



For the Third Quarter of Fiscal 2008
Brief Report of Consolidated Financial Statements

January 30, 2009

Name of Listed Company: **Osaka Gas Co., Ltd.** Listed Exchanges: 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: February 13, 2009

1. Consolidated Financial Results for the nine months ended December 31, 2008
(April 1, 2008 – December 31, 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	%
Nine months ended Dec. 31, 2008	930,611	-	3,861	-	5,610	-	743	-
Nine months ended Dec. 31, 2007	840,792	3.0	53,178	-7.2	56,363	-5.0	33,692	-6.3

	Earnings per share		Diluted earnings per share	
	yen		Yen	
Nine months ended Dec. 31, 2008	0.34		-	
Nine months ended Dec. 31, 2007	15.19		-	

(2) Consolidated Financial Position

	Total assets	Net worth	Net worth/Total assets	Net worth per share
	(million yen)	(million yen)	%	Yen
As of Dec. 31, 2008	1,525,338	603,806	38.0	269.18
As of Mar. 31, 2008	1,467,934	666,657	44.2	300.76

<Reference> Net worth As of Dec. 31, 2008: 580,201 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	1,335,000	7.8	52,000	-31.2	51,500	-32.1	28,000	-30.5	12.99

(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 [Qualitative 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 [Qualitative Information and Financial Statements] on Page 5]

(4) Issued shares (common shares)

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

As of December 31, 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 December 31, 2008 2,913,008 shares

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

③ Average number of outstanding shares during term

Nine months ended December 31, 2008 2,156,086,329 shares

Nine months ended December 31, 2007 2,224,650,354 shares

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	985,000	12.2	27,000	-36.8	27,000	-46.2	17,000	-48.2	7.89

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

[Qualitative Information and Financial Statements]

1. Qualitative Information on Consolidated Operating Results

Consolidated operating revenues for the nine months ended December 31, 2008 increased by 89.8 billion yen to 930.6 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 49.3 billion yen to 3.8 billion yen, owing primarily to the decrease in non-consolidated operating profit, which was affected by increased material costs. Ordinary profit decreased by 50.7 billion yen to 5.6 billion yen. Net income after taxes for the nine months ended December 31 decreased by 32.9 billion yen to 700 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 nine months ended December 31, 2008 (April 1 to December 31, 2008)

2. Qualitative Information on Consolidated Financial Position

Total assets as of December 31, 2008 amounted to 1,525.3 billion yen, representing an increase of 57.4 billion yen from March 31, 2008. This increase was mainly due to an increase in inventories of 39.7 billion yen, which resulted from the appreciation of crude oil prices and seasonal factors.

Net worth amounted to 603.8 billion yen and the ratio of net worth to total assets was 38.0%.

[Consolidated cash flow]

Cash and cash equivalents as of December 31, 2008 increased by 30.4 billion yen from March 31, 2008 to 69.6 billion yen. Major movements are as follows:

(Cash flow from operating activities)

Net cash used for operating activities was 2.8 billion yen, this figure being primarily due to our recording of an increase in inventories despite 5.6 billion yen of net income before tax and other adjustments and 63.7 billion yen of depreciation costs during the period.

(Cash flow from investment activities)

Net cash used for investment activities amounted to 79.2 billion yen, mainly due to expenditure of 71.6 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 107.6 billion yen, this figure being primarily due to our raising of 90.0 billion yen in funds by issuing bonds.

3. Qualitative Information on Consolidated Earnings Forecast

After reviewing recent business performance, the Osaka Gas Group has decided to revise its earnings forecast for the fiscal year ending March 2009, since there have been changes in several key factors. Such changes include corrections to its assumption on crude oil prices and foreign exchange rates after January 2009 and downward revision of gas sales volume.

