



9 For Year Ending March 31, 2005 Highlight of Non-consolidated Interim Financial Statements

October 29, 2004

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 29, 2004
 Date of Interim Dividend Payment: November 30, 2004
 Interim Dividend System: existent
 System of trading unit of shares: adopted (Unit: 1,000 shares)

1. Financial results for the six months ended September 31, 2004 (April 1, 2004 - September 30, 2004)

(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, 2004	312,397	-3.6	13,982	-35.9	20,564	-4.4
Six months ended September 30, 2003	324,073	4.0	21,824	15.3	21,503	53.8
Year ended March 31, 2004	729,923		67,356		64,379	

	Net income		Retained earning per share
	million yen	%	Yen
Six months ended September 30, 2004	6,414	-45.4	2.88
Six months ended September 30, 2003	11,747	37.0	5.11
Year ended March 31, 2004	39,475		17.24

(Notes) ① Average number of outstanding shares during term: Six months ended September 30, 2004 2,230,488,578 shares
 Six months ended September 30, 2003 2,297,105,895 shares Year ended March 31, 2004 2,285,781,631 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, 2004	3.00	_____
Six months ended September 30, 2003	3.00	_____
Year ended March 31, 2004	_____	6.00

(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, 2004	945,509	410,753	43.4	184.18
As of September 30, 2003	963,941	408,666	42.4	177.92
As of March 31, 2004	977,805	417,741	42.7	187.24

(Notes) ① Shares outstanding as of term-end: As of September 30, 2004 2,230,139,954 shares As of September 30, 2003 2,296,897,038 shares As of March 31, 2004 2,230,774,561 shares

② Repurchased shares as of term end As of September 30, 2004 138,871,585 shares As of September 30, 2003 72,114,501 shares As of March 31, 2004 138,236,978 shares

2. Forecast for the year ending March 31, 2005 (April 1, 2004 - March 31, 2005)

	Sales	Ordinary profit	Net income	Annual dividend per share	
				Year-end	
Full year	million yen	million yen	million yen	million yen	million yen
	727,500	75,000	40,000	3.00	6.00

(Reference) Expected earning per share (for full year) 17.19 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) Projection for the Year Ending March 31, 2005" in the attachments.

9-1. Operational Results

(1) Gas Sales for the Six Months Ended September 30, 2004

The number of customers for the six months ended September 30, 2004 increased 1.0% from the same period of the previous year. However, the residential gas sales volume decreased 7.8% from the previous year to 830 million m³ due to the warmer weather throughout the period, which led to a 8.4% decrease of monthly average usage per household to 24.6 m³ from the same period of the previous year.

In the non-residential market, we continued our efforts to develop new demands. In addition, the plant operating ratio of the existing customers improved. As a result, industrial gas sales increased 5.4% to 1,925 million m³ from the same period of the previous year. Mainly supported by the demand increase in the gas air-conditioning area due to the warmer weather, the gas sales volume to commercial facilities increased 7.5% to 561 million m³, and the gas sales volume to public and medical institutions increased 11.8% to 307 million m³. As a result, overall non-residential gas sales increased 6.5% to 2,793 million m³ from the same period of the previous year.

Total gas sales by the Company increased 4.1% to 3,749 million m³ from the same period of the previous year.

		Six months ended September 30, 2004 ('04/4 - '04/9) A	Six months ended September 30, 2003 ('03/4 - '03/9) B	A-B	A/B
Customers (Meters installed)	Residential	6,334 thousand	6,272 thousand	62 thousand	101.0%
	Non-residential	318	316	2	100.7%
	Total	6,652	6,588	64	101.0%
Monthly average usage per customer	Residential	24.6 m ³ /month	26.9 m ³ /month	-2.3 m ³ /month	91.6%
	Average of all customers	102.8	100.6	2.2	102.1%
Gas sales volume	Residential	830 million m ³	900 million m ³	-70 million m ³	92.2%
	Non-residential	2,793	2,623	170	106.5%
	Industrial	1,925	1,827	98	105.4%
	Commercial	561	521	39	107.5%
	Public and medical institutions	307	275	32	111.8%
	Wholesale	125	76	49	164.1%
	Total	3,749	3,600	149	104.1%

