

This document is an English translation of financial results report released on April 27, 2018 and written initially in Japanese. The Japanese original should be considered as the primary version.



MEMBERSHIP

April 27, 2018

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 <under IFRSs>

Company name: **Itochu Enex Co., Ltd.**
 Listing: Tokyo Stock Exchange, 1st Section
 Stock code: 8133
 URL: <https://www.itcenex.com/english/>
 Representative: Kenji Okada, Representative Director, President and CEO
 Contact: Keisuke Hioki, General Manager, Finance & General Accounting Department
 Tel: +81-3-6327-8010

Scheduled date of ordinary general meeting of shareholders: June 20, 2018
 Scheduled date to commence dividend payments: June 21, 2018
 Scheduled date to file annual securities report: June 20, 2018
 Preparation of supplementary results briefing material on financial results: None
 Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

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

Fiscal year ended	Total trading transactions		Profit from operating activities		Profit before tax		Net profit		Net profit attributable to Itochu Enex's shareholders		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	1,156,344	12.4	17,153	(12.8)	19,169	(0.9)	13,224	3.8	11,025	6.0	13,729	3.0
March 31, 2017	1,028,939	(4.0)	19,678	20.1	19,344	28.9	12,745	42.2	10,405	39.3	13,327	92.4

Fiscal year ended	Basic earnings per share attributable to Itochu Enex's shareholders	Diluted earnings per share attributable to Itochu Enex's shareholders	Return on Equity obtained as the net profit attributable to Itochu Enex's shareholders to total shareholders' equity	Ratio of profit before tax to total assets	Ratio of profit from operating activities to total trading transactions
	Yen	Yen	%	%	%
March 31, 2018	97.63	—	9.8	5.3	1.5
March 31, 2017	92.09	—	10.0	6.0	1.9

Reference: Share of profit (loss) of investments accounted for using equity method

For the fiscal year ended March 31, 2018: 493 million yen
 For the fiscal year ended March 31, 2017: 500 million yen

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 subsidiaries conducted as a party in contracts and for which they acted as an agent.

(2) Consolidated financial position

	Total assets	Total equity	Total shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2018	382,621	137,066	116,104	30.3	1,028.57
March 31, 2017	344,603	127,477	108,511	31.5	960.37

(3) Consolidated cash flows

	Net cash flows from (used in) operating activities	Net cash flows from (used in) investing activities	Net cash flows from (used in) financing activities	Cash and cash equivalents at end of the period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2018	24,239	(18,458)	(5,850)	22,573
March 31, 2017	17,831	(14,712)	(1,195)	22,727

2. Cash dividends

	Annual cash dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of total amount of dividends to total shareholders' equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2017	–	13.50	–	18.50	32.00	3,616	34.8	3.5
March 31, 2018	–	16.00	–	24.00	40.00	4,520	41.0	4.0
Fiscal year ending March 31, 2019 (Forecast)	–	20.00	–	20.00	40.00		40.0	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019
(from April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes.)

	Total trading transactions		Profit from operating activities		Profit before tax		Net profit attributable to Itochu Enex's shareholders		Basic earnings per share attributable to Itochu Enex's shareholders
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2018	–	–	–	–	–	–	–	–	–
Fiscal year ending March 31, 2019	1,250,000	8.1	18,700	9.0	18,500	(3.5)	11,300	2.5	100.11

Note: The Company's performance is evaluated on a fiscal year basis. Accordingly, consolidated earnings forecasts for the first six months of fiscal year are not prepared.

*** 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: None
- b. Changes in accounting policies other than the above: None
- c. Changes in accounting estimates: None

(3) Number of issued shares (common stock)

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

As of March 31, 2018	116,881,106 shares
As of March 31, 2017	116,881,106 shares

b. Number of treasury stock at end of period

As of March 31, 2018	4,002,135 shares
As of March 31, 2017	3,892,374 shares

c. Average number of outstanding shares during period

Fiscal year ended March 31, 2018	112,921,238 shares
Fiscal year ended March 31, 2017	112,989,021 shares

*** Note on financial results**

Total trading transactions were more than the results for the previous fiscal year due mainly to sales prices for petroleum products being higher than predicted after the effect of the steep rise in crude oil prices continuing from the previous fiscal year.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

*** 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. Overview of Operating Results and Others, (1) Overview of Operating Results for the Fiscal Year Ended March 31, 2017” on page 2 of the attached materials for matters relating to earnings forecasts.

