April 28, 2011

Consolidated Financial Results Bulletin for the Fiscal Year Ended March 31, 2011 (J-GAAP)
Tokyo Gas Co., Ltd.

Securities code: 9531
(URL http://www.tokyo-gas.co.jp/index-e.html)
Representative: Mr. Tsuyoshi OKAMOTO, President
Contact: Mr. Masato AIZAWA, General Manager, Consolidated Settlements Group

Stock listings:
Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

General shareholders' meeting schedule: June 29, 2011
Scheduled date of the filing of securities report: June 29, 2011
Scheduled date of the start of dividend payments: June 30, 2011
Preparation of earnings presentation material (yes/no): ***Yes***
Holding of earnings announcement (yes/no): ***Yes*** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for FY2010 (from April 1, 2010 to March 31, 2011)

(Unit: million yen)

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

	Net sales		Operating income		Ordinary income		Net income	
FY2010 ended Mar. 31, 2011	1,535,242	8.4%	122,451	43.7%	121,548	45.5%	95,467	77.5%
FY2009 ended Mar. 31, 2010	1,415,718	-14.7%	85,229	30.7%	83,519	43.2%	53,781	28.9%

Note: Total comprehensive income
FY2010 ended March 2011: 80,440million yen (15.7%) FY2009 ended March 2010: 69,517million yen (—%)

	Net income per share	Diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
FY2010 ended Mar. 31, 2011	35.63 yen	—	11.4%	6.6%	8.0%
FY2009 ended Mar. 31, 2010	19.86 yen	—	6.8%	4.6%	6.0%

Note: Income or loss on investment accounted for by equity method:
FY2010 ended March 2011: 3,605 million yen FY2009 ended March 2010: 3,796 million yen

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Net assets	Equity ratio	Net assets per share
As of Mar. 31, 2011	1,829,661	874,094	46.9%	320.70 yen
As of Mar. 31, 2010	1,840,972	826,291	44.2%	301.58 yen

Note: Shareholders' equity
As of Mar. 31, 2011: 858,920 million yen As of Mar. 31, 2010: 813,886 million yen

(3) Consolidated Cash Flows

(Unit: million yen)

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of year
FY2010 ended Mar. 31, 2011	162,345	(172,305)	(7,212)	92,048
FY2009 ended Mar. 31, 2010	294,110	(177,290)	(69,375)	112,868

2. Dividends

	Dividend per share (Unit: yen)					Total dividend payments (Full-year)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Full- year			
FY2009 ended Mar. 31, 2010	—	4.00	—	5.00	9.00	24,343 yen	45.3%	3.1%
FY2010 ended Mar. 31, 2011	—	4.50	—	4.50	9.00	24,108 yen	25.3%	2.9%
FY2011 ending Mar. 31, 2012 (Forecast)	—	4.50	—	4.50	9.00	[redacted]	73.1%	[redacted]

3. Consolidated Results Forecast for FY2011 ending March 31, 2012 (April 1, 2011 - March 31, 2012)

(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	753,000	7.4%	9,000	-81.3%	6,000	-86.9%	2,000	-92.2%	0.75 yen
Full-year	1,752,000	14.1%	57,000	-53.5%	52,000	-57.2%	33,000	-65.4%	12.32 yen

4. Notes

(1) Changes in significant consolidated subsidiaries (yes/no): ***No***

(2) Changes in accounting treatment principles, procedures and expressions

1) Changes accompanied by reform of accounting standards: ***Yes***

2) Other changes: ***Yes***

*Please see page 25, "IV. Consolidated Financial Statements: (7) Changes in basis of preparation of consolidated financial statements" for details.

(3) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	March 31, 2011	2,684,193,295	March 31, 2010	2,703,761,295
2) Number of shares of treasury stock at end of period:	March 31, 2011	5,899,491	March 31, 2010	5,062,893
3) Average number of shares during period	March 31, 2011	2,679,294,182	March 31, 2010	2,707,932,855

(Reference)

1. Non-Consolidated Business Results for FY2010 ended March 2011 (April 1, 2010 - March 31, 2011)

(Unit: million yen)

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

	Net sales		Operating income		Ordinary income		Net income	
FY2010 ended Mar. 31, 2011	1,329,834	9.8%	88,845	50.3%	99,107	68.2%	67,491	73.6%
FY2009 ended Mar. 31, 2010	1,210,640	-16.4%	59,124	39.0%	58,931	47.8%	38,883	55.0%

	Net income per share	Diluted net income per share
FY2010 ended Mar. 31, 2011	25.19 yen	—
FY2009 ended Mar. 31, 2010	14.36 yen	—

(2) Non-Consolidated Financial Position

(Unit: million yen)

	Total assets	Net assets	Equity ratio	Net assets per share
As of Mar. 31, 2011	1,501,164	713,980	47.6%	266.58 yen
As of Mar. 31, 2010	1,543,535	683,995	44.3%	253.45 yen

Note: Shareholders' equity
As of Mar. 31, 2011: 713,980 million yen As of Mar. 31, 2010: 683,995 million yen

2. Non-Consolidated Results Forecast for FY2011 ending March 2012 (April 1, 2011 - March 31, 2012)

(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	658,000	9.0%	(1,000)	-103.2%	5,000	-87.1%	3,000	-89.0%	1.12 yen
Full-year	1,539,000	15.7%	33,000	-62.9%	38,000	-61.7%	27,000	-60.0%	10.08 yen

* Presentation of implementation status for auditing procedures
The auditing procedure based on the Financial Instruments and Exchange Act does not apply to this Consolidated Results Bulletin, and the auditing procedure based on the Financial Instruments and Exchange Act had not been completed as of the release of this Consolidated Financial Results Bulletin.

* Explanation related to appropriate use of results forecasts and other items warranting special mention
1. The 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 these forecast data. Please see page 5, "I. Business performance and financial position: (1)Analysis on business performance: <Forecast for FY2011>" for details.
2. The information related to this Financial Results will be posted on TDnet on the same date of this disclosure, and subsequently on the Web site of Tokyo Gas Co., Ltd. ("the Company").

Contents

I. Business Performance and Financial Position

(1) Analysis on business performance

<Results of FY2010>

Although the Japanese economy showed signs of a rebound along with the underlying tone of recovery in the global economy during the term, with continued stagnation in retail consumption, the yen's sharp appreciation, and rising oil prices, the future outlook is uncertain.

This has meant that demand for energy in the Japanese market remained weak, on restrained consumption and scaled back corporate activities, against a backdrop of higher social concern for environmental preservation.

Given this economic situation and operating environment, the Tokyo Gas Group carried out various measures outlined in the "Tokyo Gas Group Medium-Term Management Plan FY2009-2013", and made steady progress toward "Evolution and Advancement of the Energy Integrated Business", to further promote and popularize natural gas through enhanced added value, and to broaden the group's breadth and depth within the energy sector.

Thanks to these intense efforts, gas sales volume grew year-on-year, and gas unit price adjustments under the gas rate adjustment system led to higher sales of city gas, and as a result consolidated net sales rose 8.4% from the previous year, to ¥1,535.2 billion.

In terms of operating expenses, the group strove to further raise management efficiency and doubled its efforts to contain expenses to the greatest extent possible, and there was also a reduction in costs from actuarial differences in retirement benefit accounting. Nevertheless, high crude oil prices increased gas resource costs, and operating expenses rose 6.2%, to ¥1,412.7 billion.

As a result, operating income rose 43.7%, to ¥122.4 billion, and ordinary income was 45.5% higher, at ¥121.5 billion. In addition, extraordinary income included a ¥39.9 billion gain on sales of noncurrent assets from the sale of land in Toyosu, and a ¥3.2 billion loss on disaster associated with damage from the Great East Japan Earthquake that occurred on March 11 was recorded as an extraordinary loss. After the recording of income taxes, net income rose 77.5%, to ¥95.4 billion.

With regard to the earthquake, although a loss on disaster was recorded as an extraordinary loss as noted above, the Company's facilities and equipment did not suffer major damage, and temporary stoppages and gas leaks within the service area were repaired and service restored within one week.

<Segment summary>

1) City gas

Gas sales volume for the term grew 7.9% from the previous year, to 14,745 million m^3. Of this amount, residential demand increased 2.4%, to 3,520 million m^3. Although demand for hot water declined on high summer temperatures, cool temperatures at the beginning and end of the term led to increased demand for hot water and heating.

Commercial demand rose 3.4%, to 3,042 million m^3, on increased demand for air conditioning during the hot summer weather.

Industrial demand grew 14.5%, to 6,237 million m^3, on increased demand for electric power.

Wholesale supplies to other gas utilities rose 5.8%, to 1,947 million m^3, on increased customer demand from cool temperatures at the beginning of the term and the hot summer.

