



# For Year Ending March 31, 2006

## Brief Report of Interim Consolidated Financial Statements

October 31, 2005

Name of Listed Company **Osaka Gas Co., Ltd.** Listed Exchanges : Tokyo, Osaka and Nagoya Exchanges  
 Code **9532** Location of Head Office: Osaka Prefecture  
 (URL <http://www.osakagas.co.jp>)  
 Representative Officer Title: President Name: Hirofumi Shibano  
 Contact: Title: Accounting Manager Name: Shingo Kamei TEL: +81 -6-6205-4537  
 Date of Meeting of Board of Directors for Approving Interim Financial Statements: October 31, 2005  
 Adoption of U.S. Accounting Standards: Not adopted

### 1. Financial results for the six months ended September 30, 2005 (April 1, 2005 - September 30, 2005)

(1) Consolidated operational results (Any amount less than one million yen is rounded down to the nearest million yen)

	Operating revenues		Operating profit		Ordinary profit	
	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2005	453,654	7.2	36,448	42.0	40,434	32.3
Six months ended September 30, 2004	423,000	-0.5	25,675	-20.0	30,560	5.4
Year ended March 31, 2005	975,340		95,992		97,480	

	Net income		Retained earning per share	Diluted retained earnings per share
	million yen	%	yen	yen
Six months ended September 30, 2005	24,696	167.2	11.08	-
Six months ended September 30, 2004	9,244	-37.4	4.14	-
Year ended March 31, 2005	50,683		22.69	-

(Notes) ① Profit (loss) from investment by equity method Six months ended September 30, 2005 1,323 million yen Six months ended September 30, 2004 188 million yen Year ended March 31, 2005 302 million yen

② Average number of outstanding shares during term (consolidated) Six months ended September 30, 2005 2,228,399,110 shares Six months ended September 30, 2004 2,230,488,578 shares Year ended March 31, 2005 2,229,976,855 shares

③ Change in accounting method: N/A

④ Percentages shown for sales, operating profit, ordinary profit and net income in tables above are percentages of change from the same period previous 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 September 30, 2005	1,256,009	561,296	44.7	251.92
As of September 30, 2004	1,169,197	490,515	42.0	219.95
As of March 31, 2005	1,217,463	530,862	43.6	238.15

(Notes) Shares outstanding as of term-end (consolidated) As of September 30, 2005 2,228,111,074 shares As of September 30, 2004 2,230,139,954 shares As of March 31, 2005 2,228,726,812 shares

### (3) 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
As of September 30, 2005	35,297	-96,957	35,887	18,543
As of September 30, 2004	23,892	-28,792	3,351	15,412
As of March 31, 2005	116,902	-65,679	-23,912	44,279

### (4) Scope of consolidation and companies recorded by equity method

Consolidated subsidiaries 120 subsidiaries Non-consolidated subsidiaries recorded by equity method N/A Affiliates recorded by equity method Four affiliates

### (5) Change in scope of consolidation and application of equity method

Consolidation (New) Five subsidiaries (Excluded) Three subsidiaries Equity method (New) Two companies (Excluded) N/A

### 2. Forecast for the year ending March 31, 2006 (Consolidated) (April 1, 2005 - March 31, 2006)

	Operating revenues	Ordinary profit	Net income
	million yen	million yen	million yen
Full year	1,005,000	100,000	59,000

(Reference) Expected retained earning per share (for full year) 26.44 yen

\* The above forecasts 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. See "9-1 Operational Results, (3) Projected Annual Results" in the attachments.

October 31, 2005

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Overview of Consolidated Interim Financial Statements for  
Year Ending March 31, 2006 (The 188th Business Year)  
[April 1, 2005 - September 30, 2005]

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Osaka Gas Co., Ltd.

# 1 Osaka Gas Group

The Osaka Gas Group (comprising 120 consolidated subsidiaries [5 added and 3 excluded], and 4 affiliates reported by the equity method [2 added]) is engaged in businesses relating to gas, LPG, electricity and other energies, gas appliances and house-pipe installation, real estate, and others.

<Segment>

① Gas

Osaka Gas, Nabari Kintetsu Gas Co., Ltd. and other group companies manufacture, supply and sell gas.

② LPG, Electricity and Other Energies

Liquid Gas Co., Ltd., Nissho LP Gas Co., Ltd. and some other group companies sell liquefied petroleum gas. Osaka Gas Co., Ltd., Gas and Power Co., Ltd., Nakayama Joint Power Generation Co., Ltd. and Nakayama Nagoya Joint Power Generation Co., Ltd. are engaged in the wholesaling business of electricity. Osaka Gas Co., Ltd., Gas and Power Investment Co., Ltd. and some other group companies are engaged in the district heating and cooling businesses.

Voting rights related to Nissho LP Gas Co., Ltd held by Osaka Gas decreased due to partial sales of its shares.

③ Gas Appliances and House-piping Installation

Osaka Gas, Enetech Kyoto Co., Ltd., Osaka Gas Housing Equipment Co., Ltd., Hearts Co., Ltd. and other group companies sell gas appliances and housing equipment. Osaka Gas provides installation work for indoor gas pipes at the request of and at the expense of customers. Kinpai Co., Ltd. performs in-house and road gas piping installation work under contract with Osaka Gas.

④ Real estate

Urbanex Co., Ltd., OG Capital Co., Ltd., and other group companies lease real estate to Osaka Gas and other companies, and manage leased properties.

⑤ Others

Kinrei Co., Ltd. (Over-The-Counter Trade Code: 2661) operates restaurant chains and other food service businesses, and manufactures and sells frozen foods. Upon the transfer of all shares owned by Osaka Gas and OG Capital Co., Ltd. on October 28, 2005, Kinrei ceased to be a subsidiary of Osaka Gas. It was included as a consolidated subsidiary in consolidated financial statements for the current interim period.

