FOR IMMEDIATE RELEASE
May 2, 2011
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Itochu Enex Reports Earnings for the Fiscal Year ended March 31, 2011

Tokyo, Japan, May 2, 2011 -- Itochu Enex Co., Ltd. (TSE: 8133) announced net sales of 1,185,731 million yen for the fiscal year ended March 31, 2011, and net income of 3,883 million yen, or 34.12 yen per share.

Results of Operations

In the fiscal year ended March 31, 2011, the Japanese economy was on a gradual recovery track, supported by improvements in corporate earnings. The economic outlook remained uncertain, however, due to protracted yen appreciation and deflation, a severe employment environment, and the massive damage caused by the Great East Japan Earthquake on March 11, 2011.

The domestic petroleum distribution industry showed signs of an improvement in demand driven by higher gasoline demand amid an unusually hot summer. Overall, however, the supply-demand balance remained adverse due to tepid economic activity in Japan and the increasing environmental consciousness of Japanese consumers. Other factors also converged to create a challenging market environment, including restructuring and consolidation among major oil wholesalers, rising global crude oil prices due to escalating tensions in the Middle East, and the natural disaster in Japan.

Amid this environment, we undertook initiatives in the final year of our medium-term business plan, Core & Synergy 2010, to reinforce and expand the core petroleum and LPG using newly acquired enterprise resources, functions, and business models. We also actively responded to society’s changing energy by offering an optimal lineup of new energy products including solar power generation systems and household fuel cell systems (EneFarm).

The earthquake in Japan caused damage to some of the Group’s Car-Life Stations (i.e., refueling stations) and LPG supply facilities. We are striving to return operations to normal as quickly as possible to ensure a stable supply of critical products like gasoline and LPG to customers. We are drawing on all of our combined Group resources to support the rebuilding of disaster-stricken areas and affected customer companies.

As a result of the above activities, consolidated net sales in the fiscal year ended March 31, 2011 increased 9.4% over the previous year to 1,185,731 million yen, as higher crude oil prices led to higher product prices. Consolidated operating income rose 48.1% year on year to 9,027 million yen, boosted by cost savings created through business consolidation. Consolidated ordinary income jumped 37.3% year on year to 9,621 million yen due to an improvement in the balance of interest income and expenses and other factors. Consolidated net income fell 10.9% year on year to 3,883 million yen, largely as a result of a 1,036 million yen charge booked in conjunction with adoption of a new accounting standard for asset retirement obligations, along with a charge of 304 million yen for earthquake-related damages.

Segment Information

Industrial Material Division

The Industrial Material Division earned operating income of 1,784 million yen (up 13.0% year on year) on net sales of 118,094 million yen (up 23.3% year on year) in the fiscal year ended March 31, 2011.

In the petroleum products business, we implemented an area sales strategy and acquired new customers amid a challenging environment in which domestic industry sought to respond to demands for a low-carbon society and factory utilization rates remained sluggish. These activities paid off as sales volume of mainstay intermediate distillates like heating oil, light diesel oil, and class-A heavy fuel oil rose year on year. In the asphalt business, however, sales volumes declined year on year due to public sector investment constraints, while in the marine fuels business, sales volume also declined due to stagnant vessel utilization rates in Japan. In the general high-pressure gas business, sales volume increased year on year as a result of higher demand for welding gases and hydrogen gas from the automobile, construction machinery, and electronic parts industries.

As part of our plan to become a comprehensive energy company, in October 2010 we launched an electric power retailing business, which followed our foray into electric power wholesaling. In February 2011, we took a 22.47% stake in IP Power Systems Corp. and in March 2011 we acquired all shares in Japan Energy Network Co., Ltd. These moves will enable us to secure a stable customer base for electric power sales and build a foothold in the heat and power cogeneration business.

Car Life Division

The Car Life Division earned operating income of 4,766 million yen (up 39.7% year on year) on net sales of 548,690 million yen (up 8.5% year on year).

Amid a decrease in gasoline demand as fuel-efficient vehicles become more prevalent among environmentally conscious consumers, we succeeded in bolstering sales capabilities by proposing to affiliated Car-Life Stations techniques for managing their businesses from the customer’s perspective. Even though the number of Car-Life Stations declined, we managed to increase revenues as a result of the initiatives.