As a result of the increase in gas sales volume and gas unit price adjustments under the gas rate adjustment system, city gas sales grew ¥90.9 billion, or 8.7%, to ¥1,137.0 billion.

Despite lower costs from actuarial differences in retirement benefit accounting, high crude oil prices led to higher LNG prices, and the increase in gas sales volume increased gas resource costs, and as a result total operating expenses rose 7.6%, by ¥70.2 billion.

As a result, segment profit grew ¥20.6 billion, or 17.9%, to ¥136.1 billion.

<Consolidated Gas Sales Volume for FY2010 Ended March 31, 2011>

			FY2010	FY2009	Change	% change
No. of customers		Thousand	10,739	10,637	102	1.0
Gas sales volume	Residential	m^3	32.48	31.95	0.53	1.7
		Mil. m^3	3,520	3,437	83	2.4
	Business	Mil. m^3	3,042	2,943	99	3.4
	Industrial	Mil. m^3	6,237	5,446	791	14.5
	Subtotal	Mil. m^3	9,278	8,389	889	10.6
	Supplies to other utilities	Mil. m^3	1,947	1,841	106	5.8
	Total	Mil. m^3	14,745	13,666	1,079	7.9
Average temperature		°C	16.7	16.5	0.2	—

Notes:

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

The aforementioned notes also apply to the relevant tables.

(Crude Oil Price and Foreign Exchange Rate)

Crude oil price ($/bbl)	FY2010	FY2009	Change		FY2010	FY2009	Change
	84.14	69.40	14.74	¥/$ rate	85.74	92.89	(7.15)

2) Gas appliances and installation work

Sales increased by ¥7.7 billion or 4.5% compared to the previous year to ¥177.4 billion. Operating expenses increased by ¥8.1 billion or 4.8%. As a result, segment income decreased by ¥0.3 billion or 14.3% year on year to ¥1.8 billion.

3) Other energy

Sales increased by ¥64.0 billion or 40.7% compared with the previous year to ¥221.2 billion. Operating expenses increased by ¥59.7 billion or 39.7%. As a result, segment income improved by ¥4.3 billion or 62.4% billion to ¥11.1 billion.

4) Real estate rental

Sales remained on the same level at ¥32.7 billion compared with the previous year. Operating expenses increased by ¥1.0 billion or 4.0%. As a result, segment income fell ¥1.0 billion or 15.1% to ¥5.7 billion.

5) Other business

Sales at other business grew ¥0.7 billion, or 0.4%, to ¥162.3 billion. Operating expenses declined ¥2.8 billion, or 1.8%, on lower expenses related to ships associated with a change in the depreciation method.

As a result, segment profit rose ¥3.5 billion, or 52.5%, to ¥9.9 billion.

<Summary by segment> (Unit: billion yen)

		City Gas	Gas appliances and installation work	Other energy	Real estate rental	Other business
Sales	FY2010 (% of total)	1,137.0 (65.6%)	177.4 (10.3%)	221.2 (12.8%)	32.7 (1.9%)	162.3 (9.4%)
	FY2009 (% of total)	1,046.1 (66.8%)	169.7 (10.8%)	157.2 (10.0%)	32.7 (2.1%)	161.6 (10.3%)
	Amount of change (Rate of change)	90.9 (8.7%)	7.7 (4.5%)	64.0 (40.7%)	0.0 (0.0%)	0.7 (0.4%)
Operating expenses	FY2010 (% of total)	1,000.8 (64.0%)	175.6 (11.2%)	210.1 (13.4%)	27.0 (1.7%)	152.3 (9.7%)
	FY2009 (% of total)	930.6 (65.1%)	167.5 (11.7%)	150.4 (10.5%)	26.0 (1.8%)	155.1 (10.9%)
	Amount of change (Rate of change)	70.2 (7.6%)	8.1 (4.8%)	59.7 (39.7%)	1.0 (4.0%)	-2.8 (-1.8%)
Segment income	FY2010 (% of total)	136.1 (82.6%)	1.8 (1.1%)	11.1 (6.8%)	5.7 (3.5%)	9.9 (6.0%)
	FY2009 (% of total)	115.5 (83.8%)	2.1 (1.6%)	6.8 (5.0%)	6.7 (4.9%)	6.4 (4.7%)
	Amount of change (Rate of change)	20.6 (17.9%)	-0.3 (-14.3%)	4.3 (62.4%)	-1.0 (-15.1%)	3.5 (52.5%)

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

<Forecast for FY2011>

We are forecasting a 0.8% decline from the previous year in consolidated gas sales volume for FY2011, to 14,624 million m3, on a decline in gas sales volume at Tokyo Gas. We are projecting a ¥216.8 billion, or 14.1%, increase in consolidated net sales to ¥1,752.0 billion, with a ¥65.4 billion, or 53.5%, decline in operating income to ¥57.0 billion, a ¥69.5 billion, or 57.2% decline in ordinary income to ¥52.0 billion, and a ¥62.4 billion, or 65.4%, decline in net income to ¥33.0 billion.

We are forecasting a 0.5% decline in gas sales volume on a non-consolidated basis, to 13,371 million m3, factoring in temperature-related declines in residential and commercial demand. Despite this anticipated decline in gas sales volume, we are forecasting a ¥168.4 billion, or 15.7%, increase in gas sales to ¥1,240.0 billion, from gas unit price adjustments under the gas rate adjustment system. In terms of operating expenses, we expect gas resource costs to rise on higher crude oil prices, and are also forecasting an increase in personnel expenses on an increase in costs from actuarial differences in retirement benefit accounting, the result of weaker investment returns in the pension fund. Also taking into account other operations and supplementary income, we are forecasting a ¥55.8 billion, or 62.9%, decline in operating income to ¥33.0 billion, a ¥61.1 billion, or 61.7%, decline in ordinary income to ¥38.0 billion, and a ¥40.4 billion, or 60.0%, decline in net income, to ¥27.0 billion.

The economic frame assumed for FY2011 is $116.25/bbl for crude oil price and ¥85.0/$ for foreign exchange rate.

1) Consolidated Business Results

a. Gas sales volume forecast for FY2011

			FY2011 (Forecast)	FY2010 (Actual)	Change	% change
Gas sales volume	Residential	Mil. m^3	3,486	3,520	-34	-1.0
	Business	Mil. m^3	2,931	3,042	-111	-3.6
	Industrial	Mil. m^3	6,221	6,237	-16	-0.3
	Subtotal	Mil. m^3	9,151	9,278	-127	-1.4
	Supplies to other utilities	Mil. m^3	1,988	1,974	41	2.1
	Total	Mil. m^3	14,624	14,745	-121	-0.8
Average temperature		°C	16.7	16.7	—	—

b. Forecast for FY2011

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

(Unit: hundred million yen)

	Net sales	City gas sales	Other sales	Operating income	Ordinary income	Net income
FY2011 (forecast)	17,520	13,224	4,296	570	520	330
FY2010 (results)	15,352	11,370	3,981	1,224	1,215	954
Change	2,168	1,854	315	-654	-695	-624
% change	14.1%	16.3%	7.9%	-53.5%	-57.2%	-65.4%

2) Non-consolidated Business Results

a. Gas sales volume forecast for FY2011

			FY2011 (Forecast)	FY2010 (Actual)	Change	% change
Gas sales volume	Residential	Mil. m^3	3,378	3,412	-34	-1.0
	Business	Mil. m^3	2,770	2,875	-105	-3.7
	Industrial	Mil. m^3	4,990	4,963	27	0.5
	Subtotal	Mil. m^3	7,760	7,839	-79	-1.0
	Supplies to other utilities	Mil. m^3	2,233	2,191	42	1.9
	Total	Mil. m^3	13,371	13,441	-70	-0.5

b. Forecast for FY2011 (Unit: hundred million yen)

	Net sales			Operating income	Ordinary income	Net income
		Gas sales	Other sales			
FY2011 (forecast)	15,390	12,400	2,990	330	380	270
FY2010 (results)	13,298	10,716	2,581	888	991	674
Change	2,092	1,684	409	-558	661	-404
% change	15.7%	15.7%	15.8%	-62.9%	-61.7%	-60.0%

(Crude Oil Price and Foreign Exchange Rate)

Crude oil price ($/bbl)	Forecast for FY2011	Results of FY2010	Change		Forecast for FY2011	Results of FY2010	Change
	116.25	84.14	32.11	¥/$ rate	85.00	85.74	-0.74

(2) Analysis on financial position

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

1) Situation of Assets, debt and shareholders' equity

Assets as of March 31, 2011, totaled ¥1,829.6 billion, for a ¥11.3 billion decrease from March 31, 2010, on a reduction in cash and deposits, and despite an increase in property, plant and equipment from the addition of Ohgishima Power Co., Ltd. to the scope of consolidation.

