

Consolidated Financial Results Bulletin for the 1st Quarter Ended June 30, 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

Scheduled date of the filing of quarterly report: August 14, 2017
 Scheduled date of the start of dividend payments: —
 Preparation of 1Q earnings presentation material (yes/no): **Yes**
 Holding of 1Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for 1st Quarter (from April 1, 2017 to June 30, 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	
	Amount	% change	Amount	% change	Amount	% change	Amount	% change
Three months ended Jun. 30, 2017	404,100	7.6%	34,673	-26.4%	35,887	-24.0%	27,855	-28.9%
Three months ended Jun. 30, 2016	375,716	-22.9%	47,101	-50.2%	47,203	-49.5%	39,187	-46.6%

Note: Total comprehensive income

Three months ended June 30, 2017: 21,024 million yen (-22.4%) Three months ended June 30, 2016: 27,109 million yen (-64.5%)

	Net profit per share	Diluted net profit per share
Three months ended Jun. 30, 2017	12.18 yen	—
Three months ended Jun. 30, 2016	16.71 yen	—

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio
As of Jun. 30, 2017	2,215,967	1,113,975	49.8%
As of Mar. 31, 2017	2,230,269	1,112,807	49.4%

Reference: Shareholders' equity

As of June 30, 2017: 1,102,755 million yen As of March 31, 2017: 1,101,498 million yen

2. Dividend

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
FY2016 ended Mar. 31, 2017	—	5.50	—	5.50	11.00
FY2017 ending Mar. 31, 2018	—	—	—	—	—
FY2017 ending Mar. 31, 2018 (Forecast)	—	5.50	—	27.50	—

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

* 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
	Value	% Change	Value	% Change	Value	% Change	Value	% Change	Value
Full-year	1,808,000	13.9%	84,000	43.9%	80,000	43.7%	61,000	14.8%	133.50 yen

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

* The Company plans to consolidate its common shares at a rate of 5 shares to 1 effective October 1, 2017. 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*

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

Note: Please see page 8 of the Attachment, “2. Consolidated Financial Statements and Main Notes (3) Notes on consolidated financial statements (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: *No*

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

3) Change in accounting estimates: *No*

4) Retrospective restatements: *No*

(4) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	Jun. 30, 2017	2,302,856,295	Mar. 31, 2017	2,302,856,295
2) Number of shares of treasury stock at end of period:	Jun. 30, 2017	19,339,918	Mar. 31, 2017	6,826,541
3) Average number of shares during period:	Apr. – Jun. 2017	2,287,687,430	Apr. – Jun. 2016	2,345,255,532

* Quarterly review procedures do not apply to the Consolidate Financial Results Bulletins.

* 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. Overview of Business Performance, etc.: (2) Future outlook” for matters concerning the above forecasts.

2. A share consolidation was approved at the 217th annual shareholders meeting held on June 29, 2017, and thus the Company plans to consolidate its common shares at a rate of 5 shares to 1 effective October 1, 2017. 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: 26.70 yen
- Non-consolidated results forecast for FY2017 ending March 31, 2018 Net income per share: 18.82 yen
- Dividend forecast for FY2017 ending March 31, 2018 Dividend per share: 11.00 yen

3. The information related to this Financial Results will be posted on the Web site of the Company.

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
		(% of change)		(% of change)		(% of change)		(% of change)	
Full-year	1,601,000	13.7%	55,000	86.5%	56,000	51.2%	43,000	-37.5%	94.11 yen

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

* The Company plans to consolidate its common shares at a rate of 5 shares to 1 effective October 1, 2017. 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.

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1. Overview of Business Performance, etc.

(1) Overview of business performance of the 1st quarter

<Summary by segment>

(Unit: million yen)

