



For Second Quarter of Fiscal 2010
Brief Report of Consolidated Financial Statements (Japanese GAAP)

October 29, 2010

Name of Listed Company: **Osaka Gas Co., Ltd.** Listed Exchanges: Tokyo, Osaka, and Nagoya (1st Section)
Code: **9532** URL: <http://www.osakagas.co.jp>

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Scheduled Date of Financial Report Filing with the Finance Ministry: November 12, 2010

Scheduled Date of Dividend Payment: November 30, 2010

Preparation of Supplementary Explanation Documents for Quarterly Operational Results: Yes

Holding of an Informational Meeting for Quarterly Operational Results: Yes (for institutional investors)

1. Consolidated Financial Results for the Second Quarter of Fiscal 2010

(April 1, 2010 – September 30, 2010)

(1) Consolidated Operational Results (Percentages (%) represent changes from the same period of the previous year)
(Amounts less than one million yen are rounded down to the nearest million)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended Sept. 30, 2010	542,182	8.1	35,807	-42.0	34,672	-42.3	19,048	-48.4
Six months ended Sept. 30, 2009	501,687	-17.3	61,784	-	60,094	-	36,884	-

	Earnings per share		Diluted earnings per share	
	yen		yen	
Six months ended Sept. 30, 2010	8.87		-	
Six months ended Sept. 30, 2009	17.13		-	

(2) Consolidated Financial Position

	Total assets	Net worth	Net worth/Total assets	Net worth per share
	(million yen)	(million yen)	%	Yen
As of Sept. 30, 2010	1,391,423	682,974	47.4	307.31
As of Mar. 31, 2010	1,483,895	690,561	44.9	310.39

<Reference> Net worth As of Sept. 30, 2010: 660,040 million yen As of Mar. 31, 2010: 666,689 million yen

2. Dividends

(Record date)	Dividends per share				
	June 30	September 30	December 31	March 31	Annual
	yen	yen	yen	yen	Yen
Year ended March 31, 2010	-	3.50	-	3.50	7.00
Year ending March 31, 2011	-	4.00	-	-	-
Year ending March 31, 2011 (Forecast)	-	-	-	4.00	8.00

(Note) Revision of dividend forecast in the current quarter: None

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2011 (April 1, 2010 - March 31, 2011)

(Percentages (%) represent forecasted changes from the previous year.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,170,000	6.7	84,500	-7.3	80,000	-5.7	45,000	-7.0	21.14

(Note) Revision of forecast of consolidated financial results in the current quarter: Yes

4. Other information (For details, please refer to 2. *Other Information* on page 4 of the attachment)

(1) Changes in significant subsidiaries during the current quarter: None

Note: Changes in certain subsidiaries resulting in change in the scope of consolidation during the current quarter

(2) Application of simplified accounting treatment and specific accounting treatment: Yes

Note: Application of simplified accounting treatment and specific accounting treatment to prepare consolidated quarterly financial statements

(3) Changes in accounting principles and procedures, method of presentation, etc.

(i) Changes associated with revisions in accounting standards, etc.: Yes

(ii) Changes other than (i) above: None

Note: Changes in accounting principles and procedures, method of presentation, etc. for preparation of consolidated quarterly financial statements described in *Changes in Basic Important Matters for Preparation of Consolidated Quarterly Financial Statements*

(4) Issued shares (common shares)

(i) Issued shares as of term end (including repurchased shares)

As of September 30, 2010 2,158,383,539 shares

As of March 31, 2010 2,158,383,539 shares

(ii) Repurchased shares as of term end

As of September 30, 2010 10,572,618 shares

As of March 31, 2010 10,473,574 shares

(iii) Average number of outstanding shares during term

Six months ended September 30, 2010 2,147,861,950 shares

Six months ended September 30, 2009 2,153,194,406 shares

* Information on implementation of quarterly review procedures

As of the time of disclosing the summary of financial statements, the quarterly financial statement review procedures in accordance with the Financial Instruments and Exchange Act have not been finalized.

