

RGC Resources, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Revenues	\$ 18,788,585	\$ 16,010,056	\$ 61,841,820	\$ 62,949,598
Cost of sales	9,397,680	7,271,940	29,624,117	32,627,192
Gross margin	9,390,905	8,738,116	32,217,703	30,322,406
Equity in earnings of MVP	84,540	21,537	215,867	21,537
Other operating expenses, net	5,412,342	5,243,937	20,776,812	20,559,304
Interest expense	458,521	408,356	1,686,486	1,523,708
Income before income taxes	3,604,582	3,107,360	9,970,272	8,260,931
Income tax expense	1,372,364	1,184,570	3,853,978	3,168,102
Net income	<u>\$ 2,232,218</u>	<u>\$ 1,922,790</u>	<u>\$ 6,116,294</u>	<u>\$ 5,092,829</u>
Net earnings per share of common stock:				
Basic	<u>\$ 0.47</u>	<u>\$ 0.40</u>	<u>\$ 1.28</u>	<u>\$ 1.08</u>
Diluted	<u>\$ 0.46</u>	<u>\$ 0.40</u>	<u>\$ 1.28</u>	<u>\$ 1.07</u>
Cash dividends per common share	<u>\$ 0.2175</u>	<u>\$ 0.2025</u>	<u>\$ 0.8250</u>	<u>\$ 0.7800</u>
Weighted average number of common shares outstanding:				
Basic	4,796,396	4,748,279	4,778,699	4,734,962
Diluted	4,807,031	4,752,179	4,787,124	4,738,380

Condensed Consolidated Balance Sheets
(Unaudited)

	December 31,	
	2016	2015
Assets		
Current assets	\$ 21,606,504	\$ 21,104,828
Total property, plant and equipment, net	135,780,493	121,308,922
Other assets	18,574,746	12,490,905
Total Assets	<u>\$ 175,961,743</u>	<u>\$ 154,904,655</u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 28,756,950	\$ 27,614,707
Long-term debt	41,135,426	31,854,285
Deferred credits and other liabilities	48,788,676	41,371,592
Total Liabilities	<u>118,681,052</u>	<u>100,840,584</u>
Stockholders' Equity	57,280,691	54,064,071
Total Liabilities and Stockholders' Equity	<u>\$ 175,961,743</u>	<u>\$ 154,904,655</u>