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 Nine Months Ended December 31, 2012 (Under Japanese GAAP)

Tokyo, Japan, January 29, 2013 -- Itochu Enex Co., Ltd. (TSE: 8133) announced net sales of 1,029,796 million yen for the nine months ended December 31, 2012, and net income of 3,522 million yen, or 31.17 yen per share, on a consolidated basis.

Results of Operations

In the nine months ended December 31, 2012, the Japanese economy was on a track to a gradual recovery supported by demands for reconstruction after the Great East Japan Earthquake, even with downside risks including further global economic slowdown amid the debt crisis in Europe and uncertainty related to China, as well as the fluctuation in financial and capital markets. Since the autumn of 2012, however, the Japanese economy has weakened with a slowdown in global economies.

In the petroleum products distribution industry, the crude oil price which had been high since the previous fiscal year rapidly fell in and after the middle of March 2012, with concern about a slowdown in the global economy and a decrease in demands for petroleum. However, it seesawed, showing an upward tendency again in and after July, but falling in and after October 2012. Domestic sales volume increased from the corresponding period a year earlier, when fuel oil was generally affected by the disaster, with contributions from a growth in grade C heavy oil of which demands continuously increased for power generation.

In this operating environment, the Itochu Enex Group worked to strengthen and improve the core petroleum product sales business in this fiscal year, the second year of a medium-term business plan, Core & Synergy 2013. We also pursued a growth strategy, working on a new business model as a company that proposes an optimal mix of energy with the electricity and steam supply business through JEN Holdings Co., Ltd. which newly became a Group company in the previous fiscal year, as well as the heat supply business[1] into which Itochu Enex entered through making Tokyo City Service Co., Ltd. a Group company in May 2012. Furthermore, we strived to expand business that creates needs from the viewpoint of consumers mainly through the Total-Life Division.

As a result of the above activities, in the nine months ended December 31, 2012, consolidated net sales increased 2.7% year on year to 1,029,796 million yen. Operating income rose 57.6% year on year to 8,281 million yen, ordinary income increased 46.6% year on year to 8,192 million yen, and net income rose 93.1% year on year to 3,522 million yen.

Note 1 Heat supply business: Heat supply business supplies cold and hot water for air conditioning to office buildings and other multiple buildings from a heat source plant using pipes.

Results of Operations by Segment

Industrial Material Division

The Industrial Material Division earned operating income of 3,668 million yen (up 142.6% year on year) on net sales of 129,987 million yen (up 30.4% year on year) in the nine months ended December 31, 2012.

Active efforts to secure new customers in the petroleum product sales business resulted in a year-on-year increase in sales volume, mainly for kerosene, gas oil, and heavy oil. In the asphalt sales business, sales volume increased year on year, as a result of enhancement of distribution functions, such as completion of company-owned ocean-going vessels to carry asphalt in September 2012, as well as new construction of company-owned tanks in Sodegaura City, Chiba Prefecture in November 2012. In the AdBlue sales business, sales volume expanded from a year earlier thanks to increasing popularization of urea SCR vehicles[2].

In the general high-pressure gas business, we ensured both sales volume and profits at the same level as the corresponding period a year earlier, despite harsh conditions due to continuous adverse effects from lower operating rates of plants in the industry.

In the electricity and steam supply business, profits increased year on year, reflecting a sales increase due to higher facilities operating rates, as well as profits from wind generation business using a system for purchasing renewable energy at fixed price. In the electric power retail business, both sales volume and profits increased year on year.

In the heat supply business into which Itochu Enex entered in May 2012, business performance went well thanks to higher demand for heat for air conditioning due to climate factors.

Note 2 Urea SCR vehicle: Urea SCR vehicle purifies NOx using urea solution (AdBlue) and Selective Catalytic Reduction to reduce NOx in exhaust gas from diesel engines.

Car-Life Division

The Car-Life Division earned operating income of 3,351 million yen (down 9.2% year on year) on net sales of 402,045 million yen (down 2.0% year on year).

Sales volume decreased year on year with adverse effects from decreased demands resulted from a slowdown in demands for reconstruction after the Great East Japan Earthquake and increasing popularization of fuel-efficient vehicles. In the retail strategy, we actively worked on support for operating stations through promotion of "ENEX ACT Program[3]" for the purpose of improving profitability of Car-Life Stations[4], as well as the enhancement of disaster response bases such as starting a full-scale operation of "Kizuna Net Center[5]".

The number of Car-Life Stations at the end of the nine months was 2,170, a net increase of 13 stations from the end of the previous fiscal year. During the nine months we added 67 newly affiliated stations and lost 54 stations through disaffiliation due to aging facilities and unprofitability.

