

November 15, 2001

## SEMI-ANNUAL FINANCIAL STATEMENTS

For six months ended September 30, 2001 and 2000

---

Page:

1. Management Policy
  3. Outlook for fiscal 2002
  4. Summary of Operations
  5. Consolidated Balance Sheets (Assets)
  6. Consolidated Balance Sheets (Liabilities and Stockholders' Equity)
  7. Consolidated Statement of Income
  8. Consolidated Statement of Stockholders' Equity
  9. Consolidated Statement of Cash Flows
  10. Total Trading Transactions
  11. Segment Information
  13. Forward Looking Statements
-

## **Management Policy**

### **Establishment of new business models and management**

ITOCHU embarked on the first year of its medium-term plan “A&P – 2002” (April 2001 – March 2003) in April this year. Under “A&P – 2002,” these two years are identified as the period during which the company will discard conventional business models and develop new businesses based on the A&P strategy. In this first half of fiscal year ending March 2002, the Company has tackled the “reorganization of the profit structure” and the “restructuring of the management system” to pave the road for the creation of a corporate group with a consolidated net income of 100 billion yen, composed of companies outstanding in their respective business sectors.

Regarding the “reorganization of the profit structure”, the focus was placed on the strengthening of the profitability of A&P segments (information and multimedia, consumer and retail-related, natural resource development, financial services and North America.).

First of all, in the information and multimedia sector, SPACE SHOWER NETWORK INC., which operates music and other specialty TV channels, was listed on JASDAQ (formerly the Japanese Over-the-Counter market). Second, in the consumer and retail-related sector, the Company formed a tie-up with a U.K. based leading industrial catering company, Compass Group, to meet the increasing demand in the Japanese market. Third, in the natural resource development sector, an agreement was signed on the large-scale oil field development project off the coast of Azerbaijan in the Caspian sea. This project was already under trial production; agreement having been reached on limited development. Sakhalin project 1 announced the commercial production of its oil field.

Last but not least, the following events were also carried out during this period. The first is that the Company increased its stakes in Celulose Nipo-Brasileria S.A. (CENIBRA) to reinforce its pulp business. The second is the on-schedule merger on Oct. 1 of our steel business with the counterpart of Marubeni Corporation, establishing Marubeni-Itochu Steel Inc. on an equal footing.

In terms of the maximization of Group value, the Company founded the GMC (Group Management Committee) to discuss Group strategy. Members consists of the major group companies.

In addition, regarding Asia as one of the most important markets, the Company appointed a Chief Officer for Asia Region to promote strategic businesses there, and has implemented the Asian Leadership Program; this training program to prepare National Staff for management positions has already begun in Tokyo headquarters.

As regards to the “restructuring of the management system”, the Company has enhanced its risk management system and implemented this system at overseas group companies. Also, an enterprise resource planning (ERP) package was implemented to realize highly advanced and effective management procedures.

### **Tasks to be dealt with**

Despite the harsh business environment, the Company will further enhance corporate governance and risk management as well as continue with the reallocation of assets and shift of management resources to strategic areas in order to establish new profit models especially in A&P segments. At the same time, the Company will make renewed efforts to maximize Group value, recover stockholders’ equity and reduce total assets and interest-bearing debts to improve financial ratios with the ultimate goal of reinforcement of the financial position and the creation of a firm profit structure for the Group’s profitability.

As for regional and market strategies, the Company will develop strategic businesses in Asia which has been singled out as the next potentially prosperous market, following North America as part of its wider aim of establishing the most effective management structure to meet the characteristics of respective regions and markets.

Finally, ITOCHU will continue its endeavor to maximize financial performance, and contribute to both local and international society, including activities to safeguard the global environment.

## Outlook for fiscal 2002

The recovery of the domestic economy toward the last half of this fiscal year depends on the U.S. economic trend and fundamental reforms by the Japanese government such as the write-off of the bad debts and may possibly result in negative economic growth.

The dull economic condition of the U.S. is expected to continue until the middle of the next year despite the gradual effect of increases in public finance, tax cuts and lowered interest rates from the beginning of this year. There would also be seen the economic slowdown in Europe and Asia influenced by the sluggish economy in the U.S. Under these severe circumstances, ITOCHU has revised the consolidated forecasts on the financial performance for fiscal year ending March 2002 announced on May 17, 2001 as follows.

