Interim Financial Statements for FY06.3
(April 2005-March 2006)

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OSAKA GAS

October, 2005

Osaka Gas Co., Ltd

I. Overview of Financial Statements for FY06.3

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 and Sasayama City Gas ends on December 31, and the fiscal year of Toyooka Energy Co., Ltd. ends on March 31 each year. Unless otherwise specified, the gas sales volume generated in the Toyooka area until June 2004 was included in sales by Osaka Gas Co., Ltd. The gas sales volume generated in that area in and after July 2004 was included in sales by Toyooka Energy Co., Ltd.

Note regarding gas sales volume

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

Important Points of the Interim Account Closing

- Overview
  - Increased gas material costs due to rise in crude price was more than offset by reductions achieved in labor and other costs. Consolidated revenues and ordinary income surpassed the previous year and the projection.
  - Consolidated subsidiaries' operating results exceeded original projection.
- Impact of crude price rise
  - Negative impact on operating profits of delay in gap in gas charge rate adjustment under the "fuel cost adjustment system" surpassed the previous year and projection by approx. ¥4.6 billion and ¥11.2 billion, respectively.
- Gas sales volume
  - Sales volume increased 3.2% from the previous year, supported by strong industrial gas sales and sales to other gas business operators.
  - Sales volume was 0.7% greater than the projection, with decline in residential sales due to warmer weather offset by growth in industrial and other sales.
- Investments for growth in energy businesses and business restructuring
  - Investment in Idemitsu Snorre and alliance with Sumitomo Corp.
  - Determination on investment in IPPs in U.S.
  - Acceptance of Kinrei stock TOB
  - Partial sales of Nissho LP Gas stocks to Itochu; review of potential alliance with Itochu in LPG business

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Let us explain some important points concerning the interim account settlement.

Throughout the first half of the financial year, the oil price continued to rise, increasing the cost of crude materials required for producing gas. Since the gas rate can be raised accordingly only after a certain time, our sales during the first half of the fiscal year do not fully reflect the higher gas rate. Even though this has decreased our profit, we successfully reduced labor costs and other expenses. As a result, the group's consolidated performance during this half-year period was better than that in the preceding period and higher than the forecast in terms of both income and profit.

The performance of our affiliated companies, which is reflected in the consolidated accounting results, remained better than the initial forecast.

The air temperature, which affects the sale of gas, was generally higher than in an average year that we anticipated in the beginning, and so gas sales to residential customers were lower than our initial forecast. On the other hand, our efforts such as to boost gas demand in industry were successful.

During this first half of the fiscal year, we actively invested for the growth of our energy business and the restructuring of our businesses. As shown, major projects included active participation in overseas and upstream businesses, alliance with trading companies, restructuring of the food service business, and an initial investigation into the possibility of alliances in the LPG business.

Impact of Fuel Cost Adjustment System on Operating Profit

- Negative impact in this H1 surpassed the previous year and the projection by approx. ¥5 billion and ¥11 billion, respectively.
- On the assumption that annual average crude oil price is JCC54$/bbl, annual negative impact is expected to be greater than the previous year by approx. ¥15 billion, and negative impact in H2 will surpass the projection by approx. ¥14 billion.
- Negative impact on operating profit higher than the original projection for H2 should be minimized by reducing labor and other costs.

100 million yen	Apr.-Sep.	Oct.-Dec.	Apr.-Mar.	FY Total
FY05.3 Results	Results -118	Results -55	Results -36	-209
FY06.3 Forecast at April	Forecast -53	Forecast -51		-104
FY06.3 Forecast at October	Results -165	Forecast -194		-360

Table shows changes in operating net profits resulting from gas sales increase/decrease due to gas rate adjustment and variances in cost of raw materials (calculated on the basis of LNG standard price of ¥26,780/t, adopted at the time of rate revision in February 2003).

The present fiscal year is characterized by an increase in the costs of crude materials which we require for producing gas. Therefore, let us explain this in relation to the accounting results for the first half of the fiscal year, and also in relation to our forecast for the second half of the fiscal year.

