

Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [Japanese GAAP]



April 25, 2019

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 Code number: 8174
 URL: <http://www.nichigas.co.jp/>
 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of Ordinary General Meeting of Shareholders: June 26, 2019
 Scheduled date of commencing dividend payments: June 27, 2019
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(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended Mar. 31, 2019	122,577	6.8	8,927	(16.5)	7,375	(33.5)	4,328	(44.5)
Fiscal Year ended Mar. 31, 2018	114,725	4.7	10,689	(12.4)	11,093	(8.9)	7,798	12.8

(Note) Comprehensive income: Fiscal year ended Mar. 31, 2019 ¥3,419 million [(54.3)%]
 Fiscal year ended Mar. 31, 2018 ¥7,483 million [(3.4)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2019	101.69	—	6.1	5.3	7.3
Fiscal year ended Mar. 31, 2018	182.62	—	11.2	8.0	9.3

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2019 ¥(1,503) million
 Fiscal year ended Mar. 31, 2018 ¥189 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2019	141,267	69,064	48.9	1,665.08
As of Mar. 31, 2018	137,953	72,076	52.2	1,687.70

(Reference) Equity: As of Mar. 31, 2019 ¥69,059 million As of Mar. 31, 2018 ¥72,069 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal year ended Mar. 31, 2019	15,151	(26,846)	(1,570)	18,193
Fiscal year ended Mar. 31, 2018	15,597	(7,059)	(8,454)	31,437

2. Dividends

	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividend to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year- end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 31, 2018	—	19.00	—	23.00	42.00	1,804	23.0	2.6
Fiscal year ended Mar. 31, 2019	—	23.00	—	47.00	70.00	2,949	68.8	4.2
Fiscal year ending Mar. 31, 2020 (Forecast)	—	35.00	—	35.00	70.00		51.8	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sep. 30, 2019	56,000	7.8	2,100	66.8	1,400	64.4	600	56.7	14.47
Full-year	135,000	10.1	10,500	17.6	9,000	22.0	5,600	29.4	135.02

4. Notes

- (1) Significant changes of subsidiaries during the year under review (changes in specified subsidiaries resulting in changes in scope of consolidation during the year under review): No
- (2) Changes to accounting policies, changes to accounting estimates, and revision restatements
 - 1) Changes to accounting policies accompanying the revision of accounting standards, etc.: No
 - 2) Changes to accounting policies other than 1) above: No
 - 3) Changes to accounting estimates: No
 - 4) Revision restatements: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares (including treasury shares):

Mar. 31, 2019	42,973,466 shares
Mar. 31, 2018	48,561,525 shares

2) Total number of treasury shares at the end of the period:

Mar. 31, 2019	1,498,332 shares
Mar. 31, 2018	5,858,603 shares

3) Average number of shares during the period:

Fiscal year ended Mar. 31, 2019	42,562,918 shares
Fiscal year ended Mar. 31, 2018	42,701,625 shares

(Note) The number of treasury shares includes the shares of the Company held by the “Directors’ Compensation BIP (Board Incentive Plan) Trust” (As of March 31, 2019: 248,107 shares, as of March 31, 2018: 271,137 shares).

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Non-consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2019	91,859	10.9	5,125	(15.4)	5,218	(17.4)	3,266	(19.7)
Fiscal year ended Mar. 31, 2018	82,831	25.6	6,061	(23.2)	6,318	(20.4)	4,066	(4.3)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended Mar. 31, 2019	76.75	—
Fiscal year ended Mar. 31, 2018	95.22	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2019	115,906	47,017	40.6	1,133.64
As of Mar. 31, 2018	108,148	51,033	47.2	1,195.08

(Reference) Equity: As of Mar. 31, 2019 ¥47,017 million As of Mar. 31, 2018 ¥51,033 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary income		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sep. 30, 2019	44,700	17.3	1,500	33.2	1,100	9.7	26.52
Full-year	110,000	19.7	6,200	18.8	4,300	31.6	103.68

* These financial results are outside the scope of audit by a certified public accountant or an audit corporation.

* Explanation of the proper use of performance forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “Overview of Operation Results, etc.” on page 2 of the attached Appendix for the notes on the use of preconditions for the earnings forecast and the use of the earnings forecast.

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1. Overview of Operation Results, etc.

(1) Overview of Operation Results for the Fiscal Year Under Review

In the domestic energy industry, following full liberalization of the retail sale of electricity in April 2016 and the retail sale of city gas in April 2017, entry of operators from other industries and collaboration across energy boundaries moved forward. The Company has gained further momentum in proposal activities to consumers through package discount deals.

With a view to expanding its business under such circumstance, the Group has been engaged in all-out marketing activities through efforts such as expanding the lineup of “Premium 5+ Plan,” a package discount for providing highly convenient service to customer, while striving to enhance recognition of its brand by implementing the brand strategy mainly through TV commercial and web advertising.

In November 2018, with the cooperation of TEPCO Energy Partner, Incorporated, the Company’s capital and business alliance partner, the Company announced “Electricity + Gas Discount Package,” a package discount for electricity and gas aimed at the lowest price in the industry, and started retail sale of electricity in the areas covered by TEPCO. Furthermore, in March 2019, the Company started offering package plans of LP gas and electricity through the same package discount scheme in the areas covered by CHUBU Electric Power (west of the Fuji River in Shizuoka) in Shizuoka, with a focus on increasing the number of customers. Going forward, the Company will continue to focus on developing attractive discount deals and value-added services that can garner support from more customers.

In addition, with an eye toward steady expansion of customer base for key LP gas business and future business alliances, the Group planned to construct “Yume no Kizuna Kawasaki (tentative name),” a new large-scale LP gas filling hub base, and acquired 95,537 square meters of land in Kawasaki, Kanagawa as its site.

The hub base scheduled to be completed in the fiscal year ending March 31, 2021 incorporates the latest ICT and IoT technologies, and aims to achieve the world’s first complete unmanned operation through complete digital transformation for operations such as receiving LP gas, collaborative filling of gas and loading to trailers. Furthermore, the Group will achieve traceability of gas cylinders by utilizing IC tags and image authentication technology, etc., and will aim for “visualization” of delivery routes and container management on a real-time basis and automatic operation of trailers and lorries in base premises by utilizing sensor technology.

In collaboration with SORACOM, INC., the Group linked various big data that supports these energy platform businesses and established “Nichigas Stream,” a system that conducts static and dynamic analysis of large amount of collected data by AI and applies the analysis to the development of new services that cater to different needs of each customer and diversifying local community dynamics. At present, the Group is implementing the system and proceeding with the selection of collected data and considering the method of utilization.

The Group believes that incorporating leading-edge technologies will lead to an increase in net sales by future labor productivity improvement and determine corporate value enhancement. Based on this belief, the Group will continue to address the creation of innovation with ICT technology.

Regarding quantitative aspect, the number of customers of the Group steadily increased by 157,000 households, compared with the end of the previous fiscal year, to 1,496,000 households as of the end of the current fiscal year.

