

**For Year Ending March 2006****Summary of Business and Financial Results for the First Quarter (Consolidated)**

July 29, 2005

Name of Listed Company: **Osaka Gas Co., Ltd.**  
 (URL: <http://www.osakagas.co.jp>)

(Code: **9532**) Tokyo, Osaka, Nagoya

Representative Officer: Title: President Name: Hirofumi Shibano  
 Contact: Title: Accounting Manager Name: Shingo Kamei TEL: 81-6-6205-4537

**1. Information regarding preparation of quarterly financial statements****(1) Adoption of the simplified method in accounting procedure: Adopted**

(Details)

- Tax effect accounting of unlisted consolidated subsidiaries is on the simplified method.
- The simplified procedure is used for certain items with negligible effect such as omission of physical stocktaking.

**(2) Change in the accounting procedure from the last consolidated fiscal year: None****(3) Scope of consolidation and application of equity method**

Consolidated subsidiaries: 117

Non-consolidated subsidiaries recorded by equity method: 0

Affiliates recorded by equity method: 2

**(4) Change in scope of consolidation and application of equity method**

Consolidation (New): 2 subsidiaries

(Excluded): 3 subsidiaries

Equity Method (New): 0 companies

(Excluded): 0 companies

**2. Summary of the Financial and Business Results for the First Quarter of the Year Ending March 2006 (April 1, 2005 to June 30, 2005)****(1) Development of Operating Results (Consolidated)**

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

	Operating revenues		Operating profit		Ordinary profit		Net Income for the Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
1Q of the year ending 3/2006	235,400	7.0	34,178	22.4	35,570	16.8	22,287	19.3
1Q of the year ending 3/2005	220,008	-1.2	27,925	-8.7	30,461	2.9	18,683	9.7
(Reference) year ending 3/2005	975,340		95,992		97,480		50,683	

	Retained Earnings Per Share		Diluted Retained Earnings Per Share	
	yen		yen	
1Q of the year ending 3/2006	10.00		-	
1Q of the year ending 3/2005	8.38		-	
(Reference) year ending 3/2005	22.69		-	

Note: Percentages shown for sales and operating profit in the tables above are percentages of change from the same quarter of the previous year.

[ Qualitative Information on Development of the Operating Results (Consolidated) ]

During the first quarter, sales increased by JPY15.3 billion from the same period of the previous year to JPY235.4 billion, mainly due to an increase in gas sales volume. Although material costs increased due to a hike in LNG prices associated with high crude oil prices, operating profit increased by JPY6.2 billion from the corresponding period of the previous year to JPY 34.1 billion as a result of improved efficiency in business operations in general, and ordinary profit increased by JPY 5.1 billion from the same period of the previous year to JPY 35.5 billion. Net income of the current first quarter after reflecting extraordinary profit and loss items and corporate tax adjustment increased by JPY3.6 billion to JPY22.2 billion.

As the gas business accounts for a high share, the Company's consolidated operational results have a seasonal factor in that a larger volume of sales is recorded in the winter season (December to May) in particular. However, as an almost equal amount of fixed cost is incurred every month, profit items usually are at higher levels in the first quarter than in the second.

(2) Changes in the financial position (consolidated)

	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	million yen	million yen	%	yen
1Q of the year ending 3/2006	1,231,789	546,198	44.3	245.11
1Q of the year ending 3/2005	1,188,850	505,517	42.5	226.64
(Reference) year ending 3/2005	1,217,463	530,862	43.6	238.15

【 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
1Q of the year ending 3/2006	9,323	-39,013	37,148	51,746
1Q of the year ending 3/2005	-563	-18,088	25,038	23,361
(Reference) year ending 3/2005	116,902	-65,679	-23,912	44,279

[ Qualitative Information on Changes in the Financial Position (Consolidated) ]

As of the end of the first quarter, gross assets increased by JPY 14.3 billion to JPY 1,231.7 billion from the end of the previous consolidated fiscal year. The primary changes include an increase in tangible and intangible assets of JPY 6.1 billion, an increase in investments and other assets of JPY4.7 billion, and an increase in cash and deposits, accounts receivable and other current assets of JPY 3.4 billion. Shareholders' equity was JPY546.1 billion and the shareholders' equity ratio was 44.3%.

【 Consolidated Cash Flow 】

As of the end of the first quarter, cash and cash equivalents increased by JPY 7.4 billion to JPY 51.7 billion from the end of the previous consolidated fiscal year. Major details are as follows:

(Cash Flow from Operating Activities)

During the first quarter, we had net income before income taxes of JPY 36 billion. Net cash used for operating activities in the first quarter increased by JPY9.3 billion due to a decrease in accrued expenses by JPY 21.6 billion and an increase in inventory assets by JPY 7.2 billion.

(Cash Flow from Investment Activities)

During the first quarter, we spent JPY 39 billion on investment activities including JPY 24.3 billion spent on the acquisition of tangible fixed assets.

