

For Year Ending March 31, 2004

Brief Report of Interim Consolidated Financial Statements

October 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: Hirofumi Shibano

Contact: Title: Accounting Manager and Director

Name: Yoshishige Suzuma

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Date of Meeting of Board of Directors for Approving Interim Financial Statements: October 28, 2003

Adoption of U.S. Accounting Standards: Not adopted

1. Financial results for six months ended September 30, 2003 (April 1, 2003 - September 30, 2003)

(1) Consolidated 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, 2003	424,969	3.8	32,092	18.0	29,006	52.1
Six months ended September 30, 2002	409,319	-6.7	27,189	-1.2	19,069	1.6
Year ended March 31, 2003	947,977		85,974		65,079	

	Net income		Retained earnings per share	Diluted retained earnings per share
	million yen	%	yen	yen
Six months ended September 30, 2003	14,771	68.3	6.43	---
Six months ended September 30, 2002	8,775	-20.0	3.70	---
Year ended March 31, 2003	29,685		12.56	---

(Note) (1) Profit (loss) from investment by equity method

Six months ended September 30, 2002: - million yen

Six months ended September 30, 2003: - million yen

Year ended March 31, 2003: - million yen

(2) Average number of outstanding shares during term (consolidated)

Six months ended September 30, 2003: 2,297,105,895 shares

Six months ended September 30, 2002: 2,368,635,338 shares Year ended March 31, 2003: 2,357,853,049 shares

(3) Change in accounting method: N/A

(4) 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) Consolidated financial position

	Total assets	Shareholders equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Six months ended September 30, 2003	1,181,870	480,024	40.6	208.99
Six months ended September 30, 2002	1,174,681	470,337	40.0	198.62
Year ended March 31, 2003	1,209,627	453,284	37.5	197.28

(Note) Shares outstanding as of term-end (consolidated)

As of September 30, 2003: 2,296,897,038 shares

As of September 30, 2002: 2,368,082,014 shares

As of March 31, 2003: 2,297,328,044 shares

(3) Consolidated statement of cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Cash and cash equivalents at term-end
	million yen	million yen	million yen	million yen
Six months ended September 30, 2003	25,612	-34,926	1,174	18,528
Six months ended September 30, 2002	27,662	-19,671	-4,587	16,646
Year ended March 31, 2003	92,573	-49,629	-30,093	26,093

(4) Scope of consolidation and companies recorded by equity method

Consolidated subsidiaries: 76 subsidiaries Non-consolidates subsidiaries recorded by equity method: N/A

Affiliates recorded by equity method: N/A

(5) Change in scope of consolidation and application of equity method

Consolidation: (New) 21 subsidiaries (Excluded) 1 subsidiaries Equity Method: (New) N/A (Excluded) N/A

2. Forecast for year ending March 31, 2004 (consolidated) (April 1, 2003 - March 31, 2004)

	Sales	Ordinary profit	Net income
	million yen	million yen	million yen
Full year	966,000	77,500	42,500

(Reference) Expected earnings per share (for full year): 18.48 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 "3. Operational Results, (3) Projection for Annual Results" in Attachment.

Overview of Consolidated Interim
Financial Statements
for the Year Ending March 31, 2004
(186th Business Year)
[April 1, 2003 – September 30, 2003]

Osaka Gas Co., Ltd.

1 Osaka Gas Group

The Osaka Gas Group (comprising 76 consolidated subsidiaries [21 added and one excluded]) is engaged in businesses relating to gas, LPG, Electricity and Other Energies, gas appliances and house-pipe installation, real estate, and others.

Upon the organizational reforms implemented on April 1, 2003, to properly present segment disclosure in the two business domains of the Osaka Gas Group (Energy Business and Non-energy Business), the categorization of business segments has been changed for this first six-month period. Previously, our businesses were grouped into “Gas,” “House-pipe Installation,” “Gas Appliances,” “LPG and Industrial Gas,” and “Real Estate Leasing,” and “Others” segments.

Now, the Energy Business domain comprises three segments: (1) Gas, (2) LPG, Electricity and Other Energies and (3) Gas Appliances and House-pipe Installation. The Non-energy Business domain comprises two segments: (4) Real Estate and (5) Others.

