

This document is an English translation of quarterly financial results report released on January 31, 2018 and written initially in Japanese.
The Japanese original should be considered as the primary version.



January 31, 2018

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2018 <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: February 9, 2018

Scheduled date to commence dividend payments: –

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 nine months of the fiscal year ending March 31, 2018 (from April 1, 2017 to December 31, 2017)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	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	%
Nine months ended												
December 31, 2017	814,044	11.5	14,299	5.0	15,693	20.1	10,929	27.6	9,278	34.2	11,769	35.4
December 31, 2016	730,108	(12.0)	13,621	18.2	13,062	21.3	8,565	27.3	6,912	19.3	8,692	33.8

	Basic earnings per share attributable to Itochu Enex's shareholders	Diluted earnings per share attributable to Itochu Enex's shareholders
Nine months ended	Yen	Yen
December 31, 2017	82.15	–
December 31, 2016	61.17	–

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
As of	Millions of yen	Millions of yen	Millions of yen	%
December 31, 2017	375,531	134,987	114,800	30.6
March 31, 2017	344,603	127,477	108,511	31.5

2. Cash dividends

	Annual cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2017	–	13.50	–	18.50	32.00
Fiscal year ending	–	16.00	–		
March 31, 2018					
Fiscal year ending				16.00	32.00
March 31, 2018 (Forecast)					

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

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018
(from April 1, 2017 to March 31, 2018)**

(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
Fiscal year ending March 31, 2018	1,150,000	11.8	16,500	(16.2)	17,800	(8.0)	10,400	(0.0)	92.05

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: 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 December 31, 2017	116,881,106 shares
As of March 31, 2017	116,881,106 shares

b. Number of treasury stock at end of period

As of December 31, 2017	4,001,968 shares
As of March 31, 2017	3,892,374 shares

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

For the nine months ended December 31, 2017	112,933,910 shares
For the nine months ended December 31, 2016	112,989,108 shares

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* 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 Nine 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 Nine Months

(1) Explanation of Operating Results

1) Results of operations

During the nine months ended December 31, 2017, the Japanese economy maintained its moderate trend of recovery, supported by improvements in corporate earnings and the employment environment, etc. However, the outlook for the global economy remained uncertain due to factors such as increasing geopolitical risks in the Far East and economic trends in China and other emerging countries, etc.

In the petroleum distribution industry, the decline in demand continues and the outlook for crude oil prices remains uncertain.

In the electric power industry, the Power Producers and Suppliers (PPS) are gradually gaining market share, including the low voltage market, which was liberalized in the previous fiscal year. However, the outlook is still uncertain due to intensifying competition between business operators and issues surrounding the restart of nuclear power plants by major power companies, etc.

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 ¥544,109 million (up 10.6% year on year), profit from operating activities was ¥14,299 million (up 5.0% year on year), and net profit attributable to Itochu Enex’s shareholders was ¥9,278 million (up 34.2% year on year).

2) Results of operations by segment

<Power & Gas Business Group>

Home-Life Division

In the Home-Life Division, 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 supply contracts increased from roughly 344,000 at the end of the second quarter to approximately 540,000 at the end of the third quarter.

With regards to profitability, profit from operating activities increased year on year, reflecting an improvement in profit margins due to an increase in LP gas import prices, as well as steady growth in the electricity sales business for households. The business focused on promoting sales of combined LP gas and electricity supply packages, which lifted the number of supply contracts by around 7,000 during the third quarter to approximately 49,000 contracts.

In overseas business, the customer base is growing strongly at 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). Going forward, we will continue to expand the overseas business by utilizing know-how nurtured in Japan.

As a result of these activities, revenue was ¥68,019 million (up 18.5% year on year), profit from operating activities was ¥1,638 million (up 6.9% year on year), and net profit attributable to Itochu Enex's shareholders was ¥2,275 million (up 444.8% year on year) due to the recognition of profits from the reorganization and integration with the Osaka Gas Group in the third quarter ended December 31, 2017.

