

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2018

SINANEN HOLDINGS CO., LTD.

May 11, 2018

Securities code: 8132 URL: <http://www.sinanengroup.co.jp/> Shares listed: Tokyo Stock Exchange
 Representative: Tadashi Sakimura, President and CEO
 Contact: Yutaka Hoshino, Finance and Accounting Manager Tel: +81-3-5470-7105
 Scheduled date of Ordinary General Meeting of Shareholders: June 26, 2018
 Scheduled date of start of dividend payment: June 27, 2018
 Scheduled date of filing of securities report: June 26, 2018

Consolidated Financial Highlights

(As of and for the fiscal years ended March 31, 2017 and 2018)

1. Consolidated Performance

| Fiscal years ended March 31 | 2017 | 2018 | 2018/2017 | 2018 |
|--|--------------------------|----------|----------------------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Percentage change)</i> | <i>(Thousands of U.S. dollars)</i> |
| (1) Consolidated financial results: | | | | |
| Net sales | ¥218,242 | ¥244,370 | 12.0% | \$2,305,377 |
| Operating profit | 2,934 | 3,348 | 14.1% | 31,585 |
| Ordinary profit | 3,424 | 3,948 | 15.3% | 37,245 |
| Profit attributable to owners of parent | 2,584 | 2,867 | 10.9% | 27,047 |
| Profit per share (<i>yen</i>) | 200.26 | 231.13 | | |
| Profit per share (diluted) (<i>yen</i>) | — | — | | |
| Return on equity (ROE) | 5.2% | 5.9% | | |
| Return on assets (ROA) | 3.5% | 4.0% | | |
| Operating profit to net sales | 1.3% | 1.4% | | |

(Notes)

1. Comprehensive income

Fiscal year ended March 31, 2018: ¥2,882 million (-10.6%)

Fiscal year ended March 31, 2017: ¥3,224 million (61.8%)

2. The Company carried out a reverse stock split on a one for five common stock basis effective as of October 1, 2016. Profit per share was calculated on the assumption that the reverse stock split was implemented at the beginning of the previous fiscal year.

(Reference) Equity in (earnings) losses of affiliates

Fiscal year ended March 31, 2018: ¥0 million Fiscal year ended March 31, 2017: -¥90 million

| As of | Mar. 31, 2017 | Mar. 31, 2018 | Mar. 31, 2018 |
|-------|--------------------------|---------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |

| | | | |
|--|-----------|-----------|-----------|
| (2) Consolidated financial condition: | | | |
| Total assets | ¥104,836 | ¥93,614 | \$883,151 |
| Net assets | 50,685 | 46,863 | 442,104 |
| Equity ratio | 48.3% | 50.0% | |
| Net assets per share (<i>yen</i>) | ¥3,903.27 | ¥4,307.24 | |

(Reference) Shareholders' equity

As of March 31, 2018: ¥46,850 million

As of March 31, 2017: ¥50,672 million

(Note) The Company carried out a reverse stock split on a one for five common stock basis effective as of October 1, 2016. Net assets per share were calculated on the assumption that the reverse stock split was implemented at the beginning of the previous fiscal year.

| Fiscal years ended March 31 | 2017 | 2018 | 2018 |
|--|--------------------------|----------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| (3) Consolidated cash flows: | | | |
| Cash flow from operating activities | ¥2,449 | ¥5,433 | \$51,255 |
| Cash flow from investing activities | (6,268) | (1,282) | (12,094) |
| Cash flow from financing activities | 2,113 | (15,227) | (143,651) |
| Cash and cash equivalents at end of year | ¥18,340 | ¥7,217 | \$68,085 |

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) | | | | | | | |
| 2017 | — | — | — | ¥100.00 | ¥100.00 | ¥1,298 | 49.9% | 2.6% |
| 2018 | — | — | — | 75.00 | 75.00 | 815 | 32.4% | 1.8% |
| 2019 (Forecast) | — | — | — | ¥75.00 | ¥75.00 | | 31.4% | |

(Note) The breakdown of the year-end dividends for the fiscal year ended March 31, 2017

Ordinary dividends: ¥75.00 Commemorative dividends: ¥25.00 (90th anniversary commemorative dividends)

