

# Consolidated Financial Summary for the Fiscal Year Ended March 31, 2015

## SINANEN CO., LTD.

May 11, 2015

Securities code: 8132      URL: <http://www.sinanen.com/>      Shares listed: Tokyo Stock Exchange  
 Representative: Tadashi Sakimura, President and CEO  
 Contact: Tetsunari Tomiya, Finance and Accounting Manager      Tel: +81-3-5470-7105  
 Scheduled date of Ordinary General Meeting of Shareholders: June 24, 2015  
 Scheduled date of start of dividend payment: June 25, 2015  
 Scheduled date of filing of securities report: June 24, 2015

### Consolidated Financial Highlights

(As of and for the fiscal years ended March 31, 2014 and 2015)

#### 1. Consolidated Performance

| Fiscal years ended March 31                                  | 2014                     | 2015                              | 2015 / 2014                | 2015                               |
|--|--------------------------|-----------------------------------|----------------------------|------------------------------------|
|  | <i>(Millions of yen)</i> |                                   | <i>(Percentage change)</i> | <i>(Thousands of U.S. dollars)</i> |
| <b>(1) Consolidated financial results:</b>                   |                          |                                   |                            |                                    |
| Net sales  | ¥310,102                 | ¥281,375                          | -9.3%                      | \$2,341,475                        |
| Operating income   | 1,688                    | 1,703                             | 0.9%                       | 14,172                             |
| Ordinary income  | 2,513                    | 2,629                             | 4.6%                       | 21,877                             |
| Net income   | 635                      | 1,423                             | 124.1%                     | 11,842                             |
| Net income per share ( <i>yen</i> )                          | 9.94                     | 22.21                             |                            |                                    |
| Net income per share (diluted) ( <i>yen</i> )                | —                        | —                                 |                            |                                    |
| Return on equity (ROE)                                       | 1.4%                     | 3.1%                              |                            |                                    |
| Return on assets (ROA)                                       | 2.8%                     | 2.8%                              |                            |                                    |
| Operating income to net sales                                | 0.5%                     | 0.6%                              |                            |                                    |
| <b>(Note) Comprehensive income</b>                           |                          |                                   |                            |                                    |
| Fiscal year ended March 31, 2015:                            | ¥2,123 million (88.2%)   |                                   |                            |                                    |
| Fiscal year ended March 31, 2014:                            | ¥1,128 million (-26.7%)  |                                   |                            |                                    |
| <b>(Reference) Equity in (earnings) losses of affiliates</b> |                          |                                   |                            |                                    |
| Fiscal year ended March 31, 2015:                            | -¥96 million             | Fiscal year ended March 31, 2014: | -¥6 million                |                                    |

| As of  | Mar. 31, 2014            | Mar. 31, 2015         | Mar. 31, 2015                      |
|--|--------------------------|-----------------------|------------------------------------|
|  | <i>(Millions of yen)</i> |                       | <i>(Thousands of U.S. dollars)</i> |
| <b>(2) Consolidated financial condition:</b> |                          |                       |                                    |
| Total assets                                 | ¥95,870                  | ¥89,322               | \$743,297                          |
| Net assets                                   | 45,880                   | 47,075                | 391,737                            |
| Equity ratio                                 | 47.8%                    | 52.7%                 |                                    |
| Net assets per share ( <i>yen</i> )          | ¥716.25                  | ¥733.66               |                                    |
| <b>(Reference) Shareholders' equity</b>      |                          |                       |                                    |
| As of March 31, 2015:                        | ¥47,065 million          | As of March 31, 2014: | ¥45,827 million                    |

| Fiscal years ended March 31              | 2014                     | 2015    | 2015                               |
|--|--------------------------|---------|------------------------------------|
|  | <i>(Millions of yen)</i> |         | <i>(Thousands of U.S. dollars)</i> |
| <b>(3) Consolidated cash flows:</b>      |                          |         |                                    |
| Cash flow from operating activities      | ¥4,076                   | ¥3,775  | \$31,414                           |
| Cash flow from investing activities      | (2,764)                  | (2,043) | (17,001)                           |
| Cash flow from financing activities      | 1,808                    | (52)    | (433)                              |
| Cash and cash equivalents at end of year | ¥20,310                  | ¥21,974 | \$182,858                          |

