

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

218th Fiscal Year (April 1, 2017 to March 31, 2018)

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, 2017 to March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	141,844	1,883	893,436	(3,087)	1,034,076
Changes of items during period					
Dividends of surplus			(25,187)		(25,187)
Profit attributable to owners of parent			74,987		74,987
Purchase of treasury shares				(7,082)	(7,082)
Disposal of treasury shares				5	5
Retirement of treasury shares			(6,523)	6,523	
Decrease in the number of consolidated subsidiaries			(78)		(78)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		15			15
Net changes of items other than shareholders' equity					
Total changes of items during period	-	15	43,198	(554)	42,660
Balance at end of current period	141,844	1,898	936,635	(3,642)	1,076,736

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	27,166	(990)	36,399	4,845	67,422	11,309	1,112,807
Changes of items during period							
Dividends of surplus							(25,187)
Profit attributable to owners of parent							74,987
Purchase of treasury shares							(7,082)
Disposal of treasury shares							5
Retirement of treasury shares							-
Decrease in the number of consolidated subsidiaries							(78)
Change in treasury shares of parent arising from transactions with non-controlling shareholders							15
Net changes of items other than shareholders' equity	3,115	738	(3,193)	(8,791)	(8,130)	1,096	(7,034)
Total changes of items during period	3,115	738	(3,193)	(8,791)	(8,130)	1,096	35,625
Balance at end of current period	30,282	(251)	33,206	(3,945)	59,291	12,405	1,148,433

Notes to the Consolidated Financial Statements

From April 1, 2017 to March 31, 2018

[Basis of Preparing Consolidated Financial Statements]

1. Scope of consolidation

(1) Number of consolidated subsidiaries

Number of consolidated subsidiaries: 74

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., Tokyo LNG Tanker Co., Ltd., Tokyo Gas Energy Co., Ltd., Captly Co., Ltd., Tokyo Gas Chemicals Co., Ltd., Tokyo Gas Lease Co., Ltd., TOKYO GAS i NET CORP., and Nijio Co., Ltd.

(2) Number of unconsolidated subsidiaries

Number of unconsolidated subsidiaries: 4

Names of principal unconsolidated subsidiaries Harumi Eco Energy Co., Ltd.

Unconsolidated subsidiaries are excluded from the scope of consolidation all due to their small size and the immaterial effect of total assets, net sales, and of profit or loss (amount corresponding to our interest) and of retained earnings and others (amount corresponding to our interest) of each company on the Consolidated Financial Statements.

2. Application of equity method

(1) Number of unconsolidated subsidiaries and associates accounted for using equity method

Number of unconsolidated subsidiaries

accounted for using equity method: 0

Number of associates accounted for using equity method: 15

Names of principal entities accounted for using equity method:

TOKYO TIMOR SEA RESOURCES INC., GAS MALAYSIA BERHAD, Castleton Resources LLC, Birdsboro Power Holdings II, LLC, SHIBA PARK SPECIAL PURPOSE COMPANY

(2) Names, etc. of principal unconsolidated subsidiaries and associates not accounted for using equity method

The Company's principal unconsolidated subsidiaries and associates not accounted for using equity method: Ark Hills Heat Supply Co., Ltd. The unconsolidated subsidiaries and 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, and facilities attached to buildings and structures acquired on or after April 1, 2016. Durable years are mainly 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. We have individually recorded the estimated future expenses that will be required after the consolidated balance sheet date to install cushioning material for gas valves of built-in kitchens with drawer-type cabinets, and expenses required for work on exchanging valve connections for gas appliances with air extractor vents for valve connections without air extractor vents.
 - 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 point service program is an allowance to provide outlays for expenses arising through the use of point service. The estimated future expenses required after the consolidated balance sheet date are recorded.
- (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.

[Explanatory notes regarding the consolidated balance sheet]

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

Other facilities	¥6 million
Construction in progress	¥39,557 million
Investment securities	¥38,514 million
Long-term loans receivable	¥27 million
Cash and deposits	¥1,762 million
Securities	¥5 million
 - (2) Liabilities secured by the collaterals

Other current liabilities	¥49 million
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2. Accumulated depreciation of property, plant and equipment
¥3,909,370 million
3. Guarantee obligation etc.
 - (1) Guarantee obligation
¥36,173 million

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

1. Number of shares issued as of the end of this fiscal year
458,073,259 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 29, 2017.
 - Dividends of common share

(a) Total amount of dividends	¥12,628 million
(b) Dividends per share	¥5.50
(c) Date of record	March 31, 2017
(d) Effective date	June 30, 2017
 - 2) The following was decided by the meeting of the Board of Directors held on October 27, 2017.
 - Dividends of common share

(a) Total amount of dividends	¥12,559 million
(b) Dividends per share	¥5.50
(c) Date of record	September 30, 2017
(d) Effective date	November 30, 2017
 - (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 28, 2018.
 - Dividends of common share

(a) Total amount of dividends	¥12,558 million
(b) Resource of dividends	Retained earnings
(c) Dividends per share	¥27.50
(d) Date of record	March 31, 2018
(e) Effective date	June 29, 2018

[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, 2018.

