

**Consolidated Financial Results
Results for the 1st half of FY2012
(April–September 2012)**

October, 2012



TOHO GAS CO.,LTD.

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Earning forecasts and other forward-looking statements in this document are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual results to differ materially from those projected.

1. Results for the 1st half of FY2012

(1) Summary

- Gas sales volume was 1,851 million m³, an increase by 1.9% from the previous year.
LPG sales volume was 191 thousand tons, an increase by 3.5%
- Sales were ¥236.4 billion, an increase by 13.6% from the previous year due to increase of gas sales volume and the impact of fuel cost adjustment system
- Ordinary income was ¥8.7 billion, an increase of ¥5.2 billion from the previous year

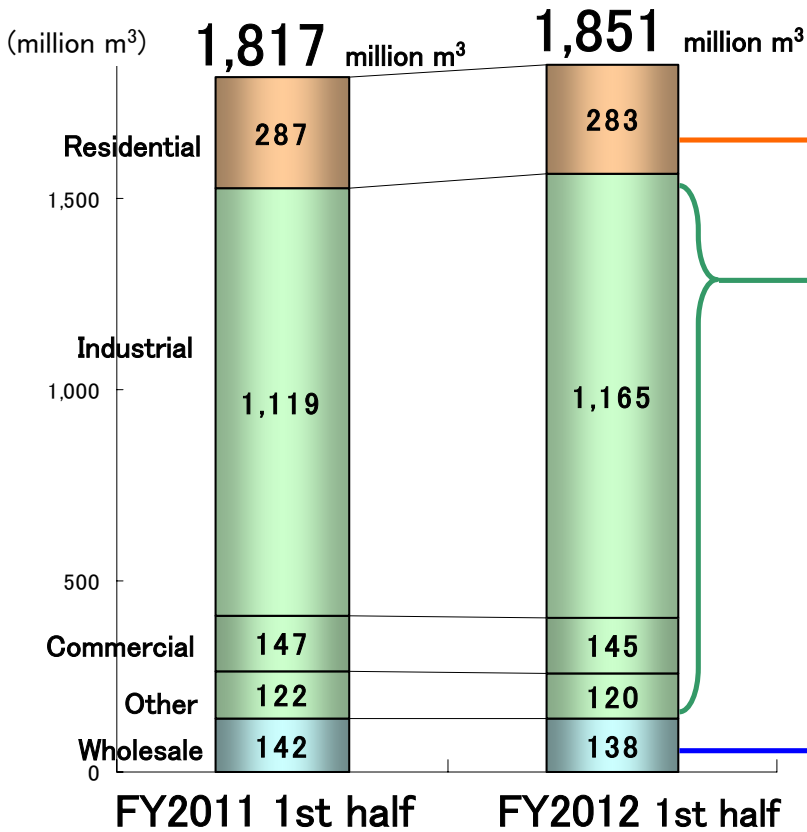
(2) Number of customers, Gas sales volume



2,313 thousand customers
 2,332 thousand customers (+0.8%)

City Gas

+34 million m³ (+1.9%)



Residential use -4 million m³ (-1.5%)
 due to higher spring temperatures than in the previous year, etc.

Industrial, Commercial and Other use +42 million m³ (+3.1%)
 due to our marketing efforts to create new gas demand, etc.

Wholesale use -4 million m³ (-2.5%)

LPG

Number of customers +3.0%: 324→334 thousand customers

Gas sales volume +3.5%: 185→191 thousand tons

| | | | |
|---------------------|--------|--------|------|
| Average Temperature | 22.8°C | 22.8°C | ±0°C |
|---------------------|--------|--------|------|

(3) Sales, Incomes

(¥ billions)

| | Fy 2012 (1st half) | Fy 2011 (1st half) | Change From Previous year | Rate of change |
|---|-------------------------------|-------------------------------|--|---------------------------|
| Gas sales Volume (million m³) | 1,851 | 1,817 | 34 | 1.9% |
| Sales | 236.4 | 208.1 | 28.2 | 13.6% |
| Cost of sales | 162.3 | 138.6 | 23.7 | 17.1% |
| Selling, general and administrative expenses | 65.5 | 66.2 | -0.7 | -1.1% |
| Ordinary income | 8.7 | 3.5 | 5.2 | 150.8% |
| Net income | 4.9 | 2.0 | 2.9 | 145.4% |

(Notes 1) Crude oil price (CIF national average); FY2012(Apr.-Sep.) 114.0 \$/bbl, FY2011(Apr.-Sep.) 113.9 \$/bbl (+0.1 \$/bbl)
 Currency exchange rate (TTM) ; FY2012(Apr.-Sep.) 79.4 yen/\$, FY2011(Apr.-Sep.) 79.7 yen/\$ (-0.3 yen/\$)

(Notes 2) Net income of the 1st half of FY2012 includes ¥ 1.1 billion of investment securities write-down for Extraordinary loss.

