

This document is an English translation of quarterly financial results report released on August 2, 2017 and written initially in Japanese.
The Japanese original should be considered as the primary version.



August 2, 2017

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2018 <under IFRSs>

Company name: **Itochu Enex Co., Ltd.**
 Listing: Tokyo Stock Exchange, 1st Section
 Stock code: 8133
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Scheduled date to file quarterly securities report: August 10, 2017

Scheduled date to commence dividend payments: -

Preparation of supplementary results briefing material on quarterly financial results: None

Holding of quarterly financial results presentation meeting: None

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

1. Consolidated financial results for the first three months of the fiscal year ending March 31, 2018 (from April 1, 2017 to June 30, 2017)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | Total trading transactions | | Profit from operating activities | | Profit before tax | | Net profit | | Net profit attributable to Itochu Enex's shareholders | | Comprehensive income | |
|--------------------|----------------------------|--------|----------------------------------|--------|-------------------|--------|-----------------|-------|---|--------|----------------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Three months ended | | | | | | | | | | | | |
| June 30, 2017 | 245,395 | 10.5 | 4,664 | 100.4 | 4,591 | 97.6 | 3,057 | 115.2 | 2,523 | 134.3 | 3,244 | 589.2 |
| June 30, 2016 | 222,091 | (22.1) | 2,328 | (15.6) | 2,324 | (11.3) | 1,420 | (9.7) | 1,077 | (19.5) | 471 | (78.2) |

| | Basic earnings per share attributable to Itochu Enex's shareholders | Diluted earnings per share attributable to Itochu Enex's shareholders |
|--------------------|---|---|
| Three months ended | Yen | Yen |
| June 30, 2017 | 22.33 | - |
| June 30, 2016 | 9.53 | - |

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

(2) Consolidated financial position

| | Total assets | Total equity | Total shareholders' equity | Ratio of shareholders' equity to total assets |
|----------------|-----------------|-----------------|----------------------------|---|
| As of | Millions of yen | Millions of yen | Millions of yen | % |
| June 30, 2017 | 319,353 | 128,015 | 109,131 | 34.2 |
| March 31, 2017 | 344,603 | 127,477 | 108,511 | 31.5 |

2. Cash dividends

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

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

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

(Percentages indicate year-on-year changes.)

| | Total trading transactions | | Profit from operating activities | | Profit before tax | | Net profit attributable to Itochu Enex's shareholders | | Basic earnings per share attributable to Itochu Enex's shareholders |
|--------------------|----------------------------|------|----------------------------------|--------|-------------------|-------|---|-------|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending | – | – | – | – | – | – | – | – | – |
| September 30, 2017 | | | | | | | | | |
| Fiscal year ending | 1,150,000 | 11.8 | 16,500 | (16.2) | 17,800 | (8.0) | 10,400 | (0.0) | 92.05 |
| March 31, 2018 | | | | | | | | | |

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

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

*** Notes**

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

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

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

(3) Number of issued shares (common stock)

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

| | |
|----------------------|--------------------|
| As of June 30, 2017 | 116,881,106 shares |
| As of March 31, 2017 | 116,881,106 shares |

b. Number of treasury stock at end of period

| | |
|----------------------|------------------|
| As of June 30, 2017 | 3,892,440 shares |
| As of March 31, 2017 | 3,892,374 shares |

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

| | |
|--|--------------------|
| For the three months ended June 30, 2017 | 112,988,683 shares |
| For the three months ended June 30, 2016 | 112,989,260 shares |

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

* Proper use of earnings forecasts, and other special notes

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

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

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1. Qualitative Information Regarding Results for the First Three Months

(1) Explanation of Operating Results

1) Results of operations

During the three months ended June 30, 2017, the Japanese economy maintained its moderate trend of recovery, supported by improvements in corporate earnings and the employment environment, etc. However, the outlook for the global economy remained uncertain due to factors such as slowing economies in China and other emerging countries, etc.

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

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

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

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

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

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

As part of those initiatives, we reorganized the Group’s business divisions in April 2017. The Car-Life Division and the sale of industrial fuels and materials and other operations in the Energy Innovation Division were combined to form the Life Energy & Logistics Division, while the Energy Innovation Division was reorganized as the Industrial Energy & Logistics Division. Responding to increasing rationalization of the industry, including its realignment, in response to decreasing demand for petroleum by striving to become an organization capable of delivering a wide range of solutions, including services, products, and materials, to end users by integrating the petroleum sales business from the regional organization level.

