May 19, 2000

Consolidated Results Bulletin: Year Ending March 2000

Tokyo Gas Co., Ltd.

Code No.: 9531

Contact: Mr. Hisashi Matsukura, Manager, Settlement Accounting Section

Tel: 03-5400-7545

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

Location of head office (prefecture): Tokyo

Meeting of board of directors to approve end of year accounts: May 19, 2000

Parent company (code no:)

Shareholding in parent company: %

1. Consolidated results for year ending March 2000 (April 1, 1999~March 31, 2000)

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

	Sales		Operating profits		Ordinary profits	
	(Unit: ¥1 million)	(%)	(Unit: ¥1 million)	(%)	(Unit: ¥1 million)	(%)
Year ending March 2000	992,255	-0.6	69,233	-4.2	43,720	2.8
Year ending March 1999	997,766	-1.1	72,302	-5.5	42,515	16.6

	Current net profits		Net earnings per share	Net earnings per share adjusted for latent shares	Net rate of return on shareholders' equity	Ratio of current profits to total capital	Ratio of current profits to sales
	(Unit: ¥1 million)	(%)	(Unit: ¥1)	(Unit: ¥1)	(%)	(%)	(%)
Year ending March 2000	26,698	50.3	9.50	8.84	5.9	2.5	4.4
Year ending March 1999	17,764	3.0	6.32	5.94	4.2	2.5	4.3

Note:
1. Profit or loss on investment accounted for by equity method:
   Year ending March 2000 ¥392 million
   Year ending March 1999 ¥__ million
2. Profit or loss from revaluation of securities: ¥117,469 million
   Profit or loss from revaluation of derivatives transactions: ¥__ million
3. Changes in accounting methods: None
4. Percentage figures on sales, operating profits, ordinary profits and current net profits indicate the percentage change on the previous year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Ratio to shareholders' equity	Shareholders' equity per share
	(Unit: ¥1 million)	(Unit: ¥1 million)	(%)	(Unit: ¥1)
Year ending March 2000	1,805,086	484,239	26.8	172.33
Year ending March 1999	1,707,446	421,443	24.7	149.98

(3) Consolidated cash flow

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

(4) Scope of subsidiaries and affiliates and application of equity method
Consolidated subsidiaries: 14
Non-consolidated subsidiaries accounted for by equity method: -
Consolidated affiliates accounted for by equity method: 1

(5) Changes in scope of consolidated subsidiaries and affiliates and application of equity method
Consolidated subsidiaries
Newly added: 1 Excluded: -
By equity method
Newly added: 1 Excluded: -

2. Results forecast for the year ending March 2001 (April 1, 2000 - March 31, 2001)

	Sales	Ordinary profits	Current net profits
	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1 million)
Interim results	-	-	-
Annual results	1,050,00	49,000	20,000

Reference: 1. Forecast annual net earnings per share: ¥7.12

The Tokyo Gas Group

The main fields of business of the Tokyo Gas group (comprising a total of 64 companies: Tokyo Gas, 47 subsidiaries and 16 affiliates) and the group members' positions in relation to these fields are described below by segment.

Gas
Tokyo Gas Co., Ltd. (the company submitting the attached consolidated financial statements) 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
Tokyo Gas Co., Ltd. sells gas equipment through companies such as Kanpai Co., Ltd.*, Enestar Co., Ltd.* and Enefit Co., Ltd.* Gasstar Co., Ltd.* sells gas appliances on a wholesale basis to Tokyo Gas Co., Ltd. and others.

