Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 [Japanese GAAP]

April 27, 2015

Company name: NIPPON GAS CO., LTD.
Code number: 8174
URL: http://www.nichigas.co.jp/
Stock exchange listing: Tokyo Stock Exchange
Representative: Shinji Wada, President and Representative Director
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Phone: 03-3553-1281
Scheduled date of Ordinary General Meeting of Shareholders: June 25, 2015
Scheduled date of commencing dividend payments: June 26, 2015
Scheduled date for filing of securities report: June 25, 2015
Availability of supplementary briefing material on financial results: Available
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, 2015 (April 1, 2014 to March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2015	125,733	(0.9)	10,015	10.9	9,427	2.5	5,528	(41.6)
Fiscal year ended Mar. 31, 2014	126,833	8.3	9,032	14.5	9,193	12.3	9,464	150.7

(Note) Comprehensive income: Fiscal year ended Mar. 31, 2015 ¥6,097 million [(39.4)%]
Fiscal year ended Mar. 31, 2014 ¥10,057 million [92.6%]

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2015	148.26	—	13.9	7.6	8.0
Fiscal year ended Mar. 31, 2014	220.93	—	22.2	7.4	7.1

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2015 ¥(600) million
Fiscal year ended Mar. 31, 2014 ¥45 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, 2015	123,910	34,969	28.2	1,006.67
As of Mar. 31, 2014	123,496	44,831	36.3	1,017.92

(Reference) Equity: As of Mar. 31, 2015 ¥34,964 million As of Mar. 31, 2014 ¥44,824 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, 2015	17,699	(11,230)	(3,856)	17,067
Fiscal year ended Mar. 31, 2014	13,864	(7,170)	(7,393)	14,089

2. Dividends

	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends 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, 2014	—	6.50	—	19.50	26.00	1,120	11.8	2.8
Fiscal year ended Mar. 31, 2015	—	13.00	—	13.00	26.00	903	17.5	2.6
Fiscal year ending Mar. 31, 2016 (Forecast)	—	13.00	—	13.00	26.00		14.6	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sep. 30, 2015	55,000	(1.0)	3,000	55.9	2,800	75.1	1,600	118.9	46.07
Full-year	119,000	(5.4)	11,000	9.8	10,400	10.3	6,200	12.2	178.50

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

Newly included: — Excluded: —

(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 share)

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

Mar. 31, 2015	48,561,525 shares
Mar. 31, 2014	48,561,525 shares

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

Mar. 31, 2015	13,828,252 shares
Mar. 31, 2014	4,525,927 shares

3) Average number of shares during the period:

Fiscal year ended Mar. 31, 2015	37,285,326 shares
Fiscal year ended Mar. 31, 2014	42,839,888 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2015	75,722	(4.2)	6,681	10.3	7,084	10.8	4,310	59.4
Fiscal year ended Mar. 31, 2014	79,023	7.3	6,055	20.5	6,392	14.2	2,704	(16.5)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2015	114.44	—
Fiscal year ended Mar. 31, 2014	62.90	—

(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, 2015	89,411	21,587	24.1	621.52
As of Mar. 31, 2014	91,947	32,518	35.4	734.54

(Reference) Equity: As of Mar. 31, 2015 ¥21,587 million As of Mar. 31, 2014 ¥32,518 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sep. 30, 2015	32,000	(3.9)	2,900	34.7	1,900	29.5	54.70
Full-year	73,000	(3.6)	7,700	8.7	5,000	16.0	143.95

* Presentation regarding the implementation status of the audit process

These financial statements are outside the scope of audit process procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these financial statements, audit process procedures for the financial statements under the Financial Instruments and Exchange Act have not been completed.

* 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 “Analysis of Results of Operations” on page Ⅱ 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. Results of Operations

(1) Analysis of Results of Operations

The environment surrounding the domestic energy industry is changing rapidly and significantly. Consolidation is accelerating as in the Japanese oil wholesale industry, major oil refiner-distributors have started restructuring and in LP gas industry, the merger of four major refiner-distributors was announced. In the electricity industry, it was decided that the retail sale of electricity, including home use electricity, would be fully liberalized in 2016. Meanwhile in the city gas industry, discussions on liberalization of retail sale of gas have started since November 2013, the cabinet decision regarding the said liberalization was made in March 2015, and the bill regarding the said liberalization is expected to be submitted during 2015.

As a result of the rapid deregulations, foreign-owned companies have started to enter the Japanese market, in addition to the new entries to the energy industry from other industries in Japan. In response to this situation, in the Japanese energy industry, alliances beyond the borders of the electricity and gas industries are expected to be forged and dissolved in the future, with the energy industry itself expected to be significantly realigned with an eye to the cultivation of general energy company groups.

Assuming these situations in advance, the Group has achieved cost reduction by taking into consideration the price competition under complete liberalization of competition, promoted acquisition of qualification related to city gas business by its employees, developed energy retail sales business overseas where liberalization is further advanced, and completed making four city gas subsidiaries into wholly owned subsidiaries in March 2014. The Group made an application for PPS business in May 2014 and started packaged sales of electricity and LP gas in December that year. The number of the packaged sales of electricity and LP gas has increased to 15 (based on the concluded agreement) by now.

Kumonouchusen, the new operational system realizing the link of cloud technology and mobile devices, which will greatly contribute to a reduction of operational costs after the energy liberalization, has already commenced full-scale operation at the Company. The Group is currently advancing its introduction into city gas subsidiaries and a renewal enabling to handle multiple energy sales.

As for the development of overseas business, the electricity retailer Entrust Energy, Inc. operating in Texas, and North Eastern States Inc., which operates electricity and gas retail business in seven states in Northeastern America, affiliated with Strategic Power Holdings LLC, in which the Group is involved in its management in the U.S. through the Company’s local subsidiary Nippon Gas USA, Inc., are steadily increasing their number of customers, and the number of customers as of the end of the current fiscal year totaled 200,000 households. At the end of December 2015, the Group plans to increase the number of customers overseas to 253,000 households.

Meanwhile in Australia, the Group is involved in an electric energy saving management service company for commercial and industrial customers, COzero Holdings Limited, in terms of capital and management, and is accumulating business know-how related to energy saving in the retail field, which will be an extremely vital business area in the domestic energy market after liberalization. By applying the knowledge and expertise acquired from overseas investments in the U.S. and Australia, where liberalization of retail sale of energy is advancing, to the strategies for the planned liberalization of retail sale of energy in Japan in the future, while at

the same time investing the Group's business know-how and funds in overseas investments, the Group will expand its customer base for overseas businesses and enhance its earnings base for the future.

For the fiscal year under review, consolidated net sales remained almost at the same level of the previous year at ¥125,733 million, a year-on-year decrease of 0.9%, due to a decrease in the commercial sales volume and the decreased unit sales price led by decreased raw material prices in LP gas industry despite an increase in the volume of consumer gas sales accompanying a steady increase in the number of customers.

The number of customers of the Group steadily increased by 41,000 households compared with the end of the previous fiscal year to 1,108,000 households as of the end of the current fiscal year.