3. Consolidated Results Forecast for Fiscal Year Ending March 31, 2019

| | 2019 | 2019 |
|---|-------------------|-----------------------------|
| | Full year | Full year |
| | (Millions of yen) | (Thousands of U.S. dollars) |
| Net sales | ¥260,000 | \$2,452,830 |
| Operating profit | 3,300 | 31,132 |
| Ordinary profit | 3,500 | 33,019 |
| Profit attributable to owners of parent | 2,600 | 24,528 |
| Profit per share (yen) | ¥239.03 | |

Notes:

- U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 106 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd., on March 31, 2018.
- Return on equity (ROE) = Profit attributable to owners of parent / Average shareholders' equity
- Return on assets (ROA) = Ordinary profit / Average total assets

4. Other

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

| | |
|----------------------|-------------------|
| As of March 31, 2018 | 13,046,591 shares |
| As of March 31, 2017 | 15,150,591 shares |
 - Number of shares of treasury shares

| | |
|----------------------|------------------|
| As of March 31, 2018 | 2,169,519 shares |
| As of March 31, 2017 | 2,168,538 shares |
 - Average number of shares

| | |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2018 | 12,405,225 shares |
| Fiscal year ended March 31, 2017 | 12,905,170 shares |

Non-consolidated Financial Highlights

(As of and for the fiscal years ended March 31, 2017 and 2018)

Non-consolidated Performance

| Fiscal years ended March 31 | 2017 | 2018 | 2018 / 2017 | 2018 |
|--|-------------------|--------|---------------------|-----------------------------|
| | (Millions of yen) | | (Percentage change) | (Thousands of U.S. dollars) |
| (1) Non-consolidated financial results: | | | | |
| Net sales and operating revenue | ¥10,309 | ¥2,725 | -73.6% | \$25,707 |
| Operating profit | 8,042 | 383 | -95.2% | 3,613 |
| Ordinary profit | 8,893 | 1,108 | -87.5% | 10,453 |
| Profit | 8,802 | 1,267 | -85.6% | 11,953 |
| Profit per share (yen) | 682.05 | 102.20 | | |
| Profit per share (diluted) (yen) | — | — | | |

(Note) The Company carried out a reverse stock split on a one for five common stock basis effective as of October 1, 2016. Profit per share was calculated on the assumption that the reverse stock split was implemented at the beginning of the previous fiscal year.

| As of | Mar. 31, 2017 | Mar. 31, 2018 | Mar. 31, 2018 |
|--|-------------------|---------------|-----------------------------|
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| (2) Non-consolidated financial condition: | | | |
| Total assets | ¥41,869 | ¥32,077 | \$302,613 |
| Net assets | 27,736 | 22,356 | 210,906 |
| Equity ratio | 66.2% | 69.7% | |
| Net assets per share (yen) | ¥2,136.50 | ¥2,055.38 | |

(Reference) Shareholders' equity

| | | | |
|-----------------------|-----------------|-----------------------|-----------------|
| As of March 31, 2018: | ¥22,356 million | As of March 31, 2017: | ¥27,736 million |
|-----------------------|-----------------|-----------------------|-----------------|

Notes:

- The Company carried out a reverse stock split on a one for five common stock basis effective as of October 1, 2016. Net assets per share were calculated on the assumption that the reverse stock split was implemented at the beginning of the previous fiscal year.
- U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 106 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd., on March 31, 2018.

* The auditing procedure by certified public accountants or audit firms does not apply to these Financial Results

* 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.

Consolidated Balance Sheets

(As of March 31, 2017 and 2018)