As a result of these activities, revenue was ¥172,458 million (up 15.9% year on year), profit from operating activities was ¥4,664 million (up 100.4% year on year), and net profit attributable to Itochu Enex’s shareholders was ¥2,523 million (up 134.3% year on year).

2) Results of operations by segment

<Power & Gas Business Group>

Home-Life Division

In the Home-Life Division, the sales volume of LP gas rose slightly from that of the corresponding period of the previous fiscal year, mainly reflecting an increase in the number of new customers. Despite pressure on profit margins due to a decline in LP gas import prices, profits increased year on year, supported by the electricity business, a new source of earnings and by firm sales of equipment. The division also worked to further expand its customer base by launching various new marketing campaigns and other initiatives.

Regarding sales of electricity for households, the division promoted sales of combined LP gas and electricity supply packages. As a result, during the first three months ended June 30, 2017, the number of new supply contracts increased by approximately 4,000 to roughly 36,000.

In overseas business, the customer base is growing strongly at our industrial gas sales business in Indonesia (PT. ITC ENEX INDONESIA) and at our LP gas sales business in the Philippines (Isla Petroleum & Gas Corporation). Going forward, we will continue to expand sales channels in the overseas business.

As a result of these activities, revenue was ¥21,675 million (up 14.3% year on year), profit from operating activities was ¥785 million (up 21.6% year on year), and net profit attributable to Itochu Enex's shareholders was ¥406 million (up 12.4% year on year).

Power & Utility Division

In the Power & Utility Division, electricity sales volume and profits increased from the corresponding period of the previous fiscal year, in the electricity sales field, led by the Company and Oji-Itochu Enex power retailing Co., Ltd., reflecting efforts to increase electricity sales to households and business users.

In the power generation field, total power generation decreased year on year due to scheduled maintenance at thermal power plants and the sale of some wind power generation facilities in the previous fiscal year. However, bottom-line profit increased due to factors such as the booking of one-time gains in the first three months of the fiscal year.

In the heat supply business*¹, demand for heat declined amid lower average temperatures in East Japan than in the same period a year earlier, but overall demand increased year on year due to the start of supplies to GINZA SIX*² in April 2017. Sales also increased year on year, but facility disposal costs related to the upgrade of existing facilities and other factors led to a decline in profits.

In the electricity retailing field, we stepped up sales activities by forming alliances with companies that have strong customer bases in local areas and by reinforcing cooperation with other divisions in the Company. Going forward, we will continue to develop new value proposals related to electricity through collaboration businesses that bring together sales of electricity by ENEX LIFE SERVICE CO., LTD. and companies in other sectors.

As a result of these activities, revenue was ¥14,059 million (up 23.1% year on year), profit from operating activities was ¥1,915 million (up 47.2% year on year), and net profit attributable to Itochu Enex's shareholders was ¥931 million (up 42.7% year on year).

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

*2 GINZA SIX is a multipurpose commercial facility located in Ginza district, Chuo-ku, Tokyo. Group company TOKYO TOSHI SERVICE COMPANY provides district heating services to the facility.

<Distribution & Energy Innovation Business Group>

Life Energy & Logistics Division

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

Declining demand for petroleum is driving sector realignment amid a wider trend of industry consolidation. Against that backdrop, the Group's operations in this field were reorganized as the Life Energy & Logistics Division by combining the CS-related business*³, the industrial fuel business, the AdBlue business*⁴ and electricity sales and other service businesses to create an organization with the ability to provide products and services tailored to the lifestyles of each region.

In the CS-related business, we continued to introduce our new POS system at affiliated CS sites and used a shared loyalty points system to exchange customers with companies in other sectors.

In the automobile-related business, we are rolling out a new service brand called Carlife Stadium. As the first business under the new brand, ENEXAUTO CO., LTD. launched Carlife Stadium car rentals in April 2017. We will improve the quality of vehicles and sales services for customers to expand the functions of the car rental network, while also working to attract more customers through web-based promotions and customer transfers from other companies.

To satisfy the needs of local customers in each area, we will provide comprehensive product and service solutions covering areas such as electricity supply to business users, in addition to focusing on existing businesses. Going forward, we will continue to develop our business in this field while responding to changes in the external environment.