Furthermore, Itochu Enex pushed ahead with preparation for expanding business bases and strengthening a core business, for example, concluding a fundamental agreement to take over the petroleum oil business from Nichibei-Shokai Co., Ltd. in Miyazaki Prefecture in December 2012. We will continue to develop business proactively toward expanding the network of Car-Life Stations of Group Companies.

Note 3 ENEX ACT Program: 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 4 Car-Life Stations: Car-Life Stations are full-service automobile service stations affiliated with Itochu Enex.

Note 5 Kizuna Net Center: Kizuna Net Center is a disaster-response petroleum distribution center opened in Rifu-cho, Miyagi Prefecture in September 2012, as part of the medium- and long-term support for reconstruction of areas hit by the Great East Japan Earthquake. With a privately-owned electrical power facility, stable supply of energy to medical institutions and nursing homes for the elderly becomes possible at the time of disaster.

Global Trade Division

The Global Trade Division recorded operating income of 673 million yen (down 21.4% year on year) on net sales of 426,234 million yen (up 0.5% year on year).

The division's petroleum products trading business continued to face a difficult operating environment due to extreme volatility in prices of crude oil and petroleum products and a recent slowdown in domestic demands, etc. However, sales volume increased year on year with accumulated transactions taking into account domestic and overseas market trends such as the increased demand for kerosene due to colder weather than usual, as well as customers' needs. Meanwhile, profits decreased year on year due in part to impacts from the stagnation in the market in summer.

In the marine fuel sales business, as transaction overseas continued to grow steadily, profits from overseas operation increased year on year. In domestic operation, the distribution network was reinforced to be more efficient with the deployment of dedicated fuel supply ships, and accumulated efforts to acquire new transactions were made. As a result, both sales volume and profits increased year on year.

While the tanker business was sluggish due to tanker rates remaining low, the Division strived to ensure profits with proactive efforts for increasing operating efficiency and reducing cost for company-managed vessels, as well as spot chartering and vessel operation services.

The Project & Investment Department proactively gathered broad information and examined prospective projects in preparation for the further development of overseas business.

Home-Life Division

The Home-Life Division earned operating income of 2,202 million yen (up 64.0% year on year) on net sales of 68,910 million yen (up 4.7% year on year).

As the average temperature nationwide had been lower than the corresponding period a year earlier during the period from late October to December, when LP gas begins to be demanded, sales volume of LP gas for home increased year on year.

Meanwhile, the import price of LP gas continued to surge from August, and remained high with over 1,000 U.S. dollars per ton in and after October. However, we were able to secure fair profits through penetration of the gas rate adjustment system, which has been proactively introduced. In addition, profits improved thanks to further efficient management with area strategies such as integration of Group companies that has been implemented since the previous fiscal year.

Under such circumstances, in terms of "expansion of new energy equipment sales" regarded as the most important strategy in the Home-Life Division, sales volume of solar power generation systems increased by 46% from the corresponding period a year earlier, as a result of enhancing sales capabilities through a new dedicated system from the current fiscal year. In order to create new demand for LP gas, the Division proactively made proposals on an optimal mix of energy, for example, EneFarm household fuel cell system, and LP gas burning appliances such as hybrid water heater, water heater with heat source, and hot water terminal.

Total-Life Division

The Total-Life Division recorded operating loss of 526 million yen (660 million yen in the corresponding period a year earlier) on net sales of 2,243 million yen (up 7.3% year on year).

The Division promoted sales of solar power generation systems and EneFarm household fuel cell systems mainly with the Group companies and petroleum and LP gas distributors. Especially, with the system for purchasing renewable energy at fixed price which started in July 2012, sales activities for industrial solar power generation systems were promoted nationwide. The Division addressed many projects from 10kW to over 1MW (1,000kW) to expand sales.

In relation to a proprietary lithium-ion storage battery system for home use which allows households to be self-sufficient in electricity during disasters or other emergencies, model devices have been marketed mainly through LP gas distributors.

We also expanded the sales for "Super Condenser[6]", a new product, by acquiring industrial users through participating in exhibitions related to energy saving and using sales offices.

As part of "E-koto Project" which is aimed at energizing people and communities, "E-koto Shop Machida", the forth shop in Japan, was opened to expand business bases, in cooperation with Itochu Enex Home-life Kanto Co., Ltd. and local home builders.

