Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 [Japanese GAAP]

April 26, 2018

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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Scheduled date of Ordinary General Meeting of Shareholders: June 28, 2018
Scheduled date of commencing dividend payments: June 29, 2018
Scheduled date of filing securities report: June 28, 2018
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, 2018 (April 1, 2017 to March 31, 2018)

(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, 2018	114,725	4.7	10,689	(12.4)	11,093	(8.9)	7,798	12.8
Fiscal Year ended Mar. 31, 2017	109,536	(4.5)	12,201	3.3	12,176	7.5	6,913	(2.5)

(Note) Comprehensive income: Fiscal year ended Mar. 31, 2018 ¥7,483 million [(3.4)%]
Fiscal year ended Mar. 31, 2017 ¥7,744 million [13.7%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2018	182.62	—	11.2	8.0	9.3
Fiscal year ended Mar. 31, 2017	161.93	—	10.9	8.8	11.1

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2018 ¥189 million
Fiscal year ended Mar. 31, 2017 ¥137 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	
As of Mar. 31, 2018	137,953	72,076	52.2	1,687.70
As of Mar. 31, 2017	139,157	66,641	47.9	1,560.73

(Reference) Equity: As of Mar. 31, 2018 ¥72,069 million As of Mar. 31, 2017 ¥66,635 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, 2018	15,597	(7,059)	(8,454)	31,437
Fiscal year ended Mar. 31, 2017	16,630	(10,743)	(8,717)	31,396

2. Dividends

	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividend to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 31, 2017	―	17.00	―	17.00	34.00	1,461	21.0	2.3
Fiscal year ended Mar. 31, 2018	―	19.00	―	23.00	42.00	1,804	23.0	2.6
Fiscal year ending Mar. 31, 2019 (Forecast)	―	23.00	―	23.00	46.00		21.4	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% 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, 2018	53,000	9.4	2,000	32.6	2,300	44.2	1,400	28.7	32.78
Full-year	130,000	13.3	13,400	25.4	13,800	24.4	9,200	18.0	215.44

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
Number of new subsidiaries ― (names of companies)
Number of excluded subsidiaries ― (names of companies)

(2) Changes to accounting policies, changes to accounting estimates, and revision restatements

1) Changes to accounting policies accompanying the revision of accounting standards, etc.: No

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, 2018	48,561,525 shares
Mar. 31, 2017	48,561,525 shares

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

Mar. 31, 2018	5,858,603 shares
Mar. 31, 2017	5,866,468 shares

3) Average number of shares during the period:

Fiscal year ended Mar. 31, 2018	42,701,625 shares
Fiscal year ended Mar. 31, 2017	42,692,524 shares

(Note) The number of treasury shares includes the shares of the Company held by the "Directors' Compensation BIP (Board Incentive Plan) Trust" (As of March 31, 2018: 271,137 shares, as of March 31, 2017: 279,796 shares).

(Reference) Summary of Non-consolidated Financial Results

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

(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	%
Fisical year ended Mar. 31, 2018	82,831	25.6	6,061	(23.2)	6,318	(20.4)	4,066	(4.3)
Fisical year ended Mar. 31, 2017	65,923	(1.4)	7,888	(1.5)	7,940	(2.9)	4,251	(21.7)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fisical year ended Mar. 31, 2018	95.22	—
Fisical year ended Mar. 31, 2017	99.57	—

(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, 2018	108,148	51,033	47.2	1,195.08
As of Mar. 31, 2017	108,694	48,839	44.9	1,143.90

(Reference) Equity: As of Mar. 31, 2018 ¥51,033 million As of Mar. 31, 2017 ¥48,839 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% 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	%	%
Six months ending Sep. 30, 2018	43,000	26.4	1,900	61.4	1,300	18.0	30.44
Full-year	101,000	21.9	9,100	44.0	6,300	54.9	147.53

* These financial results are outside the scope of audit by a certified public accountant or an audit corporation.

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

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

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1. Overview of Operation Results, etc.

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

In the domestic energy industry, entry of operators from other industries and collaboration across energy boundaries have made headway, following the full liberalization of the retail sale of electricity in April 2016 and that of city gas in April 2017, and competition to acquire customers through various package discount deals is intensifying.

With a view to expanding its business under such circumstance, the Group changed its wholesale supplier of city gas raw materials to TEPCO Energy Partner, Incorporated from the current fiscal year, while it entered into the liberalized city gas retail market by announcing the "Premium 5+ Plan," a package discount for providing inexpensive services to customers. The Group strived to enhance recognition of the Company's brand by implementing the brand strategy mainly through TV commercial and web advertising, while expanding the lineup of discount services of the "Premium 5+ Plan" to enhance customer convenience, and made an all-out marketing effort to achieve the target of 110,000 acquired customer households in the liberalized city gas retail market in the first fiscal year. As a result, at the end of the current fiscal year, the Group has received 110,000 customer applications and achieved 98,000 customer households in this market.

The Company also established Tokyo Energy Alliance Co., Ltd., a new company that provides a platform for the city gas business, through joint investment with TEPCO Energy Partner, Incorporated, in August 2017 and started providing services that include wholesale supply of city gas, wheeling procedures, security work, sale and repair of gas equipment, and a core cloud system for gas operations, including highly convenient payment functions, to operators seeking new entry.

