

**-Unaudited-****Consolidated Financial Results for the First Half of the Fiscal Year 2018 ending March 31, 2018**

[Prepared in conformity with International Financial Reporting Standards]

Company name: ITOCHU Corporation

Stock exchange code: 8001

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

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The date of payout of dividend: Dec. 4, 2017 (Planned)

**1. Consolidated operating results for the first half of the fiscal year 2018 (from April 1, 2017 to September 30, 2017)**

## (1) Consolidated operating results (Summary)

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

	Revenues		Trading income (*3)		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 half of Fiscal year 2018	2,577,705	14.7	148,650	27.2	313,831	21.2	256,677	22.1	242,468	19.9	275,152	-
Fiscal year 2017	2,246,482	(10.8)	116,895	7.5	259,028	4.8	210,263	(5.2)	202,171	(5.0)	8,813	(93.0)

	Basic earnings per share attributable to ITOCHU	Diluted earnings per share attributable to ITOCHU
	yen	yen
For the first half of Fiscal year 2018	156.04	-
Fiscal year 2017	127.99	-

Equity in earnings of associates and joint ventures (millions of yen)

1st half of FY 2018 : 109,280 [ + 13.8% ]

1st half of FY 2017 : 96,009 [ + 33.6% ]

Total comprehensive income (millions of yen)

1st half of FY 2018 : 291,093 [ - % ]

1st half of FY 2017 : 12,010 [ (90.4%) ]

## (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
September 30, 2017	8,644,435	2,914,870	2,603,230	30.1	1,679.35
March 31, 2017	8,122,032	2,662,811	2,401,893	29.6	1,532.56

## (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 half of Fiscal year 2018	154,958	(74,761)	(186,407)	502,254
Fiscal year 2017	162,362	(19,907)	(102,717)	652,351

**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 2017	-	27.50	-	27.50	55.00
Fiscal year 2018	-	32.00	-	-	-
Fiscal year 2018 (Planned)	-	-	-	32.00	64.00

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

**3. Outlook of consolidated operating results for the fiscal year 2018 (from April 1, 2017 to March 31, 2018)**

(%: Changes from the previous fiscal year)

	Revenues		Trading income		Profit before tax		Net Profit		Net profit attributable to ITOCHU		Basic earnings per share attributable to ITOCHU
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Fiscal year 2018	5,800,000	19.9	307,000	6.4	536,000	7.2	433,000	15.6	400,000	13.6	257.89

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

#### 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: None

(b) Other changes: None

(c) Changes in accounting estimates: None

(3) Number of common shares issued

(a) Number of common shares outstanding: (including the number of treasury stock)	1st half of FY 2018	1,662,889,504	Fiscal Year 2017	1,662,889,504
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(b) Number of treasury stock:	1st half of FY 2018	112,750,748	Fiscal Year 2017	95,642,000
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(c) Average number of common shares outstanding:	1st half of FY 2018	1,553,876,561	1st half of FY 2017	1,579,566,248
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[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. 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. 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. Therefore, 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 112.73 yen = 1 U.S. dollar, the exchange rate prevailing on September 30, 2017. 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

[For the six-month period ended September 30, 2017]

#### (a) General Economic Situation

For the six-month period ended September 30, 2017, the global economy maintained a moderate recovery overall reflecting that the U.S. economy continued expanding due to improvement in domestic employment and income environments, the European economy recovered smoothly despite there being certain concerns over the progress of Brexit talks, and emerging countries showed signs of improvement, such as China maintained a recovery trend. The WTI crude oil price, although it had fallen from the US\$50 level per barrel in May to the mid-US\$40s level in June, strengthened and recovered to the US\$50 level in late September due to decreasing inventories in the U.S. market and the expectation for another extension of the period of oil production curtailment by major oil-producing countries including OPEC.

The Japanese economy expanded moderately overall due to a recovery in exports and signs of increase in companies' capital investment, despite fading upward trend in consumer spending. Although the yen had temporarily appreciated against the U.S. dollar to the ¥107 level in early September due to increasing tensions with North Korea after its depreciation to the ¥114 level in early July reflecting the strong U.S. economy, it returned to the ¥112 level in the end of September on the back of expectation for the interest rate hike in the U.S. The Nikkei Stock Average surged from the ¥18,000 level in April to the ¥20,000 level in late September due to the rise in the U.S. stock market and the depreciation of the yen. The yield on 10-year Japanese government bonds had temporarily dipped below zero in early September due to the appreciation of the yen, but rebounded to near the 0.1% level in late September due to the depreciation of the yen and the rise in interest rates in the U.S.

