

Summary of Q1 Results for FY03/04 Ending in March - Consolidated

July 29, 2003

Company Name and Code in the Stock Exchange Market:

Osaka Gas Co., Ltd. 9532-Tokyo, Osaka & Nagoya
(URL: <http://www.osakagas.co.jp/indexe.htm>)

Contact:

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1. Summary of Significant Accounting Policies

(1) Differences in accounting methods between the latest consolidated financial year and this quarter are shown below:

- Simplified method is used for tax effect accounting of non-listed consolidated subsidiaries.
- Simplified procedures are used partly for matters with little financial effect. For example, physical checking of inventories is omitted.

(2) Scope of consolidation and equity method

Consolidated: 76 companies
Non-Consolidated under equity method: 0 companies
Consolidated under equity method: 0 companies

(3) Change in consolidation and equity method

Consolidation Added: 21 companies Eliminated: 1 company
Equity method Added: 0 companies Eliminated: 0 companies

2. Results of Operations

(1) Results of operations for Q1 of the year ending March 31, 2004 - Consolidated
(Rounded at millions)

	Operating Revenues	Operating Income	Ordinary Profit	Net Income
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Q1 FY03/04	222,745	30,580	29,595	17,028
Ref: FY02/03	947,977	85,974	65,079	29,685

	Net Income Per Share	Per-share Profit after Latent Share Adjustment
	Yen, sen	Yen, sen
Q1 FY03/04	7.41	—
Ref: FY02/03	12.56	—

Note: Quarterly financial statements were started in Q1. Thus, neither the Q1 results for last year, nor its comparison against this quarter are available.

[Qualitative information about results of operations]

An increase in the gas sales volume and an upward adjustment of the gas pricing in accordance with the raw material cost adjustment system contributed to Q1 sales. The Operating Revenues result was ¥222.7 billion. Despite high crude oil prices maintained in the quarter because of continued efforts to reduce marketing and administrative

expenses, operating expenses were ¥192.1 billion.

Operating income as a result was ¥30.5 billion and added with non-operating profit and loss, ordinary profit was ¥29.5 billion. The Company achieved ¥17.0 billion in net income.

Because consolidated results consist of large gas businesses, there is a tendency that large sales results are posted during the winter season (December to May). On the other hand, fixed costs are not affected seasonally. Thus, income and profit estimates for Q1 exceeded the midterm estimates.

(2) Changes in the Financial Situation - Consolidated

	Total Assets	Shareholders' Equity	Return on Equity	Per-share Return on Equity
Q1 FY03/04	Millions of Yen 1,184,427	Millions of Yen 470,527	% 39.7	Yen, sen 204.84
Ref: FY02/03	1,209,627	453,284	37.5	197.28

Note: Quarterly financial statements were started in Q1. Thus, neither the Q1 results for last year, nor its comparison against this quarter are available.

[Consolidated Cash Flow Status]

	Operating Activities	Investment Activities	Financing Activities	Cash and Cash Equivalents Closing Balance
Q1 FY03/04	Millions of Yen -1,324	Millions of Yen -20,610	Millions of Yen 16,318	Millions of Yen 21,011
Ref: FY02/03	92,573	-49,629	-30,093	26,093

Note: Quarterly financial statements were started in Q1. Thus, neither the Q1 results for last year, nor its comparison against this quarter are available.

[Qualitative information about changes in the financial situation - Consolidated]

Total assets at the end of Q1 were ¥1,184.4 billion, down ¥25.2 billion from the end of the last fiscal year on a consolidated basis. Major changes were: a ¥4.6 billion increase in fixed assets, both tangible and intangible; a ¥2.4 billion decrease in investment income and other resources; and a ¥27.3 billion decrease in current assets, such as cash and cash equivalents.

Shareholders' equity was ¥470.5 billion with 39.7% of this return on equity.

[Consolidated Cash Flow]

Cash and cash equivalents for this quarter were down ¥5 billion compared to the closing balance of last fiscal year, to ¥21 billion. Details are briefly described below: (Operating Activities)

While the Company achieved ¥28.4 billion Net income before tax and adjustments, results from operating activities in Q1 turned out to be -¥1.3 billion due to a ¥25.2 billion decrease in accrued expenses and a ¥9.7 billion increase in inventories.

(Investment Activities)

Total investment in this quarter was ¥20.6 billion, including ¥21.3 billion for acquiring tangible fix assets.

(Financing Activities)

Despite a ¥5.1 billion payment of dividends, total resources made available by financing activities were ¥16.3 billion, as gains and losses from bonds, borrowings and commercial papers totaled ¥21.6 billion.

Reference 1: Results of operations for Q1 of the year ending March 31, 2004 - Non-consolidated

	Operating Revenues	Operating Income	Ordinary Profit	Net Income
Q1 FY03/04	Millions of Yen 172,726	Millions of Yen 26,280	Millions of Yen 26,343	Millions of Yen 16,316

	Total Assets	Shareholders' Equity
Q1 FY03/04	Millions of Yen 973,101	Millions of Yen 404,811

3. Estimated Results of Operations for the Year Ending March 31, 2004 - Consolidated

	Operating Revenues	Operating Income	Net Income
Mid-year	Millions of Yen 428,000	Millions of Yen 23,500	Millions of Yen 10,500
Full Year	966,000	77,500	42,500

Net income per share for the year is estimated to be ¥18.47.