For the fiscal year under review, consolidated net sales amounted to ¥122,577 million, a year-on-year increase of 6.8%, reflecting an increase in net sales of gas compared to the previous fiscal year as a result of the steady increase in the number of customers in the liberalized market, despite the impact of unusually high temperature from the beginning of the year.

In terms of profit, operating income decreased by 16.5% year on year to ¥8,927 million, ordinary income decreased by 33.5% year on year to ¥7,375 million due partly to the recognition of share of loss of entities accounted for using equity method, and profit attributable to owners of parent decreased by 44.5% year on year to ¥4,328 million. These decreases were attributable to higher raw material prices, along with an increase in labor costs due to personnel increase to strengthen sales capability and other factors.

Business performance by segment for the current fiscal year is as follows:

[LP Gas Business]

In the LP gas business, net sales for the current fiscal year increased by ¥2,693 million (4.2% increase) year on year to ¥67,442 million, due to factors including a rise in selling price in line with higher raw material prices, despite the decreased sales volume of LP gas due to impact of high temperature from the beginning of the year.

[City Gas Business]

In the city gas business, net sales for the current fiscal year increased by ¥5,158 million (10.3% increase) year on year to ¥55,135 million, due to factors including a year-on-year increase in gas sales volume as a result of the steady growth in the number of customers in the liberalized market.

(2) Overview of Financial Position for the Fiscal Year Under Review

Total assets as of the end of the current fiscal year increased by ¥3,314 million or 2.4% from the end of the previous fiscal year and stood at ¥141,267 million.

Current assets decreased by ¥12,451 million or 27.9% from the end of the previous fiscal year and stood at ¥32,198 million. This is mainly attributable to the decrease in cash and deposits due to the acquisition of the land for a plant in Kawasaki and real estate for investment.

Non-current assets increased by ¥15,765 million or 16.9% from the end of the previous fiscal year and stood at ¥109,069 million. This is mainly due to the increases in property, plant and equipment and investments and other assets in association with the acquisition of the land for a plant in Kawasaki and real estate for investment.

Total liabilities as of the end of the current fiscal year increased by ¥6,325 million or 9.6% from the end of the previous fiscal year and stood at ¥72,203 million. This is mainly due to the increase in loans payable in association with financing for capital investments.

Net assets as of the end of the current fiscal year decreased by ¥3,011 million or 4.2% from the end of the previous fiscal year and stood at ¥69,064 million. This is mainly a reflection of the increase and decrease in retained earnings due to the recording of profit attributable to owners of parent and payment of dividends as well as the purchase of treasury shares (decrease in shareholders' equity). In addition, 5,588,000 shares of treasury shares were retired.

As a result, equity ratio decreased by 3.3 points from the end of the previous fiscal year to 48.9%.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Balance of cash and cash equivalents (hereinafter referred to as “Funds”) at the end of the current fiscal year decreased by ¥13,243 million from the end of the previous fiscal year to ¥18,193 million.

(Net cash provided by (used in) operating activities)

Funds provided by operating activities amounted to ¥15,151 million, down by ¥446 million from the previous fiscal year. This is mainly attributable to the decrease in profit before income taxes from the previous fiscal year, offsetting factors for income such as the decrease in inventories.

(Net cash provided by (used in) investing activities)

Funds used in investing activities amounted to ¥26,846 million, up by ¥19,786 million from the previous fiscal year. This is mainly attributable to the increase in purchase of property, plant and equipment from the previous fiscal year due to the acquisition of the land for a plant in Kawasaki and real estate for investment.

(Net cash provided by (used in) financing activities)

Funds used in financing activities amounted to ¥1,570 million, down by ¥6,884 million from the previous fiscal year. This is mainly a reflection of the increase in loans payable and the purchase of treasury shares.

(4) Future Outlook

In the fiscal year ending March 31, 2020, the Company projects consolidated net sales of ¥135,000 million or 10.1% increase year on year attributable to an increase in sales of package plans of electricity and gas mainly through expansion of its customer base and the spread and expansion of the use of gas appliances in the liberalized electricity and city gas retail markets.

In terms of profit, as a result of the expected improvement of the balance in the LP gas business and the city gas business in the liberalized market, the Group projects operating income of ¥10,500 million (17.6% increase), ordinary income of ¥9,000 million (22.0% increase), and profit attributable to owners of parent of ¥5,600 million (29.4% increase).

2. Basic Approach to the Selection of Accounting Standards

The Group adopts Japanese GAAP. As to the policy of adoption of IFRS, the Company shall comply appropriately, taking into account various conditions in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2018 (As of Mar. 31, 2018)	Fiscal year ended Mar. 31, 2019 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	31,467	18,235
Notes and accounts receivable - trade	6,759	7,647
Merchandise and finished goods	5,453	5,065
Raw materials and supplies	182	187
Other	926	1,158
Allowance for doubtful accounts	(141)	(96)
Total current assets	44,649	32,198
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,791	23,318
Accumulated depreciation	(13,535)	(13,830)
Buildings and structures, net	9,255	9,487
Machinery, equipment and vehicles	201,816	205,200
Accumulated depreciation	(167,687)	(172,138)
Machinery, equipment and vehicles, net	34,129	33,061
Tools, furniture and fixtures	3,836	3,989
Accumulated depreciation	(2,829)	(3,042)
Tools, furniture and fixtures, net	1,007	946
Land	25,244	32,194
Leased assets	5,860	5,613
Accumulated depreciation	(3,648)	(3,653)
Leased assets, net	2,211	1,959
Construction in progress	830	1,044
Total property, plant and equipment	^{*1} 72, 678	^{*1} 78,694
Intangible assets		
Goodwill	3,073	2,336
Other	3,211	3,761
Total intangible assets	6,284	6,098
Investments and other assets		
Investment securities	^{*2} 4,485	^{*2} 3,628
Long-term loans receivable	4,034	2,820
Deferred tax assets	3,370	4,158
Real estate for investment	—	11,089
Other	3,055	3,633
Allowance for doubtful accounts	(604)	(1,054)
Total investments and other assets	14,340	24,276
Total non-current assets	93,304	109,069
Total assets	137,953	141,267

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2018 (As of Mar. 31, 2018)	Fiscal year ended Mar. 31, 2019 (As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,249	7,286
Electronically recorded obligations - operating	4,269	4,062
Short-term loans payable	*1 11,012	*1 21,686
Lease obligations	935	816
Income taxes payable	3,023	2,916
Provision for bonuses	436	397
Other	4,696	4,920
Total current liabilities	31,624	42,086
Non-current liabilities		
Long-term loans payable	*1 27,917	*1 23,418
Lease obligations	1,502	1,337
Deferred tax liabilities for land revaluation	208	208
Provision for share-based compensation	405	477
Provision for gas holder repairs	294	354
Provision for loss on voluntary recall of products	38	60
Net defined benefit liability	2,431	2,665
Other	1,455	1,595
Total non-current liabilities	34,253	30,116
Total liabilities	65,877	72,203
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus	15,724	7,920
Retained earnings	56,620	58,971
Treasury shares	(8,824)	(5,474)
Total shareholders' equity	70,589	68,487
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,212	346
Foreign currency translation adjustment	289	286
Remeasurements of defined benefit plans	(23)	(61)
Total accumulated other comprehensive income	1,479	571
Non-controlling interests	6	5
Total net assets	72,076	69,064
Total liabilities and net assets	137,953	141,267

