Highlights of Consolidated Financial Results for FY 2015〔IFRS〕

May 1, 2015
ITOCHU Corporation

〔Financial topics〕

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

1. "Net profit attributable to ITOCHU" increased by ¥55.3 bil. (22.5%) compared with the previous fiscal year, to ¥300.6 bil..
- "Gross trading profit" achieved a record high of ¥1,089.1 bil., and achieved the ¥1 tril. mark for the second consecutive year.
- For "Net profit attributable to ITOCHU" by segment, the "Food"(¥114.4 bil.), "ICT, General Products & Realty"(¥79.0 bil.), "Machinery"(¥54.6 bil.), and "Textile"(¥32.0 bil.) segments increased compared with the previous year.
  On the other hand, the "Metals & Minerals"(¥11.2 bil.), and "Energy & Chemicals" (¥2.4 bil.) segments decreased, but still achieved a positive income.

2. "Net profit attributable to ITOCHU" for the Non-Resource Sector increased by ¥109.6 bil. (52.8%) compared with the previous fiscal year, to ¥317.2 bil., and achieved the highest earnings ever.

3. "Total shareholders' equity" increased by ¥389.1 bil. (19.0%) to ¥2,433.2 bil. compared with March 31, 2014. NET DER (Net debt-to-shareholders' equity ratio) improved to 0.98 times, and finished under 1.0 for the first time ever.

4. "Cash flows from operating activities" was ¥403.6 bil., and exceeded ¥400.0 bil. for the second consecutive year. "Free cash flows" was ¥127.5 bil., which was a positive cash flow for the third consecutive year, and exceeded ¥100.0 bil. for the second consecutive year.

	FY 2015	FY 2014	Increase (Decrease)
Natural Resource /Energy-Related	(23.6)	23.5	(47.1)
Non-Resource	317.2	207.6	109.6
Others	7.0	14.2	(7.2)
Non-Resource & Others	*324.2*	*221.8*	*102.4*
Natural Resource /Non-Resource	― %/― %	10%/90%	― %/― %

Consolidated Financial Results of Operations

	FY 2015	FY 2014	Increase (Decrease)	Outlook for FY 2016	Increase (Decrease)
Revenues	5,591.4	5,587.5	3.9	5,600.0	8.6
Gross trading profit	1,089.1	1,045.0	44.0	1,100.0	10.9
Selling, general and administrative expenses	(810.2)	(750.0)	(60.2)	(856.0)	(45.8)
Provision for doubtful accounts	(6.2)	(6.1)	(0.1)	(4.0)	2.2
Gains on investments	109.9	15.0	94.9		
Losses on property, plant, equipment and intangible assets	(4.3)	(36.2)	31.9	41.0	(71.3)
Other–net	6.7	15.2	(8.5)		
Net interest expenses	(11.4)	(15.5)	4.0	(19.0)	(7.6)
Dividends received	34.9	37.2	(2.3)	24.0	(10.9)
Equity in earnings of associates and joint ventures	10.1	56.0	(45.9)	120.0	109.9
Profit before tax	418.5	360.8	57.8	406.0	(12.5)
Income tax expense	(122.9)	(106.3)	(16.6)	(58.0)	64.9
Net Profit	295.6	254.4	41.2	348.0	52.4
Net profit attributable to ITOCHU	300.6	245.3	55.3	330.0	29.4
Net profit attributable to non-controlling interests	(4.9)	9.1	(14.1)	18.0	22.9
Total comprehensive income attributable to ITOCHU	465.6	391.9	73.7		
(Reference)					
Adjusted profit	312.4	372.8	(60.4)	369.0	56.6

"Adjusted profit" = Gross trading profit + SG&A expenses + Net interest expenses
+ Dividends received + Equity in earnings of associates and joint

