



# Overview of Consolidated Financial Statements for the 3rd Quarter Ended December 31, 2004 (cumulative)

January 31, 2005

Listed company name: Osaka Gas Co., Ltd.  
(URL <http://www.osakagas.co.jp>)

(Code No: 9532, listed on the Tokyo,  
Osaka and Nagoya Stock Exchanges)

Representative officer: Name: Hirofumi Shibano Title: President  
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## 1. Information related to the preparation of financial statements for the nine-month period

- ① Application of simplified accounting methods: Yes  
(Description)
- The Company's unlisted consolidated subsidiaries apply simplified methods for tax effect accounting.
  - With regard to some accounting transactions deemed to exert little effect on the Company's consolidated operational results and financial condition, simplified accounting methods, including omission of physical inventory-taking, are employed.
- ② Changes in the employed accounting method from recent fiscal years: None
- ③ Information on the scope of consolidation and application of the equity method:  
Number of consolidated subsidiaries: 114 companies  
Number of non-consolidated subsidiaries reported by the equity method: None  
Number of affiliates reported by the equity method: 2 companies
- ④ Changes in the scope of consolidation and application of the equity method:  
Application of the consolidated accounting principle (Addition) 39 companies (Exclusion) 2 companies  
Application of the equity method (Addition) 2 companies (Exclusion) None

## 2. Overview of financial results for the nine-months ended on December 31, 2004 (April 1, 2004 - December 31, 2004)

### (1) Consolidated operational results

(Amounts less than 1 million yen are rounded down to the nearest million yen.)

	Operating revenues	Operating income	Ordinary income	Net income
	(Unit: million yen, %)	(Unit: million yen, %)	(Unit: million yen, %)	(Unit: million yen, %)
Nine months ended December 31, 2004	657,598 1.1	54,027 -1.4	58,254 16.9	26,265 -5.7
Nine months ended December 31, 2003	650,179 -	54,796 -	49,827 -	27,853 -
(Reference) Fiscal 2003 ended March 31, 2004	951,324	92,096	81,446	47,065

	Retained earnings per share	Retained earnings per share-diluted
	(Unit: yen)	(Unit: yen)
Nine months ended December 31, 2004	11.78	-
Nine months ended December 31, 2003	12.13	-
(Reference) Fiscal 2003 ended March 31, 2004	20.56	-

(Note) Percentage figures for sales, operating income and other indices show respective changes from the same nine-month period of the previous fiscal year.

### [Descriptive information on consolidated operational results]

During the nine-month period (April 1, 2004 – December 31, 2004), the gas-related business experienced a sales decline, which was mainly attributable to the reduction of gas rates carried out in accordance with the raw material cost adjustment system. However, the increased revenue achieved by the existing consolidated subsidiaries, together with the addition of new consolidated subsidiaries, boosted sales on a consolidated basis to 657.5 billion yen, an increase of 7.4 billion yen compared with the sales recorded during the same period of the previous fiscal year. Since the price hike in raw materials held the material cost relatively high during the nine-month period until December 31, 2004, efforts were made toward reducing marketing, general and administrative expenses. As a result, operating income decreased 700 million yen to 54 billion yen over the same period of the previous fiscal year. As non-operating income improved, ordinary income reached 58.2 billion yen (an 8.4 billion-yen increase over the same period of the previous fiscal year). Apart from the improved ordinary income, however, the group began employing impairment accounting procedures in the latter half of fiscal 2004, causing extraordinary losses to inflate remarkably. As such, net income decreased 1.5 billion yen to 26.2 billion yen over the same period of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
Nine months ended December 31, 2004	(Unit: million yen) 1,200,617	(Unit: million yen) 505,724	% 42.1	(Unit: yen) 226.81
Nine months ended December 31, 2003	1,208,170	488,453	40.4	212.68
(Reference) Fiscal 2003 ended March 31, 2004	1,199,228	495,635	41.3	222.15

[Consolidated cash flow statement]

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Outstanding balance of cash and cash equivalents as of December 31, 2004
Nine months ended December 31, 2004	(Unit: million yen) 30,019	(Unit: million yen) -47,903	(Unit: million yen) 24,504	(Unit: million yen) 23,603
Nine months ended December 31, 2003	33,918	-53,021	16,461	24,005
(Reference) Fiscal 2003 ended March 31, 2004	132,891	-67,877	-75,930	15,743

[Descriptive information on consolidated financial position]

Total assets at the end of the third quarter of fiscal 2004 increased by 1.3 billion yen to 1,200.6 billion yen after the end of the previous fiscal year (March 31, 2004). Major changes that occurred in total assets during the nine-month period were: a drop of 20.9 billion yen in tangible and intangible fixed assets, a decrease in investments and other assets by 4.6 billion yen, and a 26.9 billion-yen increase in current assets, including cash and cash equivalents and inventories. Shareholders' equity recorded 505.7 billion yen and the ratio of shareholders' equity to total assets turned out to be 42.1%.

