



For Year Ended March 31, 2008

Brief Report of Consolidated Financial Statements

April 28, 2008

Name of Listed Company : **Osaka Gas Co., Ltd.** Listed Exchanges: Part I of Tokyo, Osaka and Nagoya
 Code : 9532 URL <http://www.osakagas.co.jp>
 Representative Officer : Title: President Name: Hiroshi Ozaki
 Contact : Title: Accounting & Finance Manager Name: Kotaro Fukushima TEL: +81 -6-6205-4537
 Date of Meeting of Board of Directors for Approving Financial Statements: June 27, 2008
 Date of Dividend Payment: To be decided
 (To be decided at the Board meeting in May 2008)
 Schedule Date of Financial Report Filing With the Finance Ministry: June 30, 2008

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

1. Consolidated Financial Results for the Year ended March 31, 2008 (April 1, 2007 – March 31, 2008)

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

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2008	1,238,145	5.4	75,611	-19.3	75,814	-15.3	40,283	-23.9
Year ended March 31, 2007	1,174,456	10.2	93,729	-6.9	89,550	-13.3	52,929	-34.4

	Earnings per share	Diluted earnings per share	Net income/Net Worth	Ordinary profit/Total assets	Operation profit/Sales
	yen	yen	%	%	%
Year ended March 31, 2008	18.27	-	6.1	5.3	6.1
Year ended March 31, 2007	23.77	-	8.1	6.4	8.0

<Reference> Equity in investment in affiliates Year ended March 31, 2008 5,305 million yen Year ended March 31, 2007 3,328 million yen

(2) Consolidated Financial Position

	Total assets	Net worth	Net worth/Total assets	Net worth per share
	million yen	million yen	%	Yen
As of March 31, 2008	1,467,934	666,657	44.2	300.76
As of March 31, 2007	1,405,682	686,664	47.6	300.61

<Reference> Net worth As of March 31, 2008 648,592 million yen As of March 31, 2007 668,887 million yen

(3) Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Cash and cash equivalents at year-end
	million yen	million yen	million yen	million yen
As of March 31, 2008	134,282	-132,029	12,495	39,244
As of March 31, 2007	98,354	-99,765	-22,009	24,476

2. Dividends

(Record date)	Dividends per share			Total dividends (full year)	Payout ratio (consolidated)	Dividends/Net worth (Consolidated)
	Interim	Year-end	Annual			
Year ended March 31, 2007	yen 3.50	yen 3.50	yen 7.00	million yen 15,582	% 29.4	% 2.4
Year ended March 31, 2008	3.50	3.50	7.00	15,332	38.3	2.3
Year ending March 31, 2009 (Forecast)	3.50	3.50	7.00		37.3	

3. Forecasts for the Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

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

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Interim	620,000	14.0	15,500	-60.1	15,000	-64.4	8,000	-68.5	3.71
Full year	1,373,000	10.9	70,000	-7.4	70,000	-7.7	40,500	0.5	18.78

4. Other information

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

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

133 consolidated subsidiaries: (New) 9 (Excluded) 8 4 equity method affiliates: (New) 0, (Excluded) 0

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

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

② Changes other than those defined in ① above: Applicable

(Note) For detailed information, refer to "Significant changes in the basic information for consolidated financial statements preparation" in P19.

(4) Issued shares (common shares)

① Issued shares as of year-end (including repurchased shares) : As of March 31, 2008 2,158,383,539 shares
As of March 31, 2007 2,235,669,539 shares

② Repurchased shares (treasury stocks) as of year-end : As of March 31, 2008 1,864,399 shares
As of March 31, 2007 10,581,106 shares

(Note) As for the number of shares used in the calculation of earnings per share (consolidated), refer to "Per Share Information" in Page 22.

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for the Year ended March 31, 2008 (April 1, 2007 – March 31, 2008)

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

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2008	877,628	3.1	42,730	-33.2	50,190	-26.5	32,788	-25.9
Year ended March 31, 2007	851,299	8.3	63,927	-16.6	68,299	-16.7	44,235	-37.4

	Earnings per share	Diluted earnings per share
	yen	yen
As of March 31, 2008	14.87	-
As of March 31, 2007	19.87	-

(2) Financial Position

	Total assets	Net worth	Net worth/ Total assets	Net worth per share
	million yen	million yen	%	Yen
As of March 31, 2008	1,119,871	523,689	46.8	242.84
As of March 31, 2007	1,076,946	548,721	51.0	246.61

<Reference> Net worth: As of March 31, 2008 523,689 million yen As of March 31, 2007 548,721 million yen

2. Forecasts of Non-Consolidated Results for the Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

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

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Interim	442,000	14.4	6,500	-72.0	6,500	-76.7	4,500	-75.3	2.09
Full year	984,000	12.1	44,500	4.1	46,500	-7.4	30,000	-8.5	13.91

* Notes on proper use of forecasts and other matters

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

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

April 28, 2008

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

Osaka Gas Co., Ltd.

1. Operational Results

(1) Analysis of Operational Results

① Operational Results for the Year Ended March 31, 2008

Operating revenues for the year ended March 31, 2008 increased by 63,600 million yen (+5.4%) over the previous year to 1,238,100 million yen, thanks to an increase in gas sales volume, higher gas rates based on the fuel cost adjustment system and expanding business at consolidated subsidiary companies. Despite some contributions from consolidated subsidiary companies, operating profit decreased by 18,100 million yen (-19.3%) to 75,600 million yen, due to an increase in LNG prices and a rise in expenses caused by the change in the depreciation system as well as an unfavorable effect from the revision in gas rates for small-lot customers (implemented in November 2006). Ordinary profit (operating income plus non-operating profit and loss) declined by 13,700 million yen (-15.3%) to 75,800 million yen. And net income decreased by 12,600 million yen (-23.9%) to 40,200 million yen.

The number of consolidated subsidiary companies has become 133, with eight subsidiary companies excluded and nine added from the end of the previous year. The number of equity method affiliates remained four, with no increase or decrease.