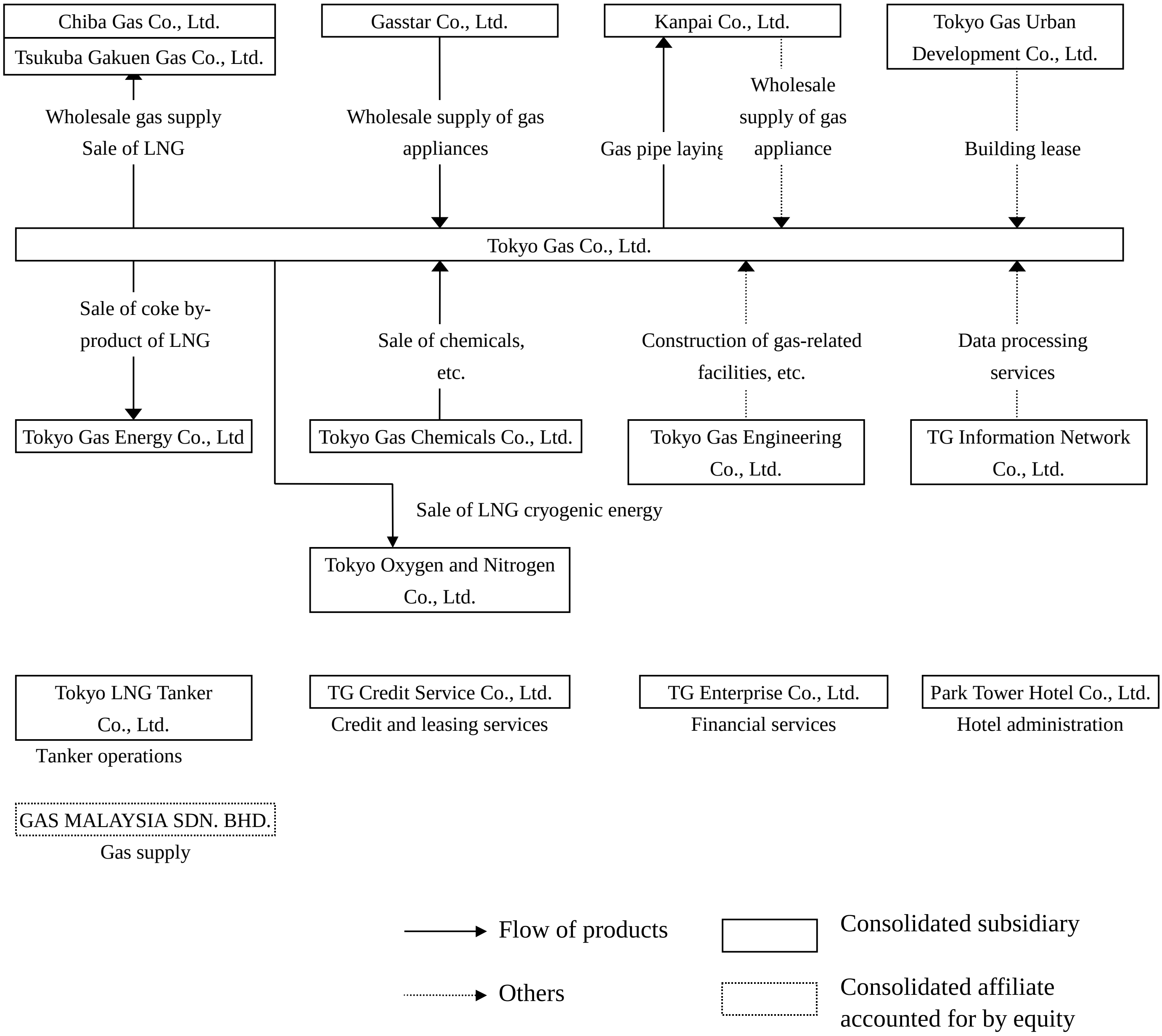
Contracted work
Gas-related construction work is performed by Tokyo Gas Co., Ltd. Kanpai Co., Ltd. performs gas pipe laying work ordered by Tokyo Gas Co., Ltd.

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

Other business
As a subsidiary business, Tokyo Gas Co., Ltd. supplies hot and cold water and steam locally, and also sells LPG and coke as incidental products through Tokyo Gas Energy Co., Ltd.*
Using LNG cryogenic energy sold to it by Tokyo Gas Co., Ltd., Tokyo Oxygen and Nitrogen Co., Ltd.* manufactures and sells products such as liquefied nitrogen.
Tokyo Gas Chemicals Co., Ltd.* sells chemicals to Tokyo Gas Co., Ltd.
Tokyo Gas Engineering Co. Ltd.* builds gas-related facilities ordered by Tokyo Gas Co., Ltd.
TG Information Network Co., Ltd.* provides computerized data processing services to Tokyo Gas Co., Ltd.
Tokyo LNG Tanker Co., Ltd.* hires out LNG tankers and LPG tankers.
TG Credit Service Co., Ltd.* provides various lease and credit services for payment for gas appliances sold by companies such as Enestar and Enefit.
TG Enterprise Co., Ltd.* provides financial services for affiliated companies.
Park Tower Hotel Co., Ltd.* is a hotel operator.

*Consolidated subsidiary

Diagram of group business relations



Business Policy

1. Consolidated business policy

Responding to the full-scale introduction of consolidated accounting from the year ending March 2000, our aim is to improve the efficiency and performance of the Tokyo Gas group, and increase the corporate value of the group as a whole.

Retaining our focus on the development of the group's gas-related operations, we are in the process of radically reorganizing the members of the group into ten fields of business (such as energy marketing, use of cryogenic energy, and chemicals) and allocating core companies to play the leading role in each of these fields in order to expand group earnings and make more effective use of human resources.

We will be stepping up our efforts to set up new fields of business and consolidate or close down companies by, for example, withdrawing from unprofitable operations, in accordance with a logical and objective ranking of growth potential with the objective of listing them on the stock exchange.

Consolidated targets

Free cash flow	(¥ 1 billion)	<FY 2000-2004 5-year ave.>	615
Return on total assets (ROA)	(%)	<FY 2000-2004 5-year ave.>	1.7
Ratio of consolidated profit to parent company's profit		<FY 2000-2004 5-year ave.>	1.13

2. Parent company (Tokyo Gas)

(1) Business policy

Our announcement of rates cuts in November 1999 was also accompanied by the announcement of our Medium-term Management Plan, which describes our aim of becoming a new type of public utility that contributes to the customer and community as a public utility while at the same time increasing its corporate value as a joint-stock company.

