April 28, 2004

FY2003 ended March 2004
Consolidated Results Bulletin
Tokyo Gas Co., Ltd.

Code No.: 9531
(URL http://www.tokyo-gas.co.jp)
Representative : Mr. Norio Ichino , President
Contact: Mr. Toshikatsu Kan-no, Manager, Consolidated Tax Group
Tel: 03-5400-7736
Meeting of board of directors to approve end of year accounts: April 27, 2004
Application of U.S. accounting standards (yes/no): No

Shares listed on:
Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange
Location of head office (prefecture): Tokyo

I. Summary

1. Consolidated results for FY2003 ended March 2004 (April 1, 2003 - March 31, 2004)

(a) Consolidated business results (Rounded down to the nearest million yen)

	Sales		Operating profits		Ordinary profits	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
FY2003 ended Mar. 2004	1,151,824	2.1	152,287	23.5	131,093	42.6
FY2002 ended Mar. 2003	1,127,633	2.7	123,294	11.5	91,955	14.1

	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
	(million yen)	(%)	(Unit: ¥)	(Unit: ¥)	(%)	(%)	(%)
FY2003 ended Mar. 2004	44,787	-24.3	16.44	14.98	7.6	7.8	11.4
FY2002 ended Mar. 2003	59,201	14.0	21.18	19.11	10.4	5.4	8.2

Note:
1. Profit or loss on investment accounted for by equity method:
   FY2003 ended March 2004 ¥236 million
   FY2002 ended March 2003 ¥220 million
2. Average number of shares outstanding during the term
   FY2003 ended March 2004 2,721,032,069 shares
   FY2002 ended March 2003 2,791,588,384 shares
3. Changes in accounting methods: Yes
4. Percentage figures on sales, operating profits, ordinary profits and current net profits indicate the percentage change on the previous year.

(b) Consolidated financial position

	Total assets	Shareholders' equity	Ratio to shareholders' equity	Shareholders' equity per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: ¥)
FY2003 ended Mar. 2004	1,666,828	598,453	35.9	221.53
FY2002 ended Mar. 2003	1,676,064	579,706	34.6	208.65

Note: Number of outstanding shares (consolidated basis) at year end:
FY2003 ended March 2004 2,701,145,351 shares
FY2002 ended March 2003 2,777,997,987 shares

(c) 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: million yen)	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)
FY2003 ended Mar. 2004	217,608	-126,038	-99,744	43,960
FY2002 ended Mar. 2003	213,532	-110,143	-78,517	52,129

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

Consolidated subsidiaries: 18

Non-consolidated subsidiaries accounted for by equity method: -

Affiliates accounted for by equity method: 1

(e) 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 FY2004 ending March 2005 (April 1, 2004 - March 31, 2005)

(Unit: million yen)

	Sales	Ordinary profits	Current net profits
Mid-term	516,000	36,000	24,000
Full term	1,197,000	131,000	86,000

(Reference)
1. Forecast net income per share (full year): ¥31.81
2. Forecast operating profit (full year): ¥145,000 million
3. The company is planning to expand the scope of consolidation from FY2004, making a total of 51 consolidated subsidiaries.

* The forecast above was prepared on the basis of information available at the time of the release of this document. Due to various factors, the actual result may vary from these forecast data.

II. Profile of the Tokyo Gas Group

The Tokyo Gas Group is composed of Tokyo Gas Co., Ltd., and 112 affiliates (consisting of 63 subsidiaries and 49 other affiliates). The number of consolidated subsidiaries is 18, and the equity method is applied for one other affiliate. The Group is engaged in business in the divisions of gas, gas appliances, contracted construction work, building lease, and other business.
The following is the main fields of business of Tokyo Gas and the consolidated companies, and their position in the business in question, in each division.

Gas business
Tokyo Gas Co., Ltd. manufactures, supplies, and sells gas, and also engages in the wholesale supply of gas and sale of LNG to city gas suppliers such as Chiba Gas Co., Ltd. and Tsukuba Gakuen Gas Co., Ltd.
Gas Malaysia Sdn. Bhd. (an affiliate accounted for by the equity method) supplies and sells gas in Malaysia.

Gas appliances business
Tokyo Gas Co., Ltd. sells gas appliances through companies such as Kanpai Co., Ltd., Kanpai Living Service Co., Ltd., Enesta and Enefit. Gastar Co., Ltd. sells gas appliances to Tokyo Gas Co., Ltd on a wholesale basis.

Contracted construction work business
Gas-related construction work is performed by Tokyo Gas Co., Ltd.　Kanpai Co., Ltd. performs gas pipe laying work ordered by Tokyo Gas Co., Ltd.

Building lease business
Tokyo Gas Urban Development Co., Ltd. leases buildings to Tokyo Gas Co., Ltd. and others.

