

Consolidated Financial Results Bulletin for the Fiscal Year Ended March 31, 2017**(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 29, 2017
 Scheduled date of the filing of securities report: June 29, 2017
 Scheduled date of the start of dividend payments: June 30, 2017
 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 FY2016 ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Unit: million yen)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
FY2016 ended Mar. 31, 2017	1,587,085	-15.8%	58,365	-69.6%	55,688	-70.5%	53,134	-52.5%
FY2015 ended Mar. 31, 2016	1,884,656	-17.8%	192,008	11.8%	188,809	12.3%	111,936	16.8%

Note: Total comprehensive income

FY2016 ended March 31, 2017: 70,835 million yen (-21.2%)

FY2015 ended March 31, 2016: 89,874 million yen (-28.6%)

	Net profit per share	Diluted net profit per share	Ratio of net profit to shareholders' equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
FY2016 ended Mar. 31, 2017	23.02 yen	—	4.8%	2.5%	3.7%
FY2015 ended Mar. 31, 2016	46.68 yen	—	10.3%	8.4%	10.2%

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

FY2016 ended March 31, 2017: 3,583 million yen

FY2015 ended March 31, 2016: 2,122 million yen

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio	Net assets per share
As of Mar. 31, 2017	2,230,269	1,112,807	49.4%	479.74 yen
As of Mar. 31, 2016	2,251,518	1,115,172	48.9%	460.35 yen

Reference: Shareholders' equity

As of March 31, 2017: 1,101,498 million yen

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

(3) Consolidated Cash Flows

(Unit: million yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
FY2016 ended Mar. 31, 2017	238,734	(204,873)	(70,899)	132,566
FY2015 ended Mar. 31, 2016	354,658	(236,406)	(75,418)	170,102

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			
FY2015 ended Mar. 31, 2016	—	5.00	—	6.00	11.00	26,291	23.6%	2.4%
FY2016 ended Mar. 31, 2017	—	5.50	—	5.50	11.00	25,256	47.8%	2.3%
FY2017 ending Mar. 31, 2018 (Forecast)	—	5.50	—	27.50	—		45.7%	

*Since the Company plans to carry out a share consolidation at a ratio of 5 common shares to 1 effective October 1, 2017, the dividend per share at end of 4Q of FY2017 ending March 31, 2018 (forecast) indicates the amount after taking into consideration the impact of the share consolidation, and the total full-year dividend is shown as “—”. Without taking into consideration the share consolidation, the dividend per share at end of 4Q of FY2017 ending March 31, 2018 (forecast) will be 5.50 yen, and the full-year dividend per share will be 11.00 yen. Please see “Explanation related to appropriate use of results forecasts and other items warranting special mention” for details.

3. Consolidated Results Forecast for FY2017 ending March 31, 2018 (April 1, 2017 - March 31, 2018)

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

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Net profit per share
Full-year	1,813,000	14.2%	82,000	40.5%	75,000	34.7%	55,000	3.5%	120.23 yen

*Net profit per share of the consolidated results forecast for FY2017 ending March 31, 2018 takes into consideration the impact of the share consolidation. Please refer to “Explanation related to appropriate use of results forecasts and other items warranting special mention” for details.

*Notes

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

Reference: Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 68 (Increased by 7 companies and decreased by 6 companies)

Number of subsidiaries and affiliates accounted for by equity method: 8 (Increased by 1 company)

(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 17 of the Attachment, “(5) Notes on consolidated financial statements: 2) 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, 2017	2,302,856,295	Mar. 31, 2016	2,396,778,295
2) Number of shares of treasury stock at end of period:	Mar. 31, 2017	6,826,541	Mar. 31, 2016	6,700,416
3) Average number of shares during period:	Apr. 2016–Mar. 2017	2,308,373,092	Apr. 2015–Mar. 2016	2,398,002,800

(Reference)

1. Non-Consolidated Business Results for FY2016 ended March 31, 2017 (April 1, 2016 - March 31, 2017)

(1) Non-Consolidated Business Performance

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

	Net sales		Operating profit		Ordinary profit		Net profit	
FY2016 ended Mar. 31, 2017	1,408,452	-16.0%	29,486	-81.0%	37,034	-77.4%	68,777	-26.5%
FY2015 ended Mar. 31, 2016	1,677,345	-19.5%	155,028	22.9%	164,052	17.1%	93,566	-9.9%

	Net profit per share	Diluted net profit per share
FY2016 ended Mar. 31, 2017	29.79 yen	—
FY2015 ended Mar. 31, 2016	39.02 yen	—

(2) Non-Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio	Net assets per share
As of Mar. 31, 2017	1,847,788	842,515	45.6%	366.94 yen
As of Mar. 31, 2016	1,810,657	840,020	46.4%	351.46 yen

Reference: Shareholders' equity

As of Mar. 31, 2017: 842,515 million yen As of Mar. 31, 2016: 840,020 million yen

2. Non-Consolidated Results Forecast for FY2017 ending March 31, 2018 (April 1, 2017 - March 31, 2018)

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

	Net sales		Operating profit		Ordinary profit		Net profit		Net profit per share
Full-year	1,606,000	14.0%	53,000	79.7%	53,000	43.1%	39,000	-43.3%	85.25 yen

*Net profit per share of the non-consolidated results forecast for FY2017 ending March 31, 2018 takes into consideration the impact of the share consolidation. Please refer to "Explanation related to appropriate use of results forecasts and other items warranting special mention" for details.

*Auditing procedures do not apply to the Consolidated Financial Results Bulletins.

