



For Year Ended March 31, 2007

Brief Report of Consolidated Financial Statements

April 26, 2007

Name of Listed Company : **Osaka Gas Co., Ltd.** Listed Exchanges: Part I of Tokyo, Osaka and Nagoya
 Code : 9532 URL <http://www.osakagas.co.jp>
 Representative Officer : Title: President Name: Hirofumi Shibano
 Contact : Title: Accounting & Finance Manager Name: Shingo Kamei TEL: +81 -6-6205-4537
 Date of Meeting of Board of Directors for Approving Financial Statements: June 28, 2007
 Date of Dividend Payment: To be decided
 (To be decided at the Board meeting in May 2007)
 Schedule Date of Financial Report Filing With the Finance Ministry: June 28, 2007

(Any amount less than one million yen is rounded down to the nearest million yen)

1. Consolidated Financial Results for the Year ended March 31, 2007 (April 1, 2006 – March 31, 2007)

(1) Consolidated Operational Results (Percentages (%) represent changes from the previous year)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2007	1,174,456	10.2	93,729	-6.9	89,550	-13.3	52,929	-34.4
Year ended March 31, 2006	1,065,961	9.3	100,657	4.9	103,308	6.0	80,710	59.2

	Earnings per share	Diluted earnings per share	Net income/Net Worth	Ordinary profit/Total assets	Operation profit/Sales
	yen	yen	%	%	%
Year ended March 31, 2007	23.77	-	8.1	6.4	8.0
Year ended March 31, 2006	36.18	-	13.9	7.9	9.4

<Reference> Equity in investment in affiliates Year ended March 31, 2007 3,328 million yen Year ended March 31, 2006 2,435 million yen

(2) Consolidated Financial Position

	Total assets	Net worth	Net worth/Total assets	Net worth per share
	million yen	million yen	%	yen
As of March 31, 2007	1,405,682	686,664	47.6	300.61
As of March 31, 2006	1,398,692	628,510	44.9	282.12

<Reference> Net worth As of March 31, 2007 668,887 million yen As of March 31, 2006 - million yen

(3) Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Cash and cash equivalents at year-end
	million yen	million yen	million yen	million yen
As of March 31, 2007	98,354	-99,765	-22,009	24,476
As of March 31, 2006	152,935	-162,989	13,245	47,726

2. Dividends

(Record date)	Dividends per share			Total dividends (full year)	Payout ratio (consolidated)	Dividends/Net worth (Consolidated)
	Interim	Year-end	Annual			
Year ended March 31, 2006	yen 3.50	yen 3.50	yen 7.00	million yen 15,594	% 19.3	% 2.7
Year ended March 31, 2007	3.50	3.50	7.00	15,582	29.4	2.4
Year ending March 31, 2010 (Forecast)	3.50	3.50	7.00		31.8	

3. Forecasts for the Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

(Percentages represent forecasted changes from the previous year for the full year results, and forecasted changes from the same period in the previous year for the interim results.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	535,000	0.4	27,500	-38.2	27,500	-39.3	16,000	-42.3	7.19
Full year	1,190,500	1.4	84,500	-9.8	83,000	-7.3	49,000	-7.4	22.02

4. Other information

(1) Significant changes in subsidiaries during the year (changes in certain subsidiaries resulting in a change in the consolidation scope): Not applicable

(2) Scope of consolidation and companies recorded by equity method

132 consolidated subsidiaries: (New) 1 (Excluded) 5 4 equity method affiliates: (New) 0, (Excluded) 0

(3) Changes in the accounting principles/procedures for, and presentation in, consolidated financial statements (Matters required to be reported as significant changes in the basic information for consolidated financial statements preparation)

① Changes in response to revisions in accounting standards, etc.: Applicable

② Changes other than those defined in ① above: Not applicable

(Note) For detailed information, refer to "Significant changes in the basic information for consolidated financial statements preparation" in P18.

(4) Issued shares (common shares)

① Issued shares as of year-end (including repurchased shares) : As of March 31, 2007 2,235,669,539 shares
As of March 31, 2006 2,235,669,539 shares

② Repurchased shares (treasury stocks) as of year-end : As of March 31, 2007 10,581,106 shares
As of March 31, 2006 8,148,986 shares

(Note) As for the number of shares used in the calculation of earnings per share (consolidated), refer to "Per Share Information" in Page 21.

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for the Year ended March 31, 2007 (April 1, 2006 – March 31, 2007)

(1) Operational Results (Percentages (%) represent changes from the previous year)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2007	851,299	8.3	63,927	-16.6	68,299	-16.7	44,235	-37.4
Year ended March 31, 2006	786,350	8.8	76,619	10.9	82,040	9.2	70,632	71.1

	Earnings per share	Diluted earnings per share
	yen	yen
As of March 31, 2007	19.87	-
As of March 31, 2006	31.67	-

(2) Financial Position

	Total assets	Net worth	Net worth/ Total assets	Net worth per share
	million yen	million yen	%	yen
As of March 31, 2007	1,076,946	548,721	51.0	246.61
As of March 31, 2006	1,078,437	518,171	48.0	232.60

<Reference> Net worth: As of March 31, 2007 548,721 million yen As of March 31, 2006 - million yen

2. Forecasts of Non-Consolidated Results for the Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

(Percentages represent forecasted changes from the current year for the full year results, and forecasted changes from the same period in the previous year for the interim results.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	386,500	0.6	16,500	-45.9	19,500	-43.9	12,500	-46.3	5.62
Full year	872,000	2.4	57,000	-10.8	60,500	-11.4	39,000	-11.8	17.53

* Notes on proper use of forecasts and other matters

Financial statements and the proposed appropriation of the surplus will be approved by a resolution at a meeting of the Board of Directors in May.

Statements in this document relating to future matters including operational forecasts are based on information available to the Company and certain assumptions that the Company believes are reasonable. Actual results may differ from these forecasts, affected by various factors. As for notes regarding assumptions used for operational forecasts and regarding the use of forecasts, refer to (1) Operational Results Analysis of "1. Operational Results" in Page 4.

April 26, 2007

Financial Statements for Year Ended March 31, 2007 (The 189th Business Year)
Descriptive Information and Financial Statements
[April 1, 2006 – March 31, 2007]

Osaka Gas Co., Ltd.

1. Operational Results

(1) Operational Results Analysis

① Results for Year Ended March 31, 2007

Operating revenues for the year ended March 31, 2007 increased by 108.4 billion yen (+10.2%) to 1,174.4 billion yen from the previous year. This increase was primary due to the increased gas sales volume, gas charge rates adjusted higher than last year in response to the rise in LNG prices under the fuel cost adjustment system, and business expansion in consolidated subsidiaries. Operating profit decreased by 6.9 billion yen (-6.9%) to 93.7 billion yen, primarily due to the decline in the contract volumes resulting from the revision of LNG handling contracts, although consolidated subsidiaries achieved solid sales. Non-operating profit decreased from the previous year by 6.8 billion yen because of increased interest expenses and bond redemption, offsetting the expansion of profit from investment in affiliates which was reported by the equity method. Consequently, ordinary profit decreased by 13.7 billion yen (-13.3%) to 89.5 billion yen, compared with the previous year. Net income decreased by 27.7 billion yen (-34.4%) to 52.9 billion yen. This significant decrease was primarily due to the decline in the extraordinary profit for the current year because the previous year's results included a gain received from adjustments in connection with the revision of LNG handling contracts.