Through joint development with Metaps Inc., the Company's capital and business alliance partner, with leading-edge ICT and AI technologies, the Company has developed and operated a system to sell gas equipment, which allows users to complete from applications to payments through LINE, and an online payment system that enable customers to make bill payments for gas by credit card and register to make gas bill payments by transfer from a bank account through their smartphones.

In addition, the Company is advancing automation of acceptance procedures to start using gas (application for connection) from customers via telephone, using an automatic response service ("AI Concierge," where artificial intelligence directly recognizes conversation with voice and responds automatically) of U-NEXT MARKETING Company Limited, and started its test operation. This will enable automatic acceptance 24 hours a day, 365 days a year unattended.

We will keep striving to promote efforts for system development utilizing advanced technologies such as AI to eliminate customer stress arising from procedures to receive services through paperless operations and provide speedy and highly convenient services.

The number of customers of the Group steadily increased by 137,000 households, compared with the end of the previous fiscal year, to 1,338,000 households as of the end of the current fiscal year.

For the fiscal year under review, consolidated net sales amounted to ¥114,725 million, a year-on-year increase of 4.7%, reflecting an increase in net sales of gas compared to the previous fiscal year due to factors such as the steady increase in the number of customers and low atmospheric and water temperatures in winter, despite a

decrease in the sales of equipment works and others deriving from a decrease in sales of gas appliances and the closing of the gas cartridge business.

In terms of profit, operating income decreased by 12.4% year on year to ¥10,689 million and ordinary income decreased by 8.9% year on year to ¥11,093 million. These decreases were attributable to an increase in advertising costs with a view to stimulating demand in the liberalized market, although gross profit increased as a result of higher net sales despite higher raw material prices compared with the previous fiscal year for both LP gas and city gas. Profit attributable to owners of parent increased by 12.8% year on year to ¥7,798 million, due to the recording of ¥2,200 million in expenses for the voluntary recall of gas cartridge products for tabletop stoves as extraordinary loss in the previous fiscal year.

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

[LP Gas Business]

In the LP gas business, despite an increase in net sales of gas compared with the previous fiscal year thanks to an increase in the sales volume of home use LP gas as a result of a steady growth in the number of customers as well as strong performance of business use LP gas, sales of equipment works and others decreased due to factors including the closing of the gas cartridge business. Owing to these factors, net sales for the current fiscal year decreased by ¥1,511 million (2.3% decrease) year on year to ¥64,748 million.

[City Gas Business]

In the city gas business, net sales for the current fiscal year increased by ¥6,699 million (15.5% increase) year on year to ¥49,976 million, due to factors including a year-on-year increase in sales volume of home use LP gas as a result of the steady acquisition of customers in the liberalized market, and higher levels of unit sales prices of natural gas due to the gas rate adjustment system.

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

Total assets as of the end of the current fiscal year decreased by ¥1,203 million or 0.9% from the end of the previous fiscal year and stood at ¥137,953 million.

Current assets increased by ¥918 million or 2.1% from the end of the previous fiscal year and stood at ¥45,052 million. This is mainly attributable to the increase in merchandise and finished goods as a result of a rise in raw material prices.

Non-current assets decreased by ¥2,121 million or 2.2% from the end of the previous fiscal year and stood at ¥92,901 million. This is mainly due to the decreases in property, plant and equipment and intangible assets resulting from the recording of depreciation.

Total liabilities as of the end of the current fiscal year decreased by ¥6,637 million or 9.2% from the end of the previous fiscal year and stood at ¥65,877 million. This is mainly due to the decrease in loans payable due to steady repayments.

Net assets as of the end of the current fiscal year increased by ¥5,434 million or 8.2% from the end of the previous fiscal year and stood at ¥72,076 million. This is mainly a reflection of the increase and decrease in retained earnings due to the recording of profit attributable to owners of parent and payment of dividends. As a result, equity ratio increased by 4.3 points from the end of the previous fiscal year to 52.2%.

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

Balance of cash and cash equivalents (hereinafter referred to as "Funds") at the end of the current fiscal year increased by ¥40 million from the end of the previous fiscal year to ¥31,437 million.

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

Funds provided by operating activities amounted to ¥15,597 million, down by ¥1,032 million from the previous fiscal year. This is mainly attributable to the fact that they were offset by the factors for expenses such as the decrease in provision for loss on voluntary recall of products and the increase in inventories, despite the increase in profit before income taxes from the previous fiscal year.

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

Funds used in investing activities amounted to ¥7,059 million, down by ¥3,683 million from the previous fiscal year. This is mainly attributable to the decrease in purchase of property, plant and equipment and investment securities from the previous fiscal year.

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

Funds used in financing activities amounted to ¥8,454 million, down ¥263 million from the previous fiscal year. This is mainly a reflection of the net decrease in loans payable and cash dividends paid.

