

## Consolidated Financial Results for the Three Months Ended June 30, 2017 (1Q FY2017)

**Toho Gas Co., Ltd.**

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 Commencement of dividend payments: -  
 Quarterly earnings supplementary explanatory documents: Yes  
 Quarterly earnings presentation: Yes (for institutional investors)

Shares listed on:  
 Tokyo Stock Exchange, Nagoya Stock Exchange

(Rounded down to the nearest million yen)

### 1. Consolidated Results for the Three Months Ended June 30, 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 owners of the parent	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1 – June 30, 2017	97,811	2.0	8,890	-50.0	9,906	-46.2	6,953	-46.2
April 1 – June 30, 2016	95,861	-27.0	17,791	-41.5	18,429	-40.7	12,912	-42.3

Note: Comprehensive income 1st Quarter ended June 2017: ¥9,942 million (36.2%), 1st Quarter ended June 2016: ¥7,299 million (-73.3%)

	Net income per share	Diluted earnings per share
	(Unit: yen)	(Unit: yen)
April 1 – June 30, 2017	13.02	-
April 1 – June 30, 2016	23.93	-

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
1st Quarter ended June 2017	524,434	312,433	59.6
FY2016 ended March 2017	532,931	306,801	57.6

Reference: Net assets (excluding minority interests)

1st Quarter ended June 2017: ¥312,433 million, FY2016 ended March 2017: ¥306,801 million

### 2. Dividends

	Dividend per share				
	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)
FY2016 ended March 2017	-	5.00	-	5.00	10.00
FY2017 ending March 2018	-				
FY2017 ending March 2018 (forecasts)		5.00	-	25.00	-

Notes: 1. Revision of previously announced dividend forecasts: No

2. 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 the Year Ending March 2018 (April 1, 2017 - March 31, 2018)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full term	435,000	11.4	24,000	3.5	25,000	2.1	18,000	1.4	168.71

Notes: 1. Percentage figures indicate the percentage change on the results for the previous year

2. Revision of previously announced forecasts during this period: Yes

3. 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) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation: Yes\*

\* Basis for the calculation of corporation tax: Calculated by multiplying quarterly income before tax, etc., by the estimated effective tax rate at the end of the fiscal year.

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

- Changes accompanied by reform of accounting standards: No

- Other changes: No

- Changes in accounting estimates: No

- Retrospective restatements: No

(4) Number of outstanding shares (common stock)

Number of outstanding shares at the end of the term (Inclusive of treasury stock)	1st Quarter ended June 2017	535,466,429 shares	FY2016 ended March 2017	538,196,429 shares
Number of treasury stock at the end of the term	1st Quarter ended June 2017	2,009,601 shares	FY2016 ended March 2017	2,765,221 shares
Average number of outstanding shares during the term	1st Quarter ended June 2017	534,216,021 shares	1st Quarter ended June 2016	539,495,616 shares

\* This report of consolidated financial results is not subject to audit.

\* 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 consolidation of shares was approved at the annual shareholders meeting held on June 27, 2017. Accordingly, the Company plans to consolidate its common shares at the ratio of five shares to one share on the effective date of October 1, 2017. 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 33.74 yen

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

Net income per share

Full term 29.06 yen

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

**Reference: Non- Consolidated Results Forecasts for the Year Ending March 2018 (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	365,000	12.4	19,000	7.6	22,000	6.4	15,500	1.3	145.28

Notes: 1. Percentage figures indicate the percentage change on the results for the previous year

2. Revision of previously announced forecasts during this period: Yes  
 3. 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.

## <Summary of Consolidated Statements>

### 1. Consolidated balance sheet

(Unit: million yen)

	Previous year (As of Mar. 31, 2017)	1st Quarter (As of June 30, 2017)
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	83,518	81,943
Distribution facilities	154,272	150,942
Service and maintenance facilities	26,845	26,413
Other facilities	31,784	32,334
Construction in progress	28,895	30,535
Total property, plant and equipment	325,316	322,169
Intangible assets		
Other	4,805	4,535
Total intangible assets	4,805	4,535
Investments and other assets		
Investment securities	82,706	87,869
Other	21,998	20,130
Allowance for doubtful accounts	-80	-63
Total investments and other assets	104,624	107,936
Total noncurrent assets	434,747	434,641
Current assets		
Cash and deposits	16,575	21,012
Notes and accounts receivable-trade	45,773	36,027
Inventories	17,316	15,483
Other	18,735	17,440
Allowance for doubtful accounts	-217	-172
Total current assets	98,183	89,792
Total assets	532,931	524,434

(Unit: million yen)

