ITOCHU ENEX CO., LTD.

The best partner for life and society

ANNUAL REPORT 2015

Fiscal Year Ended March 31, 2015

Itochu Enex Group

Vision & Action

Since its establishment in 1961, Itochu Enex has grown strong roots in local communities throughout Japan, and based on the corporate philosophy of "the best partner for life and society," the Company has served as an energy lifeline to these communities by delivering primarily petroleum products and LP gas. Energy is, of course, a critical part of social infrastructure. We also believe that energy creates prosperous communities and nurtures people. This is an important part of our philosophy which has sustained us over the years.
We will continue to serve the needs of people as the times change, and by the best partner for life and society, we will remain committed to delivering energy to each and every customer.

Corporate Philosophy

The best partner for life and society
—with Energy, with the Car, with the Home—

Field of Business

Energy for all applications, whether as a key component
of social infrastructure or as a means of enriching people's lives

Growth Strategy

Medium-term business plan
Moving 2016
—Sowing seeds for tomorrow—

Moving2016「動く!」
～明日にタネを蒔け!～

Cautionary Statements

The forward-looking statements addressed in this report such as the outlook on the Company's future performance were judged appropriate by the management of the Company based on information available at the time of publication. Please note that actual results may differ considerably from the current projections depending on fluctuations in exchange rates, market trends, economic circumstances and other factors.

Contents

Top Message

Moving2016「動く!」
～明日にタネを蒔け!～

Further enhance corporate value by meeting the needs of these changing times and comprehensively supplying the optimal energy for life and society

Representative Director and President
ITOCHU ENEX CO., LTD.

Kenji Okada

Pursuit of customer value: back to basics with our corporate philosophy

Presently, energy companies are facing big challenges that could decide their survival.

With demand for petroleum products in the domestic market decreasing and the electricity and town gas retail sector about to undergo liberalization, companies must decide what measures to take in response to the reorganization of the domestic energy industry, and the intensification of competition that now transcends market boundaries.

Moreover, it is also necessary to decide how to meet the diversifying needs of customers while energy options continue to expand, and how to utilize the economic growth of emerging countries, particularly in Asia, for our growth initiatives.

We face a mountain of challenges as we stand at this important crossroad. Now, more than ever, we must return to our corporate philosophy of being the best partner for life and society.

Our challenge is to make the realization of value for customers our unique compass. This is to be our guiding principle while we fearlessly take on the challenges regardless of how the shape of energy is changing and the kinds of business fields we should enter.

A new medium-term business plan to accelerate growth strategies

After more than half a century of operating businesses centering on petroleum products and LP gas, the Itochu Enex Group has amassed a solid track record and wealth of expertise.

However, no matter the depth of history or solidness of track record a company may have, unless that company can adapt to the changing times and evolving society, it cannot continue as a company needed by consumers.

Rather than resting on the laurels of our track record and business model, we are proactively moving forward and revitalizing our existing businesses from fresh viewpoints.

Furthermore, while pioneering the development of new business fields that meet consumers' needs, we are continuing to achieve growth by leveraging the power of synergy born from these developments.

This is the core rationale behind the Itochu Enex Group's strategy "Moving."

In the course of executing the fiscal 2014 single-year business plan, the Company formulated a two-year medium-term business plan beginning in fiscal 2015, and the Group has been unitedly working together to realize the growth strategies of this plan.

Becoming a new kind of energy company suitable for the new era

In the energy business, which centers on petroleum products and sales of LP gas, the Company has been constructing a network that is closely tied to the retail operators that are deeply rooted in local communities throughout Japan.

This network will boost competitiveness and superior advantage as a business foundation for the Itochu Enex Group's operation of new businesses, comprised of smart energy equipment, automobile-related business and electric power business.

No matter how ferocious the pace of change is, we will avoid missing business chances because we are able to speedily develop new business. Our M&A strategies are underpinned by the corporate muscle necessary to execute aggressive investments.

While effectively utilizing the tangible and intangible business resources we have developed up until now, the Itochu Enex Group will work to further evolve the corporate DNA already strong in enterprising spirit to actively pioneer development in new fields and metamorphose into an integrated energy company capable of comprehensively creating the value sought by customers.

Focus on medium- to long-term growth and corporate value improvement

In addition to promoting environmentally conscious efforts as an energy company contributing to the realization of a sustainable society, we believe that another important social responsibility of ours is to meet the expectations of our diverse stakeholders, including our customers, the people of the communities in which we operate, and our employees.

One of our initiatives to help foster the next generation of our communities is by promoting the power of words via the "Enjoy the Power of Words" event, which we started last year. As an original social contribution initiative of the Company, it has proved to be tremendously rewarding.

As for initiatives directed at shareholders and investors, we have been working to strengthen corporate governance from the perspective of promoting soundness and transparency in management. By targeting our sights on medium- to long-term growth, we are aiming to realize sustained improvement in corporate value.

We would like to ask for continued understanding and support of the Itochu Enex Group from all stakeholders.

"Moving 2016 —Sowing seeds for tomorrow—"

Carrying on the basic spirit of its Fiscal 2014 Group Business Plan, "Moving 2014," the Itochu Enex Group will formulate a medium-term business plan for two years to realize a strategy for further growth while hastening to prepare a platform for full liberalization of the electricity and gas businesses.

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Period

2 years (FY2015 to FY2016)

Basic policy

Improvement of profitability

- Going on the attack and strengthening the structure in petroleum business
- Expansion and profitability improvement in gas business
- Strengthening of foundations and response to liberalization in Power & Utility Division

Sowing seeds for long-term growth strategy

- Launching core peripheral businesses and pursuing synergies
- Swiftly launching and expanding overseas businesses
- Constructing strategic alliances with other companies and swiftly generating profits

Reinforcement of organizational strength and fundamental strength

- Thorough fostering of hands-on approach and business thinking
- Development of skillful personnel and enhancement of diversity
- Realization of sound, reasonable and bold management

Vision

Quantitative plan (FY2016)

Profit from operating activities:

¥20 billion

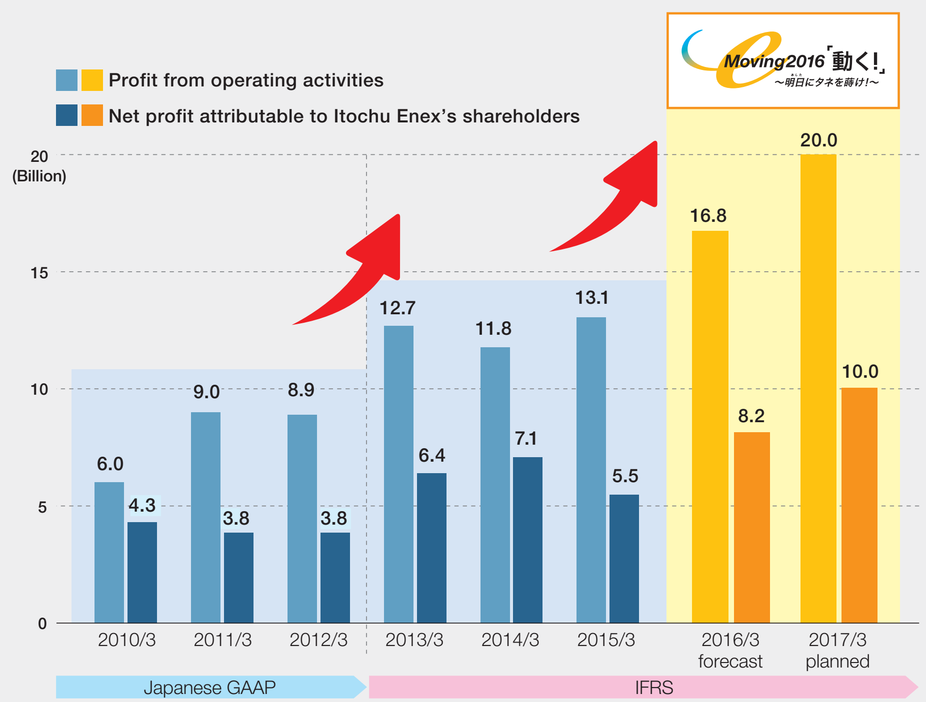
Net profit attributable to Itochu Enex's shareholders:

¥10 billion

ROE:

9.0% or above

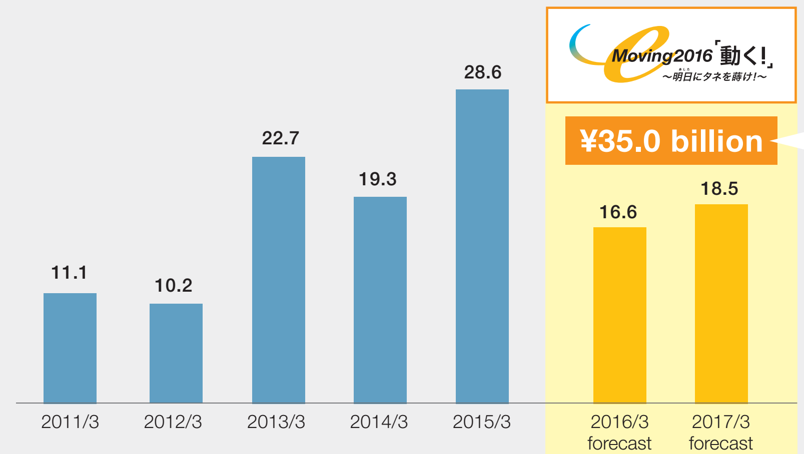
*These targets have been formulated based on International Financial Reporting Standards (IFRS).



Main management indicators

	2014/3	2015/3	2016/3 (forecast)	2017/3 (planned)
Net profit attributable to Itochu Enex's shareholders	¥ 7.1 billion	¥ 5.5 billion	¥ 8.2 billion	¥ 10.0 billion
ROE	7.8%	5.7%	8.2%	9.4%
Return on total trading transactions	0.5%	0.4%	0.6%	0.7%
Turnover of total assets	4.7	4.2	4.1	4.0
Financial leverage	3.5	3.4	3.3	3.2
Equity-to-asset ratio	29.3%	29.6%	30.8%	32.3%
Net DER (times)	0.26	0.25	0.24	0.22
Cash flows from operating activities	¥ 17.5 billion	¥ 34.3 billion	¥ 21.0 billion	¥ 23.5 billion
Cash flows from investing activities	¥ (12.6) billion	¥ (20.4) billion	¥ (16.0) billion	¥ (18.0) billion
Free cash flow	¥ 4.9 billion	¥ 13.9 billion	¥ 5.0 billion	¥ 5.5 billion

Moving 2016 investment plan (Unit: billions of yen)



Home-Life: ¥12.0 billion
Acquisition of goodwill, M&A

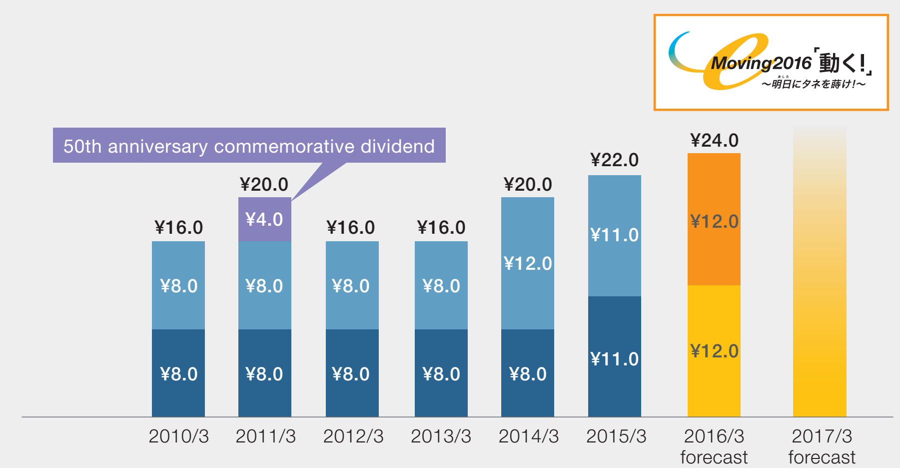
Car-Life: ¥4.5 billion
Car-related businesses

Power & Utility: ¥13.5 billion
Electric power development, new projects

Energy Trade: ¥5.0 billion
New projects, M&A, etc.

Returns to shareholders

In terms of shareholder returns, we aim to maintain a consolidated dividend payout ratio of at least 30% in accordance with our policy of paying stable dividends on an ongoing basis while maintaining sustained business growth. In the past, we had continued to pay a dividend of ¥16 per share, excluding commemorative dividends. But since fiscal 2013, we have continually increased the dividend payment, raising it to ¥20 per share in fiscal 2013, and ¥22 per share in fiscal 2014, and during the period of the current medium-term business plan, we aim to increase dividend payment by increasing profit and further expand shareholder returns.



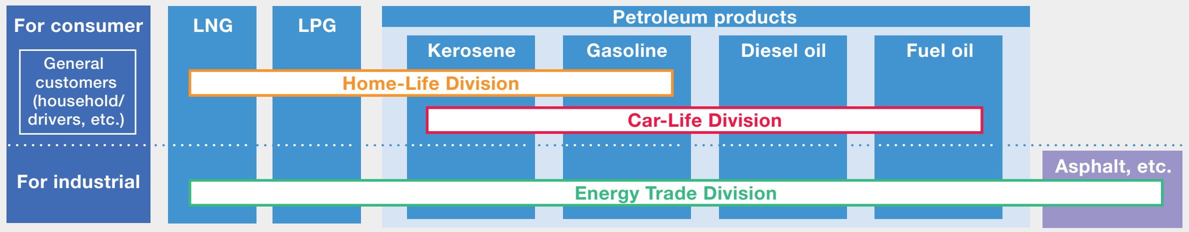
Dividend payout ratio	42.7%	58.6%	46.8%	32.4%	30.5%	45.2%	33.1%	

Medium-term Business Plan: Moving2016「動く!」～明日にタネを蒔け!～

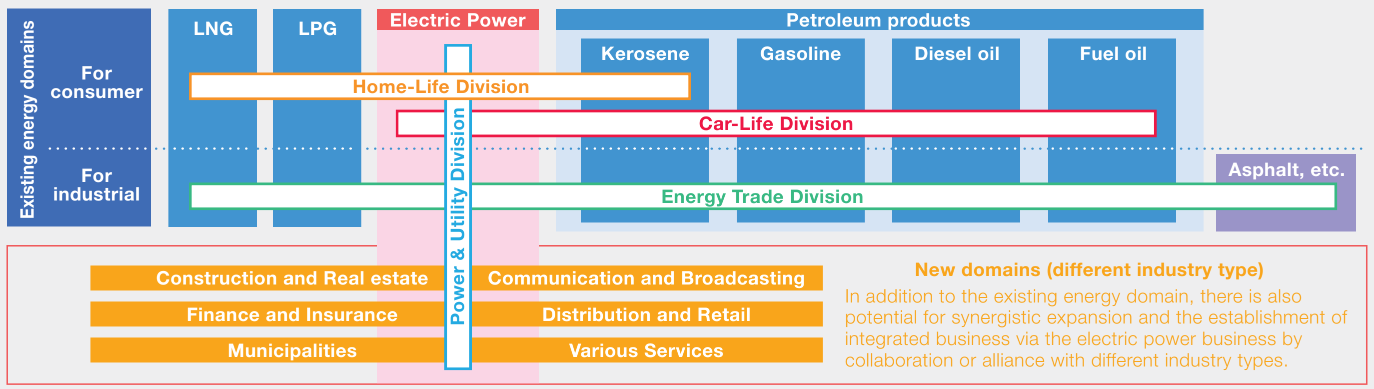
Changes in segment domains

Our core businesses since the foundation of the Itochu Enex Group have been our Home-Life Division and Car-Life Division, broadly located in the civil-society sector, and our Energy Trade Division, which is generally part of the industrial sector.
By adding the Power & Utility Division, not only can we expect to create synergies with these core businesses, but also, through entering into collaborations and partnerships with new partners from such industries as construction/real estate, telecommunications or financial institutions, we aim to further broaden our business activities.

Segment domains since foundation



New segment image

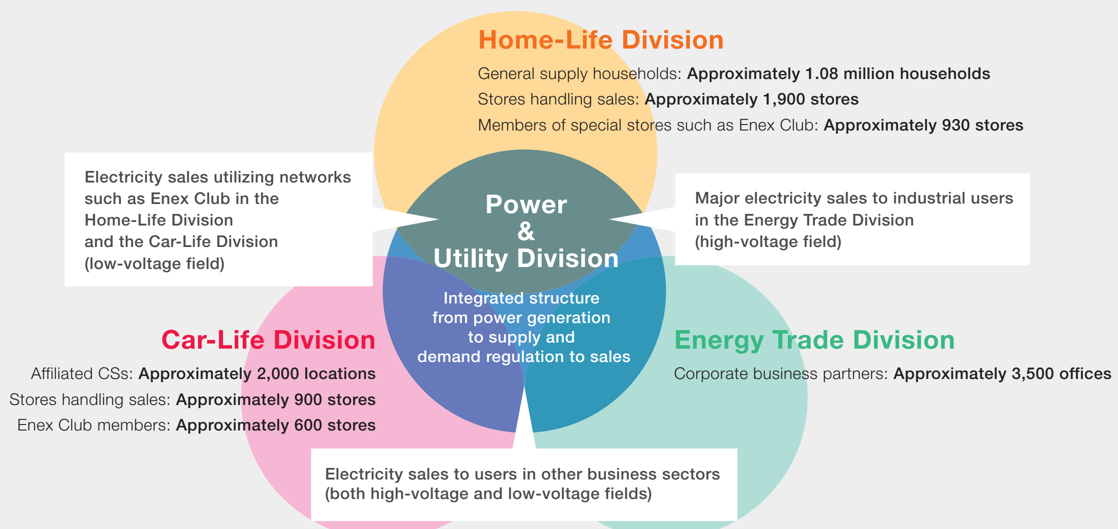


Development of electric power business the Enex way

Our strength in the low-voltage power field is our network of the Home-Life and Car-Life Divisions, which are comprised of B-to-C businesses targeting civil society.

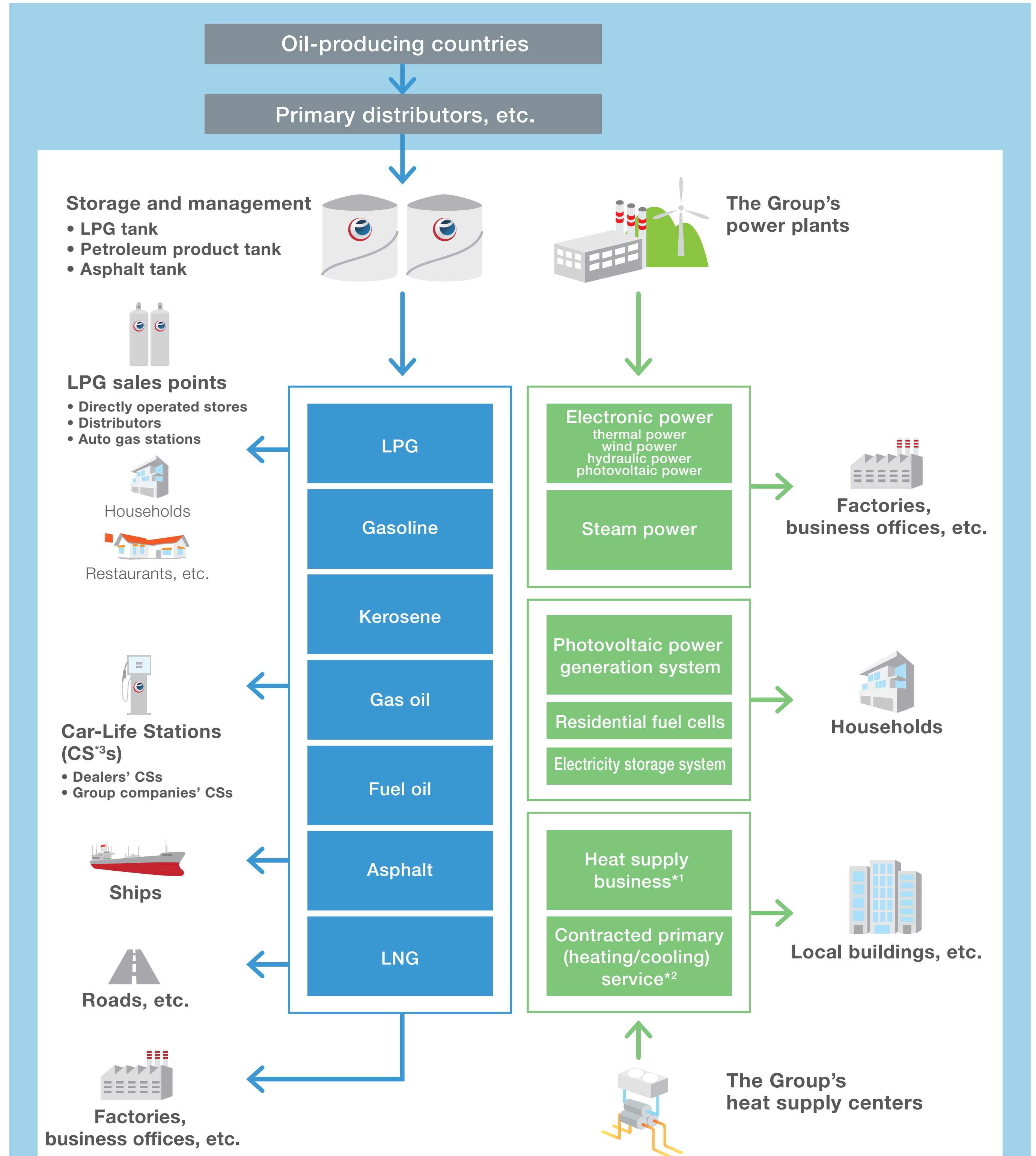
In our high-voltage large-client B-to-B businesses, which we have been carrying out up until now, our Energy Trade Division's customer network is very important.

We will continue working to maximize synergies through collaboration among segments in electricity businesses.



Service Flow of the Enex Group

Flow of energies delivered by the Enex Group to our customers



*1 Heat supply business supplies cold and hot water for air conditioning to office buildings and multiple other buildings from a heat source plant using pipes.
*2 Contracted primary (heating/cooling) service is a contract-based thermal storage service, under which heat source equipment is installed at individual buildings utilizing the know-how of heat supply businesses.
*3 CS is an abbreviation for Car-Life Station; it refers to service stations delivering multiple services provided by Itochu Enex.

Business Operations

Home-Life Division

We aim to provide comfortable lifestyles through supply of "environmentally friendly" gas and related equipment.

Major Products and Services

- LP gas
- Town gas
  (Nakatsu City, Oita Prefecture)
- Gas for industrial use
- Kerosene
- Gas equipment
  (kitchen equipment, air-conditioning equipment, and household equipment, etc.)
- Smart energy equipment
  (photovoltaic power generation systems and ENEFARM residential fuel cells)
- ENE-POWABO S
  residential lithium-ion electricity storage system
- Remodeling
- Pressure resistance inspection

LP gas and town gas customers

App. **1.08** million households

LP gas outlets

App. **1,900**

Automotive Gas Stations

45 locations

Main business

Gas Supply Business

We supply a broad base of customers across Japan with LP gas and town gas, energy sources widely used at homes and businesses as fuel for cooking, water heating, and industrial applications.

Proposals for "Better" Home Energy Supply

We support comfortable, rewarding living by offering a wide range of home improvement proposals, including kitchen and bathroom remodeling and the installation of photovoltaic power generation systems.

Gas for Automotive Use

We are expanding our network of automotive gas stations with the aim of promoting the widespread use of low-pollution LP gas vehicles.

Gas for Industrial Use

We offer industrial-use gas used in all industry fields including oxygen and nitrogen; medical-use gas such as oxygen for inhalation, laughing gas for anesthesia and gas for sterilization; and a wide range of special gas.

IT Support

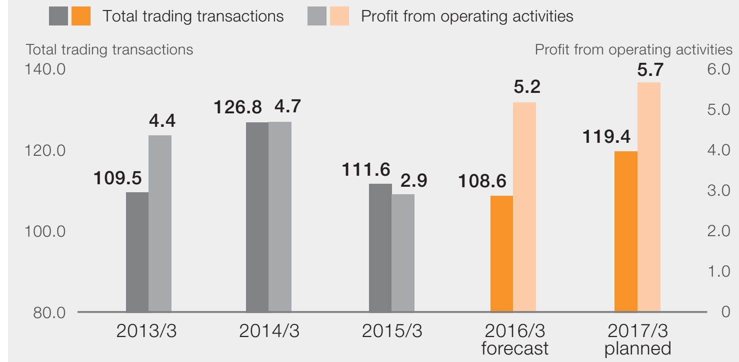
We provide robust support for retailer sales operations by developing and providing service systems and sales management systems that take full advantage of the latest IT and the Internet.

- The GASTAGE System
- I-Bingo mobile security terminal system
- G-Bingo work support system

Realizing "best mix" for energy supply proposals

Operating performance trends/targets

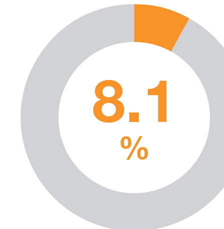
(billions of yen)



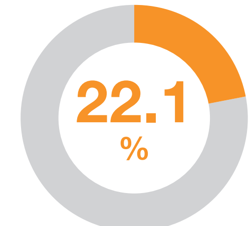
Principal measures

- **Strengthening and cultivating core businesses**
  —Strengthen direct sales of LP gas (Aiming to reach 360,000 houses in FY ending Mar. 2016)
- **Promotion of new demand creation**
  —Promote fuel conversion, and sales expansion of air conditioning and heating systems
- **Provision of electric power business foundation**
  —Collaborate with Power & Utility Division and create electric power sales system
- **Development of global projects**
  —Utilize know-how accumulated in domestic business related to LP gas and industrial gas and collaborate with ITOCHU Corporation to expand operations into Asia

Total trading transactions ratio
(As of March 31, 2015)



Profit from operating activities ratio
(As of March 31, 2015)



* Excludes other (businesses not included in reportable segments) and adjustments.
* Amounts of total trading transactions in accordance with Japanese accounting practices are shown.