(Unit: 100 million yen)

	Consolidated results (a)	Change from previous year		Consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		Change	Percent (%)		
Operating revenues	12,381	+636	+5.4	8,776	1.41
Cost of sales	8,426	+869	+11.5	5,710	1.48
Selling, general and administrative expenses	3,199	-51	-1.6	2,638	1.21
Operating profit	756	-181	-19.3	427	1.77
Ordinary profit	758	-137	-15.3	501	1.51
Net income	402	-126	-23.9	327	1.23

(Reference) Consolidated Gas Sales Breakdown

		Current year (a) (Apr '07 -Mar '08)	Previous year (b) (Apr '06 -Mar '07)	Change (a)-(b)	Percent (%)
Customers [Meters installed] (thousand customers [meters])	Residential	6,556	6,497	+60	+0.9
	Non-residential	325	323	+1	+0.5
	Total	6,881	6,820	+61	+0.9
Monthly average usage per residential customer (m ³ /month)		33.5	33.5	-0.1	-0.3
Gas sales volume (million m ³)	Residential	2,310	2,303	+7	+0.3
	Non-residential	6,115	6,018	+97	+1.6
	Industrial	4,458	4,354	+104	+2.4
	Commercial	1,021	1,036	-15	-1.5
	Public and medical institutions	636	628	+8	+1.3
	Wholesale	462	416	+45	+10.9
	Total	8,887	8,738	+149	+1.7

[45MJ/m³]

Average temperature (°C)	Current year (a) (Apr '07 -Mar '08)	Previous year (b) (Apr '06 -Mar '07)	Change (a)-(b)
	17.2	17.5	-0.3

② Summary of Operational Results by Business Segment

a. Gas

Revenues increased by 34,700 million yen (+5.1%) over the previous year to 721,400 million yen, thanks to an increase in gas sales volume, and higher gas rates based on the fuel cost adjustment system. Operating profit decreased by 19,300 million yen (-30.4%) to 44,200 million yen, due to an increase in LNG prices and a rise in expenses caused by the change in the depreciation system as well as an unfavorable effect from the revision in gas rates for small-lot customers (implemented in November 2006).

b. LPG, Electricity and Other Energies

Revenues increased by 30,500 million yen (+13.0%) over the previous year to 265,600 million yen, thanks to an increase in the operation of overseas IPP projects and higher LPG rates. Operating profit grew by 400 million yen (+3.5%) to 13,900 million yen, thanks to contributions of consolidated subsidiary companies.

c. Gas Appliances and House-pipe Installation

Although revenues decreased by 11,700 million yen (-7.3%) over the previous year to 149,200 million yen, operating profit increased by 100 million yen (+11.2%) to 1,500 million yen due to there being no special expenses related to inspections of bathroom heaters and dryers.

d. Real Estates

Revenues increased by 2,500 million yen (+9.8%) over the previous year to 28,400 million yen, thanks to an increase in the number of consolidated subsidiary companies. Operating profit declined by 500 million yen (-8.1%) to 6,600 million yen.

e. Other Businesses

Revenues grew by 4,400 million yen (+3.2%) over the previous year to 144,300 million yen, thanks to expansion of information business and material business. Operating profit increased by 1,000 million yen (+14.1%) to 8,300 million yen.

(Unit: 100 million yen)

	Gas	LPG, electricity and other energies	Gas appliances and house-pipe installation	Real estates	Other businesses	Elimination of internal transactions and transactions involving all companies	Consolidated
Operating revenues	+5.1% 7,214 [+347]	+13.0% 2,656 [+305]	-7.3% 1,492 [-117]	+9.8% 284 [+25]	+3.2% 1,443 [+44]	(709) [+31]	+5.4% 12,381 [+636]
Operating profit	-30.4% 442 [-193]	+3.5% 139 [+4]	+11.2% 15 [+1]	-8.1% 66 [-5]	+14.1% 83 [+10]	8 [+1]	-19.3% 756 [-181]

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

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

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

③ Forecasts for the Next Year (April 1, 2008 to March 31, 2009)

Operating revenues for the next year ending March 31, 2009 are expected to increase by 134,800 million yen (+10.9%) over the current year to 1,373,000 million yen, thanks to growth in gas sales volumes and higher gas rates based on the fuel cost adjustment system in the Gas Business segment and expansion of information business in the Other Business segment.

Despite continuous efforts for the reduction of the overall costs, operating profit and ordinary profit are expected to decrease by 5,600 million yen (-7.4%) to 70,000 million yen and by 5,800 million yen (-7.7%) to 70,000 million yen, respectively, due to negative effects from the termination and alteration of some electricity wholesale contracts with overseas IPP. Net income is expected to grow by 200 million yen (+0.5%) to 40,500 million yen.

(Unit: 100 million yen)

	Forecast for Next Year (Apr '08 -Mar '09)	Compared with Current Year	
		Change	Percent (%)
Operating revenues	13,730	+1,348	+10.9
Operating profit	700	-56	-7.4
Ordinary profit	700	-58	-7.7
Net income	405	+2	+0.5

Assumptions: Crude oil price (All Japan CIF price) at \$90/barrel, and exchange rate (TTM rate) at 105 yen to the dollar.

(2) Analysis of Financial Conditions

① Assets, Liabilities and Net Worth

Total assets increased by 62,200 million yen to 1,467,900 million yen over the previous year, due to an increase in fixed assets. Liabilities grew by 82,200 million yen to 801,200 million yen and net worth decreased by 20,000 million yen to 666,600 million yen, due to a fall in retained earnings caused by the retirement of treasury shares. As a result, the ratio of net worth to total capital changed to 44.2% from 47.6% at the end of previous year.

(Unit: 100 million yen)

	End of Current Year (March 31, 2008)	End of Previous Year (March 31, 2007)	Changes
Total Assets	14,679	14,056	+622
Total Liabilities	8,012	7,190	+822
Total Net Worth	6,666	6,866	-200
Total Liabilities and Net Worth	14,679	14,056	+622

② Summary of Cash Flow Situation

In the current year, net cash flows from operating activities amounted to 134,200 million yen, an increase of 35,900 million yen over the previous year, due to a decrease in payment of corporate income taxes. Net cash used by investing activities amounted to 132,000 million yen, an increase of 32,200 million yen, due to an increase in payment for acquisition of fixed assets. Net cash provided by financing activities amounted to 12,400 million yen, an increase of 34,500 million yen, due to an increase in long-term borrowings and issuance of corporate bonds.