(4) Factors for Changes in Ordinary Income (Change from the previous year)



Ordinary income (¥3.5 billion⇒¥8.7 billion) + ¥ 5.2 billion

- Impact of time lag in fuel cost adjustment system + ¥ 11.5 billion
(FY2011 (1st half) — ¥ 16.5 billion ⇒ FY2012 (1st half) — ¥ 5.0 billion)
- Impact of Gas rate revision — ¥ 1.0 billion
- Others — ¥ 5.3 billion

(5) Factors for Changes in Ordinary Income

(Change from the forecast (at the release of 1Q results))

Ordinary income (¥4.5 billion⇒¥8.7 billion) + ¥ 4.2 billion

- Impact of time lag in fuel cost adjustment system + ¥ 2.5 billion
- Various expenses decreased due to delay in accrual to the 2nd half of FY2012, etc. + ¥ 1.7 billion

<Reference> Assumption for the 1st half of FY2012 (\$/bbl, yen/\$)

| | Result | Forecast [※] | Change |
|--|--------|-----------------------|--------|
| Crude oil price (CIF national average) | 114 | 121 | -7 |
| Currency exchange rate (TTM) | 79 | 80 | -1 |

※ After July: Crude oil price 120\$/bbl, Exchange rate 80yen/\$

(6) Balance Sheet and Cash flows

(¥ billions)



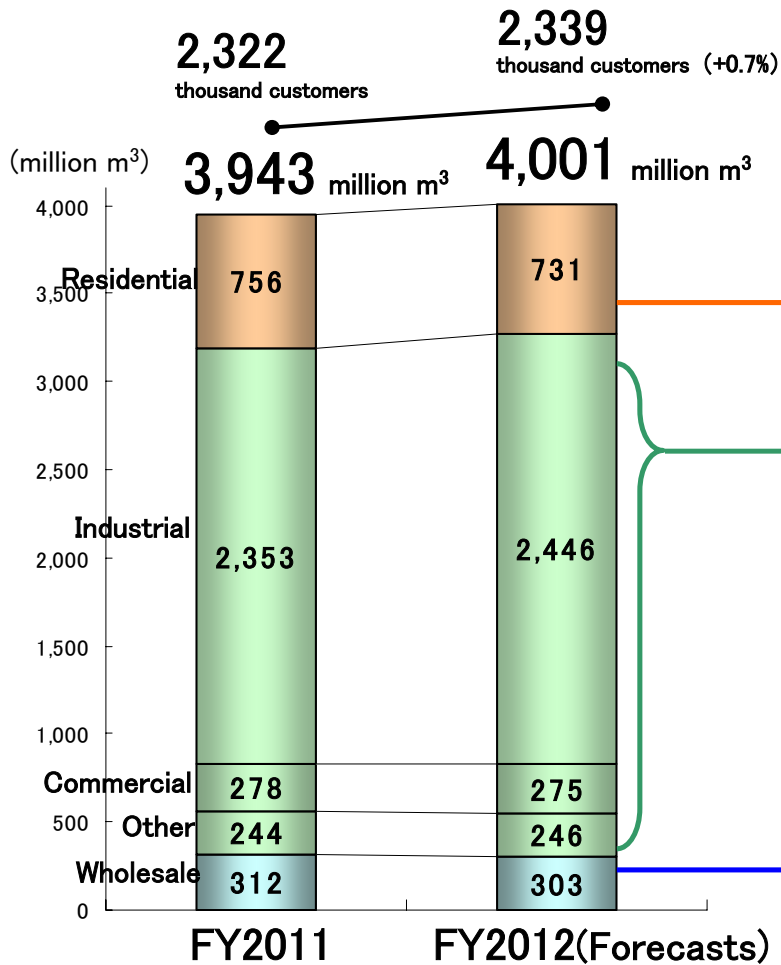
| | Fy 2012 (1st half) | Fy 2011 (end of Fy) | Change | | Fy 2012 (1st half) | Fy 2011 (1st half) | Change |
|---------------------------------|-----------------------|------------------------|------------------|--|-----------------------|-----------------------|---------------|
| Total assets | 469.3 | 492.8 | -23.5 | Cash flows from operating activities Cash flows from investment activities (Free Cash flows) Cash flows from financing activities Net (decrease) increase in cash and cash equivalents Cash and cash equivalents at end of period | 18.0 | -0.0 | 18.1 |
| (unrealized gain on securities) | (20.1) | (24.1) | (-3.9) | | -19.1 | -16.4 | -2.6 |
| Total net assets | 223.3 | 224.3 | -1.0 | | (-1.0) | (-16.5) | (15.4) |
| Equity ratio | 47.6% | 45.5% | 2.1 Point | | -3.9 | 6.4 | -10.4 |
| Interest-bearing debts | 162.8 | 164.3 | -1.4 | | -5.1 | -10.0 | 4.9 |
| | | | | | 11.5 | 11.7 | -0.1 |
| | | | | CAPEX | 17.5 | 15.8 | 1.7 |
| | | | | Depreciation | 18.3 | 19.7 | -1.4 |

2. Forecasts for FY2012

(1) Summary

- Gas sales volume expected to be 4,001 million m³, an increase by 1.5% from the previous year, LPG sales volume to be 422 thousand tons, an increase by 0.6%
- Based on crude oil price of 120 dollars/barrel and exchange rate of ¥80/dollar for the 2nd half of FY2012, sales projected to be ¥515 billion, an increase by 6.8% from the previous year, ordinary income to be ¥19 billion, an increase by 4.6%
- We have not changed the previous forecasts of assumption and income
(Sales were revised down by ¥5 billion)

(2) Number of customers, Gas sales volume (Forecasts)



City Gas

+58 million m³ (+1.5%※)

※ +2.8% ; figures after having standardized temperature influence, etc.