[Reference]
Average temperature (°C)

Six months ended September 30, 2004 ('04/4 - '04/9) A	Six months ended September 30, 2003 ('03/4 - '03/9) B	A-B
24.4	23.2	+1.2

(2) Overview of Profit and Loss

(in 100 million yen)

Revenues		Change from same period of previous year		
		Change	Percent (%)	
Gas sales	2,453	-89	96.5	
Other sales	House-pipe installation	127	-15	89.3
	Gas appliances	396	-31	92.6
	Other sales	146	19	115.5
	Total	670	-27	96.1
Total sales	3,123	-116	96.4	
Non-operating revenues	91	56	263.9	
Total revenues	3,215	-60	98.2	

Expenses		Change from same period of previous year		
		Change	Percent (%)	
Cost of sales	967	12	101.3	
Selling, general and administrative expenses	1,421	-20	98.6	
Total	2,389	-8	99.6	
Other expenses	House-pipe installation	127	-11	91.6
	Gas appliances	366	-30	92.2
	Other expenses	100	12	114.7
	Total	594	-29	95.2
Operating expenses	2,984	-38	98.7	
Operating profit	139	-78	64.1	
Non-operating expenses	25	-12	67.4	
Total expenses	3,009	-50	98.3	

Ordinary profit	205	-9	95.6
Net income	64	-53	54.6

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

[Reference]

- Cost of raw materials included in cost of sales: 89,800 million yen (increase by 5,200 million yen or 6.3%, from the same period of the previous year)
- Exchange rate and cost of crude oil

	Six months ended September 30, 2004 ('04/4 - '04/9) A	Six months ended September 30, 2003 ('03/4 - '03/9) B	A-B
Exchange rate (yen/dollar) *1	109.8	118.1	-8.3
Cost of crude oil (dollar/bbl) *2	35.9	28.4	+7.5

*1: TTM rate

*2: All Japan CIF price

(3) Projected Annual Results

Annual gas sales volume for the year ending March 31, 2005 is projected to grow by 3.3% from the previous year to 8,020 million m³.

Annual sales revenues of 727,500 million yen are projected, which is the same level as in the previous year. Operating profit is projected to increase 11.3% to 75,000 million yen as a result of our cost reduction efforts. Ordinary profit will increase 16.5% to 75,000 million yen due to the improvement in the non-operating profit. Net income for the year ending March 31, 2005 is projected to increase only 1.3% to 40,000 million yen primarily due to recognition of extraordinary loss by the adoption of the fixed asset impairment accounting method.

	Projected annual results for the year ending March 31, 2005	Change from prior year
Gas sales volume	8,020 million m ³	+3.3%
Operating Revenues	727,500 million yen	-0.3%
Operating profit	75,000 million yen	+11.3%
Ordinary profit	75,000 million yen	+16.5%
Net income	40,000 million yen	+1.3%

[Forecast crude oil cost: \$37 per bbl, forecasted exchange rate: 110 yen to \$1]

Return on Equity (ROE)	9.5%
Return on Assets (ROA)	4.1%
Shareholder's Value Added (SVA)	20,300 million yen
Free Cash Flow	59,600 million yen

(4) Capital Expenditure Plan for the Year Ending March 31, 2005

	Year ending March 31, 2005 (Projection)	Year ended March 31, 2004 (Actual results)	Description of expenditures planned for Year ending March 31, 2005
Production facilities	3,800 million yen	2,200 million yen	Equipment replacement etc.
Supply facilities	33,800 million yen	38,900 million yen	Construction of transport lines, and main and sub service lines, etc.
Operational facilities, etc.	24,300 million yen	5,800 million yen	Power plants, etc.
Total	66,900 million yen	47,000 million yen	

9-2 Non-Consolidated Interim Financial Statements

(1) Interim Balance Sheet

(in million yen)