Toward the full liberalization of the electricity and gas retail market in and after 2016, we have established a new specialized department. In collaboration with the Power & Utility Division, making use of the LP gas nationwide sales network and business know-how built up so far, we will strive to establish a new business model.

TOPICS

Energy Self-sufficiency with ENE-POWABO S, Now on Sale

In December 2014, we began selling our ENE-POWABO S (Energy Power Box S) residential lithium-ion power storage system, which boasts an industry-leading 7.0 kWh of storage capacity. The system is also capable of storing electricity produced by photovoltaic power, thereby enabling more hours of household appliance use, even during power outages. Marketing the ENEPOWABO S system will involve drawing on the Home-Life Division's network of over one million households and proposing new "Smart Life" solutions to our potential customers.

J-Cylinder Services Will Enhance the Pressure Testing Business

Itochu Enex offers services involving gas sales and provides greater added value through the container pressure testing business for LP gas and gas for industrial use. As part of our efforts in this area, we established J-Cylinder Services Co., Ltd. in April 2015, thereby integrating operations that had been more widely dispersed throughout Group companies in the Kanto area. J-Cylinder Services has the top share of the pressure testing business market in the Kanto area, and is expected to handle inspections of 350,000 containers on an annual basis in fiscal 2015. Going forward, we will work to achieve even better levels of service quality through the operations of J-Cylinder Services.

Car-Life Division

We operate Car-Life Stations that contribute to comfortable, convenient living and transportation by meeting every car-life need.

Major Products and Services

- Gasoline
- Kerosene
- Diesel oil
- Fuel oil
- Automotive lubricants
- Automobiles and automobile products
- Vehicle inspection and maintenance
- Rent-a-car services

Group CSs

App. **2,000** locations

No. 1 trading firm-affiliated chain

Car Enex Brand CSs

App. **450** locations

CSs with Itsumo Rent-a-Car service

App. **370** stations

Main business

Automobile Energy Sales Business

Automobile Energy Sales Business supplies energy to affiliated Car-Life Stations (CS*) across Japan, and improves profitability of CSs and provides strong support for CS management to station operators through ENEX ACT Programs.

* CS is an abbreviation for Car-Life Station; it refers to service stations delivering multiple services provided by Itochu Enex.

Car Dealer Business

We engage in business that includes sales of new and used cars, vehicle inspection, automotive bodywork, mechanical servicing and maintenance through Nissan Osaka Sales Co., Ltd., which has the top network throughout Osaka Prefecture and in the Hanshin district of Hyogo Prefecture.

Car-Life Support Business

We work with our affiliated CSs nationwide in providing them with enhanced merchandise, information and sales know-how, while helping them achieve growth.

- Itsumo Rent-a-Car • Itsumo Car Net
- e-Battery • Enexoil (lubricating oils)
- Enex Washer • Tires

Credit Card Business

We offer a variety of credit card options to meet the needs of our CS customers.

- Car Enex Itsumo Card (consumer)
- Partner's Card (corporate)
- R-Point Card* (Rakuten's common point service)

*To be launched in fall 2015

IT Support

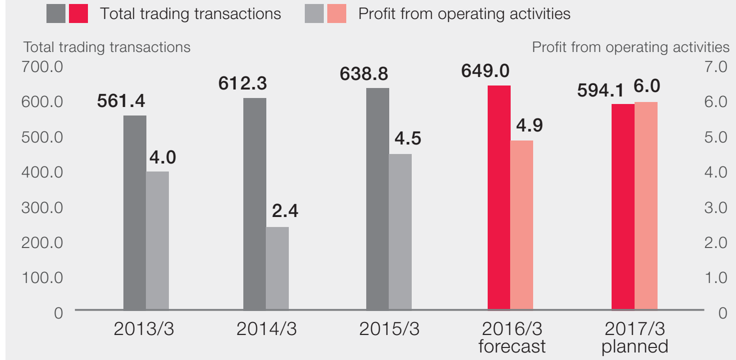
We support CS operators by providing service and management systems that utilize the latest IT technologies and the Internet.

- E3 POS System
- CS Strategic Information System (System for analyzing sales data that is automatically extracted from Enex's proprietary Car-Life Station POS system)
- E3 Dashboard

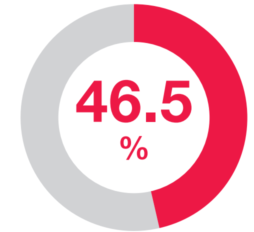
Committing to Car Life in various regions (domestic/overseas)

Operating performance trends/targets

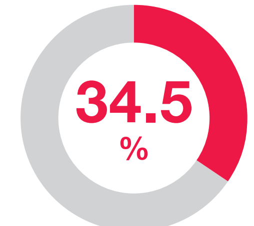
(billions of yen)



Total trading transactions ratio
(As of March 31, 2015)



Profit from operating activities ratio
(As of March 31, 2015)



* Excludes other (businesses not included in reportable segments) and adjustments.
* Amounts of total trading transactions in accordance with Japanese accounting practices are shown.

Principal measures

- **Marketing strategies (CRM*)**
  - Enhance customer management using POS systems
  - Introduce point cards
  - Launch product service brands
- **Initiatives to increase added value**
  - Strengthen CS-oriented consulting (ENEX ACT) and improve non-oil revenues
  - Strengthen automobile-related business centered on Osaka Car Life Group Co., Ltd. and Enexauto Co., Ltd.

*CRM: Customer Relationship Management

In the retail strategy, we strove to improve profitability of Car-Life Stations*1 by sharing successful examples and providing stations with individual support to meet their needs through the ENEX ACT Program*2, which has been developed for the purpose of strengthening competitiveness of the Car-Life Stations of the Company.

In the automobile-related business, we have moved forward on creating synergies that make use of the functions of the Osaka Car Life Group Co., Ltd., and our Car-Life Stations business and Group network in order to expand the number of customers of the Itochu Enex Group and build a car life business that customers will choose.

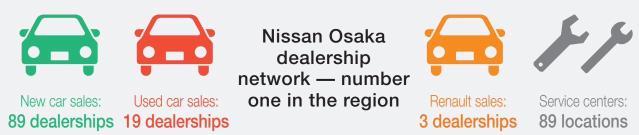
*1 Car-Life Stations: Car-Life Stations are service stations delivering multiple services provided by Itochu Enex.
*2 ENEX ACT Program: Under this program, we work closely with Car-Life Station operators to raise their competitiveness by analyzing their station operations and competitive climate, conducting group training, and engaging in other activities.

TOPICS

Steady Progress in the Car Dealer Business

Growing expectations regarding creation of synergies with the entire Itochu Enex Group

Strengthening the Car-Life value chain



Osaka Car Life Group Co., Ltd., which became an Itochu Enex Group company in May 2014, is a holding company that owns Nissan Osaka Sales Co., Ltd. (Nissan Osaka), one of the largest Nissan Motor Co. Ltd.-affiliated dealers in Japan and the only Nissan dealership within Osaka Prefecture, thereby making it the second largest dealer among those of the Nissan Group in Japan. Going forward, we will work to provide options for delivering new forms of value in terms of customer automotive lifestyles, while building a robust value chain with Nissan Osaka.

Successive openings of new dealerships featuring fresh business concepts

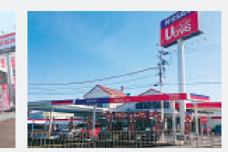


Photo (left): Hirakata Hills new car dealership
Photo (right): UCARS Hirakata used car dealership

In 2015, we opened a new car dealership in January and a used car dealership in April in Hirakata City. The new facilities, which introduce an unprecedented "extensive customer service" dealership concept, have been very well received since opening for business. Going forward, Nissan Osaka will forge ahead as a car dealer that is revered by its customers, as it strives to become a stronger and more integral part of the area through its top-ranking sales and service network.

Business Operations

Power & Utility Division

We operate electric power-related and heat supply businesses that deliver energy efficiency, comfort and economic benefits.

Major Products and Services

- Electric power (coal, fuel oil, natural gas, wind, hydropower, photovoltaic power)
- Steam
- District heating services

Power generation capacity
181 MW

Electric power retail sales volume
409 thousand MWh

Heat supply centers
18 locations

Main business

Power Generation Business

Making maximum use of the Itochu Enex Group's capabilities, we work to strengthen our initiatives in the power generation business, aiming for environmental sustainability as well as economic benefits.

JEN Holdings Co., Ltd. in the Itochu Enex Group is upgrading and expanding its power plant network and diverse range of power generation facilities fueled by energy sources.

Electric Power Retail Business

Having entered the electric power business as a proposal-making company with a comprehensive range of energy, we work to realize lower electric power costs and stable supplies for customers.

Our Power-related Business Value Chain

District Heating Services

This business includes heat supply business providing cold and hot water to multiple buildings within a certain area and the provision of low-CO_2, energy-saving thermal storage contract-based services for a low initial cost at the time of installation or renewal of the air conditioning or hot water supply systems of buildings.

Tokyo Toshi Service Company

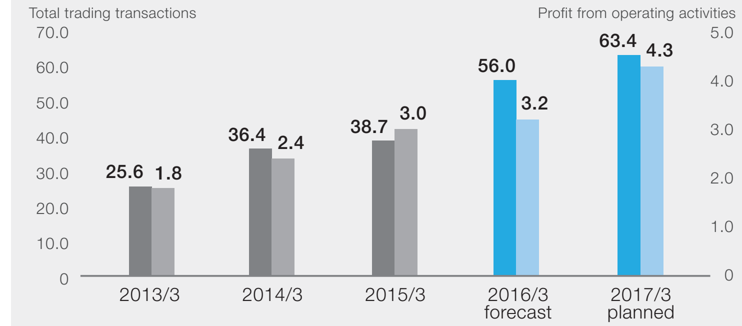
Tokyo Toshi Service Company (TTS) of the Itochu Enex Group operates 18 heat supply centers that utilize the most advanced energy conservation technologies available in Japan. The facilities use highly efficient electrical heat pump systems with thermal storage capabilities to produce hot and cold water which is stored in tanks at night, then released during the day and supplied as a heat source to numerous buildings in respective service districts.

Becoming a Prime PPS* to serve individuals and society

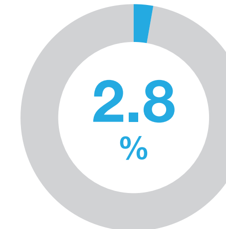
* PPS is an acronym for Power Producer & Supplier, and refers to a Specified-Scale Electricity Utility.

Operating performance trends/targets

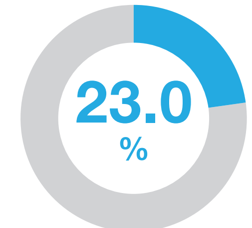
(billions of yen)



Total trading transactions ratio
(As of March 31, 2015)



Profit from operating activities ratio
(As of March 31, 2015)



* Excludes other (businesses not included in reportable segments) and adjustments.
* Amounts of total trading transactions in accordance with Japanese accounting practices are shown.

Principal measures

- **Vertical integration**
  —Seamless pipeline from electric power generation to retail sales
- **Adaptability to environment**
  —Shift portfolio in line with changes in environment
- **Response to liberalization**
  —User PPS*1 and Balancing Group (BG)*2
- **Evolution of function**
  —Combined-energy multi service provider

*1 The business operators, who are users of electric power, that file a PPS notification that assumes trading from Japan Electric Power Exchange, etc.

*2 Mechanism whereby a general electric power operator concludes a single wheeling service contract with multiple new electric power suppliers and the representative contractor is selected among new electric power suppliers.

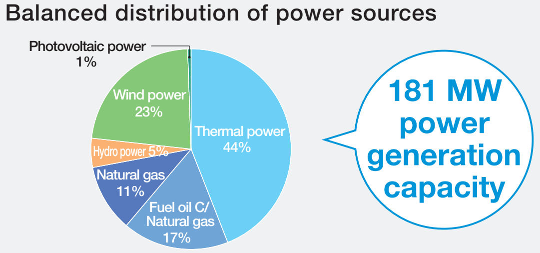
The Itochu Enex Group has been moving forward with the enhancement of its own electricity sources so that we can expand electric power retail business in the power generation field of the electricity and steam supply business. In the electric power sales field of the electricity and steam supply business, Oji-Itochu Enex power retailing Co., Ltd. was added to the existing electric power sales system that the Company had been operating up until now. With our sights set on the full liberalization of the retailing of electric power in fiscal 2016, the Itochu Enex Group, in a collaborative effort of all business divisions led by the Power & Utility Division, is moving forward with these preparations.

TOPICS

Enex Makes Strides to Becoming a Prime PPS

Aggressive initiatives geared toward full liberalization of Japan's retail electricity sector

Balanced distribution of power sources



Base-load supply	(coal-fired power & hydropower)	49%
Middle-load supply	(fuel oil C/natural gas & natural gas only)	28%
Renewable energy	(photovoltaic, wind & hydropower)	29%

Itochu Enex Group power generation company JEN Holdings Co., Ltd. (JEN) has been enhancing various power generation capabilities to meet the burgeoning demand for electricity. As of April 2015, JEN's power station network includes plants in six locations nationwide, with an overall output capacity of 181 MW. We are committed to meeting the demand of our customers as they continue to expand.

New company OJEX, rising star in electricity sales

[URL] http://ojex.net/

On January 30, 2015, Itochu Enex and Oji Green Resources Co., Ltd., a subsidiary of Oji Holdings Corporation, formed a joint venture for power retailing, Oji-Itochu Enex power retailing Co., Ltd. ("OJEX"). OJEX subsequently started operations on April 1, 2015. OJEX is the result of fresh initiatives that combine the Oji Group's power generation sources with power retailing know-how developed by Itochu Enex, and will act as a key power sales company for Itochu Enex heading toward full liberalization of Japan's retail electricity sector in fiscal 2016. The Itochu Enex Group will help ensure an adequate electric power supply in Japan by actively developing this business, inspired by our aim of becoming a Prime PPS* that acts as an integral part of society and is revered by our customers.

Energy Trade Division

We propose optimal energy solutions for supporting the industrial and distribution base.
We handle industrial-use energy, materials and also marine fuel.

Major Products and Services

- Industrial-use energy and materials (gasoline, kerosene, diesel oil, fuel oil and LNG)
- Asphalt
- AdBlue high-quality urea solution
- Marine fuels and lubricants
- Exports of petroleum products and transactions to regulate domestic supply and demand
- Chartering and operation of tankers
- Logistics services for petroleum storage tanks and facilities
- Global project development and promotion, etc.

Corporate customers

App. **3,500** business sites

Asphalt terminals

11 locations

with total storage capacity of 39,000 tons. Approximately 20% share of sales in Japan

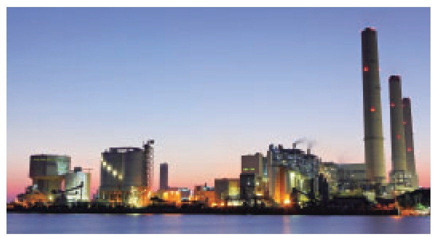
Oil terminals

3 locations

with total storage capacity of 170,000 tons

Main business

Sale of Industrial Energy



We deliver industrial energy to corporate customers and propose optimal energy solutions that help conserve energy and lower costs.

AdBlue* High-Quality Urea Solution

As part of our activities to address environmental problems, we sell AdBlue, a high-quality urea solution that can significantly reduce nitrogen oxide emissions (NOx) and has a detoxifying action for use in diesel vehicle exhaust gases, to customers nationwide.

* AdBlue is high-quality urea in de-mineralized water, which is used to reduce harmful NOx emissions in vehicles equipped with SCR (Selective Catalytic Reduction) technology.

Petroleum Product Trading

Itochu Enex, the domestic petroleum products trading arm of the Itochu Group, is engaged in the import, export and sale of petroleum products in Japan.

Global Projects

Using our accumulated know-how and our business model, we vigorously press ahead with global business development.

- Palau
  (petroleum product import and wholesale business)
- State of Nebraska, U.S.
  (next-generation biodiesel project)

Sale of Asphalt

We take advantage of a nationwide sales network to deliver asphalt, a key industrial material, to customers all across Japan.

Corporate Fleet Fuel Cards

We issue corporate fleet fuel cards that enable customers to purchase gasoline, diesel, and other automobile fuels at a single price nationwide as well as manage fuel expenses more easily.

Sale of Marine Fuel

We sell marine fuel at major ports in Japan and overseas.

Storage Tank Leasing

We have developed a powerful supply network that satisfies our customers' storage needs by owning and operating storage tanks nationwide.

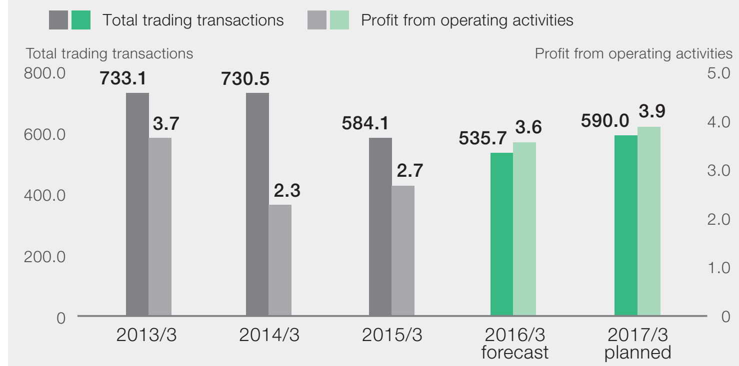
Tanker Operation and Chartering

We engage in a global petroleum product tanker leasing and operation business that supports the distribution of petroleum products worldwide.

Expanding existing businesses through utilization of functions and strengthening initiatives for new business

Operating performance trends/targets

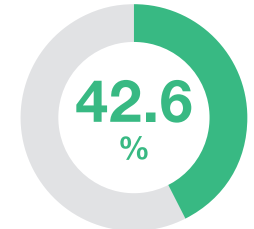
(billions of yen)



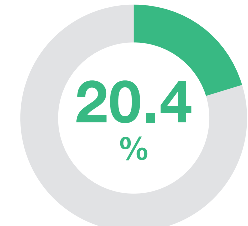
Principal measures

- •Strengthen risk management system, including construction of business portfolio
- •Further strengthen distribution functions and optimize resources
- •Initiatives for new business made from a union of affiliate companies (Start of slop and oil recycling business and fly ash business)
- •Promote global projects (Oil business/Palau, U.S. next-generation biodiesel, etc.)
- •Promote LNG business

Total trading transactions ratio
(As of March 31, 2015)



Profit from operating activities ratio
(As of March 31, 2015)



* Excludes other (businesses not included in reportable segments) and adjustments.
* Amounts of total trading transactions in accordance with Japanese accounting practices are shown.

In the Energy Trade Division, we have been establishing a flexible supply system through development and expansion of distribution functions in individual areas, such as 11 asphalt terminals nationwide and three company-owned vessels to carry asphalt, 19 AdBlue supply bases nationwide in the AdBlue sales business, and deployment of nine dedicated fuel supply ships at main ports nationwide in marine fuel sales for domestic operations. We will continue working for further optimization and greater sophistication of our distribution functions by understanding diversifying customer needs and responding to market environment changes in Japan and abroad in the sales of industrial fuels and materials, which are the mainstay items of this Division.

TOPICS

Strengthening the AdBlue High-Quality Urea Distribution and Sales Framework

As one means of addressing environmental issues, Itochu Enex is upgrading and expanding its framework for distributing and selling AdBlue high-quality urea solution, which reduces nitrogen oxide (NOx) emissions of exhaust gases from trucks, particularly given the increasing number of large trucks subject to the latest exhaust gas regulations. We now have AdBlue delivery bases in 19 locations throughout Japan, and will continue to work toward further enhancing our distribution and sales network in order to meet growing demand.

Corporate Governance

Basic Policy on Corporate Governance

Based on the Code of Conduct and the Declaration of the Group Code of Conduct, the Company conducts business while constantly keeping in mind thorough application of compliance as a corporate citizen, emphasizing the interests of shareholders and securing management transparency. In addition, the Company emphasizes proactive information disclosure from the perspective of securing management transparency and works to carry out disclosure swiftly and accurately.

Employee Code of Conduct
Be Ethical
Reliability and sincerity, creativity and flair, transparency and integrity

Declaration of the Group Code of Conduct

The Group's declaration of conduct applies to officers and employees of the Company and Group companies and consists of a declaration that the Group is always aware of its responsibility to "be ethical" as in the code of conduct, and exercises sound judgment as responsible businesspeople and members of society in the day-to-day conduct of business.

(1) Relationship with customers:
1) Safety: Safe and secure transactions and quality management of products and merchandise, 2) Sincere response: Improvement of service quality, management of customer information and handling of accidents and complaints

(2) Relationship with business partners:
Fair transactions and management of corporate information

(3) Relationship with suppliers:
Fair purchasing, compliance with anti-monopoly law and procurement standards

(4) Relationship with employees:
Respect for human rights, respect for health and safety, comfortable work place environments, fair personnel assignments and employment, appropriate personnel evaluation and treatment, use of dedicated consulting channels, and prohibition of sexual and authority-based harassment

(5) Relationship with corporate properties:
Protection of properties and assets, appropriate accounting procedures and management of confidential information

(6) Relationship with local communities:
Social contribution activities, dialogue with citizens and relationship with government institutions

(7) Environmental activities:
Ongoing environmental activities, environmentally conscious business, environmental management and green procurement

(8) Relationship with shareholders and investors:
Accurate information disclosure, stable distribution of profits and active investor relations activities

(9) Moderation in corporate behavior:
Compliance, prohibition of insider trading, moderation in giving and receiving gifts, compliance with the Political Funds Control Act and prohibition of relationships with antisocial forces

The Corporate Governance System

The Company is a company with corporate auditors. To strengthen its capabilities with respect to management monitoring and auditing from outside, the Company has elected four Outside Corporate Auditors, one of whom shall be a certified public accountant. The Company holds a meeting of the Board of Directors once a month in principle and extraordinary meetings of the Board of Directors when necessary. At meetings of the Board of Directors, decisions are made for business execution and reports are made on important matters, and the Board of Directors supervises the execution of business by Directors. In addition, the Company has set up the Management Advisory Conference as an advisory body for the President, where deliberations are held on the Company's general management policies and other important matters concerning management involving management judgment by the President. The members forming the Management Advisory Conference shall mainly be full-time Directors and General Managers for Divisions, and full-time Corporate Auditors may also attend the conference. The Company believes that these frameworks enable it to establish corporate governance that is sufficient for a company with corporate auditors.

Outside Directors and Outside Corporate Auditors

The Company does not clearly stipulate standards or a policy regarding independence when electing Outside Directors and Outside Corporate Auditors. Nevertheless, the Company strives to elect Outside Directors who not only meet regulatory standards but also have objective and expert perspectives backed up by extensive and practical experience of corporate management, and to realize appropriate decision making and management supervision capabilities at the Board of Directors incorporating diverse viewpoints.

About the Parent Company

The Company's parent company ITOCHU Corporation owns 54.0% of the Company's voting rights, and the Company is the aforesaid company's consolidated subsidiary. Moreover, the Company is positioned as the core company for the petroleum product domestic sales business and the Japan-based petroleum product import/export business in the ITOCHU Group. As an important business partner of the ITOCHU Group, the Company promotes the trade of petroleum and other products, information and personnel exchange with respect to the domestic and international crude oil and petroleum product markets, and business initiatives related to electric power and new energy, global projects, and more.

Management understands that the Company's business activities are in no way constrained by the parent company, and while securing independence and autonomy, management believes the Company carries out independent management decisions. Moreover, although there are Directors who hold concurrent positions at the Company, ITOCHU Corporation and within the ITOCHU Group and the secondment of personnel from the ITOCHU Group is received by the Company, this does not hinder the independence of management decisions, and independence of the Company is secured.

Internal Control Systems

In order to comply with laws and regulations and the Articles of Incorporation, and to execute business properly, the Company has constructed and operated internal control systems since 2006, and continually strives to improve and enhance these systems.

The Basic Policy on internal control system is as follows:
https://www.itcenex.com/english/corporate/control/

Internal Audit and Audit by Corporate Auditors

The Company has set up the Audit Department under the direct control of the President as a body to monitor and audit appropriate operation of internal control systems. In accordance with the Regulations on Auditing, the Audit Department performs a periodic internal audit, reports the relevant results to the President and Corporate Auditors. The Audit Department also conducts a follow-up audit of the implementation of improvements in terms of findings and recommendations discovered in the internal audit. A general manager and six staff members are assigned to the department.

In addition, the Audit Department periodically assesses and improves the development and operation of the Company's internal system for ensuring the properness of financial reporting. Two employees are assigned and engaged in internal control.

In an audit by the Corporate Auditors, in accordance with the audit standards of Corporate Auditors, audit policies, divisions of duties and the like stipulated at the Board of Corporate Auditors, each Corporate Auditor not only attends meetings of the Board of Directors and other important meetings, but also receives reports from Directors, employees and others on the status of their execution of duties, requests explanations as necessary, inspects important approval-granting documents and the like, investigates the status of business and properties at the headquarters and important places of business, and monitors and inspects the status of internal control systems.

