February 5, 2013
ITOCHU Corporation

# Highlights of Consolidated Financial Results for the Third Quarter of FY 2013 (U.S. GAAP) (3 months from October 1, 2012 to December 31, 2012)

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

## Financial topics for the 3rd Quarter (3 months) of FY 2013

・"Net income attributable to ITOCHU" increased by ¥6.0 bil. to ¥65.9 bil. due to higher earnings from the Non-Resource Sector and absence of reversal of deferred tax assets accompanying change in effective income tax rate, which offset falls in iron ore and coal prices. This is the highest level of earnings for a third quarter.

・For "Net income attributable to ITOCHU" by segment, "ICT, General Products & Realty" increased by ¥8.1 bil. to ¥12.8 bil.; "Food" rose by ¥4.3 bil. to ¥13.0 bil.; and "Machinery" was up by ¥3.7 bil. to ¥7.6 bil. "Textile" decreased by ¥1.1 bil. to ¥6.6 bil. due to absence of improvement in tax expense for the same period of the previous FY. The earnings of "Metals & Minerals" decreased by ¥10.3 bil. to ¥16.1 bil. due to falls in iron ore and coal prices. "Energy & Chemicals" declined by ¥6.6 bil. to loss of ¥1.4 bil., mainly due to deteroiation in earnings of associated companies.

## Consolidated Financial Results of Operations

### Consolidated Statements of Income

| | 3rd Quarter FY 2013 | 3rd Quarter FY 2012 | Increase (Decrease) |
|---|---|---|---|
| Revenue (Note 2) | 1,075.2 | 1,037.2 | 38.0 |
| Gross trading profit (Note 2) | 218.3 | 241.4 | (23.1) |
| Selling, general and administrative expenses (Note 2) | (165.3) | (170.2) | 4.8 |
| Provision for doubtful receivables | (0.8) | (1.3) | 0.5 |
| Net interest expenses | (3.4) | (3.3) | (0.1) |
| Dividends received | 4.0 | 3.1 | 0.9 |
| *Net financial income* | *0.6* | *(0.2)* | *0.8* |
| Gain (loss) on investments-net | 8.3 | (4.7) | 13.0 |
| Loss on property and equipment-net | (1.5) | (1.7) | 0.1 |
| Other-net | 4.7 | 0.8 | 3.9 |
| Total other expenses | (154.2) | (177.3) | 23.2 |
| Income before income taxes and equity in earnings of associated companies | 64.1 | 64.1 | 0.1 |
| Income taxes | (14.7) | (28.0) | 13.3 |
| Income before equity in earnings of associated companies | 49.4 | 36.1 | 13.3 |
| Equity in earnings of associated companies | 22.3 | 29.7 | (7.4) |
| Net income | 71.7 | 65.8 | 5.9 |
| Less: Net income attributable to the noncontrolling interest | (5.8) | (5.9) | 0.1 |
| Net income attributable to ITOCHU | 65.9 | 59.9 | 6.0 |
| (Reference) | | | |
| Total trading transactions | 3,158.4 | 2,865.8 | 292.6 |
| Gross trading profit ratio | 6.9% | 8.4% | (1.5%) |
| Adjusted profit | 75.8 | 100.7 | (24.9) |

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

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

・ **Revenue**: Increase attributable to higher revenue from the Energy & Chemicals Company mainly due to the acquisition of energy-related companies in the fourth quarter of the previous fiscal year, which more than offset lower revenue from the ICT, General Products & Realty Company, accompanying the conversion of existing consolidated subsidiaries into equity-method associated companies and the sales of subsidiaries, and lower revenue from the Metals & Minerals Company, due to falls in iron ore and coal prices

