Financial Statements for Apr.08-Sep.08

(1st Half of FY09.3)

October,2008

Osaka Gas Co.,Ltd

I. 1st Half Results and Full Year Forecast for FY09.3

Management information is available on Osaka Gas websites.
Financial reports, annual reports and road show materials can be accessed and downloaded at the following URL.
http://www.osakagas.co.jp/ir/index_e.html

Disclaimer
Certain statements contained herein are forward looking statements, strategy and plans, which reflect our judgment based on the information so far available. Actual results may differ materially from those discussed in such statements. Among the factors that could cause actual results to differ materially are: economic trend in Japan, sharp fluctuations in exchange rate and oil prices and extraordinary weather conditions.

Note regarding consolidated gas sales volume
The fiscal year of Nabari Kintetsu Gas,Sasayama City Gas and Toyooka Energy ends on December 31.

Note regarding gas sales volume
All gas sales volumes are indicated based on the standard heating value at 45 MJ/m3.

Gas Sales for 1st Half of FY09.3

45MJ/m3	A. 09.3 1H	B. 08.3 1H	A-B	A/B(%)
Number of meters installed (thousand)	6,903	6,839	+65	+0.9%
Newly built houses (thousand)	50	50	-1	--
Monthly sales per household(m3)	24.0	25.0	-1.0	-4.0%
Residential	832	862	-30	-3.5%
Commercial, Public, Medical	826	853	-27	-3.1%
Industrial	2,201	2,212	-11	-0.5%
Non-residential total	3,027	3,065	-38	-1.2%
Wholesale	215	221	-5	-2.5%
(Non-regulated included)	(2,587)	(2,546)	(+41)	(+1.6%)
Non-consolidated total (million m3)	4,074	4,148	-74	-1.8%
Consolidated gas sales	4,093	4,164	-71	-1.7%

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Let me begin by briefing you on our gas sales for the first half of the fiscal year ending March 2009.

On a non-consolidated basis, our total gas sales decreased by 1.8% year-on-year to 4,074 million cubic meters.

Sales for residential use decreased by 3.5% year over year to 832 million cubic meters, as the temperatures in April and the water temperatures in July were higher compared with the previous year.

Sales for industrial use decreased by 0.5% year over year to 2,201 million cubic meters, as an increase brought about by steadily rising demand was negatively offset by lower capacity utilization during overhauls undertaken by some of our larger customers.

Sales for commercial, public and medical use fell by 3.1% year over year to 853 million cubic meters. This is primarily attributable to a shorter metering period and customers' shift toward energy conservation.

As a result, sales for non-residential use totaled 3,027 million cubic meters, down by 1.2% year-on-year.

The growth rate in sales for large volume shipments is higher than that in the previous year. This is primarily due to a shift away the shipment of small volumes as the lower limit for large volume shipments was decreased from 500,000 cubic meters per year to 100,000 cubic meters per year in April 2007.

Results for 1st Half of FY09.3-I

Consolidated basis, 100 million yen, ( )=parent ratio

	A. 09.3 1H	B. 08.3 1H	A-B	A/B(%)
Revenue	(1.41) 6,063	(1.41) 5,436	+627	+11.5%
Operating profit	(---) 12	(1.67) 388	-375	-96.8%
Ordinary profit	(---) 35	(1.51) 421	-385	-91.6%
Net income	(---) 2	(1.39) 254	-252	-99.2%
SVA	-143	116	-259	--

Consolidated gas sales (million m3)	4,093	4,164	-71
Exchange rate (yen/$)	106.1	119.4	-13.3
Crude oil price ($/bbl)	119.7	67.8	+51.9
Number of consolidated subsidiaries	135	128	+7

SVA(Shareholders' value added) = NOPAT - Invested Capital * WACC

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Let me move on to talk about our financial results.

Revenues increased by 62.7 billion yen year-on-year to 606.3 billion yen, due to the fact that gas prices were higher this year in response to a rise in LNG cost under the raw material cost adjustment system, and expansion of operations at some of our consolidated subsidiaries.

Operating profit decreased by 37.5 billion yen to 1.2 billion yen, owing to a year-on-year decline on a non-consolidated basis on the back of the rise in feedstock costs.

Non-operating profit improved as we recorded an increase in equity method gains on investments in the North Sea oil fields. As a result, ordinary profit was 2.3 billion yen higher than our operating profit. If we make a year-on-year comparison, ordinary profit decreased by 38.5 billion yen to 3.5 billion yen, which resulted in a decline of net profit to 200 million yen, down by 25.3 billion yen year over year.

We consolidated Sakura Information Systems and two of its group companies. As a result, the number of our consolidated subsidiaries increased by 7 compared with the same period of the previous year, or by 2 compared with the end of the previous fiscal year.

