

## **Consolidated Financial Results for the First Quarter of the Fiscal Year 2017 Ending March 31, 2017**

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Page:

1	:	<b>Consolidated Financial Results for the First Quarter of the Fiscal Year 2017 Ending March 31, 2017</b>
3	:	<b>1. Qualitative Information</b>
3	:	(1) Qualitative Information of the Consolidated Operating Results
		(a) General Economic Situation
		(b) Consolidated Operating Results
6	:	(2) Qualitative Information of the Consolidated Financial Position
6	:	(a) Consolidated Financial Position
7	:	(b) Consolidated Cash Flows
8	:	<b>2. Summary Information (Notes)</b>
8	:	(1) Changes in significant subsidiaries accompanied by changes in the consolidation scope
8	:	(2) Changes in accounting policies and accounting estimates
9	:	<b>3. Quarterly Consolidated Financial Statements [Condensed]</b>
9	:	(1) Consolidated Statement of Comprehensive Income [Condensed]
11	:	(2) Consolidated Statement of Financial Position [Condensed]
13	:	(3) Consolidated Statement of Changes in Equity [Condensed]
14	:	(4) Consolidated Statement of Cash Flows [Condensed]
15	:	(5) Operating Segment Information
16	:	(6) Assumption for Going Concern
16	:	(7) Information Concerning Dividend Payments
16	:	(8) Significant Changes in Shareholders' Equity
16	:	(9) Material Subsequent Events

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**-Unaudited-**

August 2, 2016

**Consolidated Financial Results for the First Quarter of the Fiscal Year 2017 Ending March 31, 2017**

[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 payout of dividend: -

**1. Consolidated operating results for the first quarter of the fiscal year 2017 (from April 1, 2016 to June 30, 2016)**

(1) Consolidated operating results (Summary)

(%: Changes from the same period of 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	%
For the first quarter of												
Fiscal year 2017	1,106,647	(12.1)	48,449	3.8	97,197	(21.6)	75,844	(40.4)	73,082	(39.8)	(66,268)	-
Fiscal year 2016	1,259,083	(4.9)	46,682	(12.4)	124,007	16.0	127,243	52.8	121,459	50.3	145,342	89.6

	Basic earnings per share attributable to ITOCHU		Diluted earnings per share attributable to ITOCHU	
	yen		yen	
For the first quarter of				
Fiscal year 2017	46.26		46.26	
Fiscal year 2016	76.85		75.48	

Equity in earnings of associates and joint ventures (millions of yen) 1st quarter of FY 2017 : 37,094 [ (1.8%) ] 1st quarter of FY 2016 : 37,759 [ + 12.7% ]  
 Total comprehensive income (millions of yen) 1st quarter of FY 2017 : (68,658) [ - % ] 1st quarter of FY 2016 : 141,797 [ + 79.5% ]

(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, 2016	7,664,525	2,339,905	2,088,270	27.2	1,321.93
March 31, 2016	8,036,395	2,452,055	2,193,677	27.3	1,388.66

**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 2016	-	25.00	-	25.00	50.00
Fiscal year 2017	-				
Fiscal year 2017 (Planned)		27.50	-	27.50	55.00

(Note) Revisions to the plan of dividend distribution announced most recently: None

**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

(Note) Revisions to the outlook of consolidated operating results announced most recently: None

(Note) 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: 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 2017	1,662,889,504	Fiscal Year 2016	1,662,889,504
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(b) Number of treasury stock:	1st quarter of FY 2017	83,172,746	Fiscal Year 2016	83,176,232
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(c) Average number of common shares outstanding:	1st quarter of FY 2017	1,579,712,538	1st quarter of FY 2016	1,580,461,557
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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 102.91 yen = 1 U.S. dollar, the exchange rate prevailing on June 30, 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

[For the three-month period ended June 30, 2016]

#### (a) General Economic Situation

For the three-month period ended June 30, 2016, the global economy grew at a sluggish pace overall reflecting the situation in Europe which became increasingly uncertain due to the disarray surrounding the Brexit decision. In addition, the economy was slow and stagnant in certain emerging countries centered on resource-supplying countries, although the U.S. economy moderately expanded. Reflecting the expectations of improvement in supply-demand balance stemming from production adjustments made by major oil producing nations and reduced shale oil production in the U.S., the WTI crude oil price rebounded from the US\$35-40 range per barrel in early April to the US\$50 level in June.

