

This document has been translated from the Japanese original for reference purposes only. In the event of discrepancy between this translated document and the Japanese original, the original shall prevail.

(Securities Identification Code: 9532)

Report for the 197th Fiscal Year

From April 1, 2014 to March 31, 2015

OSAKA GAS CO., LTD.

Table of Contents

Business Report

- I. Current Situation of the Business Group
- II. Officers
- III. Shares
- IV. Accounting Auditor
- V. Systems to Ensure the Properness of Operations
- Consolidated Balance Sheet
- Consolidated Income Statement
- Consolidated Statement of Changes in Net Assets
- Non-consolidated Balance Sheet
- Non-consolidated Income Statement
- Non-consolidated Statement of Changes in Net Assets
- Accounting Auditors' Report on the Consolidated Financial Statements
- Accounting Auditors' Report on the Non-consolidated Financial Statements
- Audit Report by the Board of Corporate Auditors

Notes to consolidated financial statements and notes to non-consolidated financial statements are provided separately at the website (<http://www.osakagas.co.jp/company/ir/stock/inform/index.html>) of OSAKA GAS CO., LTD. (hereinafter referred to as “the Company”) 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 Audit & Supervisory Board Members include the statements provided in the Report for the 197th 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 website.

Business Report (April 1, 2014 to March 31, 2015)

I. Current Situation of the Business Group

1. Business Operations and Results

During the first half of the fiscal year under review, the Japanese economy experienced a demand decline as a backlash against the last-minute surge in demand immediately before the consumption tax hike. In the second half, however, the trends of lower oil prices, yen depreciation and higher stock prices continued. These factors, along with the favorable U.S. business climate helping to improve Japanese corporate business results, chiefly for exporting companies, brought about high expectations for economic recovery during the fiscal year under review.

In such a business environment, the Osaka Gas Group (the “Group”) has aggressively conducted its businesses to achieve the goals set out in the long-term management vision “Field of Dreams 2020,” and the medium-term business plan “Catalyze Our Dreams.”

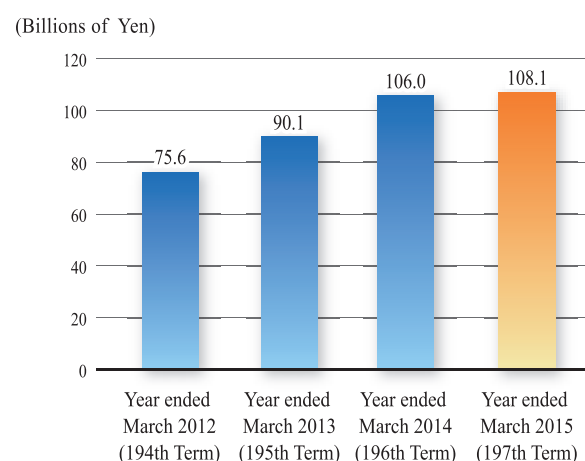
Consolidated net sales of the Group for the fiscal year under review increased 1.0% from the previous year to ¥1,528.1 billion, mainly because gas sales unit prices remained high under the fuel cost adjustment system, which more than offset a decline in gas sales volume (see Graph 1).

Consolidated ordinary income increased 2.0% to ¥108.1 billion mainly due to increased income from the gas business (see Graph 2).

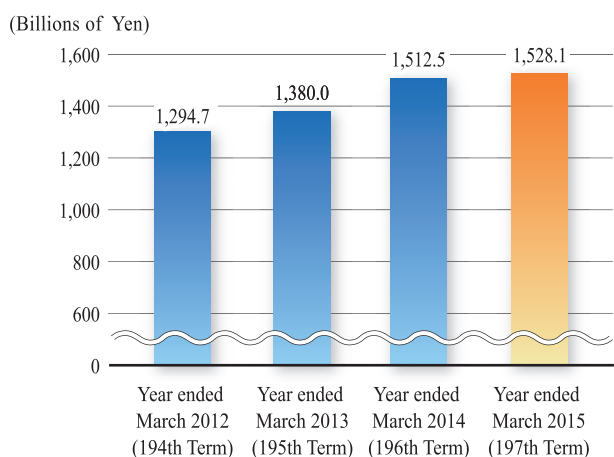
Consolidated net income surged 83.8% to ¥76.7 billion primarily due to gains on sales of investment securities* and the effect of impairment loss in the previous fiscal year (see Graph 3).

*These include a gain resulting from the transfer of all of the Company’s shares in Osaka Prefectural Urban Development Co., Ltd.

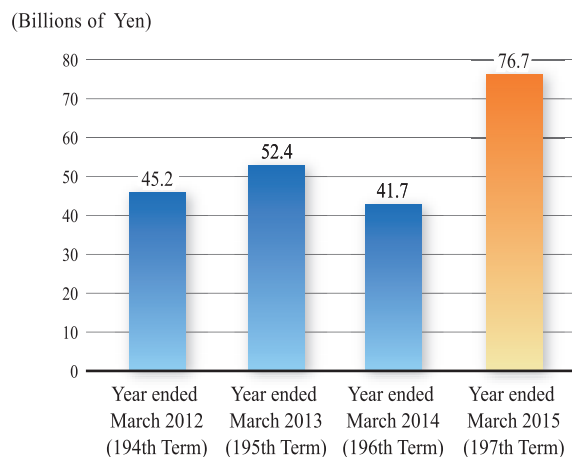
Graph 2. Transition of Consolidated Ordinary Income



Graph 1. Transition of Consolidated Net Sales



Graph 3. Transition of Consolidated Net Income



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

(1) Gas

Net sales

Net sales increased 1.6% from the previous year to ¥1,136.9 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 60 thousand from the previous year-end and reached 7,224 thousand as of March 31, 2015.

Gas Sales Volume

The residential gas sales volume decreased 0.5% to 2,196 million cubic meters, reflecting higher temperatures in winter compared with the previous year, which decreased the demand for air heating.

