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Itochu Enex Reports Earnings for the Fiscal Year ended March 31, 2010

Tokyo, Japan, April 30, 2010 -- Itochu Enex Co., Ltd. (TSE: 8133) announced net sales of 1,083,760 million yen for the fiscal year ended March 31, 2010, and net income of 4,360 million yen, or 37.46 yen per share.

Results of Operations

The fiscal year ended March 31, 2010, began with both the Japanese and global economies in recession in the aftermath of the previous fiscal year's global financial and economic crisis. The Japanese economy subsequently embarked on recovery, buoyed by economic stimulus and resumed export growth. However, with recovery in consumer spending, employment, and domestic demand yet to gain traction, the Japanese economy has been sinking deeper into deflation.

The domestic petroleum distribution industry remained beset by an adverse supply-demand environment amid a contraction in demand, persistently high petroleum product prices, consumer belt-tightening, widespread eschewal of car ownership by young consumers, and a growing environmental consciousness.

Against such a backdrop, we continued to implement our Core & Synergy 2010 medium-term business plan for a second year. Most notably, we established Japan Gas Energy Corporation (JGE) after forming the Energy Trade Division and acquiring control of Kohnan Fleet Co., Ltd., as a wholly owned subsidiary in the previous fiscal year. Additionally, we established a Fuel Cell Solar and Electric Vehicle Business Department in September 2009 and have been branching into alternative energy businesses through our Group's nationwide sales network.

Our overall petroleum product sales volume grew for a second consecutive fiscal year despite a decline in domestic petroleum product sales volume. Our petroleum product sales volume was up 13.9% by virtue of the Energy Trade Division's contribution in addition to growth in new customers and expansion of our network of affiliated gas stations.

Despite such success in implementing our expansion strategy and gaining new enterprise resources and capabilities, our net sales decreased 7.0% year over year to 1,083,760 million yen in the fiscal year ended March 31, 2010, largely as a result of drastic change in the external environment. The sales decline resulted in decreased profits, with operating income down 38.3% to 6,095 million yen, ordinary income down 31.5% to 7,005 million yen, and net income down 19.5% to 4,360 million yen.

Segment Information

We have revised our business segmentation as noted below (see "Additional information" under "Segment Information"). Year-over-year comparisons are based on year-earlier data adjusted to conform to the revised segmentation.

Industrial Material Division

The Industrial Material Division earned operating income of 1,629 million yen (down 50.9% year over year) on net sales of 97,747 million yen (down 25.1% year over year) in the fiscal year ended March 31, 2010.

The Industrial Material Division faced an extremely adverse operating environment as Japanese industrial plants' capacity utilization continued to decline in the wake of the economic downturn dating back to the previous fiscal year.

Amid such an environment, the Industrial Material Division endeavored to gain new customers and increase sales by enlarging its share of existing customers' purchases of intermediate distillates, its core products. Through these efforts, coupled with a profitability-focused sales approach, the Industrial Material Division managed to earn a profit.

In the marine fuel market, we endeavored to capture new customers and expand our sales network by utilizing refueling tankers amid a slump in domestic marine shipping due to a decline in cargo volumes.

The asphalt market's supply-demand balance tightened in response to production cuts by major oil companies, resulting in supply strains in certain regions, but we increased our asphalt sales volume by capitalizing on our continually expanding logistics network.

LNG sales volume held firm, bolstered by demand from new customers gained since September 2009. We intend to continue to pursue new customers.

In the general high-pressure gas business, sales of welding gases to auto and construction machinery manufacturers were sluggish, but hydrogen and nitrogen gas sales volumes were buoyant from the fiscal third quarter by virtue of recovery in capacity utilization rates, mainly in the semiconductor industry.

In December 2009, we commenced wholesale electricity sales to electric power retailers as one component of our energy solutions business. We are pursuing transformation into a provider of general energy solutions to our core petroleum product business's customer base.

Car Life Division

The Car Life Division earned operating income of 3,411 million yen (down 37.1% year over year) on net sales of 505,484 million yen (down 15.7% year over year).

Domestic gasoline demand fell sharply in the wake of drastic belt-tightening among consumers and improvement in cars' fuel efficiency. Additionally, domestic gasoline supply and demand failed to rebalance even after the major oil companies' new pricing structures had taken root in the market. The Car Life Division consequently faced an extremely challenging market environment.