We ended March 31, 2011, with a total of 2,144 Car-Life Stations, 9 fewer than at the end of the previous fiscal year. During the year, we added 82 newly affiliated stations, versus a loss of 91 stations from closure or disaffiliation amid the ongoing attrition among domestic gas stations.

The number of Car-Life Stations that have signed up as rental sites for Itsumo Rent-a-Car, a preowned vehicle rental business we are promoting with the aim of developing Car-Life Stations into the go-to hubs for regional car users, increased steadily to 331 locations (94 more than at the previous fiscal year-end). Additionally, we implemented our ACT Program* to boost management efficiency at Car-Life Stations and reinforce their competitiveness and sound management.

In October, we restructured Group companies with the aim of optimizing our regional networks of sales companies and continued strengthening our operational foundation by practicing locally focused management. Through our participation in the Tsukuba Project, initiated in May 2010 to commercially develop transportation systems for a low-carbon society, we are amassing a variety of knowhow in alternative energy technologies, including solar power generation, lithium-ion batteries, and energy supply for recharging of electric vehicles. We aim to contribute to local communities by building a business foundation to make these technologies available at Group Car-Life Stations in the future.

*ACT Program: ACT stands for “Area Champion Trial”. Under the program, we work closely with Car-Life Station operators to raise their competitiveness by analyzing their station operations and competitive climate, holding group training, and engaging in other activities.

Energy Trade Division

The Energy Trade Division recorded net sales totaled 422,325 million yen (up 7.2% year on year) and operating income of 686 million yen (versus an operating loss of 349 million yen in the previous fiscal year) as a result of lower operating costs, reduced mainly through the sale of company-owned vessels, and stable petroleum products trading revenues.

In the petroleum products trading business, trading of seaborne spot cargoes slumped due to a reduced need among customers to balance supply and demand, caused by such factors as the domestic slump in demand for petroleum products and consolidation among major oil companies. We succeeded in securing profits, however, by means of trading that reflected customer needs and trading in anticipation of changes in supply and demand.

In the marine fuel sales business, demand was generally sluggish due to stagnant marine cargo traffic, which reflected the overall economic slowdown. Higher overseas sales, however, contributed to lifting petroleum products sales volume well above the previous year's level. Profitability was undercut by the impact of narrowed fuel price differentials between domestic and overseas markets and the yen appreciation on the import business.

In the tanker business, tanker rates failed again to recover above the fleet's breakeven profitability level. We responded to Itochu Group companies' demand for tankers at spot freight rates, but this was not enough to offset the losses. Instead, we resorted to the sale of company-owned vessels to dramatically lower operating costs.

Home Life Division

The Home Life Division earned operating income of 3,689 million yen (up 8.7% year on year) on net sales of 94,942 million yen (up 9.9% year on year).

In the LPG business, looking at the overall market structure, the drive to realize a low-carbon society has started a shift away from dependency on fossil fuels and heated up competition among the different energy sources. Consequently, LPG sales volume declined slightly year on year, mainly as a result of lower household demand.

LPG import prices remained high throughout the year, but we secured a fair return thanks to widespread penetration of the gas rate adjustment system. Further, we achieved year-on-year growth in profits through efficient management and cost-cutting efforts at the regional sales companies, along with the continued creation of joint ventures with other firms to consolidate local logistics operations and improve efficiency.

In this environment, we focused on responding to the needs of a low-carbon society by strengthening sales of solar power generation systems as well as driving new demand for LPG with the marketing of EneFarm household fuel cell systems.

With regard to our security programs, we took steps to reinforce the security guidance we provide to regional sales companies as part of Group-wide security improvements. Additionally, our social contribution initiatives included a nationwide program for preschoolers on the importance of food and how to hold chopsticks.

Consolidated Earnings Forecasts

At the current time, we are unable to provide an accurate earnings forecast for the year ending March 31, 2012 due to ongoing analysis of the impact of the earthquake. We plan to disclose earnings forecasts as soon as possible, with a target of mid-May.

Financial Condition

Total assets amounted to 277,585 million yen at March 31, 2011, a 14,488 million yen increase from March 31, 2010.