Under liabilities, although interest-bearing debt increased (¥28.2 billion), liabilities decreased ¥59.1 billion, to ¥955.5 billion, on decreases in notes and accounts payable-trade (¥58.8 billion) and the provision for retirement benefits (¥34.1 billion).

Net assets increased ¥47.8 billion, to ¥874.0 billion. Despite a decrease in other comprehensive income (¥15.5 billion) from decreases in the foreign currency translation adjustment and the valuation difference on available-for-sale securities, the recording of positive net income increased shareholders' equity (¥60.6 billion), for an overall increase.

Our shareholders' equity ratio rose by 2.7 percentage points to 46.9% from the end of March 2010.

2) Situation of cash flow

(Unit: billion yen)

	FY2010	FY2009	Change
Cash flow from operating activities	162.3	294.1	-131.8
Cash flow from investing activities	-172.3	-177.2	4.9
Cash flow from financing activities	-7.2	-69.3	62.1
Exchange difference of cash and cash equivalents	-3.7	1.0	-4.7
Cash and cash equivalents during FY2008	-20.8	48.5	-69.3
Cash and cash equivalents at beginning of year	112.8	64.0	48.8
Cash and cash equivalents due to expansion of consolidation	0	0.3	-0.3
Cash and cash equivalents at end of year	92.0	112.8	-20.8

a) Cash flow from operating activities

Cash and cash equivalents obtained as a result of operating activities amounted to ¥162.3 billion. This was derived mainly from net income before adjustments for tax and etc. [¥155.4 billion] and depreciation of noncurrent assets [¥145.3 billion], despite a decrease of notes and accounts payable-trade [¥52.5 billion].

b) Cash flow from investing activities

Cash and cash equivalents decreased to ¥172.3 billion as a result of investing activities. This was mainly due to the acquisition of tangible fixed assets such as gas supply facilities [expenditure: ¥137.6 billion].

c) Cash flow from financing activities

Cash and cash equivalents amounted to ¥7.2 billion as a result of financing activities. Despite the proceeds from corporate bond issuance [¥40.0 billion] and new long-term borrowing [¥17.3 billion], payment for long-term loans payable [¥33.5 billion] ,payment of dividend [¥25.5 billion] and expenditure for redemption of bonds [¥20.0 billion] had a net negative effect on cash flow.

<Cash Flow Indicators>

	FY2006	FY2007	FY2008	FY2009	FY2010
Equity ratio	47.0%	45.1%	43.8%	44.2%	46.9%
Equity ratio based on market value	105.3%	62.8%	53.0%	60.4%	55.6%
Rate of cash flow to interest-bearing debt	2.8	3.1	3.7	1.9	3.6
Interest coverage ratio	18.6	17.9	14.0	27.3	16.4

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

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

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

In the five-year period of new medium-term plan (fiscal 2009 - 2013), the Group plans to use the cash flow resulting from steady execution of the plan for enhancement of LNG value chain aggressively, which is to empower the Group's sustained growth into the future, as well as for proper allocation of the fruits of the Group's business to its shareholders. More specifically, in addition to dividend, the Group has posted share buy-buck as shareholder return, and set 60-percent target for the ratio of total payout to shareholders (dividends plus treasury stock acquisition divided by previous net income).

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

Based on the total payout policy outlined above, the Company intends to pay a dividend of ¥9 per share for the term, the same amount as in the previous term. In addition, considering the current share price level, the Board of Directors resolved at its meeting held on April 28, 2011, to carry out a stock repurchase of up to 110 million shares or ¥34.0 billion.

The Company intends to maintain a stable and continuous dividend going forward, and plans to pay a dividend of ¥9 per share for FY2011.

(4) Risks of businesses

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

A Risks associated with accidents, disasters, etc.

(a) Gas resource procurement difficulties

The Group depends on import from other countries for most of natural gas and other gas resources used to produce city gas. The supply of city gas therefore could possibly be impaired in the event of inability to procure gas resources for a long period of time owing to country risks at import sources, troubles affecting gas fields or LNG liquefaction terminals, difficulties in the process of LNG carrier transport, or restriction on entry into port at Tokyo Bay. It is making efforts to spread procurement risks to achieve stable and flexible procurement of LNG through such activities as diversifying suppliers by importing LNG from six countries and 10 projects and allocating ships flexibly using its own LNG ships.

(b) Natural disasters

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

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

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

(d) Unforeseen, large-scale power outages

The Company’s plants receive electricity from highly reliable grids, and the possibility of an interruption in the supply of electricity to plants is deemed low. Nevertheless, in the event of an unforeseen, large-scale power outage in the Kanto area in which the supply of electricity from the grid source were to be interrupted, demand for gas would be expected to decline because of the outage. It would be possible to operate production equipment using the Company’s own generators and supply a certain amount of gas even in the event of a power outage, but depending on the time of day the production and supply of gas could be impeded.

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

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

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

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

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

B Market fluctuation risk

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

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

C Risks accompanying business execution

(a) Risks related to existing businesses

a) Changes in gas resource costs

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

In the event of such developments as demand exceeding the volume of procurement from LNG projects resting on long-term contracts, incidence of trouble in shipment terminals or transport, and delays in the start of supply from new LNG projects, the gas resource costs associated with spot LNG purchasing undertaken in response may possibly affect its profitability.

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

b) Changes in gas sales due to climate change

As sales of city gas accounts for about 70% of the Group’s sales, the occurrence of abnormal weather such as unusually hot summers or warm winters could possibly affect the bottom line due to the resulting reduction of gas sales in the residential use, where gas is used mainly for heating water and air conditioning, and gas sales in the business use, where gas is used mainly for air conditioning.

c) Decrease in demand accompanying intensified competition

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

d) Reduction in the existing demand

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

e) Interruption of telephone service at call centers

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

f) Delay in the development of new technologies

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

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

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

(b) Delayed cultivation of new markets

The Group is cultivating new markets by promoting the spread of equipment such as ENE FARM (the residential fuel cell) and new energy utilization systems combining solar light and heat as described in the medium-term management plan. However, the subsequent outbreak of environmental changes including the changes in energy policy by national and local governments could delay this cultivation, compel a change of business strategy, and prevent recovery of investments.

(c) Inability to recover investments

The Group is continuing to make large-scale investments for the evolution and advancement of its strategy for integrated energy business and other agenda set forth in its medium-term management plan. We evaluate profitability and risks of all investments, capital contributions, loans and debt guarantees at an investment evaluation committee, and we make investment decisions based on a conclusion from the committee while consulting with the management council and the board of directors' meeting, if necessary, from a standpoint of comprehensive management judgment. The subjects of these investments include construction of pipelines and reinforcement of the foundation for stable supply by construction of LNG base and other facilities, electric power business, energy service business, development of gas fields overseas, LNG transport business, IT and other elements required for conditioning of the foundation for established business, and active use of real estate in hand. Subsequent changes in the economic situation could possibly make it impossible to recover these investments sufficiently or induce the intended effect from it, and consequently affect the balance of payments.

D Risks related to information management and system operation

(a) Leakage of personal information

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

(b) Shutdown or malfunction of IT systems

Because the Group relies on IT systems for customer service work and calculation of gas tariffs, it has implemented measures to keep the impact on the operation from unexpected events minimal through building a robust data center superior in fault-resilience and disaster-tolerance and preparation and execution of various security measures and regular drills required for stable operation of the systems. The shutdown or malfunction of these systems could possibly cause delay accommodation of customer needs but also cause tangible and intangible loss in forms such as detraction from the image of the Group's name.

Please note, however, that it is unlikely that malfunction of IT system will have any serious impact on the production and supply of city gas because its IT system for the production and supply adjustment of city gas has its own security measures in place including a backup system and wireless network operated by the Group.

E Risks related to corporate social responsibility

(a) Conformance with new environmental regulations etc.

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

(b) Compliance violations

Since compliance forms a basis of operation, the Group has established a committee on management ethics chaired by the president. This committee sets out the basic policies under which the Group executes actions to improve compliance and the internal audit confirms the Group's compliance with laws and regulations and corporate ethics.

The occurrence of acts that are improper in the context of laws and regulations, or the articles of association; improper acts in information disclosure; or acts in violation of corporate ethics could possibly cause tangible and intangible damage in forms such as the imposition of social sanctions in addition to the direct cost required for response.