The three main priorities of our medium-term management plan are (1) to strengthen our corporate structure by achieving sweeping improvements in operating efficiency, (2) to increase competitiveness to survive in an era of mega-competition in the energy market, and (3) to increase our corporate value through more effective allocation of business resources.

Focusing on our core LNG business operations, we will continue in our efforts to position ourselves as a total energy provider, and to further improve our levels of safety and services in order to meet the high expectations of society, our customers and shareholders alike.

Targets for improvements in profits and financial structure

Free cash flow	(¥ 1 billion)	<FY 2000-2004 5-year ave.>	50.0
ROA	(%)	<FY 2000-2004 5-year ave.>	1.9
Turnover of total capital	(Times)	<FY 2000-2004 5-year ave.>	0.65
Interest-bearing debt	(¥ 1 billion)	<FY 2004>	610.0

(2) Basic policy on allocation of earnings

Having implemented a second rate cut following that in December 1999, we will aggressively push ahead with moves to develop new sources of demand and drastically improve business efficiency in order to increase cash flow. Earnings thus generated will naturally be allocated to our shareholders as well as being used to expand new fields of business and strengthen our financial structure.

Business performance

1. Summary of results for the year ending March 2000 (consolidated basis)

Although the worst appears to be over, the Japanese economy is not yet on the road to a self-sustaining recovery driven by domestic demand, and business conditions remain harsh.

Under economic conditions such as these, residential demand leveled off as a result of the unusually warm weather, but gas sales overall remained firm due especially to strong business demand.

In terms of value, however, factors such as cuts in unit charges and the impact of rate revisions during the period under the system for making adjustments for changes in feedstock costs caused gas sales to fall 0.4 percent from the previous year. Sales of gas appliances too fell 4.5 percent as a result of the revamped structure of business operations among consolidated subsidiaries, while soaring oil prices caused feedstock costs to rise and depressed gross profits. We have therefore made maximum efforts to further increase management efficiency and to curb expenses such as overheads and personnel expenses.

As a result, consolidated sales fell 0.6percent from the previous year to ¥992.2 billion, operating profits fell 4.2 percent to ¥69.2 billion, and ordinary profits rose 2.8 percent to ¥43.7 billion. Current net profit rose 50.3 percent on the previous year to ¥26.6 billion.

(1) Summary of results by segment

1) Gas

Residential and industrial demand rose 1.4 percent and 2.0 percent respectively on the previous term. In addition, commercial and other forms of business demand increased 6.2 percent, causing total gas sales to rise 3.2 percent in terms of volume to 8.42498 billion cubic meters. At the same time, however, the impact of the cut in unit charges and revision of rates under the feedstock cost adjustment system caused gas sales to fall ¥2.9 billion from the previous year to ¥672.0 billion.

Operating expenses increased ¥11.7 billion (2.3%) due to growth in feedstock costs, causing operating profits to fall ¥14.7 billion (9.4%) to ¥141.3 billion.

2) Gas appliances

Sales fell ¥6.0 billion from the previous year to ¥127.9 billion as a results of factors such as the revised business structure. This and reform of the distribution structure caused operating expenses to shrink ¥9.4 billion (7.0%), resulting in operating profits of ¥2.7 billion.

3) Contracted work

Sales fell ¥100 million (0.2%) from the previous year to ¥68.6 billion. Operating expenses declined ¥1.5 billion (2.2%), causing operating profit to grow ¥1.3 billion to ¥1.9 billion.

4) Building leases

Sales increased ¥200 million (0.6%) from the previous year to ¥37.8 billion. Operating expenses increased ¥700 million (2.6%), causing operating profit to fall ¥500 million to ¥8.2 billion.

5) Other business

Sales rose ¥3.7 billion (2.4%) on the previous year to ¥158.8 billion. Operating expenses increased ¥1.3 billion (0.9%), and operating profit increased ¥2.4 billion to ¥11.4 billion.

Summary by segment

(Unit: ¥ 100 million)

		Gas	Gas appliances	Construction orders received	Building lease	Others
Sales	Current year (% of total)	6,720 (63%)	1,279 (12%)	686 (6%)	378 (4%)	1,588 (15%)
	Previous year	6,749	1,339	688	376	1,550
	Change	-29	-60	-1	2	37
Operating expenses	Current year	5,306	1,251	666	295	1,473
	Previous year	5,188	1,346	682	288	1,460
	Change	117	-94	-15	7	13
Operating profit	Current year	1,413	27	19	82	114
	Previous year	1,560	-6	5	87	90
	Change	-147	34	13	-5	24

Note: Figures include inter-business transactions within segments.

(2) Cash flow for the year
Changes in cash and cash equivalents and balances were as follows:

Cash flow from business activities	¥154.6 billion
Cash flow from investment activities	-¥124.3 billion
Cash flow from financing activities	¥22.8 billion
Change in cash and cash equivalents during period	¥53.1 billion
Balance of cash and cash equivalents at start of year	¥44.4 billion
Balance of cash and cash equivalents at end of year	¥97.3 billion

(3) Ratio of consolidated profits to parent company profit
The ratio of consolidated profits to parent company's profits for the year was as follows:

Sales	Ordinary profits	Current net profits
1.14	1.25	1.19

2. Overview of non-consolidated results for Tokyo Gas

Although record high temperatures caused residential demand to level off somewhat, gas sales remained firm in volume terms due largely to robust commercial demand.

