April 28, 2016

Consolidated Financial Results Bulletin for the Fiscal Year Ended March 31, 2016 (J-GAAP)

Tokyo Gas Co., Ltd.

Securities code:	9531	**Stock listings:**
(URL http://www.tokyo-gas.co.jp/index_e.html)		Tokyo Stock Exchange, Nagoya Stock Exchange
Representative:	Mr. Michiaki HIROSE, President	
Contact:	Mr. Narumi TOMITA, General Manager, Consolidated Settlements Group	Location of head office: Tokyo

General shareholders' meeting schedule:	June 29, 2016
Scheduled date of the filing of securities report:	June 29, 2016
Scheduled date of the start of dividend payments:	June 30, 2016
Preparation of earnings presentation material (yes/no):	***Yes***
Holding of earnings announcement (yes/no):	***Yes*** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for FY2015 ended March 31, 2016 (from April 1, 2015 to - March 31, 2016)

(Unit: million yen)

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

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company	
FY2015 ended Mar. 31, 2016	1,884,656	-17.8%	192,008	11.8%	188,809	12.3%	111,936	16.8%
FY2014 ended Mar. 31, 2015	2,292,548	8.5%	171,753	3.4%	168,169	5.4%	95,828	-11.6%

Note: Total comprehensive income

FY2015 ended March 31, 2016: 89,874 million yen (-28.6%) FY2014 ended March 31, 2015: 125,826 million yen (-14.5%)

	Net income per share	Diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
FY2015 ended Mar. 31, 2016	46.68 yen	—	10.3%	8.4%	10.2%
FY2014 ended Mar. 31, 2015	39.15 yen	—	9.2%	7.6%	7.5%

Reference: Income or loss on investment accounted for by equity method

FY2015 ended March 31, 2016: 2,122 million yen FY2014 ended March 31, 2015: 3,313 million yen

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Net assets	Equity ratio	Net assets per share
As of Mar. 31, 2016	2,251,518	1,115,172	48.9%	460.35 yen
As of Mar. 31, 2015	2,257,662	1,087,262	47.4%	438.28 yen

Reference: Shareholders' equity

As of March 31, 2016: 1,100,271 million yen As of March 31, 2015: 1,069,515 million yen

(3) Consolidated Cash Flows

(Unit: million yen)

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of year
FY2015 ended Mar. 31, 2016	354,658	(236,406)	(75,418)	170,102
FY2014 ended Mar. 31, 2015	223,225	(184,838)	(67,741)	128,333

2. Dividend

	Dividend per share (Unit: yen)					Total dividend payments (Full-year) (Unit: million yen)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Full- year			
FY2014 ended Mar. 31, 2015	—	5.00	—	5.00	10.00	24,402	25.5%	2.4%
FY2015 ended Mar. 31, 2016	—	5.00	—	6.00	11.00	26,291	23.6%	2.4%
FY2016 ending Mar. 31, 2017 (Forecast)	—	5.50	—	5.50	11.00		73.3%	

3. Consolidated Results Forecast for FY2016 ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(1) Consolidated Business Performance

(Unit: million yen)
(% of change from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company		Net income per share
Half-year	718,000	-20.3%	26,000	-76.4%	22,000	-79.4%	16,000	-80.1%	6.74 yen
Full-year	1,581,000	-16.1%	48,000	-75.0%	40,000	-78.8%	35,000	-68.7%	15.01 yen

	Ratio of net income to shareholders’ equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Full-year	3.3%	1.8%	3.0%

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Net assets	Equity ratio	Net assets per share
Full-year	2,227,000	1,038,000	45.9%	446.27 yen

Reference: Shareholders’ equity 1,022,000 million yen

*Notes

(1) Significant changes in consolidated subsidiaries (changes in specified subsidiaries resulting in change of scope of consolidation during the quarter) (yes/no): *No*

Reference: Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 67 (Increased by 1 company and decreased by 3 companies

Number of subsidiaries and affiliates accounted for by equity method: 7 (Increased by 1 company)

(2) Change in accounting policies or estimates and retrospective restatements

1) Change in accounting policies in accordance with revision of accounting standards: *Yes*
2) Change in accounting policies other than item 1) above: *No*
3) Change in accounting estimates: *No*
4) Retrospective restatements: *No*

Note: Please see page 23 of the Attachment, “(5) Notes on consolidated financial statements: 3) Change in accounting policies or estimates and retrospective restatements” for details.

(3) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	Mar. 31, 2016	2,396,778,295	Mar. 31, 2015	2,446,778,295
2) Number of shares of treasury stock at end of period:	Mar. 31, 2016	6,700,416	Mar. 31, 2015	6,540,207
3) Average number of shares during period:	Apr. 2015– Mar. 2016	2,398,002,800	Apr. 2014– Mar. 2015	2,447,967,930

(Reference)

1. Non-Consolidated Business Results for FY2015 ended March 31, 2016 (April 1, 2015 - March 31, 2016)

(1) Non-Consolidated Business Performance

(Unit: million yen)
(% of change from the corresponding period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
FY2015 ended Mar. 31, 2016	1,677,345	-19.5%	155,028	22.9%	164,052	17.1%	93,566	-9.9%
FY2014 ended Mar. 31, 2015	2,083,595	9.2%	126,192	-1.9%	140,048	7.5%	103,863	15.3%

	Net income per share	Diluted net income per share
FY2015 ended Mar. 31, 2016	39.02 yen	—
FY2014 ended Mar. 31, 2015	42.43 yen	—

(2) Non-Consolidated Financial Position

(Unit: million yen)

	Total assets	Net assets	Equity ratio	Net assets per share
As of Mar. 31, 2016	1,810,657	840,020	46.4%	351.46 yen
As of Mar. 31, 2015	1,827,125	810,965	44.4%	332.33 yen

Reference: Shareholders' equity
As of Mar. 31, 2016: 840,020 million yen   As of Mar. 31, 2015: 810,965 million yen

2. Non-Consolidated Results Forecast for FY2016 ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(Unit: million yen)
(% of change from the corresponding period of previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Half-year	624,000	-22.4%	16,000	-83.0%	28,000	-71.7%	50,000	-35.6%	21.07 yen
Full-year	1,377,000	-17.9%	28,000	-81.9%	40,000	-75.6%	65,000	-30.5%	27.88 yen

* Presentation of implementation status for auditing procedures

The auditing procedure based on the Financial Instruments and Exchange Act does not apply to this Consolidated Financial Results Bulletin, and the auditing 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

1. The above forecasts are based on the information available at the time this report was prepared, and Tokyo Gas makes no guarantee that these figures will be achieved. Actual results may differ from these forecasts for a variety of reasons. Please see page 5 of the Attachment, “I. Business Performance and Financial Position: (1) Analysis on business performance: <Forecast for FY2016>” for details.
2. The information related to this Financial Results will be posted on the Web site of the Company.

Contents of Attachment

I. Business Performance and Financial Position

(1) Analysis on business performance

<Results of FY2015>

During FY2015, the Japanese economy progressed under increasing uncertainty over the future with effects including from the tax reforms, the devaluation of the Japanese yen and the lower price of crude oil. On the other hand, there was a sign of an economic upturn, such as improvement in corporate sector's performance and employment picture, driven by the effects from monetary and fiscal policies by the Japanese government and the Bank of Japan.

In addition, Japan's energy market faces a crucial transitional phase, including the commencement of registration for retail electricity providers in April 2016 towards the full liberalization of retail sales of electricity, as well as the full-scale debates on gas market reforms. On the other hand, the energy supply issue remains unpredictable and uncertain, especially in the Tokyo metropolitan and the neighboring areas.

Against the backdrop of this economic situation and operating environment, the Tokyo Gas Group has committed itself to the realization of "Enhancing the LNG Value Chain."

Boosted by these intense efforts, city gas sales decreased from a decline in sales unit price due to resource cost adjustment associated with lower crude oil prices as well as a year-on-year decrease in gas sales reflecting the higher temperatures in winter FY2015 than the previous year. Accordingly, consolidated net sales for the year dropped 17.8%, to ¥1,884.6 billion.

In terms of operating expenses, further improvement in management efficiency and extensive efforts to contain expenses, as well as the decline in oil prices and lower gas sales volume that led to lower gas resource costs, leading to a 20.2% decrease in operating expenses, to ¥1,692.6 billion.

As a result, operating income grew 11.8%, to ¥192.0 billion, and ordinary income rose 12.3%, to ¥188.8 billion. With the recording of extraordinary loss consisting of impairment loss on overseas upstream projects (¥28.2 billion) and loss on valuation of investment securities (¥4.7 billion), and income taxes, net income attributable to the parent company rose 16.8%, to ¥111.9 billion.

<Segment summary>

1) City gas

Gas sales volume for FY2015 decreased 0.7% from the previous term, to 15,436 million m^3. Of this amount, residential demand was 3,365 million m^3 (a 3.4% decrease), due mainly to a lower demand for hot water supply and air conditioning affected by higher temperatures in winter FY2015 than the previous term.

Commercial demand was 2,678 million m^3 (a 2.6% decrease), with a decline in air-conditioning demand due mainly to higher temperatures in winter FY2015 than the previous year.

Industrial demand was 7,233 million m^3 (a 0.0% decrease), primarily driven by the expanding demand for industrial-use, especially for power generation, which offset a decline in operation of existing facilities.

Wholesale supplies to other gas utilities grew 4.2%, to 2,161 million m^3 due to a growth in customer demand.

Reflecting the decrease in gas sales volume and downward gas unit price adjustments under the gas rate adjustment system, city gas sales dropped ¥346.6 billion, or 21.1%, to ¥1,294.3 billion.