Results for 1st Half of FY09.3-II

Consolidated, 100 million yen	09.3 1H Results	FY08.3 End of 1H	FY08.3 End of FY	Differences
Total assets	14,918	14,300	14,679	+239
Total net worth	6,273	6,843	6,485	-212
Interest-bearing debt	6,240	5,401	5,664	+575
Capital expenditures	457	489	1,110	-32
Depreciation cost	430	476	952	-46
Free cash flow	-306	31	512	-338
Number of employees	18,732	16,709	16,682	+2,023
Total net worth ratio	42.1%	47.9%	44.2%	-2.1%

The number of employees excludes those dispatched to subsidiaries and affiliates, but includes those under contract (in agreement with the securities report). Free cash flow = cash flow from business operations (operating profit after tax + depreciation expenses and other non-cash expenses) - capital expenditures

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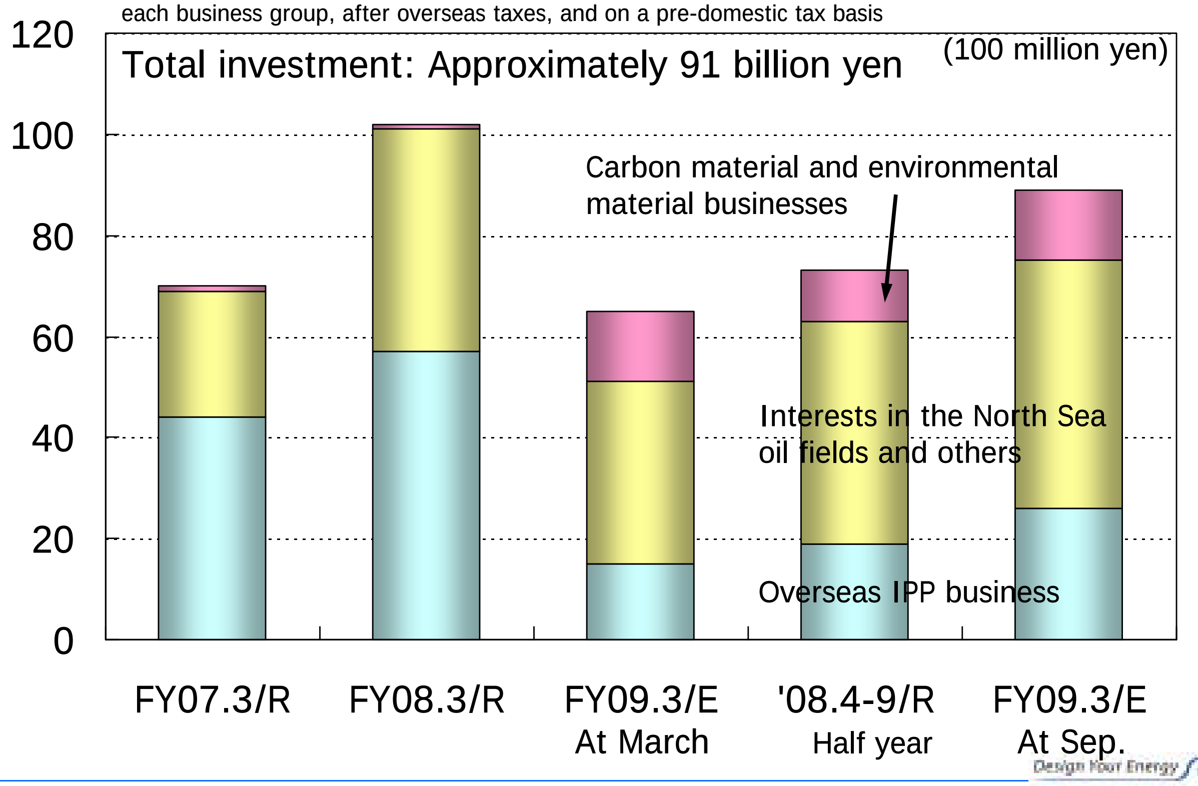
This table shows our assets and liabilities.

Free cash flow decreased by 34 billion yen year-on-year, as raw materials costs rose on a non-consolidated basis. As a result of financing following the decrease in free cash flow, interest-bearing debt increased by 57.5 billion yen from the end of March 2008.

The number of employees showed an increase of about 2,000, primarily due to the consolidation of Sakura Information Systems.

Contribution of Investment Projects
(FY05.3 - FY08.3)

After depreciation of consolidated adjustment accounts, after elimination of dividends received within each business group, after overseas taxes, and on a pre-domestic tax basis



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Let me now explain about the contributions from some of our existing investment projects.

At the beginning of this fiscal year, we had expected their contributions to be lower than those of the previous year, on the assumption that operations at the North Sea oil fields would return to normal following high utilization during the previous year, and that prices would fluctuate moderately. We also predicted that profit from the overseas IPP business would decrease year-on-year as a result of the scheduled expiration and changeover of some of the electricity wholesale contracts.

