

This document is an English translation of quarterly financial results report released on October 30, 2014 and written initially in Japanese.  
The Japanese original should be considered as the primary version.



October 30, 2014

## Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2015 <under IFRSs>

Company name: **Itochu Enex Co., Ltd.**  
 Listing: Tokyo Stock Exchange, 1st Section  
 Stock code: 8133  
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Scheduled date to file quarterly securities report: November 11, 2014  
 Scheduled date to commence dividend payments: December 5, 2014  
 Preparation of supplementary results briefing material on quarterly financial results: None  
 Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts rounded, unless otherwise noted)

### 1. Consolidated financial results for the first six months of the fiscal year ending March 31, 2015 (from April 1, 2014 to September 30, 2014)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Total trading transactions		Operating profit		Profit before tax		Profit		Profit attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended												
September 30, 2014	696,637	0.8	5,972	24.9	5,714	(13.6)	3,425	(8.9)	2,807	(12.8)	3,647	(8.7)
September 30, 2013	691,153	–	4,783	–	6,616	–	3,760	–	3,220	–	3,996	–

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2014	24.84	–
September 30, 2013	28.50	–

Note: “Total trading transactions” are presented in accordance with the Japanese accounting practices and represent the total amounts of transactions that the Company and its consolidated subsidiaries conducted as a party in contracts and for which they acted as an agent.

“Operating profit” represents “Profit from operating activities” in the condensed quarterly consolidated statement of comprehensive income.

“Basic earnings per share” are calculated based on “Profit attributable to owners of the parent.”

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2014	341,482	111,188	95,816	28.1
March 31, 2014	321,032	103,563	94,144	29.3

**2. Cash dividends**

	Annual cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2014	–	8.00	–	12.00	20.00
Fiscal year ending March 31, 2015	–	11.00			
Fiscal year ending March 31, 2015 (Forecast)			–	11.00	22.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2015  
(from April 1, 2014 to March 31, 2015)**

(Percentages indicate year-on-year changes.)

	Total trading transactions		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2015	1,600,000	6.2	13,800	16.2	13,800	(0.3)	7,600	6.7	67.26

Note: Revisions to the consolidated earnings forecasts most recently announced: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- |   |      |
|---|------|
| a. Changes in accounting policies required by IFRSs:    | Yes  |
| b. Changes in accounting policies other than the above: | None |
| c. Changes in accounting estimates:                     | None |

For details, please refer to “2. Matters Regarding Summary Information (Notes), (2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements” on page 6 of the attached materials.

(3) Number of issued shares (common stock)

a. Total number of issued shares at end of period (including treasury stock)

As of September 30, 2014	116,881,106 shares
As of March 31, 2014	116,881,106 shares

b. Number of treasury stock at end of period

As of September 30, 2014	3,890,592 shares
As of March 31, 2014	3,890,015 shares

c. Average number of outstanding shares during period (cumulative from the beginning of the fiscal year)

For the six months ended September 30, 2014	112,990,865 shares
For the six months ended September 30, 2013	112,992,207 shares

**\* Indication regarding execution of quarterly review procedures**

This quarterly financial results report is out of the scope of the quarterly review procedures that are required by the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the quarterly review procedures for the condensed quarterly financial statements pursuant to the Financial Instruments and Exchange Act are in progress.

**\* Proper use of earnings forecasts, and other special notes**

The forecasts and other forward-looking statements in this report are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual business and other results may significantly differ from these forecasts due to various factors.

Please refer to “1. Qualitative Information Regarding Results for the First Six Months, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements” on page 5 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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# 1. Qualitative Information Regarding Results for the First Six Months

## (1) Explanation of Operating Results

### 1) Results of operations

During the six months ended September 30, 2014, the Japanese economy has been on a moderate recovery trend thanks to improvement of employment and income underpinned by the effects of the government economic policies and ongoing monetary easing by the Bank of Japan. Meanwhile, in personal consumption, the impact was seen through the prolonged pullback in demand in the wake of a surge ahead of the consumption tax hike in April 2014.

In the petroleum products distribution industry, although the price of crude oil, which had hovered at a high level, began falling in July, domestic petroleum product prices were trending in a high price range due to the continued weakening of the yen against the dollar. In addition, the sales volume of gasoline decreased significantly from the corresponding period a year earlier as unseasonable weather continued during the summer holiday season.

