



For First Quarter of Fiscal 2008
Brief Report of Consolidated Financial Statements

July 29, 2008

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

Representative Officer: Title: President

Name: Hiroshi Ozaki

Contact: Title: Manager of Consolidation Management Team, Accounting & Finance Dept.

Name: Kotaro Fukushima

Scheduled Date of Financial Report Filing with the Finance Ministry: August 14, 2008

1. Consolidated Financial Results for the First Quarter of Fiscal 2008 (April 1, 2008 – June 30, 2008)

(1) Consolidated Operational Results (Percentages (%) represent changes from the same period of the previous year)

(Amounts less than one million yen are rounded down to the nearest million)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2008	313,176	-	15,740	-	17,413	-	9,949	-
Three months ended June 30, 2007	286,532	2.9	34,682	-17.9	38,904	-10.9	23,841	-12.1

	Earnings per share		Diluted earnings per share	
	yen		yen	
Three months ended June 30, 2008	4.61		-	
Three months ended June 30, 2007	10.72		-	

(2) Consolidated Financial Position

	Total assets	Net worth	Net worth/Total assets	Net worth per share
	(million yen)	(million yen)	%	Yen
As of June 30, 2008	1,508,101	683,489	43.9	307.13
As of March 31, 2008	1,467,934	666,657	44.2	300.76

<Reference> Net worth As of June 30, 2008: 662,260 million yen As of March 31, 2008: 648,592 million yen

2. Dividends

(Record date)	Dividends per share				
	June 30	September 30	December 31	March 31	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2008	-	3.50	-	3.50	7.00
Year ending March 31, 2009	-	-	-	-	-
Year ending March 31, 2009 (Forecast)	-	3.50	-	3.50	7.00

(Note) Modification to dividend forecast: No modification

3. Forecast of Consolidated Results for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

(Percentages (%) represent forecasted changes from the previous year for the full year results, and forecasted changes from the same period of the previous year for the interim results.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	617,500	13.6	0	-100.0	1,500	-96.4	0	-100.0	0.00
Full year	1,422,000	14.8	22,000	-70.9	24,500	-67.7	11,000	-72.7	5.10

(Note) Modification to consolidated operational results forecast: Modified

4. Other information

(1) Significant changes in subsidiaries during the year (changes in certain subsidiaries resulting in change in consolidation scope): None

(2) Adoption of simplified accounting methods and special accounting treatments for quarterly consolidated financial statements: Adopted

[(Note) For details, refer to “4. Others” in [Descriptive Information and Financial Statements] on Page 5]

(3) Changes in accounting principles/procedures for, and presentation in, quarterly consolidated financial statements (Matters to be reported as significant changes in basic information for quarterly consolidated financial statements preparation)

① Changes in response to revisions in accounting standards etc.: Adopted

② Changes other than those defined in ① above: Adopted

[(Note) For details, refer to “4. Others” in [Descriptive Information and Financial Statements] on Page 5]

(4) Issued shares (common shares)

① Issued shares as of term end (including repurchased shares)

As of June 30, 2008 2,158,383,539 shares

As of March 31, 2008 2,158,383,539 shares

② Repurchased shares as of term end

As of June 30, 2008 2,071,026 shares

As of March 31, 2008 1,864,399 shares

③ Average number of outstanding shares during term

Three months ended June 30, 2008 2,156,426,368 shares

Three months ended June 30, 2007 2,224,650,354 shares

* Notes on proper use of forecasts and other matters

1. Statements in this document relating to future matters including operational forecasts are based on information currently available to the Company and certain assumptions that the Company believes are reasonable. Actual results may differ from these forecasts, affected by various factors.
2. As for notes regarding assumptions used for operational forecasts and regarding the use of forecasts, refer to 3. Descriptive information on forecasts of consolidated results in [Descriptive Information and Financial Statements] in Page 5.
3. From the current fiscal year, Osaka Gas adopts the “Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standards No. 12) and the “Guides for Adopting the Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standards Adoption Guide No. 14). Osaka Gas also follows the “Rules for Quarterly Consolidated Financial Statements” to prepare its quarterly consolidated financial statements.

