

# ANNUAL FINANCIAL STATEMENTS

For years ended March 31, 2011 and 2010

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**- Unaudited -****Consolidated Financial Results for Fiscal Year 2011 (Year ended March 31, 2011)**

[Prepared in conformity with accounting principles generally accepted in the United States of America]

Company name: ITOCHU Corporation

Stock exchange code: 8001

URL: <http://www.itochu.co.jp/en/ir/>

President and Chief Executive Officer: Masahiro Okafuji

General Manager of Corporate Communications Division: Tomoyuki Takada TEL: 81 - 3 - 3497 - 7291

The date of Shareholders' meeting June 24, 2011 (Planned) The date of payout of dividend June 27, 2011 (Planned)

The date of issue of audited financial statements June 24, 2011 (Planned)

**1. Consolidated operating results for fiscal year 2011 (from April 1, 2010 to March 31, 2011)****(1) Consolidated operating results (Summary)**

(%: Changes from the previous fiscal year)

	Total trading transactions		Trading income (*1)		Income before income taxes and equity in earnings of associated companies		Net income attributable to ITOCHU	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Fiscal year 2011	11,392,589	10.5	256,082	73.7	182,097	17.5	160,975	25.6
Fiscal year 2010	10,306,799	(14.6)	147,414	(46.5)	154,986	(25.6)	128,153	(22.5)

(Note) Comprehensive income (millions of yen) FY 2011 : 116,047 (down 59.6%) FY 2010 : 287,200

(Note) Comprehensive income attributable to ITOCHU (millions of yen) FY 2011 : 105,817 (down 61.3%) FY 2010 : 273,278

	Net income attributable to ITOCHU per share (basic)	Net income attributable to ITOCHU per share (diluted)	Ratio of net income attributable to ITOCHU to stockholders' equity	Please refer below (*2)	Please refer below (*3)
	yen	yen	%	%	%
Fiscal year 2011	101.84	101.69	14.3	3.3	2.2
Fiscal year 2010	81.09	80.91	13.2	2.9	1.4

(\*1) "Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful receivables"

(\*2) Income before income taxes and equity in earnings of associated companies / Total assets

(\*3) Trading income / Total trading transactions

(Note) Equity in earnings of associated companies (millions of yen) FY 2011 : 60,617 FY 2010 : 36,269

**(2) Consolidated financial position**

	Total assets	Total equity	Total ITOCHU stockholders' equity	Ratio of ITOCHU stockholders' equity to total assets	ITOCHU stockholders' equity per share
	millions of yen	millions of yen	millions of yen	%	yen
March 31, 2011	5,673,683	1,397,510	1,154,826	20.4	730.65
March 31, 2010	5,476,847	1,311,353	1,098,419	20.1	694.98

**(3) Consolidated cash flows information**

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
	millions of yen	millions of yen	millions of yen	millions of yen
Fiscal year 2011	336,868	(230,420)	52,905	630,722
Fiscal year 2010	295,376	(196,318)	(258,987)	475,674

**2. Dividend distribution**

	Dividend distribution per share					Total Dividend distribution (Annual)	Payout ratio (Consolidated)	Ratio of dividend distribution to ITOCHU stockholders' equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
Fiscal year 2010	yen -	yen 7.50	yen -	yen 7.50	yen 15.00	millions of yen 23,727	% 18.5	% 2.4
Fiscal year 2011	yen -	yen 9.00	yen -	yen 9.00	yen 18.00	millions of yen 28,473	% 17.7	% 2.5
Fiscal year 2012 (Planned)	yen -	yen 16.50	yen -	yen 16.50	yen 33.00		% 21.7	

**3. Outlook of consolidated operating results for fiscal year 2012 (from April 1, 2011 to March 31, 2012)**

(%: Changes from the previous fiscal year)

	Total trading transactions		Trading income (*)		Income before income taxes and equity in earnings of associated companies		Net income attributable to ITOCHU		Net income attributable to ITOCHU per share (basic)	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen	%
Fiscal year 2012	12,000,000	5.3	320,000	25.0	300,000	64.7	240,000	49.1	151.85	

(\*) "Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful receivables"

#### 4. Other information

(1) Changes in classification of specified subsidiaries accompanied by changes in the consolidation scope during the fiscal year 2011: Yes

New 1 Company: China Foods Investment Corp.

(2) Changes in accounting policies or presentation ways in the consolidated financial statements

(a) Changes due to amendment of accounting standards: N/A

(b) Other changes: N/A

(3) Number of common shares issued

(a) Number of common shares outstanding: (including the number of treasury stock)	As of end of FY 2011	1,584,889,504	As end of FY 2010	1,584,889,504
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(b) Number of treasury stock:	As of end of FY 2011	4,353,606	As end of FY 2010	4,379,005
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(c) Average number of common shares outstanding:	For FY 2011	1,580,596,737	For FY 2010	1,580,448,671
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[Note]

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

2. The financial statements contain forward-looking statements regarding ITOCHU Corporation's corporate plans, strategies, forecasts, and other statements that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which ITOCHU Corporation operates. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, including without limitation, changes in economic conditions; fluctuations in currency exchange rates; changes in the competitive environment; the outcome of pending and future litigation; and the continued availability of financing; financial instruments and financial resources, they may cause actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not place undue reliance on forward-looking statements, and, further that ITOCHU Corporation undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments.

3. "Total trading transactions" and "Trading income" are presented in accordance with Japanese accounting practice.

- "Total trading transactions" in the consolidated statements of income consists of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as agent.

- "Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful receivables"

4. 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 83.15 yen = 1 U.S. dollar, the exchange rate prevailing on March 31, 2011. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

5. "ITOCHU" in items of A/C on the consolidated financial statements represents ITOCHU Corporation.

# 1. Summary of Operations

## (1) Analysis of Consolidated Operating Results

### <General Economic Situations>

In fiscal year 2011, Japan's economy followed an overall course of moderate recovery interrupted by short periods of sluggish activity. However, on March 11, the Great East Japan Earthquake caused tremendous human suffering and physical damage, and economic activity declined drastically through the end of March. The global economy basically continued to follow a course of moderate recovery, led by growth in the economies of emerging countries. However, the adverse influence of the earthquake did affect the global economy due to such factors as supply chain interruptions stemming from shortages of materials and products made in Japan. Additional monetary easing measures by the central banks of industrialized countries resulted in fund inflows, and the price of WTI crude oil continue to rise, and increasing tensions in the Middle East were another factor affecting the price of oil. At the end of March, the price of WTI crude oil was above \$100. The yen-dollar rate followed a course of yen appreciation. In March, it temporarily reached the ¥76 level due to the influence of the earthquake, but subsequently it recovered to ¥83.15 at the end of March due to coordinated exchange rate intervention by industrialized countries. There were growing concerns about the adverse influence of yen appreciation on the profits of export companies, and the Nikkei Stock Average temporarily fell below ¥9,000 in late August. Subsequently, the average recovered to the ¥10,000 level by the end of December due to growing expectations for economic recovery, but due to the influence of the earthquake, it was once again below ¥10,000 and down to ¥9,755.10 at the end of March. The yield on 10-year Japanese government bonds declined, from about 1.4% to the 0.8% level in October, due in part to the monetary easing measures implemented by the Bank of Japan. Subsequently, it once again rose due to concerns about the worsening of Japan's fiscal situation, and it had reached the 1.2% level by the end of March.

### <Operating results for fiscal Year 2011 (April 1, 2010, to March 31, 2011)>

**Revenue** for the fiscal year ended March 31, 2011, increased by 6.8 %, or 233.0 billion yen compared with the previous fiscal year, to 3,649.7 billion yen (43,893 million U.S. dollars). This gain was attributable to higher revenue in several division companies. In the Energy, Metals & Minerals Company, revenue increased due to higher prices for mineral resources and for oil & gas. In the Textile Company, the acquisitions of JAVA HOLDINGS CO., LTD. and LEILIAN CO., LTD. in the second half of the previous fiscal year led to higher revenue in the year under review. In the Chemicals, Forest Products & General Merchandise Company, revenue increased due to strong transactions in chemicals and to higher prices for both natural rubber and pulp.

**Gross trading profit** increased by 12.6%, or 116.9 billion yen, compared with the previous fiscal year, to 1,041.3 billion yen (12,523 million U.S. dollars). In addition to gains in the Energy, Metals & Minerals; Textile; and Chemicals, Forest Products & General Merchandise companies recorded higher trading profit on increased revenue, the Machinery Company recorded higher trading profit due to improvement in automobile transactions.

**Selling, general and administrative expenses** increased by 0.8 %, or 5.9 billion yen compared with the previous fiscal year, to 775.8 billion yen (9,330 million U.S. dollars). Although there were costs reductions at existing consolidated companies, a reduction in costs stemming from the de-consolidation of certain subsidiaries, and a decline in pension cost resulting from improved performance of pension asset management, these factors were offset by an increase associated with the acquisitions of two companies mentioned above in the Textile Company.

**Provision for doubtful receivables** increased 2.4 billion yen from the previous fiscal year, to a loss of 9.4 billion yen (113 million U.S. dollars), due in part to write-off of loans accompanying disposal of regional enterprises in North America.

**Net interest expenses** improved by 34.0 %, or 8.6 billion yen compared with the previous fiscal year, to expenses of 16.7 billion yen (201 million U.S. dollars), mainly due to declines in U.S. dollar and yen interest rates. **Dividends received** decreased by 18.7 %, or 5.4 billion yen compared with the previous fiscal year, to 23.5 billion yen (283 million U.S. dollars), due primarily to lower dividends from oil & gas related investments. Consequently, **Net financial income**, which is the total of **Net interest expenses** and **Dividends received**, improved by 3.2 billion yen compared with the previous fiscal year, to income of 6.8 billion yen (82 million U.S. dollars).

**Loss on investments-net** worsened by 33.7 billion yen compared with the previous fiscal year, to a loss of 38.1 billion yen (459 million U.S. dollars). This was attributable to a decrease in gain on sales of investments, to the recording of impairment losses on preferred stock issued by Orient Corporation and on other listed equities and to loss on disposal of low-efficiency businesses occurred in the year.

**Loss on property and equipment-net** worsened by 25.2 billion yen, to a loss of 33.7 billion yen (406 million U.S. dollars). Gain on sales of property and equipment increased due to the sale of assets (coal interests, etc.) but impairment losses were recorded on oil and gas assets and other properties, and losses also arose as a result of the Great East Japan Earthquake.

**Gain on bargain purchase in acquisition** decreased by 14.0 billion yen due to the absence of the non-recurring gain that was recorded in the previous fiscal year.

**Other-net** worsened 11.9 billion yen from the previous fiscal year, to a loss of 8.9 billion yen (107 million U.S. dollars), due principally to losses on disposal of three regional enterprises and business reconstruction costs on equipment-material-related businesses in North America.

As a result, **Income before income taxes and equity in earnings of associated companies** increased by 17.5 %, or 27.1 billion yen compared with the previous fiscal year, to 182.1 billion yen (2,190 million U.S. dollars). **Income taxes** increased (worsened) by 32.8 %, or 16.9 billion yen compared with the previous fiscal year, to expenses of 68.5 billion yen (824 million U.S. dollars).

**Equity in earnings of associated companies** increased by 67.1 %, or 24.3 billion yen compared with the previous fiscal year, to income of 60.6 billion yen (729 million U.S. dollars). Impairment losses were recorded on common stock issued by listed equity-method affiliates, such as Orient Corporation. However, accompanying higher prices, there were increases in earnings at mineral resources and pulp-related companies, and a steel-products-related and a mobile network-related companies also recorded higher earnings.

As a result, **Net income** increased by 24.7%, or 34.5 billion yen compared with the previous fiscal year, to 174.2 billion yen (2,095 million U.S. dollars).

Consequently, **Net income attributable to ITOCHU**, which is calculated as **Net income** minus **Net income attributable to the noncontrolling interest** of 13.2 billion yen (159 million U.S. dollars), increased by 25.6% or 32.8 billion yen compared with the previous fiscal year, to 161.0 billion yen (1,936 million U.S. dollars).

(Supplemental information)

In accordance with Japanese accounting practices, **Total trading transactions** for the fiscal year ended March 31, 2011, increased by 1,085.8 billion yen compared with the previous fiscal year, to 11,392.6 billion yen (137,012 million U.S. dollars). This gain was attributable to higher trading transactions in several division companies. In the Energy, Metals & Minerals Company, trading transactions increased due to higher prices for mineral resources and for oil & gas. In the Chemicals, Forest Products & General Merchandise Company, increased trading transactions resulted from strong transactions in chemicals and gains in prices for both natural rubber and pulp. In the Machinery Company, trading transactions increased due to a recovery in automobile transactions.

#### <Operating results for the Fourth Quarter of Fiscal Year 2011 (January 1, 2011 to March 31, 2011)>

**Revenue** for the fourth quarter of the fiscal year ended March 31, 2011, increased by 12.2 %, or 110.4 billion yen compared with the same period of the previous fiscal year, to 1,013.1 billion yen (12,184 million U.S. dollars). This gain was attributable to higher revenue in several division companies. In the Energy, Metals & Minerals Company, revenue increased due to higher prices for mineral resources and for oil & gas. In the Textile Company, the acquisitions of LEILIAN CO., LTD. in the end of fourth quarter of the previous fiscal year led to higher revenue in the year under review. In the Chemicals, Forest Products & General Merchandise Company, revenue increased due to strong transactions in chemicals and to higher prices for both natural rubber and pulp.

**Gross trading profit** increased by 11.6 %, or 28.8 billion yen, compared with the same period of the previous fiscal year, to 277.1 billion yen (3,332 million U.S. dollars). The increased revenue led to higher trading profit in the Energy, Metals & Minerals Company and the Textile Company. Although ship transactions declined, automobile transactions recovered, leading to increased profits in the Machinery Company.

**Selling, general and administrative expenses** increased by 1.5%, or 2.9 billion yen compared with the same period of the previous fiscal year, to 194.7 billion yen (2,341 million U.S. dollars). This increase was mainly attributable to the acquisition of LEILIAN CO., LTD. which offset decline in pension cost.

**Provision for doubtful receivables** increased 3.3 billion yen from the same period of the previous fiscal year, to a loss of 5.4 billion yen (65 million U.S. dollars), due in part to write-off of loans accompanying disposal of regional enterprises in North America.

**Net interest expenses** improved by 47.3%, or 3.1 billion yen compared with the same period of the previous fiscal year, to expenses of 3.4 billion yen (40 million U.S. dollars), mainly due to declines in U.S. dollar and yen interest rates. However, **Dividends received** decreased by 59.3%, or 8.6 billion yen compared with the previous fiscal year, to 5.9 billion yen (71 million U.S. dollars), due primarily to lower dividends from oil & gas related investments. Consequently, **Net financial income**, which is the total of **Net interest expenses** and **Dividends received**, worsened by 5.6 billion yen compared with the same period of the previous fiscal year, to income of 2.5 billion yen (31 million U.S. dollars).

**Loss on investments-net** worsened by 1.3 billion yen, compared with the same period of the previous fiscal year, to a loss of 10.2 billion yen (123 million U.S. dollars). This was attributable to loss on disposal of low-efficiency businesses occurred and to the recording of impairment losses on listed equities accompanying weak stock market conditions.

**Loss on property and equipment-net** worsened by 22.8 billion yen, to a loss of 32.2 billion yen (388 million U.S. dollars). Impairment losses were recorded on oil and gas assets and other properties, and losses also arose as a result of the Great East Japan Earthquake.

**Gain on bargain purchase in acquisition** decreased by 4.9 billion yen due to the absence of the non-recurring gain that was recorded in the same period of the previous fiscal year.

**Other-net** worsened by 5.6 billion yen from the same period of the previous fiscal year, to a loss of 2.6 billion yen (31 million U.S. dollars), due principally to a worsening of gain (loss) on foreign currency translation and to ship-related losses.

As a result, **Income before income taxes and equity in earnings of associated companies** decreased by 33.7%, or 17.5 billion yen compared with the same period of the previous fiscal year, to 34.5 billion yen (415 million U.S. dollars). **Income taxes** increased (worsened) 20.7 billion yen compared with the same period of the previous fiscal year, to expenses of 23.1 billion yen (278 million U.S. dollars).

**Equity in earnings of associated companies** increased 6.9 billion yen compared with the same period of the previous fiscal year, to income of 9.0 billion yen (108 million U.S. dollars). Impairment losses on common stock issued by listed equity-method affiliates declined from the same period of the previous fiscal year, and due to higher prices, there were increases in earnings at mineral resources companies.

As a result, **Net income** decreased by 60.6%, or 31.3 billion yen compared with the same period of the previous fiscal year, to 20.4 billion yen (245 million U.S. dollars).

Consequently, **Net income attributable to ITOCHU**, which is calculated as **Net income** minus **Net income attributable to the noncontrolling interest** of 4.8 billion yen (57 million U.S. dollars), decreased by 67.1% or 31.9 billion yen compared with the same period of the previous fiscal year, to 15.6 billion yen (188 million U.S. dollars).

This includes a loss of 6.2 billion yen (after tax) associated with the Great East Japan Earthquake.

(Supplemental information)

In accordance with Japanese accounting practices, **Total trading transactions** for the three-month period ended March 31, 2011, increased by 77.8 billion yen compared with the same period of the previous fiscal year, to 2,887.5 billion yen (34,726 million U.S. dollars). In the ICT, Aerospace & Electronics Company, following large-scale spot transaction in aerospace-related businesses in the same period of the previous fiscal year, there were decreased in the period under review. However, in the Chemicals, Forest Products & General Merchandise Company, increased trading transactions resulted from strong market conditions in chemicals and gains in prices for natural rubber. In the Food Company, higher transactions resulted from higher prices for food materials, such as feed grains, as well as from higher transactions in food distribution related sector. In the Textile Company, trading transactions increased accompanying the acquisition of LEILIAN CO., LTD.

## (2) Analysis of Consolidated Financial Position

### (i) Assets, Liabilities, and Equity

**Total assets** as of March 31, 2011, were up by 3.6%, or 196.8 billion yen compared with March 31, 2010, to 5,673.7 billion yen (68,234 million U.S. dollars). **Property and equipment** declined due to impairment of fixed assets in energy and other fields. However, there was an increase in **Cash and cash equivalents**. In the Chemicals, Forest Products & General Merchandise Company and the Food Company, **Inventories** and **Trade receivables** increased due to improved market conditions. Also, **Investments** increased due to new investments in resource companies with interests in uranium in the Energy, Metals & Minerals Company, in automobile companies, and in power generation operations in North America, as well as to investments in Chinese food business through a joint holding company, which was established as the Company's subsidiary with Asahi Breweries, Ltd.

**Interest-bearing debt** increased by 2.7%, or 59.1 billion yen compared with March 31, 2010, to 2,268.4 billion yen (27,280 million U.S. dollars). **Net interest-bearing debt** (interest-bearing debt after deducting **Cash and cash equivalents** and **Time deposits**) decreased by 5.4%, or 92.9 billion yen, compared with March 31, 2010, to 1,633.2 billion yen (19,642 million U.S. dollars).

**ITOCHU stockholders' equity** increased by 5.1%, or 56.4 billion yen from March 31, 2010, to 1,154.8 billion yen (13,888 million U.S. dollars). On one hand, **Net income attributable to ITOCHU** increased by 161.0 billion yen and there was an increase in net unrealized holding gains on securities. On the other hand, there were decreases from dividends payment, deterioration in **Foreign currency translation adjustments** because of the yen's appreciation, and decrease in **Capital surplus** of 19.4 billion yen due to the purchase of additional shares of the common stock of NIPPON ACCESS, INC., a subsidiary, which was accounted for as an equity transaction.

As a result, **the Ratio of stockholders' equity to total assets** increased by 0.3 points from March 31, 2010, to 20.4%, and **NET DER** (net debt-to-stockholders' equity ratio) was 1.4 times. **Total equity**, or the total of **ITOCHU stockholders' equity** and **Noncontrolling interest**, which means the total equity of the entire Group, increased by 6.6%, or 86.2 billion yen, compared with March 31, 2010, to 1,397.5 billion yen (16,807 million U.S. dollars).

### (ii) Consolidated Cash Flows Information

**Cash flows from operating activities** for the year ended March 31, 2011, recorded a net cash-inflow of 336.9 billion yen (4,051 million U.S. dollars), which was attributable to strong operating revenue related to overseas natural resources and food.

**Cash flows from investing activities** recorded a net cash-outflow of 230.4 billion yen (2,771 million U.S. dollars) mainly due to additional capital expenditures and purchase of interests in overseas natural resource development sector, investments in resource companies with interests in uranium, as well as purchase of investment assets in relation to an establishment of a joint holding company with Asahi Breweries, Ltd. for Chinese food business.

**Cash flows from financing activities** recorded a net cash-inflow of 52.9 billion yen (636 million U.S. dollars) mainly due to a cash-inflow of an equity transaction in relation to the establishment of the joint holding company mentioned above and increasing funding for new investments despite the purchase of shares of the common stock of NIPPON ACCESS, INC., a subsidiary, and dividends payment.

Consequently, **Cash and cash equivalents** as of March 31, 2011, increased by 155.0 billion yen to 630.7 billion yen (7,585 million U.S. dollars) compared with March 31, 2010.

