

ANNUAL FINANCIAL STATEMENTS

For years ended March 31, 2015 and 2014

Page:

1 : **Consolidated Financial Results for the Fiscal Year 2015 (Year ended March 31, 2015)**

3 : **1. Qualitative Information**

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 : (3) Risk Information

12 : **2. Summary Information (Notes)**

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

12 : (2) Changes in accounting policies and accounting estimates

13 : **3. Management Policy**

17 : **4. Consolidated Financial Statements**

17 : (1) Consolidated Statement of Comprehensive Income (Years ended March 31, 2015 and 2014)

19 : (2) Consolidated Statement of Financial Position (As of March 31, 2015 and 2014)

21 : (3) Consolidated Statement of Changes in Equity (Years ended March 31, 2015 and 2014)

22 : (4) Consolidated Statement of Cash Flows (Years ended March 31, 2015 and 2014)

23 : (5) Assumption for Going Concern

23 : (6) Basis of the Consolidated Financial Statements

24 : (7) Notes to Consolidated Financial Statements

24 : (Operating Segment Information)

25 : (Per Share Information)

25 : (Significant Changes in Shareholders' Equity)

26 : (Material Subsequent Events)

Consolidated Financial Results for the Fiscal Year 2015 (Year ended March 31, 2015)

[Prepared in conformity with International Financial Reporting Standards]

Company name: ITOCHU Corporation
 Stock exchange code: 8001 URL: <http://www.itochu.co.jp/en/ir/>
 President and Chief Executive Officer: Masahiro Okafuji
 General Manager, Investor Relations Department: Satoshi Nakajima TEL: 81 - 3 - 3497 - 7295
 The date of Shareholders' meeting: June 19, 2015 (Planned) The date of payout of dividend: June 22, 2015 (Planned)
 The date of issue of audited financial statements: June 19, 2015 (Planned)

1. Consolidated operating results for the fiscal year 2015 (from April 1, 2014 to March 31, 2015)

(1) Consolidated operating results (Summary)

(%: Changes from the previous fiscal year)

	Gross trading profit		Trading income (*3)		Profit before tax		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	%
Fiscal year 2015	1,089,064	4.2	272,688	(5.6)	418,515	16.0	300,569	22.5	465,605	18.8
Fiscal year 2014	1,045,022	10.5	288,992	12.5	360,762	(5.0)	245,312	(5.2)	391,901	(17.4)

	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 2015	189.13		187.29		13.4		3.7	
Fiscal year 2014	155.21		154.71		13.0		3.3	

Equity in earnings of associates and joint ventures (millions of yen) FY 2015 : 10,116 (-81.9%) FY 2014 : 56,036 (-36.3%)

Total comprehensive income (millions of yen) FY 2015 : 464,651 (13.3%) FY 2014 : 410,164 (-19.1%)

(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, 2015	8,560,701		2,748,251		2,433,202		28.4		1,539.55	
March 31, 2014	7,784,851		2,397,591		2,044,120		26.3		1,293.35	

(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 2015	403,629		(276,103)		(97,896)		700,292	
Fiscal year 2014	428,101		(270,377)		(77,855)		653,739	

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			
Fiscal year 2014	-	21.00	-	25.00	46.00	72,760	29.6	3.9
Fiscal year 2015	-	23.00	-	23.00	46.00	74,365	24.3	3.2
Fiscal year 2016 (Planned)	-	25.00	-	25.00	50.00		23.9	

3. Outlook of consolidated operating results for the fiscal year 2016 (from April 1, 2015 to March 31, 2016)

(%: Changes from the previous fiscal year)

	Gross trading profit		Trading income		Profit before tax		Net profit attributable to ITOCHU		Basic earnings per share attributable to ITOCHU	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen	
Fiscal year 2016	1,100,000	1.0	240,000	(12.0)	406,000	(3.0)	330,000	9.8	208.80	

Outlook of consolidated operating results for the first half of fiscal year 2016 is not prepared.

4. Other information

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

Excluded companies: 1 (China Foods Investment Corp.)

Note: For more details, please refer to page 12, "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: Yes

(b) Other changes: Yes

(c) Changes in accounting estimates: None

Note: For more details, please refer to page 12, "2. (2) Changes in accounting policies and accounting estimates".

(3) Number of common shares issued

(a) Number of common shares outstanding: (including the number of treasury stock)	End of Fiscal Year 2015	1,662,889,504	Fiscal Year 2014	1,584,889,504
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(b) Number of treasury stock:	End of Fiscal Year 2015	82,424,923	Fiscal Year 2014	4,407,941
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(c) Average number of common shares outstanding:	For Fiscal Year 2015	1,589,225,120	Fiscal Year 2014	1,580,494,251
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Note: With regard to the number of shares used to calculate the earnings per share attributable to ITOCHU, please refer to page 25, "4. (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 120.17 yen = 1 U.S. dollar, the exchange rate prevailing on March 31, 2015. 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 2015, the global economy grew at a sluggish pace overall reflecting the slow economic recovery in certain emerging countries and economic slowdowns in Japan and Euro zones. Reflecting geopolitical risks, the WTI crude oil price rose to nearly US\$110 per barrel in June. However, against the background of the sluggish global economy and OPEC's decision not to reduce oil production, the price declined to approximately US\$40 per barrel in January, and afterwards slightly rose to approximately US\$50 per barrel at the end of March.

Japan's economy continued to be stagnant, due to the decline in consumer spending and housing demands after the last minute demands of the April 2014 consumption tax hike. However, there were signs of improvement in the economic situation, as the progress in the adjustment of inventory volume through December indicated that the economy has bottomed out, and consumer sentiment improved from January as a result of higher stock prices, wages, and other factors.

