

5 Other Segment

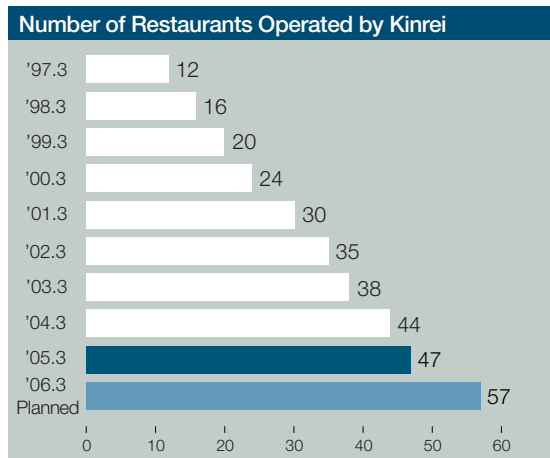
Each independent business segment adds to the overall capabilities of the Osaka Gas Group through synergies and mutually beneficial relationships.

Restaurant and Food-Related Business Operations: Kinrei Co., Ltd.

Consolidated subsidiary Kinrei Co., Ltd., operates restaurant chains, mainly the Kagono-ya chain of Japanese-style restaurants. Kinrei also produces and sells frozen foods, such as frozen noodles, using refrigeration know-how derived from cryogenic technology employed in Osaka Gas's LNG operations. There are a total of 47 Kagono-ya restaurants in the Kansai region as of March 31, 2005. Kinrei Co., Ltd., is a consolidated subsidiary of Osaka Gas.

In fiscal 2005, Kinrei revenues and profits increased both in restaurant operations due to the increased number of restaurants and in the frozen food field thanks to the increased sales of frozen prepared noodle products. Kinrei plans to increase the pace of restaurant openings with a particular concentration of management resources in Kagono-ya restaurant operations.

Plans call for the opening of 10 restaurants in fiscal 2006 to build a more robust foundation in the Kansai area while making advances into the Kanto region. In the food sector, Kinrei aims to increase sales by strengthening the line-up through new product introductions, improved brand authority, and diversification of sales channels.



Kagono-ya < Kinrei Co., Ltd.>

Information-Related Service Operations: OGIS Research Institute Group

The OGIS Research Institute Group comprises four consolidated subsidiaries: OGIS Research Institute Co., Ltd., OGIS International, Inc., Ube Information Systems, Inc., and System Answer Co., Ltd. OGIS International was added to the scope of consolidation in fiscal 2005.

Established as offspring of the Information System Department of Osaka Gas, OGIS Research Institute provides a wide spectrum of information-related services, including system installation, consulting, development, administration, and maintenance. The company's object-oriented programming technology, which is essential to the efficient development of advanced systems, is among the most advanced in Japan.

In fiscal 2005, revenues of the OGIS Research Institute Group declined slightly despite efforts to expand orders for system development from customers outside the Group, as a result of reviewing product line-ups from the viewpoint of profit margins. In October 2004, the Group transferred shares of Canyon Blue, Inc., which develops computer software design tools in the U.S.A.

OGIS Research Institute plans to further promote its system development services to customers outside the Group, mainly in areas of core competence; object-oriented programming, and UML. In addition, OGIS Research Institute will accelerate the formation of a more solid group foundation by considering conclusion of strategic alliance including merger and acquisition activities and by utilizing its strength.



Carbon Materials and Chemical Products: Osaka Gas Chemicals Group

The Osaka Gas Chemicals Group comprises four consolidated subsidiaries: Osaka Gas Chemicals Co., Ltd., Taiyo Kasei, Ltd., Donnac Co., Ltd., and Shanghai Dongdao Carbon Chemical Industry. The group draws on the accumulated carbon-related technology of the Osaka Gas Group to promote sales of various industrial products. In the chemical product field, the Group provides a variety of products derived from coal tar and crude benzene, which are primary ingredients in the chemical industry. In the carbon material field, the Group manufactures and sells electrode materials for lithium-ion batteries used in cellular phones, activated carbon fiber cartridges for household water, and air purifiers, as well as activated carbon itself, and lightweight heat-resistant materials for aircraft and trains. In the fine material field, the Group produces and sells high-performance materials for optical equipment.

In fiscal 2005, sales increased in the Osaka Gas Chemicals Group on account of the rocketing market price of coke and benzene and expansion of the fine material business.

In April 2005, the Group acquired shares of its subsidiaries and affiliate companies, including Japan EnviroChemicals, Ltd., one of the leading manufacturers dealing in the activated carbon business and the preservative business including wood protective coating materials. In the same month, it also merged Osaka Gas Chemicals, Taiyo Kasei, and Donnac to further enhance the liaison between processes from production to sales. Hereafter, the Group aims at expanding the carbon material business including activated carbon by bringing together the technological ability and know-how owned by Osaka Gas Chemicals and Japan EnviroChemicals and focuses on the growing businesses including electrode materials and fine materials to extend the scale of the operation.



Shuri Castle in Okinawa Prefecture using high-performance wood protective coating from Japan EnviroChemicals



A plant of Full Fine Co., Ltd located in Okayama Prefecture began operations in August 2003

Other Operations: OG Capital Group

The OG Capital Group consists of 18 consolidated subsidiaries that engage in a wide array of activities related to engineering, housing, security, sports, services for the elderly, and other services. Five companies including Homepro Co. Ltd. and OUD Co., Ltd., were added to the scope of consolidation in fiscal 2005. Osaka Gas Security Service Co., Ltd., provides security-related services such as the Internet home security system Iruku. OG Sports Co., Ltd., manages sports facilities including the COSPA fitness centers. Homepro Co., Ltd., mediates home renovation via the Internet and OUD Co., Ltd., runs a deluxe sento (public baths).

In fiscal 2005, the amount of sales increased due to the increase in sales housing equipment and devices (Osaka Gas Housing Equipment Co., Ltd.), growth in the fitness business, and expansion of the automobile leasing business (OG Autoservice Co., Ltd.).

While advancing selection and concentration of various group operations, the OG Capital Group aims to expand earnings by investing management resources in businesses with growth potential, such as athletic and security businesses.



COSPA Goido fitness facility in Kashiba City, Nara Prefecture, directly operated by OG Sports



Health Spa Banpaku Oyuba <OUD Co., Ltd.>