

February 5, 2003

## Consolidated Results for the Third Quarter of Fiscal 2003

For three months ended December 31, 2002 and 2001

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February 5, 2003

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This document is an English translation of a statement written initially in Japanese. The Japanese original should be considered the primary version.

**Consolidated Results for the Third Quarter of Fiscal 2003,  
the Year Ending March 2003**

**1. Consolidated results for the third quarter of fiscal 2003 (October 1, 2002 - December 31, 2002)**

	Yen (millions)				<Reference> Yen (millions)
	Third quarter of fiscal 2003 (Oct. 1 2002-Dec. 31 2002)	First to third quarter of fiscal 2003 (Apr. 1 2002-Dec. 31 2002)	First to third quarter of fiscal 2002 (Apr. 1 2001-Dec. 31 2001)	Changes from the same period of fiscal 2002	Forecasts on Nov 8, 2002 for fiscal 2003 (Apr. 1 2002-Mar. 31 2003)
Total trading transactions	2,559,662	7,634,604	8,477,822	(843,218)	11,000,000
Gross trading profit	144,593	418,381	438,497	(20,116)	600,000
Trading income	30,402	76,811	78,123	(1,312)	110,000
Net income	14,295	36,531	36,160	371	50,000

  

	Third quarter-end of fiscal 2003 (December 31, 2002)	End of fiscal 2002 (March 31, 2002)	Changes from March 31, 2002	Forecasts on Nov 8, 2002 for fiscal 2003-end (March 31, 2003)
Total assets	4,656,543	4,752,319	(95,776)	4,650,000
Interest-bearing debts	2,603,163	2,794,731	(191,568)	2,695,000
Net interest-bearing debts (after deducting cash and time deposits)	2,113,286	2,296,398	(183,112)	2,195,000
Stockholders' equity	435,958	397,668	38,290	460,000

Note: 1. Consolidated results have been prepared in conformity with United States generally accepted accounting principles.

Total trading transactions are represented in accordance with Japanese accounting practice.

2. Impairment losses and provision for revaluated assets were not reviewed for the third quarter of fiscal 2003 and 2002.

3. Figures for the third quarter of fiscal 2003 and 2002 have not been audited by independent auditors.

4. The results of this third quarter included 485 consolidated subsidiaries and 189 equity-method associated companies.

**2. Summary of consolidated results (April 1, 2002 - December 31, 2002)**

For the nine months of the fiscal 2003 ended December 31, 2002, total trading transactions decreased by 9.9%, or 843.2 billion yen, from the same period of the last fiscal year to 7,634.6 billion yen (63,675 million U.S. dollars). Aerospace, Electronics & Multimedia decreased due to unfavorable performances in domestic IT-related sector. Plant, Automobile & Industrial Machinery, and Construction & Realty also decreased following reduction of low-efficient transactions. In addition, transferring the steel operations to a new equity-method affiliate, Marubeni-Itochu Steel Inc., on October 1, 2001, had also an impact on the decrease in total trading transactions.

Gross trading profit decreased by 4.6% or 20.1 billion yen from the same period of the last fiscal year to 418.4 billion yen (3,489 million U.S. dollars) due to unfavorable performances in domestic IT-related sector, in addition to the impact of transferring the steel operations to a new equity-method affiliate, Marubeni-Itochu Steel Inc., on October 1, 2001.

Selling, general and administrative expenses decreased by 3.6% or 12.7 billion yen to 337.0 billion yen (2,811 million U.S. dollars) due to reduction in domestic IT-related subsidiaries, and the impact of transferring the steel operations to a new equity-method affiliate, Marubeni-Itochu Steel Inc., on October 1, 2001. As a result, trading income decreased by 1.7% or 1.3 billion yen to 76.8 billion yen (641 million U.S. dollars), though provision for doubtful accounts improved.