The trend of consolidated cash flow indices is as follows:

FY	2007	2008	2009	2010	2011
Ratio of stockholders' equity to total assets (%)	16.9%	18.5%	16.4%	20.1%	20.4%
Ratio of market capitalization to total assets (%)	34.9%	29.5%	14.6%	23.7%	24.3%
Years of debt redemption (years)	9.2yrs	32.1yrs	8.6yrs	7.5yrs	6.7yrs
Interest coverage ratio (times)	5.6	1.3	5.8	8.0	12.0

Consolidated cash flow indices are calculated as follows:

Ratio of stockholders' equity to total assets (%) = Stockholders' equity / Total assets

Ratio of market capitalization to total assets (%) = Market capitalization / Total assets

Years of debt redemption (years) = Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio (times) = Cash flows from operating activities / Interest paid

### (3) Risk Information

ITOCHU Group is exposed to various risks such as market risks, credit risks and investment risks, due to the nature of a wide range of their businesses. These risks include unpredictable uncertainties and may have significant effects on their future business and financial performance.

ITOCHU Group has enhanced their risk management policy and risk management methodology to monitor and manage these risks, but it is impossible to completely avoid all these risks.

With respect to descriptions about future events, ITOCHU appropriately has determined its assumptions and estimates based on information currently available as of March 31, 2011.

*i) Corporate Result Risks Due to Macroeconomic Factors*

ITOCHU Group involves a wide variety of business ranging from supply of raw materials to manufacturing and sale in each of their businesses areas. It conducts diverse types of commercial transactions such as purchase and sale of products in the domestic market, import/export trade between overseas affiliates as well as development of energy, metal resources and mineral resources. To give an overview of Group's main areas of business, trade in machinery such as plants, autos and construction machinery, trade in mineral resources, energy and chemical products, and investments in development are all largely dependent on economic trends in the world while the domestic economy has a relatively strong influence on the consumer and retail-related segments such as textiles and food. However, economic trends in the world have been more and more influential even on these consumer and retail-related segments as economic globalization proceeds. ITOCHU Group has conducted business and trade in many areas around the world. Consequently, the economic trends not only in world economy as a whole but also in specific overseas areas have a possibility to seriously affect the operations of the Group.

*ii) Market Risk*

ITOCHU Group is exposed to market risks such as foreign exchange rate risks, interest rate risks, commodity price risks and stock price risks. The Group attempts to minimize risks related to market fluctuations such as changes in foreign exchange rates and interest rates by establishing risk management policy such as setting and controlling limits and by utilizing a variety of derivative instruments for hedging purposes.

*a) Foreign Exchange Rate Risk*

ITOCHU Group is exposed to foreign exchange rate risk related to transactions in foreign currencies due to their significant involvement in import/export trading. Therefore, ITOCHU is working to minimize foreign exchange rate risk by hedge transactions using derivatives such as forward exchange contracts. However, ITOCHU cannot guarantee a complete avoidance of such foreign exchange rate risk by utilizing these hedging techniques.

Further, ITOCHU's investments in overseas businesses expose ITOCHU Group to the risk that fluctuations in foreign exchange rates could affect stockholders' equity through the accounting for foreign currency translation adjustments and the risk that fluctuations in foreign exchange rates could affect the amount of periodic income when converted to yen. These foreign exchange rate risks could seriously affect the financial position and results of operations of ITOCHU Group.

*b) Interest Rate Risk*

ITOCHU Group is exposed to interest rate risk in both raising and using money for financing, investing, and operating activities.

Among the interest insensitive assets such as invested marketable securities or fixed assets, the part acquired using floating interest loans is considered to be the interest mismatch amount exposed to interest rate risk. ITOCHU is working to quantify the interest rate risk to control the fluctuation of gains and losses due to interest rate change properly.

To be specific, using the management method Earnings at Risk (EaR), ITOCHU has set a certain limit (Loss Cut Limit) as the highest acceptable interest expense and has executed hedging transactions primarily in the form of interest rate swaps to minimize interest rate risk.

However, ITOCHU still cannot guarantee a complete avoidance of interest rate risk, even having adopted these management methods.

*c) Commodity Price Risk*

As a trading company handling a diverse array of commodities, ITOCHU Group is exposed to commodity price risk due to such factors as market fluctuations. The Group has established a risk management policy on an individual Division Company basis, assessing purchase contracts, inventories, and sales contracts, etc. and sets and manages a balance limit and loss cut limit for each individual product with conducting periodic reviews.

In addition, ITOCHU Group works to minimize commodity price risk by utilizing derivatives such as futures or forward contracts as means of hedging. Despite these measures, ITOCHU Group cannot guarantee a complete avoidance of commodity price risk.

ITOCHU Group also participates in resource development businesses such as the energy, metals and minerals sector and other manufacturing businesses. Production in these businesses is also exposed to the same commodity price risk noted above, and it is possible for the value of the businesses to deteriorate.

If this were to occur, it could seriously affect the financial position and results of operations of ITOCHU Group.



#### d) Stock Price Risk

ITOCHU Group holds available-for-sale securities which are vulnerable to price fluctuation. There is a risk that stockholders' equity may change in our consolidated financial statements along with the price fluctuations of these investments, and assuming that the fair value of these available-for-sale marketable securities decreased, the necessity of recognizing holding loss on securities may arise, and it could seriously affect the financial position and results of operations of ITOCHU Group.

#### iii) Credit Risks

ITOCHU Group conducts a vast array of commercial transactions with its trading partners, both domestically and overseas.

ITOCHU therefore bears credit risk from the uncollectible trading receivables, loans, or credits for guaranty held by the Group due to the deteriorating credit status or insolvency of ITOCHU's partners, from assuming a responsibility to fulfill the contracts as an involved party is unable to continue its business and fulfill its obligations under the contracts.

In ITOCHU, the credit department, which is independent of the business departments, manages credit risk on both quantitative and qualitative bases. Each proposal submitted by a business division undergoes careful screening by the credit department, which then sets an appropriate credit limit upon the completion of review. Specific expiration dates are set for credit limits. These limits and the status of trade receivables are monitored on a periodic basis along with periodic reviews of the status of debt collections and delinquencies. The necessary reserves are determined and booked on this basis. With all these measures, however, the occurrence of credit risks cannot be completely avoided, and such occurrences could seriously affect the financial position and results of operations of ITOCHU Group.

#### iv) Country Risk

ITOCHU Group has trading relationships with many foreign countries. These include handling foreign goods and investments in foreign trading partners. ITOCHU Group therefore is exposed to country risk resulting from regulations imposed by foreign governments, political instability, or restrictions on the transfers of funds. In response to the country risk, in addition to taking appropriate countermeasures for each transaction, with the aim of avoiding a concentration of exposure, ITOCHU Group is endeavoring to manage risk by setting total limit guidelines and limits for each country and setting credit policies appropriate to each country.

ITOCHU Group does, however, have debts in countries and regions where there is a relatively high probability of country risk emerging, and those in which business activities are implemented through loans, investment and guarantees for monetary indebtedness. When those debts and business activities face events caused by political, economic, or social instability, ITOCHU Group cannot entirely deny the possibility that those events may have a significant impact on the debt collection and sustainability of ITOCHU Group's business activities in such countries and regions. Such occurrences could have a serious, adverse effect on the financial position and results of operations of ITOCHU Group.

#### v) Investment Risk

Investing in a variety of businesses is one of the major business activities of ITOCHU Group. In managing the Group's portfolio of investments strategically, ITOCHU Group faces serious decisions regarding the initiation of new investments that will produce profit commensurate with the attendant risk, or the withdrawal from investments that do not produce profits consistent with attendant risks.

However, in ITOCHU Group's engagement in investing activities, there may arise such cases that the Group is unable to achieve the Group's forecasted results from the invested businesses due to deteriorating management environment for the businesses in which the Group have invested or the deteriorating corporate results and financial standing of ITOCHU's partners, ITOCHU Group is unable to withdraw from a business or restructure the business under a timeframe or method that the Group desires due to the difference of business policy from the partners' or low liquidity of investments etc., the likelihood of investment recovery is lowered due to poor corporate results of investees, or stock prices is expected to drop below a specified level for a considerable period of time. In such cases, serious adverse influences on the future corporate results and financial standing of ITOCHU Group are possible including the necessities that the whole or partial investment is recognized as loss, and that the infusion of additional funds is required.

#### vi) Risks Due to Impairment Loss on Fixed Assets

ITOCHU Group is exposed to impairment loss risks on fixed assets held, such as real estate, aircraft, and ships. ITOCHU does not foresee at present any necessity for booking additional impairment losses.

However, ITOCHU Group might be required to recognize impairment losses should the economic value of fixed assets deteriorate due to decreased demand or deterioration in market conditions for each of the assets. Such an occurrence could seriously affect the financial position and results of operations of ITOCHU Group.

*vii) Risks Due to Fund Raising*

ITOCHU Group uses ALM (Asset Liability Management) to ensure the necessary funding for its businesses and to ensure liquidity through debt from domestic and international financial institutions, as well as the issuance of commercial papers and debentures. However, should ITOCHU's credit worthiness in the capital market deteriorate due to a significant lowering of the Company's credit rating, or should there be an upheaval in the financial systems in major financial markets, the Group could experience an inability to raise funds from financial institutions or investors when necessary or under desirable conditions and could consequently experience an increase in funding costs. This could exert a serious, adverse influence on the financial position and results of operations of ITOCHU Group.

*viii) Risks Due to Pension Cost and Projected Benefit Obligations*

The benefit expenses and benefit obligations of ITOCHU are calculated based on actuarial calculations that utilize a variety of assumptions such as the discount rate for benefit obligations and the expected rate of return on pension assets. However, should it become necessary to change the assumptions on which the actuarial calculations are based or should pension assets be affected by deterioration in the stock market, it is possible that pension cost and projected benefit obligations could increase and that additional contributions to pension assets might be necessary. The financial position and results of operations of ITOCHU Group could be seriously affected by such occurrences.

*ix) Risks Due to Deferred Taxes*

Deferred tax assets are an important factor in ITOCHU's consolidated balance sheets. Therefore, accounting judgment on evaluation of deferred tax assets has a substantial impact on ITOCHU's consolidated financial statements.

Considering the necessity of an allowance for deferred tax assets, ITOCHU Group reports the realizable amount of deferred tax assets, taking into consideration future taxable income and feasible tax planning strategies.

The management of ITOCHU Group believes these estimations of realizable amount of deferred tax assets are rational. However, allowance for deferred taxes may increase or decrease depending on changes in estimated taxable income during the tax planning period, changes in the tax system including changes in tax rates, and changes in tax planning strategies. In that case it could seriously affect the financial position and results of operations of ITOCHU Group.

*x) Risks Due to Competition*

Due to ITOCHU Group's involvement in many different industries and the fact that the Group handles a vast array of products and services, the Group is open to competition from many different companies, both domestic and foreign, including competition from other general trading companies. ITOCHU Group cannot deny the existence of other companies with superior experience, technology, and funding capacity, that are in a position to provide products and services that meet customer needs. Moreover, ever-greater competition from companies in newly developing countries like China exists in addition to ongoing competition from companies in European and North American industrialized countries due to the economic globalization.

ITOCHU Group could also find its competitiveness unsustainable due to future events such as deregulation, changes in the business environment such as entering into other industries, and technological innovation. The advent of such risks could cause a corresponding loss in competitiveness for ITOCHU Group, giving major adverse impact on the financial position and results of operations of ITOCHU Group.

*xi) Risks Associated with Significant Lawsuits*

There is no significant, currently pending lawsuit, arbitration, or other legal proceeding that may materially affect the financial position or results of the operations of ITOCHU Group.

However, there shall be no assurance that domestic or overseas business activities of ITOCHU Group may not become subject to any of such lawsuits, arbitrations or other legal proceedings.

*xii) Risks Associated with Compliance*

a) Risks Related to Laws and Regulations

ITOCHU Group is subject to a number of diverse laws and regulations both domestically and overseas due to the vast array of products and services the Group provides.

To be specific, ITOCHU Group is required to adhere to laws and regulations such as companies act, financial instruments and exchange laws, tax laws, the laws for each industry, all laws pertaining to trade such as foreign exchange control laws, antitrust laws, intellectual property laws, waste disposal laws and the laws of each country in which ITOCHU Group conducts business overseas. ITOCHU Group is aware that the observance of laws and regulations is a serious obligation on the part of the Company and the Group has committed every effort into the observance of these laws and regulations by reinforcing the compliance system. With all these measures, however, there is a possibility of the situation where, including personal misconduct by directors and employees, risks associated with compliance or suffering social disgrace cannot be removed.

Also, ITOCHU cannot deny that unexpected, additional enactment or change in laws and regulations by legislative, judicial, and regulatory bodies are a possibility both domestically and overseas, and there are possibilities of major change in laws and regulations by political/economical changes. This could exert a serious, adverse influence on the financial position and results of operations of ITOCHU Group.

b) Risks Related to the Environment

ITOCHU Group has designated global environmental issues as one of the most important elements of its management policy. The Group is actively working on environmental issues designated by ITOCHU's environmental policy to deal with the risk of infringement of laws and regulations pertaining to the environment by each business, the destruction of the natural environment by investments such as natural resource development and real estate development, and goods handling and service delivery. Despite these efforts, ITOCHU Group cannot guarantee that the Group's business activities will not affect the world environment, and ITOCHU cannot completely avoid the possibility that the opposition of environmental protection groups will impede the business growth. Should such events occur, the ITOCHU Group could suffer the loss of public trust and could suffer serious adverse effects on the financial position and results of operations of ITOCHU Group.

*xiii) Risks Associated with Information Systems and Information Security*

In ITOCHU Group, a code of conduct concerning the handling of information is enforced on all directors and employees and high priority is placed on maintaining a high information security level. ITOCHU Group has established information systems to facilitate the sharing of information and to improve the efficiency of operations. In order to maintain a secure operation of its information systems, ITOCHU Group has established security guidelines and has developed crisis control measures.

Despite these measures, ITOCHU Group cannot completely avoid the possibility of unauthorized access from the outside, the leakage of sensitive company information due to computer viruses, or operational failure of the system due to damage to information system equipment arising from natural disasters or accidents or from trouble with telecommunications circuitry. If such events occur, this could cause a deterioration of operational efficiency, and depending on the seriousness of the damage, could result in a serious adverse effect on the financial position and results of operations of ITOCHU Group.

*xiv) Natural Disaster Risk*

Natural disasters such as earthquake or infectious diseases such as the new influenza may adversely affect the operations of ITOCHU Group. ITOCHU has implemented measures such as developing Business Continuity Plan (BCP) under a large-scale disasters or outbreak of the new influenza, introducing the safety confirmation system, creating a disaster manual, reinforcing earthquake resistance, and conducting emergency drill. Also, various measures have been implemented individually in each Group company. However, since ITOCHU Group operates business activities in a vast range of regions, damage from natural disasters or infectious diseases such as the new influenza cannot be completely avoided. Therefore, damage inflicted from natural disasters or infectious diseases such as the new influenza could seriously affect the financial position and results of operations of ITOCHU Group.

## 2. Performance of Group Companies attributable to ITOCHU

### Components of Consolidated Net income attributable to ITOCHU

[Years ended March 31, 2011 and 2010]

(Unit: billion yen)	2011	2010	Increase (Decrease)
Parent company	74.2	63.5	10.7
Group companies excluding overseas trading subsidiaries	181.3	118.4	62.9
Overseas trading subsidiaries	8.9	7.9	1.1
Subtotal	264.4	189.8	74.7
Consolidation adjustments	(103.5)	(61.6)	(41.8)
Consolidated Net income attributable to ITOCHU	161.0	128.2	32.8
Earnings from overseas businesses (*)	133.8	70.1	63.7
Share of earnings from overseas businesses	83%	55%	

[For the three months ended March 31, 2011 and 2010]

(Unit: billion yen)	2011 Jan.-Mar.	2010 Jan.-Mar.	Increase (Decrease)
Parent company	33.8	23.9	9.9
Group companies excluding overseas trading subsidiaries	31.4	36.5	(5.1)
Overseas trading subsidiaries	1.3	1.9	(0.7)
Subtotal	66.5	62.4	4.1
Consolidation adjustments	(50.9)	(14.8)	(36.0)
Consolidated Net income attributable to ITOCHU	15.6	47.5	(31.9)
Earnings from overseas businesses (*)	27.9	28.7	(0.7)
Share of earnings from overseas businesses	179%	60%	

(\*) "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.

### Number of Group Companies

	March 31, 2011			March 31, 2010			Increase	Decrease	Changes within Group	Net changes
	Domestic	Overseas	Total	Domestic	Overseas	Total				
Subsidiaries	96	149	245	105	152	257	+ 10	(20)	+1	(3)
Equity-method associated companies	63	85	148	65	91	156	+ 11	(21)	(1)	+ 3
Total	159	234	393	170	243	413	+ 21	(41)		(20)

### Profits/Losses of Group Companies Reporting Profits/Losses

	2011			2010			Increase (Decrease)		
	Profits	Losses	Total	Profits	Losses	Total	Profits	Losses	Total
	Group companies excluding overseas trading subsidiaries	213.1	(31.9)	181.3	156.6	(38.2)	118.4	+ 56.6	+ 6.3
Overseas trading subsidiaries	14.7	(5.7)	8.9	9.7	(1.8)	7.9	+ 5.0	(3.9)	+ 1.1
Total	227.8	(37.6)	190.2	166.2	(40.0)	126.3	+ 61.6	+ 2.4	+ 63.9

### Number/Share of Group Companies Reporting Profits

		2011			2010			Increase (Decrease)		
		Profits	Losses	Total	Profits	Losses	Total	Profits	Losses	Total
Subsidiaries	Domestic	81	15	96	77	28	105	+ 4	(13)	(9)
	Overseas	113	36	149	109	43	152	+ 4	(7)	(3)
	Total	194	51	245	186	71	257	+ 8	(20)	(12)
Equity-method associated companies	Share (%)	79.2%	20.8%	100.0%	72.4%	27.6%	100.0%	+ 6.8%		(6.8%)
	Domestic	47	16	63	49	16	65	(2)		(2)
	Overseas	66	19	85	62	29	91	+ 4	(10)	(6)
Total	Total	113	35	148	111	45	156	+ 2	(10)	(8)
	Share (%)	76.4%	23.6%	100.0%	71.2%	28.8%	100.0%	+ 5.2%		(5.2%)
	Domestic	128	31	159	126	44	170	+ 2	(13)	(11)
Total	Overseas	179	55	234	171	72	243	+ 8	(17)	(9)
	Total	307	86	393	297	116	413	+ 10	(30)	(20)
	Share (%)	78.1%	21.9%	100.0%	71.9%	28.1%	100.0%	+ 6.2%		(6.2%)

### Profits/Losses of Group Companies Reporting Profits/Losses

		2011			2010			Increase (Decrease)		
		Profits	Losses	Total	Profits	Losses	Total	Profits	Losses	Total
Subsidiaries	Domestic	44.9	(10.4)	34.5	48.1	(6.4)	41.8	(3.2)	(4.0)	(7.3)
	Overseas (**)	104.4	(15.0)	89.4	56.7	(14.4)	42.3	+ 47.8	(0.7)	+ 47.1
	Total	149.4	(25.4)	123.9	104.8	(20.7)	84.1	+ 44.5	(4.7)	+ 39.8
Equity-method associated companies	Domestic	52.9	(8.3)	44.6	38.1	(15.5)	22.7	+ 14.8	+ 7.2	+ 22.0
	Overseas	25.5	(3.9)	21.7	23.3	(3.8)	19.5	+ 2.2	(0.1)	+ 2.1
	Total	78.4	(12.1)	66.3	61.4	(19.2)	42.2	+ 17.0	+ 7.1	+ 24.1
Total	Domestic	97.8	(18.7)	79.2	86.3	(21.8)	64.4	+ 11.6	+ 3.2	+ 14.7
	Overseas	130.0	(18.9)	111.0	80.0	(18.2)	61.8	+ 50.0	(0.8)	+ 49.2
	Total	227.8	(37.6)	190.2	166.2	(40.0)	126.3	+ 61.6	+ 2.4	+ 63.9

(\*\*)Results of "Overseas trading subsidiaries" which are included in the above "Overseas" are as follows:

	2011			2010			Increase (Decrease)		
	Profits	Losses	Total	Profits	Losses	Total	Profits	Losses	Total
Overseas trading subsidiaries	14.7	(5.7)	8.9	9.7	(1.8)	7.9	+ 5.0	(3.9)	+ 1.1

### Major New Group Companies

Business Field	Name	Country	Voting Shares	Categories
Textile	SUNRISE(SHENGZHOU) TEXTILES CO.,LTD.	China	( 25.0 %)	Shirting manufacturer
Textile	SUNRISE(SHENGZHOU) KNITS CO.,LTD.	China	( 25.0 %)	Knitting manufacturer
Machinery	BIO FUEL JAPAN CORPORATION	Japan	( 50.0 %)	Investment company in bio-ethanol production and power plant businesses
Energy	Dalian New Green Recycle & Resources Corporation	China	( 75.0 %)	Integrated recycling operation
Energy	JD Rockies Resources Limited	U.S.A.	( 100.0 %)	Shale oil project
Chemicals	UNICHARM Consumer Products (China) Co., Ltd.	China	( 20.0 %)	Manufacturing and sales of baby care, feminine care and other products
Chemicals	Bidco Tyche Limited	U.K.	( 100.0 %)	Managing business of the Kwik-Fit Group
Chemicals	T&I Konan Investment Co.,LTD	Japan	( 25.0 %)	Investment company in producing materials for Lithium Ion Batteries
Food	China Foods Investment Corp.	Japan	( 74.1 %)	Managing business of TING HSIN (CAYMAN ISLANDS) HOLDING CORP. and its group companies

