

# Highlight of Non-consolidated Interim Financial Statements for Year Ending March 31, 2002

November 20, 2001

Name of Listed Company: Osaka Gas Co., Ltd.

Code : 9532

Contact: Name: Yoshishige Suzuma

Title of Person in Charge: General Manager of Accounting Dept.

Date of Meeting of Board of Directors for

Approving Interim Financial Statements:

November 20, 2001

Commencement of Interim Dividends Payment:

December 10, 2001

Listed Exchanges: Tokyo, Osaka and Nagoya Exchanges

Location of Head Office:

Osaka Prefecture

TEL +81-6-6205-4536

Interim Dividend System: existent

## 1. Financial results for six months ended September 30, 2001 (April 1, 2001 - September 30, 2001)

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

### (1) Operational results

	Sales		Operation income		Ordinary income	
	(million yen)	%	(million yen)	%	(million yen)	%
Six months ended September 30, 2001	335,146	2.3	22,195	26.5	17,389	3.1
Six months ended September 30, 2000	327,589	8.6	17,548	63.2	16,874	109.7
Year ended March 31, 2001	754,127		59,320		53,929	

	Net income		Retained earnings per share
	(million yen)	%	(yen)
Six months ended September 30, 2001	10,896	7.3	4.48
Six months ended September 30, 2000	10,155	109.0	4.12
Year ended March 31, 2001	32,992		13.45

(Note) Average number of outstanding shares during term

Six months ended September 30, 2001: 2,429,563,630 shares Six months ended September 30, 2000: 2,464,133,773 share

Year ended March 31, 2001: 2,453,153,553 shares

Change in accounting method: N/A

Percentages shown in sales, operating income, ordinary income and net income in tables above are percentages of change from comparable term of previous year.

### (2) Dividends

	Interim dividends per share	Final dividends per share
Six months ended September 30, 2001	(yen) 3.00	(yen) --
Six months ended September 30, 2000	2.50	--
Year ended March 31, 2001	--	5.00

(Note) Details of interim dividends for six months ended September 30, 2001

Commemorative dividends: 0.00 yen

Special dividends : 0.00 yen

### (3) Financial position

	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	(million yen)	(million yen)	%	(yen)
Six months ended September 30, 2001	1,023,104	417,675	40.8	171.91
Six months ended September 30, 2000	1,042,320	416,284	39.9	169.09
Year ended March 31, 2001	1,067,154	418,037	39.2	172.06

(Note) Shares outstanding as of term-end As of September 30, 2001: 2,429,563,630 shares

As of September 30, 2000: 2,461,862,630 shares As of March 31, 2001: 2,429,563,630 shares

## 2. Forecast for year ending March 31, 2002 (April 1, 2001 - March 31, 2002)

	Sales (million yen)	Ordinary income (million yen)	Net income (million yen)	Final dividends per share	
				Year-end (yen)	(yen)
Full year	761,500	64,000	40,000	3.00	6.00

(Reference) Expected earnings per share (for full year): ¥16.56 (The expected number of average outstanding shares during the year is used for the calculation instead of outstanding shares at the year-end.)

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Overview of Non-consolidated Interim Financial Statements for  
Year Ending March 31, 2002  
(The 184th Business Year)  
[April 1, 2001 to September 30, 2001]

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- Date of Meeting of Board of Directors for Approving Interim Financial Statements: November 20, 2001

Osaka Gas Co., Ltd.

# 1. Operational Results

## (1) Gas Sales for the Six Months Ended September 30, 2001

The number of customers increased by 39,000 during the six months ended September 30, 2001 from the previous six-month period and increased by 104,000 from the same period of the previous year to 6,440,000 customers. However, sales volume of residential gas decreased 4.5% to 833 million m<sup>3</sup> due to a 6.0% decrease of monthly average usage per household to 25.3 m<sup>3</sup> from the same period of the previous year.

Commercial/industrial gas sales for the six months ended September 30, 2001 decreased 1.3% to 2,559 million m<sup>3</sup> due to decreased sales to industrial customers by 4.0% from the same period of the previous year in the continued weak economy in Japan. However, through marketing to exploit new demand, gas sales to the commercial market increased 5.6%, and sales to the public and medical institution market increased 6.9% from the same period of the previous year.

As a result, total gas sales decreased 2.0% to 3,444 million m<sup>3</sup> from the same period of the previous year.

