

# Consolidated Financial Results Bulletin for the 2nd Quarter Ended September 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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 Contact: Mr. Narumi TOMITA, General Manager,  
 Consolidated Settlements Group

**Stock listings:**  
 Tokyo Stock Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

Scheduled date of the filing of quarterly report: November 14, 2016  
 Scheduled date of the start of dividend payments: November 30, 2016  
 Preparation of 2Q earnings presentation material (yes/no): **Yes**  
 Holding of 2Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

## 1. Consolidated Performance for 2nd Quarter (from April 1, 2016 to - September 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	
Six months ended Sep. 30, 2016	707,780	-21.5%	36,207	-67.1%	34,384	-67.9%	26,496	-67.1%
Six months ended Sep. 30, 2015	901,418	-12.6%	110,061	47.6%	107,000	47.4%	80,600	41.3%

Note: Total comprehensive income

Six months ended September 30, 2016: 1,202 million yen (-98.5%) Six months ended September 30, 2015: 82,461 million yen (84.4%)

	Net income per share	Diluted net income per share
Six months ended Sep. 30, 2016	11.42 yen	—
Six months ended Sep. 30, 2015	33.50 yen	—

## (2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Net assets	Equity ratio
As of Sep. 30, 2016	2,078,319	1,055,953	50.3%
As of Mar. 31, 2016	2,251,518	1,115,172	48.9%

Reference: Shareholders' equity

As of September 30, 2016: 1,045,218 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	—	5.50			
FY2016 ending Mar. 31, 2017 (Forecast)			—	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 corresponding period of previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company		Net income per share
		%		%		%		%	Yen
Full-year	1,596,000	-15.3	56,000	-70.8	48,000	-74.6	41,000	-63.4	17.76

#### (2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Net assets	Equity ratio
Full-year	2,185,000	1,027,000	46.3%

Reference: Shareholders' equity: 1,011,000 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):	Sep. 30, 2016	2,302,856,295	Mar. 31, 2016	2,396,778,295
2) Number of shares of treasury stock at end of period:	Sep. 30, 2016	6,752,413	Mar. 31, 2016	6,700,416
3) Average number of shares during period:	Apr. – Sep. 2016	2,320,685,124	Apr. – Sep. 2015	2,405,900,019

\* 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 2nd Quarter Results: (3) Qualitative information on consolidated results forecast” for details.

2. Supplementary explanation materials for financial results will be posted on the Company’s website.

\*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
		%		%		%		%	Yen
Full-year	1,403,000	-16.4	30,000	-80.6	37,000	-77.4	61,000	-34.8	26.43

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

## Contents of Attachment

<b>1. Qualitative Information on 2nd 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
(Six months ended September 30, 2016)	
Consolidated statement of comprehensive income .....	9
(Six months ended September 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 2nd Quarter business performance .....	13

## 1. Qualitative Information on 2nd 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 2Q of FY2015 and 2Q of FY2016 is made by changing the reporting segments for FY2015. Please see page 12 “(Note) Matters concerning the change of reporting segment etc.” for details.

Gas sales volume for the 2nd Quarter of FY2016 (April 1–September 30, 2016) increased 0.4% year-on-year to 7,210 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., despite a decrease in business demand due to a drop in the usage by existing customers. Furthermore, falling sales unit prices under the gas rate adjustment system with the decline of oil prices caused city gas sales to decrease 26.0% year-on-year to ¥462.2 billion.

A decrease in city gas sales, a decline in energy-related sales (those of LNG, gas appliances) and other factors resulted in a 21.5% decrease year-on-year in consolidated net sales to ¥707.7 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 15.1% decrease year-on-year in operating expenses to ¥671.5 billion.