As of the current year-end, the Company has 132 consolidated subsidiaries (compared with 136 subsidiaries at the previous year-end; five subsidiaries excluded, one added), and 4 affiliates (reported by the equity method, no change from the previous year).

(Unit: 100 million yen)

	Consolidated results (a)	Change from previous year		Consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		Change	Percent (%)		
Operating revenues	11,744	+1,084	+10.2	8,512	1.38
Cost of sales	7,556	+1,192	+18.7	5,167	1.46
Selling, general and administrative expenses	3,250	-37	-1.2	2,706	1.20
Operating profit	937	-69	-6.9	639	1.47
Ordinary profit	895	-137	-13.3	682	1.31
Net income	529	-277	-34.4	442	1.20

(Reference) Consolidated Gas Sales Breakdown

		Current year (a) (Apr '06 -Mar '07)	Previous year (b) (Apr '05 -Mar '06)	Change (a)-(b)	Percent (%)
Customers [Meters installed] (thousand customers [meters])	Residential	6,497	6,437	+60	+0.9
	Non-residential	323	321	+2	+0.6
	Total	6,820	6,758	+62	+0.9
Monthly average usage per residential customer (m ³ /month)		33.5	34.2	-0.6	-1.8
Gas sales volume (million m ³)	Residential	2,303	2,329	-25	-1.1
	Non-residential	6,018	5,761	+257	+4.5
	Industrial	4,354	4,049	+305	+7.5
	Commercial	1,036	1,071	-34	-3.2
	Public and medical institutions	628	641	-13	-2.1
	Wholesale	416	359	+58	+16.1
	Total	8,738	8,448	+290	+3.4

[45MJ/m³]

Average temperature (°C)	Current year (a) (Apr '06 -Mar '07)	Previous year (b) (Apr '05 -Mar '06)	Change (a)-(b)
	17.5	16.9	+0.6

② Operational Results by Business Segment

a. Gas

Gas sales for the year ended March 31, 2007 increased by 66.9 billion yen (+10.8%) to 686.6 billion yen from the previous year. This increase was primarily due to the increased gas sales volume, and gas charge rates adjusted higher than last year in response to the rise in LNG prices under the fuel cost adjustment system. Operating profit increased by 1.7 billion yen (+2.9%) to 63.6 billion yen from the previous year. LNG prices, which stabilized in the second half of the year, offset the adverse effect of the revised gas rates for small supply accounts (implemented in November 2006).

b. LPG, Electricity and Other Energies

Sales revenue increased by 4.6 billion yen (+24.4%) from the previous year to 235 billion yen mainly as a result of business expansion. Operating profit decreased by 5 billion yen (-27.3%) to 13.4 billion yen, primarily due to the decline in the contract volumes resulting from the revision of LNG handling contracts, although consolidated subsidiaries achieved solid sales.

c. Gas Appliances and House-pipe Installation

Sales revenues increased by 5 billion yen (+3.2%) to 160.9 billion yen, but operating profit decreased by 3.7 billion yen (-72.4%) to 1.4 billion yen mainly due to expenses incurred for inspection of bathroom heaters/driers.

d. Real Estates

Sales revenues increased by 0.2 billion yen (+0.8%) to 25.9 billion yen, and operating profit increased by 0.6 billion yen (+9.8%) to 7.2 billion yen, compared with the previous year.

e. Other Businesses

Sales revenues decreased by 5.4 billion yen (-3.7%) to 139.9 billion yen, mainly due to sales of consolidated subsidiaries, although operating revenues expanded in the information and other businesses. Operating profit decreased by 0.4 billion yen (-5.9%) to 7.2 billion yen, compared with the previous year.

(Unit: 100 million yen)

	Gas	LPG, electricity and other energies	Gas appliances and house-pipe installation	Real estates	Other businesses	Elimination of internal transactions and transactions involving all companies	Consolidated
Operating revenues	+10.8% 6,866 [+669]	+24.4% 2,350 [+460]	+3.2% 1,609 [+50]	+0.8% 259 [+2]	-3.7% 1,399 [-54]	(741) [-42]	+10.2% 11,744 [+1,084]
Operating profit	+2.9% 636 [+17]	-27.3% 134 [-50]	-72.4% 14 [-37]	+9.8% 72 [+6]	-5.9% 72 [-4]	6 [-0.8]	-6.9% 937 [-69]

The percentage figure at the upper left corner of each box shows a percentage of change from the previous year.

The figure in the bracket [] in each box shows a change in yen from the previous year.

The round brackets () indicate that the change was negative.

③ Forecasts for the Next Year (April 1, 2007 to March 31, 2008)

Operating revenues are expected to increase by 16 billion yen (+1.4%) to 1,190.5 billion yen in the next year. Sales in the Gas business segment will increase due to gas sales expansion, offsetting the effect of the unfavorable gas rate revision for small supply customers (implemented in November 2006). In the other businesses, sales will also increase supported by the expansion of the information and the fitness businesses. Operating profit and ordinary profit will decrease by 9.2 billion yen (-9.8%) to 84.5 billion yen and by 6.5 billion yen (-7.3%) to 83 billion yen, respectively, mainly as a result of an unfavorable impact on profit of the revised depreciation method, although efforts for cost reduction in all aspects of the operation will be further promoted. Net income for the next year is expected to decline by 3.9 billion yen (-7.4%) to 49 billion compared with the current year.

(Unit: 100 million yen)

	Forecast for Next Year (Apr '07 -Mar '08)	Compared with Current Year	
		Change	Percent (%)
Operating revenues	11,905	+160	+1.4
Operating profit	845	-92	-9.8
Ordinary profit	830	-65	-7.3
Net income	490	-39	-7.4

Assumptions: Crude oil price (All Japan CIF price) at \$60/barrel, and exchange rate (TTM rate) at 120 yen to the dollar.

(Note) Adverse effect of the revised depreciation on net profit and ordinary profit is assumed 9.5 billion yen, respectively.

(2) Financial Conditions Analysis

① Assets, Liabilities and Net Worth

Total assets increased by 6.9 billion yen from the previous year-end to 1,405.6 billion yen mainly due to addition of tangible fixed assets. Liabilities decreased by 32.4 billion yen to 719 billion yen, and net assets increased to 686.6 billion yen mainly due to the increase in retained earnings.

Consequently, the ratio of net worth to total assets improved from 44.9% at the previous year-end to 47.6%.