With a drop in LNG prices from the lower crude oil prices accompanied by a decrease in gas sales volume, total operating expenses declined 25.7%, by ¥381.4 billion.

As a result, segment income increased ¥34.9billion, or 22.2%, to ¥192.0 billion.

<Consolidated Gas Sales Volume for FY2015 Ended March 31, 2016>

			FY2015	FY2014	Change	% change
No. of customers		Thousand	11,398	11,263	135	1.2
Gas sales volume	Residential	m^3	29.21	30.69	-1.48	-4.8
		Mil. m^3	3,365	3,482	-117	-3.4
	Commercial	Mil. m^3	2,678	2,750	-72	-2.6
	Industrial	Mil. m^3	7,233	7,235	-2	-0.0
	Subtotal	Mil. m^3	9,911	9,984	-73	-0.7
	Supplies to other utilities	Mil. m^3	2,161	2,074	87	4.2
	Total	Mil. m^3	15,436	15,541	-105	-0.7
Average temperature		°C	16.6	16.0	0.6	—

Notes:

1. The upper row of figures for residential demand indicates gas sales per meter read (m^3/household, month).
2. “Commercial” indicates sales to commercial, public and medical institutions.
3. Gas sales volumes are on the basis of 45MJ/m^3.
4. Average temperature is the average temperature during the period of use by each customer (from date of initial month’s meter reading to final month’s meter reading). Additionally, given that the temperature observation site in Tokyo changed from Otemachi to Kitamomaru Park effective December 2, 2014, the monthly temperature data were calculated based on the temperature data observed at Kitamomaru Park prior to the date of change.

The aforementioned notes also apply to the relevant tables.

(Foreign Exchange Rate and Crude Oil Price)

¥/$ rate	FY2015	FY2014	Change	Crude oil price ($/bbl)	FY2015	FY2014	Change
	120.17	109.76	10.41		48.70	90.36	-41.66

2) Gas appliances and installation work

Sales increased by ¥6.6 billion or 3.2% compared to the previous year to ¥211.5 billion. Operating expenses increased by ¥8.8 billion or 4.3%. As a result, segment income decreased by ¥2.2 billion or 70.8% to ¥0.8 billion.

3) Other energy

Sales decreased by ¥61.2 billion or 15.0% compared to the previous year to ¥347.0 billion. Operating expenses decreased by ¥60.1 billion or 15.9%. As a result, segment income dropped by ¥1.2 billion or 3.9% to ¥29.3 billion.

4) Real estate

Sales decreased by ¥0.4 billion or 1.6% compared to the previous year to ¥25.5 billion. Operating expenses declined by ¥1.2 billion or 5.5%. As a result, segment income increased by ¥0.8 billion or 17.5% to ¥5.1 billion.

5) Others

Sales at other business dropped by ¥22.1 billion or 9.8% to ¥204.1 billion. Operating expenses dropped by ¥14.4 billion or 7.0%. As a result, segment income decreased by ¥7.7 billion or 39.4% to ¥11.8 billion.

<Summary by segment> (Unit: hundred million yen)

		City gas	Gas appliances and installation work	Other energy	Real estate	Others
Sales	FY2015 (% of total)	12,943 (62.1%)	2,115 (10.2%)	3,470 (16.7%)	255 (1.2%)	2,041 (9.8%)
	FY2014 (% of total)	16,409 (65.5%)	2,049 (8.2%)	4,082 (16.3%)	259 (1.0%)	2,262 (9.0%)
	Amount of change (Rate of change)	-3,466 -21.1%	66 3.2%	-612 -15.0%	-4 -1.6%	-221 -9.8%
Operating expenses	FY2015 (% of total)	11,023 (59.9%)	2,107 (11.4%)	3,176 (17.2%)	203 (1.1%)	1,923 (10.4%)
	FY2014 (% of total)	14,837 (64.8%)	2,019 (8.8%)	3,777 (16.5%)	215 (0.9%)	2,067 (9.0%)
	Amount of change (Rate of change)	-3,814 -25.7%	88 4.3%	-601 -15.9%	-12 -5.5%	-144 -7.0%
Segment income	FY2015 (% of total)	1,920 (80.1%)	8 (0.4%)	293 (12.3%)	51 (2.2%)	118 (5.0%)
	FY2014 (% of total)	1,571 (73.3%)	30 (1.4%)	305 (14.2%)	43 (2.0%)	195 (9.1%)
	Amount of change (Rate of change)	349 22.2%	-22 -70.8%	-12 -3.9%	8 17.5%	-77 -39.4%

Note: Figures for sales include internal transactions. Figures for operating expenses do not include expenses that cannot be allocated to specific segments.

<Forecast for FY2016>

We are forecasting a 1.0% increase from the previous year in consolidated gas sales volume for FY2016, to 15,598 million m^3, based on assumption of several factors, including growth in residential and commercial demands from the previous year associated with a recovery from a decline in demand due to temperature effects in FY2015. We are projecting a ¥303.6 billion, or 16.1%, decrease in consolidated net sales to ¥1,581.0 billion, with a ¥144.0 billion, or 75.0%, decrease in operating income to ¥48.0 billion, a ¥148.8 billion, or 78.8% decrease in ordinary income to ¥40.0 billion, and a ¥76.9 billion, or 68.7%, decrease in net income attributable to the parent company to ¥35.0 billion.

On a non-consolidated basis, along with on a consolidated basis, we are forecasting a 1.1% increase in gas sales volume, to 15,405 million m^3, in anticipation for growth in residential and commercial demands from the previous year associated with a recovery from a decline in demand due to temperature effects in FY2015. We expect city gas sales to decrease ¥264.6 billion, or 21.0%, to ¥994.0 billion, on downward unit price adjustments under the gas rate adjustment system in accordance with the rate adjustment for gas resource costs. At the same time, with regard to operating expenses, we are forecasting a decrease in resource costs, mainly reflecting a drop in crude oil prices. Also taking into account other operations and supplementary income, we are forecasting a ¥127.0 billion, or 81.9%, decrease in operating income to ¥28.0 billion, a ¥124.0 billion, or 75.6%, decrease in ordinary income to ¥40.0 billion, and a ¥28.5 billion, or 30.5%, decrease in net income, to ¥65.0 billion.

The economic frame assumed for FY2016 is ¥115.00/$ for foreign exchange rate for the full-year, and $37.5/bbl for the full-year ($35.00/bbl for 1H and $40.00/bbl for 2H) for crude oil price.

1) Consolidated Business Results

a. Gas sales volume forecast for FY2016

			FY2016 (Forecast)	FY2015 (Results)	Change	% change
Gas sales volume	Residential	Mil. m^3	3,567	3,365	202	6.0
	Commercial	Mil. m^3	2,726	2,678	48	1.8
	Industrial	Mil. m^3	7,136	7,233	-97	-1.3
	Subtotal	Mil. m^3	9,862	9,911	-49	-0.5
	Supplies to other utilities	Mil. m^3	2,169	2,161	8	0.4
	Total	Mil. m^3	15,598	15,436	162	1.0
Average temperature		°C	15.8	16.6	-0.8	—

b. Forecast for FY2016 (Unit: hundred million yen)

	Net sales	Gas sales	Other sales	Operating income	Ordinary income	Net income attributable to the parent company
FY2016 (forecast)	15,810	10,228	5,582	480	400	350
FY2015 (results)	18,846	12,943	5,902	1,920	1,888	1,119
Change	-3,036	-2,715	-320	-1,440	-1,488	-769
% change	-16.1%	-21.0%	-5.4%	-75.0%	-78.8%	-68.7%

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

2) Non-consolidated Business Results

a. Gas sales volume forecast for FY2016

			FY2016 (Forecast)	FY2015 (Results)	Change	% change
Gas sales volume	Residential	Mil. m^3	3,512	3,263	249	7.6
	Commercial	Mil. m^3	2,659	2,520	139	5.5
	Industrial	Mil. m^3	7,030	7,052	-22	-0.3
	Subtotal	Mil. m^3	9,689	9,572	117	1.2
	Supplies to other utilities	Mil. m^3	2,205	2,397	-192	-8.0
	Total	Mil. m^3	15,405	15,232	173	1.1

b. Forecast for FY2016 (Unit: hundred million yen)

	Net sales			Operating income	Ordinary income	Net income
		Gas sales	Other sales			
FY2016 (forecast)	13,770	9,940	3,830	280	400	650
FY2015 (results)	16,773	12,586	4,187	1,550	1,640	935
Change	-3,003	-2,646	-357	-1,270	-1,240	-285
% change	-17.9%	-21.0%	-8.5%	-81.9%	-75.6%	-30.5%

(Foreign Exchange Rate and Crude Oil Price)

¥/$ rate	FY2016 (Forecast)	FY2015 (Results)	Change	Crude oil price ($/bbl)	FY2016 (Forecast)	FY2015 (Results)	Change
	115.00	120.17	-5.17		37.50	48.70	-11.20

(2) Analysis on financial position

<Analysis on assets, debt, shareholders' equity and cash flows>

Situation of assets, debt and shareholders' equity

Assets as of March 31, 2016, totaled ¥2,251.5 billion, a ¥6.1 billion decrease from March 31, 2015, reflecting decreases in notes and accounts receivable - trade (¥49.0 billion) and investment securities (¥43.0 billion), despite increase in cash and deposits (¥83.8 billion).

Liabilities dropped ¥34.1 billion, to ¥1,136.8 billion, on decreases in the outstanding amount of interest-bearing debt (¥15.0 billion) and notes and accounts payable - trade (¥26.6 billion).