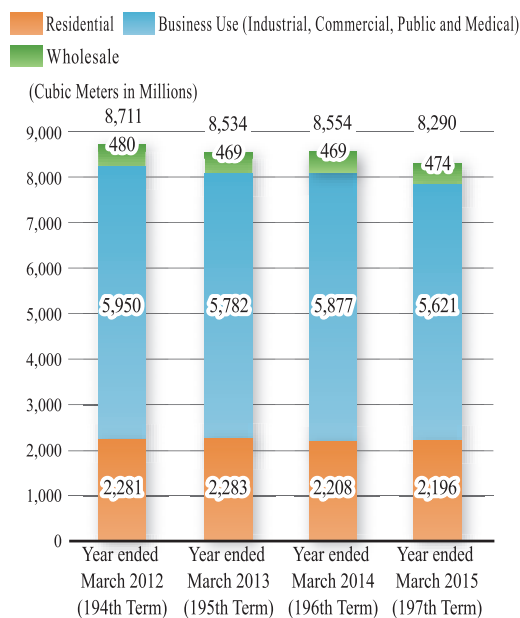
The business gas sales volume decreased 4.4% to 5,621 million cubic meters, mainly because some of our power generation facilities for industrial use were switched to the category of internal power generation* or experienced a decreased rate of customer facility utilization, while gas demand for cooling declined at commercial, public and medical facilities.

*The category of fuel gas for the power generation facilities was switched from business gas sales to internal use.

Wholesale gas volume increased 1.0% from the previous year to 474 million cubic meters.

As a result, total gas sales volume decreased 3.1% to 8,290 million cubic meters (see Graph 4).

Graph 4. Transition of Gas Sales Volume by Use



Ensuring Stable Supply and Security

Continuous efforts were made throughout the year to diversify the sources of natural gas procurement, ensure good maintenance and well-planned renovations of gas production and supply facilities and promote the spread of gas appliances equipped with safety functions.



LNG carrier “LNG JUPITER”

To prepare for emergencies, we continued to improve our response to emergencies, introduced highly earthquake-resistant gas production and supply facilities and built coastal disaster prevention blocks against tsunami, based on the lessons learned from the Great Hanshin Earthquake and the Great East Japan Earthquake.

Gas Rate Revisions

In January 2015, we made revisions to lower gas rates by an overall average 1.26% for household customers including general and optional gas supply provisions.

Sales of Gas Appliances

Regarding residential gas appliances, we endeavored to develop and expand sales of products, such as the residential fuel cell cogeneration system “ENE-FARM” and the “Double Power Generation” system—a combination of “ENE-FARM” with photovoltaic power generation system in addition to devices and equipment for boilers, kitchens and cooking.

In September 2014, the accumulated number of “ENE-FARM” systems sold exceeded 30 thousand, and the newest version of the Si sensor cooking stoves, named “SMART KONRO,” was launched with improvements in style and functionality.

Regarding gas appliances for business use, we engaged in efforts at product development, efficiency enhancement and sales promotion for cogeneration systems, air-conditioning systems, kitchen instruments, boilers, industrial furnaces and burners. In addition to these appliances, we endeavored to offer high-value-added solutions by utilizing our accumulated engineering capabilities to satisfy customer needs.

In January 2015, we opened the “hu+gMUSEUM” as a venue for transmitting information on dining and housing at the Company’s birthplace, which is next to KYOCERA DOME OSAKA in Nishi-ku, Osaka City.



Safety inspection on a bridge pipeline



Si sensor cooking stove “SMART KONRO”



hu+gMUSEUM

(2) LPG, Electricity and Other Energy

Net sales decreased 6.6% from the previous year to ¥243.7 billion, mainly owing to a decrease in revenue from the LPG business.

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

In March 2015, Yamaguchi-Ube Power Generation Co., Ltd., was established jointly by the Company, Electric Power Development Co., Ltd., and Ube Industries, Ltd., to promote studies and preparations for initiating the business of power generation through a coal-fired thermal power generating plant with a planned generating capacity of 1,200 MW in Ube City, Yamaguchi Prefecture.

In July 2014, we concluded a contract with Hiroshima Gas Co., Ltd., to supply liquefied natural gas (LNG) for approximately 15 years from 2016. In March 2015, we initiated the supply of LNG to Shizuoka Gas Co., Ltd., and we are supposed to supply a part of the LNG we purchase for 20 years.

(3) International Energy

Net sales increased 2.6% from the previous year to ¥13.7 billion.

Regarding the U.S. Freeport LNG project, preparations for starting an LNG liquefaction business have been going smoothly. The project was given permission for facility construction by the U.S. Federal Energy Regulatory Commission in July 2014, completing all important permissions to move the project forward. In October 2014, a project finance loan contract for the project was concluded.



Semboku Natural Gas Power Plant
(Osaka Prefecture)



Hayama Wind Farm Power Plant
(Kochi Prefecture)



Freeport LNG Terminal
(Source: Freeport LNG Development, L.P.)

(4) Life & Business Solutions

Net sales increased 5.6% from the previous year to ¥207.5 billion mainly due to newly consolidating a manufacturer and distributor of activated carbon.

Osaka Gas Urban Development Co., Ltd., a group company engaged in the urban development business, expanded its assets by acquiring four rental apartment buildings, including “Urbanex Harajuku,” and completed the construction of seven condominium buildings, including “THE Urbanex Uemachidai Ryuzoji,” during the fiscal year under review.

OGIS-RI Co., Ltd., a group company engaged in the information solutions business, offered comprehensive IT services, including consulting, designing, development and operation services for corporate information systems, as well as data centers and cloud services.

Osaka Gas Chemicals Co., Ltd., a group company engaged in the material solutions business, acquired 54.2% of the shares of Mizusawa Industrial Chemicals, Ltd., a company that produces and sells inorganic adsorbents, resin additives and other chemicals, in April 2015, through a transfer from Takeda Pharmaceutical Company Limited.

OG Capital Co., Ltd. transferred all of its shares in Lnet Corporation, in June 2014, a company that mainly operates the free paper business, centering on the community-based free paper “PADO,” and all of its shares in Planetnetwork Co., Ltd., a bridal business company, in March 2015. The Group is steadily promoting the selection and concentration of businesses.



