

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 [Japanese GAAP]



April 27, 2017

Company name: NIPPON GAS CO., LTD.
 Code number: 8174
 URL: <http://www.nichigas.co.jp/>
 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of Ordinary General Meeting of Shareholders: June 28, 2017
 Scheduled date of commencing dividend payments: June 29, 2017
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 Schedule of financial results briefing session: Scheduled (for institutional investors)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2017	109,536	(4.5)	12,201	3.3	12,176	7.5	6,913	(2.5)
Fiscal year ended Mar. 31, 2016	114,691	(8.8)	11,810	17.9	11,331	20.2	7,090	28.3

(Note) Comprehensive income: Fiscal year ended Mar. 31, 2017 ¥7,744 million [13.7%]
 Fiscal year ended Mar. 31, 2016 ¥6,811 million [11.7%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2017	161.93	—	10.9	8.8	11.1
Fiscal year ended Mar. 31, 2016	190.71	—	14.9	8.6	10.3

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2017 ¥137 million
 Fiscal year ended Mar. 31, 2016 ¥(382) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2017	139,157	66,641	47.9	1,560.73
As of Mar. 31, 2016	139,097	60,316	43.4	1,412.96

(Reference) Equity: As of Mar. 31, 2017 ¥66,635 million As of Mar. 31, 2016 ¥60,310 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Mar. 31, 2017	16,630	(10,743)	(8,717)	31,396
Fiscal year ended Mar. 31, 2016	20,717	(11,073)	7,568	34,233

2. Dividends

	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividend to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year- end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 31, 2016	—	13.00	—	17.00	30.00	1,185	15.7	2.5
Fiscal year ended Mar. 31, 2017	—	17.00	—	17.00	34.00	1,461	21.0	2.3
Fiscal year ending Mar. 31, 2018 (Forecast)	—	19.00	—	19.00	38.00		23.2	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sep. 30, 2017	51,300	5.0	1,500	(68.4)	1,600	(65.4)	1,000	(67.8)	23.42
Full-year	117,000	6.8	10,500	(13.9)	10,500	(13.8)	7,000	1.3	163.95

4. Notes

- (1) Significant changes of subsidiaries during the year under review (changes in specified subsidiaries resulting in changes in scope of consolidation during the year under review): No
- (2) Changes to accounting policies, changes to accounting estimates, and revision restatements
 - 1) Changes to accounting policies accompanying the revision of accounting standards, etc.: Yes
 - 2) Changes to accounting policies other than 1) above: No
 - 3) Changes to accounting estimates: No
 - 4) Revision restatements: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares (including treasury shares):

Mar. 31, 2017	48,561,525 shares
Mar. 31, 2016	48,561,525 shares

2) Total number of treasury shares at the end of the period:

Mar. 31, 2017	5,866,468 shares
Mar. 31, 2016	5,877,635 shares

3) Average number of shares during the period:

Fiscal year ended Mar. 31, 2017	42,692,524 shares
Fiscal year ended Mar. 31, 2016	37,179,479 shares

(Note) The number of treasury shares includes the shares of the Company held by the “Directors’ Compensation BIP (Board Incentive Plan) Trust” (As of March 31, 2017: 279,796 shares, as of March 31, 2016: 291,300 shares).

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Non-consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2017	65,923	(1.4)	7,888	(1.5)	7,940	(2.9)	4,251	(21.7)
Fiscal year ended Mar. 31, 2016	66,851	(11.7)	8,006	19.8	8,178	15.4	5,432	26.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended Mar. 31, 2017	99.57	—
Fiscal year ended Mar. 31, 2016	146.12	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2017	108,694	48,839	44.9	1,143.90
As of Mar. 31, 2016	107,090	45,242	42.2	1,059.95

(Reference) Equity: As of Mar. 31, 2017 ¥48,839 million As of Mar. 31, 2016 ¥45,242 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary income		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sep. 30, 2017	38,400	33.7	1,400	(63.1)	1,000	(63.2)	23.42
Full-year	88,000	33.5	6,400	(19.4)	4,500	5.9	105.40

* These financial results are outside the scope of audit.

* Explanation of the proper use of performance forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “Overview of Operation Results, etc.” on page 2 of the attached Appendix for the notes on the use of preconditions for the earnings forecast and the use of the earnings forecast.

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1. Overview of Operation Results, etc.

(1) Overview of Operation Results for the Fiscal Year Under Review

In the domestic energy industry, in conjunction with the full liberalization of the retail sale of electricity in April 2016, many operators from other industries have entered into the electricity retail sales market and are competing to acquire customers through various package discount deals. In addition, with the full liberalization of retail sale of city gas in April 2017, cross-industrial alliances have made headway, creating an environment for new innovation.

In light of such circumstances, the Company believes it to be crucially important to offer new convenience in energy services to customers. To that end, the Company and its three Group Companies concluded a basic agreement with TEPCO Energy Partner, Incorporated in May 2016, in order to receive wholesale supply of the entire amount of city gas (equivalent to approximately 240,000 tons per year of LNG, or 320,000 customer households) to be sold by the Company and its three Group Companies from April 2017 onward. Furthermore, in addition to the agreement, in December 2016, the Company concluded a basic agreement with TEPCO Energy Partner, Incorporated on small volume wholesale of city gas to be sold primarily for home use to prepare for entering the city gas market. In March 2017, the Company announced the “Premium 5+ Plan,” a package discount for the liberalized market to facilitate the provision of inexpensive services to customers, and initiated a branding strategy mainly through TV commercials and web advertising to enhance recognition of the Company’s brand.

Following such preparations for liberalization, the Group entered the city gas retail market from April 2017. At present, the Group is making an all-out marketing effort to achieve the target of 110,000 acquired customer households in the first fiscal year. TEPCO Energy Partner, Incorporated plans to make full-fledged entry into the city gas retail market from July 2017, and the Group and the company aim to sell to customers equivalent to approximately 500,000 households in total, including the 320,000 existing households of the Company, in the first fiscal year.

Going forward, the Company will combine the knowledge and functions of both parties with regard to the energy business and apply them in joint efforts to enhance a service lineup that is both highly convenient for customers and efficient, with the aim of developing into an integrated energy company to be chosen by customers. Furthermore, with the goal of revitalizing the city gas market, both parties will develop Japan’s most powerful energy platform, incorporating the upstream and downstream gas business expertise of both companies as well as advanced technologies such as artificial intelligence, bots, FinTech, Blockchain, virtual currency and IoT. In this way, we will promote collaboration with local energy operators and new operators entering from other industries and cooperate to contribute to the local communities.

