

**Consolidated Financial Results for the First Quarter  
of the Fiscal Year 2020 ending March 31, 2020**

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**-Unaudited-****Consolidated Financial Results for the First Quarter of the Fiscal Year 2020 ending March 31, 2020**

[Prepared in conformity with International Financial Reporting Standards]

Company name: ITOCHU Corporation

Stock exchange code: 8001

<https://www.itochu.co.jp/en/ir/>

President and Chief Operating Officer: Yoshihisa Suzuki

General Manager, Investor Relations Department: Suguru Amano

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The date of payout of dividend: -

**1. Consolidated operating results for the first quarter of the fiscal year 2020 (from April 1, 2019 to June 30, 2019)**

## (1) Consolidated operating results (Summary)

(%: Changes from the same period of the previous fiscal year)

	Revenues		Trading income (*4)		Profit before tax		Net Profit		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	%	millions of yen	%
For the first quarter of												
Fiscal Year 2020	2,726,702	4.3	102,384	42.8	197,794	40.1	163,759	40.3	147,287	29.9	86,779	(30.9)
Fiscal Year 2019	2,613,081	114.4	71,696	0.8	141,207	3.2	116,719	2.5	113,364	4.8	125,539	10.7

	Basic earnings per share attributable to ITOCHU		Diluted earnings per share attributable to ITOCHU	
	yen		yen	
For the first quarter of				
Fiscal Year 2020	97.88		-	
Fiscal Year 2019	73.14		-	

Equity in earnings of associates and joint ventures (millions of yen) 1st quarter of FY 2020: 52,731 [ (10.7%) ] 1st quarter of FY 2019: 59,040 [ + 23.7% ]  
 Total comprehensive income (millions of yen) 1st quarter of FY 2020: 98,850 [ (23.9%) ] 1st quarter of FY 2019: 129,933 [ + 7.8% ]

## (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
June 30, 2019	10,944,403	3,604,497	2,865,000	26.2	1,922.47
March 31, 2019	10,098,703	3,690,116	2,936,908	29.1	1,930.47

## (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
For the first quarter of				
Fiscal Year 2020	153,676	(36,115)	(169,702)	513,584
Fiscal Year 2019	52,498	(29,038)	(21,703)	437,724

**2. Dividend distribution**

	Dividend distribution per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	yen	yen	yen	yen	yen
Fiscal Year 2019	-	37.00	-	46.00	83.00
Fiscal Year 2020	-				
Fiscal Year 2020 (Planned)		42.50	-	42.50	85.00

(Note) Revisions to the plan of dividend distribution announced most recently: None

**3. Outlook of consolidated operating results for the fiscal year 2020 (from April 1, 2019 to March 31, 2020)**

(%: Changes from the previous fiscal year)

	Net profit attributable to ITOCHU		Basic earnings per share attributable to ITOCHU	
	millions of yen	%	yen	
Fiscal Year 2020	500,000	(0.1)	334.70	

(Note) Revisions to the outlook of consolidated operating results announced most recently: None

(Note) Outlook of consolidated operating results for the first half of fiscal year 2020 is not prepared.

(Note) Among the repurchase of own shares which was decided at the meeting of the Board of Directors held on June 12, 2019,

the effect of the repurchase after July 1, 2019 is not included in the calculation of "Basic earnings per share attributable to ITOCHU".

#### 4. Other information

(1) Changes in significant subsidiaries accompanied by changes in the consolidation scope: None

(2) Changes in accounting policies and accounting estimates

- (a) Changes in accounting policies required by IFRS : Yes
- (b) Other changes : None
- (c) Changes in accounting estimates : None

Note: For more details, please refer to page 8, "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)	1st quarter of FY 2020	1,584,889,504	Fiscal Year 2019	1,584,889,504
(b) Number of treasury stock:	1st quarter of FY 2020	94,619,764	Fiscal Year 2019	63,547,182
(c) Average number of common shares outstanding:	1st quarter of FY 2020	1,504,783,224	1st quarter of FY 2019	1,550,014,544

Note: Based on the decision at the meeting of the Board of Directors,  
ITOCHU repurchased 31,231,900 own shares during three-month period ended June 30, 2019.

[Note]

- \*1. This document is an English translation of a statement initially written in Japanese. The original Japanese document should be considered as the primary version.
- \*2. This document is unaudited by certificated public accountants or audit firms.
- \*3. Data and projections contained in these materials are based on the information available at the time of publication, and various factors 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 practice undue reliance on forward-looking statements, and further, that ITOCHU Corporation has no obligation to update any forward-looking statements as a result of new information, future events or other developments.
- \*4. "Trading income" is presented in accordance with Japanese accounting practices.  
-"Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful accounts"
- \*5. 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 107.79 yen = 1 U.S. dollar, the exchange rate prevailing on June 30, 2019. 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.
- \*6. "ITOCHU" referred to in the consolidated financial statements represents ITOCHU Corporation.