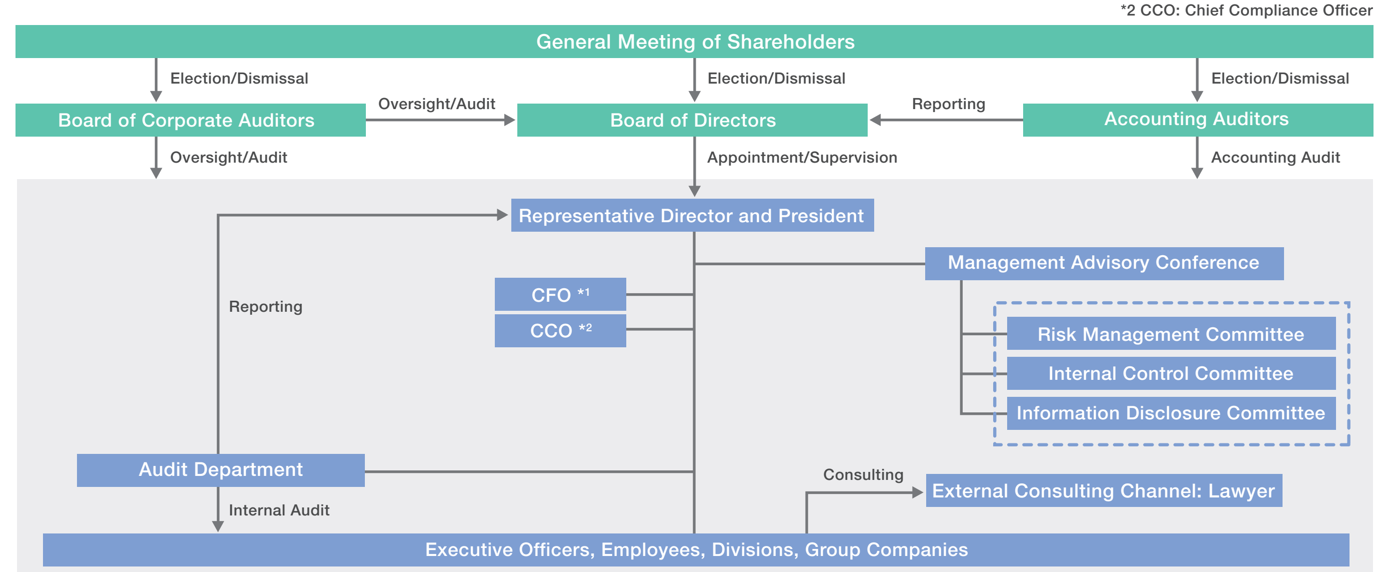
Appropriate Information Disclosure

The Company has established its own disclosure policies and gives importance to initiatives for information disclosure from the viewpoint of securing transparency in management. The Company strives to provide speedy and accurate disclosure in accordance with the rules on timely disclosure prescribed by the Tokyo Stock Exchange.

Disclosure Policy is as follows:
https://www.itcenex.com/english/ir/policy/disclosure/

Corporate Governance System

*1 CFO: Chief Financial Officer
*2 CCO: Chief Compliance Officer



CSR Management

CSR Management

The Itochu Enex Group engages in wide-ranging business activities centered on the distribution of energy. We regard business partners and suppliers, local communities, shareholders and investors, employees, and the environment as important stakeholders and consider meeting the expectations of all our stakeholders an important management task. To fulfill this task, in accordance with the corporate philosophy "The best partner for life and society," we have established the Employee Code of Conduct and Declaration of the Group Code of Conduct, which have been informed by experience and activities over many years. We strive to ensure penetration and development of social responsibility throughout the entire Group through the correct understanding and careful observance of these codes by all employees, from executive managers to line workers.

In Partnership with Our Stakeholders

The Itochu Enex Group will discharge its social responsibility while strengthening ties with all our stakeholders and carefully listening to their opinions.

Important Social Responsibilities of the Enex Group

Itochu Enex is committed to contribute to the realization of a sustainable society through activities focused on safety and security, an aspect of CSR of great importance to our stakeholders.

Itochu Enex believes that the social responsibility stakeholders expect of an energy company can be expressed as "The creation and delivery of social value that can contribute to the betterment of society through energy." The Group will continue to utilize a variety of vehicles and occasions to solicit the opinions of our diverse stakeholders, consider our social responsibility from the perspective of consumers, and contribute to the realization of a sustainable society by making the safety and security of society and the environment the main themes of our CSR activities.

For harmonious coexistence with the environment
Responsibility for the safety and security of the environment

Contribution to a low-carbon society
CO_2 reduction activities to achieve a low-carbon society

Environmental preservation
Activities to protect the beauty of the global environment and local environments

For harmonious coexistence with society
Responsibility for the safety and security of society

Contribution to local communities
Activities to protect energy lifelines during natural disasters

Safety assurance
Activities to ensure the safety of customers and communities in their contact with energy

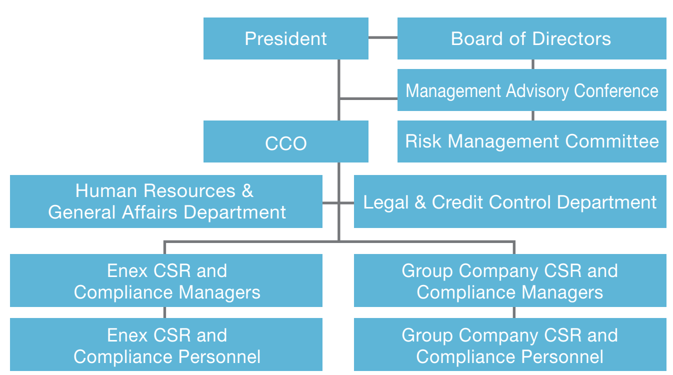
Compliance

Importance of Compliance

As the Itochu Enex Group has been expanding its organization in line with the transformation of its business model, it is becoming increasingly important to realize a unity of consciousness and to strengthen systems across the entire Group to ensure safety of business operations, reduce the various risks, and prevent such emergencies from occurring. Recognizing now, more than ever, the importance of compliance within the Group, the Itochu Enex Group stands united in its efforts to thoroughly instill in the Group a compliance culture of the highest caliber.

CSR/Compliance System

The Company's CSR/Compliance System consists of the Chief Compliance Officer (CCO) as the head of the entire system, the Risk Management Committee as an advisory panel reporting to the Management Advisory Conference, and persons in charge of CSR/compliance at each business division and Group companies. We are working to achieve thorough adherence to our CSR and compliance rules throughout the Group by ensuring the roles and functions of each individual and unit in the CSR/Compliance System are conducted on an organizational basis.



Risk Management

Rules regarding management of risk of loss for the Company and its subsidiaries and other frameworks

In order to handle market risk due to factors such as commodity market conditions, foreign exchange market conditions and fluctuations in interest rates and stock prices, credit risk, investment risk, CSR and compliance risk, information security risk and various other risks, the Company ascertains risks for internal committees and the Company and relevant subsidiaries, establishes departments responsible for managing these risks, develops a necessary risk management framework and management methods including setting management rules, standards for initiatives, investment standards and upper limits for risks and transactions, and developing reporting and monitoring systems, and manages the risks of the Company and relevant subsidiaries on an overall level and individually.

Business and other risks

With respect to the occurrence of risks currently faced by the Itochu Enex Group in the course of its business, the Group has ascertained the following primary risks with the potential to have an impact on its operating results, financial position, stock prices and the like, and will continue to deploy detailed measures to prevent and avoid their occurrence and promptly implement such measures.

Forward-looking matters in this section are based on the judgment of the Group as of the date of filing this Annual Securities Report.

- **Risks from industry sector developments and competition**
- **Risks from market fluctuations**
- **Risks related to bad debts**
- **Risks related to transactions with major users**
- **Investment risks**
- **Risks regarding laws and regulations, and policies related to energy**
- **Interest rate fluctuation risks**
- **Stock price fluctuation risks**
- **Risks related to reductions in bond credit ratings**
- **Risks related to system failures**
- **Risks related to information management such as leakage of personal information**
- **Risks related to environmental pollution such as soil contamination**
- **Risks related to changes in the climate**
- **Risks related to accidents, natural disasters and the like**
- **Country risks**
- **Risks related to retirement benefit costs and retirement benefit obligations**
- **Risks related to deferred tax assets**

Systems for Handling Emergency Situations

We have revised our "Emergency Contact Network" in accordance with recent organizational restructuring. The Emergency Contact Network enables the Company to quickly obtain an accurate grasp of the situation and respond appropriately in the event of an accident or risk arising within the Group. It also enables management to quickly grasp the damage to the facilities of Group companies and dealers and respond quickly to secure lifelines in the event of an earthquake, typhoon, torrential rain, or other natural disaster.

The Emergency Contact Network is an integrated contact system that establishes the lines of communication among Group companies, business divisions, and the office of the President in the event of a major earthquake, natural disaster or other accident. The system is operational around the clock, 365 days a year.

BCP/Disaster Response Headquarters

In preparation for natural disasters and other unpredictable events that could interrupt business operations, we have formulated a business continuity plan (BCP).

At such times, important functions will be consolidated in the BCP/Disaster Response Headquarters.

The Headquarters is headed by the President, with the Company's Chief Compliance Officer (CCO) serving as Deputy Head and other members including the General Managers for each department in the Corporate Administration Division. In the event of a major disaster, headquarters members will gather automatically at a previously designated location to provide a unified chain of command and expand systematic collaboration in order to realize a unified response to the disaster by the entire Company.

In preparation for the event that the Company's head office in Tokyo is shut down by a major disaster in the Tokyo Metropolitan Area, we have established a backup system that transfers corporate headquarter functions to either the Chubu or Kansai branch office.

Directors and Officers (As of October 1, 2015)

Representative Director and President
Kenji Okada

Representative Director and Senior Managing Officer
Hiroshi Arai
General Manager for Corporate Planning Division, Chief Compliance Officer

Representative Director and Senior Managing Officer
Masaaki Itoyama
General Manager for Home-Life Division

Director and Senior Managing Officer
Tatsunosuke Nagao
General Manager for Energy Trade Division

Director and Managing Officer
Masahiko Takasaka
General Manager for Power & Utility Division

Director and Managing Officer
Masayasu Tanaka
General Manager for Corporate Administration Division and Chief Financial Officer

Director and Managing Officer
Hiroto Jinnouchi
General Manager for Car-Life Division

Director and Executive Officer
Tsukasa Nakamura
Deputy General Manager for Corporate Administration Division

Director (outside)
Takashi Yasuda
Executive Officer, Chief Operating Officer for Energy Division of ITOCHU Corporation

Director (outside)
Seiichi Shimbo
Independent Director

Standing Corporate Auditor (outside)
Hisayoshi Ojima

Standing Corporate Auditor (outside)
Yuji Moritsuka
Independent Director

Corporate Auditor
Tadashi Utsunomiya
Chief Financial Officer for Energy & Chemicals Company, ITOCHU Corporation

Corporate Auditor (outside)
Toshiharu Kawai
Independent Director
(Certified public accountant)

Managing Officer
Koji Tsutsumi
In charge of Nishi-Nihon area

Managing Officer
Masanori Toyoshima
Deputy General Manager for Home-Life Division

Executive Officer
Koji Yamada
In charge of Kyushu area

Executive Officer
Masatsugu Takashima
General Manager for Investigation & Public Relations Department in Corporate Planning Division

Executive Officer
Toshiyuki Tsuruoka
General Manager for Asphalt Department in Energy Trade Division

Executive Officer
Kouichi Otabe
General Manager for Marine Fuels Department in Energy Trade Division

Executive Officer
Nobusuke Ozaki
Representative Director and Vice President for Sendai Power Station Co., Ltd.

Executive Officer
Keiichi Matsuzuka
Deputy General Manager for Power & Utility Division and Representative Director and President for JEN Holdings Co., Ltd. and Director and President for Oji-Itochu Enex Power Retailing Co., Ltd.

Executive Officer
Naohiro Matsuzawa
Deputy General Manager for Energy Trade Division and General Manager for Planning & Administration Department and Products Trade Department in Energy Trade Division

Executive Officer
Kyosuke Wakamatsu
General Manager for Corporate Planning Department in Corporate Planning Division

Executive Officer
Takeo Fukushima
General Manager for Solution Engineering Department in Power & Utility Division

Executive Officer
Shuji Katsurayama
Representative Director and President for Itochu Enex Home-Life Kanto Co., Ltd.

Executive Officer
Ichiro Sekiguchi
Deputy General Manager for Car-Life Division and Manager for Higashi-Nihon Branch in Car-Life Division and Representative Director and President for Enex Petroleum Sales Higashi-Nihon Co., Ltd.

Executive Officer
Tatsuro Utsumi
General Manager for Human Resources & General Affairs Department

*Seiichi Shimbo, Yuji Moritsuka, and Toshiharu Kawai are registered at the Tokyo Stock Exchange as independent directors.

Financial Section

Overview of Fiscal 2014 Business Results

Analysis of Results of Operations

In the fiscal year ended March 31, 2015, 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, personal consumption has continued to be sluggish due to such things as the prolonged pullback in demand in the wake of the surge ahead of the consumption tax hike in April 2014.

In the petroleum products distribution industry, the price of crude oil, which had hovered at a high level from the beginning of the fiscal year, began falling in July, and as OPEC (Organization of Petroleum Exporting Countries) announced in November that it would postpone a production cut, and the price declined sharply thereafter, future prospects for the economy remain unclear.

The sales volume of domestic gasoline decreased significantly from the corresponding period a year earlier for the first and second quarters of the fiscal year due to consumer reluctance to purchase because of the consumption tax increase and the impact of the unseasonable weather that continued during the summer holiday season; however, for the third and fourth quarters of the fiscal year, sales volume was on a recovering trend due to the impact of falling crude oil prices.

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 temperatures, and due also to the impact of falling raw materials costs, and the like, the spot average price was below that of the corresponding period a year earlier.

In this operating environment, the Itochu Enex Group 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 May, the Company made Osaka Car Life Group Co., Ltd., which has subsidiaries including Nissan Osaka Sales Co., Ltd., into a subsidiary.

By so doing the Company made a full-scale entry into the new car sales business and is pursuing synergies with its existing automobile-related businesses.

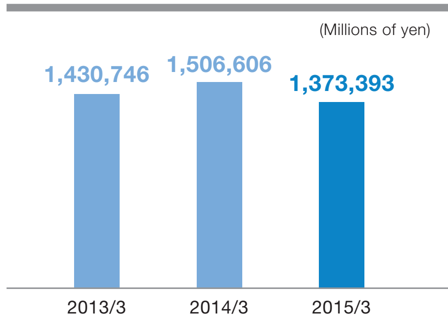
Furthermore, in September, the Company concluded a basic agreement to form a joint venture for power retailing with Oji Green Resources Co., Ltd., a subsidiary of Oji Holdings Corporation, and it started operation in April this year.

Looking ahead to the full liberalization of the electricity retail market in 2016, through facilitation of its internal system, as well as through alliances with companies that have strengths in individual fields, having executed a study memorandum toward an alliance in the electric power business with Hokkaido Gas Co., Ltd., together with the Oji Group in October, the Company will aim to be a first-rank Japanese PPS (Power Producer and Supplier) and will contribute to electricity supply in Japan.

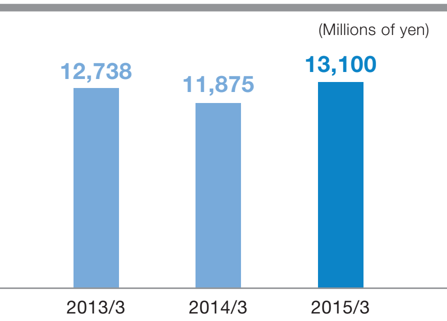
As a result of the above activities, during the fiscal year ended March 31, 2015, revenue decreased 3.0% year on year to ¥936,841 million, due to the impact on sales volume resulting from the decrease in demand for domestic petroleum products and the impact on price, etc. due to the huge decline in the crude oil price in spite of growth in revenue as a result of the new consolidation of Osaka Car Life Group Co., Ltd., etc.

Through the contribution of the new consolidation to profits, gross profit increased 19.7% year on year to ¥85,720 million. Despite compression of profit margins as a result of the sudden decline in the import price of LP gas, profit from operating activities increased 10.3% year on year to ¥13,100 million thanks to the increase in gross profit, while profit before tax decreased 12.2% year on year to ¥12,155 million, despite an increase in profit from operating activities, due to the absence of profit from sales of investments in subsidiaries and associates recorded in the previous period, and other factors. Net profit attributable to Itochu Enex's shareholders decreased 22.7% year on year to ¥5,503 million, owing to the impact of modification of the amount of deferred tax assets as a result of changes in the corporate tax rate, etc.

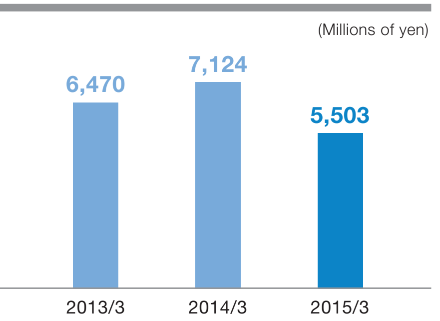
Total trading transactions (Japanese GAAP)



Profit from operating activities



Net profit attributable to Itochu Enex's shareholders



Analysis of financial position in fiscal year ended March 31, 2015

Current assets

The balance of current assets amounted to ¥157,708 million as of March 31, 2015, a decrease of ¥30,485 million from March 31, 2014. The main factor behind this was a decrease in trade receivables due primarily to a fall in prices of domestic petroleum products.

Non-current assets

The balance of non-current assets amounted to ¥171,351 million as of March 31, 2015, an increase of ¥38,511 million from March 31, 2014. The main factor behind this was an increase as a result of the new consolidation of the Osaka Car Life Group Co, Ltd., among other factors.

Current liabilities

The balance of current liabilities amounted to ¥149,443 million as of March 31, 2015, a decrease of ¥9,759 million from March 31, 2014. The main factor behind this was a decrease in trade payables due primarily to a fall in prices of domestic petroleum products.

Non-current liabilities

The balance of non-current liabilities amounted to ¥66,669 million as of March 31, 2015, an increase of ¥8,401 million from March 31, 2014. The main factor behind this was an increase as a result of the new consolidation of the Osaka Car Life Group Co, Ltd., among other factors.

Equity

The balance of equity amounted to ¥112,947 million as of March 31, 2015, an increase of ¥9,384 million from March 31, 2014. The main factors behind this were increases in retained earnings and non-controlling interests, among other factors.

Analysis of equity sources and liquidity of funds

Cash and cash equivalents (net cash) totaled ¥16,184 million on March 31, 2015, an increase of ¥1,933 million from March 31, 2014, due to an increase in cash flows from operating activities, and other factors.

The respective cash flow positions for the fiscal year ended March 31, 2015, and the factors thereof are as follows.

Cash flows from operating activities

Operating activities provided net cash of ¥34,336 million. This was derived mainly from factors including profit before tax of ¥12,155 million and depreciation and amortization of ¥10,535 million, as well as a decrease in funds required for trading of ¥13,236 million.

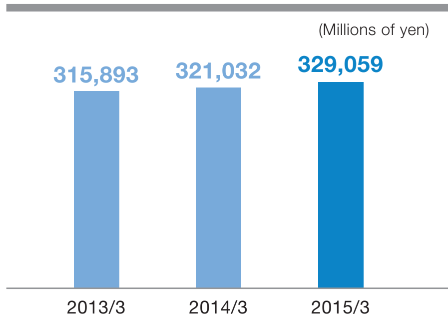
Cash flows from investing activities

Investing activities used net cash of ¥20,410 million. Major items were proceeds from sales of property, plant and equipment, investment property and investments of ¥2,467 million, and expenses including ¥15,911 million for purchases of property, plant and equipment, investment property and intangible assets, ¥5,363 million for purchase of investments accounted for by the equity method, and ¥2,430 million for acquisition of subsidiaries, net of cash acquired of Osaka Car Life Group Co., Ltd.

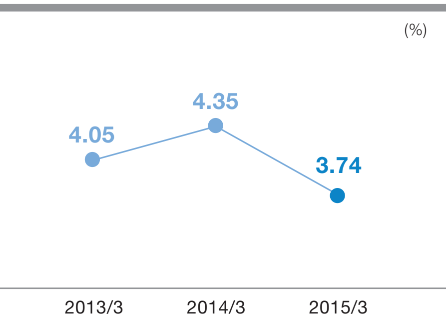
Cash flows from financing activities

Financing activities used net cash of ¥12,115 million. The main items were expenditures of ¥8,823 million due to repayment of corporate bonds and borrowings, and ¥2,599 million for dividends paid to owners of the parent.

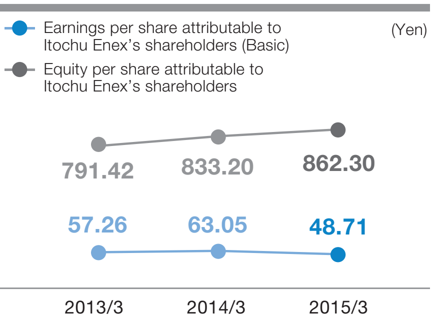
Total assets



ROA



Amounts per share



Consolidated Financial Statements

1. Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As of March 31, 2014	As of March 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents	7	14,251	16,184
Trade receivables	8	140,289	98,449
Other current financial assets	9	11,213	11,431
Inventories	10	18,655	27,794
Trade advances paid		2,108	2,332
Other current assets		1,677	1,518
Total current assets		188,193	157,708
Non-current assets			
Investments accounted for by the equity method	11	5,927	10,551
Other investments	9	7,349	8,924
Non-current financial assets other than investments	9	10,598	9,987
Property, plant and equipment	12, 15, 38	66,988	88,836
Investment property	13	14,236	14,369
Goodwill	14	229	108
Intangible assets	14, 15	10,280	23,474
Deferred tax assets	16	15,470	13,448
Other non-current assets		1,762	1,653
Total non-current assets		132,839	171,351
Total assets	5	321,032	329,059

(Millions of yen)

	Notes	As of March 31, 2014	As of March 31, 2015
LIABILITIES AND EQUITY			
Current liabilities			
Short-term bonds and borrowings	17	11,499	14,208
Trade payables	18	125,655	104,564
Other current financial liabilities	19	5,891	9,784
Income taxes payable	16	4,021	2,489
Advances from customers		5,648	7,078
Other current liabilities	20, 21	6,487	11,320
Total current liabilities		159,201	149,443
Non-current liabilities			
Non-current bonds and borrowings	17	27,099	26,746
Other non-current financial liabilities	19	17,660	22,283
Non-current liabilities for employee benefits	22	7,042	9,350
Deferred tax liabilities	16	2,409	2,747
Provisions	21	3,372	4,961
Other non-current liabilities		686	582
Total non-current liabilities		58,268	66,669
Total liabilities		217,469	216,112
Equity			
Common stock	23	19,878	19,878
Capital surplus	23	18,737	18,743
Retained earnings	23	59,378	62,223
Other components of equity	24	(2,098)	(1,661)
Treasury stock	23	(1,750)	(1,751)
Total equity attributable to owners of the parent		94,144	97,432
Non-controlling interests	37	9,419	15,515
Total equity		103,563	112,947
Total liabilities and equity		321,032	329,059

* See accompanying notes to consolidated financial statements.

2. Consolidated Statement of Comprehensive Income

(Millions of yen)

	Notes	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Revenue	27	966,044	936,841
Cost of sales		(894,445)	(851,121)
Gross profit		71,599	85,720
Other expense			
Selling, general and administrative expenses	28	(57,862)	(71,184)
Loss from tangible assets, intangible assets and goodwill	29, 30	(1,460)	(1,825)
Other – net	31	(402)	389
Total other expense		(59,724)	(72,620)
Profit from operating activities		11,875	13,100
Financial income and costs	32		
Interest income		22	53
Dividends received		248	236
Interest expense		(721)	(878)
Other financial income and costs – net		(5)	8
Total financial income and costs		(456)	(581)
Share of profit (loss) of investments accounted for by the equity method	11	528	(357)
Profit from sales of investments in subsidiaries and associates		1,897	(7)
Profit before tax		13,844	12,155
Income tax expense	16	(5,794)	(5,626)
Profit		8,050	6,529
Profit attributable to owners of the parent		7,124	5,503
Profit attributable to non-controlling interests		926	1,026

(Millions of yen)

	Notes	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Other comprehensive income (net of tax effect)			
Items that will not be reclassified to profit or loss			
FVTOCI financial assets		102	685
Remeasurement of net defined benefit liability		58	199
Other comprehensive income in associates accounted for by the equity method	11	1	0
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		21	83
Cash flow hedges		(313)	(463)
Other comprehensive income in associates accounted for by the equity method	11	47	54
Total other comprehensive income (net of tax effect)	24	(84)	558
Comprehensive income		7,965	7,087
Comprehensive income attributable to owners of the parent		7,040	5,880
Comprehensive income attributable to non-controlling interests		925	1,207

(Yen)

Earnings per share (attributable to owners of the parent)			
Basic	33	63.05	48.71
Diluted	33	–	–

(Millions of yen)

Total trading transactions		1,506,606	1,373,393

(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 not audited and voluntarily disclosed by the Company for investors' convenience, and is not required to be disclosed under International Financial Reporting Standards ("IFRSs").

* See accompanying notes to consolidated financial statements.