In addition, in September 2016, the Company concluded a capital and business alliance with Metaps Inc., a company with leading-edge ICT and AI technologies that aims “to be the world’s brain,” as a systems development partner to establish this platform and to improve both customer convenience and operational efficiency. Through joint development with Metaps Inc., the Company has developed and launched operations of a system to sell gas equipment through LINE BOT (an automatic response technology using LINE), which combines the smartphone communication tool LINE with AI technologies. The system allows users to complete applications, conclude contracts, confirm information, and make payments through LINE. Also, the Company

has developed and launched operations of an online payment system that lets customers use their smartphones to make bill payments for gas and gas equipment as well as register to make gas bill payments by transfer from a bank account. These paperless operations have made it possible for the Company to eliminate customer stress arising from procedures to receive services and to provide quick and highly convenient services. We will continue system development using technologies such as FinTech, Blockchain and IoT to enhance customer convenience.

The number of customers of the Group steadily increased by 46,000 households, compared with the end of the previous fiscal year, to 1,200,000 households as of the end of the current fiscal year.

For the fiscal year under review, consolidated net sales amounted to ¥109,536 million, a year-on-year decrease of 4.5%, due to factors such as the decreased unit sales price of gas in both the LP gas business and the city gas business led by decreased raw material prices despite the increase in gas sales volume compared to the previous fiscal year as a result of the steady increase in the number of customers.

In terms of profit, operating income increased by 3.3% year on year to ¥12,201 million and ordinary income increased by 7.5% year on year to ¥12,176 million, both record highs for the sixth consecutive fiscal year. These increases were attributable to further improvement in operational efficiency resulting from an expansion of the customer base compared with the previous fiscal year, despite an increase in costs for demand development, such as TV commercials for the full liberalization of retail sale of city gas. Profit attributable to owners of parent decreased slightly by 2.5% year on year to ¥6,913 million, due to the recording of ¥2,200 million in expenses for the voluntary recall of gas cartridge products for tabletop stoves as extraordinary loss.

Business performance by segment for the current fiscal year is as follows:

[LP Gas Business]

In the LP gas business, although the sales volume of home use LP gas increased thanks to a steady growth in the number of customers, in addition to strong performance of business use LP gas resulting in an increase in sales volume compared with the previous fiscal year, unit sales price declined due to decreased raw material prices. Owing to these factors, net sales for the current fiscal year decreased by ¥839 million (1.3% decrease) year on year to ¥66,259 million.

[City Gas Business]

In the city gas business, net sales for the current fiscal year decreased by ¥4,315 million (9.1% decrease) year on year to ¥43,276 million, reflecting lower levels of unit sales prices of natural gas due to the gas rate adjustment system, despite the increase in gas sales volume due to growth in large-scale demand from the industrial sector, in addition to the increase in sales volume of home use gas due to the same reason as the LP gas business.

(2) Overview of Financial Position for the Fiscal Year Under Review

Total assets as of the end of the current fiscal year increased by ¥59 million or 0.0% from the end of the previous fiscal year and stood at ¥139,157 million.

Current assets decreased by ¥2,885 million or 6.1% from the end of the previous fiscal year and stood at ¥44,134 million. This is mainly attributable to the decrease in cash and deposits due to aggressive investments in software development and repayments of loans payable.

Non-current assets increased by ¥2,948 million or 3.2% from the end of the previous fiscal year and stood at ¥95,022 million. This is mainly due to the increase in intangible assets resulting from investments in software development and the increase in investments and other assets mainly due to the purchase of investment securities.

Total liabilities as of the end of the current fiscal year decreased by ¥6,266 million or 8.0% from the end of the previous fiscal year and stood at ¥72,515 million. This is mainly due to the decrease in loans payable due to steady repayments.

Net assets as of the end of the current fiscal year increased by ¥6,325 million or 10.5% from the end of the previous fiscal year and stood at ¥66,641 million. This is mainly a reflection of the increase and decrease in retained earnings due to the recording of profit attributable to owners of parent and payment of dividends.

As a result, equity ratio increased by 4.5 points from the end of the previous fiscal year to 47.9%.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Balance of cash and cash equivalents (hereinafter referred to as “Funds”) at the end of the current fiscal year decreased by ¥2,837 million from the end of the previous fiscal year to ¥31,396 million.

(Net cash provided by (used in) operating activities)

Funds provided by operating activities amounted to ¥16,630 million, down by ¥4,087 million from the previous fiscal year. This is mainly attributable to the decrease in profit before income taxes from the previous fiscal year and the decrease in cash inflow resulting from decrease in notes and accounts receivable – trade.

(Net cash provided by (used in) investing activities)

Funds used in investing activities amounted to ¥10,743 million, down by ¥330 million from the previous fiscal year. This is mainly attributable to the decrease in purchase of property, plant and equipment from the previous fiscal year.

(Net cash provided by (used in) financing activities)

Funds used in financing activities amounted to ¥8,717 million (¥7,568 million cash inflow in the previous fiscal year). This is mainly a reflection of the net decrease in loans payable and cash dividends paid.

(4) Future Outlook

In the fiscal year ending March 31, 2018, the Company projects consolidated net sales of ¥117,000 million or 6.8% increase year on year attributable to an increase in gas sales volume mainly through expansion of its customer base and the spread and expansion of the use of gas appliances in the liberalized city gas retail market.

In terms of profit, as a result of a significant increase planned for prior investments in city gas liberalization and demand development costs, in addition to a rise in raw material prices, the Group projects operating income of ¥10,500 million (13.9% decrease), ordinary income of ¥10,500 million (13.8% decrease), and profit attributable to owners of parent of ¥7,000 million (1.3% increase).

2. Basic Approach to the Selection of Accounting Standards

The Group adopts Japanese GAAP. As to the policy of adoption of IFRS, the Company shall comply appropriately, taking into account various conditions in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2016 (As of Mar. 31, 2016)	Fiscal year ended Mar. 31, 2017 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	34,246	31,418
Notes and accounts receivable - trade	6,807	6,708
Merchandise and finished goods	4,347	4,639
Work in process	76	18
Raw materials and supplies	75	100
Deferred tax assets	604	504
Other	981	871
Allowance for doubtful accounts	(120)	(125)
Total current assets	47,020	44,134
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,496	22,653
Accumulated depreciation	(12,693)	(13,329)
Buildings and structures, net	9,802	9,323
Machinery, equipment and vehicles	192,564	198,007
Accumulated depreciation	(157,021)	(162,522)
Machinery, equipment and vehicles, net	35,543	35,484
Tools, furniture and fixtures	3,297	3,545
Accumulated depreciation	(2,224)	(2,513)
Tools, furniture and fixtures, net	1,072	1,031
Land	23,487	24,594
Leased assets	5,236	5,351
Accumulated depreciation	(2,830)	(3,198)
Leased assets, net	2,405	2,153
Construction in progress	739	761
Total property, plant and equipment	*1 73,051	*1 73,349
Intangible assets		
Goodwill	4,458	3,824
Other	2,533	3,598
Total intangible assets	6,991	7,422
Investments and other assets		
Investment securities	*2 4,083	*2 5,823
Long-term loans receivable	3,724	3,907
Deferred tax assets	2,715	2,834
Other	2,207	2,170
Allowance for doubtful accounts	(701)	(485)
Total investments and other assets	12,030	14,250
Total non-current assets	92,073	95,022
Deferred assets		
Development expenses	3	—
Total deferred assets	3	—
Total assets	139,097	139,157

