May 6, 2016

ANNUAL FINANCIAL STATEMENTS
For years ended March 31, 2016 and 2015

Page:

ITOCHU Corporation

May 6, 2016

-Unaudited-

Consolidated Financial Results for the Fiscal Year 2016 (Year ended March 31, 2016)

[Prepared in conformity with International Financial Reporting Standards]

Company name: ITOCHU Corporation

Stock exchange code: 8001 http://www.itochu.co.jp/en/ir/

President and Chief Executive Officer: Masahiro Okafuji

General Manager, Investor Relations Department: Kazuaki Yamaguchi TEL: 81 - 3 - 3497 - 7295

The date of Shareholders' meeting June 24, 2016 (Planned) The date of payout of dividend June 27, 2016 (Planned)

The date of issue of audited financial statements June 24, 2016 (Planned)

1. Consolidated operating results for the fiscal year 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results (Summary) (%: Changes from the previous fiscal year)

	Revenues		Trading income (*3)		Profit before tax		Net Profit		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	%	millions of yen	%
Fiscal year 2016	5,083,536	(9.1)	226,418	(17.0)	322,749	(22.9)	276,368	(6.5)	240,376	(20.0)	(144,777)	-
Fiscal year 2015	5,591,435	0.1	272,688	(5.6)	418,515	16.0	295,621	16.2	300,569	22.5	465,605	18.8

	Basic earnings per share attributable to ITOCHU	Diluted earnings per share attributable to ITOCHU	Ratio of net profit attributable to ITOCHU to shareholders' equity	Ratio of net profit attributable to ITOCHU to total assets
	yen	yen	%	%
Fiscal year 2016	152.14	152.14	10.4	2.9
Fiscal year 2015	189.13	187.29	13.4	3.7

Equity in earnings of associates and joint ventures (millions of yen) FY 2016 : 147,710 [- %] FY 2015 : 10,116 [(81.9%)]

Total comprehensive income (millions of yen) FY 2016 : (128,659) [- %] FY 2015 : 464,651 [+ 13.3%]

(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
March 31, 2016	8,036,395	2,452,055	2,193,677	27.3	1,388.66
March 31, 2015	8,560,701	2,748,251	2,433,202	28.4	1,539.55

(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 2016	419,404	(557,260)	81,770	632,871
Fiscal year 2015	403,629	(276,103)	(97,896)	700,292

2. Dividend distribution

	Dividend distribution per share					Total Dividend distribution (Annual)	Payout ratio (Consolidated)	Ratio of dividend distribution to ITOCHU shareholders' equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	yen	yen	yen	yen	yen	millions of yen	%	%
Fiscal year 2015	-	23.00	-	23.00	46.00	74,365	24.3	3.2
Fiscal year 2016	-	25.00	-	25.00	50.00	79,084	32.9	3.4
Fiscal year 2017 (Planned)	-	27.50	-	27.50	55.00		24.8	

3. Outlook of consolidated operating results for fiscal year 2017 (from April 1, 2016 to March 31, 2017)

(%: Changes from the previous fiscal year)

	Revenues		Trading income		Profit before tax		Net Profit		Net profit attributable to ITOCHU		Basic earnings per share attributable to ITOCHU
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Fiscal year 2017	5,000,000	(1.6)	240,000	6.0	463,000	43.5	373,000	35.0	350,000	45.6	221.56

Outlook of consolidated operating results for the first half of fiscal year 2017 is not prepared.

4. Other information

(1) Changes in significant subsidiaries accompanied by changes in the consolidation scope: Yes

New company: 1 (JAPÃO BRASIL MINÉRIO DE FERRO PARTICIPAÇÕES LTDA.)

Note: For more details, please refer to page 13, "2.(1) Changes in significant subsidiaries accompanied by changes in the consolidation scope".

(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)	End of Fiscal Year 2016	1,662,889,504	Fiscal Year 2015	1,662,889,504
(b) Number of treasury stock:	End of Fiscal Year 2016	83,176,232	Fiscal Year 2015	82,424,923
(c) Average number of common shares outstanding:	For Fiscal Year 2016	1,579,968,827	Fiscal Year 2015	1,589,225,120

Note: With regard to the number of shares used to calculate the earnings per share attributable to ITOCHU, please refer to page 27, "5. (7) Per Share Information".

[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 112.68 yen = 1 U.S. dollar, the exchange rate prevailing on March 31, 2016. 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

(a) General Economic Situation

In fiscal year 2016, the global economy grew at a sluggish pace overall reflecting the moderate expansion of the developed countries including the U.S. and the Euro zones and economic deceleration or stagnation in economies of certain emerging countries centered in resource-supplying countries. The WTI crude oil price rose temporarily reaching the US$60 level per barrel in June due to the deterioration of the situation in the Middle East, however, from the ongoing situation of the oil supply far exceeding the demand, the price dropped to approximately the US$25 level in February. Afterward, against a backdrop of the meeting involving the major oil-producing nations to freeze the oil production, the oil price rose slightly but consequently remained at a low level at approximately the US$35-40 range in the second half of March.

Japan's economy continued to be stagnant, as sluggish growth of household income resulted in lower consumer spending, and the deterioration of overseas economic conditions and the ease in the effect of the yen depreciation resulted in lower exports. In addition, after the start of the new year, the circumstances of Japan's economy worsened further due to the deterioration of corporate and consumer sentiment resulting from the trend of yen appreciation and lower stock prices.

Against a backdrop of expectations for an increase in interest rates in the U.S., the U.S. dollar appreciated against the yen reaching approximately the ¥125 level in the mid-August. However, due to the unstable financial market resulting from the decline in the Chinese stock prices and yuan, the trend toward purchasing the yen as a risk-free asset strengthened, and as a result, the yen appreciated against the U.S. dollar temporarily reaching the ¥118 level in October. Afterward, before and after the increase of the interest rates in the U.S. in mid-December, the yen depreciated to the ¥123 level, but due to the concern of the economic outlook, the yen appreciated again. After the launch of negative interest rate by the Bank of Japan in January, there was a short-term trend toward the yen depreciation, but consequently the yen appreciated again to the ¥112 level in the end of March. The Nikkei Stock Average maintained above the ¥20,000 until mid-August, however, due to the confusion of the Chinese stock market, the price dropped to less than the ¥17,000 level in the late September. In the beginning of December, the price recovered temporarily reaching the ¥20,000 level but declined again to approximately the ¥16,000 level at the end of March from the effect of deterioration of overseas economic conditions and further yen appreciation. The yield on 10-year Japanese government bonds trended downward after reaching its peak at the 0.5% level in June, and subsequently turned negative from February after the launch of negative interest rate by the Bank of Japan.

(b) Consolidated Operating Results

	Billions of Yen				Millions of U.S. dollars
	2016	2015	Increase (Decrease)	%	2016
Revenues	5,083.5	5,591.4	(507.9)	(9.1%)	45,115
Gross trading profit	1,069.7	1,089.1	(19.4)	(1.8%)	9,493
Selling, general and administrative expenses	(835.5)	(810.2)	(25.3)	3.1%	(7,415)
Gains on investments	72.7	109.9	(37.2)	(33.8%)	645
Losses on property, plant, equipment and intangible assets	(155.1)	(4.3)	(150.8)	−	(1,376)
Equity in earnings of associates and joint ventures	147.7	10.1	137.6	−	1,311
Income tax expense	(46.4)	(122.9)	76.5	(62.3%)	(411)
Net profit attributable to ITOCHU	240.4	300.6	(60.2)	(20.0%)	2,133
(Reference) Trading income	226.4	272.7	(46.3)	(17.0%)	2,009

(i) Revenues (from external customers)

Decreased by 9.1%, or 507.9 billion yen, compared with the previous fiscal year, to 5,083.5 billion yen (45,115 million U.S. dollars).

