

**Consolidated Financial Results Bulletin for the Fiscal Year Ended March 31, 2019****(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 27, 2019  
 Scheduled date of the filing of securities report: June 27, 2019  
 Scheduled date of the start of dividend payments: June 28, 2019  
 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 FY2018 ended March 31, 2019 (from April 1, 2018 to March 31, 2019)**

(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	
FY2018 ended Mar. 31, 2019	1,962,308	10.4%	93,704	-19.4%	89,386	-19.9%	84,555	12.8%
FY2017 ended Mar. 31, 2018	1,777,344	12.0%	116,302	99.3%	111,546	100.3%	74,987	41.1%

Note: Total comprehensive income

FY2018 ended March 31, 2019: 68,118 million yen (1.4%)

FY2017 ended March 31, 2018: 67,198 million yen (-5.1%)

	Profit per share	Diluted profit per share	Ratio of profit to shareholders' equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
FY2018 ended Mar. 31, 2019	187.60 yen	—	7.4%	3.8%	4.8%
FY2017 ended Mar. 31, 2018	164.12 yen	—	6.7%	4.9%	6.5%

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

FY2018 ended March 31, 2019: 2,794 million yen

FY2017 ended March 31, 2018: 2,493 million yen

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. "Profit per share" is calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

**(2) Consolidated Financial Position**

(Unit: million yen)

	Total assets	Total net assets	Equity ratio	Net assets per share
As of Mar. 31, 2019	2,428,149	1,171,345	47.7%	2,575.99 yen
As of Mar. 31, 2018	2,334,316	1,148,433	48.7%	2,487.58 yen

Reference: Shareholders' equity

As of March 31, 2019: 1,159,055 million yen

As of March 31, 2018: 1,136,027 million yen

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. "Net assets per share" are calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

**(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
FY2018 ended Mar. 31, 2019	141,306	(203,462)	27,628	93,032
FY2017 ended Mar. 31, 2018	259,738	(247,162)	(16,651)	128,271

## 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			
FY2017 ended Mar. 31, 2018	—	5.50	—	27.50	—	25,117	33.5%	2.3%
FY2018 ended Mar. 31, 2019	—	27.50	—	32.50	60.00	26,996	32.0%	2.4%
FY2019 ending Mar. 31, 2020 (Forecast)	—	30.00	—	30.00	60.00		31.0%	

Note: On October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. The dividend shown for the quarters prior to 2Q FY2017 are the actual dividend prior to the share consolidation. Consequently, the full-year dividend per share shows a “—”. The FY2017 full-year dividend per share, converted to factor in the share consolidation, is 55 yen.

## 3. Consolidated Results Forecast for FY2019 ending March 31, 2020 (April 1, 2019 - March 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
Full-year	2,043,000	4.1%	122,000	30.2%	120,000	34.2%	86,000	1.7%	193.64 yen

### \*Notes

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

Reference: Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 78 (Increased by 7 companies and decreased by 3 companies)

Number of subsidiaries and affiliates accounted for by equity method: 14 (Decreased 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: *No*

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

3) Change in accounting estimates: *No*

4) Retrospective restatements: *No*

(3) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	Mar. 31, 2019	451,355,759	Mar. 31, 2018	458,073,259
2) Number of shares of treasury stock at end of period:	Mar. 31, 2019	1,410,673	Mar. 31, 2018	1,393,435
3) Average number of shares during period:	Apr. 2018–Mar. 2019	450,718,735	Apr. 2017–Mar. 2018	456,901,354

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. The total number of issued shares (common stock) is calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

(Reference)

**1. Non-Consolidated Business Results for FY2018 ended March 31, 2019 (April 1, 2018 - March 31, 2019)**

(1) Non-Consolidated Business Performance

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

	Net sales		Operating profit		Ordinary profit		Net income	
FY2018 ended Mar. 31, 2019	1,768,567	10.6%	48,920	-40.7%	62,910	-34.4%	53,717	-29.2%
FY2017 ended Mar. 31, 2018	1,598,860	13.5%	82,485	179.7%	95,890	158.9%	75,906	10.4%

	Profit per share	Diluted profit per share
FY2018 ended Mar. 31, 2019	119.18 yen	—
FY2017 ended Mar. 31, 2018	166.13 yen	—

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. "Profit per share" is calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio	Net assets per share
As of Mar. 31, 2019	2,078,862	891,212	42.9%	1,980.71 yen
As of Mar. 31, 2018	1,959,518	891,648	45.5%	1,952.46 yen

Reference: Shareholders' equity

As of March. 31, 2019: 891,212 million yen

As of March. 31, 2018: 891,648 million yen

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. "Net assets per share" are calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

**2. Non-Consolidated Results Forecast for FY2019 ending March 31, 2020 (April 1, 2019 - March 31, 2020)**

(Unit: million yen)

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

	Net sales		Operating profit		Ordinary profit		Net income		Profit per share
Full-year	1,890,000	6.9%	82,000	67.6%	82,000	30.3%	60,000	11.7%	135.10 yen

\* Quarterly review procedures by a certified public accountant or an audit firm do not apply to quarterly consolidated 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 6 of the Attachment "1. Overview of Business Performance, etc.: (2) Future outlook" for matters concerning the above forecasts.
2. The information related to this Financial Results will be posted on the Web site of the Company.
3. Starting from the FY2018 financial results bulletin, the presentation method for dates has been changed from Japanese dates to western dates.

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## **I. Overview of Business Performance, etc.**

### **(1) Overview of business performance and financial position of FY2018**

#### **(Business performance of FY2018)**

In the fiscal year under review, the economy in Japan made a gradual recovery. Although exports and production remained slightly weak, there continued to be improvement in the employment and income environments, and benefits from various government policies. Coupled with this trend, a positive economic cycle is expected to further expand, partly attributable to an upturn in consumer spending and private-sector capital expenditures.

