



## Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018 [Japanese GAAP]

October 31, 2017

Company name: TOKAI Holdings Corporation      Stock listing: Tokyo Stock Exchange  
 Stock code: 3167      URL: <http://tokaiholdings.co.jp>  
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 Scheduled date of filing quarterly report: November 13, 2017  
 Scheduled date of dividend payment: November 30, 2017  
 Supplementary materials on quarterly financial results: Yes  
 Quarterly financial results briefing: Yes (For institutional investor)

(Figures are rounded to the nearest million yen)

### 1. Consolidated Financial Results for the Six-months Ended September 30, 2017 (April 1, 2017 to September 30, 2017)

#### (1) Consolidated Operating Results (cumulative)

(% figures represent year-on-year changes)

	Sales		Operating Profit		Recurring Profit		Quarterly Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months Ended September 30, 2017	84,911	3.3	3,114	(29.3)	3,143	(29.0)	1,246	(47.7)
Six months Ended September 30, 2016	82,201	(3.0)	4,406	137.4	4,428	148.9	2,384	760.2

(Note) Comprehensive income: 1,911 million yen in the Six months Ended September 30, 2017 (-34.2%)  
 2,906 million yen in the Six months Ended September 30, 2016 (-%)

	Quarterly Net Income per Share	Quarterly Net Income per Share (Diluted)
	Yen	Yen
Six months Ended September 30, 2017	9.76	9.50
Six months Ended September 30, 2016	21.00	18.21

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
Six months Ended September 30, 2017	161,497	58,822	36.0
Year ended March 31, 2017	161,112	56,446	34.5

(Reference) Equity: 57,755 million yen for the Six months Ended September 30, 2017  
 55,654 million yen for the year ended March 31, 2017

### 2. Dividends

	Annual Dividend				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	—	11.00	—	17.00	28.00
Year ending March 31, 2018	—	14.00	—	—	—
Year ending March 31, 2018 (Forecast)	—	—	—	14.00	28.00

(Note) Revisions to most recently announced dividend forecasts: No

(Note) The breakdown of the year-ended March 31, 2017 dividend were ordinary dividend of 11 yen and commemorative dividend of 6 yen.

Capital surplus is included in dividend resources for fiscal 2016. For details, please refer to "Breakdown of dividends with capital surplus as dividend fund" below.

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)  
 (% figures represent year-on-year changes)

	Sales		Operating Profit		Recurring Profit		Net Income Attributable to Owners of the Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2018	189,400	6.0	11,410	(10.5)	11,360	(11.1)	6,450	(12.1)	50.88

(Note) Revisions to most recently announced earnings forecasts: No

\*Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries affecting the scope of consolidation): No

(2) Application of special accounting procedures in the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, estimates, and restatements

1) Changes in accounting policies accompanying revisions in accounting standards, etc.: No

2) Changes in accounting policies other than 1): No

3) Changes in accounting estimates: No

4) Restatements: No

(4) Number of shares issued (common stock)

1) Shares issued at the end of each period (including treasury stock):

Q2 FY3/2018	139,679,977 shares	FY3/2017	139,679,977 shares
Q2 FY3/2018	8,735,660 shares	FY3/2017	12,915,785 shares
Q2 FY3/2018	127,761,866 shares	Q2 FY3/2017	113,546,363 shares

2) Number of shares of treasury stock at the end of each period:

3) Average number of shares during the period (cumulative):

(Note) Board benefit trust shares(BBT) is included in the number of year-end treasury stock.(416,600 stocks at Q2 FY3/2018, 420,000 stocks at FY3/2017) And the company shares held in ESOP trust accounts are included in the treasury stock, which is subtracted from calculations of the average number of shares during the period (417,714 shares for the Six months Ended September 30, 2017; 2,295 shares for the Six months Ended September 30, 2016).

\* Quarterly financial results not covered by quarterly review

\* Explanation regarding the Appropriate Uses of Earnings Forecasts and Other Notes

All earnings forecasts provided within this document are based on the most accurate information available at the time of the release of this document. Actual results may differ from forecasts due to various factors going forward.

