



For Year Ending March 31, 2008

Brief Report of Interim Financial Statements

October 29, 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: Kotaro Fukushima TEL: +81 -6-6205-4537
 Scheduled Date of Filing of Interim Financial Report: December 19, 2007
 Scheduled Date of Dividend Payment: November 30, 2007

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

1. Consolidated Financial Results for the Six Months ended September 30, 2007 (April 1, 2007 – September 30, 2007)

(1) Consolidated Operational Results (Percentages (%) represent changes from the same period in the previous year.)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended								
September 30, 2007	543,639	2.0	38,815	-12.8	42,110	-7.1	25,427	-8.2
September 30, 2006	533,085	17.5	44,496	22.1	45,319	12.1	27,709	12.2
Year ended March 31, 2007	1,174,456		93,729		89,550		52,929	

	Earnings per share		Diluted earnings per share	
	yen		yen	
Six months ended				
September 30, 2007	11.43		-	
September 30, 2006	12.44		-	
Year ended March 31, 2007	23.77		-	

<Reference> Equity in investment in affiliates

Six months ended September 30, 2007 2,662 million yen Six months ended September 30, 2006 2,016 million yen
 Year ended March 31, 2007 3,328 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 September 30, 2007	1,430,067	703,112	47.9	307.66
As of September 30, 2006	1,376,788	666,000	47.0	290.85
As of March 31, 2007	1,405,682	686,664	47.6	300.61

<Reference> Net worth As of September 30, 2007 684,340 million yen As of September 30, 2006 647,726 million yen
 As of March 31, 2007 668,887 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 end of period
	million yen	million yen	million yen	million yen
As of September 30, 2007	42,139	-61,414	30,100	35,792
As of September 30, 2006	11,242	-49,931	19,990	28,909
As of March 31, 2007	98,354	-99,765	-22,009	24,476

2. Dividends

(Record date)	Dividends per share		
	Interim	Year-end	Annual
Year ended March 31, 2007	3.50	3.50	7.00
Year ended March 31, 2008	3.50		
Year ending March 31, 2008 (Forecast)		3.50	7.00

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

(Percentages represent forecasted changes from the same period in the previous year.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,203,500	2.5	84,500	-9.8	83,000	-7.3	49,000	-7.4	22.25

4. Other information

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

(2) Scope of consolidation and companies recorded by equity method
128 consolidated subsidiaries: (New) 4 (Excluded) 8 4 equity method affiliates: (New) 0, (Excluded) 0

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

① Changes in response to revisions in accounting standards, etc.: Not Applicable

② Changes other than those defined in ① above: Applicable

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

(4) Issued shares (common shares)

① Issued shares as of end of period (including repurchased shares):

As of September 30, 2007	2,235,669,539 shares
As of September 30, 2006	2,235,669,539 shares
As of March 31, 2006	2,235,669,539 shares

② Repurchased shares (treasury stocks) as of end of period:

As of September 30, 2007	11,361,337 shares
As of September 30, 2006	8,676,258 shares
As of March 31, 2007	10,581,106 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 Six Months ended September 30, 2007 (April 1, 2007 – September 30, 2007)

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

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended								
September 30, 2007	386,531	0.6	23,193	-23.9	27,939	-19.7	18,238	-21.6
September 30, 2006	384,310	16.9	30,474	18.0	34,776	13.8	23,274	19.6
Year ended March 31, 2007	851,299		63,927		68,299		44,235	

	Earnings per share
Six months ended	yen
September 30, 2007	8.20
September 30, 2006	10.45
Year ended March 31, 2007	19.87

(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	1,081,149	554,402	51.3	249.25
As of March 31, 2006	1,064,297	534,959	50.3	240.22
As of March 31, 2007	1,076,946	548,721	51.0	246.61

<Reference> Net worth: As of September 30, 2007 554,402 million yen As of September 30, 2006 534,959 million yen
As of March 31, 2007 548,721 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 previous year.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	885,000	4.0	57,000	-10.8	60,500	-11.4	39,000	-11.8	17.71

*** Notes on proper use of forecasts and other matters**

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. Forecast earning per share for the year ending March 31, 2008, was calculated taking into account the repurchase and retirement of shares described in "Important Events Subsequent to the Financial Statements" in Page 22.

October 29, 2007

Interim Financial Statements for Year Ending March 31, 2008
(The 190th Business Year)
Descriptive Information and Financial Statements
[April 1, 2007 – September 30, 2007]

Osaka Gas Co., Ltd.

1. Operational Results

(1) Analysis of Operational Results

Results for the Six Months Ended September 30, 2007

Operating revenues for the six months ended September 30, 2007, rose 10.5 billion yen (2.0%) from a year earlier to 543.6 billion yen owing to a combination of factors, including an increase in the gas sales volume, higher average unit gas rates compared with the same period a year earlier due to adjustments under the fuel cost adjustment system in response to higher LNG prices, and business expansion by consolidated subsidiaries. Despite the contribution of consolidated subsidiaries, operating profit declined 5.6 billion yen (12.8%) from a year earlier to 38.8 billion yen owing primarily to the impact of reduced profit in the residential and small commercial user market caused by the gas rates revision implemented in November 2006, and the impact of higher costs arising from changes in the depreciation system. Including non-operating profit (loss), ordinary profit declined 3.2 billion yen (7.1%) from a year earlier to 42.1 billion yen, while net income registered a decline of 2.2 billion yen (8.2%) to 25.4 billion yen.

The number of consolidated subsidiaries saw the exclusion of eight and addition of four since the end of the previous period, bringing the total to 128. The number of equity method affiliates remained unchanged at four.

(Unit: 100 million yen)

	Consolidated results (a)	Change from previous interim period		Non-consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		Change	Percent (%)		
Operating revenues	5,436	+105	+ 2.0	3,865	1.41
Cost of sales	3,494	+139	+ 4.1	2,360	1.48
Selling, general, and administrative expenses	4,553	+23	+ 1.5	1,273	1.22
Operating profit	388	56	12.8	231	1.67
Ordinary profit	421	32	7.1	279	1.51
Net income	254	22	8.2	182	1.39

(Reference) Non-Consolidated Gas Sales

		Current interim period (a) (Apr.-Sep. '07)	Previous interim period (b) (Apr.-Sep. '06)	Change (a)-(b)	Percent (%)
Customers (meters installed) 1000 households	Residential	6,516	6,457	+58	+ 0.9
	Non-residential	323	322	+1	+ 0.4
	Total	6,839	6,780	+59	+ 0.9
Monthly average usage per residential customer (m ³ /month)		25.0	26.6	1.6	5.9
Gas sales volume (million m ³)	Residential	862	911	49	5.4
	Non-residential	3,065	3,026	+ 38	+ 1.3
	Industrial	2,212	2,134	+ 78	+ 3.7
	Commercial	541	567	26	4.6
	Public and medical institutions	312	326	14	4.2
	Wholesale	221	189	+ 32	+ 16.9
Total		4,148	4,126	+ 21	+ 0.5