As a result, operating income decreased 67.1% year-on-year to ¥36.2 billion, and ordinary income also decreased 67.9% year-on-year to ¥34.3 billion. The quarterly net income attributable to the parent company decreased 67.1% year-on-year to ¥26.4 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 Six Months Ended September 30, 2016>

		Apr. – Sep. 2016	Apr. – Sep. 2015	Change	% change	
No. of customers	Thousands	11,448	11,315	133	1.2	
Gas sales volume	Residential	m <sup>3</sup>	21.73	22.21	-0.48	-2.2
		Mil. m <sup>3</sup>	1,268	1,276	-8	-0.6
	Commercial	Mil. m <sup>3</sup>	1,296	1,317	-21	-1.6
	Industrial	Mil. m <sup>3</sup>	3,612	3,607	5	0.1
	Subtotal	Mil. m <sup>3</sup>	4,908	4,924	-16	-0.3
	Supplies to other utilities	Mil. m <sup>3</sup>	1,034	984	50	5.1
Total	Mil. m <sup>3</sup>	7,210	7,184	26	0.4	
Average temperature	°C	21.5	21.4	0.1	—	

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. – Sep. 2016	Apr. – Sep. 2015	Change	Crude oil price (\$/bbl)	Apr. – Sep. 2016	Apr. – Sep. 2015	Change
	105.25	121.87	-16.62		43.75	58.84	-15.09

## (2) Qualitative information on consolidated financial position

Total assets as of September 30, 2016 totaled ¥2,078.3 billion, marking a ¥173.2 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 ¥1,055.9 billion, reflecting an increase due to the recording of net income attributable to the shareholders of the parent company for the quarter (¥26.4 billion) and a decrease due to purchases of treasury stock in the market (¥40.9 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 1.4 percentage points to 50.3 %.

## (3) Qualitative information on consolidated results forecast

With regard to our economic framework assumptions of a foreign exchange rate of ¥105.00/\$ and an average crude oil price of \$45.00/bbl used in the forecast for consolidated business results included in the Consolidated Financial Results Bulletin for the 1st Quarter ended June 30, 2016, announced on July 29, 2016, we have not revised our assumptions. Therefore, the foreign exchange rate and the crude oil price for FY2016 are estimated to be ¥105.13/\$ and \$44.38/bbl, respectively.

As a result, we have raised upward our previous forecast for consolidated net sales of Tokyo Gas and its subsidiaries to ¥1,596.0 billion (up by ¥5.0 billion), operating income to ¥56.0 billion (up by ¥8.0 billion), ordinary income to ¥48.0 billion (up by ¥8.0 billion) and net income attributable to the parent company to ¥41.0 billion (up by ¥6.0 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 1st Quarter ended June 30, 2016, announced on July 29, 2016. We have raised our forecasts on net sales to ¥1,403.0 billion (up ¥10.0 billion), operating income to ¥30.0 billion (up ¥4.0 billion), ordinary income to ¥37.0 billion (up ¥3.0 billion) and net income to ¥61.0 billion (up ¥2.0 billion), due mainly to the increasing gas sales volume.

### 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>	3,526	3,365	161	4.8
	Commercial	Mil. m <sup>3</sup>	2,702	2,678	24	0.9
	Industrial	Mil. m <sup>3</sup>	7,209	7,233	-24	-0.3
	Subtotal	Mil. m <sup>3</sup>	9,911	9,911	0	-0.0
	Supplies to other utilities	Mil. m <sup>3</sup>	2,198	2,161	37	1.7
	Total	Mil. m <sup>3</sup>	15,634	15,436	198	1.3
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)	15,960	10,326	5,634	560	480	410
FY2015 (results)	18,846	12,946	5,899	1,920	1,888	1,119
Change	-2,886	-2,620	-265	-1,360	-1,408	-709
% change	-15.3%	-20.2%	-4.5%	-70.8%	-74.6%	-63.4%

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>	3,471	3,263	208	6.4
	Commercial	Mil. m <sup>3</sup>	2,636	2,520	116	4.6
	Industrial	Mil. m <sup>3</sup>	7,101	7,052	49	0.7
	Subtotal	Mil. m <sup>3</sup>	9,737	9,572	165	1.7
	Supplies to other utilities	Mil. m <sup>3</sup>	2,231	2,397	-166	-6.9
	Total	Mil. m <sup>3</sup>	15,439	15,232	207	1.4

b. Forecast for FY2016

(Unit: hundred million yen)

