

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2014 SINANEN CO., LTD.

May 9, 2014

Securities code: 8132 URL: <http://www.sinanen.com/> Shares listed: Tokyo Stock Exchange
 Representative: Tadashi Sakimura, President and CEO
 Contact: Naoki Shimizu, Tel: +81-3-5470-7105
 Director, Finance and Accounting Manager
 Scheduled date of Ordinary General Meeting of Shareholders: June 24, 2014
 Scheduled date of start of dividend payment: June 25, 2014
 Scheduled date of filing of securities report: June 24, 2014

Consolidated Financial Highlights

(As of and for the fiscal years ended March 31, 2013 and 2014)

1. Consolidated Performance

| Fiscal years ended March 31 | 2013 | 2014 | 2014 / 2013 | 2014 |
|--|--------------------------|-----------------------------------|----------------------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Percentage change)</i> | <i>(Thousands of U.S. dollars)</i> |
| (1) Consolidated financial results: | | | | |
| Net sales | ¥274,027 | ¥310,102 | 13.2% | \$3,013,039 |
| Operating income | 2,347 | 1,688 | -28.1% | 16,401 |
| Ordinary income | 3,005 | 2,513 | -16.4% | 24,417 |
| Net income | 1,142 | 635 | -44.4% | 6,170 |
| Net income per share (<i>yen</i>) | 17.94 | 9.94 | | |
| Net income per share (diluted) (<i>yen</i>) | — | — | | |
| Return on equity (ROE) | 2.5% | 1.4% | | |
| Return on assets (ROA) | 3.5% | 2.8% | | |
| Operating income to net sales | 0.9% | 0.5% | | |
| (Note) Comprehensive income | | | | |
| Fiscal year ended March 31, 2014: | ¥1,128 million (-26.7%) | | | |
| Fiscal year ended March 31, 2013: | ¥1,538 million (15.6%) | | | |
| (Reference) Equity in (earnings) losses of affiliates | | | | |
| Fiscal year ended March 31, 2014: | -¥6 million | Fiscal year ended March 31, 2013: | ¥— million | |

| As of | Mar. 31, 2013 | Mar. 31, 2014 | Mar. 31, 2014 | |
|--|--------------------------|---------------|------------------------------------|-----------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> | |
| (2) Consolidated financial condition: | | | | |
| Total assets | ¥86,668 | ¥95,870 | \$931,500 | |
| Net assets | 46,011 | 45,880 | 445,783 | |
| Equity ratio | 53.0% | 47.8% | | |
| Net assets per share (<i>yen</i>) | ¥720.98 | ¥716.25 | | |
| (Reference) Shareholders' equity | | | | |
| As of March 31, 2014: | ¥45,827 million | | As of March 31, 2013: | ¥45,971 million |

| Fiscal years ended March 31 | 2013 | 2014 | 2014 |
|--|--------------------------|---------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| (3) Consolidated cash flows: | | | |
| Cash flow from operating activities | ¥2,422 | ¥4,076 | \$39,604 |
| Cash flow from investing activities | (2,889) | (2,764) | (26,856) |
| Cash flow from financing activities | 973 | 1,808 | 17,567 |
| Cash and cash equivalents at end of year | ¥17,204 | ¥20,310 | \$197,338 |

2 Dividends

| | Dividends per Share | | | | | Total Dividends (Millions of yen) | Payout Ratio (Consolidated) (%) | Dividend on Net Assets Ratio (Consolidated) (%) |
|-----------------|---------------------|--------|--------|----------|--------|--------------------------------------|---------------------------------------|---|
| | 1Q end | 2Q end | 3Q end | Year end | Total | | | |
| | (Yen) | | | | | | | |
| 2013 | — | — | — | ¥15.00 | ¥15.00 | ¥974 | 83.6% | 2.1% |
| 2014 | — | — | — | 15.00 | 15.00 | 974 | 150.9% | 2.1% |
| 2015 (Forecast) | — | — | — | ¥15.00 | ¥15.00 | | 64.0% | |

