

Consolidated Results Bulletin: Year ending March 2001

Tokyo Gas Co., Ltd.

Code No.: 9531

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Shares listed on:Tokyo Stock Exchange, Osaka Securities Exchange,
Nagoya Stock Exchange

Location of head office (prefecture): Tokyo

Meeting of board of directors to approve end of year accounts: May 21, 2001

Application of U.S. accounting standards (yes/no): No

1. Consolidated results for year ending March 2001 (April 1, 2000 to March 31, 2001)**(1) Consolidated business results**

(Rounded down to the nearest million yen)

	Sales		Operating profits		Ordinary profits	
	(Unit: ¥1 million)	(%)	(Unit: ¥1 million)	(%)	(Unit: ¥1 million)	(%)
Year ending March 2001	1,086,770	9.5	103,659	49.7	66,875	53.0
Year ending March 2000	992,255	-0.6	69,233	-4.2	43,720	2.8

	Current net profits	Net earnings per share	Net earnings per share adjusted for latent shares	Net rate of return on shareholders' equity	Ratio of current profits to total capital	Ratio of current profits to sales
	(Unit: ¥1 million)	(Unit: ¥1)	(Unit: ¥1)	(%)	(%)	(%)
Year ending March 2001	27,595	9.82	9.13	5.3	3.7	6.2
Year ending March 2000	26,698	9.50	8.84	5.9	2.5	4.4

Note: 1. Profit or loss on investment accounted for by equity method:

Year ending March 2001 ¥348 million

Year ending March 2000 ¥392 million

2. Average number of shares outstanding during the term

Year ending March 2001 2,809,994,019 shares

Year ending March 2000 2,809,995,119 shares

3. Changes in accounting methods: None

4. Percentage figures on sales, operating profits, ordinary profits and current net profits indicate the percentage change with the previous year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Ratio to shareholders' equity	Shareholders' equity per share
	(Unit: ¥1 million)	(Unit: ¥1 million)	(%)	(Unit: ¥1)
Year ending March 2001	1,797,669	552,790	30.8	196.72
Year ending March 2000	1,805,086	484,239	26.8	172.33

Note: Number of outstanding shares (consolidated basis) at year end:

Year ending March 2001 2,810,003,266 shares

Year ending March 2000 2,809,996,081 shares

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Balance of cash and cash equivalents at year end
	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1 million)
Year ending March 2001	187,512	-115,846	-104,426	64,575
Year ending March 2000	154,641	-124,333	22,802	97,327

(4) Scope of subsidiaries and affiliates and application of equity method

Consolidated subsidiaries: 14

Non-consolidated subsidiaries accounted for by equity method: -

Consolidated affiliates accounted for by equity method: 1

(5) Changes in scope of consolidated subsidiaries and affiliates and application of equity method

Consolidated subsidiaries

Newly added: -

Excluded: -

By equity method

Newly added: -

Excluded: -

2. Results forecast for the year ending March 2002 (April 1, 2001 to March 31, 2002)

	Sales	Ordinary profits	Current net profits
	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1 million)
Interim results	488,000	11,000	7,000
Annual results	1,100,000	56,000	35,000

Reference: Forecast annual net earnings per share (full year): ¥12.46

<Consolidated Results>

1. Business Policy

The era of mega-competition is becoming evident in the energy market with participation by electric and gas utilities in each other's fields and entry by newcomers as the deregulation trend proceeds. In January 2001, an ad-hoc group was established for the study of basic issues in the condition of the gas market in Japan. It is the group's mission to pursue discussions aimed at portraying the kind of regulatory framework that will be needed about ten years in the future if Japan's gas industry is to be both up to international standards and competitive, and identifying the steps leading up to the realization of this framework.

Tokyo Gas views these changes in the business environment as an opportunity to broaden and expand its business domain. To take full advantage of them and achieve steady advancement on a group-wide level, it formulated a medium-term management plan (FY2000 - 2004) in November 1999. The plan lays out a preferential format for the Tokyo Gas Group as a "new public utility" simultaneously satisfying the two prerequisites of making contributions to customers and communities as a public service enterprise, and increasing its corporate value as a joint-stock firm.

To attain this group-level objective, the company has placed at the core of its Group management development of business on the periphery of natural gas. It has posted the expansion of its own earnings as well as those of the rest of the Group members as a fundamental agenda item, alongside maximal use of human resources. To this effect, it reorganized the member firms into ten business fields, including energy sales, application of cryogenic energy, and chemicals. In each field, it is carrying out an extensive revision of arrangements and designating a key company to play a leading role. At present, it is therefore deploying policy for expanded income and profit on a consolidated basis, as well as growth driven by its own gas business.

