

Flash Report for the Term Ended December 31, 2007

February 13, 2008

Name: Shizuoka Gas Co., Ltd. Stock Exchange: TSE (1st section)

Code Number: 9543 URL: <http://www.shizuokagas.co.jp>

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Date of annual general meeting of shareholders: March 27, 2008

Date for presentation of the financial statements report: March 28, 2008

Date of dividend payment: March 28, 2008 or after

1. Consolidated Business Results (January 1 to December 31, 2007)

(Amounts under one million yen are omitted; YoY % change)

(1) Operating Results

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)	
	Reporting term	YoY %	Reporting term	YoY %	Reporting term	YoY %
Reporting term	¥92,708	19.1%	¥4,467	(43.3)%	¥4,128	(44.5)%
Previous term	77,808	15.9	7,885	19.1	7,432	26.2

	Net income (¥ million)		Earnings per share (¥)	Return on equity (ROE) (%)	Ordinary income/ Total assets (%)	Operating income/ Net sales (%)
	Reporting term	YoY %				
Reporting term	¥2,109	(51.6)%	¥27.70	4.7%	3.6%	4.8%
Previous term	4,359	36.7	57.25	10.3	6.6	10.1

(Note) Equity-method investment: not applicable

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Owners' equity per share (¥)
Reporting term	¥112,324	¥50,096	39.8%	¥586.47
Previous term	114,755	49,104	38.5	580.90

(Note) Owners' equity (¥ million)

Reporting term:	¥44,659
Previous term:	¥44,235

(3) Cash Flows

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash and cash equivalents at term end (¥ million)
Reporting term	¥11,680	¥(14,023)	¥(3,762)	¥1,916
Previous term	15,025	(10,725)	(4,851)	8,021

2. Dividend Payment

	Annual dividend per share (¥)			Total amount for annual dividend payments (¥ million)	Pay-out ratio* (%)	Dividend payments/ Net assets* (%)
	Interim dividend per share	Term-end dividend per share	Total			
Fiscal 2006	¥3.50	¥4.00	¥7.50	¥571	13.1%	1.4%
Fiscal 2007	4.00	4.00	8.00	609	28.9	1.4
Fiscal 2008 (forecast)	4.00	4.00	8.00	—	25.2	—

*For the calculation of ratios, net income and net assets on a consolidated basis are employed.

3. Consolidated Business Forecast for Current Term (January 1 to December 31, 2008)

(Amounts under one million yen are omitted; YoY % change)

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)		Net income (¥ million)		Earnings per share (¥)
	Reporting term	YoY %	Reporting term	YoY %	Reporting term	YoY %	Reporting term	YoY %	
First-half period	¥57,440	25.0%	¥980	(79.1)%	¥750	(83.5)%	¥240	(90.7)%	¥3.15
Full term	112,570	21.4	5,310	18.9	4,720	14.3	2,420	14.7	31.77

4. Others

- (1) Changes in scope of consolidation: None
(2) Changes in accounting policy
a) Changes in accounting standards: Applied
b) Other: None
(3) Number of issued shares (ordinary shares)
a) Number of shares issued at end of the period (including shares in treasury)
Reporting term: 76,192,950
Previous term: 76,192,950
b) Number of treasury shares at end of the period
Reporting term: 44,424
Previous term: 43,369

(For Reference)

1. Non-consolidated Business Performance (January 1 to December 31, 2007)

(Amounts under one million yen are omitted; YoY % change)

(1) Operating Results

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)	
Reporting term	¥78,186	22.5%	¥842	(79.5)%	¥965	(77.0)%
Previous term	63,813	22.1	4,115	71.9	4,195	56.8

	Net income (¥ million)		Earnings per share (¥)	
Reporting term	¥547	(80.1)%	¥7.19	
Previous term	2,753	44.8	36.15	

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Owners' equity per share (¥)
Reporting term	¥87,373	¥33,142	37.9%	¥435.23
Previous term	88,151	34,264	38.9	449.96

(Note) Owners' equity (¥ million)

Reporting term:	¥33,142
Previous term:	¥34,264

2. Non-consolidated Business Forecast for Current Term (January 1 to December 31, 2008)

(Amounts under one million yen are omitted; YoY % change)

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)		Net income (¥ million)		Earnings per share (¥)
First-half period	¥49,600	29.7%	¥(630)	—%	¥(600)	—%	¥(390)	—%	¥(5.12)
Full term	97,450	24.6	1,610	91.0	1,460	51.3	950	73.4	12.47

(Note) For the first-half period of the current term we forecast sharp year-on-year declines in earnings (operating income, ordinary income and net income figures) both on consolidated and non-consolidated basis. For the full term, however, we forecast a year-on-year increase in earnings, as the negative effects of the high cost of LNG procurement on the spot market will be concentrated almost entirely in the first-half period.

