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Items Disclosed on the Internet Concerning Notice of the 92nd Ordinary General Meeting of Shareholders

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This document is provided on the Company website (http://www.itochu.co.jp/en/ir/shareholder/general_meeting/), pursuant to the provisions of laws and regulations and Article 16 of the Company's Articles of Incorporation.

The Japanese original version at this document (excluding financial statements for reference) is in the scope of the audit by the Corporate Auditors and Independent Auditor in preparing the Audit Reports.

ITOCHU Corporation

[Notes to Consolidated Financial Statements]

[Basis of Presenting Consolidated Financial Statements]

1. Basis of Consolidated Financial Statements

The Consolidated Financial Statements of the Company have been prepared in conformity with International Financial Reporting Standards (IFRS) pursuant to the provision of paragraph 1, Article 120 of the Ordinance on Company Accounting. Some of the descriptions and notes required under IFRS have been omitted based on the provision of the latter part of the said paragraph of the Ordinance.

2. Scope of Consolidation and Application of Equity Method

(1) Number of consolidated subsidiaries and names of principal consolidated subsidiaries

Number of Consolidated Subsidiaries: 212 (*)

Names of Principal Consolidated Subsidiaries:

	Name	
	Domestic	Overseas
Subsidiaries	Dole International Holdings, Inc. ITOCHU Techno-Solutions Corporation ITOCHU ENEX CO., LTD. ITOCHU Property Development, Ltd. C.I. Kasei Co., Ltd. ITOCHU SHOKUHIN Co., Ltd. ITOCHU CONSTRUCTION MACHINERY CO., LTD. ITOCHU LOGISTICS CORP. CONEXIO Corporation NIPPON ACCESS, INC. ITOCHU Sugar Co., Ltd.	ITOCHU International Inc. ITOCHU Europe PLC ITOCHU Hong Kong Ltd. ITOCHU (CHINA) HOLDING CO., LTD. ITOCHU Minerals & Energy of Australia Pty Ltd ITOCHU Coal Americas Inc. European Tyre Enterprise Limited ITOCHU FIBRE LIMITED Orchid Alliance Holdings Limited

(2) Number of equity-method associated companies and names of principal associated companies

Number of Equity-Method Associated Companies: 114 (*)

Names of Principal Associated Companies:

	Name	
	Domestic	Overseas
Equity-Method Associated Companies	Orient Corporation Marubeni-Itochu Steel Inc. FamilyMart Co., Ltd.	C.P. Pokphand Co. Ltd.

The Company, through a subsidiary, holds 20.0% interest of Drummond International, LLC (DIL), which holds mining operations and related infrastructure that are currently being operated in Colombia. The subsidiary does not have approval authority over significant matters for resolution regarding DIL, such as for budgets and capital expenditures, and cannot exercise significant influence over the operations and financial policies of DIL. Accordingly, the equity method is not applied to the Company's investment in DIL.

* Investment companies which are considered as part of the parent company (147 companies) and companies other than those which are directly invested by the Company and its overseas trading subsidiaries (468 companies) are not included in the number of companies.

(3) Major changes in the scope of consolidation and application of equity method

New

Subsidiaries: ITOCHU Treasury Corporation

Equity-Method Associated Companies: Chia Tai Enterprises International Limited

Exclusion

Subsidiaries: JD Rockies Resources Limited, ITOCHU BUILDING PRODUCTS CO., INC., PrimeSource Building Products, Inc.

Equity-Method Associated Companies: Shanshan Group Co., Ltd.

3. Significant Accounting Policies

Significant Accounting Policies are described in the “Significant Accounting Policies” notes.

[Notes to Consolidated Statement of Financial Position]

1. Pledged Assets as Collateral and Secured Obligations

(1) Pledged assets as collateral

	(Millions of Yen)
Cash and cash equivalents, Time deposits	1,504
Trade receivables and others	4,633
Inventories	17,972
Investments and non-current receivables	6,687
Property, plant and equipment	18,874
Total	49,670

(2) Secured obligations

Short-term borrowings	6,264
Trade payables and others	3,075
Long-term borrowings	13,655
Total	22,994

2. Allowance for doubtful accounts directly deducted from assets

Allowance for doubtful receivables directly deducted from current assets, including trade receivables	¥16,691 million
Allowance for doubtful receivables directly deducted from non-current assets, including non-current receivables	¥15,145 million

3. Accumulated depreciation and accumulated impairment losses for property, plant and equipment ¥633,857 million

4. Accumulated depreciation and accumulated impairment losses for investment property ¥29,858 million

5. Fair value of investment property ¥32,596 million

6. Guarantees of Contracts and Others

The maximum potential amount of future payments and the amount of substantial risk of the guarantees for associates, joint ventures and customers of the Company and its subsidiaries at March 31, 2016, were as follows:

The maximum potential amount of future payments represents the amounts that the Company and its subsidiaries could be obliged to pay if there were defaults. The amount of substantial risk represents the actual amount of liability incurred by the guaranteed parties within the maximum potential amount of future payments. The amount that may be reassured from third parties have been excluded in determining the amount of substantial risk.

(Millions of Yen)

	Financial guarantees	Guarantees for performance transactions	Total
Guarantees for associates and joint ventures:			
Maximum potential amount of future payments ·····	¥ 109,585	¥ 18,239	¥ 127,824
Amount of substantial risk ·····	84,251	15,941	100,192
Guarantees for customers:			
Maximum potential amount of future payments ·····	49,925	6,590	56,515
Amount of substantial risk ·····	30,910	1,599	32,509
Total:			
Maximum potential amount of future payments ·····	¥ 159,510	¥ 24,829	¥ 184,339
Amount of substantial risk ·····	115,161	17,540	132,701

7. Impairment of assets

If the recoverable amount of cash-generating units is less than the carrying amount as a result of impairment tests for assets of the Company and its subsidiaries, the carrying amount is reduced to the recoverable amount, and impairment losses are recognized in profit or loss.

The major impairment losses of the fiscal year ended March 31, 2016 were as follows:

In Australian coal-related business, having reviewed long-term forecast for coal prices in line with a stagnant coal market condition, the Company has recorded an impairment loss of ¥28,920 million on property, plant and equipment and other items related to the business. Moreover, as a result of the conclusion of the sales agreement in light of the risk of further loss due to the continuous holding of certain interests, an impairment loss of ¥21,594 million has been recorded as a potential loss upon the sale.

In European tire-related companies, due to the delay in the recovery of demand in the U.K. passenger car tires market, such earnings for the Kwik-Fit Group as anticipated at the time of its acquisition have not yet been secured. Accordingly, the Company revised its demand forecast over the medium term, and recorded an impairment loss of ¥30,902 million on goodwill concerning the companies.

In the North Sea oil fields development project, due to the revision on the progress of the business including development plans as well as oil price forecasts, an impairment loss of ¥25,586 million has been recorded on other non-current assets related to the project.

In the Dole Asian fresh food-related business, the Company revised the business plans for Dole considering potential weather risk, etc., in light of lower-than-expected results due to a decline in the production volume of fresh food with the impact of unseasonable weather and other factors. Consequently, an impairment loss of ¥18,026 million has been recorded on goodwill and intangible assets related to the business.

[Notes to Consolidated Statement of Changes in Equity]

1. The total number of issued shares was 1,662,889,504 shares of common stock as of March 31, 2016.

2. Cash dividends on common stock

Dividends paid were as follows:

Resolution	Type of shares	Total cash dividends	Source	Dividends per share	Dividends record date	Dividends effective date
Ordinary general meeting of shareholders held on June 19, 2015	Common stock	¥36,379 million	Retained earnings	¥23	March 31, 2015	June 22, 2015
Board of Directors meeting held on November 5, 2015	Common stock	¥39,542 million	Retained earnings	¥25	September 30, 2015	December 2, 2015

Dividends for which the record date is the current fiscal year but the effective date is in the following fiscal year are as follows:

Resolution	Type of shares	Total cash dividends	Source	Dividends per share	Dividends record date	Dividends effective date
Ordinary general meeting of shareholders to be held on June 24, 2016	Common stock	¥39,541 million	Retained earnings	¥25	March 31, 2016	June 27, 2016

[Financial Instruments]

1. Status of financial instruments

The Company and the subsidiaries hold financial instruments such as trade receivables and payables, loans and guarantees, corporate bonds and borrowings, investments, and derivatives.

These financial instruments are exposed to various risks including market risk and credit risk, and the Company implements the risk management by establishing the ALM (Asset Liability Management) Committee which is independent from sales departments and the responsible department to administrate the risk management. The following summarizes the Company's policy on treating financial instruments, the risk management system and the procedures of the risk management.

(1) Market risk

As for the fluctuation risk of foreign exchange associated with transactions denominated in foreign currencies and the fluctuation risk of interest rates associated with loans or funding, the risks are mitigated by employing foreign exchange futures contracts or interest rate swap contracts for the hedging purpose. The risks are continuously monitored by the following procedures: Notional limits and loss-cut limits are set. Outstanding balances are reviewed and compared to the notional limits and loss-cut limits on a periodical basis. Then, necessary actions, including to reduce the outstanding balance or to settle contracts, are taken in accordance with the risk management policy.

As for commodity price risk due to the market fluctuation, derivative contracts, such as commodity future contracts or commodity forward contracts, are utilized. Each Division Company has established middle and back offices, which establish a balance limit and loss cut limit for each commodity and conduct monitoring, management, and periodic reviews.

The status of the implementation of market risk management is periodically reported to and approved by ALM Committee.

