

FY2004 ending in March 2005
Interim Non-Consolidated Financial Statements
(Half-Year Ended on September 30, 2004)
Tokyo Gas Co., Ltd

October 28, 2004

Code No.: 9531

(URL: <http://www.tokyo-gas.co.jp>)

Representative: Mr. Norio Ichino, President

Contact: Mr. Kazuo Nameki, Chief Manager, Accounting Dept.

Tel: +81-3-5400-7545

Meeting of board of directors to approve half-year financial results: October 27, 2004

Commencement date of interim dividends: November 25, 2004

The company has an interim dividend scheme. Adoption of the unit stock system : Yes (unit: 1,000 shares)

Stocks listed on:

Tokyo Stock Exchange, Osaka Securities Exchange,
Nagoya Stock Exchange

Location of head office (prefecture): Tokyo

1. Results for half-year ended in September 2004 (April 1, 2004 to September 30, 2004)

(1) Business results (Rounded down to the nearest million yen.)

	Sales		Operating profits		Ordinary profits	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
Half-year ended Sept. 2004	437,876	-2.2	35,959	8.4	37,713	21.0
Half-year ended Sept. 2003	447,717	7.0	33,160	26.8	31,177	38.6
Year ended Mar. 2004	1,013,754		126,954		115,859	

	Net profits		Net earnings per share
	(Unit: million yen)	(%)	(Unit: yen)
Half-year ended Sept. 2004	24,636	17.2	9.17
Half-year ended Sept. 2003	21,012	30.1	7.67
Year ended Mar. 2003	40,273		14.78

Notes: 1. Average number of outstanding shares during the term:

FY2004 Interim: 2,686,079,742 shares

FY2003 Interim: 2,740,820,753 shares

FY2003: 2,721,032,069 shares

2. Changes in accounting methods: None

3. Percentage figures on sales, operating profits, ordinary profits and net profits indicate the percentage change on the interim results for the previous year.

(2) Dividends

	Interim dividend per share	Annual dividend per share
Half-year ended Sept. 2004	3.50 yen	-
Half-year ended Sept. 2003	3.00 yen	-
Year ended Mar. 2004	-	7.00 yen

(3) Financial position

	Total assets	Shareholders' equity	Ratio to shareholders' equity	Shareholders' equity per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
Half-year ended Sept. 2004	1,367,533	530,511	38.8	200.10
Half-year ended Sept. 2003	1,363,422	521,741	38.3	193.14
Year ended Mar. 2004	1,410,023	540,217	38.3	199.97

Notes: 1. Number of outstanding shares as of (treasury stocks are not included):

FY2004 Interim (Sep 30, 2004): 2,651,270,003 shares

FY2003 Interim (Sep 30, 2003): 2,701,378,206 shares

FY2003 (Mar 31, 2004) : 2,701,145,351 shares

2. Treasury stocks held as of:

FY2004 Interim (Sep 30, 2004): 158,901,292 shares

FY2003 Interim (Sep 30, 2003): 108,793,089 shares

FY2003 (Mar 31, 2004) : 109,025,944 shares

2. Results forecast for the year ending in March 2005 (April 1, 2004- March 31, 2005)

	Sales	Ordinary income	Net income	Annual dividend per share	
				End of half-year	
Full year	(Unit: million yen) 1,018,000	(Unit: million yen) 119,000	(Unit: million yen) 79,000	(Unit: yen) 3.50	(Unit: yen) 7.00

- Reference:
1. Forecast net earnings per share (full year): ¥29.77
 2. Breakdown of sales (full year):
 - Gas: ¥830,000 million
 - Others ¥188,000 million
 3. Forecast ordinary profit (full year): ¥121,000 million

* The above forecast was based on information available at the time of the release of this document. Due to various factors, the actual result may vary from the forecast data.

1. Business performance

(1) Gas sales volume

Gas sales volume for the year under review was 5,449 million m³, rising 7.1% compared with the same period in the previous year. Residential demand fell 7.3% compared with the same period in the previous year because demand for hot water was sluggish as a result of high temperatures despite our efforts to acquire new customers and to sell gas appliances.

On the other hand, in commercial and other business sector, air conditioning demand increased because of higher temperature. As a result, commercial and other business demand was up 9.3% and 13.8% respectively, compared with the same period in the previous year.

