

## Consolidated Financial Results for the First Quarter of the Fiscal Year 2015 ending March 31, 2015

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**Consolidated Financial Results for the First Quarter of the Fiscal Year 2015 ending March 31, 2015**

[Prepared in conformity with International Financial Reporting Standards]

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 payout of dividend: -

**1. Consolidated operating results for the first quarter of the fiscal year 2015 (from April 1, 2014 to June 30, 2014)**

(1) Consolidated operating results (Summary)

(%: Changes from the same period of the previous fiscal year)

	Gross trading profit		Trading income (*3)		Profit before tax		Net profit attributable to ITOCHU		Total comprehensive income attributable to ITOCHU	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
For the first quarter of										
Fiscal year 2015	245,866	1.6	53,273	(4.4)	106,920	11.1	80,836	18.4	76,665	(39.2)
Fiscal year 2014	242,041	-	55,736	-	96,278	-	68,283	-	126,047	-

	Basic earnings per share attributable to ITOCHU		Diluted earnings per share attributable to ITOCHU	
	yen		yen	
For the first quarter of				
Fiscal year 2015	51.15		48.89	
Fiscal year 2014	43.20		41.02	

Equity in earnings of associates and joint ventures (millions of yen) 1st quarter of FY 2015 : 33,514 ( 28.8%) 1st quarter of FY 2014 : 26,011 ( -%)

Total comprehensive income (millions of yen) 1st quarter of FY 2015 : 79,008 (down 43.3%) 1st quarter of FY 2014 : 139,444 ( -%)

(2) Consolidated financial position

	Total assets	Total equity	Total shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	millions of yen	millions of yen	millions of yen	%	yen
June 30, 2014	7,864,807	2,440,490	2,082,506	26.5	1,317.64
March 31, 2014	7,783,756	2,399,537	2,045,683	26.3	1,294.34

**2. Dividend distribution**

	Dividend distribution per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year 2014	-	21.00	-	25.00	46.00
Fiscal year 2015	-				
Fiscal year 2015 (Planned)		23.00	-	23.00	46.00

No changes from the plan of dividend distribution previously announced on May 1, 2014.

**3. Outlook of consolidated operating results for fiscal year 2015 (from April 1, 2014 to March 31, 2015)**

(%: Changes from the previous fiscal year)

	Gross trading profit		Trading income		Profit before tax		Net profit attributable to ITOCHU		Basic earnings per share attributable to ITOCHU	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen	
Fiscal year 2015	1,110,000	6.2	300,000	3.8	438,000	21.4	300,000	22.3	189.81	

No changes from the forecast previously announced on May 1, 2014.

Outlook of consolidated operating results for the first half of fiscal year 2015 is not prepared.

#### 4. Other information

(1) Changes in significant subsidiaries accompanied by changes in the consolidation scope: None

(2) Changes in accounting policies and accounting estimates

(a) Changes in accounting policies required by IFRS: None

(b) Other changes: None

(c) Changes in accounting estimates: None

(3) Number of common shares issued

(a) Number of common shares outstanding: (including the number of treasury stock)	1st quarter of FY 2015	1,584,889,504	Fiscal Year 2014	1,584,889,504
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(b) Number of treasury stock:	1st quarter of FY 2015	4,411,238	Fiscal Year 2014	4,407,941
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(c) Average number of common shares outstanding:	1st quarter of FY 2015	1,580,478,160	1st quarter of FY 2014	1,580,503,032
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[Note]

\*1. This document is an English translation of a statement written initially in Japanese. The Japanese original document should be considered as 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. "Trading income" is presented in accordance with Japanese accounting practices.

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

\*4. The consolidated financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of 101.36 yen = 1 U.S. dollar, the exchange rate prevailing on June 30, 2014. 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" referred to in the consolidated financial statements represents ITOCHU Corporation.

## 1. Qualitative Information

### (1) Qualitative Information of the Consolidated Operating Results

[For the three-month period ended June 30, 2014]

#### (a) General Economic Situation

For the three-month period ended June 30, 2014, the global economy grew at a sluggish pace overall due to the slow economic recovery of certain emerging countries. Reflecting geopolitical risks including the Iraqi situation, the WTI crude oil price rose from approximately US\$102 per barrel at the end of March to approximately US\$105 per barrel at the end of June.

The trend in Japan's economy was flat. The previous fiscal year's supplementary budget was implemented on a full scale and public work projects expanded. However, exports were sluggish, due to the shift of production to overseas locations by Japanese companies. In addition, due to the last minute demands before the April, 2014 consumption tax hike, consumer spending dropped substantially.