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)
Net sales	114,725	122,577
Cost of sales	56,889	64,536
Gross profit	57,835	58,040
Selling, general and administrative expenses		
Freightage related expenses	2,650	2,555
Provision of allowance for doubtful accounts	32	4
Salaries and allowances	9,176	9,548
Provision for bonuses	389	344
Retirement benefit expenses	561	626
Provision for share-based compensation	158	157
Provision for gas holder repairs	62	26
Welfare expenses	2,110	2,184
Supplies expenses	3,838	3,732
Taxes and dues	1,215	1,260
Enterprise tax	478	508
Depreciation	8,979	8,915
Amortization of goodwill	820	771
Repair expenses	806	881
Commission fee	9,112	10,886
Other	6,752	6,706
Total selling, general and administrative expenses	47,146	49,112
Operating income	10,689	8,927
Non-operating income		
Interest income	192	409
Dividend income	65	51
Foreign exchange gains	—	32
Real estate rent	57	65
Insurance income	124	35
Dividend income of insurance	19	27
Share of profit of entities accounted for using equity method	189	—
Other	342	288
Total non-operating income	990	910
Non-operating expenses		
Interest expenses	348	311
Share of loss of entities accounted for using equity method	—	1,503
Foreign exchange losses	67	—
Provision of allowance for doubtful accounts	126	497
Provision for loss on voluntary recall of products	—	100
Other	43	50
Total non-operating expenses	586	2,463
Ordinary income	11,093	7,375

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)
Extraordinary income		
Gain on sales of non-current assets	*1 454	*1 62
Gain on sales of investment securities	477	316
Total extraordinary income	931	378
Extraordinary losses		
Loss on sales of non-current assets	*2 1	*2 0
Loss on retirement of non-current assets	*3 791	*3 104
Loss on sales of investment securities	6	—
Impairment loss	—	*5 450
Other	*4 7	*4 12
Total extraordinary losses	807	567
Profit before income taxes	11,217	7,186
Income taxes - current	3,294	3,249
Income taxes - deferred	125	(390)
Total income taxes	3,419	2,859
Profit	7,798	4,327
Profit (loss) attributable to non-controlling interests	0	(0)
Profit attributable to owners of parent	7,798	4,328

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)
Profit	7,798	4,327
Other comprehensive income		
Valuation difference on available-for-sale securities	(351)	(866)
Remeasurements of defined benefit plans, net of tax	(4)	(37)
Share of other comprehensive income of entities accounted for using equity method	40	(3)
Total other comprehensive income	* (315)	* (908)
Comprehensive income	7,483	3,419
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,482	3,420
Comprehensive income attributable to non-controlling interests	0	(0)

(3) Consolidated Statement of Changes in Equity

Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	7,070	15,724	50,899	(8,853)	64,840
Changes of items during period					
Dividends of surplus			(1,547)		(1,547)
Profit attributable to owners of parent			7,798		7,798
Change of scope of equity method			(530)		(530)
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares				32	32
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	5,720	29	5,749
Balance at the end of current period	7,070	15,724	56,620	(8,824)	70,589

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,564	249	(19)	1,795	6	66,641
Changes of items during period						
Dividends of surplus						(1,547)
Profit attributable to owners of parent						7,798
Change of scope of equity method						(530)
Purchase of treasury shares						(3)
Disposal of treasury shares						32
Net changes of items other than shareholders' equity	(351)	40	(4)	(315)	(0)	(315)
Total changes of items during period	(351)	40	(4)	(315)	(0)	5,434
Balance at the end of current period	1,212	289	(23)	1,479	6	72,076

Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	7,070	15,724	56,620	(8,824)	70,589
Changes of items during period					
Dividends of surplus			(1,976)		(1,976)
Profit attributable to owners of parent			4,328		4,328
Purchase of treasury shares				(4,540)	(4,540)
Disposal of treasury shares		(7,803)		7,890	86
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(7,803)	2,351	3,350	(2,102)
Balance at the end of current period	7,070	7,920	58,971	(5,474)	68,487

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,212	289	(23)	1,479	6	72,076
Changes of items during period						
Dividends of surplus						(1,976)
Profit attributable to owners of parent						4,328
Purchase of treasury shares						(4,540)
Disposal of treasury shares						86
Net changes of items other than shareholders' equity	(866)	(3)	(37)	(908)	(1)	(909)
Total changes of items during period	(866)	(3)	(37)	(908)	(1)	(3,011)
Balance at the end of current period	346	286	(61)	571	5	69,064

(4) Consolidated Statement of Cash Flows

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	11,217	7,186
Depreciation	9,043	9,024
Impairment loss	—	450
Amortization of goodwill	820	771
Increase (decrease) in allowance for doubtful accounts	135	405
Increase (decrease) in net defined benefit liability	14	179
Increase (decrease) in provision for share-based compensation	125	71
Increase (decrease) in allowance for loss on voluntary recall of products	(786)	21
Interest and dividend income	(258)	(461)
Interest expenses	348	311
Foreign exchange losses (gains)	35	(0)
Share of (profit) loss of entities accounted for using equity method	(189)	1,503
Loss (gain) on sales of non-current assets	(452)	(62)
Loss on retirement of non-current assets	791	104
Loss (gain) on sales of investment securities	(470)	(316)
Decrease (increase) in notes and accounts receivable - trade	(50)	(888)
Decrease (increase) in inventories	(879)	383
Increase (decrease) in notes and accounts payable - trade	0	(170)
Increase (decrease) in accrued consumption taxes	43	(47)
Increase (decrease) in advances received	(28)	(19)
Other, net	(933)	362
Subtotal	18,526	18,812
Interest and dividend income received	69	55
Interest expenses paid	(351)	(307)
Income taxes paid	(2,647)	(3,408)
Net cash provided by (used in) operating activities	15,597	15,151
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,386)	(25,531)
Proceeds from sales of property, plant and equipment	733	233
Purchase of intangible assets	(887)	(1,311)
Purchase of goodwill	(69)	(35)
Purchase of investment securities	(2)	(801)
Proceeds from sales of investment securities	809	665
Purchase of shares of subsidiaries and associates	(50)	—
Payments of loans receivable	(171)	(58)
Collection of loans receivable	20	39
Other, net	(57)	(46)
Net cash provided by (used in) investing activities	(7,059)	(26,846)

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)
Cash flows from financing activities		
Increase in short-term loans payable	2,296	7,405
Decrease in short-term loans payable	(1,896)	(2,409)
Proceeds from long-term loans payable	7,240	9,500
Repayments of long-term loans payable	(13,451)	(8,525)
Purchase of treasury shares	(3)	(4,540)
Cash dividends paid	(1,547)	(1,976)
Dividends paid to non-controlling interests	(0)	(0)
Other, net	(1,092)	(1,022)
Net cash provided by (used in) financing activities	(8,454)	(1,570)
Effect of exchange rate change on cash and cash equivalents	(42)	12
Net increase (decrease) in cash and cash equivalents	40	(13,252)
Cash and cash equivalents at beginning of period	31,396	31,437
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	8
Cash and cash equivalents at end of period	* 31,437	* 18,193

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

None.

