

Highlights of Consolidated Financial Results for the Third Quarter of FY 2014 (U.S. GAAP)
(3 months from October 1, 2013 to December 31, 2013)

February 4, 2014
ITOCHU Corporation
(Unit: billion yen, (losses, decrease))

Financial topics for the 3rd Quarter (3 months) of FY 2014

- “Net income attributable to ITOCHU” increased by ¥9.3 bil. to ¥75.2 bil., which is the highest earnings for the third quarter.
- Profits and losses from special factors (tax and net income attributable to the noncontrolling interest deducted) in the third quarter was -¥11.0 bil., comprising of gain on sales of investments +¥3.5 bil., impairment losses on property and equipment -¥1.5 bil., and equity in earnings of associated companies of -¥13.0 bil.
- For “Net income attributable to ITOCHU” by segment, all segments except “Metals & Minerals” achieved earnings increases compared with the same period of the previous FY. “ICT, General Products & Realty”, “Food”, and “Metals & Minerals” recorded over ¥10.0 bil. of ¥16.6 bil., ¥16.1 bil., and ¥14.8 bil. respectively. “Machinery”, “Textile”, and “Energy & Chemicals” generated earnings of ¥8.7 bil., ¥7.4 bil., and ¥4.2 bil. respectively.

	3rd Quarter FY 2014	3rd Quarter FY 2013	Increase (Decrease)
Natural Resource /Energy-Related	12.1	7.5	4.6
Non-Resource	55.7	47.3	8.4
Others	7.4	11.1	(3.7)
Non-Resource & Others	63.1	58.4	4.7
Natural Resource/ Non-Resource	18%/82%	14%/86%	4%/-4%

Consolidated Financial Results of Operations	3rd Quarter FY 2014	3rd Quarter FY 2013	Increase (Decrease)	Summary of changes from the same period of the previous fiscal year
--	------------------------	------------------------	------------------------	---

Consolidated Statements of Income

	3rd Quarter FY 2014	3rd Quarter FY 2013	Increase (Decrease)
Revenue	1,444.8	1,075.2	369.6
Gross trading profit	265.7	218.3	47.4
Selling, general and administrative expenses	(189.1)	(165.3)	(23.8)
Provision for doubtful receivables	(0.8)	(0.8)	(0.0)
Net interest expenses	(3.5)	(3.4)	(0.0)
Dividends received	4.8	4.0	0.8
Net financial income	1.4	0.6	0.8
Gain on investments-net	5.6	8.3	(2.7)
Loss on property and equipment-net	(0.2)	(1.5)	1.3
Other-net	3.3	4.7	(1.4)
Total other-expenses	(180.0)	(154.2)	(25.8)
Income before income taxes and equity in earnings of associated companies	85.7	64.1	21.6
Income taxes	(24.2)	(14.7)	(9.5)
Income before equity in earnings of associated companies	61.4	49.4	12.0
Equity in earnings of associated companies	15.5	22.3	(6.8)
Net income	76.9	71.7	5.2
Less: Net income attributable to the noncontrolling interest	(1.7)	(5.8)	4.1
Net income attributable to ITOCHU	75.2	65.9	9.3
(Reference)			
Total trading transactions	3,780.6	3,158.4	622.2
Gross trading profit ratio	7.0%	6.9%	0.1%
Adjusted profit	93.4	75.8	17.6

