

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 2018 [Japan GAAP]

Name of Company: Hiroshima Gas Co., Ltd.
 Stock Code: 9535 URL: http://www.hiroshima-gas.co.jp/english/index_e.htm
 Stock Exchange Listing: Tokyo Stock Exchange, First Section
 Representative: Title: President Name: Kensuke Matsufuji
 Contact Person: Title: Executive Officer and Manager of General Affair Department Name: Hirofumi Ikegami
 Tel: +81-(82) 252-3000
 Scheduled date of filing of quarterly securities report: November 9, 2017
 Scheduled date of commencement of dividend payment: December 1, 2017
 Supplementary materials for quarterly financial report: None
 Information meeting for quarterly financial report: Yes

(Yen in millions, rounded down)

1. Financial results for the second quarter of the fiscal year ending March 2018 (April 1, 2017 – September 30, 2017)

(1) Results of operations (Consolidated, year-to-date)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter of FY3/2018	32,512	2.2	780	(62.3)	1,051	(54.4)	481	(88.4)
Second quarter of FY3/2017	31,823	(14.4)	2,072	(25.9)	2,306	(24.8)	4,141	114.3

Note: Comprehensive income: Second quarter of FY3/2018: 1,183 million yen [(66.6)%], Second quarter of FY3/2017: 3,544 million yen [61.6%]

	Net income per share (basic)		Net income per share (diluted)	
	Yen		Yen	
Second quarter of FY3/2018	7.09		-	
Second quarter of FY3/2017	61.13		-	

(2) Financial position (Consolidated)

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of September 30, 2017	100,714		49,240		46.3	
As of March 31, 2017	102,363		48,345		44.8	

Reference: Shareholders' equity As of September 30, 2017: 46,592 million yen As of March 31, 2017: 45,825 million yen

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2017	-	3.50	-	4.50	8.00
Fiscal year ended March 2018	-	4.00			
Fiscal year ended March 2017 (forecast)			-	4.00	8.00

Note: Change in the estimation of dividend from the latest announcement: None

3. Forecast for the fiscal year ending March 2018 (Consolidated, April 1, 2017 – March 31, 2018)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	72,000	2.9	2,800	(26.6)	3,100	(28.1)	2,400	(56.8)	35.32

Note: Change in the forecast from the latest announcement: Yes

Reference: Non-consolidated forecast

Forecast for the fiscal year ending March 2018 (Non-consolidated, April 1, 2017 – March 31, 2018)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	54,500	3.8	750	(41.6)	2,100	(26.9)	1,900	(10.0)	27.96

Note: Change in the forecast from the latest announcement: Yes

Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2017	As of September 30, 2017
ASSETS		
Non-current assets		
Property, plant and equipment		
Production facilities	17,595	17,600
Distribution facilities	29,726	30,197
Service and maintenance facilities	4,313	4,150
Other facilities	8,834	7,678
Construction in progress	2,814	2,840
Total property, plant and equipment	63,284	62,467
Intangible assets	1,023	942
Investments and other assets		
Investment securities	8,782	9,436
Long-term loans receivable	109	50
Deferred tax assets	1,764	1,406
Other investments and other assets	6,131	5,936
Allowance for doubtful accounts	(227)	(228)
Total investments and other assets	16,561	16,600
Total non-current assets	80,869	80,010
Current assets		
Cash and deposits	9,069	8,697
Notes and accounts receivable - trade	5,844	4,322
Merchandise and finished goods	818	705
Raw materials and supplies	3,226	2,984
Deferred tax assets	586	674
Other current assets	1,986	3,332
Allowance for doubtful accounts	(39)	(12)
Total current assets	21,493	20,703
Total assets	102,363	100,714

	As of March 31, 2017	As of September 30, 2017
LIABILITIES		
Non-current liabilities		
Bonds payable	17,500	15,000
Long-term loans payable	15,155	12,551
Provision for directors' retirement benefits	482	406
Provision for gas holder repairs	376	367
Provision for safety measures	555	451
Provision for appliances warranties	182	175
Net defined benefit liability	4,659	4,397
Asset retirement obligations	110	111
Other non-current liabilities	405	449
Total non-current liabilities	39,429	33,911
Current liabilities		
Current portion of non-current liabilities	2,918	5,673
Notes and accounts payable - trade	5,729	5,397
Short-term loans payable	-	350
Income taxes payable	450	627
Commercial papers	500	2,000
Other current liabilities	4,989	3,513
Total current liabilities	14,588	17,562
Total liabilities	54,017	51,474
NET ASSETS		
Shareholders' equity		
Capital stock	5,181	5,181
Capital surplus	1,141	1,141
Retained earnings	38,181	38,357
Treasury shares	(54)	(21)
Total shareholders' equity	44,449	44,658
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,552	2,956
Deferred gains or losses on hedges	(63)	(39)
Remeasurements of defined benefit plans	(1,113)	(983)
Total accumulated other comprehensive income	1,375	1,934
Non-controlling interests	2,520	2,647
Total net assets	48,345	49,240
Total liabilities and net assets	102,363	100,714

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

Quarterly consolidated statements of income

(Second quarter ended September 2017)

(Million yen)

	Second quarter ended September 2016 (Apr. 1, 2016 – September 30, 2016)	Second quarter ended September 2017 (Apr. 1, 2017 – September 30, 2017)
Net sales	31,823	32,512
Cost of sales	17,864	19,684
Gross profit	13,959	12,827
Selling, general and administrative expenses	11,887	12,047
Operating income	2,072	780
Non-operating income		
Interest income	3	1
Dividends income	88	93
Share of profit of entities accounted for using equity method	98	99
Miscellaneous income	273	283
Total non-operating income	464	477
Non-operating expenses		
Interest expenses	128	115
Miscellaneous expenses	100	91
Total non-operating expenses	229	207
Ordinary income	2,306	1,051
Extraordinary income		
Gain on forgiveness of debts	2,105	-
Total extraordinary income	2,105	-
Income before income taxes and minority interests	4,412	1,051
Income taxes-current	348	361
Income taxes-deferred	(275)	65
Total income taxes	72	427
Profit	4,339	624
Profit attributable to non-controlling interests	197	142
Profit attributable to owners of parent	4,141	481

Quarterly consolidated statements of comprehensive income
(Second quarter ended September 2017)

(Million yen)

	Second quarter ended September 2016 (Apr. 1, 2016 – September 30, 2016)	Second quarter ended September 2017 (Apr. 1, 2017 – September 30, 2017)
Profit	4,339	624
Other comprehensive income		
Valuation difference on available-for-sale securities	(239)	404
Deferred gains or losses on hedges	(686)	24
Remeasurements of defined benefit plans	132	130
Total other comprehensive income	(794)	558
Comprehensive income	3,544	1,183
Comprehensive income attributable to owners of parent	3,347	1,040
Comprehensive income attributable to non-controlling interests	197	142