- Energy & Chemicals Company:
  Decreased by 402.8 billion yen compared with the previous fiscal year, to 1,487.0 billion yen (13,197 million U.S. dollars), mainly due to the decline in oil prices in energy trading transactions.

- ICT, General Products & Realty Company:
  Decreased by 108.4 billion yen compared with the previous fiscal year, to 1,235.4 billion yen (10,964 million U.S. dollars), due to the de-consolidation of housing-materials-related subsidiaries in the U.S. in this fiscal year.

- Metals & Minerals Company:
  Decreased by 33.4 billion yen compared with the previous fiscal year, to 220.1 billion yen (1,953 million U.S. dollars), due to the decline in iron ore and coal prices, despite the increase in iron ore sales volume.

- Food Company:
  Increased by 24.7 billion yen compared with the previous fiscal year, to 1,084.0 billion yen (9,620 million U.S. dollars), due to the higher transaction volume in food-distribution-related subsidiaries.

(ii) Gross trading profit

Decreased by 1.8%, or 19.4 billion yen, compared with the previous fiscal year, to 1,069.7 billion yen (9,493 million U.S. dollars).

- Food Company:
  Increased by 16.1 billion yen compared with the previous fiscal year, to 262.2 billion yen (2,327 million U.S. dollars), due to the higher transaction volume in food-distribution-related subsidiaries and the stable performance in provisions-related subsidiaries.

- Energy & Chemicals Company:
  Increased by 8.3 billion yen compared with the previous fiscal year, to 185.1 billion yen (1,642 million U.S. dollars), due to the stable performance in the energy and chemical trading transactions and the acquisition of subsidiaries in energy-related companies in the previous fiscal year, despite the lower profitability in self-developed crude oil transactions accompanying the decline in oil prices.

- Metals & Minerals Company :
  Decreased by 34.5 billion yen compared with the previous fiscal year, to 32.5 billion yen (288 million U.S. dollars), due to the decline in iron ore and coal prices, despite the increase in iron ore sales volume, the reduction of costs in iron ore, and the improvement in foreign currency translation in iron ore and coal companies.

- Textile Company:
  Decreased by 3.2 billion yen compared with the previous fiscal year, to 137.5 billion yen (1,220 million U.S. dollars), due to the unfavorable sales in apparel-related companies and inventory revaluation loss, despite the income from EDWIN CO., LTD. from the second quarter of the previous fiscal year.

(iii) Selling, general and administrative expenses

Increased by 3.1%, or 25.3 billion yen, compared with the previous fiscal year, to 835.5 billion yen (7,415 million U.S. dollars), due to the higher expenses in existing subsidiaries in the Food Company and the ICT, General Products & Realty Company, and the acquisition of EDWIN CO., LTD and subsidiaries in energy-related companies in the previous fiscal year.

(iv) Gains on investments

Decreased by 33.8%, or 37.2 billion yen, compared with the previous fiscal year, to 72.7 billion yen (645 million U.S. dollars), due to the absence of unordinary gain regarding the conversion of TING HSIN (CAYMAN ISLANDS) HOLDING CORP. to other investments in the previous fiscal year, despite the gain on sales of housing-materials-related subsidiaries in the U.S.

(v) Losses on property, plant, equipment and intangible assets

Deteriorated by 150.8 billion yen, compared with the previous fiscal year, to 155.1 billion yen (losses) (1,376 million U.S. dollars), due to the recognition of the impairment loss and the loss accompanying the sale of certain assets in Australian coal-related business, and the impairment loss in European tire-related companies, the North Sea oil fields development project, and fresh food-related subsidiaries.

(vi) Equity in earnings of associates and joint ventures

Increased by 137.6 billion yen, compared with the previous fiscal year, to 147.7 billion yen (1,311 million U.S. dollars).

- Metals & Minerals Company :

  Improved by 65.2 billion yen compared with the previous fiscal year, to 18.3 billion yen (163 million U.S. dollars), due to the absence of the impairment loss in a Brazilian iron ore business in the previous fiscal year, despite the decrease in equity earnings of Australian iron ore and coal business, and stagnant market conditions and lower demand in steel products-related companies.

- Energy & Chemicals Company:

  Improved by 39.3 billion yen compared with the previous fiscal year to 0.3 billion yen (losses) (3 million U.S. dollars), due to the absence of the impairment loss in an U.S. oil and gas development company in the previous fiscal year, despite the effect of the scheduled maintenance of methanol-related companies.

- Others, Adjustments & Eliminations(*)

  Increased by 37.6 billion yen compared with the previous fiscal year to 40.5 billion yen (360 million U.S. dollars), due to the start of equity pick-up of CITIC Limited from the third quarter of this fiscal year, and other factors.

(*)Others, Adjustments & Eliminations includes gains and losses which cannot be allocated to each operating segment and internal eliminations between operating segments. For more details, please refer to page 26, "5.(7) Operating Segment Information".

(vii) Income tax expense

Improved by 62.3%, or 76.5 billion yen, compared with the previous fiscal year, to 46.4 billion yen (411 million U.S. dollars), due to the improvement of tax expenses accompanying the disposal of an U.S. oil and gas development company, and the absence of the reversal of deferred tax assets regarding MRRT in the previous fiscal year.

(viii) Net profit attributable to ITOCHU

Consequently, Net profit attributable to ITOCHU decreased by 20.0%, or 60.2 billion yen, compared with the previous fiscal year, to 240.4 billion yen (2,133 million U.S. dollars).

(Reference) Trading Income

"Trading Income" in accordance with Japanese accounting practices ("Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful accounts") decreased by 17.0%, or 46.3 billion yen, compared with the previous fiscal year, to 226.4 billion yen (2,009 million U.S. dollars).

- Energy & Chemicals Company:
  Increased by 2.3 billion yen compared with the previous fiscal year, to 46.2 billion yen (410 million U.S. dollars), due to the higher gross trading profit, despite the higher expenses accompanying the acquisition of subsidiaries in energy-related companies in the previous fiscal year and unordinary expenses in this fiscal year.

- Metals & Minerals Company:
  Decreased by 35.5 billion yen compared with the previous fiscal year, to 11.6 billion yen (103 million U.S. dollars), mainly due to the lower gross trading profit.

- Textile Company:
  Decreased by 6.5 billion yen compared with the previous fiscal year, to 22.7 billion yen (202 million U.S. dollars), mainly due to the lower gross trading profit.

(2) Qualitative Information of the Consolidated Financial Position

(a) Consolidated Financial Position

	Billions of Yen				Millions of U.S. dollars
	Mar. 2016	Mar. 2015	Increase (Decrease)	%	Mar. 2016
Total assets	8,036.4	8,560.7	(524.3)	(6.1%)	71,321
Interest-bearing debt	3,196.2	3,092.2	104.0	3.4%	28,365
Net interest-bearing debt	2,555.6	2,380.5	175.1	7.4%	22,681
Total shareholders' equity	2,193.7	2,433.2	(239.5)	(9.8%)	19,468
Ratio of shareholders' equity to total assets	27.3%	28.4%	(1.1pt)		
NET DER (times)	1.17	0.98	0.19		

(i) Total assets

Decreased by 6.1%, or 524.3 billion yen, compared with March 31, 2015, to 8,036.4 billion yen (71,321 million U.S. dollars), due to the return of investment regarding the merger of assets related to Brazilian iron ore business, the de-consolidation of housing-materials-related subsidiaries in the U.S., decline in the stock price of investments and natural resource prices, and the effect from the appreciation of the yen, despite the increase from the investment and loan accompanying the acquisition of CITIC Limited shares, approximately 600.0 billion yen.