3. Consolidated Results Forecast for Year Ending March 31, 2015

| | 2015 | |
|----------------------------|-------------------|-----------------------------|
| | Full year | Full year |
| | (Millions of yen) | (Thousands of U.S. dollars) |
| Net sales | ¥320,000 | \$3,109,211 |
| Operating income | 2,500 | 24,291 |
| Ordinary income | 3,000 | 29,149 |
| Net income | 1,500 | 14,574 |
| Net income per share (yen) | ¥23.44 | |

Notes:

1. U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 102.92 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd., on March 31, 2014.
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 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: No
 - (iv) Retrospective restatements: No
- (3) Number of shares issued (common stock)
 - (i) Number of shares issued (including treasury stock)

| | |
|----------------------|-------------------|
| As of March 31, 2014 | 75,752,958 shares |
| As of March 31, 2013 | 75,752,958 shares |
 - (ii) Number of shares of treasury stock

| | |
|----------------------|-------------------|
| As of March 31, 2014 | 11,770,934 shares |
| As of March 31, 2013 | 11,991,326 shares |
 - (iii) Average number of shares

| | |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2014 | 63,885,898 shares |
| Fiscal year ended March 31, 2013 | 63,653,184 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 consolidated 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:

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, 2013 and 2014)

Non-consolidated Performance

| | Fiscal years ended March 31 | | 2014 / 2013 (Percentage change) | 2014 (Thousands of U.S. dollars) |
|--|-----------------------------|----------|------------------------------------|-------------------------------------|
| | 2013 | 2014 | | |
| | (Millions of yen) | | | |
| (1) Non-consolidated financial results: | | | | |
| Net sales | ¥252,701 | ¥284,621 | 12.6% | \$2,765,459 |
| Operating income | 953 | 540 | -43.3% | 5,247 |
| Ordinary income | 1,708 | 1,760 | 3.0% | 17,101 |
| Net income | 797 | 504 | -36.8% | 4,897 |
| Net income per share (yen) | 12.52 | 7.89 | | |
| Net income per share (diluted) (yen) | — | — | | |

| | As of | Mar. 31, 2013 | Mar. 31, 2014 | Mar. 31, 2014 |
|--|-------|-------------------|---------------|-----------------------------|
| | | (Millions of yen) | | (Thousands of U.S. dollars) |
| (2) Non-consolidated financial condition: | | | | |
| Total assets | | ¥75,253 | ¥83,171 | \$808,113 |
| Net assets | | 39,879 | 39,929 | 387,962 |
| Equity ratio | | 53.0% | 48.0% | |
| Net assets per share (yen) | | ¥625.44 | ¥624.07 | |

(Reference) Shareholders' equity

As of March 31, 2014: ¥39,929 million

As of March 31, 2013: ¥39,879 million

Note:

U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 102.92 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd., on March 31, 2014.

Consolidated Balance Sheets

(As of March 31, 2013 and 2014)