Amid this economic climate, the environment surrounding the energy business experienced major changes, including the full deregulation of retail electric power sales in April 2016, the full deregulation of gas sales in April 2017, and technological innovations in Industry 4.0 or the fourth industrial revolution. Against this backdrop, we actively undertook various measures to enhance the added value we deliver to customers in Japan and abroad through the development of a comprehensive energy business and globalization.

In light of these economic conditions and changes in the business climate, city gas sales declined in volume year-on-year due to higher temperatures, but city gas sales increased owing to a rise in gas unit price reflecting resource cost adjustments in tandem with the impact from a climb in crude oil prices. Reflecting this and other factors, consolidated sales in the year under review totaled ¥1,962.3 billion, a growth of 10.4% year-on-year.

Meanwhile, operating expenses came to ¥1,868.6 billion, a growth of 12.5%. The Company aimed to further improve its management efficiency and repeated optimal efforts to curb expenses. Nonetheless, operating expenses rose, mainly reflecting an increase in city gas resource costs owing to negative impact from higher crude oil prices.

Extrapolating from this performance, operating profit was ¥93.7 billion, a decrease of 19.4% year-on-year, and ordinary profit totaled ¥89.3 billion, a drop of 19.9%. Meanwhile, profit attributable to owners of the parent came to ¥84.5 billion, a growth of 12.8%. This outcome reflected the posting of a ¥29.3 billion gain on the sale of fixed assets and ¥6.4 billion gain on the sale of investment securities as extraordinary profit and the recording of a ¥7.8 billion loss on the valuation of investment securities as an extraordinary loss.

#### **<Segment summary>**

##### **1) Gas**

Total gas sales volume in the period under review was 15,198 million m<sup>3</sup>, a decrease of 2.4% year-on-year. Breaking this down, residential demand was 3,240 million m<sup>3</sup>, a drop of 9.2%, primarily reflecting high weather temperatures in contrast with a year earlier.

Commercial demand was 2,609 million m<sup>3</sup>, a decline of 4.2%.

Industrial demand was 7,413 million m<sup>3</sup>, an increase of 1.7%, owing in part to a rise in demand at users dedicated to power generation.

Wholesale supply to other gas utilities was 1,936 million m<sup>3</sup>, a fall of 2.5%, due in part to a decline in customer demand.

In addition, city gas sales came to ¥1,413.7 billion, a rise of ¥108.9 billion or 8.3%, owing mainly to an increase in gas unit price reflecting resource cost adjustments and LNG sales.

Although gas sales volume was down, overall operating expenses rose ¥135.7 billion or 11.4% reflecting a rise in city gas crude oil costs primarily due to a rise in crude oil prices and sales costs for LNG sales.

Consequently, segment profit totaled ¥92.2 billion, a drop of ¥26.8 billion or 22.5% year-on-year.

<Consolidated City Gas Sales Volume for FY2018 Ended March 31, 2019>

			FY2018	FY2017	Change	% change
No. of customers for city gas retail sales	Thousands		9,821	10,209	-388	-3.8
No. of customers (meters)	Thousands		11,818	11,678	140	1.2
City gas sales volume	Residential	Mil. m <sup>3</sup>	3,240	3,570	-330	-9.2
	Commercial	Mil. m <sup>3</sup>	2,609	2,722	-113	-4.2
	Industrial	Mil. m <sup>3</sup>	7,413	7,290	123	1.7
	Subtotal	Mil. m <sup>3</sup>	10,022	10,012	10	0.1
	Supplies to other utilities	Mil. m <sup>3</sup>	1,936	1,985	-49	-2.5
Total	Mil. m <sup>3</sup>		15,198	15,568	-370	-2.4
Average temperature	°C		17.0	15.7	1.3	—

Notes:

- No. of customers for city gas retail sales indicates the number of billed customers for city gas retail sales.
- No. of customers (meters) indicates the number of meters that includes inactive meters and meters for gas supply from other retail companies.
- “Commercial” indicates sales to commercial, public and medical institutions.
- City gas sales volumes are on the basis of 45MJ/m<sup>3</sup>.
- 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	FY2018	FY2017	Change	Crude oil price (\$/bbl)	FY2018	FY2017	Change
		110.92	110.85		0.07		72.12

2) Electric power

Sales totaled ¥280.3 billion, an increase of ¥61.7 billion or 28.2% year-on-year. Operating expenses rose ¥61.1 billion or 29.2%.

In light of this, segment profit totaled ¥10.1 billion, an increase of ¥500 million or 5.7% year-on-year.

<Consolidated Electric Power Sales Volume for FY2018 Ended March 31, 2019>

			FY2018	FY2017	Change	% change
Electric power sales volume	Retail	million kWh	6,555	4,569	1,986	43.5
	Wholesale etc.	million kWh	8,926	10,087	-1,161	-11.5
	Total	million kWh	15,482	14,656	826	5.6

3) Overseas

Sales came to ¥50.9 billion, a growth of ¥9.4 billion or 22.5% year-on-year. Operating expenses climbed ¥1.4 billion or 4.0%.

Accordingly, segment profit totaled ¥15.3 billion, an improvement of ¥7.6 billion or 98.8% year-on-year, owing to a decrease in equity-method investment gains.

4) Energy-related

Sales amounted to ¥363.5 billion, a rise of ¥29.9 billion or 9.0% year-on-year. Operating expenses expanded ¥30.8 billion or 9.6%.

Reflecting this, segment profit was ¥11.1 billion, a decrease of ¥800 million or 6.4% year-on-year.

5) Real estate

Sales reached ¥44.6 billion, an increase of ¥2.3 billion or 5.4% year-on-year. Operating expenses grew ¥1.7 billion or 5.0%.

Reflecting this, segment profit was ¥9.1 billion, a growth of ¥1.2 billion or 14.6% year-on-year.

