



**For Second Quarter of Fiscal 2008**  
**Brief Report of Consolidated Financial Statements**

October 31, 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: Manager of Consolidation Management Team, Accounting & Finance Dept.

Name: Kotaro Fukushima

Scheduled Date of Financial Report Filing with the Finance Ministry: November 13, 2008

1. Consolidated Financial Results for the Second Quarter of Fiscal 2008

(April 1, 2008 – September 30, 2008)

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

(Amounts less than one million yen are rounded down to the nearest million)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended Sep. 30, 2008	606,353	-	1,258	-	3,546	-	207	-
Six months ended Sep. 30, 2007	543,639	2.0	38,815	-12.8	42,110	-7.1	25,427	-8.2

	Earnings per share		Diluted earnings per share	
	yen		yen	
Six months ended Sep. 30, 2008	0.10		-	
Six months ended Sep. 30, 2007	11.43		-	

(2) Consolidated Financial Position

	Total assets	Net worth	Net worth/Total assets	Net worth per share
	(million yen)	(million yen)	%	Yen
As of Sep. 30, 2008	1,491,857	651,397	42.1	291.00
As of Mar. 31, 2008	1,467,934	666,657	44.2	300.76

<Reference> Net worth As of Sep. 30, 2008: 627,371 million yen As of Mar. 31, 2008: 648,592 million yen

2. Dividends

(Record date)	Dividends per share				
	June 30	September 30	December 31	March 31	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2008	-	3.50	-	3.50	7.00
Year ending March 31, 2009	-	3.50			
Year ending March 31, 2009 (Forecast)			-	3.50	7.00

(Note) Modification to dividend forecast: No modification

3. Forecast of Consolidated Results for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

(Percentages (%) represent forecasted changes from the previous year.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,404,000	13.4	17,000	-77.5	18,500	-75.6	7,000	-82.6	3.25

(Note) Modification to consolidated operational results forecast: Modified

4. Other information

(1) Significant changes in subsidiaries during the year (changes in certain subsidiaries resulting in change in consolidation scope): None

(2) Adoption of simplified accounting methods and special accounting treatments for quarterly consolidated financial statements: Adopted

[(Note) For details, refer to “4. Others” in [Descriptive Information and Financial Statements] on Page 5]

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

① Changes in response to revisions in accounting standards etc.: Adopted

② Changes other than those defined in ① above: Adopted

[(Note) For details, refer to “4. Others” in [Descriptive Information and Financial Statements] on Page 5]

(4) Issued shares (common shares)

① Issued shares as of term end (including repurchased shares)

As of September 30, 2008 2,158,383,539 shares

As of March 31, 2008 2,158,383,539 shares

② Repurchased shares as of term end

As of September 30, 2008 2,489,996 shares

As of March 31, 2008 1,864,399 shares

③ Average number of outstanding shares during term

Six months ended September 30, 2008 2,156,251,814 shares

Six months ended September 30, 2007 2,224,650,354 shares

\* Notes on proper use of forecasts and other matters

1. This material contains operating forecasts and other forward-looking statements about Osaka Gas Co., Ltd. and its group companies (the Osaka Gas Group). These forward-looking statements are based on information currently available to the Osaka Gas Group and certain assumptions that the Group believes to be reasonable. Various factors may cause actual results to be materially different from these forecasts.
2. For assumptions used for operating forecasts and notes regarding the use of such forecasts, please refer to 3. Descriptive Information on Forecasts of Consolidated Results in [Descriptive Information and Financial Statements] on page 5.
3. From the current fiscal year onwards, the Osaka Gas Group has adopted the “Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan <ASBJ> Statement No. 12)” and the “Guidance on Accounting Standards for Quarterly Financial Reporting (ASBJ Guidance No. 14).” The consolidated quarterly financial statements are prepared based on the “Regulations for Consolidated Quarterly Financial Statements.”

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(Reference) Forecast for non-consolidated operational results

Forecast for Non-Consolidated Results for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

(Percentages (%) represent forecasted changes from the previous year.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,010,000	15.1	-8,000	-	-6,000	-	-4,000	-	-1.86

(Note) Modification to non-consolidated financial results forecast: Modified

[Descriptive Information and Financial Statements]

1. Descriptive Information on Consolidated Operating Results

Consolidated operating revenues for the first half of fiscal 2008 (the six months ended September 30, 2008) increased by 62.7 billion yen to 606.3 billion yen from the same period of the previous year, due primarily to the higher gas rates charged by Osaka Gas under the fuel cost adjustment system and increased operating revenues at consolidated subsidiaries. Consolidated operating profit decreased by 37.5 billion yen to 1.2 billion yen, owing primarily to the decrease in non-consolidated operating profit, which was affected by increased material costs. Ordinary profit decreased by 38.5 billion yen to 3.5 billion yen. Net income after taxes for the first half of fiscal 2008 decreased by 25.2 billion yen to 200 million yen.

