

Consolidated Financial Results for FY2017 Ended March 31, 2018

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 25, 2018

Commencement of dividends payments: June 26, 2018

Date of submission of financial report: June 26, 2018

Earnings supplementary explanatory documents: Yes

Earnings presentation: Yes (for institutional investors)

(Rounded down to the nearest million yen)

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

(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)	(%)
FY2017 ended March 2018	428,868	9.8	23,984	3.4	25,208	2.9	18,022	1.5
FY2016 ended March 2017	390,433	-18.6	23,188	-61.8	24,490	-59.9	17,749	-58.7

Note: Comprehensive income FY2017 ended March 2018: ¥27,833 million (-12.0%) FY2016 ended March 2017: ¥31,626 million (191.9%)

	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)	(%)	(%)	(%)
FY2017 ended March 2018	169.28	-	5.7	4.7	5.6
FY2016 ended March 2017	164.87	-	6.0	4.5	5.9

Note: The Company consolidated its common stocks at a ratio of five shares to one share on October 1, 2017. Net income per share is calculated as if the consolidation of shares had occurred at the beginning of the FY2016 ended March 31, 2017.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Book-value per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
FY2017 ended March 2018	541,252	326,279	60.3	3,068.29
FY2016 ended March 2017	532,931	306,801	57.6	2,865.00

Reference: Net assets (excluding minority interests) FY2017 ended March 2018: ¥326,279 million FY2016 ended March 2017: ¥306,801 million

Note: The Company consolidated its common stocks at a ratio of five shares to one share on October 1, 2017. Book-value per share is calculated as if the consolidation of shares had occurred at the beginning of the FY2016 ended March 31, 2017.

(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)
FY2017 ended March 2018	57,047	-43,345	-12,240	17,876
FY2016 ended March 2017	37,264	-57,967	-22,962	16,497

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)	(%)	(%)
FY2016 ended March 2017	-	5.00	-	5.00	10.00	5,368	30.3	1.8
FY2017 ended March 2018	-	5.00	-	27.50	-	5,582	31.0	1.8
FY2018 ending March 2019 (forecast)	-	27.50	-	27.50	55.0		34.4	

Notes: The Company consolidated its common stocks at a ratio of five shares to one share on October 1, 2017. Accordingly, the amount of the year-end dividends per share for FY2017 ended March 2018 reflects the impact of the consolidation of shares and disclosure of the annual dividends per share is omitted. Including the impact of the consolidation of shares, the annual dividends per share for FY2016 ended March 2017 would be 50 yen and the annual dividends per share for FY2017 would be 52.5 yen.

3. Consolidated Results Forecasts for FY2018 (April 1, 2018- March 31, 2019)

	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	463,000	8.0	18,000	-25.0	24,000	-4.8	17,000	-5.7	159.87

※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: No

- Other changes: No

- Changes in accounting estimates: No

- Retrospective restatements: No

* Note: Please see page 9, "5. Notes about consolidated statements" for details.

(3) Number of outstanding shares (common stock)

Number of outstanding shares at the end of the term (Inclusive of treasury stock)	FY2017 ended March 2018	106,351,285 shares	FY2016 ended March 2017	107,639,285 shares
Number of treasury stock at the end of the term	FY2017 ended March 2018	12,002 shares	FY2016 ended March 2017	553,044 shares
Average number of outstanding shares during the term	FY2017 ended March 2018	106,466,520 shares	FY2016 ended March 2017	107,653,470 shares

Note: The Company consolidated its common stocks at a ratio of five shares to one share on October 1, 2017. The number of outstanding shares at the end of the term, the number of treasury stock at the end of the term and the average number of outstanding shares during the term are calculated as if the consolidation of shares had occurred at the beginning of the FY2016 ended March 31, 2017.

Reference: Non-consolidated Results and Forecasts

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

(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)	(%)
FY2017 ended March 2018	355,117	9.4	18,278	3.5	20,749	0.3	15,737	2.9
FY2016 ended March 2017	324,600	-21.0	17,664	-68.2	20,684	-63.9	15,300	-62.5

	Net income per share	Diluted income per share
	(Unit: yen)	(Unit: yen)
FY2017 ended March 2018	147.82	-
FY2016 ended March 2017	142.13	-

Note: The Company consolidated its common stocks at a ratio of five shares to one share on October 1, 2017. Net income per share is calculated as if the consolidation of shares had occurred at the beginning of the FY2016 ended March 31, 2017.

