foreign currency translation adjustments	46.5	(61.6)	108.1
Pension liability adjustments	1.7	2.3	(0.6)
Unrealized holding gains (losses) on securities	9.7	(21.8)	31.6
Unrealized holding gains (losses) on derivative instruments	(1.4)	0.2	(1.6)
Total other comprehensive income (loss) (net of tax)	56.6	(80.9)	137.4
Comprehensive income (loss)	230.6	71.6	159.0
Comprehensive income (loss) attributable to the noncontrolling interest	(15.1)	(4.5)	(10.6)
Comprehensive income (loss) attributable to ITOCHU	215.5	67.1	148.4

Summary of changes from the same period of the previous fiscal year

• **Revenue:** Higher revenue from the Energy & Chemicals Company, due to higher transaction volume of petroleum products in the energy-related companies and organic chemicals; higher revenue from the Food Company, reflecting acquisition of the Dole business; higher revenue from the Machinery Company, due to higher transaction volume in automobile-related transactions; higher revenue from the Metals & Minerals Company, reflecting higher sales volume of iron ore; and the effect of yen depreciation

• **Gross trading profit:**

- Textile** +1.4 (61.3 → 62.7): Increase due to the acquisition of European apparel manufacturing and wholesale-related companies in the second quarter of the previous fiscal year and introduction of new brands
- Machinery** +6.7 (42.8 → 49.5): Increase due to higher automobile-related, construction-machinery-related and plant-related transaction volume and effect of yen depreciation
- Metals & Minerals** +9.3 (39.1 → 48.3): Increase due to higher sales volume of iron ore and effect of yen depreciation, despite falling iron ore and coal prices
- Energy & Chemicals** -0.7 (79.6 → 78.9): Decrease due to reduced vessel allocation for transactions of exploration and production of crude oil and decrease in profit accompanying the sale of U.K. North Sea energy rights in the fourth quarter of the previous fiscal year, despite improved profitability of energy trading transactions
- Food** +18.1 (102.3 → 120.4): Increase mainly due to the acquisition of Dole business
- ICT, General Products & Realty** +3.4 (119.4 → 122.8): Overall increase due to favorable pulp transactions and favorable performance by housing-material-related companies both in Japan and overseas and effect of yen depreciation, despite lower profitability by domestic ICT-related companies due to increasingly stringent competition

• **SG & A:** Increase due to the inclusion of new consolidated subsidiaries, including the acquisition of the Dole business and the effect of yen depreciation

• **Provision for doubtful receivables:** Deterioration due to the absence of the gain on reversal of allowance for doubtful receivables in the same period of the previous fiscal year

• **Net financial income:** Increase due to lower debt cost and increase in dividends, despite increase in interest-bearing debt

• **Gain on investments-net:** Net gain on sales of investments +15.3 (17.1 → 32.3), Net of impairment losses and remeasuring gains on investments +8.5 (-4.6 → 3.9), Losses on business disposals and others +0.3 (-0.5 → -0.1)

• **Gain (loss) on property and equipment-net:** Net gain (loss) on sales of property and equipment +2.1 (-0.7 → 1.4), Improvement in impairment losses on property and equipment +1.5 (-2.7 → -1.2)

• **Other-net:** Increase mainly due to an improvement in foreign currency translation

• **Equity in earnings of assoc. co.:**

- Textile** -2.6 (8.4 → 5.8): Decrease due to the absence of an extraordinary gain recognized in the same period of the previous fiscal year
- Machinery** +4.0 (7.6 → 11.6): Increase in equity in earnings of leasing and ship-related companies
- Metals & Minerals** +1.2 (22.6 → 23.7): Overall increase in equity in earnings of Australian mineral-resources-related and steel-products-related companies, despite decrease in equity in earnings of Colombian coal-related companies due to a decline in coal prices and the impact of a strike
- Energy & Chemicals** -2.2 (0.4 → -1.7): Decrease in equity in earnings in U.S. oil-and-gas-development-related companies from recognition of impairment losses in the first quarter of the current fiscal year and the impact of prolonged scheduled maintenance of methanol-related companies
- Food** -2.0 (10.6 → 8.5): Decrease due to the absence of an extraordinary gain recognized in the same period of the previous fiscal year in relation to the acquisition by Chinese associated companies and decrease in transaction volume in U.S. food-material-related companies which resulted from a drought
- ICT, General Products & Realty** +5.5 (13.8 → 19.3): Increase in pulp prices in overseas pulp-related companies, improvement in provision for doubtful receivables in finance-related companies and favorable performance of industrial-park-related companies in Indonesia

