

Brief Report of Consolidated Financial Statements

For the Year Ended March 31, 2004

April 28, 2004

Name of Listed Company Osaka Gas Co., Ltd.

Code 9532

(URL: <http://www.osakagas.co.jp>)

Representative Officer Title: President

Contact: Title: Accounting Manager and Director

Date of Meeting of Board of Directors for Approving Financial Statements: April 23, 2004

Adoption of U.S. Accounting Standards: Not adopted

Listed Exchanges: Tokyo, Osaka and Nagoya Exchanges

Location of Head Office: Osaka Prefecture

Name: Hirofumi Shibano

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1. Financial Results for the Year Ended March 31, 2004 (April 1, 2003 - March 31, 2004)

(1) Consolidated operational results

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

	Sales		Operating profit		Ordinary profit	
	million yen	%	million yen	%	million yen	%
Year ended March 31, 2004	951,324	0.4	92,096	7.1	81,446	25.1
Year ended March 31, 2003	947,977	-2.6	85,974	-11.1	65,079	-14.4

	Net income		Retained earnings per share	Diluted retained earnings per share	Ratio of retained earnings to shareholders' equity	Ratio of ordinary profit to total assets	Ratio of ordinary profit to sales
	million yen	%	yen		%	%	%
Year ended March 31, 2004	47,065	58.5	20.56	---	9.9	6.8	8.6
Year ended March 31, 2003	29,685	-24.7	12.56	---	6.4	5.3	6.9

Notes: (1) Profit (loss) from investment by equity method

Year ended March 31, 2004: - million yen

Year ended March 31, 2003: - million yen

(2) Average number of outstanding shares during term (consolidated)

Year ended March 31, 2004: 2,285,781,631 shares

Year ended March 31, 2003: 2,357,853,049 shares

(3) Change in accounting method: N/A

(4) Percentages shown for sales, operating profit, ordinary profit and net income in the above tables are percentages of change from the previous year.

(2) Consolidated financial position

	Total assets	Shareholders equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	million yen	million yen	%	yen
Year ended March 31, 2004	1,199,228	495,635	41.3	222.15
Year ended March 31, 2003	1,209,627	453,284	37.5	197.28

Note: Shares outstanding as of year-end (consolidated)

As of March 31, 2004: 2,230,774,561 shares

As of March 31, 2003: 2,297,328,044 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
Year ended March 31, 2004	132,891	-67,877	-75,930	15,743
Year ended March 31, 2003	92,573	-49,629	-30,093	26,093

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

Consolidated subsidiaries: 77 subsidiaries Non-consolidates subsidiaries recorded by equity method: N/A

Affiliates recorded by equity method: N/A

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

Consolidation: (New) 22 subsidiaries (Excluded) 1 subsidiary Equity Method: (New) N/A (Excluded) N/A

2. Forecast for the Year Ending March 31, 2005 (Consolidated) (April 1, 2004 – March 31, 2005)

	Sales	Ordinary profit	Net income
	million yen	million yen	million yen
Six months ending September 30, 2004	426,500	35,000	10,000
Full year	989,000	94,000	46,000

Reference: Expected earnings per share (for the full year): 20.59 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 "3. Operational Results, (3) Projection for the Year Ending March 31, 2005."

April 28, 2004

Overview of Consolidated Financial Statements
for the Year Ended March 31, 2004
(186th Business Year)
[April 1, 2003 – March 31, 2004]

Osaka Gas Co., Ltd.

1. Osaka Gas Group

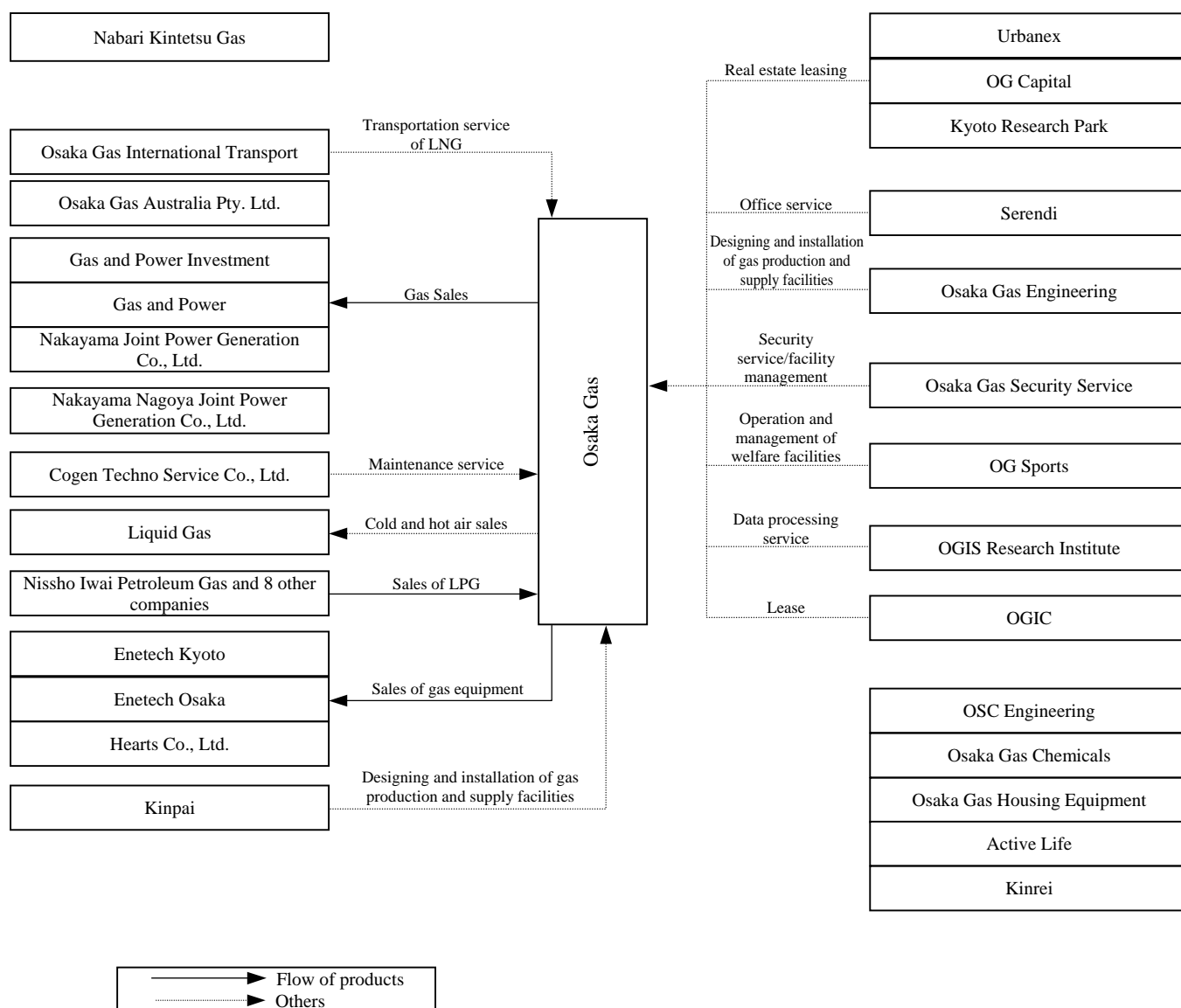
The Osaka Gas Group (comprising 77 consolidated subsidiaries [22 added and one excluded]) is engaged in businesses relating to gas, LPG, Electricity and Other Energies, gas appliances and house-pipe installation, real estate, and others.