**Breakdown of dividends with capital surplus as dividend resource**

Of the dividends for the fiscal year ending March 31, 2017, the breakdown of dividends for capital surplus as dividend is as follows.

Reference date	Year-Ended	Total
Dividend per share (Yen)	0.79	0.79
Total dividends (Millions of yen)	100	100

(Note) Reduction ratio of net assets 0.003

[Attachment]

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## 1. Qualitative Information on Financial Results for the Period Under Review

### (1) Explanation of Consolidated Operating Performance

During the first six months of the fiscal year ending March 31, 2018, the Japanese economy was on a gradual recovery trend, with an upturn in personal consumption and some improvement in employment conditions, but the general economic outlook remains clouded due to uncertainties in overseas economies, such as the U.S. monetary policy and the risk of weaker-than-expected performance of emerging economies in Asia.

As set out in the TOKAI Group's new medium-term management plan Innovation Plan 2020 "JUMP," the Group seeks to advance further by pursuing growth strategies such as increasing the number of continuing customers and capturing cross-selling opportunities based on the Total Life Concierge (TLC) concept, expanding service areas to broaden sales channels, M&A activities, and moving into new business areas. In July, Tokyo Bay Network Co., Ltd., which operates a CATV business in two Tokyo wards, became a consolidated subsidiary.

Under these conditions, in the six months ended September 30, 2017, the Group booked sales of 84,911 million yen (up 3.3% year-on-year) mainly due to an increase in continuing customers. However, a rise in costs to acquire customers and prevent contract cancellations among other factors affected profits, and the Group posted operating profit of 3,114 million yen (down 29.3%), recurring profit of 3,143 million yen (down 29.0%), and quarterly net income attributable to owners of the parent of 1,246 million yen (down 47.7%).

In the six months ended September 30, 2017, the number of continuing customers increased by 263 thousand from March 31, 2017 to 2,827 thousand, primarily due to the addition of Tokyo Bay Network's 250 thousand customers. Members of the TLC Membership Service increased by 56 thousand to 642 thousand.

Performance by segment was as follows.

#### (Gas and Petroleum)

In the liquefied petroleum gas (LP gas) business, in the six months ended September 30, 2017, the Group focused on increasing the customer count amid intensifying competition, including efforts to attract new customers and prevent existing customers from switching suppliers and starting services in Okayama Prefecture. As a result, the number of customers rose by six thousand from March 31, 2017, to 594 thousand and LP gas sales volume was flat year-on-year. Consequently, sales of the LP gas business came to 27,478 million yen (up 0.6% year-on-year).

In the city gas business, the number of customers was 54 thousand, unchanged from the level as of March 31, 2017, but sales rose 2.4% year-on-year to 5,299 million yen due to a higher unit sales price stemming from the fuel cost adjustment system and other factors.

As a result, segment sales came to 32,777 million yen (up 0.9% year-on-year), but operating profit was down 77.8% to 393 million yen because of an increase in costs to acquire new customers and prevent service cancellations.

#### (Building and Real Estate)

In the Building and Real Estate business, housing sales, projects such as building new retail stores, and number of properties managed under building management support services increased, although solar power equipment sales declined year-on-year. As a result, segment sales were 8,349 million yen (up 3.8% year-on-year) and operating profit was 57 million yen (up 100.5%).

#### (CATV)

In the CATV business, in addition to preventing existing customers from switching to competitors, we worked on measures such as sales of set discount offerings for broadcasting and communications and smartphone set discounts through alliances with major mobile phone carriers. These measures helped to make our prices more competitive to acquire new customers. We also stepped up efforts to improve our broadcasting service by offering more local information programs and progressing the transition to fiber optics compatible with 4K broadcasts. In telecommunications, we launched a new ultrafast fiber-optic service offering a maximum speed of 10Gbps. We expanded and improved services to increase customer satisfaction.

The addition of Tokyo Bay Network's 250 thousand customers (235 thousand broadcasting and 15 thousand telecommunications customers) meant a sharp increase from March 31, 2017 of 239 thousand customers for our broadcasting services to 748 thousand and an increase of 22 thousand customers for our telecommunications services to 247 thousand.