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

As of December 31, 2008, 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 consolidated subsidiaries, expected effective tax rates on their pretax net income (after tax effect accounting) for the tax year containing the nine months ended December 31, 2008 were estimated on the basis of reasonable assumptions. Tax expenses for the nine months ended December 31, 2008 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 December 31, 2008	As of March 31, 2008
(Assets)		
Fixed Assets		
Tangible fixed assets		
Production facilities	95,296	99,196
Distribution facilities	324,278	338,232
Administrative facilities	63,937	64,196
Other facilities	233,385	242,027
Idle facilities		1,532
Construction in progress	85,453	72,320
Total tangible fixed assets	802,352	817,506
Intangible fixed assets	37,820	44,974
Investments and other assets		
Investment in securities	153,102	144,765
Others	112,372	130,556
Total investments and other assets	265,474	275,321
Total fixed assets	1,105,648	1,137,802
Current Assets		
Cash and deposits	67,285	41,457
Notes and trade accounts receivable (net)	132,048	144,916
Inventories	105,073	65,334
Others	115,283	78,423
Total current assets	419,689	330,131
Assets total	1,525,338	1,467,934
(Liabilities)		
Fixed Liabilities		
Bonds	261,967	193,164
Long-term loans payable	248,811	219,806
Reserves	16,536	14,290
Others	33,747	34,538
Fixed liabilities total	561,062	461,800
Current Liabilities		
Notes and trade accounts payable	73,477	74,697
Short-term loans payable	51,789	40,263
Corporate taxes payable	7,481	22,166
Others	227,721	202,349
Current liabilities total	360,469	339,476
Liabilities total	921,532	801,276
(Net Worth)		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surpluses	19,482	19,482
Consolidated retained earnings	424,363	439,226
Treasury stocks	-1,199	-806
Shareholders' equity total	574,813	590,069

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Valuation and translation adjustments		
Difference between market price and acquisition cost of other securities	18,431	31,790
Deferred hedge gains (losses)	-14,868	12,628
Land revaluation excess	-103	83
Foreign exchange adjustment	1,928	14,020
Valuation and translation adjustments total	5,388	58,523
Minority interest	23,604	18,065
Net worth total	603,806	666,657
Liabilities and net worth total	1,525,338	1,467,934

(2) Consolidated Quarterly Profit and Loss Statement

(Unit: million yen)

	Nine months ended December 31, 2008 (April 1, 2008 to December 31, 2008)	
Operating revenues		930,611
Cost of sales		683,834
Gross profit on Sales		246,777
Selling, general and administrative expenses		242,916
Operating profit		3,861
Non-operating revenues		
Interest income		1,254
Dividend income		2,187
Equity in earnings of affiliates		6,337
Miscellaneous revenues		5,776
Non-operating revenues total		15,556
Non-operating expenses		
Interest expenses		7,752
Miscellaneous expenses		6,053
Non-operating expenses total		13,806
Ordinary profit		5,610
Net income before tax and other adjustments		5,610
Corporate and other taxes		2,242
Minority interest		2,624
Net income		743

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(3) Consolidated Quarterly Statement of Cash Flow

(Unit: million yen)

	Nine months ended December 31, 2008 (April 1, 2008 to December 31, 2008)
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Cash flow from operating activities	
Net income before tax and other adjustments	5,610
Depreciation expenses	63,736
Amortization of long-term prepaid expenses	4,683
Increase/ Decrease in prepaid pension expenses	-4,490
Equity in earnings of affiliates	-6,337
Increase/ Decrease in trade receivables	16,753
Increase/ Decrease in inventories	-39,427
Increase/ Decrease in accrued expenses	-14,636
Corporate taxes paid	-21,199
Others	-1,821
Net cash flow from operating activities	2,872
Cash flow from investment activities	
Expenses for acquisition of tangible fixed assets	-71,671
Payment of long-term prepaid expenses	-5,731
Purchase of investments in affiliates	-4,360
Proceeds from acquisition of shares of subsidiaries, resulting in change of consolidation scope	6,682
Others	-4,214
Net cash flow from investment activities	-79,295
Cash flow from financial activities	
Net increase/decrease in short-term loans	11,582
Increase/ Decrease in commercial paper	25,000
Proceeds from long-term loans payable	39,959
Expenses for repayment of long-term loans payable	-13,189
Proceeds from corporate bond issuance	90,000
Redemption of bonds	-30,675
Dividends paid	-14,183
Others	-811
Net cash flow from financial activities	107,680
Difference from conversion of cash and cash equivalents	-819
Increase/ Decrease in cash and cash equivalents	30,438
Cash and cash equivalents at term-beginning	39,244
Cash and cash equivalents at term-end	69,682

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)

Nine months ended Dec. 31, 2008 (April 1, 2008 to December 31, 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	551,235	193,145	101,385	23,920	116,070	985,758	(55,146)	930,611
Operating profit	-16,528	5,520	2,409	6,159	5,565	3,125	735	3,861

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

Not applicable

(7) Other information

Purchase prices for certain raw materials may be adjusted depending on the results of contract renewals and price negotiations with suppliers.

