

Consolidated Financial Results Bulletin for 2nd Quarter Ended September 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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Consolidated Tax Group**Stock listings:**Tokyo Stock Exchange, Osaka Securities Exchange,
Nagoya Stock Exchange

Location of head office: Tokyo

Scheduled date of the filing of quarterly report: November 15, 2010

Scheduled date of the start of dividend payments: November 24, 2010

Preparation of 2Q earnings presentation material (yes/no): **Yes**Holding of 2Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for 2nd Quarter (from April 1, 2010 to September 30, 2010)

(Unit: million yen)

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

	Net sales		Operating income		Ordinary income		Net income	
Six months ended Sep. 30, 2010	701,322	11.0%	48,059	3.5%	45,869	(9.3%)	25,569	(21.9%)
Six months ended Sep. 30, 2009	632,074	(14.6%)	46,444	—	50,594	—	32,743	—

	Net income per share	Diluted net income per share
Six months ended Sep. 30, 2010	9.54 yen	—
Six months ended Sep. 30, 2009	12.07 yen	—

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Net assets	Equity ratio	Net assets per share
As of Sep. 30, 2010	1,798,580	818,624	44.7%	300.05 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 Sep. 30, 2010: 803,854 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	—	4.50			
FY2010 ending Mar. 31, 2011 (Forecast)			—	4.50	9.00

*Revisions to the quarter's dividend forecast: *No***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
Full-year	1,525,000	7.7%	116,000	36.1%	112,000	34.1%	68,000	26.4%	25.38 yen

*Revisions to the quarter's dividend forecast: **Yes**

4. Notes

(Please refer to the section “Other information” in the attached “Reference” for details.)

(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):	September 30, 2010	2,684,193,295	March 31, 2010	2,703,761,295
2) Number of shares of treasury stock at end of period:	September 30, 2010	5,132,105	March 31, 2010	5,062,893
3) Average number of shares during period	Apr. – Sep. 2010	2,680,011,748	Apr. – Sep. 2009	2,712,633,766

* 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 consolidated forecast results were revised as announced by Tokyo Gas Co., Ltd. (the “Company”) on July 29, 2010. 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 2nd Quarter Results” in the attached “Reference” for information related to the above forecasts.

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1. Qualitative Information on 2nd Quarter Results

(1) Consolidated information on business performance

Gas sales volume for the first six months of FY2010 (April 1 – September 30, 2010) grew 12.4% compared with the first six months of FY2009 (April 1 – September 30, 2009; “year on year”), to 6,934 million m³, reflecting increased demand for hot water, primarily in the residential sector, because of lower temperatures early in the fiscal year compared with the year-earlier period, growth in demand for air conditioning, primarily in the business sector, because of higher summer temperatures year on year, and increased industrial demand resulting from gradual recovery of economy. As a result, net sales in the city gas segment rose 11.8% year on year, to ¥521.8 billion.

As a result of this increase in city gas sales and other factors, consolidated net sales rose 11.0% year on year, to ¥701.3 billion.

Progress was made in further improving management efficiency and maximum efforts were made to control expenses. Costs from actuarial differences in retirement benefit accounting decreased as well. Nevertheless, operating expenses grew 11.5% year on year, to ¥653.2 billion, on an increase in gas resource costs because of the higher price of crude oil.

As a result, operating income rose 3.5%, to ¥48.0 billion, but factors including a foreign exchange loss (compared with a year-earlier gain) led to a weakening in the non-operating account, and ordinary income declined 9.3%, to ¥45.8 billion. With the recording of a ¥2.3 billion loss on valuation of investment securities as an extraordinary loss, as well as income taxes and other items, net income declined 21.9%, to ¥25.5 billion.

Since city gas business accounts for the majority of consolidated net sales, the business experiences significant seasonal fluctuations from factors including average temperatures.

