

**Consolidated Financial Results Bulletin for the 1st Quarter Ended June 30, 2016****(J-GAAP)****Tokyo Gas Co., Ltd.**

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

Location of head office: Tokyo

Scheduled date of the filing of quarterly report: August 15, 2016  
 Scheduled date of the start of dividend payments: —  
 Preparation of 1Q earnings presentation material (yes/no): **Yes**  
 Holding of 1Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

**1. Consolidated Performance for 1st Quarter (from April 1, 2016 to June 30, 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	
Three months ended Jun. 30, 2016	375,716	-22.9%	47,101	-50.2%	47,203	-49.5%	39,187	-46.6%
Three months ended Jun. 30, 2015	487,380	-8.7%	94,538	57.5%	93,391	56.6%	73,410	64.0%

Note: Total comprehensive income

Three months ended June 30, 2016: 27,109 million yen (-64.5%)      Three months ended June 30, 2015: 76,406 million yen (77.6%)

	Net income per share	Diluted net income per share
Three months ended Jun. 30, 2016	16.71 yen	—
Three months ended Jun. 30, 2015	30.31 yen	—

**(2) Consolidated Financial Position**

(Unit: million yen)

	Total assets	Net assets	Equity ratio
As of Jun. 30, 2016	2,088,025	1,082,382	51.3%
As of Mar. 31, 2016	2,251,518	1,115,172	48.9%

Reference: Shareholders' equity

As of Jun. 30, 2016: 1,071,752 million yen      As of March 31, 2016: 1,100,271 million yen

**2. Dividend**

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
FY2015 ended Mar. 31, 2016	—	5.00	—	6.00	11.00
FY2016 ending Mar. 31, 2017	—				
FY2016 ending Mar. 31, 2017 (Forecast)		5.50	—	5.50	11.00

Note: Revision to the dividend forecast that has been disclosed lastly: No

### 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	709,000	-21.3%	23,000	-79.1%	20,000	-81.3%	15,000	-81.4%	6.46 yen
Full-year	1,591,000	-15.6%	48,000	-75.0%	40,000	-78.8%	35,000	-68.7%	15.16 yen

#### (2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Net assets	Equity ratio
Full-year	2,188,000	1,018,000	45.8%

Reference: Shareholders' equity 1,002,000 million yen

Note: Revision to the consolidated results forecast that has been disclosed lastly: *Yes*

#### \*Notes

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

(2) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation (yes/no): *Yes*

Note: Please see page 5 of the Attachment, "2. Summary Information (Notes): (1) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation" for details.

(3) 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 5 of the Attachment, "2. Summary Information (Notes): (2) Changes in accounting policies or estimates and retrospective restatements" for details.

(4) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	Jun 30, 2016	2,396,778,295	Mar. 31, 2016	2,396,778,295
2) Number of shares of treasury stock at end of period:	Jun 30, 2016	99,434,279	Mar. 31, 2016	6,700,416
3) Average number of shares during period:	Apr. – Jun. 2016	2,345,255,532	Apr. – Jun. 2015	2,421,635,385

\* 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 Financial 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

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 3 of the Attachment, "1. Qualitative Information on 1st Quarter Results: (3) Qualitative information on consolidated results forecast" for details.

2. The information related to this Financial Results will be posted on the Web site of the Company.

**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	622,000	-22.7%	13,000	-86.2%	23,000	-76.7%	47,000	46.0%	20.25 yen
Full-year	1,393,000	-17.0%	26,000	-83.2%	34,000	-79.3%	59,000	-10.5%	25.56 yen

Note: Revision to the non-consolidated results forecast that has been disclosed lastly: *Yes*

## Contents of Attachment

<b>1. Qualitative Information on 1st Quarter Results</b> .....	<b>2</b>
(1) Qualitative information on consolidated business performance .....	2
(2) Qualitative information on consolidated financial position.....	3
(3) Qualitative information on consolidated results forecast .....	3
<b>2. Summary Information (Notes)</b> .....	<b>5</b>
(1) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation .....	5
(2) Changes in accounting policies or estimates and retrospective restatements .....	5
(3) Additional Information.....	5
<b>3. Consolidated Financial Statements</b> .....	<b>6</b>
(1) Consolidated balance sheets .....	6
(2) Consolidated statements of income and comprehensive income .....	8
Consolidated statement of income .....	8
(Three months ended June 30, 2016)	
Consolidated statement of comprehensive income .....	9
(Three months ended June 30, 2016)	
(3) Notes on consolidated financial statements .....	10
(Note on going concerns' premise) .....	10
(Significant changes in shareholders' equity).....	10
(Segment information) .....	11
<b>4. Supplementary Information</b> .....	<b>13</b>
(1) Non-consolidated 1st quarter business performance .....	13