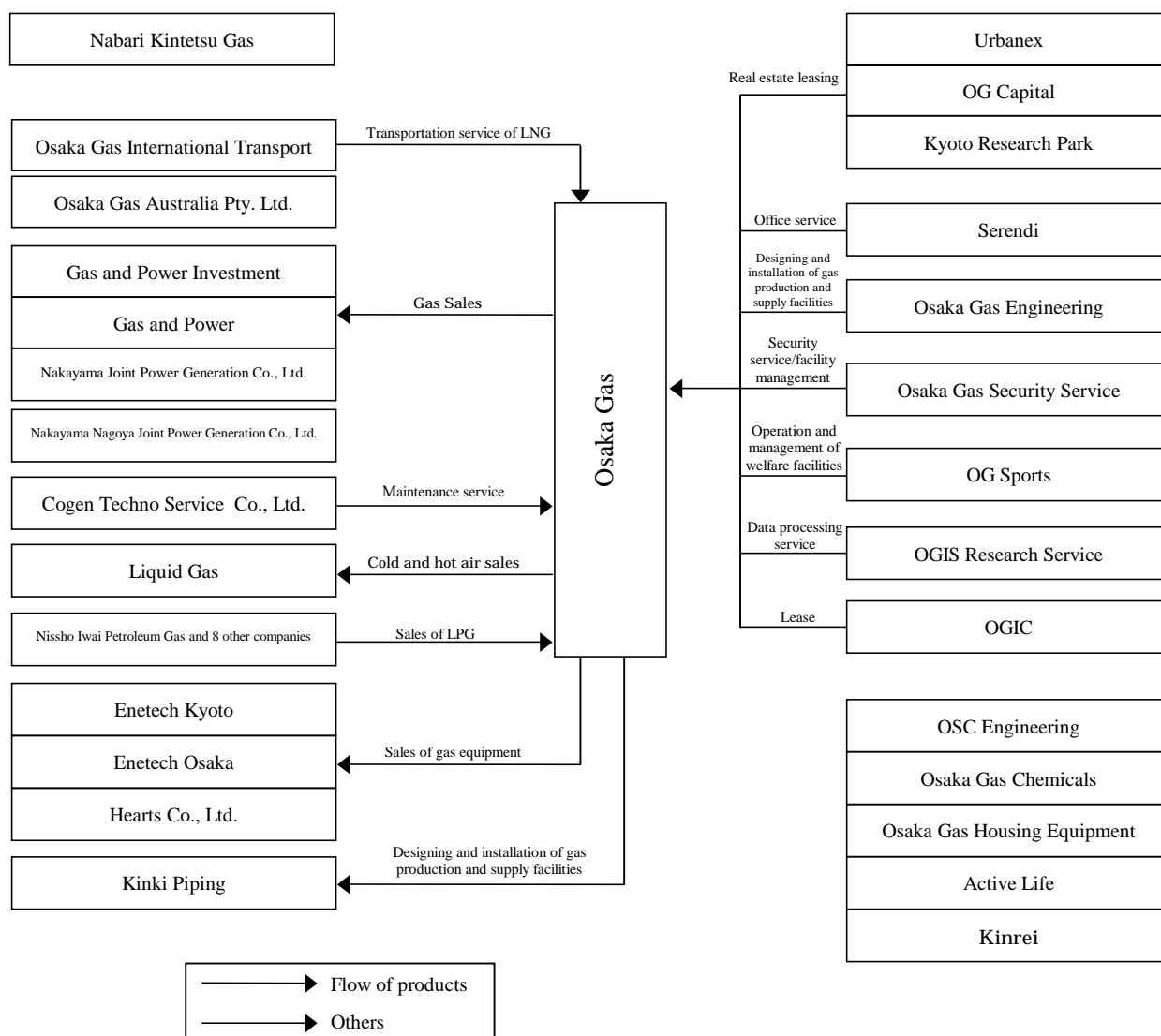
<Segment>

- (1) Gas
Osaka Gas and Nabari Kintetsu Gas Co., Ltd. manufacture, supply, and sell gas.
- (2) LPG, Electricity and Other Energies
Liquid Gas Co., Ltd., Nissho Iwai Petroleum Gas Co., Ltd. and some other subsidiaries sell liquefied petroleum gas. Osaka Gas Co., Ltd., Gas and Power Co., Ltd., Nakayama Joint Power Generation Co., Ltd. and Nakayama Nagoya Joint Power Generation Co., Ltd. are engaged in the wholesaling business of electricity generation. Osaka Gas Co., Ltd. and Gas and Power Investment Co., Ltd. are engaged in the centralized community-based heating and air-conditioning businesses.
- (3) Gas Appliances and House-pipe Installation
Osaka Gas, Enetech Kyoto Co., Ltd., Hearts Co., Ltd. and other companies sell Gas Appliances. Osaka Gas provides installation services for indoor gas pipes at the request of and at the expense of customers. Kinki Piping Co., Ltd. performs installation work of indoor and outdoor gas pipes under contract with Osaka Gas.

On October 1, 2003, Kinki Piping Co., Ltd. was divided into Kinpai Corporation and Kinpai Co., Ltd. (renamed from Kinki Piping).

- (4) Real estate
Urbanex Co., Ltd., OG Capital Co., Ltd., and other companies lease real estate to Osaka Gas and other companies, and manage leased properties.
- (5) Others
Kinrei Co., Ltd. (Over-The-Counter Trade Code: 2661) manufactures and sells frozen foods and operates restaurant chains and other food service businesses.
OGIS Research Institute Co., Ltd. and other companies provide computer data processing services for Osaka Gas and other companies.
Osaka Gas Chemicals Co., Ltd. manufactures and sells carbon products and related products and sells gas coke and other chemical products.
There are other subsidiaries engaged in engineering, sale of housing equipment, security and disaster prevention services, sports businesses, services for aged people, information services, and others.

<<Chart of Major Consolidated Subsidiaries>>



<< Newly consolidated companies: 21>>

- Osaka Kanzai Co., Ltd.
- I-support Co., Ltd.
- Gakuenmae Gas Center Co., Ltd.
- Create Kansai Co., Ltd.
- System Answer Co., Ltd.
- Donnac Co., Ltd.
- Harman Life Co., Ltd.
- Hello Co., Ltd.
- G & M Energy Service Co., Ltd.
- Osaka Gas Australia Pty. Ltd.
- OG ZOCA (96-20) Pty. Ltd.
- OG Maintenance Service Co., Ltd.
- O.N.E. Co., Ltd.
- Kuzuha Gas Living Co., Ltd.
- Cogen Techno Service Co., Ltd.
- Takenaka Maiko Service Shop Co., Ltd.
- Hearts Co., Ltd.
- Harman Life Osaka Co., Ltd.
- Rakuyo Gas Center Co., Ltd.
- Rokko Island Energy Service Co., Ltd.
- OG ZOCA (95-19) Pty. Ltd.

<< Companies excluded from consolidation: 1>>

- Harman Co., Ltd.

<<List of Major Consolidated Subsidiaries (as of September 30, 2003)>>

	Name of Subsidiary	Location	Capital (million yen)	Description of Business	Shareholding Rate (%)	Remarks
Gas	Nabari Kintetsu Gas Co., Ltd.	Nabari City, Mie	100	- Sales of natural gas, simplified gas, LPG, auto gas and gas appliances, and design and installation of piping	85	Some of its businesses are included in the LPG, Electricity and Other Energies segment
	Osaka Gas International Transport Inc.	Chuo-ku, Osaka	3,190	- Vessel leasing	100	
LPG, Electricity and Other Energies	Gas and Power Co., Ltd.	Chuo-ku, Osaka	450	- Electric power supply - Prospecting, development, production, and supply of petroleum and natural gas - Investment in energy infrastructure - Energy environmental service - Research and planning relating to the above-mentioned businesses	100	
	Gas and Power Investment Co., Ltd.	Chuo-ku, Osaka	2,100	- Domestic and overseas energy businesses, and research, planning, development, and investment relating to these businesses	100	
	Cogen Techno Service Co., Ltd.	Nishi-ku, Osaka	400	- Design, installation and sale of cogeneration systems and service by contract - Processing of electric power and cold/hot air by contract	56	
	Liquid Gas Co., Ltd.	Chuo-ku, Osaka	1,030	- Manufacture, sale, and transport of LNG and high-pressure gases - Sale of cold air generated from LNG production and sale of LPG	100	
	Nakayama Joint Power Generation Co., Ltd.	Taisho-ku, Osaka	300	- Electric power supply	95	
	Nakayama Nagoya Joint Power Generation Co., Ltd.	Chita-gun, Aichi Prefecture	450	- Electric power supply	95	
	Nissho Iwai Petroleum Gas Co., Ltd.	Minato-ku, Tokyo	1,726.50	- Import and sale of LPG	70	
	Nissho Propane Sekiyu Co., Ltd.	Chuo-ku, Sapporo	60	- Sale of LPG, gas appliances, and petroleum	100	
	Osaka Gas Australia Pty. Ltd.	Australia	A\$158 million	- Mining of crude oil, natural gas and other mineral resources, and their development, production and sales	100	
	21 other companies					
	Gas Appliances and House-pipe Installation	Enetech Kyoto Co., Ltd.	Minami-ku, Kyoto	30	- Design, installation, operation, maintenance, and sale of air-conditioning, water supply/drainage, hot water supply, ventilation, and kitchen facilities and equipment - Design and performance of piping work and electric work	100
Enetech Osaka Co., Ltd.		Taisho-ku, Osaka	20	- Design, installation, operation, maintenance, and sale of air-conditioning, water supply/drainage, hot water supply, ventilation, and kitchen facilities and equipment - Design and performance of piping work and electric work	100	
Hearts Co., Ltd.		Sakai City, Osaka	85	- Sales and repair of gas appliances, gas works, piping works and house refurbishment	98.8	
Kinki Piping Co., Ltd.		Nishinari-ku, Osaka	112	- Gas piping works - Construction work and road paving - Sales and installation of housing equipment - Piping renewal work	100	Renamed Kinpai Co., Ltd. On October 1, 2003
10 other companies						
Real Estate Leasing	OSC Engineering Co., Ltd.	Fukushima-ku, Osaka	50	- Maintenance, security service, and cleaning of buildings, and facility designing and construction	67.3	
	Urbanex Co., Ltd.	Higashinari-ku, Osaka	1,421.96	- Management, maintenance, and leasing of real estate - Surveys and research on urban development	100	
	OG Capital Co., Ltd.	Chuo-ku, Osaka	3,000	- Management control of affiliated companies - Management, maintenance, and leasing of real estate	100	
	Serendi Co., Ltd.	Nishi-ku, Osaka	100	- Management of real estate and operation and management of parking lots - Sale of office automation equipment and related products - Domestic tourist bureau, travel agency - Staffing and placement services - Office service and business service - Billing service	100	
	Kyoto Research Park Co., Ltd.	Shimogyo-ku, Kyoto	100	- Management of the Research Park, interchange between the industrial and academic societies, development of venture businesses	100	
	4 other companies					
Others	Osaka Gas Engineering Co., Ltd.	Konohana-ku, Osaka	100	- Investigation, design, installation, and technical consulting for gas facilities, facilities using cold air, and facilities for environmental protection - Investigation, purchase, and sale of industrial properties	100	
	Osaka Gas Chemicals Co., Ltd.	Chuo-ku, Osaka	480	- Manufacture and sale of coke, chemical products, and carbon products	100	
	Osaka Gas Housing Equipment Co., Ltd.	Nishi-ku, Osaka	450	- Sale of housing equipment - Design and performance of installation work of housing equipment - Sale of kitchen utensils - Construction of new housing and renovation of housing	100	
	Osaka Gas Security Service Co., Ltd.	Yodogawa-ku, Osaka	100	- Provision of security and disaster protection services - Maintenance and inspection of gas facilities and equipment - Sale, lease, installation, maintenance, and inspection of security and disaster protection equipment - Sale of home security systems	100	
	Active Life Inc.	Chuo-ku, Osaka	900	- Operation and management of nursing homes for the aged - Provision of home health care services - Health consulting service - Consulting on the operation of housing for the aged and nursing facilities	76.7	
	OG Sports, Co., Ltd.	Chuo-ku, Osaka	100	- Management, construction, and operation of sports facilities and resort facilities - Sale of sports goods	100	
	OGIS Research Institute Co., Ltd.	Nishi-ku, Osaka	400	- Computer data processing services - Sale of computer-related equipment and software - Software development - Provision of computer education	100	
	OGIC Co., Ltd.	Chuo-ku, Osaka	600	- Leasing - Consumer credit - Telemarketing - Life and property insurance agency - Automatic collection service - Land and building dealer	100	
	Kinrei Co., Ltd.	Chuo-ku, Osaka	966.44	- Operation of restaurants - Manufacture and sale of frozen foods	74.8	Over-the-Counter Trade Code Code: 2661
	12 other companies					

