

# Consolidated Financial Summary for the Fiscal Year Ended March 31, 2011

## SINANEN CO., LTD.

May 16, 2011

Securities code: 8132      URL: <http://www.sinanen.com>      Shares listed: Tokyo Stock Exchange  
 Representative: Hiroyuki Suzuki, President and CEO  
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 Scheduled date of Ordinary General Meeting of Shareholders: June 23, 2011  
 Scheduled date of start of dividend payment: June 24, 2011  
 Scheduled date of filing of securities report: June 23, 2011

### Consolidated Financial Highlights

(As of and for the fiscal years ended March 31, 2010 and 2011)

#### 1. Consolidated Performance

Fiscal years ended March 31	2010	2011	2011 / 2010	2011
	(Millions of yen)		(Percentage change)	(Thousands of U.S. dollars)
<b>(1) Consolidated financial results:</b>				
Net sales	¥216,185	¥246,826	14.2%	\$2,973,807
Operating income	3,692	3,182	-13.8%	38,337
Ordinary income	4,264	3,894	-8.7%	46,916
Net income	2,217	1,223	-44.8%	14,735
Net income per share (yen)	33.94	18.82		
Net income per share (diluted) (yen)	—	—		
Return on equity (ROE)	5.0%	2.7%		
Return on assets (ROA)	5.8%	5.0%		
Operating income to net sales	1.7%	1.3%		

(Note) Comprehensive income

Fiscal year ended March 31, 2011: ¥1,153 million (-51.2%)

Fiscal year ended March 31, 2010: ¥2,362 million (—%)

(Reference) Equity in (earnings) losses of affiliates

Fiscal year ended March 31, 2011: ¥— million      Fiscal year ended March 31, 2010: ¥— million

As of	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2011
	(Millions of yen)		(Thousands of U.S. dollars)
<b>(2) Consolidated financial condition:</b>			
Total assets	¥76,632	¥78,680	\$947,952
Net assets	45,351	45,520	548,434
Equity ratio	59.1%	57.8%	
Net assets per share (yen)	¥697.04	¥699.89	

(Reference) Shareholders' equity

As of March 31, 2011: ¥45,480 million      As of March 31, 2010: ¥45,312 million

Fiscal years ended March 31	2010	2011	2011
	(Millions of yen)		(Thousands of U.S. dollars)
<b>(3) Consolidated cash flows:</b>			
Cash flow from operating activities	¥2,899	¥4,979	\$59,988
Cash flow from investing activities	(1,617)	(1,215)	(14,639)
Cash flow from financing activities	(1,870)	(1,453)	(17,506)
Cash and cash equivalents at end of year	¥16,954	¥19,310	\$232,651

## 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)	(%)	(%)
2010	—	—	—	¥15.00	¥15.00	¥975	44.2%	2.2%
2011	—	—	—	15.00	15.00	974	79.7%	2.1%
2012 (Forecast)	—	—	—	¥15.00	¥15.00		51.3%	

## 3. Consolidated Results Forecast for Year Ending March 31, 2012

	2012	
	Six months ending Sep. 30, 2011	Full year
	(Millions of yen)	
Net sales	¥99,000	¥250,000
Operating income	400	3,300
Ordinary income	600	3,900
Net income	200	1,900
Net income per share (yen)	¥3.08	¥29.24

### Notes:

1. U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 83 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd., on March 31, 2011.
2. Return on equity (ROE) = Net income / 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, procedures and presentation methods for consolidated financial statements
  - (i) Changes pursuant to revision of accounting policies: Yes
  - (ii) Other changes: No
- (3) Number of shares issued (common stock)
  - (i) Number of shares issued (including treasury stock)
 

As of March 31, 2011	75,752,958 shares
As of March 31, 2010	75,752,958 shares
  - (ii) Number of shares of treasury stock
 

As of March 31, 2011	10,771,754 shares
As of March 31, 2010	10,746,603 shares
  - (iii) Average number of shares
 

Fiscal year ended March 31, 2011	64,996,896 shares
Fiscal year ended March 31, 2010	65,317,301 shares

### \* Presentation regarding status of audit procedures:

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

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

These projected performance figures (April 1, 2011 to March 31, 2012) are based on information currently available to the Company's management and include uncertain factors. Accordingly, there might be cases in which actual results materially differ from the forecasts in this document.