Power & Utility Division

In the Power & Utility Division, electricity sales volume and profits in the electricity sales field of the electric power business increased from the corresponding period of 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, stronger capabilities in electricity supply and demand operations, and closer cooperation between electricity sales operations and electricity supply and demand operations. 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 promote investigation of new value proposals for households and small companies.

Meanwhile, in the power generation field, total power generation increased from the corresponding period of the previous fiscal year due to the start of operations at a new thermal power plant in October 2017, but a continued rise in the cost of raw materials led to a decline in profits. In this field, we aim to ensure stable electricity supplies and reduce environmental impact 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 first nine months of 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 continued to develop a comprehensive energy services business to satisfy the increasingly diverse needs of customers. Initiatives included the establishment of The Reliance Energy Okinawa, Incorporated in December 2017 as a joint venture between The Okinawa Electric Power Company, Incorporated and Tokyo Toshi Service CO., LTD. to provide heat supply and other energy services to the Okinawa area.

As a result of these activities, revenue was ¥51,880 million (up 18.6% year on year), profit from operating activities was ¥4,835 million (down 4.6% year on year), and net profit attributable to Itochu Enex's shareholders was ¥2,495 million (down 2.7% 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, sales volume and profits both increased from the corresponding period of 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)-related*³ business, industrial fuel business, AdBlue*⁴ business, business user electricity supply business and other operations were combined to form the Life Energy & Logistics Division, which provides comprehensive products and service solutions to satisfy the needs of local customers in each area.

In the Industrial Energy sales business, we promote proposals of new products such as sales of GTL*⁵ fuel, which is made using natural gas as a raw material, as well as conventional industrial fuels including kerosene, fuel oil, and LP gas.

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 as of December 31, 2017, was 1,845, marking a net decrease of 43 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 with the same period a year earlier due to the impact of improper conduct in final inspections for vehicles by Nissan Motor Co., Ltd., which came to light in September 2017. However, total unit sales in the first nine months of the fiscal year increased year on year due to strong sales in the first six months of the fiscal year.

As a result of these activities, revenue were ¥360,304 million (up 4.6% year on year), profit from operating activities was ¥5,882 million (up 28.5% year on year), and net profit attributable to Itochu Enex's shareholders was ¥3,227 million (up 40.3% 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

The Industrial Energy & Logistics Division was formed as a new division in this fiscal year 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 Company's thermal power plants, KANOU FA CO., LTD. started full-scale operations in November 2017. In addition, the slop and oil recycling business, which recycles and sells waste oil recovered from ships, is building up its track record and steadily working to commercialize its operations. The division will also actively develop and explore other new initiatives and investment projects.

As a result of these activities, revenue were ¥63,906 million (up 38.4% year on year), profit from operating activities was ¥934 million (down 41.9% year on year), and net profit attributable to Itochu

Enex's shareholders was ¥659 million (down 42.9% 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.

(2) Explanation of Financial Position

Assets, liabilities and equity

Total assets amounted to ¥375,531 million as of December 31, 2017, an increase of ¥30,928 million from March 31, 2017, mainly reflected an increase in trade receivables. Total liabilities amounted to ¥240,544 million, an increase of ¥23,418 million from March 31, 2017, mainly due to an increase of trade payables. Total equity totaled ¥134,987 million, an increase of ¥7,510 million from March 31, 2017, due to factors including an increase from net profit attributable to Itochu Enex's shareholders and a decrease by payment of cash dividends, and the like.

Cash flows

Cash and cash equivalents (net cash) totaled ¥25,425 million as of December 31, 2017, up ¥2,698 million from March 31, 2017.

Cash flows from operating activities

Operating activities earned net cash of ¥19,176 million. Major items included profit before tax of ¥15,693 million, depreciation and amortization of ¥8,311 million and income taxes paid of ¥7,101 million.