Tokyo Gas will be stepping up its efforts to set up new fields of business and consolidate or close down companies, withdrawing from unprofitable operations, in accordance with a cool and objective ranking of growth potential with the aim of listing these businesses on the stock exchange.

2. Business Performance

Summary of results for the year ending March 2001

During fiscal 2000, the basic tone of the Japanese economy continued to fall short of autonomous recovery, partly because personal consumption remained sluggish. Uncertainty about its future course deepened amid the trend of a weak yen and slumping stock prices persisting from the second half of the previous year. As such, circumstances surrounding corporate enterprises remained harsh.

In this economic situation, the company's gas sales were able to maintain a trend of steady growth. In spite of the influence of rate reductions and other such factors, gas sales revenue showed a smooth increase, thanks in part to revision of unit charges in accordance with provisions for adjustment for feedstock costs.

While feedstock costs increased due to the jump in crude oil prices, Tokyo Gas promoted further rationalization and continued to do its utmost to curtail overhead, personnel expenses, and other costs.

As a result, the company posted consolidated sales of 1,086.7 billion yen, up 9.5 % (from fiscal 1999), operating profit of 103.6 billion yen, up 49.7 %, and an ordinary profit of 66.8 billion yen, up 53.0 %. During the term in question, it posted a sum of 21.9 billion yen in special losses associated with unfunded obligations arising from amendment of accounting standards for retirement benefits. This brought its current net profit to 27.5 billion yen, up 3.4 %.

<Consolidated Statements>**Consolidated Balance Sheet**

(Unit: ¥1 million)

Account	Current year (ending March 31, 2001)	Previous year (ending March 31, 2000)	Change
(Assets)			
Fixed assets	1,517,353	1,491,020	26,333
Tangible fixed assets	1,292,178	1,333,551	-41,373
Production facilities	285,889	286,946	-1,057
Distribution facilities	505,477	496,183	9,294
Business facilities	80,601	85,551	-4,950
Other facilities	324,084	340,911	-16,827
Idle facilities	5	5	—
Construction in progress	96,121	123,953	-27,832
Intangible fixed assets	19,251	19,819	-568
Other intangible fixed assets	19,251	19,819	-568
Investments, etc.	205,923	137,648	68,275
Investment securities	125,641	32,181	93,460
Long-term loans receivable	4,945	5,366	-421
Deferred tax assets	19,359	41,559	-22,200
Miscellaneous investments	57,122	59,922	-2,800
Allowances for doubtful accounts	-1,144	-1,381	237
Current assets	280,315	314,065	-33,750
Cash and deposits	21,509	57,926	-36,417
Notes and accounts receivable	127,036	125,512	1,524
Inventories	27,419	27,059	360
Deferred tax assets	8,260	7,559	701
Other current assets	97,188	97,512	-324
Allowances for doubtful accounts	-1,098	-1,504	406
Total assets	1,797,669	1,805,086	-7,417

(Unit: ¥1 million)

Account	Current year (ending March 31, 2001)	Previous year (ending March 31, 2000)	Change
(Liabilities)			
Fixed liabilities	874,231	1,002,529	-128,298
Straight bonds	248,843	258,943	-10,100
Convertible bonds	245,445	355,334	-109,889
Long-term bank loans payable	214,040	229,357	-15,317
Deferred tax liabilities	2,662	275	2,387
Estimated retirement allowances	—	106,392	-106,392
Estimated retirement benefits	134,215	—	134,215
Allowances for repairs of gas holders	3,324	3,341	-17
Other fixed liabilities	25,700	48,885	-23,185
Current liabilities	366,990	314,697	52,293
Fixed liabilities due within one year	122,032	71,959	50,073
Notes and accounts payable	43,285	39,284	4,001
Short-term bank loans payable	39,921	41,641	-1,720
Corporation tax payable, etc.	27,721	19,885	7,836
Deferred tax liabilities	5	45	-40
Other current liabilities	134,023	141,881	-7,858
Total liabilities	1,241,222	1,317,227	-76,005
Minority interest	3,656	3,619	37
(Shareholders' equity)			
Common stock	141,817	141,817	—
Additional paid-in capital	2,038	2,038	—
Consolidated retained earnings	353,793	340,386	13,407
Mark-up from revaluation of securities	55,139	—	55,139
Translation adjustment account	3	—	3
	552,793	484,242	68,551
Treasury stock	-2	-3	1
Total shareholders' equity	552,790	484,239	68,551
Total liabilities, minority interest and shareholders' equity	1,797,669	1,805,086	-7,417