・ **Gross trading profit**:
- Textile +0.5 (33.1 → 33.7): Increase due to acquisition of European apparel manufacturing and wholesale-related companies, and rise in apparel products transactions in Japan
- Machinery -0.9 (22.5 → 21.6): Decrease due to lower automobile transactions for Russia and decrease in auto retail finance transactions in Indonesia, despite rise accompanying acquisition of automobile-related companies
- Metals & Minerals -11.3 (28.4 → 17.2): Decrease mainly due to falls in iron ore and coal prices
- Energy & Chemicals +0.7 (36.0 → 36.8): Increase due to acquisition of energy-related companies as subsidiaries and higher petroleum products transactions, despite negative factors as deterioration of foreign currency exchange loss in import transactions of petroleum products
- Food -0.4 (52.4 → 52.0): Decrease due to the conversion of existing consolidated subsidiaries into equity-method associated companies, despite rise in transaction volume in food-distribution-related companies as well as rise in transactions for fresh food and food materials
- ICT, General Products & Realty -9.7 (62.4 → 52.7): Decrease due to the conversion of existing consolidated subsidiaries into equity-method associated companies, the sales of subsidiaries and absence of higher sales of completed condominiums in favorable locations for the same period of the previous fiscal year

・ **SG & A**: Attributable to a decrease in expenses in the ICT, General Products & Realty Company accompanying the conversion of existing consolidated subsidiaries into equity-method associated companies and the sales of subsidiaries

・ **Provision for doubtful receivables**: Improved compared with the same period of the previous fiscal year

・ **Net financial income**: Improved mainly due to an increase in foreign dividends, while net interest expenses were almost the same level

・ **Gain (loss) on investments-net**: Net of impairment losses and remeasuring gain on investments +7.4 (-3.9 → +3.5), Net gain on sales of investments +5.6 (-0.5 → 5.1), Losses on business disposals and others +0.1 (-0.4 → -0.3)

・ **Loss on property and equipment-net**: Decrease in impairment losses on property and equipment +0.5 (-1.7 → -1.3), Net gain on sales of property and equipment and others -0.3 (0.1 → -0.3)

・ **Other-net**: Increase due to improvement on foreign currency translation and miscellaneous gain (loss)

・ **Equity in earnings of assoc. co.**: FamilyMart Co., Ltd. +2.1 (1.9 → 4.0), Contribution of new equity-method associated companies +3.0, New oil & gas development related business -6.3, Orient Corporation (Note 3) +1.6 (-0.5 → 1.1), Equity-method associated companies of Brazil Japan Iron Ore Corporation -6.1 (8.6 → 2.5), Equity-method associated companies of ITOCHU Minerals & Energy of Australia Pty Ltd -0.1 (2.0 → 1.8)

(Note 1) In the fiscal year ended March 31, 2012, certain subsidiaries changed their fiscal periods. The effect of these changes has been reflected in figures of certain items for the same period of the previous fiscal year.
(Note 2) With respect to distribution cost related to the ITOCHU Group's food distribution and marketing business, ITOCHU has made a change in presentation in the financial statements related to the ITOCHU Group's portion of operational cost arising at the distribution centers of the ITOCHU Group's customers, such as mass merchandisers, and delivery costs from the distribution centers to the customers' stores since the beginning of the fiscal year 2013. The aforementioned distribution cost for the same period of the previous fiscal year has been reclassified in the same manner.
(Note 3) Income tax effect is not included.
(Note 4) "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.

### Consolidated Statements of Comprehensive Income

| | 3rd Quarter FY 2013 | 3rd Quarter FY 2012 | Increase (Decrease) |
|---|---|---|---|
| Net income | 71.7 | 65.8 | 5.9 |
| Other comprehensive income (loss) (net of tax) | | | |
| Foreign currency translation adjustments | 88.0 | (78.4) | 166.4 |
| Pension liability adjustments | 0.6 | 0.5 | 0.0 |
| Unrealized holding gains (losses) on securities | 24.5 | (0.5) | 25.0 |
| Unrealized holding losses on derivative instruments | (2.6) | 1.5 | (4.1) |
| Total other comprehensive income (loss) (net of tax) | 110.4 | (76.9) | 187.3 |
| Comprehensive income (loss) | 182.1 | (11.1) | 193.2 |
| Comprehensive income (loss) attributable to the noncontrolling interest | (5.9) | 15.0 | (20.9) |
| Comprehensive income (loss) attributable to ITOCHU | 176.2 | 3.9 | 172.3 |

