### **Consolidated 1st Quarter Results Bulletin**

# FY2003 ending March 2004 Tokyo Gas Co., Ltd.

(URL http://www.tokyo-gas.co.jp)

Code No.: 9531 Tokyo Stock Exchange (1st section)

Representative: Mr. Norio Ichino, President

Contact: Mr. Toshikatsu Kanno, Manager, Consolidated Tax Group

Accounting & Finance Dept.

Tel.: 03-5400-7736

### 1. Items Used to Compile the Quarterly Results

1) Any differences between the accounting practices used here and those used in preparing consolidated accounts for the previous business year (yes/no): **Yes** 

Differences:

- \* Depreciation of fixed assets: Part of our estimated first-half consolidated depreciation expense has been charged in the first quarter.
- \* Basis for the calculation of corporation tax: Calculated by multiplying quarterly income before tax, etc. by the estimated effective consolidated tax rate at the end of the fiscal year.
- 2) Changes in the scope of consolidation and interests accounted for by the equity method (yes/no): No

#### 2. Consolidated 1st Quarter Results (April 1, 2003 - June 30, 2003)

#### (1) Consolidated Business Results

(Rounded down to the nearest million yen)

	Sales	Operating Income	Ordinary Income	Net Income
1st Quarter ended June 2003 1st Quarter ended June 2002	(Unit: ¥1 million) (%) 262,248 -	(Unit: ¥1 million) (%) 38,316 -	(Unit: ¥1 million) (%) 35,747 -	(Unit: ¥1 million) (%) 22,076 -
Reference: Year ended March 2003	1,127,633	123,294	91,955	59,201

	Net Earnings per Share	Net Earnings per Share Adjusted for Latent Shares
1st Quarter ended June 2003 1st Quarter ended June 2002	(Unit: ¥1) 8.00	(Unit: ¥1) 7.13
Reference: Year ended March 2003	21.18	19.11

Notes: 1) Figures in the percent columns indicate percentage changes in (quarterly) Sales, Operating Income, Ordinary Income, and Net Income compared with the same quarter of the previous year.

2) As we did not release closing figures for the first quarter of last year, we cannot show percentage year-on-year changes for the first quarter of the current year. The same applies throughout this document.

### **Qualitative Data Concerning our Consolidated Business Performance**

First-quarter (April-June 2003) segment sales (including inter-segment sales) -- Gas: ¥199.8 billion; Gas appliances: ¥26.7 billion; Related construction: ¥12.2 billion; Building leases: ¥8.7 billion; Other business: ¥30.2 billion; Consolidated sales: ¥262.2 billion. As a direct result of the efforts we have made to control costs in order to make our business more efficient, we are able to report an Operating Income of ¥38.3 billion, Ordinary Income of ¥35.7 billion, and Net Income of ¥22.0 billion for the quarter.

Since the performance of the group as a whole is heavily dependent on that of the gas segment, which accounts for a large proportion of total sales but varies widely depending on the season, we expect to post an ordinary loss in the second quarter (July-September).

Our first-quarter results may for this reason appear excessive by comparison with our first-half projections.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
1st Quarter ended June 2003 1st Quarter ended June 2002	(Unit: ¥1 million) 1,637,211 -	(Unit: ¥1 million) 587,738	(Unit: %) 35.9 -	(Únit: ¥1) 213.62
Reference: Year ended March 2003	1,676,064	579,706	34.6	208.65

#### **Qualitative Data Concerning Changes in our Consolidated Financial Position**

Total group assets declined by \(\frac{\pmathbf{3}}{3}8.8\) billion from the year ended March 2003 to \(\frac{\pmathbf{1}}{1},637.2\) billion, reflecting declines in Accounts Receivable and in tangible fixed assets after depreciation.

Despite reacquiring some of our outstanding capital stock, Net Income for the quarter boosted shareholders' equity by \(\frac{\pma}{8}\).0 billion to \(\frac{\pma}{5}\)87.7 billion and our shareholders' equity ratio by 1.3 percentage points to 35.9%.