Consolidated Statement of Income

(Unit: ¥1 million)

Account	Current year (April 2000 - March 2001)	Previous year (April 1999 - March 2000)	Change
Sales	1,086,770	992,255	94,515
Cost of sales	561,006	483,813	77,193
(Gross profit)	(525,764)	(508,441)	(17,323)
Supply and sales expenses	348,624	344,675	3,949
General and administrative expenses	73,480	94,532	-21,052
(Operating profit)	(103,659)	(69,233)	(34,426)
Non-operating income	8,372	10,202	-1,830
Interest income	205	210	-5
Dividend income	1,190	1,072	118
Return on investment accounted for by equity method	348	392	-44
Depreciation of construction costs	1,026	205	821
Income from rents	881	770	111
Miscellaneous revenues	4,721	7,551	-2,830
Non-operating expenses	45,156	35,716	9,440
Interest paid	22,866	23,366	-500
Balance on commissioned construction	6,271	7,837	-1,566
Environmental conditioning costs	5,568	—	5,568
Miscellaneous expenditures	10,449	4,512	5,937
(Ordinary profit)	(66,875)	(43,720)	23,155
Special profits	163	514	-351
Gain on sales of fixed assets	163	514	-351
Special losses	21,953	496	21,457
Loss from sale of fixed assets	46	10	36
Losses on compression of fixed assets	129	485	-356
Unfunded obligations arising from amendment of accounting standards for retirement benefits	21,776	-	21,776
Unadjusted (for tax, etc.) net income for the current year	45,084	43,738	1,346
Corporation tax, residence tax and business tax	25,436	16,064	9,372
Corporate taxes, etc.	-8,026	713	-8,739
Minority shareholder profit (loss)	80	261	-181
Current net profits	27,595	26,698	897

Statement of consolidated Retained Earnings

(Unit: ¥1 million)

Account	Current year (April 2000 - March 2001)		Previous year (April 1999 - March 2000)		Change
Initial balance of consolidated retained earnings	340,386		277,589		
Prior year tax-effect adjustment	—	340,386	49,233	326,822	13,564
Increase in consolidated retained earnings					
Increase in retained earnings due to addition of consolidated subsidiaries	—		493		
Increase in retained earnings due to addition of companies accounted for by equity method	—	—	573	1,067	-1,067
Decrease in consolidated retained earnings					
Dividends	14,050		14,050		
Directors' bonuses	137	14,187	151	14,201	-14
Current net profits	27,595		26,698		897
Year-end balance of consolidated retained earnings	353,793		340,386		13,407

Consolidated Statement of Cash Flows

(Unit: ¥1 million)

Account	Current year (April 2000 - March 2001)	Previous year (April 1999 - March 2000)	Change
I. Cash flow from operating activities			
Net income prior to adjustment for tax, etc.	45,084	43,738	1,346
Depreciation	146,419	136,214	10,205
Amortization of long-term prepaid expenses	3,955	4,092	-137
Loss on retirement of tangible fixed assets	3,348	4,330	-982
Loss on redemption of bonds	3,368	8	3,360
Change in allowances for doubtful accounts	-643	-104	-539
Change in provision for retirement benefits (retirement allowances, etc.)	6,462	-3,747	10,209
Interest and dividends earned	-1,395	-1,282	-113
Interest paid	22,866	23,366	-500
Change in accounts payable	-1,673	-10,638	8,965
Change in consumption tax payable, etc.	-4,561	7,396	-11,957
Other	4,239	-6,705	10,944
Sub-total	227,471	196,667	30,804
Proceeds from interest and dividends	1,465	1,310	155
Payment of interest	-23,232	-23,149	-83
Payment of corporation tax, etc.	-18,191	-20,186	1,995
Cash flow from operating activities	187,512	154,641	32,871
II. Cash flow from investing activities			
Purchases of investment securities	-4,580	-664	-3,916
Purchases of tangible fixed assets	-103,609	-115,324	11,715
Purchases of intangible fixed assets	-7,599	-5,176	-2,423
Spending on long-term prepaid expenses	-1,499	-3,169	1,670
Income from sales of fixed assets	926	226	700
Spending on lending of long-term loans	-806	-655	-151
Proceeds from recovery of long-term loans receivable	1,227	804	423
Other	94	-373	467
Cash flow from investing activities	-115,846	-124,333	8,487
III. Cash flow from financing activities			
Net decrease in short-term debt	-1,720	-10,279	8,559
Proceeds from long-term debt	32,359	34,698	-2,339
Payments for long-term debt	-53,539	-45,527	-8,012
Proceeds from bond issues	27,000	60,000	-33,000
Payments for redemption of bonds	-94,429	-1,997	-92,432
Dividend payments	-14,047	-14,053	6
Payment of dividends to minority shareholders	-49	-39	-10
Cash flow from financing activities	-104,426	22,802	-127,228
IV. Difference due to conversion of cash and cash equivalents	7	—	7
V. Increase in cash and cash equivalents	-32,752	53,110	-85,862
VI. Increase in cash and cash equivalents due to addition of consolidated subsidiaries	—	6	-6
VII. Cash and cash equivalents at beginning of year	97,327	44,210	53,117
VIII. Cash and cash equivalents at end of year	64,575	97,327	-32,752

