

*This document is an abridged English translation of an earnings report released on April 30, 2014 and written initially in Japanese.
The Japanese original should be considered as the primary version.*

FOR IMMEDIATE RELEASE

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Itochu Enex Reports Consolidated Earnings for the Fiscal Year Ended March 31, 2014 (Under Japanese GAAP)

Tokyo, Japan, April 30, 2014 -- Itochu Enex Co., Ltd. (TSE: 8133) announced net sales of 1,506,606 million yen for the fiscal year ended March 31, 2014, and net income of 7,402 million yen, or 65.52 yen per share, on a consolidated basis.

Results of Operations

In the fiscal year ended March 31, 2014, the Japanese economy gradually recovered, showing signs of improvements in corporate earnings and personal consumption thanks to effects from the monetary easing policy of Bank of Japan and the governmental economic and financial administration. However, with concerns about a fall in the global economy resulting from U.S. rolling back quantitative easing, a slowdown in growth of emerging economies, and increasing geopolitical risks, etc., the future has remained uncertain yet.

In the petroleum products distribution industry, with an increasing crude oil price and continuously weakening yen, the import price of crude oil remained high in Japan. As for domestic sales volume, fuel oil significantly decreased overall from the corresponding period a year earlier with sluggish sales of gasoline in and after summer and a large year-on-year decrease in sales of kerosene and heavy oil, while gas oil grew at a pace exceeding the previous fiscal year.

In this operating environment, the Itochu Enex Group is in the final year of a medium-term business plan, Core & Synergy 2013. We have been optimizing logistics and expanding domestic sales networks in the core petroleum product sales business and LP gas sales business. We have also been building a system to fulfill various social needs for energy, for example, by reinforcing our power generation capacity including renewable energy in the new electric power business.

As a result of the above activities, consolidated net sales in the fiscal year ended March 31, 2014 increased 5.3% year on year to 1,506,606 million yen. Operating income decreased 2.1% year on year to 13,439 million yen, and Ordinary income increased 7.5% from a year earlier to 13,940 million yen. Net income rose 32.7% year on year to a record-high 7,402 million yen thanks to extraordinary gain on sale of investment securities.

Results of Operations by Segment

As business segments have been added and changed, as stated in segment information, year-on-year comparisons are based on the segments after the change.

Energy Trade Division

The Energy Trade Division earned operating income of 2,706 million yen (down 28.6% year on year) on net sales of 730,504 million yen (down 0.4% year on year) in the fiscal year ended March 31, 2014.

With the continuously declining tendency of demands for petroleum products, the domestic petroleum product market has continued sluggish despite a move to reduce production of petroleum products. Consequently, the business environment remained harsh.

Under such circumstances, we enhanced an asphalt sales system by developing asphalt terminals and building company-owned vessels to carry asphalt, deployed nine dedicated fuel supply ships in Japan in marine fuel sales business for domestic operation, and expanded 17 AdBlue supply bases nationwide in response to the increasing popularization of urea SCR vehicles¹. Like this, we optimized our distribution functions in each business.

However, with effects of the hostile business environment, sales volume of other petroleum products than asphalt considerably decreased from a year earlier. In order to flexibly respond to diversifying needs of clients and changes in domestic and overseas market conditions, we will further improve distribution functions.

Note 1 Urea SCR vehicle: Urea SCR vehicle purifies NOx using urea solution (AdBlue) and Selective Catalytic Reduction to reduce NOx in exhaust gas from diesel engines.

Car-Life Division

The Car-Life Division earned operating income of 3,017 million yen (down 13.6% year on year) on net sales of 612,258 million yen (up 9.0% year on year), in the fiscal year ended March 31, 2014.

Demands for gasoline declined with prices of domestic petroleum products remaining high due to impacts from high crude oil prices and weak yen, as well as increased popularization of fuel-efficient cars. In addition, demands for kerosene notably fell in winter. In the Group companies, however, sales volume of gasoline and gas oil, etc. increased from a year earlier thanks to promotion of new large-scale affiliates. Meanwhile, profits fell year on year with large impacts of profit margin compressed by the deterioration in retail market conditions in the 4th quarter, despite efforts to reduce costs at each base, and expand Car-Life profits² in the Group companies.

In the retail strategy, we have strived to improve profitability of Car-Life stations³, continuously promoting support for operation of the Stations by sharing of successful examples through "ENEX ACT Program⁴", which has been developed for the purpose of strengthening competitiveness of Car-Life Stations of the Company.

In the automobile-related business, mainly Enexauto Co., Ltd., a Group company, contributed to an improvement in profitability of Car-Life Stations of the Company, for example, by promoting the car hire business "Itsumo Rent-a-Car", the used vehicle trading business "Itsumo Car Net", and a system to unify management of customers "Car Business Support".