(2) Credit risk

For the credit risk associated with trade receivables from customers, the responsible department that performs the risk management works to reduce risk and carry out risk management when granting credit to customers by establishing credit limits and acquiring necessary collateral, guarantees as needed and others. At the same time, adequate actions are taken as necessary in accordance with the internal rules, based on such considerations as counterparties' creditworthiness and the status of collectability and status of receivables and other factors.

For receivables, loans and guarantees, and investments to foreign countries that are exposed to the so-called country risk arisen from regulations by the government, political instability and constraint of fund transfer, risks are similarly managed by establishing the limits by total and by country, as well as setting the credit policy by country.

(3) Investment risk

Risks associated with investment activities are managed by making investment decisions to mitigate such risks as follows: The investment decision criteria is established, and is to be complied with, for execution of new investments. Based upon periodical monitoring of existing investments, investments without adequate investment efficiency and holding value are replaced by applying the exit standard.

(4) Funding risk

Risk associated with funding are managed by performing the aforementioned management procedures for interest rate fluctuation risk. Besides, it is aimed to ensure the flexibility of funding which responds to changes in financial situations by establishing both short-term and long-term commitment lines, and also to reduce costs of funds. Additionally, the Company makes efforts to obtain long-term funds in order to improve the funding stability, and diversifies the funding sources, methods and instruments while considering the balance of funding structures.

The status of the implementation of these risk management procedures over the financial instruments is periodically reported to and approved by ALM Committee or the decision makers.

2. Fair values of financial instruments

The carrying amounts and fair values of financial instruments as of March 31, 2016 are as follows.

(Millions of Yen)

	Carrying amount	Fair Value
Financial assets:		
FVTPL financial assets	¥ 53,862	¥ 53,862
FVTOCI financial assets	743,527	743,527
Derivative assets	79,526	79,526
Non-current receivables and Non-current financial assets other than investments and receivables (excluding derivative assets)	708,301	709,270
Financial liabilities:		
Derivative liabilities	29,019	29,019
Long-term debentures and borrowings and Other non-current financial liabilities (excluding derivative liabilities)	2,868,720	2,868,932

The valuation techniques for fair values of financial instruments classified as FVTPL financial assets and FVTOCI financial assets are as follows:

Of the financial instruments classified as FVTPL and FVTOCI financial assets, securities that are listed on exchanges are measured using the said quoted market prices. Stocks that are not listed on exchanges are measured at fair value based on comprehensive consideration of various inputs that are available to the Company and its subsidiaries, including expectation of future income of the investee, the net asset value of the subject stock, and the actual value of significant assets held by the said investee.

On the Consolidated Statement of Financial Position, financial instruments classified as FVTPL financial assets and FVTOCI financial assets are included in Other current financial assets and Other investments.

The valuation techniques for fair values of derivative assets and derivative liabilities are as follows:

Of the derivative assets and derivative liabilities, the derivative instruments that are traded in the active market are measured using quoted market prices. Derivative instruments other than the above are measured at fair value based upon observable inputs only.

On the Consolidated Statement of Financial Position, derivative assets are included in Other current financial assets and Non-current financial assets other than investments and receivables, and derivative liabilities are included in Other current financial liabilities and Other non-current financial liabilities.

The valuation techniques for fair values of Non-current receivables and Non-current financial assets other than investments and receivables are as follows:

The fair values of Non-current receivables and Non-current financial assets other than investments and receivables are estimated based on the present value of future cash flows discounted using the current rates of loans or receivables with similar terms, conditions, and maturities being offered to borrowers or customers with similar credit ratings.

The valuation techniques for fair values of Long-term debentures and borrowings and Other non-current financial liabilities are as follows:

The fair values of Long-term debentures and borrowings and Other non-current financial liabilities are based on the present value of future cash flows discounted using the current borrowing rates of similar debt instruments having comparable maturities.

Financial assets measured at amortized cost included in Other investments are primarily public and corporate bonds for which the carrying amounts and fair values are approximately the same.

The carrying amounts of current financial assets and liabilities other than above mentioned are approximately the same as their fair values mainly because of their short maturities.

[Per Share Information]

Shareholders' equity per share	¥1,388.66
Basic earnings per share attributable to ITOCHU	¥152.14
Diluted earnings per share attributable to ITOCHU	¥152.14

Note: The Company has introduced a benefit share ESOP from the current fiscal year. The treasury stock on the Consolidated Statement of Financial Position, which is subtracted in the calculation of the above Per Share Information, includes shares of the Company held by the trust account for the benefit share ESOP.

[Significant Accounting Policies]

1. Basis of Consolidation

(1) Business combinations

The Company and its subsidiaries apply the acquisition method in accordance with IFRS 3 "Business Combinations". That is, one of the parties to the business combination, as the acquirer, recognizes the acquisition-date fair value of the identifiable assets acquired from the acquiree, the liabilities assumed from the acquiree, and any non-controlling interest in the acquiree. (However, assets and liabilities that need to be measured at other than fair value in accordance with IFRS 3, such as deferred tax assets, deferred tax liabilities, and assets / liabilities related to employee benefit arrangements, are recognized at the amount stipulated in IFRS 3). Any previously held equity interest or non-controlling interest is remeasured at acquisition-date fair value. Goodwill is then recognized as of the acquisition date, measured as the excess of the aggregate of the consideration transferred, the fair value of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In addition, for business combinations resulting in a bargain purchase, that is, for transactions where the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3, exceeds the aggregate of the consideration transferred, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and the fair value of any non-controlling interest in the acquiree, the excess amount is recognized as profit in the Consolidated Statement of Comprehensive Income.

Costs that are incurred by the acquirer in relation to the completion of a business combination are expensed when they are incurred, except for costs related to the issuance of debt instruments or equity instruments, which are capitalized as issuance costs if allowed under other IFRSs guidance.

In the event that the initial accounting treatment for a business combination is not completed by the end of the fiscal year in which the business combination occurs, the items for which the accounting treatment is incomplete are measured at provisional amounts based on best estimates. The period during which these provisional amounts can be revised is the one-year period from the date of acquisition ("the measurement period"). If new information is obtained during the measurement period and that information would have had an effect on the measurement of amounts recognized as of the date of acquisition, then the provisional amounts recognized as of the date of acquisition are revised retrospectively.

(2) Subsidiaries

Subsidiaries are entities that are controlled by the Company. Decisions as to whether or not the Company and its subsidiaries have control over an entity are based on comprehensive consideration of various elements that indicate the possibility of control, including not only the holding of voting rights but also the existence of potential voting rights that are actually exercisable and whether employees dispatched from the Company or its subsidiaries account for a majority of the directors.

The financial statements of subsidiaries are consolidated into the Consolidated Financial Statements of the Company from the date of acquisition of control to the date of loss of control. If the accounting policies of a subsidiary differ from those of the Company, adjustments are made as necessary to bring them into conformity with the accounting policies of the Company.

The Consolidated Financial Statements include the financial statements of certain subsidiaries that have been prepared as of a reporting period end that differs from the Company's reporting period end, because it

is impracticable to unify the reporting period ends. The reasons why it is impracticable include the impossibility of doing so under the legal codes of regions in which the subsidiaries are located. However, the difference between the end of the reporting period of these subsidiaries and the end of the reporting period of the Company does not exceed three months. If the reporting period end for the financial statements of subsidiaries used in the preparation of the Consolidated Financial Statements differs from the reporting period end of the Company, adjustments are made to reflect significant transactions or events that occur during the period between the subsidiaries' reporting period-end and the Company's reporting period-end.

Changes in the ownership interest in a subsidiary, such as through increase or disposal of interests, are accounted for as equity transactions if control over the subsidiary is maintained, and any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in shareholders' equity.

(3) Loss of control

If control over a subsidiary is lost, the Company derecognizes the subsidiary's assets and liabilities and the non-controlling interests related to the subsidiary. Interest retained after the loss of control is remeasured at fair value as of the date of the loss of control, and any gain or loss on such remeasurement is recognized in profit or loss as well as the gain or loss on disposal of the interest sold.

(4) Business combinations under common control

For business combinations in which all of the parties to the business combination are under the control of the Company or its subsidiaries, both prior to the combination and after the combination, the carrying amounts of the acquiree's assets and liabilities are transferred to the acquirer.

(5) Associates and joint ventures

Associates are companies, other than joint ventures or joint operations, over which the Company and its subsidiaries exercise influence, on such matters as management strategies and financial policies, that is significant but does not reach the level of control. Decisions as to whether or not the Company and its subsidiaries have significant influence over an entity are based on a comprehensive consideration of various elements. These elements include the holding of voting rights (if 20% to 50% of the voting rights of the investee company are held directly or indirectly, then there is a presumption of significant influence over the investee company), as well as the existence of potential voting rights that are actually exercisable, and the percentage of directors who have been dispatched from the Company or its subsidiaries.

A joint arrangement is a contractual arrangement in which multiple venturers undertake economic activities under joint control, and all significant operating and financial decisions require unanimous consent of parties sharing control.

A joint venture is a specific type of joint arrangement under which operations are independent from each of the investing companies and the investing companies have rights only to the net assets of the arrangement.

The equity method is applied to investments in associates and joint ventures. These investments are recognized at cost. Subsequent to acquisition, the Company and its subsidiaries recognize, in profit or loss and other comprehensive income, their share of the investee's profit or loss and other comprehensive income, and the carrying amount of the investment is increased or decreased accordingly. The balance of goodwill recognized on acquisition is included in the carrying amount of the investment. Also, dividends received from associates and joint ventures reduce the carrying amounts of the related investments. If the accounting policies of such investee differ from those of the Company, adjustments are made as necessary to bring them into conformity with the accounting policies of the Company.

