

Highlights of Non-consolidated Financial Statements For the Year Ended March 31, 2003

April 28, 2003

Name of Listed Company Osaka Gas Co., Ltd.

Listed Exchanges: Tokyo, Osaka and Nagoya Exchanges

Code 9532

Location of Head Office: Osaka Prefecture

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

Representative Officer Title: President

Name: Akio Nomura

Contact: Title: Accounting Manager and Director

Name: Yoshishige Suzuma Tel: +81-6-6205-4537

Date of Meeting of Board of Directors for Approving Financial Statements: April 23, 2003

Interim Dividend System: existent

Date of Annual General Meeting of Shareholders: June , 2003

System of trading unit of shares: adopted

(to be determined at the May 2003 meeting of the Board of Directors)

(Unit: 1,000 shares)

1. Financial Results for the Year Ended March 31, 2003 (April 1, 2002 - March 31, 2003)

(1) 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, 2003	722,240	-3.8	66,468	-18.6	54,177	-23.0
Year ended March 31, 2002	751,042	-0.4	81,705	37.7	70,327	30.4

	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	yen	%	%	%
Year ended March 31, 2003	25,453	-32.5	10.77	---	6.4	5.5	7.5
Year ended March 31, 2002	37,693	14.2	15.62	---	9.1	6.8	9.4

Notes: (1) Average number of outstanding shares during term Year ended March 31, 2003: 2,357,853,049 shares

Year ended March 31, 2002: 2,413,863,151 shares

(2) Change in accounting method: N/A

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

(2) Dividends

	Annual dividend per share			Aggregate annual dividends paid	Payout ratio	Ratio of dividends to shareholder's equity
	Interim dividend per share	Final dividend per share				
	yen	yen	yen	million yen	%	%
Year ended March 31, 2003	6.00	3.00	3.00	13,996	55.0	3.6
Year ended March 31, 2002	6.00	3.00	3.00	14,395	38.2	3.5

Note: Details of final dividends for the year ended March 31, 2003

Commemorative dividends: 0.00 yen

Special dividends: 0.00 yen

(3) Financial position

	Total assets	Shareholders equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	million yen	million yen	%	yen
Year ended March 31, 2003	972,954	391,983	40.3	170.60
Year ended March 31, 2002	1,004,378	405,922	40.4	171.35

Notes: (1) Shares outstanding as of year-end: As of March 31, 2003: 2,297,328,044 shares

As of March 31, 2002: 2,368,978,457 shares

(2) Repurchased shares : As of March 31, 2003: 71,683,495 shares

As of March 31, 2002: 33,082 shares

2. Forecast for the Year Ending March 31, 2004 (April 1, 2003 - March 31, 2004)

	Sales	Ordinary profit	Net income	Final dividends per share		
				Interim	Year-end	
	million yen	million yen	million yen	yen	yen	yen
Six months ending September 30, 2003	324,000	20,000	10,500	3.00	---	---
Full year	730,000	62,000	36,500	---	3.00	6.00

Reference: Expected earnings per share (for the full year): 15.86 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 "10-1 Operational Results, (3) Projection for the Year Ending March 31, 2004" in the attachments.

Overview of Non-consolidated Financial Statements
for the Year Ended March 31, 2003
(185th business year)
[April 1, 2002 - March 31, 2003]

Osaka Gas Co., Ltd.

1. Operational Results

(1) Gas Sales

Residential gas sales volume increased 2.3% from the previous year to 2,298 million m³ due to customer expansion to 6,248 thousand households, an increase of 76,000 from the end of the last year, as well as the development of new demand and a cold winter, which led to a 1.4% growth in the average monthly gas usage to 34.5 m³.

Mainly due to the development of new demand and an increase in usage by existing customers, gas sales to the industrial sector increased 1.5%, while sales to the commercial sector increased 2.2% and sales to the public and medical institutions sector increased 9.3% from the previous year. As a result, overall commercial/industrial gas sales increased 2.4% from the previous year to 5,222 million m³.

Adding in wholesale sales, total gas sales increased 2.8% to 7,687 million m³ from the previous year.

