



## 9 For Year Ending March 31, 2006 Highlight of Non-consolidated Interim 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  
 Date of Interim Dividend Payment: November 30, 2005  
 Interim Dividend System: existent  
 System of trading unit of shares: adopted (Unit: 1,000 shares)

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

(1) 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	328,883	5.3	25,834	84.8	30,549	48.6
Six months ended September 30, 2004	312,397	-3.6	13,982	-35.9	20,564	-4.4
Year ended March 31, 2005	722,755		69,111		75,159	

	Net income		Retained earning per share
	million yen	%	Yen
Six months ended September 30, 2005	19,460	203.4	8.73
Six months ended September 30, 2004	6,414	-45.4	2.88
Year ended March 31, 2005	41,280		18.48

(Notes) ① Average number of outstanding shares during term: 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

② Change in accounting method: N/A

③ 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) Interim Dividends

	Interim dividend per share	Annual dividend per share
	Yen	Yen
Six months ended September 30, 2005	3.50	_____
Six months ended September 30, 2004	3.00	_____
Year ended March 31, 2005	_____	6.00

(Note) Breakdown of interim dividend for six months ended September 30, 2005: Regular dividend 3 yen  
 Centennial commemorative dividend 0.5 yen

(3) 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	998,864	463,159	46.4	207.87
As of September 30, 2004	945,509	410,753	43.4	184.18
As of March 31, 2005	981,501	442,805	45.1	198.65

(Notes) ① Shares outstanding as of term-end: 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

② Repurchased shares as of term end As of September 30, 2005 7,558,465 shares As of September 30, 2004 138,871,585 shares As of March 31, 2005 140,284,727 shares

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

	Operating revenues	Ordinary profit	Net income	Annual dividend per share	
				Year-end	
Full year	million yen	million yen	million yen	yen	yen
	751,000	80,000	49,500	3.50	7.00

(Reference) ① Expected earning per share (for full year) 22.19 yen

② The annual dividend of 7 yen per share includes commemorative dividends of 0.5 yen in the interim period and 0.5 yen in the year end, respectively.

\* 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.

## 9-1 Operational Results

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

The residential gas sales volume per household was 24.6 m<sup>3</sup>/month, almost the same level as in the same period of the previous year. The total residential gas sales volume increased by 0.7% to 836 million m<sup>3</sup>, mainly due to the increase in the number of customers.

Industrial gas sales increased by 3.5% to 1,993 million m<sup>3</sup> supported mainly by the development of new demands. Although air-conditioning demand declined due to cooler weather in July, mainly supported by the development of new demands, the gas sales volume to commercial facilities was 560 million m<sup>3</sup>, almost the same level as that in the same period of the previous year, and the gas sales volume to public and medical institutions increased 1.4% to 311 million m<sup>3</sup>. As a result, overall non-residential gas sales increased 2.5% to 2,864 million m<sup>3</sup> from the same period of the previous year.

Total gas sales by the Company increased 3.2% to 3,867 million m<sup>3</sup> from the same period of the previous year.

		Six months ended September 30, 2005 ( '05/4 - '05/9) A	Six months ended September 30, 2004 ( '04/4 - '04/9) B	A-B	A/B
Customers (Meters installed)	Residential	6,398 thousand	6,334 thousand	64 thousand	101.0%
	Non-residential	320	318	2	100.7%
	Total	6,719	6,652	66	101.0%
Monthly average usage per customer	Residential	24.6 m <sup>3</sup> /month	24.6 m <sup>3</sup> /month	-0.0 m <sup>3</sup> /month	99.9%
	Average of all customers	104.2	102.8	1.4	101.4%
Gas sales volume	Residential	836 million m <sup>3</sup>	830 million m <sup>3</sup>	6 million m <sup>3</sup>	100.7%
	Non-residential	2,864	2,793	71	102.5%
	Industrial	1,993	1,925	67	103.5%
	Commercial	560	561	-1	99.9%
	Public and medical institutions	311	307	4	101.4%
	Wholesale	167	125	42	133.1%
	Total	3,867	3,749	118	103.2%

