

CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2003

FY2003 ending March 31, 2004
Tokyo Gas Co., Ltd.

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

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1. Items Used to Compile the Results

- 1) Any differences between the accounting practices used here and those used in preparing consolidated accounts for the previous business year (yes/no): *Yes*
 Differences:
 - * Depreciation of fixed assets: Part of our estimated consolidated depreciation expense in this fiscal year has been charged in the first quarter.
 - * Basis for the calculation of corporation tax: Calculated by multiplying income before tax, etc. for the nine months by the estimated effective consolidated tax rate at the end of the fiscal year.
- 2) Changes in the scope of consolidation and interests accounted for by the equity method (yes/no): *No*

2. Consolidated Results For the Nine Months (April 1 - December 31, 2003)

(1) Consolidated Business Results

(Rounded down to the nearest million yen)

| | Sales | Operating Income | Ordinary Income | Net Income |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | (Unit: million yen) (%) | (Unit: million yen) (%) | (Unit: million yen) (%) | (Unit: million yen) (%) |
| April 1 – December 31, 2003 | 779,063 - | 70,530 - | 59,506 - | 36,176 - |
| April 1 – December 31, 2002 | - - | - - | - - | - - |
| Reference: Fiscal Year ended March 31, 2003 | 1,127,633 | 123,294 | 91,955 | 59,201 |

| | Net Earnings per Share | Net Earnings per Share Adjusted for Latent Shares |
|--|------------------------|---|
| | (Unit: yen) | (Unit: yen) |
| April 1 – December 31, 2003 | 13.26 | 12.06 |
| April 1 – December 31, 2002 | - | - |
| Reference: Fiscal Year ended March 31, 2003 | 21.18 | 19.11 |

- Notes: 1) Figures in the percent columns indicate percentage changes in Sales, Operating Income, Ordinary Income, and Net Income compared with the same period of the previous year.
- 2) As we did not release closing figures for the nine months (Apr. - Dec.) of last year, we do not show year-on-year changes (%). The same applies throughout this document.

Qualitative Data Concerning our Consolidated Business Performance

Sales for nine months (April 1 -December 31, 2003) by segment (including inter-segment sales -- Gas: ¥563.4 billion; Gas appliances: ¥94.7 billion; Related construction: ¥43.9 billion; Building leases: ¥26.6 billion; Other business: ¥110.0 billion; Consolidated sales: ¥ 779.0 billion.

As a result of the efforts we have made to control costs in order to make our business more efficient, Operating Income, Ordinary Income, and Net Income for the nine months have become ¥70.5 billion, ¥59.5 billion, and ¥36.1 billion respectively.

Since the performance of the group as a whole is heavily dependent on that of the gas segment, we expect a large proportion of sales during winter.

(2) Consolidated Financial Position

| | Total Assets | Shareholders' Equity | Shareholders' Equity Ratio | Shareholders' Equity per Share |
|--|----------------------------------|--------------------------------|----------------------------|--------------------------------|
| 3rd Quarter ended Dec. 2003 | (Unit: million yen) 1,651,984 | (Unit: million yen) 585,116 | (Unit: %) 35.4 | (Unit: yen) 216.61 |
| 3rd Quarter ended Dec. 2002 | - | - | - | - |
| Reference: Fiscal Year ended March 31, 2003 | 1,676,064 | 579,706 | 34.6 | 208.65 |

Qualitative Data Concerning Changes in our Consolidated Financial Position

Total group assets decreased by ¥24.0 billion from the fiscal year ended March 2003 to ¥1,651.9 billion, reflecting decrease in tangible fixed assets after depreciation.

Despite reacquiring some of our outstanding capital stock, Net Income for the quarter boosted shareholders' equity by ¥5.4 billion to ¥585.1 billion and our shareholders' equity ratio by 0.8 percent to 35.4%.

Shareholders' equity per share increased by 7.96 yen to 216.61 yen.