In Japan, exports were down due to the deterioration of overseas economic conditions and the ease in the effect of the yen depreciation. In addition, corporate and consumer sentiment deteriorated due to the trend of yen appreciation and lower stock prices since the beginning of the year. Companies took an increasingly cautious approach to capital investment, and consumer spending remained weak due in part to stagnant wage growth. Overall, economic conditions in Japan continued to be stagnant.

The yen appreciated against the U.S. dollar from the ¥112 level in the beginning of April to the ¥102 level in the end of June since the trend toward purchasing the yen as a risk-free asset strengthened due to fading expectations for an increase in interest rates in the U.S. and the disarray surrounding the Brexit decision. Although the Nikkei Stock Average recovered to the ¥17,000 level in late April due to the expectations of additional monetary easing by the Bank of Japan and generally remained at the higher ¥16,000 range, the price weakened and temporarily dropped to below ¥15,000 due to the stagnant economy, yen appreciation and concerns about the impact of the economic uncertainty in Europe on corporate earnings. The yield on 10-year Japanese government bonds widened its negative width to the minus 0.2% level in late June due to the continued stagnant economy.

#### (b) Consolidated Operating Results

	Billions of Yen				Millions of
	Apr.-Jun. 2016	Apr.-Jun. 2015	Increase (Decrease)	%	U.S. Dollars Apr.-Jun. 2016
Revenues .....	1,106.6	1,259.1	(152.4)	(12.1%)	10,754
Gross trading profit .....	248.9	253.7	(4.8)	(1.9%)	2,418
Selling, general and administrative expenses .....	(199.7)	(205.4)	5.7	(2.8%)	(1,940)
Gains on investments.....	8.8	33.0	(24.2)	(73.3%)	86
Equity in earnings of associates and joint ventures .....	37.1	37.8	(0.7)	(1.8%)	360
Income tax expense.....	(21.4)	3.2	(24.6)	-	(207)
Net profit attributable to ITOCHU.....	73.1	121.5	(48.4)	(39.8%)	710
(Reference) Trading income.....	48.4	46.7	1.8	3.8%	471

(i) Revenues (from external customers)

Decreased by 12.1%, or 152.4 billion yen, compared with the same period of the previous fiscal year, to 1,106.6 billion yen (10,754 million U.S. dollars).

- Energy & Chemicals Company:  
Decreased by 83.8 billion yen compared with the same period of the previous fiscal year, to 316.1 billion yen (3,071 million U.S. dollars), due to the lower sales volume in energy trading transactions, the decline in oil prices, and the appreciation of the yen.
- General Products & Realty Company:  
Decreased by 23.8 billion yen compared with the same period of the previous fiscal year, to 133.6 billion yen (1,299 million U.S. dollars), due to the de-consolidation of a housing-materials-related company in the U.S. in the previous fiscal year, and the appreciation of the yen.
- Metals & Minerals Company:  
Decreased by 11.2 billion yen compared with the same period of the previous fiscal year, to 37.2 billion yen (361 million U.S. dollars), mainly due to the decline in iron ore and coal prices.
- Textile Company:  
Decreased by 10.6 billion yen compared with the same period of the previous fiscal year, to 119.8 billion yen (1,164 million U.S. dollars), due to the unfavorable sales in apparel-related companies.

(ii) Gross trading profit

Decreased by 1.9%, or 4.8 billion yen, compared with the same period of the previous fiscal year, to 248.9 billion yen (2,418 million U.S. dollars).

- Food Company:  
Increased by 3.4 billion yen compared with the same period of the previous fiscal year, to 67.1 billion yen (652 million U.S. dollars), due to the improvement in profitability in food-distribution-related and fresh-food-related companies.
- Energy & Chemicals Company:  
Decreased by 4.3 billion yen compared with the same period of the previous fiscal year, to 38.2 billion yen (371 million U.S. dollars), due to the lower transaction volume in crude oil, fuel oil, and self-developed crude oil transactions, and the decline in oil prices, despite the stable performance in chemical trading transactions.
- General Products & Realty Company:  
Decreased by 3.9 billion yen compared with the same period of the previous fiscal year, to 37.2 billion yen (361 million U.S. dollars), due to the de-consolidation of a housing-materials-related company in the U.S. in the previous fiscal year, and the appreciation of the yen.

