

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2016

SINANEN HOLDINGS CO., LTD.

May 11, 2016

Securities code: 8132 URL: <http://www.sinanengroup.co.jp/> Shares listed: Tokyo Stock Exchange
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 Scheduled date of Ordinary General Meeting of Shareholders: June 24, 2016
 Scheduled date of start of dividend payment: June 27, 2016
 Scheduled date of filing of securities report: June 24, 2016

Consolidated Financial Highlights

(As of and for the fiscal years ended March 31, 2015 and 2016)

1. Consolidated Performance

Fiscal years ended March 31	2015	2016	2016/2015	2016
	(Millions of yen)		(Percentage change)	(Thousands of U.S. dollars)
(1) Consolidated financial results:				
Net sales	¥281,375	¥209,112	-25.7%	\$1,855,804
Operating income	1,703	3,504	105.7%	31,097
Ordinary income	2,629	4,274	62.6%	37,930
Profit attributable to owners of parent	1,423	2,219	55.9%	19,693
Profit per share (yen)	22.21	34.56		
Profit per share (diluted) (yen)	—	—		
Return on equity (ROE)	3.1%	4.7%		
Return on assets (ROA)	2.8%	4.7%		
Operating income to net sales	0.6%	1.7%		
(Note) Comprehensive income				
Fiscal year ended March 31, 2016:	¥1,993 million (-6.2%)			
Fiscal year ended March 31, 2015:	¥2,123 million (88.2%)			
(Reference) Equity in (earnings) losses of affiliates				
Fiscal year ended March 31, 2016:	-¥114 million	Fiscal year ended March 31, 2015:	-¥96 million	

As of	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2016
	(Millions of yen)		(Thousands of U.S. dollars)
(2) Consolidated financial condition:			
Total assets	¥89,322	¥92,985	\$825,213
Net assets	47,075	48,173	427,520
Equity ratio	52.7%	51.8%	
Net assets per share (yen)	¥733.66	¥749.08	
(Reference) Shareholders' equity			
As of March 31, 2016:	¥48,161 million	As of March 31, 2015:	¥47,065 million

Fiscal years ended March 31	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars)
(3) Consolidated cash flows:			
Cash flow from operating activities	¥3,775	¥3,356	\$29,783
Cash flow from investing activities	(2,043)	(4,020)	(35,676)
Cash flow from financing activities	(52)	(997)	(8,848)
Cash and cash equivalents at end of year	¥21,974	¥20,059	\$178,017

2. Dividends

	Dividends per Share					Total Dividends	Payout Ratio (Consolidated)	Dividend on Net Assets Ratio (Consolidated)
	1Q end	2Q end	3Q end	Year end	Total			
	(Yen)					(Millions of yen)	(%)	(%)
2015	—	—	—	¥15.00	¥15.00	¥974	67.5%	2.1%
2016	—	—	—	15.00	15.00	973	43.4%	2.0%
2017 (Forecast)	—	—	—	¥15.00	¥15.00		43.8%	

3. Consolidated Results Forecast for Fiscal Year Ending March 31, 2017

	2017	
	Full year	
	(Millions of yen)	(Thousands of U.S. dollars)
Net sales	¥250,000	\$2,218,672
Operating income	3,100	27,512
Ordinary income	3,900	34,611
Profit attributable to owners of parent	2,200	19,524
Profit per share (yen)	¥34.22	

Notes:

1. U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 112.68 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd., on March 31, 2016.
2. Return on equity (ROE) = Profit attributable to owners of parent / Average shareholders' equity
3. Return on assets (ROA) = Ordinary income / Average total assets

4. Other

- (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Changes in accounting policies and accounting estimates and retrospective restatement
 - (i) Changes in accounting policies resulting from revision of accounting standards, etc.: Yes
 - (ii) Changes in accounting policies other than (i): No
 - (iii) Change in accounting estimates: Yes
 - (iv) Retrospective restatements: No
- (3) Number of shares issued (common stock)
 - (i) Number of shares issued (including treasury shares)