(ii) Interest-bearing debt

Increased by 3.4%, or 104.0 billion yen, compared with March 31, 2015, to 3,196.2 billion yen (28,365 million U.S. dollars), due to the increase in borrowings regarding the investment and loan accompanying the acquisition of CITIC Limited shares, despite the repayment of debt accompanying the steady collections of trade receivables and investments related to the asset replacement, and the effect from the appreciation of the yen. Net interest-bearing debt (Interest-bearing debt after deducting Cash and cash equivalents and Time deposits) increased by 7.4%, or 175.1 billion yen, compared with March 31, 2015, to 2,555.6 billion yen (22,681 million U.S. dollars).

(iii) Total shareholders' equity

Decreased by 9.8%, or 239.5 billion yen, compared with March 31, 2015, to 2,193.7 billion yen (19,468 million U.S. dollars), due to the dividend payments, decline in the stock price of investments and natural resource prices, and the effect from the appreciation of the yen, despite the increase in Net profit attributable to ITOCHU.

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

Ratio of shareholders' equity to total assets decreased by 1.1 points to 27.3% compared with March 31, 2015. NET DER (Net debt-to-shareholders' equity ratio) slightly increased compared with March 31, 2015 to 1.17 times.

(b) Consolidated Cash Flows

	Billions of Yen		Millions of U.S. dollars
	2016	2015	2016
Cash flows from operating activities	419.4	403.6	3,722
Cash flows from investing activities	(557.3)	(276.1)	(4,946)
Free cash flows...	*(137.9)*	*127.5*	*(1,224)*
Cash flows from financing activities	81.8	(97.9)	726

(i) Cash flows from operating activities

Recorded a net cash-inflow of 419.4 billion yen (3,722 million U.S. dollars), resulting from the steady collections in the energy, food, metals and minerals, and machinery sectors, despite the increase in inventories in the construction, realty & logistics sector.

(ii) Cash flows from investing activities

Recorded a net cash-outflow of 557.3 billion yen (4,946 million U.S. dollars), due to the investment and loan accompanying the acquisition of CITIC Limited shares (approximately 600.0 billion yen), despite the return of investment accompanying the merger of assets related to Brazilian iron ore business, approximately 130.0 billion yen(*) and the sales of housing-materials-related subsidiaries in the U.S., approximately 110.0 billion yen.

(iii) Cash flows from financing activities

Recorded a net cash-inflow of 81.8 billion yen (726 million U.S. dollars), due to increase in debt, despite the dividend payments, and the distribution to non-controlling interests of approximately 60.0 billion yen(*) accompanying the return of investment regarding the Brazilian iron ore business mentioned above.

(*) ITOCHU's portion of net cash-inflow is approximately 70.0 billion yen.

Consequently, Cash and cash equivalents as of March 31, 2016 decreased by 67.4 billion yen to 632.9 billion yen (5,617 million U.S. dollars), compared with March 31, 2015.

The trend of consolidated cash flow indices are as follows:

	2013	2014	2015	2016
Ratio of shareholders' equity to total assets (%)….	23.9%	26.3%	28.4%	27.3%
Ratio of market capitalization to total assets (%)(*)...	24.8%	24.5%	24.0%	27.2%
Years of debt redemption (years)………………..	11.8 yrs	6.8 yrs	7.7 yrs	7.6 yrs
Interest coverage ratio (times)…………………...	9.9	17.0	15.9	15.9

Consolidated cash flow indices are calculated as follows:

Ratio of shareholders' equity to total assets (%)	= Shareholders' 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

(*) Market capitalization is calculated based on the number of shares outstanding excluding treasury stock.

(3) Risk Information

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

ITOCHU Group has enhanced its 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, 2016.

i) Corporate Result Risks Associated with Macroeconomic Factors

ITOCHU Group involves a wide variety of business ranging from supply of raw materials to manufacturing and sale in each of its 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 and mineral resources. The characteristics of the Group’s main areas of business are, trade in machinery such as plants, automobiles 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 become more influential even on these consumer and retail-related segments, as economic globalization proceeds.

Furthermore, in regions worldwide, the Group conducts business and trade. Consequently, economic trends, not only overall worldwide economic trends but also specific regional trends, could significantly affect the financial position and results of operations of ITOCHU 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. Therefore, the Group attempts to minimize risks related to market fluctuations such as changes in foreign exchange rates, interest rates, and commodities by establishing risk management policies such as setting and controlling limits and by utilizing a variety of hedge transactions 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 its significant involvement in import/export trading. Therefore, ITOCHU Group works to minimize foreign exchange rate risk through hedge transactions that utilize such derivatives as forward exchange contracts, however, cannot completely avoid such risk.

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 significantly 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 investing, financing, and operating activities. Therefore, among the interest insensitive assets such as investment 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 Earnings at Risk (EaR) method, ITOCHU has set a certain limit (Loss Cut Limit) for interest expense and has executed hedging transactions primarily in the form of interest rate swaps to manage interest rate risk.

However, ITOCHU cannot completely avoid interest rate risk, even after having adopted these management methods. Therefore, interest rate trends could significantly affect the financial position and results of operations of ITOCHU Group.

c) Commodity Price Risk

ITOCHU Group conducts actual demand transactions that are based on the hedge selling of a variety of commodities. As a result, because it holds long or short positions in light of market prices, in some cases the Group is exposed to commodity price fluctuation risk. Therefore, the Group has analyzed inventories and purchase and sales contracts, and each Division Company has established middle and back offices for major commodities, which establish a balance limit and loss cut limit for each commodity and conduct monitoring, management, and periodic reviews.

In addition, ITOCHU Group participates in development businesses such as mineral resources and energy and other manufacturing businesses. The production in these businesses is also exposed to the same price fluctuation risk noted above.

To reduce these commodity price risks, the Group uses such hedges as futures and forward contracts. However, ITOCHU Group cannot completely avoid commodity price risk. Therefore, commodity price trends could significantly affect the financial position and results of operations of ITOCHU Group.

d) Stock Price Risk

In order to pursue business earnings and corporate value by strengthening relationship with customers or suppliers and submitting various proposals to investees, ITOCHU Group holds various marketable stocks that are exposed to stock price fluctuation risk. Therefore, the Group uses the Value at Risk (VaR) method to analyze and monitor the effect of stock price fluctuations on consolidated stockholders' equity periodically. However, stock price trends could significantly affect the financial position and results of operations of ITOCHU Group.

iii) Credit Risk

Through sales receivables, loans, guaranties, and other formats, ITOCHU Group grants credit to its trading partners, both domestically and overseas. The Group therefore bears credit risk in relation to such credit becoming uncollectible due to the deteriorating credit status or insolvency of the Group's partners and in relation to assuming responsibilities to fulfill contracts because an involved party is unable to continue its business and therefore cannot fulfill its obligations under the contracts.

Therefore, when granting credit, ITOCHU Group works to reduce risk by conducting risk management through the establishment of credit limits and the acquisition of collateral or guaranties as needed. At the same time, the Group establishes allowances for doubtful receivables based on the creditworthiness, the status of collection, and the status of receivables in arrears of business partners. However, such management cannot completely avoid the actualization of credit risks, which could significantly affect the financial position and results of operations of ITOCHU Group.

iv) Country Risk

ITOCHU Group conducts transactions and business activities in various countries and regions overseas. The Group is exposed to country risk, including unforeseen situations arising from the political, economic and social conditions of these countries and regions and national expropriation or remittance suspension due to changes in various laws and regulations. In addition to taking appropriate countermeasures for each transaction, with the aim of avoiding a concentration of exposure, ITOCHU Group works to reduce risk by setting total limit guidelines and limits for each country and setting credit policies appropriate to each country. However, the Group cannot completely avoid such risk.

