Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 [Japanese GAAP]

April 27, 2016

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
Contact: Eiichi Miyamoto, Executive Officer, Manager of Financial Department
Phone: 03-5308-2111
Scheduled date of Ordinary General Meeting of Shareholders: June 28, 2016
Scheduled date of commencing dividend payments: June 29, 2016
Scheduled date of filing of securities report: June 28, 2016
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, 2016 (April 1, 2015 to March 31, 2016)

(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, 2016	114,691	(8.8)	11,810	17.9	11,331	20.2	7,090	28.3
Fiscal year ended Mar. 31, 2015	125,733	(0.9)	10,015	10.9	9,427	2.5	5,528	(41.6)

(Note) Comprehensive income: Fiscal year ended Mar. 31, 2016 ¥6,811 million [11.7%]
Fiscal year ended Mar. 31, 2015 ¥6,097 million [(39.4)%]

	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, 2016	190.71	—	14.9	8.6	10.3
Fiscal year ended Mar. 31, 2015	148.26	—	13.9	7.6	8.0

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2016 ¥(382) million
Fiscal year ended Mar. 31, 2015 ¥(600) 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, 2016	139,097	60,316	43.4	1,412.96
As of Mar. 31, 2015	123,910	34,969	28.2	1,006.67

(Reference) Equity: As of Mar. 31, 2016 ¥60,310 million As of Mar. 31, 2015 ¥34,964 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, 2016	20,717	(11,073)	7,568	34,233
Fiscal year ended Mar. 31, 2015	17,699	(11,230)	(3,856)	17,067

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, 2015	—	13.00	—	13.00	26.00	903	17.5	2.6
Fiscal year ended Mar. 31, 2016	—	13.00	—	17.00	30.00	1,185	15.7	2.5
Fiscal year ending Mar. 31, 2017 (Forecast)	—	15.00	—	15.00	30.00		16.8	

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

(% 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, 2016	52,800	2.4	3,900	5.7	3,900	13.0	2,400	15.4	56.23
Full-year	115,500	0.7	12,200	3.3	12,100	6.8	7,600	7.2	178.05

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, 2016	48,561,525 shares
Mar. 31, 2015	48,561,525 shares

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

Mar. 31, 2016	5,877,635 shares
Mar. 31, 2015	13,828,252 shares

3) Average number of shares during the period:

Fiscal year ended Mar. 31, 2016	37,179,479 shares
Fiscal year ended Mar. 31, 2015	37,285,326 shares

(Note) From the second quarter of the fiscal year ended March 31, 2016, the Company introduced the "Directors' Compensation BIP (Board Incentive Plan) Trust." Accordingly, the total number of treasury shares as of March 31, 2016 includes 291,300 shares of the Company held by the Trust.

(Reference) Summary of Non-consolidated Financial Results

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

(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, 2016	66,851	(11.7)	8,006	19.8	8,178	15.4	5,432	26.0
Fiscal year ended Mar. 31, 2015	75,722	(4.2)	6,681	10.3	7,084	10.8	4,310	59.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended Mar. 31, 2016	146.12	—
Fiscal year ended Mar. 31, 2015	114.44	—

(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, 2016	107,090	45,242	42.2	1,059.95
As of Mar. 31, 2015	89,411	21,587	24.1	621.52

(Reference) Equity: As of Mar. 31, 2016 ¥45,242 million As of Mar. 31, 2015 ¥21,587 million

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

(% 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, 2016	31,600	6.6	3,250	(3.4)	2,200	(5.7)	51.54
Full-year	71,000	6.2	8,300	1.5	5,450	0.3	127.68

* 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 2 of the attached Appendix for the notes on the use of preconditions for the earnings forecast and the use of the earnings forecast.

Contents of Appendix

1. Results of Operations ----2
(1) Analysis of Results of Operations ----2
(2) Analysis of Financial Position ----3
(3) Basic Policy of Appropriation of Profits and Dividend Payment for Current Fiscal Year and Next Fiscal Year ----5
(4) Risks Related to Business ----5
2. Consolidated Group ----7
3. Management Policy ----7
(1) Basic Management Policy of the Company ----7
(2) Management Indicators Set as Targets ----7
(3) Mid-to-long-term Company Management Strategy ----7
(4) Issues to be Addressed of the Company ----7
4. Basic Approach to the Selection of Accounting Standards ----8
5. Consolidated Financial Statements ----9
(1) Consolidated Balance Sheet ----9
(2) Consolidated Statement of Income and Comprehensive Income ----11
(3) Consolidated Statement of Changes in Equity ----14
(4) Consolidated Statement of Cash Flows ----16
(5) Notes to Consolidated Financial Statements ----18
(Notes on Going Concern Assumption) ----18
(Important Matters that Form the Basis for Preparing Consolidated Financial Statements) ----18
(Changes to Accounting Policies) ----22
(Additional Information) ----22
(Consolidated Balance Sheet) ----23
(Consolidated Statement of Income) ----24
(Consolidated Statement of Comprehensive Income) ----26
(Consolidated Statement of Changes in Equity) ----26
(Consolidated Statement of Cash Flows) ----28
(Segment Information) ----29
(Per Share Information) ----31
(Significant Subsequent Events) ----31
6. Non-consolidated Financial Statements ----32
(1) Balance Sheet ----32
(2) Statement of Income ----35
(3) Statement of Changes in Equity ----37
7. Supplementary Information----41
(1) Production, Order and Sales Status ----41
(2) Changes to the Officers of the Company ----41
(3) Trends in the Number of Houses, etc. ----42

1. Results of Operations

(1) Analysis of Results of Operations

In the energy industry, with the retail sale of electricity fully liberalized on April 1 this year, stiff competition to acquire customers has already begun as a result of entries from other industries and various package discount deals with products from different industrial sectors.

