This document is an excerpt English translation of a statement written initially in Japanese. The Japanese original should be considered as the primary version.

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Itochu Enex Reports Consolidated Earnings for the Six Months Ended September 30, 2011 (Under Japanese GAAP)

Tokyo, Japan, October 31, 2011 -- Itochu Enex Co., Ltd. (TSE: 8133) announced net sales of 627,453 million yen for the six months ended September 30, 2011, and net income of 1,310 million yen, or 11.51 yen per share, on a consolidated basis.

Results of Operations

In the six months ended September 30, 2011 (first half of the fiscal year ending March 31, 2012), the Japanese economy weakened due to the impact of the Great East Japan Earthquake, but an upturn trend was observed as supply chains were restored. However, the pace of recovery was slow due to protracted yen strength and instability in overseas economies, with the economy remaining weak overall.

The petroleum products distribution industry in Japan faced a year-on-year decline in demand owing to the impact of the Great East Japan Earthquake and the slow pace of economic recovery. Also, the crude oil price rose, triggered by the situation in the Middle East, and remained at a high level.

In this operating environment, the Itochu Enex Group launched a new medium-term business plan, Core & Synergy 2013, and worked to strengthen and improve the core petroleum product sales business. In addition, we pushed ahead with the development of the electric power business through new Group companies JEN Holdings Co., Ltd. and IP Power Systems Corporation, and actively engaged in business in overseas markets. We also established the Total-Life Division to create a new lifestyle by delivering eco energy, and actively implemented a new business model as a company that proposes an optimal mix of energy. Thus we have pursued a growth strategy.

As a result of the above activities, consolidated net sales in the first half of the fiscal year increased 16.4% year on year to 627,453 million yen, reflecting sharply higher crude oil prices. Operating income rose 53.4% year on year to 3,290 million yen, supported by moves into new business fields such as electricity and steam supply, and by cost savings created through restructuring and other streamlining measures. Ordinary income increased 39.9% year on year to 3,718 million yen and net income rose 87.6% year on year to 1,310 million yen.

Results of Operations by Segment

Since the Company has added new reporting segments and reconfigured the segments as described in the segment information on pages 13 and 14, figures for the same period in the previous year have been restated to reflect the reportable segments for the fiscal year ending March 31, 2012.

Industrial Material Division

The Industrial Material Division earned first-half operating income of 936 million yen (up 40.0% year on year) on net sales of 60,397 million yen (up 40.7% year on year).

Active efforts to secure new customers in the petroleum product sales business resulted in an increase in sales volume, mainly for gas oil, grade A heavy oil, and asphalt, which supported an increase in profits year on year.

In the general high-pressure gas business, there was a tendency of operating rate recovery at customer facilities after a decline caused by the earthquake, but demand for industrial gases fell and sales volume was lower year on year.

On the other hand, JEN Holdings Co., Ltd., which joined the Group on March 31, 2011, achieved a higher sales and profits than planned in its on-site electricity and steam supply business, reflecting a sales increase due to price increases in the wholesale electricity spot market due to a tight supply and demand situation and higher operating rates at customer facilities.

Car-Life Division

The Car-Life Division earned first-half operating income of 2,034 million yen (up 72.9% year on year) on net sales of 265,868 million yen (up 6.4% year on year).

Despite a drop in demand after the Great East Japan Earthquake, petroleum product sales volume was firm owing to a subsequent pickup in demand related to rebuilding efforts. The division also reported a substantial increase in profits year on year thanks to business rationalization in each sales area and success in strengthening the business foundation through the restructuring of Group companies implemented in fiscal 2010. The division also benefited from relatively stable retail prices.

In addition, as part of our retail strategy, we continued to implement our ACT Program[1] to ensure sound management at Car-Life Station[2] affiliates and boost the competitiveness of these facilities.

The number of Car-Life Stations of Group companies at the end of the second quarter was 2,153, a net increase of 9 stations from the end of the previous fiscal year. During the first six months of the fiscal year, we added 40 newly affiliated stations, owing to aggressive efforts to expand the number of our CS affiliates as our core business, and lost 31 through closure or disaffiliation amid the ongoing decline in the number of gas stations in Japan.

Furthermore, we have started rolling out initiatives to settle upon a plan to provide support to the Great East Japan Earthquake recovery effort and to upgrade our Car-Life Station network, which performs a vital role as energy supply infrastructure necessary for daily life in times of emergency.

