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## **Itochu Enex Reports Earnings for the Three Months ended June 30, 2010**

**Tokyo, Japan, July 30, 2010** -- Itochu Enex Co., Ltd. (TSE: 8133) announced net sales of 273,485 million yen for the three months ended June 30, 2010, and a net loss of 60 million yen, or 0.53 yen per share.

### **Results of Operations**

In the three months ended June 30, 2010 (first quarter of the fiscal year ending March 31, 2011) economic conditions remained adverse both in Japan and globally, but the Japanese economy benefited from moderate growth in exports and resurgent production activity. Consumer spending also picked up, largely by virtue of stimulus measures. The employment environment, however, remained depressed and deflationary conditions persisted.

The domestic petroleum distribution industry remained plagued by adverse supply and demand fundamentals against a backdrop of crude oil price volatility, contraction in demand, growing environmental consciousness among consumers, and a shift in demand toward alternative energy sources. Nonetheless, we managed to achieve overall petroleum product sales volume on a par with the year-earlier quarter even amid a decline in domestic petroleum product sales volume.

Our net sales grew 19.9% year on year to 273,485 million yen in the fiscal first quarter as a result of higher sales prices. We earned quarterly operating income of 548 million yen (versus a year-earlier operating loss of 161 million yen) and ordinary income of 1,008 million yen (up from 44 million yen in the year-earlier quarter), partly by virtue of cost-cutting and growth in equity in income of unconsolidated subsidiaries and affiliates, respectively. On the bottom line, however, we incurred a quarterly net loss of 60 million yen (versus year-earlier net income of 874 million yen) as a result of a one-time charge of 1,036 million yen booked in conjunction with adoption of a new accounting standard for asset retirement obligations.

### **Segment Information**

#### *Industrial Material Division*

The Industrial Material Division earned operating income of 205 million yen (up 36.6% year on year) on net sales of 24,859 million yen (up 29.1% year on year) in the fiscal first quarter. Despite a rebound in industrial production, the Industrial Material Division saw its petroleum product sales volume decline year on year amid a continued demand slump, but it remained profitable through a profitability-focused sales approach.

In the general high-pressure gas business, we earned solid profits bolstered by year-on-year growth in sales volume driven largely by recovery in the auto and

semiconductor industries. We also strengthened the high-efficiency fluorescent lighting business by commencing sales of energy-saving E-COOL fluorescent light bulbs through all of industrial material division's channels as a new energy solutions initiative.

#### *Car Life Division*

The Car Life Division earned operating income of 274 million yen (down 16.4% year on year) on net sales of 127,119 million yen (up 17.0% year on year).

Domestic petroleum product demand continued to decline amid growth in fuel-efficient cars' prevalence and eschewal of car ownership by some consumers, mostly younger ones. In response, we have been building a network of "car-life stations" (refueling stations) able to surmount such a challenging environment by promoting station management from the customer's perspective. We expanded Itsumo Rent-a-Car, our preowned vehicle rental business launched last fiscal year, to 254 locations at quarter-end. We also made progress in building our Itsumo Car Net system for buying and selling cars and in implementing our ACT Program for improving car-life station management in pursuit of earnings growth driven by improvement in operational efficiency and expansion of auto-related earnings from car-life stations.

We added 17 newly affiliated car-life stations to our network in the fiscal first quarter while closing or disaffiliating 24 stations to end the quarter with a total of 2,146 stations, a net decrease of seven stations from March 31, 2010. By thus adding newly affiliated stations and strengthening existing stations' sales capabilities, we were able to achieve petroleum product sales volume on a par with the year-earlier quarter despite decreased domestic demand and a reduction in car-life stations.

As a new initiative, we are participating in the Tsukuba Project, which commenced in May 2010, to commercially develop transportation systems for a low-carbon society. We aim to build the foundation of new businesses able to contribute to local communities by amassing wide-ranging knowhow in solar power generation, lithium-ion batteries, and recharging of electric vehicles and deploying such technologies at our car-life stations.

#### *Energy Trade Division*

The Energy Trade Division incurred an operating loss of 288 million yen (an improvement from its year-earlier operating loss of 553 million yen) on net sales of 98,300 million yen (up 21.1% year on year).