## Non-consolidated Financial Highlights

(As of and for the years ended March 31, 2010 and 2011)

### 1. Non-consolidated Performance

Fiscal years ended March 31	2010	2011	2011 / 2010	2011
	<i>(Millions of yen)</i>		<i>(Percentage change)</i>	<i>(Thousands of U.S. dollars)</i>
<b>(1) Non-consolidated financial results:</b>				
Net sales	¥196,251	¥227,171	15.8%	\$2,737,000
Operating income	1,159	1,164	0.4%	14,024
Ordinary income	2,191	2,338	6.7%	28,169
Net income	1,076	726	-32.5%	8,747
Net income per share <i>(yen)</i>	16.47	11.17		
Net income per share <i>(diluted) (yen)</i>	—	—		

As of	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2011
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
<b>(2) Non-consolidated financial condition:</b>			
Total assets	¥68,347	¥70,907	\$854,301
Net assets	40,670	40,348	486,120
Equity ratio	59.5%	56.9%	
Net assets per share <i>(yen)</i>	¥625.63	¥620.92	

(Reference) Shareholders' equity

As of March 31, 2011:

¥40,348 million

As of March 31, 2010:

¥40,670 million

Note:

U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 83 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd., on March 31, 2011.

## Consolidated Balance Sheets

(As of March 31, 2010 and 2011)

	2010	2011	2011
	<i>(millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
<b>Assets</b>			
Current assets			
Cash and deposits	¥16,980	¥19,335	\$232,952
Notes and accounts receivable-trade	26,111	25,968	312,867
Merchandise and finished goods	3,136	3,872	46,651
Work in process	3	19	229
Raw materials and supplies	95	66	795
Deferred tax assets	479	671	8,084
Other	866	857	10,325
Allowance for doubtful accounts	(101)	(387)	(4,663)
<b>Total current assets</b>	<b>47,571</b>	<b>50,404</b>	<b>607,277</b>
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	14,247	14,465	174,277
Accumulated depreciation	(8,777)	(9,087)	(109,482)
Buildings and structures, net	5,470	5,378	64,795
Machinery, equipment and vehicles	9,482	9,507	114,542
Accumulated depreciation	(6,840)	(6,971)	(83,988)
Machinery, equipment and vehicles, net	2,641	2,535	30,542
Land	9,915	9,911	119,410
Lease assets	299	358	4,313
Accumulated depreciation	(38)	(92)	(1,108)
Lease assets, net	260	265	3,193
Construction in progress	60	149	1,795
Other	819	798	9,614
Accumulated depreciation	(575)	(583)	(7,024)
Other, net	244	215	2,590
<b>Total property, plant and equipment</b>	<b>18,593</b>	<b>18,455</b>	<b>222,349</b>
Intangible assets			
Goodwill	1,463	1,110	13,373
Lease assets	29	25	301
Other	476	691	8,325
<b>Total intangible assets</b>	<b>1,969</b>	<b>1,827</b>	<b>22,012</b>
Investments and other assets			
Investment securities	4,861	4,631	55,795
Long-term loans receivable	103	143	1,723
Long-term prepaid expenses	1,756	1,273	15,337
Deferred tax assets	168	173	2,084
Other	1,884	1,995	24,036
Allowance for doubtful accounts	(275)	(225)	(2,711)
<b>Total investments and other assets</b>	<b>8,499</b>	<b>7,992</b>	<b>96,289</b>
<b>Total noncurrent assets</b>	<b>29,061</b>	<b>28,276</b>	<b>340,675</b>
<b>Total assets</b>	<b>¥76,632</b>	<b>¥78,680</b>	<b>\$947,952</b>