② Cash Flow

Cash flow generated from operating activities during the year ended March 31, 2007 decreased by 54.5 billion yen to 98.3 billion yen from the previous year. This decrease was mainly due to a decrease in net income before tax adjustments. Net cash used for investment activities was 99.7 billion yen, a decrease of 63.2 billion yen from the previous year. This decrease was mainly due to the decrease in cash expenditures related to acquisition of tangible fixed assets and acquisition of shares of subsidiaries and affiliates. Net cash used for financial activities was 22 billion yen, an increase of 35.2 billion yen from the previous year because of an increase in redemption of corporate bonds.

Consequently, the balance of cash and cash equivalents as of March 31, 2007 decreased by 23.2 billion yen to 24.4 billion yen.

(Unit: 100 million yen)

	Current Year (Apr '06 -Mar '07)	Previous Year (Apr '05 -Mar '06)	Change
Cash flow from operating activities	983	1,529	-545
Cash flow from investment activities	-997	-1,629	+632
Cash flow from financial activities	-220	132	-352
Increase/decrease of cash and cash equivalents	-232	34	-267
Cash and cash equivalents at year-end	244	477	-232
Balance of interest-bearing liabilities at year-end	4,878	4,875	+3

Free cash flow (*): 27.5 billion yen [84.2 billion yen in the previous year]

(*1) Free cash flow= Cash flow from operating activities – capital expenditures

(Reference) Cash Flow Indices

	Current Year (Apr '06 -Mar '07)	Previous Year (Apr '05 -Mar '06)
Net worth/Total assets	47.6%	44.9%
Net worth/Total assets on market value	72.3%	68.2%
Interest bearing liabilities/Cash flow	5.0	3.2
Interest coverage ratio	10.3	23.6

(Notes)

1. All these indices are based on consolidated financial results.
2. Total market capitalization was calculated based on issued shares of the Company excluding treasury stocks.
3. Cash flow used for the calculation of these indices is operating cash flow.
4. Interest-bearing liabilities include all liabilities reported on the consolidated balance sheet on which interest is paid.

The following tables show forecasts for capital investments and financial indices for the next year. It is expected that capital investments will be 101.8 billion yen, SVA will be 21 billion yen and free cash flow will be 55.1 billion yen.

(Reference) Capital Investments: Current Year Results and Forecasts

(Unit: 100 million yen)

	Forecast for Next Year (Apr '07 -Mar '08)	Current Year (Apr '06 -Mar '07)	Previous Year (Apr '05 -Mar '06)
Consolidated	1,018	952	1,174
Non-consolidated	609	616	754
Production facilities	30	30	54
Distribution facilities	359	393	400
Operational facilities, etc.	219	192	299

(Reference) Financial Indices: Current Year Results and Forecasts

		Forecast for Next Year (Apr '07 -Mar '08)	Current Year (Apr '06 -Mar '07)	Previous Year (Apr '05 -Mar '06)
Consolidated	Shareholders' value added (SVA)	21.0 billion yen	26.8 billion yen	55.3 billion yen
	Earnings per share (EPS)	22.02 yen	23.77 yen	36.18 yen
	Return on equity (ROE)	7.2 %	8.1 %	13.9 %
	Return on assets (ROA)	3.4 %	3.8 %	6.2 %
	Free cash flow (FCF)	55.1 billion yen	27.5 billion yen	84.2 billion yen
Non-consolidated	Shareholders' value added (SVA)	16.5 billion yen	23.2 billion yen	49.9 billion yen
	Earnings per share (EPS)	17.53 yen	19.87 yen	31.67 yen
	Return on equity (ROE)	7.0 %	8.2 %	14.7 %
	Return on assets (ROA)	3.5 %	4.1 %	6.9 %
	Free cash flow (FCF)	52.6 billion yen	16.9 billion yen	73.1 billion yen

(3) Basic Policy for Profit Distribution and Dividends for Current Year and Next Year

The Company has been striving for growing the business and improving the efficiency of operations, and has appropriated the increased profit resulting from these efforts for internal reserves for future business growth and strengthening of the financial structure of the Company, and for payment of steady dividends to shareholders. The Company will try to continue paying steady dividends to shareholders, taking operational results, business management plans, alternative profit distribution plans and other comprehensive factors into consideration. We will aim at keeping the non-consolidated payout ratio exceeding 20%. Internal reserves will be appropriated for capital investments, and investment in new businesses.

The Company plans to pay annual dividends per share of 7 yen (including interim dividends of 3.5 yen) for both the current year and next year.

(4) Business and Other Risks

The business performance and financial conditions of the Osaka Gas Group may be affected by the following risks (but not limited to these risks):

① Risks Faced by Gas Business

Main factors that could affect the performance of the core gas business of the Group are:

a. Impact of fluctuation in temperature/water temperature and other weather conditions on gas demand

The gas sales volume increases or decreases depending on the atmospheric or water temperature conditions. Thus, fluctuation in these factors could adversely affect the performance of the Osaka Gas Group.

b. Impact of changes in exchange and interest rates on financing

Changes in exchange rates and/or interest rates on borrowed funds could affect the operational performance of the Group. However, the potential impact of exchange rate fluctuations on the Osaka Gas Group is limited because the Company hedges against this risk by entering into derivative arrangements and the major portion of its interest-bearing liabilities bears fixed interest rates.

c. Changes in raw material costs

Prices of LNG, from which gas is generated, might be affected by changes in crude oil prices, exchange rates and other factors. Although most of this impact may be offset by the fuel cost adjustment system under which the gas charge rates are revised to reflect changes in fuel costs, some time lag until the actual adjustment is made and the composition of material suppliers could affect the performance of the Osaka Gas Group.

d. Troubles in material purchasing

Because LNG, from which gas is generated, is purchased from overseas suppliers, troubles in suppliers' facilities or operations could affect the performance of the Group.

e. Troubles in production and supply

Major natural disasters or accidents could disrupt the production or supply of gas, which might adversely affect the performance of the Group.

f. Troubles in gas equipment and facilities

If serious trouble occurred in gas equipment or facility, it could adversely affect the performance of the Group.

g. Gas regulatory reform and resulting intensified competition

Regulatory reforms could further progress through revisions of the Gas Utility Industry Law and other laws, regulations, and administrative systems. Such reforms might intensify competition in the energy market and have a negative impact on the performance of the Group.

② Other Risks

a. Non-gas-related businesses

The performances of the Osaka Gas Group's other businesses are impacted by conditions in their respective markets. However, the Company is working to minimize such impact by consolidating all its subsidiaries to gain an understanding of how they are being run and to draw up prompt measures to deal with any issues.

b. Managing personal information

Due to the nature of its business, the Group possesses a great deal of personal information about its customers. Consequently, the Group seeks to thoroughly comply with and to educate and train its employees and service vendors about the law regarding the protection of personal information. Nevertheless, should customers' personal information be leaked outside the Group, this could impact negatively on the Group's performance.

2. Osaka Gas Group

This disclosure is omitted because there has been no major change since the disclosure made in the sections of Chart of Organization (business description) and Affiliates' Status of the most recent financial report submitted to the Finance Ministry on June 30, 2006.

