

Consolidated Financial Results Bulletin for 1st Quarter Ended June 30, 2010 (J-GAAP) Tokyo Gas Co., Ltd.

Securities code: 9531
(URL <http://www.tokyo-gas.co.jp/index-e.html>)
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Stock listings:
Tokyo Stock Exchange, Osaka Securities Exchange,
Nagoya Stock Exchange

Location of head office: Tokyo

Scheduled date of the filing of quarterly report: August 16, 2010
Scheduled date of the start of dividend payments: —
Preparation of 1Q earnings presentation material (yes/no): **Yes**
Holding of 1Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for 1st Quarter (from April 1, 2010 to June 30, 2010) (Unit: million yen)

(1) Consolidated Operating Performance (% of change from the corresponding period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
Three months ended Jun. 30, 2010	366,430	7.0%	41,582	(17.2%)	41,405	(20.8%)	25,228	(24.1%)
Three months ended Jun. 30, 2009	342,433	(9.2%)	50,200	187.1%	52,304	226.0%	33,242	102.3%

	Net income per share	Diluted net income per share
Three months ended Jun. 30, 2010	9.41 yen	—
Three months ended Jun. 30, 2009	12.25 yen	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of Jun. 30, 2010	1,811,587	823,085	44.6%	301.67 yen
As of Mar. 31, 2010	1,840,972	826,291	44.2%	301.58 yen

Notes: Shareholders' equity (Minority interests are excluded)

As of Jun. 30, 2010: 808,200 million yen

As of Mar. 31, 2010: 813,886 million yen

2. Dividend

	Dividend per Share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Full-year
FY2009 ended Mar. 31, 2010	—	4.00	—	5.00	9.00
FY2010 ending Mar. 31, 2011	—				
FY2010 ending Mar. 31, 2011 (Forecast)		4.50	—	4.50	9.00

*Revisions to the quarter's dividend forecast: None

3. Consolidated Results Forecast for FY2010 ending March 31, 2011 (April 1, 2010 - March 31, 2011)

(Unit: million yen)

(% of change from the corresponding period of previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Six months ending Sep. 30, 2010	688,000	8.8%	33,000	(28.9%)	31,000	(38.7%)	19,000	(42.0%)	7.09 yen
Full-year	1,551,000	9.6%	108,000	26.7%	102,000	22.1%	65,000	20.9%	24.26 yen

*Revisions to the quarter's dividend forecast: None

4. Notes

(1) Changes in significant consolidated subsidiaries (yes/no): *No*

*This refers to changes in specified subsidiaries resulting in change of scope of consolidation during the quarter.

(2) Application of simplified accounting treatment and special accounting treatment (yes/no): *Yes*

*This refers to simplified accounting treatment and accounting treatment peculiar to quarterly consolidated financial statement preparation.

(3) Changes in accounting treatment principles, procedures and expressions

1) Changes accompanied by reform of accounting standards: *Yes*

2) Other changes: *Yes*

*This refers to changes in accounting treatment principles, procedures and expressions related to quarterly consolidated financial statement preparation (entries of changes in material matters that are basic to preparation of quarterly consolidated financial statements)

(4) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	June 30, 2010	2,684,193,295	March 31, 2010	2,703,761,295
2) Number of shares of treasury stock at end of period:	June 30, 2010	5,095,098	March 31, 2010	5,062,893
3) Average number of shares during period	Apr. – Jun. 2010	2,680,950,478	Apr. – Jun. 2009	2,712,652,494

* Presentation of implementation status for quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to this Consolidated Results Bulletin, and the quarterly review procedure based on the Financial Instruments and Exchange Act had not been completed as of the release of this Consolidated Financial Results Bulletin.

* Explanation related to appropriate use of results forecasts and other items warranting special mention

The above forecasts are based on the information available as of the date of the release of this document, and a variety of factors in the future may cause actual results to differ from these forecasts. Please refer to the section (3) Qualitative information on consolidated results forecast” of “Qualitative information on 1st Quarter Results” in the attached “Reference” for information related to the above forecasts.