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

- 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 6 of the Attachment "1. Overview of Business Performance, etc.: (2) Future outlook" for matters concerning the above forecasts.
- The Company resolved at its board meeting on January 31, 2017 to submit the matter of share consolidation to the 217th annual shareholders meeting to be held on June 29, 2017, and plans to consolidate its common shares at a rate of 5 shares to 1 effective October 1, 2017 subject to approval at the annual shareholders meeting. The consolidated results forecast, non-consolidated results forecast, and dividend forecast for FY2017 ending March 31, 2018 converted to the basis before taking the share consolidation into consideration are as follows:
 - Consolidated results forecast for FY2017 ending March 31, 2018 Net income per share: 24.05 yen
 - Non-consolidated results forecast for FY2017 ending March 31, 2018 Net income per share: 17.05 yen
 - Dividend forecast for FY2017 ending March 31, 2018 Dividend per share: 11.00 yen
- The information related to this Financial Results will be posted on the Web site of the Company.

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I. Overview of Business Performance, etc.

(1) Overview of business performance and financial position of FY2016

(Business performance of FY2016)

During FY2016, the Japanese economy remained on a gradual recovery trend with steady improvements in the employment and income environment, increases in employee compensation, and corporate income remaining at a high level, despite the lack of strength in the growth of consumer spending and capital expenditure, among others. Meanwhile, the global economy faced further uncertainties amid risks of vulnerability of the economies of emerging countries and resource-rich countries, as well as the support for an exit from the EU in the referendum in the U.K.

Against this economic backdrop, the environment surrounding the energy business has undergone dramatic changes, such as the full liberalization of retail sales of electricity in April 2016 and the full liberalization of retail sales of gas in April 2017.

Amid these dramatic environmental changes, the Tokyo Gas Group has been making multifaceted and comprehensive preparations to expand added value for our customers through comprehensive energy proposals so that customers would continue to choose Tokyo Gas.

Although we had been making such intensive efforts, city gas sales decreased from a decline in sales unit price due to resource cost adjustment associated with lower crude oil prices, despite a year-on-year increase in gas sales reflecting the lower temperatures in winter FY2016 than the previous year. As a result, consolidated net sales for the year dropped 15.8% year-on-year to ¥1,587.0 billion.

In terms of operating expenses, further improvement in management efficiency and extensive efforts to contain expenses, as well as the decline in oil prices that led to lower gas resource costs, resulted in a 9.7% year-on-year decrease in operating expenses to ¥1,528.7 billion.

As a result, operating income dropped 69.6% year-on-year to ¥58.3 billion, and ordinary income decreased 70.5% to ¥55.6 billion. With the recording of extraordinary income consisting of gain on sales of non-current assets (¥6.6 billion) and gain on sales of investment securities (¥9.1 billion), as well as extraordinary loss consisting of impairment loss on overseas upstream projects (¥2.4 billion), and income taxes, net income attributable to the parent company dropped 52.5% to ¥53.1 billion.

With effect from FY2016, the reporting segments were changed. Therefore, the comparison of figures between FY2015 and FY2016 is made by changing the reporting segments for FY2015. Please see page 17 “3) Segment information, etc.” for details.

<Segment summary>

1) City gas

Gas sales volume for FY2016 increased 1.8% from the previous term, to 15,720 million m³. Of this amount, residential demand was 3,466 million m³ (a 3.0% increase), due mainly to higher demand for hot water supply affected by lower temperatures in winter FY2016 than the previous term.

Commercial demand was 2,709 million m³ (a 1.2% increase), with a rise in air-conditioning demand due to higher temperatures in late summer FY2016 than the previous term, and an increase in demand for hot water supply and air-conditioning on the back of lower temperatures in winter FY2016 than the previous year.

Industrial demand was 7,293 million m³ (a 0.8% increase), primarily driven by the expanding demand for industrial-use, especially for power generation.

Wholesale supplies to other gas utilities grew 4.2% to 2,252 million m³ due to a growth in customer demand.

Reflecting the downward gas unit price adjustments under the gas rate adjustment system, city gas sales dropped ¥254.6 billion, or 19.7%, to ¥1,040.0 billion, despite an increase in gas sales volume.

With a drop in resource costs due to a decline in LNG prices from the lower crude oil prices, total operating expenses declined 12.6%, by ¥139.0 billion, despite an increase in gas sales volume.

As a result, segment income decreased ¥115.5 billion, or 60.2%, year-on-year to ¥76.5 billion.

<Consolidated Gas Sales Volume for FY2016 Ended March 31, 2017>

			FY2016	FY2015	Change	% change
No. of customers	Thousand		11,536	11,398	138	1.2
Gas sales volume	Residential	Mil. m ³	3,466	3,365	101	3.0
	Commercial	Mil. m ³	2,709	2,678	31	1.2
	Industrial	Mil. m ³	7,293	7,233	60	0.8
	Subtotal	Mil. m ³	10,002	9,911	91	0.9
	Supplies to other utilities	Mil. m ³	2,252	2,161	91	4.2
	Total	Mil. m ³	15,720	15,436	284	1.8
Average temperature	°C		16.3	16.6	-0.3	—

Notes:

- No. of customers indicates the number of Tokyo Gas' city gas meters installed within the supply area as of end of March 2017.
- "Commercial" indicates sales to commercial, public and medical institutions.
- Gas sales volumes are on the basis of 45MJ/m³.
- 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	FY2016	FY2015	Change	Crude oil price (\$/bbl)	FY2016	FY2015	Change
	108.38	120.17	-11.79		47.51	48.75	-1.24

2) Electric power

Sales increased by ¥20.9 billion, or 16.7%, compared to the previous year to ¥145.7 billion. Operating expenses increased by ¥25.8 billion, or 22.3%.

As a result, segment income decreased ¥4.9 billion, or 52.2%, year-on-year to ¥4.4 billion.