**Performance of Group Companies (Net income attributable to ITOCHU)**

Years ended March 31, 2011 and 2010

**Major Group Companies**

(Unit: billion yen)

	Name	Shares	Method of Consolidation	Net income attributable to ITOCHU (*1)				Categories
				2011		2010		
				4Q	4Q	4Q	4Q	
Textile	IOIX CORPORATION	100.0%	Consolidation	0.6	0.5	0.6	0.1	Manufacture, retail and sale of men's apparel
	SANKEI CO., LTD.	90.5%	Consolidation	0.2	1.5	(0.3)	(0.1)	Sale of garment accessories
	ITOCHU Textile Prominent (ASIA) Ltd. (*3) (Hong Kong, China)	100.0%	Consolidation	(0.1)	0.0	0.2	0.5	Production control and wholesale of textile and apparel
	ITOCHU TEXTILE (CHINA) CO., LTD. (*4) (China)	100.0%	Consolidation	0.2	0.8	0.4	0.9	Production control and wholesale of textile materials, fabrics and apparel
Machinery (*5)	ITOCHU CONSTRUCTION MACHINERY CO., LTD.	100.0%	Consolidation	0.1	0.6	0.2	0.5	Sale and rental of construction machinery
	ITOCHU Automobile America Inc. (U.S.A.)	100.0%	Consolidation	0.1	0.3	(0.7)	(1.0)	Retail, distribution, and trade of motor vehicles
	Century Tokyo Leasing Corporation (*6)	20.2%	Equity	(*2)	(*2)	2.4	6.8	Lease, installment sale, business lease and other
ICT, Aerospace & Electronics (*5)	ITOCHU Techno-Solutions Corporation	54.0%	Consolidation	3.7	6.3	3.7	6.8	Sale and maintenance of computer network systems, customized development of software, data center service, and support
	Excite Japan Co., Ltd.	57.9%	Consolidation	(*2)	(*2)	0.4	0.0	Providing services of Internet information
	ITC NETWORKS CORPORATION	60.3%	Consolidation	0.6	1.4	0.3	1.6	Sale of mobile phone units, mobile phones-related solution business
	ITOCHU MACHINE-TECHNOS CORPORATION (*7)	100.0%	Consolidation	0.4	0.3	0.1	0.3	Import/Export and domestic sale of industrial machinery and NC machine tools
	NANO Media Inc.	48.0%	Equity	(*2)	(*2)	0.0	(0.1)	Content publishing, mobile site operation and application development
	SPACE SHOWER NETWORKS INC. (*8)	36.8%	Equity	(0.2)	(0.2)	(0.1)	(0.1)	Music channel on cable/satellite television
	JAMCO Corporation	33.2%	Equity	(*2)	(*2)	0.2	0.0	Maintenance of aircraft and manufacture of aircraft interior
SUNCALL CORPORATION	26.9%	Equity	(*2)	(*2)	0.2	0.6	Manufacturing and sale of optical communication devices, electronic devices and assembly	
Energy, Metals & Minerals	ITOCHU Metals Corporation	100.0%	Consolidation	0.2	1.2	0.3	0.8	Import/Export and wholesale of non-ferrous/light metals and recycle business mainly in metal products
	ITOCHU ENEX CO., LTD.	53.6%	Consolidation	1.2	2.2	0.9	1.6	Wholesale of petroleum products and high-pressure gas
	ITOCHU Minerals & Energy of Australia Pty Ltd (*9) (Australia)	100.0%	Consolidation	15.3	80.1	10.7	34.1	Investment in projects of iron ore, coal and bauxite mining, manufacture of alumina and oil exploration
	ITOCHU Oil Exploration (Azerbaijan) Inc. (Cayman Islands)	100.0%	Consolidation	5.3	11.8	2.5	6.9	Exploration and production of crude oil and gas
	ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD. (Singapore)	100.0%	Consolidation	1.2	0.0	(0.4)	0.8	Trade of crude oil and petroleum products
	Marubeni-Itochu Steel Inc.	50.0%	Equity	1.0	6.8	0.5	2.7	Import/Export and wholesale of steel products
Chemicals, Forest Products & General Merchandise	Brazil Japan Iron Ore Corporation	47.7%	Equity	5.1	12.9	1.7	4.0	Investment in projects of iron ore in Brazil
	ITOCHU Kenzai Corp.	90.8%	Consolidation	(0.5)	0.0	0.2	0.2	Wholesale of wood products and building materials
	ITOCHU Pulp & Paper Corp.	100.0%	Consolidation	0.0	0.2	0.0	0.2	Wholesale of paper, paperboards and various paper materials
	ITOCHU CHEMICAL FRONTIER Corporation	100.0%	Consolidation	0.5	2.0	0.5	1.9	Wholesale of fine chemicals and related raw materials
	ITOCHU PLASTICS INC.	100.0%	Consolidation	0.6	2.2	0.7	1.9	Wholesale of plastics and related products
	C.I. Kasei Co., Ltd. (*10)	97.6%	Consolidation	(0.3)	1.1	0.0	2.0	Manufacture and sale of plastic products
	DAIKEN CORPORATION	25.5%	Equity	(*2)	(*2)	0.0	0.0	Manufacture and sale of building materials
TAKIRON Co., Ltd.	27.6%	Equity	(*2)	(*2)	0.1	0.4	Manufacture, processing and sale of plastic products	
Food	ITOCHU SHOKUHIN Co., Ltd.	51.5%	Consolidation	(*2)	(*2)	0.2	1.7	Wholesale of foods and liquor
	NIPPON ACCESS, INC.	93.8%	Consolidation	0.4	4.7	1.5	4.5	Wholesale and distribution of foods
	China Foods Investment Corp. (*11)	74.1%	Consolidation	0.0	4.0	6.5	8.7	Managing business of TING HSIN (CAYMAN ISLANDS) HOLDING CORP. and its group companies
	Japan Foods Co., Ltd.	34.8%	Equity	(0.1)	0.1	0.0	0.1	Production on consignment and sale of soft drinks
	Fuji Oil Co., Ltd.	25.7%	Equity	(*2)	(*2)	0.4	2.7	Integrated manufacturer of cooking oil and soybean protein
	FamilyMart Co., Ltd.	31.6%	Equity	0.4	4.0	0.2	4.7	Operation of a convenience store chain
Finance, Realty, Insurance & Logistics Services (*5)	Prima Meat Packers, Ltd.	39.5%	Equity	(*2)	(*2)	0.0	1.8	Production and sale of meat, ham, sausage and processed foods
	ITOCHU Finance Corporation	99.1%	Consolidation	(4.7)	(4.3)	(1.5)	(1.7)	Loan and other finance-related business
	FX PRIME Corporation	56.4%	Consolidation	(*2)	(*2)	0.0	0.0	Foreign exchange margin trade
	ITOCHU LOGISTICS CORP. (*12)	99.0%	Consolidation	0.1	0.7	0.1	2.0	Comprehensive logistics services
	ITOCHU Property Development, Ltd.	99.8%	Consolidation	3.5	1.7	2.6	0.5	Development and sale of housing
Other	Orient Corporation (*13)	23.6%	Equity	(*2)	(*2)	(7.3)	(6.2)	Consumer credit
	eGuarantee, Inc.	31.7%	Equity	(*2)	(*2)	0.0	0.1	B to B credit guarantee service
Overseas trading subsidiaries	Century Medical, Inc.	100.0%	Consolidation	0.2	0.8	0.2	0.6	Import and wholesale of medical equipment and materials
	ITOCHU International Inc. (*14) (U.S.A.)	100.0%	Consolidation	(2.6)	(5.6)	(1.4)	(1.7)	U.S. trading subsidiary
	ITOCHU Europe PLC (U.K.)	100.0%	Consolidation	0.3	0.9	0.4	0.3	Europe trading subsidiary
	ITOCHU Hong Kong Ltd. (*3) (Hong Kong, China)	100.0%	Consolidation	0.7	2.7	0.7	2.1	Hong Kong trading subsidiary
	ITOCHU (China) Holding Co., Ltd. (*4) (China)	100.0%	Consolidation	1.2	3.6	1.0	2.3	China trading subsidiary
ITOCHU Australia Ltd. (*9) (Australia)	100.0%	Consolidation	0.6	3.3	0.5	1.5	Australia trading subsidiary	

(\*1) Net income attributable to ITOCHU is the figure after adjusting to U.S. GAAP, which may be different from the figures each company announces.

(\*2) Refer to the results announced by each corresponding company, as their announcement dates are on and after ITOCHU's announcement date of Fiscal Year 2011.

(\*3) The above figure of ITOCHU Hong Kong Ltd. includes 40.0% of net income from ITOCHU Textile Prominent (ASIA) Ltd.

(\*4) The above figure of ITOCHU (China) Holding Co., Ltd. includes 40.0% of net income from ITOCHU TEXTILE (CHINA) CO., LTD.

(\*5) As of April 1, 2011, ITOCHU's seven division companies have been reorganized into five division companies. Accompanying this revision, the Machinery Company and the ICT, Aerospace & Electronics Company will be merged into the ICT & Machinery Company. Also, the Finance, Realty, Insurance & Logistics Services Company has been reorganized as a division not belonging to a Division Company.

(\*6) Net income attributable to ITOCHU of Century Tokyo Leasing Corporation for the previous fiscal year includes the profit related to a merger of Century Tokyo Leasing Corporation. (1.1 billion yen after tax effect)

(\*7) As of April 1, 2010, ITOCHU Sanki Corporation and ITOCHU MECHATRONICS CORPORATION merged and changed its business name as ITOCHU MACHINE-TECHNOS CORPORATION.

Net income attributable to ITOCHU of ITOCHU MACHINE-TECHNOS for the same period of the previous fiscal year shows the total of both ITOCHU Sanki Corporation and ITOCHU MECHATRONICS CORPORATION.

(\*8) Net income attributable to ITOCHU of SPACE SHOWER NETWORKS INC. includes loss on revaluation of remaining interests accompanying deconsolidation. (0.2 billion yen after tax effect)

(\*9) The above figure of ITOCHU Australia Ltd. includes 3.7% of net income from ITOCHU Minerals & Energy of Australia Pty Ltd.

(\*10) Net income attributable to ITOCHU of C.I. Kasei Co., Ltd. for the previous fiscal year includes the profit resulting from the net gain on bargain purchase in acquisition. (1.5 billion yen after tax effect)

(\*11) In this year, Itochu has established China Foods Investment Corp. jointly with Asahi Breweries, Ltd. for the purpose of managing business of TING HSIN (CAYMAN ISLANDS) HOLDING CORP. (hereinafter "Ting Hsin"), which ITOCHU and Asahi Breweries, Ltd. own, and its group companies. From now on, as net income of Ting Hsin attributable to ITOCHU is included in China Foods Investment Corp., actual net income of Ting Hsin to present is included above figure of China Foods Investment Corp. Besides, in this year, gain on changes in equity interests due to not to underwrite a third-party allocation of new shares from Ting Hsin was recognized (1.9 billion yen after tax effect)

(\*12) Net income attributable to ITOCHU of ITOCHU LOGISTICS CORP. for the previous fiscal year includes the profit resulting from the net gain on bargain purchase in acquisition (1.8 billion yen after tax effect)

(\*13) The above figure of Orient Corporation includes the related tax effect. Net income attributable to ITOCHU of this company includes impairment losses on its common stocks (6.6 billion yen after tax effect) and gain on changes in equity interests resulting from conversion of its preferred stocks into common stocks (2.3 billion yen after tax effect) in the third quarter of the fiscal year 2011, however, ITOCHU has refrained from announcing the figures in the above table since the company are scheduled to announce their results after May 6. Besides, impairment losses on the preferred stocks held by ITOCHU (9.6 billion yen after tax effect) was recognized as Loss on investments-net and excludes above figure of this company.

(\*14) The above figure of ITOCHU International Inc. includes 80.0% of net income from PrimeSource Building Products, Inc.

## Performance of Group Companies (Net income attributable to ITOCHU)

Years ended March 31, 2011 and 2010

### Major Group Companies Reporting Profits

(Unit: billion yen)

Name	Segment (*15)	Shares	Net income attributable to ITOCHU (*1)			Main reasons for changes
			2011	2010	Increase (Decrease)	
[Domestic subsidiaries]						
ITOCHU Techno-Solutions Corporation	Ict	54.0%	6.3	6.8	(0.6)	Due to effect of reduced domestic IT investments, despite progress in cost reductions
NIPPON ACCESS, INC.	Fod	93.8%	4.7	4.5	0.2	Due to higher sales and to higher profit stemming from increase in ITOCHU's shares, despite the inventory-related losses and fixed-asset-related losses that resulted from the Great East Japan Earthquake
China Foods Investment Corp.	(*11) Fod	74.1%	4.0	8.7	(4.7)	Due to decrease in equity in earnings of TING HSIN (CAYMAN ISLANDS) HOLDING CORP. resulted from the absence of gain on sales of investment and securities in the previous fiscal year
ITOCHU ENEX CO., LTD.	Ene	53.6%	2.2	1.6	0.6	Due to cost reductions derived from improved operating efficiency and improved in profit in car life business
ITOCHU PLASTICS INC.	Che	100.0%	2.2	1.9	0.3	Due to favorable transaction volume in synthetic resins and engineering plastics
ITOCHU CHEMICAL FRONTIER Corporation	Che	100.0%	2.0	1.9	0.1	Due to stable transaction volume in pharmaceutical-related, polymer raw materials, and specialty chemicals such as water treatment chemicals
ITOCHU Property Development, Ltd.	Fin	99.8%	1.7	0.5	1.2	Due to higher sales in condominium sales operations
SANKEI CO., LTD.	Tex	90.5%	1.5	(0.1)	1.6	Due to the absence of non-recurring expenses for relocation of head office in the previous fiscal year, to increased garment-product transactions, to cost reductions, and to gain on sales of fixed assets in this year
ITC NETWORKS CORPORATION	Ict	60.3%	1.4	1.6	(0.1)	Due to the effect of revised commissions for mobile communication carriers, despite favorable sales of smartphones and cost reductions
ITOCHU Metals Corporation	Ene	100.0%	1.2	0.8	0.5	Due to recovery in demand for aluminum products for automobiles and home electronics, and to an increase in transactions for electrical/electronic parts and recycling-related business
C.I. Kasei Co., Ltd.	(*10) Che	97.6%	1.1	2.0	(1.0)	Due to the absence of net gain on bargain purchase in acquisition (Net income after tax effect attributable to ITOCHU was 1.5 billion yen) in the previous fiscal year, offset by favorable transactions in agricultural and decorative surfacing material-related sectors
IMECS CO., Ltd.	Mac	100.0%	1.1	0.7	0.4	Due to higher transactions in chartered ships accompanying increase in own ships
[Overseas subsidiaries]						
ITOCHU Minerals & Energy of Australia Pty Ltd	(*9) (Australia) Ene	100.0%	80.1	34.1	46.0	Due to higher prices for mineral resources and to higher unit sales of iron ore, despite impairment losses on oil & gas assets
ITOCHU Oil Exploration (Azerbaijan) Inc.	(Cayman Islands) Ene	100.0%	11.8	6.9	4.8	Due to higher oil prices
PrimeSource Building Products, Inc.	(*14) (U.S.A.) Che	100.0%	4.3	4.7	(0.4)	Due to sluggish conditions in North American housing market and to reduced profit resulting from appreciation of the yen
ITOCHU (China) Holding Co., Ltd.	(*4) (China) Ove	100.0%	3.6	2.3	1.4	Due to increase in transactions for synthetic resins, engineering plastics, and copper products
ITOCHU Australia Ltd.	(*9) (Australia) Ove	100.0%	3.3	1.5	1.8	Due to higher profit from ITOCHU Minerals & Energy of Australia Pty Ltd. (see above)
ITOCHU Hong Kong Ltd.	(*3) (Hong Kong, China) Ove	100.0%	2.7	2.1	0.6	Due to higher profit from finance-related business
ITC Nuclear Fuel Service (Cayman) Ltd.	(Cayman Islands) Ene	100.0%	2.0	2.7	(0.7)	Due to the absence of high profit margin deal in addition to spot demand that was seen in the previous fiscal year, despite smooth operations
ITOCHU Singapore Pte., Ltd.	(Singapore) Ove	100.0%	1.5	1.7	(0.2)	Due to lower profit from synthetic-resin-related operations business
ITOCHU Oil Exploration (BTC) Inc.	(Cayman Islands) Ene	51.4%	1.4	1.6	(0.2)	Due to lower profit accompanying appreciation of the yen, despite throughput that was almost the same as in the previous fiscal year and smooth operations
ITOCHU (Thailand) Ltd.	(Thailand) Ove	100.0%	1.2	0.8	0.5	Due to higher transaction volume in metal products for automobiles and engineering plastics
CIECO Energy (UK) Limited	(U.K.) Ene	100.0%	1.2	0.6	0.6	Due to higher oil prices
[Domestic equity-method associated companies]						
Brazil Japan Iron Ore Corporation	Ene	47.7%	12.9	4.0	8.9	Due to higher sales volume as well as higher prices
Marubeni-Itochu Steel Inc.	Ene	50.0%	6.8	2.7	4.1	Due to recovery in demand for steel products in Japan and overseas
FamilyMart Co., Ltd.	Fod	31.6%	4.0	4.7	(0.6)	Due to costs related to asset retirement obligation, despite steady increase in trading profit
Japan Brazil Paper and Pulp Resources Development Co., Ltd.	Che	25.9%	3.4	(0.7)	4.1	Due to higher pulp price

### Major Group Companies Reporting Losses

(Unit: billion yen)

Name	Segment (*15)	Shares	Net income attributable to ITOCHU (*1)			Main reasons for changes
			2011	2010	Increase (Decrease)	
[Domestic subsidiaries]						
ITOCHU Finance Corporation	Fin	99.1%	(4.3)	(1.7)	(2.5)	Due to losses accompanying operational restructuring
[Overseas subsidiaries]						
ITOCHU International Inc.	(*14) (U.S.A.) Ove	100.0%	(5.6)	(1.7)	(3.9)	Due to losses on disposal of three regional enterprises and business reconstruction costs on equipment-material-related businesses in North America, despite recovery of construction machinery-related business
CIECO Energy (US) Limited	(U.S.A.) Ene	100.0%	(3.5)	(2.2)	(1.3)	Due to impairment losses on oil & gas assets accompanying withdrawal

(\*15) Tex : Textile, Mac : Machinery, Ict : ICT, Aerospace & Electronics, Ene : Energy, Metals & Minerals, Che : Chemicals, Forest Products & General Merchandise, Fod : Food, Fin : Finance, Realty, Insurance & Logistics Services

Ove : Overseas trading subsidiaries

Note : Please refer to the bottom of page12 for detail of (\*1)-(\*14)

## Performance of Group Companies (Net income attributable to ITOCHU)

For the three months ended March 31, 2011 and 2010

### Major Group Companies Reporting Profits

(Unit: billion yen)