As a result, changes in cash and equivalents for the current year amounted to 14,800 million yen.

Combining this with 24,400 million yen, the balance at the beginning of the current year, cash and equivalents at the end of the current year amounted to 39,200 million yen, an increase of 14,700 million yen compared to the end of the previous year.

(Unit: 100 million yen)

	Current Year (Apr '07 -Mar '08)	Previous Year (Apr '06 -Mar '07)	Change
Cash flow from operating activities	1,342	983	+359
Cash flow from investment activities	-1,320	-997	-322
Cash flow from financial activities	124	-220	+345
Increase/decrease of cash and cash equivalents	148	-232	+380
Cash and cash equivalents at year-end	392	244	+147
Balance of interest-bearing liabilities at year-end	5,664	4,878	+786

Free cash flow (*): 51.2 billion yen [27.5 billion yen in the previous year]

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

(Reference) Cash Flow Indices

	Current Year (Apr '07 -Mar '08)	Previous Year (Apr '06 -Mar '07)
Net worth/Total assets	44.2%	47.6%
Net worth/Total assets on market value	58.5%	72.3%
Interest bearing liabilities/Cash flow	4.2	5.0
Interest coverage ratio	13.6	10.3

(Notes)

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

Forecasts for capital investments in the next fiscal year are shown in the following table.

(Reference) Capital Investments: Current Year Results and Forecasts

(Unit: 100 million yen)

	Forecast for Next Year (Apr '08 -Mar '09)	Current Year (Apr '07 -Mar '08)	Previous Year (Apr '06 -Mar '07)
Consolidated	1,156	1,110	952
Non-consolidated	678	592	616
Production facilities	27	26	30
Distribution facilities	417	375	393
Operational facilities, etc.	233	191	192

Forecasts for other major financial indices are as follows.

(Reference) Financial Indices: Current Year Results and Forecasts

		Forecast for Next Year (Apr '08 -Mar '09)	Current Year (Apr '07 -Mar '08)	Previous Year (Apr '06 -Mar '07)
Consolidated	Shareholders' value added (SVA)	8.0 billion yen	12.5 billion yen	26.8 billion yen
	Earnings per share (EPS)	18.78 yen	18.27 yen	23.77 yen
	Return on equity (ROE)	6.1 %	6.1 %	8.1 %
	Return on assets (ROA)	2.6 %	2.8 %	3.8 %
	Free cash flow (FCF)	15.6 billion yen	51.2 billion yen	27.5 billion yen
Non-consolidated	Shareholders' value added (SVA)	3.0 billion yen	10.7 billion yen	23.2 billion yen
	Earnings per share (EPS)	13.91 yen	14.87 yen	19.87 yen
	Return on equity (ROE)	5.6 %	6.1 %	8.2 %
	Return on assets (ROA)	2.5 %	3.0 %	4.1 %
	Free cash flow (FCF)	13.0 billion yen	42.6 billion yen	16.9 billion yen

(Notes)

In "Osaka Gas Group Business Plan for FY 2008" revealed on March 31, 2008, the forecast for return on assets (ROA) in the next fiscal year was calculated based on the estimated total assets at the beginning of the next fiscal year. Thus, it was replaced with the figure calculated on the basis of the actual total assets at the beginning of the next fiscal year.

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

Having aggressively expanded its business and streamlining operations, Osaka Gas has appropriated profits from these efforts to internal reserves for business expansion and strengthening of financial structure as well as a stable dividend payment. Concerning profit distribution to shareholders, the company intends to maintain a stable dividend payment at the interim and end of fiscal year while taking into consideration operational results, the future business plan and other profit distribution measures. Management will try to keep the non-consolidated dividend payout allocation at above 20%. Internal reserves will be used for capital investment and investment in new businesses.

The company plans to pay 7-yen dividend per share annually (including the interim dividend of 3.5 yen) in the current year and the next year.

(4) Business and Other Risks

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

① Risks Faced by Gas Business

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

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

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

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

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

c. Fluctuation of raw material costs

Prices of LNG, a material used in producing gas, may be affected by fluctuation of crude oil prices and foreign exchange rates. The influence can be mostly offset by passing on to gas rates based on the fuel cost adjustment system, but operational results of the Osaka Gas group may be affected due to a time lag before such an adjustment is reflected in gas rates and composition of raw material procurement sources.

Furthermore, the results of contract renewal and price negotiations may affect operational results of the Osaka Gas group, since there may be adjustment of raw material prices.

d. Troubles in material purchasing

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

e. Troubles in production and supply

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

f. Troubles in gas equipment and facilities

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

g. Gas regulatory reform and resulting intensified competition

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

② Other Risks

a. Non-gas-related businesses

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

b. Concerning Compliance

The Osaka Gas group has been promoting strict compliance with rules and regulations. However, in the event of non-compliant behavior of the company or any employees, subsequent expenses for dealing with the incident and decline in social credibility may affect operational results of the Osaka Gas group.

c. Managing personal information

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

2. Osaka Gas Group

This disclosure is omitted because there has been no major change since the disclosure made in the sections of Chart of Organization (business description) and Affiliates' Status of the most recent financial report submitted to the Finance Ministry on June 28, 2007.

3. Management Policy

(1) Basic Management Policy

The Japanese economy has been maintaining moderate but steady growth, thanks to an increase in exports and capital investments.

However, with energy prices and raw material prices having skyrocketed to record levels, the growth of the U.S. economy having slowed down and a subsequent sharp appreciation of the yen having developed, more businesses have started to find their revenue and earnings under pressure and economic activity has been in a temporary lull, increasing uncertainties in the future outlook. And the development of deregulation in the energy market is expected to make the competition more intense.