### Fiscal 2002 consolidate forecasts (April 2001 – March 2002)

	Present forecasts	Changes from the previous fiscal year	Previous forecasts
Total trading transactions	11.5 trillion yen	-5.2%	12.0 trillion yen
Net income	51.0 billion yen	-27.7%	60.0 billion yen

### Distribution of current fiscal year's profit

ITOCHU plans to make a 5 (for the interim, 2.5) yen dividend payment for fiscal year ending March 2002.

## SUMMARY OF OPERATIONS

### **General Conditions**

During the first half of fiscal 2002, ended September 30, 2001, The Japanese economy has further deteriorated in the protracted depression with a decrease of export and domestic production, influenced by the rapid slowdown of the U.S. economy which resulted from the world wide adjustment of overproduction in IT-related industries since last autumn.

Poorer performances brought about a decrease in capital investment. And weak private consumption still continued due to the worse environment in employment and income.

The economy overseas was generally decelerating, and the fear of simultaneous world recession has been spreading all over the world. The U.S. economy, which had already showed signs of deceleration, has rapidly deteriorated with the fall of consumption due partly to the terrorism attacks in September 11, 2001. In Europe and Asia, the economy has also been slowing down following the sluggish U.S. economy.

### **Trading Transactions**

In the first half of fiscal 2002, total trading transactions increased by 2.9%, or 165.9 billion yen, from the same period of the previous fiscal year to 5,895.0 billion yen (49,371 million U.S.dollars).

Domestic transactions increased in the IT-related sector and retail food business, in spite of a decrease in textile and metal due to weak private consumption. Import transactions decreased in the energy sector and export transactions increased in machinery and metal. And offshore transactions increased primarily due to the yen's depreciation against U.S.dollars.

### **Income and Expenses**

Gross trading profit decreased by 5.3% or 16.5 billion yen from the same period of the previous fiscal year to 295.8 billion yen (2,477 million U.S. dollars) in the wake of the sale of investments in U.S. leasing subsidiaries during the first period of the previous fiscal year, in spite of favorable performances in the information and communication sector.

Trading profit decreased by 21.7% or 14.0 billion yen to 50.6 billion yen (423 million U.S.dollars) due to an increase in selling, general and administrative expenses mainly at IT-related subsidiaries.

Income before income taxes and equity in earnings, despite net financial expenses being better, decreased 72.4 billion yen to 51.9 billion yen (435 million U.S dollars) compared to the same period of the previous fiscal year, in which the large profit on sales of investments in the U.S. leasing subsidiaries was recorded. Consequently, net income showed a decrease of 31.0 billion yen to 25.2 billion yen (211 million U.S.dollars) after equity in earnings of associated companies of 6.3 billion yen (53 million U.S. dollars).

### **Cash Flows**

Cash flows from operating activities recorded net cash-inflow of 14.0 billion yen (117 million U.S.dollars). Net cash provided by investing activities was 274.4 billion yen (2,298 million U.S. dollars) mainly due to a decrease in time deposits and similar instruments. Continuous reduction of interest-bearing debt led to 122.2 billion yen (1,023 million U.S.dollars) net cash-outflow in financing activities.

As a result, the current balance of cash and cash equivalent as of September 30, 2001 increased 168.7 billion yen to 443.6 billion yen (3,716 million U.S.dollars) from March 31, 2001.

Note: The consolidated financial statements are expressed in yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of 119.40 yen = 1 US. dollars, the exchange rate prevailing on September 30, 2001.