| | 2013 | 2014 | 2014 |
|--|--------------------------|----------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Assets | | | |
| Current assets | | | |
| Cash and deposits | ¥17,253 | ¥21,195 | \$205,937 |
| Notes and accounts receivable-trade | 29,793 | 34,657 | 336,737 |
| Merchandise and finished goods | 4,554 | 4,659 | 45,268 |
| Work in process | 113 | 34 | 330 |
| Raw materials and supplies | 67 | 24 | 233 |
| Deferred tax assets | 422 | 432 | 4,197 |
| Other | 1,602 | 2,075 | 20,161 |
| Allowance for doubtful accounts | (91) | (69) | (670) |
| Total current assets | 53,717 | 63,011 | 612,233 |
| Non-current assets | | | |
| Property, plant and equipment | | | |
| Buildings and structures | 15,578 | 16,926 | 164,458 |
| Accumulated depreciation | (9,578) | (10,507) | (102,089) |
| Buildings and structures, net | 5,999 | 6,419 | 62,369 |
| Machinery, equipment and vehicles | 9,968 | 10,438 | 101,419 |
| Accumulated depreciation | (7,628) | (7,849) | (76,263) |
| Machinery, equipment and vehicles, net | 2,340 | 2,589 | 25,155 |
| Land | 10,554 | 10,511 | 102,128 |
| Leased assets | 842 | 955 | 9,279 |
| Accumulated depreciation | (275) | (354) | (3,440) |
| Leased assets, net | 566 | 600 | 5,830 |
| Construction in progress | 207 | 68 | 661 |
| Other | 1,022 | 1,135 | 11,028 |
| Accumulated depreciation | (654) | (743) | (7,219) |
| Other, net | 367 | 392 | 3,809 |
| Total property, plant and equipment | 20,035 | 20,582 | 199,981 |
| Intangible assets | | | |
| Goodwill | 1,037 | 446 | 4,333 |
| Leased assets | 11 | 5 | 49 |
| Other | 2,196 | 1,927 | 18,723 |
| Total intangible assets | 3,245 | 2,379 | 23,115 |
| Investments and other assets | | | |
| Investment securities | 5,297 | 6,127 | 59,532 |
| Long-term loans receivable | 465 | 375 | 3,644 |
| Long-term prepaid expenses | 957 | 1,054 | 10,241 |
| Deferred tax assets | 271 | 198 | 1,924 |
| Other | 3,047 | 2,567 | 24,942 |
| Allowance for doubtful accounts | (368) | (425) | (4,129) |
| Total investments and other assets | 9,670 | 9,897 | 96,162 |
| Total non-current assets | 32,951 | 32,859 | 319,267 |
| Total assets | ¥86,668 | ¥95,870 | \$931,500 |

| | 2013 | 2014 | 2014 |
|---|--------------------------|---------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Liabilities | | | |
| Current liabilities | | | |
| Notes and accounts payable-trade | ¥23,522 | ¥29,566 | \$287,272 |
| Short-term loans payable | 3,543 | 6,892 | 66,965 |
| Accounts payable-other | 2,182 | 1,683 | 16,353 |
| Lease obligations | 207 | 233 | 2,264 |
| Income taxes payable | 777 | 926 | 8,997 |
| Accrued consumption taxes | 214 | 115 | 1,117 |
| Provision for bonuses | 620 | 615 | 5,976 |
| Provision for loss on disaster | 51 | 51 | 496 |
| Other | 1,859 | 1,921 | 18,665 |
| Total current liabilities | 32,979 | 42,007 | 408,152 |
| Non-current liabilities | | | |
| Long-term loans payable | 2,427 | 1,951 | 18,956 |
| Lease obligations | 582 | 571 | 5,548 |
| Deferred tax liabilities | 473 | 438 | 4,256 |
| Provision for retirement benefits | 2,562 | — | — |
| Provision for directors' retirement benefits | 102 | 103 | 1,001 |
| Net defined benefit liability | — | 3,206 | 31,150 |
| Long-term guarantee deposited | 768 | 742 | 7,209 |
| Asset retirement obligations | 509 | 528 | 5,130 |
| Other | 251 | 440 | 4,275 |
| Total non-current liabilities | 7,676 | 7,983 | 77,565 |
| Total liabilities | 40,656 | 49,990 | 485,717 |
| Net assets | | | |
| Shareholders' equity | | | |
| Capital stock | 15,630 | 15,630 | 151,866 |
| Capital surplus | 11,702 | 11,662 | 113,311 |
| Retained earnings | 24,294 | 23,972 | 232,919 |
| Treasury shares | (6,326) | (6,202) | (60,260) |
| Total shareholders' equity | 45,299 | 45,062 | 437,835 |
| Accumulated other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 631 | 1,075 | 10,445 |
| Deferred gains or losses on hedges | 0 | (0) | 0 |
| Foreign currency translation adjustment | 39 | 89 | 865 |
| Remeasurements of defined benefit plans | — | (399) | (3,877) |
| Total accumulated other comprehensive income | 671 | 765 | 7,433 |
| Minority interests | 40 | 52 | 505 |
| Total net assets | 46,011 | 45,880 | 445,783 |
| Total liabilities and net assets | ¥86,668 | ¥95,870 | \$931,500 |

**Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**
(For the years ended March 31, 2013 and 2014)

| | 2013 | 2014 | 2014 |
|---|--------------------------|----------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Net sales | ¥274,027 | ¥310,102 | \$3,013,039 |
| Cost of sales | 246,475 | 281,235 | 2,732,559 |
| Gross profit | 27,551 | 28,866 | 280,470 |
| Selling, general and administrative expenses | 25,204 | 27,178 | 264,069 |
| Operating income | 2,347 | 1,688 | 16,401 |
| Non-operating income | | | |
| Interest income | 27 | 22 | 214 |
| Dividend income | 131 | 91 | 884 |
| Commission fee | 62 | 89 | 865 |
| Foreign exchange gains | 118 | 80 | 777 |
| Diesel oil delivery tax subsidies | 88 | 84 | 816 |
| Insurance return | 17 | 26 | 253 |
| Subsidy income | 63 | 209 | 2,031 |
| Other | 249 | 405 | 3,935 |
| Total non-operating income | 759 | 1,010 | 9,813 |
| Non-operating expenses | | | |
| Interest expenses | 31 | 51 | 496 |
| Loss on valuation of investment securities | 7 | 5 | 49 |
| Share of loss of entities accounted for using equity method | — | 6 | 58 |
| Other | 62 | 121 | 1,176 |
| Total non-operating expenses | 101 | 185 | 1,798 |
| Ordinary income | 3,005 | 2,513 | 24,417 |
| Extraordinary income | | | |
| Gain on sales of non-current assets | 11 | 43 | 418 |
| Gain on sales of investment securities | — | 0 | 0 |
| Gain on bargain purchase | — | 2 | 19 |
| Gain on transfer from business divestitures | — | 7 | 68 |
| Total extraordinary income | 11 | 54 | 525 |
| Extraordinary losses | | | 0 |
| Loss on sales of non-current assets | 22 | 31 | 301 |
| Loss on retirement of non-current assets | 145 | 102 | 991 |
| Impairment loss | 134 | 43 | 418 |
| Amortization of goodwill | — | 327 | 3,177 |
| Loss on cancellation of leases | 6 | — | — |
| Loss on valuation of investment securities | — | 6 | 58 |
| Other | 32 | — | — |
| Total extraordinary losses | ¥342 | ¥510 | \$4,955 |

| | 2013 | 2014 | 2014 |
|---|--------------------------|--------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Income before income taxes | ¥2,674 | ¥2,056 | \$19,977 |
| Income taxes-current | 1,434 | 1,417 | 13,768 |
| Income taxes-deferred | 88 | 3 | 29 |
| Total income taxes | 1,522 | 1,421 | 13,807 |
| Income before minority interests | 1,151 | 635 | 6,170 |
| Minority interests in income | 8 | 0 | 0 |
| Net income | 1,142 | 635 | 6,170 |
| Minority interests in income | 8 | 0 | 0 |
| Income before minority interests | 1,151 | 635 | 6,170 |
| Other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 341 | 443 | 4,304 |
| Deferred gains or losses on hedges | (2) | (0) | 0 |
| Foreign currency translation adjustment | 48 | 49 | 476 |
| Total other comprehensive income | 386 | 493 | 4,790 |
| Comprehensive income | 1,538 | 1,128 | 10,960 |
| (Comprehensive income attributable to) | | | |
| Comprehensive income attributable to owners of parent | 1,529 | 1,128 | 10,960 |
| Comprehensive income attributable to minority interests | ¥8 | ¥0 | \$0 |

Consolidated Statement of Changes in Equity

(For the year ended March 31, 2013)