The Consolidated Financial Statements include investments in associates and joint ventures with a reporting period ends that differ from that of the Company because it is impracticable to unify the reporting period ends. The reasons why it is impracticable include the existence of a shareholder that has control over the associates or undertakes economic activities under the joint arrangement but has a reporting period that differs from the Company's reporting period, and the impossibility of doing so under the legal codes of regions in which the associates and joint ventures are located. However, the difference between the end of

the reporting period of these associates and joint ventures and the end of the reporting period of the Company does not exceed three months. Adjustments are made to reflect significant transactions or events that result from the difference in the reporting period ends.

If significant influence over associates or joint venture is lost and the application of the equity method is discontinued, gain or loss on disposal of investments in associates and joint ventures is recognized in profit or loss. The remaining interest is remeasured at fair value, and any gain or loss on such remeasurement is recognized in profit or loss as well.

(6) Joint operations

Joint operations are a specific type of joint arrangement in which the participating investors directly have rights to the related assets and obligations for the related liabilities.
The Consolidated Financial Statements include amounts related to joint operations. These are the assets to which the Company and its subsidiaries have rights, the liabilities and expenses for which the Company and its subsidiaries have obligations, and the share of the Company and its subsidiaries in profits that have been earned.

(7) Transactions eliminated on consolidation

Receivable and payable balances and transaction volumes among the Company and its subsidiaries, and unrealized gains and losses resulting from transactions among the Company and its subsidiaries, are eliminated in the preparation of the Consolidated Financial Statements.

Unrealized gains and losses arising from transactions between the Company and its subsidiaries and its associates and joint ventures are eliminated to the extent of the interest in the investee held by the Company and its subsidiaries.

2. Foreign Currency Translation

(1) Foreign currency transactions

Foreign currency transactions are translated into functional currencies using the spot foreign exchange rate as of the date of the transaction.

As of the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies using the spot foreign exchange rate as of the end of the reporting period. Non-monetary items that are denominated and measured at fair value in foreign currencies are retranslated into functional currencies using the spot foreign exchange rate as of the date on which the fair value was determined.

Exchange differences resulting from retranslation are recognized in profit or loss. However, exchange differences resulting from retranslation of financial assets which changes in fair value after acquisition are recorded in other comprehensive income and exchange differences resulting from cash flow hedges are recognized as other comprehensive income.

(2) Translation of foreign currency denominated financial statements of foreign subsidiaries and foreign associates and joint ventures

In translating the foreign currency denominated financial statements of foreign subsidiaries and foreign associates and joint ventures (“foreign operations”) into the reporting currency, the spot foreign exchange rate as of the end of the reporting period is used to translate assets and liabilities and the periodic average foreign exchange rate for the accounting period is used to translate revenues and expenses.

Differences resulting from the translation of the foreign currency denominated financial statements of foreign operations into the reporting currency are recognized in other comprehensive income (Translation adjustments).

When a foreign operation is disposed of, cumulative translation adjustments related to that foreign operation are reclassified to profit or loss at the point when the gain or loss on disposal is recognized. However, the portion of cumulative translation adjustments attributed to non-controlling interest reduces non-controlling interests.

(3) Hedges of a net investment in foreign operations

For net investment in certain foreign operations, the Company and its subsidiaries apply hedge accounting to exchange differences that arise between the functional currencies of the foreign operations and the functional currency of the parent company.

The effective portion of changes in the fair value of hedging instruments for a net investment in foreign operations is recognized in other comprehensive income (Translation adjustments). The ineffective portion of the hedge is recognized as profit or loss.

When foreign operations are disposed of, the changes in the fair value of the hedging instruments that had been recorded in other comprehensive income are reclassified to profit or loss as part of gains or losses on disposal.

3. Financial Instruments

(1) Financial assets other than derivatives

In accordance with IFRS 9 “Financial Instruments”, the Company and its subsidiaries initially recognize financial assets other than derivatives on the accrual date for trade receivables and other receivables, and on the transaction date for sales and purchase of other financial assets. An overview of the classification and measurement models of financial assets other than derivatives is as follows.

At the point of initial recognition of the financial assets, those that meet both of the two conditions below are categorized as financial assets measured at amortized cost, and others are categorized as financial assets measured at fair value.

- The policy regarding the holding of these assets is that they are held with the objective of collecting contractual cash flows; and
- The contractual cash flows associated with these financial assets comprise only payments of principal and interest on the outstanding principal balance, and the dates of those cash flows are specified.

At the point of recognition, financial assets measured at amortized cost are measured at fair value plus costs directly related to the acquisition. At the end of each reporting period, they are measured at amortized cost using the effective interest method.

Financial assets measured at fair value are further categorized into those for which changes in fair value after acquisition are recorded in profit or loss (FVTPL financial assets), and those for which changes in fair value after acquisition are recorded in other comprehensive income (FVTOCI financial assets).

Within financial assets measured at fair value, equity instruments with the objective of obtaining gains on short-term sales or debt instruments are categorized as FVTPL financial assets, and other equity instruments held long-term primarily with the objective of strengthening transaction relationships are categorized as FVTOCI financial assets.

Financial assets measured at fair value are measured at fair value at the point of initial recognition. Costs directly related to the acquisition are included in the initial recognition amount for FVTOCI financial assets, but for FVTPL financial assets, these costs are recognized in profit or loss when they occur and are not included in the initial recognition amount.

Financial assets measured at fair value are remeasured at fair value at the end of each reporting period. Changes in fair value are recognized in profit or loss for FVTPL financial assets and in other comprehensive income for FVTOCI financial assets. For both FVTPL financial assets and FVTOCI financial assets, dividends received are recognized in profit or loss.

When a FVTOCI financial asset is sold, the difference between the carrying amount and the consideration received is recognized as other comprehensive income (FVTOCI financial assets), and the balance of accumulated other comprehensive income on the FVTOCI financial asset recognized through the point of the sale (accumulated FVTOCI financial assets) is reclassified to retained earnings.

A financial asset is derecognized when the contractual rights to the cash flows from a financial asset expire, or when the contractual rights to receive cash flows from a financial asset are transferred in such a manner that all of the risks and economic value are effectively transferred.

(2) Cash equivalents

Cash equivalents include short-term investments (original maturities of three months or less) that are highly liquid, readily convertible, and have only an insignificant risk of change in value, as well as short-term time deposits (original maturities of three months or less).

(3) Financial liabilities other than derivatives

Financial liabilities other than derivatives are measured at fair value less costs directly related to the issuance of the liability, at the point when the contractual liability arises.

Financial liabilities other than derivatives are classified as financial liabilities measured at fair value or financial liabilities measured at amortized cost. Financial liabilities measured at fair value are remeasured at fair value at the end of each reporting period, and changes in fair value are recognized in profit or loss, while those measured at amortized cost are measured at amortized cost based on the effective interest method.

Financial liabilities are derecognized when the obligor pays the obligee and the obligation is discharged, or when the contractual obligation is cancelled or expires.

(4) Derivative instruments and hedging activities

The Company and its subsidiaries hold derivatives, including forward foreign exchange contracts, interest rate swap contracts, and commodity futures contracts, with the principal objective of hedging risks such as foreign exchange rate risk, interest rate risk, and commodity price risk. Derivatives are recognized at fair value as either assets or liabilities, regardless of the purpose or intent for holding them. The accounting treatment for changes in fair value depends on the intended use of the derivatives and the resulting hedge effectiveness.

- A hedge of the variability of the fair value of a recognized asset or liability, or of an unrecognized firm commitment, that is expected to be highly effective and for which the hedging relationship, risk management objective, and hedge implementation strategy are documented at the inception of the hedge, is designated as a fair value hedge. Changes in the fair value of the derivatives, as well as changes in the fair value of the hedged items, are recognized in profit or loss (or Other comprehensive income when FVTOCI financial assets are designated as hedges).
- A hedge of the variability of future cash flows arising in relation to a forecasted transaction or a recognized asset or liability, that is expected to be highly effective and for which the hedging relationship, risk management objective, and hedge implementation strategy are documented at the inception of the hedge, is designated as a cash flow hedge. For those designated as cash flow hedges, changes in the fair value of the derivative are recognized in other comprehensive income as Cash flow hedges. This treatment is continued until the variability in future cash flows arising in relation to the forecasted transactions or the recognized assets or liabilities are realized. The ineffective portion of the hedge is recognized in profit or loss.
- Changes in the fair value of hedging instruments for a net investment in foreign operations are handled as described in “(3) Hedges of a net investment in foreign operations” of “2. Foreign Currency Translation”.
- Changes in the fair value of derivatives other than those above are recognized in profit or loss.

The Company and its subsidiaries, in applying the rules above for fair value hedges, cash flow hedges, and hedges of a net investment in foreign operations, evaluate at the inception of the hedge whether or not the hedge will be effective. In addition, the Company and its subsidiaries subsequently continue to evaluate whether or not the derivative will be effective in offsetting changes in the fair value or future cash flows of the hedged item.

Hedge accounting is discontinued for ineffective hedges, if any.

(5) Presentation of financial assets and liabilities

When both of the following conditions are met, financial assets and financial liabilities are offset and the net amount is disclosed in the Consolidated Statement of Financial Position.

- The Company currently has a legally enforceable right to offset the recognized amounts; and
- The Company intends to settle on a net amount basis or to simultaneously realize the asset and settle the liability.

4. Inventories

Inventories mainly comprise selling products, finished goods, real estate for sale, raw materials, and work in progress.

Inventories held for purposes other than trading are measured at the lower of cost or net realizable value and any change in the carrying amount of inventories due to remeasurement is recognized in cost of sales. Net realizable value is calculated by using the sale value or the estimated selling price in the ordinary course of business less the estimated costs and estimated costs to sell required until completion.

Inventories held for trading purposes are measured at fair value less costs to sell. Any change in fair value is recognized in profit or loss for the period in which it arose.