<Consolidated Electric Power Sales Volume for FY2016 Ended March 31, 2017>

			FY2016	FY2015	Change	% change
Electric power sales volume	Retail	million kWh	2,254	—	2,254	—
	Wholesale	million kWh	10,400	10,959	-559	-5.1
	Total	million kWh	12,654	10,959	1,695	15.5

3) Overseas

Sales increased by ¥1.8 billion, or 5.8%, compared to the previous year to ¥31.9 billion. Operating expenses increased by ¥2.9 billion, or 10.4%.

As a result of an increase in share of profit of entities accounted for using equity method, segment income increased by ¥0.3 billion, or 6.5%, year-on-year to ¥4.4 billion.

4) Energy-related

Sales decreased by ¥90.9 billion, or 16.5%, compared to the previous year to ¥459.5 billion. Operating expenses decreased by ¥79.2 billion, or 15.1%.

As a result, segment income decreased by ¥11.8 billion, or 46.0%, year-on-year to ¥13.7 billion.

5) Real estate

Sales increased by ¥2.1 billion, or 5.2%, compared to the previous year to ¥41.4 billion. Operating expenses increased by ¥0.3 billion, or 1.0%.

As a result, segment income increased by ¥1.7 billion, or 27.7%, year-on-year to ¥7.8 billion.

6) Others

Sales at other business increased by ¥8.8 billion, or 11.0%, compared to the previous year to ¥89.0 billion. Operating expenses increased by ¥9.8 billion, or 12.7%.

As a result, segment income decreased by ¥0.8 billion, or 21.7%, year-on-year to ¥3.2 billion.

<Summary by segment>

(Unit: hundred million yen)

		City gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2016	10,400	1,457	319	4,595	414	890
	(% of total)	(57.5%)	(8.1%)	(1.8%)	(25.4%)	(2.3%)	(4.9%)
	FY2015	12,946	1,248	301	5,504	393	802
	(% of total)	(61.0%)	(5.9%)	(1.4%)	(26.0%)	(1.9%)	(3.8%)
	Amount of change	-2,546	209	18	-909	21	88
(Rate of change)	-19.7%	16.7%	5.8%	-16.5%	5.2%	11.0%	
Operating expenses	FY2016	9,635	1,413	310	4,457	335	859
	(% of total)	(56.7%)	(8.3%)	(1.8%)	(26.2%)	(2.0%)	(5.0%)
	FY2015	11,025	1,155	281	5,249	332	761
	(% of total)	(58.6%)	(6.1%)	(1.5%)	(27.9%)	(1.8%)	(4.1%)
	Amount of change	-1,390	258	29	-792	3	98
(Rate of change)	-12.6%	22.3%	10.4%	-15.1%	1.0%	12.7%	
Segment income	FY2016	765	44	44	137	78	32
	(% of total)	(69.5%)	(4.0%)	(4.0%)	(12.5%)	(7.1%)	(2.9%)
	FY2015	1,920	93	41	255	61	40
	(% of total)	(79.6%)	(3.9%)	(1.7%)	(10.6%)	(2.5%)	(1.7%)
	Amount of change	-1,155	-49	3	-118	17	-8
(Rate of change)	-60.2%	-52.2%	6.5%	-46.0%	27.7%	-21.7%	

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

(Financial position in FY2016)

1) Situation of assets, debt and shareholders' equity

Assets as of March 31, 2017, totaled ¥2,230.2 billion, a ¥21.3 billion decrease from March 31, 2016, reflecting decreases in cash and deposits (¥37.6 billion) and notes and accounts receivable-trade (¥7.1 billion), despite increases in property, plant and equipment and intangible assets (¥22.1 billion) due to capital expenditure and depreciation.

Liabilities dropped ¥18.9 billion to ¥1,117.4 billion, on decreases in the outstanding amount of net defined benefit liability (¥15.9 billion) and interest-bearing debt (¥2.2 billion).

Net assets totaled ¥1,112.8 billion. This included a decrease in shareholders' equity (¥15.6 billion) from the purchases of treasury stock in the market (¥40.9 billion) and payment of dividends from surplus (¥26.9 billion) despite an increase in net income attributable to owners of parent (¥53.1 billion).

With the rate of increase in shareholders' equity (calculated as the total of shareholders' equity and valuation and translation adjustments) above the growth rate for total assets in line with a decrease in the total assets, the shareholders' equity ratio rose 0.5 percentage points from March 31, 2016, to 49.4% as of March 31, 2017.

<Capital expenditure>

(Unit: hundred million yen)

		FY2016	FY2015	Change	% change
Tokyo Gas	Production facilities	224	380	-156	-41.0
	Supply facilities	943	1,077	-134	-12.5
	Operational facilities, etc.	363	369	-6	-1.6
	Total	1,532	1,828	-296	-16.2
Consolidated subsidiaries		540	539	1	0.1
Adjustments		-39	-47	8	—
Total		2,033	2,320	-287	-12.4

2) Situation of cash flow

(Unit: hundred million yen)

	FY2016	FY2015	Change
Cash flow from operating activities	2,387	3,546	-1,159
Cash flow from investing activities	-2,048	-2,364	316
Cash flow from financing activities	-708	-754	46
Effect of exchange rate change on cash and cash equivalents	-4	-10	6
Net increase (decrease) in cash and cash equivalents	-375	417	-792
Cash and cash equivalents at beginning of year	1,701	1,283	418
Cash and cash equivalents at end of year	1,325	1,701	-376

a) Cash flow from operating activities

Cash and cash equivalents obtained as a result of operating activities totaled ¥238.7 billion. This was primarily from the recording of income before income taxes (¥69.0 billion) and depreciation and amortization (¥160.8 billion), despite income taxes paid (¥-33.6 billion).

b) Cash flow from investing activities

Cash and cash equivalents used as a result of investing activities totaled ¥204.8 billion. Despite proceeds from sales and redemption of investment securities (¥9.4 billion), outlays for purchase of property, plant and equipment (¥-165.9 billion) as well as outlays for purchase of intangible assets (¥-29.5 billion) associated with capital expenditures for the establishment of production and supply system resulted in a net outflow.

c) Cash flow from financing activities

Cash and cash equivalents used as a result of financing activities totaled ¥70.8 billion. Despite proceeds from issuance of bonds (¥30.0 billion), payments for purchase of treasury stock (¥-41.0 billion), outlays for redemption of bonds (¥-27.7 billion), and cash dividends paid (¥-26.9 billion) resulted in a net outflow.