The actualization of such risk could delay or incapacitate debt collection or operational implementation and could significantly affect the financial position and results of operations of ITOCHU Group.

v) Investment Risk

ITOCHU Group invests in various businesses and in these investment activities, there are risks such as being unable to achieve expected earnings due to changes in business conditions or deterioration in the business results of its partners and investees; the likelihood of investment recovery are lowered due to poor corporate results of investees, or stock prices are expected to drop below a specified level for a considerable period of time which may lead to necessities that the whole or partial investment is recognized as a loss, and that the infusion of additional funds is required. Also, there are investment risks that the Group may be unable to withdraw from a business or restructure the business under a timeframe or method that it desires due to differences in business management policy with partners or the low liquidity of investments; or the Group may be put at a disadvantage because it is unable to receive appropriate information from an investee. Therefore, ITOCHU works to reduce risk through decision making based on the establishment of investment standards for the implementation of new investments while monitoring existing investments periodically and promoting asset replacement through the application of exit standards to investments with low investment efficiency that it has little reason to hold.

However, such management cannot completely avoid the investment risks, and such occurrences could significantly affect the financial position and results of operations of ITOCHU Group.

vi) Risks Associated with Impairment Loss on Fixed Assets

ITOCHU Group is exposed to impairment loss risks on fixed assets held, such as real estate, aircraft, ships and assets related to natural resource development. ITOCHU at present has recognized necessary impairment losses.

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

vii) Risks Associated with 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. Such occurrences could significantly affect the financial position and results of operations of ITOCHU Group.

viii) Risks Associated with Pension Cost and Projected Benefit Obligations

The pension cost and projected benefit obligations of ITOCHU Group are calculated based on actuarial calculations that utilize a variety of assumptions. 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 additional contributions to pension assets might be necessary. Such occurrences could significantly affect the financial position and results of operations of ITOCHU Group.

ix) Risks Associated with Deferred Taxes

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

Therefore, ITOCHU Group recognizes the realizable amount of deferred tax assets, taking into consideration future taxable income and feasible tax planning strategies.

However, allowance for deferred taxes may increase or decrease depending on changes in estimated taxable income in tax planning, changes in the tax system including changes in tax rates, and changes in tax planning strategies. Such occurrences could significantly affect the financial position and results of operations of ITOCHU Group.

x) Risks Due to Competition

As ITOCHU Group handles a vast array of products and services, the Group is open to competition from many different companies, both domestic and foreign overseas, 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 is gradually emerging in addition to ongoing competition from companies in European and North American industrialized countries due to 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 significantly affect 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 significantly affect the financial position and results of the operations of ITOCHU Group.

However, there is a possibility that domestic or overseas business activities of ITOCHU Group may become subject to any of such lawsuits, arbitrations or other legal proceedings, and significantly affect the future financial position and results of operations of ITOCHU Group.

xii) Risks Associated with 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 the laws for each industry, including companies act, financial instruments and exchange laws, and tax laws, as well as all laws pertaining to trade such as foreign exchange control laws, antitrust laws, intellectual property laws, environmental-related laws, anti-bribery-related laws and the laws of each country in which ITOCHU Group conducts business overseas. ITOCHU Group has made every effort for the observance of these laws and regulations by reinforcing the compliance system, being aware that the observance of laws and regulations is a serious obligation of the Group. 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 avoided.

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. Such occurrences could significantly affect the financial position and results of operations of ITOCHU Group.

xiii) Risks Associated with 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. These efforts include establishing an environmental policy and building an environmental management system in order to minimize environmental risk, such as the risk of infringement of laws and regulations in the handling of goods the provision of services, and business investment. However, the occurrence of environmental pollution due to ITOCHU Group’s business activities could lead to the delay or suspension of operations, the incurring of pollution disposal expenses or expenses due to compensation for damage, or the lowering of society’s evaluation of the Group and could significantly affect the financial position and results of operations of ITOCHU Group.

xiv) Risks Associated with Natural Disasters, Climate Change, and Other Factors

In the countries and regions in which ITOCHU Group conducts business activities, natural disasters, such as earthquakes, or infectious diseases, such as new types of influenza, may adversely affect its business activities. ITOCHU has implemented measures such as developing Business Continuity Plans (BCPs) for large-scale disasters and the outbreak of new types of influenza, introducing a safety confirmation system, and conducting emergency drills. Also, various measures have been implemented individually in each Group company. However, since ITOCHU Group conducts business activities across a wide range of regions, when damage arises due to disasters or infectious diseases such as new types of influenza, it cannot completely avoid such damage. Therefore, such occurrences could significantly affect the financial position and results of operations of ITOCHU Group.

In addition, abnormal weather arising from climate change could affect ITOCHU Group’s business activities adversely and could significantly affect the financial position and results of operations of ITOCHU Group.

xv) 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 and operates 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 and consideration to cyber-security risks, ITOCHU Group has established security guidelines and has developed crisis control measures. Despite these measures, ITOCHU Group cannot completely avoid the risk of sensitive information leakage due to unauthorized access from the outside or computer viruses and the risk of the stoppage of information systems due to equipment damage or problems with telecommunications circuitry. Depending on the scale of the damage, such occurrences could significantly affect the financial position and results of operations of ITOCHU Group.

2. Summary Information (Notes)

(1) Changes in significant subsidiaries accompanied by changes in the consolidation scope

ITOCHU made an investment to JAPÃO BRASIL MINÉRIO DE FERRO PARTICIPAÇÕES LTDA. which operates and manages Iron Ore business, via Brazil Japan Iron Ore Corporation (hereinafter "BJIOC"). Through the investment in kind by BJIOC, this company became a significant subsidiary.

(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. Management Policy

Medium-Term Management Plan “Brand-new Deal 2017”

Under the medium-term management plan, “Brand-new Deal 2017”, the ITOCHU Group has two basic policies — “reinforcing our financial position”, “building a platform for earnings of 400.0 billion yen”.
The following shows specific results in the first year of “Brand-new Deal 2017”.

Consumer-Related Sector

ITOCHU and CITIC International Assets Management Limited has agreed to enter into a partnership with Bosideng International Holdings Limited (hereinafter, “Bosideng”), which is listed on the Hong Kong Stock Exchange. In the future, ITOCHU will fully utilize Bosideng’s sales networks developed even into Chinese inland areas, and accelerate new projects for the brand business. ITOCHU will also continue to accelerate the Bosideng’s growth strategies, as well as to accelerate the realization of synergies in alliance fields to achieve the further growth in earnings in the Chinese market. Concrete initiatives have already been launched, as ITOCHU has already dispatched staffs, and a part of Bosideng has begun to sell products under the Outdoor Products brand, for which the ITOCHU holds trademark rights in China. In addition, four companies, CITIC Limited, Charoen Pokphand Group Company Ltd. (hereinafter, “CPG”), China Mobile Communications Corporation, the leading mobile carrier in China, and Shanghai Information Investment Inc., a company affiliated with Shanghai Municipality, have agreed to cooperate for entering the market of cross-border electronic commerce (hereinafter, “cross-border e-commerce”) in China. With changing consumer needs, the size of the cross-border e-commerce market of China has continued to grow and has great potential, guarantees for genuine commodities and high-quality after-sales services, as well as high-quality commodities are in demand in the market. ITOCHU will proceed with the four companies, which are highly influential in China, to early participate into the market of cross-border e-commerce in China. Also, we acquired 65.0% shares of Provence Huiles that manufactures and sells vegetable oil mainly in Europe. In the vegetable oil business, ITOCHU will respond to rising health consciousness around the world, and aim to ensure a stable supply of high value-added vegetable oil by adding manufacturing and sales bases in Europe and South America to its existing business foundation in the United States.