Note 1 ACT Program: ACT stands for “Area Champion Trial.” Under this program, we work closely with Car-Life Station operators to raise their competitiveness by analyzing their station operations and competitive climate, conducting group training, and engaging in other activities.

Note 2 Car-Life Stations: Car-Life Stations are full-service automobile service stations affiliated with Itochu Enex.

Global Trade Division

The Global Trade Division earned first-half operating income of 509 million yen (up 246.7% year on year) on net sales of 257,119 million yen (up 26.1% year on year).

The division’s petroleum products trading business faced a difficult operating environment due to a drop in domestic demand and unstable crude oil prices. However, we strengthened ties with Group company Kokura Enterprise Energy Co., Ltd. and engaged in trading that reflected customer needs. These efforts ensured the business reported a profit during the period under review.

In the marine fuel sales business, the division focused on sales satisfying customer needs in overseas operations and in domestic operations, which it took control of this fiscal year. This approach underpinned an increase in profits year on year. In particular, sales volume expanded on the back of moves to reinforce the distribution network, including the deployment of dedicated fuel supply ships for domestic operations.

The tanker business continued to face adverse business conditions as tanker rates again failed to recover. Nevertheless, profitability improved substantially as a result of cost reductions for company-owned vessels and increased operating efficiency for company-managed vessels through the active provision of spot chartering and vessel operation services.

Meanwhile, the Project & Investment Department, newly established in the current fiscal year, is actively gathering broad information and examining prospective projects in preparation for the development of overseas businesses.

Home-Life Division

The Home-Life Division earned first-half operating income of 1,193 million yen (up 20.1% year on year) on net sales of 41,981 million yen (up 1.6% year on year).

LP gas sales volume declined year on year due to a drop in consumption per household in the residential market. This reflected growing awareness among consumers of the need to economize following calls to save electricity after the Great East Japan Earthquake, and wider uptake of high-efficiency gas appliances.

Although LP gas import prices reached a historic high in May 2011, we secured a fair return thanks to widespread penetration of the gas rate adjustment system.

As part of efforts to reinforce and upgrade our core businesses, we merged three gas subsidiaries in the Kanto area in July 2011 in order to expand the strategic operating base and enhance the competitiveness of our LP gas business. This move will allow us to develop a unified strategy for the whole Kanto area, conduct operations in tune with local needs, and boost our cost competitiveness.

In addition, we commenced a review of direct sales operations in the residential market and launched initiatives to realize greater efficiency through the use of IT. From the current fiscal year, the Home-Life Division has been working closely with the Total-Life Division to promote sales of solar power generation systems and EneFarm household fuel cell systems. We are targeting further growth here and aim to generate synergies with the LP gas business.

Total-Life Division

The Total-Life Division recorded first-half operating loss of 442 million yen on net sales of 1,364 million yen.

The Total-Life Division, newly established in the current fiscal year, was engaged in strengthening sales capabilities for solar power generation systems and EneFarm household fuel cell systems, which the Itochu Enex Group has been actively promoting since fiscal 2011. Specifically, the division worked to build a new sales network comprising around 300 distributors, including existing petroleum and LP gas partners and partners in other industries, such as home builders and real estate agents.

We began selling e-runner electric bikes in May 2011 as the first initiative in our E-koto Project (*koto* in Japanese), which is aimed at energizing people and communities. As of the end of September 2011, the number of stores selling these bikes stood at 396. Through this initiative we are upgrading and expanding the sales network throughout Japan to develop a sales structure for electric vehicle-related businesses.

As the second initiative in the project, we announced the development of a proprietary HEMS[3] lithium-ion storage battery system for home use. Development and field testing is currently progressing smoothly. This will be a worry-free, economical and highly convenient storage battery system that allows households to be self-sufficient in electricity during disasters or other emergencies. We are aiming to begin sales before the end of the year.

Note 3 HEMS: HEMS is an abbreviation for home energy management system. The proprietary system under development at Itochu Enex automatically recharges the storage batteries at nighttime using grid power and works in unison with solar power generation and fuel cell systems to ensure power is supplied efficiently and economically to the home. The system can also be used as an emergency power source.

Financial Condition

As of September 30, 2011, total assets amounted to 261,137 million yen, a decrease of 16,447 million yen from March 31, 2011. This mainly reflected a decline in trade notes and accounts receivable. Liabilities amounted to 166,915 million yen at the end of the quarter, a decline of 16,546 million from March 31, 2011. This decrease primarily reflected a decline in trade notes and accounts payable and the repayment of borrowings. Net assets totaled 94,221 million yen at the end of the quarter, an increase of 98 million yen from March 31, 2011, due to factors including net income, dividend payments, and an increase in deferred hedge gains.