In this chart, both the increase of crude material costs and the increase of gas sales from a raised gas rate are compared on a net basis with the levels presumed in the last revision of the gas rate. This shows the amount that affects our operating profit.

In the first half of the fiscal year, the increase of crude material costs reduced our profit by about 5 billion yen compared with the preceding period, or by about 11 billion yen compared with the forecast. Assuming $55 as the average oil price during the second half of the fiscal year, and $54 as the average oil price during the whole fiscal year, profit is expected to fall by a further 14 billion yen in the second half of the fiscal year.

We expect to offset this decrease in profit by cutting labor costs and other expenses.

Gas Sales Forecast of FY06.3

45MJ/m3		A.FY05.3	Forecast of FY06.3			
		Results	B. In Apr.	C. In Oct.	C-A	C-B
Non-consolidated	Number of meters installed at the end of period (thousand)	6,697	6,759	6,759	+62	0
	Installation of new meters (thousand)	129	131	131	+1	0
	Monthly gas sales per hpusehold (m3/month)	33.1	34.2	33.8	+0.7	-0.4
	Residential use	2,238	2,327	2,304	+65	-23
	Commercial use	1,039	1,058	1,067	+28	+9
	Public and Medical	605	594	590	-15	-3
	Industrial use	3,865	3,938	3,970	+105	+32
	Non-residential total	5,509	5,590	5,627	+118	+38
	Whole sale	305	336	346	+41	+10
	(Including non-regulated)	(3,960)	(4,153)	(4,202)	(+242)	(+49)
Gas sales total (million m3)		8,053	8,252	8,277	+225	+25
Consolidated gas sales total		8,072	8,275	8,301	+229	+26

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Let me explain our forecast concerning gas sales by volume for the whole fiscal year.

We assume that the air temperature during the second half of the fiscal year will be the same as an average year, and that the gas sales by volume to residential customers will match the initial forecast. Concerning the gas sales by volume to commercial and industrial customers, we acknowledge that it was high during the first half of the fiscal year because of new demand that we acquired and a high level of business activity among existing customers. In the second half of the fiscal year, however, we expect that business activity may soften in some industries, and so we expect that gas sales by volume to commercial and industrial customers will similarly match the initial forecast. Accordingly, our forecast for the whole fiscal year was adjusted only by the difference from the initial forecast recorded in the first half of the fiscal year.

Full Year Forecast of FY06.3I

Consolidated, 100 million yen ( )=parent ratio	FY05.3 A. Full year/R	FY06.3 B. 1st half/R	 C. Full year/E	C-A
Operating Revenues	9,753	4,536	10,050	+296
Operating Income	959	364	1,040	+80
Ordinary Profit	974	404	1,000	+25
Net Income after Tax	506	246	590	+83
SVA	273	124	350	+76
Consolidated Gas Sales (million m3)	8,072	3,879	8,301	+229
Exchange rate (yen/$)	107.6	109.5	110.0	+2.4
Crude Oil Price ($/bbl)	38.4	51.7	54.0	+15.6
No. of consolidated subsidiaries	118	120	120	+2

SVA(Shareholders' value added)=NOPAT – Invested capital X WACC, Forecasted GDP growth ratio=1.6%

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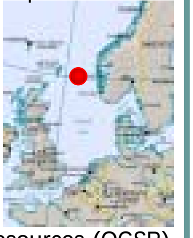
With this background, we expect our initial forecast for income and expenditure for the present fiscal year to be on target.

Our forecast for the oil price during the second half of the fiscal year is $55, which is higher than our initial forecast of $40. The sharp rise in the price of oil, combined with other factors, will result in higher gas sales than the initially forecasted level. However, the exclusion of Kinrei Corporation from the consolidated accounts, combined with other factors, is expected to almost offset the increase.

Topics in H1 FY06.3 – I

Investment in Idemitsu Snorre

- Announced investment in Idemitsu Snorre Oil Development Co., Ltd.
  - Acquired 49.5% of Idemitsu Snorre shares from the former Japan National Oil Corporation as of July 1
  - Idemitsu Petroleum Norge AS, a 100% owned subsidiary of Idemitsu Snorre, produces crude oil and gas in the North Sea.
- Purpose of investment
  - Steady investment return will contribute to consolidated ordinary profit.
  - Production/marketing know-how can be acquired and used in our natural gas upstream businesses.



