

**FY2006 ending March 2007
Interim Consolidated Results Bulletin
(Half-Year Ended September 30, 2006)**

October 30, 2006

Tokyo Gas Co., Ltd.

Code No.: 9531
(URL <http://www.tokyo-gas.co.jp>)
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Consolidated Tax Group

Stocks listed on:
Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya
Stock Exchange
Location of head office (prefecture): Tokyo

Meeting of board of directors to approve half-year financial results: October 30, 2006
Application of U.S. accounting standards (yes/no): No

1. Interim consolidated results (April 1, 2006 - September 30, 2006)

(1) Consolidated business results

(Rounded down to the nearest million yen)

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
Half-year ended Sept. 2006	603,509	12.9	62,792	75.6	55,598	71.1
Half-year ended Sept. 2005	534,461	4.0	35,764	-24.2	32,494	-26.8
Year ended Mar. 2006	1,266,501		112,345		98,689	

	Net income		Net earnings per share	Net earnings per share adjusted for latent shares
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
Half-year ended Sept. 2006	36,054	62.8	13.41	12.71
Half-year ended Sept. 2005	22,152	-19.3	8.39	7.74
Year ended Mar. 2006	62,114		23.48	21.70

- Notes: 1. Profit or loss on investment accounted for by equity method: Half-year ended September 2006: ¥ 243million
Half-year ended September 2005: ¥246 million Year ended March 2006: ¥ 693million
2. Average number of outstanding shares (consolidated basis) during the term:
Half-year ended September 2006: 2,688,596,024shares Half-year ended September 2005: 2,639,710,091shares
Year ended March 2006: 2,642,313,954shares
3. Changes in accounting methods: None
4. Percentage figures on sales, operating income, ordinary income and net income indicate the percentage change on the interim results for the previous year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
Half-year ended Sept. 2006	1,674,328	733,761	43.2	270.70
Half-year ended Sept. 2005	1,645,497	666,154	40.5	252.92
Year ended Mar. 2006	1,693,898	728,231	43.0	270.46

Note: Number of outstanding shares (consolidated basis) as of:
Half-year ended September 2006: 2,671,347,138shares
Half-year ended September 2005: 2,633,869,485 shares
Year ended March 2006: 2,692,345,949shares

(3) Consolidated cash flow

(Unit: million yen)

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Balance of cash and cash equivalents as of end of term
Half-year ended Sept. 2006	32,261	-67,879	16,563	27,321
Half-year ended Sept. 2005	37,210	-57,831	-15,822	26,770
Year ended Mar. 2006	181,529	-116,071	-83,041	45,633

(4) Scope of subsidiaries and affiliates and application of equity method

Consolidated subsidiaries: 52

Non-consolidated subsidiaries accounted for by equity method: None

Affiliates accounted for by equity method: 1

(5) Changes in scope of consolidated subsidiaries and affiliates and application of equity method

Consolidated subsidiaries

• Newly added: 3

• Excluded: 1

By equity method

• Newly added: None

• Excluded: None

2. Results projection for the year ending March 2007 (April 1, 2006 - March 31, 2007)

(Unit: million yen)

	Sales	Ordinary income	Net income
Annual results	1,392,000	131,000	86,000

References: 1. Projection of net income per share (full year): ¥32.19

2. Projection of operating income (full year): ¥141,000 million

* The above projection was based on information available at the time of the release of this document. Due to various factors, the actual result may vary from the projection data.

I . Profile of the Tokyo Gas Group

Tokyo Gas group is composed of Tokyo Gas Co., Ltd., and 104 affiliated companies (60 subsidiaries and 44 affiliates). Fifty-two of these companies (newly added: 3, excluded: 1, merged: 4) are consolidated subsidiaries and one is an equity method affiliate. The Group is engaged in business in the segments of gas, gas appliances, contracted construction work, real estate rentals, and other business.

The following is the main fields of business of Tokyo Gas and the consolidated companies, and their position in the business in question, in each segment.

Gas business

Tokyo Gas Co., Ltd. manufactures, supplies, and sells gas, and also engages in the wholesale supply of gas and sale of LNG to city gas suppliers such as Chiba Gas Co., Ltd. and Tsukuba Gakuen Gas Co., Ltd. Nagano Toshi Gas Co., Ltd. supplies and sells gas.

Gas Malaysia Sdn. Bhd. (an affiliate accounted for by the equity method) supplies and sells gas in Malaysia.

Gas appliances business

Tokyo Gas Co., Ltd. sells gas appliances through companies such as Capty Co., Ltd., Capty-Livelic Co., Ltd., Enesta and Enefit. Gastar Co., Ltd. sells gas appliances to Tokyo Gas Co., Ltd on a wholesale basis.

Contracted construction work business

Gas-related construction work is performed by Tokyo Gas Co., Ltd. Capty Co., Ltd. perform gas pipe laying work ordered by Tokyo Gas Co., Ltd.

Real Estate rental business

Tokyo Gas Urban Development Co., Ltd. and Tokyo Gas Toyosu Development Co., Ltd. lease real estate to Tokyo Gas Co., Ltd. and others.

Other business

-Tokyo Gas Co., Ltd. sells LPG through Tokyo Gas Energy Co., Ltd., as an associated business.

-Energy Advance Co., Ltd. receives gas supplies from Tokyo Gas Co., Ltd. and other companies and carries out district supply of cold and hot water and vapor.

-Using LNG cryogenic energy sold by Tokyo Gas Co., Ltd., Tokyo Oxygen and Nitrogen Co., Ltd. manufactures and sells products such as liquefied nitrogen.

-Tokyo Gas Engineering Co. Ltd. builds gas-related facilities, etc. ordered by Tokyo Gas Co., Ltd.

-TG IT Service Co., Ltd., supplies data processing services using computers to Tokyo Gas Co., Ltd. and other companies.

