



Jiro Takemori
President, Machinery Company

Machinery Company

Net Income from Major Group Companies*

Years ended March 31 (Billions of yen)	2004	2005
• ITOCHU Sanki Corporation	¥0.3	¥0.3
• Century Medical, Inc.	0.2	0.3
• MCL Group Ltd.	0.5	0.2
• ITOCHU Automobile America Inc.	0.6	1.1
• Century Leasing System, Inc.	1.0	1.1

*ITOCHU's share of net income

One hallmark of the Machinery Company is its highly efficient management, underpinned by an ROA that is among the best for general trading companies in the machinery segment. With nearly one-third of its headquarters personnel stationed at key branches overseas, the Machinery Company also has the best overseas network among ITOCHU's Division Companies. Historically active in overseas markets, we have a particularly strong position in specific markets such as North America, Algeria, Indonesia, Central and Eastern Europe, and the CIS. In addition, we are active in many different types of business fields in the strikingly high-growth BRIC (Brazil, Russia, India, China) countries, including oil and gas projects in Brazil, automotive exports to Russia, electric power plants in India, and automotive exports and railway projects in China. In line with ITOCHU's core segments, we are aggressively advancing our activities in the consumer-related automobile retail business, natural resource development-related plant business, and innovative technology-related business as priority areas for the entire Company.

Business Performance and Priority Policies in Fiscal Year 2005

Business performance in fiscal year 2005 was favorable, with trading-related profits trending upwards. North America and the CIS, in particular, exhibited growing demand in the automotive and construction machinery markets and brisk market conditions for shipping/maritime transport also boosted our performance.

Within our primary markets, we concluded the following large-scale contracts: railway transport (subway cars for Guangzhou, increasing the speed of the existing line) in China; electric power (a power plant in Zouxian, Shangdong, etc.), steel manufacturing (rolled stainless steel), and electric power (Bakreswar thermal power plant) in India, and an LNG ship in Algeria. We also made a strategic, forward-looking investment through the purchase of preferred shares in Isuzu Motors Ltd. and new technology and natural resource development advancements through equity investments in H2Gen Innovations, Inc., a US company involved in developing small-scale hydrogen generators for on-site use, and in Pearl Energy Ltd., a crude oil and gas company in Singapore engaged in oil and gas field development.



LNG carrier for the Algerian joint venture project