Amid such an environment, the Car Life Division earned a profit by strengthening cost-competitiveness, improving operational efficiency, solidifying its earnings foundation through growth in Car Life earnings, and continuing to proactively manage its network of "car-life stations" (refueling stations) from the customer's standpoint.

In the fiscal year ended March 31, 2010, we added 83 new or newly affiliated car-life stations to our network while closing 104 existing stations to end the fiscal year with a total of 2,153 stations (a net decrease of 21 stations from March 31, 2009).

In April 2009, we launched Itsumo Rent-a-Car, which rents preowned vehicles, as a new automotive business in the aim of enabling our car-life stations to meet their local communities' diverse automotive needs and become a hub for local consumers. Itsumo Rent-a-Car has improved affiliated car-life stations' profitability and also gained the support of gas station owners not affiliated with our network. Itsumo Rent-a-Car ended the fiscal year with 237 locations.

By virtue of such efforts to strengthen affiliated car-life stations' sales capabilities and expand our network of affiliated stations, the Car Life Division's petroleum product sales volume, which predominantly consists of gasoline, was flat year over year even amid a decline in domestic demand.

Energy Trade Division

The Energy Trade Division incurred an operating loss of 349 million yen (versus year-earlier operating income of 2,064 million yen) on net sales of 394,132 million yen (up 27.2% year over year).

The fiscal year got off to a difficult start for the Energy Trade Division, with petroleum product demand down sharply and bunker oil prices and tanker rates in steep decline amid the global economic downturn.

Domestically, the Energy Trade Division was hurt by a severe sales slump stemming from a decline in domestic demand for petroleum products. In the fiscal second half, however, it regained profitability, largely by virtue of kerosene sales, which were bolstered by persistent cold weather and low inventory levels, but its second-half profit fell short of offsetting its poor performance in the fiscal first half. The Energy Trade Division consequently ended up with an operating loss for the full fiscal year.

The marine fuel market environment remained adverse as a result of retrenchment in both domestic and overseas demand and a major decline in prices. Additionally, the domestic price of bunker oil continued to decline due to contraction in domestic demand even as crude oil prices fluctuated in a wide range. We were consequently unable to earn a profit on marine fuel sales.

The tanker business likewise remained beset by an adverse environment, with tanker rates down sharply in response to a falloff in global corporate traffic, but tanker rates rebounded somewhat in the fiscal third quarter. In addition to globally diversifying its fleet's deployment into prime demand regions, the Energy Trade Division exerted utmost efforts in its other businesses, including operating ships for other companies and chartering ships for the Itochu Group, but it fell short of regaining profitability, partly because of increased fuel costs stemming from rising crude oil prices.

Home Life Division

The Home Life Division earned operating income of 3,394 million yen (up 70.8% year over year) on net sales of 86,395 million yen (down 30.5% year over year). The operating income growth was largely attributable to restoration of healthy profit margins, while the decline in sales stemmed largely from transfer of the wholesale LPG delivery business to JGE.

From the standpoint of sales volume, the Home Life Division faced a difficult environment due to consumers' changing mindset toward the environment, intensification of competition among energy sources, and a downtrend in LPG demand amid the protracted economic malaise. Meanwhile, LPG import prices rose sharply and remained high in the fiscal second half. The LPG business earned adequate profit margins by virtue of adoption of the feedstock cost adjustment system, which has provided widespread price transparency to LPG users.

Against such a backdrop, the Home Life Division focused on expanding the scale of its operations by gaining new customers and conducting M&A in conjunction with intensive reallocation of management resources to selected businesses. It also endeavored to improve operating efficiency through such means as reducing logistic costs and actively utilizing the G-Bingo support system for LPG operations.

Additionally, JGE, established in April 2009 as part of a new upstream strategy, successfully launched its operations.

In the *Kurashi-no-Mori* business, which promotes comfortable living through LPG, we partnered with Asclass Co., Ltd., a home renovation contractor, to aggressively market distributed power systems for the home (combining fuel cells and solar power systems) to help realize a low-carbon society. In the process, we laid groundwork for the future by amassing a wide range of know-how and developing the capability to propose various energy solutions tailored to customers' needs. We also conducted activities to promote sales and contribute to society through energy by providing dietary education in the form of cooking classes.