<Consolidated Gas Sales Volume for Six Months Ended September 30, 2010>

			Apr. – Sep. 2010	Apr. – Sep. 2009	Change	% change
No. of customers	Thousand		10,673	10,563	110	1.0
Gas sales volume	Residential	m ³	25.10	24.19	0.91	3.8
		Mil. m ³	1,359	1,300	59	4.5
	Business	Mil. m ³	1,569	1,471	98	6.7
	Industrial	Mil. m ³	3,087	2,558	529	20.6
	Subtotal	Mil. m ³	4,656	4,029	627	15.6
	Supplies to other utilities	Mil. m ³	919	837	82	9.8
Total	Mil. m ³	6,934	6,166	768	12.4	
Average temperature	°C		23.0	22.4	0.6	—

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, 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. – Sep. 2010	Apr. – Sep. 2009	Change	¥/\$ rate	Apr. – Sep. 2010	Apr. – Sep. 2009	Change
	78.35	61.82	16.53		88.91	95.53	(6.62)

(2) Qualitative information on consolidated financial position

Total assets as of September 30, 2010 amounted to ¥1,798.5 billion, for a decrease of ¥42.4 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 ¥818.6 billion. This was attributed to such factors as an increase resulting from net income [¥25.5 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 [¥6.9 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 total assets, and as a result the equity ratio rose 0.5 percentage points, to 44.7%.

Net assets per share dropped ¥1.53, to ¥300.05.

(3) Qualitative information on consolidated results forecast

With regard to the economic assumptions framing our consolidated results forecast for FY2010, included with the Consolidated Financial Results Bulletin for 1st Quarter Ended June 30, 2010, released on July 29, 2010, we have changed the full-year assumption for the crude oil price to \$79.18/bbl (assuming an average price of \$80/bbl from October), reflecting the current market conditions. We have also changed our foreign exchange rate assumption from October to ¥85/\$, and accordingly revised our full-year assumption to ¥86.96/\$.

As a result, we have revised our forecasts for consolidated business results, and lowered the net sales forecast by ¥26.0 billion, to ¥1,525.0 billion. At the same time, we have raised our profit forecasts: by ¥8.0 billion, to ¥116.0 billion, for operating income; by ¥10.0 billion, to ¥112.0 billion, for ordinary income; and by ¥3.0 billion, to ¥68.0 billion, for net income.

We have similarly revised the non-consolidated results forecast included with the Consolidated Financial Results Bulletin for 1st Quarter Ended June 30, 2010, lowering the net sales forecast by ¥25.0 billion, to ¥1,319.0 billion. Although gas sales volume is expected to be higher than previously forecast because of temperature-related factors during the first half, the reflection in gas rates of lower gas resource costs from the yen's appreciation is seen resulting in lower net sales than previously forecast. At the same time, lower gas resource costs are seen generally offsetting the decline in net sales. Therefore, projecting an improvement in gross profit from the increase in gas sales volume, we have raised our profit forecasts: by ¥5.0 billion, to ¥85.0 billion, for operating income; by ¥7.0 billion, to ¥92.0 billion, for ordinary income; and by ¥2.0 billion, to ¥63.0 billion, for net income.

1) Consolidated Business Results

a. Gas sales volume forecast for FY2010

			FY2010 (Forecast)	FY2009 (Actual)	Change	% change
Gas sales volume	Residential	Mil. m ³	3,508	3,437	71	2.1
	Business	Mil. m ³	3,056	2,943	113	3.8
	Industrial	Mil. m ³	6,186	5,446	740	13.6
	Subtotal	Mil. m ³	9,242	8,389	853	10.2
	Supplies to other utilities	Mil. m ³	1,935	1,841	94	5.1
	Total	Mil. m ³	14,685	13,666	1,019	7.5
Average temperature		°C	16.9	16.5	0.4	—

b. Forecast for FY2010

(Unit: hundred million yen)

	Net sales		Operating income	Ordinary income	Net income
	Gas sales	Other sales			
FY2010 (forecast)	15,250	11,333	1,160	1,120	680
FY2009 (results)	14,157	10,459	852	835	537
Change	1,093	874	308	285	143
% change	7.7%	8.4%	36.1%	34.1%	26.4%

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	3,400	3,332	68	2.0
	Business	Mil. m ³	2,886	2,792	94	3.3
	Industrial	Mil. m ³	5,004	4,952	52	1.1
	Subtotal	Mil. m ³	7,890	7,745	145	1.9
	Supplies to other utilities	Mil. m ³	2,181	2,073	108	5.2
	Total	Mil. m ³	13,471	13,150	321	2.4

b. Forecast for FY2010

(Unit: hundred million yen)