3. Consolidated Statement of Changes in Equity

(Millions of yen)

	Notes	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Equity			
Common stock	23		
Balance at the beginning of the year		19,878	19,878
Balance at the end of the year		19,878	19,878
Capital surplus	23		
Balance at the beginning of the year		18,737	18,737
Acquisition of subsidiary shares from non-controlling interests		–	6
Balance at the end of the year		18,737	18,743
Retained earnings	23		
Balance at the beginning of the year		53,575	59,378
Profit attributable to owners of the parent		7,124	5,503
Transfer from other components of equity		487	(60)
Dividends paid to owners of the parent	25	(1,808)	(2,599)
Balance at the end of the year		59,378	62,223
Other components of equity	24		
Balance at the beginning of the year		(1,527)	(2,098)
Other comprehensive income attributable to owners of the parent		(84)	377
Transfer to retained earnings		(487)	60
Balance at the end of the year		(2,098)	(1,661)
Treasury stock	23		
Balance at the beginning of the year		(1,750)	(1,750)
Purchase and disposal of treasury stock		(0)	(1)
Balance at the end of the year		(1,750)	(1,751)
Total equity attributable to owners of the parent		94,144	97,432
Non-controlling interests	37		
Balance at the beginning of the year		8,176	9,419
Profit attributable to non-controlling interests		926	1,026
Other comprehensive income attributable to non-controlling interests		(1)	181
Dividends paid to non-controlling interests		(175)	(215)
Changes due to additional acquisitions and sales of interests in subsidiaries		493	5,105
Balance at the end of the year		9,419	15,515
Total equity		103,563	112,947

* See accompanying notes to consolidated financial statements.

4. Consolidated Statement of Cash Flows

(Millions of yen)

	Notes	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from operating activities			
Profit before tax		13,844	12,155
Depreciation and amortization		10,226	10,535
Loss from tangible assets, intangible assets and goodwill		1,460	1,825
Financial income and costs		456	581
Share of loss (profit) of investments accounted for by the equity method		(528)	357
Loss (profit) from sales of investments in subsidiaries and associates		(1,897)	7
Decrease (increase) in trade receivables		(4,098)	42,785
Decrease (increase) in inventories		(129)	1,944
Increase (decrease) in trade payables		1,309	(31,493)
Other – net		3,186	2,426
Interest and dividends received		440	513
Interest expense		(614)	(747)
Income taxes paid		(6,125)	(6,552)
Net cash flows provided by operating activities		17,530	34,336
Cash flows from investing activities			
Purchase of investments accounted for by the equity method		(0)	(5,363)
Proceeds from sales of investments accounted for by the equity method		2,397	2
Purchase of investments		(917)	(598)
Proceeds from sales of investments		2,830	972
Acquisition of subsidiaries, net of cash acquired	34	(1,426)	(2,430)
Payment for loans receivable		(1,958)	(2,903)
Collection of loans receivable		1,190	2,987
Payments for purchase of property, plant and equipment and investment property		(15,105)	(14,054)
Proceeds from sales of property, plant and equipment and investment property		1,704	1,495
Purchase of intangible assets		(1,385)	(1,857)
Proceeds from sales of intangible assets		114	82
Other – net		–	1,257
Net cash flows used in investing activities		(12,556)	(20,410)
Cash flows from financing activities			
Proceeds from bonds and borrowings		992	5,058
Repayments of bonds and borrowings		(7,872)	(4,041)
Net increase (decrease) in short-term borrowings		5	(9,840)
Equity transactions with non-controlling interests		–	(478)
Dividends paid to owners of the parent	25	(1,808)	(2,599)
Dividends paid to non-controlling interests		(175)	(215)
Other – net		(1)	0
Net cash flows used in financing activities		(8,859)	(12,115)
Net increase (decrease) in cash and cash equivalents		(3,885)	1,811
Cash and cash equivalents at the beginning of the year	7	18,062	14,251
Effect of exchange rate changes on cash and cash equivalents		74	122
Cash and cash equivalents at the end of the year	7	14,251	16,184

* See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Reporting Entity

Itochu Enex Co., Ltd. (the "Company") is an entity located in Japan. The addresses of the Company's registered head office and principal offices are available on its website (URL: http://www.itcenex.com). The Company's consolidated financial statements, the closing date of which is March 31, 2015, comprise the accounts of the Company and its subsidiaries (the "Group") and the Group's equity interests in associates. The Group's principal activities are sales of petroleum products and liquefied petroleum gas ("LPG") and the provision of related services in Japan and overseas as well as power supply of electricity and heat in Japan.

2. Basis of Consolidated Financial Statements

(1) Compliance with International Financial Reporting Standards ("IFRSs")

The Group's consolidated financial statements are prepared in accordance with IFRSs.

These consolidated financial statements were approved at the Board of Directors' meeting of the Company held on June 16, 2015.

(2) Basis of Measurement

Except for the cases (e.g. financial instruments) stated in Note 3 "Significant Accounting Policies," the Company's consolidated financial statements are prepared on a historical cost basis.

(3) Functional Currency and Presentation Currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the Group's functional currency. All financial information presented in millions of yen has been rounded to the nearest million yen.

(4) Changes in Accounting Policies

From the fiscal year ended March 31, 2015, the following standards and interpretations have been applied in accordance with transitional provision.

Standard	Title	Description of new/amended standards or interpretations
IAS 32	Financial Instruments: Presentation	Clarification of presentation requirements for offsetting of financial assets and financial liabilities
IFRS 7	Financial Instruments: Disclosures	Amendment to disclosure requirements on hedge accounting
IFRS 9	Financial Instruments	Amendment to hedge accounting for general hedge
IFRIC 21	Levies	Establishment of accounting and disclosure for liabilities associated with levies

As a result of the application of IFRIC 21, "Levies," 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 the consolidated statement of financial position as of March 31, 2015, deferred tax assets increased by ¥359 million, other current financial liabilities increased by ¥1,076 million, retained earnings decreased by ¥611 million, and non-controlling interests decreased by ¥106 million.

In the consolidated statement of comprehensive income for the fiscal year ended March 31, 2014, selling, general and administrative expenses decreased by ¥16 million. In the consolidated statement of comprehensive income for the fiscal year ended March 31, 2015, cost of sales increased by ¥55 million and selling, general and administrative expenses increased by ¥59 million.

The adoption of other standards and interpretations had no significant effect on the Group.

(5) Early Adoption of New or Amended IFRSs or Interpretations

In preparing these consolidated financial statements, the Group has early adopted IFRS 9 "Financial Instruments" (issued in November 2009; revised in October 2010, December 2011, and November 2013).

(6) IFRSs or Interpretations Issued, But Not Yet Adopted

The following major IFRSs or interpretations that were newly established or amended were issued by the date of approval of the consolidated financial statements. However, these IFRSs or interpretations are not necessarily required to be adopted in or before the fiscal year ended March 31, 2015, and the Group has not early adopted them.

The effect of adoption of these IFRSs or interpretations is under consideration and cannot be estimated at this time.

Standard	Title	Mandatory adoption (From the fiscal year beginning)	To be adopted by the Group	Description of new/amended standards or interpretations
IFRS 9	Financial Instruments	January 1, 2018	Fiscal year ending March 31, 2019	Limited amendments to the classification and measurement method for financial assets, and introduction of the expected credit loss impairment model
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	Fiscal year ending March 31, 2018	Establishment of accounting and disclosure on revenue arising from contracts with customers
IAS 19	Employee Benefits	July 1, 2014	Fiscal year ending March 31, 2016	Amendment to accounting treatment for contributions by employees, etc., in defined benefit plans
		January 1, 2016	Fiscal year ending March 31, 2017	Clarification of discount rate for method for determining post-employment benefit obligation

3. Significant Accounting Policies

Accounting policies described below are applied to all of the periods presented in the consolidated financial statements, unless otherwise specified.

(1) Basis of Consolidation

The consolidated financial statements include financial statements of the Group companies and equity interests in associates and joint ventures.

A. Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an investee if the Group has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Group's return. The acquisition date of a subsidiary is the date on which the Group obtained control over the subsidiary, and the subsidiary is included in the consolidation from the date of acquisition until the date on which the Group loses control.

In cases where the accounting policies applied by a subsidiary are different from those applied by the Group, adjustments are made to the subsidiary's financial statements, if necessary. Comprehensive income for subsidiaries is attributed to owners of the parent and non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in an equity interest in a subsidiary due to acquisition, sale, etc., of interests that do not result in loss of control over the subsidiary by the Group are accounted for as equity transactions.

If the Group loses control over a subsidiary, the Group derecognizes assets and liabilities of the former subsidiary and non-controlling interests in the subsidiary, and remeasures a residual interest retained in the former subsidiary at its fair value as of the date of the loss of control and recognizes any resulting gain or loss in profit or loss.

B. Associates and Joint Ventures

An associate is an entity over which the Group has significant influence over its financial and operating policy. In determining whether the Group has significant influence, various factors, such as holding of voting rights (the Group is presumed to have significant influence over an investee if the Group owns 20% or more, but 50% or less of the voting rights of the investee directly or indirectly) and existence of virtually exercisable potential voting rights, and proportion of employees seconded from the Group to all the directors of the investee are taken into account comprehensively.

A joint venture is a contractual arrangement whereby two or more parties including the Group have joint control and which requires unanimous consent of the parties in making important decisions on business activities. The business of a joint venture is undertaken by an entity independent of its investors and each investor has rights only to the net assets of the arrangement.

Investments in associates and joint ventures are initially recognized at cost and adjusted thereafter for the amount equivalent to the Group's share of net assets of the investees. Profit or loss and other comprehensive income recorded by the investees after the acquisition are included in the Group's profit or loss and other comprehensive income using the equity method and they are reflected in the investment value. For goodwill recognized in the acquisition of associates and joint ventures, the balance is included in the carrying amount of the investment. Dividends received from associates and joint ventures are deducted from the investment value.

In cases where the accounting policies of associates and joint ventures are different from the accounting policies adopted by the Group, adjustments are made to the financial statements of associates and joint ventures, if necessary, to ensure use of the Group's policies.

If the Group loses significant influence over an associate or joint control over a joint venture and ceases to apply the equity method, the Group recognizes gain or loss from the sale of the equity interest in profit or loss, and remeasures the residual interest at fair value and recognizes the resulting valuation difference in profit or loss for the fiscal year in which the significant influence or the joint control is lost.

C. Transactions Eliminated in Consolidation

Inter-group company balances of receivables and payables and transactions, and any unrealized gains and losses arising from inter-group company transactions are eliminated in the preparation of the consolidated financial statements.

For unrealized gains and losses arising from transactions between the Group and associates accounted for by the equity method, the amount equivalent to the Group's equity interest in such gains and losses are eliminated.

(2) Business Combinations

Business combinations are accounted for by the acquisition method. Identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree are measured at fair value (except for assets and liabilities that are required to be measured on a basis other than fair value, which are measured at the value specified in IFRS 3 "Business Combinations") at the time of acquisition. Goodwill is recognized and measured as the excess of the aggregate of the consideration transferred, the acquisition-date fair value of the acquirer's previously held equity interest and the amount of any non-controlling interest over the net of the acquisition amounts of the identifiable assets acquired and liabilities assured. However, if the aggregate of fair values of identifiable assets and liabilities assumed exceeds the sum of acquisition value, the value of pre-existing equity interest after the remeasurement and the fair value of non-controlling interest in the acquiree, such an excess is immediately recognized in profit as the bargain purchase gain.

If the initial accounting treatment for a business combination has not been completed by the last day of the period in which the business combination occurred, the business combination is accounted for using provisional amounts. Retrospective adjustments to provisional amounts are made during the measurement period, which is within one year from the acquisition date. Acquisition-related costs incurred by the acquirer to achieve the business combination are recognized as expenses.

For a business combination where all parties to the business combination are under control of the Group before and after the business combination (business combination under common control), carrying amounts of assets and liabilities of the acquiree are taken over by the acquirer.

(3) Foreign Currency Translation

Transactions in foreign currencies are translated into functional currency at the exchange rates at the dates of transactions or its approximate rate. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the rates of exchange prevailing at the fiscal year end. Differences arising from the translation and settlement are recognized in profit or loss. However, exchange differences arising from the translation of financial assets measured at fair value through other comprehensive income ("FVTOCI") and cash flow hedges are recognized in other comprehensive income.

The assets and liabilities of foreign operations are translated into Japanese yen at the rates of exchange at the fiscal year end, while income and expenses of foreign operations are translated into Japanese yen at the exchange rates at the dates of transactions or its approximate rate. The resulting exchange differences on translating foreign operations are recognized in other comprehensive income. In cases where foreign operations are disposed of, the cumulative amount of translation adjustments related to foreign operations is recognized in profit or loss in the period of disposition.

(4) Financial Instruments

A. Financial Assets Other Than Derivatives

(i) Initial Recognition and Measurement

For financial assets other than derivatives, trade receivables and other receivables are initially recognized on the day on which they arise. All other financial assets are initially recognized on the transaction date on which the Group becomes a party to the contract of the financial instrument.

Financial assets other than derivatives are classified into financial assets measured at amortized cost or financial assets measured at fair value. They are classified into financial assets measured at amortized cost if both of the following conditions are met; otherwise, they are classified into financial assets measured at fair value:

- The purpose of holding these assets is to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial assets measured at fair value, investments in equity instruments, such as ordinary shares in other entities, except for equity instruments held for the purpose of obtaining gain from short-term sale, are classified as FVTOCI financial assets in principle. Other financial assets measured at fair value are classified as financial assets measured at fair value through profit or loss ("FVTPL financial assets"), of which the change in fair value after acquisition is recognized in profit or loss, in principle.

Such classifications are made upon initial recognition of each asset and applied consistently without any change.

Financial assets measured at amortized cost and FVTOCI financial assets are initially recognized at fair value (including transaction costs that are directly attributable to the acquisition of financial assets). FVTPL financial assets are initially recognized at fair value and transaction costs are recognized in profit or loss when they are incurred.

(ii) Subsequent Measurement

After initial recognition, financial assets are measured based on the classification as follows:

(a) Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Other Financial Assets

Financial assets other than those measured at amortized cost are measured at fair value. Changes in the fair value of financial assets measured at fair value are recognized in profit or loss. However, changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income. Dividends received on the financial assets are recognized in profit or loss for the year.

(iii) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or when the contractual right to receive cash flows from financial assets are transferred in transactions in which substantially all the risks and rewards incidental to ownership of the asset are transferred to another entity. When an FVTOCI financial asset is sold, the difference between the latest carrying amount and the consideration received is recognized in other comprehensive income, and the balance of accumulated other comprehensive income that has been recognized due to sales of the financial asset is transferred to retained earnings.

B. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits, and short-term investments that are readily convertible into cash and that are exposed to insignificant risk of change in value and due within three months from the date of acquisition.

C. Impairment of Financial Assets Measured at Amortized Cost

At the end of each fiscal year, it is assessed whether there is any indication that financial assets measured at amortized cost are impaired, by individual asset or by unit grouped according to credit risks. Indication that financial assets measured at amortized cost are impaired includes a default or delinquency in interest or principal payments, reduction in the repayment amount and rescheduling of the repayment, significant deterioration in the financial position of the obligor, and bankruptcy of the obligor.

If there is any indication that financial assets measured at amortized cost have been impaired, the difference between the asset's carrying amount and the recoverable amount, which is the present value of estimated future cash flows discounted at the initial effective interest rate of the asset, is recognized as an impairment loss in profit or loss.

If, in a subsequent period, an event resulting in a decrease in the amount of the impairment loss occurs, the previously recognized impairment losses are reversed up to the carrying amount based on amortized cost.

D. Financial Liabilities Other Than Derivatives

(i) Initial Recognition and Measurement

The Group initially recognizes debt securities issued by the Group on the date of issuance. All other financial liabilities are recognized on the transaction date on which the Group becomes a party to the contract of the financial instrument.

Financial liabilities other than derivatives are classified as financial liabilities measured at amortized cost. Financial liabilities measured at amortized cost are initially measured at fair value with the transaction costs that are directly attributable to the issue of financial liabilities deducted from the acquisition value.

(ii) Subsequent Measurement

After initial recognition, financial liabilities other than derivatives are measured at amortized cost using the effective interest method. Amortization under the effective interest method and gains or losses on derecognition are recognized in profit or loss.

(iii) Derecognition

Financial liabilities are derecognized when the financial liability is extinguished, i.e. when the obligation that was specified in the contract is discharged due to performance of the obligation through repayment or is canceled or lapsed.

E. Presentation of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are presented on a net basis in the consolidated statement of financial position when both of the following conditions are met; otherwise, financial assets and financial liabilities are presented on a gross basis:

- The Group has an unconditional and legally enforceable right to set off the recognized amounts.
- The Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

F. Derivatives and Hedge Activities

Derivatives, including forward foreign exchange contracts, commodity futures and interest rate swaps, are utilized to hedge currency risk, commodity price risk and interest rate risk. These derivatives are recognized as assets or liabilities at fair value on the contract date on which the Group becomes a party to the contractual provisions, and also remeasured at fair value subsequently. Changes in the fair value of derivatives are accounted for as follows depending on the intended use of the derivatives and resulting hedge effectiveness:

- Derivatives that are hedging instruments to changes in fair value of recognized assets or liabilities, or of an unrecognized firm commitment, and are deemed highly effective as a hedge, and for which, at the inception of the hedge, written designation of the hedge relationship and the risk management objective and strategy for undertaking the hedge are established are designated as fair value hedges. Changes in fair value of such derivatives are recognized in profit or loss, together with changes in the fair value of hedged items.
- Derivatives that are hedging instruments to changes in future cash flows generated in association with forecast transactions or recognized assets or liabilities and are deemed highly effective as a hedge and for which, at the inception of the hedge, written designation of the hedge relationship and the risk management objective and strategy for undertaking the hedge are established are designated as cash flow hedges. Changes in fair value of such derivatives are recognized in other comprehensive income. This accounting treatment is continued until changes in future cash flows generated in association with forecast transactions or already recognized assets or liabilities that are designated as hedged items are realized. The ineffective portion of the hedge is recognized in profit or loss.
- Changes in fair value of derivatives other than the above are recognized in profit or loss.

In applying the above fair value hedges and cash flow hedges, the Group assesses whether the hedge is expected to be highly effective at the inception of the hedge and after the application of the hedge.

Hedge accounting is ceased when the hedge is no longer effective, in which case changes in fair value of the derivative are recognized in profit or loss.

(5) Inventories

Inventories held for purposes other than trading are measured at the lower of cost or net realizable value, and the costs are determined mainly using the identified cost method or the monthly moving-average method. For inventories with sales contracts, net realizable value is the sale value under the sales contract, less the estimated costs necessary to make the sale. For inventories without sales contracts, net realizable value is the estimated selling price, less the estimated costs necessary to make the sale.

Inventories held for trading are measured at fair value, less costs to sell, with changes in the fair value recognized in profit or loss for the period in which the change occurred.

(6) Property, Plant and Equipment

Property, plant and equipment are measured using the cost model and are stated at cost, less accumulated depreciation and accumulated impairment losses. The costs of an item of property, plant and equipment comprise the following amounts, and depreciation begins when the asset is available for use.

- Purchase price
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating
- Estimated costs of dismantling and removing the item and restoring the site on which it is located
- Interest expense required up to the operation on borrowings for acquisition, construction, and manufacture of property, plant and equipment that meet criteria for capitalization

If different material components are identifiable in an item of property, plant and equipment, each component is accounted for as a separate item of property, plant and equipment.

Assets are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives of major assets are as follows:

- Buildings and structures: 2 to 50 years
- Machinery and vehicles: 2 to 22 years
- Vessels: 5 to 11 years

The estimated useful lives and depreciation method are reviewed at each fiscal year end, and if there are any changes made to the estimated useful lives and depreciation method, such changes are applied prospectively as changes in accounting estimates.

(7) Goodwill and Intangible Assets

A. Goodwill

Goodwill arising from acquisition of subsidiaries is recognized in assets at the amount of the "aggregate of fair values of consideration transferred, non-controlling interests and shareholders' interests previously held by the acquirer in the acquiree" exceeding the "net amount of identifiable acquired assets and assumed liabilities" on the acquisition date. Goodwill is not amortized, but initially recognized at cost in assets, and is tested for impairment each fiscal year. Goodwill is carried at cost, less any accumulated impairment losses in the consolidated statement of financial position.

Goodwill is allocated to cash-generating units (minimum units or groups of units) that are expected to contribute to obtaining cash flows considering the synergies of the business combination. Cash-generating units to which goodwill was allocated are tested for impairment at the end of each fiscal year, or at any time when there is any indication of impairment.

When a subsidiary is disposed of, the amount of related goodwill is included in profit or loss for the disposal.

B. Intangible Assets

Intangible assets are measured using the cost model and are stated at cost, less accumulated amortization and accumulated impairment losses. Intangible assets acquired separately are measured at cost at the initial recognition, and the costs of intangible assets acquired through business combinations are recognized at fair value at the date of acquisition. All expenditures on internally generated intangible assets are recognized as expense in the fiscal year in which they are incurred, except for development expenses that satisfy the capitalization criteria.

The period in which intangible assets, directly or indirectly, contribute to their estimated future cash flows is considered as the useful life. If the useful life of an intangible asset is reasonably projected, the intangible asset is amortized using the straight-line method over the estimated useful life. Intangible assets are tested for impairment whenever there is any indication of impairment. The estimated useful lives and amortization method of intangible assets are reviewed at each fiscal year end, and if there are any changes made to the estimated useful lives and amortization method, such changes are applied prospectively as changes in accounting estimates.

The estimated useful lives of major intangible assets are as follows:

- Relationship with customers: 5 to 42 years
- Brand and relationship with suppliers: 40 years

Intangible assets with indefinite useful lives and intangible assets that are not yet ready to use are not amortized, but they are tested for impairment individually or by cash-generating unit annually or whenever there is any indication of impairment.

(8) Leases

Leases are classified as finance leases whenever substantially all the risks and rewards incidental to ownership are transferred to the Group. Leases other than finance leases are classified as operating leases. It is determined whether the contract is a lease or whether the contact includes a lease, in consideration of economic conditions of the transaction regardless of whether the form of the nominal contract is a lease contract.

A. Leases as Lessee

Finance leases are capitalized at the lower of the fair value of the leased property at the inception of the lease or the present value of the total minimum lease payments.

Total lease payments are classified into the principal portion and the interest portion of lease obligations. The amount of lease payments allocated to the interest portion is calculated by the interest method.

A lease asset is depreciated using the straight-line method over the estimated useful life of the asset if the lease involves the transfer of ownership or the lessee has a bargain purchase option; otherwise, it is depreciated over the shorter of the lease term or the estimated useful life.

Under operating leases, the leased property is not recognized as assets, and lease payments are recognized in profit or loss on a straight-line basis over the lease term.

B. Leases as Lessor

Under finance leases, net investment in the lease is recognized as finance receivables. Total lease payments receivable are classified into the principal portion and the interest portion of lease receivables. The amount of lease payments receivable allocated to the interest portion is calculated using the interest method.

Under operating leases, lease payments income is recognized in income on a straight-line basis over the lease term.

(9) Investment Property

Investment property is land and/or buildings, among others, held to earn rentals or for capital appreciation due to an increase in real estate prices or both.

Investment property is measured using the cost model, in the same manner as property, plant and equipment, and is stated at cost, less accumulated depreciation and accumulated impairment losses.

Except for assets that are not subject to depreciation, such as land, investment property is depreciated using the straight-line method over its estimated useful lives, which are 2 to 50 years. The estimated useful lives and depreciation method are reviewed at each fiscal year end, and if there are any changes made to the estimated useful lives and depreciation method, among others, such changes are applied prospectively as changes in accounting estimates.

(10) Impairment of Non-financial Assets

Each fiscal year, the Group assesses whether there is any indication that a non-financial asset has been impaired. If there is any indication that an asset has been impaired, the asset is tested for impairment. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually, at the same time each year, regardless of whether there is any indication of impairment. When a cash-generating unit, including goodwill, is tested for impairment, an impairment test is performed first for assets other than goodwill, and then for goodwill after necessary impairment losses are recognized for the assets other than goodwill.

An impairment test is performed by cash-generating unit. If cash flows from an asset are identifiable independently of other assets, the asset is a cash-generating unit. If an asset from which cash flows are not identifiable independently of other assets, a cash-generating unit is the smallest identifiable group of assets that independently generates cash flows.

Goodwill is allocated to cash-generating units (minimum units or groups of units) that are expected to contribute to obtaining cash flows considering the synergies of the business combination.

An impairment test is performed by estimating the recoverable amount of the asset by cash-generating unit and comparing the estimated recoverable amount with the carrying amount of the cash-generating unit. The recoverable amount is calculated at the higher of the fair value of the cash-generating unit, less costs to sell, or the value in use. If the carrying amount of the cash-generating unit exceeds the recoverable amount, an impairment loss is recognized for the asset and the carrying amount is written down to the recoverable amount. In the assessment of value in use, estimated future cash flows are discounted to the present value using a pre-tax discount rate reflecting the current market valuation on time value of money, risks inherent in the asset, and other factors. To determine fair value, less costs to sell, the Group uses an appropriate valuation model supported by available indicators of fair value.

Recognized impairment losses are allocated so that the carrying amount of each asset in the cash-generating unit is reduced proportionally. Goodwill is first allocated so that the carrying amount of goodwill allocated to the cash-generating unit is reduced and then the carrying amount of each asset other than goodwill in the cash-generating unit is reduced proportionally.