The growth was attributable to a 7,308 million yen increase in current assets, resulting from higher trade notes and accounts receivable and merchandise and finished products, and a 7,179 million yen increase in fixed assets, resulting from an increase in the number of consolidated companies.

Liabilities increased by 12,422 million yen from the end of the previous fiscal year to 183,462 million yen at March 31, 2011. Short-term borrowings declined by 8,886 million yen and long-term debt declined by 450 million yen, but trade notes and accounts payable rose by 3,361 million yen, bonds payable rose by 8,852 million yen, and asset retirement obligations increased by 2,255 million yen.

Net assets increased 2,065 million yen to 94,123 million yen at March 31, 2011, mainly reflecting 3,883 million yen in net income partially offset by 1,821 million yen in dividend distributions.

Our shareholders' equity ratio at March 31, 2011, was 33.1%.

Cash flows

Cash and cash equivalents totaled 23,735 million yen at March 31, 2011, a decrease of 3,862 million yen from March 31, 2010, largely attributable to repayment of short- and long-term borrowings.

Operating activities provided net cash of 11,481 million yen. This net cash inflow was derived mainly from pretax income of 8,181 million yen, depreciation and amortization adjustments of 6,092 million yen, and an adjustment of 1,036 million yen for the adoption of a new accounting standard for asset retirement obligations. This was offset by a 3,605 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 8,298 million yen. Major investment outflows included 3,516 million yen spent to acquire property, plant and equipment, mainly in conjunction with investment in Car-Life Station facilities, along with 1,712 million yen to acquire intangible assets, and 3,077 million yen to acquire shares in a subsidiary.

Financing activities used net cash of 7,091 million yen. Major financing outflows included 5,143 million yen in repayments of interest-bearing debt and 1,821 million yen in dividend distributions.

Cash flow indicators

Fiscal year ended March 31,	2008	2009	2010	2011
Shareholders' equity ratio (%)	32.1	35.9	34.2	33.1
Shareholders' equity ratio at market value (%)	20.4	24.4	21.3	19.5
Ratio of cash flow to interest-bearing debt (years)	2.6	1.4	5.6	2.4
Interest-coverage ratio (times)	14.4	26.8	5.9	17.5

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, 2011-12

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, 2011, we plan to pay a year-end dividend of 8 yen per share and a special dividend of 4 yen a share to commemorate the 50^{th} anniversary of the company's founding. For the fiscal year ending March 31, 2012, we plan to maintain our policy of making stable dividend payments, but since our earnings forecast has not been announced, we have yet to determine a planned dividend payment for the year. We will announce the planned payment as soon as possible.

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, 2010	March 31, 2011
	Amount	Amount
Assets		
Current assets		
Cash and cash equivalents	27,599	23,735
Trade notes and accounts receivable	112,148	117,449
Merchandise and finished products	10,294	12,273
Deferred tax assets	1,781	2,287
Other	9,368	12,816
Allowance for doubtful accounts	(562)	(624)
Total current assets	160,629	167,938
Fixed assets		
Property, plant and equipment		
Buildings and structures	50,467	52,785
Accumulated depreciation	(29,939)	(31,393)
Buildings and structures, net	20,527	21,392
Machinery, equipment and vehicles	30,727	37,570
Accumulated depreciation	(22,767)	(25,465)
Machinery, equipment and vehicles, net	7,959	12,105
Land	35,161	35,565
Leased assets	3,557	3,967
Accumulated depreciation	(815)	(1,500)
Leased assets, net	2,741	2,466
Construction in progress	147	627
Other	4,935	5,131
Accumulated depreciation	(3,749)	(3,906)
Other, net	1,186	1,224
Net, property, plant and equipment	67,724	73,381
Intangible assets		
Goodwill	4,797	4,053
Other	2,627	3,143
Total intangible assets	7,425	7,196
Investments and other assets		
Investment securities	13,922	14,460
Long-term loans	1,787	1,575
Deferred tax assets	3,199	3,530
Other assets	9,674	10,434
Allowance for doubtful accounts	(1,265)	(932)
Total investments and other assets	27,317	29,068
Total fixed assets	102,467	109,646
Total assets	263,096	277,585