Name	Segment (*15)	Shares	Net income attributable to ITOCHU (*1)			Main reasons for changes	
			2011 Jan.-Mar.	2010 Jan.-Mar.	Increase (Decrease)		
[Domestic subsidiaries]							
ITOCHU Techno-Solutions Corporation	Ict	54.0%	3.7	3.7	(0.0)	Almost the same level	
NIPPON ACCESS, INC.	Fod	93.8%	0.4	1.5	(1.1)	Due to inventory-related and fixed-asset-related losses resulted from the Great East Japan Earthquake despite higher sales	
China Foods Investment Corp.	(*11) Fod	74.1%	0.0	6.5	(6.5)	Due to decrease in equity in earnings of TING HSIN (CAYMAN ISLANDS) HOLDING CORP. resulted from the absence of gain on sales of investment and securities in the same period of the previous fiscal year	
ITOCHU ENEX CO., LTD.	Ene	53.6%	1.2	0.9	0.2	Due to improved operating efficiency in car life business and good performance in energy trade business	
ITOCHU PLASTICS INC.	Che	100.0%	0.6	0.7	(0.0)	Almost the same level due to stable transaction volume in synthetic resins and engineering plastics	
ITOCHU CHEMICAL FRONTIER Corporation	Che	100.0%	0.5	0.5	0.0	Almost the same level due to stable transaction volume in pharmaceutical-related, polymer raw materials, and specialty chemicals such as water treatment chemicals	
ITOCHU Property Development, Ltd.	Fin	99.8%	3.5	2.6	0.9	Due to sales of newly completed condominiums in favorable locations	
SANKEI CO., LTD.	Tex	90.5%	0.2	(0.3)	0.5	Due to higher transactions in garment products	
ITC NETWORKS CORPORATION	Ict	60.3%	0.6	0.3	0.3	Due to favorable sales of smartphones and cost reductions	
ITOCHU Metals Corporation	Ene	100.0%	0.2	0.3	(0.1)	Slight decrease	
C.I. Kasei Co., Ltd.	Che	97.6%	(0.3)	0.0	(0.3)	Due to lower profitability of packaging materials and functional films as a result of higher raw materials prices, as well as to lower unit sales of plastic pipe	
IMECS CO., Ltd.	Mac	100.0%	0.2	0.1	0.1	Due to increased transactions in chartered ships	
[Overseas subsidiaries]							
ITOCHU Minerals & Energy of Australia Pty Ltd	(*9) (Australia)	Ene	100.0%	15.3	10.7	4.6	Due to higher prices for mineral resources, despite impairment losses on oil & gas assets
ITOCHU Oil Exploration (Azerbaijan) Inc.	(Cayman Islands)	Ene	100.0%	5.3	2.5	2.9	Due to higher oil prices and sales volume increase for the quarter
PrimeSource Building Products, Inc.	(*14) (U.S.A.)	Che	100.0%	1.2	1.8	(0.6)	Due to sluggish conditions in North American housing market and to reduced profit resulting from appreciation of the yen
ITOCHU (China) Holding Co., Ltd.	(*4) (China)	Ove	100.0%	1.2	1.0	0.2	Due to higher transaction volume for synthetic resins, engineering plastics, etc.
ITOCHU Australia Ltd.	(*9) (Australia)	Ove	100.0%	0.6	0.5	0.1	Due to higher profit from ITOCHU Minerals & Energy of Australia Pty Ltd. (see above)
ITOCHU Hong Kong Ltd.	(*3) (Hong Kong, China)	Ove	100.0%	0.7	0.7	0.0	Almost the same level as a result of lower profit in textile-related operations, despite dividends from mezzanine funds
ITC Nuclear Fuel Service (Cayman) Ltd.	(Cayman Islands)	Ene	100.0%	0.8	2.5	(1.7)	Due to the absence of high profit margin deal in addition to spot demand that were seen in the same period of the previous fiscal year, despite smooth operations
ITOCHU Singapore Pte., Ltd.	(Singapore)	Ove	100.0%	0.3	0.4	(0.1)	Due to lower profit in synthetic-resin-related operations and to lower transaction volume in aircraft interior products
ITOCHU Oil Exploration (BTC) Inc.	(Cayman Islands)	Ene	51.4%	0.4	0.6	(0.2)	Due to lower profit accompanying appreciation of the yen, despite throughput that was almost the same as in the same period of the previous fiscal year and smooth operations
ITOCHU (Thailand) Ltd.	(Thailand)	Ove	100.0%	0.3	0.2	0.1	Due to higher transaction volume for engineering plastics
CIECO Energy (UK) Limited	(U.K.)	Ene	100.0%	0.5	0.2	0.3	Due to higher oil prices
[Domestic equity-method associated companies]							
Brazil Japan Iron Ore Corporation		Ene	47.7%	5.1	1.7	3.4	Due to higher sales prices
Marubeni-Itochu Steel Inc.		Ene	50.0%	1.0	0.5	0.6	Due to recovery in demand for steel products in Japan and overseas
FamilyMart Co., Ltd.		Fod	31.6%	0.4	0.2	0.1	Due to favorable sales in ready-made meal and to a good performance in overseas operation.
Japan Brazil Paper and Pulp Resources Development Co., Ltd.		Che	25.9%	0.6	1.3	(0.7)	Due to the absence of gain on sale of fixed assets in the same period of the previous fiscal year and to reduced profit resulting from appreciation of the yen

### Major Group Companies Reporting Losses

(Unit: billion yen)

Name	Segment (*15)	Shares	Net income attributable to ITOCHU (*1)			Main reasons for changes	
			2011 Jan.-Mar.	2010 Jan.-Mar.	Increase (Decrease)		
[Domestic subsidiaries]							
ITOCHU Finance Corporation	Fin	99.1%	(4.7)	(1.5)	(3.3)	Due to losses accompanying operational restructuring	
[Overseas subsidiaries]							
ITOCHU International Inc.	(*14) (U.S.A.)	Ove	100.0%	(2.6)	(1.4)	(1.2)	Due to business reconstruction costs on equipment-material-related businesses, despite recovery of construction machinery-related business
CIECO Energy (US) Limited	(U.S.A.)	Ene	100.0%	(2.9)	(1.4)	(1.5)	Due to impairment losses on oil & gas assets accompanying withdrawal

Note : Please refer to the bottom of page 12 for detail of (\*1)-(\*14) and the bottom of page 13 for detail of (\*15)

### **3. Management Policy**

ITOCHU Group's medium-term management plan "Frontier<sup>e</sup> 2010 —Enhancing Corporate Value on the World Stage, Shaping the Future —" covered the two-year period from FY2010 to FY2011. Under this plan, the basic policy was as follows: "In light of significant changes in the global economy, ITOCHU will review foundations, continue to reform and take on challenges, and move forward steadily to become a global enterprise that is highly attractive. ITOCHU added "Strengthen Our Front-line Capabilities" to the basic policy in FY2011, and advanced the following key measures: expand and improve earnings platforms, strengthen financial position / upgrade risk management, evolve management systems, and advance full-fledged implementation of global human resources strategy.

The followings show apparent results in the fiscal year ended March 31, 2011 as the final year of "Frontier<sup>e</sup> 2010".

Consumer-related sector: in Textile, together with the LOTTE Group in Korea, ITOCHU made a joint investment in LuckyPai Ltd., which is one of China's leading telemarketing companies and has a strong network extending throughout China. ITOCHU also invested in Fortune Link (Global) Holdings Ltd., an online shopping company based in Hong Kong. In Food, in Heilongjiang Province in China as a major producer of vegetables and food grains, ITOCHU has concluded business alliance agreements with the Heilongjiang Agricultural Development Bureau, which manages a vast national farm, and with the Heilongjiang Academy of Agricultural Sciences, a specialist research organization for agricultural products. Moving forward, ITOCHU will continue to aggressively expand its operations in the consumer-related sector in China.

Furthermore, ITOCHU and subsidiaries NIPPON ACCESS, Inc., Family Corporation Inc., ITOCHU Fresh Corporation Inc., and Universal Food Co., Ltd., have agreed to management integration in food distribution and marketing operations. Moreover, business alliance agreements were concluded among Prima Meat Packers, Ltd., ITOCHU Feed Mills Co., Ltd., and ITOCHU Corporation in the feed and livestock sector and among Prima Meat, Yayoi Foods Co., Ltd., and ITOCHU Corporation in the food manufacturing sector. The objectives of these alliances are to bolster the supply system for safe and secure food materials and food products, to expand sales, and to increase productivity in the fields of feed and livestock as well as food manufacturing.

ITOCHU agreed to acquire all the share of the Kwik-Fit Group, an independent tyre retailer in the UK and Europe, from a Group company of PAI Partners, a European private equity firm. In the UK, ITOCHU operates STAPLETON'S (TYRE SERVICES) LTD., which is wholly owned by the ITOCHU Group. STAPLETON'S (TYRE SERVICES) LTD., has established a position as the industry's largest wholesaler. Through this acquisition, ITOCHU will work to enhance its tyre business by leveraging the logistics and retail know-how of STAPLETON'S (TYRE SERVICES) LTD., with the network and brand strength of the Kwik-Fit Group to generate synergies in its tyre-related businesses.

Natural resource / energy-related sector: in Natural resource area, ITOCHU acquired the shares of Extract Resources Limited, which owns and is conducting a feasibility study on the Husab Uranium Project in the Republic of Namibia, a large-scale uranium mine with one of the world's highest levels of resources. Through a subsidiary ITOCHU Minerals & Energy of Australia Pty Ltd ("IMEA"), ITOCHU concluded an agreement under which it will acquire a 15% interest in the Maules Creek coal project from Aston Resources Limited. Aston currently has this project in development planning. ITOCHU also decided to move ahead with the development of the Ravensworth North coal mine, which will be jointly owned by the Cumnock Joint Venture, in which ITOCHU holds 10% interest through IMEA. The project will produce semi-soft coking coal and high-quality thermal coal.

In addition, ITOCHU also decided to invest in expanding Western Australia coal operations with BHP Billiton Group. In Energy-related area, through its subsidiary ITOCHU Oil Exploration (Azerbaijan) Inc., ITOCHU is conducting development and production at the Azeri-Chirag-Gunashli ("ACG") oil field in the Azerbaijan sector of the Caspian Sea. In the year under review, ITOCHU purchased an additional interest, raising its operating interest from 3.9205% to 4.2986%. ITOCHU entered into an agreement with Fidelity Exploration & Production Company, a U.S. oil and natural gas company, to acquire 25% working interest in the emerging DJ Basin Niobrara play in the state of Wyoming, in the U.S., and thereby to participate in shale oil development.



Other sectors: in the machinery-related field, ITOCHU and Chubu Electric Power Co., Inc., entered into an agreement to acquire partial interests in 5 gas-fired power plants (about 1,565MW) from Tenaska, Inc., a U.S. IPP company. ITOCHU has identified the L-I-N-E-s\* as priority areas in the development of new fields of business, and ITOCHU entered a comprehensive agreement with General Electric Company, of the U.S., to identify joint investment opportunities in renewable energy worldwide. Together with GE, ITOCHU made a joint investment in the CPV Keenan II wind farm in Oklahoma and concluded an agreement under which they will jointly acquire the Shepherds Flat wind farm in Oregon, and together with Abengoa Solar S.A., a major solar power generation company, ITOCHU concluded an agreement under which they invested in building two 50-megawatt solar power plants in southern Spain and conducting power generation operations.

Further, ITOCHU and Duke Energy, a major U.S. power company, signed an agreement to collaborate in the fields of smart grids and renewable energy.

Lithium is used in the lithium ion batteries in electric vehicles and hybrid vehicles, and accordingly demand for lithium is expected to grow rapidly. Aiming to secure supplies of lithium, ITOCHU made an investment in Simbol Mining Corp., a U.S. resource development company. ITOCHU also concluded an agreement with Kureha Corporation and Ener1 Inc. to commence design work for a plant that will produce anode materials for lithium ion batteries. In addition, together with Toda Kogyo Corp., ITOCHU made a joint investment in Hunan Shanshan Advanced Material Co., Ltd., for production of cathode materials.

<NOTE> "L-I-N-E-s" refers to the following four business areas plus "s" for synergy meaning cross-sectional business engagement: Life care (medical services and health related businesses), Infrastructure (functional infrastructure of IT, LT, and FT, and social infrastructure related businesses), New Technologies & Materials (bio- and nano-technologies), and Environment & New Energy (bioethanol and photovoltaic generation).

#### Start of Medium-Term Management Plan—Brand-new Deal 2012

The Group has started the Medium-Term Management Plan—Brand-new Deal 2012, a two-year plan covering the period from FY2012 to FY2013. Under "Brand-new Deal 2012", the basic policies are as follows: "Strengthen Our Front-line Capabilities", "Proactively Seek New Opportunities", and "Expand Our Scale of Operations". With an entirely new spirit, officers and employees will take assertive and forward-looking action and excise "Earn, Cut, Prevent"

Three major measures by key sector are as follows.

##### 1. Aggressively expand business in China

In opportunity-rich markets where ITOCHU has competitive advantage ITOCHU will work to strengthen its earnings capacity in China by enhancing existing operations and stepping up new initiatives.

##### 2. Increase and accumulate assets in machinery-related sector

The machinery-related sector will become increasingly important for ITOCHU, and through the tightly focused allocation of management resources in this sector, ITOCHU will accumulate assets with stable earnings and bolster activities in growth fields that will be sources of revenues in the future.

##### 3. Expand and upgrade business in natural resource -related field

Firm demand is expected to provide support in the natural resources business, where ITOCHU will work to aggressively expand its natural resource interests while maintaining a strict focus on profitability.

As ITOCHU aggressively accumulates superior assets, it plans to invest a total of ¥800 billion over two years. ITOCHU will maintain a policy of emphasizing a balance among sectors to avoid excessive concentration of investments in specific fields. Investment amounts by sector are as follows: consumer-related sector: ¥100-200 billion; natural resource / energy-related sector: ¥350-450 billion; machinery-related sector: ¥100-200 billion; chemicals, real estate, and others sector: ¥50-150 billion.

Our overseas policy calls for operations to be centered around the division companies, which will lead further advances while making steady preparations in the major consumer markets of the future. Our strategies for affiliates call for expanding their contribution to earnings, strengthening Group cohesiveness, and leveraging the Group's comprehensive capabilities. In addition, ITOCHU will continue to implement liquidation and consolidation of low-efficiency businesses.

ITOCHU will also strengthen its management foundation to support a commitment to taking assertive and forward-looking action. In corporate governance, ITOCHU will advance qualitative strengthening initiatives, and in internal control and risk management, ITOCHU will focus on optimization while maintaining effectiveness. In human resources, ITOCHU will take steps on a global basis to strengthen and cultivate the "industry professionals" and "strong human resources" that will support the next growth stage.

#### Dividend policy

Under this medium-term management plan, Brand-new Deal 2012, our annual dividend targets will be: dividend payout ratio of 20% on Net income attributable to ITOCHU up to ¥200 billion, and dividend payout ratio of 30% on portion of Net income attributable to ITOCHU exceeding ¥200 billion.

## Outlook for Fiscal Year 2012

In the fiscal year ahead, there is cause for concern about how the global economy will be affected by the situation in the Middle East and by the Great East Japan Earthquake. Nonetheless, continued growth is expected, with support from expansion in the economies of emerging countries and the U.S. On the other hand, the fiscal and monetary policies that supported strong growth in the previous year are being reversed, and in addition the rising price of crude oil is restraining growth in resource-poor countries. Accordingly, the pace of growth is expected to decelerate. Due to the remaining weakness in the fiscal situation of many countries, centered on industrialized countries, there could be rapid fluctuations in foreign exchange and commodity markets and declines in asset prices. This could have an adverse effect on the attitudes of companies and households toward spending, with a negative impact on the world economy. This point requires continued attention. The Great East Japan Earthquake weakened the global supply chain, and another issue requiring attention is the risk that this weakness will extend over the long term.

Under these circumstances, ITOCHU expects consolidated Total trading transactions of 12 trillion yen for the fiscal year ended March 31, 2012, with Net income attributable to ITOCHU of 240 billion yen.

For your attention, these forecasts are forward looking statements that are based on the management's assumptions and beliefs based on information currently available and involve risks and uncertainties. Thus, the actual results could be substantially different from the above statement due to such factors including, but not limited to, global economic and market conditions, and currency exchange rate fluctuations.

(Unit: Billion yen)			(Unit: Billion yen)		
Consolidated	Forecast FY2012	FY2011	Consolidated	Forecast FY2012	FY2011
Total trading transactions	12,000.0	11,392.6	Total assets	6,400.0	5,673.7
Gross trading profit	1,050.0	1,041.3	Gross interest-bearing debt	2,700.0	2,268.4
Selling, general and administrative expenses	(730.0)	(775.8)	Net interest-bearing debt	2,200.0	1,633.2
Provision for doubtful receivables	-	(9.4)	Total equity	1,590.0	1,397.5
Net interest expenses	(20.0)	(16.7)	Total ITOCHU stockholders' equity	1,350.0	1,154.8
Dividends received	20.0	23.5			
Other-net	(20.0)	(80.8)		<u>Precondition</u>	<u>FY2011</u>
Income before income taxes and equity in earnings of associated companies	300.0	182.1	<i>Foreign exchange rate (Yen/US\$)</i>	80	88.27
Income taxes	(120.0)	(68.5)	<i>Crude oil (Brent) (US\$/BBL)</i>	109	80.25
Income before equity in earnings of associated companies	180.0	113.6	(Jan-Dec)	(Jan-Dec result)	
Equity in earnings of associated companies	80.0	60.6	<i>Iron ore, fine (US\$/ton)</i>	171	133
Net income	260.0	174.2	(Note)		
(less) Net income attributable to the noncontrolling interest	(20.0)	(13.2)	<i>Coking coal (US\$/ton)</i>	330	215
Net income attributable to ITOCHU	240.0	161.0	(Note)		
			<i>Thermal coal (US\$/ton)</i>	130	98

(Note) It is provisional price that it is said major suppliers and customers have agreed regarding shipments in the first quarter of FY 2012.

And the prices after the first quarter of FY2012 are subject to change.

## Distribution of the current fiscal year's profit

ITOCHU plans to pay dividends of 18.0 yen per share for the fiscal year ended March 31, 2011 (an interim dividend of 9.0 yen per share was already paid). For the fiscal year ending March 31, 2012, ITOCHU plans to pay full-year dividends of 33.0 yen per share, comprising an interim dividend of 16.5 yen per share and a year-end dividend of 16.5 yen per share.

## Major Group Companies' Forecasts of Fiscal Year 2012

ITOCHU's major group companies' forecasts of fiscal year 2012 are as follows.

[Major Group Companies'(unlisted companies) forecasts of fiscal year 2012]

(Unit: billion yen)

Name		Shares	ITOCHU's share of Net income [Forecasts]	ITOCHU's share of Net income [FY 2011] (Note 2)
Textile	JOYX CORPORATION	100.0%	0.7	0.5
	SANKEI CO., LTD.	90.5%	1.6	1.5
	ITOCHU Textile Prominent (ASIA) Ltd. (Hong Kong, China)	100.0%	0.7	0.0
	ITOCHU TEXTILE (CHINA) CO., LTD. (China)	100.0%	1.0	0.8
ICT& Machinery (Note 4)	ITOCHU CONSTRUCTION MACHINERY CO., LTD.	100.0%	0.5	0.6
	ITOCHU Automobile America Inc. (U.S.A.)	100.0%	0.0	0.3
	ITOCHU MACHINE-TECHNOS CORPORATION	100.0%	0.5	0.3
	Century Medical, Inc.	100.0%	0.7	0.8
Energy, Metals & Minerals	ITOCHU Metals Corporation	100.0%	1.3	1.2
	ITOCHU Minerals & Energy of Australia Pty Ltd (Australia)	100.0%	101.9	80.1
	ITOCHU Oil Exploration (Azerbaijan) Inc. (Cayman Islands)	100.0%	13.3	11.8
	ITOCHU PETROLEUM CO.,(SINGAPORE)PTE. LTD. (Singapore)	100.0%	0.7	0.0
	Marubeni-Itochu Steel Inc.	50.0%	(Note 3)	6.8
Chemicals, Forest Products & General Merchandise	ITOCHU Kenzai Corp.	90.8%	0.8	0.0
	ITOCHU Pulp & Paper Corp.	100.0%	0.3	0.2
	ITOCHU CHEMICAL FRONTIER Corporation	100.0%	2.9	2.0
	ITOCHU PLASTICS INC.	100.0%	2.3	2.2
	C.I.Kasei Co., Ltd.	97.6%	0.9	1.1
Food	NIPPON ACCESS, INC.	93.8%	9.0	4.7
Other (Note 4)	ITOCHU Finance Corporation	99.1%	0.1	(4.3)
	ITOCHU LOGISTICS CORP.	99.0%	0.8	0.7
	ITOCHU Property Development, Ltd.	99.8%	1.7	1.7
Overseas	ITOCHU International Inc. (U.S.A.)	100.0%	5.0	(5.6)
	ITOCHU Europe PLC (U.K.)	100.0%	1.4	0.9
	ITOCHU Hong Kong Ltd. (Hong Kong, China)	100.0%	3.2	2.7
	ITOCHU (China) Holding Co., Ltd. (China)	100.0%	4.8	3.6
	ITOCHU Australia Ltd. (Australia)	100.0%	4.2	3.3

[Major Group Companies'(listed companies) forecasts of fiscal year 2012]

(Unit: billion yen)

Name		(Expected) Date of Announcement	Companies' Forecasts	Shares	ITOCHU's share of Net income [Forecasts] (Note 1)	ITOCHU's share of Net income [FY 2011] (Note 2)
ICT& Machinery (Note 4)	Century Tokyo Leasing Corporation	May.9	(Note 3)	20.2%	(Note 3)	(Note 2)
	ITOCHU Techno-Solutions Corporation	Apr.27	12.0	54.0%	6.5	6.3
	Excite Japan Co., Ltd.	May.10	(Note 3)	57.9%	(Note 3)	(Note 2)
	ITC NETWORKS CORPORATION	Apr.28	2.4	60.3%	1.5	1.4
	NANO Media Inc.	May.6	(Note 3)	48.0%	(Note 3)	(Note 2)
	SPACE SHOWER NETWORKS INC.	Apr.28	0.0	36.8%	0.0	(0.2)
	JAMCO Corporation	May.13	(Note 3)	33.2%	(Note 3)	(Note 2)
	SUNCALL CORPORATION	May.16	(Note 3)	26.9%	(Note 3)	(Note 2)
Energy, Metals & Minerals	ITOCHU ENEX CO., LTD.	May.2	to be advised	53.6%	to be advised	2.2
Chemicals, Forest Products & General Merchandise	DAIKEN CORPORATION	May.11	(Note 3)	25.5%	(Note 3)	(Note 2)
	TAKIRON Co., Ltd.	May.12	(Note 3)	27.6%	(Note 3)	(Note 2)
Food	ITOCHU SHOKUHIN Co., Ltd.	May.12	(Note 3)	51.5%	(Note 3)	(Note 2)
	Japan Foods Co., Ltd.	Apr.28	to be advised	34.8%	to be advised	0.1
	Fuji Oil Co., Ltd.	May.9	(Note 3)	25.7%	(Note 3)	(Note 2)
	FamilyMart Co., Ltd.	Apr.7	10.0-12.0	31.6%	3.2-3.8	4.0
	Prima Meat Packers, Ltd.	May.13	(Note 3)	39.5%	(Note 3)	(Note 2)
Other (Note 4)	eGuarantee, Inc.	May.13	(Note 3)	31.7%	(Note 3)	(Note 2)
	Orient Corporation	May.10	(Note 3)	23.6%	(Note 5)	(Note 2)
	FX PRIME Corporation	May.12	(Note 6)	56.4%	(Note 6)	(Note 2)

(Note 1) ITOCHU's share of Net income [Forecasts] for Major Group Companies' (listed companies) mentioned above excludes U.S. GAAP adjustments.

