

9. For Year Ending March 31, 2004

Highlight of Non-consolidated Interim 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 TEL +81-6-6205-4537

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

Interim Dividend System: existent

Commencement of Interim Dividends Payment: November 28, 2003

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

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

(1) Operational results

(Any amount less than one million yen is rounded down to the nearest million yen)

	Sales		Operating profit		Ordinary profit	
	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2003	324,073	4.0	21,824	15.3	21,503	53.8
Six months ended September 30, 2002	311,650	-7.0	18,925	-14.7	13,977	-19.6
Year ended March 31, 2003	722,240		66,468		54,177	

	Net Income		Retained earnings per share
	million yen	%	yen
Six months ended September 30, 2003	11,747	37.0	5.11
Six months ended September 30, 2002	8,577	-21.3	3.62
Year ended March 31, 2003	25,453		10.77

(Note) (1) Average number of outstanding shares during term 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

(2) Change in accounting method: N/A

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

(2) Dividends

	Interim dividends per share	Final dividends per share
	yen	yen
Six months ended September 30, 2003	3.00	---
Six months ended September 30, 2002	3.00	---
Year ended March 31, 2003	---	6.00

(Note) Details of interim dividends for six months ended September 30, 2003
Commemorative dividends: 0.00 yen
Special dividends : 0.00 yen

(3) Financial position

	Total assets	Shareholders equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Six months ended September 30, 2003	963,941	408,666	42.4	177.92
Six months ended September 30, 2002	965,820	409,918	42.4	173.10
Year ended March 31, 2003	972,954	391,983	40.3	170.60

(Note) (1) Shares outstanding as of term-end As of September 30, 2003: 2,296,897,038 shares As of September 30, 2002: 2,368,082,014 shares

(2) Repurchased shares:

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

As of September 30, 2003: 72,114,501 shares

As of March 31, 2003: 71,683,495 shares

As of September 30, 2002: 929,525 shares

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

	Sales	Ordinary profit	Net income	Final dividends per share	
	million yen	million yen	million yen	Year-end	yen
Full year	730,000	62,000	36,500	3.00	6.00

(Reference) Expected earnings per share (for full year): 15.86 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 "9-1 Operational Results, (3) Projected Annual Results" in Attachment.

9-1 Operational Results

(1) Gas Sales for the Six Months Ended September 30, 2003

The number of customers for the six months ended September 30, 2003 increased 1.2% from the same period of the previous year. Moreover, sales volume of residential gas increased 8.2% to 900 million m³ mainly because the temperature was generally lower than in usual years, which led to a 7.3% increase of monthly average usage per household to 26.9 m³ from the same period of the previous year.

In the Non-residential market, we continued our efforts to develop new demands. As a result, industrial gas sales increased 1.2% to 1,827 million m³ from the same period of the previous year, and gas sales to the public and medical institutions market increased 3.9% to 275 million m³ from the same period of the previous year. The sales volume for the commercial market was 521 million m³, almost the same level in the same period of the previous year, mainly due to the decreased demand in air-conditioning systems during the cooler summer. Non-residential gas sales for the six months ended September 30, 2003 increased 1.2% to 2,623 million m³ from the same period of the previous year.

As a result, total gas sales increased 3.0% to 3,600 million m³ from the same period of the previous year.

		Six months ended September 30, 2003 ('03/4 - '03/9) A	Six months ended September 30, 2002 ('02/4 - '02/9) B	A - B	A/B	
Customers (Meters installed)	Residential	6,272 thousand	6,196 thousand	76 thousand	101.2%	
	Non-residential	316	313	3	100.9%	
	Total	6,588	6,509	79	101.2%	
Monthly average usage per customer	Residential	26.9 m ³ /month	25.0 m ³ /month	1.9 m ³ /month	107.3%	
	Average of all customers	100.6	98.5	2.1	102.1%	
Gas sales	Residential	900 million m ³	832 million m ³	68 million m ³	108.2%	
	Non-residential	2,623	2,592	32	101.2%	
		Industrial	1,827	1,806	21	101.2%
		Commercial	521	521	0	100.0%
		Public and medical	275	264	10	103.9%
	Wholesale	76	72	4	105.5%	
Total	3,600	3,496	104	103.0%		