Output from Owned Oil Field

Output from Owned Oil Field	130 million bbl
Cumulative total output as of end of 2004	150
2004 output	16

- Announced transfer of Idemitsu Snorre shares to Osaka Gas Summit Resources (OGSR)
  - OGSR is jointly owned by Osaka Gas (70%) and Sumitomo Corp. (30%).
  - Osaka Gas and Sumitomo Corp. promote business alliance in petroleum and gas development areas.

Let me explain briefly the investments for growth we made in the first half of the present fiscal year.

We decided to invest in Idemitsu Snorre because we expect it to produce stable returns and also its know-how will be useful to us as we pursue natural gas upstream businesses in future. We plan to transfer a part of the shares we acquired to Sumitomo Corporation to help forge alliances leading to business opportunities that we may not be able to find alone.

Topics in H1 FY06.3 - II Acceptance of Kinrei stock TOB

- Decided to accept TOB offered by CAS Capital Group for Kinrei shares owned by Osaka Gas (4,300,000 shares) and its subsidiary OG Capital (2,957,000 shares) (announced on 05/09/21)

TOB Outline

TOB closing date	October 20, ‘05
TOB price	1,550 yen/share

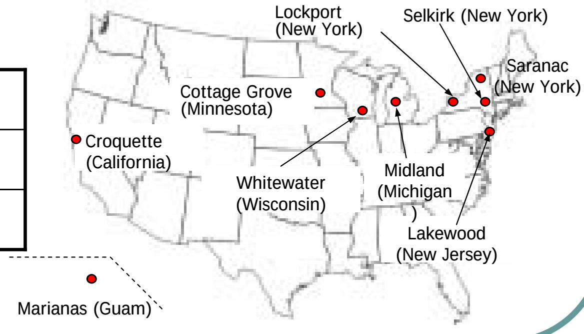
- Purpose of accepting TOB
  - Kinrei is highly independent of other businesses of Osaka Group. Participation of investor with restaurant business know-how will contribute to further development of Kinrei business and enhance its corporate value.
  - Proceeds from TOB will be appropriated to funds for investing in energy-related businesses (approx. ¥8 billion after tax on cash basis).
- Impact on annual financial results
  - Extraordinary profit from share transfer and associated income tax will be reported in H2. Sales and operating profit in H2 will be negatively impacted by the exclusion of Kinrei from consolidation, although it will not materially affect sales and after-tax income for the Group as a whole.

We decided to call for the TOB of Kinrei Corporation as a part of our efforts to reorganize our group’s businesses considering, among other things, the strong independence of its business among the group’s businesses.

Topics in H1 FY06.3 – III Investment in IPPs in U.S.

- OGEA, an affiliate of Osaka Gas Group, will acquire shares of Fort Point Power owned by a U.S. fund, a holding company investing in IPP companies (announced on 05/09/27).
  - All nine IPPs owned by Fort Point Power (natural gas fuel businesses, excluding one IPP engaged in heavy oil business) are in active operation.
  - Agreed to offset most of fuel cost fluctuation risk through adjustment of power wholesale prices
  - Most cash expenditures relating to this transaction will arise in H2.

Gross output capacity	Approx. 3,350 MW
Osaka Gas Group share	Approx. 480 MW
Acquisition price	Approx. ¥16 billion yen



Following investments in an IPP in Texas, USA, and in an IPP in Spain, this will be our third investment in an overseas IPP. As with the two investment projects that we already decided on, the purposes of investment are to secure returns and acquire know-how of running an IPP business.

The new project involves investing to gain a minor share of an IPP with nine power stations. By including a number of operating IPP facilities in the portfolio, we expect to increase and stabilize our profits from overseas IPP investment projects.