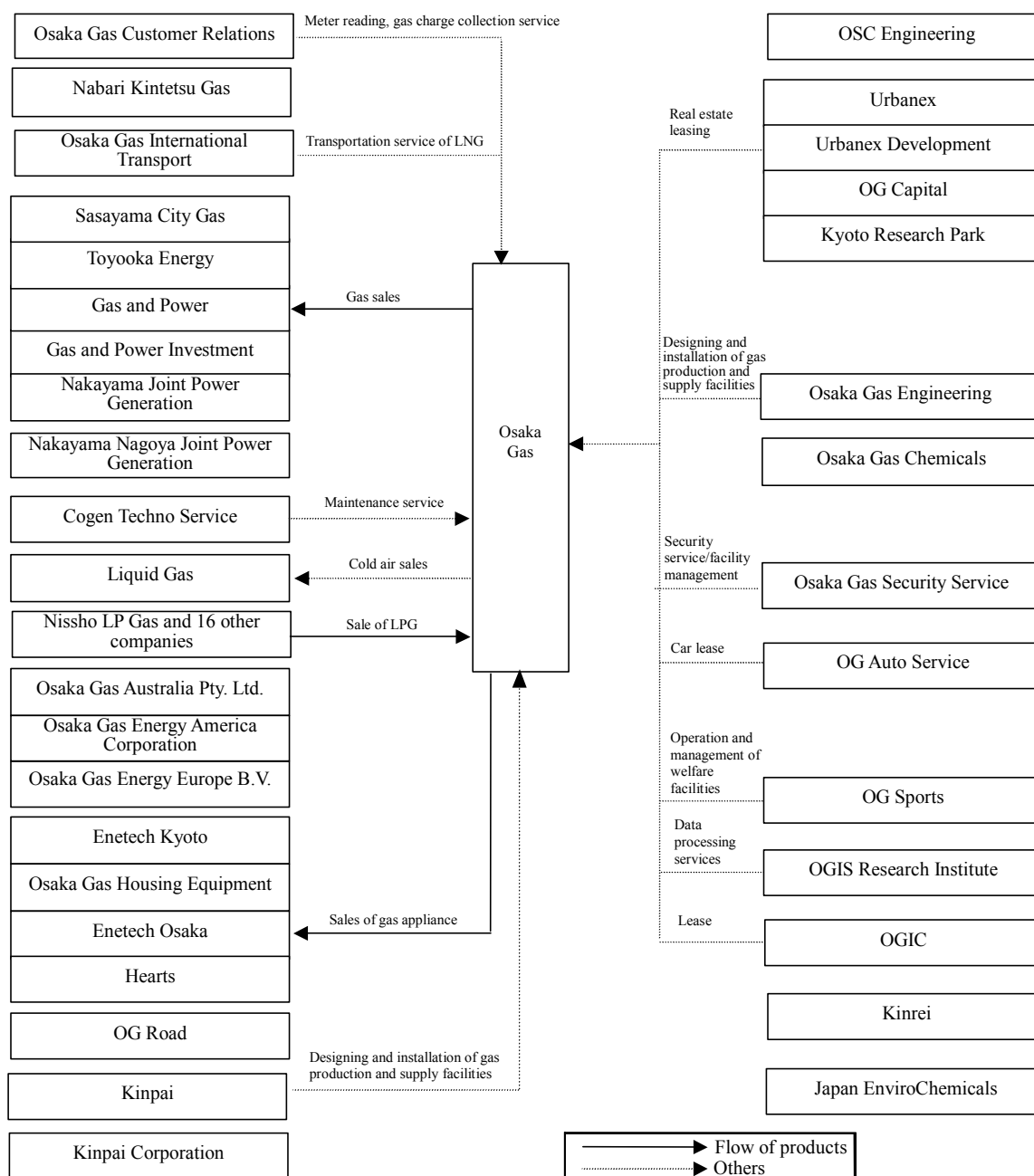
OGIS Research Institute Co., Ltd. and others provide computer data processing services for Osaka Gas and other companies.

Osaka Gas Chemicals Co., Ltd. manufactures and sells carbon products and related products and sells chemical products.

Other subsidiaries are engaged in engineering, security and disaster prevention services, sports businesses, services for aged people, leasing of automobiles and office equipment and other businesses.

Osaka Gas and Osaka Gas Chemicals Co., Ltd. acquired shares of Japan EnviroChemicals, Ltd. and two other companies on April 1, 2005. Operating results of these companies were added to the consolidated accounting for the current interim period.

<<Chart of Major Consolidated Subsidiaries>>



<<Newly consolidated companies: 5>>

- Osaka Gas Summit Resources Co., Ltd.
- Japan EnviroChemicals, Ltd.
- Davao Central Chemical Corporation
- Kinpai Houzec Co., Ltd.
- Minabe Kakou Co, Ltd.

<<Affiliates reported newly by equity method: 2>>

- Idemitsu Snorre Oil Development Co., Ltd.
- Bizkaia Energia,S.L.

<<Companies excluded from consolidation: 3>>

- DONAC Co., Ltd.
- Taiyo Kasei Co., Ltd.
- Mie Gas Terminal Co., Ltd.

<<List of Major Consolidated Subsidiaries (as of September 30, 2005)>>

	Name of Subsidiary	Location	Capital stock (million yen)	Description of Business	Shareholding Rate (%)	Remarks
Gas	Osaka Gas Customer Relations Co., Ltd.	Nishi-ku, Osaka	50	- Reading of gas meters - Collection of gas charges - Administrative services related to gas charges - Maintenance and inspection of gas facilities and equipment	100	
	Sasayama City Gas Co., Ltd.	Sasayama, Hyogo	100	- Sales of gas, installation of gas piping and sales and repair of housing equipment	66.7	
	Toyouka Energy Co., Ltd.	Toyouka, Hyogo	100	- Sales of gas, installation of gas piping and sales and repair of housing equipment	100	
	Nabari Kintetsu Gas Co., Ltd.	Nabari, Mie	100	- Sales of city gas, simplified gas, LPG, auto gas and gas appliances, and design and installation of piping	85	Some of its businesses are included in the LPG, Electricity and Other Energies segment
LPG, Electricity and Other Energies	Osaka Gas International Transport Inc.	Chuo-ku, Osaka	3,190	- Vessel leasing	100	
	Gas and Power Co., Ltd.	Chuo-ku, Osaka	450	- Electric power supply - Prospecting, development, production, and supply of petroleum and natural gas - Investment in energy infrastructure - Energy environmental service - Research and planning relating to the above-mentioned businesses	100	
	Gas and Power Investment Co., Ltd.	Chuo-ku, Osaka	2,100	- Domestic and overseas energy businesses, and research, planning, development, and investment relating to these businesses - District heating and cooling	100	
	Cogen Techno Service Co., Ltd.	Nishi-ku, Osaka	400	- Design, installation and sale of cogeneration systems and service by contract - Processing of electric power and cold/hot air by contract	56	
	Liquid Gas Co., Ltd.	Chuo-ku, Osaka	1,030	- Manufacture, sale, and transport of LNG and high-pressure gases - Sale of cold air generated from LNG production and sale of LPG	100	
	Nakayama Joint Power Generation Co., Ltd.	Taisho-ku, Osaka	300	- Electric power supply	95	
	Nakayama Nagoya Joint Power Generation Co., Ltd.	Chita-gun, Aichi Prefecture	450	- Electric power supply	95	
	Nissho LP Gas Co., Ltd.	Minato-ku, Tokyo	1,726	- Import and sale of LPG	52.5	Shareholding rate changed due to partial share sales on 8/30/05.
	Nissho Propane Sekiyu Co., Ltd.	Chuo-ku, Sapporo	60	- Sale of LPG, gas appliances, and petroleum	100	
	Osaka Gas Australia Pty.Ltd.	Australia	A\$157 million	- Mining of crude oil, natural gas and other mineral resources, and their development, production and sales	100	
	Osaka Gas Energy America Corporation	United States	US\$1	- Research, planning, development, and investment relating to energy supply businesses in the U.S.	100	
	Osaka Gas Energy Europe B.V.	Netherlands	76 million euros	- Research, planning, development, and investment relating to energy supply businesses in Europe	100	
	49 other companies					
Gas Appliances and House-pipe Installation	Enetech Kyoto Co., Ltd.	Minami-ku, Kyoto	30	- Design, installation, operation, maintenance, and sale of air-conditioning, water supply/drainage, hot water supply, ventilation, and kitchen facilities and equipment - Design and performance of piping work and electric work	100	
	Osaka Gas Housing Equipment Co., Ltd.	Nishi-ku, Osaka	450	- Wholesale of housing equipment and apparatus, such as built-in kitchen units and built-in bath units - Sale of new housing - Renovation of housing	100	
	Enetech Osaka Co., Ltd.	Taisho-ku, Osaka	20	- Design, installation, operation, maintenance, and sale of air-conditioning, water supply/drainage, hot water supply, ventilation, and kitchen facilities and equipment	100	
	OG Road Co., Ltd.	Konohana-ku, Osaka	50	- Research on recycling of excavated soil, and related design - Manufacture and sale of road construction materials	100	
	Hearts Co., Ltd.	Sakai City, Osaka	85	- Sales and repair of gas appliances, gas works, piping works and house refurbishment	98.8	
	Kinpai Co., Ltd.	Nishinari-ku, Osaka	300	- Gas piping works - Construction work and road paving - Sales and installation of housing equipment- Piping renewal work	100	
	Kinpai Corporation	Nishinari-ku, Osaka	112	- Business management, administrative services relating to personnel affairs, accounting and general affairs of companies under the Kinpai Group	100	
	11 other companies					
Real estate	OSC Engineering Co., Ltd.	Fukushima-ku, Osaka	50	- Maintenance, security service, and cleaning of buildings, and facility designing and construction	67.3	
	Urbanex Co., Ltd.	Higashinari-ku, Osaka	1,570	- Management, maintenance, and leasing of real estate - Surveys and research on urban development	100	
	Urbanex Development Co., Ltd.	Higashinari-ku, Osaka	500	- Management, maintenance, and leasing of real estate	100	
	OG Capital Co., Ltd.	Chuo-ku, Osaka	3,000	- Management control of affiliated companies - Management, maintenance, and leasing of real estate	100	
	Kyoto Research Park Co., Ltd.	Shimogyo-ku, Kyoto	100	- Management of the Research Park, interchange between the industrial and academic societies, development of venture businesses	100	
4 other companies						

