

FY2007 ending March 2008
Interim Consolidated Financial Results Bulletin
(Half-Year Ended September 30, 2007)
Tokyo Gas Co., Ltd.

Code No.: 9531

(URL <http://www.tokyo-gas.co.jp>)

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Consolidated Tax Group

Shares listed on:Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya
Stock Exchange

Location of head office: Tokyo

Application of U.S. accounting standards (yes/no): No

1. Interim Consolidated results (April 1, 2007 - September 30, 2007)**(a) Consolidated business results**

(Rounded down to the nearest million yen)

	Sales		Operating income		Ordinary income		Net income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
Half-year ended Sept. 2007	636,911	5.5	33,191	-47.1	31,712	-43.0	19,828	-45.0
Half-year ended Sept. 2006	603,509	12.9	62,792	75.6	55,598	71.1	36,054	62.8
Year ended Mar. 2007	1,376,958	-	162,315	-	156,039	-	100,699	-

	Net earnings per share	Net earnings per share adjusted for latent shares
	(Unit: yen)	(Unit: yen)
Half-year ended Sept. 2007	7.41	7.20
Half-year ended Sept. 2006	13.41	12.71
Year ended Mar. 2007	37.50	35.69

Note: 1. Income or loss on investment accounted for by equity method: Half-year ended September 2007: ¥1,490million
Half-year ended September 2006: ¥243 million Year ended March 2007: ¥1,347 million

(b) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
Half-year ended Sept. 2007	1,691,562	786,445	45.8	291.81
Half-year ended Sept. 2006	1,674,328	733,761	43.2	270.70
Year ended Mar. 2007	1,692,635	806,045	47.0	293.11

Note: Shareholders' equity: Half-year ended September 2007: ¥775,131million

Half-year ended September 2006: ¥723,123 million Year ended March 2007: ¥795,101 million

(c) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Balance of cash and cash equivalents at year end
	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)
Half-year ended Sept. 2007	27,145	-73,023	43,205	38,975
Half-year ended Sept. 2006	32,261	-67,879	16,563	27,321
Year ended Mar. 2007	190,597	-130,922	-65,843	40,231

2. Dividend

	Dividend per share		
	Interim dividend	Year-end dividend	Total dividend (annual)
FY2006 ended March 2007	3.50 yen	4.50yen	8.00yen
FY2007 ended March 2008 (Result)	4.00yen	-	8.00yen
FY2007 ended March 2008 (Projection)	-	4.00yen	

3. Forecast for FY2007 ending March 2008 (April 1, 2007 - March 31, 2008)

	Sales	Operating income	Ordinary income	Net income	Net earnings per share
	(Unit: million yen) (%)	(Unit: yen)			
Full-year	1,463,000 6.2	81,000 -50.1	76,000 -51.3	54,000 -46.4	20.33

4. Note

(a) Changes in major consolidated subsidiaries: None

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

Consolidated subsidiaries: 55

-Newly added: 4

-Excluded: 1

By equity method: 3

-Newly added: 2

-Excluded: nil

(c) Any change in the accounting methods used here from those used in preparing consolidated accounts for the previous business year (yes/no): *yes*

*Please see page 16, Note in detail.

(d) Number of outstanding shares

- Number of outstanding shares at year end (Treasury stocks are included):

Half-year ended September 2007: 2,810,171,295 shares

Half-year ended September 2006: 2,810,171,295 shares FY2006 ended March 2007: 2,810,171,295 shares

- Number of treasury stocks at year end:

Half-year ended September 2007: 153,913,708 shares

Half-year ended September 2006: 138,824,157 shares FY2006 ended March 2007: 97,537,522 shares

(Reference)

1. Interim Non-Consolidated results for half year -ended September 2007

(April 1, 2007 - September 30, 2007)

(a) Non-Consolidated business results

(Rounded down to the nearest million yen)

	Sales		Operating income		Ordinary income		Net income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
Half-year ended Sept. 2007	542,275	4.8	23,795	-54.5	24,931	-49.8	16,334	-50.4
Half-year ended Sept. 2006	517,311	13.8	52,291	96.0	49,690	83.0	32,960	65.1
Year ended Mar. 2007	1,172,186	-	136,778	-	139,823	-	92,340	-

	Net earnings per share
	(Unit: yen)
Half-year ended Sept. 2007	6.10
Half-year ended Sept. 2006	12.26
Year ended Mar. 2007	34.39

(b) Non-Consolidated financial position

	Total assets	Net assets	Ratio to shareholders' equity	Shareholders' equity per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
Half-year ended Sept. 2007	1,392,787	671,623	48.2	252.85
Half-year ended Sept. 2006	1,364,388	637,220	46.7	238.54
Year ended Mar. 2007	1,382,259	703,173	50.9	259.22

Note: Shareholders' equity (Minority interest are excluded)

Half-year ended September 2007: 671,623, million yen

Half-year ended September 2006: 637,220 million yen

FY2006 ended March 2007: 703,173 million yen

2. Non-Consolidated Forecast for FY2007 ending March 2008 (April 1, 2007 - March 31, 2008)

(Unit: million yen)

	Sales		Operating income		Ordinary income		Net income		Net earnings per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	1,255,000	7.1	57,000	-58.3	58,000	-58.5	42,000	-54.5	15.81

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

I. Business performance and financial position

(1) Business performance

The Japanese economy of this term shows some signs of recovery including increased capital investment helped by recovery of corporate performances and improvement of employment situation. However, its business environment was still severe, as the high crude oil price tendency looks to stay long.

Under these economic circumstances, the Tokyo Gas group has made strenuous efforts in marketing to popularize and expand city gas. As a result, consolidated sales were ¥636.9 billion, up 5.5% year on year due to the expansion in the scope of consolidation mainly due to steady growth in gas sales.

On the other hand, Tokyo Gas made utmost efforts to hold down expenses, achieving further advances in the promotion of management efficiency. However, operational expenses increased because gas resource costs increased due to growth in sales volume as well as high rise in crude oil prices.

As a result, operating income down 47.1% to ¥33.1 billion, and ordinary income was down 43.0% to ¥31.7 billion, net income down 45.0% to ¥19.8 billion.

<Situation in each segment during the term>

1) Gas business

In FY2007 1st half, the gas sales volume rose 4.8% compared with the previous year to 6,466 million m³. Residential demand fell 3.2% year on year to 1,330 million m³. It is because of higher temperatures than last year, which caused less demand in hot water.

Commercial and other business demand was up 3.2% to 1,088 million m³ and 3.4% to 477 million m³ respectively, making a combined total of 1,564 billion m³, up 3.3% year on year. This was result of increase in demand for air-conditioning due to higher temperature in summer.

Industrial demand was up 7.5% year on year to 2,765 million m³ compared with the previous year due to increased operation of both existing and new customers.

Wholesale supplies to other gas utilities rose 14.3% year on year to 807 million m³ mainly due to acquisition of new customers by those utilities.

As a result, gas sales was up to ¥467.9 billion by ¥23.1 billion or 5.2% compared with the previous year due to increase in gas sales volume and rate increase based on gas rate adjustment system.

Operating expenses overall rose by ¥51.1 billion yen or 14.1% because of the increase in gas resource cost that accompanied the growth in gas sales volume as well as high rise in crude oil prices.