In value terms, however, gas sales fell from the previous year as a result of rate cuts implemented during the year, and this combined with soaring crude oil prices causing feedstock costs to increase resulted in a fall in gross profits. We therefore redoubled our efforts to achieve further improvements in management efficiency and at the same time to curb expenses such as overhead and personnel costs.

As a result, total sales fell ¥900 million from the previous year to ¥869.9 billion, and current net profit declined ¥1.5 billion to ¥34.9 billion. Current net profit registered an increase of ¥5.5 billion on the previous year to ¥22.3 billion.

(1) Gas sales

In volume terms, gas sales rose 3.2 percent on the previous year to 8,418 million cubic meters. Although annual average temperatures were up 0.2°C, efforts to win new customers and encourage wider use of gas appliances such as floor and water heating systems resulted in 1.4 percent growth in residential demand on the previous year.

Industrial demand rose 1.9 percent as a result of greater capacity utilization among large-volume users.

With regard to commercial demand, growth in air-conditioner demand due to high summer temperatures combined with an increase in capacity utilization among large-volume users resulted in business demand increasing 4.3 percent, and other forms of commercial demand increasing a firm 11.1 percent.

Supplies to other gas suppliers, meanwhile, rose 6.0 percent on the previous year as a result of an increase in large-volume demand.

Years ending March 31, 2000 and 1999

				2000	1999	Change	% change
No. of gas users			Thousand	8,715	8,583	132	1.5
Gas sales volume	Household		m^3	34.08	34.31	-0.23	-0.7
			Mil. m^3	2,994	2,953	41	1.4
	Business	Industrial	Mil. m^3	2,431	2,386	45	1.9
		Commercial	Mil. m^3	1,517	1,454	63	4.3
		Other	Mil. m^3	627	565	62	11.1
		Total	Mil. m^3	4,575	4,405	170	3.9
	Supplies to other utilities		Mil. m^3	849	800	49	6.0
	Total		Mil. m^3	8,418	8,158	260	3.2
Ave. temperature			°C	17.0	16.8	0.2	

Note: The upper row of figures for residential demand indicates gas sales per meter read (m^3/household/month).

(2) Summary of income and expenditures

Sales

Although gas sales increased in volume terms, the reduction in unit charges under the system for adjusting for feedstock costs and the rate cut in December last year caused unit yields to fall and sales to decline 0.4 percent from the previous year to ¥665.8 billion. Total sales including turnover from construction orders, gas appliance sales and subsidiary business fell 0.1percent from the previous year to ¥869.9 billion.

Expenses

As a result of a 6.8 percent increase in the cost of sales due to an increase in feedstock costs, operating expenses overall rose 1.2 percent on the previous year despite a decline in sales and general administrative expenses from the previous year.

Total expenses including construction orders, gas appliances and associated business rose 0.6 percent on the previous year to ¥818.6 billion.

Profits

Operating profit consequently fell 10.3 percent from the previous year to ¥51.2 billion.

Ordinary profit including non-operating profit fell 4.1 percent from the previous year to ¥34.9 billion.

Years ending March 31, 2000 and 1999

(Unit: ¥100 million)

Income			Change from previous year	Rate (%)	Expenses			Change from previous year	Rate (%)
Product	Gas sales	6,658	-29	-0.4	Operating expenses	Cost of sales	2,073	132	6.8
						Sales and administrative expenses	4,160	-57	-1.3
						Total	6,234	75	1.2
Other sales	Construction orders	614	3	0.5	Other expenses	Construction orders	604	-6	-0.9
	Gas appliances	1,072	15	1.4		Gas appliances	1,043	-26	-2.5
	Associated businesses	354	2	0.7		Associated businesses	303	7	2.4
	Total	2,041	20	1.0		Total	1,951	-25	-1.3
Total sales		8,699	-9	-0.1	Total expenses		8,186	50	0.6
					Operating profit		512	-59	-10.3
Non-operating income		143	18	14.3	Non-operating expenses		306	-26	-7.9
					Ordinary profit		349	-15	-4.1
					Current net profit		223	55	32.4

(Rounded down to nearest 100 million yen)

Notes: [1] Cost of sales includes cost of raw materials of ¥160.7 billion (increased by ¥15.7 billion, or 10.8%, from the previous term).

[2] Non-operating expenses include interest expenses of ¥18.2 billion (down by ¥100 million, or 0.6%, from the previous term).

	2000	1999	Change		2000	1999	Change
Crude oil price ($/bbl)	20.92	12.76	8.16	Yen/dollar rate	111.62	128.28	-16.66

(3) Capital expenditures

Capital expenditures in the years ending March 31, 2000 and 2001 are shown below.