- TG Information Network Co., Ltd. operates a system integration business.

-Tokyo LNG Tanker Co., Ltd. hires out LNG tankers and LPG tankers and operates an ocean freight business.

-Tokyo Gas Customer Service Co., Ltd. is commissioned by Tokyo Gas Co., Ltd. for regular safety inspections, meter reading and rate collecting operations.

-Tokyo Gas Chemicals Co., Ltd., sells industrial gas, etc.

-TG Credit Service Co., Ltd. provides various lease and credit services for payment for gas appliances sold by companies such as Enesta and Enefit.

-TG Enterprise Co., Ltd. manages assets in Tokyo Gas Group.

-Park Tower Hotel Co., Ltd. is a hotel operator.

List of consolidated companies

Segment by business category	Consolidated companies
Gas	Tokyo Gas Co., Ltd., Nagano Toshi Gas Co., Ltd., Chiba Gas Co., Ltd., Tsukuba Gakuen Gas Co., Ltd., Miho Gas Co., Ltd., Shoei Gas Co., Ltd., Washimiya Gas Co., Ltd., Tochigi Gas Co., Ltd.
Gas appliances	Tokyo Gas Co., Ltd., Gastar Co., Ltd., Capty-Livelic Co., Ltd., Nagano Toshi Gas Co., Ltd., Chiba Gas Co., Ltd., Tsukuba Gakuen Gas Co., Ltd., Miho Gas Co., Ltd., Shoei Gas Co., Ltd., Washimiya Gas Co., Ltd., Tochigi Gas Co., Ltd., Capty Co., Ltd., Tokyo Gas Energy Co., Ltd., Tokyo Kiko Co., Ltd.
Contracted construction work	Tokyo Gas Co., Ltd., Capty Co., Ltd., Nagano Toshi Gas Co., Ltd., Chiba Gas Co., Ltd., Tsukuba Gakuen Gas Co., Ltd., Miho Gas Co., Ltd., Shoei Gas Co., Ltd., Washimiya Gas Co., Ltd., Tochigi Gas Co., Ltd.
Real estate rental	Tokyo Gas Urban Development Co., Ltd., Tokyo Gas Toyosu Development Co., Ltd., Gastar Co., Ltd., Capty Co., Ltd., TG Enterprise Co., Ltd.,
Other businesses	Tokyo Gas Co., Ltd., Energy Advance Co., Ltd., Tokyo LNG Tanker Co., Ltd., Tokyo Gas Energy Co., Ltd., Tokyo Gas Chemicals Co., Ltd., Park Tower Hotel Co., Ltd., TG Credit Service Co., Ltd., Tokyo Oxygen and Nitrogen Co., Ltd., TG Information Network Co., Ltd., TG Enterprise Co., Ltd., Tokyo Gas Engineering Co., Ltd., Tokyo Gas Customer Service Co., Ltd., TG IT Service Co., Ltd., TOKYO GAS AUSTRALIA PTY LTD. Tokyo Gas Darwin LNG Pty Ltd., Tokyo Gas Yokosuka Power Co., Ltd., Tachikawa Toshi Center Co., Ltd., Living Design Center Co., Ltd., Chiba Gas Co., Ltd., Tokyo Gas Bay power Co., Ltd., TG Showa Co., Ltd., East Japan Housing Evaluation Center Co., Ltd., Tsukuba Gakuen Gas Co., Ltd., Tokyo Carbonic Co., Ltd., Japan Super Freeze Co., Ltd., Miho Gas Co., Ltd., Tokyo Gas Auto Service Co., Ltd., TG Telemarketing Co., Ltd., Tokyo Gas LPG Terminal Co., Ltd., Kawasaki Pipe Line Co., Ltd., Tokyo gas Remodeling Co., Ltd., Urban Communications, Inc., Tochigi Gas Co., Ltd., Tokyo Gas Techno-Service Co., Ltd., Tokyo Gas Building Service Co., Ltd., Showa Bussan Co., Ltd., Tosetz Co., Ltd., Capty Customer Service Co., Ltd., Toeki Service Center Co., Ltd., Showa Unyu Co., Ltd., Tokyo Plant Tech Co., Ltd., Tokyo Rare Gases Company Limited, Tokyo Auto Gas Co., Ltd., Capty Tech Co., Ltd.

Note: 1) Some companies belong to more than one segment.

2) Changes in consolidated companies during the 1st half of FY2006 are as follows:

Newly added: 3

(TOKYO GAS AUSTRALIA PTY LTD, Tokyo Gas Darwin LNG Pty Ltd., Kawasaki Gas Pipeline Co., Ltd.)

Excluded: 1 (Green Tech Tokyo Co., Ltd.)

Merged: 4

- Toyoko Living Co., Ltd. has been merged into Kanpai Living Service Co., Ltd. and changed its name as Capty-Livelic Co., Ltd. on April a, 2006.
- Toyoko Engineering Co., Ltd. has been merged into Kanpai Co., Ltd. and changed its name to Capty Co., Ltd on April 1, 2006.
- Toyoko Customer Service Co., Ltd. has been merged into Kanpai Customer Service and changed its name as Capty Customer Service Co., Ltd on April 1, 2006.
- Dining Art System Co., Ltd. has been merged into Park Tower Hotel Co., Ltd. on April 1, 2006.

II. Management Policy

(1)Basic Policy on corporate management

These days, the status of natural gas is rapidly rising in light of its environmentally-friendly features that mitigate global warming, its economic merit relative to oil as crude oil prices stay on high levels, and the convenience exemplified by its ability to accommodate demand in such forms as distributed power sources.. Expectations and demands from communities and customers are anticipated to increase even further over the coming years.