It is assessed whether there is any indication that an impairment loss recognized in prior years may have decreased or may no longer exist. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. If the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, an impairment loss is reversed up to the lower of the calculated recoverable amount or the carrying amount that would have been determined (net of depreciation) if no impairment loss had been recognized for the asset in prior years. However, an impairment loss recognized for goodwill is not reversed.

Goodwill on acquisition of investments accounted for by the equity method is included in the part of the carrying amount of the investments with other components, and investments in the companies accounted for by the equity method may be impaired as a single asset.

(11) Non-current Assets Held for Sale

When the carrying amount of a non-current asset (or disposal group) is expected to be recovered principally through a sale transaction rather than through continuing use, the asset (or disposal group) is classified as an asset held for sale. The criteria to be classified as an asset held for sale are only met if sale of the asset is highly probable and the asset is available for immediate sale in its present condition. Because sale of the asset will be completed within one year from the day of classification, the asset is presented in current assets.

Assets held for sale are measured at the lower of carrying amount or fair value, less costs to sell.

Property, plant and equipment and intangible assets classified as assets held for sale are not depreciated or amortized.

(12) Employee Benefits

A. Defined Benefit Retirement Plans

For defined benefit retirement plans, the net amount of the present value of defined benefit obligations and the fair value of plan assets is recognized as liabilities or assets. The present value of defined benefit obligations and related service costs are calculated using the projected unit credit method, in principle. The discount rate used to calculate the present value of defined benefit obligations is determined by reference to market yield at the end of the fiscal year on high-rating corporate bonds that are consistent with the estimated periods of the retirement benefit obligations, in principle.

Changes in the present value of defined benefit obligations for employees' service in prior periods that arose due to an amendment to the plan are recognized in profit or loss in the period in which the amendment was made.

The Group recognizes all actuarial gains and losses arising from the Group's defined benefit retirement plans in other comprehensive income ("defined benefit remeasurement") and immediately reclassifies these gains and losses to retained earnings.

B. Defined Contribution Retirement Plans

Contributions to be made for employees' service corresponding to each fiscal period are recognized as expenses for the fiscal year.

C. Multi-employer Plans

Some subsidiaries have participated in multi-employer plans. Multi-employer plans are classified into defined benefit retirement plans and defined contribution retirement plans in accordance with terms of each plan and the accounting treatment for each plan type is applied. However, for multi-employer plans classified as defined benefit retirement plans, when information sufficient to account for the plans as defined benefit retirement plans is not available, the accounting treatment for defined contribution retirement plans is applied to them.

D. Short-term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the service rendered by employees during the fiscal period are recognized in profit or loss. For bonuses, the estimated amount of payments is recognized as a liability when the Group has legal or constructive obligations to make such payments and reliable estimates of the obligations can be made.

(13) Provisions

A provision is recognized when there is a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will result from the settlement of the obligation, and when a reliable estimate of the obligation can be made. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation (future cash flows), taking into account risks and uncertainty related to the obligation at the end of the fiscal year. When the time value of money for the provisions is material, the amount of the provisions is measured at the present value calculated by discounting estimated future cash flows at a pre-tax discount rate, reflecting risks inherent in the liabilities. Unwinding of the discount reflecting the passage of time is recognized as a financial cost.

Major provisions are provisions for asset retirement obligations, which are recognized and measured by estimating asset retirement obligations individually and specifically taking into account the status of each property based on expected usable years, etc., determined in light of past records of restoration and useful lives of inside fixtures in offices and other places, in preparation for obligations for restoration of rental offices, buildings and stores and removal of harmful materials related to non-current assets. An outflow of economic benefits in the future is expected to be principally in a period after one year from the end of each fiscal year.

(14) Equity

A. Common Stock and Capital Surplus

Equity instruments issued by the Company are recorded in equity and capital surplus. Transaction costs directly attributable to the issuance are deducted from capital surplus.

B. Treasury Stock

When treasury stock is acquired, the treasury stock is recognized at cost and presented separately as an item in equity. Transaction costs directly attributable to the acquisition are deducted from equity.

When treasury stock is sold, consideration received is recognized as an increase in equity.

(15) Revenue

A. Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards incidental to ownership of the goods have been transferred to a customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, it is probable that the economic benefits associated with the transaction will flow to the Group, and the costs and revenue that occurred in respect of the transaction can be measured reliably. Specifically, the Group recognizes revenue on the date when the goods are shipped or delivered to the customer or when the customer performs an inspection of the delivered goods, depending on the timing when ownership and risks to be borne are transferred from the Group to the customer.

B. Rendering of Services

Services provided by the Group are principally requested repairs that occur in association with sales of products, etc., and contracted maintenance services that are completed in the short term. For these transactions, revenue is recognized at the time of completion of the performance of obligation by persons providing these services or when the customer accepts the completion of services rendered.

C. Gross Presentation and Net Presentation of Revenue

For a transaction in which the Group has functions to increase the added value of goods or services themselves and to provide them as a party to the transaction and bears significant risks associated with the transaction, revenue is presented on a gross basis. On the other hand, revenue for the following transactions is presented at a net amount calculated by deducting the cost from the total amount of transactions with the customer.

- Transactions in which the Group, as an agent, makes arrangements for other third parties to sell goods or provide services
- Transactions in which the Group is involved as a party to the transaction but neither has functions to increase the added value of goods or services nor bears significant risks associated with the transaction

(16) Government Grants

Proceeds from government grants are recognized at fair value when there is reasonable assurance that the conditions attached to them will be complied with, and that the grant will be received. Grants for expenses incurred are recorded as revenue in the fiscal year in which the expenses are incurred. For grants for acquisition of assets, the amount is deducted from cost of the assets.

(17) Financial Income and Costs

Financial income consists of interest income, dividends received, gains on changes in fair value and sale of FVTPL financial assets, and gains on changes in fair value of derivatives. Interest income is recognized using the effective interest method when it arises. Dividends received are recognized when the Group's right to receive the payment is established.

Financial costs consist of interest expense, losses on changes in fair value and sale of FVTPL financial assets, impairment losses of financial assets measured at cost other than trade receivables, and losses on changes in fair value of derivatives. Interest expense is recognized using the effective interest method when incurred.

(18) Income Taxes

Income taxes, which comprise current taxes and deferred taxes, are recognized in profit or loss, expect for taxes arising from items that are recorded directly in equity or accumulated other comprehensive income and taxes arising from initial recognition of business combinations.

Current taxes are measured at the amount that is expected to be paid to, or refunded from, the taxation authorities. In calculating the amount of taxes, the Group applies tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year in countries where the Group operates business activities and has taxable profit or tax loss.

Deferred taxes are calculated based on the temporary differences between the tax base of an asset or liability and its carrying amount at the fiscal year end. Deferred tax assets are recognized for deductible temporary differences, carryforward of unused tax credits, and unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax liabilities are, in principle, recognized for taxable temporary differences.

The deferred tax assets or liabilities are not recognized for the following temporary differences:

- Temporary differences from the initial recognition of goodwill
- Temporary differences from the initial recognition of assets and liabilities arising from transactions (excluding business combination transactions) that affect neither accounting profit nor taxable profit

Deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures are not recognized if the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets for deductible temporary differences arising from investments in subsidiaries and associates are recognized only to the extent it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which temporary differences can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period in which the asset is realized or the liability is settled, based on a tax rate (and tax laws) that has been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and the taxes are levied by the same taxation authority on the same taxable entity.

(19) Earnings per Share

Basic earnings per share are calculated by dividing profit or loss attributable to owners of the parent entity by the weighted-average number of ordinary shares outstanding during the period.

4. Use of Estimates and Judgments

In the preparation of consolidated financial statements, the management uses estimates and judgments.

Estimates and judgments made by the management have an impact on the amounts of assets and liabilities as of the reporting date and disclosure of contingent liabilities, and the amounts reported as revenue and expenses.

Major items in which the carrying amounts of assets, liabilities, revenue, and expenses are affected by judgments made in application of the accounting policies are as follows.

- Indication of impairment for property, plant and equipment, goodwill, intangible assets, etc. (refer to Note 3 "Significant Accounting Policies (10) Impairment of Non-financial Assets")
- Recognition and presentation of revenue (refer to Note 3 "Significant Accounting Policies (15) Revenue")

Assumptions used in accounting estimates may differ from actual figures because these assumptions are set based on past experience and appropriately collected, available information. Estimates and assumptions are reviewed by the management on an ongoing basis. Effects of these reviews of estimates and assumptions are recognized in the period in which the estimates and assumptions are reviewed and subsequent periods.

Information on uncertainty of assumptions and estimates that have a risk of resulting in significant adjustments in the next fiscal year is as follows.

- Impairment of Non-financial Assets

Impairment test of non-financial assets is performed based on many assumptions and estimates, such as assumptions for measurement of fair value, less costs to sell, in calculation of the recoverable amount or estimated future cash flows of cash-generating units as bases for calculation of value in use and discount rate. There is a risk that changes in uncertain future economic conditions may result in significant adjustments to the amount of impairment losses.

The content and amount related to impairment of non-financial assets are discussed in Note 30 "Impairment Loss".

- Estimates of Income Taxes

In calculation of income taxes, estimates and judgments are required for various factors, including interpretation of tax regulations and history of past tax examinations. Therefore, the carrying amount of income taxes may differ from the actual amount of tax payment.

Deferred tax assets are recognized to the extent it is probable that taxable profit will be available against which deductible temporary differences can be used. As the timing when taxable profit is earned and the amount thereof may be affected by changes in uncertain future economic conditions, there is a risk that the amount recognized in subsequent fiscal years may change significantly if the actual timing and amount differ from the estimates.

The content and amount related to income taxes are discussed in Note 16 "Deferred Taxes and Income Taxes".

- Measurement of Defined Benefit Obligations in Defined Benefit Retirement Plans

Defined benefit obligations are computed through actuarial calculation, and premises for the actuarial calculation include estimates of discount rate, employee turnover, mortality rate, salary increase rate, etc. These premises are determined with all available information, such as market trends of interest rate fluctuations judged comprehensively. These premises may be affected by economic conditions and revisions of laws and regulations, and there is a risk that such effects may cause significant changes in the measurement of defined benefit obligations in subsequent fiscal years.

Details on measurement of defined benefit obligations in defined benefit retirement plans and the amount are discussed in Note 22 "Employee Benefits".

- Measurement of Provisions

The Group records asset retirement obligations as a provision in the consolidated statement of financial position. The amount recorded is the present value calculated by discounting the best estimate of expenditure required to settle the obligations, which takes into account risks and uncertainty as of the end of the fiscal year, at a pre-tax discount rate, reflecting risks inherent in the liabilities.

Although the amount of expenditure required to settle the obligations is calculated comprehensively taking into account future possible outcomes, this amount may be affected by occurrence of unpredictable events or changes in the situations. If the actual amount of payment differs from the estimate, or if there is any significant change in the discount rate for discounting the estimated expenditure due to changes in economic conditions and other factors, the amount recognized in subsequent fiscal years may be affected significantly.

The amount of recognized asset retirement obligations is discussed in Note 21 "Provisions".

5. Segment Information

(1) 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 has adopted the business division system. Each business 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 business divisions, namely the "Home-Life Division," "Car-Life Division," "Power & Utility Division," and "Energy Trade Division".

The Home-Life Division is engaged in the sale of LPG, high-pressure gas, equipment (combustion, kitchen, air conditioning, other household equipment, etc.), next-generation energy equipment (solar power generation systems, fuel cells, etc.), pressure resistance checking operations, and other lifestyle products, and rendering of home-related services.

The Car-Life Division is engaged in the sale of gasoline, kerosene, light diesel oil, heavy fuel oil and grease, and the sales and business services to consumers, mostly through Car-Life Stations, including the sale of automobiles and automobile products, motor-vehicle inspections, auto maintenance and rent-a-car business.

The Power & Utility Division is engaged in the electricity and steam supply business (electricity, steam, etc.), heat supply service for air conditioning and LNG (liquefied natural gas) sale business.

The Energy Trade Division is engaged in the supply of industrial energy and materials; sale of asphalt and high-grade urea solution (AdBlue); sale of marine fuel and lubricating oil; the import/export and domestic supply/demand adjustment trading of petroleum products; chartering and operation of tankers; and provisions of logistics functions, such as petroleum storage facilities.

Other businesses include the development and promotion of overseas projects.

From the first quarter of the fiscal year ended March 31, 2015, the name of the former Total Home-Life Division has been changed to the Home-Life Division. Segment information for the fiscal year ended March 31, 2014 shows the changed name.

Profit of reportable segments was previously based on profit before tax. However, in the current medium-term business plan, profit from operating activities and profit attributable to owners of the parent are cited as numerical targets for a quantitative plan and profit attributable to owners of the parent is presented from the fiscal year ended March 31, 2015.

Likewise, segment information for the fiscal year ended March 31, 2014 also presents profit attributable to owners of the parent.

(2) Information on Reportable Segments

The accounting method for the reportable segments is generally the same as the method described in Note 3 "Significant Accounting Policies".

For the fiscal year ended March 31, 2014

(Millions of yen)

	Reportable segment								
	Home-Life	Car-Life	Power & Utility	Energy Trade	Total	Other	Total	Adjustment	Consoli-dated
Revenue									
Revenue from external customers	122,503	572,879	33,117	237,461	965,960	84	966,044	–	966,044
Intersegment revenue	657	12,725	–	252	13,634	184	13,818	(13,818)	–
Total revenue	123,160	585,604	33,117	237,713	979,594	268	979,862	(13,818)	966,044
Gross profit	27,250	31,292	5,359	7,620	71,521	78	71,599	–	71,599
Selling, general and administrative expenses	(22,442)	(28,035)	(2,392)	(4,925)	(57,794)	(68)	(57,862)	(0)	(57,862)
Loss from tangible assets, intangible assets and goodwill	(17)	(810)	(680)	(102)	(1,609)	(1)	(1,610)	150	(1,460)
Other profit (loss)	229	(19)	72	(342)	(60)	(10)	(70)	(332)	(402)
Profit from operating activities	5,020	2,428	2,359	2,251	12,058	(1)	12,057	(182)	11,875
Financial income (costs)	31	(181)	(102)	(242)	(494)	(3)	(497)	41	(456)
Share of profit (loss) of investments accounted for by the equity method	538	17	(14)	8	549	–	549	(21)	528
Profit from sales of investments in subsidiaries and associates	–	–	1,897	–	1,897	–	1,897	–	1,897
Profit before tax	5,589	2,264	4,140	2,017	14,010	(4)	14,006	(162)	13,844
Profit attributable to owners of the parent	2,825	1,135	2,434	1,201	7,595	(5)	7,590	(466)	7,124
Other items									
Depreciation and amortization	(2,887)	(2,810)	(3,239)	(760)	(9,696)	(8)	(9,704)	(522)	(10,226)
Impairment loss	(70)	(740)	(283)	(80)	(1,173)	–	(1,173)	(190)	(1,363)
Total assets	64,293	99,405	44,759	93,256	301,713	694	302,407	18,625	321,032
Investments accounted for by the equity method	4,718	107	549	100	5,474	–	5,474	453	5,927
Capital expenditures	2,865	2,976	8,807	955	15,603	–	15,603	887	16,490
Total trading transactions	126,846	612,259	36,438	730,505	1,506,048	558	1,506,606	—	1,506,606

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

The adjustment of negative ¥466 million to profit attributable to owners of the parent represents corporate profit not allocated to reportable segments.

The adjustment of ¥18,625 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 fiscal year ended March 31, 2015

(Millions of yen)

	Reportable segment								
	Home-Life	Car-Life	Power & Utility	Energy Trade	Total	Other	Total	Adjustment	Consoli-dated
Revenue									
Revenue from external customers	107,276	599,550	34,746	195,171	936,743	98	936,841	–	936,841
Intersegment revenue	633	2,654	–	759	4,046	190	4,236	(4,236)	–
Total revenue	107,909	602,204	34,746	195,930	940,789	288	941,077	(4,236)	936,841
Gross profit	24,922	47,218	5,570	7,911	85,621	99	85,720	–	85,720
Selling, general and administrative expenses	(22,276)	(41,666)	(2,425)	(4,858)	(71,225)	(58)	(71,283)	99	(71,184)
Loss from tangible assets, intangible assets and goodwill	28	(1,186)	(491)	(72)	(1,721)	(0)	(1,721)	(104)	(1,825)
Other profit (loss)	209	144	356	(317)	392	(9)	383	6	389
Profit from operating activities	2,883	4,510	3,010	2,664	13,067	32	13,099	1	13,100
Financial income (costs)	56	(450)	(138)	(83)	(615)	(3)	(618)	37	(581)
Share of profit (loss) of investments accounted for by the equity method	(256)	13	(112)	4	(351)	–	(351)	(6)	(357)
Profit from sales of investments in subsidiaries and associates	(7)	–	–	–	(7)	–	(7)	–	(7)
Profit before tax	2,676	4,073	2,760	2,585	12,094	29	12,123	32	12,155
Profit attributable to owners of the parent	931	1,450	1,671	1,581	5,633	(3)	5,630	(127)	5,503
Other items									
Depreciation and amortization	(3,375)	(2,942)	(3,086)	(627)	(10,030)	(4)	(10,034)	(501)	(10,535)
Impairment loss	(46)	(1,314)	(201)	(15)	(1,576)	–	(1,576)	(104)	(1,680)
Total assets	61,069	131,256	55,720	66,839	314,884	2	314,886	14,173	329,059
Investments accounted for by the equity method	6,722	179	3,080	102	10,083	–	10,083	468	10,551
Capital expenditures	3,897	2,438	8,750	623	15,708	12	15,720	191	15,911
Total trading transactions	111,588	638,848	38,743	584,078	1,373,257	136	1,373,393	–	1,373,393

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

The adjustment of negative ¥127 million to profit attributable to owners of the parent represents corporate profit not allocated to reportable segments.

The adjustment of ¥14,173 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.

(3) Products and Services Information

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

(4) 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, 2014 and 2015.

(5) 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, 2014 and 2015.

6. Business Combinations

For the fiscal year ended March 31, 2014

There were no significant business combinations during the fiscal year ended March 31, 2014.

For the fiscal year ended March 31, 2015

The major business combination during the fiscal year ended March 31, 2015, was as follows:

Acquisition of Osaka Car Life Group Co., Ltd.

At the Board of Directors meeting held on April 17, 2014, the Company resolved to acquire 200 issued shares (51.95% of the total number of issued shares) of Osaka Car Life Group Co., Ltd. whose subsidiaries include Nissan Osaka Sales Co., Ltd., thereby making it a subsidiary, and concluded a share transfer agreement with NMC2007 Investment Limited Partnership as of April 17, 2014. The Company acquired these shares for ¥6,000 million on May 27, 2014. The purpose of this share acquisition is to extend the reach of the Company's Car-Life Division beyond sales of fuel and other products, and 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 resources of Osaka Car Life Group Co., Ltd., and the Company will further enhance the Company's existing business base, 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:

(Millions of yen)

Item	Amount
Fair value of consideration paid (Notes 1 and 2)	6,000
Fair value of non-controlling interests	5,550
Total	11,550
Fair value of assets acquired and liabilities assumed	
Current assets	16,915
Non-current assets	30,789
Current liabilities	(24,513)
Non-current liabilities	(11,641)
Net assets	11,550

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

The fair values of assets acquired, 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.

Selling, general and administrative expense of ¥97 million was recorded as acquisition-related costs for this business combination.

(2) 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 consolidated statement of comprehensive income for the fiscal year ended March 31, 2015, are shown below:

(Millions of yen)

Item	Osaka Car Life Group Co., Ltd. and its subsidiaries
Revenue	82,581
Profit	818
Profit attributable to owners of the parent	425

(3) 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.

7. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2014 and 2015, were composed of cash and deposits.

8. Trade Receivables

The components of trade receivables are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Trade receivables		
Trade receivables	132,555	92,313
Trade notes receivable	8,705	6,886
Allowance for credit losses	(971)	(750)
Total	140,289	98,449

9. Securities and Other Financial Assets

The components of other current financial assets are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Other current financial assets		
Securities (Note)	905	–
Short-term loans receivable	1,869	1,631
Other accounts receivable	7,532	8,607
Derivative assets	169	203
Other	738	990
Total	11,213	11,431

(Note) The component of securities is shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Securities		
FVTPL financial assets	905	–
Total	905	–

The component of other investments is shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Other investments		
FVTOCI financial assets	7,349	8,924
Total	7,349	8,924

The components of non-current financial assets other than investments are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Non-current financial assets other than investments		
Non-current loans receivable	805	499
Non-current lease receivables	2,123	1,714
Guarantee deposits	7,462	6,788
Other	668	1,480
Allowance for credit losses	(460)	(494)
Total	10,598	9,987

10. Inventories

The components of inventories are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Merchandise and finished goods	17,820	27,667
Raw materials	835	127
Total	18,655	27,794

For the fiscal year ended March 31, 2015, the amount of inventories expensed as cost of sales was ¥817,964 million, compared with ¥880,226 million for the fiscal year ended March 31, 2014.

For the fiscal year ended March 31,2015, the amount of inventories written down to net realizable value was ¥137 million, compared with ¥51 million for the fiscal year ended March 31, 2014. These amounts written down are included in cost of sales in the consolidated statement of comprehensive income.

The carrying amount of inventories recorded at fair value, less cost to sell, on a recurring basis as of March 31, 2014 and 2015, was ¥2,823 million and ¥4,519 million, respectively. The fair value is measured based on the amount obtained from a pricing service agency that was principally evaluated by the market approach and classified as Level 2.

11. Investments Accounted for by the Equity Method

(1) Major Associates and Joint Ventures

Details of major associates and joint ventures are as follows. In the Group, all investments in associates and joint ventures are accounted for by the equity method. There is no investment in associates and joint ventures for which stock quotations have been published.

As of March 31, 2014 and 2015

Name	Major business	Location	Percentage of equity held (%)
JAPAN GAS ENERGY CORPORATION	Sale of LPG products	Minato-ku, Tokyo	20.0

(2) Investments in Associates and Joint Ventures

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
JAPAN GAS ENERGY CORPORATION	3,578	3,020
Other	2,349	7,531
Total	5,927	10,551

(3) Breakdown of Comprehensive Income from Associates and Joint Ventures

For investments in associates and joint ventures accounted for by the equity method, the amounts of corresponding share of comprehensive income recorded are shown below:

A. Profit or Loss

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
JAPAN GAS ENERGY CORPORATION	486	(401)
Other	42	44
Total	528	(357)

B. Other Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
JAPAN GAS ENERGY CORPORATION	9	(8)
Other	38	62
Total	47	54

C. Total Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
JAPAN GAS ENERGY CORPORATION	495	(408)
Other	80	105
Total	575	(303)

(4) Summarized Financial Information of Major Associates and Joint Ventures

Summarized financial information of major associates and joint ventures accounted for by the equity method is shown below:

JAPAN GAS ENERGY CORPORATION

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Current assets	52,027	42,538
Non-current assets	4,789	4,526
Current liabilities	37,337	31,242
Non-current liabilities	1,591	721
Net assets	17,888	15,101
Revenue	216,828	196,141
Profit	2,430	(2,003)
Other comprehensive income	45	(39)
Comprehensive income	2,475	(2,042)
Dividends received from associates during the period	100	163

(5) Reconciliation Between Carrying Amounts and Summarized Financial Information of Major Associates and Joint Ventures

JAPAN GAS ENERGY CORPORATION

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Net assets	17,888	15,101
The Group's share of net assets	3,578	3,020
Other adjustments	–	–
Carrying amounts of the Group's equity interest in JAPAN GAS ENERGY CORPORATION	3,578	3,020

12. Property, Plant and Equipment

Changes in acquisition cost, accumulated depreciation and accumulated impairment loss of property, plant and equipment are shown below:

[Acquisition Cost]

(Millions of yen)

	Land	Buildings and structures	Machinery, equipment and vehicles	Vessels	Other	Construction in progress	Total
As of April 1, 2013	13,101	26,835	54,845	488	13,305	564	109,138
Acquisition	218	1,232	2,342	176	1,909	9,637	15,514
Reclassification	(117)	919	2,062	671	226	(3,781)	(20)
Acquisition through business combinations	440	287	434	–	7	1,550	2,718
Disposal	(31)	(2,298)	(4,413)	–	(613)	(1)	(7,356)
Other	34	602	56	–	(12)	(361)	319
As of March 31, 2014	13,645	27,577	55,326	1,335	14,822	7,608	120,313
Acquisition	25	883	2,584	–	1,523	12,634	17,649
Reclassification	168	827	16,798	–	336	(18,229)	(100)
Acquisition through business combinations	5,741	9,018	855	–	110	–	15,724
Disposal	(1,025)	(890)	(3,748)	–	(603)	–	(6,266)
Other	(14)	126	211	–	(38)	(1,241)	(956)
As of March 31, 2015	18,540	37,541	72,026	1,335	16,150	772	146,364

[Accumulated Depreciation and Accumulated Impairment Loss]

(Millions of yen)

	Land	Buildings and structures	Machinery, equipment and vehicles	Vessels	Other	Construction in progress	Total
As of April 1, 2013	–	(13,173)	(29,304)	(11)	(8,995)	–	(51,483)
Depreciation	–	(1,046)	(4,872)	(116)	(1,530)	–	(7,564)
Impairment loss	(0)	(146)	(274)	–	(50)	–	(470)
Reclassification	–	(92)	–	–	–	–	(92)
Disposal	–	2,151	4,105	–	572	–	6,828
Other	–	(247)	(293)	–	(4)	–	(544)
As of March 31, 2014	(0)	(12,553)	(30,638)	(127)	(10,007)	–	(53,325)
Depreciation	–	(1,556)	(5,056)	(123)	(1,725)	–	(8,460)
Impairment loss	(175)	(290)	(270)	–	(8)	–	(743)
Reclassification	–	312	–	–	–	–	312
Disposal	11	664	3,413	–	561	–	4,649
Other	–	44	(30)	–	25	–	39
As of March 31, 2015	(164)	(13,379)	(32,581)	(250)	(11,154)	–	(57,528)

[Carrying Amount]

(Millions of yen)

	Land	Buildings and structures	Machinery, equipment and vehicles	Vessels	Other	Construction in progress	Total
As of March 31, 2014	13,645	15,024	24,688	1,208	4,815	7,608	66,988
As of March 31, 2015	18,376	24,162	39,445	1,085	4,996	772	88,836

Carrying amounts of finance lease assets (net of accumulated depreciation and accumulated impairment loss) included in property, plant and equipment are shown below:

(Millions of yen)

	Buildings and structures	Machinery, equipment and vehicles	Vessels	Other	Total
As of March 31, 2014	11	2,835	141	2,289	5,276
As of March 31, 2015	6,745	2,570	127	1,688	11,130

The depreciation expense of property, plant and equipment is included in cost of sales and selling, general and administrative expenses in the consolidated statement of comprehensive income.