Others	Osaka Gas Engineering Co., Ltd.	Konohana-ku, Osaka	100	- Investigation, design, installation, and technical consulting for gas facilities, facilities using cold air, and facilities for environmental protection - Investigation, purchase, and sale of industrial properties	100	
	Osaka Gas Chemicals Co., Ltd.	Chuo-ku, Osaka	2,500	- Manufacture and sale of chemical products and carbon products	100	
	Osaka Gas Security Service Co., Ltd.	Yodogawa-ku, Osaka	100	- Provision of security and disaster protection services - Sale, lease, installation, maintenance, and inspection of security and disaster protection equipment - Sale of home security systems	100	
	OG Auto Service Co., Ltd.	Konohana-ku, Osaka	100	- Lease, maintenance and sale of automobiles - Non-life insurance agency	100	
	OG Sports Co., Ltd.	Chuo-ku, Osaka	100	- Management, construction, and operation of sports facilities and resort facilities - Sale of sports goods	100	
	OGIS Research Institute Co., Ltd.	Nishi-ku, Osaka	400	- Computer data processing services - Sale of computer-related equipment and software - Software development - Provision of computer education	100	
	OGIC Co., Ltd.	Chuo-ku, Osaka	600	- Leasing - Consumer credit - Telemarketing - Life and property insurance agency - Automatic collection service - Land and building dealer	100	
	Kinrei Co., Ltd.	Chuo-ku, Osaka	966	- Operation of restaurants - Manufacture and sale of frozen foods	74.8	Over-The-Counter Trade Code: 2661 Sold on 10/28/05
	Japan EnviroChemicals, Ltd.	Chuo-ku, Osaka	2,055	- Manufacture and sale of activated carbon - Manufacture and sale of wood protective coating materials and termiticides - Manufacture and sale of industrial preservatives	100	
	17 other companies					

### <<List of Affiliates Reported Equity Method>> (as of September 30, 2005)

Affiliates' Name	Location	Capital stock (million yen)	Description of Business	Shareholding Rate (%)	Remarks
Idemitsu Snorre Oil Development Co., Ltd.	Minato-ku, Tokyo	15,120	- Research, development, production and sale of petroleum and natural gas, and investment in businesses related to these activities	49.5	
Osaka Rinkai Heat Energy Supply Co., Ltd.	Konohana-ku, Osaka	1,000	- Provision of heat energy under the Heat Energy Business Operators Law and relevant businesses	40	
Universe Gas and Oil Co., Ltd.	Shinagawa-ku, Tokyo	9,444	- Prospecting, development and mining of petroleum, natural gas and other hydrocarbon materials in the Republic of Indonesia	33.4	
Bizkaia Energia, S.L.	Spain	3000 euros	- Electric power supply	50	

(Note) Based on its alliance with Sumitomo Corp. in the field of petroleum and gas development, on October 25, 2005, Osaka Gas transferred all 149,660 shares of Idemitsu Snorre Oil Development Co., Ltd. (49.5% shareholding by Osaka Gas) to Osaka Gas Summit Resources Co., Ltd. (a joint venture between Osaka Gas (70%) and Petro Summit Investment, Inc. (30%), a subsidiary of Sumitomo Corp.)

## 2 Management Policy

### (1) Basic Management Policy

During the current interim period, the Japanese economy has shown some signs of picking up from a standstill, with strong expansion of capital expenditures and recovery of production outputs. However, business conditions for the Company are not very easy because there still remain strong concerns about the rise in the price of oil and other materials that presses on the bottom line of the Company. In addition, accelerated deregulation in the energy market is likely to make the competition even more intense.

In this kind of business environment, we must remain a “company chosen by customers and local communities,” if we are to enjoy continued success in the market. The Company celebrated its 100th anniversary in October this year. On this occasion, taking the recent business environment into consideration, the Company released its group management philosophy, “Value Creation Management—For the Next Centenary” in January 2005. Following this group management philosophy, and under the corporate slogan of “Design Your Energy,” the Osaka Gas Group will endeavor to maximize the value for customers, as the first priority, as well as values for shareholders, society, employees and all other stakeholders in the Company, through fair and transparent business activities.

Fiscal 2006 is the last year of Innovation Centennial, the medium-term (three years) management plan of the Company. Both the Energy Business and the Non-energy Business will make concerted efforts to achieve the targets of this plan.

### (2) Challenges

We will pursue new energy business opportunities arising from deregulation as well as from our existing natural gas business. We will also work aggressively to expand our one-stop Multi-Energy Business to be able to satisfy the needs of our customers for natural gas, electricity, LPG, and other energies.

In the natural gas business, we will concentrate on providing customer-oriented services, and improve operational efficiency and price competitiveness. At the same time, additional gas price plans favorable to our customers will be offered to encourage gas use. We will also strengthen our ability to offer the best solutions to our customers, based on our expertise in service and engineering, while ensuring security and a stable supply of energy. We believe that by so doing, we will be able to increase the demand for natural gas, which will eventually result in enhancement of our customers’ lives, industrial development, and environmental preservation.

In the residential market, marketing of “ECOWILL,” a residential gas engine cogeneration system, will be further promoted. Marketing emphasis will also be placed on natural gas floor heating systems, bathroom heater/dryer systems including newly extended models with the mist sauna feature, glass-top gas ovens, and other products that deliver a comfortable gas-based living environment for our customers. Besides providing energy services, we will also offer an Internet-based security service, “IRUSU,” in cooperation with our subsidiaries, thus satisfying customer needs from all angles.

To serve the needs of industrial users, we will propose high-efficiency and high-functional gas cogeneration solutions to expand natural gas demand in the decentralized power source market. We will also promote the “GHP” gas heat pump air-conditioner series. Wider use of natural gas vehicles will be also promoted. By capitalizing on our long accumulated expertise in natural gas application and maintenance technology, including combustion and air-conditioning, we can propose the best energy systems tailored to the individual energy needs of our customers.

