

Consolidated Financial Results Bulletin for the Fiscal Year Ended March 31, 2014**(J-GAAP)****Tokyo Gas Co., Ltd.**

Securities code: 9531
 (URL <http://www.tokyo-gas.co.jp/IR/english/index.html>)
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Stock listings:
 Tokyo Stock Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

General shareholders' meeting schedule: June 27, 2014
 Scheduled date of the filing of securities report: June 27, 2014
 Scheduled date of the start of dividend payments: June 30, 2014
 Preparation of earnings presentation material (yes/no): **Yes**
 Holding of earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for FY2013 ended March 31, 2014 (from April 1, 2013 to - March 31, 2014)

(Unit: million yen)

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

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-------------------------------|-----------|-------|------------------|-------|-----------------|-------|------------|--------|
| FY2013 ended Mar. 31, 2014 | 2,112,117 | 10.3% | 166,044 | 14.0% | 159,613 | 8.2% | 108,451 | 6.7% |
| FY2012 ended Mar. 31, 2013 | 1,915,639 | 9.2% | 145,633 | 88.9% | 147,453 | 95.0% | 101,678 | 120.7% |

Note: Total comprehensive income

FY2013 ended March 31, 2014: 147,138 million yen (23.6%)

FY2012 ended March 31, 2013: 119,034 million yen (203.4%)

| | Net income per share | Diluted net income per share | Ratio of net income to shareholders' equity | Ratio of ordinary income to total assets | Ratio of operating income to net sales |
|-------------------------------|----------------------|------------------------------|---|--|--|
| FY2013 ended Mar. 31, 2014 | 43.10 yen | — | 11.2% | 7.7% | 7.9% |
| FY2012 ended Mar. 31, 2013 | 39.52 yen | — | 11.5% | 7.6% | 7.6% |

Reference: Income or loss on investment accounted for by equity method

FY2013 ended March 31, 2014: 4,838 million yen

FY2012 ended March 31, 2013: 3,091 million yen

(2) Consolidated Financial Position

(Unit: million yen)

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|--------------|------------|--------------|----------------------|
| As of Mar. 31, 2014 | 2,176,816 | 1,029,492 | 46.5% | 402.91 yen |
| As of Mar. 31, 2013 | 1,992,403 | 946,511 | 46.6% | 360.70 yen |

Reference: Shareholders' equity

As of March 31, 2014: 1,011,787 million yen

As of March 31, 2013: 927,634 million yen

(3) Consolidated Cash Flows

(Unit: million yen)

| | Cash flows from operating activities | Cash flows from investment activities | Cash flows from financing activities | Cash and cash equivalents at end of year |
|-------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|--|
| FY2013 ended Mar. 31, 2014 | 240,993 | (235,636) | (9,195) | 150,918 |
| FY2012 ended Mar. 31, 2013 | 217,197 | (177,775) | (23,212) | 144,283 |

2. Dividend

| | Dividend per share (Unit: yen) | | | | | Total dividend payments (Full-year) (Unit: million yen) | Payout ratio (Consolidated) | Dividend on equity (Consolidated) |
|--|--------------------------------|-----------|-----------|-----------|------------|---|-----------------------------|-----------------------------------|
| | End of 1Q | End of 2Q | End of 3Q | End of 4Q | Full- year | | | |
| FY2012 ended Mar. 31, 2013 | — | 4.50 | — | 5.50 | 10.00 | 25,718 | 25.3% | 2.9% |
| FY2013 ended Mar. 31, 2014 | — | 5.00 | — | 5.00 | 10.00 | 25,112 | 23.2% | 2.6% |
| FY2014 ending Mar. 31, 2015 (Forecast) | — | 5.00 | — | 5.00 | 10.00 | | 26.2% | |

3. Consolidated Results Forecast for FY2014 ending March 31, 2015 (April 1, 2014 - March 31, 2015)

(1) Consolidated Business Performance

(Unit: million yen)
(% of change from the previous year)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------|-----------|----------|------------------|----------|-----------------|----------|------------|----------|----------------------|
| | Value | % change | Value | % change | Value | % change | Value | % change | Value |
| Half-year | 1,043,000 | 11.7% | 61,000 | -11.0% | 60,000 | -7.7% | 50,000 | 16.9% | 20.02 yen |
| Full-year | 2,298,000 | 8.8% | 130,000 | -21.7% | 123,000 | -22.9% | 94,000 | -13.3% | 38.14 yen |

| | Ratio of net income to shareholders' equity | Ratio of ordinary income to total assets | Ratio of operating income to net sales |
|--|---|--|--|
| | Full-year | 9.2% | 5.6% |

(2) Consolidated Financial Position

(Unit: million yen)

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--|--------------|------------|--------------|----------------------|
| | Full-year | 2,226,000 | 1,049,000 | 46.3% |

Reference: Shareholders' equity 1,030,000 million yen

*Notes

(1) Significant changes in consolidated subsidiaries (changes in specified subsidiaries resulting in change of scope of consolidation during the quarter) (yes/no): *Yes*

Newly included: 3 (Name) Tokyo Gas America Ltd., TGBI 1. LLC and TG Barnett Resources LP

Excluded: —

Note: Please see page 13 of the Attachment, "II. Group Companies: "Changes in specified subsidiaries resulting in change of scope of consolidation during the fiscal year" for details.

Reference: Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 69 (Increased by 4 companies and decreased by 1 company)

Number of subsidiaries and affiliates accounted for by equity method: 6 (—)

(2) Change in accounting policies or estimates and retrospective restatements

1) Change in accounting policies in accordance with revision of accounting standards: *Yes*

2) Change in accounting policies other than item 1) above: *No*

3) Change in accounting estimates: *No*

4) Retrospective restatements: *No*

Note: Please see page 23 of the Attachment, "(5) Notes on consolidated financial statements: 3) Change in accounting policies or estimates and retrospective restatements" for details.

(3) Number of issued shares (common stock)

(Unit: share)

| | | | | |
|---|---------------------|---------------|---------------------|---------------|
| 1) Number of issued shares at end of period (including treasury stock): | Mar. 31, 2014 | 2,517,551,295 | Mar. 31, 2013 | 2,577,919,295 |
| 2) Number of shares of treasury stock at end of period: | Mar. 31, 2014 | 6,334,608 | Mar. 31, 2013 | 6,123,070 |
| 3) Average number of shares during period: | Apr. 2013–Mar. 2014 | 2,516,349,285 | Apr. 2012–Mar. 2013 | 2,572,924,369 |

(Reference)**1. Non-Consolidated Business Results for FY2013 ended March 31, 2014 (April 1, 2013 - March 31, 2014)**

(1) Non-Consolidated Business Performance

(Unit: million yen)

(% of change from the corresponding period of previous year)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|----------------------------|-----------|-------|------------------|--------|-----------------|-------|------------|--------|
| FY2013 ended Mar. 31, 2014 | 1,908,505 | 11.3% | 128,607 | 22.7% | 130,260 | 13.7% | 90,047 | 14.6% |
| FY2012 ended Mar. 31, 2013 | 1,714,267 | 10.6% | 104,819 | 103.9% | 114,569 | 91.1% | 78,556 | 120.0% |

| | Net income per share | Diluted net income per share |
|----------------------------|----------------------|------------------------------|
| FY2013 ended Mar. 31, 2014 | 35.78 yen | — |
| FY2012 ended Mar. 31, 2013 | 30.53 yen | — |

(2) Non-Consolidated Financial Position

(Unit: million yen)

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|--------------|------------|--------------|----------------------|
| As of Mar. 31, 2014 | 1,763,621 | 773,280 | 43.8% | 307.93 yen |
| As of Mar. 31, 2013 | 1,646,574 | 744,329 | 45.2% | 289.42 yen |

Reference: Shareholders' equity

As of Mar. 31, 2014: 773,280 million yen

As of Mar. 31, 2013: 744,329 million yen

2. Non-Consolidated Results Forecast for FY2014 ending March 31, 2015 (April 1, 2014 - March 31, 2015)

(Unit: million yen)

(% of change from the corresponding period of previous year)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------|-----------|-------|------------------|--------|-----------------|--------|------------|--------|----------------------|
| Half-year | 955,000 | 12.3% | 47,000 | -14.8% | 50,000 | -14.3% | 42,000 | 6.1% | 16.81 yen |
| Full-year | 2,091,000 | 9.6% | 96,000 | -25.4% | 100,000 | -23.2% | 78,000 | -13.4% | 31.65 yen |

* Presentation of implementation status for auditing procedures

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

* Explanation related to appropriate use of results forecasts and other items warranting special mention

1. The above forecasts are based on the information available at the time this report was prepared, and Tokyo Gas makes no

guarantee that these figures will be achieved. Actual results may differ from these forecasts for a variety of reasons. Please see page 5 of the Attachment, "I. Business Performance and Financial Position: (1) Analysis on business performance: <Forecast for FY2014>" for details.

2. The information related to this Financial Results will be posted on TDnet on the same date of this disclosure, and subsequently on the Web site of the Company.

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I. Business Performance and Financial Position

(1) Analysis on business performance

<Results of FY2013>

During FY2013, the Japanese economy continued a rebounding trend driven by the effects from aggressive monetary and fiscal policies since the preceding year coupled with gradual recovery in overseas economy, as well as supported by consumer spending in reaction to rush demand by consumers ahead of the consumption tax hike.

In addition, Japan's energy market now seeks to review its energy policies from a medium- to long-term perspective. Under these circumstances, society's expectations for natural gas have increased, based on the economy, stability of supply, convenience, and environmental-friendliness of natural gas.