Residential use -25 million m³ (-3.2%)
due to temperature influence

Industrial, Commercial and Other use +92 million m³ (+3.2%)
due to our efforts to create new demands mainly for combustion use

Wholesale use -9 million m³ (-2.8%)

LPG

Number of customers +2.7%: 327→336 thousand customers

Gas sales volume +0.6%: 420→422 thousand tons

| | | | |
|---------------------|--------|--------|--------|
| Average Temperature | 16.1°C | 16.5°C | +0.4°C |
|---------------------|--------|--------|--------|

(3) Forecasts for FY2012/Sales, Incomes

(¥ billions)

| | Fy 2012 forecasts | Fy 2011 | Change From Previous year | Rate of change |
|--|-------------------|---------|---------------------------|----------------|
| Gas sales Volume (million m ³) | 4,001 | 3,943 | 58 | 1.5% |
| Sales | 515.0 | 482.3 | 32.6 | 6.8% |
| Ordinary income | 19.0 | 18.1 | 0.8 | 4.6% |
| Net income | 12.0 | 8.5 | 3.4 | 40.0% |
| CAPEX | 39.0 | 32.5 | 6.4 | 19.8% |
| Depreciation | 37.0 | 40.2 | -3.2 | -8.1% |

【Assumption】

(\$/bbl, yen/\$)

| | FY2012 ※ | FY2011 (Result) | Change |
|-----------------|----------|-----------------|--------|
| Crude oil price | 117.0 | 114.2 | +2.8 |
| Exchange rate | 79.7 | 79.1 | +0.6 |

【Sensitivity (full-year)】

| | Gas resource cost | Gross profit |
|-------------------------|-------------------|---------------|
| Crude oil price 1\$/bbl | ¥ 1.8 billion | ¥ 0.6 billion |
| Exchange rate 1yen/\$ | ¥ 2.1 billion | ¥ 0.7 billion |

※ Assumption for the 2nd half of FY2012: Crude oil price 120\$/bbl, Exchange rate 80yen/\$

(4) Factors for Changes in Ordinary Income



◆ Change from the previous year

Ordinary income (¥18.1 billion⇒¥19.0 billion) + ¥ 0.8 billion

- Effect of gas sales volume — ¥ 1.0 billion
- Impact of time lag in fuel cost adjustment system + ¥ 9.0 billion
(FY2011 —¥ 17.0 billion ⇒ FY2012 — ¥ 8.0 billion)
- Impact of Gas rate revision — ¥ 2.0 billion
- Others — ¥ 5.2 billion

◆ Change from the previous forecasts

Ordinary income (¥19.0 billion⇒¥19.0 billion) No Revision

<Reference> Progress of Medium-term management plan

| | FY2009 | FY2010 | FY2011 | FY2012 (forecast) | FY2008 to 2012 Average growth rate | FY2013 target < Average growth rate > |
|--|------------------------------|------------------------------|---------------------|----------------------|--|--|
| 【 Number of customers 】 | | | | | | |
| City gas (thousand) | 2,295 | 2,307 | 2,322 | 2,339 | 0.6% | 2,405 <1.1%> |
| LPG (thousand) | 317 | 320 | 327 | 336 | 2.3% | 359 <3.2%> |
| 【 Gas sales volume 】 | | | | | | |
| City gas (million m ³) | 3,627 | 3,910 | 3,943 | 4,001 | 2.1% | 4,039 <1.9%> |
| LPG (thousand tons) | 397 | 416 | 420 | 422 | 0.9% | 440 <1.5%> |
| CAPEX (¥ billion) | 43.6 | 33.2 | 32.5 | 39.0 | ^{4years average} 37.1 | A total of FY2009 to 2013 177 (Average of 35.4 per year) |
| 【 Financial targets 】 | | | | | | |
| ROA | 2.1% | 2.9% | 1.7% | About 2.5% | | About 3% (FY2013) |
| Return to Shareholders <small>Upper: Dividend Lower: Share buy-back</small> | ¥8 per share ¥3.0 billion | ¥8 per share ¥2.7 billion | ¥8.5 per share — | ¥9 per share — | | The basis is stable dividends. Implementing share buy back depending on the situation. |
| Interest-bearing debts (¥ billion) | 171.0 | 161.4 | 164.3 | About 160 | | About 180 (at the end of FY2013) |
| Equity ratio | 43.6% | 44.7% | 45.5% | About 45% | | Over 40% (at the end of FY2013) |