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 Three Months Ended June 30, 2012 (Under Japanese GAAP)

Tokyo, Japan, July 27, 2012 -- Itochu Enex Co., Ltd. (TSE: 8133) announced net sales of 333,086 million yen for the three months ended June 30, 2012, and net income of 827 million yen, or 7.32 yen per share, on a consolidated basis.

Results of Operations

In the three months ended June 30, 2012, the Japanese economy showed a gradual recovery trend in the context of increasing demands for reconstruction after the Great East Japan Earthquake, while remaining in a severe situation with impacts from protracted yen strength and deflation, as well as instability 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. Domestic sales volume slightly 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, and other factors.

In this operating environment, the Itochu Enex Group entered into the second year of a 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 JEN Holdings Co., Ltd., etc. which newly became a Group company in the previous fiscal year, as well as business that creates needs from the viewpoint of consumers mainly through the Total-Life Division. In May 2012, the Company entered into the heat supply business[1] through making Tokyo

Toshi Service Company a Group company, actively implementing 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, in the three months ended June 30, 2012、consolidated net sales increased 11.4% year on year to 333,086 million yen, as sales volume increased from a year earlier. Operating income rose 37.6% year on year to 1,644 million yen, supported by the increased sales in the electric power business. Ordinary income increased 19.6% year on year to 1,963 million yen and net income rose 58.8% year on year to 827 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 666 million yen (up 62.5% year on year) on net sales of 36,875 million yen (up 27.7% year on year) in the three months ended June 30, 2012.

Active efforts to secure new customers in the petroleum product sales business resulted in an increase in sales volume, mainly for kerosene, gas oil, and heavy oil, which supported an increase in profits year on year. In the asphalt sales business, both sales volume and profits increased year on year, as a result of expanding distribution functions, for example, by building additional asphalt bases in Hokkaido and Osaka areas in the previous fiscal year.

In the general high-pressure gas business, both sales volume and profits grew year on year with increases in spot hydrogen supply and sales of dry ice in the West Japan area, despite 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 prices in the wholesale electricity spot market due to a tight supply and demand situation and higher facilities operating rates. In May 2012, Itochu Enex entered into the heat supply business, making Tokyo Toshi Service Company a Group company. Tokyo Toshi Service Company has operated 17 heat supply centers nationwide with expertise on shifting peaks of power demand, a reduction in energy costs, and lower carbon energy, supported by the most advanced energy-saving technologies in Japan. We will further promote the business to propose an optimal mix of energy meeting customer's needs, as creating synergy with the core petroleum product sales business by making said company join the Group.

Car-Life Division

The Car-Life Division earned operating income of 732 million yen (down 13.4% year on year) on net sales of 123,705 million yen (down 4.6% year on year).

Sales volume decreased year on year due to popularization of fuel-efficient vehicles with tax break and subsidies for eco-friendly car, as well as hesitant buying in expectation of a price decrease in the context of plunge of crude oil prices. In spite of putting emphasis on securing profits from non-fuel oil, profits decreased year on year.

In an effort for boosting sales, 16 Car-Life Stations[2] were selected as "Information Sharing Base", which serve as a key store in each area, from among Car-Life Stations directly run by the Group companies, in order to build the network to share information and management expertise. With this, we aim to maximize profits by creating a synergy beyond barriers of Car-Life Stations directly run by the Group companies and sales offices.

The number of Car-Life Stations at the end of the three months was 2,154, a net decrease of 3 stations from the end of the previous fiscal year. During the three months we added 12 newly affiliated stations and lost 15 stations through closure or disaffiliation amid ongoing attrition of gas stations in Japan.

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 recorded operating loss of 256 million yen (196 million yen in the corresponding period a year earlier) on net sales of 147,480 million yen (up 26.4% year on year).

The division's petroleum products trading business faced a difficult operating environment due to lower domestic demand than before the Great East Japan Earthquake and plunge in prices of crude oil and petroleum products. While sales volume increased year on year as it accumulated transactions meeting customer's needs, profits decreased year on year due in part to impacts from a fall in the market.

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

In the tanker business, operating loss worsened, including spot chartering and vessel operation services, due to tanker rates remaining low despite continuous efforts for reducing cost for company-owned vessels and increasing operating efficiency for company-managed vessels.

With IP&E Palau in which we invested in December 2011 performing well, the Project & Investment Department actively 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 1,069 million yen (up 26.7% year on year) on net sales of 24,067 million yen (up 5.8% year on year).

Sales volume of LP gas for home and commercial use decreased year on year as consumer's awareness of energy saving increased and the average temperature nationwide was higher than the corresponding period a year earlier.

Meanwhile, profits increased year on year, thanks to a fair margin secured due to widespread penetration of the gas rate adjustment system, cost cutting through more efficient operations, and effects of rationalization resulting from integration of Group companies in Kanto and West Japan areas implemented in the previous fiscal year.