(4) Future Outlook

In the fiscal year ending March 31, 2019, the Company projects consolidated net sales of ¥130,000 million or 13.3% increase year on year attributable to an increase in gas sales volume mainly through expansion of its customer base and the spread and expansion of the use of gas appliances in the liberalized city gas retail market. In terms of profit, as a result of the expected improvement of the balance in the LP gas business and the city gas business in the liberalized market, the Group projects operating income of ¥13,400 million (25.4% increase), ordinary income of ¥13,800 million (24.4% increase), and profit attributable to owners of parent of ¥9,200 million (18.0% increase).

2. Basic Approach to the Selection of Accounting Standards

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

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2017 (As of Mar. 31, 2017)	Fiscal year ended Mar. 31, 2018 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	31,418	31,467
Notes and accounts receivable - trade	6,708	6,759
Merchandise and finished goods	4,639	5,453
Work in process	18	–
Raw materials and supplies	100	182
Deferred tax assets	504	403
Other	871	926
Allowance for doubtful accounts	(125)	(141)
Total current assets	44,134	45,052
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,653	22,791
Accumulated depreciation	(13,329)	(13,535)
Buildings and structures, net	9,323	9,255
Machinery, equipment and vehicles	198,007	201,816
Accumulated depreciation	(162,522)	(167,687)
Machinery, equipment and vehicles, net	35,484	34,129
Tools, furniture and fixtures	3,545	3,836
Accumulated depreciation	(2,513)	(2,829)
Tools, furniture and fixtures, net	1,031	1,007
Land	24,594	25,244
Leased assets	5,351	5,860
Accumulated depreciation	(3,198)	(3,648)
Leased assets, net	2,153	2,211
Construction in progress	761	830
Total property, plant and equipment	*1 73,349	*1 72, 678
Intangible assets		
Goodwill	3,824	3,073
Other	3,598	3,211
Total intangible assets	7,422	6,284
Investments and other assets		
Investment securities	*2 5,823	*2 4,485
Long-term loans receivable	3,907	4,034
Deferred tax assets	2,834	2,966
Other	2,170	3,055
Allowance for doubtful accounts	(485)	(604)
Total investments and other assets	14,250	13,937
Total non-current assets	95,022	92,901
Total assets	139,157	137,953

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2017 (As of Mar. 31, 2017)	Fiscal year ended Mar. 31, 2018 (As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,145	7,249
Electronically recorded obligations - operating	4,373	4,269
Short-term loans payable	*1 15,976	*1 11,012
Lease obligations	971	935
Income taxes payable	2,360	3,023
Provision for bonuses	434	436
Other	5,421	4,696
Total current liabilities	36,683	31,624
Non-current liabilities		
Long-term loans payable	*1 29,013	*1 27,917
Lease obligations	1,418	1,502
Deferred tax liabilities for land revaluation	207	208
Provision for share-based compensation	279	405
Provision for gas holder repairs	354	294
Provision for loss on voluntary recall of products	825	38
Net defined benefit liability	2,410	2,431
Other	1,321	1,455
Total non-current liabilities	35,831	34,253
Total liabilities	72,515	65,877
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	15,724	15,724
Retained earnings	50,899	56,620
Treasury shares	(8,853)	(8,824)
Total shareholders' equity	64,840	70,589
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,564	1,212
Foreign currency translation adjustment	249	289
Remeasurements of defined benefit plans	(19)	(23)
Total accumulated other comprehensive income	1,795	1,479
Non-controlling interests	6	6
Total net assets	66,641	72,076
Total liabilities and net assets	139,157	137,953

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)
Net sales	109,536	114,725
Cost of sales	52,648	56,889
Gross profit	56,887	57,835
Selling, general and administrative expenses		
Freightage related expenses	2,918	2,650
Provision of allowance for doubtful accounts	15	32
Salaries and allowances	8,873	9,176
Provision for bonuses	382	389
Retirement benefit expenses	537	561
Provision for share-based compensation	152	158
Provision for gas holder repairs	28	62
Welfare expenses	1,976	2,110
Supplies expenses	3,870	3,838
Taxes and dues	1,174	1,215
Enterprise tax	493	478
Depreciation	8,963	8,979
Amortization of goodwill	978	820
Repair expenses	827	806
Commission fee	7,982	9,112
Other	*1 5,512	6,752
Total selling, general and administrative expenses	44,686	47,146
Operating income	12,201	10,689
Non-operating income		
Interest income	37	192
Dividend income	78	65
Real estate rent	36	57
Insurance income	35	124
Share of profit of entities accounted for using equity method	137	189
Other	279	361
Total non-operating income	605	990
Non-operating expenses		
Interest expenses	389	348
Foreign exchange losses	5	67
Provision of allowance for doubtful accounts	201	126
Other	33	43
Total non-operating expenses	630	586
Ordinary income	12,176	11,093