Against the backdrop of this economic situation and operating environment, the Tokyo Gas Group formulated "The Tokyo Gas Group's Vision for Energy and the Future-Challenge 2020 Vision-" (the "Challenge 2020 Vision"), under which the Group is "Enhancing the LNG Value Chain" by enhancing added value and expanding area coverage.

Boosted by these intense efforts, despite a decline from the change to tolling agreement* for a portion of the gas used for electric power generation, city gas sales increased from an increase in sales unit price due to resource cost adjustment associated with a weaker yen, combined with sales growth at the other energy segment from increased LNG sales. Accordingly, consolidated net sales for the year rose 10.3%, to ¥2,112.1 billion.

In terms of operating expenses, despite further improvement in management efficiency and extensive efforts to contain expenses, the yen's depreciation, etc. led to higher gas resource costs, and expenses at the other energy segment rose on increased LNG sales, leading to a 9.9% increase in operating expenses, to ¥1,946.0 billion.

As a result, operating income grew 14.0%, to ¥166 billion, and ordinary income rose 8.2%, to ¥159.6 billion. With the recording of extraordinary income in the amount of ¥1.0 billion (gain on sales of noncurrent assets), extraordinary loss of ¥2.3 billion (impairment loss), and income taxes, net income rose 6.7%, to ¥108.4 billion.

<Segment summary>

1) City gas

Gas sales volume for FY2013 decreased 4.3% from the previous year, to 14,735 million m³. Of this amount, residential demand was 3,450 million m³ (a 2.4% decrease), with a decline in hot water and heating demand due to warmer temperature than the previous year.

Commercial demand was roughly unchanged at 2,844 million m³ (a 0.1% decrease), with a decline in hot water and heating demand due to temperature factors especially resulting from warmer temperature in early spring and early winter being mostly offset by high air-conditioning demand during hot summer.

Industrial demand was 6,433 million m³ (a 8.8% decrease), due mainly to a decline from the change to tolling agreement* for a portion of the gas used for electric power generation, despite new demand associated with the opening of the trunk Line and an increase in demand for power generation.

Wholesale supplies to other gas utilities grew 2.8%, to 2,007 million m³ due to a growth in customer demand.

Reflecting upward gas unit price adjustments under the gas rate adjustment system, etc., city gas sales grew ¥103.2 billion, or 7.4%, to ¥1,505.1 billion.

With a rise in LNG prices from the weak yen accompanied by higher resource costs, total operating expenses rose 7.3%, by ¥91.9 billion.

As a result, segment profit increased ¥11.3 billion, or 8.0%, to ¥152.6 billion.

*Tolling agreement: A contract under which the seller of electric power delivers gas procured as fuel for power generation to the power generator, and the power generator uses that fuel to generate electricity on behalf of the seller and delivers that electricity to the seller of electric power, in exchange for a power generation fee.

<Consolidated Gas Sales Volume for FY2013 Ended March 31, 2014>

| | | FY2013 | FY2012 | Change | % change | |
|---------------------|-----------------------------|---------------------|--------|--------|----------|------|
| No. of customers | Thousand | 11,111 | 10,978 | 133 | 1.2 | |
| Gas sales volume | Residential | m ³ | 30.86 | 32.02 | -1.16 | -3.6 |
| | | Mil. m ³ | 3,450 | 3,535 | -85 | -2.4 |
| | Commercial | Mil. m ³ | 2,844 | 2,847 | -3 | -0.1 |
| | Industrial | Mil. m ³ | 6,433 | 7,055 | -622 | -8.8 |
| | Subtotal | Mil. m ³ | 9,278 | 9,902 | -624 | -6.3 |
| | Supplies to other utilities | Mil. m ³ | 2,007 | 1,953 | 54 | 2.8 |
| Total | Mil. m ³ | 14,735 | 15,390 | -655 | -4.3 | |
| Average temperature | °C | 17.0 | 16.6 | 0.4 | — | |

Notes:

1. The upper row of figures for residential demand indicates gas sales per meter read (m³/household, month).
2. "Commercial" indicates sales to commercial, public and medical institutions.
3. Gas sales volumes are on the basis of 45MJ/m³.
4. Average temperature is the average temperature during the period of use by each customer (from date of initial month's meter reading to final month's meter reading).

The aforementioned notes also apply to the relevant tables.

(Foreign Exchange Rate and Crude Oil Price)

| ¥/\$ rate | FY2013 | FY2012 | Change | Crude oil price (\$/bbl) | FY2013 | FY2012 | Change |
|-----------|--------|--------|--------|--------------------------|--------|--------|--------|
| | 100.17 | 82.91 | 17.26 | | 109.99 | 113.88 | -3.89 |

2) Gas appliances and installation work

Sales increased by ¥15.7 billion or 7.6% compared to the previous year to ¥221.7 billion. Operating expenses increased by ¥12.4 billion or 6.2%. As a result, segment income increased by ¥3.2 billion or 72.7% to ¥7.6 billion.

3) Other energy

Sales increased by ¥20.9 billion or 6.2% compared to the previous year to ¥357.5 billion. Operating expenses increased by ¥14.3 billion or 4.6%. As a result, segment income grew by ¥6.6 billion or 25.4% to ¥32.5 billion.

4) Real estate

Sales decreased by ¥1.9 billion or 6.4% compared to the previous year to ¥28.3 billion. Operating expenses declined by ¥2.0 billion or 8.3%. As a result, segment income increased by ¥0.1 billion or 1.8% to ¥5.7 billion.

5) Others

Sales at other business grew by ¥3.6 billion or 1.9% to ¥199.3 billion. Operating expenses grew by ¥5.5 billion or 3.0%. As a result, segment profit decreased by ¥1.9 billion or 13.6% to ¥11.6 billion.

<Summary by segment>

(Unit: billion yen)

| | | City gas | Gas appliances and installation work | Other energy | Real estate | Others |
|-----------------------|--------------------------------------|--------------------|--|------------------|-----------------|------------------|
| Sales | FY2013 (% of total) | 1,505.1 (65.1%) | 221.7 (9.6%) | 357.5 (15.5%) | 28.3 (1.2%) | 199.3 (8.6%) |
| | FY2012 (% of total) | 1,401.9 (64.6%) | 206.0 (9.5%) | 336.6 (15.5%) | 30.2 (1.4%) | 195.7 (9.0%) |
| | Amount of change (Rate of change) | 103.2 (7.4%) | 15.7 (7.6%) | 20.9 (6.2%) | -1.9 (-6.4%) | 3.6 (1.9%) |
| Operating expenses | FY2013 (% of total) | 1,352.5 (64.3%) | 214.0 (10.2%) | 325.0 (15.5%) | 22.6 (1.1%) | 187.6 (8.9%) |
| | FY2012 (% of total) | 1,260.6 (63.7%) | 201.6 (10.2%) | 310.7 (15.7%) | 24.6 (1.2%) | 182.1 (9.2%) |
| | Amount of change (Rate of change) | 91.9 (7.3%) | 12.4 (6.2%) | 14.3 (4.6%) | -2.0 (-8.3%) | 5.5 (3.0%) |
| Segment income | FY2013 (% of total) | 152.6 (72.6%) | 7.6 (3.6%) | 32.5 (15.5%) | 5.7 (2.7%) | 11.6 (5.6%) |
| | FY2012 (% of total) | 141.3 (74.1%) | 4.4 (2.3%) | 25.9 (13.6%) | 5.6 (2.9%) | 13.5 (7.1%) |
| | Amount of change (Rate of change) | 11.3 (8.0%) | 3.2 (72.7%) | 6.6 (25.4%) | 0.1 (1.8%) | -1.9 (-13.6%) |

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

<Forecast for FY2014>

We are forecasting a 3.6% increase from the previous year in consolidated gas sales volume for FY2014, to 15,266 million m³, based on assumption of several factors, including growth in industrial demand especially for electric power and a recovery in residential demand by the fading of warmer temperature in FY2013. We are projecting a ¥185.9 billion, or 8.8%, increase in consolidated net sales to ¥2,298 billion, with a ¥36.0 billion, or 21.7%, decrease in operating income to ¥130.0 billion, a ¥36.6 billion, or 22.9% decrease in ordinary income to ¥123.0 billion, and a ¥14.4 billion, or 13.3%, decrease in net income to ¥94.0 billion.

On a non-consolidated basis, along with on a consolidated basis, we are forecasting a 3.8% increase in gas sales volume, to 15,068 million m³, on a contribution from growth in industrial demand and a recovery in residential demand. We expect city gas sales to increase ¥130.3 billion, or 8.9%, to ¥1,598.0 billion, on upward unit price adjustments under the gas rate adjustment system as well as a growth in gas sales volume. At the same time, with regard to operating expenses, we are forecasting an increase in resource costs reflecting an increase in gas sales. Also taking into account other operations and supplementary income, we are forecasting a ¥32.6 billion, or 25.4%, decrease in operating income to ¥96.0 billion, a ¥30.2 billion, or 23.2%, decrease in ordinary income to ¥100.0 billion, and a ¥12.0 billion, or 13.4%, decrease in net income, to ¥78.0 billion.

The economic frame assumed for FY2014 is ¥105.00/\$ for foreign exchange rate and \$110.00/bbl for crude oil price.