Against the expectations of additional easing by the Bank of Japan and contraction in Japan's trade deficit, the yen appreciated against the U.S. dollar, from the ¥103 - ¥104 range at the beginning of April to the ¥100 - ¥101 range in late-May, and ended June between the ¥101 - ¥102 range. The Nikkei Stock Average dropped from approximately ¥14,800 at the end of March to approximately ¥14,000 at the beginning of May due to concerns that the appreciation of the yen would have an adverse effect, but as the appreciation of the yen eased off and U.S. stock prices rose, the Nikkei Stock Average rose to approximately ¥15,200 at the end of June. The yield on 10-year Japanese government bonds declined from the 0.60% - 0.65% range at the end of March to approximately 0.55% at the end of June. This decline was attributable to an expectation of an easing in the upward pressure on prices due to the sluggish domestic economy, and to the return of funds to Japan due to concerns that financial problems in Europe would rekindle.

#### (b) Consolidated Operating Results

	Billions of Yen				Millions of
	Apr.-Jun. 2014	Apr.-Jun. 2013	Increase (Decrease)	%	U.S. dollars Apr.-Jun. 2014
Revenues .....	1,323.9	1,294.3	29.6	2.3%	13,062
Gross trading profit .....	245.9	242.0	3.8	1.6%	2,426
Selling, general and administrative expenses .....	(192.1)	(185.1)	(7.1)	3.8%	(1,896)
Equity in earnings of associates and joint ventures .....	33.5	26.0	7.5	28.8%	331
Net profit attributable to ITOCHU .....	80.8	68.3	12.6	18.4%	798

#### (i) Revenues (from external customers)

**Revenues** for the three-month period ended June 30, 2014, increased by 2.3%, or 29.6 billion yen, compared with the same period of the previous fiscal year, to 1,323.9 billion yen (13,062 million U.S. dollars).

- Energy & Chemicals Company:

Increased by 22.8 billion yen compared with the same period of the previous fiscal year, to 495.0 billion yen (4,884 million U.S. dollars), due to higher transaction volume in the energy trading transactions and the acquisition of subsidiaries in energy-related companies.

- Machinery Company:

Increased by 13.2 billion yen compared with the same period of the previous fiscal year, to 92.0 billion yen (907 million U.S. dollars), due to the favorable performance in IPP-related business in North America, and higher transaction volume in automobile-related transactions.

- ICT, General Products & Realty Company:  
Increased by 8.2 billion yen compared with the same period of the previous fiscal year, to 291.6 billion yen (2,877 million U.S. dollars), due to higher transaction volume in the domestic ICT-related companies and the contribution from real estate transactions.
- Metals & Minerals Company :  
Decreased by 20.5 billion yen compared with the same period of the previous fiscal year, to 58.9 billion yen (581 million U.S. dollars), mainly due to the decline in iron ore and coal prices, despite the increase of iron ore sales volume.

(ii) Gross trading profit

**Gross trading profit** increased by 1.6%, or 3.8 billion yen, compared with the same period of the previous fiscal year, to 245.9 billion yen (2,426 million U.S. dollars).

- Machinery Company:  
Increased by 4.3 billion yen compared with the same period of the previous fiscal year, to 28.5 billion yen (281 million U.S. dollars), due to the favorable performance in IPP-related business in North America, and higher transaction volume in automobile-related transactions, despite lower ship transaction volume.
- ICT, General Products & Realty Company:  
Increased by 3.8 billion yen compared with the same period of the previous fiscal year, to 68.9 billion yen (680 million U.S. dollars), due to higher transaction volume in domestic ICT-related companies and the contribution from real estate transactions.
- Metals & Minerals Company :  
Decreased by 8.4 billion yen compared with the same period of the previous fiscal year, to 17.8 billion yen (175 million U.S. dollars), due to the decline in iron ore and coal prices, despite the increase of iron ore sales volume and improvement of cost in coal-related businesses.

(iii) Selling, general and administrative expenses

**Selling, general and administrative expenses** increased by 3.8%, or 7.1 billion yen, compared with the same period of the previous fiscal year, to 192.1 billion yen (1,896 million U.S. dollars), due to higher expenses in existing subsidiaries in the Food Company, the ICT, General Products & Realty Company, and the increase accompanying the acquisition of subsidiaries in energy-related companies.

(iv) Equity in earnings of associates and joint ventures

**Equity in earnings of associates and joint ventures** increased by 28.8%, or 7.5 billion yen, compared with the same period of the previous fiscal year, to 33.5 billion yen (331 million U.S. dollars).