(Note 2) ITOCHU's share of Net income [FY 2011] is the figures after adjusting to U.S. GAAP. As for listed group companies which are scheduled to announce their results on or after May 6, refer to the updated information to be released on ITOCHU website around the end of May.

(Note 3) Please refer to the forecasts to be announced by the company.

(Note 4) As of April 1, 2011, ITOCHU's seven division companies have been reorganized into five division companies. Accompanying this revision, the Machinery Company and the ICT, Aerospace & Electronics Company will be merged into the ICT & Machinery Company. Also, the Finance, Realty, Insurance & Logistics Services Company has been reorganized as a division not belonging to a Division Company.

(Note 5) ITOCHU has adopted U.S. GAAP, which prescribes a substantial number of different accounting treatments from Japanese GAAP with regard to financial transactions for consumer credit companies. Therefore, for Orient Corporation, ITOCHU has refrained from announcing the figures in the above table since a discrepancy may occur between the estimation announced by the company and that of ITOCHU, which is calculated by multiplying the figures after U.S. GAAP adjustments by the share.

(Note 6) Although FX PRIME Corporation has announced its performance results, ITOCHU has refrained from announcing the figures in the above table since the company has not disclosed performance forecast as an individual company.

#### 4. Consolidated Financial Statements

-Unaudited-

Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

##### (1) Consolidated Statements of Income-Annual [Condensed]

ITOCHU Corporation and Subsidiaries

Years ended March 31, 2011 and 2010

	Millions of Yen		Millions of U.S. dollars
	2011	2010	2011
<b>Revenue:</b>			
Sales revenue.....	¥ 3,120,883	¥ 2,885,598	\$ 37,533
Trading margins and commissions on trading transactions.....	528,788	531,039	6,360
Total revenue.....	3,649,671	3,416,637	43,893
Cost of sales.....	(2,608,380)	(2,492,271)	(31,370)
<b>Gross trading profit .....</b>	<b>1,041,291</b>	<b>924,366</b>	<b>12,523</b>
Selling, general and administrative expenses.....	(775,811)	(769,907)	(9,330)
Provision for doubtful receivables.....	(9,398)	(7,045)	(113)
Interest income.....	10,278	9,911	124
Interest expense.....	(27,010)	(35,249)	(325)
Dividends received.....	23,502	28,900	283
Loss on investments-net.....	(38,125)	(4,456)	(459)
Loss on property and equipment-net.....	(33,739)	(8,548)	(406)
Gain on bargain purchase in acquisition.....	-	14,015	-
Other-net.....	(8,891)	2,999	(107)
Total other-expenses.....	(859,194)	(769,380)	(10,333)
<b>Income before income taxes and equity in earnings of associated companies.....</b>	<b>182,097</b>	<b>154,986</b>	<b>2,190</b>
Income taxes.....	(68,496)	(51,571)	(824)
<b>Income before equity in earnings of associated companies.....</b>	<b>113,601</b>	<b>103,415</b>	<b>1,366</b>
Equity in earnings of associated companies.....	60,617	36,269	729
<b>Net income.....</b>	<b>174,218</b>	<b>139,684</b>	<b>2,095</b>
Less: Net income attributable to the noncontrolling interest.....	(13,243)	(11,531)	(159)
<b>Net income attributable to ITOCHU.....</b>	<b>¥ 160,975</b>	<b>¥ 128,153</b>	<b>\$ 1,936</b>

Note :

"Total trading transactions" in accordance with Japanese accounting practice consists of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as agent.

Total trading transactions for the years ended March 31, 2011 and 2010 were 11,392,589 million yen (137,012 million U.S.dollars) and 10,306,799 million yen respectively.

[Explanation for Consolidated Statements of Income]

Revenue	(Unit : billion yen)			Increase (Decrease)	<b>Main reasons for changes:</b> In the Energy, Metals & Minerals Company, revenue increased due to higher prices for mineral resources and for oil & gas. In the Textile Company, the acquisitions of JAVA HOLDINGS CO., LTD. and LEILIAN CO., LTD. in the second half of the previous fiscal year led to higher revenue. In the Chemicals, Forest Products & General Merchandise Company, revenue increased due to strong transactions in chemicals and to higher prices for both natural rubber and pulp.																								
	Revenue	2011 3,649.7	2010 3,416.6	233.0																									
Gross trading profit	(Unit : billion yen)			Increase (Decrease)	Increase in revenue in ITOCHU Corporation and existing subsidiaries: +99.3 Increase due to acquisition of subsidiaries: +27.4 Decrease due to deconsolidation of subsidiaries: -7.0 Decrease due to foreign currency translation (mainly due to US dollars): -2.8 Refer to "(9) Operating Segment Information" on page 33-34																								
	Gross trading profit	2011 1,041.3	2010 924.4	116.9																									
Selling, general and administrative expenses	(Unit : billion yen)			Increase (Decrease)	Decrease in ITOCHU Corporation and existing subsidiaries: +6.1 [Decrease in pension cost: +4.3] Increase due to acquisition of subsidiaries: -26.6 [Increase in pension cost: -0.8] Decrease due to deconsolidation of subsidiaries: +9.9 Decrease due to foreign currency translation: +4.7																								
	Total of SG & A	2011 (775.8)	2010 (769.9)	(5.9)																									
	Personnel expenses	(325.2)	(316.3)	(8.9)																									
	Pension cost	(16.1)	(19.7)	3.6																									
	Other expenses	(450.7)	(453.6)	3.0																									
	(Service charge, distribution costs)	(237.8)	(242.5)	4.7																									
	(Rent, depreciation and amortization)	(90.5)	(91.6)	1.1																									
(Others)	(122.3)	(119.5)	(2.8)																										
Provision for doubtful receivables	(Unit : billion yen)			Increase (Decrease)	Due to write-off of loan receivables resulted from disposal of regional enterprises in North America																								
	Provision for doubtful receivables	2011 (9.4)	2010 (7.0)	(2.4)																									
Net financial income	(Unit : billion yen)			Increase (Decrease)	Increase due to improvement of net interest expenses although decrease in dividends received <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>2011</th> <th>2010</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>JPY TIBOR 3M, average (Apr.-Mar.)</td> <td>0.363%</td> <td>0.528%</td> <td>(0.165%)</td> </tr> <tr> <td>USD LIBOR 3M, average (Jan.-Dec.)</td> <td>0.344%</td> <td>0.686%</td> <td>(0.342%)</td> </tr> </tbody> </table> Improvement of net interest expenses due to decline in U.S. dollars and yen interest rates Dividends received from oil and gas-related investments -7.4 (7.4 → -) Dividends received from LNG-related investments +1.9 (8.9 → 10.7)		2011	2010	Variance	JPY TIBOR 3M, average (Apr.-Mar.)	0.363%	0.528%	(0.165%)	USD LIBOR 3M, average (Jan.-Dec.)	0.344%	0.686%	(0.342%)												
		2011	2010	Variance																									
	JPY TIBOR 3M, average (Apr.-Mar.)	0.363%	0.528%	(0.165%)																									
	USD LIBOR 3M, average (Jan.-Dec.)	0.344%	0.686%	(0.342%)																									
	Net financial income	2011 6.8	2010 3.6	3.2																									
	Interest income	10.3	9.9	0.4																									
	Interest expense	(27.0)	(35.2)	8.2																									
	Net interest expenses	(16.7)	(25.3)	8.6																									
	Dividends received	23.5	28.9	(5.4)																									
	Loss on investments-net	(Unit : billion yen)				Increase (Decrease)	Net gain (loss) on sales of investments -17.4 (24.6 → 7.2), Business-related losses and others (including impairment losses on investments in the preferred stocks which were issued by Orient Corporation) -16.7 (-9.3 → -26.1), Impairment loss on investments +0.5 (-19.8 → -19.3)																						
Loss on investments-net	2011 (38.1)	2010 (4.5)	(33.7)																										
Loss on property and equipment-net	(Unit : billion yen)			Increase (Decrease)	Increase in impairment loss -25.2 (-11.0 → -36.2) due to impairment losses on oil & gas assets in Australia and the U.S., and other properties, Losses due to the Great East Japan Earthquake -3.4 (- → -3.4), Net gain (loss) on sales of property and equipment and others +3.3 (2.5 → 5.8)																								
	Loss on property and equipment-net	2011 (33.7)	2010 (8.5)	(25.2)																									
Gain on bargain purchase in acquisition	(Unit : billion yen)			Increase (Decrease)	Absence of the non-recurring gain on the acquisitions of three subsidiaries in the previous fiscal year																								
	Gain on bargain purchase in acquisition	2011 -	2010 14.0	(14.0)																									
Other-net	(Unit : billion yen)			Increase (Decrease)	Due to losses on disposal of three regional enterprises and business reconstruction costs on equipment-material-related businesses in North America																								
	Other-net	2011 (8.9)	2010 3.0	(11.9)																									
Income taxes	(Unit : billion yen)			Increase (Decrease)																									
	Income taxes	2011 (68.5)	2010 (51.6)	(16.9)																									
Equity in earnings of associated companies	(Unit : billion yen)			Increase (Decrease)	Brazil Japan Iron Ore Corporation +8.9 (4.0 → 12.9), Equity-method associated companies of ITOCHU Minerals & Energy of Australia Pty Ltd +6.5 (2.4 → 8.9), Yoshinoya Holdings Co., Ltd [Absence of impairment loss on investment recorded in the previous fiscal year (Note.2)] +5.9 (-5.9 → 0.0), Orient Corporation(Note.1)[Net of impairment loss on investment and gain on changes in equity interests(Note.2)] +4.8 (-11.9 → -7.2), Japan Brazil Paper and Pulp Resources Development Co., Ltd. +4.1 (-0.7 → 3.4), Marubeni-Itochu Steel Inc. +4.1 (2.7 → 6.8), Prima Meat Packers, Ltd. (Note.1)[Impairment loss on investment recorded in this year(Note.2)] -5.6 (- → -5.6), TING HSIN (CAYMAN ISLANDS) HOLDING CORP. -2.8 (8.7 → 5.9) Refer to "Performance of Group Companies" on page 13																								
	Equity in earnings of associated companies	2011 60.6	2010 36.3	24.3																									
(Note.1) Refer to the results to be announced by each corresponding company, as their announcement dates are on and after ITOCHU's announcement date of Fiscal Year 2011. (Note.2) Income tax effect on the impairment loss and gain on changes in equity interests is not included.																													
Total trading transactions	(Unit : billion yen)			Increase (Decrease)	Refer to "(9) Operating Segment Information" on page 33-34 Effect of foreign currency translation: Approximately -322.0																								
	Total trading transactions	2011 11,392.6	2010 10,306.8	1,085.8																									
	Gross trading profit ratio	9.1%	9.0%	0.2%																									
Adjusted profit	(Unit : billion yen)			Increase (Decrease)	Adjusted profit (+138.6)= Gross trading profit (+116.9) + SG&A expenses (-5.9) + Net financial income (+3.2) + Equity in earnings of associated companies (+24.3) The amount ( ) represents changes from the previous fiscal year																								
	Adjusted profit	2011 332.9	2010 194.3	138.6																									
[Average exchange rate Yen/USD] [For March closing companies]																													
<table border="1" style="width: 100%;"> <thead> <tr> <th>2011</th> <th>2010</th> <th>Variance</th> <th>2011</th> <th>2010</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>86.54</td> <td>93.36</td> <td>(6.82)</td> <td>88.27</td> <td>93.54</td> <td>(5.27)</td> </tr> <tr> <td>2010</td> <td>2009</td> <td>Variance</td> <td>2010</td> <td>2009</td> <td>Variance</td> </tr> <tr> <td>93.36</td> <td>100.54</td> <td>(7.18)</td> <td>93.54</td> <td>105.10</td> <td>(11.56)</td> </tr> </tbody> </table>						2011	2010	Variance	2011	2010	Variance	86.54	93.36	(6.82)	88.27	93.54	(5.27)	2010	2009	Variance	2010	2009	Variance	93.36	100.54	(7.18)	93.54	105.10	(11.56)
2011	2010	Variance	2011	2010	Variance																								
86.54	93.36	(6.82)	88.27	93.54	(5.27)																								
2010	2009	Variance	2010	2009	Variance																								
93.36	100.54	(7.18)	93.54	105.10	(11.56)																								
[Average exchange rate Yen/AUD] [For March closing companies]																													
<table border="1" style="width: 100%;"> <thead> <tr> <th>2011</th> <th>2010</th> <th>Variance</th> <th>2011</th> <th>2010</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>80.98</td> <td>77.68</td> <td>3.30</td> <td>77.68</td> <td>82.10</td> <td>(4.42)</td> </tr> </tbody> </table>						2011	2010	Variance	2011	2010	Variance	80.98	77.68	3.30	77.68	82.10	(4.42)												
2011	2010	Variance	2011	2010	Variance																								
80.98	77.68	3.30	77.68	82.10	(4.42)																								

**(2) Consolidated Statements of Income-Quarterly [Condensed]**

-Unaudited-

ITOCHU Corporation and Subsidiaries

For the three months ended March 31, 2011 and 2010

	Millions of Yen		Millions of
	Jan.-Mar.2011	Jan.-Mar.2010	U.S. dollars
			Jan.-Mar.2011
<b>Revenue:</b>			
Sales revenue.....	¥ 878,795	¥ 764,782	\$ 10,569
Trading margins and commissions on trading transactions.....	134,316	137,906	1,615
Total revenue.....	1,013,111	902,688	12,184
Cost of sales.....	(736,031)	(654,390)	(8,852)
<b>Gross trading profit .....</b>	<b>277,080</b>	<b>248,298</b>	<b>3,332</b>
Selling, general and administrative expenses.....	(194,652)	(191,780)	(2,341)
Provision for doubtful receivables.....	(5,377)	(2,088)	(65)
Interest income.....	2,555	2,181	31
Interest expense.....	(5,965)	(8,652)	(71)
Dividends received.....	5,916	14,534	71
Loss on investments-net.....	(10,204)	(8,945)	(123)
Loss on property and equipment-net.....	(32,231)	(9,389)	(388)
Gain on bargain purchase in acquisition.....	-	4,886	-
Other-net.....	(2,642)	2,924	(31)
Total other-expenses.....	(242,600)	(196,329)	(2,917)
<b>Income before income taxes and equity in earnings of associated companies.....</b>	<b>34,480</b>	<b>51,969</b>	<b>415</b>
Income taxes.....	(23,081)	(2,368)	(278)
<b>Income before equity in earnings of associated companies.....</b>	<b>11,399</b>	<b>49,601</b>	<b>137</b>
Equity in earnings of associated companies.....	9,000	2,110	108
<b>Net income.....</b>	<b>20,399</b>	<b>51,711</b>	<b>245</b>
Less: Net income attributable to the noncontrolling interest.....	(4,761)	(4,173)	(57)
<b>Net income attributable to ITOCHU.....</b>	<b>¥ 15,638</b>	<b>¥ 47,538</b>	<b>\$ 188</b>

Note :

"Total trading transactions" in accordance with Japanese accounting practice consists of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as agent.  
Total trading transactions for the three months ended March 31, 2011 and 2010 were 2,887,463 million yen (34,726 million U.S.dollars) and 2,809,668 million yen respectively.

**(3) Consolidated Statements of Comprehensive Income-Quarterly [Condensed]**

ITOCHU Corporation and Subsidiaries

For the three months ended March 31, 2011 and 2010

	Millions of Yen		Millions of
	Jan.-Mar.2011	Jan.-Mar.2010	U.S. dollars
			Jan.-Mar.2011
<b>Comprehensive income:</b>			
Net income.....	¥ 20,399	¥ 51,711	\$ 245
Other comprehensive income (loss) (net of tax):			
Foreign currency translation adjustments .....	(4,425)	23,436	(53)
Pension liability adjustments.....	(8,397)	15,518	(101)
Unrealized holding gains (losses) on securities.....	(3,019)	10,530	(36)
Unrealized holding gains on derivative instruments.....	350	2,221	4
Total other comprehensive income (loss) (net of tax).....	(15,491)	51,705	(186)
Comprehensive income.....	4,908	103,416	59
Comprehensive income attributable to the noncontrolling interest.....	(3,330)	(5,857)	(40)
<b>Comprehensive income attributable to ITOCHU.....</b>	<b>¥ 1,578</b>	<b>¥ 97,559</b>	<b>\$ 19</b>

[Explanation for Consolidated Statements of Income -Quarterly]

	(Unit : billion yen)	Jan.-Mar.2011	Jan.-Mar.2010	Increase (Decrease)	
Revenue	Revenue	1,013.1	902.7	110.4	<b>Main reasons for changes</b> In the Energy, Metals & Minerals Company, revenue increased due to higher prices for mineral resources and for oil & gas. In the Textile Company, the acquisitions of LEILIAN CO., LTD. in the end of fourth quarter of the previous fiscal year led to higher revenue. In the Chemicals, Forest Products & General Merchandise Company, revenue increased due to strong transactions in chemicals and to higher prices for both natural rubber and pulp.
Gross trading profit	Gross trading profit	277.1	248.3	28.8	Increase in revenue in ITOCHU Corporation and existing subsidiaries: +32.3 Increase due to acquisition of subsidiaries: +3.7 Decrease due to deconsolidation of subsidiaries: -4.1 Decrease due to foreign currency translation: -3.1 Refer to "(9) Segment Information" on page 35-36
Selling, general and administrative expenses	Total of SG & A	(194.7)	(191.8)	(2.9)	Increase in ITOCHU Corporation and existing subsidiaries: -4.8 [Decrease in pension cost: +0.6]
	Personnel expenses	(81.6)	(82.7)	1.2	Increase due to acquisition of subsidiaries: -5.0
	(Pension cost)	(4.2)	(4.7)	0.5	[Increase in pension cost: -0.1]
	Other expenses	(113.1)	(109.1)	(4.0)	Decrease due to deconsolidation of subsidiaries: +4.7
	(Service charge, distribution costs)	(58.9)	(55.6)	(3.3)	Decrease due to foreign currency translation: +2.2
	(Rent, depreciation and amortization)	(22.1)	(22.9)	0.8	
	(Others)	(32.1)	(30.5)	(1.5)	
Provision for doubtful receivables	Provision for doubtful receivables	(5.4)	(2.1)	(3.3)	Due to write-off of loan receivables resulted from disposal of regional enterprises in North America
Net financial income	Net financial income	2.5	8.1	(5.6)	Due to significant decrease in dividends received although improved in net interest expenses
	Interest income	2.6	2.2	0.4	
	Interest expense	(6.0)	(8.7)	2.7	Improvement of net interest expenses due to decline in U.S. dollars and yen interest rates
	Net interest expense	(3.4)	(6.5)	3.1	Decrease in dividends received from oil and gas-related investment -7.4 (7.4 → -), and LNG-related investments -0.3 (3.0 → 2.6)
	Dividends received	5.9	14.5	(8.6)	
Loss on investments-net	Loss on investments-net	(10.2)	(8.9)	(1.3)	Net gain (loss) on sales of investments -0.9 (4.2 → 3.3) Impairment loss on investments -0.4 (-5.1 → -5.5) Business-related losses and others +0.0 (-8.1 → -8.1)
Loss on property and equipment-net	Loss on property and equipment-net	(32.2)	(9.4)	(22.8)	Increase in impairment loss -18.8 (-9.4 → -28.1) due to impairment losses on oil & gas assets in Australia and the U.S. and other properties, Losses due to the Great East Japan Earthquake -3.4 (- → -3.4), Net gain (loss) on sales of property and equipment and others -0.7 (-0.0 → -0.7)
Gain on bargain purchase in acquisition	Gain on bargain purchase in acquisition	-	4.9	(4.9)	Absence of the non-recurring gain on the acquisition of LEILIAN CO., LTD in the same period of the previous fiscal year.
Other-net	Other-net	(2.6)	2.9	(5.6)	Due to ship-related losses, deterioration of foreign exchange gains and losses and others
Income taxes	Income taxes	(23.1)	(2.4)	(20.7)	Absence of foreign tax credit in the same period of the previous fiscal year and decrease of deferred tax effect due to the less impairment losses on investments in associated companies in this year.
Equity in earnings of associated companies	Equity in earnings of associated companies	9.0	2.1	6.9	Orient Corporation(Note.1)[Absence of impairment loss on investment recorded in the same period the of previous fiscal year and others(Note.2)]+12.0 (-11.9 → 0.1), Yoshinoya Holdings Co., Ltd [Absence of impairment loss on investment recorded in the same period of the previous fiscal year (Note.2)]+5.4 (-5.4 → -), Brazil Japan Iron Ore Corporation +3.4 (1.7 → 5.1), TING HSIN (CAYMAN ISLANDS) HOLDING CORP.-6.4 (6.5 → 0.1), Prima Meat Packers, Ltd. (Note.1)[Impairment loss on investment recorded in this period(Note.2)] -5.6 (- → -5.6), GOODMAN CO., LTD. (Note.1)[Impairment loss on investment recorded in this period(Note.2)] -1.8 (- → -1.8) Refer to "Performance of Group Companies" on page 14
					(Note.1) Refer to the results to be announced by each corresponding company, as their announcement dates are on and after ITOCHU's announcement date of Fiscal Year 2011. (Note.2) Income tax effect on the impairment loss and gain on changes in equity interests is not included
Total trading transactions	Total trading transactions	2,887.5	2,809.7	77.8	Refer to "(9) Segment Information" on page 35-36
	Gross trading profit ratio	9.6%	8.8%	0.8%	Effect of foreign currency translation: Approximately -100.0
Adjusted profit	Adjusted profit	93.9	66.7	27.2	Adjusted profit (+27.2)= Gross trading profit (+28.8) + SG&A expenses (-2.9) + Net financial income (-5.6) + Equity in earnings of associated companies (+6.9) The amount ( ) represents changes from the same period of the previous fiscal year



