

# Consolidated Financial Results for FY2016 Ended March 31, 2017

## Toho Gas Co., Ltd.

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Shares listed on:  
 Tokyo Stock Exchange, Nagoya Stock Exchange

Date of regular general meeting of stockholders: June 27, 2017

Commencement of dividends payments: June 28, 2017

Date of submission of financial report: June 28, 2017

Earnings supplementary explanatory documents: Yes

Earnings presentation: Yes (for institutional investors)

(Rounded down to the nearest million yen)

### 1. Consolidated Results for FY2016 (April 1, 2016 - March 31, 2017)

(1) Consolidated business results (Percentage figures indicate the percentage change on the results for the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
FY2016 ended March 2017	390,433	-18.6	23,188	-61.8	24,490	-59.9	17,749	-58.7
FY2015 ended March 2016	479,870	-17.4	60,725	111.1	61,132	107.1	43,008	125.7

Note: Comprehensive income FY2016 ended March 2017: ¥31,626 million (191.9%) FY2015 ended March 2016: ¥10,832 million (-74.8%)

	Net income per share	Diluted income per share	Return on equity (Net income)	Return on assets (Ordinary income)	Operating income ratio
	(Unit: yen)	(Unit: yen)	(%)	(%)	(%)
FY2016 ended March 2017	32.97	-	6.0	4.5	5.9
FY2015 ended March 2016	79.41	-	15.1	11.1	12.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Book-value per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
FY2016 ended March 2017	532,931	306,801	57.6	573.00
FY2015 ended March 2016	555,217	285,186	51.4	526.94

Note: Net assets (excluding minority interests) FY2016 ended March 2017: ¥306,801 million FY2015 ended March 2016: ¥285,186 million

(3) Consolidated cash flow

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Balance of cash and cash equivalents as of end of term
	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)
FY2016 ended March 2017	37,264	-57,967	-22,962	16,497
FY2015 ended March 2016	114,923	-42,196	-31,817	60,314

### 2. Dividends

	Dividends per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend rate for net assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of 4th quarter	Total			
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: million yen)	(%)	(%)
FY2015 ended March 2016	-	5.00	-	5.00	10.00	5,412	12.6	1.9
FY2016 ended March 2017	-	5.00	-	5.00	10.00	5,368	30.3	1.8
FY2017 ending March 2018 (forecast)	-	5.00	-	25.00	-		29.7	

Note: The Company plans to consolidate its common stocks at a ratio of five shares to one share on the effective date of October 1, 2017. Accordingly, the amount of the year-end dividends per share for FY2017 ending March 2018 (forecast) reflects the impact of the consolidation of shares and disclosure of the annual dividends per share is omitted. Excluding the impact of the consolidation of shares, the year-end dividends per share for FY2017 ending March 2018 (forecast) would be 5 yen and the annual dividends per share would be 10 yen. Please see "Notes on proper use of forecasts and other matters" for details.

### 3. Consolidated Results Forecasts for FY2017 (April 1, 2017- March 31, 2018)

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company		Net income per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full term	441,000	13.0	24,000	3.5	25,000	2.1	18,000	1.4	168.09

Note: Net income per share under the consolidated results forecasts for FY2017 reflects the impact of the consolidation of shares. Please see "Notes on proper use of forecasts and other matters" for details.

#### ※Notes

(1) Changes in significant consolidated subsidiaries: No

(2) Changes in accounting treatment principles, changes in accounting estimates, and retrospective restatements

- Changes accompanied by reform of accounting standards: Yes\*

- Other changes: No

- Changes in accounting estimates: No

- Retrospective restatements: No

\* Note: Please see page 9, "5. Notes about consolidated statements (2) Change in accounting treatment principles" for details.

(3) Number of outstanding shares (common stock)

Number of outstanding shares at the end of the term (Inclusive of treasury stock)	FY2016 ended March 2017	538,196,429 shares	FY2015 ended March 2016	541,276,429 shares
Number of treasury stock at the end of the term	FY2016 ended March 2017	2,765,221 shares	FY2015 ended March 2016	68,729 shares
Average number of outstanding shares during the term	FY2016 ended March 2017	538,267,348 shares	FY2015 ended March 2016	541,592,304 shares

### Reference: Non-consolidated Results and Forecasts

#### 1. Results for FY2016 (April 1, 2016 - March 31, 2017)

(1) Business results (Percentage figures indicate the percentage change on the results for the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
FY2016 ended March 2017	324,600	-21.0	17,664	-68.2	20,684	-63.9	15,300	-62.5
FY2015 ended March 2016	410,868	-18.9	55,552	124.3	57,343	113.1	40,800	130.6

