

Consolidated Financial Results Bulletin for the 3rd Quarter Ended December 31, 2016**(J-GAAP)****Tokyo Gas Co., Ltd.**

Securities code: 9531

(URL <http://www.tokyo-gas.co.jp/IR/english/index.html>)

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Consolidated Settlements Group**Stock listings:**

Tokyo Stock Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

Scheduled date of the filing of quarterly report: February 14, 2017

Scheduled date of the start of dividend payments: —

Preparation of 3Q earnings presentation material (yes/no): **Yes**Holding of 3Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for 3rd Quarter (from April 1, 2016 to December 31, 2016)

(Unit: million yen)

(1) Consolidated Business Performance

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

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company	
Nine months ended Dec. 31, 2016	1,086,075	-18.9%	28,162	-78.1%	25,574	-79.6%	17,441	-77.9%
Nine months ended Dec. 31, 2015	1,339,907	-15.2%	128,412	126.3%	125,378	143.6%	78,900	108.8%

Note: Total comprehensive income

Nine months ended December 31, 2016: -6,020 million yen (—%) Nine months ended December 31, 2015: 75,756 million yen (89.8%)

	Net income per share	Diluted net income per share
Nine months ended Dec. 31, 2016	7.54 yen	—
Nine months ended Dec. 31, 2015	32.87 yen	—

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Net assets	Equity ratio
As of Dec. 31, 2016	2,118,788	1,036,025	48.4%
As of Mar. 31, 2016	2,251,518	1,115,172	48.9%

Reference: Shareholders' equity

As of December 31, 2016: 1,025,100 million yen As of March 31, 2016: 1,100,271 million yen

2. Dividend

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
FY2015 ended Mar. 31, 2016	—	5.00	—	6.00	11.00
FY2016 ending Mar. 31, 2017	—	5.50	—		
FY2016 ending Mar. 31, 2017 (Forecast)				5.50	11.00

Note: Revision to the dividend forecast that has been disclosed lastly: *No*

3. Consolidated Results Forecast for FY2016 ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(1) Consolidated Business Performance

(Unit: million yen)

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

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company		Net income per share
Full-year	1,617,000	-14.2%	53,000	-72.4%	46,000	-75.6%	41,000	-63.4%	17.76 yen

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Net assets	Equity ratio
Full-year	2,192,000	1,053,000	47.3%

Reference: Shareholders' equity: 1,037,000 million yen

Note: Revision to the consolidated results forecast that has been disclosed lastly: *Yes*

*Notes

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

(2) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation (yes/no): *Yes*

Note: Please see page 5 of the Attachment, "2. Summary Information (Notes): (1) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation" for details.

(3) 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 5 of the Attachment, "2. Summary Information (Notes): (2) Changes in accounting policies or estimates and retrospective restatements" for details.

(4) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	Dec. 31, 2016	2,302,856,295	Mar. 31, 2016	2,396,778,295
2) Number of shares of treasury stock at end of period:	Dec. 31, 2016	6,791,514	Mar. 31, 2016	6,700,416
3) Average number of shares during period:	Apr. – Dec. 2016	2,312,483,751	Apr. – Dec. 2015	2,400,641,850

* Presentation of implementation status for quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to this Consolidated Financial Results Bulletin, and the quarterly review 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 3 of the Attachment, "1. Qualitative Information on 3rd Quarter Results: (3) Qualitative information on consolidated results forecast" for details.

2. Supplementary explanation materials for financial results will be posted on the Company's website.

Non-Consolidated Results Forecast for FY2016 ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(Unit: million yen)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Full-year	1,423,000	-15.2%	25,000	-83.9%	32,000	-80.5%	60,000	-35.9%

Note: Revision to the non-consolidated results forecast that has been disclosed lastly: *Yes*

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1. Qualitative Information on 3rd Quarter Results

(1) Qualitative information on consolidated business performance

With effect from the first quarter of FY2016, the reporting segments were changed. Therefore, the comparison of figures between 3Q of FY2015 and 3Q of FY2016 is made by changing the reporting segments for FY2015. Please see page 12 “(Note) Matters concerning the change of reporting segment etc.” for details.

