

Financial topics for the First Half (1st H) of FY 2011

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

- 1st H "Adjusted profit" increased to ¥157.6 bil. over 2 times compared with the prev. 1st H, and "Net income attributable to ITOCHU" increased to ¥103.0 bil., close to 2 times compared with the prev. 1st H, achieved 64% of our Outlook for FY 2011 of ¥160.0 bil.
- For the income by segment, "Ener., Met. & Min." increased by ¥36.9 bil. to ¥62.9 bil., "Chem., FP & GM" increased by ¥5.7 bil. to ¥13.9 bil., "ICT, Aero. & Elec." increased by ¥3.4 bil. to ¥4.6 bil., "Mach." increased by ¥2.5 bil. to ¥6.5 bil., all increased significantly compared with the prev. 1st H. "Textile" stayed at the same level of ¥7.1 bil. as the prev. 1st H, while "Food" and "Fin., Rlty., Insur. & LS" decreased due to the absence of non-recurring gain in the prev. 1st H. However, "Food" secured ¥15.4 bil., and "Fin., Rlty., Insur. & LS" turned a profit in this 1st H from a deficit recorded in this 1Q.
- Share of "Net income attributable to ITOCHU" by sector: Natural Resource/Energy-Related, 61%, Consumer-Related, 28%, and Others, 11%.
- Net income of subsidiaries and associated companies, total of group companies including overseas trading subsidiaries also increased by ¥60.1 bil. to ¥112.2 bil. over 2 times compared with prev. 1st H. Six segments recorded more than ¥1.0 bil. increase for "Chem., FP & GM" and "Food", as well as "Ener., Met. & Min."
- ITOCHU stockholders' equity increased by ¥21.0 bil. to ¥1,119.4 bil. compared with the prev. FY end. Ratio of stockholders' equity to total assets recorded 20.5%. NET DER recorded 1.5 times.

Consolidated Financial Results of Operations

	1st Half FY 2011	1st Half FY 2010	Increase (Decrease)
Revenue	1,717.7	1,651.1	66.6
Gross trading profit	505.3	440.0	65.3
Selling, general and administrative expenses	(388.4)	(382.0)	(6.4)
Provision for doubtful receivables	(1.0)	(4.3)	3.3
Net interest expenses	(9.1)	(13.2)	4.1
Dividends received	12.1	10.4	1.7
Net financial income(expenses)	3.0	(2.8)	5.8
Gain (loss) on investments-net	(10.4)	5.2	(15.6)
Gain on property and equipment-net	6.5	2.0	4.5
Gain on bargain purchase in acquisition	-	9.1	(9.1)
Other-net	(3.4)	2.6	(6.0)
Total other expenses	(393.9)	(370.4)	(23.5)
Income before income taxes and equity in earnings of associated companies	111.5	69.6	41.8
Income taxes	(41.1)	(31.2)	(9.9)
Income before equity in earnings of associated companies	70.4	38.4	31.9
Equity in earnings of associated companies	37.7	20.8	16.9
Net income	108.0	59.2	48.8
Less: Net income attributable to the noncontrolling interest	(5.0)	(3.9)	(1.2)
Net income attributable to ITOCHU	103.0	55.3	47.6

(Reference)

	5,668.8	4,802.0	866.8
Total trading transactions	5,668.8	4,802.0	866.8
Gross trading profit ratio	8.9%	9.2%	(0.2%)
Adjusted profit (Note 1)	157.6	76.0	81.6

Consolidated Statements of Comprehensive Income

	108.0	59.2	48.8
Net income	108.0	59.2	48.8
Other comprehensive income (loss) (net of tax)	(48.1)	84.9	(133.1)
Foreign currency translation adjustments	(48.1)	84.9	(133.1)
Pension liability adjustments	1.3	1.9	(0.7)
Unrealized holding gains (losses) on securities	(6.8)	29.1	(35.9)
Unrealized holding gains on derivative instruments	1.9	1.9	(0.1)
Total other comprehensive income (loss) (net of tax)	(51.8)	117.9	(169.7)
Comprehensive income	56.2	177.1	(120.9)
Comprehensive income attributable to the noncontrolling interest	(3.9)	(6.5)	2.6
Comprehensive income attributable to ITOCHU	52.3	170.6	(118.3)