Under this business environment, management considers it important to enhance the quality of products and

services in order to continue to be a “company group selected by customers and local communities.” The Osaka Gas group has been implementing “Design 2008,” a medium-term, three-year business plan from FY2006 to FY2008, basing on the group management philosophy “Management for Creation of Value,” under which the group gives the first priority to maximization of the customer’s value and also enhances the value of all stakeholders, including shareholders, the society and employees, through fair and transparent business activities. In FY2008, the final year for “Design 2008,” management will aim to establish the foundation for sustainable growth by faithfully implementing measures as promised in the three-year plan.

(2) Targeted Management Indices

From viewpoints of profitability and growth potential, management sets a target for shareholder value added (SVA), profits, earnings per share (EPS), return on equity (ROE) and continuation of stable dividend payment. Based on the viewpoint of business soundness, such as maintaining a high financial rating, the company will maintain ① consolidated capital adequacy ratio above 40% and ② the consolidated debt-equity ratio (interest-bearing debt to shareholders’ equity) at around 1 (one) as a key measure of financial health while keeping a balance with SVA, free cash flow and the balance of interest-bearing debt.

Concerning share buyback programs, management will keep it in mind for improvement of EPS and ROE. If there is enough free cash flow available after the implementation of investment for future growth, the company will flexibly carry out share buybacks.

(3) Tasks the Company Needs to Address

In the energy business, the company will maintain and develop the city gas business and utilize new business opportunities arising from the regulatory reform to further expand the multi-energy business, in which the Osaka Gas group can fully accommodate customer requirements for natural gas, electricity, LPG and other energies.

In the city gas business, the company will focus on customer-oriented business activities, striving to maintain the safety and stable supply so that customers can use city gas with a sense of security. In addition, management will streamline the overall operations to enhance price competitiveness and actively make comprehensive proposals including services and engineering to promote the spread of natural gas, which can contribute to customers’ comfortable living, development of business and the preservation of the environment.

Concerning the maintenance of safety, the company will expand public relations activities to disseminate information on the necessity of improvement and proper use of gas appliances and equipment so that customers can have regular inspections and implement appropriate repairs of their equipment. Furthermore, the company will accelerate the replacement of instantaneous gas water heaters and grid-type gas stoves without incomplete combustion prevention device and promote the widespread introduction of the “Si Sensor Stove Burner” equipped with a “tempura” (deep-frying) oil overheating prevention device, flame failure device and automatic turn-off function in order to enhance safety. Concerning manufacturing and supply facilities and equipment, the company will carry out preventive maintenance such as systematic repairs and replacement of aging facilities and equipment and take countermeasures against earthquake damage. In addition, the company will have around-the-clock support to take adequate measures to cope with any emergency such as gas leakage and continue to provide adequate education and training to employees and workers.

Concerning the stable supply of gas, the company will promote the diversification of procurement sources of natural gas and take all possible measures for improvement of production and supply systems.

In the home-use market, the company will make customer-oriented proposals on the use of energy, such as “My Home Generation” (generation of electricity at home) using a residential gas engine cogeneration system “ECOWILL,” “My Home Esthe” (esthetic salon at home) using a bathroom mist sauna and “My Home Cooking” (enabling cooking of any kinds of cuisine with gas) and strive to promote the spread and use of products which enable realization of “With Gas Life”: eco-friendly, economical, comfortable, convenient and safe living with the use of gas. Concerning “ECOWILL,” with more than 45,000 units shipped, the company will improve its energy conservation and make it more compact to fit on most of installation sites to accelerate the penetration. Furthermore, in cooperation with subsidiary companies, the company will provide a home security service “I-rusu” utilizing the Internet to meet customers’ demands and requests comprehensively.

In the industrial-use market, the company will utilize natural gas application and maintenance technology acquired over the years, such as combustion technology and air-conditioning technology and provide tailor-made proposals on effective use of energy to contribute to the enhancement of economic efficiency and energy conservation. Furthermore, the company will promote the expansion of use of environment-friendly natural gas

through the spread of gas cogeneration (a highly efficient and functional system), “High Power Excel” (a gas heat pump air-conditioner that can generate electricity while air-conditioning), “Suzu-Chu” (an industrial-use gas kitchen device for keeping kitchens cool) and cars fueled by natural gas.

Concerning the enhancement of quality of services, the company will continue to take measures to reflect customers’ comments in the improvement of operations and respond to customers’ demands and requests more promptly and precisely.

Concerning the electricity generation business, the company aims to develop it into “the second core business” following its city gas business. Regarding Semboku Natural Gas Power Plant, the company will make meticulous preparations such as steady implementation of construction work and preparation of operation and maintenance systems to start operation on April 2009. Furthermore, the company will seek efficient operation of the electricity wholesale business (IPP), which has already started.

Concerning LPG business, the company will try to increase both the number of customers and sales volumes by utilizing the capability of making proposals on facilities and equipment and energy system acquired through the city gas business.

In non-energy business, the company will develop business to seek the increase of consolidated profit by providing better products and services which meet customers’ demands and requests to contribute to customers’ comfortable living and development of business. In promotion of businesses, the company will accelerate selection and concentration of its businesses to further expand growing businesses, maximizing the corporate value of the Osaka Gas group.

Concerning environmental problems, the company will reduce the environmental burden of the Osaka Gas group’s business activities through the promotion of energy conservation activities and use of renewable resources. The company will also try to reduce the effects on the environment by providing the Osaka Gas group’s products and services including the spread of natural gas, an eco-friendly energy, which meets the government energy policy objectives.

Concerning the development of technology, the company will concentrate on the development of a home-use fuel cell battery and further improvement of an industrial-use gas cogeneration system with high efficiency and sophisticated functions from the standpoint of contributing to environment conservation and energy conservation and enhancement of customers’ convenience. In addition to this, the company will contribute to the efficient operation of customers’ facilities by utilizing information communication technology such as a remote control system.