Consolidated Earnings Forecasts

Although the global and Japanese economies have embarked on recovery, domestic production activity and consumer spending are expected to remain sluggish. The petroleum distribution industry is likewise expected to face an increasingly challenging environment marked by sustained high crude oil prices, declining domestic demand, growth in fuel-efficient vehicles' prevalence, and environmental restrictions aimed at realizing a low-carbon society.

In the fiscal year ending March 31, 2011, the final year of our Core & Synergy 2010 medium-term business plan, we will seize the initiative in our domestic petroleum product distribution operations to further strengthen and expand the foundations of our core businesses with newly acquired enterprise resources, capabilities, and business models in preparation for the future. Atop these core businesses' foundations, we intend to build business models revolving around renewable energy, electric power, and advanced use of fossil fuels to create a new stage for our transformation into a general energy solutions company.

In light of our operating performance's short-term sensitivity to supply and demand fundamentals, changes in the weather, and other such factors, we have a policy of forecasting earnings on an annual basis only. We do not issue fiscal first-half earnings forecasts.
The outlook for each of our business segments in the fiscal year ending March 31, 2011, is as follows.

Industrial Material Division

In the Industrial Material Division, we aim to increase the core petroleum product business's sales by strengthening its logistic capabilities. We will also expand our presence in alternative energy sectors to meet the needs of industry. Additionally, we will pursue business opportunities related to electric power and offer eco-friendly energy solutions tailored to customer needs.

Car Life Division

In the Car Life Division, we will continue to promote successful car-life station management and propose a model of car-life station management from the customer's perspective. We will continue to strengthen affiliated car-life stations' sales capabilities and pursue expansion by recruiting new car-life station affiliates. We also aim to strengthen our competitiveness in the automotive sector by aggressively building the Itsumo Rent-a-Car preowned car rental business and Itsumo Car Net system for buying and selling cars. Additionally, we aim to branch into automotive businesses by proactively pursuing M&A and alliances.

As an initiative aimed at realizing a low-carbon society, we will devise a solar power generation system sales scheme and promote it to affiliated retailers.

Energy Trade Division

In the Energy Trade Division, we will endeavor to achieve profitability by expanding sales volume through increased cooperation with Group companies.

In the marine fuel business, we intend to earn stable profits by expanding margins through negotiations with domestic customers and maintaining long-term supply contracts with Japanese ship owners overseas also.

In the tanker leasing business, spot freight rates are likely to remain depressed as a result of decreased petroleum product cargo traffic, but we will endeavor to earn profits by replacing high-cost charters with low-cost ones and stepping up sales activity outside of our Group.

Home Life Division

We will endeavor to expand the scale of the Home Life Division's operations by creating new demand and gaining new customers, improve operating efficiency with IT, and pursue even lower-cost operations. We also aim to improve our competitiveness by generating midstream and downstream synergies while cultivating closer ties with JGE and JGE Group appointed distributors.

Additionally, we will endeavor to further increase customer satisfaction by offering products and services conceived from the consumer's standpoint. We intend to do so through such means as cooking classes, Asclass home renovation service, and proposal of environmentally friendly energy solutions such as *W-hatsuden* dual-power-generation systems equipped with both household fuel cells and photovoltaic cells.

Financial Condition

Total assets amounted to 263,096 million yen at March 31, 2010, a 15,509 million yen increase from March 31, 2009. The increase was attributable to growth in trade notes and accounts receivable and inventories. Interest-bearing debt decreased 13,266 million yen to 27,962 million yen over the same timeframe. Net assets increased 1,171 million yen to 92,057 million yen at March 31, 2010, largely as a result of growth in retained earnings and reductions in share buybacks and minority interests. We consequently ended the fiscal year with a shareholders' equity ratio of 34.2%.

Cash flows

Cash and cash equivalents totaled 27,598 million yen at March 31, 2010, a decrease of 15,621 million yen from March 31. The decrease was largely attributable to repayment of short- and long-term borrowings.

Operating activities provided net cash of 4,961 million yen. This net cash inflow was derived mainly from pretax income of 9,335 million yen, mainly offset by a 5,950 million yen outflow representing the net effect of increases in trade notes and accounts receivable, inventories, and trade notes and accounts payable.

Investing activities used net cash of 3,612 million yen. Major investment outflows included 4,363 million yen spent to acquire property, plant and equipment, mainly in conjunction with investment in car-life station facilities. These outflows were partially funded by 1,441 million yen in proceeds from the sale of investment securities.