Summary of changes from the same period of the previous fiscal year

Revenue: Increase in Energy, Metals & Minerals due to higher prices for mineral resources and for oil & gas and increase in transaction volume for mineral resources; and in Textile due to the acquisitions of JAVA HOLDINGS CO., LTD. and LEILIAN CO., LTD. in the 2nd half of the prev. FY; and in Chemicals, Forest Products & General Merchandise due to higher prices for both natural rubber and pulp, and increase in transaction volumes for natural rubber, as well as a year-on-year rise in chemical prices

Gross trading profit: (Incr/Decr fields & business)
Textile/Incr(45.6→60.8): Increase due to acquisitions of JAVA HOLDINGS CO., LTD. and LEILIAN CO., LTD.
Machinery/Incr(24.0→25.2): Increase due to recovery in automobile transactions
ICT, Aerospace & Electronics/Decr(61.7→60.9): Decrease due to less transactions in industrial machinery-related and ICT-related businesses
Energy, Metals & Minerals/Incr(57.6→100.4): Increase due to higher prices for mineral resources and for oil and gas, as well as increase in transaction volume for mineral resources, despite poor operation in petroleum product transactions
Chemicals, Forest Products & General Merchandise/Incr(51.8→58.8): Increase due to gains in prices for both natural rubber and pulp as well as strong transaction in chemicals and slight recovery from the bottom of poor housing markets in the U.S. and Japan
Food/Incr(171.3→172.2): Increase in transaction volume for food distribution sector resulting from extremely hot weather boost to consumer spending this summer
Finance, Realty, Insurance & Logistics Services/Almost the same level(16.7→16.6): Almost the same level due to making a real estate-related subsidiary an equity-method associated company and impairment loss of inventories in part, offset by increase in finance and logistics businesses

SG & A: Increase mainly due to the acquisition in Textile of the two companies mentioned above, which offset cost reductions in existing consolidated companies, reductions stemming from the deconsolidation of certain subsidiaries, and a decline in pension cost resulting from improved performance of pension asset management accompanying the recovery in the stock market in the previous fiscal year

Provision for doubtful receivables: Decrease due to decrease in allowance for doubtful receivables

Net financial income (expenses): Improvement of net interest expenses due to decline in U.S. dollars and yen interest rates, increase in dividends received from LNG-related investments +1.9

Gain (loss) on investments-net: Impairment loss on investments -5.4, net gain on sales of investments -13.1, loss on business disposals and others +2.9

Gain on property and equipment-net: Increase due to increase in gain on sales of property and equipment stemming from the sale of assets (coal interests, etc.)

Gain on bargain purchase in acquisition: Decrease due to the absence of the non-recurring gain that was recorded in the same period of the previous fiscal year

Other-net: Worsened due to a worsening of gain (loss) on foreign currency revaluation for subsidiaries and a miscellaneous loss

Equity in earnings of assoc. co.: Marubeni-Itochu Steel Inc. +4.1, Japan Brazil Paper and Pulp Resources Development Co., Ltd. +3.3, Brazil Japan Iron Ore Corporation +2.7, Equity-method associated companies of ITOCHU Minerals & Energy of Australia Pty Ltd +2.8, FamilyMart Co., Ltd. +0.5

(Note 1) Adjusted profit = Gross trading profit + SG&A expenses + Net financial income + Equity in earnings of associated companies

Outlook for FY 2011

	1,080.0	46.8%
Revenue	1,080.0	46.8%
Gross trading profit	(815.0)	47.7%
Net interest expenses	(5.0)	20.8%
Dividends received	(25.0)	36.2%
Net financial income(expenses)	20.0	60.3%
Gain (loss) on investments-net	(5.0)	-
Gain on property and equipment-net	(*) (45.0)	-
Gain on bargain purchase in acquisition	(870.0)	45.3%
Other-net	210.0	53.1%
Total other expenses	(100.0)	41.1%
Income before income taxes and equity in earnings of associated companies	110.0	64.0%
Income taxes	65.0	57.9%
Income before equity in earnings of associated companies	175.0	61.7%
Equity in earnings of associated companies	(15.0)	33.6%
Net income	160.0	64.4%
Less: Net income attributable to the noncontrolling interest	11,500.0	49.3%
Net income attributable to ITOCHU	9.4%	-
	325.0	48.5%