In addition, the retail sale of city gas is also scheduled to be fully liberalized in April next year, and this move is expected to further intensify competition across industries and accelerate the realignment of the energy industry.

In light of these circumstances, the Company believes it to be crucially important to offer new convenience in energy services to customers while assuring safety and stable supply. To this end, the Company concluded, effective on October 5, 2015, a business partnership agreement with Tokyo Electric Power Company, Incorporated, on the combined sales of electricity and gas. At present, the Group is concentrating all its energies on acquiring customers in the combined sales based on this agreement.

The Company also considered the urgent need for strengthening its financial base, expanding its customer base and improving operational efficiency in the gas business, in order to survive amidst a rapidly changing business environment. Accordingly, the Company has raised funds amounting to ¥19,400 million, through disposal of treasury shares in December 2015 by way of overseas offering.

As a new service to customers, the Company has developed the Nichigas Protect Member Service, "*Ookina Osewa* (assistance more than expected)," which combines 10-year extended warranty for all gas appliances with on-site service (free service for troubles relating to plumbing, etc.), jointly with Tokio Marine & Nichido Fire Insurance Co., Ltd. Through this service, the Company has launched a menu of services to extensively support the daily lives of contracted customers, and the number of contracts has currently surpassed 14,000.

Going forward, the Company will strive to develop into an integrated energy company to be chosen by customers and promote its branding strategies, while being committed to developing attractive price menus and value-added services applying the knowledge and expertise acquired from overseas investments in the U.S. and Australia, which are in a harsh market environment because of the advancing liberalization of the retail sale of energy.

The new operational system linking cloud technology and mobile devices is already in operation at the Company, greatly contributing to enhancing the quality of and reducing costs for operations such as meter reading, delivery and security. The Company deems the system to be the most important tool for synergy in efficiently running business collaborations with other companies and will actively invest in the renewal of the system so that it supports price menus, etc., which are expected to become diversified in the future.

Furthermore, the Company will make active prior investments in the areas including ICT, IoT, and Fintech which will be important tools for reducing costs and providing new convenience to customers in future business development.

The number of customers of the Group steadily increased by 45,000 households, compared with the end of the previous fiscal year, to 1,153,000 households as of the end of the current fiscal year.

For the fiscal year under review, consolidated net sales amounted to ¥114,691 million, a year-on-year decrease of 8.8%, due to factors such as the decreased unit sales price led by decreased raw material prices, in addition to

a decrease in gas sales volume compared to the previous fiscal year due to the impact of warm winter, despite a steady increase in the number of customers.

In terms of profit, operating income increased by 17.9% year-on-year to ¥11,810 million, ordinary income increased by 20.2% year-on-year to ¥11,331 million, and profit attributable to owners of parent increased by 28.3% year-on-year to ¥7,090 million. Operating income and ordinary income reached record highs for the fifth consecutive fiscal year. These increases were attributable to factors such as lower raw material prices compared with the previous fiscal year resulting in a decrease in cost of sales, despite an increase in personnel costs accompanied by the introduction of a new personnel system aimed at providing incentives to employees who contributed to the improvement of business performance and at creating a rewarding workplace.

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 LG gas increased slightly thanks to a steady growth in the number of customers, unit sales price fell, in addition to a decrease in sales volume of business use LP gas compared with the previous fiscal year mainly due to the impact of warm winter. Owing to these factors, net sales for the current fiscal year decreased by ¥5,079 million (7.0% decrease) year-on-year to ¥67,099 million.

[City Gas Business]

In the city bas business, net sales for the current fiscal year decreased by ¥5,962 million (11.1% decrease) year-on-year to ¥47,592 million, reflecting low levels of unit sales prices of natural gas due to the gas rate adjustment system, in addition to decreased sales volume of home use gas compared with the same period of the previous fiscal year due to factors such as the impact of warm winter.

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

In the fiscal year ending March 31, 2017, although a decrease in unit sales price accompanying a decrease in raw material prices is expected for both LP gas and city gas, the Company projects consolidated net sales of ¥115,500 million or 0.7% increase year-on-year due to the increase in gas sales volume through the expansion of its customer base and the spread and expansion of the use of gas appliances.

In terms of profit, although an increase in expenses for acquiring customers is expected, through further advancement of the new logistics/operational systems and progress in reducing overall costs, the Group projects operating income of ¥12,200 million (3.3% increase), ordinary income of ¥12,100 million (6.8% increase), and profit attributable to owners of parent of ¥7,600 million (7.2% 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 ¥15,186 million or 12.3% from the end of the previous fiscal year and stood at ¥139,097 million.

Current assets increased by ¥13,606 million or 40.7% from the end of the previous fiscal year and stood at ¥47,020 million. This is mainly attributable to the increase in cash and deposits associated with the disposal of treasury shares by way of overseas offering.

Noncurrent assets increased by ¥1,594 million or 1.8% from the end of the previous fiscal year and stood at ¥92,073 million. This is mainly due to the increase in property, plant and equipment resulting from factors such as purchase of a new office building and the increase in intangible assets due to investment in software development.

Total liabilities as of the end of the current fiscal year decreased by ¥10,160 million or 11.4% from the end of the previous fiscal year and stood at ¥78,781 million. This is mainly due to the decrease in loans payable due to steady repayments and the decrease in notes and accounts payable - trade due to the decrease in raw material prices.