II. Facts & Figures

Results of 1st half of FY06.3 I

( ) =parent ratio

Consolidated 100 million yen	FY05.3/R A. 1st half	FY06.3 1st half B. Forecast	 C. Results	Differences C-A	 C-B
Operating Revenue	(1.35) 4,230	(1.33) 4,350	(1.38) 4,536	+306	+186
Operating Income	(1.84) 256	(1.34) 355	(1.41) 364	+107	+9
Ordinary profit	(1.49) 305	(1.26) 365	(1.32) 404	+98	+39
Net income after tax	(1.44) 92	(1.19) 215	(1.27) 246	+154	+31
SVA	-24	92	124	+148	+32

Consolidated gas sales (million m3)	3,758	3,853	3,879	+121	+26
Exchange rate (yen/$)	109.8	108.0	109.5	-0.3	+1.5
Crude oil price ($/bbl)	35.9	40.0	51.7	+15.8	+11.7
No. of consolidated subsidiaries	113	119	120	+7	+1

Crude oil price(51.7$/b) comes from the average between April and July.

Results of 1st Half of FY06.3 II

Consolidated	FY05.3/R		FY06.3 1st half		Differences	
100 million yen	A. 1st half	B. Full year	C. Forecast	D. Results	D-AorB	D-C
Total Assets	11,691	12,174	12,535	12,560	+385	+25
Shareholders' Equity	4,905	5,308	5,450	5,612	+304	+162
Interest-bearing Debt	4,685	4,485	5,178	4,941	+456	-236
Capital Expenditure	280	655	568	356	+76	-211
Depreciation	435	868	414	420	-14	+6
Free Cash Flow	-52	577	59	-15	+36	-74
Number of Employees	16,072	15,992	16,450	16,646	+654	+196
Shareholders' equity ratio	42.0%	43.6%	--	44.7%	+1.1%	--

In the table above, changes (D-AorB) are compared with the end of March 2005 for balance sheet items, number of employees and shareholders' equity ratio, and with the first half term of the previous year for capital expenditure, depreciation. The number of employees includes employees dispatched to subsidiaries and affiliates, but excludes employees under contract. (Accordingly, the number differs from that reported in the financial reports for the Securities Committee.)

Increase/Decrease from Prior Year (consolidated)

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

Operating Revenues	+306	Non-consolidated gas sales	+129	Increase of fuel cost+114
		Newly consolidated subsidiaries	+94	JEC and 2 companies+87
		Existed subsidiaries and Elimination	+47	NIPG+35, GPI+19
Operating Cost	-198	Gas feedstock cost	-168	Increase of fuel cost -161
		Non-consolidated labor cost	+115	Decrease of employees、Change of pension fund scheme
		Subsidiaries	-152	Newly consolidation of JEC and others
Operating Income	+107			
		Non-operating Profit/Loss	-8	
		Extraordinary P/L	+154	Accounting for impairment assets in FY05.3+139

JEC: Japan Enviro Chemicals, GPI: Gas and Power Investment, NIPG: Nissho LP Gas

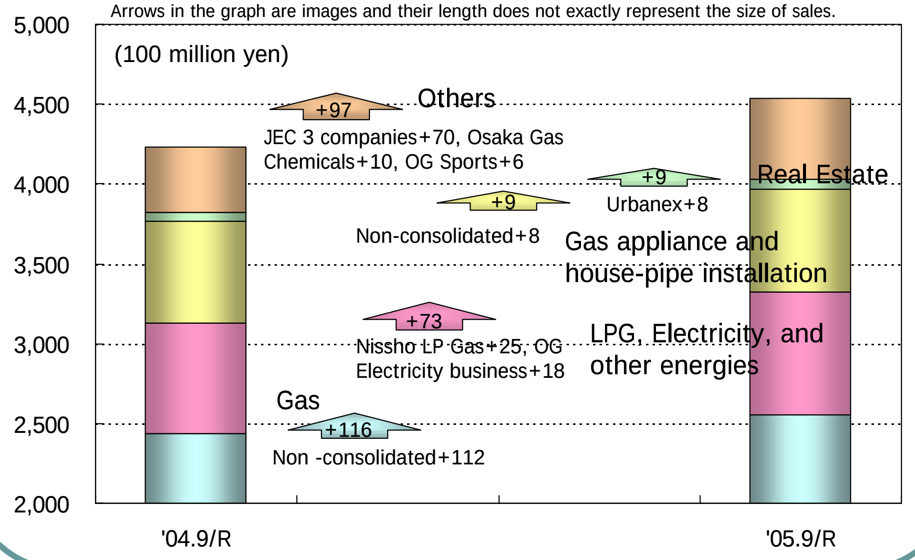
Increase/Decrease from Initial Forecast (consolidated)

