



Eizo Kobayashi  
President and Chief Executive Officer

**Performance for Fiscal Year 2005:  
Record-High Profitability Owing to Improvements in our Business Structure**

ITOCHU's net income for fiscal year 2005 was a record high of ¥77.8 billion, exceeding the upwardly revised target of ¥75.0 billion that we forecasted in our semi-annual financial statements for fiscal 2005. Through our efforts, we have made a complete turnaround from the previous fiscal year when we recorded a ¥31.9 billion loss due to an impairment of fixed assets. Although we had suffered the negative impact of a ¥26.6 billion loss after tax due to goodwill impairment relating to shares of FamilyMart Co., Ltd., we were able to absorb this loss and went on to make a significant profit.

Our gross trading profit rose 13% to ¥630.8 billion in fiscal year 2005, exceeding the ¥600 billion level for the first time in four years. Also for the fiscal year, we recorded our highest gross trading profit ratio ever, at 6.6%. In addition, we increased our adjusted profit,\* which we assume to be an indication of our basic earnings power, by 56% to reach a record ¥188.8 billion, excluding the impact of the previous fiscal year's impairment losses. Such results demonstrate ITOCHU's steady strengthening of its earnings power.

Such positive developments are partly the result of external factors such as higher resource prices and increased demand for housing-related materials in the U.S. Nevertheless, we are confident that these developments are primarily the result of our A&P strategy, under which we increased asset efficiency and boosted our financial health, thereby establishing a business structure able to generate steady profits.

Because of the net loss resulting from the early application of impairment accounting in fiscal year 2004, we withheld the term's dividend payment. For fiscal year 2005, however, we have re-instituted a dividend payment of ¥7 per share.

\*A&P strategy: Our strategy for enhancing profitability by intensively allocating management resources to areas that are *attractive* to customers and where ITOCHU is *powerful* (A&P segments).

\*Adjusted profit = Gross trading profit + Selling, general and administrative expenses + Net financial expenses + Equity in earnings of associated companies

**Reviewing Super A&P-2004:  
Improving our Financial Position and Reforming our Profit Structure**

Fiscal year 2005 was the second and final fiscal year for our Super A&P-2004 mid-term management plan. It was also the year to wrap up the A&P strategy that began in fiscal year 2002, a strategy whose central aim was to reform ITOCHU's profit structure and improve its financial position.