| | 2017 | 2018 | 2018 |
|--|--------------------------|----------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Assets | | | |
| Current assets | | | |
| Cash and deposits | ¥18,661 | ¥7,548 | \$71,208 |
| Notes and accounts receivable-trade | 25,677 | 25,245 | 238,160 |
| Merchandise and finished goods | 5,351 | 7,478 | 70,547 |
| Work in process | 4,254 | 1,988 | 18,755 |
| Raw materials and supplies | 68 | 45 | 425 |
| Deferred tax assets | 769 | 721 | 6,802 |
| Other | 3,691 | 3,702 | 34,925 |
| Allowance for doubtful accounts | (56) | (48) | (453) |
| Total current assets | 58,418 | 46,680 | 440,377 |
| Non-current assets | | | |
| Property, plant and equipment | | | |
| Buildings and structures | 18,420 | 17,890 | 168,774 |
| Accumulated depreciation | (10,322) | (10,006) | (94,396) |
| Buildings and structures, net | 8,097 | 7,883 | 74,368 |
| Machinery, equipment and vehicles | 16,251 | 16,447 | 155,160 |
| Accumulated depreciation | (8,805) | (9,198) | (86,774) |
| Machinery, equipment and vehicles, net | 7,445 | 7,249 | 68,387 |
| Land | 11,324 | 11,394 | 107,491 |
| Leased assets | 2,952 | 3,270 | 30,849 |
| Accumulated depreciation | (648) | (811) | (7,651) |
| Leased assets, net | 2,304 | 2,458 | 23,189 |
| Construction in progress | 129 | 556 | 5,245 |
| Other | 1,400 | 1,519 | 14,330 |
| Accumulated depreciation | (820) | (920) | (8,679) |
| Other, net | 579 | 598 | 5,642 |
| Total property, plant and equipment | 29,882 | 30,141 | 284,349 |
| Intangible assets | | | |
| Goodwill | 3,583 | 3,807 | 35,915 |
| Other | 1,618 | 1,354 | 12,774 |
| Total intangible assets | 5,201 | 5,161 | 48,689 |
| Investments and other assets | | | |
| Investment securities | 7,994 | 7,872 | 74,264 |
| Long-term loans receivable | 147 | 70 | 660 |
| Long-term prepaid expenses | 1,205 | 1,531 | 14,443 |
| Deferred tax assets | 272 | 221 | 2,085 |
| Other | 2,158 | 2,294 | 21,642 |
| Allowance for doubtful accounts | (443) | (361) | (3,406) |
| Total investments and other assets | 11,334 | 11,630 | 109,717 |
| Total non-current assets | 46,418 | 46,933 | 442,764 |
| Total assets | ¥104,836 | ¥93,614 | \$883,151 |

| | 2017 | 2018 | 2018 |
|---|--------------------------|---------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Liabilities | | | |
| Current liabilities | | | |
| Notes and accounts payable-trade | ¥20,340 | ¥20,740 | \$195,660 |
| Short-term loans payable | 12,663 | 5,782 | 54,547 |
| Accounts payable-other | 1,466 | 2,072 | 19,547 |
| Lease obligations | 343 | 355 | 3,349 |
| Income taxes payable | 295 | 1,141 | 10,764 |
| Accrued consumption taxes | 330 | 441 | 4,160 |
| Provision for bonuses | 1,125 | 1,378 | 13,000 |
| Provision for contingent loss | — | 53 | 500 |
| Other | 5,878 | 3,187 | 30,066 |
| Total current liabilities | 42,444 | 35,152 | 331,623 |
| Non-current liabilities | | | |
| Long-term loans payable | 5,323 | 4,876 | 46,000 |
| Lease obligations | 1,960 | 2,083 | 19,651 |
| Deferred tax liabilities | 1,214 | 1,606 | 15,151 |
| Provision for directors' retirement benefits | 23 | 18 | 170 |
| Net defined benefit liability | 454 | 471 | 4,443 |
| Long-term guarantee deposited | 1,324 | 1,301 | 12,274 |
| Asset retirement obligations | 502 | 435 | 4,104 |
| Other | 903 | 805 | 7,594 |
| Total non-current liabilities | 11,706 | 11,598 | 109,415 |
| Total liabilities | 54,151 | 46,750 | 441,038 |
| Net assets | | | |
| Shareholders' equity | | | |
| Capital stock | 15,630 | 15,630 | 147,453 |
| Capital surplus | 11,537 | 7,717 | 72,802 |
| Retained earnings | 27,315 | 27,243 | 257,009 |
| Treasury shares | (5,687) | (5,631) | (53,123) |
| Total shareholders' equity | 48,795 | 44,959 | 424,142 |
| Accumulated other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 1,968 | 2,010 | 18,962 |
| Deferred gains or losses on hedges | (10) | 2 | 19 |
| Foreign currency translation adjustment | (88) | (127) | (1,198) |
| Remeasurements of defined benefit plans | 7 | 4 | 38 |
| Total accumulated other comprehensive income | 1,876 | 1,890 | 17,830 |
| Non-controlling interests | 13 | 13 | 123 |
| Total net assets | 50,685 | 46,863 | 442,104 |
| Total liabilities and net assets | ¥104,836 | ¥93,614 | \$883,151 |

**Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**
(For the fiscal years ended March 31, 2017 and 2018)

| | 2017 | 2018 | 2018 |
|---|--------------------------|----------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Net sales | ¥218,242 | ¥244,370 | \$2,305,377 |
| Cost of sales | 188,368 | 212,772 | 2,007,283 |
| Gross profit | 29,874 | 31,598 | 298,094 |
| Selling, general and administrative expenses | 26,939 | 28,249 | 266,500 |
| Operating profit | 2,934 | 3,348 | 31,585 |
| Non-operating income | | | |
| Interest income | 114 | 79 | 745 |
| Dividend income | 146 | 173 | 1,632 |
| Commission fee | 53 | 45 | 425 |
| Diesel oil delivery tax subsidies | 94 | 80 | 755 |
| Insurance return | 175 | 69 | 651 |
| Gain on derivatives | 12 | — | — |
| Gain on transfer of rights | 92 | 138 | 1,302 |
| Other | 386 | 429 | 4,047 |
| Total non-operating income | 1,074 | 1,017 | 9,594 |
| Non-operating expenses | | | |
| Interest expenses | 148 | 125 | 1,179 |
| Share of loss of entities accounted for using equity method | 90 | — | — |
| Derivative losses | — | 105 | 991 |
| Foreign exchange losses | 29 | 52 | 491 |
| Withholding tax unqualified for deduction | 188 | — | — |
| Other | 127 | 134 | 1,264 |
| Total non-operating expenses | 584 | 417 | 3,934 |
| Ordinary profit | 3,424 | 3,948 | 37,245 |
| Extraordinary income | | | |
| Gain on sales of non-current assets | 676 | 12 | 113 |
| Gain on sales of investment securities | 25 | 1,246 | 11,755 |
| Compensation income for expropriation | 230 | — | — |
| Gain on bargain purchase | 4 | — | — |
| Other | — | 16 | 151 |
| Total extraordinary income | 937 | 1,274 | 12,019 |
| Extraordinary losses | | | |
| Loss on sales of non-current assets | 56 | 41 | 387 |
| Loss on retirement of non-current assets | 291 | 128 | 1,208 |
| Impairment loss | 114 | 99 | 934 |
| Loss on valuation of investment securities | 79 | 1 | 9 |
| Loss on compensation for damage | — | 93 | 877 |
| Provision for contingent loss | — | 53 | 500 |
| Other | 4 | 45 | 425 |
| Total extraordinary losses | ¥546 | ¥461 | \$4,349 |

| | 2017 | 2018 | 2018 |
|---|--------------------------|--------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Income before income taxes | ¥3,815 | ¥4,762 | \$44,925 |
| Income taxes-current | 928 | 1,461 | 13,783 |
| Income taxes-deferred | 301 | 431 | 4,066 |
| Total income taxes | 1,229 | 1,893 | 17,858 |
| Profit | 2,585 | 2,868 | 27,057 |
| (Profit attributable to) | | | |
| Profit attributable to owners of parent | 2,584 | 2,867 | 27,047 |
| Profit attributable to non-controlling interests | 1 | 1 | 9 |
| Other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 549 | 41 | 387 |
| Deferred gains or losses on hedges | (11) | 14 | 132 |
| Foreign currency translation adjustment | 98 | (38) | (358) |
| Share of other comprehensive income of entities accounted for using equity method | 1 | (3) | (28) |
| Total other comprehensive income | 638 | 14 | 132 |
| Comprehensive income | 3,224 | 2,882 | 27,189 |
| (Comprehensive income attributable to) | | | |
| Comprehensive income attributable to owners of parent | 3,223 | 2,881 | 27,179 |
| Comprehensive income attributable to non-controlling interests | ¥1 | ¥1 | \$9 |

Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2017)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 15,630 | 11,624 | 25,695 | (6,026) | 46,923 |
| Changes of items during the period | | | | | |
| Dividends of surplus | | | (964) | | (964) |
| Profit attributable to owners of parent | | | 2,584 | | 2,584 |
| Disposal of treasury shares | | (87) | | 342 | 254 |
| Purchase of treasury shares | | | | (2) | (2) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | (87) | 1,619 | 339 | 1,872 |
| Balance at end of current period | 15,630 | 11,537 | 27,315 | (5,687) | 48,795 |

(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 | 1,418 | (0) | (186) | 6 | 1,237 | 11 | 48,173 |
| Changes of items during the period | | | | | | | |
| Dividends of surplus | | | | | | | (964) |
| Profit attributable to owners of parent | | | | | | | 2,584 |
| Disposal of treasury shares | | | | | | | 254 |
| Purchase of treasury shares | | | | | | | (2) |
| Net changes of items other than shareholders' equity | 549 | (10) | 98 | 1 | 638 | 1 | 640 |
| Total changes of items during the period | 549 | (10) | 98 | 1 | 638 | 1 | 2,512 |
| Balance at end of current period | 1,968 | (10) | (88) | 7 | 1,876 | 13 | 50,685 |

Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2018)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 15,630 | 11,537 | 27,315 | (5,687) | 48,795 |
| Changes of items during the period | | | | | |
| Dividends of surplus | | | (1,298) | | (1,298) |
| Profit attributable to owners of parent | | | 2,867 | | 2,867 |
| Retirement of treasury shares | | (3,820) | (1,641) | 5,461 | — |
| Purchase of treasury shares | | | | (5,405) | (5,405) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | (3,820) | (72) | 55 | (3,836) |
| Balance at end of current period | 15,630 | 7,717 | 27,243 | (5,631) | 44,959 |

(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 | 1,968 | (10) | (88) | 7 | 1,876 | 13 | 50,685 |
| Changes of items during the period | | | | | | | |
| Dividends of surplus | | | | | | | (1,298) |
| Profit attributable to owners of parent | | | | | | | 2,867 |
| Retirement of treasury shares | | | | | | | — |
| Purchase of treasury shares | | | | | | | (5,405) |
| Net changes of items other than shareholders' equity | 41 | 13 | (38) | (2) | 14 | 0 | 14 |
| Total changes of items during the period | 41 | 13 | (38) | (2) | 14 | 0 | (3,822) |
| Balance at end of current period | 2,010 | 2 | (127) | 4 | 1,890 | 13 | 46,863 |

Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2018)

(Thousands of U.S. dollars)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 147,453 | 108,840 | 257,689 | (53,651) | 460,330 |
| Changes of items during the period | | | | | |
| Dividends of surplus | | | (12,245) | | (12,245) |
| Profit attributable to owners of parent | | | 27,047 | | 27,047 |
| Retirement of treasury share | | (36,038) | (15,481) | 51,519 | — |
| Purchase of treasury shares | | | | (50,991) | (50,991) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | (36,038) | (679) | 519 | (36,189) |
| Balance at end of current period | 147,453 | 72,802 | 257,009 | (53,123) | 424,142 |

(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 | 18,566 | (94) | (830) | 66 | 17,698 | 123 | 478,160 |
| Changes of items during the period | | | | | | | |
| Dividends of surplus | | | | | | | (12,245) |
| Profit attributable to owners of parent | | | | | | | 27,047 |
| Retirement of treasury share | | | | | | | — |
| Purchase of treasury shares | | | | | | | (50,991) |
| Net changes of items other than shareholders' equity | 387 | 123 | (358) | (19) | 132 | 0 | 132 |
| Total changes of items during the period | 387 | 123 | (358) | (19) | 132 | 0 | (36,057) |
| Balance at end of current period | 18,962 | 19 | (1,198) | 38 | 17,830 | 123 | 442,104 |