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[Reference Data]

(1) Consolidated Quarterly Profit and Loss Statement for the nine months ended December 31, 2007

(Unit: millions of yen)

	Nine months ended Dec. 31, 2007 (Apr. 1, 2007 to Dec. 31, 2007)
Operating revenues	840,792
Cost of sales	554,524
Gross profit on Sales	286,268
Selling, general and administrative expenses	233,089
Operating Profit	53,178
Non-operating revenues	
Interest income	1,113
Dividend income	1,754
Gain from sales of securities	2,985
Equity in earnings of affiliates	3,964
Miscellaneous revenues	2,965
Non-operating revenues total	12,784
Non-operating expenses	
Interest expenses	7,319
Miscellaneous expenses	2,280
Non-operating expenses total	9,599
Ordinary profit	56,363
Net income before tax and other adjustments	56,363
Corporate and other taxes	21,205
Minority interest	1,465
Net income	33,692

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(2) Consolidated Quarterly Statement of Cash Flow for the nine months ended December 31, 2007

(Unit: millions of yen)

	Nine months ended Dec. 31, 2007 (Apr. 1, 2007 to Dec. 31, 2007)
I. Cash Flow from Operating Activities	
Net income before tax and other adjustments	56,363
Depreciation expenses	70,373
Increase/ Decrease in prepaid pension expenses	-10,023
Increase/ Decrease in inventories	-30,528
Increase/ Decrease in trade payables	7,375
Increase/ Decrease in accrued expenses	-26,327
Others	-34,004
Net cash flow from operating activities	33,227
II. Cash Flow from Investment Activities	
Expenses for acquisition of tangible fixed assets etc.	-71,668
Expenses for acquisition of intangible fixed assets	-9,240
Payment of long-term prepaid expenses	-5,963
Expenses for acquisition of investment securities	-3,024
Proceeds from sale of investment securities	3,716
Proceeds from sale of stocks of subsidiaries and affiliates	2,976
Expenses for acquisition of shares of subsidiaries, resulting in change of consolidation scope	-3,960
Others	-1,371
Net cash flow from investment activities	-88,536
III. Cash Flow from Financial Activities	
Increase/ Decrease in bonds, loans payable and commercial papers	106,279
Purchase of treasury stocks	-18,704
Dividends paid	-14,504
Others	-101
Net cash flow from financial activities	72,968
IV. Difference from Conversion of Cash and Cash Equivalents	15
V. Increase/ Decrease of Cash and Cash Equivalents	17,675
VI. Cash and Cash Equivalents at Term Beginning	24,476
VII. Increase/ Decrease in Cash and Cash Equivalents resulting from change of scope of Consolidation	-52
VIII. Cash and Cash Equivalents at Term End	42,100

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(3) Segment Information for the nine months ended December 31, 2007

Nine months ended December 31, 2007 [April 1, 2007 - December 31, 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	482,955	184,766	104,002	18,640	99,469	889,833	(49,041)	840,792
Operating profit	25,752	12,578	3,422	5,396	5,346	52,496	682	53,178

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(4) Overview of non-consolidated financial results for the nine months ended December 31, 2008 (April 1, 2008 to December 31, 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	5,448	672	14.1%	Operating expenses	Cost of sales	3,664	1,029	39.1%
						SG&A	1,982	70	3.7%
						Total	5,647	1,100	24.2%
Other operating revenues	House-pipe installation	180	5	3.0%	Other expenses	House-pipe installation	179	0	0.5%
	Gas appliance sales	652	-26	-4.0%		Gas appliance sales	636	-12	-1.9%
	Transportation services	26	2	11.6%					
	Incidental business and others	352	60	20.7%		Incidental business and others	369	88	31.6%
	Total	1,210	41	3.6%		Total	1,184	77	7.0%
Total operating revenues		6,659	713	12.0%	Total expenses		6,832	1,177	20.8%
					Operating profit		-172	-463	-
Non-operating revenues		99	-1	-1.4%	Non-operating expenses		101	49	95.1%
					Ordinary profit		-174	-514	-
					Net income		-112	-332	-

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/m³]

		3Q 2008 (a) (Apr. 1, 2008 – Dec. 31, 2008)	3Q 2007 (b) (Apr. 1, 2007 – Dec. 31, 2007)	Change (a)-(b)	Percent (%)
Customers (Meters installed) (thousand customers (meters))	Residential	6,592	6,528	+64	+1.0
	Commercial/industrial	326	324	+3	+0.8
	Total	6,918	6,852	+66	+1.0
Monthly average usage per residential customer (m ³ /month)		25.7	26.3	-0.5	-2.1
Gas sales volume (million m ³)	Residential	1,338	1,360	-22	-1.6
	Commercial/industrial	4,415	4,531	-116	-2.6
	Industrial	3,242	3,311	-69	-2.1
	Commercial	740	773	-33	-4.3
	Public and medical institutions	433	447	-14	-3.1
	Wholesale	326	332	-6	-1.7
Total		6,079	6,222	-144	-2.3