With regard to the power market, spot prices were trending steadily due to the continued shutdown of nuclear power plant operations. From August, however, demand for electricity declined affected by the unseasonable weather and the subsequent decline of average temperatures, and the spot average price was below that of the corresponding period a year earlier.

In this operating environment, the Itochu Enex Group has formulated its Fiscal 2014 Group Business Plan, "Moving 2014," and pushed ahead with the following six priority measures:

- < 1 > Transform the petroleum and gas business model
- < 2 > Create new businesses to obtain new revenue sources
- < 3 > Further expand existing businesses through M&As
- < 4 > Develop business base and network for power and utility business
- < 5 > Develop and cultivate overseas business
- < 6 > Upgrade "Enex DNA"

As a part of its efforts in promoting these measures, in September, the Company agreed to form a joint venture for power retailing with Oji Green Resources Co., Ltd., a subsidiary of Oji Holdings Corporation. Looking ahead to the full liberalization of the electricity retail market in 2016, we will contribute significantly to electricity power supply and demand in Japan as a new leader in the industry through an alliance with Oji Group.

As a result of the above activities, during the six months ended September 30, 2014, revenue increased 6.7% year on year to ¥478,762 million, due to a growth in revenue as a result of the new consolidation of Osaka Car Life Group Co., Ltd., which became a subsidiary of Itochu Enex in May, and an increase in revenue from the electricity and steam supply business, etc. Through the contribution of the new consolidation to profits, gross profit increased 16.2% year on year to ¥38,999 million, while profit before tax decreased 13.6% year on year to ¥5,714 million, despite an increase in gross profit, due to an increase in expenses resulting from the new consolidation, and also due to the absence of profit from sales of investments in subsidiaries and associates recorded in the corresponding period a year earlier, and other factors. Profit attributable to owners of the parent decreased 12.8% year on year to ¥2,807 million, owing to the decrease in profit before tax.

### 2) Results of operations by segment

#### Home-Life Division

In the Home-Life Division, while the sales volume of LP gas decreased slightly in the first quarter from a year earlier, in the second quarter it was above that of a corresponding period a year earlier due mainly to the decline of average temperatures nationwide. Consequently, the sales volume for the six months ended September 30, 2014 was at the same level as in the corresponding period a year earlier. In the profit and loss aspect, although a certain level of profit was ensured through the gas rate adjustment system, profits decreased year on year due to compression of profit margins because of a

relatively expensive inventory held at the beginning of the fiscal year, and other reasons.

Under such conditions, in addition to the “Smart Life” campaign launched in June aimed at promoting the sales of photovoltaic power generation systems, ENEFARM residential fuel cells, and high-performance and high-efficiency gas equipment, we launched in July the “All Japan Appliance Sales Dream Matching Campaign” at our Group sales distributors nationwide. As a company which proposes an optimal mix of home energy, we will offer Smart Life to customers to realize affluent and comfortable lifestyles, via nationwide Group companies and distributors.

Moreover, as social contribution activities, the Company has hosted the “Itadakimasu Support Manifesto for Kids,” a program to teach children the importance of food culture, and the “Honoo no Chikara Support Manifesto for Kids,” a program to teach children the importance of fire, at kindergarten and nursery schools across Japan. Moreover, we also conduct activities such as “Cooking Class for Parents and Children” and convey the importance of cooking with parents and children together, as well as the significance of food and diet.

As a result of these activities, revenue was ¥49,023 million (down 1.1% year on year), gross profit was ¥11,775 million (down 4.0% year on year), and profit before tax was ¥903 million (down 46.3% year on year).

### **Car-Life Division**

In the Car-Life Division, domestic demand continues to decline due to the impact of the consumption tax hike, the reluctance of consumers to purchase because of the price of petroleum products that is hovering at high levels, the popularization of fuel efficient vehicles, as well as unseasonable weather in summer when gasoline demand is usually high, and as a result the sales volume was down from a year earlier. In the aspect of profit and loss, meanwhile, despite a severe operating environment due to the decrease in the sales volume of petroleum products and the compression in the distribution margin, profit was above the corresponding period a year earlier owing to the contribution from June of Osaka Car Life Group Co., Ltd., which became a subsidiary in May.

In the retail strategy, we have continued to improve profitability of Car-Life Stations\*<sup>1</sup> by sharing successful examples and providing Stations with individual support meeting their needs through “ENEX ACT Program\*<sup>2</sup>,” which has been developed for the purpose of strengthening competitiveness of the Car-Life Stations of the Company.