Summary of changes from the previous fiscal year

- **Revenues**
  - Machinery (+70.8)
    Due to the favorable performance in plant-related companies, and higher transaction volume in automobile-related transactions
  - Food (+69.8)
    Due to the stable performance in fresh food-related companies and food-distribution-related transactions
  - Textile (+34.6)
    Mainly due to the acquisition of EDWIN CO., LTD.
  - Energy & Chemicals (-168.5)
    Due to the decrease in energy trading volume and decline in oil prices, despite the acquisition of subsidiaries in energy-related companies
- **Gross trading profit**
  - ICT, General Products & Realty (+27.7)
    Due to higher transaction volume in domestic ICT-related companies, and the depreciation of the yen mainly against the Great Britain Pound
  - Machinery (+16.1)
    Due to the favorable performance in plant-related companies, and higher transaction volume in automobile-related transactions
  - Textile (+9.5)
    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 (-27.1)
    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
- **SG&A expenses**
  Increased due to higher expenses in existing subsidiaries and the acquisition of subsidiaries
- **Gains on investments**
  Increased 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
- **Losses on property, plant, equipment and intangible assets**
  Improved due to the absence of impairment losses in Australian coal-related business in the previous fiscal year
- **Other-net** Decreased due to foreign currency translation: -4.8(3.2→-1.6)
- **Equity in earnings of associates and joint ventures**
  - Metals & Minerals (-56.7): Due to the increase in impairment loss in a Brazilian iron ore company
  - Energy & Chemicals (-6.6): 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 (+7.1): 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

Operating Segment Information

Operating Segment Information	Net profit attributable to ITOCHU FY 2015	FY 2014	Increase (Decrease)	Summary of changes from the previous fiscal year
Textile	32.0	24.0	8.1	Increase due to the acquisition of EDWIN CO., LTD. and the absence of impairment losses on property, plant, equipment and intangible assets in the previous fiscal year
Machinery	54.6	35.9	18.7	Increase due to higher gross trading profit, improvement in gains on property, plant, equipment and intangible assets, and increase in financial income and equity in earnings of associates and joint ventures
Metals & Minerals	11.2	44.5	(33.3)	Decrease due to lower gross trading profit and the increase in impairment loss in a Brazilian iron ore company, despite the absence of impairment losses in Australian coal-related business in the previous fiscal year
Energy & Chemicals	2.4	12.1	(9.8)	Decrease due to lower transaction volume in self-developed crude oil transactions, lower profitability accompanying the decline in oil prices, and 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	114.4	50.8	63.6	Increase due to an unordinary gain related to TING HSIN (CAYMAN ISLANDS) HOLDING CORP., the favorable performance in fresh food associated companies, and the gain on sales of affiliates in the CVS companies, despite the higher cost in food-distribution-related companies and fresh food-related companies
ICT, General Products & Realty	79.0	63.8	15.2	Increase due to higher gross trading profit, the increase in equity in earnings of associates and joint ventures, and the gain on remeasurement from the conversion of an Internet advertising company from an associated company to other investments
Others, Adjustments & Eliminations	7.0	14.2	(7.2)	
Consolidated	300.6	245.3	55.3	

Financial Position

	Mar. 2015	Mar. 2014	Increase (Decrease)	Outlook for March 31, 2016
Total assets	8,560.7	7,784.9	775.9	9,200.0
Interest-bearing debt	3,092.2	2,893.4	198.8	3,550.0
Net interest-bearing debt	2,380.5	2,232.0	148.5	2,900.0
Total shareholders' equity	2,433.2	2,044.1	389.1	2,600.0
Ratio of shareholders' equity to total assets	28.4%	26.3%	+ 2.2 pt	28.3%
Net debt-to-shareholders' equity ratio (times)	0.98	1.09	Improved 0.11	1.1
Total equity	2,748.3	2,397.6	350.7	2,900.0

Summary of changes from the previous fiscal year end

- **Total assets** : Increased by 10.0%, or 775.9 billion yen compared with March 31, 2014, to 8,560.7 billion yen. 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.
- **Net interest-bearing debt**: Increased by 6.7%, or 148.5 billion yen compared with March 31, 2014, to 2,380.5 billion yen, due to the increase in borrowings accompanying new investments and the depreciation of the yen.
- **Total shareholders' equity**: Increased by 19.0%, or 389.1 billion yen compared with March 31, 2014, to 2,433.2 billion yen, due to the increase in Net profit attributable to ITOCHU and the depreciation of the yen, despite dividend payments. 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.