## Consolidated Balance Sheets

ITOCHU Corporation and Subsidiaries

September 30, 2001 and March 31, 2001

Assets	Y e n		U.S. dollars
	(millions)		(thousands)
	Sep.2001	Mar.2001	Sep.2001
<b>Current assets:</b>			
Cash and cash equivalents.....	443,648	274,936	3,715,645
Time deposits.....	7,854	258,732	65,779
Marketable securities.....	55,288	49,985	463,049
Trade receivables :			
Notes.....	282,771	292,166	2,368,266
Accounts.....	1,070,988	1,114,047	8,969,749
Allowance for doubtful receivables.....	(35,719)	(31,872)	(299,154)
Net trade receivables.....	1,318,040	1,374,341	11,038,861
Due from associated companies.....	129,697	106,591	1,086,239
Inventories .....	517,404	506,158	4,333,367
Advances to suppliers.....	59,827	44,824	501,064
Other current assets.....	277,382	292,088	2,323,132
Total current assets .....	2,809,140	2,907,655	23,527,136
<b>Investments and noncurrent receivables:</b>			
Investments in and advances to associated companies.....	405,443	362,097	3,395,670
Other investments.....	487,424	529,913	4,082,278
Other noncurrent receivables.....	604,718	792,458	5,064,640
Allowance for doubtful items.....	(244,363)	(311,183)	(2,046,591)
Net investments and noncurrent receivables .....	1,253,222	1,373,285	10,495,997
<b>Property and equipment, at cost :</b>			
Land.....	278,564	283,012	2,333,032
Buildings.....	320,978	318,135	2,688,258
Machinery and equipment.....	270,679	253,734	2,266,993
Furniture and fixtures.....	51,503	47,823	431,348
Construction in progress.....	7,917	9,493	66,307
	929,641	912,197	7,785,938
Less accumulated depreciation.....	288,088	271,450	2,412,797
Net property and equipment .....	641,553	640,747	5,373,141
<b>Other assets and deferred charges.....</b>	<b>358,365</b>	<b>235,832</b>	<b>3,001,381</b>
<b>Total .....</b>	<b>5,062,280</b>	<b>5,157,519</b>	<b>42,397,655</b>

Note :

1. Consolidated balance sheets have been prepared in conformity with United States generally accepted accounting principles.
2. ITOCHU Corporation and its subsidiaries have adopted Statement of Financial Accounting Standards No.133 "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), and Statement of Financial Accounting Standards No.138, which was an amendment of SFAS 133, since this fiscal year.

<b>Liabilities and Stockholders' Equity</b>	Y e n (millions)		U.S. dollars (thousands)
	Sep.2001	Mar.2001	Sep.2001
<b>Current liabilities:</b>			
Short-term debt .....	672,133	679,039	5,629,255
Current installments of long-term debt.....	523,823	584,675	4,387,127
Trade payables :			
Notes and acceptances.....	258,665	293,769	2,166,374
Accounts.....	833,567	856,626	6,981,298
Total trade payables.....	1,092,232	1,150,395	9,147,672
Due to associated companies.....	27,045	29,611	226,507
Income taxes payable.....	16,159	27,628	135,335
Advances from customers.....	73,188	60,537	612,965
Other current liabilities.....	262,322	285,256	2,197,002
Total current liabilities .....	2,666,902	2,817,141	22,335,863
<b>Long-term debt, excluding current installments.....</b>	<b>1,880,735</b>	<b>1,868,185</b>	<b>15,751,549</b>
<b>Accrued retirement and severance benefits.....</b>	<b>18,798</b>	<b>49,089</b>	<b>157,437</b>
<b>Deferred income taxes-noncurrent.....</b>	<b>13,141</b>	<b>7,647</b>	<b>110,059</b>
<b>Minority interests.....</b>	<b>106,609</b>	<b>98,517</b>	<b>892,873</b>
<b>Stockholders' equity:</b>			
Common stock of 50 yen par value :			
Authorized 3,000,000,000 shares ;			
Issued and outstanding			
1,425,487,736 shares .....	174,749	174,749	1,463,559
Capital surplus .....	111,675	112,691	935,302
Legal reserve .....	3,412	2,614	28,576
Retained earnings (deficit).....	126,735	108,421	1,061,432
Accumulated other comprehensive income (loss).....	(40,476)	(81,535)	(338,995)
Total stockholders' equity .....	376,095	316,940	3,149,874
<b>Total .....</b>	<b>5,062,280</b>	<b>5,157,519</b>	<b>42,397,655</b>

The components of accumulated other comprehensive income (loss) are as follows;

	Y e n (millions)		U.S. dollars (thousands)
	Sep.2001	Mar.2001	Sep.2001
Foreign currency translation adjustment.....	(51,337)	(65,972)	(429,958)
Minimum pension liability adjustment.....	(242)	(37,668)	(2,027)
Unrealized gains (losses) on securities.....	18,670	22,105	156,365
Unrealized gains (losses) on derivative instruments.....	(7,567)	-	(63,375)

