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(Securities Identification Code: 9532)

Report for the 194th Fiscal Year

From April 1, 2011, to March 31, 2012

Osaka Gas Co., Ltd.

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Notes to consolidated financial statements and notes to non-consolidated financial statements are provided separately at the Company's Web site (<http://www.osakagas.co.jp/company/ir/stock/inform/index.html>) in accordance with the laws and regulations and the Company's Articles of Incorporation.

The consolidated financial statements and non-consolidated financial statements audited by the accounting auditor and corporate auditors include the statements provided in the Report for the 194th Fiscal Year, as well as the notes to consolidated financial statements and notes to non-consolidated financial statements that are provided separately at the aforementioned Web site.

Business Report (April 1, 2011, to March 31, 2012)

I. Current Situation of the Business Group

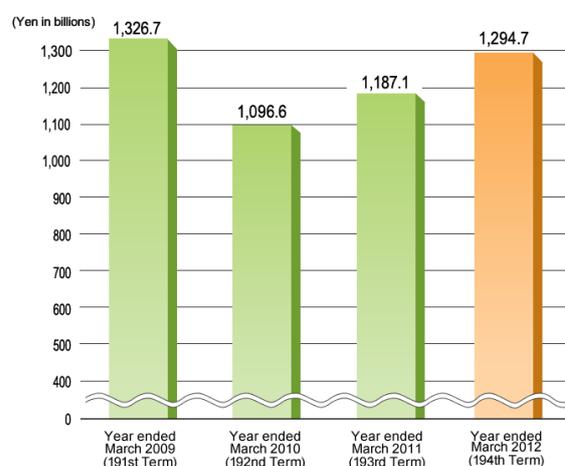
1. Business Operations and Results

At the beginning of the fiscal year under review, the Japanese economy experienced a significant decline due to reduced economic activity in the wake of the Great East Japan Earthquake. Toward the summer of 2011, the economy made a rapid turnaround due to the swift recovery of the disrupted supply chains of manufacturers. However, the business climate seasawed in the fall of 2011 and thereafter, reflecting prolonged appreciation of the yen, the deceleration of world economies and a delay in the full-fledged recovery from the disaster.

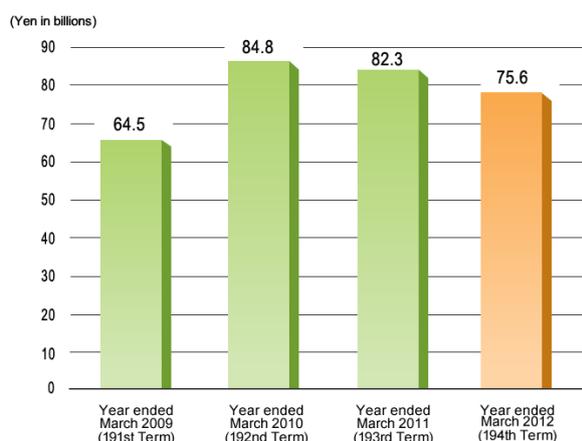
In such a business environment, the Osaka Gas Group (the “Group”) has aggressively conducted its businesses with the core management principle of “Value Creation Management.”

Consolidated revenues of the Group for this fiscal year increased 9.1% from the previous year to ¥1,294.7 billion mainly because gas sales unit prices remained high under the fuel cost adjustment system (see Graph 1). Consolidated ordinary profit decreased 8.1% to ¥75.6 billion chiefly due to an increase in the cost of raw materials of gas (see Graph 2), despite increased income from the electric power business. Consolidated net income for this fiscal year declined 1.7% to ¥45.2 billion (see Graph 3).

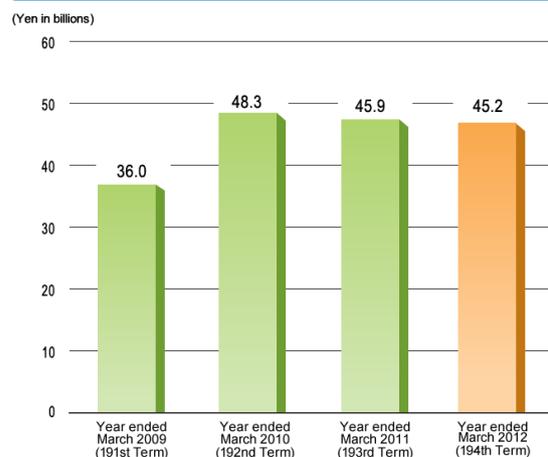
Graph 1: Transition of Consolidated Revenues



Graph 2: Transition of Consolidated Ordinary Profits



Graph 3: Transition of Consolidated Net Income



An overview of the Group's operations by business segment was as follows.

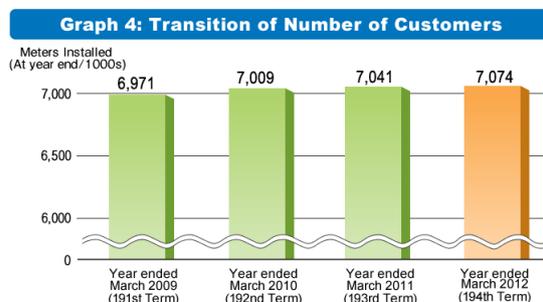
(1) Gas

Revenues

Revenues advanced 11.0% from the previous year to ¥976.5 billion, as gas sales unit prices remained high under the fuel cost adjustment system.

Number of Customers (Meters Installed)

The number of customers (by number of meters installed) increased by 3.3 thousand from the previous year-end and reached 7,074 thousand as of March 31, 2012 (see Graph 4).



Gas Sales Volume

The residential gas sales volume was almost unchanged from the previous year at 2,281 million cubic meters.

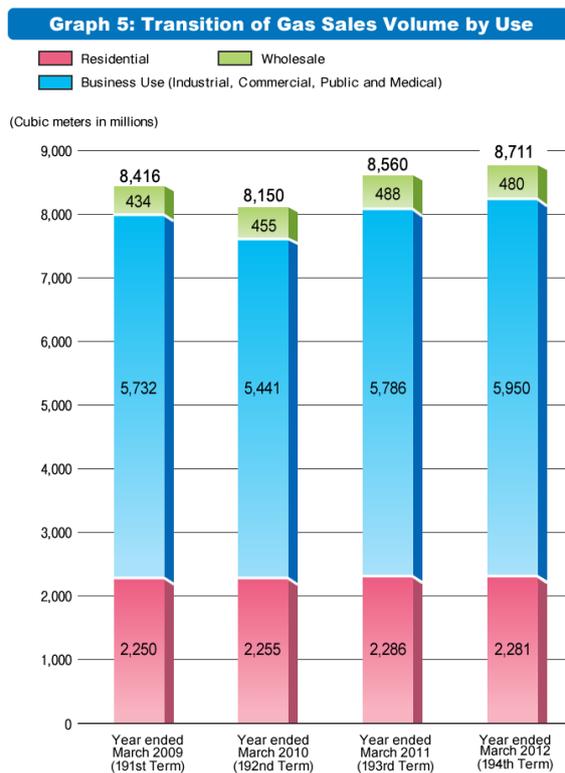
The business gas sales volume increased 2.8% to 5,950 million cubic meters due to an increase in the sales volume for industrial use, reflecting the increased level of operation of existing customers' facilities and steady efforts to develop new demand, although the sales volume for commercial, public and medical uses was affected by the energy-saving efforts of these customers.

Wholesale gas volume decreased 1.5% to 480 million cubic meters.

As a result, total gas sales volume grew 1.8% to 8,711 million cubic meters (see Graph 5).