In terms of profits, operating income increased by 10.9% year-on-year to ¥10,015 million, and ordinary income increased by 2.5% year-on-year to ¥9,427 million, due to a reduction of overall costs across all business through the deployment of the new logistics/operational systems on top of the lower raw material prices of LP gas during high-demand season and a decrease in cost of sales, while net income decreased by 41.6% year-on-year to ¥5,528 million due to the impact from posting of gain on bargain purchase resulting from making the four consolidated subsidiaries wholly owned subsidiaries in the previous fiscal year. However, operating income and net income both increased, making record high profits for four consecutive fiscal years.

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

[LP Gas Business]

In the LP gas business, although commercial gas sales volume increased due to the steady increase in the number of retail customers, commercial gas sales decreased due to lower unit sales price. Owing to these and other factors, net sales for the current fiscal year decreased by ¥2,236 million (3.0% decrease) year-on-year to ¥72,178 million.

[City Gas Business]

In the city bas business, net sales for the current fiscal year increased by ¥1,136 million (2.2% increase) year-on-year to ¥53,554 million owing to the factors including the increased consumer gas sales volume backed by the steady increase in the number of customers, similar to the LP gas business, and strong commercial gas sales volume.

(Outlook for the next fiscal year and issues to be addressed)

In the fiscal year ending March 31, 2016, the Group will continue to focus on increasing gas sales volume through the expansion of its customer base and on the spread and the expansion of the use of gas appliances. However, since a decrease in unit sales prices accompanying a decrease in raw material prices is expected for both LP gas and city gas, the Company projects consolidated net sales of ¥119,000 million or 5.4% decrease year-on-year.

In terms of profits, through further advancement of the new logistics/operational systems and progress in reducing overall costs, the Group projects operating income of ¥11,000 million (9.8% increase), ordinary

income of ¥10,400 million (10.3% increase), and net income attributable to owners of parent of ¥6,200 million (12.2% increase).

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

Total assets as of the end of the current fiscal year increased by ¥414 million or 0.3% from the end of the previous fiscal year and stood at ¥123,910 million.

Current assets decreased by ¥368 million or 1.1% from the end of the previous fiscal year and stood at ¥33,413 million. This is mainly attributable to the decrease in notes and accounts receivable – trade and the decrease in merchandise and finished goods due to lowered raw material prices.

Noncurrent assets increased by ¥797 million or 0.9% from the end of the previous fiscal year and stood at ¥90,479 million. This is mainly due to the increase in property, plant and equipment resulting from factors such as purchase of a new office building.

Total liabilities as of the end of the current fiscal year increased by ¥10,276 million or 13.1% from the end of the previous fiscal year and stood at ¥88,941 million. This is mainly due to the increase in loans payable resulting from factors including fund procurement for capital investments and purchase of treasury shares.

Net assets as of the end of the current fiscal year decreased by ¥9,862 million or 22.0% from the end of the previous fiscal year and stood at ¥34,969 million. This is mainly a reflection of the increase in retained earnings due to net income recorded for the current fiscal year and the increase in treasury shares (decrease in shareholders' equity).

As a result, equity ratio decreased by 8.1 points from the end of the previous fiscal year to 28.2%.

2) Overview of consolidated cash flows

Balance of cash and cash equivalents (hereinafter referred to as "Funds") at the end of the current fiscal year increased by ¥2,978 million from the end of the previous fiscal year to ¥17,067 million.

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

Funds provided by operating activities amounted to ¥17,699 million, up by ¥3,835 million from the end of the previous fiscal year. This is mainly attributable to the increase in cash inflow resulting from decreases in notes and accounts receivable – trade and inventories, despite the decrease in income before income taxes from the end of the previous fiscal year.

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

Funds used in investing activities amounted to ¥11,230 million, up by ¥4,060 million from the end of the previous fiscal year. This is mainly attributable to the increase in purchase of property, plant and equipment.

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

Funds used in financing activities amounted to ¥3,856 million, down by ¥3,536 million from the end of the previous fiscal year. This is mainly a reflection of the net increase in loans payable and purchase of treasury shares.

(Reference) Indicators relative to cash flows

	FY2010	FY2011	FY2012	FY2013	FY2014
Equity ratio	20.9	29.9	32.2	36.3	28.2
Equity ratio on a market value basis	40.3	51.9	41.1	56.1	83.3
Interest-bearing debt / cash flow ratio	4.1	2.7	2.9	3.5	3.5
Interest coverage ratio	16.1	23.9	25.0	25.0	30.3

Equity ratio: Equity/Total assets

Equity ratio on a market value basis: Total market capitalization/ Total assets

Interest-bearing debt / cash flow ratio: Interest-bearing debt/Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest paid

* All indicators are calculated using consolidated financial results.
* Total market capitalization is calculated by multiplying the final share price at the end of the fiscal year by the total number of issued shares at the end of the fiscal year excluding treasury share.
* Cash flows refer to cash flows from operating activities. Interest-bearing debt refers to all liabilities on the Balance Sheets for which interest is paid.

(3) Basic Policy of Appropriation of Profits and Dividend Payment for Current Fiscal Year and Next Fiscal Year

In terms of appropriation of profits, the Company upholds its basic policy of maintaining stable dividends while striving to improve the payout ratio. The Company basically pays dividends on surplus twice a year, i.e. the interim and year-end dividends. Interim dividends are determined by the Company's Board of Directors and year-end dividends are determined by the General Meeting of Shareholders. The Company plans to pay annual dividends of ¥26.00 per share, including interim dividends of ¥13.00 per share for the current fiscal year. For the following year, the Company, based on its basic policy of maintaining stable dividends, also plans to pay annual dividends of ¥26.00 per share, including interim dividends of ¥13.00 per share. Internal reserves shall be used for capital investments for stabilizing and streamlining the distribution system of LP gas and city gas, as well as building up reserves to ensure that the Company will be able to fulfill its social responsibility of steadily keeping the basic infrastructurerunning in emergency situations, such as major earthquakes, in addition to active investments to expand the customer base and to improve shareholders' value into the future. It should be noted that the Company's Articles of Incorporation stipulate that the Company may pay interim dividends.

(4) Risks Related to Business

The business performance and financial conditions of the Group may be affected by various risks including, but

not limited to the following.

It should be noted that forwarding-looking statements in this document are judgments made by the Group based on information available at the end of the current fiscal year.

The profitability of the gas business, the core business of the Group, is mainly affected by the following factors:

1) Impact of fluctuations in atmospheric and water temperatures on gas demand

Due to the nature of the "Gas business," which accounts for the greater part of the Group's net sales, there is a risk that fluctuations in atmospheric and water temperatures could impact gas demand. However, the Group is striving to minimize the potential effects of this risk through such measures as aggressively expanding the customer base and promoting sales of gas heat pump air-conditioners, such as the GHP, small cogeneration systems (ECOWIL) and floor heating systems.

2) Risk of natural disasters

The Group supplies gas to many of its customers through an underground network of gas pipelines. Therefore, in order to prepare for the occurrence of catastrophic natural disasters such as earthquakes, it has been actively promoting construction using highly-quake resistant polyethylene pipes from the initial stages of development. Moreover, the Group, drawing on the lessons learned from its support of the recovery efforts of the Great Hanshin-Awaji Earthquake, and from the fact that no damages have been reported involving polyethylene pipes in the Niigata Chuetsu Earthquake, the Kushiro-oki Earthquake and the Niigata Chuetsu-oki Earthquake, has determined the replacement of all white gas pipes to be the priority measure in preventing damage from earthquakes and has been actively promoting the replacement of white gas pipes with polyethylene pipes. The Group has been taking measures to minimize the effects of natural disasters by preparing an earthquake preparedness manual, raising its employees' awareness of disaster prevention through annual drills and establishing a regional support system between the Group companies.