Millions of yen

	March 31, 2010 Amount	March 31, 2011 Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	103,235	106,597
Short-term borrowings	17,283	8,396
Corporate bonds due within one year	444	-
Lease obligations	872	1,017
Income taxes payable	2,802	3,127
Accrued bonuses for employees	2,129	2,559
Accrued bonuses for directors and corporate auditors	185	224
Allowance for disaster losses	-	235
Other current liabilities	13,225	16,969
Total current liabilities	140,177	139,127
Long-term liabilities		
Corporate bonds	704	10,000
Long-term debt	9,531	9,081
Lease obligations	2,597	2,345
Deferred tax liabilities	242	376
Deferred tax liabilities on land revaluation	3,094	3,079
Liabilities for retirement benefits	5,533	5,991
Asset retirement obligations	-	2,236
Other long-term liabilities	9,157	11,222
Total long-term liabilities	30,861	44,334
Total liabilities	171,039	183,462
Net assets		
Shareholders' equity		
Common stock	19,877	19,877
Capital surplus	18,736	18,736
Retained earnings	61,718	63,795
Treasury stock	(1,320)	(1,321)
Total shareholders' equity	99,011	101,088
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	(724)	(1,103)
Deferred hedge gains (losses)	12	3
Revaluation reserve for land	(8,221)	(8,236)
Total accumulated other comprehensive income	(8,933)	(9,336)
Minority interests	1,979	2,371
Total net assets	92,057	94,123
Total liabilities and net assets	263,096	277,585

(2) Consolidated Statements of Income

	Millions of yen	
	Year ended March 31, 2010	Year ended March 31, 2011
	Amount	Amount
Net sales	1,083,760	1,185,731
Cost of sales	1,019,202	1,120,830
Gross profit	64,557	64,900
Selling, general and administrative expenses	58,461	55,873
Operating income (loss)	6,095	9,027
Other income		
Interest income	177	78
Dividend income	222	240
Purchase discounts	262	248
Gain on foreign currency translation	-	142
Equity in income of unconsolidated subsidiaries and associated companies	466	322
Other	1,100	900
Total other income	2,230	1,932
Other expense		
Interest expense	617	438
Sales discounts	234	226
Loss on foreign currency translation	36	-
Cost of 50th anniversary ceremony	-	245
Other	432	427
Total other expense	1,320	1,339
Ordinary income	7,005	9,621
Extraordinary gains		
Gain on sales of fixed assets	119	113
Gain on sales of parent company's shares	-	282
Reversal of allowance for doubtful accounts	19	71
Gain on sales of investment securities	53	166
Gain on sales of business	49	73
Gain on change in equity interest	2,415	-
Compensation income for expropriation	484	-
Total extraordinary gains	3,141	706
Extraordinary losses		
Loss on sales and disposal of fixed assets	608	516
Loss on sales of investment securities	-	2
Loss on devaluation of investment securities	3	76
Loss on devaluation of golf club membership	-	11
Loss on impairment of long-lived assets	199	100
Disaster losses	-	304
Effect of adoption of new accounting standards for asset retirement obligations	-	1,036
Other	-	96
Total extraordinary losses	811	2,145
Income before income taxes and minority interests	9,335	8,181
Income taxes		
Current	3,619	4,272
Deferred	882	(481)
Total income taxes	4,501	3,791
Income before minority interests	-	4,390
Minority interests	473	506
Net income	4,360	3,883

Statements of Comprehensive Income

Millions of yen

	Year ended March 31, 2010	Year ended March 31, 2011
	Amount	Amount
Income before minority interests	-	4,390
Other comprehensive income	-	
Unrealized gains on available-for-sale securities	-	(375)
Share of other comprehensive income of associates accounted for using equity method	-	(12)
Total other comprehensive income	-	(387)
Comprehensive income	-	4,002
Components:		
Comprehensive income attributable to owners of the parent	-	3,496
Comprehensive income attributable to minority interests	-	506