- Food Company:  
Increased by 5.1 billion yen compared with the same period of the previous fiscal year, to 8.7 billion yen (86 million U.S. dollars), due to higher equity in earnings of associated companies resulting from the gain on sales of affiliates in the CVS companies and the increase in earnings from the Chinese food companies.
- Energy & Chemicals Company:  
Increased by 3.6 billion yen compared with the same period of the previous fiscal year, to 0.5 billion yen (5 million U.S. dollars), mainly due to the absence of impairment losses in the U.S. oil and gas development companies in the same period of the previous fiscal year.
- Metals & Minerals Company:  
Decreased by 1.3 billion yen compared with the same period of the previous fiscal year, to 7.6 billion yen (75 million U.S. dollars), mainly due to the decline in iron ore and coal prices.

(v) Net profit attributable to ITOCHU

**Gains on disposal and remeasurement of investments in subsidiaries, associates and joint ventures** increased by 3.6 billion yen, compared with the same period of the previous fiscal year, to 11.4 billion yen (113 million U.S. dollars), mainly due to the gain on remeasurement from the conversion of an Internet advertising company from an associated company to other investments, despite the absence of the gain on sales of affiliates in the same period of the previous fiscal year.

Consequently, **Net profit attributable to ITOCHU** increased by 18.4%, or 12.6 billion yen, compared with the same period of the previous fiscal year, to 80.8 billion yen (798 million U.S. dollars).

(2) Qualitative Information of the Consolidated Financial Position

(a) Consolidated Financial Position

	Billions of Yen				Millions of U.S. dollars
	Jun. 2014	Mar. 2014	Increase (Decrease)	%	Jun. 2014
Total assets .....	7,864.8	7,783.8	81.1	1.0%	77,593
Interest-bearing debt .....	2,898.2	2,893.4	4.8	0.2%	28,594
Net interest-bearing debt .....	2,278.0	2,232.0	46.0	2.1%	22,475
Total shareholders' equity .....	2,082.5	2,045.7	36.8	1.8%	20,545
Ratio of shareholders' equity to total assets .....	26.5%	26.3%	+ 0.2pt		
NET DER (times) .....	1.1	1.1	same level		

(i) Total assets

**Total assets** as of June 30, 2014, increased by 1.0%, or 81.1 billion yen, compared with March 31, 2014, to 7,864.8 billion yen (77,593 million U.S. dollars). This increase was attributable to the increase accompanying the acquisition of EDWIN CO., LTD. in the Textile Company and subsidiaries in energy-related companies, despite the collections of trade receivables in domestic ICT-related and mobile-phone-related companies.

(ii) Interest-bearing debt

**Interest-bearing debt** increased by 0.2%, or 4.8 billion yen, compared with March 31, 2014, to 2,898.2 billion yen (28,594 million U.S. dollars). **Net interest-bearing debt** (**Interest-bearing debt** after deducting **Cash and cash equivalents** and **Time deposits**) increased by 2.1%, or 46.0 billion yen, compared with March 31, 2014, to 2,278.0 billion yen (22,475 million U.S. dollars), due to the decrease in **Cash and cash equivalents** and **Time deposits**.

(iii) Total shareholders' equity

**Total shareholders' equity** increased by 1.8%, or 36.8 billion yen, compared with March 31, 2014, to 2,082.5 billion yen (20,545 million U.S. dollars), due to the increase in **Net profit attributable to ITOCHU**, which more than compensated for the decrease accompanying dividend payments.

(iv) Ratio of shareholders' equity to total assets and NET DER (Net debt-to-shareholders' equity ratio)

**Ratio of shareholders' equity to total assets** increased by 0.2 points to 26.5% from March 31, 2014. **NET DER** (Net debt-to-shareholders' equity ratio) was at the same level compared with March 31, 2014, at 1.1 times.

(b) Consolidated Cash Flow

	Billions of Yen		Millions of
	Apr.-Jun. 2014	Apr.-Jun. 2013	U.S. dollars Apr.-Jun. 2014
Cash flows from operating activities .....	64.8	45.6	639
Cash flows from investing activities .....	(20.1)	(132.8)	(198)
Cash flows from financing activities .....	(84.4)	(2.2)	(833)

(i) Cash flows from operating activities

**Cash flows from operating activities** for the three-month period ended June 30, 2014, recorded a net cash-inflow of 64.8 billion yen (639 million U.S. dollars), resulting from the stable performance in operating revenue in the overseas natural resources, machinery, and food transactions, and the steady collections of trade receivables in the textile sector, despite the increase in inventories, and the payments of account payable in chemicals, construction, and forest products and general merchandise sectors.

(ii) Cash flows from investing activities

**Cash flows from investing activities** recorded a net cash-outflow of 20.1 billion yen (198 million U.S. dollars), mainly due to additional investments in the natural resource development sector.

(iii) Cash flows from financing activities

**Cash flows from financing activities** recorded a net cash-outflow of 84.4 billion yen (833 million U.S. dollars), due to dividend payments and repayment of debt.

