

Consolidated Financial Results

for the Nine Months Ended December 31, 2014 (3Q FY2014)

Toho Gas Co., Ltd.

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

Representative: Koichi Yasui, President

Contact: Satoshi Yamazaki, General Manager, Finance Dept.

Tel: +81-52-872-9341

Date of filing quarterly financial report: February 12, 2015

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 Nine Months Ended December 31, 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 – December 31, 2014	404,183	4.4	14,478	138.1	15,006	130.0	10,480	151.2
April 1 – December 31, 2013	387,013	6.6	6,081	-50.6	6,525	-44.9	4,172	-45.7

Note: Comprehensive income 3rd Quarter ended December 2014: ¥28,306 million (37.4%), 3rd Quarter ended December 2013: ¥20,600 million (128.3%)

	Net income per share	Diluted earnings per share
	(Unit: yen)	(Unit: yen)
April 1 – December 31, 2014	19.22	-
April 1 – December 31, 2013	7.65	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
3rd Quarter ended December 2014	540,370	268,248	49.6
FY2013 ended March 2014	509,760	245,890	48.2

Reference: Shareholders' equity 3rd Quarter ended December 2014: ¥268,248 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	-	4.50	-		
FY2014 ending March 2015 (forecasts)				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)
Full term	595,000	6.2	26,000	65.1	26,000	52.5	16,500	46.8	30.26

Note: 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)	3rd Quarter ended December 2014	545,966,429 shares	FY2013 ended March 2014	545,966,429 shares
Number of treasury stock at the end of the term	3rd Quarter ended December 2014	703,825 shares	FY2013 ended March 2014	654,004 shares
Average number of outstanding shares during the term	3rd Quarter ended December 2014	545,287,887 shares	3rd Quarter ended December 2013	545,430,912 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)
Full term	520,000	6.1	23,000	75.9	24,000	53.8	15,500	46.4	28.43

Note: 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)	3rd Quarter (As of Dec. 31, 2014)
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	69,473	68,479
Distribution facilities	155,595	149,417
Service and maintenance facilities	27,863	26,102
Other facilities	28,846	28,595
Construction in progress	20,634	26,482
Total property, plant and equipment	302,413	299,078
Intangible assets		
Other	4,540	5,059
Total intangible assets	4,540	5,059
Investments and other assets		
Investment securities	66,220	73,674
Other	18,473	14,716
Allowance for doubtful accounts	-109	-110
Total investments and other assets	84,583	88,281
Total noncurrent assets	391,537	392,419
Current assets		
Cash and deposits	15,328	13,808
Notes and accounts receivable-trade	63,813	63,935
Inventories	22,560	41,663
Other	16,830	28,809
Allowance for doubtful accounts	-310	-266
Total current assets	118,222	147,951
Total assets	509,760	540,370

(Unit: million yen)

	Previous year (As of Mar. 31, 2014)	3rd Quarter (As of Dec. 31, 2014)
Liabilities		
Noncurrent liabilities		
Bonds payable	89,994	89,994
Long-term loans payable	27,239	26,408
Provision for gas holder repairs	1,212	1,290
Reserve for safety measures	8,894	7,018
Net defined benefit liability	29,719	25,492
Other	8,146	8,015
Total noncurrent liabilities	165,207	158,220
Current liabilities		
Current portion of noncurrent liabilities	22,275	17,942
Notes and accounts payable-trade	19,836	48,178
Short-term loans payable	24,070	13,990
Income taxes payable	5,465	4,585
Other	27,013	29,205
Total current liabilities	98,662	113,900
Total liabilities	263,869	272,121
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,387
Retained earnings	175,387	179,949
Treasury stock	-324	-353
Total shareholders' equity	216,523	221,056
Other comprehensive income		
Valuation difference on available-for-sale securities	29,578	34,862
Deferred gains or losses on hedges	4,772	13,406
Foreign currency translation adjustment	1,530	1,716
Remeasurements of defined benefit plans	-6,514	-2,794
Total other comprehensive income	29,366	47,192
Total net assets	245,890	268,248
Total liabilities and net assets	509,760	540,370

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

(Unit: million yen)

	3 rd Quarter of FY2013 (Apr. – Dec. 2013)	3 rd Quarter of FY2014 (Apr. – Dec. 2014)
Net sales	387,013	404,183
Cost of sales	285,308	294,815
Gross profit	101,705	109,368
Selling, general and administrative expenses	95,623	94,889
Operating income	6,081	14,478
Non-operating income		
Interest income	13	14
Dividend income	1,247	1,325
Rent income	406	465
Miscellaneous income	550	341
Total non-operating income	2,218	2,146
Non-operating expenses		
Interest expenses	1,305	1,270
Miscellaneous expenses	469	348
Total non-operating expenses	1,774	1,618
Ordinary income	6,525	15,006
Income before income taxes	6,525	15,006
Income taxes-current	2,352	4,526
Income before minority interests	4,172	10,480
Net income	4,172	10,480

Statements of comprehensive income for the Nine Months

(Unit: million yen)

	3 rd Quarter of FY2013 (Apr. – Dec. 2013)	3 rd Quarter of FY2014 (Apr. – Dec. 2014)
Income before minority interests	4,172	10,480
Other comprehensive income		
Valuation difference on available-for-sale securities	8,372	5,284
Deferred gains or losses on hedges	7,333	8,634
Foreign currency translation adjustment	722	186
Remeasurements of defined benefit plans	-	3,720
Total other comprehensive income	16,427	17,825
Comprehensive income	20,600	28,306
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	20,600	28,306
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

Nine months ended December 31, 2013 (Apr. 1 – Dec. 31, 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	291,469	23,948	57,104	372,522	14,491	387,013	-	387,013
(2) Intersegment	69	1,482	669	2,221	8,676	10,897	-10,897	-
Total	291,538	25,431	57,773	374,743	23,167	397,911	-10,897	387,013
Segment income or loss	5,263	-135	-633	4,495	664	5,159	922	6,081

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 or loss" (922 million yen) denotes eliminations of intersegment transactions.

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

Nine months ended December 31, 2014 (Apr. 1 – Dec. 31, 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	305,961	23,064	59,214	388,240	15,943	404,183	-	404,183
(2) Intersegment	71	1,445	500	2,017	8,638	10,655	-10,655	-
Total	306,033	24,509	59,714	390,257	24,581	414,839	-10,655	404,183
Segment income or loss	12,687	151	-421	12,417	1,124	13,542	936	14,478

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" (936million yen) denotes eliminations of intersegment transactions.

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