During the first half of this fiscal year, however, the rise in oil prices pushed up profit from the North Sea oil fields, and the overseas IPP business benefited from higher utilization. As a result, contributions from these investment projects have already topped 7 billion yen. Accordingly, we have revised our earlier forecast announced in September on their full-year contributions from 6.5 billion yen to 9 billion yen.

Key Features of 1st Half Results

- Overall
  - Revenue rose from a year earlier due to a rise in the gas sales price in response to higher LNG prices, and business expansion by consolidated subsidiaries.
  - Operating profit and other profit items below declined from the previous year due to increase in raw materials cost of Osaka Gas (Non-consolidated).
- Gas sales
  - Higher temperatures in April and July caused the gas sales volume in the residential sector to decline from a year earlier.
  - In non-residential sectors, declined operational availability of production facilities in the industrial sector, and energy conservation measures among commercial, public office, and medical customers resulted in lower sales over the previous years.
- Impacts of rise in oil prices
  - "Loss on Fuel cost adjustment system" in gross profit increased by approx. 26 billion yen compared to previous year to approx. 32 billion yen.
- Investments for growth and their contribution to profits
  - No new investments were made during the term, but the past investments have made solid contribution to profits.

These are the important points of my presentation so far.

The single most important issue which affected our first half results was the expansion of "loss on the fuel cost adjustment system" due to soaring crude oil prices.

Full Year Forecast of Gas Sales

- Decreased sales volume of 86 million m3 as projected in '08 Sept

45MJ/m3	A. 09.3/E	B. 08.3/R	A-B	A/B(%)
Number of meters installed (thousand)	6,932	6,881	+51	+0.7%
Newly built houses (thousand)	128	120	+8	--
Monthly gas sales per household (m3)	33.0	33.5	-0.4	-1.3%
Residential	2,292	2,310	-18	-0.8%
Commercial, Public, medial	1,583	1,657	-74	-4.5%
Industrial	4,406	4,458	-52	-1.2%
Non-residential total	5,989	6,115	-126	-2.1%
Wholesale	467	462	+5	+1.2%
(Non-regulated included)	(5,115)	(5,130)	(-15)	(-0.3%)
Total of gas sales (million m3)	8,748	8,887	-139	-1.6%
Consolidated gas sales	8,784	8,917	-134	-1.5%

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This concludes the summary of our first half results. Let me now move on to share our full-year forecast for the fiscal year ending March 2009.

We maintain the earlier forecast on gas sales volume that we factored into our earnings forecast announced in September.

Assumptions for FY09.3 (changes from '08 Sept. projections)

- Parameters
  - The price of crude oil has been changed from US$115/bbl to US$100/bbl in the second half. Over the year as a whole, the expected price of crude oil is changed to US$109.8/bbl.
  - The expected exchange rate in the second half has been changed from US$1=¥110 to ¥105, and is assumed to be US$1=¥105.6 over the full year.
- Revenue from non-consolidated gas sales
  - Decline of ¥2.8 billion due to emergency price impact relaxation measures included (upon government's request) to be implemented in Jan.-Mar. '09 : declined profits to be recovered in FY10.3
  - Impact of revision of regulated gas tariffs to be implemented in November included in '08 Sept. projections
- Consolidated subsidiaries
  - Strong profits from Idmitsu-Snorre (North Sea) and overseas IPP incorporated in revised projections in '08 Sept.
  - Full year revenue of Nissho LP Gas downgraded by ¥7.5 billion in response to market trends
  - Revenue assumptions for other consolidated affiliated remain the same.

Additional impact factors after Sept. 29 projections incorporated; changed assumptions, emergency price impact relaxation measures, etc. Decline of revenues by ¥9 billion, rise in operating profits by ¥1.5 billion, decline in ordinary profit by ¥0.5 billion.

Dividend; ¥3.5/share for mid-term and ¥7/share for full-term remain the same.

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First, I would like to focus on the changes that we have made to our full-year forecast announced in September.

We now expect crude oil prices to be US$100/bbl in the second half, versus US$115/bbl stated in the September forecast, and US$109.8/bbl for the full year. The expected forex rate in the second half has been changed from 110 yen to 105 yen to the US dollar, and that for the full year has been changed to 105.6 yen to the US dollar.

We have factored in a possible decline in non-consolidated gas sales, owing to emergency price impact relaxation measures which are to be implemented in January through March 2009. The impact of revision of gas rates for small customers, which is to be implemented in November, has already been factored into the September forecasts, and so no changes have been made at this time.

On a non-consolidated basis, we have downwardly revised non-operating income on sale of securities by 2 billion yen in light of the current market situation.

We have already changed in the September revision our earlier forecasts for some of our consolidated subsidiaries, including Idemitsu-Snorre (North Sea) and the overseas IPP business, which are faring well. Aside from this and the downward revision in the full-year revenue of Nissho LP Gas in response to recent trends in the materials market, revenue assumptions for consolidated subsidiaries remain unchanged.