Revision of Gas Rates

Effective from February 2012, Osaka Gas ("the Company") lowered its gas rates for small customers pursuant to the general and optional supply provisions by an average of 1.20% compared with previous rates. This revision of gas rates has resulted from the Company's past efforts to raise operational efficiency and maximum consideration of an expected reduction in fixed costs other than material costs due to continued efficiency enhancing efforts.



Sales of Gas Appliances

In response to the growing awareness of energy security after the Great East Japan Earthquake, the Company stepped up its efforts to promote cogeneration and gas air-conditioning systems that help to cut peak power demand and enhance energy security.

Regarding residential gas appliances, we endeavored to expand sales of the “ENE-FARM” residential fuel cell (polymer electrolyte fuel cell), the “ECOWILL” residential gas engine cogeneration system and the “Double Power Generation” system, which is a combination of ENE-FARM or ECOWILL with photovoltaic power generation. A new product of the ECOWILL line, featuring increased environmental friendliness, economical efficiency and ease of installation, was launched in June 2011. In addition, a new product of the ENE-FARM series and a more compact “ENE-FARM type S” (solid oxide fuel cell) with higher power generation efficiency were developed during the year under review and were launched in April 2012.

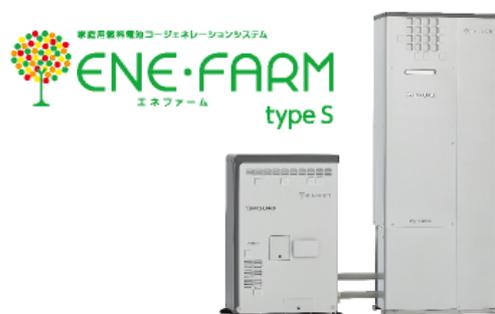
In September 2011, the Company increased the range of residential gas appliances to be covered by its maintenance service contract by initiating the “Raku-Toku Hosyo” maintenance service program for gas-fired water heaters so that such service is more conveniently available to customers.

Regarding gas appliances for business use, the Company strove to promote sales of the “HIGH POWER EXCEL,” a gas heat pump-type air-conditioning system with an electric generation function, and the “GENELIGHT,” a mini-cogeneration system. In addition, the Company developed the “GHP EXCEL PLUS,” an improved version of HIGH POWER EXCEL with an added function of enabling operation during a power outage, which was launched in April 2012.

In April 2011, the Company launched the extremely energy-saving “GHP XAIR,” an ultra-high-efficiency gas engine heat pump air-conditioning system for buildings, and expanded its lineup in July and October 2011.



Photovoltaic power generation



“ENE-FARM type S”



“GHP EXCEL PLUS”

Others

In January 2012, the Company introduced a new concept term “ga.smart!,” which emphasizes the environmentally-friendly and advanced features of natural gas and related gas businesses to generate consumer appeal. This term is intended to express the Company’s determination to simultaneously realize comfortable lifestyles and energy conservation for its customers, thereby contributing to the realization of a low-carbon society. To achieve that, the Company continues to promote the advanced utilization of natural gas, a resource that has less impact on the environment, has abundant reserves and helps improve energy security.



Advertisement with the concept term
“ga.smart!”

(2) LPG, Electric Power and Other Energy

Revenues increased 13.3% from the previous year to ¥198.0 billion, primarily owing to an increase in revenue from the electric power business.

Regarding the electric power business, power generating plants, including the Semboku Natural Gas Power Plant, continued to operate favorably.

In October 2011, the Company concluded a contract with Shizuoka Gas Co., Ltd. to supply a part of the LNG (liquefied natural gas) procured by the Company to Shizuoka Gas by transporting it using an LNG vessel for 20 years beginning in fiscal 2014.



Semboku Natural Gas Power Plant
(at Semboku LNG Terminal II)

(3) Overseas Energy

Revenues were almost unchanged from the previous year at ¥11.1 billion.

In October 2011, the commercial operation of all plants started for the Shuweihat S2 independent water and power project in the Emirates of Abu Dhabi, the United Arab Emirates. This project, in which the Group is involved, conducts the integrated management of power generation and water desalination.

In June 2011, the Group took part in a natural gas development project focusing on shale gas in British Columbia, Canada. In December 2011, the Group concluded a contract to acquire part of the interests in another natural gas development project, the Ichthys LNG Project, in Australia. The Group will continue to actively seek participation in overseas resource development projects and investments to secure stable procurement of LNG.



Location of the shale gas development project

(4) Environment and Non-Energy

Revenues were almost unchanged from the previous year at ¥184.5 billion.

Regarding the environment business, the “Hallett 4” wind farm project in South Australia started commercial operations in June 2011. Gas and Power Co., Ltd., acquired all the shares of Yura Wind Power Development Co., Ltd., in June 2011, and its Yura Wind Power Plant started commercial operations in September 2011.

Regarding the non-energy business, Urbanex Co., Ltd., acquired rental apartments, such as “Urbanex Kyobashi Primary One” and “Urbanex Umeda-Nishi,” during this fiscal year. In March 2012, “The Urbanex Rokko” condominiums—to be sold exclusively by Urbanex for the first time—were completed, being equipped with environmentally-friendly features, including a photovoltaic generation system. OG Sports Co., Ltd., endeavored to increase fitness club membership by introducing a new membership category to facilitate inexperienced people joining the club and reinforcing club events.



“Hallett 4 Project” wind power generation equipment



“The Urbanex Rokko”

[Revenues for Each Business Segment] (Amount: Yen in billions, Ratio: %)

	Gas	LPG, Electric Power and Other Energy	Overseas Energy	Environment and Non-Energy	On a Consolidated Basis
Revenues	976.5	198.0	11.1	184.5	1,294.7
Percentage Change from Previous Year	+11.0	+13.3	+0.2	-0.4	+9.1
Percentage of revenues	71.3	14.5	0.8	13.5	—

Note: Inter-segment revenues are included in revenues for each business segment but are eliminated from consolidated revenues.

2. Capital Investment Activities

The amount of capital investment by the Group amounted to ¥87.1 billion.

The Company lengthened its gas trunk and branch lines by 337 kilometers, bringing the total length to 49,135 kilometers as of the end of this fiscal year.

The construction of Himeji and Okayama lines continued during the year under review.

It should also be noted that subsidiaries of the Company constructed LNG vessels and acquired real estate.

3. Financing Activities

During this fiscal year, the Group borrowed ¥23.0 billion and repaid ¥29.7 billion of long-term loans; with respect to the corporate bonds (except short-term bonds), it issued ¥10.0 billion of ordinary bonds (at face value) and redeemed existing bonds in the aggregate amount of ¥0.4 billion.

4. Outstanding Issues

(1) Management Issues

The business environment surrounding the Group is changing drastically: overseas, we see increasing instability in the European economies, political uncertainty in the Middle East and soaring oil prices, whereas domestically we face a tight power supply, a shift in energy policy and growing attention to energy conservation and energy security among businesses and consumers.

What the Group recognizes as its greatest management issue is to achieve sustainable growth on a continuous basis by addressing the changing business environment, while improving the efficiency of business operations.

(2) Group's Core Management Principle

The Group is conducting its businesses with the core management principle of "Value Creation Management," under which the Group seeks to maximize the customer value as its first priority and to increase the value of all stakeholders including its shareholders, the society and its employees, through fair and highly transparent business activities.

(3) Priority Issues

To achieve its long-term management vision and medium-term business plans "Field of Dreams 2020," the Group will address the following issues throughout the year ending March 31, 2013.

(a) Stable and Safe Energy Supply

The Group will reinforce its efforts to ensure the stable and safe supply of natural gas in all fields from material procurement, energy manufacturing and supply to the use of energy by customers.

(i) Stable supply

The Group endeavors to ensure the stable procurement of raw materials such as natural gas by procuring from multiple countries, while seeking lower material prices through the diversification of suppliers and joint procurement with other companies. In consideration of future energy demand, the Group promotes the long-term strategic formulation of manufacturing and supply facilities, including the construction of high-pressure gas pipelines.