## 1. Qualitative Information on 1st Quarter Results

### (1) Qualitative information on consolidated business performance

With effect from the first quarter of FY2016, the reporting segments were changed. Therefore, the comparison of figures between 1Q of FY2015 and 1Q of FY2016 is made by changing the reporting segments for FY 2015. Please see page 12 “(Note) Matters concerning the change of reporting segment etc.” for details.

Gas sales volume for the first quarter of FY2016 (April 1-June 30, 2016) increased 1.8% year-on-year to 3,604 million m<sup>3</sup>. This increase was mainly attributable to an increase in supplies to other utilities due to a rise in their demand, etc. as well as an increase in industrial demand especially for electric power generation. Although gas sales volume increased, falling sales unit prices under the gas rate adjustment system with decline of oil price caused city gas sales to decrease 26.3% year-on-year to ¥256.8 billion.

A decrease in city gas sales, a decline in energy-related sales (those of LNG, gas appliances) and other factors resulted in a 22.9% decrease year-on-year in consolidated net sales to ¥375.7 billion.

Thanks to efforts to further increase management efficiency and reduce expenses to the maximum extent possible, lower gas resource costs due to falling crude oil prices, combined with a decrease in energy-related expenses (those of sales of LNG, gas appliances, etc.), resulted in a 16.3% decrease year-on-year in operating expenses to ¥328.6 billion.

As a result, operating income decreased 50.2% year-on-year to ¥47.1 billion, and ordinary income also decreased 49.5% year-on-year to ¥47.2 billion. The quarterly net income attributable to the parent company decreased 46.6% year-on-year to ¥39.1 billion after recording the extraordinary gain on sale of investment securities in the amount of ¥2.9 billion and income taxes, etc.

Because the city gas business accounts for the majority of net sales, seasonal fluctuations of the business due to factors, including average temperatures, may have a significant impact on net sales.

### <Consolidated Gas Sales Volume for Three Months Ended June 30, 2016>

			Apr. – Jun. 2016	Apr. – Jun. 2015	Change	% change
No. of customers		Thousands	11,418	11,285	133	1.2
Gas sales volume	Residential	m <sup>3</sup>	28.39	28.60	-0.21	-0.7
		Mil. m <sup>3</sup>	828	821	7	0.8
	Commercial	Mil. m <sup>3</sup>	578	593	-15	-2.5
	Industrial	Mil. m <sup>3</sup>	1,691	1,656	35	2.1
	Subtotal	Mil. m <sup>3</sup>	2,269	2,249	20	0.9
	Supplies to other utilities	Mil. m <sup>3</sup>	507	468	39	8.3
	Total	Mil. m <sup>3</sup>	3,604	3,538	66	1.8
Average temperature		°C	17.3	17.6	-0.3	—

Notes:

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

The aforementioned notes also apply to the relevant tables.

### (Foreign Exchange Rate and Crude Oil Price)

¥/\$ rate	Apr. – Jun. 2016	Apr. – Jun. 2015	Change	Crude oil price (\$/bbl)	Apr. – Jun. 2016	Apr. – Jun. 2015	Change
	108.16	121.43	-13.27		41.09	59.59	-18.50

## (2) Qualitative information on consolidated financial position

Total assets as of June 30, 2016 totaled ¥2,088.0 billion, marking a ¥163.5 billion decrease from March 31, 2016. A decrease in cash and deposits due to the redemption of debentures, etc. and a fall in the amount of notes and accounts receivable-trade due to seasonal factors resulted in an overall decline.

Net assets totaled ¥1,082.3 billion, reflecting an increase due to the recording of net income attributable to the shareholders of the parent company for the quarter (¥39.1 billion) and a decrease due to purchases of treasury stock in the market (¥40.4 billion) and the payment of dividends from surplus (¥14.3 billion).

Since the decrease ratio of shareholders' equity (calculated as the total of shareholders' equity and accumulated other comprehensive income) was lower than the decrease ratio of total assets, the shareholders' equity ratio rose 2.4 percentage points to 51.3 %.