	Net sales		Operating income	Ordinary income	Net income	Net income per share
	Gas sales	Other sales				
FY2010 (forecast)	13,190	10,710	850	920	630	23.52
FY2009 (results)	12,106	10,108	591	589	388	14.36
Change	1,084	602	259	331	242	9.16
% change	9.0%	5.9%	43.8%	56.1%	62.0%	—

(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
		79.18	69.40	9.78	¥/\$ rate	86.96	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 second 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 second quarter was ¥1,476 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.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

Account	2nd Quarter of FY2010 (as of Sep. 30, 2010)	FY2009 (as of Mar. 31, 2010)
ASSETS		
Noncurrent assets		
Property, plant and equipment		
Production facilities	183,741	186,467
Distribution facilities	466,395	475,932
Service and maintenance facilities	59,066	59,169
Other facilities	333,631	295,494
Inactive facilities	581	742
Construction in progress	84,230	91,037
Total property, plant and equipment	1,127,646	1,108,843
Intangible assets		
Goodwill	1,435	1,460
Other	36,404	26,517
Total intangible assets	37,840	27,977
Investments and other assets		
Investment securities	137,806	139,052
Long-term loans receivable	19,192	40,996
Deferred tax assets	55,318	53,087
Other	33,159	36,350
Allowances for doubtful accounts	(785)	(1,130)
Total investments and other assets	244,692	268,357
Total noncurrent assets	1,410,180	1,405,178
Current assets		
Cash and deposits	65,464	107,391
Notes and accounts receivable-trade	137,195	156,398
Lease receivables and investment assets	26,163	25,888
Merchandise and finished goods	4,202	3,291
Work in process	19,401	16,388
Raw materials and supplies	37,864	37,412
Deferred tax assets	18,801	16,606
Other	79,906	73,034
Allowances for doubtful accounts	(599)	(619)
Total current assets	388,400	435,794
Total assets	1,798,580	1,840,972

(Unit: million yen)

Account	2nd Quarter of FY2010 (as of Sep. 30, 2010)	FY2009 (as of Mar. 31, 2010)
LIABILITIES		
Noncurrent liabilities		
Bonds payable	341,492	301,491
Long-term loans payable	190,340	186,681
Deferred tax liabilities	2,463	4,448
Provision for retirement benefits	114,045	130,903
Provision for gas holders repairs	3,542	3,597
Provision for safety measures	—	184
Asset retirement obligations	3,338	—
Other	27,799	27,012
Total noncurrent liabilities	683,023	654,319
Current liabilities		
Current portion of noncurrent liabilities	19,059	53,456
Notes and accounts payable-trade	61,638	134,946
Short-term loans payable	12,079	11,348
Income taxes payable	25,524	34,945
Deferred tax liabilities	7	8
Other	178,624	125,656
Total current liabilities	296,933	360,362
Total liabilities	979,956	1,014,681
NET ASSETS		
Shareholders' equity		
Capital stock	141,844	141,844
Legal capital surplus	2,065	2,065
Retained earnings	660,599	657,387
Treasury stock	(2,076)	(1,986)
Total Shareholder's equity	802,432	799,310
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13,247	20,175
Deferred gains or losses on hedges	(614)	1,690
Foreign currency translation adjustment	(11,210)	(7,290)
Total valuation and translation adjustments	1,422	14,575
Minority interests	14,769	12,404
Total net asset	818,624	826,291
Total liabilities and net assets	1,798,580	1,840,972

(2) Consolidated Statements of Income

(Unit: million yen)