[45MJ/m³]

Average temperature ()	Current interim period (a) (Apr.-Sep. 2007)	Previous interim period (b) (Apr.-Sep. 2006)	Change (a)-(b)
		23.5	23.2

Overview by Business Segment

a. Gas

Thanks primarily to an increase in gas sales volume and higher average unit gas rates under the fuel cost adjustment system in response to higher LNG prices, operating revenues rose 5.6 billion yen (1.8%) from a year earlier to 316.2 billion yen. Hit by lower profits in the residential and small commercial customer market owing to the gas rates revision implemented in November 2006, and higher costs arising from changes to the depreciation system, operating profit declined 9.2 billion yen (-30.7%) from a year earlier to 20.8 billion yen.

b. LPG, Electricity, and Other Energies

Operating revenues increased by 7.7 billion yen (7.2%) from a year earlier to 116.3 billion yen, mainly as a result of the additional acquisition of overseas IPPs and higher average unit rates for LPG compared with a year earlier. Operating profit rose 1.4 billion yen (20.3%) from a year earlier to 8.5 billion yen, due among other things to the contribution to profits of consolidated subsidiaries in these lines of business.

c. Gas Appliances and Installation

Operating revenues declined 4.9 billion yen (-7.0%) from a year earlier to 65.6 billion yen. Owing to the impact of expenses incurred for inspection of bathroom driers/heaters in the same period a year earlier, however, operating profit registered an increase of 1.4 billion yen (248.6%) to 2.0 billion yen.

d. Real Estate

Operating revenues declined 900 million yen (-7.2%) from a year earlier to 12.2 billion yen on account of a large-scale building project a year earlier, while operating profit declined 200 million yen (-7.2%) to 3.7 billion yen.

e. Other Businesses

Driven by growth in areas such as the information business and materials, operating revenues grew 1.9 billion yen (3.1%) from a year earlier to 65.0 billion yen. Operating profit grew 1.0 billion yen (50.0%) to 3.1 billion yen.

(Unit: 100 million yen)

	Gas	LPG, electricity, and other energies	Gas appliances and installation	Real estate	Other businesses	Elimination of internal transactions and transactions involving all companies	Consolidated
Operating revenues	+ 1.8% 3,162 [+ 56]	+ 7.2% 1,163 [+ 77]	7.0% 656 [49]	7.2% 122 [9]	+ 3.1% 650 [+ 19]	(319) [+ 10]	+ 2.0% 5,436 [+ 105]
Operating profit	30.7% 208 [92]	+ 20.3% 85 [+ 14]	+ 248.6% 20 [+ 14]	7.2% 37 [2]	+ 50.0% 31 [+ 10]	4 [0.5]	12.8% 388 [56]

The percentage figures in the upper left corner of each box indicate the percentage change from a year earlier. The figures in brackets in each box show the change in yen from a year earlier. (Parentheses indicate the change was negative.)

Forecasts for the Current Period

Despite the downward impact on revenue in the gas segment compared with the previous period of the gas rates revision (implemented in November 2006) affecting residential and small commercial customers, operating revenues are projected to grow 29.0 billion yen (25%) to 1,203.5 billion yen as a result of increased revenue from growth in gas sales volume and increased revenue due, among other things, to the expansion of the information business in other segments.

Operating profit and ordinary profit are projected to respectively decline 9.2 billion yen (-9.8%) to 84.5 billion yen, and 6.5 billion yen (7.3%) to 83.0 billion yen, owing to the downward impact on profits of changes to the depreciation system, despite continued action to reduce costs across the business spectrum. Net income, meanwhile, is projected to shrink 3.9 billion yen (-7.4%) to 49.0 billion yen.

(Unit: 100 million yen)

	Forecast for current period (Apr. '07 -Mar. '08)	Change from previous year	
		Change	Percent (%)
Operating revenues	12,035	+290	+ 2.5
Operating profit	845	92	9.8
Ordinary profit	830	65	7.3
Net income	490	39	7.4

Assumptions for second half of year: Crude oil price (All Japan CIF price) of US\$70/barrel, and exchange rate (TTM rate) of US\$1=120 yen.

Note: Changes to the depreciation system are expected to have a downward impact on operating profit and ordinary profit amounting to 8.0 billion yen.

Forecasts for key indicators other than the above are as follows.

			Forecast for current year (Apr. '07 -Mar. '08)
Consolidated	Shareholder value added	(SVA)	21,5 billion yen
	Earnings per share	(EPS)	22.25 yen
	Return on equity	(ROE)	7.3 %
	Return on assets	(ROA)	3.4 %
	Free cash flow	(FCF)	55.1 billion yen
Non-Consolidated	Shareholder value added	(SVA)	17.0 billion yen
	Earnings per share	(EPS)	17.71 yen
	Return on equity	(ROE)	7.2 %
	Return on assets	(ROA)	3.6 %
	Free cash flow	(FCF)	52.6 billion yen

(Note) The above indicators were calculated taking into consideration the repurchase of shares (treasury stock) described in "Important Events Subsequent to the Financial Statements" on p. 22.

(2) Analysis of Financial Conditions

Assets, Liabilities, and Net Assets

Total assets increased by 24.3 billion yen from the previous year-end to 1,430.0 billion yen due mainly to growth in fixed assets. Liabilities increased 7.9 billion yen, and net assets increased 16.4 billion yen to 703.1 billion yen owing mainly to the increase in retained earnings. Consequently, the ratio of Net Assets to total assets improved from 47.6% at the previous year-end to 47.9%.

Overview of Cash Flow

Cash flow generated from operating activities registered an inflow of 42.1 billion yen, up 30.8 billion yen from a year earlier, owing mainly to a decrease in payments of corporation tax and other taxes. Cash flow from investment activities registered an outflow of 61.4 billion yen, up 11.4 billion yen from a year earlier, largely due to increased expenditure on acquisition of fixed assets. Cash flow from financial activities, meanwhile, registered an inflow of 30.1 billion yen, an increase of 10.1 billion yen from a year earlier, on account of increased long-term borrowing and bond issues.

As a result, cash and cash equivalent rose 11.3 billion yen from the end of the previous period.