Against contraction in Japan's trade deficit, the yen appreciated against the U.S. dollar to the ¥100 - ¥101 range in late-May 2014, and although the U.S. quantitative monetary easing concluded in October, as the Bank of Japan implemented additional easing, the yen depreciated significantly against the U.S. dollar, to approximately ¥120 from December onwards. The Nikkei Stock Average dropped to approximately ¥14,000 at the beginning of May 2014, due to concerns that further appreciation of the yen would result in economic downturn. However, after the shift to the yen depreciation against the U.S. dollar and purchases of exchange-traded funds by the Bank of Japan, the Nikkei Stock Average returned to an upward trend from October, and recovered to approximately ¥19,000 by the end of March.

The yield on 10-year Japanese government bonds declined from the 0.6% - 0.65% range at the end of March 2014 to nearly 0.2% in January, due to the sluggish economy and increased purchases of Japanese government bonds by the Bank of Japan. However, it subsequently rose due to expectations of economic recovery and other factors, reaching approximately 0.4% at the end of March 2015.

(b) Consolidated Operating Results

	Billions of Yen				Millions of U.S. dollars
	2015	2014	Increase (Decrease)	%	2015
Revenues	5,591.4	5,587.5	3.9	0.1%	46,529
Gross trading profit	1,089.1	1,045.0	44.0	4.2%	9,063
Selling, general and administrative expenses	(810.2)	(750.0)	(60.2)	8.0%	(6,742)
Gains on investments.....	109.9	15.0	94.9	—	914
Losses on property, plant, equipment and intangible assets.....	(4.3)	(36.2)	31.9	—	(36)
Equity in earnings of associates and joint ventures	10.1	56.0	(45.9)	(81.9%)	84
Net profit attributable to ITOCHU.....	300.6	245.3	55.3	22.5%	2,501

(i) Revenues (from external customers)

Revenues for the fiscal year ended March 31, 2015, increased by 0.1%, or 3.9 billion yen compared with the previous fiscal year, to 5,591.4 billion yen (46,529 million U.S. dollars).

- Machinery Company:
Increased by 70.8 billion yen compared with the previous fiscal year, to 411.2 billion yen (3,422 million U.S. dollars), due to the favorable performance in plant-related companies, and higher transaction volume in automobile-related transactions.
- Food Company:
Increased by 69.8 billion yen compared with the previous fiscal year, to 1,059.3 billion yen (8,815 million U.S. dollars), due to the stable performance in fresh food-related companies and food-distribution-related transactions.
- Textile Company:
Increased by 34.6 billion yen compared with the previous fiscal year, to 567.9 billion yen (4,726 million U.S. dollars), mainly due to the acquisition of EDWIN CO., LTD..
- Energy & Chemicals Company :
Decreased by 168.5 billion yen compared with the previous fiscal year, to 1,889.8 billion yen (15,726 million U.S. dollars), due to the decrease in energy trading volume and decline in oil prices, despite the acquisition of subsidiaries in energy-related companies.

(ii) Gross trading profit

Gross trading profit increased by 4.2%, or 44.0 billion yen compared with the previous fiscal year, to 1,089.1 billion yen (9,063 million U.S. dollars).

- ICT, General Products & Realty Company:
Increased by 27.7 billion yen compared with the previous fiscal year, to 325.1 billion yen (2,706 million U.S. dollars), due to higher transaction volume in domestic ICT-related companies, and the depreciation of the yen mainly against the Great Britain Pound.
- Machinery Company:
Increased by 16.1 billion yen compared with the previous fiscal year, to 117.0 billion yen (973 million U.S. dollars), due to the favorable performance in plant-related companies, and higher transaction volume in automobile-related transactions.
- Textile Company:
Increased by 9.5 billion yen compared with the previous fiscal year, to 140.7 billion yen (1,171 million U.S. dollars) due to the acquisition of EDWIN CO., LTD., despite lower sales in domestic apparel-related companies accompanying the consumption tax hike, and unfavorable operations in European apparel manufacturing and wholesale-related companies.
- Metals & Minerals Company:
Decreased by 27.1 billion yen compared with the previous fiscal year, to 67.0 billion yen (557 million U.S. dollars), due to the decline in iron ore and coal prices, despite the increase in iron ore sales volume, reduction of costs in iron ore and coal-related companies, and the improvement in foreign currency translation.

(iii) Selling, general and administrative expenses

Selling, general and administrative expenses increased by 8.0%, or 60.2 billion yen compared with the previous fiscal year, to 810.2 billion yen (6,742 million U.S. dollars), due to higher expenses in existing subsidiaries in the ICT, General Products & Realty Company and Food Company, and the acquisition of EDWIN CO., LTD. in the Textile Company and subsidiaries in energy-related companies.

(iv) Gains on investments

Gains on investments increased by 94.9 billion yen compared with the previous fiscal year, to 109.9 billion yen (914 million U.S. dollars), due to unordinary gains from the conversions of TING HSIN (CAYMAN ISLANDS) HOLDING CORP. and an Internet advertising company from an associated company to other investments.

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

Losses on property, plant, equipment and intangible assets improved by 31.9 billion yen compared with the previous fiscal year, to a loss of 4.3 billion yen (36 million U.S. dollars), due to the absence of impairment losses in Australian coal-related business in the previous fiscal year.

(vi) Equity in earnings of associates and joint ventures

Equity in earnings of associates and joint ventures decreased by 81.9%, or 45.9 billion yen compared with the previous fiscal year, to 10.1 billion yen (84 million U.S. dollars).

- Metals & Minerals Company:

Decreased by 56.7 billion yen compared with the previous fiscal year, to a loss of 46.8 billion yen (390 million U.S. dollars), due to the increase in impairment loss in a Brazilian iron ore company.

- Energy & Chemicals Company:

Decreased by 6.6 billion yen compared with the previous fiscal year, to a loss of 39.6 billion yen (329 million U.S. dollars), due to the increase in impairment loss in an U.S. oil and gas development company, despite the absence of unordinary losses in bioethanol companies in the previous fiscal year.

- Food Company:

Increased by 7.1 billion yen compared with the previous fiscal year, to 27.0 billion yen (224 million U.S. dollars), due to the favorable performance in fresh food associated companies and provisions-related companies, and the gain on sales of affiliates in the CVS companies.

