

SEMI-ANNUAL FINANCIAL STATEMENTS

For six months ended September 30, 2002 and 2001

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Management Policy

Reorganization of profit structure and restructuring of the management system

In April 2001, ITOCHU embarked on its medium-term plan “A&P-2002” for the two years from April 2001 to March 2003. According to this plan, these two years are identified as a period during which ITOCHU will discard conventional business models and develop new businesses based on the A&P strategy. As the final year of the plan, ITOCHU has been promoting two innovations – one in profit structure and one in management system.

Regarding the “reorganization of profit structure”, ITOCHU has been promoting the reallocation of assets and the shifts of management resources to the A&P segments of information and multimedia, consumer and retail-related, natural resource development, financial services, North America, and Asia. Also, ITOCHU has been strengthening its consolidated financial position by increasing stockholders’ equity and reducing interest-bearing debts.

For example, in the information and multimedia field, a subsidiary, Excite Japan Co., Ltd. has started a broadband internet service providing business. In the consumer and retail-related sector, in order to further strengthen and promote the contract food service business, ITOCHU has invested in Compass Group Holding (Japan) K.K., a joint venture with the world’s largest company in this industry, Compass Group in the U.K. Also, ITOCHU has acquired the exclusive distribution rights of a distinguished European luxury brand, *Bally*, while investing in Bally Japan, Ltd. to be involved in its management. In addition, in the natural resource development sector, a subsidiary, ITOCHU Oil Exploration Co., Ltd. has signed a contract regarding the launch of a large-scale pipeline project delivering crude oil generated in oil fields in Azerbaijan. In China, ITOCHU has formed a strong tie with the government of Shandong province by signing “a general agreement on economic and trade cooperation”.

On the subject of improving our consolidated financial position, ITOCHU has increased the stockholders’ equity by public offering in July, while reducing both total assets and interest-bearing debts, and thus improved the net DER to 4.9 times, a 0.9 percentage point decrease from the last fiscal year end.

As regards the “restructuring of the management system”, ITOCHU has promoted the thorough implementation of risk management system to its Group Companies including those overseas, the enhancement of personnel development programs including one for overseas regional staff, and “right person in the right job” appointments. Our group-wide compliance system has been strengthened by the newly established Compliance Office and newly appointed Chief Compliance Officer.

Tasks to be dealt with

Despite the harsh business environment, ITOCHU has put its strength into two large changes – in profit structure and management system – in order to fulfill our mid-term management plan “A&P-2002”.

The plan addresses the reorganization of the profit structure with the following three important policies.

First, with the continued implementation of the A&P strategy, ITOCHU will speed up the reallocation of assets, and the shifts of management resources to the A&P business domains.

Second, ITOCHU will further improve our financial position and maximize earnings on a consolidated basis, firmly putting in place consolidated group management.

Third, in implementing our regional and market strategies, ITOCHU will build up business models based on a global viewpoint, and construct optimal management systems suited to particular regional and market conditions. Particularly, in addition to the reconstruction of earning power in North America, local and regional trade will be expanded in Asia including China, and ITOCHU will enhance profitability through new investments.

As regards innovation of management systems, ITOCHU will continue to concentrate on the four priority policies of strengthening corporate governance, establishing a management support structure, reinforcing risk management and cultivating human resources including systems.

In this way, ITOCHU plans to enhance its performance, and at the same time, continue to make contributions to regional and international communities by such means as actively addressing global environment issues.

Dividends policy

ITOCHU's policy regarding the dividend payments is a consistent and stable distribution of returns to the stockholders, while maintaining and strengthening our competitive power by retaining earnings.

Outlook for Fiscal 2003

The recovery of the domestic economy in fiscal 2003 depends on the U.S. economic trend, and will be affected by Japan's economic stagnation, and stock price and currency movements accompanied by deepening deflation.

Though the current economic condition of the U.S. is steady, the pace of economic recovery may slow down because of such destabilizing factors as stock price, house price and political conditions in the Middle East.

The Asian economy will show continuing steady growth mainly in China. However, it may also be affected by the U.S. economy, in the same way that the European economy has already been affected.