6) Others

Sales totaled ¥107.8 billion, an increase of ¥22.8 billion or 26.9% year-on-year. Operating expenses rose ¥20.8 billion or 25.9%.

Reflecting this, segment profit was ¥6.2 billion, a rise of ¥1.9 billion or 45.3% year-on-year, owing to a rise in equity-method investment gains.

<Summary by segment>

(Unit: hundred million yen)

		Gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2018	14,137	2,803	509	3,635	446	1,078
	(% of total)	(62.4%)	(12.4%)	(2.3%)	(16.1%)	(2.0%)	(4.8%)
	FY2017	13,048	2,186	415	3,336	423	850
	(% of total)	(64.3%)	(10.8%)	(2.1%)	(16.5%)	(2.1%)	(4.2%)
	Amount of change	1,089	617	94	299	23	228
(Rate of change)	8.3%	28.2%	22.5%	9.0%	5.4%	26.9%	
Operating expenses	FY2018	13,214	2,701	377	3,524	360	1,015
	(% of total)	(62.4%)	(12.7%)	(1.8%)	(16.6%)	(1.7%)	(4.8%)
	FY2017	11,857	2,090	363	3,216	343	807
	(% of total)	(63.6%)	(11.2%)	(1.9%)	(17.2%)	(1.8%)	(4.3%)
	Amount of change	1,357	611	14	308	17	208
(Rate of change)	11.4%	29.2%	4.0%	9.6%	5.0%	25.9%	
Segment profit	FY2018	922	101	153	111	91	62
	(% of total)	(63.9%)	(7.0%)	(10.6%)	(7.8%)	(6.3%)	(4.4%)
	FY2017	1,190	96	77	119	79	43
	(% of total)	(74.1%)	(6.0%)	(4.8%)	(7.4%)	(5.0%)	(2.7%)
	Amount of change	-268	5	76	-8	12	19
(Rate of change)	-22.5%	5.7%	98.8%	-6.4%	14.6%	45.3%	

Notes:

- 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 adjust against the amount based on operating profit in the consolidated financial statements plus or minus equity-method investment gains or losses.
- We revised our reporting segments at the start of FY2018 (from April 1, 2018) in accordance with the revision of business segments in the “FY2018-2020 management plan GPS2020,” which was announced on October 5, 2017. We have renamed the city gas segment the gas segment, and transferred the liquid gas business (LNG, industrial gas) and LNG sales, etc., which were included in the energy-related segment, to the gas segment, and credit services, which were included in the others segment, to the energy-related segment, respectively. Segment information for the full fiscal year ended March 31, 2018 has been restated based on the revised reporting segments.

## (Financial position in FY2018)

### 1) Situation of assets, debt and net assets

Assets as of March 31, 2019 totaled ¥2,428.1 billion, an increase of ¥93.8 billion versus March 31, 2018, primarily attributable to an increase in the outstanding balances for other facilities (¥41.4 billion) and other intangible non-current assets (¥26.9 billion).

Liabilities stood at ¥1,256.8 billion, an increase of ¥71.0 billion. This was primarily attributable to an increase in the outstanding balance for interest-bearing debt due to an increase in corporate bonds (¥78.3 billion).

Net assets totaled ¥1,171.3 billion, a rise of ¥22.9 billion. Although net assets were negatively impacted by factors including the distribution of capital surplus (-¥24.9 billion) and the purchase of treasury stock in the open market (-¥19.9 billion), there was an overall increase attributable to a rise in shareholders' equity mainly thanks to the posting of profit attributable to the owners of the parent (¥84.5 billion).

In contrast with the growth rate for shareholders' equity, the growth rate for net worth (equity capital) (total shareholders' equity + accumulated other comprehensive income) was smaller. As a result, the shareholders' equity ratio was 47.7% on March 31, 2019, down 1.0-point from March 31, 2018.

### <Capital expenditure>

(Unit: hundred million yen)

	FY2018	FY2017	Change	% change	
Tokyo Gas	Production facilities	186	169	17	9.7
	Supply facilities	966	907	59	6.5
	Operational facilities, etc.	634	576	58	10.1
	Total	1,787	1,654	133	8.1
Consolidated subsidiaries	491	463	28	6.1	
Adjustments	-41	-30	-11	—	
Total	2,237	2,087	150	7.2	

### 2) Situation of cash flow

(Unit: hundred million yen)

	FY2018	FY2017	Change
Cash flow from operating activities	1,413	2,597	-1,184
Cash flow from investing activities	-2,034	-2,471	437
Cash flow from financing activities	276	-166	442
Effect of exchange rate change on cash and cash equivalents	-7	-2	-5
Net increase (decrease) in cash and cash equivalents	-352	-42	-310
Cash and cash equivalents at beginning of year	1,282	1,325	-43
Cash and cash equivalents at end of year	930	1,282	-352

#### a) Cash flow from operating activities

Cash and cash equivalents obtained as a result of operating activities totaled ¥141.3 billion, an increase versus a year earlier. This was primarily attributable to the posting of income before income taxes (¥117.2 billion) and depreciation and amortization (¥157.5 billion), and despite an increase in notes and accounts payable-trade (-¥46.1 billion) and income taxes paid (-¥26.5 billion).

#### b) Cash flow from investing activities

Cash and cash equivalents used in investing activities totaled ¥203.4 billion, a decrease versus a year earlier. Although there were proceeds from the sale of fixed assets (¥25.0 billion) and from sale and redemption of investment securities (¥12.0 billion), there was a cash outflow due to the purchase of property, plant and equipment (-¥168.1 billion) associated with capital expenditures for the establishment of a production and supply system, and for the purchase of intangible assets (-¥39.4 billion).