(3) Consolidated Cash Flow

| | Cash flow from operating activities | Cash flow from investment activities | Cash flow from financing activities | Balance of cash and cash equivalents as of end of the term |
|--|-------------------------------------|--------------------------------------|-------------------------------------|--|
| April 1 – December 31, 2003 | (Unit: million yen) 75,830 | (Unit: million yen) -96,671 | (Unit: million yen) -5,346 | (Unit: million yen) 25,946 |
| April 1 – December 31, 2002 | - | - | - | - |
| Reference: Fiscal Year ended March 31, 2003 | 213,532 | -110,143 | -78,517 | 52,129 |

Reference 1: Summary of Non-consolidated Results (April 1 – December 31, 2003)

| | Sales | Operating Income | Ordinary Income | Net Income |
|-----------------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------|
| April 1 – December 31, 2003 | (Unit: million yen) 689,436 | (Unit: million yen) 52,810 | (Unit: million yen) 48,822 | (Unit: million yen) 31,837 |

| | Total Assets | Shareholders' Equity |
|-----------------------------|----------------------------------|--------------------------------|
| 3rd Quarter ended Dec. 2003 | (Unit: million yen) 1,379,166 | (Unit: million yen) 527,609 |

3. Consolidated results forecast for the fiscal year ending March 2004 (April 1, 2003 - March 31, 2004)

| | Sales | Ordinary Income | Net Income | Net Income per Share |
|-----------|----------------------------------|--------------------------------|-------------------------------|----------------------|
| Full year | (Unit: million yen) 1,153,000 | (Unit: million yen) 122,000 | (Unit: million yen) 76,000 | (Unit: yen) 28.11 |

Note: Forecast Operating Income (full year): ¥143,000 million

Qualitative Data Concerning our Full-year Forecasts

Our consolidated business forecast for FY 2003, based on current trends, anticipates decrease in sales by ¥9.0 billion to ¥1,153.0 billion, compared with our previous forecast on October 30, 2003.

This is mainly because decrease in gas and gas appliances sales compared with our previous forecast on October 30, 2003.

However, forecast for both ordinary income and net income is unchanged as we also forecast decrease in raw materials cost, other operating costs, and cost of sales for gas appliances compared with our previous forecast on October 30, 2003.

Reference 2: Non-consolidated forecast for the fiscal year ending March 2004 (April 1, 2003 - March 31, 2004)

| | Sales | Ordinary Income | Net Income | Net Income per Share |
|-----------|----------------------------------|--------------------------------|-------------------------------|----------------------|
| Full year | (Unit: million yen) 1,014,000 | (Unit: million yen) 110,000 | (Unit: million yen) 71,000 | (Unit: yen) 26.26 |

Note: Forecast Operating Income: ¥122,000 million

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

< **Supplementary Financial Information** >

1. Consolidated Balance Sheet

(Unit: million yen)

| Account | 3rd Quarter (ended Dec. 31, 2003) | Previous Fiscal Year (ended Mar. 31, 2003) | Change |
|----------------------------------|--------------------------------------|---|----------------|
| ASSETS | | | |
| Fixed assets | 1,393,746 | 1,411,513 | -17,767 |
| Tangible fixed assets | 1,180,861 | 1,217,465 | -36,604 |
| Production facilities | 251,084 | 244,058 | 7,026 |
| Distribution facilities | 522,072 | 538,191 | -16,119 |
| Business facilities | 67,960 | 71,297 | -3,337 |
| Other facilities | 292,484 | 288,469 | 4,015 |
| Idle facilities | - | 5 | -5 |
| Construction in progress | 47,259 | 75,442 | -28,183 |
| Intangible fixed assets | 17,591 | 20,609 | -3,018 |
| Other intangible fixed assets | 17,591 | 20,609 | -3,018 |
| Investments, etc. | 195,293 | 173,438 | 21,855 |
| Investment securities | 98,883 | 71,544 | 27,339 |
| Long-term loans receivable | 13,330 | 10,238 | 3,092 |
| Deferred tax assets | 36,936 | 44,306 | -7,370 |
| Miscellaneous investments | 48,264 | 49,591 | -1,327 |
| Allowances for doubtful accounts | -2,120 | -2,243 | 123 |
| Current assets | 258,237 | 264,551 | -6,314 |
| Cash and deposits | 29,940 | 35,672 | -5,732 |
| Notes and accounts receivable | 117,813 | 132,235 | -14,422 |
| Inventories | 29,486 | 21,125 | 8,361 |
| Deferred tax assets | 9,794 | 11,480 | -1,686 |
| Other current assets | 72,518 | 65,484 | 7,034 |
| Allowances for doubtful accounts | -1,314 | -1,448 | 134 |
| Total Assets | 1,651,984 | 1,676,064 | -24,080 |