As part of activities to create a brand image of the entire Enex Group, we worked on changing design of uniform used at Car-Life Stations, adopting eco-friendly ethical materials⁵ with an eye to calling up new image of Car-Life Stations.

The number of Car-Life Stations of the Company at the end of the fiscal year ended March 31, 2014 was 2,118; a net decrease of 64 stations from the end of the previous fiscal year. During the fiscal year under review, impacted by the decrease in the number of domestic gas stations, we lost 131 stations through disaffiliation of unprofitable and decrepit stations, etc. while adding 67 newly affiliated station.

Note 2 Car-Life Profits: Car-Life profits include profits from car wash, lube oil, tires, car inspection, plating, sales of used cars, and rent-a-car, etc.), excluding sales of fuel oil.

Note 3 Car-Life Stations: Car-Life Stations are full-service automobile service stations affiliated with Itochu Enex.

Note 4 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.

Note 5 Ethical materials: Ethical materials are produced with ecologically and socially friendly materials and processes (organic cotton).

Total Home-Life Division

The Total Home-Life Division earned operating income of 4,780 million yen (up 18.6% year on year) on net sales of 126,846 million yen (up 15.8% year on year).

The number of direct sales for home and sales volume of LP gas almost leveled off from a year earlier, as a result of promoting the area strategy at Group companies. While the import price of LP gas hovered at high level with effects from rising crude oil prices and weak yen, appropriate profit margin could be ensured with gas rate adjustment system which has been introduced for some time.

ing Energy Corporation, which was invested and established in April 2013 jointly by ing Corporation and Itochu Enex Home-Life Kanto Co., Ltd., a Group company, contributed to boosting revenues in the fiscal year under review by expanding the size of business and enhancing competitiveness in Kanto area.

Meanwhile, we strongly pushed ahead with sales of new energy-related equipment such as a solar power generation system and ENEFARM residential fuel cells, as well as sales of high-performance and high-efficiency gas equipment, such as a glass-topped stove and "Ecojozu." As a result, sales volume significantly increased year on year.

At each "E-koto Shop", a community information station, we held various community-based events to create new opportunities of communication with customers.

As for social contribution activities, we have continued to implement "the Itadakimasu Support Manifesto for Kids" and "the Honoo no Chikara Support Manifesto for Kids" at kindergartens and nursery schools across Japan for the purpose of educating children about "importance of diet" and "importance of fire".

Power & Utility Division

The Power & Utility Division earned operating income of 3,059 million yen (up 35.7% year on year) on net sales of 36,438 million yen (up 42.3% year on year).

In the electricity and steam supply business⁶, the amount of electricity sold increased from a year earlier, with contributions from the reinforcement of thermal power generation facilities in the previous fiscal year, as well as JEN Konbumori Wind Farm Co., Ltd. in

Hokkaido, which we acquired in the previous year. Profits largely grew year on year thanks to prices remaining high in the wholesale power market and the wind power generation business using the renewable energy feed-in tariff system.

Under such circumstances, in order to further promote the electric power business, Hofu Energy Service Co., Ltd., a Group company in Yamaguchi prefecture, is additionally building a coal thermal power generation facility, which is scheduled to start operation in April 2015.

Tainai Wind Farm Co., Ltd. in Niigata prefecture, which became a Group company in December 2013, is constructing wind power generation facilities, which is scheduled to start operation in September 2014.

In the heat supply business⁷ developed mainly by Tokyo Toshi Service Company, a Group company, the amount of heat sold slightly rose year on year, as demand for heat for air cooling increased due to higher temperature than usual in summer.

In the LNG sales business, sales volume increased year on year with the increased number of new clients, as well as a gradual recovery of operating rate of manufacturing plants.

Note 6 Electricity and steam supply business: Electricity and steam supply business supplies electricity and steam generated at time of power generation.

Note 7 Heat supply business: Heat supply business supplies cold and hot water for air conditioning to office buildings and other multiple buildings from a heat source plant using pipes.

Consolidated Earnings Forecasts

Domestic economy is expected to continue to gradually recover thanks to effects of governmental economic measures. However, its future will remain unclear as there are many concerns which have adverse effects on economic activities, for example, a consumption tax hike influencing consuming activities, and a slowdown in the global economies including emerging economies. The petroleum products distribution industry is likewise expected to continuously face a challenging environment marked by declining domestic demand mainly due to popularization of fuel-efficient vehicles and volatility in exchange rate and crude oil prices.

Under such business conditions, the Group will provide optimal energy to each customer, as a new type of energy company handling petroleum, gas, and electricity, etc. We will aim to achieve expected numerical values of consolidated earnings, realizing sustainable growth while developing and expanding house and car-related businesses centering on energy.