As of March 31, 2016	75,752,958 shares
As of March 31, 2015	75,752,958 shares
 - (ii) Number of shares of treasury shares

As of March 31, 2016	11,458,542 shares
As of March 31, 2015	11,601,972 shares
 - (iii) Average number of shares

Fiscal year ended March 31, 2016	64,229,418 shares
Fiscal year ended March 31, 2015	64,082,250 shares

* Presentation regarding status of audit procedures:

This report is not subject to the audit procedures under the Financial Instruments and Exchange Act, and as of the date of disclosure hereof, the audit procedures for consolidated financial statements under the Financial Instruments and Exchange Act are being carried out.

* Explanations about the appropriate use of the consolidated results forecast and other noteworthy points:

The earnings forecasts contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.

Non-consolidated Financial Highlights

(As of and for the fiscal years ended March 31, 2015 and 2016)

Non-consolidated Performance

Fiscal years ended March 31	2015	2016	2016 / 2015	2016
	<i>(Millions of yen)</i>		<i>(Percentage change)</i>	<i>(Thousands of U.S. dollars)</i>
(1) Non-consolidated financial results:				
Net sales	¥254,694	¥64,892	-74.5%	\$575,896
Operating income	(296)	(1,411)	—	(12,522)
Ordinary income	1,008	169	-83.2%	1,500
Profit	487	(643)	—	(5,706)
Profit per share (<i>yen</i>)	7.60	(10.02)		
Profit per share (diluted) (<i>yen</i>)	—	—		

As of	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2016
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
(2) Non-consolidated financial condition:			
Total assets	¥75,229	¥35,178	\$312,194
Net assets	40,219	19,117	169,657
Equity ratio	53.5%	54.3%	
Net assets per share (<i>yen</i>)	¥626.94	¥297.35	

(Reference) Shareholders' equity

As of March 31, 2016: ¥19,117 million

As of March 31, 2015: ¥40,219 million

Note:

U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 112.68 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd., on March 31, 2016.

Consolidated Balance Sheets

(As of March 31, 2015 and 2016)

	2015	2016	2016
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Assets			
Current assets			
Cash and deposits	¥22,102	¥20,183	\$179,118
Notes and accounts receivable-trade	24,317	19,339	171,628
Merchandise and finished goods	5,135	6,916	61,377
Work in process	50	276	2,449
Raw materials and supplies	58	51	453
Deferred tax assets	507	792	7,029
Other	2,178	2,587	22,959
Allowance for doubtful accounts	(52)	(57)	(506)
Total current assets	54,298	50,091	444,542
Non-current assets			
Property, plant and equipment			
Buildings and structures	17,254	17,590	156,106
Accumulated depreciation	(10,779)	(10,558)	(93,699)
Buildings and structures, net	6,475	7,031	62,398
Machinery, equipment and vehicles	11,227	15,835	140,531
Accumulated depreciation	(8,186)	(8,417)	(74,698)
Machinery, equipment and vehicles, net	3,041	7,417	65,824
Land	10,968	10,940	97,089
Leased assets	1,564	2,346	20,820
Accumulated depreciation	(512)	(589)	(5,227)
Leased assets, net	1,052	1,757	15,593
Construction in progress	853	1,866	16,560
Other	1,042	1,173	10,410
Accumulated depreciation	(685)	(717)	(6,363)
Other, net	356	455	4,038
Total property, plant and equipment	22,747	29,468	261,519
Intangible assets			
Goodwill	352	1,210	10,738
Leased assets	0	4	35
Other	1,695	1,728	15,335
Total intangible assets	2,047	2,943	26,118
Investments and other assets			
Investment securities	7,050	6,466	57,384
Long-term loans receivable	301	226	2,006
Long-term prepaid expenses	924	1,449	12,859
Deferred tax assets	154	299	2,654
Other	2,382	2,478	21,991
Allowance for doubtful accounts	(585)	(436)	(3,869)
Total investments and other assets	10,228	10,481	93,016
Total non-current assets	35,023	42,894	380,671
Total assets	¥89,322	¥92,985	\$825,213