1) Total investment

(Unit: ¥ 1 million)

	FY 1998		FY 1999		FY 2000	
	¥m	%	¥m	%	Planned	%
Production facilities	27,894	20.8%	15,699	13.9%	13,945	12.4%
Distribution facilities	81,559	60.7%	80,914	71.5%	85,858	76.1%
Business facilities	15,703	11.7%	10,386	9.2%	10,739	9.4%
Facilities for associated businesses	9,151	6.8%	6,090	5.4%	2,352	2.1%
Total	134,309	100.0%	113,091	100.0%	112,894	100.0%

2) Main items of investment

(Unit: ¥ 1 million)

		FY1998 (actual)		FY1999 (actual)		FY2000 (planned)	
Works (production) facilities	Sodegaura Terminal facilities		1,542		1,060		1,061
	Negishi Terminal facilities		431		415		1,186
	Ohgishima LNG Terminal facilities		25,532		14,007		11,352
	Total		27,507		15,484		13,600
Investment in district mains (distribution facilities)	Investment in new district mains to create demand	(586km)	25,438	(578km)	25,112	(601km)	26,913
	Investment in district mains to improve safety	(129km)	9,510	(120km)	9,250	(116km)	8,741
	Planned investment district mains	(53km)	26,190	(61km)	28,570	(57km)	29,808
	Investment in district mains as part of urban development projects	(154km)	3,106	(132km)	2,280	(151km)	2,868
	Total	(922km)	64,244	(892km)	65,213	(925km)	68,330

3. Outlook for the year ending March 31, 2001 (consolidated basis)

Non-consolidated revenues of Tokyo Gas are expected to increase as a result of growth in gas sales, and sales for the year ending March 2001 are projected to increase approximately ¥58.0 billion on the year ending March 2000 to reach ¥1.05 trillion.

With regard to ordinary profits, an increase in Tokyo Gas's non-consolidated profits is expected to result in an increase of approximately ¥5.0 billion on the year ending March 2000 to ¥49.0 billion.

On this basis, the ratio of consolidated profit to the parent's is projected to be as follows.

Sales	Ordinary profits	Current net profit
1.13	1.17	1.00

4. Outlook for Tokyo Gas for the year ending March 31, 2000 (non-consolidated basis)

Annual gas sales for the year ending March 2001 are expected to increase 3.8percent in volume terms to 8.742 billion cubic meters, while in terms of value, gas sales are expected to increase ¥60.0 billion on the year ending March 2000 to ¥726.0 billion. Total sales including turnover from construction orders, sales of gas appliances and other sales are projected to increase around ¥58.0 billion to ¥928.0 billion.

Although every effort will be made to reduce expenses by improving management efficiency, ordinary profits are projected to increase approximately ¥7.0 billion on the previous year to ¥42.0 billion because of an anticipated rise in feedstock costs and depreciation expenses

				FY2000 (Estimate)	FY1999 (Actual)	Change	Rate of change (%)
Gas sales volume	Household		Mil. m^3	3,113	2,994	119	4.0
	Business	Industrial	Mil. m^3	2,478	2,431	47	1.9
		Commercial	Mil. m^3	1,592	1,517	75	4.9
		Other	Mil. m^3	647	627	20	3.2
		Total	Mil. m^3	4,717	4,575	142	3.1
	Supplies to other utilities		Mil. m^3	912	849	63	7.4
	Total		Mil. m^3	8,742	8,418	324	3.8

Consolidated Statements

1. Consolidated balance sheet

(Unit: ¥1 million)

Account	Current year (March 31, 2000)	Previous year (March 31, 1999)	Change
(Assets)			
Fixed assets	1,491,020	1,461,970	29,050
Tangible fixed assets	1,333,551	1,342,794	-9,243
Production facilities	286,946	314,046	-27,100
Distribution facilities	496,183	457,703	38,480
Business facilities	85,551	91,999	-6,448
Other facilities	340,911	333,989	6,922
Idle facilities	5	203	-198
Construction in progress	123,953	144,852	-20,899
Intangible fixed assets	19,819	4,171	15,648
Other intangible fixed assets	19,819	4,171	15,648
Investments etc.	137,648	115,004	22,644
Investment securities	32,181	32,467	-286
Long-term loans receivable	5,366	5,515	-149
Deferred tax assets	41,559	—	41,559
Miscellaneous investments	59,922	78,507	-18,585
Allowances for doubtful accounts	-1,381	-1,485	104
Current assets	314,065	245,475	68,590
Cash and deposits	57,926	16,927	40,999
Notes and accounts receivable	125,512	114,803	10,709
Negotiable securities	2,309	3,396	-1,087
Inventories	27,059	27,487	-628
Deferred tax assets	7,559	—	7,559
Other current assets	95,202	84,162	11,040
Allowances for doubtful accounts	-1,504	-1,501	-3
Total assets	1,805,086	1,707,446	97,640

(Unit: ¥1 million)