In the energy market, meanwhile, the progress of deregulation is being accompanied by intensified competition among energy sources. Even different companies compete to supply the same forms of energy. To explore business

opportunities revolving around natural gas, the Group needs undertake structural reform to increase competitiveness. While the Group has steadily implemented the policies stated on the previous FY2003 - 2007 medium-term management plan called "Frontier 2007" announced in October 2002, taking into account the aforementioned changes of management environment, the Group has formulated its new FY2006 - 2010 medium-term management plan, stating its new goal of establishing a total energy business. The new plan represents a further progression from Frontier 2007, and paves the way for the creation and cultivation of new natural gas markets.

The Group aims to improve the value offered to the customers as well as contributing to development of local communities and improvement of global environment to become a corporate group which continuously grow and develop while always gaining trust from customers, shareholders, and society.

(2) Issues to be addressed by the company

With three key factors in operations: "establishment of total energy business with natural gas at the core"; "increase in the brand value"; and "structural reform" in order to achieve sustainable growth and development in the 2010s as a leading player of total energy business with natural gas at its core, the Group deals with following activities.

<Establishment of total energy business with natural gas at the core >

The Group plans to promote a total energy business through wider-area development of multi-energy supply with a competitive strength grounded in the LNG value chain and energy services one-stop supply of solutions that are backed by excellent technical and sales capabilities and truly satisfy customers.

In the residential sector, the Group offers customers a more comfortable and better life through TES/floor heating systems, the energy-saving highly efficient water heater "Eco-JOES", the mist sauna "MiSTY", the advanced gas cook top "Pipitto Konro", and the home automation system "Remote PLUS." In addition, LIFUEL (fuel cell) and ECOWILL (gas engines), the cogeneration systems positioned them as residential power generation systems. The Group strives for the further diffusion of the system. For condominiums, besides cogeneration systems for supply of power to each unit, the Group supply one-stop solutions through combinations with HEATS, TES, Security, Remote PLUS, and Home Energy Management System.

In the energy sales field, the Group provides a diversity of value to its customers through one-stop multi-energy supply of LNG, LPG, electric power, and other energy grounded in the Group's city gas network. In terms of electric power business, in addition to Tokyo Gas Bay Power which is already in operation, Tokyo Gas Yokosuka Power is expected to start its operation in fiscal 2006. The Group proceeds the plan of construction of Kawasaki Natural Gas Power Plant and Ohgishima Power while forming alliances with other corporate groups. The Group also actively promotes various energy services including on-site energy services, which is best-mix on-site combinations of energy and systems as well as facility management service, solutions covering the entire life cycle of facilities, from system selection to operation and maintenance for the customer.

In relation to multi-energy supply and wider-area development of energy services, the Group efficiently condition the pipeline network including the new construction of Chiba-Kashima Line as well as deepening its coordination with its wholesale buyers (surrounding city gas distributors) and LPG companies. Furthermore, for customers located far from gas pipelines, the Group proposes a switch to natural gas supplied by means such as LNG trucks as well as delivering LNG by utilizing coastal LNG carriers for the markets outside the 200-km radius of Kanto region to meet the needs of natural gas.

From the perspective of achieving more competitive LNG procurement, the Group shall achieve an effective LNG business linkage encompassing upstream gas fields, transportation, receiving terminals, and end-use gas supply (including businesses outside Japan) toward the goal of enhancing the LNG value chain. In addition to the commencement of purchasing of LNG from the Darwin and Sakhalin II projects, the Group plans to receive supplies from new projects such as the Gorgon and Pluto in Western Australia. While striving for more competitive LNG procurement in this way, the Group consider acquiring upstream interests. The Group plans to expand its own fleet of LNG carriers from four ships at present to seven by the end of fiscal 2010, and raise the FOB purchasing ratio to about 50 %. Thereafter, the Group contemplates further investment to expand its fleet to nine carriers and promote their extensive use to lower transportation cost and increase the Group's LNG trading business.

<Increase in the brand value>

The Group shall strive to remain preferred by its customers and society as a whole by surely fulfilling its corporate social responsibility (CSR). In contact with our customers, the Group shall constantly make efforts to improve the value of the Tokyo Gas brand symbolized by the words “Security, Safety, and Reliability.” In relation to the environment, the Group will cope with various environmental issues including global warming through promoting use of environmentally-friendly natural gas, improving the level of continuous environmental conservation including Environmental Management System (EMS) and Green Purchasing. As an energy enterprise with a service area in the Tokyo Metropolitan region, the Group realizes that stable supply, assurance of safety and security, and disaster prevention are an important part of the Group's mission, and shall improve the level of safety of gas as well as maintaining the earthquake prevention system at the highest level.

<Structural reform>

The Group plans to establish its competitive advantage by reforming its corporate structure, establishing an optimal setup for development of a total energy business, and concentrating management resources. With regard to a wide-area business development, the Group intends a both powerful and efficient development of demand grounded in the situation in the market and the Group's locations. To closely accommodate diversifying customer lifestyles and preferences, the Group plans to reorganize the sales and service capabilities of Tokyo Gas locations, Enesta/Enefit, and the Tokyo Gas Customer Service Company into a unified setup with deep local roots, for one-stop supply of products and services offering consumers more value.

For efficient use of business resources, the Group plans to establish an efficient setup for business execution, by reorganization into a setup with deep local roots and rationalization of the head office organization. The Group plans to reduce the number of employees from current 16,700 (Estimate as of the end of fiscal 2005 on the consolidated basis) to 15,700 in fiscal 2010, as well as proceeding to increase the assets value through the development of real estate as well as compressing its assets, and increase their efficiency by the sales of unutilized lands.