To properly present segment disclosure in the two business domains of the Osaka Gas Group (the Energy Business and the Non-energy Business), the categorization of business segments has been changed for the fiscal year ended March 31, 2004. The “Gas,” “House-pipe Installation,” “Gas Appliances,” “LPG and Industrial Gas,” “Real Estate Leasing,” and “Others” segments have been regrouped into three segments in the Energy Business domain and two segments in the Non-energy Business domain. The three Energy Business segments are: (1) Gas; (2) LPG, Electricity and Other Energies; and (3) Gas Appliances and House-pipe Installation. The two Non-energy Business segments are (4) Real Estate and (5) Others.

<Segment>

- (1) Gas
Osaka Gas and Nabari Kintetsu Gas Co., Ltd. manufacture, supply, and sell gas.
- (2) LPG, Electricity and Other Energies
Liquid Gas Co., Ltd., Nissho Iwai Petroleum Gas Co., Ltd. and some other subsidiaries 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 generation. Osaka Gas Co., Ltd. and Gas and Power Investment Co., Ltd. are engaged in the centralized community-based heating and air-conditioning businesses.
- (3) Gas Appliances and House-pipe Installation
Osaka Gas Co., Ltd., its subsidiaries, Enetech Kyoto Co., Ltd. and Hearts Co., Ltd., and its other companies sell gas appliances. Osaka Gas provides installation services for indoor gas pipes at the expense of its customers. Another subsidiary, Kinpai Co., Ltd., installs indoor and outdoor gas pipes under contract with Osaka Gas.
On October 1, 2003, Kinki Piping Co., Ltd. was renamed Kinpai Co., Ltd., and at the same time, it implemented corporate separation and established Kinpai Corporation.
- (4) Real Estate
Urbanex Co., Ltd., OG Capital Co., Ltd., and other companies lease real estate to Osaka Gas and other companies, and manage leased properties.
- (5) Others
Kinrei Co., Ltd. (Securities Identification Code: 2661) manufactures and sell frozen foods and operates restaurant chains and other food service businesses.
OGIS Research Institute Co., Ltd. and other companies 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 gas coke and other chemical products.
There are other subsidiaries engaged in engineering, sale of housing equipment, security and disaster prevention services, sports businesses, services for aged people, information services, and others.

<<Chart of Major Consolidated Subsidiaries>>



<<Newly consolidated companies: 22>>

- Osaka Kansai Co., Ltd.
- I-support Co., Ltd.
- Gakuenmae Gas Center Co., Ltd.
- Kuzuha Gas Living Co., Ltd.
- Cogen Techno Service Co., Ltd.
- Takenaka Maiko Service Shop Co., Ltd.
- Hearts Co., Ltd.
- Rakuyo Gas Center Co., Ltd.
- Living Maintenance Service Osaka Co., Ltd. (Called Harman Life Osaka before October 1)
- Living Maintenance Service Hokuto Co., Ltd. (Called Harman Life before October 1)
- G & M Energy Service Co., Ltd.
- Osaka Gas Australia Pty. Ltd.
- OG ZOCA (96-20) Pty. Ltd.
- OG Maintenance Service Co., Ltd.
- O.N.E. Co., Ltd.
- Kinpai Corporation
- Create Kansai Co., Ltd.
- System Answer Co., Ltd.
- Donnac Co., Ltd.
- Hello Co., Ltd.
- Rokko Island Energy Service Co., Ltd.
- OG ZOCA (95-19) Pty. Ltd.

<<Companies excluded from consolidation: 1>>

- Harman Co., Ltd.

<<List of Major Consolidated Subsidiaries (as of March 31, 2004)>>

	Name of Subsidiary	Location	Capital (million yen)	Description of Business	Shareholding Rate (%)	Remarks
Gas	Nabari Kintetsu Gas Co., Ltd.	Nabari City, Mie	100	Sales of natural 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	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 Iwai Petroleum Gas Co., Ltd.	Minato-ku, Tokyo	1,726	Import and sale of LPG	70	
	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	
	21 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	
	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	
	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	Renamed from Kinki Piping Co., Ltd. in October 1, 2003
	11 other companies					
Real Estate Leasing	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	
	OG Capital Co., Ltd.	Chuo-ku, Osaka	3,000	- Management control of affiliated companies - Management, maintenance, and leasing of real estate	100	CMS transferred to Osaka Gas during FY 2004
	Serendi Co., Ltd.	Nishi-ku, Osaka	100	- Management of real estate and operation and management of parking lots - Sale of office automation equipment and related products - Domestic tourist bureau, travel agency - Staffing and placement services - Office service and business service - Billing service	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	480	Manufacture and sale of coke, chemical products, and carbon products	100	
	Osaka Gas Housing Equipment Co., Ltd.	Nishi-ku, Osaka	450	- Sale of housing equipment - Design and performance of installation work of housing equipment - Sale of kitchen utensils - Construction of new housing and renovation of housing	100	
	Osaka Gas Security Service Co., Ltd.	Yodogawa-ku, Osaka	100	- Provision of security and disaster protection services - Maintenance and inspection of gas facilities and equipment - Sale, lease, installation, maintenance, and inspection of security and disaster protection equipment - Sale of home security systems	100	
	Active Life Inc.	Chuo-ku, Osaka	900	- Operation and management of nursing homes for the aged - Provision of home health care services - Health consulting service - Consulting on the operation of housing for the aged and nursing facilities	76.7	
	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	Securities Identification Code: 2661
	12 other companies					

2. Management Policy

(1) Basic Management Policy

Last year, Osaka Gas announced “Innovation Centennial,” a medium-term management plan to be implemented from FY 2004 to FY 2006. Currently, Osaka Gas and each of its core companies is working toward expanded growth in the Group’s two most important business domains, Energy Business and Non-energy Business, in accordance with this medium-term plan. In so doing, we are promoting our basic management policy, “Management for the Creation of Value,” to maximize our corporate value which is comprised of (1) value for our customers, (2) value for our shareholders, and (3) value for society.