To improve our customer service, we value opportunities to meet with our customers so that we can reflect their suggestions in the improvement of our operations, and respond to their

needs more promptly and reliably.

To ensure the safety of our production and supply facilities, we will implement complete preventive maintenance and continue employee training and education. In addition, to ensure the safety of customers' facilities, we will also continue activities to make our customers aware of the need to renovate their facilities to maintain safety.

In our efforts to ensure a stable gas supply, we will pursue diversification of supply sources of natural gas, and take all possible measures to establish and maintain a stable production and supply system.

As for the electricity generation business, we aim to develop it into our second largest core business following the city gas business. Maintenance and expansion of the electricity wholesale business (IPP) will be promoted. The construction of the Senboku Natural Gas Power Plant (provisional name) was decided last November. The business plan for this plant will also be implemented as scheduled. The operational foundation of the Company will be fully utilized to promote the expansion of our electricity retailing business.

The LPG business will strive to add customers and increase sales volume by utilizing our ability cultivated in the city gas business to market equipment and energy systems.

The non-energy business will endeavor to deliver products and services that satisfy the needs of customers for their better living or business growth. This approach in turn will contribute to the growth of consolidated profit of the non-energy business. Selection and concentration of businesses will be accelerated to encourage the expansion of promising businesses and to enhance the corporate value of the Group.

In the area of environmental protection, we will promote energy-saving and use of recyclable resources in the course of business operations and make other environmental efforts to minimize impact of the Group's business activities on the environment. In line with the energy policy of the government, we will promote diffusion of environmentally-friendly natural gas through provision of our products and services to reduce environmental burden. We will also actively participate in local, national and international activities for environmental preservation.

In the area of technical development, emphasis will be placed on the development of residential fuel-cell systems as well as high-efficiency and highly-functional industrial gas cogeneration systems. These systems help to increase the customers' convenience and contribute to environmental preservation and energy savings. Furthermore, we will offer services based on advanced information communication technology, such as remote management systems, to improve the efficiency of our customers' facilities.

The Osaka Gas Group is committed to addressing these challenges while pursuing its basic principle of Value Creation Management. We will continue and strengthen our efforts to ensure compliance and to enhance the ongoing advancement of the Osaka Gas Group.

### (3) Interim Dividend

The Company has been trying to expand its business and improve the efficiency of operations, and has appropriated the increased profit resulting from these efforts for internal reserves for future business growth and strengthening of the financial structure of the Company, and for payment of steady dividends to shareholders.

For the six months ended September 30, 2005, the Company will distribute an interim dividend of 3.5 yen per share (including a 0.5 yen centennial commemorative dividend). We will aim at paying an annual dividend of 7 yen (including the interim dividend).

The Company will try to continue to pay steady dividends to shareholders, taking future operational results, business management plans, alternative profit distribution plans and other



comprehensive factors into consideration. We will aim at maintaining a payout ratio in excess of 20%. Internal reserves will be appropriated for capital expenditures, and investment in new businesses.

## (4) Corporate Governance

(Basic Policy for Corporate Governance)

In accordance with its basic principle of Value Creation Management, the Osaka Gas Group pursues maximization of customer value, as its first priority, as well as enhancement of values to shareholders, society, employees and all other stakeholders, through fair and transparent business activities. The Company is implementing a reform of its management organization that aims at ensuring sound and transparent business management while strengthening its responsiveness and competitiveness in the changing business environment.

(Actions for Corporate Governance)

### ① Organization

All important transactions proposed are examined by the executive committee comprising directors engaged in management of the Company's operations, from professional viewpoints, and in accordance with the clearly defined internal rules. Final decisions are made by the Board of Directors based on the results of thorough examinations and discussions. The Board of Directors reviews important matters that affect the entire Group, including subsidiaries and affiliates, and is responsible for making correct and quick decisions and for overall governance and supervision.

The Company makes use of a corporate auditor system. Out of four corporate auditors appointed, two are from outside the Osaka Gas Group. Since June 2003, 50% of corporate auditors are appointed from outside the Group to ensure their independency of the representative directors and the integrity of audits to confirm the appropriateness and legality of the directors' performances. In addition, an Auditors' Office comprised of full-time staff members not under the direct command of the directors has been established to support the auditors by conducting investigation activities. The two outside corporate auditors do not have any special personal, capital, or business relationship with Osaka Gas, nor do they have any other interest in the Company, thus preserving the independence of the auditors.

### ② Internal Control System

The Audit Department functions as the unit responsible for internal auditing. In accordance with its annual auditing plan and other instructions, it implements internal auditing to check if operating activities are conducted properly and efficiently, and provide advice and instructions to audited units within the organization.

In April 2003, an organizational reform was implemented to strengthen the management structure. An internal auditor was appointed in each business unit to strengthen auditing and internal control functions within the organization. Auditing authority was empowered to each business unit in accordance with the clearly defined internal rules for duties and authorities.

Moreover, the Osaka Gas Group Code of Corporate Conduct was established to achieve strict compliance with all applicable legal requirements by all the members of the Osaka Gas Group, including the directors and employees of Osaka Gas and its subsidiaries. In 2003, to enhance the ability of the Group to ensure that its business activities comply with applicable laws, we established the Compliance Committee, whose membership includes outside specialists, and also reorganized the compliance office, which had been a section within a unit, into the Compliance Department, an independent unit.

③ Internal Audit, Audit by Corporate Auditors and Accounting Audit

KPMG AZSA & Co., Ltd., an independent auditing firm, is hired as an accounting auditor of the Company.

The Auditing Department, corporate auditors and the accounting auditor meet periodically for review of an annual auditing plan and audit reporting, and keep close contact with each other to exchange information as necessary.

The auditing of accounts for the current period was conducted by Messrs. Hiroshi Sonoki (in charge of this auditing for three consecutive years), Hiromi Ohashi (one year) and Satoshi Kitamoto (four consecutive years), certified public accountants from KPMG AZSA & Co., Ltd. The accounting audit for this interim period was also assisted by ten certified public accountants and eleven junior accountants.

(5) Parent Company

Not applicable.

### 3 Operational Results

#### (1) Results for the Six Months Ended September 30, 2005

Consolidated operating revenues for the six months ended September 30, 2005 increased by 30.6 billion yen (7.2%) to 453.6 billion yen from the same period in the previous year. This increase was primarily due to the increased gas sales volume, gas charge rates that were adjusted higher than the same period last year under the fuel cost adjustment system, and business expansion in consolidated subsidiaries. The operating profit increased by 10.7 billion yen (42.0%) to 36.4 billion yen, mainly due to continued cost reductions achieved in all aspects of operations and decreased selling, general and administrative expenses, partially offset by the increase in material costs and cost of sales resulting from the expansion of gas sales volume and the rise in material prices. The consolidated ordinary profit increased by 9.8 billion yen (32.3%) to 40.4 billion yen. Net income for the six months ended September 30, 2005 increased by 15.4 billion yen (167.2%) to 24.6 billion yen from the same period of the previous year. This increase was primarily due to the impact of extraordinary loss recorded in the previous year in relation to the asset-impairment accounting.

