



For Year Ending March 2006 Summary of Business and Financial Results for the Third Quarter Ended December 31, 2005 (Consolidated) January 31, 2006

Name of Listed Company: **Osaka Gas Co., Ltd.** (Code: **9532**) Tokyo, Osaka, Nagoya
 (URL: <http://www.osakagas.co.jp>)

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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: 121

Non-consolidated subsidiaries recorded by equity method: 0

Affiliates recorded by equity method: 4

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

Consolidation (New): 7 subsidiaries

(Excluded): 4 subsidiaries

Equity Method (New): 2 companies

(Excluded): 0 companies

2. Summary of the Financial and Business Results for the Third Quarter of the Year Ending March 2006 (April 1, 2005 to December 31, 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	%
3Q of the year ending 3/2006	707,967	7.7	50,857	-5.9	55,370	-5.0	36,275	38.1
3Q of the year ending 3/2005	657,598	1.1	54,027	-1.4	58,254	16.9	26,265	-5.7
(Reference) year ending 3/2005	975,340		95,992		97,480		50,683	

	Retained Earnings Per Share for the Quarter	Diluted Retained Earnings Per Share for the Quarter
	yen	yen
3Q of the year ending 3/2006	16.28	-
3Q of the year ending 3/2005	11.78	-
(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 third quarter (April 1, 2005-December 31, 2005), consolidated sales increased to JPY 707.9 billion, up by JPY 50.3 billion from the same quarter last year due to the increased profits of the existing consolidated subsidiaries and the addition of new subsidiaries to consolidation, in addition to increased sales in the gas business and higher gas prices resulting from the material cost adjustment scheme. Though we promoted efficiency in our operations in general, operating profit decreased by JPY 3.1 billion to JPY 50.8 billion as a result of significant increases in materials cost due to a hike in LNG prices associated with high crude oil prices, and ordinary profit decreased to JPY 55.3 billion, down by JPY 2.8 billion from the corresponding period of the previous year. Though ordinary profit recorded such a decrease, partly because of extraordinary losses arising from the application of asset impairment accounting during the same quarter last year, net income increased by JPY 10 billion to JPY 36.2 billion.

(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
3Q of the year ending 3/2006	1,299,489	578,793	44.5	259.81
3Q of the year ending 3/2005	1,200,617	505,724	42.1	226.81
(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
3Q of the year ending 3/2006	33,327	-102,328	44,672	19,850
3Q of the year ending 3/2005	30,019	-47,903	24,504	23,603
(Reference) year ending 3/2005	116,902	-65,679	-23,912	44,279

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

During the third quarter, gross assets increased to JPY 1,299.4 billion, showing an increase of JPY 82.0 billion from the end of the previous consolidated fiscal year. The main factors of the increase were an increase in investments and other assets by JPY 82.2 billion due to investment and improvement in stock prices, and an increase in inventory by JPY 22.4 billion due to seasonable influence. In addition, cash and deposits decreased by JPY 24.1 billion.

Shareholders' equity was JPY 578.7 billion and the shareholders' equity to total assets was 44.5%.

【Consolidated Cash Flow】

As of the end of the third quarter, cash and cash equivalents decreased to JPY19.8 billion by JPY24.4 billion from the end of the previous consolidated fiscal year. Major details are as follows.

(Cash Flow from Operating Activities)

During the third quarter, net income before income taxes was JPY 60.9 billion. Net cash gained from operating activities in the third quarter was JPY 33.3 billion due to a decrease in accrued expenses by JPY 20.9 billion.

(Cash Flow from Investment Activities)

During the third quarter, we spent JPY 102.3 billion on investment activities including JPY 69.4 billion spent on the acquisition of tangible fixed assets and JPY 47.7 billion spent on the acquisition of stocks of subsidiaries and affiliate companies.

(Cash Flow from Financial Activities)

Although we had to make dividend payments of JPY 13.1 billion during the third quarter, since we successfully raised funds of JPY 48.6 billion on a net basis through corporate bonds, debts payable and CPs, we were able to raise funds amounting to JPY 44.6 billion from financial activities.