(Cash Flow from Financial Activities)

Although we had to make dividend payments of JPY 5 billion during the first quarter, since we successfully raised funds of JPY 42.3 billion on a net basis through loans and CPs, we were able to raise funds amounting to JPY 37.1 billion from financial activities.

(Reference 1) Summary of Quarterly Non-consolidated Operational Results (April 1, 2005 to June 30, 2005)

	Operating revenues		Operating profit		Ordinary profit		Net income for the quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
1Q of the year ending 3/2006	175,880	5.3	29,272	30.4	31,399	21.8	20,289	21.0
1Q of the year ending 3/2005	167,072	-3.3	22,442	-14.6	25,782	-2.1	16,764	2.7
(Reference) year ending 3/2005	722,755		69,111		75,159		41,280	

	Total assets	Shareholders' equity
	million yen	million yen
1Q of the year ending 3/2006	988,738	455,393
1Q of the year ending 3/2005	967,578	425,453
(Reference) year ending 3/2005	981,501	442,805

Note: Percentages shown for sales and operating profit in the tables above are percentages of change from the same quarter of the previous year.

3. Forecast for year ending March 2006 (April 1, 2005 to March 31, 2006)

	Operating revenues (forecast)	Ordinary profit	Net income
	million yen	million yen	million yen
Interim term	435,000	36,500	21,500
Full year	1,005,000	100,000	59,000

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

[ Qualitative Information on Business Forecast ]

During the period from the first quarter to the interim term, profit items are expected to change within a small range. This is, as mentioned earlier, due to the seasonal factor which is specific to the Company (no adjustment was made to the business forecast).

(Reference 2) Forecast for the year ending March 2006 (non-consolidated) (April 1, 2005 to March 31, 2006)

	Operating revenues (forecast)	Ordinary profit	Net income
	million yen	million yen	million yen
Interim term	326,500	29,000	18,000
Full year	751,000	80,000	49,500

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

Note: The above forecasts are based on information available as of the date of this document; actual results may differ from these forecasts due to various factors affecting the Company's business performance.

# (1) Quarterly Consolidated Balance Sheet

(JPY in millions)

Account	As of the end of the current quarter (end of June 2005)	As of the end of the previous consolidated fiscal year (end of March 2005)	Change	As of the end of the same quarter of the previous year (end of June 2004)
(Assets)				
Fixed Assets	973,291	962,392	10,899	992,739
Tangible fixed assets	768,581	766,823	1,758	799,174
Intangible fixed assets	32,301	27,879	4,422	30,038
Investments and other assets	172,407	167,688	4,719	163,526
Current Assets	258,458	255,030	3,428	196,081
Cash and deposits	55,983	48,512	7,471	27,674
Notes and trade accounts receivable	98,152	114,045	-15,893	89,241
Inventories	51,147	40,785	10,362	41,662
Other current assets	53,174	51,686	1,488	37,502
Deferred Assets	39	40	-1	29
<b>Assets Total</b>	<b>1,231,789</b>	<b>1,217,463</b>	<b>14,326</b>	<b>1,188,850</b>
(Liabilities)				
Fixed Liabilities	432,281	414,712	17,569	433,575
Bonds	204,080	204,080	0	204,080
Long-term loans payable	183,132	163,185	19,947	162,972
Reserve for severance benefits	17,863	18,343	-480	42,964
Other fixed liabilities	27,205	29,103	-1,898	23,557
Current Liabilities	243,353	261,826	-18,473	240,173
Notes and trade accounts payable	37,575	43,826	-6,251	28,559
Short-term loans payable	28,184	26,564	1,620	21,473
Other current liabilities	177,593	191,435	-13,842	190,140
<b>Liabilities Total</b>	<b>675,634</b>	<b>676,538</b>	<b>-904</b>	<b>673,749</b>
(Minority Interest)				
Minority Interest	9,956	10,062	-106	9,584
<b>Minority Interest Total</b>	<b>9,956</b>	<b>10,062</b>	<b>-106</b>	<b>9,584</b>
(Shareholders' Equity)				
Capital Stock	132,166	132,166	0	132,166
Capital Reserve	19,499	19,497	2	19,482
Consolidated Retained Earnings	359,884	384,350	-24,466	359,046
Land revaluation Excess	81	81	0	81
Difference between Market Price and Acquisition Cost of Other Securities	33,275	33,677	-402	33,203
Foreign Exchange Adjustment	3,485	3,145	340	3,017
Treasury Stock	-2,195	-42,056	39,861	-41,479
<b>Shareholders' Equity Total</b>	<b>546,198</b>	<b>530,862</b>	<b>15,336</b>	<b>505,517</b>
<b>Liabilities, Minority Interest, and Shareholders' Equity Total</b>	<b>1,231,789</b>	<b>1,217,463</b>	<b>14,326</b>	<b>1,188,850</b>

## (2) Quarterly Consolidated Income Statement

(JPY in millions)