On the other hand, as part of the effective utilization of limited management resources, we have sold all shares of PrimeSource Building Products, Inc. (hereinafter “PrimeSource”). PrimeSource was acquired by the ITOCHU Group in 1998, and has proven to be a significant contributor to the Group’s results over the last 16 years. Strong growth in the U.S. economy and the U.S. housing market is expected over the next few years, while the outlook for the operating performance of PrimeSource is expected to rise. Under these circumstances, the valuation of PrimeSource in the M&A market has increased significantly. To enable stable and sustainable growth in the medium and long terms, it has now been decided to sell the Group’s stake in PrimeSource with the aim of raising asset efficiency by replacing strategic assets, as part of the effective utilization of limited management resources.

Natural Resource-Related Sector

ITOCHU started full-scale operation at the mega-solar power plant jointly owned with Imabari Shipbuilding Co., Ltd. and Higaki Sangyo Kaisha, Ltd. This project marks the start of operations in ITOCHU’s mega-solar power business in Japan. The plant solar panels capable of generating approximately 33,000 kilowatts of power are set up. The largest-scale solar power plant in Shikoku, the prospected annual energy production is approximately 37,000,000 kilowatt-hour, which corresponds to the yearly power consumption of about 10,000 households. To respond to future increases in domestic demand for electric power, ITOCHU will use its business knowhow and experience to help ensure the stable distribution of power in Japan. In addition, ITOCHU merged Nacional Minérios S.A. (a Brazilian producer and seller of iron ore, hereinafter “NAMISA”), and the mining division of the major Brazilian steel producer Companhia Siderúrgica Nacional (hereinafter “CSN”). ITOCHU already owned a share in NAMISA through Brazil Japan Iron Ore Corporation (a consolidated subsidiary that ITOCHU established in collaboration with Japanese iron and steel producers) together with major steelmaking corporations in Korea and Taiwan as an international consortium, with the consortium owning a total 40% share in the company. As a result of this merger, ownership of the 40% of outstanding NAMISA shares owned by the consortium and the remaining 60% of outstanding NAMISA shares, the Casa de Pedra Mine (hereinafter “CdP”) and various logistics assets (railway company shares and port facility usage rights) owned by CSN were all transferred to a newly established, integrated company. The CdP Mine is one of the richest and largest iron ore mines in the world, and it is hoped that this merger will make the new integrated company the most highly competitive iron-ore supplier in the region through its possession of a superior mine and well-developed facilities and infrastructure. After the merger, ITOCHU’s percentage share in equity assets will fall from its original share of 21.95% in NAMISA to an approximate 7.6% share in the new integrated company, becoming a standard-type investment, but ITOCHU will aim to earn revenues through dividend payouts, etc., from the excellent CdP mine.

As a result of deeper mutual understanding and taking into consideration the progress of the strategic alliance within ITOCHU, CITIC Limited and CPG, through Chia Tai Bright Investment Company Limited (hereinafter “CTB”), a company that is jointly owned by CPG and ITOCHU (the ratio of voting rights of 50:50 basis), it was agreed to move up the acquisition of the preferred shares that are convertible into ordinary shares equivalent to approximately 13.4% of voting rights, from October 2015 to August 2015, as well as the execution of conversion procedures from preferred shares into ordinary shares. As a result, CITIC Limited became an equity method associated company of CTB who owns 20% of the ordinary shares including those acquired in April 2015. ITOCHU signed a memorandum which prescribes joint development and fostering of talented human resources with two other companies, CITIC and CPG, and will aim to create a strong human resources network through short-to-long-term human resources dispatch and exchange, dispatch of employees to participate in existing training programs at each respective company, and hosting of newly created joint training seminars as the foundation that will underpin the strategic alliance.

Implementing the New Medium-Term Management Plan “Brand-new Deal 2017”

Fiscal year 2017 is the second year of Brand-new Deal 2017, ITOCHU Group’s medium-term management plan (the three-year plan covering the period from FY2016 to FY2018), and ITOCHU Group has positioned FY2017 as an extremely important year for the success of the plan. Accordingly, ITOCHU Group will once again return to the basic business principles of “earn, cut, prevent” and targeting further growth, ITOCHU Group has identified the following two points as the basic policies of Brand-new Deal 2017.

The first point is “reinforcing our financial position”. We will take steps to achieve increases in asset quality and efficiency through aggressive asset replacement, and we will implement large strategic investments with the CITIC Limited. On that basis, we will implement other new investments within the scope of adjusted operating cash flow* and cash-inflow resulting from investment exits, and we will continue to generate adjusted free cash flow of more than 100.0 billion yen. In addition, we will implement management focusing on capital efficiency. In this way, we will strive for ROE of more than 13% while enhancing shareholders’ equity.

The second point is “building a platform for earnings of 400.0 billion yen”. The axis of our growth strategies will be the generation of synergies through cooperative initiatives with the CITIC Group and the CP Group, which have robust foundations in China and Asian regions, where high levels of economic growth are expected. At the same time, we will strive to steadily achieve growth in earnings targeting expanded returns from existing businesses and implementing rigorous selection of attractive new projects. In addition, we will take steps to further expand our earnings platform by leveraging our strengths and competitive advantages in the non-resource sector, and will aim to build a platform for Net profit attributable to ITOCHU of 400.0 billion yen.

We will also continue working to build a management foundation that will support these initiatives. Centered on fields with high risks, ITOCHU will step up compliance initiatives on a consolidated basis. In addition, we will continue to strengthen our system for effective, efficient investigation/monitoring of bribery and collusive bidding risks in Japan and overseas. In regard to corporate governance, with consideration for the general principles of the Corporate Governance Code of the Tokyo Stock Exchange, we will implement a range of initiatives to increase the transparency of decision-making and to strengthen the management supervision function of the Board of Directors. Moreover, in consideration of the third-party evaluation of the Board of Directors that was implemented in FY2016, we will continue to verify the effectiveness of the Board of Directors and to further enhance corporate governance in the future. In addition, we will continue working to enhance various policies that bring out the best in employees, strengthening training, and enhancing the working environment for employees' job satisfaction.

* (Note) "Cash flows from operating activities" after the deduction of changes in assets and liabilities

Dividend Policy

Under the "Brand-new Deal 2017", during the 3 years from FY2016, we will seek to annually surpass our record high dividends. In order to achieve this, whilst continuing our current dividend policy of a payout ratio of 20% for Net profit attributable to ITOCHU up to ¥200.0 billion and approximately 30% on the portion of Net income attributable to ITOCHU exceeding ¥200.0 billion, we will guarantee a minimum dividend per share of ¥50 for FY2016, ¥55 for FY2017 and ¥60 for FY2018.

Outlook for Fiscal Year 2017

Looking ahead to the next fiscal year ending March 31, 2017, we expect that the economies of developed countries including the U.S. and the Euro zones will continue to improve, and certain emerging countries may halt the worsening of the economic conditions due to the inflation control and the bottoming out of the resource prices. The global economy is expected to escape out the worst period, however, due to the increase in the concern of the geopolitical risks in the conflict regions, the uncertainty situation is expected to continue. In the Japanese economy, we anticipate a gradual recovery due to the political support including the monetary easing, however, the risks of an economic downturn will remain due to the unstable financial market.