Segment Information

(1) Segment information by category of business

(Unit: ¥1 million)

	Gas	Gas appliances	Construction orders received	Building lease	Other business	Total	Corporate and eliminations	Consolidated	
Current year	I. Sales and operating profit (loss)								
	Sales								
	(1) External sales	740,731	145,434	67,610	15,602	117,391	1,086,770	—	1,086,770
	(2) Intersegment sales and transfers	—	1,081	4,296	21,998	42,185	69,563	(69,563)	—
	Total	740,731	146,516	71,907	37,601	159,577	1,156,333	(69,563)	1,086,770
	Operating expenses	590,784	139,888	67,951	29,515	149,450	977,591	5,520	983,111
Operating profit (loss)	149,946	6,627	3,955	8,085	10,127	178,742	(75,083)	103,659	
Current year	II. Assets, depreciation expenses and capital expenditures								
	Assets	1,125,540	58,026	22,713	240,975	224,972	1,672,228	125,441	1,797,669
	Depreciation expenses	119,703	651	138	12,727	14,319	147,540	(1,120)	146,419
	Capital expenditures	98,100	548	103	2,048	10,181	110,983	(1,084)	109,898
Previous year	I. Sales and operating profit (loss)								
	Sales								
	(1) External sales	672,069	126,747	63,948	14,959	114,530	992,255	—	992,255
	(2) Intersegment sales and transfers	—	1,169	4,702	22,882	44,289	73,044	(73,044)	—
	Total	672,069	127,916	68,651	37,841	158,819	1,065,299	(73,044)	992,255
	Operating expenses	530,686	125,139	66,699	29,587	147,322	899,435	23,586	923,021
Operating profit (loss)	141,383	2,777	1,951	8,254	11,496	165,864	(96,630)	69,233	
Previous year	II. Assets, depreciation expenses and capital expenditures								
	Assets	1,148,758	53,311	22,451	252,016	224,176	1,700,712	104,373	1,805,086
	Depreciation expenses	109,107	753	169	12,990	14,160	137,182	(968)	136,214
	Capital expenditures	107,388	481	115	2,282	12,740	123,008	(1,202)	121,806

Notes: 1. Classification of business categories and main products in each category of business

Business categories are classified by aggregate sale category in accordance with the Gas Business Accounting Regulations.

Business categories	Main products
Gas	Gas
Gas appliances	Gas appliances
Construction orders received	Gas construction work
Building lease	Lease and management of buildings, etc.
Other businesses	District heating and cooling, coke, LPG, petroleum products, credit leases, information processing services, general engineering

2. The main unapportionable operating expenses included under “corporate and eliminations” are general expenses relating to the administration department of the company submitting the consolidated financial statements.

Current year: ¥73,478 million (previous year: ¥94,530 million)

3. The main assets of all companies included under “corporate and eliminations” are assets relating to surplus invested funds (cash and deposits), deferred tax assets and long-term investment funds (investment securities)

Current year: ¥182,013 million (previous year: ¥159,058 million)

(2) Segment information by location

Not applicable due to absence of overseas consolidated subsidiaries.

(3) Overseas sales

Not included due to insignificance of overseas sales as a proportion of consolidated sales.