

Highlights of Consolidated Financial Results for FY 2014 (IFRS)

June 30, 2014
ITOCHU Corporation

(Unit: Billions of Yen, (losses, decrease))

Consolidated Financial Results of Operations (U.S. GAAP)	FY 2014 (U.S. GAAP)	Adjustments to IFRS	FY 2014 (IFRS)	FY 2013 (IFRS)	Increase (Decrease)	Consolidated Financial Results of Operations (IFRS)	Summary of the differences between U.S. GAAP and IFRS for FY2014	Summary of the changes from the previous fiscal year (IFRS)	Outlook for FY 2015 (IFRS)
Revenue	5,530.9	+ 56.6	5,587.5	4,699.5	+ 888.1	Revenues	Outline: Net profit attributable to ITOCHU decreased by 65.0 bil. compared with U.S. GAAP, to 245.3 bil. Revenues: Differences in scope of consolidation +58.9 bil. Gross trading profit: Differences in scope of consolidation +12.0 bil. Selling, general and administrative expenses: Differences in scope of consolidation -9.5bil., pension cost +5.7bil. Losses on property, plant, equipment and intangible assets: Impairment losses -36.7 bil. including losses on mineral-resources-related business Other-net: Reclassifications of gains on derivatives into other financial income, etc. Net interest expenses: Reclassifications of interest expense on asset retirement obligations, etc. Other financial income: Gains/losses on FVTPL financial assets, etc. Gain on investments-net: Reclassifications of gains/losses on FVTOCI financial assets into other comprehensive income -38.3 bil., reclassifications into Gains on disposal and remeasurement of investments in subsidiaries, associates and joint ventures -17.2 bil. Equity in earnings of associates and joint ventures: Reclassifications into Profit before tax, and impairment losses arising due to GAAP differences including loss on mineral-resources-related business Gains on disposal and remeasurement of investments in subsidiaries, associates and joint ventures: Gain/losses on disposal of investments in affiliates, etc. Income tax expense: Reclassification of tax expense on FVTOCI financial assets +14.0 bil., tax effects related to impairment losses +10.7 bil., tax effects associated with investments in affiliates -4.6 bil.	Outline: Net profit attributable to ITOCHU decreased by 13.5 bil. compared with the previous fiscal year, to 245.3 bil. Gross trading profit: Textile: Increase due to rise in textile material transaction volume for China, and introduction of new brands Machinery: Increase due to higher automobile, construction machinery, and plant-related transaction volume Metals & Minerals: Increase due to higher sales volume of iron ore Energy & Chemicals: Increase due to higher transaction volume and improved profitability of energy trading transactions, and higher transaction volume of chemicals Food: Increase mainly due to the acquisition of the Dole business ICT, General Products & Realty: Increase due to favorable pulp transactions, favorable performance by housing-materials-related companies and expanded business by mobile-phone-related companies Selling, general and administrative expenses: Increase due to the inclusion of new consolidated subsidiaries, including the acquisition of the Dole business Provision for doubtful accounts: Deterioration due to the absence of the gain on reversal of allowance for doubtful receivables in the previous fiscal year Losses on property, plant, equipment and intangible assets: Deterioration due to impairment losses on mineral-resources-related business, etc. Equity in earnings of associates and joint ventures: Decrease due to impairment losses on mineral-resources-related business, etc.	—
Gross trading profit	1,028.3	+ 16.7	1,045.0	945.8	+ 99.2	Gross trading profit			1,110.0
Selling, general and administrative expenses	(743.1)	(6.9)	(750.0)	(688.6)	(61.4)	Selling, general and administrative expenses			(804.0)
Provision for doubtful receivables	(6.1)	+ 0.0	(6.1)	(0.3)	(5.7)	Provision for doubtful accounts			(6.0)
Loss on property and equipment-net	(1.6)	(34.5)	(36.2)	(9.4)	(26.8)	Losses on property, plant, equipment and intangible assets			(12.0)
Other-net	13.0	(2.7)	10.3	7.0	+ 3.3	Other-net			(18.0)
Net interest expenses	(13.3)	(2.2)	(15.5)	(15.6)	+ 0.1	Net interest expenses			28.0
Dividends received	37.1	+ 0.1	37.2	34.6	+ 2.6	Dividends received			
	—	+ 7.6	7.6	6.1	+ 1.5	Other financial income			
Gain on investments-net	59.5	(59.5)	—	—	—	Gain on investments-net			140.0
	—	+ 56.0	56.0	88.0	(31.9)	Equity in earnings of associates and joint ventures			
	—	+ 12.3	12.3	12.0	+ 0.3	Gains on disposal and remeasurement of investments in subsidiaries, associates and joint ventures			
Income before income taxes and equity in earnings of associated companies	373.8	(13.0)	360.8	379.6	(18.9)	Profit before tax	438.0		
Income taxes	(130.4)	+ 24.1	(106.3)	(97.1)	(9.2)	Income tax expense	(115.0)		
Equity in earnings of associated companies	85.3	(85.3)	—	—	—				
Net income	328.7	(74.2)	254.4	282.5	(28.1)	Net Profit	323.0		
Net income attributable to ITOCHU	310.3	(65.0)	245.3	258.8	(13.5)	Net profit attributable to ITOCHU	300.0		
Net income attributable to the noncontrolling interest	18.4	(9.3)	9.1	23.6	(14.5)	Net profit attributable to non-controlling interests	23.0		