The cost of inventories is measured using the specific identification method if inventories are not ordinarily interchangeable, or mainly using the weighted average method if inventories are ordinarily interchangeable.

5. Property, Plant and Equipment

(1) Recognition and measurement

Excluding biological assets, the cost model is applied and property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes estimates of installation cost and cost directly attributable to bringing property, plant and equipment to working condition and cost of dismantling or removing property, plant and equipment and restoring sites on which they are located and includes borrowing costs requiring capitalization pursuant to IAS 23 “Borrowing Costs”.

If multiple differing and significant components of property, plant and equipment can be identified, for each of the components, a residual value, useful life, and depreciation method is determined, and it is accounted for as a separate item of property, plant and equipment.

The difference between the net proceeds from the disposal of an item of property, plant and equipment and the carrying amount of the item is recognized in profit or loss.

(2) Depreciation

Except for items that are not subject to depreciation, such as land, property, plant and equipment are mainly depreciated using the straight-line method or the unit-of-production method over their estimated useful lives (buildings and structures: 3–60 years, machinery and vehicles: 2–20 years, fixtures, fittings and office equipment: 2–20 years) from the time when they become available for use.

A leased asset is depreciated over its estimated useful life if there is a provision for ownership transfer or a bargain purchase option, and in other cases a leased asset is depreciated over the shorter of the lease period or the estimated useful life.

At the end of each period, the residual value, useful lives, and depreciation methods of property, plant and equipment are reviewed and the impact is adjusted prospectively.

6. Investment Property

Investment property is property held either to earn rental income or for gain on resale due to an increase in real estate prices or property held for both purposes. Investment property does not include real estate that is sold in the ordinary course of business or used in the production or supply of goods or services or for administrative purposes.

A cost model is applied, and investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Except for items that are not subject to depreciation, such as land, investment property is depreciated mainly using the straight-line method over its estimated useful life (2–50 years) from the time when it becomes available for use.

7. Goodwill and Intangible Assets

(1) Goodwill

Goodwill is not amortized. Impairment tests of goodwill are conducted based on cash-generating units at least once a year, or whenever there are changes in situations or events that indicate the possibility of impairment.

(2) Intangible assets

A cost model is applied, and intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Further, development expenditures are recognized as intangible assets if development costs can be measured reliably, future economic benefits are probable, and the Company or its subsidiaries intend and have sufficient resources to complete development and use or sell the result of the development.

Except for intangible assets for which useful lives cannot be determined, intangible assets are mainly depreciated using the straight-line method over their estimated useful lives (trademarks and other intangible assets: 6–36 years, and software: 3–5 years) from the time when they become available for use. The amortization expenses allocated to each accounting period are recognized in profit or loss.

At the end of each period, the residual value, useful lives, and depreciation methods of intangible assets are reviewed and the impact is adjusted prospectively.

The Company and its subsidiaries have trademarks and other intangible assets for which the useful life cannot be determined. Intangible assets for which the useful life cannot be determined are not amortized. Impairment tests of intangible assets for which the useful life cannot be determined are conducted based on cash-generating units at least once a year, or whenever there are changes in situations or events that indicate the possibility of impairment.

8. Leases

(1) Leases as lessee

The Company and its subsidiaries lease property, plant and equipment and intangible assets as lessees.

Whether or not an agreement is a lease and whether or not an agreement includes a lease is decided based on examination of the economic nature of transactions and regardless of whether or not an agreement's legal form is that of a lease agreement.

Among the lease transactions, those that substantially transfer all the risks and rewards of ownership to the Company or its subsidiaries are classified as finance lease agreements, and leases other than finance leases are classified as operating leases.

For finance leases, leased assets (presented in Property, plant and equipment or respective accounts of Intangible assets) and lease obligations (presented in Other current payables and Other non-current liabilities) are recognized at the lower of the fair value of the leased property or the present value of the minimum lease payments. Further, lease payments are categorized into amounts equivalent to the principal and interest of lease obligations, and the effective interest method is used to calculate the amount equivalent to the interest of each lease payment. The amount equivalent to the interest of each payment is presented in Interest expenses.

For operating leases, leased properties are not recognized as assets, and lease payments are recognized over the lease term on a straight line basis.

(2) Leases as lessor

The Company and its subsidiaries operate businesses that lease property, plant and equipment and intangible assets as lessors.

Whether or not an agreement is a lease and whether or not an agreement includes a lease is decided based on examination of the economic nature of transactions and regardless of whether or not an agreement's legal form is that of a lease agreement.

For finance leases, net investments in finance leases are recognized as lease receivables. Lease payments receivable are categorized into amounts equivalent to the principal and interest of lease receivables, and the effective interest method is used to calculate the amount equivalent to the interest of each lease payment receivable. The amount equivalent to the interest of each lease payment receivable is presented in Interest income. Further, if the main purpose of a finance lease is the sale of goods and the finance leases has been implemented in accordance with sales policies, the lower of the fair value of the assets subject to leases or minimum lease payments receivable discounted at the market rate of interest is recognized as profit, and the purchase price of the assets subject to leases is recognized in cost of sales.

For operating leases, lease payments receivable are recognized over the lease term on a straight line basis.

9. Impairment

(1) Financial assets measured at amortized cost

At the end of each period, based on individual assets or assets grouped according to credit risk, financial assets measured at amortized cost are assessed to determine whether there are any indications of impairment. Indications of impairment of financial assets measured at amortized cost include default on or reschedule of payment of principal or interest, reduction of or exemption from repayments or postponement of repayment schedules, marked deterioration of the debtor's financial position, and bankruptcy of the debtor.

If there are indications of impairment of financial assets measured at amortized cost, the difference between the carrying amount of the assets and the recoverable amount, which is the present value of estimated future cash flows discounted at the assets' initial effective rate of interest, is recognized as impairment loss in profit or loss.

Further, if in periods after the recognition of impairment of financial assets measured at amortized cost, impairment losses decrease, and this decrease can be objectively attributed to events that occurred after recognition of impairment, the impairment losses are reversed based on the amortized cost method and to the extent of the carrying amount.

(2) Property, plant and equipment, investment property, goodwill, intangible assets, and investment in associates and joint ventures

At the end of each quarter, property, plant and equipment, investment property, goodwill, intangible assets, and investment in associates and joint ventures are assessed to determine whether there are any indications of impairment. If it is determined that there are indications of impairment, the impairment tests stated below are conducted. In addition, regardless of whether or not there are indications of impairment, impairment tests of goodwill and intangible assets for which the useful life cannot be determined and for intangible assets that are not available for use, are conducted periodically at least once a year.

Impairment tests for each cash-generating unit are conducted. Regarding the identification of cash-generating units, if an individual asset's cash flows independent from those of other assets can be identified, the individual asset is classified as a cash-generating unit. If an individual asset's cash flows independent from those of other assets cannot be identified, assets are grouped together into the smallest group of assets that can be identified as generating independent cash flows, and designated as a cash-generating unit. For goodwill, using units equal to operating segments or smaller units, cash-generating units are determined based on the lowest level at which internal management of goodwill is conducted.

When conducting impairment tests of cash-generating units that include goodwill, impairment tests of assets other than goodwill are first conducted. After any required impairment of the assets other than goodwill has been recognized, impairment tests of goodwill are conducted.

Conducting impairment tests entails estimating the recoverable amount of the cash-generating units. The recoverable amount is the higher of fair value less costs to sell or value in use. Furthermore, value in use is the total present value of future cash flows expected from the continued use and disposal after use of the cash-generating units.

If the recoverable amount of cash-generating units is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and impairment losses are recognized in profit or loss. Impairment losses are first allocated to reduce the carrying amount of goodwill allocated to cash-generating units. Impairment losses are then allocated to reduce the carrying amount of each asset, excluding goodwill, in cash-generating units on a pro-rata basis.

Because corporate assets do not generate independent cash flows, when conducting impairment tests of corporate assets, a reasonable method is used to allocate the carrying amount of corporate assets to each cash-generating unit. Then, the carrying amount of cash-generating units is compared, including the carrying amount of the portion of corporate assets allocated to them, with their recoverable amounts.

If there are indications that the impairment losses recognized in past fiscal years have clearly decreased or may not exist, when the estimated recoverable amount of the assets surpasses the carrying amount, impairment losses are reversed. An upper limit for reversals of impairment losses is set as the carrying amount less amortization or depreciation if impairment losses had not been recognized. However, impairment losses on goodwill are not reversed.

Goodwill relating to the acquisition of associates and joint ventures is not classified separately, but included as part of the carrying amount of the investments. Investments in associates are recognized as undistinguishable assets that are subject to impairment.

10. Employee Benefits

(1) Post-employment defined benefit plans

Post-employment defined benefit plans are benefit plans other than the post-employment defined contribution plans stated in the paragraphs below.

For post-employment defined benefit plans, the present value of defined benefit obligations net of the fair value of plan assets are recognized as either liabilities or assets. To calculate the present value of defined benefit plan obligations and related service cost, in principle, the projected unit credit method is used. The discount rate used to calculate the present value of defined benefit plan obligations, in principle, is determined by referring to market yields on highly rated corporate bonds at the end of the period consistent with the expected life of the defined benefit plan obligations.

Changes in the present value of defined benefit plan obligations related to the service of employees in past periods due to amendment of defined benefit plans are recognized in the period of the amendment in profit or loss.

Further, the Company and its subsidiaries recognize all actuarial gains or losses arising from post-employment defined benefit plans in other comprehensive income (Remeasurement of net defined pension liability) and immediately reclassify them into Retained earnings.

(2) Post-employment defined contribution plans

Post-employment defined contribution plans are benefit plans in which fixed contributions are paid to an independent entity and do not assume legal or constructive obligations for payments that exceed these contributions.