(3) Basic policy on the corporate profit allocation

Over the five-year period, of new medium-term plan (fiscal 2006 - 2010), the Group plans to use the cash flow resulting from steady execution of the plan for aggressive investment and financing in the total energy business, which is to empower the Group's sustained growth into the future, as well as for proper allocation of the fruits of the Group's business to its shareholders. More specifically, the Group has posted a 60-percent target for the ratio of total payout to shareholders (dividends plus treasury stock acquisition divided by current net income).

Total payout ratio of year n = [(dividends from unappropriated profit in year n) + (amount of treasury stocks acquired in year n + 1)] / (consolidated net income in year n)

For a while, the Group has no plan to implement the amendment of articles of association and the provision of quarterly dividends in accordance with the execution of the new Corporate Law.

(4) Targeted management indicators (consolidated)

Operating cash flow (100 million yen)	<Five-year total from 2006 to 2010>	11,200
Return on Asset (ROA) (%)	<FY 2010 target>	5.5
Return on Equity (ROE) (%)	<FY 2010 target>	10.9
TEP* (100 million yen)	<FY 2010 target>	510

*Note: TEP (Tokyo Gas Economic Profit)

TEP = after-tax & pre-interest-payment profit – capital cost (interest-bearing debt cost + shareholder capital cost)
(Pre-condition) Capital cost ratio (WACC): 3.8 %

(5) Items regarding parent company

No relevant item is available.

III. Business performance and financial position

(1) Business performance

The Japanese economy has gradually recovered from the recession due to the factors including the improvement of the corporate profit and the increase of private capital investment. On the other hand, those factors including the prolonged high price of oil are still leaving the economic outlook uncertain.

Under these economic circumstances, consolidated sales in the first half of FY 2006 were ¥603.5 billion, up 12.9% compared with the same period in FY 2005 due to steady increase in gas sales as a result of strenuous efforts in marketing to popularize and expand city gas.

On the other hand, Tokyo Gas made utmost efforts to hold down expenses, achieving further advances in the promotion of management efficiency. However, raw material expenses increased due to rise in crude oil prices.

As a result, operating income increased 75.6% to ¥62.7 billion, and ordinary income was up 71.1% to ¥55.5 billion. Moreover, during the period under review, we recorded extraordinary income of ¥3.4 billion in sales of investment securities and ¥0.3 billion in sale of tangible assets. As a result, net income increased 62.8% to ¥36.0 billion.

[Situation in each segment during the term]

1) Gas business

In the first half of FY2006, the gas sales volume rose 4.8% compared with same period in the previous year to 6,167 million m³. Residential demand increased 4.3% to 1,373 million m³ compared with same period in the previous year because of increased demand for hot water due to lower temperatures throughout the period.

On the other hand, as for commercial and other business sector, air conditioning demand was sluggish because of lower temperature although there were acquisition of new customers and increase in demand by existing customers. As a result, commercial demand was down 0.5% to 1,053 million m³ and other business demand was down 1.2% to 461 million m³, making a combined total of 1,514 million m³, down 0.7% compared with same period in the previous year.

Industrial demand was up 6.1% to 2,573 million m³ compared with the same period in the previous year due to acquisition of new customers and increased operation of existing customers.

Wholesale supplies to other gas utilities rose 14.3% to 706 million m³ because of development of new demand in those gas utilities' area.

Gas sales was up by ¥61.6 billion or 16.1% compared with the same period in the previous year to ¥444.8 billion as a result of factors that included the rate unit price adjustments based on the raw material expenses adjustment system and increase in sales volume.

Operating expenses overall increase by ¥37.7 billion yen or 11.6% because of increase in raw material cost as a result of rise in crude oil price and increase in gas sales volume.

Operating income was up by ¥24.0 billion or 40.9% over the same period in the previous year to ¥82.6 billion.

Note: We changed the calorific level of natural gas that we supply from 46.04655MJ to 45MJ, so the gas sales volume was shown as 45MJ.

2) Gas appliances business

Sales increased by ¥0.9 billion or 1.4% compared to the same period in the previous year to ¥57.1 billion. As a result of a ¥2.1 billion or 3.9% up in operating expenses, operating income felled ¥1.3 billion or 39.9% to ¥1.8 billion.

3) Contracted construction work business

Sales declined by ¥0.9 billion or 3.9% compared with the same period in the previous year to ¥22.7 billion. As a result of a ¥0.4 billion or 1.7% decrease in operating expenses, operating loss decreased by ¥0.6 billion to ¥0.6 billion.

4) Real estate rental business

Sales decreased by ¥0.3 billion or 1.8% compared with the same period in the previous year to ¥16.9 billion. As a result of a ¥0.6 billion or 4.5% decrease in operating expenses, operating income increased 0.3 billion or 8.9% to ¥3.8 billion.

5) Other business

Sales of other business rose by ¥15.0 billion or 13.8% compared with the same period in the previous year to ¥124.0 billion due to increase in sales of energy service business and other reasons. As a result of a ¥13.6 billion or 12.9% increase in operating expenses, operating income increased by 1.5 billion or 37.9% to ¥5.5 billion.