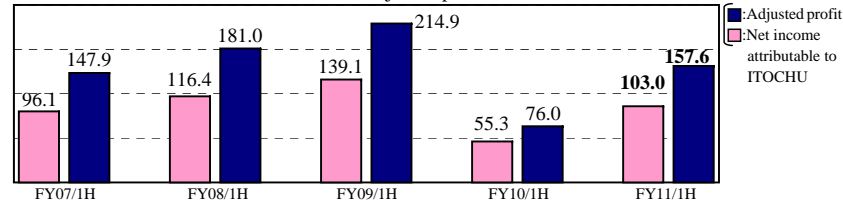
Dividend Information (Per Share)

Annual (Planned)	18 yen
Interim	9 yen

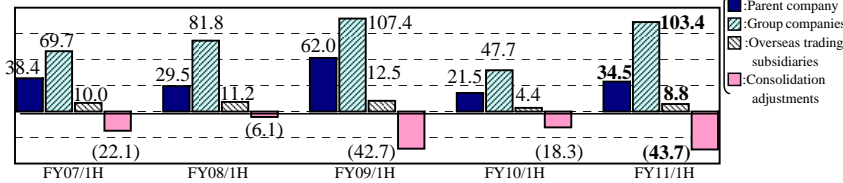
Components of Net income attributable to ITOCHU

	1st Half FY 2011	1st Half FY 2010	Increase (Decrease)
Parent company	34.5	21.5	13.0
Group companies	103.4	47.7	55.7
Overseas trading subsidiaries	8.8	4.4	4.4
Consolidation adjustments	(43.7)	(18.3)	(25.5)
Net income attributable to ITOCHU	103.0	55.3	47.6

Net income attributable to ITOCHU and Adjusted profit



Components of Net income attributable to ITOCHU



Earnings from overseas businesses (Note 2)

Earnings from overseas businesses	78.0	24.0	54.1
Share of earnings from overseas businesses	76%	43%	32%

(Note 2) "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 branches of parent company and domestic group companies substantially operating in overseas.

Operating Segment Information

	Net income attributable to ITOCHU		
	1st Half FY 2011	1st Half FY 2010	Increase (Decrease)
Textile	7.1	7.1	(0.0)
Machinery	6.5	4.0	2.5
ICT, Aerospace & Electronics	4.6	1.2	3.4
Energy, Metals & Minerals	62.9	26.1	36.9
Chemicals, Forest Products & General Merchandise	13.9	8.1	5.7
Food	15.4	18.5	(3.1)
Finance, Realty, Insurance & Logistics Services	0.2	2.3	(2.2)
Other, Adjustments & Eliminations	(7.6)	(12.1)	4.4
Total	103.0	55.3	47.6

Summary of changes from the same period of the previous fiscal year

Almost the same level due to decrease in equity in earnings of associated companies, offset by increase in gross trading profit

Increase due to improved gross trading profit and increase in dividends received, despite impairment loss on investment securities

Increase mainly due to equity in earnings of associated companies and cost reduction, despite decrease in gross trading profit

Significant increase due to increase in dividends received from LNG business, gain on property and equipment-net and equity in earnings of associated companies, as well as gross trading profit

Increase in gross trading profit and equity in earnings of associated companies, despite the absence of net gain on bargain purchase in acquisition of C.I. Kasei Co., Ltd. in the same period of the previous fiscal year

Decrease due to the absence of gain on sales of investment in the same period of the previous fiscal year, despite increase in equity in earnings of associated companies and gross trading profit

Decrease due to worsened loss of investments as well as the absence of net gain on bargain purchase in acquisition of ITOCHU LOGISTICS CORP. in the same period of the previous fiscal year, for the almost same level of gross trading profit

Increase due to the absence of nonrecurring tax expense resulting from internal tax system in the same period of the previous fiscal year, despite impairment loss on investment securities

P/L of Group Companies Reporting Profits/Losses

	1st Half FY 2011	1st Half FY 2010	Increase (Decrease)
Group co. reporting profits	122.0	68.7	53.3
Group companies reporting profits	113.2	64.0	49.2
Overseas trading subsidiaries reporting profits	8.8	4.7	4.1
Group co. reporting losses	(9.9)	(16.6)	6.8
Group companies reporting losses	(9.8)	(16.3)	6.5
Overseas trading subsidiaries reporting losses	(0.0)	(0.3)	0.3
Total	112.2	52.1	60.1
Share of group co. reporting profits	73.3%	66.2%	7.1%
Number of group co. reporting profits	299	280	19
Total number of group co. reporting	408	423	(15)

