

# For Year Ending March 31, 2003

## Highlight of Non-consolidated Interim Financial Statements

November 15, 2002

**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: General Manager, Accounting Dept.

Name: Yoshishige Suzuma TEL +81-6-6205-4536

Date of Meeting of Board of Directors for Approving Interim Financial Statements: November 15, 2002

Interim Dividend System: existent

Commencement of Interim Dividends Payment: December 6, 2002

System of trading unit of shares: adopted  
(one unit: 1,000 shares)

### 1. Financial results for six months ended September 30, 2002 (April 1, 2002 - September 30, 2002)

#### (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     | %     |
| Six months ended September 30, 2002 | 311,650     | -7.0 | 18,925           | -14.7 | 13,977          | -19.6 |
| Six months ended September 30, 2001 | 335,146     | 2.3  | 22,195           | 26.5  | 17,389          | 3.1   |
| Year ended March 31, 2002           | 751,042     |      | 81,705           |       | 70,327          |       |

|                                     | Net Income  |       | Retained earnings per share |
|-------------------------------------|-------------|-------|-----------------------------|
|                                     | million yen | %     | yen                         |
| Six months ended September 30, 2002 | 8,577       | -21.3 | 3.62                        |
| Six months ended September 30, 2001 | 10,896      | 7.3   | 4.48                        |
| Year ended March 31, 2002           | 37,693      |       | 15.62                       |

(Note) (1) Average number of outstanding shares during term Six months ended September 30, 2002: 2,368,635,338 shares  
Six months ended September 30, 2001: 2,429,563,630 shares Year ended March 31, 2002: 2,413,863,151 shares

(2) Change in accounting method: N/A

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

#### (2) Dividends

|                                     | Interim dividends per share | Final dividends per share |
|-------------------------------------|-----------------------------|---------------------------|
|                                     | yen                         | yen                       |
| Six months ended September 30, 2002 | 3.00                        | ---                       |
| Six months ended September 30, 2001 | 3.00                        | ---                       |
| Year ended March 31, 2002           | ---                         | 6.00                      |

(Note) Details of interim dividends for six months ended September 30, 2002  
Commemorative dividends: 0.00 yen  
Special dividends : 0.00 yen

#### (3) Financial position

|                                     | Total assets | Shareholders equity | Ratio of shareholders' equity to total assets | Shareholders' equity per share |
|-------------------------------------|--------------|---------------------|---|--------------------------------|
|                                     | million yen  | million yen         | %   | yen                            |
| Six months ended September 30, 2002 | 965,820      | 409,918             | 42.4  | 173.10                         |
| Six months ended September 30, 2001 | 1,023,104    | 417,675             | 40.8  | 171.91                         |
| Year ended March 31, 2002           | 1,004,378    | 405,922             | 40.4  | 171.35                         |

(Note) (1) Shares outstanding as of term-end As of September 30, 2002: 2,369,011,539 shares As of September 30, 2001: 2,429,563,630 shares  
As of March 31, 2002: 2,369,011,539 shares

(2) Repurchased shares:

As of September 30, 2002: 929,525 shares As of September 30, 2001: 29,529 shares  
As of March 31, 2002: 33,082 shares

### 2. Forecast for year ending March 31, 2003 (April 1, 2002 - March 31, 2003)

|           | Sales       | Ordinary profit | Net income  | Final dividends per share |      |
|-----------|-------------|-----------------|-------------|---------------------------|------|
|           | million yen | million yen     | million yen | Year-end                  | yen  |
| Full year | 723,800     | 54,000          | 33,000      | 3.00                      | 6.00 |

(Reference) Expected earnings per share (for full year): 13.94 yen

\* Forecasts above 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 "Projection for Annual Results" in Attachment, P26.

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**Overview of Non-consolidated Interim Financial  
Statements for Year Ending March 31, 2003 (the 185th  
Business Year)**

[April 1, 2002 - September 30, 2002]

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- Date of Meeting of Board of Directors for Approving Interim Financial Statements: November 15, 2002

**Osaka Gas Co., Ltd.**

# 1. Operational Results

## (1) Gas Sales for the Six Months Ended September 30, 2002

The number of customers for the six months ended September 30, 2002 increased 1.1% from the same period of the previous year to 6,509,000 customers. However, sales volume of residential gas decreased 2.3% to 813 million m<sup>3</sup> mainly due to the warmer weather in the early spring, which led to a 3.3% decrease of monthly average usage per household to 24.4 m<sup>3</sup> from the same period of the previous year.