Net assets totaled ¥1,115.1 billion. This included increase in shareholders' equity (¥53.7 billion) from the recording of net income attributable to the parent company (¥111.9 billion) despite decreases from the payment of dividends from surplus (¥24.1 billion) and purchases of treasury stock in the market (¥33.8 billion).

With the rate of increase in shareholders' equity (calculated as the total of shareholders' equity and valuation and translation adjustments) above the growth rate for total assets in line with a decrease in the total assets, the shareholders' equity ratio rose 1.5 percentage points from March 31, 2015, to 48.9% as of March 31, 2016.

Situation of cash flow

(Unit: billion yen)

	FY2015	FY2014	Change
Cash flow from operating activities	354.6	223.2	131.4
Cash flow from investing activities	-236.4	-184.8	-51.6
Cash flow from financing activities	-75.4	-67.7	-7.7
Effect of exchange rate change on cash and cash equivalents	-1.0	6.7	-7.7
Net increase (decrease) in cash and cash equivalents	41.7	-22.5	64.2
Cash and cash equivalents at beginning of year	128.3	150.9	-22.6
Cash and cash equivalents at end of year	170.1	128.3	41.8

a) Cash flow from operating activities

Cash and cash equivalents obtained as a result of operating activities totaled ¥354.6 billion. This was primarily from the recording of income before income taxes (¥155.7 billion) and depreciation and amortization (¥141.9 billion), despite income taxes paid (¥-54.1 billion).

b) Cash flow from investing activities

Cash and cash equivalents used as a result of investing activities totaled ¥236.4 billion. Despite proceeds from sales and redemption of investment securities (¥3.6 billion), outlays for purchase of property, plant and equipment associated with capital expenditures for the establishment of production and supply system (¥-195.0 billion) resulted in a net outflow.

c) Cash flow from financing activities

Cash and cash equivalents used as a result of financing activities totaled ¥75.4 billion. Despite proceeds from long-term loans payable (¥51.7 billion), outlays for redemption of bonds (¥-43.8 billion), payments for purchase of treasury stock (¥-33.9 billion), and cash dividends paid (¥-24.1 billion) resulted in a net outflow.

<Cash Flow Indicators>

	FY2011	FY2012	FY2013	FY2014	FY2015
Equity ratio	45.0%	46.6%	46.5%	47.4%	48.9%
Equity ratio based on market value	54.1%	66.3%	60.4%	81.7%	55.7%
Rate of cash flow to interest-bearing debt	4.2	3.0	3.0	3.3	2.0
Interest coverage ratio	14.6	19.4	20.1	17.6	28.3

Equity ratio: Equity capital / total assets
Equity ratio based on market value: total market capitalization / total assets
Ratio of cash flow to interest-bearing debt: interest-bearing debt / cash flow
Interest coverage ratio: cash flow / interest payments

Notes:
1. All calculation based on consolidated financial figures.
2. Total market capitalization is calculated based on the number of shares as of the end of fiscal year (excluding treasury stocks).
3. Cash flow means cash flow from operating activities.
4. Interest bearing debt covers bonds, convertible bonds, long-term bank loan payable (all including debts due within one year), short-term bank loan payable and commercial papers out of the interest bearing debt recorded on the balance sheet.

(3) Basic policy on the corporate profit allocation and dividend

Cash flow generated under the Challenge 2020 Vision will be invested for LNG enhancement that will lead to new growth, while at the same time the successful results of our operations will be distributed to shareholders in an appropriate and timely manner.
More specifically, the Company emphasizes the acquisition of treasury stock with the intention of its retirement as a form of returns to shareholders in addition to dividends, and we have set a target for the total payout ratio to shareholders (dividends plus treasury stock acquisition as a percentage of consolidated net income) of roughly 60% in each year to fiscal 2020.
With regard to distributions to shareholders, the Company will maintain a stable dividend while carrying out a gradual increase in dividends in accordance with the growth of the Company by taking into comprehensive consideration medium- to long-term profit levels.

Total payout ratio of year n = [(total annual dividends in year n) +
(amount of treasury stocks acquired in year n + 1)] / (consolidated net income in year n)

Based on the above policy for the total payout ratio as well as in line with meeting the expectation from the shareholders and the latest business environments, the Company decided ¥11 per share for FY2015, which is the same as the previous fiscal year. In addition, taking into account the recent share price level, the Board of Directors resolved at its meeting held on April 28, 2016, to carry out a stock repurchase of up to 100 million shares or ¥41.0 billion.
The Company intends to maintain a stable and continuous dividend going forward, and plans to pay a dividend of ¥11 per share for FY2016.

(4) Risks of businesses

Of the items related to business results and financial position in the financial results, the following ones could possibly exert a major influence on decisions by investors. It should be noted that statements concerning the future in this document are judgments made by the Company based on information available at the end of the term.

A Risks associated with accidents, disasters, etc.

(a) Gas resource procurement difficulties

The Group depends on import from other countries for most of natural gas and other gas resources used to produce city gas. The supply of city gas therefore could possibly be impaired in the event of inability to procure gas resources for a long period of time owing to country risks at import sources, troubles affecting gas fields or LNG liquefaction terminals, difficulties in the process of LNG carrier transport, or restriction on entry into port at Tokyo Bay. It is making efforts to spread procurement risks to achieve stable and flexible procurement of LNG through such activities as diversifying suppliers by importing LNG from five countries and 11 projects and allocating ships flexibly using its own LNG ships.

(b) Natural disasters

The Group is an equipment-intensive industry whose business activities are grounded in facilities for the production and supply of city gas. It therefore is enforcing countermeasures to keep the aftermath of natural disasters minimal. Some examples of the countermeasures include a, provision to produce and supply city gas even in the event of large-scale earthquakes with a magnitude of the Great Hanshin-Awaji Earthquake, preparation of countermeasures against earthquake, contingency plan to prevent second disasters, and a BCP (Business Continuity Plan) prepared for such large-scale earthquakes as the Cabinet Office assumes and improvement of contingency plan and execution of regular drills for natural disasters including earthquakes, typhoons and tsunamis. However, the supply of city gas could possibly be impaired due to damage inflicted on its LNG terminals or other production facilities and pipelines or other supply facilities. In such a case, the cost required for resumption of normal production and supply could possibly affect the Group’s profitability.

(c) Accidents accompanying gas manufacture and supply, and supply impairments

The production and supply of city gas and electricity that is essential to the life of customers and industries is at the foundation of the Group's business activities. For this reason, it is implementing measures to prevent accidents and supply impairments through systematic implementation of BCP to prepare for significant troubles which may shut off gas supply, various security measures, preparation of business contingency plan and execution of regular drills. However, in the event of large-scale leakage, explosions, or supply difficulties in the process of city gas production or supply, it could possibly result in tangible and intangible loss in aspects including social responsibility, in addition to the direct loss. In the event supply impairment occurs to power supply, it may result in additional loss to fix the problem.

(d) Unforeseen, large-scale power outages

The Company’s LNG terminals receive electricity from highly reliable grids, and the possibility of an interruption in the supply of electricity to LNG terminals is deemed low. Nevertheless, we have prepared for the possibility of an unforeseen, large-scale power outage in the Kanto area by formulating a BCP and other measures designed to minimize the effect of the outage. In addition, if the supply of electricity from the grid source were to be interrupted, demand for gas would be expected to decline because of the outage. At the same time, it would be possible to operate production equipment using the Company’s own generators and supply a certain amount of gas even in the event of a power outage. However, the production and supply of gas could be impeded depending on the amount of demand for gas and the status of production and supply equipment.

However, even if one of the Company’s LNG terminals were to cease operating, the other LNG terminals could act as a backup, making it possible to generally manufacture and supply the volume of gas required.

(e) Problems in securing the safety of city gas and quality of gas appliances

As it is responsible for the safety of city gas supply, it is implementing safety measures including strengthening of our efforts to perform regular checks for customers, introducing wider range of check items, and promotion of exchange to safer appliances. It has also been involved in the development of gas appliances with advanced functions for safety because it sells gas appliances and other products under its own brand through consolidated subsidiaries and cooperating firms. In the event of accidents involving gas city supply or caused by gas appliances, however, it could possibly incur both direct and indirect loss associated with response to such incidents.

(f) Damage due to rumors caused by city gas accidents at other firms

City gas accidents at other firms could possibly have an immense impact on the entire city gas industry and breed circumstances in which it would incur tangible and intangible loss.

B Market fluctuation risk

(a) Risk of changes in market prices and interest rates

The Group could possibly incur losses due to fluctuations in the market price of its real estate, stocks and pension assets. With regard to interest-bearing debt, its interest payment could possibly increase in the event interest rates rise. However, the impact from fluctuations in interest rates is expected to be limited as most of its interest-bearing debts are long-term fixed rate debts.

C Risks accompanying business execution

(a) Risks related to existing businesses

a) Changes in gas resource costs

Changes in terms of contracts and negotiations with suppliers of LNG, of which city gas is produced, may affect its profitability. Also, as price of LNG is linked with that of crude oil and crude oil is denominated in U.S. dollar under the sales contract, changes in the price of crude oil as well as exchange rate between Japanese yen and U.S. dollar can have an impact on its profitability.

In the event of such developments as demand exceeding the volume of procurement from LNG projects resting on long-term contracts, incidence of trouble in shipment terminals or transport, and delays in the start of supply from new LNG projects, forcing the Company to purchase spot LNG, the gas resource costs may possibly affect its profitability, depending on the spot market.