		Year ended March 31, 2003 (04/2002 - 03/2003) A	Year ended March 31, 2002 (04/2001 - 03/2002) B	A - B	A/B	
Customers (meters installed)	Residential	6,248 thousand	6,172 thousand	76 thousand	101.2%	
	Commercial/ industrial	314	312	2	100.7%	
	Total	6,562	6,484	77	101.2%	
Average monthly usage per customer	Residential	34.5 m ³ /month	34.0 m ³ /month	0.5 m ³ /month	101.4%	
	Average of all customers	108.0	106.4	1.6	101.5%	
Gas sales	Residential	2,298 million m ³	2,245 million m ³	52 million m ³	102.3%	
	Commercial/ industrial	Commercial	5,222	5,098	124	102.4%
		Industrial	3,686	3,630	56	101.5%
		Commercial	986	965	21	102.2%
		Public and medical institutions	550	504	47	109.3%
	Wholesale	168	135	32	123.8%	
	Total	7,687	7,479	208	102.8%	

[Reference] Average
temperature
(°C)

Year ended March 31, 2003 (04/2002 - 03/2003) A	Year ended March 31, 2002 (04/2001 - 03/2002) B	A - B
16.8	17.5	-0.7

(2) Overview of Profit and Loss

(Unit: 100 million yen)

Revenues		Change from same period of previous year		
		Increase/decrease	Percent (%)	
Product sales	5,692	-253	95.7	
Other sales	Installation work	354	-39	90.0
	Gas appliances	918	-0	99.9
	Other sales	257	5	102.0
	Total	1,529	-34	97.8
Total sales	7,222	-288	96.2	
Non-operating revenues	74	-0	99.9	
Total revenues	7,297	-288	96.2	

Expenses		Change from same period of previous year		
		Increase/decrease	Percent (%)	
Cost of sales	1,984	-35	98.2	
Selling, general and administrative expenses	3,154	-71	97.8	
Total	5,138	-106	98.0	
Other expenses	Installation work	341	-26	92.7
	Gas appliances	906	5	100.6
	Other expenses	171	-7	95.7
	Total	1,419	-28	98.0
Operating expenses	6,557	-135	98.0	
Operating profit	664	-152	81.4	
Non-operating expenses	197	9	104.8	
Total expenses	6,755	-126	98.2	

Ordinary profit	541	-161	77.0
Net income	254	-122	67.5

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

Return on Equity (ROE) 6.4%

Return on Assets (ROA) 2.6%

Shareholder Value Added (SVA) 3,600 million yen

Free cash flow (*1) 11,300 million yen

(*1) Free cash flow = Cash flow from operating activities - Capital expenditures

[Reference]

- Cost of raw materials included in cost of sales: 181,500 million yen (increase of 4,500 million yen, or 2.6%, from the previous year)

- Exchange rate and cost of crude oil

	Year ended March 31, 2003 (04/2002 - 03/2003) A	Year ended March 31, 2002 (04/2001 - 03/2002) B	A - B
Exchange rate (yen/dollar) *1	121.98	124.98	-3.00
Cost of crude oil (dollar/bbl) *2	26.86	23.83	+3.03

*1: TTM rate

*2: All Japan CIF price. The oil price for the year ended March 31, 2003 is the average of the eleven months from April 2002 to February 2003.

(3) Projection for the Year Ending March 31, 2004

Sales volume is expected to increase by 0.8% to 7,748 million m³. Sales will grow 1.1% to 730,000 million yen from the previous year due to an increase in the sales volume. Operating profit is expected to decrease 3.7% from the previous year to 64,000 million yen mainly due to an increase in depreciation expenses arising from the completion of construction of basic operating facilities. Ordinary income is expected to increase 14.4% from the previous year to 62,000 million yen and net income is expected to increase 43.4% to 36,500 million yen due to improvement in non-operating income and expenses.

	Projection for Year Ending March 31, 2004	Change from previous year
Gas sales	7,748 million m ³	+0.8%
Sales	730,000 million yen	+1.1%
Operating profit	64,000 million yen	-3.7%
Ordinary profit	62,000 million yen	+14.4%
Net income	36,500 million yen	+43.4%

[Forecasted crude oil price: US\$25/bbl, forecasted exchange rate: 125 yen to US\$1]

Return on Equity (ROE)	9.1%
Return on Assets (ROA)	3.7%
Shareholder Value Added (SVA)	18,500 million yen
Free Cash Flow	45,000 million yen

(4) Capital Expenditures Plan for the Year Ending March 31, 2004

(Unit: 100 million yen)

	Year ending March 31, 2004 (projection)	Year ended March 31, 2003 (actual results)	Description of expenditures planned for year ending March 31, 2004
Production facilities	44	57	Construction of LNG tank at Himeji Works, etc.
Supply facilities	434	366	Construction of trunk lines, main and branch pipelines, etc.
Operational facilities, etc.	73	60	Offices, laboratory facilities, etc.
Total	551	483	

