Highlights of Consolidated Financial Results for the 1st Quarter of FY 2015 (IFRS)

August 6, 2014
ITOCHU Corporation

Financial topics for the 1st Quarter of FY 2015

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

1. "Net profit attributable to ITOCHU" increased by ¥12.6 bil. to ¥80.8 bil. compared with the same period of the previous FY.
・Progressed 27% toward the initial outlook of ¥300.0 bil. for FY 2015 for "Net profit attributable to ITOCHU".
・For "Net profit attributable to ITOCHU" by segment, four segments, "ICT, General Products & Realty"(¥20.0 bil.), "Metals & Minerals"(¥18.5 bil.), "Food"(¥15.0 bil.), and "Machinery"(¥12.8 bil.) achieved earnings of over ¥10.0 bil.

2. The share of the Non-Resource Sector was 80% (earnings of ¥63.0 bil.) and the Natural Resource/Energy-Related Sector was 20% (earnings of ¥16.1 bil.)
・The Non-Resource Sector increased by ¥12.8 bil. compared with the same period of the previous FY, which led the increase of "Net profit attributable to ITOCHU".

3. "Total shareholders' equity" increased by ¥36.8 bil. to ¥2,082.5 bil. compared with March 31, 2014.
・"Total shareholders' equity" increased by ¥36.8 bil. to ¥2,082.5 bil., due to the increase in "Net profit attributable to ITOCHU" which more than compensated for the decrease accompanying dividend payments.
・"Ratio of shareholders' equity to total assets" was 26.5%, NET DER was 1.1 times, both nearly at the same level compared with March 31, 2014.

	1st Quarter FY 2015	1st Quarter FY 2014	Increase (Decrease)
Natural Resource /Energy-related	16.1	15.8	0.2
Non-Resource	63.0	50.2	12.8
Others	1.8	2.3	(0.5)
Non-Resource & Others	*64.8*	*52.5*	*12.3*
Natural Resource /Non-Resource	20%/80%	24%/76%	-4%/+4%

Consolidated Financial Results of Operations

Consolidated Financial Results of Operations	1st Quarter FY 2015	1st Quarter FY 2014	Increase (Decrease)	Outlook for FY2015 (Disclosed on May 1,2014)	Progress (%)
Revenues	1,323.9	1,294.3	29.6		
Gross trading profit	245.9	242.0	3.8	1,110.0	22.2%
Selling, general and administrative expenses	(192.1)	(185.1)	(7.1)	(804.0)	23.9%
Provision for doubtful accounts	(0.5)	(1.2)	0.8	(6.0)	–
Gains on property, plant, equipment and intangible assets	2.5	0.6	1.9	(*)	–
Other–net	2.9	2.4	0.6	(*)	–
Net interest expenses	(3.3)	(3.8)	0.4	(18.0)	18.6%
Dividends received	5.9	5.4	0.5	28.0	21.1%
Net financial income	*2.6*	*1.7*	*0.9*	*10.0*	*25.5%*
Other financial income	0.7	2.0	(1.3)	(*)	–
Equity in earnings of associates and joint ventures	33.5	26.0	7.5	140.0	23.9%
Gains on disposal and remeasurement of investments in affiliates	11.4	7.9	3.6	*total (12.0) (*)	–
Profit before tax	106.9	96.3	10.6	438.0	24.4%
Income tax expense	(23.6)	(25.5)	1.8	(115.0)	20.6%
Net Profit	83.3	70.8	12.5	323.0	25.8%
Net profit attributable to ITOCHU	80.8	68.3	12.6	300.0	26.9%
Net profit attributable to non-controlling interests	2.4	2.5	(0.1)	23.0	10.6%
Total comprehensive income attributable to ITOCHU	76.7	126.0	(49.4)		
(Reference)					
Adjusted profit	89.8	84.7	5.1	456.0	19.7%

"Adjusted profit" = Gross trading profit + SG&A expenses + Net financial income + Equity in earnings of associates and joint ventures