(Millions of yen)			
	Amount on the consolidated balance sheet (*1)	Fair value (*1)	Difference
(1) Investment securities and other securities	80,186	92,714	12,527
(2) Cash and deposits	128,331	128,331	-
(3) Notes and accounts receivable - trade	216,234	216,234	-
(4) Bonds payable (*2)	[334,998]	[369,428]	(34,430)
(5) Long-term loans payable (*2)	[376,751]	[406,681]	(29,930)
(6) Derivatives	(312)	(312)	-

(*1) Figures in square brackets are those listed under liabilities. Net receivables and liabilities arising from derivative transactions are shown in net amounts. Figures in parentheses are posted to 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 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 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 (¥93,924 million on the consolidated balance sheet) as well as unlisted shares and others (¥65,283 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
86,957	428,530

(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 | ¥2,487.58 |
| 2. Basic earnings per share | ¥164.12 |

(Note) The Company has resolved to consolidate shares (five (5) shares consolidated into one (1) share) at the 217th Annual Shareholders Meeting held on June 29, 2017 and has been effective from October 1, 2017. Net assets per share and basic earnings per share are each calculated under the assumption that share consolidation conducted during this fiscal year is conducted at the beginning of this fiscal year.

[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 27, 2018 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: 8,000 thousand shares (maximum: 1.7% of total number of shares issued)
- Type of money to be paid in exchange for shares and aggregate amount thereof: Cash, a maximum of ¥20,000 million
- Period during which the Company can repurchase shares: May 2, 2018 - March 31, 2019

[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
Hitachi LNG Terminal Sodegaura LNG Terminal	Domestic vessels Business	Property, plant and equipment (Other facilities (Buildings, Structures, Machinery and equipment etc.))	2,355

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 shipping facilities for the domestic vessels business in the LNG sales business, after business value has been revalued taking into consideration factors such as operating situation, the book value has been written down to its recoverable value. Such reduced value has been recorded under extraordinary loss.

Recoverable values of these asset groups are measured at value in use. However, the amount has been reduced down to the memorandum value where recoverable values are set as nil as no future cash flow is expected.

2. Changes and others associated with the revision of Ordinance on Accounting at Gas Utilities

With the enforcement of the Ordinance for Partial Revision of the Ordinance on Accounting at Gas Utilities (Ordinance of the Ministry of Economy, Trade and Industry No.18 of 2017) on April 1, 2017, Ordinance on Accounting at Gas Utilities was revised.

Consolidated balance sheets and others for this fiscal year have been prepared in accordance with the revised Ordinance on Accounting at Gas Utilities. The effect of this change on operating profit, ordinary profit and profit attributable to owners of parent are considered to be immaterial.

3. 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, 2017 to March 31, 2018

(Millions of yen)

	Shareholders' equity										
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings					Total retained earnings
		Legal capital surplus	Total capital surplus	Reserve for advanced depreciation of non-current assets		Other retained earnings					
						Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations	General reserve	Retained earnings brought forward		
Balance at beginning of current period	141,844	2,065	2,065	35,454	4,475	10,996	141,000	339,000	154,838	685,764	
Changes of items during period											
Provision of reserve for advanced depreciation of non-current assets					1,849				(1,849)		
Reversal of reserve for advanced depreciation of non-current assets					(88)				88		
Reversal of reserve for overseas investment loss						(2,016)			2,016		
Dividends of surplus									(25,187)	(25,187)	
Profit									75,906	75,906	
Purchase of treasury shares											
Disposal of treasury shares									0	0	
Retirement of treasury shares									(6,523)	(6,523)	
Net changes of items other than shareholders' equity	/	/	/	/	/	/	/	/	/	/	
Total changes of items during period	-	-	-	-	1,760	(2,016)	-	-	44,451	44,195	
Balance at end of current period	141,844	2,065	2,065	35,454	6,236	8,980	141,000	339,000	199,289	729,960	

