

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

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2016	2015	2016	2015
Revenues	\$ 9,980,265	\$ 9,733,404	\$ 59,063,291	\$ 68,189,607
Cost of sales	4,115,076	4,324,712	27,498,377	37,983,174
Gross margin	5,865,189	5,408,692	31,564,914	30,206,433
Equity in earnings of MVP	56,919	—	152,864	—
Other operating expenses, net	5,232,938	4,947,380	20,608,407	20,429,037
Interest expense	415,721	371,340	1,636,321	1,512,419
Income (loss) before income taxes	273,449	89,972	9,473,050	8,264,977
Income tax expense (benefit)	127,888	54,217	3,666,184	3,170,562
Net income (loss)	<u>\$ 145,561</u>	<u>\$ 35,755</u>	<u>\$ 5,806,866</u>	<u>\$ 5,094,415</u>
Net earnings per share of common stock:				
Basic	<u>\$ 0.03</u>	<u>\$ 0.01</u>	<u>\$ 1.22</u>	<u>\$ 1.08</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 0.01</u>	<u>\$ 1.22</u>	<u>\$ 1.08</u>
Cash dividends per common share	<u>\$ 0.2025</u>	<u>\$ 0.1925</u>	<u>\$ 0.810</u>	<u>\$ 0.770</u>
Weighted average number of common shares outstanding:				
Basic	4,784,457	4,737,307	4,766,604	4,728,210
Diluted	4,794,244	4,739,745	4,773,175	4,731,676

Condensed Consolidated Balance Sheets  
(Unaudited)

	September 30,	
	2016	2015
<b>Assets</b>		
Current assets	\$ 15,482,324	\$ 16,149,822
Total property, plant and equipment, net	132,128,138	118,629,552
Other assets	17,942,387	11,067,820
Total Assets	<u>\$ 165,552,849</u>	<u>\$ 145,847,194</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities	\$ 28,497,053	\$ 23,202,984
Long-term debt, net of unamortized debt issuance costs	33,636,051	30,316,573
Deferred credits and other liabilities	47,752,673	39,486,646
Total Liabilities	<u>109,885,777</u>	<u>93,006,203</u>
Stockholders' Equity	55,667,072	52,840,991
Total Liabilities and Stockholders' Equity	<u>\$ 165,552,849</u>	<u>\$ 145,847,194</u>