[Consolidated cash flow]

The outstanding balance of cash and cash equivalents as of December 31, 2004 was 23.6 billion yen, a 7.8 billion-yen increase over the figure recorded at the end of the previous consolidated fiscal year. Major relevant movements during the nine-month period were as follows:

(Cash flow from operating activities)

Net cash received from operating activities during the nine months ended December 31, 2004 was 30 billion yen, mainly affected by a drop in accrued expenses by 24.3 billion yen, while net income before taxes and minority interest reached 44.3 billion yen.

(Cash flow from investing activities)

Net cash used for investing activities during the nine months ended December 31, 2004 amounted to 47.9 billion yen. One of the major expenditures was 48.4 billion yen used for acquisition of fixed tangible assets.

(Cash flow from financing activities)

Net cash received from financing activities during the nine months ended December 31, 2004 was 24.5 billion yen, since a fund of 37.1 billion yen in terms of net amount was raised through borrowing and issuance of commercial paper and a part of the fund was used to offset a dividend payment of 12.1 billion yen.

(Reference 1) Overview of non-consolidated financial results for the nine months ended December 31, 2004 (April 1, 2004 - December 31, 2004)

	Operating revenues	Operating income	Ordinary income	Net income
Nine months ended December 31, 2004	(Unit: million yen, %) 483,764 -2.3	(Unit: million yen, %) 35,560 -5.5	(Unit: million yen, %) 41,526 11.3	(Unit: million yen, %) 19,725 -11.3
Nine months ended December 31, 2003	495,138 -	37,643 -	37,294 -	22,250 -
(Reference) Fiscal 2003 ended March 31, 2004	729,923	67,356	64,379	39,475

	Total assets	Shareholders' equity
	(Unit: million yen)	(Unit: million yen)
Nine months ended December 31, 2004	965,946	420,765
Nine months ended December 31, 2003	985,743	414,662
(Reference) Fiscal 2003 ended March 31, 2004	977,805	417,741

(Note) Percentage figures for sales, operating income and other indices show respective changes from the same nine-month period of the previous fiscal year.

### 3. Forecast of consolidated operational results for Fiscal 2004 (April 1, 2004 - March 31, 2005)

	Operating revenues (forecast)	Ordinary income (forecast)	Net income (forecast)
	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)
Full year	989,000	94,000	46,000

(Reference) Retained earnings per share (predicted for the full year): 20.60 yen

[Descriptive information on forecasts of operational results]

There is no change from the latest forecasts on operational results.

### (Reference 2) Forecast of non-consolidated operational results for Fiscal 2004 (April 1, 2004 - March 31, 2005)

	Sales (forecast)	Ordinary income (forecast)	Net income (forecast)
	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)
Full year	727,500	75,000	40,000

(Reference) Retained earnings per share (predicted for the full year): 17.91 yen

(Note) 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.

## (1) Consolidated Balance Sheet for the Nine Months Ended December 31, 2004

(Unit: million yen)

