

**Consolidated Financial Results Bulletin for the 2nd Quarter Ended September 30, 2017****(J-GAAP)****Tokyo Gas Co., Ltd.**

Securities code: 9531

(URL <http://www.tokyo-gas.co.jp/IR/english/index.html>)

Representative: Mr. Michiaki HIROSE, President

Contact: Mr. Masami ADACHI, 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, 2017

Scheduled date of the start of dividend payments: November 30, 2017

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, 2017 to September 30, 2017)**

(Unit: million yen)

**(1) Consolidated Business Performance**

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Amount	% change	Amount	% change	Amount	% change	Amount	% change
Six months ended Sep. 30, 2017	790,329	11.7%	44,211	22.1%	42,605	23.9%	31,959	20.6%
Six months ended Sep. 30, 2016	707,780	-21.5%	36,207	-67.1%	34,384	-67.9%	26,496	-67.1%

Note: Total comprehensive income

Six months ended September 30, 2017: 24,688 million yen (—%) Six months ended September 30, 2016: 1,202 million yen (-98.5%)

	Net profit per share	Diluted net profit per share
Six months ended Sep. 30, 2017	69.91 yen	—
Six months ended Sep. 30, 2016	57.09 yen	—

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. "Net profit per share" is calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

**(2) Consolidated Financial Position**

(Unit: million yen)

	Total assets	Total net assets	Equity ratio
As of Sep. 30, 2017	2,219,256	1,117,399	49.8%
As of Mar. 31, 2017	2,230,269	1,112,807	49.4%

Reference: Shareholders' equity

As of September 30, 2017: 1,106,106 million yen As of March 31, 2017: 1,101,498 million yen

**2. Dividend**

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
FY2016 ended Mar. 31, 2017	—	5.50	—	5.50	11.00
FY2017 ending Mar. 31, 2018	—	5.50	—	—	—
FY2017 ending Mar. 31, 2018 (Forecast)	—	—	—	27.50	—

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

\*As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. The dividend per share at end of 4Q of FY2017 ending March 31, 2018 (forecast) indicates the amount after taking into consideration the impact of the share consolidation, and the total full-year dividend is shown as "—". Without taking into consideration the share consolidation, the dividend per share at end of 4Q of FY2017 ending March 31, 2018 (forecast) will be 5.50 yen, and the full-year dividend per share will be 11.00 yen. Please see "Explanation related to appropriate use of results forecasts and other items warranting special mention" for details.

### 3. Consolidated Results Forecast for FY2017 ending March 31, 2018 (April 1, 2017 - March 31, 2018)

(Unit: million yen)

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

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Net profit per share
	Value	% Change	Value	% Change	Value	% Change	Value	% Change	Value
Full-year	1,795,000	13.1%	88,000	50.8%	83,000	49.0%	63,000	18.6%	137.88 yen

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

\* As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. Net profit per share of the consolidated results forecast for FY2017 ending March 31, 2018 takes into consideration the impact of the share consolidation. Please refer to “Explanation related to appropriate use of results forecasts and other items warranting special mention” for details.

#### \*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 8 of the Attachment, “2. Consolidated Financial Statements and Main Notes (3) Notes on consolidated financial statements (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: *No*

2) Change in accounting policies other than item 1) above: *No*

3) Change in accounting estimates: *No*

4) Retrospective restatements: *No*

(4) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	Sep. 30, 2017	458,073,259	Mar. 31, 2017	460,571,259
2) Number of shares of treasury stock at end of period:	Sep. 30, 2017	1,378,734	Mar. 31, 2017	1,365,308
3) Average number of shares during period:	Apr. – Sep. 2017	457,117,396	Apr. – Sep. 2016	464,137,025

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. “Number of issued shares at end of period,” “Number of shares of treasury stock at end of period,” and “Average number of shares during period” are calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

\* Quarterly review procedures do not apply to the Consolidate Financial Results Bulletins.

\* 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. Overview of Business Performance, etc.: (2) Future outlook” for matters concerning the above forecasts.