(3) Consolidated Statements of Changes in Net Assets

	Year ended March 31, 2010	Millions of yen Year ended March 31, 2011
	Amount	Amount
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	18,736	18,736
Changes during the period		
Total changes during the period	-	-
Balance at end of year	18,736	18,736
Retained earnings		
Balance at end of previous year	59,462	61,718
Changes during the period		
Cash dividends paid	(1,869)	(1,821)
Net income	4,360	3,883
Reversal of revaluation reserve for land	(234)	14
Total changes during the period	2,255	2,077
Balance at end of year	61,718	63,795
Treasury stock		
Balance at end of previous year	(19)	(1,320)
Changes during the period		
Purchase of treasury stocks	(1,301)	(0)
Total changes during the period	(1,301)	(0)
Balance at end of year	(1,320)	(1,321)
Total shareholders' equity		
Balance at end of previous year	98,057	99,011
Changes during the period		
Cash dividends paid	(1,869)	(1,821)
Net income	4,360	3,883
Purchase of treasury stocks	(1,301)	(0)
Reversal of revaluation reserve for land	(234)	14
Total changes during the period	954	2,076
Balance at end of year	99,011	101,088
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities		
Balance at end of previous year	(836)	(724)
Changes during the period		
Net increase (decrease) during the period, except for items under shareholders' equity	111	(378)
Total changes during the period	111	(378)
Balance at end of year	(724)	(1,103)
Deferred hedge gains (losses)		
Balance at end of previous year	-	12
Changes during the period		

Net increase (decrease) during the period, except for items under shareholders' equity	12	(9)
Total changes during the period	12	(9)
Balance at end of year	12	3
Revaluation reserve for land		
Balance at end of previous year	(8,456)	(8,221)
Changes during the period		
Reversal of revaluation reserve for land	234	(14)
Total changes during the period	234	(14)
Balance at end of year	(8,221)	(8,236)
Total accumulated other comprehensive income		
Balance at end of previous year	(9,292)	(8,933)
Changes during the period		
Reversal of revaluation reserve for land	234	(14)
Net increase (decrease) during the period, except for items under shareholders' equity	123	(387)
Total changes during the period	358	(402)
Balance at end of year	(8,933)	(9,336)
Minority interests		
Balance at end of previous year	2,121	1,979
Changes during the period		
Net increase (decrease) during the period, except for items under shareholders' equity	(142)	391
Total changes during the period	(142)	391
Balance at end of year	1,979	2,371
Total net assets		
Balance at end of previous year	90,886	92,057
Changes during the period		
Cash dividends paid	(1,869)	(1,821)
Net income	4,360	3,883
Purchase of treasury stocks	(1,301)	(0)
Reversal of revaluation reserve for land	-	-
Net increase (decrease) during the period, except for items under shareholders' equity	(18)	4
Total changes during the period	1,171	2,065
Balance at end of year	92,057	94,123

(3) Consolidated Statements of Cash Flows

Millions of yen

	Year ended March 31, 2010	Year ended March 31, 2011
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	9,335	8,181
Depreciation and amortization	6,434	6,092
Loss on impairment of long-lived assets	199	100
Amortization of goodwill	2,284	1,808
Increase (decrease) in allowance for doubtful accounts	139	(200)
Increase (decrease) in liabilities for retirement benefits	314	419
Interest and dividend income	(400)	(318)
Interest expense	617	438
(Gain) loss on foreign currency translation	71	(68)
Equity in (income) loss of unconsolidated subsidiaries and associated companies	(466)	(322)
(Gain) loss on sales and disposal of fixed assets	489	403
(Gain) loss on sales of parent company's shares	-	(282)
(Gain) loss on sales of investment securities	(53)	(163)
(Gain) loss on revaluation of investment securities	3	76
(Gain) loss on sales of business	(49)	(73)
(Gain) loss on change in equity interest	(2,415)	-
Compensation income for expropriation	(484)	-
Loss on devaluation of golf club membership	-	11
Disaster losses	-	304
Effect of adoption of new accounting standards for asset retirement obligations	-	1,036
(Increase) decrease in trade notes and accounts receivable	(32,551)	(4,744)
(Increase) decrease in inventories	(2,098)	(1,841)
Increase (decrease) in trade notes and accounts payable	28,699	2,980
Increase (decrease) in other assets	1,654	(3,910)
Increase (decrease) in other liabilities	(2,872)	5,359
Sub total	8,849	15,288
Interest and dividend income received	449	584
Interest paid	(605)	(427)
Income taxes paid	(3,731)	(3,964)
Net cash provided by (used in) operating activities	4,961	11,481
Cash flows from investing activities		
Purchases of property, plant and equipment	(4,363)	(3,516)
Proceeds from sales of property, plant and equipment	289	404
Purchases of intangible assets	(1,496)	(1,712)
Proceeds from sales of intangible assets	88	293
Proceeds from sales of business	3,077	73
Proceeds from sales of parent company's shares	-	328
Purchases of investment securities	(3,166)	(2,229)
Proceeds from sales of investment securities	1,441	871
Purchase of investment in subsidiaries	(483)	(3,077)
Proceeds from liquidation of associated companies	-	12
Payments for loans	(1,253)	(412)
Collection of loans	1,897	1,662
Proceeds from compensation for expropriation	393	90
Other	(36)	(1,087)
Net cash provided by (used in) investing activities	(3,612)	(8,298)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings - net	(3,918)	(1,925)
Repayments of long-term debt	(8,792)	(10,789)
Issuance of bonds	-	9,950
Redemption of bonds	(644)	(1,148)
Repayments of lease obligations	(380)	(1,230)
Repurchases of treasury stock	(1,304)	(0)
Dividends paid	(1,869)	(1,821)
Dividends paid to minority shareholders of consolidated subsidiaries	(77)	(125)
Net cash provided by (used in) financing activities	(16,987)	(7,091)