(c) Insufficient CS or customer services

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

II. Scope of Consolidated Subsidiaries and Affiliates and Application of Equity Method

1) The scope of consolidation

- Newly included subsidiaries in scope of consolidation: four companies
  - Ohgishima Power Company, Ltd.
  - Tokyo Gas Lifeval Sagamihara Co., Ltd.
  - Tokyo Gas Lifeval Minami-tama Co., Ltd.
  - Tokyo Gas QCLNG Pty Ltd.
  - [Every company is newly consolidated]
- Excluded: 2 companies
  - TG Enterprise Co., Ltd.(absorption)
  - Capty Customer Service Co., Ltd. (liquidation)

2) Equity method affiliates

- Newly included equity method affiliates: one company
  - MT Falcon Holdings Company, S.A.P.I de C.V. (newly applied)

Information about other consolidated subsidiaries and affiliates are not disclosed because there are no significant changes from articles of “business diagram” and “situation of subsidiaries and affiliates” in the latest securities report. [filed on 29 June, 2010]

III. Management Policy

(1) Basic policy on corporate management

Society has become increasingly aware of the need for stable supplies of energy as a result of the problems with the supply of electrical power following the Great East Japan Earthquake and tsunami that occurred in March of this year. Various discussions, primarily at the national level, including reviews of environmental and energy policies can be expected going forward, and we anticipate that the Ministry of Economy, Trade and Industry's Strategic Energy Plan of Japan, revised in June 2010, will be reexamined. As part of that process, we expect natural gas to receive even greater attention for its advantages in terms of stability of supply and environmental suitability.

The Tokyo Gas group will respond to these changes in the supply-demand balance and in government policy, and will carry out its business in FY2011 based on the following four principles.

First, as a supplier of energy, we will devote maximum effort to providing "a stable and safe supply of energy." We will methodically proceed to build manufacturing and supply infrastructure to contribute to a stable supply of gas, and as part of this effort the HITACHI Project is progressing toward our goal of completion in FY2015. We will also implement disaster planning for our infrastructure equipment, including studying ways to address the risks of tsunami or power outages at our plants. In addition, we will work for stable energy supplies by promoting the introduction of dispersed energy systems like cogeneration and ENE-FARM, and by developing technologies for advances in smart energy networks.

Second, we will "increase customer interest with proposals that emphasize the value of natural gas." In the residential sector, we will strengthen our relationships with customers by emphasizing the value of gas, with a focus on Tokyo Gas Lifeval. In the commercial and industrial sectors, we will address customer needs through promoting the installation of cogeneration and air conditioning equipment, and capturing industrial demand for fuel conversion.

Third, we will "strengthen our ties to local communities" by interacting more closely with local governments and appropriately addressing their requests.

Fourth, we will continue to "promote efficiency to raise productivity," to further strengthen our management base as we work toward these goals.

The Tokyo Gas group will flexibly respond to environmental changes and operate its business based on these four principles, with the aim of continuing to grow as a resilient corporate group has the constant trust of customers, shareholders, and society.

(2) Issues to be addressed by the Company

Natural gas, the raw material of the city gas provided by the Tokyo Gas group, is a superior and important energy relative to crude oil in terms of its economy and stability of supply, convenience in being compatible with various forms of demand, and environmental advantages as a means of addressing global warming. The needs of customers and society with respect to natural gas are therefore increasing.

The tsunami triggered by the Great East Japan Earthquake damaged nuclear power plants in Fukushima Prefecture, and currently shortages of electricity in greater Tokyo are highlighting the issue of energy security. To date, nuclear power has been at the center of the fundamental element of Japan's energy policy of creating a low carbon society through combinations with oil, coal, natural gas, and renewable energies. With this event, however, we see a stable energy supply becoming increasingly important, and expect natural gas to play an even greater role given its superior stability of supply and environmental suitability.

Given this situation, the Tokyo Gas group will strengthen its efforts to provide a stable supply of energy from a short-term and medium-term perspective, as a supplier of energy to greater Tokyo. Over the short term, we are implementing measures to increase our supply capacity for electrical power and to conserve electricity, as a means of addressing the shortage of electricity. Specifically, we are increasing electrical power supply capacity by providing a stable supply of natural gas to Tokyo Electric Power Company Incorporated's thermal power plants in response to requests from Tokyo Electric Power Company Incorporated, while at the same time increasing capacity utilization at the group's own natural gas power plants at Ohgishima Power Station and Tokyo Gas Yokosuka Power Station. We are also implementing and strengthening measures to conserve electricity at group offices, as we address the issues of both electricity supply and demand. Over the medium term, we will promote the increased use of natural gas by building backbone infrastructure like LNG (liquefied natural gas) terminals and gas pipelines, while at the same time advancing the use of natural gas by introducing more efficient appliances and promoting cogeneration. Through these efforts, we will contribute to a stable energy supply for greater Tokyo.

At the same time, Tokyo Gas has built safe manufacturing and supply systems and provided a stable supply of city gas through earthquakes and other natural disasters to date, but in light of the Great East Japan Earthquake, going forward we will closely follow environmental changes and technological advances, and study and implement measures to further increase safety as necessary.

To date, the Tokyo Gas group has operated an "integrated energy business centering on natural gas." Going forward, we will resolutely address changing circumstances and maintain a stable and safe supply of natural gas as a supplier of energy to Tokyo, to continue to guarantee the "safety, security, and reliability" of the Tokyo Gas brand.

(3) Key management indicators (Consolidated)

	2009-2013 medium term management plan	Results in FY10
Operating cash flow[1] (billion yen)	<Five-year total from 2009 to 2013> 1,060.0	244.8
Return on Asset (ROA) (%)	<FY 2013 target> 3.7	5.2
Return on Equity (ROE) (%)	<FY 2013 target> 7.7	11.4
TEP[2] (billion yen)	<FY 2013 target> 18.0	64.0

Notes: 1. Operating cash flow = net income + depreciation

2. TEP = Tokyo Gas Economic Profit

TEP = after-tax & pre-interest-payment profit – capital cost (cost of interest-bearing debt + shareholder capital cost)

Target WACC for FY 2013 = (cost of interest-bearing debt 1.46%) x 27% + (risk-free rate 1.71% + risk premium on equity 4.0% x β 0.75) x 73% = 3.8%

Actual WACC for FY 2010 = (cost of interest-bearing debt 1.05%) x 36% + (risk-free rate 1.40% + risk premium on equity 4.0% x β 0.75) x 64% = 3.2%

3. TEP Results in FY10 includes gain on sales of noncurrent assets incurred by Toyosu-land sale.

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

Account	FY2009 (as of Mar. 31, 2010)	FY2010 (as of Mar. 31, 2011)
ASSETS		
Noncurrent assets		
Property, plant and equipment		
Production facilities	186,467	180,446
Distribution facilities	475,932	461,109
Service and maintenance facilities	59,169	62,149
Other facilities	295,494	318,239
Inactive facilities	742	447
Construction in progress	91,037	97,850
Total property, plant and equipment	1,108,843	1,120,243
Intangible assets		
Goodwill	1,460	1,198
Other	26,517	39,944
Total intangible assets	27,977	41,143
Investments and other assets		
Investment securities	139,052	137,456
Long-term loans receivable	40,996	21,340
Deferred tax assets	53,087	39,085
Other	36,350	31,928
Allowances for doubtful accounts	(1,130)	(909)
Total investments and other assets	268,357	228,900
Total noncurrent assets	1,405,178	1,390,286
Current assets		
Cash and deposits	107,391	90,302
Notes and accounts receivable-trade	156,398	160,128
Lease receivables and investment assets	25,888	26,789
Merchandise and finished goods	3,291	3,591
Work in process	16,388	8,937
Raw materials and supplies	37,412	36,451
Deferred tax assets	16,606	15,624
Other	73,034	98,096
Allowances for doubtful accounts	(619)	(546)
Total current assets	435,794	439,374
Total assets	1,840,972	1,829,661

(Unit: million yen)

Account	FY2009 (as of Mar. 31, 2010)	FY2010 (as of Mar. 31, 2011)
LIABILITIES		
Noncurrent liabilities		
Bonds payable	301,491	311,492
Long-term loans payable	186,681	188,239
Deferred tax liabilities	4,448	17,330
Provision for retirement benefits	130,903	96,870
Provision for gas holders repairs	3,597	3,565
Provision for safety measures	184	—
Asset retirement obligations	—	3,679
Other	27,012	25,535
Total noncurrent liabilities	654,319	646,713
Current liabilities		
Current portion of noncurrent liabilities	53,456	48,765
Notes and accounts payable-trade	134,946	76,180
Short-term loans payable	11,348	17,825
Income taxes payable	34,945	32,795
Deferred tax liabilities	8	6
Asset retirement obligations	—	77
Other	125,656	133,203
Total current liabilities	360,362	308,853
Total liabilities	1,014,681	955,567
NET ASSETS		
Shareholders' equity		
Capital stock	141,844	141,844
Legal capital surplus	2,065	2,065
Retained earnings	657,387	718,439
Treasury stock	(1,986)	(2,355)
Total shareholders' equity	799,310	859,994
Accumulated amount of other comprehensive income		
Valuation difference on available-for-sale securities	20,175	14,788
Deferred gains or losses on hedges	1,690	1,145
Foreign currency translation adjustment	(7,290)	(17,008)
Total accumulated amount of other comprehensive income	14,575	(1,073)
Minority interests	12,404	15,174
Total net assets	826,291	874,094
Total liabilities and net assets	1,840,972	1,829,661