At Nissan Osaka Sales Co., Ltd., unit sales in the three months ended June 30, 2017 increased sharply compared with the same period a year earlier, when sales were weak due to the improper conduct in fuel consumption testing at Mitsubishi Motors Corporation.

The number of Car-Life Stations in the Itochu Enex Group as of June 30, 2017, was 1,881, marking a net decrease of 7 stations from the end of the previous fiscal year due to planned withdrawal of unprofitable stations.

As a result of these activities, revenue were ¥118,388 million (up 12.5% year on year), profit from operating activities was ¥1,741 million (compared with loss from operating activities of ¥271 million in the corresponding period of the previous fiscal year), and net profit attributable to Itochu Enex's shareholders was ¥1,013 million (compared with net loss of ¥376 million in the corresponding period of the previous fiscal year).

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

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

Industrial Energy & Logistics Division

The Industrial Energy & Logistics Division was formed as a new division in the three months ended June 30, 2017. The division is focused on four main businesses: the asphalt sales business, marine fuel sales business, petroleum product trading business and the tank terminal business. Leveraging the highly specialist skills of all its businesses, the division is developing advanced, optimized supply chains in each business and using diverse networks to expand trading volume in order to build a stable earnings base.

In the marine fuel sales business, we built a new fuel supply ships in July 2017, which will be deployed at Hakata Port. The new ship gave the business a nationwide fleet of seven supply ships.

In addition, we are making steady progress with promising environmental-related businesses, such as a fly ash business that recycles and sells coal ash discharged from thermal power plants of the Company and a slop and oil recycling business that recycles and sells waste oil recovered from ships. We are also actively developing and exploring other new initiatives and investment projects.

As a result of these activities, revenue were ¥18,336 million (up 38.7% year on year), loss from operating activities was ¥56 million (compared with profit from operating activities of ¥394 million in the corresponding period of the previous fiscal year), and net loss attributable to Itochu Enex's shareholders was ¥12 million (compared with net profit of ¥306 million in the corresponding period of the previous fiscal year).

(2) Explanation of Financial Position

Assets, liabilities and equity

Total assets amounted to ¥319,353 million as of June 30, 2017, a decrease of ¥25,250 million from March 31, 2017, mainly reflected a decrease in trade receivables. Total liabilities amounted to ¥191,338 million, a decrease of ¥25,788 million from March 31, 2017, mainly due to a decrease of trade payables. Total equity totaled ¥128,015 million, an increase of ¥538 million from March 31, 2017, due to factors including increase from net profit attributable to Itochu Enex's shareholders and a decrease by payment of cash dividends, and the like.

Cash flows

Cash and cash equivalents (net cash) totaled ¥15,441 million as of June 30, 2017, down ¥7,286 million from March 31, 2017.

Cash flows from operating activities

Operating activities used net cash of ¥1,871 million. Major items included profit before tax of ¥4,591 million, income taxes paid of ¥5,944 million and funds required for trading of ¥317 million.

Cash flows from investing activities

Investing activities used net cash of ¥3,467 million. Major items included payments for purchase of property, plant and equipment and investment property of ¥4,192 million, acquisition of subsidiaries of ¥1,288 million, and a decrease in deposits paid of ¥3,000 million.

Cash flows from financing activities

Financing activities used net cash of ¥1,944 million. Major items included expenses as payment of cash dividends of ¥2,705 million and proceeds from an increase in interest-bearing debt of ¥762 million.

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

Although operating performance could be affected by various factors, including crude oil prices, market conditions, changes in the weather, and the Japanese government's energy policy, we have not revised our full-year consolidated earnings forecasts announced on April 28, 2017.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereo

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

| | As of March 31, 2017 | As of June 30, 2017 |
|---|-------------------------|------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 22,727 | 15,441 |
| Trade receivables | 94,759 | 80,332 |
| Other current financial assets | 29,709 | 26,933 |
| Inventories | 27,155 | 23,866 |
| Trade advances paid | 1,900 | 2,319 |
| Other current assets | 1,877 | 3,067 |
| Total current assets | 178,127 | 151,958 |
| Non-current assets | | |
| Investments accounted for by the equity method | 11,749 | 11,858 |
| Other investments | 7,461 | 8,104 |
| Non-current financial assets other than investments | 10,803 | 10,934 |
| Property, plant and equipment | 87,588 | 89,134 |
| Investment property | 11,986 | 11,203 |
| Goodwill | 533 | 533 |
| Intangible assets | 23,638 | 23,605 |
| Deferred tax assets | 11,359 | 10,383 |
| Other non-current assets | 1,359 | 1,641 |
| Total non-current assets | 166,476 | 167,395 |
| Total assets | 344,603 | 319,353 |