[Reference]  
Average temperature (°C)

Six months ended September 30, 2005 ( '05/4 - '05/9) A	Six months ended September 30, 2004 ( '04/4 - '04/9) B	A-B
23.8	24.4	-0.6

## (2) Overview of Profit and Loss

(in 100 million yen)

Revenues		Change from same period of previous year		
		Change	Percent (%)	
Gas sales	2,582	129	105.3	
Other sales	House-pipe installation	125	-2	98.4
	Gas appliances	416	19	105.0
	Other sales	164	17	112.1
	Total	706	35	105.3
Total sales	3,288	164	105.3	
Non-operating revenues	76	-14	83.7	
Total revenues	3,365	150	104.7	

Expenses		Change from same period of previous year		
		Change	Percent (%)	
Cost of sales	1,127	160	116.6	
Selling, general and administrative expenses	1,278	-143	89.9	
Total	2,405	16	100.7	
Other expenses	House-pipe installation	126	-0	99.2
	Gas appliances	373	7	102.1
	Other expenses	124	23	122.8
	Total	624	29	105.0
Operating expenses	3,030	46	101.6	
Operating profit	258	118	184.8	
Non-operating expenses	29	3	115.0	
Total expenses	3,059	50	101.7	

Ordinary profit	305	99	148.6
Net income	194	130	303.4

(Any amount less than a hundred million yen is rounded down.)

### [Reference]

- Cost of raw materials included in cost of sales: 106,600 million yen (increase by 16,800 million yen or 18.7%, from the same period of the previous year)
- Exchange rate and cost of crude oil

	Six months ended September 30, 2005 ( '05/4 - '05/9) A	Six months ended September 30, 2004 ( '04/4 - '04/9) B	A-B
Exchange rate (yen/dollar) *1	109.5	109.8	-0.3
Cost of crude oil (dollar/bbl) *2	51.7	35.9	+15.8

\*1: TTM rate

\*2: Japan Crude Oil CIF price (For the six months ended September 30, 2005, average price in April - August)

### (3) Projected Annual Results

Annual gas sales volume for the year ending March 31, 2006 is projected to grow by 2.8% from the previous year to 8,277 million m<sup>3</sup>.

Annual sales revenues are projected to increase by 3.9% to 751 billion yen. Operating profit is projected to increase by 16.5% to 80.5 billion yen due to continued cost reductions achieved in all aspects of operations. Ordinary profit will increase by 6.4% from the previous year to 80 billion yen. Net income for the year ending March 31, 2006 is projected to increase by 19.9% to 49.5 billion yen.

	Projected annual results for the year ending March 31, 2006	Change from prior year
Gas sales volume	8,277 million m <sup>3</sup>	+2.8%
Operating revenues	751,000 million yen	+3.9%
Operating profit	80,500 million yen	+16.5%
Ordinary profit	80,000 million yen	+6.4%
Net income	49,500 million yen	+19.9%

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

Shareholders' Value Added (SVA)	29,600 million yen
Earnings Per Share (EPS)	22.19 yen
Return on Equity (ROE)	10.9%
Return on Assets (ROA)	4.7%
Free Cash Flow	54,100 million yen

### (4) Capital Expenditure Plan for the Year Ending March 31, 2006

	Year ending March 31, 2006 (Projection)	Year ended March 31, 2005 (Actual results)	Description of expenditures planned for Year ending March 31, 2006
Production facilities	5,200 million yen	2,200 million yen	Equipment replacement etc.
Distribution facilities	39,500 million yen	36,400 million yen	Construction of transport lines, and main and sub service lines, etc.
Operational facilities, etc.	26,400 million yen	3,800 million yen	Power plants, etc.
Total	71,300 million yen	42,500 million yen	

## 9-2 Non-Consolidated Interim Financial Statements

### (1) Interim Balance Sheet

(in million yen)