(Unit: million yen)

| Account | 3rd Quarter (ended Dec. 31, 2003) | Previous Fiscal Year r (ended Mar. 31, 2003) | Change |
|--|--------------------------------------|---|---------|
| LIABILITIES | | | |
| Fixed liabilities | 798,942 | 751,572 | 47,370 |
| Straight bonds | 303,533 | 257,633 | 45,900 |
| Convertible bonds | 182,809 | 182,814 | -5 |
| Long-term bank loans payable | 168,648 | 157,875 | 10,773 |
| Deferred tax liabilities | 2,008 | 792 | 1,216 |
| Retirement benefit reserve | 111,548 | 120,896 | -9,348 |
| Allowances for repairs of gas holders | 3,399 | 3,457 | -58 |
| Other fixed liabilities | 26,995 | 28,104 | -1,109 |
| Current liabilities | 263,761 | 340,746 | -76,985 |
| Fixed liabilities due within one year | 23,108 | 91,239 | -68,131 |
| Notes and accounts payable | 36,485 | 37,676 | -1,191 |
| Short-term bank loans payable | 28,938 | 41,900 | -12,962 |
| Corporation tax payable, etc. | 12,012 | 41,221 | -29,209 |
| Deferred tax liabilities | - | 13 | -13 |
| Other current liabilities | 163,217 | 128,695 | 34,522 |
| Total Liabilities | 1,062,703 | 1,092,319 | -29,616 |
| Minority Interest | 4,164 | 4,039 | 125 |
| SHAREHOLDER'S EQUITY | | | |
| Common stock | 141,844 | 141,844 | - |
| Capital surplus | 2,065 | 2,065 | - |
| Retained earnings | 449,312 | 429,652 | 19,660 |
| Unrealized gains on other securities | 30,744 | 17,002 | 13,742 |
| Translation adjustment account | -85 | 4 | -89 |
| Treasury stock | -38,764 | -10,862 | -27,902 |
| Total shareholders' Equity | 585,116 | 579,706 | 5,410 |
| Total Liabilities, Minority Interest and Shareholders' Equity | 1,651,116 | 1,676,064 | -24,080 |

2. Consolidated Statement of Income for the nine months (April 1 – December 31, 2003)

(Unit: ¥ million)

| Account | Nine Months (Apr. 1 - Dec. 31, 2003) | Previous Fiscal Year (Apr. 1, 2002 - Mar. 31, 2003) |
|---|---|--|
| Sales | 779,063 | 1,127,633 |
| Cost of sales | 398,340 | 571,929 |
| Gross Income | 380,722 | 555,704 |
| Supply and sales expenses | 256,528 | 359,999 |
| General and administrative expenses | 53,663 | 72,409 |
| Operating Income | 70,530 | 123,294 |
| Non-operating Income | 5,858 | 7,441 |
| Interest income | 238 | 239 |
| Dividend income | 1,019 | 849 |
| Return on investment accounted for by equity method | 140 | 220 |
| Income from rents | 776 | 985 |
| Miscellaneous revenues | 3,683 | 5,147 |
| Non-operating expenses | 16,882 | 38,780 |
| Interest paid | 11,195 | 17,472 |
| Balance on commissioned construction | 2,699 | 4,648 |
| Loss from debenture redemption | - | 6,327 |
| Environment conditioning costs | - | 5,656 |
| Miscellaneous expenditures | 2,987 | 4,674 |
| Ordinary Income | 59,506 | 91,955 |
| Extraordinary profits | 1,032 | 8,699 |
| Gain on sales of fixed assets | 436 | 5,503 |
| Gain on sales of investment securities | 595 | 3,196 |
| Extraordinary losses | 1,116 | 4,771 |
| Loss from sale of fixed assets | 1,116 | 113 |
| Losses on compression of fixed assets | - | 4,415 |
| Expenses for special measures for product compensation | - | 242 |
| Net Income before adjustment for tax, etc. | 59,422 | 95,882 |
| Corporate tax, residence tax and business tax | 19,985 | 43,621 |
| Adjustment for corporate taxes, etc. | 2,900 | -7,244 |
| Minority shareholder profit (loss) | 359 | 304 |
| Net Income | 36,176 | 59,201 |