Concerning compliance with rules and regulations, the company has been working hard to ensure social responsibility. However, it was recently revealed that inappropriate conduct by the company and its subsidiary company had occurred in some parts of subsidized business of natural gas co-generation facilities for which the company received subsidies under the Project for Supporting New Energy Operators. On January 2008, the Ministry of Economy, Trade and Industry suspended the provision of a subsidy to the company. The Osaka Gas group took this incident very seriously and has been steadily implementing several specific measures to prevent recurrence: “Enhancement of reciprocal check system,” “Enhancement of internal audit system,” “Raising penalty for the violation of compliance programs and regulatory requirements and further utilization of compliance desk,” “Reviewing of operation evaluation for organizations and individuals” and “Setting up and operation of a ‘Business Ethics Committee’ comprised of mainly external members.” Management will try hard to keep all employees in the group informed about compliance with rules and regulations.

The Osaka Gas group will address the above tasks appropriately and seek its basic management philosophy “Management for Creation of Value,” complying with “Osaka Gas Group CSR Charter,” a stipulation of basic ideas on corporate social responsibility (CSR) for the Osaka Gas group.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: one million yen)

Account	As of March 31, 2008	As of Mar. 31, 2007	Change
(Assets)			
Fixed Assets	1,137,802	1,124,100	13,702
Tangible fixed assets	817,506	805,534	11,972
Production facilities	99,196	103,463	-4,267
Distribution facilities	338,232	352,264	-14,032
Administrative facilities	64,196	63,965	231
Other facilities	242,027	223,334	18,693
Idle facilities	1,532	1,532	0
Construction in progress	72,320	60,973	11,347
Intangible fixed assets	44,974	28,562	16,412
Goodwill	10,762	6,453	4,309
Others	34,212	22,108	12,104
Investments and other assets	275,321	290,003	-14,682
Investment in securities	144,765	182,069	-37,304
Others	131,261	108,849	22,412
Allowance for bad debts	-705	-915	210
Current assets	330,131	281,581	48,550
Cash and deposits	41,457	27,070	14,387
Notes and trade accounts receivable	145,749	135,468	10,281
Inventories	65,334	53,366	11,968
Others	78,423	66,438	11,985
Allowance for bad debts	-833	-761	-72
Assets total	1,467,934	1,405,682	62,252

(Unit: one million yen)

Account	As of March 31, 2008	As of Mar. 31, 2007	Change
(Liabilities)			
Fixed liabilities	461,800	417,663	44,137
Bonds	193,164	186,957	6,207
Long-term loans payable	219,806	176,514	43,292
Deferred tax liabilities	19,827	21,895	-2,068
Deferred tax liabilities related to revaluation	57	57	0
Reserve for severance benefits	10,139	8,909	1,230
Reserve for gasholder repair	1,691	1,705	-14
Reserve for safety actions	2,459	3,708	-1,249
Others	14,653	17,915	-3,262
Current liabilities	339,476	301,354	38,122
Current portion of fixed liabilities	48,386	50,498	-2,112
Notes and trade accounts payable	74,697	45,443	29,254
Short-term loans payable	40,263	27,491	12,772
Corporate taxes payable	22,166	23,891	-1,725
Others	153,962	154,029	-67
Liabilities total	801,276	719,017	82,259
(Net Assets)			
Shareholder's equity	590,069	595,939	-5,870
Capital stock	132,166	132,166	0
Capital Surpluses	19,482	19,534	-52
Retained earnings	439,226	447,909	-8,683
Treasury stocks	-806	-3,670	2,864
Valuation and translation adjustments	58,523	72,947	-14,424
Difference between market price and acquisition cost of other securities	31,790	55,508	-23,718
Deferred hedge gains/losses	12,628	9,180	3,448
Land revaluation excess	83	83	0
Foreign exchange adjustment	14,020	8,175	5,845
Minority interest	18,065	17,777	288
Minority interest	18,065	17,777	288
Net worth total	666,657	686,664	-20,007
Liabilities and net worth total	1,467,934	1,405,682	62,252

(2) Consolidated Profit and Loss Statement

(Unit: million yen)

Account	Current Year (Apr '07 -Mar '08)	Previous Year (Apr '06 -Mar '07)	Change
Operating revenues	1,238,145	1,174,456	63,689
Cost of sales	842,617	755,693	86,924
Gross profit on sales	395,527	418,762	-23,235
Selling, general and administrative expenses	319,916	325,033	-5,117
Operating profit	75,611	93,729	-18,118
Non-operating revenues	15,971	13,775	2,196
Interest income	1,245	1,312	-67
Dividend income	1,937	1,414	523
Gain from sales of securities	3,332	3,274	58
Equity in earnings of affiliates	5,305	3,328	1,977
Miscellaneous income	4,151	4,445	-294
Non-operating expenses	15,767	17,954	-2,187
Interest expenses	9,848	9,584	264
Loss from redemption of corporate bonds		3,122	-3,122
Miscellaneous expenses	5,919	5,247	672
Ordinary profit	75,814	89,550	-13,736
Extraordinary profit		1,233	-1,233
Gain from sales of fixed assets		1,233	-1,233
Extraordinary loss	3,335	2,704	631
Loss from sales of fixed assets		832	-832
Loss from impairment	3,335	1,871	1,464
Net income before tax adjustments	72,478	88,078	-15,600
Corporate, resident and business taxes	28,301	31,316	-3,015
Adjustment for difference of tax allocation between financial accounting and tax accounting	1,900	2,634	-734
Minority interest	1,993	1,197	796
Net income	40,283	52,929	-12,646

(3) Consolidated Statement of Changes in Shareholders' Equity

Current year (Apr '07 -Mar '08)

(Unit: million yen)