Financing activities used net cash of 16,987 million yen. Major financing outflows included 3,918 million yen in repayments of short-term borrowings, 8,792 million yen in repayments of long-term borrowings, 1,869 million yen in dividend payments, and 1,304 million yen spent to acquire treasury stock.

Cash flow indicators

Fiscal year ended March 31,	2007	2008	2009	2010
Shareholders' equity ratio (%)	34.6	32.1	35.9	34.2
Shareholders' equity ratio at market value (%)	34.7	20.4	24.4	21.3
Ratio of cash flow to interest-bearing debt (years)	3.0	2.6	1.4	5.6
Interest-coverage ratio (times)	19.3	14.4	26.8	5.9

Shareholders' equity ratio: Shareholders equity / Total assets
Shareholders' equity ratio at market value: Market capitalization / Total assets
Ratio of cash flow to interest-bearing debt: Interest-bearing debt / Cash flow
Interest coverage ratio: Cash flow / Interest expense

1. All of the above ratios were calculated using consolidated financial statement data.
2. Market capitalization was calculated by multiplying the fiscal-year-end closing share price by the number of shares outstanding at fiscal year-end (net of treasury stock).
3. "Cash flow" is "Cash provided by (used in) operating activities" on the Consolidated Statements of Cash Flows.
4. Interest-bearing debt is all debt, of the debt carried on the consolidated balance sheet, on which interest is payable.

Profit Distribution Policy and Dividends for the Fiscal Years Ending March 31, 2010-11

In terms of shareholder returns, we aim to maintain a consolidated dividend payout ratio of at least 30% in accord with our policy of paying stable dividends on an ongoing basis while maintaining sustained business growth.

For the fiscal year ended March 31, 2010, we plan to pay a year-end dividend of 8 yen per share. For the fiscal year ending March 31, 2011, we plan to pay annual dividends of 16 yen per share (including an interim dividend of 8 yen per share).

With respect to internally retained funds, our basic policy is to use such funds to invest in our businesses to strengthen our operating foundation and further increase earnings.

Financial Statements—Consolidated

(1) Consolidated Balance Sheets

Millions of yen

	March 31, 2009	March 31, 2010
	Amount	Amount
Assets		
Current assets		
Cash and cash equivalents	43,219	27,599
Trade notes and accounts receivable	79,596	112,148
Merchandise and finished products	8,195	10,294
Deferred tax assets	2,120	1,781
Other	9,439	9,368
Allowance for doubtful accounts	(682)	(562)
Total current assets	141,888	160,629
Fixed assets		
Property, plant and equipment		
Buildings and structures	50,450	50,467
Accumulated depreciation	(29,537)	(29,939)
Buildings and structures, net	20,912	20,527
Machinery, equipment and vehicles	30,853	30,727
Accumulated depreciation	(22,131)	(22,767)
Machinery, equipment and vehicles, net	8,721	7,959
Land	35,454	35,161
Leased assets	2,032	3,557
Accumulated depreciation	(233)	(815)
Leased assets, net	1,798	2,741
Construction in progress	92	147
Other	4,848	4,935
Accumulated depreciation	(3,450)	(3,749)
Other, net	1,398	1,186
Net, property, plant and equipment	68,378	67,724
Intangible assets		
Goodwill	6,561	4,797
Other	3,083	2,627
Total intangible assets	9,645	7,425
Investments and other assets		
Investment securities	12,259	13,922
Long-term loans	3,366	1,787
Deferred tax assets	3,844	3,199
Other assets	9,677	9,674
Allowance for doubtful accounts	(1,473)	(1,265)
Total investments and other assets	27,674	27,317
Total fixed assets	105,698	102,467
Total assets	247,587	263,096