Net assets as of the end of the current fiscal year increased by ¥25,346 million or 72.5% from the end of the previous fiscal year and stood at ¥60,316 million. This is mainly attributable to the increase in capital surplus and the decrease in treasury shares (increase in shareholders' equity) associated with the disposal of treasury shares, as well as the increase in retained earnings due to the recording of profit attributable to owners of parent.

As a result, equity ratio increased by 15.2 points from the end of the previous fiscal year to 43.4%.

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 ¥17,165 million from the end of the previous fiscal year to ¥34,233 million.

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

Funds provided by operating activities amounted to ¥20,717 million, up by ¥3,017 million from the end of the previous fiscal year. This is mainly attributable to the increase in income before income taxes from the end of the previous fiscal year and the increase in cash inflow resulting from decreases in notes and accounts receivable – trade.

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

Funds used in investing activities amounted to ¥11,073 million, down by ¥156 million from the end of the previous fiscal year. This is mainly attributable to the decrease in purchase of property, plant and equipment, despite the increase in purchase of intangible assets.

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

Funds provided by financing activities amounted to ¥7,568 million (¥3,856 million cash outflow in the previous fiscal year). This is mainly a reflection of the decrease in loans payable and proceeds from sales of treasury shares.

(Reference) Indicators relative to cash flows

	FY2011	FY2012	FY2013	FY2014	FY2015
Equity ratio	29.9	32.2	36.3	28.2	43.4
Equity ratio on a market value basis	51.9	41.1	56.1	83.3	78.0
Interest-bearing debt / cash flow ratio	2.7	2.9	3.5	3.5	2.5
Interest coverage ratio	23.9	25.0	25.0	30.3	40.6

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 ¥30.00 per share, including interim dividends of ¥13.00 per share, for the current fiscal year, which is ¥4.0 more than that for the previous fiscal year, taking into consideration record high levels of operating income and ordinary income for five consecutive fiscal years. For the following year, the Company, based on its basic policy of maintaining stable dividends, also plans to pay annual dividends of ¥30.00 per share, including interim dividends of ¥15.00 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 utilities running 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 and others 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 25, 2015).

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.jpx.co.jp/listing/co-search/index.html

(4) Issues to be Addressed of the Company

The environment surrounding the energy industry has changed significantly along with the liberalization of the electricity industry. Moves including the business merger of major oil refiner-distributors and alliance between major providers beyond the borders of electricity and gas have been announced successively. In addition, with the liberalization of the city gas business scheduled to commence in April next year, the full liberalization of energy will start.

The Company has long anticipated the advent of a period of fierce competition in the energy industry. As such, the Company has substantially increased customers through proactive structural reforms and enhancement of marketing skills in the LP gas business, an area of liberalization, while steadily making preparations since 2011 including taking initiatives in the energy retail sales business in the U.S. and Australia, where liberalization is advanced. With the support of demanding consumers in the fully liberalized energy market, the Company will aim to achieve sustained improvement of corporate value as a consequence. This fiscal year marks the final year before the full liberalization of the city gas industry. In order to comply with stakeholders’ entrustment, the Company will tackle the following issues to be addressed as it completes many years of preparation for liberalization.

1) Initiatives for expanding customer base

The Company will continue expanding its customer base with focus on general households. The Company recognizes that the full liberalization of the electricity and city gas industries will serve as a major tailwind, providing a good opportunity to significantly increase the number of customers more than ever from this year.

To this end, the Company will prepare for the liberalization of city gas next fiscal year through a partnership with TEPCO Energy Partner, Incorporated and further broaden the contact point with customers through the combined sales of existing gas and electricity. In addition, the Company views the intensification of competitive markets as a good opportunity for the Company, which conducts efficient business operation, to carry out M&As which create synergy. Based on this view, the Company plans to aggressively pursue M&As and substantially invest funds from shareholders through the disposal of treasury shares in December 2015 in the expansion of such customer base.

2) Further advancement of ICT

The Company has proactively incorporated ICT with a view to enhancing the quality of security and efficiency of business. Business operations based on the Kumonouchusen cloud system realizes competitive gas tariffs and high profitability of business through reduction of unnecessary intermediate costs. The Company believes that ICT is the key to surviving competition on the merits which will intensify in the future. As such, the Company, without being satisfied with the status quo, intends to proactively incorporate advanced ICT as represented by artificial intelligence, Fintech, and Blockchain into operations in promoting higher quality and more efficient business.

3) Changing the mindset of city gas business

The Company is a LP gas retailer as well as a city gas business operator at Group companies. The city gas retail business will be fully liberalized in April 2017, thereby ushering in severe competition on the merits in the city gas business as well. In response to such liberalization, the Company has been making preparations including converting Group city gas companies into wholly owned subsidiaries and integrating the group operation, accounting and management systems. For the purpose of completing such preparations this year, the Company will vigorously push ahead with changing the mindset of employees and with structural reforms by shifting operations to the cloud in response to fierce post-liberalization competition.

4) Promotion of corporate governance and dialogue with shareholders

The Company recognizes that, as a publicly traded company, the support of its shareholders is indispensable to corporate growth. Based on this recognition, the Company has vigorously promoted various measures to strengthen corporate governance including increasing outside directors, adopting performance-linked compensation for directors, etc., and abolishing the directors' retirement benefits. Going forward, the Company, without being satisfied with the status quo, will continue to push ahead with reform aimed at building corporate governance that constantly responds to the demands of the times. In addition, placing a strong emphasis on in-depth, constructive dialogue with shareholders, the Company will further conduct proactive investor relations activities in Japan and abroad with the involvement of representative directors as well.