THE Urbanex Uemachidai Ryuzoji
(Osaka Prefecture)



Nakajo Plant of Mizusawa Industrial
Chemicals, Ltd. (Niigata Prefecture)

[Net sales for Each Business Segment]

(Amount: Billions of Yen, Ratio: %)

	Gas	LPG, Electricity and Other Energy	International Energy	Life & Business Solutions	On a Consolidated Basis
Net sales	1,136.9	243.7	13.7	207.5	1,528.1
Percentage Change from Previous Year	+1.6	-6.6	+2.6	+5.6	+1.0
Percentage of net sales	71.0	15.2	0.9	13.0	—

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

<Reclassification of business segments>

Under the medium-term business plan, “Catalyze Our Dreams,” the business segments have been reclassified as follows: (1) Renewable energy businesses previously included in the “Environment and Non-Energy” business segment have been transferred to related business segments of “LPG, Electricity and Other Energy” and “International Energy,” and (2) the “Environment and Non-Energy” business segment has been renamed “Life & Business Solutions.” The description of the major businesses of the reclassified business segments is shown under “6. Principal Activities of the Group” on page 9.

The percentage change figures in the net sales for each business segment represent a comparison with the previous year’s net sales figures reflecting the business segment reclassification.

2. Capital Investment Activities

The amount of capital investments by the Group was ¥119.3 billion.

We lengthened its gas trunk and branch lines by 266 kilometers, bringing the total length to 50,128 kilometers as of the end of the fiscal year under review.

Other capital investment activities included works for ensuring stable supply and security at gas production and supply facilities, equipment works related to natural gas development and production businesses in our subsidiaries and construction of power generating plants and LNG carriers.

3. Financing Activities

During the fiscal year under review, the Group borrowed ¥71.6 billion and repaid ¥17.4 billion of long-term loans; with respect to the corporate bonds*, it issued ¥30.0 billion of ordinary bonds (at face value) and redeemed existing corporate bonds* in the aggregate amount of ¥21.5 billion.

*Short-term bonds are excluded.

4. Outstanding Issues

(1) Management Issues

The Group seeks to provide value to its customers and society by offering a wide range of energy and related services, chiefly natural gas—which is positioned as an important energy source under the government’s energy policy—and including electric power and LPG, as well as non-energy products and services such as those relating to materials and information. The Group recognizes that it is the greatest management issue to achieve sustainable growth by enhancing its management efficiency through properly accommodating any changes in the business environment, including economic trends at home and abroad and the government’s policies concerning the reformation of electric and gas systems.

(2) Osaka Gas Group Corporate Principles

In March 2015, the “Osaka Gas Group Corporate Principles” were formulated by reviewing the previous management principles.

The Osaka Gas Group seeks to “power continuous advancement in consumer life and business.” With the creation of “Value for Customers” as its first priority, the Group will conduct its businesses so that the “Value for Customers” will also lead to creating “Value for Society,” “Value for Shareholders” and “Value for Employees.”

(3) Priority Issues

Toward the achievement of the goals set out in the medium-term business plan, “Catalyze Our Dreams,” in line with its long-term management vision, “Field of Dreams 2020,” the Group will address the following issues.

(a) Energy Business

Taking the government-led Electricity and Gas System Reform as a good opportunity for growth, we will address a diverse range of customer needs by supplying comprehensive energy services, that is, supplying gas, electricity and other energy in combination with gas appliances and related services.

(i) Ensuring stable and economical procurement and promoting the upstream (exploration and production) and liquefaction businesses

We endeavor to ensure the stable procurement of raw materials such as natural gas by diversifying sources, by way of procuring from many producers. We also aim for the material procurement that enhances our market competitiveness through the diversification of price indices.

To ensure the stable procurement of natural gas and corporate earnings, we will steadily promote the upstream businesses including the existing liquefaction and gas field projects and the acquisition of new interests, including non-conventional gas development projects.

(ii) Expanding the electricity business

Through such efforts as the nationwide development of new power sources, including LNG-fired thermal power generation, coal-fired thermal power generation, renewable energy power generation and power cogeneration systems, we will seek expansion of the electric power business.

(iii) Stable and safe energy supply

We will continue to address such issues as the maintenance, reinforcement and renovation of gas production, supply and power generating facilities and the implementation of countermeasures against earthquake and tsunami. We also continue to provide responses to emergencies such as gas leakages to secure safety at customer locations.

(iv) Expanding the energy businesses at home and abroad

We will continue to seek the expansion of natural gas applications by encouraging wider use of gas cogeneration systems such as fuel cell systems, etc., and gas air-conditioning systems, thereby contributing to the enhancement of the living environment, energy savings for customers and business continuity in the event of disasters.

By leveraging our accumulated business expertise, we will expand our energy businesses at home and abroad.

In Japan, we will strengthen our alliances with energy business operators in a wider geographic area, while conducting efforts to promote natural gas and LPG usage by utilizing our own gas high-pressure pipelines and other means.

Outside of Japan, we will promote steady management of the electric power, gas and energy service businesses in which we are involved, while seeking the chance for participating in new projects.

(v) Responses to the Electricity and Gas System Reform

To accommodate possible changes in the competitive environment caused by the full-scale deregulation of electricity and gas retail markets, we will review our organization and other issues and optimize the business flows and IT systems, while enhancing the neutrality of the gas pipeline business.

(b) Expansion of the Life & Business Solutions Business

Based on the expertise and knowledge accumulated through our energy businesses, we will contribute to the advancement of the life and business of our customers. For the non-energy businesses relating to materials, information and city development, we will offer products and services that capitalize on our unique strengths, thereby contributing to enhancing comfort, convenience and health for customers at home and abroad.

(c) Operating Foundations

(i) Promoting technological development

We will promote efforts to achieve higher efficiency and lower costs for gas appliances and facilities, including fuel cell systems, to develop technologies relating to hydrogen, material solutions and information, and to better utilize our engineering technologies in such fields as resource development and power generation.

(ii) Engagement in CSR efforts

In accordance with the “Osaka Gas Group CSR Charter,” we will enhance the awareness of CSR throughout the Group to gain greater trust from customers and society. We will also make efforts to ensure that our CSR efforts are better understood throughout the Group’s supply chain at home and abroad.

(iii) Reinforcing human resources and organization

To achieve sustainable growth, we will continue efforts to develop human resources. We will also increase the diversity of human resources to reinforce the organization so that it becomes more flexible and resilient, encouraging the creation of new value.