We decided to apply International Financial Reporting Standards (IFRS) on a voluntary basis, commencing with consolidated financial statements in annual securities report for the fiscal year ended March 31, 2014. Accordingly, please note that consolidated earnings forecasts for the fiscal year ending March 31, 2015 were formulated in accordance with IFRS, instead of conventional Japanese accounting standards.

Financial Condition

Total assets amounted to 330,291 million yen at March 31, 2014, an increase of 6,544 million yen from March 31, 2013. This primarily reflected an increase in fixed assets in line with investment for reinforcing power generation facilities in the electricity and steam supply business.

Liabilities amounted to 217,610 million yen, an increase of 393 million yen from March 31, 2013, with a decrease in interest-bearing debt resulting from redemption of corporate bonds, an increase in trade notes and accounts payable, and other factors.

Net assets totaled 112,681 million yen, an increase of 6,151 million yen from March 31, 2013, due to factors including increases in retained earnings and minority interests.

We consequently ended the fiscal year with a shareholders' equity ratio of 31.2%.

Cash flows

Cash and cash equivalents (net cash) totaled 14,089 million yen at March 31, 2014, a decrease of 3,790 million yen from March 31, 2013, due to investing activities into new growing fields (the electric power business and the overseas business) and redemption of corporate bonds, etc.

Cash flows from operating activities

Operating activities earned net cash of 16,050 million yen. This was derived mainly from income including income before income taxes and minority interests of 14,157 million yen and depreciation and amortization of 8,537 million yen, and income tax paid of 6,259 million yen.

Cash flows from investing activities

Investing activities used net cash of 12,606 million yen. The main items were expenses including 1,476 million yen for purchase of investment in subsidiaries and 15,104 million yen for purchases of property, plant and equipment, and proceeds from sales of investment securities of 4,385 million yen.

Cash flows from financing activities

Financing activities used net cash of 7,308 million yen. The main items were 5,000 million yen for redemption of corporate bonds and 1,807 million yen for dividends paid.

Cash flow indicators

Fiscal year ended March 31,	2011	2012	2013	2014
Shareholders' equity ratio (%)	33.1	30.6	30.3	31.2
Shareholders' equity ratio at market value (%)	19.5	18.1	19.4	20.3
Ratio of cash flow to interest-bearing debt (years)	2.4	—	1.9	2.4
Interest-coverage ratio (times)	17.5	—	24.6	20.1

Shareholders' equity ratio: Shareholders equity / Total assets

Shareholders' equity ratio at market value: Market capitalization / Total assets

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

Interest-coverage ratio: Cash flow / Interest expense

1. All of the above ratios were calculated using consolidated financial statement data.
2. Market capitalization was calculated by multiplying the fiscal-year-end closing share price by the number of shares outstanding at fiscal year-end (net of treasury stock).
3. "Cash flow" is "Cash provided by (used in) operating activities" on the Consolidated Statements of Cash Flows.
4. Interest-bearing debt is all debt, of the debt carried on the consolidated balance sheet,

on which interest is payable.

5. Ratio of cash flow to interest-bearing debt and Interest-coverage ratio in the fiscal year ended March 31, 2012 were not stated as cash flow from operating activities is negative.

Profit Distribution Policy and Dividends for the Fiscal Years Ended March 31, 2014 and ending March 31, 2015

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

For the fiscal year ended March 31, 2014, we plan to pay a year-end dividend of 12 yen per share. For the fiscal year ending March 31, 2015, we plan to pay annual dividends of 22 yen per share (including an interim dividend of 11 yen per share).

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

Financial Statements—Consolidated

(1) Consolidated Balance Sheets

Millions of yen

	March 31, 2013	March 31, 2014
	Amount	Amount
Assets		
Current assets		
Cash and cash equivalents	17,880	14,089
Trade notes and accounts receivable	139,140	144,688
Merchandise and finished products	17,044	17,551
Deferred tax assets	1,963	2,121
Other	17,267	15,774
Allowance for doubtful accounts	(218)	(969)
Total current assets	193,077	193,257
Fixed assets		
Property, plant and equipment		
Buildings and structures	57,725	57,072
Accumulated depreciation	(33,203)	(32,185)
Buildings and structures, net	24,521	24,886
Machinery, equipment and vehicles	53,022	52,587
Accumulated depreciation	(28,209)	(28,351)
Machinery, equipment and vehicles, net	24,812	24,235
Vessel	488	1,180
Accumulated depreciation	(11)	(114)
Vessel, net	477	1,066
Land	34,753	34,098
Leased assets	5,435	5,820
Accumulated depreciation	(3,026)	(3,887)
Leased assets, net	2,408	1,933
Construction in progress	588	7,607
Other	6,206	7,129
Accumulated depreciation	(4,399)	(4,404)
Other, net	1,806	2,725
Net, property, plant and equipment	89,368	96,553
Intangible assets		
Goodwill	3,209	3,173
Other	8,164	8,263
Total intangible assets	11,373	11,437
Investments and other assets		
Investment securities	15,269	13,497
Long-term loans	964	804
Deferred tax assets	2,816	3,584
Other assets	11,380	11,613
Allowance for doubtful accounts	(503)	(456)
Total investments and other assets	29,926	29,043
Total fixed assets	130,669	137,034
Total assets	323,747	330,291