2 Management Policy

(1) Basic Management Policy

In January 2003, the Company developed and announced “Innovation Centennial,” our medium-term business plan for the period from fiscal 2003 to 2005. In fiscal 2003, Osaka Gas and each core company will pursue further growth of the two important business domains of the Energy Business and the Non-energy Business in accordance with this medium-term plan; and promote our basic management policy, “management for creation of value” to maximize our corporate value comprised of (1) value for customers, (2) value for shareholders, and (3) value for society.

On April 1, 2003, the Company implemented organizational reforms, aiming at promoting “Innovation Centennial.” In Osaka Gas Co., Ltd., the conventional organization divided into regional business units was realigned into a new organization comprising five business units, each representing a respective stage of our business—from procurement, production, and transportation to sales of gas (Energy Resources Business Unit, LNG Terminal & Power Generation Business Unit, Pipeline Business Unit, Residential Energy Business Unit, and Commercial & Industrial Energy Business Unit). The functions of the head office were also restructured into five departments: Strategy and Finance Division, Communication & HR Division, Administration & General Affairs Division, Technology Division, and Tokyo Division.

The head office of Osaka Gas will serve as a lean and strategic corporate head office for all companies under the Group, concentrating on the development and management of medium- and long-term strategies, risk management and provision of common services for the entire Group. The five business divisions and seven core companies of Osaka Gas will pursue Management for Creation of Value, based on the principle of independent and autonomous management. While striving for aggressive business expansion, each investment and proposal for investment will be evaluated severely for its profitability in accordance with the Osaka Gas Group’s uniform investment standards in order to minimize investment risks and maintain a sound financial structure.

(2) Challenges

The prolonged economic depression in Japan, especially in the Kinki region, where Osaka Gas has its business base, has had significant impact on energy demand. Moreover, as deregulation continues to progress in the electricity and gas businesses, it is expected that the competition among energy business operators and shakeout of companies in the capital market will further intensify. In this severe business environment, we will pursue new energy business opportunities arising from deregulation as well as our existing businesses. We will aggressively pursue development of a Multi-Energy Business that is able to provide any energy and related services, including natural gas, electricity, and LPG, as a one-stop shop for customers.

Natural gas business will continue efforts at each stage of the gas business—from procurement, production, and transportation to sales—to improve overall operational efficiency and price competitiveness. Our ability to propose the best service for customers based on our long years of knowledge in security, service and engineering will also be strengthened in order to expand the demand for natural gas. In addition to the lowering of natural gas price on February 27, 2003, we also offer new gas price plans which are advantageous to customers and thus encourage gas usage, in order to expand the volume of gas sales. In the residential market, marketing efforts will be made to further spread and promote floor heating systems, bathroom heater/drier systems, residential air-conditioning units, fan heaters, and other products in order to deliver a comfortable gas-based life to consumers. We will also strive to promote “ECOWILL,” our residential gas engine cogeneration system launched in March 2003, which efficiently produces both electricity

and heat required in households. In the commercial/industrial market, high-efficiency and high-functional gas cogeneration systems will be proposed to expand natural gas demand in the decentralized power source market. The development of demand for gas air-conditioning and the spread of natural gas vehicles will be also promoted.

As for the electricity generation business, aiming at developing it into “the 2nd largest core business” following natural gas business, we continue to pursue the electricity wholesale business (IPP) and electricity retail business, taking full advantage of our existing business foundation and customer network.

The LPG business, led by Nissho Iwai Petroleum Gas Co., Ltd. and Liquid Gas Co., Ltd., will strive to increase retail customers and sales volume per household by utilizing our ability to market equipment and energy systems cultivated in natural gas market.

To expand and develop our energy business, it is important to be able to provide high quality in terms of security, service and the environment. Thorough preventive maintenance will be performed to ensure safety of our production and supply facilities. In addition, to ensure the safety of the customers’ facilities, we will continue to communicate to customers the necessity of improvement of their facilities and propose proper renovation and improvement. To improve our customer service, we value opportunities to meet with customers, so that we can reflect customers’ opinions in the improvement of our operations. While efforts for improving the operational efficiency are implemented to strengthen our competitiveness, we will endeavor to respond more quickly and more accurately to the requests and needs of customers. To ensure a stable gas supply, we will pursue diversification of supply sources of natural gas, and take all possible measures to establish and maintain the stable production and supply system. In the area of environmental protection, we will promote the use of environment-friendly natural gas in line with the energy policies of the national government, while aggressively implementing environmental preservation activities.

In the area of technical development, emphasis will be placed on development of residential fuel-cell systems and industrial high-efficiency and high-functional gas cogeneration systems in order to enhance serviceability to customers, in addition to technologies contributing to environmental protection and energy savings. In addition, efficiency of the field and back-office operations will be improved through increased use of information technologies.

The Non-energy Business domain comprises five business segments: urban development (Urbanex Co., Ltd.), food and food service (Kinrei Co., Ltd.), information and communication (OGIS Research Institute Co., Ltd.), chemical products, and carbon products (Osaka Gas Chemicals Co., Ltd.), and services (OG Capital Co., Ltd.). (The companies in parentheses are the core companies leading each business segment.) Selection and concentration of businesses will be accelerated to encourage further expansion of the growing businesses and to enhance the corporate value of the Group.

We will exert ourselves to address the challenges described above based on flexible and quick management decisions and to make harder efforts for compliance with laws and regulations, valuing sound common sense as a member of the community and remain a sound corporate group.