Operating income was down by ¥ 28.1 billion or 34.0% over the previous year to ¥54.5 billion.

2) Gas appliances business

Sales fell by ¥ 2.3 billion or 3.9% compared to the previous year to ¥54.8 billion. As a result of a ¥2.2 billion or 3.9% decrease in operating expenses, operating income fell 3.3% year on year to ¥1.8 billion.

3) Related construction

Sales rose by ¥0.1 billion or 0.6% compared with the previous year to ¥22.8 billion. As a result of a ¥0.4 billion or 1.7% increase in operating expenses, operating loss increased by ¥0.2 billion to ¥0.8 billion.

4) Real estate Rental

Sales increased by ¥0.6 billion or 3.9% compared with the previous year to ¥17.5 billion. However, ¥0.1 billion or 1.0% increase in operating expenses, operating income raised ¥0.5 billion or 13.8% to ¥4.3 billion.

5) Other business

Sales in other business rose by ¥15.9 billion or 12.8% compared with the previous year to ¥139.9 billion due to the increase in sales related to Energy service business. As a result of a ¥17.8 billion or 15.0% increase in operating expenses, operating income fell ¥2.0 billion or 35.6% to ¥3.5 billion.

<Summary by segment>

(Unit: billion yen)

		Gas	Gas appliances	Related construction	Real estate Rental	Others
Sales	FY2007 Interim (% of total)	467.9 (66.5%)	54.8 (7.8%)	22.8 (3.3%)	17.5 (2.5%)	139.9 (19.9%)
	FY2006 Interim (% of total)	444.8 (66.9%)	57.1 (8.6%)	22.7 (3.4%)	16.9 (2.5%)	124.0 (18.6%)
	Amount of change	23.1	-2.3	0.1	0.6	15.9
	Rate of change	5.2%	-3.9%	0.6%	3.9%	12.8%
Operating expenses	FY2007 Interim (% of total)	413.3 (64.4%)	53.0 (8.3%)	23.7 (3.7%)	13.2 (2.1%)	136.3 (21.3%)
	FY2006 Interim (% of total)	362.2 (63.3%)	55.2 (9.6%)	23.3 (4.1%)	13.1 (2.3%)	118.5 (20.7%)
	Amount of change	51.1	-2.2	0.4	0.1	17.8
	Rate of change	14.1%	-3.9%	1.7%	1.0%	15.0%
Operating income	FY2007 Interim (% of total)	54.5 (86.0%)	1.8 (2.9%)	-0.8 (-1.4%)	4.3 (6.8%)	3.5 (5.7%)
	FY2006 Interim (% of total)	82.6 (88.6%)	1.8 (2.0%)	-0.6 (-0.7%)	3.8 (4.1%)	5.5 (6.0%)
	Amount of change	-28.1	-	-0.2	0.5	-2.0
	Rate of change	-34.0%	-3.3%	-	13.8%	35.6%

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>

The ratio of consolidated income to parent company's income for FY2007 interim and FY2006 interim was as follows.

	Sales	Operating income	Ordinary income	Net income
FY2007 Interim	1.17	1.39	1.27	1.21
FY2006 Interim	1.17	1.20	1.12	1.09

<Comparison of forecast for FY2007 >

(Unit: billion yen)

	Sales	Gas Sales	Other Sales	Operating income	Ordinary income	Net income
FY2007 (forecast)	1,463.0	1,080.5	382.5	81.0	76.0	54.0
FY2006 (actual)	1,376.9	999.5	377.4	162.3	156.0	100.6
Change	86.1	81.0	5.1	-81.3	-80.0	-46.6
Rate of change	6.2%	8.1%	1.4%	-50.1%	-51.3%	46.4%

We forecast that gas sales volume in FY2007 will grow 5.2% compared with FY2006 to 14.013 billion m³ due to our efforts to acquire new customers and to promote and sell gas appliances. We expect gas sales to increase by ¥81.0 billion or 8.1% to ¥1.0805 trillion in response to this, while sales in both gas appliance and contracted construction work will decline, however as we expect sales in energy service business to increase, we expect consolidated sales to rise by ¥86.1 billion or 6.2% to ¥1.4630 trillion.

Meanwhile, because of factors such as decrease in gas sales margin due to gas rate adjustment system, increase in labor cost by one-off expense in actuarial differences, increase in depreciation by tax revisions, the projection is envisaged as follows:

Operating income: down ¥81.3 billion (-50.1%) to ¥81.0 billion
 Ordinary income: down ¥80.0 billion (-51.3%) to ¥76.0 billion
 Net income: down ¥46.6 billion (-46.4%) to ¥54.0 billion

The ratios of consolidated income to parent company's income are shown below.

	Sales	Operating income	Ordinary income	Net income
FY2007	1.17	1.42	1.31	1.29

(2) Financial position

<Qualitative information about consolidated financial position>

Despite the increase in inventory such as LNG ,etc., the decline in Cash, Deposits, and Accounts Receivable has reduced total assets, down ¥ 1.1 billion compared with the year ended March 2007 to ¥ 1.6915 trillion.

Because of increase in current liabilities due to commercial paper, increase in fixed liabilities due to issue of bond, the liabilities increased by ¥ 18.6 billion to ¥ 905.1 billion.

Also, despite the increase in earned surplus, net assets decreased to ¥786.4 billion, resulting from an increase in treasury stock. Our shareholders' equity ratio fell by 1.2 percentage points to 45.8%

<Cash flow>

	(Unit: billion yen)		
	FY2007 Interim	FY2006 Interim	FY2006
Cash flow from operating activities	27.1	32.2	190.5
Cash flow from investing activities	-73.0	-67.8	-130.9
Cash flow from financing activities	43.2	16.5	-65.8
Cash and cash equivalents during FY2006	-2.5	-19.0	-6.1
Cash and cash equivalents at beginning of year	40.2	45.6	45.6
Cash and cash equivalents due to expansion of consolidation	1.3	0.7	0.7
Cash and cash equivalents at end of year	38.9	27.3	40.2

a) Cash flow from operating activities

Cash and cash equivalents obtained as a result of operating activities amounted to ¥27.1 billion. This derived mainly from the progress of depreciation of fixed assets (depreciation: ¥67.6 billion).

b) Cash flow from investing activities

Cash and cash equivalents obtained as a result of investing activities amounted to ¥73.0 billion. This derived mainly from the acquisition of tangible fixed assets such as gas supply facilities (expenditure: ¥61.4 billion).

c) Cash flow from financing activities

Cash and cash equivalents increased as a result of financing activities amounted to ¥43.2 billion. Although there were outflow of funds because of increase in acquisition of treasury stock (¥39.3 billion) and payment for long-term debt (¥36.6billion), the overall cash flow increased because of commercial paper (¥95.0 billion), issue of bond (¥19.9) and long-term debt (¥18.1 billion).

<Cash Flow Indicators>

	FY2003	FY2004	FY2005	FY2006	FY2007 Interim
Equity ratio	35.9%	38.9%	43.0%	47.0%	45.8%
Equity ratio based on market value	63.8%	68.6%	81.9%	105.3%	84.0%
Number of years for debt repayment	3.1	2.9	3.1	2.8	-
Interest coverage ratio	14.5	16.5	15.9	18.6	-

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 calculation based on consolidated financial figures.

