

Consolidated Financial Results

for the Three Months Ended June 30, 2014 (1Q FY2014)

Toho Gas Co., Ltd.

Code No.: 9533 (URL <http://www.tohogas.co.jp/>)

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Date of filing quarterly financial report: August 12, 2014

Commencement of dividend payments: -

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes (for institutional investors)

Shares listed on:

Tokyo Stock Exchange, Nagoya Stock Exchange

(Rounded down to the nearest million yen)

1. Consolidated Results for the Three Months Ended June 30, 2014

(1) Consolidated business results (Percentage figures indicate the percentage change on the results for the previous year)

	Sales		Operating income		Ordinary income		Net income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1 – June 30, 2014	136,064	9.4	13,142	415.4	13,672	359.8	9,558	444.4
April 1 – June 30, 2013	124,423	2.9	2,550	-64.9	2,973	-60.8	1,755	-63.8

Note: Comprehensive income 1st Quarter ended June 2014: ¥13,583 million (100.0%), 1st Quarter ended June 2013: ¥6,790 million (529.7%)

	Net income per share	Diluted earnings per share
	(Unit: yen)	(Unit: yen)
April 1 – June 30, 2014	17.53	-
April 1 – June 30, 2013	3.22	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
1st Quarter ended June 2014	504,683	256,002	50.7
FY2013 ended March 2014	509,760	245,890	48.2

Reference: Net assets (excluding minority interests)

1st Quarter ended June 2014: ¥256,002 million, FY2013 ended March 2014: ¥245,890 million

2. Dividends

	Dividend per share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of 4th Quarter	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2013 ended March 2014	-	4.50	-	4.50	9.00
FY2014 ending March 2015	-				
FY2014 ending March 2015 (forecasts)		4.50	-	4.50	9.00

Note: Revision of previously announced dividend forecasts: No

3. Consolidated Results Forecasts for the Year Ending March 2015 (April 1, 2014 - March 31, 2015)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Mid-term	269,000	7.5	14,000	188.9	14,000	168.2	9,500	190.2	17.42
Full term	602,000	7.4	23,000	46.0	23,000	34.9	15,000	33.4	27.51

Notes: * (Mid-term) Percentage figures indicate the percentage change on the interim results for the previous year

(Full term) Percentage figures indicate the percentage change on the results for the previous year

* Revision of previously announced forecasts during this period: Yes

※Notes

(1) Changes in significant consolidated subsidiaries: No

(2) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation: Yes*

* Basis for the calculation of corporation tax: Calculated by multiplying quarterly income before tax, etc., by the estimated effective consolidated tax rate at the end of the fiscal year.

(3) Changes in accounting treatment principles, changes in accounting estimates, and retrospective restatements

- Changes accompanied by reform of accounting standards: Yes*

- Other Changes: No

- Changes in accounting estimates: No

- Retrospective restatements: No

* The Company has applied the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26 issued on May 17, 2012, hereinafter, the “Accounting Standard for Retirement Benefits”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012, hereinafter, the “Retirement Benefits Guidance”) from the first quarter of the current fiscal year with regard to the provisions stipulated in the text from Item 35 of the Accounting Standard for Retirement Benefits and the text from Item 67 of the Retirement Benefits Guidance. Accordingly, the Company reviewed the calculation method of retirement benefit obligations and service costs, changed the method of attribution period for estimated amount of retirement benefits from the service period basis to the benefit formula, and changed the method of determining the discount rate from a method using the discount rate based on the approximate number of years of the average remaining service period of employees to a method using the weighted average discount rate.

Concerning the application of the Accounting Standards for Retirement Benefits, based on the provisional treatment set out in Item 37 of the Accounting Standard for Retirement Benefits, the effects of changes the method of attribution period for estimated amount of retirement benefits have been adjusted in the beginning balance of capital surplus of the first quarter of FY2014, and the amount of the impact resulting from changes in the method of determining the discount rate is posted as remeasurements of defined benefit plans in other comprehensive income.

As a result, at the beginning of the first quarter of FY2014, net defined benefit liability decreased by ¥3,118 million, retained earnings decreased by ¥1,010 million, and other comprehensive income increased by ¥3,181 million. This change has minimal impact on operating income, ordinary income and income before income taxes.

(4) Number of outstanding shares (common stock)

Number of outstanding shares at the end of the term (Inclusive of treasury stock)	1st Quarter ended June 2014	545,966,429 shares	FY2013 ended March 2014	545,966,429 shares
Number of treasury stock at the end of the term	1st Quarter ended June 2014	665,492 shares	FY2013 ended March 2014	654,004 shares
Average number of outstanding shares during the term	1st Quarter ended June 2014	545,303,874 shares	1st Quarter ended June 2013	545,448,362 shares

Reference: Non- Consolidated Results Forecasts for the Year Ending March 2015 (April 1, 2014 - March 31, 2015)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Mid-term	236,000	8.1	13,500	252.4	14,000	177.4	9,500	180.5	17.42
Full term	527,000	7.5	20,000	53.0	21,000	34.6	14,000	32.2	25.67

Notes: *(Mid-term) Percentage figures indicate the percentage change on the interim results for the previous year

(Full term) Percentage figures indicate the percentage change on the results for the previous year

* Revision of previously announced forecasts during this period: Yes

* The above forecasts are based on information available at the time of the release of this document. Due to various factors, the actual result may vary from the forecasts data.