Millions of yen

	March 31, 2013 Amount	March 31, 2014 Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	119,006	123,784
Short-term borrowings	9,594	11,340
Corporate bonds due within one year	5,000	—
Lease obligations	1,132	906
Income taxes payable	3,932	3,946
Accrued bonuses for employees	3,115	3,105
Accrued bonuses for directors and corporate auditors	404	364
Other current liabilities	20,047	15,853
Total current liabilities	162,233	159,301
Long-term liabilities		
Corporate bonds	20,000	20,000
Long-term debt	6,246	7,173
Lease obligations	2,141	1,766
Deferred tax liabilities	1,809	2,091
Deferred tax liabilities on land revaluation	2,438	2,358
Liabilities for retirement benefits	6,404	—
Net defined benefit liability	—	6,940
Asset retirement obligations	2,688	3,055
Other long-term liabilities	13,253	14,922
Total long-term liabilities	54,983	58,308
Total liabilities	217,216	217,610
Net assets		
Shareholders' equity		
Common stock	19,877	19,877
Capital surplus	18,736	18,736
Retained earnings	69,106	74,654
Treasury stock	(1,749)	(1,750)
Total shareholders' equity	105,970	111,518
Accumulated other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities	(104)	(404)
Deferred hedge gains (losses)	(5)	(309)
Revaluation reserve for land	(7,778)	(7,731)
Foreign currency translation adjustments	71	130
Remeasurements of defined benefit plans	—	(199)
Total accumulated other comprehensive income (loss)	(7,815)	(8,514)
Minority interests	8,375	9,677
Total net assets	106,530	112,681
Total liabilities and net assets	323,747	330,291

(2) Consolidated Statements of Income*Millions of yen*

	Year ended March 31, 2013	Year ended March 31, 2014
	Amount	Amount
Net sales	1,430,745	1,506,606
Cost of sales	1,360,691	1,435,151
Gross profit	70,054	71,454
Selling, general and administrative expenses	56,328	58,015
Operating income	13,726	13,439
Other income		
Interest income	26	22
Dividend income	255	247
Purchase discounts	323	285
Equity in income of unconsolidated subsidiaries and associates	—	527
Other	925	881
Total other income	1,531	1,964
Other expense		
Interest expense	548	533
Sales discounts	230	249
Corporate bonds issuance cost	84	—
Loss on foreign currency translation	1,137	281
Equity in loss of unconsolidated subsidiaries and associates	28	—
Other	264	398
Total other expense	2,294	1,463
Ordinary income	12,963	13,940
Extraordinary gains		
Gain on sales of fixed assets	274	661
Gain on sales of investment securities	12	2,641
Compensation income for expropriation	130	—
Other	—	2
Total extraordinary gains	417	3,305
Extraordinary losses		
Loss on sales and disposal of fixed assets	1,125	787
Loss on sales of investment securities	2	—
Loss on devaluation of investment securities	11	1
Loss on impairment of long-lived assets	712	1,582
Head office relocation expense	—	476
Voluntary product recall related expense	—	232
Other	31	7
Total extraordinary losses	1,882	3,087
Income before income taxes and minority interests	11,497	14,157
Income taxes		
Current	5,479	6,276
Deferred	(474)	(525)
Total income taxes	5,004	5,750
Income before minority interests	6,493	8,407
Minority interests	916	1,004
Net income	5,576	7,402

Consolidated Statements of Comprehensive Income

Millions of yen

	Year ended March 31, 2013	Year ended March 31, 2014
	Amount	Amount
Income before minority interests	6,493	8,407
Other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities	925	(301)
Deferred hedge gains (losses)	—	(312)
Foreign currency translation adjustments	—	20
Share of other comprehensive income of associates accounted for using equity method	51	46
Total other comprehensive income	977	(546)
Comprehensive income	7,470	7,861
Components:		
Comprehensive income attributable to owners of the parent	6,554	6,856
Comprehensive income attributable to minority interests	916	1,004

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2013 (April 1, 2012–March 31, 2013)

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	19,877	18,736	65,186	(1,749)	102,050
Changes during the period					
Cash dividends paid			(1,807)		(1,807)
Net income			5,576		5,576
Purchase of treasury stocks				(0)	(0)
Reversal of revaluation reserve for land			150		150
Net increase (decrease) during the period, except for items under shareholders' equity					—
Total changes during the period	—	—	3,919	(0)	3,919
Balance at end of year	19,877	18,736	69,106	(1,749)	105,970