Under these circumstances, ITOCHU is expecting consolidated total trading transactions of 11 trillion yen for the fiscal year ending March 2003, with a consolidated net income of 50 billion yen, as announced on May 15, 2002.

Future outlook is based on management's assumptions and beliefs based on information currently available and involves risks and uncertainties. Factors that could cause actual results to differ materially from the outlook include, without limitation, global economic conditions, demand for and competitive pricing pressure on products and services, the Company's ability to continue to win acceptance for its products and services in highly competitive markets, and currency exchange rate fluctuations.

Fiscal 2003 consolidated forecasts (April 2002 – March 2003)

	Full year	Changes from the previous fiscal year
Total trading transactions	11 trillion yen	-3.5%
Net income	50 billion yen	+65.6%

(Note)	<u>Fiscal 2003 Forecasts</u>	<u>Fiscal 2003 Interim Results</u>
Exchange rate (Yen/US\$)	124.00	124.48
Crude oil price (US\$/BBL)	25.00	25.66

Distribution of current fiscal year's profit

ITOCHU plans to make a 5 (for the interim, 2.5) yen dividend payment per share for fiscal year ending March 2003.

Summary of Operations

General Conditions

During the first half of fiscal 2003, ended September 30, 2002, the Japanese economy was still in a slump with a continuous deflationary condition, though domestic production showed a slight recovery in the first part of this period mainly because of an export recovery. Weak private consumption was still rampant, in addition, capital investments, house investments, and public investments remained stagnant. Stock price had reached a new low since the bubble era this September, following a sharp decline in U.S. stock market this July.

Overseas, the Asian economy including China showed stable growth, however, the recovery of the U.S. economy was still slow mainly due to low stock prices compounded by the distrust caused by accounting scandal. In Europe, especially in Germany, the recovery became dull in the wake of weak domestic demand.

Trading Transactions

In the first half of fiscal 2003, total trading transactions decreased by 13.9%, or 820.0 billion yen, from the same period of the last fiscal year to 5,074.9 billion yen (41,394 million U.S. dollars). Domestic transactions decreased in Aerospace, Electronics & Multimedia due to unfavorable performances in IT-related sector. Weak private consumption and a decline in market price, as well as reduction of low-efficient transactions, also resulted in a fall in domestic transactions in Plant, Automobile & Industrial Machinery, Energy, Metals & Minerals, and Construction & Realty. Import transactions also decreased in the Metals Mineral Resources sector. Export transactions decreased compared to the same period of the last fiscal year in which large plant export transactions contributed. Other than that, transferring the steel operations to a new equity-method affiliate, Marubeni-Itochu Steel Inc., on October 1, 2001, also had an impact on a decrease in total trading transactions.

Income and Expenses

Gross trading profit decreased by 7.4% or 22.0 billion yen from the last fiscal year to 273.8 billion yen (2,233 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. last October.

Selling, general and administrative expenses decreased by 4.8% or 11.4 billion yen to 224.5 billion yen (1,831 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. last October.

As a result, though provision for doubtful accounts improved, trading income decreased by 8.2% or 4.2 billion yen to 46.4 billion yen (379 million U.S. dollars).

Interest expenses improved in the wake of the U.S. interest rates drop, and a further reduction of interest-bearing debts. However, total financial expenses improved by only 1.1 billion yen with 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 15.3 billion yen. In addition, the stronger yen at this first half-end compared to the last fiscal year-end incurred losses for revaluating monetary receivables and payables in foreign currency, and as a result, other-net loss deteriorated by 3.5 billion yen from the same period of the last fiscal year. In the meantime, equity in earnings of associated companies increased by 4.4 billion yen to 10.7 billion yen (88 million U.S. dollars) due to favorable performances in food associated companies, in addition to the equity income of Marubeni-Itochu Steel Inc., which has applied to equity-method since the latter half of the last fiscal year.

Consequently, net income decreased by 11.8% or 3.0 billion yen to 22.2 billion yen (181 million U.S. dollars).

Financial Conditions

Total assets as of September 30, 2002 decreased by 263.1 billion yen to 4,489.2 billion yen (36,617 million U.S. dollars) from the last fiscal year-end, by the effect of stronger yen and continuous further collections of receivables.