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)
Extraordinary income		
Gain on sales of non-current assets	*2 8	*2 454
Gain on sales of investment securities	278	477
Total extraordinary income	287	931
Extraordinary losses		
Loss on sales of non-current assets	*3 1	*3 1
Loss on retirement of non-current assets	*4 159	*4 791
Loss on sales of investment securities	–	6
Loss on revision of retirement benefit plan	18	–
Loss on voluntary recall of products	2,200	–
Other	*5 13	*5 7
Total extraordinary losses	2,393	807
Profit before income taxes	10,070	11,217
Income taxes - current	3,520	3,294
Income taxes - deferred	(365)	125
Total income taxes	3,155	3,419
Profit	6,914	7,798
Profit attributable to non-controlling interests	1	0
Profit attributable to owners of parent	6,913	7,798

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)
Profit	6,914	7,798
Other comprehensive income		
Valuation difference on available-for-sale securities	782	(351)
Remeasurements of defined benefit plans, net of tax	6	(4)
Share of other comprehensive income of entities accounted for using equity method	40	40
Total other comprehensive income	* 829	* (315)
Comprehensive income	7,744	7,483
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,742	7,482
Comprehensive income attributable to non-controlling interests	1	0

(3) Consolidated Statement of Changes in Equity

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

(Millions of yen)

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

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

Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	7,070	15,724	50,899	(8,853)	64,840
Changes of items during period					
Dividends of surplus			(1,547)		(1,547)
Profit attributable to owners of parent			7,798		7,798
Change of scope of equity method			(530)		(530)
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares				32	32
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	5,720	29	5,749
Balance at the end of current period	7,070	15,724	56,620	(8,824)	70,589

	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	1,564	249	(19)	1,795	6	66,641
Changes of items during period						
Dividends of surplus						(1,547)
Profit attributable to owners of parent						7,798
Change of scope of equity method						(530)
Purchase of treasury shares						(3)
Disposal of treasury shares						32
Net changes of items other than shareholders' equity	(351)	40	(4)	(315)	(0)	(315)
Total changes of items during period	(351)	40	(4)	(315)	(0)	5,434
Balance at the end of current period	1,212	289	(23)	1,479	6	72,076

(4) Consolidated Statement of Cash Flows

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	10,070	11,217
Depreciation	9,061	9,043
Amortization of deferred assets	3	–
Amortization of goodwill	978	820
Increase (decrease) in allowance for doubtful accounts	(210)	135
Increase (decrease) in net defined benefit liability	73	14
Increase (decrease) in provision for share-based compensation	109	125
Increase (decrease) in allowance for loss on voluntary recall of products	825	(786)
Interest and dividend income	(115)	(258)
Interest expenses	389	348
Foreign exchange losses (gains)	3	35
Share of (profit) loss of entities accounted for using equity method	(137)	(189)
Loss (gain) on sales of non-current assets	(7)	(452)
Loss on retirement of non-current assets	159	791
Loss (gain) on sales of investment securities	(278)	(470)
Decrease (increase) in notes and accounts receivable - trade	98	(50)
Decrease (increase) in inventories	(257)	(879)
Increase (decrease) in notes and accounts payable - trade	169	0
Increase (decrease) in accrued consumption taxes	(144)	43
Increase (decrease) in advances received	(288)	(28)
Other, net	812	(933)
Subtotal	21,314	18,526
Interest and dividend income received	83	69
Interest expenses paid	(395)	(351)
Income taxes paid	(4,373)	(2,647)
Net cash provided by (used in) operating activities	16,630	15,597
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,331)	(7,386)
Proceeds from sales of property, plant and equipment	51	733
Purchase of intangible assets	(1,557)	(887)
Purchase of goodwill	(444)	(69)
Purchase of investment securities	(998)	(2)
Proceeds from sales of investment securities	650	809
Purchase of shares of subsidiaries and associates	–	(50)
Payments of loans receivable	(111)	(171)
Collection of loans receivable	86	20
Other, net	(89)	(57)
Net cash provided by (used in) investing activities	(10,743)	(7,059)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)
Cash flows from financing activities		
Increase in short-term loans payable	1,817	2,296
Decrease in short-term loans payable	(4,208)	(1,896)
Proceeds from long-term loans payable	8,929	7,240
Repayments of long-term loans payable	(12,711)	(13,451)
Purchase of treasury shares	(1)	(3)
Proceeds from sales of treasury shares	0	–
Cash dividends paid	(1,460)	(1,547)
Dividends paid to non-controlling interests	(0)	(0)
Other, net	(1,083)	(1,092)
Net cash provided by (used in) financing activities	(8,717)	(8,454)
Effect of exchange rate change on cash and cash equivalents	(5)	(42)
Net increase (decrease) in cash and cash equivalents	(2,837)	40
Cash and cash equivalents at beginning of period	34,233	31,396
Cash and cash equivalents at end of period	* 31,396	* 31,437

(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., Enecut Co., Ltd.

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

The 4 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: 2

Names of the companies: Strategic Power Holdings LLC, COzero Holdings Limited.

COzero Holdings Limited. has been included in the scope of application of the equity method from the current fiscal year due to the increase in its significance.

(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., Enecut Co., Ltd.

Names of the affiliates: Strategic Power Holdings Operations, Inc., Tokyo Energy Alliance Co., Ltd.

Reason for not applying the equity method

The equity method is not applied to 3 non-consolidated subsidiaries and 2 affiliates, due to their insignificance overall; and as their profit/loss (to the extent of the Company's equity position) and their retained earnings (to the extent of the Company's equity position), even if eliminated from the scope of companies accounted for under the equity method, have minimal impact on the consolidated financial statements.