Account	Current year (March 31, 2000)	Previous year (March 31, 1999)	Change
(Liabilities)			
Fixed liabilities	1,002,529	985,438	17,091
Straight bonds	258,943	198,943	60,000
Convertible bonds	355,334	397,131	-41,797
Long-term bank loans payable	229,357	224,678	4,679
Deferred tax liabilities	275	—	275
Estimated retirement allowances	106,392	105,722	670
Allowances for repairs of gas holders	3,341	3,330	11
Other fixed liabilities	48,885	55,632	-6,747
Current liabilities	314,697	297,444	17,253
Fixed liabilities due within one year	71,959		71,959
Notes and accounts payable	39,284	54,002	-14,718
Short-term bank loans payable	41,641	52,693	-11,052
Corporation tax payable, etc.	19,885	24,624	-4,739
Deferred tax liabilities	45	—	45
Other current liabilities	141,881	166,124	-24,243
Total liabilities	1,317,227	1,282,883	34,344
Minority interest	3,619	3,120	499
(Shareholders’ equity)			
Common stock	141,817	141,817	0
Additional paid-in capital	2,038	2,038	0
Consolidated retained earnings	340,386	277,589	62,797
Treasury stock	-3	-2	-1
Total shareholders’ equity	484,239	421,443	62,796
Total liabilities, minority interest and shareholders’ equity	1,805,086	1,707,446	97,640

2. Consolidated statement of income

(Unit: ¥1 million)

Account	Current year (April 1999 - March 2000)	Previous year (April 1998 - March 1999)	Change
Sales	992,255	997,766	-5,511
Cost of sales	483,813	477,283	6,530
(Gross profit)	(508,441)	(520,483)	(-12,042)
Supply and sales expenses	344,675	350,068	-5,393
General and administrative expenses	94,532	98,111	-3,579
(Operating profit)	(69,233)	(72,302)	(-3,069)
Non-operating income	10,202	7,877	2,325
Interest income	210	182	28
Dividend income	1,072	1,182	-110
Return on investment accounted for by equity method	392		392
Foreign exchange gains or losses	2,636	1,381	1,255
Miscellaneous revenues	5,890	5,129	761
Non-operating expenses	35,716	37,664	-1,948
Interest paid	23,366	22,393	973
Balance on commissioned construction	7,837	8,546	-709
Miscellaneous expenditures	4,512	6,724	-2,212
(Ordinary profit)	(43,720)	(42,515)	(1,205)
Special profits	514	750	-236
Gain on sales of fixed assets	514	750	-236
Special losses	496	2,302	-1,806
Expenditures on business reorganization		1,556	-1,556
at consolidated subsidiaries			10
Loss from sale of fixed assets	10	577	-92
Losses on compression of fixed assets	485	168	-168
Other special losses			
Unadjusted (for tax, etc.) net income for the current year	43,738	40,964	2,774
Corporate tax, residence tax and business tax	16,064	23,498	-7,434
Adjustment for Corporate taxes, etc.	713	—	713
Minority shareholder profit (loss)	216	-298	559
Current net profits of the current year	26,698	17,764	8,934

3. Statement of consolidated retained earnings

(Unit: ¥1 million)

Account	Current year (April 1999 - March 2000)		Previous year (April 1998 - March 1999)		Change
Initial balance of consolidated retained earnings	277,589				
Initial balance of other retained earnings	—		237,787		
Initial balance of earned surplus reserve	—		36,117		
Prior year tax-effect adjustment	49,233	326,822	—	273,905	52,917
Increase in consolidated retained earnings					
Due to merger of consolidated subsidiaries			119		
Increase in retained earnings due to addition of consolidated subsidiaries	493				
Increase in retained earnings due to addition of companies accounted for by equity method	573	1,067		119	948
Decrease in consolidated retained earnings					
Dividends	14,050		14,050		
Directors' bonuses	151	14,201	148	14,198	3
Current net profits		26,698		17,764	8,934
Year-end balance of consolidated retained earnings		340,386		277,589	62,797

4. Consolidated statement of cash flow

(Unit: ¥1 million)

Account	Current year (April 1999 - March 2000)
I. Cash flow from operating activities	
Net income prior to adjustment for tax, etc.	43,738
Depreciation	136,214
Amortization of long-term prepaid expenses	4,092
Loss on retirement of tangible fixed assets	4,330
Profit or loss on sale of fixed assets	-533
Profit or loss on revaluation of investment securities	1,523
Decrease in provision for severance and retirement benefits	-,3747
Interest and dividends earned	-1,282
Interest paid	23,366
Increase in accounts receivable	-10,590
Decrease in inventories	657
Decrease in accounts payable	-10,638
Increase in consumption tax payable	7,396
Other	2,141
Subtotal	196,667
Proceeds from interest and dividends	1,310
Payment of interest	-23,149
Payment of corporate tax, etc.	-20,186
Cash flow from operating activities	154,641
II. Cash flow from investing activities	
Purchases of investment securities	-664
Purchases of tangible fixed assets	-115,324
Purchases of intangible fixed assets	-5,176
Spending on long-term prepaid expenses	-3,169
Spending on lending of long-term loans	-655
Proceeds from recovery of long-term loans receivable	804
Other	-147
Cash flow from investing activities	-124,333
III. Cash flow from financing activities	
Net decrease in short-term debt	-10,279
Proceeds from long-term debt	34,698
Payments for long-term debt	-45,527
Proceeds from bond issues	60,000
Payments for redemption of bonds	-1,997
Dividend payments	-14,053
Payment of dividends to minority shareholders	-39
Cash flow from financing activities	22,802
IV. Difference due to conversion of cash and cash equivalents	—
V. Increase in cash and cash equivalents	53,110
VI. Increase in cash and cash equivalents due to addition of consolidated subsidiaries	6
VII. Cash and cash equivalents at beginning of year	44,210
VIII. Cash and cash equivalents at end of year	97,327