Post-employment defined contribution plans are accounted for, on an accrual basis, and contributions corresponding to the period employees rendered the related services are recognized in profit or loss.

(3) Multi-employer plans

Certain subsidiaries participate in multi-employer plans. In accordance with the regulations of the plans, multi-employer plans are classified as post-employment defined benefit plans or post-employment defined contribution plans, and an accounting treatment appropriate for each type of post-employment benefit plan is undertaken. However, if sufficient information about multi-employer plans classified as post-employment defined benefit plans cannot be obtained to undertake an accounting treatment appropriate for post-employment defined benefit plans, the accounting treatment appropriate for post-employment defined contribution plans is applied.

(4) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis, and recognized in profit or loss as benefits expected to be paid as compensation for service that employees render during the accounting period. Estimated bonus payments are recognized in liabilities, if the Company or its subsidiaries have legal or constructive obligations for which they should make payments, and if the obligations can be estimated reliably.

11. Provisions

Provisions are recognized if the Company and its subsidiaries have present obligations (legal or constructive obligations) as a result of past events, if it is probable that settling the obligations will require outflows of resources embodying economic benefits, and if the obligations can be estimated reliably.

If the effect of the time value of money is significant, provisions are measured as the present value of payments expected to be required to settle the obligations. To calculate the present value, a pre-tax risk-free discount rate corresponding to the period in which future cash flows will arise is used. In estimates of future cash flows, the uncertainty of the occurrence of events subject to provisions is reflected.

(1) Provisions for asset retirement obligations

The estimated cost of dismantling or removing property, plant and equipment and restoring sites on which they are located is recognized as a provision for asset retirement obligations, if there are legal or contractual obligations to dismantle or remove property, plant and equipment and restore sites on which they are located, or if it has been stated that in accordance with industry practices, published policies, or written statements that obligations to dismantle or remove property, plant and equipment and restore sites on which they are located will be fulfilled, or if it is presumed that outside third parties expect the obligations to be fulfilled.

(2) Restructuring provisions

If there is a detailed formal plan, restructuring provisions are recognized when implementation of a restructuring plan has begun or when a plan is announced. For the provision, only the following direct expenditures that arise from restructuring are subject to recognition:

- Items necessarily entailed by the restructuring
- Items not associated with the ongoing activities of the entity

(3) Provisions for losses on lawsuits

For provisions for losses due to payment of compensation for damages that could arise as a result of lawsuits, the estimated loss resulting from the payment of compensation for damages is recognized, if it is probable that compensation for damages to an outside third party will have to be paid.

(4) Provisions for losses on guarantees

For provisions for loss that could be incurred as a result of fulfilling debt guarantee agreements, the estimated loss that could be incurred is recognized, if the guarantee (the guaranteed party) has defaulted on a specified debt, and if the guarantor has concluded an agreement according to which it promises to repay the debt on behalf of the guarantee or provide monetary compensation, and if it is probable that loss will be incurred as a result of fulfilling the agreement.

(5) Levies

Levies are outflows of resources embodying economic benefits, which governments levy on companies in accordance with laws and regulations, and the estimated amount of payments for levies is recognized when the obligation to pay arises.

12. Equity

Common stock is classified as equity. Incidental expenses related to the issuance of common stock (net after tax) are deducted from equity.

Treasury stock is recognized as a deduction from equity. If treasury stock is acquired, the consideration paid and incidental expenses (net after tax) are deducted from equity. If treasury stock is sold, the consideration received is recognized as an addition to equity.

13. Revenues

(1) Sales of products

Sales of products are recognized when all of the following conditions are satisfied.

- The significant risks and rewards of ownership of the goods are transferred to the customer;
- Neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at fair value of the consideration received, after deducting sales tax that the Company and its subsidiaries have a direct obligation to collect and pay to third parties as tax authorities.

The specific criteria for revenue recognition for each type of transaction are as follows.

Revenues from product sales include wholesale, retail sales, manufactured product sales, processed product sales, and the sale of real estate. Revenue from product sales are recognized at the time the delivery conditions agreed with customers are met.

These conditions are usually considered to have been met when goods are received by the customer, the warehouse receipts are transferred, or the acceptance from the customer is received.

Revenues from the sale of real estate are recognized at the time the conditions of transfer stipulated in agreements are met.

(2) Rendering of services and royalty transactions

The revenues from rendering of services and royalty transactions are recognized in accordance with the progress of transactions as of the end of the period when the following conditions are satisfied.

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries;
- The progress of the transaction at the end of the reporting period can be measured reliably; and
- The costs arising from the transaction and costs required to complete the transaction can be measured reliably.

Revenues from rendering of services include the production of software to order, software maintenance, leasing of aircraft, real estate, and industrial machinery. Further, royalty transactions are transactions that grant intellectual property rights to customers.

Revenues from royalty transactions are recognized over the period in which customers are granted the right to use intellectual property rights.

Revenues from the production of software made to order are recognized based on the accumulated actual cost incurred at the end of the period as a percentage of estimated total cost, if the order amount or the total costs required until completion can be estimated reliably. If the order amount or the total costs required until completion cannot be estimated reliably, revenues equivalent to the portion of costs incurred that are judged to be recoverable are recognized. Further, revenues from software maintenance are recognized over the period that services are rendered.

Revenues from operating leases are recognized by being allocated equally over the lease period of future lease payments receivable.

Revenues from other services are recognized in accordance with the progress of transaction as of the end of the period.

(3) Presentation of revenue (gross basis versus net basis)

For transactions in which the Company and its subsidiaries act as principal and have capabilities to heighten the added value of the actual goods or services provided, and for which they assume significant risk related to the transactions, the gross transaction amount of the sales contracts with customers is presented as Revenue in the Consolidated Statement of Comprehensive Income.

Meanwhile, for the following transactions, the gross transaction amount of the sales contracts less cost (i.e. net amount) is presented as Revenue in the Consolidated Statement of Comprehensive Income.

- Transactions in which the Company and its subsidiaries act as an agent to enable a third party to sell goods or render services;
- Transactions in which, although the Company and its subsidiaries are involved as principal in legal form, the Company and its subsidiaries do not have capabilities to heighten the added value of the actual goods or services provided and do not assume significant risk related to the transactions.

14. Finance Income and Costs

Finance income comprises interest income and dividend income. Interest income is recognized when it arises according to the effective interest method. Dividend income is recognized when the right of the Company and its subsidiaries to receive payment is established. Finance costs comprise interest expense. Interest expense is recognized when it is incurred according to the effective interest method.

15. Income Taxes

Income taxes comprise current taxes and deferred taxes, which reflect changes in deferred tax assets and liabilities. Income taxes are recognized in profit or loss, except in the following cases.

- Income taxes that relate to items that are recognized in other comprehensive income or directly in equity;
- Deferred taxes arising from the recognition of identifiable assets and liabilities in business combinations are recognized and included in the amount of goodwill arising from the business combinations.

Tax expenses for the period are measured based on taxes payable on the period's taxable profit and tax losses expected to be refunded. These tax amounts are calculated based on tax rates established, or substantially established, at the end of the period.

Deferred tax assets and deferred tax liabilities are recognized based on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax bases. Deferred tax assets for items that will mitigate the tax burden of future tax returns, such as deductible temporary differences, unused tax losses and unused tax credits, and unused foreign tax credits, are recognized to the extent that it is probable that future taxable profit will be available against which they can be used. Meanwhile, deferred tax liabilities for taxable temporary differences are recognized. However, deferred tax assets or deferred tax liabilities are not recognized for the following temporary differences.

- Deferred tax liabilities are not recognized for taxable temporary differences arising from the initial recognition of goodwill in a business combination;
- No deferred tax assets or deferred tax liabilities are recognized for differences that arise from the initial recognition of assets or liabilities in transactions other than business combinations where such temporary differences at the time of the transaction affect neither accounting profit nor taxable profit.

Taxable temporary differences arising from investments in subsidiaries, associates, and joint ventures are not recognized as deferred tax liabilities if the Company and its subsidiaries are able to control the timing of the reversal of the temporary differences, and it is probable that the taxable temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, if the deductible temporary differences will reverse in the foreseeable future and only to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are calculated pursuant to statutory laws and regulations for income

taxes in force, or substantially in force, at the end of the period and based on the tax rates that are expected to apply in the period in which the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset and recognized in the Consolidated Statement of Financial Position, if the Company and its subsidiaries have a legally enforceable right to offset current tax assets against current tax liabilities, and if the same taxation authority levies income taxes either on the same taxable entity, or on different taxable entities that intend either to settle current tax assets and liabilities on a net basis or to realize the current tax assets and current tax liabilities simultaneously.

16. Earnings per Share

Basic earnings (losses) per share are calculated by dividing net profit attributable to ITOCHU by the weighted-average number of common shares (excluding treasury stock) outstanding during the reporting period. Diluted earnings per share are calculated by adjusting for the effects of dilutive potential common shares.

17. Mining Operations

Among expenditures incurred during the exploration and evaluation phases of mining projects, expenditures for the acquisition of assets used for exploration and evaluation are recognized in non-current assets, and other expenditures are in principle recognized when they are incurred in profit or loss.

For expenditures incurred during the development phase, projects proven as commercially viable are recognized in Property, plant and equipment or Intangible asset, according to the nature of the expenses, and then amortized using the unit-of-production method from the time production begins. During the production phase, stripping costs are capitalized and amortized using the unit-of-production method, if saleable minerals have not been extracted in the period under review, but it is probable that as a result of stripping activities the economic benefits associated with specific mineral deposits will flow to the Company, and costs can be measured reliably. Stripping costs associated with saleable minerals are recognized in the period under review as cost of inventory for the period under review.

