



Overview of Consolidated Financial Statements for the 1st Quarter Ended June 30, 2004 July 29, 2004

Listed Company Name: Osaka Gas Co., Ltd. (Code:9532, listed on Tokyo, Osaka and Nagoya Exchanges)
(URL <http://www.osakagas.co.jp>)

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1. Information related to the preparation of quarterly financial statements

(1) Use of simplified accounting methods: Yes

(Description)

- The simplified method of tax effect accounting is adopted for unlisted consolidated subsidiaries.
- Simplified accounting methods, such as omission of physical inventory-taking, are adopted for accounting transactions having minor effect on the consolidated operation results and financial condition.

(2) Change in accounting methods from recent fiscal years: None

(3) Information on the scope of consolidation and application of the equity method

Consolidated subsidiaries --- 110 subsidiaries

Unconsolidated subsidiaries reported by equity method --- None

Affiliates reported by equity method --- 2 affiliates

(4) Change in the scope of consolidation and equity method

Consolidated (Addition) 35 companies (Exclusion) 2 companies

Equity method (Addition) 2 companies (Exclusion) None

2. Overview of financial results for the 1st quarter ended June 30, 2004 (April 1, 2004 – June 30, 2004)

(1) Consolidated operational results

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

	Sales	Operating profit	Ordinary profit	Net income
	(million yen, %)	(million yen, %)	(million yen, %)	(million yen, %)
Q1 ended June 30, 2004	220,008 -1.2	27,925 -8.7	30,461 2.9	18,683 9.7
Q1 ended June 30, 2003	222,745 -	30,580 -	29,595 -	17,028 -
(Reference) Year ended March 31, 2004	951,324	92,096	81,446	47,065

	Retained earnings per share	Diluted retained earnings per share
	(yen)	(yen)
Q1 ended June 30, 2004	8.38	-
Q1 ended June 30, 2003	7.41	-
(Reference) Year ended March 31, 2004	20.56	-

(Note) The percentage figures for sales, operating profit, and other results are changed from the same period in the previous year.

[Descriptive information on consolidated operation results]

Consolidated sales for the 1st quarter ended June 30, 2004 decreased 2,700 million yen to 220,000 million yen from the same period in the prior year despite an increase in sales volume, primarily due to a reduction of gas rates in accordance with the materials cost adjustment system. Operating profit decreased 2,600 million yen to 27,900 million yen. Ordinary profit increased 800 million yen from the same period in the prior year to 30,400 million yen due to improvement of non-operating profit. Net income after taxes for the 1st quarter ended June 30, 2004, which included extraordinary profit/loss and adjustment for corporate tax allocation, increased 1,600 million yen to 18,600 million yen.

It should be noted that because major business activities of the Group are gas-related, and thus affected by seasonal factors, a significant part of consolidated sales are earned in winter (December to May). On the other hand, fixed expenses accrue almost continuously every month. Accordingly, higher profits are usually recorded in the 1st quarter rather than the 2nd quarter each year.

(2) Consolidated financial position

	Total assets	Shareholder's equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	(million yen)	(million yen)	(%)	(yen)
As of June 30, 2004	1,188,850	505,517	42.5	226.64
As of June 30, 2003	1,184,427	470,527	39.7	204.84
(Reference) As of March 31, 2004	1,199,228	495,635	41.3	222.15

[Consolidated statement of cash flow]

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Cash and cash equivalents at term end
	(million yen)	(million yen)	(million yen)	(million yen)
Q1 ended June 30, 2004	-563	-18,088	25,038	23,361
Q1 ended June 30, 2003	-1,324	-20,610	16,318	21,011
(Reference) Year ended March 31, 2004	132,891	-67,877	-75,930	15,743

[Descriptive information on consolidated financial position]

Total assets as of June 30, 2004 amounted to 1,188,800 million yen, a decrease of 10,300 million yen from March 31, 2004. Major changes were: an increase in tangible/intangible fixed assets of 5,900 million yen, a decrease in investments and other assets of 8,400 million yen, and a decrease in current assets such as cash and deposits and accounts receivable of 7,700 million yen.

Shareholder's equity amounted to 505,500 million yen and the ratio of shareholders' equity to total assets was 42.5%.

[Consolidated cash flow]

Cash and cash equivalents as of June 30, 2004 increased 7,600 million yen to 23,300 million yen from March 31, 2004. Major movements were as follows:

(Cash flow from operating activities)

Net cash used for operating activities during the 1st quarter ended June 30, 2004 was 500 million yen, mainly affected by the decrease in accrued expenses by 25,000 million yen and increase in inventories by 9,400 million yen, while net income before taxes and minority interest was 30,500 million yen.

(Cash flow from investment activities)

Net cash used for investment activities during the 1st quarter ended June 30, 2004 amounted to 18,000 million yen. One of the major expenditures was 18,500 million yen used for acquisition of fixed tangible assets.

