



Financial Highlights

(Billions of yen)

Years ended March 31	'02	'03	'04	'05	'06
Gross trading profit	83.5	93.5	100.3	112.8	122.9
Net income (loss)	8.3	10.4	11.7	14.8	15.0
Identifiable assets at March 31	384.1	370.8	382.7	377.2	395.4
ROA (%)	2.2	2.8	3.1	3.9	3.9

Net Income from Major Group Companies*

(Billions of yen)

Years ended March 31	'04	'05	'06
Prominent Apparel Ltd.	0.4	0.2	0.0
Tommy Hilfiger Japan Corporation	0.7	0.6	0.6

*ITOCHU's share of net income

The Textile Company is engaged in diverse businesses covering all fields of the textile industry, ranging from fashion items, such as apparel products, accessories, and interior fabrics, to hi-tech fibers and other industrial textiles. Involved in all stages, from raw materials to finished goods and brand-name products, we mobilize our global network to manufacture and market our products. Major affiliates with worldwide operations include JOI'X Corporation, Prominent Apparel Ltd., and Tommy Hilfiger JAPAN, Corporation.

Business Overview

The Textile Company's fundamental policy is to demonstrate its marketing strengths across the board, from procurement of raw materials to delivery of final products. Based on this policy, we are strengthening our brand businesses while actively seeking the most appropriate locations for our production and sales operations. At the same time, we are continually striving to create new businesses.

The Company's brand business is one of its most outstanding strengths. Here, we draw on our marketing strengths, which range from discovering exciting brands to establishing their acceptance in the market, to enter alliances or make acquisitions aimed at achieving long-term stabilization of trademark rights. We are also working to fortify our capabilities in such areas as sales in non-Japanese markets. Backed by these unparalleled strengths, we are introducing new and valuable brands while nurturing our existing portfolio of more than 100 labels.

In the materials and apparel products sector, we have a global production and sales system that makes full use of local facto-

ries situated throughout the world. These activities center on the operations of ITOCHU Textile Materials (Asia) Ltd. in Hong Kong and ITOCHU Textile (China) Co., Ltd. in China, as well as Prominent Apparel Ltd., which has operations in Hong Kong, the United States, and Europe. We deploy this system to pursue customer-focused businesses with added value, while at the same time expanding our business domains to include all areas pertaining to consumer lifestyles. We handle luxury fashion brands in full items, including LANVIN, Paul Smith, and mila schön. We have extended our business range to sports brands, such as CONVERSE, furthermore to brands related to shoes, bags, jewels and tableware such as BALLY, CHROME HEARTS, SCAVIA, and Richard Ginori. In addition, we have sought to blend food, fashion, and music through the DEAN & DELUCA and Blue Note brands. Meanwhile, we are actively creating a new business model that makes full use of information technology. One example is Magaseek, an online shopping site that lets visitors purchase products shown in women's magazines online or by mobile phone.