

# Highlights of Consolidated Financial Results for FY 2010 (U.S. GAAP)

## Financial topics for FY 2010

(Unit: billion yen, (losses, decrease))

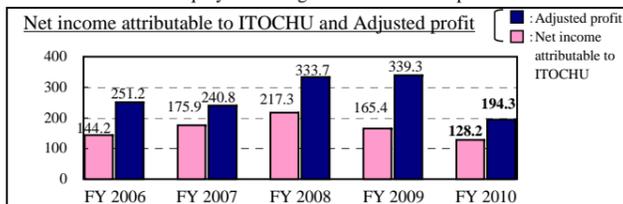
- FY 2010 "Net income attributable to ITOCHU" decreased by ¥37.2bil. to ¥128.2bil. compared with FY 2009 due to price falls in mineral resources, oil & gas on annual average basis. This figure includes impairment loss of ¥9.4bil. on investments in a restaurant chain and a finance-related associated companies.
- Net income attributable to ITOCHU by segment, "Food" increased to ¥27.8bil. (the highest profit of the segment) mainly due to a new investment, while "Ener. Met. & Min" recorded ¥65.7bil. in spite of price falls in mineral resources, oil & gas. The income in "Textile" and in "Chem., FP & GM" were ¥22.4bil. and ¥19.3bil., both segments recorded the same level as FY 2009. The income in "Mach." increased by ¥19.1bil. to ¥3.7bil. due to absence of temporary loss recognized in FY 2009, the income of "ICT & Aero., & Elec." was ¥6.0bil. and "Fin. Rlty, Insur. & LS" recorded loss of ¥4.2bil. due to impairment loss on a finance-related investment. Occupancies of "Net income attributable to ITOCHU" by sector: Natural Resource/Energy-Related, 51%(¥65.7bil.), Consumer-Related, 43%(¥54.9bil.), and Others, 6%(¥7.6bil.)
- ITOCHU stockholders' equity increased by ¥249.0bil. to ¥1,098.4bil., achieved over ¥1.0tril. for the first time at fiscal year end. NET DER improved by 0.5points to 1.6times.

## Consolidated Financial Results of Operations

	FY 2010	FY 2009	Increase (Decrease)	
				%
Revenue	3,416.6	3,419.1	(2.4)	(0.1%)
Gross trading profit	924.4	1,060.5	(136.2)	(12.8%)
Selling, general and administrative expenses	(769.9)	(768.1)	(1.8)	0.2%
Provision for doubtful receivables	(7.0)	(16.7)	9.7	(57.9%)
Net interest expense	(25.3)	(29.5)	4.1	(14.0%)
Dividends received	28.9	35.0	(6.1)	(17.5%)
Net financial income	3.6	5.6	(2.0)	-
Loss on investments-net	(4.5)	(23.1)	18.6	-
Loss on property and equipment-net	(8.5)	(45.4)	36.9	-
Gain on bargain purchase in acquisition	14.0	-	14.0	-
Other-net	3.0	(4.5)	7.5	-
Total other expenses	(769.4)	(852.3)	82.9	(9.7%)
Income before income taxes and equity in earnings of associated companies	155.0	208.3	(53.3)	(25.6%)
Income taxes	(51.6)	(72.8)	21.2	(29.1%)
Income before equity in earnings of associated companies	103.4	135.5	(32.1)	(23.7%)
Equity in earnings of associated companies	36.3	41.3	(5.0)	(12.2%)
Net income	139.7	176.8	(37.1)	(21.0%)
Less: Net income attributable to the noncontrolling interest	(11.5)	(11.4)	(0.1)	1.0%
Net income attributable to ITOCHU	128.2	165.4	(37.2)	(22.5%)
(Reference)				
Total trading transactions	10,306.8	12,065.1	(1,758.3)	(14.6%)
Gross trading profit ratio	9.0%	8.8%	0.2%	

Adjusted profit	194.3	339.3	(145.0)	(42.7%)
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Adjusted profit = Gross trading profit + SG&A expenses + Net financial income + Equity in earnings of associated companies



(Note 1) Net gain recognized in the acquisition: Total of "Loss on investments-net (-3.5)" and "Gain on bargain purchase in acquisition (+14.0)" is +10.6 (+6.2 after income tax effect).  
(Note 2) Refer to the results announced by each corresponding company, as their announcement dates are on and after ITOCHU's announcement date of Fiscal Year 2010.  
(Note 3) Income tax effect on the impairment loss is not included.