(ii) Safety

The Group implements scheduled repair and renewal of energy manufacturing and supply facilities as preventive maintenance, while providing a response 24 hours a day in case of an emergency such as a gas leakage.

In addition, the Group continues to carry out regular inspections of customers' facilities and publicize the safe use of gas facilities and appliances.

(iii) Reinforcement of countermeasures against large-scale disasters and supply problems

The Group continues to enhance measures to protect its energy manufacturing and supply facilities against earthquakes and tsunamis and review business continuity plans.

(b) Promoting the Use of Natural Gas and Dispersed Energy Systems

Since the occurrence of the Great East Japan Earthquake, we have seen growing social attention to energy security, energy conservation, cutting peak power demand and the realization of a low-carbon society. In response, the Group strives to maximize the use of its products, services and technologies, focusing on natural gas and dispersed energy systems.

(i) Approaches in residential market

The Group continues to promote the expansion of the highly efficient "ECO-JOZU" water heater. Efforts will also be made to promote the "ENE-FARM" and "ENE-FARM type S" residential fuel cell systems, the "ECOWILL" residential gas engine cogeneration system and the "Double Power

Generation” system, which combines the above systems with photovoltaic power generation. The Group will also promote “home energy management systems (HEMS)” to make energy flows “visible” to users.

(ii) Approaches in business market

The Group continues to promote wider and advanced use of natural gas, such as through gas cogeneration systems and gas air-conditioning systems. In addition, the Group seeks to increase the range of businesses as an energy service provider, including utility management based on its water treatment and IT technologies, thereby achieving greater convenience and lower costs for customers.

(iii) Technological development

The Group continues to engage in extensive efforts to achieve higher efficiency and lower costs for gas appliances; the practical application of a “smart energy house,” which combines “Double Power Generation” and storage batteries, and a “smart energy network,” which optimizes the use of dispersed energy systems; the commercialization of environmental technologies using catalyst and absorption technologies; and the development of bio- and hydrogen-related technologies.

(c) New Business Models and Further Investments

The Group seeks to expand its involvement in the “domestic energy business except the city gas business in the Kinki region,” the “international energy business along with energy value chain” and the “environment and non-energy business.”

(i) Domestic energy business

a. Electric power business

The Group endeavors to expand the range of power sources, including power cogeneration systems that enable the effective use of exhaust heat and renewable energy facilities that reduce CO₂ emissions. In addition, the Group continues the steady operation and careful maintenance of generating units of power plants such as the Semboku Natural Gas Power Plant.

b. Supply in a broader area

The Group seeks to promote the use of natural gas outside its supply area in alliance with energy business operators in their respective areas.

c. LPG business

The Group seeks to increase profitability by increasing sales volume and the number of customers, as well as promoting cost reductions.

(ii) International energy business along with energy value chain

To ensure the flexible and stable procurement of LNG and generate profits, the Group seeks to acquire new interests including unconventional gas development projects such as shale gas, while continuing to develop projects for the gas fields, in which it has interests.

Regarding the mid- and downstream sectors along the energy value chain, such as Independent Power Producer (IPP) projects, the Group continues to seek the acquisition of new projects, while ensuring the steady management of the existing projects in which it is involved.

(iii) Environment and non-energy business

By further utilizing the Group’s technology and know-how, the Group seeks to expand the array of its environmental businesses.

In the area of non-energy businesses such as city development, information and materials-related solutions, the Group seeks to encourage comfortable lifestyles and business development for customers by offering better products and services.

(d) Fulfillment of higher level of CSR

The Group continues to fulfill its corporate social responsibility in accordance with the “Osaka Gas Group CSR Charter,” which consists of the following guiding principles: “Creating value for

customers,” “Contributing to harmonization with the environment and realization of a sustainable society,” “Communication with the community and contribution to the society,” “Promotion of compliance with laws and regulations and respect for human rights” and “Management aiming for human growth.” The Group ensures that these principles are disseminated throughout its entire supply chain.

(4) Conclusion

The Group tackles the above challenges by establishing the internal control system that fits the business environment and monitoring the system’s operation appropriately, and consistently continues its efforts for sustainable growth by implementing the core management principle of "Value Creation Management."

The Group looks forward to the continued support and encouragement from all shareholders.

5. Financial Position and Profits and Losses

(Yen in millions)

Division	Year ended March 2009 (191st Term)	Year ended March 2010 (192nd Term)	Year ended March 2011 (193rd Term)	Year ended March 2012 (194th Term)
Revenues	1,326,785	1,096,628	1,187,142	1,294,781
Ordinary Profits	64,510	84,806	82,372	75,694
Net Income	36,041	48,384	45,968	45,207
Net Income per Share (yen)	16.72	22.50	21.62	21.71
Total Assets	1,452,457	1,483,895	1,437,297	1,475,759
Net Assets	634,757	690,561	688,695	708,904

6. Principal Activities of the Group (as of March 31, 2012)

Business Segment	Major Businesses
Gas	Sale of gas and gas appliances, gas piping work, supply of heat
LPG, Electric Power and Other Energy	Sale of LPG, supply of electricity, sale of industrial gas
Overseas Energy	Overseas supply of energy, leasing of LNG tankers, development and investment relating to oil and natural gas
Environment and Non-Energy	Development and leasing of real estate, information processing service, sale of fine materials and carbon products, management of sports facilities, engineering and leasing of automobiles and equipment

7. Outline of Principal Subsidiaries (as of March 31, 2012)

Company	Capital (Yen in millions)	Holding (%)	Main Activities
Liquid Gas Co., Ltd.	1,110	100	Sale of industrial gas, LNG, LPG, etc.
Urbanex Co., Ltd.	1,570	100	Development, leasing, management, and sale of real estate
OGIS-RI Co., Ltd.	400	100	Development of software and information processing services via computers
Osaka Gas Chemicals Co., Ltd.	2,500	100	Manufacture and sale of fine materials, carbon products, etc.

Note: The Group treats the affiliated companies that play a central role in each business area and that are positioned as an elementary unit for the management of the Group as core companies (which the Group recognizes as principal subsidiaries).

8. Major Offices, Plants and Employees (as of March 31, 2012)

(1) Major Offices and Plants

The Company	Head Office	Head Office (Osaka Prefecture)
	Residential Energy Business Unit	Osaka Residential Sales Dept. (Osaka Prefecture) Nanbu Residential Sales Dept. (Osaka Prefecture) Hokutobu Residential Sales Dept. (Osaka Prefecture) Hyogo Residential Sales Dept. (Hyogo Prefecture) Keiji Residential Sales Dept. (Kyoto Prefecture)
	Commercial & Industrial Energy Business Unit	Osaka Commercial & Industrial Energy Sales Dept. (Osaka Prefecture) Nanbu Commercial & Industrial Energy Sales Dept. (Osaka Prefecture) Hokutobu Commercial & Industrial Energy Sales Dept. (Osaka Prefecture) Hyogo Commercial & Industrial Energy Sales Dept. (Hyogo Prefecture) Keiji Commercial & Industrial Energy Sales Dept. (Kyoto Prefecture)
	Pipeline Business Unit	Osaka Pipeline Dept. (Osaka Prefecture) Nanbu Pipeline Dept. (Osaka Prefecture) Hokutobu Pipeline Dept. (Osaka Prefecture) Hyogo Pipeline Dept. (Hyogo Prefecture) Keiji Pipeline Dept. (Kyoto Prefecture)
	LNG Terminal & Power Generation Business Unit	Semboku LNG Terminals (Osaka Prefecture) Himeji LNG Terminal (Hyogo Prefecture)
	R&D Headquarters	Energy Technology Laboratories (Osaka Prefecture)
Subsidiaries		Liquid Gas Co., Ltd. (Osaka Prefecture) Urbanex Co., Ltd. (Osaka Prefecture) OGIS-RI Co., Ltd. (Osaka Prefecture) Osaka Gas Chemicals Co., Ltd. (Osaka Prefecture)

(2) Employees

Business Segment	Number of Employees
Gas	11,743
LPG, Electric Power and Other Energy	1,284
Overseas Energy	73
Environment and Non-Energy	6,718
Total	19,818

Note: The above number of employees indicates the number of employees currently on duty.