(2) Future outlook

We are forecasting a 3.6% decrease from the previous year in gas sales volume for FY2017, to 15,148 million m³, based on assumption of several factors, including a drop in wholesale demand from the previous year, despite a forecast of an increase in residential demand due to assuming an average temperature in line with normal years. We expect city gas sales to increase by ¥113.3 billion, or 10.9%, to ¥1,153.3 billion, on upward unit price adjustments under the gas rate adjustment system in accordance with the rate adjustment for gas resource costs. At the same time, with regard to operating expenses, we are forecasting an increase in resource costs, mainly reflecting a rise in crude oil prices. Since electricity sales volume is expected to increase on the back of a rise in the number of retail sale transactions, we expect electricity net sales and operating expenses to increase. Operating expenses are expected to decrease due to the decline in net actuarial gain (loss).

Due to these factors, we are projecting a ¥226.0 billion, or 14.2%, increase in consolidated net sales to ¥1,813.0 billion, with a ¥23.7 billion, or 40.5%, increase in operating income to ¥82.0 billion, a ¥19.4 billion, or 34.7%, increase in ordinary income to ¥75.0 billion, and a ¥1.9 billion, or 3.5%, increase in net income attributable to owners of parent to ¥55.0 billion.

The economic frame assumed for FY2017 is ¥115.00/\$ for foreign exchange rate for the full-year, and \$55/bbl for the full-year for crude oil price.

a. Consolidated gas sales volume forecast for FY2017

			FY2017 (Forecast)	FY2016 (Results)	Change	% change
Gas sales volume	Residential	Mil. m ³	3,590	3,466	124	3.6
	Others	Mil. m ³	11,558	12,253	-695	-5.7
	Total	Mil. m ³	15,148	15,720	-572	-3.6
Average temperature		°C	15.9	16.3	-0.4	—

b. Consolidated electric power sales volume forecast for FY2017

		FY2017 (Forecast)	FY2016 (Results)	Change	% change
Total electric power sales volume	million kWh	14,696	12,654	2,042	16.1

c. Consolidated earnings forecast for FY2017

(Unit: hundred million yen)

	Net sales	Gas sales	Other sales	Operating income	Ordinary income	Net income attributable to the parent company
FY2017 (forecast)	18,130	11,533	6,597	820	750	550
FY2016 (results)	15,870	10,400	5,470	583	556	531
Change	2,260	1,133	1,127	237	194	19
% change	14.2%	10.9%	20.6%	40.5%	34.7%	3.5%

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

(Foreign Exchange Rate and Crude Oil Price)

¥/\$ rate	FY2017 (Forecast)	FY2016 (Results)	Change	Crude oil price (\$/bbl)	FY2017 (Forecast)	FY2016 (Results)	Change
	115.00	108.38	6.62		55.00	47.51	7.49

II. Group Companies

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

1) The scope of consolidation

- Newly included subsidiaries in scope of consolidation: 7 companies

Tokyo Gas Liquid Holdings Co., Ltd., TGEI 1. LLC, TGEI 2. LLC, TG Eagle Ford Resources LP, Tokyo Gas America Power, LLC, TG TTK Power. LLC, Tokyo Gas ST Comonet Co., Ltd. (All companies are newly consolidated)

- Excluded: 6 companies

GASTAR Co., Ltd. (excluded from consolidation due to decrease in holding ratio of voting rights), Tokyo Gas Lifeval Kazusa Co., Ltd. (dissolved due to absorption-type merger), Chiba Gas Co., Ltd. (dissolved due to absorption-type merger), Tsukuba Gakuen Gas Co., Ltd. (dissolved due to absorption-type merger), Miho Gas Co., Ltd. (dissolved due to absorption-type merger), Tokyo Gas Shale Investment Ltd. (company liquidation)

2) Application of equity method

- Newly included affiliates to which the equity method is applicable

Eastern Power and Electric Company Limited (newly included)

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 29 June, 2016]

III. Basic Concept Regarding Selection of Accounting Standards

The Tokyo Gas Group is considering application of IFRS in the future, taking into account the business circumstance and influence by the application of IFRS.

IV. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	241,842	235,152
Distribution facilities	550,713	539,840
Service and maintenance facilities	59,560	53,623
Other facilities	351,950	416,142
Inactive facilities	316	316
Construction in progress	107,685	147,074
Total property, plant and equipment	1,312,068	1,392,149
Intangible assets		
Goodwill	841	1,600
Other intangible assets	136,348	77,615
Total intangible assets	137,189	79,215
Investments and other assets		
Investment securities	179,410	182,443
Long-term loans receivable	24,013	28,128
Net defined benefit asset	229	24
Deferred tax assets	40,447	40,127
Other investments and other assets	34,741	39,100
Allowance for doubtful accounts	-394	-367
Total investments and other assets	278,447	289,456
Total non-current assets	1,727,705	1,760,821
Current assets		
Cash and deposits	170,262	132,626
Notes and accounts receivable - trade	201,344	194,240
Lease receivables and investment assets	24,054	24,097
Merchandise and finished goods	3,501	2,317
Work in process	10,784	12,466
Raw materials and supplies	46,525	40,763
Deferred tax assets	8,004	9,050
Other current assets	59,808	54,259
Allowance for doubtful accounts	-472	-374
Total current assets	523,812	469,447
Total assets	2,251,518	2,230,269

