



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

May 9, 2019

Company name: TOKAI Holdings Corporation Stock listing: Tokyo Stock Exchange
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(Figures are rounded to the nearest million yen)

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

(1) Consolidated Operating Results

(% figures represent year-on-year changes)

	Sales		Operating Profit		Recurring Profit		Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019								
Year ended March 31, 2018	186,069	4.2	10,971	(14.0)	11,191	(12.4)	6,620	(9.8)

(Note) Comprehensive income: 6,127 million yen in the Year ended March 31, 2019 (-3.9%)
 6,373 million yen in the Year ended March 31, 2018 (-26.6%)

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Recurring Profit to Total Assets	Operating Profit Margin
	Yen	Yen	%	%	%
Year ended March 31, 2019	59.36	-	12.6	7.9	6.8
Year ended March 31, 2018	51.19	50.45	11.4	6.8	5.9

(Reference) Equity in affiliates accounted for under the equity method: 4 million yen for the ended March 31, 2019
 19 million yen for the ended March 31, 2018

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2019	167,606	63,894	37.4	478.26
Year ended March 31, 2018	165,993	61,450	36.3	460.66

(Reference) Equity: 62,627 million yen for the Year ended March 31, 2019
 60,320 million yen for the Year ended March 31, 2018

(Note) Applied "Partial Revision of Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the fiscal year under review, and the consolidated financial position for the previous fiscal year has been restated retrospectively.

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	21,605	(12,443)	(8,147)	4,018
Year ended March 31, 2018	20,909	(11,488)	(9,527)	3,004

2. Dividends

	Annual Dividend					Total Dividends	Payout Ratio (Consolidated)	Dividend on Equity (Consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	
Year ended March 31, 2018	—	14.00	—	14.00	28.00	3,678	54.7	6.2
Year ending March 31, 2019	—	14.00	—	14.00	28.00	3,678	47.2	6.0
Year ending March 31, 2019 (Forecast)	—	14.00	—	14.00	28.00		44.6	

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% 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
Six months ending September 31, 2019	92,500	4.1	4,410	26.8	4,360	21.7	2,360	35.8	18.02
Year ending March 31, 2020	200,800	4.8	14,170	8.5	14,040	5.9	8,230	5.9	62.85

*Notes

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

(2) 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

(3) Number of shares issued (common stock)

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

FY3/2019	139,679,977 shares	FY3/2018	139,679,977 shares
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2) Number of shares of treasury stock at the end of each period:

FY3/2019	8,731,411 shares	FY3/2018	8,736,412 shares
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3) Average number of shares during the period (cumulative):

FY3/2019	130,947,058 shares	FY3/2018	129,348,552 shares
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(Note) Board benefit trust shares(BBT) is included in the number of year-end treasury stock. (410,800 stocks at FY3/2019, 416,600 stocks at FY3/2018) For treasury shares to be deducted in calculation of the average number of shares during the fiscal year, the Company's shares (412,722 stocks at FY3/2019, 417,158 stocks at FY3/2018) owned by the BBT are included.

(Reference) Overview of Non-Consolidated Operating Performance

Operating Performance for the Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Non-Consolidated Operating Results

(% figures represent year-on-year changes)

	Sales		Operating Profit		Recurring Profit		Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	10,420	(21.1)	5,287	(35.9)	5,295	(35.8)	5,325	(33.0)
Year ended March 31, 2018	13,203	99.9	8,252	472.5	8,248	496.0	7,947	463.4

	Net Income per Share	Net Income per Share (Diluted)
	Yen	Yen
Year ended March 31, 2019	40.67	-
Year ended March 31, 2018	61.45	60.56

(2) Non-Consolidated financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2019	97,232	39,985	41.1	305.35
Year ended March 31, 2018	95,034	38,335	40.3	292.76

(Reference) Equity: 39,985 million yen for the Year ended March 31, 2019
38,335 million yen for the Year ended March 31, 2018

*Information Regarding Execution of Quarterly Review Procedures

This quarterly financial statement is not subject to the quarterly review procedures pursuant to the Financial Instruments and Exchange Act, and the review procedures of quarterly financial statements pursuant to the Financial Instruments and Exchange Act have not been completed as of the release of this document.

* 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.

[Attachment]

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1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results

Consolidated operating results for the fiscal year under review

During the consolidated fiscal year ended March 31, 2019, the Japanese economy was on a gradual recovery path, with a rally in personal consumption and steady improvement in the employment situation. However, the economic outlook remains clouded by uncertainties in overseas economies, including trade friction and other factors.