Interest expenses improved as a result of the U.S. interest rates drop, and further reduction of interest-bearing debts, which led to a decline in net financial expenses by 3.4 billion yen, in spite of a decrease in dividends received from LNG-related investments. In other income and expenses, profit on disposal of investments and marketable securities, net of write-downs, dropped by 19.6 billion yen with a decrease in sales of stock. In addition, stronger yen as at this third quarter-end compared to the last fiscal year-end incurred losses for revaluating monetary receivables and payables of foreign currency, while gains were generated in the same period of the last fiscal year, which resulted in other-net loss totally deteriorating by 8.9 billion yen from the same period of the last fiscal year. In the meantime, equity in earnings of associated companies increased by 65.3% or 6.4 billion yen to 16.3 billion yen (136 million U.S. dollars) due to favorable performances in food associated companies and Marubeni-Itochu Steel Inc. Consequently, net income increased by 1.0% or 0.4 billion yen to 36.5 billion yen (305 million U.S. dollars).

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 119.90 yen = 1 U.S. dollars, exchange rate prevailing on December 31, 2002.

## Consolidated Statements of Income

ITOCHU Corporation and Subsidiaries

For the nine months ended December 31, 2002 and 2001

	Y e n (millions)				U.S. dollars (thousands)
	2002	2002	2002	2001	2002
	Apr.-Sep.	Oct.-Dec.	Apr.-Dec.	Apr.-Dec.	Apr.-Dec.
<b>Total trading transactions</b> .....	5,074,942	2,559,662	<b>7,634,604</b>	8,477,822	<b>63,674,762</b>
Gross trading profit .....	273,788	144,593	<b>418,381</b>	438,497	<b>3,489,416</b>
Selling, general and administrative expenses .....	224,476	112,530	<b>337,006</b>	349,669	<b>2,810,725</b>
Provision for doubtful accounts .....	2,903	1,661	<b>4,564</b>	10,705	<b>38,065</b>
<b>Trading income</b> .....	46,409	30,402	<b>76,811</b>	78,123	<b>640,626</b>
Other income (expenses):					
Interest income .....	9,825	4,758	<b>14,583</b>	25,928	<b>121,626</b>
Interest expense .....	(25,413)	(11,714)	<b>(37,127)</b>	(55,521)	<b>(309,650)</b>
Dividends .....	4,793	2,566	<b>7,359</b>	10,989	<b>61,376</b>
Profit (loss) on disposal of investments and marketable securities, net of write-downs.....	9,616	(280)	<b>9,336</b>	28,983	<b>77,865</b>
Profit (loss) on property and equipment.....	(792)	282	<b>(510)</b>	(3,859)	<b>(4,253)</b>
Other-net .....	(4,630)	(1,567)	<b>(6,197)</b>	2,701	<b>(51,685)</b>
	(6,601)	(5,955)	<b>(12,556)</b>	9,221	<b>(104,721)</b>
<b>Income before income taxes,     minority interests and equity in earnings ..</b>	39,808	24,447	<b>64,255</b>	87,344	<b>535,905</b>
Income taxes .....	24,438	12,943	<b>37,381</b>	51,009	<b>311,768</b>
<b>Income before minority interests     and equity in earnings.....</b>	15,370	11,504	<b>26,874</b>	36,335	<b>224,137</b>
Minority interests .....	(3,881)	(2,734)	<b>(6,615)</b>	(10,019)	<b>(55,171)</b>
Equity in earnings of associated companies .....	10,747	5,525	<b>16,272</b>	9,844	<b>135,713</b>
<b>Net income</b> .....	22,236	14,295	<b>36,531</b>	36,160	<b>304,679</b>

Note :

1. Consolidated results 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.141 "Business Combinations" (SFAS 141), and Statement of Financial Accounting Standards No.142 "Goodwill and Other Intangible Assets" (SFAS 142), since this fiscal year.
3. Comprehensive income for the third quarter of fiscal 2003, nine months ended December 31, 2002 and 2001 were profit of 9,572 million yen (80 million U.S.dollars), loss of 8,325 million yen (69 million U.S.dollars) and profit of 75,681 million yen, respectively.
4. "Minority interests" has been separately stated below "Income before minority interests and equity in earnings" in the consolidated statements of income since this fiscal year, which was previously included in "Income before income taxes and equity in earnings." Accordingly, consolidated statements of income for the nine months ended December 31, 2001 were restated.
5. Figures for the third quarter of fiscal 2003 and 2002 have not been audited by independent auditors.