## 2. Dividends

|                 | Dividends per Share |        |        |          |        | Total Dividends<br>(Millions of yen) | Payout Ratio<br>(Consolidated)<br>(%) | Dividend on<br>Net Assets<br>Ratio<br>(Consolidated)<br>(%) |
|-----------------|---------------------|--------|--------|----------|--------|--------------------------------------|---------------------------------------|---|
|                 | 1Q end              | 2Q end | 3Q end | Year end | Total  |                                      |                                       |   |
|                 | (Yen)               |        |        |          |        |                                      |                                       |   |
| 2014            | —                   | —      | —      | ¥15.00   | ¥15.00 | ¥974                                 | 150.9%                                | 2.1%  |
| 2015            | —                   | —      | —      | 15.00    | 15.00  | 974                                  | 67.5%                                 | 2.1%  |
| 2016 (Forecast) | —                   | —      | —      | ¥15.00   | ¥15.00 |                                      | 43.7%                                 |   |

## 3. Consolidated Results Forecast for Fiscal Year Ending March 31, 2016

|   | 2016              | 2016                        |
|---|-------------------|-----------------------------|
|   | Full year         | Full year                   |
|   | (Millions of yen) | (Thousands of U.S. dollars) |
| Net sales                               | ¥300,000          | \$2,496,463                 |
| Operating income                        | 3,100             | 25,797                      |
| Ordinary income                         | 3,700             | 30,790                      |
| Profit attributable to owners of parent | 2,200             | 18,307                      |
| Net income per share (yen)              | ¥34.29            |                             |

### Notes:

1. U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 120.17 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd., on March 31, 2015.
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 shares)
 

|                      |                   |
|----------------------|-------------------|
| As of March 31, 2015 | 75,752,958 shares |
| As of March 31, 2014 | 75,752,958 shares |
  - (ii) Number of shares of treasury shares
 

|                      |                   |
|----------------------|-------------------|
| As of March 31, 2015 | 11,601,972 shares |
| As of March 31, 2014 | 11,770,934 shares |
  - (iii) Average number of shares
 

|                                  |                   |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2015 | 64,082,250 shares |
| Fiscal year ended March 31, 2014 | 63,885,898 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, 2014 and 2015)

### Non-consolidated Performance

| Fiscal years ended March 31                    | 2014                     | 2015     | 2015 / 2014                | 2015                               |
|--|--------------------------|----------|----------------------------|------------------------------------|
|  | <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                                      | ¥284,621                 | ¥254,694 | -10.5%                     | \$2,119,447                        |
| Operating income                               | 540                      | (296)    | —                          | (2,463)                            |
| Ordinary income                                | 1,760                    | 1,008    | -42.7%                     | 8,388                              |
| Net income                                     | 504                      | 487      | -3.4%                      | 4,053                              |
| Net income per share ( <i>yen</i> )            | 7.89                     | 7.60     |                            |                                    |
| Net income per share (diluted) ( <i>yen</i> )  | —                        | —        |                            |                                    |

| As of  | Mar. 31, 2014            | Mar. 31, 2015 | Mar. 31, 2015                      |
|--|--------------------------|---------------|------------------------------------|
|  | <i>(Millions of yen)</i> |               | <i>(Thousands of U.S. dollars)</i> |
| <b>(2) Non-consolidated financial condition:</b> |                          |               |                                    |
| Total assets                                     | ¥83,171                  | ¥75,229       | \$626,021                          |
| Net assets                                       | 39,929                   | 40,219        | 334,684                            |
| Equity ratio                                     | 48.0%                    | 53.5%         |                                    |
| Net assets per share ( <i>yen</i> )              | ¥624.07                  | ¥626.94       |                                    |

(Reference) Shareholders' equity

As of March 31, 2015: ¥40,219 million

As of March 31, 2014: ¥39,929 million

Note:

U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 120.17 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd., on March 31, 2015.

## Consolidated Balance Sheets

(As of March 31, 2014 and 2015)