Account title	As of the End of the 3rd Quarter of Fiscal 2004 (December 31, 2004)	As of the End of Fiscal 2003 (March 31, 2004)	Change	As of the End of the 3rd Quarter of Fiscal 2003 (December 31, 2003)
(Assets)				
<b>Fixed assets</b>	969,802	995,321	-25,519	989,653
Tangible fixed assets	773,861	795,820	-21,959	796,658
Intangible fixed assets	28,524	27,481	1,043	28,481
Investments and other assets	167,416	172,020	-4,604	164,513
<b>Current assets</b>	230,787	203,877	26,910	218,486
Cash and cash equivalents	28,143	19,997	8,146	28,835
Notes and trade accounts receivable	101,549	108,084	-6,535	100,124
Inventories	55,207	31,825	23,382	49,814
Other current assets	45,887	43,969	1,918	39,712
<b>Deferred assets</b>	27	29	-2	30
<b>Total Assets</b>	1,200,617	1,199,228	1,389	1,208,170
(Liabilities)				
<b>Fixed liabilities</b>	392,764	442,405	-49,641	475,290
Corporate bonds	184,080	218,880	-34,800	229,880
Long-term debts	160,624	157,771	2,853	173,044
Provision for retirement benefits	19,159	42,889	-23,730	49,765
Other fixed liabilities	28,900	22,865	6,035	22,600
<b>Current liabilities</b>	292,293	252,711	39,582	236,298
Notes and trade accounts payable	38,713	35,778	2,935	33,900
Short-term debts	23,268	23,189	79	23,302
Other current liabilities	230,311	193,743	36,568	179,095
<b>Total liabilities</b>	685,057	695,117	-10,060	711,589
(Minority interest)				
<b>Minority interest</b>	9,834	8,476	1,358	8,127
<b>Total minority interest</b>	9,834	8,476	1,358	8,127
(Shareholders' Equity)				
<b>Capital stock</b>	132,166	132,166	0	132,166
<b>Capital reserve</b>	19,492	19,482	10	19,482
<b>Retained earnings</b>	359,932	346,558	13,374	327,345
<b>Land reevaluation excess</b>	81		81	
<b>Differences in valuation of other securities</b>	32,863	35,903	-3,040	28,490
<b>Provision for adjustment of foreign exchange translations</b>	2,928	2,930	-2	2,278
<b>Treasury stocks</b>	-41,739	-41,406	-333	-21,310
<b>Total shareholders' equity</b>	505,724	495,635	10,089	488,453
<b>Total liabilities, minority interest and shareholders' equity</b>	1,200,617	1,199,228	1,389	1,208,170

## (2) Consolidated Profit and Loss Statement for the Nine Months Ended December 31, 2004

(Unit: million yen)

Account title	Nine months ended December 31, 2004 (April 1, 2004 - December 31, 2004)	Nine months ended December 31, 2003 (April 1, 2003 - December 31, 2003)	Change	Fiscal 2003 (April 1, 2003 - March 31, 2004)
Operating revenues	657,598	650,179	7,419	951,324
Cost of goods sold	362,207	343,533	18,674	497,397
<b>Gross profit</b>	<b>295,391</b>	<b>306,646</b>	<b>-11,255</b>	<b>453,926</b>
Marketing, general and administrative expenses	241,363	251,849	-10,486	361,830
<b>Operating income</b>	<b>54,027</b>	<b>54,796</b>	<b>-769</b>	<b>92,096</b>
Non-operating income	10,800	3,651	7,149	7,849
Interest received	181	224	-43	296
Dividends received	826	749	77	908
Gain from sale of investment securities	5,953	472	5,481	2,720
Miscellaneous income	3,837	2,205	1,632	3,923
Non-operating expenses	6,572	8,620	-2,048	18,498
Interest paid	4,564	5,546	-982	7,237
Loss from redemption of corporate bonds				3,742
Miscellaneous expenses	2,008	3,073	-1,065	7,518
<b>Ordinary income</b>	<b>58,254</b>	<b>49,827</b>	<b>8,427</b>	<b>81,446</b>
Extraordinary profit		1,131	-1,131	1,555
Gain from sales of fixed assets		1,131	-1,131	1,555
Extraordinary loss	13,910	4,149	9,761	4,840
Loss from sales of fixed assets		4,149	-4,149	4,684
Loss from depreciation deduction of fixed assets				156
Loss from impairment or disposal of fixed assets	13,910		13,910	
<b>Net income before taxes and minority interest</b>	<b>44,344</b>	<b>46,809</b>	<b>-2,465</b>	<b>78,161</b>
Corporate and other taxes	17,579	18,552	-973	30,354
Minority interest	499	403	96	741
<b>Net income</b>	<b>26,265</b>	<b>27,853</b>	<b>-1,588</b>	<b>47,065</b>

(Note)

Corporate and other taxes include adjustments made with regard to any tax allocation differences between financial accounting and tax accounting.