(iii) Selling, general and administrative expenses

Decreased by 2.8%, or 5.7 billion yen, compared with the same period of the previous fiscal year, to 199.7 billion yen (1,940 million U.S. dollars), due to the de-consolidation of a housing-materials-related company in the U.S. in the previous fiscal year and lower expenses in foreign companies accompanying the appreciation of the yen.

(iv) Gains on investments

Decreased by 73.3%, or 24.2 billion yen, compared with the same period of the previous fiscal year, to 8.8 billion yen (86 million U.S. dollars), due to the absence of the gain on sales of a housing-materials-related company in the U.S. in the previous fiscal year, despite the gain on sales of a medical-device-related company.

(v) Equity in earnings of associates and joint ventures

Decreased by 1.8%, or 0.7 billion yen, compared with the same period of the previous fiscal year, to 37.1 billion yen (360 million U.S. dollars).

- Metals & Minerals Company:

Decreased by 10.0 billion yen compared with the same period of the previous fiscal year, to 3.6 billion yen (35 million U.S. dollars), due to the discontinued recognition of investments accounted for by the equity method of a Brazilian iron ore company in the previous fiscal year.

- General Products & Realty Company:

Decreased by 3.8 billion yen compared with the same period of the previous fiscal year, to 2.4 billion yen (23 million U.S. dollars), due to the stagnant market conditions and foreign currency translation in foreign pulp-related companies.

- Others, Adjustments & Eliminations(\*)

Increased by 12.9 billion yen compared with the same period of the previous fiscal year, to 13.0 billion yen (126 million U.S. dollars), due to the start of equity pick-up of CITIC Limited from the third quarter of the previous 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 15, "3.(5) Operating Segment Information".

(vi) Income tax expense

Deteriorated by 24.6 billion yen compared with the same period of the previous fiscal year, to 21.4 billion yen (207 million U.S. dollars), due to the absence of the improvement in tax expenses accompanying the disposal of a U.S. oil and gas development company in the same period of the previous fiscal year.

(vii) Net profit attributable to ITOCHU

Consequently, Net profit attributable to ITOCHU decreased by 39.8%, or 48.4 billion yen, compared with the same period of the previous fiscal year, to 73.1 billion yen (710 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") increased by 3.8%, or 1.8 billion yen, compared with the same period of the previous fiscal year, to 48.4 billion yen (471 million U.S. dollars).

- Food Company:  
Increased by 2.4 billion yen compared with the same period of the previous fiscal year, to 14.9 billion yen (144 million U.S. dollars), mainly due to higher gross trading profit.
- Metals & Minerals Company:  
Increased by 1.8 billion yen compared with the same period of the previous fiscal year, to 6.8 billion yen (66 million U.S. dollars), due to lower expenses and higher gross trading profit resulting from the reduction of costs in the iron ore and coal-related business, despite the decline in iron ore and coal prices.
- Energy & Chemicals Company:  
Decreased by 3.5 billion yen compared with the same period of the previous fiscal year, to 4.5 billion yen (44 million U.S. dollars), due to lower gross trading profit, despite the absence of unordinary expenses in the same period of the previous fiscal year.

## (2) Qualitative Information of the Consolidated Financial Position

### (a) Consolidated Financial Position

	Billions of Yen				Millions of U.S. Dollars
	Jun. 2016	Mar. 2016	Increase (Decrease)	%	Jun. 2016
Total assets .....	7,664.5	8,036.4	(371.9)	(4.6%)	74,478
Interest-bearing debt .....	3,075.4	3,196.2	(120.8)	(3.8%)	29,884
Net interest-bearing debt .....	2,424.9	2,555.6	(130.7)	(5.1%)	23,564
Total shareholders' equity .....	2,088.3	2,193.7	(105.4)	(4.8%)	20,292
Ratio of shareholders' equity to total assets .....	27.2%	27.3%	(0.1pt)		
NET DER (times) .....	1.16	1.17	nearly same level		

(i) Total assets

Decreased by 4.6%, or 371.9 billion yen, compared with March 31, 2016, to 7,664.5 billion yen (74,478 million U.S. dollars). This decrease was due to the collections of trade receivables in domestic ICT-related and mobile-phone-related companies, and the appreciation of the yen.

(ii) Interest-bearing debt

Decreased by 3.8%, or 120.8 billion yen, compared with March 31, 2016, to 3,075.4 billion yen (29,884 million U.S. dollars), due to the appreciation of the yen. Net interest-bearing debt (Interest-bearing debt after deducting Cash and cash equivalents and Time deposits) decreased by 5.1%, or 130.7 billion yen, compared with March 31, 2016, to 2,424.9 billion yen (23,564 million U.S. dollars).