(Reference 1) Summary of Quarterly Non-consolidated Operational Results (April 1, 2005 to December 31, 2005)

	Operating revenues		Operating profit		Ordinary profit		Net income for the quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
3Q of the year ending 3/2006	516,170	6.7	34,844	-2.0	40,141	-3.3	29,219	48.1
3Q of the year ending 3/2005	483,764	-2.3	35,560	-5.5	41,526	11.3	19,725	-11.3
(Reference) year ending 3/2005	722,755		69,111		75,159		41,280	

	Total assets	Shareholders' equity
	million yen	million yen
3Q of the year ending 3/2006	1,015,466	474,037
3Q of the year ending 3/2005	965,946	420,765
(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 (consolidated) (April 1, 2005 to March 31, 2006)

	Projected Sales	Projected Ordinary Profit	Projected Net Income
	million yen	million yen	million yen
Full year	1,005,000	100,000	59,000

(Reference) Expected retained earning per share (for full year): 26.45 yen

[Qualitative Information on Business Forecast]

No particular 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)

	Projected Sales	Projected Ordinary Profit	Projected Net Income
	million yen	million yen	million yen
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 December 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 December 2004)
(Assets)				
Fixed Assets	1,038,895	962,392	76,503	969,802
Tangible fixed assets	757,988	766,823	-8,835	773,861
Intangible fixed assets	31,009	27,879	3,130	28,524
Investments and other assets	249,897	167,688	82,209	167,416
Current Assets	260,532	255,030	5,502	230,787
Cash and deposits	24,351	48,512	-24,161	28,143
Notes and trade accounts receivable	114,285	114,045	240	101,549
Inventories	63,251	40,785	22,466	55,207
Other current assets	58,644	51,686	6,958	45,887
Deferred Assets	61	40	21	27
Assets Total	1,299,489	1,217,463	82,026	1,200,617
(Liabilities)				
Fixed Liabilities	457,584	414,712	42,872	392,764
Bonds	224,080	204,080	20,000	184,080
Long-term loans payable	181,937	163,185	18,752	160,624
Reserve for severance benefits	12,245	18,343	-6,098	19,159
Other fixed liabilities	39,321	29,103	10,218	28,900
Current Liabilities	245,013	261,826	-16,813	292,293
Notes and trade accounts payable	46,849	43,826	3,023	38,713
Short-term loans payable	27,456	26,564	892	23,268
Other current liabilities	170,707	191,435	-20,728	230,311
Liabilities Total	702,598	676,538	26,060	685,057
(Minority Interest)				
Minority Interest	18,096	10,062	8,034	9,834
Minority Interest Total	18,096	10,062	8,034	9,834
(Shareholders' Equity)				
Capital Stock	132,166	132,166	0	132,166
Capital Reserve	19,516	19,497	19	19,492
Consolidated Retained Earnings	366,074	384,350	-18,276	359,932
Land revaluation Excess	81	81	0	81
Difference between Market Price and Acquisition Cost of Other Securities	58,843	33,677	25,166	32,863
Foreign Exchange Adjustment	4,553	3,145	1,408	2,928
Treasury Stock	-2,441	-42,056	39,615	-41,739
Shareholders' Equity Total	578,793	530,862	47,931	505,724
Liabilities, Minority Interest, and Shareholders' Equity Total	1,299,489	1,217,463	82,026	1,200,617

(2) Quarterly Consolidated Income Statement

(JPY in millions)