Millions of yen

	March 31, 2009 Amount	March 31, 2010 Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	74,536	103,235
Short-term borrowings	19,519	17,283
Corporate bonds due within one year	644	444
Lease obligations	519	872
Income taxes payable	2,882	2,802
Accrued bonuses for employees	2,407	2,129
Accrued bonuses for directors and corporate auditors	213	185
Other current liabilities	16,172	13,225
Total current liabilities	116,895	140,177
Long-term liabilities		
Corporate bonds	1,148	704
Long-term debt	19,917	9,531
Lease obligations	1,629	2,597
Deferred tax liabilities	236	242
Deferred tax liabilities on land revaluation	3,127	3,094
Liabilities for retirement benefits	5,219	5,533
Other long-term liabilities	8,526	9,157
Total long-term liabilities	39,804	30,861
Total liabilities	156,700	171,039
Net assets		
Shareholders' equity		
Common stock	19,877	19,877
Capital surplus	18,736	18,736
Retained earnings	59,462	61,718
Treasury stock	(19)	(1,320)
Total shareholders' equity	98,057	99,011
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities	(836)	(724)
Deferred hedge gains (losses)	-	12
Revaluation reserve for land	(8,456)	(8,221)
Total valuation and translation adjustments	(9,292)	(8,933)
Minority interests	2,121	1,979
Total net assets	90,886	92,057
Total liabilities and net assets	247,587	263,096

(2) Consolidated Statements of Income

Millions of yen

	Year ended March 31, 2009	Year ended March 31, 2010
	Amount	Amount
Net sales	1,164,708	1,083,760
Cost of sales	1,090,248	1,019,202
Gross profit	74,459	64,557
Selling, general and administrative expenses	64,578	58,461
Operating income	9,881	6,095
Other income		
Interest income	231	177
Dividend income	286	222
Purchase discounts	491	262
Gain on foreign currency translation	24	-
Equity in income of unconsolidated subsidiaries and associated companies	-	466
Other	990	1,100
Total other income	2,024	2,230
Other expense		
Interest expense	769	617
Sales discounts	435	234
Loss on foreign currency translation	-	36
Equity in loss of unconsolidated subsidiaries and associated companies	46	-
Other	426	432
Total other expense	1,677	1,320
Ordinary income	10,227	7,005
Extraordinary gains		
Gain on sales of property, plant and equipment	211	119
Reversal of allowance for doubtful accounts	168	19
Gain on sales of investment securities	1,410	53
Gain on sales of business	253	49
Gain on change in equity interest	10	2,415
Compensation income for expropriation	-	484
Total extraordinary gains	2,054	3,141
Extraordinary losses		
Loss on sales and disposal of property, plant and equipment	585	608
Loss on sales of investment securities	193	-
Loss on devaluation of investment securities	505	3
Loss on devaluation of golf club membership	57	-
Reorganization losses	41	-
Loss on impairment of long-lived assets	285	199
Head office relocation expense	197	-
Loss on revision of retirement benefit plan	130	-
Total extraordinary losses	1,998	811
Income before income taxes and minority interests	10,284	9,335
Income taxes		
Current	4,449	3,619
Deferred	105	882
Total income taxes	4,555	4,501
Minority interests	310	473
Net income	5,418	4,360

(3) Consolidated Statements of Changes in Shareholders' Equity

Millions of yen

	Year ended March 31, 2009	Year ended March 31, 2010
Shareholders' equity		
Common stock		
Balance at end of previous year	19,877	19,877
Changes during the period		
Total changes during the period	-	-
Balance at end of year	19,877	19,877
Capital surplus		
Balance at end of previous year	17,783	18,736
Changes during the period		
Effect of corporate splits	953	-
Total changes during the period	953	-
Balance at end of year	18,736	18,736
Retained earnings		
Balance at end of previous year	55,830	59,462
Changes during the period		
Cash dividends paid	(1,467)	(1,869)
Net income	5,418	4,360
Effect from change in scope of companies accounted for by the equity method	61	-
Reversal of revaluation reserve for land	(379)	(234)
Total changes during the period	3,632	2,255
Balance at end of year	59,462	61,718
Treasury stock		
Balance at end of previous year	(2,585)	(19)
Changes during the period		
Purchase of treasury stocks	(19)	(1,301)
Effect of corporate splits	2,584	-
Total changes during the period	2,565	(1,301)
Balance at end of year	(19)	(1,320)
Total shareholders' equity		
Balance at end of previous year	90,906	98,057
Changes during the period		
Cash dividends paid	(1,467)	(1,869)
Net income	5,418	4,360
Purchase of treasury stocks	(19)	(1,301)
Effect from change in scope of companies accounted for by the equity method	61	-
Effect from corporate splits	3,538	-
Reversal of revaluation reserve for land	(379)	(234)
Total changes during the period	7,151	954
Balance at end of year	98,057	99,011