Commercial/industrial gas sales for the six months ended September 30, 2002 decreased 1.0% to 2,533 million m<sup>3</sup> from the same period of the previous year mainly due to unchanged level of sales to the commercial market and 2.1% decreased sales to industrial customers from the same period of the previous year in the continued weak economy in Japan, while gas sales to the public and medical institution market increased 4.6% through marketing efforts to exploit new demand.

As a result, total gas sales decreased 0.8% to 3,417 million m<sup>3</sup> from the same period of the previous year.

|  |                                       | Six months ended<br>September 30, 2002<br>( '02/4 - '02/9)<br>A | Six months ended<br>September 30, 2001<br>( '01/4 - '01/9)<br>B | A - B                      | A/B    |        |
|--|---------------------------------------|---|---|----------------------------|--------|--------|
| Customers<br>(Meters<br>installed)       | Residential                           | 6,196 thousand  | 6,130 thousand  | 66 thousand                | 101.1% |        |
|  | Commercial/<br>industrial             | 313   | 311   | 2                          | 100.7% |        |
|  | Total                                 | 6,509   | 6,440   | 69                         | 101.1% |        |
| Monthly<br>average usage<br>per customer | Residential                           | 24.4 m <sup>3</sup> /month                                      | 25.3 m <sup>3</sup> /month                                      | -0.8 m <sup>3</sup> /month | 96.7%  |        |
|  | Average of all<br>customers           | 96.3  | 98.5  | -2.2                       | 97.8%  |        |
| Gas sales                                | Residential                           | 813 million m <sup>3</sup>                                      | 833 million m <sup>3</sup>                                      | -20 million m <sup>3</sup> | 97.7%  |        |
|  | Commercial/<br>industrial             | Total   | 2,533   | 2,559                      | -26    | 99.0%  |
|  |                                       | Industrial  | 1,765   | 1,803                      | -38    | 97.9%  |
|  |                                       | Commercial  | 509   | 509                        | 0      | 100.1% |
|  | Public and<br>medical<br>institutions | 258   | 247   | 11                         | 104.6% |        |
|  | Wholesale                             | 71  | 53  | 18                         | 134.8% |        |
| Total                                    | 3,417                                 | 3,444   | -27   | 99.2%                      |        |        |

[Reference] Average  
temperature  
(°C)

| Six months ended<br>September 30, 2001<br>( '02/4~'02/9) | A | Six months ended<br>September 30, 2001<br>( '01/4~'01/9) | B | A - B |
|--|---|--|---|-------|
| 23.9   |   | 23.8   |   | + 0.1 |

## (2) Overview of Profit and Loss

(in 100 million yen)

| Revenues               |                   | Change from same period of previous year |             |      |
|------------------------|-------------------|--|-------------|------|
|                        |                   | Increase/decrease                        | Percent (%) |      |
| Product sales          | 2,465             | -172                                     | 93.4        |      |
| Other sales            | Installation work | 151                                      | -23         | 86.4 |
|                        | Gas equipment     | 378                                      | -27         | 93.2 |
|                        | Other sales       | 121                                      | -10         | 91.7 |
|                        | Total             | 650                                      | -62         | 91.3 |
| Total sales            | 3,116             | -234                                     | 93.0        |      |
| Non-operating revenues | 33                | -0                                       | 97.1        |      |
| Total revenues         | 3,149             | -235                                     | 93.0        |      |

| Expenses                                     |                   | Change from same period of previous year |             |      |
|--|-------------------|--|-------------|------|
|  |                   | Increase/decrease                        | Percent (%) |      |
| Cost of sales                                | 821               | -122                                     | 87.0        |      |
| Selling, general and administrative expenses | 1,522             | -15                                      | 99.0        |      |
| Total  | 2,344             | -137                                     | 94.4        |      |
| Other expenses                               | Installation work | 144                                      | -18         | 88.8 |
|  | Gas equipment     | 358                                      | -29         | 92.3 |
|  | Other expenses    | 79                                       | -16         | 82.9 |
|  | Total             | 582                                      | -64         | 90.0 |
| Operating expenses                           | 2,927             | -202                                     | 93.5        |      |
| Operating profit                             | 189               | -32                                      | 85.3        |      |
| Non-operating expenses                       | 82                | 0  | 100.5       |      |
| Total expenses                               | 3,010             | -201                                     | 93.7        |      |

|                 |     |     |      |
|-----------------|-----|-----|------|
| Ordinary profit | 139 | -34 | 80.4 |
| Net income      | 85  | -23 | 78.7 |