Group Companies

	1st Half FY 2011	1st Half FY 2010	Summary of changes from the same period of the previous fiscal year
ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA) ^(C)	47.0	14.5	Due to higher prices for mineral resources as well as increase in transaction volume
ITOCHU Oil Exploration (Azerbaijan) Inc. ^(C)	5.3	1.4	Due to higher oil prices
Brazil Japan Iron Ore Corporation ^(E)	3.7	1.0	Due to increase in sales volume as well as higher prices
ITOCHU Property Development, Ltd. ^(C)	(2.1)	(1.1)	Due to impairment loss of inventory as well as poor performance in the sales of the suburban apartments, condominiums and homes in part
ITOCHU Petroleum Japan Ltd. ^(C)	(0.6)	0.2	Due to poor operation in petroleum product transactions

Financial Position

	Sep. 2010	Mar. 2010	Increase (Decrease)
Total assets	5,459.8	5,476.8	(17.1)
Interest-bearing debt	2,192.7	2,209.3	(16.6)
Net interest-bearing debt	1,722.9	1,726.1	(3.2)
ITOCHU stockholders' equity	1,119.4	1,098.4	21.0
Total equity	1,322.7	1,311.4	11.4
Ratio of stockholders' equity to total assets	20.5%	20.1%	0.4%
Net debt-to-equity ratio (times)	1.54	1.57	0.03 improved

Summary of changes from the previous fiscal year end

Total assets: Decrease due to the collection of Trade receivables in Energy, Metals & Minerals and ICT, Aerospace & Electronics, and the appreciation of the yen against major currencies, such as the U.S. dollar and the Australian dollar. These factors offset net investments in resource companies with interests in uranium in Energy, Metals & Minerals and increase in inventories in anticipation of future demand in Energy, Metals & Minerals; Finance, Realty, Insurance & Logistics Services; and Food

ITOCHU stockholders' equity: Increase due to Net income attributable to ITOCHU increased, despite decrease from dividend payment, deterioration in foreign currency translation adjustments because of the yen's appreciation, a decline in net unrealized holding gains on securities due to the sluggish stock market conditions, and decrease in Capital surplus due to the purchase of additional shares of the common stock of NIPPON ACCESS, INC., a subsidiary, which was accounted for as an equity transaction.

As a result, "Ratio of stockholder's equity to total assets" (Note 4) increased by 0.4 points from March 31, 2010, to 20.5%. "NET DER" (Note 4) was 1.5 times.

(Note 4) "Stockholders' equity" is equivalent to "ITOCHU stockholders' equity" and used in calculating "NET DER".

Cash Flows

	1st Half FY 2011	1st Half FY 2010
Operating activities	117.6	102.7
Investing activities	(116.3)	(134.6)
Financing activities	(48.0)	(56.0)
Cash and cash equivalents	424.5	547.7
Increase (Decrease)	(51.1)	(81.1)

Summary of Cash Flows for 1st Half of FY 2011

Operating: Net cash-inflow, which was attributable to strong operating revenue related to overseas natural resources and food

Investing: Net cash-outflow mainly due to additional capital expenditures in overseas natural resource development sector, and investments in resource companies with interests in uranium

Financing: Net cash-outflow due to the purchase, through a tender offer, of shares of the common stock of NIPPON ACCESS, INC., a subsidiary, and dividends payment

Major Indicators		1st Half FY 2011	1st Half FY 2010	Variance	Major Indicators		1st Half FY 2011	1st Half FY 2010	Variance
Foreign exchange (Yen/US\$)	Mar. closing	Average (Apr.-Sep.)	89.93	96.34	(6.41)	Interest, JPY TIBOR 3M, average (Apr.-Sep.)	0.385%	0.574%	(0.189%)
	September 30th	Sep.-10	83.82	93.04	(9.22)	Interest, US\$ LIBOR 3M, average (Jan.-Jun.)	0.346%	1.044%	(0.698%)
		Average (Jan.-Jun.)	90.98	94.22	(3.24)	Crude oil (Brent), average (US\$/BBL)	(Apr.-Sep.)	78.22	64.37
	Dec. closing	June 30th	88.48	92.10	(3.62)		(Jan.-Jun.)	78.36	52.71