On the other hand, under the provisions for adjustment for gas resource costs on gas tariffs, changes in gas resource prices are reflected in gas tariffs within five months at maximum. However, if the amount of such changes exceeds 160% of the standard resource price, the amount by which it exceeds will not be collected. In case such changes are reflected in gas tariffs beyond the current fiscal term, it may affect the bottom line of the next fiscal term because of the uncollected and over-collected amounts of the resource costs.

b) Changes in laws, regulations, institutions, and national/local energy policy

The Group executes its business in accordance with the Gas Utility Industry Law, Electricity Business Act, Companies Act, Financial Instruments and Exchange Law, other laws and regulations, and the energy policy of national and local governments. Changes in such policy consequently could affect its execution of business.

c) Changes in gas sales due to climate change

As consolidated net sales of city gas accounts for the majority of the Group's sales, the occurrence of abnormal weather such as unusually hot summers or warm winters could possibly affect the bottom line due to the resulting reduction of gas sales in the residential use, where gas is used mainly for heating water and air conditioning, and gas sales in the business use, where gas is used mainly for air conditioning.

d) Decrease in demand accompanying intensified competition

There is a risk of decline in demand and effect on the balance of payments in the event of intensified competition with other electric power companies or a loss of competitiveness on the part of LNG itself relative to other forms of energy due to factors such as a fluctuation in crude oil prices.

e) Reduction in the existing demand

Part of the existing demand in the industrial and commercial uses could possibly be reduced by factors such as the decrease in facility operating rates due to the recession, the progress of energy-conserving activities, and changes in the industrial structure. In addition, developments such as decreased numbers in one household and changes in lifestyle and wider use of energy-saving appliances could possibly reduce part of the existing demand in the residential use.

f) Interruption of telephone service at call centers

The Group receives most requests from customers by telephone. An interruption of telephone service at call centers therefore could possibly not only delay accommodation of customer needs over large areas but also cause tangible and intangible loss in forms such as detraction from the image of the Group's name.

g) Delay in the development of new technologies

Although the Group has been engaged in the development of new products and technologies with environmentally-enhancing designs and high level of safety, it may not be able to develop and deliver these products and technologies on a timely manner. In such cases, it may lose competitiveness against other forms of energy and affect its execution of businesses.

(b) Risks related to overseas businesses
The Company will be committed to accelerate its global development to expand the overseas businesses as set forth in the "Challenge 2020 Vision." In particular, fluctuations in oil and gas prices as well as foreign exchange rates have significant impact on profitability of overseas upstream projects, such as acquisition of LNG interests and gas fields. In addition, while the Company is enhancing the functions of overseas business bases, legal regulations commercial practices inherent to each country could potentially serve as a barrier to appropriate business management, or cause an increase in cost burden or a delay in development of a new business.

(c) Delayed cultivation of new markets
The Group is cultivating new markets by promoting the expansion of ENE-FARM residential fuel cells and services using renewable energy, including solar light and heat. However, changes in energy policy by national and local governments as well as other changes in the operating environment could delay these efforts, which could force the Group to change its business strategy and impede the recovery of its investments.

(d) Inability to recover investments
The Group continues to make large-scale investments to enhance the LNG value chain as outlined in the Challenge 2020 Vision. We evaluate profitability and risks of capital expenditure, capital contributions, loans and debt guarantees at an investment evaluation committee, and we make investment decisions based on a conclusion from the committee while consulting with the management council and the board of directors' meeting, if necessary, from a standpoint of comprehensive management judgment. These large-scale investments include the laying of pipelines and reinforcement of the foundation for stable supply by constructing LNG terminals and other facilities, as well as investments related to the electric power business, the energy services business, overseas businesses including gas field development, and the LNG transport business, investment for IT and other backbone facilities for existing businesses, and investment to make active use of real estate holdings. Nevertheless, subsequent changes in economic conditions could prevent the sufficient recovery or intended effect of these investments, thereby affecting the balance of investment income and expenditures.

D　Risks related to information management and system operation
(a) Leakage of personal information
For its execution of business as a public utility, the Group collects and manages personal information on its customers. It has implemented measures to prevent leakage of personal information through construction of a group-wide information security system, execution of education on information security and voluntary monitoring while internal audit ensures its construction and operation to enforce necessary changes. In case the external leakage of personal information occurs, it could possibly cause tangible and intangible loss in forms such as a loss of credibility among customers, in addition to the direct cost required for response.

(b) Shutdown or malfunction of IT systems
Because the Group relies on IT systems for customer service work and calculation of gas and electricity tariffs, it has implemented measures to keep the impact on the operation from unexpected events minimal through building a robust data center superior in fault-resilience and disaster-tolerance and preparation and execution of various security measures and regular drills required for stable operation of the systems. The shutdown or malfunction of these systems could possibly cause delay accommodation of customer needs but also cause tangible and intangible loss in forms such as detraction from the image of the Group's name.
Please note, however, that it is unlikely that malfunction of IT system will have any serious impact on the production and supply of city gas because its IT system for the production and supply adjustment of city gas has its own security measures in place including a backup system and wireless network operated by the Group.

E　Risks related to corporate social responsibility
(a) Compliance violations
Since compliance forms a basis of operation, the Group has established a committee on management ethics chaired by the president. This committee sets out the basic policies under which the Group executes actions to improve compliance and the internal audit confirms the Group's compliance with laws and regulations and corporate ethics.
The occurrence of acts that are improper in the context of laws and regulations, or the articles of association; improper acts in information disclosure; or acts in violation of corporate ethics could possibly cause tangible and intangible damage in forms such as the imposition of social sanctions in addition to the direct cost required for response.

(b) Conformance with new environmental regulations etc.
The emergence of additional obligations for compliance with new environmental legislation or environmental improvement could possibly affect the Group's conduct of business and its balance of payments.

(c) Insufficient CS or customer services

The Group thinks CS (Customer Satisfaction) is one of the key issues for its management. The Group is pursuing the CS improvement program under the basic policies set out by the CS improvement committee chaired by the president. However, the occurrence of defective treatment of customers could possibly result in tangible and intangible loss in forms such as a decline in corporate competitiveness and detraction from the image of the Group's name.

II. Group Companies:

<Scope of Consolidated Subsidiaries and Affiliates and Application of Equity Method>

1) The scope of consolidation

- Newly included subsidiaries in scope of consolidation: 1 company

Tokyo Gas Lifeval Nishi-Ota K.K.
[This company is newly consolidated]
[Every company is newly consolidated]

- Excluded: three companies

Tokyo Gas Engineering Co., Ltd., Living Design Center Co., Ltd. and Tokyo Kiko Co., Ltd.
[Every company was dissolved due to absorption-type merger]
[Every company has become an affiliate due to a decrease in voting interest held by the Company]

2) Application of equity method

- Newly included affiliates to which the equity method is applicable

ST Cove Point LLC
[This company is newly included]

Information about other consolidated subsidiaries and affiliates are not disclosed because there are no significant changes from articles of "business diagram" and "situation of subsidiaries and affiliates" in the latest securities report. [filed on 26 June, 2015]

III. Management Policy

(1) Basic policy on corporate management

The Tokyo Gas Group formulated "The Tokyo Gas Group's Vision for Energy and the Future-Challenge 2020 Vision" in November 2011, with the aim of clarifying a picture and roadmap for the group to attain growth and development in the future.

During the three years up to now, the Tokyo Gas Group has activated the approaches to advance LNG value chain aiming at accomplishing the vision, with successful achievement on a steady basis to contribute to the realization of a prosperous, fulfilling way of life, competitive domestic industries, and an environment-friendly society. At the same time, realizing our responsibility toward society, we will maintain a state of harmony with the communities in which we operate and aim to achieve sustainable growth for the Group by ensuring that we conduct management in a transparent and organized manner.

The Challenge 2010 Vision comprises the following stages: Hop (FY2012 - 2014), Step (FY2015 - 2017) and Jump (FY2018 - 2020). During the three years of the Hop term, we made steady progress and achieved the first step, actively proceeding with various initiatives in each of the fields of raw materials procurement, infrastructure establishment and energy solutions.

During the three years of the Step term (FY2015 - 2017), we put the slogans placing emphasis on the three main policies "evolve the total energy business," "accelerate global business development," and "construct a new group formation."Looking forward, the Tokyo Gas Group will boldly take on the challenge of three issues by combining the Group's comprehensive capabilities.

(2) Issues to be addressed by the Company

The Tokyo Gas Group is addressing the following issues with a view toward achieving the Challenge 2020 Vision.

(a)To evolve the total energy business

In the field of raw material procurement, the Tokyo Gas Group will promote to reduce raw material costs through several approaches, including further advancing diversification of procurement sources, price indices and destinations, flexibly forming alliances not only with domestic companies but also with foreign players, and securing procurement of LNG indexed to U.S. natural gas market prices.

In the field of production and supply field, the Tokyo Gas Group will meet the increasing demand for natural gas and improve infrastructure toward spreading and expanding natural gas through the construction of the Hitachi LNG Terminal LNG Storage Tank No. 2 and the Hitachi-Kashima Line. In addition, the Tokyo Gas Group will commit itself to build safe and stable supply structure by accelerating measures for aged gas pipes and taking other measures as well as through introduction of new remote systems ranging from confirming the soundness of gas pipes when an earthquake strikes to achieving resumption of services

In the field of energy solution field, the Tokyo Gas Group will endeavor to deliver electricity to residential and commercial customers in line with the liberalization of retail electric power. In addition, the Tokyo Gas Group will also aim at building a more competitive power source portfolio. Through partnerships with companies in diverse industries such as housing and construction, the Tokyo Gas Group will create value added with energy systems. Furthermore, the Tokyo Gas Group will not only provide proposals on optimal energy solutions combining gas and electricity with added values, but also advance introduction of smart energy, such as ENE-FARM, Co-Generation and other diversified electricity sources.