	2015	2016	2016
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Liabilities			
Current liabilities			
Notes and accounts payable-trade	¥18,433	¥12,893	\$114,421
Short-term loans payable	8,284	9,031	80,147
Accounts payable-other	1,389	1,985	17,616
Lease obligations	280	308	2,733
Income taxes payable	647	1,430	12,691
Accrued consumption taxes	551	775	6,878
Provision for bonuses	980	1,030	9,141
Provision for loss on disaster	51	51	453
Other	2,648	3,862	34,274
Total current liabilities	33,267	31,369	278,390
Non-current liabilities			
Long-term loans payable	2,182	6,185	54,890
Lease obligations	1,020	1,588	14,093
Deferred tax liabilities	717	730	6,479
Provision for directors' retirement benefits	96	57	506
Net defined benefit liability	3,113	2,615	23,207
Long-term guarantee deposited	741	883	7,836
Asset retirement obligations	548	532	4,721
Liabilities from application of equity method	—	105	932
Other	558	744	6,603
Total non-current liabilities	8,978	13,442	119,294
Total liabilities	42,246	44,812	397,693
Net assets			
Shareholders' equity			
Capital stock	15,630	15,630	138,711
Capital surplus	11,638	11,624	103,159
Retained earnings	24,437	25,695	228,035
Treasury shares	(6,107)	(6,026)	(53,479)
Total shareholders' equity	45,599	46,923	416,427
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,796	1,418	12,584
Deferred gains or losses on hedges	0	(0)	(0)
Foreign currency translation adjustment	80	(186)	(1,651)
Remeasurements of defined benefit plans	(411)	6	53
Total accumulated other comprehensive income	1,466	1,237	10,978
Non-controlling interests	10	11	98
Total net assets	47,075	48,173	427,520
Total liabilities and net assets	¥89,322	¥92,985	\$825,213

**Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**
(For the fiscal years ended March 31, 2015 and 2016)

	2015	2016	2016
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Net sales	¥281,375	¥209,112	\$1,855,804
Cost of sales	253,238	179,897	1,596,530
Gross profit	28,136	29,215	259,274
Selling, general and administrative expenses	26,433	25,710	228,168
Operating income	1,703	3,504	31,097
Non-operating income			
Interest income	184	85	754
Dividend income	117	117	1,038
Commission fee	98	77	683
Foreign exchange gains	139	—	—
Diesel oil delivery tax subsidies	106	114	1,012
Insurance return	107	100	887
Gain on derivatives	184	380	3,372
Other	265	289	2,565
Total non-operating income	1,204	1,166	10,348
Non-operating expenses			
Interest expenses	52	65	577
Loss on valuation of investment securities	—	4	35
Share of loss of entities accounted for using equity method	96	114	1,012
Foreign exchange losses	—	53	470
Bad debts expenses	—	75	666
Other	130	82	728
Total non-operating expenses	279	396	3,514
Ordinary income	2,629	4,274	37,930
Extraordinary income			
Gain on sales of non-current assets	12	82	728
Gain on sales of investment securities	—	48	426
Gain on change in equity	1	—	—
Compensation income for expropriation	—	214	1,899
Total extraordinary income	14	345	3,062
Extraordinary losses			
Loss on sales of non-current assets	1	9	80
Loss on retirement of non-current assets	133	323	2,867
Impairment loss	84	131	1,163
Amortization of goodwill	—	17	151
Loss on valuation of investment securities	1	2	18
Restructuring expenses	39	403	3,576
Loss on transfer to defined contribution pension plan	—	341	3,026
Total extraordinary losses	¥260	¥1,229	\$10,907