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1. Qualitative Information on 1st Quarter Results

(1) Consolidated information on business performance

Gas sales volume for the first three months of FY2010 (April 1 – June 30, 2010) grew 15.1% compared with the first three months of FY2009 (April 1 – June 30, 2009; “year on year”), to 3,547 million m³, reflecting increased demand for hot water, primarily in the residential sector, because of lower temperatures in April and May compared with April-May 2009, and growth in industrial demand from increased utilization of existing customers associated with the economic recovery. As a result, net sales in the city gas segment rose 6.6% year on year to ¥281.7 billion.

Such factors as this increase in city gas sales led to a 7.0% increase year on year in consolidated net sales, to ¥366.4 billion.

Progress was made in the further improvement management efficiency and maximum efforts were made to control expenses. Also, costs from actuarial differences in retirement benefit accounting decreased. Nevertheless, operating expenses grew 11.2% year on year to ¥324.8 billion due to the high price of crude oil resulting in an increase in gas resource costs.

As a result, operating income declined 17.2% to ¥41.5 billion, ordinary income was down 20.8% to ¥41.4 billion, and net income declined 24.1%, to ¥25.2 billion due to the recording of income taxes.

Because net sales in the city gas segment account for the majority of consolidated net sales, the business experiences significant seasonal fluctuations from factors including average temperatures.

No change exists in the scope of net sales in the city gas segment for the first three months of fiscal 2010 and that of net sales in the gas segment for the first three months of fiscal 2009.

<Consolidated Gas Sales Volume for Three Months Ended June 30, 2010>

		Apr. – Jun. 2010	Apr. – Jun. 2009	Change	% change	
No. of customers	Thousand	10,651	10,539	112	1.1	
Gas sales volume	Residential	m ³	34.75	30.84	3.91	12.7
		Mil. m ³	941	829	112	13.5
	Business	Mil. m ³	670	652	18	2.8
	Industrial	Mil. m ³	1,480	1,195	285	23.8
	Subtotal	Mil. m ³	2,150	1,847	303	16.4
	Supplies to other utilities	Mil. m ³	456	406	50	12.3
Total	Mil. m ³	3,547	3,082	465	15.1	
Average temperature	°C	18.3	19.4	(1.1)	—	

Notes:

1. The upper row of figures for residential demand indicates gas sales per meter read (m³/household, month).
2. “Business” indicates sales to commercial facilities and public and medical institutions.
3. Gas sales volumes are on the basis of 45MJ/ m³.

(Crude Oil Price and Foreign Exchange Rate)

Crude oil price (\$/bbl)	Apr. – Jun. 2010	Apr. – Jun. 2009	Change		1st Quarter, FY2010	1st Quarter, FY2009	Change
	81.30	52.57	28.73	¥/\$ rate	92.01	97.36	(5.35)

(2) Qualitative information on consolidated financial position

Total assets as of June 30, 2010 amounted to ¥1,811.5 billion, for a decrease of ¥29.4 billion compared with those as of March 31, 2010. Although the balance of property, plant and equipment increased as a result of the addition of Ohgishima Power Co., Ltd. to the scope of consolidation, a decline in notes and accounts receivable—trade from seasonal factors resulted in an overall decline.

Net assets totaled ¥823.0 billion. This was attributed to such factors as an increase resulting from net income [¥25.2 billion] and decreases resulting from dividends from surplus [¥13.4 billion], retirement of treasury stock [¥7.9 billion], and a decline in the balance of valuation difference on available-for-sale securities [¥6.7 billion].

The margin of decline in shareholders’ equity (measured as the total of shareholders’ equity and valuation and translation adjustments) was less than the margin of decline in net assets, and as a result the equity ratio rose 0.4 percentage points to 44.6%.

Net assets per share grew ¥0.09, to ¥301.67.

(3) Qualitative information on consolidated results forecast

The economic assumptions framing our forecast for FY2010, announced on April 28, 2010, are unchanged at \$80/bbl for the crude oil price and ¥95/\$ for the foreign exchange rate.

Gas sales volume increased due to the low temperatures at the beginning of this fiscal year. However, the extent of the impact on the drop in income along with the decline in sales volume owing to the recent high temperatures still remains to be seen.

Accordingly, on a consolidated basis, our previous forecast of net sales of ¥1,551.0 billion, with operating income of ¥108.0 billion, ordinary income of ¥102.0 billion, and net income of ¥65.0 billion, is unchanged.