Outlook for FY 2014 (Disclosed on May 8, 2013)	
	Progress (%)

1,000.0	48.5%
(715.0)	50.7%
(5.0)	-
(17.0)	39.3%
27.0	32.2%
10.0	20.3%
10.0	-
(700.0)	45.7%
300.0	54.9%
(105.0)	54.7%
195.0	55.0%
120.0	55.7%
315.0	55.3%
(25.0)	35.8%
290.0	56.9%

14,300.0	48.7%
7.0%	
415.0	46.0%

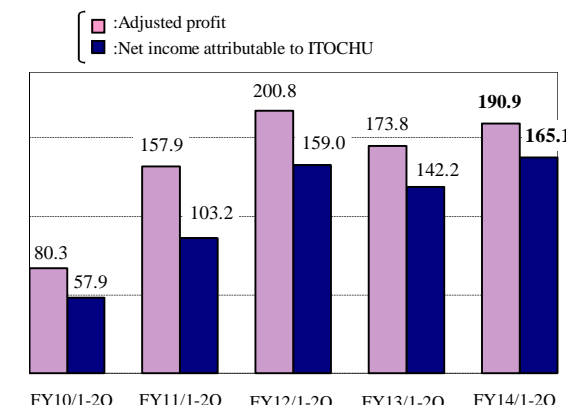
Components of Net income attributable to ITOCHU	1st Half FY 2014	1st Half FY 2013	Increase (Decrease)
---	------------------	------------------	---------------------

Parent company	107.1	99.5	7.6
Group companies	131.4	113.1	18.2
Overseas trading subsidiaries	16.4	11.7	4.7
Consolidation adjustments	(89.8)	(82.1)	(7.7)
Net income attributable to ITOCHU	165.1	142.2	22.9

Earnings from overseas businesses	86.0	64.2	21.8
Share of earnings from overseas businesses	52%	45%	

“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.

Net income attributable to ITOCHU and Adjusted profit



Dividend Information (Per Share)

Annual (Planned)	42.0 yen
Interim	21.0 yen

Highlights of Consolidated Financial Results for the First Half of FY 2014 (U.S. GAAP)
(6 months from April 1, 2013 to September 30, 2013)

November 5, 2013
ITOCHU Corporation

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

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 2014	1st Half FY 2013	Increase (Decrease)	
Textile	16.3	18.0	(1.7)	Decrease due to increase in SG&A and the absence of unordinary gain on equity in earnings of associated companies despite higher dividends received and increase in gain (loss) on investments-net
Machinery	24.1	14.8	9.4	Increase due to rise in gross trading profit, improvement in gain (loss) on investments-net and increase in equity in earnings of associated companies
Metals & Minerals	42.0	43.0	(1.0)	Decrease due to the absence of gain on sales of investments for the same period of the previous fiscal year and deterioration of the effective tax rate, despite increase in gross trading profit
Energy & Chemicals	11.5	15.0	(3.5)	Decrease due to decrease in gross trading profit, impairment losses in U.S. oil-and-gas-development-related companies in the first quarter of the current fiscal year and impact of prolonged scheduled maintenance of methanol-related companies, despite gain on sales of investments
Food	26.0	25.3	0.6	Slight overall increase due to the acquisition of Dole business, despite decrease in gain (loss) on investments-net and equity in earnings of associated companies
ICT, General Products & Realty	39.9	23.4	16.5	Increase due to rise in gain (loss) on investments-net and increase in equity in earnings of associated companies, despite lower profitability by domestic ICT-related companies due to increasingly stringent competition
Others, Adjustments & Eliminations	5.4	2.8	2.6	Increase due to higher transaction volume of equipment materials in North America and increase in gain (loss) on investments-net
Total	165.1	142.2	22.9	