Industrial demand was up 12.3% compared with the same period in the previous year due to smooth operation of existing properties.

In addition, supplies to other gas utilities rose 13.6% compared with the previous year due to an increase in demand by customers of those utilities.

<Gas sales for FY2004 Interim>

		FY2004 Interim (actual)	FY2003 Interim (actual)	Change	% change		
No. of costumers	Thousand	9,509	9,313	196	2.1		
Gas sales volume	Residential	m ³	24.41	26.75	-2.34	-8.7	
		Mil. m ³	1,184	1,278	-94	-7.3	
	Business	Commercial	Mil. m ³	994	909	85	9.3
		Other	Mil. m ³	436	383	53	13.8
	Industrial	Mil. m ³	2,226	1,982	244	12.3	
	Sub total	Mil. m ³	3,656	3,274	382	11.7	
	Wholesale supply to other utilities	Mil. m ³	609	536	73	13.6	
Total	Mil. m ³	5,499	5,088	361	7.1		
Ave. temperature	°C	23.4	21.7	1.7	-		

- Notes: 1. The upper row of figures for residential demand indicates monthly gas sales per meter read (m³/household)
2. "Other" for business demand indicates sales to public and medical use.

(2) Summary of incomes and expenditures

Sales

Gas sales decreased by ¥7.3 billion or 2.0% compared with the previous year due to rate adjustment by raw material cost adjustment system and other factors although gas sales volume increased by 7.1%.

Total sales, which also include construction orders, gas appliance sales, and sales of associated businesses, were ¥437.8 billion, a decline of ¥9.9 billion or 2.2% compared with the same period in the previous year. The main reasons for decrease in sales other than gas are decline in number of gas construction for new customers and decline in gas appliance sales.

Expenses

Due to the increase in gas sales volume and other factors, raw material expenses rose by 3.7% compared with the same period in the previous year. Meanwhile, in supply and sales expenses and general and administrative expenses, the company worked to reduce expenses, managing to reduce operating expenses overall by 10.9 billion or 3.2% to ¥326.2 billion compared to the same period in the previous year.

Total expenses, which also include other expenses for construction orders, gas appliance sales and associated businesses, fell by ¥12.6 billion or 3.0% compared with the same period in the previous year to ¥401.9 billion.

Profits

As a result of the foregoing factors, operating income rose ¥2.8 billion or 8.4% compared with the same period in the previous year to ¥35.9 billion.

Ordinary income, which includes non-operating income, increased by ¥6.6 billion or 21.0% compared with the same period in the previous year to ¥37.7 billion.

As a result, net income increased by ¥3.6 billion or 17.2% compared with the same period in the previous year to ¥24.6 billion.

<FY2004 interim Summary by segment>

(Unit: billion yen)

Income		Change from FY2003 interim	Rate (%)	Expenses		Change from previous year	Rate (%)		
Product	Gas sales	358.0	-7.3	-2.0	Operating expenses	Cost of sales	142.6	-3.4	-2.4
						Sales and administrative expenses	183.6	-7.4	-3.9
						Sub total	326.2	-10.9	-3.2
Other sales	Construction orders	22.9	-2.3	-9.1	Other expenses	Construction orders	22.6	-2.1	-8.5
	Gas appliances, etc.	48.4	-2.2	-4.3		Gas appliances	44.8	-1.7	-3.6
	Associated businesses	8.4	1.9	29.4		Subsidiary businesses	8.1	2.0	33.7
	Sub total	79.8	-2.6	-3.1		Sub total	75.6	-1.7	-2.2
Total sales		437.8	-9.9	2.2	Total expenses		401.9	-12.6	-3.0
					Operating profit		35.9	2.8	8.4
Non-operating income		9.9	2.6	35.3	Non-operating expenses		8.2	-1.1	-12.2
					Ordinary profit		37.7	6.6	21.0
Extraordinary profit		0	-0.6	-100.0	Extraordinary loss		0	0	-
					Net Income		24.6	3.6	17.2

(Rounded down to nearest ¥100 million)

Notes: [1] Cost of sales includes cost of raw materials of ¥127.0 billion (increase by ¥4.5 billion, or +3.7%, from FY2003 interim).