	Net income per share	Diluted income per share
	(Unit: yen)	(Unit: yen)
FY2016 ended March 2017	28.43	-
FY2015 ended March 2016	75.33	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Book-value per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
FY2016 ended March 2017	457,793	264,564	57.8	494.11
FY2015 ended March 2016	479,765	249,975	52.1	461.88

Note: Net assets FY2016 ended March 2017: ¥264,564 million FY2015 ended March 2016: ¥249,975 million

#### 2. Results Forecasts for FY2017 (April 1, 2017- March 31, 2018)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full term	371,000	14.3	19,000	7.6	22,000	6.4	15,500	1.3	144.74

Note: Net income per share under the results forecasts for FY2017 reflects the impact of the consolidation of shares. Please see "Notes on proper use of forecasts and other matters" for details.

(1) This report of consolidated financial results is not subject to audit.

(2) Notes on proper use of forecasts and other matters

The above forecasts are based on the information available at the time of the release of this document. Due to various factors, the actual result may vary from the forecast data.

- Dividends outlook and result forecasts after the consolidation of shares

The Company resolved to submit the matter of the consolidation of shares to the 146th annual shareholders meeting on June 27, 2017 at its Board of Directors' meeting held on April 28, 2017. It plans to consolidate its common shares at the ratio of five shares to one share on the effective date of October 1, 2017, subject to the approval of the proposal regarding the consolidation of shares at the annual shareholders meeting. It also plans to change the number of shares per trading unit from 1,000 shares to 100 shares on the same day. The dividends forecast and Consolidated Results Forecasts for FY2017 (April 1, 2017- March 31, 2018) excluding the impact of the consolidation of shares are as follows.

1. Dividends forecast for FY2017 ending March 31, 2018

Dividends per share:

Interim 5 yen (Note 1)

Year-end 5 yen (Note 2)

2. Consolidated results forecasts for FY2017 ending March 31, 2018

Net income per share

Full term 33.62 yen

3. Non-consolidated results forecasts for FY2017 ending March 31, 2018

Net income per share

Full term 28.95 yen

Notes: 1. The interim dividends will be paid out based on the number of shares before the consolidation of shares.

2. Represents the dividends amount excluding the impact of the consolidation of shares.

3. The annual dividends for FY2017 ending March 31, 2018 (excluding the impact of the consolidation of shares) will be 10 yen per share.

**<Consolidated Statements>****1. Consolidated balance sheet**

(Unit: million yen)

	FY2015 (Ended Mar. 31, 2016)	FY2016 (Ended Mar. 31, 2017)
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	67,795	83,518
Distribution facilities	148,693	154,272
Service and maintenance facilities	26,939	26,845
Other facilities	29,448	31,784
Construction in progress	40,405	28,895
Total property, plant and equipment	313,282	325,316
Intangible assets		
Other	5,319	4,805
Total intangible assets	5,319	4,805
Investments and other assets		
Investment securities	69,045	82,706
Deferred tax assets	14,250	10,878
Other	8,472	11,120
Allowance for doubtful accounts	-102	-80
Total investments and other assets	91,665	104,624
Total non-current assets	410,267	434,747
Current assets		
Cash and deposits	25,393	16,575
Notes and accounts receivable-trade	47,666	45,773
Securities	35,000	-
Lease receivables and investment assets	8,076	8,567
Inventories	14,256	17,316
Deferred tax assets	5,009	3,221
Other	9,759	6,946
Allowance for doubtful accounts	-212	-217
Total current assets	144,950	98,183
Total assets	555,217	532,931

(Unit: million yen)