## (3) Qualitative information on consolidated results forecast

With regard to our economic framework assumptions of a foreign exchange rate of ¥115.00/\$ and an average crude oil price of \$37.50/bbl (\$35.00/bbl in 1H and \$40.00/bbl in 2H) used in the forecast for consolidated business results included in the Consolidated Financial Results Bulletin for the Fiscal Year Ended March 31, 2016, announced on April 28, 2016, we have revised our assumptions of the foreign exchange rate and the average crude oil price to ¥105.00/\$ and \$45.00/bbl, respectively, from July 2016. Therefore, the foreign exchange rate and the crude price for FY2016 are estimated to be ¥105.79/\$ and \$44.02/bbl, respectively.

As a result, we have raised upward our previous forecast for consolidated net sales of Tokyo Gas and its subsidiaries to ¥1,591.0 billion (up by ¥10.0 billion), but we have left unchanged our previous forecast for operating income (¥48.0 billion), ordinary income (¥40.0 billion) and net income attributable to the parent company (¥35.0 billion).

On a non-consolidated basis, we have revised our forecasts for non-consolidated business results included in the Consolidated Financial Results Bulletin for the Fiscal Year Ended March 31, 2016, announced on April 28, 2016. We have raised our net sales forecast to ¥1,393.0 billion (up ¥16.0 billion), due mainly to increasing unit sales prices under the revision of economic framework assumptions. By contrast, we have revised down our previous forecasts on operating income to ¥26.0 billion (down ¥2.0 billion), ordinary income to ¥34.0 billion (down ¥6.0 billion) and net income to ¥59.0 billion (down ¥6.0 billion), due mainly to increasing gas resource costs under the revision of economic framework assumptions.

As for the period April to September 2016, we have revised down our previous forecasts on net sales to ¥709.0 billion (down ¥9.0 billion from the former forecast on the Consolidated Financial Results Bulletin for the Fiscal Year Ended March 31, 2016, announced on April 28, 2016), operating income to ¥23.0 billion (down ¥3.0 billion), ordinary income to ¥20.0 billion (down ¥2.0 billion), and net income attributable to the parent company to ¥15.0 billion (down ¥1.0 billion).

### 1) Consolidated Business Results

#### a. Gas sales volume forecast for FY2016

			FY2016 (Forecast)	FY2015 (Results)	Change	% change
Gas sales volume	Residential	Mil. m <sup>3</sup>	3,492	3,365	127	3.8
	Commercial	Mil. m <sup>3</sup>	2,709	2,678	31	1.2
	Industrial	Mil. m <sup>3</sup>	7,180	7,233	-53	-0.7
	Subtotal	Mil. m <sup>3</sup>	9,889	9,911	-22	-0.2
	Supplies to other utilities	Mil. m <sup>3</sup>	2,175	2,161	14	0.7
	Total	Mil. m <sup>3</sup>	15,556	15,436	120	0.8
Average temperature		°C	16.1	16.6	-0.5	—

#### 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)	15,910	10,273	5,637	480	400	350
FY2015 (results)	18,846	12,946	5,899	1,920	1,888	1,119
Change	-2,936	-2,673	-262	-1,440	-1,488	-769
% change	-15.6%	-20.7%	-4.5%	-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 <sup>3</sup>	3,437	3,263	174	5.3
	Commercial	Mil. m <sup>3</sup>	2,643	2,520	123	4.9
	Industrial	Mil. m <sup>3</sup>	7,074	7,052	21	0.3
	Subtotal	Mil. m <sup>3</sup>	9,717	9,572	145	1.5
	Supplies to other utilities	Mil. m <sup>3</sup>	2,209	2,397	-188	-7.8
	Total	Mil. m <sup>3</sup>	15,363	15,232	131	0.9

b. Forecast for FY2016

(Unit: hundred million yen)

	Net sales		Operating income	Ordinary income	Net income
	Gas sales	Other sales			
FY2016 (forecast)	13,930	9,980	260	340	590
FY2015 (results)	16,773	12,586	1,550	1,640	935
Change	-2,843	-2,606	-1,290	-1,300	-345
% change	-17.0%	-20.7%	-83.2%	-79.3%	-36.9%

(Foreign Exchange Rate and Crude Oil Price)

¥/\$ rate	FY2016 (Forecast)	FY2015 (Results)	Change	Crude oil price (\$/bbl)	FY2016 (Forecast)	FY2015 (Results)	Change
		105.79	120.17		-14.38		44.02

## **2. Summary Information (Notes)**

### **(1) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation**

#### Calculation of taxes

Taxes are calculated by multiplying income before income taxes for the first-quarter period under review by the reasonably estimated effective tax rate subsequent to the application of tax effect accounting to the income before income taxes for the current consolidated fiscal year ending March 31, 2017 including the first quarter under review.