<Summary of Consolidated Statements>

1. Consolidated balance sheet

(Unit: million yen)

	Previous year (As of Mar. 31, 2014)	1st Quarter (As of June 30, 2014)
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	69,473	68,413
Distribution facilities	155,595	152,350
Service and maintenance facilities	27,863	27,386
Other facilities	28,846	28,302
Construction in progress	20,634	23,100
Total property, plant and equipment	302,413	299,553
Intangible assets		
Other	4,540	4,343
Total intangible assets	4,540	4,343
Investments and other assets		
Investment securities	66,220	68,752
Other	18,473	16,440
Allowance for doubtful accounts	-109	-110
Total investments and other assets	84,583	85,082
Total noncurrent assets	391,537	388,979
Current assets		
Cash and deposits	15,328	17,180
Notes and accounts receivable-trade	63,813	53,007
Inventories	22,560	30,437
Other	16,830	15,327
Allowance for doubtful accounts	-310	-248
Total current assets	118,222	115,703
Total assets	509,760	504,683

(Unit: million yen)

	Previous year (As of Mar. 31, 2014)	1st Quarter (As of June 30, 2014)
Liabilities		
Noncurrent liabilities		
Bonds payable	89,994	89,994
Long-term loans payable	27,239	26,889
Provision for gas holder repairs	1,212	1,238
Reserve for safety measures	8,894	8,208
Net defined benefit liability	29,719	26,279
Other	8,146	8,114
Total noncurrent liabilities	165,207	160,724
Current liabilities		
Current portion of noncurrent liabilities	22,275	22,137
Notes and accounts payable-trade	19,836	25,359
Short-term loans payable	24,070	13,180
Income taxes payable	5,465	5,306
Other	27,013	21,971
Total current liabilities	98,662	87,955
Total liabilities	263,869	248,680
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,387
Retained earnings	175,387	181,480
Treasury stock	-324	-330
Total shareholders' equity	216,523	222,610
Other comprehensive income		
Valuation difference on available-for-sale securities	29,578	31,399
Deferred gains or losses on hedges	4,772	3,770
Foreign currency translation adjustment	1,530	1,375
Remeasurements of defined benefit plans	-6,514	-3,153
Total other comprehensive income	29,366	33,391
Total net assets	245,890	256,002
Total liabilities and net assets	509,760	504,683

2. Consolidated statements of income, Statements of comprehensive income
Consolidated statements of income for the Three Months

(Unit: million yen)

	1 st Quarter of FY2013 (Apr. – June 2013)	1 st Quarter of FY2014 (Apr. – June 2014)
Net sales	124,423	136,064
Cost of sales	90,485	92,144
Gross profit	33,937	43,919
Selling, general and administrative expenses	31,387	30,777
Operating income	2,550	13,142
Non-operating income		
Interest income	0	2
Dividend income	665	728
Rent income	85	115
Miscellaneous revenues	155	153
Total non-operating income	907	1,000
Non-operating expenses		
Interest expense	426	430
Miscellaneous expenses	57	39
Total non-operating expenses	483	469
Ordinary income	2,973	13,672
Income before income taxes	2,973	13,672
Income taxes-current	1,218	4,114
Income before minority interests	1,755	9,558
Net income	1,755	9,558

Statements of comprehensive income for the Three Months

(Unit: million yen)

	1 st Quarter of FY2013 (Apr. – June 2013)	1 st Quarter of FY2014 (Apr. – June 2014)
Income before minority interests	1,755	9,558
Other comprehensive income		
Valuation difference on available-for-sale securities	3,668	1,820
Deferred gains or losses on hedges	886	-1,002
Foreign currency translation adjustment	479	-154
Remeasurements of defined benefit plans, net of tax	-	3,361
Total other comprehensive income	5,034	4,024
Comprehensive income	6,790	13,583
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,790	13,583
Comprehensive income attributable to minority interests	-	-

3. Notes about Consolidated Statements

- Note of going concerns' premise: No

- Significant change in shareholders' equity: No

- Segment information

Segment information by category of business

Three months ended June 30, 2013 (Apr. – June 2013)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	Gas appliance sales and related construction	LPG and other Energies	Total				
Net sales								
(1)External customers	93,799	7,284	18,798	119,882	4,541	124,423	-	124,423
(2)Intersegment	19	437	195	652	2,905	3,557	-3,557	-
Total	93,818	7,721	18,994	120,534	7,447	127,981	-3,557	124,423
Segment income (loss)	1,617	-177	409	1,850	409	2,259	290	2,550

Notes: 1.The “Other” segment incorporates operations not included in business segment reported, including LNG processing under contract, leasing and management of real estate, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, and other leasing, etc.

2. The “Adjustments” column in “Segment income” (290 million yen) denotes eliminations of intersegment transactions.

3. Segment income in the table above is reconciled to operating income on the quarterly consolidated statements of income.

Three months ended June 30, 2014 (Apr. – June 2014)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	Gas appliance sales and related construction	LPG and other Energies	Total				
Net sales								
(1)External customers	103,810	7,326	20,244	131,382	4,682	136,064	-	136,064
(2)Intersegment	21	508	168	699	2,772	3,471	-3,471	-
Total	103,832	7,834	20,413	132,081	7,454	139,535	-3,471	136,064
Segment income (loss)	11,794	-44	592	12,341	498	12,840	302	13,142

Notes: 1.The “Other” segment incorporates operations not included in business segment reported, including LNG processing under contract, leasing and management of real estate, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, and other leasing, etc.

2. The “Adjustments” column in “Segment income” (302 million yen) denotes eliminations of intersegment transactions.

3. Segment income in the table above is reconciled to operating income on the quarterly consolidated statements of income.