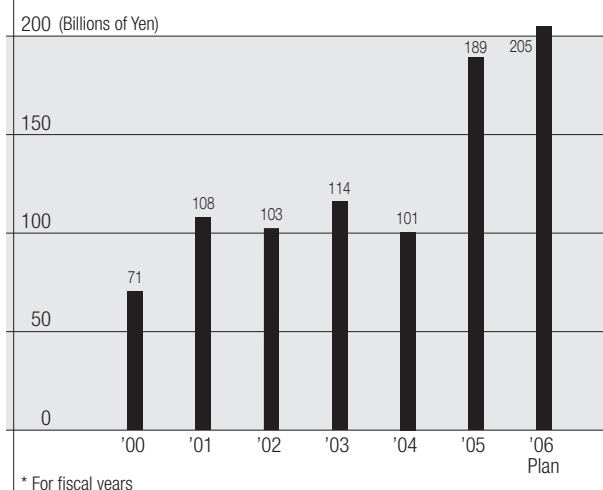


Adjusted profit:

Adjusted profit (net of gross trading profit, selling, general and administrative expenses, net interest expenses, dividends received and equity in earnings of associated companies (including ¥2.2 billion, consisting of ¥1.8 billion of extraordinary gain and ¥0.4 billion of minority interest, in profit from the negative goodwill arising from an acquisition of an equity-method associated company in fiscal 2004)), indicates the basic earning power of ITOCHU. As such, adjusted profit for fiscal 2005 was ¥188.8 billion (\$1,758 million), an improvement of ¥88.1 billion (87.5%) from the previous fiscal year. Excluding disposal and devaluation losses for real estate inventories of ¥20.2 billion from previous fiscal year, this represents an increase of ¥68.0 billion. As can be seen, this indicates a significant improvement in and a strengthening of the Company's basic earning power.

Adjusted Profit



Increase/Decrease against Ordinary P/L of fiscal 2004

	Billions of Yen			
	2005	2004 Ordinary P/L (*2)	2004 Impairment losses (*1)	Changes
Gross trading profit	¥ 630.8	¥ 576.1	(20.2)	54.7
Loss on disposal of investments and marketable securities, including write-down	(25.4)	(12.2)	(1.5)	(13.2)
Loss on property and equipment-net	(6.0)	(7.6)	(121.8)	1.7
Other-net	0.4	(10.2)	(3.8)	10.6
Income (loss) before income taxes, minority interests, equity in earnings of associated companies and extraordinary items	120.0	55.1	(147.2)	64.8
Income taxes	(62.5)	(23.5)	69.0	(39.0)
Minority interests	(11.4)	(10.3)	0.2	(1.1)
Net income (loss)	77.8	46.1	(78.0)	31.7
Adjusted Profit	¥ 188.8	¥ 120.9	(20.2)	68.0

(*1) "Impairment losses" presents the special losses recognized in accordance with "Early application of impairment for fixed assets, the change of forecasts for fiscal year ending March 2004 and cash dividends" which was announced by ITOCHU on April 2, 2004.

(*2) "Ordinary P/L" presents the actual amounts that exclude the special losses of the above (*1) from the results of fiscal 2004.

Performance of Subsidiaries and Equity-Method Associated Companies

For fiscal 2005, the Company's consolidated results included 451 subsidiaries (222 domestic and 229 overseas) and 205 equity-method associated companies (94 domestic and 111

overseas) totaling 656 companies. The following table presents information regarding the profitability of these companies.

Profits/Losses of Group Companies Reporting Profits/Losses

Years ended March 31	Billions of Yen								
	2005			2004			Changes		
	Profitable	Unprofitable	Total	Profitable	Unprofitable	Total	Profitable	Unprofitable	Total
Group companies excluding overseas trading subsidiaries	¥ 86.7	¥ (38.8)	¥ 47.9	¥ 65.4	¥ (94.0)	¥ (28.5)	¥ 21.2	¥ 55.2	¥ 76.4
Overseas trading subsidiaries	14.7	(1.5)	13.2	5.3	(0.3)	5.0	9.3	(1.2)	8.1
Total	¥ 101.3	¥ (40.3)	¥ 61.1	¥ 70.8	¥ (94.3)	¥ (23.5)	¥ 30.6	¥ 54.0	¥ 84.6