	2010	2011	2011
	<i>(millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
<b>Liabilities</b>			
Current liabilities			
Notes and accounts payable-trade	¥19,773	¥21,350	\$257,229
Short-term loans payable	1,015	672	8,096
Current portion of bonds	38	17	205
Accounts payable-other	1,313	1,701	20,494
Lease obligations	78	101	1,217
Income taxes payable	921	789	9,506
Accrued consumption taxes	131	132	1,590
Provision for bonuses	677	665	8,012
Provision for loss on disaster	—	274	3,301
Other	1,760	1,700	20,482
<b>Total current liabilities</b>	<b>25,710</b>	<b>27,406</b>	<b>330,193</b>
Noncurrent liabilities			
Bonds payable	17	—	—
Long-term loans payable	966	950	11,446
Lease obligations	322	332	4,000
Deferred tax liabilities	727	553	6,663
Provision for retirement benefits	2,559	2,459	29,627
Provision for directors' retirement benefits	137	104	1,253
Long-term guarantee deposited	715	785	9,458
Asset retirement obligations	—	481	5,795
Other	124	85	1,024
<b>Total noncurrent liabilities</b>	<b>5,571</b>	<b>5,753</b>	<b>69,313</b>
<b>Total liabilities</b>	<b>31,281</b>	<b>33,160</b>	<b>399,518</b>
Net assets			
Shareholders' equity			
Capital stock	15,630	15,630	188,313
Capital surplus	11,770	11,769	141,795
Retained earnings	23,262	23,510	283,253
Treasury stock	(5,917)	(5,925)	(71,386)
<b>Total shareholders' equity</b>	<b>44,745</b>	<b>44,984</b>	<b>541,976</b>
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	564	494	5,952
Deferred gains or losses on hedges	1	2	24
Foreign currency translation adjustment	0	(1)	(12)
<b>Total valuation and translation adjustments</b>	<b>566</b>	<b>495</b>	<b>5,964</b>
Minority interests	39	39	470
<b>Total net assets</b>	<b>45,351</b>	<b>45,520</b>	<b>548,434</b>
<b>Total liabilities and net assets</b>	<b>¥76,632</b>	<b>¥78,680</b>	<b>\$947,952</b>

**Consolidated Statements of Income and  
Consolidated Statements of Comprehensive Income**  
(For the years ended March 31, 2010 and 2011)

	2010	2011	2011
	<i>(millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Net sales	¥216,185	¥246,826	\$2,973,807
Cost of sales	186,236	218,458	2,632,024
Gross profit	29,949	28,367	341,771
Selling, general and administrative expenses	26,256	25,185	303,434
Operating income	3,692	3,182	38,337
Non-operating income			
Interest income	31	23	277
Dividends income	93	118	1,422
Commission fee	63	68	819
Diesel oil delivery tax subsidies	93	89	1,072
Insurance return	53	231	2,783
Gain from derivatives	83	51	614
Other	284	274	3,301
Total non-operating income	703	856	10,313
Non-operating expenses			
Interest expenses	40	32	386
Foreign exchange losses	22	42	506
Provision of allowance for doubtful accounts	5	21	253
Other	63	48	578
Total non-operating expenses	131	144	1,735
Ordinary income	4,264	3,894	46,916
Extraordinary income			
Gain on sales of noncurrent assets	11	95	1,145
Gain on sales of investment securities	5	99	1,193
Gain on exchanges of land	7	—	—
Total extraordinary income	23	194	2,337
Extraordinary loss			
Loss on sales of noncurrent assets	10	4	48
Loss on retirement of noncurrent assets	118	121	1,458
Impairment loss	15	14	169
Amortization of goodwill	—	46	554
Loss on cancellation of leases	8	7	84
Loss on valuation of investment securities	22	10	120
Loss on valuation of stocks of subsidiaries and affiliates	9	59	711
Restructuring expenses	83	—	—
Expenses for change of subsidiary names	70	46	554
Loss on disaster	—	993	11,964
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	298	3,590
Other	—	43	518
Total extraordinary losses	339	1,646	19,831
Income before income taxes	3,949	2,441	29,410
Income taxes-current	1,598	1,540	18,554
Income taxes-deferred	131	(323)	(3,892)
Total income taxes	1,730	1,217	14,663
Income before minority interests	—	1,224	14,747
Minority interests in income	1	0	0
Net income	¥2,217	¥1,223	\$14,735