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

### [Reference]

- Cost of raw materials included in cost of sales: 74,300 million yen (decreased 8,800 million yen or 10.6%, from the same period of the previous year)
- Exchange rate and cost of crude oil

|                                   | Six months ended<br>September 30, 2002<br>(*02/4 - '02/9)<br>A | Six months ended<br>September 30, 2001<br>(*01/4 - '01/9)<br>B | A - B |
|-----------------------------------|--|--|-------|
| Exchange rate (yen/dollar) *1     | 123.1  | 122.2  | +0.8  |
| Cost of crude oil (dollar/bbl) *2 | 25.6   | 26.5   | -0.9  |

\*1: TTM rate

\*2: All Japan CIF price

### (3) Projected Annual Results

Annual gas sales volume for the year ending March 31, 2003 is projected to grow by 1.1% from the previous year to 7,390 million m<sup>3</sup> while sales revenue is expected to decrease 3.6% to 723,800 million yen from the previous year, mainly due to the effect of the lowering of the gas charges. Operating profit is projected to decrease 31.3% to 56,100 million yen from the previous year. It is expected that ordinary profit will decline 23.2% to 54,000 million yen and net income will decline 12.5% to 33,000 million yen from the previous year.

|                  | Projected annual results     | Change from prior year |
|------------------|------------------------------|------------------------|
| Gas sales        | 7,390 million m <sup>3</sup> | +1.1%                  |
| Sales            | 723,800 million yen          | -3.6%                  |
| Operating profit | 56,100 million yen           | -31.3%                 |
| Ordinary profit  | 54,000 million yen           | -23.2%                 |
| Net income       | 33,000 million yen           | -12.5%                 |

[Forecasted crude oil cost during the six months ending March 31, 2003: \$28 per bbl, forecasted exchange rate: 123 yen to \$1]

|                               |                    |
|-------------------------------|--------------------|
| Return on Equity (ROE)        | 7.9%               |
| Return on Assets (ROA)        | 3.2%               |
| Shareholder Value Added (SVA) | 11,800 million yen |
| Free Cash Flow (*1)           | 21,500 million yen |

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

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

(in 100 million yen)

|                              | Year ending March 31,<br>2003 (projection) | Year ended March 31,<br>2002 (actual results) | Description of expenditures planned<br>for year ending March 31, 2003        |
|------------------------------|--|---|--|
| Production facilities        | 67   | 80  | Construction of LNG tank at Himeji Works, etc.                               |
| Supply facilities            | 456  | 401   | Construction of transport lines, main and sub service lines, etc.            |
| Operational facilities, etc. | 82   | 168   | Construction of regional business headquarters, development facilities, etc. |
| Total                        | 604  | 650   |  |

## 2. Non-consolidated Interim Financial Statements

### (1) Interim Balance Sheet

(in million yen)