Against this backdrop, during the fiscal year under review, the second year of the TOKAI Group's Innovation Plan 2020 "JUMP" medium-term management plan, the TOKAI Group continued to cultivate existing businesses, conduct M&A, and participate in new businesses to expand its earnings base. In addition to realizing its existing vision of becoming a Total Life Concierge (TLC)*¹, the Group aims for further growth by rolling out ABCIR+S*² initiatives focused on utilizing new service technologies with an eye toward next-generation businesses.

In the fiscal year ended March 31, 2019, with the success of measures to acquire new customers and increase orders, the Group booked sales of 191,600 million yen (+3.0% year on year) and posted significant growth in all profit categories, with operating profit of 13,057 million yen (+19.0% year on year), recurring profit of 13,259 million yen (+18.5% year on year), and net income attributable to owners of the parent of 7,772 million yen (+17.4% year on year). The results for sales and all profit categories were at record highs.

As of March 31, 2019, the number of continuing customers rose by 26 thousand from March 31, 2018 to 2,902 thousand, and members of the TLC Membership Service increased by 106 thousand to 805 thousand.

In addition, the Group carried out a number of other initiatives during the fiscal year under review. In June 2018, the Group established a Kyushu sales office in Fukuoka Prefecture to have a presence in the Kyushu region for the liquefied petroleum gas (LP gas) business. In September, the Group made CYZE Inc., a provider of in-house developed survey systems mainly in the online research field, a consolidated subsidiary. In October, the Kanto Bureau of Economy, Trade and Industry approved the transfer of city gas business operations in Shimonita-machi, Gunma Prefecture. In November, the Group concluded a business alliance agreement with TOELL Co., Ltd., pertaining to water delivery operations. In February 2019, the Group launched Minna no Hatake, an urban garden service including gardening support. Furthermore, in March, the Group concluded a partner agreement with iCracked Japan, Inc., and launched an iPhone repair service.

*1 Vision of becoming a TLC: The Group seeks to support comfortable living by customers in a comprehensive and detail-oriented way through various services it offers, with the aim of enhancing customer satisfaction.

*2 ABCIR+S: An acronym formed from the first letters of AI, Big data, Cloud, IoT, Robotics, and Smartphones. It refers to the Group's strategies toward technological innovation.

Performance by segment was as follows.

(Gas and Petroleum)

In the LP gas business, amid intensifying competition from rival operators, the Group focused on customer growth through measures such as strengthening acquisition in existing service areas, preventing contract cancellations, and expanding into new areas. As a result, the number of customers rose by 22 thousand from March 31, 2018, to 628 thousand. Sales rose 1.6% year on year to 65,565 million yen, partly due to a higher unit sales price accompanying an increase in raw material prices.

In the city gas business, the number of customers rose by 2 thousand from March 31, 2018, to 56 thousand. Sales totaled 12,412 million yen (+7.4% year on year) due to factors such as a higher unit sales price stemming from the fuel cost adjustment regulations.

As a result, segment sales came to 77,977 million yen (+2.5% year on year), while operating profit was 4,434 million yen (-10.7% year on year) on higher procurement costs and lower gas unit consumption due to elevated temperatures.

(Building and Real Estate)

In the Building and Real Estate business, segment sales came to 20,090 million yen (+1.4% year on year) and operating profit to 954 million yen (+45.5% year on year) on increased orders in home renovation business and robust building construction and equipment installation business.

(CATV)

In the CATV business, the Group aimed to increase customers through enhanced price competitiveness in the form of discounts offered to customers signing up for broadcasting and communications packaged services, and discounts for smartphone-related packaged services through alliances with major mobile phone carriers, and also worked to prevent service cancellations. The Group also worked to improve customer satisfaction in the following areas. In broadcasting services, it broadcast programs with extensive regional information, and promoted a switch to fiber-optic services, including support for 4K broadcasting, which was launched in December 2018. In telecommunications services, the Group launched a new ultra-high-speed fiber-optic network service with a maximum speed of 10Gbps. As a result of such measures, subscribers to the broadcasting service rose by 14 thousand from March 31, 2018, to 789 thousand, and those to the telecommunications service increased by 17 thousand to 274 thousand.

The number of subscribers grew steadily in existing areas as well as from M&A activities conducted in the previous fiscal year, resulting in segment sales of 30,511 million yen (+7.5% year on year) and operating profit of 4,442 million yen (+46.4% year on year).