	2010	2011	2011
	<i>(millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Minority interests in income	¥—	¥0	\$0
Income before minority interests	—	1,224	14,747
Other comprehensive income			
Valuation difference on available-for-sale securities	—	(70)	(843)
Deferred gains or losses on hedges	—	1	12
Foreign currency translation adjustment	—	(1)	(12)
Total other comprehensive income	—	(71)	(855)
Comprehensive income	—	1,153	13,892
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	—	1,152	13,880
Comprehensive income attributable to minority interests	—	0	0

## Consolidated Statements of Changes in Net Assets

(For the years ended March 31, 2010 and 2011)

	2010	2011	2011
	<i>(millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
<b>Shareholders' equity</b>			
<b>Capital stock</b>			
Balance at the end of previous period	¥15,630	¥15,630	\$188,313
Changes of items during the period			
Total changes of items during the period	—	—	—
Balance at the end of current period	15,630	15,630	188,313
<b>Capital surplus</b>			
Balance at the end of previous period	11,770	11,770	141,807
Changes of items during the period			
Disposal of treasury stock	(0)	(0)	(0)
Total changes of items during the period	(0)	(0)	(0)
Balance at the end of current period	11,770	11,769	141,795
<b>Retained earnings</b>			
Balance at the end of previous period	22,025	23,262	280,265
Changes of items during the period			
Dividends from surplus	(980)	(975)	(11,747)
Net income	2,217	1,223	14,735
Total changes of items during the period	1,236	248	2,988
Balance at the end of current period	23,262	23,510	283,253
<b>Treasury stock</b>			
Balance at the end of previous period	(5,777)	(5,917)	(71,289)
Changes of items during the period			
Disposal of treasury stock	2	1	12
Purchase of treasury stock	(142)	(10)	(120)
Total changes of items during the period	(139)	(8)	(96)
Balance at the end of current period	(5,917)	(5,925)	(71,386)
<b>Total shareholders' equity</b>			
Balance at the end of previous period	43,648	44,745	539,096
Changes of items during the period			
Dividends from surplus	(980)	(975)	(11,747)
Net income	2,217	1,223	14,735
Disposal of treasury stock	2	1	12
Purchase of treasury stock	(142)	(10)	(120)
Total changes of items during the period	1,096	239	2,880
Balance at the end of current period	¥44,745	¥44,984	\$541,976



	2010	2011	2011
	<i>(millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
<b>Valuation and translation adjustments</b>			
Valuation difference on available-for-sale securities			
Balance at the end of previous period	¥430	¥564	\$6,795
Changes of items during the period			
Net changes of items other than shareholders' equity	133	(70)	(843)
Total changes of items during the period	133	(70)	(843)
Balance at the end of current period	564	494	5,952
Deferred gains or losses on hedges			
Balance at the end of previous period	2	1	12
Changes of items during the period			
Net changes of items other than shareholders' equity	(0)	1	12
Total changes of items during the period	(0)	1	12
Balance at the end of current period	1	2	24
Foreign currency translation adjustment			
Balance at the end of previous period	(10)	0	0
Changes of items during the period			
Net changes of items other than shareholders' equity	11	(1)	(12)
Total changes of items during the period	11	(1)	(12)
Balance at the end of current period	0	(1)	(12)
Total valuation and translation adjustments			
Balance at the end of previous period	422	566	6,819
Changes of items during the period			
Net changes of items other than shareholders' equity	144	(71)	(855)
Total changes of items during the period	144	(71)	(855)
Balance at the end of current period	566	495	5,964
Minority interests			
Balance at the end of previous period	38	39	470
Changes of items during the period			
Net changes of items other than shareholders' equity	0	0	0
Total changes of items during the period	0	0	0
Balance at the end of current period	¥39	¥39	\$470

