

**Financial Highlights**

(Billions of yen)

Years ended March 31	'02	'03	'04	'05	'06
Gross trading profit	52.7	33.0	24.7	39.1	73.9
(Metals & Minerals)	40.9	19.2	14.4	25.8	48.2
(Energy)	11.7	13.8	10.3	13.3	25.6
Net income (loss)	9.5	10.0	12.9	25.7	58.0
Identifiable assets at March 31	401.6	391.6	443.7	491.0	644.4
ROA (%)	1.7	2.5	3.1	5.5	10.2

Net Income from Major Group Companies*

(Billions of yen)

Years ended March 31	'04	'05	'06
ITOCHU Non-Ferrous Materials Co., Ltd.	0.5	0.8	1.0
ITOCHU Petroleum Japan Ltd.	1.5	0.4	2.5
ITOCHU Minerals & Energy of Australia Pty Ltd	5.3	13.9	25.9
Marubeni-Itochu Steel Inc.	3.1	9.7	15.9
ITOCHU Oil Exploration (Azerbaijan) Inc.	2.3	2.0	5.2

*ITOCHU's share of net income

The Energy, Metals & Minerals Company, working to expand its profit through the synergetic activities in “natural resources development” and “trading”, focuses its energies on the expansion of the existing business in collaboration with the major group companies, such as ITOCHU Non-Ferrous Materials Co., Ltd., ITOCHU Petroleum Japan Ltd., Marubeni-Itochu Steel Inc., ITOCHU ENEX CO., LTD. and ITOCHU Minerals & Energy of Australia Pty Ltd. At the same time, taking a long-term perspective, it actively works to cultivate the new businesses, including those based on alternative energy sources.

Business Overview

The Company is involved in mineral and coal mining and steel processing, as well as such conservation-related businesses including greenhouse gas emission rights trading. The Company also engages in domestic and international trading of iron ore, coal, and other steel raw materials, as well as non-ferrous/light metals and steel products. In addition, we trade crude oil, petroleum products, gas, and nuclear fuels domestically and internationally. Among all those, the energy resources development, mineral resources, and coal are selected as the key segments.

With regard to the mineral resources and coal, we are working to expand the businesses in iron ore development and aluminum refining projects in Australia, as well as coal mining projects in Australia and Indonesia.

Concerning the energy resources development, we are maximizing the Group's net income through two main initiatives – the first, strengthening of the trade in crude oil and petroleum products based primarily on the Company's own equity crude oil and gas, and the second, the building up of the Company's domestic

distribution and sales networks, taking full advantage of the existing service station network.

In addition, we are also working to cultivate new businesses in the development and utilization of new environmentally-friendly fuel sources for energy such as dimethyl ether (DME), solar power, and liquefied coal.

With regard to steel products, it established Marubeni-Itochu Steel Inc., jointly with Marubeni Corporation. As a major steel distributor, Marubeni-Itochu Steel Inc. will handle the fabrication and sales of products, as well as solutions and service functions vis-à-vis the customers through its more than 100 of domestic and overseas subsidiaries and affiliates.

Strengths

One of the Company's major strengths is its asset efficiency, which is top-ranked among the Japanese trading houses. We have a well-balanced investment portfolio including profitable projects in the mineral resources, coal, and energy resources development segments. At the same time, we are also working