(Information and Communications Service)

In consumer-oriented services, amid intensifying competition from major mobile carriers, the number of Hikari Collaboration customers increased by five thousand from March 31, 2018, to 327 thousand. However, the number of customers for conventional internet service providers (ISPs) fell by 46 thousand to 419 thousand. Meanwhile, the number of customers in the TOKAI-brand MVNO service LIBMO rose by 12 thousand to 41 thousand. As a result, segment sales totaled 30,813 million yen (-2.8% year on year).

In corporate services, sales came to 20,421 million yen (+6.4% year on year), reflecting factors such as an increase in recurring-revenue operations and an increase in contracted system development projects.

Due to these factors, segment sales were 51,234 million yen (+0.7% year on year), and operating profit was 2,593 million yen (+39.0% year on year).

(Aqua)

In the Aqua business, the Group actively worked to acquire customers mainly for "The gift of delicious water: Ulunom" brand, targeting large-scale commercial and other facilities. The number of customers increased by 10 thousand from March 31, 2018, to 156 thousand. Efforts were also made to curtail distribution costs through a business alliance with TOELL Co., Ltd.

As a result, segment sales came to 7,004 million yen (+13.0% year on year) and operating profit to 520 million yen (+1,895.8% year on year).

(Others)

Turning to other businesses, sales in the nursing care business came to 1,075 million yen (+3.8% year on year), supported by an increase in the number of users. In the shipbuilding business, sales amounted to 1,520 million yen (+5.8% year on year), reflecting an increase in work volume for ship repairs. In the bridal events business, sales came to 1,477 million yen (-3.7% year on year), reflecting a decline in the number of wedding ceremonies.

As a result, segment sales were 4,781 million yen (+1.6% year on year), and operating profit came to 217 million yen (-28.0% year on year).

(2) Overview of Financial Position

As of March 31, 2019, total assets amounted to 167,606 million yen, up 1,612 million yen from March 31, 2018. This

mainly reflected increases of 1,021 million yen in cash and deposits, 992 million yen in notes and accounts receivable—trade stemming from growth in large orders, and 449 million yen in merchandise and finished goods on a rise in unit price of year-end inventories due to higher procurement costs (including for LP gas), despite a decrease of 1,101 million yen in investment securities within investments and other assets driven by a decline in the mark-to-market valuation difference for investment securities.

Total liabilities stood at 103,711 million yen, down 831 million yen from March 31, 2018. This was primarily due to a decrease of 851 million yen in the “other” category within current liabilities driven by factors such as customer acquisition costs and lower equipment-related spending.

Net assets came to 63,894 million yen, up 2,444 million yen from March 31, 2018. This mainly reflected the payment of 3,678 million yen in dividends of surplus and a decrease of 974 million yen in valuation difference on available-for-sale securities, along with the booking of 7,772 million yen in net income attributable to owners of the parent.

(3) Overview of Cash Flows

As of March 31, 2019, cash and cash equivalents stood at 4,018 million yen, up 1,014 million yen from March 31, 2018.

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

(Cash flows from operating activities)

Net cash provided by operating activities was 21,605 million yen (up 696 million yen year on year). This increase was attributable to 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 12,443 million yen (down 955 million yen year on year), as a result of the purchase of property, plant and equipment and intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities was 8,147 million yen (up 1,380 million yen year on year). This was due to repayments of lease obligations and payments of dividends.

Below is a summary of major cash flow indicators.

	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019
Equity ratio (%)	25.7	25.6	34.5	36.3	37.4
Equity ratio on a market-value basis (%)	36.3	41.4	67.4	85.0	71.8
Ratio of interest-bearing debt to cash flow (times)	2.7	3.3	2.0	2.4	2.3
Interest coverage ratio (times)	28.0	29.3	48.9	46.6	58.2

(Notes) Equity ratio:

Shareholders' equity/Total assets

Equity ratio on a market-value basis:

Total value of shares at market price/Total assets

Ratio of interest-bearing debt to cash flow:

Interest-bearing debt/Cash flow from operating activities

Interest coverage ratio:

Cash flow from operating activities/Interest payments

* All financial indicators are calculated on a consolidated basis.

* Market capitalization is based on the year-end closing share price multiplied by the number of shares outstanding at year-end (excluding treasury stock).

