

Flash Report for the First Three Quarters of 2006 (on a consolidated basis)

November 8, 2006

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1. Matters Concerning Preparation of Financial Statements

- 1) A simplified accounting method based on the statutory tax rate is used for recognition of income taxes. Other simplified methods are applied to immaterial items.
- 2) Please note that the new Corporation Law went into effect in May of 2006. Under this law, changes have been made to the methods of presentation in the financial statements, including the balance sheet and income statement.
- 3) No changes have been made in the scope of consolidation and application of equity-method accounting.

2. Business Results for the First Three Quarters (January 1 to September 30, 2006)

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

(1) Operating Results

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)	
Reporting first three quarters	¥57,363	15.3%	¥7,363	29.2%	¥7,022	36.5%
Previous first three quarters	49,773	10.5	5,700	(16.1)	5,146	(17.2)
Previous full term (Jan. 1 to Dec. 31, 2005)	67,144		6,622		5,887	

	Net income (¥ million)		Earnings per share (¥)	Diluted earnings per share (¥)
Reporting first three quarters	¥4,356	64.0%	¥57.20	—
Previous first three quarters	2,655	(23.1)	37.58	—
Previous full term	3,189		44.10	—

Report on business performance for the first three quarters of fiscal 2006

Total sales on a consolidated basis reached ¥57,363 million, an increase of 15.3% over the corresponding period of the previous year. Sales of Gas segment for the reporting three quarters came to ¥44,114 million, while sales of LPG and other forms of energy amounted to ¥8,107 million. Sales of Other businesses amounted to ¥11,186 million. (All figures include inter-segment transactions.)

Turning to expenses, the cost of sales increased due to higher prices of our feedstock. Consequently, gross profit rose 5.5% to ¥23,550 million. Owing to a decline in expenses for the depreciation of the No.2 Suruga Trunk Line (for transporting gas under high pressure), which was completed in July 2004, operating income came to ¥7,363 million, ordinary income to ¥7,022 million, and net income to ¥4,356 million.

(2) Financial Position

	Total assets (¥ million)	Net assets * (¥ million)	Equity ratio (%)	Net assets per share (¥)
Reporting first three quarters	¥113,274	¥48,952	39.2%	¥583.72
Previous first three quarters	106,756	34,808	32.6	492.61
Previous full term	111,983	40,344	36.0	528.96

* Amounts shown as shareholders' equity in the previous term are now posted under net assets.

Report on changes in financial position during the first three quarters

Total assets at the end of the reporting period stood at ¥113,274 million, an increase of ¥1,290 million compared with the end of the previous term. This change is mainly attributable to a ¥3,544 million growth in the value of inventory assets resulting from a buildup in LNG stocks, and a rise of ¥1,272 million in other current assets resulting from growth in loans, which more than offset a decrease of ¥3,563 million in cash and bank deposits.

Net assets at the end of the period stood at ¥48,952 million, and the equity ratio became 39.2%.

(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 first three quarters	¥ 8,583	¥ (9,096)	¥(3,025)	¥5,034
Previous first three quarters	11,524	(7,316)	(5,913)	3,823
Previous full term	16,040	(9,069)	(3,929)	8,572

For Reference: Amounts on a non-consolidated basis

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)		Net income (¥ million)	
Reporting first three quarters	¥46,900	21.0%	¥5,358	130.2%	¥5,444	103.9%	¥3,538	104.5%
Previous first three quarters	38,761	7.5	2,327	(29.8)	2,670	(24.6)	1,730	(25.0)
Previous full term	52,253		2,394		2,676		1,901	

	Total assets (¥ million)	Net assets (¥ million)
Reporting first three quarters	¥87,793	¥35,270
Previous first three quarters	76,196	26,787
Previous full term	81,460	31,952

3. Business Forecasts for Current Term (January 1 to December 31, 2006)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
Full term	78,350	6,550	3,600

Notes:

1. Estimated earnings per share for fiscal 2006 (full term): ¥47.27

Report on business forecasts for current term

The above forecasts remain unchanged from the forecasts for fiscal 2006 business performance issued on August 17 of this year.