#### c) Cash flow from financing activities

Cash and cash equivalents used in financing activities totaled ¥27.6 billion, an increase versus a year earlier. Although there were expenditures due to bond redemption (-¥40.0 billion) and dividends payable (-¥24.9 billion) and repayment of long-term loans payable (-¥23.7 billion), cash and cash equivalents rose owing to proceeds from the issuance of bonds (¥70.0 billion) and long-term loans payable (¥59.3 billion).



## (2) Future outlook

In FY2019, we forecast gas sales volume of 14,541 million m<sup>3</sup>, a decline of 4.3% year-on-year. Although we estimate a rise in residential demand owing to average weather temperatures, we project a decline in industrial demand. Although we anticipate a decline in city gas sales volume, we expect city gas sales to reach ¥1,462.2 billion, a growth of ¥48.5 billion or 3.4%, chiefly owing to an increase in gas unit price in tandem with resource cost adjustments. Meanwhile, we estimate a rise in operating expense, mainly reflecting higher resource costs, owing mainly to impact from a rise in crude oil prices. Electricity sales volume is likely to grow underpinned by an increase in the number of retail sales transactions. In light of this, we expect a growth in net electricity sales and operating expenses.

Taking these factors into accounting, we project consolidated net sales of ¥2,043.0 billion, a growth of ¥80.7 billion or 4.1% year-on-year, operating profit of ¥122.0 billion, a rise of ¥28.3 billion or 30.2%, ordinary profit of ¥120.0 billion, an increase of ¥30.7 billion or 34.2%, and profit attributable to owners of the parent of ¥86.0 billion, an expansion of ¥1.5 billion or 1.7%.

The economic frame assumed for FY2019 is ¥110.00/\$ for foreign exchange rate for the full-year, and \$70/bbl for the full-year for crude oil price.

### a. Consolidated city gas sales volume forecast for FY2019

			FY2019 (Forecast)	FY2018 (Results)	Change	% change
City gas sales volume	Residential	Mil. m <sup>3</sup>	3,284	3,240	44	1.3
	Others	Mil. m <sup>3</sup>	11,258	11,958	-700	-5.9
	Total	Mil. m <sup>3</sup>	14,541	15,198	-657	-4.3
Average temperature		°C	15.9	17.0	-1.1	—

### b. Consolidated electric power sales volume forecast for FY2019

		FY2019 (Forecast)	FY2018 (Results)	Change	% change
Total electric power sales volume	million kWh	19,941	15,482	4,459	28.8

### c. Consolidated earnings forecast for FY2019

(Unit: hundred million yen)

	Net sales			Operating profit	Ordinary profit	Profit attributable to owners of parent
	Gas sales	Other sales				
FY2019 (forecast)	20,430	14,622	5,808	1,220	1,200	860
FY2018 (results)	19,623	14,137	5,486	937	893	845
Change	807	485	322	283	307	15
% change	4.1%	3.4%	5.9%	30.2%	34.2%	1.7%

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

### <Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	FY2019 (Forecast)	FY2018 (Results)	Change	Crude oil price (\$/bbl)	FY2019 (Forecast)	FY2018 (Results)	Change
		110.00			110.92	-0.92	

## **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 Pipe Network Co., Ltd., Kumagaya Clean Energy LLC, Katori Clean Energy LLC, Ichikawa Clean Energy LLC, Mito Clean Energy LLC, Nasu Clean Energy LLC, and Kasama Clean Energy LLC (all have been newly added to the scope of consolidation)

- Excluded: 3 companies

Japan Super Freeze Co., Ltd. (removed from scope of consolidation due to a decrease in ownership ratio of voting rights), Niccho Operation Co., Ltd. (removed from scope of consolidation due to a decrease in ownership ratio of voting rights in Japan Super Freeze), and Tokyo Gas Auto Service Co., Ltd. (stock transfer)

#### **2) Application of equity method**

- Excluded from the equity method: 1 company

T-Power N.V. (stock transfer)

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 June 28, 2018]

### **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, 2018	As of March 31, 2019
<b>Assets</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	236,334	234,433
Distribution facilities	560,216	548,529
Service and maintenance facilities	52,244	49,586
Other facilities	406,221	447,608
Inactive facilities	316	316
Construction in progress	157,913	145,160
Total property, plant and equipment	1,413,246	1,425,634
Intangible assets		
Goodwill	1,254	1,306
Other intangible assets	92,167	119,052
Total intangible assets	93,422	120,359
Investments and other assets		
Investment securities	239,379	225,212
Long-term loans receivable	27,929	40,158
Retirement benefit asset	17	24
Deferred tax assets	40,856	42,425
Other investments and other assets	36,693	47,950
Allowance for doubtful accounts	-378	-362
Total investments and other assets	344,497	355,409
Total non-current assets	1,851,165	1,901,403
Current assets		
Cash and deposits	128,331	93,092
Notes and accounts receivable - trade	216,234	265,225
Lease receivables and investment assets	22,188	19,647
Securities	15	—
Merchandise and finished goods	2,494	2,194
Work in process	12,417	12,730
Raw materials and supplies	45,454	63,735
Other current assets	56,897	71,306
Allowance for doubtful accounts	-884	-1,186
Total current assets	483,150	526,745
<b>Total assets</b>	<b>2,334,316</b>	<b>2,428,149</b>

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
Non-current liabilities		
Bonds payable	294,998	334,998
Long-term loans payable	358,680	394,542
Deferred tax liabilities	10,898	17,517
Retirement benefit liability	73,161	75,262
Provision for gas holder repairs	3,107	2,990
Provision for safety measures	3,115	1,776
Provision for appliance warranties	9,984	14,057
Provision for point card certificates	835	1,450
Asset retirement obligations	13,200	11,940
Other noncurrent liabilities	61,572	64,640
Total non-current liabilities	829,554	919,176
Current liabilities		
Current portion of non-current liabilities	58,094	51,566
Notes and accounts payable - trade	80,819	69,605
Short-term loans payable	7,800	5,133
Income taxes payable	30,237	31,283
Other current liabilities	179,376	180,037
Total current liabilities	356,328	337,626
Total liabilities	1,185,882	1,256,803
<b>Net assets</b>		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus	1,898	1,634
Retained earnings	936,635	976,550
Treasury shares	-3,642	-4,111
Total shareholders' equity	1,076,736	1,115,918
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,282	22,756
Deferred gains or losses on hedges	-251	1,604
Foreign currency translation adjustment	33,206	24,770
Remeasurements of defined benefit plans	-3,945	-5,994
Total accumulated other comprehensive income	59,291	43,137
Non-controlling interests	12,405	12,289
Total net assets	1,148,433	1,171,345
Total liabilities and net assets	2,334,316	2,428,149