<Summary by segment>

(Unit: billion yen)

		Gas	Gas appliances	Contracted construction work	Real estate rental	Others
Sales	FY2006 Interim (% of total)	444.8 (66.9%)	57.1 (8.6%)	22.7 (3.4%)	16.9 (2.5%)	124.0 (18.6%)
	FY2005 Interim (% of total)	383.2 (65.0%)	56.2 (9.6%)	23.6 (4.0%)	17.2 (2.9%)	109.0 (18.5%)
	Amount of change	61.6	0.9	-0.9	-0.3	15.0
	Rate of change	16.1%	1.4%	-3.9%	-1.8%	13.8%
Operating expenses	FY2006 Interim (% of total)	362.2 (63.3%)	55.2 (9.6%)	23.3 (4.1%)	13.1 (2.3%)	118.5 (20.7%)
	FY2005 Interim (% of total)	324.5 (62.4%)	53.1 (10.2%)	23.7 (4.6%)	13.7 (2.6%)	104.9 (20.2%)
	Amount of change	37.7	2.1	-0.4	-0.6	13.6
	Rate of change	11.6%	3.9%	-1.7%	-4.5%	12.9%
Operating income	FY2006 Interim (% of total)	82.6 (88.6%)	1.8 (2.0%)	-0.6 (-0.7%)	3.8 (4.1%)	5.5 (6.0%)
	FY2005 Interim (% of total)	58.6 (84.7%)	3.1 (4.5%)	0 (-0.1%)	3.5 (5.1%)	4.0 (5.8%)
	Amount of change	24.0	-1.3	-0.6	0.3	1.5
	Rate of change	40.9%	-39.9%	-	8.9%	37.9%

Note: Figures for sales include internal transactions. Figures for operating expenses do not include expenses that cannot be allocated to specific segments.

<Ratio of consolidated income to parent's income>

	Sales	Operating income	Ordinary income	Current net income
FY2006 Interim	1.17	1.20	1.12	1.09
FY2005 Interim	1.18	1.34	1.20	1.11

<Comparison of projection of FY2006 with results of FY2005 >

(Unit: billion yen)

	Sales	Operating income	Ordinary income	Net income
FY2006 (projection)	1,392.0	141.0	131.0	86.0
FY2005 (actual)	1,266.5	112.3	98.6	62.1
Change	125.5	28.7	32.4	23.9
Rate of change	9.9%	25.5%	32.7%	38.5%

We projection that gas sales volume in FY2006 will grow 1.5% compared with FY2005 to 13,291 million m³ due to our efforts to acquire new customers and to popularize and expand gas appliances. We expect gas sales to rise by ¥95.6 billion or 10.5% to ¥1,005.9 billion in response to this. Gas appliance sales and contracted construction

sales and other business sales will increase, so consolidated sales will rise by ¥125.5 billion or 9.9% to ¥1.392 trillion.

Because of save in operating expenses due to decrease in cost of salary, the projection envisions as follows:

Operating income:	up ¥28.7 billion (25.5%) to ¥141.0 billion
Ordinary income:	up ¥32.4 billion (32.7%) to ¥131.0 billion
Net income:	up ¥23.9 billion (38.5%) to ¥86.0 billion

The ratios of consolidated income to parent company's income are as follows:

	Sales	Operating income	Ordinary income	Net income
FY2006 projection	1.18	1.18	1.12	1.08

(2) Financial position

1) Cash flow

(Unit: billion yen)

	FY2006 Interim	FY2005 Interim	FY2005
Cash flow from operating activities	32.2	37.2	181.5
Cash flow from investing activities	-67.8	-57.8	-116.0
Cash flow from financing activities	16.5	-15.8	-83.0
Cash and cash equivalents during FY2004	-19.0	-36.4	-17.5
Cash and cash equivalents at beginning of year	45.6	50.6	50.6
Cash and cash equivalents due to expansion of consolidation	0.7	12.5	12.5
Cash and cash equivalents at end of year	27.3	26.7	45.6

a) Cash flow from operating activities

Cash and cash equivalents obtained as a result of operating activities amounted to ¥32.2 billion. This derived mainly from interim net income and depreciation of fixed assets (¥63.2 billion)

b) Cash flow from investing activities

Cash and cash equivalents decreased as a result of investing activities amounted to ¥67.8 billion. This derived mainly from the acquisition of tangible fixed assets such as gas supply facilities (expenditure: ¥66.9 billion).

c) Cash flow from financing activities

Cash and cash equivalents increased as a result of financing activities amounted to ¥16.5 billion. Although there were outflow of funds because of increase in acquisition of treasury stock (¥34.1 billion), payment for long-term debt (¥13.9 billion) and payment of dividend (¥9.4 billion), the overall cash flow increased because of commercial paper (¥63.0 billion) and long-term debt (¥13.3 billion).

2) Indicators

	FY2002	FY2003	FY2004	FY2005	FY2006 Interim
Equity ratio	34.6%	35.9%	38.9%	43.0%	43.2%
Equity ratio based on market value	61.0%	63.8%	68.6%	81.9%	94.5%
Number of years for debt repayment	3.4	3.1	2.9	3.1	-
Interest coverage ratio	12.2	14.5	16.5	15.9	-

Equity ratio: Equity capital / total assets

Equity ratio based on market value: total market price of shares / total assets

Number of years for debt repayment: Interest bearing debt / operating cash flow

Interest coverage ratio: operating cash flow / interest payments

-All calculations are based on consolidated financial figures.

-Operating cash flow is used for cash flow. Interest bearing debt covers bonds, convertible bonds, long-term borrowings (all including debts due within one year), short term borrowings and commercial papers out of the interest bearing debt recorded on the balance sheet.

<Consolidated Statements>

1. Interim consolidated balance sheet

(Unit: million yen)