|  | 2014                     | 2015     | 2015                               |
|--|--------------------------|----------|------------------------------------|
|  | <i>(Millions of yen)</i> |          | <i>(Thousands of U.S. dollars)</i> |
| <b>Assets</b>                          |                          |          |                                    |
| Current assets                         |                          |          |                                    |
| Cash and deposits                      | ¥21,195                  | ¥22,102  | \$183,923                          |
| Notes and accounts receivable-trade    | 34,657                   | 24,317   | 202,355                            |
| Merchandise and finished goods         | 4,659                    | 5,135    | 42,731                             |
| Work in process                        | 34                       | 50       | 416                                |
| Raw materials and supplies             | 24                       | 58       | 483                                |
| Deferred tax assets                    | 432                      | 507      | 4,219                              |
| Other                                  | 2,075                    | 2,178    | 18,124                             |
| Allowance for doubtful accounts        | (69)                     | (52)     | (433)                              |
| Total current assets                   | 63,011                   | 54,298   | 451,843                            |
| Non-current assets                     |                          |          |                                    |
| Property, plant and equipment          |                          |          |                                    |
| Buildings and structures               | 16,926                   | 17,254   | 143,580                            |
| Accumulated depreciation               | (10,507)                 | (10,779) | (89,698)                           |
| Buildings and structures, net          | 6,419                    | 6,475    | 53,882                             |
| Machinery, equipment and vehicles      | 10,438                   | 11,227   | 93,426                             |
| Accumulated depreciation               | (7,849)                  | (8,186)  | (68,120)                           |
| Machinery, equipment and vehicles, net | 2,589                    | 3,041    | 25,306                             |
| Land                                   | 10,511                   | 10,968   | 91,271                             |
| Leased assets                          | 955                      | 1,564    | 13,015                             |
| Accumulated depreciation               | (354)                    | (512)    | (4,261)                            |
| Leased assets, net                     | 600                      | 1,052    | 8,754                              |
| Construction in progress               | 68                       | 853      | 7,098                              |
| Other                                  | 1,135                    | 1,042    | 8,671                              |
| Accumulated depreciation               | (743)                    | (685)    | (5,700)                            |
| Other, net                             | 392                      | 356      | 2,962                              |
| Total property, plant and equipment    | 20,582                   | 22,747   | 189,290                            |
| Intangible assets                      |                          |          |                                    |
| Goodwill                               | 446                      | 352      | 2,929                              |
| Leased assets                          | 5                        | 0        | 0                                  |
| Other                                  | 1,927                    | 1,695    | 14,105                             |
| Total intangible assets                | 2,379                    | 2,047    | 17,034                             |
| Investments and other assets           |                          |          |                                    |
| Investment securities                  | 6,127                    | 7,050    | 58,667                             |
| Long-term loans receivable             | 375                      | 301      | 2,505                              |
| Long-term prepaid expenses             | 1,054                    | 924      | 7,689                              |
| Deferred tax assets                    | 198                      | 154      | 1,282                              |
| Other                                  | 2,567                    | 2,382    | 19,822                             |
| Allowance for doubtful accounts        | (425)                    | (585)    | (4,868)                            |
| Total investments and other assets     | 9,897                    | 10,228   | 85,113                             |
| Total non-current assets               | 32,859                   | 35,023   | 291,445                            |
| Total assets                           | ¥95,870                  | ¥89,322  | \$743,297                          |

|   | 2014                     | 2015    | 2015                               |
|---|--------------------------|---------|------------------------------------|
|   | <i>(Millions of yen)</i> |         | <i>(Thousands of U.S. dollars)</i> |
| <b>Liabilities</b>                                    |                          |         |                                    |
| Current liabilities                                   |                          |         |                                    |
| Notes and accounts payable-trade                      | ¥29,566                  | ¥18,433 | \$153,391                          |
| Short-term loans payable                              | 6,892                    | 8,284   | 68,936                             |
| Accounts payable-other                                | 1,683                    | 1,389   | 11,559                             |
| Lease obligations                                     | 233                      | 280     | 2,330                              |
| Income taxes payable                                  | 926                      | 647     | 5,384                              |
| Accrued consumption taxes                             | 115                      | 551     | 4,585                              |
| Provision for bonuses                                 | 615                      | 980     | 8,155                              |
| Provision for loss on disaster                        | 51                       | 51      | 424                                |
| Other   | 1,921                    | 2,648   | 22,035                             |
| Total current liabilities                             | 42,007                   | 33,267  | 276,833                            |
| Non-current liabilities                               |                          |         |                                    |
| Long-term loans payable                               | 1,951                    | 2,182   | 18,158                             |
| Lease obligations                                     | 571                      | 1,020   | 8,488                              |
| Deferred tax liabilities                              | 438                      | 717     | 5,967                              |
| Provision for directors' retirement benefits          | 103                      | 96      | 799                                |
| Net defined benefit liability                         | 3,206                    | 3,113   | 25,905                             |
| Long-term guarantee deposited                         | 742                      | 741     | 6,166                              |
| Asset retirement obligations                          | 528                      | 548     | 4,560                              |
| Other   | 440                      | 558     | 4,643                              |
| Total non-current liabilities                         | 7,983                    | 8,978   | 74,711                             |
| Total liabilities                                     | 49,990                   | 42,246  | 351,552                            |
| Net assets  |                          |         |                                    |
| Shareholders' equity                                  |                          |         |                                    |
| Capital stock   | 15,630                   | 15,630  | 130,066                            |
| Capital surplus                                       | 11,662                   | 11,638  | 96,846                             |
| Retained earnings                                     | 23,972                   | 24,437  | 203,354                            |
| Treasury shares                                       | (6,202)                  | (6,107) | (50,820)                           |
| Total shareholders' equity                            | 45,062                   | 45,599  | 379,454                            |
| Accumulated other comprehensive income                |                          |         |                                    |
| Valuation difference on available-for-sale securities | 1,075                    | 1,796   | 14,945                             |
| Deferred gains or losses on hedges                    | (0)                      | 0       | 0                                  |
| Foreign currency translation adjustment               | 89                       | 80      | 666                                |
| Remeasurements of defined benefit plans               | (399)                    | (411)   | (3,420)                            |
| Total accumulated other comprehensive income          | 765                      | 1,466   | 12,199                             |
| Minority interests                                    | 52                       | 10      | 83                                 |
| Total net assets                                      | 45,880                   | 47,075  | 391,737                            |
| Total liabilities and net assets                      | ¥95,870                  | ¥89,322 | \$743,297                          |

## Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(For the fiscal years ended March 31, 2014 and 2015)

|   | 2014                     | 2015     | 2015                               |
|---|--------------------------|----------|------------------------------------|
|   | <i>(Millions of yen)</i> |          | <i>(Thousands of U.S. dollars)</i> |
| Net sales   | ¥310,102                 | ¥281,375 | \$2,341,475                        |
| Cost of sales   | 281,235                  | 253,238  | 2,107,331                          |
| Gross profit  | 28,866                   | 28,136   | 234,135                            |
| Selling, general and administrative expenses                | 27,178                   | 26,433   | 219,963                            |
| Operating income  | 1,688                    | 1,703    | 14,172                             |
| Non-operating income  |                          |          |                                    |
| Interest income   | 22                       | 184      | 1,531                              |
| Dividend income   | 91                       | 117      | 974                                |
| Commission fee  | 89                       | 98       | 816                                |
| Foreign exchange gains                                      | 80                       | 139      | 1,157                              |
| Diesel oil delivery tax subsidies                           | 84                       | 106      | 882                                |
| Insurance return  | 26                       | 107      | 890                                |
| Gain on derivatives   | 87                       | 184      | 1,531                              |
| Subsidy income  | 209                      | —        | —                                  |
| Other   | 318                      | 265      | 2,205                              |
| Total non-operating income                                  | 1,010                    | 1,204    | 10,019                             |
| Non-operating expenses                                      |                          |          |                                    |
| Interest expenses   | 51                       | 52       | 433                                |
| Loss on valuation of investment securities                  | 5                        | —        | —                                  |
| Share of loss of entities accounted for using equity method | 6                        | 96       | 799                                |
| Other   | 121                      | 130      | 1,082                              |
| Total non-operating expenses                                | 185                      | 279      | 2,322                              |
| Ordinary income   | 2,513                    | 2,629    | 21,877                             |
| Extraordinary income  |                          |          |                                    |
| Gain on sales of non-current assets                         | 43                       | 12       | 100                                |
| Gain on sales of investment securities                      | 0                        | —        | —                                  |
| Gain on change in equity                                    | —                        | 1        | 8                                  |
| Gain on bargain purchase                                    | 2                        | —        | —                                  |
| Gain on transfer from business divestitures                 | 7                        | —        | —                                  |
| Total extraordinary income                                  | 54                       | 14       | 117                                |
| Extraordinary losses  |                          |          |                                    |
| Loss on sales of non-current assets                         | 31                       | 1        | 8                                  |
| Loss on retirement of non-current assets                    | 102                      | 133      | 1,107                              |
| Impairment loss   | 43                       | 84       | 699                                |
| Amortization of goodwill                                    | 327                      | —        | —                                  |
| Loss on valuation of investment securities                  | 6                        | 1        | 8                                  |
| Restructuring expenses                                      | —                        | 39       | 325                                |
| Total extraordinary losses                                  | ¥510                     | ¥260     | \$2,164                            |