3. Management Policy

(1) Basic Management Policy

The Japanese economy is experiencing continuing and solid expansion, with strong production and capital investments in the private sector and increasing recovery of consumer spending. On the other hand, energy prices and material costs remain high, and there are uncertainties in the movement of the international economy. Under these circumstances, we cannot be too optimistic about the future development of the economic conditions. In addition, accelerated deregulation in the energy market is likely to make the competition even more intense.

In such a business environment, the Company must remain a “company chosen by customers and local communities,” by further improving its products and service, to enjoy continued success in the market. The business of the Osaka Gas Group is conducted based on its management philosophy, “Management for Creation of Value” that places the greatest emphasis on maximization of values for customers, while, at the same time, pursuing values for shareholders, society, employees and all other stakeholders in the Company, through fair and transparent business conduct. Based on this philosophy, the Osaka Gas Group is implementing its three-year mid-term management plan, “Design2008” from 2006 through 2008. Fiscal 2007 is the second year of Design2008, in which the Company aims at generating strong results to achieve the goals of the three-year plan and at establishing a foundation for continuing growth.

(2) Targeted Management Indices

From a viewpoint of assuring profitability and business growth, the Company sets targets for shareholder value added (SVA), profit, earnings per share (EPS), return on equity (ROE) and continued payment of stable dividends.

At the same time, to maintain its financial strength rating and other financial soundness, the Company will endeavor to maintain all the time the following financial soundness indices: (1) the ratio of consolidated net worth to total assets exceeding 40%, and (2) the ratio of consolidated D/E (interest-bearing debts to net worth) at about 10%, while keeping the balance with SVA, free cash flow, the balance of interest-bearing debts and other indices.

Opportunities to repurchase the Company's shares will always be examined to improve EPS and ROE. However, repurchase will be strategically implemented on the conditions that growth investments have been implemented and that there is excess cash flow available.

(3) Challenges for the Company

In the energy business area, the Company will maintain and expand its existing city gas business. It will also pursue new energy business opportunities arising from deregulation, aggressively working to expand our one-stop Multi-Energy Business to be able to satisfy the needs of our customers for natural gas, electricity, LPG, and other energies.

In the city gas business area, the Company pursues customer-oriented business activities, and further strengthens its effort for safety and stable gas supply to secure customers' safe use of city gas. At the same time, the Company will improve its overall management efficiency and strengthen its price competitiveness. By actively proposing to customers comprehensive solutions based on its expertise in service and engineering, the Company will promote use of natural gas that, it believes, will contribute to enhanced customer convenience, industrial development, and environmental preservation.

To secure the gas safety, regular inspection of customers' facilities will be implemented. The Company will conduct activities to inform customers of the necessity of facility improvement in order to ensure implementation of gas facility improvement by customers, and will communicate proper and safe use of gas facilities and equipment. Moreover, replacement of existing instantaneous gas water heaters not equipped with imperfect combustion prevention mechanism and grid-type gas stoves will be promoted. The Company will also promote marketing of safer gas equipment, including movable or built-in cooking gas ovens with all burners equipped with a safety mechanism, to prevent fires caused by cooking oil, etc. The Company will also work on safety of its gas production and distribution facilities. Replacement and other preventive actions will be carried out for old gas pipelines earlier than originally scheduled. Safety training of its employees and other workers will be continued.

In its efforts to ensure a stable gas supply, the Company will pursue diversification of supply sources of natural gas, and take all possible measures to establish and maintain a stable production and supply system.

In the residential market, "my-home power generation" with "ECOWILL," a residential gas engine cogeneration system, "my-home ESTHE," a home skin care system using a bathroom mist sauna, "my-home cooking" activities that promote merits of cooking with gas energy, and many other gas-related proposals that benefit consumers will be promoted. Emphasis will be placed on "With Gas" Life, proving economy, comfort, convenience and safety to customers through further promotion and diffusion of gas products. Besides providing energy services, we will also offer an Internet-based security service, "I-rusu," in cooperation with our subsidiaries, thus satisfying customer needs from all angles.

In the non-residential market, highly efficient and functional gas cogeneration systems, "Hi Power Excel," a gas engine-based heat pump air-conditioning system that can also generate electricity simultaneously, "Suzu-chu," a gas kitchen system that achieves a cool commercial kitchen, natural gas vehicles and many other natural gas applications will be promoted. By capitalizing on our long-accumulated expertise in natural gas application and maintenance technology, including combustion and air-conditioning, the Company can propose the best energy systems tailored to the individual energy needs of its customers.

To improve its customer service, the Company values opportunities to meet with its customers so that it can reflect their suggestions in the improvement of its operations, and respond to their needs more promptly and reliably.

As for the electricity generation business, we aim to develop it into our second largest core business following the city gas business. The electricity wholesale business (IPP) had been started and its efficient operation will be promoted. The construction of the Semboku Natural Gas Power Plant (provisional name) started in 2006 and is progressing as scheduled. The operational foundation of the Company will be fully utilized to promote the creation of One-Stop service that combines the electricity retailing business with the city gas business.

The LPG business will strive to add customers and increase sales volume by utilizing the Company's ability cultivated in the city gas business to market equipment and energy systems.

The non-energy business (urban business) will endeavor to deliver better products and services that satisfy the needs of customers for their better living or business growth. This approach in turn will contribute to the growth of consolidated profit of the non-energy business. Selection and concentration of businesses will be accelerated to encourage the expansion of promising businesses and to enhance the corporate value of the Group.

In the area of environmental protection, the Company will promote energy-saving and use of recyclable resources in the course of business operations and make other environmental efforts to minimize the impact of the Group's business activities on the environment. In line with the energy policy of the government, the Company will promote diffusion of environmentally-friendly natural gas and provision of products and services of the Osaka Gas Group to reduce environmental burden. It will also actively participate in local, national and international activities for environmental preservation.

In the area of technical development, emphasis will be placed on the development of residential fuel-cell systems as well as high-efficiency and highly-functional industrial gas cogeneration systems. These systems help to increase the customers' convenience and contribute to environmental preservation and energy savings. Furthermore, the Company will offer services based on advanced information communication technology, such

as remote management systems, to improve the efficiency of its customers' facilities.

In the area of compliance with laws, regulations and other requirements, the Company is committed to making group-wide efforts for providing complete education and extended monitoring in order to fulfill its corporate responsibility to society.

The Osaka Gas Group is committed to addressing these challenges while pursuing its basic principle of Value Creation Management. It also continues its constant effort for ongoing evolution, pursuing its Osaka Gas Group Charter of CSR that defines the Group's basic policy for corporate social responsibility (CSR).