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2016 (As of Mar. 31, 2016)	Fiscal year ended Mar. 31, 2017 (As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,240	7,145
Electronically recorded obligations - operating	4,110	4,373
Short-term loans payable	*1 18,133	*1 15,976
Lease obligations	959	971
Income taxes payable	3,252	2,360
Provision for bonuses	448	434
Other	5,125	5,421
Total current liabilities	39,268	36,683
Non-current liabilities		
Long-term loans payable	*1 33,051	*1 29,013
Lease obligations	1,719	1,418
Deferred tax liabilities for land revaluation	207	207
Provision for share-based compensation	170	279
Provision for gas holder repairs	330	354
Provision for loss on voluntary recall of products	—	825
Net defined benefit liability	2,346	2,410
Other	1,686	1,321
Total non-current liabilities	39,512	35,831
Total liabilities	78,781	72,515
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	15,724	15,724
Retained earnings	45,447	50,899
Treasury shares	(8,896)	(8,853)
Total shareholders' equity	59,345	64,840
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	782	1,564
Foreign currency translation adjustment	208	249
Remeasurements of defined benefit plans	(25)	(19)
Total accumulated other comprehensive income	965	1,795
Non-controlling interests	5	6
Total net assets	60,316	66,641
Total liabilities and net assets	139,097	139,157

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)
Net sales	114,691	109,536
Cost of sales	60,960	52,648
Gross profit	53,731	56,887
Selling, general and administrative expenses		
Freightage related expenses	2,857	2,918
Provision of allowance for doubtful accounts	31	15
Salaries and allowances	8,469	8,873
Provision for bonuses	398	382
Retirement benefit expenses	631	537
Provision for share-based compensation	170	152
Provision for gas holder repairs	26	28
Welfare expenses	2,015	1,976
Supplies expenses	3,445	3,870
Taxes and dues	1,214	1,174
Enterprise tax	392	493
Depreciation	9,122	8,963
Amortization of goodwill	1,165	978
Repair expenses	826	827
Commission fee	6,705	7,982
Other	^{*1} 4,446	^{*1} 5,512
Total selling, general and administrative expenses	41,920	44,686
Operating income	11,810	12,201
Non-operating income		
Interest income	176	37
Dividend income	98	78
Real estate rent	44	36
Insurance income	4	35
Share of profit of entities accounted for using equity method	—	137
Other	234	279
Total non-operating income	558	605
Non-operating expenses		
Interest expenses	508	389
Share of loss of entities accounted for using equity method	382	—
Share issuance cost	67	—
Foreign exchange losses	64	5
Provision of allowance for doubtful accounts	—	201
Other	14	33
Total non-operating expenses	1,037	630
Ordinary income	11,331	12,176

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)
Extraordinary income		
Gain on sales of non-current assets	^{*2} 19	^{*2} 8
Gain on sales of investment securities	35	278
Total extraordinary income	54	287
Extraordinary losses		
Loss on sales of non-current assets	^{*3} 1	^{*3} 1
Loss on retirement of non-current assets	^{*4} 295	^{*4} 159
Loss on sales of investment securities	1	—
Loss on revision of retirement benefit plan	100	18
Loss on cancellation of leases	3	—
Loss on voluntary recall of products	—	2,200
Other	^{*5} 6	^{*5} 13
Total extraordinary losses	409	2,393
Profit before income taxes	10,977	10,070
Income taxes - current	4,142	3,520
Income taxes - deferred	(256)	(365)
Total income taxes	3,885	3,155
Profit	7,091	6,914
Profit attributable to non-controlling interests	1	1
Profit attributable to owners of parent	7,090	6,913

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)
Profit	7,091	6,914
Other comprehensive income		
Valuation difference on available-for-sale securities	(326)	782
Remeasurements of defined benefit plans, net of tax	44	6
Share of other comprehensive income of entities accounted for using equity method	1	40
Total other comprehensive income	[*] (280)	[*] 829
Comprehensive income	6,811	7,744
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,809	7,742
Comprehensive income attributable to non-controlling interests	1	1

(3) Consolidated Statement of Changes in Equity

Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	7,070	6,683	39,263	(19,297)	33,718
Changes of items during period					
Dividends of surplus			(906)		(906)
Profit attributable to owners of parent			7,090		7,090
Purchase of treasury shares				(1,101)	(1,101)
Disposal of treasury shares		9,041		11,502	20,544
Net changes of items other than shareholders' equity					
Total changes of items during period	–	9,041	6,183	10,401	25,626
Balance at the end of current period	7,070	15,724	45,447	(8,896)	59,345

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,109	207	(70)	1,246	4	34,969
Changes of items during period						
Dividends of surplus						(906)
Profit attributable to owners of parent						7,090
Purchase of treasury shares						(1,101)
Disposal of treasury shares						20,544
Net changes of items other than shareholders' equity	(326)	1	44	(280)	1	(279)
Total changes of items during period	(326)	1	44	(280)	1	25,346
Balance at the end of current period	782	208	(25)	965	5	60,316

Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	7,070	15,724	45,447	(8,896)	59,345
Changes of items during period					
Dividends of surplus			(1,460)		(1,460)
Profit attributable to owners of parent			6,913		6,913
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		43	43
Net changes of items other than shareholders' equity					
Total changes of items during period	–	0	5,452	42	5,495
Balance at the end of current period	7,070	15,724	50,899	(8,853)	64,840

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	782	208	(25)	965	5	60,316
Changes of items during period						
Dividends of surplus						(1,460)
Profit attributable to owners of parent						6,913
Purchase of treasury shares						(1)
Disposal of treasury shares						43
Net changes of items other than shareholders' equity	782	40	6	829	0	830
Total changes of items during period	782	40	6	829	0	6,325
Balance at the end of current period	1,564	249	(19)	1,795	6	66,641

(4) Consolidated Statement of Cash Flows

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	10,977	10,070
Depreciation	9,234	9,061
Amortization of deferred assets	14	3
Amortization of goodwill	1,165	978
Increase (decrease) in allowance for doubtful accounts	5	(210)
Increase (decrease) in net defined benefit liability	107	73
Increase (decrease) in provision for directors' retirement benefits	(1,043)	—
Increase (decrease) in provision for share-based compensation	170	109
Increase (decrease) in allowance for loss on voluntary recall of products	—	825
Interest and dividend income	(274)	(115)
Interest expenses	508	389
Foreign exchange losses (gains)	34	3
Share of (profit) loss of entities accounted for using equity method	382	(137)
Loss (gain) on sales of property, plant and equipment	(17)	(7)
Loss on retirement of property, plant and equipment	295	159
Loss (gain) on sales of investment securities	(34)	(278)
Decrease (increase) in notes and accounts receivable - trade	2,717	98
Decrease (increase) in inventories	865	(257)
Increase (decrease) in notes and accounts payable - trade	(1,879)	169
Increase (decrease) in accrued consumption taxes	(378)	(144)
Increase (decrease) in advances received	318	(288)
Other, net	1,320	812
Subtotal	24,490	21,314
Interest and dividend income received	126	83
Interest expenses paid	(510)	(395)
Income taxes paid	(3,388)	(4,373)
Net cash provided by (used in) operating activities	20,717	16,630
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,759)	(8,331)
Proceeds from sales of property, plant and equipment	188	51
Purchase of intangible assets	(1,459)	(1,557)
Purchase of goodwill	(320)	(444)
Purchase of investment securities	(9)	(998)
Proceeds from sales of investment securities	139	650
Purchase of shares of subsidiaries and associates	(63)	—
Proceeds from sales of shares of subsidiaries and associates	80	—
Payments of loans receivable	(897)	(111)
Collection of loans receivable	26	86
Other, net	1	(89)
Net cash provided by (used in) investing activities	(11,073)	(10,743)