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, 2015 (As of Mar. 31, 2015)	Fiscal year ended Mar. 31, 2016 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	17,067	34,246
Notes and accounts receivable - trade	9,525	6,807
Merchandise and finished goods	5,263	4,347
Work in process	27	76
Raw materials and supplies	74	75
Deferred tax assets	505	604
Other	1,081	981
Allowance for doubtful accounts	(130)	(120)
Total current assets	33,413	47,020
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,294	22,496
Accumulated depreciation	(12,072)	(12,693)
Buildings and structures, net	7,222	9,802
Machinery, equipment and vehicles	187,682	192,564
Accumulated depreciation	(151,145)	(157,021)
Machinery, equipment and vehicles, net	36,536	35,543
Tools, furniture and fixtures	2,692	3,297
Accumulated depreciation	(2,188)	(2,224)
Tools, furniture and fixtures, net	504	1,072
Land	23,267	23,487
Leased assets	4,501	5,236
Accumulated depreciation	(2,244)	(2,830)
Leased assets, net	2,256	2,405
Construction in progress	2,297	739
Total property, plant and equipment	*1 72,086	*1 73,051
Intangible assets		
Goodwill	5,012	4,458
Other	1,360	2,533
Total intangible assets	6,373	6,991
Investments and other assets		
Investment securities	*2 4,719	*2 4,083
Long-term loans receivable	3,542	3,724
Net defined benefit asset	13	–
Deferred tax assets	2,404	2,715
Other	2,044	2,207
Allowance for doubtful accounts	(705)	(701)
Total investments and other assets	12,019	12,030
Total non-current assets	90,479	92,073
Deferred assets		
Development expenses	17	3
Total deferred assets	17	3
Total assets	123,910	139,097

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2015 (As of Mar. 31, 2015)	Fiscal year ended Mar. 31, 2016 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,051	7,240
Electronically recorded obligations - operating	3,178	4,110
Short-term loans payable	*1 27,504	*1 18,133
Lease obligations	850	959
Income taxes payable	2,431	3,252
Provision for bonuses	459	448
Other	4,294	5,125
Total current liabilities	48,769	39,268
Non-current liabilities		
Long-term loans payable	*1 33,849	*1 33,051
Lease obligations	1,654	1,719
Deferred tax liabilities for land revaluation	214	207
Provision for directors' retirement benefits	1,043	–
Provision for share-based compensation	–	170
Provision for gas holder repairs	339	330
Net defined benefit liability	2,306	2,346
Other	764	1,686
Total non-current liabilities	40,172	39,512
Total liabilities	88,941	78,781
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	6,683	15,724
Retained earnings	39,263	45,447
Treasury shares	(19,297)	(8,896)
Total shareholders' equity	33,718	59,345
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,109	782
Foreign currency translation adjustment	207	208
Remeasurements of defined benefit plans	(70)	(25)
Total accumulated other comprehensive income	1,246	965
Non-controlling interests	4	5
Total net assets	34,969	60,316
Total liabilities and net assets	123,910	139,097

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)
Net sales	125,733	114,691
Cost of sales	76,334	60,960
Gross profit	49,398	53,731
Selling, general and administrative expenses		
Freightage related expenses	2,737	2,857
Provision of allowance for doubtful accounts	12	31
Salaries and allowances	7,878	8,469
Provision for bonuses	407	398
Retirement benefit expenses	658	631
Provision for directors' retirement benefits	176	–
Provision for share-based compensation	–	170
Provision for gas holder repairs	27	26
Welfare expenses	1,677	2,015
Supplies expenses	3,012	3,445
Taxes and dues	1,202	1,214
Enterprise tax	273	392
Depreciation	8,913	9,122
Amortization of goodwill	1,042	1,165
Repair expenses	701	826
Commission fee	6,596	6,705
Other	*1 4,064	*1 4,446
Total selling, general and administrative expenses	39,383	41,920
Operating income	10,015	11,810
Non-operating income		
Interest income	280	176
Dividend income	74	98
Foreign exchange gains	71	–
Real estate rent	41	44
Insurance income	23	4
Other	221	234
Total non-operating income	712	558
Non-operating expenses		
Interest expenses	586	508
Share of loss of entities accounted for using equity method	600	382
Share issuance cost	–	67
Foreign exchange losses	–	64
Other	114	14
Total non-operating expenses	1,301	1,037
Ordinary income	9,427	11,331

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)
Extraordinary income		
Gain on sales of non-current assets	*2 218	*2 19
Gain on sales of investment securities	86	35
Gain on bargain purchase	6	–
Other	2	–
Total extraordinary income	315	54
Extraordinary losses		
Loss on sales of non-current assets	*3 79	*3 1
Loss on retirement of non-current assets	*4 241	*4 295
Loss on sales of investment securities	–	1
Loss on liquidation of subsidiaries	41	–
Loss on revision of retirement benefit plan	–	100
Loss on cancellation of leases	–	3
Other	*5 10	*5 6
Total extraordinary losses	372	409
Income before income taxes	9,369	10,977
Income taxes - current	2,672	4,142
Income taxes - deferred	1,161	(256)
Total income taxes	3,834	3,885
Profit	5,535	7,091
Profit attributable to non-controlling interests	7	1
Profit attributable to owners of parent	5,528	7,090

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)
Profit	5,535	7,091
Other comprehensive income		
Valuation difference on available-for-sale securities	414	(326)
Remeasurements of defined benefit plans, net of tax	(59)	44
Share of other comprehensive income of entities accounted for using equity method	207	1
Total other comprehensive income	* 562	* (280)
Comprehensive income	6,097	6,811
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,090	6,809
Comprehensive income attributable to non-controlling interests	7	1

(3) Consolidated Statement of Changes in Equity

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)
Profit attributable to owners of parent			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				Non-controlling 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)
Profit attributable to owners of parent						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