On April 1, 2003, the Company implemented organizational reforms, aiming at promoting “Innovation Centennial.” In Osaka Gas Co., Ltd., the conventional organization divided into regional business units was realigned into a new organization comprising five businesses units, each representing a respective stage of our business—from procurement, production, and transportation to sales of gas (Energy Resources Business Unit, LNG Terminal & Power Generation Business Unit, Pipeline Business Unit, Residential Energy Business Unit, and Commercial & Industrial Energy Business Unit). The functions of the head office were also restructured into five departments: Strategy and Finance Division, Communication & HR Division, Administration & General Affairs Division, Technology Division, and Tokyo Division.

The five divisions and seven core companies of Osaka Gas are pursuing Management for the Creation of Value, based on the principle of independent and autonomous management. The head office of Osaka Gas serves as a lean, strategic corporate head office for all the companies in the Group, and concentrates on the development and management of medium- and long-term strategies, risk management, and the provision of common services for the entire Group. While striving for business expansion, each investment and proposal for investment will undergo strict scrutiny for profitability in accordance with the Osaka Gas Group’s uniform investment standards in order to minimize investment risks and maintain a sound financial structure.

(2) Challenges

The Japanese economy is beginning to show signs of recovery, backed by an increase in exports and capital investment. However, sustainability of the recovery remains in doubt, and the future is fraught with uncertainty. 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 become a “company chosen by customers and local communities,” if we are to enjoy continued success in the market. We will pursue new energy business opportunities arising from deregulation as well as from our existing markets. We will also aggressively work to become a 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 services, and improve operational efficiency and price competitiveness. At the same time, naturally, we will 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 by so doing, we will be able to increase the demand for natural gas, which will eventually result in enhanced customer convenience, industrial development, and environmental preservation. In the natural gas market, we will offer new gas price plans favorable to our customers and thus encourage an increase in the volume of gas sales. In the residential market, we will use marketing to promote “ECOWILL,” our residential gas engine cogeneration system, as well as natural gas floor heating systems, bathroom heater/dryer systems, residential air-conditioning units, forced-air space heaters, and other products that will create a comfortable gas-based living environment for our customers.

Besides providing energy services, we will also offer an Internet-based security service, “Airusu,” 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 “Gas heat pump air-conditioner” series, which includes a model with a power generation function, while encouraging wider use of natural gas vehicles. By capitalizing on our long accumulated expertise in engineering and maintenance, we can offer quality services tailored to the individual energy needs of our customers.

As for the electricity generation business, we plan to develop it into our second largest core business following the natural gas business, by continuing to pursue both the wholesale electricity business (IPP) and retail electricity business, taking full advantage of our existing business foundation and customer network.

The LPG business, led by Nissho Iwai Petroleum Gas Co., Ltd. and Liquid Gas Co., Ltd., will strive to increase retail customers and sales volume per household by utilizing our ability to market equipment and energy systems cultivated in natural gas market.

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 keep up preventive maintenance and increase the awareness of our employees through safety training. We will also continue 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. In the area of environmental protection, we will promote the use of environmentally-friendly natural gas in line with the energy policies of the national government. Along with this, we will remain committed to reducing the environmental burden by offering environment-friendly products and services, and we will actively promote environmental preservation activities to join local, national, and international efforts to improve the environment. In the area of technical development, we will emphasize the development of residential fuel-cell systems as well as high-efficiency and highly-functional industrial gas cogeneration systems for increased customer convenience, in addition to the development of technologies contributing to environmental preservation and energy savings. Furthermore, we will offer services based on advanced information technology such as remote management systems to improve the efficiency of our customers’ facilities.

The Non-energy Business domain comprises five business segments: urban development (Urbanex Co., Ltd.), food and food services (Kinrei Co., Ltd.), information and communication (OGIS Research Institute Co., Ltd.), chemical and carbon products (Osaka Gas Chemicals Co., Ltd.), and services (OG Capital Co., Ltd.). (The companies in parentheses are the core companies leading each business segment.) Selection and concentration of businesses will be accelerated to encourage the expansion of these promising businesses and to enhance the corporate value of the Group.

The head office of Osaka Gas serves as a lean, strategic corporate head office for all the companies in the Group, and concentrates on the development and management of medium- and long-term strategies, risk management, and the provision of common services for the entire Group. Osaka Gas and its core companies are pursuing Management for the Creation of Value, based on the principle of independent and autonomous management and in line with the Group-wide medium- and long-term strategies. While striving for business expansion, each investment and proposal for investment will undergo strict scrutiny for profitability in accordance with the Osaka

Gas Group's uniform investment standards in order to minimize investment risks and maintain a sound financial structure. We will exert ourselves to address the challenges described above based on flexible and quick management decisions and to make unceasing efforts to comply with applicable laws and regulations, so that we can continue to move into the future.

(3) Risk Factors

Business performance and the financial situation of the Osaka Gas Group may be affected by the following factors.

The major factors that can affect the profitability of gas business, the core business domain of the Osaka Gas Group, are as follows:

- Fluctuations in atmospheric and water temperatures that can affect public demand for gas
- Fluctuations in foreign exchange and interest rates that can affect financing operations
- Unexpected, drastic fluctuations in crude oil prices and foreign exchange rates, on which the prices of LNG, from which gas is produced, are determined

We use derivative products, etc., to hedge part of the risk stemming from fluctuations in atmospheric and water temperatures and foreign exchange and interest rates. We have not concluded any derivative contracts for speculative purposes, which do not have actual transactions to be hedged. The Osaka Gas Group also regularly evaluates the market value of derivative contracts and thus continues to monitor market risks. In accordance with our internal rules, as we have entered into derivative contracts only with financial institutions with high credibility, we believe the transactions involve the least credit risk.

As regards influence of fluctuations in crude oil prices and foreign exchange rates on LNG prices, Japan's Fuel Cost Adjustment System allows us to adjust gas prices to reflect the rise or fall of crude oil prices. However, the adjustment of gas prices can take time, resulting in certain influence on the performance of the fiscal year that follows.

The profitability of the business segments other than gas can also be affected by changes in the respective markets. We will try to minimize the negative influences by adding almost all of the Group companies to the consolidation, so that we will be kept abreast of the business performance of those companies and can take necessary measures without delay.

(4) Dividends Policy

The Company has been trying to grow the 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 year ended March 31, 2004, the Company will distribute an annual dividend of 6 yen per share (including interim dividends).

The Company will try to continue paying steady dividends to shareholders, taking future operational results, business plans, alternative profit distribution plans, and other comprehensive factors into consideration. Internal reserves will be appropriated for capital expenditures, and investment in new businesses.

(5) Corporate Governance

While adhering to our principle of “Management for the Creation of Value,” to maximize “value for our customers,” “value for our shareholders,” and “value for society,” we are implementing reforms in our management structure to promptly cope with the changing business environment, strengthen corporate competitiveness, and ensure sound business management.

At Osaka Gas, our directors participate in management meetings to share their professional views on strategic matters in line with specific internal rules, and decisions are made on those matters through in-depth deliberations at the Board of Directors meetings. The Board of Directors reviews important matters that affect the entire Group, including its subsidiaries and affiliates, and is responsible for making correct and quick decisions and strengthening oversight functions.