Under these economic circumstances, ITOCHU expects consolidated Net Profit attributable to ITOCHU of 350 billion yen for the fiscal year ending March 31, 2017.

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)

Consolidated	Forecast FY2017
Revenues	5,000.0
Gross trading profit	1,080.0
Selling, general and administrative expenses	(837.0)
Provision for doubtful accounts	(3.0)
Net interest expenses	(16.0)
Dividends received	17.0
Equity in earnings of associates and joint ventures	180.0
Others	42.0
Profit before tax	463.0
Income tax expense	(90.0)
Net profit	373.0
Net profit attributable to non-controlling interests	(23.0)
Net profit attributable to ITOCHU	350.0

(Unit: Billion yen)

Consolidated	Forecast FY2017
Total assets	8,200.0
Interest-bearing debt	3,150.0
Net interest-bearing debt	2,500.0
Total shareholders' equity	2,400.0
Total equity	2,700.0

Major Indicates (Apr-Mar)	*Precondition FY2017*
Foreign exchange rate (Yen/US$)	*110*
Crude oil (Brent) (US$/BBL)	*35*
Iron ore (US$/ton)	*N.A. (Note)*
Hard coking coal (US$/ton)	*N.A. (Note)*
Thermal coal (US$/ton)	*N.A. (Note)*

(Note) In the prices for Iron ore, Hard coking coal and Thermal coal used in the FY 2017 forecast, the prices for FY2017 1st quarter are assumed based on the prices that major suppliers and customers have agreed on regarding shipments as follows and current spot prices, and the prices for FY2017 2nd to 4th quarter are assumed based on the prices agreed on the 1st quarter. The actual sales prices are decided based on negotiations with each customer, ore type and coal type.
Iron ore (US$/ton) US$ 39/ton, Hard coking coal (US$/ton) US$ 84/ton, Thermal coal (US$/ton) US$ 61.6/ton

Distribution of profit

ITOCHU Corporation plans to pay dividend of 50 yen per share for the fiscal year ended March 31, 2016 (an interim dividend of 25 yen per share was already paid).

For the fiscal year ending March 31, 2017, ITOCHU plans to pay full-year dividend of minimum 55 yen per share, comprising an interim dividend of 27.5 yen per share and a year-end dividend of 27.5 yen per share.

For the dividend policy for "Brand-new Deal 2017", please refer to the bottom of page 16.

4. Basic Concept on the Selection of Accounting Standards

ITOCHU Group (ITOCHU and its subsidiaries) deals with a wide variety of business with diverse range of industries through its global network. Anticipating further global expansion in the future and in order to improve the practicability and international comparability of the company's financial information, we have prepared our consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) from the annual report for the year ended March 31, 2014.

5. Consolidated Financial Statements

(1) Consolidated Statement of Comprehensive Income

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2016 and 2015

	Millions of Yen		Millions of U.S. dollars
	2016	2015	**2016**
Revenues:			
Revenues from sale of goods	**¥ 4,362,159**	¥ 4,911,044	**$ 38,713**
Revenues from rendering of services and royalties	**721,377**	680,391	**6,402**
Total revenues	**5,083,536**	5,591,435	**45,115**
Cost:			
Cost of sale of goods	**(3,483,362)**	(4,014,469)	**(30,914)**
Cost of rendering of services and royalties	**(530,463)**	(487,902)	**(4,708)**
Total cost	**(4,013,825)**	(4,502,371)	**(35,622)**
Gross trading profit	**1,069,711**	1,089,064	**9,493**
Other gains (losses):			
Selling, general and administrative expenses	**(835,518)**	(810,198)	**(7,415)**
Provision for doubtful accounts	**(7,775)**	(6,178)	**(69)**
Gains on investments	**72,680**	109,860	**645**
Losses on property, plant, equipment and intangible assets	**(155,104)**	(4,274)	**(1,376)**
Other-net	**(6,046)**	6,686	**(54)**
Total other-losses	**(931,763)**	(704,104)	**(8,269)**
Financial income (loss):			
Interest income	**28,518**	13,899	**253**
Dividends received	**37,491**	34,886	**333**
Interest expense	**(28,918)**	(25,346)	**(257)**
Total financial income	**37,091**	23,439	**329**
Equity in earnings of associates and joint ventures	**147,710**	10,116	**1,311**
Profit before tax	**322,749**	418,515	**2,864**
Income tax expense	**(46,381)**	(122,894)	**(411)**
Net Profit	**276,368**	295,621	**2,453**
Net profit attributable to ITOCHU	**240,376**	300,569	**2,133**
Net profit attributable to non-controlling interests	**35,992**	(4,948)	**320**

	Millions of Yen		Millions of U.S. dollars
	2016	2015	**2016**
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss			
FVTOCI financial assets	**¥ (222,543)**	¥ 46,244	**$ (1,975)**
Remeasurement of net defined pension liability	**(8,468)**	6,463	**(75)**
Other comprehensive income in associates and joint ventures	**(8,857)**	12,064	**(79)**
Items that will be reclassified to profit or loss			
Translation adjustments	**(76,932)**	83,913	**(683)**
Cash flow hedges	**(2,101)**	(868)	**(19)**
Other comprehensive income in associates and joint ventures	**(86,126)**	21,214	**(764)**
Total other comprehensive income (loss), net of tax	**(405,027)**	169,030	**(3,595)**
Total comprehensive income	**(128,659)**	464,651	**(1,142)**
Total comprehensive income attributable to ITOCHU	**(144,777)**	465,605	**(1,285)**
Total comprehensive income attributable to non-controlling interests	**16,118**	(954)	**143**

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 : "Trading income" is presented in accordance with Japanese accounting practices.
("Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful accounts")
Trading income for years ended March 31, 2016 and 2015 were 226,418 million yen (2,009 million U.S. dollars) and 272,688 million yen, respectively.

(2) Consolidated Statement of Financial Position

ITOCHU Corporation and its Subsidiaries

As of March 31, 2016 and 2015

Assets	Millions of Yen		Millions of U.S. dollars
	Mar. 2016	Mar. 2015	**Mar. 2016**
Current assets:			
Cash and cash equivalents	**¥ 632,871**	¥ 700,292	**$ 5,617**
Time deposits	**7,650**	11,368	**68**
Trade receivables	**1,843,541**	2,101,300	**16,361**
Other current receivables	**129,769**	132,495	**1,152**
Other current financial assets	**35,485**	53,109	**315**
Inventories	**717,124**	780,550	**6,364**
Advances to suppliers	**194,317**	167,812	**1,725**
Other current assets	**106,745**	191,026	**946**
Total current assets	**3,667,502**	4,137,952	**32,548**
Non-current assets:			
Investments accounted for by the equity method	**1,500,094**	1,618,138	**13,313**
Other investments	**804,585**	1,030,078	**7,140**
Non-current receivables	**634,324**	121,397	**5,629**
Non-current financial assets other than investments and receivables	**133,202**	148,391	**1,182**
Property, plant and equipment	**701,565**	786,562	**6,226**
Investment property	**29,132**	32,899	**259**
Goodwill and intangible assets	**405,862**	488,941	**3,602**
Deferred tax assets	**63,814**	55,450	**566**
Other non-current assets	**96,315**	140,893	**856**
Total non-current assets	**4,368,893**	4,422,749	**38,773**
Total assets	**¥ 8,036,395**	¥ 8,560,701	**$ 71,321**