Foreign currency translation adjustments on cash and cash equivalents	17	(17)
Net increase (decrease) in cash and cash equivalents	(15,621)	(3,926)
Cash and cash equivalents, beginning of the period	43,219	27,598
Increase in cash and cash equivalents resulting from change in scope of consolidation	-	63
Cash and cash equivalents, end of the period	27,598	23,735

Segment Information

a. Industry segment information:

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, cars, automobile supplies, next-generation energy systems (fuel cells, solar power systems, etc.), car inspections, maintenance, 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), next-generation energy systems (fuel cells, solar power systems, etc.), commodities, catalogue merchandise, and sundries

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

	Year ended March 31, 2010 (millions of yen)	Main component
Operating expenses unable to be allocated and included in “Elimination/Corporate”	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”	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

b. Geographical Segment Information:

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

Not applicable

c. Overseas Sales:

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

Disclosure is omitted here as overseas sales accounts for less than 10% of total sales.

d. Segment Information

Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

1. Overview of reportable segments

The Company’s reportable segments are components of the Company about which separate financial information is available. These segments are subject to periodic examinations to enable the Company’s board of directors to decide how to allocate resources and assess performance.

The Company is organized into business divisions. Each business division conducts business based on strategies for each category of target customers and markets. The Company’s four reportable segments correspond to its business divisions, namely the Industrial Materials, Car Life, Energy Trade, and Home Life Divisions.

Industrial Material

Energy and material supplies for customers, high-pressure gas production, 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, cars, automobile supplies, next-generation energy systems (fuel cells, solar power systems, etc.), car inspections, maintenance, 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), next-generation energy systems (fuel cells, solar power systems, etc.), commodities, catalogue merchandise, and sundries

2. Calculation method for net sales, income/loss, assets, liabilities, and other items by reportable segment

"Reportable segment income (loss)" is based on operating income.

"Intersegment sales or transfers" is based on market price.

3. Net sales, income/loss, assets, liabilities, and other items by reportable segment

(April 1, 2009 – March 31, 2010)

Millions of yen

	Reportable segment								
	Industrial Material	Car Life	Energy Trade	Home Life	Total	Other *1	Total	Adjustments *2	Amounts on the consolidated statements of income *3
I. Sales									
(1) Sales to customers	95,749	505,484	394,132	86,395	1,081,762	1,998	1,083,760	-	1,083,760
(2) Intersegment sales or transfers	816	6,272	32,379	-	39,467	2,282	41,749	(41,749)	-
Total	96,565	511,756	426,512	86,395	1,121,229	4,280	1,125,510	(41,749)	1,083,760
Segment income (loss)	1,579	3,411	(349)	3,394	8,035	50	8,085	(1,989)	6,095
Segment assets	20,512	107,430	52,214	51,933	232,090	861	232,951	30,145	263,096
Other items									
Depreciation/amortization	322	3,632	311	1,471	5,737	5	5,743	691	6,434
Amortization of goodwill	59	819	193	1,302	2,374	-	2,374	(89)	2,284
Equity in income of unconsolidated subsidiaries and associates	56	57	95	251	461	-	461	5	466
Investment in equity-method associates	498	499	0	4,448	5,447	-	5,447	8	5,456
Increase in Property, plant and equipment and intangible assets	500	3,053	342	1,366	5,262	1	5,263	596	5,860