Disclaimer: These forecasts are based on information currently available to the management. Accordingly, actual financial results may substantially differ from these forecasts owing to a number of uncertain factors.

Consolidated Balance Sheets

As of December 31	Thousands of yen		
	2007	2006	Change
Assets			
Noncurrent assets:			
Property, plant and equipment –			
Production facilities	¥ 18,908,283	¥ 20,347,570	¥ (1,439,286)
Distribution facilities	39,264,238	39,448,278	(184,039)
Service and maintenance facilities	4,652,078	3,704,277	947,801
Other related business facilities	6,728,339	6,542,371	185,967
Construction in progress	8,038,168	5,985,306	2,052,862
Total property, plant and equipment	77,591,109	76,027,804	1,563,305
Intangible assets	2,052,549	1,317,382	735,167
Investments and other assets –			
Investment securities	10,056,719	11,615,666	(1,558,947)
Long-term loans	3,005,389	2,843,145	162,243
Deferred tax assets	669,185	677,821	(8,636)
Other investments	749,456	1,053,152	(303,696)
Allowance for doubtful accounts	(308,442)	(329,036)	20,594
Total investments and other assets	14,172,307	15,860,749	(1,688,441)
Total noncurrent assets	93,815,967	93,205,936	610,030
Current assets:			
Cash and bank deposits	1,972,582	8,075,544	(6,102,962)
Notes and accounts receivable	8,025,979	6,830,759	1,195,220
Inventories	4,816,891	3,852,147	964,744
Deferred tax assets	594,006	480,731	113,275
Other current assets	2,953,181	1,816,829	1,136,352
Allowance for doubtful accounts	(81,781)	(72,114)	(9,666)
Total current assets	18,280,860	20,983,897	(2,703,036)
Deferred assets:			
Development costs	227,217	565,791	(338,573)
Total deferred assets	227,217	565,791	(338,573)
Total assets	¥ 112,324,045	¥ 114,755,624	¥ (2,431,579)

Note: Amounts under one thousand yen are omitted.

As of December 31	Thousands of yen		
	2007	2006	Change
Liabilities			
Long-term liabilities:			
Long-term debt	¥ 33,202,677	¥ 36,827,499	¥ (3,624,822)
Deferred tax liabilities	1,263,519	1,837,038	(573,518)
Accrued severance and retirement benefits	3,604,231	3,656,183	(51,952)
Reserve for directors' retirement benefits	—	349,750	(349,750)
Reserve for repair of gasholders	175,526	141,292	34,234
Other long-term liabilities	278,811	9,320	269,491
Total long-term liabilities	38,524,765	42,821,083	(4,296,318)
Current liabilities:			
Long-term liabilities due within one year	9,288,575	10,910,307	(1,621,732)
Accounts payable	7,018,122	4,687,078	2,331,044
Short-term debt	2,390,032	290,000	2,100,032
Other accounts payable	1,764,942	2,115,945	(351,003)
Income taxes payable	1,065,219	2,136,188	(1,070,968)
Allowance for bonuses	430,890	442,077	(11,186)
Other current liabilities	1,563,156	1,819,929	(256,773)
Total current liabilities	23,520,938	22,401,527	1,119,411
Allowances:			
Allowance for natural gas conversion	181,482	428,436	(246,953)
Total allowances	181,482	428,436	(246,953)
Total liabilities	62,227,187	65,651,047	(3,423,860)
Net assets			
Shareholders' equity:			
Common stock	6,279,147	6,279,147	—
Capital surplus	4,098,961	4,098,961	—
Retained earnings	29,708,059	28,207,335	1,500,723
Treasury stock	(23,151)	(22,344)	(806)
Total shareholders' equity	40,063,016	38,563,099	1,499,917
Gains and losses on valuation or translation:			
Unrealized gains on available-for-sale securities	4,374,020	5,379,189	(1,005,168)
Gains and losses on deferred hedge accounting	222,284	293,336	(71,052)
Total gains and losses on valuation or translation	4,596,305	5,672,526	(1,076,221)
Minority interest	5,437,535	4,868,951	568,584
Total net assets	50,096,857	49,104,577	992,280
Total liabilities and net assets	¥112,324,045	¥114,755,624	¥ (2,431,579)