In June 2003, a new internal auditor system was adopted at the annual general meeting of shareholders to satisfy the revised requirement that at least half of the corporate auditors should be non-employee auditors, in accordance with the “Law modifying part of the Commercial Law and the law regarding special regulations of the Commercial Law regarding internal auditors of corporations, etc.” (Law No. 149, 2001). The inclusion of non-employee auditors, independent from the control of the Board of Directors, has strengthened the ability of Osaka Gas to oversee the appropriateness and legality of the directors’ performance. In addition, an Auditors’ Office comprised of full-time staff members not under the direct command of the directors has been established to improve the audit system. The two non-employee auditors appointed in the shareholders’ general meeting 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.

The Osaka Gas Group implemented organizational reforms in April 2003 to strengthen its managerial structure. As part of those reforms, an inspector was appointed within each business division to improve internal audit and oversight functions, while more authority was transferred to each division.

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. To enhance the ability of the Group to ensure that its business activities comply with applicable laws, in 2003, 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. Operational Results

(1) Results for the Year Ended March 31, 2004

Consolidated sales for the year ended March 31, 2004 increased 0.4% to 951,300 million yen from the previous year, primarily due to an increase in the sales volume of gas.

Operating profits improved 7.1% to 92,000 million yen over the previous year, as a result of an increase in sales and continued cost reductions in all aspects of the operation, as well as a decline in cost of sales.

Ordinary profits increased 25.1% to 81,400 million yen due to improvements in non-operating revenues, and the net income for the year ended March 31, 2004 increased 58.5% to 47,000 million yen over the previous year.

(in 100 million yen)

Revenues and expenses (a)		Change from previous year		Non-consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		Change	Percent (%)		
Sales	9,513	+33	100.4	7,299	1.30
Cost of sales	4,973	-49	99.0	3,494	---
Selling, general, and administrative expenses	3,618	+21	100.6	3,131	---
Operating profit	920	+61	107.1	673	1.37
Ordinary profit	814	+163	125.1	643	1.27
Net income	470	+173	158.5	394	1.19

Return on Equity (ROE)	9.9%	[Year ended March 31, 2003: 6.4%]
Return on Assets (ROA)	3.9%	[Year ended March 31, 2003: 2.4%]
Shareholder's Value Added (SVA)	24,800 million yen	[Year ended March 31, 2003: 3,100 million yen]

<<Operational Results by Segment>>

Under the organizational reforms implemented on April 1, 2003, our business segments were reclassified. Thus, the results of the business segments reported in the last year were restated to reflect the new classifications.

(1) Gas

Sales revenues increased by 2,800 million yen (+0.5%) to 573,900 million yen over the previous year mainly due to the development of new gas demand and increased sales of gas. Operating profits grew by 900 million yen (+1.7%) to 58,000 million yen as a result of continued cost reductions in all aspects of the operation.

(2) LPG, Electricity and Other Energies

Sales revenues increased by 12,500 million yen (+10.5%) to 132,100 million yen as a result of the addition of subsidiaries to the consolidation. Sales costs increased accordingly. Operating profits increased by 2,500 million yen (+19.5%) to 15,700 million yen over the previous year.

(3) Gas Appliances and House-pipe Installation

Sales in this segment were affected by the exclusion of Harman Co., Ltd. from the consolidation. Accordingly, sales revenues declined by 8,100 million yen (-5.4%) to 143,500 million yen, despite strong sales of gas appliances by Osaka Gas. On the other hand, operating profits grew by 200 million yen (+15.0%) to 2,200 million yen as a result of cost reductions.

(4) Real Estate

While sales revenues increased only slightly, operating profits improved by 600 million yen (+10.9%) to 7,000 million yen over the previous year, due to the cost reductions.

(5) Others

Sales revenues grew by 3,800 million yen (+2.9%) to 136,000 million yen due to the addition of subsidiaries to the consolidation and strong sales in certain existing subsidiaries. Operating profits increased by 1,100 million yen (+18.4%) to 7,400 million yen as a result of the cost reductions by each company.

(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	Consolidated Results
Sales	+0.5% 5,739 [+28]	+10.5% 1,321 [+125]	-5.4% 1,435 [-81]	+1.3% 338 [+4]	+2.9% 1,360 [+38]	(682) [-81]	+0.4% 9,513 [+33]
Operating profit	+1.7% 580 [+9]	+19.5% 157 [+25]	+15.0% 22 [+2]	+10.9% 70 [+6]	+18.4% 74 [+11]	15 [+4]	+7.1% 920 [+61]

Each percentage figure shows a rate of change from the previous year.
Each figure in [] shows a change from the previous year.

(2) Dividends

The Company will pay annual dividends of 6 yen per share (including interim dividends).

(3) Projection for the Year Ending March 31, 2005

Consolidated sales and operating profits are projected to increase to 989,000 million yen (+4.0%) and to 96,500 million yen (+4.8%), respectively, over the year under review due to expected increases in gas sales volume and in consolidated subsidiaries. Ordinary profits are expected to grow to 94,000 million yen (+15.4%) backed by the improvement of non-operating revenues. Net income for the year ended March 31, 2004 will decline by 2.3% to 46,000 million yen over the previous year due to extraordinary losses resulting from the application of accounting for the impairment of fixed assets and other negative factors.

	Projected annual results for fiscal 2005	Rate of change from the previous year
Sales	989,000 million yen	+4.0%
Operating profit	96,500 million yen	+4.8%
Ordinary profit	94,000 million yen	+15.4%
Net income	46,000 million yen	-2.3%
Dividends	Targeted to pay annual dividends of 6 yen per share (including interim dividends)	

[Forecasted crude oil cost: \$28 per bbl, forecasted exchange rate: 110 yen to \$1]

Return on Equity (ROE)	9.2%
Return on Assets (ROA)	3.9%
Shareholder's Value Added (SVA)	23,500 million yen

4. Financial Position

(1) Cash Flow for the Year Ended March 31, 2004

Cash flow generated from operating activities during the year ended March 31, 2004 increased by 40,300 million yen to 132,800 million yen due to an increase in revenue. Cash flow from investment activities was 67,800 million yen, an increase of 18,200 million yen over the previous year, mainly because considerable proceeds were generated from the sales of fixed assets in the previous year. Cash flow from financial activities increased by 45,800 million yen to 75,900 million yen because of the decline in interest-bearing liabilities.

As a result, the balance of cash and cash equivalents as of March 31, 2004 decreased by 10,300 million yen to 15,700 million yen from that as of March 31, 2003.