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statement of Income)

(Unit: million yen)

Account	FY2009 (Apr. 2009 – Mar. 2010)	FY2010 (Apr. 2010 – Mar. 2011)
Net Sales	1,415,718	1,535,242
Cost of sales	854,231	974,781
Gross profit	561,487	560,460
Selling, general and administrative expenses		
Supply and sales expenses	403,671	374,919
General and administrative expenses	72,586	63,090
Total selling, general and administrative expenses	476,257	438,009
Operating income	85,229	122,451
Non-operating income		
Interest income	1,112	1,215
Dividends income	1,091	1,541
Equity in earnings of affiliates	3,796	3,605
Foreign exchange gains	6,175	2,421
Miscellaneous income	8,450	8,111
Total non-operating income	20,626	16,895
Non-operating expenses		
Interest expenses	10,303	9,689
Balance on commissioned construction	3,186	2,361
Expense for environmental consideration	3,097	—
Miscellaneous expenses	5,747	5,747
Total non-operating expenses	22,336	17,798
Ordinary income	83,519	121,548
Extraordinary income		
Gain on sales of noncurrent assets	—	39,927
Gain on sales of investment securities	—	726
Total extraordinary income	—	40,653
Extraordinary losses		
Impairment loss	—	834
Loss on disaster	—	3,268
Loss on valuation of investment securities	—	2,100
Expenses for product compensation	—	503
Total extraordinary losses	—	6,707
Income before income taxes	83,519	155,494
Income taxes-current	43,419	27,522
Income taxes-deferred	-14,552	31,901
Total income taxes	28,866	59,424
Income before minority interests	—	96,070
Minority interests in income	871	603
Net income	53,781	95,467

(Consolidated Statement of Comprehensive Income)

(Unit: million yen)

Account	FY2009 (Apr. 2009 – Mar. 2010)	FY2010 (Apr. 2010 – Mar. 2011)
Income before minority interests	—	96,070
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(5,375)
Deferred gains or losses on hedges	—	(604)
Foreign currency translation adjustment	—	(7,095)
Share of other comprehensive income of associates accounted for using equity method	—	(2,554)
Total other comprehensive income	—	(15,630)
Comprehensive income	—	80,440
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of the parent	—	79,818
Comprehensive income attributable to minority interests	—	622

(3) Consolidated Statements of Changes in Net Assets

(Unit: million yen)

	FY2009 (Apr.2009 – Mar. 2010)	FY2010 (Apr.2010 – Mar. 2011)
Shareholders' equity		
Paid-in capital		
Balance at the end of previous period	141,844	141,844
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of period	141,844	141,844
Capital surplus		
Balance at the end of previous period	2,065	2,065
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of previous period	2,065	2,065
Retained eanings		
Balance at the end of period	631,045	657,387
Changes of items during the period		
Dividends from surplus	(21,701)	(25,549)
Net income	53,781	95,467
Disposal of treasury stock	(21)	(1)
Cancellation of treasury stock	(5,418)	(7,919)
Change of subsidiaries	-298	(943)
Total changes of items during the period	26,342	61,052
Balance at the end of period	657,387	718,439
Treasury stock		
Balance at the end of previous period	(2,361)	(1,986)
Changes of items during the period		
Repurchase of treasury stock	(5,149)	(8,314)
Disposal of treasury stock	105	25
Cancellation of treasury stock	5,418	7,919
Total changes of items during the period	374	(369)
Balance at the end of period	(1,986)	(2,355)
Total shareholders' equity		
Balance at the end of previous period	722,594	799,310
Changes of items during the period		
Dividends from surplus	(21,701)	(25,549)
Net income	53,781	95,467
Repurchase of treasury stock	(5,149)	(8,314)
Disposal of treasury stock	84	23
Change of subsidiaries	(298)	(943)
Total changes of items during the period	26,716	60,683
Balance at the end of period	799,310	859,994

(Unit: million yen)

	FY2009 (Apr.2009 – Mar. 2010)	FY2010 (Apr.2010 – Mar. 2011)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	11,466	20,175
Changes of items during the period		
Changes of items during the period other than shareholders' equity	8,709	(5,386)
Total changes of items during the period	8,709	(5,386)
Balance at the end of period	20,175	14,788
Deferred gains or losses on hedges		
Balance at the end of previous period	920	1,690
Changes of items during the period		
Changes of items during the period other than shareholders' equity	769	(544)
Total changes of items during the period	769	(544)
Balance at the end of period	1,690	1,145
Translation adjustments		
Balance at the end of previous period	(12,615)	(7,290)
Changes of items during the period		
Changes of items during the period other than shareholders' equity	5,324	(9,717)
Total changes of items during the period	5,324	(9,717)
Balance at the end of period	(7,290)	(17,008)
Total valuation and translation adjustment		
Balance at the end of previous period	(228)	14,575
Changes of items during the period		
Changes of items during the period other than shareholders' equity	14,803	(15,649)
Total changes of items during the period	14,803	(15,649)
Balance at the end of period	14,575	(1,073)
Minority interests		
Balance at the end of previous period	12,250	12,404
Changes of items during the period		
Changes of items during the period other than shareholders' equity	154	2,769
Total changes of items during the period	154	2,769
Balance at the end of period	12,404	15,174

(Unit: million yen)

	FY2009 (Apr.2009 – Mar. 2010)	FY2010 (Apr.2010 – Mar. 2011)
Total net assets		
Balance at the end of previous period	784,616	826,291
Changes of items during the period		
Dividends from surplus	(21,701)	(25,549)
Net income	53,781	95,467
Repurchase of treasury stock	(5,149)	(8,314)
Disposal of treasury stock	84	23
Change of subsidiaries	(298)	(943)
Changes of items during the period other than shareholders' equity	14,957	(12,879)
Total changes of items during the period	41,674	47,803
Balance at the end of period	826,291	874,094

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

Account	FY2009 (Apr.2009 – Mar. 2010)	FY2010 (Apr.2010 – Mar. 2011)
Net cash provided by (used in) operating activities		
Income before income taxes	83,519	155,494
Depreciation and amortization	142,110	145,389
Impairment loss	—	834
Amortization of goodwill	573	—
Amortization of long-term prepaid expenses	4,007	3,946
Loss on retirement of property, plant and equipment	3,239	3,248
Loss (gain) on sales of noncurrent assets	—	(39,849)
Income/loss on sales of investment securities	—	(725)
Loss (gain) on valuation of investment securities	—	2,100
Increase (decrease) in provision for retirement benefits	30,168	(34,104)
Increase (decrease) in provision for safety measures	(1,266)	—
Interest and dividends income	(2,204)	(2,757)
Interest expenses	10,303	9,689
Equity in (earnings) losses of affiliates	(3,796)	(3,605)
Decrease (increase) in notes and accounts receivable-trade	15,419	(7,095)
Decrease (increase) in inventories	19,740	8,181
Increase (decrease) in notes and accounts payable-trade	29,482	(52,523)
Increase (decrease) in consumption tax payable	5,106	(5,260)
Decrease (increase) in accounts receivable – other	(6,830)	24,227
Decrease (increase) in lease receivables and lease asset	—	(871)
Other, net	9,807	(9,017)
Subtotal	339,380	197,248
Interest and dividends income received	6,249	6,900
Interest expenses paid	(10,755)	(9,840)
Income taxes paid	(40,763)	(31,963)
Net cash provided by (used in) operating activities	294,110	162,345
Net cash provided by (used in) investment activities		
Payments into time deposits	(8,181)	(5,847)
Proceeds from withdrawal of time deposits	6,625	7,115
Purchase of investment securities	(13,462)	(21,737)
Proceeds from sales and redemption of investment securities	794	2,331
Purchase of property, plant and equipment	(136,511)	(137,624)
Purchase of intangible assets	(8,964)	(13,191)
Proceeds from transfer of business	1,680	—
Purchase of long-term prepaid expenses	(1,599)	(2,814)
Proceeds from sales of noncurrent assets	735	653
Payment of long-term loans receivable	(17,814)	(3,188)
Collection of long-term loans receivable	1,712	1,719
Net decrease (increase) in short-term loans receivable	1,168	—
Other, net	(3,471)	277
Net cash provided by (used in) investment activities	(177,290)	(172,305)