Cash flows from investing activities

Investing activities used net cash of ¥9,506 million. Major items included payments for purchase of property, plant and equipment and investment property, etc. of ¥12,134 million, proceeds from sales of investments of ¥5,411 million, and expenditures due to an increase in deposits paid of ¥4,000 million.

Cash flows from financing activities

Financing activities used net cash of ¥6,967 million. Major items included expenditures due to a decrease in interest-bearing debt of ¥2,333 million and expenses as payment of cash dividends of ¥4,513 million.

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

Because 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 28, 2017.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereo

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	22,727	25,425
Trade receivables	94,759	117,660
Other current financial assets	29,709	36,861
Inventories	27,155	24,888
Trade advances paid	1,900	1,376
Other current assets	1,877	4,590
Total current assets	178,127	210,800
Non-current assets		
Investments accounted for by the equity method	11,749	21,537
Other investments	7,461	3,671
Non-current financial assets other than investments	10,803	11,201
Property, plant and equipment	87,588	85,631
Investment property	11,986	10,368
Goodwill	533	533
Intangible assets	23,638	20,747
Deferred tax assets	11,359	9,466
Other non-current assets	1,359	1,577
Total non-current assets	166,476	164,731
Total assets	344,603	375,531

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
LIABILITIES AND EQUITY		
Current liabilities		
Short-term bonds and borrowings	9,318	10,484
Trade payables	101,902	133,662
Other current financial liabilities	8,719	9,273
Income taxes payable	5,258	1,224
Advances from customers	6,460	5,834
Other current liabilities	12,094	8,919
Total current liabilities	143,751	169,396
Non-current liabilities		
Non-current bonds and borrowings	31,702	30,890
Other non-current financial liabilities	24,501	23,065
Non-current liabilities for employee benefits	9,761	10,017
Deferred tax liabilities	1,961	2,129
Provisions	5,052	4,793
Other non-current liabilities	398	254
Total non-current liabilities	73,375	71,148
Total liabilities	217,126	240,544
Equity		
Common stock	19,878	19,878
Capital surplus	18,740	18,930
Retained earnings	73,300	78,569
Other components of equity	(1,655)	(704)
Treasury stock	(1,752)	(1,873)
Total shareholders' equity	108,511	114,800
Non-controlling interests	18,966	20,187
Total equity	127,477	134,987
Total liabilities and equity	344,603	375,531

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Revenue	491,905	544,109
Cost of sales	(424,066)	(478,958)
Gross profit	67,839	65,151
Other expense		
Selling, general and administrative expenses	(54,122)	(51,972)
Loss from tangible assets, intangible assets and goodwill	(689)	(20)
Other – net	593	1,140
Total other expense	(54,218)	(50,852)
Profit from operating activities	13,621	14,299
Financial income and costs		
Interest income	62	31
Dividends received	243	293
Interest expense	(719)	(688)
Other financial income and costs – net	0	(166)
Total financial income and costs	(414)	(530)
Share of loss of investments accounted for by the equity method	(145)	(402)
Gains on business reorganization and others	–	2,326
Profit before tax	13,062	15,693
Income tax expense	(4,497)	(4,764)
Net profit	8,565	10,929
Net profit attributable to:		
Net profit attributable to Itochu Enex’s shareholders	6,912	9,278
Net profit attributable to non-controlling interests	1,653	1,651
Total	8,565	10,929

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Other comprehensive income (loss), net of tax effect		
Items that will not be reclassified to profit or loss		
FVTOCI financial assets	71	1,121
Other comprehensive income of investments accounted for by the equity method	24	23
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(81)	(18)
Cash flow hedges	53	40
Other comprehensive income (loss) of investments accounted for by the equity method	60	(326)
Total other comprehensive income, net of tax effect	127	840
Comprehensive income	8,692	11,769
Comprehensive income attributable to:		
Comprehensive income attributable to Itochu Enex's shareholders	7,038	10,119
Comprehensive income attributable to non-controlling interests	1,654	1,650
Total	8,692	11,769

