Matters Disclosed via the Internet
Pursuant to Laws and Regulations and the Articles of Incorporation

Consolidated Statement of Changes in Equity

Notes to the Consolidated Financial Statements

Non-Consolidated Statement of Changes in Equity

Notes to the Non-Consolidated Financial Statements

216th Fiscal Year (April 1, 2015 to March 31, 2016)

TOKYO GAS CO., LTD.

The information relevant to matters that require disclosure in the consolidated financial statements "Consolidated Statement of Changes in Equity", "Notes to the Consolidated Financial Statements", and non-consolidated financial statements "Non-Consolidated Statement of Changes in Equity" and "Notes to the Non-Consolidated Financial Statements" are provided via the Internet by posting them on the Company's website (http://www.tokyo-gas.co.jp) pursuant to laws and regulations and the Company's Articles of Incorporation.

Consolidated Statement of Changes in Equity

From April 1, 2015 to March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	141,844	2,065	855,776	(3,715)	995,971
Cumulative effects of changes in accounting policies					
Restated balance	141,844	2,065	855,776	(3,715)	995,971
Changes of items during period					
Dividends of surplus			(24,151)		(24,151)
Profit attributable to owners of parent			111,936		111,936
Purchase of treasury shares				(33,939)	(33,939)
Disposal of treasury shares				5	4
Retirement of treasury shares			(33,207)	33,207	
Decrease in the number of consolidated subsidiaries					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(187)			(187)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(187)	54,577	(726)	53,663
Balance at end of current period	141,844	1,878	910,353	(4,441)	1,049,634

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of current period	34,455	(1,820)	43,071	(2,163)	73,543	17,747	1,087,262
Cumulative effects of changes in accounting policies							–
Restated balance	34,455	(1,820)	43,071	(2,163)	73,543	17,747	1,087,262
Changes of items during period							
Dividends of surplus							(24,151)
Profit attributable to owners of parent							111,936
Purchase of treasury shares							(33,939)
Disposal of treasury shares							4
Retirement of treasury shares							–
Decrease in the number of consolidated subsidiaries							–
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(187)
Net changes of items other than shareholders' equity	(8,157)	(752)	1,873	(15,870)	(22,906)	(2,846)	(25,753)
Total changes of items during period	(8,157)	(752)	1,873	(15,870)	(22,906)	(2,846)	27,909
Balance at end of current period	26,298	(2,573)	44,945	(18,033)	50,636	14,900	1,115,172

Notes to the Consolidated Financial Statements

From April 1, 2015 to March 31, 2016

[Basis of Preparing Consolidated Financial Statements]

1. Scope of consolidation
   (1) Number of consolidated subsidiaries
   Number of consolidated subsidiaries: 67
   Names of principal consolidated subsidiaries
   TOKYO GAS AUSTRALIA PTY LTD, Tokyo Gas America Ltd., Tokyo Gas Urban Development Co., Ltd., Tokyo Gas Engineering Solutions Corporation, Tokyo Gas International Holdings B.V., Ohgishima Power Co., Ltd., Tokyo Gas Site Development Co., Ltd., Nagano Toshi Gas Inc., Gastar Co., Ltd., Tokyo LNG Tanker Co., Ltd., Tokyo Gas Energy Co., Ltd., Capty Co., Ltd., Tokyo Gas Chemicals Co., Ltd., Chiba Gas Co., Ltd., Tokyo Gas Lease Co., Ltd., TG Information Network Co., Ltd., and Nijio Co., Ltd.
   Tokyo Gas Engineering Co., Ltd., which was a consolidated subsidiary of the Company in the previous fiscal year, was excluded from the scope of the consolidated subsidiaries of the Company, since it was absorbed by ENERGY ADVANCE Co., Ltd., which is a consolidated subsidiary of the Company in the current fiscal year. ENERGY ADVANCE Co., Ltd. changed its name to Tokyo Gas Engineering Solutions Corporation.