	FY2015 (Ended Mar. 31, 2016)	FY2016 (Ended Mar. 31, 2017)
Liabilities		
Non-current liabilities		
Bonds payable	69,997	70,000
Long-term loans payable	22,389	35,240
Deferred tax liabilities	905	953
Provision for gas holder repairs	1,422	1,518
Provision for safety measures	18,570	17,309
Provision for gas appliance warranties	3,764	4,081
Net defined benefit liability	26,200	15,945
Other	7,757	8,078
Total non-current liabilities	151,007	153,127
Current liabilities		
Current portion of non-current liabilities	26,780	2,807
Notes and accounts payable-trade	16,593	21,487
Short-term loans payable	7,073	5,573
Income taxes payable	15,355	4,732
Other	53,222	38,401
Total current liabilities	119,024	73,002
Total liabilities	270,031	226,129
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,387
Retained earnings	222,721	232,641
Treasury stock	-50	-2,232
Total shareholders' equity	264,131	271,869
Other comprehensive income		
Valuation difference on available-for-sale securities	32,480	38,213
Deferred gains or losses on hedges	-4,212	-443
Foreign currency translation adjustment	3,009	2,867
Remeasurements of defined benefit plans	-10,222	-5,705
Total other comprehensive income	21,054	34,931
Total net assets	285,186	306,801
Total liabilities and net assets	555,217	532,931

## 2. Consolidated statements of income and comprehensive income

### Consolidated statements of income

(Unit: million yen)

	FY2015 (Apr. 2015 -Mar. 2016)	FY2016 (Apr. 2016 -Mar. 2017)
Net sales	479,870	390,433
Cost of sales	278,073	230,490
Gross profit	201,796	159,942
Selling, general and administrative expenses	141,071	136,753
Operating income	60,725	23,188
Non-operating income		
Interest income	80	153
Dividends income	1,592	1,483
Rent income	709	708
Miscellaneous income	943	1,128
Total non-operating income	3,325	3,473
Non-operating expenses		
Interest expenses	1,550	1,010
Loss on bond retirement	936	674
Miscellaneous expenses	431	487
Total non-operating expenses	2,918	2,172
Ordinary income	61,132	24,490
Income before income taxes	61,132	24,490
Income taxes-current	18,406	6,745
Income taxes-deferred	-282	-4
Total income taxes	18,123	6,740
Net income	43,008	17,749
Net income attributable to the parent company	43,008	17,749

### Consolidated statements of comprehensive income

(Unit: million yen)

	FY2015 (Apr. 2015 -Mar. 2016)	FY2016 (Apr. 2016 -Mar. 2017)
Net income	43,008	17,749
Other comprehensive income		
Valuation difference on available-for-sale securities	-6,992	5,733
Deferred gains or losses on hedges	-15,709	3,769
Foreign currency translation adjustment	223	-436
Remeasurements of defined benefit plans, net of tax	-9,696	4,550
Share of other comprehensive income of entities accounted for using equity method	-	260
Total other comprehensive income	-32,175	13,876
Comprehensive income	10,832	31,626
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	10,832	31,626
Comprehensive income attributable to minority interests	-	-

### 3. Consolidated statements of changes in net assets

FY2015 (Apr. 2015-Mar. 2016)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	33,072	8,388	188,522	-387	229,596
Changes of items during the period					
Dividends from surplus			-5,432		-5,432
Net income attributable to the parent company			43,008		43,008
Purchase of treasury stock				-3,041	-3,041
Disposal of treasury stock		0		0	0
Retirement of treasury stock		-0	-3,377	3,377	-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-0	34,199	336	34,534
Balance at the end of current period	33,072	8,387	222,721	-50	264,131

	Other comprehensive income					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	Other comprehensive income	
Balance at the beginning of current period	39,473	11,496	2,786	-525	53,230	282,827
Changes of items during the period						
Dividends from surplus						-5,432
Net income attributable to the parent company						43,008
Purchase of treasury stock						-3,041
Disposal of treasury stock						0
Retirement of treasury stock						-
Net changes of items other than shareholders' equity	-6,992	-15,709	223	-9,696	-32,175	-32,175
Total changes of items during the period	-6,992	-15,709	223	-9,696	-32,175	2,359
Balance at the end of current period	32,480	-4,212	3,009	-10,222	21,054	285,186

FY2016 (Apr. 2016-Mar. 2017)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	33,072	8,387	222,721	-50	264,131
Changes of items during the period					
Dividends from surplus			-5,396		-5,396
Net income attributable to the parent company			17,749		17,749
Purchase of treasury stock				-4,614	-4,614
Disposal of treasury stock			-0	0	0
Retirement of treasury stock			-2,432	2,432	-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	9,919	-2,181	7,738
Balance at the end of current period	33,072	8,387	232,641	-2,232	271,869