(3) Dividends Policy

The Company has been trying to grow the business and improve the efficiency of operations, and has appropriated the increased profit resulting from these efforts for internal reserves for future business growth and strengthening of the financial structure of the Company, and for payment of steady dividends to shareholders.

For the six months ended September 30, 2003, the Company will distribute interim dividends of 3 yen per share. We will aim at paying an annual dividend of 6 yen (including interim dividends), as in the last year.

The Company will try to continue paying steady dividends to shareholders, taking future operational results, business plans, alternative profit distribution plans, and other comprehensive factors into consideration. Internal reserves will be appropriated for capital expenditures, and investment in new businesses.

(4) Corporate governance

While adhering to its principle of Management for the Creation of Value, which pursues “customer value,” “shareholder value,” and “social value,” the Company is implementing a reform of its management organization that aims at ensuring sound business management while strengthening its competitiveness in the changing business environment.

The number of directors has gradually been reduced since 1999. The Board of Directors reviews important matters that affect the entire Group, including subsidiaries and affiliates, and is responsible for making correct and quick decisions and for overall governance and supervision. In addition, to reinforce the management system into one that can quickly respond to changes in the business environment, the office term of each director is being reduced to be until the closing of the annual general meeting of shareholders called for the fiscal year included in the calendar year after he/she takes office. This revised term applies for directors appointed in June 2003 and thereafter. A new internal auditor system was adopted at the annual general meeting of shareholders in June 2003 to satisfy the revised requirements for non-employee auditors in accordance with the “Law modifying part of the Commercial Law and the law regarding special regulations of the Commercial Law regarding internal auditors of corporations, etc.” (Law No. 149, 2001). The inclusion of non-employee auditors ensures the integrity of audits to confirm the appropriateness and legality of the directors’ performances. In addition, the Auditors’ Office comprising full-time staff members, not under the direct command of directors, has been established to further strengthen the audit system of the Company.

The two non-employee auditors appointed in the shareholder’s general meeting do not have any special personal, capital or business relationship with the Company nor do they have any other interest in the Company.

Moreover, the “Osaka Gas Group Code of Corporate Conduct” was established to set standards for employees in conducting business activities, which should be thoroughly communicated to every employee and faithfully followed to comply with all applicable legal requirements.

The organizational reform of the Osaka Gas Group was implemented on April 1, 2003 to strengthen its managerial structure. Decision-making tiers were reduced and indirect departments were downsized. More authority was given to business divisions. Moreover, an inspector is appointed within each business division who carries out internal audit and control. The compliance office, which was established within a base unit, has been reformed into the Compliance Department, a base unit, to monitor our business activities to ensure compliance with all applicable laws and regulations.

3 Operational Results

(1) Results for the six months ended September 30, 2003

Consolidated sales for the six months ended September 30, 2003 increased 3.8% to 424,900 million yen from the same period of the prior year, primarily due to the increase of sales volume and addition of subsidiaries to the consolidation. While the cost of sales increased mainly due to the expanded sales volume and increased material costs resulting from a hike in raw material prices, the operating profit for the period improved 18.0% to 32,000 million yen as a result of continued efforts for strict control of sales, general, and administrative expenses. Ordinary profit increased 52.1% to 29,000 million yen due to the improvement of non-operating revenues, and net income for the six months ended September 30, 2003 increased 68.3% to 14,700 million yen from the same period of the prior year.

(in 100 million yen)

Revenues and expenses (a)		Change from same period of prior year		Non-consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		Change	Percent (%)		
Sales	4,249	+156	103.8	3,240	1.31
Cost of sales	2,250	+162	107.8	1,579	----
Selling, general, and administrative expenses	1,677	-55	96.8	1,442	----
Operating profit	320	49	118.0	218	1.47
Ordinary profit	290	99	152.1	215	1.35
Net income	147	59	168.3	117	1.26

<<Operational Results by Segment>>

Upon the organizational reforms implemented on April 1, 2003, business segments were reclassified. Thus, the results of business segments reported in the same period last year were restated to reflect the new classifications.

(1) Gas

Sales revenue increased by 7,700 million yen (+3.1%) to 255,200 million yen from the same period of the prior year mainly due to the development of new gas demand and increased sales volume driven by the cooler temperatures during the period. Although raw material costs increased primarily due to the increased gas sales volume, operating profit grew by 2,300 million yen (+17.8%) to 15,400 million yen from the same period of the prior year as a result of cost reduction efforts implemented in all aspects of the operation.

(2) LPG, Electricity and Other Energies

Sales revenue increased by 10,100 million yen (+19.5%) to 62,200 million yen as a result of the addition of subsidiaries to the consolidation. The cost of sales increased accordingly. Operating profit increased by 600 million yen (+9.5%) to 7,600 million yen from the same period of the prior year.

(3) Gas Appliances and House-pipe Installation

Sales in this segment were affected by the exclusion of Harman Co., Ltd. from the consolidation for this period and the reduction of contract prices in certain installation works. Despite these conditions, sales revenue declined only by 1,500 million yen (-2.4%) to 61,900 million yen, supported by strong sales of gas appliances by Osaka Gas. On the other hand, operating profit grew by 700 million yen (+31.0%) to 3,000 million yen from the same period of the prior year as a result of cost reduction efforts.

(4) Real Estate

While sales revenues remained flat, operating profit improved by 200 million yen (+7.1%) to 3,500 million yen from the same period of the prior year.

(5) Others

Sales revenue grew by 2,200 million yen (+4.1%) to 58,200 million yen due to the addition of subsidiaries to the consolidation and strong sales in certain existing subsidiaries. Operating profit increased by 700 million yen (+85.0%) to 1,700 million yen as a result of cost reduction efforts by each company.

(in 100 million yen)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real estate	Others	Elimination of internal transactions and transactions involving all companies	Consolidated results
Sales	+3.1%	+19.5%	-2.4%	-0.3%	+4.1%		+3.8%
[Change from the same period of prior year]	2,552 [+77]	622 [+101]	619 [-15]	163 [-0]	582 [+22]	(290) [-29]	4,249 [+156]
Operating profit	+17.8%	+9.5%	+31.0%	+7.1%	+85.0%		+18.0%
[Change from the same period of prior year]	154 [+23]	76 [+6]	30 [+7]	35 [+2]	17 [+7]	6 [+1]	320 [+49]

(2) Interim Dividends

The Company will pay interim dividends of 3 yen per share.

(3) Projected Annual Results

Consolidated sales are projected to increase 1.9% to 966,000 million yen from the prior year because of the expected gas sales volume increase and an increase of consolidated subsidiaries. We will continue our cost reduction efforts in all areas of the operation. However, operating profit is expected to decline to 84,500 million yen, a 1.7% decrease from the prior year, affected by the increase of depreciation expenses arising from the completion of construction of basic operating facilities. Ordinary profit, which includes operating and non-operating profit (loss), is expected to increase 19.1% to 77,500 million yen. Net income is projected to be 42,500 million yen, a 43.2% increase from the prior year.

	Projected annual results for fiscal 2004	Change from prior year
Sales	966,000 million yen	+1.9%
Operating profit	84,500 million yen	-1.7%
Ordinary profit	77,500 million yen	+19.1%
Net income	42,500 million yen	+43.2%
Dividends	Targeted to pay annual dividends of 6 yen per share (including interim dividends)	

[Forecasted crude oil cost during the six months ending March 31, 2004: \$29 per bbl, forecasted exchange rate: 115 yen to \$1]

Return on Equity (ROE)	9.0%
Return on Assets (ROA)	3.4%
Shareholder's Value Added (SVA)	22,000 million yen

4 Financial Position

(1) Cash Flow for the Six Months Ended September 30, 2003

Cash flow generated from operating activities during the six months ended September 30, 2003 decreased by 2,000 million yen to 25,600 million yen from the same period of the prior year mainly due to an expansion of expenditures related to shifting the retirement allowance to the retirement pension plan, although net income before taxes and minority interest increased.