Account	FY2006 Interim (ended on Sept. 30, 2006)	FY2005 (ended on Mar. 31, 2006)	Change	FY2005 Interim (ended on Sept. 30, 2005)
(Assets)				
Fixed assets	1,373,232	1,391,882	-18,650	1,381,861
Tangible fixed assets	1,135,826	1,140,302	-4,476	1,148,081
Production facilities	211,176	216,123	-4,947	223,087
Distribution facilities	505,685	514,713	-9,028	505,927
Business facilities	69,490	59,461	10,029	59,951
Other facilities	309,307	298,951	10,356	303,931
Suspended facilities	929	984	-55	-
Construction in progress	39,237	50,068	-10,831	55,184
Intangible fixed assets	22,815	23,649	-834	24,279
Goodwill	1,535	-	1,535	-
Consolidation adjustment account	-	2,504	-2,504	2,703
Other intangible fixed assets	21,279	21,144	135	21,576
Investments, etc.	214,590	227,931	-13,341	209,499
Investment securities	135,111	145,047	-9,936	119,355
Long-term loans receivable	3,532	3,553	-21	3,771
Deferred tax assets	35,331	36,385	-1,054	43,654
Miscellaneous investments	41,421	43,668	-2,247	44,345
Allowances for doubtful accounts	-806	-724	-82	-1,627
Current assets	301,095	302,016	-921	263,635
Cash and deposits	30,506	49,116	-18,610	29,252
Notes and accounts receivable	129,939	147,059	-17,120	110,764
Inventories	51,911	34,597	17,314	34,141
Deferred tax assets	9,226	12,765	-3,539	10,159
Other current assets	80,347	59,326	21,021	80,068
Allowances for doubtful accounts	-835	-848	13	-750
Total assets	1,674,328	1,693,898	-19,570	1,645,497

(Unit: million yen)

Account	FY2006 Interim (ended on Sep. 30, 2006)	FY2005 (ended on Mar. 31, 2006)	Change	FY2005 Interim (ended on Sept. 30, 2005)
(Liabilities)				
Fixed liabilities	627,962	661,945	-33,983	714,857
Straight bonds	305,500	305,500	-	305,500
Convertible bonds	39,143	39,700	-557	78,973
Long-term bank loans payable	133,394	151,539	-18,145	162,032
Deferred tax liabilities	4,719	5,329	-610	3,740
Retirement benefit reserve	111,657	130,222	-18,565	135,895
Allowances for repairs of gas holders	3,286	3,229	57	3,489
Reserve for safety measures	2,355	-	2,355	-
Other fixed liabilities	27,905	26,424	1,481	25,225
Current liabilities	312,604	293,466	19,138	254,441
Fixed liabilities due within one year	56,153	45,597	10,556	26,263
Notes and accounts payable	52,531	76,925	-24,394	51,631
Short-term bank loans payable	15,031	17,670	-2,639	25,019
Corporation tax payable, etc.	20,531	33,527	-12,996	16,155
Deferred tax liabilities	74	178	-104	194
Other current liabilities	168,282	119,566	48,716	135,175
Total liabilities	940,567	955,411	-14,844	969,298
Minority interest	-	10,255	-10,255	10,043
(Net assets)				
Shareholders' Equity	674,890	-	674,890	-
Paid in Capital	141,844	-	141,844	-
Capital Surplus	2,065	-	2,065	-
Returned earnings	594,262	-	594,262	-
Treasury Stock	-63,281	-	-63,281	-
Valuation and translation adjustments	48,232	-	48,232	-
Unrealized gains on other securities	46,913	-	46,913	-
Deferred loss on hedging instruments	1,331	-	1,331	-
Foreign currency translation adjustment	-12	-	-12	-
Shares of Minor Shareholders	10,637	-	10,637	-
Total net assets	733,761	-	733,761	-
(Shareholders' equity)				
Common stock	-	141,844	-141,844	141,844
Capital surplus	-	2,065	-2,065	2,065
Retained earnings	-	572,599	-572,599	544,299
Unrealized gains on other securities	-	56,510	-56,510	45,261
Translation adjustment account	-	51	-51	-269
Treasury stock	-	-44,840	44,840	-67,045
Total shareholders' equity	-	728,231	-728,231	666,154
Total of liabilities, minority interest, and shareholders' equity	1,674,328	1,693,898	-19,570	1,645,497

2. Interim consolidated statement of income

(Unit: million yen)

Account	FY2006 Interim (Apr. – Sept. 2006)	FY2005 Interim (Apr. – Sept. 2005)	Change	FY2005 (Apr. 2005 - Mar. 2006)
Sales	603,509	534,461	69,048	1,266,501
Cost of sales	344,078	294,047	50,031	724,503
(Gross income)	(259,430)	(240,414)	(19,016)	(541,998)
Supply and sales expenses	162,666	167,791	-5,125	352,388
General and administrative expenses	33,972	36,858	-2,886	77,263
(Operating income)	(62,792)	(35,764)	(27,028)	(112,345)
Non-operating income	4,939	6,154	-1,215	10,863
Interest income	52	25	27	58
Dividend income	859	970	-111	1,391
Return on investment accounted for by equity method	243	246	-3	693
Rental income	769	-	769	-
Balance on commodity derivatives	-	2,033	-2,033	2,458
Miscellaneous revenues	3,014	2,878	136	6,261
Non-operating expenses	12,132	9,424	2,708	24,520
Interest paid	5,309	5,747	-438	11,014
Balance on commissioned construction	-	1,433	-1,433	3,016
Loss on weather derivatives	1,553	-	1,553	5,666
Miscellaneous expenditures	5,270	2,243	3,027	4,823
(Ordinary income)	(55,598)	(32,494)	(23,104)	(98,689)
Extraordinary income	3,801	3,253	548	7,601
Gain on sales of fixed assets	317	78	239	2,257
Gain on sales of investment securities	3,484	2,760	724	4,929
Gain on sales of subsidiary	-	414	-414	414
Extraordinary losses	-	4	-4	5,443
Loss from sale of fixed assets	-	4	-4	17
Losses on advanced depreciation deduction of fixed assets	-	-	-	298
Loss on abandonment of a system project	-	-	-	5,127
Net income before adjustment for tax, etc.	59,399	35,743	23,656	100,846
Corporate tax, residence tax and Business tax	13,713	9,783	3,930	35,703
Adjustment for corporate taxes, etc.	9,232	3,609	5,623	2,497
Minority shareholder income (loss)	398	197	201	530
Net income	36,054	22,152	13,902	62,114