Contents of Attached Materials

1. Overview of Operating Results and Others	2
(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2018	2
(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2018	5
(3) Profit Distribution Policy and Dividends for the Fiscal Years Ended March 31, 2017 and Ending March 31, 2018	6
2. Basic concepts underlying selection of accounting standards	6
3. Consolidated Financial Statements	7
(1) Consolidated Statement of Financial Position	7
(2) Consolidated Statement of Comprehensive Income	9
(3) Consolidated Statement of Changes in Equity	11
(4) Consolidated Statement of Cash Flows	12
(5) Notes to Consolidated Financial Statements	14
Segment Information	14
Reorganization and Integration of the Liquefied Petroleum Gas (LPG) Wholesale and Retail Businesses	17
Earnings per Share	18
Significant Events after the Reporting Period	18

1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2018

1) Results of operations

During the fiscal year ended March 31, 2018, Japan's economy maintained a moderate recovery trend, due to export-led economic expansion supported by a strong global economy and improvements in the corporate earnings and employment environments, etc. However, the outlook for the economy remained uncertain due to factors such as geopolitical risks in the Far East and the situation in the Middle East, as well as the trend of US trade policy and unstable domestic politics.

In this environment, the Itochu Enex Group announced its new two-year medium-term business plan "Moving 2018 Connecting to the future" in April 2017, and has been advancing its business based on the following basic policies:

<1> "Connecting to future growth" — Reforming the revenue base —

- (1) Optimizing resources
- (2) Improving profitability
- (3) Developing the customer base

<2> "Connecting people and functions of the Group" — Reforming the organizational base —

- (1) Reinforcing organizational strength
- (2) Nurturing autonomous human resources
- (3) Promoting ENEX EARLY BIRD, a Plan to Transform Our Approach to Work

As part of those initiatives, we reorganized the Group's business divisions in April 2017. The Car-Life Division and the sale of industrial fuels and materials and other operations in the Energy Innovation Division were combined to form the Life Energy & Logistics Division, while the Energy Innovation Division was reorganized as the Industrial Energy & Logistics Division. Responding to an industry undergoing rationalization such as structural realignment in response to decreasing demand for petroleum, the Group established a structure, with a petroleum sales business integrated from the regional organization level, that provides everything including services, products, and materials to customers.

As a result of these activities, revenue was ¥744,767 million (up 7.2% year on year), profit from operating activities was ¥17,153 million (down 12.8% year on year), and net profit attributable to Itochu Enex's shareholders was ¥11,025 million (up 6.0% year on year).

2) Results of operations by segment

<Power & Gas Business Group>

Home-Life Division

In the Home-Life Division during the fiscal year ended March 31, 2018, we established ENEARC Co., Ltd. (ENEARC) in October 2017 through a joint investment with OSAKA GAS CO., LTD. (OSAKA GAS). Sales companies in the Itochu Enex Group and the OSAKA GAS Group were placed under the umbrella of the newly established company, and the Itochu Enex Group acquired shares in three Osaka Gas Group sales companies in Hokkaido and two prefectures in Shikoku. As a result, the number of customers under direct LP gas supply contracts increased to approximately 546,000.

Regarding sales of electricity for households, the division promoted the expansion of the customer base by focusing mainly on sales of combined LP gas and electricity supply packages. As a result, as of March 31, 2018, the number of supply contracts increased by around 12,000 for a total of approximately 54,000.

In overseas businesses, the sales network and the customer base are growing strongly in our industrial gas sales business in Indonesia (PT. ITC ENEX INDONESIA) and at our LP gas sales business in the Philippines (Isla Petroleum & Gas Corporation). In the future, we will continue to expand our overseas businesses using know-how developed in Japan.

As a result of these activities, revenue was ¥93,592 million (up 8.2% year on year), and, due to impacts from the reorganization and integration with the OSAKA GAS Group, profit from operating activities was ¥3,278 million (down 32.1% year on year) and net profit attributable to Itochu Enex's shareholders

was ¥3,958 million (up 40.2% year on year).

Power & Utility Division

In the Power & Utility Division during the fiscal year ended March 31, 2018, electricity sales volume and profits in the electricity sales field of the electric power business increased from the previous fiscal year, led by the Company and Oji-Itochu Enex power retailing Co., Ltd., reflecting growth in electricity sales to business users and households and closer cooperation for capabilities in electricity supply and demand operations, in addition to the diversification strategy of power source supplies, although margins compressed following the steep rise in wholesale power market prices due to a harsh winter and other factors. In this field, ENEX LIFE SERVICE CO., LTD. will lead efforts to form alliances with companies that have strong customer bases in local areas and companies in other sectors, in order to further promote investigations of new value proposals for households and small companies.