(4) Conclusion

The Group will continue to implement highly effective internal controls by monitoring and assessing its internal control system and providing necessary measures. With such a system effectively in place, the Group tackles the issues described above and exerts ceaseless efforts to achieve sustainable growth by implementing the Osaka Gas Group Corporate Principles.

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

5. Financial Position and Profits and Losses

(Millions of Yen unless otherwise stated)

Division	Year ended March 2012 (194th Term)	Year ended March 2013 (195th Term)	Year ended March 2014 (196th Term)	Year ended March 2015 (197th Term)
Net sales	1,294,781	1,380,060	1,512,581	1,528,164
Ordinary income	75,694	90,125	106,044	108,173
Net income	45,207	52,467	41,725	76,709
Net income per share (yen)	21.71	25.20	20.04	36.86
Total assets	1,475,759	1,566,899	1,668,317	1,862,201
Net assets	708,904	774,317	828,565	918,869

6. Principal Activities of the Group (as of March 31, 2015)

Business Segment	Major Businesses
Gas	Sale of gas and gas appliances, gas piping work, supply of heat
LPG, Electricity and Other Energy	Sale of LPG, supply of electricity, sale of LNG and industrial gas
International Energy	Overseas supply of energy, leasing of LNG tankers, development and investment relating to oil and natural gas
Life & Business Solutions	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, 2015)

Company	Capital (Millions of Yen)	Holding (%)	Main Activities
Liquid Gas Co., Ltd.	1,110	100	Sale of industrial gas, LNG, LPG, etc.
Osaka Gas Urban Development 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.	12,731	100	Manufacture and sale of fine materials, carbon products, etc.

Notes 1. The Group treats the affiliated companies that play a central role in each business area and that are positioned as elementary units for the management of the Group as core companies (which the Group recognizes as principal subsidiaries).

2. Effective April 1, 2015, Osaka Gas Chemicals Co., Ltd., absorbed Japan EnviroChemicals, Limited, one of its subsidiaries.

8. Major Offices, Plants and Employees (as of March 31, 2015)

(1) Major Offices and Plants

The Company	Head Office	Head Office (Osaka Prefecture)
	Residential Energy Business Unit	Osaka Residential Sales Dept. (Osaka Prefecture) Nambu 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) Nambu 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) Broader-Area Energy Sales Dept. (Osaka Prefecture)
	Pipeline Business Unit	Osaka Pipeline Dept. (Osaka Prefecture) Nambu 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) Osaka Gas Urban Development Co., Ltd. (Osaka Prefecture) OGIS-RI Co., Ltd. (Osaka Prefecture) Osaka Gas Chemicals Co., Ltd. (Osaka Prefecture)

Notes 1. As of April 1, 2014, we set up the Broader-Area Energy Sales Dept. (Osaka Prefecture) under the Commercial & Industrial Energy Business Unit.

2. As of April 1, 2015, the Residential Energy Business Unit reorganized its internal organization based on the description of customers' business instead of regional proximity.

(2) Employees

Business Segment	Number of Employees
Gas	11,562
LPG, Electricity and Other Energy	1,349
International Energy	135
Life & Business Solutions	7,936
Total	20,982

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

9. Major Lenders (as of March 31, 2015)

Lenders	Loans Outstanding on March 31, 2015 (Millions of Yen)
Japan Bank for International Cooperation	64,231
Resona Bank, Limited	45,825
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	25,392
Development Bank of Japan Inc.	21,555
Nippon Life Insurance Company	21,267

II. Officers

1. Details of Directors and Audit & Supervisory Board Members (as of March 31, 2015)

Position	Name	Business in Charge	Significant Concurrent Positions
Representative Director and President Executive President	Hiroshi Ozaki		Chairman of The Japan Gas Association Director of Asahi Broadcasting Corporation Director of Liquid Gas Co., Ltd. Director of Osaka Gas Urban Development Co., Ltd. Director of OGIS-RI Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Representative Director Executive Vice-President	Masato Kitamae	Head of CSR In charge of: Information and Communication Systems Dept., CSR & Environment Dept., Compliance Dept. and Auditing Dept. Responsible for: OGIS-RI Co., Ltd., Corporate Planning Headquarters, Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.	Representative Director of OG-Kanden Joint Planning Company Director of OGIS-RI Co., Ltd.
Representative Director Executive Vice-President	Takehiro Honjo	In charge of: Regional Co-Creation Dept., Tokyo Branch, Regional Resident Representative, Overall Regional Resident Representative and Tokyo Representative Responsible for: Residential Energy Business Unit, Commercial & Industrial Energy Business Unit, Liquid Gas Co., Ltd., and Osaka Gas Urban Development Co., Ltd.	Representative Director and President of Osaka Rinkai Energy Service Corporation Director of Liquid Gas Co., Ltd. Director of Osaka Gas Urban Development Co., Ltd.
Representative Director Executive Vice-President	Hirofumi Kyutoku	Head of Safety Head of Technology President of R&D Headquarters Responsible for: Energy Resources & International Business Unit, LNG Terminal & Power Generation Business Unit, Pipeline Business Unit and Osaka Gas Chemicals Co., Ltd.	Director of Osaka Gas Chemicals Co., Ltd.
Director Senior Executive Officer	Hidetaka Matsuzaka	President of Corporate Planning Headquarters	
Director Senior	Kenji Ikejima	Head of Pipeline Business Unit	

Executive Officer			
Director Senior Executive Officer	Masaki Fujita	In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.	
Director Senior Executive Officer	Yasuo Ryoki	Head of Commercial & Industrial Energy Business Unit	
Director Senior Executive Officer	Tetsuo Setoguchi	Head of Customer Services Head of Residential Energy Business Unit	
Director Senior Executive Officer	Kazuhisa Yano	Head of Energy Resources & International Business Unit	
Director Senior Executive Officer	Eiichi Inamura	Head of LNG Terminal & Power Generation Business Unit	
Director	Shunzo Morishita		Senior Adviser of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION Director and Chairman of Hanshin Expressway Company Limited Chairman of the Osaka Prefectural Public Safety Commission Member of the Board of Governors, Japan Broadcasting Corporation
Director	Hideo Miyahara		Specially Appointed Professor at Graduate School of Information Science and Technology, Osaka University Representative Director of KNOWLEDGE CAPITAL Director of West Japan Railway Company
Audit & Supervisory Board Member (full-time)	Shingo Kamei		
Audit & Supervisory Board Member (full-time)	Shiro Takenaka		
Audit & Supervisory	Atsushi Hayashi		Professor of Kyoto University Graduate School