For Reference: Business forecasts for current term on a non-consolidated basis

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
Full term	64,060	2,850	1,940

Note: Estimated earnings per share for fiscal 2006 (full term): ¥25.47

Disclaimer: The above 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

	Thousands of yen			
	September 30, 2006	December 31, 2005	Change	September 30, 2005
Assets				
Noncurrent assets:				
Property, plant and equipment	¥ 76,455,294	¥ 77,540,920	¥ (1,085,626)	¥ 78,097,882
Intangible assets	1,087,777	1,004,691	83,086	1,007,829
Investments and other assets	16,356,812	15,542,016	814,795	14,310,588
Total noncurrent assets	93,899,883	94,087,628	(187,745)	93,416,300
Current assets:				
Cash and bank deposits	5,073,589	8,636,780	(3,563,190)	3,903,145
Notes and accounts receivable	5,973,303	5,444,104	529,198	4,838,105
Inventories	4,646,620	1,102,412	3,544,207	1,445,417
Other current assets	3,013,522	1,741,266	1,272,256	2,082,853
Total current assets	18,707,036	16,924,564	1,782,472	12,269,522
Deferred assets	667,186	971,361	(304,174)	1,070,307
Total assets	¥ 113,274,106	¥ 111,983,554	¥ 1,290,552	¥ 106,756,130
Liabilities				
Long-term liabilities:				
Long-term debt	¥ 38,403,664	¥ 39,930,962	¥ (1,527,298)	¥ 41,413,589
Accrued severance and retirement benefits	3,554,254	3,666,303	(112,048)	3,521,414
Other long-term liabilities	2,483,265	2,884,749	(401,483)	2,472,777
Total long-term liabilities	44,441,184	46,482,014	(2,040,830)	47,407,780
Current liabilities:				
Long-term liabilities due within one year	11,158,399	11,994,328	(835,929)	12,104,220
Accounts payable	2,288,297	1,881,834	406,462	1,519,295
Short-term debt	290,000	410,000	(120,000)	1,015,000
Other current liabilities	5,664,806	6,008,134	(343,327)	5,151,059
Total current liabilities	19,401,502	20,294,296	(892,793)	19,789,574
Allowances:				
Allowance for natural gas conversion	479,138	631,221	(152,082)	681,395
Total allowances	479,138	631,221	(152,082)	681,395
Total liabilities	64,321,825	67,407,532	(3,085,706)	67,878,750
Minority interest	—	4,231,774	—	4,069,172
Shareholders' equity				
Common stock	—	6,279,147	—	4,183,647
Capital surplus	—	4,098,961	—	2,009,181
Retained earnings	—	24,440,613	—	23,907,247
Unrealized gains on available-for-sale securities	—	5,541,603	—	4,721,394
Treasury stock	—	(16,078)	—	(13,262)
Total shareholders' equity	—	40,344,247	—	34,808,207
Total liabilities, minority interest and shareholders' equity	¥ —	¥ 111,983,554	¥ —	¥ 106,756,130

Note: Amounts under one thousand yen are omitted.

	Thousands of yen			
	September 30, 2006	December 31, 2005	Change	September 30, 2005
Net assets				
Shareholders' equity:				
Common stock	6,279,147	—	—	—
Capital surplus	4,098,961	—	—	—
Retained earnings	28,203,870	—	—	—
Treasury stock	(21,210)	—	—	—
Total shareholders' equity	38,560,769	—	—	—
Gains and losses on valuation or translation:				
Unrealized gains on available-for-sale securities	5,550,737	—	—	—
Gains and losses on deferred hedge accounting	339,315	—	—	—
Total gains and losses on valuation or translation	5,890,053	—	—	—
Minority interest	4,501,457	—	—	—
Total net assets	48,952,280	—	—	—
Total liabilities and net assets	¥ 113,274,106	¥	— ¥	— ¥

Note: Amounts under one thousand yen are omitted.

Consolidated Statements of Income

	Thousands of yen			
	Three quarters ended September 30, 2006	Three quarters ended September 30, 2005	Change	Previous year ended December 31, 2005
Net sales	¥ 57,363,922	¥ 49,773,324	¥7,590,597	¥ 67,144,404
Cost of sales	33,813,644	27,442,543	6,371,100	38,158,792
Gross profit	23,550,277	22,330,780	1,219,497	28,985,611
Selling, general and administrative expenses	16,186,904	16,630,732	(443,827)	22,362,823
Operating income	7,363,372	5,700,048	1,663,324	6,622,787
Non-operating income	300,560	267,894	32,666	355,675
Non-operating expenses	640,938	821,354	(180,416)	1,091,431
Ordinary income	7,022,995	5,146,588	1,876,406	5,887,031
Extraordinary income	205,232	235,651	(30,418)	323,545
Extraordinary expenses	—	305	(305)	—
Income before income taxes	7,228,228	5,381,934	1,846,293	6,210,577
Income taxes*	2,593,535	2,140,169	453,365	2,274,072
Minority interest in net income	278,301	585,979	(307,677)	747,353
Net income	¥ 4,356,390	¥ 2,655,786	¥1,700,604	¥ 3,189,151

Notes:

1. Amounts under one thousand yen are omitted.

2. *Income taxes include adjustment for difference of tax allocation between financial accounting and tax accounting.