	2015	2016	2016
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Income before income taxes	¥2,382	¥3,391	\$30,094
Income taxes-current	1,004	1,548	13,738
Income taxes-deferred	(44)	(379)	(3,364)
Total income taxes	959	1,169	10,375
Profit	1,423	2,221	19,711
(Profit attributable to)			
Profit attributable to owners of parent	1,423	2,219	19,693
Profit (loss) attributable to non-controlling interests	(0)	1	9
Other comprehensive income			
Valuation difference on available-for-sale securities	721	(377)	(3,346)
Deferred gains or losses on hedges	(0)	0	0
Foreign currency translation adjustment	(9)	(267)	(2,370)
Remeasurements of defined benefit plans, net of tax	(14)	413	3,665
Share of other comprehensive income of entities accounted for using equity method	2	3	27
Total other comprehensive income	700	(228)	(2,023)
Comprehensive income	2,123	1,993	17,687
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of parent	2,124	1,991	17,670
Comprehensive income attributable to non-controlling interests	(¥0)	¥1	\$9

Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2015)

(Millions of yen)

	Capital stock				
	Shareholders' equity	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	15,630	11,662	23,972	(6,202)	45,062
Cumulative effects of changes in accounting policies			1		1
Restated balance	15,630	11,662	23,974	(6,202)	45,063
Changes of items during the period					
Dividends of surplus			(959)		(959)
Profit attributable to owners of parent			1,423		1,423
Disposal of treasury shares		(23)		105	81
Purchase of treasury shares				(10)	(10)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(23)	463	95	535
Balance at end of current period	15,630	11,638	24,437	(6,107)	45,599

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,075	(0)	89	(399)	765	52	45,880
Cumulative effects of changes in accounting policies							1
Restated balance	1,075	(0)	89	(399)	765	52	45,882
Changes of items during the period							
Dividends of surplus							(959)
Profit attributable to owners of parent							1,423
Disposal of treasury shares							81
Purchase of treasury shares							(10)
Net changes of items other than shareholders' equity	721	0	(9)	(11)	700	(42)	658
Total changes of items during the period	721	0	(9)	(11)	700	(42)	1,193
Balance at end of current period	1,796	0	80	(411)	1,466	10	47,075

Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2016)

(Millions of yen)

	Capital stock				
	Shareholders' equity	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	15,630	11,638	24,437	(6,107)	45,599
Cumulative effects of changes in accounting policies					—
Restated balance	15,630	11,638	24,437	(6,107)	45,599
Changes of items during the period					
Dividends of surplus			(962)		(962)
Profit attributable to owners of parent			2,219		2,219
Disposal of treasury shares		(13)		91	77
Purchase of treasury shares				(10)	(10)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(13)	1,257	80	1,324
Balance at end of current period	15,630	11,624	25,695	(6,026)	46,923

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,796	0	80	(411)	1,466	10	47,075
Cumulative effects of changes in accounting policies							—
Restated balance	1,796	0	80	(411)	1,466	10	47,075
Changes of items during the period							
Dividends of surplus							(962)
Profit attributable to owners of parent							2,219
Disposal of treasury shares							77
Purchase of treasury shares							(10)
Net changes of items other than shareholders' equity	(377)	(0)	(267)	417	(228)	1	(226)
Total changes of items during the period	(377)	(0)	(267)	417	(228)	1	1,097
Balance at end of current period	1,418	(0)	(186)	6	1,237	11	48,173

Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2016)

(Thousands of U.S. dollars)

	Capital stock				
	Shareholders' equity	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	138,711	103,284	216,871	(54,198)	404,677
Cumulative effects of changes in accounting policies					—
Restated balance	138,711	103,284	216,871	(54,198)	404,677
Changes of items during the period					
Dividends of surplus			(8,537)		(8,537)
Profit attributable to owners of parent			19,693		19,693
Disposal of treasury shares		(115)		808	683
Purchase of treasury shares				(89)	(89)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(115)	11,155	710	11,750
Balance at end of current period	138,711	103,159	228,035	(53,479)	416,427