Cash flows

Cash and cash equivalents totaled 22,085 million yen as of September 30, 2011, a decrease of 1,649 million yen from March 31, 2011. This decline was mainly attributable to the repayment of borrowings.

Cash flows from operating activities

Operating activities provided net cash of 6,891 million yen. The main items were income before income taxes and minority interests of 3,112 million yen and net proceeds of 2,866 million yen in trading funds due to a decrease in trade notes and accounts receivable.

Cash flows from investing activities

Investing activities used net cash of 3,174 million yen. The main items were 3,021 million yen for purchases of property, plant and equipment and 444 million yen for the purchase of investment in subsidiaries.

Cash flows from financing activities

Financing activities used net cash of 5,472 million yen. The main items were 3,962 million yen for the repayment of borrowings and other interest-bearing debt, and 1,366 million yen in dividend distribution.

Consolidated Earnings Forecasts

Although operating performance could be affected by various factors, including crude oil prices, market conditions, changes in the weather, and the Japanese government’s energy policy, we have not revised our full-year consolidated earnings forecasts announced on May 10, 2011.

Financial Statements—Consolidated

(1) Consolidated Balance Sheets

Millions of yen

	March 31, 2011	September 30, 2011
	Amount	Amount
Assets		
Current assets		
Cash and cash equivalents	23,735	21,085
Trade notes and accounts receivable	117,449	101,323
Merchandise and finished products	12,273	12,558
Deferred tax assets	2,287	1,866
Other	12,816	16,251
Allowance for doubtful accounts	(624)	(481)
Total current assets	167,938	152,603
Fixed assets		
Property, plant and equipment		
Buildings and structures	52,785	53,225
Accumulated depreciation	(31,393)	(31,950)
Buildings and structures, net	21,392	21,274
Machinery, equipment and vehicles	37,570	37,883
Accumulated depreciation	(25,465)	(26,167)
Machinery, equipment and vehicles, net	12,105	11,716
Land	35,565	35,618
Leased assets	3,967	4,135
Accumulated depreciation	(1,500)	(1,906)
Leased assets, net	2,466	2,228
Construction in progress	627	1,264
Other	5,131	5,335
Accumulated depreciation	(3,906)	(4,068)
Other, net	1,224	1,267
Net, property, plant and equipment	73,381	73,370
Intangible assets		
Goodwill	4,053	3,571
Other	3,143	3,260
Total intangible assets	7,196	6,831
Investments and other assets		
Investment securities	14,460	14,096
Long-term loans	1,575	1,615
Deferred tax assets	3,530	3,326
Other assets	10,434	10,262
Allowance for doubtful accounts	(932)	(968)
Total investments and other assets	29,068	28,331
Total fixed assets	109,646	108,533
Total assets	277,585	261,137

Millions of yen

	March 31, 2011	September 30, 2011
	Amount	Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	106,597	93,749
Short-term borrowings	8,396	13,944
Lease obligations	1,017	1,049
Income taxes payable	3,127	1,123
Accrued bonuses for employees	2,559	2,434
Accrued bonuses for directors and corporate auditors	224	147
Other current liabilities	17,204	18,327
Total current liabilities	139,127	130,776
Long-term liabilities		
Corporate bonds	10,000	10,000
Long-term debt	9,081	451
Lease obligations	2,345	2,049
Deferred tax liabilities	376	186
Deferred tax liabilities on land revaluation	3,079	3,054
Liabilities for retirement benefits	5,991	6,205
Asset retirement obligations	2,236	2,317
Other long-term liabilities	11,222	11,873
Total long-term liabilities	44,334	36,138
Total liabilities	183,462	166,915
Net assets		
Shareholders' equity		
Common stock	19,877	19,877
Capital surplus	18,736	18,736
Retained earnings	63,795	63,738
Treasury stock	(1,321)	(1,321)
Total shareholders' equity	101,088	101,031
Accumulated other comprehensive income (loss)		
Unrealized losses on available-for-sale securities	(1,103)	(1,139)
Deferred hedge gains	3	129
Revaluation reserve for land	(8,236)	(8,235)
Total accumulated other comprehensive loss	(9,336)	(9,245)
Minority interests	2,371	2,435
Total net assets	94,123	94,221
Total liabilities and net assets	277,585	261,137