## (3) Consolidated Cash Flow Statement for the Nine Months Ended December 31, 2004

(Unit: million yen)

Item	Nine months ended December 31, 2004 (April 1, 2004 - December 31, 2004)	Nine months ended December 31, 2003 (April 1, 2003 -- December 31, 2003)	Change	Fiscal 2003 (April 1, 2003 - March 31, 2004)
<b>I. Cash flow from operating activities</b>				
Net income before tax and minority interest	44,344	46,809	-2,465	78,161
Depreciation and amortization expenses	63,943	66,276	-2,333	89,564
Loss from impairment or disposal of fixed assets	13,910		13,910	
Decrease of provision for retirement benefits	-23,780	-20,534	-3,246	-27,411
Increase of prepaid pension expenses	-11,508		-11,508	
Profit from sale of investment securities	-5,953		-5,953	-2,720
Decrease of notes and trade accounts receivable	8,156	9,874	-1,718	1,911
Increase of inventories	-23,003	-21,226	-1,777	-3,237
Increase/decrease of accrued expenses	-24,396	-21,559	-2,837	9,406
Other cash flow movements related to operations	-11,693	-25,720	14,027	-12,784
<b>Total cash flow from operating activities</b>	<b>30,019</b>	<b>33,918</b>	<b>-3,899</b>	<b>132,891</b>
<b>II. Cash flow from investing activities</b>				
Expenditure for acquisition of tangible fixed assets	-48,418	-49,384	966	-68,115
Gain from sale of investment securities	8,084		8,084	5,521
Expenditure for acquisition of stocks and other properties of subsidiaries and affiliates	-7,010	-5,960	-1,050	-6,605
Other cash flow movements related to investments	-559	2,323	-2,882	1,321
<b>Total cash flow from investing activities</b>	<b>-47,903</b>	<b>-53,021</b>	<b>5,118</b>	<b>-67,877</b>
<b>III. Cash flows from financing activities</b>				
Increase/decrease of corporate bonds, debts and commercial papers	37,111	29,357	7,754	-41,774
Dividends paid	-12,122	-12,567	445	-13,732
Other cash flow movements related to financial transactions	-484	-327	-157	-20,423
<b>Total cash flow from financing activities</b>	<b>24,504</b>	<b>16,461</b>	<b>8,043</b>	<b>-75,930</b>
<b>IV. Difference in foreign exchange translations of cash and cash equivalents</b>	<b>8</b>	<b>56</b>	<b>-48</b>	<b>70</b>
<b>V. Increase/decrease of cash and cash equivalents</b>	<b>6,628</b>	<b>-2,584</b>	<b>9,212</b>	<b>-10,846</b>
<b>VI. Outstanding balance of cash and cash equivalents at the beginning of the fiscal term</b>	<b>15,743</b>	<b>26,093</b>	<b>-10,350</b>	<b>26,093</b>
<b>VII. Increase/decrease of cash and cash equivalents subject to change in the scope of consolidation</b>	<b>1,231</b>	<b>495</b>	<b>736</b>	<b>495</b>
<b>VIII. Outstanding balance of cash and cash equivalents at the end of the fiscal term</b>	<b>23,603</b>	<b>24,005</b>	<b>-402</b>	<b>15,743</b>

(Note) Figures indicated with triangles refer to either decreases in terms of amounts, or balances in the red.

#### (4) Segment Information

(Segment information by business type)

Nine months ended December 31, 2004 (April 1, 2004 - December 31, 2004)

(Unit: million yen)

	Gas	LPG, electric power, other energies	Equipment and gas installation work	Real estate	Others	Total	Elimination of internal transactions and transactions involving all	Consolidated results
Operating revenues	379,521	111,020	92,869	26,152	95,184	704,748	(47,149)	657,598
Operating expenses	351,679	100,483	88,969	20,333	90,436	651,902	(48,330)	603,571
Operating income	27,841	10,536	3,900	5,819	4,748	52,845	1,181	54,027

Nine months ended December 31, 2003 (April 1, 2003 - December 31, 2003)

(Unit: million yen)

	Gas	LPG, electric power, other energies	Equipment and gas installation work	Real estate	Others	Total	Elimination of internal transactions and transactions involving all	Consolidated results
Operating revenues	387,295	94,621	97,326	24,959	90,886	695,090	(44,910)	650,179
Operating expenses	359,599	83,036	92,383	19,526	86,849	641,395	(46,012)	595,382
Operating income	27,696	11,585	4,942	5,432	4,037	53,694	1,101	54,796