[Reference] Average
temperature
(°C)

Six months ended September 30, 2003 ('03/4 ~ '03/9) A	Six months ended September 30, 2002 ('02/4 ~ '02/9) B	A - B
23.2	23.9	-0.7

(2) Overview of Profit and Loss

(in 100 million yen)

Revenues		Change from same period of previous year		
		Increase/decrease	Percent (%)	
Gas sales	2,542	77	103.1	
Other sales	House-pipe installation	143	-8	94.6
	Gas appliances	428	49	113.2
	Other sales	126	5	104.4
	Total	698	47	107.2
Total sales	3,240	124	104.0	
Non-operating revenues	34	1	103.4	
Total revenues	3,275	125	104.0	

Expenses		Change from same period of previous year		
		Increase/decrease	Percent (%)	
Cost of sales	955	133	116.2	
Selling, general and administrative expenses	1,442	-79	94.7	
Total	2,397	53	102.3	
Other expenses	House-pipe installation	139	-5	96.3
	Gas appliances	397	38	110.8
	Other expenses	87	8	110.7
	Total	624	41	107.2
Operating expenses	3,022	95	103.3	
Operating profit	218	28	115.3	
Non-operating expenses	37	-45	45.6	
Total expenses	3,060	50	101.7	

Ordinary profit	215	75	153.8
Net income	117	31	137.0

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

[Reference]

- Cost of raw materials included in cost of sales: 84,500 million yen (increased 10,200 million yen or 13.8%, from the same period of the previous year)
- Exchange rate and cost of crude oil

	Six months ended September 30, 2003 ('03/4 - '03/9) A	Six months ended September 30, 2002 ('02/4 - '02/9) B	A - B
Exchange rate (yen/dollar) *1	118.1	123.1	-5.0
Cost of crude oil (dollar/bbl) *2	28.4	25.6	+2.8

*1: TTM rate

*2: All Japan CIF price

(3) Projected Annual Results

Annual gas sales volume for the year ending March 31, 2004 is projected to grow by 0.8% from the previous year to 7,748 million m³ while sales revenue is expected to increase 1.1% to 730,000 million yen from the previous year, mainly due to the effect of increased gas sales volume.

Operating profit is projected to decrease 3.7% to 64,000 million yen from the previous year due to an increase in depreciation expenses from the completion of key facilities. It is expected that ordinary profit will increase 14.4% to 62,000 million yen, reflecting an improvement of non-operating profit, while net income will increase 43.4% to 36,500 million yen from the previous year.

	Projected annual results	Change from prior year
Gas sales	7,748 million m ³	+0.8%
Sales	730,000 million yen	+1.1%
Operating profit	64,000 million yen	-3.7%
Ordinary profit	62,000 million yen	+14.4%
Net income	36,500 million yen	+43.4%

[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)	9.1%
Return on Assets (ROA)	3.7%
Shareholder's Value Added (SVA)	18,500 million yen
Free Cash Flow (*1)	45,000 million yen

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

(4) Capital Expenditure Plan for FY 2003

(in 100 million yen)

	Year ending March 31, 2004 (projection)	Year ended March 31, 2003 (actual results)	Description of expenditures planned for year ending March 31, 2004
Production facilities	44	57	Construction of LNG tank at Himeji LNG Terminal, etc.
Supply facilities	434	366	Construction of transport lines, main and sub service lines, etc.
Operational facilities, etc.	73	60	Construction of offices, development facilities, etc.
Total	551	483	

9-2 Non-consolidated Interim Financial Statements

(1) Interim Balance Sheet

(in million yen)

