

**FY2004 ending March 2005  
Interim Consolidated Results Bulletin  
(Half-Year Ended September 30, 2004)**

October 28, 2004

**Tokyo Gas Co., Ltd.**

Code No.: 9531  
(URL <http://www.tokyo-gas.co.jp>)  
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**Stocks listed on:**  
Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya  
Stock Exchange  
Location of head office (prefecture): Tokyo

Meeting of board of directors to approve half-year financial results: October 30, 2004  
Application of U.S. accounting standards (yes/no): No

**I. Summary**

**1. Interim consolidated results (April 1, 2004 - September 30, 2004)**

(1) Consolidated business results (Rounded down to the nearest million yen)

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
Half-year ended Sept. 2004	514,132	1.8	47,192	7.7	44,403	21.8
Half-year ended Sept. 2003	505,129	6.6	43,834	21.9	36,447	32.5
Year ended Mar. 2004	1,151,824		152,287		131,093	

	Net income		Net earnings per share	Net earnings per share adjusted for latent shares
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
Half-year ended Sept. 2004	27,441	23.6	10.22	9.24
Half-year ended Sept. 2003	22,207	20.6	8.10	7.39
Year ended Mar. 2004	44,787		16.44	14.98

- Notes: 1. Profit or loss on investment accounted for by equity method: Half-year ended September 2004: ¥121 million  
Half-year ended September 2003: ¥108 million Year ended March 2004: ¥236 million
2. Average number of outstanding shares (consolidated basis) during the term:  
Half-year ended September 2004: 2,686,079,742 shares Half-year ended September 2003: 2,740,820,753 shares  
Year ended March 2004: 2,721,032,069 shares
3. Changes in accounting methods: None
4. Percentage figures on sales, operating income, ordinary income and net income indicate the percentage change on the interim results for the previous year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
Half-year ended Sept. 2004	1,665,517	602,375	36.2	227.20
Half-year ended Sept. 2003	1,634,163	575,710	35.2	213.12
Year ended Mar. 2004	1,666,828	598,453	35.9	221.53

Note: Number of outstanding shares (consolidated basis) as of:  
Half-year ended September 2004: 2,651,270,003 2,701,378,206 shares  
Half-year ended September 2003: 2,701,378,206 shares Year ended March 2004: 2,701,145,351 shares

(3) Consolidated cash flow

(Unit: million yen)

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Balance of cash and cash equivalents as of end of term
Half-year ended Sept. 2004	48,943	-52,646	2,327	49,786
Half-year ended Sept. 2003	40,866	-78,244	1,722	16,477
Year ended Mar. 2004	217,608	-126,038	-99,744	43,960

(4) Scope of subsidiaries and affiliates and application of equity method

Consolidated subsidiaries: 53

Non-consolidated subsidiaries accounted for by equity method: None

Affiliates accounted for by equity method: 1

(5) Changes in scope of consolidated subsidiaries and affiliates and application of equity method

Consolidated subsidiaries

- Newly added: 35

- Excluded: None

By equity method

- Newly added: None

- Excluded: None

**2. Results forecast for the year ending March 2005 (April 1, 2004 - March 31, 2005)**

(Unit: million yen)

	Sales	Ordinary income	Net income
Annual results	1,221,000	134,000	88,000

References: 1. Forecast of net earnings per share (full year): ¥33.17

2. Forecast of operating income (full year): ¥144,000 million

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

## II. Profile of the Tokyo Gas Group

Tokyo Gas group is composed of Tokyo Gas Co., Ltd., and 116 affiliated companies (68 subsidiaries and 48 affiliates). Fifty-three of these companies are consolidated subsidiaries and one is an equity method affiliate. The Group is engaged in business in the segments of gas, gas appliances, contracted construction work, real estate rentals (see Note), and other business.

The following is the main fields of business of Tokyo Gas and the consolidated companies, and their position in the business in question, in each segment.

Note: As a result of a review of business lines, we changed the name of the former Building rental segment to the Real estate rental segment from this fiscal year to more accurately express actual business circumstances.

### Gas business

Tokyo Gas Co., Ltd. manufactures, supplies, and sells gas, and also engages in the wholesale supply of gas and sale of LNG to city gas suppliers such as Chiba Gas Co., Ltd. and Tsukuba Gakuen Gas Co., Ltd.

Gas Malaysia Sdn. Bhd. (an affiliate accounted for by the equity method) supplies and sells gas in Malaysia.

### Gas appliances business

Tokyo Gas Co., Ltd. sells gas appliances through companies such as Kanpai Co., Ltd., Kanpai Living Service Co., Ltd., Toyoko Engineering Co., Ltd, Enesta and Enefit. Gastar Co., Ltd. sells gas appliances to Tokyo Gas Co., Ltd on a wholesale basis.