Note: Amounts under one thousand yen are omitted.

Consolidated Statements of Income

Years ended December 31	Thousands of yen		
	2007	2006	Change
Net sales	¥ 92,708,043	¥ 77,808,266	¥ 14,899,776
Cost of sales	65,129,781	48,134,599	16,995,181
Gross profit	27,578,261	29,673,666	(2,095,405)
Selling, general and administrative expenses	23,110,965	21,788,527	1,322,438
Operating income	4,467,296	7,885,139	(3,417,843)
Non-operating income:			
Interest income	79,219	61,596	17,622
Dividend income	141,753	115,252	26,501
Amortization of consolidation goodwill	2,358	1,068	1,289
Revenue from other companies for natural gas conversion	59,573	—	59,573
Other non-operating income	260,602	240,401	20,201
Total non-operating income	543,507	418,319	125,188
Non-operating expenses:			
Interest expenses	825,447	838,544	(13,096)
Other non-operating expenses	57,182	32,594	24,587
Total non-operating expenses	882,630	871,139	11,491
Ordinary income	4,128,173	7,432,319	(3,304,146)
Extraordinary income:			
Gain on sale of noncurrent assets	34,057	20,967	13,090
Reversal of allowance for natural gas conversion	246,953	202,784	44,168
Gain on sale of investment securities	25,685	—	25,685
Gain on leveraged lease financing	14,006	87,134	(73,127)
Total extraordinary income	320,703	310,886	9,817
Extraordinary expenses:			
Impairment loss	101,038	—	101,038
Loss on valuation of investment securities	42,936	—	42,936
Total extraordinary expenses	143,974	—	143,974
Income before income taxes	4,304,902	7,743,205	(3,438,303)
Income taxes – current	1,698,615	2,770,926	(1,072,311)
Income taxes – deferred	(88,334)	(32,500)	(55,833)
Minority interest in net income	584,704	644,924	(60,219)
Net income	¥ 2,109,917	¥ 4,359,855	¥ (2,249,938)

Note: Amounts under one thousand yen are omitted.

Consolidated Statements of Changes in Shareholders' Equity

Year ended December 31, 2007

Thousands of yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at Dec. 31, 2006	6,279,147	4,098,961	28,207,335	(22,344)	38,563,099
Changes during the reporting term:					
Distribution of retained earnings			(609,193)		(609,193)
Net income			2,109,917		2,109,917
Acquisition of own shares				(806)	(806)
Changes in items outside the scope of shareholders' equity, net					
Total changes during the reporting term	—	—	1,500,723	(806)	1,499,917
Balance at Dec. 31, 2007	6,279,147	4,098,961	29,708,059	(23,151)	40,063,016

	Gains and losses on valuation or translation			Minority interest	Total net assets
	Unrealized gains on available-for-sale securities	Gains and losses on deferred hedge accounting	Total gains and losses on valuation or translation		
Balance at Dec. 31, 2006	5,379,189	293,336	5,672,526	4,868,951	49,104,577
Changes during the reporting term:					
Distribution of retained earnings					(609,193)
Net income					2,109,917
Acquisition of own shares					(806)
Changes in items outside the scope of shareholders' equity, net	(1,005,168)	(71,052)	(1,076,221)	568,584	(507,637)
Total changes during the reporting term	(1,005,168)	(71,052)	(1,076,221)	568,584	992,280
Balance at Dec. 31, 2007	4,374,020	222,284	4,596,305	5,437,535	50,096,857

Note: Amounts under one thousand yen are omitted.