Expenditures related to property, plant and equipment under construction are presented as construction in progress in the above table.

As of March 31, 2014, there was no property, plant and equipment of which disposal through transfer, sale, etc. was restricted. As of March 31, 2015, the balance of property, plant and equipment includes ¥14,398 million of property, plant and equipment of which disposal through transfer, sale, etc. is restricted in association with bank loans.

There were no borrowing costs capitalized in the fiscal years ended March 31, 2014 and 2015.

For the commitments for acquisition of property, plant and equipment, please refer to Note 38 “Commitments”.

13. Investment Property

Changes in acquisition cost, accumulated depreciation and accumulated impairment loss of investment property are shown below:

[Acquisition Cost]

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Balance at the beginning of the year	31,142	29,318
Acquisition	85	9
Expenditure after acquisition	350	294
Reclassification	19	100
Business Combinations	–	1,355
Disposal	(2,298)	(1,398)
Other	20	8
Balance at the end of the year	29,318	29,686

[Accumulated Depreciation and Accumulated Impairment Loss]

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Balance at the beginning of the year	(15,510)	(15,082)
Depreciation	(309)	(350)
Impairment loss	(876)	(741)
Reclassification	92	(312)
Disposal	1,548	1,181
Other	(27)	(13)
Balance at the end of the year	(15,082)	(15,317)

The rental income from investment property for the fiscal years ended March 31, 2014 and 2015, was ¥3,784 million and ¥3,601 million, respectively, which were included in revenue in the consolidated statement of comprehensive income. The direct operating expenses incurred incidental to rental income were ¥1,875 million and ¥1,540 million, respectively, which were included in cost of sales in the consolidated statement of comprehensive income.

[Carrying Amount and Fair Value]

(Millions of yen)

	Carrying amount	Fair value
As of March 31, 2014	14,236	14,341
As of March 31, 2015	14,369	14,188

The Group has rental facilities for selling petroleum products, such as gas stations, and rental storage facilities for petroleum products throughout Japan.

Fair value of the above investment property is classified into Level 3. The fair value is calculated based on the amount measured using the sales comparison method and the discounted cash flow method, taking into account the market conditions adjustment, area-specific value and other factors computed by the Group.

14. Goodwill and Intangible Assets

Changes in acquisition cost, accumulated amortization and accumulated impairment loss of goodwill and intangible assets are shown below:

[Acquisition Cost]

(Millions of yen)

	Goodwill	Relationship with customers	Brand and relationship with suppliers	Other	Total
As of April 1, 2013	–	14,976	–	4,626	19,602
Acquisition	–	592	–	418	1,010
Acquisition through business combinations	229	606	–	0	835
Disposal	–	(1,389)	–	(891)	(2,280)
Other	–	(98)	–	141	43
As of March 31, 2014	229	14,687	–	4,294	19,210
Acquisition	–	1,569	–	294	1,863
Acquisition through business combinations	–	2,591	11,069	8	13,668
Disposal	–	(5,810)	–	(480)	(6,290)
Other	–	152	–	(80)	72
As of March 31, 2015	229	13,189	11,069	4,036	28,523

[Accumulated Amortization and Accumulated Impairment Loss]

(Millions of yen)

	Goodwill	Relationship with customers	Brand and relationship with suppliers	Other	Total
As of April 1, 2013	–	(6,447)	–	(2,156)	(8,603)
Amortization	–	(1,531)	–	(822)	(2,353)
Impairment loss	–	–	–	(16)	(16)
Disposal	–	1,386	–	882	2,268
Other	–	104	–	(101)	3
As of March 31, 2014	–	(6,488)	–	(2,213)	(8,701)
Amortization	–	(1,230)	(231)	(686)	(2,147)
Impairment loss	(121)	(51)	–	(0)	(172)
Disposal	–	5,759	–	460	6,219
Other	–	(152)	–	12	(140)
As of March 31, 2015	(121)	(2,162)	(231)	(2,427)	(4,941)

[Carrying Amount]

(Millions of yen)

	Goodwill	Relationship with customers	Brand and relationship with suppliers	Other	Total
As of March 31, 2014	229	8,199	–	2,081	10,509
As of March 31, 2015	108	11,027	10,838	1,609	23,582

Carrying amounts of finance lease assets (net of accumulated amortization and accumulated impairment loss) included in intangible assets are shown below:

(Millions of yen)

	Software
As of March 31, 2014	41
As of March 31, 2015	18

The amortization expense of intangible assets is included in cost of sales and selling, general and administrative expenses in the consolidated statement of comprehensive income.

Of the above intangible assets, significant assets are relationship with customers recognized in the business combination with TOKYO TOSHI SERVICE COMPANY (as of March 31, 2014: ¥3,708 million, and March 31, 2015: ¥3,586 million) and brand and relationship with suppliers recognized in the business combination with Osaka Car Life Group Co., Ltd. (as of March 31, 2015: ¥10,838 million). The remaining amortization periods of these intangible assets as of March 31, 2014 and 2015, are 25 to 40 years and 24 to 39 years, respectively, for relationship with customers, and 39 years for brand and relationship with suppliers.

There were no intangible assets pledged as collateral as of March 31, 2014 and 2015.

Impairment Test for Goodwill

In performing an impairment test for goodwill, the Group allocates goodwill to the petroleum product sales business and calculates the recoverable amount of the petroleum product sales business, which is a cash-generating unit, based on value in use.

The Group calculates value in use by discounting estimated future cash flows based on the latest business plan approved by the Board of Directors to the present value.

The Group uses a pre-tax discount rate reflecting the current market valuation on time value of money, risks inherent in the asset and other factors as the discount rate (as of March 31, 2015: 7%).

As a result of impairment test for goodwill, impairment losses of ¥121 million was recognized for goodwill allocated to the petroleum product sales business in the fiscal year ended March 31, 2015.

15. Leases

(1) Lessee

A. Finance Leases

The total future minimum lease payments under finance leases and the present value thereof as of March 31, 2014 and 2015, are shown below:

(Millions of yen)

	Total future minimum lease payments		Present value of total future minimum lease payments	
	As of March 31, 2014	As of March 31, 2015	As of March 31, 2014	As of March 31, 2015
Not later than 1 year	2,529	3,105	2,460	2,913
Later than 1 year and not later than 5 years	3,851	4,411	3,753	3,959
Later than 5 years	75	4,790	72	4,277
Total	6,455	12,306	6,285	11,149
Less: Accrued financial costs	(170)	(1,157)		
Present value of total future minimum lease payments	6,285	11,149		

The total of future minimum sublease payments expected to be received under noncancelable subleases as of March 31, 2014 and 2015, were ¥2,599 million and ¥2,059 million, respectively.

Lease agreements do not have any contingent rent payable, renewal or purchase options, escalation clauses and restrictions imposed by the lease agreements (such as those concerning dividends, additional debt and further leasing).

B. Operating Leases

The total future minimum lease payments under noncancelable operating leases as of March 31, 2014 and 2015, are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Not later than 1 year	4,189	2,177
Later than 1 year and not later than 5 years	3,404	2,425
Later than 5 years	993	851
Total	8,586	5,453

The total of future minimum sublease payments expected to be received under noncancelable subleases as of March 31, 2014 was ¥421 million.

As of March 31, 2014 and 2015, lease payments recognized as expenses under cancelable or noncancelable operating leases were ¥6,438 million and ¥5,197 million, respectively, while sublease payments receivable were ¥752 million and ¥564 million, respectively.

Lease agreements do not have any contingent rent payable, renewal or purchase options, escalation clauses and restrictions imposed by the lease agreements (such as those concerning dividends, additional debt and further leasing).

(2) Lessor

A. Finance Leases

The total future minimum lease payments receivable under finance leases and the present value thereof as of March 31, 2014 and 2015, are shown below:

(Millions of yen)

	Total future minimum lease payments		Present value of total future minimum lease payments	
	As of March 31, 2014	As of March 31, 2015	As of March 31, 2014	As of March 31, 2015
Not later than 1 year	502	355	476	345
Later than 1 year and not later than 5 years	1,106	779	1,071	769
Later than 5 years	1,051	944	1,052	945
Total	2,659	2,078	2,599	2,059
Less: Unearned financial income	(60)	(19)		
Present value of total future minimum lease payments receivable	2,599	2,059		

B. Operating Leases

The total future minimum lease payments receivable under noncancelable operating leases as of March 31, 2014 and 2015, are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Not later than 1 year	421	–
Later than 1 year and not later than 5 years	–	–
Later than 5 years	–	–
Total	421	–

16. Deferred Taxes and Income Taxes

(1) Deferred Taxes

The details of changes in deferred tax assets and liabilities are shown below:

(Millions of yen)

	As of April 1, 2013	Amount recognized in profit or loss	Amount recognized in other comprehensive income	Other (Note)	As of March 31, 2014
Deferred tax assets:					
Non-current assets	10,345	(349)	–	62	10,058
Securities	491	(172)	190	5	514
Post-employment benefits	2,443	(13)	(32)	–	2,398
Tax loss carryforwards	–	15	–	–	15
Other	3,693	(335)	–	361	3,719
Total deferred tax assets	16,972	(854)	158	428	16,704
Deferred tax liabilities:					
Non-current assets	(3,434)	465	–	(218)	(3,187)
Other	(701)	454	–	(209)	(456)
Total deferred tax liabilities	(4,135)	919	–	(427)	(3,643)

(Note) The "Other" column represents the amount of deferred tax assets recognized due to acquisition of subsidiaries through business combinations and other amounts.

(Millions of yen)

	As of March 31, 2014	Amount recognized in profit or loss	Amount recognized in other comprehensive income	Other (Note)	As of March 31, 2015
Deferred tax assets:					
Non-current assets	10,058	(1,972)	–	2,013	10,099
Securities	514	(155)	(271)	10	98
Post-employment benefits	2,398	(107)	(120)	1,065	3,236
Tax loss carryforwards	15	27	–	93	135
Other	3,719	128	117	1,200	5,164
Total deferred tax assets	16,704	(2,079)	(274)	4,381	18,732
Deferred tax liabilities:					
Non-current assets	(3,187)	959	–	(5,029)	(7,257)
Other	(456)	(331)	(82)	95	(774)
Total deferred tax liabilities	(3,643)	628	(82)	(4,934)	(8,031)

(Note) The "Other" column represents the amount of deferred tax assets recognized due to acquisition of subsidiaries through business combinations and other amounts.

Deferred tax assets and liabilities in the consolidated statement of financial position are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Deferred tax assets	15,470	13,448
Deferred tax liabilities	2,409	2,747

In recognizing deferred tax assets, the Group assesses recoverability, taking into account expected future taxable profits and tax planning. As a result of the assessment of recoverability, deferred tax assets have not been recognized for some deductible temporary difference and unused tax loss carryforwards.

Deductible temporary differences for which no deferred tax asset is recognized and unused tax loss carryforwards are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Deductible temporary differences	1,629	1,761
Unused tax loss carryforwards	652	278
Total	2,281	2,039

The amounts of unused tax loss carryforwards for which deferred tax assets are not recognized by expiry time are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
First year	–	–
Second year	–	–
Third year	–	–
Fourth year	41	99
Fifth year or later	611	179
Total	652	278

(2) Income Tax Expense

Current tax expense and the components of deferred tax expense are shown below:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Current tax expense	(5,859)	(4,175)
Deferred tax expense		
Recognition and reversal of temporary differences	233	(430)
Change in tax rate	(168)	(1,021)
Total deferred tax expense	65	(1,451)
Income tax expense	(5,794)	(5,626)

The Company is subject principally to corporate income taxes, inhabitant taxes and business taxes. The effective statutory tax rates based on these taxes were 38.0% for the fiscal year ended March 31, 2014, and 35.6% for the fiscal year ended March 31, 2015. However, foreign subsidiaries are subject to income taxes and other taxes in their location.

In Japan, the Act for Partial Revision of the Income Tax Act, etc. (Act No. 9 of 2015) and the Act on Partial Revision of the Local Tax Act, etc. (Act No. 2 of 2015) were promulgated on March 31, 2015, resulting a reduction in the rates of income taxes, etc., from the fiscal year beginning on or after April 1, 2015. With this revision, the effective statutory tax rate used to calculate deferred tax assets and liabilities is changed from the previous rate of 35.6% to 33.1% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2015, and to 32.3% for temporary difference expected to be reversed in the fiscal year beginning on and after April 1, 2016. The Company and its domestic subsidiaries recognized deferred tax assets and liabilities taking into account the effect of this tax rate change.

The reconciliation between the effective statutory tax rate and the effective tax rate for income tax expenses recognized in the consolidated statement of comprehensive income is shown below.

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Effective statutory tax rate	38.0%	35.6%
Effect of expenses not deductible permanently	2.6	2.5
Reduction of deferred tax assets at the end of the year due to change in tax rates	1.2	8.4
Other	0.0	(0.2)
Effective income tax rate after application of tax-effect accounting	41.8	46.3

17. Bonds and Borrowings

The components of bonds and borrowings are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015	Average interest rate (%) (Note 1)	Repayment date
Short-term borrowings	11,434	8,647	0.438	–
Current portion of non-current borrowings	65	561	2.022	–
Current portion of bonds (Note 2)	–	5,000	(Note 2)	–
Non-current borrowings (excluding current portion)	7,174	11,806	1.453	April 2016–June 2022
Bonds payable (excluding current portion) (Note 2)	19,925	14,940	(Note 2)	(Note 2)
Total	38,598	40,954	–	–
Current liabilities	11,499	14,208		
Non-current liabilities	27,099	26,746		
Total	38,598	40,954		

(Notes) 1. The average interest rate is based on each agreed-upon interest rate or weighted-average interest rate for the closing balance.

2. Summary of issuing conditions of bonds is shown below:

(Millions of yen)

Entity	Bond	Date of issue	As of March 31, 2014	As of March 31, 2015	Interest rate (%)	Collateral	Maturity date
ITOCHU Enex Co., Ltd.	Series 12 Unsecured Bonds	July 29, 2010	4,993	5,000	0.790	Unsecured	July 29, 2015
ITOCHU Enex Co., Ltd.	Series 13 Unsecured Bonds	May 22, 2012	4,980	4,983	0.736	Unsecured	May 22, 2019
ITOCHU Enex Co., Ltd.	Series 14 Unsecured Bonds	May 22, 2012	9,952	9,957	1.202	Unsecured	May 20, 2022
Total	–	–	19,925	19,940	–	–	–

18. Trade Payables

The components of trade payables are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Trade payables	120,218	96,511
Notes payable	–	891
Other payables	5,437	7,162
Total	125,655	104,564

19. Other Financial Liabilities

The components of other current financial liabilities are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Lease obligations	2,460	2,913
Other payables (Non-operating)	1,608	4,430
Deposits received	1,617	2,314
Derivative liabilities	206	127
Total	5,891	9,784

The components of other non-current financial liabilities are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Long-term lease obligations	3,825	8,236
Guarantee deposits received	13,523	13,386
Derivative liabilities	312	661
Total	17,660	22,283

20. Other Current Liabilities

The components of other current liabilities are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Short-term obligations on employee benefits	4,719	6,583
Current provisions (Note)	110	13
Accrued expenses	812	1,872
Other	846	2,852
Total	6,487	11,320

(Note) For details of current provisions, please refer to Note 21 “Provisions”.

21. Provisions

The components of changes in provisions are shown below:

(Millions of yen)

	Provision for asset retirement obligations	Other	Total
As of April 1, 2013	2,935	78	3,013
Increase during the year	541	110	651
Amount used during the year (utilization)	(268)	(78)	(346)
Increase due to passage of time	60	–	60
Effects through change in discount rate	104	–	104
As of March 31, 2014	3,372	110	3,482
Increase during the year	184	13	197
Amount used during the year (utilization)	(107)	(110)	(217)
Increase due to passage of time	65	–	65
Effects through change in discount rate	130	–	130
Assumption in business combination	1,317	–	1,317
As of March 31, 2015	4,961	13	4,974

The components of provisions by current and non-current classification are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Current liabilities (Note)	110	13
Non-current liabilities	3,372	4,961
Total	3,482	4,974

(Note) Provisions classified into current liabilities are included in other current liabilities.

Provision for asset retirement obligations mostly relates to restoration obligations for rental offices, buildings and stores and removal of harmful materials related to non-current assets. An outflow of economic benefits in the future is expected principally in a period after one year from the end of each fiscal year, but the timing may be affected by a future business plan and other factors.

22. Employee Benefits

(1) Post-employment Benefits

A. Outline of Post-employment Benefit Plans Adopted

The Company and some subsidiaries have defined benefit retirement plans, lump-sum retirement benefits and defined contribution retirement pension plans, which cover almost all of their employees. The amount of pension benefits provided under defined benefit retirement plans is set based on service years of eligible employees. Extra retirement payments may be made upon an employee's normal retirement or termination before the prescribed retirement date.

Under defined contribution retirement plans, the responsibility of the Company and some subsidiaries is limited to making contributions at the amount specified in the rules on retirement allowance that has been established for each company.

Nissan Osaka Sales Co., Ltd., a subsidiary, has participated in "Zenkoku Nissan Jidosha Hambai Kigyo Pension Fund," which is a multi-employer plan. This plan differs from a single employer plan in the following respects:

- Assets contributed by the employer to the multi-employer plan may be used for benefits to employees of the other member employers. The amount of contributions is calculated by multiplying standard pay of plan members by a fixed rate.

- If some employers suspend contributions, other member employers may be required to make additional contributions for unfunded liabilities.

- If the multi-employer plan is wound up or a member employer withdraws from the multi-employer plan, the member employer may be required to make contributions for unfunded liabilities as special contributions in winding up or withdrawal contributions.

B. Defined Benefit Retirement Plans

Changes in present value of defined benefit obligations are shown below:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Balance at the beginning of the year	7,740	7,780
Service cost	581	692
Interest expense	57	162
Remeasurement		
Changes in demographic assumptions	(4)	–
Changes in financial assumptions	(86)	392
Benefits paid	(683)	(1,427)
Effect of business combinations and disposals	175	10,292
Balance at the end of the year	7,780	17,891

(Note) Service cost is recognized in profit or loss (cost of sales or selling, general and administrative expenses). Interests on net amount of present value of defined benefit obligations and fair value of plan assets are recognized in profit or loss (interest income or interest expense).

Changes in fair value of plan assets are shown below:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Balance at the beginning of the year	735	738
Interest income	7	74
Remeasurement		
Return on plan assets	0	711
Contributions by the employer	282	203
Benefits paid	(297)	(631)
Effect of business combinations and disposals	–	7,407
Other	11	39
Balance at the end of the year	738	8,541

Certain subsidiaries will make contributions of ¥251 million in the fiscal year ending March 31, 2016.

The composition of the Group's plan assets by asset category as of March 31, 2014 and 2015, is shown below:

(Millions of yen)

	As of March 31, 2014		
	Level 1 (Active market)	Level 2 (No active market)	Total
Cash and cash equivalents	462	–	462
General account	–	129	129
Separate account	–	147	147
Total	462	276	738

(Millions of yen)

	As of March 31, 2015		
	Level 1 (Active market)	Level 2 (No active market)	Total
Cash and cash equivalents	246	–	246
Stock trusts	–	2,883	2,883
Bond trusts	–	4,223	4,223
General accounts	–	144	144
Separate accounts	–	174	174
Other	–	871	871
Total	246	8,295	8,541

In managing plan assets, the Group aims to secure return on the assets necessary to ensure payment of future pension benefits in the long term only with acceptable risks. To this end, the Group formulates the optimal portfolio in consideration of past performance in addition to projection of return on assets subject to investment, and manages the investment performance based on this portfolio.

For assets classified into Level 1 (there is an active market), fair value is estimated based on quoted prices in active markets. For assets classified into Level 2 (there is no active market), which mainly consist of investment trusts in domestic and foreign stocks and bonds, fair value is estimated using valuations provided by the plan trustee. Additionally, as part of plan assets, there are general accounts and separate accounts that are composed of stocks and bonds with quoted market prices in active markets. Other includes funds of hedge funds and real estate investment trusts.

Information on maturity analysis of defined benefit obligations is as follows:

Defined benefit obligations are calculated by discounting the amount of benefits that are deemed to have been incurred to date, over the remaining service period up to the time of payment. Because the timing of payment affects the amounts of defined benefit obligations and service cost, IAS 19 "Employee Benefits" requires an entity to disclose information on the timing of incurrence of benefits. The Group believes that disclosure of weighted duration of defined benefit obligations that represents the average period taking into account benefit amount, timing and discount is useful information to meet this requirement. The Company's weighted duration of defined benefit obligations was 11 years in the fiscal year ended March 31, 2014, and 11 years in the fiscal year ended March 31, 2015.

The assumption of defined benefit obligations is shown below:

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Discount rate	1.0 – 1.3%	0.8 – 1.0%

In the assumption of actuarial calculation described above, the calculation for defined benefit retirement plans is susceptible to the effects of the assumption of discount rate. If the discount rate had changed by 0.25% as of March 31, 2015, the effect on defined benefit obligations would be ¥423 million, which was calculated supposing that only the discount rate changes without any change in actuarial assumptions other than the discount rate.

Since this calculation is an estimation based on the assumptions, the actual calculation may be affected by changes in other variables.

C. Defined Contribution Plans

Expenses related to contributions required for defined contribution pension plans were ¥443 million and ¥675 million for the fiscal years ended March 31, 2014 and 2015, respectively.

D. Extra Retirement Payments

The Company made extra retirement payments of ¥72 million and ¥240 million for the fiscal years ended March 31, 2014 and 2015, respectively.

(2) Employee Benefits Expense

Total employee benefits expense included in cost of sales or selling, general and administrative expenses in the consolidated statement of comprehensive income for the fiscal years ended March 31, 2014 and 2015, was ¥30,986 million and ¥44,624 million, respectively.

23. Common Stock, Capital Surplus and Retained Earnings

(1) Common Stock

The number of shares authorized, the number of shares issued and the number of shares of treasury stock of the Company are as follows.

All the shares issued by the Company are non-par value ordinary shares. All shares issued are fully paid.

(Shares)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Number of shares authorized	387,250,000	387,250,000
Number of shares issued		
Balance at the beginning of the year	116,881,106	116,881,106
Increase (decrease) during the year	–	–
Balance at the end of the year	116,881,106	116,881,106
Number of shares of treasury stock		
Balance at the beginning of the year	3,888,654	3,890,015
Increase (decrease) during the year	1,361	1,134
Balance at the end of the year	3,890,015	3,891,149

(2) Capital Surplus and Retained Earnings

The Companies Act of Japan provides that upon payment of dividends of surplus, an amount equal to 10% of the reserves, which decrease due to the dividends paid, must be appropriated as capital reserve (in case of dividends of capital surplus) or as retained earnings reserve (in case of dividends of retained earnings) until the total aggregate amount of capital reserve and retained earnings reserve equals 25% of the common stock.

The Companies Act imposes a certain restriction on the amount available for distribution in association with dividends of surplus or acquisition of treasury stock. The amount available for distribution is determined based on retained earnings, among others, in the Company's separate financial statements calculated in accordance with Japanese GAAP. The Company's amount available for distribution was ¥58,583 million as of March 31, 2015 (however, this amount available for distribution may change due to subsequent acquisition of treasury stock and other factors).

Under the Companies Act, in addition to year-end dividends, dividends of surplus can be paid at any time during the fiscal year by resolution of the General Meeting of Shareholders. This Act provides that companies meeting certain requirements (setup of the board of corporate auditors and appointment of an accounting auditor in addition to the board of directors, and the term of office for directors limited to one year) may determine dividends of surplus (excluding dividends in kind) by resolution of the board of directors if the articles of incorporation specify so. The Act also provides that companies with board of directors may pay dividends of surplus (only cash dividends) by resolution of the board of directors only once during a business year, if the articles of incorporation specify so.

Moreover, companies are allowed to dispose of treasury stock by resolution of the board of directors, or acquire treasury stock if the articles of incorporation specify so. However, acquisition of treasury stock is limited to the extent the above amount is available for distribution.