In the automobile-related business, we are focusing on strengthening the Car Life value chain so that we will build even closer relationships with customers through the life cycle of vehicles starting from sales of new cars by the Osaka Car Life Group Co., Ltd., to maintenance and repair services, automobile insurance sales, vehicle inspection, sales of used cars, etc., and create synergies with the CS business that we have cultivated.

The number of Car-Life Stations of the Itochu Enex Group as of September 30, 2014 was 2,084; a net decrease of 34 stations from the end of the previous fiscal year. During the six months ended September 30, 2014, impacted by the trend of decrease in the number of nationwide gas stations, we lost 58 stations through disaffiliation of unprofitable and decrepit stations, etc. while adding 24 newly affiliated stations.

As a result of these activities, revenue was ¥300,282 million (up 13.3% year on year), gross profit was ¥20,073 million (up 37.1% year on year), and profit before tax was ¥516 million (up 27.4% year on year).

\*1 Car-Life Stations: Car-Life Stations are service stations providing multiple services provided by Itochu Enex.

\*2 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.

## **Power & Utility Division**

In the Power & Utility Division, with the continued suspension of nuclear power plant operations, due to the impact of unseasonable weather from August, demand for electricity and heat ended up undershooting the projection.

In the electricity and steam supply business<sup>\*3</sup>, regarding the power generation area centering on JEN Holdings Co., Ltd., as a result of the start of operations of the wind power generation facilities in Tainai City of Niigata Prefecture, electricity produced by wind power increased from the corresponding period a year earlier. However, as for thermal power plants, due to the impact of the decline of the nighttime power spot market price, etc., electricity production was below the corresponding period a year earlier.

In addition, regarding the electricity sales area centering on the Company, through increasing contracts in the areas controlled by the respective power companies in Tohoku, Chubu and Kyushu, where we started business in this fiscal year, strengthening sales activities in the Tokyo, Kansai and Chugoku areas, and business expansion including new establishment of the Kansai local section, the amount of electricity sold in retail business increased from the corresponding period a year earlier, while the total amount of electricity sold under the division decreased slightly.

Profits grew significantly year on year thanks to expansion of retail sales in the electricity and steam supply business.

In the heat supply business<sup>\*4</sup>, heat sold decreased due to unseasonable weather from August and the heightened consciousness of energy conservation driven by the increase in fuel costs, and the amount of heat sold was less than that in the corresponding period a year earlier, while profits were at the same level as in the corresponding period a year earlier, due mainly to raw materials cost reductions.

In the LNG sales business, the sales volume increased year on year with an increased sales to new customers who began transacting in the previous fiscal year.

As a result of these activities, revenue was ¥17,472 million (up 6.8% year on year), gross profit was ¥3,518 million (up 5.2% year on year), and profit before tax was ¥2,522 million (down 35.7% year on year) due partly to the absence of profit from sales of investments in subsidiaries and associates recorded in the corresponding period a year earlier.

\*3 Electricity and steam supply business: Electricity and steam supply business supplies electricity and steam generated at time of power generation.

\*4 Heat supply business: Heat supply business supplies cold and hot water for air conditioning to multiple office buildings and other buildings from a heat source plant using pipes.

## **Energy Trade Division**

In the Energy Trade Division the impact of the drastic decline of crude oil prices was limited thanks to further weakening yen against the dollar. Meanwhile, the Division continued to face a difficult environment due to continuing stagnation of market conditions partly due to decreasing demand. Moreover, because of energy conservation efforts and heightened environmental awareness in various fields, fuel consumption is on a slowing trend and the sales volume declined from the corresponding period a year earlier

In this operating environment, in the Energy Trade Division, we are promoting development and enhancement of the distribution functions in the sales of industrial fuels and materials, which are the mainstay items of this Division. In the asphalt sales business, we have established one of the leading distribution networks in Japan centering on 11 asphalt terminals nationwide and three company-owned vessels to carry asphalt, and in the AdBlue sales business, in response to the increasing popularization of urea SCR vehicles<sup>\*5</sup>, we have established 19 AdBlue supply bases nationwide and a delivery network. In addition, for marine fuel sales for domestic operations, we have deployed nine dedicated fuel supply ships nationwide, and for the petroleum products, we have developed a system capable of swiftly responding to the daily-changing distribution environment by deploying oil storage depots and company-owned vessels for domestic operation.