	Accumulated other comprehensive income (loss)						Minority interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred hedge gains (losses)	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of year	(1,030)	(3)	(7,627)	19	—	(8,641)	2,681	96,090
Changes during the period								
Cash dividends paid						—		(1,807)
Net income						—		5,576
Purchase of treasury stocks						—		(0)
Reversal of revaluation reserve for land			(150)			(150)		—
Net increase (decrease) during the period, except for items under shareholders' equity	926	(1)		52		977	5,693	6,670
Total changes during the period	926	(1)	(150)	52	—	826	5,693	10,439
Balance at end of year	(104)	(5)	(7,778)	71	—	(7,815)	8,375	106,530

Year ended March 31, 2014 (April 1, 2013–March 31, 2014)

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	19,877	18,736	69,106	(1,749)	105,970
Changes during the period					
Cash dividends paid			(1,807)		(1,807)
Net income			7,402		7,402
Purchase of treasury stocks				(0)	(0)
Reversal of revaluation reserve for land			(46)		(46)
Net increase (decrease) during the period, except for items under shareholders' equity					—
Total changes during the period	—	—	5,548	(0)	5,547
Balance at end of year	19,877	18,736	74,654	(1,750)	111,518

	Accumulated other comprehensive income (loss)						Minority interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred hedge gains (losses)	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of year	(104)	(5)	(7,778)	71	—	(7,815)	8,375	106,530
Changes during the period								
Cash dividends paid						—		(1,807)
Net income						—		7,402
Purchase of treasury stocks						—		(0)
Reversal of revaluation reserve for land			46			46		—
Net increase (decrease) during the period, except for items under shareholders' equity	(300)	(304)		58	(199)	(745)	1,302	556
Total changes during the period	(300)	(304)	46	58	(199)	(698)	1,302	6,151
Balance at end of year	(404)	(309)	(7,731)	130	(199)	(8,514)	9,677	112,681

(4) Consolidated Statements of Cash Flows

Millions of yen

	Year ended March 31, 2013	Year ended March 31, 2014
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	11,497	14,157
Depreciation and amortization	6,773	8,537
Loss on impairment of long-lived assets	712	1,582
Amortization of goodwill	1,717	947
Increase (decrease) in allowance for doubtful accounts	83	825
Increase (decrease) in liabilities for retirement benefits	(12)	(6,404)
Increase (decrease) in net defined benefit liability	—	6,481
Interest and dividend income	(282)	(269)
Interest expense	548	533
Corporate bonds issuance cost	84	—
(Gain) loss on foreign currency translation	966	623
Equity in (income) loss of unconsolidated subsidiaries and associated companies	28	(527)
(Gain) loss on sales and disposal of fixed assets	850	126
(Gain) loss on sales of investment securities	(10)	(2,641)
(Gain) loss on revaluation of investment securities	11	1
Compensation income for expropriation	(130)	—
(Increase) decrease in trade notes and accounts receivable	12,991	(4,890)
(Increase) decrease in inventories	(2,145)	(164)
Increase (decrease) in trade notes and accounts payable	(10,515)	4,441
(Increase) decrease in other assets	(2,118)	706
Increase (decrease) in other liabilities	4,787	(1,653)
Other	31	4
Sub total	<u>25,870</u>	<u>22,417</u>
Interest and dividend income received	364	440
Interest paid	(647)	(547)
Income taxes paid	(3,981)	(6,259)
Net cash provided by (used in) operating activities	<u>21,606</u>	<u>16,050</u>
Cash flows from investing activities		
Purchase of marketable securities	(1,206)	(913)
Proceeds from redemption of securities	1,500	711
Purchases of property, plant and equipment	(9,183)	(15,104)
Proceeds from sales of property, plant and equipment	1,389	1,704
Purchases of intangible assets	(2,300)	(1,385)
Proceeds from sales of intangible assets	51	114
Purchases of investment securities	(105)	(3)
Proceeds from sales of investment securities	82	4,385
Purchase of investment in subsidiaries	(9,088)	(1,476)
Proceeds from liquidation of associated companies	312	—
Payments for loans	(8,071)	(1,958)
Collection of loans	1,526	1,190
Proceeds from compensation for expropriation	251	—
Other	(205)	130
Net cash provided by (used in) investing activities	<u>(25,047)</u>	<u>(12,606)</u>