### Contracted construction work business

Gas-related construction work is performed by Tokyo Gas Co., Ltd. Kanpai Co., Ltd. and Toyoko Engineering Co., Ltd perform gas pipe laying work ordered by Tokyo Gas Co., Ltd.

### Building rental business

Tokyo Gas Urban Development Co., Ltd. and Tokyo Gas Toyosu Development Co., Ltd. lease buildings to Tokyo Gas Co., Ltd. and others.

### Other business

-Tokyo Gas Co., Ltd. sells LPG through Tokyo Gas Energy Co., Ltd., as an associated business.

-Energy Advance Co., Ltd. receives gas supplies from Tokyo Gas Co., Ltd. and other companies and carries out district supply of cold and hot water and vapor.

-Using LNG cryogenic energy sold by Tokyo Gas Co., Ltd., Tokyo Oxygen and Nitrogen Co., Ltd. manufactures and sells products such as liquefied nitrogen.

-Tokyo Gas Engineering Co. Ltd. builds gas-related facilities, etc. ordered by Tokyo Gas Co., Ltd.

-TG IT Service Co., Ltd., supplies data processing services using computers to Tokyo Gas Co., Ltd. and other companies.

- TG Information Network Co., Ltd. operates a system integration business.

-Tokyo LNG Tanker Co., Ltd. hires out LNG tankers and LPG tankers and operates an ocean freight business.

-Tokyo Gas Customer Service Co., Ltd. is commissioned by Tokyo Gas Co., Ltd. for regular safety inspections, meter reading and rate collecting operations.

-Tokyo Gas Chemicals Co., Ltd., sells industrial gas, etc.

-TG Credit Service Co., Ltd. provides various lease and credit services for payment for gas appliances sold by companies such as Enesta and Enefit.

-TG Enterprise Co., Ltd. provides financial services for affiliates.

-Park Tower Hotel Co., Ltd. is a hotel operator.

## List of consolidated companies

Segment by business category	Previously consolidated companies	Companies newly consolidated since the current 1st quarter
Gas	Tokyo Gas Co., Ltd., Chiba Gas Co., Ltd., Tsukuba Gakuen Gas Co., Ltd.	Miho Gas Co., Ltd., Shoei Gas Co., Ltd., Washimiya Gas Co., Ltd., Tochigi Gas Co., Ltd.
Gas appliances	Tokyo Gas Co., Ltd., Gastar Co., Ltd., Kanpai Co., Ltd., Tokyo Gas Energy Co., Ltd., Chiba Gas Co., Ltd., Tsukuba Gakuen Gas Co., Ltd., Kanpai Living Service Co., Ltd.	Toyoko Engineering Co., Ltd., Miho Gas Co., Ltd., Shoei Gas Co., Ltd., Washimiya Gas Co., Ltd., Tochigi Gas Co., Ltd., Toyoko Living Co., Ltd., Tokyo Kiko Co., Ltd.
Contracted construction work	Tokyo Gas Co., Ltd., Kanpai Co., Ltd., Chiba Gas Co., Ltd., Tsukuba Gakuen Gas Co., Ltd.	Toyoko Engineering Co., Ltd., Miho Gas Co., Ltd., Shoei Gas Co., Ltd., Washimiya Gas Co., Ltd., Tochigi Gas Co., Ltd.
Real estate rental	Tokyo Gas Urban Development Co., Ltd., Gastar Co., Ltd., Kanpai Co., Ltd., TG Enterprise Co., Ltd.	Tokyo Gas Toyosu Development Co., Ltd.
Other businesses	Tokyo Gas Co., Ltd., Energy Advance Co., Ltd., Kanpai Co., Ltd., Tokyo LNG Tanker Co., Ltd., Tokyo Gas Energy Co., Ltd., Tokyo Gas Chemicals Co., Ltd., Park Tower Hotel Co., Ltd., Chiba Gas Co., Ltd., TG Credit Service Co., Ltd., Tokyo Oxygen and Nitrogen Co., Ltd., TG Information Network Co., Ltd., Tsukuba Gakuen Gas Co., Ltd., TG Enterprise Co., Ltd., Tokyo Gas Engineering Co., Ltd., Tokyo Gas Customer Service Co., Ltd., TG IT Service Co., Ltd.	Tokyo Gas Yokosuka Power Co., Ltd., Dining Art Systems Co., Ltd., Living Design Center Co., Ltd., Tokyo Gas Bay power Co., Ltd., TG Showa Co., Ltd., Toyoko Engineering Co., Ltd., East Japan Housing Evaluation Center Co., Ltd., Tokyo Carbonic Co., Ltd., Japan Super Freeze Co., Ltd., TG Telemarketing Co., Ltd., Green Tech Tokyo Co., Ltd., Miho Gas Co., Ltd., Tokyo Gas Sports., Co., Ltd., TG Auto Service Co., Ltd., Tokyo gas Remodeling Co., Ltd., Urban Communications, Inc., Tochigi Gas Co., Ltd., Tokyo Gas Techno-Service Co., Ltd., Tokyo Gas Building Service Co., Ltd., Toeki Service Center Co., Ltd., Showa Bussan Co., Ltd., Tosetz Co., Ltd., Chiba Gas Urban Service Co., Ltd., Kanpai Customer Service C., Ltd., Toyoko Customer Service Co., Ltd., Showa Unyu Co., Ltd., Tokyo Plant Service Co., Ltd., Tokyo Rare Gases Company Limited, Tokyo Auto Gas Co., Ltd. Kanpai Tech Co., Ltd.