For the purpose of improving efficiency of operations and enhancing sales ability, the Division started to reconstruct its direct sales operation, building a new dedicated system centering on sales of new energy equipment. With this approach, the Division will create new demand for LP gas by continuing to put emphasis on sales of solar power generation systems and EneFarm household fuel cell systems, in order to diffuse distributed power generation systems which have attracted attention in recent years.

Total-Life Division

The Total-Life Division recorded operating loss of 222 million yen (245 million yen in the corresponding period a year earlier) on net sales of 697 million yen (up 5.6% year on year).

The Division proactively promoted sales of solar power generation systems and EneFarm household fuel cell systems, by building a new sales network comprising the Group companies, existing petroleum and LP gas distributors, and partners in other industries, such as home builders and real estate agents. Completing demonstration experiment of a proprietary lithium-ion storage battery system for home use which allows households to be self-sufficient in electricity during disasters or other emergencies, we are scheduled to start selling models.

We also expanded the sales channels for "Super Condenser[3]", a product of Green Earth Co., Ltd. in which Itochu Enex invested in the previous fiscal year, by building a system to install it nationwide.

As part of "E-koto Project" which is aimed at energizing people and communities, "E-koto shop Himeji Shikama" was opened as the third "E-koto shop" in Japan, which is a facility fusing automobiles with living space.

In the automobile-related business, ENEXAUTO CO., LTD., one of Group companies, mainly promoted the Itsumo Rent-a-Car car hire business, the Itsumo Car-Net used vehicle trading business, and introduction of Car Business Support system to unify management of customers. These efforts to reinforce sales management systems of Car-Life Stations contributed to an improvement in profitability of Car-Life Stations.

Note 3 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 energy-saving and reduction of power consumption.

Financial Condition

As of June 30, 2012, total assets amounted to 289,730 million yen, a decrease of 15,323 million yen from March 31, 2012. This mainly reflected a decrease in trade notes and accounts receivable. Liabilities amounted to 189,155 million yen, a decrease of 19,807 million yen from March 31, 2012. This decrease primarily reflected a decrease in trade notes and accounts payable and issuance of bonds. Net assets totaled 100,574 million yen at the end of the quarter, an increase of 4,484 million yen from March 31, 2012, due to factors including an increase in minority shareholders' interest resulting from investment in Tokyo Toshi Service Company.

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	June 30, 2012
	Amount	Amount
Assets		
Current assets		
Cash and cash equivalents	15,312	20,375
Trade notes and accounts receivable	150,895	108,433
Merchandise and finished products	14,898	15,465
Deferred tax assets	1,684	1,613
Other	15,391	19,350
Allowance for doubtful accounts	(306)	(246)
Total current assets	197,877	164,991
Fixed assets		
Property, plant and equipment		
Buildings and structures	53,987	58,070
Accumulated depreciation	(32,959)	(33,231)
Buildings and structures, net	21,028	24,839
Machinery, equipment and vehicles	39,479	48,371
Accumulated depreciation	(27,151)	(27,455)
Machinery, equipment and vehicles, net	12,327	20,915
Land	35,084	35,071
Leased assets	4,381	4,374
Accumulated depreciation	(2,230)	(2,435)
Leased assets, net	2,151	1,938
Construction in progress	1,904	2,155
Other	5,419	5,586
Accumulated depreciation	(4,282)	(4,323)
Other, net	1,137	1,262
Net, property, plant and equipment	73,634	86,184
Intangible assets		
Goodwill	3,430	3,099
Other	3,412	7,535
Total intangible assets	6,842	10,635
Investments and other assets		
Investment securities	13,791	13,704
Long-term loans	1,166	1,114
Deferred tax assets	2,723	3,539
Other assets	9,635	10,273
Allowance for doubtful accounts	(619)	(713)
Total investments and other assets	26,698	27,918
Total fixed assets	107,175	124,738
Total assets	305,053	289,730