We will continue working for further optimization and greater sophistication of our distribution functions by grasping the diversifying customer needs and market environment changes in Japan and abroad.

As a result of these activities, revenue was ¥111,926 million (down 5.1% year on year), gross profit was ¥3,568 million (up 8.7% year on year), and profit before tax was ¥1,171 million (up 118.2% year on year).

\*5 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.

## **(2) Explanation of Financial Position**

### **Assets, liabilities and equity**

Total assets amounted to ¥341,482 million at September 30, 2014, an increase of ¥20,450 million from March 31, 2014. Total liabilities amounted to ¥230,294 million, an increase of ¥12,825 million from March 31, 2014. Total equity amounted to ¥111,188 million, an increase of ¥7,625 million from March 31, 2014. The increases in total assets, total liabilities and total equity are all mainly due to increases resulting from the new consolidation of Osaka Car Life Group Co., Ltd. and others, in particular.

### **Cash flows**

Cash and cash equivalents (net cash) totaled ¥16,090 million at September 30, 2014, an increase of ¥1,839 million from March 31, 2014.

#### *Cash flows from operating activities*

Operating activities earned net cash of ¥18,238 million. This was derived mainly from inflows including profit before tax of ¥5,714 million, and a decrease in funds required for trading due to seasonal factors, etc.

#### *Cash flows from investing activities*

Investing activities used net cash of ¥8,776 million. The main items were expenditures including payments for purchase of property, plant and equipment and investment property of ¥6,854 million and payments for the acquisition of Osaka Car Life Group Co., Ltd. of ¥2,202 million.

#### *Cash flows from financing activities*

Financing activities used net cash of ¥7,640 million. The main items were expenditures due to decrease of interest-bearing debt of ¥6,070 million and ¥1,356 million for dividends paid.

## **(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements**

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 April 30, 2014.

## 2. Matters Regarding Summary Information (Notes)

### (1) Changes in Significant Subsidiaries During the Period

No items to report.

### (2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements

The Itochu Enex Group has applied the following Standards and Interpretations from the three months ended June 30, 2014 in accordance with the respective transitional measures.

Standard	Name of standard	Description of issuance and amendments
IAS 32	Financial Instruments: Presentation	Clarification of requirements for presentation of offsetting financial assets and financial liabilities
IFRIC 21	Levies	Accounting treatment for liabilities associated with levies

As a result of the application of the IFRIC Interpretation 21 “Levies” as per the above, in the consolidated statement of financial position as of March 31, 2014, deferred tax assets increased by ¥308 million, other current financial liabilities increased by ¥865 million, retained earnings decreased by ¥507 million, and non-controlling interests decreased by ¥50 million.

In addition, in the condensed quarterly consolidated statement of financial position as of September 30, 2014, other current assets decreased by ¥383 million, deferred tax assets increased by ¥136 million, retained earnings decreased by ¥230 million, and non-controlling interests decreased by ¥17 million.

In the condensed quarterly consolidated statement of comprehensive income for the six months ended September 30, 2013 and for the six months ended September 30, 2014, cost of sales decreased by ¥138 million and ¥189 million, respectively, and selling, general and administrative expense decreased by ¥302 million, and ¥293 million, respectively.

No other significant impact on the Itochu Enex Group exists from the application of the Standards and Interpretations.

### 3. Condensed Quarterly Consolidated Financial Statements

#### (1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	14,251	16,090
Trade receivables	140,289	115,909
Other current financial assets	11,213	13,039
Inventories	18,655	25,623
Trade advances paid	2,108	1,743
Other current assets	1,677	2,006
Total current assets	188,193	174,410
Non-current assets		
Investments accounted for by the equity method	5,927	5,720
Other investments	7,349	8,272
Non-current financial assets other than investments	10,598	10,798
Property, plant and equipment	66,988	87,571
Investment property	14,236	15,212
Goodwill	229	229
Intangible assets	10,280	23,612
Deferred tax assets	15,470	13,895
Other non-current assets	1,762	1,763
Total non-current assets	132,839	167,072
<b>Total assets</b>	<b>321,032</b>	<b>341,482</b>