Note: Some companies belong to more than one segment.

### III. Business performance and financial position

#### (1) Business performance

During the first half of FY2004, factors such as a pick up in the stock market and improvement of corporate revenues brought bright signs toward the recovery of the Japanese economy. On the other hand, the job insecurity, or wage restraints and increase of social insurance premiums could not wipe out sense of uncertainty and private consumption did not boost up, meaning that recovery in the Japanese economy is not in full-swing yet.

Under these economic circumstances, consolidated sales in the first half of FY 2004 were ¥514.1 billion, up 1.8% compared with the same period in FY 2003 due to the expansion in the scope of consolidation in addition to strenuous efforts in marketing to popularize and expand city gas.

On the other hand, Tokyo Gas made utmost efforts to hold down expenses, achieving further advances in the promotion of management efficiency although raw material expenses increased with the growth in sales volume.

As a result, operating income rose 7.7% to ¥47.1 billion, and ordinary income was up 21.8% to ¥44.4 billion. Moreover, during the period under review, we recorded extraordinary losses of ¥0.2 billion in fixed assets impairment. As a result, net income rose 23.6% to ¥27.4 billion.

Building a group management system was cited as one of the pillars of our medium term management plan "Frontier 2007" formulated in October 2002. Based on this, the company implemented the strategic business unit system on April 1, 2004. Tokyo Gas has made this an opportunity for changing the scope of consolidation within the group and has intended to increase the number of consolidated subsidiaries from the 18 companies up until FY2003 to 53companies.

As a result, the result figures for the first half of FY2004 have all been calculated based on the new scope of consolidation. The effects of the expansion in the scope of consolidation are as below.

(Unit: billion yen)

	Sales	Operating income	Ordinary income	Current net income
Increase	17.9	0.9	0.2	-0.3

[Situation in each division during the term]

##### 1) Gas business

In the first half of FY2004, the gas sales volume rose 7.2% compared with same period in the previous year to 5,460 million m<sup>3</sup>. Residential demand fell 7.1% to 1,207 million m<sup>3</sup> compared with same period in the previous year because of sluggish demand for hot water due to higher temperatures throughout the period.

On the other hand, as for commercial and other business sector, air conditioning demand increased because of higher temperature. As a result, commercial and other business demand was up 9.3% to 1,021 million m<sup>3</sup> and 13.7% to 459 million m<sup>3</sup> respectively, making a combined total of 1,480 million m<sup>3</sup>, up 10.7% compared with same period in the previous year.

Industrial demand was up 12.6% to 2,249 million m<sup>3</sup> compared with the same period in the previous year due to increased operation of existing properties and other factors.

Wholesale Supplies to other gas utilities rose 14.0% to 525 million m<sup>3</sup> because of an increase in delivery volume to forward customers.

Moreover, gas sales was down by ¥6.4 billion or 1.7% compared with the same period in the previous year to ¥362.3 billion as a result of factors that included the increase in sales volume and rate unit price adjustments based on the raw material expenses adjustment system.

Operating expenses overall decrease by ¥9.9 billion yen or 3.2% because of the decrease in fixed costs such as depreciation expenses.

Operating income was up by ¥3.5 billion or 5.7% over the same period in the previous year to ¥64.5 billion.

##### 2) Gas appliances business

Sales fell by ¥3.1 billion or 5.2% compared to the same period in the previous year to ¥57.0 billion. As a result of a ¥2.2 billion or 4.0% decline in operating expenses, operating income rose ¥0.9 billion or 22.1% to ¥3.2 billion.