Millions of yen

	March 31, 2012 Amount	June 30, 2012 Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	129,225	95,561
Short-term borrowings	16,349	17,051
Commercial papers	4,000	–
Lease obligations	1,084	1,074
Income taxes payable	2,382	778
Accrued bonuses for employees	2,595	2,330
Accrued bonuses for directors and corporate auditors	287	139
Other current liabilities	17,219	19,574
Total current liabilities	173,145	136,510
Long-term liabilities		
Corporate bonds	10,000	25,000
Long-term debt	333	339
Lease obligations	1,957	1,778
Deferred tax liabilities	164	1,603
Deferred tax liabilities on land revaluation	2,671	2,670
Liabilities for retirement benefits	6,238	6,461
Asset retirement obligations	2,339	2,346
Other long-term liabilities	12,111	12,444
Total long-term liabilities	35,817	52,644
Total liabilities	208,962	189,155
Net assets		
Shareholders' equity		
Common stock	19,877	19,877
Capital surplus	18,736	18,736
Retained earnings	65,186	65,112
Treasury stock	(1,749)	(1,749)
Total shareholders' equity	102,050	101,976
Accumulated other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities	(1,030)	(1,353)
Deferred hedge gains (losses)	(3)	(5)
Revaluation reserve for land	(7,627)	(7,629)
Foreign currency translation adjustments	19	6
Total accumulated other comprehensive income (loss)	(8,641)	(8,982)
Minority interests	2,681	7,580
Total net assets	96,090	100,574
Total liabilities and net assets	305,053	289,730

(2) Consolidated Statements of Income

Millions of yen

	Three months ended June 30, 2011	Three months ended June 30, 2012
	Amount	Amount
Net sales	298,982	333,086
Cost of sales	283,982	317,594
Gross profit	15,000	15,491
Selling, general and administrative expenses	13,805	13,847
Operating income	1,195	1,644
Other income		
Interest income	19	12
Dividend income	220	216
Purchase discounts	49	87
Gain on foreign currency translation	–	13
Equity in income of unconsolidated subsidiaries and associates	204	94
Other	225	226
Total other income	718	650
Other expense		
Interest expense	115	125
Sales discounts	51	56
Bond issuance cost	–	84
Loss on foreign currency translation	37	–
Other	66	65
Total other expense	271	331
Ordinary income	1,641	1,963
Extraordinary gains		
Gain on sales of fixed assets	33	12
Compensation income for expropriation	12	–
Total extraordinary gains	45	12
Extraordinary losses		
Loss on sales and disposal of fixed assets	100	149
Loss on devaluation of investment securities	316	–
Loss on impairment of long-lived assets	4	14
Other	6	–
Total extraordinary losses	428	164
Income before income taxes and minority interests	1,259	1,811
Income taxes		
Current	573	715
Deferred	45	117
Total income taxes	619	832
Income before minority interests	639	979
Minority interests	118	151
Net income	520	827

Consolidated Statements of Comprehensive Income

Millions of yen

	Three months ended June 30, 2011	Three months ended June 30, 2012
	Amount	Amount
Income before minority interests	639	979
Other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities	(99)	(323)
Share of other comprehensive income (loss) of associates accounted for using equity method	25	(14)
Total other comprehensive income (loss)	(74)	(338)
Comprehensive income	565	640
Components:		
Comprehensive income attributable to owners of the parent	446	489
Comprehensive income attributable to minority interests	118	151

(3) Notes on the Going-Concern Assumption

Not applicable

(4) Notes on Significant Changes in Shareholders' Equity

Not applicable

(5) Segment Information

Three months ended June 30, 2011 (April 1, 2011 to June 30, 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				
I. Sales										
(1) Sales to customers	28,879	129,726	116,643	22,751	660	298,661	321	298,982	–	298,982
(2) Intersegment sales or transfers	728	5,981	5,607	–	453	12,771	517	13,288	(13,288)	–
Total	29,608	135,707	122,251	22,751	1,114	311,432	838	312,271	(13,288)	298,982
Segment income (loss)	409	845	(196)	843	(245)	1,656	3	1,660	(465)	1,195

Notes:
1. "Other" comprises businesses, such as back-office outsourcing services that are not included in reportable segments.
2. The negative 465 million yen adjustment for segment income is 465 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 4 million yen was consequently booked for the three months ended June 30, 2011.

Three months ended June 30, 2012 (April 1, 2012 to June 30, 2012)

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	36,875	123,705	147,480	24,067	697	332,827	259	333,086	–	333,086
(2) Intersegment sales or transfers	1,039	11,791	5,701	–	653	19,186	491	19,677	(19,677)	–
Total	37,915	135,497	153,182	24,067	1,350	352,013	750	352,763	(19,677)	333,086
Segment income (loss)	666	732	(256)	1,069	(222)	1,988	9	1,997	(352)	1,644

Notes:
1. "Other" comprises businesses, such as back-office outsourcing services that are not included in reportable segments.
2. The negative 352 million yen adjustment for segment income is 352 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 10 million yen was consequently booked for the three months ended June 30, 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 3 million yen was consequently booked for the three months ended June 30, 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 three months period ended June 30, 2012.

With this change, compared to figures calculated by the conventional method, segment incomes for the three months ended June 30, 2012 increased by 34 million yen in Industrial Material Division; 152 million yen in Car-Life Division; and 66 million yen in Home-Life Division. Segment losses decreased by 19 million yen in Global Trade Division; 2 million yen in Total-Life Division; and 7 million yen in Adjustments of the entire Company.