Gas sales volume for the third quarter of FY2016 (April 1 - December 31, 2016) increased 2.3% year-on-year, to 11,086 million m³. This increase was mainly caused by a rise in residential demand due to lower temperatures in winter than in the last year, as well as an increase in industrial demand on the back of a rise in operation of existing facilities and an increase in supply to other utilities due to a rise in their demand. On the other hand, falling sales unit prices under the gas rate adjustment system with the decline of oil prices caused city gas sales to decrease 23.0% year-on-year to ¥707.1 billion.

A decrease in city gas sales, a decline in energy-related sales (those of LNG, gas appliances) and other factors resulted in a 18.9% decrease year-on-year in consolidated net sales to ¥1,086 billion.

Thanks to efforts to further increase management efficiency and reduce expenses to the maximum extent possible, lower gas resource costs due to falling crude oil prices, combined with a decrease in energy-related expenses (those of sales of LNG, gas appliances, etc.), resulted in a 12.7% decrease year-on-year in operating expenses to ¥1,057.9 billion.

As a result, operating income decreased 78.1% year-on-year to ¥28.1 billion, and ordinary income also decreased 79.6% year-on-year to ¥25.5 billion. The quarterly net income attributable to the parent company decreased 77.9% year-on-year to ¥17.4 billion after recording the extraordinary gain on sale of investment securities in the amount of ¥2.9 billion and income taxes, etc.

Because the city gas business accounts for the majority of net sales, seasonal fluctuations of the business due to factors, including average temperatures, may have a significant impact on net sales.

<Consolidated Gas Sales Volume for Nine Months Ended December 31, 2016>

		Apr. – Dec. 2016	Apr. – Dec. 2015	Change	% change	
No. of customers	Thousands	11,488	11,352	136	1.2	
Gas sales volume	Residential	m ³	23.77	23.46	0.31	1.3
		Mil. m ³	2,083	2,024	59	2.9
	Commercial	Mil. m ³	1,906	1,885	21	1.1
	Industrial	Mil. m ³	5,471	5,390	81	1.5
	Subtotal	Mil. m ³	7,377	7,275	102	1.4
	Supplies to other utilities	Mil. m ³	1,626	1,534	92	6.0
	Total	Mil. m ³	11,086	10,833	253	2.3
Average temperature	°C	19.5	19.6	-0.1	—	

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	Apr. – Dec. 2016	Apr. – Dec. 2015	Change	Crude oil price (\$/bbl)	Apr. – Dec. 2016	Apr. – Dec. 2015	Change
	106.65	121.74	-15.09		44.86	54.60	-9.74

(2) Qualitative information on consolidated financial position

Total assets as of December 31, 2016 totaled ¥2,118.7 billion, marking a ¥132.8 billion decrease from March 31, 2016. A decrease in cash and deposits due to purchases of treasury stock from the market and the payment of dividends from surplus resulted in an overall decline.

Net assets totaled ¥1,036 billion, reflecting an increase due to the recording of net income attributable to the shareholders of the parent company for the quarter (¥17.4 billion) and a decrease due to purchases of treasury stock in the market (¥40.9 billion) and the payment of dividends from surplus (¥26.9 billion).

Since the decrease ratio of shareholders' equity (calculated as the total of shareholders' equity and accumulated other comprehensive income) was high against the decrease of total assets, the shareholders' equity ratio dropped 0.5 percentage points to 48.4%.

(3) Qualitative information on consolidated results forecast

Based on recent market prices, we reviewed our economic framework assumptions for our consolidated business forecast for FY2016, included in the Consolidated Financial Results Bulletin for the 2nd Quarter ended September 30, 2016 that was announced on October 28, 2016. The average foreign exchange rate assumption in fourth quarter has been revised from ¥105.00/\$ to ¥115.00/\$, and the average crude oil price assumption from \$45/bbl to \$55 bbl. Therefore, the foreign exchange rate and the crude oil price for FY2016 are estimated to be ¥108.74/\$ and \$47.40/bbl, respectively.