(Millions of yen)

| | Capital stock | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Shareholders' equity | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the end of current period | 15,630 | 11,755 | 24,105 | (6,468) | 45,023 |
| Changes of items during the period | | | | | |
| Dividends of surplus | | | (952) | | (952) |
| Net income | | | 1,142 | | 1,142 |
| Disposal of treasury shares | | (53) | | 147 | 93 |
| Purchase of treasury shares | | | | (5) | (5) |
| Change of scope of consolidation | | | (1) | | (1) |
| Change of scope of equity method | | | — | | — |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | (53) | 188 | 142 | 276 |
| Balance at the end of current period | 15,630 | 11,702 | 24,294 | (6,326) | 45,299 |

(Millions of yen)

| | Accumulated other comprehensive income | | | | | Minority 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 the end of current period | 290 | 3 | (8) | — | 284 | 32 | 45,339 |
| Changes of items during the period | | | | | | | |
| Dividends of surplus | | | | | | | (952) |
| Net income | | | | | | | 1,142 |
| Disposal of treasury shares | | | | | | | 93 |
| Purchase of treasury shares | | | | | | | (5) |
| Change of scope of consolidation | | | | | | | (1) |
| Change of scope of equity method | | | | | | | — |
| Net changes of items other than shareholders' equity | 341 | (2) | 48 | — | 386 | 8 | 395 |
| Total changes of items during the period | 341 | (2) | 48 | — | 386 | 8 | 671 |
| Balance at the end of current period | 531 | 0 | 39 | — | 671 | 40 | 46,011 |

Consolidated Statement of Changes in Equity

(For the year ended March 31, 2014)

(Millions of yen)

| | Capital stock | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Shareholders' equity | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the end of current period | 15,630 | 11,702 | 24,294 | (6,326) | 45,299 |
| Changes of items during the period | | | | | |
| Dividends of surplus | | | (956) | | (956) |
| Net income | | | 635 | | 635 |
| Disposal of treasury shares | | (39) | | 130 | 90 |
| Purchase of treasury shares | | | | (6) | (6) |
| Change of scope of consolidation | | | 13 | | 13 |
| Change of scope of equity method | | | (13) | | (13) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | (39) | (321) | 123 | (237) |
| Balance at the end of current period | 15,630 | 11,662 | 23,972 | (6,202) | 45,062 |

(Millions of yen)

| | Accumulated other comprehensive income | | | | | Minority 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 the end of current period | 631 | 0 | 39 | — | 671 | 40 | 46,011 |
| Changes of items during the period | | | | | | | |
| Dividends of surplus | | | | | | | (956) |
| Net income | | | | | | | 635 |
| Disposal of treasury shares | | | | | | | 90 |
| Purchase of treasury shares | | | | | | | (6) |
| Change of scope of consolidation | | | | | | | 13 |
| Change of scope of equity method | | | | | | | (13) |
| Net changes of items other than shareholders' equity | 443 | (0) | 49 | (399) | 94 | 11 | 105 |
| Total changes of items during the period | 443 | (0) | 49 | (399) | 94 | 11 | (131) |
| Balance at the end of current period | 1,075 | (0) | 89 | (399) | 765 | 52 | 45,880 |

Consolidated Statement of Changes in Equity

(For the years ended March 31, 2014)

(Thousands of U.S. dollars)

| | Capital stock | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Shareholders' equity | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the end of current period | 151,866 | 113,700 | 236,047 | (61,465) | 440,138 |
| Changes of items during the period | | | | | |
| Dividends of surplus | | | (9,289) | | (9,289) |
| Net income | | | 6,170 | | 6,170 |
| Disposal of treasury shares | | (379) | | 1,263 | 874 |
| Purchase of treasury shares | | | | (58) | (58) |
| Change of scope of consolidation | | | 126 | | 126 |
| Change of scope of equity method | | | (126) | | (126) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | (379) | (3,119) | 1,195 | (2,303) |
| Balance at the end of current period | 151,866 | 113,311 | 232,919 | (60,260) | 437,835 |