In addition, towards the full liberalization of retail sales of gas, we will address preparations for the new system to facilitate optimal responses.

(b)To accelerate global business development

The Tokyo Gas Group will aim at further expansion of global operations, through diversification of upstream business, including developing upstream business in North America and elsewhere and participating in small and medium-scale LNG projects. By leveraging its total energy business technology and know-how to intensively develop businesses in specific areas of Southeast Asia and North America, the Tokyo Gas Group will contribute to the provision of energy solutions to customers developing business overseas and to building local energy infrastructure, and develop the value chain in foreign countries through alliances with local energy companies and other entities.

(c)To construct a new group formation

The Tokyo Gas Group will advance centralization of the necessary management resources of personnel, technology and know-how on businesses to be value added that are dispersed throughout the Group with the aim of fostering and enhancing these businesses. In addition, the Tokyo Gas Group will advance examinations toward expanding scale and range such as acquiring insufficient items for new businesses from outside via alliances.

In addition to city gas and electric power businesses, the Group will formulate and implement growth strategies in businesses with growth potential, consisting of engineering solutions, liquid gas and real estate businesses. In addition, we will also achieve fruitful results for the improvement and enhancement of the group management structure to support the implementation of the strategy.

For the implementation of the initiatives above, safety is essential. The Tokyo Gas Group will endeavor to enhance its safe structure in order to ensure safety and security of customers and attain confidence from our customers.

(3) Key management indicators (Consolidated)

	FY2020 (target)	FY2015 (results)
Operating cash flow* (billion yen)	250 per year <Nine-year total from FY2012 to FY2020 : 2,240>	257.1
Return on Equity (ROE) (%)	Around 8.0	10.3
Return on Asset (ROA) (%)	Around 4.0	5.0
D/E ratio	Around 0.8(each year)	0.65

* Operating cash flow = net income + depreciation

IV. Basic Concept Regarding Selection of Accounting Standards

The Tokyo Gas Group is considering application of IFRS in the future, taking into account the business circumstance and influence by the application of IFRS.

V. Consolidated Financial Statements

(1) Consolidated balance sheets

(Unit: million yen)

	FY2014 (as of Mar. 31, 2015)	FY2015 (as of Mar. 31, 2016)
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	174,760	241,842
Distribution facilities	479,060	550,713
Service and maintenance facilities	60,525	59,560
Other facilities	326,424	351,950
Inactive facilities	387	316
Construction in progress	223,821	107,685
Total property, plant and equipment	1,264,979	1,312,068
Intangible assets		
Goodwill	503	841
Other intangible assets	134,937	136,348
Total intangible assets	135,441	137,189
Investments and other assets		
Investment securities	199,166	179,410
Long-term loans receivable	16,149	24,013
Net defined benefit asset	5,541	229
Deferred tax assets	24,731	40,447
Other investments and other assets	30,335	34,741
Allowance for doubtful accounts	(444)	(394)
Total investments and other assets	275,480	278,447
Total non-current assets	1,675,901	1,727,705
Current assets		
Cash and deposits	86,493	170,262
Notes and accounts receivable - trade	250,326	201,344
Lease receivables and investment assets	26,379	24,054
Securities	43,010	—
Merchandise and finished goods	3,189	3,501
Work in process	14,046	10,784
Raw materials and supplies	71,630	46,525
Deferred tax assets	12,637	8,004
Other current assets	74,632	59,808
Allowance for doubtful accounts	(584)	(472)
Total current assets	581,761	523,812
Total assets	2,257,662	2,251,518

(Unit: million yen)

	FY2014 (as of Mar. 31, 2015)	FY2015 (as of Mar. 31, 2016)
Liabilities		
Non-current liabilities		
Bonds payable	312,697	284,997
Long-term loans payable	339,214	363,393
Deferred tax liabilities	11,436	11,321
Net defined benefit liability	75,071	89,405
Provision for gas holder repairs	3,421	3,455
Provision for safety measures	868	466
Provision for appliance warranties	3,675	9,538
Provision for loss on guarantees	1,562	1,678
Asset retirement obligations	11,448	10,695
Other noncurrent liabilities	24,798	24,490
Total non-current liabilities	784,193	799,443
Current liabilities		
Current portion of non-current liabilities	58,020	47,044
Notes and accounts payable - trade	108,948	82,352
Short-term loans payable	18,547	16,512
Income taxes payable	43,640	28,914
Deferred tax liabilities	2	1
Provision for safety measures	3,839	—
Asset retirement obligations	—	53
Other current liabilities	153,208	162,023
Total current liabilities	386,206	336,903
Total liabilities	1,170,400	1,136,346
Net assets		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus	2,065	1,878
Retained earnings	855,776	910,353
Treasury shares	(3,715)	(4,441)
Total shareholders' equity	995,971	1,049,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,455	26,298
Deferred gains or losses on hedges	(1,820)	(2,573)
Foreign currency translation adjustment	43,071	44,945
Remeasurements of defined benefit plans	(2,163)	(18,033)
Total accumulated other comprehensive income	73,543	50,636
Non-controlling interests	17,747	14,900
Total net assets	1,087,262	1,115,172
Total liabilities and net assets	2,257,662	2,251,518

(2) Consolidated statements of income and comprehensive income

(Consolidated statement of income)

(Unit: million yen)

	FY2014 (Apr. 2014 – Mar. 2015)	FY2015 (Apr. 2015 – Mar. 2016)
Net sales	2,292,548	1,884,656
Cost of sales	1,668,041	1,239,020
Gross profit	624,506	645,636
Selling, general and administrative expenses		
Supply and sales expenses	383,749	385,572
General and administrative expenses	69,003	68,054
Total selling, general and administrative expenses	452,752	453,627
Operating income	171,753	192,008
Non-operating income		
Interest income	770	615
Dividend income	3,891	1,878
Rent income	1,622	2,177
Foreign exchange gains	148	1,733
Share of profit of entities accounted for using equity method	3,313	2,122
Miscellaneous income	7,796	7,043
Total non-operating income	17,542	15,570
Non-operating expenses		
Interest expenses	12,659	12,158
Balance on commissioned construction	2,054	2,189
Miscellaneous expenses	6,413	4,421
Total non-operating expenses	21,126	18,769
Ordinary income	168,169	188,809
Extraordinary income		
Gain on sales of non-current assets	6,134	—
Gain on sales of investment securities	5,062	—
Total extraordinary income	11,197	—
Extraordinary losses		
Impairment loss	30,987	28,293
Loss on reduction of non-current assets	505	—
Loss on valuation of investment securities	622	4,747
Total extraordinary losses	32,115	33,040
Profit before income taxes	147,251	155,768
Income taxes - current	51,451	43,782
Income taxes - deferred	(847)	(991)
Total income taxes	50,603	42,791
Profit	96,647	112,977
Profit attributable to non-controlling interests	819	1,040
Profit attributable to owners of parent	95,828	111,936

(Consolidated statement of comprehensive income)

(Unit: million yen)

	FY2014 (Apr. 2014 – Mar. 2015)	FY2015 (Apr. 2015 – Mar. 2016)
Profit	96,647	112,977
Other comprehensive income		
Valuation difference on available-for-sale securities	8,603	(8,363)
Deferred gains or losses on hedges	(447)	(1,062)
Foreign currency translation adjustment	20,537	3,614
Remeasurements of defined benefit plans, net of tax	(3,402)	(15,904)
Share of other comprehensive income of entities accounted for using equity method	3,887	(1,387)
Total other comprehensive income	29,179	(23,102)
Comprehensive income	125,826	89,874
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	124,981	89,029
Comprehensive income attributable to non-controlling interests	845	844

(3) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2015 (from Apr. 1, 2014 - Mar. 31, 2015)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	141,844	2,065	827,129	(3,643)	967,395
Cumulative effects of changes in accounting policies			(2,628)		(2,628)
Restated balance	141,844	2,065	824,500	(3,643)	964,766
Changes of items during period					
Dividends of surplus			(24,757)		(24,757)
Profit attributable to owners of parent			95,828		95,828
Purchase of treasury shares				(40,132)	(40,132)
Disposal of treasury shares				3	4
Retirement of treasury shares			(40,057)	40,057	
Decrease in the number of consolidated subsidiaries			262		262
Change in treasury shares of parent arising from transactions with non-controlling shareholders					
Net changes of items other than shareholders' equity					
Total changes of items during period	―	―	31,275	(71)	31,204
Balance at end of current period	141,844	2,065	855,776	(3,715)	995,971

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	25,860	(671)	17,889	1,313	44,391	17,705	1,029,492
Cumulative effects of changes in accounting policies							(2,628)
Restated balance	25,860	(671)	17,889	1,313	44,391	17,705	1,026,863
Changes of items during period							
Dividends of surplus							(24,757)
Profit attributable to owners of parent							95,828
Purchase of treasury shares							(40,132)
Disposal of treasury shares							4
Retirement of treasury shares							―
Decrease in the number of consolidated subsidiaries							262
Change in treasury shares of parent arising from transactions with non-controlling shareholders							―
Net changes of items other than shareholders' equity	8,595	(1,149)	25,182	(3,476)	29,152	41	29,194
Total changes of items during period	8,595	(1,149)	25,182	(3,476)	29,152	41	60,398
Balance at end of current period	34,455	(1,820)	43,071	(2,163)	73,543	17,747	1,087,262