2. Application of equity method
   (1) Number of associates accounted for using equity method
   Number of associates accounted for using equity method: 7
   Name of principal entities accounted for using equity method:
   TOKYO TIMOR SEA RESOURCES INC., GAS MALAYSIA BERHAD
   (2) Names, etc. of principal associates not accounted for using equity method
   The Company's principal associates not accounted for using equity method is Ark Hills Heat Supply Co., Ltd.
   The associates not accounted for using equity method were excluded from the scope of application of equity methods, due to the immaterial effect of profit or loss (amount corresponding to our interest) and the total of retained earnings and others (amount corresponding to our interest) on the Consolidated Financial Statements and, as a whole, their insignificance.

3. Accounting policies
   (1) Valuation bases and methods of significant assets
      1) The valuation basis and method of securities are as follows:
      Held-to-maturity debt securities are stated at amortized cost.
      Available-for-sale securities with readily determinable fair value are carried at fair value based on the market price at the year end, etc., with valuation differences, reported in a separate component of net assets. The cost of securities sold is determined by the moving-average method.
      Available-for-sale securities with no readily determinable fair value are stated at cost, as determined by the moving-average method.
      2) Derivatives are valued by the fair value method.
      3) Inventories (finished goods, raw materials and supplies) are stated at cost, as determined by the moving-average method (consolidated balance sheet values are calculated using the book value reduction method based on declining profitability).

(2) Methods of depreciation and amortization of significant depreciable assets

1) The declining-balance method is mainly applied for property, plant and equipment. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998. Durable years are determined based on the 'Corporation Tax Act'.

2) The straight-line method is mainly applied for intangible assets. Software for internal use is amortized by the straight-line method over the internally available period.

(3) Basis for significant provisions

1) To reserve for loss on doubtful accounts such as accounts receivable - trade and loans receivable, etc., general allowances are provided using a rate determined by past bad debts experience and also specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing individual collectibles of certain doubtful accounts such as bankruptcy/ rehabilitation claims.

2) The Company and certain consolidated subsidiaries provide provision for gas holder repairs for periodic maintenance and repair of spherical gas holding tanks by distributing the estimated related costs to each fiscal term during the period until the next scheduled repair.

3) Provision for safety measures is an allowance to provide outlays for expenses required to ensure the safety of gas consumers. The estimated future expenses required after the consolidated balance sheet date are individually recorded.

4) Provision for appliance warranties is an allowance to provide outlays for expenses required for services during warranty periods of appliances sold. The estimated future expenses required after the consolidated balance sheet date are recorded.

5) Provision for loss on guarantees is an allowance to reserve for loss on guarantees. The estimated loss burden is recorded in consideration of factors such as the financial position of the guaranteed party.

(4) Other significant matters for preparing Consolidated Financial Statements

1) All accounting transactions are booked exclusive of consumption taxes.

2) Method and period of amortization of goodwill
Goodwill is amortized over twenty years or less under the straight-line method depending on the reasons for recognition of goodwill.

3) Method for Accounting for Retirement Benefits
To provide for retirement benefits to employees, the Company records the amount of retirement benefit obligations, based on the estimated amount at the end of the current fiscal year, minus pension plan assets as a net defined benefit liability; note, however, that, in the case where the amount of pension assets exceeds that of retirement benefit obligations, it is recorded as a net defined benefit asset.
Actuarial differences are mainly recorded as expenses in one lump-sum in the fiscal year following the fiscal year in which the actuarial gain or loss incurs.
Unrecognized actuarial differences and unrecognized prior service costs are posted as remeasurements of defined benefit plans in accumulated other comprehensive income under the net assets section after adjusting for tax effects. In the calculation of retirement benefit obligations, expected benefits are mainly attributed to

the period up until the fiscal year under review on the benefit formula basis.