#### (b) Consolidated Operating Results

	Billions of Yen				Millions of
	Apr.-Sep. 2017	Apr.-Sep. 2016	Increase (Decrease)	%	U.S. Dollars Apr.-Sep. 2017
Revenues .....	2,577.7	2,246.5	331.2	14.7%	22,866
Gross trading profit .....	579.0	514.1	64.8	12.6%	5,136
Selling, general and administrative expenses .....	(429.6)	(395.5)	(34.1)	8.6%	(3,811)
Gains on investments.....	37.3	38.9	(1.6)	(4.0%)	331
Equity in earnings of associates and joint ventures .....	109.3	96.0	13.3	13.8%	969
Income tax expense.....	(57.2)	(48.8)	(8.4)	17.2%	(507)
Net profit attributable to ITOCHU.....	242.5	202.2	40.3	19.9%	2,151
(Reference) Trading income.....	148.7	116.9	31.8	27.2%	1,319

(i) Revenues (from external customers)

Increased by 14.7%, or 331.2 billion yen, compared with the same period of the previous fiscal year to 2,577.7 billion yen (22,866 million U.S. dollars).

- Machinery Company:  
Increased by 114.2 billion yen compared with the same period of the previous fiscal year to 295.0 billion yen (2,617 million U.S. dollars), due to the conversion of YANASE into a consolidated subsidiary and the favorable performance in aircraft-related and plant-related companies.
- Energy & Chemicals Company:  
Increased by 114.0 billion yen compared with the same period of the previous fiscal year to 751.2 billion yen (6,664 million U.S. dollars), due to the conversion of Takiron into a consolidated subsidiary as a result of its merger with C. I. Kasei and the higher sales prices in energy-related companies.
- Food Company:  
Increased by 43.2 billion yen compared with the same period of the previous fiscal year to 569.3 billion yen (5,050 million U.S. dollars), due to the higher transaction volume with FamilyMart UNY Holdings in fresh-food-related and provisions-related transactions, and food-distribution-related companies.
- Metals & Minerals Company:  
Increased by 32.8 billion yen compared with the same period of the previous fiscal year to 107.7 billion yen (955 million U.S. dollars), due to the higher iron ore and coal prices, and the higher sales volume in iron ore-related business.

(ii) Gross trading profit

Increased by 12.6%, or 64.8 billion yen, compared with the same period of the previous fiscal year to 579.0 billion yen (5,136 million U.S. dollars).

- Machinery Company:  
Increased by 24.5 billion yen compared with the same period of the previous fiscal year to 74.9 billion yen (664 million U.S. dollars), due to the conversion of YANASE into a consolidated subsidiary, the favorable performance in aircraft-related and plant-related companies, and the absence of deterioration in profitability in ship-related business affected by stagnant market conditions in the same period of the previous fiscal year.
- Metals & Minerals Company:  
Increased by 23.4 billion yen compared with the same period of the previous fiscal year to 44.4 billion yen (394 million U.S. dollars), due to the higher iron ore and coal prices, and the higher sales volume in iron ore-related business.
- Energy & Chemicals Company:  
Increased by 14.7 billion yen compared with the same period of the previous fiscal year to 99.5 billion yen (882 million U.S. dollars), due to the conversion of Takiron into a consolidated subsidiary as a result of its merger with C. I. Kasei and the favorable performance in plastic-related companies.

(iii) Selling, general and administrative expenses

Increased by 8.6%, or 34.1 billion yen, compared with the same period of the previous fiscal year to 429.6 billion yen (3,811 million U.S. dollars), due to the conversion of YANASE into a consolidated subsidiary, the conversion of Takiron into a consolidated subsidiary as a result of its merger with C. I. Kasei, and other factors.