(Thousands of U.S. dollars)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	15,939	0	710	(3,647)	13,010	89	417,776
Cumulative effects of changes in accounting policies							—
Restated balance	15,939	0	710	(3,647)	13,010	89	417,776
Changes of items during the period							
Dividends of surplus							(8,537)
Profit attributable to owners of parent							19,693
Disposal of treasury shares							683
Purchase of treasury shares							(89)
Net changes of items other than shareholders' equity	(3,346)	(0)	(2,370)	3,701	(2,023)	9	(2,006)
Total changes of items during the period	(3,346)	(0)	(2,370)	3,701	(2,023)	9	9,736
Balance at end of current period	12,584	(0)	(1,651)	53	10,978	98	427,520

Consolidated Statement of Cash Flows

(For the fiscal years ended March 31, 2015 and 2016)

	2015	2016	2016
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Cash flows from operating activities			
Income before income taxes	¥2,382	¥3,391	\$30,094
Depreciation	2,360	2,420	21,477
Amortization of goodwill	228	175	1,553
Increase (decrease) in allowance for doubtful accounts	142	(144)	(1,278)
Increase (decrease) in net defined benefit liability	(81)	112	994
Increase (decrease) in other provision	357	10	89
Foreign exchange losses (gains)	16	8	71
Interest and dividend income	(302)	(203)	(1,802)
Interest expenses	52	65	577
Share of (profit) loss of entities accounted for using equity method	96	114	1,012
Loss (gain) on sales of investment securities	—	(57)	(506)
Loss (gain) on valuation of investment securities	(6)	7	62
Loss on retirement of non-current assets	133	323	2,867
Loss (gain) on sales of non-current assets	(11)	(73)	(648)
Decrease (increase) in notes and accounts receivable-trade	10,339	5,065	44,950
Decrease (increase) in inventories	(525)	(1,975)	(17,528)
Increase (decrease) in notes and accounts payable-trade	(11,133)	(5,563)	(49,370)
Increase (decrease) in guarantee deposits received	(9)	170	1,509
Decrease (increase) in long-term prepaid expenses	(257)	(1,008)	(8,946)
Other, net	1,051	1,157	10,268
Subtotal	4,833	3,997	35,472
Interest and dividend income received	271	132	1,171
Interest expenses paid	(52)	(66)	(586)
Income taxes paid	(1,276)	(706)	(6,266)
Net cash provided by (used in) operating activities	3,775	3,356	29,783
Cash flows from investing activities			
Proceeds from withdrawal of time deposits	826	175	1,553
Payments into time deposits	(78)	(132)	(1,171)
Proceeds from sales and redemption of investment securities	—	59	524
Purchase of investment securities	(58)	(42)	(373)
Proceeds from sales of non-current assets	31	139	1,234
Purchase of non-current assets	(2,778)	(3,357)	(29,792)
Collection of long-term loans receivable	73	74	657
Proceeds from purchase of shares of subsidiaries and investments in capital resulting in change in scope of consolidation	—	40	355
Purchase of shares of subsidiaries and investments in capital resulting in change in scope of consolidation	(184)	(696)	(6,177)
Proceeds from maturity of insurance funds	323	0	0
Purchase of insurance funds	(83)	(85)	(754)
Other, net	(114)	(196)	(1,739)
Net cash provided by (used in) investing activities	(¥2,043)	(¥4,020)	(\$35,676)

	2015	2016	2016
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	¥815	(¥403)	(\$3,576)
Proceeds from long-term loans payable	795	470	4,171
Repayments of long-term loans payable	(566)	(537)	(4,766)
Proceeds from sales of treasury shares	81	77	683
Purchase of treasury shares	(10)	(10)	(89)
Cash dividends paid	(960)	(962)	(8,537)
Dividends paid to non-controlling interests	(0)	—	—
Proceeds from sales and leasebacks	—	753	6,683
Other, net	(206)	(384)	(3,408)
Net cash provided by (used in) financing activities	(52)	(997)	(8,848)
Effect of exchange rate change on cash and cash equivalents	(16)	(254)	(2,254)
Net increase (decrease) in cash and cash equivalents	1,663	(1,915)	(16,995)
Cash and cash equivalents at beginning of period	20,310	21,974	195,012
Cash and cash equivalents at end of period	¥21,974	¥20,059	\$178,017