(Millions of yen)

| | As of March 31, 2017 | As of June 30, 2017 |
|---|-------------------------|------------------------|
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Short-term bonds and borrowings | 9,318 | 10,850 |
| Trade payables | 101,902 | 83,788 |
| Other current financial liabilities | 8,719 | 7,551 |
| Income taxes payable | 5,258 | 1,108 |
| Advances from customers | 6,460 | 6,262 |
| Other current liabilities | 12,094 | 9,438 |
| Total current liabilities | 143,751 | 118,997 |
| Non-current liabilities | | |
| Non-current bonds and borrowings | 31,702 | 31,374 |
| Other non-current financial liabilities | 24,501 | 23,604 |
| Non-current liabilities for employee benefits | 9,761 | 9,800 |
| Deferred tax liabilities | 1,961 | 2,152 |
| Provisions | 5,052 | 4,994 |
| Other non-current liabilities | 398 | 417 |
| Total non-current liabilities | 73,375 | 72,341 |
| Total liabilities | 217,126 | 191,338 |
| Equity | | |
| Common stock | 19,878 | 19,878 |
| Capital surplus | 18,740 | 18,740 |
| Retained earnings | 73,300 | 73,732 |
| Other components of equity | (1,655) | (1,467) |
| Treasury stock | (1,752) | (1,752) |
| Total shareholders' equity | 108,511 | 109,131 |
| Non-controlling interests | 18,966 | 18,884 |
| Total equity | 127,477 | 128,015 |
| Total liabilities and equity | 344,603 | 319,353 |

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

| | Three months ended June 30, 2016 | Three months ended June 30, 2017 |
|--|-------------------------------------|-------------------------------------|
| Revenue | 148,808 | 172,458 |
| Cost of sales | (128,316) | (150,460) |
| Gross profit | 20,492 | 21,998 |
| Other expense | | |
| Selling, general and administrative expenses | (18,161) | (17,738) |
| Loss from tangible assets, intangible assets and goodwill | (251) | (55) |
| Other – net | 248 | 459 |
| Total other expense | (18,164) | (17,334) |
| Profit from operating activities | 2,328 | 4,664 |
| Financial income and costs | | |
| Interest income | 22 | 16 |
| Dividends received | 229 | 270 |
| Interest expense | (235) | (237) |
| Other financial income and costs – net | (1) | (51) |
| Total financial income and costs | 15 | (2) |
| Share of profit (loss) of investments accounted for by the equity method | (19) | (71) |
| Profit before tax | 2,324 | 4,591 |
| Income tax expense | (904) | (1,534) |
| Net profit | 1,420 | 3,057 |
| Net profit attributable to: | | |
| Net profit attributable to Itochu Enex's shareholders | 1,077 | 2,523 |
| Net profit attributable to non-controlling interests | 343 | 534 |
| Total | 1,420 | 3,057 |

(Millions of yen)

| | Three months ended June 30, 2016 | Three months ended June 30, 2017 |
|---|-------------------------------------|-------------------------------------|
| Other comprehensive income (net of tax effect) | | |
| Items that will not be transferred to profit or loss | | |
| FVTOCI financial assets | (393) | 361 |
| Other comprehensive income in associates accounted for by the equity method | (0) | 1 |
| Items that may be transferred to profit or loss | | |
| Exchange differences on translating foreign operations | (53) | (15) |
| Cash flow hedges | (110) | (2) |
| Other comprehensive income in associates accounted for by the equity method | (393) | (158) |
| Total other comprehensive income (net of tax effect) | (949) | 187 |
| Comprehensive income | 471 | 3,244 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to Itochu Enex's shareholders | 128 | 2,710 |
| Comprehensive income attributable to non-controlling interests | 343 | 534 |
| Total | 471 | 3,244 |