## 1. Qualitative Information

### (1) Qualitative Information of the Consolidated Operating Results

[For the three-month period ended June 30, 2019]

#### (a) General Economic Situation

For the three-month period ended June 30, 2019, the global economy showed further signs of slowing down. While the U.S. economy continued a stable expansion driven by the improvements in domestic employment and income levels, the Eurozone economy grew at a sluggish pace due to the persisting uncertainty. In emerging countries, the Chinese economy was stagnated due to the ongoing weakness in exports. Furthermore, prolonged uncertainties about the U.S.-China trade talks and Brexit negotiations continued to cast a shadow over the outlook of the global economy. Under these circumstances, the WTI crude oil price, which was within the US \$60-65 range at the beginning of April 2019, rose on Middle East tensions, but fell briefly to near US \$50 per barrel on the back of concerns over the outlook of the global economy. The crude oil price recovered to near US \$60 at the end of June 2019 as tensions in the Middle East intensified.

The Japanese economy remains on the moderate expansion path since the beginning of the year, primarily driven by the fact that exports finally bottomed out and personal consumption is back on a recovery track, while public investment is growing. The Japanese yen appreciated against the U.S. dollar from ¥111 at the beginning of April 2019 to ¥108 at the end of June 2019 on the back of the decline in the U.S. long-term interest rate. The Nikkei Stock Average, which started at the ¥21,500 level in April 2019, fell briefly to the ¥20,000- ¥20,500 level due to the appreciation of the Japanese yen and a pullback in the U.S. stock prices, but recovered to the ¥21,000 level at the end of June 2019 after a rise in U.S. stock prices. The yield on 10-year Japanese government bonds stood at negative 0.07% at the beginning of April 2019 and further dropped to negative 0.16% at the end of June 2019 as speculation grew on the interest rate cuts by central banks in Europe and the U.S.

#### (b) Consolidated Operating Results

	Billions of Yen				Millions of
	Apr.-Jun. 2019	Apr.-Jun. 2018	Increase (Decrease)	%	U.S. Dollars Apr.-Jun. 2019
Revenues .....	2,726.7	2,613.1	113.6	4.3%	25,296
Gross trading profit .....	433.3	300.4	132.9	44.2%	4,019
Selling, general and administrative expenses .....	(328.7)	(227.5)	(101.2)	44.5%	(3,049)
Gains on investments.....	30.7	2.8	27.9	983.5%	285
Equity in earnings of associates and joint ventures .....	52.7	59.0	(6.3)	(10.7%)	490
Income tax expense.....	(34.0)	(24.5)	(9.5)	39.0%	(316)
Net profit.....	163.8	116.7	47.0	40.3%	1,519
Net profit attributable to ITOCHU.....	147.3	113.4	33.9	29.9%	1,366
(Reference) Trading income.....	102.4	71.7	30.7	42.8%	950

(i) Revenues (from external customers)

Increased by 4.3%, or 113.6 billion yen, compared with the same period of the previous fiscal year to 2,726.7 billion yen (25,296 million U.S. dollars).

• Food Company:

Increased by 138.9 billion yen compared with the same period of the previous fiscal year to 1,076.5 billion yen (9,987 million U.S. dollars), due to the conversion of FamilyMart UNY into a consolidated subsidiary in the second quarter of the previous fiscal year.

• Machinery Company:

Increased by 24.9 billion yen compared with the same period of the previous fiscal year to 264.1 billion yen (2,450 million U.S. dollars), due to the stable performance in automobile-related transactions and industrial-machinery-related companies.

• Energy & Chemicals Company:

Decreased by 56.8 billion yen compared with the same period of the previous fiscal year to 692.5 billion yen (6,424 million U.S. dollars), due to the lower transaction volume in energy-related companies and chemical-related transactions.

(ii) Gross trading profit

Increased by 44.2%, or 132.9 billion yen, compared with the same period of the previous fiscal year to 433.3 billion yen (4,019 million U.S. dollars).

• Food Company:

Increased by 112.4 billion yen compared with the same period of the previous fiscal year to 181.6 billion yen (1,685 million U.S. dollars), due to the conversion of FamilyMart UNY into a consolidated subsidiary in the second quarter of the previous fiscal year.