Non-consolidated operating results for Osaka Gas Co., Ltd. are presented in (Reference Date) (4) Overview of Non-consolidated Financial Results for the First Half of Fiscal 2008 (April 1 to September 30, 2008)

2. Descriptive Information on Consolidated Financial Position

Total assets as of September 30, 2008 amounted to 1,491.8 billion yen, representing an increase of 23.9 billion yen from March 31, 2008. This increase was mainly due to an increase in inventories of 32.4 billion yen, which resulted from the appreciation of crude oil prices and seasonal factors.

Net worth amounted to 651.3 billion yen and the ratio of net worth to total assets was 42.1%.

[Consolidated cash flow]

Cash and cash equivalents as of September 30, 2008 increased by 2.8 billion yen from March 31, 2008 to 42.1 billion yen. Major movements are as follows:

(Cash flow from operating activities)

Net cash used for operating activities was -1.2 billion yen, this figure being primarily due to our recording of an increase in inventories despite 3.5 billion yen of net income before tax and other adjustments and 43.0 billion yen of depreciation costs during the period.

(Cash flow from investment activities)

Net cash used for investment activities amounted to 47.0 billion yen, mainly due to expenditure of 46.1 billion yen for the acquisition of tangible fixed assets including gas piping and other gas supply facilities.

(Cash flow from financial activities)

Net cash gained through financial activities was 51.4 billion yen, this figure being primarily due to our raising of 60.0 billion yen in funds by issuing bonds.

### 3. Descriptive Information on Forecast of Consolidated Operating Results

In view of our recent performance, etc., the Osaka Gas Group has decided to revise its earlier forecasts for the year ending March 31, 2009 due to changes in some factors. Such changes include corrections to its assumptions on crude oil prices and foreign exchange rates in October 2008 and thereafter, and the implementation of a measure to alleviate excessive fluctuation in small-volume regulated gas tariffs from January through March 2009 on a non-consolidated basis.

### 4. Other information

(1) Significant changes in subsidiaries during the year (changes in certain subsidiaries resulting in change in consolidation scope)

Not applicable

(2) Adoption of simplified accounting methods and special accounting treatments for quarterly consolidated financial statements

#### 1. Valuation of inventories

At the end of the first half, physical inventory was not taken. Inventory values were calculated using a reasonable method based on the actual balance of inventories at the end of the previous year.

Book values of certain inventories were reduced to net sellable values only if their profitability was clearly diminished.

#### 2. Tax expenses

For certain consolidated subsidiaries, expected effective tax rates on their pretax net income (after tax effect accounting) for the tax year containing the current first half were estimated on the basis of reasonable assumptions. Tax expenses for the first half were then calculated by multiplying the respective subsidiary's pretax net income for the period by the estimated effective tax rates.

Amount of tax adjustment and other adjustments was included in "corporate and other taxes."

(3) Change in accounting principles, procedures and presentation for quarterly consolidated financial statements

1. As of the current fiscal year, Osaka Gas is adopting “Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standards No. 12) and “Guides for Adopting the Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standards Adoption Guide No. 14). Osaka Gas also follows “Rules for Quarterly Consolidated Financial Statements” in preparing its quarterly consolidated financial statements.

2. Change in basis and method of evaluating significant assets (inventories)

In and before fiscal 2007, inventories held for the purpose of ordinary sales were valued mainly at cost on a moving average basis. From the current first quarter, inventories are valued mainly at cost on a moving average basis (book values reported on the balance sheet should be reduced to sellable values if their profitability diminishes) in accordance with the Accounting Standards for Inventory Valuation (Corporate Accounting Standards No. 9, issued on July 5, 2006). This adoption had no effect on profit or loss for the three months ended June 30, 2008.

3. Adoption of “Temporary Treatment of Accounting of Overseas Subsidiaries in Consolidated Financial Statements”

As of the first quarter of fiscal 2008, the Company is adopting the “Temporary Treatment of Accounting of Overseas Subsidiaries in Consolidated Financial Statements” (Practical Application Report No. 18 issued on May 17, 2006). According to this rule, the Company made necessary adjustments to its quarterly consolidated financial statements. This adoption had no effect on profit or loss for the three months ended June 30, 2008.