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: one million yen)

Account	As of March 31, 2007	As of Mar. 31, 2006	Change
(Assets)			
Fixed Assets	1,124,100	1,113,438	10,662
Tangible fixed assets	805,534	785,045	20,489
Production facilities	103,463	104,801	-1,338
Distribution facilities	352,264	343,110	9,154
Administrative facilities	63,965	65,699	-1,734
Other facilities	223,334	205,699	17,635
Idle facilities	1,532	1,532	0
Construction in progress	60,973	64,202	-3,229
Intangible fixed assets	28,562	29,178	-616
Goodwill	6,453	8,112	-1,659
Others	22,108	21,066	1,042
Investments and other assets	290,003	299,213	-9,210
Investment in securities	182,069	189,200	-7,131
Others	108,849	111,678	-2,829
Allowance for bad debts	-915	-1,664	749
Current assets	281,581	285,194	-3,613
Cash and deposits	27,070	49,495	-22,425
Notes and trade accounts receivable	135,468	126,800	8,668
Inventories	53,366	44,868	8,498
Deferred tax assets		13,139	-13,139
Others	66,438	51,741	14,697
Allowance for bad debts	-761	-851	90
Deferred assets		60	-60
Premium on bonds		60	-60
Assets total	1,405,682	1,398,692	6,990

(Unit: one million yen)

Account	As of March 31, 2007	As of Mar. 31, 2006	Change
(Liabilities)			
Fixed liabilities	417,663	442,782	-25,119
Bonds	186,957	188,694	-1,737
Long-term loans payable	176,514	199,359	-22,845
Deferred tax liabilities	21,895	23,266	-1,371
Deferred tax liabilities related to revaluation	57	42	15
Reserve for severance benefits	8,909	8,731	178
Reserve for gasholder repair	1,705	1,729	-24
Reserve for safety actions	3,708		3,708
Others	17,915	20,957	-3,042
Current liabilities	301,354	308,724	-7,370
Current portion of fixed liabilities	50,498	71,091	-20,593
Notes and trade accounts payable	45,443	45,802	-359
Short-term loans payable	27,491	31,943	-4,452
Corporate taxes payable	23,891	39,771	-15,880
Others	154,029	120,114	33,915
Liabilities total	719,017	751,506	-32,489
(Minority Interest)			
Minority Interest		18,675	
Minority interest total		18,675	
(Shareholders' Equity)			
Capital stock		132,166	
Capital surpluses		19,521	
Retained earnings		410,682	
Land revaluation excess		62	
Difference between market price and acquisition cost of other securities		63,648	
Foreign exchange adjustment		4,986	
Treasury stocks		-2,556	
Shareholders' equity total		628,510	
Liabilities, minority interest, and shareholders' equity total		1,398,692	
(Net Assets)			
Shareholder's equity	595,939		
Capital stock	132,166		
Capital Surpluses	19,534		
Retained earnings	447,909		
Treasury stocks	-3,670		
Valuation and translation adjustments	72,947		
Difference between market price and acquisition cost of other securities	55,508		
Deferred hedge gains/losses	9,180		
Land revaluation excess	83		
Foreign exchange adjustment	8,175		
Minority interest	17,777		
Minority interest	17,777		
Net worth total	686,664		
Liabilities and net worth total	1,405,682		

(2) Consolidated Profit and Loss Statement

(Unit: million yen)

Account	Current Year (Apr '06 -Mar '07)	Previous Year (Apr '05 -Mar '06)	Change
Operating revenues	1,174,456	1,065,961	108,495
Cost of sales	755,693	636,478	119,215
Gross profit on sales	418,762	429,482	-10,720
Selling, general and administrative expenses	325,033	328,825	-3,792
Operating profit	93,729	100,657	-6,928
Non-operating revenues	13,775	13,938	-163
Interest income	1,312	758	554
Dividend income	1,414	1,353	61
Gain from sales of securities	3,274	5,088	-1,814
Equity in earnings of affiliates	3,328	2,435	893
Miscellaneous income	4,445	4,303	142
Non-operating expenses	17,954	11,287	6,667
Interest expenses	9,584	6,474	3,110
Loss from redemption of corporate bonds	3,122		3,122
Miscellaneous expenses	5,247	4,813	434
Ordinary profit	89,550	103,308	-13,758
Extraordinary profit	1,233	29,085	-27,852
Gain from sales of fixed assets	1,233	661	572
Gain from sales of subsidiaries' shares		5,400	-5,400
Gain from LNG handling facilities adjustment		23,024	-23,024
Extraordinary loss	2,704		2,704
Loss from sales of fixed assets	832		832
Loss from impairment	1,871		1,871
Net income before tax adjustments	88,078	132,393	-44,315
Corporate, resident and business taxes	31,316	41,803	-10,487
Adjustment for difference of tax allocation between financial accounting and tax accounting	2,634	9,134	-6,500
Minority interest	1,197	744	453
Net income	52,929	80,710	-27,781

(3) Consolidated Statement of Changes in Shareholders' Equity

Current year (Apr '06 -Mar '07)

(Unit: million yen)

	Shareholder's equity					Valuation and translation adjustments					Minority interest	Total net worth
	Capital stock	Capital surpluses	Retained earnings	Treasury stocks	Total shareholder's equity	Difference between market price and acquisition cost of other securities	Deferred hedge gains (losses)	Land revaluation excess	Foreign exchange adjustment	Total valuation and translation adjustments		
Balance as of March 31, 2006	132,166	19,521	410,682	-2,556	559,814	63,648	-	62	4,986	68,696	18,675	647,186
Changes during the year												
Dividends from retained earnings			-15,590		-15,590							-15,590
Directors' bonuses			-90		-90							-90
Net income			52,929		52,929							52,929
Repurchase of treasury stocks				-1,161	-1,161							-1,161
Disposal of treasury stocks		13		46	60							60
Reversal of land revaluation excess			-21		-21							-21
Net changes in items other than shareholders' equity during the year						-8,139	9,180	21	3,189	4,251	-898	3,353
Total changes during the year		13	37,226	-1,114	36,125	-8,139	9,180	21	3,189	4,251	-898	39,478
Balance as of March 31, 2007	132,166	19,534	447,909	-3,670	595,939	55,508	9,180	83	8,175	72,947	17,777	686,664

(4) Statement of Consolidated Retained Earnings

(Unit: million yen)

Account	Previous year (Apr '05 -Mar '06)
(Capital Surpluses)	
Capital surpluses at year-beginning	19,497
Increase of capital surpluses	23
Capital surpluses at year-end	19,521
(Profit Reserves)	
Profit reserve at year-beginning	384,350
Increase of profit reserve	80,884
Net income	80,710
Increase due to decrease of consolidated companies	154
Reversal of land revaluation excess	19
Decrease of profit reserve	54,551
Dividends	14,484
Directors' bonuses	86
Retirement of treasury stocks	39,978
Decrease due to decrease of consolidated companies	1
Profit reserve at year-end	410,682

(5) Consolidated Cash Flow Statement

(Unit: million yen)