• ICT & Financial Business Company:

Increased by 11.6 billion yen compared with the previous fiscal year to 50.8 billion yen (471 million U.S. dollars), due to the stable performance in ITOCHU Techno-Solutions and the conversion of POCKET CARD into a consolidated subsidiary in the second quarter of the previous fiscal year.

• Metals & Minerals Company:

Increased by 6.4 billion yen compared with the same period of the previous fiscal year to 31.0 billion yen (287 million U.S. dollars), due to the higher iron ore prices.

(iii) Selling, general and administrative expenses

Increased by 44.5%, or 101.2 billion yen, compared with the same period of the previous fiscal year to 328.7 billion yen (3,049 million U.S. dollars), due to the effects of the conversion of FamilyMart UNY and POCKET CARD into consolidated subsidiaries in the second quarter of the previous fiscal year.

(iv) Gains on investments

Increased by 983.5%, or 27.9 billion yen, compared with the same period of the previous fiscal year to 30.7 billion yen (285 million U.S. dollars), due to the gains accompanying partial sales of foreign companies in General Products & Realty Company and domestic companies in ICT & Financial Business Company.

(v) Equity in earnings of associates and joint ventures

Decreased by 10.7%, or 6.3 billion yen, compared with the same period of the previous fiscal year to 52.7 billion yen (490 million U.S. dollars).

- Food Company:  
Decreased by 7.1 billion yen compared with the same period of the previous fiscal year to 1.8 billion yen (17 million U.S. dollars), due to the conversion of FamilyMart UNY into a consolidated subsidiary in the second quarter of the previous fiscal year and weather factors in North American grain-related companies.
- ICT & Financial Business Company:  
Decreased by 1.5 billion yen compared with the same period of the previous fiscal year to 10.6 billion yen (98 million U.S. dollars), due to the conversion of POCKET CARD into a consolidated subsidiary in the second quarter of the previous fiscal year.
- Others, Adjustments & Eliminations: (\*)  
Increased by 3.6 billion yen compared with the same period of the previous fiscal year to 16.0 billion yen (148 million U.S. dollars), due to the higher equity in earnings of CITIC Limited and C.P. Pokphand.

(\*) "Others, Adjustments & Eliminations" includes gains and losses which do not belong to any operating segment and internal eliminations between operating segments. For more details, please refer to page 15, "3. (5) Operating Segment Information".

(vi) Income tax expense

Increased by 39.0%, or 9.5 billion yen, compared with the same period of the previous fiscal year to 34.0 billion yen (316 million U.S. dollars), due to the stable growth in profits, despite lower tax expenses in FamilyMart UNY.

(vii) Net profit attributable to ITOCHU

Consequently, Net profit attributable to ITOCHU increased by 29.9%, or 33.9 billion yen, compared with the same period of the previous fiscal year to 147.3 billion yen (1,366 million U.S. dollars).

(Reference) Trading Income

"Trading Income" in accordance with Japanese accounting practices ("Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful accounts") increased by 42.8%, or 30.7 billion yen, compared with the same period of the previous fiscal year to 102.4 billion yen (950 million U.S. dollars).

- Food Company:  
Increased by 14.2 billion yen compared with the same period of the previous fiscal year to 29.2 billion yen (271 million U.S. dollars), due to the conversion of FamilyMart UNY into a consolidated subsidiary in the second quarter of the previous fiscal year, despite the lower sales prices in fresh foods in Dole.
- Metals & Minerals Company:  
Increased by 6.2 billion yen compared with the same period of the previous fiscal year to 26.3 billion yen (244 million U.S. dollars), due to the higher iron ore prices.
- ICT & Financial Business Company:  
Increased by 5.1 billion yen compared with the same period of the previous fiscal year to 10.2 billion yen (94 million U.S. dollars), due to the stable performance in ITOCHU Techno-Solutions and the conversion of POCKET CARD into a consolidated subsidiary in the second quarter of the previous fiscal year.

## (2) Qualitative Information of the Consolidated Financial Position

### (a) Consolidated Financial Position

	Billions of Yen				Millions of U.S. Dollars
	Jun. 2019	Mar. 2019	Increase (Decrease)	%	Jun. 2019
Total assets .....	10,944.4	10,098.7	845.7	8.4%	101,534
Interest-bearing debt .....	2,971.2	2,983.8	(12.7)	(0.4%)	27,564
Net interest-bearing debt .....	2,450.7	2,406.8	43.9	1.8%	22,735
Total shareholders' equity .....	2,865.0	2,936.9	(71.9)	(2.4%)	26,579
Ratio of shareholders' equity to total assets .....	26.2%	29.1%	Decreased 2.9pt		
NET DER (times) .....	0.86	0.82	Increased 0.04pt		

#### (i) Total assets

Increased by 8.4%, or 845.7 billion yen, compared with March 31, 2019 to 10,944.4 billion yen (101,534 million U.S. dollars), due to the effects of the application of new accounting standards (IFRS 16), despite the effect of the appreciation of the yen.