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Short-term bonds and borrowings	11,499	17,666
Trade payables	125,655	118,351
Other current financial liabilities	5,891	11,068
Income taxes payable	4,021	1,811
Advances from customers	5,648	6,398
Other current liabilities	6,487	9,610
Total current liabilities	159,201	164,904
<b>Non-current liabilities</b>		
Non-current bonds and borrowings	27,099	24,389
Other non-current financial liabilities	17,660	23,524
Non-current liabilities for employee benefits	7,042	10,075
Deferred tax liabilities	2,409	1,993
Provisions	3,372	4,821
Other non-current liabilities	686	588
Total non-current liabilities	58,268	65,390
Total liabilities	217,469	230,294
<b>Equity</b>		
Common stock	19,878	19,878
Capital surplus	18,737	18,737
Retained earnings	59,377	60,828
Other components of equity	(2,098)	(1,876)
Treasury stock	(1,750)	(1,751)
Total equity attributable to owners of the parent	94,144	95,816
Non-controlling interests	9,419	15,372
Total equity	103,563	111,188
<b>Total liabilities and equity</b>	<b>321,032</b>	<b>341,482</b>

**(2) Condensed Quarterly Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Revenue	448,898	478,762
Cost of sales	(415,333)	(439,763)
Gross profit	33,565	38,999
Other expense		
Selling, general and administrative expense	(27,958)	(33,133)
Loss from tangible assets, intangible assets and goodwill	(848)	(308)
Other – net	24	414
Total other expense	(28,782)	(33,027)
Profit from operating activities	4,783	5,972
Financial income and costs		
Interest income	3	27
Dividends received	218	211
Interest expense	(356)	(419)
Other financial income and costs – net	0	9
Total financial income and costs	(135)	(172)
Share of profit (loss) of investments accounted for by the equity method	71	(79)
Profit from sales of investments in subsidiaries and associates	1,897	(7)
Profit before tax	6,616	5,714
Income tax expense	(2,856)	(2,289)
Profit	3,760	3,425
Profit attributable to owners of the parent	3,220	2,807
Profit attributable to non-controlling interests	540	618

(Millions of yen)		
	Six months ended September 30, 2013	Six months ended September 30, 2014
Other comprehensive income (net of tax effect)		
Items that will not be reclassified to profit or loss		
FVTOCI financial assets	337	452
Other comprehensive income in associates accounted for by the equity method	0	0
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(5)	(15)
Cash flow hedges	(110)	(246)
Other comprehensive income in associates accounted for by the equity method	14	31
Total other comprehensive income (net of tax effect)	236	222
Comprehensive income	3,996	3,647
Comprehensive income attributable to owners of the parent	3,456	3,029
Comprehensive income attributable to non-controlling interests	540	618

(Yen)		
Earnings per share (attributable to owners of the parent)		
Basic	28.50	24.84
Diluted	-	-

(Millions of yen)		
Total trading transactions	691,153	696,637

(Note) Total trading transactions are presented in accordance with the Japanese accounting practices and represent the total amounts of transactions that the Company and its consolidated subsidiaries conducted as a party in contracts and for which they acted as an agent. This item is voluntarily disclosed by the Company for investors' convenience and is not required to be disclosed under International Financial Reporting Standards ("IFRSs").

**(3) Condensed Quarterly Consolidated Statement of Changes in Equity**

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Equity		
Common stock		
Balance at the beginning of the period	19,878	19,878
Balance at the end of the period	19,878	19,878
Capital surplus		
Balance at the beginning the period	18,737	18,737
Balance at the end of the period	18,737	18,737
Retained earnings		
Balance at the beginning of the period	53,575	59,377
Profit attributable to owners of the parent	3,220	2,807
Transfer from other components of equity	80	0
Dividends paid to owners of the parent	(904)	(1,356)
Balance at the end of the period	55,971	60,828
Other components of equity		
Balance at the beginning of the period	(1,527)	(2,098)
Other comprehensive income attributable to owners of the parent	236	222
Transfer to retained earnings	(80)	(0)
Balance at the end of the period	(1,372)	(1,876)
Treasury stock		
Balance at the beginning of the period	(1,750)	(1,750)
Purchase and disposal of treasury stock	(0)	(1)
Balance at the end of the period	(1,750)	(1,751)
Total equity attributable to owners of the parent	91,464	95,816
Non-controlling interests		
Balance at the beginning of the period	8,175	9,419
Profit attributable to non-controlling interests	540	618
Other comprehensive income attributable to non-controlling interests	0	(0)
Dividends paid to non-controlling interests	(175)	(215)
Changes due to additional acquisitions and sales of interests in subsidiaries	500	5,550
Balance at the end of the period	9,040	15,372
Total equity	100,504	111,188