(Important Matters that Form the Basis for Preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Names of the 6 consolidated subsidiaries:

TOSAI GAS INC., SHINNIHON GAS CORPORATION, HIGASHINIHON GAS CORPORATION,
KITANIHON GAS CO., LTD., NIHONGAS KOJI Inc., NIHONGAS UNYU SEIBI Inc.

Changes in consolidated subsidiaries, etc.

None.

(2) Names of the non-consolidated subsidiaries:

NICHIGAS LOGISTICS CALCULATION CENTER Inc., Kumonouchusen Co., Ltd., Nippon Gas USA, Inc.,
Energy Plus One Co., Ltd., nt style works Co., Ltd.

Reasons for excluding the non-consolidated subsidiaries from the scope of consolidation

The 5 non-consolidated subsidiaries were excluded from the scope of consolidation due to their insignificance in size, and as the total amounts of their total assets, net sales, profit/loss (to the extent of the Company's equity position) and retained earnings (to the extent of the Company's equity position) did not significantly impact the consolidated financial statements.

2. Scope of application of the equity method

(1) Number of non-consolidated subsidiaries accounted for under the equity method: 1

Name of the company: Nippon Gas USA, Inc.

(2) Affiliates accounted for under the equity method: 2

Names of the companies: Strategic Power Holdings LLC, EnergyLink Holdings Limited. (changed its name from COzero Holdings Limited. in September 2018)

(3) Non-consolidated subsidiaries and affiliates to which the equity method is not applied

Names of the non-consolidated subsidiaries:

NICHIGAS LOGISTICS CALCULATION CENTER Inc., Kumonouchusen Co., Ltd., Energy Plus One Co.,
Ltd., nt style works Co., Ltd.

Names of the affiliates: Strategic Power Holdings Operations, Inc., Tokyo Energy Alliance Co., Ltd.

Reason for not applying the equity method

The equity method is not applied to 4 non-consolidated subsidiaries and 2 affiliates, due to their insignificance overall; and as their profit/loss (to the extent of the Company's equity position) and their retained earnings (to the extent of the Company's equity position), even if eliminated from the scope of companies accounted for under the equity method, have minimal impact on the consolidated financial statements.

3. Fiscal year, etc. of consolidated subsidiaries

The fiscal year end dates of the consolidated subsidiaries coincide with the consolidated accounting date.

4. Accounting standards

(1) Valuation standards and methods regarding significant assets

(a) Inventories

Merchandise

Primarily stated at cost based on the first-in, first-out method (method by which the carrying amount is written down according to the decline in profitability). However, real estate for sale is stated at cost based on the identified cost method (method by which the carrying amount is written-down according to the decline in profitability).

Finished goods, work in process, raw materials, and supplies

Mainly stated at cost using the moving-average method (method by which the carrying amount is written-down according to the decline in profitability).

(b) Securities

Available-for-sale securities

Securities with market quotations:

Stated at their quoted market prices at the end of fiscal year (Cost of securities sold is calculated primarily using the moving-average method and net unrealized gains [losses] are included directly in net assets).

Securities without market quotations:

Stated at cost using the moving-average method.

(2) Depreciation method for significant depreciable assets

(a) Property, plant and equipment (excluding lease assets)

Calculated using the declining-balance method (however, the straight-line method is used for buildings [excluding building fixtures] acquired on or after April 1, 1998 and for building fixtures and structures acquired on or after April 1, 2016).

Useful lives of assets are principally as follows:

Buildings and structures	7 to 50 years
Machinery, equipment and vehicles	4 to 22 years

(b) Intangible assets (excluding lease assets)

Straight-line method

Internally used software is amortized over the estimated useful life (5 years).

(c) Lease assets

Lease assets concerning non-transfer ownership finance lease transactions:

Depreciated by the straight-line method, defining the lease term of respective assets as their useful lives, without residual value.

(3) Accounting standards for significant allowances and provisions

(a) Allowance for doubtful accounts

The Group provides for possible credit losses stemming from notes and accounts receivable-trade. Estimated amounts of irrecoverable debt are calculated based on historical write-off ratio for ordinary receivables, and on a consideration of feasibly recoverable amounts in individual cases of specific debts such as doubtful accounts.

(b) Provision for bonuses

Although the Company is not required to report a reserve for bonuses, the Company's consolidated subsidiaries provide for future bonus payments to employees in the estimated amount accrued on the fiscal year end date.

(c) Provision for share-based compensation

In order to deliver the Company's shares under the Directors' Compensation BIP Trust, the Company posts the estimated amount of share delivery according to points allocated to Directors and Executive Officers (mandated) based on provisions of the Share Delivery Rules.

(d) Provision for gas holder repairs

Among the consolidated subsidiaries, the 4 city gas companies – TOSAI GAS INC., SHINNIHON GAS CORPORATION, HIGASHINIHON GAS CORPORATION and KITANIHON GAS CO., LTD. – post a provision for repairs by distributing the estimated costs to each fiscal term during the period until the next scheduled repair.

(e) Provision for loss on voluntary recall of products

With regard to direct costs for the voluntary recall of products and related expenses, the Company posts the rational amount of loss estimated to accrue on or after March 31, 2019.

(4) Accounting method for retirement benefits

(i) Methods for attributing expected retirement benefits payment

In order to calculate the amount of retirement benefit obligations, benefit formula basis is applied for attributing expected retirement benefits payment to the periods to the end of the current fiscal year.

(ii) Methods for accounting treatment for actuarial gains or losses

Actuarial gains or losses are recognized as expenses, amortized by the declining-balance method over a fixed number of years (5 years) within the average remaining service period of the employees at the occurrences in each fiscal year, starting from each fiscal year in which they occur.

(iii) Adoption of simplified method in small businesses etc.

Consolidated subsidiaries adopt a simplified method for the calculation of net defined benefit liability and retirement benefit expenses, in which retirement benefit obligations are calculated, with respect to the lump-sum retirement benefit plan, based on the amount of retirement benefit required for voluntary termination at the end of the fiscal year, and with respect to the corporate pension plan, based on the actuarial obligations in the most recent calculation of pension financing.

(5) Significant hedge accounting

(i) Hedge accounting

Deferral hedge accounting is in principle applied. Exceptional treatment (“tokurei-shori”) is applied to interest rate swaps that meet the requirements for exceptional treatment.