(iii) Total shareholders' equity

Decreased by 4.8%, or 105.4 billion yen, compared with March 31, 2016, to 2,088.3 billion yen (20,292 million U.S. dollars), due to the dividend payments and the effect of 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 slightly decreased by 0.1 points to 27.2% compared with March 31, 2016. NET DER (Net debt-to-shareholders' equity ratio) was nearly at the same level compared with March 31, 2016, at 1.16 times.

(b) Consolidated Cash Flows

	Billions of Yen		Millions of
	Apr.-Jun. 2016	Apr.-Jun. 2015	U.S. Dollars Apr.-Jun. 2016
Cash flows from operating activities .....	56.9	71.0	553
Cash flows from investing activities .....	(8.9)	(410.1)	(87)
<i>Free cash flows</i> .....	<i>48.0</i>	<i>(339.1)</i>	<i>466</i>
Cash flows from financing activities .....	(22.2)	226.3	(215)

(i) Cash flows from operating activities

Recorded a net cash-inflow of 56.9 billion yen (553 million U.S. dollars), resulting from the stable performance in operating revenue and the steady collections in the Metals & Minerals, Energy, and Machinery sectors, despite the increase in trade receivables in the Food sector and the decrease in trade payables in the Construction, Realty & Logistics sector.

(ii) Cash flows from investing activities

Recorded a net cash-outflow of 8.9 billion yen (87 million U.S. dollars), due to the additional investment in a CVS company.

(iii) Cash flows from financing activities

Recorded a net cash-outflow of 22.2 billion yen (215 million U.S. dollars), due to the dividend payments, despite the increase in debt.

Consequently, Cash and cash equivalents as of June 30, 2016, increased by 87.0 billion yen to 641.6 billion yen (6,235 million U.S. dollars) compared with March 31, 2016.



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

ITOCHU Corporation and its Subsidiaries

For the three-month periods ended June 30, 2016 and 2015

	Millions of Yen		Millions of U.S. Dollars
	Apr.-Jun. 2016	Apr.-Jun. 2015	Apr.-Jun. 2016
<b>Revenues:</b>			
Revenues from sale of goods.....	¥ 932,325	¥ 1,083,670	\$ 9,060
Revenues from rendering of services and royalties.....	174,322	175,413	1,694
Total revenues.....	<b>1,106,647</b>	1,259,083	<b>10,754</b>
<b>Cost:</b>			
Cost of sale of goods.....	(727,945)	(874,124)	(7,074)
Cost of rendering of services and royalties.....	(129,815)	(131,309)	(1,262)
Total cost.....	<b>(857,760)</b>	(1,005,433)	<b>(8,336)</b>
<b>Gross trading profit</b> .....	<b>248,887</b>	253,650	<b>2,418</b>
<b>Other gains (losses):</b>			
Selling, general and administrative expenses.....	(199,692)	(205,406)	(1,940)
Provision for doubtful accounts.....	(746)	(1,562)	(7)
Gains on investments.....	8,811	32,996	86
Losses on property, plant, equipment and intangible assets...	(5)	(613)	(0)
Other-net.....	(2,289)	3,088	(23)
Total other-losses.....	<b>(193,921)</b>	(171,497)	<b>(1,884)</b>
<b>Financial income (loss):</b>			
Interest income.....	6,067	5,173	59
Dividends received.....	5,274	5,692	51
Interest expense.....	(6,204)	(6,770)	(60)
Total financial income.....	<b>5,137</b>	4,095	<b>50</b>
Equity in earnings of associates and joint ventures.....	<b>37,094</b>	37,759	<b>360</b>
<b>Profit before tax</b> .....	<b>97,197</b>	124,007	<b>944</b>
Income tax expense.....	(21,353)	3,236	(207)
<b>Net Profit</b> .....	<b>75,844</b>	127,243	<b>737</b>
Net profit attributable to ITOCHU.....	<b>73,082</b>	121,459	<b>710</b>
Net profit attributable to non-controlling interests.....	<b>2,762</b>	5,784	<b>27</b>