As a result, we have revised our forecasts for consolidated business results: contrary to our upward revision of net sales by ¥21.0 billion to ¥1,617.0 billion, we reduced our income forecasts: by ¥3.0 billion for operating income, to ¥53.0 billion, and by ¥2.0 billion for ordinary income, to ¥46.0 billion. After adding extraordinary losses and income that accompany the sale of assets in possession, the outlook of net income attributable to the parent company is unchanged from the previous forecast of ¥41.0 billion.

On a non-consolidated basis, we have revised our forecasts for non-consolidated business results included in the Consolidated Financial Results Bulletin for the 2nd Quarter ended September 30, 2016, announced on October 28, 2016. We have raised our forecasts on net sales to ¥1,423.0 billion (up ¥20.0 billion) due mainly to the increasing gas sales volume. On the other hand, we have reduced our income forecasts: by ¥5.0 billion for operating income to ¥25.0 billion, by ¥5.0 billion for ordinary income to ¥32.0 billion and by ¥1.0 billion for net income to ¥60.0 billion, due in part to a drop in gas gross margin attributable to a rise in gas resource costs following the review of our economic framework assumptions.

1) Consolidated Business Results

a. Gas sales volume forecast for FY2016

			FY2016 (Forecast)	FY2015 (Results)	Change	% change
Gas sales volume	Residential	Mil. m ³	3,557	3,365	192	5.7
	Commercial	Mil. m ³	2,727	2,678	49	1.8
	Industrial	Mil. m ³	7,286	7,233	53	0.7
	Subtotal	Mil. m ³	10,013	9,911	102	1.0
	Supplies to other utilities	Mil. m ³	2,228	2,161	67	3.1
	Total	Mil. m ³	15,798	15,436	362	2.3
Average temperature		°C	16.2	16.6	-0.4	—

b. Forecast for FY2016

(Unit: hundred million yen)

	Net sales	Gas sales	Other sales	Operating income	Ordinary income	Net income attributable to the parent company
FY2016 (forecast)	16,170	10,503	5,667	530	460	410
FY2015 (results)	18,846	12,946	5,899	1,920	1,888	1,119
Change	-2,676	-2,443	-232	-1,390	-1,428	-709
% change	-14.2%	-18.9%	-3.9%	-72.4%	-75.6%	-63.4%

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

2) Non-consolidated Business Results

a. Gas sales volume forecast for FY2016

			FY2016 (Forecast)	FY2015 (Results)	Change	% change
Gas sales volume	Residential	Mil. m ³	3,502	3,263	239	7.3
	Commercial	Mil. m ³	2,660	2,520	140	5.6
	Industrial	Mil. m ³	7,177	7,052	125	1.8
	Subtotal	Mil. m ³	9,838	9,572	266	2.8
	Supplies to other utilities	Mil. m ³	2,262	2,397	-135	-5.6
	Total	Mil. m ³	15,602	15,232	370	2.4

b. Forecast for FY2016

(Unit: hundred million yen)

	Net sales			Operating income	Ordinary income	Net income
	Gas sales	Other sales				
FY2016 (forecast)	14,230	10,210	4,020	250	320	600
FY2015 (results)	16,773	12,586	4,187	1,550	1,640	935
Change	-2,543	-2,376	-167	-1,300	-1,320	-335
% change	-15.2%	-18.9%	-4.0%	-83.9%	-80.5%	-35.9%

(Foreign Exchange Rate and Crude Oil Price)

¥/\$ rate	FY2016 (Forecast)	FY2015 (Results)	Change	Crude oil price (\$/bbl)	FY2016 (Forecast)	FY2015 (Results)	Change
	108.74	120.17			-11.43	47.40	

2. Summary Information (Notes)

(1) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation

Calculation of taxes

Taxes are calculated by multiplying income before income taxes for the third-quarter period under review by the reasonably estimated effective tax rate subsequent to the application of tax effect accounting to the income before income taxes for the current consolidated fiscal year ending March 31, 2017 including the third quarter under review.