Account	As of September 30, 2003	As of March 31, 2003	Change from prior year		As of September 30, 2002
			Amount	Percentage (%)	
(Assets)					
Fixed Assets	821,137	837,149	-16,012	98.1	860,353
Tangible fixed assets	606,565	628,771	-22,205	96.5	631,109
Production facilities	122,071	113,988	8,082	107.1	118,185
Supply facilities	342,028	348,326	-6,297	98.2	353,016
Operational facilities	89,770	94,156	-4,385	95.3	94,214
Supplementary business facilities	2,561	2,777	-216	92.2	2,937
Idle facilities	1,532	1,532	-	100.0	1,532
Construction in progress	48,602	67,990	-19,387	71.5	61,224
Intangible fixed assets	4,972	5,272	-300	94.3	5,327
Patents	0	0	-0	73.7	0
Leaseholds	2,984	2,863	120	104.2	2,860
Other intangible fixed assets	1,987	2,408	-420	82.5	2,466
Investments and other assets	209,598	203,105	6,493	103.2	223,916
Investments in securities	61,276	43,791	17,485	139.9	66,156
Investments in affiliates	75,611	73,850	1,760	102.4	74,740
Long-term loans receivable from affiliates	39,186	37,897	1,288	103.4	35,397
Investment in capital	201	101	100	198.8	104
Long-term prepaid expenses	4,196	4,303	-107	97.5	4,026
Deferred tax assets	19,507	32,945	-13,438	59.2	33,430
Other investments	10,683	11,240	-556	95.0	10,971
Allowance for bad debts	-1,064	-1,025	-38	103.8	-911
Current Assets	142,772	135,772	7,000	105.2	105,462
Cash and deposits	8,993	15,305	-6,311	58.8	6,943
Notes receivable	1,640	788	852	208.1	481
Trade accounts receivable	53,033	63,070	-10,037	84.1	47,202
Trade accounts receivable from affiliates	4,691	5,050	-359	92.9	3,840
Other accounts receivable	10,863	14,388	-3,525	75.5	9,604
Products	80	86	-5	93.4	77
Raw materials	13,936	7,253	6,683	192.2	13,875
Stores	11,567	10,391	1,175	111.3	9,746
Short-term loans to affiliates	20,528	-	20,528	-	-
Short-term accounts receivable from affiliates	1,233	4,568	-3,334	27.0	1,293
Deferred tax assets	8,064	8,615	-550	93.6	6,497
Other current assets	8,846	6,851	1,994	129.1	6,453
Allowance for bad debts	-708	-598	-109	118.3	-553
Deferred Assets	31	32	-1	95.8	5
Premium on bonds	31	32	-1	95.8	5
Total assets	963,941	972,954	-9,013	99.1	965,820

(in million yen)