Consequently, **Cash and cash equivalents** as of June 30, 2014 decreased by 42.3 billion yen to 611.5 billion yen (6,033 million U.S. dollars), compared with March 31, 2014.

## 2. Summary Information (Notes)

- (1) Changes in significant subsidiaries accompanied by changes in the consolidation scope: None
- (2) Changes in accounting policies and accounting estimates
  - (a) Changes in accounting policies required by IFRS: None
  - (b) Other changes: None
  - (c) Changes in accounting estimates: None

**3. Quarterly Consolidated Financial Statements [Condensed]**

Consolidated Financial Statements have been prepared in conformity with IFRSs.

**(1) Consolidated Statement of Comprehensive Income [Condensed]**

ITOCHU Corporation and its Subsidiaries

For the three-month periods ended June 30, 2014 and 2013

	Millions of Yen		Millions of U.S. dollars
	Apr.-Jun. 2014	Apr.-Jun. 2013	Apr.-Jun. 2014
<b>Revenues:</b>			
Revenues from sale of goods.....	¥ 1,196,544	¥ 1,178,342	\$ 11,805
Revenues from rendering of services and royalties.....	127,362	115,915	1,257
Total revenues.....	1,323,906	1,294,257	13,062
<b>Cost:</b>			
Cost of sale of goods.....	(988,748)	(966,090)	(9,755)
Cost of rendering of services and royalties.....	(89,292)	(86,126)	(881)
Total cost.....	(1,078,040)	(1,052,216)	(10,636)
<b>Gross trading profit .....</b>	<b>245,866</b>	<b>242,041</b>	<b>2,426</b>
<b>Other gains (losses):</b>			
Selling, general and administrative expenses.....	(192,139)	(185,064)	(1,896)
Provision for doubtful accounts.....	(454)	(1,241)	(4)
Gains on property, plant, equipment and intangible assets....	2,483	611	24
Other-net.....	2,940	2,360	29
Total other-losses.....	(187,170)	(183,334)	(1,847)
<b>Financial income (loss):</b>			
Interest income.....	3,048	2,643	30
Dividends received.....	5,896	5,422	58
Interest expense.....	(6,394)	(6,398)	(63)
Other financial income.....	722	2,010	7
Total financial income.....	3,272	3,677	32
Equity in earnings of associates and joint ventures.....	33,514	26,011	331
Gains on disposal and remeasurement of investments in subsidiaries, associates and joint ventures .....	11,438	7,883	113
<b>Profit before tax.....</b>	<b>106,920</b>	<b>96,278</b>	<b>1,055</b>
Income tax expense.....	(23,636)	(25,450)	(233)
<b>Net Profit.....</b>	<b>83,284</b>	<b>70,828</b>	<b>822</b>
Net profit attributable to ITOCHU.....	80,836	68,283	798
Net profit attributable to non-controlling interests.....	2,448	2,545	24



	Millions of Yen		Millions of U.S. dollars
	Apr.-Jun. 2014	Apr.-Jun. 2013	Apr.-Jun. 2014
<b>Other comprehensive income, net of tax:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
FVTOCI financial assets.....	¥ 14,602	¥ 20,661	\$ 144
Remeasurement of net defined pension liability.....	486	154	5
Other comprehensive income in associates and joint ventures.....	4,275	3,779	42
<b>Items that may be reclassified to profit or loss</b>			
Translation adjustments.....	(14,106)	10,184	(139)
Cash flow hedges.....	(263)	(6,450)	(3)
Other comprehensive income in associates and joint ventures.....	(9,270)	40,288	(91)
<b>Total other comprehensive income (loss), net of tax.....</b>	<b>(4,276)</b>	<b>68,616</b>	<b>(42)</b>
<b>Total comprehensive income .....</b>	<b>79,008</b>	<b>139,444</b>	<b>780</b>
Total comprehensive income attributable to ITOCHU .....	76,665	126,047	757
Total comprehensive income attributable to non-controlling interests .....	2,343	13,397	23

Note 1 : The gains and losses on disposal and remeasurement of equity financial instruments, of which the changes in fair value are recorded in other comprehensive income, are recognized in "FVTOCI financial assets".

Note 2 : "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-month periods ended June 30, 2014 and 2013 were 3,578,377 million yen (35,304 million U.S. dollars) and 3,391,838 million yen, respectively.