-Total market value of shares is calculated based on the number of shares as of the end of fiscal year (excluding treasury stocks)

-Cash flow means operating 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.

<Basic policy on the 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 previous 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)

In accordance with the aforementioned perspective on overall propensity, we plan to determine the dividend of FY2007.

II. The scope of consolidated subsidiaries and affiliates and application of the equity method

a) The scope of consolidation

-Newly included subsidiaries in scope of consolidation: 4 companies

Tokyo Gas International Holdings B.V. , Tokyo Gas Bajio B.V. ,
TOKYO GAS-MITSUI & CO.HOLDINGS SDN. BHD.,
TK customer service Co., Ltd. (Every company is newly consolidated)

-Excluded: 1 company

TG IT Service Co., Ltd. was merged into TG Information Network Co., Ltd.

b) Equity method affiliates

-Newly included equity method affiliates: 2 companies

TOKYO TIMOR SEA RESOURCES INC., Bajio Generating VOF (Every company is newly included)

III. Management Policy

(1) Basic policy on corporate management

The energy market is the scene of intensifying competition among different types of energy as well as among suppliers of the same type. The relaxation of regulations is progressing, as indicated by the April 2007 expansion of the scope of supply liberalization to include customers contracting for an annual supply at least 100,000 cubic meters. At the same time, customer energy needs are becoming increasingly diverse and sophisticated.

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.

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, 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) 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)

-Operating cash flow=net income + depreciation

-TEP = after-tax & pre-interest-payment profit – capital cost (interest-bearing debt cost + shareholder capital cost)

(Pre-condition) Capital cost ratio (WACC): 3.8 %

(3) 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 started 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.

For the first time, Tokyo Gas imported over 10 million ton LNG per year at FY2006. 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 five 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>

It is our aspiration to remain a corporate group that continues to be trusted and preferred by customers and society as a whole, through steady approaches to fulfilling our social responsibilities. This is at the foundation of our efforts in terms of communication with customers to elevate the status of the Tokyo Gas brand under the watchwords "Safety, Security, and Reliability." To assure safety in particular, we are not only taking further measures for aged gas pipes and buried house pipes requiring response, but also making vigorous efforts in relation to gas equipment and appliances. For example, we are encouraging customers to switch to safer appliances, making fuller arrangements for safety checks, and developing equipment that is inherently safer.

<Structural reform>

For the purpose of building closer relations with each and every customer and making our penetration of the market even deeper, in April of this year, we launched a setup for customer services with deep local roots that are provided by All Tokyo Gas (the extended family of the Tokyo Gas Group.) As a remaining task, we are going to reorganize and consolidate the sales and service capabilities of our branches, Enesta, and the Tokyo Gas Customer Service Group. Specifically, we intend to establish new companies for one-stop provision of goods and services that help to endow lifestyles with more value. These new companies will be equipped with a unified setup for response grounded in the community, in close coordination with the members of All Tokyo Gas. We are starting preparations for them now, and intend to establish them, one after the other, beginning in fiscal 2010.

<Consolidated Statements>

1. Interim consolidated balance sheet

(Unit: million yen)

Account	FY2007 Interim (ended on Sept. 30, 2007)	FY2006 (ended on Mar. 31, 2007)	Change	FY2006 Interim (ended on Sept. 30, 2006)
(Assets)				
Fixed assets	1,372,086	1,371,576	510	1,373,232
Tangible fixed assets	1,117,060	1,130,480	-13,420	1,135,826
Production facilities	202,551	207,751	-5,200	211,176
Distribution facilities	491,042	503,547	-12,505	505,685
Business facilities	62,054	64,012	-1,958	69,490
Other facilities	298,637	301,503	-2,866	309,307
Suspended facilities	828	874	-46	929
Construction in progress	61,945	52,790	9,155	39,237
Intangible fixed assets	23,301	24,068	-767	22,815
Goodwill	2,176	1,396	780	1,535
Other intangible fixed assets	21,124	22,671	-1,547	21,279
Investments, etc.	231,724	217,027	14,697	214,590
Investment securities	148,321	144,666	3,655	135,111
Long-term loans receivable	14,143	3,778	10,365	3,532
Deferred tax assets	26,056	28,043	-1,987	35,331
Miscellaneous investments	43,946	41,289	2,657	41,421
Allowances for doubtful accounts	-742	-750	8	-806
Current assets	319,476	321,058	-1,582	301,095
Cash and deposits	41,061	42,616	-1,555	30,506
Notes and accounts receivable	137,993	166,382	-28,389	129,939
Inventories	59,461	36,132	23,329	51,911
Deferred tax assets	8,831	11,989	-3,158	9,226
Other current assets	72,915	64,868	8,047	80,347
Allowances for doubtful accounts	-787	-929	142	-835
Total assets	1,691,562	1,692,635	-1,073	1,674,328

(Unit: million yen)

Account	FY2007 Interim (ended on Sept. 30, 2007)	FY2006 (ended on Mar. 31, 2007)	Change	FY2006 Interim (ended on Sept. 30, 2006)
(Liabilities)				
Fixed liabilities	609,980	601,454	8,526	627,962
Straight bonds	325,496	305,500	19,996	305,500
Convertible bonds	28,360	32,618	-4,258	39,143
Long-term bank loans payable	124,883	127,778	-2,895	133,394
Deferred tax liabilities	4,411	4,716	-305	4,719
Estimated retirement benefits	92,192	92,947	-755	111,657
Allowances for repairs of gas holders	3,427	3,437	-10	3,286
Reserve for safety measures	3,815	5,427	-1,612	2,355
Other fixed liabilities	27,393	29,029	-1,636	27,905
Current liabilities	295,136	285,135	10,001	312,604
Fixed liabilities due within one year	27,253	42,742	-15,489	56,153
Notes and accounts payable	55,627	59,728	-4,101	52,531
Short-term bank loans payable	9,369	10,954	-1,585	15,031
Corporation tax payable, etc.	12,906	43,854	-30,948	20,531
Deferred tax liabilities	1	106	-105	74
Commercial Paper	101,000	-	101,000	-
Other current liabilities	88,977	127,748	-38,771	168,282
Total liabilities	905,116	886,589	18,527	940,567
(Net assets)				
Shareholders' Equity	723,114	743,997	-20,883	674,890
Paid in Capital	141,844	141,844	-	141,844
Capital Surplus	2,065	2,065	-	2,065
Returned earnings	656,697	644,652	12,045	594,262
Treasury Stock	-77,493	-44,564	-32,929	-63,281
Valuation and translation adjustments	52,017	51,103	914	48,232
Unrealized gains on other securities	47,649	49,706	-2,057	46,913
Deferred loss on hedging instruments	2,073	1,095	978	1,331
Foreign currency translation adjustment	2,293	302	1,991	-12
Shares of Minor Shareholders	11,314	10,944	370	10,637
Total net assets	786,445	806,045	-19,600	733,761
Total liabilities, minority interest and shareholders' equity	1,691,562	1,692,635	-1,073	1,674,328

2. Interim consolidated statement of income

(Unit: million yen)