#### (3) Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Balance of cash and cash equivalents as of end of term
1st Quarter ended June 2003 1st Quarter ended June 2002	(Unit: ¥1 million) 1,422 -	(Unit: ¥1 million) -44,873	(Unit: ¥1 million) 8,522 -	(Unit: ¥1 million) 17,201 -
Reference: Year ended March 2003	213,532	-110,143	-78,517	52,129

Reference 1: Summary of Non-consolidated First-quarter Results (April 1, 2003 – June 30, 2003)

	Sales	Operating Income	Ordinary Income	Net Income
1st Quarter ended June 2003	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1 million)
	234,510	23,717	32,786	21,365

	Total Assets	Shareholders' Equity
1st Quarter ended June 2003	(Unit: ¥1 million) 1.354.817	(Unit: ¥1 million) 535.062
1st Quarter chided Julie 2003	1,337,017	333,002

3. Consolidated results forecast for the year ending March 2004 (April 1, 2003 – March 31, 2004)

	Sales	Ordinary Income	Net Income	Net Income per Share
	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1)
Interim	498,000	23,000	17,000	6.18
Full year	1,152,000	97,000	63,000	22.87

Note: Forecast Ordinary Income (full year): ¥116,000 million

#### Qualitative Data Concerning our First-half and Full-year Forecasts

Our consolidated business forecast, based on current trends and published on April 30, 2003, along with our unaudited results for the year ended March 2003, anticipates increases of \mathbb{\xi}11.0 billion in first-half Sales to \mathbb{\xi}498.0 billion, \mathbb{\xi}14.0 billion in Ordinary Income to \mathbb{\xi}23.0 billion, and \mathbb{\xi}11.0 billion in Net Income to \mathbb{\xi}17.0 billion.

In our full-year forecast, we anticipate increases of \$13.0 billion in Sales to \$1,152.0 billion, \$8.0 billion in Ordinary Income to \$97.0 billion, and \$5.0 billion in Net Income to \$63.0 billion.

This is mainly because gas sales have been stronger than we anticipated in our original forecast.

Reference 2: Non-consolidated forecast for the year ending March 2004 (April 1, 2003 – March 31, 2004)

	Sales	Ordinary Income	Net Income	Net Income per Share
	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1)
Interim	439,000	20,000	15,000	5.45
Full year	1,008,000	86,000	58,000	21.06

Note: Forecast Ordinary Income (full year): ¥95,000 million

<sup>\*</sup> The forecast above was prepared on the basis of information available at the time of the release of this document. Due to various factors, the actual result may vary from the forecast data.

# < Supplementary Financial Information >

# 1. Consolidated First-quarter Balance Sheet

			(Onit. #1 minion
Account	1st Quarter	Previous year	Change
Account	(ended Jun. 30, 2003)	(ended Mar. 31, 2003)	Change
ASSETS			
Fixed assets	1,410,205	1,411,513	-1,308
Tangible fixed assets	1,200,132	1,217,465	-17,333
Production facilities	235,597	244,058	-8,461
Distribution facilities	533,391	538,191	-4,800
Business facilities	70,341	71,297	-956
Other facilities	283,153	288,469	-5,316
Idle facilities	5	5	_
Construction in progress	77,642	75,442	2,200
Intangible fixed assets	20,407	20,609	-202
Other intangible fixed assets	20,407	20,609	-202
Investments, etc.	189,665	173,438	16,227
Investment securities	88,312	71,544	16,768
Long-term loans receivable	11,781	10,238	1,543
Deferred tax assets	41,879	44,306	-2,427
Miscellaneous investments	49,988	49,591	397
Allowances for doubtful accounts	-2,296	-2,243	-53
Current assets	227,005	264,551	-37,546
Cash and deposits	20,994	35,672	-14,678
Notes and accounts receivable	99,683	132,235	-32,552
Inventories	25,136	21,125	4,011
Deferred tax assets	12,256	11,480	776
Other current assets	70,119	65,484	4,635
Allowances for doubtful accounts	-1,185	-1,448	263
Total Assets	1,637,211	1,676,064	-38,853