Net cash used for investment activities was 34,900 million yen, an increase of 15,200 million yen from the same period of the prior year mainly due to a decrease in proceeds from sales of securities and fixed assets.

Cash flow from financial activities was 1,100 million yen.

As a result, the balance of cash and cash equivalents as of September 30, 2003 decreased by 8,000 million yen to 18,500 million yen.

	Six months ended September 30, 2003	Six months ended September 30, 2002	Increase/decrease
Cash flow from operating activities	25,600 million yen	27,600 million yen	-2,000 million yen
Cash flow from investment activities	-34,900 million yen	-19,600 million yen	-15,200 million yen
Cash flow from financial activities	1,100 million yen	-4,500 million yen	+5,700 million yen
Increase/decrease of cash and cash equivalents	-8,000 million yen	3,300 million yen	-11,400 million yen
Increase in cash and cash equivalents by new inclusions in the consolidation	400 million yen	400 million yen	+0 million yen
Cash and cash equivalent at end of period	18,500 million yen	16,600 million yen	+1,800 million yen
Balance of interest-bearing liabilities at the end of the period	502,500 million yen	460,000 million yen	+42,500 million yen

(2) Cash Flow Indicators

	As of September 30, 2003	As of September 30, 2002
Shareholders' equity ratio	40.6%	40.0%
Shareholders' equity ratio on market value	59.3%	59.9%

(3) Projected Annual Results

Annual capital expenditures are expected to be 80,900 million yen. The free cash flow will be 56,500 million yen ^(*). The balance of interest-bearing liabilities will increase by 17,700 million yen to 512,200 million yen.

(*) Free cash flow = Cash flow from operating activities – capital expenditures

<<Reference>> Capital Expenditure Plan for FY2004 (in 100 million yen)

FY2004 (Projection)	FY2003 (Actual results)	Description of expenditures planned for Year ending March 31, 2004
809	671	Construction of LNG tank in plants, transport lines, and main and sub-service lines

5. Consolidated Interim Financial Statements

(1) Consolidated Interim Balance Sheet

(in million yen)

Account	As of September 30, 2003	As of March 31, 2003	Change	As of September 30, 2002
(Assets)				
[1] Fixed Assets	991,836	992,799	-963	994,321
(1) Tangible fixed assets	801,369	822,179	-20,810	795,683
1. Production facilities	122,242	114,098	8,144	118,298
2. Supply facilities	341,691	348,003	-6,312	352,440
3. Operational facilities	90,381	94,769	-4,388	94,652
4. Other facilities	193,178	193,648	-470	164,978
5. Idle facilities	1,532	1,532	0	1,532
6. Construction in progress	52,343	70,127	-17,784	63,780
(2) Intangible fixed assets	29,188	17,880	11,308	15,066
1. Acquisition cost of subsidiaries over net assets acquired	9,808	9,143	665	6,675
2. Other intangible fixed assets	19,379	8,737	10,642	8,391
(3) Investments and other assets	161,277	152,739	8,538	183,571
1. Investment in securities	97,137	82,868	14,269	113,609
2. Deferred tax assets	24,938	38,669	-13,731	38,242
3. Other assets	42,163	33,937	8,226	34,226
4. Allowance for bad debts	-2,961	-2,736	-225	-2,507
[2] Current Assets	190,003	216,795	-26,792	180,354
1. Cash and deposits	22,798	29,705	-6,907	16,808
2. Notes and trade accounts receivable	90,531	113,215	-22,684	83,781
3. Inventories	41,536	27,618	13,918	39,218
4. Deferred tax assets	11,115	11,554	-439	11,497
5. Other current assets	24,867	35,432	-10,565	29,788
6. Allowance for bad debts	-847	-731	-116	-740
[3] Deferred Assets	31	32	-1	5
1. Premium on bonds	31	32	-1	5
Assets total	1,181,870	1,209,627	-27,757	1,174,681

(in million yen)

Account \ Period	As of September 30, 2003	As of March 31, 2003	Change	As of September 30, 2002
(Liabilities)				
[1] Fixed Liabilities	488,372	501,869	-13,497	503,045
1. Bonds	229,880	229,880	0	219,880
2. Long-term loans payable	179,834	180,585	-751	169,864
3. Reserve for severance benefits	56,240	70,585	-14,345	90,264
4. Reserve for gasholder repair	1,728	1,638	90	1,696
5. Other fixed liabilities	20,688	19,180	1,508	21,339
[2] Current Liabilities	205,510	246,343	-40,833	194,268
1. Current portion of fixed liabilities	34,453	40,002	-5,549	33,598
2. Note and trade accounts payable	30,530	43,207	-12,677	36,437
3. Short-term loans payable	23,445	20,245	3,200	21,834
4. Corporate taxes payable	8,467	17,542	-9,075	13,626
5. Other current liabilities	108,613	125,345	-16,732	88,772
Liabilities total	693,883	748,213	-54,330	697,314
(Minority Interest)				
[1] Minority Interest	7,962	8,129	-167	7,029
Minority interest total	7,962	8,129	-167	7,029
(Shareholders' Equity)				
[1] Capital stock	132,166	132,166	0	132,166
[2] Capital Reserve	19,482	19,482	0	19,482
[3] Consolidated Retained Earnings	321,155	312,830	8,325	299,024
[4] Difference between Market Price and Acquisition Cost of Other Securities	25,460	9,824	15,636	19,854
[5] Foreign exchange adjustment	3,001	85	2,916	79
[6] Treasury Stock	-21,241	-21,104	-137	-269
Shareholders' equity total	480,024	453,284	26,740	470,337
Liabilities, minority interest, and shareholders' equity total	1,181,870	1,209,627	-27,757	1,174,681

(2) Consolidated Interim Profit and Loss Statement

(in million yen)

Account	Period	Six months ended September 30, 2003	Six months ended September 30, 2002	Change	Year ended March 31, 2003
[1] Sales		424,969	409,319	15,650	947,977
[2] Cost of Sales		225,082	208,812	16,270	502,342
Gross Profit on Sales		199,886	200,507	-621	445,635
[3] Selling, General and Administrative Expenses		167,793	173,317	-5,524	359,660
Operating Profit		32,092	27,189	4,903	85,974
[4] Non-operating Revenues		2,856	2,897	-41	6,608
1. Interest income		153	148	5	241
2. Dividend income		566	605	-39	1,048
3. Gain from sales of investment in securities		469		469	
4. Miscellaneous income		1,667	2,143	-476	5,318
[5] Non-operating Expenses		5,942	11,018	-5,076	27,502
1. Interest expense		3,991	3,106	885	6,149
2. Loss from valuation of investment in securities					9,513
3. Loss from valuation of investment in securities of affiliates			4,396	-4,396	4,886
4. Miscellaneous expenses		1,950	3,515	-1,565	6,953
Ordinary Profit		29,006	19,069	9,937	65,079
[6] Extraordinary Profit		1,113	7,898	-6,785	11,081
1. Gain from sales of fixed assets		1,113	1,483	-370	2,011
2. Gain from sales of securities			6,415	-6,415	9,069
[7] Extraordinary Loss		3,791	11,653	-7,862	25,136
1. Loss from sales of fixed assets		3,791	11,469	-7,678	11,608
2. Loss from reduction of fixed assets' cost			183	-183	232
3. Cost of early retirement program					13,294
Net income before taxes and minority interest		26,328	15,315	11,013	51,025
Corporate, resident and business taxes		4,213	9,305	-5,092	20,085
Adjustment for difference of tax allocation between financial accounting and tax accounting		7,153	-2,985	10,138	649
Less: minority interest		189	219	-30	603
Net Income		14,771	8,775	5,996	29,685