18. Agriculture

In principle, agricultural produce is measured at fair value less costs to sell at the point of harvest. Accumulated cost until the point of harvest is recognized in cost of sales for the period in which it arose.

If the fair value of biological assets can be reliably measured, fair value less costs to sell are measured at initial recognition and at the end of each period. The change in fair value resulting from this accounting is recognized in profit or loss. Meanwhile, if the fair value of biological assets cannot be reliably measured, they are measured at cost less accumulated depreciation and accumulated impairment losses.

19. Use of Estimates and Judgments

To prepare the Consolidated Financial Statements, the Company and its subsidiaries make a variety of estimates and judgments. These estimates and judgments affect disclosures of amounts recognized for assets, liabilities, income, and expenses. Further, actual results may differ from these estimates and their underlying assumptions.

Estimates and their underlying assumptions are reviewed on an ongoing basis. The effect of revisions to accounting estimates are reflected in the period in which the estimates are revised and in any future periods affected.

Assumptions and estimates that have a risk of resulting in material adjustments in the future accounting periods are mainly as follows:

•Measurement of the fair value of unlisted financial assets

Among financial assets measured at fair value, the fair value of unlisted stocks is measured by using the market comparable method, with reference to published information about listed stocks that belong to the same industry as the investee's industry, or by using the discounted cash flow method, which calculates the fair value by discounting the estimates of future cash flows related to dividends from investees to the present value. Changes in uncertain future economic conditions may affect the multiple applied for the market comparable method or the estimates of future cash flows and the discount rate applied for the

discounted cash flow method. Accordingly, there are risks that such changes could result in material adjustments to the measurements of fair value of financial assets measured at unlisted fair value in the future accounting periods.

•Recoverable amount of financial assets that are measured at amortized cost and have indications of impairment

The recoverable amounts of financial assets that are measured at amortized cost and have indications of impairment are recognized as the related estimated future cash flows of the financial assets discounted at the initial effective interest rate to the present value. Changes in uncertain future economic conditions may affect the future cash flows related to the financial assets. Accordingly, there are risks that such changes could result in material adjustments to impairment losses related to financial assets measured at amortized cost in the future accounting periods.

•Recoverable amounts of property, plant and equipment, investment property, goodwill, intangible assets, and investments in associates and joint ventures measured through impairment tests

In impairment tests of property, plant and equipment, investment property, goodwill, intangible assets, and investments in associates and joint ventures, after identifying the related cash-generating units, their recoverable amount is recognized as the higher of the fair value less costs to sell or the value in use of the cash-generating units. Changes in uncertain future economic conditions may affect assumptions used to calculate the fair value less costs to sell or expected future cash flows and assumed discount rates that will result from the period of use and subsequent disposal of cash-generating units, which underlie the calculation of value in use. Accordingly, there are risks that such changes could result in material adjustments to the impairment losses of property, plant and equipment, investment property, goodwill, intangible assets, and investments in associates and joint ventures in the future accounting periods.

•Measurement of fair value of defined benefit plan liabilities and assets in post-employment defined benefit plans

For post-employment defined benefit plans, the fair value of defined benefit plan liabilities net of assets is recognized as liabilities or assets. Defined benefit plan liabilities are calculated based on the same types of assumptions used in the actuarial calculation, which include estimates of the discount rate, the retirement rate, the mortality rate, and the rate of compensation increase. These assumptions are established by comprehensively judging a variety of available information, including market trends such as interest rate changes. Uncertain future economic conditions or changes in social conditions may affect the assumptions used in the actuarial calculation. Accordingly, there are risks that such changes could result in material adjustments to the measurements of the fair value of defined benefit plan liabilities and assets in the future accounting periods.

•Measurement of provisions

Provisions are measured based on the best estimate at the end of the period of the expenditures expected to be required to settle the future obligations. Estimates of expenditures expected to be required to settle future obligations are calculated based on a comprehensive consideration of possible future outcomes. Changes in uncertain future economic conditions may affect assumptions used to calculate the provisions. Accordingly, there are risks that such changes could result in material adjustments to measurements of provisions in the future accounting periods.

•Estimates of income taxes

To calculate income taxes, estimates and judgments about a variety of factors have to be made, including interpretation of tax regulations and the experience of past tax audits. Therefore, the income taxes that are estimated at the end of each period and the income taxes actually paid may differ. Such an eventuality could materially affect income taxes recognized from the next accounting period onward.

Further, deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be used. However, judgments on the

recoverable amounts are made based on estimates of taxable amounts for each future fiscal year, which are determined based on the business plans of the Company and its subsidiaries. Changes in uncertain future economic conditions may affect the estimates of taxable amounts for future fiscal years. Accordingly, there are risks that such changes could result in material adjustments to the recognition of deferred tax assets in the future accounting periods.

Accounting policies which the judgement of application significantly affects the amounts of assets, liabilities, income, and expenses are mainly as follows:

- •Scope of subsidiaries or associates and joint ventures
- • Classification of financial assets measured at amortized cost, FVTOCI financial assets, and FVTPL financial assets in financial assets other than derivatives
- • Judgment about whether, in light of their economic nature, transactions are lease transactions
- •Evaluation of whether there are indications of impairment or whether there are indications of reversals of impairment of financial assets measured at amortized cost
- •Discrimination of cash-generating units in the conducting impairment tests for property, plant and equipment, investment property, goodwill, intangible assets, and investments in associates and joint ventures
- •Evaluation of whether there are indications of impairment of property, plant and equipment, investment property, goodwill, intangible assets, and investments in associates and joint ventures
- •Evaluation of whether there are indications of reversals of impairment of property, plant and equipment, investment property, intangible assets, and investments in associates and joint ventures
- •Recognition of provisions
- •Judgment about the timing of revenue recognition and whether to present revenue as gross basis or net basis

[Notes to Non-Consolidated Financial Statements]

[Significant Accounting Policies]

1. Basis and Method of Valuation for Assets

(1)	Marketable securities	
	Held-to-maturity debt securities	Stated at amortized cost
	Investments in subsidiaries' and associates' equity securities	Stated at cost, determined by the moving-average cost method
	Available-for-sale securities	
	With market value	Marketable available-for-sale securities are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Cost of sales for marketable available-for-sale securities is determined by the moving-average cost method.
	Without market value	Stated at cost, determined by the moving-average cost method
(2)	Derivative financial instruments	Stated at fair value
(3)	Inventories	Substantially all inventories are stated at the lower of cost, determined by the specific identification method, or net selling value. Certain inventories are stated at the lower of cost, determined by the average method, or net selling value.

2. Depreciation and Amortization

(1)	Property, plant and equipment (except for leased assets)	Straight-line method The useful life of buildings, which are major assets, is 6 to 50 years.
(2)	Intangible assets (except for leased assets)	Straight-line method Internal-use software development costs are amortized by the straight-line method over 5 years. Mining rights are amortized using the unit-of-production method based upon estimated proved reserves.
(3)	Leased assets	
	Finance leases that deem to transfer ownership of the leased property to the lessee	Straight-line method, same as for the Company owned non-current assets
	Leased assets for finance leases other than those which deem to transfer ownership of the leased property to the lessee	Straight-line method, over the term of the lease with residual value of zero.
(4)	Long-term prepaid expenses	Straight-line method, over the estimated useful lives

3. Basis for Allowances

(1) Allowance for doubtful receivables

Allowance for doubtful receivables is provided for losses on bad debts and stated at amounts considered to be appropriate based on the Company's past credit loss experience and an evaluation of potential losses in receivables outstanding.

(2) Allowance for loss on investments

Allowance for loss on investments is provided for the impairment losses of the investment in subsidiaries and associated companies and stated at amounts considered to be appropriate based on an evaluation of subsidiaries' or associated companies' financial conditions.

(3) Allowance for retirement benefits for employees

Allowance for retirement and severance benefits is provided for the payment of employees' retirement benefits and stated in amounts based on projected benefit obligations and plan assets at the balance sheet date.

In the calculation of benefit obligations, the straight-line attribution method is used to allocate projected retirement benefit payments to the periods until the end of the current fiscal year. An actuarial gain or loss is amortized beginning the next fiscal year using the straight-line method over the average residual service period (12-15 years). Prior service cost is amortized using the straight-line method over the average residual service period (14 years).

Since the plan asset of the ITOCHU Employee Pension Fund exceeded the benefit obligation before consideration of the unrecognized actuarial loss and unrecognized prior service cost, such excess plan assets were recorded as prepaid pension cost. The allowance for retirement benefits for employees is recorded for a portion of the lump-sum payment benefits to the employees.

A difference between benefit obligations less the portion corresponding to unrecognized actuarial gain or loss and unrecognized prior service cost and plan assets was recorded as allowance for retirement benefits for employees or prepaid pension cost in the balance sheet.

(4) Allowance for stock benefits

Allowance for stock benefits is provided for the delivery of shares of the Company to employees in accordance with stock benefit rules and stated in amounts based on projected stock benefit obligations at the balance sheet date.

(5) Allowance for retirement benefits for directors, corporate auditors and executive officers

The Company has resolved to terminate the original policy of retirement benefits for directors, corporate auditors and executive officers at the June 2005 ordinary general meeting of shareholders and the retirement benefits accumulated during their service period up to the date of the termination of the policy will be paid when they resign. The allowance for retirement benefits for directors, corporate auditors and executive officers is stated at the amount calculated based on the above resolution at the balance sheet date.

(6) Allowance for loss on guarantees

Allowance for loss on guarantees is provided for the contingent losses on guarantees to subsidiaries and associated companies and stated at amounts considered to be appropriate based on an evaluation of the guaranteed parties' financial condition.