	Year ended March 31, 2004	Year ended March 31, 2003	Increase/decrease
Cash flow from operating activities	132,800 million yen	92,500 million yen	+40,300 million yen
Cash flow from investment activities	-67,800 million yen	-49,600 million yen	-18,200 million yen
Cash flow from financial activities	-75,900 million yen	-30,000 million yen	-45,800 million yen
Increase/decrease of cash and cash equivalents	-10,800 million yen	12,800 million yen	-23,600 million yen
Cash and cash equivalents at year-end	15,700 million yen	26,000 million yen	-10,300 million yen
Balance of interest-bearing liabilities at year-end	455,700 million yen	494,500 million yen	-38,800 million yen

Free cash flow (*) 73,200 million yen [Year ended March 31, 2003: 23,700 million yen]

(*) Free cash flow = Cash flow from operating activities – capital expenditures

(2) Cash Flow Indicators

	Year ended March 31, 2004	Year ended March 31, 2003
Debt redemption years	3.4 years	5.3 years
Interest coverage ratio	18.4	15.1
Shareholders' equity ratio	41.3%	37.5%
Shareholders' equity ratio on market value	57.9%	59.4%

(3) Projection for the Year Ending March 31, 2005

Annual capital expenditures are expected to reach 96,800 million yen.

Free cash flow will be 72,100 million yen, and the year-end balance of interest-bearing liabilities will remain at the level of the year ended March 31, 2004 which is 456,000 million yen.

<<Reference>> Capital Expenditure Plan for FY 2005

FY2005 (Projection)	FY2004 (Actual results)	Description of expenditures planned for Year ending March 31, 2005
96,800 million yen	69,700 million yen	Trunk lines, main and branch pipelines, and power generation facilities

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(in million yen)

Account \ Period	As of March 31, 2004	As of March 31, 2003	Change
(Assets)			
Fixed Assets	995,321	992,799	2,522
Tangible fixed assets	795,820	822,179	-26,359
Production facilities	117,638	114,098	3,540
Supply facilities	372,430	348,003	24,427
Operational facilities	87,458	94,769	-7,311
Other facilities	189,614	193,648	-4,034
Idle facilities	1,532	1,532	0
Construction in progress	27,146	70,127	-42,981
Intangible fixed asset	27,481	17,880	9,601
Acquisition cost of subsidiaries over net assets acquired	8,440	9,143	-703
Other intangible fixed assets	19,040	8,737	10,303
Investments and other assets	172,020	152,739	19,281
Investment in securities	112,885	82,868	30,017
Deferred tax assets	20,194	38,669	-18,475
Other assets	41,924	33,937	7,987
Allowance for bad debts	-2,984	-2,736	-248
Current Assets	203,877	216,795	-12,918
Cash and deposits	19,997	29,705	-9,708
Notes and trade accounts receivable	108,084	113,215	-5,131
Inventories	31,825	27,618	4,207
Deferred tax assets	14,828	11,554	3,274
Other current assets	29,927	35,432	-5,505
Allowance for bad debts	-786	-731	-55
Deferred Assets	29	32	-3
Premium on bonds	29	32	-3
Assets total	1,199,228	1,209,627	-10,399

(in million yen)

Account \ Period	As of March 31, 2004	As of March 31, 2003	Change
(Liabilities)			
Fixed Liabilities	442,405	501,869	-59,464
Bonds	218,880	229,880	-11,000
Long-term loans payable	157,771	180,585	-22,814
Reserve for severance benefits	42,889	70,585	-27,696
Reserve for gasholder repair	1,530	1,638	-108
Other fixed liabilities	21,334	19,180	2,154
Current Liabilities	252,711	246,343	6,368
Current portion of fixed liabilities	29,987	40,002	-10,015
Note and trade accounts payable	35,778	43,207	-7,429
Short-term loans payable	23,189	20,245	2,944
Corporate taxes payable	29,766	17,542	12,224
Accrued expenses	63,426		63,426
Other current liabilities	70,562	125,345	-54,783
Liabilities total	695,117	748,213	-53,096
(Minority Interest)			
Minority Interest	8,476	8,129	347
Minority interest total	8,476	8,129	347
(Shareholders' Equity)			
Capital Stock	132,166	132,166	0
Capital Reserve	19,482	19,482	0
Consolidated Retained Earnings	346,558	312,830	33,728
Difference between Market Price and Acquisition Cost of Other Securities	35,903	9,824	26,079
Foreign Exchange Adjustment	2,930	85	2,845
Treasury Stock	-41,406	-21,104	-20,302
Shareholders' equity total	495,635	453,284	42,351
Liabilities, minority interest, and shareholders' equity total	1,199,228	1,209,627	-10,399

(2) Consolidated Profit and Loss Statement

(in million yen)

Account \ Period	Year ended March 31, 2004	Year ended March 31, 2003	Change
Sales	951,324	947,977	3,347
Cost of Sales	497,397	502,342	-4,945
Gross Profit on Sales	453,926	445,635	8,291
Selling, General and Administrative Expenses	361,830	359,660	2,170
Operating Profit	92,096	85,974	6,122
Non-operating Revenues	7,849	6,608	1,241
Interest income	296	241	55
Dividend income	908	1,048	-140
Gain from sales of securities	2,720		2,720
Miscellaneous income	3,923	5,318	-1,395
Non-operating Expenses	18,498	27,502	-9,004
Interest expense	7,237	6,149	1,088
Loss from redemption of corporate bonds	3,742		3,742
Loss from valuation of investment in securities		9,513	-9,513
Loss from valuation of investment in securities of affiliates		4,886	-4,886
Miscellaneous expenses	7,518	6,953	565
Ordinary Profit	81,446	65,079	16,367
Extraordinary Profit	1,555	11,081	-9,526
Gain from sales of fixed assets	1,555	2,011	-456
Gain from sales of securities		9,069	-9,069
Extraordinary Loss	4,840	25,136	-20,296
Loss from sales of fixed assets	4,684	11,608	-6,924
Loss from reduction of fixed assets' cost	156	232	-76
Cost of early retirement program		13,294	-13,294
Net income before taxes and minority interest	78,161	51,025	27,136
Corporate, resident and business taxes	26,870	20,085	6,785
Adjustment for difference of tax allocation between financial accounting and tax accounting	3,483	649	2,834
Less: minority interest	741	603	138
Net Income	47,065	29,685	17,380

(3) Statement of Consolidated Retained Earnings

(in million yen)

Account \ Period	Year ended March 31, 2004	Year ended March 31, 2003	Change
(Capital Reserve)			
Consolidated Capital Reserve at Beginning of Period	19,482	19,482	0
Increase of Capital Reserve	0		0
Decrease of Capital Reserve			
Consolidated Capital Reserve at End of Year	19,482	19,482	0
(Profit Reserves)			
Consolidated Profit Reserve at Beginning of Period	312,830	296,338	16,492
Increase of Profit Reserve	47,590	31,316	16,274
Net income	47,065	29,685	17,380
Increase due to new inclusions to consolidation	492	1,631	-1,139
Increase due to decrease of consolidated companies	32		32
Decrease of Profit Reserve	13,863	14,824	-961
Dividends	13,782	14,211	-429
Director's bonuses	80	71	9
Decrease due to decrease of consolidated companies		541	-541
Consolidated Profit Reserve at End of Year	346,558	312,830	33,728