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(Reference) Forecast for non-consolidated operational results

Forecast for Non-Consolidated Results for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

(Percentages (%) represent forecasted changes from the previous year for the full year results, and forecasted changes from the same period of the previous year for the interim results.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	436,500	12.9	-9,500	-	-8,000	-	-4,500	-	-2.09
Full year	1,028,000	17.1	-2,500	-	1,000	-98.0	500	-98.5	0.23

(Note) Modification to non-consolidated financial results forecast: Modified

[Descriptive Information and Financial Statements]

1. Descriptive Information on Consolidated Operating Results

Consolidated operating revenue for the first quarter of fiscal 2008 (three months ended June 30, 2008) increased by 26.6 billion yen to 313.1 billion yen from the same period of the previous year, primary due to the higher gas charge rates adjusted by Osaka Gas Co., Ltd. under the fuel cost adjustment system and increased operating revenues at consolidated subsidiaries. Consolidated operating profit decreased by 18.9 billion yen to 15.7 billion yen, mainly due to the decrease in operating profit at Osaka Gas, affected by increased material costs. Ordinary profit decreased by 21.4 billion yen to 17.4 billion yen. Net income after taxes for the first quarter of fiscal 2008 decreased by 13.8 billion yen to 9.9 billion yen.

Non-consolidated operating results of Osaka Gas Co., Ltd. are presented in (Reference Date) (4) Overview of non-consolidated financial results for Q1 2007 (April 1, 2008 to June 30, 2008)

2. Descriptive Information on Consolidated Financial Position

Total assets as of June 30, 2008 amounted to 1,508.1 billion yen, an increase of 40.1 billion yen from March 31, 2008. This increase was mainly due to the increase of inventories by 37.2 billion yen, resulting from the appreciation of crude oil prices and seasonal factors.

Net worth amounted to 683.4 billion yen and the ratio of net worth to total assets was 43.9%.

[Consolidated cash flow]

Cash and cash equivalents as of June 30, 2008 increased by 2.2 billion yen to 41.4 billion yen from March 31, 2008. Major movements are as follows:

(Cash flow from operating activities)

Net cash used for operating activities was -18.3 billion yen, due to increased inventories and other factors, although the Company recorded net income, before tax and other adjustments, of 17.4 billion yen during the current quarter.

(Cash flow from investment activities)

Net cash used for investment activities amounted to 19.8 billion yen, mainly due to expenditure of 23.5 billion yen for gas piping and other gas supply facilities, and acquisition of other fixed assets.

(Cash flow from financial activities)

Funds were procured by issuance of bonds totaling 30 billion yen and commercial papers. Net cash provided from financial activities was 41.1 billion yen after deducting dividends and other payments.

3. Descriptive Information on Forecast of Consolidated Operating Results

Crude oil prices, which impact the price of liquefied natural gas, the raw material of city gas, have increased significantly. Accordingly, in estimating the operating results of the Osaka Gas Group for the remaining period from July, the assumption for the crude oil price was modified from 90 dollars/barrel to 125 dollars/ barrel. Reflecting this modification, original forecasts for operating results for the interim period and the full year of fiscal 2008, which were announced on April 28, 2008, were modified.

4. Other information

(1) Significant changes in subsidiaries during the year (changes in certain subsidiaries resulting in change in consolidation scope)

Not applicable

(2) Adoption of simplified accounting methods and special accounting treatments for quarterly consolidated financial statements

1. Valuation of inventories

At the end of the first quarter, physical inventory was not taken. Inventory values were calculated using a reasonable method based on the actual balance of inventories at the end of the previous year.

Book values of certain inventories were reduced to net sellable values only if their profitability was clearly diminished.

2. Tax expenses

For certain consolidated subsidiaries, expected effective tax rates on their pretax net income (after tax effect accounting) for the tax year containing the current first quarter were estimated on the basis of reasonable assumptions. Tax expenses for the first quarter were then calculated by multiplying the respective subsidiary's pretax net income for the quarter by the estimated effective tax rates.

Amount of tax adjustment and other adjustments was included in "corporate and other taxes."

(3) Change in accounting principles, procedures and presentation for quarterly consolidated financial statements

1. As of the current fiscal year, Osaka Gas is adopting "Accounting Standards for Quarterly Financial Statements" (Corporate Accounting Standards No. 12) and "Guides for Adopting the Accounting Standards for Quarterly Financial Statements" (Corporate Accounting Standards Adoption Guide No. 14). Osaka Gas also follows "Rules for Quarterly Consolidated Financial Statements" in preparing its quarterly consolidated financial statements.