Cash flows from operating activities recorded net cash-inflow of 28.4 billion yen (232 million U.S. dollars), which is mainly generated by further collections of trade receivables. Net cash provided by investing activities was 6.3 billion yen (52 million U.S. dollars) as a result of sales of investments and collections of long-term receivables, while there were fresh payments for investments and long-term loans for associated companies. Further reduction of interest-bearing debts, despite cash-inflow provided by public stock offering this July, led to 70.0 billion yen (571 million U.S. dollars) of net cash-outflow in financing activities.

As a result, the current balance of cash and cash equivalent as of September 30, 2002 decreased by 39.6 billion yen to 440.1 billion yen (3,590 million U.S. dollars) from March 31, 2002.

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 122.60 yen = 1 U.S. dollars, the exchange rate prevailing on September 30, 2002.

Consolidated Balance Sheets (Assets)

ITOCHU Corporation and Subsidiaries

September 30, 2002 and March 31, 2002

Assets	Y e n		U.S. dollars
	(millions)		(thousands)
	Sep.2002	Mar.2002	Sep.2002
Current assets:			
Cash and cash equivalents.....	440,146	479,734	3,590,098
Time deposits.....	43,385	18,599	353,874
Marketable securities.....	37,292	51,165	304,176
Trade receivables :			
Notes.....	157,266	184,957	1,282,757
Accounts.....	897,641	951,075	7,321,705
Allowance for doubtful receivables.....	(30,233)	(35,187)	(246,599)
Net trade receivables.....	1,024,674	1,100,845	8,357,863
Due from associated companies.....	95,024	96,477	775,074
Inventories	417,573	426,028	3,405,979
Advances to suppliers.....	63,492	52,785	517,879
Other current assets.....	258,423	293,420	2,107,855
Total current assets	2,380,009	2,519,053	19,412,798
Investments and non-current receivables:			
Investments in and advances to			
associated companies.....	464,964	453,490	3,792,529
Other investments.....	342,413	422,501	2,792,928
Other non-current receivables.....	512,876	574,990	4,183,328
Allowance for doubtful items.....	(220,342)	(240,724)	(1,797,243)
Net investments and non-current receivables	1,099,911	1,210,257	8,971,542
Property and equipment, at cost :			
Land.....	260,029	264,661	2,120,954
Buildings.....	293,016	307,057	2,390,016
Machinery and equipment.....	244,550	276,772	1,994,698
Furniture and fixtures.....	50,723	51,216	413,728
Construction in progress.....	7,347	6,870	59,927
	855,665	906,576	6,979,323
Less accumulated depreciation.....	269,131	277,888	2,195,196
Net property and equipment	586,534	628,688	4,784,127
Other assets and deferred charges.....	422,792	394,321	3,448,548
Total	4,489,246	4,752,319	36,617,015

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.

Consolidated Balance Sheets (Liabilities and Stockholders' Equity)

ITOCHU Corporation and Subsidiaries

September 30, 2002 and March 31, 2002

Liabilities and Stockholders' Equity	Y e n (millions)		U.S. dollars (thousands)
	Sep.2002	Mar.2002	Sep.2002
Current liabilities:			
Short-term debt	515,324	504,616	4,203,295
Current installments of long-term debt.....	488,104	486,794	3,981,272
Trade payables :			
Notes and acceptances.....	168,095	196,301	1,371,085
Accounts.....	767,852	791,713	6,263,067
Total trade payables.....	935,947	988,014	7,634,152
Due to associated companies.....	22,201	36,799	181,085
Income taxes payable.....	11,765	20,050	95,963
Advances from customers.....	61,962	59,126	505,400
Other current liabilities.....	229,864	248,165	1,874,910
Total current liabilities	2,265,167	2,343,564	18,476,077
Long-term debt, excluding current installments.....	1,651,909	1,863,629	13,473,972
Accrued retirement and severance benefits.....	18,609	18,366	151,786
Deferred income taxes, non-current.....	10,613	12,600	86,566
Minority interests.....	112,406	116,492	916,852
Stockholders' equity:			
Common stock :			
Authorized 3,000,000,000 shares ;			
Issued and outstanding			
1,583,487,736 shares as of Sep.2002			
1,425,487,736 shares as of Mar.2002.....	202,241	174,749	1,649,600
Capital surplus	138,633	111,348	1,130,775
Legal reserve	3,271	3,410	26,681
Retained earnings (deficit).....	147,280	128,468	1,201,305
Accumulated other comprehensive income (loss).....	(60,397)	(20,264)	(492,635)
Treasury stock	(486)	(43)	(3,964)
Total stockholders' equity	430,542	397,668	3,511,762
Total	4,489,246	4,752,319	36,617,015