[2] Non-operating expenses include interest expenses of ¥5.0 billion (decrease by -¥0.6 billion, or -10.5%, from FY2003 interim).

	FY2004 interim	FY2003 interim	Change		FY2004 interim	FY2003 interim	Change
Crude-oil price (\$/bbl)	36.73	28.43	8.30	Yen/dollar rate	109.80	118.08	-8.28

2. Outlook for FY2004 full year (non-consolidated)

(Unit: billion yen)

	Sales	Operating profit	Ordinary profit	Current net profit
FY2004 (forecast)	1,018.0	121.0	119.0	79.0
FY2003 (actual)	1,013.7	126.9	115.8	40.2
Change (increase/decrease)	4.3	-5.9	3.2	38.8
Rate of change	0.4%	-4.7%	2.7%	96.2%

The company is planning reduction of gas tariff as of January 1, 2005. However, the range of reduction is not finalized yet. Therefore, no estimated effects of the expected change of tariff are included.

We estimate that gas sales volume in FY2004 will grow by 4.4% compared with FY2003 to 11.76 billion m³ due to our efforts to acquire new customers and to popularize and expand gas appliances. We forecast that gas sales in response to this will increase by ¥6.5 billion or 0.8% to ¥830 billion.

Meanwhile, in expenses, forecasting the price of crude oil to rise by US\$7.94/bbl to US\$ 37.37/bbl (US\$38.00/bbl in the second half of FY2004), and the exchange rate to see an appreciation in the yen by ¥3.29 to ¥109.90/US\$, we expect that raw material expenses will rise by ¥27.3 billion or 10.2% compared with FY2003 to ¥294.8 billion.

Moreover, the company will contain increase in expenses by working for greater efficiency in management including greater reductions in miscellaneous expenses than hitherto.

As a result, in our full year forecasts for FY2004 including construction orders, gas appliance sales and associated businesses, we expect total sales to rise by ¥4.3 billion or 0.4% compared with FY2003 to ¥1,180 billion and operating income to fall by ¥5.9 billion or 4.7%, ordinary income to rise by ¥3.2 billion or 2.7% to ¥119 billion. In addition, we expect full year net income to increase by ¥38.8 billion or 96.2% to ¥79 billion.

<Gas sales forecast for FY2004>

			FY2004 (projection)	FY2003 (actual)	Change	Rate of change (%)	
No. of gas customers		Thousand	9,629	9,445	184	1.9	
Gas sales volume	Residential	Mil. m ³	3,198	3,244	-46	-1.4	
	Business Commercial	Mil. m ³	1,930	1,800	130	7.2	
		Other	Mil. m ³	885	805	80	9.9
		Industrial	Mil. m ³	4,375	4,166	209	5.0
	Sub total	Mil. m ³	7,190	6,771	419	6.2	
	Supplies to other utilities	Mil. m ³	1,318	1,196	122	10.2	
	Total	Mil. m ³	11,706	11,211	495	4.4	
Ave. temperature		°C	17.2	16.3	0.9	-	
Crude oil price		\$/bbl	37.37	29.43	7.94	27.0	
Exchange rate		¥/\$	119.90	113.19	-3.29	-2.9	

Balance Sheet

(Unit: million yen)