1) Consolidated Business Results

a. Gas sales volume forecast for FY2014

| | | | FY2014 (Forecast) | FY2013 (Results) | Change | % change |
|---------------------|-----------------------------|---------------------|----------------------|---------------------|--------|----------|
| Gas sales volume | Residential | Mil. m ³ | 3,495 | 3,450 | 45 | 1.3 |
| | Commercial | Mil. m ³ | 2,794 | 2,844 | -50 | -1.8 |
| | Industrial | Mil. m ³ | 6,951 | 6,433 | 518 | 8.0 |
| | Subtotal | Mil. m ³ | 9,744 | 9,278 | 466 | 5.0 |
| | Supplies to other utilities | Mil. m ³ | 2,027 | 2,007 | 20 | 1.0 |
| | Total | Mil. m ³ | 15,266 | 14,735 | 531 | 3.6 |
| Average temperature | | °C | 16.6 | 17.0 | -0.4 | — |

b. Forecast for FY2014

(Unit: hundred million yen)

| | Net sales | | Operating income | Ordinary income | Net income |
|-------------------|-----------|-------------|------------------|-----------------|------------|
| | Gas sales | Other sales | | | |
| FY2014 (forecast) | 22,980 | 16,336 | 1,300 | 1,230 | 940 |
| FY2013 (results) | 21,121 | 15,051 | 1,660 | 1,596 | 1,084 |
| Change | 1,859 | 1,285 | -360 | -366 | -144 |
| % change | 8.8% | 8.5% | -21.7% | -22.9% | -13.3% |

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

2) Non-consolidated Business Results
a. Gas sales volume forecast for FY2014

| | | | FY2014 (Forecast) | FY2013 (Results) | Change | % change |
|------------------|-----------------------------|---------------------|----------------------|---------------------|--------|----------|
| Gas sales volume | Residential | Mil. m ³ | 3,390 | 3,345 | 45 | 1.4 |
| | Commercial | Mil. m ³ | 2,630 | 2,681 | -51 | -1.9 |
| | Industrial | Mil. m ³ | 6,770 | 6,239 | 531 | 8.5 |
| | Subtotal | Mil. m ³ | 9,400 | 8,919 | 481 | 5.4 |
| | Supplies to other utilities | Mil. m ³ | 2,278 | 2,255 | 23 | 1.0 |
| | Total | Mil. m ³ | 15,068 | 14,519 | 549 | 3.8 |

b. Forecast for FY2014

(Unit: hundred million yen)

| | Net sales | | Operating income | Ordinary income | Net income |
|-------------------|-----------|-------------|------------------|-----------------|------------|
| | Gas sales | Other sales | | | |
| FY2014 (forecast) | 20,910 | 15,980 | 960 | 1,000 | 780 |
| FY2013 (results) | 19,085 | 14,677 | 1,286 | 1,302 | 900 |
| Change | 1,825 | 1,303 | -326 | -302 | -120 |
| % change | 9.6% | 8.9% | -25.4% | -23.2% | -13.4% |

(Foreign Exchange Rate and Crude Oil Price)

| ¥/\$ rate | FY2014 (Forecast) | FY2013 (Results) | Change | Crude oil price (\$/bbl) | FY2014 (Forecast) | FY2013 (Results) | Change |
|-----------|----------------------|---------------------|--------|--------------------------------|----------------------|---------------------|--------|
| | | 105.00 | 100.17 | | 4.83 | | 110.00 |

(2) Analysis on financial position

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

1) Situation of assets, debt and shareholders' equity

Assets as of March 31, 2014, totaled ¥2,176.8 billion, a ¥184.4 billion increase from March 31, 2013, reflecting increases in intangible assets (¥67.5 billion) associated with an increase in overseas investments, as well as increases in property, plant and equipment (¥55.4 billion) including the construction of Hitachi LNG Terminal.

Liabilities grew ¥101.5 billion, to ¥1,147.3 billion, on increases in the outstanding amount of interest-bearing debt (¥71.3 billion) and increase in notes and accounts payable-trade (¥20.9 billion).

Net assets totaled ¥1,029.4 billion. This included increases in shareholders' equity (¥45.6 billion) from the recording of net income (¥108.4 billion) and in valuation and translation adjustments (¥38.5 billion) from increases in foreign currency translation adjustments and valuation difference on available-for-sale securities, as well as decreases from the payment of dividends from surplus (¥26.7 billion) and purchases of treasury stock in the market (¥35.9 billion).

With the rate of increase in shareholders' equity (calculated as the total of shareholders' equity and valuation and translation adjustments) below the growth rate for total assets, the shareholders' equity ratio declined 0.1 percentage points from March 31, 2013, to 46.5% as of March 31, 2014.

2) Situation of cash flow

(Unit: billion yen)

| | FY2013 | FY2012 | Change |
|---|--------|--------|--------|
| Cash flow from operating activities | 240.9 | 217.1 | 23.8 |
| Cash flow from investing activities | -235.6 | -177.7 | -57.9 |
| Cash flow from financing activities | -9.1 | -23.2 | 14.1 |
| Effect of exchange rate change on cash and cash equivalents | 10.4 | 5.4 | 5.0 |
| Net increase (decrease) in cash and cash equivalents | 6.6 | 21.6 | -15.0 |
| Cash and cash equivalents at beginning of year | 144.2 | 122.0 | 22.2 |
| Increase in cash and cash equivalents resulting from merger | — | 0.5 | -0.5 |
| Cash and cash equivalents at end of year | 150.9 | 144.2 | 6.7 |

a) Cash flow from operating activities

Cash and cash equivalents obtained as a result of operating activities totaled ¥240.9 billion. This was primarily from the recording of income before income taxes (¥158.3 billion) and depreciation and amortization (¥136.9 billion), and despite decreases from an increase in notes and accounts receivable-trade (¥30.7 billion).

b) Cash flow from investing activities

Cash and cash equivalents used as a result of investing activities totaled ¥235.6 billion. Despite inflows from the collection of long-term loans receivable (¥10.5 billion), outlays for purchase of property, plant and equipment including Hitachi LNG Terminal (¥172.6 billion) and purchase of intangible assets (¥72.0 billion) resulted in a net outflow.

c) Cash flow from financing activities

Cash and cash equivalents used as a result of financing activities totaled ¥9.1 billion. Despite proceeds from long-term loans payable (¥69.5 billion) and the issuance of bonds (¥35.0 billion), outlays for payments for purchase of treasury stock (¥36.1 billion), the redemption of bonds (¥30.0 billion), cash dividends paid (¥26.6 billion) and long-term loans payable (¥20.5 billion) resulted in a net outflow.

<Cash Flow Indicators>

| | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 |
|--|--------|--------|--------|--------|--------|
| Equity ratio | 44.2% | 46.9% | 45.0% | 46.6% | 46.5% |
| Equity ratio based on market value | 60.4% | 55.6% | 54.1% | 66.3% | 60.4% |
| Rate of cash flow to interest-bearing debt | 1.9 | 3.6 | 4.2 | 3.0 | 3.0 |
| Interest coverage ratio | 27.3 | 16.4 | 14.6 | 19.4 | 20.1 |

Equity ratio: Equity capital / total assets

Equity ratio based on market value: total market capitalization / total assets

Ratio of cash flow to interest-bearing debt: interest-bearing debt / cash flow

Interest coverage ratio: cash flow / interest payments

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

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

Cash flow generated under the Challenge 2020 Vision will be invested for LNG enhancement that will lead to new growth, while at the same time the successful results of our operations will be distributed to shareholders in an appropriate and timely manner.

More specifically, the Company emphasizes the acquisition of treasury stock with the intention of its retirement as a form of returns to shareholders in addition to dividends, and we have set a target for the total payout ratio to shareholders (dividends plus treasury stock acquisition as a percentage of consolidated net income) of roughly 60% in each year to fiscal 2020.

With regard to distributions to shareholders, the Company will maintain a stable dividend while carrying out a gradual increase in dividends in accordance with the growth of the Company by taking into comprehensive consideration medium- to long-term profit levels.

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

Based on the above policy for the total payout ratio, the Company intends to increase the annual dividend by ¥1 per share, to ¥10 per share for FY2013, which is the same as the previous fiscal year. In addition, taking into account the recent share price level, the Board of Directors resolved at its meeting held on April 28, 2014, to carry out a stock repurchase of up to 80 million shares or ¥40.0 billion.

The Company intends to maintain a stable and continuous dividend going forward, and plans to pay a dividend of ¥10 per share for FY2014.

(4) Risks of businesses

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

A Risks associated with accidents, disasters, etc.

(a) Gas resource procurement difficulties

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

(b) Natural disasters

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

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

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

(d) Unforeseen, large-scale power outages

The Company's plants receive electricity from highly reliable grids, and the possibility of an interruption in the supply of electricity to plants is deemed low. Nevertheless, we have prepared for the possibility of an unforeseen, large-scale power outage in the Kanto area by formulating a BCP and other measures designed to minimize the effect of the outage. In addition, if the supply of electricity from the grid source were to be interrupted, demand for gas would be expected to decline because of the outage. At the same time, it would be possible to operate production equipment using the Company's own generators and supply a certain amount of gas even in the event of a power outage. However, the production and supply of gas could be impeded depending on the amount of demand for gas and the status of production and supply equipment.

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

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

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

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

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

B Market fluctuation risk

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

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

C Risks accompanying business execution

(a) Risks related to existing businesses

a) Changes in gas resource costs

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

In the event of such developments as demand exceeding the volume of procurement from LNG projects resting on long-term contracts, incidence of trouble in shipment terminals or transport, and delays in the start of supply from new LNG projects, forcing the Company to purchase spot LNG, the gas resource costs may possibly affect its profitability, depending on the spot market.

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

b) Changes in gas sales due to climate change

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

c) Decrease in demand accompanying intensified competition

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

d) Reduction in the existing demand

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

e) Interruption of telephone service at call centers

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

f) Delay in the development of new technologies

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

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

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

(b) Delayed cultivation of new markets

The Group is cultivating new markets by promoting the expansion of ENE-FARM residential fuel cells and services using renewable energy, including solar light and heat. However, changes in energy policy by national and local governments as well as other changes in the operating environment could delay these efforts, which could force the Group to change its business strategy and impede the recovery of its investments.