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

Operating Revenues	+186	Increase in subsidiaries	+94	JEC and others+37, NIPG and others+30
		Decrease of elimination	+68	
Operating Cost	-177	Non-consolidated	-30	Gas feedstock cost-106 Decrease of labor cost and others+72
		Increase in subsidiaries	-74	JEC and 2 companies-30
		Decrease of elimination	-72	Change of elimination in revenues
Operating Income	+9			
		Non-operating profit	+29	Increase of security sales+10
		Extraordinary profit	+15	Sales of NIPG stock+10

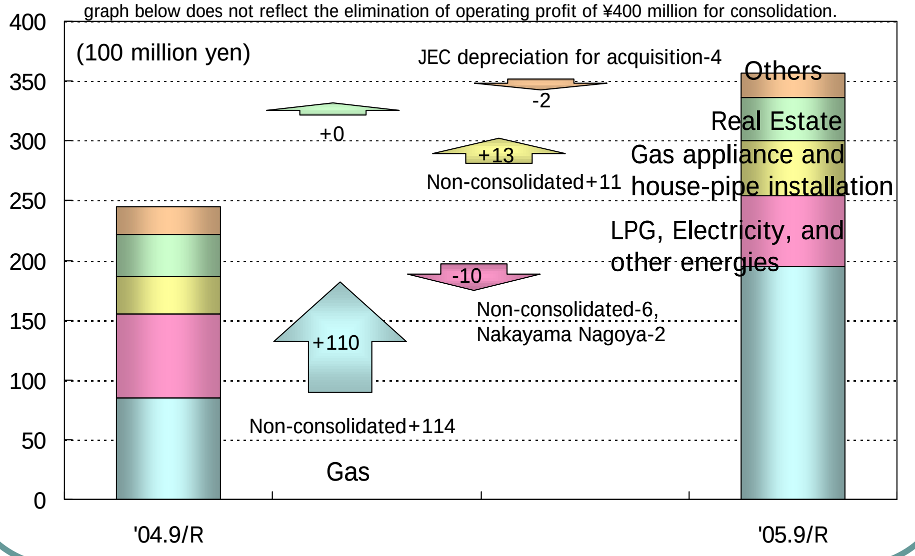
JEC: Japan Enviro Chemicals, NIPG: Nissho LP Gas

Sales by Segments (to customers outside the group)



Operating Profit by Segments

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 of ¥400 million for consolidation.



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	Operating Revenues		Net Income		References
	1st half/R	Full year/E	1st half/R	Full year/E	
Urbanex Group	+10 132	-4 257	+1 18	+0 29	Revenues and profits increased, supported by increased apartment building sales by UX and increased construction revenues by UXS.
Kinrei	+4 87	-94 87	-2 1	-4 1	Results by the end of this H1 will be included in consolidation.
OGIS-RI Group	-2 130	+34 355	-2 1	+2 15	Revenues and profits decreased in H1 due to decreased sales to OG. For full year, revenues and profits are expected to increase, supported by addition of system development projects.
Osaka Gas Chemicals Group	+85 174	+164 346	+5 6	+10 13	Revenues and profits increased due to inclusion of three JEC companies.
OG Capital Group	+31 347	+33 807	+1 15	+14 51	Revenues increased due to business expansion in OGS, OG Auto, OGIC and other businesses. Profit growth rate declined due to advance expenses incurred by OGS and other factors. Full-year profit growth is expected, supported by gain from Kinrei share sale by OG Capital.
Non-energy total	+129 872	+133 1,855	+6 43	+23 111	