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Non-current liabilities		
Bonds payable	284,997	314,997
Long-term loans payable	363,393	326,752
Deferred tax liabilities	11,321	11,299
Net defined benefit liability	89,405	73,524
Provision for gas holder repairs	3,455	3,262
Provision for safety measures	466	4,711
Provision for appliance warranties	9,538	10,298
Provision for loss on guarantees	1,678	—
Asset retirement obligations	10,695	11,975
Other noncurrent liabilities	24,490	31,650
Total non-current liabilities	799,443	788,474
Current liabilities		
Current portion of non-current liabilities	47,044	56,395
Notes and accounts payable - trade	82,352	96,413
Short-term loans payable	16,512	10,333
Income taxes payable	28,914	20,000
Deferred tax liabilities	1	—
Asset retirement obligations	53	—
Other current liabilities	162,023	145,843
Total current liabilities	336,903	328,987
Total liabilities	1,136,346	1,117,461
Net assets		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus	1,878	1,883
Retained earnings	910,353	893,436
Treasury shares	-4,441	-3,087
Total shareholders' equity	1,049,634	1,034,076
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,298	27,166
Deferred gains or losses on hedges	-2,573	-990
Foreign currency translation adjustment	44,945	36,399
Remeasurements of defined benefit plans	-18,033	4,845
Total accumulated other comprehensive income	50,636	67,422
Non-controlling interests	14,900	11,309
Total net assets	1,115,172	1,112,807
Total liabilities and net assets	2,251,518	2,230,269

(2) Consolidated statements of income and comprehensive income

(Consolidated statement of income)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	1,884,656	1,587,085
Cost of sales	1,239,020	1,051,885
Gross profit	645,636	535,200
Selling, general and administrative expenses		
Supply and sales expenses	385,572	410,125
General and administrative expenses	68,054	66,708
Total selling, general and administrative expenses	453,627	476,834
Operating profit	192,008	58,365
Non-operating income		
Interest income	615	901
Dividend income	1,878	2,178
Rent income	2,177	1,740
Share of profit of entities accounted for using equity method	2,122	3,583
Miscellaneous income	8,776	5,889
Total non-operating income	15,570	14,293
Non-operating expenses		
Interest expenses	12,158	11,514
Balance on commissioned construction	2,189	2,564
Miscellaneous expenses	4,421	2,893
Total non-operating expenses	18,769	16,971
Ordinary profit	188,809	55,688
Extraordinary income		
Gain on sales of non-current assets	—	6,610
Gain on sales of investment securities	—	9,120
Total extraordinary income	—	15,730
Extraordinary losses		
Impairment loss	28,293	2,408
Loss on valuation of investment securities	4,747	—
Total extraordinary losses	33,040	2,408
Profit before income taxes	155,768	69,010
Income taxes - current	43,782	25,271
Income taxes - deferred	-991	-10,305
Total income taxes	42,791	14,966
Profit	112,977	54,044
Profit attributable to non-controlling interests	1,040	910
Profit attributable to owners of parent	111,936	53,134

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	112,977	54,044
Other comprehensive income		
Valuation difference on available-for-sale securities	-8,363	870
Deferred gains or losses on hedges	-1,062	1,360
Foreign currency translation adjustment	3,614	-6,470
Remeasurements of defined benefit plans, net of tax	-15,904	22,875
Share of other comprehensive income of entities accounted for using equity method	-1,387	-1,844
Total other comprehensive income	-23,102	16,791
Comprehensive income	89,874	70,835
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	89,029	69,919
Comprehensive income attributable to non-controlling interests	844	915

(3) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2016 (from Apr. 1, 2015 - Mar. 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	141,844	2,065	855,776	-3,715	995,971
Changes of items during period					
Dividends of surplus			-24,151		-24,151
Profit attributable to owners of parent			111,936		111,936
Purchase of treasury shares				-33,939	-33,939
Disposal of treasury shares				5	4
Retirement of treasury shares			△33,207	33,207	
Decrease in the number of consolidated subsidiaries					
Change in ownership interest of parent due to transactions with non-controlling interests		-187			-187
Net changes of items other than shareholders' equity					
Total changes of items during period	—	-187	54,577	-726	53,663
Balance at end of current period	141,844	1,878	910,353	-4,441	1,049,634

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	34,455	-1,820	43,071	-2,163	73,543	17,747	1,087,262
Changes of items during period							
Dividends of surplus							-24,151
Profit attributable to owners of parent							111,936
Purchase of treasury shares							-33,939
Disposal of treasury shares							4
Retirement of treasury shares							—
Decrease in the number of consolidated subsidiaries							—
Change in ownership interest of parent due to transactions with non-controlling interests							-187
Net changes of items other than shareholders' equity	-8,157	-752	1,873	-15,870	-22,906	-2,846	-25,753
Total changes of items during period	-8,157	-752	1,873	-15,870	-22,906	-2,846	27,909
Balance at end of current period	26,298	-2,573	44,945	-18,033	50,636	14,900	1,115,172

Fiscal year ended March 31, 2017 (from Apr. 1, 2016 - Mar. 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	141,844	1,878	910,353	-4,441	1,049,634
Changes of items during period					
Dividends of surplus			-26,969		-26,969
Profit attributable to owners of parent			53,134		53,134
Purchase of treasury shares				-41,065	-41,065
Disposal of treasury shares				4	4
Retirement of treasury shares			-42,415	42,415	
Decrease in the number of consolidated subsidiaries			-666		-666
Change in ownership interest of parent due to transactions with non-controlling interests		4			4
Net changes of items other than shareholders' equity					
Total changes of items during period	—	4	-16,916	1,354	-15,558
Balance at end of current period	141,844	1,883	893,436	-3,087	1,034,076