Fixed liabilities due within one year Notes and accounts payable Short-term bank loans payable Corporation tax payable, etc. Deferred tax liabilities Other current liabilities  104,888  82,413 37,676 31,319 37,676 41,900 41,900 41,221 13 13 13	19,157 17,000 — 4,282 334 -2,163 101 -399
Current liabilities   Current liabilities	19,157 17,000 — 4,282 334 -2,163 101
Fixed liabilities         770,729         751,572           Straight bonds         274,633         257,633           Convertible bonds         182,814         182,814           Long-term bank loans payable         162,157         157,875           Deferred tax liabilities         1,126         792           Retirement benefit reserve         118,733         120,896           Allowances for repairs of gas holders         3,558         3,457           Other fixed liabilities         27,705         28,104           Current liabilities         274,666         340,746           Fixed liabilities due within one year         82,413         91,239           Notes and accounts payable         31,319         37,676           Short-term bank loans payable         39,708         41,900           Corporation tax payable, etc.         16,323         41,221           Deferred tax liabilities         13         13           Other current liabilities         104,888         128,695	17,000 4,282 334 -2,163 101
Straight bonds         274,633         257,633           Convertible bonds         182,814         182,814           Long-term bank loans payable         162,157         157,875           Deferred tax liabilities         1,126         792           Retirement benefit reserve         118,733         120,896           Allowances for repairs of gas holders         3,558         3,457           Other fixed liabilities         27,705         28,104           Current liabilities         274,666         340,746           Fixed liabilities due within one year         82,413         91,239           Notes and accounts payable         31,319         37,676           Short-term bank loans payable         39,708         41,900           Corporation tax payable, etc.         16,323         41,221           Deferred tax liabilities         13         13           Other current liabilities         104,888         128,695	17,000 4,282 334 -2,163 101
Convertible bonds         182,814         182,814           Long-term bank loans payable         162,157         157,875           Deferred tax liabilities         1,126         792           Retirement benefit reserve         118,733         120,896           Allowances for repairs of gas holders         3,558         3,457           Other fixed liabilities         27,705         28,104           Current liabilities         274,666         340,746           Fixed liabilities due within one year         82,413         91,239           Notes and accounts payable         31,319         37,676           Short-term bank loans payable         39,708         41,900           Corporation tax payable, etc.         16,323         41,221           Deferred tax liabilities         13         13           Other current liabilities         104,888         128,695	4,282 334 -2,163 101
Long-term bank loans payable       162,157       157,875         Deferred tax liabilities       1,126       792         Retirement benefit reserve       118,733       120,896         Allowances for repairs of gas holders       3,558       3,457         Other fixed liabilities       27,705       28,104         Current liabilities       274,666       340,746         Fixed liabilities due within one year       82,413       91,239         Notes and accounts payable       31,319       37,676         Short-term bank loans payable       39,708       41,900         Corporation tax payable, etc.       16,323       41,221         Deferred tax liabilities       13       13         Other current liabilities       104,888       128,695	334 -2,163 101
