

### 3 Gas Appliances and House-pipe Installation Segment

The Osaka Gas Group engages in the sale of gas appliances and house-pipe installation with the ultimate aim of contributing to the expansion of natural gas sales volume. We endeavor to develop inexpensive, easy-to-use, high-quality gas appliances and promote the wider use of gas equipment in order to increase sales of natural gas.

Within our lineup of home gas appliances, we exert special efforts to expand the sales of the residential gas cogeneration system ECOWILL, which generates both electricity and heat required for households efficiently.

Among new products posting strong sales performances, MIST KAWACK is a bathroom heater-drier with an added mist sauna function. Class-S Premier is a glass-top built-in gas stove with improved safety, design, and usability. In fiscal 2006, we launched RANK +, a gas fan heater with improved safety, design, and usability. RANK + is the first gas fan heater with a swivel mechanism that allows users to change its direction of hot air with a light touch of the hand.

With industrial gas equipment, we are striving to increase sales of the gas heat pump air conditioner that uses a heat pump mechanism to cool and heat air with natural gas, as well as gas cogeneration systems. To cultivate a market for smaller cogeneration systems, we have developed and are marketing gas engine micro-cogeneration systems (those under 100 kilowatts in power capacity). Among them is a recently developed system with 25-kilowatt power output. With its feature of utilizing additional waste heat for air-conditioning, the new equipment is particularly suitable for buildings that have lower hot water demand than electricity, such as office buildings, and as additional cogeneration equipment for commercial facilities and buildings whose cogenerated electricity capacity is determined by their hot water demand, such as hospitals and hotels.

In house-pipe installation, we install natural gas pipes in a customer's house at an affordable price to expand our customer base and increase the number of gas fixtures used in homes.

### 4 Real Estate Segment

We have a total of nine subsidiaries involved in the real estate business. Urbanex Co., Ltd. and Urbanex Development Co., Ltd. develop and manage office buildings and homes to effectively utilize the real estate holdings primarily of the Osaka Gas Group. Osaka Gas Total Facilities Co., Ltd., OSC Engineering Co., Ltd., and Takara Enterprise Co., Ltd. provide office building management and maintenance services.

Nine of the companies in the segment are consolidated subsidiaries, including Urbanex Co., Ltd., Urbanex Development Co., Ltd., Osaka Gas Total Facilities Co., Ltd., OSC Engineering Co., Ltd., and Kyoto Research Park Corp. The Urbanex Group posted increased sales during the fiscal year under review, reflecting improved performances recorded by its condominium and office building management operations.

Our focus in the real estate segment is on expanding the rental and sale of real estate and the facility management operations. We are also strengthening our liaison with Osaka Gas's energy business to take maximum advantage of synergies.



Cross Wave Umeda (left), a residential training facility in an urban setting and the Ohgimachi Medics Mall (right), a groundbreaking medical complex (Urbanex Co., Ltd.)