	Accumulated other comprehensive income					Non-control ling interests	Total net assets
	Valuation difference on available-fo r-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulate d other comprehens ive income		
Balance at beginning of current period	26,298	-2,573	44,945	-18,033	50,636	14,900	1,115,172
Changes of items during period							
Dividends of surplus							-26,969
Profit attributable to owners of parent							53,134
Purchase of treasury shares							-41,065
Disposal of treasury shares							4
Retirement of treasury shares							—
Decrease in the number of consolidated subsidiaries							-666
Change in ownership interest of parent due to transactions with non-controlling interests							4
Net changes of items other than shareholders' equity	867	1,583	-8,545	22,879	16,785	-3,591	13,194
Total changes of items during period	867	1,583	-8,545	22,879	16,785	-3,591	-2,364
Balance at end of current period	27,166	-990	36,399	4,845	67,422	11,309	1,112,807

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	155,768	69,010
Depreciation	141,930	160,871
Impairment loss	28,293	2,408
Amortization of goodwill	344	1,059
Amortization of long-term prepaid expenses	3,256	3,433
Loss on retirement of property, plant and equipment	3,050	2,047
Loss (gain) on sales of non-current assets	-268	-6,555
Loss (gain) on sales of investment securities	-1,156	-9,120
Increase (decrease) in net defined benefit liability	-1,110	-3,374
Decrease (increase) in net defined benefit asset	-1,384	22,058
Increase (decrease) in provision for loss on guarantees	115	-1,678
Increase (decrease) in Reserve for safety measures	-4,242	4,245
Interest and dividend income	-2,494	-3,080
Interest expenses	12,158	11,514
Share of (profit) loss of entities accounted for using equity method	-2,122	-3,583
Decrease (increase) in notes and accounts receivable - trade	47,350	4,286
Decrease (increase) in inventories	28,117	3,700
Increase (decrease) in notes and accounts payable - trade	-22,993	17,567
Increase (decrease) in accrued consumption taxes	-2,436	-4,326
Decrease (increase) in prepaid expenses	-31	-1,411
Decrease (increase) in accounts receivable - other	12,864	1,997
Other, net	14,410	-1,809
Subtotal	409,422	269,261
Interest and dividend income received	11,954	14,593
Interest expenses paid	-12,547	-11,509
Income taxes paid	-54,170	-33,610
Net cash provided by (used in) operating activities	354,658	238,734
Cash flows from investing activities		
Purchase of investment securities	-1,850	-9,922
Proceeds from sales and redemption of investment securities	3,616	9,489
Purchase of property, plant and equipment	-195,060	-165,918
Purchase of intangible assets	-26,131	-29,542
Purchase of long-term prepaid expenses	-10,683	-8,322
Proceeds from sales of non-current assets	858	7,124
Payments of long-term loans receivable	-9,776	-6,073
Collection of long-term loans receivable	1,726	1,675
Other, net	894	-3,383
Net cash provided by (used in) investing activities	-236,406	-204,873
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-2,011	-6,260
Repayments of lease obligations	-1,243	-1,399
Proceeds from long-term loans payable	51,701	22,670
Repayments of long-term loans payable	-18,012	-19,982
Proceeds from issuance of bonds	—	30,000
Redemption of bonds	-43,800	-27,700
Purchase of treasury shares	-33,939	-41,065

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash dividends paid	-24,173	-26,969
Other, net	-3,938	-192
Net cash provided by (used in) financing activities	-75,418	-70,899
Effect of exchange rate change on cash and cash equivalents	-1,065	-498
Net increase (decrease) in cash and cash equivalents	41,769	-37,536
Cash and cash equivalents at beginning of period	128,333	170,102
Cash and cash equivalents at end of period	170,102	132,566

(5) Notes on consolidated financial statements

1) (Note on going concerns' premise)

Not applicable

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

Change in accounting policy

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 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.

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 FY2016.

3) (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.

In the "Main Policies FY2015–2017 for Realizing the Challenge 2020 Vision" that was announced in October 2014, the Tokyo Gas Group aimed to evolve as a total energy business and accelerate its global business development, as well as examining the ways of the Group's business management in order to promote growth areas and realize the Vision. Consequently, it has decided to review the Group's reporting segments as below, following the introduction of a new Group business management scheme in FY2016.

In addition to deepening the city gas business, the core of the Group's operating structure, the Vision considers the electric power business as a pillar of the Group's revenues and also aims to expand our business abroad to remake ourselves as a global company group, while continuing to base our business in the Tokyo metropolitan area. Since such growth areas will form important groups in future decision-making in management, the "electric power business" and "overseas business" became independent segments.

In addition, we have broken up energy that is created using natural gas as the raw material in the traditional way into "city gas" and other energy. Other energy, including the engineering solutions business and liquid gas business, which use such energy, has been reorganized as the "energy related" segment.

Furthermore, businesses involving the efficient utilization of the Group's real estate holdings represent another earnings base, and the Group therefore uses the five reporting segments of "city gas," "electric power," "overseas," "energy related," and "real estate."

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

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

City gas: City gas

Electric power: Electric power

Overseas: Overseas resource development

Energy related: Engineering solutions business (engineering, energy service, etc.), liquid gas business (liquefied petroleum gas, industrial gases), LNG sales, gas appliances, gas installation work, construction, etc.

Real estate: Leasing, management, etc. of land and buildings

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

The accounting method of reported business segments has not been changed from what is described in the important matters that form the basis of preparation of consolidated financial statements in the latest securities report (submitted June 26, 2016), apart from the changes stated in 2).

Income of reporting segment is based on operating income plus or minus investment gain or loss on equity method.