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	Remeasure-ments 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

(4) Consolidated Statement of Cash Flows

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)
Cash flows from operating activities		
Income before income taxes	9,369	10,977
Depreciation	8,999	9,234
Amortization of deferred assets	14	14
Amortization of goodwill	1,042	1,165
Gain on bargain purchase	(6)	–
Increase (decrease) in allowance for doubtful accounts	(237)	5
Increase (decrease) in net defined benefit liability	88	107
Increase (decrease) in provision for directors' retirement benefits	31	(1,043)
Increase (decrease) in provision for share-based compensation	–	170
Interest and dividend income	(355)	(274)
Interest expenses	586	508
Foreign exchange losses (gains)	(39)	34
Share of (profit) loss of entities accounted for using equity method	600	382
Loss (gain) on sales of property, plant and equipment	(139)	(17)
Loss on retirement of property, plant and equipment	241	295
Loss (gain) on sales of investment securities	(86)	(34)
Loss (gain) on liquidation of subsidiaries	41	–
Decrease (increase) in notes and accounts receivable - trade	627	2,717
Decrease (increase) in inventories	2,037	865
Increase (decrease) in notes and accounts payable - trade	(2,377)	(1,879)
Increase (decrease) in accrued consumption taxes	919	(378)
Increase (decrease) in advances received	22	318
Other, net	257	1,320
Subtotal	21,637	24,490
Interest and dividend income received	77	126
Interest expenses paid	(585)	(510)
Income taxes paid	(3,430)	(3,388)
Net cash provided by (used in) operating activities	17,699	20,717
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	405	–
Purchase of property, plant and equipment	(10,683)	(8,759)
Proceeds from sales of property, plant and equipment	737	188
Purchase of intangible assets	(463)	(1,459)
Purchase of goodwill	(332)	(320)
Purchase of investment securities	(0)	(9)
Proceeds from sales of investment securities	138	139
Purchase of shares of subsidiaries and associates	(67)	(63)
Proceeds from sales of shares of subsidiaries and associates	9	80
Purchase of shares of subsidiaries	(29)	–
Payments of loans receivable	(966)	(897)
Collection of loans receivable	81	26
Other, net	(59)	1
Net cash provided by (used in) investing activities	(11,230)	(11,073)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)
Cash flows from financing activities		
Increase in short-term loans payable	29,140	10,879
Decrease in short-term loans payable	(18,340)	(17,850)
Proceeds from long-term loans payable	13,590	12,393
Repayments of long-term loans payable	(12,629)	(15,279)
Purchase of treasury shares	(14,395)	(1,101)
Proceeds from sales of treasury shares	1,032	20,476
Cash dividends paid	(1,300)	(906)
Dividends paid to non-controlling interests	(0)	(0)
Other, net	(952)	(1,043)
Net cash provided by (used in) financing activities	(3,856)	7,568
Effect of exchange rate change on cash and cash equivalents	(5)	(46)
Net increase (decrease) in cash and cash equivalents	2,607	17,165
Cash and cash equivalents at beginning of period	14,089	17,067
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	370	–
Cash and cash equivalents at end of period	*1 17,067	*1 34,233

(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).

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.

(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)

Effective from the current fiscal year, the Company adopted the Accounting Standard for Business Combinations (Accounting Standards Board of Japan [ASBJ] Statement No. 21, September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) and others, and accordingly has changed the presentation of net income and other related items, and the presentation of minority interests to non-controlling interests. To reflect this change in presentation, the reclassification of accounts has been made to the consolidated financial statements for the fiscal year ended March 31, 2015.

(Additional Information)

(Abolition of Directors' Retirement Benefits System)

At the 61st Ordinary General Meeting of Shareholders held on June 25, 2015 (hereinafter referred to as the "General Meeting of Shareholders"), the Company made a resolution to abolish its directors' retirement benefits system as of the end of the fiscal year ended March 31, 2015.

For the Directors and Corporate Auditors who will remain in office after the conclusion of the General Meeting of Shareholders, a termination payout of retirement benefits for their term of service up to March 31, 2015 was also resolved at the General Meeting of Shareholders.

In 6 consolidated subsidiaries of the Company, similar resolutions were adopted. For the Directors, the payout date shall be the date on which they retire from all posts including Director, etc. of the Company and its consolidated subsidiaries, and for the Corporate Auditors, the payout date shall be the date on which they retire from the post of Corporate Auditor (in the case where the Corporate Auditor retires and later assumes office as Director, etc. of the Company and its consolidated subsidiaries, the date on which he/she retires from all posts including Director, etc.).

Accordingly, the total balance amount of "provision for directors' retirement benefits" was reversed during the first quarter of the fiscal year ended March 31, 2016 and the unpaid amount of the termination payout is included in "Other" under current liabilities and non-current liabilities.

(Transactions Concerning Share-based Compensation "Directors' Compensation BIP (Board Incentive Plan) Trust")

From the second quarter of the fiscal year ended March 31, 2016, the Company introduced the "Directors' Compensation BIP (Board Incentive Plan) Trust" (hereinafter referred to as the "BIP Trust"). This is an incentive plan intended for directors, modeled on the "Performance Share" and "Restricted Stock" plans in the U.S. The BIP Trust is defined as a share-based compensation for directors, under which Directors of the Company (excluding Outside and Non-executive Directors), Executive Officers with whom the Company has concluded a mandate contract and Directors of the 6 consolidated subsidiaries of the Company (hereinafter collectively referred to as "eligible directors") are rewarded with a grant of shares of the Company. The number of shares granted to individual directors is calculated based on their job title coefficients, which are determined according to basic monthly remuneration and job titles for each fiscal year.