Meanwhile, in the power generation field, total power generation increased from the previous fiscal year, due to the start of operations at a new thermal power plant in October 2017, but profit decreased year on year due to factors including the nonrecurrence of a gain on sales as a result of the sale of wind power generation facilities for the purpose of replacing business assets, which was recognized in the previous year. In this field, we aim to ensure stable electricity supplies and reduce environmental impacts by enhancing our portfolio of power sources and investing in renewable energy power generation facilities.

In the heat supply business*¹, demand for heat varied due to fluctuations in average temperatures during the fiscal year, but overall demand for heat increased year on year due to the impact of GINZA SIX*², to which supplies started in April 2017. In addition, the division will continue to develop a comprehensive energy services business to satisfy the increasingly diverse needs of customers. Initiatives include the establishment of The Reliance Energy Okinawa, Incorporated in December 2017 as a joint venture of The Okinawa Electric Power Company, Incorporated, OSAKA GAS, and Tokyo Toshi Service CO., LTD., one of our group companies, to provide heat supply and other energy services in the Okinawa area.

As a result of these activities, revenue was ¥74,541 million (up 18.6% year on year), profit from operating activities was ¥4,626 million (down 30.3% year on year), and net profit attributable to Itochu Enex's shareholders was ¥2,210 million (down 35.1% year on year).

*1 Heat supply business: The 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.

*2 GINZA SIX is a multipurpose commercial facility located in Ginza district, Chuo-ku, Tokyo. Group company Tokyo Toshi Service CO., LTD. provides district heating services to the facility.

<Energy Innovation & Logistics Business Group>

Life Energy & Logistics Division

In the Life Energy & Logistics Division during the fiscal year ended March 31, 2018, both sales volume and profits increased from the previous fiscal year, despite an operating environment characterized by a continued decline in demand for fuel in the domestic market.

Effective from this fiscal year, the Car-Life Stations (CS)*³-related business, industrial fuel business, AdBlue*⁴ business, business user electricity supply business, and other operations were integrated to newly form the Life Energy & Logistics Division, which comprehensively proposes diverse products and service solutions beyond the conventional framework by business, in order to satisfy the needs of local customers in each area.

In the Industrial Energy sales business, we offer new value by promoting proposals for new products such as sales of GTL*⁵ fuel, which is made using natural gas as a raw material, in addition to conventional industrial fuels.

In the AdBlue sales business, we are expanding sales channels such as exports to Singapore and sales for ships.

In the CS-related business, we continued to introduce our new POS system at affiliated CS sites and

used a shared loyalty points system to exchange customers with companies in other sectors. The number of Car-Life Stations in the Itochu Enex Group during the fiscal year ended March 31, 2018, was 1,812, marking a net decrease of 76 stations from the end of the previous fiscal year due to planned withdrawal of unprofitable stations.

In the automobile-related business, ENEXAUTO CO., LTD. started operating the Itsumo Rent-a-Car business under a new brand, Carlife Stadium car rentals in April 2017. We will improve the quality of vehicles and sales services for customers to expand the functions of the car rental network, while also working to attract more customers through web-based promotions and customer transfers from other companies.

At Nissan Osaka Sales Co., Ltd., unit sales in the third quarter declined sharply compared to the same period a year earlier due to the impacts of improper conduct in final inspections for vehicles by Nissan Motor Co., Ltd., which came to light in September 2017. However, unit sales in the fourth quarter recovered and exceeded unit sales in the same period a year earlier due to the introduction of new car models. Combined with strong sales in the first half of the fiscal year, total unit sales for the full year exceeded that in the previous year.

As a result of these activities, revenue was ¥488,399 million (up 1.8% year on year), profit from operating activities was ¥8,011 million (up 38.9% year on year), and net profit attributable to Itochu Enex's shareholders was ¥4,070 million (up 58.3% year on year).

*3 Car-Life Stations: Car-Life Stations are service stations offering multiple services provided by the Company.

*4 AdBlue is a high-grade urea solution used in SCR systems, which detoxifies nitrogen compounds (NOx) contained in exhaust gases of diesel vehicles.

*5 GTL is the acronym of Gas to Liquid technology, which is used to convert natural gas to gasoline, kerosene, diesel and other fuels. GTL is a method of producing environmentally friendly fuel that contains almost no sulfur, metals, etc.

Industrial Energy & Logistics Division

During the fiscal year ended March 31, 2018, the Industrial Energy & Logistics Division was formed as a new division as a result of a structural reorganization of the Energy Innovation Division and the Car Life Division. The division is focused on four main businesses: the asphalt sales business, marine fuel sales business, petroleum product trading business and the tank terminal business. Leveraging the highly specialist skills of all its businesses, the division is developing advanced, optimized supply chains in each business and using diverse networks to expand trading volume in order to build a stable earnings base.