Including the year-end balance of 24.4 billion yen, the balance of cash and cash equivalents stood at 35.7 billion yen as of September 30, an increase of 6.8 billion yen from the same date in the previous year.

(Unit: 100 million yen)

	Current interim period (Apr.-Sep. '07)	Previous interim period (Apr.-Sep. '06)	Change
Cash flow from operating activities	421	112	+308
Cash flow from investment activities	614	499	114
Cash flow from financial activities	301	199	+101
Increase/decrease of cash and cash equivalents	113	188	+301
Cash and cash equivalents at end of interim period	357	289	+68
Balance of interest-bearing liabilities at end of interim period	5,401	5,158	+243

Free cash flow*: 3.1 billion yen (25.2 billion yen in previous interim period)

*Free cash flow = cash flow from operating activities – capital expenditures

(Reference) Cash Flow Indices

	End current interim period (Sep. 30, 2007)	End previous year (March 31, 2007)
Net Assets/total assets	47.9%	47.6%
Net Assets to total on market value	64.1%	72.3%

Notes:

1. All these calculations are based on consolidated financial results.
2. Total market capitalization was calculated based on issued shares excluding treasury stock.

Forecasts regarding capital investment in the current year are as follows.

(Reference) Actual and Forecast Capital Investment (Unit: 100 million yen)

	Forecast for current year (Apr. '07-Mar. '08)	Actual investment in previous year (Apr. '06-Mar '07)
Consolidated	1,018	952
Non-consolidated	609	616
Production facilities	30	30
Distribution facilities	359	393
Operational facilities, etc.	219	192

(3) Basic Policy on Profit Distribution and Dividends in Current Year

The Company has long actively pursued business growth and improved management efficiency, and has allocated the increased profits resulting from these efforts to internal reserves for future business growth and strengthening the financial structure of the Company, and to payment of steady dividends to shareholders. The Company will continue to endeavor to pay steady interim and year-end dividends to shareholders, taking operational results, business management plans, alternative profit distribution plans, and other factors into comprehensive consideration, and we aim to keep the non-consolidated payout ratio above 20%. Internal reserves will be appropriated for capital investment and investment in new business.

In the current year, the Company intends to pay an annual dividend of 7 yen per share (including an interim dividend of 3.5 yen).

(4) Business and Other Risks

The business performance and financial conditions of the Osaka Gas Group may be affected by risks including the following.

Risks Faced by Gas Business

The main factors that could affect the performance of the Group's core gas business are as follows.

a. Impact of fluctuations in temperature and other weather conditions on gas demand

Sales volume in the gas business increases or decreases depending on the atmospheric and water temperatures, and so may 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 borrowing 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 using derivative products, and the bulk of its interest-bearing liabilities bears fixed interest rates.

c. Changes in feedstock costs

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

d . Problems regarding feedstock procurement

Because the LNG from which gas is made is procured from overseas, problems regarding suppliers facilities or operations could affect the performance of the Group.

e. Problems regarding production and supply

Major natural disasters or accidents could disrupt production or supply, in turn impacting on the performance of the Group.

f. Problems regarding gas-powered equipment and facilities

Serious problems affecting gas-powered equipment and facilities could affect the performance of the Group.

g. Regulatory reform of the gas industry and consequent intensification of competition

Regulatory reforms may progress further through amendment of the Gas Industry Law and other legislative and institutional changes, resulting in intensified competition in the energy market that could affect the performance of the Group.

Other Risks

a. Non-gas operations

The performance of the Osaka Gas Group's non-gas operations may be affected by changes in their respective markets. However, the Group endeavors to minimize such impacts by consolidating all of its subsidiaries to keep track of how they are being run and to formulate prompt measures to deal with any issues that may arise.

b. Compliance

While the Group endeavors to ensure full compliance with laws and other regulations, an act of non-compliance, should it occur, could affect the performance of the Group due to the cost of dealing with the incident and the associated loss of public trust.

c. Management of personal information

Due to the nature of its business, the Group possesses a great deal of personal information about its customers. The Group therefore endeavors to ensure strict control of personal information through compliance with the Act on the Protection of Personal Information and proper training of employees and service vendors. Nevertheless, should personal information be leaked outside the Group, this could impact on the Group's performance.

2. Osaka Gas Group

Disclosure of information in this section is omitted because there has been no major change since the disclosure made in "Chart of Organization (Business Description)" and "Affiliates Status" in the most recent financial report submitted to the Ministry of Finance on June 28, 2007.

3. Management Policy

(1) Basic Management Policy

The Japanese economy is experiencing continuing and solid expansion, with strong growth in production and capital investment in the private sector accompanied by the steady recovery of consumer spending. However, energy and material prices remain high and international economic trends are uncertain, providing few grounds for optimism regarding the future outlook. In addition, steadily progressing deregulation in the energy market is likely to make competition even more intense.

In such a business environment, the Company must first and foremost remain the “corporate group of choice” for customers and local communities by further improving the quality of its products and services. The Osaka Gas Group conducts its business based on the management philosophy of value creation, placing greatest emphasis on maximization of value for customers, while at the same time pursuing increased value for shareholders, society, employees, and all our other stakeholders through the fair and transparent conduct of business. Based on this philosophy, the Osaka Gas Group is implementing a mid-term management plan, dubbed “Design 2008,” covering the three years from 2006 through 2008. In fiscal 2007, the second year of the plan, we aim to generate solid results to achieve the goals of the three-year plan and lay the foundations for sustained growth.

(2) Targeted Management Indices

In order to ensure profitability and 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.

So as to preserve its financial rating and general financial soundness, the Company endeavors to continuously maintain (1) a ratio of consolidated net worth to total assets of at least 40%, and (2) a ratio of consolidated D/E (interest-bearing debt to net worth) of about 10%, while keeping these indices in balance with SVA, free cash flow, interest-bearing debt, and other factors.

Opportunities to repurchase the Company's shares will always be considered as a means of improving EPS and ROE, but any repurchases will be flexibly implemented on condition that growth investments have been implemented and there is excess cash flow available.

(3) Challenges for the Company

In the energy business, the Company will maintain and expand its existing city gas business, while at the same time taking advantage of new business opportunities arising from deregulation to further expand its multi-energy business and provide a one-stop solution to customer needs for natural gas, electricity, LPG, and other energies.

In the city gas business, the Company will pursue customer-oriented business activities and further enhance action on safety and stability of supply to ensure customers' safe use of city gas. In conjunction with this, the Company will improve its overall management efficiency and price competitiveness, and at the same time actively provide customers with comprehensive solutions (including services and engineering) to promote the use of natural gas and thereby contribute to enhanced customer convenience, industrial development, and preservation of the environment.