4. Adoption of “Accounting Standards for Lease Transactions”

In and before fiscal 2007, finance lease transactions, other than those for which ownership is deemed transferred to the lessee, had been accounted for by the accounting method used for ordinary lease transactions. As of the first quarter of fiscal 2008, which commences on and after April 1, 2008, in preparing their quarterly financial statements companies may adopt “Accounting Standards for Lease Transactions” (Corporate Accounting Standards No. 13, issued by the First Section of the Corporate Accounting Committee on June 17, 1993, as revised on March 30, 2007) and “Guide for Adopting the Accounting Standards for Lease Transactions” (Corporate Accounting Standards Adoption Guide No. 16, issued on January 18, 1994 by the Accounting System Committee of the Japanese Institute of Certified Public Accountants, as revised on March 30, 2007). Accordingly, Osaka Gas is adopting these standards and guides from the current first quarter, and is accounting for these lease transactions by the accounting method used for ordinary sales transactions. This adoption had minor effect on profit or loss for the three months ended June 30, 2008.

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## 5. Quarterly Consolidated Financial Statements

## (1) Consolidated Quarterly Balance Sheet

(Unit: million yen)

	As of September 30, 2008	As of March 31, 2008
<b>(Assets)</b>		
<b>Fixed Assets</b>		
Tangible fixed assets		
Production facilities	96,617	99,196
Distribution facilities	328,431	338,232
Administrative facilities	64,339	64,196
Other facilities	232,330	242,027
Idle facilities		1,532
Construction in progress	82,247	72,320
<b>Total tangible fixed assets</b>	<b>803,966</b>	<b>817,506</b>
Intangible fixed assets	42,590	44,974
Investments and other assets		
Investment in securities	172,823	144,765
Others	106,087	130,556
<b>Total investments and other assets</b>	<b>278,910</b>	<b>275,321</b>
<b>Total fixed assets</b>	<b>1,125,468</b>	<b>1,137,802</b>
<b>Current Assets</b>		
Cash and deposits	40,234	41,457
Notes and trade accounts receivable (net)	119,933	144,916
Inventories	97,828	65,334
Others	108,391	78,423
<b>Total current assets</b>	<b>366,388</b>	<b>330,131</b>
<b>Assets total</b>	<b>1,491,857</b>	<b>1,467,934</b>
<b>(Liabilities)</b>		
<b>Fixed Liabilities</b>		
Bonds	232,425	193,164
Long-term loans payable	242,717	219,806
Reserves	16,462	14,290
Others	35,297	34,538
<b>Fixed liabilities total</b>	<b>526,903</b>	<b>461,800</b>
<b>Current Liabilities</b>		
Notes and trade accounts payable	71,172	74,697
Short-term loans payable	40,218	40,263
Corporate taxes payable	10,244	22,166
Others	191,921	202,349
<b>Current liabilities total</b>	<b>313,556</b>	<b>339,476</b>
<b>Liabilities total</b>	<b>840,460</b>	<b>801,276</b>
<b>(Net Worth)</b>		
<b>Shareholders' equity</b>		
Capital stock	132,166	132,166
Capital surpluses	19,482	19,482
Consolidated retained earnings	431,016	439,226
Treasury stocks	-1,041	-806
<b>Shareholders' equity total</b>	<b>581,623</b>	<b>590,069</b>

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Valuation and translation adjustments		
Difference between market price and acquisition cost of other securities	28,638	31,790
Deferred hedge gains (losses)	4,351	12,628
Land revaluation excess	-103	83
Foreign exchange adjustment	12,860	14,020
Valuation and translation adjustments total	45,747	58,523
Minority interest	24,025	18,065
Net worth total	651,397	666,657
Liabilities and net worth total	1,491,857	1,467,934

(2) Consolidated Quarterly Profit and Loss Statement

(Unit: million yen)

	Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)	
Operating revenues		606,353
Cost of sales		442,484
Gross profit on Sales		163,868
Selling, general and administrative expenses		162,609
Operating profit		1,258
Non-operating revenues		
Interest income		786
Dividend income		1,505
Equity in earnings of affiliates		4,589
Miscellaneous revenues		4,798
Non-operating revenues total		11,679
Non-operating expenses		
Interest expenses		5,015
Miscellaneous expenses		4,376
Non-operating expenses total		9,391
Ordinary profit		3,546
Net income before tax and other adjustments		3,546
Corporate and other taxes		1,452
Minority interest		1,887
Net income		207