4. Other Significant Basis of Financial Statements

(1) Deferred assets

Stock issuance expenses and bond issuance costs are charged to expense as incurred.

(2) Hedge accounting

Method for hedge accounting	Measured at market value at the balance sheet date and the unrealized gains or losses are deferred until maturity as deferred gain on derivatives under hedge accounting in a separate component of equity. Receivables and payables subject to foreign currency forward contracts and currency swaps are translated at the contracted rates if the forward contracts qualify for simplified hedge accounting. Interest rate swaps, which qualify for special hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements are recognized and included in interest expense or income.
Hedging instruments and hedged items	Hedging instruments include foreign currency forward contracts, currency swaps, interest rate swaps, deposits with banks and debts denominated in foreign currencies, commodity futures contracts and commodity forward contracts. Hedged items include assets or liabilities which are exposed to market risks.
Hedging policy	The Company uses derivative financial instruments as a means of hedging exposure to market risks associated with assets and liabilities, in accordance with the Company's internal policies.
Assessment of hedge effectiveness	Based on the assessment method established depending upon the characteristic of each transaction, the hedge accounting is applied for the hedges that are deemed to be effective.

(3) Consumption tax and local consumption tax are accounted for by the tax exclusion method.

(4) The Company files a consolidated tax return under the Japanese corporate-tax system.

[Notes to Non-Consolidated Balance Sheet]

1. Pledged Assets as Collateral and Secured Obligations

(1) Pledged assets as collateral

Investments in securities and investments in subsidiaries' and associated companies' equity securities ¥7,874 million

In addition to the above, investments in securities amounting to ¥1,115 million are pledged as substitutes for deposits.

(2) Secured obligations

There are no obligations corresponding to the above.

Pledged assets represent the Company's assets which are pledged as collateral for the borrowings made by subsidiaries and associated companies.

2. Accumulated Depreciation of Property, Plant and Equipment ¥34,908 million

3. Contingent Liabilities

(1) Guarantees

The Company issues various guarantees for indebtedness of other companies including bank loans.

[Subsidiaries and associated companies]	(Millions of Yen)
Orchid Alliance Holdings Limited	585,440
ITOCHU Coal Americas Inc.	101,349
Dole International Holdings, Inc.	65,732
ITOCHU Treasury Corporation	50,000
ITOCHU Automobile Investment LLC.	48,280
ITOCHU FIBRE LIMITED	44,341
DPF Holdings, Inc.	40,976
ITOCHU Minerals & Energy of Australia Pty Ltd	34,500
I.M.S. MARITIME S.A.	25,911
CIECO Exploration and Production (UK) Limited	20,934
Others	196,737
Subtotal	1,214,200

[The companies, not included in the consolidation group of ITOCHU Corporation]	
PANAVENFLOT CORP.	12,658
Others	22,951
Subtotal	35,609

Subsidiaries and associated companies	Subtotal	1,214,200
The companies, not included in the consolidation group of ITOCHU Corporation	Subtotal	35,609
Total		1,249,809

The above include contracts similar to guarantees. The amounts stated above are the Company's portion of the guarantees that have been incurred jointly with other guarantors.

In addition to the amounts stated above, the Company concluded an agreement with ITOCHU Hong Kong Ltd. to guarantee the collection of loans receivable to its customers (¥46,593 million).

(2) Discounted trade notes receivable on a recourse basis with banks and trade notes receivable endorsed to suppliers in the settlement of accounts payable

Amounts of export bills discounted ¥100,143 million

4. Receivables from and Payables to Subsidiaries and Associated Companies

	(Millions of Yen)
Receivables from subsidiaries and associated companies:	
Current	486,082
Non-current	129,378
Payables to subsidiaries and associated companies:	
Current	191,627
Non-current	1,634

The above includes short-term loans receivable from subsidiaries and associated companies and long-term loans receivable from subsidiaries and associated companies that are presented separately on the balance sheet.

5. Payables to directors ¥447 million

[Notes to Non-Consolidated Statement of Income]

Transactions with subsidiaries and associated companies (Millions of Yen)

Sales to subsidiaries and associated companies	1,737,607
Purchases from subsidiaries and associated companies	709,190
Other transactions with subsidiaries and associated companies	198,760

[Notes to Non-Consolidated Statement of Changes in Equity]

1. Number of shares issued was 1,662,889,504 of common stock as of March 31, 2016.
2. The following summarizes the description and number of shares of treasury stock.

(Thousands of Shares)

Type of shares	As of April 1, 2015	Increase	Decrease	As of March 31, 2016
Common Stock	81,179	60	1	81,238

Note: As the 923 thousand shares of the Company held in the trust account for the benefit share ESOP are not owned by the Company, they are not included in the number of shares of treasury stock.

<Reason for increase or decrease> The increase of 60 thousand shares of treasury stock is due to the acquisition of shares less than one unit while the decrease of 1 thousand shares is due to the disposal of shares less than one unit.

[Notes to Income Taxes]

The tax effects of temporary differences that give rise to the significant components of deferred tax assets and liabilities were as follows:

(Millions of Yen)

Deferred tax assets:	
Allowance for doubtful receivables	25,663
Loss on devaluation of investments in securities	70,812
Allowance for retirement benefits for employees	28,154
Write-down of land and other properties held for sale	795
Allowance for loss on guarantees	6,075
Loss on impairment of long-lived assets	246
Others	37,989
Subtotal	169,734
Less valuation allowance	(121,584)
Deferred tax assets	48,150
Deferred tax liabilities:	
Gain on contribution from securities to retirement benefit trust	(26,069)
Unrealized gain on available-for-sale securities	(13,889)
Others	(2,473)
Deferred tax liabilities	(42,431)
Net deferred tax assets (liabilities)	5,719
Included in:	
Current Assets	4,475
Non-current Assets	1,244

[Related Party Transactions]

(Millions of Yen)

Category	Name of company	Voting Rights (Owner-ship)	Relationship with Related Party	Description of transactions	Amount	Account name	As of March 31, 2016
Subsidiary	NIPPON ACCESS, INC.	Holding directly 93.77%	Sales of foods, liquors and sundry items, etc.	Sales of foods (*1)	394,640	Trade accounts receivable	68,590
						Other payable	732
						Accrued expenses	213
						Other non-current liabilities	150
Subsidiary	JD Rockies Resources Limited	Holding directly 100.00%	Provide funds to support operations	Loans (*2)	48,452	Claims provable in bankruptcy (*3)	48,452
Subsidiary	ITOCHU Property Development, Ltd.	Holding directly 99.83%	Provide funds to support operations	Loans (*4)	–	Short-term loans receivable from subsidiaries and associated companies	34,899
						Long-term loans receivable from subsidiaries and associated companies	6,500
				Receipt of interest (*4)	154	–	–
Subsidiary	ITOCHU SHOKUHIN Co., Ltd.	Holding directly 51.58%, indirectly 0.11%	Deposit of funds	Deposit of funds (*5)	–	Deposits received	37,605
				Payment of interest (*5)	97	–	–
Subsidiary	ITOCHU Hong Kong Ltd.	Holding directly 100.00%	Guarantees	Guarantees (*6)	46,593	–	–
				Receipt of guarantee commission (*6)	37	–	–
Subsidiary	ITOCHU Automobile Investment LLC. (*7)	Holding directly 90.00%, indirectly 10.00%	Capital increases and receipt of distribution	Investment in kind (*7)	60,349	–	–
				Receipt of distribution (*8)	48,280	–	–
			Guarantees	Guarantees (*9)	48,280	–	–
				Receipt of guarantee commission (*9)	0	–	–
Subsidiary	Orchid Alliance Holdings Limited	Holding directly 100.00%	Guarantees	Guarantees (*10)	585,440	–	–
				Receipt of guarantee commission (*10)	758	–	–
Subsidiary	ITOCHU Coal Americas Inc.	Holding directly 100.00%	Guarantees	Guarantees (*11)	101,349	–	–
				Receipt of guarantee commission (*11)	220	–	–
Subsidiary	Dole International Holdings, Inc.	Holding directly 100.00%	Guarantees	Guarantees (*12)	65,732	–	–
				Receipt of guarantee commission (*12)	73	–	–
Subsidiary	DPF Holdings, Inc.	Holding indirectly 100.00%	Guarantees	Guarantees (*13)	40,976	–	–
				Receipt of guarantee commission (*13)	45	–	–
Subsidiary	ITOCHU Treasury Corporation	Holding directly 100.00%	Guarantees	Guarantees (*14)	50,000	–	–
				Receipt of guarantee commission (*14)	1	–	–
Subsidiary	ITOCHU FIBRE LIMITED	Holding directly 90.00%, indirectly 10.00%	Guarantees	Guarantees (*15)	44,341	–	–
				Receipt of guarantee commission (*15)	43	–	–

Category	Name of company	Voting Rights (Owner-ship)	Relationship with Related Party	Description of transactions	Amount	Account name	As of March 31, 2016
Subsidiary	ITOCHU Minerals & Energy of Australia Pty Ltd	Holding directly 96.30%, indirectly 3.70%	Guarantees	Guarantees (*16) Receipt of guarantee commission (*16)	34,500 71	– –	– –

Terms and conditions of transactions and the policy of determining the terms and conditions of the transactions:

*1 Conditions of the sales to NIPPON ACCESS, INC. are determined by considering the market prices by negotiating the prices periodically.

*2 The Company suspended receipt of interest on the loans to JD Rockies Resources Limited due to capital deficiency.

*3 The Company stated an allowance for doubtful receivables of ¥48,154 million to claims provable in bankruptcy to JD Rockies Resources Limited.