9. Major Lenders (as of March 31, 2012)

Lenders	Loans Outstanding on March 31, 2012 (Yen in millions)
Japan Finance Corporation	38,082
Nippon Life Insurance Company	32,726
Sumitomo Life Insurance Company	20,020
Development Bank of Japan Inc.	16,849
Meiji Yasuda Life Insurance Company	16,538

Note: As of April 1, 2012, the rights of Japan Finance Corporation as a lender to the Company had been transferred to Japan Bank for International Cooperation, which was established on the same day in accordance with the Japan Bank for International Cooperation Act.

II. Officers

1. Details of Directors and Corporate Auditors (as of March 31, 2012)

Position	Name	Business in Charge	Significant Concurrent Positions
Representative Director and President Executive President	Hiroshi Ozaki		Director of Asahi Broadcasting Corporation Director of Liquid Gas Co., Ltd. Director of Urbanex Co., Ltd. Director of OGIS-RI Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Representative Director Executive Vice-President	Masashi Kuroda	Head of CSR In charge of: CSR & Environment Dept., Regional Development Dept., Tokyo Branch, Compliance Dept., Auditing Dept., Regional Resident Representative and Overall Regional Resident Representative Responsible for: Urbanex Co., Ltd., Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.	Director of Urbanex Co., Ltd. Member of Osaka Prefectural Labor Commission
Representative Director Executive Vice-President	Takashi Sakai	Head of Safety Responsible for: Energy Resources & International Business Unit, LNG Terminal & Power Generation Business Unit, Pipeline Business Unit, Residential Energy Business Unit, Commercial & Industrial Energy Business Unit and R&D Headquarters	Representative Director and President of Osaka Rinkai Energy Service Corporation
Representative Director Executive Vice-President	Masato Kitamae	Head of IT President of Corporate Planning Headquarters In charge of: Information and Communication Systems Dept. and Research Institute for Culture, Energy and Life Responsible for: Liquid Gas Co., Ltd., OGIS-RI Co., Ltd. and Osaka Gas Chemicals Co., Ltd.	Representative Director and President of OG-Kanden Joint Planning Company Director of Liquid Gas Co., Ltd. Director of OGIS-RI Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Director Senior Executive Officer	Shigeki Hirano	Head of LNG Terminal & Power Generation Business Unit	
Director Senior	Noriyuki Nakajima	Head of Technology President of R&D Headquarters	

Executive Officer			
Director Senior Executive Officer	Takehiro Honjo	Head of Customer Services Head of Residential Energy Business Unit	
Director Senior Executive Officer	Koji Kono	Head of Pipeline Business Unit	
Director Senior Executive Officer	Hirofumi Kyutoku	Head of Commercial & Industrial Energy Business Unit	
Director Senior Executive Officer	Takahiko Kawagishi	In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.	
Director Senior Executive Officer	Hidetaka Matsuzaka	Head of Energy Resources & International Business Unit	
Director	Tadamitsu Kishimoto		Specially Appointed Professor of Immunology Frontier Research Center, Osaka University Administrative Director of Senri Life Science Foundation
Director	Shunzo Morishita		Executive Adviser of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
Corporate Auditor (full-time)	Akio Ukai		
Corporate Auditor (full-time)	Shingo Kamei		
Corporate Auditor	Toshihiko Hayashi		Professor of Doshisha University Graduate School of Policy and Management
Corporate Auditor	Kenji Torigoe		Professor of Kansai University School of Law

Notes:

- 1) “Responsible for” in the “Business in Charge” column means monitoring and providing advice and suggestions concerning the operations of any headquarters, organization, core company or person in a designated position according to its managerial importance and effect on business management.
- 2) Directors, Tadamitsu Kishimoto and Shunzo Morishita are both external directors as specified in Article 2, Item 15, of the Companies Act.
- 3) Corporate Auditors, Toshihiko Hayashi and Kenji Torigoe are both external corporate auditors as specified in Article 2, Item 16, of the Companies Act.

- 4) All of the external directors and external corporate auditors have been notified as independent officers pursuant to the provisions prescribed by each stock exchange where the shares of the Company are listed.
- 5) There are no special relationships between the entities set out in the column “Significant Concurrent Positions” for each external director and external corporate auditor and the Company.
- 6) Directors, Takahiko Kawagishi and Hidetaka Matsuzaka and Corporate Auditor Shingo Kamei were newly appointed as directors and corporate auditor at the 193rd Annual Meeting of Shareholders held on June 29, 2011, and assumed office on the same day.
- 7) Corporate Auditor Shingo Kamei once served as General Manager of the Finance Dept. of the Company and therefore has adequate knowledge of finance and accounting.
- 8) Changes in the “Significant Concurrent Positions” during the term under review
Representative Director and President Hiroshi Ozaki assumed the office of Director of Asahi Broadcasting Corporation as of June 28, 2011.
Representative Director Masato Kitamae became Representative Director and President, having previously been a Representative Director, of OG-Kanden Joint Planning Company as of June 30, 2011.
Director Tadamitsu Kishimoto retired as Professor of the Graduate School of Frontier Biosciences of Osaka University as of August 31, 2011, and assumed the office of Specially Appointed Professor of the Immunology Frontier Research Center at Osaka University as of September 1, 2011.

Note 9) Changes in directors' positions and business in charge after the end of the fiscal year under review
Directors' positions and business in charge as of April 1, 2012, were as follows.

Position	Name	Business in Charge
Representative Director and Executive President	Hiroshi Ozaki	
Representative Director Executive Vice-President	Masashi Kuroda	Head of CSR In charge of: Regional Co-Creation Dept., CSR & Environment Dept., Tokyo Branch, Compliance Dept., Auditing Dept., Regional Resident Representative, Overall Regional Resident Representative and Tokyo Representative Responsible for: Urbanex Co., Ltd., Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.
Representative Director Executive Vice-President	Takashi Sakai	Head of Safety In charge of: Head Office Representative Responsible for: Energy Resources & International Business Unit, LNG Terminal & Power Generation Business Unit, Pipeline Business Unit, Residential Energy Business Unit, Commercial & Industrial Energy Business Unit and R&D Headquarters
Representative Director Executive Vice-President	Masato Kitamae	President of Corporate Planning Headquarters In charge of: Information and Communication Systems Dept. Responsible for: Liquid Gas Co., Ltd., OGIS-RI Co., Ltd., and Osaka Gas Chemicals Co., Ltd.
Director Senior Executive Officer	Noriyuki Nakajima	Head of Technology President of R&D Headquarters
Director Senior Executive Officer	Takehiro Honjo	Head of Customer Services Head of Residential Energy Business Unit
Director Senior Executive Officer	Hirofumi Kyutoku	Head of Commercial & Industrial Energy Business Unit
Director Senior Executive Officer	Takahiko Kawagishi	In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.
Director Senior Executive Officer	Hidetaka Matsuzaka	Head of Energy Resources & International Business Unit
Director	Shigeki Hirano	
Director	Koji Kono	
Director	Tadamitsu Kishimoto	
Director	Shunzo Morishita	

- 10) Changes in significant concurrent positions after the end of the fiscal year under review
Director Shigeki Hirano assumed the office of Chairman of Osaka Gas Australia Pty. Ltd. as of April 2, 2012.
Director Koji Kono assumed the office of Chairman of Creative Techno Solution Co., Ltd., as of April 2, 2012.