3) Contracted construction work business

Sales declined by ¥0.8 billion or 2.9% compared with the same period in the previous year to ¥26.8 billion. As a result of a ¥0.1 billion or 0.3% slight increase in operating expenses, we recorded operating loss of ¥0.8 billion, a decrease of 115.7%.

4) Real estate rental business

Sales declined by ¥0.9 billion or 5.0% compared with the same period in the previous year to ¥16.8 billion. As a result of a slight decrease in operating expenses by 0.1%, operating income decrease 0.9 billion or 20.0% to ¥3.4 billion.

5) Other business

Sales of other business rose by ¥33.6 billion or 49.1% compared with the previous year to ¥102.0 billion due to the expansion in the scope of consolidation and other reasons. As a result of a ¥31.1 billion or 48.2% increase in operating expenses, operating income rose by 2.5 billion or 64.0% to ¥6.3 billion.

<Summary by segment>

(Unit: billion yen)

		Gas	Gas appliances	Contracted construction work	Real estate rental	Others
Sales	FY2004 Interim (% of total)	362.3 (64.1%)	57.0 (10.1%)	26.8 (4.7%)	16.8 (3.0%)	102.0 (18.1%)
	FY2003 Interim (% of total)	368.7 (67.9%)	60.1 (11.1%)	27.6 (5.1%)	17.7 (3.3%)	68.4 (12.6%)
	Amount of change	-6.4	-3.1	-0.8	-0.9	33.6
	Rate of change	-1.7%	-5.2%	-2.9%	-5.0%	49.1%
Operating expenses	FY2004 Interim (% of total)	297.8 (61.2%)	53.7 (11.0%)	26.9 (5.5%)	13.3 (2.7%)	95.7 (19.6%)
	FY2003 Interim (% of total)	307.7 (65.7%)	55.9 (11.9%)	26.8 (5.7%)	13.3 (2.9%)	64.6 (13.8%)
	Amount of change	-9.9	-2.2	0.1	0	-31.1
	Rate of change	-3.2%	-4.0%	-0.3%	-0.1%	48.2%
Operating income	FY2004 Interim (% of total)	64.5 (83.4%)	3.2 (4.2%)	-0.1 (-0.2%)	3.4 (4.5%)	6.3 (8.1%)
	FY2003 Interim (% of total)	61.0 (82.3%)	4.1 (5.6%)	0.7 (1.0%)	4.3 (5.9%)	3.8 (5.2%)
	Amount of change	3.5	-0.9	-0.8	-0.9	2.5
	Rate of change	5.7%	-22.1%	-115.7%	20.0%	64.0%

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

<Ratio of consolidated income to parent's income>

	Sales	Operating income	Ordinary income	Current net income
FY2004 Interim	1.17	1.31	1.18	1.11
FY2003 Interim	1.13	1.32	1.17	1.06

<Comparison of forecast of FY2004 with results of FY2003 >

(Unit: billion yen)

	Sales	Operating income	Ordinary income	Net income
FY2004 (forecast)	1,221.0	144.0	134.0	88.0
FY2003 (actual)	1,151.8	152.2	131.0	44.7
Change	69.2	-8.2	3.0	43.3
Rate of change	6.0%	-5.4%	2.2%	96.5%

Building a group management system was cited as one of the pillars of our medium term management plan “Frontier 2007” formulated in October 2002. Based on this, the company implemented the strategic business unit system on April 1, 2004. Tokyo Gas is making this an opportunity for changing the scope of consolidation within the group and intends to increase the number of consolidated subsidiaries from the 18 companies up until FY2003 to 53 companies.

As a result, the forecast figures for FY2004 have all been calculated assuming the new scope of consolidation.

We forecast that gas sales volume in FY2004 will grow 4.5% compared with FY2003 to 11,722 million m<sup>3</sup> due to our efforts to acquire new customers and to popularize and expand gas appliances. We expect gas sales to rise by ¥8.4 billion or 1.0% to ¥839.5 billion in response to this. Although gas appliance sales and other business sales will decrease, we expect increase in other business sales. As a result, consolidated sales will rise by ¥69.2 billion or 3.9% to ¥ 1.121 trillion.

Meanwhile, we are planning to gas rate reduction in the second half of FY 2004. However, as the date and amount of rate reduction have not been decided, the effects of rate reduction have not incorporated in the FY 2004 forecast shown above.

Because of factors such as the increase in operating expenses, the projection envisions as follows:

Operating income: down ¥8.2 billion (-5.4%) to ¥144.0 billion  
 Ordinary income: up ¥3.0 billion (+2.2%) to ¥134.0 billion  
 Current net income: up ¥43.3 billion (+96.5%) to ¥88.0 billion

The ratios of consolidated income to parent company’s income are shown below.