	Millions of Yen		Millions of U.S. Dollars
	Apr.-Jun. 2016	Apr.-Jun. 2015	Apr.-Jun. 2016
<b>Other comprehensive income, net of tax:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
FVTOCI financial assets.....	¥ (10,080)	¥ 5,058	\$ (98)
Remeasurement of net defined pension liability.....	(269)	(22)	(3)
Other comprehensive income in associates and joint ventures.....	(1,995)	6,408	(19)
<b>Items that will be reclassified to profit or loss</b>			
Translation adjustments.....	(103,981)	27,526	(1,010)
Cash flow hedges.....	(4)	(1,043)	(0)
Other comprehensive income in associates and joint ventures.....	(28,173)	(23,373)	(274)
<b>Total other comprehensive income (loss), net of tax.....</b>	<b>(144,502)</b>	<b>14,554</b>	<b>(1,404)</b>
<b>Total comprehensive income .....</b>	<b>(68,658)</b>	<b>141,797</b>	<b>(667)</b>
Total comprehensive income attributable to ITOCHU .....	(66,268)	145,342	(644)
Total comprehensive income attributable to non-controlling interests .....	(2,390)	(3,545)	(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 : "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 the three-month periods ended June 30, 2016 and 2015 were 48,449 million yen (471 million U.S. dollars) and 46,682 million yen, respectively.

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

ITOCHU Corporation and its Subsidiaries

As of June 30, 2016 and March 31, 2016

Assets	Millions of Yen		Millions of U.S. Dollars
	Jun. 2016	Mar. 2016	Jun. 2016
<b>Current assets:</b>			
Cash and cash equivalents.....	¥ 641,617	¥ 632,871	\$ 6,235
Time deposits.....	8,814	7,650	86
Trade receivables.....	1,734,016	1,843,541	16,850
Other current receivables.....	123,602	129,769	1,201
Other current financial assets.....	43,048	35,485	418
Inventories.....	708,490	717,124	6,885
Advances to suppliers.....	172,460	194,317	1,676
Other current assets.....	116,893	106,745	1,135
Total current assets.....	<u>3,548,940</u>	<u>3,667,502</u>	<u>34,486</u>
<b>Non-current assets:</b>			
Investments accounted for by the equity method.....	1,452,793	1,500,094	14,117
Other investments.....	753,735	804,585	7,324
Non-current receivables.....	574,919	634,324	5,587
Non-current financial assets other than investments and receivables.....	110,117	133,202	1,070
Property, plant and equipment.....	659,943	701,565	6,413
Investment property.....	31,178	29,132	303
Goodwill and intangible assets.....	384,167	405,862	3,733
Deferred tax assets.....	59,163	63,814	575
Other non-current assets.....	89,570	96,315	870
Total non-current assets.....	<u>4,115,585</u>	<u>4,368,893</u>	<u>39,992</u>
<b>Total assets.....</b>	<u>¥ 7,664,525</u>	<u>¥ 8,036,395</u>	<u>\$ 74,478</u>

Liabilities and Equity	Millions of Yen		Millions of
			U.S. Dollars
	Jun. 2016	Mar. 2016	Jun. 2016
<b>Current liabilities:</b>			
Short-term debentures and borrowings.....	¥ 474,050	¥ 426,820	\$ 4,606
Trade payables.....	1,371,258	1,469,505	13,325
Other current payables.....	68,399	67,837	664
Other current financial liabilities.....	38,615	25,164	375
Current tax liabilities.....	16,151	29,375	157
Advances from customers.....	157,916	170,194	1,535
Other current liabilities.....	268,761	284,303	2,612
Total current liabilities .....	2,395,150	2,473,198	23,274
<b>Non-current liabilities:</b>			
Long-term debentures and borrowings.....	2,601,330	2,769,345	25,278
Other non-current financial liabilities.....	110,336	105,722	1,072
Non-current liabilities for employee benefits.....	67,314	67,639	654
Deferred tax liabilities.....	65,608	79,637	638
Other non-current liabilities.....	84,882	88,799	825
Total non-current liabilities .....	2,929,470	3,111,142	28,467
Total liabilities .....	5,324,620	5,584,340	51,741
<b>Equity:</b>			
Common stock:			
Authorized: 3,000,000,000 shares;			
issued: 1,662,889,504 shares.....	253,448	253,448	2,463
Capital surplus.....	157,228	156,688	1,528
Retained earnings.....	1,780,349	1,748,375	17,300
Other components of equity :			
Translation adjustments.....	76,915	202,795	747
FVTOCI financial assets.....	(61,243)	(51,630)	(595)
Cash flow hedges.....	(12,848)	(10,415)	(125)
Total other components of equity.....	2,824	140,750	27
Treasury stock.....	(105,579)	(105,584)	(1,026)
Total shareholders' equity.....	2,088,270	2,193,677	20,292
Non-controlling interests.....	251,635	258,378	2,445
Total equity.....	2,339,905	2,452,055	22,737
<b>Total liabilities and equity.....</b>	<b>¥ 7,664,525</b>	<b>¥ 8,036,395</b>	<b>\$ 74,478</b>