**(4) Consolidated Balance Sheets (Assets) [Condensed]**

-Unaudited-

ITOCHU Corporation and Subsidiaries

As of March 31, 2011 and 2010

<b>Assets</b>	Millions of Yen		Millions of U.S. dollars
	<b>Mar. 2011</b>	Mar. 2010	<b>Mar. 2011</b>
<b>Current assets:</b>			
Cash and cash equivalents.....	¥ 630,722	¥ 475,674	\$ 7,585
Time deposits.....	4,420	7,523	53
Short-term investments.....	3,560	7,140	43
Trade receivables:			
Notes.....	155,496	153,694	1,870
Accounts.....	1,290,277	1,287,821	15,517
Allowance for doubtful receivables.....	(11,410)	(14,833)	(137)
Net trade receivables.....	1,434,363	1,426,682	17,250
Due from associated companies.....	113,669	96,279	1,367
Inventories.....	504,342	476,066	6,065
Advances to suppliers.....	71,698	72,870	862
Prepaid expenses.....	28,492	28,361	343
Deferred tax assets.....	51,030	45,759	614
Other current assets.....	233,535	257,127	2,809
Total current assets.....	3,075,831	2,893,481	36,991
<b>Investments and non-current receivables:</b>			
Investments in and advances to associated companies.....	985,316	938,689	11,850
Other investments.....	492,746	450,341	5,926
Other non-current receivables.....	139,311	163,515	1,675
Allowance for doubtful receivables.....	(50,851)	(59,876)	(611)
Total investments and net non-current receivables.....	1,566,522	1,492,669	18,840
<b>Property and equipment, at cost:</b>			
Land.....	158,767	164,522	1,909
Buildings.....	411,811	412,468	4,953
Machinery and equipment.....	435,076	420,640	5,232
Furniture and fixtures.....	83,256	82,871	1,001
Mineral rights.....	52,714	64,152	634
Construction in progress.....	28,416	30,838	342
Total property and equipment, at cost.....	1,170,040	1,175,491	14,071
Less accumulated depreciation.....	526,411	509,140	6,330
Net property and equipment.....	643,629	666,351	7,741
<b>Prepaid pension cost.....</b>	<b>365</b>	<b>7,603</b>	<b>4</b>
<b>Deferred tax assets, non-current.....</b>	<b>111,411</b>	<b>108,316</b>	<b>1,340</b>
<b>Other assets.....</b>	<b>275,925</b>	<b>308,427</b>	<b>3,318</b>
<b>Total.....</b>	<b>¥ 5,673,683</b>	<b>¥ 5,476,847</b>	<b>\$ 68,234</b>

**(4) Consolidated Balance Sheets (Liabilities and Equity) [Condensed]**

-Unaudited-

ITOCHU Corporation and Subsidiaries

As of March 31, 2011 and 2010

Liabilities and Equity	Millions of Yen		Millions of U.S. dollars
	Mar. 2011	Mar. 2010	Mar. 2011
<b>Current liabilities:</b>			
Short-term debt .....	¥ 241,915	¥ 229,236	\$ 2,909
Current maturities of long-term debt.....	47,058	60,728	566
Trade payables:			
Notes and acceptances.....	160,047	125,278	1,925
Accounts.....	1,079,562	1,092,321	12,983
Total trade payables.....	1,239,609	1,217,599	14,908
Due to associated companies.....	28,719	25,431	346
Accrued expenses.....	130,628	124,877	1,571
Income taxes payable.....	53,825	38,763	647
Advances from customers.....	84,709	80,030	1,019
Deferred tax liabilities.....	887	868	11
Other current liabilities.....	215,529	215,026	2,592
Total current liabilities .....	2,042,879	1,992,558	24,569
<b>Long-term debt, excluding current maturities.....</b>	<b>2,159,929</b>	<b>2,107,589</b>	<b>25,976</b>
<b>Accrued retirement and severance benefits.....</b>	<b>52,564</b>	<b>43,314</b>	<b>632</b>
<b>Deferred tax liabilities, non-current.....</b>	<b>20,801</b>	<b>22,033</b>	<b>250</b>
Total liabilities .....	4,276,173	4,165,494	51,427
<b>Equity:</b>			
Common stock:			
Authorized: 3,000,000,000 shares; issued:			
1,584,889,504 shares.....	202,241	202,241	2,432
Capital surplus.....	114,291	137,506	1,375
Retained earnings:			
Legal reserve.....	18,257	16,117	220
Other retained earnings .....	1,016,965	884,280	12,230
Total retained earnings.....	1,035,222	900,397	12,450
Accumulated other comprehensive income (loss) :			
Foreign currency translation adjustments.....	(152,407)	(90,088)	(1,833)
Pension liability adjustments.....	(93,423)	(86,479)	(1,124)
Unrealized holding gains on securities.....	53,048	40,544	638
Unrealized holding losses on derivative instruments.....	(1,472)	(3,015)	(18)
Treasury stock, at cost.....	(2,674)	(2,687)	(32)
Total ITOCHU stockholders' equity.....	1,154,826	1,098,419	13,888
Noncontrolling interest.....	242,684	212,934	2,919
Total equity.....	1,397,510	1,311,353	16,807
<b>Total.....</b>	<b>¥ 5,673,683</b>	<b>¥ 5,476,847</b>	<b>\$ 68,234</b>

[Explanation for Consolidated Balance Sheets]

Assets

	(Unit: billion yen)			Main reasons for changes:
	Mar.2011	Mar.2010	Increase (Decrease)	
Cash and cash equivalents, Time deposits	635.1	483.2	151.9	
Net trade receivables	1,434.4	1,426.7	7.7	Decrease in Energy; and Aerospace, and increase in Chemicals, Forest Products & General Merchandise resulted from higher prices
Due from associated companies	113.7	96.3	17.4	Increase in Energy due to a rise in transaction, and in loan receivables in Marine
Inventories	504.3	476.1	28.3	Increase in Chemicals, Forest Products & General Merchandise and Food due to a rise in price
Other current assets	233.5	257.1	(23.6)	Decrease resulted from the collection of loan receivables and in derivative asset
Investments in and advances to associated companies	985.3	938.7	46.6	Increase in investments in Chinese food business through a joint holding company, which was established as the Company's subsidiary with Asahi Breweries, Ltd.; and in power generation operations in North America despite impairment losses on investments in the common and preferred stocks which were issued by Orient Corporation
Other investments	492.7	450.3	42.4	Due to new investments in resource companies with interests in uranium in the Energy, Metals & Minerals and in automobile
Other non-current receivables, less allowance for doubtful receivables	88.5	103.6	(15.2)	Decrease in trade account receivable - non current
Net property and equipment	643.6	666.4	(22.7)	Decrease due to the impairment of oil & gas assets in Energy, Metals & Minerals; and other long-lived assets; and the sale of the aircrafts in Aerospace although additional capital expenditures in overseas natural resource development sector
<b>Total assets</b>	<b>5,673.7</b>	<b>5,476.8</b>	<b>196.8</b>	Total assets as of March 31, 2011, were up by 3.6%, or 196.8 billion yen compared with March 31, 2010, to 5,673.7 billion yen (68,234 million U.S. dollars). Property and equipment declined due to impairment of fixed assets in energy and other fields. However, there was an increase in Cash and cash equivalents. In the Chemicals, Forest Products & General Merchandise Company and the Food Company, Inventories and Trade receivable increased due to improved market conditions. Also, Investments increased due to new investments in resource companies with interests in uranium in the Energy, Metals & Minerals Company, in automobile companies, and in power generation operations in North America, as well as to investments in Chinese food business through a joint holding company, which was established as the Company's subsidiary with Asahi Breweries, Ltd.

Liabilities

	(Unit: billion yen)			Main reasons for changes:
	Mar.2011	Mar.2010	Increase (Decrease)	
Total trade payables	1,239.6	1,217.6	22.0	Decrease in Energy; and Automobile, and increase in Food; and Chemicals, Forest Products & General Merchandise
[Interest-bearing debt]				
Short-term debt	241.9	229.2	12.7	
Current maturities of long-term debt excluding debentures	46.7	57.5	(10.8)	
Current maturities of debentures	0.4	3.3	(2.9)	
Short-term total	289.0	290.0	(1.0)	
Long-term debt	1,735.2	1,736.2	(1.0)	
Debentures	244.2	183.1	61.1	
Long-term total	1,979.4	1,919.3	60.1	
Total interest-bearing debt	2,268.4	2,209.3	59.1	Interest-bearing debt increased by 2.7%, or 59.1 billion yen compared with March 31, 2010, to 2,268.4 billion yen (27,280 million U.S. dollars). Net interest-bearing debt (interest-bearing debt after deducting cash and cash equivalents and time deposits) decreased by 5.4%, or 92.9 billion yen, compared with March 31, 2010, to 1,633.2 billion yen (19,642 million U.S. dollars). NET DER (net debt-to-stockholders' equity ratio) was 1.4 times
Cash and cash equivalents, Time deposits	635.1	483.2	151.9	
Net interest-bearing debt	1,633.2	1,726.1	(92.9)	
Net debt-to-stockholders' equity ratio [times]	1.41	1.57	0.16 improved	

Equity

	(Unit: billion yen)			Main reasons for changes:
	Mar.2011	Mar.2010	Increase (Decrease)	
Common stock	202.2	202.2	-	
Capital surplus	114.3	137.5	(23.2)	Due to the purchase of additional shares of the common stock of NIPPON ACCESS, INC., a subsidiary, which was accounted for as an equity transaction
Retained earnings:	1,035.2	900.4	134.8	
Legal reserve	18.3	16.1	2.1	
Other retained earnings	1,017.0	884.3	132.7	Net income attributable to ITOCHU +161.0, Dividend payment -26.1, Transfer to legal reserve and others -2.2
Accumulated other comprehensive income (loss):	(194.3)	(139.0)	(55.2)	
Foreign currency translation adjustments	(152.4)	(90.1)	(62.3)	Effect of yen's appreciation
Pension liability adjustments	(93.4)	(86.5)	(6.9)	
Unrealized holding gains on securities	53.0	40.5	12.5	Due to increase in stock market prices mainly in automobile and uranium-related companies
Unrealized holding losses on derivative instruments	(1.5)	(3.0)	1.5	
Treasury stock, at cost	(2.7)	(2.7)	0.0	
Total ITOCHU stockholders' equity	1,154.8	1,098.4	56.4	ITOCHU stockholders' equity increased by 5.1%, or 56.4 billion yen from March 31, 2010, to 1,154.8 billion yen (13,888 million U.S. dollars). On one hand, Net income attributable to ITOCHU increased by 161.0 billion yen and there was an increase in net unrealized holding gains on securities. On the other hand, there were decreases from dividends payment, deterioration in foreign currency translation adjustments because of the yen's appreciation, and decrease in Capital surplus of 19.4 billion yen due to the purchase of additional shares of the common stock of NIPPON ACCESS, INC., a subsidiary, which was accounted for as an equity transaction. As a result, the Ratio of stockholders' equity to total assets increased by 0.3 points from March 31, 2010, to 20.4%.
Ratio of stockholders' equity to total assets	20.4%	20.1%	0.3%	
Noncontrolling interest	242.7	212.9	29.8	Total equity, or the total of ITOCHU stockholders' equity and noncontrolling interest, which means the total equity of the entire Group, increased by 6.6%, or 86.2 billion yen, compared with March 31, 2010, to 1,397.5 billion yen (16,807 million U.S. dollars).
<b>Total equity</b>	<b>1,397.5</b>	<b>1,311.4</b>	<b>86.2</b>	

[Current exchange rate Yen/USD] [For March closing companies]		
Mar.2011	Mar.2010	Variance
83.15	93.04	(9.89)
Mar.2010	Mar.2009	Variance
93.04	98.23	(5.19)

[The Nikkei Stock Average(Yen)]		
Mar.2011	Mar.2010	Variance
9,755	11,089	(1,334)

[Current exchange rate Yen/AUD] [For December closing companies]			[For March closing companies]		
Dec.2010	Dec.2009	Variance	Mar.2011	Mar.2010	Variance
81.49	92.10	(10.61)	86.08	85.28	0.80
Dec.2009	Dec.2008	Variance	Mar.2010	Mar.2009	Variance
92.10	91.03	1.07	85.28	67.01	18.27

## (5) Consolidated Statements of Equity [Condensed]

-Unaudited-

ITOCHU Corporation and Subsidiaries

Years ended March 31, 2011 and 2010

	Millions of Yen		Millions of U.S. dollars
	2011	2010	2011
<b>Common stock:</b>			
Balance at beginning of year.....	¥ 202,241	¥ 202,241	\$ 2,432
Balance at end of year.....	¥ 202,241	¥ 202,241	\$ 2,432
<b>Capital surplus:</b>			
Balance at beginning of year.....	¥ 137,506	¥ 137,171	\$ 1,654
Sale (purchase) of subsidiary shares to (from) noncontrolling interest.....	(19,322)	335	(232)
Sale (purchase) by associated companies of their subsidiary shares to (from) their noncontrolling interests.....	(3,893)	-	(47)
Balance at end of year.....	¥ 114,291	¥ 137,506	\$ 1,375
<b>Retained earnings:</b>			
Legal reserve:			
Balance at beginning of year.....	¥ 16,117	¥ 13,183	\$ 194
Transfer from other retained earnings.....	2,236	3,007	27
Redistribution arising from sale by parent company of common stock of subsidiaries and associated companies.....	(96)	(73)	(1)
Balance at end of year.....	¥ 18,257	¥ 16,117	\$ 220
Other retained earnings:			
Balance at beginning of year.....	¥ 884,280	¥ 783,699	\$ 10,635
Net income attributable to ITOCHU.....	160,975	128,153	1,936
Cash dividends.....	(26,102)	(24,516)	(314)
Transfer to legal reserve.....	(2,236)	(3,007)	(27)
Redistribution arising from sale by parent company of common stock of subsidiaries and associated companies.....	96	73	1
Deficit arising from retirement of treasury stock.....	(48)	(122)	(1)
Balance at end of year.....	¥ 1,016,965	¥ 884,280	\$ 12,230
<b>Accumulated other comprehensive income (loss):</b>			
Balance at beginning of year.....	¥ (139,038)	¥ (284,172)	\$ (1,672)
Other comprehensive income (loss).....	(55,158)	145,125	(664)
Sale (purchase) of subsidiary shares to (from) noncontrolling interest.....	(58)	9	(1)
Balance at end of year.....	¥ (194,254)	¥ (139,038)	\$ (2,337)
<b>Treasury stock:</b>			
Balance at beginning of year.....	¥ (2,687)	¥ (2,711)	\$ (32)
Net changes in treasury stock.....	13	24	0
Balance at end of year.....	¥ (2,674)	¥ (2,687)	\$ (32)
<b>Total ITOCHU stockholders' equity.....</b>	<b>¥ 1,154,826</b>	<b>¥ 1,098,419</b>	<b>\$ 13,888</b>
<b>Noncontrolling interest</b>			
Balance at beginning of year.....	¥ 212,934	¥ 187,944	\$ 2,561
Net income attributable to the noncontrolling interest.....	13,243	11,531	159
Other comprehensive income (loss) attributable to the noncontrolling interest.....	(3,013)	2,391	(36)
Cash dividends to noncontrolling interest.....	(8,503)	(7,177)	(102)
Contribution from (distribution to) noncontrolling interest.....	(4,934)	963	(60)
Sale (purchase) of subsidiary shares to (from) noncontrolling interest.....	(6,429)	(2,977)	(77)
Acquisitions (deconsolidation) of subsidiaries.....	39,386	20,259	474
Balance at end of year.....	¥ 242,684	¥ 212,934	\$ 2,919
<b>Total equity.....</b>	<b>¥ 1,397,510</b>	<b>¥ 1,311,353</b>	<b>\$ 16,807</b>
<b>Comprehensive income:</b>			
Net income.....	¥ 174,218	¥ 139,684	\$ 2,095
Other comprehensive income (loss) (net of tax):			
Foreign currency translation adjustments.....	(64,199)	96,446	(772)
Pension liability adjustments.....	(7,630)	19,700	(92)
Unrealized holding gains on securities.....	12,128	27,868	146
Unrealized holding gains on derivative instruments.....	1,530	3,502	18
Total other comprehensive income (loss) (net of tax).....	(58,171)	147,516	(700)
Comprehensive income.....	116,047	287,200	1,395
Comprehensive income attributable to the noncontrolling interest.....	(10,230)	(13,922)	(123)
<b>Comprehensive income attributable to ITOCHU.....</b>	<b>¥ 105,817</b>	<b>¥ 273,278</b>	<b>\$ 1,272</b>

[Explanation for Consolidated Statements of Equity ]

Accumulated other comprehensive income (loss)	(Unit: billion yen)			
Foreign currency translation adjustments	Foreign exchange differences in exchange rate between at invested to the overseas group companies and at the end of this period, are recognized as "Foreign currency translation adjustments".			
	as of:	<u>Mar 2011</u>	<u>Mar 2010</u>	Increase (Decrease)
Balance		(152.4)	(90.1)	(62.3)
Exchange rate	as of:	<u>Dec 2010</u>	<u>Dec 2009</u>	Changes
	(Yen/USD)	81.49	92.10	(10.61)
	as of:	<u>Mar 2011</u>	<u>Mar 2010</u>	Changes
	(Yen/USD)	83.15	93.04	(9.89)
	as of:	<u>Mar 2011</u>	<u>Mar 2010</u>	Changes
	(Yen/AUD)	86.08	85.28	0.80
	as of:	<u>Dec 2010</u>	<u>Dec 2009</u>	Changes
	(Yen/GBP)	126.48	146.53	(20.05)
	as of:	<u>Dec 2010</u>	<u>Dec 2009</u>	Changes
	(Yen/BRL)	48.55	52.89	(4.34)
				(Unit: billion yen)
Pension liability adjustments	Difference between the projected benefit obligations and the plan assets is amortized according to the defined accounting standard, and the other unamortized balance (net of tax) is recognized as "Pension liability adjustments".			
	as of:	<u>Mar 2011</u>	<u>Mar 2010</u>	Increase (Decrease)
Balance		(93.4)	(86.5)	(6.9)
				(Unit: billion yen)
Unrealized holding gains on securities	Available-for-sale securities are recorded at fair value at the end of this period, and differences (net of tax) between carrying amount and fair value are recognized as "Unrealized holding gains on securities".			
	as of:	<u>Mar 2011</u>	<u>Mar 2010</u>	Increase (Decrease)
Balance		53.0	40.5	12.5
				(Unit: billion yen)
Unrealized holding losses on derivative instruments	Derivative transactions which are designated and qualified as 'cash flow hedges' are recorded at fair value at the end of this period, and differences (net of tax) between carrying amount and fair value are recognized as "Unrealized holding losses on derivative instruments".			
	as of:	<u>Mar 2011</u>	<u>Mar 2010</u>	Increase (Decrease)
Balance		(1.5)	(3.0)	1.5

**(6) Consolidated Statements of Cash Flows [Condensed]**

-Unaudited-

ITOCHU Corporation and Subsidiaries  
 Years ended March 31, 2011 and 2010

	Millions of Yen		Millions of U.S. dollars
	2011	2010	2011
<b>Cash flows from operating activities :</b>			
Net income .....	¥ 174,218	¥ 139,684	\$ 2,095
Adjustments to reconcile net income to net cash provided by operating activities :			
Depreciation and amortization .....	75,438	76,377	907
Provision for doubtful receivables .....	9,398	7,045	113
Loss on investments-net .....	38,125	4,456	459
Loss on property and equipment-net .....	33,739	8,548	406
Gain on bargain purchase in acquisition .....	-	(14,015)	-
Equity in earnings of associated companies, less dividends received .....	(35,237)	(16,794)	(424)
Deferred income taxes .....	(12,555)	(3,555)	(151)
Changes in assets and liabilities, other-net .....	53,742	93,630	646
Net cash provided by operating activities .....	<u>336,868</u>	<u>295,376</u>	<u>4,051</u>
<b>Cash flows from investing activities :</b>			
Net purchases of property, equipment and other assets .....	(81,431)	(82,045)	(979)
Net increase in investments in and advances to associated companies .....	(76,559)	(88,672)	(921)
Net purchases of other investments .....	(63,246)	(28,481)	(761)
Net (origination) collections of other non-current loan receivables .....	(9,989)	4,191	(120)
Net (increase) decrease in time deposits .....	805	(1,311)	10
Net cash used in investing activities .....	<u>(230,420)</u>	<u>(196,318)</u>	<u>(2,771)</u>
<b>Cash flows from financing activities :</b>			
Net proceeds of long-term debt .....	43,857	101,464	527
Net increase (decrease) in short-term debt .....	31,458	(325,677)	378
Other .....	(22,410)	(34,774)	(269)
Net cash provided by (used in) financing activities .....	<u>52,905</u>	<u>(258,987)</u>	<u>636</u>
<b>Effect of exchange rate changes on cash and cash equivalents .....</b>	<b>(4,305)</b>	<b>6,783</b>	<b>(52)</b>
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>155,048</b>	<b>(153,146)</b>	<b>1,864</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>475,674</b>	<b>628,820</b>	<b>5,721</b>
<b>Cash and cash equivalents at end of year .....</b>	<b>¥ 630,722</b>	<b>¥ 475,674</b>	<b>\$ 7,585</b>

(Note) From this year, "Net (increase) decrease in marketable securities" is included in "Net purchases of other investments".