		Six months ended September 30, 2001 ( <sup>'01/4</sup> - <sup>'01/9</sup> ) A	Six months ended September 30, 2000 ( <sup>'00/4</sup> - <sup>'00/9</sup> ) B	A - B	A/B	
Customers (Meters installed)	Residential	6,130 thousand	6,031 thousand	99 thousand	101.6%	
	Commercial/ industrial	311	306	5	101.6%	
	Total	6,440	6,337	104	101.6%	
Monthly average usage per customer	Residential	25.3 m <sup>3</sup> /month	26.9 m <sup>3</sup> /month	-1.6 m <sup>3</sup> /month	94.0%	
	Average of all customers	98.5	102.1	-3.6	96.5%	
Gas sales	Residential	833 million m <sup>3</sup>	872 million m <sup>3</sup>	-40 million m <sup>3</sup>	95.5%	
	Commercial/ industrial	2,559	2,592	-33	98.7%	
		Industrial	1,803	1,879	-76	96.0%
		Commercial	509	482	27	105.6%
	Public and medical institutions	247	231	16	106.9%	
	Wholesale	53	51	2	103.0%	
	Total	3,444	3,515	-71	98.0%	

[Reference] Average temperature  
(°C)

Six months ended September 30, 2001 ( <sup>'01/4</sup> - <sup>'01/9</sup> ) A	Six months ended September 30, 2000 ( <sup>'00/4</sup> - <sup>'00/9</sup> ) B	A - B
23.8	23.8	-

## (2) Overview of Profit and Loss

(in 100 million yen)

Revenues			Change from same period of previous year	
			Increase/decrease	Percent (%)
Product sales	Gas and by-products	2,638	116	104.6
	Installation work	174	18	111.6
Other sales	Gas equipment	405	-17	95.9
	Other sales	132	-41	76.1
	Total	713	-40	94.6
Total sales		3,351	75	102.3
Non-operating revenues		34	2	108.8
Total revenues		3,385	78	102.4

Expenses		Change from same period of previous year		
		Increase/decrease	Percent (%)	
Cost of sales		944	92	110.8
Selling, general and administrative expenses		1,537	-17	98.9
Total		2,482	74	103.1
Other expenses	Installation work	162	10	106.7
	Gas equipment	388	-22	94.4
	Other sales	95	-32	74.4
	Total	647	-45	93.4
Operating expenses		3,129	29	100.9
Operating profit		221	46	126.5
Non-operating expenses		82	44	214.8
Total expenses		3,212	73	102.3

Ordinary profit	173	5	103.1
Net income	108	7	107.3

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

Free Cash Flow (\*1)

1,800 million yen

(\*1) Free cash flow

= Ordinary profit after tax + depreciation expenses (including depreciation of long-term prepaid expenses and change in liability reserves) – capital expenditures

[Reference]

- Cost of raw materials included in cost of sales: 83,100 million yen (increase by 6,700 million yen or 8.8%, from the same period of the previous year)
- Exchange rate and cost of crude oil

	Six months ended September 30, 2001 ( '01/4 - '01/9) A	Six months ended September 30, 2000 ( '00/4 - '00/9) B	A - B
Exchange rate (yen/dollar) *1	122.2	107.2	+15.0
Cost of crude oil (dollar/bbl) *2	26.5	27.9	-1.4

\*1: TTM rate

\*2: All Japan CIF price

### (3) Projection of Annual Results

Although gas sales volume for the six months ended September 30, 2001 decreased by 2.0% from the same period of the previous year, it is projected annual gas sales volume for the year ending March 31, 2002 will grow by 0.7% to 7,458 million m<sup>3</sup> due to expected gas demand in the newly-exploited commercial/industrial market in the latter half of the fiscal year. Sales revenue is expected to increase 1.0% to 761,500 million yen from the previous year due to growth of gas sales volume and increase of gas selling price expected to be made in accordance with the “adjustment for raw material cost” system. While cost of raw materials will increase due to the weak yen, operating profit is projected to increase 15.1% to 68,300 million yen from the previous year through continued corporate-wide efforts for cost reduction. It is expected that ordinary profit will grow 18.7% to 64,000 million yen and net income will grow 21.2% to 40,000 million yen from the previous year.