(4) Consolidated Cash Flow Statement

(in million yen)

Account	Period	Year ended March 31, 2004	Year ended March 31, 2003	Change
I. Cash Flow from Operating Activities				
Net income before taxes and minority interest		78,161	51,025	27,136
Depreciation expenses		89,564	82,805	6,759
Decrease of reserve for severance benefits		-27,411	-27,942	531
Interest and dividends received		-1,205	-1,290	85
Interest paid		7,237	6,149	1,088
Loss from redemption of corporate bonds		3,742		3,742
Gain from sales of investment in securities		-2,720	-9,069	6,349
Loss from evaluation of investment in securities			9,513	-9,513
Loss from evaluation of investment in securities of affiliates			4,886	-4,886
Gain from sales of tangible fixed assets		-1,555	-2,011	456
Loss from sales of tangible fixed assets		4,684	11,608	-6,924
Loss from retirement of tangible fixed assets		2,155	2,497	-342
Cost of early retirement program			12,958	-12,958
Increase/decrease of trade receivables		1,911	-3,950	5,861
Increase/decrease of inventories		-3,237	4,556	-7,793
Increase/decrease of trade payables		-4,178	2,944	-7,122
Increase/decrease of accrued expenses		9,406	-3,087	12,493
Others		-2,530	3,052	-5,582
Total		154,025	144,645	-9,380
Interest and dividends received		1,229	1,285	-56
Interest paid (cash)		-7,808	-6,061	-1,747
Cost of early retirement program			-12,958	12,958
Corporate taxes paid		-14,555	-34,338	19,783
Net Cash Flow from Operating Activities		132,891	92,573	40,318
II. Cash Flow from Investment Activities				
Expense for acquisition of tangible fixed assets		-68,115	-67,756	-359
Income from sales of tangible fixed assets		4,501	11,678	-7,177
Expenses for acquisition of intangible fixed assets		-1,806		-1,806
Expense for acquisition of investment in securities			-8,752	8,752
Income from sales of securities		5,521	22,944	-17,423
Expense for acquisition of stocks of subsidiaries and affiliates		-6,605	-3,307	-3,298
Income from sales of stocks of subsidiaries and affiliates			2,033	-2,033
Expenses for acquisition of stocks of subsidiaries and affiliates that led to their inclusion to the consolidation			-3,468	3,468
Net decrease of short-term loans receivable			1,962	-1,962
Others		-1,373	-4,964	3,591
Net Cash Flow from Investment Activities		-67,877	-49,629	-18,248
III. Cash Flow from Financial Activities				
Net increase/decrease of short-term loans payable		3,940	-9,720	13,660
Net increase of commercial paper		2,000	9,000	-7,000
Proceeds from long-term loans payable		44,284	5,645	38,639
Expense for repayment of long-term loans payable		-67,256	-24,780	-42,476
Proceeds from issuance of bonds			39,970	-39,970
Expense for redemption of bonds		-24,742	-14,848	-9,894
Expense for acquisition of treasury stocks		-20,336	-21,094	758
Dividends paid		-13,732	-14,158	426
Dividends paid to minority shareholders		-122	-106	-16
Others		35		35
Net Cash Flow from Financial Activities		-75,930	-30,093	-45,837
IV. Difference from Conversion of Cash and Cash Equivalents		70	-18	88
V. Increase/decrease of Cash and Cash Equivalents		-10,846	12,831	-23,677
VI. Cash and Cash Equivalents at Beginning of Period		26,093	12,837	13,256
VII. Increase of Cash and Cash Equivalents Due to Addition of Subsidiaries to the Consolidation		1,095	2,118	-1,023
VIII. Decrease of Cash and Cash Equivalents Due to Exclusion of Subsidiaries from the Consolidation		-599	-1,693	1,094
IX. Cash and Cash Equivalents at End of Year		15,743	26,093	-10,350

Notes:

1. Basic information for preparing consolidated financial statements

(1) Scope of consolidation

[1] Consolidated subsidiaries

Number of consolidated subsidiaries 77 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 Iwai Petroleum Gas Co., Ltd.

(Change in consolidation)

The following companies were added to the consolidation in the current year as their significance for the Group increased: Osaka Kanzai Co., Ltd.; OG Maintenance Service Co., Ltd.; I-support Co., Ltd.; O.N.E. Co., Ltd.; Gakuenmae Gas Center Co., Ltd.; Kuzuha Gas Living Co., Ltd.; Create Kansai Co., Ltd.; Cogen Techno Service Co., Ltd.; System Answer Co., Ltd.; Takenaka Maiko Service Shop Co., Ltd.; Donnac Co., Ltd.; Hearts Co., Ltd.; Hello Co., Ltd.; Rakuyo Gas Center Co., Ltd.; Living Maintenance Service Osaka Co., Ltd.; Living Maintenance Service Hokuto Co., Ltd.; G&M Energy Service Co., Ltd.; Rokko Island Energy Service Co., Ltd.; OG ZOCA (95-19) Pty. Ltd.; OG ZOCA (96-20) Pty. Ltd.; and Osaka Gas Australia Pty. Ltd.

Harman Co., Ltd. was excluded from the consolidation (stocks sold in April 2003).

Kinki Piping Co., Ltd. was divided into Kinpai Corporation and Kinpai Co., Ltd. (formerly named Kinki Piping).

[2] Major non-consolidated subsidiaries

One major non-consolidated subsidiary is Apriti Sesamo Co., Ltd. The aggregates of its sales, total assets and net income (in proportion to the shareholding by the Company) and retained earnings (in proportion to the shareholding by the Company) are minor respectively and did not have material effect on the consolidated interim financial statements as a whole.

(2) Application of equity method

There was no non-consolidated subsidiary or affiliate that was reported by the equity method.

Major non-consolidated subsidiaries or affiliates that were not reported by the equity method are: Apriti Sesamo Co., Ltd. and Osaka Rinkai Energy Service Corporation.

Because the results of these non-consolidated subsidiaries and affiliates have a minor effect on the consolidated net income and the consolidated retained earnings for the year ended March 31, 2004 and do not have great importance as a whole, investments in these companies are reported by the cost accounting method, instead of the equity method.

(3) Annual closing date of consolidated subsidiaries

Except OSC Engineering, Osaka Kanzai, Create Kansai, Shanghai Dongdao Carbon Chemical Industry, Nabari Kintetsu Gas, Hokuriku Nissho Propane, OG ZOCA (95-19), OG ZOCA (96-20), and Osaka Gas Australia, the annual closing date of all consolidated subsidiaries is the same as the consolidated closing date of the Group, which is March 31 every year.