### Components of Net income attributable to ITOCHU

| | 3rd Quarter FY 2013 | 3rd Quarter FY 2012 | Increase (Decrease) |
|---|---|---|---|
| Parent company | 36.2 | 31.1 | 5.1 |
| Group companies | 50.5 | 56.3 | (5.8) |
| Overseas trading subsidiaries | 5.7 | 4.8 | 0.9 |
| Consolidation adjustments | (26.6) | (32.4) | 5.8 |
| Net income attributable to ITOCHU | 65.9 | 59.9 | 6.0 |
| Earnings from overseas businesses | 23.7 | 42.3 | (18.6) |
| Share of earnings from overseas businesses (Note 4) | 36% | 71% | |

### Cash Flows

| | 3rd Quarter FY 2013 | 3rd Quarter FY 2012 |
|---|---|---|
| Operating activities | 7.1 | 42.4 |
| Investing activities | 0.5 | (237.8) |
| Financing activities | 78.1 | 149.8 |

Summary of Cash Flows for the 3rd Quarter of FY 2013

- **Operating**: Net cash-inflow resulting from increase in inventories in Food, energy sector due to seasonal factors, despite the stable performance in operating revenue in Food, Machinery and energy sector
- **Investing**: Net cash-inflow mainly due to sales of investments, despite additional capital expenditures in the natural resource development sector
- **Financing**: Net cash-inflow mainly due to proceeds from debt exceeding dividends payment

## Segment Information

| | Net income attributable to ITOCHU 3rd Quarter FY 2013 | 3rd Quarter FY 2012 | Increase (Decrease) | [Net income attributable to ITOCHU] Summary of changes from the same period of the previous fiscal year |
|---|---|---|---|---|
| **Textile** | 6.6 | 7.7 | (1.1) | Decrease due to absence of improvement in tax expense for the same period of the previous fiscal year, despite slight increase in earnings of associated companies |
| **Machinery** | 7.6 | 3.9 | 3.7 | Increase due to recognition of gain on sales of investments and absence of a loss of reversal of deferred tax assets accompanying change in effective income tax rate for the same period of the previous fiscal year, despite decrease in gross trading profit |
| **Metals & Minerals** | 16.1 | 26.5 | (10.3) | Decrease due to decrease in gross trading profit resulting from falls in prices of iron ore and coal, and lower earnings of associated companies |
| **Energy & Chemicals** | (1.4) | 5.2 | (6.6) | Decrease mainly due to deterioration in earnings of associated companies |
| **Food** | 13.0 | 8.7 | 4.3 | Increase due to higher earnings of associated companies and absence of a loss of reversal of deferred tax assets accompanying change in effective income tax rate for the same period of the previous fiscal year, despite decrease in gross trading profit |
| **ICT, General Products & Realty** | 12.8 | 4.7 | 8.1 | Increase due to rise in gain on investments, increase in earnings of associated companies, and absence of a loss of reversal of deferred tax assets accompanying change in effective income tax rate for the same period of the previous fiscal year, despite lower gross trading profit |
| **Others, Adjustments & Eliminations** | 11.1 | 3.2 | 7.9 | Improved due to improvement of income tax expense resulting from increase in foreign tax credit and realization of losses in tax basis, and absence of a loss of reversal of deferred tax assets accompanying change in effective income tax rate and impairment losses on investment securities recognized for the same period of the previous fiscal year |
| **Total** | 65.9 | 59.9 | 6.0 | |

Exhibit B