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(3) Consolidated Quarterly Statement of Cash Flow

(Unit: million yen)

	Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)
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Cash flow from operating activities	
Net income before tax and other adjustments	3,546
Depreciation expenses	43,033
Amortization of long-term prepaid expenses	3,146
Increase/ Decrease in prepaid pension expenses	-3,000
Equity in earnings of affiliates	-4,589
Increase/ Decrease in trade receivables	28,864
Increase/ Decrease in inventories	-32,162
Increase/ Decrease in trade payables	-4,724
Increase/ Decrease in accrued expenses	-15,955
Corporate taxes paid	-17,908
Others	-1,513
Net cash flow from operating activities	-1,264
Cash flow from investment activities	
Expenses for acquisition of tangible fixed assets	-46,130
Payment of long-term prepaid expenses	-4,440
Proceeds from acquisition of shares of subsidiaries, resulting in change of consolidation scope	6,636
Others	-3,153
Net cash flow from investment activities	-47,087
Cash flow from financial activities	
Increase/ Decrease in commercial paper	-21,000
Proceeds from long-term loans payable	30,853
Expenses for repayment of long-term loans payable	-9,783
Proceeds from corporate bond issuance	60,000
Dividends paid	-7,526
Others	-1,084
Net cash flow from financial activities	51,458
Difference from conversion of cash and cash equivalents	-208
Increase/ Decrease in cash and cash equivalents	2,898
Cash and cash equivalents at term-beginning	39,244
Cash and cash equivalents at term-end	42,142

As of the current fiscal year, Osaka Gas is adopting “Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standards No. 12) and “Guides for Adopting Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standards Adoption Guide No. 14). Osaka Gas is also following “Rules for Quarterly Consolidated Financial Statements” in preparing its quarterly consolidated financial statements.

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## (4) Notes regarding assumption of a going concern

Not applicable

## (5) Segment Information

(Segment information by business type)

Six months ended Sep. 30, 2008 (April 1, 2008 to September 30, 2008) (Unit: millions of 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
Operating revenues	356,000	127,661	63,726	17,139	76,854	641,383	(35,030)	606,353
Operating profit	-10,107	2,533	899	4,301	3,069	697	561	1,258

## (6) Notes regarding significant changes in the value of shareholders' equity

Not applicable

## (7) Other information

1. Purchase prices for certain raw materials may be adjusted depending on the results of contract renewals and price negotiations with suppliers.
2. On October 31, 2008, pursuant to the provisions of Article 20 of the Gas Business Act, we filed an application with the Minister of Economy, Trade and Industry for approval of special supply conditions in relation to a measure to alleviate excessive fluctuation in small-volume regulated gas tariffs.

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[Reference Data]

(1) Consolidated Quarterly Profit and Loss Statement for 1H Fiscal 2007 (Unit: millions of yen)

	1H 2007 (Apr. 1, 2007 to Sep. 30, 2007)
Operating revenues	543,639
Cost of sales	349,479
Gross profit on Sales	194,159
Selling, general and administrative expenses	155,343
Operating Profit	38,815
Non-operating revenues	
Interest income	741
Dividend income	1,186
Gain from sales of securities	2,953
Equity in earnings of affiliates	2,662
Miscellaneous revenues	2,175
Non-operating revenues total	9,718
Non-operating expenses	
Interest expenses	4,834
Miscellaneous expenses	1,589
Non-operating expenses total	6,424
Ordinary profit	42,110
Net income before tax and other adjustments	42,110
Corporate and other taxes	15,568
Minority interest	1,113
Net income	25,427

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(2) Consolidated Quarterly Statement of Cash Flow for 1H 2007 (Unit: millions of yen)