Year ended December 31, 2006

Thousands of yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at Dec. 31, 2005	6,279,147	4,098,961	24,440,613	(16,078)	34,802,643
Changes during the reporting term:					
Distribution of retained earnings			(533,078)		(533,078)
Payment of bonuses to directors and auditors			(60,055)		(60,055)
Net income			4,359,855		4,359,855
Acquisition of own shares				(6,266)	(6,266)
Changes in items outside the scope of shareholders' equity, net					
Total changes during the reporting term	—	—	3,766,722	(6,266)	3,760,455
Balance at Dec. 31, 2006	6,279,147	4,098,961	28,207,335	(22,344)	38,563,099

	Gains and losses on valuation or translation			Minority interest	Total net assets
	Unrealized gains on available-for-sale securities	Gains and losses on deferred hedge accounting	Total gains and losses on valuation or translation		
Balance at Dec. 31, 2005	5,541,603	—	5,541,603	4,231,774	44,576,021
Changes during the reporting term:					
Distribution of retained earnings					(533,078)
Payment of bonuses to directors and auditors					(60,055)
Net income					4,359,855
Acquisition of own shares					(6,266)
Changes in items outside the scope of shareholders' equity, net	(162,414)	293,336	130,922	637,177	768,100
Total changes during the reporting term	(162,414)	293,336	130,922	637,177	4,528,555
Balance at Dec. 31, 2006	5,379,189	293,336	5,672,526	4,868,951	49,104,577

Note: Amounts under one thousand yen are omitted.

Consolidated Statements of Cash Flows

Years ended December 31	Thousands of yen		
	2007	2006	Change
Cash flows from operating activities:			
Income before income taxes	¥ 4,304,902	¥ 7,743,205	¥ (3,438,303)
Depreciation	10,680,473	10,556,241	124,232
Impairment loss	101,038	—	101,038
Amortization of long-term prepaid expenses	14,996	2,703	12,292
Amortization of deferred assets	338,573	405,569	(66,995)
Loss on disposal of property, plant and equipment	244,225	162,347	81,878
Amortization of consolidation goodwill	(2,358)	(1,068)	(1,289)
Loss on valuation of investment securities	42,936	—	42,936
Increase (decrease) in allowance for doubtful accounts	(10,927)	(59,349)	48,422
Increase (decrease) in accrued severance and retirement benefits	(51,952)	(10,119)	(41,832)
Increase (decrease) in reserve for directors' retirement benefits	(271,386)	(67,526)	(203,860)
Increase (decrease) in reserve for repair of gasholders	34,234	34,234	—
Increase (decrease) in allowance for bonuses	(11,186)	(9,508)	(1,678)
Increase (decrease) in allowance for natural gas conversion	(246,953)	(202,784)	(44,168)
Interest and dividend income	(220,973)	(176,849)	(44,123)
Interest expenses	825,447	838,544	(13,096)
Loss (gain) on sale of property, plant and equipment	(34,057)	(7,547)	(26,510)
Loss (gain) on sale of investment securities	(25,685)	—	(25,685)
Decrease (increase) in notes and accounts receivable	(1,173,553)	(1,309,663)	136,109
Decrease (increase) in inventories	(960,973)	(2,745,268)	1,784,294
Increase (decrease) in notes and accounts payable	2,317,144	2,821,111	(503,967)
Increase (decrease) in consumption taxes payable	63,152	(721,857)	785,009
Directors' bonuses paid	—	(63,140)	63,140
Other	(622,375)	594,888	(1,217,264)
Sub-total	15,334,740	17,784,162	(2,449,422)
Interest and dividend received	221,120	176,833	44,286
Interest expenses paid	(851,475)	(865,841)	14,366
Income taxes paid	(3,023,719)	(2,069,386)	(954,333)
Net cash provided by (used in) operating activities	11,680,665	15,025,768	(3,345,102)