(c) Inability to recover investments

The Group continues to make large-scale investments to enhance the LNG value chain as outlined in the Challenge 2020 Vision. We evaluate profitability and risks of capital expenditure, capital contributions, loans and debt guarantees at an investment evaluation committee, and we make investment decisions based on a conclusion from the committee while consulting with the management council and the board of directors' meeting, if necessary, from a standpoint of comprehensive management judgment. These large-scale investments include the laying of pipelines and reinforcement of the foundation for stable supply by constructing LNG terminals and other facilities, as well as investments related to the electric power business, the energy services business, overseas businesses including gas field development, and the LNG transport business, investment for IT and other backbone facilities for existing businesses, and investment to make active use of real estate holdings. Nevertheless, subsequent changes in economic conditions could prevent the sufficient recovery or intended effect of these investments, thereby affecting the balance of investment income and expenditures.

D Risks related to information management and system operation

(a) Leakage of personal information

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

(b) Shutdown or malfunction of IT systems

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

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

E Risks related to corporate social responsibility

(a) Conformance with new environmental regulations etc.

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

(b) Compliance violations

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

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

response.

(c) Insufficient CS or customer services

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

II. Group Companies:

<Changes in specified subsidiaries resulting in change of scope of consolidation during the fiscal year>

In the first quarter of FY2013, Tokyo Gas America Ltd. became a specified subsidiary due to an increase in capital.

In the second quarter of FY2013, TGBI 1. LLC and TG Barnett Resources LP became specified subsidiaries due to increases in capital.

<Scope of Consolidated Subsidiaries and Affiliates and Application of Equity Method>

1) The scope of consolidation

- Newly included subsidiaries in scope of consolidation: four companies

TGBI 1. LLC

TGBI 2. LLC

TG Barnett Resources LP

Niccho Operation Co., Ltd.

[Every company is newly consolidated]

- Excluded: two companies

Tokyo Gas Chemical Sales Co., Ltd. (Absorption-type merger)

Information about other consolidated subsidiaries and affiliates are not disclosed because there are no significant changes from articles of “business diagram” and “situation of subsidiaries and affiliates” in the latest securities report. [filed on 27 June, 2013]

III. Management Policy

(1) Basic policy on corporate management

Japan's energy policies, which have a major impact on society and the economy, have been facing a major transformation and are now sought to provide strategic insight into the future shape of the energy industry.

Under these circumstances, the Tokyo Gas Group has been increasingly expected and required by the society and customers to play the role of an energy supplier with a focus on the safe and stable supply of natural gas with economic and value-added delivery.

The Tokyo Gas Group aims to promote the spread and expansion of natural gas use by enhancing the added value delivered through the LNG value chain, with strong awareness to meet these expectations and requirements. To this end, we will be committed to accomplishing the goal of "The Tokyo Gas Group's Vision for Energy and the Future-Challenge 2020 Vision-" formulated in November 2011, with a sense of speed.

(2) Issues to be addressed by the Company

The Tokyo Gas Group is addressing the following issues with a view toward enhancing the LNG value chain.

1) Reduce raw material prices and expand overseas operations

We will work to further diversify and expand fuel procurement and overseas upstream projects and reduce raw material prices through activities in CBM (Coalbed Methane), shale gas, and other unconventional gas projects, and small- and medium-scale LNG projects, while balancing the stability, price, and flexibility of supplies.

We will also work to construct an LNG value chain overseas by expanding the overseas natural gas-fired thermal power generation business. In addition, we will develop our energy services and engineering business overseas, utilizing the Group's strengths with natural gas at the core.

2) Deliver a safe and stable supply of energy

With the construction of the Hitachi LNG Terminal and the Ibaraki-Tochigi Line, we are enhancing the stability of our overall supply infrastructure, and this, combined with the construction of manufacturing and supply infrastructure to address growth in demand for gas, will contribute to the energy security of the entire Kanto region.

We will also minimize areas subject to supply disruption in the event of an earthquake, reduce the time required for restoration, and pursue measures to address risks from earthquakes and tsunami at LNG terminals and others.

3) Provide energy solutions adapted to a variety of needs

We will promote the increased use of distributed energy systems (residential fuel cell ENE-FARM and cogeneration systems), gas air conditioning, and other systems that contribute to peak saving, energy conservation, and reduced CO2 emissions.

We will build smart energy networks that make optimal use of energy throughout entire regions, while at the same time utilize smart meters, etc. to achieve smart energy utilization in homes, offices, and factories.

At the same time, we will pursue the use of renewable energy, promote the advanced utilization of natural gas and fuel conversion, while expanding the overseas natural gas-fired thermal power generation business including the construction of the Ohgishima Power Station No. 3.

4) Pursue technical development and IT utilization with a focus on the future

We will develop technologies related to hydrogen and CO2, and carry out research and development related to methane hydrate, and also use IT to enable closer communication with customers.

5) Achieve a leaner, stronger business structure

We will build an optimal business performance organization comprising the entire Tokyo Gas Group, including affiliates, Lifeval and other business partners, to realize the Group's collective strength.

In December 2013, the Company has received a reprimand from the Ministry of Economy Trade and Industry with regard to the improper repair and maintenance of gas leak from a buried pipe running under the road. The Company, positioning FY2014 as a "security enhancement year," will devote itself wholeheartedly to implement a group-wide enhancement on security measures through the year.

Based on the initiatives described above, the Company will commit itself to meeting needs of customers, the society and the times in order to put in practice "affluent and healthy lives," "competitive domestic industries" and "environment-friendly safe society." At the same time, the Company will ensure sustainable growth of the group in harmony with the community by recognizing its corporate social responsibility and conducting a transparent and fair management.

(3) Key management indicators (Consolidated)

| | FY2020 (target) | FY2013 (results) |
|------------------------------------|---|---------------------|
| Operating cash flow* (billion yen) | 250 per year <Nine-year total from FY2012 to FY2020 : 2,240> | 248.8 |
| Return on Equity (ROE) (%) | Around 8.0 | 11.2 |
| Return on Asset (ROA) (%) | Around 4.0 | 5.2 |
| D/E ratio | Around 0.8(each year) | 0.71 |

* Operating cash flow = net income + depreciation

IV. Consolidated Financial Statements

(1) Consolidated balance sheets

(Unit: million yen)

| Account | FY2012 (as of Mar. 31, 2013) | FY2013 (as of Mar. 31, 2014) |
|---|---------------------------------|---------------------------------|
| ASSETS | | |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Production facilities | 167,882 | 181,651 |
| Distribution facilities | 466,227 | 477,589 |
| Service and maintenance facilities | 64,125 | 61,432 |
| Other facilities | 321,751 | 320,112 |
| Inactive facilities | 316 | 316 |
| Construction in progress | 119,699 | 154,384 |
| Total property, plant and equipment | 1,140,003 | 1,195,487 |
| Intangible assets | | |
| Goodwill | 827 | 668 |
| Other | 64,055 | 131,658 |
| Total intangible assets | 64,882 | 132,327 |
| Investments and other assets | | |
| Investment securities | 154,476 | 181,196 |
| Long-term loans receivable | 21,934 | 15,219 |
| Net defined benefit asset | — | 14,693 |
| Deferred tax assets | 31,531 | 26,171 |
| Other | 40,155 | 27,896 |
| Allowance for doubtful accounts | (618) | (471) |
| Total investments and other assets | 247,479 | 264,707 |
| Total noncurrent assets | 1,452,365 | 1,592,521 |
| Current assets | | |
| Cash and deposits | 80,669 | 72,979 |
| Notes and accounts receivable-trade | 222,649 | 253,715 |
| Lease receivables and investment assets | 27,486 | 26,358 |
| Short-term investment securities | 64,009 | 78,000 |
| Merchandise and finished goods | 4,374 | 3,896 |
| Work in process | 10,718 | 10,213 |
| Raw materials and supplies | 67,179 | 62,726 |
| Deferred tax assets | 12,412 | 11,902 |
| Other | 51,183 | 65,224 |
| Allowance for doubtful accounts | (644) | (722) |
| Total current assets | 540,038 | 584,294 |
| Total assets | 1,992,403 | 2,176,816 |

| Account | FY2012 (as of Mar. 31, 2013) | FY2013 (as of Mar. 31, 2014) |
|---|---------------------------------|---------------------------------|
| LIABILITIES | | |
| Noncurrent liabilities | | |
| Bonds payable | 321,494 | 336,495 |
| Long-term loans payable | 256,899 | 309,544 |
| Deferred tax liabilities | 12,601 | 12,987 |
| Provision for retirement benefits | 86,100 | — |
| Net defined benefit liability | — | 84,965 |
| Provision for gas holder repairs | 3,365 | 3,373 |
| Provision for safety measures | 2,384 | 1,713 |
| Asset retirement obligations | 6,009 | 7,646 |
| Other | 24,015 | 17,640 |
| Total noncurrent liabilities | 712,871 | 774,366 |
| Current liabilities | | |
| Current portion of noncurrent liabilities | 46,752 | 51,079 |
| Notes and accounts payable-trade | 92,154 | 113,064 |
| Short-term loans payable | 15,036 | 18,262 |
| Income taxes payable | 44,433 | 41,580 |
| Deferred tax liabilities | 4 | 2 |
| Other | 134,638 | 148,967 |
| Total current liabilities | 333,019 | 372,957 |
| Total liabilities | 1,045,891 | 1,147,324 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 141,844 | 141,844 |
| Capital surplus | 2,065 | 2,065 |
| Retained earnings | 780,196 | 827,129 |
| Treasury stock | (2,348) | (3,643) |
| Total shareholders' equity | 921,757 | 967,395 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 21,218 | 25,860 |
| Deferred gains or losses on hedges | (1,670) | (671) |
| Foreign currency translation adjustment | (13,671) | 17,889 |
| Remeasurements of defined benefit plans | — | 1,313 |
| Total valuation and translation adjustments | 5,877 | 44,391 |
| Minority interests | 18,877 | 17,705 |
| Total net assets | 946,511 | 1,029,492 |
| Total liabilities and net assets | 1,992,403 | 2,176,816 |