(Yen)

| | | |
|---|------|-------|
| Earnings per share attributable to Itochu Enex's shareholders | | |
| Basic | 9.53 | 22.33 |
| Diluted | – | – |

(Millions of yen)

| | | |
|----------------------------|---------|---------|
| Total trading transactions | 222,091 | 245,395 |
|----------------------------|---------|---------|

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

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Millions of yen)

| | Three months ended June 30, 2016 | Three months ended June 30, 2017 |
|---|-------------------------------------|-------------------------------------|
| Equity | | |
| Common stock | | |
| Balance at the beginning of the period | 19,878 | 19,878 |
| Balance at the end of the period | 19,878 | 19,878 |
| Capital surplus | | |
| Balance at the beginning of the period | 18,740 | 18,740 |
| Balance at the end of the period | 18,740 | 18,740 |
| Retained earnings | | |
| Balance at the beginning of the period | 66,024 | 73,300 |
| Net profit attributable to Itochu Enex's shareholders | 1,077 | 2,523 |
| Transfer from other components of equity | (111) | – |
| Cash dividends paid to Itochu Enex's shareholders | (1,356) | (2,090) |
| Balance at the end of the period | 65,634 | 73,732 |
| Other components of equity | | |
| Balance at the beginning of the period | (2,364) | (1,655) |
| Other comprehensive income attributable to Itochu Enex's shareholders | (949) | 188 |
| Transfer to retained earnings | 111 | – |
| Balance at the end of the period | (3,202) | (1,467) |
| Treasury stock | | |
| Balance at the beginning of the period | (1,752) | (1,752) |
| Purchase and disposal of treasury stock | (0) | (0) |
| Balance at the end of the period | (1,752) | (1,752) |
| Total shareholders' equity | 99,298 | 109,131 |
| Non-controlling interests | | |
| Balance at the beginning of the period | 16,636 | 18,966 |
| Net profit attributable to non-controlling interests | 343 | 534 |
| Other comprehensive income attributable to non-controlling interests | (0) | 0 |
| Cash dividends paid to non-controlling interests | (345) | (615) |
| Balance at the end of the period | 16,634 | 18,884 |
| Total equity | 115,932 | 128,015 |

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

| | Three months ended June 30, 2016 | Three months ended June 30, 2017 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 2,324 | 4,591 |
| Depreciation and amortization | 2,694 | 2,728 |
| Loss from tangible assets, intangible assets and goodwill | 251 | 55 |
| Financial income and costs | (15) | 2 |
| Share of loss of investments accounted for by the equity method | 19 | 71 |
| Decrease (increase) in trade receivables | (5,268) | 14,508 |
| Decrease in inventories | 2,673 | 3,289 |
| Decrease in trade payables | (6,142) | (18,114) |
| Other – net | (1,601) | (3,397) |
| Interest and dividends received | 412 | 510 |
| Interest expense | (181) | (170) |
| Income taxes paid | (3,404) | (5,944) |
| Net cash flows used in operating activities | (8,238) | (1,871) |
| Cash flows from investing activities | | |
| Purchase of investments accounted for by the equity method | (485) | (468) |
| Purchase of investments | (8) | (189) |
| Proceeds from sales of investments | 1,160 | 11 |
| Acquisition of subsidiaries, net of cash acquired | – | (1,288) |
| Payment for loans receivable | (215) | (55) |
| Collection of loans receivable | 102 | 102 |
| Payments for purchase of property, plant and equipment and investment property | (1,580) | (4,192) |
| Proceeds from sales of property, plant and equipment and investment property | 308 | 665 |
| Purchase of intangible assets | (180) | (558) |
| Proceeds from sales of intangible assets | – | 10 |
| Decrease (Increase) in deposits paid – net | (6,000) | 3,000 |
| Other – net | 261 | (505) |
| Net cash flows used in investing activities | (6,637) | (3,467) |

(Millions of yen)

| | Three months ended June 30, 2016 | Three months ended June 30, 2017 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from financing activities | | |
| Proceeds from bonds and borrowings | 3,000 | – |
| Repayments of bonds and borrowings | (590) | (886) |
| Net increase in short-term borrowings | 6,592 | 1,648 |
| Cash dividends paid to Itochu Enex's shareholders | (1,356) | (2,090) |
| Cash dividends paid to non-controlling interests | (345) | (615) |
| Other – net | – | (1) |
| Net cash flows provided by (used in) financing activities | 7,301 | (1,944) |
| Net decrease in cash and cash equivalents | (7,574) | (7,282) |
| Cash and cash equivalents at the beginning the period | 20,824 | 22,727 |
| Effect of exchange rate changes on cash and cash equivalents | (47) | (4) |
| Cash and cash equivalents at the end of the period | 13,203 | 15,441 |

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

No items to report.