2. Change in basis and method of evaluating significant assets (inventories)

In and before fiscal 2007, inventories held for the purpose of ordinary sales were valued mainly at cost on a moving average basis. From the current first quarter, inventories are valued mainly at cost

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on a moving average basis (book values reported on the balance sheet should be reduced to sellable values if their profitability diminishes) in accordance with the Accounting Standards for Inventory Valuation (Corporate Accounting Standards No. 9, issued on July 5, 2006). This adoption had no effect on profit or loss for the three months ended June 30, 2008.

3. Adoption of “Temporary Treatment of Accounting of Overseas Subsidiaries in Consolidated Financial Statements”

As of the first quarter of fiscal 2008, the Company is adopting the “Temporary Treatment of Accounting of Overseas Subsidiaries in Consolidated Financial Statements” (Practical Application Report No. 18 issued on May 17, 2006). According to this rule, the Company made necessary adjustments to its quarterly consolidated financial statements. This adoption had no effect on profit or loss for the three months ended June 30, 2008.

4. Adoption of “Accounting Standards for Lease Transactions”

In and before fiscal 2007, finance lease transactions, other than those for which ownership is deemed transferred to the lessee, had been accounted for by the accounting method used for ordinary lease transactions. As of the first quarter of fiscal 2008, which commences on and after April 1, 2008, in preparing their quarterly financial statements companies may adopt “Accounting Standards for Lease Transactions” (Corporate Accounting Standards No. 13, issued by the First Section of the Corporate Accounting Committee on June 17, 1993, as revised on March 30, 2007) and “Guide for Adopting the Accounting Standards for Lease Transactions” (Corporate Accounting Standards Adoption Guide No. 16, issued on January 18, 1994 by the Accounting System Committee of the Japanese Institute of Certified Public Accountants, as revised on March 30, 2007). Accordingly, Osaka Gas is adopting these standards and guides from the current first quarter, and is accounting for these lease transactions by the accounting method used for ordinary sales transactions. This adoption had minor effect on profit or loss for the three months ended June 30, 2008.

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5. Quarterly Consolidated Financial Statements

(1) Consolidated Quarterly Balance Sheet

(Unit: million yen)

	As of June 30, 2008	As of March 31, 2008
(Assets)		
Fixed Assets		
Tangible fixed assets		
Production facilities	98,123	99,196
Distribution facilities	333,209	338,232
Administrative facilities	64,713	64,196
Other facilities	232,042	242,027
Idle facilities		1,532
Construction in progress	77,261	72,320
Total tangible fixed assets	805,349	817,506
Intangible fixed assets	40,683	44,974
Investments and other assets		
Investment in securities	180,161	144,765
Others	97,100	130,556
Total investments and other assets	277,261	275,321
Total fixed assets	1,123,294	1,137,802
Current Assets		
Cash and deposits	40,557	41,457
Notes and trade accounts receivable (net)	119,289	144,916
Inventories	102,577	65,334
Others	122,381	78,423
Total current assets	384,806	330,131
Assets total	1,508,101	1,467,934
(Liabilities)		
Fixed Liabilities		
Bonds	222,025	193,164
Long-term loans payable	220,614	219,806
Reserves	16,397	14,290
Others	39,136	34,538
Fixed liabilities total	498,174	461,800
Current Liabilities		
Notes and trade accounts payable	78,494	74,697
Short-term loans payable	38,780	40,263
Corporate taxes payable	10,392	22,166
Others	198,768	202,349
Current liabilities total	326,437	339,476
Liabilities total	824,611	801,276
(Net Worth)		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surpluses	19,482	19,482
Consolidated retained earnings	440,122	439,226
Treasury stocks	-881	-806
Shareholders' equity total	590,889	590,069

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Valuation and translation adjustments		
Difference between market price and acquisition cost of other securities	37,284	31,790
Deferred hedge gains (losses)	27,119	12,628
Land revaluation excess	-103	83
Foreign exchange adjustment	7,070	14,020
Valuation and translation adjustments total	71,371	58,523
Minority interest	21,229	18,065
Net worth total	683,489	666,657
Liabilities and net worth total	1,508,101	1,467,934