(2) Consolidated statements of income and comprehensive income
(Consolidated statement of income)

(Unit: million yen)

| Account | FY2012 (Apr. 2012 – Mar. 2013) | FY2013 (Apr. 2013 – Mar. 2014) |
|--|-----------------------------------|-----------------------------------|
| Net sales | 1,915,639 | 2,112,117 |
| Cost of sales | 1,311,488 | 1,489,688 |
| Gross profit | 604,150 | 622,429 |
| Selling, general and administrative expenses | | |
| Supply and sales expenses | 389,787 | 387,183 |
| General and administrative expenses | 68,730 | 69,201 |
| Total selling, general and administrative expenses | 458,517 | 456,384 |
| Operating income | 145,633 | 166,044 |
| Non-operating income | | |
| Interest income | 1,676 | 1,268 |
| Dividends income | 2,447 | 2,364 |
| Rent revenue | 1,740 | 1,660 |
| Equity in earnings of affiliates | 3,091 | 4,838 |
| Miscellaneous income | 10,465 | 6,451 |
| Total non-operating income | 19,420 | 16,582 |
| Non-operating expenses | | |
| Interest expenses | 11,366 | 12,313 |
| Foreign exchange gains | 1,542 | 5,639 |
| Balance on commissioned construction | 2,348 | 2,463 |
| Miscellaneous expenses | 2,343 | 2,596 |
| Total non-operating expenses | 17,601 | 23,013 |
| Ordinary income | 147,453 | 159,613 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | — | 1,074 |
| Gain on sales of investment securities | 1,020 | — |
| Gain on sales of subsidiaries and affiliates' stocks | 3,490 | — |
| Total extraordinary income | 4,510 | 1,074 |
| Extraordinary loss | | |
| Impairment loss | 1,518 | 2,337 |
| Total extraordinary losses | 1,518 | 2,337 |
| Income before income taxes | 150,445 | 158,350 |
| Income taxes-current | 44,392 | 42,725 |
| Income taxes-deferred | 2,122 | 5,805 |
| Total income taxes | 46,514 | 48,530 |
| Income before minority interests | 103,930 | 109,819 |
| Minority interests in income | 2,252 | 1,368 |
| Net income | 101,678 | 108,451 |

(Consolidated statement of comprehensive income)

(Unit: million yen)

| Account | FY2012 (Apr. 2012 – Mar. 2013) | FY2013 (Apr. 2013 – Mar. 2014) |
|--|-----------------------------------|-----------------------------------|
| Income before minority interests | 103,930 | 109,819 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6,391 | 4,716 |
| Deferred gains or losses on hedges | 18 | 239 |
| Foreign currency translation adjustment | 6,022 | 24,127 |
| Share of other comprehensive income of associates accounted for using equity method | 2,671 | 8,235 |
| Total other comprehensive income | 15,103 | 37,318 |
| Comprehensive income | 119,034 | 147,138 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 116,721 | 145,652 |
| Comprehensive income attributable to minority interests | 2,312 | 1,486 |

(3) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2013 (from Apr. 1, 2012 - Mar. 31, 2013)

(Unit: million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period | 141,844 | 2,065 | 706,620 | (2,196) | 848,333 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (23,204) | | (23,204) |
| Net income | | | 101,678 | | 101,678 |
| Purchase of treasury stock | | | | (5,053) | (5,053) |
| Disposal of treasury stock | | | | 3 | 4 |
| Retirement of treasury stock | | | (4,897) | 4,897 | — |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | | | 73,575 | (151) | 73,424 |
| Balance at the end of current period | 141,844 | 2,065 | 780,196 | (2,348) | 921,757 |

| | Valuation and translation adjustments | | | | | Minority 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 valuation and translation adjustments | | |
| Balance at the beginning of current period | 14,853 | (1,370) | (22,649) | — | (9,166) | 15,933 | 855,100 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | | | | | | (23,204) |
| Net income | | | | | | | 101,678 |
| Purchase of treasury stock | | | | | | | (5,053) |
| Disposal of treasury stock | | | | | | | 4 |
| Retirement of treasury stock | | | | | | | — |
| Net changes of items other than shareholders' equity | 6,365 | (299) | 8,978 | — | 15,043 | 2,943 | 17,987 |
| Total changes of items during the period | 6,365 | (299) | 8,978 | — | 15,043 | 2,943 | 91,411 |
| Balance at the end of current period | 21,218 | (1,670) | (13,671) | — | 5,877 | 18,877 | 946,511 |

Fiscal year ended March 31, 2013 (from Apr. 1, 2012 - Mar. 31, 2013)

(Unit: million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period | 141,844 | 2,065 | 780,196 | (2,348) | 921,757 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (26,701) | | (26,701) |
| Net income | | | 108,451 | | 108,451 |
| Purchase of treasury stock | | | | (36,116) | (36,116) |
| Disposal of treasury stock | | | | 6 | 5 |
| Retirement of treasury stock | | | (34,815) | 34,815 | — |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | | | 46,933 | (1,295) | 45,638 |
| Balance at the end of current period | 141,844 | 2,065 | 827,129 | (3,643) | 967,395 |

| | Valuation and translation adjustments | | | | | Minority 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 valuation and translation adjustments | | |
| Balance at the beginning of current period | 21,218 | (1,670) | (13,671) | — | 5,877 | 18,877 | 946,511 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | | | | | | (26,701) |
| Net income | | | | | | | 108,451 |
| Purchase of treasury stock | | | | | | | (36,116) |
| Disposal of treasury stock | | | | | | | 5 |
| Retirement of treasury stock | | | | | | | — |
| Net changes of items other than shareholders' equity | 4,642 | 998 | 31,560 | 1,313 | 38,514 | (1,172) | 37,341 |
| Total changes of items during the period | 4,642 | 998 | 31,560 | 1,313 | 38,514 | (1,172) | 82,980 |
| Balance at the end of current period | 25,860 | (671) | 17,889 | 1,313 | 44,391 | 17,705 | 1,029,492 |

(4) Consolidated statements of cash flows

(Unit: million yen)

| Account | FY2012 (Apr. 2012 – Mar. 2013) | FY2013 (Apr. 2013 – Mar. 2014) |
|--|-----------------------------------|-----------------------------------|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 150,445 | 158,350 |
| Depreciation and amortization | 135,015 | 136,950 |
| Impairment loss | 1,518 | 2,337 |
| Amortization of long-term prepaid expenses | 3,755 | 3,429 |
| Loss on retirement of property, plant and equipment | 2,079 | 1,624 |
| Increase (decrease) of provision for retirement benefits | 466 | — |
| Decrease (increase) in net defined benefit asset | — | (2,240) |
| Interest and dividends income | (4,124) | (3,632) |
| Interest expenses | 11,366 | 12,313 |
| Equity in (earnings) losses of affiliates | (3,091) | (4,838) |
| Decrease (increase) in notes and accounts receivable-trade | (11,305) | (30,752) |
| Decrease (increase) in inventories | (25,238) | 5,542 |
| Increase (decrease) in notes and accounts payable-trade | (2,373) | 25,971 |
| Increase (decrease) in accrued consumption taxes | 4,424 | 1,429 |
| Decrease (increase) in accounts receivable | 804 | (4,064) |
| Net decrease (increase) in lease receivables and investment assets | 218 | 1,066 |
| Other, net | (15,202) | (8,166) |
| Subtotal | 248,758 | 295,321 |
| Interest and dividends income received | 7,815 | 4,721 |
| Interest expenses paid | (11,213) | (12,006) |
| Income taxes paid | (28,162) | (47,043) |
| Net cash provided by (used in) operating activities | 217,197 | 240,993 |
| Net cash provided by (used in) investment activities | | |
| Purchase of property, plant and equipment | (153,687) | (172,600) |
| Purchase of intangible assets | (22,634) | (72,011) |
| Purchase of long-term prepaid expenses | (2,323) | (1,829) |
| Proceeds from sales of property, plant and equipment. | 537 | 1,761 |
| Payments of long-term loans receivable | (6,732) | (1,293) |
| Collection of long-term loans receivable | 9,736 | 10,576 |
| Other, net | (2,670) | (239) |
| Net cash provided by (used in) investment activities | (177,775) | (235,636) |
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | (1,562) | 3,225 |
| Proceeds from long-term loans payable | 33,019 | 69,547 |
| Repayment of long-term loans payable | (24,218) | (20,552) |
| Proceeds from issuance of bonds | 20,000 | 35,000 |
| Redemption of bonds | (20,000) | (30,000) |
| Purchase of treasury stock | (5,053) | (36,116) |
| Cash dividends paid | (23,204) | (26,698) |
| Repayments to minority shareholders | — | (2,260) |
| Other, net | (2,191) | (1,340) |
| Net cash provided by (used in) financing activities | (23,212) | (9,195) |
| Effect of exchange rate change on cash and cash equivalents | 5,481 | 10,473 |
| Net increase (decrease) in cash and cash equivalents | 21,691 | 6,635 |
| Cash and cash equivalents at beginning of period | 122,083 | 144,283 |
| Increase in cash and cash equivalents resulting from merger | 508 | — |
| Cash and cash equivalents at end of period | 144,283 | 150,918 |

(5) Notes on consolidated financial statements

1) (Note on going concerns' premise)

Not applicable

2) (Basis of preparation of consolidated financial statements)

Disclosure is omitted because there are no significant changes excluding the changes stated in 3) below since the publication of the most recent securities report (filed June 27, 2013).