(Millions of yen)		
Account	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)
Cash flows from financing activities		
Increase in short-term loans payable	10,879	1,817
Decrease in short-term loans payable	(17,850)	(4,208)
Proceeds from long-term loans payable	12,393	8,929
Repayments of long-term loans payable	(15,279)	(12,711)
Purchase of treasury shares	(1,101)	(1)
Proceeds from sales of treasury shares	20,476	0
Cash dividends paid	(906)	(1,460)
Dividends paid to non-controlling interests	(0)	(0)
Other, net	(1,043)	(1,083)
Net cash provided by (used in) financing activities	7,568	(8,717)
Effect of exchange rate change on cash and cash equivalents	(46)	(5)
Net increase (decrease) in cash and cash equivalents	17,165	(2,837)
Cash and cash equivalents at beginning of period	17,067	34,233
Cash and cash equivalents at end of period	* 34,233	* 31,396

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

None.

(Important Matters that Form the Basis for Preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Names of the 6 consolidated subsidiaries:

TOSAI GAS INC., SHINNIHON GAS CORPORATION, HIGASHINIHON GAS CORPORATION,
KITANIHON GAS CO., LTD., NIHONGAS KOJI Inc., NIHONGAS UNYU SEIBI Inc.

Changes in consolidated subsidiaries, etc.

None.

(2) Names of the non-consolidated subsidiaries:

NICHIGAS LOGISTICS CALCULATION CENTER Inc., Kumonouchusen Co., Ltd., Nippon Gas USA, Inc.

Reasons for excluding the non-consolidated subsidiaries from the scope of consolidation

The 3 non-consolidated subsidiaries were excluded from the scope of consolidation due to their insignificance in size, and as the total amounts of their total assets, net sales, profit/loss (to the extent of the Company's equity position) and retained earnings (to the extent of the Company's equity position) did not significantly impact the consolidated financial statements.

2. Scope of application of the equity method

(1) Number of non-consolidated subsidiaries accounted for under the equity method: 1

Name of the company: Nippon Gas USA, Inc.

(2) Affiliates accounted for under the equity method: 1

Name of the company: Strategic Power Holdings LLC

(3) Non-consolidated subsidiaries and affiliates to which the equity method is not applied

Names of the non-consolidated subsidiaries:

NICHIGAS LOGISTICS CALCULATION CENTER Inc., Kumonouchusen Co., Ltd.

Name of the affiliate: Strategic Power Holdings Operations, Inc., COzero Holdings Limited.

Reason for not applying the equity method

The equity method is not applied to 2 non-consolidated subsidiaries and 2 affiliates, due to their insignificance overall; and as their profit/loss (to the extent of the Company's equity position) and their retained earnings (to the extent of the Company's equity position), even if eliminated from the scope of companies accounted for under the equity method, have minimal impact on the consolidated financial statements.

3. Fiscal year, etc. of consolidated subsidiaries

The fiscal year end dates of the consolidated subsidiaries coincide with the consolidated accounting date.

4. Accounting standards

(1) Valuation standards and methods regarding significant assets

(a) Inventories

Merchandise

Primarily stated at cost based on the first-in, first-out method (method by which the carrying amount is written down according to the decline in profitability). However, real estate for sale is stated at cost based on the identified cost method (method by which the carrying amount is written-down according to the decline in profitability).

Finished goods, work in process, raw materials, and supplies

Mainly stated at cost using the moving-average method (method by which the carrying amount is written-down according to the decline in profitability).

(b) Securities

Available-for-sale securities

Securities with market quotations:

Stated at their quoted market prices at the end of fiscal year (Cost of securities sold is calculated primarily using the moving-average method and net unrealized gains [losses] are included directly in net assets).

Securities without market quotations:

Stated at cost using the moving-average method.

(2) Depreciation method for significant depreciable assets

(a) Property, plant and equipment (excluding lease assets)

Calculated using the declining-balance method (however, the straight-line method is used for buildings [excluding building fixtures] acquired on or after April 1, 1998 and for building fixtures and structures acquired on or after April 1, 2016).

Useful lives of assets are principally as follows:

Buildings and structures	7 to 50 years
Machinery, equipment and vehicles	4 to 22 years

(b) Intangible assets (excluding lease assets)

Straight-line method

Internally used software is amortized over the estimated useful life (5 years).

(c) Lease assets

Lease assets concerning non-transfer ownership finance lease transactions:

Depreciated by the straight-line method, defining the lease term of respective assets as their useful lives, without residual value.

(3) Accounting method of significant deferred assets

Development expenses

Amortized using the straight-line method over 5 years.

(4) Accounting standards for significant allowances and provisions

(a) Allowance for doubtful accounts

The Group provides for possible credit losses stemming from notes and accounts receivable-trade. Estimated amounts of irrecoverable debt are calculated based on historical write-off ratio for ordinary receivables, and on a consideration of feasibly recoverable amounts in individual cases of specific debts such as doubtful accounts.

(b) Provision for bonuses

Although the Company is not required to report a reserve for bonuses, the Company's consolidated subsidiaries provide for future bonus payments to employees in the estimated amount accrued on the fiscal year end date.

(c) Provision for share-based compensation

In order to deliver the Company's shares under the Directors' Compensation BIP Trust, the Company posts the estimated amount of share delivery according to points allocated to Directors and Executive Officers (mandated) based on provisions of the Share Delivery Rules.

(d) Provision for gas holder repairs

Among the consolidated subsidiaries, the 4 city gas companies – TOSAI GAS INC., SHINNIHON GAS CORPORATION, HIGASHINIHON GAS CORPORATION and KITANIHON GAS CO., LTD. – post a provision for repairs by distributing the estimated costs to each fiscal term during the period until the next scheduled repair.

(e) Provision for loss on voluntary recall of products

With regard to direct costs for the voluntary recall of products and related expenses, the Company posts the rational amount of loss estimated to accrue on or after March 31, 2017.

(5) Accounting method for retirement benefits

(i) Methods for attributing expected retirement benefits payment

In order to calculate the amount of retirement benefit obligations, benefit formula basis is applied for attributing expected retirement benefits payment to the periods to the end of the current fiscal year.