(iv) Gains on investments

Decreased by 4.0%, or 1.6 billion yen, compared with the same period of the previous fiscal year to 37.3 billion yen (331 million U.S. dollars), due to the absence of the gain accompanying the changes in equity resulting from the merger of FamilyMart and UNY Holdings, and the gain on sales of a medical-device-related company in the same period of the previous fiscal year, despite the gain accompanying the merger of C. I. Kasei and Takiron, and the gain accompanying the partial sales of a Chinese fresh-food-related company.

(v) Equity in earnings of associates and joint ventures

Increased by 13.8%, or 13.3 billion yen, compared with the same period of the previous fiscal year to 109.3 billion yen (969 million U.S. dollars).

- Food Company:

Increased by 7.4 billion yen compared with the same period of the previous fiscal year to 15.1 billion yen (134 million U.S. dollars), due to the merger of FamilyMart and UNY Holdings, and the stable performance in fresh-food-related companies.

- ICT & Financial Business Company:

Increased by 3.0 billion yen compared with the same period of the previous fiscal year to 18.2 billion yen (161 million U.S. dollars), due to the recovery of foreign finance-related companies.

(vi) Income tax expense

Increased by 17.2%, or 8.4 billion yen, compared with the same period of the previous fiscal year to 57.2 billion yen (507 million U.S. dollars), due to higher profits, despite the decrease in tax expenses relating to pulp-related companies.

(vii) Net profit attributable to ITOCHU

Consequently, Net profit attributable to ITOCHU increased by 19.9%, or 40.3 billion yen, compared with the same period of the previous fiscal year to 242.5 billion yen (2,151 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 27.2%, or 31.8 billion yen, compared with the same period of the previous fiscal year to 148.7 billion yen (1,319 million U.S. dollars).

- Metals & Minerals Company:

Increased by 23.9 billion yen compared with the same period of the previous fiscal year to 35.6 billion yen (316 million U.S. dollars), due to the higher iron ore and coal prices, and the higher sales volume in iron ore-related business.

- Machinery Company:

Increased by 6.1 billion yen compared with the same period of the previous fiscal year to 17.5 billion yen (155 million U.S. dollars), due to the conversion of YANASE into a consolidated subsidiary, the favorable performance in aircraft-related and plant-related companies, and the absence of deterioration in profitability in ship-related business affected by stagnant market conditions in the same period 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
	Sep. 2017	Mar. 2017	Increase (Decrease)	%	Sep. 2017
Total assets .....	8,644.4	8,122.0	522.4	6.4%	76,683
Interest-bearing debt .....	2,890.1	2,944.7	(54.6)	(1.9%)	25,637
Net interest-bearing debt .....	2,370.6	2,330.7	39.9	1.7%	21,029
Total shareholders' equity .....	2,603.2	2,401.9	201.3	8.4%	23,093
Ratio of shareholders' equity to total assets .....	30.1%	29.6%	Increased 0.5pt		
NET DER (times) .....	0.91	0.97	Improved 0.1pt		

#### (i) Total assets

Increased by 6.4%, or 522.4 billion yen, compared with March 31, 2017 to 8,644.4 billion yen (76,683 million U.S. dollars), due to the conversion of YANASE into a consolidated subsidiary, the conversion of Takiron into a consolidated subsidiary as a result of its merger with C. I. Kasei, the increased trade receivables accompanying the seasonal factors in food-distribution-related companies, and the increase in investments accounted for by the equity method.

#### (ii) Interest-bearing debt

Decreased by 1.9%, or 54.6 billion yen, compared with March 31, 2017 to 2,890.1 billion yen (25,637 million U.S. dollars), due to the repayment of borrowings accompanying stable performance in operating revenues and steady collections, despite the conversion of YANASE into a consolidated subsidiary, the investments in IPP-related companies, and the additional investments in FamilyMart UNY Holdings and a provisions-related company. Whereas, Net interest-bearing debt (Interest-bearing debt after deducting Cash and cash equivalents and Time deposits) increased by 1.7%, or 39.9 billion yen, compared with March 31, 2017 to 2,370.6 billion yen (21,029 million U.S. dollars), due to the decrease in Cash and cash equivalents.