3. Fiscal year, etc. of consolidated subsidiaries

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

4. Accounting standards

(1) Valuation standards and methods regarding significant assets

(a) Inventories

Merchandise

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

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

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

(b) Securities

Available-for-sale securities

Securities with market quotations:

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

Securities without market quotations:

Stated at cost using the moving-average method.

(2) Depreciation method for significant depreciable assets

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

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

Useful lives of assets are principally as follows:

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

(b) Intangible assets (excluding lease assets)

Straight-line method

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

(c) Lease assets

Lease assets concerning non-transfer ownership finance lease transactions:

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

(3) Accounting standards for significant allowances and provisions

(a) Allowance for doubtful accounts

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

(b) Provision for bonuses

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

(c) Provision for share-based compensation

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

(d) Provision for gas holder repairs

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

(e) Provision for loss on voluntary recall of products

With regard to direct costs for the voluntary recall of products and related expenses, the Company posts the rational amount of loss estimated to accrue on or after March 31, 2018.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

(8) 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.

(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, 2017)	For the current fiscal year (As of Mar. 31, 2018)
Land	956	–
Buildings and structures	129	–
Factory foundation collateral	7,452	6,666
[Land]	[389]	[365]
[Machinery, etc.]	[7,063]	[6,300]
Total [Book value]	8,538	6,666

Borrowings secured by collateral are as follows:

(Millions of yen)

	For the previous fiscal year (As of Mar. 31, 2017)	For the current fiscal year (As of Mar. 31, 2018)
Short-term loans payable	4,451	164
Long-term loans payable	1,401	–
Total	5,852	164

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

(Millions of yen)

	For the previous fiscal year (As of Mar. 31, 2017)	For the current fiscal year (As of Mar. 31, 2018)
Investment securities (shares)	660	164

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, 2017)	For the current fiscal year (As of Mar. 31, 2018)
Employees (employee housing loans)	6	7

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, 2017)	For the current fiscal year (As of Mar. 31, 2018)
General overdraft limit	4,900	5,100
Undisbursed balance	750	1,250
Difference	4,150	3,850

(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, 2016 to Mar. 31, 2017)	For the current fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)
	16	–

*2 Gain on sales of non-current assets

(For the previous fiscal year)

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

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

(Millions of yen)

	For the previous fiscal year (From Apr. 1, 2016 to Mar. 31, 2017)	For the current fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)
Loss on sale of golf club membership	13	–
Cost for cancellation of planned construction site for buildings	–	7
Total	13	7

(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, 2016 to Mar. 31, 2017)	For the current fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)
Valuation difference on available-for-sale securities		
Amount accrued during the fiscal year	1,126	(35)
Reclassification adjustment	–	(470)
Before tax effect adjustment	1,126	(505)
Tax effect	(344)	(154)
Valuation difference on available-for-sale securities	782	(351)
Remeasurements of defined benefit plans, net of tax		
Amount accrued during the fiscal year	(6)	(25)
Reclassification adjustment	16	19
Before tax effect adjustment	9	(6)
Tax effect	(2)	(1)
Remeasurements of defined benefit plans, net of tax	6	(4)
Share of other comprehensive income of entities accounted for using equity method		
Amount accrued during the fiscal year	40	40
Total other comprehensive income	829	(315)

(Consolidated Statement of Changes in Equity)

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

1. Shares issued

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

2. Treasury shares

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

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

(Summary of Reason for Changes)

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

Increase due to the purchase of fractional shares

370 shares

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

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

11,504 shares

3. Dividends

(1) Dividends paid

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

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

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

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

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

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

For the current fiscal year (From April 1, 2017 to March 31, 2018)

1. Shares issued

Class of shares	As of Apr. 1, 2017	Increase	Decrease	As of Mar. 31, 2018
Common shares (Shares)	48,561,525	–	–	48,561,525

2. Treasury shares

Class of shares	As of Apr. 1, 2017	Increase	Decrease	As of Mar. 31, 2018
Common shares (Shares)	5,866,468	794	8,659	5,858,603

(Note) The total number of treasury shares as of March 31, 2018 includes 271,137 shares of the Company held by the Directors' Compensation BIP Trust.

(Summary of Reason for Changes)

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

Increase due to the purchase of fractional shares

794 shares

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

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

8,659 shares

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 28, 2017	Common shares	730	17.00	Mar. 31, 2017	Jun. 29, 2017
Resolution adopted by the Board of Directors held on Oct. 27, 2017	Common shares	816	19.00	Sep. 30, 2017	Nov. 17, 2017

(Notes) 1. The total dividends through resolution adopted by the Ordinary General Meeting of Shareholders held on June 28, 2017 included ¥4 million of dividends to treasury shares held by the Directors'

Compensation BIP Trust.