Board Member			of Law
Audit & Supervisory Board Member	Yoko Kimura		Advisor to Japan Center for Cities

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, Shunzo Morishita and Hideo Miyahara are both outside directors as specified in Article 2, Item 15 of the Companies Act.
- 3) Audit & Supervisory Board Members, Atsushi Hayashi and Yoko Kimura are both outside Audit & Supervisory Board Members as specified in Article 2, Item 16 of the Companies Act.
- 4) All of the outside directors and outside Audit & Supervisory Board Members 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 outside director / outside Audit & Supervisory Board Member and the Company.
- 6) Directors Kazuhisa Yano and Eiichi Inamura and Audit & Supervisory Board Member Yoko Kimura were newly appointed at the 196th Annual Meeting of Shareholders held on June 27, 2014, and assumed office on the same day.
- 7) Audit & Supervisory Board Member 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 “Business in Charge” and “Significant Concurrent Positions” during the term under review

Representative Director Masato Kitamae became a Representative Director of OG-Kanden Joint Planning Company as of June 27, 2014, after serving as a Representative Director and President of said company.

As of June 27, 2014, a partial change was made in the Responsibilities of Representative Director Hirofumi Kyutoku. Before June 27, 2014, the column of his Responsibilities included “In charge of: Head Office Representative.”

Director Shunzo Morishita became Senior Advisor of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION as of July 1, 2014, after serving as Executive Advisor of said company. On October 21, 2014, he assumed the office of Chairman of the Osaka Prefectural Public Safety Commission. On March 1, 2015, he became a member of the Board of Governors of Japan Broadcasting Corporation.

Representative Director Takehiro Honjo resigned as Representative Director and President of Osaka Rinkai Energy Service Corporation as of March 31, 2015.

Audit & Supervisory Board Member Atsushi Hayashi resigned as a Professor of Graduate School of Law, Kyoto University, as of March 31, 2015.

Note 9) Directors' position, business in charge and significant concurrent positions as of April 1, 2015, were as follows.

Position	Name	Business in Charge	Significant Concurrent Positions
Representative Director and Chairman	Hiroshi Ozaki		Chairman of The Japan Gas Association Director of Asahi Broadcasting Corporation Director of OGIS-RI Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Representative Director and President Executive President	Takehiro Honjo		Director of Liquid Gas Co., Ltd. Director of Osaka Gas Urban Development Co., Ltd.
Representative Director Executive Vice-President	Hirofumi Kyutoku	Head of Safety Head of Technology President of R&D Headquarters Responsible for: Energy Resources & International Business Unit, LNG Terminal & Power Generation Business Unit, Pipeline Business Unit and Osaka Gas Chemicals Co., Ltd.	Director of Osaka Gas Chemicals Co., Ltd.
Representative Director Executive Vice-President	Hidetaka Matsuzaka	Head of CSR President of Corporate Planning Headquarters In charge of: Information and Communication Systems Dept., CSR & Environment Dept., Compliance Dept. and Auditing Dept. Responsible for: OGIS-RI Co., Ltd., Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.	Director of OGIS-RI Co., Ltd.
Representative Director Executive Vice-President	Tetsuo Setoguchi	In charge of: Tokyo Branch, Regional Resident Representative, Overall Regional Resident Representative and Tokyo Representative Responsible for: Residential Energy Business Unit, Commercial & Industrial Energy Business Unit, Liquid Gas Co., Ltd., Osaka Gas Urban Development Co., Ltd., and Regional Co-Creation Dept.	Director of Liquid Gas Co., Ltd. Director of Osaka Gas Urban Development Co., Ltd.
Director Senior Executive Officer	Kenji Ikejima	Head of Pipeline Business Unit	

Director Senior Executive Officer	Masaki Fujita	In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.	
Director Senior Executive Officer	Yasuo Ryoki	Head of Commercial & Industrial Energy Business Unit	Representative Director and President of Osaka Rinkai Energy Service Corporation
Director Senior Executive Officer	Kazuhisa Yano	Head of Energy Resources & International Business Unit	
Director Senior Executive Officer	Eiichi Inamura	Head of LNG Terminal & Power Generation Business Unit	
Director	Masato Kitamae		Representative Director and Chairman of OG Capital Co., Ltd.
Director	Shunzo Morishita		Senior Adviser of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION Director and Chairman of Hanshin Expressway Company Limited Chairman of the Osaka Prefectural Public Safety Commission Member of the Board of Governors, Japan Broadcasting Corporation
Director	Hideo Miyahara		Specially Appointed Professor at Graduate School of Information Science and Technology, Osaka University Representative Director of KNOWLEDGE CAPITAL Director of West Japan Railway Company

2. Remuneration for Directors and Audit & Supervisory Board Members

(1) Decision Policies of Remuneration for Directors and Audit & Supervisory Board Members

Remuneration for each director shall be determined by a resolution of the Board of Directors, after deliberation at an advisory committee made up of a majority of the outside officers, within the amount of remuneration (up to ¥63 million per month) approved at the Annual Meeting of Shareholders, by considering the position and business in charge, etc. of each director and reflecting the business results of the Company*.

*The amount of remuneration for outside directors is fixed because they are in a position independent of the execution of the Company's businesses.

Remuneration for each Audit & Supervisory Board Member shall be determined through discussions among Audit & Supervisory Board Members 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 Audit & Supervisory Board Member.

The system of paying retirement benefits to directors and Audit & Supervisory Board Members has been abolished.

(2) Remuneration paid to Directors and Audit & Supervisory Board Members

15 Directors ¥521 million

5 Audit & Supervisory Board Members ¥86 million

(including ¥43 million for 5 outside officers)

Note: The numbers and the amounts above include 2 directors and 1 outside Audit & Supervisory Board Member who resigned at the end of the 196th Annual Meeting of Shareholders held on June 27, 2014.

3. Outside Officers

Director Shunzo Morishita

Principal Activities

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

Shunzo Morishita attended 12 out of 14 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 outside director.