(in 100 million yen)

Revenues and expenses (a)		Change from same period of prior year		Non-consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		Change	Percent (%)		
Operating revenues	4,536	306	107.2	3,288	1.38
Cost of sales	2,590	306	113.4	1,752	-----
Selling, General and Administrative Expenses	1,581	-107	93.6	1,278	-----
Operating profit	364	107	142.0	258	1.41
Ordinary profit	404	98	132.3	305	1.32
Net income	246	154	267.2	194	1.27

#### <<Operational Results by Segment>>

##### ① Gas

Sales revenue increased by 13.5 billion yen (5.5%) to 261.4 billion yen from the same period of the prior year, primarily due to the increased gas sales volume resulting from the development of new gas demand, and gas charge rates that were adjusted higher than the same period last year under the fuel cost adjustment system. Despite the steep rise in material prices, the operating profit increased by 11.0 billion yen (128.2%) to 19.5 billion yen, mainly due to continued cost reductions achieved in all aspects of operations.

##### ② LPG, Electricity and Other Energies

Sales revenue increased by 7.6 billion yen (+10.9%) to 77.5 billion yen, mainly as a result of business expansion. Costs of sales also increased as a result of the business expansion and the rise in material prices. Consequently, operating profit decreased 1 billion yen (15.1%) to 5.9 billion yen, compared with the same period of the previous year.

##### ③ Gas Appliances and House-pipe Installation

Sales revenue increased by 1.1 billion yen (1.8%) to 65.4 billion yen. The operating profit increased by 1.3 billion yen (42.0%) to 4.6 billion yen, mainly due to sales revenue growth and cost reductions.

④ Real estate

Sales revenues increased by 0.9 billion yen (8.5%) to 12.7 billion yen, mainly due to the addition of new real estate properties. Operating profit was 3.6 billion yen, almost the same level (+2.0%) as that in the same period last year.

⑤ Others

Sales revenue increased by 12.4 billion yen (22.4%) to 68 billion yen, mainly as a result of the addition of subsidiaries to the consolidation. Operating profit decreased by 0.2 billion yen (10.7%) to 2.1 billion yen, primarily due to the increased initial expenses associated with business expansion.

(in 100 million yen)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real estate	Others	Elimination of internal transactions and transactions involving all companies	Consolidation
Sales	+5.5% 2,614 [+135]	+10.9% 775 [+76]	+1.8% 654 [+11]	+8.5% 127 [+9]	+22.4% 680 [+124]	(315) [-50]	+7.2% 4,536 [+306]
Operating Profit	+128.2% 195 [+110]	-15.1% 59 [-10]	+42.0% 46 [+13]	+2.0% 36 [+0]	-10.7% 21 [-2]	4 [-3]	+42.0% 364 [+107]

\* The percentage at the upper left corner and the figure in brackets at the lower right corner of each box show the change from the same period in the previous year.

\* These changes are compared with results for the previous interim period restated in accordance with Note 3 of Segment Information in Page 21.

## (2) Interim Dividend

For the six months ended September 30, 2005, the Company will distribute an interim dividend of 3.5 yen per share (including a 0.5 yen centennial commemorative dividend).

## (3) Projected Annual Results

Consolidated sales are projected to increase by 3.0% to 1,005 billion yen from the previous year, due to gas sales volume increase and increased sales in existing consolidated subsidiaries. Operating profit is projected to increase by 8.3% to 104 billion yen, due to continued cost reductions achieved in all aspects of operations. Ordinary profit will increase by 2.6% from the previous year to 100 billion yen. Net income for the year ending March 31, 2006 is projected to increase by 16.4% to 59 billion yen primarily due to the impact of extraordinary loss recorded in the previous year related to fixed asset impairment accounting. Payment of an annual dividend of 7 yen per share (including the interim dividend) is targeted, including a centennial commemorative dividend of 1 yen per share.

	Projected annual results for the year ending March 31, 2006	Change from previous year
Operating revenues	1,005,000 million yen	+3.0%
Operating profit	104,000 million yen	+8.3%
Ordinary profit	100,000 million yen	+2.6%
Net income	59,000 million yen	+16.4%
Dividends	Payment of an annual dividend of 7 yen per share (including the interim dividend) targeted, including a centennial commemorative dividend of 1 yen per share.	

[Forecast crude oil cost: \$54 per bbl; forecast exchange rate: 110 yen to \$1]

Shareholder Value Added (SVA)	35 billion yen
Earnings per Share (EPS)	26.44 yen
Return on Equity (ROE)	10.8%
Return on Assets (ROA)	4.6%

## 4 Financial Position

### (1) Cash Flow for the Six Months Ended September 30, 2005

Cash flow generated from operating activities during the six months ended September 30, 2005 increased by 11.4 billion yen to 35.2 billion yen compared to the same period of the previous year mainly due to the increase in operating profit. Net cash used for investment activities was 96.9 billion yen, an increase of 68.1 billion yen. This increase was mainly due to the increased cash expenditures related to acquisition of shares of subsidiaries and affiliates. Net cash provided by financial activities increased by 32.5 billion yen to 35.8 billion yen, primarily due to issuance of commercial paper and corporate bonds.

As a result, the balance of cash and cash equivalents as of September 30, 2005 increased by 3.1 billion yen to 18.5 billion yen.

	Six months ended September 30, 2005	Six months ended September 30, 2004	Change
Cash flow from operating activities	35,200 million yen	23,800 million yen	11,400 million yen
Cash flow from investment activities	-96,900 million yen	-28,700 million yen	-68,100 million yen
Cash flow from financial activities	35,800 million yen	3,300 million yen	32,500 million yen
Increase/decrease of cash and cash equivalents	-25,700 million yen	-1,500 million yen	-24,100 million yen
Cash and cash equivalents at end of period	18,500 million yen	15,400 million yen	3,100 million yen
Balance of interest-bearing liabilities at the end of the period	494,100 million yen	468,500 million yen	25,600 million yen

Free cash flow (\*) -1.5 billion yen [-5.2 billion yen in the same period of the previous year]

(\*1) Free cash flow = Cash flow from operating activities – Capital expenditures

### (2) Cash Flow Indices

	As of September 30, 2005	As of September 30, 2004
Shareholders' equity ratio	44.7%	42.0%
Shareholders' equity ratio on market value	70.4%	57.2%

### (3) Projected Annual Results

Annual capital expenditures are expected to be 106.1 billion yen.

The free cash flow will be 55.2 billion yen. The balance of interest-bearing liabilities will increase by 79.9 billion yen to 528.5 billion yen.

#### <<Reference>> Capital Expenditure Plan

Year ending March 31, 2006 (Projection)	Year ended March 31, 2005 (Actual results)	Description of expenditures planned for Year ending March 31, 2006
106,100 million yen	65,500 million yen	Construction of transport lines, main and sub service lines, power plants, etc.