The Company contributes funds for the acquisition of its shares to set up the BIP Trust, whose beneficiaries are the eligible directors. In accordance with the pre-established Share Delivery Rules, the BIP Trust will acquire the estimated number of the shares of the Company to be granted to eligible directors, either by obtaining treasury shares disposed of by the Company or from the stock market.

The Company, based on provisions of the Share Delivery Rules, will grant eligible directors "points" (entitlement to the Company's shares) commensurate with their job title coefficients for each fiscal year. At the time of retirement, the Company will allocate to eligible directors the number of shares of the Company equivalent to 70% of their accumulated points through the BIP Trust. The remaining portion of shares will be converted by the BIP Trust into cash equivalent to the conversion value of these shares, and the Company allocates the cash to eligible directors through the BIP Trust.

With regard to the accounting treatment for the transactions concerning the BIP Trust, the Company has adopted "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ Practical Issues Task Force No. 30, March 26, 2015).

Meanwhile, at the end of the current fiscal year, the Company recorded its shares held in the BIP Trust as treasury shares under net assets in the Consolidated Balance Sheet at the Trust's book value (excluding incidental expenses). They represented 291,300 shares, recorded at ¥1,099 million.

In addition, the Company recorded the estimated compensation for directors stated above at the amount attributed to the current fiscal year, as the provision for share-based compensation.

(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, 2015)	For the current fiscal year (As of Mar. 31, 2016)
Land	956	956
Buildings and structures	141	135
Factory foundation collateral	7,723	7,630
[Land]	[456]	[456]
[Machinery, etc.]	[7,266]	[7,174]
Total [Book value]	8,821	8,722

Borrowings secured by collateral are as follows:

(Millions of yen)

	For the previous fiscal year (As of Mar. 31, 2015)	For the current fiscal year (As of Mar. 31, 2016)
Short-term loans payable	5,326	4,515
Long-term loans payable	1,152	1,696
Total	6,478	6,212

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

(Millions of yen)

	For the previous fiscal year (As of Mar. 31, 2015)	For the current fiscal year (As of Mar. 31, 2016)
Investment securities (shares)	1,224	674

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, 2015)	For the current fiscal year (As of Mar. 31, 2016)
Employees (employee housing loans)	4	5

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, 2015)	For the current fiscal year (As of Mar. 31, 2016)
General overdraft limit	15,700	7,530
Undisbursed balance	11,700	3,330
Difference	4,000	4,200

(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, 2014 to Mar. 31, 2015)	For the current fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)
15	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.

*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 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, 2014 to Mar. 31, 2015)	For the current fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)
Expenses related to the suspension of the construction plan	10	–
Loss on sale of golf club membership	–	6
Total	10	6

(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, 2014 to Mar. 31, 2015)	For the current fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)
Valuation difference on available-for-sale securities		
Amount accrued during the fiscal year	507	(510)
Reclassification adjustment	52	–
Before tax effect adjustment	559	(510)
Tax effect	(145)	183
Valuation difference on available-for-sale securities	414	(326)
Remeasurements of defined benefit plans, net of tax		
Amount accrued during the fiscal year	(147)	45
Reclassification adjustment	61	21
Before tax effect adjustment	(86)	67
Tax effect	27	(22)
Remeasurements of defined benefit plans, net of tax	(59)	44
Share of other comprehensive income of entities accounted for using equity method		
Amount accrued during the fiscal year	207	1
Total other comprehensive income	562	(280)

(Consolidated Statement of Changes in Equity)

For the previous 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 shares (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 share exchange

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

For the current 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
Treasury 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 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 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 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 BIP Trust.

(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, 2014 to Mar. 31, 2015)	For the current fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)
Cash and deposits	17,067	34,246
Separate deposit for Directors' Compensation BIP Trust	–	(13)
Cash and cash equivalents	17,067	34,233

2 Significant non-fund transactions

For the previous 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

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

None.

(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 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, 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.

For the current 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.

(Per Share Information)

Item	For the previous fiscal year (From Apr. 1, 2014 to Mar. 31, 2015)	For the current fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)
Net assets per share	¥1,006.67	¥1,412.96
Basic earnings per share	¥148.26	¥190.71
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, 2015)	For the current fiscal year (As of Mar. 31, 2016)
Total net assets	34,969	60,316
Amount deducted from the total net assets	4	5
[Non-controlling interests]	[4]	[5]
Amount of net assets related to common shares as of the end of the fiscal year	34,964	60,310
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)	34,733	42,683

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, 2014 to Mar. 31, 2015)	For the current fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)
Profit attributable to owners of parent	5,528	7,090
Profit not attributable to common shareholders	–	–
Profit attributable to owners of parent related to common shares	5,528	7,090
Average number of common shares outstanding during the fiscal year (Thousands of shares)	37,285	37,179

(Significant Subsequent Events)

None.