(ii) Means of hedging and hedging items

Means of hedging

Interest rate swaps, commodity swaps

Hedging items

Loans payable, money for the purchase of commodities

(iii) Hedging policy

Foreign currency risks, commodity price risks and interest rate fluctuation risks are hedged to the extent allowed by the internal rules regarding risks.

(iv) Methods for evaluating the effectiveness of hedges

Assessment of effectiveness is omitted for interest rate swaps to which exceptional treatment is applied.

(6) Amortization of goodwill and amortization period

Goodwill is amortized over 20 year periods for 1 company, and over 5 years for other companies using the straight-line method.

(7) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents as stated in the consolidated statement of cash flows consist of cash in hand, demand deposits, and any short-term liquid investments with a maturity not exceeding 3 months at the time of purchase whose value is not subject to significant fluctuation risk.

(8) Other significant matters for preparing consolidated financial statements

Accounting method for consumption taxes

Transactions subject to consumption tax and local consumption tax are recorded at the amount exclusive of these taxes.

(Consolidated Balance Sheet)

*1 Assets pledged as collateral and borrowings secured by collateral

Assets pledged as collateral are as follows:

	(Millions of yen)	
	For the previous fiscal year (As of Mar. 31, 2018)	For the current fiscal year (As of Mar. 31, 2019)
Land	—	—
Buildings and structures	—	—
Factory foundation collateral [Land]	6,666 [365]	6,434 [365]
[Machinery, etc.]	[6,300]	[6,069]
Total [Book value]	6,666	6,434

Borrowings secured by collateral are as follows:

	(Millions of yen)	
	For the previous fiscal year (As of Mar. 31, 2018)	For the current fiscal year (As of Mar. 31, 2019)
Short-term loans payable	164	—
Long-term loans payable	—	—
Total	164	—

*2 Investments in non-consolidated subsidiaries and affiliates are as follows.

	(Millions of yen)	
	For the previous fiscal year (As of Mar. 31, 2018)	For the current fiscal year (As of Mar. 31, 2019)
Investment securities (shares)	164	104

3 Guarantee obligations

The Group provides the following guarantees on borrowings from financial institutions.

	(Millions of yen)	
	For the previous fiscal year (As of Mar. 31, 2018)	For the current fiscal year (As of Mar. 31, 2019)
Employees (employee housing loans)	7	3

4 In order to efficiently fund their working capital, the Company and its 4 consolidated subsidiaries have entered into contracts for overdraft facilities with 13 of their financing banks. As of the end of the fiscal year, the undisbursed balance on the overdraft facilities was as follows.

	(Millions of yen)	
	For the previous fiscal year (As of Mar. 31, 2018)	For the current fiscal year (As of Mar. 31, 2019)
General overdraft limit	5,100	11,850
Undisbursed balance	1,250	6,850
Difference	3,850	5,000

(Consolidated Statement of Income)

*1 Gain on sales of non-current assets

(For the previous fiscal year)

Gain on sales of non-current assets includes gains from the sales of buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures; and land.

(For the current fiscal year)

Gain on sales of non-current assets includes gains from the sales of buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures; and land.

*2 Loss on sales of non-current assets

(For the previous fiscal year)

Loss on sales of non-current assets includes losses from the sales of buildings and structures; machinery, equipment and vehicles; and land.

(For the current fiscal year)

Loss on sales of non-current assets includes losses from the sales of machinery, equipment and vehicles; tools, furniture and fixtures; and land.

*3 Loss on retirement of non-current assets

(For the previous fiscal year)

Loss on retirement of non-current assets includes losses from the retirement of buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures; and software.

(For the current fiscal year)

Loss on retirement of non-current assets includes losses from the retirement of buildings and structures; machinery, equipment and vehicles; and tools, furniture and fixtures.

*4 Breakdown of others under extraordinary loss is as follows:

	(Millions of yen)	
	For the previous fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)	For the current fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)
Cost for cancellation of planned construction site for buildings	7	—
Loss on extinguishment of tie-in shares	—	8
Loss on sale of golf club membership	—	3
Total	7	12

*5 Impairment loss

In the current fiscal year, the Group recorded an impairment loss for the following assets.

Place	Use	Type
Katori, Chiba	Idle assets	Land

The Group reduced the book value of assets whose market value declined significantly, among idle assets that are not used for business purposes, to the recoverable amount and accounted for the reduction as an impairment loss (¥450 million) under extraordinary losses. This consists of ¥450 million for land. The recoverable amount of such land is measured based on the net selling price, and such price is calculated based on the tax assessment value of non-current assets.

(Consolidated Statement of Comprehensive Income)

*Reclassification adjustment amount and tax effect amount pertaining to other comprehensive income

	(Millions of yen)	
	For the previous fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)	For the current fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)
Valuation difference on available-for-sale securities		
Amount accrued during the fiscal year	(35)	(932)
Reclassification adjustment	(470)	(315)
Before tax effect adjustment	(505)	(1,248)
Tax effect	(154)	(382)
Valuation difference on available-for-sale securities	(351)	(866)
Remeasurements of defined benefit plans, net of tax		
Amount accrued during the fiscal year	(25)	(106)
Reclassification adjustment	19	51
Before tax effect adjustment	(6)	(54)
Tax effect	(1)	16
Remeasurements of defined benefit plans, net of tax	(4)	(37)
Share of other comprehensive income of entities accounted for using equity method		
Amount accrued during the fiscal year	40	(3)
Total other comprehensive income	(315)	(908)

(Consolidated Statement of Changes in Equity)

For the previous fiscal year (From April 1, 2017 to March 31, 2018)

1. Shares issued

Class of shares	As of Apr. 1, 2017	Increase	Decrease	As of Mar. 31, 2018
Common shares (Shares)	48,561,525	—	—	48,561,525

2. Treasury shares

Class of shares	As of Apr. 1, 2017	Increase	Decrease	As of Mar. 31, 2018
Common shares (Shares)	5,866,468	794	8,659	5,858,603

(Note) The total number of treasury shares as of March 31, 2018 includes 271,137 shares of the Company held by the Directors' Compensation BIP Trust.