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	Operating Revenues		Net Income		備考
	1st half/R	Full year/E	1st half/R	Full year/E	
Under OG Business Units	+55 580	+95 1,246	+5 33	-5 46	Revenues increased due to increased electricity sales in GPI and increased customers in CTS. Profit decrease due to recording of increased depreciation expenses and rise in raw material cost (coal) in Nakayama Nagoya, partially offset by gain from share sales by GPI in H1.
Liquid Gas Group	+9 131	+21 288	+0 6	+0 9	Revenues increased, supported by increased gas sales volume and higher gas charge rate adjustments to reflect the raw material cost. Profit decreased due to increased purchase prices.
NIPG Group	+50 368	+96 888	-2 -1	-2 3	
Energy total	+115 1,079	+213 2,423	+3 38	-7 59	
Consolidated subsidiaries total	+244 1,952	+346 4,278	+10 81	+16 170	

Energy 3 segments = Gas, LPG, Electricity, and other energies, Gas appliances and house-pipe installation.
NIPG: Nissho LP Gas, GPI: Gas and Power Investments, CTS: Cogen-Techno Service

Full Year Forecast of FY06.3 II

Consolidated 100 million yen	A. FY05.3 Full year/R	FY06.3 B. 1st half/R	 C. Full year/E	C-A
Total assets	12,174	12,560	13,284	+1,109
Shareholders' equity	5,308	5,612	5,691	+382
Interest-bearing Debt	4,485	4,941	5,285	+799
Capital expenditure	655	356	1,061	+406
Depreciation	868	420	825	-43
Free Cash Flow	577	-15	552	-25
Number of employees	15,992	16,646	16,315	+323
ROA	4.2%	--	4.6%	+0.4%
ROE	9.9%	--	10.8%	+1.0%
Shareholders' equity ratio	43.6%	--	42.8%	-0.8%
EPS (yen/share)	22.7	--	26.4	+3.7
BPS (yen/share)	238.2	--	255.3	+17.2

The number of employees includes employees dispatched to subsidiaries and affiliates, but excludes employees under contract. (Accordingly, the number differs from that reported in the financial reports for the Securities Committee.)

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 autumn and approx. a 4% increase/decrease 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. 3.2 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. 1.7 billion yen on annual feedstock costs.
- **Fuel cost adjustment system (fuel cost adjustment system)**
  - Under this system, fluctuation of feedstock costs is reflected into gas charge rates on a mid- and long-term basis. However, on a fiscal year basis, an undercharge or overcharge may occur.
- **Interest rate**
  - A 1% change in the interest rate will have an effect of approx. 1.1 billion yen on annual consolidated non-operating expenses.

Interim Gas Sales

45MJ/m3		A. FY05.3 1st half/R	FY06.3 1st half B. Forecast	FY06.3 1st half C. Results	Differences C-A	Differences C-B
Non-consolidated	Number of meters installed at the end of period (thousand)	6,652	6,718	6,719	+66	0
	Installation of new meters (thousand)	52	54	50	-3	-5
	Monthly gas sales per hpusehold (m3/month)	24.6	25.3	24.6	0.0	-0.7
	Residential use	830	859	836	+6	-23
	Commercial use	561	551	560	-1	+9
	Public and Medical	307	315	311	+4	-3
	Industrial use	1,925	1,960	1,993	+67	+32
	Non-residential total	2,793	2,826	2,864	+71	+38
	Wholesale	125	157	167	+42	+10
	(Including non-regulated)	(1,970)	(2,096)	(2,145)	(+174)	(+49)
Gas Sales total (million m3)		3,749	3,842	3,867	+118	+25
Consolidated Gas sales		3,758	3,853	3,879	+121	+26

Residential Gas Sales

FY06.3 1st half/R

*A Change from the previous year,
*B Difference from the forecast

	*A	*B	References
Increase of customers	+0.7%	+0.1%	
Influence of temperature	+3.2%	-1.9%	Actual atmospheric temperature 23.8C (-0.6 versus the prior year, +0.2 versus the forecast) , Actual water temperature 23.4C (-0.3, +0.5)
Others	-3.3%	-0.9%	-2.7% from the change from the previous year was caused by timing differences in meter-reading
Total	+0.7%	-2.7%	

FY06.3 Full year forecast

- Operating results for H2 will be achieved as originally forecast, on the assumption that the temperature pattern is the same as for a normal year.
- Affected by the weaker-than-expected sales recorded in H1, the gas sales volume on a full-year basis will be 2,327 million m3, which is 23 million m3 less than the original forecast.