Account	Current year (Apr '06 -Mar '07)	Previous year (Apr '05 -Mar '06)	Change
I. Cash Flow from Operating Activities			
Net income before tax adjustments	88,078	132,393	-44,315
Depreciation expenses	84,031	84,250	-219
Write-off of long-term prepaid expenses	3,912	2,243	1,669
Impairment loss	1,871		1,871
Increase (decrease) in employees' retirement benefits		-9,653	9,653
Increase (decrease) in reserve for safety actions	3,708		3,708
(Increase) decrease in prepaid pension expenses	-11,851	-2,703	-9,148
Interest and dividends received	-2,727	-2,112	-615
Interest expenses	9,584	6,474	3,110
Loss from redemption of corporate bonds	3,122		3,122
Equity in earnings of affiliates	-3,328	-2,435	-893
Gain from sales of securities	-3,274	-5,088	1,814
Gain from sales of subsidiaries' shares		-5,400	5,400
Loss from retirement of tangible fixed assets	3,199	2,349	850
(Increase) decrease in trade receivables	-8,701	-8,329	-372
(Increase) decrease in inventories	-8,549	-2,269	-6,280
Increase (decrease) in accrued expenses	-2,339	6,509	-8,848
Others	-12,117	-10,224	-1,893
Total	144,620	186,005	-41,385
Interest and dividends received	11,161	1,977	9,184
Interest paid	-9,566	-6,496	-3,070
Corporate taxes paid	-47,861	-28,551	-19,310
Net cash flow from operating activities	98,354	152,935	-54,581
II. Cash Flow from Investment Activities			
Expenses for acquisition of tangible fixed assets	-85,835	-115,243	29,408
Proceeds from sales of tangible fixed assets	2,945		2,945
Expenses for acquisition of intangible fixed assets	-2,277	-2,462	185
Payment of long-term prepaid expenses	-6,267	-5,941	-326
Expenses for acquisition of investment securities	-6,152	-2,741	-3,411
Proceeds from sales of investment securities	4,380	12,260	-7,880
Expenses for acquisition of shares of subsidiaries and affiliates	-4,582	-40,037	35,455
Proceeds from sales of shares of subsidiaries and affiliates		2,748	-2,748
Expenses for acquisition of shares of subsidiaries, resulting in consolidation scope change		-22,554	22,554
Proceeds from sales of shares of subsidiaries, resulting in consolidation scope change		11,509	-11,509
(Increase) decrease in short-term receivables		-1,539	1,539
Expenses for providing long-term loans		-6,985	6,985
Proceeds from collection of long-term loans		3,098	-3,098
Proceeds from withdrawal of time deposits		2,563	-2,563
Others	-1,975	2,334	-4,309
Net cash flow from investment activities	-99,765	-162,989	63,224
III. Cash Flow from Financial Activities			
Net increase (decrease) in short-term loans payable	-4,468		-4,468
Net increase (decrease) in commercial paper	50,000		50,000
Proceeds from long-term loans payable	22,664	54,224	-31,560
Expenses for repayment of long-term loans payable	-18,254	-21,989	3,735
Proceeds from corporate bond issuance	29,976	19,976	10,000
Expenses for redemption of bonds	-82,913	-35,000	-47,913
Dividends paid	-15,544	-14,437	-1,107
Dividends paid to minority shareholders	-2,545	-150	-2,395
Proceeds from payment by minority shareholders		9,795	-9,765
Others	-922	826	-1,748
Net cash flow from financial activities	-22,009	13,245	-35,254
IV. Difference from Conversion of Cash and Cash Equivalents	170	273	-103
V. Increase (Decrease) of Cash and Cash Equivalents	-23,249	3,464	-26,713
VI. Cash and Cash Equivalents at Year-Beginning	47,726	44,279	3,447
VII. Decrease of Cash and Cash Equivalents Due to Change in Scope of Consolidation		-16	16
VIII. Cash and Cash Equivalents at Year-End	24,476	47,726	-23,250

(6) Significant changes in the basic information for consolidated financial statements preparation

① Accounting Standards For Presentation of Net Worth on Balance Sheet

In the year ended March 31, 2007, the Company adopted Accounting Standards For Presentation of Net Worth on Balance Sheet (Corporate Accounting Standards No. 5 issued on December 9, 2005) and Guideline for Application of Accounting Standards For Presentation of Net Worth on Balance Sheet (Guideline for Application of Accounting Standards No. 8 issued on December 9, 2005). The amount corresponding to “shareholders’ equity” before the adoption of these accounting standards is 659,707 million yen.

② Practical treatment of Accounting of Deferred Assets

In the year ended March 31, 2007, the Company adopted Practical Treatment of Accounting of Deferred Assets (Practical Application Report No. 19 issued on August 11, 2006). “Premium on bonds” of 79 million yen which was included in the “Deferred assets” account in the previous year is now excluded from the “Corporate bonds” account.

③ Accounting Standards for Financial Instruments

In the year ended March 31, 2007, the Company adopted Accounting Standards for Financial Instruments (the final revision of Accounting Standards No. 10, issued on August 11, 2006).

Disclosure of information on other accounting standards and other matters is omitted since there has been no other significant change in those matters since the disclosure in the most recent financial report submitted to the Finance Ministry on June 30, 2006.

(7) Notes to the Consolidated Financial Statements

① Segment Information

a. Segment information by business type

Year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

(Unit: one million yen)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real Estate	Others	Total	Elimination of internal transactions and transactions involving all companies	Consolidation
[1] Sales and operating profit and loss								
Sales								
1. Sales to customers outside the Group	669,733	232,092	160,510	13,113	99,006	1,174,456	-	1,174,456
2. Internal sales or transfer among segments	16,938	2,988	453	12,828	40,904	74,113	(74,113)	-
Total	686,672	235,081	160,963	25,942	139,911	1,248,569	(74,113)	1,174,456
Operating expenses	623,067	221,616	159,526	18,669	132,614	1,155,493	(74,766)	1,080,726
Operating profit	63,604	13,464	1,436	7,272	7,296	93,076	653	93,729
[2] Assets, depreciation/amortization, impairment loss and capital investments								
Assets	663,540	316,702	62,632	114,772	149,301	1,306,950	98,731	1,405,682
Depreciation/amortization	53,831	14,090	474	4,125	12,161	84,683	(651)	84,031
Impairment loss	1,667	162			41	1,871	-	1,871
Capital investments	47,469	24,036	760	5,600	18,005	95,871	(604)	95,267

Year ended March 31, 2006 (April 1, 2005 to March 31, 2006)

(Unit: million yen)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real Estate	Others	Total	Elimination of internal transactions and transactions involving all companies	Consolidation
[1] Sales and operating profit and loss								
Sales								
1. Sales to customers outside the Group	608,142	186,342	155,339	12,908	103,227	1,065,961	-	1,065,961
2. Internal sales or transfer among segments	11,613	2,660	620	12,819	42,124	69,839	(69,839)	-
Total	619,756	189,003	155,960	25,727	145,352	1,135,800	(69,839)	1,065,961
Operating expenses	557,945	170,483	150,748	19,101	137,600	1,035,879	(70,575)	965,303
Operating profit	61,811	18,519	5,212	6,626	7,752	99,921	736	199,657
[2] Assets, depreciation/amortization and capital investments								
Assets	686,433	299,986	59,032	111,481	139,929	1,296,863	101,829	1,398,692
Depreciation/amortization	56,576	12,334	445	4,087	11,558	85,002	(751)	84,250
Capital investments	48,638	46,219	616	17,438	17,438	118,141	(685)	117,455