Account	As of September 30, 2004	As of March 31, 2004	Change	As of September 30, 2003
(Assets)				
Fixed Assets	800,280	822,205	-21,925	821,137
Tangible fixed assets	574,734	601,674	-26,939	606,565
Production facilities	112,699	117,468	-4,768	122,071
Supply facilities	359,887	372,629	-12,742	342,028
Operational facilities	74,697	86,845	-12,147	89,770
Supplementary business facilities	5,755	2,332	3,422	2,561
Idle facilities	1,532	1,532		1,532
Construction in progress	20,162	20,866	-703	48,602
Intangible fixed assets	4,925	5,261	-335	4,972
Patents	0	0	-0	0
Leaseholds	3,034	3,021	13	2,984
Other intangible fixed assets	1,891	2,239	-348	1,987
Investments and other assets	220,620	215,269	5,350	209,598
Investment in securities	61,424	73,708	-12,283	61,276
Investment in affiliates	76,476	75,461	1,014	75,611
Long-term loans receivable from affiliates	43,643	37,932	5,711	39,186
Investment in capital	201	198	2	201
Long-term prepaid expenses	3,695	4,022	-327	4,196
Deferred tax assets	18,075	14,384	3,690	19,507
Other investments	17,911	10,646	7,265	10,683
Allowance for bad debts	-806	-1,084	277	-1,064
Current Assets	145,200	155,570	-10,369	142,772
Cash and deposits	5,219	6,668	-1,449	8,993
Notes receivable	822	1,545	-722	1,640
Accounts receivable	48,369	65,891	-17,521	53,033
Trade accounts receivable from affiliates	4,381	5,063	-682	4,691
Other accounts receivable	11,282	16,170	-4,887	10,863
Products	86	84	2	80
Raw materials	15,619	10,970	4,648	13,936
Stores	8,336	8,234	102	11,567
Short-term loans receivable from affiliates	18,451	18,239	211	20,528
Short-term accounts receivable from affiliates	2,511	1,451	1,060	1,233
Deferred tax assets	9,675	11,624	-1,948	8,064
Derivatives	10,751		10,751	
Other current assets	10,285	10,251	34	8,846
Allowance for bad debts	-594	-625	31	-708
Deferred Assets	28	29	-1	31
Premium on bonds	28	29	-1	31
Total assets	945,509	977,805	-32,296	963,941

(in million yen)

Account	As of September 30, 2004	As of March 31, 2004	Change	As of September 30, 2003
(Liabilities)				
Fixed Liabilities	328,038	361,583	-33,544	401,072
Bonds	183,660	218,660	-35,000	229,660
Long-term loans payable	102,348	100,066	2,282	114,333
Reserve for severance benefits	36,704	38,110	-1,405	51,766
Reserve for gasholder repair	1,491	1,469	22	1,674
Other fixed liabilities	3,833	3,277	556	3,637
Current Liabilities	206,718	198,480	8,237	154,202
Current portion of fixed liabilities	51,924	13,978	37,945	22,422
Trade accounts payable	13,325	11,356	1,969	9,914
Corporate taxes payable	9,927	20,702	-10,774	10,595
Accrued expenses	38,895	56,322	-17,426	32,570
Corporate taxes payable	5,399	22,752	-17,353	4,110
Advances received	8,155	7,155	999	9,862
Deposits received	1,393	1,108	284	1,266
Short-term loans payable to affiliates	22,756	21,662	1,094	19,650
Short-term accounts payable to affiliates	5,950	12,863	-6,912	5,528
Commercial paper	36,000	26,000	10,000	35,000
Deferred hedge gains	10,751		10,751	
Other current liabilities	2,238	4,579	-2,340	3,281
Total liabilities	534,756	560,064	-25,307	555,274
(Shareholders' Equity)				
Capital stock	132,166	132,166		132,166
Capital Surpluses	19,483	19,482	0	19,482
Capital reserve	19,482	19,482		19,482
Other capital surpluses	0	0	0	0
Gain from disposal of treasury stocks	0	0	0	0
Retained earnings	281,931	282,269	-338	261,432
Profit reserve	33,041	33,041		33,041
Reserve for reduction of costs relating to replacement of specific assets, etc.	216	224	-7	224
Reserve for write-off of specific gas piping works	1,677	1,983	-306	1,983
Reserve for loss on overseas investments, etc.	6,218	6,222	-4	6,222
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	89,776	89,796	-19	68,959
Difference between Market Price and Acquisition Cost of Securities	18,769	25,228	-6,458	16,826
Difference Between Market Price and Acquisition Cost of Other Securities	18,769	25,228	-6,458	16,826
Treasury stocks	-41,597	-41,406	-191	-21,241
Treasury stocks	-41,597	-41,406	-191	-21,241
Total shareholders' equity	410,753	417,741	-6,988	408,666
Total liabilities and shareholders' equity	945,509	977,805	-32,296	963,941