Consequently, **Net profit attributable to ITOCHU** increased by 22.5%, or 55.3 billion yen compared with the previous fiscal year, to 300.6 billion yen (2,501 million U.S. dollars).

(2) Qualitative Information of the Consolidated Financial Position

(a) Consolidated Financial Position

	Billions of Yen				Millions of U.S. dollars
	Mar. 2015	Mar. 2014	Increase (Decrease)	%	Mar. 2015
Total assets	8,560.7	7,784.9	775.9	10.0%	71,238
Interest-bearing debt	3,092.2	2,893.4	198.8	6.9%	25,731
Net interest-bearing debt	2,380.5	2,232.0	148.5	6.7%	19,808
Total shareholders' equity	2,433.2	2,044.1	389.1	19.0%	20,248
Ratio of shareholders' equity to total assets	28.4%	26.3%	Increased 2.2pt		
NET DER (times)	0.98	1.09	Improved 0.11		

(i) Total assets

Total assets as of March 31, 2015, increased by 10.0%, or 775.9 billion yen compared with March 31, 2014, to 8,560.7 billion yen (71,238 million U.S. dollars). This increase was due to the acquisition of EDWIN CO., LTD. in the Textile Company and subsidiaries in energy-related companies, the investment in C.P. Pokphand Co. Ltd. and domestic broadcasting and communication-related companies, and the depreciation of the yen.

(ii) Interest-bearing debt

Interest-bearing debt increased by 6.9%, or 198.8 billion yen compared with March 31, 2014, to 3,092.2 billion yen (25,731 million U.S. dollars), due to the increase in borrowings accompanying new investments and the depreciation of the yen. **Net interest-bearing debt (Interest-bearing debt after deducting Cash and cash equivalents and Time deposits)** also increased by 6.7%, or 148.5 billion yen compared with March 31, 2014, to 2,380.5 billion yen (19,808 million U.S. dollars).

(iii) Total shareholders' equity

Total shareholders' equity increased by 19.0%, or 389.1 billion yen compared with March 31, 2014, to 2,433.2 billion yen (20,248 million U.S. dollars), due to the increase in **Net profit attributable to ITOCHU** and the depreciation of the yen, despite dividend payments. ITOCHU has implemented a capital increase through a third-party allotment of 78 million shares in the second quarter, and has acquired the same number of shares of treasury stock by the end of the third quarter.

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

Ratio of shareholders' equity to total assets increased by 2.2 points to 28.4% from March 31, 2014. **NET DER (Net debt-to-shareholders' equity ratio)** improved to 0.98 times compared with March 31, 2014.

(b) Consolidated Cash Flows

	Billions of Yen		Millions of U.S. dollars
	2015	2014	2015
Cash flows from operating activities	403.6	428.1	3,359
Cash flows from investing activities	(276.1)	(270.4)	(2,298)
<i>Free cash flows</i>	<i>127.5</i>	<i>157.7</i>	<i>1,061</i>
Cash flows from financing activities	(97.9)	(77.9)	(815)

(i) Cash flows from operating activities

Cash flows from operating activities for the fiscal year ended March 31, 2015, recorded a net cash-inflow of 403.6 billion yen (3,359 million U.S. dollars), resulting from the stable performance in operating revenue in the energy, metals, machinery, and ICT insurance & logistics-related transactions, and the steady collection of trade receivables.

(ii) Cash flows from investing activities

Cash flows from investing activities recorded a net cash-outflow of 276.1 billion yen (2,298 million U.S. dollars), due to the investment in C.P. Pokphand Co. Ltd. and additional investments in the natural resource development sector.

(iii) Cash flows from financing activities

Cash flows from financing activities recorded a net cash-outflow of 97.9 billion yen (815 million U.S. dollars), due to dividend payments and the acquiring of treasury stock, despite the proceeds from third-party allotment.

Consequently, **Cash and cash equivalents** as of March 31, 2015 increased by 46.6 billion yen to 700.3 billion yen (5,828 million U.S. dollars), compared with March 31, 2014.

The trend of consolidated cash flow indices are as follows:

	2015	2014	2013
Ratio of shareholders' equity to total assets (%)....	28.4%	26.3%	23.9%
Ratio of market capitalization to total assets (%)...	25.3%	24.6%	24.9%
Years of debt redemption (years).....	7.7 yrs	6.8 yrs	11.8 yrs
Interest coverage ratio (times).....	15.9	17.0	9.9

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

(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, 2015.

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 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, 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

Accompanying a change in the structure of ITOCHU's investment in TING HSIN (CAYMAN ISLANDS) HOLDING CORP. (TING HSIN), in which ITOCHU invested through specified subsidiary China Foods Investment Corp. (CFI), the CFI shares held by ITOCHU were sold back to CFI, which implemented an own-share buy-back, and the TING HSIN shares held by CFI (ITOCHU's portion) were transferred to ITOCHU. Consequently, CFI, which had been a specified subsidiary, is no longer a subsidiary of ITOCHU.

(2) Changes in accounting policies and accounting estimates

(a) Changes in accounting policies required by IFRS

ITOCHU and its subsidiaries have been adopting IFRIC 21, "Levies", from this first quarter. The cumulative effect of this adoption is reflected through adjustment of retained earnings.

(b) Other changes

ITOCHU and its subsidiaries has made an early adoption of IFRS 9, "Financial Instruments" (revised November 2013) from this fourth quarter.

(c) Changes in accounting estimates

None

3. Management Policy

Medium-Term Management Plan “Brand-new Deal 2014”

Under the medium-term management plan, “Brand-new Deal 2014”, the ITOCHU Group had three basic policies — “boost profitability”, “pursue balanced growth”, and “maintain financial discipline and lean management”. The following shows specific results in the final year of “Brand-new Deal 2014”.