### **(2) Changes in accounting policies or estimates and retrospective restatements**

#### Change in accounting principle

Due to the revision of the Corporation Tax Act, the Company applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (the Practical Issues Task Force No.32 dated June 17, 2016) from the first quarter of FY2016. Therefore, for the equipment attached to buildings and structures which were acquired on and after April 1, 2016, the depreciation method was changed from the declining-balance method to the straight-line method.

The effect of these changes on profit and loss was immaterial.

### **(3) Additional Information**

The Company applied the “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (the Application Guidelines for Accounting Standards No.26. dated March 28, 2016) from the first quarter of FY2016.



## 3.Consolidated Financial Statements

## (1)Consolidated balance sheets

(Unit: million yen)

	FY2015 (as of Mar. 31, 2016)	1st Quarter of FY2016 (as of Jun. 30, 2016)
<b>Assets</b>		
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Production facilities	241,842	240,625
Distribution facilities	550,713	545,214
Service and maintenance facilities	59,560	52,678
Other facilities	351,950	398,144
Inactive facilities	316	316
Construction in progress	107,685	134,719
<b>Total property, plant and equipment</b>	<b>1,312,068</b>	<b>1,371,698</b>
<b>Intangible assets</b>		
Goodwill	841	2,498
Other intangible assets	136,348	59,629
<b>Total intangible assets</b>	<b>137,189</b>	<b>62,127</b>
<b>Investments and other assets</b>		
Investment securities	179,410	168,748
Long-term loans receivable	24,013	22,638
Net defined benefit asset	229	18
Deferred tax assets	40,447	40,052
Other investments and other assets	34,741	35,525
Allowance for doubtful accounts	(394)	(1,859)
<b>Total investments and other assets</b>	<b>278,447</b>	<b>265,125</b>
<b>Total non-current assets</b>	<b>1,727,705</b>	<b>1,698,951</b>
<b>Current assets</b>		
Cash and deposits	170,262	85,614
Notes and accounts receivable - trade	201,344	147,668
Lease receivables and investment assets	24,054	23,171
Merchandise and finished goods	3,501	2,441
Work in process	10,784	16,124
Raw materials and supplies	46,525	42,540
Deferred tax assets	8,004	9,712
Other current assets	59,808	62,141
Allowance for doubtful accounts	(472)	(341)
<b>Total current assets</b>	<b>523,812</b>	<b>389,073</b>
<b>Total assets</b>	<b>2,251,518</b>	<b>2,088,025</b>

(Unit: million yen)

	FY2015 (as of Mar. 31, 2016)	1st Quarter of FY2016 (as of Jun. 30, 2016)
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bonds payable	284,997	284,997
Long-term loans payable	363,393	343,407
Deferred tax liabilities	11,321	11,328
Net defined benefit liability	89,405	83,824
Provision for gas holder repairs	3,455	3,448
Reserve for safety measures	466	463
Provision for appliance warranties	9,538	9,713
Provision for loss on guarantees	1,678	—
Asset retirement obligations	10,695	10,261
Other noncurrent liabilities	24,490	23,749
<b>Total non-current liabilities</b>	<b>799,443</b>	<b>771,194</b>
<b>Current liabilities</b>		
Current portion of non-current liabilities	47,044	28,032
Notes and accounts payable - trade	82,352	61,358
Short-term loans payable	16,512	12,788
Income taxes payable	28,914	14,691
Deferred tax liabilities	1	1
Asset retirement obligations	53	53
Other current liabilities	162,023	117,522
<b>Total current liabilities</b>	<b>336,903</b>	<b>234,447</b>
<b>Total liabilities</b>	<b>1,136,346</b>	<b>1,005,642</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	141,844	141,844
Capital surplus	1,878	1,883
Retained earnings	910,353	934,533
Treasury shares	(4,441)	(44,942)
<b>Total shareholders' equity</b>	<b>1,049,634</b>	<b>1,033,318</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	26,298	21,279
Deferred gains or losses on hedges	(2,573)	(2,787)
Foreign currency translation adjustment	44,945	33,951
Remeasurements of defined benefit plans	(18,033)	(14,009)
<b>Total accumulated other comprehensive income</b>	<b>50,636</b>	<b>38,433</b>
<b>Non-controlling interests</b>	<b>14,900</b>	<b>10,630</b>
<b>Total net assets</b>	<b>1,115,172</b>	<b>1,082,382</b>
<b>Total liabilities and net assets</b>	<b>2,251,518</b>	<b>2,088,025</b>