3) Larger than expected fluctuations in gas material prices and exchange rates

As LP gas depends on imports from the Middle East for its raw materials, elevated raw material prices due to political unrest or a weakened yen in the exchange rates could adversely affect the Group's performance. Although the effects of fluctuations in material prices and exchange rates on city gas and the community gas utility business can be offset by gas tariffs through the application of the gas rate adjustment system, there is a risk of the effects extending beyond the current fiscal year as a result of caps on gas tariff rises imposed by the gas rate adjustment system or the time lag until the price fluctuation is actually reflected in the gas tariffs.

4) Management of personal information

The Group considers the proper protection of personal information on its customers, which is acquired and managed in order to execute its business, as a primary responsibility. The Group's employees and outsourcing providers in the security and delivery businesses have been thoroughly instructed to comply with the Personal Information Protection Act and other related laws, and every possible measure has been taken to ensure the safe

handling of information. However, in the event of an external leakage of information, the credibility of the Group could be lost and liability for damages could occur.

5) Risks associated with the handling of customers

Improper handling of customers could result in damages including the loss of social credibility and competitiveness of the Group. The Company has set up a customer consultation counter and monitors the speed of responses and the level of customer satisfaction. Such findings are also discussed at the monthly management meetings and further efforts are being made toward the improvement of CS (Customer Satisfaction).

2. Consolidated Group

Disclosure has been omitted, as there were no significant changes from the “Business Diagram (Business Outline)” and “Information on Subsidiaries and Affiliates” stated in the latest securities report (filed June 27, 2014).

3. Management Policy

(1) Basic Management Policy of the Company, (2) Management Indicators Set as Targets, and (3) Mid-to-long-term Company Management Strategy

Disclosure is omitted because there have been no significant changes to the contents disclosed in the financial statements for the fiscal year ended March 31, 2012, as released on April 27, 2012.

The relevant financial statements are available at the following URL.

(The Tokyo Stock Exchange website (Listed Company Search page))

http://www.tse.or.jp/listing/compsearch/index.html

(4) Issues to be Addressed of the Company

The environment surrounding the domestic energy industry is changing rapidly and significantly in the past few years. Consolidation is accelerating as in the Japanese oil wholesale industry, major oil refiner-distributors have started restructuring and in LP gas industry, the merger of four major refiner-distributors was announced. In the electricity industry, it was decided that the retail sale of electricity, including home use electricity, would be fully liberalized in 2016. Meanwhile in the city gas industry, discussions on full liberalization of retail sale of gas have started since November 2013, the cabinet decision regarding said liberalization was made in March 2015, and the bill regarding the said liberalization has been submitted to the diet.

As a result of the rapid deregulations, a series of new entries to the energy business field from other industries is on a rise. In response to this situation, in the Japanese energy industry, alliances beyond the borders of the electricity and gas industries are expected to be forged and dissolved in the future, with the concept of the energy industry itself expected to be significantly changed including the entries by foreign-owned companies with an eye to the cultivation of general energy company groups.

Under this management environment, the Group plans to take on the significant role of general energy company groups, instead of merely being an energy aggregator, through the following initiatives.

1) Formation of alliances

The Company's strength is its continued expansion of support from customers in the downstream fields, the area closest to the customers. The Company will make most use of its strength to further advance renovation required to form alliances of general energy company groups.

2) Enhancement of marketing skills and cost competitiveness

The Company will advance Kumonouchusen, the core cloud system in operation, to build a system to collectively control the entire household energy needs, and to prepare for leading to effective proposals for its customers. Moreover, the Company will strive to utilize the cloud system attributable to the customer convenience under the borderless environment and maintain high-quality hospitality in order for the bundling of electricity and gas. Through these, the Company will reduce management costs while advancing security and increase hub filling bases, and further decrease distribution costs through expansion of depot bases.

3) Enhancement of gas appliances sales

Gas appliances sales is an important contact point with customers, which lead to the future gas sales. Currently, gas appliance sales activities at the Company are limited to the areas mainly surrounding the existing sales offices. The Company will expand the sales structure through strategic dominance based on the area marketing in the future to expand the sales territory in line with the advertising.

4) Advancement of security

In the liberalized market, the Company recognizes that customer awareness and demand for security will increase further. The Company will put greater focus on advancement of the security system by establishing a General Security Center to collectively control the Group's safety operations.

5) Enhancement of Nichigas Group brand

The Company will intensify its efforts on grass-roots movement by concentrating the Group's total strength while taking into account the relentless instructions by external third parties to enhance regional brand power. For this purpose, the Advertising Department Strategic Planning Headquarters was established in April 2015.

6) Strengthening of corporate governance and communication with shareholders

Since its listing on the Second Section of the Tokyo Stock Exchange in 1973 and later on the First Section in 1979, the Company has continued to communicate with its shareholders. However, there are still rooms for improvements in that communication.

The Company considers it very important to work in line with the declaration of commitment to improve the shareholder value through receiving instructions from the markets, including overseas markets, while striving to further develop the Company. From this point of view, the Company established the IR Strategy Planning Division in 2014 to enhance communication with investors by focusing on investor relations activities including overseas. In addition, the Company will further strive to become a transparent and open company by

strengthening corporate governance through measures including the appointment of outside directors.

4. Basic Approach to the Selection of Accounting Standards

The business of the Group is mainly operated in Japan, and the current policy of the Company is to prepare consolidated financial statements according to the Japanese GAAP.

As to the policy on adoption of IFRS, the Company will comply appropriately, taking into account the trend of the ratio of foreign shareholders in the future and various conditions in Japan and overseas.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2014 (As of Mar. 31, 2014)	Fiscal year ended Mar. 31, 2015 (As of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	14,494	17,067
Notes and accounts receivable - trade	10,152	9,525
Merchandise and finished goods	7,298	5,263
Work in process	9	27
Raw materials and supplies	95	74
Deferred tax assets	739	505
Other	1,128	1,081
Allowance for doubtful accounts	(135)	(130)
Total current assets	33,782	33,413
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,104	19,294
Accumulated depreciation	(11,728)	(12,072)
Buildings and structures, net	7,375	7,222
Machinery, equipment and vehicles	182,964	187,682
Accumulated depreciation	(145,304)	(151,145)
Machinery, equipment and vehicles, net	37,660	36,536
Tools, furniture and fixtures	2,671	2,692
Accumulated depreciation	(2,243)	(2,188)
Tools, furniture and fixtures, net	428	504
Land	21,725	23,267
Leased assets	3,721	4,501
Accumulated depreciation	(1,504)	(2,244)
Leased assets, net	2,216	2,256
Construction in progress	227	2,297
Total property, plant and equipment	*1 69,632	*1 72,086
Intangible assets		
Goodwill	5,872	5,012
Other	1,193	1,360
Total intangible assets	7,066	6,373
Investments and other assets		
Investment securities	*2 5,597	*2 4,719
Long-term loans receivable	2,614	3,542
Net defined benefit asset	31	13
Deferred tax assets	3,493	2,404
Other	2,184	2,044
Allowance for doubtful accounts	(939)	(705)
Total investments and other assets	12,982	12,019
Total non-current assets	89,681	90,479
Deferred assets		
Development expenses	32	17
Total deferred assets	32	17
Total assets	123,496	123,910