#### (iii) Total shareholders' equity

Increased by 8.4%, or 201.3 billion yen, compared with March 31, 2017 to 2,603.2 billion yen (23,093 million U.S. dollars), due to Net profit attributable to ITOCHU during this fiscal year, despite dividend payments and acquisition of treasury stock.

#### (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 0.5 points compared with March 31, 2017 to 30.1%. NET DER (Net debt-to-shareholders' equity ratio) improved compared with March 31, 2017 to 0.91 times.

(b) Consolidated Cash Flows

	Billions of Yen		Millions of U.S. Dollars
	Apr.-Sep. 2017	Apr.-Sep. 2016	Apr.-Sep. 2017
Cash flows from operating activities .....	155.0	162.4	1,375
Cash flows from investing activities .....	(74.8)	(19.9)	(663)
<i>Free cash flows</i> .....	<i>80.2</i>	<i>142.5</i>	<i>712</i>
Cash flows from financing activities .....	(186.4)	(102.7)	(1,654)

(i) Cash flows from operating activities

Recorded a net cash-inflow of 155.0 billion yen (1,375 million U.S. dollars), resulting from the stable performance in operating revenues in the Food, Metals & Minerals, and ICT sectors.

(ii) Cash flows from investing activities

Recorded a net cash-outflow of 74.8 billion yen (663 million U.S. dollars), due to the investments in IPP-related companies, the additional investments in FamilyMart UNY Holdings and a provisions-related company, and the acquisition of fixed assets in the Food, Energy, and Machinery sectors, despite the increase in cash resulting from the conversion of Takiron into a consolidated subsidiary as a result of its merger with C. I. Kasei.

(iii) Cash flows from financing activities

Recorded a net cash-outflow of 186.4 billion yen (1,654 million U.S. dollars), due to the repayment of borrowings, dividend payments, and acquisition of treasury stock.

Consequently, Cash and cash equivalents as of September 30, 2017 decreased by 103.3 billion yen compared with March 31, 2017 to 502.3 billion yen (4,455 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: None
  - (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 six-month periods ended September 30, 2017 and 2016

	Millions of Yen		Millions of U.S. Dollars
	Apr.-Sep. 2017	Apr.-Sep. 2016	Apr.-Sep. 2017
<b>Revenues:</b>			
Revenues from sale of goods.....	¥ 2,186,632	¥ 1,896,937	\$ 19,397
Revenues from rendering of services and royalties.....	391,073	349,545	3,469
Total revenues.....	2,577,705	2,246,482	22,866
<b>Cost:</b>			
Cost of sale of goods.....	(1,703,099)	(1,472,624)	(15,107)
Cost of rendering of services and royalties.....	(295,649)	(259,709)	(2,623)
Total cost.....	(1,998,748)	(1,732,333)	(17,730)
<b>Gross trading profit .....</b>	<b>578,957</b>	<b>514,149</b>	<b>5,136</b>
<b>Other gains (losses):</b>			
Selling, general and administrative expenses.....	(429,609)	(395,547)	(3,811)
Provision for doubtful accounts.....	(698)	(1,707)	(6)
Gains on investments.....	37,345	38,902	331
Gains on property, plant, equipment and intangible assets.....	972	374	9
Other-net.....	9,540	604	85
Total other-losses.....	(382,450)	(357,374)	(3,392)
<b>Financial income (loss):</b>			
Interest income.....	16,541	12,887	147
Dividends received.....	10,102	6,781	89
Interest expense.....	(18,599)	(13,424)	(165)
Total financial income.....	8,044	6,244	71
Equity in earnings of associates and joint ventures.....	109,280	96,009	969
<b>Profit before tax.....</b>	<b>313,831</b>	<b>259,028</b>	<b>2,784</b>
Income tax expense.....	(57,154)	(48,765)	(507)
<b>Net Profit.....</b>	<b>256,677</b>	<b>210,263</b>	<b>2,277</b>
Net profit attributable to ITOCHU.....	242,468	202,171	2,151
Net profit attributable to non-controlling interests.....	14,209	8,092	126