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

Change in accounting principle

Due to the revision of the Corporation Tax Act, the Company applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (the Practical Issues Task Force No.32 dated June 17, 2016) from the first quarter of FY2016. Therefore, for the equipment attached to buildings and structures which were acquired on and after April 1, 2016, the depreciation method was changed from the declining-balance method to the straight-line method.

The effect of these changes on profit and loss was immaterial.

(3) Additional information

The Company applied the “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (the Application Guidelines for Accounting Standards No.26 dated March 28, 2016) from the first quarter of FY2016.

3. Consolidated Financial Statements
(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	241,842	238,303
Distribution facilities	550,713	533,829
Service and maintenance facilities	59,560	51,583
Other facilities	351,950	385,908
Inactive facilities	316	316
Construction in progress	107,685	146,553
Total property, plant and equipment	1,312,068	1,356,493
Intangible assets		
Goodwill	841	1,958
Other intangible assets	136,348	67,327
Total intangible assets	137,189	69,285
Investments and other assets		
Investment securities	179,410	171,194
Long-term loans receivable	24,013	23,487
Net defined benefit asset	229	25
Deferred tax assets	40,447	35,520
Other investments and other assets	34,741	33,464
Allowance for doubtful accounts	-394	-373
Total investments and other assets	278,447	263,319
Total non-current assets	1,727,705	1,689,098
Current assets		
Cash and deposits	170,262	73,531
Notes and accounts receivable - trade	201,344	188,915
Lease receivables and investment assets	24,054	24,887
Merchandise and finished goods	3,501	2,646
Work in process	10,784	24,719
Raw materials and supplies	46,525	48,569
Deferred tax assets	8,004	9,245
Other current assets	59,808	57,553
Allowance for doubtful accounts	-472	-378
Total current assets	523,812	429,690
Total assets	2,251,518	2,118,788

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Non-current liabilities		
Bonds payable	284,997	314,997
Long-term loans payable	363,393	322,827
Deferred tax liabilities	11,321	11,388
Net defined benefit liability	89,405	81,165
Provision for gas holder repairs	3,455	3,378
Provision for safety measures	466	4,909
Provision for gas appliance warranties	9,538	10,147
Provision for loss on guarantees	1,678	—
Asset retirement obligations	10,695	9,654
Other noncurrent liabilities	24,490	24,094
Total non-current liabilities	799,443	782,563
Current liabilities		
Current portion of non-current liabilities	47,044	55,828
Notes and accounts payable - trade	82,352	84,349
Short-term loans payable	16,512	12,376
Income taxes payable	28,914	11,280
Deferred tax liabilities	1	—
Asset retirement obligations	53	—
Other current liabilities	162,023	136,364
Total current liabilities	336,903	300,200
Total liabilities	1,136,346	1,082,763
Net assets		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus	1,878	1,883
Retained earnings	910,353	857,744
Treasury shares	-4,441	-3,069
Total shareholders' equity	1,049,634	998,401
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,298	32,510
Deferred gains or losses on hedges	-2,573	-1,500
Foreign currency translation adjustment	44,945	974
Remeasurements of defined benefit plans	-18,033	-5,285
Total accumulated other comprehensive income	50,636	26,699
Non-controlling interests	14,900	10,924
Total net assets	1,115,172	1,036,025
Total liabilities and net assets	2,251,518	2,118,788

(2) Consolidated statements of income and comprehensive income**Consolidated statement of income****(Nine months ended December 31, 2016)**