	Sales	Operating income	Ordinary income	Current net income
FY2004 projection	1.20	1.19	1.13	1.11

The effect of the expansion in the scope of consolidation will be as below.

(Unit: billion yen)

	Sales	Operating income	Ordinary income	Current net income
Increase	60	3	3	2

## (2) Financial position

### 1) Cash flow

(Unit: billion yen)

	FY2004 Interim	FY2003 Interim	FY2003
Cash flow from operating activities	48.9	40.8	217.6
Cash flow from investing activities	-52.6	-78.2	-126.0
Cash flow from financing activities	2.3	1.7	-99.7
Cash and cash equivalents during FY2003	-1.3	-35.6	-8.1
Cash and cash equivalents at beginning of year	43.9	52.1	52.1
Cash and cash equivalents due to expansion of consolidation	7.2	-	-
Cash and cash equivalents at end of year	49.7	16.4	43.9

#### a) Cash flow from operating activities

Cash and cash equivalents obtained as a result of operating activities amounted to ¥48.9 billion. This derived mainly from the progress of depreciation of fixed assets (amortization in this period to ¥66.8 billion).

#### b) Cash flow from investing activities

Cash and cash equivalents obtained as a result of investing activities amounted to ¥52.6 billion. This derived mainly from the acquisition of tangible fixed assets such as gas supply facilities (expenditure: ¥50.1 billion).

c) Cash flow from financing activities

Cash and cash equivalents obtained as a result of financing activities amounted to ¥2.3 billion. Although there were outflow of funds for expenditure for the acquisition of treasury stock (¥20.1 billion) and payment of dividend (¥10.7 billion), the overall cash flow increased because of bond issuance (¥30.0 billion) and increase in long-term debt (¥5.4 billion).

2) Indicators

	FY2000	FY2001	FY2002	FY2003	FY2004 Interim
Equity ratio	30.8%	33.1%	34.6%	35.9%	36.2%
Equity ratio based on market value	53.5%	52.5%	61.0%	63.8%	62.2%
Number of years for debt repayment	4.6	4.0	3.4	3.1	-
Interest coverage ratio	8.2	9.9	12.2	14.5	-

Equity ratio: Equity capital / total assets

Equity ratio based on market value: total market price of shares / total assets

Number of years for debt repayment: Interest bearing debt / operating cash flow

Interest coverage ratio: operating cash flow / interest payments

- All calculation based on consolidated financial figures.
- Operating cash flow used for cash flow. Interest bearing debt covers bonds, convertible bonds, long-term borrowings (all including debts due within one year), short term borrowings and commercial papers out of the interest bearing debt recorded on the balance sheet.



<Consolidated Statements>

1. Interim consolidated balance sheet

(Unit: million yen)

Account	FY2004 Interim (ended on Sep. 30, 2004)	FY2003 (ended on Mar. 31, 2004)	Change	FY2003 Interim (ended on Sept. 30, 2003)
(Assets)				
Fixed assets	1,389,578	1,407,725	-18,147	1,407,915
Tangible fixed assets	1,178,878	1,170,428	8,450	1,192,669
Production facilities	236,800	245,284	-8,484	255,323
Distribution facilities	523,037	533,407	-10,370	526,718
Business facilities	61,215	61,488	-273	68,726
Other facilities	305,041	291,752	13,289	298,270
Construction in progress	52,783	38,496	14,287	43,631
Intangible fixed assets	22,930	18,856	4,074	17,874
Consolidation adjustment account	3,101	-	3,101	-
Other intangible fixed assets	19,829	18,856	973	17,874
Investments, etc.	187,768	218,440	-30,672	197,370
Investment securities	90,557	108,485	-17,908	97,984
Long-term loans receivable	2,553	13,230	-10,677	13,488
Deferred tax assets	50,774	51,251	-477	38,981
Miscellaneous investments	45,747	47,131	-1,384	49,136
Allowances for doubtful accounts	-1,884	-1,658	-226	-2,220
Current assets	275,939	259,102	16,837	226,248
Cash and deposits	30,840	48,605	-17,765	21,572
Notes and accounts receivable	102,250	125,244	-22,994	97,175
Inventories	33,845	22,826	11,019	30,689
Deferred tax assets	9,997	11,587	-1,590	9,816
Other current assets	99,877	52,053	47,824	68,184
Allowances for doubtful accounts	-872	-1,215	343	-1,189
<b>Total assets</b>	<b>1,665,517</b>	<b>1,666,828</b>	<b>-1,311</b>	<b>1,634,163</b>