2. Remuneration for Directors and Corporate Auditors

(1) Decision Policies of Remuneration for Directors and Corporate Auditors

Remuneration for each Director shall be determined by a resolution of the Board of Directors within the amount of remuneration (up to ¥63 million per month) approved at the Annual Meeting of Shareholders, taking into consideration the position and business in charge, etc. of each Director. Remuneration for each Corporate Auditor shall be determined through discussions among Corporate Auditors within the amount of remuneration (up to ¥14 million per month) approved at the Annual Meeting of Shareholders, taking into consideration the position, etc. of each Corporate Auditor. The system of paying retirement benefits to directors and corporate auditors has been abolished.

(2) Remuneration paid to Directors and Corporate Auditors

15 Directors	¥536 million
5 Corporate Auditors	¥87 million

(including ¥43 million for four external officers)

Note:

The numbers and the amounts above include two directors and one corporate auditor who resigned at the end of the 193rd Annual Meeting of Shareholders held on June 29, 2011.

3. External Officers

Director Tadamitsu Kishimoto

Principal Activities

- (1) Attendance and Comments at the Meetings of the Board of Directors
Tadamitsu Kishimoto attended 10 out of 11 meetings of the Board of Directors.
He made comments as appropriate based on his long experience in management and from his independent position as an External Director.

Director Shunzo Morishita

Principal Activities

- (1) Attendance and Comments at the Meetings of the Board of Directors
Shunzo Morishita attended 11 out of 11 meetings of the Board of Directors.
He made comments as appropriate based on his long experience in management and from his independent position as an External Director.

Corporate Auditor Toshihiko Hayashi

Principal Activities

- (1) Attendance and Comments at the Meetings of the Board of Directors

Toshihiko Hayashi attended 10 out of 11 meetings of the Board of Directors.

He made no comment on the exercise of rights as a corporate auditor.

(2) Attendance and Comments at the Meetings of the Board of Corporate Auditors

Toshihiko Hayashi attended 12 out of 13 meetings of the Board of Corporate Auditors.

He made comments on the method and results of the audit and other matters concerning the performance of duties of the Corporate Auditors.

Corporate Auditor Kenji Torigoe

Principal Activities

(1) Attendance and Comments at the Meetings of the Board of Directors

Kenji Torigoe attended 11 out of 11 meetings of the Board of Directors.

He made no comment on the exercise of rights as a corporate auditor.

(2) Attendance and Comments at the Meetings of the Board of Corporate Auditors

Kenji Torigoe attended 13 out of 13 meetings of the Board of Corporate Auditors.

He made comments on the method and results of the audit and other matters concerning the performance of duties of the Corporate Auditors.

III. Shares (as of March 31, 2012)

1. Number of Shares Issued and Number of Shareholders

Number of Authorized Shares	3,707,506,909 shares
Number of Shares Issued and Outstanding	2,083,400,000 shares
Number of Shareholders	145,172

Note: The “Number of Shares Issued and Outstanding” includes 1,146,823 treasury shares.

2. Principal Shareholders

Shareholders	Number of shares held (1,000s)	Shareholding ratio (%)
Nippon Life Insurance Company	108,103	5.19
Japan Trustee Services Bank, Ltd. (trust account)	97,572	4.69
The Master Trust Bank of Japan, Ltd. (trust account)	72,083	3.46
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	69,929	3.36
Resona Bank, Limited	52,777	2.53
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	44,430	2.13
Toyu-kai (Employees' Stockholding)	29,815	1.43
Meiji Yasuda Life Insurance Company	29,191	1.40
Aioi Nissay Dowa Insurance Co., Ltd.	27,865	1.34
Japan Trustee Services Bank, Ltd. (trust account 9)	23,730	1.14

Note: The number of treasury shares is excluded from the “Number of Shares Issued and Outstanding” in calculating the shareholding ratios.

IV. Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA LLC

2. Fees and Other Charges Payable to the Accounting Auditor for this fiscal year

(1)	Amount of fees and other charges payable to the accounting auditor by the Company for this fiscal year	(i) Fees for audit services in Article 2, Paragraph 1, of the Certified Public Accountants Law (Note)	¥82 million
		(ii) Amount of fees and other charges for services other than audit services in Article 2, Paragraph 1, of the Certified Public Accountants Law	¥37 million
(2)	Total amount of cash and other financial benefits payable by the Company and its subsidiaries		¥234 million

Note: As the audit fees under the Companies Act and those under the Financial Instruments and Exchange Law are not separated for the purpose of the audit contract executed between the Company and the accounting auditor and are impractical to separate, the amount specified above is the total amount of audit fees payable under both Laws.

3. Non-Audit Services

The Company entrusted duties such as the provision of advice from specialist perspective concerning International Financial Reporting Standards to the accounting auditor and pays consideration therefor.

4. Policy on Decision of Dismissal or Non-Reappointment of Accounting Auditor

In addition to the dismissal by the Board of Corporate Auditors of the accounting auditor under Article 340 of the Companies Act, in the event that the proper performance by the accounting auditor of its duties is found to be difficult, the Company may propose agendas concerning dismissal or non-reappointment of the accounting auditor at the shareholders' meeting with the consent of the Board of Corporate Auditors under Article 344, paragraphs 1 and 3 of the Companies Act or by request from the Board of Corporate Auditors under Article 344, paragraphs 2 and 3 of the Companies Act.

V. Systems to Ensure that the Executions of the Duties by the Directors Complies with the Laws and Regulations and the Articles of Incorporation and Other Systems to Ensure the Properness of Operations

The Company establishes systems (internal control systems) to ensure that the directors of the Company execute the duties in compliance with the laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of the Group's operations at meeting of the Board of Directors. It was reported at the meeting of the Board of Directors held in April 26, 2012, that such systems are being properly operated.

1. Systems to ensure that the execution of the duties complies with the laws and regulations and the Articles of Incorporation
 - (1) Directors and employees of the Group shall sufficiently acquire and investigate information as the basis to execute the duties and through accurate understanding of the facts, make reasonable decisions in accordance with regulations on responsibilities and authorities.
 - (2) In order for the Board of Directors to make appropriate decisions and enhance its supervisory role, together with establishing an efficient system for the execution of its duties, executive directors shall retain independent external officers and adopt the executive officer system.
 - (3) Executive directors shall hold management meetings to provide information to the president and the Board of Directors to assist in the decision making process and discuss strategies and important matters concerning its management of the business.
 - (4) Executive directors shall establish the "Osaka Gas Group Code of Business Conduct" based on "Osaka Gas Group CSR Charter." By familiarizing directors and employees with the Code, executive directors shall not only ensure the performance of duties in compliance with applicable laws and regulations and the Articles of Incorporation within the Group, but also contribute to the preservation of the environment, promote social responsibility and disassociate with antisocial forces, and promote business activities in a fair and appropriate manner.
 - (5) Executive directors shall make efforts to understand the status concerning compliance within the Group and promote compliance practices by establishing a consulting and reporting system as an internal reporting system and a CSR committee.
 - (6) If any problems are discovered regarding compliance within the Group, directors and employees of the Group are required to consult with or report to an executive director or other superior, or report the matter via the consulting and reporting system depending on the level of seriousness or urgency. Executive directors, head of compliance or other superiors shall investigate details of such matter and take necessary remedial measures.
2. System concerning the maintenance and the management of information on Directors' execution of duties
 - (1) Executive directors and employees of the Group shall prepare minutes of the meetings of the Board of Directors, approval documents or other similar documents specifying matters including matters affecting decisions and the process by which a decision was reached, in accordance with regulations on responsibilities and authorities.
 - (2) Executive directors and employees of the Group shall properly store and manage the minutes of the meetings of the Board of Directors, approval documents or other information on execution of duties according to the nature thereof.