	2010	2011	2011
	<i>(millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
<b>Total net assets</b>			
Balance at the end of previous period	¥44,110	¥45,351	\$546,398
<b>Changes of items during the period</b>			
Dividends from surplus	(980)	(975)	(11,747)
Net income	2,217	1,223	14,735
Disposal of treasury stock	2	1	12
Purchase of treasury stock	(142)	(10)	(120)
Net changes of items other than shareholders' equity	144	(70)	(843)
<b>Total changes of items during the period</b>	<b>1,241</b>	<b>168</b>	<b>2,024</b>
Balance at the end of current period	¥45,351	¥45,520	\$548,434

## Consolidated Statements of Cash Flows

(For the years ended March 31, 2010 and 2011)

	2010	2011	2011
	<i>(millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
<b>Net cash provided by (used in) operating activities</b>			
Income before income taxes	¥3,949	¥2,441	\$29,410
Depreciation and amortization	2,599	2,287	27,554
Amortization of goodwill	323	357	4,301
Increase (decrease) in allowance for doubtful accounts	(44)	235	2,831
Increase (decrease) in provision for retirement benefits	16	(99)	(1,193)
Increase (decrease) in other provision	(72)	229	2,759
Foreign exchange losses (gains)	(6)	(48)	(578)
Interest and dividends income	(124)	(142)	(1,711)
Interest expenses	40	32	386
Loss (gain) on sales of investment securities	(5)	(99)	(1,193)
Loss (gain) on valuation of investment securities	27	15	181
Loss on retirement of noncurrent assets	118	121	1,458
Loss (gain) on sales of noncurrent assets	(0)	(90)	(1,084)
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	298	3,590
Decrease (increase) in notes and accounts receivable-trade	(6,195)	143	1,723
Decrease (increase) in inventories	(579)	(723)	(8,711)
Increase (decrease) in notes and accounts payable-trade	5,249	1,577	19,000
Increase (decrease) in guarantee deposits received	(24)	93	1,120
Decrease (increase) in long-term prepaid expenses	(323)	(551)	(6,639)
Other, net	(501)	459	5,530
Subtotal	4,445	6,538	78,771
Interest and dividends income received	125	142	1,711
Interest expenses paid	(42)	(33)	(398)
Income taxes paid	(1,628)	(1,667)	(20,084)
Net cash provided by (used in) operating activities	2,899	4,979	59,988
<b>Net cash provided by (used in) investing activities</b>			
Proceeds from withdrawal of time deposits	113	27	325
Payments into time deposits	(25)	(25)	(301)
Proceeds from sales and redemption of securities	110	—	—
Proceeds from sales and redemption of investment securities	16	191	2,301
Purchase of investment securities	(17)	(6)	(72)
Proceeds from sales of noncurrent assets	106	25	301
Purchase of noncurrent assets	(1,227)	(1,119)	(13,482)
Decrease (increase) in short-term loans receivable	15	6	72
Collection of long-term loans receivable	1	5	60
Payments of long-term loans receivable	(1)	(57)	(687)
Purchase of investments in subsidiaries	—	(50)	(602)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(9)	—	—
Purchase of insurance funds	(692)	(220)	(2,651)
Other, net	(7)	7	(84)
Net cash provided by (used in) investing activities	(¥1,617)	(¥1,215)	(\$14,639)