The annual closing date is December 31 for Create Kansai, Shanghai Dongdao Carbon Chemical Industry, Nabari Kintetsu Gas, Hokuriku Nissho Propane, OG ZOCA (95-19), OG ZOCA (96-20), and Osaka Gas Australia; and February 29 for OSC Engineering and Osaka Kanzai. However, as the timing difference does not exceed three months, their financial statements for the year ended on their respective annual closing date were used for the consolidation without adjustment.

(4) Accounting principles

[1] Basis and method of evaluation of significant assets

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 annual 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] Depreciation of significant depreciable assets

a. Tangible fixed assets

Most 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.

b. Intangible fixed assets

Intangible fixed assets are depreciated by the straight-line method.

Software programs for internal use are depreciated by the straight-line method over their usable period within the organization.

[3] Provision of significant allowances and reserves

a. Allowance for bad debts

For ordinary receivables, the amount of provision is determined based on the actual rate of bad debts in the past. In addition, specific doubtful accounts are individually examined for their recoverability and expected unrecoverable amounts are provided for such accounts.

b. Reserve for severance 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 year is provided based on retirement benefit liabilities and the expected value of the pension assets.

c. 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

Hedge contract

Interest swap

Currency swap

Forward exchange contract or currency option

Swap and option for crude oil price

Hedged transactions

Corporate bonds and loans payable

Corporate bonds and loans payable in foreign currency

Scheduled transactions in foreign currency (such as for purchase of raw materials)

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

The effectiveness of a hedge is evaluated by confirming the relationship between the hedge contract and the transaction hedged by that contract.

[6] Other important information for preparing consolidated financial statements

Consumption taxes are recorded by the tax-exclusion method.

(5) Scope of funds for Consolidated Cash Flow Statement

Funds included in the Consolidated 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 March 31, 2004)	(As of March 31, 2003)
1,670,893 million yen	1,599,658 million yen

3. Contingent liabilities

	(As of March 31, 2004)	(As of March 31, 2003)
Guarantee of liabilities	3,083 million yen	2,841 million yen
Contingent liabilities under contracts based on the acceptance of the fulfillment of obligations of bonds and loans payable	82,706	121,454

4. Relationship of year-end balance of cash and cash equivalents and the values presented on the consolidated balance sheet

	(As of March 31, 2004)	(As of March 31, 2003)
Cash and bank deposits	19,997 million yen	29,705 million yen
Term deposits that expire more than three months later	-4,254	-3,611
Cash and cash equivalents	15,743	26,093

6. Segment Information

(1) Segment Information by Business Type

Year ended March 31, 2004 (April 1, 2003 to March 31, 2004)

(in 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	Consolidated Results
[1] Sales and Operating Profit and Loss								
Sales								
1. Sales to customers outside the Group	568,047	130,670	143,164	13,744	95,697	951,324	-	951,324
2. Internal sales or transfer among segments	5,856	1,498	396	20,153	40,317	68,223	(68,223)	-
Total	573,903	132,169	143,561	33,898	136,014	1,019,547	(68,223)	951,324
Operating Expenses	515,859	116,428	141,330	26,820	128,529	928,968	(69,740)	859,228
Operating Profit	58,044	15,740	2,231	7,077	7,485	90,579	1,516	92,096
[2] Assets, depreciation expenses, and capital expenditures								
Assets	676,781	172,638	69,144	102,526	115,157	1,136,248	62,980	1,199,228
Depreciation expenses	64,777	11,772	793	4,502	8,673	90,520	(955)	89,564
Capital expenditures	47,234	7,859	675	4,085	10,320	70,175	(395)	69,779

Year ended March 31, 2003 (April 1, 2002 to March 31, 2003)

(in 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	Consolidated Results
[1] Sales and Operating Profit and Loss								
Sales								
1. Sales to customers outside the Group	566,997	118,006	151,425	14,800	96,747	947,977	-	947,977
2. Internal sales or transfer among segments	4,029	1,601	329	18,668	35,438	60,066	(60,066)	-
Total	571,027	119,607	151,754	33,469	132,185	1,008,044	(60,066)	947,977
Operating Expenses	513,980	106,440	149,814	27,085	125,863	923,183	(61,180)	862,003
Operating Profit	57,047	13,166	1,940	6,383	6,322	84,860	1,113	85,974
[2] Assets, depreciation expenses, and capital expenditures								
Assets	717,199	159,450	79,852	102,826	128,501	1,187,831	21,796	1,209,627
Depreciation expenses	61,008	8,949	861	4,622	8,450	83,891	(1,086)	82,805
Capital expenditures	44,590	4,836	1,358	7,119	10,048	67,953	(846)	67,107

Notes:

1. Major products and services of business segments

(1) Gas Gas

(2) LPG, Electricity, and Other Energies:

..... LPG, electric supply, thermal energy supply, LNG processing by contract, industrial gas, etc.

(3) Gas Appliances and House-pipe Installation:

..... Gas appliances, in-house and road piping work, recycling of excavated soil, etc.

(4) Real Estate Lease and management of real estate, etc.

(5) Others Frozen foods, restaurants, data processing service, chemical and carbon products, housing equipment, design and installation of gas-related and environment-preservation facilities, security and disaster prevention services, sports businesses, automobile and office equipment lease, and others

2. Changes in the classification of business segments

Since the introduction of Innovation Centennial, a medium-term management plan, in January 2003, greater stress has been placed on enhancing the ability of Osaka Gas Co., Ltd. (the company that submits consolidated financial statements for the Osaka Gas Group to the Securities and Exchange Commission) and other core companies to offer quality energy services and non-energy services, the two main business domains of the Group. Under the plan, organizational reforms were implemented on April 1, 2003, and accordingly, the business segments were reclassified to properly present segment disclosure in the Group's two main business domains (Energy Business and Non-energy Business) as shown below.

- Business of electric supply, thermal energy supply, LNG processing by contract, etc., previously included in the segment of "Others" and LPG and Industrial Gas business, were combined into the "LPG, Electricity and Other Energies" business segment.
- Business of road piping works, recycling of excavated soil, etc. previously included in "Others," and "Gas Appliances" and "House-pipe Installation," were combined into the "Gas Appliances and House-pipe Installation" segment.
- Building management/maintenance business and other businesses, previously included in "Others," and "Real Estate Lease," were combined into the "Real Estate" business segment.
-

The following table shows segment information prepared in accordance with the former classification for the fiscal year that ended on March 31, 2003.