(Yen)

Earnings per share attributable to Itochu Enex's shareholders		
Basic	61.17	82.15
Diluted	–	–

(Millions of yen)

Total trading transactions	730,108	814,044
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(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) Condensed Quarterly Consolidated Statement of Changes in Equity

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
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	–	190
Balance at the end of the period	18,740	18,930
Retained earnings		
Balance at the beginning of the period	66,024	73,300
Net profit attributable to Itochu Enex's shareholders	6,912	9,278
Transfer from other components of equity	(336)	(111)
Cash dividends paid to Itochu Enex's shareholders	(2,881)	(3,898)
Balance at the end of the period	69,718	78,569
Other components of equity		
Balance at the beginning of the period	(2,364)	(1,655)
Other comprehensive income attributable to Itochu Enex's shareholders	127	840
Transfer to retained earnings	336	111
Balance at the end of the period	(1,901)	(704)
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	104,683	114,800
Non-controlling interests		
Balance at the beginning of the period	16,636	18,966
Net profit attributable to non-controlling interests	1,653	1,651
Other comprehensive income attributable to non-controlling interests	0	(1)
Cash dividends paid to non-controlling interests	(345)	(615)
Changes due to additional acquisition and sale of interests in subsidiaries	–	186
Balance at the end of the period	17,945	20,187
Total equity	122,628	134,987

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Cash flows from operating activities		
Profit before tax	13,062	15,693
Depreciation and amortization	8,132	8,311
Loss from tangible assets, intangible assets and goodwill	689	20
Financial income	414	530
Share of loss of investments accounted for by the equity method	145	402
Gains on business reorganization and others	–	(2,326)
Increase in trade receivables	(27,558)	(24,096)
Decrease (increase) in inventories	(196)	1,531
Increase in trade payables	23,585	32,500
Other – net	(4,444)	(6,322)
Interest and dividends received	467	653
Interest expense	(637)	(619)
Income taxes paid	(5,533)	(7,101)
Net cash flows provided by operating activities	8,126	19,176
Cash flows from investing activities		
Purchase of investments accounted for by the equity method	(1,593)	(2,525)
Purchase of investments	(10)	(246)
Proceeds from sales of investments	1,475	5,411
Acquisition of subsidiaries, net of cash acquired	–	(3,496)
Loss of control of subsidiaries	–	(598)
Payment for loans receivable	(1,613)	(291)
Collection of loans receivable	1,534	5,429
Payments for purchase of property, plant and equipment and investment property	(6,236)	(10,016)
Proceeds from sales of property, plant and equipment and investment property	1,013	2,483
Purchase of intangible assets	(829)	(2,118)
Proceeds from sales of intangible assets	–	100
Increase in deposits paid – net	(6,000)	(4,000)
Other – net	283	361
Net cash flows used in investing activities	(11,976)	(9,506)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Cash flows from financing activities		
Proceeds from bonds and borrowings	7,500	–
Repayments of bonds and borrowings	(2,738)	(7,668)
Net increase (decrease) in short-term borrowings	(1,514)	5,335
Cash dividends paid to Itochu Enex's shareholders	(2,881)	(3,898)
Cash dividends paid to non-controlling interests	(345)	(615)
Other – net	(0)	(121)
Net cash flows provided by (used in) financing activities	22	(6,967)
Net increase (decrease) in cash and cash equivalents	(3,828)	2,703
Cash and cash equivalents at the beginning of the period	20,824	22,727
Effect of exchange rate changes on cash and cash equivalents	(15)	(5)
Cash and cash equivalents at the end of the period	16,981	25,425

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

No items to report.