Other business
Tokyo Gas Co., Ltd. sells LPG through Tokyo Gas Energy Co., Ltd., as an associated business.
Energy Advance Co., Ltd. receives gas supplies from Tokyo Gas Co., Ltd. and other companies and carries out district supply of cold and hot water and vapor.
Using LNG cryogenic energy sold by Tokyo Gas Co., Ltd., Tokyo Oxygen and Nitrogen Co., Ltd. manufactures and sells products such as liquefied nitrogen.
Tokyo Gas Engineering Co. Ltd. builds gas-related facilities, etc. ordered by Tokyo Gas Co., Ltd.
TG IT Service Co., Ltd., supplies data processing services using computers to Tokyo Gas Co., Ltd. and other companies.
TG Information Network Co., Ltd. operates a system integration business.
Tokyo LNG Tanker Co., Ltd. l hires out LNG tankers and LPG tankers and operates an ocean freight business.
Tokyo Gas Customer Service Co., Ltd. is commissioned by Tokyo Gas Co., Ltd. for regular safety inspections, meter reading and rate collecting operations.
Tokyo Gas Chemicals Co., Ltd., sells industrial gas, etc.
TG Credit Service Co., Ltd. provides various lease and credit services for payment for gas appliances sold by companies such as Enesta and Enefit.
TG Enterprise Co., Ltd. provides financial services for affiliates.
Park Tower Hotel Co., Ltd. is a hotel operator.

III. Business performance and financial position

(1) Business performance

During FY2003, although consumer spending was flat, there was some brightness apparent in the Japanese economy, such as the recovery in private capital expenditure. Meanwhile, the global economy sustained its tone of recovery despite concerns over the outlook for the future, which included the situation in Iraq.

Under these economic circumstances, the Tokyo Gas group has made strenuous efforts in marketing to popularize and expand city gas. As a result, consolidated sales were ¥1.1518 trillion, up 2.1% year on year, due to factors that included a steady rise in gas sales but a decline in gas appliance sales and construction order sales.

On the other hand, Tokyo Gas made utmost efforts to hold down expenses, achieving further advances in the promotion of management efficiency although raw material expenses increased with the growth in sales volume.

As a result, operating profit rose 23.5% to ¥152.2 billion, and ordinary profit was up 42.6% to ¥131.0 billion. Moreover, during the year under review, we recorded extraordinary profits of ¥5.6 billion from breaking down the retirement benefit reserve with the change of the company's corporate pension system and ¥2.1 billion in gains on the sale of fixed assets. We also recorded extraordinary losses of ¥58.9 billion from the company's one-off write-off of actuarial differences in retirement benefits and ¥3.3 billion in fixed assets impairment. Because of such factors, net income fell 24.3% to ¥44.7 billion.

<Situation in each division during the term>

1) Gas business

In FY2003, the gas sales volume rose 7.1% compared with the previous year to 11,218 million m^3. Residential demand fell 0.3% year on year to 3,292 million m^3 because although demand rose due to low temperatures at the beginning of the year and in the summer, demand for hot water and heating was flat as a result of warmer than usual temperatures in the second half of the year.

Moreover, commercial and other business demand was up 3.5% to 1,850 million m^3 and 5.0% to 845 million m^3 respectively, making a combined total of 2,695 million m^3, up 4.0% year on year. This was due to the steady operation of new properties despite the flat demand for heating and cooling because of low summer temperatures and warm temperatures in the second half.

Industrial demand was up 15.7% year on year to 4,201 million m^3 compared with the previous year due to increased operation of existing properties and other factors.

Wholesale Supplies to other gas utilities rose 9.1% year on year to 1,030 million m^3 because of an increase in delivery volume to forward customers.

Moreover, gas sales was up by ¥38.7 billion or 4.9% compared with the previous year to ¥831.1 billion as a result of factors that included the increase in sales volume and rate unit price adjustments based on the raw material expenses adjustment system.

Operating expenses overall rose by ¥9.5 billion yen or 1.5% because of the increase in raw material expenses that accompanied the growth in gas sales volume.

Operating profit was up by ¥29.1 billion or 18.2% over the previous year to ¥189.3 billion.

2) Gas appliances business

Sales fell by ¥8.8 billion or 6.1% compared to the previous year to ¥133.8 billion. As a result of a ¥8.8 billion or 6.5% decline in operating expenses, operating profit rose ¥100 million or 0.8% year on year to ¥7.9 billion.

3) Contracted construction work business

Sales declined by ¥2.5 billion or 3.6% compared with the previous year to ¥68.0 billion. As a result of a ¥2.8 billion or 4.2% decline in operating expenses, operating profit rose ¥300 million or 6.7% to ¥4.4 billion.

4) Building lease business
Sales declined by ¥900 million or 2.5% compared with the previous year to ¥35.4 billion. As a result of a ¥1.2 billion or 4.0% decline in operating expenses, operating profit rose ¥200 million or 3.4% to ¥7.8 billion.

5) Other business
Sales of other business rose by ¥13.8 billion or 8.7% compared with the previous year to ¥172.1 billion due to an increase in energy service sales including district heating and cooling systems. As a result of a ¥12.1 billion or 8.2% increase in operating expenses, operating profit rose ¥1.6 billion or 17.1% to ¥11.2 billion.