3. Interim consolidated Statements of Changes in Net Assets and Interim Statements of consolidated retained earnings

[Consolidated Statements of Changes in Net Assets]

Current interim period (From April 1, 2006 to September 30, 2006)

(Unit: million yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Retained surplus	Treasury stock	Total shareholders' equity
Balance at Sept. 30, 2006	141,844	2,065	572,599	-44,840	671,669
Changes of items during the interim period					
Dividends from surplus			-9,423		-9,423
Directors' and corporate auditors bonuses			-67		-67
Net income			36,054		36,054
Disposal of treasury stock			-3,497	15,668	12,170
Repurchase of treasury stock				-34,109	-34,109
Increase of subsidiaries			-1,404		-1,404
Net changes of items other than shareholders' equity					
Total changes of items during the interim period	-	-	21,662	-18,441	3,221
Balance at Sept.30, 2006	141,844	2,065	594,262	-63,281	674,890

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Translation adjustments	Total valuation and translation adjustment		
Balance at Sept. 30, 2006	56,510	-	51	56,562	10,255	738,487
Changes of items during the interim period						
Dividends from surplus						-9,423
Directors' and corporate auditors bonuses						-67
Net income						36,054
Disposal of treasury stock						12,170
Repurchase of treasury stock						-34,109
Increase of subsidiaries						-1,404
Net changes of items other than shareholders' equity	-9,596	1,331	-64	-8,329	382	-7,947
Total changes of items during the interim period	-9,596	1,331	-64	-8,329	382	-4,726
Balance at Sept.30, 2006	46,913	1,331	-12	48,232	10,637	733,761

[Interim Statements of consolidated retained earnings]

Current interim period (From April 1, 2006 to September 30, 2006)

(Unit: million yen)

Account	FY2005 (Apr. 2005 - Mar.2006)		FY2005 Interim (Apr. -Sept. 2005)	
(Capital surplus)				
Initial balance of capital surplus		2,067		2,067
Increase in capital surplus				
Net loss on disposal of treasury stock	1	1	1	1
Balance of capital surplus at end of period		2,065		2,065
(Retained earnings)				
Initial balance of retained earnings		532,810		532,810
Increase in retained earnings				
Net Income	62,114		22,152	
Increase due to expansion in the scope of consolidation	4	62,119	4	22,156
Decrease in retained earnings				
Dividends	18,496		9,277	
Directors' bonus	65		65	
Net loss on disposal of treasury stock	3,768	22,329	1,324	10,667
Balance of consolidated retained earnings at end of period		572,599		544,299

4. Interim consolidated statement of cash flows

(Unit: million yen)

Account	FY2006 Interim (Apr. - Sept. 2006)	Fy2005 Interim (Apr. - Sept. 2005)	FY2005 (Apr. 2005 - Mar. 2006)
I. Cash flow from operating activities			
Net income before adjustment for tax, etc.	59,399	35,743	100,846
Depreciation	63,207	63,181	132,300
Amortization of long-term prepaid expenses	2,035	2,001	4,076
Loss on retirement of tangible fixed assets	744	1,477	3,251
Gain/loss flow on sale of fixed assets	-	-	-2,220
Gain/loss on sale of investment securities	-3,484	-2,760	-4,929
Profit/loss on allowance for doubtful accounts	-	-	-1,100
Change in provision for retirement benefits	-18,564	-5,515	-11,189
Change in reserve for safety measures	2,355	-	-
Interest and dividends earned	-912	-996	-1,449
Interest paid	5,309	5,747	11,014
Income from a company by equity method	-	-	-693
Change in accounts receivable	25,016	34,409	-7,101
Change in inventories	-17,314	-8,715	-9,170
Change in accounts payable	-40,471	-23,742	23,122
Change in consumption tax payable	2,823	-928	-2,080
Change in prepaid expenses	-7,792	-8,364	-528
Change in uncollected balance	6,064	-	-1,551
Loss from abandonment of a system project	-	-	4,517
Other	-15,802	-14,268	-1,076
Sub-total	62,614	77,270	236,036
Proceeds from interest and dividends	909	995	1,445
Payment of interest	-5,190	-6,114	-11,409
Payment of corporate tax, etc.	-26,071	-34,941	-44,542
Cash flow from operating activities	32,261	37,210	181,529
II. Cash flow from investing activities			
Payments for a fixed deposits	-3,140	-	-
Proceed from drawing fixed deposits	3,440	-	-
Purchases of investment securities	-5,398	-	-7,564
Proceeds from sale of investment securities, etc.	4,061	2,924	5,219
Purchases of tangible fixed assets	-66,951	-56,275	-110,993
Purchases of intangible fixed assets	-2,418	-4,367	-4,950
Spending on long-term prepaid expenses	-1,255	-913	-2,502
Proceeds from sale of fixed assets	3,626	1,210	6,598
Proceeds from sale of consolidated subsidiary stocks	-	678	678
Expenditures based on lending for long-term loans	-525	-790	-1,572
Other	682	-297	-984
Cash flow from investing activities	-67,879	-57,831	-116,071

Account	FY2006 Interim (Apr. - Sept. 2006)	FY2005 Interim (Apr. - Sept. 2005)	FY2005 (Apr. 2005 - Mar. 2006)
III. Cash flow from financing activities			
Net change in short-term debt	-2,445	-1,335	-8,684
Net change in commercial paper	63,000	40,000	-
Proceeds from long-term debt	13,364	14,902	16,997
Repayments for long-term debt	-13,915	-21,548	-34,100
Payments for redemption of bonds	-	-18,333	-18,333
Dividend payments	-9,426	-9,275	-18,497
Payment of dividends to minority shareholders	-92	-93	-93
Proceeds from issuance of stocks to minority shareholders	9	-	-
Proceeds from sale of treasury stock	180	16	26
Payments for acquiring treasury stock	-34,109	-20,156	-20,355
Cash flow from financing activities	16,563	-15,822	-83,041
IV. Difference from conversion of cash and cash equivalents	-15	1	4
V. Change in cash and cash equivalents	-19,069	-36,442	-17,578
VI. Cash and cash equivalents at beginning of year	45,633	50,664	50,664
VII. Increase in cash and cash equivalents due to new consolidation	799	12,547	12,547
VIII. Decrease in cash and cash equivalents excluding subsidiaries	-42	-	-
IX. Cash and cash equivalents at end of the period	27,321	26,770	45,633