(6) Segment Information

For the three months ended June 30, 2016

(Millions of yen)

| | Reportable segment | | | | Total | Adjustment | Consolidated |
|--|--------------------|-----------------|----------------------------------|--|---------|------------|--------------|
| | Home-Life | Power & Utility | Life Energy & Logistics Division | Industrial Energy & Logistics Division | | | |
| Revenue | | | | | | | |
| Revenue from external customers | 18,956 | 11,419 | 105,217 | 13,216 | 148,808 | — | 148,808 |
| Intersegment revenue | 58 | 62 | 765 | 93 | 978 | (978) | — |
| Total revenue | 19,014 | 11,481 | 105,982 | 13,309 | 149,786 | (978) | 148,808 |
| Gross profit | 6,463 | 2,172 | 11,012 | 845 | 20,492 | — | 20,492 |
| Profit (loss) from operating activities | 646 | 1,301 | (271) | 394 | 2,070 | 258 | 2,328 |
| Profit (loss) before tax | 758 | 1,228 | (345) | 435 | 2,076 | 248 | 2,324 |
| Net profit (loss) attributable to Itochu Enex's shareholders | 361 | 652 | (376) | 306 | 943 | 134 | 1,077 |
| Other items | | | | | | | |
| Total assets | 57,033 | 59,473 | 133,536 | 33,570 | 283,612 | 19,764 | 303,376 |
| Total trading transactions | 20,136 | 11,973 | 154,234 | 35,748 | 222,091 | — | 222,091 |

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

The adjustment of ¥134 million to net profit attributable to Itochu Enex's shareholders represents corporate profit (loss) not allocated to reportable segments.

The adjustment of ¥19,764 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 three months ended June 30, 2017

(Millions of yen)

| | Reportable segment | | | | Total | Adjustment | Consolidated |
|--|--------------------|-----------------|----------------------------------|--|---------|------------|--------------|
| | Home-Life | Power & Utility | Life Energy & Logistics Division | Industrial Energy & Logistics Division | | | |
| Revenue | | | | | | | |
| Revenue from external customers | 21,675 | 14,059 | 118,388 | 18,336 | 172,458 | — | 172,458 |
| Intersegment revenue | 29 | 1,250 | 693 | — | 1,972 | (1,972) | — |
| Total revenue | 21,704 | 15,309 | 119,081 | 18,336 | 174,430 | (1,972) | 172,458 |
| Gross profit | 6,551 | 2,803 | 12,237 | 407 | 21,998 | — | 21,998 |
| Profit (loss) from operating activities | 785 | 1,915 | 1,741 | (56) | 4,385 | 279 | 4,664 |
| Profit (loss) before tax | 906 | 1,815 | 1,636 | (19) | 4,338 | 253 | 4,591 |
| Net profit (loss) attributable to Itochu Enex's shareholders | 406 | 931 | 1,013 | (12) | 2,338 | 185 | 2,523 |
| Other items | | | | | | | |
| Total assets | 59,589 | 74,667 | 137,136 | 28,558 | 299,950 | 19,403 | 319,353 |
| Total trading transactions | 22,888 | 14,670 | 179,784 | 28,053 | 245,395 | — | 245,395 |

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

The adjustment of ¥185 million to net profit attributable to Itochu Enex's shareholders represents corporate profit (loss) not allocated to reportable segments.

The adjustment of ¥19,403 million to total assets represents corporate assets not allocated to reportable segments.

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

As of March 31, 2017

(Millions of yen)

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

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

Change in reportable segments

In the first quarter ended June 30, 2017, the Car-Life Division and the sale of industrial fuels and materials and other operations in the Energy Innovation Division were combined to form the Life Energy & Logistics Division, while the Energy Innovation Division was reorganized as the Industrial Energy & Logistics Division. As a result, effective from the period under review, the Company has reclassified its reportable segments.

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