Account	As of September 30, 2005	As of March 31, 2005	Change	As of September 30, 2004
(Assets)				
Fixed Assets	839,659	792,139	47,519	800,280
Tangible fixed assets	553,234	562,028	-8,794	574,734
Production facilities	106,037	109,899	-3,861	112,699
Distribution facilities	344,507	354,393	-9,885	359,887
Operational facilities	66,291	67,272	-981	74,697
Supplementary business facilities	5,107	5,420	-313	5,755
Idle facilities	1,532	1,532		1,532
Construction in progress	29,758	23,510	6,247	20,162
Intangible fixed assets	4,556	4,729	-173	4,925
Patents				0
Leaseholds	3,087	3,071	15	3,034
Other intangible fixed assets	1,469	1,658	-189	1,891
Investments and other assets	281,868	225,381	56,487	220,620
Investment in securities	80,010	68,858	11,151	61,424
Investment in affiliates	112,611	75,354	37,257	76,476
Long-term loans receivable from affiliates	61,796	47,984	13,811	43,643
Investment in capital	10	10		201
Long-term prepaid expenses	4,618	3,764	853	3,695
Deferred tax assets	600	8,872	-8,272	18,075
Prepaid pension expenses	14,616	12,786	1,830	
Other investments	8,559	8,609	-50	17,911
Allowance for bad debts	-952	-859	-93	-806
Current Assets	159,141	189,321	-30,179	145,200
Cash and deposits	7,358	32,967	-25,609	5,219
Notes receivable	517	886	-368	822
Accounts receivable	48,936	63,110	-14,174	48,369
Trade accounts receivable from affiliates	5,031	5,254	-223	4,381
Other accounts receivable	10,462	12,829	-2,366	11,282
Products	95	90	5	86
Raw materials	16,447	15,744	703	15,619
Stores	9,443	9,074	369	8,336
Short-term loans receivable from affiliates	19,172	15,016	4,155	18,451
Short-term accounts receivable from affiliates	3,161	3,416	-254	2,511
Deferred tax assets	9,227	12,198	-2,970	9,675
Derivatives	19,682	13,757	5,925	10,751
Other current assets	10,199	5,565	4,634	10,285
Allowance for bad debts	-594	-589	-5	-594
Deferred Assets	62	40	21	28
Premium on bonds	62	40	21	28
<b>Total assets</b>	<b>998,864</b>	<b>981,501</b>	<b>17,362</b>	<b>945,509</b>

(in million yen)

Account	As of September 30, 2005	As of March 31, 2005	Change	As of September 30, 2004
(Liabilities)				
Fixed Liabilities	361,705	330,996	30,709	328,038
Bonds	223,660	203,660	20,000	183,660
Long-term loans payable	120,534	102,386	18,147	102,348
Reserve for severance benefits	9,046	13,311	-4,264	36,704
Reserve for gasholder repair	1,667	1,579	87	1,491
Other fixed liabilities	6,797	10,058	-3,260	3,833
Current Liabilities	173,998	207,699	-33,701	206,718
Current portion of fixed liabilities	7,220	45,066	-37,846	51,924
Trade accounts payable	13,612	15,147	-1,534	13,325
Corporate taxes payable	10,494	20,414	-9,919	9,927
Accrued expenses	32,097	44,642	-12,545	38,895
Corporate taxes payable	8,472	20,016	-11,543	5,399
Advances received	7,373	6,347	1,026	8,155
Deposits received	1,023	1,271	-247	1,393
Short-term loans payable to affiliates	24,887	26,165	-1,277	22,756
Short-term accounts payable to affiliates	7,756	13,831	-6,074	5,950
Commercial paper	40,000		40,000	36,000
Deferred hedge gains	19,682	13,757	5,925	10,751
Other current liabilities	1,376	1,040	336	2,238
<b>Total liabilities</b>	<b>535,704</b>	<b>538,695</b>	<b>-2,991</b>	<b>534,756</b>
(Shareholders' Equity)				
Capital stock	132,166	132,166		132,166
Capital Surpluses	19,511	19,497	13	19,483
Capital reserve	19,482	19,482		19,482
Other capital surpluses	29	15	13	0
Gain from disposal of treasury stocks	29	15	13	0
Retained earnings	282,843	310,107	-27,264	281,931
Profit reserve	33,041	33,041		33,041
Reserve for reduction of costs relating to replacement of specific assets, etc.	216	216		216
Reserve for write-off of specific gas piping works	1,306	1,677	-370	1,677
Reserve for loss on overseas investments, etc.	6,203	6,218	-15	6,218
Reserve for adjustment for cost fluctuation	89,000	89,000		89,000
Reserve for other specific purposes	62,000	62,000		62,000
Unappropriated retained earnings	91,074	117,952	-26,878	89,776
Difference between Market Price and Acquisition Cost of Securities	30,940	23,090	7,850	18,769
Difference Between Market Price and Acquisition Cost of Other Securities	30,940	23,090	7,850	18,769
Treasury stocks	-2,302	-42,056	39,754	-41,597
Treasury stocks	-2,302	-42,056	39,754	-41,597
<b>Total shareholders' equity</b>	<b>463,159</b>	<b>442,805</b>	<b>20,353</b>	<b>410,753</b>
<b>Total liabilities and shareholders' equity</b>	<b>998,864</b>	<b>981,501</b>	<b>17,362</b>	<b>945,509</b>