On a non-consolidated basis, our previous forecast of ¥1,344.0 billion in net sales, with operating income of ¥80.0 billion, ordinary income of ¥85.0 billion, and net income of ¥61.0 billion, is unchanged as well.

1) Consolidated Business Results

a. Gas sales volume forecast for FY2010

			FY2010 (Forecast)	FY2009 (Actual)	Change	% change
Gas sales volume	Residential	Mil. m ³	3,464	3,437	27	0.8
	Business	Mil. m ³	2,940	2,943	(3)	(0.1)
	Industrial	Mil. m ³	6,150	5,446	704	12.9
	Subtotal	Mil. m ³	9,090	8,389	701	8.4
	Supplies to other utilities	Mil. m ³	1,912	1,841	71	3.9
	Total	Mil. m ³	14,465	13,666	799	5.8
Average temperature		°C	16.8	16.5	0.3	—

b. Forecast for FY2010

(Unit: hundred million yen)

	Net sales		Operating income	Ordinary income	Net income
	Gas sales	Other sales			
FY2010 (forecast)	15,510	11,560	1,080	1,020	650
FY2009 (results)	14,157	10,455	852	835	537
Change	1,353	1,105	228	185	113
% change	9.6%	10.6%	26.7%	22.1%	20.9%

Note: Internal sales between segments are adjusted in the “Other sales” column.

2) Non-consolidated Business Results

a. Gas sales volume forecast for FY2010

			FY2010 (Forecast)	FY2009 (Actual)	Change	% change
Gas sales volume	Residential	Mil. m ³	3,357	3,332	25	0.7
	Business	Mil. m ³	2,781	2,792	(11)	(0.4)
	Industrial	Mil. m ³	5,002	4,952	50	1.0
	Subtotal	Mil. m ³	7,783	7,745	38	0.5
	Supplies to other utilities	Mil. m ³	2,147	2,073	74	3.6
	Total	Mil. m ³	13,286	13,150	136	1.0

b. Forecast for FY2010

(Unit: hundred million yen)

	Net sales		Operating income		Ordinary income	Net income
	Gas sales	Other sales				
FY2010 (forecast)	13,440	10,970	2,470	800	850	610
FY2009 (results)	12,106	10,108	1,997	591	589	388
Change	1,334	862	473	209	261	222
Rate of change	11.0%	8.5%	23.7%	35.3%	44.2%	56.9%

(Reference)

<Non-consolidated Forecast for Six Months Ending Sep. 2010>

(Unit: hundred million yen)

	Net sales		Operating income		Ordinary income		Net income	
Six months ending Sep. 2010	5,930	9.6%	210	(42.0%)	260	(33.2%)	220	(13.2%)

(Crude Oil Price and Foreign Exchange Rate)

Crude oil price (\$/bbl)	Forecast for FY2010	Results of FY2009	Change		Forecast for FY2010	Results of FY2009	Change
		80.00	69.40	10.60	¥/\$ rate	95.00	92.89

2. Other information

(1) Changes in significant subsidiaries during the period

None applicable

(2) Application of simplified accounting treatment and special accounting treatment

1) Simplified accounting treatment

- a. Calculation of default estimate for general obligations (loans to debtors with no serious management problems)
When it is deemed that there is no material change in the default ratio and other calculations from the end of previous fiscal year, we adopt the method of computation of the general obligation default estimate using rational standards for the ratio computed in the previous fiscal year.
- b. Valuation of inventory assets
We estimate net sale prices and adopt the book value reduction method only when profitability clearly declines.
- c. Calculation of corporate and other taxes, deferred tax assets and deferred tax liabilities
In judging the recoverability of deferred tax assets, when it is deemed that there are no material changes in the management environment and temporary variances since the end of previous fiscal year, we use the previous year's future business results forecasts and tax planning.

2) Accounting treatment peculiar to quarterly consolidated financial statement preparation

Computation of tax expenses

After application of tax effect accounting to income before income taxes for the fiscal year, which includes the first quarter under review, we estimate the effective tax rate rationally and multiply income before income taxes (cumulative) by that rate.

(3) Overview of changes in accounting treatment principles and procedures, and methods of presentation

1) Application of Accounting Standard and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

The Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan Statement No.16; March 10, 2008), and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (Practical Issues Task Force No.24; March 10, 2008) are being applied from the first quarter, with consolidated results adjusted as necessary.