As part of those initiatives, in the marine fuel sales business, we deployed a new fuel supply ship at Oita Port in November 2017, giving the business a nationwide fleet of eight supply ships.

In addition, we will also focus on building the environmental and recycling-related business as a new business base. In the fly ash business*⁶, which recycles and sells coal ash discharged from the Itochu Enex Group's thermal power plants, KANOU FA CO., LTD. started full-scale operations in November 2017 and has been promoting business expansion. Moreover, the slop and oil recycling business, which recycles and sells waste oil recovered from ships, is building a track record and is promoting expansion of the business. The division will also actively develop and explore other new initiatives and investment projects.

As a result of these activities, revenue was ¥88,235 million (up 33.3% year on year), profit from operating activities was ¥1,804 million (down 22.5% year on year), and net profit attributable to Itochu Enex's shareholders was ¥1,253 million (down 24.0% year on year).

*6 Fly ash business: The fly ash business recovers and processes fly ash (a type of coal ash discharged from coal-fired thermal power plants). The processed fly ash is then reused as a roadbed material for asphalt road surfacing and other applications.

3) Forecasts of consolidated financial results for the fiscal year ending March 31, 2019

In the forecast for consolidated financial results for the fiscal year ending March 31, 2019, we project

¥1,250,000 million in total trading transactions, up 8.1% year on year, ¥18,700 million in profit from operating activities, up 9.0% year on year, ¥18,500 million in profit before tax, down 3.5% year on year, and ¥11,300 million in net profit attributable to Itochu Enex's shareholders, up 2.5% year on year.

Basic earnings per share attributable to Itochu Enex's shareholders are projected at ¥100.11.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2018

1) Analysis of assets, liabilities, equity and cash flows

Assets, liabilities and equity

Total assets amounted to ¥382,621 million as of March 31, 2018, an increase of ¥38,018 million from March 31, 2017, mainly due to an increase in trade receivables. Total liabilities amounted to ¥245,555 million, an increase of ¥28,429 million from March 31, 2017, mainly due to an increase in trade payables. Total equity totaled ¥137,066 million, an increase of ¥9,589 million from March 31, 2017, due to factors including increased net profit attributable to Itochu Enex's shareholders and decreased payment of cash dividends, and the like.

We consequently ended the fiscal year with a ratio of shareholders' equity to total assets of 30.3%.

Cash flows

Cash and cash equivalents (net cash) totaled ¥22,573 million as of March 31, 2017, down ¥154 million from March 31, 2017.

Cash flows from operating activities

Operating activities earned net cash of ¥24,239 million. This was derived mainly from factors including profit before tax of ¥19,169 million, depreciation and amortization of ¥10,824 million and income taxes paid of ¥7,167 million.

Cash flows from investing activities

Investing activities used net cash of ¥18,458 million. Major items included payments for purchase of property, plant and equipment and investment property of ¥14,432 million, proceeds from sales of investment of ¥5,411 million and increase in deposits paid of ¥7,000 million.

Cash flows from financing activities

Financing activities used net cash of ¥5,850 million. Major items included expenditures due to a decrease in interest-bearing debt of ¥1,292 million and cash dividends paid of ¥4,513 million.

2) Cash flow indicators

Fiscal year ended March 31,	2016	2017	2018
Ratio of shareholders' equity to total assets (%)	33.1	31.5	30.3
Ratio of shareholders' equity to total assets at market value (%)	33.6	30.2	29.5
Ratio of cash flow to interest-bearing debt (years)	1.2	2.3	1.8
Interest-coverage ratio (times)	33.5	19.2	27.8

Ratio of shareholders' equity to total assets: Total shareholders' equity / Total assets

Ratio of shareholders' equity to total assets at market value: Market capitalization / Total assets

Ratio of cash flow to interest-bearing debt: Interest-bearing debt / Cash flow

Interest-coverage ratio: Cash flow / Interest expense

(Note 1.) All of the above ratios were calculated using consolidated financial statement data.

(Note 2.) Market capitalization was calculated by multiplying the fiscal-year-end closing share price by the number of shares outstanding at fiscal year-end (net of treasury stock).

(Note 3.) “Cash flow” is “Cash provided by (used in) operating activities” on the Consolidated Statement of Cash Flows.

(Note 4.) Interest-bearing debt is all debt, of the debt carried on the Consolidated Statement of Financial Position, on which interest is payable.