Account	Current quarter	Same quarter of the previous year	Change	Previous consolidated fiscal year
	(April 2005 to June 2005)	(April 2004 to June 2004)		(April 2004 to March 2005)
Operating Revenues	235,400	220,008	15,392	975,340
Cost of Sales	122,317	107,598	14,719	534,043
Gross Profit on Sales	113,082	112,410	672	441,297
Selling, General, and Administrative Expenses	78,903	84,485	-5,582	345,304
Operating Profit	34,178	27,925	6,253	95,992
Non-operating Revenues	3,237	4,534	-1,297	12,487
Interest income	97	65	32	249
Dividend income	631	509	122	893
Gain from sales of securities	1,316	2,286	-970	5,965
Miscellaneous income	1,192	1,672	-480	5,378
Non-operating Expenses	1,846	1,998	-152	10,998
Interest expenses	1,534	1,522	12	6,040
Miscellaneous expenses	312	476	-164	4,958
Ordinary Profit	35,570	30,461	5,109	97,480
Extraordinary Profit	488	40	448	1,183
Gain from sales of fixed assets	488	40	448	1,183
Extraordinary Loss				14,759
Loss from reduction of cost of fixed assets				849
Loss from impairment of fixed assets				13,910
Net Income for the Quarter before taxes	36,058	30,502	5,556	83,904
Corporate Taxes	13,664	11,596	2,068	32,479
Less: Minority Interest	105	222	-117	742
Net Income for the Quarter	22,287	18,683	3,604	50,683

Note: Corporate taxes are expressed inclusive of adjustment to corporate taxes.

### (3) Quarterly Consolidated Cash Flow Statement

(JPY in millions)

Account	Current quarter	Same quarter of the previous year	Change	Previous consolidated fiscal year
	(April 2005 to June 2005)	(April 2004 to June 2004)		(April 2004 to March 2005)
<b>I. Cash Flow from Operating Activities</b>				
Net income for the quarter before taxes	36,058	30,502	5,556	83,904
Depreciation expenses	20,920	21,514	-594	86,858
Increase or decrease in accounts receivable and purchase liabilities	12,954	11,896	1,058	2,359
Increase of inventories	-7,295	-9,459	2,164	-8,583
Decrease in accrued expenses	-21,678	-25,018	3,340	-2,361
Others	-31,637	-29,997	-1,640	-45,276
Net Cash Flow from Operating Activities	9,323	-563	9,886	116,902
<b>II. Cash Flow from Investment Activities</b>				
Expenses for acquisition of tangible fixed assets	-24,326	-18,543	-5,783	-63,838
Acquisition or sales of investment securities and stocks of subsidiaries/affiliates	402	-2,267	2,669	5
Acquisition of subsidiaries' stocks due to changes in scope of consolidation	-10,163		-10,163	
Other	-4,924	2,722	-7,646	-1,846
Net Cash Flow from Investment Activities	-39,013	-18,088	-20,925	-65,679
<b>III. Cash Flow from Financial Activities</b>				
Increase or decrease of corporate bonds, debts payable and CPs (-)	42,397	30,210	12,187	-9,771
Dividends paid	-5,034	-4,997	-37	-13,340
Other	-214	-174	-40	-800
Net Cash Flow from Financial Activities	37,148	25,038	12,110	-23,912
IV. Difference from Conversion of Cash and Cash Equivalents	25	0	25	-5
V. Increase/decrease of Cash and Cash Equivalents	7,484	6,386	1,098	27,303
VI. Cash and Cash Equivalents at Beginning of Period	44,279	15,743	28,536	15,743
VII. Increase or Decrease in Cash and Cash Equivalents due to Changes in Scope of Consolidation	-16	1,231	-1,247	1,231
VIII. Cash and Cash Equivalents at End of Period	51,746	23,361	28,385	44,279

#### (4) Segment Information

[Segment information by business type]

Current Quarter (April 1, 2005-June 30, 2005)

(JPY in millions)

	Gas	LPG, electricity, and other energies	Gas appliances and house-pipe installation	Real estate	Other	Total	Elimination of internal transactions and transactions involving all companies	Consolidated
Sales	143,263	37,128	27,868	9,083	33,859	251,203	-15,803	235,400
Operating Expenses	117,461	34,139	25,351	6,981	33,283	217,217	-15,995	201,221
Operating Profit	25,802	2,988	2,516	2,102	575	33,986	192	34,178

Same Quarter of the Previous Year (April 1, 2004-June 30, 2004)

(JPY in millions)

	Gas	LPG, electricity, and other energies	Gas appliances and house-pipe installation	Real estate	Other	Total	Elimination of internal transactions and transactions involving all companies	Consolidated
Sales	136,221	33,290	27,381	8,689	28,107	233,689	-13,680	220,008
Operating Expenses	117,396	29,773	24,809	6,611	27,610	206,201	-14,118	192,083
Operating Profit	18,824	3,516	2,572	2,077	496	27,487	437	27,925