3) (Change in accounting policies or estimates and retrospective restatements)

Change in accounting policy

The Company adopted "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26 issued on May 17, 2012; hereinafter referred to as "Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on May 17; hereinafter referred to as "Guidance") from the end of the fiscal year beginning on April 1, 2013; note, however, that the provisions of Article 35 of Standard and Article 67 of Guidance are excluded.

The Company has changed the method to record the amount of retirement benefit obligations minus pension assets as a net defined benefit liability; note, however, that, in the case where the amount of pension assets is less than that of retirement benefit obligations, it is recorded as a net defined benefit asset. Accordingly, unrecognized actuarial differences and unrecognized prior service costs are posted in net defined benefit liability.

The application of Standard and Guidance is in accordance with transitional treatment of Article 37 of Standard, and the amount of the impact resulting from recognition of net defined benefit liability is posted as remeasurements of defined benefit plans in valuation and translation adjustments.

As a result, at the end of the fiscal year under review, net defined benefit asset and net defined benefit liabilities are posted as 14,693 million yen and 84,965 million yen, respectively, and valuation and translation adjustments increased by 1,313 million yen from the previous fiscal year.

Note that impact on per share earnings is described in the relevant section.

4) (Segment information, etc.)

1. Overview of reporting segments

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

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

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

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

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

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

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

Income of reporting segment is calculated based on operating income.

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

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

Fiscal year ended March 31, 2013 (from Apr. 1, 2012 - Mar. 31, 2013)

(Unit: million yen)

| | Reporting segment | | | | | Others (Note 1) | Total | Adjustments (Note 2) | Amount recorded on consolidated statement of income (Note 3) |
|---|-------------------|--|-----------------|----------------|-----------|--------------------|-----------|-------------------------|---|
| | City gas | Gas appliances and installation work | Other energy | Real estate | Total | | | | |
| Net sales | | | | | | | | | |
| External sales | 1,306,420 | 192,593 | 305,256 | 10,609 | 1,814,879 | 100,759 | 1,915,639 | — | 1,915,639 |
| Intersegment sales & transfers | 95,560 | 13,436 | 31,419 | 19,647 | 160,062 | 94,955 | 255,017 | (255,017) | — |
| Total | 1,401,980 | 206,030 | 336,675 | 30,256 | 1,974,942 | 195,714 | 2,170,657 | (255,017) | 1,915,639 |
| Segment income | 141,344 | 4,421 | 25,933 | 5,601 | 177,301 | 13,530 | 190,831 | (45,197) | 145,633 |
| Segment Assets | 1,065,917 | 65,014 | 193,738 | 147,214 | 1,471,885 | 204,081 | 1,675,966 | 316,437 | 1,992,403 |
| Others | | | | | | | | | |
| Depreciation expenses | 107,519 | 1,019 | 12,245 | 8,134 | 128,918 | 8,757 | 137,676 | (2,661) | 135,015 |
| Increase in property, plant, equipment, and intangible assets | 130,654 | 879 | 17,594 | 4,426 | 153,554 | 31,005 | 184,560 | (3,086) | 181,473 |

Notes:

- The "Others" segment indicates businesses not included in the reporting segments, including construction business, information processing service, shipping business, and credit/lease financial services.
- The "Adjustments" indicates as follows;
 - The ¥(45,197) million segment income adjustment includes ¥1,089 million in eliminations for intersegment transactions and ¥(46,287) million of companywide expenses not allocated to the respective reporting segments.
Companywide expenses are primarily, general and administrative expenses that are not assignable to a reporting segment.
 - The ¥316,437 million segment assets adjustment includes ¥383,283 million of companywide assets not allocated to the respective reporting segments, and ¥(66,846) million of net eliminations for intersegment

obligations. Companywide assets are primarily, financial assets that are not assignable to a reporting segment.

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

Fiscal year ended March 31, 2014 (from Apr. 1, 2013 - Mar. 31, 2014)

(Unit: million yen)

| | Reporting segment | | | | | Others (Note 1) | Total | Adjustments (Note 2) | Amount recorded on consolidated statement of income (Note 3) |
|---|-------------------|--|-----------------|----------------|-----------|--------------------|-----------|-------------------------|---|
| | City gas | Gas appliances and installation work | Other energy | Real estate | Total | | | | |
| Net sales | | | | | | | | | |
| External sales | 1,447,582 | 208,296 | 351,101 | 10,879 | 2,017,861 | 94,256 | 2,112,117 | - | 2,112,117 |
| Intersegment sales & transfers | 57,616 | 13,413 | 6,467 | 17,436 | 94,932 | 105,138 | 200,071 | (200,071) | - |
| Total | 1,505,198 | 221,710 | 357,569 | 28,316 | 2,112,794 | 199,394 | 2,312,189 | (200,071) | 2,112,117 |
| Segment income | 152,680 | 7,634 | 32,528 | 5,700 | 198,543 | 11,695 | 210,239 | (44,195) | 166,044 |
| Segment Assets | 1,126,835 | 70,828 | 200,973 | 141,667 | 1,540,303 | 298,742 | 1,839,046 | 337,770 | 2,176,816 |
| Others | | | | | | | | | |
| Depreciation expenses | 107,280 | 1,024 | 11,785 | 7,788 | 127,878 | 11,748 | 139,627 | (2,676) | 136,950 |
| Increase in property, plant, equipment, and intangible assets | 141,093 | 777 | 24,947 | 2,765 | 169,584 | 79,699 | 249,283 | (3,108) | 246,174 |

Notes:

- The "Others" segment indicates businesses not included in the reporting segments, including construction business, information processing service, shipping business, credit/lease financial services, and overseas, etc.
- The "Adjustments" indicates as follows;
 - The ¥(44,195) million segment income adjustment includes ¥951 million in eliminations for intersegment transactions and ¥(45,146) million of companywide expenses not allocated to the respective reporting segments.
Companywide expenses are primarily, general and administrative expenses that are not assignable to a reporting segment.
 - The ¥337,770 million segment assets adjustment includes ¥395,202 million of companywide assets not allocated to the respective reporting segments, and ¥(57,431) million of net eliminations for intersegment obligations. Companywide assets are primarily, financial assets that are not assignable to a reporting segment.
- Segment income is adjusted to reflect operating income as recorded on the Consolidated Statements of Income.

5) (Per share information)

(Unit: yen)

| | FY2012 | FY2013 |
|--------------------------------|--------|--------|
| Shareholders' equity per share | 360.70 | 402.91 |
| Net income per share | 39.52 | 43.10 |

Notes:

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

| | FY2012 | FY2013 |
|--|-----------|-----------|
| Net income (million yen) | 101,678 | 108,451 |
| Not attributable to common shareholders (million yen) | — | — |
| Net income attributable to common shareholders (million yen) | 101,678 | 108,451 |
| Average number of common shares outstanding (thousand shares) | 2,572,924 | 2,516,349 |

3. Basis for calculation of BPS is as follows.

| | FY2012 | FY2013 |
|--|-----------|-----------|
| Shareholders' equity (million yen) | 946,511 | 1,029,492 |
| Deduction from shareholders' equity (million yen) | 18,877 | 17,705 |
| -Shares of minority shareholders (million yen) | 18,877 | 17,705 |
| Net shareholders' equity attributable to common shares (million yen) | 927,634 | 1,011,787 |
| Number of shares to calculate BPS (thousand shares) | 2,571,796 | 2,511,217 |

4. As described in "Change in accounting policy," the Company adopted "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26 issued on May 17, 2012; hereinafter referred to as "Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on May 17; hereinafter referred to as "Guidance") from the end of the fiscal year beginning on April 1, 2013; note, however, that the provisions of Article 35 of Standard and Article 67 of Guidance are excluded.

As a result, net assets per share at the end of current period increased by 0.52 yen, as compared to before the application.

6) (Material subsequent events)

Fiscal year ended March 31, 2014 (from Apr. 1, 2013 - Mar. 31, 2014)

The Company resolved at the meeting of Board of Directors held on April 28, 2014 that it would acquire its own shares of stock based on the provisions of Article 156 of the Companies Act that is applied in an alternative interpretation of Article 165, Section 3 of the Companies Act.