Account	FY2004 Interim (Sept. 30, 2004)	FY2003 (Mar. 31, 2004)	Change	FY2003 Interim (Sept. 30, 2003)
(Assets)				
Fixed assets	1,147,410	1,193,530	-46,120	1,185,970
Tangible fixed assets	847,732	869,849	-22,117	885,899
Production facilities	236,948	245,572	-8,624	255,622
Distribution facilities	516,159	527,829	-11,670	520,975
Business facilities	58,825	59,256	-431	66,493
Associated business facilities	4,658	5,147	-489	4,574
Construction in progress	31,140	32,042	-902	38,233
Intangible fixed assets	14,375	14,645	-270	13,863
Leaseholds	1,139	1,135	4	1,295
Other intangible fixed assets	13,236	13,509	-273	12,568
Investments, etc.	285,302	309,035	-23,733	286,206
Investment securities	63,603	68,891	-5,288	57,156
Investments in affiliates	104,327	123,908	-19,581	123,069
Long-term loans receivable	122	178	-56	191
Long-term loans within company	4	4,250	4,246	4,365
Long-term loans to affiliates	36,983	28,388	8,595	28,223
Investments in partnership	3	6	-3	5
Long-term prepaid expenses	34,300	35,495	-1,195	36,784
Deferred tax assets	42,570	43,998	-1,428	32,527
Miscellaneous investments	3,870	5,282	-1,412	5,167
Allowances for doubtful accounts	-483	-1,365	882	-1,283
Current assets	220,122	216,492	3,630	177,452
Cash and deposits	15,349	36,119	-20,770	8,921
Trade notes receivable	1,026	1,392	-366	1,242
Accounts receivable	65,529	83,749	-18,220	66,584
Accounts receivable from affiliates	8,576	9,534	-958	7,475
Uncollected accounts	4,738	10,818	-6,080	4,260
Negotiable securities	1	1	-	1
Finished products	65	76	-11	66
Raw materials	20,558	10,976	9,582	17,002
Supplies	6,126	6,500	-374	8,097
Prepaid expenses	8,583	221	8,362	7,998
Short-term loans to affiliates	18,377	18,188	189	-
Short-term credits against affiliates	2,117	3,170	-1,053	12,041
Deferred tax assets	6,065	9,181	-3,116	6,550
Short-term loans	23,003	-	23,003	-
Commissioned construction expense	14,771	-	14,771	-
Other current assets	26,030	27,487	-1,457	37,815
Allowances for doubtful accounts	-800	-927	127	-606
Total assets	1,367,533	1,410,023	-42,490	1,363,422

(Unit: million yen)

Account	FY2004 Interim (Sept. 30, 2004)	FY2003 (Mar. 31, 2004)	Change	FY2003 Interim (Sept. 30, 2003)
(Liabilities)				
Fixed liabilities	589,681	599,866	-10,185	638,357
Straight bonds	277,700	266,033	11,667	255,733
Convertible bonds	99,925	99,928	-3	182,812
Long-term bank loans payable	62,186	74,367	-12,181	77,453
Long-term obligations to affiliates	374	598	-224	639
Retirement benefit reserve	140,161	149,408	-9,247	110,171
Allowances for repairs of gas holders	3,236	3,253	-17	3,188
Other fixed liabilities	6,097	6,277	-180	8,358
Current liabilities	247,340	269,938	-22,598	203,324
Fixed liabilities due within one year	113,045	90,465	22,580	7,423
Accounts payable	19,120	18,336	784	11,912
Other accounts payable	16,867	27,406	-10,539	16,846
Accrued expenses	25,058	38,130	-13,072	27,266
Corporation tax payable, etc.	11,427	35,015	-23,588	13,367
Advances received	9,232	7,351	1,881	9,448
Deposits received	1,453	1,567	-114	1,638
CMS short-term borrowings from affiliates	24,101	22,474	1,627	-
Short-term obligations to affiliates	10,693	18,569	-7,876	19,563
Commercial paper	-	-	-	85,000
Other current liabilities	16,339	10,621	5,718	10,857
Total liabilities	837,021	869,805	-32,784	841,681
(Shareholders' equity)				
Common stock	141,844	141,844	-	141,844
Common stock	141,844	141,844	-	141,844
Capital surplus	2,067	2,065	2	2,065
Capital reserve	2,065	2,065	-	2,065
Other capital surplus	1	-	1	-
Gain on disposal of treasury stock	1	-	1	-
Retained earnings	417,209	403,442	13,767	392,284
Earned surplus reserve	35,454	35,454	-	35,454
Expropriation etc., compression reserve	976	976	-	976
Reserve against depreciation of construction of specified gas pipes	2,575	3,317	-742	3,317
Raw material cost fluctuation adjustment reserve	141,000	141,000	-	141,000
General reserves	169,000	149,000	20,000	149,000
Unappropriated Earned surplus of half/full year	68,202	73,694	-5,492	62,536
Unrealized gains on shares, etc. available for sale	28,303	31,673	3,370	24,262
Unrealized gains on other securities	28,303	31,673	3,370	24,262
Treasury stock	-58,913	-38,808	-27,853	-38,715
Treasury stock	-58,913	-38,808	-27,853	-38,715
Total shareholders' equity	530,511	540,217	-9,706	521,741
Total liabilities and shareholders' equity	1,410,023	1,410,023	-42,490	1,363,422