(ii) Methods for accounting treatment for actuarial gains or losses

Actuarial gains or losses are recognized as expenses, amortized by the declining-balance method over a fixed number of years (5 years) within the average remaining service period of the employees at the occurrences in each fiscal year, starting from each fiscal year following the fiscal year in which they occur.

(iii) Adoption of simplified method in small businesses etc.

Consolidated subsidiaries adopt a simplified method for the calculation of net defined benefit liability and retirement benefit expenses, in which retirement benefit obligations are calculated, with respect to the lump-sum retirement benefit plan, based on the amount of retirement benefit required for voluntary termination at the end of the fiscal year, and with respect to the corporate pension plan, based on the actuarial obligations in the most recent calculation of pension financing.

(6) Significant hedge accounting

(i) Hedge accounting

Deferral hedge accounting is in principle applied. Exceptional treatment (“tokurei-shori”) is applied to interest rate swaps that meet the requirements for exceptional treatment.

(ii) Means of hedging and hedging items

Means of hedging

Interest rate swaps, commodity swaps

Hedging items

Loans payable, money for the purchase of commodities

(iii) Hedging policy

Foreign currency risks, commodity price risks and interest rate fluctuation risks are hedged to the extent allowed by the internal rules regarding risks.

(iv) Methods for evaluating the effectiveness of hedges

Assessment of effectiveness is omitted for interest rate swaps to which exceptional treatment is applied.

(7) Amortization of goodwill and amortization period

Goodwill is amortized over 20 year periods for 1 company, and over 5 years for other companies using the straight-line method.

(8) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents as stated in the consolidated statement of cash flows consist of cash in hand, demand deposits, and any short-term liquid investments with a maturity not exceeding 3 months at the time of purchase whose value is not subject to significant fluctuation risk.

(9) Other significant matters for preparing consolidated financial statements

Accounting method for consumption taxes

Transactions subject to consumption tax and local consumption tax are recorded at the amount exclusive of these taxes.

(Changes to Accounting Policies)

In conjunction with the revision of the Corporation Tax Act, the Company adopted the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan [ASBJ] Practical Issues Task Force (PITF) No. 32, June 17, 2016), effective from the fiscal year ended March 31, 2017, and accordingly has changed the method for the depreciation of building fixtures and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

This change in accounting policy has minimal impact on the operating income, ordinary income and profit before income taxes for the fiscal year ended March 31, 2017.

(Additional Information)

Effective from the fiscal year ended March 31, 2017, the Company adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

(Consolidated Balance Sheet)

*1 Assets pledged as collateral and borrowings secured by collateral

Assets pledged as collateral are as follows:

	(Millions of yen)	
	For the previous fiscal year (As of Mar. 31, 2016)	For the current fiscal year (As of Mar. 31, 2017)
Land	956	956
Buildings and structures	135	129
Factory foundation collateral [Land]	7,630 [456]	7,452 [389]
[Machinery, etc.]	[7,174]	[7,063]
Total [Book value]	8,722	8,538

Borrowings secured by collateral are as follows:

	(Millions of yen)	
	For the previous fiscal year (As of Mar. 31, 2016)	For the current fiscal year (As of Mar. 31, 2017)
Short-term loans payable	4,515	4,451
Long-term loans payable	1,696	1,401
Total	6,212	5,852

*2 Investments in non-consolidated subsidiaries and affiliates are as follows.

	(Millions of yen)	
	For the previous fiscal year (As of Mar. 31, 2016)	For the current fiscal year (As of Mar. 31, 2017)
Investment securities (shares)	673	660

3 Guarantee obligations

The Group provides the following guarantees on borrowings from financial institutions.

	(Millions of yen)	
	For the previous fiscal year (As of Mar. 31, 2016)	For the current fiscal year (As of Mar. 31, 2017)
Employees (employee housing loans)	5	6

4 In order to efficiently fund their working capital, the Company and its 4 consolidated subsidiaries have entered into contracts for overdraft facilities with 14 of their financing banks. As of the end of the fiscal year, the undisbursed balance on the overdraft facilities was as follows.

	(Millions of yen)	
	For the previous fiscal year (As of Mar. 31, 2016)	For the current fiscal year (As of Mar. 31, 2017)
General overdraft limit	7,530	4,900
Undisbursed balance	3,330	750
Difference	4,200	4,150

(Consolidated Statement of Income)

*1 Research and development expenses included in selling, general and administrative expenses are as follows:

(Millions of yen)	
For the previous fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)	For the current fiscal year (From Apr. 1, 2016 to Mar. 31, 2017)
15	16

*2 Gain on sales of non-current assets

(For the previous fiscal year)

Gain on sales of non-current assets includes gains from the sales of buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures.

(For the current fiscal year)

Gain on sales of non-current assets includes gains from the sales of buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures; and land.

*3 Loss on sales of non-current assets

(For the previous fiscal year)

Loss on sales of non-current assets includes losses from the sales of machinery, equipment and vehicles; tools, furniture and fixtures; and land

(For the current fiscal year)

Loss on sales of non-current assets includes losses from the sales of machinery, equipment and vehicles; and land.

*4 Loss on retirement of non-current assets

(For the previous fiscal year)

Loss on retirement of non-current assets includes losses from the retirement of buildings and structures; machinery, equipment and vehicles; and tools, furniture and fixtures.

(For the current fiscal year)

Loss on retirement of non-current assets includes losses from the retirement of buildings and structures; machinery, equipment and vehicles; and tools, furniture and fixtures.

*5 Breakdown of others under extraordinary loss is as follows:

	(Millions of yen)	
	For the previous fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)	For the current fiscal year (From Apr. 1, 2016 to Mar. 31, 2017)
Loss on sale of golf club membership	6	13
Total	6	13

(Consolidated Statement of Comprehensive Income)

*Reclassification adjustment amount and tax effect amount pertaining to other comprehensive income

	(Millions of yen)	
	For the previous fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)	For the current fiscal year (From Apr. 1, 2016 to Mar. 31, 2017)
Valuation difference on available-for-sale securities		
Amount accrued during the fiscal year	(510)	1,126
Reclassification adjustment	—	—
Before tax effect adjustment	(510)	1,126
Tax effect	183	(344)
Valuation difference on available-for-sale securities	(326)	782
Remeasurements of defined benefit plans, net of tax		
Amount accrued during the fiscal year	45	(6)
Reclassification adjustment	21	16
Before tax effect adjustment	67	9
Tax effect	(22)	(2)
Remeasurements of defined benefit plans, net of tax	44	6
Share of other comprehensive income of entities accounted for using equity method		
Amount accrued during the fiscal year	1	40
Total other comprehensive income	(280)	829

(Consolidated Statement of Changes in Equity)

For the previous fiscal year (From April 1, 2015 to March 31, 2016)

1. Shares issued

Class of shares	As of Apr. 1, 2015	Increase	Decrease	As of Mar. 31, 2016
Common shares (Shares)	48,561,525	—	—	48,561,525

2. Treasury shares

Class of shares	As of Apr. 1, 2015	Increase	Decrease	As of Mar. 31, 2016
Common shares (Shares)	13,828,252	291,733	8,242,350	5,877,635

(Note) The total number of treasury shares as of March 31, 2016 includes 291,300 shares of the Company held by the Directors' Compensation BIP Trust.