This change had no impact on profit and loss.

2) Application of accounting standard for asset retirement obligations

The Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan Statement No.18; March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan Guidance No.21; March 31, 2008) are being applied from the first quarter.

The impact of this change on profit and loss was negligible. The change in the amount of asset retirement obligations resulting from the application of this accounting standard is ¥3,091 million.

3) Application of accounting standards for business combinations

The Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No.21; December 26, 2008), the Accounting Standard for Consolidated Financial Statements (Accounting Standards Board of Japan Statement No.22; December 26, 2008), the Partial amendments to Accounting Standard for Research and Development Costs (Accounting Standards Board of Japan Statement No.23; December 26, 2008), the Revised Accounting Standard for Business Divestitures (Accounting Standards Board of Japan Statement No.7; December 26, 2008), the Revised Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan Statement No.16; December 26, 2008), and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standards Board of Japan Guidance No.10; December 26, 2008) are being applied from the first quarter.

4) Changes in depreciation method for significant depreciable assets

Previously, the declining balance method was used for the depreciation of ships owned by consolidated subsidiary Tokyo LNG Tanker Co., Ltd., but from the first quarter the straight-line method is being applied.

Tokyo LNG Tanker's earnings structure consists primarily of long-term, stable earnings backed by transportation contracts with shippers, and this is seen becoming increasingly the case from the current fiscal year. Therefore, the change to the straight-line method of depreciation is deemed to more rationally reflect the relationship between revenue and expenses in Tokyo LNG Tanker's long-term, stable earnings structure.

As a result of this change, the cost of sales for the first quarter was ¥737 million less than would have been the case under the previous method, and gross profit, operating income, ordinary income, and income before income taxes were greater by the same amount. The impact on segment information is shown in the segment information section.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

Account	1st Quarter of FY2010 (as of Jun. 30, 2010)	FY2009 (as of Mar. 31, 2010)
ASSETS		
Noncurrent assets		
Property, plant and equipment		
Production facilities	185,904	186,467
Distribution facilities	474,716	475,932
Service and maintenance facilities	60,101	59,169
Other facilities	324,078	295,494
Inactive facilities	767	742
Construction in progress	84,553	91,037
Total property, plant and equipment	1,130,122	1,108,843
Intangible assets		
Goodwill	1,497	1,460
Other	35,686	26,517
Total intangible assets	37,184	27,977
Investments and other assets		
Investment securities	137,755	139,052
Long-term loans receivable	19,930	40,996
Deferred tax assets	55,137	53,087
Other	33,141	36,350
Allowances for doubtful accounts	(796)	(1,130)
Total investments and other assets	245,167	268,357
Total noncurrent assets	1,412,473	1,405,178
Current assets		
Cash and deposits	61,678	107,391
Notes and accounts receivable-trade	132,502	156,398
Lease receivables and investment assets	25,946	25,888
Merchandise and finished goods	3,992	3,291
Work in process	19,557	16,388
Raw materials and supplies	44,017	37,412
Deferred tax assets	18,866	16,606
Other	93,215	73,034
Allowances for doubtful accounts	(664)	(619)
Total current assets	399,113	435,794
Total assets	1,811,587	1,840,972

(Unit: million yen)

Account	1st Quarter of FY2010 (as of Jun. 30, 2010)	FY2009 (as of Mar. 31, 2010)
LIABILITIES		
Noncurrent Liabilities		
Bonds payable	301,491	301,491
Long-term loans payable	193,564	186,681
Deferred tax liabilities	2,469	4,448
Provision for retirement benefits	120,918	130,903
Provision for gas holders repairs	3,698	3,597
Provision for safety measures	145	184
Asset retirement obligations	3,286	—
Other	27,684	27,012
Total noncurrent liabilities	653,259	654,319
Current liabilities		
Current portion of noncurrent liabilities	40,092	53,456
Notes and accounts payable-trade	72,788	134,946
Short-term loans payable	9,750	11,348
Income taxes payable	21,067	34,945
Deferred tax liabilities	8	8
Other	191,536	125,656
Total current liabilities	335,241	360,362
Total liabilities	988,501	1,014,681
NET ASSETS		
Shareholders' equity		
Capital stock	141,844	141,844
Legal capital surplus	2,065	2,065
Retained earnings	660,258	657,387
Treasury stock	(2,062)	(1,986)
Total Shareholder's equity	802,105	799,310
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13,427	20,175
Deferred gains or losses on hedges	(492)	1,690
Foreign currency translation adjustment	(6,840)	(7,290)
Total valuation and translation adjustments	6,094	14,575
Minority interests	14,855	12,404
Total net asset	823,085	826,291
Total liabilities and net assets	1,811,587	1,840,972