3. Regulations and other systems to manage the risk of losses

- (1) Executive directors shall take all possible steps to ensure the safety and stability of gas supplies in gas businesses by establishing safety regulations on matters concerning the construction, maintenance and operation of production and supply facilities, and by promoting the improvement of the production and supply systems.
- (2) Executive directors of the Group and organizational heads of the Company (managers of basic organizations of the Company) shall take measures to prevent the occurrence of risks and minimize losses in the case of occurrence, and manage the risk of losses for each category of risk (risks due to external factors, internal factors, transactions with outside parties or other factors).
- (3) The risk of losses shall be managed at the level of each basic organization and each affiliated company.

4. Systems to ensure the efficient execution of duties by directors

- (1) Executive directors of the Group and organizational heads of the Company shall determine matters concerning the division of duties and decision-making within the Company and the Group in accordance with regulations on responsibilities and authorities. They shall also provide regulations regarding details of organizations and general matters to be observed during the execution of duties. By familiarizing employees with such regulations, they shall ensure the smooth management of organizations and the improvement of quality and efficiency of operations.
- (2) With the aim of maximizing corporate value, executive directors of the Group and organizational heads of the Company shall establish medium-term business plans and annual plans for the Company and the Group, monitor its attainment by means of performance indicators and focus on achieving these plans.

5. Systems to ensure the properness of business operations of the Group

In addition to the above, executive directors shall take the following measures and make efforts to ensure proper operations.

- (1) Companies to play a central role in each business area of the Group (core companies) or basic organizations to supervise affiliated companies (management support organizations) shall be designated to be responsible for day-to-day management of affiliated companies.
- (2) Compliance with applicable laws and regulations and the Articles of Incorporation, the efficiency and other similar matters of the Group as a whole shall be audited internally by the head of the Auditing Department of the Company. If necessary in light of the results of such audit, remedial measures shall be taken promptly.
- (3) Maintain, operate and evaluate internal control procedures in relation to financial reporting to ensure its credibility.

6. Matters concerning employees assisting corporate auditors in the performance of their duties in the case where the appointments of such employees are requested

- (1) Executive directors, if requested by the corporate auditors, shall appoint employees to assist the corporate auditors in the performance of their duties and establish a corporate auditors' office staffed by these corporate auditors' assistants.
- (2) Corporate auditors' assistants shall be engaged solely in assisting the corporate auditors in the performance of their duties.

7. Matters concerning independence of corporate auditors' assistants from directors

- (1) Executive directors cannot direct or give orders to corporate auditors' assistants except where such directions or orders apply equally to all employees.
- (2) The opinions of the corporate auditors shall be sought in advance regarding the evaluation, transfer, and disciplining of corporate auditors' assistants.

8. Systems for reporting to the corporate auditors by directors and employees and other matters concerning reporting to the corporate auditors

- (1) Directors shall report immediately to the corporate auditors if a matter that is significantly detrimental on the Company is discovered.
- (2) Directors and employees shall report without delay matters that have a material impact on the business of the Group, the results of internal audits, the situation regarding the main reports under the consulting and reporting system and other important matters.
- (3) Directors of the Group and employees of the Company shall report without delay when requested by the corporate auditors to report on matters concerning the execution of duties.

9. Other systems to ensure effective auditing by the corporate auditors

- (1) The corporate auditors may exchange opinions periodically with the representative directors and the accounting auditor.
- (2) The corporate auditors may attend management meetings and all company committee meetings. They may investigate as appropriate material information concerning the execution of duties, such as approval documents.

10. Confirmation of operation status, etc.

- (1) Executive directors shall periodically confirm and assess the status of the operation of the internal control system and report the results to the Board of Directors.
- (2) Executive directors shall take necessary measures by taking into consideration the assessment results of internal control system and other situations.

Consolidated Balance Sheet (As of March 31, 2012)

(Yen in millions)

Assets		Liabilities	
Fixed assets	1,069,469	Fixed liabilities	518,160
Tangible fixed assets	793,283	Bonds	258,863
Production facilities	80,220	Long-term loans payable	200,722
Distribution facilities	278,844	Deferred tax liabilities	9,801
Operational facilities	69,280	Deferred tax liabilities related to revaluation	139
Other facilities	313,655	Reserve for retirement benefits	15,496
Construction in progress	51,281	Reserve for gasholder repair	1,679
		Reserve for safety actions	6,990
		Allowance for investment loss	6,999
		Others	17,468
Intangible fixed assets	38,107	Current liabilities	248,694
		Current portion of fixed liabilities	32,663
		Notes and trade accounts payable	46,978
		Short-term loans payable	48,104
Investments and other assets	238,078	Corporate taxes payable	27,768
Investment in securities	136,838	Others	93,178
Others	103,255		
Allowance for bad debts	(2,015)	Total liabilities	766,855
		Net assets	
Current assets	406,290	Shareholders' equity	679,605
Cash and deposits	107,239	Capital stock	132,166
Notes and trade accounts receivable	159,472	Capital surplus	19,482
Short-term investment securities	22,909	Retained earnings	528,318
Inventories	60,740	Treasury shares	(361)
Others	57,347	Accumulated other comprehensive income	4,978
Allowance for bad debts	(1,419)	Difference between market price and acquisition cost of other securities	19,710
		Deferred hedge gains/losses	(494)
		Land revaluation excess	(510)
		Foreign exchange adjustment	(13,727)
		Minority interest	24,320
		Total net assets	708,904
Total assets	1,475,759	Total liabilities and net assets	1,475,759

Consolidated Income Statement (April 1, 2011, to March 31, 2012)

(Yen in millions)

Account	Amount
Operating revenues	1,294,781
Cost of sales	868,358
[Gross profit on sales]	[426,423]
Selling, general and administrative expenses	349,148
[Operating profit]	[77,274]
Non-operating revenues	14,521
Interest income	753
Dividend income	2,106
Equity method investment gains	5,637
Miscellaneous income	6,024
Non-operating expenses	16,101
Interest expenses	8,909
Provision of allowance for investment loss	3,719
Miscellaneous expenses	3,472
[Ordinary profit]	[75,694]
[Income before tax adjustments]	[75,694]
Corporate, inhabitant and business taxes	26,301
Adjustment for corporate and other taxes	2,077
[Income before minority interests]	[47,315]
Minority interests	2,108
Net income	45,207

Consolidated Statement of Changes in Net Assets (April 1, 2011, to March 31, 2012)

(Yen in millions)

	Shareholders' Equity					Accumulated Other Comprehensive Income					Minority Interest	Total Net Assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity total	Difference between market price and acquisition cost of other securities	Deferred hedge gains (losses)	Land revaluation excess	Foreign exchange adjustment	Accumulated other comprehensive income total		
Balance as of previous year-end	132,166	19,482	499,366	(323)	650,692	18,037	4,116	(519)	(7,367)	14,267	23,735	688,695
Changes during the year												
Dividends from retained earnings			(16,658)		(16,658)							(16,658)
Net income			45,207		45,207							45,207
Change of scope of equity method			403		403							403
Acquisition of treasury shares				(47)	(47)							(47)
Disposal of treasury shares			(0)	8	8							8
Net changes in items other than shareholders' equity during the year						1,673	(4,611)	9	(6,360)	(9,289)	584	(8,704)
Total changes during the year			28,952	(38)	28,913	1,673	(4,611)	9	(6,360)	(9,289)	584	20,208
Balance as of current year-end	132,166	19,482	528,318	(361)	679,605	19,170	(494)	(510)	(13,727)	4,978	24,320	708,904