Liabilities and Equity	Millions of Yen		Millions of U.S. dollars
	Mar. 2016	Mar. 2015	**Mar. 2016**
Current liabilities:			
Short-term debentures and borrowings	**¥ 426,820**	¥ 543,660	**$ 3,788**
Trade payables	**1,469,505**	1,669,814	**13,041**
Other current payables	**67,837**	76,605	**602**
Other current financial liabilities	**25,164**	28,082	**223**
Current tax liabilities	**29,375**	35,513	**261**
Advances from customers	**170,194**	173,683	**1,510**
Other current liabilities	**284,303**	319,154	**2,524**
Total current liabilities	**2,473,198**	2,846,511	**21,949**
Non-current liabilities:			
Long-term debentures and borrowings	**2,769,345**	2,548,504	**24,577**
Other non-current financial liabilities	**105,722**	103,819	**938**
Non-current liabilities for employee benefits	**67,639**	56,404	**600**
Deferred tax liabilities	**79,637**	166,171	**707**
Other non-current liabilities	**88,799**	91,041	**789**
Total non-current liabilities	**3,111,142**	2,965,939	**27,611**
Total liabilities	**5,584,340**	5,812,450	**49,560**
Equity:			
Common stock:			
Authorized: 3,000,000,000 shares;			
issued: 1,662,889,504 shares	**253,448**	253,448	**2,249**
Capital surplus	**156,688**	164,154	**1,391**
Retained earnings	**1,748,375**	1,587,318	**15,516**
Other components of equity :			
Translation adjustments	**202,795**	364,454	**1,799**
FVTOCI financial assets	**(51,630)**	176,487	**(458)**
Cash flow hedges	**(10,415)**	(8,517)	**(92)**
Total other components of equity	**140,750**	532,424	**1,249**
Treasury stock	**(105,584)**	(104,142)	**(937)**
Total shareholders' equity	**2,193,677**	2,433,202	**19,468**
Non-controlling interests	**258,378**	315,049	**2,293**
Total equity	**2,452,055**	2,748,251	**21,761**
Total liabilities and equity	**¥ 8,036,395**	¥ 8,560,701	**$ 71,321**

(3) Consolidated Statement of Changes in Equity

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2016 and 2015

	Millions of Yen		Millions of U.S. dollars
	2016	2015	**2016**
Common stock:			
Balance at the beginning of the year	**¥ 253,448**	¥ 202,241	**$ 2,249**
Issuance of common stock	**-**	51,207	**-**
Balance at the end of the year	**¥ 253,448**	¥ 253,448	**$ 2,249**
Capital surplus:			
Balance at the beginning of the year	**¥ 164,154**	¥ 113,055	**$ 1,457**
Issuance of common stock	**-**	50,918	**-**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests	**(7,466)**	181	**(66)**
Balance at the end of the year	**¥ 156,688**	¥ 164,154	**$ 1,391**
Retained earnings:			
Balance at the beginning of the year	**¥ 1,587,318**	¥ 1,364,295	**$ 14,087**
Net profit attributable to ITOCHU	**240,376**	300,569	**2,133**
Transfer from other components of equity	**(3,397)**	(17)	**(30)**
Cash dividends	**(75,922)**	(77,529)	**(674)**
Balance at the end of the year	**¥ 1,748,375**	¥ 1,587,318	**$ 15,516**
Other components of equity:			
Balance at the beginning of the year	**¥ 532,424**	¥ 367,329	**$ 4,725**
Other comprehensive income attributable to ITOCHU	**(385,153)**	165,036	**(3,418)**
Transfer to retained earnings	**3,397**	17	**30**
Transfer to non-financial assets	**(9,807)**	-	**(87)**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests	**(111)**	42	**(1)**
Balance at the end of the year	**¥ 140,750**	¥ 532,424	**$ 1,249**
Treasury stock:			
Balance at the beginning of the year	**¥ (104,142)**	¥ (2,800)	**$ (924)**
Net change in treasury stock	**(1,442)**	(101,342)	**(13)**
Balance at the end of the year	**¥ (105,584)**	¥ (104,142)	**$ (937)**
Total shareholders' equity	**¥ 2,193,677**	¥ 2,433,202	**$ 19,468**
Non-controlling interests:			
Balance at the beginning of the year	**¥ 315,049**	¥ 353,471	**$ 2,796**
Net profit attributable to non-controlling interests	**35,992**	(4,948)	**320**
Other comprehensive income attributable to non-controlling interests	**(19,874)**	3,994	**(177)**
Cash dividends to non-controlling interests	**(9,228)**	(8,321)	**(82)**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests	**(63,561)**	(29,147)	**(564)**
Balance at the end of the year	**¥ 258,378**	¥ 315,049	**$ 2,293**
Total equity	**¥ 2,452,055**	¥ 2,748,251	**$ 21,761**

(4) Consolidated Statement of Cash Flows

-Unaudited-

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2016 and 2015

	Millions of Yen		Millions of U.S. dollars
	2016	2015	**2016**
Cash flows from operating activities:			
Net profit	**¥ 276,368**	¥ 295,621	**$ 2,453**
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization	**123,417**	108,807	**1,095**
Provision for doubtful accounts	**7,775**	6,178	**69**
Gains on investments	**(72,680)**	(109,860)	**(645)**
Losses on property, plant, equipment and intangible assets	**155,104**	4,274	**1,376**
Financial income	**(37,091)**	(23,439)	**(329)**
Equity in earnings of associates and joint ventures	**(147,710)**	(10,116)	**(1,311)**
Income tax expense	**46,381**	122,894	**411**
Changes in assets and liabilities, other-net	**45,228**	17,748	**402**
Proceeds from interest	**24,651**	13,640	**219**
Proceeds from dividends	**97,340**	88,023	**864**
Payments for interest	**(26,301)**	(25,329)	**(233)**
Payments for income taxes	**(73,078)**	(84,812)	**(649)**
Net cash provided by operating activities	**419,404**	403,629	**3,722**
Cash flows from investing activities:			
Net proceeds from sale (payments for purchase) of investments accounted for by the equity method	**64,539**	(164,925)	**573**
Net proceeds from sale (payments for purchase) of other investments	**68,106**	(13,290)	**604**
Net origination of loans receivable	**(613,883)**	(7,000)	**(5,448)**
Net payments for purchase of property, plant, equipment and intangible assets	**(78,755)**	(87,580)	**(699)**
Net decrease (increase) in time deposits	**2,733**	(3,308)	**24**
Net cash used in investing activities	**(557,260)**	(276,103)	**(4,946)**
Cash flows from financing activities:			
Net proceeds from (repayments of) debentures and loans payable	**232,826**	(4,696)	**2,066**
Proceeds from issuance of common stock	**-**	101,963	**-**
Cash dividends	**(75,922)**	(77,529)	**(674)**
Other	**(75,134)**	(117,634)	**(666)**
Net cash provided by financing activities	**81,770**	(97,896)	**726**
Net increase (decrease) in cash and cash equivalents	**(56,086)**	29,630	**(498)**
Cash and cash equivalents at the beginning of the year	**700,292**	653,739	**6,215**
Effect of exchange rate changes on cash and cash equivalents	**(11,335)**	16,923	**(100)**
Cash and cash equivalents at the end of the year	**¥ 632,871**	¥ 700,292	**$ 5,617**

(5) Assumption for Going Concern None

(6) Basis of the Consolidated Financial Statements

i) Consolidated Subsidiaries and Equity-Method Associated Companies

[Major Group Companies]