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	1,339,907	1,086,075
Cost of sales	890,183	714,258
Gross profit	449,724	371,817
Selling, general and administrative expenses		
Supply and sales expenses	273,422	296,042
General and administrative expenses	47,889	47,612
Total selling, general and administrative expenses	321,311	343,655
Operating income	128,412	28,162
Non-operating income		
Interest income	456	564
Dividend income	1,618	1,989
Share of profit of entities accounted for using equity method	1,604	1,643
Miscellaneous income	6,256	5,316
Total non-operating income	9,936	9,514
Non-operating expenses		
Interest expenses	8,986	8,310
Miscellaneous expenses	3,984	3,790
Total non-operating expenses	12,970	12,101
Ordinary income	125,378	25,574
Extraordinary income		
Gain on sales of investment securities	—	2,918
Total extraordinary income	—	2,918
Extraordinary losses		
Impairment loss	19,193	—
Total extraordinary losses	19,193	—
Profit before income taxes	106,184	28,493
Income taxes	26,447	10,592
Profit	79,736	17,900
Profit attributable to non-controlling interests	836	459
Profit attributable to owners of parent	78,900	17,441

Consolidated statement of comprehensive income
(Nine months ended December 31, 2016)

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	79,736	17,900
Other comprehensive income		
Valuation difference on available-for-sale securities	91	6,228
Deferred gains or losses on hedges	-1,589	1,122
Foreign currency translation adjustment	-2,176	-38,477
Remeasurements of defined benefit plans, net of tax	1,133	12,739
Share of other comprehensive income of entities accounted for using equity method	-1,439	-5,534
Total other comprehensive income	-3,980	-23,921
Comprehensive income	75,756	-6,020
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	74,857	-6,496
Comprehensive income attributable to non-controlling interests	898	476

(3) Notes on consolidated financial statements

(Note on going concerns' premise)

Not applicable

(Significant changes in shareholders' equity)

1) Purchase of treasury stock

The Company purchased treasury stock from the market as per 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 acquisition of treasury stock, as per the resolution passed by the Board of Directors on April 28, 2016, was completed with the purchases made by July 1, 2016.

- Purchase period May 10 – July 1, 2016 (contract basis)
- Number of shares purchased 93,922 thousand shares
- Total amount of purchase ¥40,999 million
- Purchase method Market buying by specified fund trust on the Tokyo Stock Exchange

2) Cancellation of treasury stock

The Company cancelled treasury stock as follows, based on a resolution of the Board of Directors passed on July 29, 2016, as per Article 178 of the Companies Act:

- Type of shares cancelled Tokyo Gas Common Stock
- Number of shares cancelled 93,922 thousand shares (ratio to the number of outstanding shares before the cancellation of treasury stock: 3.92%)
- Effective date of cancellation August 16, 2016

(Segment information)

(Information related to net sales and profit and loss amounts by reporting segment)

Nine months ended December 31, 2015 (from Apr. 1 – Dec. 31, 2015)

(Unit: million yen)

	Reporting segment						Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement (Note 3)
	City gas	Electric Power	Overseas	Energy- related	Real estate	Total				
Net sales										
External sales	884,447	89,341	21,244	314,933	14,091	1,324,058	15,849	1,339,907	—	1,339,907
Intersegment sales & transfers	33,825	276	76	70,106	15,380	119,665	39,293	158,959	-158,959	—
Total	918,273	89,617	21,320	385,039	29,472	1,443,723	55,143	1,498,867	-158,959	1,339,907
Segment income										
Operating income (loss)	119,370	9,046	2,056	23,232	5,149	158,854	2,766	161,621	-33,208	128,412
Investment gain on equity method	—	—	1,583	—	—	1,583	21	1,604	—	1,604
Total	119,370	9,046	3,639	23,232	5,149	160,438	2,787	163,225	-33,208	130,017

Notes:

1. The “Others” segment indicates businesses not included in the reporting segments, including information processing service, shipping business, and credit/lease financial services, etc.
2. The ¥(33,208) million segment income adjustment includes ¥(506) million in eliminations for intersegment transactions and ¥(32,701) 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.
3. Segment income is adjusted to reflect the operating income recorded in the consolidated statement of income which is adjusted by investment gain (loss) on equity method.