## Consolidated Statements of Income

ITOCHU Corporation and Subsidiaries

For the six months ended September 30, 2001 and 2000

	Y e n (millions)		U.S. dollars (thousands)
	<u>2001</u>	<u>2000</u>	<u>2001</u>
<b>Total trading transactions</b> .....	<b><u>5,894,952</u></b>	<b><u>5,729,041</u></b>	<b><u>49,371,457</u></b>
Gross trading profit .....	<b>295,787</b>	312,315	<b>2,477,278</b>
Selling, general and administrative expenses .....	<b>235,880</b>	225,514	<b>1,975,544</b>
Provision for doubtful accounts .....	<b>9,342</b>	22,213	<b>78,241</b>
<b>Trading income</b> .....	<b><u>50,565</u></b>	<u>64,588</u>	<b><u>423,493</u></b>
Other income (expenses):			
Interest income .....	<b>19,534</b>	27,629	<b>163,601</b>
Interest expense .....	<b>(39,766)</b>	(63,507)	<b>(333,049)</b>
Dividends .....	<b>8,321</b>	3,996	<b>69,690</b>
Profit on disposal of investments and marketable securities, net of write-downs.....	<b>24,934</b>	98,670	<b>208,828</b>
Profit (loss) on property and equipment.....	<b>(3,687)</b>	144	<b>(30,879)</b>
Other-net, including minority interests.....	<b>(7,987)</b>	(7,175)	<b>(66,893)</b>
	<b><u>1,349</u></b>	<u>59,757</u>	<b><u>11,298</u></b>
<b>Income before income taxes and equity in earnings</b> .....	<b><u>51,914</u></b>	<u>124,345</u>	<b><u>434,791</u></b>
Income taxes :			
Current .....	<b>20,715</b>	38,428	<b>173,493</b>
Deferred .....	<b>12,298</b>	34,826	<b>102,998</b>
	<b><u>33,013</u></b>	<u>73,254</u>	<b><u>276,491</u></b>
<b>Income before equity in earnings</b> .....	<b>18,901</b>	51,091	<b>158,300</b>
Equity in earnings of associated companies .....	<b>6,322</b>	5,129	<b>52,948</b>
<b>Net income</b> .....	<b><u>25,223</u></b>	<u>56,220</u>	<b><u>211,248</u></b>
	Y e n	U.S.dollars	
	<u>2001</u>	<u>2000</u>	<u>2001</u>
<b>Net income per ten common shares (basic)</b> .....	<b><u>177</u></b>	<u>394</u>	<b><u>1.48</u></b>
<b>Net income per ten common shares (diluted)</b> .....	<b><u>177</u></b>	<u>366</u>	<b><u>1.48</u></b>

Note :

- Consolidated statements of income have been prepared in conformity with United States generally accepted accounting principles.
- ITOCHU Corporation and its subsidiaries have adopted Statement of Financial Accounting Standards No.133 "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), and Statement of Financial Accounting Standards No.138, which was an amendment of SFAS 133, since this fiscal year.  
Comprehensive income consists of net income and changes in accumulated amounts of foreign currency translation adjustments, minimum pension liability adjustments, unrealized gain or loss on investments and marketable securities and derivative instruments.
- Comprehensive income for six months ended September 30, 2001 and 2000 was profit of 66,282 million yen (555 million U.S.dollars) and 41,727 million yen, respectively.