Years ended December 31	Thousands of yen		
	2007	2006	Change
Cash flows from investing activities:			
Increase in time deposits	(96,035)	(94,005)	(2,029)
Withdrawal of time deposits	94,014	104,004	(9,990)
Payments for purchase of noncurrent assets	(14,094,624)	(9,867,880)	(4,226,744)
Proceeds from sale of noncurrent assets	56,934	51,120	5,814
Payments for purchase of investment securities	(53,719)	(5,316)	(48,403)
Proceeds from sale of investment securities	47,952	10,079	37,873
Provision of loans	(300,000)	(1,070,000)	770,000
Collection of loan repayments	137,756	204,090	(66,334)
Receipt of beneficiaries' portion of installation costs	375,543	465,254	(89,710)
Other	(191,068)	(522,642)	331,573
Net cash provided by (used in) investing activities	(14,023,247)	(10,725,295)	(3,297,952)
Cash flows from financing activities:			
Increase (decrease) in short-term debt – net	2,100,032	(120,000)	2,220,032
Proceeds from long-term debt	5,765,000	7,810,000	(2,045,000)
Repayments of long-term debt	(11,011,554)	(11,997,484)	985,930
Cash dividends paid	(609,839)	(532,686)	(77,153)
Cash dividends paid for minority shareholders	(5,233)	(5,272)	39
Other	(806)	(6,266)	5,459
Net cash provided by (used in) financing activities	(3,762,401)	(4,851,709)	1,089,307
Net increase (decrease) in cash and cash equivalents	(6,104,983)	(551,236)	(5,553,747)
Cash and cash equivalents at beginning of the term	8,021,091	8,572,327	(551,236)
Cash and cash equivalents at end of the term	¥ 1,916,108	¥ 8,021,091	¥ (6,104,983)

Note: Amounts under one thousand yen are omitted.

Segment Information

(1) Segment information by business category

(Amounts under one thousand yen are omitted.)

Year ended December 31, 2007						Thousands of yen
	Gas	LPG and other energy services	Other businesses	Total	Elimination or corporate	Consolidated
Sales and operating income and loss:						
Net sales						
Outside customers	73,737,001	11,114,904	7,856,136	92,708,043	—	92,708,043
Inter-segment	757,895	496,224	9,453,720	10,707,839	(10,707,839)	—
Total	74,494,897	11,611,128	17,309,856	103,415,883	(10,707,839)	92,708,043
Costs and expenses	67,681,563	11,435,653	17,121,497	96,238,715	(7,997,967)	88,240,747
Operating income	6,813,333	175,474	188,359	7,177,168	(2,709,872)	4,467,296
Assets, depreciation, impairment loss and capital expenditure:						
Assets	87,382,024	7,055,698	7,037,690	101,475,413	10,848,631	112,324,045
Depreciation	9,490,665	568,984	700,603	10,760,253	(79,779)	10,680,473
Impairment loss	79,909	16,012	5,116	101,038	—	101,038
Capital expenditure	12,156,828	611,057	1,126,615	13,894,502	(176,870)	13,717,631

Year ended December 31, 2006						Thousands of yen
	Gas	LPG and other energy services	Other businesses	Total	Elimination or corporate	Consolidated
Sales and operating income and loss:						
Net sales						
Outside customers	59,288,770	10,586,315	7,933,180	77,808,266	—	77,808,266
Inter-segment	640,173	332,709	8,195,565	9,168,448	(9,168,448)	—
Total	59,928,944	10,919,025	16,128,745	86,976,714	(9,168,448)	77,808,266
Costs and expenses	49,893,445	10,801,488	15,449,012	76,143,946	(6,220,819)	69,923,127
Operating income	10,035,498	117,536	679,732	10,832,768	(2,947,628)	7,885,139
Assets, depreciation and capital expenditure:						
Assets	82,995,638	6,789,983	7,732,079	97,517,701	17,237,923	114,755,624
Depreciation	9,397,794	544,433	673,898	10,616,126	(59,885)	10,556,241
Capital expenditure	8,317,511	641,585	871,367	9,830,465	156,330	9,986,796

Note: Business categories and principal products

Business categories	Principal products
Gas	Natural gas; liquefied natural gas (LNG)
LPG and other energy services	LPG; on-site energy services
Other businesses	Gas-equipment and piping installation; sale of gas equipment; real estate rentals; sale of household equipment; leasing of office equipment

(2) Segment information by location

Not applicable due to absence of overseas consolidated subsidiaries or branches.