Fiscal year ended March 31, 2016 (from Apr. 1, 2015 - Mar. 31, 2016)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	141,844	2,065	855,776	(3,715)	995,971
Cumulative effects of changes in accounting policies					
Restated balance	141,844	2,065	855,776	(3,715)	995,971
Changes of items during period					
Dividends of surplus			(24,151)		(24,151)
Profit attributable to owners of parent			111,936		111,936
Purchase of treasury shares				(33,939)	(33,939)
Disposal of treasury shares				5	4
Retirement of treasury shares			(33,207)	33,207	
Decrease in the number of consolidated subsidiaries					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(187)			(187)
Net changes of items other than shareholders' equity					
Total changes of items during period	―	(187)	54,577	(726)	53,663
Balance at end of current period	141,844	1,878	910,353	(4,441)	1,049,634

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	34,455	(1,820)	43,071	(2,163)	73,543	17,747	1,087,262
Cumulative effects of changes in accounting policies							―
Restated balance	34,455	(1,820)	43,071	(2,163)	73,543	17,747	1,087,262
Changes of items during period							
Dividends of surplus							(24,151)
Profit attributable to owners of parent							111,936
Purchase of treasury shares							(33,939)
Disposal of treasury shares							4
Retirement of treasury shares							―
Decrease in the number of consolidated subsidiaries							―
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(187)
Net changes of items other than shareholders' equity	(8,157)	(752)	1,873	(15,870)	(22,906)	(2,846)	(25,753)
Total changes of items during period	(8,157)	(752)	1,873	(15,870)	(22,906)	(2,846)	27,909
Balance at end of current period	26,298	(2,573)	44,945	(18,033)	50,636	14,900	1,115,172

(4) Consolidated statements of cash flows

(Unit: million yen)

	FY2014 (Apr. 2014 – Mar. 2015)	FY2015 (Apr. 2015 – Mar. 2016)
Cash flows from operating activities		
Profit before income taxes	147,251	155,768
Depreciation	138,635	141,930
Impairment loss	30,987	28,293
Amortization of long-term prepaid expenses	3,217	3,256
Loss on retirement of property, plant and equipment	2,001	3,050
Loss (gain) on sales of investment securities	(5,062)	(1,156)
Loss (gain) on valuation of investment securities	622	4,747
Increase (decrease) in provision for gas appliance warranties	3,675	5,863
Increase (decrease) in net defined benefit liability	(4,810)	(1,110)
Increase (decrease) in net defined benefit asset	(4,474)	(1,384)
Increase (decrease) in Reserve for safety measures	2,995	(4,242)
Interest and dividend income	(4,661)	(2,494)
Interest expenses	12,659	12,158
Share of (profit) loss of entities accounted for using equity method	(3,313)	(2,122)
Decrease (increase) in notes and accounts receivable - trade	2,355	47,350
Decrease (increase) in inventories	(12,008)	28,117
Increase (decrease) in notes and accounts payable - trade	(7,305)	(22,993)
Decrease (increase) in consumption taxes refund receivable	(4,371)	2,940
Increase (decrease) in accrued consumption taxes	1,137	(2,436)
Decrease (increase) in accounts receivable - other	(5,603)	12,864
Net decrease (increase) in lease receivables and investment assets	(42)	2,273
Other, net	(21,005)	(1,253)
Subtotal	272,878	409,422
Interest and dividend income received	13,512	11,954
Interest expenses paid	(12,649)	(12,547)
Income taxes paid	(50,515)	(54,170)
Net cash provided by (used in) operating activities	223,225	354,658
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,846	1,945
Purchase of investment securities	(147)	(1,850)
Proceeds from sales and redemption of investment securities	8,705	3,616
Purchase of property, plant and equipment	(180,097)	(195,060)
Purchase of intangible assets	(25,313)	(26,131)
Purchase of long-term prepaid expenses	(3,276)	(10,683)
Payments for transfer of business	—	(1,250)
Payments of long-term loans receivable	(2,954)	(9,776)
Collection of long-term loans receivable	6,485	1,726
Other, net	9,913	1,057
Net cash provided by (used in) investing activities	(184,838)	(236,406)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	241	(2,011)
Repayments of lease obligations	(975)	(1,243)
Proceeds from long-term loans payable	29,359	51,701
Repayments of long-term loans payable	(30,891)	(18,012)
Redemption of bonds	(20,000)	(43,800)
Repayments to non-controlling shareholders	—	(3,581)
Purchase of treasury shares	(40,132)	(33,939)
Cash dividends paid	(24,774)	(24,173)
Other, net	19,432	(356)

	FY2014 (Apr. 2014 – Mar. 2015)	FY2015 (Apr. 2015 – Mar. 2016)
Net cash provided by (used in) financing activities	(67,741)	(75,418)
Effect of exchange rate change on cash and cash equivalents	6,769	(1,065)
Net increase (decrease) in cash and cash equivalents	(22,585)	41,769
Cash and cash equivalents at beginning of period	150,918	128,333
Cash and cash equivalents at end of period	128,333	170,102

(5) Notes on consolidated financial statements

1) (Note on going concerns' premise)

Not applicable

2) (Basis of preparation of consolidated financial statements)

Disclosure is omitted because there are no significant changes excluding the changes stated in 3) below since the publication of the most recent securities report (filed June 26, 2015).

3) (Change in accounting policies or estimates and retrospective restatements)

Change in accounting policy

Effective from the current consolidated fiscal year, the Company adopted the Accounting Standard for Business Combinations (Accounting Standards Board of Japan ("ASBJ") Statement No. 21, September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ statement No.22, September 13, 2013) and the Accounting Standard for Business Divestitures (ASBJ statement No.7, September 13, 2013). Accordingly, the difference arising from a change in the Company's ownership interest in a subsidiary over which the Company continues to have control is recognized in capital surplus, and acquisition costs are expensed in the period incurred. In addition, as for business combinations that take place on or after the beginning of the current consolidated fiscal year, the Company revised the method to reflect changes in the allocation of the acquisition costs arising from confirmation of the provisional accounting treatment on the consolidated financial statements that includes the acquisition date. Furthermore, the Company revised the presentation method of quarterly net income and also amended the reference to "minority interests" to "non-controlling interests" in the consolidated fiscal year under review. To reflect these changes in presentation, the Company reclassified the consolidated financial statements in the consolidated financial statements in previous fiscal year.

The Company has adopted these accounting standards, etc. from the beginning of the current consolidated fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

The effect of these changes on profit and loss is considered to be immaterial.

In addition, the effect on capital surplus at the end of FY2015 was immaterial.

In the consolidated statement of cash flows for FY2015, the cash flows relating to the acquisition or sale of shares in subsidiaries without a change in the scope of consolidation are stated in the section of "Cash flow from financing activities," and the cash flows relating to the costs incurred in connection with the acquisition of shares in subsidiaries with a change in the scope of consolidation or the costs incurred in connection with the acquisition or sale of shares in subsidiaries without a change in the scope of consolidation are stated in the section of "Cash flows from operating activities."

The effect on capital surplus of the consolidated statement of changes in net assets at the end of FY2015 was immaterial.

Furthermore, the effects on net assets per share and on net income per share for FY2015 were immaterial.

4) (Segment information, etc.)

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 "gas appliances and installation work."

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," "gas appliances and installation work," "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, electric power, industrial gases, and LNG sales
Real estate:	Leasing, management, etc. of land and buildings

2. Calculation of net sales, profit and loss, and assets, etc.

The same accounting method with which is applied to the consolidated financial statements is applied to segment accounting.

Income of reporting segment is calculated based on operating income.

Intersegment sales and transfers are attributable to transactions within group companies, and calculated based on market value

3. Information related to net sales, profit and loss, and assets, etc. by reporting segment

Fiscal year ended March 31, 2015 (from Apr. 1, 2014 - Mar. 31, 2015)

(Unit: million yen)

	Reporting segment					Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement of income (Note 3)
	City gas	Gas appliances and installation work	Other energy	Real estate	Total				
Net sales									
External sales	1,582,930	191,576	401,113	10,164	2,185,784	106,763	2,292,548	—	2,292,548
Intersegment sales & transfers	57,976	13,385	7,144	15,774	94,282	119,477	213,759	(213,759)	—
Total	1,640,907	204,961	408,257	25,939	2,280,066	226,241	2,506,307	(213,759)	2,292,548
Segment income	157,152	3,029	30,511	4,383	195,076	19,527	214,603	(42,849)	171,753
Segment Assets	1,180,776	72,166	221,231	138,030	1,612,205	319,073	1,931,279	326,383	2,257,662
Others									
Depreciation expenses	107,544	1,021	11,515	7,360	127,442	13,939	141,381	(2,746)	138,635
Increase in property, plant, equipment, and intangible assets	161,213	696	26,434	4,139	192,484	33,141	225,625	(4,305)	221,320

Notes:

1. The "Others" segment indicates businesses not included in the reporting segments, including construction business, information processing service, shipping business, credit/lease financial services, and overseas business.
2. The "Adjustments" indicates as follows;
   (1) The ¥(42,849) million segment income adjustment includes ¥226 million in eliminations for intersegment transactions and ¥(43,076) 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.
   (2) The ¥326,383 million segment assets adjustment includes ¥394,713 million of companywide assets not allocated to the respective reporting segments, and ¥(68,329) million of net eliminations for intersegment

obligations. Companywide assets are primarily, financial assets 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.