## 5 Consolidated Interim Financial Statements

### (1) Consolidated Interim Balance Sheet

(Unit: million yen)

Account	As of September 30, 2005	As of March 31, 2005	Change	As of September 30, 2004
(Assets)				
Fixed Assets	1,030,595	962,392	68,203	970,067
Tangible fixed assets	765,303	766,823	-1,520	779,521
Production facilities	107,771	111,771	-4,000	114,494
Distribution facilities	345,288	355,278	-9,990	360,620
Operational facilities	67,052	68,047	-995	75,428
Other facilities	208,063	202,937	5,126	200,316
Idle facilities	1,532	1,532	0	1,532
Construction in progress	35,594	27,256	8,338	27,129
Intangible fixed assets	31,393	27,879	3,514	28,435
Acquisition cost of subsidiaries over net assets acquired	11,098	8,873	2,225	10,085
Other intangible fixed assets	20,294	19,006	1,288	18,350
Investments and other assets	233,898	167,688	66,210	162,110
Investment in securities	161,264	102,450	58,814	93,212
Deferred tax assets	6,221	14,439	-8,218	24,044
Other assets	68,323	53,455	14,868	47,472
Allowance for bad debts	-1,910	-2,657	747	-2,619
Current Assets	225,351	255,030	-29,679	199,101
Cash and deposits	22,743	48,512	-25,769	19,690
Notes and trade accounts receivable	92,744	114,045	-21,301	86,316
Inventories	53,495	40,785	12,710	45,318
Deferred tax assets	11,202	15,347	-4,145	12,574
Other current assets	45,879	37,098	8,781	35,913
Allowance for bad debts	-715	-759	44	-710
Deferred Assets	62	40	22	28
Premium on bonds	62	40	22	28
Assets Total	1,256,009	1,217,463	38,546	1,169,197

(Unit: million yen)

Account	As of September 30, 2005	As of March 31, 2005	Change	As of September 30, 2004
(Liabilities)				
Fixed Liabilities	451,754	414,712	37,042	406,966
Bonds	224,080	204,080	20,000	184,080
Long-term loans payable	183,312	163,185	20,127	159,533
Deferred tax liabilities associated with revaluation	55	55	0	55
Reserve for severance benefits	14,662	18,343	-3,681	41,554
Reserve for gasholder repair	1,700	1,610	90	1,517
Other fixed liabilities	27,943	27,437	506	20,224
Current Liabilities	232,315	261,826	-29,511	262,092
Current portion of fixed liabilities	21,546	58,214	-36,668	67,935
Notes and trade accounts payable	36,528	43,826	-7,298	33,106
Short-term loans payable	28,840	26,564	2,276	21,161
Corporate taxes payable	12,773	25,815	-13,042	9,467
Other current liabilities	132,626	107,405	25,221	130,421
Liabilities Total	684,070	676,538	7,532	669,058
(Minority Interest)				
Minority Interest	10,642	10,062	580	9,622
Minority interest Total	10,642	10,062	580	9,622
(Shareholders' Equity)				
Capital stock	132,166	132,166	0	132,166
Capital reserve	19,511	19,497	14	19,483
Consolidated retained earnings	362,293	384,350	-22,057	349,601
Land revaluation excess	81	81	0	81
Difference Between Market Price and Acquisition Cost of Other Securities	45,888	33,677	12,211	28,567
Foreign Exchange Adjustment	3,657	3,145	512	2,213
Treasury stock	-2,302	-42,056	39,754	-41,597
Shareholders' equity Total	561,296	530,862	30,434	490,515
Liabilities, minority interest, and shareholders' equity total	1,256,009	1,217,463	38,546	1,169,197

## (2) Consolidated Interim Profit and Loss Statement

(Unit: million yen)

Account	Six months ended September 30, 2005	Six months ended September 30, 2004	Change	Year ended March 31, 2005
Operating revenues	453,654	423,000	30,654	975,340
Cost of sales	259,025	228,376	30,649	534,043
Gross profit on Sales	194,628	194,624	4	441,297
Selling, General and Administrative Expenses	158,180	168,948	-10,768	345,304
Operating Profit	36,448	25,675	10,773	95,992
Non-operating Revenues	8,396	9,080	-684	12,487
Interest income	248	115	133	249
Dividend income	988	606	382	893
Gain from sales of securities	4,101	5,396	-1,295	5,965
Equity in earning of affiliates	1,323		1,323	
Miscellaneous income	1,735	2,960	-1,225	5,378
Non-operating Expenses	4,410	4,195	215	10,998
Interest expenses	3,310	3,105	205	6,040
Miscellaneous expenses	1,100	1,089	11	4,958
Ordinary Profit	40,434	30,560	9,874	97,480
Extraordinary Profit	1,515		1,515	1,183
Gain from sales of fixed assets	488		488	1,183
Gain from sales of subsidiaries' shares	1,026		1,026	
Extraordinary Loss		13,910	-13,910	14,759
Loss from reduction of fixed assets' cost				849
Loss from impairment of fixed assets		13,910	-13,910	13,910
Net income before taxes and minority interest	41,949	16,650	25,299	83,904
Corporate, resident and business taxes	8,541	5,677	2,864	26,026
Adjustment for difference of tax allocation between financial accounting and tax accounting	8,600	1,439	7,161	6,452
Less: minority interest	111	289	-178	742
Net Income	24,696	9,244	15,452	50,683



### (3) Statement of Consolidated Interim Retained Earnings

(Unit: million yen)

Account	Six months ended September 30, 2005	Six months ended September 30, 2004	Change	Year ended March 31, 2005
(Capital Reserve)				
Consolidated Capital Reserve at Beginning of Period	19,497	19,482	15	19,482
Increase of Capital Reserve	13	0	13	15
Consolidated Capital Reserve at End of Period	19,511	19,483	28	19,497
(Profit Reserves)				
Consolidated Profit Reserve at Beginning of Period	384,350	346,558	37,792	346,558
Increase of Profit Reserve	24,696	9,820	14,876	51,259
Net income	24,696	9,244	15,452	50,683
Increase due to new inclusions to consolidation		576	-576	576
Decrease of Profit Reserve	46,753	6,777	39,976	13,468
Dividends	6,686	6,692	-6	13,382
Directors' bonuses	86	85	1	85
Retirement of treasury stock	39,978		39,978	
Decrease due to decrease of consolidated companies	1		1	
Consolidated Profit Reserve at End of Period	362,293	349,601	12,692	384,350

## (4) Consolidated Interim Cash Flow Statement

(Unit: million yen)