<Summary by segment>

(Unit: 100 million yen)

		Gas	Gas appliances	Contracted construction work	Building lease	Others
Sales	FY2003 (% of total)	8,311 (66.9%)	1,338 (10.8%)	680 (5.5%)	354 (2.9%)	1,721 (13.9%)
	FY2002 (% of total)	7,924 (66.0%)	1,426 (11.9%)	705 (5.9%)	363 (3.0%)	1,583 (13.2%)
	Amount of change Rate of change	387 4.9%	-88 -6.1%	-25 -3.6%	-9 -2.5%	138 8.7%
Operating expenses	FY2003 (% of total)	6,417 (62.9%)	1,259 (12.4%)	635 (6.2%)	275 (2.7%)	1,608 (15.8%)
	FY2002 (% of total)	6,322 (62.6%)	1,347 (13.3%)	663 (6.6%)	287 (2.8%)	1,487 (14.7%)
	Amount of change Rate of change	95 1.5%	-88 -6.5%	-28 -4.2%	-12 -4.0%	121 8.2%
Operating profit	FY2003 (% of total)	1,893 (85.7%)	79 (3.6%)	44 (2.0%)	78 (3.6%)	112 (5.1%)
	FY2002 (% of total)	1,602 (84.6%)	78 (4.1%)	41 (2.2%)	76 (4.0%)	96 (5.1%)
	Amount of change Rate of change	291 18.2%	1 0.8%	3 6.7%	2 3.4%	16 17.1%

Note: Figures for sales include internal interdepartmental transactions. Figures for operating expenses do not include unapportionable expenses.

<Ratio of consolidated profits to parent's profit>

The ratio of consolidated profits to parent company's profits for FY2003 and FY2002 was as follows.

	Sales	Operating profits	Ordinary profits	Current net profit
FY2003	1.14	1.20	1.13	1.11
FY2002	1.14	1.23	1.15	1.10

<Comparison of estimate for FY2004 and results of FY2003 >

(Unit: 100 million yen)

	Sales	Operating profits	Ordinary profits	Current net profit
FY2004 (estimate)	11,970	1,450	1,310	860
FY2003 (actual)	11,518	1,522	1,310	447
Change	452	-72	-0	413
Rate of change	3.9%	-4.8%	-0.1%	92.0%

Building a group management system was cited as one of the pillars of our medium term management plan "Frontier 2007" formulated in October 2002. Based on this, the company implemented the strategic business unit system on April 1, 2004. Tokyo Gas is making this an opportunity for changing the scope of consolidation within the group and intends to increase the number of consolidated subsidiaries from the 18 companies up until FY2003 to 51 companies.

As a result, the forecast figures for FY2004 have all been calculated assuming the new scope of consolidation.

We forecast that gas sales volume in FY2004 will grow 2.5% compared with FY2003 to 11,505 million m^3 due to our efforts to acquire new customers and to popularize and expand gas appliances. We expect gas sales to decline by ¥5.1 billion or 0.6% to ¥826.0 billion in response to this. However, as gas appliance sales and other business sales will increase, we expect consolidated sales to rise by ¥45.1 billion or 3.9% to ¥ 1.197 trillion.

Meanwhile, we expect operating income to decline 4.8% to JPY 145.0 billion, ordinary income to decline 0.1% to JPY 131.0 billion and net income to rise 92.0% to JPY 86.0 billion due to an increase in operating expenses and other factors.

Because of factors such as the increase in operating expenses, the projection envisions as follows:
Operating profits: down ¥145 billion (-4.8%)
Ordinary profits: down ¥131 billion (-0.1%)
Current net profit: down ¥86 billion (+92.0%)

The ratio of consolidated profit to parent company's profit are shown below.

	Sales	Operating profits	Ordinary profits	Current net profit
FY2002	1.19	1.16	1.10	1.08

The effect of the expansion in the scope of consolidation will be as below.

(Unit: 100 million yen)

	Sales	Operating profits	Ordinary profits	Current net profit
Increase	470	30	30	20

(2) Financial position

1) Cash flow

(Unit: 100 million yen)

	FY2003	FY2002	Change
Cash flow from operating activities	2,176	2,135	41
Cash flow from investing activities	-1,260	-1,101	-159
Cash flow from financing activities	-997	-785	-212
Cash and cash equivalents during FY2003	-81	248	-329
Cash and cash equivalents at beginning of year	521	272	249
Cash and cash equivalents at end of year	439	521	-82

a) Cash flow from operating activities
Cash and cash equivalents obtained as a result of operating activities amounted to ¥217.6 billion. This derived mainly from the progress of depreciation of fixed assets (amortization in FY2003 came to ¥143.1 billion).

b) Cash flow from investing activities
Cash and cash equivalents obtained as a result of investing activities amounted to ¥126.0 billion. This derived mainly from the acquisition of tangible fixed assets such as gas supply facilities (expenditure: ¥101.0 billion).

c) Cash flow from financing activities
Cash and cash equivalents obtained as a result of financing activities amounted to ¥99.7 billion. A total of ¥50 billion was raised through bond issuance, but the overall cash flow decreased due to the outflow of funds for the redemption of bonds (¥78.8 billion) and expenditure for the acquisition of treasury stock (¥28.0 billion).