(Notes)

1. The business segments are divided based on the sales summary classification in accordance with the Accounting Rules for Gas Business Operators.
2. Major products and services of business segments

Business Segment	Major Products and Services
Gas	Gas
LPG, Electricity and Other Energies	LPG, electric supply, thermal energy supply, industrial gas, processing of LNG by contract, etc.
Gas Appliances and House-pipe Installation	Gas equipment, housing equipment, gas piping installation work, recycling of excavated soil, etc.
Real Estate	Real estate development, leasing, etc.
Others	Chemical products and carbon material products, security and disaster prevention service, sports business, data processing service, engineering, leasing of automobile and office equipment, etc.

b. Segment information by geographical area

Because more than 90% of sales by all segments of the Osaka Gas Group are earned in Japan and more than 90% of assets of all segments of the Group are in Japan, disclosure in this section is omitted.

c. Overseas sales

Because overseas sales account for less than 10% of the consolidated sales, disclosure in this section is omitted.

② Per Share Information

Current year (April 1, 2006 to March 31, 2007)		Previous year (April 1, 2005 to March 31, 2006)	
Net worth per share	300.61 yen	Net worth per share	282.12 yen
Earnings per share	23.77 yen	Earnings per share	36.18 yen

(Notes)

1. Since there were no potential shares that would have dilutive effective if issued, data on diluted earnings per share is not presented in this document.
2. The following data were used for calculating earnings per share:

	Current year (Apr '06 -Mar '07)	Previous year (Apr '05 -Mar '06)
Net income (million yen)	52,929	80,710
Amount not attributable to shareholders of common shares (unit: one million yen)		90
(including directors' bonuses paid as part of appropriation of profit)		90
Net income attributable to shareholders of common shares (unit: one million yen)	52,929	80,619
Average issued shares during the year (unit: one thousand shares)	2,226,757	2,228,101

Disclosure of notes regarding lease transactions, transactions with related parties, tax effect accounting, securities, derivative transactions, retirement benefits, stock options and some other matters is omitted because necessity of disclosure of this information in this brief report is considered minor.

5. Non-consolidated Financial Statements

(1) Balance Sheet

(Unit: one million yen)

Account	As of March 31, 2007	As of March 31, 2006	Change
(Assets)			
Fixed Assets	874,122	873,529	593
Tangible fixed assets	579,039	578,402	637
Production facilities	101,959	103,187	-1,228
Distribution facilities	351,307	342,198	9,109
Administrative facilities	63,157	64,946	-1,789
Ancillary business facilities	5,142	5,714	-571
Idle facilities	1,532	1,532	
Construction in progress	55,939	60,822	-4,883
Intangible fixed assets	4,967	4,766	200
Patents	3	4	0
Leaseholds	2,950	3,084	-133
Other intangible fixed assets	2,012	1,677	335
Investments and other assets	290,115	290,360	-245
Investment in securities	83,780	93,600	-9,820
Investment in affiliates	103,309	102,582	727
Long-term loans receivable from affiliates	62,670	62,027	643
Investment in capital	11	10	1
Long-term prepaid expenses	8,290	6,558	1,731
Prepaid pension expenses	27,341	15,489	11,851
Other investments	5,368	11,066	-5,698
Allowance for bad debts	-657	-975	317
Current assets	202,823	204,847	-2,023
Cash and deposits	7,694	32,250	-24,556
Notes receivable	1,148	912	236
Accounts receivable	72,209	69,422	2,786
Trade accounts receivable from affiliates	6,102	5,559	542
Other accounts receivable	15,178	14,293	885
Products	132	106	25
Raw materials	22,648	17,084	5,564
Stores	8,431	7,430	1,000
Short-term loans receivable from affiliates	27,135	14,432	12,702
Short-term accounts receivable from affiliates	3,614	3,807	-192
Deferred tax assets	4,168	9,765	-5,597
Derivatives	18,850	20,526	-1,675
Other current assets	16,061	9,816	6,245
Allowance for bad debts	-551	-560	8
Deferred assets		60	-60
Premium on bonds		60	-60
Assets total	1,076,946	1,078,437	-1,490

(Unit: one million yen)

Account	As of March 31, 2007	As of March 31, 2006	Change
(Liabilities)			
Fixed liabilities	298,079	316,585	-18,506
Bonds	175,620	174,700	920
Long-term loans payable	102,051	118,681	-16,629
Deferred tax liabilities	7,115	8,147	-1,031
Reserve for retirement benefits	3,216	3,345	-129
Reserve for gasholder repair	1,662	1,690	-28
Reserve for safety actions	3,708		3,708
Other fixed liabilities	4,705	10,020	-5,315
Current liabilities	230,144	243,679	-13,534
Current portion of fixed liabilities	33,226	56,174	-22,948
Trade accounts payable	14,822	15,983	-1,161
Other accounts payable	22,677	20,836	1,840
Accrued expenses	47,030	48,364	-1,334
Corporate taxes payable	16,883	33,143	-16,260
Advances received	5,596	7,140	-1,543
Deposits received	1,059	1,226	-167
Short-term loans payable to affiliates	23,975	25,467	-1,491
Short-term accounts payable to affiliates	13,849	14,332	-482
Commercial paper	50,000		50,000
Deferred hedge gains		20,526	-20,526
Other current liabilities	1,023	481	541
Total liabilities	528,224	560,265	-32,040
(Shareholders' Equity)			
Capital stock	-	132,166	-
Capital Surpluses	-	19,521	-
Capital reserve	-	19,482	-
Other capital surpluses	-	38	-
Gain from disposal of treasury stocks	-	38	-
Retained earnings	-	326,216	-
Profit reserve	-	33,041	-
Reserve for reduction of costs relating to replacement of specific assets, etc.	-	216	-
Reserve for write-off of specific gas piping works	-	1,306	-
Reserve for loss on overseas investments, etc.	-	6,203	-
Reserve for adjustment for cost fluctuation	-	89,000	-
Reserve for other specific purposes	-	62,000	-
Unappropriated retained earnings	-	134,448	-
Difference between market price and acquisition cost of securities	-	42,823	-
Difference between market price and acquisition cost of other securities	-	42,823	-
Treasury stocks	-	-2,556	-
Treasury stocks	-	-2,556	-
Shareholders' equity total	-	518,171	-
Total liabilities and shareholders' equity	-	1,078,437	-

(Unit: one million yen)