4. Changes in basis of preparing consolidated financial statements

(1) Changes in accounting policies

Effective from this fiscal year, the Company has adopted "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ statement No. 22, issued on September 13, 2013), and "Accounting Standard for Business Divestitures" (ASBJ statement No. 7, issued on September 13, 2013), etc. Accordingly, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. In addition, as for business combinations carried out on or after the beginning of this fiscal year, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the consolidated financial statements for the fiscal year in which the business combination occurs. Furthermore, changes have been made to the presentation method of net income, etc. and the presentation for non-controlling interests from minority interests.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. Application of these standards commenced as of the beginning of this fiscal year, and will continue going forward. The effect of these changes on profit and loss is immaterial.

Also, the effect of these changes on capital surplus at the end of the current fiscal year is immaterial.

The effect of these changes on balance of the end of the current fiscal year of capital surplus in the Consolidated Statement of Changes in Equity is immaterial.

Note that the impact on net assets per share and basic earnings per share for the fiscal year under review is also immaterial.

[Explanatory notes regarding the consolidated balance sheet]

1. Assets pledged as collateral
   (1) Breakdown of assets

Other facilities	¥7 million
Construction in progress	¥32,822 million
Investment securities	¥19,515 million
Long-term loans receivable	¥30 million
Cash and deposits	¥4,084 million

   (2) Liabilities secured by the collaterals

Other current liabilities	¥50 million

2. Accumulated depreciation of property, plant and equipment
   ¥3,674,724 million
3. Guarantee obligation etc.
   (1) Guarantee obligation ¥41,074 million

[Explanatory notes regarding the consolidated statement of changes in equity]

1. Number of shares issued as of the end of this fiscal year
   2,396,778,295 shares
2. Dividends
   (1) Dividends of surplus of this fiscal year
      1) The following was decided by the resolution of the Annual Shareholders Meeting held on June 26, 2015.
         ・ Dividends of common share

(a) Total amount of dividends	¥12,201 million
(b) Dividends per share	¥5.00
(c) Date of record	March 31, 2015
(d) Effective date	June 29, 2015

      2) The following was decided by the meeting of the Board of Directors held on October 30, 2015.
         ・ Dividends of common share

(a) Total amount of dividends	¥11,950 million
(b) Dividends per share	¥5.00
(c) Date of record	September 30, 2015
(d) Effective date	November 27, 2015

   (2) Dividends of surplus to be carried out after the end of this fiscal year
      The following will be proposed at the Annual Shareholders Meeting to be held on June 29, 2016.
         ・ Dividends of common share

(a) Total amount of dividends	¥14,340 million
(b) Resource of dividends	Retained earnings
(c) Dividends per share	¥6.00
(d) Date of record	March 31, 2016
(e) Effective date	June 30, 2016

[Explanatory notes regarding financial instruments]

1. Matters related to the status of financial instruments

   The Tokyo Gas Group invests funds in highly safe financial assets such as bank deposits and procures funds through bond issuance and loans from banks and other financial institutions.

   We mitigate customers' credit risks related to notes and accounts receivable – trade in accordance with each group company's credit control policy. In addition, investment securities are mainly shares and we check the shares' fair values on a quarterly basis regarding listed shares.

   Bonds payable and loans payable are mainly for capital investment (long-term) and for working capital (short-term), and we fix interest expenses by using interest rate swap transactions against the interest volatility risk involved in part of our long-term loans payable. In addition, when performing derivatives trading, we will draw up a plan therefor in accordance with our internal management rules and conduct the derivatives trading after receiving official approval.

2. Matters related to the fair value of financial instruments

   The following are the amounts on the consolidated balance sheet, their fair values and differences as of March 31, 2016.

(Millions of yen)

	Amount on the consolidated balance sheet (*1)	Fair value (*1)	Difference
(1) Investment securities and other securities	70,259	82,128	11,869
(2) Cash and deposits	170,262	170,262	-
(3) Notes and accounts receivable - trade	201,344	201,344	-
(4) Bonds payable (*2)	[312,697]	[357,823]	(45,126)
(5) Long-term loans payable (*2)	[382,693]	[420,455]	(37,762)
(6) Derivatives	(2,933)	(2,933)	-

(*1) Figures in square brackets are those listed under liabilities.