(2) Consolidated statements of income and comprehensive income  
(Consolidated statement of income)  
(Three months ended June 30, 2016)

(Unit: million yen)

	Three Months of FY2015 (Apr.-Jun., 2015)	Three Months of FY2016 (Apr.-Jun., 2016)
Net sales	487,380	375,716
Cost of sales	287,067	216,386
Gross profit	200,313	159,329
Selling, general and administrative expenses		
Supply and sales expenses	89,595	96,292
General and administrative expenses	16,179	15,936
Total selling, general and administrative expenses	105,775	112,228
Operating income	94,538	47,101
Non-operating income		
Interest income	141	190
Dividend income	942	1,358
Share of profit of entities accounted for using equity method	491	658
Miscellaneous income	1,819	2,185
Total non-operating income	3,395	4,392
Non-operating expenses		
Interest expenses	3,031	2,817
Miscellaneous expenses	1,510	1,472
Total non-operating expenses	4,542	4,290
Ordinary income	93,391	47,203
Extraordinary income		
Gain on sales of investment securities	—	2,916
Total extraordinary income	—	2,916
Profit before income taxes	93,391	50,120
Income taxes	19,666	10,787
Profit	73,724	39,332
Profit attributable to non-controlling interests	313	144
Profit attributable to owners of parent	73,410	39,187

(Consolidated statement of comprehensive income)  
(Three months ended June 30, 2016)

(Unit: million yen)

	Three Months of FY2015 (Apr.-Jun., 2015)	Three Months of FY2016 (Apr.-Jun., 2016)
Profit	73,724	39,332
Other comprehensive income		
Valuation difference on available-for-sale securities	6,506	(5,038)
Deferred gains or losses on hedges	(455)	(52)
Foreign currency translation adjustment	(2,764)	(9,048)
Remeasurements of defined benefit plans, net of tax	364	4,020
Share of other comprehensive income of entities accounted for using equity method	(968)	(2,103)
Total other comprehensive income	2,682	(12,222)
Comprehensive income	76,406	27,109
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	76,065	26,984
Comprehensive income attributable to non-controlling interests	340	125

### **(3) Notes on consolidated financial statements**

#### **(Note on going concerns' premise)**

Not applicable

#### **(Significant changes in shareholders' equity)**

##### Purchase of treasury stock

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.

- Purchase period                                 May 10 – June 30, 2016 (contract basis)
- Number of shares purchased                 92,709 thousand shares
- Total amount of purchase                   ¥40,489 million
- Purchase method                             Market buying by specified fund trust on the Tokyo Stock Exchange

The acquisition of treasury stock including above, as per the resolution passed by the Board of Directors on April 28, 2016, was completed with the purchases made by July 1, 2016.

- Purchase period                                 May 10 – July 1, 2016 (contract basis)
- Number of shares purchased                 93,922 thousand shares
- Total amount of purchase                   ¥40,999 million
- Purchase method                             Market buying by specified fund trust on the Tokyo Stock Exchange

**(Segment information)**

(Information related to net sales and profit and loss amounts by reporting segment)

Three months ended June 30, 2015 (from Apr. 1 – Jun. 30, 2015)

(Unit: million yen)

	Reporting segment						Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement (Note 3)
	City gas	Power	Overseas	Energy- related	Real estate	Total				
Net sales										
External sales	336,865	29,529	8,548	102,084	4,721	481,750	5,630	487,380	—	487,380
Intersegment sales & transfers	11,477	90	28	19,720	4,998	36,315	11,618	47,933	(47,933)	—
Total	348,343	29,619	8,577	121,805	9,720	518,065	17,248	535,314	(47,933)	487,380
Segment income										
Operating income (loss)	87,618	3,333	2,357	8,803	1,794	103,908	681	104,590	(10,051)	94,538
Investment gain (loss) on equity method	—	—	496	—	—	496	(5)	491	—	491
Total	87,618	3,333	2,854	8,803	1,794	104,405	676	105,081	(10,051)	95,029

## Notes:

1. The “Others” segment indicates businesses not included in the reporting segments, including information processing service, shipping business, and credit/lease financial services, etc.
2. The ¥(10,051) million segment income adjustment includes ¥351 million in eliminations for intersegment transactions and ¥(10,403) 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 the operating income recorded in the consolidated statement of income which is adjusted by investment gain (loss) on equity method.