(2) Consolidated Statements of Income

(Unit: million yen)

Account	Three Months of FY2009 (Apr. - Jun. 2009)	Three Months of FY2010 (Apr. - Jun. 2010)
Net Sales	342,433	366,430
Cost of sales	179,116	222,219
Gross profit	163,317	144,211
Selling, general and administrative expenses		
Supply and sales expenses	95,375	87,949
General and administrative expenses	17,740	14,678
Total selling, general and administrative expenses	113,116	102,628
Operating income	50,200	41,582
Non-operating income		
Interest income	273	326
Dividends income	618	911
Equity in earnings of affiliates	1,075	1,304
Foreign exchange gains	1,335	—
Miscellaneous income	2,841	3,358
Total non-operating income	6,145	5,901
Non-operating expenses		
Interest expenses	2,740	2,417
Loss on interest swap	—	1,587
Miscellaneous expenses	1,300	2,073
Total non-operating expenses	4,040	6,078
Ordinary income	52,304	41,405
Income before income taxes	52,304	41,405
Income taxes-current	18,193	16,335
Income taxes-deferred	646	(161)
Total income taxes	18,839	16,173
Income before minority interests	—	25,231
Minority interests in income	222	2
Net income	33,242	25,228

(3) Consolidated Statements of Cash Flows

(Unit: million yen)

Account	Three Months of FY2009 (Apr. - Jun. 2009)	Three Months of FY2010 (Apr. - Jun. 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	52,304	41,405
Depreciation and amortization	33,762	34,247
Amortization of long-term prepaid expenses	1,036	980
Increase (decrease) in provision for retirement benefits	5,774	(10,055)
Interest and dividends income	(892)	(1,238)
Interest expenses	2,740	2,417
Foreign exchange losses (gains)	—	583
Equity in (earnings) losses of affiliates	(1,075)	(1,304)
Decrease (increase) in notes and accounts receivable-trade	56,304	24,827
Decrease (increase) in inventories	7,529	(10,404)
Increase (decrease) in notes and accounts payable-trade	(52,118)	(79,591)
Increase (decrease) in accrued consumption tax	4,589	(3,934)
Decrease (increase) in prepaid expenses	(13,947)	(13,065)
Decrease (increase) in accounts receivable-other	18,564	3,927
Other, net	(3,435)	(5,220)
Subtotal	111,137	(16,427)
Interest and dividends income received	2,023	5,488
Interest expenses paid	(4,347)	(3,759)
Income taxes paid	(25,739)	(28,182)
Net cash provided by (used in) operating activities	83,074	(42,880)
Net cash provided by (used in) investment activities		
Payments into time deposits	(2,550)	(1,403)
Proceeds from withdrawal of time deposits	1,460	1,680
Purchase of investment securities	(3,998)	(17,056)
Purchase of property, plant and equipment	(39,659)	(41,637)
Purchase of intangible assets	(1,272)	(2,242)
Proceeds from transfer of business	1,431	—
Purchase of long-term prepaid expenses	—	(645)
Payment of long-term loans receivable	(5,251)	—
Net decrease (increase) in short-term loans receivable	600	(21,126)
Other, net	50	1,085
Net cash provided by (used in) investment activities	(49,189)	(81,345)

(Unit: million yen)