Account	Six months ended September 30, 2005	Six months ended September 30, 2004	Change	Year ended March 31, 2005
<b>I. Cash Flow from Operating Activities</b>				
Net income before taxes and minority interest	41,949	16,650	25,299	83,904
Depreciation expenses	42,047	43,533	-1,486	86,858
Loss from impairment of fixed assets		13,910	-13,910	13,910
Increase decrease of reserve for severance benefits	-4,098		-4,098	-24,596
Increase (decrease) of prepaid pension expenses	-1,830	-8,208	6,378	-12,217
Interest and dividends received	-1,236	-722	-514	-1,143
Interest expenses	3,310	3,105	205	6,040
Gain from sales of securities	-4,101	-5,396	1,295	-5,965
Loss from retirement of tangible fixed assets				2,405
(Increase) decrease of trade receivables	26,845	23,389	3,456	-4,340
(Increase) decrease of inventories	-9,514	-13,114	3,600	-8,583
(Increase) decrease of trade payables	-9,472	-4,019	-5,453	6,700
Increase (decrease) of accrued expenses	-18,545	-20,375	1,830	-2,361
Others	-7,607	1,910	-9,517	11,309
Total	57,746	50,660	7,086	151,922
Interest and dividends received	1,171	903	268	1,336
Interest paid	-2,723	-2,431	-292	-6,054
Corporate taxes paid	-20,898	-25,241	4,343	-30,301
<b>Net Cash Flow from Operating Activities</b>	<b>35,297</b>	<b>23,892</b>	<b>11,405</b>	<b>116,902</b>
<b>II. Cash Flow from Investment Activities</b>				
Expense for acquisition of tangible fixed assets	-49,848	-31,867	-17,981	-63,838
Expense for acquisition of securities				-1,583
Income from sales of securities	5,444	7,487	-2,043	8,584
Expense for acquisition of stocks of subsidiaries and affiliates	-37,392	-5,337	-32,055	-6,995
Income from sales of shares of subsidiaries and affiliates	2,738		2,738	
Expenses for acquisition of shares of subsidiaries, resulting in consolidation scope change	-10,299		-10,299	
Expenses for providing long-term loans	-5,882		-5,882	
Others	-1,717	923	-2,640	-1,846
<b>Net Cash Flow from Investment Activities</b>	<b>-96,957</b>	<b>-28,792</b>	<b>-68,165</b>	<b>-65,679</b>
<b>III. Cash Flow from Financial Activities</b>				
Net increase (decrease) of short-term loans payable		-3,073	3,073	2,329
Net increase (decrease) of commercial paper	40,000	10,000	30,000	-26,000
Proceeds from long-term loans payable	28,950	12,850	16,100	27,589
Expense for repayment of long-term loans payable	-11,552	-9,457	-2,095	-33,676
Proceeds from corporate bond issuance	19,976		19,976	19,986
Expense for redemption of bonds	-35,000		-35,000	
Dividends paid	-6,660	-6,665	5	-13,340
Dividends paid to minority shareholders	-106	-111	5	-165
Others	280	-191	471	-634
<b>Net Cash flow from Financial Activities</b>	<b>35,887</b>	<b>3,351</b>	<b>32,536</b>	<b>-23,912</b>
<b>IV. Difference from Conversion of Cash and Cash Equivalents</b>	<b>54</b>	<b>-13</b>	<b>67</b>	<b>-5</b>
<b>V. Increase (Decrease) of Cash and Cash Equivalents</b>	<b>-25,719</b>	<b>-1,562</b>	<b>-24,157</b>	<b>27,303</b>
<b>VI. Cash and Cash Equivalents at Beginning of Period</b>	<b>44,279</b>	<b>15,743</b>	<b>28,536</b>	<b>15,743</b>
<b>VII. Increase of Cash and Cash Equivalents Due to Addition of Subsidiaries to the Consolidation</b>		<b>1,312</b>	<b>-1,312</b>	<b>1,312</b>
<b>VIII. Decrease of Cash and Cash Equivalents Due to Exclusion of Subsidiaries from the Consolidation</b>	<b>-16</b>	<b>-80</b>	<b>64</b>	<b>-80</b>
<b>IX. Cash and Cash Equivalents at End of Period</b>	<b>18,543</b>	<b>15,412</b>	<b>3,131</b>	<b>44,279</b>

(Notes)

1. Basic information for preparing consolidated interim financial statements

(1) Scope of consolidation

Number of consolidated subsidiaries --- 120 subsidiaries

(Major consolidated subsidiaries)

Osaka Gas Chemicals Co., Ltd., Urbanex Co., Ltd., OG Capital Co., Ltd., OGIS Research Institute Co., Ltd., Kinrei Co., Ltd., Liquid Gas Co., Ltd., and Nissho LP Gas Co., Ltd.

(Change in consolidation)

Japan EnviroChemicals, Ltd. and four other companies have become subsidiaries of Osaka Gas through acquisition of their shares by the Osaka Gas Group during this interim period. Their operational results and financial conditions were included in the consolidated financial statements for this current interim period.

DONAC Co., Ltd. and two other companies were no longer subsidiaries of Osaka Gas and were excluded from the consolidated financial statements for the current interim period.

(2) Application of equity method

Affiliates reported by equity method .....Four

(Name of affiliates reported by equity method)

Idemitsu Snorre Oil Development Co., Ltd., Osaka Rinkai Heat Energy Supply Co., Ltd., Universe Gas And Oil Co., Ltd. and Bizkaia Energia,S.L.

(Change in affiliates reported by equity)

Idemitsu Snorre Oil Development Co., Ltd. and Bizkaia Energia,S.L. have become subsidiaries of Osaka Gas as a result of acquisition of their shares by the Osaka Gas Group, and were included in “affiliates reported by equity method” in the consolidated financial statements for the current interim period.

The equity method is not applied to affiliates whose operating results were minor and do not give material effect on the consolidated profit, retained earnings and other consolidated results.

(3) Significant accounting principles

① Basis and method of evaluation of significant assets are as follows:

a. Inventories ..... mainly at cost on a moving average basis

b. Securities

Other securities

With market price ..... at market, based on the market price on the interim closing date

(The entire difference between the acquisition cost and the market price is accounted for by the “direct-inclusion-to-capital” method, and the cost of sales is calculated by moving average method.)

Without market price ..... mainly at cost on a moving average basis

c. Derivative instruments..... at market

② Tangible fixed assets are depreciated by the declining balance method, except in the case of buildings (excluding fixtures attached to buildings) acquired on and after April 1, 1998, which are depreciated by the straight line method.

- ③ Significant allowances and reserves are provided on the following basis:
- a. Reserve for severance benefits  
To prepare for payment of severance benefits to employees, the reserve for severance benefits is provided. An amount of accrued severance benefits payable to employees at the end of the current six-month period is provided based on severance benefit liabilities and the expected value of the pension assets.
  - b. Reserve for gasholder repair  
To prepare for payment of expenses needed for periodical repair of globular gasholders, the reserve for gasholder repair is provided for the expected repair cost needed in the next scheduled repair based on the actual cost paid in the last repair, over the period by the next scheduled repair.

- ④ Accounting of significant lease transactions  
Finance lease transactions, except those in which the ownership of the leased properties is transferred to the lessees, are recorded by the accounting method used for regular lease transactions

- ⑤ Accounting of significant hedge transactions
- a. Method of hedge accounting  
Deferred hedge accounting is adopted. In cases in which required conditions are satisfied, special accounting of interest swaps, and appropriation accounting of forward exchange contracts, etc. are adopted.

- b. Hedge contracts and hedged transactions

<u>Hedge contract</u>	<u>Hedged transactions</u>
Interest swap	Corporate bonds and loans payable
Currency swap	Corporate bonds and loans payable in foreign currency
Forward exchange contract or currency option	Scheduled transactions in foreign currency (such as for purchase of raw materials)
Swap and option for crude oil price	Purchase price of raw material

- c. Hedge policy

In accordance with the internal rules, the Company and its group companies enter into hedge contracts to hedge risk of fluctuation of foreign exchange rates, interest, etc. No derivative contracts for speculative purposes, which do not have actual transactions to be hedged, have been concluded.

- d. Evaluation of effectiveness of hedges

Effectiveness of a hedge is evaluated by confirming the relation between the hedge contract and the transaction hedged by that contract.

- ⑥ Other important information for preparing consolidated interim financial statements  
Consumption taxes are recorded by the tax-exclusion method.

- (4) Evaluation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are evaluated by the all fair value method.

(5) Amortization of acquisition costs of subsidiaries over net assets acquired, and amortization period  
 “Acquisition costs of subsidiaries over net assets acquired” are amortized by the straight line method over a period not exceeding 20 years from recognition; except that a difference in a very small amount is fully recognized as an expense when it accrues.