Notes:
1. "Other" comprises businesses, such as back-office outsourcing services that are not included in reportable segments.
2. The negative 1,989 million yen adjustment for segment income is 1,989 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is SG&A expenses that are not attributable to reportable segments.
3. Segment income adjustments are based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

(April 1, 2010 – March 31, 2011)

Millions of yen

	Reportable segment					Other *1	Total	Adjustments *2	Amounts on the consolidated statements of income *3
	Industrial Material	Car Life	Energy Trade	Home Life	Total				
I. Sales									
(1) Sales to customers	118,094	548,690	422,325	94,942	1,184,053	1,678	1,185,731	-	1,185,731
(2) Intersegment sales or transfers	569	2,698	25,412	-	28,680	2,144	30,824	(30,824)	-
Total	118,663	551,389	447,737	94,942	1,212,733	3,822	1,216,555	(30,824)	1,185,731
Segment income (loss)	1,784	4,766	686	3,689	10,927	84	11,012	(1,984)	9,027
Segment assets	36,655	114,417	48,740	51,337	251,150	950	252,101	25,484	277,585
Other items									
Depreciation/amortization	295	3,532	307	1,423	5,559	4	5,564	527	6,092
Amortization of goodwill	52	823	161	861	1,898	-	1,898	(89)	1,808
Equity in income of unconsolidated subsidiaries and associates	69	33	80	133	316	-	316	5	322
Investment in equity-method applied associates	1,606	452	18	4,480	6,557	-	6,557	14	6,572
Increase in Property, plant and equipment and intangible assets	668	2,154	259	1,274	4,357	1	4,358	870	5,228

Notes:
1. “Other” comprises businesses, such as back-office outsourcing services that are not included in reportable segments.
2. The negative 1,984 million yen adjustment for segment income is 1,984 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is SG&A expenses that are not attributable to reportable segments.
3. Segment income adjustments are based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

e. Related Information

Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

1. Information by product and service

Information by product and service is omitted here, as customer sales of products/services belonging to a single category exceed 90% of total net sales in the consolidated statements of income.

2. Information by geographic area

1) Net sales
Disclosure is omitted here as customer sales in Japan exceed 90% of total net sales in the consolidated statements of income.

2) Property, plant and equipment
Not applicable, as the Company does not own property, plant and equipment located other than in Japan.

3. Information by major customer
Disclosure is omitted here as no outside customer accounts for more than 10% of total net sales in the consolidated statements of income.

f. Impairment loss on fixed assets by reportable segment

Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

Millions of yen

	Industrial Material	Car Life	Energy Trade	Home Life	Other	Corporate /Elimination	Total
Impairment loss	-	94	-	6	-	-	100

g. Amortized amount and unamortized balance of goodwill

Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

Millions of yen

	Industrial Material	Car Life	Energy Trade	Home Life	Other	Corporate /Elimination	Total
Amortized amount	52	833	161	861	-	(89)	1,818
Unamortized balance at end of the period	798	2,017	86	1,314	-	(212)	4,093

Amortized amount and unamortized balance accrued from business combinations of subsidiaries carried out before April 1, 2010 are as follows.

Millions of yen

	Industrial Material	Car Life	Energy Trade	Home Life	Other	Corporate /Elimination	Total
Amortized amount for the period	-	10	-	-	-	-	10
Unamortized balance at end of the period	-	40	-	-	-	-	40

h. Gain on negative goodwill by reportable segment

Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

Not applicable

Additional information

Effective the fiscal year ended March 31, 2011, the Company adopted the *Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information* (ASBJ Statement No. 17, revised March 27, 2009) and its accompanying *Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information* (Guidance No. 20, March 21, 2008).