Director Hideo Miyahara

Principal Activities

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

Hideo Miyahara attended 14 out of 14 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 outside director.

Audit & Supervisory Board Member Atsushi Hayashi

Principal Activities

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

Atsushi Hayashi attended 13 out of 14 meetings of the Board of Directors.

He made no comment on the exercise of rights as an Audit & Supervisory Board Member.

(2) Attendance and Comments at the Meetings of the Audit & Supervisory Board

Atsushi Hayashi attended 14 out of 14 meetings of the Audit & Supervisory Board.

He made comments on the method and results of the audit and other matters concerning the performance of duties of the Audit & Supervisory Board Members.

Audit & Supervisory Board Member Yoko Kimura

Principal Activities

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

Yoko Kimura attended 12 out of 12 meetings of the Board of Directors.

She made no comment on the exercise of rights as an Audit & Supervisory Board Member.

(2) Attendance and Comments at the Meetings of the Audit & Supervisory Board

Yoko Kimura attended 11 out of 11 meetings of the Audit & Supervisory Board.

She made comments on the method and results of the audit and other matters concerning the performance of duties of the Audit & Supervisory Board Members.

III. Shares (as of March 31, 2015)

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	123,380

*2,532,646 treasury shares are included.

2. Principal Shareholders

Shareholders	Number of shares held (1,000 shares)	Shareholding ratio (%)
Nippon Life Insurance Company	96,212	4.62
Japan Trustee Services Bank, Ltd. (trust account)	85,303	4.10
The Master Trust Bank of Japan, Ltd. (trust account)	82,779	3.98
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	69,929	3.36
Resona Bank, Limited	52,777	2.54
Aioi Nissay Dowa Insurance Co., Ltd.	29,865	1.44
Meiji Yasuda Life Insurance Company	29,191	1.40
STATE STREET BANK WEST CLIENT-TREATY 505234	27,337	1.31
Toyu-kai (Employees' Stockholding)	27,200	1.31
THE BANK OF NEW YORK MELLON SA/NV 10	25,832	1.24

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 the fiscal year under review

(1)	Amount of fees and other charges payable to the accounting auditor by the Company for the fiscal year under review	(i) Fees for audit services in Article 2, paragraph 1 of the Certified Public Accountants Act (Note)	¥86 million
		(ii) Amount of fees and other charges for services other than audit services in Article 2, paragraph 1 of the Certified Public Accountants Act	¥20 million
(2)	Total amount of cash and other financial benefits payable by the Company and its subsidiaries		¥243 million

Note: As the audit fees under the Companies Act and those under the Financial Instruments and Exchange Act 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 Acts.

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 of the accounting auditor by the Audit & Supervisory Board under Article 340 of the Companies Act, in the event that the accounting auditor's proper performance of its duties is found to be difficult, the Company will submit, at the shareholders' meeting, a proposal concerning dismissal or non-reappointment of the accounting auditor, which is decided by the Audit & Supervisory Board pursuant to Article 344, paragraphs 1 and 3 of the Companies Act.

Note: Following the Law for Partial Amendments to the Companies Act (Law No. 90, 2014), which took effect as of May 1, 2015, the body responsible for deciding the content of proposals regarding the dismissal or non-reappointment of accounting auditors has changed from the Board of Directors to the Audit & Supervisory Board.

V. 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, and such systems are briefly described below. It was reported at the meeting of the Board of Directors held on April 27, 2015, that such systems were being properly operated.

Note: According to the Law for Partial Amendments to the Companies Act (Law No. 90, 2014), which took effect as of May 1, 2015, a resolution was made to revise the internal control systems at the meeting of the Board of Directors held on April 27, 2015 (the revision is to be effective as of May 1, 2015). The systems described below are the revised ones, with major changes and additions underlined.

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) For the Board of Directors to make appropriate decisions and enhance its supervisory role, executive directors shall retain independent outside officers. In addition, the executive officer system shall be adopted to enhance the Board of Directors' supervisory role and ensure efficiency in the execution of duties.
- (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 the 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 promote business activities in a fair and appropriate manner, which includes contributing to the preservation of the environment, promoting social contribution activities and dissociating from antisocial forces.
- (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, General Manager of Compliance Dept. 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 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) The emergencies that might have a material impact on the management of the Group shall be addressed according to the regulations on disaster countermeasures and business contingency plans.

4. Systems to ensure the efficient execution of duties

- (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. Other systems to ensure the properness of business operations

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) Internal control procedures shall be maintained, operated and evaluated in relation to financial reporting to ensure its credibility.

6. Matters concerning employees assisting Audit & Supervisory Board Members in the performance of their duties
 - (1) Executive directors, if requested by the Audit & Supervisory Board Members, shall appoint employees to assist the Audit & Supervisory Board Members in the performance of their duties and establish an Audit & Supervisory Board Members' office staffed by these Audit & Supervisory Board Members' assistants.
 - (2) Audit & Supervisory Board Members' assistants shall be engaged solely in assisting the Audit & Supervisory Board Members in the performance of their duties.
7. Matters concerning independence of Audit & Supervisory Board Members' assistants from directors
 - (1) Executive directors cannot direct or give orders to Audit & Supervisory Board Members' assistants except where such directions or orders apply equally to all employees.
 - (2) The opinions of the Audit & Supervisory Board Members regarding the evaluation, transfer, etc., of Audit & Supervisory Board Members' assistants shall be sought in advance and respected.
8. Systems for reporting to the Audit & Supervisory Board Members
 - (1) Directors shall report immediately to the Audit & Supervisory Board Members if a matter that is significantly detrimental on the Company is discovered.
 - (2) Directors and employees of the Group or auditors of the Group's affiliated companies 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 Audit & Supervisory Board Members to report on matters concerning the execution of duties.
 - (4) Executive directors and other supervisors of the Group shall not disadvantageously treat any person who reports to the Audit & Supervisory Board Members according to the preceding items for the reason that such report was made.
9. Other systems to ensure effective auditing by the Audit & Supervisory Board Members
 - (1) The Audit & Supervisory Board Members may exchange opinions periodically with the representative directors and the accounting auditor.
 - (2) The Audit & Supervisory Board Members 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.
 - (3) Executive directors shall ensure the Company provides the expenses or liabilities necessary for the execution of the duties of the Audit & Supervisory Board Members.
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, 2015)