Due to the factors I have just mentioned, we have made revisions to our September forecasts: a 9-billion-yen decline in revenues, a 1.5-billion-yen increase in operating profit, and a 500-million-yen decline in ordinary profit.

We now expect net loss on a non-consolidated basis. Because this will be caused primarily by a time lag before fluctuations in LNG prices are reflected in gas prices and thus temporary, we plan on paying an annual dividend of 7 yen per share, including a 3.5 yen interim dividend.

Full Year Forecast for FY09.3 I

Consolidated, 100 million yen, ( )=parent ratio

	A. FY09.3 Forecast	B. FY08.3 Results	A-B	A/B (%)
Revenue	(1.39) 14,040	(1.41) 12,381	+1,658	+13.4%
Operating profit	(---) 170	(1.77) 756	-586	-77.5%
Ordinary profit	(---) 185	(1.51) 758	-573	-75.6%
Net income	(---) 70	(1.23) 402	-332	-82.6%
SVA	-280	125	-405	--

	A	B	A-B
Consolidated gas sales (million m3)	8,784	8,917	-134
Exchange rate (yen/$)	105.6	114.3	-8.7
Crude oil price ($/bbl)	109.8	78.5	+31.3
Number of consolidated subsidiaries	137	133	+4

SVA(Shareholders' value added) = NOPAT- Invested capital * WACC

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The table above shows current forecasts for our full year business results based on the assumptions which I have just described.

Full Year Forecast for FY09.3 II

100 million yen	FY09.3		FY08.3	A-C
	A. Full year/E	B. 1H/R	C. Full year/R	
Total assets	16,135	14,918	14,679	+1,455
Total net worth	6,396	6,273	6,485	-89
Interest-bearing debt	7,516	6,240	5,664	+1,851
Capital expenditures	1,156	457	1,110	+46
Depreciation cost	846	430	952	-106
Free cash flow	-748	-306	512	-1,260
Number of employees	19,018	18,732	16,682	+2,336
ROA	0.5%	--	2.8%	-2.3%
ROE	1.1%	--	6.1%	-5.0%
Total net worth ratio	39.6%	42.1%	44.2%	-4.6%
EPS (yen/share)	3.3	--	18.3	-15.0
BPS (yen/share)	297	291	301	-4

The number of employees excludes those dispatched to subsidiaries and affiliates, but includes those under contract (in agreement with the securities report). Free cash flow = cash flow from business operations (operating profit after tax + depreciation expenses and other non-cash expenses) - capital expenditures

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This table shows our forecasts for BS-related items based on the revised earnings forecasts.

Primarily due to the increase in raw materials costs on a non-consolidated basis, we expect another negative free cash flow following the first half. As we plan on raising funds to compensate for this, we expect our interest-bearing debts to increase. Nevertheless, our equity ratio is expected to be maintained at around 40%.

Tariff Revisions and Emergency Relief Package for Regulated Customers

- Revision of regulated tariffs: to be implemented on Nov. 1, 2008
  - Average reduction: 1.13% for entire residential/commercial segments, and 0.95% in regulated segments
  - New base LNG price ¥63,160/t (before: ¥41,470/t, new upper band ¥101,060/t (before ¥66,360/t)
  - Impact on FY09.3: decline of ¥3 billion both in operating revenues and NOPAT
- Revision of fuel cost adjustment mechanism for large customers
  - Change of LNG price term (from 3 months to 2 months) for shorter time lag to reflect on gas prices
  - Change of average LNG price (from national average to that of all LNG purchased by the company)
  - Changes implemented on Jan. 1, 2009
  - No direct impact foreseen from these changes
- Emergency relief package against price changes for regulated customers in 4Q FY2009.3
  - 25% reduction of rise in LNG costs from 3Q to 4Q FY09.3 (gas prices to be charged in Jan. - Mar. 2009): tariff lowered by ¥2.51/m3
  - Revenue loss from reduction to be recovered from tariffs in FY10.3 (April '09 – Mar. '10)

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Effective as of November 1, 2008, Osaka Gas has implemented a revision of regulated tariffs, the most significant part of which is an average gas rate reduction of 1.13% for all small volume shipments, which includes both service contracts and selective contracts. In more concrete terms, we have reduced the rates for service contracts by an average of 0.95%, and reviewed rates for selective contracts and transportation service contracts.

The revision of regulated tariffs has been made possible by our efforts to enhance management efficiency over the last two years since the last revision in November 2006, as well as an expected reduction in fixed costs other than materials costs that may possibly be brought on by a continued drive for greater efficiency. With this, the standard average fuel prices under the fuel cost adjustment system have been changed as well.

In relation to this, we are planning to revise the fuel cost adjustment system that is being applied to large customers in the liberalized segments, in January 2009.