Consumer-Related Sector

We concluded a strategic alliance with Charoen Pokphand Group Company Limited (CPG), which is one of the major leading conglomerates in Asia, in order to promote collaboration in improving the corporate value of the ITOCHU Group and the group of companies led by CPG (CP Group). Accompanying this strategic business alliance, we acquired 25.0% of the voting shares (23.8% after accounting for preferred stock) of C.P. Pokphand Co. Ltd., a company engaged in the feed, livestock, and aqua product related businesses in China and Vietnam, and a subsidiary of Charoen Pokphand Foods Public Company Limited (CPF), a core company in the CP Group. We also decided to enter a strategic business alliance with capital participation among three companies - ITOCHU; CITIC Limited, China’s largest conglomerate; and CPG - in order to promote collaboration in improving the corporate values of the ITOCHU Group, the group of companies led by CITIC (CITIC Group), and the CP Group. In addition, we acquired 98.5% of EDWIN CO., LTD., which is Japan’s largest manufacturer and distributor of jeans. ITOCHU will work to further hone the Edwin Group’s product development that is quick to discern market trends and consumer demands, and to refortify its principal jeans business while respecting the traditions and identity of the Edwin Group. Harnessing its abundant experience and extensive networks in the textile industry from upstream to downstream, ITOCHU will propose textile materials, expand the product lineup, build an overseas production base, and engage in other activities with a view to further enhancing the corporate value of the Edwin Group and expanding its business. Furthermore, ITOCHU acquired 24.8% of HOKEN NO MADOGUCHI GROUP INC., which engages in the insurance shop business. HOKEN NO MADOGUCHI GROUP INC., which is the industry leader, operates insurance shops that sell life and non-life insurance products to retail customers, and quality consulting services. Through this share acquisition, ITOCHU is entering the insurance shop business in a large scale to accelerate the business by keeping up with the changes in the insurance market and promoting connections with the network of the ITOCHU Group. ITOCHU also acquired 49.9% of the issued shares of Bellsystem24 Holdings, Inc. (BELLSYSTEM24) from Bain Capital Partners, LLC through a new joint venture company (BCJ-15) established with Bain Capital. BELLSYSTEM24 is Japan’s largest contact center operations service provider. In addition to inbound/outbound traditional business process outsourcing (BPO) services using the telephone as the primary communication channel, the Company is rolling out highly efficient and high value-added services using IT technologies. ITOCHU will help streamline the operation, exploiting Group synergy to enhance the corporate value of BELLSYSTEM24.

Basic Industry-Related Sector

ITOCHU acquired 100% shares of A2 Healthcare Corp., which inherited clinical research support operations and related operations from ASKLEP Inc., which provides clinical research support and post-marketing surveillance services to pharmaceutical firms and medical devices manufacturers. Through ACRONET Corporation, ITOCHU has promoted the clinical research support operations, and through this acquisition, ITOCHU will further reinforce the service foundation to address advanced customer needs, through the provision of services for large-scale clinical research projects and international joint clinical trials (ACRONET and A2 Healthcare merged in November 2014). ITOCHU will continue to expand its business portfolio in the healthcare field, entering other areas besides services for the pharmaceutical and medical devices industries, including the import and development of medical devices, services for hospitals, and disease prevention.

ITOCHU also entered into a formal agreement to acquire 50% of the issued shares of 100% subsidiary of Mitsui O.S.K. Lines, Ltd. and will participate in the project of Charter up to two new liquefied natural gas (LNG) carriers to E.ON Global Commodities SE, a wholly-owned subsidiary of E.ON SE, Europe's largest gas and electric power company. This is the first long term charter project of LNG carrier for ITOCHU with LNG end-user in Europe, and ITOCHU will contribute to the stable supply of energy through the transportation of LNG globally.

Natural Resource-Related Sector

ITOCHU and Tewoo Group Co., Ltd., established TEWOO-ITC Global Trading Co. Ltd., a joint venture to handle imports and sales of iron ore and other iron raw materials (the ITOCHU Group has a 49% interest in the new company). It will be able to reliably procure iron ore and other materials through ITOCHU's overseas network, and establish a value chain based on the Tewoo Group's domestic mineral processing facilities and sales network in China. Access to such a wide range of quality raw materials will enable it to make the most of its resources and cater to demand for iron ore in China as it continues to grow in the future.

Corporate Message

ITOCHU has formulated the following corporate message: "I am One with Infinite Missions." This message is an expression that comes to mind when pondering ITOCHU's corporate philosophy of "Committed to the Global Good." Further, it is a phrase that passes on to wider society the role of ITOCHU. As a global company, ITOCHU will achieve its corporate philosophy of "Committed to the Global Good," as we strive to enhance the value of the ITOCHU brand.

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

The ITOCHU Group has formulated "Brand-new Deal 2017" (the three-year plan covering the period from FY2016 to FY2018), to maintain the basic business principles of "earn, cut, prevent" and to achieve further growth. In consideration of the strategic business alliance and capital participation that is aimed at increasing the corporate value of the ITOCHU Group, the CITIC Group, and the CP Group, the following two points are 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 stockholders' 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, we will maintain the overall framework of our current governance system, based on multiple outside directors and corporate auditors. Moreover, with consideration for the various principles of the Corporate Governance Code, we will continue working toward the establishment of an enhanced corporate governance system. 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 "Brand-new Deal 2017," we will aim to pay a minimum dividend of 50 yen per share in fiscal year 2016, 55 yen in fiscal year 2017, and 60 yen in fiscal year 2018, and set a new record high for dividends each year. In addition, to share with stockholders the results of our growth in Net profit attributable to ITOCHU, we will continue the policy under which the consolidated dividend payout ratio is 20% on Net profit attributable to ITOCHU up to 200.0 billion yen, and 30% on the portion of Net profit attributable to ITOCHU exceeding 200.0 billion yen, and aim to further increase stockholder returns.

Outlook for Fiscal Year 2016

Looking ahead to the next fiscal year ending March 31, 2016, the pace of growth in the global economy is expected to accelerate slightly. Adequate caution remains necessary as certain emerging countries may experience economic deceleration or stagnation due to a downward pressure resulting from structural reform, a decline in oil and natural resource prices, and an adverse influence through foreign exchange markets due to an end to U.S. quantitative monetary easing. However, emerging countries in Asia will likely record accelerated growth, stable economic growth is likely to continue in the United States, and economies in the Euro zone are expected to improve due to the effects of monetary easing. In the Japanese economy, we anticipate a gradual recovery due to the support for growth in the fiscal year 2015 supplementary budget and the easing of the influence of the consumption tax hike.