## Operating Segment Information

Operating Segment	Gross trading profit (Note 4)			Net income attributable to ITOCHU		
	FY 2010	FY 2009	Increase (Decrease)	FY 2010	FY 2009	Increase (Decrease)
Textile	102.7	102.6	0.1	22.4	22.9	(0.5)
Machinery	43.3	71.9	(28.6)	3.7	(15.5)	19.1
ICT, Aerospace & Electronics	136.4	138.9	(2.4)	6.0	8.0	(2.0)
Energy, Metals & Minerals	141.6	222.3	(80.7)	65.7	114.7	(49.0)
Chemicals, Forest Products & General Merchandise	110.1	114.3	(4.2)	19.3	19.0	0.2
Food	335.5	335.6	(0.1)	27.8	20.2	7.6
Finance, Realty, Insurance & Logistics Services	35.6	42.0	(6.4)	(4.2)	(1.2)	(3.0)
Other, Adjustments & Eliminations	19.2	33.0	(13.8)	(12.4)	(2.8)	(9.7)
<b>Total</b>	<b>924.4</b>	<b>1,060.5</b>	<b>(136.2)</b>	<b>128.2</b>	<b>165.4</b>	<b>(37.2)</b>

### Summary of changes from the previous fiscal year

**Revenue:** Due to price falls on annual average in mineral resources, oil & gas, and food materials, reduced transactions in automobiles and construction machinery, and slowdown in housing market in Japan and the U.S. despite increase due to the several acquisitions including ITOCHU ENEX CO., LTD. Please refer to "Operating Segment Information".

**Gross trading profit (Incr/Decr fields & business):**

- Textile/Almost the same level:** The acquisitions of SANKEI CO., LTD. and JAVA HOLDINGS CO., LTD., market slowdown in textile materials, fabrics and apparels
- Machinery/Decr:** Reduced transactions in automobile and construction machinery business, the absence of ship deliveries trade in FY 2009
- ICT, Aerospace & Electronics/Decr:** Overall low performance in Information and Communication Technology-related business
- Energy, Metals & Minerals/Decr:** Price falls on annual average in metal resources, oil & gas
- Chemicals, Forest Products & General Merchandise/Decr:** Slowdown in housing market in Japan and the U.S., and sale of a tire-related subsidiary in the U.S.
- Food/Almost the same level:** Profitability improved in food resources such as feed grains, oils and fats, decrease in food distribution subsidiary
- Finance, Realty, Insurance & Logistics Services/Decr:** Decrease due to finance-related business and impairment loss of inventory in real-estate for sale

**SG&A:** Increase due to acquisition of subsidiaries, increase in pension cost despite decrease in existing subsidiaries

**Provision for doubtful receivables:** Absence of the provision for doubtful receivables from Machinery-related customers in Mongolian in the previous fiscal year +10.8, increase due to allowance for other doubtful receivables -1.1

**Net financial income:** Improvement of net interest expense due to decline in U.S. dollars interest rate, dividends received from LNG-related investments -8.9, dividends received from an oil and gas-related investment +5.5

**Loss on investments-net:** Impairment loss on investments +26.2, net gain on sales of investments -2.1, loss on business disposals and others -5.5

**Loss on property and equipment-net:** Absence of the loss from Entrada Oil/Natural Gas Field Development Project(i); and decrease in other impairment losses on property and equipment in the previous fiscal year(ii) +34.4 ((i):+29.2 / (ii):+5.2), net gain on sales of property and equipment +2.5

**Gain on bargain purchase in acquisition:** Gain in the acquisitions of C.I.Kasei Co., Ltd. and ITOCHU LOGISTICS CORP. and Leilian Co., LTD.