Deferred tax liabilities         1,126         792           Retirement benefit reserve         118,733         120,896           Allowances for repairs of gas holders         3,558         3,457           Other fixed liabilities         27,705         28,104           Current liabilities         274,666         340,746           Fixed liabilities due within one year         82,413         91,239           Notes and accounts payable         31,319         37,676           Short-term bank loans payable         39,708         41,900           Corporation tax payable, etc.         16,323         41,221           Deferred tax liabilities         13         13           Other current liabilities         104,888         128,695	334 -2,163 101
Retirement benefit reserve       118,733       120,896         Allowances for repairs of gas holders       3,558       3,457         Other fixed liabilities       27,705       28,104         Current liabilities       274,666       340,746         Fixed liabilities due within one year       82,413       91,239         Notes and accounts payable       31,319       37,676         Short-term bank loans payable       39,708       41,900         Corporation tax payable, etc.       16,323       41,221         Deferred tax liabilities       13       13         Other current liabilities       104,888       128,695	334 -2,163 101
Allowances for repairs of gas holders       3,558       3,457         Other fixed liabilities       27,705       28,104         Current liabilities       274,666       340,746         Fixed liabilities due within one year       82,413       91,239         Notes and accounts payable       31,319       37,676         Short-term bank loans payable       39,708       41,900         Corporation tax payable, etc.       16,323       41,221         Deferred tax liabilities       13       13         Other current liabilities       104,888       128,695	101
Other fixed liabilities         27,705         28,104           Current liabilities         274,666         340,746           Fixed liabilities due within one year         82,413         91,239           Notes and accounts payable         31,319         37,676           Short-term bank loans payable         39,708         41,900           Corporation tax payable, etc.         16,323         41,221           Deferred tax liabilities         13         13           Other current liabilities         104,888         128,695	
Current liabilities         274,666         340,746           Fixed liabilities due within one year         82,413         91,239           Notes and accounts payable         31,319         37,676           Short-term bank loans payable         39,708         41,900           Corporation tax payable, etc.         16,323         41,221           Deferred tax liabilities         13         13           Other current liabilities         104,888         128,695	-399
Fixed liabilities due within one year Notes and accounts payable Short-term bank loans payable Corporation tax payable, etc. Deferred tax liabilities Other current liabilities  104,888  82,413 37,676 41,900 41,900 41,221 13 13 14,221 15 16,323 128,695	
Fixed liabilities due within one year Notes and accounts payable Short-term bank loans payable Corporation tax payable, etc. Deferred tax liabilities Other current liabilities  104,888  82,413 37,676 41,900 41,900 41,221 13 13 14,221 15 16,323 128,695	
Notes and accounts payable Short-term bank loans payable Corporation tax payable, etc. Deferred tax liabilities Other current liabilities  31,319 37,676 41,900 41,900 41,221 13 13 13 14,888	-66,080
Short-term bank loans payable Corporation tax payable, etc. Deferred tax liabilities 13 Other current liabilities 39,708 16,323 41,221 13 13 14,888 128,695	-8,826
Corporation tax payable, etc.  Deferred tax liabilities  Other current liabilities  13  141,221  13  141,221  13  104,888  128,695	-6,357
Deferred tax liabilities  Other current liabilities  13 128,695	-2,192
Other current liabilities 104,888 128,695	-24,898
	_
	-23,807
<b>Total Liabilities</b> 1,045,396 1,092,319	-
	-46,923
Minority Interest 4,077 4,039	38
SHAREHOLDER'S EQUITY	
Common stock 141,844 141,844	
Capital surplus   2,065   2,065	_
Retained earnings 443,317 429,652	13,665
Unrealized gains on other securities 21,388 17,002	4,386
Translation adjustment account 9 4	5
Treasury stock -20,887 -10,862	-10,025
Total shareholders' Equity 587,738 579,706	8,032
Total Liabilities, 1,637,211 1,676,064	-38,853
Minority Interest and Shareholders' Equity	