[Explanation for Consolidated Statements of Cash Flows]

Note :  
Explanation for indication

Cash-inflow : " + "  
Cash-outflow : " - "

"Decrease in assets" or "Increase in liabilities" : Cash-inflow  
"Increase in assets" or "Decrease in liabilities" : Cash-outflow

**Cash flows from operating activities**

(Unit: billion yen)

	<u>2011</u>	<u>2010</u>	<u>Variance</u>	<u>Major items</u>
Net income	174.2	139.7	34.5	
Non-cash charges of P/L	108.9	62.1	46.8	
Changes in assets and liabilities, other-net	53.7 a	93.6 b	(39.9)	a : Trade receivables / payables +19.4, Inventories -47.4 Other +81.8 b : Trade receivables / payables +26.6, Inventories +49.3 Other +17.7
Net cash provided by operating activities	336.9	295.4	41.5	

**Cash flows from investing activities**

(Unit: billion yen)

	<u>2011</u>	<u>2010</u>	<u>Variance</u>	
Net purchases of property, equipment and other assets	(81.4) a	(82.0) b	0.6	a : Additional capital expenditures and purchase of interests in natural resource development sector -50.9 b : Additional capital expenditures and purchase of interests in natural resource development sector -27.6 Purchase by ship-related subsidiaries -11.6 Net purchase by food subsidiaries -8.1 Purchase by ITOCHU Corporation -7.9
Net increase in investments in and advances to associated companies	(76.6) a	(88.7) b	12.1	a : Purchase of investment asset in relation to an establishment of a joint holding company with Asahi Breweries, Ltd. for Chinese food business -43.5 Purchase on portfolio interests of power plants in North America -23.4 b : Net increase in investments in food and textile business -71.6 Investment in leasing business -5.9
Net purchases of other investments	(63.2) a	(28.5) b	(34.8)	a : Investment in natural resource development sector -32.3 Investment in automobile business -10.8 b : Investment in natural resources development sector -11.5 Net purchases net of cash acquired in acquisitions of C.I.Kasei Co., Ltd. and ITOCHU LOGISTICS CORP. -8.7
Net (origination) collections of other non-current loan receivables	(10.0) a	4.2 b	(14.2)	a : Origination -40.7, collections +30.7 b : Origination -31.4, collections +35.6
Net (increase) decrease in time deposits	0.8	(1.3)	2.1	
Net cash used in investing activities	(230.4)	(196.3)	(34.1)	

**Cash flows from financing activities**

(Unit: billion yen)

	<u>2011</u>	<u>2010</u>	<u>Variance</u>	
Net proceeds of long-term debt	43.9 a	101.5 b	(57.6)	a : Proceeds +304.5, repayment -260.6 b : Proceeds +461.7, repayment -360.3
(Note) Repayments of Current maturities of long-term debt are included in "Net proceeds of long-term debt".				
Net increase (decrease) in short-term debt	31.5 a	(325.7) b	357.1	a : Net decrease by ITOCHU Corporation +38.0 b : Net decrease by ITOCHU Corporation -287.5
Other	(22.4) a	(34.8) b	12.4	a : Purchase of the common stock of NIPPON ACCESS, INC., a subsidiary -26.0 Cash dividends -26.1, Cash dividends to noncontrolling interests -8.5 An equity transaction in relation to an establishment of a joint holding company with Asahi Breweries, Ltd. for Chinese food business +43.5 b : Cash dividends -24.5, Cash dividends to noncontrolling interests -7.2
Net cash provided by (used in) financing activities	52.9	(259.0)	311.9	

**(7) Assumption for Going Concern** N/A

**(8) Basis of the Consolidated Financial Statements**

i) Consolidated Subsidiaries and Equity-Method Associated Companies

[Major Group Companies]

Consolidated Subsidiaries

(Domestic:96 entities) JOIX CORPORATION, SANKEI CO., LTD, ITOCHU CONSTRUCTION MACHINERY CO., LTD,  
ITOCHU Techno-Solutions Corporation, Excite Japan Co., Ltd., ITC NETWORKS CORPORATION,  
ITOCHU MACHINE-TECHNOS CORPORATION, ITOCHU Metals Corporation,  
ITOCHU ENEX CO., LTD., ITOCHU Kenzai Corp., ITOCHU Pulp & Paper Corp.,  
ITOCHU CHEMICAL FRONTIER Corporation, ITOCHU PLASTICS INC., C.I.Kasei Co., Ltd,  
ITOCHU SHOKUHIN Co., Ltd., NIPPON ACCESS, INC., China Foods Investment Corp. ITOCHU Finance Corporation,  
FX PRIME Corporation, ITOCHU LOGISTICS CORP., ITOCHU Property Development, Ltd., Century Medical, Inc.,  
(Overseas:149 entities) ITOCHU Textile Prominent (ASIA) Ltd., ITOCHU TEXTILE (CHINA) CO., Ltd., LTD,  
ITOCHU Automobile America Inc., ITOCHU Minerals & Energy of Australia Pty Ltd,  
ITOCHU Oil Exploration (Azerbaijan) Inc., ITOCHU PETROLEUM CO.,(SINGAPORE)PTE. LTD,  
ITOCHU International Inc., ITOCHU Europe PLC, ITOCHU Hong Kong Ltd., ITOCHU (China) Holding Co., Ltd.,  
ITOCHU Australia Ltd.

(Note) Consolidated subsidiaries listed on the stock exchange markets in Japan

TSE 1st Section : ITOCHU Techno-Solutions Corporation, ITC NETWORKS CORPORATION ,  
ITOCHU ENEX CO., LTD., ITOCHU SHOKUHIN Co., Ltd.  
JASDAQ : Excite Japan Co., Ltd., FX PRIME Corporation  
Mothers: MAGASseek Corporation

Equity-Method Associated Companies

(Domestic: 63 entities) Century Tokyo Leasing Corporation, NANO Media Inc., SPACE SHOWER NETWORKS INC., JAMCO Corporation,  
SUNCALL CORPORATION, Marubeni-Itochu Steel Inc., Brazil Japan Iron Ore Corporation,  
DAIKEN CORPORATION, TAKIRON Co., Ltd., Japan Foods Co., Ltd., Fuji Oil Co., Ltd., FamilyMart Co., Ltd.,  
Prima Meat Packers, Ltd., Orient Corporation, eGuarantee, Inc.  
(Overseas: 85 entities) Chemoil Energy Limited [Hong Kong], CGB ENTERPRISES, INC. [U.S.A.], "SUZUKI MOTOR RUS" LLC [Russia]

\* Investment entities which are to be considered as part of parent company substantially (144 entities as of the end of March, 2011) are excluded from the list above.

ii) Accounting Policies

The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The summary of differences between the accounting policies adopted in the consolidated financial statements and accounting practice generally accepted in Japan is as follows.

Additionally, the following each representation of referred standards is basically depends on the hierarchy of the standard regulated by "FASB Accounting Standards Codification"<sup>TM</sup> (hereinafter referred to as "ASC").

a) Evaluation of investments

For evaluation of investments, ASC (Accounting Standards Codification) Topic320 "Investments-Debt and Equity Securities" is applied.

b) Share-to-share exchange without cash payment for cost-method equity securities

Exchange gains/losses on newly acquired cost-method equity securities by share-to-share transfer without cash payment are recognized at the time of the exchange according to ASC Topic 325 "Investments-Other."

c) Value reduction of fixed assets for Japanese tax purposes

The whole balance is reversed for preparation of the consolidated financial statements.



d) Post retirement benefit and pension plans

Costs of the employees' retirement and severance benefits are recognized based on the actuarial computation according to ASC Topic 715 "Compensation-Retirement Benefits."

In addition, according to ASC Topic 715, the situation of the defined benefit pension plans (that is, difference between the fair value of the plan assets and the amount of the projected benefit obligations) as of the end of the period are recognized in the consolidated balance sheets, and net actuarial gain/loss (net of tax) and prior service cost (net of tax) are recorded in Accumulated other comprehensive income (loss).

e) Costs for issuance of new shares

In accordance with ASC Topic 505 "Equity," Costs for issuance of new shares are recognized as subtraction item from Capital surplus.

f) Deferred income on installment sales

In accordance with ASC Topic 605 "Revenue Recognition," the whole income on installment sales is recognized at the time of sales.

g) Recognition and Measurement of noncontrolling interest on acquisition

In accordance with ASC Topic 805 "Business Combinations," the noncontrolling interest in the acquirer is measured and recognized as the fair value at the acquisition date.

h) Change in a parent's ownership interest rate in a subsidiary

In accordance with ASC Topic 810 "Consolidation," changes in a parent's ownership interest, while the parent retains its controlling financial interest in its subsidiary, are accounted for as equity transactions.

i) Deconsolidation of a subsidiary

In accordance with ASC Topic 810 "Consolidation," in the case where parent deconsolidates a subsidiary, the gain or loss measured as the aggregate of the fair value of any consideration received, the fair value of any retained noncontrolling investment and the carrying amount of any noncontrolling interest in former subsidiary less the carrying amount of the former subsidiary's assets and liabilities is recognized.

j) Goodwill

Goodwill and non-amortized intangible assets with indefinite useful lives are not amortized, but are instead tested for impairment at the reporting unit level at least on annual basis or circumstances change that is more likely than not that the fair value is below the carrying amount in accordance with ASC Topic 350 "Intangibles-Good will and other."

k) Derivative instruments

According to ASC Topic 815 "Derivatives and Hedging," every derivative instruments is measured and presented at its fair value as of the end of the period in the consolidated balance sheets, and the changes in fair value from the end of the previous period are recognized as gains/losses of the current period or Accumulated other comprehensive income (loss) (net of tax), judging existence of the hedging purpose and the type of hedging activities.

**(9) Operating Segment Information**

## ITOCHU Corporation and Subsidiaries

Years ended March 31, 2011 and 2010

ITOCHU Corporation and its subsidiaries, have a diverse palette of functions and expertise through investments in resources development operations and also as a strategic as well as wide range of business activities such as trading, finance, logistics and coordinating the projects. By using this diverse palette and global networks, 7 division have been promoting and developing many kinds of business on Consumer-related sector in textile, food and general merchandise, on Natural resource / energy-related sector in resources, oil and gas, and on some sectors in chemical, machinery, information technology, finance and real-estate as well as on New Business sector in life care, ecology and energy. The Company and its subsidiaries have introduced a division company system, and information on operating segments is prepared and presented according to this system is regularly used for decisions in operations, including resource allocations, and evaluations by the management.

Information concerning operations in different operating segments for the years ended March 31, 2011 and 2010 are as follows:

For the year ended March 31, 2011 (April 1, 2010 -March 31, 2011)									Millions of Yen
Textile	Machinery	ICT, Aerospace & Electronics	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics Services	Other, Adjustments & Eliminations	Consolidated	
Total trading transactions:									
Unaffiliated customers									
and associated companies .....	¥ 587,725	¥ 848,499	¥ 578,413	¥ 3,885,703	¥ 2,060,190	¥ 3,097,391	¥ 170,891	¥ 163,777	¥ 11,392,589
Transfers between operating segments ....	536	350	9,354	481	24,885	2,571	13,987	(52,164)	-
Total trading transactions .....	588,261	848,849	587,767	3,886,184	2,085,075	3,099,962	184,878	111,613	11,392,589
Gross trading profit .....	128,345	51,084	134,033	212,134	118,328	335,911	37,860	23,596	1,041,291
Net income attributable to ITOCHU.....	15,292	8,116	9,845	109,224	25,997	22,377	(13,194)	(16,682)	160,975
[Equity in earnings of associated companies].....	[5,925]	[8,216]	[3,914]	[28,450]	[6,351]	[11,700]	[(2,045)]	[(1,894)]	[60,617]
Total assets at March 31, 2011.....	406,394	554,843	471,208	1,278,175	774,160	1,208,663	354,315	625,925	5,673,683
For the year ended March 31, 2010 (April 1, 2009 -March 31, 2010)									Millions of Yen
Textile	Machinery	ICT, Aerospace & Electronics	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics Services	Other, Adjustments & Eliminations	Consolidated	
Total trading transactions:									
Unaffiliated customers									
and associated companies .....	¥ 516,808	¥ 751,896	¥ 607,839	¥ 3,272,623	¥ 1,795,544	¥ 3,032,399	¥ 166,921	¥ 162,769	¥ 10,306,799
Transfers between operating segments ....	567	1,332	6,353	437	21,055	1,782	15,950	(47,476)	-
Total trading transactions .....	517,375	753,228	614,192	3,273,060	1,816,599	3,034,181	182,871	115,293	10,306,799
Gross trading profit .....	102,733	43,257	136,432	141,591	110,073	335,487	35,642	19,151	924,366
Net income attributable to ITOCHU.....	22,401	3,692	6,017	65,661	19,270	27,808	(4,247)	(12,449)	128,153
[Equity in earnings of associated companies].....	[8,019]	[10,489]	[2,063]	[9,186]	[1,629]	[13,015]	[(7,114)]	[(1,018)]	[36,269]
Total assets at March 31, 2010.....	417,380	544,958	513,249	1,249,048	727,994	1,130,719	382,135	511,364	5,476,847
For the year ended March 31, 2011 (April 1, 2010 -March 31, 2011)									Millions of U.S.dollars
Textile	Machinery	ICT, Aerospace & Electronics	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics Services	Other, Adjustments & Eliminations	Consolidated	
Total trading transactions:									
Unaffiliated customers									
and associated companies .....	\$ 7,068	\$ 10,204	\$ 6,956	\$ 46,731	\$ 24,777	\$ 37,251	\$ 2,055	\$ 1,970	\$ 137,012
Transfers between operating segments ....	7	4	113	6	299	31	168	(628)	-
Total trading transactions .....	7,075	10,208	7,069	46,737	25,076	37,282	2,223	1,342	137,012
Gross trading profit .....	1,544	614	1,612	2,551	1,423	4,040	455	284	12,523
Net income attributable to ITOCHU.....	184	98	118	1,314	313	269	(159)	(201)	1,936
[Equity in earnings of associated companies].....	[71]	[99]	[47]	[342]	[76]	[141]	[(24)]	[(23)]	[729]
Total assets at March 31, 2011.....	4,887	6,673	5,667	15,372	9,310	14,536	4,261	7,528	68,234

Note :

- "Equity in earnings of associated companies" is included in Net income attributable to ITOCHU.
- "Total trading transactions" is presented in accordance with Japanese accounting practice.  
Total trading transactions consist of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as agent.
- As of April 1, 2011, ITOCHU's seven division companies have been reorganized into five division companies. Accompanying this revision, the Machinery Company and the ICT, Aerospace & Electronics Company will be merged into the ICT & Machinery Company. Also, the Finance, Realty, Insurance & Logistics Services Company has been reorganized as a division not belonging to a Division Company.

[Explanation for Operating Segment Information]

<u>Trading transactions for unaffiliated customers and associated companies</u>	(Unit : billion yen)	Increase		Main reasons for changes
		Apr.-Mar. 2011	Apr.-Mar. 2010	
Textile	587.7	516.8	70.9	Increase due to acquisitions of JAVA HOLDINGS CO., LTD. and LEILIAN CO., LTD.
Machinery	848.5	751.9	96.6	Increase due to recovery in automobile transactions
ICT, Aerospace & Electronics	578.4	607.8	(29.4)	Decrease due to less transactions in aviation-related businesses and domestic ICT-related businesses
Energy, Metals & Minerals	3,885.7	3,272.6	613.1	Increase due to higher prices for mineral resources and oil & gas
Chemicals, Forest Products & General Merchandise	2,060.2	1,795.5	264.6	Increase due to gains in prices for both natural rubber and pulp, as well as strong transaction in chemicals
Food	3,097.4	3,032.4	65.0	Increase due to price rise in food materials, such as feed grains, oils, and fats, and increase in transaction volume for food distribution sector, despite decrease in fresh food materials caused by sluggish domestic consumption
Finance, Realty, Insurance & Logistics Services	170.9	166.9	4.0	Increase due to strong sales of condominiums and to increase in transaction volume for logistics-related businesses, despite the absence of the sales of real estates for leasing in the previous fiscal year to investors
Other, Adjustments & Eliminations	163.8	162.8	1.0	Increase due to higher transactions in solar-related and life-care-related businesses, despite the sale of domestic subsidiary
<b>Total</b>	<b>11,392.6</b>	<b>10,306.8</b>	<b>1,085.8</b>	
<u>Gross trading profit</u>	(Unit : billion yen)	Increase		Main reasons for changes
Textile	128.3	102.7	25.6	
Machinery	51.1	43.3	7.8	Increase due to recovery in automobile transactions
ICT, Aerospace & Electronics	134.0	136.4	(2.4)	Decrease due to less transactions in domestic ICT-related businesses
Energy, Metals & Minerals	212.1	141.6	70.5	Increase due to higher prices for mineral resources and oil & gas
Chemicals, Forest Products & General Merchandise	118.3	110.1	8.3	Increase due to strong transactions in chemicals, gains in prices for both natural rubber and pulp, and to higher transactions for the sales of tyres in Europe
Food	335.9	335.5	0.4	Almost the same level due to increase in transaction volume for food distribution sector, despite the inventory-related losses as a result of the Great East Japan Earthquake
Finance, Realty, Insurance & Logistics Services	37.9	35.6	2.2	Increase due to the improved losses on lower-of-cost-or-market of real-estate for sale and to the strong sales for condominiums, despite making a real estate-related subsidiary an equity-method associated company in the previous fiscal year
Other, Adjustments & Eliminations	23.6	19.2	4.4	Increase due to higher transactions in solar-related and life-care-related businesses
<b>Total</b>	<b>1,041.3</b>	<b>924.4</b>	<b>116.9</b>	
<u>Net income attributable to ITOCHU</u>	(Unit : billion yen)	Increase		Main reasons for changes
Textile	15.3	22.4	(7.1)	
Machinery	8.1	3.7	4.4	Increase due to higher gross trading profit, despite a valuation loss on marketable securities and lower equity in earnings of associated companies
ICT, Aerospace & Electronics	9.8	6.0	3.8	Increase due to cost reductions and higher equity in earnings of associated companies
Energy, Metals & Minerals	109.2	65.7	43.6	Significant increase due to increase in gross trading profit in mineral resources, to increase in gain on property and equipment-net from the sale of coal interests, and to higher equity in earnings of associated companies, despite the impairment losses on oil & gas assets in Australia and the U.S.
Chemicals, Forest Products & General Merchandise	26.0	19.3	6.7	Increase due to higher gross trading profit and higher equity in earnings of associated companies, despite the absence of the gain on bargain purchase in acquisition of C.I. Kasei Co., Ltd. in the previous fiscal year
Food	22.4	27.8	(5.4)	Decrease due to the losses as a result of the Great East Japan Earthquake and to lower equity in earnings of associated companies, despite increase in transaction volume for food distribution sector and cost reductions
Finance, Realty, Insurance & Logistics Services	(13.2)	(4.2)	(8.9)	Deterioration due to the impairment losses on common stock and preferred stock of Orient Corporation and to the restructuring of finance-related affiliates, despite increase in gross trading profit and cost reductions
Other, Adjustments & Eliminations	(16.7)	(12.4)	(4.2)	Deterioration due to the losses on disposal of three regional enterprises and business reconstruction costs on equipment-material-related businesses in North America as well as the impairment losses on investment securities, and the impairment losses on property and equipment-net, despite higher transactions for solar-related and life-care-related businesses and the improvement of personnel expenses including the pension costs
<b>Total</b>	<b>161.0</b>	<b>128.2</b>	<b>32.8</b>	
<u>Total assets</u>	(Unit : billion yen)	Increase		Main reasons for changes
Textile	406.4	417.4	(11.0)	
Machinery	554.8	545.0	9.9	Increase due to automobile-related investment and investment for Independent Power Producer in North America, despite decline in advance payments and others related to plant and ship transactions.
ICT, Aerospace & Electronics	471.2	513.2	(42.0)	Decrease in trade receivables due to less transactions in aviation-related businesses and decrease in property and equipment assets due to sale of aircraft and others
Energy, Metals & Minerals	1,278.2	1,249.0	29.1	Increase due to additional capital expenditures and additional purchase of interests in the overseas natural resource development sector, and investments in resource companies with interests in uranium, despite decline in trade receivables due to less transactions in petroleum product trades
Chemicals, Forest Products & General Merchandise	774.2	728.0	46.2	Increase in trade receivables due to higher transactions in chemicals
Food	1,208.7	1,130.7	77.9	Increase in trade receivables and inventories due to higher sales, as well as increase in Chinese food business through a joint holding company, holding with Asahi Breweries, Ltd. and others
Finance, Realty, Insurance & Logistics Services	354.3	382.1	(27.8)	Decrease due to investment resulting from the impairment losses on common and preferred stocks of Orient Corporation and to the restructuring of finance-related affiliates
Other, Adjustments & Eliminations	625.9	511.4	114.6	Increase in cash and cash equivalents and others
<b>Total</b>	<b>5,673.7</b>	<b>5,476.8</b>	<b>196.8</b>	