[Qualitative information about estimated results of operations]

That the results of operations in Q1 exceeded estimates for the mid-year is due to the seasonal factor unique to the Company as described above. (The total fiscal year estimate has not been adjusted.)

Reference 2: Estimated Results of Operations for the Year Ending March 31, 2004 - Non-Consolidated

	Operating Revenues	Operating Income	Net Income
Mid-year	Millions of Yen 324,000	Millions of Yen 20,000	Millions of Yen 10,500
Full Year	730,000	62,000	36,500

Net income per share for the year is estimated to be ¥15.86.

Note: The above estimates are based on information made available as of the date first written. Actual results are subject to change depending on various factors.

(1) Consolidated Balance Sheets

Title	End of Q1 (June 30, 2003)	End of the last fiscal year - Consolidated (March 31, 2003)	Change
(ASSETS)	Millions of Yen	Millions of Yen	Millions of Yen
<u>Fixed Assets</u>	994,982	992,799	2,183
Tangible assets	815,788	822,179	-6,391
Intangible assets	28,889	17,880	11,009
Investment securities & others	150,305	152,739	-2,434
<u>Current Assets</u>	189,412	216,795	-27,383
Cash and cash equivalents	25,363	29,705	-4,342
Notes and accounts receivable	90,930	113,215	-22,285
Inventories	38,378	27,618	10,760
Others	34,739	46,256	-11,517
<u>Deferred Charges</u>	32	32	0
Total Assets	1,184,427	1,209,627	-25,200
(LIABILITIES)			
<u>Non-Current Liabilities</u>	486,267	501,869	-15,602
Bonds	229,880	229,880	0
Long-term debts	170,760	180,585	-9,825
Reserve for retirement allowances	63,321	70,585	-7,264
Others	22,305	20,819	1,486
<u>Current Liabilities</u>	219,776	246,343	-26,567
Bills and accounts payable	29,759	43,207	-13,448
Short-term debts	25,273	20,245	5,028
Others	164,742	182,890	-18,148
Total Liabilities	706,044	748,213	-42,169
Minority Equity	7,856	8,129	-273
(SHAREHOLDERS' EQUITY)			
Capital stock	132,166	132,166	0
Capital surplus	19,482	19,482	0
Earned surplus	323,411	312,830	10,581
Appraisal price difference of securities	14,811	9,824	4,987
Currency translation adjustments	1,837	85	1,752
Treasury stock	-21,182	-21,104	-78
Total Shareholders' Equity	470,527	453,284	17,243
Total Liabilities, Minority Interest & Stockholders' Equity	1,184,427	1,209,627	-25,200

(2) Consolidated Statements of Earnings

Title	Q1 of This Fiscal Year (April 1 - June 30, 2003)		[Reference] Last Fiscal Year - Consolidated (April 1, 2002 - March 31, 2003)	
	Amount	Percentage	Amount	Percentage
	Millions of Yen	%	Millions of Yen	%
Operating Revenues	222,745	100.0	947,977	100.0
Cost of products sold	108,435	48.7	502,342	53.0
Marketing and administrative expenses	83,729	37.6	359,660	37.9
Operating Income	30,580	13.7	85,974	9.1
Other revenue	1,564	0.7	6,608	0.7
Other expenses	2,549	1.1	27,502	2.9
Ordinary Profit	29,595	13.3	65,079	6.9
Extraordinary profit	548	0.3	11,081	1.2
Extraordinary loss	1,685	0.8	25,136	2.7
Net income before tax & adjustments	28,458	12.8	51,025	5.4
Corporate tax	11,350	5.1	20,735	2.2
Minority interests	79	0.1	603	0.1
Net income	17,028	7.6	29,685	3.1

Note: Corporate tax figures include corporate tax adjustments.

(3) Consolidated Statements of Cash Flow

Title	Q1 of This Fiscal Year (April 1 - June 30, 2003)	[Reference] Last Fiscal Year - Consolidated (April 1, 2002 - March 31, 2003)
I. Operating Activities	Millions of Yen	Millions of Yen
Net income this quarter before tax adjustments	28,458	51,025
Depreciation	20,132	82,805
Change in reserve for retirement allowance	- 6,979	- 27,942
Change in accounts receivable and payable	8,863	- 1,006
Change in inventories	- 9,788	4,556
Change in accrued charges payable	- 25,278	- 3,087
Others	- 16,732	- 13,777
Total Operating Activities	- 1,324	92,573
II. Investment Activities		
Acquisition of tangible fix assets	- 21,396	- 67,756
Purchase and sale of investment securities and shares of subsidiary/affiliated companies	- 548	9,450
Others	1,334	8,675
Total Investment Activities	- 20,610	- 49,629
III. Financing Activities		
Change in bonds, debts and commercial papers	21,646	5,266
Treasury purchases	- 77	- 21,094
Dividends to shareholders	- 5,177	- 14,158
Others	- 72	- 106
Total Financing Activities	16,318	- 30,093
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	37	- 18
V. Change in Cash and Cash Equivalents	- 5,578	12,831
VI. Cash and Cash Equivalents, Beginning of Year	26,093	12,837
VII. Change in Cash and Cash Equivalents Related to Change in Scope of Consolidation	495	424
VIII. Cash and Cash Equivalents, End of Year	21,011	26,093