	Projection of annual results	Change from prior year
Gas sales volume	7,458 million m <sup>3</sup>	+0.7%
Sales	761,500 million yen	+1.0%
Operating profit	68,300 million yen	+15.1%
Ordinary profit	64,000 million yen	+18.7%
Net income	40,000 million yen	+21.2%

[Forecasted crude oil cost during the six months ending March 31, 2002: \$28 per bbl, forecasted exchange rate: 118 yen to \$1]

Return on Equity (ROE)	9.5%
Return on Assets (ROA)	3.7%
Free Cash Flow (*1)	40,000 million yen

(\*1) Free cash flow

= Ordinary profit after tax + depreciation expenses (including depreciation of long-term prepaid expenses and change liability reserves) – capital expenditures

### (4) Capital Expenditure Plan for FY 2002

(in 100 million yen)

	Year ending March 31, 2002 (projection)	Year ended March 31, 2001 (actual results)	Description of expenditures planned for FY 2002
Production facility	95	115	Construction of electric power plant in Semboku Terminal, LNG tank for Himeji Terminal, etc.
Supply facilities	492	493	Construction of transport lines, and main and sub service lines, improvement of facilities' earthquake-resistance, etc.
Operational facilities, etc.	220	76	Regional business headquarters, branch offices, sales centers, research and development facilities, etc.
Total	807	685	

## 2 Non-Consolidated Interim Financial Statements

### (1) Interim Balance Sheet

(in million yen)

Account	As of September 30, 2001	As of March 31, 2001	Change from prior year		As of September 30, 2000
			Amount	Percentage (%)	
<b>(Assets)</b>					
<b>Fixed Assets</b>	900,541	918,495	-17,954	98.0	920,213
Tangible fixed assets	662,115	676,780	-14,665	97.8	677,967
Production facilities	129,775	135,887	-6,112	95.5	122,832
Supply facilities	371,325	383,306	-11,981	96.9	342,966
Operational facilities	97,066	90,353	6,713	107.4	92,050
Supplementary business facilities	828	9,342	-8,514	8.9	9,700
Idle facilities	1,532	1,532	0	100.0	1,532
Construction in progress	61,587	56,357	5,229	109.3	108,886
Intangible fixed assets	6,183	7,114	-930	86.9	7,303
Patents	7	8	-1	87.0	9
Leaseholds	2,591	2,591	0	100.0	2,131
Other intangible fixed assets	3,585	4,515	-929	79.4	5,162
Investments	232,242	234,600	-2,357	99.0	234,941
Investments in securities	85,411	97,506	-12,094	87.6	105,354
Investments in affiliates	79,760	80,705	-945	98.8	82,099
Long-term internal loans receivable	239	245	-6	97.3	301
Long-term loans receivable from affiliates	34,741	26,591	8,150	130.6	17,400
Investment in capital	111	111	-0	100.0	11
Long-term prepaid expenses	6,638	7,722	-1,083	86.0	7,589
Deferred tax assets	18,174	14,303	3,870	127.1	13,902
Other investments	7,966	8,093	-126	98.4	8,995
Allowance for bad debts	-802	-680	-120	118.0	-712
<b>Current Assets</b>	122,558	148,653	-26,095	82.4	122,102
Cash and deposits	6,566	17,617	-11,050	37.3	7,086
Notes receivable	1,189	1,219	-30	97.5	1,183
Trade accounts receivable	48,298	66,123	-17,825	73.0	47,149
Trade accounts receivable from affiliates	3,985	5,335	-1,349	74.7	3,480
Other accounts receivable	8,105	14,025	-5,920	57.8	10,595
Securities	101	103	-2	97.5	-
Products	90	97	-7	92.6	83
Raw materials	15,651	15,138	513	103.4	13,130
Stores	12,009	10,398	1,610	115.5	12,165
Short-term loans receivable from affiliates	-	-	-	-	13,618
Short-term accounts receivable from affiliates	9,667	2,099	7,568	460.5	1,521
Deferred tax assets	6,891	9,252	-2,361	74.5	4,753
Other current assets	10,658	7,847	2,810	135.8	7,946
Allowance for bad debts	-656	-605	-50	108.4	-612
<b>Deferred Assets</b>	4	5	-0	88.9	5
Premium on bonds	4	5	-0	88.9	5
<b>Total assets</b>	<b>1,023,104</b>	<b>1,067,154</b>	<b>-44,049</b>	<b>95.9</b>	<b>1,042,320</b>

(in million yen)

