

Consolidated Statements of Operations

ITOCHU Corporation and Subsidiaries
Years ended March 31, 2006, 2005 and 2004

	Millions of Yen			Millions of U.S. dollars (Note 2)
	2006	2005	2004	2006
Revenue (notes 2, 11 and 16):				
Sales revenue	¥ 1,806,650	¥ 1,598,672	¥ 1,355,372	\$ 15,380
Trading margins and commissions on trading transactions	411,571	392,566	383,375	3,503
<div style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px; margin-left: 10px;"> Total trading transactions (notes 2, 4 and 16): 2006: ¥ 10,473,885 million (\$89,162 million) 2005: ¥ 9,576,039 million 2004: ¥ 9,516,967 million </div>				
Total revenue	2,218,221	1,991,238	1,738,747	18,883
Cost of sales	(1,503,847)	(1,360,477)	(1,182,852)	(12,802)
Gross trading profit (note 16)	714,374	630,761	555,895	6,081
Selling, general and administrative expenses (notes 8, 11 and 12)	(506,257)	(466,840)	(462,894)	(4,310)
Settlement loss from the transfer of the substitutional portion of the Employees' Pension Fund (notes 2 and 12)	—	—	(22,767)	—
Subsidy from government on the transfer of the substitutional portion of the Employees' Pension Fund (notes 2 and 12)	—	—	19,606	—
Provision for doubtful receivables (note 5)	(14,728)	(6,181)	(10,624)	(125)
Interest income	13,409	10,774	12,819	114
Interest expense	(39,441)	(31,814)	(37,562)	(336)
Dividends received	18,216	14,162	10,528	155
Gain (loss) on disposal of investments and marketable securities, net of write-down (notes 3, 4, 6 and 21)	51,601	(25,384)	(13,633)	439
Loss on property and equipment-net (note 6)	(7,917)	(5,959)	(129,432)	(67)
Other-net (notes 2, 13 and 24)	(12,388)	439	(13,982)	(105)
Income (loss) before income taxes, minority interests, equity in earnings of associated companies, extraordinary items and cumulative effect of an accounting change	216,869	119,958	(92,046)	1,846
Income taxes (notes 2, 14 and 21):				
Current	65,232	46,987	31,122	555
Deferred	41,691	15,556	(76,579)	355
Total income taxes	106,923	62,543	(45,457)	910
Income (loss) before minority interests, equity in earnings of associated companies, extraordinary items and cumulative effect of an accounting change	109,946	57,415	(46,589)	936
Minority interests	(13,098)	(11,387)	(10,042)	(112)
Equity in earnings of associated companies (notes 4 and 16)	51,737	31,764	22,859	441
Income (loss) before extraordinary items and cumulative effect of an accounting change	148,585	77,792	(33,772)	1,265
Extraordinary items- gain on negative goodwill, less applicable income taxes of ¥1,271 million (note 2)	—	—	1,828	—
Income (loss) before cumulative effect of an accounting change	148,585	77,792	(31,944)	1,265
Cumulative effect of an accounting change, less applicable income taxes of ¥1,474 million (\$12 million) (notes 2 and 16)	(3,439)	—	—	(29)
Net income (loss)	¥ 145,146	¥ 77,792	¥ (31,944)	\$ 1,236
	Yen			U.S. dollars (Note 2)
	2006	2005	2004	2006
Income (loss) per common share before extraordinary items and cumulative effect of an accounting change (notes 2 and 15)	¥ 93.91	¥ 49.16	¥ (21.36)	\$ 0.80
Extraordinary items per common share-				
gain on negative goodwill, less applicable income taxes	—	—	1.16	—
Cumulative effect of an accounting change per common share, less applicable income taxes (note 2)	(2.17)	—	—	(0.02)
Net income (loss) per common share	¥ 91.74	¥ 49.16	¥ (20.20)	\$ 0.78

See notes to consolidated financial statements.