Due to an increase in subscribers, segment sales totaled 13,607 million yen (up 8.3% year-on-year), and operating profit was 1,517 million yen (up 22.3%).

#### (Information and Communications Services)

In the broadband business for individual customers, we worked to acquire new customers and also actively encouraged existing customers to switch to Hikari Collaboration services. As a result, the number of Hikari Collaboration customers increased by 16 thousand from March 31, 2017, to 315 thousand. However, the total number of FTTH customers fell by 15 thousand to 705 thousand due to increased competition from major mobile phone carriers. This, combined with contract cancellations by ADSL and other customers, led to a decrease of 20 thousand broadband customers to 774 thousand. The number of customers of our LIBMO MVNO service launched in February 2017 came to 13 thousand as of September 30, 2017. As a result, segment sales totaled 15,703 million yen (up 0.5% year-on-year).

For corporate customers, growth of businesses with recurring revenue such as cloud services and an increase in orders for systems development led to a 13.2% year-on-year increase in sales to 9,202 million yen.

Due to these factors, segment sales came to 24,906 million yen (up 4.9% year on year), but operating profit was 906 million yen (down 32.7%) due to an increase in promotional spending on the MVNO business and others.

#### (Aqua)

In the Aqua business, the Company pushed forward with customer acquisition activities for the "The gift of delicious water: Ulunom" brand, mainly targeting large-scale commercial facilities at metropolitan areas, and succeeded in increasing the number of customers to 141 thousand, up by six thousand from March 31, 2017.

As a result, segment sales came to 3,055 million yen (up 4.3% year-on-year), but operating profit fell 86.6% to 12 million yen due to an increase in customer acquisition costs.

#### (Others)

In the nursing care business, an increase in the number of users led to sales of 506 million yen (up 18.3% year-on-year). In the ships business, sales were down 10.6% year-on-year to 686 million yen on a decrease in the number of ships repaired. In the bridal events business, sales were down 23.3% year-on-year to 672 million yen due to the closure of wedding venue Vrai Cloche Bouquet Tokai Mishima at the end of March 2017.

Due to these factors, segment sales came to 2,214 million yen (down 8.6% year-on-year), but operating profit was 18 million yen (compared with an operating loss of 59 million yen in the same period of the preceding fiscal year) as a result of improved profitability.

## (2) Explanation of Consolidated Financial Condition

### 1) Assets, Liabilities, and Net Assets

Total assets amounted to 160,497 million yen as of September 30, 2017, down by 614 million yen from March 31, 2017. This is primarily due to an increase in tangible fixed assets of 1,948 million yen from making Tokyo Bay Network a consolidated subsidiary and a 3,323 million yen decrease in notes and accounts receivable – trade due to seasonal and other factors.

Total liabilities were 101,674 million yen, down 2,991 million yen from March 31, 2017. This is mainly due to an 882 million increase in interest-bearing liabilities because of a rise in short-term loans and other factors, and decrease of 2,080 million yen in income taxes payable (as a result of submitting returns for, and payment of fiscal 2016 income tax) and 1,606 million yen in notes and accounts payable – trade because of seasonal and other factors.

As of September 30, 2017, net assets totaled 58,822 million yen, up 2,376 million yen from March 31, 2017. Although the Group paid 2,162 million yen in dividends from surplus, it booked 1,246 million yen in net income attributable to owners of

the parent and a 2,400 million yen increase in asset from the conversion of convertible bonds with stock acquisition rights and other factors.

## 2) Cash Flows

Cash and cash equivalents (hereinafter referred to as “funds”) at September 30, 2017 totaled 2,639 million yen, down 472 million yen from March 31, 2017.

Cash flows from each activity during the six months under review and the factors behind them are as follows.

### (Cash flows from operating activities)

Net cash provided by operating activities was 7,888 million yen (down 4,150 million yen year-on-year).