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2014 (As of Mar. 31, 2014)	Fiscal year ended Mar. 31, 2015 (As of Mar. 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,607	10,051
Electronically recorded obligations - operating	–	3,178
Short-term loans payable	*1 12,539	*1 27,504
Lease obligations	789	850
Income taxes payable	2,885	2,431
Provision for bonuses	423	459
Other	3,792	4,294
Total current liabilities	36,037	48,769
Non-current liabilities		
Long-term loans payable	*1 36,533	*1 33,849
Lease obligations	1,672	1,654
Deferred tax liabilities for land revaluation	230	214
Provision for directors' retirement benefits	1,011	1,043
Provision for gas holder repairs	275	339
Net defined benefit liability	2,196	2,306
Other	706	764
Total non-current liabilities	42,628	40,172
Total liabilities	78,665	88,941
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	6,020	6,683
Retained earnings	36,028	39,263
Treasury shares	(4,977)	(19,297)
Total shareholders' equity	44,140	33,718
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	695	1,109
Foreign currency translation adjustment	–	207
Remeasurements of defined benefit plans	(11)	(70)
Total accumulated other comprehensive income	683	1,246
Minority interests	6	4
Total net assets	44,831	34,969
Total liabilities and net assets	123,496	123,910

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2014 (from Apr. 1, 2013 to Mar. 31, 2014)	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)
Net sales	126,833	125,733
Cost of sales	78,624	76,334
Gross profit	48,209	49,398
Selling, general and administrative expenses		
Freightage related expenses	2,617	2,737
Provision of allowance for doubtful accounts	51	12
Salaries and allowances	7,461	7,878
Provision for bonuses	371	407
Retirement benefit expenses	625	658
Provision for directors' retirement benefits	141	176
Provision for gas holder repairs	26	27
Welfare expenses	1,676	1,677
Supplies expenses	3,191	3,012
Taxes and dues	1,160	1,202
Enterprise tax	310	273
Depreciation	9,100	8,913
Amortization of goodwill	1,078	1,042
Repair expenses	778	701
Commission fee	6,683	6,596
Other	*1 3,902	*1 4,064
Total selling, general and administrative expenses	39,176	39,383
Operating income	9,032	10,015
Non-operating income		
Interest income	293	280
Dividend income	92	74
Foreign exchange gains	22	71
Real estate rent	45	41
Insurance income	17	23
Share of profit of entities accounted for using equity method	45	–
Other	224	221
Total non-operating income	740	712
Non-operating expenses		
Interest expenses	546	586
Share of loss of entities accounted for using equity method	–	600
Other	32	114
Total non-operating expenses	578	1,301
Ordinary income	9,193	9,427

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2014 (from Apr. 1, 2013 to Mar. 31, 2014)	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)
Extraordinary income		
Gain on sales of non-current assets	*2 25	*2 218
Gain on sales of investment securities	92	86
Gain on sales of shares of subsidiaries and associates	234	–
Gain on bargain purchase	6,008	6
Other	–	2
Total extraordinary income	6,360	315
Extraordinary losses		
Loss on sales of non-current assets	*3 8	*3 79
Loss on retirement of non-current assets	*4 175	*4 241
Loss on sales of investment securities	0	–
Loss on valuation of investment securities	2,082	–
Loss on sales of shares of subsidiaries and associates	140	–
Loss on liquidation of subsidiaries	–	41
Other	*5 0	*5 10
Total extraordinary losses	2,407	372
Income before income taxes	13,147	9,369
Income taxes - current	3,746	2,672
Income taxes - deferred	(897)	1,161
Total income taxes	2,849	3,834
Income before minority interests	10,298	5,535
Minority interests in income	834	7
Net income	9,464	5,528

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2014 (from Apr. 1, 2013 to Mar. 31, 2014)	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)
Income before minority interests	10,298	5,535
Other comprehensive income		
Valuation difference on available-for-sale securities	(241)	414
Remeasurements of defined benefit plans, net of tax	–	(59)
Share of other comprehensive income of entities accounted for using equity method	–	207
Total other comprehensive income	* (241)	* 562
Comprehensive income	10,057	6,097
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,236	6,090
Comprehensive income attributable to minority interests	820	7

(3) Consolidated Statement of Changes in Equity

Fiscal year ended Mar. 31, 2014 (from Apr. 1, 2013 to Mar. 31, 2014)

(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	5,198	27,130	(61)	39,337
Cumulative effects of changes in accounting policies			–		–
Restated balance	7,070	5,198	27,130	(61)	39,337
Changes of items during period					
Dividends of surplus			(566)		(566)
Net income			9,464		9,464
Purchase of treasury shares				(10,260)	(10,260)
Disposal of treasury shares		822		5,344	6,166
Change of scope of equity method			–		–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	822	8,897	(4,916)	4,803
Balance at the end of current period	7,070	6,020	36,028	(4,977)	44,140

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	923	–	–	923	12,755	53,016
Cumulative effects of changes in accounting policies						–
Restated balance	923	–	–	923	12,755	53,016
Changes of items during period						
Dividends of surplus						(566)
Net income						9,464
Purchase of treasury shares						(10,260)
Disposal of treasury shares						6,166
Change of scope of equity method						–
Net changes of items other than shareholders' equity	(227)	–	(11)	(239)	(12,748)	(12,987)
Total changes of items during period	(227)	–	(11)	(239)	(12,748)	(8,184)
Balance at the end of current period	695	–	(11)	683	6	44,831

Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)

(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	6,020	36,028	(4,977)	44,140
Cumulative effects of changes in accounting policies			65		65
Restated balance	7,070	6,020	36,093	(4,977)	44,205
Changes of items during period					
Dividends of surplus			(1,300)		(1,300)
Net income			5,528		5,528
Purchase of treasury shares				(14,395)	(14,395)
Disposal of treasury shares		662		76	738
Change of scope of equity method			(1,057)		(1,057)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	662	3,169	(14,319)	(10,487)
Balance at the end of current period	7,070	6,683	39,263	(19,297)	33,718

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	695	–	(11)	683	6	44,831
Cumulative effects of changes in accounting policies						65
Restated balance	695	–	(11)	683	6	44,896
Changes of items during period						
Dividends of surplus						(1,300)
Net income						5,528
Purchase of treasury shares						(14,395)
Disposal of treasury shares						738
Change of scope of equity method						(1,057)
Net changes of items other than shareholders' equity	414	207	(59)	562	(2)	559
Total changes of items during period	414	207	(59)	562	(2)	(9,927)
Balance at the end of current period	1,109	207	(70)	1,246	4	34,969