Account	FY2007 Interim (Apr.-Sept. 2007)	FY2006 Interim (Apr.-Sept. 2006)	Change	FY2006 (Apr. 2006 to Mar. 2007)
Sales	636,911	603,509	33,402	1,376,958
Cost of sales	389,854	344,078	45,776	799,468
(Gross profit)	(247,056)	(259,430)	(-12,374)	(577,489)
Supply and sales expenses	180,067	162,666	17,401	343,962
General and administrative expenses	33,797	33,972	-175	71,211
(Operating income)	(33,191)	(62,792)	(-29,601)	(162,315)
Non-operating income	6,610	4,939	1,671	13,100
Interest income	179	52	127	155
Dividend income	930	859	71	1,895
Return on investment accounted for by equity method	1,490	243	1,247	1,347
Rental income	767	769	-2	1,500
Balance on weather derivatives	-	-	-	1,620
Contribution for gas pipeline construction for wholesale supply	-	-	-	1,488
Miscellaneous revenues	3,242	3,014	228	5,092
Non-operating expenses	8,089	12,132	-4,043	19,375
Interest paid	5,106	5,309	-203	10,369
Balance on commissioned construction	990	-	990	-
Loss on weather derivatives	-	1,553	-1,553	-
Miscellaneous expenditures	1,991	5,270	-3,279	9,005
(Ordinary income)	31,712	(55,598)	(-23,886)	(156,039)
Extraordinary income	-	3,801	-3,801	13,750
Gain on sales of fixed assets	-	317	-317	7,899
Gain on sales of investment securities	-	3,484	-3,484	5,851
Extraordinary losses	-	-	-	7,257
Loss from sale of fixed assets	-	-	-	29
Loss on compression of fixed assets	-	-	-	7,227
Net income before adjustment for tax, etc.	31,712	59,399	-27,687	162,533
Corporation tax, residence tax and business tax	5,903	13,713	-7,740	49,335
Adjustment for corporate taxes, etc.	5,341	9,232	-3,891	11,711
Minority shareholder income (loss)	569	398	171	786
Net income	19,828	36,054	-16,226	100,699

3. Interim consolidated Statements of Changes in Net Assets

[Consolidated Statements of Changes in Net Assets]

Current interim period (From April 1, 2007 to September 30, 2007)

(Unit: million yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Retained surplus	Treasury stock	Total shareholders' equity
Balance at Mar. 31, 2007	141,844	2,065	644,652	-44,564	743,997
Changes of items during the interim period					
Dividends from surplus			-12,216		-12,206
Net income			19,828		19,828
Disposal of treasury stock				-39,346	-39,346
Repurchase of treasury stock			-2,022	6,417	4,395
Increase of subsidiaries			113		113
Increase of equity method affiliate			6,332		6,332
Net changes of items other than shareholders' equity					
Total changes of items during the interim period	-	-	12,045	-32,928	-20,883
Balance at Sept.30, 2007	141,844	2,065	656,697	-77,493	723,114

	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 Mar. 31, 2007	49,706	1,095	302	51,103	10,944	806,045
Changes of items during the interim period						
Dividends from surplus						-12,206
Net income						19,828
Disposal of treasury stock						-39,346
Repurchase of treasury stock						4,395
Increase of subsidiaries						113
Increase of equity method affiliate						6,332
Net changes of items other than shareholders' equity	-2,057	978	1,991	913	370	1,283
Total changes of items during the interim period	-2,057	978	1,991	913	370	-19,599
Balance at Sept. 30, 2007	47,649	2,073	2,293	52,017	11,314	786,445

Previous 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 March. 31, 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
Repurchase of treasury stock				-34,109	-34,109
Disposal of treasury stock			-3,497	15,668	12,170
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 March. 31, 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
Repurchase of treasury stock						-34,109
Disposal of treasury stock						12,170
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

*The items were appropriated retained earnings at the Ordinary General Meeting of Shareholders held in June, 2006.

Previous period (From April 1, 2006 to March 31, 2007)

(Unit: million yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Retained surplus	Treasury stock	Total shareholders' equity
Balance at Mar. 31, 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
Dividends from surplus			-9,349		-9,349
Directors' and corporate auditors bonuses*			-67		-67
Net income			100,699		100,699
Repurchase of treasury stock				-34,658	-34,658
Disposal of treasury stock			-8,403	34,933	26,529
Increase of subsidiaries			-1,404		-1,404
Net changes of items other than shareholders' equity					
Total changes of items during the interim period	-	-	72,052	275	72,327
Balance at Mar.30, 2007	141,844	2,065	644,652	-44,564	743,997

	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 Mar. 31, 2006	56,510	-	51	56,562	10,255	738,487
Changes of items during the interim period						
Dividends from surplus*						-9,423
Dividends from surplus						-9,349
Directors' and corporate auditors bonuses *						-67
Net income						100,699
Repurchase of treasury stock						-34,658
Disposal of treasury stock						26,529
Increase of subsidiaries						-1,404
Net changes of items other than shareholders' equity	-6,803	1,095	250	-5,458	689	-4,769
Total changes of items during the interim period	-6,803	1,095	250	-5,458	689	67,558
Balance at Mar. 31, 2007	49,706	1,095	302	51,103	10,944	806,045

*The items were appropriated retained earnings at the Ordinary General Meeting of Shareholders held in June, 2006.

4. Interim Consolidated statement of cash flows

(Unit: million yen)

Account	FY2007 Interim (Apr.-Sept. 2007)	FY2006 Interim (Apr.-Sept. 2006)	FY2006 (Apr. 2006 to Mar. 2007)
I. Cash flow from operating activities			
Net income before adjustment for tax, etc.	31,712	59,399	162,533
Depreciation	67,632	63,207	128,998
Amortization of long-term prepayments	2,153	2,035	4,144
Loss on retirement of tangible fixed assets	-	744	3,156
Gain/loss on sale of fixed assets	-	-	-7,903
Loss on advanced depreciation deduction	-	-	7,227
Income/loss on sale of investment securities	-	-3,484	-5,851
Gain/loss on revaluation of investments in securities	-	-	595
Change in allowances for doubtful accounts	-754	-18,564	-37,274
Change in provision for retirement benefits	-3,986	-	-
Increase or decrease in reserve for safety measure	-1,611	2,355	5,427
Interest and dividends earned	-1,109	-912	-2,050
Interest paid	5,106	5,309	10,369
Income from a company by equity method	-1,490	-	-1,347
Change in accounts receivable	35,652	25,016	-17,369
Change in inventories	-23,329	-17,314	-1,535
Change in accounts payable	-28,644	-40,471	-14,075
Change in consumption tax payable	-3,586	2,823	4,450
Change in prepaid expenses	-9,008	-7,792	-
Change in uncollected balance	6,060	6,064	-
Other	-7,580	-15,802	-1,339
Sub-total	67,215	62,614	238,156
Proceeds from interest and dividends	1,215	909	2,010
Payment of interest	-4,976	-5,190	-10,243
Payment of corporation tax, etc.	-36,309	-26,071	-39,326
Cash flow from operating activities	27,145	32,261	190,597
II. Cash flow from investing activities			
Payments for a fixed deposits	-2,740	-3,140	-5,517
Proceed from drawing fixed deposits	3,040	3,440	6,616
Purchases of investment securities	-5,449	-5,398	-12,625
Proceeds from sale of investment securities, etc.	-	4,061	9,911
Purchases of tangible fixed assets	-61,410	-66,951	-124,173
Purchases of intangible fixed assets	-2,065	-2,418	-8,611
Spending on long-term prepaid expenses	-1,191	-1,255	-2,471
Proceeds from sale of fixed assets	841	3,626	5,985
Expenditures based on lending for long-term loans	-5,391	-525	-840
Proceeds from long-term loans receivable	1,111	-	-
Other	232	682	803
Cash flow from investing activities	-73,023	-67,879	-130,922
III. Cash flow from financing activities			
Net decrease in short-term debt	-1,585	-2,445	-6,522
Net change in commercial paper	95,000	63,000	6,000
Proceeds from long-term debt	18,150	13,364	14,934
Payments for long-term debt	-36,674	-13,915	-26,790
Proceeds from issue of bond	19,996	-	-
Payments for redemption of bonds	-	-	-196
Payment to minority shareholders on account of capital reduction	-	9	9
Payment for share refundment to minority shareholders	-	-	-70
Proceeds from sales of treasury stock	137	180	323
Payments for acquiring treasury stock	-39,346	-34,109	-34,658
Dividend payments	-12,195	-9,426	-18,780
Payment of dividends to minority shareholders	-277	-92	-92
Cash flow from financing activities	43,205	-16,563	-65,843
IV. Difference due to conversion of cash and cash equivalents	115	-15	9
V. Change in cash and cash equivalents	-2,557	-19,069	-6,159