*4 The loan of funds to ITOCHU Property Development, Ltd. is made on the basis of the Group Financial System, and interest rates are determined by considering market rates.

*5 The deposit of funds from ITOCHU SHOKUHIN Co., Ltd. is made on the basis of the Group Financial System, and interest rates are determined by considering market rates.

*6 The Company concluded an agreement with ITOCHU Hong Kong Ltd. to guarantee the collection of loans receivable to its customers. The rate of the guarantee premium is determined by considering the creditworthiness and other factors of its customers.

*7 The Company established ITOCHU Automobile Investment LLC. for 1 million yen in December 2015, and made investment in kind of investment securities held by the Company in February 2016. The amount of the investment in kind was determined by considering the market price.

*8 This is a distribution from the capital surplus of ITOCHU Automobile Investment LLC., and the amount is determined by considering the appropriate level of equity.

*9 The Company provided guarantees for loans to ITOCHU Automobile Investment LLC. from the Company's financial subsidiary. The rate of the guarantee premium is determined by considering the creditworthiness and other factors of ITOCHU Automobile Investment LLC.

*10 The Company provided guarantees for bank loans of Orchid Alliance Holdings Limited. The rate of the guarantee premium is determined by considering the creditworthiness and other factors of Orchid Alliance Holdings Limited.

*11 The Company provided guarantees for bank loans of ITOCHU Coal Americas Inc. The rate of the guarantee premium is determined by considering the creditworthiness and other factors of ITOCHU Coal Americas Inc.

*12 The Company provided guarantees for bank loans of Dole International Holdings, Inc. The rate of the guarantee premium is determined by considering the creditworthiness and other factors of Dole International Holdings, Inc.

*13 The Company provided guarantees for bank loans of DPF Holdings, Inc. The rate of the guarantee premium is determined by considering the creditworthiness and other factors of DPF Holdings, Inc.

*14 The Company provided guarantees for bank loans of ITOCHU Treasury Corporation. The rate of the guarantee premium is determined by considering the creditworthiness and other factors of ITOCHU Treasury Corporation.

*15 The Company provided guarantees for loans to ITOCHU FIBRE LIMITED from the Company's financial subsidiary. The rate of the guarantee premium is determined by considering the creditworthiness and other factors of ITOCHU FIBRE LIMITED.

*16 The Company provided guarantees for bank loans of ITOCHU Minerals & Energy of Australia Pty Ltd. The rate of the guarantee premium is determined by considering the creditworthiness and other factors of ITOCHU Minerals & Energy of Australia Pty Ltd.

*17 Transaction amounts do not include consumption taxes, whereas the year-end balances include consumption taxes.

[Per Share Information]

Equity per common share ¥586.52

Net profit per common share ¥72.92

Note: The treasury stock, which is subtracted in the calculation of the above Per Share Information, includes shares of the Company held by the trust account for the benefit share ESOP.

(Reference)

Consolidated Statement of Cash Flows

ITOCHU Corporation and its Subsidiaries
Years ended March 31, 2016 and 2015

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

	Millions of Yen	
	2016	2015
Cash flows from operating activities:		
Net profit	**¥ 276,368**	¥ 295,621
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	**123,417**	108,807
Provision for doubtful accounts	**7,775**	6,178
Gains on investments	**(72,680)**	(109,860)
Losses on property, plant, equipment and intangible assets	**155,104**	4,274
Financial income	**(37,091)**	(23,439)
Equity in earnings of associates and joint ventures	**(147,710)**	(10,116)
Income tax expense	**46,381**	122,894
Changes in assets and liabilities, other-net	**45,228**	17,748
Proceeds from interest	**24,651**	13,640
Proceeds from dividends	**97,340**	88,023
Payments for interest	**(26,301)**	(25,329)
Payments for income taxes	**(73,078)**	(84,812)
Net cash provided by operating activities	**419,404**	403,629
Cash flows from investing activities:		
Net proceeds from sale (payments for purchase) of investments accounted for by the equity method	**64,539**	(164,925)
Net proceeds from sale (payments for purchase) of other investments	**68,106**	(13,290)
Net origination of loans receivable	**(613,883)**	(7,000)
Net payments for purchase of property, plant, equipment and intangible assets	**(78,755)**	(87,580)
Net decrease (increase) in time deposits	**2,733**	(3,308)
Net cash used in investing activities	**(557,260)**	(276,103)
Cash flows from financing activities:		
Net proceeds from (repayments of) debentures and loans payable	**232,826**	(4,696)
Proceeds from issuance of common stock	**–**	101,963
Cash dividends	**(75,922)**	(77,529)
Other	**(75,134)**	(117,634)
Net cash provided by (used in) financing activities	**81,770**	(97,896)
Net decrease (increase) in cash and cash equivalents	**(56,086)**	29,630
Cash and cash equivalents at the beginning of the year	**700,292**	653,739
Effect of exchange rate changes on cash and cash equivalents	**(11,335)**	16,923
Cash and cash equivalents at the end of the year	**¥ 632,871**	¥ 700,292

Note: ITOCHU Corporation prepared the Consolidated Statement of Cash Flows in conformity with IFRS.

(Reference)

Operating Segment Information

ITOCHU Corporation and its Subsidiaries
Years ended March 31, 2016 and 2015

The Company and its subsidiaries conduct trading, finance, and logistics involving a wide variety of products, as well as project planning and coordination. The Company and its subsidiaries also have cultivated a diverse range of functions and expertise through investments in resource development and other projects. By leveraging these comprehensive capabilities and via global networks spanning six Division Companies, the Company and its subsidiaries operate in a wide range of industries. The Consumer-Related Sector covers textiles, food and ICT, general products & realty; the Basic Industry-Related Sector includes machinery, chemicals, petroleum products and steel products; and the Natural Resource-Related Sector includes metal and energy resources.
The Company implements diverse business activities across a broad span of industries. To engage in these diverse business activities, the Company has established a system of six Division Companies organized in line with their respective industries, principal products, and service -Textile, Machinery, Metals & Minerals, Energy & Chemicals, Food, and ICT, General Products & Realty. Under this system, each Division Company has responsibility for business execution in its business field. These Division Companies are the segment units for which the Company's managers determine management strategies and the allocation of management resources. Results are managed at the Division Company level in accordance with a number of indicators, such as Net profit attributable to ITOCHU.
In consideration of the above, the Company uses the six Division Companies as its reportable segments, and the reportable segment information for the 92nd and 91st fiscal years is as follows.

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

	Millions of Yen							
	2016							
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	ICT, General Products & Realty	Others, Adjustments & Eliminations	Consolidated
Revenues:								
Revenues from external customers	¥ 582,343	¥ 403,309	¥ 220,052	¥ 1,487,032	¥ 1,084,000	¥ 1,235,373	¥ 71,427	¥ 5,083,536
Intersegment revenues	482	1	–	851	321	18,448	(20,103)	–
Total revenues	¥ 582,825	¥ 403,310	¥ 220,052	¥ 1,487,883	¥ 1,084,321	¥ 1,253,821	¥ 51,324	¥ 5,083,536
Gross trading profit	¥ 137,463	¥ 117,280	¥ 32,485	¥ 185,051	¥ 262,214	¥ 325,643	¥ 9,575	¥ 1,069,711
Equity in earnings (losses) of associates and joint ventures	¥ 9,530	¥ 21,626	¥ 18,347	¥ (329)	¥ 17,280	¥ 40,713	¥ 40,543	¥ 147,710
Net profit attributable to ITOCHU	¥ 14,499	¥ 48,371	¥ (16,652)	¥ 55,450	¥ 25,484	¥ 74,022	¥ 39,202	¥ 240,376
Total assets at March 31, 2016	¥ 524,452	¥ 978,067	¥ 876,386	¥ 1,077,095	¥ 1,723,074	¥ 1,495,609	¥ 1,361,712	¥ 8,036,395

	Millions of Yen							
	2015							
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	ICT, General Products & Realty	Others, Adjustments & Eliminations	Consolidated
Revenues:								
Revenues from external customers	¥ 567,883	¥ 411,225	¥ 253,490	¥ 1,889,790	¥ 1,059,266	¥ 1,343,811	¥ 65,970	¥ 5,591,435
Intersegment revenues	30	77	–	956	272	19,863	(21,198)	–
Total revenues	¥ 567,913	¥ 411,302	¥ 253,490	¥ 1,890,746	¥ 1,059,538	¥ 1,363,674	¥ 44,772	¥ 5,591,435
Gross trading profit	¥ 140,688	¥ 116,961	¥ 66,999	¥ 176,761	¥ 246,069	¥ 325,126	¥ 16,460	¥ 1,089,064
Equity in earnings (losses) of associates and joint ventures	¥ 11,653	¥ 20,124	¥ (46,831)	¥ (39,597)	¥ 26,967	¥ 34,818	¥ 2,982	¥ 10,116
Net profit attributable to ITOCHU	¥ 32,013	¥ 54,608	¥ 11,206	¥ 2,350	¥ 114,431	¥ 78,975	¥ 6,986	¥ 300,569
Total assets at March 31, 2015	¥ 555,842	¥ 1,083,637	¥ 1,261,754	¥ 1,329,507	¥ 1,772,166	¥ 1,622,347	¥ 935,448	¥ 8,560,701

Notes: 1. ITOCHU Corporation prepared the Operating Segment Information in conformity with IFRS.
2. "Others, Adjustments & Eliminations" principally include the company-level profit or loss, assets and other items in Japan and overseas that do not belong to any specific operating segment.
3. As of April 1, 2016, ITOCHU Corporation changed its organizational structure from six Division Companies into seven Division Companies. As a result, [ICT, General Products & Realty Company] became [General Products & Realty Company] and [ICT & Financial Business Company].