#### (ii) Net interest-bearing debt (Interest-bearing debt after deducting Cash and cash equivalents and Time deposits)

Increased by 1.8%, or 43.9 billion yen, compared with March 31, 2019 to 2,450.7 billion yen (22,735 million U.S. dollars), due to dividend payments and the repurchase of own shares, despite the repayment of borrowings accompanying stable performance in operating revenues and steady collections, and the effect of the appreciation of the yen.

Interest-bearing debt decreased by 0.4%, or 12.7 billion yen, compared with March 31, 2019 to 2,971.2 billion yen (27,564 million U.S. dollars).

#### (iii) Total shareholders' equity

Decreased by 2.4%, or 71.9 billion yen, compared with March 31, 2019 to 2,865.0 billion yen (26,579 million U.S. dollars), due to dividend payments, the repurchase of own shares and the effects of the appreciation of the yen, despite Net profit attributable to ITOCHU during this fiscal year.

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

Ratio of shareholders' equity to total assets decreased by 2.9 points compared with March 31, 2019 to 26.2%. NET DER (Net debt-to-shareholders' equity ratio) slightly increased compared with March 31, 2019 to 0.86 times.

(b) Consolidated Cash Flows

	Billions of Yen		Millions of U.S. Dollars
	Apr.-Jun. 2019	Apr.-Jun. 2018	Apr.-Jun. 2019
Cash flows from operating activities .....	153.7	52.5	1,426
Cash flows from investing activities .....	(36.1)	(29.0)	(335)
<i>Free cash flows</i> .....	<i>117.6</i>	<i>23.5</i>	<i>1,091</i>
Cash flows from financing activities .....	(169.7)	(21.7)	(1,574)

(i) Cash flows from operating activities

Recorded a net cash-inflow of 153.7 billion yen (1,426 million U.S. dollars), resulting from the stable performance in operating revenues in the Food, Metals & Minerals, ICT & Financial Business and General Products & Realty Companies.

(ii) Cash flows from investing activities

Recorded a net cash-outflow of 36.1 billion yen (335 million U.S. dollars), due to the acquisition of fixed assets mainly in the Food and Metals & Minerals Companies.

(iii) Cash flows from financing activities

Recorded a net cash-outflow of 169.7 billion yen (1,574 million U.S. dollars), due to dividend payments and the repurchase of own shares, despite the increase in borrowings.

“Cash and cash equivalents” as of June 30, 2019 decreased by 58.4 billion yen compared with March 31, 2019 to 513.6 billion yen (4,765 million U.S. dollars).



## 2. Summary Information (Notes)

(1) Changes in significant subsidiaries accompanied by changes in the consolidation scope : None

(2) Changes in accounting policies and accounting estimates

(a) Changes in accounting policies required by IFRS

### IFRS 16 “Leases”

ITOCHU Group has applied IFRS 16 “Leases”, from the three-month period ended June 30, 2019 and recognized the cumulative effects of initially applying the standard as an adjustment to the opening balance of Retained earnings of the three-month period ended June 30, 2019 in accordance with the transitional method provided by the standard.

The standard introduces a single lessee accounting model and in principal requires that right-of-use assets representing the right to use an underlying asset and lease liabilities representing the obligation to make lease payments are recognized in the Consolidated Statement of Financial Position for all leases and that depreciation of the right-of-use assets and interests on the lease liabilities are recognized in the Consolidated Statement of Comprehensive Income. In the Consolidated Statement of Cash Flows, lease payments for the principal portion of lease liabilities are considered cash-outflows from financing activities.

As a result of applying the standard, at the beginning of the three-month period ended June 30, 2019, the opening balance of Assets increased by 1,027.7 billion yen, Liabilities increased by 1,059.5 billion yen and Retained earnings decreased by 26.5 billion yen.