(2) Consolidated Statements of Income

Millions of yen

	Six months ended September 30, 2010	Six months ended September 30, 2011
	Amount	Amount
Net sales	538,958	627,453
Cost of sales	509,130	596,830
Gross profit	29,828	30,622
Selling, general and administrative expenses	27,683	27,332
Operating income	2,145	3,290
Other income		
Interest income	44	32
Dividend income	210	222
Purchase discounts	143	97
Gain on foreign currency translation	74	101
Equity in income of unconsolidated subsidiaries and associated companies	210	41
Other	404	455
Total other income	1,087	951
Other expense		
Interest expense	232	231
Sales discounts	118	103
Other	224	187
Total other expense	574	522
Ordinary income	2,657	3,718
Extraordinary gains		
Gain on sales of fixed assets	60	99
Gain on sales of parent company's shares	282	—
Reversal of allowance for doubtful accounts	31	—
Gain on sales of business	70	—
Compensation income for expropriation	—	12
Total extraordinary gains	443	111
Extraordinary losses		
Loss on sales and disposal of fixed assets	340	223
Loss on devaluation of investment securities	76	385
Loss on devaluation of golf club membership	8	—
Loss on impairment of long-lived assets	84	94
Effect of adoption of new accounting standard for asset retirement obligations	1,036	—
Other	—	13
Total extraordinary losses	1,546	717
Income before income taxes and minority interests	1,555	3,112
Income taxes		
Current	956	1,156
Deferred	(275)	426
Total income taxes	680	1,582
Income before minority interests	874	1,529
Minority interests	175	219
Net income	698	1,310

Consolidated Statements of Comprehensive Income

Millions of yen

	Six months ended September 30, 2010	Six months ended September 30, 2011
	Amount	Amount
Income before minority interests	874	1,529
Other comprehensive income (loss)		
Unrealized losses on available-for-sale securities	(559)	(36)
Share of other comprehensive income (loss) of associates accounted for using equity method	(84)	126
Total other comprehensive income (loss)	(643)	89
Comprehensive income	230	1,619
Components:		
Comprehensive income attributable to owners of the parent	54	1,399
Comprehensive income attributable to minority interests	175	219

(3) Consolidated Statements of Cash Flows

Millions of yen

	Six months ended September 30, 2010	Six months ended September 30, 2011
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	1,555	3,112
Depreciation and amortization	2,965	3,167
Loss on impairment of long-lived assets	84	94
Amortization of goodwill	958	857
Increase (decrease) in allowance for doubtful accounts	(29)	(77)
Increase (decrease) in liabilities for retirement benefits	306	192
Interest and dividend income	(254)	(254)
Interest expense	232	231
(Gain) loss on foreign currency translation	(135)	(278)
Equity in (income) loss of unconsolidated subsidiaries and associated companies	(210)	(41)
(Gain) loss on sales and disposal of fixed assets	280	124
(Gain) loss on sales of parent company's shares	(282)	—
(Gain) loss on revaluation of investment securities	76	385
(Gain) loss on sales of business	(70)	—
Compensation income for expropriation	—	(12)
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	28,168	15,962
(Increase) decrease in inventories	(451)	(198)
Increase (decrease) in trade notes and accounts payable	(25,369)	(12,897)
Increase (decrease) in other assets and liabilities	(1,273)	(453)
Sub total	7,594	9,914
Interest and dividend income received	443	375
Interest paid	(225)	(244)
Income taxes paid	(2,835)	(3,154)
Net cash provided by (used in) operating activities	4,977	6,891
Cash flows from investing activities		
Purchase of marketable securities	—	(673)
Proceeds from redemption of securities	—	499
Purchases of property, plant and equipment	(1,395)	(2,398)
Proceeds from sales of property, plant and equipment	147	548
Purchases of intangible assets	(722)	(623)
Proceeds from sales of intangible assets	198	2
Proceeds from sales of business	70	—
Proceeds from sales of parent company's shares	328	—
Purchases of investment securities	(27)	(12)
Proceeds from sales of investment securities	0	0
Purchase of investment in subsidiaries	—	(444)
Proceeds from liquidation of associated companies	12	—
Payments for loans	(199)	(581)
Collection of loans	748	421
Proceeds from compensation for expropriation	—	12
Other	(702)	74
Net cash provided by (used in) investing activities	(1,542)	(3,174)