		City gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2017	271,757	45,296	11,714	97,593	10,443	19,611
	(% of total)	(59.5%)	(9.9%)	(2.6%)	(21.4%)	(2.3%)	(4.3%)
	FY2016	256,848	27,306	7,376	100,731	10,062	18,820
	(% of total)	(60.9%)	(6.5%)	(1.8%)	(23.9%)	(2.4%)	(4.5%)
	Amount of change	14,909	17,990	4,338	-3,138	381	791
	(Rate of change)	5.8%	65.9%	58.8%	-3.1%	3.8%	4.2%
Operating expenses	FY2017	235,883	42,202	10,188	96,483	8,153	19,417
	(% of total)	(57.2%)	(10.2%)	(2.5%)	(23.4%)	(2.0%)	(4.7%)
	FY2016	206,692	26,978	6,843	96,125	7,861	18,600
	(% of total)	(56.9%)	(7.4%)	(1.9%)	(26.5%)	(2.2%)	(5.1%)
	Amount of change	29,191	15,224	3,345	358	292	817
	(Rate of change)	14.1%	56.4%	48.9%	0.4%	3.7%	4.4%
Segment profit	FY2017	35,873	3,093	1,963	1,110	2,290	185
	(% of total)	(80.7%)	(6.9%)	(4.4%)	(2.5%)	(5.1%)	(0.4%)
	FY2016	50,155	327	1,203	4,606	2,201	207
	(% of total)	(85.3%)	(0.6%)	(2.1%)	(7.8%)	(3.8%)	(0.4%)
	Amount of change	-14,282	2,766	760	-3,496	89	-22
	(Rate of change)	-28.5%	845.7%	63.2%	-75.9%	4.0%	-10.6%

Note: Figures for sales include internal transactions. Figures for operating expenses do not include expenses that cannot be allocated to specific segments. Figures for segment profit are adjusted against the amount based on operating profit of consolidated financial statements plus or minus investment income or loss on equity method.

<Consolidated Gas Sales Volume for Three Months Ended June 30, 2017>

			Apr. – Jun. 2017	Apr. – Jun. 2016	Change	% change
No. of customers	Thousands		11,553	11,418	135	1.2
Gas sales volume	Residential	Mil. m ³	861	828	33	4.1
	Commercial	Mil. m ³	590	578	12	2.1
	Industrial	Mil. m ³	1,821	1,691	130	7.7
	Subtotal	Mil. m ³	2,412	2,269	143	6.3
	Supplies to other utilities	Mil. m ³	437	507	-70	-13.7
	Total	Mil. m ³	3,710	3,604	106	3.0
Average temperature	°C		16.7	17.3	-0.6	—

Notes:

- No. of customers indicates the number of Tokyo Gas' city gas meters installed within the supply area as of end of June 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.

<Consolidated Electric Power Sales Volume for Three Months Ended June 30, 2017>

			Apr. – Jun. 2017	Apr. – Jun. 2016	Change	% change
Electric power sales volume	Retail	million kWh	785	157	628	399.9
	Others	million kWh	2,587	2,523	64	2.6
	Total	million kWh	3,372	2,680	692	25.8

<Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	Apr. – Jun. 2017	Apr. – Jun. 2016	Change	Crude oil price (\$/bbl)	Apr. – Jun. 2017	Apr. – Jun. 2016	Change
	111.09	108.16	2.93		53.36	41.12	12.24

(2) Future outlook

a. Consolidated gas sales volume forecast for FY2017

			FY2017 (Forecast)	FY2016 (Results)	Change	% change
Gas sales volume	Residential	Mil. m ³	3,567	3,466	101	2.9
	Others	Mil. m ³	11,759	12,254	-495	-4.0
	Total	Mil. m ³	15,326	15,720	-394	-2.5
Average temperature		°C	16.0	16.3	-0.3	—

b. Consolidated electric power sales volume forecast for FY2017

		FY2017 (Forecast)	FY2016 (Results)	Change	% change
Total electric power sales volume	million kWh	14,615	12,654	1,961	15.5

c. Consolidated earnings forecast for FY2017

(Unit: hundred million yen)

	Net sales			Operating profit	Ordinary profit	Net profit attributable to the parent
	Gas sales	Other sales				
FY2017 (forecast)	18,080	11,508	6,572	840	800	610
FY2016 (results)	15,870	10,400	5,470	583	556	531
Change	2,210	1,108	1,102	257	244	79
% change	13.9%	10.6%	20.1%	43.9%	43.7%	14.8%

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
		114.02	108.38		5.64		54.59

2. Consolidated Financial Statements and Main Notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	235,152	230,961
Distribution facilities	539,840	532,610
Service and maintenance facilities	53,623	52,146
Other facilities	416,142	417,403
Inactive facilities	316	316
Construction in progress	147,074	140,958
Total property, plant and equipment	1,392,149	1,374,396
Intangible assets		
Goodwill	1,600	1,507
Other intangible assets	77,615	77,638
Total intangible assets	79,215	79,146
Investments and other assets		
Investment securities	182,443	204,286
Long-term loans receivable	28,128	26,843
Net defined benefit asset	24	15
Deferred tax assets	40,127	37,963
Other investments and other assets	39,100	38,289
Allowance for doubtful accounts	-367	-385
Total investments and other assets	289,456	307,013
Total non-current assets	1,760,821	1,760,555
Current assets		
Cash and deposits	132,626	119,681
Notes and accounts receivable - trade	194,240	166,379
Lease receivables and investment assets	24,097	23,486
Securities	—	5
Merchandise and finished goods	2,317	2,261
Work in process	12,466	16,949
Raw materials and supplies	40,763	51,149
Deferred tax assets	9,050	10,153
Other current assets	54,259	65,652
Allowance for doubtful accounts	-374	-306
Total current assets	469,447	455,412
Total assets	2,230,269	2,215,967