(3) Profit Distribution Policy and Dividends for the Fiscal Years Ended March 31, 2017 and Ending March 31, 2018

In terms of shareholder returns, we aim to maintain a consolidated dividend payout ratio of at least 30% in accord with our policy of paying stable dividends on an ongoing basis while maintaining sustained business growth.

For the fiscal year ended March 31, 2018, we plan to pay a year-end dividend of ¥24 per share. For the fiscal year ending March 31, 2019, we plan to pay annual dividends of ¥40 per share (including an interim dividend of ¥20 per share).

With respect to internally retained funds, our basic policy is to use such funds to invest in our business to strengthen our operating foundation and further increase earnings.

2. Basic concepts underlying selection of accounting standards

The Itochu Enex Group adopted IFRS (International Financing Reporting Standards) from the fiscal year ended March 2014, in order to improve international comparability and the convenience of financial information in capital markets.

3. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	22,727	22,573
Trade receivables	94,759	119,541
Other current financial assets	29,709	38,860
Inventories	27,155	28,380
Trade advances paid	1,900	1,690
Other current assets	1,877	1,725
Total current assets	178,127	212,769
Non-current assets		
Investments accounted for by the equity method	11,749	26,145
Other investments	7,461	3,406
Non-current financial assets other than investments	10,803	11,400
Property, plant and equipment	87,588	85,326
Investment property	11,986	10,166
Goodwill	533	692
Intangible assets	23,638	20,798
Deferred tax assets	11,359	10,502
Other non-current assets	1,359	1,417
Total non-current assets	166,476	169,852
Total assets	344,603	382,621

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
LIABILITIES AND EQUITY		
Current liabilities		
Short-term bonds and borrowings	9,318	12,432
Trade payables	101,902	127,445
Other current financial liabilities	8,719	8,539
Income taxes payable	5,258	3,650
Advances from customers	6,460	10,583
Other current liabilities	12,094	12,280
Total current liabilities	143,751	174,929
Non-current liabilities		
Non-current bonds and borrowings	31,702	30,273
Other non-current financial liabilities	24,501	23,335
Non-current liabilities for employee benefits	9,761	9,820
Deferred tax liabilities	1,961	2,185
Provisions	5,052	4,757
Other non-current liabilities	398	256
Total non-current liabilities	73,375	70,626
Total liabilities	217,126	245,555
Equity		
Common stock	19,878	19,878
Capital surplus	18,740	18,892
Retained earnings	73,300	80,352
Other components of equity	(1,655)	(1,145)
Treasury stock	(1,752)	(1,873)
Total shareholders' equity	108,511	116,104
Non-controlling interests	18,966	20,962
Total equity	127,477	137,066
Total liabilities and equity	344,603	382,621

(2) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Revenue	695,060	744,767
Cost of sales	(601,456)	(655,945)
Gross profit	93,604	88,822
Other expense		
Selling, general and administrative expenses	(74,697)	(70,931)
Loss from tangible assets, intangible assets and goodwill	(982)	(1,544)
Other – net	1,753	806
Total other expense	(73,926)	(71,669)
Profit from operating activities	19,678	17,153
Financial income and costs		
Interest income	89	92
Dividends received	246	296
Interest expense	(966)	(950)
Other financial income and costs – net	(203)	(241)
Total financial income and costs	(834)	(803)
Share of profit (loss) of investments accounted for by the equity method	500	493
Gains on business reorganization and others	–	2,326
Profit before tax	19,344	19,169
Income tax expense	(6,599)	(5,945)
Net profit	12,745	13,224
Net profit attributable to:		
Net profit attributable to Itochu Enex’s shareholders	10,405	11,025
Net profit attributable to non-controlling interests	2,340	2,199
Total	12,745	13,224

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Other comprehensive income (net of tax effect)		
Items that will not be transferred to profit or loss		
FVTOCI financial assets	78	892
Remeasurement of net defined benefit liability	206	105
Other comprehensive income in associates accounted for by the equity method	0	(9)
Items that may be transferred to profit or loss		
Exchange differences on translating foreign operations	(37)	(38)
Cash flow hedges	111	74
Other comprehensive income in associates accounted for by the equity method	224	(519)
Total other comprehensive income (net of tax effect)	582	505
Comprehensive income	13,327	13,729
Comprehensive income attributable to:		
Comprehensive income attributable to Itochu Enex's shareholders	10,866	11,460
Comprehensive income attributable to non-controlling interests	2,461	2,269
Total	13,327	13,729

(Yen)

Earnings per share attributable to Itochu Enex's shareholders		
Basic	92.09	97.63
Diluted	–	–

(Millions of yen)

