

Consolidated 1st Quarter Results Bulletin

FY2003 ending March 2004

Tokyo Gas Co., Ltd.

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

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

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1. Items Used to Compile the Quarterly Results

- 1) Any differences between the accounting practices used here and those used in preparing consolidated accounts for the previous business year (yes/no): *Yes*
Differences:
 - * Depreciation of fixed assets: Part of our estimated first-half consolidated depreciation expense has been charged in the first quarter.
 - * Basis for the calculation of corporation tax: Calculated by multiplying quarterly income before tax, etc. by the estimated effective consolidated tax rate at the end of the fiscal year.
- 2) Changes in the scope of consolidation and interests accounted for by the equity method (yes/no): *No*

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

(1) Consolidated Business Results

(Rounded down to the nearest million yen)

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

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

- Notes: 1) Figures in the percent columns indicate percentage changes in (quarterly) Sales, Operating Income, Ordinary Income, and Net Income compared with the same quarter of the previous year.
- 2) As we did not release closing figures for the first quarter of last year, we cannot show percentage year-on-year changes for the first quarter of the current year. The same applies throughout this document.

Qualitative Data Concerning our Consolidated Business Performance

First-quarter (April-June 2003) segment sales (including inter-segment sales) -- Gas: ¥199.8 billion; Gas appliances: ¥26.7 billion; Related construction: ¥12.2 billion; Building leases: ¥8.7 billion; Other business: ¥30.2 billion; Consolidated sales: ¥262.2 billion.

As a direct result of the efforts we have made to control costs in order to make our business more efficient, we are able to report an Operating Income of ¥38.3 billion, Ordinary Income of ¥35.7 billion, and Net Income of ¥22.0 billion for the quarter.

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

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

(2) Consolidated Financial Position

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

Qualitative Data Concerning Changes in our Consolidated Financial Position

Total group assets declined by ¥38.8 billion from the year ended March 2003 to ¥1,637.2 billion, reflecting declines in Accounts Receivable and in tangible fixed assets after depreciation.

Despite reacquiring some of our outstanding capital stock, Net Income for the quarter boosted shareholders' equity by ¥8.0 billion to ¥587.7 billion and our shareholders' equity ratio by 1.3 percentage points to 35.9%.

(3) Consolidated Cash Flow

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

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

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

	Total Assets	Shareholders' Equity
	(Unit: ¥1 million)	(Unit: ¥1 million)
1st Quarter ended June 2003	1,354,817	535,062

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

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

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

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

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

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

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

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

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

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

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

< Supplementary Financial Information >

1. Consolidated First-quarter Balance Sheet

(Unit: ¥1 million)

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

(Unit: ¥1 million)

Account	1st Quarter (ended Jun. 30, 2003)	Previous year (ended Mar. 31, 2003)	Change
LIABILITIES			
Fixed liabilities	770,729	751,572	19,157
Straight bonds	274,633	257,633	17,000
Convertible bonds	182,814	182,814	
Long-term bank loans payable	162,157	157,875	4,282
Deferred tax liabilities	1,126	792	334
Retirement benefit reserve	118,733	120,896	-2,163
Allowances for repairs of gas holders	3,558	3,457	101
Other fixed liabilities	27,705	28,104	-399
Current liabilities	274,666	340,746	-66,080
Fixed liabilities due within one year	82,413	91,239	-8,826
Notes and accounts payable	31,319	37,676	-6,357
Short-term bank loans payable	39,708	41,900	-2,192
Corporation tax payable, etc.	16,323	41,221	-24,898
Deferred tax liabilities	13	13	
Other current liabilities	104,888	128,695	-23,807
Total Liabilities	1,045,396	1,092,319	-46,923
Minority Interest	4,077	4,039	38
SHAREHOLDER'S EQUITY			
Common stock	141,844	141,844	
Capital surplus	2,065	2,065	
Retained earnings	443,317	429,652	13,665
Unrealized gains on other securities	21,388	17,002	4,386
Translation adjustment account	9	4	5
Treasury stock	-20,887	-10,862	-10,025
Total shareholders' Equity	587,738	579,706	8,032
Total Liabilities, Minority Interest and Shareholders' Equity	1,637,211	1,676,064	-38,853

2. Consolidated 1st Quarter Statement of Income

(Unit: ¥1 million)

Account	1st Quarter (Apr. - Jun. 2003)	Previous Year (Apr. 2002 - Mar. 2003)
Sales	262,248	1,127,633
Cost of sales	123,977	571,929
Gross Income	138,270	555,704
Supply and sales expenses	83,846	359,999
General and administrative expenses	16,108	72,409
Operating Income	38,316	123,294
Non-operating Income	2,541	7,441
Interest income	83	239
Dividend income	806	849
Return on investment accounted for by equity method	50	220
Income from rents	274	985
Miscellaneous revenues	1,325	5,147
Non-operating expenses	5,109	38,780
Interest paid	3,604	17,472
Balance on commissioned construction	863	4,648
Loss from debenture redemption	—	6,327
Environment conditioning costs	—	5,656
Miscellaneous expenditures	641	4,674
Ordinary Income	35,747	91,955
Extraordinary profits	269	8,699
Gain on sales of fixed assets	—	5,503
Gain on sales of investment securities	269	3,196
Extraordinary losses	811	4,771
Loss from sale of fixed assets	811	113
Losses on compression of fixed assets	—	4,415
Expenses for special measures for product compensation	—	242
Net Income before adjustment for tax, etc.	35,206	95,882
Corporate tax, residence tax and business tax	12,806	43,621
Adjustment for corporate taxes, etc.	231	-7,244
Minority shareholder profit (loss)	91	304
Net Income	22,076	59,201

3. 1st Quarter Statement of Consolidated Retained Earnings

(Unit: ¥1 million)

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

4. 1st Quarter Consolidated Statement of Cash Flows

(Unit: ¥1 million)

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

5. Non-consolidated First-quarter Results

Gas Sales for 1st Quarter Ended June 30, 2003

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

- Notes: 1. The upper row of figures for residential demand indicates gas sales per meter read (m³/household/month)
 2. "Other" for business demand indicates sales to public and medical institutions.

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

(Unit: ¥100 million)

Income		Change from 1st Quarter of FY 2002	Rate (%)	Expenses		Change from 1st Quarter of FY2002	Rate (%)		
Product sales	Gas sales	1,978	198	11.1	Operating expenses	Cost of sales	737	169	29.9
						Sales and administrative expenses	935	6	0.7
						Sub total	1,673	176	11.7
Other sales	Related Construction	109	-9	-7.7	Other expenses	Related onstruction	110	-9	-7.5
	Gas appliance sales.	223	7	3.3		Gas appliance sales	202	-2	-1.2
	Associated businesses	32	-52	-61.2		Associated businesses	31	-39	-55.9
	Sub total	366	-53	-12.7		Sub total	344	-51	-12.9
Total sales		2,345	145	6.6	Total expenses		2,017	125	6.6
Non-operating Income		43	10	29.8	Operating Income		327	20	6.4
					Non-operating expenses		42	-3	-7.8
					Ordinary Income		327	33	11.3

- Notes: 1. As we did not release closing figures for the 1st Quarter of last year, the absolute and percentage year-on-year changes are shown for reference only.
 2. Cost of sales includes the cost of raw materials of ¥61.8 billion (increased by ¥13.4 billion, or +27.8%, from 1st Quarter of FY2002).