	Net sales		Operating income	Ordinary income	Net income
	Gas sales	Other sales			
FY2016 (forecast)	14,030	10,030	300	370	610
FY2015 (results)	16,773	12,586	1,550	1,640	935
Change	-2,743	-2,556	-1,250	-1,270	-325
% change	-16.4	-20.3	-80.6	-77.4	-34.8

(Foreign Exchange Rate and Crude Oil Price)

¥/\$ rate	FY2016 (Forecast)	FY2015 (Results)	Change	Crude oil price (\$/bbl)	FY2016 (Forecast)	FY2015 (Results)	Change
		105.13	120.17		-15.04		44.38



## **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 second-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 second 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

(Six months ended September 30, 2016)

(Millions of yen)

	FY2015 (as of Mar. 31, 2016)	2nd Quarter of FY2016 (as of Sep. 30, 2016)
<b>Assets</b>		
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Production facilities	241,842	237,161
Distribution facilities	550,713	538,586
Service and maintenance facilities	59,560	51,897
Other facilities	351,950	391,307
Inactive facilities	316	316
Construction in progress	107,685	139,040
<b>Total property, plant and equipment</b>	<b>1,312,068</b>	<b>1,358,309</b>
<b>Intangible assets</b>		
Goodwill	841	2,277
Other intangible assets	136,348	64,277
<b>Total intangible assets</b>	<b>137,189</b>	<b>66,555</b>
<b>Investments and other assets</b>		
Investment securities	179,410	159,900
Long-term loans receivable	24,013	22,697
Net defined benefit asset	229	23
Deferred tax assets	40,447	37,973
Other investments and other assets	34,741	34,742
Allowance for doubtful accounts	(394)	(1,892)
<b>Total investments and other assets</b>	<b>278,447</b>	<b>253,444</b>
<b>Total non-current assets</b>	<b>1,727,705</b>	<b>1,678,309</b>
<b>Current assets</b>		
Cash and deposits	170,262	84,007
Notes and accounts receivable - trade	201,344	157,205
Lease receivables and investment assets	24,054	25,604
Merchandise and finished goods	3,501	2,496
Work in process	10,784	19,890
Raw materials and supplies	46,525	44,605
Deferred tax assets	8,004	9,628
Other current assets	59,808	56,894
Allowance for doubtful accounts	(472)	(321)
<b>Total current assets</b>	<b>523,812</b>	<b>400,010</b>
<b>Total assets</b>	<b>2,251,518</b>	<b>2,078,319</b>

(Millions of yen)

	FY2015 (as of Mar. 31, 2016)	2nd Quarter of FY2016 (as of Sep. 30, 2016)
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bonds payable	284,997	284,997
Long-term loans payable	363,393	345,193
Deferred tax liabilities	11,321	11,352
Net defined benefit liability	89,405	84,054
Provision for gas holder repairs	3,455	3,458
Reserve for safety measures	466	448
Provision for appliance warranties	9,538	9,903
Provision for loss on guarantees	1,678	—
Asset retirement obligations	10,695	9,730
Other noncurrent liabilities	24,490	24,491
<b>Total non-current liabilities</b>	<b>799,443</b>	<b>773,630</b>
<b>Current liabilities</b>		
Current portion of non-current liabilities	47,044	21,923
Notes and accounts payable - trade	82,352	70,768
Short-term loans payable	16,512	11,014
Income taxes payable	28,914	19,430
Deferred tax liabilities	1	—
Asset retirement obligations	53	28
Other current liabilities	162,023	125,568
<b>Total current liabilities</b>	<b>336,903</b>	<b>248,735</b>
<b>Total liabilities</b>	<b>1,136,346</b>	<b>1,022,366</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	879,427
Treasury shares	(4,441)	(3,050)
<b>Total shareholders' equity</b>	<b>1,049,634</b>	<b>1,020,105</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	26,298	24,210
Deferred gains or losses on hedges	(2,573)	(2,396)
Foreign currency translation adjustment	44,945	12,944
Remeasurements of defined benefit plans	(18,033)	(9,645)
<b>Total accumulated other comprehensive income</b>	<b>50,636</b>	<b>25,113</b>
<b>Non-controlling interests</b>	<b>14,900</b>	<b>10,735</b>
<b>Total net assets</b>	<b>1,115,172</b>	<b>1,055,953</b>
<b>Total liabilities and net assets</b>	<b>2,251,518</b>	<b>2,078,319</b>