Consolidated Statement of Cash Flows

(For the fiscal years ended March 31, 2017 and 2018)

| | 2017 | 2018 | 2018 |
|---|--------------------------|-----------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Cash flows from operating activities | | | |
| Income before income taxes | ¥3,815 | ¥4,762 | \$44,925 |
| Depreciation | 3,025 | 2,855 | 26,934 |
| Amortization of goodwill | 317 | 538 | 5,075 |
| Increase (decrease) in allowance for doubtful accounts | (6) | (96) | (906) |
| Increase (decrease) in net defined benefit liability | (2,160) | 16 | 151 |
| Increase (decrease) in other provision | (27) | 296 | 2,792 |
| Foreign exchange losses (gains) | 97 | 12 | 113 |
| Interest and dividend income | (260) | (253) | (2,387) |
| Interest expenses | 148 | 125 | 1,179 |
| Share of (profit) loss of entities accounted for using equity method | 90 | (0) | (0) |
| Loss (gain) on sales of investment securities | (72) | (1,245) | (11,745) |
| Loss (gain) on valuation of investment securities | 79 | 1 | 9 |
| Loss on retirement of non-current assets | 291 | 128 | 1,208 |
| Loss (gain) on sales of non-current assets | (619) | 28 | 264 |
| Decrease (increase) in notes and accounts receivable-trade | (5,797) | 492 | 4,642 |
| Decrease (increase) in inventories | (2,405) | 1,343 | 12,670 |
| Increase (decrease) in notes and accounts payable-trade | 7,164 | 153 | 1,443 |
| Increase (decrease) in guarantee deposits received | 535 | (84) | (792) |
| Decrease (increase) in long-term prepaid expenses | (236) | (756) | (7,132) |
| Increase (decrease) in advances received | 2,310 | (3,193) | (30,123) |
| Other, net | (573) | (509) | (4,802) |
| Subtotal | 5,716 | 4,614 | 43,528 |
| Interest and dividend income received | 372 | 193 | 1,821 |
| Interest expenses paid | (147) | (125) | (1,179) |
| Income taxes (paid) refund | (3,492) | 751 | 7,085 |
| Net cash provided by (used in) operating activities | 2,449 | 5,433 | 51,255 |
| Cash flows from investing activities | | | |
| Proceeds from withdrawal of time deposits | 139 | 177 | 1,670 |
| Payments into time deposits | (97) | (112) | (1,057) |
| Payments into deposits as collateral | (183) | (0) | (0) |
| Proceeds from sales of securities | 47 | — | — |
| Proceeds from sales and redemption of investment securities | 95 | 1,732 | 16,340 |
| Purchase of investment securities | (848) | (303) | (2,858) |
| Proceeds from sales of non-current assets | 970 | 378 | 3,566 |
| Purchase of non-current assets | (3,438) | (1,771) | (16,708) |
| Decrease (increase) in short-term loans receivable | (206) | — | — |
| Collection of long-term loans receivable | 135 | 117 | 1,104 |
| Proceeds from purchase of shares of subsidiaries and investments in capital resulting in change in scope of consolidation | 6 | — | — |
| Purchase of shares of subsidiaries and investments in capital resulting in change in scope of consolidation | (2,714) | (1,300) | (12,264) |
| Other, net | (175) | (200) | (1,887) |
| Net cash provided by (used in) investing activities | (¥6,268) | (¥1,282) | (\$12,094) |

| | 2017 | 2018 | 2018 |
|---|--------------------------|----------|------------------------------------|
| | <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 | ¥3,848 | ¥(6,870) | \$ (64,811) |
| Proceeds from long-term loans payable | 350 | 394 | 3,717 |
| Repayments of long-term loans payable | (1,583) | (1,746) | (16,472) |
| Proceeds from sales of treasury shares | 254 | — | — |
| Purchase of treasury shares | (2) | (5,405) | (50,991) |
| Cash dividends paid | (963) | (1,300) | (12,264) |
| Dividends paid to non-controlling interests | (0) | (0) | (0) |
| Proceeds from sales and leasebacks | 591 | — | — |
| Other, net | (382) | (299) | (2,821) |
| Net cash provided by (used in) financing activities | 2,113 | (15,227) | (143,651) |
| Effect of exchange rate change on cash and cash equivalents | (12) | (46) | (434) |
| Net increase (decrease) in cash and cash equivalents | (1,718) | (11,123) | (104,934) |
| Cash and cash equivalents at beginning of period | 20,059 | 18,340 | 173,019 |
| Cash and cash equivalents at end of period | ¥18,340 | ¥7,217 | \$68,085 |

Segment Information

(As of and for the fiscal years ended March 31, 2017 and 2018)

Segment Information

For the fiscal year ended March 31, 2018

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 development of electric power and the sales of electric power to corporate customers, the sales of solar power generation 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 environment/ recycling business, the import and sales of bicycles and other products, the computer systems services business, the building maintenance and management business and the biomass business.