**(4) Condensed Quarterly Consolidated Statement of Cash Flows**

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Profit before tax	6,616	5,714
Depreciation and amortization	5,409	5,072
Loss from tangible assets, intangible assets and goodwill	848	308
Financial income and costs	135	172
Share of loss (profit) of investments accounted for by the equity method	(71)	79
Loss (profit) from sales of investments in subsidiaries and associates	(1,897)	7
Decrease in trade receivables	23,168	26,266
Decrease (increase) in inventories	(3,784)	2,674
Decrease in trade payables	(15,986)	(17,499)
Other – net	1,371	292
Interest and dividends received	395	464
Interest expense	(289)	(384)
Income taxes paid	(3,751)	(4,927)
Net cash flows provided by operating activities	12,164	18,238
Cash flows from investing activities		
Purchase of investments accounted for by the equity method	(0)	(83)
Proceeds from sales of investments accounted for by the equity method	2,397	2
Purchase of investments	(988)	(1)
Proceeds from sales of investments	1,598	914
Acquisition of subsidiaries, net of cash acquired	(1,425)	(2,202)
Payment for loans receivable	(473)	(836)
Collection of loans receivable	213	1,050
Payments for purchase of property, plant and equipment and investment property	(7,648)	(6,854)
Proceeds from sales of property, plant and equipment and investment property	275	424
Purchase of intangible assets	(678)	(1,305)
Proceeds from sales of intangible assets	65	54
Other – net	–	61
Net cash flows used in investing activities	(6,664)	(8,776)
Cash flows from financing activities		
Proceeds from bonds and borrowings	900	2,440
Repayments of bonds and borrowings	(6,413)	(2,376)
Net decrease in short-term borrowings	(227)	(6,134)
Dividends paid to owners of the parent	(904)	(1,356)
Dividends paid to non-controlling interests	(175)	(215)
Other – net	(0)	1
Net cash flows used in financing activities	(6,819)	(7,640)
Net increase (decrease) in cash and cash equivalents	(1,319)	1,822
Cash and cash equivalents at the beginning the period	18,062	14,251
Effect of exchange rate changes on cash and cash equivalents	50	17
Cash and cash equivalents at the end of the period	16,793	16,090

## (5) Notes on Uncertainties of Entity's Ability to Continue as Going Concern

For the six months ended September 30, 2014

No items to report.

## (6) Segment Information

For the six months ended September 30, 2013

(Millions of yen)

	Reportable segment					Other	Total	Adjustment	Consolidated
	Home-Life	Car-Life	Power & Utility	Energy Trade	Total				
Revenue									
Revenue from external customers	49,562	265,009	16,364	117,930	448,865	33	448,898	–	448,898
Intersegment revenue	335	4,664	–	199	5,198	53	5,251	(5,251)	–
Total revenue	49,897	269,673	16,364	118,129	454,063	86	454,149	(5,251)	448,898
Gross profit	12,271	14,638	3,343	3,281	33,533	32	33,565	–	33,565
Segment profit	1,732	406	3,921	537	6,596	27	6,623	(7)	6,616
Other items									
Segment assets	56,237	93,818	39,993	86,240	276,288	766	277,054	19,875	296,929
Total trading transactions	51,764	284,931	17,908	336,147	690,750	403	691,153	–	691,153

(Note) Intersegment transactions have been conducted at ordinary transaction prices.

Segment profit was adjusted based on profit before tax in the condensed quarterly consolidated statement of comprehensive income.

The adjustment of negative ¥7 million to segment profit represents corporate profit (loss) not allocated to reportable segments.

Total trading transactions are an item voluntarily disclosed by the Company and represent the amount of sales in accordance with Japanese accounting practices.

For the six months ended September 30, 2014

(Millions of yen)

	Reportable segment				Total	Other	Total	Adjustment	Consolidated
	Home-Life	Car-Life	Power & Utility	Energy Trade					
Revenue									
Revenue from external customers	49,023	300,282	17,472	111,926	478,703	59	478,762	–	478,762
Intersegment revenue	438	717	–	334	1,489	119	1,608	(1,608)	–
Total revenue	49,461	300,999	17,472	112,260	480,192	178	480,370	(1,608)	478,762
Gross profit	11,775	20,073	3,518	3,568	38,934	65	38,999	–	38,999
Segment profit (loss)	930	516	2,522	1,171	5,139	8	5,147	567	5,714
Other items									
Segment assets	57,928	141,924	49,859	79,177	328,888	593	329,481	12,001	341,482
Total trading transactions	51,483	319,139	19,287	306,656	696,565	72	696,637	–	696,637

(Note) Intersegment transactions have been conducted at ordinary transaction prices.