Account	As of September 30, 2001	As of March 31, 2001	Change from prior year		As of September 30, 2000
			Amount	Percentage (%)	
<b>(Liabilities)</b>					
<b>Fixed Liabilities</b>	489,134	487,174	1,959	100.4	464,872
Corporate bonds	249,508	250,808	-1,300	99.5	250,808
Long-term loans payable	139,624	136,538	3,086	102.3	109,622
Reserve for retirement benefits	94,982	95,677	-694	99.3	100,293
Reserve for gasholder repair	2,064	1,957	107	105.5	2,078
Other fixed liabilities	2,954	2,193	761	134.7	2,068
<b>Current Liabilities</b>	116,294	161,942	-45,648	71.8	161,164
Current portion of fixed liabilities	15,591	14,008	1,583	111.3	13,836
Trade accounts payable	9,834	12,696	-2,861	77.5	9,918
Short-term loans payable	-	-	-	-	1,411
Other accounts payable	12,447	27,406	-14,959	45.4	13,974
Accrued expenses	35,766	53,356	-17,589	67.0	33,323
Corporate taxes payable	9,025	20,905	-11,879	43.2	9,380
Advances received	12,716	12,830	-114	99.1	14,278
Deposits received	1,120	764	356	146.6	1,188
Short-term accounts payable to affiliates	6,164	16,847	-10,683	36.6	6,652
Commercial paper	-	-	-	-	55,000
Other current liabilities	13,626	3,125	10,500	436.0	2,201
<b>Total liabilities</b>	<b>605,428</b>	<b>649,116</b>	<b>-43,688</b>	<b>93.3</b>	<b>626,036</b>
<b>(Capital)</b>					
<b>Capital</b>	132,166	132,166	0	100.0	132,166
<b>Legal Reserves</b>	52,524	52,524	0	100.0	52,524
Capital reserve	19,482	19,482	0	100.0	19,482
Profit reserve	33,041	33,041	0	100.0	33,041
<b>Retained Earnings</b>	211,416	206,660	4,756	102.3	199,972
Reserve for reduction of costs relating to replacement of specific assets, etc.	224	224	0	100.0	224
Reserve for write-off of specific gas piping works	2,587	2,811	-224	92.0	2,811
Reserve for loss on overseas investments, etc.	6,235	70	6,165	8,871.1	70
Reserve for adjustment for cost fluctuation	89,000	89,000	0	100.0	89,000
Reserve for other specific purposes	62,000	62,000	0	100.0	62,000
Unappropriated retained earnings (Net income)	51,369 (10,896)	52,553 (32,992)	-1,184 (-22,096)	97.7 (33.0)	45,866 (10,155)
<b>Difference between Market Price and Acquisition Cost</b>	21,568	26,686	-5,118	80.8	31,620
Difference between market price and acquisition cost of other securities	21,568	26,686	-5,118	80.8	31,620
<b>Total capital</b>	<b>417,675</b>	<b>418,037</b>	<b>-361</b>	<b>99.9</b>	<b>416,284</b>
<b>Profit reserve</b>	<b>1,023,104</b>	<b>1,067,154</b>	<b>-44,049</b>	<b>95.9</b>	<b>1,042,320</b>

## (2) Interim Profit and Loss Statement

(in million yen)