2) Indicators

	FY1999	FY2000	FY2001	FY2002	FY2003
Equity ratio	26.8%	30.8%	33.1%	34.6%	35.9%
Equity ratio based on market value	34.4%	53.5%	52.5%	61.0%	63.8%
Number of years for debt repayment	6.2	4.6	4.0	3.4	3.1
Interest coverage ratio	6.6	8.2	9.9	12.2	14.5

Equity ratio: Equity capital / total assets
Equity ratio based on market value: total market price of shares / total assets
Number of years for debt repayment: Interest bearing debt / operating cash flow
Interest coverage ratio: operating cash flow / interest payments

- All calculation based on consolidated financial figures.
- Operating cash flow used for cash flow. Interest bearing debt covers bonds, convertible bonds, long-term borrowings (all including debts due within one year), short term borrowings and commercial papers out of the interest bearing debt recorded on the balance sheet.

<**Consolidated Statements**>

1. Consolidated balance sheet

(Unit: million yen)

Account	FY2003 (Mar. 31, 2004)	FY2002 (Mar. 31, 2003)	Change
(Assets)			
Fixed assets	1,407,725	1,411,513	-3,788
Tangible fixed assets	1,170,428	1,217,465	-47,037
Production facilities	245,284	244,058	1,226
Distribution facilities	533,407	538,191	-4,784
Business facilities	61,488	71,297	-9,809
Other facilities	291,752	288,469	3,283
Idle facilities	-	5	-5
Construction in progress	38,496	75,442	-36,946
Intangible fixed assets	18,856	20,609	-1,753
Other intangible fixed assets	18,856	20,609	-1,753
Investments, etc.	218,440	173,438	45,002
Investment securities	108,485	71,544	36,941
Long-term loans receivable	13,230	10,238	2,992
Deferred tax assets	51,251	44,306	6,945
Miscellaneous investments	47,131	49,591	-2,460
Allowances for doubtful accounts	-1,658	-2,243	585
Current assets	259,102	264,551	-5,449
Cash and deposits	48,605	35,672	12,933
Notes and accounts receivable	125,244	132,235	-6,991
Inventories	22,826	21,125	1,701
Deferred tax assets	11,587	11,480	107
Other current assets	52,053	65,484	-13,431
Allowances for doubtful accounts	-1,215	-1,448	233
Total assets	1,666,828	1,676,064	-9,236

(Unit: million yen)

Account	FY2003 (Mar. 31, 2004)	FY2002 (Mar. 31, 2003)	Change
(Liabilities)			
Fixed liabilities	734,345	751,572	-17,227
Straight bonds	283,833	257,633	26,200
Convertible bonds	99,928	182,814	-82,886
Long-term bank loans payable	162,083	157,875	4,208
Deferred tax liabilities	2,395	792	1,603
Estimated retirement benefits	157,808	120,896	36,912
Allowances for repairs of gas holders	3,444	3,457	-13
Other fixed liabilities	24,853	28,104	-3,251
Current liabilities	329,770	340,746	-10,976
Fixed liabilities due within one year	107,020	91,239	15,781
Notes and accounts payable	35,747	37,676	-1,929
Short-term bank loans payable	30,029	41,900	-11,871
Corporation tax payable, etc.	39,000	41,221	-2,221
Deferred tax liabilities	-	13	-13
Other current liabilities	117,973	128,695	-10,722
Total liabilities	1,064,116	1,092,319	-28,203
Minority interest	4,258	4,039	219
(Shareholders' equity)			
Common stock	141,844	141,844	-
Capital reserve	2,065	2,065	-
Consolidated retained earnings	457,924	429,652	28,272
Mark-up from revaluation of securities	35,654	17,002	18,652
Translation adjustment account	-227	4	-231
Treasury stock	-38,808	-10,862	-27,946
Total shareholders' equity	598,453	579,706	18,747
Total liabilities, minority interest and shareholders' equity	1,666,828	1,676,064	-9,236

2. Consolidated statement of income

(Unit: million yen)

Account	FY2003 (Apr. 2003 to Mar. 2004)	FY2002 (Apr. 2002 to Mar. 2003)	Change
Sales	1,151,824	1,127,633	24,191
Cost of sales	578,529	571,929	6,600
(Gross profit)	(573,294)	(555,704)	(17,590)
Supply and sales expenses	345,572	359,999	-14,427
General and administrative expenses	75,434	72,409	3,025
(Operating profit)	(152,287)	(123,294)	(28,993)
Non-operating income	9,131	7,441	1,690
Interest income	346	239	107
Dividend income	1,051	849	202
Return on investment accounted for by equity method	236	220	16
Income from rents	1,006	985	21
Environmental conditioning costs	1,650	-	1,650
Miscellaneous revenues	4,840	5,147	-307
Non-operating expenses	30,324	38,780	-8,456
Interest paid	14,822	17,472	-2,650
Balance on commissioned construction	4,144	4,648	-504
Loss from debenture redemption	6,574	6,327	247
Environmental conditioning costs	-	5,656	-5,656
Miscellaneous expenditures	4,782	4,674	108
(Ordinary profit)	(131,093)	(91,955)	(39,138)
Extraordinary profits	8,413	8,699	-286
Gain on sales of fixed assets	2,159	5,503	-3,344
Gain on sales of investment securities	589	3,196	-2,607
Gain on breakdown of retirement benefit reserve accompanying changes to corporate pension system	5,664	-	5,664
Extraordinary losses	66,375	4,771	61,604
Loss from sale of fixed assets	2,490	113	2,377
Losses on compression of fixed assets	1,607	4,415	-2,808
Expenses for special measures for product compensation	-	242	-242
Losses on impairment of fixed assets	3,321	-	3,321
One-off write-off of retirement benefit actuarial differences	58,956	-	58,956
Current net profit before adjustment for tax, etc.	73,131	95,882	-22,751
Corporation tax, residence tax and business tax	44,266	43,621	645
Adjustment for corporate taxes, etc.	-16,366	-7,244	-9,122
Minority shareholder profit (loss)	444	304	140
Current net profit	44,787	59,201	-14,414