(Unit: million yen)

Account	FY2009 (Apr.2009 – Mar. 2010)	FY2010 (Apr.2010 – Mar. 2011)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	4,931	8,915
Increase (decrease) in commercial papers	—	15,000
Repayments of lease obligations	(640)	(659)
Proceeds from long-term loans payable	13,066	17,339
Payments for long-term loans payable	(29,279)	(33,541)
Proceeds from issuance of bonds	30,000	40,000
Redemption of bonds	(60,200)	(20,000)
Proceeds from stock issuance to minority shareholders	758	—
Repayments to minority shareholders	(907)	—
Proceeds from sales of treasury stock	84	23
Purchase of treasury stock	(5,149)	(8,314)
Cash dividends paid	(21,695)	(25,524)
Cash dividends paid to minority shareholders	(345)	(451)
Net cash provided by (used in) financing activities	(69,375)	(7,212)
Effect of exchange rate change on cash and cash equivalents	1,064	(3,716)
Net increase (decrease) in cash and cash equivalents	48,509	(20,889)
Cash and cash equivalents at beginning of year	64,009	(112,868)
Increase in cash and cash equivalents from newly consolidated subsidiary	349	68
Cash and cash equivalents at end of period	112,868	92,048

(5) Note on going concerns' premise:

Not applicable

(6) Basis of preparation of consolidated financial statements

Disclosure is omitted because there are no significant changes since the publication of the most recent securities report (filed June 26, 2010).

(7) Changes in basis of preparation of consolidated financial statements

1) Application of Accounting Standard and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

The Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan Statement No.16; March 10, 2008), and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (Practical Issues Task Force No.24; March 10, 2008) are being applied from this fiscal year, with consolidated results adjusted as necessary.

This change had no impact on profit and loss.

2) Application of accounting standard for asset retirement obligations

The Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan Statement No.18; March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan Guidance No.21; March 31, 2008) are being applied from this fiscal year.

The impact of this change on profit and loss was negligible. The change in the amount of asset retirement obligations resulting from the application of this accounting standard is ¥3,091 million.

3) Application of accounting standards for business combinations

The Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No.21; December 26, 2008), the Accounting Standard for Consolidated Financial Statements (Accounting Standards Board of Japan Statement No.22; December 26, 2008), the Partial amendments to Accounting Standard for Research and Development Costs (Accounting Standards Board of Japan Statement No.23; December 26, 2008), the Revised Accounting Standard for Business Divestitures (Accounting Standards Board of Japan Statement No.7; December 26, 2008), the Revised Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan Statement No.16; December 26, 2008), and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standards Board of Japan Guidance No.10; December 26, 2008) are being applied from this fiscal year.

4) Changes in depreciation method for significant depreciable assets

Previously, the declining balance method was used for the depreciation of ships owned by consolidated subsidiary Tokyo LNG Tanker Co., Ltd., but from this fiscal year the straight-line method is being applied. Tokyo LNG Tanker's earnings structure consists primarily of long-term, stable earnings backed by transportation contracts with shippers, and this is seen becoming increasingly the case from the current fiscal year. Therefore, the change to the straight-line method of depreciation is deemed to more rationally reflect the relationship between revenue and expenses in Tokyo LNG Tanker's long-term, stable earnings structure.

As a result of this change, the cost of sales for this fiscal year was ¥2,954 million less than would have been the case under the previous method, and gross profit, operating income, ordinary income, and income before income taxes were greater by the same amount.

(8) Supplementary information

The Accounting Standard for Presentation of Comprehensive Income (Accounting Standards Board of Japan Statement No.25; June 30, 2010) is being applied from this term. The amounts corresponding to the new standard's "Valuation and translation adjustments" and "Total valuation and translation adjustments" in the previous term are shown as "Other comprehensive income" and "Total other comprehensive income"

(9) Notes on consolidated financial statements

1) (Consolidated Statement of Comprehensive Income)

a) Comprehensive income in the previous fiscal year

Comprehensive income attributable to owners of the parent	¥68,584 million
Comprehensive income attributable to minority interests	¥932 million
Total	¥69,517 million

b) Other comprehensive income in the previous fiscal year

Valuation difference on available-for-sale securities	¥8,769 million
Deferred gains or losses on hedges	¥771 million
Foreign currency translation adjustment	¥5,065 million
Share of other comprehensive income of associates accounted for using equity method	¥258 million
Total	¥14,865 million

2） (Segment information)

1. Overview of reporting segments

The Group's reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of management resources and evaluate business results.

The Group is pursuing integrated energy business with natural gas at its core into wider geographical areas. The Group's main products and services are "city gas" and "other energy," representing energy created using natural gas as the raw material, and "gas appliances and installation work."

In addition, businesses involving the efficient utilization of the Group's real estate holdings represent another earnings base, and the Group therefore uses the four reporting segments of "city gas," "gas appliances and installation work," "other energy," and "real estate."

The main products and services of each reporting segment are as follows:

City gas:	City gas
Gas appliances and installation work:	Gas appliances and installation work
Other energy:	Energy services, liquefied petroleum gas, electric power, industrial gases, etc.
Real estate:	Leasing, management, etc. of land and buildings

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

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

Income of reporting segment is calculated based on operating income.

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

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

Fiscal year ended March 31, 2010 (from Apr. 20, 2009 - Mar. 31, 2010)

(Unit: million yen)

	Reporting segment					Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated income statement (Note 3)
	City Gas	Gas appliances and installation work	Other energy	Real estate rental	Other business				
Net sales (1) External sales	1,017,692	160,150	151,524	11,472	1,340,840	74,878	1,415,718	—	1,415,718
(2) Intersegment sales & transfers	28,473	9,633	5,722	21,312	65,192	86,812	152,004	(152,004)	—
Total	1,046,166	169,784	157,297	32,784	1,406,032	161,690	1,567,722	(152,004)	1,415,718
Segment income (loss)	115,539	2,184	6,874	6,732	131,330	6,497	137,828	(52,598)	85,229
Segment Assets	1,009,021	63,458	111,913	163,523	1,347,916	162,471	1,510,387	330,584	1,840,972
Others (1) Depreciation expenses	113,217	947	9,846	9,136	133,147	11,208	144,356	(2,246)	142,110
(2) Increase in property, plant, equipment, and intangible assets	1113,697	774	6,110	3,019	123,601	25,697	149,299	(2,712)	146,586

Notes:

1. The "Others" segment indicates businesses not included in the reporting segments, including construction, information processing, shipping, and credit and leasing.
2. The "Adjustments" segment indicates as follows;
   (1) The -¥52,598 million segment income adjustment includes ¥1,000 million in eliminations for intersegment transactions and -¥53,599 million of companywide expenses not allocated to the respective reporting segments.

Companywide expenses are primarily, general and administrative expenses that are not assignable to a reporting segment.

(2) The ¥330,584 million segment assets adjustment includes ¥368,107 million of companywide assets not allocated to the respective reporting segments, and -¥37,522 million of net eliminations for intersegment obligations. Companywide assets are primarily, financial assets that are not assignable to a reporting segment.

3. Segment income is adjusted to reflect operating income as recorded on the Consolidated Statements of Income.

Fiscal Year 2010 (from Apr. 1, 2010 - Mar. 31, 2011)

(Unit: million yen)

	Reporting segment					Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated income statement (Note 3)
	City Gas	Gas appliances and installation work	Other energy	Real estate rental	Other business				
Net sales									
(1) External sales	1,077,221	164,814	208,329	11,715	1,462,081	73,161	1,535,242	—	1,535,242
(2) Intersegment sales & transfers	59,856	12,658	12,962	21,081	106,558	89,140	195,699	(195,699)	—
Total	1,137,077	177,472	221,292	32,797	1,568,639	162,302	1,730,942	(195,699)	1,535,242
Segment income (loss)	136,181	1,872	11,166	5,713	154,933	9,907	164,841	(42,389)	122,451
Segment Assets	981,747	57,125	163,400	196,567	1,398,840	161,588	1,560,429	269,232	1,829,661
Others									
(1) Depreciation expenses	114,435	1,048	16,454	8,716	140,654	7,167	147,822	(2,432)	145,389
(2) Increase in property, plant, equipment, and intangible assets	105,880	1,111	21,054	2,940	130,987	19,485	150,472	(3,084)	147,388

Notes:

1. The “Others” segment indicates businesses not included in the reporting segments, including construction, information processing, shipping, and credit and leasing.
2. The “Adjustments” segment indicates as follows;

(1) The -¥42,389 million segment income adjustment includes ¥1,295 million in eliminations for intersegment transactions and -¥43,684 million of companywide expenses not allocated to the respective reporting segments.