(Summary of Reason for Changes)

The main reason for increase in the number of shares was as follows:

Increase due to the purchase of fractional shares

794 shares

The main reason for the decrease in the number of shares was as follows:

Decrease due to the sale of treasury shares by the Directors' Compensation BIP Trust

8,659 shares

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 28, 2017	Common shares	730	17.00	Mar. 31, 2017	Jun. 29, 2017
Resolution adopted by the Board of Directors held on Oct. 27, 2017	Common shares	816	19.00	Sep. 30, 2017	Nov. 17, 2017

(Notes) 1. The total dividends through resolution adopted by the Ordinary General Meeting of Shareholders held on June 28, 2017 included ¥4 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

2. The total dividends through resolution adopted by the Board of Directors held on October 27, 2017 included ¥5 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

(2) Dividends whose record date falls in the current fiscal year but the effective date of dividend payment falls in the next fiscal year

Resolution	Class of shares	Resource of dividend	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 28, 2018	Common shares	Retained earnings	988	23.00	Mar. 31, 2018	Jun. 29, 2018

(Note) The total dividends included ¥6 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

For the current fiscal year (From April 1, 2018 to March 31, 2019)

1. Shares issued

Class of shares	As of Apr. 1, 2018	Increase	Decrease	As of Mar. 31, 2019
Common shares (Shares)	48,561,525	—	5,588,059	42,973,466

(Summary of Reason for Changes)

The main reason for the decrease in the number of shares was as follows:

Decrease due to the retirement of treasury shares through resolution adopted by the Board of Directors held on October 25, 2018

5,588,059 shares

2. Treasury shares

Class of shares	As of Apr. 1, 2018	Increase	Decrease	As of Mar. 31, 2019
Common shares (Shares)	5,858,603	1,250,818	5,611,089	1,498,332

(Note) The total number of treasury shares as of March 31, 2019 includes 248,107 shares of the Company held by the Directors' Compensation BIP Trust.

(Summary of Reason for Changes)

The main reason for increase in the number of shares was as follows:

Increase due to the purchase of treasury shares through resolution adopted by the Board of Directors

1,250,000 shares

Increase due to the purchase of fractional shares

818 shares

The main reason for the decrease in the number of shares was as follows:

Decrease due to the retirement of treasury shares through resolution adopted by the Board of Directors

5,588,059 shares

Decrease due to the sale of treasury shares by the Directors' Compensation BIP Trust

23,030 shares

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 28, 2018	Common shares	988	23.00	Mar. 31, 2018	Jun. 29, 2018
Resolution adopted by the Board of Directors held on Oct. 12, 2018	Common shares	988	23.00	Sep. 30, 2018	Nov. 20, 2018

- (Notes) 1. The total dividends through resolution adopted by the Ordinary General Meeting of Shareholders held on June 28, 2018 included ¥6 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.
2. The total dividends through resolution adopted by the Board of Directors held on October 12, 2018 included ¥5 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

(2) Dividends whose record date falls in the current fiscal year but the effective date of dividend payment falls in the next fiscal year

Resolution	Class of shares	Resource of dividend	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Resolution adopted by the Ordinary General Meeting of Shareholders held on Jun. 26, 2019	Common shares	Retained earnings	1,960	47.00	Mar. 31, 2019	Jun. 27, 2019

- (Note) The total dividends included ¥11 million of dividends to treasury shares held by the Directors' Compensation BIP Trust.

(Consolidated Statement of Cash Flows)

* Relations between the year-end balance of cash and cash equivalents and the accounts listed in the consolidated balance sheet

	(Millions of yen)	
	For the previous fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)	For the current fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)
Cash and deposits	31,467	18,235
Separate deposit for Directors' Compensation BIP Trust	(30)	(41)
Cash and cash equivalents	31,437	18,193

(Segment Information, etc.)

1. Overview of reportable segments

(1) Decision method of the reportable segments

The Group's reportable segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of management resources and evaluate business performance.

The Group is mainly engaged in the supply and sale of LP gas and city gas (natural gas), as well as the peripheral business of gas appliances sales and gas pipe works. The consolidated companies are grouped into the two product/service segments of "LP gas business" and "city gas business."

(2) Main products and services of each reportable segment

LP gas business.....Supply and sale of LP gas, Community gas business, Retail sale of electricity, Gas appliances sales, Gas pipe works

City gas business.....Supply and sale of city gas, Gas appliances sales, Gas pipe works

2. Calculation method of the amount of net sales, income (loss), assets, liabilities and other items by reportable segments

The accounting method applied to reported business segments is the same as that stated in "Important Matters that Form the Basis for Preparing Consolidated Financial Statements." Inter-segment sales and transfers are based on actual prices in the markets.

3. Information on the amount of net sales, income (loss), assets, liabilities and other items by reportable segments

For the previous fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments		Total	Adjustments (Note 1)	Consolidated financial statements amount (Note 2)
	LP gas Business	City gas Business			
Net sales					
Net sales to outside customers	64,748	49,976	114,725	—	114,725
Inter-segment sales and transfers	9,429	16	9,445	(9,445)	—
Total	74,178	49,992	124,170	(9,445)	114,725
Segment income	8,011	2,667	10,678	10	10,689
Segment assets	81,225	56,728	137,953	—	137,953
Other items					
Depreciation	3,240	5,803	9,043	—	9,043
Investments in companies accounted for under the equity method	—	4,250	4,250	—	4,250
Increase in property, plant and equipment and intangible assets	4,121	4,981	9,103	—	9,103

(Notes) 1. The amounts ¥10 million in adjustments for segment income include the elimination of transactions between the segments.

2. Segment income is adjusted to operating income in the Consolidated Statements of Income.

For the current fiscal year (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments		Total	Adjustments (Note 1)	Consolidated financial statements amount (Note 2)
	LP gas Business	City gas Business			
Net sales					
Net sales to outside customers	67,442	55,135	122,577	—	122,577
Inter-segment sales and transfers	8,743	1	8,745	(8,745)	—
Total	76,185	55,136	131,322	(8,745)	122,577
Segment income	6,888	2,029	8,918	9	8,927
Segment assets	86,664	54,603	141,267	—	141,267
Other items					
Depreciation	3,351	5,673	9,024	—	9,024
Investments in companies accounted for under the equity method	—	4,436	4,436	—	4,436
Increase in property, plant and equipment and intangible assets	21,207	6,114	27,321	—	27,321

(Notes) 1. The amounts ¥9 million in adjustments for segment income include the elimination of transactions between the segments.

2. Segment income is adjusted to operating income in the Consolidated Statements of Income.

(Per Share Information)

Item	For the previous fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)	For the current fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)
Net assets per share	¥1,687.70	¥1,665.08
Basic earnings per share	¥182.62	¥101.69
Diluted earnings per share	Not stated since there is no dilutive security.	Not stated since there is no dilutive security.

(Notes) The basis for calculation

1. The basis for calculation of net assets per share is as follows:

(Millions of yen unless otherwise stated)

Item	For the previous fiscal year (As of Mar. 31, 2018)	For the current fiscal year (As of Mar. 31, 2019)
Total net assets	72,076	69,064
Amount deducted from the total net assets	6	5
[Non-controlling interests]	[6]	[5]
Amount of net assets related to common shares as of the end of the fiscal year	72,069	69,059
Number of shares of common shares used in the calculation of net assets per share as of the end of the fiscal year (Thousands of shares)	42,702	41,475

2. The basis for calculation of basic earnings per share is as follows:

(Millions of yen unless otherwise stated)

	For the previous fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)	For the current fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)
Profit attributable to owners of parent	7,798	4,328
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent related to common shares	7,798	4,328
Average number of common shares outstanding during the fiscal year (Thousands of shares)	42,701	42,562

(Significant Subsequent Events)

None.