	Millions of Yen		Millions of U.S. Dollars
	Apr.-Sep. 2017	Apr.-Sep. 2016	Apr.-Sep. 2017
<b>Other comprehensive income, net of tax:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
FVTOCI financial assets.....	¥ (5,343)	¥ (12,835)	\$ (47)
Remeasurement of net defined pension liability.....	(271)	(286)	(2)
Other comprehensive income in associates and joint ventures.....	3,227	(5,333)	28
<b>Items that will be reclassified to profit or loss</b>			
Translation adjustments.....	24,262	(116,311)	215
Cash flow hedges.....	(165)	1,618	(1)
Other comprehensive income in associates and joint ventures.....	12,706	(65,106)	112
<b>Total other comprehensive income, net of tax.....</b>	<b>34,416</b>	<b>(198,253)</b>	<b>305</b>
<b>Total comprehensive income .....</b>	<b>291,093</b>	12,010	<b>2,582</b>
Total comprehensive income attributable to ITOCHU .....	275,152	8,813	2,441
Total comprehensive income attributable to non-controlling interests .....	15,941	3,197	141

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 six-month periods ended September 30, 2017 and 2016 were 148,650 million yen (1,319 million U.S. dollars) and 116,895 million yen, respectively.

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

ITOCHU Corporation and its Subsidiaries

As of September 30, 2017 and March 31, 2017

Assets	Millions of Yen		Millions of U.S. Dollars
	Sep. 2017	Mar. 2017	Sep. 2017
<b>Current assets:</b>			
Cash and cash equivalents.....	¥ 502,254	¥ 605,589	\$ 4,455
Time deposits.....	17,250	8,381	153
Trade receivables.....	2,142,021	1,949,049	19,001
Other current receivables.....	88,954	74,322	789
Other current financial assets.....	57,337	28,999	509
Inventories.....	867,087	775,396	7,692
Advances to suppliers.....	164,163	161,855	1,456
Other current assets.....	133,993	97,224	1,189
Total current assets.....	3,973,059	3,700,815	35,244
<b>Non-current assets:</b>			
Investments accounted for by the equity method.....	1,738,560	1,626,583	15,422
Other investments.....	831,599	793,589	7,377
Non-current receivables.....	656,917	656,774	5,827
Non-current financial assets other than investments and receivables.....	101,507	118,511	901
Property, plant and equipment.....	772,259	680,375	6,851
Investment property.....	20,062	26,605	178
Goodwill and intangible assets.....	374,451	369,378	3,322
Deferred tax assets.....	68,818	54,660	610
Other non-current assets.....	107,203	94,742	951
Total non-current assets.....	4,671,376	4,421,217	41,439
<b>Total assets.....</b>	<b>¥ 8,644,435</b>	<b>¥ 8,122,032</b>	<b>\$ 76,683</b>

<b>Liabilities and Equity</b>	Millions of Yen		Millions of U.S. Dollars
	<b>Sep. 2017</b>	Mar. 2017	<b>Sep. 2017</b>
<b>Current liabilities:</b>			
Short-term debentures and borrowings.....	¥ 528,336	¥ 563,033	\$ 4,687
Trade payables.....	1,827,062	1,588,783	16,207
Other current payables.....	57,021	53,494	506
Other current financial liabilities.....	41,851	15,729	371
Current tax liabilities.....	34,471	40,660	306
Advances from customers.....	147,591	149,921	1,309
Other current liabilities.....	303,974	288,785	2,697
Total current liabilities .....	<b>2,940,306</b>	2,700,405	<b>26,083</b>
<b>Non-current liabilities:</b>			
Long-term debentures and borrowings.....	2,361,719	2,381,620	20,950
Other non-current financial liabilities.....	109,998	108,333	976
Non-current liabilities for employee benefits.....	102,476	59,614	909
Deferred tax liabilities.....	132,004	123,374	1,171
Other non-current liabilities.....	83,062	85,875	737
Total non-current liabilities .....	<b>2,789,259</b>	2,758,816	<b>24,743</b>
Total liabilities .....	<b>5,729,565</b>	5,459,221	<b>50,826</b>
<b>Equity:</b>			
Common stock:			
Authorized: 3,000,000,000 shares; issued: 1,662,889,504 shares.....	253,448	253,448	2,248
Capital surplus.....	159,157	162,038	1,412
Retained earnings.....	2,216,599	2,020,018	19,663
Other components of equity :			
Translation adjustments.....	173,486	137,085	1,539
FVTOCI financial assets.....	(50,677)	(50,353)	(450)
Cash flow hedges.....	1,407	1,997	13
Total other components of equity.....	124,216	88,729	1,102
Treasury stock.....	(150,190)	(122,340)	(1,332)
Total shareholders' equity.....	<b>2,603,230</b>	2,401,893	<b>23,093</b>
Non-controlling interests.....	311,640	260,918	2,764
Total equity.....	<b>2,914,870</b>	2,662,811	<b>25,857</b>
<b>Total liabilities and equity.....</b>	<b>¥ 8,644,435</b>	¥ 8,122,032	<b>\$ 76,683</b>