(Thousands of U.S. dollars)

| | Accumulated other comprehensive income | | | | | Minority 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 the end of current period | 6,131 | 0 | 379 | — | 6,520 | 389 | 447,056 |
| Changes of items during the period | | | | | | | |
| Dividends of surplus | | | | | | | (9,289) |
| Net income | | | | | | | 6,170 |
| Disposal of treasury shares | | | | | | | 874 |
| Purchase of treasury shares | | | | | | | (58) |
| Change of scope of consolidation | | | | | | | 126 |
| Change of scope of equity method | | | | | | | (126) |
| Net changes of items other than shareholders' equity | 4,304 | (0) | 476 | (3,877) | 913 | 107 | 1,020 |
| Total changes of items during the period | 4,304 | (0) | 476 | (3,877) | 913 | 107 | (1,273) |
| Balance at the end of current period | 10,445 | (0) | 865 | (3,877) | 7,433 | 505 | 445,783 |

Consolidated Statement of Cash Flows

(For the years ended March 31, 2013 and 2014)

| | 2013 | 2014 | 2014 |
|--|--------------------------|-----------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Cash flows from operating activities | | | |
| Income before income taxes | ¥2,674 | ¥2,056 | \$19,977 |
| Depreciation | 1,789 | 2,220 | 21,570 |
| Amortization of goodwill | 301 | 639 | 6,209 |
| Increase (decrease) in allowance for doubtful accounts | (5) | 35 | 340 |
| Increase (decrease) in provision for retirement benefits | (28) | — | — |
| Increase (decrease) in net defined benefit liability | — | 23 | 223 |
| Increase (decrease) in other provision | (75) | (3) | (29) |
| Foreign exchange losses (gains) | (27) | 12 | 117 |
| Interest and dividend income | (158) | (113) | (1,098) |
| Interest expenses | 31 | 51 | 496 |
| Loss (gain) on valuation of investment securities | 7 | 12 | 117 |
| Loss on retirement of non-current assets | 145 | 102 | 991 |
| Loss (gain) on sales of non-current assets | 10 | (12) | (117) |
| Decrease (increase) in notes and accounts receivable-trade | 2,605 | (4,846) | (47,085) |
| Decrease (increase) in inventories | 26 | 19 | 185 |
| Increase (decrease) in notes and accounts payable-trade | (2,861) | 6,035 | 58,638 |
| Increase (decrease) in guarantee deposits received | 11 | 3 | 29 |
| Decrease (increase) in long-term prepaid expenses | (350) | (575) | (5,587) |
| Other, net | (140) | (375) | (3,644) |
| Subtotal | 3,954 | 5,287 | 51,370 |
| Interest and dividend income received | 164 | 112 | 1,088 |
| Interest expenses paid | (32) | (51) | (496) |
| Income taxes paid | (1,663) | (1,272) | (12,359) |
| Net cash provided by (used in) operating activities | 2,422 | 4,076 | 39,604 |
| Cash flows from investing activities | | | |
| | | | 0 |
| Proceeds from withdrawal of time deposits | 35 | 219 | 2,128 |
| Payments into time deposits | (777) | (280) | (2,721) |
| Proceeds from sales and redemption of investment securities | 1 | 3 | 29 |
| Purchase of investment securities | (106) | (161) | (1,564) |
| Proceeds from sales of non-current assets | 54 | 125 | 1,215 |
| Purchase of non-current assets | (2,210) | (2,657) | (25,816) |
| Decrease (increase) in short-term loans receivable | (3) | — | — |
| Collection of long-term loans receivable | 120 | 95 | 923 |
| Payments of long-term loans receivable | (65) | (0) | 0 |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | 167 | 0 | 0 |
| Payments for sale of shares of subsidiaries resulting in change in scope of consolidation | (9) | — | — |
| Proceeds from maturity of insurance funds | 155 | 6 | 58 |
| Purchase of insurance funds | (168) | (90) | (874) |
| Other, net | (80) | (25) | (243) |
| Net cash provided by (used in) investing activities | (¥2,889) | (¥2,764) | (\$26,856) |