Account	As of September 30, 2003	As of March 31, 2003	Change from prior year		As of September 30, 2002
			Amount	Percentage (%)	
(Liabilities)					
Fixed Liabilities	401,072	416,098	-15,025	96.4	435,532
Corporate bonds	229,660	229,660	-	100.0	219,660
Long-term loans payable	114,333	115,091	-757	99.3	125,699
Reserve for retirement benefits	51,766	65,964	-14,197	78.5	85,616
Reserve for gasholder repair	1,674	1,592	82	105.2	1,657
Other fixed liabilities	3,637	3,790	-152	96.0	2,898
Current Liabilities	154,202	164,873	-10,671	93.5	120,370
Current portion of fixed liabilities	22,422	22,413	8	100.0	18,410
Trade accounts payable	9,914	9,634	279	102.9	12,786
Other accounts payable	10,595	21,725	-11,129	48.8	11,947
Accrued expenses	32,570	45,505	-12,934	71.6	32,559
Corporate taxes payable	4,110	13,077	-8,966	31.4	10,524
Advances received	9,862	8,425	1,437	117.1	9,738
Deposits received	1,266	2,729	-1,462	46.4	1,015
Short-term loans payable to affiliates	19,650	-	19,650	-	-
Short-term accounts payable to affiliates	5,528	14,400	-8,872	38.4	6,327
Commercial paper	35,000	24,000	11,000	145.8	15,000
Other current liabilities	3,281	2,962	318	110.8	2,060
Total liabilities	555,274	580,971	-25,696	95.6	555,902
(Shareholders' Equity)					
Capital Stocks	132,166	132,166	-	100.0	132,166
Capital Reserves	19,482	19,482	0	100.0	19,482
Capital reserve	19,482	19,482	-	100.0	19,482
Other capital reserves	0	-	0	-	-
Gain from disposal of treasury stocks	0	-	0	-	-
Retained Earnings	261,432	256,637	4,795	101.9	246,865
Profit reserve	33,041	33,041	-	100.0	33,041
Reserve for reduction of costs relating to replacement of specific assets, etc.	224	224	-	100.0	224
Reserve for write-off of specific gas piping works	1,983	2,289	-306	86.6	2,289
Reserve for loss on overseas investments, etc.	6,222	6,227	-4	99.9	6,227
Reserve for adjustment for cost fluctuation	89,000	89,000	-	100.0	89,000
Reserve for other specific purposes	62,000	62,000	-	100.0	62,000
Unappropriated retained earnings	68,959	63,853	5,105	108.0	54,081
Difference between Market Price and Acquisition Cost	16,826	4,802	12,024	350.4	11,673
Difference between market price and acquisition cost of other securities	16,826	4,802	12,024	350.4	11,673
Treasury stocks	-21,241	-21,104	-136	100.6	-269
Treasury stocks	-21,241	-21,104	-136	100.6	-269
Total capital	408,666	391,983	16,682	104.3	409,918
Total liabilities and shareholders' equity	963,941	972,954	-9,013	99.1	965,820

(2) Interim Profit and Loss Statement

(in million yen)

Account		Six months ended September 30, 2003 ('03/4 - '03/9)	Six months ended September 30, 2002 ('02/4 - '02/9)	Change from same period of previous year		Year ended March 31, 2003 ('02/4 - '03/3)	
				Amount	Percentage (%)		
Ordinary Profit and Loss	Product sales	254,265	246,551	7,714	103.1	569,260	
	Gas sales	254,265	246,551	7,714	103.1	569,260	
	Cost of sales	95,508	82,182	13,325	116.2	198,418	
	Gross Profit on Sales	158,757	164,368	-5,611	96.6	370,842	
	Selling expenses	111,809	119,703	-7,893	93.4	244,554	
	General and administrative expenses	32,453	32,557	-103	99.7	70,885	
	Core Business Profit	14,494	12,107	2,386	119.7	55,403	
	Miscellaneous operational revenues	57,305	53,094	4,211	107.9	127,545	
	Revenues from house-pipe installation	14,312	15,123	-810	94.6	35,414	
	Revenues from gas appliances sales	42,813	37,829	4,984	113.2	91,827	
	Other miscellaneous operational revenues	179	141	37	126.4	303	
	Miscellaneous operational expenses	53,677	50,331	3,345	106.6	124,812	
	Cost of house-pipe installation	13,937	14,472	-535	96.3	34,112	
	Cost of gas appliances sales	39,740	35,858	3,881	110.8	90,699	
	Revenues from supplementary businesses	12,501	12,004	497	104.1	25,433	
	Cost of supplementary businesses	8,799	7,949	850	110.7	17,102	
	Operating Profit	21,824	18,925	2,898	115.3	66,468	
	Non-Operating Profit and Loss	Non-operating revenues	3,459	3,345	113	103.4	7,481
		Interest income	229	218	11	105.1	458
		Interest income on securities	-	55	-55	0.0	55
		Dividends income	339	317	22	106.9	1,142
Dividend income from affiliates		457	441	16	103.7	-	
Lease income		821	841	-19	97.7	1,657	
Miscellaneous revenues		1,610	1,471	139	109.5	4,167	
Non-operating expenses		3,780	8,293	-4,512	45.6	19,772	
Interest expense		780	777	3	100.4	1,505	
Interest expense on corporate bonds		2,078	1,332	745	155.9	2,777	
Amortization of bond premiums		1	0	0	215.4	1	
Amortization of bond expenses		-	85	-85	0.0	201	
Loss from valuation of investment in securities		-	-	-	-	7,749	
Loss from valuation of investment in affiliates		-	4,361	-4,361	0.0	4,361	
Miscellaneous expenses	920	1,735	-814	53.0	3,175		
Ordinary Profit	21,503	13,977	7,525	153.8	54,177		
Extraordinary Profit and Loss	Extraordinary profit	-	229	-229	0.0	285	
	Gains from sales of fixed assets	-	229	-229	0.0	285	
	Extraordinary loss	2,590	632	1,957	409.5	13,647	
	Loss from sales of fixed assets	2,590	448	2,141	577.4	456	
	Loss from reduction of fixed assets' cost	-	183	-183	0.0	232	
Cost of early retirement program	-	-	-	-	12,958		
Net income before tax	18,913	13,575	5,337	139.3	40,816		
Corporate taxes	-	6,300	-6,300	0.0	14,400		
Adjustment for difference of tax allocation between financial accounting and tax accounting	7,166	-1,301	8,468	-	963		
Net income	11,747	8,577	3,169	137.0	25,453		
Profit brought forward from prior period	57,212	45,504	11,707	125.7	45,504		
Interim dividends	-	-	-	-	7,104		
Unappropriated retained earnings	68,959	54,081	14,877	127.5	63,853		