(Cash flow from financial activities)

Net cash received from financial activities totaled 25,000 million yen, mainly comprising funds of 30,200 million yen raised through the borrowing and issuance of commercial paper, which was partially offset by a dividend payment of 4,900 million yen.

(Reference 1) Overview of non-consolidated financial results for Q1 ended June 30, 2004 (April 1, 2004 – June 30, 2004)

	Sales (million yen, %)	Operating profit (million yen, %)	Ordinary profit (million yen, %)	Net income (million yen, %)
Q1 ended June 30, 2004	167,072 -3.3	22,442 -14.6	25,782 -2.1	16,764 2.7
Q1 ended June 30, 2003	172,726 -	26,280 -	26,343 -	16,316 -
(Reference) As of March 31, 2004	729,923	67,356	64,379	39,475

	Total assets (million yen)	Shareholder's equity (million yen)
As of June 30, 2004	967,578	425,453
As of June 30, 2003	973,101	404,811
(Reference) As of March 31, 2004	977,805	417,741

(Note) The percentage figures for sales, operating profit, and other results are changed from the same period in the previous year.

3. Forecast of consolidated operational results for the year ending March 31, 2005 (April 1, 2004 – March 31, 2005)

	Sales (million yen)	Ordinary profit (million yen)	Net income (million yen)
First half	426,500	35,000	10,000
Full year	989,000	94,000	46,000

(Reference) Expected retained earnings per share (full year) 20.60 yen

[Descriptive information on forecasts]

The increase in ordinary profit for the first half of the year from the 1st quarter will remain small due to the seasonal factor affecting the businesses of the Company as described above. Net income for the 2nd quarter will be less than that of the 1st quarter because the Company plans to implement accounting for asset impairments in the semi-annual accounting settlement. (No modifications have been made to the original forecasts for performance results.)

(Reference 2) Forecast of non-consolidated operational results for the year ending March 31, 2005 (April 1, 2004 – March 31, 2005)

	Sales	Ordinary profit	Net income
	(million yen)	(million yen)	(million yen)
First half	316,500	27,500	10,000
Full year	727,500	75,000	40,000

(Reference) Expected retained earnings per share (full year) 17.91 yen

(Note) Forecasts above are based on information available as of the date of this document, and actual results may differ from these forecasts due to various factors affecting the Company's business performance.

(1) Consolidated Quarterly Balance Sheet

(Unit: million yen)

Account	As of June 30, 2004	As of March 31, 2004	Change	As of June 30, 2003
(Assets)				
Fixed Assets	992,739	995,321	2,582	994,982
Tangible fixed assets	799,174	795,820	3,354	815,788
Intangible fixed assets	30,038	27,481	2,557	28,889
Investments and other assets	163,526	172,020	8,494	150,305
Current assets	196,081	203,877	7,796	189,412
Cash and deposits	27,674	19,997	7,677	25,363
Notes and trade accounts receivable	89,241	108,084	18,843	90,930
Inventories	41,662	31,825	9,837	38,378
Other current liabilities	37,502	43,969	6,467	34,739
Deferred Assets	29	29	0	32
Total Assets	1,188,850	1,199,228	10,378	1,184,427
(Liabilities)				
Fixed Liabilities	433,575	442,405	8,830	486,267
Corporate bonds	204,080	218,880	14,800	229,880
Long-term loans payable	162,972	157,771	5,201	170,760
Reserve for severance benefits	42,964	42,889	75	63,321
Other fixed liabilities	23,557	22,865	692	22,305
Current Liabilities	240,173	252,711	12,538	219,776
Notes and trade accounts payable	28,559	35,778	7,219	29,759
Short-term loans payable	21,473	23,189	1,716	25,273
Other current liabilities	190,140	193,743	3,603	164,742
Total Liabilities	673,749	695,117	21,368	706,044
(Minority Interest)				
Minority Interest	9,584	8,476	1,108	7,856
Total Minority Interest	9,584	8,476	1,108	7,856
(Shareholders' Equity)				
Capital stock	132,166	132,166	0	132,166
Capital reserve	19,482	19,482	0	19,482
Consolidated retained earnings	359,046	346,558	12,488	323,411
Land revaluation excess	81		81	
Difference between market price and acquisition cost of other	33,203	35,903	2,700	14,811
Foreign exchange adjustment	3,017	2,930	87	1,837
Treasury stocks	41,479	41,406	73	21,182
Total Shareholders' Equity	505,517	495,635	9,882	470,527
Total Liabilities, Minority Interest, and Shareholders' Equity	1,188,850	1,199,228	10,378	1,184,427

(2) Consolidated Quarterly Profit and Loss Statement

(Unit: million yen)