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, 2016 (from Apr. 1, 2015 - Mar. 31, 2016)

(Unit: million yen)

	Reporting segment						Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement of income (Note 3)
	City gas	Electric power	Overseas	Energy- related	Real estate	Total				
Net sales										
External sales	1,248,529	124,542	30,111	441,426	18,506	1,863,116	21,539	1,884,656	—	1,884,656
Intersegment sales & transfers	46,137	355	82	109,023	20,847	176,446	58,722	235,169	(235,169)	—
Total	1,294,667	124,897	30,194	550,450	39,354	2,039,563	80,262	2,119,826	(235,169)	1,884,656
Segment income										
Operating income (loss)	192,095	9,320	2,033	25,534	6,149	235,133	4,070	239,203	(47,194)	192,008
Investment gain on equity method	—	—	2,097	—	—	2,097	24	2,122	—	2,122
Total	192,095	9,320	4,131	25,534	6,149	237,231	4,094	241,326	(47,194)	194,131
Segment Assets	1,160,754	98,533	265,429	231,841	139,738	1,896,296	94,711	1,991,008	260,510	2,251,518
Others										
Depreciation expenses	111,846	4,636	5,585	8,980	7,404	138,452	6,558	145,011	(3,080)	141,930
Increase in property, plant, equipment, and intangible assets	168,914	12,727	17,586	15,592	6,903	221,723	5,132	226,856	(5,507)	221,349

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 “Adjustments” indicates as follows;
 - (1) The ¥(47,194) million segment income adjustment includes ¥(1,408) million in eliminations for intersegment transactions and ¥(45,786) 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.
 - (2) The ¥260,510 million segment assets adjustment includes ¥337,262 million of companywide assets not allocated to the respective reporting segments, and ¥(76,751) 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 recorded in the consolidated statement of income which is adjusted by investment gain or loss on equity method.

Fiscal year ended March 31, 2017 (from Apr. 1, 2016 - Mar. 31, 2017)

(Unit: million yen)

	Reporting segment						Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement of income (Note 3)
	City gas	Electric power	Overseas	Energy- related	Real estate	Total				
Net sales										
External sales	1,001,797	145,710	31,876	367,200	19,752	1,566,336	20,748	1,587,085	—	1,587,085
Intersegment sales & transfers	38,263	62	60	92,370	21,653	152,409	68,333	220,743	(220,743)	—
Total	1,040,061	145,772	31,937	459,570	41,405	1,718,746	89,082	1,807,828	(220,743)	1,587,085
Segment income										
Operating income (loss)	76,521	4,454	844	13,792	7,855	103,468	3,181	106,649	(48,284)	58,365
Investment gain on equity method	—	—	3,558	—	—	3,558	25	3,583	—	3,583
Total	76,521	4,454	4,402	13,792	7,855	107,026	3,206	110,233	(48,284)	61,949
Segment Assets	1,137,324	91,344	270,754	227,742	161,396	1,888,561	103,072	1,991,634	238,634	2,230,269
Others										
Depreciation expenses	126,090	8,679	6,605	9,229	7,156	157,761	6,552	164,314	(3,442)	160,871
Increase in property, plant, equipment, and intangible assets	142,223	1,815	14,061	25,230	7,594	190,926	8,145	199,072	(4,037)	195,035

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 “Adjustments” indicates as follows;
 - (1) The ¥(48,284) million segment income adjustment includes ¥276 million in eliminations for intersegment transactions and ¥(48,560) 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.
 - (2) The ¥238,634 million segment assets adjustment includes ¥302,704 million of companywide assets not allocated to the respective reporting segments, and ¥(64,069) 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 recorded in the consolidated statement of income which is adjusted by investment gain or loss on equity method.

4) (Per share information)

(Unit: yen)

	FY2015 (Apr. 2015– Mar. 2016)	FY2016 (Apr. 2016 – Mar. 2017)
Shareholders' equity per share	460.35	479.74
Net income per share	46.68	23.02

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.

	FY2015 (Apr. 2015 – Mar. 2016)	FY2016 (Apr. 2016 – Mar. 2017)
Net income attributable to the parent company (million yen)	111,936	53,134
Not attributable to common shareholders (million yen)	—	—
Net income net income attributable to the parent company with regard to the common shares (million yen)	111,936	53,134
Average number of common shares outstanding (thousand shares)	2,398,003	2,308,373

3. Basis for calculation of BPS is as follows.

	FY2015 (as of Mar. 31, 2016)	FY2016 (as of Mar. 31, 2017)
Shareholders' equity (million yen)	1,115,172	1,112,807
Deduction from shareholders' equity (million yen)	14,900	11,309
-Shares of minority shareholders (million yen)	14,900	11,309
Net shareholders' equity attributable to common shares (million yen)	1,100,271	1,101,498
Number of shares to calculate BPS (thousand shares)	2,390,078	2,296,030

5) (Material subsequent events)

1. The Company resolved at the meeting of Board of Directors held on April 28, 2017 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:

- (1) No. of shares to be repurchased: Up to 15 million shares (0.7% of the common shares outstanding)
- (2) Total value of stock repurchased: Up to ¥7,000 million
- (3) Period of acquisitions: May 2, 2017 – March 31, 2018