(4) Consolidated Statement of Cash Flows

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2014 (from Apr. 1, 2013 to Mar. 31, 2014)	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)
Cash flows from operating activities		
Income before income taxes	13,147	9,369
Depreciation	9,165	8,999
Amortization of deferred assets	66	14
Amortization of goodwill	1,078	1,042
Gain on bargain purchase	(6,008)	(6)
Increase (decrease) in allowance for doubtful accounts	10	(237)
Increase (decrease) in provision for retirement benefits	(2,133)	–
Increase (decrease) in allowance for retirement benefits for employees	2,179	88
Increase (decrease) in provision for directors' retirement benefits	30	31
Interest and dividend income	(385)	(355)
Interest expenses	546	586
Foreign exchange losses (gains)	(5)	(39)
Share of (profit) loss of entities accounted for using equity method	(45)	600
Loss (gain) on sales of property, plant and equipment	(17)	(139)
Loss on retirement of property, plant and equipment	175	241
Loss (gain) on sales of investment securities	(92)	(86)
Loss (gain) on valuation of investment securities	2,082	–
Loss (gain) on sales of shares of subsidiaries and associates	(94)	–
Loss (gain) on liquidation of subsidiaries	–	41
Decrease (increase) in notes and accounts receivable - trade	(2,316)	627
Decrease (increase) in inventories	(1,227)	2,037
Increase (decrease) in notes and accounts payable - trade	1,288	(2,377)
Increase (decrease) in accrued consumption taxes	136	919
Increase (decrease) in advances received	(116)	22
Other, net	(0)	257
Subtotal	17,463	21,637
Interest and dividend income received	311	77
Interest expenses paid	(554)	(585)
Income taxes paid	(3,356)	(3,430)
Net cash provided by (used in) operating activities	13,864	17,699
Cash flows from investing activities		
Payments into time deposits	(405)	–
Proceeds from withdrawal of time deposits	205	405
Purchase of property, plant and equipment	(7,603)	(10,683)
Proceeds from sales of property, plant and equipment	161	737
Purchase of goodwill	(317)	(332)
Purchase of investment securities	(505)	(0)
Proceeds from sales of investment securities	704	138
Purchase of shares of subsidiaries and associates	(40)	(67)
Proceeds from sales of shares of subsidiaries and associates	2,110	9
Purchase of shares of subsidiaries	(462)	(29)
Purchase of treasury shares of subsidiaries	(556)	–
Payments of loans receivable	(1,516)	(966)
Collection of loans receivable	1,696	81
Other, net	(643)	(523)
Net cash provided by (used in) investing activities	(7,170)	(11,230)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2014 (from Apr. 1, 2013 to Mar. 31, 2014)	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)
Cash flows from financing activities		
Increase in short-term loans payable	7,550	29,140
Decrease in short-term loans payable	(7,800)	(18,340)
Proceeds from long-term loans payable	11,502	13,590
Repayments of long-term loans payable	(6,960)	(12,629)
Purchase of treasury shares	(10,239)	(14,395)
Proceeds from sales of treasury shares	–	1,032
Cash dividends paid	(566)	(1,300)
Cash dividends paid to minority shareholders	(115)	(0)
Other, net	(763)	(952)
Net cash provided by (used in) financing activities	(7,393)	(3,856)
Effect of exchange rate change on cash and cash equivalents	79	(5)
Net increase (decrease) in cash and cash equivalents	(619)	2,607
Cash and cash equivalents at beginning of period	14,708	14,089
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	370
Cash and cash equivalents at end of period	*1 14,089	*1 17,067

(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, net income/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.

Nippon Gas USA, Inc. has been included in the scope of application of the equity method from the current fiscal year due to an increase in its materiality.

From the fourth quarter of the fiscal year ended March 31, 2015, TOSAI SETSUBI Inc. and GAS PLAZA TOSAI Inc. have been excluded from the scope of application of the equity method in connection with the merger with TOSAI GAS INC. as of February 23, 2015.

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

Name of the company: Strategic Power Holdings LLC

Strategic Power Holdings LLC has been included in the scope of application of the equity method from the current fiscal year due to an increase in its materiality.

(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.

Reason for not applying the equity method

The equity method is not applied to 2 non-consolidated subsidiaries and 1 affiliate, due to their insignificance overall; and as their net income/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).

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 directors' retirement benefits

In order to provide for the payment of retirement benefits to directors, a reserve is provided in the amount required on the fiscal year end date, in accordance with internal 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.

(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

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

Hedge accounting is not applied to commodity derivatives, as there was no outstanding balance at the end of the term.

(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 as the Company is only engaged in interest rate swaps to which exceptional treatment is applied.

(7) Amortization of goodwill and amortization period

Goodwill is amortized over 20 year periods for a 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)

Following the adoption, from the current fiscal year, of provisions specified in the main clause of Paragraph 35 of "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan [ASBJ] Statement No. 26, May 17, 2012, hereinafter referred to as "Retirement Benefits Accounting Standard") and the main clause of Paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015, hereinafter referred to as "Retirement Benefits Guidance"), methods for calculating retirement benefit obligations and service cost have been reviewed, and methods for attributing expected retirement benefits payment have been changed from straight-line basis to benefit formula basis, while the method of determining discount rate has also been changed.

In adopting the Retirement Benefits Accounting Standard etc., the effected amount associated with the aforementioned change in the methods for calculating retirement benefit obligations and service cost has been adjusted to retained earnings at the beginning of the current fiscal year, according to the transitional handling prescribed in Paragraph 37 of the Retirement Benefits Accounting Standard.

As a result, net defined benefit liability at the beginning of the current fiscal year decreased by ¥101 million, while retained earnings increased by ¥65 million, which, however, had minimal impact on operating income, ordinary income, and income before income taxes and minority interest for the current fiscal year.

(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, 2014)	For the current fiscal year (As of Mar. 31, 2015)
Land	1,088	956
Buildings and structures	174	141
Factory foundation collateral	7,579	7,723
[Land]	[456]	[456]
[Machinery, etc.]	[7,122]	[7,266]
Total [Book value]	8,841	8,821

Borrowings secured by collateral are as follows:

(Millions of yen)

	For the previous fiscal year (As of Mar. 31, 2014)	For the current fiscal year (As of Mar. 31, 2015)
Short-term loans payable	4,621	5,326
Long-term loans payable	1,451	1,152
Total	6,072	6,478

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

(Millions of yen)

	For the previous fiscal year (As of Mar. 31, 2014)	For the current fiscal year (As of Mar. 31, 2015)
Investment securities (shares)	1,677	1,224

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, 2014)	For the current fiscal year (As of Mar. 31, 2015)
Employees (employee housing loans)	8	4

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, 2014)	For the current fiscal year (As of Mar. 31, 2015)
General overdraft limit	5,000	15,700
Undisbursed balance	900	11,700
Difference	4,100	4,000

(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, 2013 to Mar. 31, 2014)	For the current fiscal year (From Apr. 1, 2014 to Mar. 31, 2015)
19	15

*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; and land.