# 2. Consolidated 1st Quarter Statement of Income

Account	1	<del>i</del>	(Omt. 41 mimon)
Capr Jun. 2003   Capr. 2002 - Mar. 2003	Account	1st Quarter	Previous Year
Cost of sales	Account	(Apr Jun. 2003)	(Apr. 2002 - Mar. 2003)
Gross Income         138,270         555,7           Supply and sales expenses         83,846         359,9           General and administrative expenses         16,108         72,4           Operating Income         38,316         123,2           Non-operating Income         2,541         7,4           Interest income         83         2           Dividend income         806         8           Return on investment accounted for by equity method         50         2           Income from rents         274         9           Miscellaneous revenues         1,325         5,109           Non-operating expenses         5,109         38,7           Interest paid         3,604         17,4           Balance on commissioned construction         863         4,6           Loss from debenture redemption         —         6,5           Environment conditioning costs         —         5,6           Miscellaneous expenditures         641         4,4           Ordinary Income         35,747         91,5           Extraordinary profits         269         8,6           Gain on sales of fixed assets         —         5,6           Gain on sales of fixed assets         811 </td <td>Sales</td> <td>262,248</td> <td>1,127,633</td>	Sales	262,248	1,127,633
Supply and sales expenses   83,846   359,5     General and administrative expenses   16,108   72,4     Operating Income   2,541   7,4     Interest income   83   2,541   7,4     Interest income   806   88     Return on investment accounted for by equity method   10,000	Cost of sales	123,977	571,929
General and administrative expenses	Gross Income	138,270	555,704
Operating Income         38,316         123,3           Non-operating Income         2,541         7,4           Interest income         83         2           Dividend income         806         8           Return on investment accounted for by equity method         50         2           Income from rents         274         9           Miscellaneous revenues         1,325         5,109           Non-operating expenses         5,109         38,5           Interest paid         3,604         17,4           Balance on commissioned construction         863         4,6           Loss from debenture redemption         —         6,3           Environment conditioning costs         —         5,6           Miscellaneous expenditures         641         4,6           Ordinary Income         35,747         91,5           Extraordinary profits         269         8,6           Gain on sales of fixed assets         —         5,5           Gain on sales of investment securities         269         3,1           Extraordinary losses         811         4,7           Loss from sale of fixed assets         —         4,8           Losses from sale of fixed assets         — </td <td>Supply and sales expenses</td> <td>83,846</td> <td>359,999</td>	Supply and sales expenses	83,846	359,999
Non-operating Income         2,541         7,7           Interest income         83         2           Dividend income         806         8           Return on investment accounted for by equity method         50         2           Income from rents         274         5           Miscellaneous revenues         1,325         5,1           Non-operating expenses         5,109         38,7           Interest paid         3,604         17,4           Balance on commissioned construction         863         4,6           Loss from debenture redemption         —         6,3           Environment conditioning costs         —         5,6           Miscellaneous expenditures         641         4,6           Ordinary Income         35,747         91,5           Extraordinary profits         269         8,6           Gain on sales of fixed assets         —         5,5           Gain on sales of investment securities         269         3,1           Extraordinary losses         811         4,1           Loss from sale of fixed assets         —         5,5           Extraordinary losses         811         4,1           Loss from sale of fixed assets         —	General and administrative expenses	16,108	72,409
Interest income	Operating Income	38,316	123,294
Dividend income   Return on investment accounted for by equity method   Income from rents   274   38.   274   38.   38	Non-operating Income	2,541	7,441
Return on investment accounted for by equity method       50         Income from rents       274         Miscellaneous revenues       1,325         Non-operating expenses       5,109         Interest paid       3,604         Balance on commissioned construction       863         Loss from debenture redemption       —         Environment conditioning costs       —         Miscellaneous expenditures       641         Ordinary Income       35,747         Extraordinary profits       269         Gain on sales of fixed assets       —         Gain on sales of investment securities       269         Extraordinary losses       811         Loss from sale of fixed assets       —         Losses on compression of fixed assets       —         Expenses for special measures for product compensation       —         Net Income before adjustment for tax, etc.       35,206         Corporate tax, residence tax and business tax       12,806         Adjustment for corporate taxes, etc.       231	Interest income	83	239