2. Non-consolidated Financial Statements

(1) Balance Sheet

(Unit: million yen)

Account	As of March 31, 2003	As of March 31, 2002	Change from previous year	
			Amount	Percentage (%)
(Assets)				
Fixed Assets	837,149	879,951	-42,801	95.1
Tangible fixed assets	628,771	651,172	-22,401	96.6
Production facilities	113,988	123,245	-9,256	92.5
Supply facilities	348,326	365,467	-17,141	95.3
Operational facilities	94,156	97,057	-2,900	97.0
Supplementary business facilities	2,777	773	2,004	359.2
Idle facilities	1,532	1,532	0	100.0
Construction in progress	67,990	63,097	4,892	107.8
Intangible fixed assets	5,272	6,296	-1,023	83.7
Patents	0	0	-0	62.1
Leaseholds	2,863	2,853	9	100.3
Other intangible fixed assets	2,408	3,442	-1,033	70.0
Investments	203,105	222,481	-19,376	91.3
Investments in securities	43,791	62,813	-19,021	69.7
Investments in affiliates	73,850	83,002	-9,151	89.0
Long-term loans receivable from affiliates	37,897	34,741	3,156	109.1
Investment in capital	101	104	-3	96.9
Long-term prepaid expenses	4,303	4,032	271	106.7
Deferred tax assets	32,945	30,847	2,098	106.8
Other investments	11,240	7,693	3,547	146.1
Allowance for bad debts	-1,025	-752	-272	136.2
Current Assets	135,772	124,423	11,349	109.1
Cash and deposits	15,305	3,869	11,435	395.5
Notes receivable	788	1,017	-228	77.5
Trade accounts receivable	63,070	60,428	2,641	104.4
Trade accounts receivable from affiliates	5,050	4,637	413	108.9
Other accounts receivable	14,388	12,732	1,656	113.0
Products	86	87	-0	99.2
Raw materials	7,253	12,799	-5,546	56.7
Stores	10,391	8,810	1,581	117.9
Short-term accounts receivable from affiliates	4,568	6,582	-2,014	69.4
Deferred tax assets	8,615	9,392	-777	91.7
Other current assets	6,851	4,639	2,212	147.7
Allowance for bad debts	-598	-573	-25	104.4
Deferred Assets	32	3	28	811.4
Premium on bonds	32	3	28	811.4
Total assets	972,954	1,004,378	-31,423	96.9

(Unit: million yen)

Account	As of March 31, 2003	As of March 31, 2002	Change from previous year	
			Amount	Percentage (%)
(Liabilities)				
Fixed Liabilities	416,098	426,224	-10,126	97.6
Corporate bonds	229,660	199,660	30,000	115.0
Long-term loans payable	115,091	128,466	-13,374	89.6
Reserve for retirement benefits	65,964	93,716	-27,752	70.4
Reserve for gasholder repair	1,592	1,602	-9	99.4
Other fixed liabilities	3,790	2,779	1,010	136.4
Current Liabilities	164,873	172,231	-7,358	95.7
Current portion of fixed liabilities	22,413	18,354	4,059	122.1
Trade accounts payable	9,634	10,520	-886	91.6
Other accounts payable	21,725	25,296	-3,571	85.9
Accrued expenses	45,505	48,916	-3,410	93.0
Corporate taxes payable	13,077	28,308	-15,231	46.2
Advances received	8,425	9,169	-744	91.9
Deposits received	2,729	1,339	1,389	203.7
Short-term accounts payable to affiliates	14,400	13,303	1,096	108.2
Commercial paper	24,000	15,000	9,000	160.0
Other current liabilities	2,962	2,021	941	146.5
Total liabilities	580,971	598,456	-17,485	97.1
(Shareholders' Equity)				
Capital Stocks	132,166	132,166	0	100.0
Capital Reserves	19,482	19,482	0	100.0
Capital reserve	19,482	19,482	0	100.0
Retained Earnings	256,637	245,454	11,182	104.6
Profit reserve	33,041	33,041	0	100.0
Reserve for reduction of costs relating to replacement of specific assets, etc.	224	224	0	100.0
Reserve for write-off of specific gas piping works	2,289	2,587	-297	88.5
Reserve for loss on overseas investments, etc.	6,227	6,235	-8	99.9
Reserve for adjustment for cost fluctuation	89,000	89,000	0	100.0
Reserve for other specific purposes	62,000	62,000	0	100.0
Unappropriated retained earnings (Net income)	63,853 (25,453)	52,365 (37,693)	11,488 (-12,239)	121.9 (67.5)
Difference between Market Price and Acquisition Cost	4,802	8,828	-4,025	54.4
Difference between market price and acquisition cost of other securities	4,802	8,828	-4,025	54.4
Treasury stocks	-21,104	-10	-21,094	210,884.1
Treasury stocks	-21,104	-10	-21,094	210,884.1
Total capital	391,983	405,922	-13,938	96.6
Total liabilities and shareholders' equity	972,954	1,004,378	-31,423	96.9