P/L of Group Companies Reporting Profits/Losses	1st Half FY 2014	1st Half FY 2013	Increase (Decrease)	Group Companies (Major Group Companies) (C): Consolidated subsidiary, (E): Equity-method associated company	1st Half FY 2014	1st Half FY 2013	Summary of changes from the same period of the previous fiscal year
Group companies reporting profits	142.2	119.4	22.8	Marubeni-Itochu Steel Inc. (E)	6.6	5.0	Increase due to favorable performance of companies in the U.S. and Japan and effect of yen depreciation
Overseas trading subsidiaries reporting profits	16.6	11.7	4.9	Brazil Japan Iron Ore Corporation (C)	6.5	5.8	Increase mainly due to gain on foreign currency translation, despite the decrease in sales volume
Group co. reporting losses	(11.0)	(6.3)	(4.7)	NIPPON ACCESS, INC. (C)	5.9	6.5	Decrease due to lower profitability and recognition of impairment losses on investments despite increase in transaction volume of frozen foods and daily-delivery foods
Group companies reporting losses	(10.8)	(6.3)	(4.5)	JD Rockies Resources Limited (C)	(1.8)	(0.8)	Deterioration due to the decrease in equity in earnings from U.S. oil-and-gas-development-related companies from recognition of impairment losses in the first quarter of the current fiscal year as a result of falling crude oil prices, despite an improvement in profitability from rise in gas prices
Overseas trading subsidiaries reporting losses	(0.2)	(0.0)	(0.2)				
Total	147.8	124.8	22.9				
Share of group co. reporting profits	79.4%	77.4%	2.0%				
Number of group co. reporting profits (Note 2)	282	278	4				
Total number of group co. reporting (Note 2)	355	359	(4)				

(Note 2)The number of companies directly invested by ITOCHU or its Overseas trading subsidiaries are shown above.

Financial Position	Sep. 2013	Mar. 2013	Increase (Decrease)	Summary of changes from the previous fiscal year end	Outlook for March 31, 2014
Interest-bearing debt	2,966.7	2,762.5	204.2		3,150.0
Net interest-bearing debt	2,381.0	2,185.6	195.4		2,650.0
Total ITOCHU stockholders' equity	1,949.7	1,765.4	184.2	Total ITOCHU stockholders' equity: Total ITOCHU stockholders' equity rose by 10.4%, or 184.2 billion yen, compared with March 31, 2013, to 1,949.7 billion yen (19,945 million U.S. dollars), due to an increase in Net income attributable to ITOCHU and an improvement in Accumulated other comprehensive income (loss) due to yen depreciation and higher stock prices, which more than compensated for a decrease accompanying dividends payment. The Ratio of stockholders' equity to total assets rose by 0.9 points to 25.7% from March 31, 2013. NET DER was almost the same level of 1.22 times. Total equity, or the sum of Total ITOCHU stockholders' equity and Noncontrolling interest, increased by 9.9%, or 209.1 billion yen, compared with March 31, 2013, to 2,321.7 billion yen (23,751 million U.S. dollars).	1,900.0
Ratio of stockholders' equity to total assets (Note 3)	25.7%	24.8%	0.9%		25.3%
Net debt-to-equity ratio (times) (Note 3)	1.22	1.24	Almost the same level		1.4
Total equity	2,321.7	2,112.6	209.1		2,230.0

(Note 3)"Stockholders' equity" is equivalent to "ITOCHU stockholders' equity" and used in calculating these ratios.

Cash Flows	1st Half FY 2014	1st Half FY 2013	Summary of Cash Flows for the 1st Half of FY 2014	Major Indicators		Variance		
				1st Half FY 2014	1st Half FY 2013			
Operating activities	127.1	106.8	Operating: Net cash-inflow of 127.1 billion yen (1,300 million U.S. dollars), resulting from the stable performance in operating revenue in the overseas natural resources and the food related transactions as well as collections of trade receivables in the energy and ICT sectors, despite an increase in inventories in construction & realty and ICT sectors.	Foreign exchange (Yen/US\$) Average (Apr.-Sep.)	98.44	80.25	18.19	
Investing activities	(237.8)	(187.6)	Investing: Net cash-outflow of 237.8 billion yen (2,433 million U.S. dollars), due to the acquisition of the Dole business and new investments and loans to Australian natural-resource-development-related business.	Closing (Sep.)	Sep.-13 97.75	Mar.-13 94.05	3.70	
Financing activities	123.6	(1.6)	Financing: Net cash-inflow of 123.6 billion yen (1,265 million U.S. dollars), due to an increase of debt accompanying new investments exceeding dividends payment.	Interest	JPY TIBOR 3M, average (Apr.-Sep.)	0.231%	0.333%	(0.102%)
Cash and cash equivalents	578.8	426.5			US\$ LIBOR 3M, average (Apr.-Sep.)	0.268%	0.445%	(0.177%)
Increase (Decrease)	9.1	(87.0)			Crude oil (Brent) (US\$/BBL) Average (Apr.-Sep.)	106.55	109.19	(2.64)
					Iron ore, fine (US\$/ton) (Note 4)	132	134	(2)
					Coking coal (US\$/ton) (Note 4)	159	216	(57)
					Thermal coal (US\$/ton) (Note 4)	95	115	(20)

(Note 4)The Company recognizes these prices as common transaction prices based on market information.