Account	Three Months of FY2009 (Apr. - Jun. 2009)	Three Months of FY2010 (Apr. - Jun. 2010)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	169	840
Increase (decrease) in commercial papers	8,000	102,000
Repayments of lease obligations	(232)	(207)
Proceeds from long-term loans payable	3,602	2,059
Payments for long-term loans payable	(12,078)	(15,573)
Redemption of bonds	(30,000)	—
Repayments to minority shareholders	(907)	—
Proceeds from sales of treasury stock	10	—
Purchase of treasury stock	(29)	(7,997)
Cash dividends paid	(9,843)	(12,271)
Cash dividends paid to minority shareholders	(91)	(99)
Net cash provided by (used in) financing activities	(41,400)	68,752
Effect of exchange rate change on cash and cash equivalents	1,526	(30)
Net increase (decrease) in cash and cash equivalents	(5,988)	(55,504)
Cash and cash equivalents at beginning of period	64,009	112,868
Increase in cash and cash equivalents from newly consolidated subsidiary	349	68
Cash and cash equivalents at end of period	58,370	57,433

(4) Note on going concerns' premise:

Not applicable

(5) Segment information

i. Segment information by category of business

Three months ended June 30, 2009 (from Apr. 1 - Jun. 30, 2009)

(Unit: million yen)

	Gas	Gas appliances	Installation work	Real estate rental	Other business	Total	Corporate or eliminations	Consolidated
Net sales								
(1) External sales	257,546	23,322	7,477	3,235	50,851	342,433	—	342,433
(2) Inter segment sales & transfers	6,660	1,663	715	5,266	17,546	31,852	(31,852)	—
Total	264,206	24,986	8,192	8,502	68,397	374,285	(31,852)	342,433
Operating income (loss)	62,146	252	(847)	2,250	2,315	66,116	(15,916)	50,200

ii. Geographic segment information

Three months ended June 30, 2009 (from Apr. 1 - Jun. 30, 2009)

Omitted because the amount of sales in Japan is over 90% of sales in the all geographic segments.

iii. Overseas sales

Three months ended June 30, 2009 (from Apr. 1 - Jun. 30, 2009)

Omitted because overseas sales are below 10% of consolidated net sales.

iv. Segment Information

1) Overview of reporting segments

The Group's reporting 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 results.

The Group is pursuing integrated energy business with natural gas at its core into wider geographical areas. The Group's main products and services are "city gas" and "other energy," representing energy created using natural gas as the raw material, and "appliances and gas construction."

In addition, businesses involving the efficient utilization of the Group's real estate holdings represent another earnings base, and the Group therefore uses the four reporting segments of "city gas," "appliances and gas construction," "other energy," and "real estate."

The main products and services of each reporting segment are as follows:

City gas:	City gas
Appliances and gas construction:	Gas appliances and gas construction
Other energy:	Energy services, liquefied petroleum gas, electrical power, industrial gasses, etc.
Real estate:	Leasing, management, etc. of land and buildings

2) Information related to sales and profit and loss amounts by reporting segment
 Three months ended June 30, 2009 (from Apr. 1 - Jun. 30, 2009)

(Unit: million yen)

	Reporting Segment					Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated income statement (Note 3)
	City gas	Appliances and gas construction	Other energy	Real estate	Total				
Net sales									
External sales	267,978	31,239	46,199	2,933	348,350	18,080	366,430	—	366,430
Intersegment sales & transfers	13,786	2,773	2,733	5,279	24,573	17,822	42,395	(42,395)	—
Total	281,764	34,013	48,932	8,213	372,923	35,902	408,826	(42,395)	366,430
Segment income	45,494	535	770	2,140	48,941	1,877	50,819	(9,236)	41,582

Notes:

1. The “Others” segment indicates businesses not included in the reporting segments, including construction, information processing, shipping, and credit and leasing.
2. The -¥9,236 million segment income adjustment includes ¥694 million in eliminations for intersegment transactions and -¥9,931 million of companywide expenses not allocated to the respective reporting segments. Companywide expenses are primarily selling, general and administrative expenses that are not assignable to a reporting segment.
3. Segment income is adjusted to reflect operating income as recorded on the Consolidated Statements of Income.
4. As noted in Section “2. Other information; 3. Overview of changes in accounting treatment principles and procedures, and methods of presentation,” the depreciation method for ships owned by consolidated subsidiary Tokyo LNG Tanker Co., Ltd. was changed from the declining balance method to the straight-line method. As a result of this change, 1st quarter segment income for “Others” was ¥737 million greater than would have been the case using the previous method.

(Additional information)

The Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information (Accounting Standards Board of Japan Statement No.17; March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (Accounting Standards Board of Japan Guidance No.20; March 21, 2008) are being applied from the first quarter.