| Account  | As of<br>September 30,<br>2002 | As of March 31,<br>2002 | Change from prior year |                   | As of<br>September 30,<br>2001 |
|--|--------------------------------|-------------------------|------------------------|-------------------|--------------------------------|
|  |                                |                         | Amount                 | Percentage<br>(%) |                                |
| <b>(Assets)</b>                                |                                |                         |                        |                   |                                |
| <b>Fixed Assets</b>                            | 860,353                        | 879,951                 | -19,598                | 97.8              | 900,541                        |
| Tangible fixed assets                          | 631,109                        | 651,172                 | -20,063                | 96.9              | 662,115                        |
| Production facilities                          | 118,185                        | 123,245                 | -5,059                 | 95.9              | 129,775                        |
| Supply facilities                              | 353,016                        | 365,467                 | -12,451                | 96.6              | 371,325                        |
| Operational facilities                         | 94,214                         | 97,057                  | -2,843                 | 97.1              | 97,066                         |
| Supplementary business facilities              | 2,937                          | 773                     | 2,163                  | 379.8             | 828                            |
| Idle facilities                                | 1,532                          | 1,532                   | -                      | 100.0             | 1,532                          |
| Construction in progress                       | 61,224                         | 63,097                  | -1,873                 | 97.0              | 61,587                         |
| Intangible fixed assets                        | 5,327                          | 6,296                   | -969                   | 84.6              | 6,183                          |
| Patents  | 0                              | 0                       | 0                      | 78.2              | 7                              |
| Leaseholds                                     | 2,860                          | 2,853                   | 6                      | 100.2             | 2,591                          |
| Other intangible fixed assets                  | 2,466                          | 3,442                   | -976                   | 71.6              | 3,585                          |
| Investments                                    | 223,916                        | 222,481                 | 1,434                  | 100.6             | 232,242                        |
| Investments in securities                      | 66,156                         | 62,813                  | 3,343                  | 105.3             | 85,411                         |
| Investments in affiliates                      | 74,740                         | 83,002                  | -8,261                 | 90.0              | 79,760                         |
| Long-term internal loans receivable            | -                              | -                       | -                      | -                 | 239                            |
| Long-term loans receivable from affiliates     | 35,397                         | 34,741                  | 656                    | 101.9             | 34,741                         |
| Investment in capital                          | 104                            | 104                     | -                      | 100.0             | 111                            |
| Long-term prepaid expenses                     | 4,026                          | 4,032                   | -5                     | 99.9              | 6,638                          |
| Deferred tax assets                            | 33,430                         | 30,847                  | 2,583                  | 108.4             | 18,174                         |
| Other investments                              | 10,971                         | 7,693                   | 3,277                  | 142.6             | 7,966                          |
| Allowance for bad debts                        | (911)                          | (752)                   | -158                   | 121.1             | (802)                          |
| <b>Current Assets</b>                          | 105,462                        | 124,423                 | -18,961                | 84.8              | 122,558                        |
| Cash and deposits                              | 6,943                          | 3,869                   | 3,073                  | 179.4             | 6,566                          |
| Notes receivable                               | 481                            | 1,017                   | -535                   | 47.4              | 1,189                          |
| Trade accounts receivable                      | 47,202                         | 60,428                  | -13,226                | 78.1              | 48,298                         |
| Trade accounts receivable from affiliates      | 3,840                          | 4,637                   | -796                   | 82.8              | 3,985                          |
| Other accounts receivable                      | 9,604                          | 12,732                  | -3,128                 | 75.4              | 8,105                          |
| Securities                                     | -                              | -                       | -                      | -                 | 101                            |
| Products                                       | 77                             | 87                      | -9                     | 89.0              | 90                             |
| Raw materials                                  | 13,875                         | 12,799                  | 1,075                  | 108.4             | 15,651                         |
| Stores   | 9,746                          | 8,810                   | 936                    | 110.6             | 12,009                         |
| Short-term accounts receivable from affiliates | 1,293                          | 6,582                   | -5,288                 | 19.7              | 9,667                          |
| Deferred tax assets                            | 6,497                          | 9,392                   | -2,895                 | 69.2              | 6,891                          |
| Other current assets                           | 6,453                          | 4,639                   | 1,813                  | 139.1             | 10,658                         |
| Allowance for bad debts                        | (553)                          | (573)                   | 19                     | 96.7              | (656)                          |
| <b>Deferred Assets</b>                         | 5                              | 3                       | 1                      | 134.1             | 4                              |
| Premium on bonds                               | 5                              | 3                       | 1                      | 134.1             | 4                              |
| <b>Total assets</b>                            | <b>965,820</b>                 | <b>1,004,378</b>        | <b>-38,557</b>         | <b>96.2</b>       | <b>1,023,104</b>               |