**Consolidated Balance Sheets (Assets)**  
ITOCHU Corporation and Subsidiaries  
December 31, 2002 and March 31, 2002

Assets	Y e n		U.S. dollars
	(millions)		(thousands)
	Dec. 2002	Mar. 2002	Dec. 2002
<b>Current assets:</b>			
Cash and cash equivalents.....	434,191	479,734	3,621,276
Time deposits.....	55,686	18,599	464,437
Marketable securities.....	40,704	51,165	339,483
Trade receivables :			
Notes.....	192,375	184,957	1,604,462
Accounts.....	995,621	951,075	8,303,762
Allowance for doubtful receivables.....	(30,665)	(35,187)	(255,755)
Net trade receivables.....	1,157,331	1,100,845	9,652,469
Due from associated companies.....	118,696	96,477	989,958
Inventories .....	431,462	426,028	3,598,516
Advances to suppliers.....	61,646	52,785	514,145
Other current assets.....	259,743	293,420	2,166,330
Total current assets .....	2,559,459	2,519,053	21,346,614
<b>Investments and non-current receivables:</b>			
Investments in and advances to associated companies.....	451,603	453,490	3,766,497
Other investments.....	332,784	422,501	2,775,513
Other non-current receivables.....	496,788	574,990	4,143,352
Allowance for doubtful items.....	(205,659)	(240,724)	(1,715,254)
Net investments and non-current receivables .....	1,075,516	1,210,257	8,970,108
<b>Property and equipment, at cost :</b>			
Land.....	266,510	264,661	2,222,769
Buildings.....	298,180	307,057	2,486,906
Machinery and equipment.....	252,922	276,772	2,109,441
Furniture and fixtures.....	52,269	51,216	435,938
Construction in progress.....	6,435	6,870	53,670
	876,316	906,576	7,308,724
Less accumulated depreciation.....	278,221	277,888	2,320,442
Net property and equipment .....	598,095	628,688	4,988,282
<b>Other assets and deferred charges.....</b>	<b>423,473</b>	<b>394,321</b>	<b>3,531,885</b>
<b>Total .....</b>	<b>4,656,543</b>	<b>4,752,319</b>	<b>38,836,889</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.141 "Business Combinations" (SFAS 141), and Statement of Financial Accounting Standards No.142 "Goodwill and Other Intangible Assets" (SFAS 142), since this fiscal year.
3. Figures for December 31, 2002 have not been audited by independent auditors.

**Consolidated Balance Sheets (Liabilities and Stockholders' Equity)**

ITOCHU Corporation and Subsidiaries

December 31, 2002 and March 31, 2002

<b>Liabilities and Stockholders' Equity</b>	Y e n		U.S. dollars
	(millions)		(thousands)
	<u>Dec. 2002</u>	<u>Mar. 2002</u>	<u>Dec. 2002</u>
<b>Current liabilities:</b>			
Short-term debt .....	495,218	504,616	4,130,258
Current installments of long-term debt.....	480,326	486,794	4,006,055
Trade payables :			
Notes and acceptances.....	194,783	196,301	1,624,546
Accounts.....	849,192	791,713	7,082,502
Total trade payables.....	<u>1,043,975</u>	<u>988,014</u>	<u>8,707,048</u>
Due to associated companies.....	36,062	36,799	300,767
Income taxes payable.....	13,904	20,050	115,963
Advances from customers.....	64,204	59,126	535,480
Other current liabilities.....	256,738	248,165	2,141,268
Total current liabilities .....	<u>2,390,427</u>	<u>2,343,564</u>	<u>19,936,839</u>
<b>Long-term debt, excluding current installments.....</b>	<b>1,679,729</b>	1,863,629	<b>14,009,416</b>
<b>Accrued retirement and severance benefits.....</b>	<b>20,732</b>	18,366	<b>172,911</b>
<b>Deferred income taxes, non-current.....</b>	<b>10,364</b>	12,600	<b>86,439</b>
<b>Minority interests.....</b>	<b>119,333</b>	116,492	<b>995,271</b>
<b>Stockholders' equity:</b>			
Common stock :			
Authorized 3,000,000,000 shares ;			
Issued and outstanding			
1,583,487,736 shares as of Dec.2002			
1,425,487,736 shares as of Mar.2002.....	202,241	174,749	1,686,747
Capital surplus .....	138,633	111,348	1,156,238
Legal reserve .....	3,297	3,410	27,498
Retained earnings (deficit) .....	157,591	128,468	1,314,354
Accumulated other comprehensive income (loss).....	(65,120)	(20,264)	(543,119)
Treasury stock .....	(684)	(43)	(5,705)
Total stockholders' equity .....	<u>435,958</u>	<u>397,668</u>	<u>3,636,013</u>
<b>Total .....</b>	<b><u>4,656,543</u></b>	<b><u>4,752,319</u></b>	<b><u>38,836,889</u></b>