**(2) Consolidated statements of income and comprehensive income**  
**(Consolidated statement of income)**

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	1,777,344	1,962,308
Cost of sales	1,203,991	1,407,345
Gross profit	573,353	554,963
Selling, general and administrative expenses		
Supply and sales expenses	392,680	392,466
General and administrative expenses	64,370	68,791
Total selling, general and administrative expenses	457,050	461,258
Operating profit	116,302	93,704
Non-operating income		
Interest income	1,158	1,612
Dividend income	2,967	2,812
Rent income	1,637	1,668
Share of profit of entities accounted for using equity method	2,493	2,794
Miscellaneous income	4,800	4,883
Total non-operating income	13,057	13,771
Non-operating expenses		
Interest expenses	11,619	11,091
Miscellaneous expenses	6,193	6,997
Total non-operating expenses	17,813	18,089
Ordinary profit	111,546	89,386
Extraordinary income		
Gain on sales of non-current assets	3,403	29,306
Gain on sales of investment securities	3,049	6,420
Total extraordinary income	6,452	35,727
Extraordinary losses		
Impairment loss	3,213	—
Loss on valuation of investment securities	—	7,865
Total extraordinary losses	3,213	7,865
Profit before income taxes	114,784	117,248
Income taxes - current	31,527	26,113
Income taxes - deferred	7,957	6,823
Total income taxes	39,484	32,936
Profit	75,300	84,311
Profit (loss) attributable to non-controlling interests	312	-244
Profit attributable to owners of parent	74,987	84,555

**(Consolidated statement of comprehensive income)**

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	75,300	84,311
Other comprehensive income		
Valuation difference on available-for-sale securities	3,145	-7,528
Deferred gains or losses on hedges	666	221
Foreign currency translation adjustment	-3,537	-6,735
Remeasurements of defined benefit plans, net of tax	-8,784	-2,073
Share of other comprehensive income of entities accounted for using equity method	407	-78
Total other comprehensive income	-8,101	-16,193
Comprehensive income	67,198	68,118
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	66,856	68,401
Comprehensive income attributable to non-controlling interests	341	-283

### (3) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2018 (from Apr. 1, 2017 - Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	141,844	1,883	893,436	-3,087	1,034,076
Changes of items during period					
Dividends of surplus			-25,187		-25,187
Profit attributable to owners of parent			74,987		74,987
Purchase of treasury shares				-7,082	-7,082
Disposal of treasury shares				5	5
Retirement of treasury shares			-6,523	6,523	
Decrease in the number of consolidated subsidiaries			-78		-78
Change in ownership interest of parent due to transactions with non-controlling interests		15			15
Net changes of items other than shareholders' equity					
Total changes of items during period	—	15	43,198	-554	42,660
Balance at end of current period	141,844	1,898	936,635	-3,642	1,076,736

	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	27,166	-990	36,399	4,845	67,422	11,309	1,112,807
Changes of items during period							
Dividends of surplus							-25,187
Profit attributable to owners of parent							74,987
Purchase of treasury shares							-7,082
Disposal of treasury shares							5
Retirement of treasury shares							—
Decrease in the number of consolidated subsidiaries							-78
Change in ownership interest of parent due to transactions with non-controlling interests							15
Net changes of items other than shareholders' equity	3,115	738	-3,193	-8,791	-8,130	1,096	-7,034
Total changes of items during period	3,115	738	-3,193	-8,791	-8,130	1,096	35,625
Balance at end of current period	30,282	△251	33,206	△3,945	59,291	12,405	1,148,433



Fiscal year ended March 31, 2018 (from Apr. 1, 2017 - Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	141,844	1,898	936,635	-3,642	1,076,736
Changes of items during period					
Dividends of surplus			-24,932		-24,932
Profit attributable to owners of parent			84,555		84,555
Purchase of treasury shares				-20,051	-20,051
Disposal of treasury shares				2	2
Retirement of treasury shares			-19,580	19,580	
Decrease in the number of consolidated subsidiaries			-128		-128
Change in ownership interest of parent due to transactions with non-controlling interests		-263			-263
Net changes of items other than shareholders' equity					
Total changes of items during period	—	-263	39,914	-469	39,182
Balance at end of current period	141,844	1,634	976,550	-4,111	1,115,918

	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	30,282	-251	33,206	-3,945	59,291	12,405	1,148,433
Changes of items during period							
Dividends of surplus							-24,932
Profit attributable to owners of parent							84,555
Purchase of treasury shares							-20,051
Disposal of treasury shares							2
Retirement of treasury shares							—
Decrease in the number of consolidated subsidiaries							-128
Change in ownership interest of parent due to transactions with non-controlling interests							-263
Net changes of items other than shareholders' equity	-7,525	1,856	-8,435	-2,049	-16,154	-115	-16,269
Total changes of items during period	-7,525	1,856	-8,435	-2,049	-16,154	-115	22,912
Balance at end of current period	22,756	1,604	24,770	-5,994	43,137	12,289	1,171,345