In the fiscal first quarter, the Energy Trade Division faced headwinds in the form of crude oil price volatility and an absence of recovery in petroleum product demand, mainly in Japan and other advanced economies.

In the petroleum product trading business, sales volume fell short of its year-earlier level and profitability also deteriorated due to a slump in domestic petroleum product demand and consolidation among major oil companies, the combination of which substantially changed market dynamics in terms of the need to balance supply and demand.

The marine fuel sales business increased its sales volume year on year despite reduced demand. It also improved its profitability by improving the efficiency of domestic logistics operations and renegotiating or terminating unprofitable supply arrangements overseas.

In the tanker business, freight rates failed to recover from their depressed level of last fiscal year and remained below our fleet's breakeven profitability level. We endeavored to improve our fleet's operating efficiency through such means as redeploying tankers to regions with higher freight rates, proactively seeking contracts to operate tankers for other companies, and meeting Itochu Group companies' demand for tankers at spot freight rates.

#### *Home Life Division*

The Home Life Division earned operating income of 813 million yen (up 64.5% year on year) on net sales of 22,805 million yen (up 23.3% year on year).

Although LPG demand remained in a downtrend in the fiscal first quarter in the wake of widespread proliferation of energy-efficient home appliances and a growing environmental consciousness among consumers, our LPG sales volume increased year on year as household heating demand was boosted by cooler weather than in the year-earlier quarter. LPG import prices remain high, but we were able to earn adequate profit margins by virtue of widespread adoption of the feedstock cost adjustment system. We also endeavored to cut costs and improve operating efficiency at our regional LPG sales subsidiaries. As result of these efforts, the LPG business achieved major year-on-year earnings growth. Japan Gas Energy Corporation (JGE), established in April 2009 as a new strategic subsidiary in the upstream sector, also performed well.

Additionally, we endeavored to expand our operations by cultivating new demand and capturing new customers. We also aggressively pursued sales of distributed household energy generation systems (combining fuel cells and solar power systems) in partnership with Asclass Co., Ltd., a home renovation contractor. Through these efforts, we aimed to enhance our ability to propose an optimal energy mix from the user's standpoint.

### **Financial Condition**

Total assets amounted to 236,821 million yen at quarter-end (June 30, 2010), a 26,275 million yen decrease from March 31, 2010. The decrease was mainly attributable to a reduction in trade notes and accounts receivable. Interest-bearing debt decreased 4,227 million yen to 23,734 million yen over the same timeframe. Net assets decreased 1,358 million yen to 90,699 million yen at June 30, 2010, largely as a result of a 910 million yen dividend distribution and 348 million yen in incremental unrealized losses on available-for-sale securities. Our shareholders' equity ratio at June 30, 2010, was 37.5%.

#### *Cash flows*

Cash and cash equivalents totaled 23,801 million yen at June 30, 2010, a decrease of 3,796 million yen from March 31, 2010. The decrease was largely attributable to repayment of short- and long-term borrowings and redemption of outstanding bonds.

Operating activities provided net cash of 2,132 million yen. This net inflow was derived mainly from pretax income of 243 million yen, a non-cash charge of 1,036 million yen booked in conjunction with adoption of a new accounting standard for asset retirement obligations, and 1,117 million yen in cash inflows as the net effect of a decrease in trade notes and accounts receivable, increase in inventory, and decrease in trade notes and accounts payable.

Investing activities used net cash of 622 million yen. Major investment outflows included 435 million yen spent to acquire property, plant and equipment, mainly in conjunction with investment in car-life station facilities.

Financing activities used net cash of 5,303 million yen. Major financing outflows included 3,202 million yen in repayments of long- and short-term borrowings, 1,148 million yen in bond redemptions, and a 910 million yen dividend distribution.

### **Consolidated Earnings Forecasts**

The petroleum industry outlook remains clouded by a confluence of factors, including fuel-efficient vehicles' growing prevalence, environmental restrictions aimed at realization of a low-carbon society, and contraction in petroleum product demand as a result of economic stagnation and crude oil price, LPG import price, and tanker freight rate trends and their impact on retail energy prices.

Against such a backdrop, 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 during the current fiscal year, the final year of our Core & Synergy 2010 medium-term business plan. 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.