3. Statement of consolidated retained earnings

(Unit: million yen)

Account	FY2003 (Apr. 2003 to Mar. 2004)		FY2002 (Apr. 2002 to Mar. 2003)		Change	
(Capital surplus)						
Initial balance of capital surplus		2,065		2,064		1
Increase in capital surplus		-		-		-
Additional capital raised on conversion of convertible bonds		-		-		-
Balance of capital surplus at end of period		2,065		2,065		-
(Retained earnings)						
Initial balance of consolidated retained earnings		429,652		387,315		42,337
Increase in retained earnings						
Current net profit	44,787	44,787	59,201	59,201	-14,414	-14,414
Decrease in retained earnings						
Dividends	16,438		16,768		-330	
Directors' bonuses	76		95		-19	
Net loss on disposal of treasury stock	-	16,515	-	16,863	-	-348
Balance of retained earnings at end of period		457,924		429,652		28,272

4. Consolidated statement of cash flows

(Unit: million yen)

Account	FY2003 (Apr. 2003 to Mar. 2004)	FY2002 (Apr. 2002 to Mar. 2003)	Change
I. Cash flow from operating activities			
Net profit before adjustment for tax, etc.	73,131	95,882	-22,751
Depreciation	143,128	137,299	5,829
Impairment losses	3,321	-	3,321
Amortization of long-term prepaid expenses	3,766	3,727	39
Loss on retirement of tangible fixed assets	3,790	2,481	1,309
Gain/loss on sale of fixed assets	672	-5,379	6,051
Loss on compression of fixed assets	1,607	4,415	-2,808
Profit/loss on sale of investment securities	-588	-3,195	2,607
Profit/loss on valuation of investment securities	526	891	-365
Loss from debenture redemption	6,574	6,327	247
Change in allowances for doubtful accounts	-	1,099	-1,099
Change in provision for retirement benefits	36,912	-4,658	41,570
Interest and dividends earned	-1,398	-1,088	-310
Interest paid	14,822	17,472	-2,650
Change in accounts receivable	5,156	-6,777	11,933
Change in inventories	-1,701	7,633	-9,334
Change in accounts payable	-	-1,784	1,784
Change in consumption tax payable	-1,551	-	-1,551
Other	-10,375	12,592	-22,967
Sub-total	277,797	266,940	10,857
Proceeds from interest and dividends	1,380	1,166	214
Payment of interest	-15,053	-18,069	3,016
Payment of corporation tax, etc.	-46,516	-36,504	-10,012
Cash flow from operating activities	217,608	213,532	4,076
II. Cash flow from investing activities			
Purchases of investment securities	-15,371	-7,297	-8,074
Proceeds from sale of investment securities, etc.	7,683	5,861	1,822
Purchases of tangible fixed assets	-101,011	-98,148	-2,863
Purchases of intangible fixed assets	-12,211	-9,014	-3,197
Spending on long-term prepaid expenses	-2,103	-1,799	-304
Proceeds from sale of fixed assets	1,234	6,888	-5,654
Expenditures based on lending for long-term loans	-3,886	-4,256	370
Proceeds from recovery of long-term loans receivable	894	-	894
Net change in short-term loans	-520	-	-520
Other	-747	-2,375	1,628
Cash flow from investing activities	-126,038	-110,143	-15,895
III. Cash flow from financing activities			
Net decrease in short-term debt	-11,870	-809	-11,061
Net change in commercial papers	-	-12,000	12,000
Proceeds from long-term debt	37,789	17,340	20,449
Payments for long-term debt	-52,228	-36,474	-15,754
Proceeds from bond issues	50,000	20,000	30,000
Payments for redemption of bonds	-78,813	-38,975	-39,838
Dividend payments	-16,425	-16,777	352
Payment of dividends to minority shareholders	-56	-53	-3
Payment to minority shareholders on account of capital reduction	-184	-	-184
Proceeds from sale of treasury stock	82	-	82
Payments for acquiring treasury stock	-28,037	-10,767	-17,270
Cash flow from financing activities	-99,744	-78,517	-21,227
IV. Difference due to conversion of cash and cash equivalents	5	-2	7
V. Change in cash and cash equivalents	-8,169	24,869	-33,038
VI. Cash and cash equivalents at beginning of year	52,129	27,260	24,869
VII. Cash and cash equivalents at end of year	43,960	52,129	-8,169