(Millions of Yen)

Assets		Liabilities	
Non-current assets	1,323,864	Non-current liabilities	658,794
Property, plant and equipment	895,398	Bonds payable	240,666
Production facilities	75,370	Long-term loans payable	309,848
Distribution facilities	304,286	Deferred tax liabilities	36,981
Service and maintenance facilities	64,206	Provision for gas holder repairs	1,722
Other facilities	295,387	Provision for safety measures	8,451
Construction in progress	156,146	Provision for loss on investment	6,999
		Provision for loss on guarantees	1,589
		Provision for warranty on gas appliance	2,895
		Net defined benefit liability	16,484
		Other	33,154
Intangible assets	98,680	Current liabilities	284,537
Goodwill	21,183	Current portion of non-current liabilities	55,731
Other	77,497	Notes and accounts payable-trade	54,610
		Short-term loans payable	26,832
Investments and other assets	329,784	Income taxes payable	30,835
Investment securities	230,958	Other	116,527
Net defined benefit asset	55,336	Total liabilities	943,331
Other	45,405		
Allowance for doubtful accounts	(1,914)	Net assets	
Current assets	538,337	Shareholders' equity	799,613
Cash and deposits	147,426	Capital stock	132,166
Notes and accounts receivable-trade	187,482	Capital surplus	19,488
Securities	23,521	Retained earnings	648,896
Inventories	103,420	Treasury shares	(938)
Other	77,802	Accumulated other comprehensive income	88,882
Allowance for doubtful accounts	(1,315)	Valuation difference on available-for-sale securities	50,868
		Deferred gains or losses on hedges	(6,519)
		Revaluation reserve for land	(737)
		Foreign currency translation adjustment	39,341
		Remeasurements of defined benefit plans	5,929
		Minority interests	30,373
		Total net assets	918,869
Total assets	1,862,201	Total liabilities and net assets	1,862,201

Consolidated Statement of income (April 1, 2014 to March 31, 2015)

(Millions of Yen)

Account	Amount
Net sales	1,528,164
Cost of sales	1,071,021
[Gross profit]	[457,143]
Selling, general and administrative expenses	352,077
[Operating income]	[105,065]
Non-operating income	22,822
Interest income	770
Dividend income	4,659
Share of profit of entities accounted for using equity method	6,990
Foreign exchanges gain	4,644
Miscellaneous income	5,757
Non-operating expenses	19,714
Interest expenses	9,475
Miscellaneous expenses	10,238
[Ordinary income]	[108,173]
Extraordinary income	15,952
Gain on sales of non-current assets	2,941
Gain on sales of investment securities	13,011
Extraordinary losses	2,697
Impairment loss	2,697
[Income before income taxes and minority interests]	[121,428]
Income taxes-current	38,064
Income taxes-deferred	4,744
[Income before minority interests]	[78,619]
Minority interests in income	1,910
Net income	76,709

Consolidated Statement of Changes in Equity (April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Shareholders' equity					Accumulated other comprehensive income						Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	132,166	19,486	587,268	(797)	738,124	34,839	2,425	(737)	30,414	(6,100)	60,840	29,601	828,565
Cumulative effects of changes in accounting policies			3,649		3,649							(97)	3,551
Restated balance	132,166	19,486	590,917	(797)	741,773	34,839	2,425	(737)	30,414	(6,100)	60,840	29,503	832,117
Changes of items during period													
Dividends of surplus			(18,729)		(18,729)								(18,729)
Net income			76,709		76,709								76,709
Purchase of treasury shares				(153)	(153)								(153)
Disposal of treasury shares		2		12	14								14
Net changes of items other than shareholders' equity						16,028	(8,944)		8,927	12,030	28,042	869	28,912
Total changes of items during period	—	2	57,979	(141)	57,840	16,028	(8,944)	—	8,927	12,030	28,042	869	86,752
Balance at end of current period	132,166	19,488	648,896	(938)	799,613	50,868	(6,519)	(737)	39,341	5,929	88,882	30,373	918,869

Non-Consolidated Balance Sheet (As of March 31, 2015)

(Millions of Yen)

Assets		Liabilities	
Non-current assets	1,078,128	Non-current liabilities	496,336
Property, plant and equipment	463,961	Bonds payable	240,666
Production facilities	74,177	Long-term loans payable	211,276
Distribution facilities	303,544	Long-term debt to subsidiaries and associates	1,227
Service and maintenance facilities	63,334	Deferred tax liabilities	14,663
Facilities for incidental businesses	3,982	Provision for retirement benefits	5,202
Construction in progress	18,922	Provision for gas holder repairs	1,687
Intangible assets	6,338	Provision for safety measures	8,451
Patent right	18	Provision for investment loss	6,999
Leasehold right	2,985	Provision for loss on guarantees	1,589
Other intangible assets	3,334	Provision for warranty on gas appliance	2,895
Investments and other assets	607,828	Other noncurrent liabilities	1,676
Investment securities	70,236	Current liabilities	277,541
Investments in subsidiaries and associates	282,570	Current portion of non-current liabilities	44,667
Long-term loans receivable from subsidiaries and associates	190,043	Accounts payable-trade	23,043
Investments in capital	22	Accounts payable-other	21,524
Long-term prepaid expenses	7,732	Accrued expenses	38,039
Prepaid pension cost	49,184	Income taxes payable	22,592
Other investments and other assets	8,570	Advances received	7,307
Allowance for doubtful accounts	(530)	Deposits received	1,441
		Short-term loans payable to subsidiaries and associates	91,721
		Short-term debt to subsidiaries and associates	25,030
		Other current liabilities	2,174
		Total liabilities	773,877
Current assets	333,137	Net assets	
Cash and deposits	80,197	Shareholders' equity	606,995
Notes receivable-trade	252	Capital stock	132,166
Accounts receivable-trade	104,642	Capital surplus	19,488
Accounts receivable from subsidiaries and associates-trade	14,816	Legal capital surplus	19,482
Accounts receivable-other	21,746	Other capital surplus	6
Securities	20,012	Retained earnings	456,278
Finished goods	227	Legal retained earnings	33,041
Raw materials	49,013	Other retained earnings	
Supplies	8,543	Reserve for reduction entry of specified replaced properties	239
Short-term loans receivable from subsidiaries and associates	16,245	Reserve for overseas investment loss	18,189
Short-term receivables from subsidiaries and associates	1,684	Reserve for adjustment of cost fluctuations	89,000
Deferred tax assets	7,095	General reserve	62,000
Other current assets	9,111	Retained earnings brought forward	253,808
Allowance for doubtful accounts	(451)	Treasury shares	(938)
		Treasury shares	(938)
		Valuation and translation adjustments	30,393
		Valuation difference on available-for-sale securities	35,655
		Deferred gains or losses on hedges	(5,261)
		Total net assets	637,389
Total assets	1,411,266	Total liabilities and net assets	1,411,266