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

| | |
|-----------------------------------|---|
| Type of shares: | Ordinary shares of the Company |
| No. of shares to be repurchased: | Up to 80 million shares (3.2% of the common shares outstanding) |
| Total value of stock repurchased: | Up to ¥40,000 million |
| Period of acquisitions: | April 30, 2014 – March 31, 2015 |

V. Non-Consolidated Financial Statements

(1) Balance sheets

(Unit: million yen)

| Account | FY2012 (as of Mar. 31, 2013) | FY2013 (as of Mar. 31, 2014) |
|---|---------------------------------|---------------------------------|
| ASSETS | | |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Production facilities | 169,201 | 183,615 |
| Distribution facilities | 446,490 | 458,525 |
| Business facilities | 58,638 | 56,143 |
| Other facilities | 2,838 | 2,741 |
| Suspended facilities | 316 | 316 |
| Construction in progress | 87,326 | 93,079 |
| Total property, plant and equipment | 764,812 | 794,422 |
| Intangible assets | | |
| Patent right | — | 7 |
| Leasehold right | 1,600 | 1,645 |
| Software | 20,024 | 19,450 |
| Other intangible assets | 6,920 | 9,147 |
| Total intangible assets | 28,547 | 30,251 |
| Investments and other assets | | |
| Investment securities | 68,643 | 75,157 |
| Investments in affiliates | 240,344 | 293,358 |
| Long-term loans receivable | 81 | 72 |
| Long-term loans receivable from subsidiaries and affiliates | 89,322 | 94,986 |
| Investments in capital | 13 | 13 |
| Long-term prepaid expenses | 14,484 | 12,878 |
| Prepaid pension cost | 11,333 | 11,670 |
| Deferred tax assets | 21,010 | 14,940 |
| Miscellaneous investments | 3,622 | 3,501 |
| Allowance for doubtful accounts | (1,284) | (1,282) |
| Total investments and other assets | 447,571 | 505,297 |
| Total noncurrent assets | 1,240,931 | 1,329,971 |
| Current assets | | |
| Cash and deposits | 21,908 | 22,108 |
| Notes receivable-trade | 1,390 | 1,179 |
| Accounts receivable-trade | 148,128 | 164,037 |
| Accounts receivable from subsidiaries and affiliates-trade | 46,479 | 44,822 |
| Accounts receivable-other | 9,699 | 14,491 |
| Short-term investment securities | 64,000 | 78,000 |
| Finished goods | 145 | 167 |
| Raw materials | 49,410 | 43,294 |
| Supplies | 9,215 | 10,052 |
| Advance payments-other | 1,077 | — |
| Prepaid expenses | 1,171 | 978 |
| Short-term receivables from subsidiaries and affiliates | 15,804 | 8,874 |
| Deferred tax assets | 9,123 | 8,375 |
| Other current assets | 29,199 | 38,013 |
| Allowance for doubtful accounts | (1,111) | (746) |
| Total current assets | 405,643 | 433,650 |
| Total assets | 1,646,574 | 1,763,621 |

(Unit: million yen)

| Account | FY2012 (as of Mar. 31, 2013) | FY2013 (as of Mar. 31, 2014) |
|---|---------------------------------|---------------------------------|
| LIABILITIES | | |
| Noncurrent liabilities | | |
| Bonds payable | 307,694 | 322,695 |
| Long-term loans payable | 191,756 | 235,012 |
| Long-term obligations to subsidiaries and affiliates | 374 | 365 |
| Provision for retirement benefits | 75,201 | 73,012 |
| Provision for gas holder repairs | 3,032 | 3,015 |
| Provision for safety measures | 2,384 | 1,713 |
| Other | 4,233 | 2,018 |
| Total noncurrent liabilities | 584,676 | 637,833 |
| Current liabilities | | |
| Current portion of noncurrent liabilities | 39,244 | 41,352 |
| Accounts payable -trade | 52,265 | 73,219 |
| Accounts payable -other | 39,767 | 41,336 |
| Accrued expenses | 34,292 | 33,683 |
| Income taxes payable | 33,057 | 33,273 |
| Advances received | 5,028 | 4,651 |
| Deposits received | 3,200 | 2,641 |
| Short-term loans payable to subsidiaries and affiliates | 69,642 | 71,996 |
| Accrued expenses to subsidiaries and affiliates | 22,225 | 23,833 |
| Short-term obligations to subsidiaries and affiliates | 15,311 | 16,801 |
| Other | 3,532 | 9,719 |
| Total current liabilities | 317,567 | 352,508 |
| Total liabilities | 902,244 | 990,341 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 141,844 | 141,844 |
| Capital surplus | | |
| Legal capital surplus | 2,065 | 2,065 |
| Total capital surplus | 2,065 | 2,065 |
| Retained earnings | | |
| Legal retained earnings | 35,454 | 35,454 |
| Other retained earnings | | |
| Reserve for advanced depreciation of noncurrent assets | 856 | 856 |
| Reserve for overseas investment loss | 12,563 | 13,213 |
| Raw material cost fluctuation adjustment reserve | 141,000 | 141,000 |
| General reserves | 299,000 | 299,000 |
| Retained earnings brought forward | 96,196 | 124,075 |
| Total retained earnings | 585,070 | 613,599 |
| Treasury stock | (2,348) | (3,643) |
| Total shareholders' equity | 726,631 | 753,865 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 20,652 | 25,101 |
| Deferred gains or losses on hedges | (2,954) | (5,686) |
| Total valuation and translation adjustments | 17,698 | 19,414 |
| Total net asset | 744,329 | 773,280 |
| Total liabilities and net assets | 1,646,574 | 1,763,621 |

(2) Statements of income

(Unit: million yen)

| Account | FY2012 (Apr. 2012 – Mar. 2013) | FY2013 (Apr. 2013 – Mar. 2014) |
|--|-----------------------------------|-----------------------------------|
| Product sales | | |
| Gas sales | 1,318,410 | 1,467,714 |
| Total product sales | 1,318,410 | 1,467,714 |
| Cost of sales | | |
| Beginning inventories | 132 | 145 |
| Cost of products manufactured | 819,999 | 955,697 |
| Purchase of finished goods | 13,926 | 13,738 |
| Cost of gas for own use | 2,878 | 3,286 |
| Ending inventories | 145 | 167 |
| Total cost of sales | 831,034 | 966,127 |
| Gross profit | 487,376 | 501,586 |
| Supply and sales expenses | 339,402 | 336,551 |
| General and administrative expenses | 70,610 | 71,053 |
| Total selling, general and administrative expenses | 410,012 | 407,604 |
| Income on core business | 77,363 | 93,982 |
| Miscellaneous operating revenue | | |
| Revenue from installation work | 40,191 | 42,707 |
| Revenue from gas appliance sales | 119,637 | 127,671 |
| Third party access revenue | 225 | 245 |
| Other miscellaneous operating revenue | 9,575 | 9,197 |
| Total miscellaneous operating revenue | 169,629 | 179,821 |
| Miscellaneous operating expenses | | |
| Expenses of installation work | 39,846 | 41,588 |
| Expenses of gas appliance sales | 119,039 | 125,361 |
| Total miscellaneous operating expenses | 158,886 | 166,950 |
| Revenue for incidental businesses | | |
| Revenue from LNG sales | 96,840 | 119,641 |
| Revenue from power sales | 101,982 | 110,226 |
| Revenue from other incidental businesses | 27,404 | 31,102 |
| Total revenue for incidental businesses | 226,228 | 260,970 |
| Expenses for incidental businesses | | |
| Expense for LNG sales | 94,086 | 114,726 |
| Expense for power sales | 88,171 | 93,632 |
| Expenses for other incidental businesses | 27,256 | 30,856 |
| Total expenses for incidental businesses | 209,515 | 239,215 |
| Operating income | 104,819 | 128,607 |

(Unit: million yen)

| Account | FY2012 (Apr. 2012 – Mar. 2013) | FY2013 (Apr. 2013 – Mar. 2014) |
|--|-----------------------------------|-----------------------------------|
| Non-operating income | | |
| Interest income | 964 | 901 |
| Interest on securities | 29 | 20 |
| Dividends income | 1,478 | 1,535 |
| Dividends from subsidiaries and affiliates | 11,548 | 5,165 |
| Rental income | 3,957 | 3,707 |
| Miscellaneous income | 7,600 | 6,853 |
| Total non-operating income | 25,578 | 18,184 |
| Non-operating expenses | | |
| Interest expenses | 3,401 | 4,184 |
| Interest on bonds | 6,090 | 6,201 |
| Amortization of bond issuance cost | 101 | 187 |
| Balance on commissioned construction | 2,406 | 2,551 |
| Foreign exchange losses | 1,538 | 2,030 |
| Miscellaneous expenses | 2,289 | 1,377 |
| Total non-operating expenses | 15,828 | 16,532 |
| Ordinary income | 114,569 | 130,260 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | — | 464 |
| Gain on sales of investment securities | 1,020 | — |
| Total extraordinary income | 1,020 | 464 |
| Extraordinary loss | | |
| Impairment loss | 1,346 | 2,142 |
| Total of extraordinary losses | 1,346 | 2,142 |
| Income before income tax | 114,243 | 128,582 |
| Income taxes | 31,281 | 32,655 |
| Income taxes-deferred | 4,406 | 5,880 |
| Total income taxes | 35,687 | 38,535 |
| Net income | 78,556 | 90,047 |

(3) Statements of changes in net assets

213rd Period (from April 1, 2012 to March 31, 2013)