## (2) Interim Profit and Loss Statement

(in million yen)

Account		Six months ended September 30, 2005 ( <sup>05</sup> /4 - <sup>05</sup> /9)	Six months ended September 30, 2004 ( <sup>04</sup> /4 - <sup>04</sup> /9)	Change	Year ended March 31, 2005 ( <sup>04</sup> /4 - <sup>05</sup> /3)
Ordinary Profit and Loss	Product sales	258,268	245,333	12,935	567,497
	Gas sales	258,268	245,333	12,935	567,497
	Cost of sales	112,783	96,720	16,063	219,385
	(Gross Profit on Sales)	(145,484)	(148,612)	(-3,128)	(348,111)
	Selling expenses	101,932	108,280	-6,347	222,995
	General and administrative expenses	25,867	33,915	-8,047	66,444
	(Core Business Profit)	(17,684)	(6,417)	(11,266)	(58,671)
	Miscellaneous operational revenues	55,757	53,839	1,918	126,715
	Revenues from house-pipe installation	12,586	12,786	-200	31,837
	Revenues from gas appliances sales	41,617	39,634	1,983	92,066
	Other miscellaneous operational revenues	1,553	1,418	134	2,811
	Miscellaneous operational expenses	50,062	49,403	659	122,549
	Cost of house-pipe installation	12,663	12,762	-99	31,723
	Cost of gas appliances sales	37,399	36,640	758	90,826
	Revenues from supplementary businesses	14,857	13,225	1,632	28,542
	Revenues from automatic alert report service	2,721	2,279	442	4,887
	Revenues from electric supply business	3,512	1,668	1,843	4,789
	Revenues from LNG sales business	1,536		1,536	
	Revenues from other supplementary businesses	7,086	9,277	-2,190	18,866
	Cost of supplementary businesses	12,401	10,095	2,305	22,269
Cost of automatic alert report service	2,183	1,633	550	3,537	
Cost of electric supply business	3,507	1,707	1,799	4,782	
Cost of LNG sales business	1,621		1,621		
Cost of other supplementary businesses	5,088	6,754	-1,665	13,948	
(Operating Profit)	(25,834)	(13,982)	(11,852)	(69,111)	
Non-Operating Profit and Loss	Non-operating revenues	7,645	9,129	-1,483	12,541
	Interest income	341	252	89	541
	Dividend income	1,260	981	278	1,342
	Lease income				1,323
	Gain from sales of securities	4,045	5,215	-1,169	5,227
	Miscellaneous revenues	1,997	2,680	-682	4,107
	Non-operating expenses	2,930	2,547	383	6,493
	Interest expenses	717	688	29	1,337
	Interest expense on corporate bonds	1,711	1,424	287	2,792
	Amortization of bond premiums	2	1	0	2
	Amortization of bond issue costs	91		91	94
	Miscellaneous expenses	406	433	-26	2,266
(Ordinary Profit)	(30,549)	(20,564)	(9,984)	(75,159)	
Extraordinary Profit and Loss	Extraordinary Profit				820
	Gain from sales of fixed assets				820
	Extraordinary Loss		10,771	-10,771	11,551
	Loss from reduction of fixed assets' cost				780
	Loss from impairment of fixed assets		10,771	-10,771	10,771
Net income before tax	(30,549)	(9,793)	(20,756)	(64,428)	
Corporate and other taxes	4,300	1,460	2,840	17,000	
Adjustment for difference of tax allocation between financial accounting and tax accounting	6,789	1,919	4,870	6,147	
Net income	19,460	6,414	13,046	41,280	
Profit brought forward from prior period	111,592	83,362	28,230	83,362	
Retirement of treasury stock	39,978		39,978		
Interim dividends				6,690	
Unappropriated retained earnings	91,074	89,776	1,298	117,952	