**Other-net:** Absence of the loss from Entrada Oil/Natural Gas Field Development Project +7.1, foreign currency exchange gains and losses +3.4, others -2.9

**Equity in earnings of assoc. co.:** TING HSIN (CAYMAN ISLANDS) HOLDING CORP. +8.7 / Century Tokyo Leasing Corporation (Note 2) [Net profit related to a merger +1.1] / Brazil Japan Iron Ore Corporation +4.0 / Equity-method associated companies of I-Power Investment Inc. +2.2 / Marubeni-Itochu Steel Inc. -12.1 / Orient Corporation(Note 2) [Impairment loss on investment (Note 3)-1.2] / Japan Brazil Paper and Pulp Resources Development Co., Ltd. -5.6 / Yoshinoya Holdings Co., Ltd (Note 3) -3.3

## Outlook for FY2011

	FY 2010	FY 2009
Revenue	1,080.0	155.6
Gross trading profit	(815.0)	(45.1)
SG&A	(5.0)	2.0
Net interest expense	(25.0)	0.3
Dividends received	20.0	(8.9)
Net financial income	(5.0)	(8.6)
Loss on investments-net	(*) (45.0)	(49.0)
Loss on property and equipment-net	(870.0)	(100.6)
Gain on bargain purchase in acquisition	210.0	55.0
Other-net	(100.0)	(48.4)
Net income	110.0	6.6
Less: Net income attributable to the noncontrolling interest	65.0	28.7
Net income attributable to ITOCHU	175.0	35.3
Less: Net income attributable to the noncontrolling interest	(15.0)	(3.5)
Net income attributable to ITOCHU	160.0	31.8
Adjusted profit	11,500.0	1,193.2
Adjusted profit ratio	(9.4%)	

## Dividend Information (Per Share)

	FY 2010	FY 2011
Annual (Planned)	15.0 yen	18.0 yen
Interim (Paid)	7.5 yen	9.0 yen

### Components of Net Income attributable to ITOCHU

	FY 2010	FY 2009	Increase (Decrease)
Parent company	63.5	64.4	(0.9)
Group companies	118.4	139.7	(21.3)
Overseas trading subsidiaries	7.9	20.3	(12.5)
Consolidation adjustments	(61.6)	(59.0)	(2.6)
Net income attributable to ITOCHU	128.2	165.4	(37.2)

Earnings from overseas businesses (Note 5)	70.1	111.6	(41.5)
Share of earnings from overseas businesses	55%	67%	

## Share of Group Companies Reporting Profits

(Note 6) In this 1st quarter, the criteria to count group companies was changed so that the number of companies directly invested by ITOCHU or its overseas trading subsidiaries are shown above.

	FY2010	FY2009	Increase (Decrease)
Share of group co. reporting profits	71.9%	73.6%	(1.7%)
Number of group co. reporting profits	297	309	(12)
Number of group co. reporting losses	116	111	5
Total	413	420	(7)

## P/L of Group Companies Reporting Profits / Losses

	FY2010	FY2009	Increase (Decrease)
Group co. reporting profits	166.2	218.9	(52.6)
Group co. reporting losses	(40.0)	(58.8)	18.8
Total	126.3	160.1	(33.8)

(Group companies)

	FY2010	FY2009	Increase (Decrease)
Group co. reporting profits	156.6	198.1	(41.5)
Group co. reporting losses	(38.2)	(58.3)	20.2
Total of Group companies	118.4	139.7	(21.3)

(Overseas trading subsidiaries)

	FY2010	FY2009	Increase (Decrease)
Group co. reporting profits	9.7	20.8	(11.1)
Group co. reporting losses	(1.8)	(0.5)	(1.3)
Total of Overseas trading subsidiaries	7.9	20.3	(12.5)

## Financial Position

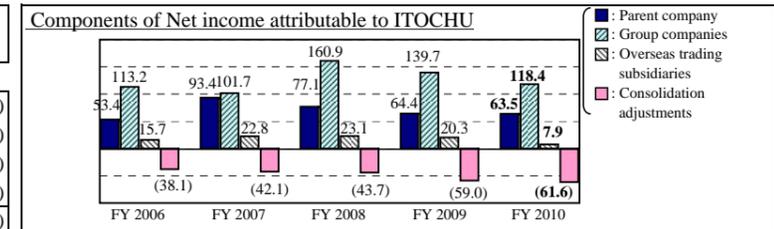
	March 31 2010	March 31 2009	Increase (Decrease)
Total assets	5,476.8	5,192.1	284.8
Interest-bearing debt	2,209.3	2,389.3	(180.1)
Net interest-bearing debt	1,726.1	1,756.8	(30.7)
ITOCHU stockholders' equity	1,098.4	849.4	249.0
Net debt-to-equity ratio (times)	1.6	2.1	improved 0.5