(Unit: million yen)

| | Shareholders' equity | | | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-------------------------|--|--------------------------------------|--|------------------|-----------------------------------|-------------------------|
| | Capital stock | Capital surplus | | Legal retained earnings | Retained earnings | | | | | Total Retained earnings |
| | | Legal capital surplus | Total capital surplus | | Other retained earnings | | | | | |
| | | | | | Reserve for advanced depreciation of noncurrent assets | Reserve for overseas investment loss | Raw material cost fluctuation adjustment reserve | General reserves | Retained earnings brought forward | |
| Balance at the beginning of current period | 141,844 | 2,065 | 2,065 | 35,454 | 856 | 9,693 | 141,000 | 299,000 | 48,611 | 534,616 |
| Changes of items during the period | | | | | | | | | | |
| Provision of reserve for overseas investment loss | | | | | | 2,869 | | | (2,869) | — |
| Reversal of reserve for overseas investment loss | | | | | | | | | | — |
| Dividends from surplus | | | | | | | | | (23,204) | (23,204) |
| Net income | | | | | | | | | 78,556 | 78,556 |
| Purchase of treasury stock | | | | | | | | | | — |
| Disposal of treasury stock | | | | | | | | | | — |
| Retirement of treasury stock | | | | | | | | | (4,897) | (4,897) |
| Net changes of items other than shareholders' equity | | | | | | | | | | |
| Total changes of items during the period | — | — | — | — | — | 2,869 | — | — | 47,584 | 50,453 |
| Balance at the end of current period | 141,844 | 2,065 | 2,065 | 35,454 | 856 | 12,563 | 141,000 | 299,000 | 96,196 | 585,070 |

| | Shareholders' equity | | Valuation and translation adjustments | | | Total net assets |
|--|----------------------|----------------------------|---|------------------------------------|---|------------------|
| | Treasury stock | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| Balance at the beginning of current period | (2,196) | 676,329 | 14,412 | (9) | 14,402 | 690,732 |
| Changes of items during the period | | | | | | |
| Provision of reserve for overseas investment loss | | — | | | | — |
| Reversal of reserve for overseas investment loss | | — | | | | — |
| Dividends from surplus | | (23,204) | | | | (23,204) |
| Net income | | 78,556 | | | | 78,556 |
| Purchase of treasury stock | (5,053) | (5,053) | | | | (5,053) |
| Disposal of treasury stock | 3 | 4 | | | | 4 |
| Retirement of treasury stock | 4,897 | — | | | | — |
| Net changes of items other than shareholders' equity | | | 6,240 | (2,944) | 3,295 | 3,295 |
| Total changes of items during the period | (151) | 50,302 | 6,240 | (2,944) | 3,295 | 53,597 |
| Balance at the end of current period | (2,348) | 726,631 | 20,652 | (2,954) | 17,698 | 744,329 |

| | Shareholders' equity | | | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-------------------------|--|--------------------------------------|--|------------------|-----------------------------------|-------------------------|
| | Capital stock | Capital surplus | | Legal retained earnings | Retained earnings | | | | | Total Retained earnings |
| | | Legal capital surplus | Total capital surplus | | Other retained earnings | | | | | |
| | | | | | Reserve for advanced depreciation of noncurrent assets | Reserve for overseas investment loss | Raw material cost fluctuation adjustment reserve | General reserves | Retained earnings brought forward | |
| Balance at the beginning of current period | 141,844 | 2,065 | 2,065 | 35,454 | 856 | 12,563 | 141,000 | 299,000 | 96,196 | 585,070 |
| Changes of items during the period | | | | | | | | | | — |
| Provision of reserve for overseas investment loss | | | | | | 1,026 | | | (1,026) | — |
| Reversal of reserve for overseas investment loss | | | | | | (376) | | | 376 | |
| Dividends from surplus | | | | | | | | | (26,701) | (26,701) |
| Net income | | | | | | | | | 90,047 | 90,047 |
| Purchase of treasury stock | | | | | | | | | | — |
| Disposal of treasury stock | | | | | | | | | | — |
| Retirement of treasury stock | | | | | | | | | (34,815) | (34,815) |
| Net changes of items other than shareholders' equity | | | | | | | | | | |
| Total changes of items during the period | — | — | — | — | — | 650 | — | — | 27,879 | 28,529 |
| Balance at the end of current period | 141,844 | 2,065 | 2,065 | 35,454 | 856 | 13,213 | 141,000 | 299,000 | 124,075 | 613,599 |

| | Shareholders' equity | | Valuation and translation adjustments | | | Total net assets |
|--|----------------------|----------------------------|---|------------------------------------|---|------------------|
| | Treasury stock | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| Balance at the beginning of current period | (2,348) | 726,631 | 20,652 | (2,954) | 17,698 | 744,329 |
| Changes of items during the period | | | | | | |
| Provision of reserve for overseas investment loss | | — | | | | — |
| Reversal of reserve for overseas investment loss | | — | | | | — |
| Dividends from surplus | | (26,701) | | | | (26,701) |
| Net income | | 90,047 | | | | 90,047 |
| Purchase of treasury stock | (36,116) | (36,116) | | | | (36,116) |
| Disposal of treasury stock | 6 | 5 | | | | 5 |
| Retirement of treasury stock | 34,815 | — | | | | — |
| Net changes of items other than shareholders' equity | | | 4,448 | (2,732) | 1,716 | 1,716 |
| Total changes of items during the period | (1,295) | 27,234 | 4,448 | (2,732) | 1,716 | 28,950 |
| Balance at the end of current period | (3,643) | 753,865 | 25,101 | (5,686) | 19,414 | 773,280 |

- (4) Notes on non-consolidated financial statements**
(Note on going concerns' premise)
Not applicable

VI. Others

(1) Management reshuffle

Management reshuffle has been disclosed on February 21, 2014.

(2) Non-consolidated operating results

<Gas Sales Volume for FY2013>

| | | | FY2013 (actual) | FY2012 (actual) | Change | % change |
|---------------------|-----------------------------|---------------------|--------------------|--------------------|--------|----------|
| No. of customers | | Thousand | 10,809 | 10,678 | 131 | 1.2 |
| Gas sales volume | Residential | m ³ | 30.74 | 31.91 | -1.17 | -3.7 |
| | | Mil. m ³ | 3,345 | 3,427 | -82 | -2.4 |
| | Business | Mil. m ³ | 2,681 | 2,689 | -8 | -0.3 |
| | Industrial | Mil. m ³ | 6,239 | 5,889 | 350 | 5.9 |
| | Subtotal | Mil. m ³ | 8,919 | 8,578 | 341 | 4.0 |
| | Supplies to other utilities | Mil. m ³ | 2,255 | 2,196 | 59 | 2.7 |
| | Total | Mil. m ³ | 14,519 | 14,201 | 318 | 2.2 |
| Average temperature | | °C | 17.0 | 16.6 | 0.4 | — |

<FY2013 Balance of Payments>

(Unit: hundred million yen)

| Income | | Change from previous year | Rate (%) | Expenses | | Change from previous year | Rate (%) | | |
|----------------------|-----------------------|------------------------------|----------|----------|------------------------|--------------------------------------|----------|-------|------|
| | | | | | | | | | |
| Product sales | Gas sales | 14,677 | 1,493 | 11.3 | Operating expenses | Cost of sales | 9,661 | 1,351 | 16.3 |
| | | | | | | Sales and administrative expenses | 4,076 | -24 | -0.6 |
| | | | | | | Subtotal | 13,737 | 1,327 | 10.7 |
| Other sales | Installation work | 427 | 26 | 6.3 | Other expenses | Installation work | 415 | 17 | 4.4 |
| | Gas appliances, etc. | 1,371 | 77 | 5.9 | | Gas appliances | 1,253 | 63 | 5.3 |
| | Incidental businesses | 2,609 | 347 | 15.4 | | Incidental businesses | 2,392 | 297 | 14.2 |
| | Subtotal | 4,407 | 449 | 11.4 | | Subtotal | 4,061 | 377 | 10.3 |
| Total net sales | | 19,085 | 1,943 | 11.3 | Total expenses | | 17,798 | 1,704 | 10.6 |
| | | | | | Operating income | | 1,286 | 238 | 22.7 |
| Non-operating income | | 181 | -74 | -28.9 | Non-operating expenses | | 165 | 7 | 4.4 |
| | | | | | Ordinary income | | 1,302 | 157 | 13.7 |
| Extraordinary income | | 4 | -6 | -54.5 | Extraordinary loss | | 21 | 8 | 59.1 |
| | | | | | Net income | | 900 | 115 | 14.6 |

Notes:

- 1 Cost of sales includes gas resource cost of ¥938.8 billion (increased by ¥132.0 billion, or 16.4%, year on year).
- 2 Non-operating expenses include interest expenses of ¥10.3 billion (increased by ¥0.9 billion, or 9.5%, year on year).

<Capital Expenses>

(Unit: hundred million yen)

| | FY2012 (Actual) | | FY2013 (Actual) | | FY2014 (Projection) | |
|--------------------------------|-----------------|-------|-----------------|-------|---------------------|-------|
| | | (%) | | (%) | | (%) |
| Production facilities | 228 | 18.0 | 289 | 20.9 | 353 | 22.0 |
| Distribution facilities | 875 | 68.9 | 907 | 65.3 | 1,000 | 62.4 |
| Business facilities | 162 | 12.8 | 188 | 13.6 | 244 | 15.2 |
| Associated business facilities | 3 | 0.3 | 2 | 0.2 | 5 | 0.4 |
| Total | 1,271 | 100.0 | 1,388 | 100.0 | 1,604 | 100.0 |

(Unit: hundred million yen)

| Terminal-related facilities (production facilities) | FY2012 (Actual) | | FY2013 (Actual) | | FY2014 (Projection) | |
|--|-----------------|-----|-----------------|-----|---------------------|-----|
| Sodegaura Terminal | | 32 | | 28 | | 53 |
| Negishi Terminal | | 34 | | 52 | | 57 |
| Ohgishima Terminal | | 51 | | 46 | | 15 |
| Hitachi LNG terminal | | 107 | | 160 | | 221 |
| Total | | 224 | | 286 | | 346 |
| Mains and branches (distribution facilities) | FY2012 (Actual) | | FY2013 (Actual) | | FY2014 (Projection) | |
| Demand-development mains and branches | (675km) | 275 | (659km) | 278 | (647km) | 258 |
| Safety measure mains and branches | (295km) | 189 | (310km) | 211 | (305km) | 198 |
| Planned mains and branches | (60km) | 226 | (64km) | 233 | (80km) | 337 |
| Urban development mains and branches | (37km) | 9 | (37km) | 7 | (42km) | 10 |
| Total | (1,067km) | 700 | (1,070km) | 730 | (1,074km) | 804 |