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Non-current liabilities		
Bonds payable	314,997	294,998
Long-term loans payable	326,752	324,348
Deferred tax liabilities	11,299	11,324
Net defined benefit liability	73,524	70,653
Provision for gas holder repairs	3,262	3,386
Provision for safety measures	4,711	4,193
Provision for appliance warranties	10,298	10,140
Asset retirement obligations	11,975	11,703
Other noncurrent liabilities	31,650	61,280
Total non-current liabilities	788,474	792,028
Current liabilities		
Current portion of non-current liabilities	56,395	88,681
Notes and accounts payable - trade	96,413	74,386
Short-term loans payable	10,333	11,000
Income taxes payable	20,000	14,729
Other current liabilities	145,843	121,165
Total current liabilities	328,987	309,963
Total liabilities	1,117,461	1,101,992
Net assets		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus	1,883	1,885
Retained earnings	893,436	908,742
Treasury shares	-3,087	-10,100
Total shareholders' equity	1,034,076	1,042,371
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,166	30,812
Deferred gains or losses on hedges	-990	-724
Foreign currency translation adjustment	36,399	26,832
Remeasurements of defined benefit plans	4,845	3,463
Total accumulated other comprehensive income	67,422	60,384
Non-controlling interests	11,309	11,219
Total net assets	1,112,807	1,113,975
Total liabilities and net assets	2,230,269	2,215,967

(2) Consolidated statements of income and comprehensive income

(Consolidated statement of income : Three months ended June 30, 2017)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	375,716	404,100
Cost of sales	216,386	264,032
Gross profit	159,329	140,067
Selling, general and administrative expenses		
Supply and sales expenses	96,292	90,596
General and administrative expenses	15,936	14,798
Total selling, general and administrative expenses	112,228	105,394
Operating profit	47,101	34,673
Non-operating income		
Interest income	190	271
Dividend income	1,358	2,140
Share of profit of entities accounted for using equity method	658	429
Miscellaneous income	2,185	2,321
Total non-operating income	4,392	5,162
Non-operating expenses		
Interest expenses	2,817	2,853
Miscellaneous expenses	1,472	1,094
Total non-operating expenses	4,290	3,947
Ordinary profit	47,203	35,887
Extraordinary income		
Gain on sales of non-current assets	—	3,214
Gain on sales of investment securities	2,916	—
Total extraordinary income	2,916	3,214
Profit before income taxes	50,120	39,102
Income taxes	10,787	11,055
Profit	39,332	28,047
Profit attributable to non-controlling interests	144	191
Profit attributable to owners of parent	39,187	27,855

(Consolidated statement of comprehensive income : Three months ended June 30, 2017)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	39,332	28,047
Other comprehensive income		
Valuation difference on available-for-sale securities	-5,038	3,661
Deferred gains or losses on hedges	-52	124
Foreign currency translation adjustment	-9,048	-8,562
Remeasurements of defined benefit plans, net of tax	4,020	-1,380
Share of other comprehensive income of entities accounted for using equity method	-2,103	-865
Total other comprehensive income	-12,222	-7,022
Comprehensive income	27,109	21,024
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26,984	20,817
Comprehensive income attributable to non-controlling interests	125	207

(3) Notes on consolidated financial statements

(Note on going concerns' premise)

Not applicable

(Significant changes in shareholders' equity)

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.

- Purchase period May 9 – May 23, 2017 (contract basis)
- Number of shares purchased 12,490 thousand shares
- Total amount of purchase ¥6,999 million
- Purchase method Market buying by specified fund trust on the Tokyo Stock Exchange

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

Calculation of taxes

Taxes are calculated by multiplying profit before income taxes for the first-quarter period under review by the reasonably estimated effective tax rate subsequent to the application of tax effect accounting to the profit income before income taxes for the current consolidated fiscal year ending March 31, 2018 including the first quarter under review.