Total trading transactions	1,028,939	1,156,344
----------------------------	-----------	-----------

(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 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) Consolidated Statement of Changes in Equity

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
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 of the period	18,740	18,740
Acquisition of subsidiary shares from non-controlling interests	–	152
Balance at the end of the period	18,740	18,892
Retained earnings		
Balance at the beginning of the period	66,024	73,300
Net profit attributable to Itochu Enex's shareholders	10,405	11,025
Transfer from other components of equity	(248)	(75)
Cash dividends paid to Itochu Enex's shareholders	(2,881)	(3,898)
Balance at the end of the period	73,300	80,352
Other components of equity		
Balance at the beginning of the period	(2,364)	(1,655)
Other comprehensive income attributable to Itochu Enex's shareholders	461	435
Transfer to retained earnings	248	75
Balance at the end of the period	(1,655)	(1,145)
Treasury stock		
Balance at the beginning of the period	(1,752)	(1,752)
Purchase and disposal of treasury stock	(0)	(121)
Balance at the end of the period	(1,752)	(1,873)
Total shareholders' equity	108,511	116,104
Non-controlling interests		
Balance at the beginning of the period	16,636	18,966
Net profit attributable to non-controlling interests	2,340	2,199
Other comprehensive income attributable to non-controlling interests	120	69
Cash dividends paid to non-controlling interests	(345)	(615)
Changes due to additional acquisition and sale of interests in subsidiaries	215	343
Balance at the end of the period	18,966	20,962
Total equity	127,477	137,066

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before tax	19,344	19,169
Depreciation and amortization	10,856	10,824
Loss from tangible assets, intangible assets and goodwill	982	1,544
Financial income	834	803
Share of loss (profit) of investments accounted for by the equity method	(500)	(493)
Gains on business reorganization and others	–	(2,326)
Decrease (increase) in trade receivables	(22,938)	(25,998)
Decrease (increase) in inventories	(1,337)	(1,964)
Increase (decrease) in trade payables	21,158	26,284
Other – net	(4,629)	3,699
Interest and dividends received	510	737
Interest expense	(927)	(873)
Income taxes paid	(5,522)	(7,167)
Net cash flows provided by operating activities	17,831	24,239
Cash flows from investing activities		
Purchase of investments accounted for by the equity method	(2,649)	(5,972)
Purchase of investments	(30)	(256)
Proceeds from sales of investments	1,472	5,411
Acquisition of subsidiaries, net of cash acquired	(645)	(3,751)
Proceeds from sales of subsidiaries, net of cash acquired	3,001	–
Loss of control of subsidiaries	–	(598)
Payment for loans receivable	(1,661)	(444)
Collection of loans receivable	1,710	5,675
Payments for purchase of property, plant and equipment and investment property	(8,436)	(11,887)
Proceeds from sales of property, plant and equipment and investment property	2,810	2,536
Purchase of intangible assets	(1,622)	(2,545)
Proceeds from sales of intangible assets	169	136
Increase in deposits paid – net	(9,000)	(7,000)
Other – net	169	237
Net cash flows used in investing activities	(14,712)	(18,458)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Proceeds from bonds and borrowings	7,500	–
Repayments of bonds and borrowings	(3,858)	(8,615)
Net decrease in short-term borrowings	(1,743)	7,323
Proceeds from share issuance to non-controlling interests	132	76
Cash dividends paid to Itochu Enex's shareholders	(2,881)	(3,898)
Cash dividends paid to non-controlling interests	(345)	(615)
Purchase of treasury stock	–	(121)
Other – net	(0)	(0)
Net cash flows used in financing activities	(1,195)	(5,850)
Net increase in cash and cash equivalents	1,924	(69)
Cash and cash equivalents at the beginning the period	20,824	22,727
Effect of exchange rate changes on cash and cash equivalents	(21)	(85)
Cash and cash equivalents at the end of the period	22,727	22,573

(5) Notes to Consolidated Financial Statements

Segment Information

i) Outline of Reportable Segments

The reportable segments of the Group are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing performance.

The Group is organized into divisions under two business groups, consolidating related businesses. Each division plans strategies for each category of target customers and markets and develops business activities. The Group has four reportable segments that correspond to the divisions, namely the “Home-Life Division,” “Power & Utility Division,” “Life Energy & Logistics Division,” and “Industrial Energy & Logistics Division.”

The Home-Life Division is engaged in the sale of LP gas, town gas (Nakatsu City, Oita Prefecture), high-pressure gas, electricity, kerosene, equipment (combustion, kitchen, air conditioning, other household equipment, etc.), smart energy equipment (photovoltaic power generation systems, ENEFARM residential fuel cells), and ENE-POWABO L residential lithium-ion electricity storage systems, as well as in the remodeling and a pressure resistance inspection business for gas containers.