	Shareholder's equity					Valuation and translation adjustments					Minority interest	Total net worth
	Capital stock	Capital surpluses	Retained earnings	Treasury stocks	Total shareholder's equity	Difference between market price and acquisition cost of other securities	Deferred hedge gains (losses)	Land revaluation excess	Foreign exchange adjustment	Total valuation and translation adjustments		
Balance as of March 31, 2007	132,166	19,534	447,909	-3,670	595,939	55,508	9,180	83	8,175	72,947	17,777	686,664
Changes during the year												
Dividends from retained earnings			-15,572		-15,572							-15,572
Net income			40,283		40,283							40,283
Repurchase of treasury stocks				-30,652	-30,652							-30,652
Disposal of treasury stocks		9		74	83							83
Cancellation of treasury stocks		-61	-33,381	33,442								
Changes by Decrease in Number of Subsidiaries			-11		-11							-11
Net changes in items other than shareholders' equity during the year						-23,718	3,448		5,845	-14,424	288	-14,136
Total changes during the year		-51	-8,682	2,864	-5,870	-23,718	3,448		5,845	-14,424	288	-20,006
Balance as of March 31, 2008	132,166	19,482	439,226	-806	590,069	31,790	12,628	83	14,020	58,523	18,065	666,657

Previous year (Apr '06 -Mar '07)

(Unit: million yen)

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

(4) Consolidated Cash Flow Statement

(Unit: million yen)

Account	Current year (Apr '07 -Mar '08)	Previous year (Apr '06 -Mar '07)	Change
I. Cash Flow from Operating Activities			
Net income before tax adjustments	72,478	88,078	-15,600
Depreciation expenses	95,253	84,031	11,222
Write-off of long-term prepaid expenses	5,656	3,912	1,744
Impairment loss	3,335	1,871	1,464
Increase (decrease) in reserve for safety actions		3,708	-3,708
(Increase) decrease in prepaid pension expenses	-13,368	-11,851	-1,517
Interest and dividends received	-3,182	-2,727	-455
Interest expenses	9,848	9,584	264
Loss from redemption of corporate bonds		3,122	-3,122
Equity in earnings of affiliates	-5,305	-3,328	-1,977
Gain from sales of securities	-3,332	-3,274	-58
Loss from retirement of tangible fixed assets	2,564	3,199	-635
(Increase) decrease in trade receivables	-9,597	-8,701	-896
(Increase) decrease in inventories	-5,102	-8,549	3,447
Increase (decrease) in accounts payable	28,688		28,688
Increase (decrease) in accrued expenses	-5,845	-2,339	-3,506
(Increase) decrease in accrued consumption tax	-2,358		-2,358
Others	-2,852	-12,117	9,265
Total	166,881	144,620	22,261
Interest and dividends received	8,093	11,161	-3,068
Interest paid	-9,721	-9,566	-155
Corporate taxes paid	-30,970	-47,861	16,891
Net cash flow from operating activities	134,282	98,354	35,928
II. Cash Flow from Investment Activities			
Expenses for acquisition of tangible fixed assets	-103,060	-85,835	-17,225
Proceeds from sales of tangible fixed assets		2,945	-2,945
Expenses for acquisition of intangible fixed assets	-12,982	-2,277	-10,705
Payment of long-term prepaid expenses	-8,818	-6,267	-2,551
Expenses for acquisition of investment securities	-3,233	-6,152	2,919
Proceeds from sales of investment securities	7,231	4,380	2,851
Expenses for payment of capital contribution	-7,266		-7,266
Expenses for acquisition of shares of subsidiaries and affiliates		-4,582	4,582
Proceeds from sales of shares of subsidiaries and affiliates	2,970		2,970
Expenses for acquisition of shares of subsidiaries, resulting in consolidation scope change	-4,065		-4,065
(Increase) decrease in short-term receivables	-1,883		-1,883
Proceeds from collection of long-term loans	1,626		1,626
Others	-2,546	-1,975	-571
Net cash flow from investment activities	-132,029	-99,765	-32,264
III. Cash Flow from Financial Activities			
Net increase (decrease) in short-term loans payable	5,984	-4,468	10,452
Net increase (decrease) in commercial paper	15,000	50,000	-35,000
Proceeds from long-term loans payable	51,692	22,664	29,028
Expenses for repayment of long-term loans payable	-47,027	-18,254	-28,773
Proceeds from corporate bond issuance	39,990	29,976	10,014
Expenses for redemption of bonds	-5,425	-82,913	77,488
Expenses for purchase of treasury shares	-30,652		-30,652
Dividends paid	-15,534	-15,544	10
Dividends paid to minority shareholders	-1,616	-2,545	929
Others	85	-922	1,007
Net cash flow from financial activities	12,495	-22,009	34,504
IV. Difference from Conversion of Cash and Cash Equivalents	70	170	-100
V. Increase (Decrease) of Cash and Cash Equivalents	14,819	-23,249	38,068
VI. Cash and Cash Equivalents at Year-Beginning	24,476	47,726	-23,250
VII. Decrease of Cash and Cash Equivalents Due to Change in Scope of Consolidation	-52		-52
VIII. Cash and Cash Equivalents at Year-End	39,244	24,476	14,768

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

By virtue of revisions to the Corporation Tax Law, the company depreciated tangible fixed assets acquired on and after April 1, 2007 under the new depreciation system from this consolidated accounting year. The effect on earnings from this change was minimal. The company does not disclose other items except the above, since there has been no significant change since the disclosure of the latest securities report (submitted on June 28, 2007).

(6) Additional Information

By virtue of revisions of Corporation Tax Law, the company depreciated tangible fixed assets acquired before March 31, 2007 to the allowable limit (95% of the acquisition cost) under the old depreciation system in a particular consolidated accounting year. The company depreciated the difference between 5% of the acquisition cost and memorandum prices evenly over five years starting from the following consolidated accounting year and booked it by including in depreciation and amortization expense. As a result, operating profit, ordinary profit and net income before income taxes decreased by 7,419 million yen, respectively.