Non-consolidated Balance Sheet (As of March 31, 2012)

(Yen in millions)

Assets		Liabilities	
Fixed assets	908,545	Fixed liabilities	415,233
Tangible fixed assets	472,293	Bonds	255,645
Production facilities	78,782	Long-term loans payable	133,573
Distribution facilities	278,267	Long-term liabilities of affiliates	861
Operational facilities	68,415	Deferred tax liabilities	2,406
Incidental business facilities	4,379	Reserve for retirement benefits	4,677
Construction in progress	42,448	Reserve for gasholder repair	1,656
Intangible fixed assets	5,333	Reserve for safety actions	6,990
Patents	51	Allowance for investment loss	6,999
Leaseholds	2,921	Other fixed liabilities	2,421
Other intangible fixed assets	2,360	Current liabilities	227,766
Investments and other assets	430,918	Current portion of fixed liabilities	21,005
Investment in securities	40,030	Trade accounts payable	23,485
Investment in affiliates	178,674	Shot-term loans payable	10,000
Long-term loans receivable from affiliates	158,728	Other accounts payable	21,727
Investment in capital	23	Accrued expenses	35,311
Long-term prepaid expenses	9,524	Corporate taxes payable	19,281
Prepaid pension expenses	37,593	Advances received	3,767
Other investments	6,882	Deposits received	1,231
Allowance for bad debts	(537)	Short-term loans payable to affiliates	69,726
		Short-term accounts payable to affiliates	21,054
		Other current liabilities	1,174
		Total liabilities	643,000
Current assets	278,985	Net assets	
Cash and deposits	71,925	Shareholders' equity	527,502
Notes receivable	510	Capital stock	132,166
Accounts receivable	94,529	Capital surplus	19,482
Trade accounts receivable from affiliates	13,109	Capital reserve	19,482
Other accounts receivable	7,924	Retained earnings	376,215
Short-term investment securities	20,012	Legal reserve of retained earnings	33,041
Products	183	Other retained earnings	
Raw materials	22,943	Reserve for reduction of costs relating to replacement of specific assets, etc.	232
Stores	9,130	R Reserve for loss on overseas investments, etc.	13,141
Short-term loans receivable from affiliates	20,205	Reserve for adjustment for cost fluctuation	89,000
Short-term accounts receivable from affiliates	1,709	Reserve for other specific purposes	62,000
Deferred tax assets	6,687	Unappropriated retained earnings brought forward	178,799
Other current assets	10,750	Treasury shares	(361)
Allowance for bad debts	(635)	Treasury shares	(361)

		Valuation and translation adjustments	17,028
		Difference between market price and acquisition cost of other securities	11,986
		Difference between market price and acquisition cost of other securities	11,986
		Deferred hedge gains (losses)	5,041
		Deferred hedge gains (losses)	5,041
		Total net assets	544,531
Total assets	1,187,531	Total liabilities and net assets	1,187,531

Non-consolidated Income Statement (April 1, 2011, to March 31, 2012)

(Yen in millions)

Costs and Expenses		Operating Revenues	
Cost of sales	501,172	Product sales	802,376
Opening inventories	148	Gas sales	802,376
Product manufacturing cost	506,423		
Purchases during the year	0		
Internal consumption	5,216		
Closing inventories	183		
[Gross profit on sales]	[301,203]		
Selling expenses	235,048		
General and administrative expenses	55,605		
[Core business profit]	[10,549]		
Miscellaneous operational expenses	109,462	Miscellaneous operational revenues	117,164
Cost of house-pipe installation	20,753	Revenues from house-pipe installation	20,747
Cost of gas appliances sales	88,709	Revenues from gas appliances sales	89,515
		Revenues from consigned supply	2,497
		Other miscellaneous operational revenues	4,405
Cost of incidental businesses	92,082	Revenues from incidental businesses	113,179
Cost of electric supply	51,767	Revenue from electric supply	72,447
Cost of LNG sales	28,426	Revenue from LNG sales	27,367
Cost of other incidental businesses	11,888	Revenues from other incidental businesses	13,363
[Operating profit]	[39,348]		
Non-operating expenses	11,795	Non-operating revenues	13,613
Interest expenses	2,487	Interest income	2,108
Interest expenses on corporate bonds	4,083	Interest income on securities	54
Amortization of bond issue costs	40	Dividend income	1,063
Provision of allowance for investment loss	3,719	Dividend income from affiliates	4,555
Miscellaneous expenses	1,465	Rent income	1,680
[Ordinary profit]	[41,165]	Miscellaneous revenues	4,150
[Net income before tax]	[41,165]		
Corporate and other taxes	13,400		
Adjustment for corporate and other taxes	2,058		
Net income	25,707		
Total	1,046,333	Total	1,046,333

Non-consolidated Statement of Changes in Net Assets (April 1, 2011, to March 31, 2012)

(Yen in millions)

	Shareholders' Equity												Valuation and translation adjustments			Total Net Assets
	Capital stock	Capital Surpluses		Legal reserve of retained earnings	Retained Earnings						Treasury shares	Shareholders' equity total	Difference between market price and acquisition cost of other securities	Deferred hedge gains (losses)	Valuation and translation adjustments total	
		Capital reserve	Total capital surpluses		Other Retained Earnings											
					Reserve for reduction of costs relating to replacement of specific assets, etc.	Reserve for loss on overseas investments, etc.	Reserve for adjustment for cost fluctuation	Reserve for other specific purposes	Unappropriated retained earnings brought forward	Total retained earnings						
Balance as of previous year-end	132,166	19,482	19,482	33,041	214	10,061	89,000	62,000	172,849	367,167	(323)	518,493	11,324	5,052	16,377	534,870
Changes during the year																
Reserve for reduction entry of specified replaced properties					18				(18)							
Provisions to reserve for loss on overseas investments, etc.						3,086			(3,086)							
Reversal of reserve for loss on overseas investments, etc.						(6)			6							
Dividends from retained earnings									(16,658)	(16,658)		(16,658)				(16,658)
Net income									25,707	25,707		25,707				25,707
Acquisition of treasury shares											(47)	(47)				(47)
Disposal of treasury shares									(0)	(0)	8	8				8
Net changes in items other than shareholders' equity during the year													662	(11)	651	651
Total changes during the year					18	3,079			5,949	9,047	(38)	9,008	662	(11)	651	9,660
Balance as of current year-end	132,166	19,482	19,482	33,041	232	13,141	89,000	62,000	178,799	376,215	(361)	527,502	11,986	5,041	17,028	544,531

Accounting Auditors' Report on the Consolidated Financial Statements

Independent Auditors' Report

May 10, 2012

To the Board of Directors of Osaka Gas Co., Ltd.

KPMG AZSA LLC

Takashi Yoshida, Designated and Engagement Partner
Certified Public Accountant

Hiroshi Matsumoto, Designated and Engagement Partner
Certified Public Accountant

Tadahiko Asano, Designated and Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, i.e., consolidated balance sheet, consolidated income statement, consolidated statement of changes in net assets and notes to consolidated financial statements, of Osaka Gas Co., Ltd., for the fiscal year from April 1, 2011, to March 31, 2012, in accordance with Article 444, Paragraph 4, of the Companies Act.

Management's Responsibility as to Consolidated Financial Statements

The management is responsible for preparing and fairly presenting the aforementioned consolidated financial statements in conformity with accounting principles generally accepted as fair and appropriate in Japan. This includes maintaining and operating the internal control system that management regards as necessary to prepare and fairly present the consolidated financial statements free of material misstatement due to misconduct or errors.