2. The total dividends through resolution adopted by the Board of Directors held on October 27, 2017 included ¥5 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

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

Resolution	Class of shares	Resource of dividend	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 28, 2018	Common shares	Retained earnings	988	23.00	Mar. 31, 2018	Jun. 29, 2018

(Note) The total dividends included ¥6 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

(Consolidated Statement of Cash Flows)

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

(Millions of yen)

	For the previous fiscal year (From Apr. 1, 2016 to Mar. 31, 2017)	For the current fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)
Cash and deposits	31,418	31,467
Separate deposit for Directors' Compensation BIP Trust	(21)	(30)
Cash and cash equivalents	31,396	31,437

(Segment Information, etc.)

1. Overview of reportable segments

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

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

(2) Main products and services of each reportable segment

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

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

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

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

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

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

(Millions of yen)

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

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

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

For the previous fiscal year (From April 1, 2017 to March 31, 2018)

(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	64,748	49,976	114,725	–	114,725
Inter-segment sales and transfers	9,429	16	9,445	(9,445)	–
Total	74,178	49,992	124,170	(9,445)	114,725
Segment income	8,011	2,667	10,678	10	10,689
Segment assets	81,225	56,728	137,953	–	137,953
Other items					
Depreciation	3,240	5,803	9,043	–	9,043
Investments in companies accounted for under the equity method	–	4,250	4,250	–	4,250
Increase in property, plant and equipment and intangible assets	4,121	4,981	9,103	–	9,103

(Notes) 1. The amounts ¥10 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, 2016 to Mar. 31, 2017)	For the current fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)
Net assets per share	¥1,560.73	¥1,687.70
Basic earnings per share	¥161.93	¥182.62
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, 2017)	For the current fiscal year (As of Mar. 31, 2018)
Total net assets	66,641	72,076
Amount deducted from the total net assets	6	6
[Non-controlling interests]	[6]	[6]
Amount of net assets related to common shares as of the end of the fiscal year	66,635	72,069
Number of shares of common shares used in the calculation of net assets per share as of the end of the fiscal year (Thousands of shares)	42,695	42,702

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, 2016 to Mar. 31, 2017)	For the current fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)
Profit attributable to owners of parent	6,913	7,798
Profit not attributable to common shareholders	–	–
Profit attributable to owners of parent related to common shares	6,913	7,798
Average number of common shares outstanding during the fiscal year (Thousands of shares)	42,692	42,701

(Significant Subsequent Events)

None.

4. Non-consolidated Financial Statements

(1) Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2017 (As of Mar. 31, 2017)	Fiscal year ended Mar. 31, 2018 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	22,316	21,083
Notes receivable - trade	170	131
Accounts receivable - trade	3,717	5,217
Merchandise	3,956	4,840
Supplies	31	26
Deferred tax assets	264	175
Other	4,577	5,090
Allowance for doubtful accounts	(121)	(144)
Total current assets	34,912	36,421
Non-current assets		
Property, plant and equipment		
Buildings	10,374	10,235
Accumulated depreciation	(4,697)	(4,604)
Buildings, net	5,676	5,630
Structures	7,032	7,145
Accumulated depreciation	(5,335)	(5,512)
Structures, net	1,697	1,632
Machinery and equipment	31,235	30,896
Accumulated depreciation	(28,051)	(28,150)
Machinery and equipment, net	3,183	2,745
Vehicles	813	849
Accumulated depreciation	(694)	(762)
Vehicles, net	119	86
Tools, furniture and fixtures	1,362	1,384
Accumulated depreciation	(1,005)	(1,095)
Tools, furniture and fixtures, net	357	289
Land	20,046	20,019
Leased assets	2,964	3,097
Accumulated depreciation	(1,758)	(2,067)
Leased assets, net	1,205	1,030
Construction in progress	188	91
Total property, plant and equipment	32,475	31,527
Intangible assets		
Goodwill	383	250
Leasehold right	8	8
Software	1,225	2,127
Telephone subscription right	32	31
Other	2,055	819
Total intangible assets	3,705	3,237

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2017 (As of Mar. 31, 2017)	Fiscal year ended Mar. 31, 2018 (As of Mar. 31, 2018)
Investments and other assets		
Investment securities	4,992	4,144
Shares of subsidiaries and associates	26,191	25,961
Investments in capital	3	3
Long-term loans receivable	4,551	4,339
Long-term loans receivable from employees	42	109
Long-term prepaid expenses	21	12
Deferred tax assets	712	1,225
Guarantee deposits	165	165
Other	1,561	1,935
Allowance for doubtful accounts	(640)	(934)
Total investments and other assets	37,601	36,962
Total non-current assets	73,781	71,727
Total assets	108,694	108,148
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	4,373	4,269
Accounts payable - trade	3,970	5,842
Short-term loans payable	13,435	9,806
Lease obligations	841	819
Accounts payable - other	2,336	1,630
Accrued expenses	297	294
Income taxes payable	1,215	1,723
Accrued consumption taxes	400	294
Advances received	0	–
Deposits received	219	297
Total current liabilities	27,090	24,979
Non-current liabilities		
Long-term loans payable	27,661	27,478
Lease obligations	1,227	1,312
Provision for retirement benefits	1,343	1,386
Provision for share-based compensation	167	256
Provision for loss on voluntary recall of products	825	38
Long-term deposits received	489	456
Other	1,051	1,206
Non-current liabilities	32,765	32,135
Total liabilities	59,855	57,115