equity method   Income from rents   274   25     Miscellaneous revenues   1,325   5,1     Non-operating expenses   5,109   38,7     Interest paid   3,604   17,4     Balance on commissioned construction   863   4,6     Loss from debenture redemption   — 6,3     Environment conditioning costs   — 5,6     Miscellaneous expenditures   641   4,6     Ordinary Income   35,747   91,5     Extraordinary profits   269   8,6     Gain on sales of fixed assets   — 5,5     Gain on sales of investment securities   269   3,1     Extraordinary losses   811   4,7     Loss from sale of fixed assets   811   4,7     Loss from sale of fixed assets   — 4,4     Expenses for special measures for product compensation   2,806   95,8     Corporate tax, residence tax and business tax   43,6     Adjustment for corporate taxes, etc.   231   -7,2	Dividend income	806	849
Income from rents	Return on investment accounted for by	50	220
Miscellaneous revenues       1,325       5,109         Non-operating expenses       5,109       38,7         Interest paid       3,604       17,4         Balance on commissioned construction       863       4,6         Loss from debenture redemption       —       6,3         Environment conditioning costs       —       5,6         Miscellaneous expenditures       641       4,6         Ordinary Income       35,747       91,5         Extraordinary profits       269       8,6         Gain on sales of fixed assets       —       5,5         Gain on sales of investment securities       269       3,1         Extraordinary losses       811       4,7         Loss from sale of fixed assets       —       4,6         Losses on compression of fixed assets       —       4,7         Expenses for special measures for product compensation       —       2         Net Income before adjustment for tax, etc.       35,206       95,6         Corporate tax, residence tax and business tax       12,806       43,6         Adjustment for corporate taxes, etc.       231       -7,2	equity method		
Non-operating expenses         5,109         38,7           Interest paid         3,604         17,4           Balance on commissioned construction         863         4,6           Loss from debenture redemption         —         6,3           Environment conditioning costs         —         5,6           Miscellaneous expenditures         641         4,6           Ordinary Income         35,747         91,5           Extraordinary profits         269         8,6           Gain on sales of fixed assets         —         5,5           Gain on sales of investment securities         269         3,1           Extraordinary losses         811         4,7           Loss from sale of fixed assets         811         4,7           Loss from sale of fixed assets         —         4,4           Expenses for special measures for product compensation         —         2           Net Income before adjustment for tax, etc.         35,206         95,8           Corporate tax, residence tax and business tax         12,806         43,6           Adjustment for corporate taxes, etc.         231         -7,2	Income from rents	274	985
Interest paid Balance on commissioned construction Loss from debenture redemption Environment conditioning costs Miscellaneous expenditures  Ordinary Income  Extraordinary profits Gain on sales of fixed assets Gain on sales of investment securities  Extraordinary losses  Extraordinary losses  Loss from sale of fixed assets  Loss from sale of fixed assets  Expenses for special measures for product compensation  Net Income before adjustment for tax, etc.  Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.  3,604 4,4 4,6 6,3 6,7 6,4 4,6 6,7 6,7 6,7 6,7 6,7 6,7 6,7 6,7 6,7 6	Miscellaneous revenues	1,325	5,147
Balance on commissioned construction Loss from debenture redemption Environment conditioning costs Miscellaneous expenditures  Ordinary Income  Extraordinary profits Gain on sales of fixed assets Gain on sales of investment securities  Extraordinary losses Loss from sale of fixed assets Losses on compression of fixed assets Expenses for special measures for product compensation  Net Income before adjustment for tax, etc.  Adjustment for corporate taxes, etc.  863  4,6  6,3  6,7  7,2  863  4,6  40  40  40  40  40  40  40  40  40  4	Non-operating expenses	5,109	38,780
Loss from debenture redemption Environment conditioning costs Miscellaneous expenditures  Ordinary Income  Extraordinary profits Gain on sales of fixed assets Gain on sales of investment securities  Extraordinary losses Extraordinary losses  Loss from sale of fixed assets  Loss from sale of fixed assets  Expenses for special measures for product compensation  Net Income before adjustment for tax, etc.  Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.	Interest paid	3,604	17,472