Valuation and translation adjustments		
Net unrealized gain (loss) on available-for-sale securities		
Balance at end of previous year	(284)	(836)
Changes during the period		
Net increase (decrease) during the period, except for items under shareholders' equity	(551)	111
Total changes during the period	(551)	111
Balance at end of year	(836)	(724)
Deferred hedge gains (losses)		
Balance at end of previous year	-	-
Changes during the period		
Net increase (decrease) during the period, except for items under shareholders' equity	-	12
Total changes during the period	-	12
Balance at end of year	-	12
Revaluation reserve for land		
Balance at end of previous year	(8,836)	(8,456)
Changes during the period		
Reversal of revaluation reserve for land	379	234
Total changes during the period	379	234
Balance at end of year	(8,456)	(8,221)
Total valuation and translation adjustments		
Balance at end of previous year	(9,120)	(9,292)
Changes during the period		
Reversal of revaluation reserve for land	379	234
Net increase (decrease) during the period, except for items under shareholders' equity	(551)	123
Total changes during the period	(171)	358
Balance at end of year	(9,292)	(8,933)
Minority interests		
Balance at end of previous year	1,922	2,121
Changes during the period		
Net increase (decrease) during the period, except for items under shareholders' equity	199	(142)
Total changes during the period	199	(142)
Balance at end of year	2,121	1,979
Total net assets		
Balance at end of previous year	83,707	90,886
Changes during the period		
Cash dividends paid	(1,467)	(1,869)
Net income	5,418	4,360
Purchase of treasury stocks	(19)	(1,301)
Effect from change in scope of companies accounted for by the equity method	61	-
Effect of corporate splits	3,538	-
Reversal of revaluation reserve for land	-	-
Net increase (decrease) during the period, except for items under shareholders' equity	(352)	(18)
Total changes during the period	7,178	1,171
Balance at end of year	90,886	92,057

(4) Consolidated Statements of Cash Flows

Millions of yen

	Year ended March 31, 2009	Year ended March 31, 2010
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	10,284	9,335
Depreciation and amortization	5,632	6,434
Loss on impairment of long-lived assets	285	199
Amortization of goodwill	1,985	2,284
Increase (decrease) in allowance for doubtful accounts	(732)	139
Increase (decrease) in liabilities for retirement benefits	427	314
Interest and dividend income	(518)	(400)
Interest expense	769	617
(Gain) loss on foreign currency translation	(24)	71
Equity in (income) loss of unconsolidated subsidiaries and associated companies	46	(466)
(Gain) loss on sales and disposal of property, plant and equipment	373	489
(Gain) loss on sales of investment securities	(1,216)	(53)
(Gain) loss on devaluation of investment securities	505	3
(Gain) loss on sales of business	(253)	(49)
(Gain) loss on change in equity interest	(10)	(2,415)
Compensation income for expropriation	-	(484)
Head office relocation expense paid	197	-
Reorganization losses	41	-
Loss on devaluation of golf club membership	57	-
(Increase) decrease in trade notes and accounts receivable	78,574	(32,551)
(Increase) decrease in inventories	6,752	(2,098)
Increase (decrease) in trade notes and accounts payable	(70,605)	28,699
(Increase) decrease in other assets	(2,556)	1,654
Increase (decrease) in other liabilities	3,211	(2,872)
Sub total	33,230	8,849
Interest and dividend income received	606	449
Interest paid	(655)	(605)
Income taxes paid	(3,918)	(3,731)
Net cash provided by (used in) operating activities	29,263	4,961
Cash flows from investing activities		
Purchases of property, plant and equipment	(5,953)	(4,363)
Proceeds from sales of property, plant and equipment	1,777	289
Purchases of intangible assets	(1,509)	(1,496)
Proceeds from sales of intangible assets	540	88
Proceeds from sales of business	-	3,077
Purchases of investment securities	(766)	(3,166)
Proceeds from sales of investment securities	1,828	1,441
Purchases of investments in subsidiaries	-	(483)
Proceeds from investments in subsidiaries resulting in change in scope of consolidation	2,877	-
Payments for loans	(3,196)	(1,253)
Collection of loans	3,277	1,897
Proceeds from compensation for expropriation	-	393
Other	(580)	(36)
Net cash provided by (used in) investing activities	(1,703)	(3,612)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings - net	(16,643)	(3,918)
Proceeds from long-term debt	470	-
Repayments of long-term debt	(6,130)	(8,792)
Redemption of bonds	(822)	(644)
Repayments of lease obligations	(117)	(380)
Repurchases of treasury stock	(19)	(1,304)
Dividends paid	(1,467)	(1,869)
Dividends paid to minority shareholders of consolidated subsidiaries	(110)	(77)
Net cash provided by (used in) financing activities	(24,840)	(16,987)