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

	Y e n (millions)		U.S. dollars (thousands)
	Sep.2002	Mar.2002	Sep.2002
Foreign currency translation adjustments.....	(55,845)	(30,646)	(455,506)
Minimum pension liability adjustments.....	(763)	(739)	(6,223)
Unrealized gains (losses) on securities.....	2,570	17,446	20,962
Unrealized gains (losses) on derivative instruments.....	(6,359)	(6,325)	(51,868)

Consolidated Statements of Stockholders' Equity

ITOCHU Corporation and Subsidiaries

For the six months ended September 30, 2002 and 2001

	Yen (millions)		U.S. dollars (thousands)
	2002	2001	2002
Common stock:			
Balance at beginning of period	174,749	174,749	1,425,359
Issuance of common stock	27,492	-	224,241
Balance at end of period	<u>202,241</u>	<u>174,749</u>	<u>1,649,600</u>
Capital surplus:			
Balance at beginning of period	111,348	112,691	908,222
Issuance of common stock	27,285	-	222,553
Redistribution arising from sale by parent of common stock of subsidiaries and associated companies	-	(1,016)	-
Balance at end of period.....	<u>138,633</u>	<u>111,675</u>	<u>1,130,775</u>
Legal reserve:			
Balance at beginning of period	3,410	2,614	27,815
Transfer from (to) retained earnings (deficit)	(65)	902	(530)
Redistribution arising from sale by parent of common stock of subsidiaries and associated companies	(74)	(104)	(604)
Balance at end of period	<u>3,271</u>	<u>3,412</u>	<u>26,681</u>
Retained earnings (deficit):			
Balance at beginning of period	128,468	108,421	1,047,863
Net income	22,236	25,223	181,370
Cash dividends.....	(3,563)	(7,127)	(29,062)
Transfer from (to) legal reserve	65	(902)	530
Redistribution arising from sale by parent of common stock of subsidiaries and associated companies	74	1,120	604
Balance at end of period	<u>147,280</u>	<u>126,735</u>	<u>1,201,305</u>
Accumulated other comprehensive income (loss):			
Balance at beginning of period.....	(20,264)	(81,535)	(165,286)
Other comprehensive income (loss).....	(40,133)	41,059	(327,349)
Balance at end of period	<u>(60,397)</u>	<u>(40,476)</u>	<u>(492,635)</u>
Treasury stock:			
Balance at beginning of period.....	(43)	-	(351)
Net increase (decrease)	(443)	-	(3,613)
Balance at end of period	<u>(486)</u>	<u>-</u>	<u>(3,964)</u>
Total	<u>430,542</u>	<u>376,095</u>	<u>3,511,762</u>
Comprehensive income (loss):			
Net income	22,236	25,223	181,370
Other comprehensive income (loss).....	(40,133)	41,059	(327,349)
Total.....	<u>(17,897)</u>	<u>66,282</u>	<u>(145,979)</u>