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

Revenue:	Higher revenue from the Energy & Chemicals Company, due to higher transaction volume of petroleum products and chemicals; higher revenue from the ICT, General Products & Realty Company, due to the favorable performance by housing-material-related companies both in Japan and overseas, and expanded business by mobile-phone-related companies; higher revenue from the Food Company, reflecting acquisition of the Dole business; higher revenue from the Machinery Company, due to higher transaction volume in automobile and plant-related transactions; and the effect of yen depreciation.
Gross trading profit:	
Textile	+0.3 (33.7 → 34.0): Increase due to rise in textile material transaction volume for China and introduction of new brands
Machinery	+4.3 (21.6 → 25.9): Increase due to higher automobile, construction machinery, and plant-related transaction volume, and effect of yen depreciation
Metals & Minerals	+9.4 (17.2 → 26.5): Increase due to a rise in iron ore prices compared with the same period of the previous fiscal year, increase in sales volume of iron ore, increase in overseas solar-related transactions, and effect of yen depreciation
Energy & Chemicals	+3.7 (36.8 → 40.5): Increase due to improved profitability of energy trading transactions, higher transaction volume of chemicals, and effect of yen depreciation
Food	+11.7 (52.0 → 63.7): Increase mainly due to the acquisition of Dole business
ICT, General Products & Realty	+18.5 (52.7 → 71.2): Increase due to favorable pulp transactions and favorable performance by housing-material-related companies both in Japan and overseas, attribution of real estate transactions, expanded business by mobile-phone-related companies, and effect of yen depreciation
SG & A:	Increase due to the inclusion of new consolidated subsidiaries, including the acquisition of the Dole business and the effect of yen depreciation
Net financial income:	Mainly due to increase in dividends
Gain on investments-net:	Net of impairment losses and remeasuring gains on investments -3.6 (3.5 → -0.1), Net gain on sales of investments +1.2 (5.1 → 6.3), Losses on business disposals and others -0.3 (-0.3 → -0.6)
Loss on property and equipment-net:	Net gain (loss) on sales of property and equipment +3.0 (-0.6 → 2.4), Impairment losses on property and equipment -1.6 (-1.3 → -2.9), Rental income and others -0.1 (0.3 → 0.3)
Other-net:	Mainly due to decrease of gain on foreign currency translation
Equity in earnings of assoc. co.:	
Textile	+0.1 (2.2 → 2.3): Almost the same level due to stable performance by equity-method associated companies
Machinery	-0.7 (2.5 → 1.8): Decrease due to decrease in equity in earnings of plant-related companies, despite increase in equity in earnings of leasing-related and automobile-related companies
Metals & Minerals	-8.4 (8.0 → -0.4): Deterioration due to decrease in equity in earnings of Colombian coal companies due to a decline in coal prices and an unordinary tax expense in Brazilian iron ore companies, despite increase in equity in earnings of Australian mineral-resources-related companies and steel-products-related companies in Japan
Energy & Chemicals	+2.2 (-5.9 → -3.7): Improvement due to the absence of impairment losses in U.S. oil and gas development companies, despite the impact of prolonged scheduled maintenance of methanol companies and unordinary loss recognized by bioethanol companies
Food	-1.5 (9.2 → 7.7): Decrease due to the absence of gain on sales of investments by a CVS company in the same period of the previous fiscal year
ICT, General Products & Realty	+4.3 (6.5 → 10.8): Increase in pulp prices in overseas pulp companies, improvement in provision for doubtful receivables in finance-related companies in Japan

Consolidated Statements of Comprehensive Income

	3rd Quarter FY 2014	3rd Quarter FY 2013	Increase (Decrease)
Net income	76.9	71.7	5.2
Other comprehensive income (loss) (net of tax)			
Foreign currency translation adjustments	71.2	88.0	(16.7)
Pension liability adjustments	0.8	0.6	0.3
Unrealized holding gains on securities	11.3	24.5	(13.2)
Unrealized holding losses on derivative instruments	(0.9)	(2.6)	1.7
Total other comprehensive income (loss) (net of tax)	82.5	110.4	(27.9)
Comprehensive income (loss)	159.4	182.1	(22.7)
Comprehensive income (loss) attributable to the noncontrolling interest	(2.1)	(5.9)	3.8
Comprehensive income (loss) attributable to ITOCHU	157.3	176.2	(18.9)

Operating Segment Information	Net income attributable to ITOCHU			[Net income attributable to ITOCHU] Summary of changes from the same period of the previous fiscal year
	3rd Quarter FY 2014	3rd Quarter FY 2013	Increase (Decrease)	

Textile	7.4	6.6	0.8	Increase due to rise in gross trading profit and increase in gain (loss) on investments-net, despite increase in SG&A
Machinery	8.7	7.6	1.1	Increase due to rise in gross trading profit and higher dividends received, despite the absence of gain on sales of investments in the same period of the previous fiscal year and decrease in equity in earnings of associated companies
Metals & Minerals	14.8	16.1	(1.3)	Decrease due to decrease in equity in earnings of associated companies accompanying unordinary tax expense in Brazilian iron ore companies, despite increase in gross trading profit
Energy & Chemicals	4.2	(1.4)	5.5	Overall improvement due to increase in gross trading profit and the absence of impairment losses in U.S. oil and gas development companies in the same period of the previous fiscal year, despite the impact of prolonged scheduled maintenance of methanol companies and unordinary loss recognized by bioethanol companies
Food	16.1	13.0	3.1	Increase due to the acquisition of Dole business and improvement in gain (loss) on property and equipment-net by food-distribution-related companies, despite decrease in equity in earnings of associated companies
ICT, General Products & Realty	16.6	12.8	3.7	Increase due to rise in gross trading profit and increase in equity in earnings of associated companies, despite decrease in gain (loss) on investments-net
Others, Adjustments & Eliminations	7.4	11.1	(3.7)	Decrease mainly due to the absence of the realization of tax effect in the same period of the previous fiscal year
Total	75.2	65.9	9.3	