Environment conditioning costs  Miscellaneous expenditures  Ordinary Income  Extraordinary profits  Gain on sales of fixed assets  Gain on sales of investment securities  Extraordinary losses  Extraordinary losses  Extraordinary losses  Extraordinary losses  Extraordinary losses  Extraordinary losses  Expenses for special measures for product compensation  Net Income before adjustment for tax, etc.  Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.	Balance on commissioned construction	863	4,648
Miscellaneous expenditures  Ordinary Income  Straordinary profits  Gain on sales of fixed assets  Gain on sales of investment securities  Extraordinary losses  Extraordinary losses  Loss from sale of fixed assets  Losses on compression of fixed assets  Expenses for special measures for product compensation  Net Income before adjustment for tax, etc.  Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.  641  4,6  35,747  91,5  8,6  269  3,1  4,7  4,7  27  28  39  31  47,7  4,6  47  47  47  47  47  47  47  47  47  4	Loss from debenture redemption	_	6,327
Ordinary Income         35,747         91,5           Extraordinary profits         269         8,6           Gain on sales of fixed assets         —         5,5           Gain on sales of investment securities         269         3,1           Extraordinary losses         811         4,7           Loss from sale of fixed assets         811         4,7           Losses on compression of fixed assets         —         4,4           Expenses for special measures for product compensation         —         2           Net Income before adjustment for tax, etc.         35,206         95,8           Corporate tax, residence tax and business tax         12,806         43,6           Adjustment for corporate taxes, etc.         231         -7,2	Environment conditioning costs	_	5,656
Extraordinary profits2698,6Gain on sales of fixed assets—5,5Gain on sales of investment securities2693,1Extraordinary losses8114,7Loss from sale of fixed assets8114,7Losses on compression of fixed assets—4,4Expenses for special measures for product compensation—2Net Income before adjustment for tax, etc.35,20695,8Corporate tax, residence tax and business tax12,80643,6Adjustment for corporate taxes, etc.231-7,2	Miscellaneous expenditures	641	4,674
Gain on sales of fixed assets Gain on sales of investment securities  Extraordinary losses Loss from sale of fixed assets Losses on compression of fixed assets Expenses for special measures for product compensation  Net Income before adjustment for tax, etc.  Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.  5,5  811 4,7 4,7 4,7 4,8 4,9 4,9 4,9 4,9 4,9 4,9 4,9 4,9 4,9 4,9	Ordinary Income	35,747	91,955
Gain on sales of investment securities  Extraordinary losses  Loss from sale of fixed assets  Losses on compression of fixed assets  Expenses for special measures for product compensation  Net Income before adjustment for tax, etc.  Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.  269  3,1  4,7  4,7  4,7  27  28  35,206  95,8  43,6  44,7  4	Extraordinary profits	269	8,699
Extraordinary losses  Loss from sale of fixed assets  Losses on compression of fixed assets  Expenses for special measures for product compensation  Net Income before adjustment for tax, etc.  Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.  811  4,7  22  4,4  4,5  4,7  4,7  4,7  23  4,7  4,7  4,7  4,7  4,7  4,7  4,7  4,	Gain on sales of fixed assets	_	5,503
Loss from sale of fixed assets Losses on compression of fixed assets Expenses for special measures for product compensation  Net Income before adjustment for tax, etc.  Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.  811	Gain on sales of investment securities	269	3,196
Losses on compression of fixed assets  Expenses for special measures for product compensation  Net Income before adjustment for tax, etc.  Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.  24,4 25 26 27,806 28,806 29,806 20,906 20,907 20,908 20,90	Extraordinary losses	811	4,771
Expenses for special measures for product compensation  Net Income before adjustment for tax, etc.  Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.  235,206  12,806  43,6  231  -7,2	Loss from sale of fixed assets	811	113
Expenses for special measures for product compensation  Net Income before adjustment for tax, etc.  Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.  235,206  12,806  43,6  231  -7,2	Losses on compression of fixed assets	_	4,415
Net Income before adjustment for tax, etc.  Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.  35,206  12,806  43,6  -7,2		_	242
Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.  12,806  43,6  -7,2	compensation		
Corporate tax, residence tax and business tax  Adjustment for corporate taxes, etc.  12,806  43,6  -7,2	Net Income before adjustment for tax, etc.	35,206	95,882
business tax Adjustment for corporate taxes, etc.  12,806 43,6 231 -7,2		12.006	42.621
Adjustment for corporate taxes, etc. 231 -7,2	*	12,806	43,621
		231	-7,244
Willionty shareholder profit (1033)	Minority shareholder profit (loss)	91	304
	•	22,076	59,201