(7) Notes to the Consolidated Financial Statements

① Segment Information

a. Segment information by business type

Year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

(Unit: one million yen)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real Estate	Others	Total	Elimination of internal transactions and transactions involving all companies	Consolidation
[1] Sales and operating profit and loss								
Sales								
1. Sales to customers outside the Group	703,926	262,440	148,758	16,513	106,507	1,238,145	-	1,238,145
2. Internal sales or transfer among segments	17,477	3,236	446	11,982	37,837	70,981	(70,981)	-
Total	721,403	265,677	149,204	28,496	144,345	1,309,126	(70,981)	1,238,145
Operating expenses	677,141	251,747	147,606	21,808	136,021	1,234,325	(71,791)	1,162,533
Operating profit	44,262	13,929	1,597	6,687	8,323	74,800	810	75,611
[2] Assets, depreciation/amortization, impairment loss and capital investments								
Assets	664,520	365,693	63,735	129,171	158,127	1,381,248	86,685	1,467,934
Depreciation/amortization	61,483	16,561	404	4,268	13,124	95,841	(588)	95,253
Impairment loss		2,862			473	3,335	-	3,335
Capital investments	44,423	33,153	407	15,578	18,134	111,696	(609)	111,087

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

(Unit: million yen)

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

(Notes)

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

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

b. Segment information by geographical area

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

c. Overseas sales

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

② Per Share Information

Current year (April 1, 2007 to March 31, 2008)		Previous year (April 1, 2006 to March 31, 2007)	
Net worth per share	300.76 yen	Net worth per share	300.61 yen
Earnings per share	18.27 yen	Earnings per share	23.77 yen

(Notes)

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

	Current year (Apr '07 -Mar '08)	Previous year (Apr '06 -Mar '07)
Net income (million yen)	40,283	52,929
Net income attributable to shareholders of common shares (unit: one million yen)	40,283	52,929
Average number of common shares outstanding during the year (unit: one thousand shares)	2,205,185	2,226,757

Important Events after the Balance Sheet Date

In accordance with the resolution at a Board of Directors meeting held on March 25, 2008, the company issued its unsecured bond No.25 on April 25, 2008. The details are as follow:

1. Type: Straight Bond
2. Amount Issued: 30,000 million yen
3. Paid Amount: 30,000 million yen
4. Bond Interest: 1.210% per annum
5. Method of Redemption: Bullet Redemption at Maturity
6. Maturity: April 24, 2015
7. Date of Issuance: April 25, 2008
8. Security: No Security
9. Use of Funds: Equipment Fund

Others

Some raw material purchasing prices may be adjusted according to the results of contract renewal and price negotiations with suppliers.

The company does not disclose footnote items concerning lease transactions, transactions with related parties, tax effect accounting, securities, derivative transactions, retirement benefits and stock options, since the necessity of disclosure in this earnings digest is not considered to be significant.

5. Non-consolidated Financial Statements

(1) Balance Sheet

(Unit: one million yen)

Account	As of March 31, 2008	As of March 31, 2007	Change
(Assets)			
Fixed Assets	883,529	874,122	9,406
Tangible fixed assets	570,541	579,039	-8,498
Production facilities	97,335	101,959	-4,624
Distribution facilities	336,946	351,307	-14,361
Administrative facilities	63,372	63,157	214
Ancillary business facilities	4,575	5,142	-567
Idle facilities	1,532	1,532	
Construction in progress	66,779	55,939	10,839
Intangible fixed assets	7,486	4,967	2,519
Patents	54	3	50
Leaseholds	3,028	2,950	78
Other intangible fixed assets	4,403	2,012	2,390
Investments and other assets	305,501	290,115	15,385
Investment in securities	57,763	83,780	-26,017
Investment in affiliates	119,447	103,309	16,138
Long-term loans receivable from affiliates	71,655	62,670	8,984
Investment in capital	12	11	0
Long-term prepaid expenses	10,847	8,290	2,557
Prepaid pension expenses	40,709	27,341	13,368
Other investments	5,637	5,368	268
Allowance for bad debts	-571	-657	86
Current assets	236,341	202,823	33,517
Cash and deposits	14,461	7,694	6,766
Notes receivable	778	1,148	-370
Accounts receivable	77,700	72,209	5,491
Trade accounts receivable from affiliates	5,974	6,102	-127
Other accounts receivable	13,788	15,178	-1,390
Products	148	132	16
Raw materials	22,416	22,648	-231
Stores	9,035	8,431	604
Short-term loans receivable from affiliates	39,926	27,135	12,790
Short-term accounts receivable from affiliates	3,403	3,614	-210
Deferred tax assets	11,046	4,168	6,878
Derivatives	21,174	18,850	2,323
Other current assets	17,052	16,061	991
Allowance for bad debts	-566	-551	-14
Assets total	1,119,871	1,076,946	42,924

(Unit: one million yen)

Account	As of March 31, 2008	As of March 31, 2007	Change
(Liabilities)			
Fixed liabilities	341,132	298,079	43,053
Bonds	185,617	175,620	9,996
Long-term loans payable	136,812	102,051	34,761
Long-term debts of affiliated companies	12		12
Deferred tax liabilities	8,369	7,115	1,253
Reserve for retirement benefits	3,737	3,216	521
Reserve for gasholder repair	1,644	1,662	-18
Reserve for safety actions	2,459	3,708	-1,248
Other fixed liabilities	2,479	4,705	-2,226
Current liabilities	255,049	230,144	24,904
Current portion of fixed liabilities	35,298	33,226	2,072
Trade accounts payable	39,422	14,822	24,600
Other accounts payable	17,417	22,677	-5,259
Accrued expenses	36,090	47,030	-10,939
Corporate taxes payable	16,047	16,883	-835
Advances received	5,353	5,596	-243
Deposits received	1,124	1,059	65
Short-term loans payable to affiliates	25,703	23,975	1,727
Short-term accounts payable to affiliates	12,796	13,849	-1,053
Commercial paper	65,000	50,000	15,000
Other current liabilities	792	1,023	-231
Total liabilities	596,181	528,224	67,957
(Net Assets)			
Shareholder's equity	489,477	502,831	-13,353
Capital stock	132,166	132,166	
Capital surpluses	19,482	19,534	-51
Capital reserve	19,482	19,482	
Other capital surpluses		51	-51
Retained earnings	338,635	354,801	-16,165
Profit reserve	33,041	33,041	
Other profit reserves			
Reserve for reduction of costs relating to replacement of specific assets, etc.	214	215	-1
Reserve for write-off of specific gas piping works	193	564	-370
Reserve for loss on overseas investments, etc.	9,871	5,314	4,556
Reserve for adjustment for cost fluctuation	89,000	89,000	
Reserve for other specific purposes	62,000	62,000	
Unappropriated retained earnings	144,314	164,664	-20,350
Treasury stocks	-806	-3,670	2,864
Treasury stocks	-806	-3,670	2,864
Valuation and translation adjustments	34,211	45,890	-11,678
Difference between market price and acquisition cost of other securities	21,196	36,081	-14,885
Difference between market price and acquisition cost of other securities	21,196	36,081	-14,885
Deferred hedge gains (losses)	13,015	9,808	3,206
Deferred hedge gains (losses)	13,015	9,808	3,206
Total net worth	523,689	548,721	-25,032
Liabilities and net worth total	1,119,871	1,076,946	42,924