(2) Financial position

	Total assets	Net assets	Equity ratio	Book-value per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
FY2017 ended March 2018	465,421	276,466	59.4	2,599.86
FY2016 ended March 2017	457,793	264,564	57.8	2,470.57

Reference: Net assets FY2017 ended March 2018: ¥276,466 million FY2016 ended March 2017: ¥264,564 million

Note: The Company consolidated its common stocks at a ratio of five shares to one share on October 1, 2017. Book-value per share is calculated as if the consolidation of shares had occurred at the beginning of the FY2016 ended March 31, 2017.

2. Results Forecasts for FY2018 (April 1, 2018- March 31, 2019)

	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	368,000	3.6	15,000	-17.9	20,000	-3.6	14,500	-7.9	136.36

(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.

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

(Unit: million yen)

	FY2016 (Ended Mar. 31, 2017)	FY2017 (Ended Mar. 31, 2018)
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	83,518	81,572
Distribution facilities	154,272	154,422
Service and maintenance facilities	26,845	26,263
Other facilities	31,784	35,356
Construction in progress	28,895	26,233
Total property, plant and equipment	325,316	323,868
Intangible assets		
Other	4,805	4,249
Total intangible assets	4,805	4,249
Investments and other assets		
Investment securities	82,706	92,020
Long-term loans receivable	5,060	5,701
Deferred tax assets	10,878	6,112
Other	6,059	7,143
Allowance for doubtful accounts	-80	-83
Total investments and other assets	104,624	110,894
Total non-current assets	434,747	439,012
Current assets		
Cash and deposits	16,575	17,955
Notes and accounts receivable-trade	45,773	48,874
Lease receivables and investment assets	8,567	9,825
Inventories	17,316	18,608
Deferred tax assets	3,221	3,082
Other	6,946	4,122
Allowance for doubtful accounts	-217	-227
Total current assets	98,183	102,240
Total assets	532,931	541,252

(Unit: million yen)

	FY2016 (Ended Mar. 31, 2017)	FY2017 (Ended Mar. 31, 2018)
Liabilities		
Non-current liabilities		
Bonds payable	70,000	50,000
Long-term loans payable	35,240	29,942
Deferred tax liabilities	953	773
Provision for gas holder repairs	1,518	1,653
Provision for safety measures	17,309	18,211
Provision for gas appliance warranties	4,081	3,932
Net defined benefit liability	15,945	8,534
Other	8,078	8,870
Total non-current liabilities	153,127	121,918
Current liabilities		
Current portion of non-current liabilities	2,807	23,576
Notes and accounts payable-trade	21,487	20,284
Short-term loans payable	5,573	5,383
Income taxes payable	4,732	7,067
Other	38,401	36,742
Total current liabilities	73,002	93,054
Total liabilities	226,129	214,973
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,387
Retained earnings	232,641	240,123
Treasury stock	-2,232	-45
Total shareholders' equity	271,869	281,537
Other comprehensive income		
Valuation difference on available-for-sale securities	38,213	42,111
Deferred gains or losses on hedges	-443	-21
Foreign currency translation adjustment	2,867	3,199
Remeasurements of defined benefit plans	-5,705	-548
Total other comprehensive income	34,931	44,742
Total net assets	306,801	326,279
Total liabilities and net assets	532,931	541,252

2. Consolidated statements of income and comprehensive income

Consolidated statements of income

(Unit: million yen)