* Operating cash flow is based on cash flows from operating activities in the consolidated statements of cash flows. Interest-bearing debt covers bonds payable and loans payable in the consolidated balance sheets. Interest payments are based on the interest paid amounts shown in the consolidated statements of cash flows.

(4) Future Outlook

Regarding the future outlook, although gradual economic expansion is forecast for Japan, competition for customers is intensifying beyond the boundaries of business sectors and formats as companies from other industries enter the market

and operators form alliances amid progress with deregulation.

The TOKAI Group's main business is providing services to retail customers. Our goal is to realize the TLC concept as a Total Life Concierge providing a range of daily life-related infrastructure.

In addition to the TLC concept, the Group began rolling out ABCIR+S initiatives focused on strengthening and expanding earnings capability by improving the quality of existing services and creating new services. Through these efforts, we will strive to achieve the targets laid out in the Innovation Plan 2020 "JUMP" medium-term management plan.

Consolidated earnings forecast for the fiscal year ending March 31, 2020

Sales	200,800 million yen	(+4.8% year on year)
Operating profit	14,170 million yen	(+8.5% year on year)
Recurring profit	14,040 million yen	(+5.9% year on year)
Net Income attributable to owners of the parent	8,230 million yen	(+5.9% year on year)

These earnings forecasts are based on the information currently available to the Company. Actual results may differ from forecasts due to a variety of factors.

(5) Basic Profit Distribution Policies and Dividends for the Current and Next Fiscal Years

The Company's basic policy on profit distribution is to maintain stable dividends that reflect consolidated earnings.

For the fiscal year ended March 31, 2019, we have set annual dividends of 28 yen per share, comprising an interim dividend of 14 yen and a year-end dividend of 14 yen.

Similarly, for the fiscal year ending March 31, 2020, we target annual dividends of 28 yen per share, comprising interim and year-end dividends of 14 yen each.

2. Basic Perspective on Selection of Accounting Standards

As the Group conducts its operations primarily in Japan, with little overseas activity, we intend to comply with Japanese accounting standards for the foreseeable future. However, we will consider the adoption of international accounting standards, taking into account various situations in Japan and overseas.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	3,143	4,164
Notes and accounts receivable–trade	23,806	24,798
Merchandise and finished goods	3,723	4,173
Work in process	849	660
Raw materials and supplies	817	865
Other	7,990	8,264
Allowance for doubtful accounts	(379)	(419)
Total current assets	40,931	42,506
Non-current assets		
Property, plant and equipment		
Buildings and structures	118,294	121,393
Accumulated depreciation	(84,014)	(87,636)
Buildings and structures, net	34,280	33,756
Machinery, equipment and vehicles	93,933	96,983
Accumulated depreciation	(70,836)	(73,391)
Buildings and structures, net	23,096	23,592
Land	22,842	22,921
Leased assets	23,675	24,124
Accumulated depreciation	(11,948)	(11,863)
Leased assets, net	11,727	12,260
Construction in progress	315	217
Other, net	14,713	15,027
Accumulated depreciation	(10,165)	(10,745)
Other, net	4,548	4,281
Total property, plant and equipment	96,810	97,030
Intangible assets		
Goodwill	5,430	5,044
Leased assets	585	544
Other	5,182	5,539
Total intangible assets	11,198	11,128
Investments and other assets		
Investment securities	9,096	7,995
Long-term loans receivable	83	58
Deferred tax assets	1,122	2,085
Net defined benefit asset	2,650	2,365
Other	5,013	4,819
Allowance for doubtful accounts	(518)	(386)
Total investments and other assets	17,447	16,937
Total non-current assets	125,455	125,097
Deferred assets	3	2
Total assets	166,391	167,606

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable–trade	15,670	15,021
Short-term loans payable	23,672	22,265
Current portion of bonds	198	168
lease obligations	3,488	3,533
Income taxes payable	2,966	3,491
Provision for bonuses	1,329	1,285
Other accruals	328	419
Other	16,051	15,199
Total current liabilities	63,705	61,385
Non-current liabilities		
Bonds payable	398	230
Long-term loans payable	26,711	27,940
Lease obligations	9,684	9,961
Other accruals	132	149
Net defined benefit liability	575	719
Other	3,336	3,325
Total non-current liabilities	40,837	42,325
Total liabilities	104,543	103,711
Net assets		
Shareholders' equity		
Capital stock	14,000	14,000
Capital surplus	25,525	25,527
Retained earnings	17,768	21,863
Treasury stock	(2,223)	(2,222)
Total shareholders' equity	55,069	59,167
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,548	1,573
Deferred gains (losses) on hedges	-	(319)
Foreign currency translation adjustment	(3)	(10)
Remeasurements of defined benefit plans	2,706	2,217
Total accumulated other comprehensive income	5,250	3,460
Non-controlling interests	1,130	1,267
Total net assets	61,450	63,894
Total liabilities and net assets	166,391	167,606

