

Consolidated Financial Results for the Six Months Ended September 30, 2010 (2Q FY2010)

**FY2010 ending March 2011
Toho Gas Co., Ltd.**

Code No.: 9533

(URL <http://www.tohogas.co.jp/>)

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Date of filing quarterly financial report: November 12, 2010

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes

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

Commencement of dividend payments: November 30, 2010

(Rounded down to the nearest million yen)

1. Consolidated Results for the Six Months Ended September 30, 2010

(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 – September 30, 2010	200,769	3.8	15,335	-32.9	15,667	-28.9	9,138	-35.2
April 1 – September 30, 2009	193,440	-12.0	22,870	-	22,037	-	14,099	-

	Net earnings per share	Diluted earnings per share
	(Unit: yen)	(Unit: yen)
April 1 – September 30, 2010	16.53	-
April 1 – September 30, 2009	25.21	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Book-value per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
2nd Quarter ended September 30, 2010	475,256	218,248	45.9	394.55
FY2009 ended March 2010	506,724	220,937	43.6	399.37

Note: Net assets (excluding minority interests)

2nd Quarter ended September 2010: ¥218,174 million FY2009 ended March 2010: ¥220,854 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)
FY2009 ended March 2010	-	4.00	-	4.00	8.00
FY2010 ending March 2011	-	4.00	-	4.00	8.00
FY2010 ending March 2011 (forecast)	-	-	-	4.00	8.00

Note: Revisions to the quarter's dividend forecasts: No

3. Consolidated Results Forecast for the Year Ending March 2011(April 1, 2010- March 31, 2011)

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

	Sales		Operating income		Ordinary income		Net income		Net earnings per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full term	430,000	4.5	23,000	29.1	23,000	32.6	14,500	32.1	26.22

Notes: Revisions to the consolidated forecasts during this period: Yes

4. Other

(1) Change in significant subsidiaries and affiliates: No

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

* Depreciation of fixed assets: Part of our estimated consolidated depreciation expense has been charged in the second Quarter.

* 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, procedures and expressions related to quarterly consolidated financial statement preparation (entries of changes in material matters that are basic to preparation of quarterly consolidated financial statements)

-Changes accompanied by reform of accounting standards: Yes

* Beginning in this consolidated accounting year, "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18 of March31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 of March31, 2008) are applied.

This change has no effect on profit/loss.

-Other Changes: No

(4) Number of outstanding shares (common stock)

Number of outstanding shares at the end of the term (Inclusive of treasury stock)

2nd Quarter ended September 2010	553,037,689 shares	FY2009 ended March 2010	559,792,197 shares
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Number of treasury stock at the end of the term

2nd Quarter ended September 2010	62,711 shares	FY2009 ended March 2010	6,780,784 shares
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Average number of outstanding shares during the term

2nd Quarter ended September 2010	552,986,322 shares	2nd Quarter ended September 2009	559,300,808 shares
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· Reference: Non- Consolidated Results Forecast for the Year Ending March 2011(April 1, 2010- March 31, 2011)

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

	Sales		Operating income		Ordinary income		Net income		Net earnings per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full term	373,000	4.9	19,000	45.0	20,000	41.9	13,000	41.2	23.51

Notes: Revisions to the non- consolidated 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 forecast data.

<Summary of Consolidated Statements>

1. Consolidated balance sheet

(Unit: million yen)

	2nd Quarter (As of Sept. 30, 2010)	Previous year (As of Mar. 31, 2010)
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	66,913	69,422
Distribution facilities	171,965	176,760
Service and maintenance facilities	28,185	29,004
Other facilities	31,061	31,993
Construction in progress	23,447	21,248
Total property, plant and equipment	321,573	328,429
Intangible assets		
Other	2,655	2,980
Total intangible assets	2,655	2,980
Investments and other assets		
Investment securities	48,574	58,942
Other	19,308	16,435
Allowance for doubtful accounts	-126	-138
Total investments and other assets	67,757	75,239
Total noncurrent assets	391,986	406,649
Current assets		
Cash and deposits	10,279	17,157
Notes and accounts receivable-trade	38,208	42,133
Inventories	19,623	17,841
Other	14,448	21,997
Allowance for doubtful accounts	-263	-245
Total current assets	82,296	98,884
Deferred assets		
Development expenses	973	1,190
Total deferred assets	973	1,190
Total assets	475,256	506,724