(3) Overseas Sales

Not applicable

Non-Consolidated Balance Sheets

As of December 31	Thousands of yen		
	2007	2006	Change
Assets			
Noncurrent assets:			
Property, plant and equipment –			
Production facilities	¥ 1,398,735	¥ 415,510	¥ 983,225
Distribution facilities	38,118,704	38,672,389	(553,685)
Service and maintenance facilities	4,177,455	3,252,721	924,734
Other related business facilities	1,121,490	1,004,581	116,909
Construction in progress	6,795,617	5,673,114	1,122,502
Total property, plant and equipment	51,612,004	49,018,317	2,593,687
Intangible assets –			
Leaseholds	494,411	494,411	—
Other intangible assets	1,209,883	577,879	632,004
Total intangible assets	1,704,295	1,072,290	632,004
Investments and other assets –			
Investment securities	9,630,523	11,154,879	(1,524,356)
Investments in affiliates	3,416,230	3,415,466	764
Long-term loans within company	585,389	723,145	(137,756)
Long-term loans to affiliates	4,235,200	4,015,100	220,100
Investments in partnerships	15,986	16,955	(968)
Long-term prepaid expenses	25,043	29,581	(4,538)
Other investments	168,303	492,709	(324,406)
Allowance for doubtful accounts	(19,381)	(21,665)	2,283
Total investments and other assets	18,057,294	19,826,172	(1,768,878)
Total noncurrent assets	71,373,594	69,916,780	1,456,813
Current assets:			
Cash and bank deposits	210,222	5,771,498	(5,561,276)
Notes receivable	27,203	108,541	(81,337)
Accounts receivable	5,726,854	4,606,510	1,120,344
Accounts receivable – affiliates	83,901	69,590	14,310
Other accounts receivable	1,075,673	107,735	967,937
Marketable securities	1,200	17,510	(16,310)
Finished products	54,467	43,945	10,521
Raw materials	33,675	27,333	6,342
Supplies	82,284	55,771	26,513
Prepaid expenses	85,307	128,280	(42,972)
Other accounts receivables – affiliates	422,596	471,428	(48,832)
Short-term loans to affiliates	537,000	640,000	(103,000)
Deferred tax assets	322,304	228,929	93,375
Other accounts receivable – other related business	6,228,688	5,148,376	1,080,312
Current assets – other related business	747,153	501,261	245,892
Other current assets	418,843	352,454	66,388
Allowance for doubtful accounts	(57,340)	(44,920)	(12,420)
Total current assets	16,000,036	18,234,247	(2,234,210)
Total assets	¥ 87,373,630	¥ 88,151,027	¥ (777,396)

Note: Amounts under one thousand yen are omitted.

As of December 31	Thousands of yen		
	2007	2006	Change
Liabilities			
Long-term liabilities:			
Long-term debt	¥ 26,584,621	¥ 27,345,139	¥ (760,518)
Deferred tax liabilities	1,263,519	1,837,038	(573,518)
Accrued severance and retirement benefits	3,227,716	3,292,760	(65,043)
Reserve for directors' retirement benefits	—	265,600	(265,600)
Reserve for repair of gasholders	175,526	141,292	34,234
Other long-term liabilities	189,150	—	189,150
Total long-term liabilities	31,440,533	32,881,829	(1,441,296)
Current liabilities:			
Long-term liabilities due within one year	5,660,518	6,813,858	(1,153,340)
Accounts payable	1,428,855	21,214	1,407,641
Short-term debt	2,134,032	—	2,134,032
Other accounts payable	630,690	573,157	57,533
Accrued expenses	873,726	956,460	(82,733)
Income taxes payable	148,053	1,202,726	(1,054,672)
Advances received	52,732	89,019	(36,286)
Deposits received	84,494	108,159	(23,665)
Accounts payable – affiliates	4,359,892	3,842,685	517,206
Short-term debt – affiliates	1,640,000	1,650,000	(10,000)
Other accounts payable – affiliates	1,243,369	1,863,186	(619,816)
Allowance for bonuses	276,200	281,300	(5,100)
Other accounts payable – other related business	3,643,468	3,197,967	445,500
Current liabilities – other related business	611,643	372,096	239,546
Other current liabilities	2,856	32,867	(30,011)
Total current liabilities	22,790,534	21,004,698	1,785,835
Total liabilities	54,231,067	53,886,528	344,539
Net assets			
Shareholders' equity:			
Common stock	6,279,147	6,279,147	—
Capital surplus			
Appropriation for legal reserve	4,098,961	4,098,961	—
Retained earnings –			
Appropriation for legal reserve	801,709	801,709	—
Other retained earnings			
Reserve for reduction in costs of specified assets	220,420	220,420	—
General reserve	16,288,700	14,138,700	2,150,000
Retained earnings brought forward	892,113	3,103,595	(2,211,481)
Total retained earnings	18,202,943	18,264,425	(61,481)
Treasury stock	(23,151)	(22,344)	(806)
Total shareholders' equity	28,557,901	28,620,189	(62,288)
Gains and losses on valuation or translation:			
Unrealized gains on available-for-sale securities	4,362,378	5,353,832	(991,454)
Gains and losses on deferred hedge accounting	222,284	290,477	(68,192)
Total gains and losses on valuation or translation	4,584,662	5,644,309	(1,059,647)
Total net assets	33,142,563	34,264,499	(1,121,936)
Total liabilities and net assets	¥ 87,373,630	¥ 88,151,027	¥ (777,396)