Funds increased chiefly due to quarterly net income before income taxes and the effect of depreciation and amortization expenses (non-cash items).

### (Cash flows from investing activities)

Net cash used in investing activities was 6,931 million yen (down 2,262 million yen year-on-year). This is mainly due to acquisition of shares in a subsidiary resulting in the acquisition of tangible and intangible fixed assets and change to the scope of consolidation.

### (Cash flows from financing activities)

Net cash used in financing activities was 1,427 million yen (up 7,405 million yen year-on-year). Cash was mainly used for the payment of dividends.

Additionally, cash flows from financing activities increased substantially year-on-year. This was mainly due to an increase in short-term borrowings.

## (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information

Earnings results for the six months ended September 30, 2017 were generally in line with forecasts, and the Company maintains its consolidated earnings forecasts for the fiscal year ending March 31, 2018, announced on May 9, 2017.

Forecasts are judgments based on currently available information. Actual performance may differ from forecasts due to a variety of factors going forward.

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

No items to report

(Notes on Significant Changes in Shareholders' Equity)

No items to report

(Additional Information)

(Board Benefit Trust (BBT))

(1) Overview of Transactions

At a Board of Directors Meeting held on May 10th, 2016, the Company approved the introduction of a board benefit trust (BBT) plan as a new stock-based compensation system (hereinafter referred to as "the System") for the Company's Directors, Executive Officers, Administrative Officers, and the Directors and Administrative Officers of some of the Company's subsidiaries (excluding Outside Directors; hereinafter referred to as "Executives"). This Executive compensation was approved at the 5th Annual General Meeting of Shareholders held on June 24, 2016.

The System is a stock-based compensation system in which the Company will acquire the shares of the Company using funds the Company first contributes. The Company's shares and the amount of cash equivalent to the market price of the Company's shares as of the date of the Executive's retirement (hereinafter referred to as the "Company's Shares, etc.") will be provided through the trust to the Executives in accordance with executive stock-based compensation rules stipulated by the Company and subsidiaries of the Company covered by the System. In principle, Executives shall receive the Company's Shares, etc. upon their retirement.

The Company has applied the gross method for this transaction in accordance to "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015).

(2) Company stock remaining in the trust

The Company is recording Company stock which remains in the trust as treasury stocks under net assets at book value (excluding attached expenses). The book value of the treasury stock was 261 million yen at the end of the preceding fiscal year and 259 million yen as of September 30, 2017. Treasury stock totaled 420,000 shares at the end of the preceding fiscal year and 416,000 shares as of September 30, 2017.



(Segment Information, etc.)

[Segment Information]

## I. Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)

## Sales and Income or Losses by Reportable Segment

(Millions of yen)

	Reportable segments						Others <sup>1</sup>	Total	Adjustments <sup>2</sup>	Amount in consolidated statements of income <sup>3</sup>
	Gas and Petroleum	Building and Real Estate	CATV	Information and Communications	Aqua	Subtotal				
Sales										
Sales to external customers	32,496	8,040	12,560	23,750	2,929	79,778	2,423	82,201	—	82,201
Intersegment sales and transfer	100	903	396	1,499	73	2,973	94	3,067	(3,067)	—
Subtotal	32,597	8,944	12,957	25,250	3,002	82,752	2,517	85,269	(3,067)	82,201
Segment income (loss)	1,768	28	1,240	1,347	92	4,478	(59)	4,419	(13)	4,406

- (Note) 1. The "Others" category is a business segment not included in the reportable segments. This category includes businesses such as weddings, ship repair, insurance and nursing care.
2. Adjustments to segment income (loss) are mainly eliminations due to intersegment transactions.
3. Segment income (loss) is adjusted to match operating profit in the quarterly consolidated statements of income.