Note: Under IFRSs, financial assets are categorized into those for which the changes in fair value after acquisition are recorded in profit or loss (FVTPL financial assets), and those for which the changes in fair value after acquisition are recorded in other comprehensive income (FVTOCI financial assets). Thus, gains/losses on disposal and remeasurement of FVTOCI financial assets, which mainly consists of equity securities other than affiliates, recorded in profit or loss under U.S. GAAP have been reclassified into other comprehensive income under IFRSs.

Operating Segment Information (Net profit attributable to ITOCHU)	FY 2014 (U.S. GAAP)	Adjustments to IFRS	FY 2014 (IFRS)	Summary of the differences between U.S. GAAP and IFRS for FY 2014		
Textile	32.5	(8.5)	24.0	Decrease due to reclassifications of gains on disposal of equity securities other than affiliates into other comprehensive income, and impairment losses arising due to GAAP differences		
Machinery	43.4	(7.4)	35.9	Decrease due to reclassifications of gains on disposal of equity securities other than affiliates into other comprehensive income		
Metals & Minerals	74.1	(29.6)	44.5	Decrease due to impairment loss on mineral-resources-related business, arising due to GAAP differences		
Energy & Chemicals	16.7	(4.6)	12.1	Decrease due to reclassifications of gains on disposal of equity securities other than affiliates into other comprehensive income, and tax effects associated with investments in affiliates, arising due to GAAP differences		
Food	57.5	(6.6)	50.8	Decrease due to reclassifications of gains on disposal of equity securities other than affiliates into other comprehensive income		
ICT, General Products & Realty	76.3	(12.6)	63.8	Decrease due to reclassifications of gains on disposal of equity securities other than affiliates into other comprehensive income, and impairment losses arising due to GAAP differences		
Others, Adjustments & Eliminations	9.8	+ 4.4	14.2	Increase due to reclassifications of amortization of actuarial loss arising from employee benefits into other comprehensive income		
Total	310.3	(65.0)	245.3			

Financial Position	Mar. 2014 (U.S. GAAP)	Adjustments to IFRS	Mar. 2014 (IFRS)	Mar. 2013 (IFRS)	Increase (Decrease)	Outlook for March, 2015 (IFRS)
Total assets	7,848.4	(64.7)	7,783.8	7,198.5	+ 585.3	8,200.0
Interest-bearing debt	2,885.3	+ 8.1	2,893.4	2,780.9	+ 112.5	3,100.0
Net interest-bearing debt	2,224.3	+ 7.7	2,232.0	2,203.4	+ 28.6	2,500.0
Total shareholders' equity	2,147.0	(101.3)	2,045.7	1,719.0	+ 326.7	2,300.0
Retained earnings	1,746.8	(381.0)	1,365.9	1,160.9	+ 204.9	—
Ratio of shareholders' equity to total assets	27.4%	-1.1%	26.3%	23.9%	+ 2.4%	28.0%
Net debt-to-equity ratio (times)	1.04	Deteriorated 0.06	1.09	1.28	Improved 0.19	1.1
Total equity	2,522.8	(123.3)	2,399.5	2,075.2	+ 324.3	2,700.0

Natural Resource /Non-Resource	FY 2014 (U.S. GAAP)	Adjustments to IFRS	FY 2014 (IFRS)	FY 2013 (U.S. GAAP)	Adjustments to IFRS	FY 2013 (IFRS)	Outlook for FY 2015 (IFRS)
Natural resource/Energy-related	53.6	(30.1)	23.5	75.5	(13.9)	61.6	77.0
Non-resource	246.8	(39.2)	207.6	191.3	(9.5)	181.8	241.0
Others	9.8	+ 4.4	14.2	13.6	+ 1.9	15.5	(18.0)
Natural resource/Non-resource	18%/82%	-8%/8%	10%/90%	28%/72%	-3%/3%	25%/75%	24%/76%

Cash Flows	FY 2014 (U.S. GAAP)	Adjustments to IFRS	FY 2014 (IFRS)	FY 2013 (IFRS)
Operating activities	418.4	+ 9.7	428.1	236.5
Investing activities	(266.7)	(3.7)	(270.4)	(203.8)
Financing activities	(71.7)	(6.1)	(77.9)	3.0