We refrain from revising our consolidated earnings forecast for the current fiscal year as announced on April 30, 2010, although our future operating performance could be affected by various factors, including crude oil prices, market conditions, and changes in the weather.

## Financial Statements—Consolidated

### (1) Consolidated Balance Sheets

Millions of yen

|  | June 30, 2010 | March 31, 2010 |
|--|---------------|----------------|
|  | Amount        | Amount         |
| <b>Assets</b>                          |               |                |
| <b>Current assets</b>                  |               |                |
| Cash and cash equivalents              | 23,801        | 27,599         |
| Trade notes and accounts receivable    | 85,926        | 112,148        |
| Merchandise and finished products      | 11,781        | 10,294         |
| Deferred tax assets                    | 1,812         | 1,781          |
| Other                                  | 11,258        | 9,368          |
| Allowance for doubtful accounts        | (553)         | (562)          |
| Total current assets                   | 134,026       | 160,629        |
| <b>Fixed assets</b>                    |               |                |
| Property, plant and equipment          |               |                |
| Buildings and structures               | 52,128        | 50,467         |
| Accumulated depreciation               | (30,853)      | (29,939)       |
| Buildings and structures, net          | 21,275        | 20,527         |
| Machinery, equipment and vehicles      | 30,654        | 30,727         |
| Accumulated depreciation               | (23,014)      | (22,767)       |
| Machinery, equipment and vehicles, net | 7,640         | 7,959          |
| Land                                   | 35,130        | 35,161         |
| Leased assets                          | 3,595         | 3,557          |
| Accumulated depreciation               | (977)         | (815)          |
| Leased assets, net                     | 2,617         | 2,741          |
| Construction in progress               | 114           | 147            |
| Other                                  | 4,890         | 4,935          |
| Accumulated depreciation               | (3,785)       | (3,749)        |
| Other, net                             | 1,104         | 1,186          |
| Net, property, plant and equipment     | 67,882        | 67,724         |
| Intangible assets                      |               |                |
| Goodwill                               | 4,334         | 4,797          |
| Other                                  | 2,574         | 2,627          |
| Total intangible assets                | 6,909         | 7,425          |
| Investments and other assets           |               |                |
| Investment securities                  | 13,427        | 13,922         |
| Long-term loans                        | 1,758         | 1,787          |
| Deferred tax assets                    | 3,602         | 3,199          |
| Other assets                           | 10,508        | 9,674          |
| Allowance for doubtful accounts        | (1,295)       | (1,265)        |
| Total investments and other assets     | 28,002        | 27,317         |
| Total fixed assets                     | 102,794       | 102,467        |
| Total assets                           | 236,821       | 263,096        |

Millions of yen

|  | June 30, 2010 | March 31, 2010 |
|--|---------------|----------------|
|  | Amount        | Amount         |
| <b>Liabilities</b>                                   |               |                |
| <b>Current liabilities</b>                           |               |                |
| Trade notes and accounts payable                     | 79,618        | 103,235        |
| Short-term borrowings                                | 15,913        | 17,283         |
| Corporate bonds due within one year                  | -             | 444            |
| Lease obligations                                    | 1,094         | 872            |
| Income taxes payable                                 | 475           | 2,802          |
| Accrued bonuses for employees                        | 2,303         | 2,129          |
| Accrued bonuses for directors and corporate auditors | 92            | 185            |
| Other current liabilities                            | 15,582        | 13,225         |
| Total current liabilities                            | 115,079       | 140,177        |
| <b>Long-term liabilities</b>                         |               |                |
| Corporate bonds                                      | -             | 704            |
| Long-term debt                                       | 7,821         | 9,531          |
| Lease obligations                                    | 2,517         | 2,597          |
| Deferred tax liabilities                             | 230           | 242            |
| Deferred tax liabilities on land revaluation         | 3,094         | 3,094          |
| Liabilities for retirement benefits                  | 5,676         | 5,533          |
| Asset retirement obligations                         | 2,092         | -              |
| Other long-term liabilities                          | 9,610         | 9,157          |
| Total long-term liabilities                          | 31,042        | 30,861         |
| Total liabilities                                    | 146,121       | 171,039        |
| <b>Net assets</b>                                    |               |                |
| <b>Shareholders' equity</b>                          |               |                |
| Common stock   | 19,877        | 19,877         |
| Capital surplus                                      | 18,736        | 18,736         |
| Retained earnings                                    | 60,747        | 61,718         |
| Treasury stock                                       | (1,321)       | (1,320)        |
| Total shareholders' equity                           | 98,041        | 99,011         |
| <b>Valuation and translation adjustments</b>         |               |                |
| Unrealized gains on available-for-sale securities    | (1,072)       | (724)          |
| Deferred hedge gains (losses)                        | (10)          | 12             |
| Revaluation reserve for land                         | (8,221)       | (8,221)        |
| Total valuation and translation adjustments          | (9,304)       | (8,933)        |
| <b>Minority interests</b>                            |               |                |
| Total net assets                                     | 90,699        | 92,057         |
| Total liabilities and net assets                     | 236,821       | 263,096        |