(b) Other changes None

(c) Changes in accounting estimates None

**3. Quarterly Consolidated Financial Statements [Condensed]****(1) Consolidated Statement of Comprehensive Income [Condensed]**

ITOCHU Corporation and its Subsidiaries

For the three-month periods ended June 30, 2019 and 2018

	Millions of Yen		Millions of
	Apr.-Jun. 2019	Apr.-Jun. 2018	U.S. Dollars
<b>Revenues:</b>			<b>Apr.-Jun. 2019</b>
Revenues from sale of goods.....	¥ 2,427,955	¥ 2,419,387	\$ 22,525
Revenues from rendering of services and royalties.....	298,747	193,694	2,771
Total revenues.....	2,726,702	2,613,081	25,296
<b>Cost:</b>			
Cost of sale of goods.....	(2,143,631)	(2,165,726)	(19,887)
Cost of rendering of services and royalties.....	(149,818)	(146,994)	(1,390)
Total cost.....	(2,293,449)	(2,312,720)	(21,277)
<b>Gross trading profit .....</b>	<b>433,253</b>	<b>300,361</b>	<b>4,019</b>
<b>Other gains (losses):</b>			
Selling, general and administrative expenses.....	(328,694)	(227,464)	(3,049)
Provision for doubtful accounts.....	(2,175)	(1,201)	(20)
Gains on investments.....	30,716	2,835	285
Gains on property, plant, equipment and intangible assets.....	1,766	38	16
Other-net.....	1,434	3,160	13
Total other-losses.....	(296,953)	(222,632)	(2,755)
<b>Financial income (loss):</b>			
Interest income.....	8,932	8,995	83
Dividends received.....	16,026	7,035	148
Interest expense.....	(16,195)	(11,592)	(150)
Total financial income.....	8,763	4,438	81
Equity in earnings of associates and joint ventures.....	52,731	59,040	490
<b>Profit before tax.....</b>	<b>197,794</b>	<b>141,207</b>	<b>1,835</b>
Income tax expense.....	(34,035)	(24,488)	(316)
<b>Net Profit.....</b>	<b>163,759</b>	<b>116,719</b>	<b>1,519</b>
Net profit attributable to ITOCHU.....	147,287	113,364	1,366
Net profit attributable to non-controlling interests.....	16,472	3,355	153

	Millions of Yen		Millions of U.S. Dollars
	Apr.-Jun. 2019	Apr.-Jun. 2018	Apr.-Jun. 2019
<b>Other comprehensive income, net of tax:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
FVTOCI financial assets.....	¥ (19,507)	¥ (832)	\$ (181)
Remeasurement of net defined pension liability.....	(125)	548	(1)
Other comprehensive income in associates and joint ventures.....	(2,800)	2,616	(26)
<b>Items that will be reclassified to profit or loss</b>			
Translation adjustments.....	(41,269)	6,651	(383)
Cash flow hedges.....	(5,345)	(1,023)	(49)
Other comprehensive income in associates and joint ventures.....	4,137	5,254	38
<b>Total other comprehensive income, net of tax.....</b>	<b>(64,909)</b>	13,214	<b>(602)</b>
<b>Total comprehensive income .....</b>	<b>98,850</b>	129,933	<b>917</b>
Total comprehensive income attributable to ITOCHU .....	86,779	125,539	805
Total comprehensive income attributable to non-controlling interests .....	12,071	4,394	112

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 : "Trading income" is presented in accordance with Japanese accounting practices.  
("Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful accounts")  
Trading income for the three-month periods ended June 30, 2019 and 2018 were 102,384 million yen (950 million U.S. dollars) and 71,696 million yen, respectively.

**(2) Consolidated Statement of Financial Position [Condensed]**

ITOCHU Corporation and its Subsidiaries

As of June 30, 2019 and March 31, 2019

Assets	Millions of Yen		Millions of U.S. Dollars
	Jun. 2019	Mar. 2019	Jun. 2019
<b>Current assets:</b>			
Cash and cash equivalents.....	¥ 513,584	¥ 572,030	\$ 4,765
Time deposits.....	6,885	5,051	64
Trade receivables.....	2,320,952	2,397,608	21,532
Other current receivables.....	204,264	168,968	1,895
Other current financial assets.....	34,175	43,132	317
Inventories.....	938,073	937,183	8,703
Advances to suppliers.....	110,979	98,081	1,029
Other current assets.....	201,816	185,767	1,872
Total current assets.....	4,330,728	4,407,820	40,177
<b>Non-current assets:</b>			
Investments accounted for by the equity method.....	1,595,079	1,559,280	14,798
Other investments.....	834,967	857,261	7,746
Non-current receivables.....	654,945	618,762	6,076
Non-current financial assets other than investments and receivables.....	167,732	270,116	1,556
Property, plant and equipment.....	2,065,033	1,077,874	19,158
Investment property.....	63,080	32,524	585
Goodwill and intangible assets.....	1,109,112	1,127,760	10,290
Deferred tax assets.....	57,129	65,609	530
Other non-current assets.....	66,598	81,697	618
Total non-current assets.....	6,613,675	5,690,883	61,357
<b>Total assets.....</b>	<b>¥10,944,403</b>	<b>¥10,098,703</b>	<b>\$101,534</b>

