



ing company with a broad spectrum of business fields, through cooperation with the Insurance Services Division in the credit card businesses and collaboration with the Construction & Realty Division in real estate securitization, as well as cooperation with the Information Industry Division in IT-based financial businesses. The Construction & Realty Division is also seeking horizontal collaboration, promoting cooperation, including personnel exchanges, with the Financial Services Division for residential real estate investment trust (REIT) management and with the Logistics Services Division for equity investment in logistics facilities funds. For the Insurance Services Division, we are the only company of Japanese origin to have insurance broking networks globally, including Hong Kong, USA, UK and Thailand. The London branch of Cosmos Services Co., a subsidiary in Hong Kong, is the first Japanese-affiliated firm registered as a broker of Lloyd's of London. The Logistics Services Division is strong in 1) domestic and international third-party logistics (LT/FT/IT functions) on the back of comprehensive coordination functions as a general trading company; 2) an extensive overseas network including China; and 3) chartering know-how.

Business Performance in the Fiscal Year Ended March 2006

Reflecting the generally favorable macroeconomic environment, our business climate is favorable overall. In such an environment, the Financial Services Division, with the business and capital tie-up with Orico as a starting point, sought to improve the added value of the retail finance business, including an extra push given to tie-up projects. Foreign exchange and stock index trading, hedge funds and other asset management, private equity investment, and lending to midsize and small businesses through ITOCHU Finance Corporation turned in a robust performance.

In the Construction & Realty Division, we made our debut of residential REIT (Advance Residence Investment Corporation) on the Tokyo Stock Exchange, an expansion of logistics funds, and a tie-up agreement with Mapletree Investments Pte. Ltd. of Singapore.

In the Insurance Services Division, operating companies achieved favorable earnings results, led by the domestic insurance agent ITOCHU Insurance Services Co., Ltd. and credit guarantee service firm eGuarantee, Inc.

In the Logistics Services Division, some equity shares in i-LOGISTICS CORP. were transferred to the Temasek group of Singapore and Kawasaki Kisen Kaisha, Ltd., as part of the division's efforts to push ahead with its global strategy. We also worked to reinforce the distribution network in China, expand the 3PL business (winning new customers for the distribution of pharmaceutical products) and launch the new business of chartering ships.

Organization (As of April 1, 2006)

Finance, Realty, Insurance & Logistics Services Company

Financial Services Division
Construction & Realty Division
Insurance Services Division
Logistics Services Division
Planning & Coordinating Department
Administration Department
Orico Business Integrated Department

Financial Markets Department
Financial Strategic Investment Department
Financial Business Development Department
Construction & Realty Department No.1
Construction & Realty Department No.2
Osaka Construction & Realty Department
Insurance Business Development Department
Marine & Global Insurance Department
Logistics Department No.1
Logistics Department No.2



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Corporate logo of ASCLASS LSA Inc.

Establishment of home remodeling support firm ASCLASS LSA Inc.

Jointly with Orico, we established a new company, ASCLASS LSA Inc., in April 2006 to provide remodeling support services for select local builders. In order to help create and promote the living environment matching lifestyles of customers and provide home remodeling support services with a high degree of satisfaction, ASCLASS, with building contractors having business ties with ITOCHU as members, will undertake its operations by relying on the respective strength of business partners, including the utilization of Orico's financial services and the network of member branches as well as sales-promotional tie-up loans jointly provided by Mizuho Bank and Orico.