In the automobile-related business, Enexauto Co., Ltd., one of the Group companies, mainly contributed to profits of Car-Life Stations, by promoting the "Itsumo Rent-a-Car" car hire business, the "Itsumo Car-Net" used vehicle trading business, and "Car Business Support" system to unify management of customers.

Note 6 Super Condenser: A condenser which is additionally installed with outdoor unit of air conditioners for commercial use to improve efficiency in operation of air conditioners and realize effective energy-saving and reduction of power consumption.

Financial Condition

As of December 31, 2012, total assets amounted to 332,437 million yen, an increase of 27,383 million yen from March 31, 2012. This primarily reflected an increase in fixed assets in line with Tokyo City Service Co., Ltd. becoming a consolidated subsidiary. Liabilities amounted to 228,972 million yen, an increase of 20,010 million yen from March 31, 2012. This primarily reflected an increase in trade notes and accounts payable and issuance of bonds. Net assets totaled 103,464 million yen at the end of the quarter, an increase of 7,373 million yen from March 31, 2012, due to factors including increases in retained earnings and minority interests.

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 2, 2012.

Financial Statements—Consolidated

(1) Consolidated Balance Sheets

Millions of yen

	March 31, 2012	December 31, 2012
	Amount	Amount
Assets		
Current assets		
Cash and cash equivalents	15,312	22,914
Trade notes and accounts receivable	150,895	141,164
Merchandise and finished products	14,898	20,607
Deferred tax assets	1,684	1,238
Other	15,391	18,862
Allowance for doubtful accounts	(306)	(306)
Total current assets	197,877	204,480
Fixed assets		
Property, plant and equipment		
Buildings and structures	53,987	57,733
Accumulated depreciation	(32,959)	(33,382)
Buildings and structures, net	21,028	24,350
Machinery, equipment and vehicles	39,479	49,265
Accumulated depreciation	(27,151)	(28,450)
Machinery, equipment and vehicles, net	12,327	20,814
Land	35,084	34,712
Leased assets	4,381	5,353
Accumulated depreciation	(2,230)	(2,765)
Leased assets, net	2,151	2,587
Construction in progress	1,904	3,112
Other	5,419	5,953
Accumulated depreciation	(4,282)	(4,328)
Other, net	1,137	1,624
Net, property, plant and equipment	73,634	87,202
Intangible assets		
Goodwill	3,430	3,203
Other	3,412	8,090
Total intangible assets	6,842	11,293
Investments and other assets		
Investment securities	13,791	14,389
Long-term loans	1,166	1,038
Deferred tax assets	2,723	3,275
Other assets	9,635	11,400
Allowance for doubtful accounts	(619)	(643)
Total investments and other assets	26,698	29,460
Total fixed assets	107,175	127,956
Total assets	305,053	332,437

Millions of yen

	March 31, 2012	December 31, 2012
	Amount	Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	129,225	134,713
Short-term borrowings	16,349	10,595
Commercial papers	4,000	–
Corporate bonds due within one year	–	5,000
Lease obligations	1,084	1,203
Income taxes payable	2,382	1,675
Accrued bonuses for employees	2,595	1,479
Accrued bonuses for directors and corporate auditors	287	252
Other current liabilities	17,219	19,213
Total current liabilities	173,145	174,133
Long-term liabilities		
Corporate bonds	10,000	20,000
Long-term debt	333	6,266
Lease obligations	1,957	2,308
Deferred tax liabilities	164	1,812
Deferred tax liabilities on land revaluation	2,671	2,592
Liabilities for retirement benefits	6,238	6,591
Asset retirement obligations	2,339	2,460
Other long-term liabilities	12,111	12,807
Total long-term liabilities	35,817	54,838
Total liabilities	208,962	228,972
Net assets		
Shareholders' equity		
Common stock	19,877	19,877
Capital surplus	18,736	18,736
Retained earnings	65,186	66,772
Treasury stock	(1,749)	(1,749)
Total shareholders' equity	102,050	103,637
Accumulated other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities	(1,030)	(769)
Deferred hedge gains (losses)	(3)	(88)
Revaluation reserve for land	(7,627)	(7,499)
Foreign currency translation adjustments	19	38
Total accumulated other comprehensive income (loss)	(8,641)	(8,317)
Minority interests	2,681	8,145
Total net assets	96,090	103,464
Total liabilities and net assets	305,053	332,437