## Consolidated Statements of Stockholders' Equity

ITOCHU Corporation and Subsidiaries

For the six months ended September 30, 2001 and 2000

	Yen (millions)		U.S. dollars (thousands)
	2001	2000	2001
<b>Common stock:</b>			
Balance at beginning of period .....	174,749	174,721	1,463,559
Conversion of convertible bonds .....	-	1	-
Balance at end of period .....	<u>174,749</u>	<u>174,722</u>	<u>1,463,559</u>
<b>Capital surplus:</b>			
Balance at beginning of period .....	112,691	222,462	943,811
Conversion of convertible bonds .....	-	1	-
Transfer to retained earnings (deficit).....	-	(109,799)	-
Redistribution arising from sale by parent of common stock of subsidiaries and associated companies .....	<u>(1,016)</u>	<u>-</u>	<u>(8,509)</u>
Balance at end of period.....	<u>111,675</u>	<u>112,664</u>	<u>935,302</u>
<b>Legal reserve:</b>			
Balance at beginning of period .....	2,614	20,243	21,893
Transfer from (to) retained earnings (deficit) .....	902	(17,703)	7,554
Redistribution arising from sale by parent of common stock of subsidiaries and associated companies .....	<u>(104)</u>	<u>(22)</u>	<u>(871)</u>
Balance at end of period .....	<u>3,412</u>	<u>2,518</u>	<u>28,576</u>
<b>Retained earnings (deficit):</b>			
Balance at beginning of period .....	108,421	(89,514)	908,049
Net income .....	25,223	56,220	211,248
Cash Dividends.....	(7,127)	-	(59,690)
Transfer from capital surplus.....	-	109,799	-
Transfer from (to) legal reserve .....	(902)	17,703	(7,555)
Redistribution arising from sale by parent of common stock of subsidiaries and associated companies .....	<u>1,120</u>	<u>22</u>	<u>9,380</u>
Balance at end of period .....	<u>126,735</u>	<u>94,230</u>	<u>1,061,432</u>
<b>Accumulated other comprehensive income (loss)</b>			
Balance at beginning of period.....	(81,535)	(46,587)	(682,873)
Other comprehensive income (loss).....	41,059	(14,493)	343,878
Balance at end of period .....	<u>(40,476)</u>	<u>(61,080)</u>	<u>(338,995)</u>
<b>Total .....</b>	<b><u>376,095</u></b>	<b><u>323,054</u></b>	<b><u>3,149,874</u></b>
<b>Comprehensive income (loss):</b>			
Net income .....	25,223	56,220	211,248
Other comprehensive income (loss).....	41,059	(14,493)	343,878
<b>Total.....</b>	<b><u>66,282</u></b>	<b><u>41,727</u></b>	<b><u>555,126</u></b>

## Consolidated Statements of Cash Flows

ITOCHU Corporation and Subsidiaries

For the six months ended September 30, 2001 and 2000

	Y e n		U.S. dollars
	(millions)		(thousands)
	<u>2001</u>	<u>2000</u>	<u>2001</u>
<b>Cash flows from operating activities :</b>			
Net income .....	<b>25,223</b>	56,220	<b>211,248</b>
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization .....	<b>17,257</b>	17,336	<b>144,531</b>
Provision for doubtful accounts .....	<b>9,342</b>	22,213	<b>78,241</b>
Net loss (profit) on marketable securities, investments, property and equipment .....	<b>(21,247)</b>	(98,814)	<b>(177,948)</b>
Undistributed losses (earnings) of associated companies .....	<b>(2,955)</b>	(3,064)	<b>(24,749)</b>
Deferred income taxes .....	<b>12,298</b>	34,826	<b>102,998</b>
Other noncash charges .....	<b>5,308</b>	6,417	<b>44,456</b>
Change in assets and liabilities .....	<b>(31,254)</b>	(52,502)	<b>(261,759)</b>
Net cash provided by (used in) operating activities .....	<b>13,972</b>	(17,368)	<b>117,018</b>
<b>Cash flows from investing activities :</b>			
Net sale (purchase) of property and equipment .....	<b>(8,370)</b>	(5,455)	<b>(70,101)</b>
Net decrease (increase) in investments in and advances to associated companies .....	<b>(34,662)</b>	64,452	<b>(290,301)</b>
Net sale (purchase) of investments .....	<b>13,936</b>	113,486	<b>116,717</b>
Net collection (origination) of noncurrent receivables .....	<b>52,274</b>	55,500	<b>437,806</b>
Net decrease (increase) in time deposits and similar instruments .....	<b>251,012</b>	208,424	<b>2,102,278</b>
Net decrease (increase) in marketable securities .....	<b>237</b>	(21,424)	<b>1,985</b>
Net cash provided by (used in) investing activities .....	<b>274,427</b>	414,983	<b>2,298,384</b>
<b>Cash flows from financing activities :</b>			
Net proceeds from (repayments of) long-term debt .....	<b>(86,446)</b>	(227,116)	<b>(724,003)</b>
Net increase (decrease) in short-term debt .....	<b>(32,696)</b>	(45,428)	<b>(273,836)</b>
Other .....	<b>(3,027)</b>	(1,035)	<b>(25,352)</b>
Net cash provided by (used in) financing activities .....	<b>(122,169)</b>	(273,579)	<b>(1,023,191)</b>
<b>Effect of exchange rate changes on cash and cash equivalents .....</b>	<b>2,482</b>	1,235	<b>20,787</b>
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>168,712</b>	125,271	<b>1,412,998</b>
<b>Cash and cash equivalents at beginning of period .....</b>	<b>274,936</b>	264,187	<b>2,302,647</b>
<b>Cash and cash equivalents at end of period .....</b>	<b>443,648</b>	389,458	<b>3,715,645</b>