**(4) Consolidated statements of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	114,784	117,248
Depreciation	161,093	157,574
Amortization of long-term prepaid expenses	4,248	4,306
Loss on retirement of property, plant and equipment	1,845	2,248
Loss (gain) on sales of non-current assets	-3,397	-29,283
Loss (gain) on sales of investment securities	-3,042	-6,385
Loss (gain) on valuation of investment securities	435	7,865
Increase (decrease) in retirement benefit liability	-12,461	1,039
Increase (decrease) in Reserve for safety measures	-1,596	-1,338
Increase (decrease) in Reserve for fixtures assurance	-314	4,073
Interest and dividend income	-4,125	-4,425
Interest expenses	11,619	11,091
Share of loss (profit) of entities accounted for using equity method	-2,493	-2,794
Decrease (increase) in notes and accounts receivable - trade	-20,602	-46,191
Decrease (increase) in inventories	-4,948	-18,336
Increase (decrease) in notes and accounts payable - trade	-631	-5,321
Increase (decrease) in accrued consumption taxes	3,000	-3,002
Decrease (increase) in accounts receivable - other	1,265	-2,541
Other, net	36,578	-16,526
Subtotal	281,258	169,300
Interest and dividend income received	12,295	9,387
Interest expenses paid	-11,502	-10,809
Income taxes paid	-22,312	-26,571
Net cash provided by (used in) operating activities	259,738	141,306
<b>Cash flows from investing activities</b>		
Purchase of investment securities	-47,898	-17,603
Proceeds from sales and redemption of investment securities	5,021	12,082
Purchase of property, plant and equipment	-177,671	-168,144
Purchase of intangible assets	-27,638	-39,491
Purchase of long-term prepaid expenses	-1,653	-8,561
Proceeds from sales of non-current assets	3,799	25,050
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-1,054
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	99	1,768
Payments of long-term loans receivable	-3,101	-12,238
Collection of long-term loans receivable	2,801	4,074
Net decrease (increase) in short-term loans receivable	-580	3,686
Other, net	-340	-3,030
Net cash provided by (used in) investing activities	-247,162	-203,462
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-2,645	-1,466
Net increase (decrease) in commercial papers	—	10,000
Repayments of lease obligations	-1,526	-1,613
Proceeds from long-term loans payable	60,471	59,354
Repayments of long-term loans payable	-62,065	-23,726
Proceeds from issuance of bonds	20,000	70,000
Redemption of bonds	—	-40,000
Purchase of treasury shares	-7,082	-20,051
Cash dividends paid	-25,187	-24,936
Other, net	1,385	68
Net cash provided by (used in) financing activities	-16,651	27,628

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Effect of exchange rate change on cash and cash equivalents	-220	-710
Net increase (decrease) in cash and cash equivalents	-4,294	-35,238
Cash and cash equivalents at beginning of period	132,566	128,271
Cash and cash equivalents at end of period	128,271	93,032

**(5) Notes on consolidated financial statements**

**1) (Note on going concerns' premise)**

Not applicable

**2) (Changes in presentation method)**

Adoption of partial revision to Accounting Standards for Tax Effect Accounting

From the fiscal year that started on April 1, 2018, we adopted the partial revision to Accounting Standards for Tax Effect Accounting (Corporate Accounting Standard No. 28, revised by the ASBJ on February 16, 2018). In accordance with this revision, deferred tax assets and deferred tax liabilities are shown under investments and other assets and non-current liabilities, respectively.

In addition, we are applying these accounting standards retroactively to consolidated financial position and consolidated balance sheets for past fiscal years. Accordingly, total assets and liabilities for the previous consolidated fiscal year declined ¥405 million. This does not have an impact on equity ratio figures.

**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.

We revised our reporting segments at the start of FY2018 (from April 1, 2018) in accordance with the revision of business segments in the "FY2018-2020 management plan GPS2020," which was announced on October 5, 2017.

We have renamed the city gas segment the gas segment, and transferred the liquid gas business (LNG, industrial gas) and LNG sales, etc., which were included in the energy-related segment, to the gas segment, and credit services, which were included in the others segment, to the energy-related segment, respectively.

The segment information for the previous consolidated fiscal year was prepared based on the reporting segments after revisions.

The Tokyo Gas Group is deploying business activities in the following areas—in addition to the core of the Group's operating structure, which consists of city gas, liquid gas, and gas (including LNG sales), which are all energy produced using natural gas as a resource, the Group also delves in the electric power business, which is a new pillar of the Group's revenues, the overseas business to remake ourselves as a global company group, and the engineering solutions business, which utilizes energy.

Furthermore, businesses involving the efficient utilization of the Group's real estate holdings represent another earnings base, and the Group therefore employs the five reporting segments of "gas," "electric power," "overseas," "energy related," including the engineering solutions, which utilize energy and "real estate."

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

Gas: City gas, liquid gas business (LNG, industrial gas) and LNG sales, etc.

Electric power: Electric power

Overseas: Overseas resource development and investment, energy supply, etc.

Energy related: Engineering solutions business (engineering, energy service, etc.), 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 28, 2018).

Income of reporting segment is based on operating profit 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, 2018 (from Apr. 1, 2017 to Mar. 31, 2018)

(Unit: million yen)

	Reporting segment						Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement of income (Note 3)
	Gas	Electric power	Overseas	Energy- related	Real estate	Total				
Net sales										
External sales	1,208,135	217,590	33,813	284,727	20,149	1,764,416	12,927	1,777,344	—	1,777,344
Intersegment sales & transfers	96,695	1,093	7,740	48,904	22,181	176,615	72,101	248,716	(248,716)	—
Total	1,304,830	218,684	41,554	333,631	42,331	1,941,032	85,029	2,026,061	(248,716)	1,777,344
Segment profit										
Operating profit (loss)	119,058	9,615	5,221	11,948	7,970	153,815	4,315	158,130	(41,827)	116,302
Investment gain on equity method	—	—	2,479	—	—	2,479	13	2,493	—	2,493
Total	119,058	9,615	7,700	11,948	7,970	156,294	4,329	160,623	(41,827)	118,796
Segment Assets	1,205,589	94,666	304,254	247,175	196,628	2,048,314	53,265	2,101,579	232,736	2,334,316
Others										
Depreciation expenses	124,986	9,897	8,008	9,514	6,615	159,021	5,588	164,610	(3,516)	161,093
Increase in property, plant, equipment, and intangible assets	139,288	2,609	7,131	23,407	30,821	203,259	7,415	210,675	(3,582)	207,092