Accounting Auditor's Responsibility

Our responsibility is to form an independent opinion on such consolidated financial statements based on the audits we conducted. We conducted our audits in accordance with auditing standards generally accepted as fair and appropriate in Japan. Those standards require that we establish an audit plan and perform audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

For the audits, audit procedures are performed to obtain audit evidence as to the amounts and disclosure of the consolidated financial statements. The audit procedures are selected and applied at our discretion based on our assessment of risks of material misstatement due to misconduct or errors in the consolidated financial statements. Although the audits are not intended to form an opinion about the validity of the internal control system, we examine, on the occasion of the risk assessment, the internal control system that relates to the preparation and fair presentation of the consolidated financial statements to formulate the audit procedures appropriately according to the situation. In addition, the audits include assessing the accounting policies used, the application of the policies, and estimates made by the management, as well as the overall financial statement presentation.

We believe that our audits have provided sufficient and appropriate audit evidence to form a basis for our opinion.

Accounting Auditor's Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets and earnings of the business group consisting of Osaka Gas Co., Ltd., and its consolidated subsidiaries for the fiscal year ended March 31, 2012, in conformity with accounting principles generally accepted as fair and appropriate in Japan.

Interests

Neither KPMG AZSA LLC nor any of its engagement partners have interests in Osaka Gas Co., Ltd., that should be disclosed under the Certified Public Accountant Law.

Accounting Auditors' Report on the Non-Consolidated Financial Statements

Independent Auditors' Report

May 10, 2012

To the Board of Directors of Osaka Gas Co., Ltd.

KPMG AZSA LLC
Takashi Yoshida, Designated and Engagement Partner
Certified Public Accountant
Hiroshi Matsumoto, Designated and Engagement Partner
Certified Public Accountant
Tadahiko Asano, Designated and Engagement Partner
Certified Public Accountant

We have audited the non-consolidated financial statements, i.e., non-consolidated balance sheet, non-consolidated income statement, non-consolidated statement of changes in net assets and notes to non-consolidated financial statements, and their supporting schedules of Osaka Gas Co., Ltd., for the 194th fiscal year from April 1, 2011, to March 31, 2012, in accordance with Article 436, Paragraph 2, Item 1, of the Companies Act.

Management's Responsibility as to Non-Consolidated Financial Statements

The management is responsible for preparing and fairly presenting the aforementioned non-consolidated financial statements and supporting schedules in conformity with accounting principles generally accepted as fair and appropriate in Japan. This includes maintaining and operating the internal control system that management regards as necessary to prepare and fairly present the non-consolidated financial statements and supporting schedules free of material misstatement due to misconduct or errors.

Accounting Auditor's Responsibility

Our responsibility is to form an independent opinion on such non-consolidated financial statements and supporting schedules based on the audits we conducted. We conducted our audits in accordance with auditing standards generally accepted as fair and appropriate in Japan. Those standards require that we establish an audit plan and perform audits to obtain reasonable assurance about whether the non-consolidated financial statements and supporting schedules are free of material misstatement.

For the audits, audit procedures are performed to obtain audit evidence as to the amounts and disclosure of the non-consolidated financial statements and supporting schedules. The audit procedures are selected and applied at our discretion based on our assessment of risks of material misstatement due to misconduct or errors in the non-consolidated financial statements and supporting schedules. Although the audits are not intended to form an opinion about the validity of the internal control system, we examine, on the occasion of the risk assessment, the internal control system that relates to the preparation and fair presentation of the non-consolidated financial statements and supporting schedules to formulate the audit procedures appropriately according to the situation. In addition, the audits include assessing the accounting policies used, the application of the policies, and estimates made by the management, as well as the overall presentation of the financial statements and supporting schedules.

We believe that our audits have provided sufficient and appropriate audit evidence to form a basis for our opinion.

Accounting Auditor's Opinion

In our opinion, the non-consolidated financial statements and supporting schedules referred to above present fairly, in all material respects, the assets and earnings of Osaka Gas Co., Ltd., for the fiscal year ended March 31, 2012, in conformity with accounting principles generally accepted as fair and appropriate in Japan.

Interests

Neither KPMG AZSA LLC nor any of its engagement partners have interests in Osaka Gas Co., Ltd., that should be disclosed under the Certified Public Accountant Law.

Audit Report by the Board of Corporate Auditors

Audit Report

The Board of Corporate Auditors prepared this Corporate Auditors' Report upon deliberation based on reports by each Corporate Auditor regarding the execution by the Directors of their duties for the 194th fiscal year from April 1, 2011, to March 31, 2012. We report as follows:

1. Method and details of the audit by the Corporate Auditors and the Board of Corporate Auditors

(1) The Board of Corporate Auditors has established an audit policy, an audit plan and other matters and has received reports from each Corporate Auditor on the status of implementation and the results of the audit.

In addition, the Board of Corporate Auditors has received reports from the Directors and the Accounting Auditor on the execution of their duties and requested explanations as necessary.

(2) Each Corporate Auditor has communicated with the Directors, the internal auditing division and other employees in conformity with the auditing standards established by the Board of Corporate Auditors and pursuant to the audit policy, the audit plan and other matters. The audit has been implemented based on the following method.

(i) We have attended meetings of the Board of Directors and other important meetings and have interviewed the Directors, employees and others as needed in respect of the status of execution of their duties. Furthermore, we have inspected important documents in respect of the authorization of corporate actions and inspected the operations and the assets of the Company at its head office and principal business offices.

With regard to subsidiaries, we have communicated with directors, corporate auditors and others of the subsidiaries, and visited them as necessary in order to inspect their operations and assets.

(ii) Regarding the content as outlined in the Business Report of a resolution of the Board of Directors concerning the establishment of systems to ensure that the Directors execute their duties in compliance with the laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of operations of stock company as provided for in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act and the system (internal control system) established based on such resolution, we have received regular reports from the Directors, employees and others on the status of the development and operation of such system, requested explanations as necessary and expressed our opinion thereon.

(iii) We have received reports from the Accounting Auditor on the performance of its duties and requested explanations as necessary. Furthermore, we have received a notice from the Accounting Auditor that the "system to ensure that duties are properly performed" (stipulated in each item of Article 131 of the Corporate Accounting Ordinance) is established in accordance with the "Quality Management Standards concerning the Audit" (Financial Services Agency, Business Accounting Council) and other standards and requested explanations as necessary.

Based on the above method, we have examined the business report, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated income statement, non-consolidated statement of changes in net assets and notes to non-consolidated financial statements) and their supporting schedules and the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in net assets and notes to consolidated financial statements) for the fiscal year ended March 31, 2012.

2. Results of the audit

(1) Results of the audit of the business report, etc.

(i) The business report and its supporting schedules give a fair and proper account of the Company's business in accordance with applicable laws and regulations and the Articles of Incorporation.

(ii) No misconduct or material facts that are in breach of applicable laws and regulations or the Articles of Incorporation have been detected in respect of the execution by the Directors of their duties.

(iii) The content of the resolution of the Board of Directors concerning the internal control system is fair and proper. In addition, the maintenance and operation of the internal control system have been continuously improved and there is no matter of concern regarding the execution by the Directors of their duties in respect of the internal control system.

(2) Results of the audit of the non-consolidated financial statements and their supporting schedules

Methods used by KPMG AZSA LLC as the Accounting Auditor for this audit, and the results thereof, are fair and proper.

(3) Results of the audit of the consolidated financial statements

Methods used by KPMG AZSA LLC as the Accounting Auditor for this audit, and the results thereof, are fair and proper.

May 18, 2012

Osaka Gas Co., Ltd., Board of Corporate Auditors

Akio Ukai

Full-Time Corporate Auditor [seal]

Shingo Kamei

Full-Time Corporate Auditor [seal]

Toshihiko Hayashi

External Corporate Auditor [seal]

Kenji Torigoe

External Corporate Auditor [seal]