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

ITOCHU Corporation and its Subsidiaries

For the three-month periods ended June 30, 2016 and 2015

	Millions of Yen		Millions of U.S. Dollars
	<b>Apr.-Jun. 2016</b>	Apr.-Jun. 2015	<b>Apr.-Jun. 2016</b>
<b>Common stock:</b>			
Balance at the beginning of the period.....	¥ 253,448	¥ 253,448	\$ 2,463
Balance at the end of the period.....	¥ 253,448	¥ 253,448	\$ 2,463
<b>Capital surplus:</b>			
Balance at the beginning of the period.....	¥ 156,688	¥ 164,154	\$ 1,523
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests.....	540	(3,322)	5
Balance at the end of the period.....	¥ 157,228	¥ 160,832	\$ 1,528
<b>Retained earnings:</b>			
Balance at the beginning of the period.....	¥ 1,748,375	¥ 1,587,318	\$ 16,989
Net profit attributable to ITOCHU.....	73,082	121,459	710
Transfer from other components of equity.....	(1,567)	3,094	(15)
Cash dividends.....	(39,541)	(36,379)	(384)
Balance at the end of the period.....	¥ 1,780,349	¥ 1,675,492	\$ 17,300
<b>Other components of equity:</b>			
Balance at the beginning of the period.....	¥ 140,750	¥ 532,424	\$ 1,368
Other comprehensive income attributable to ITOCHU.....	(139,350)	23,883	(1,354)
Transfer to retained earnings.....	1,567	(3,094)	15
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests.....	(143)	7	(2)
Balance at the end of the period.....	¥ 2,824	¥ 553,220	\$ 27
<b>Treasury stock:</b>			
Balance at the beginning of the period.....	¥ (105,584)	¥ (104,142)	\$ (1,026)
Net change in treasury stock.....	5	(10)	0
Balance at the end of the period.....	¥ (105,579)	¥ (104,152)	\$ (1,026)
<b>Total shareholders' equity.....</b>	<b>¥ 2,088,270</b>	<b>¥ 2,538,840</b>	<b>\$ 20,292</b>
<b>Non-controlling interests:</b>			
Balance at the beginning of the period.....	¥ 258,378	¥ 315,049	\$ 2,511
Net profit attributable to non-controlling interests.....	2,762	5,784	27
Other comprehensive income attributable to non-controlling interests.....	(5,152)	(9,329)	(50)
Cash dividends to non-controlling interests.....	(4,896)	(4,554)	(48)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests.....	543	(5,496)	5
Balance at the end of the period.....	¥ 251,635	¥ 301,454	\$ 2,445
<b>Total equity.....</b>	<b>¥ 2,339,905</b>	<b>¥ 2,840,294</b>	<b>\$ 22,737</b>