2. A share consolidation was approved at the 217th annual shareholders meeting held on June 29, 2017, and thus the Company consolidated its common shares at a rate of 5 shares to 1 effective October 1, 2017. The consolidated results forecast, non-consolidated results forecast, and dividend forecast for FY2017 ending March 31, 2018 converted to the basis before taking the share consolidation into consideration are as follows:

- Consolidated results forecast for FY2017 ending March 31, 2018      Net income per share: 27.58 yen
- Non-consolidated results forecast for FY2017 ending March 31, 2018      Net income per share: 19.70 yen
- Dividend forecast for FY2017 ending March 31, 2018      Dividend per share: 11.00 yen

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

**Non-Consolidated Results Forecast for FY2017 ending March 31, 2018 (April 1, 2017 - March 31, 2018)**

(Unit: million yen)

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

	Net sales		Operating profit		Ordinary profit		Net profit		Net profit per share
		(% of change)		(% of change)		(% of change)		(% of change)	
Full-year	1,586,000	12.6%	57,000	93.3%	58,000	56.6%	45,000	-34.6%	98.49 yen

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

\* As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. Net profit per share of the non-consolidated results forecast for FY2017 ending March 31, 2018 takes into consideration the impact of the share consolidation. Please refer to “Explanation related to appropriate use of results forecasts and other items warranting special mention” for details.

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# 1. Overview of Business Performance, etc.

## (1) Overview of business performance of the 2nd quarter

### <Summary by segment>

(Unit: million yen)

		City gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2017	507,380	99,092	20,507	211,858	20,713	41,765
	(% of total)	(56.3%)	(11.0%)	(2.3%)	(23.5%)	(2.3%)	(4.6%)
	FY2016	462,244	64,993	13,023	205,923	20,209	38,945
	(% of total)	(57.4%)	(8.1%)	(1.6%)	(25.6%)	(2.5%)	(4.8%)
	Amount of change	45,136	34,099	7,484	5,935	504	2,820
	(Rate of change)	9.8%	52.5%	57.5%	2.9%	2.5%	7.2%
Operating expenses	FY2017	464,802	92,353	18,134	205,877	16,428	40,429
	(% of total)	(55.4%)	(11.0%)	(2.2%)	(24.6%)	(2.0%)	(4.8%)
	FY2016	418,722	62,834	12,510	198,749	15,901	38,200
	(% of total)	(56.1%)	(8.4%)	(1.7%)	(26.6%)	(2.1%)	(5.1%)
	Amount of change	46,080	29,519	5,624	7,128	527	2,229
	(Rate of change)	11.0%	47.0%	45.0%	3.6%	3.3%	5.8%
Segment profit	FY2017	42,577	6,739	2,651	5,980	4,284	1,337
	(% of total)	(67.0%)	(10.6%)	(4.2%)	(9.4%)	(6.7%)	(2.1%)
	FY2016	43,521	2,159	1,405	7,174	4,308	744
	(% of total)	(73.3%)	(3.6%)	(2.4%)	(12.1%)	(7.3%)	(1.3%)
	Amount of change	-944	4,580	1,246	-1,194	-24	593
	(Rate of change)	-2.2%	212.1%	88.7%	-16.6%	-0.5%	79.6%

Note: Figures for sales include internal transactions. Figures for operating expenses do not include expenses that cannot be allocated to specific segments. Figures for segment profit are adjusted against the amount based on operating profit of consolidated financial statements plus or minus investment income or loss on equity method.