By shortening the adjustment period from three months to two months, we will shorten the time lag before fluctuations in fuel prices are reflected in gas rates for large customers. Also, the average LNG price which serves as a reference for the fuel cost adjustment will be changed from the national average to that of all LNG purchased by Osaka Gas.

These changes will allow us to reflect the realities of LNG prices, which have recently seen many fluctuations, in a timelier manner.

On October 16, Osaka Gas was requested by the Minister of Economy, Trade and Industry and the Agency for Natural Resources and Energy, the Ministry of Economy, Trade and Industry, to give positive consideration to the introduction of an emergency relief package to stabilize gas rates for the sake of consumers. The government said that, in light of the significant impact which current economic conditions and utility rates might have on the general population, it is necessary that we do something about gas rates, and suggested that we introduce such a package covering fuel cost adjustments to be made to the gas rates paid by regulated small customers in January through March 2009, when a major impact on the life of the people is likely to occur, on the condition that a resultant decrease in our revenues will not impair sound management of our company and thus hinder the stable supply of gas.

Knowing that the size of adjustment to be made to unit charges for regulated small customers in January through March 2009 would be substantial under the current fuel cost adjustment system, Osaka Gas has decided to introduce such a package by reducing the size of the unit charge adjustment by 2.51 yen per cubic meter, including tax. This is equal to 25% of the rise in the unit charge adjustment made to gas rates charged in November through December 2008.

Agreement on Restructuring LPG Import and Wholesale Businesses

- Osaka Gas, Nissho LP Gas, Japan Energy, Itochu, and Itochu Enex reached agreement on Oct. 31 (press release on pending agreement made on Feb. 21, '08)

＜New LPG import/wholesale company＞
・Name: Japan Gas Energy (tentative name)
・Planned establishment: April 1, '09
・Shareholders: J. Energy 51%, Nissho LPG 29%, Itochu Enex 20%
・Business: LPG import, wholesaling, retailing
・Projected revenues: ¥280 billion/year
・LPG imports: 1.5 million tons/year
・LPG sales: 2.25 million tons/year

As announced on February 21 of this year, Osaka Gas, Nissho Petroleum Gas Corporation, Japan Energy, Itochu, and Itochu Enex have been discussing ways to consolidate and integrate our LPG businesses. An announcement came on October 31 that we have reached a basic agreement on the establishment of a new company which integrates distribution and wholesale functions.

The domestic LPG sector finds itself in difficult business conditions on the back of sluggish demand growth resulting from the rise in LPG import prices and tougher competition with other energy sources. The five companies share the same understanding that efforts by individual companies to rationalize their operations or enhance efficiency will not be enough to overcome this difficulty. And so, the five companies discussed how they can cooperate in an attempt to establish a competitive LPG business group that is capable of maintaining an efficient and stable supply of products that covers the entire scope of LPG business from overseas procurement to retailing.

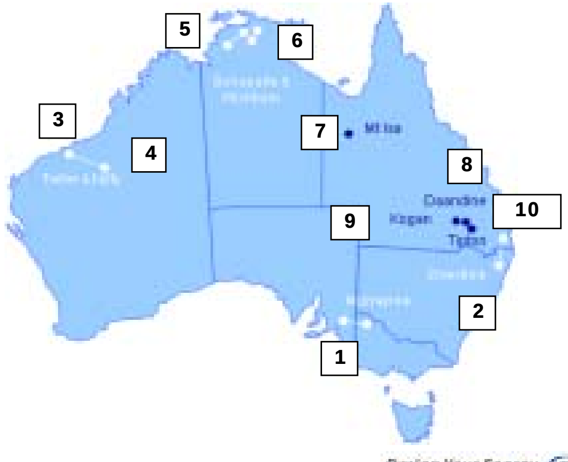
Going forward, the five will examine possible alliances and capital tie-ups among sales subsidiaries of three companies -- J Energy, Nissho, and Enex -- which will be designed to enhance their competitiveness in the retail sector, while at the same time discussing details about the establishment of this new business entity.

Participate in Australian gas / power business venture

- Osaka Gas decided today to participate in an Australian gas and power business venture through a consortium with Marubeni Corporation　It was finalized today that the consortium would be equity partners for APA GasNet Australia Investment Limited (GAIL), a wholly-owned subsidiary of APA Group. By December 2008, Osaka Gas will acquire 30.2% of the shares.
- GAIL will be operating gas pipelines, power generating facilities, gas processing plants and inter-connectors within Australia, and is expected to generate stable revenue for mid- and long-term, based on long-term contracts and regulated rate system.

GAIL Assets

1. Murraylink; Transmission Line
2. Directlink; Transmission Line
3. Telfer; Gas Pipeline
4. Nifty; Gas Pipeline
5. Bonaparte; Gas Pipeline
6. Wickham Point; Gas Pipeline
7. Mt Isa; Power Plant
8. Daandine; Power Plant
9. Kogan North; Gas Processing Facility
10. Tipton West; Gas Processing Facility



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On October 31, 2008, we announced that we had won the exclusive right to negotiate with APA GasNet Australia Investment Limited, or GAIL, for the acquisition of 80.1% of their shares through a consortium with Marubeni Corporation. With this venture, the consortium will become equity partners with GAIL, a wholly-owned subsidiary of the APA Group, one of Australia's leading energy business conglomerates.