The Power & Utility Division is engaged in the sale of electricity (coal-fired, natural gas-fired, wind, hydropower, photovoltaic power) and steam, as well as in providing district heating services, comprehensive energy services, electricity/heat supply services, and electric power supply/demand management services.

The Life Energy & Logistics Division is engaged in the sale of gasoline, kerosene, diesel oil, fuel oil, LNG, coal, high-grade urea solution “AdBlue,” automotive lubricants, and automobiles and automobile products, and in providing motor-vehicle inspection and auto maintenance, and car rental systems, as well as in development and promotion of global businesses.

The Industrial Energy & Logistics Division is engaged in the sale of industrial energy and materials (gasoline, kerosene, diesel oil, fuel oil), asphalt, marine fuel, and lubricating oil, as well as in the import/export and domestic supply/demand adjustment trading of petroleum products, provision of logistics functions for oil storage facilities, etc., and the sale of slop and recycled oil.

In the fiscal year ended March 31, 2018, the Car-Life Division and the sale of industrial fuels and materials and other operations in the Energy Innovation Division were integrated to form the Life Energy & Logistics Division, while the Energy Innovation Division was reorganized into the Industrial Energy & Logistics Division. As a result, effective from the first quarter ended June 30, 2017, the Company reclassified its reportable segments.

Due to the change in segments, segment information for the previous fiscal year has been adjusted based on the new segment classifications used for the fiscal year ended March 31, 2018.

ii) Information on Reportable Segments

Fiscal year ended March 31, 2017

(Millions of yen)

	Reportable segment				Total	Adjustment	Consolidated
	Home-Life	Power & Utility	Life Energy & Logistics	Industrial Energy & Logistics			
Revenue							
Revenue from external customers	86,484	62,827	479,568	66,181	695,060	–	695,060
Intersegment revenue	68	144	1,614	192	2,018	(2,018)	–
Total revenue	86,552	62,971	481,182	66,373	697,078	(2,018)	695,060
Gross profit	27,446	9,259	52,785	4,114	93,604	–	93,604
Selling, general and administrative expenses	(23,385)	(3,424)	(46,213)	(1,782)	(74,804)	107	(74,697)
Profit (loss) from tangible assets, intangible assets and goodwill	526	(253)	(1,238)	(16)	(981)	(1)	(982)
Other profit (loss)	244	1,058	431	12	1,745	8	1,753
Profit from operating activities	4,831	6,640	5,766	2,327	19,564	114	19,678
Financial income (costs)	67	(307)	(506)	0	(746)	(88)	(834)
Share of profit (loss) of investments accounted for by the equity method	441	0	16	43	500	–	500
Gains on business reorganization and others	–	–	–	–	–	–	–
Profit before tax	5,339	6,333	5,276	2,370	19,318	26	19,344
Net profit attributable to Itochu Enex's shareholders	2,823	3,407	2,571	1,649	10,450	(45)	10,405
Other items							
Depreciation and amortization	(3,475)	(3,264)	(3,207)	(610)	(10,556)	(300)	(10,856)
Impairment loss	(40)	–	(952)	–	(992)	–	(992)
Total assets	65,033	70,700	149,422	29,429	314,584	30,019	344,603
Investments accounted for by the equity method	7,682	3,530	387	150	11,749	–	11,749
Capital expenditures	3,683	2,990	1,787	540	9,000	1,058	10,058
Total trading transactions	90,768	65,654	725,481	147,036	1,028,939	–	1,028,939

(Note) Intersegment transactions have been decided by reference to the market price.

The adjustment of negative ¥45 million to net profit attributable to Itochu Enex's shareholders represents corporate profit not allocated to reportable segments.

The adjustment of ¥30,019 million to total assets represents corporate assets not allocated to reportable segments.

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

Fiscal year ended March 31, 2018

(Millions of yen)