Fiscal year ended March 31, 2016 (from Apr. 1, 2015 - Mar. 31, 2016)

(Unit: million yen)

	Reporting segment					Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement of income (Note 3)
	City gas	Gas appliances and installation work	Other energy	Real estate	Total				
Net sales									
External sales	1,248,383	197,702	341,211	9,466	1,796,763	87,893	1,884,656	—	1,884,656
Intersegment sales & transfers	45,982	13,894	5,802	16,045	81,724	116,268	197,993	(197,993)	—
Total	1,294,365	211,596	347,014	25,511	1,878,488	204,162	2,082,650	(197,993)	1,884,656
Segment income	192,020	884	29,316	5,148	227,373	11,842	239,215	(47,207)	192,008
Segment Assets	1,159,474	70,894	223,029	137,828	1,591,225	297,616	1,888,842	362,676	2,251,518
Others									
Depreciation expenses	111,603	929	12,209	7,273	132,015	12,995	145,011	(3,080)	141,930
Increase in property, plant, equipment, and intangible assets	168,891	912	25,635	6,746	202,186	24,670	226,856	(5,507)	221,349

Notes:

1. The “Others” segment indicates businesses not included in the reporting segments, including construction business, information processing service, shipping business, and credit/lease financial services.
2. The “Adjustments” indicates as follows;
   (1) The ¥(47,207) million segment income adjustment includes ¥(1,420) million in eliminations for intersegment transactions and ¥(45,786) 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.
   (2) The ¥362,676 million segment assets adjustment includes ¥428,435 million of companywide assets not allocated to the respective reporting segments, and ¥(65,759) million of net eliminations for intersegment obligations. Companywide assets are primarily, financial assets 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.

5) (Per share information)

(Unit: yen)

	FY2014 (Apr. 2014 – Mar. 2015)	FY2015 (Apr. 2015 – Mar. 2016)
Shareholders' equity per share	438.28	460.35
Net income per share	39.15	46.68

Notes:

1. Diluted net income per share is not disclosed as no latent shares exist.
2. Basis for calculation of net income per share is as follows.

	FY2014 (Apr. 2014 – Mar. 2015)	FY2015 (Apr. 2015 – Mar. 2016)
Net income attributable to the parent company (million yen)	95,828	111,936
Not attributable to common shareholders (million yen)	—	—
Net income net income attributable to the parent company with regard to the common shares (million yen)	95,828	111,936
Average number of common shares outstanding (thousand shares)	2,447,968	2,398,003

3. Basis for calculation of BPS is as follows.

	FY2014 (as of Mar. 31, 2015)	FY2015 (as of Mar. 31, 2016)
Shareholders' equity (million yen)	1,087,262	1,115,172
Deduction from shareholders' equity (million yen)	17,747	14,900
-Shares of minority shareholders (million yen)	17,747	14,900
Net shareholders' equity attributable to common shares (million yen)	1,069,515	1,100,271
Number of shares to calculate BPS (thousand shares)	2,440,238	2,390,078

6) (Material subsequent events)

1. The Company resolved at the meeting of Board of Directors held on April 28, 2016 that it would acquire its own shares of stock based on 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.
   The repurchases of shares are to be carried out as described below:

(1) No. of shares to be repurchased: Up to 100 million shares (4.2% of the common shares outstanding)
(2) Total value of stock repurchased: Up to ¥41,000 million
(3) Period of acquisitions: May 2, 2016 – March 31, 2017

2. Tokyo Gas realigned the businesses and has taken several steps to enhance its businesses based on the main measures for FY2015 through FY2017 as stipulated in the "Challenge 2010 Vision. In line with the strategy, "electric power business" and "overseas business" became independent segments. In addition, "gas appliances and installation work," “other energy" and "others" were reorganized as "energy related" and "other business," respectively. Including the "city gas" and "real estate," the Company now has six segments. The business results by the six segments will be announced from the first quarter of FY2016.
   In addition, this will enable the company to manage the business management by segment in light of the equity in net income (loss) of affiliated companies.
   The effects of the realignment of segments are in the process of being calculated.

VI. Non-Consolidated Financial Statements
(1)Balance sheets

(Unit: million yen)

	FY2014 (as of Mar. 31, 2015)	FY2015 (as of Mar. 31, 2016)
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	177,784	246,178
Distribution facilities	460,376	533,233
Service and maintenance facilities	55,485	54,945
Facilities for incidental businesses	2,623	4,940
Inactive facilities	387	316
Construction in progress	147,349	59,290
Total property, plant and equipment	844,007	898,904
Intangible assets		
Patent right	10	12
Leasehold right	1,662	1,692
Other intangible assets	31,181	40,065
Total intangible assets	32,855	41,770
Investments and other assets		
Investment securities	86,234	72,600
Investments in subsidiaries and associates	304,597	295,353
Long-term loans receivable	66	60
In-house long-term loans receivable	12	—
Long-term loans receivable from subsidiaries and associates	99,693	89,327
Investments in capital	13	13
Long-term prepaid expenses	11,106	17,943
Prepaid pension cost	6,051	7,420
Deferred tax assets	11,930	14,568
Other investments and other assets	7,026	6,371
Allowance for doubtful accounts	(768)	(240)
Total investments and other assets	525,963	503,419
Total non-current assets	1,402,826	1,444,094
Current assets		
Cash and deposits	28,329	93,518
Notes receivable - trade	1,196	1,034
Accounts receivable - trade	166,086	120,170
Accounts receivable from subsidiaries and associates - trade	42,501	48,180
Accounts receivable - other	21,992	7,518
Securities	43,000	—
Finished goods	123	86
Raw materials	49,849	29,775
Supplies	10,871	10,092
Advance payments	12	2,009
Prepaid expenses	1,107	942
Short-term receivables from subsidiaries and associates	8,810	7,566
Deferred tax assets	9,344	6,901
Other current assets	41,711	39,248
Allowance for doubtful accounts	(637)	(483)
Total current assets	424,298	366,562
Total assets	1,827,125	1,810,657

(Unit: million yen)

	FY2014 (as of Mar. 31, 2015)	FY2015 (as of Mar. 31, 2016)
Liabilities		
Non-current liabilities		
Bonds payable	312,697	284,997
Long-term loans payable	252,141	265,372
Long-term debt to subsidiaries and associates	340	347
Provision for retirement benefits	62,006	60,574
Provision for gas holder repairs	2,997	2,966
Provision for safety measures	868	466
Provision for product warranties	3,675	9,538
Provision for loss on guarantees	1,562	1,678
Asset retirement obligations	—	308
Other noncurrent liabilities	1,927	6,692
Total non-current liabilities	638,217	632,942
Current liabilities		
Current portion of non-current liabilities	35,263	38,195
Accounts payable - trade	69,162	47,902
Accounts payable - other	50,597	49,387
Accrued expenses	33,410	33,882
Income taxes payable	35,481	23,336
Advances received	6,850	5,048
Deposits received	2,047	1,766
Short-term debt to subsidiaries and associates	135,832	128,202
Provision for safety measures	3,812	—
Other current liabilities	5,484	9,972
Total current liabilities	377,943	337,693
Total liabilities	1,016,160	970,636
Net assets		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus		
Legal capital surplus	2,065	2,065
Total capital surpluses	2,065	2,065
Retained earnings		
Legal retained earnings	35,454	35,454
Other retained earnings		
Reserve for advanced depreciation of non-current assets	1,607	1,568
Reserve for overseas investment loss	13,129	12,369
Reserve for adjustment of cost fluctuations	141,000	141,000
General reserve	339,000	339,000
Retained earnings brought forward	119,973	156,978
Total retained earnings	650,165	686,371
Treasury shares	(3,715)	(4,441)
Total shareholders' equity	790,360	825,839
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	33,765	25,936
Deferred gains or losses on hedges	(13,159)	(11,756)
Total valuation and translation adjustments	20,605	14,180
Total net assets	810,965	840,020
Total liabilities and net assets	1,827,125	1,810,657

(2)Statements of income

(Unit: million yen)

	FY2014 (Apr. 2014 – Mar. 2015)	FY2015 (Apr. 2015 – Mar. 2016)
Product sales		
Gas sales	1,604,342	1,258,601
Total product sales	1,604,342	1,258,601
Cost of sales		
Beginning inventories	167	123
Cost of products manufactured	1,086,224	709,875
Purchase of finished goods	14,919	11,453
Costs of gas for own use	3,321	1,946
Ending inventories	123	86
Total cost of sales	1,097,866	719,419
Gross profit	506,476	539,182
Supply and sales expenses	334,167	335,969
General and administrative expenses	70,669	70,138
Total selling, general and administrative expenses	404,837	406,107
Income on core business	101,639	133,074
Miscellaneous operating revenue		
Revenue from installation work	42,429	41,034
Revenue from gas appliance sales	114,651	120,607
Third party access revenue	279	336
Other miscellaneous operating revenue	7,585	8,036
Total miscellaneous operating revenue	164,945	170,013
Miscellaneous operating expenses		
Expenses of installation work	41,476	40,392
Expenses of gas appliance sales	116,819	123,923
Total operating miscellaneous expenses	158,296	164,315
Revenue for incidental businesses		
Revenue from LNG sales	150,931	124,355
Revenue from power sales	133,986	101,581
Revenue from other incidental businesses	29,389	22,792
Total revenue for incidental businesses	314,307	248,730
Expenses for incidental businesses		
Expenses for LNG sales	143,935	109,381
Expense for power sales	123,185	101,056
Expenses for other incidental businesses	29,282	22,035
Total expenses for incidental businesses	296,403	232,474
Operating income	126,192	155,028