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

ITOCHU Corporation and its Subsidiaries

For the six-month periods ended September 30, 2017 and 2016

	Millions of Yen		Millions of U.S. Dollars
	Apr.-Sep. 2017	Apr.-Sep. 2016	Apr.-Sep. 2017
<b>Common stock:</b>			
Balance at the beginning of the period.....	¥ 253,448	¥ 253,448	\$ 2,248
Balance at the end of the period.....	¥ 253,448	¥ 253,448	\$ 2,248
<b>Capital surplus:</b>			
Balance at the beginning of the period.....	¥ 162,038	¥ 156,688	\$ 1,437
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests.....	(2,881)	(536)	(25)
Balance at the end of the period.....	¥ 159,157	¥ 156,152	\$ 1,412
<b>Retained earnings:</b>			
Balance at the beginning of the period.....	¥ 2,020,018	¥ 1,748,375	\$ 17,919
Net profit attributable to ITOCHU.....	242,468	202,171	2,151
Transfer from other components of equity.....	(2,722)	(3,207)	(24)
Cash dividends.....	(43,165)	(39,541)	(383)
Balance at the end of the period.....	¥ 2,216,599	¥ 1,907,798	\$ 19,663
<b>Other components of equity:</b>			
Balance at the beginning of the period.....	¥ 88,729	¥ 140,750	\$ 787
Other comprehensive income attributable to ITOCHU.....	32,684	(193,358)	290
Transfer to retained earnings.....	2,722	3,207	24
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests.....	81	(143)	1
Balance at the end of the period.....	¥ 124,216	¥ (49,544)	\$ 1,102
<b>Treasury stock:</b>			
Balance at the beginning of the period.....	¥ (122,340)	¥ (105,584)	\$ (1,085)
Net change in treasury stock.....	(27,850)	(539)	(247)
Balance at the end of the period.....	¥ (150,190)	¥ (106,123)	\$ (1,332)
<b>Total shareholders' equity.....</b>	<b>¥ 2,603,230</b>	<b>¥ 2,161,731</b>	<b>\$ 23,093</b>
<b>Non-controlling interests:</b>			
Balance at the beginning of the period.....	¥ 260,918	¥ 258,378	\$ 2,315
Net profit attributable to non-controlling interests.....	14,209	8,092	126
Other comprehensive income attributable to non-controlling interests.....	1,732	(4,895)	15
Cash dividends to non-controlling interests.....	(6,089)	(4,982)	(54)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests.....	40,870	1,063	362
Balance at the end of the period.....	¥ 311,640	¥ 257,656	\$ 2,764
<b>Total equity.....</b>	<b>¥ 2,914,870</b>	<b>¥ 2,419,387</b>	<b>\$ 25,857</b>