(*2) (4) Bonds payable and (5) Long-term loans payable include items due within one year.

(Note 1) Matters related to the method of measuring the fair value of financial instruments

(1) Investment securities and other securities

The fair value of stocks refers to quotes on their respective stock exchanges.

(2) Cash and deposits

These items are listed at book value because they are settled in a short time and their fair value approximates the book values.

(3) Notes and accounts receivable - trade

These items are listed at book value because they are settled in a short time and their fair value approximates the book values.

(4) Bonds payable

The fair value of the Group's bonds payable is measured at the present value of the aggregate amount of principal and interest discounted using the rate for the period until their maturity where credit risk is inclusive.

(5) Long-term loans payable

The fair value of long-term loans payable is measured by using a method in which the aggregate amount of principal and interest is discounted at the assumed interest rates for similar new loans payable. Of the Group's long-term loans payable with variable interest rates, the fair value of those subject to special accounting treatment for fixed interest rate swap transactions (see (6) below) is measured by using a method in which the aggregate amount of principal and interests treated with the said fixed interest rate swap transactions is discounted at the assumed interest rates for similar new loans payable.

(6) Derivatives

The fair value of derivatives is measured based on the prices presented by financial institutions with which we have transactions. Their fair value is included in the fair value of the said long-term loans payable, because interest rate swap transactions given the special accounting treatment are treated together with hedged long-term loans payable (see (5) above).

(Note 2) Shares of subsidiaries and associates (¥47,092 million on the consolidated balance sheet) as well as unlisted shares and others (¥62,058 million on the consolidated balance sheet) are not included in '(1) Investment securities and other securities' because they do not have market prices and therefore it is extremely difficult to determine their fair value.

[Explanatory notes regarding investment and rental properties]

1. Matters related to status of investment and rental properties

The Company and some subsidiaries have office buildings for rent and other properties (including land under development) in Tokyo and other regions.

2. Matters related to the fair value of investment and rental properties

(Millions of yen)

Amount on the consolidated balance sheet	Fair value
68,575	393,662

(Note 1) The amount on the consolidated balance sheet is the amount of acquisition cost less accumulated depreciation.

(Note 2) The fair value at the end of this fiscal year is mainly based on real-estate appraisal documents prepared by real-estate appraisers.

[Explanatory notes regarding per share information]

1. Net assets per share ¥460.35
2. Basic earnings per share ¥46.68

[Explanatory notes regarding material subsequent events]

1. Acquisition of own shares

The Company decided by resolution at the meeting of the Board of Directors held on April 28, 2016 to acquire own shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provision of Article 165, paragraph 3 of the said Act.

Details of the acquisition of own shares are as follows:

- Number of shares to be repurchased: 100,000 thousand shares (maximum: 4.2% of total number of shares issued)
- Type of money to be paid in exchange for shares and aggregate amount thereof: Cash, a maximum of ¥41,000 million
- Period during which the Company can repurchase shares: May 2, 2016 – March 31, 2017

2. Transfer of shares of subsidiary

In order to build a new group formation, the Company transferred shares of its subsidiary Gastar Co., Ltd. in conjunction with the acquisition of treasury shares by the subsidiary to Rinnai Corporation, effective April 1, 2016.

- Transferees
  Gastar Co., Ltd., Rinnai Corporation
- Transfer date
  April 1, 2016
- Name and business description of the subsidiary
  Gastar Co., Ltd. (business description: business relating to hot water heaters, air conditioners, housing equipment and warehousing)
- Number of shares for transfer, transfer price, gain on transfer, ownership ratio after transfer

Number of shares for transfer: 749,800 shares
Transfer price: Approximately ¥15,000 million
Gain on transfer: Approximately ¥1,000 million
Ownership ratio after transfer: 10%

[Other Explanatory notes]

1. Impairment loss
   In the fiscal year under review, the Group recognized impairment loss primarily on the following asset groups.