Commercial, Public and Medical Gas Sales

FY06.3 1st half/R

*A Change from the previous year,
*B Difference from the forecast

	*A	*B	References
Demand expansion	+3.5%	+1.0%	New contracts with environmental facilities (sewerage and waste disposal/treatment facilities) and large commercial buildings
Influence of temperature	-2.2%	+0.3%	Decrease from previous year was mainly due to decline in air-conditioning demand resulting from cooler weather in summer.
Others	-0.8%	-0.7%	
合計	+0.4%	+0.6%	

FY06.3 Full year forecast

- Operating results for H2 will be achieved as originally forecast, on the assumption that temperature pattern is the same as for a normal year and that new demand is created as originally forecast.
- Affected by the larger-than-expected sales recorded in H1, the gas sales volume on a full-year basis will be 1,652 million m3, which is 5 million m3 larger than the original forecast.

Industrial Gas Sales

FY06.3 1st half/R

*A Change from the previous year,
*B Difference from the forecast

	*A	*B	References
Demand expansion	+7.3%	+2.6%	Supported mainly by CGS development and fuel switchover
Increase/decrease of plant operation	-3.8%	-0.9%	Affected mainly by reduced production volume in some industries
Total	+3.5%	+1.7%	

FY06.3 Full year forecast

- Gas sales volume in H1 was greater than projected, supported by development of new gas demand. However, gas sales volume in H2 is forecast as originally projected, considering the continuing risk of production volume decline in some industries throughout the year.
- Affected by the larger-than-expected sales recorded in H1, the gas sales volume on a full-year basis will be 3,970 million m3, which is 32 million m3 larger than the original forecast.

Residential Energy Marketing

Sales activities of main appliances

Thousand units	FY04.3/R		FY05.3	
	1st half	Full year	1st half/R	Full year/E
"ECOWILL"	4.5	7.5	5.8	10.0
Floor Heating System	117	206	108	200
Bath Heater & Drier	50	94	51	93
Including Mist Sauna type	6	13	18	21
Fan Heater	40	215	42	233
Glass Top Cooking Stove	28	79	32	85

Floor heating and ECOWILL are reported on a contract basis for new houses and on a wholesale basis for existing houses (sub-user refurbishments are regarded as new houses); FHs are reported on an installation basis; and cooking stoves are reported on a wholesale basis.

Other Sales activities

- "I-rusu," an Internet-based home security service that had been marketed to the new housing market, was expanded to the existing housing market. (I-rusu contracts: 3,800 contracts in FY05.3 > 10,000 contracts projected for FY06.3)

Non-Residential Energy Marketing

Promotion of changeover of fuels in the heat energy field

- Marketing targeted at oil-fired boiler users > Gasification in large-sized boiler for power generation by gas turbine repowering. Promoting switchover from oil to gas in hotels, hospitals and other commercial facilities
- Promoting exclusive use of gas in glass tank kiln > Adopted by Ishizuka Glass in H1

CGS: Cogeneration systems

- Acquisition of “power source CGS” customers and improvement of CGS’s competitive power through cost reduction and high power output efficiency improvement
- Sales promotion of GENELITE 25 kW with high power output efficiency (33%): 63 units installed in aggregate
- Expanded use of waste heat > Development of air-conditioning system that uses low-temperature waste heat

Air-conditioning

- Sales promotion of High Power Multi, a GHP with power-generating function: Shipped 1,169 units in H1, almost doubled from 633 units in previous year
- Proposal of energy management system using finance scheme and remote-controlled monitoring system.

Progress of the Electricity Business

IPP

- 450MW in domestic market, and 1,200MW in overseas market: 1,650MW in total

Expansion and sales of intra-company-generated power supplies

- Four power-source CGSs are in operation, with provisional contracts concluded for two units.
- Sales increased, mainly with extra-high voltage users, by acquiring competitive power supply sources.

Construction of Senboku Power Plant

- Draft environmental impact statement is currently being assessed. Assessment will be completed by the end of H1 of FY2007.3, as originally scheduled.