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

-Unaudited-

ITOCHU Corporation and its Subsidiaries

For the six-month periods ended September 30, 2017 and 2016

	Millions of Yen		Millions of U.S. Dollars
	<u>Apr.-Sep. 2017</u>	<u>Apr.-Sep. 2016</u>	<u>Apr.-Sep. 2017</u>
<b>Cash flows from operating activities:</b>			
Net profit .....	¥ 256,677	¥ 210,263	\$ 2,277
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization .....	53,213	53,795	472
Provision for doubtful accounts .....	698	1,707	6
(Gains) losses on investments.....	(37,345)	(38,902)	(331)
(Gains) losses on property, plant, equipment and intangible assets.....	(972)	(374)	(9)
Financial (income) loss.....	(8,044)	(6,244)	(71)
Equity in earnings of associates and joint ventures .....	(109,280)	(96,009)	(969)
Income tax expense .....	57,154	48,765	507
Changes in assets and liabilities, other-net .....	(52,599)	(14,821)	(467)
Proceeds from interest.....	14,659	13,397	130
Proceeds from dividends.....	50,832	37,899	451
Payments for interest.....	(18,816)	(12,191)	(167)
Payments for income taxes.....	(51,219)	(34,923)	(454)
Net cash provided by (used in) operating activities .....	<u>154,958</u>	<u>162,362</u>	<u>1,375</u>
<b>Cash flows from investing activities:</b>			
Net change in investments accounted for by the equity method .....	(61,529)	(607)	(546)
Net change in other investments .....	11,922	(13,410)	106
Net change in loans receivable .....	11,744	28,801	104
Net change in property, plant, equipment and intangible assets .....	(39,301)	(34,793)	(348)
Net change in time deposits .....	2,403	102	21
Net cash provided by (used in) investing activities .....	<u>(74,761)</u>	<u>(19,907)</u>	<u>(663)</u>
<b>Cash flows from financing activities:</b>			
Net change in debentures and loans payable .....	(110,821)	(58,158)	(983)
Cash dividends .....	(43,165)	(39,541)	(383)
Net change in treasury stock .....	(27,874)	(539)	(247)
Other .....	(4,547)	(4,479)	(41)
Net cash provided by (used in) financing activities .....	<u>(186,407)</u>	<u>(102,717)</u>	<u>(1,654)</u>
<b>Net change in cash and cash equivalents .....</b>	<b><u>(106,210)</u></b>	<b><u>39,738</u></b>	<b><u>(942)</u></b>
Cash and cash equivalents at the beginning of the period .....	605,589	632,871	5,372
Effect of exchange rate changes on cash and cash equivalents .....	2,875	(20,258)	25
<b>Cash and cash equivalents at the end of the period .....</b>	<b><u>¥ 502,254</u></b>	<b><u>¥ 652,351</u></b>	<b><u>\$ 4,455</u></b>

**(5) Operating Segment Information**

ITOCHU Corporation and its Subsidiaries

For the six-month periods ended September 30, 2017 and 2016

Information concerning operations in different operating segments for the six-month periods ended September 30, 2017 and 2016 is as follows:

	For the six-month period ended September 30, 2017 (April 1, 2017 -September 30, 2017)								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 .....	¥ 253,438	¥ 294,981	¥ 107,686	¥ 751,242	¥ 569,310	¥ 283,343	¥ 309,871	¥ 7,834	¥ 2,577,705
Intersegment revenues.....	26	8	-	590	235	6,597	3,557	(11,013)	-
Total revenues.....	<u>253,464</u>	<u>294,989</u>	<u>107,686</u>	<u>751,832</u>	<u>569,545</u>	<u>289,940</u>	<u>313,428</u>	<u>(3,179)</u>	<u>2,577,705</u>
Gross trading profit .....	<u>61,189</u>	<u>74,907</u>	<u>44,417</u>	<u>99,452</u>	<u>141,606</u>	<u>74,167</u>	<u>80,890</u>	<u>2,329</u>	<u>578,957</u>
Trading income .....	<u>8,557</u>	<u>17,452</u>	<u>35,588</u>	<u>21,433</u>	<u>33,600</u>	<u>18,646</u>	<u>15,969</u>	<u>(2,595)</u>	<u>148,650</u>
Net profit attributable to ITOCHU.....	<u>13,688</u>	<u>27,267</u>	<u>37,086</u>	<u>15,063</u>	<u>55,113</u>	<u>28,508</u>	<u>23,401</u>	<u>42,342</u>	<u>242,468</u>
[Equity in earnings of associates and joint ventures].....	<u>[3,414]</u>	<u>[12,193]</u>	<u>[9,440]</u>	<u>[1,185]</u>	<u>[15,086]</u>	<u>[6,906]</u>	<u>[18,184]</u>	<u>[42,872]</u>	<u>[109,280]</u>
Total assets at September 30, 2017 .....	<u>503,556</u>	<u>1,161,789</u>	<u>903,074</u>	<u>1,261,650</u>	<u>1,981,361</u>	<u>924,463</u>	<u>696,318</u>	<u>1,212,224</u>	<u>8,644,435</u>