	Other comprehensive income					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	Other comprehensive income	
Balance at the beginning of current period	32,480	-4,212	3,009	-10,222	21,054	285,186
Changes of items during the period						
Dividends from surplus						-5,396
Net income attributable to the parent company						17,749
Purchase of treasury stock						-4,614
Disposal of treasury stock						0
Retirement of treasury stock						-
Net changes of items other than shareholders' equity	5,733	3,769	-141	4,516	13,876	13,876
Total changes of items during the period	5,733	3,769	-141	4,516	13,876	21,615
Balance at the end of current period	38,213	-443	2,867	-5,705	34,931	306,801

#### 4. Consolidated statements of cash flows

(Unit: million yen)

	FY2015 (Apr. 2015-Mar. 2016)	FY2016 (Apr. 2016-Mar. 2017)
Net cash provided by (used in) operating activities		
Income before income taxes	61,132	24,490
Depreciation and amortization	32,987	35,482
Increase (decrease) in provision	5,280	-864
Decrease (increase) in notes and accounts receivable-trade	13,364	1,892
Decrease (increase) in inventories	14,041	-3,059
Increase (decrease) in notes and accounts payable-trade	624	4,892
Income taxes paid	-13,375	-17,464
Other	869	-8,104
Net cash provided by (used in) operating activities	114,923	37,264
Net cash provided by (used in) investment activities		
Purchases of non-current assets	-40,101	-49,298
Proceeds from sales of non-current assets	107	11
Purchase of investment securities	-199	-5,840
Proceeds from sales of investment securities	24	185
Other	-2,027	-3,026
Net cash provided by (used in) investment activities	-42,196	-57,967
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-4,949	-1,500
Proceeds from long-term loans payable	10,735	15,605
Repayment of long-term loans payable	-8,176	-16,716
Proceeds from issuance of bonds	-	9,939
Redemption of bonds	-20,934	-20,672
Purchase of treasury stock	-3,041	-4,614
Cash dividends paid	-5,435	-5,396
Other	-16	393
Net cash provided by (used in) financing activities	-31,817	-22,962
Effect of exchange rate change on cash and cash equivalents	-19	-151
Net increase (decrease) in cash and cash equivalents	40,891	-43,817
Cash and cash equivalents at beginning of term	19,423	60,314
Cash and cash equivalents at end of term	60,314	16,497



## 5. Notes about consolidated statements

(1) Note of going concerns' premise: Not applicable

(2) Change in accounting treatment principles

The Company has applied the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (Accounting Standards Board of Japan (ASBJ) PITF No. 32, issued on June 17, 2016) on the consolidated fiscal year ended March 31, 2017. Accordingly, the depreciation method was changed from the declining-balance method to the straight-line method for the facilities of buildings and structures acquired on or after April 1, 2016.

As a result, each operating income, ordinary income and income before income taxes on the consolidated fiscal year ended March 31, 2017 increased by ¥1,265 million.

(3) Additional information

The Company has applied "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) from the consolidated fiscal year ended March 31, 2017.

(4) Segment information

- General information about reportable segments

The TOHO GAS Group defines a reportable segment as constituent business units of the TOHO GAS Group for which discrete financial information is available and which are reviewed regularly by the Board of Directors to determine the best allocation of managerial resources and to evaluate business performance.

The reportable segments of the TOHO GAS Group are composed of three segments : "Gas sales," "Gas appliance sales and related construction" and "LPG and other Energies." They are determined based on the Gas Business Law and related accounting regulations.

The main products and services of each reporting segment are as follows:

Gas sales: Products, supplies and sales of the gas

Gas appliance sales and related construction: Gas appliance sales and related construction

LPG and other Energies: LPG sales, LPG appliance sales, LNG sales, Electricity business, District heating and cooling, and sales of coke and petroleum products.

- Basis of measurement for reported segment income and loss, segment assets and other material items

The accounting methods for the reporting segments are consistent with "Summary of significant accounting policies."

- Information about reported segment income or loss, segment assets and other material items

FY2015 (Apr. 2015- Mar. 2016)

(Unit: million yen)

	Reported segments				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated (Note.3)
	Gas sales	Gas appliance sales and related construction	LPG and other Energies	Total				
Net sales								
(1)External customers	354,969	34,704	67,943	457,617	22,252	479,870	-	479,870
(2)Intersegment	78	3,088	721	3,888	16,659	20,547	-20,547	-
Total	355,048	37,793	68,664	461,506	38,911	500,417	-20,547	479,870
Segment income	55,861	64	1,970	57,896	1,604	59,500	1,224	60,725
Segment assets	380,786	17,190	40,667	438,644	72,212	510,856	44,361	555,217
Other items								
Depreciation expenses	29,808	150	2,153	32,112	952	33,065	-77	32,987
Capital expenditures	34,649	233	2,783	37,666	5,461	43,127	116	43,243

Notes: 1. The "Other" segment incorporates operations not included in reported segment, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, and other leasing the other business.