Millions of yen

	Year ended March 31, 2013	Year ended March 31, 2014
	Amount	Amount
Cash flows from financing activities		
Increase (decrease) in short-term borrowings - net	(544)	(0)
Net increase (decrease) in commercial papers	(4,000)	—
Proceeds from long-term debt	6,326	992
Repayments of long-term debt	(7,633)	(129)
Proceeds from issuance of corporate bonds	14,915	—
Redemption of corporate bonds	—	(5,000)
Repayments of lease obligations	(1,187)	(1,186)
Repurchases of treasury stock	(0)	(0)
Dividends paid	(1,807)	(1,807)
Dividends paid to minority shareholders of consolidated subsidiaries	(132)	(174)
Other	30	—
Net cash provided by (used in) financing activities	5,964	(7,308)
Foreign currency translation adjustments on cash and cash equivalents	43	73
Net increase (decrease) in cash and cash equivalents	2,567	(3,790)
Cash and cash equivalents, beginning of the period	15,312	17,880
Cash and cash equivalents, end of the period	17,880	14,089

Notes to Consolidated Financial Statements

a. Segment Information

1. Overview of reportable segments

The Company's reportable segments are components of the Company about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.

The Company is organized into business divisions. Each business division conducts business based on strategies for each category of target customers and markets.

In the fiscal year ended March 31, 2014, positioning the power and utility business and the overseas business as priority fields while expanding and enhancing the existing core petroleum and gas-related business, we implemented the Company-wide organizational reform, in order to improve speed, flexibility, and governance in each field.

According to the reform, we integrated the Industrial Material Division and the Global Trade Division into the Energy Trade Division, as well as the Home-Life Division and the Total-Life Division into the Total Home-Life Division. We also established the new Power & Utility Division. Businesses including the electricity and steam supply business and the heat supply business which had been previously conducted by the Industrial Material Division were incorporated into this segment.

Consequently, there are four reportable segments corresponding to its business divisions, namely the Energy Trade Division, the Car-Life Division, the Total Home-Life Division, and the Power & Utility Division.

Energy Trade:

Industrial energy and material supplies; sales of asphalt, cement, high-grade urea aqueous solution, and other materials; import and export of petroleum products; regulation of supply of and demand for petroleum products in Japan; chartering and operation of tankers; sales of marine fuels and lubricating oil; and logistics services for petroleum storage tanks and facilities.

Car-Life:

Consumer sales and services, mainly at Car-Life Stations, including gasoline, light diesel oil, kerosene, heavy fuel oil, grease, car-related products, car inspections, maintenance, and car rental services.

Total Home-Life:

Sales and services of LP gas, kerosene, gas equipment (combustion equipment, kitchen equipment, air-conditioning equipment, and household equipment, etc.), and new energy equipment (solar power generation systems, fuel cells, etc.)

Power & Utility:

Generation and sales of electricity, steam, and other materials; heat supply service for air conditioning; and sales of LNG (Liquefied Natural Gas)

The segment information for the fiscal year ended March 31, 2013 was stated, classified into the segments used in the fiscal year under review.

2. Calculation method for net sales, income/loss, assets, liabilities, and other items by reportable segment

The accounting method for reportable segments is generally identical to statements in "Basis of presenting the consolidated financial statements".

"Reportable segment income (loss)" is based on operating income.

"Intersegment sales or transfers" is based on market price.

3. Net sales, income/loss, assets, liabilities, and other items by reportable segment
Year ended March 31, 2013 (April 1, 2012–March 31, 2013)

	Reportable segment					Other *1	Total	Adjustments *2 *3	Millions of yen Amounts on the consolidated statements of income *4
	Energy Trade	Car-Life	Total Home-Life	Power & Utility	Total				
I. Sales									
(1) Sales to customers	733,176	561,448	109,549	25,610	1,429,786	959	1,430,745	—	1,430,745
(2) Intersegment sales or transfers	26,098	12,880	155	—	39,134	1,898	41,032	(41,032)	—
Total	759,275	574,328	109,705	25,610	1,468,920	2,858	1,471,778	(41,032)	1,430,745
Segment income (loss)	3,787	3,491	4,031	2,254	13,564	55	13,620	106	13,726
Segment assets	99,198	108,575	57,856	38,807	304,437	666	305,103	18,643	323,747
Other items									
Depreciation/amortization	326	2,458	1,289	2,080	6,155	3	6,158	614	6,773
Amortization of goodwill	36	831	796	142	1,807	—	1,807	(89)	1,717
Equity in income of unconsolidated subsidiaries and associates (loss)	4	25	367	(409)	(11)	—	(11)	(17)	(28)
Investment in equity-method associates	104	160	4,817	1,029	6,111	—	6,111	453	6,564
Increase in property, plant and equipment and intangible assets	1,167	4,000	2,888	2,841	10,898	8	10,906	576	11,483

- Notes:
1. "Other" comprises businesses, such as investment business and back-office outsourcing services that are not included in reportable segments.
 2. 106 million yen adjustment for segment income is 106 million yen of unallocated corporate income. The main component of the unallocated corporate income is income and loss that are not attributable to reportable segments.
 3. 18,643 million yen adjustment for segment assets is 18,643 million yen of unallocated corporate assets. The main component of these unallocated corporate assets is cash and cash equivalents that are not attributable to reportable segments.
 4. Segment income adjustments are based on operating income reported on the consolidated statements of income for the corresponding period.