Statement of income

(Unit: million yen)

Account		FY2004 interim (Apr. - Sept. 2004)	FY2003 interim (Apr. - Sept. 2003)	Change	FY2003 (Apr. 2003 - Mar. 2004)
Ordinary profit or loss	Product sales	358,037	365,312	-7,275	823,509
	Gas sales	358,037	365,312	-7,275	823,509
	Cost of sales	142,605	148,086	-3,481	310,108
	(Gross profit)	(215,432)	(19,226)	(-3,794)	(513,401)
	Supply and sales expenses	147,959	154,957	-6,998	319,629
	General and administrative expenses	35,660	36,115	-455	78,257
	(Profit on core business)	(31,812)	(28,153)	(3,659)	(115,514)
	Miscellaneous operating revenues	71,395	75,881	-4,486	174,261
	Revenues from construction work	22,930	25,227	-2,297	62,639
	Revenues from sales of appliances	48,109	50,383	-2,274	111,081
	Other miscellaneous operating revenues	355	270	85	540
	Miscellaneous operating expenses	67,507	71,277	-3,770	163,762
	Cost of construction work	22,672	24,766	-2,094	58,834
	Cost of sales of appliances	44,834	46,510	-1,676	104,927
	Revenues from associated businesses	8,444	6,524	1,920	15,983
	Revenues from remote control services	1,159	-	-	-
	Revenues from power sales	1,938	-	-	-
	Revenue from other associated businesses	5,346	-	-	-
	Expenses for associated businesses	8,185	6,120	2,065	15,041
	Expense for remote control services	879	-	-	-
Expense for power sales	1,957	-	-	-	
Expenses for other associated businesses	5,347	-	-	-	
(Operating profit)	(35,959)	(33,160)	(2,799)	(126,954)	
Non-operating profit or loss	Non-operating income	9,961	7,360	2,601	14,510
	Interest income	578	366	212	849
	Divided income	569	396	173	1,945
	Affiliates' dividends earned	1,028	1,410	-382	-
	Rental income	2,059	2,297	-238	4,562
	Contribution for gas pipeline construction for wholesale supply	998	-	998	-
	Balance on weather derivatives	1,994	-	1,994	-
	Balance on environmental conditioning costs	-	-	-	1,650
	Miscellaneous revenues	2,732	2,889	-157	5,502
	Non-operating expenses	8,208	9,344	-1,136	25,605
	Interest paid	1,006	1,173	-167	2,261
	Interest on bonds	4,090	4,523	-433	8,778
	Amortization of bond issue costs	147	120	27	249
	Balance on commissioned construction	1,817	1,853	-36	4,279
	Loss from debenture redemption	-	-	-	6,574
	Miscellaneous expenditures	1,146	1,672	-526	3,461
(Ordinary profit)	(37,713)	(31,177)	(6,536)	(115,859)	
Extraordinary profit or loss	Extraordinary profits	-	619	-619	7,915
	Gain on sales of fixed assets	-	28	-28	1,667
	Gain on sales of investment securities	-	590	-590	583
	Gain on breakdown of retirement benefit reserve accompanying changes to corporate pension system	-	-	-	5,664
	Extraordinary losses	-	-	-	62,215
	Losses on sales of fixed assets	-	-	-	1,607
	Losses on compression of fixed assets	-	-	-	1,651
	One-off write-off of retirement benefit actuarial differences	-	-	-	58,956
	(Net profit before income tax)	(37,713)	(31,796)	(31,796)	(61,560)
Corporate taxes etc.	6,620	8,410	-1,790	37,220	
Adjustment for corporate tax, etc.	6,456	2,374	4,082	-15,933	
Half-year/current net income	24,636	21,012	3,624	40,273	
Retained earnings brought forward	43,566	41,516	2,050	41,516	
Disposition of expropriation, etc. compression reserve	-	9	-9	9	
Net loss on disposal of treasury stock	-	1	1	0	
Mid-term dividend	-	-	-	8,104	
Unappropriated profit	68,202	62,536	5,666	73,694	

Note: In page 1, the figures in the sales column for “Results for half-year ended September 2004: (1) Business results” are the total of product sales, miscellaneous operating revenues, and revenues from associated businesses.