## II. Six Months Ended September 30, 2017 (April 1, 2017 to September 30, 2017)

## Sales and Income or Losses by Reportable Segment

(Millions of yen)

	Reportable segments						Others <sup>1</sup>	Total	Adjustments <sup>2</sup>	Amount in consolidated statements of income <sup>3</sup>
	Gas and Petroleum	Building and Real Estate	CATV	Information and Communications	Aqua	Subtotal				
Sales										
Sales to external customers	32,777	8,349	13,607	24,906	3,055	82,697	2,214	84,911	—	84,911
Intersegment sales and transfer	101	625	390	1,489	75	2,684	88	2,772	(2,772)	—
Subtotal	32,879	8,975	13,998	26,396	3,131	85,381	2,303	87,684	(2,772)	84,911
Segment income (loss)	393	57	1,517	906	12	2,887	18	2,905	208	3,114

- (Note) 1. The "Others" category is a business segment not included in the reportable segments. This category includes businesses such as weddings, ship repair, insurance and nursing care.
2. Adjustments to segment income (loss) are mainly eliminations due to intersegment transactions.
3. Segment income (loss) is adjusted to match operating profit in the quarterly consolidated statements of income.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2017	Six Months Ended September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	3,239	2,773
Notes and accounts receivable–trade	22,838	19,514
Merchandise and finished goods	3,676	3,683
Work in process	645	864
Raw materials and supplies	737	694
Other	7,789	8,532
Allowance for doubtful accounts	(332)	(309)
Total current assets	38,594	35,754
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,718	34,430
Machinery, equipment and vehicles, net	21,848	21,944
Land	22,634	22,669
Other, net	15,446	16,551
Total property, plant and equipment	93,647	95,595
Intangible assets		
Goodwill	5,861	5,778
Other	5,127	5,630
Total intangible assets	10,988	11,408
Investments and other assets		
Net defined benefit asset	2,397	2,434
Other	15,895	15,884
Allowance for doubtful accounts	(432)	(596)
Total investments and other assets	17,860	17,722
Total non-current assets	122,496	124,727
Deferred assets	21	16
Total assets	161,112	160,497

(Millions of yen)

	Fiscal Year Ended March 31, 2017	Six Months Ended September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable–trade	14,779	13,172
Short-term loans payable	22,912	25,232
Current portion of bonds	578	368
Income taxes payable	3,484	1,404
Accruals	1,695	1,755
Other	17,854	16,719
<b>Total current liabilities</b>	<b>61,304</b>	<b>58,653</b>
Non-current liabilities		
Bonds payable	406	492
Convertible bonds with stock acquisition rights	2,800	400
Long-term loans payable	27,440	28,526
Accruals	101	124
Net defined benefit liability	364	489
Other	12,249	12,988
<b>Total non-current liabilities</b>	<b>43,361</b>	<b>43,021</b>
<b>Total liabilities</b>	<b>104,665</b>	<b>101,674</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	14,000	14,000
Capital surplus	24,286	25,524
Retained earnings	15,048	14,233
Treasury stock	(3,285)	(2,222)
<b>Total shareholders' equity</b>	<b>50,048</b>	<b>51,534</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,126	2,705
Deferred gains (losses) on hedges	720	847
Foreign currency translation adjustment	(9)	(7)
Remeasurement of defined benefit plans	2,768	2,674
<b>Total accumulated other comprehensive income</b>	<b>5,605</b>	<b>6,221</b>
Non-controlling interests	791	1,066
<b>Total net assets</b>	<b>56,446</b>	<b>58,822</b>
<b>Total liabilities and net assets</b>	<b>161,112</b>	<b>160,497</b>

(2) Quarterly Consolidated Statements of Income, Consolidated Statements of Comprehensive Income  
 (Quarterly Consolidated Statements of Income)  
 (Six Months Ended September 30, 2017)