(3) Statement of Consolidated Interim Retained Earnings

(in million yen)

Account	Period	Six months ended September 30, 2003	Six months ended September 30, 2002	Change	Year ended March 31, 2003
(Capital Reserve)					
[1] Consolidated Capital Reserve at Beginning of Period		19,482	19,482	0	19,482
[2] Increase of Capital Reserve		0		0	
[3] Decrease of Capital Reserve					
[4] Consolidated Capital Reserve at End of Period		19,482	19,482	0	19,482
(Profit Reserves)					
[1] Consolidated Profit Reserve at Beginning of Period		312,830	296,338	16,492	296,338
[2] Increase of Profit Reserve		15,297	10,406	4,891	31,316
1. Net income		14,771	8,775	5,996	29,685
2. Increase due to new inclusions to consolidation		492	1,631	-1,139	1,631
3. Increase due to decrease of consolidated companies		32		32	
[3] Decrease of Profit Reserve		6,972	7,720	-748	14,824
1. Dividends		6,891	7,106	-215	14,211
2. Director's bonuses		80	71	9	71
3. Decrease due to decrease of consolidated companies			541	-541	541
[4] Consolidated Profit Reserve at End of Period		321,155	299,024	22,131	312,830

(4) Consolidated Interim Cash Flow Statement

(in million yen)

Account	Period	Six months ended September 30, 2003	Six months ended September 30, 2002	Change	Year ended March 31, 2003
I. Cash Flow from Operating Activities					
Net income before taxes and minority interest		26,328	15,315	11,013	51,025
Depreciation expenses		45,458	42,391	3,067	82,805
Decrease of reserve for severance benefits		-14,059	-8,263	-5,796	-27,942
Interest and dividends received		-719	-754	35	-1,290
Interest paid		3,991	3,106	885	6,149
Gain from sales of investment in securities			-6,415	6,415	-9,069
Loss from evaluation of investment in securities					9,513
Loss from evaluation of investment in securities of affiliates			4,396	-4,396	4,886
Gain from sales of tangible fixed assets					-2,011
Loss from sales of tangible fixed assets		3,791	11,469	-7,678	11,608
Loss from retirement of tangible fixed assets			2,107	-2,107	2,497
Cost of early retirement program					12,958
(Increase) decrease of trade receivables		19,440	24,680	-5,240	-3,950
(Increase) decrease of inventories		-12,946	-7,751	-5,195	4,556
Increase (decrease) of trade payables		-9,408	-3,767	-5,641	2,944
Decrease of accrued expenses		-17,675	-21,934	4,259	-3,087
Others		-3,600	694	-4,294	3,052
Total		40,599	55,274	-14,675	144,645
Interest and dividends received		719	750	-31	1,285
Interest paid		-3,477	-2,685	-792	-6,061
Cost of early retirement program					-12,958
Corporate taxes paid		-12,228	-25,677	13,449	-34,338
Net Cash Flow from Operating Activities		25,612	27,662	-2,050	92,573
II. Cash Flow from Investment Activities					
Expense for acquisition of tangible fixed assets		-33,161	-35,290	2,129	-67,756
Income from sales of tangible fixed assets		2,788	11,012	-8,224	11,678
Expense for acquisition of securities			-8,665	8,665	-8,752
Income from sales of securities		2,438	16,578	-14,140	22,944
Expense for acquisition of stocks of subsidiaries and affiliates		-5,787	-2,930	-2,857	-3,307
Income from sales of stocks of subsidiaries and affiliates			1,644	-1,644	2,033
Expense for acquisition of stocks of subsidiaries resulting in change in the consolidation range					-3,468
Net decrease of short-term loans receivable			1,978	-1,978	1,962
Others		-1,204	-4,001	2,797	-4,964
Net Cash Flow from Investment Activities		-34,926	-19,671	-15,255	-49,629
III. Cash Flow from Financial Activities					
Net increase (decrease) of short-term loans payable		4,295	-8,133	12,428	-9,720
Net increase of commercial paper		11,000		11,000	9,000
Proceeds from long-term loans payable		17,978		17,978	5,645
Expense for repayment of long-term loans payable		-25,020	-10,505	-14,515	-24,780
Proceeds from issuance of bonds			19,998	-19,998	39,970
Expense for redemption of bonds					-14,848
Expense for acquisition of treasury stocks					-21,094
Dividends paid		-6,867	-7,079	212	-14,158
Dividends paid to minority shareholders		-74	-72	-2	-106
Others		-136	1,205	-1,341	
Net Cash Flow from Financial Activities		1,174	-4,587	5,761	-30,093
IV. Difference from Conversion of Cash and Cash Equivalents		77	-19	96	-18
V. Increase/decrease of Cash and Cash Equivalents		-8,061	3,384	-11,445	12,831
VI. Cash and Cash Equivalents at Beginning of Period		26,093	12,837	13,256	12,837
VII. Increase of Cash and Cash Equivalents Due to Addition of Subsidiaries to the Consolidation		1,095	2,118	-1,023	2,118
VIII. Decrease of Cash and Cash Equivalents Due to Exclusion of Subsidiaries from the Consolidation		-599	-1,693	1,094	-1,693
IX. Cash and Cash Equivalents at End of Period		18,528	16,646	1,882	26,093

(Notes)

1. Basic information for preparing consolidated interim financial statements

(1) Scope of consolidation

[1] Consolidated subsidiaries

Number of consolidated subsidiaries ······ 76 subsidiaries

(Major consolidated subsidiaries)

Osaka Gas Chemicals Co., Ltd., Urbanex Co., Ltd., OG Capital Co., Ltd., OGIS Research Institute Co., Ltd., Kinrei Co., Ltd., Liquid Gas Co., Ltd., and Nissho Iwai Petroleum Gas Co., Ltd.

(Change in consolidation)

Osaka Kanzai Co., Ltd., OG Maintenance Service Co., Ltd., I-support Co., Ltd., O.N.E. Co., Ltd., Gakuenmae Gas Center Co., Ltd., Kuzuha Gas Living Co., Ltd., Create Kansai Co., Ltd., Cogen Techno Service Co., Ltd., System Answer Co., Ltd., Takenaka Maiko Service Shop Co., Ltd., Donac Co., Ltd., Hearts Co., Ltd., Harman Life Co., Ltd., Harman Life Osaka Co., Ltd., Hello Co., Ltd., Rakuyo Gas Center Co., Ltd., G & M Energy Service Co., Ltd., Rokko Island Energy Service Co., Ltd., OG ZOCA (95-19) Pty. Ltd., OG ZOCA (96-20) Pty. Ltd. and Osaka Gas Australia Pty. Ltd. were added to the consolidation in this six-month period as their significance for the Group increased.

Harman Co., Ltd. was excluded from the consolidation (stocks sold in April 2003).

[2] Major non-consolidated subsidiaries

Major non-consolidated subsidiary is: Apriti Sesamo Co., Ltd. The aggregates of its sales, total assets and net income (in proportion to the shareholding by the Company) and retained earnings (in proportion to the shareholding by the Company) are minor respectively, and did not have material effect on the consolidated interim financial statements as a whole.