(Note) Regarding the values in Sales shown in 1. Operational Results of Six Months Ended September 30, 2003 in Highlight of Non-consolidated Interim Financial Statements are the total of product sales, miscellaneous operational revenues, and revenues from supplementary businesses.

(Notes)

1. Significant Accounting Policies

(1) Tangible fixed assets are depreciated by the declining balance method, except buildings (excluding fixtures attached to buildings) acquired on and after April 1, 1998, which are depreciated by the straight line method.

(2) Securities are evaluated by the following methods:

Securities of subsidiaries and affiliates: at cost on moving average basis

Other securities

Securities having market price : at market, based on the market price on the closing date of the current six-month period
(All the difference between the market price and the acquisition cost is accounted for by the “direct-inclusion-to-capital” method, and the cost of sales is calculated by moving average method.)

Securities having no market price : at cost on moving average basis

(3) Products are evaluated at cost on gross average basis. Raw materials and stores are evaluated at cost on moving average basis.

(4) The following significant reserves are provided:

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

Reserve for gasholder repair : To prepare for payment of expenses needed for periodical repair of globular gasholders, a reserve for gasholder repair is provided for the expected repair cost needed in the next scheduled repair based on the actual cost paid in the last repair, over the period by the next scheduled repair.

(5) Accounting of lease transactions

Finance lease transactions, except those in which the ownership of the leased properties is transferred to the lessees, are recorded by the accounting method used for regular lease transactions.

(6) Consumption taxes are recorded by the tax-exclusion method.

2. Accumulated Depreciation of Fixed Tangible Assets: 1,508,454 million yen

(1,453,438 million yen at the end of the same period of the prior year)

3. Guarantee of Liabilities: 7,734 million yen

(15,534 million yen at the end of the same period of the prior year (including those assumed by the Company: 11,605 million yen))

Contingent liabilities in connection with corporate bonds and loan contracts:

103,614 million yen

(123,534 million yen at the end of the same period of the prior year)

9-3 Securities

Information on stocks of subsidiaries and affiliates having market price

(1) As of September 30, 2003

	Value reported on interim balance sheet	Market price	Difference
Subsidiaries' stock	1,241 million yen	3,534 million yen	2,292 million yen

(2) As of March 31, 2003

	Value reported on interim balance sheet	Market price	Difference
Subsidiaries' stock	1,241 million yen	3,255 million yen	2,013 million yen

(3) As of September 30, 2002

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