Through this new partner, the Osaka Gas Group will acquire a total of ten assets, including four gas pipelines, two gas processing facilities, two power plants, and two inter-province transmission lines. All of these assets are expected to generate stable revenues over the long term, as they are based either on long-term contracts or regulated rate systems.

The Osaka Gas Group hopes that this investment in GAIL will lead to the expansion of its gas and electric power businesses in Australia.

II. References

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Increase/Decrease from Prior Year (consolidated)

Units: 100 million yen, Increased results display a plus sign.

Revenue	+627	Non-consolidated gas	+389	Influence of material cost+415, Decrease of sales and others -26
		Incidental business (NC)	+52	Price hike by influence of higher material cost
		Consolidated subsidiaries and others	+201	Newly consolidation of SIS+101, Nissho LP+70
Operating expense	-1,002	Material cost (NC)	-656	Influence of material cost -673, Decrease of gas sales -17
		Incidental business (NC)	-82	Increase of material cost
		Consolidated subsidiaries and others	-225	Newly consolidation of SIS -98, Nissho LP -66
Operating profit -375				
		Non-operating P/L	-10	Sales of securities -29, Investment profit on equity method +19

SIS: Sakura Information Systems

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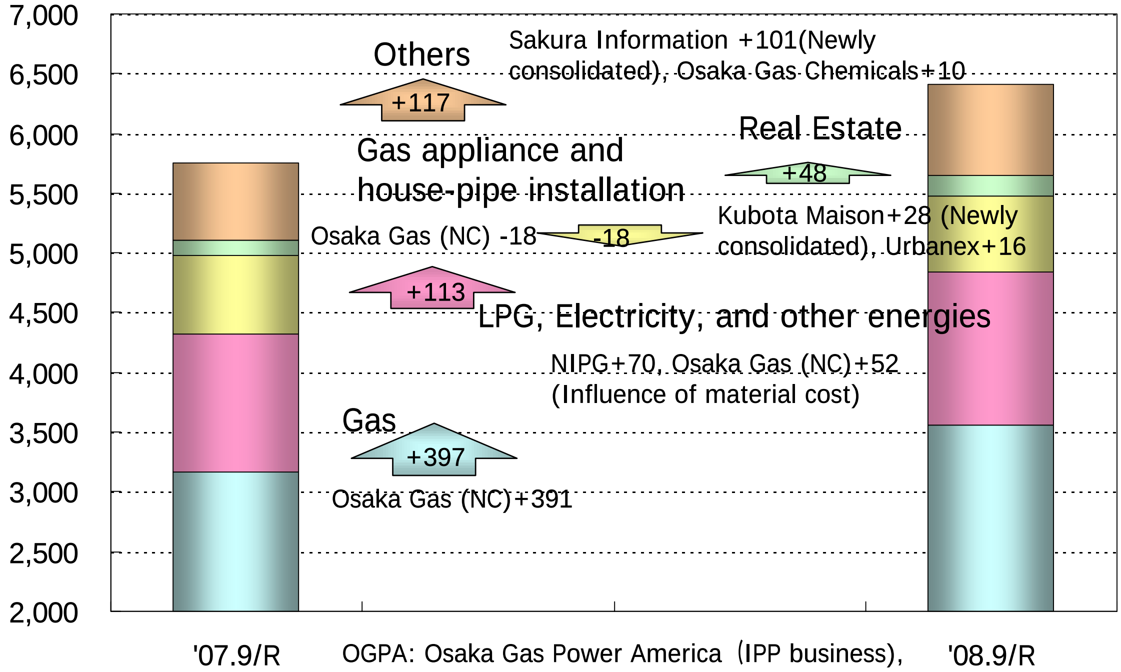
Sales by Segments

(100 million yen)

Arrows in the graph are images and their length does not exactly represent the size of sales.