(Unit: million yen)

	2nd Quarter (As of Sept. 30, 2010)	Previous year (As of Mar. 31, 2010)
Liabilities		
Noncurrent liabilities		
Bonds payable	89,991	99,991
Long-term loans payable	26,430	26,984
Provision for retirement benefits	20,136	20,016
Provision for gas holder repairs	1,747	1,651
Reserve for safety measures	6,736	7,139
Long-term deposits received	6,270	7,932
Other	7,376	7,767
Total noncurrent liabilities	158,689	171,484
Current liabilities		
Current portion of noncurrent liabilities	22,343	22,326
Notes and accounts payable-trade	18,902	30,896
Short-term loans payable	19,937	13,867
Income taxes payable	2,903	5,205
Other	33,610	41,277
Total current liabilities	97,697	113,572
Provision		
Provision for conversion of heating value of supplied gas	620	729
Total provision	620	729
Total liabilities	257,008	285,787
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,387
Retained earnings	161,220	157,709
Treasury stock	-30	-3,429
Total shareholders' equity	202,649	195,740
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	15,440	21,816
Deferred gains or losses on hedges	84	3,298
Total valuation and translation adjustments	15,525	25,114
Minority interests	73	82
Total net assets	218,248	220,937
Total liabilities and net assets	475,256	506,724

2. Consolidated statements of income for the Six Months

(Unit: million yen)

	2 nd Quarter of FY2009 (Apr. – Sept.,2009)	2 nd Quarter of FY2010 (Apr. – Sept.,2010)
Net sales	193,440	200,769
Cost of sales	100,825	117,777
Gross profit	92,614	82,991
Selling, general and administrative expenses	69,744	67,655
Operating income	22,870	15,335
Non-operating income		
Interest income	11	4
Dividend income	463	521
Rent income	240	284
Miscellaneous revenues	370	697
Total non-operating income	1,086	1,508
Non-operating expenses		
Interest expense	1,252	1,087
Miscellaneous expenses	665	88
Total non-operating expenses	1,918	1,176
Ordinary income	22,037	15,667
Extraordinary loss		
Loss on valuation of investment securities	-	890
Total extraordinary loss	-	890
Income before income taxes	22,037	14,777
Income taxes-current	7,950	5,647
Income before minority interests	-	9,129
Minority interests in net income (loss)	-12	-8
Net income	14,099	9,138

3. Consolidated statement of cash flows for the Six Months

(Unit: million yen)

	2 nd Quarter of FY2009 (Apr. – Sept.,2009)	2 nd Quarter of FY2010 (Apr. – Sept.,2010)
Net cash provided by (used in) operating activities		
Income before income taxes	22,037	14,777
Depreciation and amortization	29,215	19,875
Loss on valuation of investment securities	-	890
Increase (decrease) in provision	-563	-340
Decrease (increase) in notes and accounts receivable-trade	12,197	3,924
Decrease (increase) in inventories	1,166	-1,781
Increase (decrease) in notes and accounts payable	-6,747	-11,978
Income taxes paid	-6,856	-3,378
Other	-321	-7,377
Net cash provided by (used in) operating activities	50,127	14,610
Net cash provided by (used in) investment activities		
Purchases of noncurrent assets	-23,696	-17,010
Proceeds from sale of noncurrent assets	2	126
Purchase of investment securities	-2	-44
Proceeds from sale of investment securities	1	0
Purchase of short-term investment securities	-6,000	-
Other	59	260
Net cash provided by (used in) investment activities	-29,636	-16,667
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-1,140	9,570
Proceeds from long-term loans payable	1,150	900
Repayment of long-term loans payable	-8,643	-1,434
Redemption of bonds	-	-10,000
Payments for long-term deposits received	-1,680	-1,670
Purchase of treasury stock	-27	-20
Cash dividends paid	-2,233	-2,211
Other	-12	-14
Net cash provided by (used in) financing activities	-12,587	-4,881
Net increase (decrease) in cash and cash equivalents	7,903	-6,938
Cash and cash equivalents at beginning of term	13,208	16,904
Increase in cash and cash equivalents from newly consolidated subsidiary	265	-
Cash and cash equivalents at end of term	21,377	9,966