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Sales	186,069	191,600
Cost of sales	110,733	115,441
Gross profit	75,336	76,159
Selling, general and administrative expenses	64,365	63,101
Operating profit	10,971	13,057
Non-operating profit		
Interest income	10	9
Dividend income	192	181
Commission fee	91	42
Other	480	421
Total non-operating profit	774	655
Non-operating expenses		
Interest expenses	436	360
Other	118	92
Total non-operating expenses	555	453
Recurring profit	11,191	13,259
Extraordinary income		
Gain on sales of non-current assets	2	1
Transmission line facility subsidies	161	177
Subsidy income	1	5
Gain on sales of investment securities	528	0
Gain on bargain purchase	135	-
Total extraordinary income	829	183
Extraordinary losses		
Loss on sales of non-current assets	0	4
Loss on retirement of non-current assets	925	821
Impairment loss	66	73
Loss on sales of investment securities	0	-
Loss on valuation of investment securities	15	50
Gain on step acquisitions	105	-
Other	-	30
Total extraordinary losses	1,113	1,029
Net income before income taxes	10,907	12,413
Income taxes (current)	3,662	4,287
Income taxes (deferred)	514	209
Total income taxes	4,176	4,496
Net income	6,730	7,917
Net income attributable to non-controlling interests	109	144
Net income attributable to owners of the parent	6,620	7,772

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net income	6,730	7,917
Other comprehensive income		
Valuation difference on available-for-sale securities	421	(974)
Deferred gains (losses) on hedges	(720)	(319)
Foreign currency translation adjustment	(3)	3
Remeasurements of defined benefit plans, net of tax	(61)	(489)
Share of other comprehensive income of entities accounted for using the equity method	8	(9)
Total other comprehensive income	(356)	(1,789)
Comprehensive income	6,373	6,127
(Breakdown)		
Comprehensive income attributable to owners of the parent	6,265	5,982
Comprehensive income attributable to non-controlling interests	108	145

(3) Statement of Changes in Consolidated Shareholders' Equity
 Year ended March 31, 2018 (April 1, 2017–March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	14,000	24,286	15,048	(3,285)	50,048
Change during the year					
Dividends of surplus - other capital surplus		(100)			
Dividends of surplus			(3,900)		(3,900)
Net income attributable to owners of the parent			6,620		6,620
Conversion of convertible bonds with stock acquisition rights		1,338		1,061	2,400
Acquisition of treasury shares				(1)	(1)
Disposition of treasury shares		0		1	2
Purchase of shares of consolidated subsidiaries					0
Net changes of items other than shareholders' equity					
Total change during the year	—	1,238	2,720	1,062	5,021
Balance at end of period	14,000	25,525	17,768	Δ2,223	55,069

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,126	720	(9)	2,768	5,605	791	56,446
Change during the year							
Dividends of surplus - other capital surplus							(100)
Dividends of surplus							(3,900)
Net income attributable to owners of the parent							6,620
Conversion of convertible bonds with stock acquisition rights							2,400
Acquisition of treasury shares							(1)
Disposition of treasury shares							2
Purchase of shares of consolidated subsidiaries							0
Net changes of items other than shareholders' equity	421	(720)	5	(61)	(355)	338	(16)
Total change during the year	421	(720)	5	(61)	(355)	338	5,004
Balance at end of period	2,548	—	(3)	2,706	5,250	1,130	61,450

Year ended March 31, 2019 (April 1, 2018–March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	14,000	25,525	17,768	(2,223)	55,069
Change during the year					
Dividends of surplus - other capital surplus					—
Dividends of surplus			(3,678)		(3,678)
Net income attributable to owners of the parent			7,772		7,772
Conversion of convertible bonds with stock acquisition rights					—
Acquisition of treasury shares				(0)	(0)
Disposition of treasury shares		2		1	3
Purchase of shares of consolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total change during the year	—	2	4,094	0	4,097
Balance at end of period	14,000	25,527	21,863	(2,222)	59,167