5. Basis of consolidated financial statements

(1) Scope of consolidation

In preparing the accompanying consolidated financial statements, the following 14 principal subsidiaries of the Company were treated as consolidated subsidiaries: Tokyo Gas Urban Development Co., Ltd., Park Tower Hotel Co., Ltd., Gasstar Co., Ltd., Kanpai Co., Ltd., Tokyo LNG Tankers Co., Ltd., Tokyo Gas Energy Co., Ltd., Tokyo Gas Chemical Co., Ltd., Tokyo Oxygen & Nitrogen Co., Ltd., Chiba Gas Co., Ltd., TG Credit Services Co., Ltd., TG Information Network Co., Ltd., Tsukuba Gakuen Gas Co., Ltd., TG Enterprises Co., Ltd. and Tokyo Gas Engineering Co., Ltd. Tokyo LNG Tankers Co., Ltd. was treated as a consolidated subsidiary for the first time this year.

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

As the Company's total interests in the combined assets, sales and net income 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. This was the first time that Gas Malaysia Sdn. Bhd. was accounted for by the equity method.

As the Company's total interests in the net income and in the retained earnings of non-consolidated subsidiaries and affiliates are small and qualitatively of little importance, and so have only a very slight impact on consolidated net income and retained earnings, these companies were not accounted for by the equity method.

The date for the closing of the accounts of Gas Malaysia Sdn. Bhd. differs from that of the Company, and so financial statements for its business year were used.

(3) Business years of consolidated subsidiaries

The date of the closing of the accounts of consolidated subsidiaries is the same as that of the Company.

(4) Significant accounting policies

1) Criteria and methods of valuation of principal assets

Shares with quoted market values were valued on a lower-of-cost-or-market basis (adding back the credited reserve amount in full to the income in the following year) using the moving average method. Other securities were valued on a cost basis using the moving average 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 accordance with the Corporation Tax Law. Depreciation of some buildings, however, was calculated by the straight line method.

Depreciation of intangible fixed assets was calculated by the straight line method under the same standards for depreciation as stipulated under the Corporation Tax Law. 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

In order to provide against loss from bad debts such as irrecoverable accounts receivable and irrecoverable loans, a reserve is maintained taking into account the maximum transferable amount under the Corporation Tax law (based on the actual provision ratio and the estimated irrecoverable amount of partial credits.

A retirement allowance reserve is appropriated for payment of retirement allowances, and is equal to the amount payable at the end of the term in the event of voluntary retirement by all eligible employees.

Company's corporate pension plan:

a) Since 1976, the company has operated a tax-qualified pension plan as part of its retirement benefit system. Employees who are aged 30 or over and have at least 5 years service are enrolled in the plan, and are eligible for benefits when they leave the company at age 50 or over after at least 15 years service.
b) Past-service expenses are charged to expenses when liabilities are confirmed.
c) An amount equivalent to the retirement allowance reserve surplus after transfer is drawn when eligibility for pension benefits is determined at the end of each term.

Corporate pension plans of consolidated subsidiaries:
Seven of the consolidated subsidiaries have as part of their retirement benefit systems qualified pension or employee pension fund plans.

The gas holder repairs reserve is the amount appropriated for 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) Treatment of consumption tax, etc.
Consumption tax, etc. is accounted for by the net-of-tax method.

(5) Criteria and methods of valuation of assets and liabilities of consolidated subsidiaries
Assets and liabilities of consolidated subsidiaries are all valued on a market value basis.

(6) Depreciation of consolidated adjustment account
Not applicable.

(7) Accounting for appropriation of earnings
Consolidated statements of retained earnings were prepared on the basis of appropriation of earnings of consolidated companies, etc. determined during the year.

(8) Scope of funds included in consolidated statements of cash flow
Funds included in consolidated statements of cash flow statement (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. Supplementary information

(1) Applying the interim measures stipulated in the "Guidelines for Accounting Treatment of Research and Development Expenses and Software" (Report No. 12, March 31, 1999, of the Accounting System Committee of the Japanese Institute of Certified Public Accountants), software included under other investment the previous year continued to be accounted for by the conventional method. In accordance with the same report, however, such software is recorded as being other intangible fixed assets instead of other investment, and is depreciated by the straight line method based on the usable life of the software in the company.

(2) The consolidated financial statements were prepared using tax effect accounting from the current year in accordance with the amended regulations concerning consolidated financial statements.