(in million yen)

| Account   | As of<br>September 30,<br>2002 | As of March<br>31, 2002 | Change from prior year |                   | As of<br>September 30,<br>2001 |
|---|--------------------------------|-------------------------|------------------------|-------------------|--------------------------------|
|   |                                |                         | Amount                 | Percentage<br>(%) |                                |
| <b>(Liabilities)</b>  |                                |                         |                        |                   |                                |
| <b>Fixed Liabilities</b>  | 435,532                        | 426,224                 | 9,307                  | 102.2             | 489,134                        |
| Corporate bonds   | 219,660                        | 199,660                 | 20,000                 | 110.0             | 249,508                        |
| Long-term loans payable   | 125,699                        | 128,466                 | -2,766                 | 97.8              | 139,624                        |
| Reserve for retirement benefits   | 85,616                         | 93,716                  | -8,100                 | 91.4              | 94,982                         |
| Reserve for gasholder repair  | 1,657                          | 1,602                   | 55                     | 103.4             | 2,064                          |
| Other fixed liabilities   | 2,898                          | 2,779                   | 119                    | 104.3             | 2,954                          |
| <b>Current Liabilities</b>  | 120,370                        | 172,231                 | -51,861                | 69.9              | 116,294                        |
| Current portion of fixed liabilities  | 18,410                         | 18,354                  | 55                     | 100.3             | 15,591                         |
| Trade accounts payable  | 12,786                         | 10,520                  | 2,265                  | 121.5             | 9,834                          |
| Other accounts payable  | 11,947                         | 25,296                  | -13,349                | 47.2              | 12,447                         |
| Accrued expenses  | 32,559                         | 48,916                  | -16,356                | 66.6              | 35,766                         |
| Corporate taxes payable   | 10,524                         | 28,308                  | -17,783                | 37.2              | 9,025                          |
| Advances received   | 9,738                          | 9,169                   | 568                    | 106.2             | 12,716                         |
| Deposits received   | 1,015                          | 1,339                   | -324                   | 75.8              | 1,120                          |
| Short-term accounts payable to affiliates                                       | 6,327                          | 13,303                  | -6,976                 | 47.6              | 6,164                          |
| Commercial paper  | 15,000                         | 15,000                  | -                      | 100.0             | -                              |
| Other current liabilities   | 2,060                          | 2,021                   | 38                     | 101.9             | 13,626                         |
| <b>Total liabilities</b>  | <b>555,902</b>                 | <b>598,456</b>          | <b>-42,554</b>         | <b>92.9</b>       | <b>605,428</b>                 |
| <b>(Shareholders' Equity)</b>   |                                |                         |                        |                   |                                |
| <b>Capital Stocks</b>   | 132,166                        | 132,166                 | 0                      | 100.0             | 132,166                        |
| <b>Capital Reserves</b>   | 19,482                         | 19,482                  | 0                      | 100.0             | 19,482                         |
| Capital reserve   | 19,482                         | 19,482                  | 0                      | 100.0             | 19,482                         |
| <b>Retained Earnings</b>  | 246,865                        | 245,454                 | 1,410                  | 100.6             | 244,458                        |
| Profit reserve  | 33,041                         | 33,041                  | -                      | 100.0             | 33,041                         |
| Reserve for reduction of costs relating to replacement of specific assets, etc. | 224                            | 224                     | -                      | 100.0             | 224                            |
| Reserve for write-off of specific gas piping works                              | 2,289                          | 2,587                   | -297                   | 88.5              | 2,587                          |
| Reserve for loss on overseas investments, etc.                                  | 6,227                          | 6,235                   | -8                     | 99.9              | 6,235                          |
| Reserve for adjustment for cost fluctuation                                     | 89,000                         | 89,000                  | -                      | 100.0             | 89,000                         |
| Reserve for other specific purposes   | 62,000                         | 62,000                  | -                      | 100.0             | 62,000                         |
| Unappropriated retained earnings  | 54,081                         | 52,365                  | 1,716                  | 103.3             | 51,369                         |
| Net income  | 8,577                          | 37,693                  | -29,116                | 22.8              | 10,896                         |
| <b>Difference between Market Price and Acquisition Cost</b>                     | 11,673                         | 8,828                   | 2,845                  | 132.2             | 21,568                         |
| Difference between market price and acquisition cost of other securities        | 11,673                         | 8,828                   | 2,845                  | 132.2             | 21,568                         |
| <b>Treasury stocks</b>  | (269)                          | (10)                    | -259                   | 2,689.7           | -                              |
| Treasury stocks   | (269)                          | (10)                    | -259                   | 2,689.7           | -                              |
| <b>Total capital</b>  | <b>409,918</b>                 | <b>405,922</b>          | <b>3,996</b>           | <b>101.0</b>      | <b>417,675</b>                 |
| <b>Total liabilities and shareholders' equity</b>                               | <b>965,820</b>                 | <b>1,004,378</b>        | <b>-38,557</b>         | <b>96.2</b>       | <b>1,023,104</b>               |

(Note) Some items under the Shareholders' Equity category as of March 31, 2002 and as of September 30 2001, were restated to conform with the new classification in accordance with the revised Accounting Rules for Gas Business Operators.