Account		Six months ended September 30, 2001 ( '01/4 - '01/9)	Six months ended September 30, 2000 ( '00/4 - '00/9)	Change from same period of previous year		Year ended March 31, 2001 (12/4 - 13/3)	
				Amount	Percentage (%)		
Ordinary Profit and Loss	Operating Profit and Loss	Product sales	263,837	252,229	11,607	104.6	582,023
		Gas sales	263,713	252,094	11,619	104.6	581,756
		By-product sales	123	135	-11	91.3	267
		Cost of sales	94,427	85,193	9,233	110.8	206,558
		(Gross Profit on Sales)	(169,409)	(167,035)	(2,373)	(101.4)	(375,464)
		Selling expenses	121,616	122,956	-1,339	98.9	253,595
		General and administrative expenses	32,176	32,615	-438	98.7	73,141
		(Core Business Profit)	(15,616)	(11,464)	(4,151)	(136.2)	(48,728)
		Miscellaneous operational revenues	58,231	58,042	188	100.3	139,140
		Revenues from installation work	17,494	15,675	1,818	111.6	37,589
	Revenues from gas equipment sales	40,575	42,297	-1,721	95.9	101,356	
	Other miscellaneous operational revenues	161	69	91	231.3	194	
	Miscellaneous operational expenses	55,142	56,397	-1,255	97.8	136,261	
	Cost of installation work	16,293	15,263	1,029	106.7	35,994	
	Cost of gas equipment sales	38,848	41,133	-2,285	94.4	100,267	
	Revenues from supplementary businesses	13,077	17,316	-4,239	75.5	32,963	
	Cost of supplementary businesses	9,587	12,877	-3,290	74.4	25,249	
	(Operating Profit)	(22,195)	(17,548)	(4,647)	(126.5)	(59,320)	
	Non-Operating Profit and Loss	Non-operating revenues	3,445	3,167	277	108.8	7,147
		Interest income	201	150	50	133.5	357
Interest income on securities		62	99	-37	62.5	178	
Dividends income		853	977	-123	87.3	1,691	
Lease income		806	731	74	110.2	1,550	
Miscellaneous revenues		1,521	1,207	313	125.9	3,368	
Non-operating expenses		8,251	3,841	4,409	214.8	12,538	
Interest expense		1,035	799	236	129.5	1,816	
Interest expense on corporate bonds		1,655	1,756	-101	94.2	3,616	
Amortization of bond premiums		0	0	0	200.0	0	
Amortization of bond expenses	-	81	-81	0.0	135		
Loss from redemption of bonds	-	466	-466	0.0	-		
Loss from valuation of investment in securities	4,048	-	4,048	-	-		
Loss from valuation of investment in affiliates	-	-	-	-	4,206		
Miscellaneous expenses	1,512	737	774	205.0	2,761		
(Ordinary Profit)	(17,389)	(16,874)	(515)	(103.1)	(53,929)		
Extraordinary Profit and Loss	Extraordinary profit	445	-	445	-	-	
	Gains from sales of fixed assets	445	-	445	-	-	
	Extraordinary loss	443	549	-105	80.8	867	
	Loss from sales of fixed assets	-	241	-241	0.0	252	
	Loss from reduction of fixed assets' cost	443	-	443	-	-	
	Write-off of shortage of reserve arising from application of new accounting standard for retirement benefits	-	307	-307	0.0	614	
(Net income before tax)	(17,390)	(16,324)	(1,066)	(106.5)	(53,062)		
Corporate taxes	5,100	5,800	-700	87.9	21,800		
Adjustment for difference of tax allocation between financial accounting and tax accounting	1,394	369	1,024	377.1	-1,730		
Net income	10,896	10,155	741	107.3	32,992		
Profit brought forward from prior period	40,472	40,344	128	100.3	40,344		
Write-off of treasury stocks	-	4,633	-4,633	0.0	14,629		
Interim dividends	-	-	-	-	6,154		
Unappropriated retained earnings	51,369	45,866	5,503	112.0	52,553		

(Note) Regarding the values in Sales shown in (1) Operational Results, 1. Results of Six Months Ended September 30, 2001 in Summary 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. It is provided based on the amount of retirement benefits payable to employees at the end of the current six-month period 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 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.

(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.

2. Accumulated Depreciation of Fixed Tangible Assets: ¥1,405,502 million (¥1,368,233 million in the same period of the prior year)

3. Guarantee of Liabilities: ¥26,100 million (including those assumed by the Company: ¥21,294 million) (¥27,943 million in the same period of the prior year (including those assumed by the Company: ¥22,259 million))

Contingent liabilities in connection with corporate bonds and loan contracts: ¥81,746 million (¥83,034 million in the same period of the prior year)

4. Significant Events after Closing of Six-month Period Ended on September 30, 2001

In the meeting on November 20, 2001, the Board of Directors decided to purchase the Company's stock to hold as treasury stock in accordance with the provisions in Articles of Association of the Company under Article 3.4 of the Amendment to the Commercial Law enforced in Year 2000, as follows:

Type of stock to be purchased : Ordinary stock of the Company

Total number of shares to be purchased : 60,000,000 shares

Aggregate value of shares to be purchased: 20,000 million yen

### 3. Securities

Information on stocks of subsidiaries and affiliates having market price

#### (1) As of September 30, 2001

	Value reported on interim balance sheet	Market price	Difference
Subsidiaries' stock	1,241 million yen	3,332 million yen	2,090 million yen

#### (2) As of March 31, 2001

	Value reported on balance sheet	Market price	Difference
Subsidiaries' stock	1,241 million yen	3,010 million yen	1,768 million yen

#### (3) As of September 30, 2000

	Value reported on interim balance sheet	Market price	Difference
Subsidiaries' stock	1,241 million yen	2,279 million yen	1,037 million yen