|   | 2014                     | 2015   | 2015                               |
|---|--------------------------|--------|------------------------------------|
|   | <i>(Millions of yen)</i> |        | <i>(Thousands of U.S. dollars)</i> |
| Income before income taxes  | ¥2,056                   | ¥2,382 | \$19,822                           |
| Income taxes-current  | 1,417                    | 1,004  | 8,355                              |
| Income taxes-deferred   | 3                        | (44)   | (366)                              |
| Total income taxes  | 1,421                    | 959    | 7,980                              |
| Income before minority interests  | 635                      | 1,423  | 11,842                             |
| Minority interests in income (loss)   | 0                        | (0)    | (0)                                |
| Net income  | 635                      | 1,423  | 11,842                             |
| Minority interests in income (loss)   | 0                        | (0)    | (0)                                |
| Income before minority interests  | 635                      | 1,423  | 11,842                             |
| Other comprehensive income  |                          |        |                                    |
| Valuation difference on available-for-sale securities                             | 443                      | 721    | 6,000                              |
| Deferred gains or losses on hedges  | (0)                      | (0)    | (0)                                |
| Foreign currency translation adjustment   | 49                       | (9)    | (75)                               |
| Remeasurements of defined benefit plans, net of tax                               | —                        | (14)   | (117)                              |
| Share of other comprehensive income of entities accounted for using equity method | —                        | 2      | 17                                 |
| Total other comprehensive income  | 493                      | 700    | 5,825                              |
| Comprehensive income  | 1,128                    | 2,123  | 17,667                             |
| (Comprehensive income attributable to)  |                          |        |                                    |
| Comprehensive income attributable to owners of parent                             | 1,128                    | 2,124  | 17,675                             |
| Comprehensive income attributable to minority interests                           | ¥0                       | (¥0)   | (\$0)                              |

## Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2014)

(Millions of yen)

|  | Capital stock        |                 |                   |                 |  | Total shareholders' equity |
|--|----------------------|-----------------|-------------------|-----------------|--|----------------------------|
|  | Shareholders' equity | Capital surplus | Retained earnings | Treasury shares |  |                            |
| Balance at beginning of current period               | 15,630               | 11,702          | 24,294            | (6,326)         |  | 45,299                     |
| Cumulative effects of changes in accounting policies |                      |                 |                   |                 |  | —                          |
| Restated balance                                     | 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 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 beginning of current period               | 631   | 0                                  | 39                                      | —                                       | 671  | 40                 | 46,011           |
| Cumulative effects of changes in accounting policies |   |                                    |   |   |  |                    | —                |
| Restated balance                                     | 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 end of current period                     | 1,075   | (0)                                | 89                                      | (399)                                   | 765  | 52                 | 45,880           |



## Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2015)

(Millions of yen)

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

(Millions of yen)

|  | Accumulated other comprehensive income                |                                    |   |   |  | 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 beginning of current period               | 1,075   | (0)                                | 89                                      | (399)                                   | 765  | 52                 | 45,880           |
| Cumulative effects of changes in accounting policies |   |                                    |   |   |  |                    | 1                |
| Restated balance                                     | 1,075   | (0)                                | 89                                      | (399)                                   | 765  | 52                 | 45,882           |
| Changes of items during the period                   |   |                                    |   |   |  |                    |                  |
| Dividends of surplus                                 |   |                                    |   |   |  |                    | (959)            |
| Net income   |   |                                    |   |   |  |                    | 1,423            |
| Disposal of treasury shares                          |   |                                    |   |   |  |                    | 81               |
| Purchase of treasury shares                          |   |                                    |   |   |  |                    | (10)             |
| Change of scope of consolidation                     |   |                                    |   |   |  |                    | —                |
| Change of scope of equity method                     |   |                                    |   |   |  |                    | —                |
| Net changes of items other than shareholders' equity | 721   | 0                                  | (9)                                     | (11)                                    | 700  | (42)               | 658              |
| Total changes of items during the period             | 721   | 0                                  | (9)                                     | (11)                                    | 700  | (42)               | 1,193            |
| Balance at end of current period                     | 1,796   | 0                                  | 80                                      | (411)                                   | 1,466  | 10                 | 47,075           |

## Consolidated Statement of Changes in Equity

(For the fiscal years ended March 31, 2015)

(Thousands of U.S. dollars)

|  | Capital stock        |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Shareholders' equity | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period               | 130,066              | 97,046          | 199,484           | (51,610)        | 374,985                    |
| Cumulative effects of changes in accounting policies |                      |                 | 8                 |                 | 8                          |
| Restated balance                                     | 130,066              | 97,046          | 199,501           | (51,610)        | 374,994                    |
| Changes of items during the period                   |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (7,980)           |                 | (7,980)                    |
| Net income   |                      |                 | 11,842            |                 | 11,842                     |
| Disposal of treasury shares                          |                      | (191)           |                   | 874             | 674                        |
| Purchase of treasury shares                          |                      |                 |                   | (83)            | (83)                       |
| Change of scope of consolidation                     |                      |                 |                   |                 | —                          |
| Change of scope of equity method                     |                      |                 |                   |                 | —                          |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes of items during the period             | —                    | (191)           | 3,853             | 791             | 4,452                      |
| Balance at end of current period                     | 130,066              | 96,846          | 203,354           | (50,820)        | 379,454                    |