Consolidated Statements of Cash Flows

ITOCHU Corporation and Subsidiaries

For the six months ended September 30, 2002 and 2001

	Y e n (millions)		U.S. dollars (thousands)
	2002	2001	2002
Cash flows from operating activities :			
Net income	22,236	25,223	181,370
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	16,729	17,257	136,452
Provision for doubtful accounts	2,903	9,342	23,679
Net loss (profit) on marketable securities, investments, property and equipment	(8,824)	(21,247)	(71,974)
Undistributed losses (earnings) of associated companies	(6,852)	(2,955)	(55,889)
Deferred income taxes	9,626	12,298	78,515
Other non-cash charges	13,635	5,308	111,215
Change in assets and liabilities	(21,043)	(31,254)	(171,639)
Net cash provided by (used in) operating activities	<u>28,410</u>	<u>13,972</u>	<u>231,729</u>
Cash flows from investing activities :			
Net sale (purchase) of property and equipment	(6,162)	(8,370)	(50,261)
Net decrease (increase) in investments in and advances to associated companies	(13,534)	(34,662)	(110,392)
Net sale (purchase) of investments	30,442	13,936	248,303
Net collection (origination) of non-current receivables	13,989	52,274	114,103
Net decrease (increase) in time deposits and similar instruments	(26,182)	251,012	(213,556)
Net decrease (increase) in marketable securities.....	7,795	237	63,581
Net cash provided by (used in) investing activities	<u>6,348</u>	<u>274,427</u>	<u>51,778</u>
Cash flows from financing activities :			
Net proceeds from (repayments of) long-term debt	(151,822)	(86,446)	(1,238,352)
Net increase (decrease) in short-term debt	31,740	(32,696)	258,891
Proceeds from issuance of common stock	54,777	-	446,794
Other	(4,645)	(3,027)	(37,888)
Net cash provided by (used in) financing activities	<u>(69,950)</u>	<u>(122,169)</u>	<u>(570,555)</u>
Effect of exchange rate changes on cash and cash equivalents	(4,396)	2,482	(35,856)
Net increase (decrease) in cash and cash equivalents	(39,588)	168,712	(322,904)
Cash and cash equivalents at beginning of period	479,734	274,936	3,913,002
Cash and cash equivalents at end of period	<u>440,146</u>	<u>443,648</u>	<u>3,590,098</u>

Total Trading Transactions

ITOCHU Corporation and Subsidiaries

For the six months ended September 30, 2002 and 2001

Type of Transaction:	Yen (millions)		U.S.dollars (thousands)		
	2002	2001	2002	2001	
		%		%	
Domestic	2,719,091	53.6	3,366,239	57.1	22,178,556
Import	601,019	11.8	642,447	10.9	4,902,276
Export	545,844	10.8	637,665	10.8	4,452,235
Offshore	1,208,988	23.8	1,248,601	21.2	9,861,240
Total	5,074,942	100.0	5,894,952	100.0	41,394,307

Principal Products:	Yen (millions)		U.S.dollars (thousands)		
	2002	2001	2002	2001	
		%		%	
Textile	426,663	8.4	437,154	7.4	3,480,122
Plant, Automobile & Industrial Machinery	776,354	15.3	919,551	15.6	6,332,415
Aerospace, Electronics & Multimedia	389,339	7.7	476,462	8.1	3,175,685
Energy, Metals & Minerals	1,063,714	21.0	1,458,717	24.8	8,676,297
Chemicals, Forest Products & General Merchandise	887,789	17.5	901,463	15.3	7,241,346
Food	1,305,079	25.7	1,263,246	21.4	10,645,016
Finance, Realty, Insurance & Logistics Services, & other	226,004	4.4	438,359	7.4	1,843,426
Total	5,074,942	100.0	5,894,952	100.0	41,394,307

Segment Information

ITOCHU Corporation 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.

ITOCHU Corporation and its subsidiaries have introduced the division company system, and information on operating segments (for 2002 and 2001) 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 six months ended September 30, 2002 and 2001 was as follows:

		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										
	426,663	776,354	389,339	1,063,714	887,789	1,305,079	111,362	114,642	5,074,942	
Transfers between operating segments ...	1,406	28	64	481	3,919	123	356	(6,377)	-	
Total trading transactions	<u>428,069</u>	<u>776,382</u>	<u>389,403</u>	<u>1,064,195</u>	<u>891,708</u>	<u>1,305,202</u>	<u>111,718</u>	<u>108,265</u>	<u>5,074,942</u>	
Gross trading profit	<u>43,022</u>	<u>24,572</u>	<u>44,140</u>	<u>16,090</u>	<u>43,582</u>	<u>66,896</u>	<u>15,499</u>	<u>19,987</u>	<u>273,788</u>	
Trading income (loss)	<u>7,926</u>	<u>1,418</u>	<u>6,048</u>	<u>7,045</u>	<u>10,507</u>	<u>14,453</u>	<u>922</u>	<u>(1,910)</u>	<u>46,409</u>	
Net income (loss)	<u>4,240</u>	<u>2,184</u>	<u>11,290</u>	<u>4,743</u>	<u>3,109</u>	<u>11,884</u>	<u>(4,868)</u>	<u>(10,346)</u>	<u>22,236</u>	
Identifiable assets at September 30	<u>371,710</u>	<u>511,454</u>	<u>440,735</u>	<u>410,387</u>	<u>525,885</u>	<u>659,452</u>	<u>707,048</u>	<u>862,575</u>	<u>4,489,246</u>	
		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>	
Identifiable assets at March 31, 2002.....	<u>384,147</u>	<u>588,062</u>	<u>526,177</u>	<u>401,628</u>	<u>532,734</u>	<u>665,071</u>	<u>773,374</u>	<u>881,126</u>	<u>4,752,319</u>	
		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										
	3,480,122	6,332,415	3,175,685	8,676,297	7,241,346	10,645,016	908,336	935,090	41,394,307	
Transfers between operating segments ...	11,468	228	522	3,923	31,966	1,004	2,904	(52,015)	-	
Total trading transactions	<u>3,491,590</u>	<u>6,332,643</u>	<u>3,176,207</u>	<u>8,680,220</u>	<u>7,273,312</u>	<u>10,646,020</u>	<u>911,240</u>	<u>883,075</u>	<u>41,394,307</u>	
Gross trading profit	<u>350,914</u>	<u>200,424</u>	<u>360,033</u>	<u>131,240</u>	<u>355,481</u>	<u>545,644</u>	<u>126,419</u>	<u>163,026</u>	<u>2,233,181</u>	
Trading income (loss)	<u>64,649</u>	<u>11,566</u>	<u>49,331</u>	<u>57,463</u>	<u>85,702</u>	<u>117,888</u>	<u>7,520</u>	<u>(15,579)</u>	<u>378,540</u>	
Net income (loss)	<u>34,584</u>	<u>17,814</u>	<u>92,088</u>	<u>38,686</u>	<u>25,359</u>	<u>96,933</u>	<u>(39,706)</u>	<u>(84,388)</u>	<u>181,370</u>	
Identifiable assets at September 30	<u>3,031,892</u>	<u>4,171,729</u>	<u>3,594,902</u>	<u>3,347,366</u>	<u>4,289,437</u>	<u>5,378,891</u>	<u>5,767,113</u>	<u>7,035,685</u>	<u>36,617,015</u>	

Information concerning operations in different geographical areas for the six months ended September 30, 2002 and 2001 was as follows:

	2002						Yen (millions)
	Japan	North America	Europe	Asia	Other Areas	Eliminations or Unallocated	Consolidated
	<hr/>						
Trading transactions:							
Unaffiliated customers							
and associated companies	3,981,464	270,374	78,023	645,816	99,265	-	5,074,942
Transfers between geographical areas	481,470	98,131	17,299	488,317	152,674	(1,237,891)	-
Total trading transactions	<u>4,462,934</u>	<u>368,505</u>	<u>95,322</u>	<u>1,134,133</u>	<u>251,939</u>	<u>(1,237,891)</u>	<u>5,074,942</u>
Trading income	<u>33,691</u>	<u>4,277</u>	<u>1,363</u>	<u>2,173</u>	<u>4,905</u>	<u>-</u>	<u>46,409</u>
Identifiable assets at September 30	<u>3,815,442</u>	<u>375,829</u>	<u>168,579</u>	<u>234,636</u>	<u>232,973</u>	<u>(338,213)</u>	<u>4,489,246</u>
	2001						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>-</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>
Identifiable assets at March 31, 2002	<u>3,990,540</u>	<u>431,938</u>	<u>196,171</u>	<u>207,049</u>	<u>286,810</u>	<u>(360,189)</u>	<u>4,752,319</u>
	2002						U.S.dollars (thousands)
	Japan	North America	Europe	Asia	Other Areas	Eliminations or Unallocated	Consolidated
Trading transactions:							
Unaffiliated customers							
and associated companies	32,475,237	2,205,334	636,403	5,267,667	809,666	-	41,394,307
Transfers between geographical areas	3,927,161	800,416	141,101	3,983,010	1,245,302	(10,096,990)	-
Total trading transactions	<u>36,402,398</u>	<u>3,005,750</u>	<u>777,504</u>	<u>9,250,677</u>	<u>2,054,968</u>	<u>(10,096,990)</u>	<u>41,394,307</u>
Trading income	<u>274,804</u>	<u>34,886</u>	<u>11,118</u>	<u>17,724</u>	<u>40,008</u>	<u>-</u>	<u>378,540</u>
Identifiable assets at September 30	<u>31,121,060</u>	<u>3,065,489</u>	<u>1,375,033</u>	<u>1,913,834</u>	<u>1,900,269</u>	<u>(2,758,670)</u>	<u>36,617,015</u>