	Reportable segment				Total	Adjustment	Consolidated
	Home-Life	Power & Utility	Life Energy & Logistics	Industrial Energy & Logistics			
Revenue							
Revenue from external customers	93,592	74,541	488,399	88,235	744,767	–	744,767
Intersegment revenue	336	5,899	158	472	6,865	(6,865)	–
Total revenue	93,928	80,440	488,557	88,707	751,632	(6,865)	744,767
Gross profit	24,458	8,891	51,916	3,557	88,822	–	88,822
Selling, general and administrative expenses	(21,374)	(4,328)	(43,808)	(1,850)	(71,360)	429	(70,931)
Profit (loss) from tangible assets, intangible assets and goodwill	(75)	(288)	(680)	79	(964)	(580)	(1,544)
Other profit (loss)	269	351	583	18	1,221	(415)	806
Profit from operating activities	3,278	4,626	8,011	1,804	17,719	(566)	17,153
Financial income (costs)	166	(316)	(518)	(25)	(693)	(110)	(803)
Share of profit (loss) of investments accounted for by the equity method	540	(180)	92	41	493	–	493
Gains on business reorganization and others	2,326	–	–	–	2,326	–	2,326
Profit before tax	6,310	4,130	7,585	1,820	19,845	(676)	19,169
Net profit attributable to Itochu Enex's shareholders	3,958	2,210	4,070	1,253	11,491	(466)	11,025
Other items							
Depreciation and amortization	(3,246)	(3,468)	(3,006)	(595)	(10,315)	(509)	(10,824)
Impairment loss	(132)	(13)	(710)	–	(855)	(574)	(1,429)
Total assets	66,089	80,189	165,406	44,352	356,036	26,585	382,621
Investments accounted for by the equity method	17,699	7,936	351	159	26,145	–	26,145
Capital expenditures	4,182	6,014	2,290	1,252	13,738	694	14,432
Total trading transactions	104,941	78,560	799,001	173,842	1,156,344	–	1,156,344

(Note) Intersegment transactions have been decided by reference to the market price.

The adjustment of negative ¥466 million to net profit attributable to Itochu Enex's shareholders represents corporate profit not allocated to reportable segments.

The adjustment of ¥26,585 million to total assets represents corporate assets not allocated to reportable segments.

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

iii) Products and Services Information

This information is omitted because the classification of products and services is the same as the classification of reportable segments.

iv) Geographic Information

This information is omitted because revenue from external customers in Japan accounts for a large percentage of the revenue recorded in the consolidated statement of comprehensive income for the fiscal years ended March 31, 2016 and 2017.

v) Major Customers Information

This information is omitted because there is no major external customer from which revenue accounts for 10% or more of the revenue recorded in the consolidated statement of comprehensive income for the fiscal years ended March 31, 2016 and 2017.

Reorganization and Integration of the Liquefied Petroleum Gas (LPG) Wholesale and Retail Businesses

On October 1, 2017, the Company and OSAKA GAS established a joint-venture company with each company owning a 50% stake. The joint venture was formed through an exchange of shares between the former OSAKA GAS subsidiary NISSHO PETROLEUM GAS CORPORATION (hereinafter “Nissho LP”), which was designated as the wholly owning parent company for the share exchange, and three former subsidiaries of the Company – HOME-LIFE KANTO, HOME-LIFE CHUBU, and HOME-LIFE KANSAI, and one former subsidiary of OSAKA GAS – Osaka Gas LPG Co., Ltd., which were designated as the wholly owned subsidiary companies for the share exchange. The merged company, Nissho LP, was renamed “ENEARC” on the same day.

In addition, as part of the reorganization and integration, effective the same day, the Company acquired all Nissho LP-owned shares in Nissho Propane, Ehime Nissho Propane, and Kochi Nissho Propane, making them subsidiaries of the Company.

The Company has determined that ENEARC meets the conditions for a jointly controlled entity. As such, the company is treated as an equity-method affiliate for accounting purposes.

As a result of the share exchange used to establish ENEARC, the Company has forfeited management control over HOME-LIFE KANTO, HOME-LIFE CHUBU and HOME-LIFE KANSAI. This has resulted in a gain of ¥2,326 million (including a gain of ¥1,163 million from a fair value remeasurement of the Company’s remaining stakes in the three companies as of the date management control was forfeited), which has been recognized as “gains on business reorganization and others.”

Other income and expenses associated with the business reorganization and integration are shown below.

	Fiscal year ended March 31, 2018
Selling, general and administrative expenses	(302)
Share of profit (loss) of investments accounted for by the equity method	(848)
Gains on business reorganization and others	2,326
Income tax expense	(75)
Total	1,101

Earnings per Share

Basic earnings per share for the fiscal years ended March 31, 2017 and 2018, were calculated as follows:

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net profit attributable to Itochu Enex's shareholders (Millions of yen)	10,405	11,025
Weighted-average number of ordinary shares outstanding (Thousands of shares)	112,989	112,921
Basic earnings per share attributable to Itochu Enex's shareholders (Yen)	92.09	97.63

(Note) Diluted earnings per share attributable to Itochu Enex's shareholders are not presented because there were no dilutive potential shares.

Significant Events after the Reporting Period

No items to report