5. Basis of consolidated financial statements

(1) Scope of consolidation

In preparing the accompanying consolidated financial statements, the following 18 subsidiaries of the Company were treated as consolidated subsidiaries: Tokyo Gas Urban Development Co., Ltd., Energy Advance Co., Ltd., Gastar Co., Ltd., Kanpai Co., Ltd., Tokyo LNG Tankers Co., Ltd., Tokyo Gas Energy Co., Ltd., Tokyo Gas Chemicals Co., Ltd., Park Tower Hotel Co., Ltd., Chiba Gas Co., Ltd., TG Credit Service Co., Ltd., Tokyo Oxygen & Nitrogen Co., Ltd., TG Information Network Co., Ltd., Tsukuba Gakuen Gas Co., Ltd., TG Enterprise Co., Ltd.,, Tokyo Gas Engineering Co., Ltd., Tokyo Gas Customer Service Co., Ltd., TG IT Service Co., Ltd., and Kanpai Living Service Co., Ltd.

The Company's principal non-consolidated subsidiary is Tokyo Gas Remodeling Co., Ltd.

As the Company's total interests in the combined assets, sales and current net profit (loss) and in the retained earnings of non-consolidated subsidiaries are respectively small in value terms and qualitatively of little importance, and so do not have a significant impact on the consolidated financial statements, these companies were not treated as being consolidated subsidiaries.

(2) Application of equity method

In preparing the accompanying consolidated financial statements, one principal affiliate of the Company, Gas Malaysia Sdn. Bhd., was accounted for by the equity method.

Non-consolidated subsidiaries and affiliates not accounted for by the equity method were excluded as the Company's total interests in their current net profits (loss) and retained earnings are small and qualitatively of little importance, and so they have only a very slight impact on consolidated net profit (loss) and retained earnings.

As the book-closing date used by Gas Malaysia Sdn. Bhd. does not coincide with that of the Company, financial statements for its business year were used.

(3) Items related to the business year of consolidated subsidiaries

The book-closing dates of consolidated subsidiaries are the same as that of the Company.

(4) Significant accounting policies

1) Criteria and methods of valuation of principal assets

Bonds intended to be held to maturity were valued on an amortized cost basis, other securities with a market price were valued by the market value method based on their market price on the book-closing date (the variance of estimates was determined by the full capital injection method, and the cost of securities sold was calculated by the moving average method), and other securities without market prices were valued on a cost basis using the moving average method.

Derivatives were valued by the market value method

Inventories (products, feedstock and stores) were valued on a cost basis using the moving average method.

2) Method of depreciation of principal depreciable assets

Tangible fixed assets were mainly depreciated by the declining balance method. In addition, for the durable periods and salvage value, the standards are the same as in the procedure stipulated in the Corporation Tax Law. Depreciation of some buildings (excluding ancillary equipment), however, was calculated by the straight line method.

Depreciation of intangible fixed assets was calculated by the straight line method. Software used by the company was depreciated using the straight line method based on the usable life of the software in the company.

3) Standards for declaration of principal reserves

To hedge the risk of loss because of losses on accounts receivable, loans, etc., allowances for doubtful accounts are provided based on the historical irrecoverable loans rate for unsecured claims and the estimated collectibility of specific claims such as already-bankrupt companies claims.

In order to provide for employees' retirement benefits, the retirement benefit reserve is calculated on the basis of retirement benefit liabilities and forecast pension assets at the end of the year under review.

With the implementation of the Defined-Benefit Corporate Pension Law, the company has implemented substantial reforms to its pension system, shifting from the tax qualified pension system to the contract type corporate pension and introducing a cash balance plan this fiscal year. This will result in a reduction of the benefit rate, and we will record an extraordinary profit of ¥5,664 million yen from breaking down the retirement benefit reserve. In addition, on the reform of the pension system, we will change the number of years over which unrecognized actuarial differences are written off from the previous ten years to one year. This fiscal year we will record a one-off expense of ¥58,956 million in recognized actuarial differences as an extraordinary loss. This change will reflect the status of our retirement benefit liabilities in our financial statements in a timely manner as well as promoting greater soundness in our financial structure.

As a result, compared with the previous method, ordinary profit will increase by ¥6,315 million, and net income before adjustments for tax, etc., will decline by ¥52,640 million.

The gas holder repairs reserve is the amount provided for the periodical repair of spherical gas holders, and is equal to the estimated cost of the next round of repairs allocated during the period up to the next round of repairs.

4) Treatment of principal leases

For accounting purposes, finance leases which do not transfer ownership of leased assets to lessees are treated as ordinary leases.

5) Method of hedge accounting

(a) Method of hedge accounting

Hedge accounting is based on deferral method. Currency swaps satisfying the conditions of allotment processing are based on allotment processing, and interest-rate swaps meeting the conditions of exceptional processing, on exceptional processing.