VI. Cash and cash equivalents at beginning of year	40,231	45,633	45,633
VII. Increase in cash and cash equivalents due to new consolidation	1,301	799	799
VIII. Decrease in cash and cash equivalents excluding subsidiaries	-	-42	-42
IX. Cash and cash equivalents at end of the period	38,975	27,321	40,231

(5)Basis for presentation of interim consolidated financial statements

Method of depreciation for important depreciable assets

(Tangible fixed assets)

Generally depreciated using the fixed percentage on reducing balance method (however, the straight-line method used for some buildings).

The methods prescribed in the Corporate Tax Law are employed as the standards for usable life.

(6)Basis for presentation of interim consolidated financial statements

(Method of depreciation for important depreciable assets (tangible fixed assets))

In conjunction with amendments to the Corporate Tax Law, the company and its domestic consolidated subsidiaries switched beginning this interim settlement period to depreciation methods based on the amended Corporate Tax Law for tangible fixed assets acquired on or after April 1, 2007. This has resulted in declines of 376 million yen each for operating income, ordinary income and net income before adjustment for tax, etc. for the interim period.

The impact on segment information is noted under relevant segments.

(7)Additional information

(Method of depreciation for important depreciable assets (tangible fixed assets))

In conjunction with amendments to the Corporate Tax Law, the company and its domestic subsidiaries switched beginning this interim settlement period to a depreciation method in which depreciation charges are taken on a straight line for a period of 5 years against the difference between 5% of the acquisition value and the memorandum value, and said straight-line depreciation begins with the next settlement period after the month in which an asset acquired on or prior to March 31, 2007 is depreciated to 5% of the acquisition price under application of the pre-amendment Corporate Tax Law.

As a result, operating income, ordinary income and net income before adjustment for tax, etc. for the interim period have declined by 5,849 million yen compared to the previous method.

The impact on segment information is noted under relevant segments.

8. Segment information

(1) Segment information by category of business

(Unit: million yen)

	Gas	Gas appliances sales	Related Construction	Real estate rental	Other business	Total	Corporate and eliminations	Consolidated
FY2007 Interim	I. Sales							
	(1) External sales	453,376	53,588	21,179	6,193	102,573	-	636,911
	(2) Intersegment sales and transfers	14,543	1,293	1,675	11,395	37,367	(66,276)	-
	Total	467,920	54,881	22,855	17,589	139,941	(66,276)	636,911
	Operating expenses	413,370	53,060	23,726	13,244	136,353	(36,035)	603,719
	Operating income (loss)	54,550	1,821	(870)	4,344	3,587	(30,240)	33,191
FY2006 Interim	I. Sales							
	(1) External sales	433,791	55,886	20,976	5,825	87,028	-	603,509
	(2) Intersegment sales and transfers	11,083	1,219	1,739	11,101	37,070	(62,214)	-
	Total	444,875	57,106	22,716	16,927	124,098	(62,214)	603,509
	Operating expenses	362,205	55,222	23,323	13,109	118,529	(31,673)	540,716
	Operating income (loss)	82,669	1,883	(606)	3,817	5,569	(30,541)	62,792
FY2006	I. Sales							
	(1) External sales	976,358	132,741	55,526	11,933	200,397	-	1,376,958
	(2) Intersegment sales and transfers	23,162	2,665	3,702	22,101	85,009	(136,641)	-
	Total	999,521	135,407	59,229	34,034	285,407	(136,641)	1,376,958
	Operating expenses	795,954	134,237	57,478	27,303	271,559	(71,891)	1,214,643
	Operating income (loss)	203,566	1,169	1,750	6,731	13,847	(64,750)	162,315

Notes

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 appliances sales	Gas appliances
Related construction	Gas construction work
Real estate rental	Lease and management of buildings, etc.
Other businesses	District heating and cooling, coke, LPG, petroleum products, credit leases, system integration, general engineering

2. The main unapportionable operating expenses included under "corporate and eliminations" are general expenses relating to the administration department of the company submitting the consolidated financial statements.

FY2007 Interim: ¥31,066 million (FY2006 Interim: ¥31,056 million , FY2006 65,391 million)

3. Method of depreciation for important depreciable assets

a) In conjunction with amendments to the Corporate Tax Law, the company and its domestic consolidated subsidiaries switched beginning this interim settlement period to depreciation methods based on the amended Corporate Tax Law for tangible fixed assets acquired on or after April 1, 2007.

In conjunction with this change, operating expenses for the interim period increased by 260 million yen for the gas business, 3 million yen for the gas appliance sales, 1 million yen for the real estate rental and 110 million yen for other businesses, and operating income declined by equivalent amounts compared to the previous method.

b) In conjunction with amendments to the Corporate Tax Law, the company and its domestic subsidiaries switched beginning this interim settlement period to a depreciation method in which depreciation charges are taken on a straight line for a period of 5 years against the difference between 5% of the acquisition value and the memorandum value, and said straight-line depreciation begins with the next settlement period after the month in which an asset acquired on or prior to March 31, 2007 is depreciated to 5% of the acquisition price under application of the pre-amendment Corporate Tax Law.

In conjunction with this change, operating expenses for the interim period increased by 5,521 million yen for the gas business, 24 million yen for gas appliance sales, 1 million yen for related construction, 183 million yen for the real estate rental and 183 million yen for other businesses, and operating income declined by equivalent amounts compared to the previous method.

(2) Segment information by location

Not applicable due to insignificance of overseas consolidated subsidiaries.