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 profit. Intersegment net sales and transfer amount is based on market prices.

Net Sales, Income/Loss, Assets and Other Information
As of and for the fiscal year ended March 31, 2017

| | 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 | ¥69,115 | ¥141,908 | ¥7,054 | ¥218,078 | ¥164 | ¥218,242 |
| Intersegment net sales or transfer amount | 188 | 19,118 | 319 | 19,626 | (19,626) | — |
| Total | 69,304 | 161,026 | 7,374 | 237,704 | (19,462) | 218,242 |
| Segment income or loss | 1,537 | 225 | (178) | 1,585 | 1,349 | 2,934 |
| Segment assets | 34,816 | 36,549 | 12,173 | 83,540 | 21,296 | 104,836 |
| Others: | | | | | | |
| Depreciation | 1,380 | 669 | 441 | 2,491 | 534 | 3,025 |
| Amortization of goodwill | 118 | 198 | — | 317 | — | 317 |
| Investment in entities accounted for using equity method | — | — | 72 | 72 | — | 72 |
| Increase in property, plant and equipment and intangible assets | ¥1,890 | ¥385 | ¥940 | ¥3,216 | ¥852 | ¥4,068 |

Notes:

- Adjustments of net sales to external customers of ¥164 million are rental income of real estate property managed by the Company.
- Adjustments are as follows:
 - Adjustment of segment income or loss, ¥1,349 million, includes the amount stated in Note 1, intersegment transaction elimination of ¥3,374 million and corporate expenses not allocated to each reporting segment of -¥2,188 million.
 - Adjustment of segment assets, ¥21,296 million, includes intersegment transaction elimination of -¥19,852 million and corporate assets not allocated to each reporting segment of ¥41,148 million.
 - Adjustment of depreciation, ¥534 million, is corporate expenses not allocated to each reporting segment.
 - Adjustment of increase in property, plant and equipment and intangible assets, ¥852 million, is corporate assets not allocated to each reporting segment.
- Segment income or loss is adjusted with operating profit in the Consolidated Statement of Income and the Consolidated Statement of Comprehensive Income.

As of and for the fiscal year ended March 31, 2018

| | 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 | ¥83,465 | ¥148,687 | ¥12,029 | ¥244,183 | ¥187 | ¥244,370 |
| Intersegment net sales or transfer amount | 202 | 17,684 | 330 | 18,217 | (18,217) | — |
| Total | 83,667 | 166,372 | 12,360 | 262,400 | (18,030) | 244,370 |
| Segment income | 2,011 | 175 | 79 | 2,266 | 1,082 | 3,348 |
| Segment assets | 36,854 | 36,131 | 14,165 | 87,151 | 6,462 | 93,614 |
| Others: | | | | | | |
| Depreciation | 1,249 | 586 | 469 | 2,304 | 550 | 2,855 |
| Amortization of goodwill | 234 | 161 | 142 | 538 | — | 538 |
| Investment in entities accounted for using equity method | — | — | 69 | 69 | — | 69 |
| Increase in property, plant and equipment and intangible assets | ¥1,587 | ¥354 | ¥830 | ¥2,773 | ¥219 | ¥2,992 |

Notes:

- Adjustments of net sales to external customers of ¥187 million are rental income of real estate property managed by the Company.
- Adjustments are as follows:
 - Adjustment of segment income, ¥1,082 million, includes the amount stated in Note 1, intersegment transaction elimination of ¥3,178 million and corporate expenses not allocated to each reporting segment of -¥2,283 million.
 - Adjustment of segment assets, ¥6,462 million, includes intersegment transaction elimination of -¥24,886 million and corporate assets not allocated to each reporting segment of ¥31,349 million.
 - Adjustment of depreciation, ¥550 million, is corporate expenses not allocated to each reporting segment.
 - Adjustment of increase in property, plant and equipment and intangible assets, ¥219 million, is corporate assets not allocated to each reporting segment.
- Segment income is adjusted with operating profit in the Consolidated Statement of Income and the Consolidated Statement of Comprehensive Income.