(Millions of yen)

Place	Use	Type	Amount
The Surat Basin /Queensland, Australia and others	Unconventional natural gas project	Property, plant and equipment (Other facilities and construction in progress)	14,884
The Barnett Basin /Texas, U.S.	Shale gas development project	Intangible assets (Other)	12,832

   For its calculation of impairment loss, the Group groups assets into smallest units generating cash flows that are largely independent of the cash flows from other assets or asset groups.
   As for the production and liquefaction facilities at the Surat Basin in Queensland of Australia and others, after the business value was revalued due to the impact of a decline in crude oil prices, the book value was written down to its recoverable value. This reduction has been recorded as impairment loss under extraordinary losses.
   As for the mining area at Barnett Basin in Texas of the U.S., after the business value was revalued due to the impact of a slump in North American gas prices and a decline in crude oil prices, the book value was written down to its recoverable value. This reduction has been recorded as impairment loss under extraordinary losses.
   Recoverable values of these asset groups are measured at value in use, calculated by discounting respective future cash flows primarily by a range of 7.4% to 9.0%.

2. All amounts of less than one million yen have been rounded down in the accounts.

Non-Consolidated Statement of Changes in Equity

From April 1, 2015 to March 31, 2016

(Millions of yen)

	Shareholders' equity									
		Capital surplus		Retained earnings						
					Other retained earnings					
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	141,844	2,065	2,065	35,454	1,607	13,129	141,000	339,000	119,973	650,165
Cumulative effects of changes in accounting policies										
Restated balance	141,844	2,065	2,065	35,454	1,607	13,129	141,000	339,000	119,973	650,165
Changes of items during period										
Provision of reserve for advanced depreciation of non-current assets					17				(17)	
Reversal of reserve for advanced depreciation of non-current assets					(56)				56	
Provision of reserve for overseas investment loss						134			(134)	
Reversal of reserve for overseas investment loss						(894)			894	
Provision of general reserve										
Dividends of surplus									(24,151)	(24,151)
Profit									93,566	93,566
Purchase of treasury shares										
Disposal of treasury shares										
Retirement of treasury shares									(33,207)	(33,207)
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	-	-	(38)	(760)	-	-	37,004	36,206
Balance at end of current period	141,844	2,065	2,065	35,454	1,568	12,369	141,000	339,000	156,978	686,371

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total Valuation and translation adjustments	
Balance at beginning of current period	(3,715)	790,360	33,765	(13,159)	20,605	810,965
Cumulative effects of changes in accounting policies						-
Restated balance	(3,715)	790,360	33,765	(13,159)	20,605	810,965
Changes of items during period						
Provision of reserve for advanced depreciation of non-current assets						-
Reversal of reserve for advanced depreciation of non-current assets						-
Provision of reserve for overseas investment loss						-
Reversal of reserve for overseas investment loss						-
Provision of general reserve						-
Dividends of surplus		(24,151)				(24,151)
Profit		93,566				93,566
Purchase of treasury shares	(33,939)	(33,939)				(33,939)
Disposal of treasury shares	5	4				4
Retirement of treasury shares	33,207					-
Net changes of items other than shareholders' equity			(7,828)	1,403	(6,424)	(6,424)
Total changes of items during period	(726)	35,479	(7,828)	1,403	(6,424)	29,055
Balance at end of current period	(4,441)	825,839	25,936	(11,756)	14,180	840,020