(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 beginning of current period               | 8,946   | (0)                                | 741                                     | (3,320)                                 | 6,366  | 433                | 381,792          |
| Cumulative effects of changes in accounting policies |   |                                    |   |   |  |                    | 8                |
| Restated balance                                     | 8,946   | (0)                                | 741                                     | (3,320)                                 | 6,366  | 433                | 381,809          |
| Changes of items during the period                   |   |                                    |   |   |  |                    |                  |
| Dividends of surplus                                 |   |                                    |   |   |  |                    | (7,980)          |
| Net income   |   |                                    |   |   |  |                    | 11,842           |
| Disposal of treasury shares                          |   |                                    |   |   |  |                    | 674              |
| Purchase of treasury shares                          |   |                                    |   |   |  |                    | (83)             |
| Change of scope of consolidation                     |   |                                    |   |   |  |                    | —                |
| Change of scope of equity method                     |   |                                    |   |   |  |                    | —                |
| Net changes of items other than shareholders' equity | 6,000   | 0                                  | (75)                                    | (92)                                    | 5,825  | (350)              | 5,476            |
| Total changes of items during the period             | 6,000   | 0                                  | (75)                                    | (92)                                    | 5,825  | (350)              | 9,928            |
| Balance at end of current period                     | 14,945  | 0                                  | 666                                     | (3,420)                                 | 12,199                                       | 83                 | 391,737          |

## Consolidated Statement of Cash Flows

(For the fiscal years ended March 31, 2014 and 2015)

|  | 2014                     | 2015            | 2015                               |
|--|--------------------------|-----------------|------------------------------------|
|  | <i>(Millions of yen)</i> |                 | <i>(Thousands of U.S. dollars)</i> |
| <b>Cash flows from operating activities</b>  |                          |                 |                                    |
| Income before income taxes   | ¥2,056                   | ¥2,382          | \$19,822                           |
| Depreciation   | 2,220                    | 2,360           | 19,639                             |
| Amortization of goodwill   | 639                      | 228             | 1,897                              |
| Increase (decrease) in allowance for doubtful accounts   | 35                       | 142             | 1,182                              |
| Increase (decrease) in net defined benefit liability   | 23                       | (81)            | (674)                              |
| Increase (decrease) in other provision   | (3)                      | 357             | 2,971                              |
| Foreign exchange losses (gains)  | 12                       | 16              | 133                                |
| Interest and dividend income   | (113)                    | (302)           | (2,513)                            |
| Interest expenses  | 51                       | 52              | 433                                |
| Share of (profit) loss of entities accounted for using equity method                           | 6                        | 96              | 799                                |
| Loss (gain) on valuation of investment securities  | 12                       | (6)             | (50)                               |
| Loss on retirement of non-current assets   | 102                      | 133             | 1,107                              |
| Loss (gain) on sales of non-current assets   | (12)                     | (11)            | (92)                               |
| Decrease (increase) in notes and accounts receivable-trade                                     | (4,846)                  | 10,339          | 86,036                             |
| Decrease (increase) in inventories   | 19                       | (525)           | (4,369)                            |
| Increase (decrease) in notes and accounts payable-trade  | 6,035                    | (11,133)        | (92,644)                           |
| Increase (decrease) in guarantee deposits received   | 3                        | (9)             | (75)                               |
| Decrease (increase) in long-term prepaid expenses  | (575)                    | (257)           | (2,139)                            |
| Other, net   | (382)                    | 1,051           | 8,746                              |
| <b>Subtotal</b>  | <b>5,287</b>             | <b>4,833</b>    | <b>40,218</b>                      |
| Interest and dividend income received  | 112                      | 271             | 2,255                              |
| Interest expenses paid   | (51)                     | (52)            | (433)                              |
| Income taxes paid  | (1,272)                  | (1,276)         | (10,618)                           |
| <b>Net cash provided by (used in) operating activities</b>                                     | <b>4,076</b>             | <b>3,775</b>    | <b>31,414</b>                      |
| <b>Cash flows from investing activities</b>  |                          |                 |                                    |
| Proceeds from withdrawal of time deposits  | 219                      | 826             | 6,874                              |
| Payments into time deposits  | (280)                    | (78)            | (649)                              |
| Proceeds from sales and redemption of investment securities                                    | 3                        | —               | —                                  |
| Purchase of investment securities  | (161)                    | (58)            | (483)                              |
| Proceeds from sales of non-current assets  | 125                      | 31              | 258                                |
| Purchase of non-current assets   | (2,657)                  | (2,778)         | (23,117)                           |
| Collection of long-term loans receivable   | 95                       | 73              | 607                                |
| Payments of long-term loans receivable   | (0)                      | —               | —                                  |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | 0                        | —               | —                                  |
| Payments for sale of shares of subsidiaries resulting in change in scope of consolidation      | —                        | (184)           | (1,531)                            |
| Proceeds from maturity of insurance funds  | 6                        | 323             | 2,688                              |
| Purchase of insurance funds  | (90)                     | (83)            | (691)                              |
| Other, net   | (25)                     | (114)           | (949)                              |
| <b>Net cash provided by (used in) investing activities</b>                                     | <b>(¥2,764)</b>          | <b>(¥2,043)</b> | <b>(\$17,001)</b>                  |