<b>Liabilities and Equity</b>	Millions of Yen		Millions of U.S. Dollars
	<b>Jun. 2019</b>	Mar. 2019	<b>Jun. 2019</b>
<b>Current liabilities:</b>			
Short-term debentures and borrowings.....	¥ 657,730	¥ 650,909	\$ 6,102
Lease liabilities (short-term).....	234,046	-	2,171
Trade payables.....	1,866,714	1,942,037	17,318
Other current payables.....	214,752	234,518	1,992
Other current financial liabilities.....	38,697	27,073	359
Current tax liabilities.....	36,388	48,014	338
Advances from customers.....	94,868	88,480	880
Other current liabilities.....	356,065	350,343	3,303
Total current liabilities .....	<u>3,499,260</u>	<u>3,341,374</u>	<u>32,463</u>
<b>Non-current liabilities:</b>			
Long-term debentures and borrowings.....	2,313,439	2,332,928	21,462
Lease liabilities (long-term).....	980,342	-	9,095
Other non-current financial liabilities.....	69,144	215,609	642
Non-current liabilities for employee benefits.....	125,202	124,418	1,162
Deferred tax liabilities.....	215,067	251,489	1,995
Other non-current liabilities.....	137,452	142,769	1,275
Total non-current liabilities .....	<u>3,840,646</u>	<u>3,067,213</u>	<u>35,631</u>
Total liabilities .....	<u>7,339,906</u>	<u>6,408,587</u>	<u>68,094</u>
<b>Equity:</b>			
Common stock:			
Authorized: 3,000,000,000 shares;			
issued: 1,584,889,504 shares.....	253,448	253,448	2,351
Capital surplus.....	49,414	49,584	458
Retained earnings.....	2,659,781	2,608,243	24,676
Other components of equity:			
Translation adjustments.....	51,531	81,037	478
FVTOCI financial assets.....	28,054	49,764	260
Cash flow hedges.....	(9,881)	433	(91)
Total other components of equity.....	69,704	131,234	647
Treasury stock.....	(167,347)	(105,601)	(1,553)
Total shareholders' equity.....	<u>2,865,000</u>	<u>2,936,908</u>	<u>26,579</u>
Non-controlling interests.....	739,497	753,208	6,861
Total equity.....	<u>3,604,497</u>	<u>3,690,116</u>	<u>33,440</u>
<b>Total liabilities and equity.....</b>	<u>¥10,944,403</u>	<u>¥10,098,703</u>	<u>\$101,534</u>

Note : "Lease liabilities" are presented independently due to the application of new accounting standards (IFRS16) and the amounts of "Lease liabilities" as of March 31, 2019 are not reclassified.

**(3) Consolidated Statement of Changes in Equity [Condensed]**

ITOCHU Corporation and its Subsidiaries

For the three-month periods ended June 30, 2019 and 2018

(Unit: Millions of Yen)

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity		
Balance on April 1, 2019	¥ 253,448	¥ 49,584	¥ 2,608,243	¥ 131,234	¥ (105,601)	¥ 2,936,908	¥ 753,208	¥ 3,690,116
Cumulative effects of the application of new accounting standards			(26,501)			(26,501)	(5,295)	(31,796)
Net Profit			147,287			147,287	16,472	163,759
Other comprehensive income				(60,508)		(60,508)	(4,401)	(64,909)
Total comprehensive income			147,287	(60,508)		86,779	12,071	98,850
Cash dividends to shareholders			(70,099)			(70,099)		(70,099)
Cash dividends to non-controlling interests							(12,242)	(12,242)
Net change in acquisition (disposition) of treasury stock					(61,746)	(61,746)		(61,746)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(170)		(171)		(341)	(8,245)	(8,586)
Transfer to Retained earnings			851	(851)		-		-
Balance on June 30, 2019	253,448	49,414	2,659,781	69,704	(167,347)	2,865,000	739,497	3,604,497

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity		
Balance on April 1, 2018	¥ 253,448	¥ 160,271	¥ 2,324,766	¥ 81,206	¥ (150,208)	¥ 2,669,483	¥ 314,868	¥ 2,984,351
Cumulative effects of the application of new accounting standards			(14,097)			(14,097)	5	(14,092)
Net Profit			113,364			113,364	3,355	116,719
Other comprehensive income				12,175		12,175	1,039	13,214
Total comprehensive income			113,364	12,175		125,539	4,394	129,933
Cash dividends to shareholders			(58,995)			(58,995)		(58,995)
Cash dividends to non-controlling interests							(7,413)	(7,413)
Net change in acquisition (disposition) of treasury stock					(513)	(513)		(513)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		168				168	7,696	7,864
Transfer to Retained earnings			693	(693)		-		-
Balance on June 30, 2018	253,448	160,439	2,365,731	92,688	(150,721)	2,721,585	319,550	3,041,135