(3) Overseas sales

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

➤ **Supplementary information of performance indicator**

	FY2007 Interim	FY2006 Interim	FY2006
	(Unit: yen)	(Unit: yen)	(Unit: yen)
1. Shareholders' equity per share	291.81	270.70	293.11
2. Earnings per share	7.41	13.41	37.50
3. Earnings per share adjusted for latent shares	7.20	12.71	35.69

-Basis for calculation

	FY2007 Interim	FY2006 Interim	FY2006
Earnings per share			
Net income(million yen)	19,828	36,054	100,699
Net income attributable to common shareholders	19,828	36,054	100,699
Average number of common shares outstanding (thousand of shares)	2,675,698	2,688,596	2,685,453
Net earnings per share adjusted for latent shares			
Net income adjusted for latent shares (million yen)	109	179	306
-Interest expense after tax(million yen)	108	177	303
Number of increase in common shares (thousand of shares)	93,470	162,058	144,718
-CB (thousand of shares)	93,470	162,058	144,718
Latent shares which do not have the dilution effect	-	-	-

5. Non-Consolidated results for half-year ended September 2007 (April 1, 2007 - September 30, 2007)

1) Balance Sheet

(Unit: million yen)

Account	FY2007 Interim (ended on Sept. 30, 2007)	FY2006 (ended on Mar. 31, 2007)	Change	FY2006 Interim (ended on Sept. 30, 2006)
(Assets)				
Fixed assets	1,140,788	1,135,534	5,254	1,136,770
Tangible fixed assets	774,815	789,468	-14,653	794,239
Production facilities	202,764	207,999	-5,235	211,374
Distribution facilities	472,245	483,764	-11,519	485,734
Business facilities	58,399	60,348	-1,949	65,777
Associated business facilities	4,240	4,511	-271	4,715
Suspended facilities	828	874	-46	929
Construction in progress	36,337	31,970	4,367	25,708
Intangible fixed assets	17,493	17,914	-421	16,373
Leaseholds	1,214	1,197	17	1,188
Software	15,645	16,067	-422	14,502
Other intangible fixed assets	633	649	-16	681
Investments, etc.	348,479	328,150	20,329	326,157
Investment securities	96,618	96,967	-349	89,317
Investments in affiliates	111,016	107,625	3,391	107,537
Long-term loans receivable	189	190	-1	185
Long-term loans to affiliates	88,390	72,269	16,121	70,900
Investments in partnership	3	3	-	3
Long-term prepaid expenses	27,569	28,981	-1,412	30,177
Deferred tax assets	17,330	18,751	-1,421	25,631
Miscellaneous investments	7,935	3,881	4,054	2,983
Allowances for doubtful accounts	-573	-519	-54	-580
Current assets	251,999	246,724	5,275	227,618
Cash and deposits	19,002	23,141	-4,139	11,510
Trade notes receivable	908	1,209	-301	885
Accounts receivable	90,979	107,223	-16,244	84,285
Accounts receivable from affiliates	12,050	14,190	-2,140	12,072
Uncollected accounts	3,989	10,319	-6,330	4,695
Negotiable securities	1	1	-	1
Finished products	90	86	4	74
Raw materials	43,962	21,933	22,029	37,571
Supplies	7,610	6,891	719	7,435
Prepaid expenses	9,352	304	9,048	8,734
Short-term CMS lending to affiliates	22,804	15,452	7,352	14,509
Short-term credits against affiliates	2,111	1,972	139	2,087
Deferred tax assets	5,286	8,690	-3,404	5,584
Other current assets	34,609	36,187	-1,578	39,009
Allowances for doubtful accounts	-762	-881	119	-839
Total assets	1,392,787	1,382,259	10,528	1,364,388

(Unit: million yen)

Account	FY2007 Interim (ended on Sept. 30, 2007)	FY2006 (ended on March 31, 2007)	Change	FY2006 Interim (ended on Sept. 30, 2006)
(Liabilities)				
Fixed liabilities	476,110	452,828	23,282	478,240
Straight bonds	307,696	287,700	19,996	287,700
Convertible bonds	28,360	32,618	-4,258	39,143
Long-term bank loans payable	45,187	33,704	11,483	37,522
Long-term obligations to affiliates	298	333	-35	337
Retirement benefit reserve	80,864	81,765	-901	100,516
Allowances for repairs of gas holders	3,117	3,144	-27	3,012
Reserve for safety measures	3,752	5,315	-1,563	2,355
Other fixed liabilities	6,834	8,247	-1,413	7,654
Current liabilities	245,052	226,257	18,795	248,927
Fixed liabilities due within one year	7,676	22,984	-15,308	30,869
Accounts payable	29,879	23,988	5,891	25,839
Other accounts payable	14,621	35,870	-21,249	21,657
Accrued expenses	25,467	37,058	-11,591	26,321
Corporation tax payable, etc.	9,330	38,180	-28,850	16,318
Advances received	7,283	4,362	2,921	7,574
Deposits received	2,324	2,219	105	2,202
CMS short-term borrowings from affiliates	30,270	31,308	-1,038	28,533
Short-term obligations to affiliates	10,721	18,600	-7,879	11,347
Commercial paper	101,000	-	101,000	63,000
Other current liabilities	6,476	11,684	-5,208	15,262
Total liabilities	721,163	679,085	42,078	727,167
Net Assets				
Shareholders' equity	628,549	659,372	-30,823	595,531
Common stock	141,844	141,844	-	141,844
Common stock	141,844	141,844	-	141,844
Capital surplus	2,065	2,065	-	2,065
Capital reserve	2,065	2,065	-	2,065
Earned surplus	562,132	560,027	2,105	514,902
Earned surplus reserve	35,454	35,454	-	35,454
Other retained earnings	526,678	524,573	2,105	479,448
Expropriation etc. compression reserve	910	910	-	910
Reserve against depreciation of construction of specified gas pipes	534	712	-178	1,022
Raw material cost fluctuation adjustment reserve	141,000	141,000	-	141,000
General reserves	299,000	249,000	50,000	249,000
Earned surplus carried forward	85,233	132,950	-47,717	87,515
Treasury stock	-77,493	-44,564	-32,929	-63,281
Treasury stock	-77,493	-44,564	-32,929	-63,281
Variance of the estimate and the exchange rate	43,074	43,800	-726	41,689
Unrealized gains on other securities	40,997	42,597	-1,600	40,287
Gain or loss on deferred hedge	2,077	1,202	875	1,401
Total Net assets	671,623	703,173	-31,550	637,220
Total Liabilities and Total Net assets	1,392,787	1,382,259	10,528	1,364,388

2) Statement of Income

(Unit: million yen)