(2) Consolidated Statements of Income

Millions of yen

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
	Amount	Amount
Net sales	1,003,189	1,029,796
Cost of sales	956,277	979,721
Gross profit	46,912	50,075
Selling, general and administrative expenses	41,658	41,793
Operating income	5,253	8,281
Other income		
Interest income	50	55
Dividend income	255	250
Purchase discounts	159	198
Gain on foreign currency translation	1	–
Equity in income of unconsolidated subsidiaries and associates	–	8
Other	612	616
Total other income	1,079	1,130
Other expense		
Interest expense	336	403
Sales discounts	154	166
Bond issuance cost	–	84
Loss on foreign currency translation	–	407
Equity in loss of unconsolidated subsidiaries and associates	36	–
Other	216	156
Total other expense	744	1,219
Ordinary income	5,588	8,192
Extraordinary gains		
Gain on sales of fixed assets	128	97
Gain on sales of investment securities	–	12
Compensation income for expropriation	21	150
Total extraordinary gains	149	260
Extraordinary losses		
Loss on sales and disposal of fixed assets	310	648
Loss on sales of investment securities	10	2
Loss on devaluation of investment securities	402	2
Loss on devaluation of golf club membership	–	6
Loss on impairment of long-lived assets	107	250
Other	26	–
Total extraordinary losses	857	910
Income before income taxes and minority interests	4,880	7,543
Income taxes		
Current	1,748	2,999
Deferred	1,057	334
Total income taxes	2,805	3,334
Income before minority interests	2,075	4,208
Minority interests	250	686
Net income	1,824	3,522

Consolidated Statements of Comprehensive Income

Millions of yen

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
	Amount	Amount
Income before minority interests	2,075	4,208
Other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities	(405)	260
Revaluation reserve for land	382	–
Share of other comprehensive income (loss) of associates accounted for using equity method	33	(64)
Total other comprehensive income (loss)	10	196
Comprehensive income	2,085	4,404
Components:		
Comprehensive income attributable to owners of the parent	1,835	3,718
Comprehensive income attributable to minority interests	250	686

(3) Notes on the Going-Concern Assumption

Not applicable

(4) Notes on Significant Changes in Shareholders' Equity

Not applicable

(5) Segment Information

Nine months ended December 31, 2011 (April 1, 2011 to December 31, 2011)

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				
Sales										
Sales to customers	99,707	410,181	424,228	65,848	2,090	1,002,056	1,132	1,003,189	–	1,003,189
Intersegment sales or transfers	3,144	31,059	19,077	3	2,190	55,475	1,542	57,017	(57,017)	–
Total	102,851	441,241	443,306	65,851	4,281	1,057,532	2,674	1,060,207	(57,017)	1,003,189
Segment income (loss)	1,511	3,690	857	1,342	(660)	6,742	24	6,767	(1,513)	5,253

Notes:
1. "Other" comprises businesses, such as back-office outsourcing services that are not included in reportable segments.
2. The negative 1,513 million yen adjustment for segment income is 1,513 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 94 million yen was consequently booked for the nine months ended December 31, 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 12 million yen was consequently booked for the nine months ended December 31, 2011.

Nine months ended December 31, 2012 (April 1, 2012 to December 31, 2012)

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				
Sales										
Sales to customers	129,987	402,045	426,234	68,910	2,243	1,029,421	375	1,029,796	–	1,029,796
Intersegment sales or transfers	4,867	24,410	16,510	–	2,811	48,600	1,803	50,403	(50,403)	–
Total	134,855	426,455	442,744	68,910	5,054	1,078,021	2,178	1,080,200	(50,403)	1,029,796
Segment income (loss)	3,668	3,351	673	2,202	(526)	9,369	33	9,403	(1,121)	8,281

Notes:
1. “Other” comprises businesses, such as back-office outsourcing services that are not included in reportable segments.
2. The negative 1,121 million yen adjustment for segment income is 1,121 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 71 million yen was consequently booked for the nine months ended December 31, 2012.

In response to a decline in market prices, the Company reduced the book value of idle assets in its Global Trade segment to their net realizable value. An impairment loss of 145 million yen was consequently booked for the nine months ended December 31, 2012.

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 33 million yen was consequently booked for the nine months ended December 31, 2012.

3. Changes in reportable segments and related information

Changes in depreciation method for property, plant and equipment

The depreciation method for property, plant and equipment (excluding leased assets) was changed to straight-line method from the first quarter ended June 30, 2012.

With this change, compared to figures calculated by the conventional method, segment income for the nine months ended December 31, 2012 increased by 110 million yen in Industrial Material Division; 500 million yen in Car-Life Division; 62 million yen in Global Trade Division; and 222 million yen in Home-Life Division. Segment loss decreased by 8 million yen in Total-Life Division and 17 million yen in Adjustments of the entire Company.