Notes to the Non-Consolidated Financial Statements

From April 1, 2015 to March 31, 2016

1. Significant accounting policies
   (1) Valuation bases and methods of assets
      1) The valuation basis and method of securities are as follows:
         Shares of subsidiaries and associates are stated at cost, as determined by the moving-average method.
         Available-for-sale securities with readily determinable fair value are carried at fair value based on the market price at the year end, etc., with valuation differences, reported in a separate component of net assets. The cost of securities sold is determined by the moving-average method.
         Available-for-sale securities with no readily determinable fair value are stated at cost, as determined by the moving-average method.
      2) Derivatives are valued by the fair value method.
      3) Inventories (finished goods, raw materials and supplies) are stated at cost, as determined by the moving-average method (balance sheet values are calculated using the book value reduction method based on declining profitability).
   (2) Methods of depreciation and amortization of non-current assets
      1) The declining-balance method is applied for property, plant and equipment. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998.
         Durable years are determined based on the 'Corporation Tax Act'.
      2) The straight-line method is applied for intangible assets.
         Software for internal use is amortized by the straight-line method over the internally available period.
   (3) Basis for provisions
      1) To reserve for loss on doubtful accounts such as accounts receivable - trade and loans receivable, etc., general allowances are provided using a rate determined by past bad debts experience and also specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing individual collectibles of certain doubtful accounts such as bankruptcy/ rehabilitation claims.
      2) The Company provides provision for retirement benefits in the amount of the deemed obligations as of the balance sheet date based on the estimated amount of projected benefit obligation and the estimated fair value of the pension plan assets at that date.
         Actuarial differences are recorded as expenses in one lump-sum in the fiscal year following the fiscal year in which the actuarial gain or loss incurs. In the calculation of retirement benefit obligations, expected benefits are attributed to periods up until the fiscal year under review on the benefit formula basis.
      3) The Company provides provision for gas holder repairs for periodic maintenance and repair of spherical gas holding tanks by distributing the estimated related costs to each fiscal term during the period until the next scheduled repair.
      4) Provision for safety measures is an allowance to provide outlays for expenses required to ensure the safety of gas consumers. The estimated future expenses required after the balance sheet date are individually recorded.
      5) Provision for appliance warranties is an allowance to provide outlays for expenses required for services during warranty periods

of appliances sold. The estimated future expenses required after the balance sheet date are recorded.

6) Provision for loss on guarantees is an allowance to reserve for loss on guarantees. The estimated loss burden is recorded in consideration of factors such as the financial position of the guaranteed party.

(4) All accounting transactions are booked exclusive of consumption taxes.

2. Explanatory notes regarding changes in the method of presentation

'Software' stated independently under intangible assets in the previous fiscal year and 'Short-term loans payable to subsidiaries and associates,' 'Accounts payable to subsidiaries and associates' and 'Accrued expenses of subsidiaries and associates' stated independently under current liabilities in the previous fiscal year are included in 'Other' effective the fiscal year under review, since the numerical standard on itemized presentation was relaxed from an item accounting for over 1% of total assets to that accounting for over 5% of total assets.

This change is based on Article 2 (Form 1) of the Ordinance on Accounting at Gas Utilities.

3. Explanatory notes regarding the non-consolidated balance sheet

(1) Assets pledged as collateral

Investment securities	¥541 million
Investments in subsidiaries and associates	¥9,662 million
Long-term loans receivable	¥30 million
(Liabilities secured by the collaterals	—)

(The above assets are pledged as collateral against debts incurred by companies in which the Company has invested.)

(2) Accumulated depreciation

Property, plant and equipment	¥3,028,546 million
Intangible assets	¥28,916 million

(3) Guarantee obligation, etc.

Guarantee obligation	¥99,304 million

4. Explanatory notes regarding the non-consolidated statement of income

Trading volume with subsidiaries and associates

Net sales	¥238,240 million
Purchases	¥321,950 million
Trading volume other than net sales and purchases	¥15,087 million

5. Explanatory notes regarding the non-consolidated statement of changes in equity

Number of shares of treasury shares as of the end of this fiscal year 6,700,416 shares

6. Explanatory notes regarding deferred tax accounting

Principal sources of deferred tax assets and deferred tax liabilities

Deferred tax assets	Provision for retirement benefits
Deferred tax liabilities	Valuation difference on available-for-sale securities