To ensure gas safety, regular inspections will be made of customers' facilities, and action will be reinforced to inform customers of the need for facility improvements to ensure proper servicing, and to

communicate proper and safe use of gas facilities and equipment. Replacement of appliances such as grid-type gas stoves and instantaneous gas water heaters not equipped with imperfect combustion prevention mechanisms will also be pursued, and improved safety will be promoted by, for example, encouraging uptake of table-top cooking gas ovens whose burners are all fitted with safety mechanisms to prevent cooking oil and fat fires. Regarding gas production and distribution facilities, replacement and other preventive maintenance will be carried out on old gas pipelines earlier than originally scheduled, and safety training of employees and other service vendors will be continued.

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

In the residential market, customer-centered energy solutions will be provided, including “my-home power generation” using the “ECOWILL” residential gas engine cogeneration system, “my-home ESTHE,” a home skincare system employing a bathroom mist sauna, and “my-home cooking” highlighting the ease of cooking with gas, and the further spread and use of products contributing to “with gas” lifestyles that are at the same time economical, comfortable, safe, and environmentally friendly will be promoted. 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, we will be promoting highly efficient and functional gas cogeneration systems, the “Hi Power Excel” gas heat pump system capable of generating electricity while providing air conditioning, the “Suzu-chu” gas kitchen system that creates a cool kitchen environment for commercial kitchens, natural gas vehicles, and many other natural gas applications. By capitalizing on our long-accumulated expertise in natural gas applications and maintenance, including combustion and air-conditioning technologies, we can propose the best energy systems tailored to the individual energy needs of our customers.

To improve the level of customer service, the Company continuously pursues initiatives to translate customer feedback into operational improvements, and to respond to customer needs more promptly and reliably.

As regards the power generation business, we aim to develop this into our second largest core business after the city gas business. Our independent power producer business, which is already on-stream, will be efficiently operated, and the construction of the Semboku Natural Gas Power Plant, which commenced in 2006, is progressing as scheduled. Making maximum use of the Company’s business infrastructure, we will promote the creation of a one-stop service that combines the electricity retailing business with the city gas business.

In the LPG business, we will work to expand the customer base and increase the volume of sales by utilizing the Company’s know-how cultivated in the city gas business to market equipment and energy systems.

In the non-energy business, we will seek to develop business based on contributing to customers comfortable lifestyles and business growth by delivering better products and services that satisfy

customers' needs, and pursue the growth of consolidated profit. " Selection and concentration " 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, we will promote energy conservation and the use of recyclable resources to minimize the impact of the Group's business activities on the environment. In line with government energy policy, we will promote wider use of environmentally-friendly natural gas and supply Group products and services to reduce the impact on the environment. We will also actively participate in local, national, and international activities designed to protect the environment.

In the area of technical development, emphasis will be placed on the development of residential fuel-cell systems as well as more efficient and more functional commercial gas cogeneration systems in order to contribute to environmental preservation and energy conservation, and to improve convenience for the customer. In combination with this, the Company will offer services employing information communication technology, such as remote management systems, to improve the efficiency of operation of customers' facilities.

Regarding compliance with laws and other regulations, the Company has always worked to fulfill its responsibilities to society. In July 2007, however, the Company and its subsidiaries were found to have acted inappropriately in regard to certain subsidized natural gas cogeneration projects subsidized under the New Energy Supplier Support Program, and an announcement was made on September 12 concerning the results of a subsequent internal investigation into the matter, along with measures taken to prevent a recurrence and internal disciplinary action. We view this incident extremely gravely, and will ensure compliance throughout the Group by implementing the following measures to prevent a recurrence: (1) enhancement of reciprocal checking mechanisms, (2) strengthening of the internal auditing framework, (3) rigorous action against non-compliance and further use of the Compliance Desk, (4) revised assessments of the performance of organizations and individuals, and (5) establishment of a provisionally named " Compliance Committee " consisting mainly of members from outside the Company.

The Osaka Gas Group is committed to addressing these challenges while practicing its basic management philosophy of value creation, and will continue in its unstinting efforts to develop and evolve while observing the Osaka Gas Group Charter on Corporate Social Responsibility, which officially describes the Osaka Gas Group's position on CSR.

4. Consolidated Interim Financial Statements

(1) Consolidated Interim Balance Sheet

(Unit: one million yen)

Account	As of September 30, 2007	As of March 31, 2007	Change	As of September 30, 2006
(Assets)				
Fixed Assets	1,144,583	1,124,100	20,483	1,102,868
Tangible fixed assets	809,814	805,534	4,280	784,356
Production facilities	99,572	103,463	-3,891	102,900
Distribution facilities	341,873	352,264	-10,391	335,463
Administrative facilities	64,437	63,965	472	64,930
Other facilities	233,352	223,334	10,018	206,738
Idle facilities	1,532	1,532	0	1,532
Construction in progress	69,045	60,973	8,072	72,792
Intangible fixed assets	42,697	28,562	14,135	29,552
Goodwill	11,171	6,453	4,718	8,076
Others	31,526	22,108	9,418	21,475
Investments and other assets	292,071	290,003	2,068	288,960
Investment in securities	176,415	182,069	-5,654	178,713
Others	116,561	108,849	7,712	111,740
Allowance for bad debts	-905	-915	10	-1,493
Current assets	285,483	281,581	3,902	273,919
Cash and deposits	37,633	27,070	10,563	30,591
Notes and trade accounts receivable	109,993	135,468	-25,475	109,505
Inventories	72,886	53,366	19,520	75,948
Others	65,697	66,438	-741	58,693
Allowance for bad debts	-727	-761	34	-819
Assets total	1,430,067	1,405,682	24,385	1,376,788

(Unit: one million yen)