Fair Value of Financial Instruments

ITOCHU Corporation and Subsidiaries

Securities

ITOCHU Corporation and its subsidiaries have adopted Statement of Financial Accounting Standards No.115 "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115). Thus the securities classified as available-for-sale securities would be reported at fair value on the balance sheets.

The cost, gross unrealized holding gains and losses and fair value of those available-for-sale securities as of September 30, 2002 and March 31, 2002 were as follows:

		Sep. 2002							
		Cost		Gross Unrealized Holding Gains		Gross Unrealized Holding Losses		Fair Value	
		Yen (millions)	U.S.dollars (thousands)	Yen (millions)	U.S.dollars (thousands)	Yen (millions)	U.S.dollars (thousands)	Yen (millions)	U.S.dollars (thousands)
Available-for-sale:									
Current:									
	Equity securities	-	-	-	-	-	-	-	-
	Debt securities	1,559	12,716	2	16	22	179	1,539	12,553
		1,559	12,716	2	16	22	179	1,539	12,553
Non-current:									
	Equity securities	139,244	1,135,759	24,378	198,841	16,821	137,202	146,801	1,197,398
	Debt securities	20,562	167,716	23	188	830	6,770	19,755	161,134
		159,806	1,303,475	24,401	199,029	17,651	143,972	166,556	1,358,532
		Mar. 2002							
		Cost		Gross Unrealized Holding Gains		Gross Unrealized Holding Losses		Fair Value	
		Yen (millions)		Yen (millions)		Yen (millions)		Yen (millions)	
Available-for-sale:									
Current:									
	Equity securities	-		-		-		-	
	Debt securities	887		10		-		897	
		887		10		-		897	
Non-current:									
	Equity securities	186,209		58,068		20,515		223,762	
	Debt securities	33,173		42		1,817		31,398	
		219,382		58,110		22,332		255,160	

Derivative financial instruments

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 "Accounting for Derivative Instruments and Hedging Activities, an Amendment of SFAS 133" (SFAS138). Thus those derivative financial instruments would be reported at fair value on the balance sheets.

The contracts or notional amount, carrying amount, and estimated fair value of derivative financial instruments held as of September 30, 2002 and March 31, 2002 were as follows:

		Sep. 2002					
		Contracts or Notional Amount		Carrying Amount		Estimated Fair Value	
		Yen (millions)	U.S.dollars (thousands)	Yen (millions)	U.S.dollars (thousands)	Yen (millions)	U.S.dollars (thousands)
Foreign exchange contracts (inclusive of currency swap agreements):							
	To sell foreign currencies	127,573	1,040,563	(2,076)	(16,933)	(2,076)	(16,933)
	To buy foreign currencies	243,407	1,985,375	3,998	32,610	3,998	32,610
Interest rate swap agreements		1,847,799	15,071,770	22,921	186,958	22,921	186,958
Interest rate option agreements		109,373	892,113	106	865	106	865
		Mar. 2002					
		Contracts or Notional Amount		Carrying Amount		Estimated Fair Value	
		Yen (millions)		Yen (millions)		Yen (millions)	
Foreign exchange contracts (inclusive of currency swap agreements):							
	To sell foreign currencies	105,439		(2,355)		(2,355)	
	To buy foreign currencies	263,723		7,722		7,722	
Interest rate swap agreements		1,882,335		26,141		26,141	
Interest rate option agreements		110,842		223		223	

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.