3. Statement of Consolidated Retained Earnings for the nine months (April 1 – December 31, 2003)

(Unit: million yen)

| Account | Nine Months (Apr. 1, - Dec. 31, 2003) | | Previous Fiscal Year (Apr. 1, 2002 - Mar. 31, 2003) | |
|--|--|---------|--|---------|
| | | | | |
| Capital Surplus | | | | |
| Initial balance of capital surplus | | 2,065 | | |
| Initial balance of capital reserve | | | 2,064 | 2,064 |
| Increase in capital surplus | | - | | - |
| Additional capital raised | | | | |
| on conversion of convertible bonds | | - | | - |
| End of 3rd Quarter balance of capital surplus | | 2,065 | | 2,065 |
| Retained Earnings | | | | |
| Initial balance of retained earnings | | 429,652 | | |
| Initial balance of consolidated retained earnings | | | 387,315 | 387,315 |
| Increase in retained earnings | | | | |
| Net Income | 36,176 | 36,176 | 59,201 | 59,201 |
| Decrease in retained earnings | | | | |
| Dividends | 16,438 | | 16,768 | |
| Directors' bonuses | 76 | | 95 | |
| Net loss on disposal of treasury stock | 1 | 16,516 | - | 16,863 |
| Balance of retained earnings at the end of the period | | 449,312 | | 429,652 |

4. Consolidated Statement of Cash Flows for the nine months (April 1 – December 31, 2003)

(Unit: million yen)

| Account | Nine months (Apr. - Dec. 2003) | Previous Year (Apr. 2002 - Mar. 2003) |
|--|-----------------------------------|--|
| I. Cash flow from operating activities | | |
| Net Income before adjustment for tax, etc. | 59,422 | 95,882 |
| Depreciation | 108,731 | 137,299 |
| Amortization of long-term prepaid expenses | 2,756 | 3,727 |
| Loss on retirement of tangible fixed assets | 2,258 | 2,481 |
| Gain/loss on sale of fixed assets | 681 | -5,379 |
| Advanced depreciation loss | - | 4,415 |
| Profit/loss on sale of investment securities | -595 | -3,195 |
| Profit/loss on valuation of investment securities | - | 891 |
| Loss from debenture redemption | - | 6,327 |
| Increase/decrease in bad debt reserve | - | 1,099 |
| Change in provision for retirement benefits | -9,347 | -4,658 |
| Interest and dividends earned | -1,257 | -1,088 |
| Interest paid | 11,195 | 17,472 |
| Change in accounts receivable | 22,981 | -6,777 |
| Change in inventories | -8,360 | 7,633 |
| Change in accounts payable | -17,486 | -1,784 |
| Change in consumption tax payable | -5,138 | - |
| Change in prepaid expenses | -3,604 | - |
| Others | -29,378 | 12,592 |
| Sub-total | 132,856 | 266,940 |
| Proceeds from interest and dividends | 1,200 | 1,166 |
| Payment of interest | -11,981 | -18,069 |
| Payment of corporate tax, etc. | -46,245 | -36,504 |
| Cash flow from operating activities | 75,830 | 213,532 |
| II. Cash flow from investing activities | | |
| Purchases of investment securities | -13,400 | -7,297 |
| Proceeds from sale of investment securities, etc. | 7,657 | 5,861 |
| Purchases of tangible fixed assets | -80,457 | -98,148 |
| Purchases of intangible fixed assets | -5,583 | -9,014 |
| Spending on long-term prepaid expenses | -1,578 | -1,799 |
| Proceeds from sale of fixed assets | 961 | 6,888 |
| Expenditures based on lending for long-term loans | -3,846 | -4,256 |
| Proceeds from repayment of long-term loans | 755 | - |
| Net change in short-term loans | -967 | - |
| Others | -212 | -2,375 |
| Cash flow from investing activities | -96,671 | -110,143 |
| III. Cash flow from financing activities | | |
| Net change in short-term debt | -12,961 | -809 |
| Net change in commercial paper | 63,000 | -12,000 |
| Proceeds from long-term debt | 31,277 | 17,340 |
| Payments for long-term debt | -40,167 | -36,474 |
| Proceeds from bond issues | 50,000 | 20,000 |
| Payments for redemption of bonds | -52,875 | -38,975 |
| Dividend payments | -15,469 | 16,777 |
| Payment of dividends to minority shareholders | -56 | -53 |
| Payment to minority shareholders on account of capital reduction | -184 | - |
| Proceeds from sale of treasury stock | 75 | - |
| Payments for acquiring treasury stock | -27,983 | -10,767 |
| Cash flow from financing activities | -5,346 | -78,517 |
| IV. Difference due to conversion of cash and cash equivalents | 3 | -2 |
| V. Change in cash and cash equivalents | -26,183 | 24,869 |
| VI. Cash and cash equivalents at the beginning of the period | 52,129 | 27,260 |
| VII. Cash and cash equivalents at the end of the period | 25,946 | 52,129 |