	FY2016 (Apr. 2016 -Mar. 2017)	FY2017 (Apr. 2017 -Mar. 2018)
Net sales	390,433	428,868
Cost of sales	230,490	271,686
Gross profit	159,942	157,182
Selling, general and administrative expenses	136,753	133,198
Operating income	23,188	23,984
Non-operating income		
Interest income	153	215
Dividends income	1,483	1,749
Rent income	708	701
Miscellaneous income	1,128	1,429
Total non-operating income	3,473	4,095
Non-operating expenses		
Interest expenses	1,010	821
Loss on bond retirement	674	1,462
Miscellaneous expenses	487	587
Total non-operating expenses	2,172	2,871
Ordinary income	24,490	25,208
Extraordinary income		
Gain on sales of investment securities	-	900
Total extraordinary income	-	900
Extraordinary loss		
Impairment loss	-	510
Total extraordinary loss	-	510
Income before income taxes	24,490	25,597
Income taxes-current	6,745	6,695
Income taxes-deferred	-4	879
Total income taxes	6,740	7,574
Net income	17,749	18,022
Net income attributable to the parent company	17,749	18,022

Consolidated statements of comprehensive income

(Unit: million yen)

	FY2016 (Apr. 2016 -Mar. 2017)	FY2017 (Apr. 2017 -Mar. 2018)
Net income	17,749	18,022
Other comprehensive income		
Valuation difference on available-for-sale securities	5,733	3,900
Deferred gains or losses on hedges	3,769	426
Foreign currency translation adjustment	-436	-189
Remeasurements of defined benefit plans, net of tax	4,550	5,152
Share of other comprehensive income of entities accounted for using equity method	260	520
Total other comprehensive income	13,876	9,810
Comprehensive income	31,626	27,833
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	31,626	27,833
Comprehensive income attributable to minority interests	-	-

3. Consolidated statements of changes in net assets

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

FY2017 (Apr. 2017-Mar. 2018)

(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	232,641	-2,232	271,869
Changes of items during the period					
Dividends from surplus			-5,335		-5,335
Net income attributable to the parent company			18,022		18,022
Purchase of treasury stock				-3,021	-3,021
Disposal of treasury stock			-0	2	2
Retirement of treasury stock			-5,205	5,205	-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	7,481	2,186	9,668
Balance at the end of current period	33,072	8,387	240,123	-45	281,537

	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	38,213	-443	2,867	-5,705	34,931	306,801
Changes of items during the period						
Dividends from surplus						-5,335
Net income attributable to the parent company						18,022
Purchase of treasury stock						-3,021
Disposal of treasury stock						2
Retirement of treasury stock						-
Net changes of items other than shareholders' equity	3,897	422	332	5,157	9,810	9,810
Total changes of items during the period	3,897	422	332	5,157	9,810	19,478
Balance at the end of current period	42,111	-21	3,199	-548	44,742	326,279

4. Consolidated statements of cash flows

(Unit: million yen)

	FY2016 (Apr. 2016-Mar. 2017)	FY2017 (Apr. 2017-Mar. 2018)
Net cash provided by (used in) operating activities		
Income before income taxes	24,490	25,597
Depreciation and amortization	35,482	35,973
Impairment loss	-	510
Gain on sales of investment securities	-	-900
Increase (decrease) in provision	-864	901
Decrease (increase) in notes and accounts receivable-trade	1,892	-3,100
Decrease (increase) in inventories	-3,059	-1,292
Increase (decrease) in notes and accounts payable-trade	4,892	-1,202
Income taxes paid	-17,464	-4,545
Other	-8,104	5,105
Net cash provided by (used in) operating activities	37,264	57,047
Net cash provided by (used in) investment activities		
Purchases of non-current assets	-49,298	-39,629
Proceeds from sales of non-current assets	11	196
Purchase of investment securities	-5,840	-3,306
Proceeds from sales of investment securities	185	1,232
Other	-3,026	-1,837
Net cash provided by (used in) investment activities	-57,967	-43,345
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-1,500	-190
Net increase (decrease) in commercial paper	-	2,000
Proceeds from long-term loans payable	15,605	10,060
Repayment of long-term loans payable	-16,716	-4,265
Proceeds from issuance of bonds	9,939	-
Redemption of bonds	-20,672	-11,462
Purchase of treasury stock	-4,614	-3,021
Cash dividends paid	-5,396	-5,334
Other	393	-27
Net cash provided by (used in) financing activities	-22,962	-12,240
Effect of exchange rate change on cash and cash equivalents	-151	-82
Net increase (decrease) in cash and cash equivalents	-43,817	1,379
Cash and cash equivalents at beginning of term	60,314	16,497
Cash and cash equivalents at end of term	16,497	17,876

5. Notes about consolidated statements

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

(2) 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, Electricity business, LNG sales, 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 mostly consistent with "Summary of significant accounting policies."