(Unit: Millions of U.S. Dollars)

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity		
Balance on April 1, 2019	\$ 2,351	\$ 459	\$ 24,198	\$ 1,218	\$ (980)	\$ 27,246	\$ 6,988	\$ 34,234
Cumulative effects of the application of new accounting standards			(246)			(246)	(49)	(295)
Net Profit			1,366			1,366	153	1,519
Other comprehensive income				(561)		(561)	(41)	(602)
Total comprehensive income			1,366	(561)		805	112	917
Cash dividends to shareholders			(650)			(650)		(650)
Cash dividends to non-controlling interests							(114)	(114)
Net change in acquisition (disposition) of treasury stock					(573)	(573)		(573)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(1)		(2)		(3)	(76)	(79)
Transfer to Retained earnings			8	(8)		-		-
Balance on June 30, 2019	2,351	458	24,676	647	(1,553)	26,579	6,861	33,440

**(4) Consolidated Statement of Cash Flows [Condensed]**

-Unaudited-

ITOCHU Corporation and its Subsidiaries

For the three-month periods ended June 30, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	<u>Apr.-Jun. 2019</u>	<u>Apr.-Jun. 2018</u>	<u>Apr.-Jun. 2019</u>
<b>Cash flows from operating activities:</b>			
Net profit .....	¥ 163,759	¥ 116,719	\$ 1,519
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization .....	105,433	30,306	978
(Gains) losses on investments.....	(30,716)	(2,835)	(285)
(Gains) losses on property, plant, equipment and intangible assets.....	(1,766)	(38)	(16)
Financial (income) loss.....	(8,763)	(4,438)	(81)
Equity in earnings of associates and joint ventures .....	(52,731)	(59,040)	(490)
Income tax expense .....	34,035	24,488	316
Provision for doubtful accounts and other provisions .....	2,175	651	20
Changes in assets and liabilities, other-net .....	(57,732)	(36,288)	(536)
Proceeds from interest.....	6,507	7,040	61
Proceeds from dividends.....	50,571	30,092	469
Payments for interest.....	(10,688)	(6,791)	(99)
Payments for income taxes.....	(46,408)	(47,368)	(430)
Net cash provided by (used in) operating activities .....	<u>153,676</u>	<u>52,498</u>	<u>1,426</u>
<b>Cash flows from investing activities:</b>			
Net change in investments accounted for by the equity method .....	(6,332)	(15,950)	(59)
Net change in other investments .....	(6,759)	(7,508)	(63)
Net change in loans receivable .....	6,177	6,992	58
Net change in property, plant, equipment and intangible assets .....	(27,291)	(23,076)	(253)
Net change in time deposits .....	(1,910)	10,504	(18)
Net cash provided by (used in) investing activities .....	<u>(36,115)</u>	<u>(29,038)</u>	<u>(335)</u>
<b>Cash flows from financing activities:</b>			
Net change in debentures and loans payable .....	42,555	51,207	395
Repayments of lease liabilities .....	(67,252)	-	(624)
Cash dividends .....	(70,099)	(58,995)	(650)
Net change in treasury stock .....	(61,994)	(675)	(575)
Other .....	(12,912)	(13,240)	(120)
Net cash provided by (used in) financing activities .....	<u>(169,702)</u>	<u>(21,703)</u>	<u>(1,574)</u>
<b>Net change in cash and cash equivalents .....</b>	<u>(52,141)</u>	<u>1,757</u>	<u>(483)</u>
Cash and cash equivalents at the beginning of the period .....	572,030	432,140	5,307
Effect of exchange rate changes on cash and cash equivalents .....	(6,305)	3,827	(59)
<b>Cash and cash equivalents at the end of the period .....</b>	<u>¥ 513,584</u>	<u>¥ 437,724</u>	<u>\$ 4,765</u>

Note : "Repayments of lease liabilities" in Cash flows from financing activities is presented independently due to the application of new accounting standards (IFRS16) and the amount of "Repayments of lease liabilities" for the three-month period ended June 30, 2018 is not reclassified.