Account	As of September 30, 2007	As of March 31, 2007	Change	As of September 30, 2006
(Liabilities)				
Fixed liabilities	471,851	417,663	54,188	441,720
Bonds	206,090	186,957	19,133	197,133
Long-term loans payable	210,316	176,514	33,802	198,752
Deferred tax liabilities	22,522	21,895	627	21,079
Deferred tax liabilities related to revaluation	57	57	0	75
Reserve for severance benefits	9,775	8,909	866	8,866
Reserve for gasholder repair	1,788	1,705	83	1,808
Reserve for safety actions	3,119	3,708	-589	
Others	18,181	17,915	266	14,004
Current liabilities	255,103	301,354	-46,251	269,067
Current portion of fixed liabilities	43,044	50,498	-7,454	75,993
Notes and trade accounts payable	43,826	45,443	-1,617	42,598
Short-term loans payable	30,766	27,491	3,275	24,601
Corporate taxes payable	12,240	23,891	-11,651	16,675
Others	125,225	154,029	-28,804	109,197
Liabilities total	726,954	719,017	7,937	710,787
(Net Assets)				
Shareholder's equity	613,218	595,939	17,279	579,373
Capital stock	132,166	132,166	0	132,166
Capital Surpluses	19,542	19,534	8	19,526
Retained earnings	465,537	447,909	17,628	430,457
Treasury stocks	-4,028	-3,670	-358	-2,777
Valuation and translation adjustments	71,122	72,947	-1,825	68,353
Difference between market price and acquisition cost of other securities	47,278	55,508	-8,230	53,757
Deferred hedge gains/losses	11,204	9,180	2,024	7,869
Land revaluation excess	83	83	0	109
Foreign exchange adjustment	12,556	8,175	4,381	6,617
Minority interest	18,771	17,777	994	18,273
Minority interest	18,771	17,777	994	18,273
Net worth total	703,112	686,664	16,448	666,000
Liabilities and net worth total	1,430,067	1,405,682	24,385	1,376,788

(2) Consolidated Interim Profit and Loss Statement

(Unit: million yen)

Account	6 months ended September 30, 2007	6 months ended September 30, 2006	Change	Year ended March 31, 2007
Operating revenues	543,639	533,085	10,554	1,174,456
Cost of sales	349,479	335,564	13,915	755,693
Gross profit on sales	194,159	197,521	-3,362	418,762
Selling, general and administrative expenses	155,343	153,024	2,319	325,033
Operating profit	38,815	44,496	-5,681	93,729
Non-operating revenues	9,718	6,913	2,805	13,775
Interest income	741	627	114	1,312
Dividend income	1,186	957	229	1,414
Gain from sales of securities	2,953	1,337	1,616	3,274
Equity in earnings of affiliates	2,662	2,016	646	3,328
Miscellaneous income	2,175	1,974	201	4,445
Non-operating expenses	6,424	6,091	333	17,954
Interest expenses	4,834	4,715	119	9,584
Loss from redemption of corporate bonds				3,122
Miscellaneous expenses	1,589	1,376	213	5,247
Ordinary profit	42,110	45,319	-3,209	89,550
Extraordinary profit				1,233
Gain from sales of fixed assets				1,233
Extraordinary loss				2,704
Loss from sales of fixed assets				832
Loss from impairment				1,871
Net income before tax adjustments	42,110	45,319	-3,209	88,078
Corporate, resident and business taxes	10,090	13,050	-2,960	31,316
Adjustment for difference of tax allocation between financial accounting and tax accounting	5,477	4,029	1,448	2,634
Minority interest	1,113	529	584	1,197
Net income	25,427	27,709	-2,282	52,929

(3) Consolidated Interim Statement of Changes in Shareholders' Equity

6 months ended September 30, 2007

(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, 2007	132,166	19,534	447,909	-3,670	595,939	55,508	9,180	83	8,175	72,947	17,777	686,664
Changes during the interim period												
Dividends from retained earnings			-7,787		-7,787							-7,787
Net income			25,427		25,427							25,427
Repurchase of treasury stocks				-391	-391							-391
Disposal of treasury stocks		8		33	41							41
Decrease caused by decrease in consolidated subsidiaries			-11		-11							-11
Net changes in items other than shareholders' equity during the interim period						-8,230	2,024		4,380	-1,825	994	-830
Total changes during the interim period		8	17,628	-358	17,278	-8,230	2,024		4,380	-1,825	994	16,447
Balance as of September 30, 2007	132,166	19,542	465,537	-4,028	613,218	47,278	11,204	83	12,556	71,122	18,771	703,112

6 months ended September 30, 2006

(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 interim period												
Dividends from retained earnings			-7,796		-7,796							-7,796
Bonus to directors			-90		-90							-90
Net income			27,709		27,709							27,709
Repurchase of treasury stocks				-246	-246							-246
Disposal of treasury stocks		5		25	31							31
Reversal of land revaluation excess			-47		-47							-47
Net changes in items other than shareholders' equity during the interim period						-9,891	7,869	47	1,630	-343	-401	-744
Total changes during the interim period		5	19,774	-220	19,559	-9,891	7,869	47	1,630	-343	-401	18,814
Balance as of September 30, 2006	132,166	19,526	430,457	-2,777	579,373	53,757	7,869	109	6,617	68,353	18,273	666,000

Year ended March 31, 2007

(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
Bonus to directors			-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) Consolidated Interim Cash Flow Statement

(Unit: million yen)

Account	6 months ended September 30, 2007	6 months ended September 30, 2006	Change	Year ended March 31, 2007
I. Cash Flow from Operating Activities				
Net income before tax adjustments	42,110	45,319	-3,209	88,078
Depreciation expenses	47,686	41,105	6,581	84,031
Write-off of long-term prepaid expenses	2,842	1,986	856	3,912
Impairment loss				1,871
Increase (decrease) in reserve for safety actions				3,708
(Increase) decrease in prepaid pension expenses	-6,689	-6,331	-358	-11,851
Interest and dividends received	-1,927	-1,584	-343	-2,727
Interest expenses	4,834	4,715	119	9,584
Loss from redemption of corporate bonds				3,122
Equity in earnings of affiliates	-2,662	-2,016	-646	-3,328
Gain from sales of securities	-2,953	-1,337	-1,616	-3,274
Loss from retirement of tangible fixed assets				3,199
Increase (decrease) in trade receivables	25,828	17,256	8,572	-8,701
Increase (decrease) in inventories	-19,368	-31,151	11,783	-8,549
Increase (decrease) in trade payables	-1,724	-3,155	1,431	
Increase (decrease) in accrued expenses	-19,659	-13,117	-6,542	-2,339
Others	-3,249	-6,684	3,435	-12,117
Total	65,068	45,002	20,066	144,620
Interest and dividends received	2,078	6,183	-4,105	11,161
Interest paid	-4,678	-3,786	-892	-9,566
Corporate taxes paid	-20,328	-36,157	15,829	-47,861
Net cash flow from operating activities	42,139	11,242	30,897	98,354
II. Cash Flow from Investment Activities				
Expenses for acquisition of tangible fixed assets	-47,432	-41,002	-6,430	-85,835
Proceeds from sales of tangible fixed assets				2,945
Expenses for acquisition of intangible fixed assets	-8,264	-1,512	-6,752	-2,277
Payment of long-term prepaid expenses	-3,720	-3,186	-534	-6,267
Expenses for acquisition of investment securities	-2,956	-2,610	-346	-6,152
Proceeds from sales of investment securities	3,633	1,642	1,991	4,380
Expenses for acquisition of shares of subsidiaries and affiliates		-3,600	3,600	-4,582
Expenses for acquisition of shares of subsidiaries, resulting in consolidation scope change	-2,231		-2,231	
Others	-441	338	-779	-1,975
Net cash flow from investment activities	-61,414	-49,931	-11,483	-99,765
III. Cash Flow from Financial Activities				
Net increase (decrease) in short-term loans payable	3,264	-7,342	10,606	-4,468
Net increase (decrease) in commercial paper		23,000	-23,000	50,000
Proceeds from long-term loans payable	30,286	13,598	16,688	22,664
Expenses for repayment of long-term loans payable	-13,997	-9,481	-4,516	-18,254
Proceeds from corporate bond issuance	19,994	9,992	10,002	29,976
Expenses for redemption of bonds				-82,913
Dividends paid	-7,765	-7,769	4	-15,544
Dividends paid to minority shareholders		-1,303	1,303	-2,545
Others	-1,680	-703	-977	-922
Net cash flow from financial activities	30,100	19,990	10,110	-22,009
IV. Difference from Conversion of Cash and Cash Equivalents	542	-118	660	170
V. Increase (Decrease) of Cash and Cash Equivalents	11,368	-18,817	30,185	-23,249
VI. Cash and Cash Equivalents at Year-Beginning	24,476	47,726	-23,250	47,726
VII. Decrease of Cash and Cash Equivalents Due to Change in Scope of Consolidation	-52		-52	
VIII. Cash and Cash Equivalents at End of Interim Period	35,792	28,909	6,883	24,476