# 3. 1st Quarter Statement of Consolidated Retained Earnings

Account	1st Quarter		Previous Year	
Account	(Apr Ju	n. 2003)	(Apr. 2002 - Mar. 2003)	
Capital Surplus				
Initial balance of capital surplus		2,065		
Initial balance of capital reserve			2,064	2,064
Increase in capital surplus		_		—
Additional capital raised on conversion of		_		
convertible bonds				
End of 1st Quarter balance of capital surplus		2,065		2,065
Retained Earnings				
Initial balance of retained earnings		429,652		
Initial balance of consolidated retained earnings			387,315	387,315
Increase in retained earnings				
Net Income	22,076	22,076	59,201	59,201
Decrease in retained earnings				
Dividends	8,334		16,768	
Directors' bonuses	76	8,410	95	16,863
End of 1st Quarter balance of retained earnings		443,317		429,652

# 4. 1st Quarter Consolidated Statement of Cash Flows

	1 at Oscarton	Drawiews Veer
Account	1st Quarter	Previous Year
	(Apr Jun. 2003)	(Apr. 2002 - Mar. 2003)
I. Cash flow from operating activities		
Net Income before adjustment for tax, etc.	35,206	95,882
Depreciation	35,550	137,299
Amortization of long-term prepaid expenses	842	3,727
Loss on retirement of tangible fixed assets	_	2,481
Gain/loss on sale of fixed assets	811	-5,379
Advanced depreciation loss	_	4,415
Profit/loss on sale of investment securities	_	-3,195
Profit/loss on valuation of investment securities	_	891
Loss from debenture redemption	_	6,327
Increase/decrease in bad debt reserve	_	1,099
Change in provision for retirement benefits	-2,162	-4,658
Interest and dividends earned	-890	-1,088
Interest paid	3,604	17,472
Change in accounts receivable	37,108	-6,777
Change in inventories	-4,011	7,633
Change in accounts payable	-33,112	-1,784
Change in consumption tax payable	-3,636	
Change in prepaid expenses	-11,776	
Other	-17,995	12,592
Sub-total	39,538	266,940
Proceeds from interest and dividends	866	1,166
Payment of interest	-3,957	-18,069
Payment of corporate tax, etc.	-35,025	-36,504
Cash flow from operating activities	1,422	213,532
II. Cash flow from investing activities		
Purchases of investment securities	-10,087	-7,297
Proceeds from sale of investment securities, etc.	_	5,861
Purchases of tangible fixed assets	-31,387	-98,148
Purchases of intangible fixed assets	-1,221	-9,014
Spending on long-term prepaid expenses	-1,277	-1,799
Proceeds from sale of fixed assets	_	6,888
Expenditures based on lending for long-term loans	-1,654	-4,256
Other	755	-2,375
Cash flow from investing activities	-44,873	-110,143
III Cook flow from from from the start of		
III. Cash flow from financing activities	2 102	900
Net change in short-term debt	-2,192	-809
Net change in commercial paper	9,000	-12,000
Proceeds from long-term debt	9,240	17,340
Payments for long-term debt	-16,756	-36,474
Proceeds from bond issues	20,000	20,000
Payments for redemption of bonds	(97	-38,975
Dividend payments  Payment of dividends to minerity shereholders	-687 56	16,777
Payment of dividends to minority shareholders	-56 10.025	-53 10.767
Payments for acquiring treasury stock	-10,025	-10,767
Cash flow from financing activities	8,522	-78,517
IV. Difference due to conversion of cash and cash equivalents	_	-2
V. Change in cash and cash equivalents	-34,928	24,869
VI. Cash and cash equivalents at beginning of year	52,129	27,260
VII. Cash and cash equivalents at end of 1st Quarter	17,201	52,129

### 5. Non-consolidated First-quarter Results

Gas Sales for 1st Quarter Ended June 30, 2003

Substitution and a substitution				1st Quarter (Apr Jun. 2003)	1st Quarter (Apr Jun. 2002)	Change	% Change	
No. of Gas Customers Thousand			Thousand	9,268	9,079	189	2.1	
Gas sales volume	R	Residential m <sup>3</sup> (Note 1)		m <sup>3</sup> (Note 1)	33.78	31.78	2.00	6.3
	Mil. m <sup>3</sup>		807	745	62	8.3		
		Business	Commercial	Mil. m <sup>3</sup>	413	352	61	17.1
			Other (Note 2)	Mil. m <sup>3</sup>	170	130	40	30.2
		Industrial		Mil. m <sup>3</sup>	892	792	100	12.7
		Bus./Ind. Sub total Mil. m <sup>3</sup>		1,475	1,275	200	15.7	
	V	Wholesales supply Mil. m <sup>3</sup>		271	244	27	11.3	
	T	Total Mil. m <sup>3</sup>		Mil. m <sup>3</sup>	2,553	2,263	290	12.8

Notes: 1. The upper row of figures for residential demand indicates gas sales per meter read (m³/household/month)

### Balance of Payments for 1st Quarter Ended June 30, 2003 (actual)

(Unit: ¥100 million)

Income		Change from 1st Quarter of FY 2002	Rate (%)	Expenses			Change from 1st Quarter of FY2002	Rate (%)	
Product sales	Gas sales	1,978	198	11.1	Operating expenses	Cost of sales	737	169	29.9
						Sales and administrative expenses	935	6	0.7
						Sub total	1,673	176	11.7
	Related Construction	109	-9	-7.7	es	Related onstruction	110	-9	-7.5
sales	Gas appliance sales.	223	7	3.3	expenses	Gas appliance sales	202	-2	-1.2
Other sa	Associated businesses	32	-52	-61.2	Other exp	Associated businesses	31	-39	-55.9
	Sub total	366	-53	-12.7		Sub total	344	-51	-12.9
To	Total sales 2,3		145	6.6	Total expenses		2,017	125	6.6
	Non-operating Income 43				Operating Income		327	20	6.4
No			10	29.8	Non-operating expenses		42	-3	-7.8
				Ordi	inary Income	327	33	11.3	

Notes: 1. As we did not release closing figures for the 1st Quarter of last year, the absolute and percentage year-on-year changes are shown for reference only.

<sup>2. &</sup>quot;Other" for business demand indicates sales to public and medical institutions.

<sup>2.</sup> Cost of sales includes the cost of raw materials of ¥61.8 billion (increased by ¥13.4 billion, or +27.8%, from 1st Quarter of FY2002).