Consolidated Statements of Changes in Shareholders' Equity

First three quarters ended September 30, 2006

Thousands of yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earning	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			4,356,390		4,356,390
Acquisition of own shares				(5,131)	(5,131)
Changes in items outside the scope of shareholders' equity, net					
Total changes during the reporting term	—	—	3,763,257	(5,131)	3,758,125
Balance at Sept. 30, 2006	6,279,147	4,098,961	28,203,870	(21,210)	38,560,769
	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	Minority interest	Total net assets
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					4,356,390
Acquisition of own shares					(5,131)
Changes in items outside the scope of shareholders' equity, net	9,134	339,315	348,450	269,683	618,133
Total changes during the reporting term	9,134	339,315	348,450	269,683	4,376,259
Balance at Sept. 30, 2006	5,550,737	339,315	5,890,053	4,501,457	48,952,280

Note: Amounts under one thousand yen are omitted.

Consolidated Statements of Cash Flows

	Thousands of yen		
	Three quarters ended September 30, 2006	Three quarters ended September 30, 2005	Previous year ended December 31, 2005
Cash flows from operating activities:			
Income before income taxes	¥ 7,228,228	¥ 5,381,934	¥ 6,210,577
Depreciation	7,809,110	8,173,438	10,990,670
Amortization of deferred assets	304,174	316,207	416,549
Loss on disposal of property, plant and equipment	124,121	320,103	378,151
Increase (decrease) in accrued severance and retirement benefits	(112,048)	(10,716)	134,172
Decrease (increase) in notes and accounts receivable	(485,998)	(387,443)	(1,017,566)
Decrease (increase) in inventories	(3,541,389)	1,422,170	1,768,739
Increase (decrease) in notes and accounts payable	360,901	(1,869,828)	(1,583,840)
Increase (decrease) in consumption taxes payable	(640,268)	979,319	1,083,278
Income taxes paid	(2,074,220)	(2,753,499)	(2,751,491)
Other	(388,825)	(47,334)	411,453
Net cash provided by (used in) operating activities	8,583,784	11,524,351	16,040,693
Cash flows from investing activities:			
Payments for purchase of noncurrent assets	(7,891,106)	(6,329,138)	(8,525,365)
Proceeds from sale of noncurrent assets	36,917	80,064	155,752
Decrease (increase) in loan receivables – net	(1,585,311)	(870,992)	(799,556)
Payments for purchase of deferred assets	—	(468,054)	(469,450)
Other	343,472	271,207	569,571
Net cash provided by (used in) investing activities	(9,096,027)	(7,316,913)	(9,069,048)
Cash flows from financing activities:			
Increase (decrease) in short-term debt – net	(120,000)	525,000	(80,000)
Increase (decrease) in long-term debt – net	(2,363,227)	(5,726,720)	(7,319,239)
Proceeds from new share issue	—	—	4,185,280
Cash dividends paid	(537,589)	(708,080)	(708,547)
Other	(5,131)	(3,784)	(6,599)
Net cash provided by (used in) financing activities	(3,025,948)	(5,913,584)	(3,929,106)
Net increase (decrease) in cash and cash equivalents	(3,538,191)	(1,706,146)	3,042,538
Cash and cash equivalents at beginning of the term	8,572,327	5,529,789	5,529,789
Cash and cash equivalents at end of the term	¥ 5,034,136	¥ 3,823,643	¥ 8,572,327

Note: Amounts under one thousand yen are omitted.

Segment Information

(1) Segment information by business category

(Amounts under one thousand yen are omitted.)

First three quarters ended September 30, 2006

Thousands of yen

	Gas	LPG and other forms of energy	Other businesses	Total	Elimination or Corporate	Consolidated
Net sales	44,114,064	8,107,758	11,186,672	63,408,494	(6,044,572)	57,363,922
Cost and Expenses	35,270,370	7,935,865	10,736,246	53,942,481	(3,941,931)	50,000,549
Operating income	8,843,694	171,893	450,425	9,466,013	(2,102,640)	7,363,372

Note: Segment information for the first three quarters ended September 30, 2005 is not available.

Previous year ended December 31, 2005

Thousands of yen

	Gas	LPG and other forms of energy	Other businesses	Total	Elimination or Corporate	Consolidated
Net sales	48,347,419	9,744,163	17,722,364	75,813,948	(8,669,544)	67,144,404
Cost and Expenses	39,816,950	9,441,755	17,152,056	66,410,762	(5,889,146)	60,521,616
Operating income	8,530,469	302,408	570,308	9,403,185	(2,780,398)	6,622,787

(2) Segment information by location

Not applicable due to absence of overseas consolidated subsidiaries or branches

(3) Overseas sales

Not applicable