	(Millions of yen)	
	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)	Six Months Ended September 30, 2017 (April 1, 2017 to September 30, 2017)
Sales	82,201	84,911
Cost of sales	48,577	50,436
Gross profit	33,624	34,474
Selling, general and administrative expenses	29,218	31,360
Operating profit	4,406	3,114
Non-operating profit		
Interest income	5	5
Dividend income	103	113
Commission fee	41	43
Other	234	148
Total non-operating profit	385	310
Non-operating expenses		
Interest expenses	283	227
Other	79	53
Total non-operating expenses	362	281
Recurring profit	4,428	3,143
Extraordinary income		
Gain on sales of non-current assets	5	1
Transmission line facility subsidies	15	24
Subsidy income	2	-
Gain on reversal of subscription rights to shares	98	-
Total extraordinary income	121	25
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	329	442
Impairment loss (★減損損失)	-	15
Loss on valuation of investment securities	-	15
Loss on step acquisitions	-	105
Total extraordinary losses	329	578
Quarterly net income before income taxes	4,220	2,590
Income taxes (current)	1,731	1,131
Income taxes (deferred)	64	162
Total income taxes	1,795	1,294
Quarterly net income	2,425	1,295
Quarterly net income attributable to non-controlling interests	41	49
Quarterly net income attributable to owners of the parent	2,384	1,246

(Consolidated Statements of Comprehensive Income)  
(Six Months Ended September 30, 2017)

(Millions of yen)

	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)	Six Months Ended September 30, 2017 (April 1, 2017 to September 30, 2017)
Quarterly net income	2,425	1,295
Other comprehensive income		
Valuation difference on available-for-sale securities	716	427
Deferred gains (losses) on hedges	(116)	126
Foreign currency translation adjustment	(22)	(1)
Remeasurement of defined benefit plans, net of tax	(76)	(93)
Share of other comprehensive income of entities accounted for using the equity method	(20)	23
Total other comprehensive income	480	615
Quarterly comprehensive income	2,906	1,911
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent	2,865	1,861
Quarterly comprehensive income attributable to non- controlling interests	41	49

## (3) Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)	Six Months Ended September 30, 2017 (April 1, 2017 to September 30, 2017)
<b>Cash flows from operating activities</b>		
Quarterly net income before income taxes	4,220	2,590
Depreciation	7,205	7,155
Amortization of goodwill	605	594
Impairment loss	-	15
Increase (decrease) in net defined benefit asset and liability	(122)	(153)
Interest and dividend income (★利息及び配当金の受取額)	(109)	(118)
Interest expenses	283	227
(Gain) loss on sales of non-current assets	(5)	(0)
(Gain) loss on valuation of investment securities	-	15
Loss on retirement of non-current assets	329	442
(Gain) loss on step acquisitions	-	105
Decrease (increase) in notes and accounts receivable – trade	3,184	3,953
Decrease (increase) in inventories	(7)	(204)
Increase (decrease) in notes and accounts payable – trade	(1,794)	(1,719)
Other	(193)	(1,193)
<b>Subtotal</b>	<b>13,597</b>	<b>11,610</b>
Income taxes paid	(1,558)	(3,721)
<b>Net cash provided by (used in) operating activities</b>	<b>12,039</b>	<b>7,888</b>
<b>Cash flows from investing activities</b>		
Interest and dividend income received	138	153
Purchase of securities	(7)	(6)
Purchase of tangible and intangible assets	(4,887)	(5,998)
Proceeds from sales of tangible and intangible assets	89	109
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,175)
Collection of loans receivable	34	22
Other	(35)	(35)
<b>Net cash provided by (used in) investing activities</b>	<b>(4,668)</b>	<b>(6,931)</b>
<b>Cash flows from financing activities</b>		
Interest expenses paid	(291)	(235)
Net increase (decrease) in short-term loans payable	(3,300)	2,775
Repayments of lease obligations	(2,025)	(1,552)
Proceeds from long-term loans payable	4,950	6,001
Repayment of long-term loans payable	(6,919)	(5,867)
Redemption of bonds	(379)	(404)
Proceeds from share issuance to non-controlling shareholders	-	20
Payments for acquisition of treasury stock	(261)	(0)
Proceeds from disposal of treasury shares	384	0

Cash dividends paid	(904)	(2,158)
Other	(84)	(5)
Net cash provided by (used in) financing activities	(8,833)	(1,427)
Effect of exchange rate change on cash and cash equivalents	(1)	(2)
Net increase (decrease) in cash and cash equivalents	(1,464)	(472)
Cash and cash equivalents at beginning of period	4,044	3,111
Cash and cash equivalents at end of period	2,580	2,639