Year ended March 31, 2014 (April 1, 2013–March 31, 2014)

	Reportable segment					Other *1	Total	Adjustments *2 *3	Millions of yen Amounts on the consolidated statements of income *4
	Energy Trade	Car-Life	Total Home-Life	Power & Utility	Total				
I. Sales									
(1) Sales to customers	730,504	612,258	126,846	36,438	1,506,048	558	1,506,606	—	1,506,606
(2) Intersegment sales or transfers	27,725	12,997	656	—	41,379	1,537	42,917	(42,917)	—
Total	758,230	625,256	127,503	36,438	1,547,428	2,096	1,549,524	(42,917)	1,506,606
Segment income (loss)	2,706	3,017	4,780	3,059	13,562	4	13,567	(128)	13,439
Segment assets	96,852	107,462	64,571	44,742	313,628	554	314,183	16,108	330,291
Other items									
Depreciation/amortization	618	2,599	1,598	2,983	7,800	3	7,804	733	8,537
Amortization of goodwill	36	514	286	142	980	—	980	(32)	947
Equity in income of unconsolidated subsidiaries and associates (loss)	8	16	537	(14)	548	—	548	(20)	527
Investment in equity-method associates	100	181	5,194	548	6,024	—	6,024	452	6,477
Increase in property, plant and equipment and intangible assets	955	2,975	2,864	8,807	15,603	—	15,603	886	16,489

- Notes:
1. "Other" comprises businesses, such as investment business and back-office outsourcing services that are not included in reportable segments.
 2. The negative 128 million yen adjustment for segment income is 128 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is income and loss that are not attributable to reportable segments.
 3. 16,108 million yen adjustment for segment assets is 16,108 million yen of unallocated corporate assets. The main component of these unallocated corporate assets is cash and cash equivalents that are not attributable to reportable segments.
 4. Segment income adjustments are based on operating income reported on the consolidated statements of income for the corresponding period.

b. Related Information

Year ended March 31, 2013 (April 1, 2012–March 31, 2013)

1. Information by product and service

Information by product and service is omitted here, as customer sales of products/services belonging to a single category exceed 90% of total net sales in the consolidated statements of income.

2. Information by geographic area

1) Net sales

Disclosure is omitted here as customer sales in Japan exceed 90% of total net sales in the consolidated statements of income.

2) Property, plant and equipment

Not applicable, as the Company does not own property, plant and equipment located other than in Japan.

3. Information by major customer

Disclosure is omitted here as no outside customer accounts for more than 10% of total net sales in the consolidated statements of income.

Year ended March 31, 2014 (April 1, 2013–March 31, 2014)

1. Information by product and service

Information by product and service is omitted here, as customer sales of products/services belonging to a single category exceed 90% of total net sales in the consolidated statements of income.

2. Information by geographic area

1) Net sales

Disclosure is omitted here as customer sales in Japan exceed 90% of total net sales in the consolidated statements of income.

2) Property, plant and equipment

Not applicable, as the Company does not own property, plant and equipment located other than in Japan.

3. Information by major customer

Disclosure is omitted here as no outside customer accounts for more than 10% of total net sales in the consolidated statements of income.

c. Impairment loss on fixed assets by reportable segment

Year ended March 31, 2013 (April 1, 2012–March 31, 2013)

Millions of yen

	Energy Trade	Car-Life	Total Home-Life	Power & Utility	Other	Corporate /Elimination	Total
Impairment loss	265	71	56	—	—	319	712

Year ended March 31, 2014 (April 1, 2013–March 31, 2014)

Millions of yen

	Energy Trade	Car-Life	Total Home-Life	Power & Utility	Other	Corporate /Elimination	Total
Impairment loss	79	946	83	282	—	190	1,582

d. Amortized amount and unamortized balance of goodwill

Year ended March 31, 2013 (April 1, 2012–March 31, 2013)

Millions of yen

	Energy Trade	Car-Life	Total Home-Life	Power & Utility	Other	Corporate /Elimination	Total
Amortized amount	36	842	796	142	—	(89)	1,727
Unamortized balance at end of the period	44	904	1,886	427	—	(32)	3,229

Amortized amount and unamortized balance accrued from business combinations of subsidiaries carried out before April 1, 2010 are as follows.