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

-Unaudited-

ITOCHU Corporation and its Subsidiaries

For the three-month periods ended June 30, 2016 and 2015

	Millions of Yen		Millions of U.S. Dollars
	<u>Apr.-Jun. 2016</u>	<u>Apr.-Jun. 2015</u>	<u>Apr.-Jun. 2016</u>
<b>Cash flows from operating activities:</b>			
Net profit .....	¥ 75,844	¥ 127,243	\$ 737
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization .....	25,575	30,807	249
Provision for doubtful accounts .....	746	1,562	7
Gains on investments.....	(8,811)	(32,996)	(86)
Losses on property, plant, equipment and intangible assets.....	5	613	0
Financial income .....	(5,137)	(4,095)	(50)
Equity in earnings of associates and joint ventures .....	(37,094)	(37,759)	(360)
Income tax expense .....	21,353	(3,236)	207
Changes in assets and liabilities, other-net .....	(5,010)	5,245	(49)
Proceeds from interest.....	3,895	3,140	38
Proceeds from dividends.....	25,404	27,301	247
Payments for interest.....	(6,395)	(6,278)	(62)
Payments for income taxes.....	(33,431)	(40,537)	(325)
Net cash provided by operating activities .....	<u>56,944</u>	<u>71,010</u>	<u>553</u>
<b>Cash flows from investing activities:</b>			
Net payments for purchase of investments accounted for by the equity method .....	(3,289)	(4,893)	(32)
Net proceeds from sale of other investments .....	1,273	87,780	12
Net collection (origination) of loans receivable .....	11,790	(480,292)	115
Net payments for purchase of property, plant, equipment and intangible assets .....	(17,288)	(16,668)	(168)
Net (increase) decrease in time deposits .....	(1,418)	3,961	(14)
Net cash used in investing activities .....	<u>(8,932)</u>	<u>(410,112)</u>	<u>(87)</u>
<b>Cash flows from financing activities:</b>			
Net proceeds from debentures and loans payable .....	22,913	272,763	223
Cash dividends .....	(39,541)	(36,379)	(384)
Other .....	(5,525)	(10,121)	(54)
Net cash (used in) provided by financing activities .....	<u>(22,153)</u>	<u>226,263</u>	<u>(215)</u>
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<u>25,859</u>	<u>(112,839)</u>	<u>251</u>
Cash and cash equivalents at the beginning of the period .....	632,871	700,292	6,150
Effect of exchange rate changes on cash and cash equivalents .....	(17,113)	7,619	(166)
<b>Cash and cash equivalents at the end of the period .....</b>	<u>¥ 641,617</u>	<u>¥ 595,072</u>	<u>\$ 6,235</u>

**(5) Operating Segment Information**

ITOCHU Corporation and its Subsidiaries

For the three-month periods ended June 30, 2016 and 2015

Information concerning operations in different operating segments for the three-month periods ended June 30, 2016 and 2015 is as follows:

For the three-month period ended June 30, 2016 (April 1, 2016 - June 30, 2016)									Millions of Yen
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	Others, Adjustments & Eliminations	Consolidated
Revenues:									
Revenues from external customers .....	¥ 119,800	¥ 91,151	¥ 37,159	¥ 316,077	¥ 261,991	¥ 133,627	¥ 140,553	¥ 6,289	¥ 1,106,647
Intersegment revenues.....	158	-	-	183	83	3,213	1,536	(5,173)	-
Total revenues.....	<u>119,958</u>	<u>91,151</u>	<u>37,159</u>	<u>316,260</u>	<u>262,074</u>	<u>136,840</u>	<u>142,089</u>	<u>1,116</u>	<u>1,106,647</u>
Gross trading profit .....	<u>31,012</u>	<u>25,473</u>	<u>11,134</u>	<u>38,214</u>	<u>67,083</u>	<u>37,157</u>	<u>35,465</u>	<u>3,349</u>	<u>248,887</u>
Trading income .....	<u>4,373</u>	<u>6,109</u>	<u>6,785</u>	<u>4,488</u>	<u>14,861</u>	<u>8,416</u>	<u>4,022</u>	<u>(605)</u>	<u>48,449</u>
Net profit attributable to ITOCHU.....	<u>4,240</u>	<u>16,498</u>	<u>8,381</u>	<u>4,534</u>	<u>12,772</u>	<u>9,121</u>	<u>8,444</u>	<u>9,092</u>	<u>73,082</u>
[Equity in earnings (losses) of associates and joint ventures].....	<u>[473]</u>	<u>[5,457]</u>	<u>[3,642]</u>	<u>[991]</u>	<u>[3,136]</u>	<u>[2,426]</u>	<u>[8,003]</u>	<u>[12,966]</u>	<u>[37,094]</u>
Total assets at June 30, 2016 .....	<u>495,109</u>	<u>919,882</u>	<u>798,361</u>	<u>1,014,270</u>	<u>1,718,907</u>	<u>782,043</u>	<u>627,960</u>	<u>1,307,993</u>	<u>7,664,525</u>