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2017 (As of Mar. 31, 2017)	Fiscal year ended Mar. 31, 2018 (As of Mar. 31, 2018)
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus		
Legal capital surplus	5,197	5,197
Other capital surplus	9,864	9,864
Total capital surplus	15,061	15,061
Retained earnings		
Legal retained earnings	949	949
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	110	109
General reserve	7,750	7,750
Retained earnings brought forward	25,231	27,751
Total retained earnings	34,041	36,560
Treasury shares	(8,853)	(8,824)
Total shareholders' equity	47,319	49,867
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,519	1,165
Total valuation and translation adjustments	1,519	1,165
Total net assets	48,839	51,033
Total liabilities and net assets	108,694	108,148

(2) Statement of Income

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)
Net sales	65,923	82,831
Cost of sales		
Beginning goods	3,549	3,956
Cost of purchased goods	34,255	51,258
Total	37,804	55,214
Ending goods	3,956	4,840
Total cost of sales	33,848	50,374
Gross profit	32,075	32,457
Selling, general and administrative expenses		
Freightage related expenses	2,816	2,551
Provision of allowance for doubtful accounts	40	40
Salaries	5,266	5,532
Retirement benefit expenses	287	309
Welfare expenses	1,030	1,187
Supplies expenses	2,494	2,675
Taxes and dues	306	333
Depreciation	2,743	2,570
Repair expenses	944	1,030
Commission fee	4,575	5,507
Other	3,680	4,656
Total selling, general and administrative expenses	24,187	26,396
Operating income	7,888	6,061
Non-operating income		
Interest income	55	211
Dividend income	451	438
Real estate rent	55	79
A share of the expenses of labor costs and business advisory fee	0	–
Miscellaneous income	213	256
Total non-operating income	776	985
Non-operating expenses		
Interest expenses	353	325
Foreign exchange losses	5	67
Provision of allowance for doubtful accounts	358	299
Miscellaneous loss	6	37
Total non-operating expenses	724	728
Ordinary income	7,940	6,318

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2017 (from Apr. 1, 2016 to Mar. 31, 2017)	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)
Extraordinary income		
Gain on sales of non-current assets	2	32
Gain on sales of investment securities	269	477
Total extraordinary income	271	509
Extraordinary losses		
Loss on sales of non-current assets	1	238
Loss on retirement of non-current assets	80	729
Loss on sales of investment securities	–	6
Loss on valuation of shares of subsidiaries and associates	–	300
Loss on voluntary recall of products	2,200	–
Other	–	7
Total extraordinary losses	2,282	1,282
Profit before income taxes	5,930	5,546
Income taxes - current	2,160	1,748
Income taxes - deferred	(481)	(268)
Total income taxes	1,678	1,479
Profit	4,251	4,066

(3) Statement of Changes in Equity

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

(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	9,863	15,061	949	111	7,750	22,440	31,251
Changes of items during period									
Dividends of surplus								(1,460)	(1,460)
Provision of reserve for advanced depreciation of non-current assets						(0)		0	–
Profit								4,251	4,251
Purchase of treasury shares									
Disposal of treasury shares			0	0					
Net changes of items other than shareholders' equity									
Total changes of items during period	–	–	0	0	–	(0)	–	2,790	2,790
Balance at the end of current period	7,070	5,197	9,864	15,061	949	110	7,750	25,231	34,041

(Millions of yen)

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

Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
						Other retained earnings			
		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	9,864	15,061	949	110	7,750	25,231	34,041
Changes of items during period									
Dividends of surplus								(1,547)	(1,547)
Provision of reserve for advanced depreciation of non-current assets						(1)		1	–
Profit								4,066	4,066
Purchase of treasury shares									
Disposal of treasury shares									
Net changes of items other than shareholders' equity									
Total changes of items during period	–	–	–	–	–	(1)	–	2,519	2,518
Balance at the end of current period	7,070	5,197	9,864	15,061	949	109	7,750	27,751	36,560

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(8,853)	47,319	1,519	1,519	48,839
Changes of items during period					
Dividends of surplus		(1,547)			(1,547)
Provision of reserve for advanced depreciation of non-current assets		–			–
Profit		4,066			4,066
Purchase of treasury shares	(3)	(3)			(3)
Disposal of treasury shares	32	32			32
Net changes of items other than shareholders' equity			(354)	(354)	(354)
Total changes of items during period	29	2,548	(354)	(354)	2,194
Balance at the end of current period	(8,824)	49,867	1,165	1,165	51,033

5. Others

(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, 2018 are as follows:

Sales results by reportable segments (Millions of yen)

Reportable segments	For the current fiscal year (from Apr. 1, 2017 to Mar. 31, 2018)	For the previous fiscal year (from Apr. 1, 2016 to Mar. 31, 2017)
LP gas Business	64,748	66,259
City gas Business	49,976	43,276
Total	114,725	109,536