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.

Consolidated	(Unit: Billion yen)
	Forecast FY2016
Revenues	5,600.0
Gross trading profit	1,100.0
Selling, general and administrative expenses	(856.0)
Provision for doubtful accounts	(4.0)
Net interest expenses	(19.0)
Dividends received	24.0
Equity in earnings of associates and joint ventures	120.0
Others	41.0
Profit before tax	406.0
Income tax expense	(58.0)
Net profit	348.0
Net profit attributable to non-controlling interests	(18.0)
Net profit attributable to ITOCHU	330.0

Consolidated	(Unit: Billion yen)
	Forecast FY2016
Total assets	9,200.0
Interest-bearing debt	3,550.0
Net interest-bearing debt	2,900.0

Total shareholders' equity	2,600.0
Total equity	2,900.0

<i>Major Indicators (Apr-Mar)</i>	<i>Precondition FY2016</i>
<i>Foreign exchange rate (Yen/US\$)</i>	<i>115</i>
<i>Crude oil (Brent) (US\$/BBL)</i>	<i>60</i>
<i>Iron ore (US\$/ton)</i>	<i>N.A. (Note)</i>
<i>Hard coking coal (US\$/ton)</i>	<i>N.A. (Note)</i>
<i>Thermal coal (US\$/ton)</i>	<i>N.A. (Note)</i>

(Note) In the prices for Iron ore, Hard coking coal and Thermal coal used in the FY 2016 forecast, the prices for FY2016 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 FY2016 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\$ 62/ton, Hard coking coal (US\$/ton) US\$ 109.5/ton, Thermal coal (US\$/ton) US\$ 67.8/ton

Distribution of profit

ITOCHU Corporation plans to pay dividend of 46 yen per share for the fiscal year ended March 31, 2015 (an interim dividend of 23 yen per share was already paid).

For the fiscal year ending March 31, 2016, ITOCHU plans to pay full-year dividend of minimum 50 yen per share, comprising an interim dividend of 25 yen per share and a year-end dividend of 25 yen per share.

For the dividend policy for "Brand-new Deal 2017", please refer to the bottom of page 15.

4. Consolidated Financial Statements**(1) Consolidated Statement of Comprehensive Income**

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2015 and 2014

	Millions of Yen		Millions of U.S. dollars
	2015	2014	2015
Revenues:			
Revenues from sale of goods.....	¥ 4,911,044	¥ 5,086,703	\$ 40,867
Revenues from rendering of services and royalties.....	680,391	500,823	5,662
Total revenues.....	5,591,435	5,587,526	46,529
Cost:			
Cost of sale of goods.....	(4,014,469)	(4,208,152)	(33,406)
Cost of rendering of services and royalties.....	(487,902)	(334,352)	(4,060)
Total cost.....	(4,502,371)	(4,542,504)	(37,466)
Gross trading profit	1,089,064	1,045,022	9,063
Other gains (losses):			
Selling, general and administrative expenses.....	(810,198)	(749,976)	(6,742)
Provision for doubtful accounts.....	(6,178)	(6,054)	(51)
Gains on investments.....	109,860	14,999	914
Losses on property, plant, equipment and intangible assets...	(4,274)	(36,161)	(36)
Other-net.....	6,686	15,181	56
Total other-losses.....	(704,104)	(762,011)	(5,859)
Financial income (loss):			
Interest income.....	13,899	11,610	116
Dividends received.....	34,886	37,191	290
Interest expense.....	(25,346)	(27,086)	(211)
Total financial income.....	23,439	21,715	195
Equity in earnings of associates and joint ventures.....	10,116	56,036	84
Profit before tax.....	418,515	360,762	3,483
Income tax expense.....	(122,894)	(106,337)	(1,023)
Net Profit.....	295,621	254,425	2,460
Net profit attributable to ITOCHU.....	300,569	245,312	2,501
Net profit attributable to non-controlling interests.....	(4,948)	9,113	(41)

	Millions of Yen		Millions of U.S. dollars
	2015	2014	2015
Other comprehensive income for the year, net of tax:			
Items that will not be reclassified to profit or loss			
FVTOCI financial assets.....	¥ 46,244	¥ 18,692	\$ 385
Remeasurement of net defined pension liability.....	6,463	11,235	54
Other comprehensive income in associates and joint ventures.....	12,064	5,924	100
Items that may be reclassified to profit or loss			
Translation adjustments.....	83,913	65,481	698
Cash flow hedges.....	(868)	(4,287)	(7)
Other comprehensive income in associates and joint ventures.....	21,214	58,694	177
Total other comprehensive income for the year, net of tax.....	169,030	155,739	1,407
Total comprehensive income for the year.....	464,651	410,164	3,867
Total comprehensive income attributable to ITOCHU	465,605	391,901	3,875
Total comprehensive income attributable to non-controlling interests	(954)	18,263	(8)

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: "Total trading transactions" in accordance with Japanese accounting practice consists of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as agent.
Total trading transactions for years ended March 31, 2015 and 2014 were 14,649,409 million yen (121,906 million U.S. dollars) and 14,645,718 million yen, respectively.

Note 3: The account previously disclosed as "Gains on disposal and remeasurement of investments in subsidiaries, associates and joint ventures" is now disclosed as "Gains on investments". Also, out of the amount previously disclosed as "Other financial income", the gains and losses on remeasurement of equity financial instruments of which the changes in fair value after acquisition are recorded in profit and loss is now included in "Gains on investments", and the rest is included in "Other-net".
Accompanying this change, the amounts for fiscal year 2014 has been reclassified in the same way.