Consolidated Subsidiaries

(Domestic: 80 entities)	JOI'X CORPORATION, SANKEI CO., LTD., JAPAN AEROSPACE CORPORATION, ITOCHU CONSTRUCTION MACHINERY CO., LTD., ITOCHU MACHINE-TECHNOS CORPORATION, Century Medical, Inc., ITOCHU Metals Corporation, Brazil Japan Iron Ore Corporation, ITOCHU ENEX CO., LTD., ITOCHU CHEMICAL FRONTIER Corporation, ITOCHU PLASTICS INC., C.I.Kasei Co., Ltd., ITOCHU SHOKUHIN Co., Ltd., NIPPON ACCESS, INC., Dole International Holdings, Inc., ITOCHU Kenzai Corp., ITOCHU Pulp & Paper Corp., ITOCHU Techno-Solutions Corporation, Excite Japan Co., Ltd., CONEXIO Corporation, ITOCHU Property Development, Ltd., ITOCHU LOGISTICS CORP.
(Overseas: 132 entities)	ITOCHU Textile Prominent (ASIA) Ltd., ITOCHU TEXTILE (CHINA) CO., LTD., ITOCHU Minerals & Energy of Australia Pty Ltd, ITOCHU Coal Americas Inc., ITOCHU Oil Exploration (Azerbaijan) Inc., ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD., European Tyre Enterprise Limited, ITOCHU FIBRE LIMITED, ITOCHU International Inc., ITOCHU Europe PLC, ITOCHU (China) Holding Co., Ltd., ITOCHU Hong Kong Ltd., ITOCHU Australia Ltd., Orchid Alliance Holdings Limited

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

TSE 1st Section : ITOCHU Techno-Solutions Corporation, ITOCHU ENEX CO., LTD.,
ITOCHU SHOKUHIN Co., Ltd., CONEXIO Corporation

JASDAQ : Excite Japan Co., Ltd.

Equity-Method Companies

(Domestic: 48 entities)	JAMCO Corporation, Century Tokyo Leasing Corporation, SUNCALL CORPORATION, Marubeni-Itochu Steel Inc., TAKIRON Co., Ltd., Japan Foods Co., Ltd., FUJI OIL HOLDINGS INC., FamilyMart Co., Ltd., Prima Meat Packers, Ltd., DAIKEN CORPORATION, Ltd., BELLSYSTEM24 Holdings, Inc., SPACE SHOWER NETWORKS INC., Orient Corporation, eGuarantee, Inc.
(Overseas: 66 entities)	CGB ENTERPRISES, INC., C.P. Pokphand Co. Ltd.

(**) Investment companies which are directly invested by ITOCHU and its Overseas trading subsidiaries are included in the above-mentioned number of companies. Investment companies which are considered as part of parent company are not included.

ii) Accounting Policies

ITOCHU prepares its consolidated financial statements, with a consolidated accounting period from April 1 to March 31 of the following year, in conformity with International Financial reporting Standards (IFRSs).

To conform to IFRSs, the accompanying consolidated financial statements have been prepared by making certain adjustments to the financial statements of ITOCHU and its subsidiaries, which have been prepared in accordance with the accounting principles prevailing in their countries of incorporation.

(7) Notes to Consolidated Financial Statements

(Operating Segment Information)

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2016 and 2015

Information concerning operations in different operating segments for the years ended March 31, 2016 and 2015 is as follows:

For the year ended March 31, 2016 (April 1, 2015 -March 31, 2016)

Millions of Yen

	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	ICT, General Products & Realty	Others, Adjustments & Eliminations	Consolidated
Revenues:								
Revenues from external customers	¥ 582,343	¥ 403,309	¥ 220,052	¥ 1,487,032	¥ 1,084,000	¥ 1,235,373	¥ 71,427	¥ 5,083,536
Intersegment revenues	482	1	-	851	321	18,448	(20,103)	-
Total revenues	582,825	403,310	220,052	1,487,883	1,084,321	1,253,821	51,324	5,083,536
Gross trading profit	137,463	117,280	32,485	185,051	262,214	325,643	9,575	1,069,711
Trading income	22,727	31,423	11,593	46,230	48,655	74,721	(8,931)	226,418
Net profit attributable to ITOCHU	14,499	48,371	(16,652)	55,450	25,484	74,022	39,202	240,376
[Equity in earnings (losses) of associates and joint ventures]	[9,530]	[21,626]	[18,347]	[(329)]	[17,280]	[40,713]	[40,543]	[147,710]
Total assets at March 31, 2016	524,452	978,067	876,386	1,077,095	1,723,074	1,495,609	1,361,712	8,036,395

For the year ended March 31, 2015 (April 1, 2014 -March 31, 2015)

Millions of Yen

	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	ICT, General Products & Realty	Others, Adjustments & Eliminations	Consolidated
Revenues:								
Revenues from external customers	¥ 567,883	¥ 411,225	¥ 253,490	¥ 1,889,790	¥ 1,059,266	¥ 1,343,811	¥ 65,970	¥ 5,591,435
Intersegment revenues	30	77	-	956	272	19,863	(21,198)	-
Total revenues	567,913	411,302	253,490	1,890,746	1,059,538	1,363,674	44,772	5,591,435
Gross trading profit	140,688	116,961	66,999	176,761	246,069	325,126	16,460	1,089,064
Trading income	29,178	31,681	47,130	43,900	46,552	72,961	1,286	272,688
Net profit attributable to ITOCHU	32,013	54,608	11,206	2,350	114,431	78,975	6,986	300,569
[Equity in earnings (losses) of associates and joint ventures]	[11,653]	[20,124]	[(46,831)]	[(39,597)]	[26,967]	[34,818]	[2,982]	[10,116]
Total assets at March 31, 2015	555,842	1,083,637	1,261,754	1,329,507	1,772,166	1,622,347	935,448	8,560,701

For the year ended March 31, 2016 (April 1, 2015 -March 31, 2016)

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	$ 5,168	$ 3,579	$ 1,953	$ 13,197	$ 9,620	$ 10,964	$ 634	$ 45,115
Intersegment revenues	5	0	-	8	3	163	(179)	-
Total revenues	5,173	3,579	1,953	13,205	9,623	11,127	455	45,115
Gross trading profit	1,220	1,041	288	1,642	2,327	2,890	85	9,493
Trading income	202	279	103	410	432	663	(80)	2,009
Net profit attributable to ITOCHU	129	429	(148)	492	226	657	348	2,133
[Equity in earnings (losses) of associates and joint ventures]	[85]	[192]	[163]	[(3)]	[153]	[361]	[360]	[1,311]
Total assets at March 31, 2016	4,654	8,680	7,778	9,559	15,292	13,273	12,085	71,321

Note 1 : "Equity in earnings (losses) of associates and joint ventures" is included in Net profit attributable to ITOCHU.

Note 2 : "Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful accounts"

Note 3 : Effective from April 1, 2016, ITOCHU changed its organizational structure from six division companies to seven division companies.
As a result, [ICT, General Products & Realty Company] became [General Products & Realty Company] and [ICT & Financial Business Company].

(Per Share Information)

The following is the information on ITOCHU shareholders' equity per share and earnings per share attributable to ITOCHU for the years ended March 31, 2016 and 2015.

(Unit: Yen)

	2016	2015
ITOCHU shareholders' equity per share	1,388.66	1,539.55
Earnings per share attributable to ITOCHU (basic)	152.14	189.13
Earnings per share attributable to ITOCHU (diluted)	152.14	187.29

The base data to calculate the basic and diluted earnings per share attributable to ITOCHU for March 31, 2016 and 2015 are as follows:

(Numerator) (Unit: Millions of yen)

	2016	2015
Net profit attributable to ITOCHU	240,376	300,569
Effect of dilutive securities:		
Convertible preferred stock	-	(2,927)
Net profit attributable to ITOCHU (diluted)	240,376	297,642

(Denominator)

	2016	2015
Average number of common shares outstanding	1,579,968,827	1,589,225,120

(Material Subsequent Events)

None