Account	Current Q1 (Apr '04 -Jun '04)	Q1 Previous Year (Apr '03 -Jun '03)	Change	Year ended March 31, 2004 (Apr '03 -Mar '04)
Sales	220,008	222,745	2,737	951,324
Cost of sales	107,598	108,435	837	497,397
Gross profit on sales	112,410	114,310	1,900	453,926
Selling, general and administrative expenses	84,485	83,729	756	361,830
Operating profit	27,925	30,580	2,655	92,096
Non-operating revenues	4,534	1,564	2,970	7,849
Interest income	65	71	6	296
Dividend income	509	483	26	908
Gain from sales of investments in securities	2,286	218	2,068	2,720
Miscellaneous revenues	1,672	790	882	3,923
Non-operating expenses	1,998	2,549	551	18,498
Interest expenses	1,522	1,921	399	7,237
Loss on redemption of corporate bonds				3,742
Miscellaneous expenses	476	627	151	7,518
Ordinary profit	30,461	29,595	866	81,446
Extraordinary profit	40	548	508	1,555
Gain from sales of fixed assets	40	548	508	1,555
Extraordinary loss		1,685	1,685	4,840
Loss from sales of fixed assets		1,685	1,685	4,684
Loss from reduction of fixed assets' cost				156
Net income before taxes and minority interest	30,502	28,458	2,044	78,161
Corporate and other taxes	11,596	11,350	246	30,354
Less: minority interest	222	79	143	741
Net income	18,683	17,028	1,655	47,065

(Note) Corporate and other taxes include adjustment for difference of tax allocation between financial accounting and tax accounting.

(3) Consolidated Quarterly Statement of Cash Flow

(Unit: million yen)

Account	Current Q1 (Apr '04 -Jun '04)	Q1 Previous Year (Apr '03 -Jun '03)	Change	Year ended March 31, 2004 (Apr '03 -Mar '04)
I. Cash Flow from Operating Activities				
Net income before taxes and minority interest	30,502	28,458	2,044	78,161
Depreciation expenses	21,514	20,132	1,382	89,564
Increase (decrease) of reserve for severance benefits	25	6,979	7,004	27,411
Increase/decrease of trade receivables and payables	11,896	8,863	3,033	2,266
Increase of inventories	9,459	9,788	329	3,237
Increase (decrease) of accrued expenses	25,018	25,278	260	9,406
Others	30,022	16,732	13,290	11,326
Net cash flow from operating activities	563	1,324	761	132,891
II. Cash Flow from Investment Activities				
Expense for acquisition of tangible fixed assets	18,543	21,396	2,853	68,115
Expense for acquisition of marketable securities and stocks of subsidiaries and affiliates	2,267	548	1,719	1,083
Others	2,722	1,334	1,388	1,321
Net cash flow from investment activities	18,088	20,610	2,522	67,877
III. Cash Flow from Financial Activities				
Increase (decrease) of corporate bonds, borrowings and commercial paper	30,210	21,646	8,564	41,774
Dividends paid	4,997	5,177	180	13,732
Others	174	150	24	20,423
Net cash flow from financial activities	25,038	16,318	8,720	75,930
IV. Difference from Conversion of Cash and Cash Equivalents	0	37	37	70
V. Increase/Decrease of Cash and Cash Equivalents	6,386	5,578	11,964	10,846
VI. Cash and Cash Equivalents at Beginning of Period	15,743	26,093	10,350	26,093
VII. Increase/Decrease of Cash and Cash Equivalents Due to Addition/Exclusion of Subsidiaries to the Consolidation	1,231	495	736	495
VIII. Cash and Cash Equivalents at End of Period	23,361	21,011	2,350	15,743

(4) Segment Information

[Segment information by business type]

Current Q1 (April 1, 2004 - June 30, 2004)

(Unit: million yen)

	Gas	LPG, electric power, other energies	Equipment and gas installation work	Real estate	Other businesses	Total	Elimination of internal transactions and transactions involving all companies	Consolidated results
Sales	136,221	33,290	27,381	8,689	28,107	233,689	(13,680)	220,008
Operating expenses	117,396	29,773	24,809	6,611	27,610	206,201	(14,118)	192,083
Operating profit	18,824	3,516	2,572	2,077	496	27,487	437	27,925

Q1 Previous Year (April 1, 2003 - June 30, 2003)

(Unit: million yen)

	Gas	LPG, electric power, other energies	Equipment and gas installation work	Real estate	Other businesses	Total	Elimination of internal transactions and transactions involving all companies	Consolidated results
Sales	140,393	31,260	28,730	8,021	27,169	235,577	(12,831)	222,745
Operating expenses	117,896	27,633	26,725	6,138	26,945	205,339	(13,173)	192,165
Operating profit	22,497	3,626	2,005	1,883	224	30,237	342	30,580