4. Note of going concerns' premise: No

5. Segment information

Segment information by category of business

Six months ended Sept. 30.2009 (Apr. – Sept.2009)

(Unit: million yen)

	Gas sales	Gas appliance and related construction	LPG sales	Other	Total	Elimination or corporate	Consolidated
Sales							
(1)Outside customers	139,736	15,378	22,481	15,843	193,440	-	193,440
(2)Inter segment	32	838	497	7,562	8,931	-8,931	-
Total	139,769	16,217	22,979	23,405	202,371	-8,931	193,440
Operating income (loss)	18,840	627	614	2,230	22,313	556	22,870

Six months ended Sept. 30.2010 (Apr. – Sept.2010)

(Unit: million yen)

	Business segment reported				Other (Note.2)	Total	Adjustments (Note.3)	Consolidated statements of income (Note.4)
	Gas sales	Gas appliance and related construction	LPG and other Energies (Note.1)	Total				
Sales								
(1)Outside customers	143,015	13,803	33,535	190,354	10,414	200,769	-	200,769
(2)Inter segment	35	899	497	1,433	6,349	7,782	-7,782	-
Total	143,051	14,703	34,033	191,787	16,763	208,551	-7,782	200,769
Operating income (loss)	12,192	484	815	13,492	1,116	14,609	726	15,335

Notes: 1. "LPG and other Energies" includes LPG sales, LPG appliance sales, LNG sales, District heating and cooling, and sales of Cokes and Petroleum products.

2. "Other" segment incorporates operations not included in business segment reported, including LNG processing under contract, Lease of buildings, Data processing services, Design and construction, Leasing.

3. Adjustments of segment income (726 million yen) refers to elimination of inter-segment transactions.

4. Operating income for segment is adjusted on operating income on the quarterly consolidated statement of income.

Additional information

Beginning in this consolidated accounting year, "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information"(ASBJ Statement No.17 of March 27,2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information(ASBJ Guidance No.20 of March 21,2008) are applied.

(Reference) Segment information rearranged in accordance with “ Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information ”

Six months ended Sept. 30.2009 (Apr. – Sept.2009)

(Unit: million yen)

	Business segment reported				Other (Note.2)	Total	Adjustments (Note.3)	Consolidated statements of income (Note.4)
	Gas sales	Gas appliance and related construction	LPG and other Energies (Note.1)	Total				
Sales								
(1)Outside customers	139,736	15,378	27,614	182,729	10,710	193,440	-	193,440
(2)Inter segment	32	838	691	1,562	7,036	8,599	-8,599	-
Total	139,769	16,217	28,306	184,292	17,747	202,039	-8,599	193,440
Operating income (loss)	18,840	627	1,413	20,881	1,431	22,313	556	22,870

Notes: 1. “LPG and other Energies” includes LPG sales, LPG appliance sales, LNG sales, District heating and cooling, and sales of Cokes and Petroleum products.

2. “Other” segment incorporates operations not included in business segment reported, including LNG processing under contract, Lease of buildings, Data processing services, Design and construction, Leasing.

3. Adjustments of segment income (556 million yen) refers to elimination of inter-segment transactions.

4. Operating income for segment is adjusted on operating income on the quarterly consolidated statement of income.

6. Significant change in shareholders' equity

The Company retired treasury stock as follows, based on a resolution of the Board of directors passed on July 28, 2010, as per Article 178 of the Corporation Code:

1 Type of shares retired	Toho Gas Common Stock
2 Number of shares retired	6,754,508 shares
3 Effective date of retire	July 30, 2010