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,548	—	(3)	2,706	5,250	1,130	61,450
Change during the year							
Dividends of surplus - other capital surplus							—
Dividends of surplus							(3,678)
Net income attributable to owners of the parent							7,772
Conversion of convertible bonds with stock acquisition rights							—
Acquisition of treasury shares							(0)
Disposition of treasury shares							3
Purchase of shares of consolidated subsidiaries							—
Net changes of items other than shareholders' equity	(974)	(319)	(6)	(489)	(1,790)	137	(1,652)
Total change during the year	(974)	(319)	(6)	(489)	(1,790)	137	2,444
Balance at end of period	1,573	(319)	(10)	2,217	3,460	1,267	63,894

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Net income before income taxes and minority interests	10,907	12,413
Depreciation	14,173	13,960
Amortization of goodwill	1,173	1,130
Gain on bargain purchase	(135)	—
Impairment loss	66	73
Increase in net defined benefit asset and liability	(283)	(328)
Interest and dividend income	(202)	(191)
(Gain) loss on sale of investment securities	(528)	(0)
Interest expenses	436	360
(Gain) loss on sales of non-current assets	(2)	3
Loss (gain) on valuation of investment securities	15	50
Loss on retirement of non-current assets	925	821
Loss (gain) on step acquisitions	105	—
Increase (decrease) in notes and accounts payable	(306)	(1,269)
(Increase) decrease in inventories	(333)	(306)
Decrease (increase) in guarantee deposits	0	(550)
Increase (decrease) in notes and accounts payable—trade	757	(673)
Increase (decrease) in accounts payable—other	530	(724)
Increase (decrease) in accrued consumption taxes	(173)	362
Other	(864)	(283)
Subtotal	26,260	24,847
Income taxes paid	(5,351)	(3,241)
Net cash provided by operating activities	20,909	21,605
Cash flows from investing activities		
Interest and dividend income received	265	242
Purchase of securities	(134)	(313)
Proceeds from sales of securities	884	6
Purchase of tangible and intangible assets	(11,665)	(12,423)
Proceeds from sales of tangible and intangible assets	197	214
Proceeds from contribution received for construction	187	441
Purchase of shares of subsidiaries resulting in change in scope of consolidation	1,175	(202)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	56	—
Loan advances	—	(200)
Collection of loans receivable	54	25
Other	(159)	(234)
Net cash provided by (used in) in investing activities	(11,488)	(12,443)

(Millions of yen)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Cash flows from financing activities		
Interest expenses paid	(448)	(371)
Net increase (decrease) in short-term loans payable	1,313	1,075
Repayments of lease obligations	(3,560)	(3,717)
Proceeds from long-term loans payable	10,701	10,500
Repayment of long-term loans payable	(12,483)	(11,753)
Redemption of bonds	(668)	(198)
Redemption of convertible bond-type bonds with share acquisition rights	(400)	—
Proceeds from share issuance to non-controlling shareholders	20	—
Payments for acquisition of treasury stock	(1)	(0)
Proceeds from disposal of treasury shares	0	0
Cash dividends paid	(3,994)	(3,673)
Dividends paid to non-controlling interests	(5)	(7)
Net cash provided by (used in) financing activities	(9,527)	(8,147)
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	(106)	1,014
Cash and cash equivalents at beginning of period	3,111	3,004
Cash and cash equivalents at end of period	3,004	4,018

(5) Notes to the Consolidated Financial Statements

(Notes on Premise of Going Concern)

No items to report.

(Segment Information)

Segment Information

1. Overview of Reportable Segments

The Group's reportable segments are constituent units of the Group for which discrete financial information can be obtained, and for which the Board of Directors can decide on the allocation of management resources and evaluate operating performance. Consequently, the segments are principal categories that allow for regular consideration.

The Group establishes operational headquarters by product and service. Each operational headquarters drafts comprehensive strategies for the products and services it handles, and conducts business activities accordingly.

Consequently, in principle the product- and service-specific operational headquarters that form this base comprise the Group's five reportable segments: Gas and Petroleum, Building and Real Estate, CATV, Information and Communications, and Aqua.

The Gas and Petroleum segment sells LP gas, liquefied natural gas, other high-pressure gases, and petroleum products; supplies city gas; sells related products; performs construction of related facilities and equipment; and operates security business.

The Building and Real Estate segment constructs residential facilities and other buildings; develops, sells, and leases real estate; sells construction materials and residential equipment; performs construction on buildings and ancillary structures and facilities; and operates home renovation business.