24. Other Components of Equity and Other Comprehensive Income

(1) Other Components of Equity

Changes in each item of other components of equity are shown below:

(Millions of yen)

Classification	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
FVTOCI financial assets		
Balance at the beginning of the year	(1,574)	(1,899)
Increase during the year	103	686
Reclassification to retained earnings	(428)	78
Balance at the end of the year	(1,899)	(1,135)
Cash flow hedges		
Balance at the beginning of the year	(5)	(309)
Increase (decrease) during the year	(304)	(471)
Balance at the end of the year	(309)	(780)
Exchange differences on translating foreign operations		
Balance at the beginning of the year	52	110
Increase during the year	58	144
Balance at the end of the year	110	254
Remeasurement of net defined benefit liability		
Balance at the beginning of the year	–	–
Increase (decrease) during the year	59	18
Reclassification to retained earnings	(59)	(18)
Balance at the end of the year	–	–
Other components of equity		
Balance at the beginning of the year	(1,527)	(2,098)
Increase (decrease) during the year	(84)	377
Reclassification to retained earnings	(487)	60
Balance at the end of the year	(2,098)	(1,661)

(2) Other Comprehensive Income

The details of each item of other comprehensive income and their related tax effects (including non-controlling interests) are shown below:

(Millions of yen)

Classification	Fiscal year ended March 31, 2014			Fiscal year ended March 31, 2015		
	Before tax effects	Tax effects	Net of tax effects	Before tax effects	Tax effects	Net of tax effects
FVTOCI financial assets						
Amount arising during the year	(88)	190	102	1,038	(353)	685
Increase (decrease) during the year	(88)	190	102	1,038	(353)	685
Exchange differences on translating foreign operations						
Amount arising during the year	21	–	21	83	–	83
Increase (decrease) during the year	21	–	21	83	–	83
Cash flow hedges						
Amount arising during the year	(313)	–	(313)	(599)	117	(482)
Reclassification adjustments to profit	–	–	–	27	(8)	19
Increase (decrease) during the year	(313)	–	(313)	(572)	109	(463)
Share of other comprehensive income of investments accounted for by the equity method						
Amount arising during the year	47	–	47	54	–	54
Reclassification adjustments to profit	–	–	–	–	–	–
Increase during the year	47	–	47	54	–	54
Remeasurement of net defined benefit liability						
Amount arising during the year	90	(32)	58	319	(120)	199
Increase (decrease) during the year	90	(32)	58	319	(120)	199
Total other comprehensive income	(243)	(158)	(85)	922	(364)	558

25. Dividends

The Company pays an interim dividend and year-end dividend annually, with the former determined by the Board of Directors and the latter by the General Meeting of Shareholders.

Dividends paid for the fiscal years ended March 31, 2014 and 2015, are shown below:

For the fiscal year ended March 31, 2014

(1) Dividends Paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 20, 2013	Ordinary shares	904	8	March 31, 2013	June 21, 2013
Board of Directors' meeting held on October 30, 2013	Ordinary shares	904	8	September 30, 2013	December 6, 2013

(2) Dividends whose record date is in the current fiscal year, but whose effective date falls in the next fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 19, 2014	Ordinary shares	1,356	Retained earnings	12	March 31, 2014	June 20, 2014

For the fiscal year ended March 31, 2015

(1) Dividends Paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 19, 2014	Ordinary shares	1,356	12	March 31, 2014	June 20, 2014
Board of Directors' meeting held on October 30, 2014	Ordinary shares	1,243	11	September 30, 2014	December 5, 2014

(2) Dividends whose record date is in the current fiscal year, but whose effective date falls in the next fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 18, 2015	Ordinary shares	1,243	Retained earnings	11	March 31, 2015	June 19, 2015

26. Financial Instruments

(1) Capital Management

The Group conducts capital management to continue sustainable growth and maximize the corporate value.

To achieve sustainable growth, the Group recognizes that it is essential to secure sufficient financing capacity to make agile investment in businesses when an opportunity for such investments for business growth (such as acquisition of external resources) arises in the future. Therefore, the Group aims to ensure financial health and flexibility for future investment in businesses and maintain the capital structure with balanced return and investment.

There is no significant capital restriction that applies to the Company (excluding general provisions of the Companies Act and other laws and regulations).

(2) Financial Risk Management Policy

In the course of management activities, the Group is exposed to financial risks (such as credit risks, liquidity risks, currency risks, interest rate risks and market price risks) and performs risk management in accordance with certain policies to avoid or reduce these risks.

In accordance with the Group's policy, its fund management is limited to short-term deposits, etc., and the Group depends on bank loans, among others, for raising funds. The Group utilizes derivatives for the purpose of hedging risks of changes in market conditions, and interest rate and exchange fluctuations, but does not enter into such transactions for speculative purposes.

(3) Credit Risk Management

The Group grants credit to many customers in various trading transactions and bears credit risks.

In line with the rules on credit management, the Group manages due dates and balances of trade receivables and loans by business partner, and pursues early identification or reduction of uncollectible receivables due to deteriorated financial conditions. The Group is not overly exposed to credit risks by concentration on a specific counterparty.

In utilizing derivatives, since the Group has transactions only with exchange members or banks with good credit standing, the Group believes there are few credit risks.

When collateral held and other credit enhancements are not taken into account, the Group's maximum exposure to credit risks is the carrying amount after impairment of financial assets presented in the consolidated financial statements.

The analysis of the age of financial assets that are past due, but not impaired as of March 31, 2014 and 2015, is as follows. These amounts include amounts considered recoverable by credit insurance and collateral provided.

(Millions of yen)

	Within 30 days	More than 30 days, within 60 days	More than 60 days, within 90 days	More than 90 days	Total
As of March 31, 2014					
Trade receivables	45	0	–	4	49
Non-current receivables	0	–	–	14	14
Total	45	0	–	18	63
As of March 31, 2015					
Trade receivables	33	–	–	109	142
Non-current receivables	–	–	–	60	60
Total	33	–	–	169	202

The Group reviews collectibility of trade receivables depending on the credit conditions of counterparties and recognizes allowance for credit losses. Changes in the allowance for credit losses for the fiscal years ended March 31, 2014 and 2015, are shown below:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Balance at the beginning of the year	722	1,431
Increase during the year	1,131	304
Decrease during the year (Utilization)	(164)	(181)
Decrease during the year (Reversal)	(257)	(434)
Other decrease	(1)	124
Balance at the end of the year	1,431	1,244

In the fiscal years ended March 31, 2014 and 2015, the balance of trade receivables, etc., individually determined to be impaired, in light of the customer's financial conditions, delay state of payments, and other factors, was ¥2,606 million and ¥2,176 million, respectively, and allowance for credit losses provided against these receivables was ¥1,133 million and ¥962 million, respectively.

(4) Liquidity Risk Management

The Group manages liquidity risks by formulating a funding plan based on the annual business plan, and by conducting periodic assessment and collection of information on situations of liquidity in hand and interest-bearing debts and timely monitoring of cash flows. Through these means, the Group strives to ensure agility in financing to respond to changes in the financial situation and reduce funding cost while diversifying funding sources and financing methods.

A. Non-derivative Financial Liabilities

Carrying amounts of non-derivative financial liabilities by maturity are shown below:

As of March 31, 2014

(Millions of yen)

	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
Trade payables	125,655	125,655	125,655	–	–
Short-term bonds and borrowings					
Short-term borrowings	11,434	11,434	11,434	–	–
Current portion of non-current borrowings	65	65	65	–	–
Non-current bonds and borrowings					
Non-current borrowings	7,174	7,174	–	7,174	–
Bonds payable	19,925	20,000	–	5,000	15,000
Total	164,253	164,328	137,154	12,174	15,000

As of March 31, 2015

(Millions of yen)

	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
Trade payables	104,564	104,564	104,564	–	–
Short-term bonds and borrowings					
Short-term borrowings	8,647	8,647	8,647	–	–
Current portion of non-current borrowings	561	561	561	–	–
Current portion of bonds	5,000	5,000	5,000	–	–
Non-current bonds and borrowings					
Non-current borrowings	11,806	11,806	–	8,181	3,652
Bonds payable	14,940	15,000	–	5,000	10,000
Total	145,518	145,577	118,772	13,181	13,625

B. Derivative Financial Liabilities

The results of liquidity analysis of derivatives are shown below:

(Millions of yen)

	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
As of March 31, 2014				
Interest rate derivatives	–	–	312	312
Currency derivatives	8	–	–	8
Commodity derivatives	198	–	–	198
Total	206	–	312	518
As of March 31, 2015				
Interest rate derivatives	–	–	661	661
Currency derivatives	29	–	–	29
Commodity derivatives	98	–	–	98
Total	127	–	661	788

The Group has entered into loan commitment agreements with the banks with which it does business to efficiently raise working capital. Total amount of commitment line and the balance of borrowings outstanding under these agreements are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Total amount of commitment line	6,000	6,000
Balance of borrowings outstanding	(992)	(6,000)
Unused commitment line	5,008	–

(5) Market Risk Management

The Group is exposed to market risks arising from fluctuations in foreign exchange rates, interest rates, commodity markets and equity prices. As per its policy, the Group minimizes risks arising from fluctuations in foreign exchange rates, interest rates and other factors by building a management structure through establishment of balance limits, using various derivatives and others.

For execution and management of derivative transactions, in accordance with the internal rules that provide transaction authority, limit amounts, etc., departments engaged in such transactions rigorously manage and report on the transactions conducted according to their authority. In addition, a system of effective internal checking has been developed by setting up a transaction control department.

Market risks that the Group assumes are shown below:

- Currency risks
- Interest rate risks
- Commodity price risks
- Price risks of equity instruments

A. Currency Risk Management

Because the Group is engaged in import and export transactions which are exposed to exchange fluctuation risks for transactions denominated in foreign currencies, the Group strives to reduce such exchange fluctuation risks through hedging transactions utilizing derivatives, including forward foreign exchange contracts.

The Group's exposure to currency risks (net amount) as of March 31, 2014 and 2015, is shown below:

	As of March 31, 2014	As of March 31, 2015
Short-term foreign exchange balance (Millions of yen)	46	100
[Thousands of U.S. dollars]	[450]	[832]

(Notes) 1. The foreign exchange balance is the amount in foreign currencies for which exchange fluctuation risks are not hedged with forward foreign exchange contracts, etc., in terms of receivables and payables in foreign currencies in import and export transactions and firm commitments in foreign currencies. The foreign exchange balance that is due for settlement within one year is classified as short-term foreign exchange balance, while the foreign exchange balance that is due for settlement due after one year is classified as long-term foreign exchange balance, if any.

2. Positive figures represent a receivable position, while negative figures (figures in parentheses), if any, represent a payable position.

Foreign Currency Sensitivity Analysis

Foreign currency sensitivity analysis shows the effect on profit before tax in the Group's consolidated statement of comprehensive income of 1% appreciation of the Japanese yen to the Company's short-term and long-term foreign exchange balances as of the end of each fiscal year. However, this analysis assumes that other variable factors (such as balances and interest rates) remain constant.

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Profit before tax		
U.S. dollar	0	1

B. Interest Rate Risk Management

The Group is exposed to interest rate fluctuation risks in raising and managing funds accompanying investment activities and operating transactions. In addition, fixed-rate debt obligations are exposed to risks of fluctuations in fair value due to fluctuations in interest rates. The Group works to quantify interest rate risks to appropriately control volatility in profit or loss due to interest rate fluctuations. Specifically, the Group strives to reduce interest rate risks by conducting hedging transactions through interest rate swaps.

Interest Rate Sensitivity Analysis

The table below shows the effect on the Group's profit before tax of gain or loss arising from instruments affected by interest rate fluctuations if the interest rate increases 1% in the fiscal years ended March 31, 2014 and 2015. This analysis is calculated by multiplying the net balance of floating-rate financial instruments held by the Group as of March 31, 2014 and 2015, by 1% with no future changes in the balances, effects of foreign exchange fluctuations, effect of diversified timing of rollover, and repricing of variable-rate borrowings taken into account. The analysis assumes that all other variables remain constant.

In calculation of sensitivity, interest-bearing debts with a variable interest condition, interest-bearing debts that have a fixed interest condition but actually have a variable interest condition through interest rate swaps and cash and cash equivalents are deemed as instruments affected by interest rate fluctuations.

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Profit before tax	(103)	(76)

C. Commodity Price Risk Management

The Group principally deals with petroleum products and is exposed to commodity price risks arising from fluctuations in crude oil prices, quoted prices of petroleum products and other prices. The Group strives to reduce commodity price risks using derivatives (such as commodity futures contracts and commodity swaps) as hedging instruments to commodity price risks caused by price fluctuation.

Commodity Price Sensitivity Analysis

The table below shows the Group's sensitivity analysis to fluctuations of quoted prices of crude oil and petroleum products.

The sensitivity analysis presents the effects on profit before tax in the consolidated statement of comprehensive income of a 1% increase in crude oil prices. This analysis assumes that other variable factors remain constant.

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Profit before tax	139	122

D. Management of Price Risks of Equity Instruments

The Group holds shares of third parties with which the Group has business relationships for the purpose of smoothly implementing its business strategy, and is exposed to risks of fluctuations in prices of equity instruments. The Group periodically assesses current market prices and financial conditions of issuers and continuously reviews its holding.

The Group has no equity instruments held for short-term trading purposes and does not actively trade these investments.

Sensitivity Analysis of Equity Instruments to Price Risks

The Group's sensitivity analysis of risks of fluctuations in prices of equity instruments is as follows. This sensitivity shows the effects on other comprehensive income (before tax effects) of a 10% decrease in prices of listed stocks as of the end of each fiscal year. The sensitivity assumes that other variable factors remain constant.

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Other comprehensive income	(644)	(781)

(6) Fair Value of Financial Instruments

A. Method of Fair Value Measurement

Fair values of major financial assets and financial liabilities are determined as follows. In measurement of fair value of financial instruments, market prices are used when available. For financial instruments of which market prices are unavailable, the fair value is measured by discounting future cash flows or by other appropriate valuation methods.

Cash and cash equivalents

The fair value approximates the carrying amount because the remaining period to maturity is short.

Trade receivables and trade payables

The fair value approximates the carrying amount because it is settled in a short time.

Other current financial assets (securities) and other investments

The fair value of marketable securities is based on quoted prices on the stock exchange. The fair value of non-marketable securities is principally measured by the net asset approach whereby the fair value is calculated by referring to fair values of assets and liabilities held by the target company.

Non-current receivables (loans receivable)

The fair value of non-current loans receivable is measured by discounting future cash flows using interest rates offered for loans or credit with the same remaining maturities and the same terms to borrowers or customers with similar credit ratings.

Other current financial assets (derivatives) and other current financial liabilities (derivatives)

The fair value of a derivative is measured based on the market price, the price presented by counterparty financial institutions, etc.

Bonds and borrowings

Except for cases where the carrying amount is virtually equal to the fair value, fair value of bonds and borrowings is measured by discounting future cash flows using interest rates offered for borrowings with the same remaining maturities and terms.

B. Financial Instruments Measured at Amortized Cost

Fair values of financial instruments measured at amortized cost are shown below:

(Millions of yen)

	As of March 31, 2014		As of March 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at amortized cost:				
Non-current receivables (non-current loans receivable) and other current financial assets (current portion of non-current loans receivable)	974	985	666	674
Financial liabilities measured at amortized cost:				
Bonds and borrowings	38,598	38,979	40,954	41,795

C. Hierarchy of Fair Value Measurement Recognized in the Consolidated Statement of Financial Position

IFRS 7 "Financial Instruments: Disclosure" requires an entity to classify fair value measurements using the fair value hierarchy reflecting significance of inputs used for measurement of fair value.

The following shows levels in the fair value hierarchy:

Level 1— Quoted prices in active markets for identical assets or liabilities

Level 2— Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly

Level 3— Unobservable inputs for the asset or liability

The level in the fair value hierarchy used for fair value measurement is determined based on the lowest level input that is significant to the fair value measurement.

Transfers between levels in the fair value hierarchy are recognized on the date on which an event or change in the situation resulting in the transfers arises.

Financial assets and financial liabilities recognized at fair value in the consolidated statement of financial position that are classified into levels in the fair value hierarchy are shown below:

(Millions of yen)

	As of March 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Other current financial assets (securities)				
FVTPL financial assets	–	905	–	905
Other investments				
FVTOCI financial assets	6,441	–	908	7,349
Other current financial assets (derivatives)				
Derivatives not designated as hedges	46	123	–	169
Total	6,487	1,028	908	8,423
Liabilities:				
Other current financial liabilities (derivatives)				
Derivatives not designated as hedges	64	142	–	206
Other non-current financial liabilities (derivatives)				
Derivatives designated as hedges	–	312	–	312
Total	64	454	–	518

(Millions of yen)

	As of March 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Other investments				
FVTOCI financial assets	7,814	–	1,110	8,924
Other current financial assets (derivatives)				
Derivatives not designated as hedges	82	121	–	203
Total	7,896	121	1,110	9,127
Liabilities:				
Other current financial liabilities (derivatives)				
Derivatives not designated as hedges	70	57	–	127
Other non-current financial liabilities (derivatives)				
Derivatives designated as hedges	–	661	–	661
Total	70	718	–	788

There were no transfers between Level 1, Level 2 and Level 3 in the fiscal years ended March 31, 2014 and 2015.

The components of changes in financial instruments classified into Level 3 of fair value hierarchy are shown below:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	FVTOCI	FVTOCI
Balance at the beginning of the year	788	908
Total gains or losses (realized/unrealized)		
Other comprehensive income	(80)	54
Purchase	177	237
Sale	–	(120)
Redemption/other	23	31
Balance at the end of the year	908	1,110

Gains or losses recognized in other comprehensive income in the consolidated statement of comprehensive income are presented as "FVTOCI financial assets". There were no gains or losses recognized in profit.

For financial instruments classified into Level 3, no significant increase or decrease in the fair value is expected if one or more of the unobservable inputs are changed to reasonably possible alternative assumptions.

(7) FVTOCI Financial Assets

The Group classifies all equity instruments other than those accounted for by the equity method as FVTOCI financial instruments. These equity instruments are held for the purpose of maintaining and strengthening business relationships with investees.

A. Fair Value of FVTOCI Financial Instruments

The fair values of major FVTOCI financial instruments are shown below:

As of March 31, 2014

(Millions of yen)

Stock	Amount
SINANEN CO., LTD.	4,156
MAEDA ROAD CONSTRUCTION Co., Ltd.	612
Sumitomo Mitsui Trust Holdings, Inc.	466
JX Holdings, Inc.	381
Sumitomo Mitsui Financial Group, Inc.	294

As of March 31, 2015

(Millions of yen)

Stock	Amount
SINANEN CO., LTD.	4,797
MAEDA ROAD CONSTRUCTION Co., Ltd.	1,166
Sumitomo Mitsui Trust Holdings, Inc.	496
JX Holdings, Inc.	355
Sumitomo Mitsui Financial Group, Inc.	307

B. Derecognition of FVTOCI Financial Assets

Some FVTOCI financial assets were sold or disposed of due to review of business relations, etc. FVTOCI financial assets derecognized due to sale or disposal during the fiscal years ended March 31, 2014 and 2015, are shown below:

(Millions of yen)

Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015	
Fair value at date of sale	Accumulated gains (losses)	Fair value at date of sale	Accumulated gains (losses)
2,019	776	59	(107)

Accumulated gains or losses (net of taxes) in other comprehensive income that were transferred to retained earnings as a result of the above are ¥428 million and negative ¥79 million for the fiscal years ended March 31, 2014 and 2015, respectively.

C. Dividends Received

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Investments derecognized during the year	26	0
Investments held at the end of the year	222	235
Total	248	236

(8) Derivatives and Hedges

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in future cash flows arising in association with forecast transactions or already recognized assets or liabilities. Changes in fair value of derivatives designated as a cash flow hedge are recognized in other comprehensive income. This accounting treatment continues until changes in future cash flows arising in association with unrecognized forecast transactions or already recognized assets or liabilities that are designated as a hedged item are recognized in gains or losses. The ineffective portion of the hedge is recognized in profit or loss.

In accordance with its policy, the Group does not have a floating rate position for long-term funds raised to correspond to fund management fixed for long periods such as equity contributions. However, if funds with floating rates are raised, the Group uses interest rate swaps to hedge risks of fluctuations in cash flows arising from future changes in interest rates and designates those swaps as cash flow hedges.

In applying hedge accounting, as a general rule, the Group tries to match notional amounts, periods (maturities) and fundamental figures of interest rates of hedging instruments and hedged items to maintain the effectiveness of hedging relationships over the hedge period. Hedge effectiveness also continues to be assessed after the application of hedge accounting. If an ineffective portion arises, the Group analyzes the cause for the portion. In the fiscal years ended March 31, 2014 and 2015, the amounts included in profit or loss in association with the ineffective portion of hedging and the portion excluded from the assessment of hedge effectiveness were not significant.

As of March 31, 2015, the notional amount balance for interest rate swaps as hedging instruments was ¥12,205 million, and the period when the cash flows are expected to occur and when they are expected to affect profit or loss is 17 years. The average of interest rates hedged with the interest rate swaps is 1.8%.

As of March 31, 2014 and 2015, effects of hedging instruments designated as hedges on the Group's consolidated statement of financial position are as follows:

(Millions of yen)

	As of March 31, 2014				
	Notional amount	Carrying amount		Line item in the consolidated statement of financial position	Change in fair value used as the basis for recognition of the ineffective portion
		Derivative assets	Derivative liabilities		
Cash flow hedges					
Interest rate risks					
Interest rate swaps	12,205	–	312	Other non-current financial liabilities	(313)

(Millions of yen)

	As of March 31, 2015				
	Notional amount	Carrying amount		Line item in the consolidated statement of financial position	Change in fair value used as the basis for recognition of the ineffective portion
		Derivative assets	Derivative liabilities		
Cash flow hedges					
Interest rate risks					
Interest rate swaps	12,205	–	661	Other non-current financial liabilities	(348)

As of March 31, 2014 and 2015, effects of hedged items designated as hedges on the Group's consolidated statement of financial position are as follows:

(Millions of yen)

	As of March 31, 2014	
	Change in fair value used as the basis for recognition of the ineffective portion	Balance recorded as other components of equity
Cash flow hedges		
Interest rate risks		
Borrowing at a floating rate	313	(312)

(Millions of yen)

	As of March 31, 2015	
	Change in fair value used as the basis for recognition of the ineffective portion	Balance recorded as other components of equity
Cash flow hedges		
Interest rate risks		
Borrowing at a floating rate	321	(524)

(9) Offsetting of Financial Assets and Financial Liabilities

Some financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position, since the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

For financial assets and financial liabilities recognized for the same counterparties, the components of amounts offset and not offset in the consolidated statement of financial position by type of financial instruments as of March 31, 2014 and 2015, are shown below:

As of March 31, 2014

(Millions of yen)

	Total amount of financial assets	Total amount of financial liabilities offset	Net amount of financial assets presented in the consolidated statement of financial position	Amount of financial assets that do not meet requirements for offsetting	Amount of collateral received	Net amount
Financial assets:						
Trade receivables	6,072	5,220	852	282	–	570
Other current financial assets	68	46	22	–	–	22
Total	6,140	5,266	874	282	–	592

(Millions of yen)

	Total amount of financial liabilities	Total amount of financial assets offset	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount of financial liabilities that do not meet requirements for offsetting	Amount of collateral provided	Net amount
Financial liabilities:						
Trade payables	8,062	5,266	2,796	282	–	2,514
Total	8,062	5,266	2,796	282	–	2,514

As of March 31, 2015

(Millions of yen)

	Total amount of financial assets	Total amount of financial liabilities offset	Net amount of financial assets presented in the consolidated statement of financial position	Amount of financial assets that do not meet requirements for offsetting	Amount of collateral received	Net amount
Financial assets:						
Trade receivables	3,113	2,151	962	137	–	825
Other current financial assets	8	8	–	–	–	–
Total	3,121	2,159	962	137	–	825

(Millions of yen)

	Total amount of financial liabilities	Total amount of financial assets offset	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount of financial liabilities that do not meet requirements for offsetting	Amount of collateral provided	Net amount
Financial liabilities:						
Trade payables	3,803	2,159	1,644	137	–	1,507
Total	3,803	2,159	1,644	137	–	1,507

27. Revenue

The components of revenue are shown below:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Revenue from sales of merchandise	950,138	898,810
Other	15,906	38,031
Total	966,044	936,841

28. Selling, General and Administrative Expenses

The components of selling, general and administrative expenses are shown below:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Personnel expense	28,498	36,783
Rent expense	7,726	9,881
Depreciation and amortization	5,287	5,583
Commission fee	4,996	6,324
Traveling expense	1,277	1,399
Taxes and dues	1,207	1,434
Other	8,871	9,780
Total	57,862	71,184

29. Profit or Loss from Tangible Assets, Intangible Assets and Goodwill

The components of profit or loss from tangible assets, intangible assets and goodwill are shown below:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Gain on sales	661	616
Loss on sales	(35)	(104)
Loss on disposal	(720)	(657)
Impairment loss	(1,363)	(1,680)
Other	(3)	–
Total	(1,460)	(1,825)

(Note) For impairment loss of non-current assets, please refer to Note 30 “Impairment Loss”.

30. Impairment Loss

The components of impairment loss are as follows.

The impairment loss was recognized in loss from tangible assets, intangible assets and goodwill in the consolidated statement of comprehensive income.

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Property, plant and equipment		
Buildings and structures	146	290
Machinery, equipment and vehicles	274	270
Land	0	175
Other	51	8
Intangible assets		
Goodwill	–	121
Other	16	51
Investment property	876	741
Other	–	24
Total	1,363	1,680

Items of the Group’s property, plant and equipment are grouped in the smallest unit for which independent cash flows can be identified.