Segment profit was adjusted based on profit before tax in the condensed quarterly consolidated statement of comprehensive income.

The adjustment of ¥567 million to segment profit represents corporate profit (loss) not allocated to reportable segments.

Total trading transactions are an item voluntarily disclosed by the Company and represent the amount of sales in accordance with Japanese accounting practices.

For the fiscal year ended March 31, 2014

(Millions of yen)

	Reportable segment				Total	Other	Total	Adjustment	Consolidated
	Home-Life	Car-Life	Power & Utility	Energy Trade					
Segment assets	64,293	99,405	44,759	93,256	301,713	694	302,407	18,625	321,032

Change in reportable segments

During the three months ended June 30, 2014, the Company has changed the name of “Total Home-Life Division” to “Home-Life Division.” Segment information during the six months ended September 30, 2013 has been represented by the name after the change.

## (7) Business Combinations

For the six months ended September 30, 2014

The material business combination during the six months ended September 30, 2014 was as follows:

### Acquisition of shares of Osaka Car Life Group Co., Ltd.

Following a resolution at a Board of Directors' meeting held on April 17, 2014 to acquire 200 issued shares (51.95% of the total number of issued shares) of Osaka Car Life Group Co., Ltd. ("OCG"), which owns subsidiaries including Nissan Osaka Sales Co., Ltd., thereby making it into a subsidiary, the Company concluded a share transfer agreement with NMC 2007 Investment Limited Partnership as of the same date and acquired the shares for ¥6,000 million on May 27, 2014. The aim of this acquisition of shares is for the Company's Car-Life Division to extend its reach beyond sales of fuel among others and the operation of Car-Life Stations by making a full-scale entry into the automobile-related business. In this way, the move will contribute to the division's aims of "strengthening the Car-Life value chain" and "increasing added value across the entire value chain." Organically combining the business assets of OCG and the Company will further enhance the existing business base of the Company, which primarily includes fuel sales. Moreover, the Company will also pursue synergies to propose new value for customers' motoring lifestyles.

(1) The fair values of consideration paid, assets acquired and liabilities assumed, and non-controlling interests as of the acquisition date are shown below:

Item	(Millions of yen) Amount
Fair value of consideration paid (Notes 1 and 2)	6,000
Fair value of non-controlling interests	5,549
Total	11,549
Fair value of assets acquired and liabilities assumed	
Current assets	17,173
Non-current assets	30,596
Current liabilities	(24,578)
Non-current liabilities	(11,642)
Net assets	11,549

(Notes) 1. The consideration paid was settled in cash.  
2. There is no contingent consideration.

The fair values of assets acquired and liabilities assumed and non-controlling interests were determined comprehensively taking into account the financial and assets conditions reviewed through due diligence by a third party, assessment of corporate value by a financial advisor and other factors.

Acquisition-related costs of ¥97 million for this business combination were recorded in selling, general and administrative expense.

(Note) As of September 30, 2014, with regard to the amount of assets accepted and liabilities assumed as of the date of the business combination, etc., since the contents of recognizable assets and liabilities as of business combination date are under close examination, tentative accounting has been performed.

(2) Fair value of acquired receivables

The total amount and fair value of trade receivables were ¥2,823 million. There are no impaired trade receivables and the contractual amount is expected to be fully collected.

(3) Performance from the acquisition date

Operating results of Osaka Car Life Group Co., Ltd. and its subsidiaries from the acquisition date, which are included in the condensed quarterly consolidated statement of comprehensive income for the six months ended September 30, 2014, are shown below:

(Millions of yen)

Item	Osaka Car Life Group Co., Ltd. and its subsidiaries
Revenue	33,486
Profit for the period	320
Profit for the period attributable to owners of the parent	166

(4) Pro forma information

Pro forma information (unaudited information) in the case of assuming that the business combination of Osaka Car Life Group Co., Ltd. and its subsidiaries had been carried out on April 1, 2014, the beginning of the current fiscal year, is omitted, because the approximate amount of this impact is insignificant.