## (2) Consolidated Statements of Income

|   | Three months<br>ended<br>June 30, 2009<br>Amount | Millions of yen<br>Three months<br>ended<br>June 30, 2010<br>Amount |
|---|--|---|
| Net sales   | 228,093  | 273,485   |
| Cost of sales   | 213,540  | 258,914   |
| Gross profit  | <u>14,552</u>                                    | <u>14,570</u>   |
| Selling, general and administrative expenses                                    | 14,713   | 14,022  |
| Operating income (loss)   | <u>(161)</u>                                     | <u>548</u>  |
| Other income  |  |   |
| Interest income   | 50   | 30  |
| Dividend income   | 195  | 210   |
| Purchase discounts  | 56   | 71  |
| Gain on foreign currency translation  | -  | 11  |
| Equity in income of unconsolidated subsidiaries and associated companies        | 19   | 197   |
| Other   | 280  | 200   |
| Total other income  | <u>602</u>                                       | <u>721</u>  |
| Other expense   |  |   |
| Interest expense  | 183  | 116   |
| Sales discounts   | 66   | 60  |
| Loss on foreign currency translation  | 25   | -   |
| Other   | 121  | 85  |
| Total other expense   | <u>396</u>                                       | <u>261</u>  |
| Ordinary income   | <u>44</u>  | <u>1,008</u>  |
| Extraordinary gains   |  |   |
| Gain on sales of property, plant and equipment                                  | 18   | 31  |
| Gain on sales of parent company's shares  | -  | 282   |
| Gain on sales of investment securities  | 23   | -   |
| Reversal of allowance for doubtful accounts                                     | 38   | 31  |
| Gain on sales of business   | -  | 70  |
| Gain on change in equity interest   | 2,415  | -   |
| Total extraordinary gains   | <u>2,496</u>                                     | <u>415</u>  |
| Extraordinary losses  |  |   |
| Loss on sales and disposal of property, plant and equipment                     | 133  | 62  |
| Loss on devaluation of golf club membership                                     | -  | 8   |
| Loss on impairment of long-lived assets   | 38   | 73  |
| Effect of adoption of new accounting standards for asset retirement obligations | -  | 1,036   |
| Total extraordinary losses  | <u>172</u>                                       | <u>1,181</u>  |
| Income before income taxes and minority interests                               | <u>2,369</u>                                     | <u>243</u>  |
| Income taxes  |  |   |
| Current   | 1,192  | 402   |
| Deferred  | 221  | (208)   |
| Total income taxes  | <u>1,413</u>                                     | <u>194</u>  |
| Income before minority interests  | <u>-</u>   | <u>49</u>   |
| Minority interests  | 81   | 109   |
| Net income (loss)   | <u>874</u>                                       | <u>(60)</u>   |