Cash Flows

	FY 2015	FY 2014
Operating activities	403.6	428.1
Investing activities	(276.1)	(270.4)
Free cash flows	*127.5*	*157.7*
Financing activities	(97.9)	(77.9)
Cash and cash equivalents	700.3	653.7
Increase (Decrease)	46.6	83.4

Summary of Cash Flows for FY 2015

- **Operating**: Net cash-inflow of 403.6 billion yen, 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.
- **Investing**: Net cash-outflow of 276.1 billion yen, due to the investment in C.P. Pokphand Co. Ltd. and additional investments in the natural resource development sector.
- **Financing**: Net cash-outflow of 97.9 billion yen, due to dividend payments and the acquiring of treasury stock, despite the proceeds from third-party allotment.

Group Companies (Net profit attributable to ITOCHU)

(C): Consolidated subsidiary (E): Equity-method company

Group Companies		FY 2015	FY 2014	Increase (Decrease)	Summary of changes from the previous fiscal year
ITOCHU Minerals & Energy of Australia Pty Ltd	(C)	42.3	41.1	1.2	Increase due to the increase in iron ore sales volume, reduction of costs in iron ore and coal-related business, improvement in foreign currency translation, and the absence of impairment losses in the coal-related business in the previous fiscal year, despite the decline in iron ore and coal prices
Marubeni-Itochu Steel Inc.	(E)	12.8	13.3	(0.5)	Decrease due to an unordinary loss, despite the contribution from new group companies
ITOCHU International Inc.	(C)	12.2	9.2	3.0	Increase due to the stable performance by the machinery and food segments, and the depreciation of the yen
Brazil Japan Iron Ore Corporation	(C)	(44.8)	(6.7)	(38.2)	Deterioration due to the increase in impairment loss in an iron ore company (FY 2014: -10.6 billion yen, FY 2015: -50.5 billion yen)
JD Rockies Resources Limited	(C)	(43.8)	(32.5)	(11.3)	Deterioration due to the increase in impairment loss in an U.S. oil and gas development company (FY 2014: -31.8 billion yen, FY 2015: -43.5 billion yen), and deterioration in regular transactions

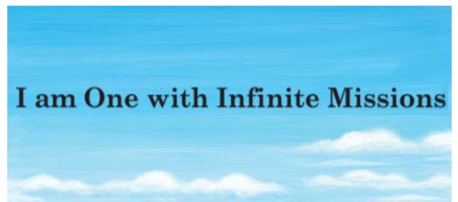
Dividend Information (Per Share)

FY 2015	
Annual (Planned)	Interim (Paid)
46.0 yen	23.0 yen
FY 2016	
Annual (Planned)	Interim (Planned)
50.0 yen (minimum)	25.0 yen

Major Indicates

Major Indicates		FY 2015	FY 2014	Variance
Foreign exchange (Yen/US$)	Average	108.28	99.84	8.44
	Closing	Mar.-15 120.17	Mar.-14 102.92	17.25
Interest	JPY TIBOR 3M, average	0.196%	0.225%	(0.029%)
	US$ LIBOR 3M, average	0.240%	0.253%	(0.013%)
Crude oil (Brent) (US$/BBL) Average		86.12	107.59	(21.47)
Iron ore (US$/ton) (*)		93	126	(33)
Hard coking coal (US$/ton) (*)		119	153	(34)
Thermal coal (US$/ton) (*)		82	95	(13)

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



Exhibit(Highlights)