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

・**Revenues**
Energy & Chemicals (+22.8):
Due to higher transaction volume in the energy trading transactions and the acquisition of subsidiaries in energy-related companies
Machinery (+13.2) :
Due to the favorable performance in IPP-related business in North America, and higher transaction volume in automobile-related transactions
Metals & Minerals (-20.5):
Mainly due to the decline in iron ore and coal prices, despite the increase of iron ore sales volume

・**Gross trading profit**
Machinery (+4.3):
Due to the favorable performance in IPP-related business in North America, and higher transaction volume in automobile-related transactions, despite lower ship transaction volume
ICT, General Products & Realty (+3.8):
Mainly due to higher transaction volume in domestic ICT-related companies and the contribution from real estate transactions
Metals & Minerals (-8.4):
Due to the decline in iron ore and coal prices, despite the increase in iron ore sales volume and improvement of cost in coal-related businesses

・**SG&A expenses**: Due to higher expenses in existing subsidiaries and the increase accompanying the acquisition of subsidiaries
・**Provision for doubtful accounts** : Decrease in allowance for doubtful accounts
・**Gains on PPE and intangible assets** : Net gain on sales of PPE and intangible assets(+2.1)
・**Other-net** : Mainly due to the improvement in foreign currency translation
・**Net financial income** : Improvement due to lower debt cost, increase in dividends from plant-related investments
・**Other financial income** : Mainly due to the decrease in gain on valuation of derivatives

・**Equity in earnings of associates and joint ventures**
Food (+5.1) : Due to higher equity in earnings of associated companies resulting from the gain on sales of affiliates in the CVS companies and the increase in earnings from the Chinese food companies
Energy & Chemicals (+3.6) : Mainly due to the absence of impairment losses in the U.S. oil and gas development companies in the same period of the previous fiscal year
Metals & Minerals (-1.3) : Mainly due to the decline in iron ore and coal prices

・**Gains on disposal and remeasurement of investments in affiliates** : Mainly due to the gain on remeasurement from the conversion of an Internet advertising company from an associated company to other investments, despite the absence of the gain on sales of affiliates in the same period of the previous fiscal year

Operating Segment Information

Operating Segment Information	Net profit attributable to ITOCHU: 1st Quarter FY 2015	1st Quarter FY 2014	Increase (Decrease)	Summary of changes from the same period of the previous fiscal year
Textile	5.0	5.3	(0.3)	Nearly the same level due to the gain on sales of property, plant, and equipment despite lower gross trading profit
Machinery	12.8	10.2	2.6	Increase due to higher gross trading profit, increase in received dividends, and increase in equity in earnings of associates and joint ventures, despite the absence of the gain on the sales of IPP-related business in North America in the same period of the previous fiscal year
Metals & Minerals	18.5	20.3	(1.8)	Decrease due to the decline in iron ore and coal prices, despite the gain on sales of investments of associated companies and improvement in foreign currency translation
Energy & Chemicals	7.7	2.6	5.2	Increase due to higher gross trading profit, and absence of impairment losses in equity in earnings of associates and joint ventures in the U.S. oil and gas development companies in the same period of the previous fiscal year
Food	15.0	11.4	3.6	Increase due to higher equity in earnings of associates and joint ventures resulting from the gain on sales of affiliates in the CVS companies, despite the decline in gross trading profit and increase of SG&A
ICT, General Products & Realty	20.0	16.3	3.7	Increase due to the favorable gross trading profit and the gain on remeasurement from the conversion of an Internet advertising company from an associated company to other investments, despite the increase in SG&A and the absence of gain on the sales of affiliates in the same period of the previous fiscal year
Others, Adjustments & Eliminations	1.8	2.3	(0.5)	
Consolidated	80.8	68.3	12.6	

Financial Position

Financial Position	Jun. 2014	Mar. 2014	Increase (Decrease)	Outlook for March 31, 2015
Total assets	7,864.8	7,783.8	81.1	8,200.0
Interest-bearing debt	2,898.2	2,893.4	4.8	3,100.0
Net interest-bearing debt	2,278.0	2,232.0	46.0	2,500.0
Total shareholders' equity	2,082.5	2,045.7	36.8	2,300.0
Ratio of shareholders' equity to total assets	26.5%	26.3%	+ 0.2 pt	28.0%
Net debt-to-shareholders' equity ratio (times)	1.1	1.1	same level	1.1
Total equity	2,440.5	2,399.5	41.0	2,700.0