Note: Some items under the Shareholders' Equity category as of March 31, 2002 were restated to conform to the new classification in accordance with the revised Accounting Rules for Gas Business Operators.

(2) Profit and Loss Statement

(Unit: million yen)

Account		Year ended March 31, 2003 (04/2002 - 03/2003)	Year ended March 31, 2002 (04/2001 - 03/2002)	Change from same period of previous year		
				Amount	Percentage (%)	
Ordinary Profit and Loss	Operating Profit and Loss	Product sales	569,260	594,579	-25,318	95.7
		Gas sales	569,260	594,338	-25,078	95.8
		By-product sales	-	240	-240	0.0
		Cost of sales	198,418	201,974	-3,556	98.2
		(Gross Profit on Sales)	(370,842)	(392,604)	(-21,761)	(94.5)
		Selling expenses	244,554	253,287	-8,733	96.6
		General and administrative expenses	70,885	69,276	1,608	102.3
		(Core Business Profit)	(55,403)	(70,040)	(-14,636)	(79.1)
		Miscellaneous operational revenues	127,545	131,553	-4,008	97.0
		Revenues from installation work	35,414	39,353	-3,939	90.0
		Revenues from gas appliances sales	91,827	91,879	-51	99.9
		Other miscellaneous operational revenues	303	321	-17	94.6
		Miscellaneous operational expenses	124,812	126,925	-2,112	98.3
		Cost of installation work	34,112	36,781	-2,668	92.7
		Cost of gas appliances sales	90,699	90,144	555	100.6
		Revenues from supplementary businesses	25,433	24,909	524	102.1
		Cost of supplementary businesses	17,102	17,873	-771	95.7
	(Operating Profit)	(66,468)	(81,705)	(-15,236)	(81.4)	
	Non-Operating Profit and Loss	Non-operating revenues	7,481	7,486	-4	99.9
		Interest income	458	423	35	108.4
		Interest income on securities	55	121	-66	45.7
		Dividend income	1,142	523	618	218.2
		Dividend income from affiliates	-	1,009	-1,009	0.0
		Lease income	1,657	1,638	18	101.1
		Miscellaneous revenues	4,167	3,769	397	110.6
		Non-operating expenses	19,772	18,863	908	104.8
Interest expense		1,505	2,039	-533	73.8	
Interest expense on corporate bonds		2,777	3,215	-438	86.4	
Amortization of bond premiums		1	1	0	135.0	
Amortization of bond expenses		201	-	201	-	
Loss from redemption of bonds		-	3,315	-3,315	0.0	
Loss from valuation of investment in securities		7,749	6,649	1,099	116.5	
Loss from valuation of investment in affiliates	4,361	-	4,361	-		
Miscellaneous expenses	3,175	3,641	-466	87.2		
(Ordinary Profit)	(54,177)	(70,327)	(-16,150)	(77.0)		
Extraordinary Profit and Loss	Extraordinary profit	285	610	-324	46.9	
	Gains from sales of fixed assets	285	610	-324	46.9	
	Extraordinary loss	13,647	11,325	2,321	120.5	
	Loss from sales of fixed assets	456	343	112	132.6	
	Loss from reduction of fixed assets' cost	232	600	-367	38.8	
	Early retirement charges	12,958	-	12,958	-	
	Loss from cancellation of Tsuruga LNG Terminal Construction Project	-	10,381	-10,381	0.0	
(Net income before taxes)	(40,816)	(59,612)	(-18,795)	(68.5)		
Corporate taxes	14,400	28,470	-14,070	50.6		
Adjustment for difference of tax allocation between financial accounting and tax accounting	963	-6,551	7,514	-14.7		
Net income	25,453	37,693	-12,239	67.5		
Profit brought forward from previous period	45,504	40,472	5,031	112.4		
Write-off of treasury stocks	-	18,512	-18,512	0.0		
Interim dividends	7,104	7,288	-184	97.5		
Unappropriated retained earnings	63,853	52,365	11,488	121.9		

(Note) Regarding the values in Sales shown in 1. Operational Results of Financial Results for the Year Ended March 31, 2003 in Highlight of Non-consolidated Financial Statements are the sum of product sales, miscellaneous operational revenues, and revenues from supplementary businesses.