2. The "Adjustments" column in "Segment income" denotes eliminations of intersegment transactions (¥1,224 million).

The "Adjustments" column in "Segment assets" includes ¥60,801 million of companywide assets, which mainly includes long-term investments in securities, etc.

3. Segment income in the table above is reconciled to operating income on the accompanying consolidated statements of income.

	Reported segments				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated (Note.3)
	Gas sales	Gas appliance sales and related construction	LPG and other Energies	Total				
Net sales								
(1)External customers	268,683	35,025	65,688	369,397	21,036	390,433	-	390,433
(2)Intersegment	64	1,835	768	2,668	16,511	19,179	-19,179	-
Total	268,747	36,861	66,456	372,065	37,547	409,613	-19,179	390,433
Segment income (loss)	18,794	-169	1,534	20,159	1,737	21,896	1,292	23,188
Segment assets	342,424	14,495	45,470	402,390	71,415	473,805	59,125	532,931
Other items								
Depreciation expenses	31,757	166	2,253	34,117	1,366	35,543	-61	35,482
Investment in entities accounted for using equity method	-	-	-	-	-	-	5,729	5,729
Capital expenditures	39,482	133	5,685	45,301	2,916	48,218	-69	48,148

Notes: 1. The "Other" segment incorporates operations not included in reported segment, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, and other leasing the other business.

2. The "Adjustments" column in "Segment income (loss)" denotes eliminations of intersegment transactions (¥1,292million).

The "Adjustments" column in "Segment assets" includes ¥73,829 million of companywide assets, which mainly includes long-term investments in securities, etc.

3. Segment income (loss) in the table above is reconciled to operating income on the accompanying consolidated statements of income.

#### (5) Material subsequent events

##### - Purchase of treasury stock

The Company resolved at the meeting of Board of Directors held on April 28, 2017 that it will repurchase its shares pursuant to Article 156 of the Corporation Law as applied pursuant to Article 165, paragraph 3.

The repurchases of shares are to be carried out as described below:

1. Type of shares to be repurchased: Common stock
2. Number of shares to be repurchased: Up to 3.7 million shares
3. Total value of shares to be repurchased: Up to ¥ 3 billion
4. Period of repurchase: From May 8, 2017 to July 31, 2017

##### - Change in the number of shares per trading unit and consolidation of shares

The Company announces that, at its Board of Directors' meeting held on April 28, 2017, it resolved to change the number of shares per trading unit and to make a partial amendment of the Articles of Incorporation, and to submit the matter of the consolidation of shares to the 146th annual shareholders meeting on June 27, 2017.

For information, refer to "Notice of Change in the Number of Shares per Trading Unit, Consolidation of Shares, and Partial Amendment of the Articles of Incorporation" disclosed on April 28, 2017, today.

<Non-Consolidated Statements>

1. Balance sheet

(Unit: million yen)

	FY2015 (Ended Mar. 31, 2016)	FY2016 (Ended Mar. 31, 2017)
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	67,802	83,530
Distribution facilities	146,910	152,538
Service and maintenance facilities	26,781	26,788
Facilities for incidental businesses	1,644	4,833
Construction in progress	33,003	19,212
Total property, plant and equipment	276,141	286,902
Intangible assets		
Leasehold right	407	408
Other Intangible assets	112	99
Total intangible assets	519	507
Investments and other assets		
Investment securities	58,771	66,065
Investments in subsidiaries and affiliates	27,730	33,208
Long-term loans receivable	130	130
Long-term prepaid expenses	0	68
Deferred tax assets	7,690	5,641
Other investments and other assets	528	380
Allowance for doubtful accounts	-32	-5
Total investments and other assets	94,819	105,489
Total non-current assets	371,480	392,899
Current assets		
Cash and deposits	10,929	6,378
Notes receivable-trade	1,462	1,677
Accounts receivable-trade	32,112	28,765
Accounts receivable from subsidiaries and affiliates-trade	4,503	5,352
Accounts receivable-other	2,165	2,514
Securities	35,000	-
Finished goods	30	21
Raw materials	7,669	9,886
Supplies	3,060	3,298
Advance payments	137	61
Prepaid expenses	227	264
Short-term receivables from subsidiaries and affiliates	824	664
Deferred tax assets	4,285	2,471
Other current assets	5,999	3,661
Allowances for doubtful accounts	-124	-126
Total current assets	108,284	64,893
Total assets	479,765	457,793