(6) Segment Information

For the nine months ended December 31, 2016

(Millions of yen)

	Reportable segment				Total	Adjustment	Consolidated
	Home-Life Division	Power & Utility Division	Life Energy & Logistics Division	Industrial Energy & Logistics Division			
Revenue							
Revenue from external customers	57,378	43,739	344,618	46,170	491,905	–	491,905
Intersegment revenue	206	321	2,939	286	3,752	(3,752)	–
Total revenue	57,584	44,060	347,557	46,456	495,657	(3,752)	491,905
Gross profit	18,716	7,474	38,646	3,003	67,839	–	67,839
Profit from operating activities	1,532	5,070	4,577	1,608	12,787	834	13,621
Profit before tax	1,451	4,845	4,338	1,656	12,290	772	13,062
Net profit attributable to Itochu Enex's shareholders	418	2,566	2,300	1,154	6,438	474	6,912
Other items							
Total assets	61,887	64,000	156,157	30,062	312,106	21,763	333,869
Total trading transactions	60,723	45,752	514,702	108,931	730,108	–	730,108

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

The adjustment of ¥474 million to net profit attributable to Itochu Enex's shareholders represents corporate profit (loss) not allocated to reportable segments.

The adjustment of ¥21,763 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.

For the nine months ended December 31, 2017

(Millions of yen)

	Reportable segment				Total	Adjustment	Consolidated
	Home-Life Division	Power & Utility Division	Life Energy & Logistics Division	Industrial Energy & Logistics Division			
Revenue							
Revenue from external customers	68,019	51,880	360,304	63,906	544,109	–	544,109
Intersegment revenue	151	4,195	2,239	11	6,596	(6,596)	–
Total revenue	68,170	56,075	362,543	63,917	550,705	(6,596)	544,109
Gross profit	17,915	7,870	37,252	2,114	65,151	–	65,151
Profit from operating activities	1,638	4,835	5,882	934	13,289	1,010	14,299
Profit before tax	3,638	4,618	5,553	958	14,767	926	15,693
Net profit attributable to Itochu Enex's shareholders	2,275	2,495	3,227	659	8,656	622	9,278
Other items							
Total assets	65,225	76,669	162,374	42,521	346,789	28,742	375,531
Total trading transactions	71,372	54,541	573,841	114,290	814,044	–	814,044

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

The adjustment of ¥622 million to net profit attributable to Itochu Enex's shareholders represents corporate profit (loss) not allocated to reportable segments.

The adjustment of ¥28,742 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.

As of March 31, 2017

(Millions of yen)

	Reportable segment				Total	Adjustment	Consolidated
	Home-Life Division	Power & Utility Division	Life Energy & Logistics Division	Industrial Energy & Logistics Division			
Total assets	65,033	70,700	149,422	29,429	314,584	30,019	344,603

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

Change in reportable segments

In the first quarter ended June 30, 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. As a result, effective from the first quarter ended June 30, 2017, the Company has reclassified its reportable segments.

Due to the change in segments, segment information for the first nine months of the previous fiscal year and as of the end of the previous fiscal year (March 31, 2017) has been adjusted based on the new segment classifications.

(7) 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 owing a 50% stake. The joint venture was formed through an exchange of shares between former OSAKA GAS subsidiary NISSHO PETROLEUM GAS CORPORATION (hereinafter “Nissho LP”), which was designated as the wholly owning parent company for share exchange, and three former subsidiaries of the Company – ITOCHU ENEX HOME-LIFE KANTO CO., LTD. (hereinafter “HOME-LIFE KANTO”), ITOCHU ENEX HOME-LIFE CHUBU CO., LTD. (hereinafter “HOME-LIFE CHUBU”), and ITOCHU ENEX HOME-LIFE KANSAI CO., LTD. (hereinafter “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 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 Sekiyu Co., Ltd. (hereinafter “Nissho Propane”), Ehime Nissho Propane Co., Ltd. (hereinafter “Ehime Nissho”) and Kochi Nissho Propane Corporation (hereinafter “Kochi Nissho”), 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 are shown below.

Selling, general and administrative expenses	(94)
Share of profit (loss) of investments accounted for by the equity method	(704)
Gains on business reorganization and others	2,326
Income tax expense	(106)
<hr/> Total	<hr/> 1,422