(Notes)

1. Significant Accounting Policies

- (1) Tangible fixed assets are depreciated by the declining balance method, except buildings (excluding fixtures attached to buildings) acquired on and after April 1, 1998, which are depreciated by the straight line method.
- (2) Securities are evaluated by the following methods:
 - Securities of subsidiaries and affiliates: at cost on moving average basis
 - Other securities
 - Securities having market price : at market, based on the market price on the closing date of the current year
(All the difference between the market price and the acquisition cost is accounted for by the “direct-inclusion-to-capital” method, and the cost of sales is calculated by moving average method.)
 - Securities having no market price : at cost on moving average basis
- (3) Products are evaluated at cost on gross average basis. Raw materials and stores are evaluated at cost on moving average basis.
- (4) The following significant reserves are provided:
 - Reserve for retirement benefits : To prepare for payment of retirement benefits to employees, a 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.
 - Reserve for gasholder repair : To prepare for payment of expenses needed for periodical repair of globular gasholders, a reserve for gasholder repair is provided for the expected repair cost needed in the next scheduled repair based on the actual cost paid in the last repair, over the period by the next scheduled repair.
- (5) Accounting of lease transactions
 - Finance lease transactions, except those in which the ownership of the leased properties is transferred to the lessees, are recorded by the accounting method used for regular lease transactions.
- (6) Consumption taxes are recorded by the tax-exclusion method.
- (7) Starting from the current year, the Company adopted “Accounting Standards for Treasury Stocks, Withdrawal of Legal Reserves, etc.” This adoption had no effect on profit or loss for the year ended March 31, 2003.

As the Accounting Rules for Gas Business Operators were revised, items under the Shareholders’ Equity category on the balance sheet for the year ended March 31, 2003 were presented in accordance with the revised Accounting Rules for Gas Business Operators.

2. Additional information

Revenues related to hot and cold air included in sales of byproducts under the Product Sales category until the previous fiscal year are now included in miscellaneous revenues under Non-operating Revenues.

3. Accumulated Depreciation of Fixed Tangible Assets: ¥1,477,467 million
(¥1,427,652 million at the end of the previous year)

4. Guarantee of Liabilities: ¥8,445 million
(¥17,038 million at the end of the previous year (including those assumed by the Company: ¥12,671 million))

Contingent liabilities in connection with corporate bonds and loan contracts: ¥121,454 million
(¥125,302 million at the end the previous year)

3. Securities

Information on stocks of subsidiaries and affiliates having market price

(1) As of March 31, 2003

	Value reported on balance sheet	Market price	Difference
Subsidiaries' stock	1,241 million yen	3,255 million yen	2,013 million yen

(2) As of March 31, 2002

	Value reported on balance sheet	Market price	Difference
Subsidiaries' stock	1,241 million yen	3,483 million yen	2,241 million yen

4. Proposed Appropriation of Retained Earnings (Unit: million yen)

	Year ended March 31, 2003 (04/2002 - 03/2003)	Year ended March 31, 2002 (04/2001 - 03/2002)
Unappropriated retained earnings	63,853	52,365
Reversal of reserve for write-off of specific gas piping work	306	306
Reversal of reserve for loss from overseas investments, etc.	4	8
Total	64,164	52,680
The above-mentioned profit will be appropriated as follows:		
Dividends (per share)	6,891 (3.00 yen)	7,106 (3.00 yen)
Directors' bonuses	60	60
Reserve for write-off of specific gas piping works		8
Unappropriated retained earnings carried forward to next year	57,212	45,504

(Notes)

1. On December 6, 2002, dividends of ¥7,104 million (¥3.00 per share) were distributed to shareholders.
2. The reversals of reserve for write-off of specific gas piping works and reserve for loss from overseas investments, etc. were based on the Special Taxation Measures Law, and the figures were adjusted with interperiod tax allocation.