Account	Current quarter (April 2005 to December 2005)	Same quarter of the previous year (April 2004 to December 2004)	Change	Previous consolidated fiscal year (April 2004 to March 2005)
Operating Revenues	707,967	657,598	50,369	975,340
Cost of Sales	422,200	362,207	59,993	534,043
Gross Profit on Sales	285,767	295,391	-9,624	441,297
Selling, General, and Administrative Expenses	234,909	241,363	-6,454	345,304
Operating Profit	50,857	54,027	-3,170	95,992
Non-operating Revenues	11,379	10,800	579	12,487
Interest income	438	181	257	249
Dividend income	1,329	826	503	893
Gain from sales of securities	4,221	5,953	-1,732	5,965
Equity method investment gain	2,276		2,276	
Miscellaneous income	3,113	3,837	-724	5,378
Non-operating Expenses	6,866	6,572	294	10,998
Interest expenses	4,795	4,564	231	6,040
Miscellaneous expenses	2,070	2,008	62	4,958
Ordinary Profit	55,370	58,254	-2,884	97,480
Extraordinary Profit	5,593		5,593	1,183
Gain from sales of fixed assets	629		629	1,183
Gain on sales of subsidiaries' stocks	4,964		4,964	
Extraordinary Loss		13,910	-13,910	14,759
Loss from reduction of cost of fixed assets				849
Loss from impairment of fixed assets		13,910	-13,910	13,910
Net Income for the Quarter before taxes	60,963	44,344	16,619	83,904
Corporate Taxes	24,267	17,579	6,688	32,479
Less: Minority Interest	420	499	-79	742
Net Income for the Quarter	36,275	26,265	10,010	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 December 2005)	(April 2004 to December 2004)		(April 2004 to March 2005)
I. Cash Flow from Operating Activities				
Net income for the quarter before taxes	60,963	44,344	16,619	83,904
Depreciation expenses	62,174	63,943	-1,769	86,858
Impairment loss on fixed assets		13,910	-13,910	13,910
Increase or decrease in reserve for severance benefits	-6,140	-23,780	17,640	-24,596
Increase or decrease in prepaid pension cost		-11,508	11,508	-12,217
Gain on sales of investment securities		-5,953	5,953	-5,965
Gain on sales of subsidiaries' stocks	-4,964		-4,964	
Increase of inventories	-20,666	-23,003	2,337	-8,583
Decrease in accrued expenses	-20,906	-24,396	3,490	-2,361
Others	-37,131	-3,536	-33,595	-14,047
Net Cash Flow from Operating Activities	33,327	30,019	3,308	116,902
II. Cash Flow from Investment Activities				
Expenses for acquisition of tangible fixed assets	-69,410	-48,418	-20,992	-63,838
Income from sales of investment in securities	11,269	8,084	3,185	8,584
Expenses for acquisition of subsidiaries' and affiliates' stocks	-37,403	-7,010	-30,393	-6,995
Income from sales of subsidiaries' and affiliates' stocks	13,997		13,997	
Expenses for acquisition of subsidiaries' stocks due to changes in scope of consolidation	-10,328		-10,328	
Expenses for long-term loans receivable	-6,910		-6,910	
Other	-3,541	-559	-2,982	-3,429
Net Cash Flow from Investment Activities	-102,328	-47,903	-54,425	-65,679
III. Cash Flow from Financial Activities				
Increase or decrease of corporate bonds, debts payable and CPs (-)	48,621	37,111	11,510	-9,771
Dividends paid	-13,174	-12,122	-1,052	-13,340
Income from payment by minority shareholders	9,719		9,719	
Other	-495	-484	-11	-800
Net Cash Flow from Financial Activities	44,672	24,504	20,168	-23,912
IV. Difference from Conversion of Cash and Cash Equivalents	90	8	82	-5
V. Increase/decrease of Cash and Cash Equivalents	-24,237	6,628	-30,865	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	-190	1,231	-1,421	1,231
VIII. Cash and Cash Equivalents at End of Period	19,850	23,603	-3,753	44,279

(4) Segment Information

[Segment information by business type]

Current Quarter (April 1, 2005-December 31, 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	406,276	124,958	106,246	18,987	98,924	755,392	-47,424	707,967
Operating Expenses	381,930	116,384	97,991	13,498	95,366	705,171	-48,061	657,110
Operating Profit	24,345	8,574	8,254	5,488	3,557	50,220	636	50,857

Same Quarter of the Previous Year (April 1, 2004-December 31, 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	379,521	111,503	102,873	17,541	87,254	698,694	-41,095	657,598
Operating Expenses	352,440	100,915	97,544	12,242	82,705	645,848	-42,276	603,571
Operating Profit	27,080	10,587	5,329	5,299	4,549	52,845	1,181	54,027

Note: For the same quarter of the previous year, reclassified results are shown in accordance with the statement for the current quarter based on changes in the constituent companies of the business segment conducted during the interim term.