Note: Amounts under one thousand yen are omitted.

Non-Consolidated Statements of Income

Years ended December 31	Thousands of yen		
	2007	2006	Change
Product sales:			
Revenue from gas operations	¥ 69,661,403	¥ 56,154,031	¥ 13,507,371
Cost of sales:			
Initial inventories	43,945	40,307	3,637
Cost of gas production	11,160,722	616,116	10,544,606
Purchase amount (gas)	40,391,113	34,708,031	5,683,081
In-house consumption	467,577	362,834	104,742
Inventories at term-end	54,467	43,945	10,521
Total cost of sales	51,073,737	34,957,676	16,116,060
Gross profit	18,587,666	21,196,355	(2,608,689)
Selling expenses	14,340,742	13,884,249	456,492
General and administrative expenses	3,105,011	3,418,256	(313,244)
Business profit	1,141,912	3,893,848	(2,751,936)
Miscellaneous revenue:			
Revenue from installation work	1,241,918	1,210,769	31,148
Revenue from equipment sales	2,745,992	3,017,939	(271,946)
Other	1,906	1,236	669
Total miscellaneous revenue	3,989,817	4,229,946	(240,128)
Miscellaneous expenses:			
Expenses for installation work	1,204,360	1,222,381	(18,021)
Expenditure for equipment sales	3,273,470	2,937,019	336,451
Total miscellaneous expenses	4,477,831	4,159,400	318,430
Revenue from other related business	4,535,563	3,429,900	1,105,662
Expenses for other related business	4,346,559	3,278,336	1,068,223
Operating income	842,902	4,115,958	(3,273,056)
Non-operating income:			
Interest income	97,201	78,420	18,781
Interest income on securities	26	45	(19)
Dividend income	140,573	113,929	26,644
Dividend income from affiliates	108,810	100,803	8,007
Rent income	136,051	146,597	(10,546)
Other	222,343	161,093	61,250
Total non-operating income	705,007	600,889	104,117
Non-operating expenses:			
Interest expenses	575,338	504,187	71,150
Other	7,428	17,533	(10,104)
Total non-operating expenses	582,766	521,720	61,045
Ordinary income	965,142	4,195,127	(3,229,984)

Years ended December 31	Thousands of yen		
	2007	2006	Change
Extraordinary income:			
Gain on sale of noncurrent assets	34,057	15,344	18,713
Gain on sale of investment securities	25,685	—	25,685
Total extraordinary income	59,743	15,344	44,399
Extraordinary expenses			
Impairment loss	79,909	—	79,909
Loss on valuation of investment securities	36,548	—	36,548
Total extraordinary expenses	116,457	—	116,457
Income before income taxes	908,428	4,210,471	(3,302,043)
Income taxes – current	452,000	1,425,000	(973,000)
Income taxes – deferred	(91,283)	32,319	(123,602)
Net income	¥ 547,711	¥ 2,753,152	¥ (2,205,440)

Note: Amounts under one thousand yen are omitted.