**(2) Consolidated Statement of Financial Position [Condensed]**

ITOCHU Corporation and its Subsidiaries

As of June 30, 2014 and March 31, 2014

Assets	Millions of Yen		Millions of U.S. dollars
	Jun. 2014	Mar. 2014	Jun. 2014
<b>Current assets:</b>			
Cash and cash equivalents.....	¥ 611,460	¥ 653,739	\$ 6,033
Time deposits.....	8,749	7,653	86
Trade receivables.....	2,041,141	2,127,968	20,138
Other current receivables.....	96,930	103,019	956
Other current financial assets.....	32,713	29,172	323
Inventories.....	814,725	744,441	8,038
Advances to suppliers.....	107,674	94,560	1,062
Other current assets.....	99,472	78,984	981
Total current assets.....	<b>3,812,864</b>	<b>3,839,536</b>	<b>37,617</b>
<b>Non-current assets:</b>			
Investments accounted for by the equity method.....	1,731,466	1,728,408	17,082
Other investments.....	601,368	565,936	5,933
Non-current receivables.....	127,683	135,033	1,260
Non-current financial assets other than investments and receivables.....	121,987	125,255	1,204
Property, plant and equipment.....	776,394	747,664	7,660
Investment property.....	32,270	29,186	318
Goodwill and intangible assets.....	483,547	440,246	4,771
Deferred tax assets.....	64,162	63,093	633
Other non-current assets.....	113,066	109,399	1,115
Total non-current assets.....	<b>4,051,943</b>	<b>3,944,220</b>	<b>39,976</b>
<b>Total assets.....</b>	<b>¥ 7,864,807</b>	<b>¥ 7,783,756</b>	<b>\$ 77,593</b>

<b>Liabilities and Equity</b>	Millions of Yen		Millions of U.S. dollars
	<b>Jun. 2014</b>	Mar. 2014	<b>Jun. 2014</b>
<b>Current liabilities:</b>			
Short-term debentures and borrowings.....	¥ 551,065	¥ 472,667	\$ 5,437
Trade payables.....	1,621,854	1,661,973	16,001
Other current payables.....	83,649	70,942	825
Other current financial liabilities.....	18,693	15,788	184
Current tax liabilities.....	17,572	36,200	173
Advances from customers.....	127,399	106,176	1,257
Other current liabilities.....	267,363	247,581	2,638
Total current liabilities .....	<b>2,687,595</b>	2,611,327	<b>26,515</b>
<b>Non-current liabilities:</b>			
Long-term debentures and borrowings.....	2,347,111	2,420,713	23,157
Other non-current financial liabilities.....	110,190	103,279	1,087
Non-current liabilities for employee benefits.....	60,771	57,022	600
Deferred tax liabilities.....	142,444	117,438	1,405
Other non-current liabilities.....	76,206	74,440	752
Total non-current liabilities .....	<b>2,736,722</b>	2,772,892	<b>27,001</b>
Total liabilities .....	<b>5,424,317</b>	5,384,219	<b>53,516</b>
<b>Equity:</b>			
Common stock:			
Authorized: 3,000,000,000 shares; issued: 1,584,889,504 shares.....	202,241	202,241	1,995
Capital surplus.....	112,754	113,055	1,112
Retained earnings.....	1,407,294	1,365,858	13,885
Other components of equity :			
Translation adjustments.....	233,699	255,017	2,305
FVTOCI financial assets.....	135,044	116,292	1,332
Cash flow hedges.....	(5,723)	(3,980)	(56)
Total other components of equity.....	363,020	367,329	3,581
Treasury stock.....	(2,803)	(2,800)	(28)
Total shareholders' equity.....	<b>2,082,506</b>	2,045,683	<b>20,545</b>
Non-controlling interests.....	357,984	353,854	3,532
Total equity.....	<b>2,440,490</b>	2,399,537	<b>24,077</b>
<b>Total liabilities and equity.....</b>	<b>¥ 7,864,807</b>	¥ 7,783,756	<b>\$ 77,593</b>