In the fiscal years ended March 31, 2014 and 2015, there was no individually significant impairment loss.

Major impairment losses in each fiscal year are investment property belonging to the Car-Life Division. These impairment losses were incurred due to reduction of the carrying amount of idle assets, which arose from the decision to close oil stations, to the recoverable amount. The recoverable amount of these assets was measured based on net saleable value.

31. Other Profit or Loss

The components of other – net of other income and expenses are shown below:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Commission fee	285	470
Other	596	739
Total income	881	1,209
Foreign exchange losses (Note)	(282)	(322)
Head office relocation cost	(476)	–
Expenses related to product recall	(232)	–
Other	(293)	(498)
Total expenses	(1,283)	(820)
Total	(402)	389

(Note) Gain or loss on valuation of foreign currency derivatives is included in foreign exchange losses. In addition to the above, in the fiscal years ended March 31, 2014 and 2015, net gain or loss on valuation of commodity-related derivatives was recognized at negative ¥516 million in cost of sales and ¥168 million in revenue, respectively.

32. Financial Income and Costs

The components of financial income and financial costs are shown below:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Interest income		
Financial assets measured at amortized cost	14	32
Other	8	21
Subtotal	22	53
Dividends received		
FVTOCI financial assets	248	236
Subtotal	248	236
Interest expense		
Financial assets measured at amortized cost	(550)	(706)
Other	(171)	(171)
Subtotal	(721)	(878)
Other financial income (costs)		
FVTPL financial assets	(5)	8
Subtotal	(5)	8
Total	(456)	(581)

33. Earnings per Share

Basic earnings per share for the fiscal years ended March 31, 2014 and 2015, were calculated as follows:

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Profit attributable to owners of the parent (Millions of yen)	7,124	5,503
Weighted-average number of ordinary shares outstanding (Thousands of shares)	112,992	112,991
Basic earnings per share (Yen)	63.05	48.71

(Note) Diluted earnings per share are not presented because there were no dilutive potential shares.

34. Cash Flow Information

Supplementary information about cash flows is shown below.

The major components of assets and liabilities related to companies that newly became subsidiaries at the time of acquisition of control and reconciliation between consideration paid and net payment from the acquisition are shown below:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Components of assets at time of acquisition of control		
Current assets	2,718	17,363
Non-current assets	2,117	31,114
Components of liabilities at time of acquisition of control		
Current liabilities	(2,086)	(24,756)
Non-current liabilities	(400)	(11,890)

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Consideration paid	(1,861)	(6,282)
Cash and cash equivalents included in assets at time of acquisition of control	435	3,852
Net payment from acquisition of subsidiaries	(1,426)	(2,430)

35. Non-cash Transactions

Significant Non-cash Transactions

The amount of assets acquired under finance leases is ¥1,481 million and ¥1,248 million for the fiscal years ended March 31, 2014 and 2015, respectively.

36. Related Parties

(1) Compensation for Key Management Personnel

Compensation for key management personnel of the Group is shown below:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Short-term compensation	420	424
Total	420	424

(2) Transactions with the Parent and Associates

Transactions with the parent and associates and the balance of receivables from and payables to them are shown below:

For the fiscal year ended March 31, 2014

(Millions of yen)

Category	Name	Relationship with related party	Transaction amount	Unsettled balance
Parent	ITOCHU Corporation	Sales of petroleum products	4,127	151
Associate	JAPAN GAS ENERGY CORPORATION	Purchases of LPG products	32,293	3,307

For the fiscal year ended March 31, 2015

(Millions of yen)

Category	Name	Relationship with related party	Transaction amount	Unsettled balance
Parent	ITOCHU Corporation	Sales of petroleum products Acquisition of stock	5,985 2,450	271 –
Associate	JAPAN GAS ENERGY CORPORATION	Purchases of LPG products	26,227	2,101

All transactions with ITOCHU Corporation and associates are based on arm’s length prices. There is no balance of collateral and guarantee transactions, and no allowance for credit losses was recognized for the receivables from them.

37. Parent, Subsidiaries and Associates

The Company's parent is ITOCHU Corporation, which is located in Japan.

The status of major subsidiaries as of March 31, 2015 is shown below:

Company name	Location	Percentage of voting rights owned (%)
Home-Life Division		
ECORE CO., LTD.	Hakata-ku, Fukuoka City, Fukuoka	51.0
ITOCHU ENEX HOME-LIFE KANTO CO., LTD.	Minato-ku, Tokyo	100.0
ITOCHU ENEX HOME-LIFE NISHI-NIHON CO., LTD.	Naka-ku, Hiroshima City, Hiroshima	100.0
ITOCHU ENEX HOME-LIFE CHUBU CO., LTD.	Naka-ku, Nagoya City, Aichi	100.0
ITOCHU ENEX HOME-LIFE TOHOKU CO., LTD.	Miyagino-ku, Sendai City, Miyagi	100.0
Car-Life Division		
ENEX FLEET CO., LTD.	Yodogawa-ku, Osaka City, Osaka	100.0
Osaka Car Life Group Co., Ltd.	Nishi-ku, Osaka City, Osaka	52.0
KYUSHU ENERGY CO., LTD.	Oita City, Oita	75.0
ENEX PETROLEUM SALES NISHI-NIHON CO., LTD.	Naka-ku, Hiroshima City, Hiroshima	100.0
ENEX PETROLEUM SALES HIGASHI-NIHON CO., LTD.	Minato-ku, Tokyo	100.0
Power & Utility Division		
TOKYO TOSHI SERVICE COMPANY	Chuo-ku, Tokyo	66.6
JEN HOLDINGS CO., LTD.	Minato-ku, Tokyo	100.0
Oji-Itochu Enex power retailing Co., Ltd.	Minato-ku, Tokyo	60.0
Energy Trade Division		
KOKURA ENTERPRISE ENERGY CO., LTD.	Kokurakita-ku, Kitakyushu City, Fukuoka	100.0
33 other companies		–

The details of the Company's non-wholly owned subsidiaries that have material non-controlling interests are shown below:

For the fiscal year ended March 31, 2014

(Millions of yen)

Name of subsidiary	Location	Non-controlling interests in subsidiaries (%)	Profit (loss) allocated to non-controlling interests	Accumulated non-controlling interests	Dividends paid to non-controlling interests
ECORE CO., LTD.	Hakata-ku, Fukuoka City, Fukuoka	49.0	688	3,269	167
TOKYO TOSHI SERVICE COMPANY	Chuo-ku, Tokyo	33.4	247	5,392	–
Other			(9)	758	8
Total			926	9,419	175

(Note) TOKYO TOSHI SERVICE COMPANY transferred its head office in October 2013.

For the fiscal year ended March 31, 2015

(Millions of yen)

Name of subsidiary	Location	Non-controlling interests in subsidiaries (%)	Profit (loss) allocated to non-controlling interests	Accumulated non-controlling interests	Dividends paid to non-controlling interests
ECORE CO., LTD.	Hakata-ku, Fukuoka City, Fukuoka	49.0	363	3,454	202
Osaka Car Life Group Co., Ltd.	Nishi-ku, Osaka City, Osaka	48.0	393	3,236	–
TOKYO TOSHI SERVICE COMPANY	Chuo-ku, Tokyo	33.4	446	5,960	–
Other			(176)	2,865	13
Total			1,026	15,515	215

The summarized financial information about each subsidiary of the Group that has material non-controlling interests is shown below:

ECORE CO., LTD.

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Current assets	10,544	8,419
Non-current assets	4,942	4,868
Current liabilities	8,002	5,478
Non-current liabilities	813	760
Revenue	42,282	38,749
Profit	1,403	742
Other comprehensive income	(8)	9
Comprehensive income	1,395	751

Osaka Car Life Group Co., Ltd.

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Current assets	–	11,273
Non-current assets	–	30,312
Current liabilities	–	23,818
Non-current liabilities	–	11,033
Revenue	–	82,581
Profit	–	818
Other comprehensive income	–	368
Comprehensive income	–	1,186

TOKYO TOSHI SERVICE COMPANY

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Current assets	5,647	5,388
Non-current assets	18,131	18,971
Current liabilities	2,647	2,137
Non-current liabilities	4,989	4,379
Revenue	11,998	11,768
Profit	742	1,335
Other comprehensive income	–	–
Comprehensive income	742	1,335

38. Commitments

Contractual commitments for acquisition of property, plant and equipment are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Acquisition of property, plant and equipment	7,729	2,205
Total	7,729	2,205

39. Contingent Liabilities

The Group provides various forms of guarantees for general customers. When a guaranteed entity defaults, payment obligations are assumed by the Group. The Group's total amount and actual amount of guarantees provided for general transaction partners as of March 31, 2014 and 2015, are as follows:

The total amount of guarantees is the total amount of maximum payment limits under guarantee contracts with guaranteed entities and the maximum amount at which payment obligations may arise to the Group. The actual amount of guarantees is based on the total amount of debts recognized by guaranteed entities within the maximum payment limits, and is the amount that is deemed as the amount of actual risks taken after deduction of re-guarantees given by a third party to the Group, etc.

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Guarantees on distributors' payment of gas oil delivery tax		
Total amount of guarantees	48	207
Actual amount of guarantees	9	207
Guarantees for other transactions (Note)		
Total amount of guarantees	12	185
Actual amount of guarantees	2	90
Total		
Total amount of guarantees	60	392
Actual amount of guarantees	11	297

(Note) Guarantees for other transactions include guarantees on operating transactions and guarantees on the balance of leasing agreements.

For guarantees provided by the Group for general transaction partners, those with the longest guarantee period will expire on July 31, 2018.

Currently there is no litigation, arbitration or other legal proceedings that may have a significant impact on the Group's financial position or operating results. However, the Group gives no guarantee that there is no possibility that such significant lawsuits or other legal proceedings may be filed with regard to the Group's operating activities in Japan and overseas in the future having a negative impact on the Group's financial position and operating results.

40. Collateral

The components of assets pledged as collateral and their corresponding debts are shown below:

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets pledged as collateral		
Other investments	8	16
Total	8	16
Corresponding debts		
Trade payables	253	265
Total	253	265

In addition to the above, other investments pledged as substitute for brokerage margin payments for commodity futures transactions as of March 31, 2014 and 2015, were ¥1,244 million and ¥1,436 million, respectively.

41. Events after the Reporting Period

No items to report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of ITOCHU ENEX CO., LTD.:

We have audited the accompanying consolidated statement of financial position of ITOCHU ENEX CO., LTD. and its consolidated subsidiaries as of March 31, 2015, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ITOCHU ENEX CO., LTD. and its consolidated subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte Touche Tohmatsu LLC

June 18, 2015

Member of
Deloitte Touche Tohmatsu Limited

MEMO

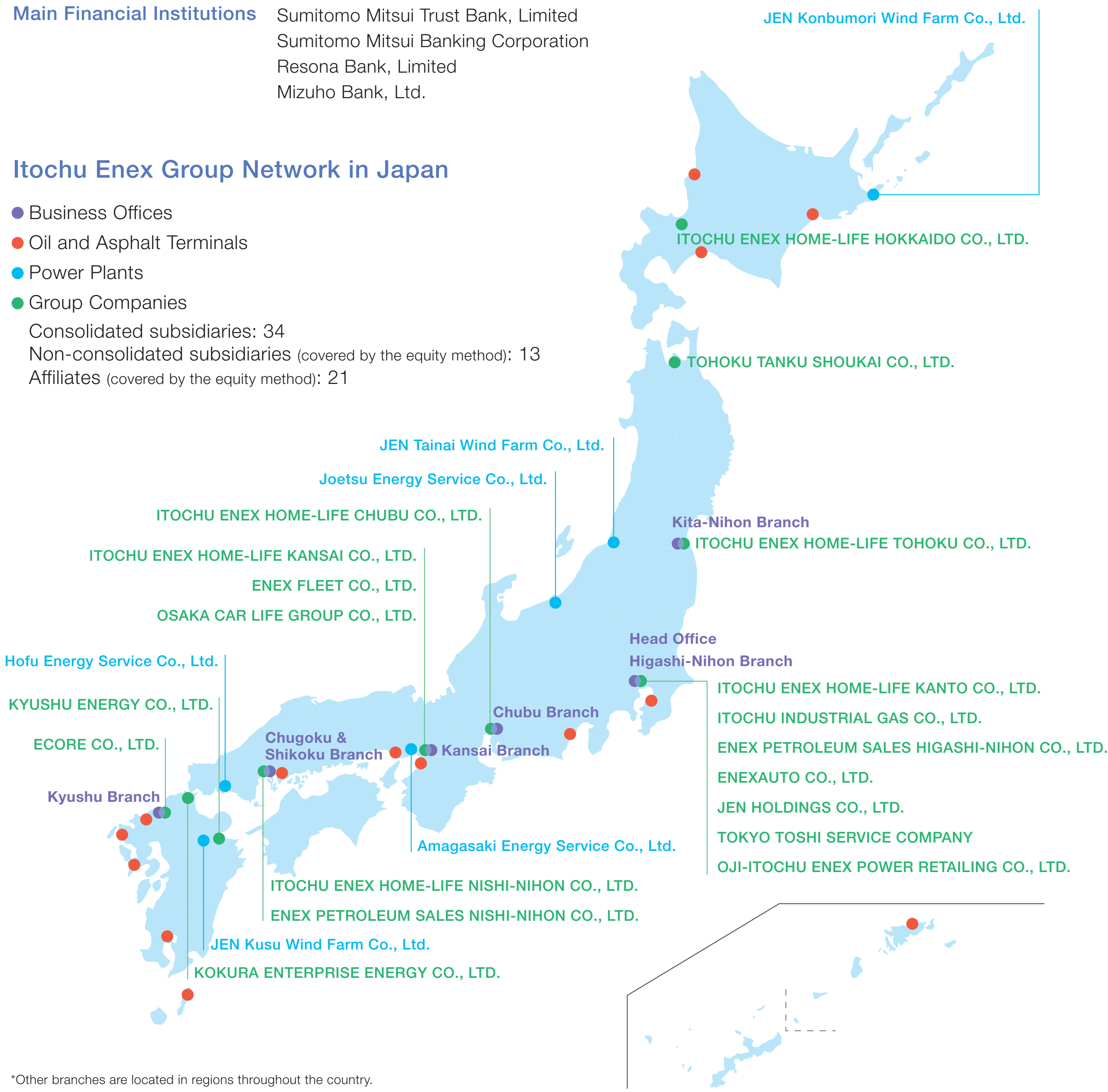
Corporate Profile (As of March 31, 2015)

Company Name	ITOCHU ENEX CO., LTD.
Head Office Address	Toranomon Twin Building, 2-10-1, Toranomon, Minato-ku, Tokyo 105-8430, Japan
Established	January 28, 1961
Paid-in Capital	19,877.67 million yen
Business Divisions	Home-Life Division Car-Life Division Power & Utility Division Energy Trade Division
Number of Employees (As of March 31, 2015)	657 (Non-consolidated) (including 209 at subsidiaries) 6,034 (Consolidated)
Main Financial Institutions	Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Banking Corporation Resona Bank, Limited Mizuho Bank, Ltd.

Itochu Enex Group Network in Japan

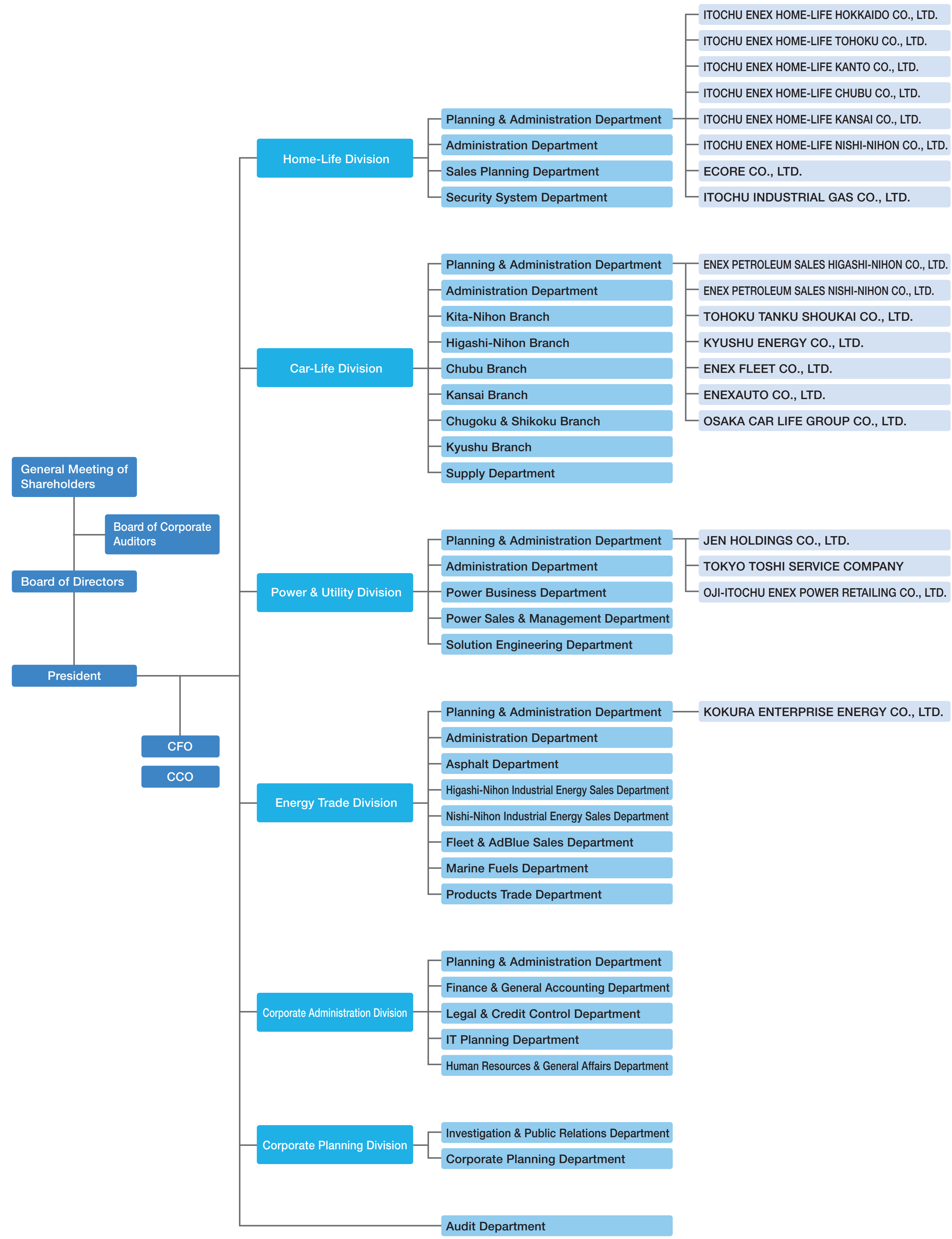
- Business Offices
- Oil and Asphalt Terminals
- Power Plants
- Group Companies

Consolidated subsidiaries: 34
Non-consolidated subsidiaries (covered by the equity method): 13
Affiliates (covered by the equity method): 21

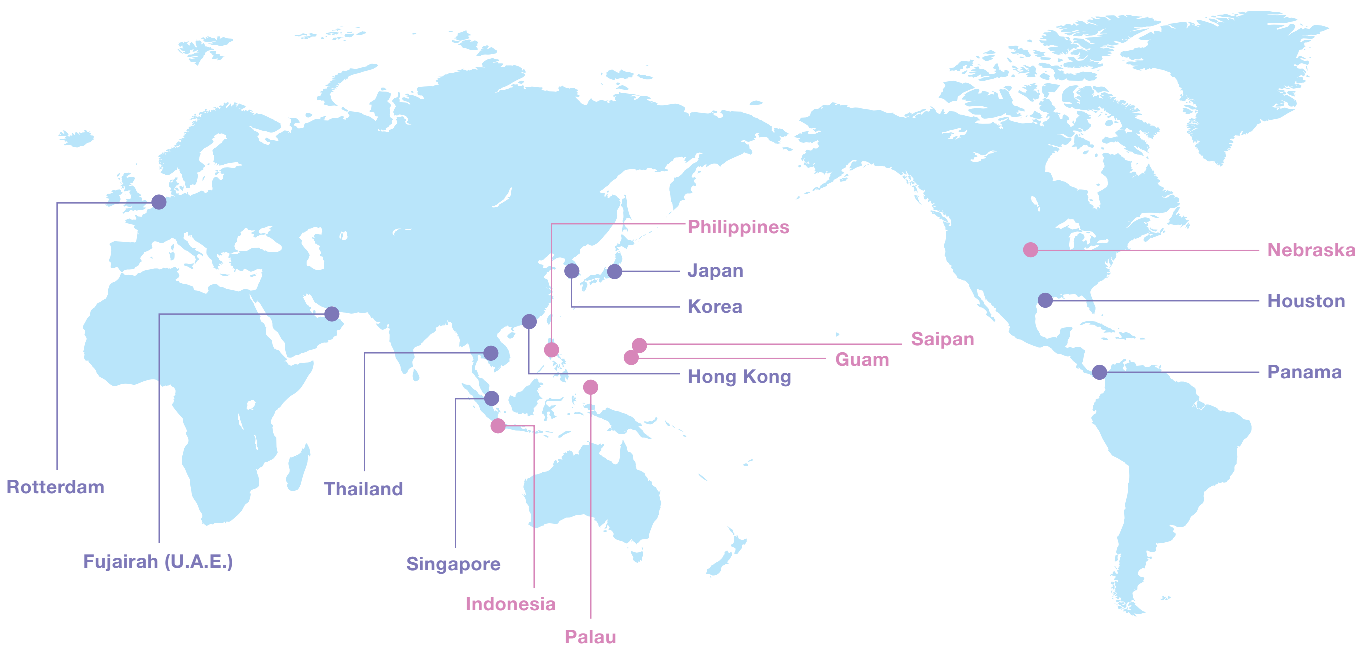


*Other branches are located in regions throughout the country.

Organization Chart (As of April 1, 2015)



Global Network



Global Project Development and Promotion

Investment by Enex

Next-generation biodiesel business (State of Nebraska, U.S.)

In May 2013, in partnership with ITOCHU Corporation, the Company participated in a next-generation biodiesel manufacturing business using low-priced inedible feedstocks launched by Flint Hills Resources Renewable LLC and Benefuel Inc. An annual production volume of 50 million gallons (approximately 190,000 kl/year, approximately 5% of U.S. biodiesel production volume) is planned. Operations to start in autumn 2015.

Indonesia Project (Republic of Indonesia)

A subsidiary carrying out filling sales of industrial gas, particularly to Japanese manufacturers, will be established in Indonesia in autumn 2015.

Palau Project (Republic of Palau)

The Company acquired 25% of the shares of IP&E Palau, Inc. in January 2012 through a private placement, and participates in import wholesaling and direct selling of petroleum products in the Pacific area.

No investment by Enex

Philippines Project (Republic of the Philippines)

The Company's employees engaged in the next-generation biodiesel business (Nebraska, U.S.) are permanently stationed at an LP gas sales company "ISLA" at which ITOCHU Corporation participates in operations. The business utilizes LP gas expertise from operations in Japan and in the Philippines.

Guam/Saipan Project (Guam/Saipan, U.S.)

Employees of the Company are permanently stationed at IP & E Holdings, LLC., at which Itochu Petroleum Co., Pte. Ltd., a wholly owned subsidiary of ITOCHU Corporation, participates in operations. The business utilizes expertise accumulated in Japan in overseas market.

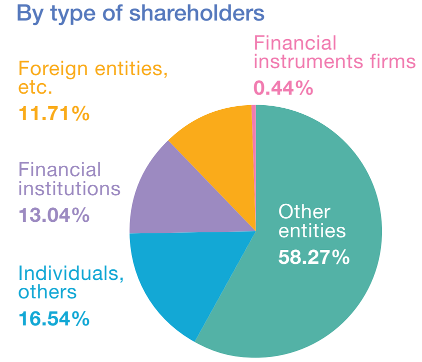
Stock/Shareholder Information (As of March 31, 2015)

Stock Information

Number of shares authorized to be issued	387,250 thousand shares
Number of shares issued and outstanding	116,881 thousand shares
Number of shareholders	7,913
Trading unit of shares	100 shares

Distribution of shares

By type of shareholders



Note: "Individuals, others" includes treasury shares (3,891 thousand shares).

Principal Shareholders

Name	Number of Shares Held (Thousands)	% of Total Shares Issued
ITOCHU Corporation	60,978	53.97
Enex Fund	3,125	2.77
Japan Trustee Services Bank, Ltd. (trust account)	2,565	2.27
JX Holdings, Inc.	2,010	1.78
Sumitomo Mitsui Trust Bank, Limited	1,974	1.75
The Master Trust Bank of Japan, Ltd. (trust account)	1,869	1.65
CBNY-GOVERNMENT OF NORWAY	1,592	1.41
SINANEN CO., LTD.	1,571	1.39
Nippon Life Insurance Company	1,542	1.36
Itochu Enex Employee Shareholding Association	1,406	1.24

* In addition to shares described above, the Company holds 3,891 thousand shares as treasury shares

Stock Price and Trading Volume

Shareholder Information

Stock exchange listing	Tokyo (First Section); Stock name: ENEX
Stock code	8133
Method of notification	Publication on the Company's website http://www.itcenex.com/english
Accounting period	Ending March 31 of every year
Important dates	Ordinary general meeting of shareholders: June Year-end dividend: March 31 Interim dividend: September 30

ITOCHU ENEX CO., LTD.

ANNUAL REPORT

Printed in Japan

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VEGETABLE OIL INK

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