Millions of yen

	Six months ended September 30, 2010	Six months ended September 30, 2011
	Amount	Amount
Cash flows from financing activities		
Increase (decrease) in short-term borrowings - net	(500)	(283)
Repayments of long-term debt	(10,405)	(3,147)
Proceeds from issuance of bonds	9,950	–
Redemption of bonds	(1,148)	–
Repayments of lease obligations	(580)	(531)
Repurchases of treasury stock	(0)	(0)
Dividends paid	(910)	(1,366)
Dividends paid to minority shareholders of consolidated subsidiaries	(125)	(143)
Net cash provided by (used in) financing activities	(3,720)	(5,472)
Foreign currency translation adjustments on cash and cash equivalents	(16)	6
Net increase (decrease) in cash and cash equivalents	(303)	(1,748)
Cash and cash equivalents, beginning of the period	27,598	23,735
Increase in cash and cash equivalents from newly consolidated subsidiary	–	98
Cash and cash equivalents, end of the period	27,294	22,085

(4) Notes on the Going-Concern Assumption

Not applicable

(5) Segment Information

<u>Six months ended September 30, 2010 (April 1, 2010 to September 30, 2010)</u>

1. Net sales, income/loss by reportable segment

Millions of yen

	Reportable segment						Other *1	Total	Adjustments *2	Amounts on the consolidated statements of income *3
	Industrial Material	Car-Life	Global Trade	Home-Life	Total-Life	Total				
I. Sales										
(1) Sales to customers	42,915	249,898	203,971	41,340	―	538,126	832	538,958	―	538,958
(2) Intersegment sales or transfers	640	12,036	13,995	―	―	26,672	1,094	27,767	(27,767)	―
Total	43,556	261,934	217,966	41,340	―	564,798	1,926	566,725	(27,767)	538,958
Segment income	669	1,176	147	993	―	2,986	42	3,029	(883)	2,145

Notes:
1. "Other" comprises businesses, such as back-office outsourcing services that are not included in reportable segments.
2. The negative 883 million yen adjustment for segment income is 883 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is general and administrative 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.

2. 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 81 million yen was consequently booked for the six months ended September 30, 2010.

In response to a decline in market prices, the Company reduced the book value of idle assets in its Home-Life segment to their net realizable value. An impairment loss of 2 million yen was consequently booked for the six months ended September 30, 2010.

Six months ended September 30, 2011 (April 1, 2011 to September 30, 2011)

1. Net sales, income/loss by reportable segment

Millions of yen

	Reportable segment									
	Industrial Material	Car-Life	Global Trade	Home-Life	Total-Life	Total	Other *1	Total	Adjustments *2	Amounts on the consolidated statements of income *3
I. Sales										
(1) Sales to customers	60,397	265,868	257,119	41,981	1,364	626,732	721	627,453	—	627,453
(2) Intersegment sales or transfers	1,942	13,389	11,993	—	1,071	28,396	1,033	29,429	(29,429)	—
Total	62,339	279,257	269,112	41,981	2,436	655,128	1,754	656,883	(29,429)	627,453
Segment income (loss)	936	2,034	509	1,193	(442)	4,232	20	4,252	(961)	3,290

Notes:
1. "Other" comprises businesses, such as back-office outsourcing services that are not included in reportable segments.
2. The negative 961 million yen adjustment for segment income is 961 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is general and administrative 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.

2. 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 84 million yen was consequently booked for the six months ended September 30, 2011.

In response to a decline in market prices, the Company reduced the book value of idle assets in its Home-Life segment to their net realizable value. An impairment loss of 9 million yen was consequently booked for the six months ended September 30, 2011.

3. Changes in reportable segments and related information

The Company is organized into business divisions, which correspond to the Company's reportable segments.

During the first quarter of the fiscal year ending March 31, 2012, the Total-Life Division was newly established and added to the Company's reportable segments.

The Company also reorganized its business operation to streamline its management. The reorganization includes shifting of vessel oil business from the Industrial Material segment to the Global Trade segment and shifting of fleet card business from the Car-Life segment to the Industrial Material segment. In accord with the changes, the Company has revised its management methods for intersegment sales or transfers.

The segment information for the six months ended September 30, 2010 is presented under the new segmentation method that was used for the six months ended September 30, 2011.

(6) Notes on Significant Changes in Shareholders' Equity

Not applicable