(2) Consolidated statements of income and comprehensive income  
(Consolidated statement of income)  
(Six months ended September 30, 2016)

(Millions of yen)

	Six Months of FY2015 (Apr. -Sep., 2015)	Six Months of FY2016 (Apr. -Sep., 2016)
Net sales	901,418	707,780
Cost of sales	581,036	446,572
Gross profit	320,381	261,208
Selling, general and administrative expenses		
Supply and sales expenses	178,616	193,384
General and administrative expenses	31,703	31,616
Total selling, general and administrative expenses	210,320	225,000
Operating income	110,061	36,207
Non-operating income		
Interest income	303	360
Dividend income	1,103	1,515
Share of profit of entities accounted for using equity method	779	891
Miscellaneous income	3,878	3,456
Total non-operating income	6,064	6,223
Non-operating expenses		
Interest expenses	6,039	5,526
Miscellaneous expenses	3,085	2,521
Total non-operating expenses	9,125	8,047
Ordinary income	107,000	34,384
Extraordinary income		
Gain on sales of investment securities	—	2,916
Total extraordinary income	—	2,916
Extraordinary losses		
Loss on valuation of investment securities	2,620	—
Total extraordinary losses	2,620	—
Profit before income taxes	104,380	37,301
Income taxes	23,276	10,550
Profit	81,104	26,750
Profit attributable to non-controlling interests	503	253
Profit attributable to owners of parent	80,600	26,496

(Consolidated statement of comprehensive income)  
(Six months ended September 30, 2016)

(Millions of yen)

	Six Months of FY2015 (Apr. -Sep., 2015)	Six Months of FY2016 (Apr. -Sep., 2016)
Profit	81,104	26,750
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,655)	(2,110)
Deferred gains or losses on hedges	(70)	349
Foreign currency translation adjustment	3,157	(26,929)
Remeasurements of defined benefit plans, net of tax	749	8,380
Share of other comprehensive income of entities accounted for using equity method	176	(5,236)
Total other comprehensive income	1,357	(25,547)
Comprehensive income	82,461	1,202
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	81,965	972
Comprehensive income attributable to non-controlling interests	496	230

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

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

Not applicable

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

##### 1) 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.

The acquisition of treasury stock, 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

##### 2) Cancellation of treasury stock

The Company cancelled treasury stock as follows, based on a resolution of the Board of Directors passed on July 29, 2016, as per Article 178 of the Companies Act:

- Type of shares cancelled Tokyo Gas Common Stock
- Number of shares cancelled 93,922 thousand shares (ratio to the number of outstanding shares before the cancellation of treasury stock: 3.92%)
- Effective date of cancellation August 16, 2016

**(Segment information)**

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

Six months ended September 30, 2015 (from Apr. 1 – Sep. 30, 2015)

(Unit: million yen)

	Reporting segment						Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement (Note 3)
	City gas	Electric Power	Overseas	Energy- related	Real estate	Total				
Net sales										
External sales	601,491	61,518	13,795	204,802	9,122	890,730	10,687	901,418	—	901,418
Intersegment sales & transfers	22,915	192	41	46,582	10,141	79,872	24,615	104,487	(104,487)	—
Total	624,406	61,710	13,836	251,384	19,263	970,603	35,302	1,005,906	(104,487)	901,418
Segment income										
Operating income (loss)	102,198	6,999	1,993	14,753	3,336	129,280	1,429	130,710	(20,648)	110,061
Investment gain (loss) on equity method	—	—	763	—	—	763	15	779	—	779
Total	102,198	6,999	2,757	14,753	3,336	130,044	1,444	131,489	(20,648)	110,841

## 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 ¥(20,648) million segment income adjustment includes ¥839 million in eliminations for intersegment transactions and ¥(21,487) 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.