Account	As of March 31, 2007	As of March 31, 2006	Change
(Net Assets)			
Shareholder's equity	502,831	-	-
Capital stock	132,166	-	-
Capital surpluses	19,534	-	-
Capital reserve	19,482	-	-
Other capital surpluses	51	-	-
Retained earnings	354,801	-	-
Profit reserve	33,041	-	-
Other profit reserves			
Reserve for reduction of costs relating to replacement of specific assets, etc.	215	-	-
Reserve for write-off of specific gas piping works	564	-	-
Reserve for loss on overseas investments, etc.	5,314	-	-
Reserve for adjustment for cost fluctuation	89,000	-	-
Reserve for other specific purposes	62,000	-	-
Unappropriated retained earnings	164,664	-	-
Treasury stocks	-3,670	-	-
Treasury stocks	-3,670	-	-
Valuation and translation adjustments	45,890	-	-
Difference between market price and acquisition cost of other securities	36,081	-	-
Difference between market price and acquisition cost of other securities	36,081	-	-
Deferred hedge gains (losses)	9,808	-	-
Deferred hedge gains (losses)	9,808	-	-
Total net worth	548,721	-	-
Liabilities and net worth total	1,076,946	-	-

(2) Profit and Loss Statement

(Unit: one million yen)

Account	Current Year (Apr '06 -Mar '07)	Previous Year (Apr '05 -Mar '06)	Change
Product sales	680,181	613,825	66,355
Gas sales	680,181	613,825	66,355
Cost of sales	349,914	284,604	65,310
(Gross profit on sales)	(330,266)	(329,220)	(1,045)
Selling expenses	215,740	212,382	3,357
General and administrative expenses	54,865	58,679	-3,814
(Core business profit)	(59,660)	(58,158)	(1,501)
Miscellaneous operational revenues	135,924	132,997	2,926
Revenues from house-pipe installation	30,629	31,211	-582
Revenues from gas appliances sales	102,328	98,669	3,658
Other miscellaneous operational revenues	2,966	3,116	-149
Miscellaneous operational expenses	133,098	126,274	6,824
Cost of house-pipe installation	29,830	30,608	-778
Cost of gas appliances sales	103,268	95,666	7,602
Revenues from supplementary businesses	35,193	39,526	-4,333
Revenues from automatic alert report service	5,546	5,383	163
Revenues from electric supply business	8,714	7,524	1,189
Revenues from LNG sales business	15,432	4,965	10,377
Revenues from other supplementary businesses	5,589	21,653	-16,063
Cost of supplementary businesses	33,752	27,789	5,963
Cost of automatic alert report service	4,624	4,399	224
Cost of electric supply business	8,801	7,446	1,355
Cost of LNG sales business	15,691	5,389	10,301
Cost of other supplementary businesses	4,635	10,554	-5,918
(Operating profit)	(63,927)	(76,619)	(-12,692)
Non-operating Revenues	16,250	12,277	3,972
Interest income	998	767	230
Dividend income	880	1,867	-986
Dividend income from affiliates	6,364		6,364
Lease income		1,422	-1,422
Gain from sales of securities	2,908	4,896	-1,988
Miscellaneous revenues	5,099	3,324	1,774
Non-operating Expenses	11,877	6,856	5,020
Interest expenses	1,885	1,414	471
Interest expense on corporate bonds	4,072	3,232	839
Amortization of bond premiums		4	-4
Amortization of bond issue costs	131	91	39
Loss from redemption of corporate bonds	3,122		3,122
Derivative expenses		937	-937
Miscellaneous expenses	2,665	1,176	1,488
(Ordinary profit)	(68,299)	(82,040)	(-13,740)
Extraordinary profit	658	28,648	-27,989
Gain from sales of fixed assets	658	132	525
Gain from sales of investment in affiliates		5,491	-5,491
Gain from LNG handling facilities adjustment		23,024	-23,024
Extraordinary loss	2,098		2,098
Loss from sales of fixed assets	430		430
Impairment loss	1,667		1,667
(Net income before tax)	(66,860)	(110,689)	(-43,828)
Corporate and other taxes	19,800	31,800	-12,000
Adjustment for difference of tax allocation between financial accounting and tax accounting	2,825	8,256	-5,430
Net income	44,235	70,632	-26,397
Profit brought forward from prior period	-	111,592	-
Retirement of treasury stocks	-	39,978	-
Interim dividends	-	7,798	-
Unappropriated retained earnings	-	134,448	-

(Note) Regarding the values in Sales shown in I. (1) Operational Results in I. Non-consolidated Financial Results for the Year ended March 31, 2007 included in "(Reference) Summary of Non-consolidated Financial Results" are the total of product sales, miscellaneous operational revenues, and revenues from supplementary businesses.

(3) Statement of Changes in Shareholders' Equity

Year ended March 31, 2007 (Apr '06 -Mar '07)

(Unit: one million yen)

	Shareholder's equity													Valuation and translation adjustments			Total net worth		
	Capital surpluses				Retained earnings								Treasury stocks	Total shareholder's equity	Difference between market price and acquisition cost of other securities	Deferred hedge gains (losses)		Total valuation and translation adjustments	
	Capital stock	Capital reserve	Other capital surpluses	Total capital reserves	Profit reserve	Other profit reserves													Total profit reserves
						Reserve for reduction of costs relating to replacement of specific assets, etc.	Reserve for write-off of specific gas piping works	Reserve for loss on overseas investments, etc.	Reserve for adjustment for cost fluctuation	Reserve for other specific purposes	Unappropriated retained earnings brought forward								
Balance at previous year-end	132,166	19,482	38	19,521	33,041	216	1,306	6,203	89,000	62,000	134,448	326,216	-2,556	475,348	42,823	-	42,823	518,171	
Change during the year																			
Reversal of reserve for reduction of costs relating to replacement of specific assets, etc.						-1					1								
Reversal of reserve for write-off of specific gas piping works							-741				741								
Provisions to reserve for loss on overseas investments, etc.								352			-352								
Reversal of reserve for loss on overseas investments, etc.								-1,241			1,241								
Dividends from retained earnings											-15,590	-15,590		-15,590				-15,590	
Directors' bonuses											-60	-60		-60				-60	
Net income											44,235	44,235		44,235				44,235	
Repurchase of treasury stocks													-1,161	-1,161				-1,161	
Disposal of treasury stocks			13	13									46	60				60	
Net changes in items other than shareholders' equity during the year																			
Total changes during the year			13	13		-1	-741	-888			30,216	28,584	-1,114	27,483	-6,741	9,808	3,066	30,549	
Balance at current year-end	132,166	19,482	51	19,534	33,041	215	564	5,314	89,000	62,000	164,664	354,801	-3,670	502,831	36,081	9,808	45,890	548,721	

(4) Proposal for Appropriation of Profit

(Unit: one million yen)

	Previous Year (Apr '05 -Mar '06)
Unappropriated retained earnings	134,448
Reversal of reserve for write-off of specific gas piping works	370
Reversal of reserve for loss on overseas investments, etc.	1
Total	134,820
The above amount will be appropriated as follows:	
Dividends (per share)	7,796 (3.50 yen)
	(Ordinary dividends: 3 yen 100th anniversary commemorative dividends: 0.50 yen)
Directors' bonuses	60
Reserve for loss on overseas investments, etc.	33
Unappropriated retained earnings brought forward to next year	126,930

6. Other information

(1) Change in officers

Information on changes in officers will be disclosed as soon as the decision is made (by the end of May).

(2) Others

There is no other information to be noted.