	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	(3,087)	826,586	26,727	(10,799)	15,928	842,515
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			/	/	/	-
Reversal of reserve for overseas investment loss			/	/	/	-
Dividends of surplus		(25,187)	/	/	/	(25,187)
Profit		75,906	/	/	/	75,906
Purchase of treasury shares	(7,082)	(7,082)	/	/	/	(7,082)
Disposal of treasury shares	5	5	/	/	/	5
Retirement of treasury shares	6,523		/	/	/	-
Net changes of items other than shareholders' equity	/	/	2,985	2,505	5,491	5,491
Total changes of items during period	(554)	43,641	2,985	2,505	5,491	49,132
Balance at end of current period	(3,642)	870,228	29,712	(8,293)	21,419	891,648

Notes to the Non-Consolidated Financial Statements

From April 1, 2017 to March 31, 2018

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, and facilities attached to buildings and structures acquired on or after April 1, 2016.
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. Goodwill is amortized over twenty years under the straight-line method.

(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. We have individually recorded the estimated future expenses that will be required after the balance sheet date to install cushioning material for gas valves of built-in kitchens with drawer-type

cabinets, and expenses required for work on exchanging valve connections for gas appliances with air extractor vents for valve connections without air extractor vents.

- 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 point service program is an allowance to provide outlays for expenses arising through the use of point service. The estimated future expenses required after the consolidated balance sheet date are recorded.
- (4) All accounting transactions are booked exclusive of consumption taxes.
2. Explanatory notes regarding the non-consolidated balance sheet
- (1) Assets pledged as collateral
- | | |
|--|----------------|
| Investment securities | ¥544 million |
| Investments in subsidiaries and associates | ¥8,354 million |
| Long-term loans receivable | ¥27 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 | ¥3,270,823 million |
| Intangible assets | ¥33,146 million |
- (3) Guarantee obligation, etc.
- | | |
|----------------------|-----------------|
| Guarantee obligation | ¥78,983 million |
|----------------------|-----------------|
3. Explanatory notes regarding the non-consolidated statement of income
- Trading volume with subsidiaries and associates
- | | |
|---|------------------|
| Net sales | ¥211,724 million |
| Purchases | ¥319,693 million |
| Trading volume other than net sales and purchases | ¥22,374 million |
4. 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
1,393,435 shares
5. 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 |

6. 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 FY2016 (millions of yen)
TOKYO GAS PLUTO PTY LTD.	Holding Indirect 100.0	Subsidiary	Loan guarantee (Note)	26,611	—	—

Business terms and policies for determination of business terms
(Note) A decision is made comprehensively after due consideration of the project plan.

7. Explanatory notes regarding per share information

Net assets per share	¥1,952.45
Basic earnings per share	¥166.13

(Note) The Company has resolved to consolidate shares (five (5) shares consolidated into one (1) share) at the 217th Annual Shareholders Meeting held on June 29, 2017 and has been effective from October 1, 2017. Net assets per share and basic earnings per share are each calculated under the assumption that share consolidation conducted during this fiscal year is conducted at the beginning of this fiscal year.

8. Explanatory notes regarding material subsequent events

Acquisition of own shares

The Company decided by resolution at the meeting of the Board of Directors held on April 27, 2018 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 8,000 thousand shares (1.7% of the common shares outstanding)
- Type of money to be paid in exchange for shares and aggregate amount thereof:
 - Cash, up to ¥20,000 million
- Period during which the Company can repurchase shares:
 - May 2, 2018 - March 31, 2019

9. 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
Hitachi LNG Terminal Sodegaura LNG Terminal	Domestic vessels Business	Property, plant and equipment (Facilities for incidental businesses (Buildings, Structures, Machinery and equipment etc.))	2,355

For its calculation of impairment loss, the Company groups assets into smallest units generating cash flows that are largely independent of the cash flows from other assets or asset groups.

As for shipping facilities for the domestic vessels business in the LNG sales business, after business value has been revalued taking into consideration of factors such as operating situation, the book value has been written down to its recoverable value. This reduced value has been recorded under extraordinary loss.

Recoverable values of these asset groups are measured at value in use. However, the amount has been reduced down to the memorandum value where recoverable values are set as nil as no future cash flow is expected.

(2) Changes and others associated with the revision of Ordinance on Accounting at Gas Utilities

With the enforcement of the Ordinance for Partial Revision of the Ordinance on Accounting at Gas Utilities (Ordinance of the Ministry of Economy, Trade and Industry No.18 of 2017) on April 1, 2017, Ordinance on Accounting at Gas Utilities was revised.

Balance sheets and others for this fiscal year have been prepared in accordance with the revised Ordinance on Accounting at Gas Utilities. The

effect of this change on operating profit, ordinary profit and profit are considered to be immaterial.

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