## (2) Interim Profit and Loss Statement

(in million yen)

| Account   |  | Six months ended<br>September 30, 2002<br>( '02/4 - '02/9) | Six months ended<br>September 30, 2001<br>( '01/4 - '01/9) | Change from same period of<br>previous year |                | Year ended<br>March 31, 2002<br>( '01/4 - '02/3) |         |
|---|--|--|--|---|----------------|--|---------|
|   |  |  |  | Amount                                      | Percentage (%) |  |         |
| Ordinary<br>Profit and Loss   | Operating<br>Profit and Loss   | Product sales  | 246,551  | 263,837                                     | -17,286        | 93.4   | 594,579 |
|   |  | Gas sales  | 246,551  | 263,713                                     | -17,162        | 93.5   | 594,338 |
|   |  | By-product sales   | -  | 123   | -123           | 0.0  | 240     |
|   |  | Cost of sales  | 82,182   | 94,427                                      | -12,245        | 87.0   | 201,974 |
|   |  | Gross Profit on Sales                                      | 164,368  | 169,409                                     | -5,041         | 97.0   | 392,604 |
|   |  | Selling expenses   | 119,703  | 121,616                                     | -1,913         | 98.4   | 253,287 |
|   |  | General and administrative expenses                        | 32,557   | 32,176                                      | 380            | 101.2  | 69,276  |
|   |  | Core Business Profit                                       | 12,107   | 15,616                                      | -3,508         | 77.5   | 70,040  |
|   |  | Miscellaneous operational revenues                         | 53,094   | 58,231                                      | -5,136         | 91.2   | 131,553 |
|   |  | Revenues from installation work                            | 15,123   | 17,494                                      | -2,371         | 86.4   | 39,353  |
|   | Revenues from gas equipment sales                                    | 37,829   | 40,575   | -2,746                                      | 93.2           | 91,879   |         |
|   | Other miscellaneous operational revenues                             | 141  | 161  | -19   | 87.8           | 321  |         |
|   | Miscellaneous operational expenses                                   | 50,331   | 55,142   | -4,810                                      | 91.3           | 126,925  |         |
|   | Cost of installation work  | 14,472   | 16,293   | -1,820                                      | 88.8           | 36,781   |         |
|   | Cost of gas equipment sales  | 35,858   | 38,848   | -2,989                                      | 92.3           | 90,144   |         |
|   | Revenues from supplementary businesses                               | 12,004   | 13,077   | -1,073                                      | 91.8           | 24,909   |         |
|   | Cost of supplementary businesses                                     | 7,949  | 9,587  | -1,637                                      | 82.9           | 17,873   |         |
|   | Operating Profit   | 18,925   | 22,195   | -3,270                                      | 85.3           | 81,705   |         |
|   | Non-Operating<br>Profit and Loss                                     | Non-operating revenues                                     | 3,345  | 3,445                                       | -99            | 97.1   | 7,486   |
|   |  | Interest income  | 218  | 201   | 16             | 108.3  | 423     |
| Interest income on securities   |  | 55   | 62   | -6  | 89.0           | 121  |         |
| Dividend income   |  | 317  | 853  | -535  | 37.2           | 523  |         |
| Dividend income from affiliates   |  | 441  | -  | 441   | -              | 1,009  |         |
| Lease income  |  | 841  | 806  | 34  | 104.3          | 1,638  |         |
| Miscellaneous revenues  |  | 1,471  | 1,521  | -49   | 96.8           | 3,769  |         |
| Non-operating expenses  |  | 8,293  | 8,251  | 41  | 100.5          | 18,863   |         |
| Interest expense  |  | 777  | 1,035  | -258  | 75.1           | 2,039  |         |
| Interest expense on corporate bonds   |  | 1,332  | 1,655  | -322  | 80.5           | 3,215  |         |
| Amortization of bond premiums   | 0  | 0  | 0  | 111.6                                       | 1              |  |         |
| Amortization of bond expenses   | 85   | -  | 85   | -   | -              |  |         |
| Loss from redemption of bonds   | -  | -  | -  | -   | 3,315          |  |         |
| Loss from valuation of investment in securities   | -  | 4,048  | -4,048   | 0.0   | 6,649          |  |         |
| Loss from valuation of investment in affiliates   | 4,361  | -  | 4,361  | -   | -              |  |         |
| Miscellaneous expenses  | 1,735  | 1,512  | 222  | 114.7                                       | 3,641          |  |         |
| Ordinary Profit   | 13,977   | 17,389   | -3,411   | 80.4  | 70,327         |  |         |
| Extraordinary<br>Profit and Loss  | Extraordinary profit   | 229  | 445  | -215  | 51.6           | 610  |         |
|   | Gains from sales of fixed assets                                     | 229  | 445  | -215  | 51.6           | 610  |         |
|   | Extraordinary loss   | 632  | 443  | 188   | 142.5          | 11,325   |         |
|   | Loss from sales of fixed assets                                      | 448  | -  | 448   | -              | 343  |         |
|   | Loss from reduction of fixed assets' cost                            | 183  | 443  | -260  | 41.4           | 600  |         |
|   | Loss from cancellation of Tsuruga Business Base Construction Project | -  | -  | -   | -              | 10,381   |         |
| Net income before tax   | 13,575   | 17,390   | -3,815   | 78.1  | 59,612         |  |         |
| Corporate taxes   | 6,300  | 5,100  | 1,200  | 123.5                                       | 28,470         |  |         |
| Adjustment for difference of tax allocation between financial accounting and tax accounting | (1,301)  | 1,394  | -2,696   | -93.4                                       | (6,551)        |  |         |
| Net income  | 8,577  | 10,896   | -2,319   | 78.7  | 37,693         |  |         |
| Profit brought forward from prior period  | 45,504   | 40,472   | 5,031  | 112.4                                       | 40,472         |  |         |
| Write-off of treasury stocks  | -  | -  | -  | -   | 18,512         |  |         |
| Interim dividends   | -  | -  | -  | -   | 7,288          |  |         |
| Unappropriated retained earnings  | 54,081   | 51,369   | 2,712  | 105.3                                       | 52,365         |  |         |