7. Explanatory notes regarding transactions with related parties

Subsidiaries

Name	Percentage of voting rights holding (or being held) (%)	Relationship with related party	Contents of transaction	Amount of transaction (millions of yen)	Account name	Amount outstanding as of the end of FY2015 (millions of yen)
TOKYO GAS AUSTRALIA PTY LTD	Holding Direct 100.0	Subsidiary	Subscription to capital increase (Note 1)	21,808	—	—
TOKYO GAS PLUTO PTY LTD.	Holding Indirect 100.0	Subsidiary	Loan guarantee (Note 2)	35,724	—	—

Business terms and policies for determination of business terms

(Note 1) The Company subscribed to the capital increase of TOKYO GAS AUSTRALIA PTY LTD at AUD1,000 per share.

(Note 2) A decision is made comprehensively after due consideration of the project plan.

8. Explanatory notes regarding per share information

Net assets per share	¥351.46
Basic earnings per share	¥39.02

9. Explanatory notes regarding material subsequent events

(1) Acquisition of own shares

The Company decided by resolution at the meeting of the Board of Directors held on April 28, 2016 to acquire own shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provision of Article 165, paragraph 3 of the said Act.

Details of the acquisition of own shares are as follows:

- Number of shares to be repurchased:
  Up to 100,000 thousand shares (4.2% of the common shares outstanding)
- Type of money to be paid in exchange for shares and aggregate amount thereof:
  Cash, up to ¥41,000 million
- Period during which the Company can repurchase shares:
  May 2, 2016 – March 31, 2017

(2) Merger of subsidiaries

In an aim to promote the Comprehensive Energy Business, and lower gas charges while enhancing customer services and pursuing effective business operations, the Company merged through absorption its wholly-owned subsidiaries, Chiba Gas Co., Ltd. and Tsukuba Gakuen Gas Co., Ltd., effective May 1, 2016.

- Names of subsidiaries merged
  Chiba Gas Co., Ltd., Tsukuba Gakuen Gas Co., Ltd.
- Method of merger
  Merger through absorption into the Company
- Assets, liabilities, etc. succeeded through the merger
  Chiba Gas Co., Ltd.: Assets of approximately ¥15,000 million, liabilities of approximately ¥4,000 million
  Tsukuba Gakuen Gas Co., Ltd.: Assets of approximately ¥7,000 million, liabilities of approximately ¥1,000 million
  A gain on extinguishment of tie-in shares of approximately ¥15,000 million is expected to arise from the merger.
- Principal business, net sales (FY2015)
  City gas business
  Chiba Gas Co., Ltd.: Approximately ¥17,000 million
  Tsukuba Gakuen Gas Co., Ltd.: Approximately ¥8,000 million

- Date of merger
  May 1, 2016

(3) Transfer of shares of subsidiary

In order to build a new group formation, the Company transferred shares of its subsidiary Gastar Co., Ltd. in conjunction with the acquisition of treasury shares by the subsidiary to Rinnai Corporation, effective April 1, 2016.

- Transferees
  Gastar Co., Ltd., Rinnai Corporation
- Transfer date
  April 1, 2016
- Name and business description of the subsidiary
  Gastar Co., Ltd. (business description: business relating to hot water heaters, air conditioners, housing equipment and warehousing)
- Number of shares for transfer, transfer price, gain on transfer, ownership ratio after transfer
  Number of shares for transfer: 749,800 shares
  Transfer price: Approximately ¥15,000 million
  Gain on transfer: Approximately ¥14,000 million
  Ownership ratio after transfer: 10%

10. Other Explanatory notes

Loss on valuation of subsidiaries and associates investment securities

In the fiscal year under review, the Company recognized a write-down of ¥29,225 million due to a decline in the real value of the shares of Tokyo Gas America Ltd. This was associated with an impairment loss recorded in consideration of the impact of the downturn in gas and crude oil prices concerning the shale gas development project at Barnett Basin in Texas, U.S.A., in which TG Barnett Resources LP, a wholly-owned subsidiary of the Tokyo Gas Group, participates.

11. All amounts of less than one million yen have been rounded down in the accounts.