Segment Information

(As of and for the fiscal years ended March 31, 2015 and 2016)

Segment Information

For the fiscal year ended March 31, 2016

1. Overview of reporting segments

The reporting segments of the Company are constituent units of the Company for which separate financial information can be obtained, and the Board of Directors examines such information on a regular basis to determine the allocation of management resources and evaluate business performance.

Each operating company of the Sinanen Group formulates a comprehensive strategy for the products and services it handles to develop its respective business activities under a holding company structure.

Accordingly, the Company is comprised of segments by product and service based on operating companies. The Company's reporting segments are Energy Wholesale, Retail and Surrounding Business (B to C Business), Energy Solution Business (B to B Business) and Non-energy and Global Business.

The Energy Wholesale, Retail and Surrounding Business (B to C Business) is engaged in the sales of various fuels such as liquefied petroleum gas for households and retailers, surrounding businesses related to household energy such as renovation services and sales of gas appliances, the supply of city gas and the preservation and distribution of liquefied petroleum gas.

The Energy Solution Business (B to B Business) is engaged in the sales of various fuels such as petroleum products for large-scale customers, the management of gas stations, the electric power development and retail sales of electric power, the sales of solar power systems and its surrounding services, the energy saving solution business and the housing equipment business.

The Non-energy and Global Business is engaged in the antimicrobial business, the recycling business, the import and sales of bicycles and other products, the computer systems services business, the real estate management business and the biomass business.

From the fiscal year ended March 31, 2016, the Sinanen Group has been working on transitioning to a holding company structure that allows agile and flexible management in an effort to delegate authority, clarify the responsibility structure and further speed up the process of management decision-making in each operating company, and completed its transition on October 1, 2015. In conjunction with this change, the Company's reporting segments of the previous four categories: Energy Wholesale and Peripheral Business, Energy Retail and Peripheral Business, Global Business and Solution Business, have been changed to three categories: Energy Wholesale, Retail and Surrounding Business (B to C Business), Energy Solution Business (B to B Business) and Non-energy and Global Business.

The segment information for the previous fiscal year was prepared in accordance with the revised reporting segments.

2. Methods of calculating net sales, income or loss, assets, and other items by reporting segment

Methods of accounting treatment for reported business segments are generally the same as those for statements in "Basis of Presenting the Consolidated Financial Statements" (available in Japanese only). Income or loss of reporting segments is a figure based on operating income. Intersegment net sales and transfer amount is based on market prices.

(Changes in the method of estimation and calculation of quantity of inventories)

In the calculation of the quantity of inventories of liquefied petroleum gas installed at supply destinations, the consolidated subsidiaries had previously applied the method of estimation and calculation using a uniform coefficient corresponding to the volume of gas cylinders installed as it was difficult to measure the quantity of inventories at each supply destination. From the fiscal year ended March 31, 2016, the consolidated subsidiaries have changed their methods to those that estimate and calculate the quantity of inventories at each supply destination.

The Company has adopted this method in conjunction with the reorganization, as it became possible to estimate and calculate the quantity of inventories at each supply destination as a result of the major update of the liquefied petroleum gas sales and management system to a fourth-generation system.

As a result of this change, segment income of the Energy Wholesale, Retail and Surrounding Business (B to C business) has increased by ¥778 million for the fiscal year ended March 31, 2016 compared to the figure based on the previous calculation method.