Three months ended June 30, 2016 (from Apr. 1 – Jun. 30, 2016)

(Unit: million yen)

	Reporting segment						Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement (Note 3)
	City gas	Power	Overseas	Energy- related	Real estate	Total				
Net sales										
External sales	248,086	27,269	7,371	83,309	4,867	370,903	4,813	375,716	—	375,716
Intersegment sales & transfers	8,762	37	5	17,422	5,194	31,422	14,007	45,429	(45,429)	—
Total	256,848	27,306	7,376	100,731	10,062	402,315	18,820	421,146	(45,429)	375,716
Segment income										
Operating income (loss)	50,155	327	533	4,606	2,201	57,824	219	58,044	(10,942)	47,101
Investment gain (loss) on equity method	—	—	670	—	—	670	(11)	658	—	658
Total	50,155	327	1,203	4,606	2,201	58,494	207	58,702	(10,942)	47,759

Notes:

1. The “Others” segment indicates businesses not included in the reporting segments, including information processing service, shipping business, and credit/lease financial services, etc.
2. The ¥(10,942) million segment income adjustment includes ¥572 million in eliminations for intersegment transactions and ¥(11,514) 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 the operating income recorded in the consolidated statement of income which is adjusted by investment gain (loss) on equity method.

(Note) Matters concerning the change of reporting segment, etc.

To achieve the Challenge 2020 Vision, the Company reviewed the conventional group management system and decided to introduce a new group management system from FY2016. With effect from the first quarter of FY2016, therefore, the reporting segments were changed to “city gas,” “power,” “overseas,” “energy-related” and “real estate.”

The segment information for the first quarter of FY2016 was prepared based on the revised reporting segments.

#### 4. Supplementary Information

##### (1) Non-consolidated 1st quarter business performance

##### <Gas Sales Volume for Three Months Ended June 30, 2016>

			Apr. – Jun. 2016	Apr. – Jun. 2015	Change	% change
No. of customers		Thousands	11,271	10,980	291	2.7
Gas sales volume	Residential	m <sup>3</sup>	28.24	28.45	-0.21	-0.7
		Mil. m <sup>3</sup>	809	795	14	1.8
	Commercial	Mil. m <sup>3</sup>	560	560	0	-0.0
	Industrial	Mil. m <sup>3</sup>	1,661	1,614	47	2.9
	Subtotal	Mil. m <sup>3</sup>	2,221	2,174	47	2.2
	Supplies to other utilities	Mil. m <sup>3</sup>	527	520	7	1.4
	Total	Mil. m <sup>3</sup>	3,557	3,488	69	2.0
Average temperature		°C	17.3	17.6	-0.3	—

##### <Balance of Payments for Three Months Ended June 30, 2016>

(Unit: hundred million yen)

Income		Change from First 3M of FY2015	Rate (%)	Expenses		Change from First 3M of FY2015	Rate (%)		
Product sales	Gas sales	2,496	-896	-26.4	Operating expenses	Cost of sales	1,127	-590	-34.4
						Sales and administrative expenses	1,020	83	8.8
						Subtotal	2,147	-508	-19.1
Other sales	Installation work	84	6	7.6	Other expenses	Installation work	86	6	7.3
	Gas appliances, etc.	239	-29	-10.7		Gas appliances	214	-21	-8.5
	Incidental businesses	499	-128	-20.4		Incidental businesses	478	-68	-12.5
	Subtotal	823	-151	-15.5		Subtotal	779	-82	-9.5
Total net sales		3,319	-1,048	-24.0	Total expenses		2,927	-590	-16.8
					Operating income		392	-457	-53.8
Non-operating income		76	-15	-16.1	Non-operating expenses		36	2	6.6
					Ordinary income		432	-474	-52.3
Extraordinary income		317	317	—	Extraordinary loss		—	—	—
					Net income		649	-87	-11.8

Notes:

1. Cost of sales includes gas resource cost of ¥103.0 billion (decreased by ¥62.2 billion, or 37.7%, year on year).
2. Non-operating expenses include interest expenses of ¥2.4 billion (decreased by ¥0.2 billion, or 7.0%, year on year).