	1H 2007 (Apr. 1, 2007 to Sep. 30, 2007)
<b>I. Cash Flow from Operating Activities</b>	
Net income before tax and other adjustments	42,110
Depreciation expenses	47,686
Amortization of long-term prepaid expenses	2,842
Increase/ Decrease in prepaid pension expenses	-6,689
Interest and dividends received	-1,927
Interest expenses	4,834
Equity in earnings of affiliates	-2,662
Gain from sale of investment securities	-2,953
Increase/ Decrease in trade receivables	25,828
Increase/ Decrease in inventories	-19,368
Increase/ Decrease in trade payables	-1,724
Increase/ Decrease in accrued expenses	-19,659
Others	-3,249
Total	65,068
Interest and dividends received	2,078
Interest paid	-4,678
Corporate taxes paid	-20,328
<b>Net cash flow from operating activities</b>	<b>42,139</b>
<b>II. Cash Flow from Investment Activities</b>	
Expenses for acquisition of tangible fixed assets etc.	-47,432
Expenses for acquisition of intangible fixed assets	-8,264
Payment of long-term prepaid expenses	-3,720
Expenses for acquisition of investment securities	-2,956
Proceeds from sale of investment securities	3,633
Expenses for acquisition of shares of subsidiaries, resulting in change of consolidation scope	-2,231
Others	-441
<b>Net cash flow from investment activities</b>	<b>-61,414</b>
<b>III. Cash Flow from Financial Activities</b>	
Increase/ Decrease in short-term loans payable	3,264
Proceeds from long-term loans payable	30,286
Expenses for repayment of long-term loans payable	-13,997
Proceeds from corporate bond issuance	19,994
Dividends paid	-7,765
Others	-1,680
<b>Net cash flow from financial activities</b>	<b>30,100</b>
<b>IV. Difference from Conversion of Cash and Cash Equivalents</b>	<b>542</b>
<b>V. Increase/ Decrease of Cash and Cash Equivalents</b>	<b>11,368</b>
<b>VI. Cash and Cash Equivalents at Term Beginning</b>	<b>24,476</b>
<b>VII. Decrease of Cash and Cash Equivalents Due to Exclusion of Subsidiaries from Consolidation</b>	<b>-52</b>
<b>VIII. Cash and Cash Equivalents at Term End</b>	<b>35,792</b>

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(3) Segment Information for 1H 2007

Six months ended September 30, 2007 [April 1, 2007 - September 30, 2007]

(Unit: millions of 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
Operating revenues	316,291	116,307	65,619	12,294	65,070	575,582	(31,942)	543,639
Operating profit	20,871	8,564	2,017	3,775	3,128	38,357	458	38,815

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(4) Overview of non-consolidated financial results for the first half ended September 30, 2008 (April 1, 2008 to September 30, 2008)

(Unit: hundred millions of yen)

Revenues					Expenses				
			Year-on-year increase/ decrease	% change				Year-on-year increase/ decrease	% change
Operating revenues from product sales	Gas	3,514	389	12.5%	Operating expenses	Cost of sales	2,316	653	39.3%
						SG&A	1,323	50	3.9%
						Total	3,640	703	24.0%
Other operating revenues	House-pipe installation	115	1	1.3%	Other expenses	House-pipe installation	115	0	0.1%
	Gas appliance sales	401	-19	-4.6%		Gas appliance sales	395	-7	-2.0%
	Transportation services	18	2	15.5%					
	Incidental business and others	241	52	28.1%		Incidental business and others	261	82	46.0%
	Total	777	37	5.0%		Total	771	74	10.7%
Total operating revenues		4,292	426	11.0%	Total expenses		4,411	777	21.4%
					Operating profit		-119	-351	-
Non-operating revenues		74	-7	-8.7%	Non-operating expenses		66	32	96.3%
					Ordinary profit		-111	-390	-
					Net income		-70	-252	-

Quarterly non-consolidated financial statements are not subject to statutory review by accounting auditors. Quarterly non-consolidated financial statements were prepared in accordance with the Rules for Quarterly Consolidated Financial Statements.

(5) Quarterly Non-Consolidated Gas Sales

[Converted at 45MJ/m<sup>3</sup>]

		1H 2008 (a) (Apr. 1, 2008 – Sep. 30, 2008)	1H 2007 (b) (Apr. 1, 2007 – Sep. 30, 2007)	Change (a)-(b)	Percent (%)
Customers (Meters installed) (thousand customers (meters))	Residential	6,578	6,516	+62	+1.0
	Commercial/industrial	325	323	+2	+0.6
	Total	6,903	6,839	+64	+0.9
Monthly average usage per residential customer (m <sup>3</sup> /month)		24.0	25.0	-1.0	-4.0
Gas sales volume (million m <sup>3</sup> )	Residential	832	862	-30	-3.5
	Commercial/industrial	3,027	3,065	-38	-1.2
	Industrial	2,201	2,212	-11	-0.5
	Commercial	519	541	-21	-3.9
	Public and medical institutions	306	312	-5	-1.7
	Wholesale	215	221	-5	-2.5
Total		4,074	4,148	-74	-1.8