Fiscal year from April 1, 2002 to March 31, 2003

	Gas	Installation Works	Gas Appliances	LPG and Industrial Gas	Real Estate Lease	Others	Total	Elimination of Internal Transactions and Involving All Companies	Consolidated Results
[1] Sales and Operating Profit and Loss	million yen	million yen	million yen	million yen	million yen	million yen	million yen	million yen	million yen
Sales									
1. Sales to customers outside the Group	566,997	35,414	111,076	77,290	7,330	149,868	947,977	-	947,977
2. Internal sales or transfer among segments	4,029		100	2,597	11,374	3,730	21,832	(21,832)	-
Total	571,027	35,414	111,176	79,888	18,704	153,599	969,810	(21,832)	947,977
Operating Expenses	444,537	34,112	110,237	77,950	13,057	133,339	813,235	48,768	862,003
Operating Profit	126,489	1,301	939	1,937	5,646	20,260	156,575	(70,601)	85,974
[2] Assets, depreciation expenses, and capital expenditures									
Assets	660,767	9,766	45,162	45,550	81,974	233,657	1,076,878	132,748	1,209,627
Depreciation expenses	58,246	67	192	2,685	4,378	14,290	79,859	2,945	82,805
Capital expenditures	42,145	75	77	1,074	6,776	14,205	64,354	2,752	67,107

3. Changes in the treatment of the non-allocable operating expenses and corporate assets included under “Elimination of Internal Transactions and Transactions Involving All Companies”

The non-allocable operating expenses included under “Elimination of Internal Transactions and Transactions Involving All Companies” mainly comprised general expenses related to the administrative departments of Osaka Gas Co., Ltd. (the company that submits consolidated financial statements for the Osaka Gas Group to the Securities and Exchange Commission). However, with the organizational reforms implemented on April 1, 2003 under the Innovation Centennial medium-term management plan, Osaka Gas Co., Ltd. was first given the status of corporate head office serving the entire Group and there was an examination into how the non-allocable operating expenses accrued and how those expenses related to each segment of business. As a result of the examination, it was agreed that the non-allocable operating expenses would be treated as direct expenses for each segment from the fiscal year in review, because doing so would better present the profit/loss information of each segment. As well, there was a re-examination of the corporate assets related to the administrative departments of the consolidated companies, which were included in the “Elimination of Internal Transactions and Transactions Involving All Companies,” to determine how those assets affected the performance of each business segment. The conclusion was reached that corporate assets excluding investment in securities, etc. had significantly contributed to the performance of each of the business segments, and should be treated as the assets of each segment. Following the allocation of the corporate assets to each business segment, depreciation expenses and capital expenditures were also allocated to each segment accordingly.

- Operating expenses:

With the above changes, the operating expenses increased by ¥75,180 million in the Gas segment; ¥237 million yen in the LPG, Electricity and Other Energies segment; ¥1,355 million in the Gas Appliances and House-pipe Installation segment; ¥30 million in the Real Estate segment; and ¥112 million in the Others segment (an increase of ¥76,915 million in total), and operating profits decreased by the same amount. The operating expenses under “Elimination of Internal Transactions and Transactions Involving All Companies” decreased by ¥76,915 million while the operating profits in this category increased by the same amount.

- Assets:

With the above changes, assets increased by ¥43,732 million in the Gas segment; ¥9,113 million yen in the LPG, Electricity and Other Energies segment; ¥13,157 million in the Gas Appliances and House-pipe Installation segment; ¥2,182 million in the Real Estate segment; and ¥8,066 million in the Others segment (an increase of ¥76,252 million in total). As a result, assets under “Elimination of Internal Transactions and Transactions Involving All Companies” decreased by ¥76,252 million.

- Depreciation expenses:

With the above changes, depreciation expenses increased by ¥1,521 million in the Gas segment; ¥402 million yen in the LPG, Electricity and Other Energies segment; ¥440 million in the Gas Appliances and House-pipe Installation segment; ¥100 million in the Real Estate segment; and ¥373 million in the Others segment (an increase of ¥2,838 million in total). As a result, depreciation expenses in “Elimination of Internal Transactions and Transactions Involving All Companies” decreased by ¥2,838 million.

- Capital expenditures:

With the above changes, capital expenditures increased by ¥495 million in the Gas segment; ¥131 million yen in the LPG, Electricity and Other Energies segment; ¥143 million in the Gas Appliances and House-pipe Installation segment; ¥32 million in the Real Estate segment; and ¥121 million in the Others segment (an increase of ¥923 million in total). As a result, capital expenditures in “Elimination of Internal Transactions and Transactions Involving All Companies” decreased by ¥923 million.

(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 with Market Prices

(in million yen)

Period Type of Securities	As of March 31, 2004			As of March 31, 2003		
	Acquisition Cost	Value Reported on Consolidated Balance Sheet	Difference	Acquisition Cost	Value Reported on Consolidated Balance Sheet	Difference
1. Stocks	23,038	80,260	57,221	26,532	42,481	15,949
2. Bonds						
National and local government bonds	9	9	0	9	9	0
Corporate bonds						
Total	23,048	80,270	57,221	26,542	42,491	15,949

(2) Major Securities without Market Prices and Their Values on the Consolidated Balance Sheet

Other Securities

(in million yen)

	Value Reported on Consolidated Balance Sheet as of March 31, 2004	Value Reported on Consolidated Balance Sheet as of March 31, 2003
Unlisted Stocks (excluding over-the-counter stocks)	18,058	18,779

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

(in million yen)

Period Type of Transaction	As of March 31, 2004			As of March 31, 2003		
	Contract Price	Market Price	Evaluation Profit/loss	Contract Price	Market Price	Evaluation Profit/loss
Interest swap						
Fixed receipt and variable payment	-	-	-	2,962	129	129
Fixed payment and variable receipt	-	-	-	2,798	-77	-77
Total	-	-	-	5,760	52	52

Note: Derivative transactions recorded by hedge accounting are excluded.

Derivative transactions for the fiscal year ending on March 31, 2004 are recorded by hedge accounting.

9. Retirement Benefits

1. Outline of Retirement Benefit Plans

Osaka Gas Co., Ltd. and most of its consolidated subsidiaries have adopted a retirement bonus plan that pays a fixed amount of bonus benefit to retiring employees. Also, Osaka Gas Co., Ltd. and specified consolidated subsidiaries have adopted a qualified pension plan that pays a fixed amount of pension to retired employees. Some consolidated subsidiaries have adopted an Employee's Pension Fund Plan.

Osaka Gas has adopted the qualified pension plan since November 1, 1974.

2. Reserve for Retirement Benefits (as of March 31, 2004) 42,889 million yen

3. Information on Retirement Benefit Costs (for the year ended March 31, 2004)

(1) Service costs	8,513 million yen
(2) Interest expenses	4,900
(3) Expected return on investments	-2,869
(4) Actuarial difference recognized as costs	4,941
(5) Past service liabilities recognized as costs	71
(6) Retirement benefit costs ((1)+(2)+(3)+(4)+(5))	15,557

Note:

Retirement benefit costs of consolidated subsidiaries adopting simple computation methods are included in "service costs."

4. Information on the basis of determining retirement benefit liabilities and other costs:

Allocation of expected amount of retirement benefits to be paid to employees:	Allocation of fixed amounts to relevant periods
Discount rate:	Mainly 1.8%
Expected return on investments:	Mainly 1.8%
Years to amortize past service liabilities:	Mainly one year
Years to amortize actuarial difference:	Mainly ten years