Account	Six Months of FY2009 (Apr. - Sep. 2009)	Six Months of FY2010 (Apr. - Sep. 2010)
Net Sales	632,074	701,322
Cost of sales	359,992	447,160
Gross profit	272,082	254,162
Supply and sales/general and administrative expenses		
Supply and sales expenses	191,317	176,786
General and administrative expenses	34,320	29,315
Total supply and sales/general and administrative expenses	225,637	206,102
Operating income	46,444	48,059
Non-operating income		
Interest income	570	655
Dividends income	688	994
Equity in earnings of affiliates	1,876	2,127
Foreign exchange gains	5,560	—
Miscellaneous income	3,510	6,172
Total non-operating income	12,206	9,950
Non-operating expenses		
Interest expenses	5,400	4,872
Foreign exchange losses	—	2,570
Miscellaneous expenses	2,655	4,697
Total non-operating expenses	8,056	12,140
Ordinary income	50,594	45,869
Extraordinary losses		
Loss on valuation of investment securities	—	2,314
Total extraordinary losses	—	2,314
Income before income taxes	50,594	43,555
Income taxes-current	16,661	18,155
Income taxes-deferred	762	(294)
Total income taxes	17,423	17,861
Income before minority interests	—	25,694
Minority interests in income	426	124
Net income	32,743	25,569

(3) Consolidated Statements of Cash Flows

(Unit: million yen)

Account	Six Months of FY2009 (Apr. - Sep. 2009)	Six Months of FY2010 (Apr. - Sep. 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	50,594	43,555
Depreciation and amortization	68,195	69,960
Amortization of long-term prepaid expenses	2,045	1,969
Loss on retirement of property, plant and equipment	893	929
Loss (gain) on valuation of investment securities	—	2,314
Increase (decrease) in provision for retirement benefits	14,820	(16,928)
Increase (decrease) in provision for safety measures	(677)	—
Interest and dividends income	(1,259)	(1,650)
Interest expenses	5,400	4,872
Foreign exchange losses (gains)	—	1,638
Equity in (earnings) losses of affiliates	(1,876)	(2,127)
Decrease (increase) in notes and accounts receivable-trade	59,016	19,174
Decrease (increase) in inventories	11,621	(4,305)
Increase (decrease) in notes and accounts payable-trade	(41,600)	(85,035)
Increase (decrease) in accrued consumption tax	3,525	(5,885)
Decrease (increase) in prepaid expenses	(9,282)	(8,622)
Decrease (increase) in accounts receivable-other	19,301	24,089
Net decrease (increase) in lease receivables and investment assets	(822)	—
Other, net	(4,168)	(5,688)
Subtotal	175,728	38,259
Interest and dividends income received	2,305	5,853
Interest expenses paid	(5,686)	(4,945)
Income taxes paid	(25,965)	(28,558)
Net cash provided by (used in) operating activities	146,381	10,608
Net cash provided by (used in) investment activities		
Payments into time deposits	(4,240)	(2,906)
Proceeds from withdrawal of time deposits	3,150	3,180
Purchase of investment securities	(7,104)	(21,029)
Purchase of property, plant and equipment	(64,717)	(72,814)
Purchase of intangible assets	(2,713)	(5,086)
Proceeds from transfer of business	1,432	—
Purchase of long-term prepaid expenses	(670)	(1,939)
Payment of long-term loans receivable	(9,777)	—
Collection of long-term loans receivable	851	850
Net decrease (increase) in short-term loans receivable	894	(20,379)
Other, net	349	919
Net cash provided by (used in) investment activities	(82,544)	(119,204)

(Unit: million yen)

Account	Six Months of FY2009 (Apr. - Sep. 2009)	Six Months of FY2010 (Apr. - Sep. 2010)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,009	3,169
Increase (decrease) in commercial papers	—	84,000
Repayments of lease obligations	(364)	(356)
Proceeds from long-term loans payable	7,697	11,498
Payments for long-term loans payable	(14,971)	(27,721)
Proceeds from issuance of bonds	—	40,000
Redemption of bonds	(30,050)	(20,000)
Repayments to minority shareholders	(907)	—
Proceeds from sales of treasury stock	47	5
Purchase of treasury stock	(76)	(8,016)
Cash dividends paid	(10,845)	(13,466)
Cash dividends paid to minority shareholders	(352)	(331)
Net cash provided by (used in) financing activities	(48,813)	68,781
Effect of exchange rate change on cash and cash equivalents	1,263	(1,906)
Net increase (decrease) in cash and cash equivalents	16,286	(41,720)
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	80,645	71,216