4. Non-consolidated Financial Statements

(1) Balance Sheet

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2018 (As of Mar. 31, 2018)	Fiscal year ended Mar. 31, 2019 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	21,083	10,941
Notes receivable - trade	131	27
Accounts receivable - trade	5,217	6,127
Merchandise	4,840	4,304
Supplies	26	28
Other	5,090	5,840
Allowance for doubtful accounts	(144)	(84)
Total current assets	36,245	27,185
Non-current assets		
Property, plant and equipment		
Buildings	10,235	10,305
Accumulated depreciation	(4,604)	(4,749)
Buildings, net	5,630	5,555
Structures	7,145	7,245
Accumulated depreciation	(5,512)	(5,579)
Structures, net	1,632	1,666
Machinery and equipment	30,896	30,084
Accumulated depreciation	(28,150)	(27,658)
Machinery and equipment, net	2,745	2,426
Vehicles	849	991
Accumulated depreciation	(762)	(851)
Vehicles, net	86	139
Tools, furniture and fixtures	1,384	1,304
Accumulated depreciation	(1,095)	(1,067)
Tools, furniture and fixtures, net	289	236
Land	20,019	26,913
Leased assets	3,097	2,998
Accumulated depreciation	(2,067)	(2,028)
Leased assets, net	1,030	970
Construction in progress	91	67
Total property, plant and equipment	31,527	37,975
Intangible assets		
Goodwill	250	159
Leasehold right	8	8
Software	2,127	1,962
Telephone subscription right	31	31
Other	819	792
Total intangible assets	3,237	2,955

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2018 (As of Mar. 31, 2018)	Fiscal year ended Mar. 31, 2019 (As of Mar. 31, 2019)
Investments and other assets		
Investment securities	4,144	3,367
Shares of subsidiaries and associates	25,961	25,635
Investments in capital	3	3
Long-term loans receivable	4,339	4,532
Long-term loans receivable from employees	109	136
Long-term prepaid expenses	12	3
Deferred tax assets	1,401	2,176
Guarantee deposits	165	165
Real estate for investment	—	11,089
Other	1,935	2,189
Allowance for doubtful accounts	(934)	(1,509)
Total investments and other assets	37,138	47,789
Total non-current assets	71,903	88,720
Total assets	108,148	115,906
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	4,269	4,062
Accounts payable - trade	5,842	6,349
Short-term loans payable	9,806	21,340
Lease obligations	819	718
Accounts payable - other	1,630	1,957
Accrued expenses	294	323
Income taxes payable	1,723	1,735
Accrued consumption taxes	294	517
Deposits received	297	3,676
Total current liabilities	24,979	40,683
Non-current liabilities		
Long-term loans payable	27,478	23,324
Lease obligations	1,312	1,180
Provision for retirement benefits	1,386	1,544
Provision for share-based compensation	256	301
Provision for loss on voluntary recall of products	38	60
Long-term deposits received	456	416
Other	1,206	1,376
Non-current liabilities	32,135	28,205
Total liabilities	57,115	68,888

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2018 (As of Mar. 31, 2018)	Fiscal year ended Mar. 31, 2019 (As of Mar. 31, 2019)
Net assets		
Shareholders' equity		
Capital stock	7,070	7,070
Capital surplus		
Legal capital surplus	5,197	5,197
Other capital surplus	9,864	2,060
Total capital surplus	15,061	7,257
Retained earnings		
Legal retained earnings	949	949
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	109	108
General reserve	7,750	7,750
Retained earnings brought forward	27,751	29,042
Total retained earnings	36,560	37,850
Treasury shares	(8,824)	(5,474)
Total shareholders' equity	49,867	46,704
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,165	313
Total valuation and translation adjustments	1,165	313
Total net assets	51,033	47,017
Total liabilities and net assets	108,148	115,906

(2) Statement of Income

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)
Net sales	82,831	91,859
Cost of sales		
Beginning goods	3,956	4,840
Cost of purchased goods	51,258	57,492
Total	55,214	62,333
Ending goods	4,840	4,304
Total cost of sales	50,374	58,028
Gross profit	32,457	33,830
Selling, general and administrative expenses		
Freightage related expenses	2,551	2,458
Provision of allowance for doubtful accounts	40	(71)
Salaries	5,532	6,040
Retirement benefit expenses	309	369
Welfare expenses	1,187	1,290
Supplies expenses	2,675	2,909
Taxes and dues	333	370
Depreciation	2,570	2,562
Repair expenses	1,030	1,140
Commission fee	5,507	7,056
Other	4,656	4,577
Total selling, general and administrative expenses	26,396	28,705
Operating income	6,061	5,125
Non-operating income		
Interest income	211	429
Dividend income	438	401
Foreign exchange gains	—	32
Real estate rent	79	88
Miscellaneous income	256	194
Total non-operating income	985	1,145
Non-operating expenses		
Interest expenses	325	299
Foreign exchange losses	67	—
Provision of allowance for doubtful accounts	299	623
Provision for loss on voluntary recall of products	—	100
Miscellaneous loss	37	29
Total non-operating expenses	728	1,052
Ordinary income	6,318	5,218

(Millions of yen)

Account	Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)	Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)
Extraordinary income		
Gain on sales of non-current assets	32	52
Gain on sales of investment securities	477	316
Total extraordinary income	509	368
Extraordinary losses		
Loss on sales of non-current assets	238	0
Loss on retirement of non-current assets	729	20
Loss on sales of investment securities	6	—
Loss on valuation of shares of subsidiaries and associates	300	315
Impairment loss	—	450
Other	7	8
Total extraordinary losses	1,282	794
Profit before income taxes	5,546	4,792
Income taxes - current	1,748	1,925
Income taxes - deferred	(268)	(399)
Total income taxes	1,479	1,525
Profit	4,066	3,266

(3) Statement of Changes in Equity

Fiscal year ended Mar. 31, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	7,070	5,197	9,864	15,061	949	110	7,750	25,231	34,041
Changes of items during period									
Dividends of surplus								(1,547)	(1,547)
Provision of reserve for advanced depreciation of non-current assets						(1)		1	—
Profit								4,066	4,066
Purchase of treasury shares									
Disposal of treasury shares									
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	—	—	—	(1)	—	2,519	2,518
Balance at the end of current period	7,070	5,197	9,864	15,061	949	109	7,750	27,751	36,560

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(8,853)	47,319	1,519	1,519	48,839
Changes of items during period					
Dividends of surplus		(1,547)			(1,547)
Provision of reserve for advanced depreciation of non-current assets		—			—
Profit		4,066			4,066
Purchase of treasury shares	(3)	(3)			(3)
Disposal of treasury shares	32	32			32
Net changes of items other than shareholders' equity			(354)	(354)	(354)
Total changes of items during period	29	2,548	(354)	(354)	2,194
Balance at the end of current period	(8,824)	49,867	1,165	1,165	51,033