|   | 2014                     | 2015    | 2015                               |
|---|--------------------------|---------|------------------------------------|
|   | <i>(Millions of yen)</i> |         | <i>(Thousands of U.S. dollars)</i> |
| <b>Cash flows from financing activities</b>   |                          |         |                                    |
| Net increase (decrease) in short-term loans payable   | ¥3,386                   | ¥815    | \$6,782                            |
| Proceeds from long-term loans payable   | 304                      | 795     | 6,616                              |
| Repayments of long-term loans payable   | (845)                    | (566)   | (4,710)                            |
| Proceeds from sales of treasury shares  | 90                       | 81      | 674                                |
| Purchase of treasury shares   | (6)                      | (10)    | (83)                               |
| Cash dividends paid   | (956)                    | (960)   | (7,989)                            |
| Cash dividends paid to minority shareholders  | (0)                      | (0)     | (0)                                |
| Proceeds from share issuance to minority shareholders   | 12                       | —       | —                                  |
| Other, net  | (175)                    | (206)   | (1,714)                            |
| Net cash provided by (used in) financing activities   | 1,808                    | (52)    | (433)                              |
| Effect of exchange rate change on cash and cash equivalents                                       | (11)                     | (16)    | (133)                              |
| Net increase (decrease) in cash and cash equivalents  | 3,109                    | 1,663   | 13,839                             |
| Cash and cash equivalents at beginning of period  | 17,204                   | 20,310  | 169,011                            |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | (3)                      | —       | —                                  |
| Cash and cash equivalents at end of period  | ¥20,310                  | ¥21,974 | \$182,858                          |

## **Segment Information**

(As of and for the fiscal years ended March 31, 2014 and 2015)

### ***Segment Information***

For the fiscal year ended March 31, 2015

#### **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, Global Business and Solution 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. The Solution Business engages in initiatives for next-generation energies, retail sales of electric power and comprehensive energy services for corporate customers in the fields of energy saving, electricity saving, environmental conservation and disaster prevention.

From the fiscal year ended March 31, 2015, the Company has newly established the Solution Business Headquarters, in order to proactively promote comprehensive energy services for corporate customers in the fields of energy saving, electricity saving, environmental conservation and disaster prevention, in addition to implementing initiatives for next-generation energies and expanding retail sales of electric power. Accordingly, the Company's reporting segments of the previous three categories: Energy Wholesale and Peripheral Business, Energy Retail and Peripheral Business and Global Business, have been changed to four categories: Energy Wholesale and Peripheral Business, Energy Retail and Peripheral Business, Global Business and Solution Business.

In addition, sales of various fuels to large-scale customers, such as petroleum products and liquefied petroleum gas, which were previously included in the Energy Wholesale and Peripheral Business, are included in the Solution Business since they are comprehensive energy services for corporate customers.