(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 buildings and structures; 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 buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures; 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, 2013 to Mar. 31, 2014)	For the current fiscal year (From Apr. 1, 2014 to Mar. 31, 2015)
Loss on sale of golf club membership	0	–
Expenses related to the suspension of the construction plan	–	10
Total	0	10

(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, 2013 to Mar. 31, 2014)	For the current fiscal year (From Apr. 1, 2014 to Mar. 31, 2015)
Valuation difference on available-for-sale securities		
Amount accrued during the fiscal year	(329)	507
Reclassification adjustment	(45)	52
Before tax effect adjustment	(374)	559
Tax effect	133	(145)
Valuation difference on available-for-sale securities	(241)	414
Remeasurements of defined benefit plans, net of tax		
Amount accrued during the fiscal year	–	(147)
Reclassification adjustment	–	61
Before tax effect adjustment	–	(86)
Tax effect	–	27
Remeasurements of defined benefit plans, net of tax	–	(59)
Share of other comprehensive income of entities accounted for using equity method		
Amount accrued during the fiscal year	–	207
Total other comprehensive income	(241)	562

(Consolidated Statement of Changes in Equity)

For the previous fiscal year (From April 1, 2013 to March 31, 2014)

1. Shares issued

Class of shares	As of Apr. 1, 2013	Increase	Decrease	As of Mar. 31, 2014
Common shares (shares)	48,561,525	–	–	48,561,525

2. Treasury shares

Class of shares	As of Apr. 1, 2013	Increase	Decrease	As of Mar. 31, 2014
Treasury stock (shares)	177,290	9,027,115	4,678,478	4,525,927

(Summary of Reason for Changes)

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

Increase due to purchase of treasury shares in accordance with resolution of Board of Directors

8,964,172 shares

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

Decrease due to share exchange

4,678,478 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. 27, 2013	Common shares	315	6.50	Mar. 31, 2013	Jun. 28, 2013
Resolution adopted by the Board of Directors held on Oct. 31, 2013	Common shares	257	6.50	Sep. 30, 2013	Nov. 19, 2013

(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. 27, 2014	Common shares	Retained earnings	863	19.50	Mar. 31, 2014	Jun. 30, 2014

For the current fiscal year (From April 1, 2014 to March 31, 2015)

1. Shares issued

Class of shares	As of Apr. 1, 2014	Increase	Decrease	As of Mar. 31, 2015
Common shares (shares)	48,561,525	–	–	48,561,525

2. Treasury shares

Class of shares	As of Apr. 1, 2014	Increase	Decrease	As of Mar. 31, 2015
Treasury stock (shares)	4,525,927	9,536,996	234,671	13,828,252

(Summary of Reason for Changes)

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

Increase due to purchase of treasury shares in accordance with resolution of Board of Directors

9,531,100 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 consolidated subsidiary

234,591 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. 27, 2014	Common shares	863	19.50	Mar. 31, 2014	Jun. 30, 2014
Resolution adopted by the Board of Directors held on Oct. 31, 2014	Common shares	451	13.00	Sep. 30, 2014	Nov. 18, 2014

(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. 25, 2015	Common shares	Retained earnings	451	13.00	Mar. 31, 2015	Jun. 26, 2015

(Consolidated Statement of Cash Flows)

*1 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, 2013 to Mar. 31, 2014)	For the current fiscal year (From Apr. 1, 2014 to Mar. 31, 2015)
Cash and deposits	14,494	17,067
Time deposits with maturities of over 3 months	(405)	–
Cash and cash equivalents	14,089	17,067

2 Significant non-fund transactions

For the previous fiscal year (From April 1, 2013 to March 31, 2014)

None.

For the current fiscal year (From April 1, 2014 to March 31, 2015)

Details of major assets and liabilities succeeded in connection with the acquisition of TOSAI SETSUBI Inc. and GAS PLAZA TOSAI Inc., non-consolidated subsidiaries, by TOSAI GAS INC., a consolidated subsidiary.

(Millions of yen)

	TOSAI SETSUBI Inc.	GAS PLAZA TOSAI Inc.
Current assets	192	221
Non-current assets	117	13
Total assets	310	235
Current liabilities	6	0
Non-current liabilities	32	34
Total liabilities	38	34

(Segment Information, etc.)

(Segment Information)

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 2 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, 2013 to March 31, 2014)

(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	74,414	52,418	126,833	—	126,833
Inter-segment sales and transfers	9,715	2	9,717	(9,717)	—
Total	84,130	52,420	136,550	(9,717)	126,833
Segment income	5,412	3,601	9,014	18	9,032
Segment assets	65,640	57,856	123,496	—	123,496
Other items					
Depreciation	2,614	6,550	9,165	—	9,165
Investments in companies accounted for under the equity method	—	382	382	—	382
Increase in property, plant and equipment and intangible assets	2,580	7,380	9,961	—	9,961

(Notes) 1. The amounts ¥18 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.

(Information on the Gain on Bargain Purchase by Reportable Segments)

Gain on bargain purchase at the amount of ¥6,008 million was recorded as extraordinary income as the four subsidiaries became wholly owned subsidiaries through share exchange.

Income of reportable segments of the Group is based on the operating income, and thus is not allocated to each reportable segment.

For the current fiscal year (From April 1, 2014 to March 31, 2015)

(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	72,178	53,554	125,733	—	125,733
Inter-segment sales and transfers	8,981	11	8,992	(8,992)	—
Total	81,159	53,566	134,725	(8,992)	125,733
Segment income	6,239	3,758	9,998	17	10,015
Segment assets	67,202	56,707	123,910	—	123,910
Other items					
Depreciation	2,743	6,256	8,999	—	8,999
Investments in companies accounted for under the equity method	—	2,826	2,826	—	2,826
Increase in property, plant and equipment and intangible assets	6,937	6,005	12,943	—	12,943

(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.

(Per Share Information)

Item	For the previous fiscal year (From Apr. 1, 2013 to Mar. 31, 2014)	For the current fiscal year (From Apr. 1, 2014 to Mar. 31, 2015)
Net assets per share	1,017.92 yen	1,006.67 yen
Net income per share	220.93 yen	148.26 yen
Diluted net income 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, 2014)	For the current fiscal year (As of Mar. 31, 2015)
Total net assets	44,831	34,969
Amount deducted from the total net assets	6	4
[Minority interests]	[6]	[4]
Amount of net assets related to common stock as of the end of the fiscal year	44,824	34,964
Number of shares of common stock used in the calculation of net assets per share as of the end of the fiscal year (Thousands shares)	44,035	34,733

2. The basis for calculation of net income per share is as follows:

(Millions of yen unless otherwise stated)

	For the previous fiscal year (From Apr. 1, 2013 to Mar. 31, 2014)	For the current fiscal year (From Apr. 1, 2014 to Mar. 31, 2015)
Net income	9,464	5,528
Net income not attributable to common shareholders	–	–
Net income related to common share	9,464	5,528
Average number of shares of common share outstanding during the fiscal year (Thousands shares)	42,839	37,285

(Significant Subsequent Events)

None.