	Previous year (As of Mar. 31, 2017)	1st Quarter (As of June 30, 2017)
Liabilities		
Noncurrent liabilities		
Bonds payable	70,000	70,000
Long-term loans payable	35,240	39,006
Provision for gas holder repairs	1,518	1,541
Reserve for safety measures	17,309	16,786
Provision for gas appliance warranties	4,081	4,019
Net defined benefit liability	15,945	15,429
Other	9,031	9,057
Total noncurrent liabilities	153,127	155,841
Current liabilities		
Current portion of noncurrent liabilities	2,807	3,201
Notes and accounts payable-trade	21,487	13,229
Short-term loans payable	5,573	4,043
Income taxes payable	4,732	3,565
Other	38,401	32,120
Total current liabilities	73,002	56,159
Total liabilities	226,129	212,000
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,387
Retained earnings	232,641	234,714
Treasury stock	-2,232	-1,662
Total shareholders' equity	271,869	274,512
Other comprehensive income		
Valuation difference on available-for-sale securities	38,213	41,341
Deferred gains or losses on hedges	-443	-731
Foreign currency translation adjustment	2,867	2,585
Remeasurements of defined benefit plans	-5,705	-5,275
Total other comprehensive income	34,931	37,921
Total net assets	306,801	312,433
Total liabilities and net assets	535,931	524,434

## 2. Consolidated statements of income and comprehensive income

### Consolidated statements of income for the Three Months

(Unit: million yen)

	1 <sup>st</sup> Quarter of FY2016 (Apr. – June 2016)	1 <sup>st</sup> Quarter of FY2017 (Apr. – June 2017)
Net sales	95,861	97,811
Cost of sales	46,778	58,663
Gross profit	49,083	39,148
Selling, general and administrative expenses	31,292	30,257
Operating income	17,791	8,890
Non-operating income		
Interest income	28	52
Dividend income	717	860
Rent income	115	118
Miscellaneous revenues	111	240
Total non-operating income	974	1,271
Non-operating expenses		
Interest expense	294	203
Miscellaneous expenses	41	52
Total non-operating expenses	335	255
Ordinary income	18,429	9,906
Extraordinary loss		
Loss on valuation of investment securities	480	-
Total extraordinary loss	480	-
Income before income taxes	17,948	9,906
Income taxes-current	5,036	2,953
Net income	12,912	6,953
Net income attributable to owners of the parent	12,912	6,953

### Consolidated statements of comprehensive income for the Three Months

(Unit: million yen)

	1 <sup>st</sup> Quarter of FY2016 (Apr. – June 2016)	1 <sup>st</sup> Quarter of FY2017 (Apr. – June 2017)
Net income	12,912	6,953
Other comprehensive income		
Valuation difference on available-for-sale securities	-4,023	3,128
Deferred gains or losses on hedges	-1,430	-287
Foreign currency translation adjustment	-624	-677
Remeasurements of defined benefit plans	465	432
Share of other comprehensive income of entities accounted for using equity method	-	393
Total other comprehensive income	-5,613	2,989
Comprehensive income	7,299	9,942
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	7,299	9,942
Comprehensive income attributable to non-controlling interests	-	-

### 3. Notes about Consolidated Statements

#### - Note of going concerns' premise: No

#### - Significant change in shareholders' equity: Yes

##### -Retirement of treasury stock

The Company retired treasury stock as follows, based on a resolution of the Board of directors passed on March30, 2017, pursuant to Article 178 of the Corporation Code:

1. Type of shares retired	Common Stock
2. Number of shares retired	2,730 thousand shares (representing 0.51% of outstanding shares before the retirement)
3. Effective date of retirement	April 28, 2017

##### - Purchase of treasury stock

The Company repurchased its shares as follows, pursuant to Article 156 of the Corporation Code as applied pursuant to Article 165, paragraph 3.

1. Types of shares repurchased	Common stock
2. Number of shares repurchased	1,968 thousand shares
3. Total value of shares repurchased	¥1,628 million
4. Period of repurchase	From May 9, 2017 to June 16, 2017 (Commitment basis)
5. Method of repurchase	Market purchase on Tokyo Stock Exchange

#### - Segment information

Segment information by category of business

Three months ended June 30, 2016 (Apr. – June 2016)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	Gas appliance sales and related construction	LPG and other Energies	Total				
Net sales								
(1) External customers	68,619	7,247	14,883	90,750	5,111	95,861	-	95,861
(2) Intersegment	13	331	177	522	3,529	4,052	-4,052	-
Total	68,633	7,578	15,061	91,273	8,640	99,913	-4,052	95,861
Segment income	15,383	42	1,456	16,882	592	17,474	316	17,791

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

2. The "Adjustments" column in "Segment income" (316 million yen) denotes eliminations of intersegment transactions.

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

Three months ended June 30, 2017 (Apr. – June 2017)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	Gas appliance sales and related construction	LPG and other Energies	Total				
Net sales								
(1) External customers	69,166	6,911	17,319	93,398	4,413	97,811	-	97,811
(2) Intersegment	17	463	202	683	3,443	4,126	-4,126	-
Total	69,184	7,374	17,522	94,081	7,856	101,938	-4,126	97,811
Segment income or loss	7,300	-21	777	8,056	566	8,622	267	8,890

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

2. The “Adjustments” column in “Segment income or loss” (267 million yen) denotes eliminations of intersegment transactions.

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