## Cash Flows

	FY 2010	FY2009	Increase (Decrease)
Operating activities	295.4	276.9	18.5
Investing activities	(196.3)	(326.0)	129.7
Financing activities	(259.0)	258.3	(517.3)
Cash and cash equivalents	475.7	628.8	(153.1)
Increase (Decrease)	(153.1)	182.5	

Major Indicators

	FY 2010	FY 2009	Changes
Foreign exchange (Yen/US\$)	Mar. closing	Average (Apr.-Mar.) 93.36	100.54 (7.18)
	March 31st	Mar.-10] 93.04	Mar.-09] 98.23 (5.19)
	Dec. closing	Average (Jan.-Dec.) 93.54	105.10 (11.56)
	December 31st	Dec.-09] 92.10	Dec.-08] 91.03 1.07



(Note 5) "Earnings from overseas businesses" is the total of net income attributable to ITOCHU of overseas trading subsidiaries and overseas group companies, plus net income attributable to ITOCHU of overseas branch of parent company and domestic group companies substantially operating in overseas.

## Group Companies

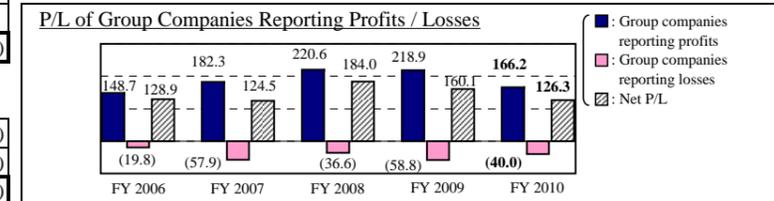
(Major Group Companies Reporting Profits) (C): Consolidated subsidiary, (E): Equity-method associated company

Group Company	FY2010	FY2009	Summary of changes from the previous fiscal year
ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA) (C)	34.1	71.2	Decrease due to price falls in mineral resources on annual average
ITOCHU Oil Exploration (Azerbaijan) Inc. (C)	6.9	26.1	Decrease due to oil price falls on annual average
TING HSIN (CAYMAN ISLANDS) HOLDING CORP. (E)	8.7	-	Equity pick-up started since this 1Q and some profit from food production business and gain on sale of securities were recognized.
Brazil Japan Iron Ore Corporation (E)	4.0	0.0	Equity pick-up started since this first quarter. Steady growth after this first quarter.

(Major Group Companies Reporting Losses)

Group Company	FY2010	FY2009	Summary of changes from the previous fiscal year
Yoshinoya Holdings Co., Ltd. (E) (Note 7)	(4.3)	(1.5)	Impairment loss on investments in addition to poor performance in main and subsidiaries' business
CIECO Energy (US) Limited (C)	(2.2)	(22.4)	Impairment loss on oil/gas assets from low oil and gas prices despite significant improvement due to the absence of the loss from Entrada Oil/Natural Gas Field Development Project in the prev. FY

(Note 7) Income tax effect on the impairment loss is included.



## Summary of changes from the previous fiscal year end

	March 31 2010	March 31 2009	Outlook for March 31, 2011
Total assets	5,476.8	5,192.1	5,800.0
Interest-bearing debt	2,209.3	2,389.3	2,500.0
Net interest-bearing debt	1,726.1	1,756.8	2,100.0
ITOCHU stockholders' equity	1,098.4	849.4	1,200.0
Net debt-to-equity ratio (times)	1.6	2.1	1.8

## Condition of Cash Flows for FY 2010

**Operating:** Net cash-inflow mainly due to good performance in operating revenue in overseas natural resource-related business, food, textile and chemicals business and reduction of inventories in automobile business.

**Investing:** Net cash-outflow mainly due to investments in the consumer-related sector, increased capital expenditure in overseas natural resource development sector (Energy, Metals & Minerals), and additional investments related to acquisitions of C.I.Kasei Co., Ltd. and ITOCHU LOGISTICS CORP.

**Financing:** Net cash-outflow (net repayment) mainly due to repayments of debt by the parent company and dividends payment.

Major Indicators

	FY 2010	FY 2009	Changes
Interest, JPY TIBOR 3M, average (Apr.-Mar.)	0.528%	0.818%	(0.290%)
	Interest, US\$ LIBOR 3M, average (Jan.-Dec.)	0.686%	2.928%
Crude oil (Brent), average (US\$/BBL)	(Apr.-Mar.) 70.39	85.66	(15.27)
	(Jan.-Dec.) 62.49	98.36	(35.87)