| | 2013 | 2014 | 2014 |
|---|--------------------------|---------|------------------------------------|
| | <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 | ¥1,721 | ¥3,386 | \$32,899 |
| Proceeds from long-term loans payable | 1,049 | 304 | 2,954 |
| Repayments of long-term loans payable | (812) | (845) | (8,210) |
| Proceeds from sales of treasury shares | 93 | 90 | 874 |
| Purchase of treasury shares | (5) | (6) | (58) |
| Cash dividends paid | (952) | (956) | (9,289) |
| Cash dividends paid to minority shareholders | (0) | (0) | 0 |
| Proceeds from share issuance to minority shareholders | 0 | 12 | 117 |
| Other, net | (120) | (175) | (1,700) |
| Net cash provided by (used in) financing activities | 973 | 1,808 | 17,567 |
| Effect of exchange rate change on cash and cash equivalents | 75 | (11) | (107) |
| Net increase (decrease) in cash and cash equivalents | 583 | 3,109 | 30,208 |
| Cash and cash equivalents at beginning of period | 16,617 | 17,204 | 167,159 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 4 | — | — |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | — | (3) | (29) |
| Cash and cash equivalents at end of period | ¥17,204 | ¥20,310 | \$197,338 |

Segment Information

(As of and for the years ended March 31, 2013 and 2014)

Segment Information

For the year ended March 31, 2014

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 divides its operations mainly by business line and forms a group together with consolidated subsidiaries engaged in the same business line. Headquarters for each business line are established in the Company's head office, and each headquarters formulates a comprehensive strategy for the products and services they handle to develop their respective business activities.

Accordingly, the Company's reporting segments are determined based on the business line, which are namely, Energy Wholesale and Peripheral Business, Energy Retail and Peripheral Business, and Global Business.

The Energy Wholesale and Peripheral Business sells various fuels such as petroleum products and liquefied petroleum gas, as well as oil and gas appliances and other housing equipment to retailers. It also includes peripheral businesses such as management of service stations and auto LPG stations and manufacturing of solid fuel. The Energy Retail and Peripheral Business supplies and sells liquefied petroleum gas and city gas to consumers and provides peripheral services related to consumers' living environment such as renovation and house cleaning services and services related to kitchens and bathrooms where water is used. The Global Business comprises various businesses that target the international market and the environmental business market, such as manufacturing of antibiotic zeolite and its marketing in Japan and abroad, manufacturing and marketing of biomass fuels, outsourcing of bicycle production to a foreign company and the importing, wholesale, and retail of bicycles in Japan.

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.

Net Sales, Income/Loss, Assets and Other Information

As of and for the year ended March 31, 2013

| | Reporting Segment | | | Subtotal | Other Note 1 | Total | Adjustments Note 2 Note 3 | Consolidated Total Note 4 |
|--|--|---|--------------------|----------------|-----------------|----------------|---------------------------------|---------------------------------|
| | Energy Wholesale and Peripheral Business | Energy Retail and Peripheral Business | Global Business | | | | | |
| <i>(Millions of yen)</i> | | | | | | | | |
| Net sales | | | | | | | | |
| Net sale sales to external customers | ¥243,186 | ¥24,686 | ¥4,207 | ¥272,079 | ¥1,878 | ¥273,958 | ¥69 | ¥274,027 |
| Intersegment net sales or transfer amount | 13,751 | 140 | 89 | 13,982 | 2,025 | 16,007 | (16,007) | — |
| Total | 256,937 | 24,826 | 4,297 | 286,061 | 3,903 | 289,965 | (15,938) | 274,027 |
| Segment income or loss | 2,322 | 1,082 | (34) | 3,370 | (357) | 3,012 | (665) | 2,347 |
| Segment assets | 47,586 | 11,263 | 5,696 | 64,545 | 3,297 | 67,843 | 18,825 | 86,668 |
| Others: | | | | | | | | |
| Depreciation | 581 | 844 | 84 | 1,511 | 119 | 1,631 | 158 | 1,789 |
| Amortization of goodwill | 97 | 110 | — | 207 | 93 | 301 | — | 301 |
| Investment in entities accounted for using equity method | — | — | — | — | — | — | — | — |
| Increase (decrease) in property, plant and equipment and intangible assets | ¥810 | ¥746 | ¥82 | ¥1,639 | ¥644 | ¥2,284 | ¥1,072 | ¥3,356 |