### <Consolidated Gas Sales Volume for Six Months Ended September 30, 2017>

			Apr. – Sep. 2017	Apr. – Sep. 2016	Change	% change
No. of customers	Thousands		11,584	11,448	136	1.2
Gas sales volume	Residential	Mil. m <sup>3</sup>	1,304	1,268	36	2.8
	Commercial	Mil. m <sup>3</sup>	1,307	1,296	11	0.8
	Industrial	Mil. m <sup>3</sup>	3,628	3,612	16	0.4
	Subtotal	Mil. m <sup>3</sup>	4,935	4,908	27	0.5
	Supplies to other utilities	Mil. m <sup>3</sup>	897	1,034	-137	-13.2
	Total	Mil. m <sup>3</sup>	7,136	7,210	-74	-1.0
Average temperature	°C		21.2	21.5	-0.3	—

Notes:

- No. of customers indicates the number of Tokyo Gas' city gas meters installed within the supply area as of end of September 2017.
- “Commercial” indicates sales to commercial, public and medical institutions.
- Gas sales volumes are on the basis of 45MJ/m<sup>3</sup>.
- 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.

### <Consolidated Electric Power Sales Volume for Six Months Ended September 30, 2017>

			Apr. – Sep. 2017	Apr. – Sep. 2016	Change	% change
Electric power sales volume	Retail	million kWh	1,834	685	1,149	167.7
	Others	million kWh	5,173	5,487	-314	-5.7
	Total	million kWh	7,007	6,172	835	13.5

### <Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	Apr. – Sep. 2017	Apr. – Sep. 2016	Change	Crude oil price (\$/bbl)	Apr. – Sep. 2017	Apr. – Sep. 2016	Change
	111.04	105.25	5.79		51.37	43.78	7.59

**(2) Future outlook**

## a. Consolidated gas sales volume forecast for FY2017

			FY2017 (Forecast)	FY2016 (Results)	Change	% change
Gas sales volume	Residential	Mil. m <sup>3</sup>	3,568	3,466	102	2.9
	Others	Mil. m <sup>3</sup>	11,779	12,254	-475	-3.9
	Total	Mil. m <sup>3</sup>	15,347	15,720	-373	-2.4
Average temperature		°C	16.0	16.3	-0.3	—

## b. Consolidated electric power sales volume forecast for FY2017

		FY2017 (Forecast)	FY2016 (Results)	Change	% change
Total electric power sales volume	million kWh	14,824	12,654	2,170	17.1

## c. Consolidated earnings forecast for FY2017

(Unit: hundred million yen)

	Net sales			Operating profit	Ordinary profit	Profit attributable to owners of parent
	Gas sales	Other sales				
FY2017 (forecast)	17,950	11,360	6,590	880	830	630
FY2016 (results)	15,870	10,400	5,470	583	556	531
Change	2,080	960	1,120	297	274	99
% change	13.1%	9.2%	20.5%	50.8%	49.0%	18.6%

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

## &lt;Foreign Exchange Rate and Crude Oil Price&gt;

¥/\$ rate	FY2017 (Forecast)	FY2016 (Results)	Change	Crude oil price (\$/bbl)	FY2017 (Forecast)	FY2016 (Results)	Change
		113.02	108.38		4.64		53.19

## 2. Consolidated Financial Statements and Main Notes

### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Assets</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	235,152	227,376
Distribution facilities	539,840	527,562
Service and maintenance facilities	53,623	51,488
Other facilities	416,142	414,459
Inactive facilities	316	316
Construction in progress	147,074	149,793
Total property, plant and equipment	1,392,149	1,370,996
Intangible assets		
Goodwill	1,600	1,432
Other intangible assets	77,615	80,946
Total intangible assets	79,215	82,378
Investments and other assets		
Investment securities	182,443	210,558
Long-term loans receivable	28,128	26,665
Net defined benefit asset	24	15
Deferred tax assets	40,127	37,908
Other investments and other assets	39,100	37,383
Allowance for doubtful accounts	-367	-360
Total investments and other assets	289,456	312,171
Total non-current assets	1,760,821	1,765,546
Current assets		
Cash and deposits	132,626	100,529
Notes and accounts receivable - trade	194,240	190,802
Lease receivables and investment assets	24,097	23,211
Securities	—	5
Merchandise and finished goods	2,317	2,733
Work in process	12,466	22,356
Raw materials and supplies	40,763	47,964
Deferred tax assets	9,050	9,221
Other current assets	54,259	57,419
Allowance for doubtful accounts	-374	-533
Total current assets	469,447	453,709
Total assets	2,230,269	2,219,256