(2) Profit and Loss Statement

(Unit: one million yen)

Account	Current Year (Apr '07 -Mar '08)	Previous Year (Apr '06 -Mar '07)	Change
Product sales	714,111	680,181	33,930
Gas sales	714,111	680,181	33,930
Cost of sales	410,181	349,914	60,266
(Gross profit on sales)	(303,930)	(330,266)	(-26,335)
Selling expenses	211,874	215,740	-3,865
General and administrative expenses	51,985	54,865	-2,879
(Core business profit)	(40,070)	(59,660)	(-19,590)
Miscellaneous operational revenues	124,125	135,924	-11,798
Revenues from house-pipe installation	27,450	30,629	-3,178
Revenues from gas appliances sales	93,283	102,328	-9,044
Other miscellaneous operational revenues	3,391	2,966	424
Miscellaneous operational expenses	120,638	133,098	-12,460
Cost of house-pipe installation	26,703	29,830	-3,126
Cost of gas appliances sales	93,934	103,268	-9,333
Revenues from supplementary businesses	39,390	35,193	4,196
Revenues from automatic alert report service	5,575	5,546	28
Revenues from electric supply business	8,530	8,714	-184
Revenues from LNG sales business	19,926	15,432	4,583
Revenues from other supplementary businesses	5,358	5,589	-231
Cost of supplementary businesses	40,217	33,752	6,465
Cost of automatic alert report service	4,565	4,624	-59
Cost of electric supply business	8,889	8,801	88
Cost of LNG sales business	22,160	15,691	6,468
Cost of other supplementary businesses	4,602	4,635	-32
(Operating profit)	(42,730)	(63,927)	(-21,196)
Non-operating Revenues	15,572	16,250	-677
Interest income	1,341	998	342
Dividend income	1,083	880	203
Dividend income from affiliates	5,122	6,364	-1,241
Lease income	1,586		1,586
Gain from sales of securities	2,951	2,908	43
Miscellaneous revenues	3,486	5,099	-1,612
Non-operating Expenses	8,112	11,877	-3,764
Interest expenses	2,373	1,885	488
Interest expense on corporate bonds	3,169	4,072	-902
Amortization of bond issue costs	141	131	9
Loss from redemption of corporate bonds		3,122	-3,122
Valuation loss of investment securities	983		983
Miscellaneous expenses	1,444	2,665	-1,221
(Ordinary profit)	(50,190)	(68,299)	(-18,109)
Extraordinary profit		658	-658
Gain from sales of fixed assets		658	-658
Extraordinary loss		2,098	-2,098
Loss from sales of fixed assets		430	-430
Impairment loss		1,667	-1,667
(Net income before tax)	(50,190)	(66,860)	(-16,670)
Corporate and other taxes	16,400	19,800	-3,400
Adjustment for difference of tax allocation between financial accounting and tax accounting	1,001	2,825	-1,823
Net income	32,788	44,235	-11,446

(Note) Regarding the values in Sales shown in 1. (1) Operational Results in 1. Non-consolidated Financial Results for the Year ended March 31, 2008 included in "(Reference) Summary of Non-consolidated Financial Results" are the total of product sales, miscellaneous operational revenues, and revenues from supplementary businesses.

(3) Statement of Changes in Shareholders' Equity

The current year (from April 2007 to March 2008)

(Unit: million of yen)

	Shareholders' equity													Valuation and translation adjustments			Total net worth	
	Capital stock	Capital surpluses				Retained earnings						Treasury stocks	Total shareholders' equity	Difference between market price and acquisition cost of other securities	Deferred hedge gains (losses)	Total valuation and translation adjustments		
		Capital reserve	Other capital surpluses	Total capital reserves	Profit reserve	Other profit reserves												
						Reserve for reduction of costs relating to replacement of specific assets, etc.	Reserve for write-off of specific gas piping works	Reserve for loss on overseas investments, etc.	Reserve for adjustment for cost fluctuation	Reserve for other specific purposes	Unappropriated retained earnings brought forward							Total profit reserves
Balance at previous year-end	132,166	19,482	51	19,534	33,041	215	564	5,314	89,000	62,000	164,664	354,801	3,670	502,831	36,081	9,808	45,890	548,721
Changes during the year																		
Reversal of reserve for reduction of costs relating to replacement of specific assets, etc.						1					1							
Reversal of reserve for write-off of specific gas piping works							370				370							
Provisions to reserve for loss on overseas investment, etc.								5,796			5,796							
Reversal of reserve for loss on overseas investments, etc.								1,240			1,240							
Dividends from retained earnings											15,572	15,572		15,572				15,572
Net income											32,788	32,788		32,788				32,788
Repurchase of treasury stocks													30,652	30,652				30,652
Disposal of treasury stocks				9	9								74	83				83
Retirement of treasury stocks				61	61													
Net changes in items other than shareholders' equity during the year															14,885	3,206	11,678	11,678
Total changes during the year				51	51	1	370	4,556			20,350	16,165	2,864	13,353	14,885	3,206	11,678	25,032
Balance at current year-end	132,166	19,482		19,482	33,041	214	193	9,871	89,000	62,000	144,314	338,635	806	489,477	21,196	13,015	34,211	523,689

The previous year (from April 2006 to March 2007)

(Unit: million of yen)

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

6. Other information

(1) Change in officers

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

(2) Others

There is no other information to be noted.