(6) Significant changes in shareholders' equity

1) Acquisition of treasury stock

- a. The Company absorbed and merged its wholly owned subsidiary T.G. Enterprise Co., Ltd. by means of a simplified merger effective April 1, 2010.

Shareholders who opposed this acquisition requested that their shares of the Company be purchased as per Article 797 (1) of the Companies Act, and the Company accordingly repurchased its own shares as follows:

- Number of dissenting shareholders 9 shareholders
 - Period during which purchase requests were received March 29-31, 2010
 - Number of shares for which purchase requests were made 16.537 million shares of common stock
 - Number of shares purchased 14.037 million shares of common stock
- * The difference of 2.500 million shares between the number of shares for which purchase requests were received and the number of shares purchased is because a dissenting shareholder withdrew their request.
- Acquisition amount ¥5,783 million
 - Acquisition period April 16-21, 2010
 - Acquisition method Off-market transactions

- b. The Company purchased treasury stock from the market as per the provisions of Article 156 of the Companies Act that is applied in an alternative interpretation of Article 165, Section 3 of the Companies Act as follows:

The acquisition of treasury stock as per the resolution passed by the Board of Directors on April 28, 2010, was completed with the purchases made on May 13, 2010.

- Purchase period May 7-13, 2010 (contract basis)
- Number of shares purchased 5.531 million shares
- Total amount of purchase ¥2,199 million
- Purchase method Market purchases at the Tokyo Stock Exchange by specified fund trusts

2) Retirement of treasury stock

The Company retired treasury stock as follows, based on a resolution of the Board of directors passed on May 21, 2010, as per Article 178 of the Companies Act:

- Type of shares canceled Tokyo Gas Common Stock
- Number of shares canceled 19.568 million shares
- Effective date of cancellation June 7, 2010

4. (Reference) Non-Consolidated 1st Quarter Operating Results

<Gas Sales Volume for Three Months Ended June 30, 2010>

		Apr. – Jun. 2010	Apr. – Jun. 2009	Change	% change	
No. of customers	Thousand	10,354	10,274	80	0.8	
Gas sales volume	Residential	m ³	34.60	30.67	3.93	12.8
		Mil. m ³	911	804	107	13.4
	Business	Mil. m ³	635	622	13	2.1
	Industrial	Mil. m ³	1,221	1,101	120	10.9
	Subtotal	Mil. m ³	1,855	1,723	132	7.7
	Supplies to other utilities	Mil. m ³	510	457	53	11.7
	Total	Mil. m ³	3,277	2,983	294	9.8
Average temperature	°C	18.3	19.4	(1.1)	—	

- 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.
 3. Gas sales volumes are on the basis of 45MJ/ m³.

<Balance of Payments for Three Months Ended June 30, 2010>

(Unit: hundred million yen)

Income		Year-on-year Change from 1st Quarter of FY2009	Rate (%)	Expenses		Change from 1st Quarter of FY2009	Rate (%)	
Product				Operating expenses				
Product	Gas sales	2,669	105	4.1	Cost of sales	1,432	332	30.1
					Sales and administrative expenses	918	(105)	(10.2)
					Subtotal	2,351	227	10.7
Other sales	Installation work	67	(4)	(5.4)	Installation work	71	(6)	(6.9)
	Gas appliances, etc.	205	12	6.4	Gas appliances	180	5	2.8
	Incidental businesses	235	77	48.7	Incidental businesses	235	88	59.7
	Subtotal	508	86	20.3	Subtotal	487	87	21.9
Total sales		3,177	190	6.4	Total expenses	2,838	314	12.4
					Operating income	339	(123)	(26.7)
Non-operating income		103	51	97.1	Non-operating expenses	35	4	13.1
					Ordinary income	407	(76)	(15.9)
Extraordinary income		36	36	—	Extraordinary loss	—	—	—
					Net income	302	(13)	(4.1)

(Rounded down to nearest ¥100 million)

- Notes: 1. Cost of sales includes gas resource cost is ¥137.3 billion (increased by ¥ 33.9 billion, or 32.7%, year on year).
 2. Non-operating expenses include interest expenses of ¥2.0 billion (decreased by ¥ 1.0 billion, or 7.4%, year on year).