	FY2014 (Apr. 2014 – Mar. 2015)	FY2015 (Apr. 2015 – Mar. 2016)
Non-operating income		
Interest income	807	719
Interest on securities	11	22
Dividend income	1,663	1,653
Dividends from subsidiaries and affiliates	15,397	9,693
Rent income	3,536	4,080
Miscellaneous income	9,408	7,646
Total non-operating income	30,825	23,815
Non-operating expenses		
Interest expenses	4,373	4,560
Interest on bonds	6,276	5,953
Amortization of bond issuance cost	96	—
Balance on commissioned construction	2,095	2,270
Miscellaneous expenses	4,126	2,006
Total non-operating expenses	16,969	14,791
Ordinary income	140,048	164,052
Extraordinary income		
Gain on sales of non-current assets	1,947	—
Gain on sales of investment securities	5,060	—
Total extraordinary income	7,007	—
Extraordinary losses		
Impairment loss	—	144
Loss on reduction of non-current assets	503	—
Loss on valuation of investment securities	809	2,708
Loss on valuation of subsidiaries investment securities	—	31,263
Total extraordinary losses	1,313	34,116
Profit before income taxes	145,742	129,935
Income taxes - current	39,033	33,749
Income taxes - deferred	2,846	2,620
Total income taxes	41,879	36,369
Profit	103,863	93,566

(3)Statements of changes in net assets

Fiscal year ended March 31, 2015 (from Apr. 1, 2014 - Mar. 31, 2015)

(Unit: million yen)

	Shareholders' equity									
		Capital surplus		Retained earnings						
					Other retained earnings					
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	141,844	2,065	2,065	35,454	856	13,213	141,000	299,000	124,075	613,599
Cumulative effects of changes in accounting policies									(2,482)	(2,482)
Restated balance	141,844	2,065	2,065	35,454	856	13,213	141,000	299,000	121,593	611,117
Changes of items during period										
Provision of reserve for advanced depreciation of non-current assets					751				(751)	
Reversal of reserve for advanced depreciation of non-current assets										
Provision of reserve for overseas investment loss						356			(356)	
Reversal of reserve for overseas investment loss						(439)			439	
Provision of general reserve								40,000	(40,000)	
Dividends of surplus									(24,757)	(24,757)
Profit									103,863	103,863
Purchase of treasury shares										
Disposal of treasury shares										
Retirement of treasury shares									(40,057)	(40,057)
Net changes of items other than shareholders' equity										
Total changes of items during period	―	―	―	―	750	(83)	―	40,000	(1,619)	39,048
Balance at end of current period	141,844	2,065	2,065	35,454	1,607	13,129	141,000	339,000	119,973	650,165

(Unit: million yen)

	Shareholders' equity		Valuation and translation adjustments			
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance at beginning of current period	(3,643)	753,865	25,101	(5,686)	19,414	773,280
Cumulative effects of changes in accounting policies		(2,482)				(2,482)
Restated balance	(3,643)	751,383	25,101	(5,686)	19,414	770,797
Changes of items during period						
Provision of reserve for advanced depreciation of non-current assets						
Reversal of reserve for advanced depreciation of non-current assets						
Provision of reserve for overseas investment loss						
Reversal of reserve for overseas investment loss						
Provision of general reserve						
Dividends of surplus		(24,757)				(24,757)
Profit		103,863				103,863
Purchase of treasury shares	(40,132)	(40,132)				(40,132)
Disposal of treasury shares	3	4				4
Retirement of treasury shares	40,057					
Net changes of items other than shareholders' equity			8,664	(7,473)	1,190	1,190
Total changes of items during period	(71)	38,977	8,664	(7,473)	1,190	40,167
Balance at end of current period	(3,715)	790,360	33,765	(13,159)	20,605	810,965

Fiscal year ended March 31, 2016 (from Apr. 1, 2015 - Mar. 31, 2016)

(Unit: million yen)

	Shareholders' equity									
		Capital surplus		Retained earnings						
					Other retained earnings					
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	141,844	2,065	2,065	35,454	1,607	13,129	141,000	339,000	119,973	650,165
Cumulative effects of changes in accounting policies									—	—
Restated balance	141,844	2,065	2,065	35,454	1,607	13,129	141,000	339,000	119,973	650,165
Changes of items during period										
Provision of reserve for advanced depreciation of non-current assets					17				(17)	
Reversal of reserve for advanced depreciation of non-current assets					(56)				56	
Provision of reserve for overseas investment loss						134			(134)	
Reversal of reserve for overseas investment loss						(894)			894	
Provision of general reserve										
Dividends of surplus									(24,151)	(24,151)
Profit									93,566	93,566
Purchase of treasury shares										
Disposal of treasury shares										
Retirement of treasury shares									(33,207)	(33,207)
Net changes of items other than shareholders' equity										
Total changes of items during period	—	—	—	—	(38)	(760)	—	—	37,004	36,206
Balance at end of current period	141,844	2,065	2,065	35,454	1,568	12,369	141,000	339,000	156,978	686,371

(Unit: million yen)

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	(3,715)	790,360	33,765	(13,159)	20,605	810,965
Cumulative effects of changes in accounting policies		–				–
Restated balance	(3,715)	790,360	33,765	(13,159)	20,605	810,965
Changes of items during period						
Provision of reserve for advanced depreciation of non-current assets						
Reversal of reserve for advanced depreciation of non-current assets						
Provision of reserve for overseas investment loss						
Reversal of reserve for overseas investment loss						
Provision of general reserve						
Dividends of surplus		(24,151)				(24,151)
Profit		93,566				93,566
Purchase of treasury shares	(33,939)	(33,939)				(33,939)
Disposal of treasury shares	5	4				4
Retirement of treasury shares	33,207					
Net changes of items other than shareholders' equity			(7,828)	1,403	(6,424)	(6,424)
Total changes of items during period	(726)	35,479	(7,828)	1,403	(6,424)	29,055
Balance at end of current period	(4,441)	825,839	25,936	(11,756)	14,180	840,020

(4) Notes on non-consolidated financial statements

(Note on going concerns' premise)

Not applicable

VII . Others

(1) Management reshuffle

Management reshuffle has been disclosed on February 23, 2016.

(2) Non-consolidated operating results

<Gas Sales Volume for FY2015>

			FY2015 (actual)	FY2014 (actual)	Change	% change
No. of customers		Thousand	11,091	10,958	133	1.2
Gas sales volume	Residential	m^3	29.10	30.58	-1.48	-4.8
		Mil. m^3	3,263	3,377	-114	-3.4
	Business	Mil. m^3	2,520	2,591	-71	-2.7
	Industrial	Mil. m^3	7,052	7,053	-1	0.0
	Subtotal	Mil. m^3	9,572	9,644	-72	-0.7
	Supplies to other utilities	Mil. m^3	2,397	2,311	86	3.7
	Total	Mil. m^3	15,232	15,332	-100	-0.7
Average temperature		°C	16.6	16.0	0.6	—

<FY2015 Balance of Payments>

(Unit: hundred million yen)

Income			Change from previous year	Rate (%)	Expenses			Change from previous year	Rate (%)
Product sales	Gas sales	12,586	-3,457	-21.6	Operating expenses	Cost of sales	7,194	-3,784	-34.5
						Sales and administrative expenses	4,061	13	0.3
						Subtotal	11,255	-3,772	-25.1
Other sales	Installation work	410	-14	-3.3	Other expenses	Installation work	403	-11	-2.6
	Gas appliances, etc.	1,289	64	5.3		Gas appliances	1,239	71	6.1
	Incidental businesses	2,487	-656	-20.9		Incidental businesses	2,324	-640	-21.6
	Subtotal	4,187	-605	-12.6		Subtotal	3,967	-579	-12.7
Total net sales		16,773	-4,062	-19.5	Total expenses		15,223	-4,351	-22.2
					Operating income		1,550	289	22.9
Non-operating income		238	-70	-22.7	Non-operating expenses		147	-22	-12.8
					Ordinary income		1,640	240	17.1
Extraordinary income		—	-70	-100.0	Extraordinary loss		341	328	—
					Net income		935	-103	-9.9

Notes:

1 Cost of sales includes gas resource cost of ¥689.1 billion (down by ¥380.2 billion, or -35.6%, year on year).

2 Non-operating expenses include interest expenses of ¥10.5 billion (down by ¥0.1 billion, or -1.5%, year on year).

<Capital Expenses>

(Unit: hundred million yen)

	FY2014 (Actual)		FY2015 (Actual)		FY2016 (Projection)	
		(%)		(%)		(%)
Production facilities	359	22.6	380	20.8	247	14.0
Distribution facilities	1,014	63.9	1,077	58.9	1,002	56.6
Business facilities	210	13.2	358	19.6	499	28.2
Associated business facilities	3	0.3	11	0.6	20	1.2
Total	1,587	100.0	1,828	100.0	1,770	100.0

(Unit: hundred million yen)

Terminal-related facilities (production facilities)	FY2014 (Actual)	FY2015 (Actual)	FY2016 (Projection)
Sodegaura Terminal	53	59	56
Negishi Terminal	46	57	33
Ohgishima Terminal	17	14	20
Hitachi LNG terminal	236	238	127
Total	352	368	236

Mains and branches (distribution facilities)	FY2014 (Actual)		FY2015 (Actual)		FY2016 (Projection)	
Demand-development mains and branches	(601km)	284	(564km)	272	(670km)	290
Safety measure mains and branches	(342km)	232	(381km)	275	(360km)	267
Planned mains and branches	(83km)	306	(52km)	334	(49km)	187
Urban development mains and branches	(31km)	11	(33km)	10	(36km)	8
Total	(1,058km)	835	(1,030km)	892	(1,115km)	754