Non-Consolidated Statement of income (April 1, 2014 to March 31, 2015)

(Millions of Yen)

Costs and Expenses		Revenue	
Cost of sales	613,433	Product sales	938,991
Beginning inventories	213	Gas sales	938,991
Cost of products manufactured	623,327		
Purchase of finished goods	0		
Costs of gas for own use	9,879		
Ending inventories	227		
[Gross profit]	[325,557]		
Supply and sales expenses	229,786		
General and administrative expenses	54,961		
[Income on core business]	[40,809]		
Miscellaneous operating expenses	129,687	Miscellaneous operating revenue	135,531
Expenses of installation work	23,160	Revenue from installation work	24,321
Expenses of gas appliance sales	106,527	Revenue from gas appliance sales	105,002
		Third party access revenue	2,422
		Other miscellaneous operating revenue	3,785
Expenses for incidental businesses	143,774	Revenue for incidental businesses	177,312
Expenses for electric supply business	72,255	Revenue from electric supply business	100,616
Expenses for LNG sales	59,927	Revenue from LNG sales	63,418
Expenses for other incidental businesses	11,591	Revenue from other incidental businesses	13,276
[Operating income]	[80,190]		
Non-operating expenses	12,463	Non-operating income	20,528
Interest expenses	3,990	Interest income	1,959
Interest on bonds	4,012	Interest on securities	20
Amortization of bond issuance cost	160	Dividend income	1,181
Provision for loss on guarantees	1,589	Dividends from subsidiaries and associates	9,139
Miscellaneous expenses	2,709	Foreign exchanges gain	2,654
		Miscellaneous income	5,573
[Ordinary income]	[88,255]		
Extraordinary losses	2,066	Extraordinary income	12,444
Impairment loss	2,066	Gain on sales of investment securities	12,444
[Income before income taxes]	[98,632]		
Income taxes-current	25,000		
Income taxes-deferred	3,347		
Net income	70,285		
Total	1,284,808	Total	1,284,808

Non-Consolidated Statement of Changes in Equity (April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Shareholders' equity													Valuation and translation adjustments			Total net assets
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings						Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings											
						Reserve for reduction entry of specified replaced properties	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations	General reserve	Retained earnings brought forward	Total retained earnings						
Balance at beginning of current period	132,166	19,482	4	19,486	33,041	232	14,638	89,000	62,000	201,963	400,876	(797)	551,732	23,696	4,600	28,296	580,029
Cumulative effects of changes in accounting policies										3,847	3,847		3,847				3,847
Restated balance	132,166	19,482	4	19,486	33,041	232	14,638	89,000	62,000	205,810	404,723	(797)	555,579	23,696	4,600	28,296	583,876
Changes of items during period																	
Provision of reserve for reduction entry of specified replaced properties						6				(6)	—		—				—
Provision of reserve for overseas investment loss							4,969			(4,969)	—		—				—
Reversal of reserve for overseas investment loss							(1,417)			1,417	—		—				—
Dividends of surplus										(18,729)	(18,729)		(18,729)				(18,729)
Net income										70,285	70,285		70,285				70,285
Purchase of treasury shares												(153)	(153)				(153)
Disposal of treasury shares			2	2								12	14				14
Net changes of items other than shareholders' equity														11,959	(9,862)	2,096	2,096
Total changes of items during period	—	—	2	2	—	6	3,551	—	—	47,997	51,555	(141)	51,416	11,959	(9,862)	2,096	53,512
Balance at end of current period	132,166	19,482	6	19,488	33,041	239	18,189	89,000	62,000	253,808	456,278	(938)	606,995	35,655	(5,261)	30,393	637,389

Independent Auditor's Report

May 14, 2015

The Board of Directors
Osaka Gas Co., Ltd.

KPMG AZSA LLC

Hiroshi Matsumoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Toshiro Miyabayashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kenta Tsujii (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Osaka Gas Co., Ltd. as at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of ABC Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 14, 2015

The Board of Directors
Osaka Gas Co., Ltd.

KPMG AZSA LLC

Hiroshi Matsumoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Toshiro Miyabayashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kenta Tsujii (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Osaka Gas Co., Ltd. as at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the

circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of ABC Co., Ltd. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit Report

The Audit & Supervisory Board prepared this Audit & Supervisory Board's Report upon deliberation based on reports by each Audit & Supervisory Board Member regarding the execution by the Directors of their duties for the 197th fiscal year from April 1, 2014 to March 31, 2015. We report as follows:

1. Method and details of the audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established an audit policy, an audit plan and other matters and has received reports from each Audit & Supervisory Board Member on the status of implementation and the results of the audit.

In addition, the Audit & Supervisory Board has received reports from the directors and the accounting auditor on the execution of their duties and requested explanations as necessary.

- (2) Each Audit & Supervisory Board Member has communicated with the directors, the internal auditing division and other employees in conformity with the auditing standards established by the Audit & Supervisory Board 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, Audit & Supervisory Board Members 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 investigated whether the accounting auditor maintains its independency and conducts appropriate audits and 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, 2015.

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 19, 2015

OSAKA GAS CO., LTD., Audit & Supervisory Board

Shingo Kamei	Full-Time Audit & Supervisory Board Member [seal]
Shiro Takenaka	Full-Time Audit & Supervisory Board Member [seal]
Atsushi Hayashi	Outside Audit & Supervisory Board Member [seal]
Yoko Kimura	Outside Audit & Supervisory Board Member [seal]