6. Non-consolidated Financial Statements

(1) Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2015 (As of Mar. 31, 2015)	Fiscal year ended Mar. 31, 2016 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	9,068	25,851
Notes receivable - trade	319	257
Accounts receivable - trade	6,301	3,365
Merchandise	4,337	3,549
Supplies	24	26
Advance payments - trade	23	–
Deferred tax assets	214	312
Other	680	2,579
Allowance for doubtful accounts	(87)	(90)
Total current assets	20,882	35,851
Non-current assets		
Property, plant and equipment		
Buildings	7,747	10,347
Accumulated depreciation	(4,219)	(4,454)
Buildings, net	3,528	5,892
Structures	6,420	6,934
Accumulated depreciation	(4,773)	(5,085)
Structures, net	1,646	1,849
Machinery and equipment	30,978	31,181
Accumulated depreciation	(26,901)	(27,612)
Machinery and equipment, net	4,076	3,569
Vehicles	630	799
Accumulated depreciation	(468)	(588)
Vehicles, net	161	211
Tools, furniture and fixtures	946	1,324
Accumulated depreciation	(829)	(878)
Tools, furniture and fixtures, net	116	445
Land	18,750	18,948
Leased assets	2,166	2,652
Accumulated depreciation	(907)	(1,349)
Leased assets, net	1,258	1,303
Construction in progress	1,690	22
Total property, plant and equipment	31,229	32,242
Intangible assets		
Goodwill	810	675
Leasehold right	8	8
Software	676	821
Telephone subscription right	32	32
Other	303	1,323
Total intangible assets	1,831	2,861

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2015 (As of Mar. 31, 2015)	Fiscal year ended Mar. 31, 2016 (As of Mar. 31, 2016)
Investments and other assets		
Investment securities	3,737	3,246
Shares of subsidiaries and associates	26,139	26,204
Investments in capital	3	3
Long-term loans receivable	3,850	4,532
Long-term loans receivable from employees	61	55
Long-term loans receivable from subsidiaries and associates	194	90
Claims provable in bankruptcy, claims provable in rehabilitation and other	367	367
Long-term prepaid expenses	10	31
Deferred tax assets	234	520
Guarantee deposits	166	165
Other	1,409	1,617
Allowance for doubtful accounts	(705)	(699)
Total investments and other assets	35,467	36,135
Total non-current assets	68,528	71,239
Total assets	89,411	107,090
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	3,178	4,110
Accounts payable - trade	5,338	3,224
Short-term loans payable	23,819	14,595
Lease obligations	713	814
Accounts payable - other	1,299	1,669
Accrued expenses	260	297
Income taxes payable	1,208	2,033
Accrued consumption taxes	734	448
Advances received	15	0
Deposits received	126	159
Total current liabilities	36,695	27,352
Non-current liabilities		
Long-term loans payable	27,256	29,845
Lease obligations	1,349	1,427
Provision for retirement benefits	1,233	1,303
Provision for directors' retirement benefits	572	–
Provision for share-based compensation	–	99
Long-term deposits received	–	512
Other	716	1,306
Non-current liabilities	31,128	34,495
Total liabilities	67,823	61,848

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2015 (As of Mar. 31, 2015)	Fiscal year ended Mar. 31, 2016 (As of Mar. 31, 2016)
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus		
Legal capital surplus	5,197	5,197
Other capital surplus	822	9,863
Total capital surplus	6,020	15,061
Retained earnings		
Legal retained earnings	949	949
Other retained earnings		
Reserve for advanced depreciation of non-current assets	103	111
General reserve	7,750	7,750
Retained earnings brought forward	17,922	22,440
Total retained earnings	26,725	31,251
Treasury shares	(19,297)	(8,896)
Total shareholders' equity	20,518	44,486
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,069	755
Total valuation and translation adjustments	1,069	755
Total net assets	21,587	45,242
Total liabilities and net assets	89,411	107,090

(2) Statement of Income

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)
Net sales	75,722	66,851
Cost of sales		
Beginning goods	6,303	4,337
Cost of purchased goods	46,811	36,448
Total	53,114	40,786
Ending goods	4,337	3,549
Total cost of sales	48,777	37,237
Gross profit	26,945	29,614
Selling, general and administrative expenses		
Freightage related expenses	2,632	2,769
Provision of allowance for doubtful accounts	7	43
Salaries	4,443	4,915
Retirement benefit expenses	341	345
Welfare expenses	847	1,046
Supplies expenses	1,759	2,056
Taxes and dues	340	347
Depreciation	2,680	2,867
Repair expenses	1,015	940
Commission fee	4,074	3,853
Other	2,120	2,421
Total selling, general and administrative expenses	20,263	21,607
Operating income	6,681	8,006
Non-operating income		
Interest income	284	184
Dividend income	355	385
Foreign exchange gains	71	–
Real estate rent	48	43
A share of the expenses of labor costs and business advisory fee	11	9
Miscellaneous income	159	135
Total non-operating income	932	759
Non-operating expenses		
Interest expenses	493	446
Share issuance cost	–	67
Bad debts expenses	–	7
Foreign exchange losses	–	64
Miscellaneous loss	36	0
Total non-operating expenses	529	587
Ordinary income	7,084	8,178

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2015 (from Apr. 1, 2014 to Mar. 31, 2015)	Fiscal year ended Mar. 31, 2016 (from Apr. 1, 2015 to Mar. 31, 2016)
Extraordinary income		
Gain on sales of non-current assets	205	0
Gain on sales of investment securities	52	35
Total extraordinary income	258	36
Extraordinary losses		
Loss on sales of non-current assets	35	1
Loss on retirement of non-current assets	106	238
Loss on sales of investment securities	–	1
Loss on sales of membership	–	5
Total extraordinary losses	141	247
Income before income taxes	7,201	7,968
Income taxes - current	1,796	2,742
Income taxes - deferred	1,094	(206)
Total income taxes	2,890	2,535
Profit	4,310	5,432

(3) Statement of Changes in Equity

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	–
Profit								4,310	4,310
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	–	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		–			–
Profit		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

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

(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	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

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, 2016 are as follows:

Sales results by reportable segments (Millions of yen)

Reportable segments	For the current fiscal year (from Apr. 1, 2015 to Mar. 31, 2016)	For the previous fiscal year (from Apr. 1, 2014 to Mar. 31, 2015)
LP gas Business	67,099	72,178
City gas Business	47,592	53,554
Total	114,691	125,733