For the three-month period ended June 30, 2015 (April 1, 2015 - June 30, 2015)									Millions of Yen
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	Others, Adjustments & Eliminations	Consolidated
Revenues:									
Revenues from external customers .....	¥ 130,372	¥ 97,364	¥ 48,400	¥ 399,843	¥ 270,227	¥ 157,441	¥ 135,631	¥ 19,805	¥ 1,259,083
Intersegment revenues.....	100	-	-	245	76	3,439	1,509	(5,369)	-
Total revenues.....	<u>130,472</u>	<u>97,364</u>	<u>48,400</u>	<u>400,088</u>	<u>270,303</u>	<u>160,880</u>	<u>137,140</u>	<u>14,436</u>	<u>1,259,083</u>
Gross trading profit .....	<u>31,837</u>	<u>27,326</u>	<u>9,621</u>	<u>42,473</u>	<u>63,641</u>	<u>41,070</u>	<u>34,602</u>	<u>3,080</u>	<u>253,650</u>
Trading income .....	<u>3,955</u>	<u>6,251</u>	<u>4,969</u>	<u>7,940</u>	<u>12,419</u>	<u>8,893</u>	<u>3,437</u>	<u>(1,182)</u>	<u>46,682</u>
Net profit attributable to ITOCHU.....	<u>4,706</u>	<u>12,540</u>	<u>14,285</u>	<u>32,463</u>	<u>10,194</u>	<u>32,278</u>	<u>9,470</u>	<u>5,523</u>	<u>121,459</u>
[Equity in earnings (losses) of associates and joint ventures].....	<u>[2,188]</u>	<u>[5,697]</u>	<u>[13,631]</u>	<u>[(562)]</u>	<u>[2,174]</u>	<u>[6,246]</u>	<u>[8,293]</u>	<u>[92]</u>	<u>[37,759]</u>
Total assets at June 30, 2015 .....	<u>556,231</u>	<u>1,070,636</u>	<u>1,266,219</u>	<u>1,363,076</u>	<u>1,818,096</u>	<u>902,173</u>	<u>646,974</u>	<u>1,336,876</u>	<u>8,960,281</u>
Total assets at March 31, 2016.....	<u>524,452</u>	<u>978,067</u>	<u>876,386</u>	<u>1,077,095</u>	<u>1,723,074</u>	<u>810,803</u>	<u>684,806</u>	<u>1,361,712</u>	<u>8,036,395</u>

For the three-month period ended June 30, 2016 (April 1, 2016 - June 30, 2016)									Millions of U.S. Dollars
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	Others, Adjustments & Eliminations	Consolidated
Revenues:									
Revenues from external customers .....	\$ 1,164	\$ 886	\$ 361	\$ 3,071	\$ 2,546	\$ 1,299	\$ 1,366	\$ 61	\$ 10,754
Intersegment revenues.....	1	-	-	2	1	31	15	(50)	-
Total revenues.....	<u>1,165</u>	<u>886</u>	<u>361</u>	<u>3,073</u>	<u>2,547</u>	<u>1,330</u>	<u>1,381</u>	<u>11</u>	<u>10,754</u>
Gross trading profit .....	<u>301</u>	<u>247</u>	<u>108</u>	<u>371</u>	<u>652</u>	<u>361</u>	<u>345</u>	<u>33</u>	<u>2,418</u>
Trading income .....	<u>43</u>	<u>59</u>	<u>66</u>	<u>44</u>	<u>144</u>	<u>82</u>	<u>39</u>	<u>(6)</u>	<u>471</u>
Net profit attributable to ITOCHU.....	<u>41</u>	<u>160</u>	<u>82</u>	<u>44</u>	<u>124</u>	<u>89</u>	<u>82</u>	<u>88</u>	<u>710</u>
[Equity in earnings (losses) of associates and joint ventures].....	<u>[5]</u>	<u>[53]</u>	<u>[35]</u>	<u>[10]</u>	<u>[30]</u>	<u>[23]</u>	<u>[78]</u>	<u>[126]</u>	<u>[360]</u>
Total assets at June 30, 2016 .....	<u>4,811</u>	<u>8,939</u>	<u>7,758</u>	<u>9,856</u>	<u>16,703</u>	<u>7,599</u>	<u>6,102</u>	<u>12,710</u>	<u>74,478</u>

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 : Others, Adjustments &amp; Eliminations includes gains and losses which cannot be allocated to each operating segment and internal eliminations between operating segments. The investments against CITIC Limited and C.P. Pokphand Co. Ltd. and the profits and losses from them are included in this segment.

Note 4 : Effective from April 1, 2016, ITOCHU changed its organizational structure from six division companies to seven division companies.

As a result, [ICT, General Products &amp; Realty Company] became [General Products &amp; Realty Company] and [ICT &amp; Financial Business Company].



**(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 24, 2016	Common Stock	39,541 million yen	Retained earnings	25.00 yen	March 31, 2016	June 27, 2016

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

**(9) Material Subsequent Events:** None