### (3) Consolidated Statements of Cash Flows

|   | Three months<br>ended<br>June 30, 2009 | Millions of yen<br>Three months<br>ended<br>June 30, 2010 |
|---|--|---|
|   | Amount                                 | Amount  |
| <b>Cash flows from operating activities</b>                                     |  |   |
| Income before income taxes and minority interests                               | 2,369                                  | 243   |
| Depreciation and amortization   | 1,454                                  | 1,463   |
| Loss on impairment of long-lived assets   | 38                                     | 73  |
| Amortization of goodwill  | 568                                    | 493   |
| Increase (decrease) in allowance for doubtful accounts                          | (63)                                   | 32  |
| Increase (decrease) in liabilities for retirement benefits                      | 205                                    | 143   |
| Interest and dividend income  | (245)                                  | (240)   |
| Interest expense  | 183                                    | 116   |
| (Gain) loss on foreign currency translation                                     | -                                      | (229)   |
| Equity in (income) loss of unconsolidated subsidiaries and associated companies | (19)                                   | (197)   |
| (Gain) loss on sales and disposal of property, plant and equipment              | 114                                    | 31  |
| (Gain) loss on sales of parent company's shares                                 | -                                      | (282)   |
| (Gain) loss on sales of investment securities                                   | (23)                                   | -   |
| (Gain) loss on sales of business  | -                                      | (70)  |
| (Gain) loss on change in equity interest  | (2,415)                                | -   |
| Loss on devaluation of golf club membership                                     | -                                      | 8   |
| Effect of adoption of new accounting standards for asset retirement obligations | -                                      | 1,036   |
| (Increase) decrease in trade notes and accounts receivable                      | (6,496)                                | 26,222  |
| (Increase) decrease in inventories  | (1,811)                                | (1,487)   |
| Increase (decrease) in trade notes and accounts payable                         | 6,778                                  | (23,617)  |
| Increase (decrease) in other assets and liabilities                             | (1,550)                                | 944   |
| Sub total   | (912)                                  | 4,683   |
| Interest and dividend income received   | 238                                    | 342   |
| Interest paid   | (275)                                  | (180)   |
| Income taxes paid   | (2,847)                                | (2,712)   |
| <b>Net cash provided by (used in) operating activities</b>                      | <b>(3,796)</b>                         | <b>2,132</b>  |
| <b>Cash flows from investing activities</b>                                     |  |   |
| Purchases of property, plant and equipment                                      | (1,074)                                | (435)   |
| Proceeds from sales of property, plant and equipment                            | 69                                     | 82  |
| Purchases of intangible assets  | (505)                                  | (93)  |
| Proceeds from sales of intangible assets  | 5                                      | 14  |
| Proceeds from sales of business   | 3,077                                  | 70  |
| Proceeds from sales of parent company's shares                                  | -                                      | 328   |
| Purchases of investment securities  | (3,147)                                | (27)  |
| Proceeds from sales of investment securities                                    | 286                                    | 0   |
| Proceeds from liquidation of associated companies                               | -                                      | 12  |
| Payments for loans  | (195)                                  | (67)  |
| Collection of loans   | 367                                    | 130   |
| Other   | 145                                    | (637)   |
| <b>Net cash provided by (used in) investing activities</b>                      | <b>(973)</b>                           | <b>(622)</b>  |
| <b>Cash flows from financing activities</b>                                     |  |   |
| Increase (decrease) in short-term borrowings - net                              | (2,480)                                | 355   |
| Repayments of long-term debt  | (1,019)                                | (3,202)   |
| Redemption of bonds   | (250)                                  | (1,148)   |
| Repayments of lease obligations   | (63)                                   | (271)   |
| Repurchases of treasury stock   | (0)                                    | (0)   |
| Dividends paid  | (934)                                  | (910)   |
| Dividends paid to minority shareholders of consolidated subsidiaries            | (78)                                   | (125)   |
| <b>Net cash provided by (used in) financing activities</b>                      | <b>(4,825)</b>                         | <b>(5,303)</b>  |
| <b>Foreign currency translation adjustments on cash and cash equivalents</b>    | <b>-</b>                               | <b>(2)</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b>                     | <b>(9,596)</b>                         | <b>(3,796)</b>  |
| <b>Cash and cash equivalents, beginning of the period</b>                       | <b>43,219</b>                          | <b>27,598</b>   |
| <b>Cash and cash equivalents, end of the period</b>                             | <b>33,623</b>                          | <b>23,801</b>   |



#### (4) Notes on the going-concern assumption

Not applicable

#### (5) Segment Information

Industry segment information:

Three months ended June 30, 2009 (April 1, 2009 – June 30, 2009)

|  | Industrial<br>Material | Car Life | Energy<br>Trade | Home<br>Life | Total   | Elimination/<br>Corporate | Millions of yen<br>Consolidated |
|--|------------------------|----------|-----------------|--------------|---------|---------------------------|---------------------------------|
| Sales                                  |                        |          |                 |              |         |                           |                                 |
| (1) Sales to customers                 | 19,755                 | 108,688  | 81,156          | 18,492       | 228,093 | -                         | 228,093                         |
| (2) Intersegment sales<br>or transfers | 389                    | 3,807    | 7,102           | -            | 11,300  | (11,300)                  | -                               |
| Total                                  | 20,145                 | 112,495  | 88,258          | 18,492       | 239,393 | (11,300)                  | 228,093                         |
| Operating income (loss)                | 157                    | 328      | (553)           | 494          | 426     | (588)                     | (161)                           |

Geographical Segment Information:

Three months ended June 30, 2009 (April 1, 2009 – June 30, 2009)

Not applicable

Overseas Sales:

Three months ended June 30, 2009 (April 1, 2009 – June 30, 2009)

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

## Segment information

### 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, 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.

### 2. Reportable segment information

Three months ended June 30, 2010 (April 1, 2010 – June 30, 2010)

|  | Reportable segment     |          |                 |              |         | Other<br>*1 | Total   | Adjustments<br>*2 | Millions of yen<br>Amounts on<br>the quarterly<br>consolidated<br>statements of<br>income<br>*3 |
|--|------------------------|----------|-----------------|--------------|---------|-------------|---------|-------------------|---|
|  | Industrial<br>Material | Car Life | Energy<br>Trade | Home<br>Life | Total   |             |         |                   |   |
| I. Sales                               |                        |          |                 |              |         |             |         |                   |   |
| (1) Sales to customers                 | 24,859                 | 127,119  | 98,300          | 22,805       | 273,085 | 399         | 273,485 | -                 | 273,485   |
| (2) Intersegment sales<br>or transfers | 149                    | 532      | 6,935           | -            | 7,618   | 549         | 8,167   | (8,167)           | -   |
| Total                                  | 25,008                 | 127,652  | 105,236         | 22,805       | 280,703 | 948         | 281,652 | (8,167)           | 273,485   |
| Segment income (loss)                  | 205                    | 274      | (288)           | 813          | 1,005   | 19          | 1,025   | (477)             | 548   |

- Notes:
1. "Other" comprises businesses, such as back-office outsourcing services, that are not included in reportable segments.
  2. The minus 477 million yen adjustment for segment income is 477 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.

### 3. Impairment loss on fixed assets or goodwill by reportable segment

#### *Material impairment loss on fixed assets*

In response to a decline in market prices, the Company reduced the book value of idle assets in its Car Life segment to their net realizable value. An impairment loss of 73 million yen was consequently booked for the three months ended June 30, 2010.

#### Additional information

Effective the first quarter of the fiscal year ending 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).

### **(6) Notes on Significant Changes in Shareholders' Equity**

Not applicable

### **(7) Material subsequent events**

#### Issuance of 11th and 12th series of unsecured bonds

The Company issued its 11th and 12th series of unsecured bonds in accord with a decision by its board of directors at its meeting of July 15, 2010. Following is a summary of the bond issues.

| Bond issue             | Three-year unsecured<br>bonds (11th series)        | Five-year unsecured<br>bonds (12th series)         |
|------------------------|--|--|
| Total issue amount     | 5,000 million yen                                  | 5,000 million yen                                  |
| Issue price            | 100 yen per 100 yen of face value                  | 100 yen per 100 yen of face value                  |
| Coupon rate            | 0.58% per annum                                    | 0.79% per annum                                    |
| Pay-in date            | July 29, 2010                                      | July 29, 2010                                      |
| Repayment of principal | Bullet   | Bullet   |
| Maturity               | July 29, 2013                                      | July 29, 2015                                      |
| Collateral             | Unsecured  | Unsecured  |
| Use of funds           | Repayment of long-term debt, operating funds, etc. | Repayment of long-term debt, operating funds, etc. |
| Financial covenants    | Negative-pledge clause                             | Negative-pledge clause                             |