	2010	2011	2011
	<i>(millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(¥676)	(¥338)	(\$4,072)
Proceeds from long-term loans payable	191	150	1,807
Repayment of long-term loans payable	(182)	(170)	(2,048)
Redemption of bonds	(48)	(38)	(458)
Proceeds from sales of treasury stock	2	1	12
Purchase of treasury stock	(144)	(10)	(120)
Cash dividends paid	(981)	(978)	(11,783)
Cash dividends paid to minority shareholders	(0)	(0)	(0)
Other, net	(30)	(68)	(819)
Net cash provided by (used in) financing activities	(1,870)	(1,453)	(17,506)
Effect of exchange rate change on cash and cash equivalents	16	46	554
Net increase (decrease) in cash and cash equivalents	(571)	2,356	28,386
Cash and cash equivalents at beginning of period	17,525	16,954	204,265
Cash and cash equivalents at end of period	¥16,954	¥19,310	\$232,651

## Segment Information

(As of and for the years ended March 31, 2010 and 2011)

### *Business Segment Information*

*As of and for the year ended March 31, 2010*

	Energy Product	Non-Energy	Total	Eliminations and Corporate	Consolidated Total
<i>(Millions of yen)</i>					
I Net sales and operating income:					
Net sales					
(1) Net sales to external customers	¥209,976	¥6,208	¥216,185	—	¥216,185
(2) Intersegment net sales or transfer amount	18	450	468	(468)	—
Total	209,995	6,658	216,654	(468)	216,185
Operating expenses	204,115	6,361	210,476	2,015	212,492
Operating income	5,880	297	6,177	(2,484)	3,692
II Assets, depreciation and amortization and capital expenditures:					
Assets	53,137	4,329	57,467	19,165	76,632
Depreciation and amortization	2,211	213	2,425	173	2,599
Capital expenditures	¥1,738	¥143	¥1,881	¥29	¥1,910

Notes:

- Business segment classifications are those used for internal administration.
- The main products of each business segment are as follows:
  - Energy Products Business: petroleum products, liquefied petroleum gas, solid fuels, oil and gas appliances and other housing equipment, and leasing of sales facilities for these businesses.
  - Non-Energy Business: antimicrobial zeolite, scrap wood, etc.
- Operating expenses not allocable to either segment included in "Eliminations and Corporate" under operating expenses for the 77<sup>th</sup> Term totaled ¥2,491 million, and consisted primarily of expenses of the general affairs division and other head office administrative divisions.
- Corporate assets included in "Eliminations and Corporate" under assets for the 77<sup>th</sup> Term totaled ¥23,994 million, and consisted primarily of "cash and deposits," "securities," and assets related to administrative divisions at the parent company.
- The increase in long-term prepaid expenses includes capital expenditures.

### *Geographical Segment Information*

Segment information by geographical area for the year ended March 31, 2010 is omitted because the total domestic net sales and assets account for more than 90% of the total net sales and assets of all segments, respectively.

### *Overseas Sales*

Overseas net sales for the year ended March 31, 2010 is omitted because the total overseas net sales account for less than 10% of the total consolidated net sales.

## ***Segment Information***

For the year ended March 31, 2011

### **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.

The Company has a headquarters for each business category at its head office, and each headquarters formulates comprehensive strategies for the products and services it handles, and develops business activities.

Accordingly, the Company designates Energy Wholesale Business and Energy Retail and Peripheral Businesses, each of which comprises a business segment based on a headquarters, as reporting segments.

The Energy Wholesale Business sells various fuels, including petroleum products and liquefied petroleum gas, and oil and gas appliances and other housing equipment, etc., to retailers and others. The Energy Retail and Peripheral Businesses engage in such businesses as managing service stations and liquefied petroleum gas automobile service stations, supplying city gas, retailing liquefied petroleum gas and other products, as well as peripheral businesses of home-use energy, including air conditioning, electric equipment, kitchen and bathroom, etc. where water is used, and renovation.

### **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 of reporting segments is a figure based on operating income. Intersegment net sales and transfer amount is based on market prices.