(5) Significant changes in the basic information for preparation of interim consolidated financial statements

In response to the revision of the Corporation Tax Law, the method of depreciation of tangible fixed assets acquired on or after April 1, 2007, is changed to that provided for under the revised Corporation Tax Law from the current interim consolidated accounting term. The impact of this change on profit (loss) is minor.

With the exception of the above, disclosure in this section is omitted as there have been no other significant changes from the information entered in the latest half-year report (submitted December 19, 2006).

(6) Additional information

In response to the revision of the Corporation Tax Law, assets acquired on or before March 31, 2007, are accounted for by depreciating on a straight-line basis over a period of five years the difference between the amount equivalent to 5% of the acquisition value and the memorandum value and entering this amount in depreciation expenses from the consolidated accounting year in which 5% of the acquisition value is reached applying the method of depreciation provided for in the Corporation Tax Law before revision.

As a consequence, operating profit, ordinary profit, and interim net income before taxes and other adjustments will each decline by 3,730million yen.

(7) Notes to the Consolidated Interim Financial Statements

① Segment Information

a. Segment information by business type

6 months ended September 30, 2007

(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
Sales and operating profit and loss								
Sales								
1. Sales to customers outside the Group	307,680	114,749	65,398	6,228	49,583	543,639	-	543,639
2. Internal sales or transfer among segments	8,610	1,557	221	6,066	15,487	31,942	(31,942)	-
Total	316,291	116,307	65,619	12,294	65,070	575,582	(31,942)	543,639
Operating expenses	295,419	107,742	63,602	8,518	61,942	537,224	(32,401)	504,823
Operating profit	20,871	8,564	2,017	3,775	3,128	38,357	458	38,815

6 months ended September 30, 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
Sales and operating profit and loss								
Sales								
1. Sales to customers outside the Group	302,335	107,093	70,412	6,894	46,350	533,085	-	533,085
2. Internal sales or transfer among segments	8,321	1,416	154	6,349	16,782	33,024	(33,024)	-
Total	310,657	108,509	70,566	13,243	63,133	566,110	(33,024)	533,085
Operating expenses	280,523	101,388	69,988	9,174	61,048	522,122	(33,533)	488,588
Operating profit	30,133	7,121	578	4,069	2,084	43,988	508	44,496

Year ended March 31, 2007

(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
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

Notes:

1. Business segments are categorized based mainly on aggregate sales category in accordance with the Accounting Rules for Gas Business Operators.
2. Main products and services in each business segment

Business Segment	Major Products and Services
Gas	Gas
LPG, Electricity, and Other Energies	LPG, power supply, heat supply, industrial gas, LNG processing under contract
Gas Appliances and Installation	Gas appliances, housing equipment, gas plumbing work, recycling of excavated soil
Real Estate	Development and leasing of real estate
Others	Chemical and carbon products, safety and security services, sports business, data processing services, engineering, leasing of automobiles and office equipment

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 all assets of the Group are in Japan, disclosure in this section is omitted.

c. Overseas operating revenues

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

Per Share Information

Current interim accounting term (consolidated) (Apr. 1-Sep. 30 '07)	Previous interim accounting term (consolidated) (Apr. 1-Sep. 30 '06)	Previous accounting year (consolidated) (Apr. 1 '06-Mar. 31 '07)
Net worth per share 307.66 yen	Net worth per share 290.85 yen	Net worth per share 300.61 yen
Earnings per share 11.43 yen	Earnings per share 12.44 yen	Earnings per share 23.77 yen

Notes:

1. Since there were no potential shares that would have a dilutive effect if issued, data on diluted earnings per share are not shown above.
2. The following data were used for calculating earnings per share.

	Current interim accounting term (consolidated) (Apr. 1-Sep. 30 '07)	Previous interim accounting term (consolidated) (Apr. 1-Sep. 30 '06)	Previous accounting year (consolidated) (Apr. 1 '06-Mar. 31 '07)
Net income (million yen)	25,427	27,709	52,929
Net income attributable to shareholders of common shares (million yen)	25,427	27,709	52,929
Average issued shares during the period (thousand shares)	2,224,650	2,227,287	2,226,757

Important Events Subsequent to the Financial Statements

a. In accordance with a resolution passed by a meeting of the Board of Directors on September 28, 2007, the 24th round of unsecured bonds was issued on October 24, 2007. Details of the issue are as follows.

1. Type	Straight bonds
2. Principal amount	20,000 million yen
3. Paid-in amount	19,996million yen
4. Interest rate	1.59% per annum
5. Repayment method	Bullet payment
6. Maturity date	October 24, 2014
7. Issue date	October 24, 2007
8. Security	Unsecured
9. Purpose	Plant and equipment funding

b. At a meeting of the Board of Directors on October 29, 2007, it was resolved as follows to repurchase and retire shares in accordance with the provisions of Article 156 of the Corporations Law applied under the reading provided for in Article 165, Paragraph 3 of said Law.