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

Reportable segments	For the current fiscal year (from Apr. 1, 2015 to Mar. 31, 2016)	For the previous fiscal year (from Apr. 1, 2014 to Mar. 31, 2015)
Gas	51,270	57,415
Equipment, construction contracts, etc.	15,828	14,762
Total	67,099	72,178

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

Reportable segments	For the current fiscal year (from Apr. 1, 2015 to Mar. 31, 2016)	For the previous fiscal year (from Apr. 1, 2014 to Mar. 31, 2015)
Gas	39,116	45,598
Equipment, construction contracts, etc.	8,476	7,956
Total	47,592	53,554

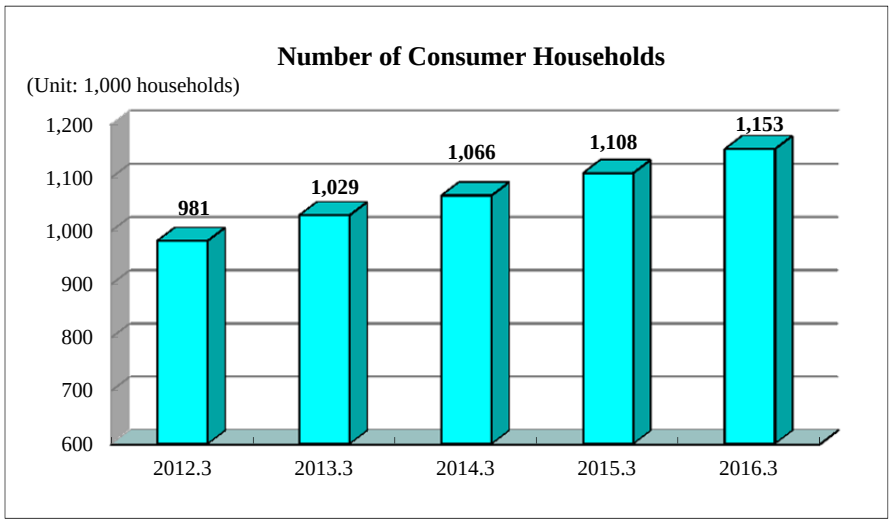
(Notes) 1. Above figures are stated net of consumption taxes, etc.

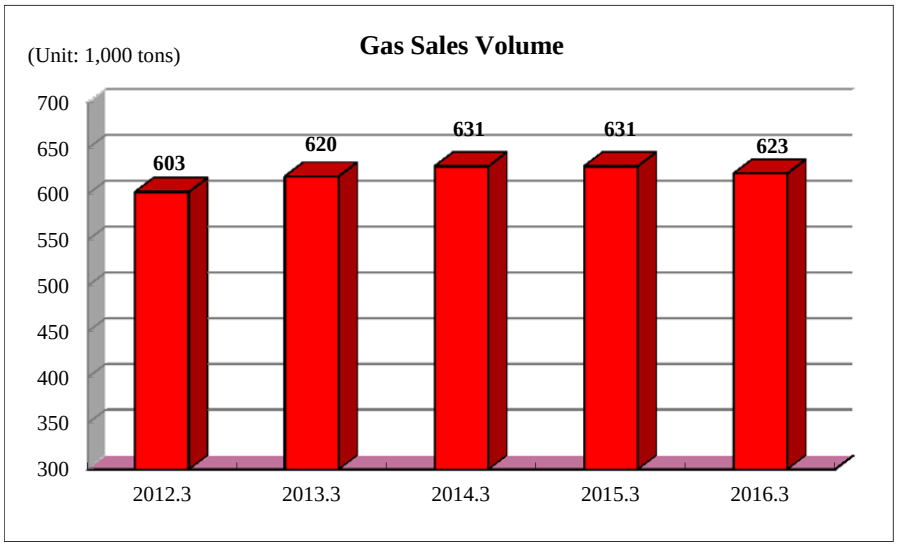
2. Inter-segment transactions are offset.

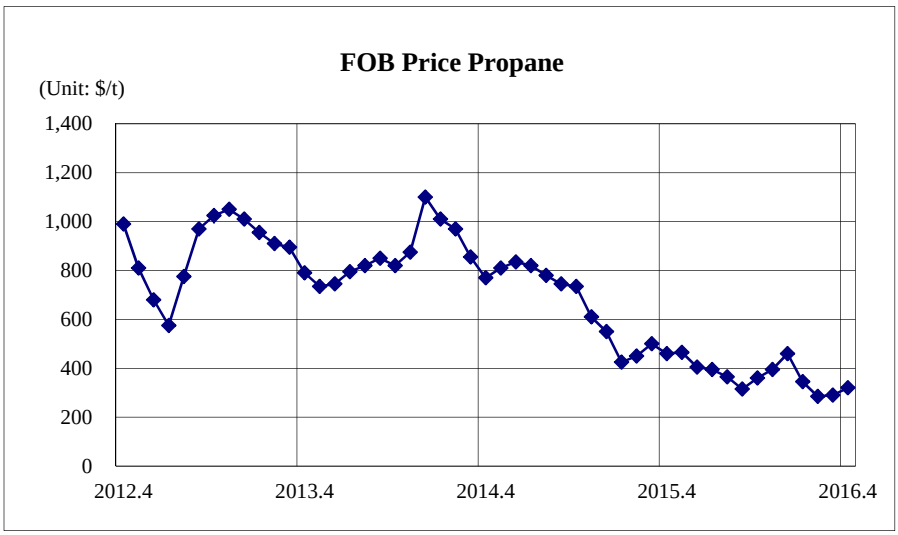
(2) Changes to the Officers of the Company

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 22, 2016.

(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).