Foreign currency translation adjustments on cash and cash equivalents	-	17
Net increase (decrease) in cash and cash equivalents	2,719	(15,621)
Cash and cash equivalents, beginning of the period	33,909	43,219
Increase in cash and cash equivalents from corporate splits	6,590	-
Cash and cash equivalents, end of the period	43,219	27,598

(5) Notes on the going-concern assumption

Not applicable

(6) Segment Information

Industry segment information:

Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

Millions of yen

	Industrial Material	Car Life	Energy Trade	Home Life	Total	Elimination/ Corporate	Consolidated
I. Sales							
(1) Sales to customers	136,985	816,345	87,103	124,274	1,164,708	-	1,164,708
(2) Intersegment sales or transfers	59	1,889	15,380	-	17,329	(17,329)	-
Total	137,044	818,235	102,484	124,274	1,182,037	(17,329)	1,164,708
Operating expenses	133,578	811,300	102,081	122,286	1,169,246	(14,419)	1,154,826
Operating income	3,465	6,934	402	1,987	12,791	(2,909)	9,881
II. Assets, depreciation/amortization, impairment loss and capital expenditures							
Assets	16,955	111,794	21,828	44,559	195,138	52,449	247,587
Depreciation/amortization	335	3,310	109	1,359	5,115	516	5,632
Impairment loss	-	282	-	3	285	-	285
Capital expenditures	666	6,668	160	1,165	8,661	583	9,244

Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

Millions of yen

	Industrial Material	Car Life	Energy Trade	Home Life	Total	Elimination/ Corporate	Consolidated
I. Sales							
(1) Sales to customers	97,747	505,484	394,132	86,395	1,083,760	-	1,083,760
(2) Intersegment sales or transfers	816	6,272	32,379	-	39,467	(39,467)	-
Total	98,563	511,756	426,512	86,395	1,123,227	(39,467)	1,083,760
Operating expenses	96,934	508,345	426,861	83,000	1,115,142	(37,477)	1,077,664
Operating income (loss)	1,629	3,411	(349)	3,394	8,085	(1,989)	6,095
II. Assets, depreciation/amortization, impairment loss and capital expenditures							
Assets	21,373	107,476	52,214	51,887	232,951	30,145	263,096
Depreciation/amortization	387	3,908	430	2,717	7,443	691	8,135
Impairment loss	-	75	-	123	199	-	199
Capital expenditures	321	3,269	344	1,406	5,341	433	5,774

Notes: 1. Method of segmentation of business:
Business operations are categorized according to similarities in the way the goods are used by end consumers.

2. Main lines of business by segment
Industrial Material:
Energy and material supplies for customers, high-pressure gas production, and sales of asphalt, cement, LNG (liquefied natural gas), urea aqueous solution, electricity and other materials.

Car Life:

Consumer sales and services, mainly at car-life-stations, including gasoline, heating oil, light diesel oil, heavy fuel oil, grease, automobile supplies, car inspections, maintenance, used cars, and car rental services.

Energy Trade:

Import and export of petroleum products, regulation of supply of and demand for petroleum products in Japan, chartering and operation of tankers, import and sale of marine fuels, purchase and sale of lubricating oil, logistics services for petroleum storage tanks and facilities.

Home Life:

Sales of everyday goods and services such as liquefied petroleum gas, equipment (combustion equipment, kitchen equipment, air-conditioning equipment, and household equipment), commodities, catalogue merchandise, and sundries.

3. Major items and amounts included in “Elimination/Corporate” are as follows.

	Year ended March 31, 2009 (millions of yen)	Year ended March 31, 2010 (millions of yen)	Main component
Operating expenses unable to be allocated and included in “Elimination/Corporate”	2,909	1,989	Expenses related to the administrative division (e.g. accounting and general affairs) of Itochu Enex Co., Ltd.
Amount of corporate assets included in “Elimination/Corporate”	52,449	30,145	Surplus funds (e.g. cash and cash equivalents, securities), long-term investment funds (e.g. investment securities) and assets related to the administrative division owned by Itochu Enex Co., Ltd.