Summary of changes from the previous fiscal year end

・**Total assets** : Increased by 1.0%, or 81.1 billion yen, compared with March 31, 2014, to 7,864.8 billion yen. This increase was attributable to the increase accompanying the acquisition of EDWIN CO., LTD. in the Textile Company and subsidiaries in energy-related companies, despite the collection of trade receivables in domestic ICT-related and mobile-phone-related companies.
・**Net interest-bearing debt**: Increased by 2.1%, or 46.0 billion yen, compared with March 31, 2014, to 2,278.0 billion yen, due to the decrease in Cash and cash equivalents and Time deposits.
・**Total shareholders'equity**: Increased by 1.8%, or 36.8 billion yen, compared with March 31, 2014, to 2,082.5 billion yen, due to the increase in Net profit attributable to ITOCHU, which more than compensated for the decrease accompanying dividend payments. Ratio of shareholders' equity to total assets increased by 0.2 points to 26.5% from March 31, 2014. NET DER (Net debt-to-shareholders' equity ratio) was at the same level compared with March 31, 2014, at 1.1 times.

Cash Flows

Cash Flows	1st Quarter FY 2015	1st Quarter FY 2014
Operating activities	64.8	45.6
Investing activities	(20.1)	(132.8)
Financing activities	(84.4)	(2.2)
Cash and cash equivalents	611.5	477.9
Increase (Decrease)	(42.3)	(92.4)

Summary of Cash Flows for the 1st Quarter of FY 2015

・**Operating**: Net cash-inflow of 64.8 billion yen, resulting from the stable performance in operating revenue in the overseas natural resources, machinery, and food transactions, and the steady collections of trade receivables in the textile sector, despite the increase in inventories, and the payments of account payable in chemicals, construction, and forest products and general merchandise sectors.

・**Investing**: Net cash-outflow of 20.1 billion yen, mainly due to additional investments in the natural resource development sector.

・**Financing**: Net cash-outflow of 84.4 billion yen, due to dividend payments and repayment of debt.

Group Companies

(Major Group Companies) (C): Consolidated subsidiary, (E): Equity-method company (associates and joint ventures)

Group Companies		1st Quarter FY 2015	1st Quarter FY 2014	Increase (Decrease)	Summary of changes from the same period of the previous fiscal year
ITOCHU Minerals & Energy of Australia Pty Ltd	(C)	12.7	18.9	(6.2)	Decrease due to the decline in iron ore and coal prices, despite the increase in iron ore sales volume and improvement of cost in coal-related businesses
FamilyMart Co., Ltd.	(E)	5.1	1.7	3.4	Increase due to the gain on sales of affiliates in Korea
Marubeni-Itochu Steel Inc.	(E)	3.7	3.1	0.6	Increase due to the stable demands of steel
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	(C)	3.2	0.2	3.0	Increase due to the favorable performance in crude oil and fuel oil trading transactions
JD Rockies Resources Limited	(C)	(0.5)	(3.2)	2.7	Improved mainly due to the absence of impairment losses in the U.S. oil and gas development companies in the same period of the previous fiscal year

Dividend Information (Per Share)

Annual (Planned)	46.0 yen
Interim (Planned)	23.0 yen

Major Indicates

Major Indicates		1st Quarter FY 2015	1st Quarter FY 2014	Variance
Foreign exchange (Yen/US$)	Average	102.05	98.89	3.16
	Closing	Jun.-14 101.36	Mar.-14 102.92	(1.56)
Interest	JPY TIBOR 3M, average	0.211%	0.232%	(0.021%)
	US$ LIBOR 3M, average	0.228%	0.275%	(0.047%)
Crude oil (Brent) (US$/BBL) Average		109.77	103.35	6.42
Iron ore, fine (US$/ton) (*)		118	137	(19)
Coking coal (US$/ton) (*)		120	172	(52)
Thermal coal (US$/ton) (*)		82	95	(13)

(*) The Company recognizes these prices as common transaction prices based on market information.