**(5) Operating Segment Information**

ITOCHU Corporation and its Subsidiaries  
For the three-month periods ended June 30, 2019 and 2018

Information concerning operations in different operating segments for the three-month periods ended June 30, 2019 and 2018 is as follows:

For the three-month period ended June 30, 2019 (April 1, 2019 -June 30, 2019)									Millions of Yen
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	Others, Adjustments & Eliminations	Consolidated
Revenues:									
Revenues from external customers .....	¥ 128,952	¥ 264,112	¥ 172,869	¥ 692,503	¥ 1,076,461	¥ 210,424	¥ 159,728	¥ 21,653	¥ 2,726,702
Intersegment revenues.....	2	15	-	8,572	117	5,851	3,875	(18,432)	-
Total revenues.....	128,954	264,127	172,869	701,075	1,076,578	216,275	163,603	3,221	2,726,702
Gross trading profit .....	27,686	46,736	30,966	54,210	181,595	41,288	50,813	(41)	433,253
Trading income .....	5,477	6,167	26,347	16,113	29,200	12,710	10,179	(3,809)	102,384
Net profit attributable to ITOCHU.....	7,035	13,745	33,969	11,040	18,980	32,844	17,107	12,567	147,287
[Equity in earnings of associates and joint ventures].....	[1,669]	[7,403]	[6,935]	[2,970]	[1,785]	[5,442]	[10,575]	[15,952]	[52,731]
Total assets on June 30, 2019 .....	517,276	1,211,504	830,284	1,370,057	3,932,451	1,040,128	1,111,929	930,774	10,944,403

For the three-month period ended June 30, 2018 (April 1, 2018 -June 30, 2018)									Millions of Yen
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	Others, Adjustments & Eliminations	Consolidated
Revenues:									
Revenues from external customers .....	¥ 135,074	¥ 239,233	¥ 160,380	¥ 749,280	¥ 937,565	¥ 217,892	¥ 152,923	¥ 20,734	¥ 2,613,081
Intersegment revenues.....	1	28	-	7,936	107	6,459	1,520	(16,051)	-
Total revenues.....	135,075	239,261	160,380	757,216	937,672	224,351	154,443	4,683	2,613,081
Gross trading profit .....	27,247	43,560	24,586	52,687	69,207	40,855	39,208	3,011	300,361
Trading income .....	4,534	3,107	20,166	14,605	14,988	11,365	5,085	(2,154)	71,696
Net profit attributable to ITOCHU.....	7,678	11,790	22,446	10,809	20,188	16,599	12,507	11,347	113,364
[Equity in earnings of associates and joint ventures].....	[2,410]	[6,980]	[6,397]	[3,126]	[8,930]	[6,769]	[12,074]	[12,354]	[59,040]
Total assets on June 30, 2018 .....	467,376	1,258,190	866,369	1,409,106	2,056,055	989,524	723,622	1,115,273	8,885,515
Total assets on March 31, 2019.....	527,204	1,180,268	844,399	1,288,711	3,238,135	980,618	1,093,255	946,113	10,098,703

For the three-month period ended June 30, 2019 (April 1, 2019 -June 30, 2019)									Millions of U.S. Dollars
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	Others, Adjustments & Eliminations	Consolidated
Revenues:									
Revenues from external customers .....	\$ 1,196	\$ 2,450	\$ 1,604	\$ 6,424	\$ 9,987	\$ 1,952	\$ 1,482	\$ 201	\$ 25,296
Intersegment revenues.....	0	0	-	80	1	54	36	(171)	-
Total revenues.....	1,196	2,450	1,604	6,504	9,988	2,006	1,518	30	25,296
Gross trading profit .....	257	433	287	503	1,685	383	471	(0)	4,019
Trading income .....	51	57	244	150	271	118	94	(35)	950
Net profit attributable to ITOCHU.....	65	127	315	102	176	305	159	117	1,366
[Equity in earnings of associates and joint ventures].....	[15]	[69]	[64]	[28]	[17]	[51]	[98]	[148]	[490]
Total assets on June 30, 2019 .....	4,799	11,239	7,703	12,710	36,482	9,650	10,316	8,635	101,534

Note 1 : "Equity in earnings of associates and joint ventures" is included in "Net profit attributable to ITOCHU".

Note 2 : "Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful accounts"

Note 3 : "Others, Adjustments & Eliminations" includes gains and losses which do not belong to any operating segment and internal eliminations between operating segments.

The investments in CITIC Limited and C.P. Pokphand Co. Ltd. and the profits and losses from them are included in this segment.

Note 4 : On July 1, 2019, ITOCHU has established The 8th Company and changed its organizational structure from seven division companies to eight division companies.

**(6) Assumption for Going Concern: None**