

Summary of Consolidated Financial Results for the Third 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: February 13, 2018
 Scheduled date of commencement of dividend payment: -
 Supplementary materials for quarterly financial report: None
 Information meeting for quarterly financial report: None

(Yen in millions, rounded down)

1. Financial results for the third quarter of the fiscal year ending March 2018 (April 1, 2017 – December 31, 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	%
Third quarter of FY3/2018	50,597	6.4	1,137	(40.5)	1,550	(29.5)	1,093	(72.2)
Third quarter of FY3/2017	47,558	(12.8)	1,912	(42.4)	2,197	(39.4)	3,936	67.0

Note: Comprehensive income: Third quarter of FY3/2018: 2,437 million yen [(49.4)%], Third quarter of FY3/2017: 4,817 million yen [171.4%]

	Net income per share (basic)		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
Third quarter of FY3/2018	16.11	-	-	-
Third quarter of FY3/2017	58.08	-	-	-

(2) Financial position (Consolidated)

	Total assets		Net assets		Equity ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
As of December 31, 2017	102,279	50,229	50,229	48,345	46.5	44.8
As of March 31, 2017	102,363	48,345	48,345			

Reference: Shareholders' equity As of December 31 2017: 47,571 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 2018 (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: None

* Notes

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Use of of accounting methods specifically for the preparation of the quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles and estimates, and retrospective restatements
- (a) Changes due to revision of accounting standards: None
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatements: None
- (4) Number of shares outstanding (common stock)
- (a) Shares outstanding (including treasury shares)

As of December 31, 2017: 67,998,590	As of March 31, 2017: 67,998,590
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 - (b) Treasury shares

As of December 31, 2017: 35,567	As of March 31, 2017: 127,452
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 - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended December 31, 2017: 67,922,278	Period ended December 31, 2016: 67,772,377
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* Quarterly financial results are exempt from quarterly review

*Cautionary statement regarding forecasts of operating results and special notes

Forecasts regarding future performance in these materials are based on judgments made in accordance with information available at the time this report was prepared. Actual results may differ significantly from these forecasts for a number of factors.

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: None

Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2017	As of December 31, 2017
ASSETS		
Non-current assets		
Property, plant and equipment		
Production facilities	17,595	17,259
Distribution facilities	29,726	30,143
Service and maintenance facilities	4,313	4,059
Other facilities	8,834	7,565
Construction in progress	2,814	3,349
Total property, plant and equipment	63,284	62,378
Intangible assets	1,023	1,112
Investments and other assets		
Investment securities	8,782	9,729
Long-term loans receivable	109	50
Deferred tax assets	1,764	742
Other investments and other assets	6,131	5,801
Allowance for doubtful accounts	(227)	(214)
Total investments and other assets	16,561	16,109
Total non-current assets	80,869	79,600
Current assets		
Cash and deposits	9,069	9,481
Notes and accounts receivable - trade	5,844	5,542
Merchandise and finished goods	818	949
Raw materials and supplies	3,226	3,100
Deferred tax assets	586	841
Other current assets	1,986	2,778
Allowance for doubtful accounts	(39)	(14)
Total current assets	21,493	22,678
Total assets	102,363	102,279

	As of March 31, 2017	As of December 31, 2017
LIABILITIES		
Non-current liabilities		
Bonds payable	17,500	15,000
Long-term loans payable	15,155	11,163
Provision for directors' retirement benefits	482	412
Provision for gas holder repairs	376	340
Provision for safety measures	555	393
Provision for appliances warranties	182	172
Net defined benefit liability	4,659	2,452
Asset retirement obligations	110	112
Other non-current liabilities	405	445
Total non-current liabilities	39,429	30,493
Current liabilities		
Current portion of non-current liabilities	2,918	6,968
Notes and accounts payable - trade	5,729	5,591
Short-term loans payable	-	300
Income taxes payable	450	439
Commercial papers	500	4,500
Other current liabilities	4,989	3,756
Total current liabilities	14,588	21,556
Total liabilities	54,017	52,050
NET ASSETS		
Shareholders' equity		
Capital stock	5,181	5,181
Capital surplus	1,141	1,141
Retained earnings	38,181	38,697
Treasury shares	(54)	(15)
Total shareholders' equity	44,449	45,005
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,552	3,080
Deferred gains or losses on hedges	(63)	43
Remeasurements of defined benefit plans	(1,113)	(557)
Total accumulated other comprehensive income	1,375	2,566
Non-controlling interests	2,520	2,657
Total net assets	48,345	50,229
Total liabilities and net assets	102,363	102,279

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

Quarterly consolidated statements of income

(Third quarter ended December 2017)

(Million yen)

	Third quarter ended December 2016 (Apr. 1, 2016 – December 31, 2016)	Third quarter ended December 2017 (Apr. 1, 2017 – December 31, 2017)
Net sales	47,558	50,597
Cost of sales	27,709	31,323
Gross profit	19,848	19,273
Selling, general and administrative expenses	17,936	18,136
Operating income	1,912	1,137
Non-operating income		
Interest income	4	3
Dividends income	155	166
Share of profit of entities accounted for using equity method	117	112
Miscellaneous income	351	394
Total non-operating income	629	676
Non-operating expenses		
Interest expenses	189	170
Miscellaneous expenses	154	92
Total non-operating expenses	343	263
Ordinary income	2,197	1,550
Extraordinary income		
Gain on forgiveness of debts	2,105	-
Gain on revision of retirement benefit system	-	449
Total extraordinary income	2,105	449
Income before income taxes and minority interests	4,303	1,999
Income taxes-current	512	431
Income taxes-deferred	(355)	322
Total income taxes	157	753
Profit	4,146	1,245
Profit attributable to non-controlling interests	209	151
Profit attributable to owners of parent	3,936	1,093

Quarterly consolidated statements of comprehensive income
(Third quarter ended December 2017)

(Million yen)

	Third quarter ended December 2016 (Apr. 1, 2016 – December 31, 2016)	Third quarter ended December 2017 (Apr. 1, 2017 – December 31, 2017)
Profit	4,146	1,245
Other comprehensive income		
Valuation difference on available-for-sale securities	350	529
Deferred gains or losses on hedges	123	107
Remeasurements of defined benefit plans	198	555
Total other comprehensive income	671	1,191
Comprehensive income	4,817	2,437
Comprehensive income attributable to owners of parent	4,608	2,284
Comprehensive income attributable to non-controlling interests	209	152