**(3) Consolidated Statement of Changes in Equity [Condensed]**

-Unaudited-

ITOCHU Corporation and its Subsidiaries

For the three-month periods ended June 30, 2014 and 2013

	Millions of Yen		Millions of U.S. dollars
	<b>Apr.-Jun. 2014</b>	Apr.-Jun. 2013	<b>Apr.-Jun. 2014</b>
<b>Common stock:</b>			
Balance at the beginning of the period.....	¥ 202,241	¥ 202,241	\$ 1,995
Balance at the end of the period.....	¥ 202,241	¥ 202,241	\$ 1,995
<b>Capital surplus:</b>			
Balance at the beginning of the period.....	¥ 113,055	¥ 113,031	\$ 1,115
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests.....	(301)	500	(3)
Balance at the end of the period.....	¥ 112,754	¥ 113,531	\$ 1,112
<b>Retained earnings:</b>			
Balance at the beginning of the period.....	¥ 1,365,858	¥ 1,160,939	\$ 13,475
Net profit attributable to ITOCHU.....	80,836	68,283	798
Transfer from other components of equity.....	143	5,401	2
Cash dividends.....	(39,543)	(31,635)	(390)
Balance at the end of the period.....	¥ 1,407,294	¥ 1,202,988	\$ 13,885
<b>Other components of equity:</b>			
Balance at the beginning of the period.....	¥ 367,329	¥ 245,472	\$ 3,624
Other comprehensive income attributable to ITOCHU.....	(4,171)	57,764	(41)
Transfer to retained earnings.....	(143)	(5,401)	(2)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests.....	5	24	0
Balance at the end of the period.....	¥ 363,020	¥ 297,859	\$ 3,581
<b>Treasury stock:</b>			
Balance at the beginning of the period.....	¥ (2,800)	¥ (2,703)	\$ (28)
Net change in treasury stock.....	(3)	(8)	(0)
Balance at the end of the period.....	¥ (2,803)	¥ (2,711)	\$ (28)
<b>Total shareholders' equity.....</b>	<b>¥ 2,082,506</b>	<b>¥ 1,813,908</b>	<b>\$ 20,545</b>
<b>Non-controlling interests:</b>			
Balance at the beginning of the period.....	¥ 353,854	¥ 356,214	\$ 3,491
Net profit attributable to non-controlling interests.....	2,448	2,545	24
Other comprehensive income attributable to non-controlling interests.....	(105)	10,852	(1)
Cash dividends to non-controlling interests.....	(4,025)	(5,617)	(40)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests.....	5,812	2,748	58
Balance at the end of the period.....	¥ 357,984	¥ 366,742	\$ 3,532
<b>Total equity.....</b>	<b>¥ 2,440,490</b>	<b>¥ 2,180,650</b>	<b>\$ 24,077</b>

**(4) Consolidated Statement of Cash Flows [Condensed]**

-Unaudited-

ITOCHU Corporation and its Subsidiaries

For the three-month periods ended June 30, 2014 and 2013

	Millions of Yen		Millions of U.S. dollars
	<u>Apr.-Jun. 2014</u>	<u>Apr.-Jun. 2013</u>	<u>Apr.-Jun. 2014</u>
<b>Cash flows from operating activities :</b>			
Net profit .....	¥ 83,284	¥ 70,828	\$ 822
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization .....	25,916	24,795	256
Provision for doubtful accounts .....	454	1,241	4
Gains on property, plant, equipment and intangible assets.....	(2,483)	(611)	(24)
Financial income .....	(3,272)	(3,677)	(32)
Equity in earnings of associates and joint ventures .....	(33,514)	(26,011)	(331)
Gains on disposal and remeasurement of investments in subsidiaries, associates and joint ventures.....	(11,438)	(7,883)	(113)
Income tax expense .....	23,636	25,450	233
Changes in assets and liabilities, other-net .....	4,863	(23,480)	48
Proceeds from interest.....	2,778	2,819	27
Proceeds from dividends.....	27,932	30,176	276
Payments for interest.....	(6,378)	(6,103)	(63)
Payments for income taxes.....	(46,988)	(41,945)	(464)
Net cash provided by operating activities .....	<u>64,790</u>	<u>45,599</u>	<u>639</u>
<b>Cash flows from investing activities :</b>			
Net (payments for purchase) proceeds from sale of investments accounted for by the equity method .....	(2,416)	13,434	(24)
Net payments for purchase of other investments .....	(2,910)	(115,915)	(29)
Net (origination) collections of loans receivable .....	7,596	(1,967)	75
Net payments for purchase of property, plant, equipment and intangible assets .....	(21,117)	(28,875)	(208)
Net (increase) decrease in time deposits .....	(1,232)	549	(12)
Net cash used in investing activities .....	<u>(20,079)</u>	<u>(132,774)</u>	<u>(198)</u>
<b>Cash flows from financing activities :</b>			
Net proceeds from (repayments of) debentures and loans payable ..	(39,101)	33,063	(386)
Cash dividends .....	(39,543)	(31,635)	(390)
Other .....	(5,751)	(3,620)	(57)
Net cash used in financing activities .....	<u>(84,395)</u>	<u>(2,192)</u>	<u>(833)</u>
<b>Net decrease in cash and cash equivalents .....</b>	<u>(39,684)</u>	<u>(89,367)</u>	<u>(392)</u>
Cash and cash equivalents at the beginning of the period .....	653,739	570,335	6,450
Effect of exchange rate changes on cash and cash equivalents .....	(2,595)	(3,031)	(25)
<b>Cash and cash equivalents at the end of the period .....</b>	<u>¥ 611,460</u>	<u>¥ 477,937</u>	<u>\$ 6,033</u>

**(5) Operating Segment Information**

ITOCHU Corporation and its Subsidiaries

For the three-month periods ended June 30, 2014 and 2013

Information concerning operations in different operating segments for the three-month periods ended June 30, 2014 and 2013 is as follows:

**For the three-month period ended June 30, 2014 (April 1, 2014 -June 30, 2014)**

								Millions of Yen
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	ICT, General Products & Realty	Others, Adjustments & Eliminations	Consolidated
Revenues:								
Revenues from external customers .....	¥ 116,296	¥ 91,970	¥ 58,884	¥ 495,015	¥ 254,411	¥ 291,605	¥ 15,725	¥ 1,323,906
Intersegment revenues.....	-	601	-	239	62	5,594	(6,496)	-
Total revenues.....	<u>116,296</u>	<u>92,571</u>	<u>58,884</u>	<u>495,254</u>	<u>254,473</u>	<u>297,199</u>	<u>9,229</u>	<u>1,323,906</u>
Gross trading profit .....	<u>28,040</u>	<u>28,497</u>	<u>17,768</u>	<u>40,452</u>	<u>58,449</u>	<u>68,868</u>	<u>3,792</u>	<u>245,866</u>
Net profit attributable to ITOCHU.....	<u>5,005</u>	<u>12,836</u>	<u>18,476</u>	<u>7,740</u>	<u>14,982</u>	<u>20,004</u>	<u>1,793</u>	<u>80,836</u>
[Equity in earnings (losses) of associates and joint ventures].....	<u>[2,013]</u>	<u>[5,446]</u>	<u>[7,612]</u>	<u>[492]</u>	<u>[8,682]</u>	<u>[9,343]</u>	<u>[(74)]</u>	<u>[33,514]</u>
Total assets at June 30, 2014 .....	<u>529,134</u>	<u>954,507</u>	<u>1,242,061</u>	<u>1,399,861</u>	<u>1,577,408</u>	<u>1,482,307</u>	<u>679,529</u>	<u>7,864,807</u>

**For the three-month period ended June 30, 2013 (April 1, 2013 -June 30, 2013)**

								Millions of Yen
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	ICT, General Products & Realty	Others, Adjustments & Eliminations	Consolidated
Revenues:								
Revenues from external customers .....	¥ 118,044	¥ 78,799	¥ 79,340	¥ 472,178	¥ 252,838	¥ 283,428	¥ 9,630	¥ 1,294,257
Intersegment revenues.....	-	1	-	-	57	4,309	(4,367)	-
Total revenues.....	<u>118,044</u>	<u>78,800</u>	<u>79,340</u>	<u>472,178</u>	<u>252,895</u>	<u>287,737</u>	<u>5,263</u>	<u>1,294,257</u>
Gross trading profit .....	<u>30,687</u>	<u>24,162</u>	<u>26,167</u>	<u>38,292</u>	<u>58,764</u>	<u>65,020</u>	<u>(1,051)</u>	<u>242,041</u>
Net profit attributable to ITOCHU.....	<u>5,308</u>	<u>10,196</u>	<u>20,317</u>	<u>2,556</u>	<u>11,362</u>	<u>16,285</u>	<u>2,259</u>	<u>68,283</u>
[Equity in earnings (losses) of associates and joint ventures].....	<u>[2,163]</u>	<u>[5,162]</u>	<u>[8,884]</u>	<u>[(3,111)]</u>	<u>[3,602]</u>	<u>[9,328]</u>	<u>[(17)]</u>	<u>[26,011]</u>
Total assets at June 30, 2013 .....	<u>468,201</u>	<u>919,617</u>	<u>1,178,280</u>	<u>1,344,338</u>	<u>1,604,031</u>	<u>1,403,243</u>	<u>500,183</u>	<u>7,417,893</u>
Total assets at March 31, 2014.....	<u>475,658</u>	<u>947,466</u>	<u>1,249,174</u>	<u>1,338,161</u>	<u>1,552,021</u>	<u>1,522,416</u>	<u>698,860</u>	<u>7,783,756</u>

**For the three-month period ended June 30, 2014 (April 1, 2014 -June 30, 2014)**

								Millions of U.S. dollars
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	ICT, General Products & Realty	Others, Adjustments & Eliminations	Consolidated
Revenues:								
Revenues from external customers .....	\$ 1,148	\$ 907	\$ 581	\$ 4,884	\$ 2,510	\$ 2,877	\$ 155	\$ 13,062
Intersegment revenues.....	-	6	-	2	1	55	(64)	-
Total revenues.....	<u>1,148</u>	<u>913</u>	<u>581</u>	<u>4,886</u>	<u>2,511</u>	<u>2,932</u>	<u>91</u>	<u>13,062</u>
Gross trading profit .....	<u>277</u>	<u>281</u>	<u>175</u>	<u>399</u>	<u>577</u>	<u>680</u>	<u>37</u>	<u>2,426</u>
Net profit attributable to ITOCHU.....	<u>50</u>	<u>127</u>	<u>182</u>	<u>76</u>	<u>148</u>	<u>197</u>	<u>18</u>	<u>798</u>
[Equity in earnings (losses) of associates and joint ventures].....	<u>[20]</u>	<u>[54]</u>	<u>[75]</u>	<u>[5]</u>	<u>[86]</u>	<u>[92]</u>	<u>[(1)]</u>	<u>[331]</u>
Total assets at June 30, 2014 .....	<u>5,220</u>	<u>9,417</u>	<u>12,254</u>	<u>13,811</u>	<u>15,563</u>	<u>14,624</u>	<u>6,704</u>	<u>77,593</u>