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

FY2016 (Apr. 2016- Mar. 2017)

(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	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 (¥1,292 million).

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.

FY2017 (Apr. 2017- Mar. 2018)

(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	294,781	33,986	78,411	407,179	21,689	428,868	-	428,868
(2)Intersegment	72	1,767	970	2,810	18,762	21,572	-21,572	-
Total	294,853	35,753	79,382	409,989	40,452	450,441	-21,572	428,868
Segment income	19,849	231	1,342	21,424	1,464	22,888	1,095	23,984
Segment assets	336,360	13,709	49,276	399,346	77,535	476,881	64,370	541,252
Other items								
Depreciation expenses	31,954	140	2,652	34,747	1,269	36,017	-43	35,973
Investment in entities accounted for using equity method	-	-	-	-	-	-	6,538	6,538
Capital expenditures	28,455	93	5,908	34,457	1,867	36,324	-167	36,157

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 (¥1,095 million).

The "Adjustments" column in "Segment assets" includes ¥81,810 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.

<Non-Consolidated Statements>

1. Balance sheet

(Unit: million yen)

	FY2016 (Ended Mar. 31, 2017)	FY2017 (Ended Mar. 31, 2018)
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	83,530	81,534
Distribution facilities	152,538	152,799
Service and maintenance facilities	26,788	26,207
Facilities for incidental businesses	4,833	8,067
Construction in progress	19,212	15,883
Total property, plant and equipment	286,902	284,493
Intangible assets		
Leasehold right	408	408
Other Intangible assets	99	99
Total intangible assets	507	507
Investments and other assets		
Investment securities	66,065	73,229
Investments in subsidiaries and affiliates	33,208	36,250
Long-term loans receivable	130	130
Long-term prepaid expenses	68	15
Deferred tax assets	5,641	3,410
Other investments and other assets	380	338
Allowance for doubtful accounts	-5	-28
Total investments and other assets	105,489	113,347
Total non-current assets	392,899	398,348
Current assets		
Cash and deposits	6,378	8,275
Notes receivable-trade	1,677	1,656
Accounts receivable-trade	28,765	31,925
Accounts receivable from subsidiaries and affiliates-trade	5,352	4,601
Accounts receivable-other	2,514	1,746
Finished goods	21	28
Raw materials	9,886	10,913
Supplies	3,298	3,427
Advance payments	61	85
Prepaid expenses	264	259
Short-term receivables from subsidiaries and affiliates	664	276
Deferred tax assets	2,471	2,316
Other current assets	3,661	1,691
Allowances for doubtful accounts	-126	-129
Total current assets	64,893	67,073
Total assets	457,793	465,421

(Unit: million yen)

	FY2016 (Ended Mar. 31, 2017)	FY2017 (Ended Mar. 31, 2018)
Liabilities		
Non-current liabilities		
Bonds payable	70,000	50,000
Long-term loans payable	29,751	23,301
Long-term debt to subsidiaries and affiliates	3,421	3,200
Provision for retirement benefits	3,504	3,068
Provision for gas holder repairs	1,484	1,612
Provision for safety measures	16,626	17,849
Provision for gas appliance warranties	3,552	3,397
Other non-current liabilities	5,567	5,525
Total non-current liabilities	133,908	107,954
Current liabilities		
Current portion of non-current liabilities	814	21,492
Notes payable-trade	155	-
Accounts payable-trade	15,373	12,953
Short-term loans payable	-	100
Accounts payable-other	11,779	12,079
Accrued expenses	10,221	9,504
Income taxes payable	3,699	6,195
Advances received	2,676	2,458
Deposits received	880	1,103
Short-term debt to subsidiaries and affiliates	7,741	10,456
Provision for directors' bonuses	50	50
Other current liabilities	5,928	4,606
Total current liabilities	59,320	81,000
Total liabilities	193,228	188,954
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	325	320
Reserve for overseas investment loss	3,074	3,680
Reserve for adjustment of cost fluctuations	23,000	23,000
General reserve	52,703	52,703
Retained earnings brought forward	103,197	107,793
Total retained earnings	191,080	196,276
Treasury stock	-2,232	-45
Total shareholders' equity	229,948	237,331
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	35,085	38,927
Deferred gains or losses on hedges	-470	207
Total valuation and translation adjustments	34,615	39,135
Total net assets	264,564	276,466
Total liabilities and net assets	457,793	465,421