Notes:

- The Other segment is a business segment not included in reporting segments. It includes preservation and distribution of liquefied petroleum gas, and computer system service business, among others.
- Adjustments of net sales to external customers of ¥69 million are rental income of real estate property managed by the Company.
- Adjustments are as follows:
 - Adjustment of segment income or loss, -¥665 million, includes the amount stated in Note 2, intersegment transaction elimination of ¥213 million and corporate expenses not allocated to each reporting segment of -¥947 million.
 - Adjustment of segment assets, ¥18,825 million, includes intersegment transaction elimination of -¥10,778 million and corporate assets not allocated to each reporting segment of ¥29,603 million.
 - Adjustment of depreciation, ¥158 million, is corporate expenses not allocated to each reporting segment.
 - Adjustment of increase in property, plant and equipment and intangible assets, ¥1,072 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 year ended March 31, 2014

| | Reporting Segment | | | Subtotal | Other Note 1 | Total | Adjustments Note 2 Note 3 | Consolidated Total Note 4 |
|--|--|---|--------------------|----------------|-----------------|----------------|---------------------------------|---------------------------------|
| | Energy Wholesale and Peripheral Business | Energy Retail and Peripheral Business | Global Business | | | | | |
| <i>(Millions of yen)</i> | | | | | | | | |
| Net sales | | | | | | | | |
| Net sale sales to external customers | ¥273,430 | ¥25,557 | ¥7,830 | ¥306,817 | ¥3,199 | ¥310,016 | ¥85 | ¥310,102 |
| Intersegment net sales or transfer amount | 14,613 | 124 | 48 | 14,786 | 2,083 | 16,870 | (16,870) | — |
| Total | 288,043 | 25,681 | 7,879 | 321,604 | 5,283 | 326,887 | (16,785) | 310,102 |
| Segment income or loss | 1,162 | 1,014 | (44) | 2,132 | (240) | 1,891 | (203) | 1,688 |
| Segment assets | 51,932 | 11,931 | 5,950 | 69,814 | 3,667 | 73,482 | 22,388 | 95,870 |
| Others: | | | | | | | | |
| Depreciation | 617 | 875 | 114 | 1,608 | 212 | 1,820 | 400 | 2,220 |
| Amortization of goodwill | 97 | 64 | 68 | 230 | 82 | 312 | — | 312 |
| Investment in entities accounted for using equity method | 44 | — | 115 | 159 | — | 159 | — | 159 |
| Increase (decrease) in property, plant and equipment and intangible assets | ¥1,280 | ¥1,185 | ¥112 | ¥2,578 | ¥255 | ¥2,834 | ¥141 | ¥2,975 |

Notes:

- The Other segment is a business segment not included in reporting segments. It includes preservation and distribution of liquefied petroleum gas, and computer system service business, among others.
- Adjustments of net sales to external customers of ¥85 million are rental income of real estate property managed by the Company.
- Adjustments are as follows:
 - Adjustment of segment income or loss, -¥203 million, includes the amount stated in Note 2, intersegment transaction elimination of ¥384 million and corporate expenses not allocated to each reporting segment of -¥673 million.
 - Adjustment of segment assets, ¥22,388 million, includes intersegment transaction elimination of -¥10,851 million and corporate assets not allocated to each reporting segment of ¥33,240 million.
 - Adjustment of depreciation, ¥400 million, is corporate expenses not allocated to each reporting segment.
 - Adjustment of increase in property, plant and equipment and intangible assets, ¥141 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.