(Summary of Reason for Changes)

The main reason for increase in the number of shares was as follows:

Increase due to the purchase of shares of the Company by the Directors' Compensation BIP Trust

291,300 shares

The main reason for the decrease in the number of shares was as follows:

Decrease due to the sale of treasury shares through resolution of the Board of Directors

8,242,300 shares

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 25, 2015	Common shares	451	13.00	Mar. 31, 2015	Jun. 26, 2015
Resolution adopted by the Board of Directors held on Oct. 28, 2015	Common shares	455	13.00	Sep. 30, 2015	Nov. 18, 2015

(Note) The total dividends through resolution adopted by the Board of Directors held on October 28, 2015 included ¥3 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

(2) Dividends whose record date falls in the current fiscal year but the effective date of dividend payment falls in the next fiscal year

Resolution	Class of shares	Resource of dividend	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 28, 2016	Common shares	Retained earnings	730	17.00	Mar. 31, 2016	Jun. 29, 2016

(Note) The total dividends included ¥4 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

For the current fiscal year (From April 1, 2016 to March 31, 2017)

1. Shares issued

Class of shares	As of Apr. 1, 2016	Increase	Decrease	As of Mar. 31, 2017
Common shares (Shares)	48,561,525	—	—	48,561,525

2. Treasury shares

Class of shares	As of Apr. 1, 2016	Increase	Decrease	As of Mar. 31, 2017
Common shares (Shares)	5,877,635	370	11,537	5,866,468

(Note) The total number of treasury shares as of March 31, 2017 includes 279,796 shares of the Company held by the Directors' Compensation BIP Trust.

(Summary of Reason for Changes)

The main reason for increase in the number of shares was as follows:

Increase due to the purchase of fractional shares

370 shares

The main reason for the decrease in the number of shares was as follows:

Decrease due to the sale of treasury shares by the Directors' Compensation BIP Trust

11,504 shares

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 28, 2016	Common shares	730	17.00	Mar. 31, 2016	Jun. 29, 2016
Resolution adopted by the Board of Directors held on Oct. 27, 2016	Common shares	730	17.00	Sep. 30, 2016	Nov. 18, 2016

(Notes) 1. The total dividends through resolution adopted by the Ordinary General Meeting of Shareholders held on June 28, 2016 included ¥4 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

2. The total dividends through resolution adopted by the Board of Directors held on October 27, 2016 included ¥4 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

(2) Dividends whose record date falls in the current fiscal year but the effective date of dividend payment falls in the next fiscal year

Resolution	Class of shares	Resource of dividend	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 28, 2017	Common shares	Retained earnings	730	17.00	Mar. 31, 2017	Jun. 29, 2017

(Note) The total dividends included ¥4 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

(Consolidated Statement of Cash Flows)

* Relations between the year-end balance of cash and cash equivalents and the accounts listed in the consolidated balance sheet

	(Millions of yen)	
	For the previous fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)	For the current fiscal year (From Apr. 1, 2016 to Mar. 31, 2017)
Cash and deposits	34,246	31,418
Separate deposit for Directors' Compensation BIP Trust	(13)	(21)
Cash and cash equivalents	34,233	31,396

(Segment Information, etc.)

1. Overview of reportable segments

The Group's reportable segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of management resources and evaluate business performance.

The Group is mainly engaged in the supply and sale of LP gas and city gas (natural gas), as well as the peripheral business of gas appliances sales and gas pipe works. The consolidated companies are grouped into the two product/service segments of "LP gas business" and "city gas business."

(2) Main products and services of each reportable segment

LP gas business.....Supply and sale of LP gas, Community gas business, Gas appliances sales, Gas pipe works, Replacement gas cylinders, Aerosol product

City gas business.....Supply and sale of city gas, Gas appliances sales, Gas pipe works

2. Calculation method of the amount of net sales, income (loss), assets, liabilities and other items by reportable segments

The accounting method applied to reported business segments is the same as that stated in "Important Matters that Form the Basis for Preparing Consolidated Financial Statements." Inter-segment sales and transfers are based on actual prices in the markets.

3. Information on the amount of net sales, income (loss), assets, liabilities and other items by reportable segments

For the previous fiscal year (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments		Total	Adjustments (Note 1)	Consolidated financial statements amount (Note 2)
	LP gas Business	City gas Business			
Net sales					
Net sales to outside customers	67,099	47,592	114,691	—	114,691
Inter-segment sales and transfers	9,357	6	9,363	(9,363)	—
Total	76,456	47,598	124,054	(9,363)	114,691
Segment income	8,031	3,761	11,793	17	11,810
Segment assets	82,178	56,918	139,097	—	139,097
Other items					
Depreciation	2,989	6,244	9,234	—	9,234
Investments in companies accounted for under the equity method	—	4,091	4,091	—	4,091
Increase in property, plant and equipment and intangible assets	6,076	6,275	12,352	—	12,352

(Notes) 1. The amounts ¥17 million in adjustments for segment income include the elimination of transactions between the segments.

2. Segment income is adjusted to operating income in the Consolidated Statements of Income.

For the current fiscal year (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments		Total	Adjustments (Note 1)	Consolidated financial statements amount (Note 2)
	LP gas Business	City gas Business			
Net sales					
Net sales to outside customers	66,259	43,276	109,536	—	109,536
Inter-segment sales and transfers	9,790	12	9,803	(9,803)	—
Total	76,050	43,289	119,339	(9,803)	109,536
Segment income	8,232	3,957	12,190	11	12,201
Segment assets	82,213	56,943	139,157	—	139,157
Other items					
Depreciation	3,121	5,939	9,061	—	9,061
Investments in companies accounted for under the equity method	—	4,410	4,410	—	4,410
Increase in property, plant and equipment and intangible assets	5,395	5,473	10,869	—	10,869

(Notes) 1. The amounts ¥11 million in adjustments for segment income include the elimination of transactions between the segments.

2. Segment income is adjusted to operating income in the Consolidated Statements of Income.

(Per Share Information)

Item	For the previous fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)	For the current fiscal year (From Apr. 1, 2016 to Mar. 31, 2017)
Net assets per share	¥1,412.96	¥1,560.73
Basic earnings per share	¥190.71	¥161.93
Diluted earnings per share	Not stated since there is no dilutive security.	Not stated since there is no dilutive security.