(2) Consolidated Statement of Financial Position

ITOCHU Corporation and its Subsidiaries

As of March 31, 2015 and 2014

Assets	Millions of Yen		Millions of U.S. dollars
	Mar. 2015	Mar. 2014	Mar. 2015
Current assets:			
Cash and cash equivalents.....	¥ 700,292	¥ 653,739	\$ 5,828
Time deposits.....	11,368	7,653	95
Trade receivables.....	2,101,300	2,127,968	17,486
Other current receivables.....	132,495	103,019	1,103
Other current financial assets.....	53,109	29,172	442
Inventories.....	780,550	744,441	6,495
Advances to suppliers.....	167,812	94,560	1,396
Other current assets.....	191,026	78,984	1,589
Total current assets.....	4,137,952	3,839,536	34,434
Non-current assets:			
Investments accounted for by the equity method.....	1,618,138	1,728,408	13,465
Other investments.....	1,030,078	565,936	8,572
Non-current receivables.....	121,397	135,033	1,010
Non-current financial assets other than investments and receivables.....	148,391	125,255	1,235
Property, plant and equipment.....	786,562	747,664	6,545
Investment property.....	32,899	29,186	274
Goodwill and intangible assets.....	488,941	440,246	4,069
Deferred tax assets.....	55,450	64,188	461
Other non-current assets.....	140,893	109,399	1,173
Total non-current assets.....	4,422,749	3,945,315	36,804
Total assets.....	¥ 8,560,701	¥ 7,784,851	\$ 71,238

Liabilities and Equity	Millions of Yen		Millions of
			U.S. dollars
	Mar. 2015	Mar. 2014	Mar. 2015
Current liabilities:			
Short-term debentures and borrowings.....	¥ 543,660	¥ 472,667	\$ 4,524
Trade payables.....	1,669,814	1,661,973	13,895
Other current payables.....	76,605	70,942	637
Other current financial liabilities.....	28,082	15,788	234
Current tax liabilities.....	35,513	36,200	296
Advances from customers.....	173,683	106,176	1,445
Other current liabilities.....	319,154	250,622	2,656
Total current liabilities	<u>2,846,511</u>	<u>2,614,368</u>	<u>23,687</u>
Non-current liabilities:			
Long-term debentures and borrowings.....	2,548,504	2,420,713	21,207
Other non-current financial liabilities.....	103,819	103,279	864
Non-current liabilities for employee benefits.....	56,404	57,022	469
Deferred tax liabilities.....	166,171	117,438	1,383
Other non-current liabilities.....	91,041	74,440	758
Total non-current liabilities	<u>2,965,939</u>	<u>2,772,892</u>	<u>24,681</u>
Total liabilities	<u>5,812,450</u>	<u>5,387,260</u>	<u>48,368</u>
Equity:			
Common stock:			
Authorized: 3,000,000,000 shares;			
issued: 1,662,889,504 shares.....	253,448	202,241	2,109
Capital surplus.....	164,154	113,055	1,366
Retained earnings.....	1,587,318	1,364,295	13,209
Other components of equity:			
Translation adjustments.....	364,454	255,017	3,033
FVTOCI financial assets.....	176,487	116,292	1,469
Cash flow hedges.....	(8,517)	(3,980)	(71)
Total other components of equity.....	532,424	367,329	4,431
Treasury stock.....	(104,142)	(2,800)	(867)
Total shareholders' equity.....	<u>2,433,202</u>	<u>2,044,120</u>	<u>20,248</u>
Non-controlling interests.....	315,049	353,471	2,622
Total equity.....	<u>2,748,251</u>	<u>2,397,591</u>	<u>22,870</u>
Total liabilities and equity.....	<u>¥ 8,560,701</u>	<u>¥ 7,784,851</u>	<u>\$ 71,238</u>

(3) Consolidated Statement of Changes in Equity

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2015 and 2014

	Millions of Yen		Millions of U.S. dollars
	2015	2014	2015
Common stock:			
Balance at the beginning of the year.....	¥ 202,241	¥ 202,241	\$ 1,683
Issuance of common stock	51,207	-	426
Balance at the end of the year.....	¥ 253,448	¥ 202,241	\$ 2,109
Capital surplus:			
Balance at the beginning of the year.....	¥ 113,055	¥ 113,031	\$ 941
Issuance of common stock.....	50,918	-	424
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests.....	181	24	1
Balance at the end of the year.....	¥ 164,154	¥ 113,055	\$ 1,366
Retained earnings:			
Balance at the beginning of the year.....	¥ 1,364,295	¥ 1,160,939	\$ 11,353
Cumulative effects of applying new standards and interpretations	-	(1,563)	-
Net profit attributable to ITOCHU.....	300,569	245,312	2,501
Transfer from other components of equity.....	(17)	24,459	(0)
Cash dividends.....	(77,529)	(64,852)	(645)
Balance at the end of the year.....	¥ 1,587,318	¥ 1,364,295	\$ 13,209
Other components of equity:			
Balance at the beginning of the year.....	¥ 367,329	¥ 245,472	\$ 3,057
Other comprehensive income attributable to ITOCHU.....	165,036	146,589	1,374
Transfer to retained earnings.....	17	(24,459)	0
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests.....	42	(273)	0
Balance at the end of the year.....	¥ 532,424	¥ 367,329	\$ 4,431
Treasury stock:			
Balance at the beginning of the year.....	¥ (2,800)	¥ (2,703)	\$ (23)
Net change in treasury stock.....	(101,342)	(97)	(844)
Balance at the end of the year.....	¥ (104,142)	¥ (2,800)	\$ (867)
Total shareholders' equity.....	¥ 2,433,202	¥ 2,044,120	\$ 20,248
Non-controlling interests:			
Balance at the beginning of the year.....	¥ 353,471	¥ 356,214	\$ 2,941
Cumulative effects of applying new standards and interpretations	-	(383)	-
Net profit attributable to non-controlling interests.....	(4,948)	9,113	(41)
Other comprehensive income attributable to non-controlling interests.....	3,994	9,150	33
Cash dividends to non-controlling interests.....	(8,321)	(13,415)	(69)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests.....	(29,147)	(7,208)	(242)
Balance at the end of the year.....	¥ 315,049	¥ 353,471	\$ 2,622
Total equity.....	¥ 2,748,251	¥ 2,397,591	\$ 22,870