	For the six-month period ended September 30, 2016 (April 1, 2016 -September 30, 2016)								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 .....	¥ 255,080	¥ 180,733	¥ 74,874	¥ 637,282	¥ 526,100	¥ 260,939	¥ 297,914	¥ 13,560	¥ 2,246,482
Intersegment revenues.....	269	-	-	437	181	6,247	3,149	(10,283)	-
Total revenues.....	<u>255,349</u>	<u>180,733</u>	<u>74,874</u>	<u>637,719</u>	<u>526,281</u>	<u>267,186</u>	<u>301,063</u>	<u>3,277</u>	<u>2,246,482</u>
Gross trading profit .....	<u>64,771</u>	<u>50,375</u>	<u>21,057</u>	<u>84,794</u>	<u>137,586</u>	<u>72,314</u>	<u>75,736</u>	<u>7,516</u>	<u>514,149</u>
Trading income .....	<u>10,929</u>	<u>11,399</u>	<u>11,640</u>	<u>17,500</u>	<u>31,603</u>	<u>17,121</u>	<u>13,452</u>	<u>3,251</u>	<u>116,895</u>
Net profit attributable to ITOCHU.....	<u>11,951</u>	<u>25,999</u>	<u>14,803</u>	<u>13,407</u>	<u>49,374</u>	<u>19,192</u>	<u>17,602</u>	<u>49,843</u>	<u>202,171</u>
[Equity in earnings of associates and joint ventures].....	<u>[2,485]</u>	<u>[12,122]</u>	<u>[7,294]</u>	<u>[1,753]</u>	<u>[7,674]</u>	<u>[5,587]</u>	<u>[15,202]</u>	<u>[43,892]</u>	<u>[96,009]</u>
Total assets at September 30, 2016 .....	<u>498,694</u>	<u>904,860</u>	<u>787,117</u>	<u>1,019,062</u>	<u>1,743,709</u>	<u>781,510</u>	<u>648,061</u>	<u>1,274,387</u>	<u>7,657,400</u>
Total assets at March 31, 2017.....	<u>495,892</u>	<u>989,662</u>	<u>854,905</u>	<u>1,169,503</u>	<u>1,773,166</u>	<u>840,350</u>	<u>718,594</u>	<u>1,279,960</u>	<u>8,122,032</u>

	For the six-month period ended September 30, 2017 (April 1, 2017 -September 30, 2017)								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 .....	\$ 2,248	\$ 2,617	\$ 955	\$ 6,664	\$ 5,050	\$ 2,513	\$ 2,749	\$ 70	\$ 22,866
Intersegment revenues.....	0	0	-	5	2	59	31	(97)	-
Total revenues.....	<u>2,248</u>	<u>2,617</u>	<u>955</u>	<u>6,669</u>	<u>5,052</u>	<u>2,572</u>	<u>2,780</u>	<u>(27)</u>	<u>22,866</u>
Gross trading profit .....	<u>543</u>	<u>664</u>	<u>394</u>	<u>882</u>	<u>1,256</u>	<u>658</u>	<u>718</u>	<u>21</u>	<u>5,136</u>
Trading income .....	<u>76</u>	<u>155</u>	<u>316</u>	<u>190</u>	<u>298</u>	<u>165</u>	<u>142</u>	<u>(23)</u>	<u>1,319</u>
Net profit attributable to ITOCHU.....	<u>121</u>	<u>242</u>	<u>329</u>	<u>134</u>	<u>489</u>	<u>253</u>	<u>207</u>	<u>376</u>	<u>2,151</u>
[Equity in earnings of associates and joint ventures].....	<u>[30]</u>	<u>[108]</u>	<u>[84]</u>	<u>[11]</u>	<u>[134]</u>	<u>[61]</u>	<u>[161]</u>	<u>[380]</u>	<u>[969]</u>
Total assets at September 30, 2017 .....	<u>4,467</u>	<u>10,306</u>	<u>8,011</u>	<u>11,192</u>	<u>17,576</u>	<u>8,201</u>	<u>6,177</u>	<u>10,753</u>	<u>76,683</u>

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 &amp; 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.

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