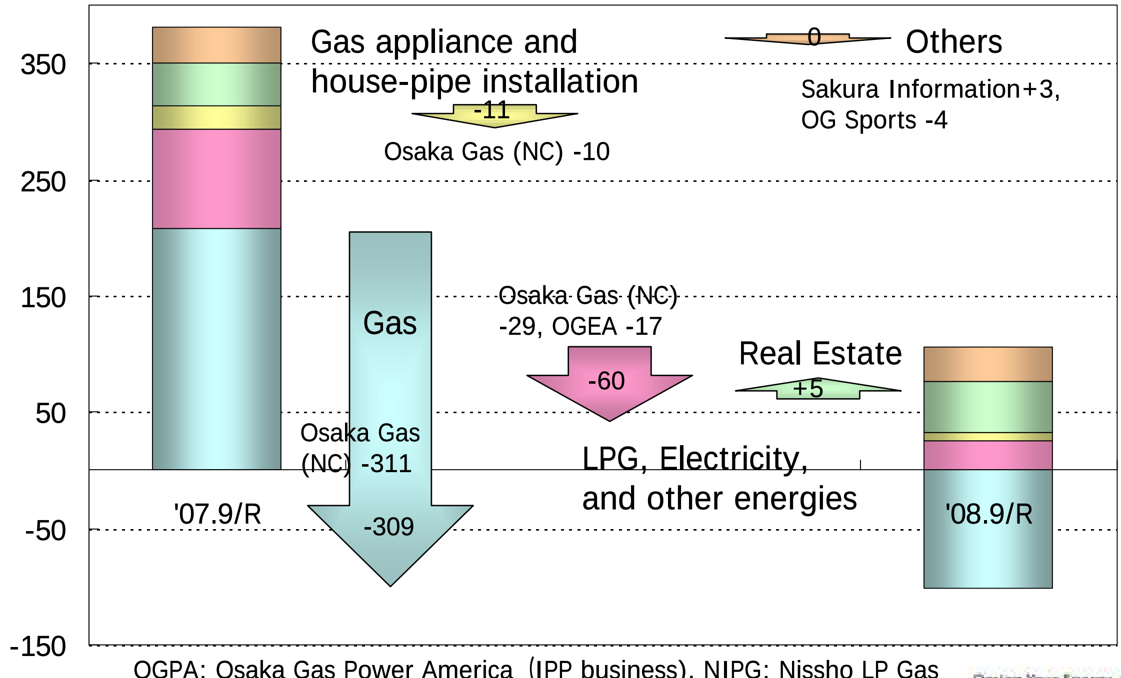


OGPA: Osaka Gas Power America (IPP business), NIPG: Nissho LP Gas

Operating Profit by Segments

(100 million yen)

Arrows in the graph are images and their length does not exactly represent the size of sales.
The graph below does not reflect the elimination of operating profit for consolidation.



OGPA: Osaka Gas Power America (IPP business), NIPG: Nissho LP Gas

Overview of Non-Energy 2 Segments

Total values of consolidated subsidiaries without adjustments. Figures in the upper left of columns are changes from the same period of the previous year. Non-energy 2 segments = Real estate, Others

100 million yen	Revenue		Net Income		References
	1H/R	Full Y/E	1H/R	Full Y/E	
Urbanex Group	+50 179	+62 362	-1 22	-0 37	Revenues will increase due to incorporation of Kubota Maison but will be affected by the extraordinary profit recorded in the previous year for Urbanex.
OGIS-RI Group	+114 261	+245 608	+1 9	+9 25	Both revenues and profit will increase as a result of incorporation of Sakura Information Systems.
Osaka Gas Chemicals Group	+13 176	+18 341	-0 10	-0 13	Revenues will increase due to good performance of fine materials at Osaka Gas Chemicals and activated carbon/preservatives at JEC. Profits will be influenced by sharp rise in raw materials and fuel costs.
OG Capital and others	-5 327	+41 785	-6 8	+19 36	Both revenues and profit will increase due to the effect of opening of new shops in fitness business and expansion of temporary staffing service and security businesses.

JEC: Japan Enviro-Chemicals

Overview of Energy 3 Segments

Total values of consolidated subsidiaries without adjustments. Figures in the upper left of columns are changes from the same period of the previous year.

100 million Yen	Revenue		Net income		References
	1H/R	Full Y/E	1H/R	Full Y/E	
Under OG	-9 758	+63 1,675	-12 32	-37 53	Despite the impact of expiration of some electricity wholesale contracts for overseas IPP, revenues will increase due to rise in unit sales prices etc. in domestic IPP. Net income will decrease due to the decreased sales at overseas IPP and decreased OSR dividends.
Liquid Gas Group	+36 194	+52 410	-0 5	-1 8	Revenues will increase due to integration of Osaka Gas LPG Sales (former Sumisho LPG).
NIPG Group	+89 703	+25 1,606	+4 7	+0 9	Increased profit and revenue due to rise in unit sales price thanks to rise in CP.
Subsidiaries Total	+289 2,602	+509 5,791	-15 95	-9 185	

Energy 3 segments = Gas, LPG, Electricity, and other energies, Gas appliances and house-pipe installation.
OSR: Osaka Gas Summit Resources, NIPG: Nissho LP Gas, CP: LP gas contract price of Saudi Arabia

Change of Gas Sales Estimation (FY09.3)