Notes:

1. The “Others” segment indicates businesses not included in the reporting segments, including information processing service, and shipping business, etc.
2. The “Adjustments” indicates as follows;
  - (1) The ¥(41,827) million segment profit adjustment includes ¥2,149 million in eliminations for intersegment transactions and ¥(43,977) 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 ¥232,736 million segment assets adjustment includes ¥298,481 million of companywide assets not allocated to the respective reporting segments, and ¥(65,744) million of net eliminations for intersegment obligations. Companywide assets are primarily, financial assets that are not assignable to a reporting segment.
3. Segment profit is adjusted to reflect operating profit recorded in the consolidated statement of income which is adjusted by investment gain or loss on equity method.

Fiscal year ended March 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)

(Unit: million yen)

	Reporting segment						Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated statement of income (Note 3)
	Gas	Electric power	Overseas	Energy- related	Real estate	Total				
Net sales										
External sales	1,302,131	280,178	38,845	308,679	21,880	1,951,716	10,591	1,962,308	—	1,962,308
Intersegment sales & transfers	111,578	130	12,068	54,918	22,720	201,415	97,270	298,685	(298,685)	—
Total	1,413,709	280,308	50,913	363,598	44,601	2,153,131	107,862	2,260,994	(298,685)	1,962,308
Segment profit										
Operating profit (loss)	92,227	10,164	13,135	11,188	8,535	135,251	6,272	141,524	(47,819)	93,704
Investment gain on equity method	—	—	2,174	—	599	2,774	19	2,794	—	2,794
Total	92,227	10,164	15,309	11,188	9,135	138,026	6,292	144,318	(47,819)	96,498
Segment Assets	1,301,618	110,967	285,749	251,591	229,642	2,179,569	47,043	2,226,613	201,535	2,428,149
Others										
Depreciation expenses	123,138	7,844	9,594	10,174	7,272	158,024	3,259	161,283	(3,708)	157,574
Increase in property, plant, equipment, and intangible assets	154,313	7,326	6,483	22,069	26,518	216,710	2,903	219,613	(4,394)	215,219

Notes:

1. The “Others” segment indicates businesses not included in the reporting segments, including information processing service, and shipping business, etc.
2. The “Adjustments” indicates as follows;
  - (1) The ¥(47,819) million segment profit adjustment includes ¥(547) million in eliminations for intersegment transactions and ¥(47,272) 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 ¥201,535 million segment assets adjustment includes ¥266,977 million of companywide assets not allocated to the respective reporting segments, and ¥(65,442) million of net eliminations for intersegment obligations. Companywide assets are primarily, financial assets that are not assignable to a reporting segment.
3. Segment profit is adjusted to reflect operating profit recorded in the consolidated statement of income which is adjusted by investment gain or loss on equity method.

#### 4) (Per share information)

(Unit: yen)

	FY2017 (Apr. 2017– Mar. 2018)	FY2018 (Apr. 2018 – Mar. 2019)
Shareholders' equity per share	2,487.58	2,575.99
Profit per share	164.12	187.60

Notes:

1. Diluted profit per share is not disclosed as no latent shares exist.
2. As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. Net assets per share and profit per share are calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.
3. Basis for calculation of profit per share is as follows.

	FY2017 (Apr. 2017 – Mar. 2018)	FY2018 (Apr. 2018 – Mar. 2019)
Profit attributable to owners of parent (million yen)	74,987	84,555
Not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent with regard to the common shares (million yen)	74,987	84,555
Average number of common shares outstanding (thousand shares )	456,901	450,719

4. Basis for calculation of BPS is as follows.

	FY2017 (as of Mar. 31, 2018)	FY2018 (as of Mar. 31, 2019)
Shareholders' equity (million yen)	1,148,433	1,171,345
Deduction from shareholders' equity (million yen)	12,405	12,289
-Shares of minority shareholders (million yen)	12,405	12,289
Net shareholders' equity attributable to common shares (million yen)	1,136,027	1,159,055
Number of shares to calculate BPS (thousand shares)	456,680	449,945

#### 5) (Material subsequent events)

1. The Company resolved at the meeting of Board of Directors held on April 26, 2019 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 10 million shares (2.2% of the common shares outstanding)
- (2) Total value of stock repurchased: Up to ¥24,000 million
- (3) Period of acquisitions: May 7, 2019 – March 31, 2020