(b) Hedge means and subjects

i) Hedge means: currency swap transactions
Hedge subjects: corporate bonds and borrowings denominated in foreign currency

ii) Hedge means: interest-rate swap transactions
Hedge subjects: corporate bonds and borrowings

iii) Hedge means: commodity swap transactions
Hedge subjects: fees for purchase of feedstock

iv) Hedge means: exchange contract transactions
Hedge subject: fees for purchase of foreign currency denominated affiliated company shares and feedstock

(c) Hedge policy

In accordance with internal rules regarding risks, hedging is performed within a certain scope for risks associated with fluctuation in exchange rates, interest rates, and commodity prices.

(d) Method of assessing hedge efficacy

The assessment is made by confirming the relationship of correspondence between hedge means and hedge subjects. However, the assessment is not made for currency swaps satisfying the conditions of allotment processing and interest swaps satisfying the conditions of exceptional processing.

6) Treatment of consumption tax, etc.

Consumption tax, etc., is accounted for by the net-of-tax method.

7) Change in accounting methods

Accounting standards relating to impairment of fixed assets

As the Accounting Standards Relating to Impairment of Fixed Assets and the Application Guidelines for Accounting Standards Relating to Impairment of Fixed Assets may be applied to consolidated financial statements from the consolidated accounting year ending March 31, 2004, we are applying the standards and the guidelines from the year under review. As a result, net income before adjustments for tax, etc., will decline by ¥3,321 million.

Total impairment losses have been directly deducted from the figures of each asset category based on the regulations for consolidated financial statements before the revision.

(5) Scope of funds included in consolidated statements of cash flow

Funds included in consolidated statements of cash flow (cash and cash equivalents) are cash on hand, deposits withdrawable at any time, and short-term investments that are readily convertible to cash, redeemable within three months of date of acquisition, and unlikely to fluctuate in value.

6. Notes

(1) Cumulative amount of depreciation of tangible fixed assets: ¥2,394,260 million (FY2002: ¥2,284,116 million)

(2) Contingent liabilities:

Liabilities for guarantee relating borrowings from financial institutions by companies other than consolidated companies: ¥7,718 million (FY2002: ¥2,000 million)

Joint liabilities borne by other joint debtors: ¥400 million (FY2002: ¥559 million)

Contingent liabilities under undertakings to meet obligations: ¥38,700 million (FY2002: ¥50,000 million)

(3) Number of shares of treasury stock held by consolidated companies, non-consolidated companies accounted for by equity method and affiliated companies: 109,026,000 shares (FY2002: 32,173,000 shares)

(4) Relation between cash and cash equivalents at end of year and amounts of items entered in consolidated financial statements

	FY2003	FY2002
Cash and deposits	¥48,605 million	¥35,672 million
Time deposits deposited over three months	-¥4,976 million	-¥4,024 million
Other current assets (short-term loans)	¥331 million	¥20,480 million
Cash and cash equivalents	¥43,960 million	¥52,129 million

7. Segment information

(1) Segment information by category of business

(Unit: million yen)

		Gas	Gas appliances	Contracted construction work	Building lease	Other business	Total	Corporate and eliminations	Consolidated
Current year	I. Sales and operating profit (loss) Sales								
	(1) External sales	826,566	132,254	64,944	14,150	113,909	1,151,824	-	1,151,824
	(2) Intersegment sales and transfers	4,547	1,619	3,089	21,292	58,251	88,800	(88,800)	-
	Total	831,114	133,873	68,033	35,443	172,160	1,240,625	(88,800)	1,151,824
	Operating expenses	641,748	125,969	63,578	27,561	160,889	1,019,746	(20,209)	999,537
	Operating profit (loss)	189,365	7,904	4,455	7,882	11,270	220,878	(68,591)	152,287
	II. Assets, depreciation expenses and capital expenditures								
	Assets	1,027,775	45,444	23,136	208,212	184,816	1,489,386	177,441	1,666,828
	Depreciation expenses	117,149	505	136	13,369	13,516	144,677	(1,549)	143,128
	Capital expenditures	85,872	549	302	2,832	18,066	107,624	(2,286)	105,338
Previous year	I. Sales and operating profit (loss) Sales								
	(1) External sales	789,687	141,225	67,045	14,943	114,732	1,127,633	-	1,127,633
	(2) Intersegment sales and transfers	2,765	1,410	3,523	21,402	43,594	72,696	(72,696)	-
	Total	792,453	142,635	70,568	36,346	158,326	1,200,330	(72,696)	1,127,633
	Operating expenses	632,229	134,794	66,393	28,723	148,700	1,010,840	(6,501)	1,004,339
	Operating profit (loss)	160,223	7,841	4,174	7,623	9,626	189,489	(66,195)	123,294
	II. Assets, depreciation expenses and capital expenditures								
	Assets	1,067,439	52,531	23,057	215,197	185,981	1,544,207	131,856	1,676,064
	Depreciation expenses	111,342	501	140	14,590	12,216	138,791	(1,492)	137,299
	Capital expenditures	88,572	537	276	1,408	21,287	112,082	(1,893)	110,188

Note 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
Contracted construction work	Gas construction work
Building lease	Lease and management of buildings, etc.
Other businesses	District heating and cooling, coke, LPG, petroleum products, credit leases, system integration, general engineering

Note 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.
FY2003: ¥69,466 million (FY2002: ¥66,503 million)

Note 3 In the category of assets, the main company-wide assets included under "corporate and eliminations" are surplus operating funds (cash and cash equivalents), deferred tax assets, and long-term investment capital (investment securities).
FY2003: ¥225,856 million (FY2002: ¥187,615 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.