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Additional Information)

(Board Benefit Trust (BBT))

(1) Overview of Transactions

At a Board of Directors Meeting held on May 10th, 2016, the Company approved the introduction of a board benefit trust (BBT) plan as a new stock-based compensation system (hereinafter referred to as "the System") for the Company's Directors, Executive Officers, Administrative Officers, and the Directors and Administrative Officers of some of the Company's subsidiaries (excluding Outside Directors; hereinafter referred to as "Executives"). This Executive compensation was approved at the 5th Annual General Meeting of Shareholders held on June 24, 2016.

The System is a stock-based compensation system in which the Company will acquire the shares of the Company using funds the Company first contributes. The Company's shares and the amount of cash equivalent to the market price of the Company's shares as of the date of the Executive's retirement (hereinafter referred to as the "Company's Shares, etc.") will be provided through the trust to the Executives in accordance with executive stock-based compensation rules stipulated by the Company and subsidiaries of the Company covered by the System. In principle, Executives shall receive the Company's Shares, etc. upon their retirement.

The Company has applied the gross method for this transaction in accordance to "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015).

(2) Company stock remaining in the trust

The Company is recording Company stock which remains in the trust as treasury stocks under net assets at book value (excluding attached expenses). The book value of such Company stocks was 261 million yen as of March 31, 2017, 258 million yen as of September 30, 2017. The number of stock was 420 thousand shares as of March 31, 2017, 416 thousand shares as of September 30, 2017.



(Segment Information, etc.)

[Segment Information]

## I. Six Months Ended September 30, 2016 (April 1, 2016 to September 30, 2016)

## Sales and Income of Losses by Reportable Segment

(Millions of yen)

	Reportable segments						Other <sup>1</sup>	Total	Adjustments <sup>2</sup>	Amount in quarterly consolidated statements of Income <sup>3</sup>
	Gas and Petroleum	Building and Real Estate	CATV	Information and Communications	Aqua	Subtotal				
Sales										
Sales to external customers	32,496	8,040	12,560	23,750	2,929	79,778	2,423	82,201	-	82,201
Intersegment sales and transfers	100	903	396	1,499	73	2,973	94	3,067	(3,067)	-
Subtotal	32,597	8,944	12,957	25,250	3,002	82,752	2,517	85,269	(3,067)	82,201
Segment income (loss)	1,768	28	1,240	1,347	92	4,478	(59)	4,419	(13)	4,406

- (Notes) 1. The "Other" category is a business segment not included in the reportable segments. This category includes businesses such as weddings, ship repair, insurance, and nursing care.  
 2. Adjustments to segment income (loss) are mainly eliminations due to intersegment transactions.  
 3. Segment income (loss) is adjusted to match operating profit in the quarterly consolidated statements of income.

## II. Six Months Ended September 30, 2017 (April 1, 2017 to September 30, 2017)

## Sales and Income of Losses by Reportable Segment

(Millions of yen)

	Reportable segments						Other <sup>1</sup>	Total	Adjustments <sup>2</sup>	Amount in quarterly consolidated statements of Income <sup>3</sup>
	Gas and Petroleum	Building and Real Estate	CATV	Information and Communications	Aqua	Subtotal				
Sales										
Sales to external customers	32,777	8,349	13,607	24,906	3,055	82,697	2,214	84,911	-	84,911
Intersegment sales and transfers	101	625	390	1,489	75	2,684	88	2,772	(2,772)	-
Subtotal	32,879	8,975	13,998	26,396	3,131	85,381	2,303	87,684	(2,772)	84,911
Segment income (loss)	393	57	1,517	906	12	2,887	18	2,905	208	3,114

- (Notes) 1. The "Other" category is a business segment not included in the reportable segments. This category includes businesses such as weddings, ship repair, insurance, and nursing care.  
 2. Adjustments to segment income (loss) are mainly eliminations due to intersegment transactions.  
 3. Segment income (loss) is adjusted to match operating profit in the quarterly consolidated statements of income.