(4) Consolidated Statement of Cash Flows

-Unaudited-

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2015 and 2014

	Millions of Yen		Millions of U.S. dollars
	2015	2014	2015
Cash flows from operating activities:			
Net profit	¥ 295,621	¥ 254,425	\$ 2,460
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization	108,807	104,736	905
Provision for doubtful accounts	6,178	6,054	51
Gains on investments.....	(109,860)	(14,999)	(914)
Losses on property, plant, equipment and intangible assets.....	4,274	36,161	36
Financial income	(23,439)	(21,715)	(195)
Equity in earnings of associates and joint ventures	(10,116)	(56,036)	(84)
Income tax expense	122,894	106,337	1,023
Changes in assets and liabilities, other-net	17,748	34,409	148
Proceeds from interest.....	13,640	11,500	114
Proceeds from dividends.....	88,023	93,303	732
Payments for interest.....	(25,329)	(25,138)	(211)
Payments for income taxes.....	(84,812)	(100,936)	(706)
Net cash provided by operating activities	<u>403,629</u>	<u>428,101</u>	<u>3,359</u>
Cash flows from investing activities:			
Net payments for purchase of investments accounted for by the equity method	(164,925)	(10,315)	(1,372)
Net payments for purchase of other investments	(13,290)	(146,936)	(111)
Net origination of loans receivable	(7,000)	(28,155)	(58)
Net payments for purchase of property, plant, equipment and intangible assets	(87,580)	(84,679)	(729)
Net increase in time deposits	(3,308)	(292)	(28)
Net cash used in investing activities	<u>(276,103)</u>	<u>(270,377)</u>	<u>(2,298)</u>
Cash flows from financing activities:			
Net (repayments of) proceeds from debentures and loans payable	(4,696)	11,138	(39)
Proceeds from issuance of common stock	101,963	-	848
Cash dividends	(77,529)	(64,852)	(645)
Other	(117,634)	(24,141)	(979)
Net cash provided by financing activities	<u>(97,896)</u>	<u>(77,855)</u>	<u>(815)</u>
Net increase in cash and cash equivalents	<u>29,630</u>	<u>79,869</u>	<u>246</u>
Cash and cash equivalents at the beginning of the year	653,739	570,335	5,440
Effect of exchange rate changes on cash and cash equivalents	16,923	3,535	142
Cash and cash equivalents at the end of the year	<u>¥ 700,292</u>	<u>¥ 653,739</u>	<u>\$ 5,828</u>

(5) Assumption for Going Concern N/A

(6) Basis of the Consolidated Financial Statements

i) Consolidated Subsidiaries and Equity-Method Associated Companies

[Major Group Companies]

Consolidated Subsidiaries

(Domestic: 81 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: 137 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., ITOCHU International Inc., ITOCHU Europe PLC, ITOCHU Hong Kong Ltd., ITOCHU (China) Holding Co., Ltd., ITOCHU Australia Ltd.

(*) 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: 53 entities) JAMCO Corporation, Century Tokyo Leasing Corporation, SUNCALL CORPORATION, Marubeni-Itochu Steel Inc., TAKIRON Co., Ltd., Japan Foods Co., Ltd., Fuji Oil Co., Ltd., FamilyMart Co., Ltd., Prima Meat Packers, Ltd., DAIKEN CORPORATION, Ltd., SPACE SHOWER NETWORKS INC., Orient Corporation, eGuarantee, Inc.

(Overseas: 71 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, 2015 and 2014

Information concerning operations in different operating segments for the years ended March 31, 2015 and 2014 were as follows:

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.....	<u>567,913</u>	<u>411,302</u>	<u>253,490</u>	<u>1,890,746</u>	<u>1,059,538</u>	<u>1,363,674</u>	<u>44,772</u>	<u>5,591,435</u>
Gross trading profit	<u>140,688</u>	<u>116,961</u>	<u>66,999</u>	<u>176,761</u>	<u>246,069</u>	<u>325,126</u>	<u>16,460</u>	<u>1,089,064</u>
Net profit attributable to ITOCHU.....	<u>32,013</u>	<u>54,608</u>	<u>11,206</u>	<u>2,350</u>	<u>114,431</u>	<u>78,975</u>	<u>6,986</u>	<u>300,569</u>
[Equity in earnings (losses) of associates and joint ventures].....	<u>[11,653]</u>	<u>[20,124]</u>	<u>[(46,831)]</u>	<u>[(39,597)]</u>	<u>[26,967]</u>	<u>[34,818]</u>	<u>[2,982]</u>	<u>[10,116]</u>
Total assets at March 31, 2015	<u>555,842</u>	<u>1,083,637</u>	<u>1,261,754</u>	<u>1,329,507</u>	<u>1,772,166</u>	<u>1,622,347</u>	<u>935,448</u>	<u>8,560,701</u>

For the year ended March 31, 2014 (April 1, 2013 -March 31, 2014)								Millions of Yen
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	ICT, General Products & Realty	Others, Adjustments & Eliminations	Consolidated
Revenues:								
Revenues from external customers	¥ 533,322	¥ 340,382	¥ 305,495	¥ 2,058,300	¥ 989,477	¥ 1,319,513	¥ 41,037	¥ 5,587,526
Intersegment revenues.....	52	4	-	5	236	19,341	(19,638)	-
Total revenues.....	<u>533,374</u>	<u>340,386</u>	<u>305,495</u>	<u>2,058,305</u>	<u>989,713</u>	<u>1,338,854</u>	<u>21,399</u>	<u>5,587,526</u>
Gross trading profit	<u>131,149</u>	<u>100,834</u>	<u>94,140</u>	<u>174,778</u>	<u>240,817</u>	<u>297,380</u>	<u>5,924</u>	<u>1,045,022</u>
Net profit attributable to ITOCHU.....	<u>23,960</u>	<u>35,945</u>	<u>44,505</u>	<u>12,114</u>	<u>50,838</u>	<u>63,775</u>	<u>14,175</u>	<u>245,312</u>
[Equity in earnings (losses) of associates and joint ventures].....	<u>[11,862]</u>	<u>[19,417]</u>	<u>[9,902]</u>	<u>[(33,013)]</u>	<u>[19,843]</u>	<u>[31,854]</u>	<u>[(3,829)]</u>	<u>[56,036]</u>
Total assets at March 31, 2014	<u>475,658</u>	<u>947,466</u>	<u>1,249,174</u>	<u>1,338,161</u>	<u>1,552,021</u>	<u>1,522,416</u>	<u>699,955</u>	<u>7,784,851</u>