(Unit: million yen)

	FY2015 (Ended Mar. 31, 2016)	FY2016 (Ended Mar. 31, 2017)
Liabilities		
Non-current liabilities		
Bonds payable	69,997	70,000
Long-term loans payable	16,531	29,751
Long-term debt to subsidiaries and affiliates	3,118	3,421
Provision for retirement benefits	7,595	3,504
Provision for gas holder repairs	1,395	1,484
Provision for safety measures	18,570	16,626
Provision for gas appliance warranties	3,269	3,552
Other non-current liabilities	5,644	5,567
Total non-current liabilities	126,122	133,908
Current liabilities		
Current portion of non-current liabilities	24,667	814
Notes payable-trade	78	155
Accounts payable-trade	9,102	15,373
Accounts payable-other	17,369	11,779
Accrued expenses	10,875	10,221
Income taxes payable	14,261	3,699
Advances received	2,679	2,676
Deposits received	871	880
Short-term debt to subsidiaries and affiliates	9,125	7,741
Provision for directors' bonuses	50	50
Other current liabilities	14,586	5,928
Total current liabilities	103,667	59,320
Total liabilities	229,790	193,228
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus		
Legal capital surplus	8,027	8,027
Total capital surplus	8,027	8,027
Retained earnings		
Legal retained earnings	8,779	8,779
Other retained earnings		
Reserve for advanced depreciation of non-current assets	329	325
Reserve for overseas investment loss	2,242	3,074
Reserve for adjustment of cost fluctuations	23,000	23,000
General reserve	52,703	52,703
Retained earnings brought forward	96,554	103,197
Total retained earnings	183,609	191,080
Treasury stock	-50	-2,232
Total shareholders' equity	224,658	229,948
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	29,571	35,085
Deferred gains or losses on hedges	-4,255	-470
Total valuation and translation adjustments	25,316	34,615
Total net assets	249,975	264,564
Total liabilities and net assets	479,765	457,793

## 2. Statements of income

(Unit: million yen)

	FY2015 (Apr. 2015-Mar. 2016)	FY2016 (Apr. 2016-Mar. 2017)
Net sales		
Gas sales	349,551	264,509
Cost of sales		
Beginning inventories	54	30
Cost of products manufactured	179,829	136,842
Purchase of finished goods	2	-
Costs of gas for own use	909	647
Ending inventories	30	21
Total cost of sales	178,946	136,203
Gross profit	170,605	128,306
Selling, general and administrative expenses		
Supply and sales expenses	94,410	90,587
General and administrative expenses	20,819	19,500
Total Selling, general and administrative expenses	115,230	110,088
Income on core business	55,375	18,217
Miscellaneous operating revenue		
Revenue from installation work	10,755	10,942
Revenue from gas appliance sales	23,264	22,789
Third party access revenue	211	235
Other miscellaneous operating revenue	156	109
Total miscellaneous operating revenue	34,387	34,077
Miscellaneous operating expenses		
Expenses of installation work	10,730	10,919
Expenses of gas appliance sales	23,419	23,080
Total miscellaneous operating expenses	34,150	33,999
Revenue for incidental businesses		
Revenue from LNG sales	3,603	2,981
Revenue from other incidental businesses	23,326	23,032
Total revenue for incidental businesses	26,929	26,013
Expenses for incidental businesses		
Expenses for LNG sales	2,775	2,740
Expenses for other incidental businesses	24,214	23,902
Total expenses for incidental businesses	26,990	26,643
Operating income	55,552	17,664
Non-operating income		
Interest income	11	2
Interest on securities	2	0
Dividends income	1,415	1,303
Dividends from subsidiaries and affiliates	505	725
Rent income	1,864	1,898
Miscellaneous income	858	1,080
Total non-operating income	4,658	5,009
Non-operating expenses		
Interest expenses	394	316
Interest on bonds	1,149	687
Amortization of bond issuance cost	-	60
Loss on bond retirement	936	674
Miscellaneous expenses	386	250
Total non-operating expenses	2,867	1,989
Ordinary income	57,343	20,684
Income before income taxes	57,343	20,684
Income taxes-current	16,819	4,894
Income taxes-deferred	-276	489
Total income taxes	16,543	5,383
Net income	40,800	15,300