5. Segment information

(1) Segment information by category of business

(Unit: million yen)

	Gas	Gas appliance sales	Related construction	Real estate rental	Other	Total	Elimination or corporate	Consolidation	
FY2006 Interim	Sales								
	(1) External sales	433,791	55,886	20,976	5,825	87,028	603,509	-	603,509
	(2) Inside group	11,083	1,219	1,739	11,101	37,070	62,214	(62,214)	-
	Total	444,875	57,106	22,716	16,927	124,098	665,724	(62,214)	603,509
	Operating expenses	362,205	55,222	23,323	13,109	118,529	572,390	(31,673)	540,716
	Operating income (loss)	82,669	1,883	(606)	3,817	5,569	93,333	(30,541)	62,792
FY2005 Interim	Sales								
	(1) External sales	378,046	55,189	21,864	5,586	73,774	534,461	-	534,461
	(2) Inside group	5,165	1,110	1,773	11,651	35,228	54,930	(54,930)	-
	Total	383,212	56,299	23,638	17,237	109,003	589,392	(54,930)	534,461
	Operating expenses	324,552	53,168	23,725	13,732	104,963	520,142	(21,445)	498,696
	Operating income (loss)	58,659	3,131	(86)	3,504	4,040	69,250	(33,485)	35,764
FY2005	Sales								
	(1) External sales	898,553	128,376	55,771	11,054	172,745	1,266,501	-	1,266,501
	(2) Inside group	11,767	2,449	3,975	23,132	79,850	121,175	(121,175)	-
	Total	910,320	130,825	59,746	34,187	252,595	1,387,676	(121,175)	1,266,501
	Operating expenses	750,300	126,208	56,771	28,728	242,948	1,204,957	(50,801)	1,154,155
	Operating income (loss)	160,020	4,617	2,975	5,459	9,647	182,719	(70,373)	112,345

Note: 1. Classification of business categories and main products in each category of business.

Business categories are classified by aggregate sale category in accordance with the Gas Business Accounting Regulations.

Business categories	Main products
Gas	Gas
Gas appliance sales	Gas appliances
Related construction	Gas construction work
Real estate rental	Rental and management of buildings, etc.
Other	District heating and cooling, coke, LPG, industrial gas, credit leases, system integration, general engineering

Note: 2. Main operating expenses that cannot be allocated to specific segment included under "Elimination or corporate" are general expenses relating to the administration department of the company submitting the interim consolidated financial statements.

FY2006 Interim: ¥ 31,056 million (FY2005 Interim: ¥ 34,022 million)

(2) Segment information by location

Not applicable due to absence of overseas consolidated subsidiaries.

(3) Overseas sales

Not included due to insignificance of overseas sales as a proportion of consolidated sales.

6. Market value of securities

(1) Marketable bonds securities being held to maturity

(Unit: million yen)

Category	FY2006 Interim (Sept. 30, 2006)			FY2005 (Mar. 31, 2006)			FY2005 Interim (Sept. 30, 2005)		
	Book value	Market value	Difference	Book value	Market value	Difference	Book value	Market value	Difference
Government and municipal bonds, etc.	247	247	-	247	246	-	54	55	1
Total	247	247	-	247	246	-	54	55	1

(2) Other marketable securities

(Unit: million yen)

Category	FY2006 Interim (Sept. 30, 2006)			FY2005 (Mar. 31, 2006)			FY2005 Interim (Sept. 30, 2005)		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Stocks	17,451	91,873	74,422	15,502	105,092	89,590	14,672	86,383	71,710
Total	17,451	91,873	74,422	15,502	105,092	89,590	14,672	86,383	71,710

(3) Book values of main non-marketable securities

(Unit: million yen)

Category	FY2006 Interim (Sept. 30, 2006)	FY2005 (Mar. 31, 2006)	FY2005 Interim (Sept. 30, 2005)
	Book value	Book value	Book value
Stocks of subsidiaries and affiliates	25,766	27,639	21,036
Other securities			
Unlisted stocks	16,994	12,050	11,868

7. Derivative transactions

[FY2006 Interim]

(Unit: million yen)

Object		Contract amount	Market value	Recognized gains/losses
Commodity	LNG swap contracts	26,482	-219	-219
Weather	Weather derivatives	7,830	-	-
Total		-	-	-219

[FY2005]

(Unit: million yen)

Object		Contract amounts	Market value	Recognized gains/losses
Commodity	LNG swap contracts	700	482	482
Weather	Weather derivatives	8,000	-	-
Total		-	-	482

[FY2005 Interim]

(Unit: million yen)

Object		Contract amounts	Market value	Recognized gains/losses
Currency	Currency swap contracts	42	12	12
Commodity	LNG swap contracts	14,871	3,193	3,193
Weather	Weather derivatives	9,849	-	-
Total		-	-	3,206

1. Market value is calculated based on the information presented by the financial institution.
2. The contract amounts are nominal and the amounts do not indicate the degree of market risk or credit risk regarding the derivative transactions.
3. Contract amounts are stated at the maximum receivable amount under the contracts. Market value of weather derivatives are not stated because the calculation of the fair value is impossible.
4. Derivative transactions accounted for hedge accounting is applied are excluded.