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
Non-current liabilities		
Bonds payable	314,997	294,998
Long-term loans payable	326,752	314,047
Deferred tax liabilities	11,299	11,364
Net defined benefit liability	73,524	70,804
Provision for gas holder repairs	3,262	3,254
Provision for safety measures	4,711	3,604
Provision for appliance warranties	10,298	9,999
Asset retirement obligations	11,975	11,719
Other noncurrent liabilities	31,650	60,927
Total non-current liabilities	788,474	780,719
Current liabilities		
Current portion of non-current liabilities	56,395	91,869
Notes and accounts payable - trade	96,413	70,872
Short-term loans payable	10,333	8,757
Income taxes payable	20,000	19,498
Other current liabilities	145,843	130,139
Total current liabilities	328,987	321,137
Total liabilities	1,117,461	1,101,856
<b>Net assets</b>		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus	1,883	1,884
Retained earnings	893,436	906,194
Treasury shares	-3,087	-3,602
Total shareholders' equity	1,034,076	1,046,321
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,166	31,201
Deferred gains or losses on hedges	-990	-523
Foreign currency translation adjustment	36,399	27,055
Remeasurements of defined benefit plans	4,845	2,050
Total accumulated other comprehensive income	67,422	59,784
Non-controlling interests	11,309	11,293
Total net assets	1,112,807	1,117,399
Total liabilities and net assets	2,230,269	2,219,256



**(2) Consolidated statements of income and comprehensive income**  
(Consolidated statement of income : Six months ended September 30, 2017)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	707,780	790,329
Cost of sales	446,572	534,807
Gross profit	261,208	255,521
Selling, general and administrative expenses		
Supply and sales expenses	193,384	181,992
General and administrative expenses	31,616	29,317
Total selling, general and administrative expenses	225,000	211,310
Operating profit	36,207	44,211
Non-operating income		
Interest income	360	542
Dividend income	1,515	2,367
Share of profit of entities accounted for using equity method	891	279
Miscellaneous income	3,456	3,618
Total non-operating income	6,223	6,808
Non-operating expenses		
Interest expenses	5,526	5,781
Miscellaneous expenses	2,521	2,632
Total non-operating expenses	8,047	8,414
Ordinary profit	34,384	42,605
Extraordinary income		
Gain on sales of non-current assets	—	3,219
Gain on sales of investment securities	2,916	—
Total extraordinary income	2,916	3,219
Profit before income taxes	37,301	45,824
Income taxes	10,550	13,531
Profit	26,750	32,293
Profit attributable to non-controlling interests	253	334
Profit attributable to owners of parent	26,496	31,959

(Consolidated statement of comprehensive income : Six months ended September 30, 2017)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	26,750	32,293
Other comprehensive income		
Valuation difference on available-for-sale securities	-2,110	4,068
Deferred gains or losses on hedges	349	289
Foreign currency translation adjustment	-26,929	-8,708
Remeasurements of defined benefit plans, net of tax	8,380	-2,781
Share of other comprehensive income of entities accounted for using equity method	-5,236	-473
Total other comprehensive income	-25,547	-7,604
Comprehensive income	1,202	24,688
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	972	24,321
Comprehensive income attributable to non-controlling interests	230	367

### **(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.

- Purchase period                      May 9 – May 23, 2017 (contract basis)
- Number of shares purchased      12,490 thousand shares
- Total amount of purchase        ¥6,999 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 June 29, 2017, as per Article 178 of the Companies Act:

- Type of shares cancelled          Tokyo Gas Common Stock
- Number of shares cancelled      12,490 thousand shares (ratio to the number of outstanding shares before the cancellation of treasury stock: 0.54%)
- Effective date of cancellation    July 19, 2017

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

##### Calculation of taxes

Taxes are calculated by multiplying profit 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 profit income before income taxes for the current consolidated fiscal year ending March 31, 2018 including the second quarter under review.