The CATV segment operates broadcasting and internet connectivity utilizing CATV networks.

The Information and Communications services segment develops computer software; processes information; provides internet connectivity; sells communications equipment; and performs agent operations.

The Aqua segment produces and sells bottled drinking water.

2. Method of Calculation of Amounts in Sales, Profit and Losses, Assets, Liabilities, and Other Items for Each Reportable Segment

The accounting methods used in reportable business segments are the same as applied in "Significant Matters Forming the Basis of Preparing the Consolidated Financial Statements."

Profit for reportable segments is based on operating profit, and intersegment sales and transfers are conducted at prevailing market prices.

3. Information Related to Sales, Profit and Losses, Assets, Liabilities, and Other Items for Each Reportable Segment

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

(Millions of yen)

	Reportable segments						Others Note 1	Total	Adjustments Note 2	Amount in consolidated statements of income Note 3
	Gas and Petroleum	Building and Real Estate	CATV	Information and Communications	Aqua	Total				
Sales										
Sales to external customers	76,073	19,807	28,386	50,894	6,200	181,363	4,706	186,069	—	186,069
Intersegment sales and transfer	217	1,204	777	3,295	163	5,658	190	5,848	(5,848)	—
Subtotal	76,291	21,011	29,163	54,190	6,363	187,021	4,896	191,918	(5,848)	186,069
Segment profit (loss)	4,967	655	3,035	1,866	26	10,550	301	10,852	118	10,971
Segment assets	60,572	24,884	34,587	32,318	4,853	157,216	4,941	162,157	3,836	165,993
Other items										
Depreciation	4,287	692	5,513	2,553	546	13,594	83	13,677	495	14,173
Goodwill amortization	413	—	730	28	—	1,173	0	1,173	—	1,173
Increase in property, plant and equipment and intangible assets	5,382	714	6,309	3,177	615	16,198	110	16,309	352	16,661

(Notes) 1. The "Others" category is a business segment not included in the reportable segments. This category includes businesses such as bridal events, ship repair, insurance, and nursing care.

2. Adjustments are as follows:

(1) Adjustments to segment profit (loss) are eliminations due to intersegment transactions.

(2) Upward adjustments in segment assets, depreciation, property, plant and equipment, and intangible assets are due to increases in companywide assets, depreciation, property, plant and equipment, and intangible assets that are not allocated to individual reportable segments.

3. Segment profit (loss) is adjusted to match operating profit in the consolidated statements of income.

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

(Millions of yen)

	Reportable segments						Others Note 1	Total	Adjustments Note 2	Amount in consolidated statements of income Note 3
	Gas and Petroleum	Building and Real Estate	CATV	Information and Communications	Aqua	Total				
Sales										
Sales to external customers	77,977	20,090	30,511	51,234	7,004	186,818	4,781	191,600	—	191,600
Intersegment sales and transfer	231	1,108	733	3,155	180	5,409	171	5,580	(5,580)	—
Subtotal	78,208	21,199	31,244	54,390	7,185	192,227	4,953	197,180	(5,580)	191,600
Segment profit (loss)	4,434	954	4,442	2,593	520	12,945	217	13,162	(105)	13,057
Segment assets	62,105	24,306	34,953	31,948	4,845	158,159	5,259	163,419	4,187	167,606
Other items										
Depreciation	4,328	681	5,091	2,809	543	13,453	90	13,543	416	13,960
Goodwill amortization	454	1	661	6	—	1,124	6	1,130	—	1,130
Increase in property, plant and equipment and intangible assets	5,273	170	6,886	2,385	602	15,319	212	15,531	461	15,993

(Notes) 1. The "Others" category is a business segment not included in the reportable segments. This category includes businesses such as bridal events, ship repair, insurance, and nursing care.

2. Adjustments are as follows:

(1) Adjustments to segment profit (loss) are eliminations due to intersegment transactions.

(2) Upward adjustments in segment assets, depreciation, property, plant and equipment, and intangible assets are due to increases in companywide assets, depreciation, property, plant and equipment, and intangible assets that are not allocated to individual reportable segments.

3. Segment profit (loss) is adjusted to match operating profit in the consolidated statements of income.

Reference Information

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

1. Information by Product and Service

This information is omitted because the same information is written in the Segment Information section.

2. Information by Region

(1) Sales

This information is omitted because sales to customers in Japan account for more than 90% of sales in the consolidated statements of income.