(Note) The basis for calculation

1. The basis for calculation of net assets per share is as follows:

(Millions of yen unless otherwise stated)

Item	For the previous fiscal year (As of Mar. 31, 2016)	For the current fiscal year (As of Mar. 31, 2017)
Total net assets	60,316	66,641
Amount deducted from the total net assets	5	6
[Non-controlling interests]	[5]	[6]
Amount of net assets related to common shares as of the end of the fiscal year	60,310	66,635
Number of shares of common shares used in the calculation of net assets per share as of the end of the fiscal year (Thousands of shares)	42,683	42,695

2. The basis for calculation of basic earnings per share is as follows:

(Millions of yen unless otherwise stated)

	For the previous fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)	For the current fiscal year (From Apr. 1, 2016 to Mar. 31, 2017)
Profit attributable to owners of parent	7,090	6,913
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent related to common shares	7,090	6,913
Average number of common shares outstanding during the fiscal year (Thousands of shares)	37,179	42,692

(Significant Subsequent Events)

None.

4. Non-consolidated Financial Statements

(1) Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2016 (As of Mar. 31, 2016)	Fiscal year ended Mar. 31, 2017 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	25,851	22,316
Notes receivable - trade	257	170
Accounts receivable - trade	3,365	3,717
Merchandise	3,549	3,956
Supplies	26	31
Deferred tax assets	312	264
Other	2,579	4,577
Allowance for doubtful accounts	(90)	(121)
Total current assets	35,851	34,912
Non-current assets		
Property, plant and equipment		
Buildings	10,347	10,374
Accumulated depreciation	(4,454)	(4,697)
Buildings, net	5,892	5,676
Structures	6,934	7,032
Accumulated depreciation	(5,085)	(5,335)
Structures, net	1,849	1,697
Machinery and equipment	31,181	31,235
Accumulated depreciation	(27,612)	(28,051)
Machinery and equipment, net	3,569	3,183
Vehicles	799	813
Accumulated depreciation	(588)	(694)
Vehicles, net	211	119
Tools, furniture and fixtures	1,324	1,362
Accumulated depreciation	(878)	(1,005)
Tools, furniture and fixtures, net	445	357
Land	18,948	20,046
Leased assets	2,652	2,964
Accumulated depreciation	(1,349)	(1,758)
Leased assets, net	1,303	1,205
Construction in progress	22	188
Total property, plant and equipment	32,242	32,475
Intangible assets		
Goodwill	675	383
Leasehold right	8	8
Software	821	1,225
Telephone subscription right	32	32
Other	1,323	2,055
Total intangible assets	2,861	3,705

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2016 (As of Mar. 31, 2016)	Fiscal year ended Mar. 31, 2017 (As of Mar. 31, 2017)
Investments and other assets		
Investment securities	3,246	4,992
Shares of subsidiaries and associates	26,204	26,191
Investments in capital	3	3
Long-term loans receivable	4,532	4,551
Long-term loans receivable from employees	55	42
Long-term loans receivable from subsidiaries and associates	90	—
Claims provable in bankruptcy, claims provable in rehabilitation and other	367	—
Long-term prepaid expenses	31	21
Deferred tax assets	520	712
Guarantee deposits	165	165
Other	1,617	1,561
Allowance for doubtful accounts	(699)	(640)
Total investments and other assets	36,135	37,601
Total non-current assets	71,239	73,781
Total assets	107,090	108,694
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	4,110	4,373
Accounts payable - trade	3,224	3,970
Short-term loans payable	14,595	13,435
Lease obligations	814	841
Accounts payable - other	1,669	2,336
Accrued expenses	297	297
Income taxes payable	2,033	1,215
Accrued consumption taxes	448	400
Advances received	0	0
Deposits received	159	219
Total current liabilities	27,352	27,090
Non-current liabilities		
Long-term loans payable	29,845	27,661
Lease obligations	1,427	1,227
Provision for retirement benefits	1,303	1,343
Provision for share-based compensation	99	167
Provision for loss on voluntary recall of products	—	825
Long-term deposits received	512	489
Other	1,306	1,051
Non-current liabilities	34,495	32,765
Total liabilities	61,848	59,855

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2016 (As of Mar. 31, 2016)	Fiscal year ended Mar. 31, 2017 (As of Mar. 31, 2017)
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus		
Legal capital surplus	5,197	5,197
Other capital surplus	9,863	9,864
Total capital surplus	15,061	15,061
Retained earnings		
Legal retained earnings	949	949
Other retained earnings		
Reserve for advanced depreciation of non-current assets	111	110
General reserve	7,750	7,750
Retained earnings brought forward	22,440	25,231
Total retained earnings	31,251	34,041
Treasury shares	(8,896)	(8,853)
Total shareholders' equity	44,486	47,319
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	755	1,519
Total valuation and translation adjustments	755	1,519
Total net assets	45,242	48,839
Total liabilities and net assets	107,090	108,694

(2) Statement of Income

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)
Net sales	66,851	65,923
Cost of sales		
Beginning goods	4,337	3,549
Cost of purchased goods	36,448	34,255
Total	40,786	37,804
Ending goods	3,549	3,956
Total cost of sales	37,237	33,848
Gross profit	29,614	32,075
Selling, general and administrative expenses		
Freightage related expenses	2,769	2,816
Provision of allowance for doubtful accounts	43	40
Salaries	4,915	5,266
Retirement benefit expenses	345	287
Welfare expenses	1,046	1,030
Supplies expenses	2,056	2,494
Taxes and dues	347	306
Depreciation	2,867	2,743
Repair expenses	940	944
Commission fee	3,853	4,575
Other	2,421	3,680
Total selling, general and administrative expenses	21,607	24,187
Operating income	8,006	7,888
Non-operating income		
Interest income	184	55
Dividend income	385	451
Real estate rent	43	55
A share of the expenses of labor costs and business advisory fee	9	0
Miscellaneous income	135	213
Total non-operating income	759	776
Non-operating expenses		
Interest expenses	446	353
Share issuance cost	67	—
Bad debts expenses	7	—
Foreign exchange losses	64	5
Provision of allowance for doubtful accounts	—	358
Miscellaneous loss	0	6
Total non-operating expenses	587	724
Ordinary income	8,178	7,940

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)
Extraordinary income		
Gain on sales of non-current assets	0	2
Gain on sales of investment securities	35	269
Total extraordinary income	36	271
Extraordinary losses		
Loss on sales of non-current assets	1	1
Loss on retirement of non-current assets	238	80
Loss on sales of investment securities	1	–
Loss on sales of membership	5	–
Loss on voluntary recall of products	–	2,200
Total extraordinary losses	247	2,282
Profit before income taxes	7,968	5,930
Income taxes - current	2,742	2,160
Income taxes - deferred	(206)	(481)
Total income taxes	2,535	1,678
Profit	5,432	4,251

(3) Statement of Changes in Equity

Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	7,070	5,197	822	6,020	949	103	7,750	17,922	26,725
Changes of items during period									
Dividends of surplus								(906)	(906)
Provision of reserve for advanced depreciation of non-current assets						(0)		0	–
Adjustment to reserve due to change in tax rate						7		(7)	–
Profit								5,432	5,432
Purchase of treasury shares									
Disposal of treasury shares			9,041	9,041					
Net changes of items other than shareholders' equity									
Total changes of items during period	–	–	9,041	9,041	–	7	–	4,518	4,525
Balance at the end of current period	7,070	5,197	9,863	15,061	949	111	7,750	22,440	31,251