Account		FY2007 Interim (Apr. 2007-Sept. 2007)	FY2006 Interim (Apr. 2006-Sept.2006)	Change	FY2006 (Apr. 2006-Mar. 2007)			
Ordinary income or loss	Operating income or loss	Product sales	458,405	437,007	21,398	980,869		
		Gas sales	458,405	437,007	21,398	980,869		
		Cost of sales	245,323	211,137	34,186	474,069		
		(Gross profit)	(213,081)	(225,870)	(-12,789)	(506,800)		
		Supply and sales expenses	156,837	140,392	16,445	298,634		
		General and administrative expenses	35,025	35,691	-666	74,607		
		(Profit on gas sales)	(21,218)	(49,785)	(-28,567)	(133,558)		
		Miscellaneous operating revenues	65,801	67,791	-1,990	162,587		
		Income of construction work received	19,511	19,699	-188	51,037		
		Revenues from sales of gas appliances	45,866	47,699	-1,833	110,723		
		Other revenues	423	392	31	827		
		Miscellaneous operating expenses	63,752	65,855	-2,103	160,597		
		Cost of construction work	20,107	19,888	219	49,480		
		Cost of sales of gas appliances	63,644	45,967	-2,323	111,117		
		Revenues from associated business	18,068	12,513	5,555	28,729		
		Revenue from LNG sales	6,295	3,397	2,898	8,677		
		Revenue from power sales	2,517	2,711	-194	5,020		
		Revenue from other associated business	9,256	6,403	2,853	15,031		
		Expenses for associated business	17,540	11,942	5,598	27,499		
		Expense for LNG sales	6,036	3,188	2,848	8,036		
		Expense for power sales	2,497	2,676	-179	5,010		
		Expenses for other associated business	9,006	6,077	2,929	14,452		
		(Operating income)	(23,795)	(52,291)	(-28,496)	(136,778)		
		Ordinary income or loss	Non-operating income or loss	Non-operating income	7,237	6,679	558	15,900
				Interest income	749	613	136	1,283
				Divided income	1,435	802	633	2,561
				Affiliates' dividends earned	-	727	-727	-
Rental income	2,198			2,233	-35	4,413		
Balance on weather derivatives	-			-	-	1,610		
Contribution for gas pipeline construction for wholesale supply	-			-	-	1,914		
Miscellaneous revenues	2,854			2,302	552	4,117		
Non-operating expenses	6,101			9,280	-3,179	12,855		
Interest paid	673			731	-58	1,424		
Interest on bonds	3,016			3,130	-114	5,979		
Amortization of bond issue costs	101			-	101	-		
Balance on commissioned construction	1,046			1,214	-168	-		
Balance on weather derivatives	-			1,551	-1,551	-		
Miscellaneous expenditures	1,264			2,652	-1,388	5,451		
(Ordinary income)		(24,931)	(49,690)	(-24,759)	(139,823)			
Extraordinary income or loss	Extraordinary incomes	Extraordinary incomes	-	3,774	-3,774	13,604		
		Gain on sales of fixed assets	-	290	-290	7,756		
		Gain on sales of investment securities	-	3,484	-3,484	5,847		
		Extraordinary losses	-	-	-	7,228		
		Losses on compression of fixed assets	-	-	-	7,227		
(Net income before income tax)		(24,931)	(53,464)	(-28,533)	(146,199)			
Corporate taxes etc.		3,360	10,430	-7,070	41,210			
Adjustment for corporate tax, etc.		5,237	10,073	-4,836	12,648			
Net income		16,334	32,960	-16,626	92,340			

Notes: 1. Figures in the sales column for "Results for FY2007 interim ended September 2007: (1) Business performance" are the total of product sales, miscellaneous operating revenues, and revenues from associated businesses.

3) Non-consolidated Statements of Changes in Net Assets

(Unit: million yen)

Current interim period (From April 1st, 2007 to September 30th, 2007)

	Shareholders' Equity											
	Paid-in capital	Capital Surplus		Earned surplus reserve	Retained earnings						Treasury Stock	Total Shareholders' Equity
		Capital reserve	Total earned surplus		Other retained earnings							
					Expropriation etc., compression reserve	Reserve against depreciation of construction of specified gas pipes	Returned earnings Raw material cost fluctuation adjustment reserve	General reserves	Deferred retained earnings	Total retained earnings		
Balance at March 31, 2007	141,844	2,065	2,065	35,454	910	712	141,000	249,000	132,950	560,027	-44,564	659,372
Changes of items during the interim period												
Reversal of reserve against depreciation of construction of specified gas pipes						-178			178			
General reserves								50,000	-50,000			
Dividends from surplus									-12,206	-12,206		-12,206
Net income									16,334	16,334		16,334
Repurchase of treasury stock											-39,346	-39,346
Disposal of treasury stock									-2,022	-2,022	6,417	4,395
Net changes of items other than owners' equity												
Total changes of items during the interim period	-	-	-	-	-	-178	-	50,000	-47,716	2,105	-32,928	-30,823
Balance at September 30, 2007	141,844	2,065	2,065	35,454	910	534	141,000	299,000	85,233	562,132	-77,493	628,549

	Valuation and translation of Adjustments			Total net asset
	Value Adjustments of Securities	Deferred loss on hedging instruments	Total value Adjustments of Securities	
Balance at March.31, 2007	42,597	-1,202	43,800	703,173
Changes of items during the interim period				
Reversal of reserve against depreciation of construction of specified gas pipes				-
*General reserves				-
Dividends from surplus				-12,206
Net income				16,334
Repurchase of treasury stock				-39,346
Disposal of treasury stock				4,395
Net changes of items other than owners' equity	-1,600	874	-725	-725
Total changes of items during the interim period	-1,600	874	-725	-31,549
Balance at September.30, 2006	40,997	2,077	43,074	671,623

Previous interim period (From April 1st, 2006 to September 30th, 2006)

	Shareholders' Equity											
	Paid-in capital	Capital Surplus		Earned surplus reserve	Retained earnings					Treasury Stock	Total Shareholders' Equity	
		Capital reserve	Total earned surplus		Other retained earnings							
					Expropriation etc., compression reserve	Reserve against depreciation of construction of specified gas pipes	Returned earnings Raw material cost fluctuation adjustment reserve	General reserves	Deferred retained earnings			Total retained earnings
Balance at March. 31, 2006	141,844	2,065	2,065	35,454	954	1,954	141,000	219,000	96,567	494,930	-44,840	594,000
Changes of items during the interim period												
Reversal of Expropriation etc., compression reserve					-43				43			
*Reversal of reserve against depreciation of construction of specified gas pipes						-621			621			
Reversal of reserve against depreciation of construction of specified gas pipes						-310			310			
*General reserves								30,000	-30,000			
*Dividends from surplus									-9,423	-9,423		-9,423
*Directors' and corporate auditors bonuses									-67	-67		-67
Net income									32,960	32,960		32,960
Repurchase of treasury stock											-34,109	-34,109
Disposal of treasury stock									-3,497	-3,497	15,668	12,170
Net changes of items other than owners' equity												
Total changes of items during the interim period	-	-	-	-	-43	-931	-	30,000	-9,051	19,972	-18,441	1,531
Balance at Sept.30, 2006	141,844	2,065	2,065	35,454	910	1,022	141,000	249,000	87,515	514,902	-63,281	595,531

	Valuation and translation of Adjustments			Total net asset
	Value Adjustments of Securities	Deferred loss on hedging instruments	Total value Adjustments of Securities	
Balance at March.31, 2006	48,952	-	48,952	642,953
Changes of items during the interim period				
Reversal of Expropriation etc., compression reserve				-
*Reversal of reserve against depreciation of construction of specified gas pipes				-
Reversal of reserve against depreciation of construction of specified gas pipes				-
*General reserves				-
*Dividends from surplus				-9,423
*Directors' and corporate auditors bonuses				-67
Net income				32,960
Repurchase of treasury stock				-34,109
Disposal of treasury stock				12,170

Net changes of items other than owners' equity	-8,665	1,401	-7,263	-7,263
Total changes of items during the interim period	-8,665	1,401	-7,263	-5,732
Balance at September.30, 2006	40,287	1,401	41,689	637,220

Note: * Proposed profit distribution in general meeting in June, 2006.