4. “Depreciation/amortization” and “Capital expenditures” include long-term prepaid expenses and their amortization

5. Additional information

(1) During the fiscal year ended March 31, 2009, the Company acquired the petroleum products trade business and the petroleum products logistics business of Itochu Corporation and Itochu Petroleum Japan Ltd., respectively. These petroleum product-related businesses are categorized as a newly added business segment, Energy Trade.

(2) During the fiscal year ended March 31, 2010, to streamline business management, the Company consolidated overlapping businesses of the Company and its consolidated subsidiaries and reorganized segments as follows.

- The Company’s “special sales” business was transferred to consolidated subsidiary Kokura Kosan Energy Co., Ltd., and reclassified from the Car Life Division to the Energy Trade Division.
- Kokura Kosan Energy Co., Ltd.’s marine fuel business was transferred to the Company and reclassified from the Car Life Division to the Industrial Material Division.

Segment information for the year ended March 31, 2009 based on the new segment classifications used for the year ended March 31, 2010, is as follows.

Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

Millions of yen

	Industrial Material	Car Life	Energy Trade	Home Life	Total	Elimination/ Corporate	Consolidated
I. Sales							
(1) Sales to customers	130,590	599,931	309,912	124,274	1,164,708	-	1,164,708
(2) Intersegment sales or transfers	59	1,889	15,380	-	17,329	(17,329)	-
Total	130,650	601,820	325,292	124,274	1,182,037	(17,329)	1,164,708
Operating expenses	127,331	596,400	323,227	122,286	1,169,246	(14,419)	1,154,826
Operating income	3,318	5,420	2,064	1,987	12,791	(2,909)	9,881
II. Assets, depreciation/amortization, impairment loss and capital expenditures							
Assets	16,955	95,276	38,346	44,559	195,138	52,449	247,587
Depreciation/amortization	335	3,222	197	1,359	5,115	516	5,632
Impairment loss	-	282	-	3	285	-	285
Capital expenditures	666	6,641	187	1,165	8,661	583	9,244

Geographical Segment Information:

Year ended March 31, 2009 (April 1, 2008 – March 31, 2009) and year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

Not applicable

Overseas Sales:

Year ended March 31, 2009 (April 1, 2008 – March 31, 2009) and year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

Details are omitted from this report as overseas sales accounts for less than 10% of total sales.

(7) Significant subsequent events

Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

Agreement on transfer of LPG wholesale business

The Company and its subsidiaries transferred their LPG (Liquid Petroleum Gas) lorry wholesale business to Japan Gas Energy Corporation (JGE) effective of April 1, 2009.

(1) Purpose of the transfer

The Company, Japan Energy Corporation, Osaka Gas Co., Ltd., Nissho Petroleum Gas Corporation (Nissho), and Itochu Corporation reached a basic agreement dated October 31, 2008, to establish a new company to merge their import and wholesale functions, and concluded an agreement with shareholders dated January 30, 2009, based on said basic agreement.

Through the alliance, the five alliance partners aim to further enhance customer security and service and create an LPG business group that efficiently provides a stable supply of LPG products with comprehensive competitive advantages across the entire range of the alliance partners' LPG operations, from overseas procurement to retail sales.

Attendant on the merging the import and wholesale functions, the Group's LPG lorry wholesale business is to be transferred to Japan Gas Energy Corporation effective April 1, 2009.

(2) Outline of the company succeeding the business

Name:	Japan Gas Energy Corporation
Head office:	Minoto-ku, Tokyo
President:	Junichi Izumi
Capital stock:	3.5 billion yen
Business activities:	Import and sales of LPG (wholesale)
Volume of business (estimated):	Net sales: 160 billion yen / year
	Import volume: 1.5 million tons / year
	Sales volume: 2.25 million tons / year
Date of establishment:	April 1, 2009
Shareholders:	J Energy 51%, Nissho 29%, Itochu Enex 20%

(3) Outline of the transferred business
LPG wholesaling via lorry trucks

(4) Net sales of the transferred business (for the fiscal year ended March 31, 2008)
Net sales: 27,585 million yen

(5) Transfer date
April 1, 2009

(6) Transfer price
3,077 million yen

Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

Not applicable