(Note) Regarding the values in Sales shown in 1. Operational Results of Six Months Ended September 30, 2002 in Highlight of Non-consolidated Interim 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 six-month period

(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 six-month period 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.

### 2. Additional Information

(1) Starting from this six-month period, the Company adopted “Accounting Standards for Treasury Stocks, Withdrawal of Legal Reserves, etc.” (Corporate Accounting Standards No. 1). This adoption had no effect on profit or loss for the six months ending September 30, 2002.

As the Accounting Rules for Gas Business Operators were revised, items under the Shareholders’ Equity category on the interim balance sheet for the six months ended September 30, 2002 were reclassified and presented in accordance with the revised Accounting Rules for Gas Business Operators.

(2) 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: ¥1,453,438 million

(¥1,405,502 million at the end of the same period of the prior year)

4. Guarantee of Liabilities: ¥15,534 million (including those assumed by the Company: ¥11,605 million)

(¥26,100 million at the end of the same period of the prior year (including those assumed by the Company: ¥21,294 million))

Contingent liabilities in connection with corporate bonds and loan contracts:

¥123,534 million

(¥81,746 million at the end of the same period of the prior year)

5. Significant Events after Closing of Six-month Period Ended on September 30, 2002

In the past, the Company provided placement services for employees to assist them in starting a second independent career. Now we offer an employee early retirement program with premium retirement benefits for a limited period.

Application period

November 1, 2002 to December 10, 2002

(Retirement date: March 31, 2003)

Eligible employees

Employees who joined the Company on or before April 1, 1993 and will be younger than 60 years old on the retirement date

Number of applicants and financial effect

Because the application period is not closed yet, it is difficult to estimate the financial effect.

### 3. Securities

#### Information on stocks of subsidiaries and affiliates having market price

(1) As of September 30, 2002

|                     | Value reported on interim balance sheet | Market price      | Difference        |
|---------------------|---|-------------------|-------------------|
| Subsidiaries' stock | 1,241 million yen                       | 3,225 million yen | 1,983 million yen |

(2) As of March 31, 2002

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

(3) As of September 30, 2001

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