Nine months ended December 31, 2016 (from Apr. 1 – Dec.31, 2016)

(Unit: million yen)

	Reporting segment						Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement (Note 3)
	City gas	Electric Power	Overseas	Energy- related	Real estate	Total				
Net sales										
External sales	679,329	100,694	19,654	256,602	14,901	1,071,182	14,893	1,086,075	—	1,086,075
Intersegment sales & transfers	27,809	58	13	59,952	16,080	103,914	46,733	150,647	-150,647	—
Total	707,139	100,752	19,667	316,554	30,982	1,175,096	61,626	1,236,723	-150,647	1,086,075
Segment income										
Operating income (loss)	39,581	2,607	774	10,292	6,665	59,920	2,052	61,973	-33,810	28,162
Investment gain on equity method	—	—	1,639	—	—	1,639	4	1,643	—	1,643
Total	39,581	2,607	2,413	10,292	6,665	61,559	2,056	63,616	-33,810	29,805

Notes:

1. The “Others” segment indicates businesses not included in the reporting segments, including information processing service, shipping business, and credit/lease financial services, etc.
2. The ¥(33,810) million segment income adjustment includes ¥1,226 million in eliminations for intersegment transactions and ¥(35,037) 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.
3. Segment income is adjusted to reflect the operating income recorded in the consolidated statement of income which is adjusted by investment gain (loss) on equity method.

(Note) Matters concerning the change of reporting segment, etc.

To achieve the Challenge 2020 Vision, the Company reviewed the conventional group management system and decided to introduce a new group management system from FY2016. With effect from the first quarter of FY2016, therefore, the reporting segments were changed to “city gas,” “electric power,” “overseas,” “energy-related” and “real estate.”

The segment information for the third quarter of FY2015 was prepared based on the revised reporting segments.

4. Supplementary Information

(1) Non-consolidated 3rd quarter business performance

<Gas Sales Volume for Nine Months Ended December 31, 2016>

		Apr. – Dec. 2016	Apr. – Dec. 2015	Change	% change	
No. of customers	Thousands	11,341	11,045	296	2.7	
Gas sales volume	Residential	m ³	23.70	23.36	0.34	1.5
		Mil. m ³	2,047	1,962	85	4.4
	Commercial	Mil. m ³	1,860	1,777	83	4.6
	Industrial	Mil. m ³	5,388	5,260	128	2.4
	Subtotal	Mil. m ³	7,248	7,038	210	3.0
	Supplies to other utilities	Mil. m ³	1,656	1,697	-41	-2.5
Total	Mil. m ³	10,951	10,697	254	2.4	
Average temperature	°C	19.5	19.6	-0.1	—	

<Balance of Payments for Nine Months Ended December 31, 2016>

(Unit: hundred million yen)

Income		Change from First 9M of FY2015	Rate (%)	Expenses		Change from First 9M of FY2015	Rate (%)		
Product sales	Gas sales	6,874	-2,065	-23.1	Operating expenses	Cost of sales	3,774	-1,512	-28.6
						Sales and administrative expenses	3,156	287	10.0
						Subtotal	6,930	-1,226	-15.0
Other sales	Installation work	274	2	0.6	Other expenses	Installation work	275	1	0.3
	Gas appliances, etc.	840	-76	-8.3		Gas appliances	752	-70	-8.4
	Incidental businesses	1,650	-78	-4.5		Incidental businesses	1,613	24	1.5
	Subtotal	2,764	-153	-5.2		Subtotal	2,641	-45	-1.7
Total net sales	9,639	-2,217	-18.7	Total expenses	9,572	-1,270	-11.7		
				Operating income	67	-946	-93.3		
Non-operating income	188	40	27.5	Non-operating expenses	106	3	2.8		
				Ordinary income	149	-908	-85.9		
Extraordinary income	317	317	—	Extraordinary loss	—	-248	-100.0		
				Net income	398	-209	-34.3		

Notes:

1. Cost of sales includes gas resource cost of ¥346.1 billion (decreased by ¥161.4 billion, or -31.8%, year on year).
2. Non-operating expenses include interest expenses of ¥7.2 billion (decreased by ¥0.7 billion, or -8.4%, year on year).