(Note) Regarding the values in Sales shown in 1. (1) Operational Results of Six Months Ended September 30, 2005 in Highlight of Non-consolidated Interim Financial Statements are the total of product sales, miscellaneous operational revenues, and revenues from supplementary businesses.

(Notes)

1. Significant Accounting Policies

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

(2) Securities are evaluated by the following methods:

Securities of subsidiaries and affiliates: at cost on moving average basis

Other securities

Securities having market price : at market, based on the market price on the closing date of the current six-month period  
(All the difference from the acquisition cost is accounted for by the "direct-inclusion-to-capital" method, and the cost of sales is calculated by moving average method.)

Securities having no market price: at cost on moving average basis

(3) Products are evaluated at cost on gross average basis. Raw materials and stores are evaluated at cost on moving average basis.

(4) Derivative instruments are evaluated by the market value method.

(5) The following significant reserves are provided:

Reserve for retirement benefits:

To prepare for payment of retirement benefits to employees, the reserve for retirement benefits is provided. An amount of accrued retirement benefits payable to employees at the end of the current six-month period is provided based on retirement benefit liabilities and the expected value of the pension assets.

Reserve for gasholder repair:

To prepare for payment of expenses needed for periodical repair of globular gasholders, the reserve for gasholder repair is provided to cover the expected cost of the next scheduled repair, based on the actual cost of the last repair, over the period until the next scheduled repair.

(6) Accounting of 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

(7) Consumption taxes are recorded by the tax-exclusion method.

2. Accumulated Depreciation of Fixed Tangible Assets:

¥1,609,237 million (¥1,582,593 million at the end of the same period of the previous year)

3. Contingent liabilities

10,112 million yen (¥7,798 million at the end of the same period of the previous year)

Contingent liabilities in connection with corporate bonds and loan contracts:

¥23,204 million (¥58,931 million at the end of the same period of the previous year)

4. During the current interim period, treasury stocks were retired as follows:

Retired shares 133,342,000 shares      Total acquisition cost 39,983 million yen



5. 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., the Company transferred all shares of Kinrei Co., Ltd. (44.3% shareholding) to CAS Capital Holdings One Co., Ltd.

- Transferred shares           4,300,000 shares
- Transfer price               6,665 million yen
- Transfer date                October 28, 2005

6. Breakdown of per-share dividends

	Six months ended September 30, 2005 (Interim Dividend)	Six months ended September 30, 2004 (Interim Dividend)	Year ended March 31, 2005 (Annual Dividends)
Common shares	3.50 yen	3.00 yen	6.00 yen
(Breakdown)			
Regular dividend	3.00	3.00	6.00
Commemorative dividend	0.50	—	—

### 9-3 Securities

Information on stocks of subsidiaries and affiliates having market price

(1) As of September 30, 2005

	Value reported on interim balance sheet	Market price	Difference
Subsidiaries' stock	1,241 million yen	6,626 million yen	5,384 million yen

(2) As of March 31, 2005

	Value reported on balance sheet	Market price	Difference
Subsidiaries' stock	1,241 million yen	4,149 million yen	2,907 million yen

(3) As of September 30, 2004

	Value reported on interim balance sheet	Market price	Difference
Subsidiaries' stock	1,241 million yen	3,612 million yen	2,370 million yen

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