(2) Application of equity method

There was no non-consolidated subsidiary or affiliate that was reported by the equity method.

Major non-consolidated subsidiaries or affiliates that were not reported by the equity method are: Apriti Sesamo Co., Ltd., and Osaka Rinkai Thermal Energy Supply Co., Ltd.

Because the results of these non-consolidated subsidiaries and affiliates have a minor effect on the consolidated net income and the consolidated retained earnings for the six months ended September 30, 2003 and do not have great importance as a whole, investments in these companies are reported by the cost accounting method, instead of the equity method.

(3) Interim closing date of consolidated subsidiaries

Except OSC Engineering, Osaka Kanzai Co., Ltd., Create Kansai Co., Ltd., Shanghai Dongtao Carbon Chemical Industry, Nabari Kintetsu Gas, Hokuriku Nissho Propane, OG ZOCA (95-19) Pty. Ltd., OG ZOCA (96-20) Pty. Ltd. and Osaka Gas Australia Pty. Ltd., the interim closing date of all consolidated subsidiaries is the same as the consolidated interim closing date of the Group, which is September 30 every year.

The interim closing date is June 30 every year in Create Kansai Co., Ltd., Shanghai Dongtao Carbon Chemical Industry, Nabari Kintetsu Gas, Hokuriku Nissho Propane, OG ZOCA (95-19) Pty. Ltd., OG ZOCA (96-20) Pty. Ltd. and Osaka Gas Australia Pty. Ltd., and August 31 every year in OSC Engineering and Osaka Kanzai Co., Ltd. However, as the timing difference does not exceed three months, their financial statements for the six-month period ended on their respective interim closing date were used for the consolidation without adjustment.

(4) Accounting principles

[1] Basis and method of evaluation of significant assets

a. Inventories mainly at cost on a moving average basis

b. Securities

Other securities

With market price at market, based on the market price on the interim closing date

(The entire difference between the acquisition cost and the market price is accounted for by the “direct-inclusion-to-capital” method, and the cost of sales is calculated by moving average method.)

Without market price mainly at cost on a moving average basis

c. Derivative instruments at market

[2] Depreciation of significant depreciable assets

a. Tangible fixed assets

Most 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.

b. Intangible fixed assets

Intangible fixed assets are depreciated by the straight-line method.

Software programs for internal use are depreciated by the straight-line method over their usable period within the organization.

[3] Provision of significant allowances and reserves

a. Allowance for bad debts

For ordinary receivables, the amount of provision is determined based on the actual rate of bad debts in the past. In addition, specific doubtful accounts are individually examined for their recoverability and expected unrecoverable amounts are provided for such accounts.

b. Reserve for severance benefits

To prepare for payment of severance benefits to employees, the reserve for severance benefits is provided. An amount of accrued severance benefits payable to employees at the end of the current six-month period is provided based on severance benefit liabilities and the expected value of the pension assets.

c. Reserve for gasholder repair

To prepare for payment of expenses needed for periodical repair of globular gasholders, the 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.

[4] Accounting of significant 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

[5] Accounting of significant hedge transactions

a. Method of hedge accounting

Deferred hedge accounting is adopted. In cases in which required conditions are satisfied, special accounting of interest swaps, and appropriation accounting of forward exchange contracts, etc. are adopted.

b. Hedge contracts and hedged transactions

Hedge contract

Interest swap

Currency swap

Forward exchange contract or
currency option

Swap and option for crude oil price

Hedged transactions

Corporate bonds and loans payable

Corporate bonds and loans payable in
foreign currency

Scheduled transactions in foreign
currency (such as for purchase of
raw materials)

Purchase price of raw material

c. Hedge policy

In accordance with the internal rules, the Company and its group companies enter into hedge contracts to hedge risk of fluctuation of foreign exchange rates, interest, etc.

No derivative contracts for speculative purposes, which do not have actual transactions to be hedged, have been concluded.

[6] Other important information for preparing consolidated interim financial statements

Consumption taxes are recorded by the tax-exclusion method.

(5) Scope of funds for Consolidated Interim Cash Flow Statement

Funds included in the Consolidated Interim Cash Flow Statement (cash and cash equivalents) comprise cash on hand; bank deposits that can be withdrawn at any time; and highly liquid short-term investments with minor risk of price fluctuation, that will expire within three months from the acquisition date.

2. Accumulated depreciation of fixed tangible assets

	(Six months ended September 30, 2003)	(Six months ended September 30, 2002)
	1,639,083 million yen	1,562,606 million yen

3. Contingent liabilities

	(Six months ended September 30, 2003)	(Six months ended September 30, 2002)
Guarantee of liabilities	2,688 million yen	6,893 million yen
Acceptance of fulfillment of obligations of bonds and loans payable	103,614	123,534
Contingent liabilities under contracts		

4. Relationship of period-end balance of cash and cash equivalents and the values presented on the consolidated interim balance sheet

	(Six months ended September 30, 2003)	(Six months ended September 30, 2002)
Cash and bank deposits	22,798 million yen	16,808 million yen
Term deposits that expire more than three months later	-4,270	-162
<u>Cash and cash equivalents</u>	<u>18,528</u>	<u>16,646</u>

6. Segment Information

a. Segment information by business type

Six months ended September 30, 2003 (April 1, 2003 to September 30, 2003)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real Estate	Others	Total	Elimination of Internal Transactions or Transactions Relating to All Companies under the Group	Consolidation
Sales and Operating Profit and Loss	million yen	million yen	million yen	million yen	million yen	million yen	million yen	million yen
Sales								
1. Sales to customers outside the Group	251,964	61,505	61,818	6,827	42,853	424,969	-	424,969
2. Internal sales or transfer among segments	3,303	742	152	9,537	15,352	29,087	-29,087	-
Total	255,268	62,247	61,970	16,365	58,205	454,056	-29,087	424,969
Operating Expenses	239,805	54,620	58,929	12,820	56,475	422,650	-29,773	392,876
Operating Profit	15,462	7,627	3,040	3,544	1,730	31,406	686	32,092

Six months ended September 30, 2002 (April 1, 2002 to September 30, 2002)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real Estate	Others	Total	Elimination of Internal Transactions or Transactions Relating to All Companies under the Group	Consolidation
Sales and Operating Profit and Loss	million yen	million yen	million yen	million yen	million yen	million yen	million yen	million yen
Sales								
1. Sales to customers outside the Group	245,382	51,156	63,365	7,285	42,128	409,319	-	409,319
2. Internal sales or transfer among segments	2,173	933	143	9,134	13,794	26,180	-26,180	-
Total	247,556	52,090	63,508	16,420	55,923	435,499	-26,180	409,319
Operating Expenses	234,428	45,123	61,187	13,112	54,987	408,839	-26,709	382,129
Operating Profit	13,128	6,967	2,321	3,308	935	26,660	529	27,189

Year ended March 31, 2003 (April 1, 2002 to March 31, 2003)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real Estate	Others	Total	Elimination of Internal Transactions or Transactions Relating to All Companies under the Group	Consolidation
Sales and Operating Profit and Loss	million yen	million yen	million yen	million yen	million yen	million yen	million yen	million yen
Sales								
1. Sales to customers outside the Group	566,997	118,006	151,425	14,800	96,747	947,977	-	947,977
2. Internal sales or transfer among segments	4,029	1,601	329	18,668	35,438	60,066	-60,066	-
Total	571,027	119,607	151,754	33,469	132,185	1,008,044	-60,066	947,977
Operating Expenses	513,980	106,440	149,814	27,085	125,863	923,183	-61,180	862,003
Operating Profit	57,047	13,166	1,940	6,383	6,322	84,860	1,113	85,974

(Notes)

1. Major products and services of business segments

- (1) Gas Gas
- (2) LPG, electricity and other energies
LPG, electric supply, thermal energy supply, processing of LNG by contract, industrial gas, etc.
- (3) Gas appliances and gas installation work
Gas appliances, in-house and road piping work, recycling of excavated soil, etc.
- (4) Real estate Lease and management of real estate, etc.
- (5) Others Frozen foods, restaurants, provision of data processing service, coke, chemical products and carbon products, sales of housing equipment, design and installation of gas and environment-preservation-related facilities, security and disaster prevention service, sports businesses, automobile and office equipment lease, etc.