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

	Y e n		U.S. dollars
	(millions)		(thousands)
	<u>Dec. 2002</u>	<u>Mar. 2002</u>	<u>Dec. 2002</u>
Foreign currency translation adjustments.....	(51,167)	(30,646)	(426,747)
Minimum pension liability adjustments.....	(763)	(739)	(6,364)
Unrealized gains (losses) on securities.....	(7,472)	17,446	(62,318)
Unrealized gains (losses) on derivative instruments.....	(5,718)	(6,325)	(47,690)

## Segment Information

	For the third quarter of fiscal 2003 (October 1, 2002 - December 31, 2002)								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 .....	214,864	395,175	178,318	608,737	448,847	602,171	52,885	58,665	2,559,662
Gross trading profit .....	24,355	11,398	26,500	9,363	21,683	34,304	7,906	9,084	144,593
Trading income (loss) .....	5,373	(154)	8,014	4,956	6,165	7,001	574	(1,527)	30,402
Net income (loss) .....	3,126	664	1,855	5,510	2,560	3,463	(2,141)	(742)	14,295
Identifiable assets at December 31....	393,641	505,255	458,142	444,467	575,256	745,150	705,120	829,512	4,656,543

	For the nine months ended December 31, 2002 (April 1, 2002 -December 31, 2002)								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 .....	641,527	1,171,529	567,657	1,672,451	1,336,636	1,907,250	164,247	173,307	7,634,604
Gross trading profit .....	67,377	35,970	70,640	25,453	65,265	101,200	23,405	29,071	418,381
Trading income (loss) .....	13,299	1,264	14,062	12,001	16,672	21,454	1,496	(3,437)	76,811
Net income (loss) .....	7,366	2,848	13,145	10,253	5,669	15,347	(7,009)	(11,088)	36,531
Identifiable assets at December 31....	393,641	505,255	458,142	444,467	575,256	745,150	705,120	829,512	4,656,543

	For the nine months ended December 31, 2001 (April 1, 2001 -December 31, 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 .....	647,568	1,332,217	677,947	2,019,004	1,305,795	1,903,768	353,339	238,184	8,477,822
Gross trading profit .....	59,898	37,224	82,080	47,500	61,644	98,138	23,450	28,563	438,497
Trading income (loss) .....	12,117	(1,046)	20,951	17,890	11,337	20,357	(1,334)	(2,149)	78,123
Net income (loss) .....	5,741	747	20,501	10,569	1,778	11,100	524	(14,800)	36,160
Identifiable assets at December 31....	392,211	582,795	511,075	401,081	610,312	750,319	804,698	765,643	4,818,134
Identifiable assets at March 31, 2002	384,147	588,062	526,177	401,628	532,734	665,071	773,374	881,126	4,752,319

	For the nine months ended December 31, 2002 (April 1, 2002 -December 31, 2002)								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 .....	5,350,517	9,770,884	4,734,420	13,948,716	11,147,923	15,907,006	1,369,867	1,445,429	63,674,762
Gross trading profit .....	561,943	300,000	589,158	212,285	544,329	844,037	195,204	242,460	3,489,416
Trading income (loss) .....	110,918	10,542	117,281	100,092	139,049	178,933	12,477	(28,666)	640,626
Net income (loss) .....	61,435	23,753	109,633	85,513	47,281	127,998	(58,457)	(92,477)	304,679
Identifiable assets at December 31....	3,283,078	4,213,970	3,821,034	3,706,981	4,797,798	6,214,762	5,880,901	6,918,365	38,836,889

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3. Figures for the third quarter of fiscal 2003 and 2002 have not been audited by independent auditors.