2. Statements of income

(Unit: million yen)

	FY2016 (Apr. 2016-Mar. 2017)	FY2017 (Apr. 2017-Mar. 2018)
Sales from gas business		
Gas sales	-	286,558
Gas transportation service revenue	-	2,206
Revenue from interoperator settlement	-	1,150
Total sales from gas business	-	289,915
Net Sales		
Gas sales	264,509	-
Total net sales	264,509	-
Cost of sales		
Beginning inventories	30	21
Cost of products manufactured	136,842	164,460
Purchase of finished goods	-	1
Costs of gas for own use	647	785
Ending inventories	21	28
Total cost of sales	136,203	163,670
Gross profit	128,306	126,245
Selling, general and administrative expenses		
Supply and sales expenses	90,587	87,708
General and administrative expenses	19,500	19,485
Total Selling, general and administrative expenses	110,088	107,193
Income on core business	18,217	19,052
Miscellaneous operating revenue		
Revenue from installation work	10,942	11,215
Revenue from gas appliance sales	22,789	-
Gas transportation service revenue	235	-
Other miscellaneous operating revenue	109	21,834
Total miscellaneous operating revenue	34,077	33,049
Miscellaneous operating expenses		
Expenses of installation work	10,919	11,045
Expenses of gas appliance sales	23,080	-
Other miscellaneous operating expenses	-	21,543
Total miscellaneous operating expenses	33,999	32,588
Revenue for incidental businesses		
Revenue from LNG sales	2,981	-
Revenue from other incidental businesses	23,032	-
Revenue for incidental businesses	-	32,152
Total revenue for incidental businesses	26,013	32,152
Expenses for incidental businesses		
Expenses for LNG sales	2,740	-
Expenses for other incidental businesses	23,902	-
Expenses for incidental businesses	-	33,388
Total expenses for incidental businesses	26,643	33,388
Operating income	17,664	18,278

(Unit: million yen)

	FY2016 (Apr. 2016-Mar. 2017)	FY2017 (Apr. 2017-Mar. 2018)
Non-operating income		
Interest income	2	2
Interest on securities	0	-
Dividends income	1,303	1,547
Dividends from subsidiaries and affiliates	725	836
Rent income	1,898	1,919
Miscellaneous income	1,080	1,025
Total non-operating income	5,009	5,331
Non-operating expenses		
Interest expenses	316	316
Interest on bonds	687	499
Amortization of bond issuance cost	60	-
Loss on bond retirement	674	1,462
Miscellaneous expenses	250	583
Total non-operating expenses	1,989	2,860
Ordinary income	20,684	20,749
Extraordinary income		
Gain on sales of investment securities	-	889
Total extraordinary income	-	889
Extraordinary loss		
Impairment loss	-	510
Total extraordinary loss	-	510
Income before income taxes	20,684	21,127
Income taxes-current	4,894	4,913
Income taxes-deferred	489	476
Total income taxes	5,383	5,389
Net income	15,300	15,737

3. Notes about non-consolidated statements

In accordance with revision of gas business accounting rules on April 1, 2017 (Ordinance of the Ministry of Economy, Trade and Industry No. 18 of March 28, 2017), Non-Consolidated Statements for FY2017 ended March 2018 is based on revised gas business accounting rules. Non-Consolidated Statements for FY2016 ended March 2017 is based on former gas business accounting rules, according to Article 2 of the Supplementary Provisions of the rules.