(2) Consolidated Quarterly Profit and Loss Statement

(Unit: million yen)

	Three months ended June 30, 2008 (April 1, 2008 to June 30, 2008)	
Operating revenues		313,176
Cost of sales		217,280
Gross profit on Sales		95,896
Selling, general and administrative expenses		80,155
Operating profit		15,740
Non-operating revenues		
Interest income		316
Dividend income		864
Equity in earnings of affiliates		1,810
Miscellaneous revenues		1,905
Non-operating revenues total		4,897
Non-operating expenses		
Interest expenses		2,402
Miscellaneous expenses		821
Non-operating expenses total		3,224
Ordinary profit		17,413
Net income before tax and other adjustments		17,413
Corporate and other taxes		6,668
Minority interest		796
Net income		9,949

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(3) Consolidated Quarterly Statement of Cash Flow

(Unit: million yen)

	Three months ended June 30, 2008 (April 1, 2008 to June 30, 2008)
Cash flow from operating activities	
Net income before tax and other adjustments	17,413
Depreciation expenses	21,232
Equity in earning of affiliates (minus (-) represents loss)	-1,810
(Increase) decrease in trade receivables	29,406
(Increase) decrease in inventories	-36,921
Increase (decrease) accrued expenses	-20,643
Corporate taxes paid	-18,718
Others	-8,271
Net cash used for operating activities	-18,312
Cash flow from investment activities	
Expenses for acquisition of tangible fixed assets	-23,593
Expenses for acquisition of shares of subsidiaries, resulting in consolidation scope change	6,636
Others	-2,871
Net cash used for investment activities	-19,827
Cash flow from financial activities	
Increase (decrease) in commercial paper	19,000
Proceeds from long-term loans payable	5,950
Expenses for repayment of long-term loans payable	-5,569
Proceeds from corporate bond issuance	30,000
Dividends paid	-6,108
Others	-2,111
Net cash provided from financial activities	41,160
Difference from conversion of cash and cash equivalents	-804
Increase(decrease) of cash and cash equivalents	2,216
Cash and cash equivalents at term-beginning	39,244
Cash and cash equivalents at term-end	41,460

As of the current fiscal year, Osaka Gas is adopting “Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standards No. 12) and “Guides for Adopting Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standards Adoption Guide No. 14). Osaka Gas is also following “Rules for Quarterly Consolidated Financial Statements” in preparing its quarterly consolidated financial statements.

(4) Notes regarding assumption of a going concern

Not applicable

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(5) Segment Information

(Segment information by business type)

Three months ended June 30, 2008 (April 1, 2008 to June 30, 2008) (Unit: millions of yen)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real Estate	Others	Total	Elimination of internal transactions and transactions involving all companies	Consolidation
Operating revenues	186,455	65,598	31,184	7,470	37,210	327,919	(14,743)	313,176
Operating profit	8,920	2,294	1,050	2,039	1,122	15,427	313	15,740

(6) Notes regarding significant changes in the value of shareholders' equity

Not applicable

(7) Significant Subsequent Events

The 26th issuance of unsecured corporate bonds was implemented on July 17, 2008, in accordance with the board resolution on March 25, 2008, as follows:

1. Type: Ordinary corporate bonds
2. Total issue value: 30,000 million yen
3. Received value: 30,000 million yen
4. Interest rate: 1.782% per annum
5. Method of redemption: Full redemption on maturity
6. Maturity date: July 17, 2018
7. Issue date: July 17, 2008
8. Security: Unsecured bonds
9. Appropriation of raised funds: Funds for facility investment

(8) Other information

Purchase prices for certain raw materials may be adjusted depending on results of contract renewals and price negotiations with suppliers.