(2) Property, Plant and Equipment

This information is omitted because property, plant and equipment in Japan account for more than 90% of property, plant and equipment in the consolidated balance sheets.

3. Information by Major Customer

This information is omitted because no customers account for 10% or more of sales in the consolidated statements of income.

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

1. Information by Product and Service

This information is omitted because the same information is written in the Segment Information section.

2. Information by Region

(1) Sales

This information is omitted because sales to customers in Japan account for more than 90% of sales in the consolidated statements of income.

(2) Property, Plant and Equipment

This information is omitted because property, plant and equipment in Japan account for more than 90% of property, plant and equipment in the consolidated balance sheets.

3. Information by Major Customer

This information is omitted because no customers account for 10% or more of sales in the consolidated statements of income.

Information Related to Impairment Loss of Non-current Assets by Reportable Segment

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

(Millions of yen)

	Gas and Petroleum	Building and Real Estate	CATV	Information and Communications	Aqua	Others	Corporate or elimination	Total
Impairment loss	—	—	—	45	—	21	—	66

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

(Millions of yen)

	Gas and Petroleum	Building and Real Estate	CATV	Information and Communications	Aqua	Others	Corporate or elimination	Total
Impairment loss	52	—	—	20	—	—	—	73

Information Related to Amortization of Goodwill and Unamortized Balance by Reportable Segment

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

(Millions of yen)

	Gas and Petroleum	Building and Real Estate	CATV	Information and Communications	Aqua	Others	Corporate or elimination	Total
Amortization for the year ended March 31, 2018	413	—	730	28	—	0	—	1,173
Balance as of March 31, 2018	1,100	—	4,329	—	—	0	—	5,430

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

(Millions of yen)

	Gas and Petroleum	Building and Real Estate	CATV	Information and Communications	Aqua	Others	Corporate or elimination	Total
Amortization for the year ended March 31, 2019	454	1	661	6	—	6	—	1,130
Balance as of March 31, 2019	1,086	86	3,667	128	—	75	—	5,044

Information on Negative Goodwill Generated for Each Reportable Segment

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

The CATV segment booked 135 million yen in negative goodwill, reflecting the net assets acquired and liabilities assumed with the consolidation of TV Tsuyama Inc. exceeding the acquisition cost for the acquired company.

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

No items to report.

(Per-Share Information)

	Year ended March 31, 2018 (April 1, 2017–March 31, 2018)	Year ended March 31, 2019 (April 1, 2018–March 31, 2019)
Net assets per share (yen)	460.66	478.26
Net income per share (yen)	51.19	59.36
Diluted net income per share (yen)	50.45	—

(Notes) 1. No data for diluted net income per share is provided, since no dilutive shares exist.

2. The standards used to calculate net income per share are as follows.

	Year ended March 31, 2018 (April 1, 2017– March 31, 2018)	Year ended March 31, 2019 (April 1, 2018– March 31, 2019)
Net income per share		
Net income attributable to owners of the parent (millions of yen)	6,620	7,772
Amounts not attributable to ordinary shareholders (millions of yen)	—	—
Net income for common stock attributable to owners of the parent (millions of yen)	6,620	7,772
Average number of shares outstanding during the period (thousands of shares)	129,348	130,947
Diluted net income per share		
Adjusted net income attributable to owners of the parent (millions of yen)	—	—
Increase in common stock (thousands of shares)	1,889	—
Overview of dilutive shares omitted from the calculation of diluted net income per share as they have no dilutive effect	—	—

3. The number of shares of common stock at the end of the fiscal year used in the calculation of net assets per share excludes the Company's shares held by the Trust & Custody Service Bank Ltd. (Trust Account E) (416,600 shares for the fiscal year ended March 31, 2018, 410,800 shares for the fiscal year ended March 31, 2019). The average number of shares outstanding of common stock during the period used in the calculation of net income per share excludes the Company's shares held by the Trust & Custody Service Bank Ltd. (Trust Account E) (417,158 shares for the fiscal year ended March 31, 2018, 412,722 shares for the fiscal year ended March 31, 2019).

(Important Subsequent Events)

No items to report.

4. Other

(1) Changes in Executive Positions

1) Changes in President & CEO

No items to report

2) Other Changes in Executive Positions (Scheduled for June 26, 2019)

1. New director candidates

Director Toshinori Nakamura

Director Shoji Uematsu

* Mr. Shoji Uematsu is a candidate for outside director.

2. Scheduled retirement director

Director Kazuhiro Maruyama