Millions of yen

	Energy Trade	Car-Life	Total Home-Life	Power & Utility	Other	Corporate /Elimination	Total
Amortized amount	—	10	—	—	—	—	10
Unamortized balance at end of the period	—	20	—	—	—	—	20

Year ended March 31, 2014 (April 1, 2013–March 31, 2014)

Millions of yen

	Energy Trade	Car-Life	Total Home-Life	Power & Utility	Other	Corporate /Elimination	Total
Amortized amount	36	524	286	142	—	(32)	957
Unamortized balance at end of the period	7	629	2,261	284	—	—	3,183

Amortized amount and unamortized balance accrued from business combinations of subsidiaries carried out before April 1, 2010 are as follows.

Millions of yen

	Energy Trade	Car-Life	Total Home-Life	Power & Utility	Other	Corporate /Elimination	Total
Amortized amount	—	10	—	—	—	—	10
Unamortized balance at end of the period	—	10	—	—	—	—	10

e. Gain on negative goodwill by reportable segment

Not applicable

Material subsequent events

Conclusion of share transfer agreement regarding acquisition of issued shares of Osaka Car Life Group Co., Ltd.

At a resolution at a Board of Directors' meeting held on April 17, 2014, the Company decided to acquire 200 issued shares (51.95% of the total number of issued shares) of Osaka Car Life Group Co., Ltd. ("OCG"), thereby making it into a subsidiary. On the same day, it concluded a share transfer agreement with NMC2007 Investment Limited Partnership ("NMC Fund"). Details of the share acquisition are as follows.

1) Objective

Since its establishment in 1961, Enex has grown strong roots in local communities throughout Japan, and based on the corporate philosophy of "partnering with society and ordinary people," it 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. Enex also believes that energy creates prosperous communities and nurtures people. This is an important part of Enex's philosophy which has sustained the Company over the years. In 2009 Enex commenced operations in the electric power business, and today the Company is executing its growth strategies with the aim of becoming a new type of energy company centered on petroleum, gas, and electricity.

Enex's Car-Life Division is an important business division alongside the Home-Life, Power & Utility, and Energy Trade Divisions. The division operates approximately 2,100 Car-Life Stations selling gasoline, kerosene, diesel, and other products, making Enex the No.1 energy trading company in Japan in terms of scale. Enex strives to adapt swiftly to changes in increasingly diverse customer needs through a basic approach of transforming ordinary service stations into the Car-Life Station format. Enex works to enhance station operator earnings and create Car-Life Stations with strong customer appeal by providing a comprehensive range of auto services.

OCG is a holding company, with subsidiaries including Nissan Osaka Sales Co., Ltd., the largest Nissan Motor Co. Ltd.-affiliated dealer in Japan with net sales of approximately 100.0 billion yen and the only Nissan dealer within Osaka Prefecture. OCG was established in November 2009 as a joint venture between Nippon Mirai Capital Co., Ltd. and Nissan Network Holdings Co., Ltd. (A consolidated subsidiary of Nissan Motor Co., Ltd.).

In the current shareholder composition of OCG, NMC Fund holds a 51.95% share and Nissan Network Holdings Co., Ltd. holds a 46.75% share. The remaining 1.3% is held by other shareholders.

With this acquisition of shares, Enex's Car-Life Division will extend its reach 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 assets of OCG and Enex will further enhance the existing business base of Enex, which primarily includes fuel sales. Moreover, Enex will also pursue synergies to propose new value for customers' motoring lifestyles.

2) Outline of the acquiree

- | | |
|-------------------------|---|
| (1) Name | Osaka Car Life Group Co., Ltd. |
| (2) Location | 3-14-22, Minamihorie, Nishi-ku, Osaka-shi, Osaka |
| (3) Representative | Koji Furuta, Representative Director and President
Takahisa Shirato, Representative Director and Vice President |
| (4) Business activities | Holding company owning all issued shares of Nissan Osaka Sales Co., Ltd.
<Business activities of Nissan Osaka Sales Co., Ltd.>
Sales and maintenance of Nissan vehicles (vehicle inspection, legal inspection, repair), sales of components, agency business for various insurances, and sales of used cars |
| (5) Capital | 310 million yen |
| (6) Established | November 10, 2009 |

- (7) Consolidated financial results and consolidated financial position of the company of the most recent year

(millions of yen unless otherwise indicated)

Fiscal year ended March 31,	2013
Net assets	8,252
Total assets	45,296
Net assets per share	21,435,000 yen
Net sales	105,920
Operating income	2,792
Ordinary income	2,517
Net income	2,522
Net income per share	6,551,000 yen

- 3) Date of share acquisition May 30, 2014 (planned)

- 4) Number of shares to be acquired and ownership ratio after acquisition

i) Number of shares to be acquired		200 shares
ii) Ownership ratio after acquisition	Enex	51.95%
	Nissan Network Holdings Co., Ltd.	46.75%
	Others	1.30%

* The acquisition price is not disclosed at this moment because Enex has entered into a non-disclosure agreement with the other party. Enex will disclose the acquisition price in a timely manner after the completion of the share transfer.