**V. Non-Consolidated Financial Statements**  
**(1) Non-Consolidated Balance sheets**

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Production facilities	240,372	238,636
Distribution facilities	553,538	541,740
Service and maintenance facilities	58,051	64,729
Facilities for incidental businesses	5,763	5,587
Inactive facilities	316	316
Construction in progress	80,165	109,756
<b>Total property, plant and equipment</b>	<b>938,208</b>	<b>960,766</b>
<b>Intangible assets</b>		
Patent right	8	10
Leasehold right	1,742	1,763
Goodwill	114	100
Other intangible assets	70,458	95,815
<b>Total intangible assets</b>	<b>72,325</b>	<b>97,690</b>
<b>Investments and other assets</b>		
Investment securities	75,643	65,711
Investments in subsidiaries and associates	352,623	364,614
Long-term loans receivable	47	41
Long-term loans receivable from subsidiaries and associates	101,937	133,053
Investments in capital	13	13
Long-term prepaid expenses	20,075	23,848
Deferred tax assets	23,614	26,914
Other investments and other assets	7,169	8,534
Allowance for doubtful accounts	-295	-336
<b>Total investments and other assets</b>	<b>580,829</b>	<b>622,395</b>
<b>Total non-current assets</b>	<b>1,591,363</b>	<b>1,680,852</b>
<b>Current assets</b>		
Cash and deposits	81,975	37,225
Notes receivable - trade	1,232	1,139
Accounts receivable - trade	143,734	187,677
Accounts receivable from subsidiaries and associates - trade	42,628	39,152
Accounts receivable - other	5,044	7,848
Finished goods	110	113
Raw materials	27,224	44,350
Supplies	10,498	10,339
Advance payments	1,780	1,156
Prepaid expenses	900	1,126
Short-term receivables from subsidiaries and associates	14,808	25,919
Other current assets	39,083	43,183
Allowance for doubtful accounts	-865	-1,223
<b>Total current assets</b>	<b>368,154</b>	<b>398,009</b>
<b>Total assets</b>	<b>1,959,518</b>	<b>2,078,862</b>



(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
Non-current liabilities		
Bonds payable	294,998	334,998
Long-term loans payable	289,144	331,762
Long-term debt to subsidiaries and associates	361	361
Provision for retirement benefits	59,701	59,078
Provision for gas holder repairs	2,698	2,631
Provision for safety measures	3,115	1,776
Provision for product warranties	9,984	14,057
Allowance for points redemption	835	1,450
Asset retirement obligations	313	316
Other noncurrent liabilities	35,724	36,484
Total non-current liabilities	696,876	782,917
Current liabilities		
Current portion of non-current liabilities	44,309	40,536
Accounts payable - trade	56,533	39,923
Accounts payable - other	46,426	43,239
Accrued expenses	47,746	50,517
Income taxes payable	23,924	22,552
Advances received	7,322	7,912
Deposits received	1,574	1,534
Short-term loans payable from subsidiaries and associates	93,149	135,962
Short-term debt to subsidiaries and associates	43,829	48,233
Other current liabilities	6,177	14,319
Total current liabilities	370,993	404,732
Total liabilities	1,067,870	1,187,649
<b>Net assets</b>		
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	6,236	6,161
Reserve for overseas investment loss	8,980	6,766
Reserve for adjustment of cost fluctuations	141,000	141,000
General reserve	339,000	339,000
Retained earnings brought forward	199,289	210,782
Total retained earnings	729,960	739,165
Treasury shares	-3,642	-4,111
Total shareholders' equity	870,228	878,964
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	29,712	22,271
Deferred gains or losses on hedges	-8,293	-10,023
Total valuation and translation adjustments	21,419	12,248
Total net assets	891,648	891,212
Total liabilities and net assets	1,959,518	2,078,862

**(2) Non-Consolidated Statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Sales on gas business		
Gas sales	1,108,659	1,193,670
Gas transportation service revenue	2,633	10,374
Revenue from interoperator settlement	7,154	7,212
Total sales from gas business	1,118,447	1,211,256
Cost of sales		
Beginning inventories	108	110
Cost of products manufactured	646,221	763,479
Purchase of finished goods	7,742	9,432
Costs of gas for own use	1,696	1,928
Ending inventories	110	113
Total cost of sales	652,266	770,980
Gross profit	466,180	440,276
Supply and sales expenses	343,526	343,410
General and administrative expenses	66,988	70,090
Total selling, general and administrative expenses	410,515	413,500
Profit on core business	55,665	26,776
Miscellaneous operating revenue		
Revenue from installation work	40,948	41,805
Other miscellaneous operating revenue	113,708	117,709
Total miscellaneous operating revenue	154,656	159,515
Miscellaneous operating expenses		
Expenses of installation work	39,783	40,259
Other miscellaneous operating expenses	96,396	104,058
Total miscellaneous operating expenses	136,179	144,318
Revenue for incidental businesses	325,756	397,794
Expenses for incidental businesses	317,414	390,847
Operating profit	82,485	48,920

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Non-operating income		
Interest income	387	417
Dividend income	1,573	1,885
Dividends from subsidiaries and affiliates	17,026	14,201
Rent income	4,679	5,703
Miscellaneous income	4,729	7,536
Total non-operating income	28,397	29,745
Non-operating expenses		
Interest expenses	4,254	4,111
Interest on bonds	5,533	5,033
Amortization of bond issuance cost	117	384
Balance on commissioned construction	1,839	1,791
Miscellaneous expenses	3,247	4,435
Total non-operating expenses	14,992	15,755
Ordinary profit	95,890	62,910
Extraordinary income		
Gain on sales of non-current assets	3,216	—
Gain on sale of investment securities	2,977	4,419
Total extraordinary income	6,193	4,419
Extraordinary losses		
Impairment loss	2,434	—
Total extraordinary losses	2,434	—
Profit before income taxes	99,649	67,329
Income taxes - current	21,609	13,850
Income taxes - deferred	2,134	-237
Total income taxes	23,743	13,612
Profit	75,906	53,717

**(3) Notes on consolidated financial statements**

**(Changes in presentation method)**

(Changes in tandem with the revision to accounting rules for gas businesses)

On June 19, 2018, the accounting rules for gas businesses were revised owing to the enactment of the ordinance for the partial revision to accounting rules for gas businesses (Ordinance issued by the Ministry of International Trade and Industry No. 36 in 2018).

The consolidated balance sheets for the consolidated fiscal year under review were prepared in line with the revised accounting rules for gas businesses. In accordance, deferred tax assets and deferred tax liabilities are shown under investments and other assets and non-current liabilities, respectively.

In addition, we are applying these accounting rules retroactively to our consolidated balance sheets for past fiscal years. Accordingly, total fixed assets increased by ¥7,746 million and current assets decreased by ¥7,746 million. This does not have an impact on equity ratio figures.