**Net Sales, Income/Loss, Assets and Other Information**  
As of and for the year ended March 31, 2010

	Reporting Segment			Other Note 1	Total	Adjustments Note 2	Consolidated Total Note 3
	Energy Product	Non-Energy	Subtotal				
<i>(Millions of yen)</i>							
<b>Net sales</b>							
Net sales to external customers	¥177,675	¥34,199	¥211,874	¥4,310	¥216,185	—	¥216,185
Intersegment net sales or transfer amount	19,909	285	20,195	877	21,072	(21,072)	—
<b>Total</b>	<b>197,584</b>	<b>34,485</b>	<b>232,069</b>	<b>5,188</b>	<b>237,257</b>	<b>(21,072)</b>	<b>216,185</b>
<b>Segment income</b>	<b>2,996</b>	<b>1,738</b>	<b>4,734</b>	<b>286</b>	<b>5,021</b>	<b>(1,328)</b>	<b>3,692</b>
<b>Segment assets</b>	<b>44,409</b>	<b>10,466</b>	<b>54,876</b>	<b>2,710</b>	<b>57,586</b>	<b>19,046</b>	<b>76,632</b>
<b>Others:</b>							
Depreciation and amortization	1,086	368	1,455	158	1,614	985	2,599
Amortization of goodwill	—	—	—	3	3	319	323
Increase (decrease) in property, plant and equipment and intangible assets	¥1,123	¥419	¥1,543	¥91	¥1,635	¥275	¥1,910

Notes:

- The Other segment is a business segment not included in reporting segments. It includes manufacturing and sales of solid fuels, etc., antimicrobial business, biomass business, imports and sales of bicycles, etc., and the computer system service business.
- Adjustments are as follows:
  - Adjustment of segment income, -¥1,328 million, includes intersegment transaction elimination of ¥225 million, amortization of goodwill of -¥319 million and corporate expenses not allocated to each reporting segment of -¥1,234 million.
  - Adjustment of segment assets, ¥19,046 million, includes intersegment transaction elimination of -¥8,993 million, goodwill of ¥1,451 million and corporate assets not allocated to each reporting segment of ¥26,588 million.
- Segment income is adjusted with operating income in the Consolidated Statements of Income.

*As of and for the year ended March 31, 2011*

	Reporting Segment			Other Note 1	Total	Adjustments Note 2	Consolidated Total Note 3
	Energy Product	Non-Energy	Subtotal				
<i>(Millions of yen)</i>							
<b>Net sales</b>							
Net sales to external customers	¥206,117	¥36,673	¥242,791	¥4,035	¥246,826	—	¥246,826
Intersegment net sales or transfer amount	22,475	346	22,822	773	23,596	(23,596)	—
<b>Total</b>	<b>228,593</b>	<b>37,020</b>	<b>265,613</b>	<b>4,808</b>	<b>270,422</b>	<b>(23,596)</b>	<b>246,826</b>
<b>Segment income</b>	<b>2,694</b>	<b>1,347</b>	<b>4,041</b>	<b>188</b>	<b>4,229</b>	<b>(1,047)</b>	<b>3,182</b>
<b>Segment assets</b>	<b>44,502</b>	<b>11,143</b>	<b>55,645</b>	<b>2,514</b>	<b>58,159</b>	<b>20,520</b>	<b>78,680</b>
<b>Others:</b>							
Depreciation and amortization	908	401	1,309	156	1,466	821	2,287
Amortization of goodwill	1	—	1	3	4	306	310
Increase (decrease) in property, plant and equipment and intangible assets	¥1,023	¥382	¥1,406	¥63	¥1,469	¥599	¥2,068

Notes:

- The Other segment is a business segment not included in reporting segments. It includes manufacturing and sales of solid fuels, etc., antimicrobial business, biomass business, imports and sales of bicycles, etc., and the computer system service business.
- Adjustments are as follows:
  - Adjustment of segment income, -¥1,047 million, includes intersegment transaction elimination of ¥269 million, amortization of goodwill of -¥306 million and corporate expenses not allocated to each reporting segment of -¥1,010 million.
  - Adjustment of segment assets, ¥20,520 million, includes intersegment transaction elimination of -¥9,491 million, goodwill of ¥1,098 million and corporate assets not allocated to each reporting segment of ¥28,912 million.
- Segment income is adjusted with operating income in the Consolidated Statements of Income.