(2) Interim Profit and Loss Statement

(in million yen)

Account		Six months ended September 30, 2004 (*04/4 - *04/9)	Six months ended September 30, 2003 (*03/4 - *03/9)	Change	Year ended March 31, 2004 (*03/4 - *04/3)	
Ordinary Profit and Loss	Operating Profit and Loss	Product sales	245,333	254,265	-8,932	572,127
		Gas sales	245,333	254,265	-8,932	572,127
		Cost of sales	96,720	95,508	1,211	202,805
		(Gross Profit on Sales)	(148,612)	(158,757)	(-10,144)	(369,321)
		Selling expenses	108,280	111,809	-3,529	236,197
		General and administrative expenses	33,915	32,453	1,461	76,915
		(Core Business Profit)	(6,417)	(14,494)	(-8,076)	(56,208)
		Miscellaneous operational revenues	53,839	57,305	-3,466	132,458
		Revenues from house-pipe installation	12,786	14,312	-1,526	34,333
		Revenues from gas appliances sales	39,634	42,813	-3,179	97,505
		Other miscellaneous operational revenues	1,418	179	1,239	619
		Miscellaneous operational expenses	49,403	53,677	-4,274	129,067
		Cost of house-pipe installation	12,762	13,937	-1,174	33,050
		Cost of gas appliances sales	36,640	39,740	-3,099	96,017
		Revenues from supplementary businesses	13,225	12,501	723	25,337
		Revenues from automatic emergency call service	2,279			
		Revenues from electric supply business	1,668			
		Revenues from other supplementary businesses	9,277			
		Cost of supplementary businesses	10,095	8,799	1,295	17,580
	Cost of automatic emergency call service	1,633				
	Cost of electric supply business	1,707				
	Cost of other supplementary businesses	6,754				
	(Operating Profit)	(13,982)	(21,824)	(-7,841)	(67,356)	
	Non-Operating Profit and Loss	Non-operating revenues	9,129	3,459	5,670	7,759
		Interest income	252	229	22	452
		Dividend income	981	339	641	1,070
		Dividend income from affiliates		457	-457	
Lease income			821	-821	1,494	
Gain from sales of securities		5,215		5,215	1,509	
Miscellaneous revenues		2,680	1,610	1,069	3,231	
Non-operating expenses		2,547	3,780	-1,233	10,736	
Interest expenses		688	780	-92	1,461	
Interest expense on corporate bonds		1,424	2,078	-653	3,625	
Amortization of bond premiums		1	1		2	
Loss from redemption of corporate bonds					3,742	
Miscellaneous expenses	433	920	-487	1,904		
(Ordinary Profit)	(20,564)	(21,503)	(-938)	(64,379)		
Extraordinary Profit and Loss	Extraordinary Profit				362	
	Gain from sales of fixed assets				362	
	Extraordinary Loss	10,771	2,590	8,181	3,503	
	Loss from sales of fixed assets		2,590	-2,590	3,372	
	Loss from reduction of fixed assets' cost				130	
Loss from impairment of fixed assets	10,771		10,771			
Net income before tax	(9,793)	(18,913)	(-9,119)	(61,238)		
Corporate and other taxes	1,460		1,460	17,800		
Adjustment for difference of tax allocation between financial accounting and tax accounting	1,919	7,166	-5,246	3,962		
Net income	6,414	11,747	-5,332	39,475		
Profit brought forward from prior period	83,362	57,212	26,150	57,212		
Interim dividends				6,890		
Unappropriated retained earnings	89,776	68,959	20,817	89,796		

(Note) Regarding the values in Sales shown in 1. (1) Operational Results of Six Months Ended September 30, 2004 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) 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.