(4) **Note on going concerns' premise:**

Not applicable

(5) **Segment information**

i. Segment information by category of business

Six months ended September 30, 2009 (from Apr. 1 - Sep. 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	453,278	51,278	17,358	6,318	103,840	632,074	—	632,074
(2) Intersegment sales & transfers	13,292	3,387	1,403	10,605	37,875	66,564	(66,564)	—
Total	466,571	54,666	18,761	16,924	141,716	698,639	(66,564)	632,074
Operating income (loss)	66,181	1,179	(751)	4,227	6,267	77,105	(30,661)	46,444

ii. Geographic segment information

Six months ended September 30, 2009 (from Apr. 1 - Sep. 30, 2009)

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

iii. Overseas sales

Six months ended September 30, 2009 (from Apr. 1 - Sep. 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
Gas appliances and installation work	Gas appliances and installation work
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 net sales and profit and loss amounts by reporting segment
Six months ended September 30, 2010 (from Apr. 1 - Sep. 30, 2010)

(Unit: million yen)

	Reporting segment					Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated income statement (Note 3)
	City gas	Gas appliances and installation work	Other energy	Real estate	Total				
Net sales									
External sales	491,816	69,365	99,341	6,023	666,547	34,774	701,322	—	701,322
Intersegment sales & transfers	30,014	5,451	6,118	10,504	52,089	36,326	88,415	(88,415)	—
Total	521,830	74,817	105,460	16,527	718,636	71,101	789,738	(88,415)	701,322
Segment income	55,006	807	5,118	3,932	64,865	2,776	67,641	(19,581)	48,059

Notes:

1. The “Others” segment indicates businesses not included in the reporting segments, including construction, information processing, shipping, and credit and leasing.
2. The -¥19,581 million segment income adjustment includes ¥794 million in eliminations for intersegment transactions and -¥20,376 million of companywide expenses not allocated to the respective reporting segments. Companywide expenses are primarily 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.

(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 2nd Quarter Business Performance

<Gas Sales Volume for Six Months Ended September 30, 2010>

		Apr. – Sep. 2010	Apr. – Sep. 2009	Change	% change	
No. of customers	Thousand	10,376	10,298	78	0.8	
Gas sales volume	Residential	m ³	24.97	24.04	0.93	3.9
		Mil. m ³	1,315	1,260	55	4.4
	Business	Mil. m ³	1,487	1,404	83	5.9
	Industrial	Mil. m ³	2,503	2,333	170	7.3
	Subtotal	Mil. m ³	3,990	3,737	253	6.8
	Supplies to other utilities	Mil. m ³	1,032	941	91	9.7
	Total	Mil. m ³	6,337	5,938	399	6.7
Average temperature	°C	23.0	22.4	0.6	—	

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, public and medical institutions.
3. Gas sales volumes are on the basis of 45MJ/ m³.

<Balance of Payments for Six Months Ended September 30, 2010>

(Unit: hundred million yen)

Income		Change from 2nd Quarter of FY2009	Rate (%)	Expenses		Change from 2nd Quarter of FY2009	Rate (%)		
Product sales	Gas sales	4,913	395	8.8	Operating expenses	Cost of sales	2,807	660	30.7
						Sales and administrative expenses	1,852	(202)	(9.8)
						Subtotal	4,660	458	10.9
Other sales	Installation work	154	(4)	(2.0)	Other expenses	Installation work	161	(5)	(3.0)
	Gas appliances, etc.	450	20	4.7		Gas appliances	403	6	1.6
	Incidental businesses	517	215	71.2		Incidental businesses	496	216	77.0
	Subtotal	1,123	233	26.1		Subtotal	1,062	218	25.7
Total net sales		6,037	628	11.6	Total expenses		5,722	675	13.4
					Operating income		315	(47)	(12.9)
Non-operating income		145	54	59.9	Non-operating expenses		74	11	17.0
					Ordinary income		386	(3)	(0.8)
Extraordinary income		36	36	—	Extraordinary loss		23	23	—
					Net income		272	19	7.6

(Rounded down to nearest ¥100 million)

Notes:

1. Cost of sales includes gas resource cost is ¥268.4 billion (increased by ¥ 67.2 billion, or 33.4%, year on year).
2. Non-operating expenses include interest expenses of ¥4.0 billion (decreased by ¥ 0.3 billion, or 5.6%, year on year).