(Unit: million yen)

Account	FY2004 Interim (ended on Sep. 30, 2004)	FY2003 (ended on Mar. 31, 2004)	Change	FY2003 Interim (ended on Sept. 30, 2003)
(Liabilities)				
Fixed liabilities	735,485	734,345	1,140	777,510
Straight bonds	295,500	283,833	11,667	273,533
Convertible bonds	99,925	99,928	-3	182,812
Long-term bank loans payable	161,290	162,083	-793	170,692
Deferred tax liabilities	2,385	2,395	-10	1,670
Retirement benefit reserve	149,832	157,808	-7,976	118,224
Allowances for repairs of gas holders	3,407	3,444	-37	3,363
Other fixed liabilities	23,145	24,853	-1,708	27,214
Current liabilities	319,379	329,770	-10,391	276,925
Fixed liabilities due within one year	137,169	107,020	30,149	23,189
Notes and accounts payable	42,470	35,747	6,723	25,122
Short-term bank loans payable	28,455	30,029	-1,574	34,716
Corporation tax payable, etc.	15,893	39,000	-23,107	16,689
Deferred tax liabilities	4	-	4	-
Other current liabilities	95,836	117,973	-22,587	177,207
Total liabilities	1,054,865	1,064,116	-9,251	1,054,436
Minority interest	8,276	4,258	4,018	4,017
(Shareholders' equity)				
Common stock	141,844	141,844	-	141,844
Capital surplus	2,067	2,065	2	2,065
Retained earnings	485,483	457,924	-27,559	443,447
Unrealized gains on other securities	32,141	35,654	-3,513	27,053
Translation adjustment account	-248	-227	-21	14
Treasury stock	-58,913	-38,808	-20,105	-38,715
Total shareholders' equity	602,375	598,453	3,922	575,710
Total of liabilities, minority interest, and shareholders' equity	1,665,517	1,666,828	-1,311	1,634,163

## 2. Interim consolidated statement of income

(Unit: million yen)

Account	FY2004 Interim (Apr. - Sept. 2004)	FY2003 Interim (Apr. - Sept. 2004)	Change	FY2003 (Apr. 2003 - Mar. 2004)
Sales	514,132	505,129	9,003	1,151,824
Cost of sales	266,304	258,209	8,095	578,529
(Gross income)	( 247,828)	( 246,920)	( 908)	(573,294)
Supply and sales expenses	166,882	168,523	-1,641	345,572
General and administrative expenses	33,752	34,562	-810	75,434
(Operating income)	( 47,192)	(43,834)	(3,358)	(152,287)
Non-operating income	7,279	4,444	2,835	9,131
Interest income	123	148	-25	346
Dividend income	677	910	-233	1,051
Return on investment accounted for by equity method	121	108	13	236
Gains on foreign currency exchange	-	527	-527	-
Income from rents	-	512	-512	1,006
Balance on environmental conditioning costs	-	-	-	1,650
Contribution for gas pipeline construction for wholesale supply	998	-	998	-
Balance on weather derivatives	1,994	-	1,994	-
Miscellaneous revenues	3,363	2,236	1,127	4,840
Non-operating expenses	10,069	11,831	-1,762	30,324
Interest paid	6,595	7,813	-1,218	14,822
Balance on commissioned construction	1,702	1,799	-97	4,144
Loss from debenture redemption	-	-	-	6,574
Miscellaneous expenditures	1,771	2,217	-446	4,782
(Ordinary income)	( 44,403)	( 36,447)	( 7,956)	(131,093)
Extraordinary income	-	765	-765	8,413
Gain on sales of fixed assets	-	168	-168	2,159
Gain on sales of investment securities	-	596	-596	589
Gain on breakdown of retirement benefit reserve accompanying changes to corporate pension system	-	-	-	5,664
Extraordinary losses	274	1,116	-842	66,375
Loss from sale of fixed assets	57	1,116	-1,059	2,490
Losses on compression of fixed assets	-	-	-	1,607
E Losses on impairment of fixed assets	216	-	216	3,321
One-off write-off of retirement benefit actuarial differences	-	-	-	58,956
Net income before adjustment for tax, etc.	44,128	36,095	8,033	73,131
Corporate tax, residence tax and Business tax	10,421	11,,161	-740	44,266
Adjustment for corporate taxes, etc.	5,966	2,519	3,447	-16,366
Minority shareholder profit (loss)	299	206	93	444
Net income	27,441	22,207	5,234	44,787

### 3. Interim statement of consolidated retained earnings

(Unit: million yen)