Non-Consolidated Statements of Changes in Shareholders' Equity

Year ended December 31, 2007

Thousands of yen

	Shareholders' equity								Treasury stock	Total shareholders' equity
	Common stock	Capital surplus		Retained earnings				Total retained earnings		
		Appropriation for legal reserve	Appropriation for legal reserve	Other retained earnings						
				Reserve for reduction in cost of specified assets	General reserve	Retained earnings brought forward				
Balance at Dec. 31, 2006	6,279,147	4,098,961	801,709	220,420	14,138,700	3,103,595	18,264,425	(22,344)	28,620,189	
Changes during the reporting term:										
Distribution of retained earnings						(609,193)	(609,193)		(609,193)	
Provisions to general reserve					2,150,000	(2,150,000)	—		—	
Net income						547,711	547,711		547,711	
Acquisition of own shares							—	(806)	(806)	
Changes in items outside the scope of shareholders' equity, net										
Total changes during the reporting term	—	—	—	—	2,150,000	(2,211,481)	(61,481)	(806)	(62,288)	
Balance at Dec. 31, 2007	6,279,147	4,098,961	801,709	220,420	16,288,700	892,113	18,202,943	(23,151)	28,557,901	

	Gains and losses on valuation or translation			
	Unrealized gains on available-for-sale securities	Gains and losses on deferred hedge accounting	Total gains and losses on valuation or translation	Total net assets
Balance at Dec. 31, 2006	5,353,832	290,477	5,644,309	34,264,499
Changes during the reporting term:				
Distribution of retained earnings				(609,193)
Provisions to general reserve				—
Net income				547,711
Acquisition of own shares				(806)
Changes in items outside the scope of shareholders' equity, net	(991,454)	(68,192)	(1,059,647)	(1,059,647)
Total changes during the reporting term	(991,454)	(68,192)	(1,059,647)	(1,121,936)
Balance at Dec. 31, 2007	4,362,378	222,284	4,584,662	33,142,563

Note: Amounts under one thousand yen are omitted.

Year ended December 31, 2006

Thousands of yen

	Shareholders' equity								Treasury stock	Total shareholders' equity
	Common stock	Capital surplus		Retained earnings				Total retained earnings		
		Appropriation for legal reserve	Appropriation for legal reserve	Other retained earnings						
				Reserve for reduction in cost of specified assets	General reserve	Retained earnings brought forward				
Balance at Dec. 31, 2005	6,279,147	4,098,961	801,709	211,257	12,838,700	2,230,685	16,082,352	(16,078)	26,444,382	
Changes during the reporting term:										
Distribution of retained earnings						(533,078)	(533,078)		(533,078)	
Payment of bonuses to directors and auditors						(38,000)	(38,000)		(38,000)	
Provisions to reserve for reduction in cost of specified assets				9,163		(9,163)	—		—	
Provisions to general reserve					1,300,000	(1,300,000)	—		—	
Net income						2,753,152	2,753,152		2,753,152	
Acquisition of own shares							—	(6,266)	(6,266)	
Changes in items outside the scope of shareholders' equity, net										
Total changes during the reporting term	—	—	—	9,163	1,300,000	872,910	2,182,073	(6,266)	2,175,807	
Balance at Dec. 31, 2006	6,279,147	4,098,961	801,709	220,420	14,138,700	3,103,595	18,264,425	(22,344)	28,620,189	

	Gains and losses on valuation or translation			Total net assets
	Unrealized gains on available-for-sale securities	Gains and losses on deferred hedge accounting	Total gains and losses on valuation or translation	
Balance at Dec. 31, 2005	5,508,479	—	5,508,479	31,952,862
Changes during the reporting term:				
Distribution of retained earnings				(533,078)
Payment of bonuses to directors and auditors				(38,000)
Provisions to reserve for reduction in cost of specified assets				—
Provisions to general reserve				—
Net income				2,753,152
Acquisition of own shares				(6,266)
Changes in items outside the scope of shareholders' equity, net	(154,647)	290,477	135,830	135,830
Total changes during the reporting term	(154,647)	290,477	135,830	2,311,637
Balance at Dec. 31, 2006	5,353,832	290,477	5,644,309	34,264,499

Note: Amounts under one thousand yen are omitted.