6. Non-consolidated Financial Statements

(1) Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2014 (As of Mar. 31, 2014)	Fiscal year ended Mar. 31, 2015 (As of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	8,964	9,068
Notes receivable - trade	2,741	319
Accounts receivable - trade	7,248	6,301
Merchandise	6,303	4,337
Supplies	29	24
Advance payments - trade	93	23
Deferred tax assets	453	214
Other	636	680
Allowance for doubtful accounts	(103)	(87)
Total current assets	26,366	20,882
Non-current assets		
Property, plant and equipment		
Buildings	7,858	7,747
Accumulated depreciation	(4,166)	(4,219)
Buildings, net	3,692	3,528
Structures	6,128	6,420
Accumulated depreciation	(4,536)	(4,773)
Structures, net	1,591	1,646
Machinery and equipment	30,828	30,978
Accumulated depreciation	(26,078)	(26,901)
Machinery and equipment, net	4,749	4,076
Vehicles	520	630
Accumulated depreciation	(388)	(468)
Vehicles, net	131	161
Tools, furniture and fixtures	952	946
Accumulated depreciation	(822)	(829)
Tools, furniture and fixtures, net	130	116
Land	16,902	18,750
Leased assets	1,608	2,166
Accumulated depreciation	(528)	(907)
Leased assets, net	1,080	1,258
Construction in progress	13	1,690
Total property, plant and equipment	28,291	31,229
Intangible assets		
Goodwill	1,196	810
Leasehold right	8	8
Software	789	676
Telephone subscription right	32	32
Other	12	303
Total intangible assets	2,039	1,831

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2014 (As of Mar. 31, 2014)	Fiscal year ended Mar. 31, 2015 (As of Mar. 31, 2015)
Investments and other assets		
Investment securities	3,752	3,737
Shares of subsidiaries and associates	25,557	26,139
Investments in capital	3	3
Long-term loans receivable	2,739	3,850
Long-term loans receivable from employees	78	61
Long-term loans receivable from subsidiaries and associates	795	194
Claims provable in bankruptcy, claims provable in rehabilitation and other	367	367
Long-term prepaid expenses	18	10
Deferred tax assets	1,268	234
Guarantee deposits	167	166
Other	1,430	1,409
Allowance for doubtful accounts	(928)	(705)
Total investments and other assets	35,249	35,467
Total non-current assets	65,581	68,528
Deferred assets		
Development expenses	0	–
Total deferred assets	0	–
Total assets	91,947	89,411
Liabilities		
Current liabilities		
Notes payable - trade	4,513	–
Electronically recorded obligations - operating	–	3,178
Accounts payable - trade	7,419	5,338
Short-term loans payable	8,904	23,819
Lease obligations	655	713
Accounts payable - other	1,577	1,299
Accrued expenses	259	260
Income taxes payable	1,629	1,208
Accrued consumption taxes	260	734
Advances received	24	15
Deposits received	149	126
Total current liabilities	25,393	36,695
Non-current liabilities		
Long-term loans payable	30,305	27,256
Lease obligations	1,314	1,349
Provision for retirement benefits	1,267	1,233
Provision for directors' retirement benefits	491	572
Other	657	716
Non-current liabilities	34,035	31,128
Total liabilities	59,429	67,823

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2014 (As of Mar. 31, 2014)	Fiscal year ended Mar. 31, 2015 (As of Mar. 31, 2015)
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus		
Legal capital surplus	5,197	5,197
Other capital surplus	822	822
Total capital surplus	6,020	6,020
Retained earnings		
Legal retained earnings	949	949
Other retained earnings		
Reserve for advanced depreciation of non-current assets	12	103
General reserve	7,750	7,750
Retained earnings brought forward	14,952	17,922
Total retained earnings	23,664	26,725
Treasury shares	(4,901)	(19,297)
Total shareholders' equity	31,852	20,518
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	665	1,069
Total valuation and translation adjustments	665	1,069
Total net assets	32,518	21,587
Total liabilities and net assets	91,947	89,411

(2) Statement of Income

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2014 (from Apr. 1, 2013 to Mar. 31, 2014)	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)
Net sales	79,023	75,722
Cost of sales		
Beginning goods	5,244	6,303
Cost of purchased goods	54,105	46,811
Total	59,350	53,114
Ending goods	6,303	4,337
Total cost of sales	53,047	48,777
Gross profit	25,976	26,945
Selling, general and administrative expenses		
Freightage related expenses	2,548	2,632
Provision of allowance for doubtful accounts	44	7
Salaries	4,274	4,443
Retirement benefit expenses	294	341
Welfare expenses	866	847
Supplies expenses	1,879	1,759
Taxes and dues	297	340
Depreciation	2,634	2,680
Repair expenses	955	1,015
Commission fee	4,046	4,074
Other	2,079	2,120
Total selling, general and administrative expenses	19,920	20,263
Operating income	6,055	6,681
Non-operating income		
Interest income	297	284
Dividend income	250	355
Foreign exchange gains	22	71
Real estate rent	53	48
A share of the expenses of labor costs and business advisory fee	11	11
Insurance income	4	–
Miscellaneous income	147	159
Total non-operating income	787	932
Non-operating expenses		
Interest expenses	433	493
Miscellaneous loss	17	36
Total non-operating expenses	450	529
Ordinary income	6,392	7,084

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2014 (from Apr. 1, 2013 to Mar. 31, 2014)	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)
Extraordinary income		
Gain on sales of non-current assets	10	205
Gain on sales of investment securities	90	52
Gain on sales of shares of subsidiaries and associates	234	–
Total extraordinary income	335	258
Extraordinary losses		
Loss on sales of non-current assets	7	35
Loss on retirement of non-current assets	20	106
Loss on sales of investment securities	0	–
Loss on valuation of investment securities	2,082	–
Loss on sales of shares of subsidiaries and associates	140	–
Total extraordinary losses	2,251	141
Income before income taxes	4,476	7,201
Income taxes - current	2,500	1,796
Income taxes - deferred	(728)	1,094
Total income taxes	1,771	2,890
Net income	2,704	4,310

(3) Statement of Changes in Equity

Fiscal year ended Mar. 31, 2014 (from Apr. 1, 2013 to Mar. 31, 2014)

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	7,070	5,197	0	5,198	949	13	7,750	12,819	21,532
Cumulative effects of changes in accounting policies								–	–
Restated balance	7,070	5,197	0	5,198	949	13	7,750	12,819	21,532
Changes of items during period									
Dividends of surplus								(572)	(572)
Provision of reserve for advanced depreciation of non-current assets									
Reversal of reserve for advanced depreciation of non-current assets						(0)		0	–
Net income								2,704	2,704
Purchase of treasury shares									
Disposal of treasury shares			822	822					
Net changes of items other than shareholders' equity									
Total changes of items during period	–	–	822	822	–	(0)	–	2,132	2,131
Balance at the end of current period	7,070	5,197	822	6,020	949	12	7,750	14,952	23,664

(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	(6)	33,793	909	909	34,703
Cumulative effects of changes in accounting policies		–			–
Restated balance	(6)	33,793	909	909	34,703
Changes of items during period					
Dividends of surplus		(572)			(572)
Provision of reserve for advanced depreciation of non-current assets					
Reversal of reserve for advanced depreciation of non-current assets		–			–
Net income		2,704			2,704
Purchase of treasury shares	(10,239)	(10,239)			(10,239)
Disposal of treasury shares	5,344	6,166			6,166
Net changes of items other than shareholders' equity			(244)	(244)	(244)
Total changes of items during period	(4,895)	(1,941)	(244)	(244)	(2,185)
Balance at the end of current period	(4,901)	31,852	665	665	32,518

Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	7,070	5,197	822	6,020	949	12	7,750	14,952	23,664
Cumulative effects of changes in accounting policies								65	65
Restated balance	7,070	5,197	822	6,020	949	12	7,750	15,017	23,729
Changes of items during period									
Dividends of surplus								(1,314)	(1,314)
Provision of reserve for advanced depreciation of non-current assets						91		(91)	–
Reversal of reserve for advanced depreciation of non-current assets						(0)		0	–
Net income								4,310	4,310
Purchase of treasury shares									
Disposal of treasury shares									
Net changes of items other than shareholders' equity									
Total changes of items during period	–	–	0	0	–	91	–	2,904	2,996
Balance at the end of current period	7,070	5,197	822	6,020	949	103	7,750	17,922	26,725

(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	(4,901)	31,852	665	665	32,518
Cumulative effects of changes in accounting policies		65			65
Restated balance	(4,901)	31,917	665	665	32,583
Changes of items during period					
Dividends of surplus		(1,314)			(1,314)
Provision of reserve for advanced depreciation of non-current assets		–			–
Reversal of reserve for advanced depreciation of non-current assets		–			–
Net income		4,310			4,310
Purchase of treasury shares	(14,395)	(14,395)			(14,395)
Disposal of treasury shares	0	0			0
Net changes of items other than shareholders' equity			403	403	403
Total changes of items during period	(14,395)	(11,399)	403	403	(10,995)
Balance at the end of current period	(19,297)	20,518	1,069	1,069	21,587

7. 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, 2015 are as follows:

Sales results by reportable segments (Millions of yen)

Reportable segments	For the fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)	For the fiscal year ended Mar. 31, 2014 (from Apr. 1, 2013 to Mar. 31, 2014)
LP gas Business	72,178	74,414
City gas Business	53,554	52,418
Total	125,733	126,833

2) Sales results of LP gas business (Millions of yen)

Reportable segments	For the fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)	For the fiscal year ended Mar. 31, 2014 (from Apr. 1, 2013 to Mar. 31, 2014)
Gas	57,415	58,828
Equipment, construction contracts, etc.	14,762	15,586
Total	72,178	74,414

3) Sales results of city gas business (Millions of yen)

Reportable segments	For the fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)	For the fiscal year ended Mar. 31, 2014 (from Apr. 1, 2013 to Mar. 31, 2014)
Gas	45,598	43,460
Equipment, construction contracts, etc.	7,956	8,958
Total	53,554	52,418

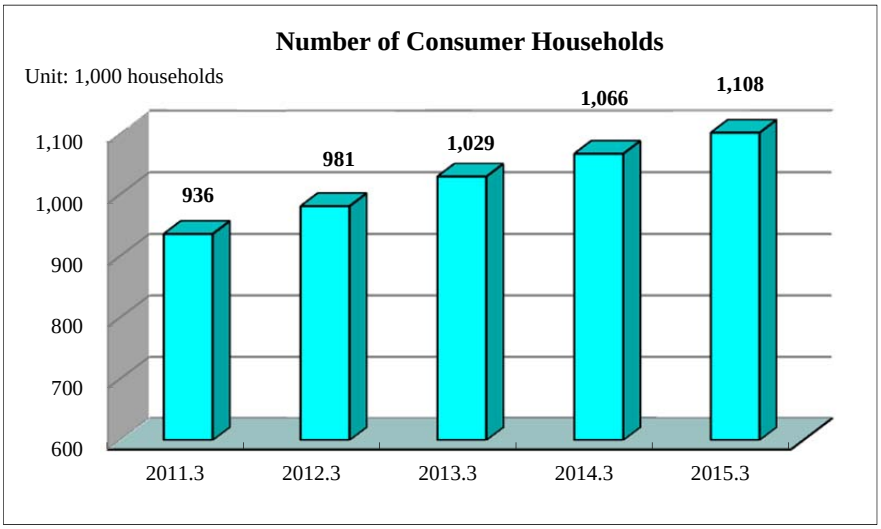
(Notes) 1. Above figures are stated net of consumption taxes, etc.

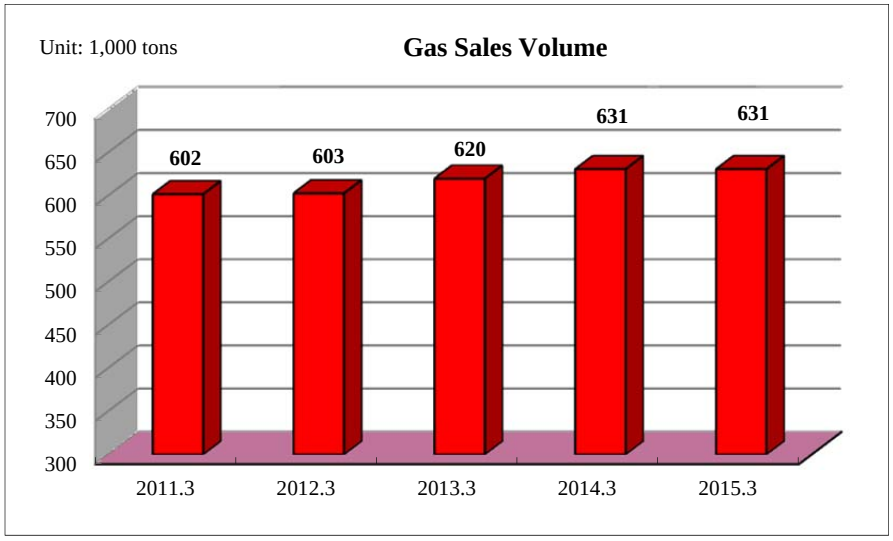
2. Inter-segment transactions are offset.

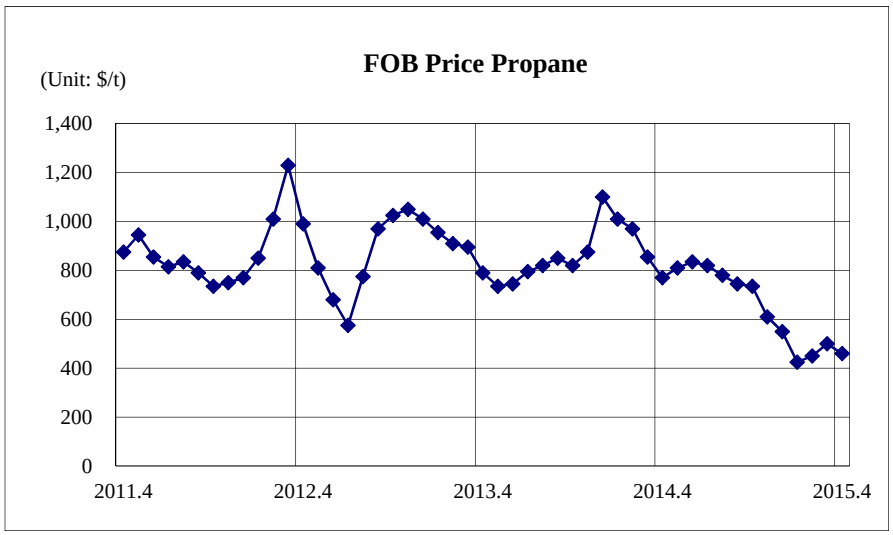
(2) Changes to the Officers of the Company

As for the details of this matter, please refer to the “Notice of Organizational Restructuring and Changes in Personnel,” announced on March 12, 2015.

(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).