Account	FY2004 Interim (Apr. - Sept. 2004)		FY2003 (Apr. 2003 - Mar.2004)		FY2003 Interim (Apr. -Sept. 2003)	
(Capital surplus)						
Initial balance of capital surplus		2,065		2,065		2,065
Increase in capital surplus		-		-		-
Net gain on disposal of treasury stock		1				
End of half-year balance of capital surplus		2,067		2,065		2,065
(Retained earnings)						
Initial balance of retained earnings		457,924		429,652		429,652
Increase in retained earnings						
Net Income	27,441		44,787		22,207	
Increase due to expansion in the scope of consolidation	10,988	38,429	-	44,787	-	22,207
Decrease in retained earnings						
Dividends	10,804		16,438		8,334	
Directors' bonuses	65		76		76	
Net loss on disposal of treasury stock	-	10,869	-	16,515	-	8,412
End of period balance of consolidated retained earnings		485,483		457,924		443,447

#### 4. Interim consolidated statement of cash flows

(Unit: million yen)

Account	FY2004 Interim (Apr. - Sept. 2004)	Fy2003 Interim (Apr. - Sept. 2003)	FY2003 (Apr. 2003 - Mar. 2004)
<b>I. Cash flow from operating activities</b>			
Net income before adjustment for tax, etc.	44,128	36,095	73,131
Depreciation	66,834	73,818	143,128
Amortization of long-term prepaid expenses	1,930	1,881	3,766
Impairment losses	-	-	3,321
Loss on retirement of tangible fixed assets	1,147	1,484	3,790
Profit/loss on sales of fixed assets	-	949	672
Losses on compression of fixed assets	-	-	1,607
Gain/loss on sale of investment securities	-	-596	-588
Gain/loss on valuation of investment securities	-	-	526
Loss from debenture redemption	-	-	6,574
Profit/loss on allowance for doubtful accounts	-1,209	-	-
Change in provision for retirement benefits	-9,103	-2,671	36,912
Interest and dividends earned	-801	-1,059	-1,398
Interest paid	6,595	7,813	14,822
Change in accounts receivable	36,668	39,296	5,156
Change in inventories	-9,188	-9,564	-1,701
Change in accounts payable	-28,019	-34,519	-
Change in consumption tax payable	-1,832	-2,990	-1,551
Change in prepaid expenses	-8,697	-8,221	-
Other	-9,978	-18,705	-10,375
Sub-total	88,473	83,019	277,797
Proceeds from interest and dividends	772	1,011	1,380
Payment of interest	-6,622	-8,143	-15,053
Payment of corporate tax, etc.	-33,679	-35,020	-46,516
Cash flow from operating activities	48,943	40,866	217,608
<b>II. Cash flow from investing activities</b>			
Purchases of investment securities	-2,303	-12,787	-15,371
Proceeds from sale of investment securities, etc.	-	2,662	7,683
Purchases of tangible fixed assets	-50,177	-58,836	-101,011
Purchases of intangible fixed assets	-5,659	-3,420	-12,211
Spending on long-term prepaid expenses	-732	-1,490	-2,103
Proceeds from sale of fixed assets	693	634	1,234
Expenditures based on lending for long-term loans	-	-3,548	-3,886
Proceeds from recovery of long-term loans receivable	4,399	-	894
Net change in short-term loans	-	-	-520
Other	1,133	-1,458	-747
Cash flow from investing activities	-52,646	-78,244	-126,038

Account	FY2004 Interim (Apr. - Sept. 2004)	FY2003 Interim (Apr. - Sept. 2003)	FY2003 (Apr. 2003 - Mar. 2004)
<b>III. Cash flow from financing activities</b>			
Net change in short-term debt	640	-7,183	-11,870
Net change in commercial paper	-	85,000	-
Proceeds from long-term debt	18,006	30,019	37,789
Repayments for long-term debt	-12,541	-36,810	-52,228
Proceeds from bond issues	30,000	20,000	50,000
Payments for redemption of bonds	-3,000	-52,875	-78,813
Dividend payments	-10,786	-8,330	-16,425
Payment of dividends to minority shareholders	-75	-56	-56
Proceeds from issuance of stocks to minority shareholders	190	-	-
Payment for minority shareholders of capital reduction	-	-184	-184
Proceeds from sale of treasury stock	25	66	
Payments for acquiring treasury stock	-20,132	-27,922	82
Cash flow from financing activities	2,327	1,722	-99,744
<b>IV. Difference from conversion of cash and cash equivalents</b>	-3	3	5
<b>V. Change in cash and cash equivalents</b>	-1,378	-35,652	-8,169
<b>VI. Cash and cash equivalents at beginning of year</b>	43,960	52,129	52,129
<b>VII. Cash and cash equivalents at end of the period</b>	49,786	16,477	43,960