Six months ended September 30, 2016 (from Apr. 1 – Sep. 30, 2016)

(Unit: million yen)

	Reporting segment						Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement (Note 3)
	City gas	Electric Power	Overseas	Energy- related	Real estate	Total				
Net sales										
External sales	443,723	64,941	13,009	166,481	9,641	697,796	9,983	707,780	—	707,780
Intersegment sales & transfers	18,521	52	13	39,442	10,568	68,597	28,961	97,559	(97,559)	—
Total	462,244	64,993	13,023	205,923	20,209	766,394	38,945	805,339	(97,559)	707,780
Segment income										
Operating income (loss)	43,521	2,159	512	7,174	4,308	57,677	745	58,422	(22,214)	36,207
Investment gain (loss) on equity method	—	—	892	—	—	892	—	891	—	891
Total	43,521	2,159	1,405	7,174	4,308	58,569	744	59,313	(22,214)	37,099

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 ¥(22,214) million segment income adjustment includes ¥1,144 million in eliminations for intersegment transactions and ¥(23,358) 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,” “electric power,” “overseas,” “energy-related” and “real estate.”

The segment information for the second quarter of FY2015 was prepared based on the revised reporting segments.



#### 4. Supplementary Information

##### (1) Non-consolidated 2nd quarter business performance

##### <Gas Sales Volume for Six Months Ended September 30, 2016>

		Apr. – Sep. 2016	Apr. – Sep. 2015	Change	% change	
No. of customers	Thousands	11,302	11,009	293	2.7	
Gas sales volume	Residential	m <sup>3</sup>	21.63	22.09	-0.46	-2.1
		Mil. m <sup>3</sup>	1,243	1,236	7	0.6
	Commercial	Mil. m <sup>3</sup>	1,263	1,243	20	1.6
	Industrial	Mil. m <sup>3</sup>	3,557	3,521	36	1.0
	Subtotal	Mil. m <sup>3</sup>	4,819	4,764	55	1.2
	Supplies to other utilities	Mil. m <sup>3</sup>	1,058	1,090	-32	-2.9
	Total	Mil. m <sup>3</sup>	7,121	7,089	32	0.4
Average temperature	°C	21.5	21.4	0.1	—	

##### <Balance of Payments for Six Months Ended September 30, 2016>

(Unit: hundred million yen)

Income		Change from First 6M of FY2015	Rate (%)	Expenses		Change from First 6M of FY2015	Rate (%)		
Product sales	Gas sales	4,488	-1,589	-26.1	Operating expenses	Cost of sales	2,300	-1,160	-33.5
						Sales and administrative expenses	2,058	188	10.1
						Subtotal	4,358	-972	-18.2
Other sales	Installation work	176	4	2.4	Other expenses	Installation work	178	5	2.8
	Gas appliances, etc.	514	-78	-13.3		Gas appliances	456	-70	-13.3
	Incidental businesses	1,093	-106	-8.8		Incidental businesses	1,047	-23	-2.2
	Subtotal	1,784	-180	-9.2		Subtotal	1,682	-88	-5.0
Total net sales	6,272	-1,769	-22.0	Total expenses	6,040	-1,061	-14.9		
				Operating income	232	-708	-75.3		
Non-operating income	158	40	33.6	Non-operating expenses	70	0	-1.0		
				Ordinary income	321	-667	-67.5		
Extraordinary income	317	317	—	Extraordinary loss	—	-25	-100.0		
				Net income	550	-226	-29.1		

##### Notes:

1. Cost of sales includes gas resource cost of ¥209.8 billion (decreased by ¥122.7 billion, or -36.9%, year on year).
2. Non-operating expenses include interest expenses of ¥4.8 billion (decreased by ¥0.5 billion, or -8.9%, year on year).