Fiscal year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	7,070	5,197	9,864	15,061	949	109	7,750	27,751	36,560
Changes of items during period									
Dividends of surplus								(1,976)	(1,976)
Provision of reserve for advanced depreciation of non-current assets						(0)		0	—
Profit								3,266	3,266
Purchase of treasury shares									
Disposal of treasury shares			(7,803)	(7,803)					
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	(7,803)	(7,803)	—	(0)	—	1,290	1,290
Balance at the end of current period	7,070	5,197	2,060	7,257	949	108	7,750	29,042	37,850

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(8,824)	49,867	1,165	1,165	51,033
Changes of items during period					
Dividends of surplus		(1,976)			(1,976)
Provision of reserve for advanced depreciation of non-current assets		—			—
Profit		3,266			3,266
Purchase of treasury shares	(4,540)	(4,540)			(4,540)
Disposal of treasury shares	7,890	86			86
Net changes of items other than shareholders' equity			(851)	(851)	(851)
Total changes of items during period	3,350	(3,163)	(851)	(851)	(4,015)
Balance at the end of current period	(5,474)	46,704	313	313	47,017

5. Others

(1) Production, Order and Sales Status

The Group is mainly engaged in sales and consequently does not indicate amounts and volumes representing its production and orders received for each reportable segment.

1) Sales results

Sales by reportable segment for the fiscal year ended March 31, 2019 are as follows:

Sales results by reportable segments

(Millions of yen)

Reportable segments	For the previous fiscal year (from Apr. 1, 2017 to Mar. 31, 2018)	For the current fiscal year (from Apr. 1, 2018 to Mar. 31, 2019)
LP gas Business	64,748	67,442
City gas Business	49,976	55,135
Total	114,725	122,577

2) Sales results of LP gas business

(Millions of yen)

Reportable segments	For the previous fiscal year (from Apr. 1, 2017 to Mar. 31, 2018)	For the current fiscal year (from Apr. 1, 2018 to Mar. 31, 2019)
Gas	56,543	56,824
Equipment, construction contracts, etc.	8,205	10,617
Total	64,748	67,442

3) Sales results of city gas business

(Millions of yen)

Reportable segments	For the previous fiscal year (from Apr. 1, 2017 to Mar. 31, 2018)	For the current fiscal year (from Apr. 1, 2018 to Mar. 31, 2019)
Gas	39,451	47,226
Equipment, construction contracts, etc.	10,524	7,909
Total	49,976	55,135

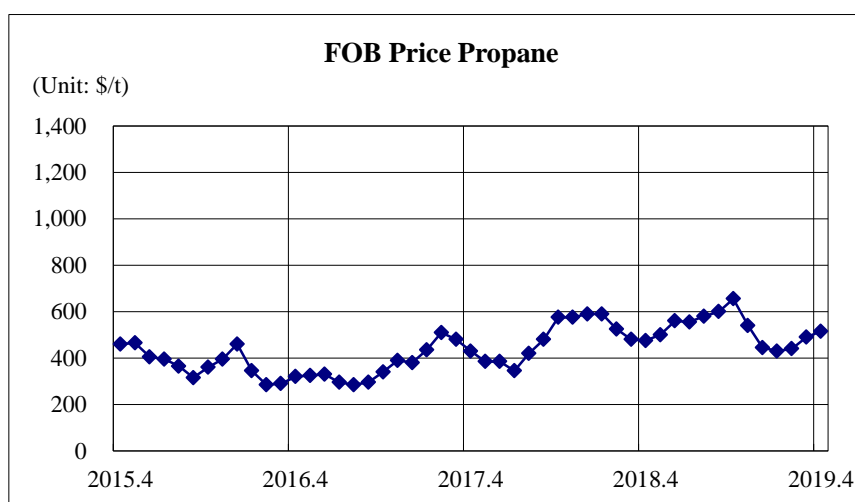
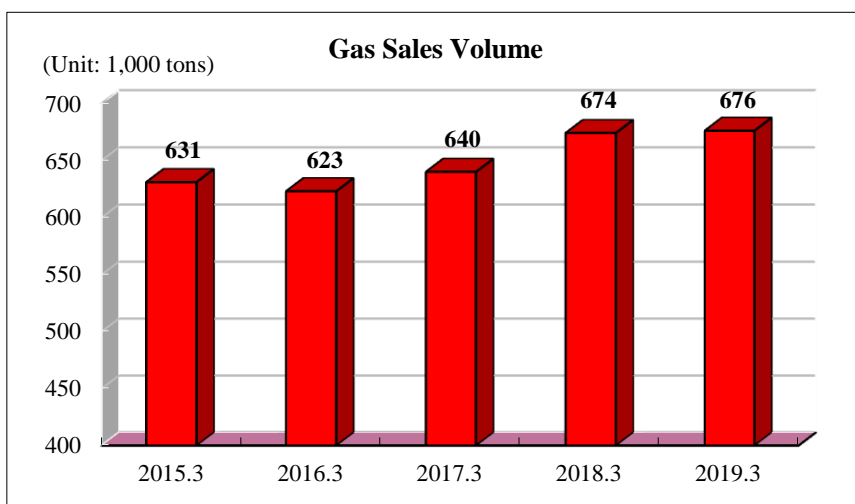
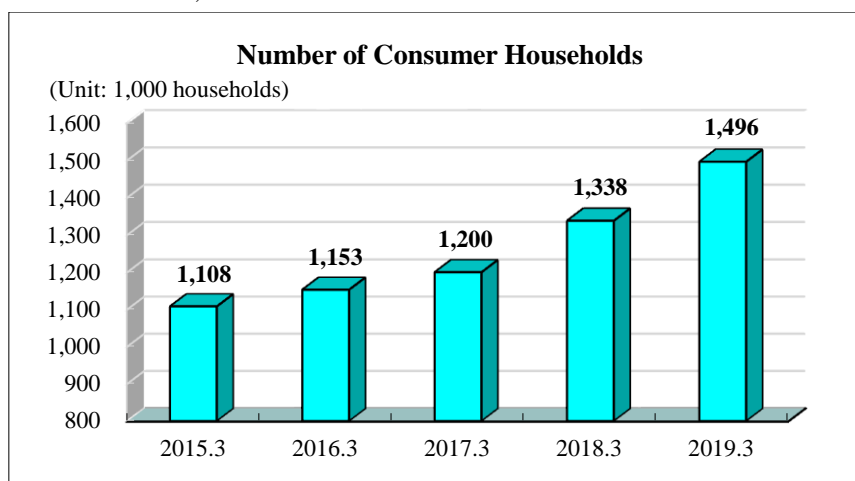
(Notes) 1. Above figures are stated net of consumption taxes, etc.

2. Inter-segment transactions are offset.

(2) Changes to the Officers of the Company

As for the details of this matter, please refer to the “Notice of Changes in Personnel of the Company and major subsidiaries,” announced on March 13, 2019.

(3) Trends in the Number of Houses, etc.



(Note) Gas sales volume includes the sales volume of city gas (LNG) of the city gas business, which has been converted into the calorie value equivalent of LPG gas sales volume (1,000 tons).