Note : "Equity in earnings (losses) of associates and joint ventures" is included in Net profit attributable to ITOCHU.

## (6) Assumption for Going Concern: None

## (7) Information Concerning Dividend Payments

(Dividend payments in this quarter)

(Resolution)	Stock type	Total dividend amount	Dividend resource	Dividend per share	Record date	Effective date
General meeting of Shareholders on June 20, 2014	Common Stock	millions of yen 39,543	Retained earnings	yen 25.00	March 31, 2014	June 23, 2014

## (8) Significant Changes in Shareholders' Equity: None

## (9) Material Subsequent Events

ITOCHU decided at a meeting of its Board of Directors held on July 24, 2014 to implement a strategic business alliance, and executed an agreement on the Strategic Alliance with Charon Pokphand Group Company Limited (“CPG”), which is one of the major leading conglomerates in Asia, in order to promote collaboration in improving the corporate value of the ITOCHU Group and the group of companies led by CPG (the “CP Group”).

As part of the initiatives to deepen the positive cooperative relationship between the ITOCHU Group and the CP Group, the following capital participations have also been agreed to:

- (i) capital contribution to ITOCHU by a wholly-owned subsidiary of CPG (“CPG SPC”), which was established for the purpose of the acquisition and holding of the shares of ITOCHU, and an investment partnership (“En-CP Fund”), to which a wholly-owned subsidiary of CPG and Development Bank of Japan Inc. substantially make contributions on a 50-50 basis and which was established for the purpose of the acquisition and holding the shares of ITOCHU by a third-party allotment by ITOCHU, at the total ratio of approximately 4.9% (based on the number of issued shares before the capital increase by the third-party allotment) (the “Third-Party Allotment”).

### <Outline of the Third-Party Allotment >

1) Period of payment	From August 15, 2014 to September 19, 2014
2) Number of shares to be newly issued	78,000,000 shares of common stock
3) Issue price	1,313 yen per unit
4) Amount of proceeds	102,414,000,000 yen
5) Method of offering and allotment (allottee)	All of the shares are to be allotted to CPG SPC and En-CP Fund by way of third-party allotment.
6) Total amounts by which common stock and capital surplus are to be increased (excluding issuance and other expenses)	Common stock : 51,207,000,000 yen Capital surplus : 51,207,000,000 yen
7) Other matters	The matters set out in each item above are subject to certain conditions including that the share purchase ((b) below) can be completed, as well as the registration taking effect under the Financial Instruments and Exchange Act of Japan. The Third-Party Allotment will be completed on the same day as the share purchase.

- (ii) acquisition by ITOCHU from Charoen Pokphand Foods Public Company Limited (“CPF”) (a core company of the CP Group dealing in agricultural products, animal feed, livestock products, aquatic products and other products) and CPF Investment Limited (a wholly-owned subsidiary of CPF engaging in investment business) of a 25% shareholding (based on the number of voting rights) in C.P. Pokphand Co. Ltd., which is a subsidiary of CPF engaging in animal feed, livestock and aquatic product related business, in the China and Vietnam regions.

Since the Third-Party Allotment involves a dilution of the value of ITOCHU’s shares due to the increase in the number of issued shares, ITOCHU has resolved at the meeting of its Board of Directors matters relating to the share repurchase whereby ITOCHU will be able to repurchase its own shares for purposes such as mitigating the effect of such dilution if it materializes.

<Details of the Share Buyback Program>

1) Class of stock	Common stock
2) Total number of shares	Up to 78,000,000 shares (Ratio to the number of outstanding shares (excluding treasury shares): approx. 4.9%)
3) Total amount	Up to 110,000,000,000 yen
4) Purchase Period	From July 25, 2014 to July 24, 2015
5) Acquisition method	Market purchase from the Tokyo Stock Exchange

For details, please refer to “Announcement on Execution of Strategic Alliance Agreement with Charoen Pokphand Group, Issuance of New Shares by Third-Party Allotment, Acquisition of Shares of C.P. Pokphand Co. Ltd., and Related Matters” and “Notice Regarding Share Buyback Program”.