## 5. Segment information

### (1) Segment information by category of business

(Unit: million yen)

		Gas	Gas appliance sales	Related construction	Real estate rental	Other	Total	Elimination or corporate	Consolidation
FY2004 Interim	Sales								
	(1) External sales	358,322	55,842	24,939	6,832	68,195	514,132	-	514,132
	(2) Inside group	4,020	1,170	1,873	10,044	33,886	50,995	(50,995)	-
	Total	362,343	57,012	26,813	16,876	102,082	565,128	(50,995)	514,132
	Operating expenses	297,817	53,763	26,932	13,382	95,773	487,669	(20,730)	466,939
	Operating income (loss)	64,525	3,249	-119	3,494	6,308	77,458	(30,265)	47,192
FY2003 Interim	Sales								
	(1) External sales	366,609	59,585	26,092	7,125	45,716	505,129	-	505,129
	(2) Inside group	2,156	572	1,526	10,640	22,732	37,628	(37,628)	-
	Total	368,766	60,157	27,619	17,765	68,449	542,758	(37,628)	505,129
	Operating expenses	307,703	55,988	26,859	13,397	64,601	468,551	(7,255)	461,295
	Operating income (loss)	61,062	4,169	760	4,367	3,846	74,207	(30,372)	43,834
FY2003	Sales								
	(1) External sales	826,566	132,254	64,944	14,150	113,909	1,151,824	-	1,151,824
	(2) Inside group	4,547	1,619	3,089	21,292	58,251	88,800	(88,800)	-
	Total	831,114	133,873	68,033	35,443	172,160	1,240,625	(88,800)	1,151,824
	Operating expenses	641,748	125,969	63,578	27,561	160,889	1,019,746	(20,209)	999,537
	Operating income (loss)	189,365	7,904	4,455	7,882	11,270	220,878	(68,591)	152,287

- Note: 1. As a result of a review of business lines, we changed the name of the former Building rentals segment to the Real estate rentals segment from FY2004r to more accurately express actual business circumstances. This change does not affect results.
2. Classification of business categories and main products in each category of business.  
Business categories are classified by aggregate sale category in accordance with the Gas Business Accounting Regulations.

Business categories	Main products
Gas	Gas
Gas appliance sales	Gas appliances
Related construction	Gas construction work
Real estate rental	Rental and management of buildings, etc.
Other	District heating and cooling, coke, LPG, industrial gas, credit leases, system integration, general engineering

- Note: 3. Main operating expenses that cannot be allocated to specific segment included under "Elimination or corporate" are general expenses relating to the administration department of the company submitting the interim consolidated financial statements.

FY2004 Interim: ¥30,342 million (FY2003 Interim: ¥30,731 million)

### (2) Segment information by location

Not applicable due to absence of overseas consolidated subsidiaries.

### (3) Overseas sales

Not included due to insignificance of overseas sales as a proportion of consolidated sales.

## 6. Market value of securities

### (1) Marketable bonds securities being held to maturity

(Unit: million yen)

Category	FY2004 Interim (Sep. 30, 2004)			FY2003 (Mar. 31, 2004)			FY2003 Interim (Sep. 30, 2003)		
	Book value	Market value	Net unrealized gain (loss)	Book value	Market value	Net unrealized gain (loss)	Book value	Market value	Net unrealized gain (loss)
Government and municipal bonds, etc.	44	46	1	44	46	1	34	36	1
Total	44	46	1	44	46	1	34	36	1

### (2) Other marketable securities

(Unit: million yen)

Category	FY2004 Interim (Sep. 30, 2004)			FY2003 (Mar. 31, 2004)			FY2003 Interim (Sep. 30, 2003)		
	Acquisition cost	Book value	Net unrealized gain (loss)	Acquisition cost	Book value	Net unrealized gain (loss)	Acquisition cost	Book value	Net unrealized gain (loss)
Shares	10,550	61,467	50,917	10,523	66,945	56,422	10,253	53,029	42,776
Bonds	-	-	-	5	6	0	5	6	0
Total	10,550	61,467	50,917	10,528	66,951	56,422	10,258	53,035	42,777

### (3) Book values of main non-marketable securities

(Unit: million yen)

Category	FY2004 Interim (Sep. 30, 2004)	FY2003 (Mar. 31, 2004)	FY2003 Interim (Sep. 30, 2003)
	Book value	Book value	Book value
Stocks in subsidiaries and affiliates	17,288	29,715	33,034
Other securities			
Unlisted stocks (excluding over-the-counter stocks)	11,736	11,732	11,811