For the year ended March 31, 2015 (April 1, 2014 -March 31, 2015)								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	\$ 4,726	\$ 3,422	\$ 2,109	\$ 15,726	\$ 8,815	\$ 11,183	\$ 548	\$ 46,529
Intersegment revenues.....	0	1	-	8	2	165	(176)	-
Total revenues.....	<u>4,726</u>	<u>3,423</u>	<u>2,109</u>	<u>15,734</u>	<u>8,817</u>	<u>11,348</u>	<u>372</u>	<u>46,529</u>
Gross trading profit	<u>1,171</u>	<u>973</u>	<u>557</u>	<u>1,471</u>	<u>2,048</u>	<u>2,706</u>	<u>137</u>	<u>9,063</u>
Net profit attributable to ITOCHU.....	<u>266</u>	<u>455</u>	<u>93</u>	<u>20</u>	<u>952</u>	<u>657</u>	<u>58</u>	<u>2,501</u>
[Equity in earnings (losses) of associates and joint ventures].....	<u>[97]</u>	<u>[167]</u>	<u>[(390)]</u>	<u>[(329)]</u>	<u>[224]</u>	<u>[290]</u>	<u>[25]</u>	<u>[84]</u>
Total assets at March 31, 2015	<u>4,625</u>	<u>9,018</u>	<u>10,500</u>	<u>11,064</u>	<u>14,747</u>	<u>13,500</u>	<u>7,784</u>	<u>71,238</u>

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

(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, 2015 and 2014.

	(Unit: Yen)	
	2015	2014
ITOCHU shareholders' equity per share	1,539.55	1,293.35
Earnings per share attributable to ITOCHU (basic)	189.13	155.21
Earnings per share attributable to ITOCHU (diluted)	187.29	154.71

The base data to calculate the basic and diluted earnings per share attributable to ITOCHU for March 31, 2015 and 2014 are as follows:

(Numerator)		(Unit: Millions of yen)	
	2015	2014	
Net profit attributable to ITOCHU	300,569	245,312	
Effect of dilutive securities:			
Convertible preferred stock	(2,927)	(799)	
Net profit attributable to ITOCHU (diluted)	297,642	244,513	

(Denominator)		2015	2014
Average number of common shares outstanding		1,589,225,120	1,580,494,251

(Significant Changes in Shareholders' Equity)

ITOCHU received capital contribution from a wholly-owned subsidiary of Charoen Pokphand Group Company Limited ("CPG"), CP Worldwide Investment Company Limited ("CPG SPC"), which was established for the purpose of the acquisition and holding of the shares of ITOCHU, and an investment partnership En-CP Growth Investment L.P. ("En-CP Fund"), a wholly-owned subsidiary of CPG and Development Bank of Japan Inc. substantially make contributions on a 50-50 basis and which was established for the purpose of the acquisition and holding the shares of ITOCHU by issuance of new shares by a third-party allotment by ITOCHU, at the total ratio of approximately 4.9% (based on the number of issued shares before the capital increase by the third-party allotment) (the "Third-Party Allotment") on September 18, 2014.

Consequently, Common stock and Capital surplus as of March 31, 2015, were 253,448 million yen (2,109 million U.S. dollars) and 164,154 million yen (1,366 million U.S. dollars), respectively.

<Outline of the Third-Party Allotment >

1) Number of shares to be newly issued	78,000,000 shares of common stock
2) Issue price	1,313 yen per unit
3) Amount of proceeds	102,414,000,000 yen
4) Method of offering and allotment (allottee)	All of the shares are to be allotted to CPG SPC (63,500,000 shares) and En-CP Fund (14,500,000 shares) by way of third-party allotment.
5) Total amounts by which common stock and capital surplus are to be increased (excluding issuance and other expenses)	Common stock: 51,207,000,000 yen Capital surplus: 51,207,000,000 yen

ITOCHU has acquired 78 million shares (100,669 million yen, or 838 million U.S. dollars) of treasury stock by December 31, 2014, corresponding to the Third-Party Allotment.

(Material Subsequent Events)

As indicated in the announcement released on January 20, 2015, “Announcement on Execution of Strategic Cooperation Agreement with CITIC Limited, China’s largest conglomerate and Charoen Pokphand Group Company Limited, one of Asia’s leading Conglomerates”, Chia Tai Bright Investment Company Limited (CTB), in which the group of companies led by CPG (CP Group) and ITOCHU each invested 50%, will acquire approximately 2,490 million ordinary shares of CITIC Limited (10% of current voting rights) for a total of approximately 34.4 billion HK dollars (share price of 13.8 HK dollars) from CITIC Polaris Limited, a wholly-owned subsidiary of CITIC Group Corporation.

For the acquisition of CITIC Limited shares by CTB, ITOCHU and the CP Group will mainly grant shareholder loans to CTB, in proportion to the investment percentage in CTB (50%:50%). However, on April 28, 2015, ITOCHU initially granted a shareholder loan to CTB for the whole acquisition cost that will include the funding portion of the CP Group, totaling approximately 4 billion US dollars, procured by loans from financial institutions. The CP Group portion will be repaid by a shareholder loan amounting to one-half of the amount of this share acquisition, granted by the CP Group to CTB within 6 months following the completion of this share acquisition.