45MJ/m3	1H (Announced in) Mar.	July	Sep.	Results	Full year (Announced in) Mar.	July	Sep.	Oct.
Number of meters installed (thousand)	6,894	=>	=>	6,903	6,932	=>	=>	=>
Newly built houses (thousand)	53	=>	=>	50	128	=>	=>	=>
Monthly gas sales per household (m3)	25.5	24.7	--	24.0	33.8	33.3	--	33.0
Residential	885	855	831	832	2,346	2,316	2,291	2,292
Commercial, Public, medial	845	830	827	826	1,617	1,602	1,584	1,583
Industrial	2,225	2,212	2,193	2,201	4,503	4,490	4,398	4,406
Non-residential total	3,070	3,042	3,020	3,027	6,120	6,092	5,982	5,989
Wholesale	230	224	213	215	479	473	465	467
(Non-regulated included)	2,617	2,600	2,583	2,587	5,223	5,206	5,110	5,115
Total of gas sales (million m3)	4,185	4,121	4,065	4,074	8,944	8,881	8,739	8,748
Consolidated gas sales	4,203	4,140	4,084	4,093	8,978	8,916	8,775	8,784

Change of Financial Forecast for FY09.3

1H

Consolidated, 100 million yen	Announced at 31. Mar.	29. July	29. Sep.	20. Oct.	Results
Revenue	6,200	6,175	6,135	6,050	6,063
Operating Profit	155	0	=>	10	12
Ordinary Profit	150	15	20	35	35
Net Income	80	0	=>	2	2
Consolidated Gas Sales (million m3)	4,203	4,140	4,084	--	4,093
Exchange Rate (JPY/USD)	90	104.8	107	--	106.1
Crude Oil Price (USD/bbl)	105	117.6	119	--	119.7

Full Year

Consolidated, 100 million yen	3/31	7/29	9/29	10/31
Revenue	13,730	14,220	14,130	14,040
Operating Profit	700	220	155	170
Ordinary Profit	700	245	190	185
Net Income	405	110	80	70
Consolidated Gas Sales (million m3)	8,978	8,916	8,775	8,784
Exchange Rate (JPY/USD)	105	104.9	108	105.6
Crude Oil Price (USD/bbl)	90	121.3	117	109.8

Risk Factors Affecting Forecasts of Annual Results

- Atmospheric and water temperatures
  - A 1 degree Celsius change in atmospheric and water temperatures will impact the residential gas sales volume: approx. a 5% increase/decrease in spring and autumn, approx. a 6% in summer, and approx. a 4% in winter.
- Crude oil price
  - LNG price is linked to crude oil price. A $1/bbl change in crude oil price will have an effect of approx. 2.8 billion yen on annual feedstock costs.
- Foreign exchange rate
  - LNG price is affected by the fluctuation of the US dollar/Japanese yen exchange rate. A 1 yen fluctuation in the US dollar/Japanese yen exchange rate will have an effect of approx. 3.5 billion yen on annual feedstock costs.
- Materials Costs
  - The materials cost adjustment system allows us to reflect changes in materials costs in gas rates in the medium and long terms but an increase in materials costs is likely to affect the business results due to a time lag in reflecting cost fluctuations and depending on the composition of materials suppliers.
  - Adjustment of materials costs may be required as a result of contract renewal or price negotiation with LNG suppliers.
- Interest Rate
  - A 1% change in the interest rate will have an effect of approx. 0.9 billion yen on annual consolidated non-operating expenses.

Residential Gas Sales

FY09.3 1H

	Change from the previous year	References
Increase of customers	+0.4%	
Influence of temperature	-3.2%	Averaged temperature 23.4C (lower by 0.2 degrees over previous year, but offset by higher air and water temps. in April and July)
Others	-0.8%	Influence of timing differences in meter-reading (+0.3%) included
Total	-3.5%	

FY09.3 Full Year Forecast

- Average temperatures expected in second half and sales projections remain as previously announced.
- Lower sales of 2.292 million m3 projected for the full year (down 18 million m3)

Commercial, Public and Medical Gas Sales

FY09.3 1H

	Change from the previous year	References
Demand expansion	+3.0%	Acquisition of large-scale commercial properties
Influence of temperature and others	-6.1%	Reduced number of days for meter reading and customers' energy conservation
Total	-3.1%	

FY09.3 Full Year Forecast

- For the second half-year, gas sales are expected to increase as the previous outlook projected if new customers are acquired as expected and provided atmospheric temperatures remain normal for the year.
- For the full-year, gas sales will decrease 74 million m3 from the previous year to 1,583 million m3.

Industrial Gas Sales

FY09.3 1H

	Change from the previous year	References
Demand expansion	+3.2%	Mainly due to switch from other fuels to gas
Increase/decrease of plant operation	-3.7%	Affected by factors including repair of facilities at large-volume users
Total	-0.5%	

FY09.3 Full Year Forecast

- In the first half, demand expansion (such as the commencement of major fuel conversion projects) was offset somewhat by decreased operation at some customers.
- Impacts of slow economy in second term projected in Sept. '08 expected to result in reduced gas sales of 4,406 million m3 for whole year (down 52 million m3)