1. Purpose of acquisition	Improvement of shareholder value through improvement of earnings per share, and swift and flexible execution of financial policy
2. Type of shares purchased	Common shares
3. Total number of shares purchased	71,000,000 (maximum)
4. Total price of acquisition	30,000 million yen (maximum)
5. Acquisition period	From October 30, 2007 to March 31, 2008

Notes concerning lease transactions, securities, derivatives transactions, stock options, and so on are omitted as there is not considered to be any significant need for disclosure of such matters in brief reports of interim financial statements.

5. Non-consolidated Interim Financial Statements

(1) Interim Balance Sheet

(Unit: one million yen)

Account	As of September 30, 2007	As of March 31, 2007	Change	As of September 30, 2006
(Assets)				
Fixed Assets	874,889	874,122	767	862,464
Tangible fixed assets	571,977	579,039	-7,062	574,592
Production facilities	98,114	101,959	-3,845	101,330
Distribution facilities	340,938	351,307	-10,369	334,585
Administrative facilities	63,635	63,157	478	64,175
Ancillary business facilities	4,783	5,142	-358	5,398
Idle facilities	1,532	1,532		1,532
Construction in progress	62,973	55,939	7,033	67,569
Intangible fixed assets	4,855	4,967	-111	5,059
Patents	3	3	-0	4
Leaseholds	3,024	2,950	73	3,085
Other intangible fixed assets	1,828	2,012	-184	1,969
Investments and other assets	298,056	290,115	7,940	282,813
Investment in securities	76,205	83,780	-7,575	83,184
Investment in affiliates	112,303	103,309	8,993	104,685
Long-term loans receivable from affiliates	61,962	62,670	-708	60,763
Investment in capital	11	11		10
Long-term prepaid expenses	8,885	8,290	595	7,578
Prepaid pension expenses	34,030	27,341	6,689	21,820
Other investments	5,341	5,368	-27	5,657
Allowance for bad debts	-684	-657	-27	-888
Current assets	206,259	202,823	3,436	201,833
Cash and deposits	13,423	7,694	5,729	12,304
Notes receivable	730	1,148	-418	1,163
Accounts receivable	56,734	72,209	-15,474	57,423
Trade accounts receivable from affiliates	4,885	6,102	-1,217	6,384
Other accounts receivable	9,059	15,178	-6,119	11,772
Products	119	132	-12	111
Raw materials	35,606	22,648	12,957	38,011
Stores	9,066	8,431	635	8,951
Short-term loans receivable from affiliates	31,482	27,135	4,347	28,394
Short-term accounts receivable from affiliates	3,506	3,614	-108	3,624
Deferred tax assets	3,406	4,168	-761	4,384
Derivatives	19,956	18,850	1,105	16,760
Other current assets	18,797	16,061	2,735	13,117
Allowance for bad debts	-514	-551	36	-571
Assets total	1,081,149	1,076,946	4,203	1,064,297

(Unit: one million yen)

Account	As of September 30, 2007	As of March 31, 2007	Change	As of September 30, 2006
(Liabilities)				
Fixed liabilities	338,365	298,079	40,285	322,502
Bonds	195,617	175,620	19,997	184,633
Long-term loans payable	122,282	102,051	20,230	121,869
Deferred tax liabilities	7,848	7,115	732	7,067
Reserve for retirement benefits	3,749	3,216	533	3,280
Reserve for gasholder repair	1,744	1,662	81	1,767
Reserve for safety actions	3,119	3,708	-588	
Other fixed liabilities	4,003	4,705	-701	3,884
Current liabilities	188,381	230,144	-41,763	206,836
Current portion of fixed liabilities	28,616	33,226	-4,610	59,260
Trade accounts payable	19,896	14,822	5,073	18,687
Other accounts payable	10,962	22,677	-11,714	12,880
Accrued expenses	32,364	47,030	-14,666	41,249
Corporate taxes payable	7,949	16,883	-8,934	11,999
Advances received	6,390	5,596	793	8,298
Deposits received	1,092	1,059	33	1,086
Short-term loans payable to affiliates	23,166	23,975	-809	20,239
Short-term accounts payable to affiliates	7,132	13,849	-6,717	8,573
Commercial paper	50,000	50,000		23,000
Other current liabilities	811	1,023	-211	1,560
Total liabilities	526,746	528,224	-1,477	529,338
(Net Assets)				
Shareholder s equity	512,932	502,831	10,100	490,551
Capital stock	132,166	132,166		132,166
Capital surpluses	19,542	19,534	8	19,526
Capital reserve	19,482	19,482		19,482
Other capital surpluses	60	51	8	44
Retained earnings	365,251	354,801	10,450	341,635
Profit reserve	33,041	33,041		33,041
Other profit reserves				
Reserve for reduction of costs relating to replacement of specific assets, etc.	214	215	-1	216
Reserve for write-off of specific gas piping works	379	564	-185	750
Reserve for loss on overseas investments, etc.	4,694	5,314	-620	5,616
Reserve for adjustment for cost fluctuation	89,000	89,000		89,000
Reserve for other specific purposes	62,000	62,000		62,000
Unappropriated retained earnings	175,921	164,664	11,257	151,010
Treasury stocks	-4,028	-3,670	-358	-2,777
Treasury stocks	-4,028	-3,670	-358	-2,777
Valuation and translation adjustments	41,470	45,890	-4,419	44,408
Difference between market price and acquisition cost of other securities	30,445	36,081	-5,636	35,781
Difference between market price and acquisition cost of other securities	30,445	36,081	-5,636	35,781
Deferred hedge gains (losses)	11,025	9,808	1,217	8,626
Deferred hedge gains (losses)	11,025	9,808	1,217	8,626
Total net worth	554,402	548,721	5,681	534,959
Liabilities and net worth total	1,081,149	1,076,946	4,203	1,064,297

(2) Interim Profit and Loss Statement

(Unit: one million yen)