Net Sales, Income/Loss, Assets and Other Information
As of and for the fiscal year ended March 31, 2015

	Reporting Segment			Total	Adjustments Note 1 Note 2	Consolidated Total Note 3
	Energy Wholesale, Retail and Surrounding Business (B to C Business)	Energy Solution Business (B to B Business)	Non-energy and Global Business			
<i>(Millions of yen)</i>						
Net sales						
Net sales to external customers	¥116,607	¥157,990	¥6,684	¥281,282	¥93	¥281,375
Intersegment net sales or transfer amount	281	6,750	345	7,377	(7,377)	—
Total	116,889	164,740	7,030	288,659	(7,284)	281,375
Segment income or loss	2,996	(607)	173	2,563	(859)	1,703
Segment assets	34,541	23,041	7,739	65,322	23,999	89,322
Others:						
Depreciation	1,360	300	280	1,941	419	2,360
Amortization of goodwill	130	17	79	228	—	228
Investment in entities accounted for using equity method	—	24	43	67	0	68
Increase (decrease) in property, plant and equipment and intangible assets	¥1,312	¥742	¥972	¥3,027	¥748	¥3,775

Notes:

- Adjustments of net sales to external customers of ¥93 million are rental income of real estate property managed by the Company.
- Adjustments are as follows:
 - Adjustment of segment income or loss, -¥859 million, includes the amount stated in Note 1, intersegment transaction elimination of ¥252 million and corporate expenses not allocated to each reporting segment of -¥1,205 million.
 - Adjustment of segment assets, ¥23,999 million, includes intersegment transaction elimination of -¥9,054 million and corporate assets not allocated to each reporting segment of ¥33,054 million.
 - Adjustment of depreciation, ¥419 million, is corporate expenses not allocated to each reporting segment.
 - Adjustment of investment in entities accounted for using equity method, ¥0 million, is the elimination of unrealized income or loss on inventories of ¥0 million.
 - Adjustment of increase in property, plant and equipment and intangible assets, ¥748 million, is corporate assets not allocated to each reporting segment.
- Segment income or loss is adjusted with operating income in the Consolidated Statement of Income and the Consolidated Statement of Comprehensive Income.

As of and for the fiscal year ended March 31, 2016

	Reporting Segment				Adjustments Note 1 Note 2	Consolidated Total Note 3
	Energy Wholesale, Retail and Surrounding Business (B to C Business)	Energy Solution Business (B to B Business)	Non-energy and Global Business	Total		
<i>(Millions of yen)</i>						
Net sales						
Net sales to external customers	¥70,202	¥132,277	¥6,558	¥209,038	¥74	¥209,112
Intersegment net sales or transfer amount	174	19,748	329	20,252	(20,252)	—
Total	70,376	152,026	6,888	229,291	(20,178)	209,112
Segment income	3,327	68	105	3,500	4	3,504
Segment assets	34,211	33,000	8,164	75,376	17,609	92,985
Others:						
Depreciation	1,419	301	308	2,029	391	2,420
Amortization of goodwill	87	16	53	157	—	157
Investment in entities accounted for using equity method	—	—	62	62	—	62
Increase (decrease) in property, plant and equipment and intangible assets	¥2,205	¥1,692	¥825	¥4,723	¥930	¥5,654

Notes:

1. Adjustments of net sales to external customers of ¥74 million are rental income of real estate property managed by the Company.
2. Adjustments are as follows:
 - (1) Adjustment of segment income, ¥4 million, includes the amount stated in Note 1, intersegment transaction elimination of ¥2,066 million and corporate expenses not allocated to each reporting segment of -¥2,136 million.
 - (2) Adjustment of segment assets, ¥17,609 million, includes intersegment transaction elimination of -¥16,721 million and corporate assets not allocated to each reporting segment of ¥34,330 million.
 - (3) Adjustment of depreciation, ¥391 million, is corporate expenses not allocated to each reporting segment.
 - (4) Adjustment of increase in property, plant and equipment and intangible assets, ¥930 million, is corporate assets not allocated to each reporting segment.
3. Segment income is adjusted with operating income in the Consolidated Statement of Income and the Consolidated Statement of Comprehensive Income.