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

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

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

**Net Sales, Income/Loss, Assets and Other Information**  
As of and for the fiscal year ended March 31, 2014

|  | Reporting Segment                                    |  |                    |                      |                | Other<br>Note 1 | Total          | Adjustments<br>Note 2<br>Note 3 | Consolidated<br>Total<br>Note 4 |
|--|--|--|--------------------|----------------------|----------------|-----------------|----------------|---------------------------------|---------------------------------|
|  | Energy<br>Wholesale<br>and<br>Peripheral<br>Business | Energy<br>Retail and<br>Peripheral<br>Business | Global<br>Business | Solution<br>Business | Subtotal       |                 |                |                                 |                                 |
| <i>(Millions of yen)</i>   |  |  |                    |                      |                |                 |                |                                 |                                 |
| <b>Net sales</b>   |  |  |                    |                      |                |                 |                |                                 |                                 |
| Net sales to external customers  | ¥175,799   | ¥24,205  | ¥7,830             | ¥100,995             | ¥308,831       | ¥1,185          | ¥310,016       | ¥85                             | ¥310,102                        |
| Intersegment net sales or transfer amount                                  | 13,786   | 123  | 48                 | 1,497                | 15,456         | 1,111           | 16,568         | (16,568)                        | —                               |
| <b>Total</b>   | <b>189,586</b>                                       | <b>24,329</b>                                  | <b>7,879</b>       | <b>102,493</b>       | <b>324,287</b> | <b>2,297</b>    | <b>326,585</b> | <b>(16,482)</b>                 | <b>310,102</b>                  |
| <b>Segment income or loss</b>  | <b>641</b>   | <b>1,030</b>                                   | <b>(44)</b>        | <b>465</b>           | <b>2,092</b>   | <b>(192)</b>    | <b>1,899</b>   | <b>(211)</b>                    | <b>1,688</b>                    |
| <b>Segment assets</b>  | <b>41,219</b>  | <b>11,400</b>                                  | <b>5,950</b>       | <b>12,505</b>        | <b>71,076</b>  | <b>2,415</b>    | <b>73,491</b>  | <b>22,378</b>                   | <b>95,870</b>                   |
| <b>Others:</b>   |  |  |                    |                      |                |                 |                |                                 |                                 |
| Depreciation   | 670  | 850  | 114                | 14                   | 1,649          | 170             | 1,820          | 400                             | 2,220                           |
| Amortization of goodwill   | 97   | 64   | 68                 | 2                    | 232            | 79              | 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 | ¥1,382   | ¥1,118   | ¥112               | ¥92                  | ¥2,707         | ¥127            | ¥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, -¥211 million, includes the amount stated in Note 2, intersegment transaction elimination of ¥377 million and corporate expenses not allocated to each reporting segment of -¥673 million.
  - Adjustment of segment assets, ¥22,378 million, includes intersegment transaction elimination of -¥10,861 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.

As of and for the fiscal year ended March 31, 2015

|  | Reporting Segment                                    |  |                    |                      |          | Other<br>Note 1 | Total    | Adjustments<br>Note 2<br>Note 3 | Consolidated<br>Total<br>Note 4 |
|--|--|--|--------------------|----------------------|----------|-----------------|----------|---------------------------------|---------------------------------|
|  | Energy<br>Wholesale<br>and<br>Peripheral<br>Business | Energy<br>Retail and<br>Peripheral<br>Business | Global<br>Business | Solution<br>Business | Subtotal |                 |          |                                 |                                 |
| <i>(Millions of yen)</i>   |  |  |                    |                      |          |                 |          |                                 |                                 |
| Net sales  |  |  |                    |                      |          |                 |          |                                 |                                 |
| Net sale sales to external customers                                       | ¥153,797   | ¥22,741  | ¥7,160             | ¥96,341              | ¥280,041 | ¥1,240          | ¥281,282 | ¥93                             | ¥281,375                        |
| Intersegment net sales or transfer amount                                  | 11,863   | 65   | 43                 | 3,684                | 15,657   | 1,094           | 16,751   | (16,751)                        | —                               |
| Total  | 165,660  | 22,807   | 7,204              | 100,026              | 295,698  | 2,334           | 298,033  | (16,658)                        | 281,375                         |
| Segment income or loss   | 121  | 1,613  | 155                | 497                  | 2,387    | (35)            | 2,352    | (649)                           | 1,703                           |
| Segment assets   | 33,542   | 11,580   | 6,735              | 11,722               | 63,581   | 2,429           | 66,010   | 23,311                          | 89,322                          |
| Others:  |  |  |                    |                      |          |                 |          |                                 |                                 |
| Depreciation   | 677  | 914  | 100                | 71                   | 1,764    | 189             | 1,954    | 406                             | 2,360                           |
| Amortization of goodwill   | 97   | 34   | —                  | 16                   | 148      | 79              | 228      | —                               | 228                             |
| Investment in entities accounted for using equity method                   | 24   | —  | 43                 | —                    | 68       | —               | 68       | —                               | 68                              |
| Increase (decrease) in property, plant and equipment and intangible assets | ¥576   | ¥815   | ¥778               | ¥663                 | ¥2,834   | ¥199            | ¥3,034   | ¥741                            | ¥3,775                          |

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 ¥93 million are rental income of real estate property managed by the Company.
- Adjustments are as follows:
  - Adjustment of segment income or loss, -¥649 million, includes the amount stated in Note 2, intersegment transaction elimination of ¥312 million and corporate expenses not allocated to each reporting segment of -¥1,055 million.
  - Adjustment of segment assets, ¥23,311 million, includes intersegment transaction elimination of -¥12,349 million and corporate assets not allocated to each reporting segment of ¥35,660 million.
  - Adjustment of depreciation, ¥406 million, is corporate expenses not allocated to each reporting segment.
  - Adjustment of increase in property, plant and equipment and intangible assets, ¥741 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.