Account	6 months ended September 30, 2007	6 months ended September 30, 2006	Change	Year ended March 31, 2007
Product sales	312,526	307,263	5,262	680,181
Gas sales	312,526	307,263	5,262	680,181
Cost of sales	166,343	152,813	13,530	349,914
(Gross profit on sales)	(146,183)	(154,450)	(-8,267)	(330,266)
Selling expenses	103,163	101,228	1,934	215,740
General and administrative expenses	24,156	25,267	-1,111	54,865
(Core business profit)	(18,862)	(27,954)	(-9,091)	(59,660)
Miscellaneous operational revenues	55,181	60,008	-4,827	135,924
Revenues from house-pipe installation	11,431	12,905	-1,473	30,629
Revenues from gas appliances sales	42,145	45,684	-3,539	102,328
Other miscellaneous operational revenues	1,603	1,418	185	2,966
Miscellaneous operational expenses	51,794	58,401	-6,606	133,098
Cost of house-pipe installation	11,496	12,724	-1,228	29,830
Cost of gas appliances sales	40,298	45,676	-5,378	103,268
Revenues from supplementary businesses	18,824	17,038	1,785	35,193
Revenues from automatic alert report service	2,817	2,734	82	5,546
Revenues from electric supply business	4,299	4,357	-57	8,714
Revenues from LNG sales business	9,051	6,965	2,086	15,432
Revenues from other supplementary businesses	2,655	2,981	-325	5,589
Cost of supplementary businesses	17,880	16,125	1,755	33,752
Cost of automatic alert report service	2,300	2,323	-22	4,624
Cost of electric supply business	4,541	4,506	34	8,801
Cost of LNG sales business	8,878	7,000	1,878	15,691
Cost of other supplementary businesses	2,160	2,294	-134	4,635
(Operating profit)	(23,193)	(30,474)	(-7,281)	(63,927)
Non-operating Revenues	8,116	7,802	313	16,250
Interest income	626	453	173	998
Dividend income	604	524	80	880
Dividend income from affiliates	1,548	3,385	-1,837	6,364
Lease income		797	-797	
Gain from sales of securities	2,943	1,008	1,934	2,908
Miscellaneous revenues	2,393	1,632	761	5,099
Non-operating Expenses	3,369	3,500	-130	11,877
Interest expenses	1,160	889	270	1,885
Interest expense on corporate bonds	1,426	1,980	-554	4,072
Amortization of bond issue costs	73	56	17	131
Loss from redemption of corporate bonds				3,122
Miscellaneous expenses	709	574	135	2,665
(Ordinary profit)	(27,939)	(34,776)	(-6,836)	(68,299)
Extraordinary profit				658
Gain from sales of fixed assets				658
Extraordinary loss				2,098
Loss from sales of fixed assets				430
Impairment loss				1,667
(Net income before tax)	(27,939)	(34,776)	(-6,836)	(66,860)
Corporate and other taxes	5,700	8,100	-2,400	19,800
Adjustment for difference of tax allocation between financial accounting and tax accounting	4,001	3,402	599	2,825
Net income	18,238	23,274	-5,036	44,235

(Note) Regarding the values in Sales shown in I. (1) Operational Results in I. Non-consolidated Financial Results for the Interim Period ended September 30, 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) Interim Statement of Changes in Shareholders' Equity

6 months ended September 30, 2007

(in million yen)

	Shareholder's equity												Valuation and translation adjustments			Total net assets		
	Capital stock	Capital surplus			Profit reserve	Retained earnings							Treasury stock	Total shareholders' equity	Difference between market price and acquisition cost of other securities		Deferred hedge gains (losses)	Total valuation and translation adjustments
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings												
						Reserve for reduction of costs relating to replacement of specific assets	Reserve for write-off of specific gas piping works	Reserve for loss on foreign investments	Reserve for adjustment for cost fluctuation	Reserve for other specific purposes	Deferred retained earnings	Total retained earnings						
Balances as of March 31, 2007	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
Change during the interim period																		
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							-185				185							
Reversal of reserve for losses on overseas investments, etc.								-620			620							
Dividends from retained earnings											-7,787	-7,787		-7,787				-7,787
Net income											18,238	18,238		18,238				18,238
Repurchase of treasury stocks													-391	-391				-391
Disposal of treasury stocks			8	8									33	41				41
Net changes in items other than shareholders' equity during the interim period															-5,636	1,217	-4,419	-4,419
Total changes during the interim period			8	8		-1	-185	-620			11,257	10,450	-358	10,100	-5,636	1,217	-4,419	5,681
Balances as of September 30, 2007	132,166	19,482	60	19,542	33,041	214	379	4,694	89,000	62,000	175,921	365,251	-4,028	512,932	30,445	11,025	41,470	554,402

6 months ended September 30, 2006

(in million yen)

	Shareholder's equity													Valuation and translation adjustments			Total net assets	
	Capital stock	Capital surplus			Profit reserve	Retained earnings							Treasury stock	Total shareholders' equity	Difference between market price and acquisition cost of other securities	Deferred hedge gains (losses)		Total valuation and translation adjustments
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings												
						Reserve for reduction of costs relating to replacement of specific assets	Reserve for write-off of specific gas piping works	Reserve for loss on foreign investments	Reserve for adjustment for cost fluctuation	Reserve for other specific purposes	Deferred retained earnings	Total retained earnings						
Balances as of March 31, 2006	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 interim period																		
Reversal of reserve for reduction of costs relating to replacement of specific assets, etc.							-556				556							
Reversal of reserve for write-off of specific gas piping works								33			-33							
Reversal of reserve for losses on overseas investments, etc.								-621			621							
Dividends from retained earnings											-7,796	-7,796		-7,796				-7,796
Director's bonuses											-60	-60		-60				-60
Net income											23,274	23,274		23,274				23,274
Repurchase of treasury stocks													-246	-246				-246
Disposal of treasury stocks			5	5									25	31				31
Net changes in items other than shareholders' equity during the interim period															-7,042	8,626	1,584	1,584
Total changes during the interim period			5	5			-556	-587			16,561	15,418	-220	15,202	-7,042	8,626	1,584	16,787
Balances as of September 30, 2006	132,166	19,482	44	19,526	33,041	216	750	5,616	89,000	62,000	151,010	341,635	-2,777	490,551	35,781	8,626	44,408	534,959

Year ended March 31, 2007

(in million yen)

	Shareholder's equity													Valuation and translation adjustments			Total net assets	
	Capital stock	Capital surplus			Retained earnings								Treasury stock	Total shareholders' equity	Difference between market price and acquisition cost of other securities	Deferred hedge gains (losses)		Total valuation and translation adjustments
		Capital reserve	Other capital surplus	Total capital surplus	Profit reserve	Other retained earnings						Total retained earnings						
						Reserve for reduction of costs relating to replacement of specific assets	Reserve for write-off of specific gas piping works	Reserve for loss on foreign investments	Reserve for adjustment for cost fluctuation	Reserve for other specific purposes	Deferred retained earnings							
Balances as of March 31, 2006	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 losses on overseas investments, etc.								-1,241			1,241							
Dividends from retained earnings											-15,590	-15,590		-15,590				-15,590
Director's 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															-6,741	9,808	3,066	3,066
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
Balances as of March 31, 2007	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