2. Change in Classification of Business Segments

“Innovation Centennial,” our medium-term business plan established in January 2003, set the goal that the two important business domains of the Energy Business and the Non-energy Business should be further developed, led mainly by Osaka Gas Co., Ltd. and other core companies (the company that submits consolidated financial statements for the Osaka Group to the Securities and Exchange Commission). Based on this plan, and upon the organizational reforms implemented on April 1, 2003, the categorization of business segments of the Osaka Group was changed to properly present segment disclosure in the two business domains of the Osaka Gas Group (Energy Business and Non-energy Business).

- Businesses of electric supply, thermal energy supply, LNG processing by contract, etc., previously included in the segment of “Others,” and LPG and Industrial Gas businesses, were combined into the “LPG, Electricity and Other Energies” business segment.
- Businesses of road piping works, recycling of excavated soil, etc., previously included in “Others,” and “Gas Appliances” and “House-pipe Installation,” were combined into the “Gas Appliances and House-pipe Installation” segment.
- Building management/maintenance businesses and other businesses, previously included in “Others,” and “Real Estate Lease,” were combined into the “Real Estate” business segment.

The table below shows segment information prepared in accordance with the former classification for the six-month period ended September 2002, and for the year ended March 31, 2003.

<Segment Information before Restatement>

Six-month period ended September 2002 (April 1, 2002 to September 30, 2002)

	Gas	House-pipe Installation	Gas Appliances	LPG and Industrial Gas	Real Estate Lease	Others	Total	Elimination of Internal Transactions or Transactions relating to All Companies under the Group	Consolidation
	million yen	million yen	million yen	million yen	million yen	million yen	million yen	million yen	million yen
Sales and Operating Profit and Loss									
Sales									
1. Sales to customers outside the Group	245,382	15,123	46,910	30,850	3,459	67,593	409,319	-	409,319
2. Internal sales or transfers among segments	2,173		41	1,276	5,890	1,703	11,086	-11,086	-
Total	247,556	15,123	46,952	32,126	9,349	69,297	420,405	-11,086	409,319
Operating Expenses	202,589	14,472	45,225	31,282	6,425	61,000	360,995	21,133	382,129
Operating Profit	44,966	650	1,726	844	2,924	8,296	59,409	-32,219	27,189

Year ended March 31, 2003 (April 1, 2002 to March 31, 2003)

	Gas	House-pipe Installation	Gas Appliances	LPG and Industrial Gas	Real Estate Lease	Others	Total	Elimination of Internal Transactions or Transactions relating to All Companies under the Group	Consolidation
	million yen	million yen	million yen	million yen	million yen	million yen	million yen	million yen	million yen
Sales and Operating Profit and Loss									
Sales									
1. Sales to customers outside the Group	566,997	35,414	111,076	77,290	7,330	149,868	947,977	-	947,977
2. Internal sales or transfers among segments	4,029		100	2,597	11,374	3,730	21,832	-21,832	-
Total	571,027	35,414	111,176	79,888	18,704	153,599	969,810	-21,832	947,977
Operating Expenses	444,537	34,112	110,237	77,950	13,057	133,339	813,235	48,768	862,003
Operating Profit	126,489	1,301	939	1,937	5,646	20,260	156,575	-70,601	85,974

3. Change in the Accounting Method of Non-allocatable Expenses Included in “Elimination of Internal Transactions or Transactions relating to All Companies under the Group”

Non-allocatable expenses included in “Elimination of Internal Transactions or Transactions relating to All Companies under the Group” were mainly indirect expenses related to administrative departments of Osaka Gas Co., Ltd. (the company that submits consolidated financial statements for the Osaka Group to the Securities and Exchange Commission). In accordance with the medium-term business plan “Innovation Centennial,” and upon the organizational reforms implemented on April 1, 2003, Osaka Gas Co., Ltd. was placed as the Group Head Office of the Osaka Gas Group. Based on this positioning, these non-allocatable expenses were reviewed in terms of their forms of occurrence and relevance to each segment. As a result, we changed the accounting method from this six-month period so that these expenses should be recognized as direct expenses of each segment in order to properly present the profit and loss status of each segment.

Because of this change, operating expenses of “Gas,” “LPG, Electricity and Other Energies,” “Gas Appliances and House-pipe Installation,” “Real Estate” and “Others” increased 31,673 million yen, 111 million yen, 599 million yen, 16 million yen, 52 million yen, respectively; and their operating profit decreased by the same amounts accordingly. Operating expenses for “Elimination of Internal Transactions or Transactions relating to All Companies under the Group” decreased by 32,453 million yen, and its operating profit increased by the same amount.

b. Segment information by geographical area

Because more than 90% of sales by all segments of the Osaka Gas Group is earned in Japan and more than 90% of assets of all segments of the Group are in Japan, disclosure in this section is omitted.

c. Overseas sales

Because overseas sales account for less than 10% of the consolidated sales, disclosure in this section is omitted.

7. Securities

(1) Other securities that have market prices

(in million yen)

Period Type of Securities	As of September 30, 2003			As of March 31, 2003			As of September 30, 2002		
	Acquisition Cost	Value Reported on Consolidated Balance Sheet	Difference	Acquisition Cost	Value Reported on Consolidated Balance Sheet	Difference	Acquisition Cost	Value Reported on Consolidated Balance Sheet	Difference
1. Stocks	24,119	64,324	40,204	26,532	42,481	15,949	38,657	70,887	32,229
2. Bonds National and local government bonds	9	9	0	9	9	0	19	20	0
Total	24,129	64,334	40,204	26,542	42,491	15,949	38,677	70,907	32,229

(2) Major securities without market price and their values reported on the consolidated balance sheet

Other Securities

(in million yen)

	Value Reported on Consolidated Interim Balance Sheet as of September 30, 2003	Value Reported on Consolidated Balance Sheet as of March 31, 2003	Value Reported on Consolidated Interim Balance Sheet as of September 30, 2002
Unlisted Stocks (excluding over-the-counter stocks)	18,840	18,779	20,531

8. Contract Price, Market Price and Profit and Loss Status of Derivative Transactions

(in million yen)

Period Type of Transaction	As of September 30, 2003			As of March 31, 2003			As of September 30, 2002		
	Contract Price	Market Price	Evaluation Profit/loss	Contract Price	Market Price	Evaluation Profit/loss	Contract Price	Market Price	Evaluation Profit/loss
Interest Swap									
Fixed receipt and variable payment	-	-	-	2,962	129	129	2,962	94	94
Fixed payment and variable receipt	-	-	-	2,798	-77	-77	3,158	-68	-68
Total	-	-	-	5,760	52	52	6,120	25	25

(Note) Derivative transactions recorded by hedge accounting are excluded.

All derivative transactions outstanding at the end of this first six-month period are recorded by hedge accounting.