Previous period (From April 1st, 2006 to March 31, 2007)

	Shareholders' Equity											
	Paid-in capital	Capital Surplus		Earned surplus reserve	Retained earnings						Treasury Stock	Total Shareholders' Equity
		Capital reserve	Total earned surplus		Other retained earnings					Total retained earnings		
					Expropriation etc., compression reserve	Reserve against depreciation of construction of specified gas pipes	Returned earnings Raw material cost fluctuation adjustment reserve	General reserves	Deferred retained earnings			
Balance at March. 31, 2006	141,844	2,065	2,065	35,454	954	1,954	141,000	219,000	96,567	494,930	-44,840	594,000
Changes of items during the interim period												
Reversal of Expropriation etc., compression reserve					-43				43			
*Reversal of reserve against depreciation of construction of specified gas pipes						-621			621			
Reversal of reserve against depreciation of construction of specified gas pipes						-621			621			
*General reserves								30,000	-30,000			
*Dividends from surplus									-9,423	-9,423		-9,423
Dividends from surplus									-9,349	-9,349		-9,349
*Directors' and corporate auditors bonuses									-67	-67		-67
Net income									92,340	92,340		92,340
Repurchase of treasury stock											-34,658	-34,658
Disposal of treasury stock									-8,403	-8,403	34,933	26,529
Net changes of items other than owners' equity												
Total changes of items during the interim period	-	-	-	-	-43	-1,242	-	30,000	36,383	65,097	275	65,372
Balance at March.31, 2007	141,844	2,065	2,065	35,454	910	712	141,000	249,000	132,950	560,027	-44,564	659,372

	Valuation and translation of Adjustments			Total net asset
	Value Adjustments of Securities	Deferred loss on hedging instruments	Total value Adjustments of Securities	
Balance at March.31, 2006	48,952	-	48,952	642,953
Changes of items during the interim period				
Reversal of Expropriation etc., compression reserve				-
*Reversal of reserve against depreciation of construction of specified gas pipes				-
Reversal of reserve against depreciation of construction of specified gas pipes				-
*General reserves				-
*Dividends from surplus				-9,423

Dividends from surplus				-9,349
*Directors' and corporate auditors bonuses				-67
Net income				92,340
Repurchase of treasury stock				-34,658
Disposal of treasury stock				26,529
Net changes of items other than owners' equity	-6,355	1,202	-5,152	-5,152
Total changes of items during the interim period	-6,355	1,202	-5,152	60,220
Balance at March 31, 2007	42,597	1,202	43,800	703,173

Note: * Proposed profit distribution in general meeting in June, 2006.

(Reference)**<Gas sales for FY2007 Interim>**

		FY2007 Interim (actual)	FY2006 Interim (actual)	Change	% change		
No. of customers	Thousand	10,010	9,830	180	1.8		
Gas sales volume	Residential	m ³	25.24	26.61	-1.37	-5.1	
		Mil. m ³	1,288	1,336	-48	-3.6	
	Business	Commercial	Mil. m ³	1,045	1,015	30	2.9
		Other	Mil. m ³	447	433	14	3.2
	Industrial	Mil. m ³	2,699	2,527	172	6.8	
	Sub total	Mil. m ³	4,191	3,975	216	5.4	
	Wholesale to other utilities	Mil. m ³	911	804	107	13.3	
Total	Mil. m ³	6,390	6,115	275	4.5		
Average temperature	°C	22.6	22.0	0.6	-		

- Notes: 1. The upper row of figures for residential demand indicates gas sales per meter read (m³/household/month)
2. "Other" for business demand indicates sales to public and medical institutions.
3. Gas sales volumes are on the basis of 45MJ/ m³

<FY2007 interim balance of payments >

(Unit: billion yen)

Income		Change from FY2006 interim	Rate (%)	Expenses		Change from previous year	Rate (%)		
Product	Gas sales	458.4	21.4	4.9	Operating expenses	Cost of sales	245.3	34.2	16.2
						Sales and administrative expenses	191.8	15.8	9.0
						Subtotal	437.1	49.9	12.9
Other sales	Construction orders	19.5	-0.1	-1.0	Other expenses	Construction orders	20.1	0.3	1.1
	Gas appliances, etc.	46.2	-1.8	-3.7		Gas appliances	43.6	-2.3	-5.1
	Associated businesses	18.0	5.5	44.4		Subsidiary businesses	17.5	5.6	46.9
	Subtotal	83.8	3.5	4.4		Subtotal	81.2	3.5	4.5
Total sales	542.2	24.9	4.8	Total expenses	518.4	53.4	11.5		
				Operating profit	23.7	-28.5	-54.5		
Non-operating income	7.2	0.6	8.4	Non-operating expenses	6.1	-3.1	-34.3		
				Ordinary profit	24.9	-24.7	-49.8		
Extraordinary profit	0	-3.7	-100.0	Extraordinary loss	0	0	-		
				Net Income	16.3	-16.6	-50.4		

(Rounded down to nearest ¥100 million)

- Notes: [1] Cost of sales includes cost of gas resource is ¥232.2 billion (increase by ¥ 32.8billion, or +16.5%, from the previous year).
[2] Non-operating expenses include interest expenses is ¥3.6billion (decrease by ¥0.2 billion, or- 4.5%, from the previous year).

Crude-oil price (\$/bbl)	FY2007 interim	FY2006 interim	Change	¥/\$ rate	FY2007 interim	FY2006 interim	Change
	67.83	67.83	0.00		119.40	115.38	4.02

(3) Capital expenses

The tables below present figures for capital investment in FY2006 and FY2007.

2. Outlook for FY2007 (Non-consolidated)

(Unit: billion yen)

	Sales		Operating Income	Ordinary Income	Net income
	Gas Sales	Others			
FY2007 (projection)	1,255.0	1,059.0	57.0	58.0	42.0
FY2006 (actual)	1,172.2	980.9	136.8	139.8	92.3
Change	82.8	78.1	-79.8	-81.8	-50.3
Rate of change	7.1%	8.0%	-58.3%	-58.5%	-54.5%

<Gas sales projection for FY2007>

			FY2007 (projection)	FY2006 (actual)	Change	Rate of change (%)	
No. of gas customers		Thousand	10,084	9,955	129	1.3	
Gas sales volume	Residential	Mil. m ³	3,429	3,356	73	2.2	
	Business	Commercial	Mil. m ³	2,033	1,963	70	3.5
		Other	Mil. m ³	917	867	50	5.7
	Industrial		Mil. m ³	5,510	5,232	278	5.3
	Sub total		Mil. m ³	8,460	8,062	398	4.9
	Supplies to other utilities		Mil. m ³	1,969	1,770	199	11.3
	Total		Mil. m ³	13,858	13,188	670	5.1
Crude oil price		\$/bbl	71.42	63.46	7.96	12.5	
Exchange rate		¥/\$	118.16	116.97	1.19	1.0	