Companywide expenses are primarily, general and administrative expenses that are not assignable to a reporting segment.

(2) The ¥269,232 million segment assets adjustment includes ¥315,275 million of companywide assets not allocated to the respective reporting segments, and -¥46,042 million of net eliminations for intersegment obligations. Companywide assets are primarily, financial assets that are not assignable to a reporting segment.

3. Segment income is adjusted to reflect operating income as recorded on the Consolidated Statements of Income.

(Additional information)

The Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information (Accounting Standards Board of Japan Statement No.17; March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (Accounting Standards Board of Japan Guidance No.20; March 21, 2008) are being applied from this fiscal year.

3) (Per share information)

	FY2009	FY2010
	(Unit: yen)	(Unit: yen)
1. Shareholders' equity per share	301.58	320.70
2. Net income per share	19.86	35.63

Notes:

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

	FY2009	FY2010
Net income per share		
Net income (million yen)	53,781	95,467
Not attributable to common shareholders (million yen)	—	—
Net income attributable to common shareholders (million yen)	53,781	95,467
Average number of common shares outstanding (thousand shares)	2,707,933	2,679,294

3. Basis for calculation of BPS is as follows.

	FY2009	FY2010
Book value per share		
Shareholders' equity (million yen)	826,291	874,094
Deduction from shareholders' equity (million yen)	12,404	15,174
-Shares of minority shareholders (million yen)	12,404	15,174
Net shareholders' equity attributable to common shares (million yen)	813,886	858,920
Number of shares to calculate BPS (thousand shares)	2,698,698	2,678,294

4) (Material subsequent events)

Fiscal year ended March 31, 2011 (from Apr. 1, 2010 - Mar. 31, 2011)

The Company resolved at the meeting of Board of Directors held on April 28, 2011 that it would acquire its own shares of stock based on the provisions of Article 156 of the Companies Act that is applied in an alternative interpretation of Article 165, Section 3 of the Companies Act.

The repurchases of shares are to be carried out as described below:

Type of shares: Ordinary shares of the Company
No. of shares to be repurchased: Up to 110 million shares (maximum)
Total value of stock repurchased: Up to ¥34,000 million (maximum)
Period of acquisitions: May 2, 2011 – March 31, 2012

V. Non-Consolidated Financial Statements
(1) Balance Sheets

(Unit: million yen)

Account	FY2009 (as of Mar. 31, 2010)	FY2010 (as of Mar. 31, 2011)
ASSETS		
Fixed assets		
Tangible fixed assets		
Production facilities	186,806	180,967
Distribution facilities	453,947	439,887
Business facilities	54,894	56,986
Other facilities	2,919	2,881
Suspended facilities	742	447
Construction in progress	60,374	67,221
Total tangible fixed assets	759,684	748,391
Intangible fixed assets		
Leaseholds	1,295	1,500
Software	—	17,911
Other intangible fixed assets	21,929	4,617
Total intangible fixed assets	23,224	24,029
Investments, etc.		
Investment securities	60,054	62,694
Investments in affiliates	168,344	194,655
Long-term loans receivable	109	100
Long-term loans to affiliates	135,558	136,952
Investments in partnership	13	13
Long-term prepaid expenses	20,482	18,445
Deferred tax assets	46,698	34,137
Miscellaneous investments	7,415	4,005
Allowances for doubtful accounts	(762)	(753)
Total investments, etc.	437,913	450,251
Total fixed assets	1,220,823	1,222,673
Current assets		
Cash and deposits	56,373	40,290
Notes and accounts receivable	627	900
Accounts receivable	96,160	99,026
Accounts receivable from affiliates	25,508	30,380
Uncollected accounts	29,387	9,507
Negotiable securities	10,001	5,001
Finished products	102	106
Raw materials	20,767	22,215
Supplies	9,924	8,710
Advance payments-other	2,051	4,912
Prepaid expenses	703	1,044
Short-term CMS lending to affiliates	25,609	19,528
Short-term credits affiliates	2,501	2,503
Deferred tax assets	12,565	8,594
Other current assets	30,955	26,485
Allowances for doubtful accounts	(528)	(716)
Total current assets	322,712	278,491
Total Assets	1,543,535	1,501,164

(Unit: million yen)

Account	FY2009 (as of Mar. 31, 2010)	FY2010 (as of Mar. 31, 2011)
LIABILITIES		
Fixed liabilities		
Bonds payable	287,691	297,692
Long-term bank loans payable	117,450	120,531
Long-term obligations to affiliates	365	373
Retirement benefit reserve	120,891	86,677
Allowances for repairs of gas holders	3,133	3,072
Reserve for safety measures	92	—
Other fixed liabilities	6,050	4,377
Total fixed liabilities	535,674	512,724
Current liabilities		
Fixed liabilities due within one year	37,394	34,480
Accounts payable	107,449	50,163
Short-term loans payable	—	5,000
Other accounts payable	35,000	27,771
Accrued expenses	31,217	33,117
Corporation tax payable, etc.	28,900	19,429
Advances received	6,033	3,605
Deposits received	4,456	2,620
CMS short-term borrowings from affiliates	41,259	45,816
Accrued expenses to subsidiaries and affiliates	—	20,344
Short-term obligations to affiliates	27,382	11,989
Other current liabilities	4,772	20,121
Total current liabilities	323,865	274,459
Total liabilities	859,539	787,183
NET ASSETS		
Shareholders' Equity		
Common stock	141,844	141,844
Capital surplus		
Capital reserve	2,065	2,065
Total Capital surplus	2,065	2,065
Retained eainings		
Legal retained earnings	35,454	35,454
Other retained earnings		
Expropriation etc. compression reserve	909	909
Reserve against loss of investment abroad, etc.	4,011	6,104
Raw material cost fluctuation adjustment reserve	141,000	141,000
General reserves	299,000	299,000
Retained earnings carried forward	42,399	74,327
Total Retained earnings	522,775	556,795
Treasury Stock	–1,986	–2,355
Total shareholders' Equity	664,699	698,350
Variance of the estimate and the exchange rate		
Unrealized gains on other securities	16,791	14,388
Gain or loss on deferred hedge	2,505	1,242
Total Variance of the estimate and the exchange rate	19,296	15,630
Total net asset	683,995	713,980
Total liabilities, minority interest and shareholders' equity	1,543,535	1,501,164

(2) Statements of Income

(Unit: million yen)

Account	FY2009 (Apr. 2009 – Mar. 2010)	FY2010 (Apr. 2010 – Mar. 2011)
Product Sales		
Gas sales	1,010,891	1,071,635
Total product sales	1,010,891	1,071,635
Cost of sales		
Inventory at the end of previous period	107	102
Cost of goods manufactured	514,913	591,889
Cost of goods purchased	10,379	11,213
Cost of goods self-consumed	2,106	2,433
Inventory at the end of period	102	106
Total Cost of sales	523,190	600,665
Gross profit	487,700	470,969
Supply and sales expenses	360,041	329,525
General and administrative expenses	74,558	64,995
Total supply and sales expenses and general and administrative expenses	434,600	394,520
Profit on gas sales	53,100	76,448
Miscellaneous operating revenues		
Income of construction work received	37,624	37,283
Revenues from sales of gas appliances	94,877	100,449
Income from third party access	213	257
Other revenues	2,863	6,924
Total miscellaneous operating revenues	135,579	144,914
Miscellaneous operating expenses		
Cost of construction work	38,512	37,625
Cost of sales of gas appliances	93,508	100,275
Total miscellaneous operating expenses	132,020	137,900
Revenues from associated business		
Revenue from LNG sales	22,375	35,604
Revenue from power sales	20,439	52,928
Revenue from other associated business	21,354	24,751
Total revenues from associated business	64,169	113,284
Expenses for associated business		
Expense for LNG sales	21,028	33,888
Expense for power sales	19,663	49,641
Expenses for other associated business	21,011	24,371
Total expenses for associated business	61,704	107,901
Operating income	59,124	88,845

(Unit: million yen)