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

Reportable segments	For the current fiscal year (from Apr. 1, 2017 to Mar. 31, 2018)	For the previous fiscal year (from Apr. 1, 2016 to Mar. 31, 2017)
Gas	56,543	50,113
Equipment, construction contracts, etc.	8,205	16,146
Total	64,748	66,259

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

Reportable segments	For the current fiscal year (from Apr. 1, 2017 to Mar. 31, 2018)	For the previous fiscal year (from Apr. 1, 2016 to Mar. 31, 2017)
Gas	39,451	34,205
Equipment, construction contracts, etc.	10,524	9,070
Total	49,976	43,276

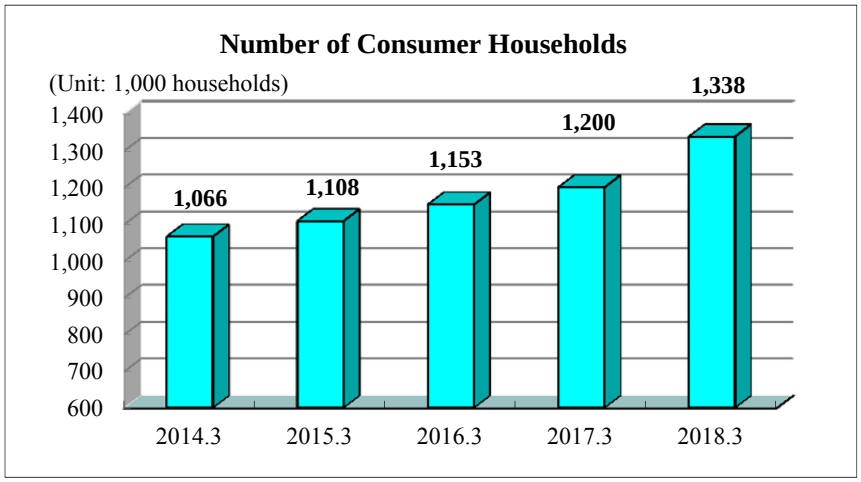
(Notes) 1. Above figures are stated net of consumption taxes, etc.

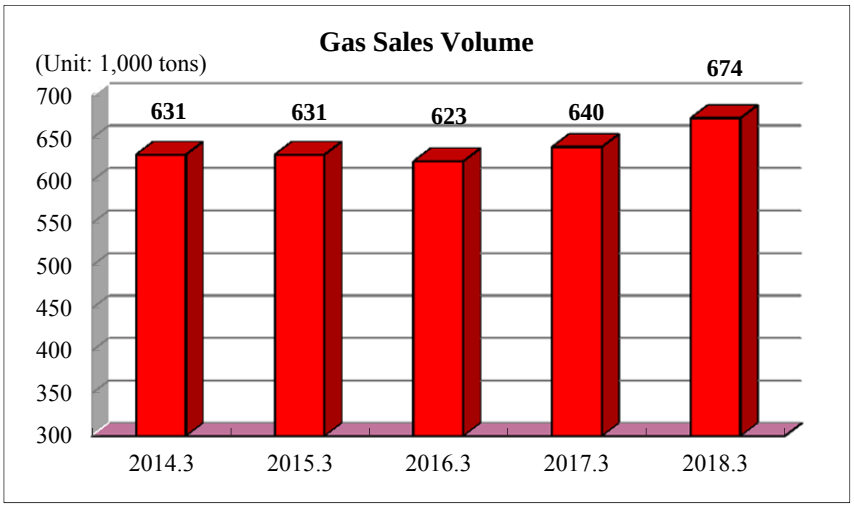
2. Inter-segment transactions are offset.

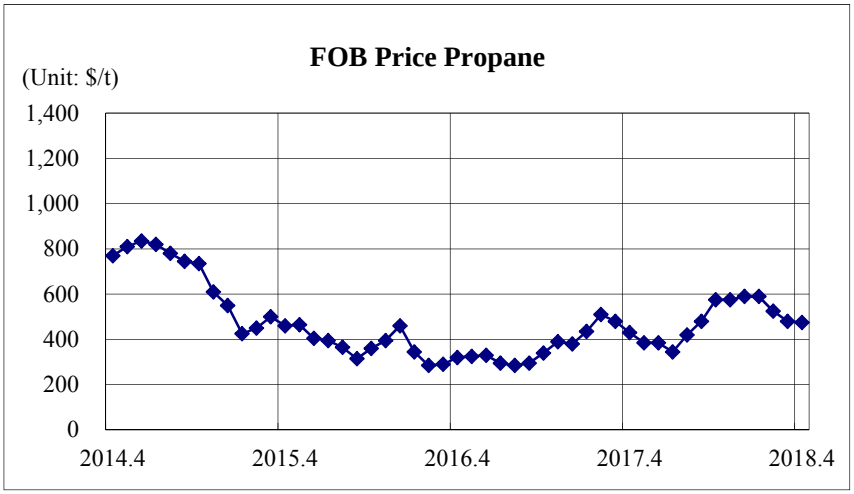
(2) Changes to the Officers of the Company

As for the details of this matter, please refer to the “Notice of Organizational Change and Changes in Personnel of the Company and major subsidiaries,” announced on March 15, 2018.

(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).