(6) Scope of funds for Consolidated Interim Cash Flow Statement

Funds included in the Consolidated Interim Cash Flow Statement (cash and cash equivalents) comprise cash on hand; bank deposits that can be withdrawn at any time; and highly liquid short-term investments with minor risk of price fluctuation, that will expire within three months from the acquisition date.

2. Accumulated depreciation of fixed tangible assets

	(As of September 30, 2005)	(As of March 31, 2004)
	1,780,668 million yen	1,736,680 million yen

3. Assets provided as collateral

	(As of September 30, 2005)	(As of March 31, 2005)
	60,340 million yen	60,355 million yen

4. Contingent liabilities

	(As of September 30, 2005)	(As of March 31, 2004)
Guarantee of liabilities	2,304 million yen	2,442 million yen

Acceptance of fulfillment of

obligations of bonds and loans payable

23,204

58,931

Contingent liabilities under contracts

5. Relationship of period-end balance of cash and cash equivalents and the values presented on the consolidated interim balance sheet

	(As of September 30, 2005)	(As of September 30, 2004)
Cash and bank deposits	22,743 million yen	19,690 million yen
Term deposits that expire more than three months later	-4,200	-4,277
Cash and cash equivalents	18,543	15,412

6. Significant Events after Closing of Six-month Period Ended on September 30, 2005

Aiming at enhancing the corporate value of the Osaka Gas Group and Kinrei Co., Ltd., all shares of Kinrei Co., Ltd. owned by the Company and OG Capital, a fully-owned subsidiary, (74.8% shareholding in aggregate), were transferred to CAS Capital Holdings One Co., Ltd.

- Transferred shares 7,257,000 shares
- Transfer price 11,248 million yen
- Transfer date October 28, 2005

## 6 Segment Information

### (1) Segment information by business type

Six months ended September 30, 2005 (April 1, 2005 - September 30, 2005)

(Unit: million 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	Consolida- tion
Sales and Operating Profit and Loss								
Sales								
1. Sales to customers outside the Group	255,516	76,507	65,049	6,283	50,296	453,654	—	453,654
2. Internal sales or transfer among segments	5,949	1,058	378	6,430	17,721	31,538	(31,538)	—
Total	261,466	77,565	65,428	12,713	68,018	485,192	(31,538)	453,654
Operating Expenses	241,880	71,584	60,747	9,078	65,877	449,167	(31,961)	417,205
Operating Profit	19,586	5,981	4,681	3,635	2,141	36,025	422	36,448

Six months ended September 30, 2004 (April 1, 2004 - September 30, 2004)

(Unit: million 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	Consolida- tion
Sales and Operating Profit and Loss								
Sales								
1. Sales to customers outside the Group	243,833	68,854	57,899	7,010	45,402	423,000	—	423,000
2. Internal sales or transfer among segments	4,109	767	197	10,426	15,064	30,565	(30,565)	—
Total	247,942	69,621	58,096	17,437	60,467	453,565	(30,565)	423,000
Operating Expenses	238,848	62,602	55,679	13,537	58,012	428,679	(31,354)	397,325
Operating Profit	9,094	7,018	2,417	3,900	2,454	24,885	789	25,675

Year ended March 31, 2005 (April 1, 2004 - March 31, 2005)

(Unit: million 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	Consolida- tion
Sales and Operating Profit and Loss								
Sales								
1. Sales to customers outside the Group	564,678	155,424	136,434	15,614	103,188	975,340	—	975,340
2. Internal sales or transfer among segments	8,228	1,695	377	21,504	40,061	71,866	(71,866)	—
Total	572,906	157,119	136,811	37,119	143,249	1,047,206	(71,866)	975,340
Operating Expenses	509,383	143,143	135,851	29,463	134,859	952,702	(73,354)	879,348
Operating Profit	63,523	13,976	959	7,655	8,389	94,503	1,488	95,992

(Notes)

1. The business segments are divided based on the sales summary classification in accordance with the Accounting Rules for Gas Business Operators.

2. Major products and services of business segments

Business Segment	Major Products and Services
Gas	Gas
LPG, electricity and other energies	LPG, electric supply, thermal energy supply, processing of LNG by contract, industrial gas, etc.
Gas appliances and gas installation work	Gas appliances, housing equipment, in-house and road piping work, recycling of excavated soil, etc.
Real estate lease	Lease and management of real estates, etc.
Others	Frozen foods, restaurants, provision of data processing service, chemical products and carbon products, design and installation of gas and environment-preservation-related facilities, security and disaster prevention service, sports businesses, automobile and office equipment lease, etc.

3. Change in business segments and allocation of operating expenses

In accordance with its group management philosophy, “Value Creation Management—For the Next Centenary,” aiming at maximizing the collective strength of the Group, the restructuring of the Group business organization (regrouping and consolidation of group companies by business area and function) was implemented on July 1, 2005. In this restructuring, some companies were accordingly reclassified to different business segments. In response to this change in business segments, the method used to allocate certain direct operating expenses of each business (mainly general expenses relating to the administrative department of each consolidated group company) was also changed in accordance with the revised Accounting Rules for Gas Business Operators.

If the above-mentioned reclassification were used for the current interim period, sales results shown in Page 20 would change as follows: No change in the “Gas” segment, 343 million yen increase in “LPG, Electricity and Other Energies”, 6,201 million yen increase in “Gas Appliances and House-pipe Installation”, 5,721 million yen decreases in “Real Estate”, and 4,885 million yen decrease in “Others.” The operating profit of each business segment would change as follows: 510 million yen decrease in “Gas,” 24 million yen increase in “LPG, Electricity and Other Energies,” 879 million yen increase in “Gas Appliances and House-pipe Installation,” 337 million yen decreases in “Real Estate,” and 56 million yen decrease in “Others.”

(2) Segment information by geographical area

Because more than 90% of sales by all segments of the Osaka Gas Group is earned in Japan and more than 90% of assets of all segments of the Group are in Japan, disclosure in this section is omitted.

(3) Overseas sales

Because overseas sales account for less than 10% of the consolidated sales, disclosure in this section is omitted.

## 7 Securities

### (1) Other securities that have market prices

(Unit: million yen)

Period Type of securities	As of September 30, 2005			As of March 31, 2005			As of September 30, 2004		
	Acquisition Cost	Value reported on Consolidated Interim Balance Sheet	Difference	Acquisition Cost	Value Reported on Consolidated Balance Sheet	Difference	Acquisition Cost	Value reported on Consolidated Interim Balance Sheet	Difference
1. Stocks	21,514	94,804	73,289	21,703	75,480	53,777	21,047	66,747	45,700
2. Bonds									
National and local government bonds	10	9	0	0	0	0	30	30	0
Others	100	100	0	50	50	0			
<b>Total</b>	<b>21,624</b>	<b>94,914</b>	<b>73,289</b>	<b>21,754</b>	<b>75,531</b>	<b>53,777</b>	<b>21,077</b>	<b>66,778</b>	<b>45,700</b>

### (2) Major securities without market price and their values reported on the consolidated balance sheet

Other securities

(Unit: million yen)

	As of September 30, 2005	As of March 31, 2005	As of September 30, 2004
Unlisted Stocks (excluding over-the-counter stocks)	17,711	17,447	17,923

## 8 Contract Price, Market Price and Profit and Loss Status of Derivative Transactions

All derivative transactions outstanding at the end of this first six-month period are recorded by hedge accounting.