Account	FY2009 (Apr. 2009 – Mar. 2010)	FY2010 (Apr. 2010 – Mar. 2011)
Non-operating income		
Interest income	2,184	2,146
Interest on securities	—	4
Dividend income	1,034	1,254
Dividends from subsidiaries and affiliates	3,863	9,621
Rental income	4,380	4,554
Miscellaneous revenues	6,151	6,576
Total non-operating income	17,615	24,157
Non-operating expenses		
Interest paid	2,602	2,364
Interest on bonds	5,754	5,770
Amortization of bond issue expenses	109	190
Balance on commissioned construction	3,270	2,458
Expense for environmental consideration	3,097	—
Miscellaneous expenditure	2,973	3,111
Total non-operating expenses	17,807	13,895
Ordinary income	58,931	99,107
Extraordinary income		
Gain on sales of noncurrent assets	—	826
Gain on sales of investment securities	—	726
Gain on extinguishment of tie-in shares	—	3,653
Total extraordinary income	—	5,205
Extraordinary loss		
Impairment loss	—	385
Loss on disaster	—	3,168
Loss on valuation of investment securities	—	2,098
Total of extraordinary losses	—	5,651
Net income before income tax	58,931	98,661
Corporate taxes, etc.	34,520	12,630
Adjustment for corporate taxes, etc.	(14,472)	18,540
Total corporate tax, etc.	20,047	31,170
Net income	38,883	67,491

(3) Non-Consolidated Statements of Changes in Net Assets

(Unit: million yen)

Account	FY2009 (Apr.2009 to Mar. 2010)	FY2010 (Apr.2010 to Mar. 2011)
Shareholders' equity		
Paid-in capital		
Balance at the end of previous period	141,844	141,844
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of period	141,844	141,844
Capital surplus		
Capital reserve		
Balance at the end of previous period	2,065	2,065
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of period	2,065	2,065
Total Capital surplus		
Balance at the end of previous period	2,065	2,065
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of period	2,065	2,065
Retained eanings		
Legal retained eanings		
Balance at the end of previous period	35,454	35,454
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of period	35,454	35,454
Other Retained eanings		
Compression reserve		
Balance at the end of previous period	910	909
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of period	909	909
Reserve against loss of investment on abroad, etc.		
Balance at the end of previous period	2,024	4,011
Changes of items during the period		
Reserve against loss of investment abroad, etc.	1,987	2,092
Total changes of items during the period	1,987	2,092
Balance at the end of period	4,011	6,104
Raw material cost fluctuation adjustment reserve		
Balance at the end of previous period	141,000	141,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end period	141,000	141,000

(Unit: million yen)

Account	FY2009 (Apr.2009 to Mar. 2010)	FY2010 (Apr.2010 to Mar. 2011)
General reserves		
Balance at the end of previous period	299,000	299,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of period	299,000	299,000
Deferred retained earnings		
Balance at the end of previous period	32,644	42,399
Changes of items during the period		
Reserve against loss of investment abroad, etc.	–1,987	–2,092
Dividends from surplus	–21,701	–25,549
Net income	38,883	67,491
Disposal of treasury stock	–21	–1
Cancellation of treasury stock	–5,418	–7,919
Total changes of items during the period	9,755	31,927
Balance at the end of period	42,399	74,327
Total Retained eanings		
Balance at the end of previous period	511,032	522,775
Changes of items during the period		
Reserve against loss of investment abroad, etc.	—	—
Dividends from surplus	–21,701	–25,549
Net income	38,883	67,491
Disposal of treasury stock	–21	–1
Cancellation of treasury stock	–5,418	–7,919
Total changes of items during the period	11,742	34,020
Balance at the end of period	522,775	556,795
Treasury stock		
Balance at the end of previous period	–2,361	–1,986
Changes of items during the period		
Repurchase of treasury stock	–5,149	–8,314
Disposal of treasury stock	105	25
Cancellation of treasury stock	5,418	7,919
Total changes of items during the period	374	–369
Balance at the end of period	–1,986	–2,355
Total shareholders' equity		
Balance at the end of previous period	652,581	664,699
Changes of items during the period		
Dividends from surplus	–21,701	–25,549
Net income	38,883	67,491
Repurchase of treasury stock	–5,149	–8,314
Disposal of treasury stock	84	23

(Unit: million yen)

Account	FY2009 (Apr.2009 to Mar. 2010)	FY2010 (Apr.2010 to Mar. 2011)
Cancellation of treasury stock	—	—
Total changes of items during the period	12,117	33,651
Balance at the end of period	664,699	698,350
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	9,429	16,791
Changes of items during the period		
Changes of items during the period other than shareholders' equity	7,361	–2,402
Total changes of items during the period	7,361	–2,402
Balance at the end of period	16,791	14,388
Deferred gains or losses on hedges		
Balance at the end of previous period	647	2,505
Changes of items during the period		
Changes of items during the period other than shareholders' equity	1,857	–1,263
Total changes of items during the period	1,857	–1,263
Balance at the end of period	2,505	1,242
Valuation and translation adjustments		
Balance at the end of previous period	10,077	19,296
Changes of items during the period		
Changes of items during the period other than shareholders' equity	9,219	–3,666
Total changes of items during the period	9,219	–3,666
Balance at the end of period	19,296	15,630
Total net assets		
Balance at the end of previous period	662,658	683,995
Changes of items during the period		
Dividends from surplus	–21,701	–25,549
Net income	38,883	67,491
Repurchase of treasury stock	–5,149	–8,314
Disposal of treasury stock	84	23
Changes of items during the period other than shareholders' equity	9,219	–3,666
Total changes of items during the period	21,336	29,985
Balance at the end of period	683,995	713,980

(4) Note on going concerns' premise: ***No***

VI. Others

(1) Management reshuffle

Management reshuffle has been disclosed on February 24, 2011.

(2) Non-consolidated operating results

<Gas Sales Volume for FY2010>

			FY2010 (actual)	FY2009 (actual)	Change	% change
No. of customers		Thousand	10,441	10,340	101	1.0
Gas sales volume	Residential	m^3	32.37	31.82	0.55	1.7
		Mil. m^3	3,412	3,332	80	2.4
	Business	Mil. m^3	2,875	2,792	83	3.0
	Industrial	Mil. m^3	4,963	4,952	11	0.2
	Subtotal	Mil. m^3	7,839	7,745	94	1.2
	Supplies to other utilities	Mil. m^3	2,191	2,073	118	5.7
	Total	Mil. m^3	13,441	13,150	291	2.2
Average temperature		°C	16.7	16.5	0.2	—

<FY2010 Balance of Payments>

(Unit: hundred million yen)

Income			Change from previous year	Rate (%)	Expenses			Change from previous year	Rate (%)
Product sales	Gas sales	10,716	608	6.0	Operating expenses	Cost of sales	6,006	775	14.8
						Sales and administrative expenses	3,945	(401)	(9.2)
						Subtotal	9,951	374	3.9
Other sales	Installation work	372	(4)	(0.9)	Other expenses	Installation work	376	(9)	(2.3)
	Gas appliances, etc.	1,076	97	9.9		Gas appliances	1,002	67	7.2
	Incidental businesses	1,132	491	76.5		Incidental businesses	1,079	462	74.9
	Subtotal	2,581	584	29.3		Subtotal	2,458	521	26.9
Total net sales		13,298	1,192	9.8	Total expenses		12,409	894	7.8
					Operating income		888	297	50.3
Non-operating income		241	65	37.1	Non-operating expenses		138	(40)	(22.0)
					Ordinary income		991	402	68.2
Extraordinary income		52	52	—	Extraordinary loss		56	56	—
					Net income		674	286	73.6

Notes:

1 Cost of sales includes gas resource cost of ¥574.5 billion (increased by ¥ 82.0 billion, or 16.7%, year on year).

2 Non-operating expenses include interest expenses of ¥8.2 billion (decreased by ¥ 0.1 billion, or 1.9%, year on year).

<Capital expenses>

(Unit: hundred million yen)

	FY2009 (Actual)		FY2010 (Actual)		FY2011 (Projection)	
		(%)		(%)		(%)
Production facilities	140	12.5	91	9.0	251	20.5
Distribution facilities	785	70.0	742	72.5	702	57.4
Business facilities	189	16.8	181	17.8	261	21.4
Associated business facilities	8	0.7	8	0.7	8	0.7
Total	1,123	100.0	1,023	100.0	1,223	100.0

(Unit: hundred million yen)

Terminal-related facilities (production facilities)	FY2009 (Actual)	FY2010 (Actual)	FY2011 (Projection)
Sodegaura Terminal	19	17	22
Negishi Terminal	74	38	26
Ohgishima Terminal	43	24	61
Total	136	79	109
Mains and branches (distribution facilities)	FY2009 (Actual)	FY2010 (Actual)	FY2011 (Projection)
Demand-development mains and branches	(603km) 317	(642km) 311	(623km) 262
Safety measure mains and branches	(299km) 181	(273km) 173	(268km) 173
Planned mains and branches	(44km) 136	(51km) 93	(33km) 91
Urban development mains and branches	(51km) 9	(48km) 12	(50km) 11
Total	(998km) 644	(1,013km) 591	(975km) 539