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(19,297)	20,518	1,069	1,069	21,587
Changes of items during period					
Dividends of surplus		(906)			(906)
Provision of reserve for advanced depreciation of non-current assets		—			—
Adjustment to reserve due to change in tax rate		—			—
Profit		5,432			5,432
Purchase of treasury shares	(1,101)	(1,101)			(1,101)
Disposal of treasury shares	11,502	20,544			20,544
Net changes of items other than shareholders' equity			(313)	(313)	(313)
Total changes of items during period	10,401	23,968	(313)	(313)	23,655
Balance at the end of current period	(8,896)	44,486	755	755	45,242

Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	7,070	5,197	9,863	15,061	949	111	7,750	22,440	31,251
Changes of items during period									
Dividends of surplus								(1,460)	(1,460)
Provision of reserve for advanced depreciation of non-current assets						(0)		0	—
Profit								4,251	4,251
Purchase of treasury shares									
Disposal of treasury shares			0	0					
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	0	0	—	(0)	—	2,790	2,790
Balance at the end of current period	7,070	5,197	9,864	15,061	949	110	7,750	25,231	34,041

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(8,896)	44,486	755	755	45,242
Changes of items during period					
Dividends of surplus		(1,460)			(1,460)
Provision of reserve for advanced depreciation of non-current assets		—			—
Profit		4,251			4,251
Purchase of treasury shares	(1)	(1)			(1)
Disposal of treasury shares	43	43			43
Net changes of items other than shareholders' equity			763	763	763
Total changes of items during period	42	2,832	763	763	3,596
Balance at the end of current period	(8,853)	47,319	1,519	1,519	48,839

5. Supplementary Information

(1) Production, Order and Sales Status

The Group is mainly engaged in sales and consequently does not indicate amounts and volumes representing its production and orders received for each reportable segment.

1) Sales results

Sales by reportable segment for the fiscal year ended March 31, 2017 are as follows:

Sales results by reportable segments

(Millions of yen)

Reportable segments	For the current fiscal year (from Apr. 1, 2016 to Mar. 31, 2017)	For the previous fiscal year (from Apr. 1, 2015 to Mar. 31, 2016)
LP gas Business	66,259	67,099
City gas Business	43,276	47,592
Total	109,536	114,691

2) Sales results of LP gas business

(Millions of yen)

Reportable segments	For the current fiscal year (from Apr. 1, 2016 to Mar. 31, 2017)	For the previous fiscal year (from Apr. 1, 2015 to Mar. 31, 2016)
Gas	50,113	51,270
Equipment, construction contracts, etc.	16,146	15,828
Total	66,259	67,099

3) Sales results of city gas business

(Millions of yen)

Reportable segments	For the current fiscal year (from Apr. 1, 2016 to Mar. 31, 2017)	For the previous fiscal year (from Apr. 1, 2015 to Mar. 31, 2016)
Gas	34,205	39,116
Equipment, construction contracts, etc.	9,070	8,476
Total	43,276	47,592

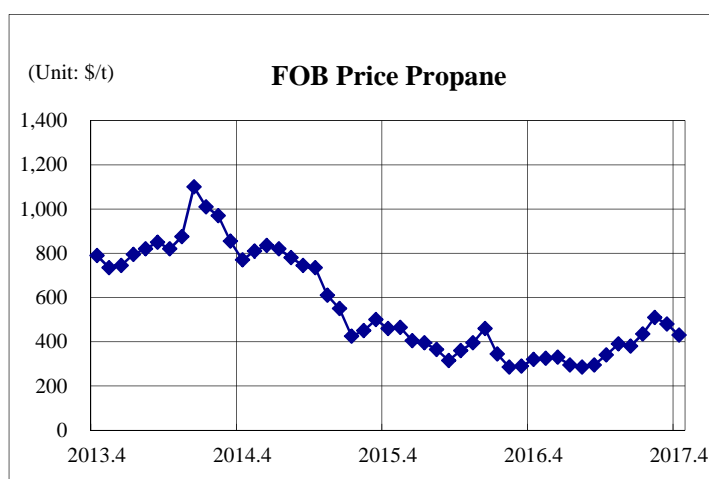
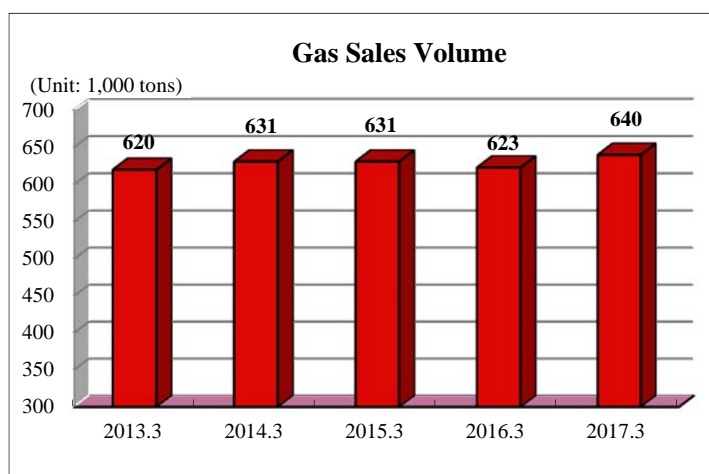
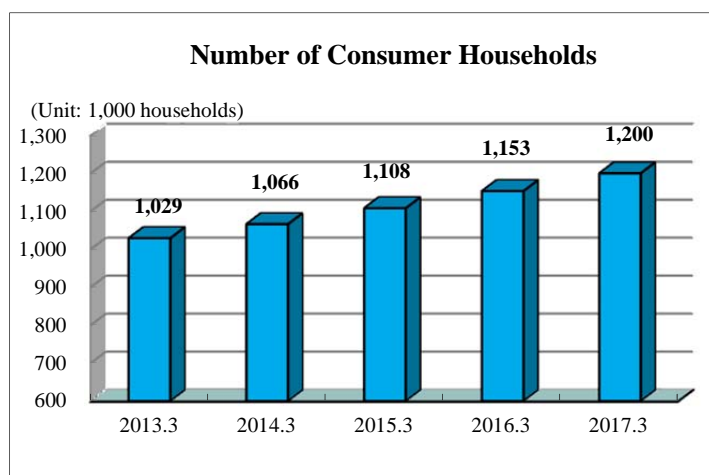
(Notes) 1. Above figures are stated net of consumption taxes, etc.

2. Inter-segment transactions are offset.

(2) Changes to the Officers of the Company

As for the details of this matter, please refer to the “Notice of Organizational Change and Changes in Personnel of the Company and major subsidiaries,” announced on March 15, 2017.

(3) Trends in the Number of Houses, etc.



(Note) Gas sales volume includes the sales volume of city gas (LNG) of the city gas business, which has been converted into the calorie value equivalent of LPG gas sales volume (1,000 tons).