7. Notes

(1) Cumulative amount of depreciation: ¥1,947,467 million (previous year: ¥1,844,624 million)

(2) Notes receivable discounted: ¥220 million (previous year: ¥219 million)

(3) Contingent liabilities:
Liabilities for guarantee: ¥5,282 million
(Previous year: ¥12,979 million; of which group liabilities: ¥6,825 million)
Contingent liabilities incurred to meet obligations: ¥30,000 million (previous year: ¥30,000 million)

(4) Number of treasury stock and balance sheet value: 15,000 shares, ¥3 million (previous year: 8,000 shares, ¥2 million)

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

Cash and deposits	¥57,926 million
Time deposits deposited over three months	-¥1,002 million
Other current assets (short-term loans)	¥40,402 million
Cash and cash equivalents	¥97,327 million

Segment information

1. Segment information by category of business

(Unit: ¥1 million)

		Gas	Gas appliances	Construction orders received	Building lease	Other business	Total	Corporate and eliminations	Consolidated
Current year	I. Sales and operating profit (loss) Sales								
	(1) External sales	672,069	126,747	63,948	14,959	114,530	992,255	—	992,255
	(2) Intersegment sales and transfers	—	1,169	4,702	22,882	44,289	73,044	(73,044)	—
	Total	672,069	127,916	68,651	37,841	158,819	1,065,299	(73,044)	992,255
	Operating expenses	530,686	125,139	66,699	29,587	147,322	899,435	23,586	923,021
	Operating profit (loss)	141,383	2,777	1,951	8,254	11,496	165,864	(96,630)	69,233
	II. Assets, depreciation expenses and capital expenditures								
	Assets	1,148,758	53,311	22,451	252,016	224,176	1,700,712	104,373	1,805,086
	Depreciation expenses	109,107	753	169	12,990	14,160	137,182	(968)	136,214
	Capital expenditures	107,388	481	115	2,282	12,740	123,008	(1,202)	121,806
Previous year	I. Sales and operating profit (loss) Sales								
	(1) External sales	674,996	132,748	63,629	15,617	110,774	997,766	—	997,766
	(2) Intersegment sales and transfers	—	1,177	5,187	21,998	44,270	72,633	(72,633)	—
	Total	674,996	133,925	68,817	37,616	155,044	1,070,400	(72,633)	997,766
	Operating expenses	518,898	134,625	68,234	28,826	146,021	896,606	28,857	925,463
	Operating profit (loss)	156,098	-699	582	8,789	9,023	173,794	(101,491)	72,302
	II. Assets, depreciation expenses and capital expenditures								
	Assets	1,145,642	52,905	22,300	257,962	216,631	1,695,442	12,003	1,707,446
	Depreciation expenses	106,480	704	57	13,331	12,006	132,579	(11)	132,567
	Capital expenditures	121,695	631	295	2,111	18,807	143,541	(1,511)	142,030

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

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

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

Notes: 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.
Year ending March 2000: ¥94,530 million
Year ending March 1999: ¥98,111 million

3. The main assets of all companies included under “corporate and eliminations” are assets relating to surplus invested funds (cash and deposits), deferred tax assets and long-term investment funds (investment securities)
Year ending March 2000: ¥159,058 million
Year ending March 1999: ¥65,909 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.

Market Value of Securities

Market values of securities for the year ending March 31, 1999, are given in the notes to individual financial statements.

(¥ 1 million)

Type	Year ending March 31, 2000		
	Amount declared on balance sheet	Market value	Profit (loss) on valuation
Current assets			
Shares	1,995	9,607	7,611
Bonds	14	18	4
Others	—	—	—
Subtotal	2,009	9,625	7,615
Fixed assets			
Shares	11,692	121,545	109,852
Bonds	24	25	1
Others	—	—	—
Subtotal	11,716	121,570	109,853
Total	13,726	131,196	117,469

Notes:

1. Methods of calculating market value, etc.
   (1) Listed securities
   Mainly the final value on the Tokyo Stock Exchange or the official standard over-the-counter bond quotation announced by the Japan Securities Dealers Association.
   (2) Over-the-counter securities
   The official trade price announced by the Japan Securities Dealers Association.
   (3) Quoted securities (excluding securities falling into categories (1) and (2) above)
   The standard over-the-counter bond quotation announced by the Japan Securities Dealers Association.

2. Value of securities declared on balance sheet not subject to disclosure
   Fixed assets:
   Unlisted shares (excluding OTC shares) ¥20,098 million

Derivative Transactions, Market Values and Appraised Profit (Loss)

Market values of derivative transactions for the year ending March 31, 1999, are given in the notes to individual financial statements.

(1) Currency swaps
Currency swap transactions for which yen amounts are established at time of settlement and recorded in the balance sheet are not subject to disclosure.

(2) Interest-rate swaps
As the profit (loss) from valuation of assets, etc. underlying derivatives transactions was small and insignificant in the year ending March 31, 2000, market values of such assets, etc. and profit (loss) from valuation are omitted. Contract values and notional amounts are also insignificant and therefore omitted.

(3) Others
No other derivative instruments were used.

Transactions with Other Interested Parties

Not applicable