

**Financial Highlights**

(Billions of yen)

Years ended March 31	'02	'03	'04	'05	'06
Gross trading profit	126.9	130.1	130.9	136.2	142.6
Net income (loss)	9.6	11.9	13.3	(9.3)	19.4
Identifiable assets at March 31	665.1	654.4	711.6	728.0	778.8
ROA (%)	1.4	1.8	1.9	—	2.6

**Net Income from Major Group Companies\***

(Billions of yen)

Years ended March 31	'04	'05	'06
Nishino Trading Co., Ltd.	0.9	0.7	0.7
Japan Foods Co., Ltd.	0.1	0.2	0.0
FamilyMart Co., Ltd.	4.2	4.0	4.3

\*ITOCHU's share of net income

The Food Company efficiently integrates the production, distribution, and sale of food products in Japan and overseas through its business activities, which cover all aspects of food, from procurement and development of resources to retail of finished products.

The Company's major subsidiaries and associates are ITOCHU-SHOKUHIN Co., Ltd., Nishino Trading Co., Ltd., NIPPON ACCESS INC., Japan Foods Co., Ltd., FUJI OIL CO., LTD., FamilyMart Co., Ltd., and Prima Meat Packers, Ltd.

**Business Overview**

The Food Company seamlessly brings together all aspects of the food business, from the development of food resources in Japan and overseas to manufacturing and processing, distribution, and retail operations. We are developing our business by applying a Strategic Integrated System (SIS), whereby we are building a supply and demand system based on customer needs.

In the retail sector, we acquired a controlling interest in FamilyMart in February 1998. Through this full-scale entry into the retail industry, we have established a system that allows the timely transmission of information obtained from the downstream sector to midstream and upstream operations. In January 2006, we agreed to form a comprehensive alliance with Uny Co., Ltd., a supermarket chain operator, to develop stronger ties between our two companies.

In the food resources sector, we make effective use of our existing supply bases in North America, Asia, Australia, South America, and elsewhere, and we also have sales networks that further strengthen ties between these bases and the retail sector. Working

in collaboration with leading overseas manufacturers, we concentrate on products that set ITOCHU part from other manufacturers, while developing resources in various regions for a wide range of products. By establishing two U.S.-based subsidiaries, we forged ahead of our competitors in exporting non-genetically-modified (non-GM) corn and soybeans to Japan. The Food Company is also engaged in the production and distribution of eggs from chickens fed using mainly non-GM corn.

In the overseas production and processing sector, we established a beer brewing business jointly with Asahi Breweries, Ltd. In another initiative with Asahi Breweries and Ting Hsin International Group (China), we manufacture soft drinks. In Indonesia, we are engaged in the production and sale of canned tuna through a joint venture with Hagoromo Foods Corporation.

In the domestic distribution sector, the Food Company has built a nationwide distribution network through ITOCHU-SHOKUHIN Co., Ltd., a joint venture with two affiliated wholesalers. In March 2001, that company was listed on the First Section of the Tokyo Stock Exchange. In 1998, we established ITOCHU FRESH CORPORATION