(5) 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

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

(7) Accounting Standards for Impairment of Fixed Assets (Statement Regarding Establishment of Accounting Standards for Impairment of Fixed Assets) (issued by the Business Accounting Deliberation Council on August 9, 2004) and Guideline for Application of Accounting Standards for Impairment of Fixed Assets (Guideline No. 6 for application of business accounting standards, issued by the Accounting Standards Board on October 31, 2003) may be adopted for financial statements for the year ending March 31, 2004 and thereafter. Accordingly, the Company adopted these standards and guideline for the 1st Half of the current year. Due to the adoption of the new accounting policy, net income before tax decreased by 10,771 million yen.
The accumulated losses from impairment of fixed assets were directly deducted from the applicable fixed assets, in accordance with the revised Rules for Interim Financial Statements.

- (8) As the Accounting Rules for Gas Business Operators were revised, expenses related to the gas business are reported separately from expenses related to other supplementary businesses in the interim profit and loss statement for the current year. This change in the reporting method does not have material effect on the Statement of Profit and Loss for the current interim term.
- (9) As the Accounting Rules for Gas Business Operators were revised, revenues and expenses related to the “automatic emergency call service” and the “electric supply business” were categorized into the revenues and expenses related to supplementary businesses in the interim profit and loss statement for the current year.
- (10) As the Accounting Rules for Gas Business Operators were revised, fixed assets, revenues and expenses related to consigned supply that had been categorized into the supplementary businesses in previous years were reported as fixed assets, revenues and expenses related to the gas business in the current interim period. This change in the reporting method does not have material effect on the Statement of Profit and Loss for the current interim term.

2. Accumulated Depreciation of Fixed Tangible Assets:

¥1,560,758 million (¥1,534,104 million at the end of the same period of the previous year)

3. Guarantee of Liabilities:

6,760 million yen (¥7,550 million at the end of the same period of the previous year)

Contingent liabilities in connection with corporate bonds and loan contracts:

¥60,799 million (¥82,706 million at the end of the same period of the previous year)

4. Loss from impairment of fixed assets

(1) Grouping

- ① For the purpose of recognizing loss from impairment, all fixed assets used in processes related to the gas business from production to sales of gas are categorized into one asset group, because these assets generate cash flow from the gas business as one whole asset.
- ② Since the fixed assets used for house-pipe installations, gas appliance sales and supplementary businesses generate cash flows independently from each other, they were categorized into separate assets groups respectively.
- ③ Generally, other fixed assets are controlled individually.

(2) Loss from impairment of fixed assets

In accordance with the grouping described in (1) above, a loss of 10,771 million yen was recognized. Significant properties included in this loss are listed in the table below.

Asset	Location	Type	Loss from Impairment (million yen)
Land in Keihanna	Seika-cho and Kizu-cho, Kyoto Prefecture	Land	3,189
Land in Kamiyama	Kita-ku, Osaka City	Land	2,842
Land adjacent to Himeji Terminal	Himeji City	Land	1,607

Recoverable values of these assets are assessed based on selling prices in the market. The market prices are based on appraisal by real estate appraiser.

These were assets acquired for future construction of facilities for operation, or operational facilities not in use currently. It was determined recovery of these investments was difficult as there are no specific use plans for these assets under the current economic situations. Therefore, their book values were reduced to their recoverable values, and the differences were recorded as loss from impairment of fixed assets.

9-3. Securities

Information on stocks of subsidiaries and affiliates having market price

(1) 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

(2) As of March 31, 2004

	Value reported on balance sheet	Market price	Difference
Subsidiaries' stock	1,241 million yen	3,354 million yen	2,112 million yen

(3) As of September 30, 2003

	Value reported on interim balance sheet	Market price	Difference
Subsidiaries' stock	1,241 million yen	3,534 million yen	2,292 million yen

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