**Total Trading Transactions**

ITOCHU Corporation and Subsidiaries

For the six months ended September 30, 2001 and 2000

Type of Transaction;	Yen (millions)		U.S.dollars (thousands)		
	2001	2000	2001	2000	
		%		%	
Domestic	<b>3,366,239</b>	<b>57.1</b>	3,319,912	57.9	<b>28,192,956</b>
Import	<b>642,447</b>	<b>10.9</b>	667,854	11.7	<b>5,380,628</b>
Export	<b>637,665</b>	<b>10.8</b>	550,517	9.6	<b>5,340,578</b>
Offshore	<b>1,248,601</b>	<b>21.2</b>	1,190,758	20.8	<b>10,457,295</b>
<b>Total</b>	<b>5,894,952</b>	<b>100.0</b>	5,729,041	100.0	<b>49,371,457</b>
<b>Principal Products:</b>					
		%		%	
Textile	<b>437,154</b>	<b>7.4</b>	471,880	8.2	<b>3,661,256</b>
Plant, Automobile & Industrial Machinery	<b>919,551</b>	<b>15.6</b>	857,839	15.0	<b>7,701,432</b>
Aerospace, Electronics & Multimedia	<b>476,462</b>	<b>8.1</b>	421,830	7.4	<b>3,990,469</b>
Energy, Metals & Minerals	<b>1,458,717</b>	<b>24.8</b>	1,476,478	25.8	<b>12,217,060</b>
Chemicals, Forest Products & General Merchandise	<b>901,463</b>	<b>15.3</b>	910,041	15.9	<b>7,549,941</b>
Food	<b>1,263,246</b>	<b>21.4</b>	1,221,789	21.3	<b>10,579,950</b>
Finance, Realty, Insurance & Logistics Services, & other	<b>438,359</b>	<b>7.4</b>	369,184	6.4	<b>3,671,349</b>
<b>Total</b>	<b>5,894,952</b>	<b>100.0</b>	5,729,041	100.0	<b>49,371,457</b>

## Segment Information

The Company and its subsidiaries are engaged in a wide range of diversified businesses which includes:  
 general trading operations both domestic and overseas;  
 providing financial services to customers and suppliers;  
 planning, arranging and coordinating industrial projects in connection with general trading;  
 and investing in fields of resource development, advanced technology, information and multimedia.

The Company and its subsidiaries have introduced the division company system, and information on operating segments (for 2001 and 2000) are stated according to this system. This system is used for decisions in operations or evaluations by the management.

Information concerning operations in different operating segments for the years ended September 30, 2001 and 2000 is as follows:

		2001							
		Yen (millions)							
	Textile	Plant, Automobile & Industrial Machinery	Aerospace, Electronics & Multimedia	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics	Other, Adjustments & Eliminations	Consolidated
Trading transactions:									
Unaffiliated customers and associated companies	437,154	919,551	476,462	1,458,717	901,463	1,263,246	293,867	144,492	5,894,952
Transfers between operating segments	1,264	388	1,832	591	14,048	72	1,566	(19,761)	-
Total trading transactions	<u>438,418</u>	<u>919,939</u>	<u>478,294</u>	<u>1,459,308</u>	<u>915,511</u>	<u>1,263,318</u>	<u>295,433</u>	<u>124,731</u>	<u>5,894,952</u>
Gross trading profit	<u>40,396</u>	<u>25,419</u>	<u>56,959</u>	<u>35,357</u>	<u>41,033</u>	<u>64,392</u>	<u>15,506</u>	<u>16,725</u>	<u>295,787</u>
Trading income (loss)	<u>8,565</u>	<u>(1,465)</u>	<u>15,450</u>	<u>12,469</u>	<u>7,414</u>	<u>13,830</u>	<u>(2,154)</u>	<u>(3,544)</u>	<u>50,565</u>
Net income (loss)	<u>3,880</u>	<u>(1,490)</u>	<u>19,129</u>	<u>5,769</u>	<u>1,034</u>	<u>8,435</u>	<u>532</u>	<u>(12,066)</u>	<u>25,223</u>
Identifiable assets at September 30	<u>381,546</u>	<u>589,093</u>	<u>516,245</u>	<u>674,166</u>	<u>597,151</u>	<u>712,827</u>	<u>811,119</u>	<u>780,133</u>	<u>5,062,280</u>

		2000							
		Yen (millions)							
	Textile	Plant, Automobile & Industrial Machinery	Aerospace, Electronics & Multimedia	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics	Other, Adjustments & Eliminations	Consolidated
Trading transactions:									
Unaffiliated customers and associated companies	471,880	857,839	421,830	1,476,478	910,041	1,221,789	302,301	66,883	5,729,041
Transfers between operating segments	891	633	2,029	814	1,526	153	1,330	(7,376)	-
Total trading transactions	<u>472,771</u>	<u>858,472</u>	<u>423,859</u>	<u>1,477,292</u>	<u>911,567</u>	<u>1,221,942</u>	<u>303,631</u>	<u>59,507</u>	<u>5,729,041</u>
Gross trading profit	<u>36,379</u>	<u>27,650</u>	<u>53,077</u>	<u>34,155</u>	<u>41,642</u>	<u>65,956</u>	<u>14,765</u>	<u>38,691</u>	<u>312,315</u>
Trading income (loss)	<u>11,157</u>	<u>(4,315)</u>	<u>20,138</u>	<u>10,743</u>	<u>10,210</u>	<u>12,261</u>	<u>(10,999)</u>	<u>15,393</u>	<u>64,588</u>
Net income (loss)	<u>3,919</u>	<u>(4,381)</u>	<u>63,359</u>	<u>5,318</u>	<u>1,424</u>	<u>6,183</u>	<u>(21,900)</u>	<u>2,298</u>	<u>56,220</u>
Identifiable assets at March 31, 2001	<u>383,156</u>	<u>648,993</u>	<u>518,606</u>	<u>702,256</u>	<u>573,594</u>	<u>696,824</u>	<u>827,095</u>	<u>806,995</u>	<u>5,157,519</u>

		2001							
		U.S.dollars (thousands)							
	Textile	Plant, Automobile & Industrial Machinery	Aerospace, Electronics & Multimedia	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics	Other, Adjustments & Eliminations	Consolidated
Trading transactions:									
Unaffiliated customers and associated companies	3,661,256	7,701,432	3,990,469	12,217,060	7,549,941	10,579,950	2,461,198	1,210,151	49,371,457
Transfers between operating segments	10,586	3,250	15,343	4,950	117,655	603	13,116	(165,503)	-
Total trading transactions	<u>3,671,842</u>	<u>7,704,682</u>	<u>4,005,812</u>	<u>12,222,010</u>	<u>7,667,596</u>	<u>10,580,553</u>	<u>2,474,314</u>	<u>1,044,648</u>	<u>49,371,457</u>
Gross trading profit	<u>338,325</u>	<u>212,890</u>	<u>477,044</u>	<u>296,122</u>	<u>343,660</u>	<u>539,296</u>	<u>129,866</u>	<u>140,075</u>	<u>2,477,278</u>
Trading income (loss)	<u>71,734</u>	<u>(12,270)</u>	<u>129,397</u>	<u>104,431</u>	<u>62,094</u>	<u>115,829</u>	<u>(18,040)</u>	<u>(29,682)</u>	<u>423,493</u>
Net income (loss)	<u>32,496</u>	<u>(12,479)</u>	<u>160,209</u>	<u>48,316</u>	<u>8,660</u>	<u>70,645</u>	<u>4,456</u>	<u>(101,055)</u>	<u>211,248</u>
Identifiable assets at September 30	<u>3,195,528</u>	<u>4,933,777</u>	<u>4,323,660</u>	<u>5,646,281</u>	<u>5,001,265</u>	<u>5,970,075</u>	<u>6,793,292</u>	<u>6,533,777</u>	<u>42,397,655</u>