V. Non-Consolidated Financial Statements

(1) Balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	246,178	239,530
Distribution facilities	533,233	532,297
Service and maintenance facilities	54,945	60,425
Facilities for incidental businesses	4,940	7,907
Inactive facilities	316	316
Construction in progress	59,290	77,062
Total property, plant and equipment	898,904	917,540
Intangible assets		
Patent right	12	10
Leasehold right	1,692	1,719
Goodwill	—	129
Other intangible assets	40,065	54,238
Total intangible assets	41,770	56,097
Investments and other assets		
Investment securities	72,600	72,823
Investments in subsidiaries and associates	295,353	316,328
Long-term loans receivable	60	54
Long-term loans receivable from subsidiaries and associates	89,327	101,105
Investments in capital	13	16
Long-term prepaid expenses	17,943	22,217
Prepaid pension cost	7,420	—
Deferred tax assets	14,568	20,673
Other investments and other assets	6,371	6,728
Allowance for doubtful accounts	-240	-246
Total investments and other assets	503,419	539,699
Total non-current assets	1,444,094	1,513,337
Current assets		
Cash and deposits	93,518	84,591
Notes receivable - trade	1,034	717
Accounts receivable - trade	120,170	123,572
Accounts receivable from subsidiaries and associates - trade	48,180	36,491
Accounts receivable - other	7,518	5,706
Finished goods	86	108
Raw materials	29,775	20,249
Supplies	10,092	10,736
Advance payments	2,009	988
Prepaid expenses	942	862
Short-term receivables from subsidiaries and associates	7,566	8,475
Deferred tax assets	6,901	6,948
Other current assets	39,248	35,369
Allowance for doubtful accounts	-483	-366
Total current assets	366,562	334,451
Total assets	1,810,657	1,847,788

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Non-current liabilities		
Bonds payable	284,997	314,997
Long-term loans payable	265,372	239,337
Long-term debt to subsidiaries and associates	347	347
Provision for retirement benefits	60,574	72,044
Provision for gas holder repairs	2,966	2,849
Provision for safety measures	466	4,711
Provision for product warranties	9,538	10,298
Provision for loss on guarantees	1,678	—
Asset retirement obligations	308	311
Other noncurrent liabilities	6,692	6,712
Total non-current liabilities	632,942	651,610
Current liabilities		
Current portion of non-current liabilities	38,195	44,782
Accounts payable - trade	47,902	64,619
Accounts payable - other	49,387	39,236
Accrued expenses	33,882	44,293
Income taxes payable	23,336	15,559
Advances received	5,048	5,814
Deposits received	1,766	1,700
Short-term debt to subsidiaries and associates	128,202	129,121
Other current liabilities	9,972	8,533
Total current liabilities	337,693	353,662
Total liabilities	970,636	1,005,273
Net assets		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus		
Legal capital surplus	2,065	2,065
Total capital surpluses	2,065	2,065
Retained earnings		
Legal retained earnings	35,454	35,454
Other retained earnings		
Reserve for advanced depreciation of non-current assets	1,568	4,475
Reserve for overseas investment loss	12,369	10,996
Reserve for adjustment of cost fluctuations	141,000	141,000
General reserve	339,000	339,000
Retained earnings brought forward	156,978	154,838
Total retained earnings	686,371	685,764
Treasury shares	-4,441	-3,087
Total shareholders' equity	825,839	826,586
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	25,936	26,727
Deferred gains or losses on hedges	-11,756	-10,799
Total valuation and translation adjustments	14,180	15,928
Total net assets	840,020	842,515
Total liabilities and net assets	1,810,657	1,847,788

(2) Statements of income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Product sales		
Gas sales	1,258,601	1,011,990
Total product sales	1,258,601	1,011,990
Cost of sales		
Beginning inventories	123	86
Cost of products manufactured	709,875	551,702
Purchase of finished goods	11,453	10,622
Costs of gas for own use	1,946	1,492
Ending inventories	86	108
Total cost of sales	719,419	560,810
Gross profit	539,182	451,179
Supply and sales expenses	335,969	368,170
General and administrative expenses	70,138	68,766
Total selling, general and administrative expenses	406,107	436,937
Profit on core business	133,074	14,242
Miscellaneous operating revenue		
Revenue from installation work	41,034	41,499
Revenue from gas appliance sales	120,607	108,503
Third party access revenue	336	426
Other miscellaneous operating revenue	8,036	9,326
Total miscellaneous operating revenue	170,013	159,755
Miscellaneous operating expenses		
Expenses of installation work	40,392	40,630
Expenses of gas appliance sales	123,923	107,506
Total operating miscellaneous expenses	164,315	148,136
Revenue for incidental businesses		
Revenue from LNG sales	124,355	91,231
Revenue from power sales	101,581	126,123
Revenue from other incidental businesses	22,792	19,351
Total revenue for incidental businesses	248,730	236,706
Expenses for incidental businesses		
Expenses for LNG sales	109,381	87,914
Expense for power sales	101,056	125,781
Expenses for other incidental businesses	22,035	19,386
Total expenses for incidental businesses	232,474	233,081
Operating profit	155,028	29,486

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Non-operating income		
Interest income	719	589
Interest on securities	22	—
Dividend income	1,653	1,510
Dividends from subsidiaries and affiliates	9,693	9,915
Rent income	4,080	4,742
Miscellaneous income	7,646	5,247
Total non-operating income	23,815	22,006
Non-operating expenses		
Interest expenses	4,560	4,400
Interest on bonds	5,953	5,315
Amortization of bond issuance cost	—	182
Balance on commissioned construction	2,270	2,597
Miscellaneous expenses	2,006	1,962
Total non-operating expenses	14,791	14,458
Ordinary profit	164,052	37,034
Extraordinary income		
Gain on sales of non-current assets	—	6,595
Gain on Sale of Investment Securities	—	7,677
Gain on Sales of Subsidiaries and Affiliates Stock	—	14,863
Gain on extinguishment of tie-in shares	—	15,454
Total extraordinary income	—	44,590
Extraordinary losses		
Impairment loss	144	—
Loss on valuation of investment securities	2,708	—
Loss on valuation of subsidiaries investment securities	31,263	—
Total extraordinary losses	34,116	—
Profit before income taxes	129,935	81,624
Income taxes – current	33,749	18,532
Income taxes – deferred	2,620	-5,684
Total income taxes	36,369	12,847
Profit	93,566	68,777