5. Non-consolidated Results

Gas Sales for the Nine Months (April 1 – December 31, 2003)

| | | | FY2003 (Apr. - Dec. 2003) | FY2002 (Apr. -Dec. 2002) | Change | % Change | |
|----------------------|---------------------|---------------------|------------------------------|-----------------------------|--------|----------|------|
| No. of Gas Customers | | Thousand | 9,366 | 9,157 | 209 | 2.3 | |
| Gas sales volume | Residential | | m ³ (Note 1) | 27.89 | 27.84 | 0.05 | 0.2 |
| | | | Mil. m ³ | 2,001 | 1,963 | 38 | 2.0 |
| | Business | Commercial | Mil. m ³ | 1,313 | 1,256 | 57 | 4.5 |
| | | Other (Note 2) | Mil. m ³ | 554 | 517 | 37 | 7.0 |
| | Industrial | | Mil. m ³ | 3,051 | 2,584 | 467 | 18.1 |
| | Bus./Ind. Sub total | | Mil. m ³ | 4,918 | 4,358 | 560 | 12.9 |
| | Wholesales supply | | Mil. m ³ | 845 | 789 | 56 | 7.1 |
| Total | | Mil. m ³ | 7,764 | 7,109 | 655 | 9.2 | |
| Average temperature | | Degrees centigrade | 19.1 | 19.2 | -0.1 | - | |

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

Statement of Income for the Nine Months (April 1 – December 31, 2003)

(Unit: billion yen)

| Income | | | Change from the same period of FY 2002 | Rate (%) | Expenses | | | Change from the same period of FY 2002 | Rate (%) |
|----------------------|-----------------------|-------|--|----------|------------------------|-----------------------------------|-------|--|----------|
| Product sales | Gas sales | 558.4 | 38.6 | 7.4 | Operating expenses | Cost of sales | 221.3 | 25.9 | 13.3 |
| | | | | | | Sales and administrative expenses | 292.7 | 6.5 | 2.3 |
| | | | | | | Sub total | 514.0 | 32.4 | 6.7 |
| Other sales | Related Construction | 40.0 | -0.6 | -1.4 | Other expenses | Related Construction | 38.9 | -1.4 | -3.4 |
| | Gas appliance sales. | 79.8 | -4.3 | -5.2 | | Gas appliance sales | 73.2 | -5.0 | -6.4 |
| | Associated businesses | 11.1 | -5.1 | -31.6 | | Associated businesses | 10.3 | -4.7 | -31.5 |
| | Sub total | 131.0 | -10.0 | -7.1 | | Sub total | 122.5 | -11.1 | -8.3 |
| Total sales | | 689.4 | 28.5 | 4.3 | Total expenses | | 636.6 | 21.3 | 3.5 |
| | | | | | Operating Income | | 52.8 | 7.2 | 15.8 |
| Non-operating profit | | 9.6 | 0.6 | 6.3 | Non-operating expenses | | 13.6 | -1.6 | -10.6 |
| | | | | | Ordinary Income | | 48.8 | 9.4 | 23.8 |
| Extraordinary profit | | 0.6 | -1.5 | -71.4 | Extraordinary loss | | - | - | - |
| | | | | | Net Income | | 31.8 | -1.2 | -3.8 |

- Notes: 1. Since we did not release figures for the 3rd Quarter of last year, the absolute and percentage year-on-year changes are shown for reference only.
 2. Cost of sales includes the cost of raw materials of ¥188.4 billion (increase by ¥18.9 billion, or +11.1 %, from the same period of FY2002).
 3. Non-operating expenses include interest expense of ¥8.3 billion (decrease by ¥1.3 billion, or -14.1 %, from the same period of FY2002).
 4. The reason why ordinary income for the nine month of FY 2003 has increased but net income for the same period has decreased compared with the same period of FY 2002 is that taxes of 6.8 billion yen such as corporate tax have been incorporated for the 3rd quarter in FY 2003 while taxes for the 3rd quarter in FY 2002 was not.