Information concerning operations in different geographical areas for the years ended September 30, 2001 and 2000 is as follows:

<b>2001</b>							Yen (millions)
	Japan	North America	Europe	Asia	Other Areas	Eliminations or Unallocated	Consolidated
Trading transactions:							
Unaffiliated customers							
and associated companies .....	4,706,532	354,662	100,387	635,615	97,756	-	5,894,952
Transfers between geographical areas .....	500,646	103,779	25,862	340,832	105,918	(1,077,037)	-
Total trading transactions .....	<u>5,207,178</u>	<u>458,441</u>	<u>126,249</u>	<u>976,447</u>	<u>203,674</u>	<u>(1,077,037)</u>	<u>5,894,952</u>
Trading income .....	<u>33,727</u>	<u>6,987</u>	<u>2,162</u>	<u>3,241</u>	<u>4,448</u>	-	<u>50,565</u>
Identifiable assets at September 30 .....	<u>4,148,915</u>	<u>475,437</u>	<u>200,593</u>	<u>233,877</u>	<u>268,469</u>	<u>(265,011)</u>	<u>5,062,280</u>
<b>2000</b>							Yen (millions)
	Japan	North America	Europe	Asia	Other Areas	Eliminations or Unallocated	Consolidated
Trading transactions:							
Unaffiliated customers							
and associated companies .....	4,549,561	341,588	129,318	623,125	85,449	-	5,729,041
Transfers between geographical areas .....	595,955	112,702	25,064	471,060	160,100	(1,364,881)	-
Total trading transactions .....	<u>5,145,516</u>	<u>454,290</u>	<u>154,382</u>	<u>1,094,185</u>	<u>245,549</u>	<u>(1,364,881)</u>	<u>5,729,041</u>
Trading income .....	<u>30,522</u>	<u>23,197</u>	<u>4,694</u>	<u>2,349</u>	<u>3,826</u>	-	<u>64,588</u>
Identifiable assets at March 31, 2001 .....	<u>4,313,819</u>	<u>459,601</u>	<u>213,885</u>	<u>266,058</u>	<u>286,317</u>	<u>(382,161)</u>	<u>5,157,519</u>
<b>2001</b>							U.S.dollars (thousands)
	Japan	North America	Europe	Asia	Other Areas	Eliminations or Unallocated	Consolidated
Trading transactions:							
Unaffiliated customers							
and associated companies .....	39,418,191	2,970,368	840,762	5,323,409	818,727	-	49,371,457
Transfers between geographical areas .....	4,193,015	869,171	216,600	2,854,539	887,085	(9,020,410)	-
Total trading transactions .....	<u>43,611,206</u>	<u>3,839,539</u>	<u>1,057,362</u>	<u>8,177,948</u>	<u>1,705,812</u>	<u>(9,020,410)</u>	<u>49,371,457</u>
Trading income .....	<u>282,471</u>	<u>58,518</u>	<u>18,107</u>	<u>27,144</u>	<u>37,253</u>	-	<u>423,493</u>
Identifiable assets at September 30 .....	<u>34,748,032</u>	<u>3,981,885</u>	<u>1,680,008</u>	<u>1,958,769</u>	<u>2,248,484</u>	<u>(2,219,523)</u>	<u>42,397,655</u>

## Forward Looking Statements

Statements in this financial reports with respect to ITOCHU's plans, strategies, forecasts and other statements that are not historical facts and forward-looking statements that are based on management's assumptions and beliefs based on information currently available and involve risks and uncertainties. Factors that could cause actual results to differ materially from such statements include, without limitation, global economic conditions, demand for and competitive pricing pressure on products and services, ITOCHU's ability to continue to win acceptance for its products and services in highly competitive markets, and currency exchange rate fluctuations.