9. Market value of securities

(1) Marketable debt securities being held to maturity

(Unit: million yen)

Category	FY2003 (Mar. 31, 2004)			FY2002 (Mar. 31, 2003)		
	Book value	Market value	Net unrealized gain (loss)	Book value	Market value	Net unrealized gain (loss)
Market value in excess of the book value						
Government and municipal bonds, etc.	34	36	1	34	37	2
Total	34	36	1	34	37	2
Market value not in excess of the book value						
Government and municipal bonds, etc.	9	9	-	-	-	-
Total	9	9	-	-	-	-
Grand total	44	46	1	34	37	2

(2) Other marketable securities

(Unit: million yen)

Category	FY2003 (Mar. 31, 2004)			FY2002 (Mar. 31, 2003)		
	Acquisition cost	Book value	Net unrealized gain (loss)	Acquisition cost	Book value	Net unrealized gain (loss)
Book value in excess of the acquisition cost						
(1) Shares	9,907	66,362	56,454	10,691	37,910	27,218
(2) Bonds	5	6	-	5	6	-
Total	9,913	66,368	56,455	10,697	37,916	27,219
Book value not in excess of the acquisition cost						
Shares	615	582	-32	1,522	1,151	-371
Total	615	582	-32	1,522	1,151	-371
Grand total	10,528	66,951	56,422	12,219	39,067	26,847

(3) Book values of main non-marketable securities

(Unit: million yen)

Category	FY2003 (Mar. 31, 2004)	FY2002 (Mar. 31, 2003)
	Book value	Book value
Stocks in subsidiaries and affiliates	29,715	20,271
Other securities		
Unlisted stocks (excluding over-the-counter stocks)	11,732	11,840

10. Derivative transactions

<FY2003>

(1) Interest-rate swaps
Because hedge accounting is applied, they are excluded from disclosure.

(2) Currency swaps
Because hedge accounting is applied, they are excluded from disclosure.

(3) Others
Because hedge accounting is applied, they are excluded from disclosure.

<FY2002>

(1) Interest-rate swaps
As the profit (loss) from valuation of assets, etc. underlying derivatives transactions was small and insignificant in FY2002, market values of such assets, etc. and profit (loss) from valuation are omitted.
Contract values and notional amounts are also insignificant and therefore omitted.

(2) Currency swaps
Because hedge accounting is applied, they are excluded from disclosure.

(3) Others
Because hedge accounting is applied, they are excluded from disclosure.

11. Retirement benefits

(1) Outline of the retirement benefit program

For the most part, defined benefit type systems consist of the tax qualified pension system, the welfare pension system and the lump sun retirement benefit system. With the establishment of the Defined-Benefit Corporate Pension Law, Tokyo Gas has carried out reforms to its pension system, shifting from a tax qualified pension system to a contract type corporate pension system and introducing a cash balance plan. Therefore, retirement benefit liabilities for the year under review are calculated assuming the new system..

(2) Retirement benefit reserve: (as of the end of FY2003) ¥157,808 million
(as of the end of FY2002) ¥120,896 million

(3) Items related to retirement benefit expenses (FY2003)

(Unit: million yen)

Item	FY2003 (Apr. 1, 2003 to Mar. 31, 2004)	FY2002 (Apr. 1, 2002 to Mar. 31, 2003)
1) Service expenses	9,658	10,131
2) Interest expenses	8,182	9,092
3) Expected earning from fund management	-3,056	-4,662
4) Disposal of expenses associated with difference due to amendment of retirement benefit accounting standards	-	-
5) Disposal of expenses associated with difference due to mathematical calculation	59,446	2,825
6) Disposal of expenses associated with past service debt	-3,761	-12
7) Others	101	-
8) Retirement benefit expenses (1)+2)+3)+4)+5)+6)+7))	70,570	17,374

Note: Retirement benefit expenses of consolidated subsidiaries applying the simplified method are posted under Item 1) "Service expenses".

(4) Items related to the basis of calculation of retirement benefit debt, etc.

(Unit: million yen)

Item	FY2003 (Apr. 1, 2003 to Mar. 31, 2004)	FY2002 (Apr. 1, 2002 to Mar. 31, 2003)
Method of term allocation of projected retirement benefit payments	Term fixed-amount standard	Term fixed-amount standard
Discount rate	Mainly 2.3%	Mainly 2.5%
Rate of expected earning from fund management	Mainly 2.0%	Mainly 3.0%
Number of years for disposal of the amount of past service debt	Mainly 1 year	Mainly 1 years
Number of years for disposal of the difference due to mathematical calculation	Mainly 1 year	Mainly 10 years