## ITOCHU Corporation and Subsidiaries

For the three months ended March 31, 2011 and 2010 (Fourth quarter of fiscal year 2011 and 2010)

Information concerning operations in different operating segments for the three months ended March 31, 2011 and 2010 are as follows:

For the three months ended March 31, 2011 (January 1, 2011 -March 31, 2011)										Millions of Yen
	Textile	Machinery	ICT, Aerospace & Electronics	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics Services	Other, Adjustments & Eliminations	Consolidated	
Total trading transactions:										
Unaffiliated customers and associated companies .....	¥ 153,424	¥ 210,014	¥ 168,127	¥ 982,537	¥ 537,847	¥ 733,765	¥ 58,940	¥ 42,809	¥ 2,887,463	
Transfers between operating segments .....	175	202	2,905	86	6,046	767	2,963	(13,144)	-	
Total trading transactions .....	153,599	210,216	171,032	982,623	543,893	734,532	61,903	29,665	2,887,463	
Gross trading profit .....	33,582	13,616	41,170	62,867	29,980	77,879	12,159	5,827	277,080	
Net income attributable to ITOCHU.....	2,491	(466)	3,213	22,193	4,980	(4,948)	(1,656)	(10,169)	15,638	
[Equity in earnings of associated companies].....	[1,039]	[1,644]	[782]	[8,406]	[1,325]	[(4,107)]	[1,450]	[(1,539)]	[9,000]	
Total assets at March 31, 2011.....	406,394	554,843	471,208	1,278,175	774,160	1,208,663	354,315	625,925	5,673,683	

For the three months ended March 31, 2010 (January 1, 2010-March 31, 2010)										Millions of Yen
	Textile	Machinery	ICT, Aerospace & Electronics	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics Services	Other, Adjustments & Eliminations	Consolidated	
Total trading transactions:										
Unaffiliated customers and associated companies .....	¥ 139,433	¥ 225,179	¥ 194,394	¥ 976,168	¥ 475,662	¥ 686,899	¥ 71,803	¥ 40,130	¥ 2,809,668	
Transfers between operating segments .....	163	59	1,853	154	5,663	403	4,489	(12,784)	-	
Total trading transactions .....	139,596	225,238	196,247	976,322	481,325	687,302	76,292	27,346	2,809,668	
Gross trading profit .....	26,333	11,849	41,543	46,166	29,031	77,986	10,813	4,577	248,298	
Net income attributable to ITOCHU.....	9,226	1,935	5,607	23,240	6,595	1,907	(5,911)	4,939	47,538	
[Equity in earnings of associated companies].....	[1,894]	[4,426]	[1,483]	[2,162]	[1,844]	[1,779]	[(11,646)]	[168]	[2,110]	
Total assets at March 31, 2010.....	417,380	544,958	513,249	1,249,048	727,994	1,130,719	382,135	511,364	5,476,847	

For the three months ended March 31, 2011 (January 1, 2011 -March 31, 2011)										Millions of U.S.dollars
	Textile	Machinery	ICT, Aerospace & Electronics	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics Services	Other, Adjustments & Eliminations	Consolidated	
Total trading transactions:										
Unaffiliated customers and associated companies .....	\$ 1,845	\$ 2,526	\$ 2,022	\$ 11,816	\$ 6,468	\$ 8,825	\$ 709	\$ 515	\$ 34,726	
Transfers between operating segments .....	2	2	35	1	73	9	36	(158)	-	
Total trading transactions .....	1,847	2,528	2,057	11,817	6,541	8,834	745	357	34,726	
Gross trading profit .....	404	164	495	756	360	937	146	70	3,332	
Net income attributable to ITOCHU.....	30	(6)	39	267	60	(60)	(20)	(122)	188	
[Equity in earnings of associated companies].....	[12]	[20]	[9]	[101]	[16]	[(49)]	[17]	[(18)]	[108]	
Total assets at March 31, 2011.....	4,887	6,673	5,667	15,372	9,310	14,536	4,261	7,528	68,234	

## Note :

- "Equity in earnings of associated companies" is included in Net income attributable to ITOCHU.
- "Total trading transactions" is presented in accordance with Japanese accounting practice.

Total trading transactions consist of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as agent.

[Explanation for Operating Segment Information]

**Trading transactions for unaffiliated customers and associated companies**

(Unit : billion yen)	Increase		Main reasons for changes	
	Jan.-Mar. 2011	Jan.-Mar. 2010		(Decrease)
Textile	153.4	139.4	14.0	Increase due to acquisition of LEILIAN CO., LTD.
Machinery	210.0	225.2	(15.2)	Decrease due to less ship transactions resulting from the absence of the large number of deliveries in the same period of the previous fiscal year
ICT, Aerospace & Electronics	168.1	194.4	(26.3)	Decrease due to the absence of large-scale spot transaction in aviation-related businesses in the same period of the previous fiscal year and to the effect of making the media-related subsidiaries equity-method associated companies in this period
Energy, Metals & Minerals	982.5	976.2	6.4	Increase due to higher prices for mineral resources and oil & gas, despite lower transaction volume in energy trading.
Chemicals, Forest Products & General Merchandise	537.8	475.7	62.2	Increase due to gains in prices for natural rubber, as well as strong transaction in chemicals
Food	733.8	686.9	46.9	Increase due to higher prices for feed grains and others and to increase in transaction volume for food distribution sector
Finance, Realty, Insurance & Logistics Services	58.9	71.8	(12.9)	Decrease due to the absence of sales of real estate for leasing in the same period of the previous fiscal year to investors
Other, Adjustments & Eliminations	42.8	40.1	2.7	Increase due to higher transactions in solar-related and life-care-related businesses
<b>Total</b>	<b>2,887.5</b>	<b>2,809.7</b>	<b>77.8</b>	

**Gross trading profit**

(Unit : billion yen)	Increase		Main reasons for changes	
	Jan.-Mar. 2011	Jan.-Mar. 2010		(Decrease)
Textile	33.6	26.3	7.2	Increase mainly due to acquisition of LEILIAN CO., LTD.
Machinery	13.6	11.8	1.8	Increase due to recovery in automobile transactions, despite less profits in ship transactions
ICT, Aerospace & Electronics	41.2	41.5	(0.4)	Decrease due to less profit as a result of the absence of some transactions in aviation-related businesses in the same period of the previous fiscal year and to the effect of making the media-related subsidiaries equity-method associated companies in this period, despite higher profits in industrial machinery-related business and others
Energy, Metals & Minerals	62.9	46.2	16.7	Increase due to higher prices for mineral resources and oil & gas
Chemicals, Forest Products & General Merchandise	30.0	29.0	0.9	Increase due to strong transactions in chemicals and increased sales of tyres due to severe winter conditions in Europe, despite lower profits in the housing market-related material transactions in North America due to sluggish conditions
Food	77.9	78.0	(0.1)	Almost the same level due to the inventory-related losses resulting from the Great East Japan Earthquake, despite the improvement in feed grains and others
Finance, Realty, Insurance & Logistics Services	12.2	10.8	1.3	Increase due to the improved losses on lower-of-cost-or-market of real-estate for sale and to strong sales of newly completed condominiums in favorable locations, despite the absence of the sales of real estates for leasing in the previous fiscal year to investors
Other, Adjustments & Eliminations	5.8	4.6	1.3	Increase due to higher transactions in life-care-related businesses and others
<b>Total</b>	<b>277.1</b>	<b>248.3</b>	<b>28.8</b>	

**Net income attributable to ITOCHU**

(Unit : billion yen)	Increase		Main reasons for changes	
	Jan.-Mar. 2011	Jan.-Mar. 2010		(Decrease)
Textile	2.5	9.2	(6.7)	Decrease due to the absence of the non-recurring gain in the same period of the previous fiscal year and to the losses on liquidation of a subsidiary in apparel-related businesses
Machinery	(0.5)	1.9	(2.4)	Deterioration due to lower equity in earnings of associated companies and to the ship-related losses, despite increase in gross trading profit
ICT, Aerospace & Electronics	3.2	5.6	(2.4)	Decrease due to the impairment losses on investment securities and to lower equity in earnings of associated companies, despite cost reductions
Energy, Metals & Minerals	22.2	23.2	(1.0)	Decrease due to the impairment losses on oil & gas assets in Australia and the U.S. and to decline in dividends received from oil & gas-related investments, despite increase in gross trading profit and higher equity in earnings of associated companies from the mineral-resources business
Chemicals, Forest Products & General Merchandise	5.0	6.6	(1.6)	Decrease due to lower equity in earnings of associated companies and to increase in operating cost
Food	(4.9)	1.9	(6.9)	Deterioration due to the losses as a result of the Great East Japan Earthquake and to lower equity in earnings of associated companies, despite the absence of the losses on liquidation of investments and of the impairment losses on investment securities in the same period of the previous fiscal year
Finance, Realty, Insurance & Logistics Services	(1.7)	(5.9)	4.3	Improvement due to the absence of the impairment loss on the common stock of Orient Corporation in the same period of the previous fiscal year, despite the restructuring of finance-related affiliates
Other, Adjustments & Eliminations	(10.2)	4.9	(15.1)	Deterioration due to the impairment losses on property and equipment-net, to decrease in equity in earnings of associated companies, and to the absence of foreign tax credit in the same period of the previous fiscal year and others
<b>Total</b>	<b>15.6</b>	<b>47.5</b>	<b>(31.9)</b>	

### (10) Per share Information

The following is the information on the ITOCHU stockholders' equity per share and net income attributable to ITOCHU per share for the years ended March 31, 2011 and 2010.

(Unit:Yen)

	2011	2010
ITOCHU stockholders' equity per share	730.65	694.98
Basic net income attributable to ITOCHU per share	101.84	81.09
Diluted net income attributable to ITOCHU per share	101.69	80.91

The base data to compute the basic and diluted net income attributable to ITOCHU per share computations for the years ended March 31, 2011 and 2010 are as follows:

(Numerator)

(Unit:Millions of yen)

	2011	2010
Net income attributable to ITOCHU	160,975	128,153
Effect of dilutive securities: Convertible preferred stock	(239)	(284)
Diluted net income attributable to ITOCHU	160,736	127,869

(Denominator)

	2011	2010
Average number of common shares outstanding	1,580,596,737	1,580,448,671

### (11) Subsequent Events

The Company evaluated subsequent events through May 6, 2011.

No material subsequent events have occurred.

## 5. Financial Highlights

### [Consolidated]

(Unit: Billion Yen)

	2007	2008	2009	2010	2011
Total trading transactions	11,556.8	11,729.1	12,065.1	10,306.8	11,392.6
Gross trading profit	907.5	994.5	1,060.5	924.4	1,041.3
Income before income taxes and equity in earnings of associated companies	298.2	280.5	208.3	155.0	182.1
Net income attributable to ITOCHU	175.9	217.3	165.4	128.2	161.0

	Mar. 2007	Mar. 2008	Mar. 2009	Mar. 2010	Mar. 2011
Total assets	5,288.6	5,274.2	5,192.1	5,476.8	5,673.7
Interest-bearing debt	2,165.6	2,104.4	2,389.3	2,209.3	2,268.4
(Cash and cash equivalents, Time deposits)	(534.7)	(449.9)	(632.6)	(483.2)	(635.1)
Net interest-bearing debt	1,630.9	1,654.5	1,756.8	1,726.1	1,633.2

ITOCHU stockholders' equity	892.6	973.5	849.4	1,098.4	1,154.8
ITOCHU stockholders' equity per share (Yen)	564.48	615.89	537.43	694.98	730.65

R O A (Return on assets)	3.5%	4.1%	3.2%	2.4%	2.9%
R O E (Return on equity)	21.8%	23.3%	18.1%	13.2%	14.3%
Net debt-to-equity ratio (times) (*)	1.8	1.7	2.1	1.6	1.4

(\*)Net debt-to-equity ratio: Net interest-bearing debt / ITOCHU stockholders' equity

### [Stock price information]

(Unit: Yen)

	2007	2008	2009	2010	2011
Stock price (Highest)	1,223	1,591	1,337	821	930
(Lowest)	837	804	380	486	659
(Closing)	1,168	984	478	819	871
(Reference) Nikkei Stock Average index(**)	17,287	12,525	8,109	11,089	9,755

(\*\*) Nikkei Stock Average index: Year-end price of each fiscal year

## [Quarterly Information on Consolidated Operating Results]

### Consolidated Statements of Income

(Unit: billion yen)

	Fiscal Year 2010 ended March 31, 2010					Fiscal Year 2011 ended March 31, 2011				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Revenue	767.2	883.8	862.9	902.7	3,416.6	827.6	890.1	918.9	1,013.1	3,649.7
Gross trading profit	206.3	233.7	236.1	248.3	924.4	239.5	265.9	258.9	277.1	1,041.3
Selling, general and administrative expenses	(189.4)	(192.6)	(196.1)	(191.8)	(769.9)	(191.8)	(196.6)	(192.7)	(194.7)	(775.8)
Provision for doubtful receivables	(3.9)	(0.5)	(0.6)	(2.1)	(7.0)	(0.5)	(0.6)	(3.0)	(5.4)	(9.4)
Interest income	2.5	2.7	2.5	2.2	9.9	2.7	2.5	2.5	2.6	10.3
Interest expense	(9.0)	(9.4)	(8.2)	(8.7)	(35.2)	(8.1)	(6.1)	(6.8)	(6.0)	(27.0)
Dividends received	5.9	4.4	4.0	14.5	28.9	7.0	5.0	5.5	5.9	23.5
Gain (loss) on investments-net	2.8	2.4	(0.7)	(8.9)	(4.5)	(5.7)	(4.7)	(17.5)	(10.2)	(38.1)
Gain (loss) on property and equipment-net	2.3	(0.4)	(1.1)	(9.4)	(8.5)	0.1	6.3	(8.0)	(32.2)	(33.7)
Gain on bargain purchase in acquisition	9.1	-	-	4.9	14.0	-	-	-	-	-
Other-net	1.6	0.9	(2.5)	2.9	3.0	(2.5)	(0.9)	(2.8)	(2.6)	(8.9)
Income before income taxes and equity in earnings (losses) of associated companies	28.4	41.3	33.4	52.0	155.0	40.6	70.9	36.1	34.5	182.1
Income taxes	(15.9)	(15.3)	(18.0)	(2.4)	(51.6)	(14.7)	(26.4)	(4.3)	(23.1)	(68.5)
Income before equity in earnings (losses) of associated companies	12.5	26.0	15.4	49.6	103.4	25.9	44.4	31.8	11.4	113.6
Equity in earnings (losses) of associated companies	9.4	11.4	13.4	2.1	36.3	16.1	21.5	14.0	9.0	60.6
Net income	21.9	37.3	28.8	51.7	139.7	42.0	66.0	45.8	20.4	174.2
Net income attributable to the noncontrolling interest	(1.4)	(2.4)	(3.5)	(4.2)	(11.5)	(1.8)	(3.2)	(3.4)	(4.8)	(13.2)
Net income attributable to ITOCHU	20.4	34.9	25.3	47.5	128.2	40.2	62.7	42.4	15.6	161.0
[Adjusted Profit]	[25.8]	[50.2]	[51.6]	[66.7]	[194.3]	[65.3]	[92.3]	[81.4]	[93.9]	[332.9]

### Segment Information

(Unit: billion yen)

	Fiscal Year 2010 ended March 31, 2010					Fiscal Year 2011 ended March 31, 2011				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Textile										
Gross trading profit	20.4	25.2	30.8	26.3	102.7	29.4	31.4	34.0	33.6	128.3
Net income attributable to ITOCHU	0.8	6.3	6.1	9.2	22.4	2.6	4.5	5.7	2.5	15.3
Machinery										
Gross trading profit	11.5	12.5	7.5	11.8	43.3	11.3	13.9	12.3	13.6	51.1
Net income attributable to ITOCHU	(0.4)	4.4	(2.3)	1.9	3.7	0.3	6.2	2.1	(0.5)	8.1
ICT, Aerospace & Electronics										
Gross trading profit	28.7	33.0	33.2	41.5	136.4	27.9	33.0	32.0	41.2	134.0
Net income attributable to ITOCHU	(0.6)	1.8	(0.8)	5.6	6.0	1.8	2.8	2.0	3.2	9.8
Energy, Metals & Minerals										
Gross trading profit	25.1	32.4	37.8	46.2	141.6	49.8	50.6	48.8	62.9	212.1
Net income attributable to ITOCHU	5.6	20.5	16.3	23.2	65.7	26.2	36.7	24.1	22.2	109.2
Metals & Minerals										
Gross trading profit	9.9	11.9	14.5	18.7	55.0	34.4	26.5	30.6	33.1	124.6
Net income attributable to ITOCHU	5.9	10.8	10.8	15.4	42.9	26.7	28.7	26.8	28.8	111.0
Energy										
Gross trading profit	15.2	20.5	23.4	27.5	86.6	15.4	24.2	18.3	29.7	87.5
Net income attributable to ITOCHU	(0.3)	9.7	5.5	7.9	22.8	(0.5)	8.0	(2.7)	(6.6)	(1.8)
Chemicals, Forest Products & General Merchandise										
Gross trading profit	23.6	28.3	29.2	29.0	110.1	27.5	31.3	29.5	30.0	118.3
Net income attributable to ITOCHU	2.2	5.9	4.5	6.6	19.3	5.5	8.4	7.1	5.0	26.0
Forest Products & General Merchandise										
Gross trading profit	9.9	12.4	13.9	14.1	50.3	12.6	14.7	13.2	14.3	54.8
Net income attributable to ITOCHU	(0.6)	1.2	1.2	2.9	4.7	2.7	4.0	2.9	1.9	11.5
Chemicals										
Gross trading profit	13.7	15.9	15.3	14.9	59.8	14.9	16.6	16.4	15.7	63.6
Net income attributable to ITOCHU	2.8	4.8	3.3	3.6	14.6	2.8	4.4	4.2	3.1	14.5
Food										
Gross trading profit	82.5	88.8	86.2	78.0	335.5	81.9	90.4	85.8	77.9	335.9
Net income attributable to ITOCHU	13.0	5.5	7.4	1.9	27.8	7.8	7.5	12.0	(4.9)	22.4
Finance, Realty, Insurance & Logistics Services										
Gross trading profit	7.9	8.9	8.1	10.8	35.6	8.1	8.5	9.1	12.2	37.9
Net income attributable to ITOCHU	2.0	0.3	(0.7)	(5.9)	(4.2)	(1.5)	1.7	(11.7)	(1.7)	(13.2)
Finance, Insurance & Logistics Services										
Gross trading profit	4.7	4.9	4.7	5.0	19.4	5.5	4.8	4.4	4.5	19.2
Net income attributable to ITOCHU	2.5	0.9	(0.4)	(8.8)	(5.8)	0.0	1.0	(13.0)	(4.0)	(15.9)
Realty										
Gross trading profit	3.1	4.0	3.3	5.8	16.2	2.6	3.8	4.7	7.6	18.7
Net income attributable to ITOCHU	(0.5)	(0.5)	(0.3)	2.9	1.6	(1.5)	0.7	1.2	2.3	2.7
Other, Adjustments & Eliminations										
Gross trading profit	6.7	4.7	3.2	4.6	19.2	3.6	6.8	7.4	5.8	23.6
Net income attributable to ITOCHU	(2.2)	(9.9)	(5.3)	4.9	(12.4)	(2.5)	(5.1)	1.1	(10.2)	(16.7)

Note: As of April 1, 2011, ITOCHU's seven division companies have been reorganized into five division companies. Accompanying this revision, the Machinery Company and the ICT, Aerospace & Electronics Company will be merged into the ICT & Machinery Company. Also, the Finance, Realty, Insurance & Logistics Services Company has been as a division not belonging to a Division Company.