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[Reference Data]

(1) Consolidated Quarterly Profit and Loss Statement for Q1 Fiscal 2007 (Unit: millions of yen)

	Q1 2007 (April 1, 2007 to June 30, 2007)
Operating revenues	286,532
Cost of sales	175,093
Gross profit on Sales	111,439
Selling, general and administrative expenses	76,756
Operating Profit	34,682
Non-operating revenues	
Interest income	287
Dividend income	863
Gain from sales of securities	2,953
Equity in earnings of affiliates	1,431
Miscellaneous revenues	1,622
Non-operating revenues total	7,158
Non-operating expenses	
Interest expenses	2,320
Miscellaneous expenses	615
Non-operating expenses total	2,935
Ordinary profit	38,904
Net income before tax and other adjustments	38,904
Corporate and other taxes	14,520
Minority interest	542
Net income	23,841

(2) Consolidated Quarterly Statement of Cash Flow for Q1 2007 (Unit: millions of yen)

	Q1 2007 (April 1, 2007 to June 30, 2007)
I. Cash Flow from Operating Activities	
Net income before tax and other adjustments	38,904
Depreciation expenses	23,541
Increase/decrease of trade receivables and payables	15,565
(Increase) decrease in inventories	-16,674
Increase (decrease) of accrued expenses	-22,633
Others	-35,362
Net cash flow provided from operating activities	3,340
II. Cash Flow from Investment Activities	
Expenses for acquisition of tangible fixed assets	-24,208
Expenses for acquisition of investment securities and stocks of subsidiaries and affiliates	543
Others	-2,388
Net cash used for investment activities	-26,053
III. Cash Flow from Financial Activities	
Increase (decrease) of bonds, loans and commercial paper	41,791
Dividends paid	-6,087
Others	-305
Net cash provided from financial activities	35,398
IV. Difference from Conversion of Cash and Cash Equivalents	6
V. Increase (Decrease) of Cash and Cash Equivalents	12,692
VI. Cash and Cash Equivalents at Term Beginning	24,476
VII. Increase of Cash and Cash Equivalents Due to Addition/Exclusion of Subsidiaries to/from Consolidation	-52
VIII. Cash and Cash Equivalents at Term End	37,117

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(3) Segment Information for Q1 2007

Three months ended June 30, 2007 [April 1, 2007 - June 30, 2007]

(Unit: millions of yen)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real Estate	Others	Total	Elimination of internal transactions and transactions involving all companies	Consolidation
Operating revenues	172,371	58,314	32,848	6,073	31,410	301,019	(14,486)	286,532
Operating profit	25,554	3,958	1,595	2,014	1,306	34,429	253	34,682

(4) Overview of non-consolidated financial results for the first quarter ended June 30, 2008 (April 1, 2008 to June 30, 2008)

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2008	222,546	-	9,002	-	11,168	-	7,509	-
Three months ended June 30, 2007	208,181	2.1	27,567	-23.4	32,898	-12.3	21,320	-11.4
Year ended March 31, 2008	877,628		42,730		50,190		32,788	

	Total assets	Net worth
	million yen	million yen
As of June 30, 2008	1,171,619	541,982
As of June 30, 2007	1,092,265	562,955
As of March 31, 2008	1,119,871	523,689

Quarterly non-consolidated financial statements are not subject to statutory review by accounting auditors. Quarterly non-consolidated financial statements were prepared in accordance with the Rules for Quarterly Consolidated Financial Statements.

(5) Quarterly Non-Consolidated Gas Sales

[Converted at 45MJ/m³]

		Q1 2008 (a) (Apr 1, 2008 -Jun 30, 2008)	Q1 2007 (b) (Apr 1 2007 -Jun 30, 2007)	Change (a)-(b)	Percent (%)
Customers (Meters installed) (thousand customers (meters))	Residential	6,565	6,505	+61	+0.9
	Commercial/ industrial	325	323	+2	+0.6
	Total	6,890	6,827	+63	+0.9
Monthly average usage per residential customer (m ³ /month)		32.4	33.4	-1.0	-2.9
Gas sales volume (million m ³)	Residential	563	576	-14	-2.4
	Commercial/ industrial	1,384	1,420	-36	-2.6
	Industrial	1,061	1,082	-21	-1.9
	Commercial	208	218	-10	-4.8
	Public and medical institutions	114	119	-5	-4.3
	Wholesale	109	119	-10	-8.5
Total		2,055	2,115	-60	-2.8

Average temperature (°C)	Q1 2008 (a)(Apr 1, 2008 -Jun 30, 2008)	Q1 2007 (b)(Apr 1 2007 -Jun 30, 2007)	(a)-(b)
	19.5	19.3	+0.2