* Explanation concerning appropriate use of forecasts of financial results and other special items

The forward-looking statements in this document concerning forecasts of financial results are based on information currently available to the Company and assumptions considered reasonable by the Company. Please note that actual financial results may differ significantly from the forecast due to various factors. With regard to assumptions for forecasting financial results and precautionary statements when using the forecast, please refer to 1. (3) *Qualitative information on the forecast of consolidated financial results* on page 3 of the attachment.

Osaka Gas Co., Ltd. (9532)
Brief Report of Consolidated Financial Statements For Second Quarter of Fiscal 2010

(Reference) Forecast for non-consolidated financial results

Forecast for Non-Consolidated Financial Results for the Year Ending March 31, 2011 (April 1, 2010 - March 31, 2011)

(Percentages (%) represent forecasted changes from the previous year.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	902,000	6.9	52,000	-14.0	53,000	-17.3	33,500	-16.3	15.74

(Note) Revision of forecast of non-consolidated financial results in the current quarter: Yes

Table of Contents for Attachment

1. Qualitative Information on Consolidated Financial Results, etc.	2
(1) Qualitative information on consolidated operational results	2
(2) Qualitative information on consolidated financial position	2
(3) Qualitative information on forecast of consolidated financial results	3
2. Other Information	4
(1) Significant changes in subsidiaries	4
(2) Application of simplified accounting treatment and specific accounting treatment	4
(3) Changes in accounting principles and procedures, methods of presentation, etc.	4
3. Consolidated Financial Statements	5
(1) Consolidated balance sheet	5
(2) Consolidated profit and loss statement	7
[Six-month period ended September 30, 2010]	
(3) Consolidated statement of cash flow	8
(4) Notes regarding assumption of a going concern	9
(5) Segment information	9
(6) Notes regarding significant changes in the value of shareholders' equity	9
(7) Important subsequent events	10
4. Reference Data	11
(1) Overview of non-consolidated operational results for the six months ended September 30, 2010	11
(2) Non-consolidated gas sales during the six months ended September 30, 2010	11

1. Qualitative Information on Consolidated Financial Results, etc.

(1) Qualitative information on consolidated operational results

During the six months ended September 30, 2010, operating revenues totaled 542.1 billion yen, a year-on-year increase of 40.4 billion yen. This was because the city gas sales volume grew on a non-consolidated basis and revenues from the electricity business increased. Operating profit amounted to 35.8 billion yen, a decrease of 25.9 billion yen year-on-year. This was attributable to a decline in non-consolidated operating profit caused by soaring fuel costs. Ordinary profit was 34.6 billion yen, marking a year-on-year decrease of 25.4 billion yen, and net income after corporate tax, etc. was 19.0 billion yen, a decrease of 17.8 billion yen year-on-year.

Non-consolidated operational results are stated in 4. (1) *Overview of non-consolidated operational results for the six months ended September 30, 2010* on page 11.

(2) Qualitative information on consolidated financial position

Total assets at the end of the second quarter of the current fiscal year totaled 1,391.4 billion yen, a decrease of 92.4 billion yen from the end of the previous fiscal year. This was mainly due to a decline in current assets, such as cash and deposits and accounts receivable-trade, which was caused by seasonal factors.

Net assets reached 682.9 billion yen, bringing our net worth to total assets ratio to 47.4%.

[Consolidated Cash Flow]

Cash and cash equivalents at the end of the second quarter of the current fiscal year decreased by 46.9 billion yen from the end of the previous term to 67.0 billion yen. This decrease can be broken down as follows:

(Cash flow from operating activities)

Cash flow from operating activities during the period under review amounted to 15.9 billion yen. This was due to a decline in notes and accounts payable and accrued expenses, despite a net income before tax and other adjustments of 33.8 billion yen.

(Cash flow from investing activities)

Total expenses for investments during the period under review reached 40.0 billion yen, mainly as a result of 35.8 billion yen in expenses for acquiring tangible fixed assets, including gas pipes and other distribution facilities.

(Cash flow from financing activities)

Mainly because of 13.1 billion yen spent for repayment of long-term debts and payment of dividends, cash flow from financing activities during the period under review resulted in 21.8 billion yen in expenses.

(3) Qualitative information on forecast of consolidated financial results

Because the Osaka Gas Group has concluded that actual financial results will vary from its initial forecasts after considering its latest business performance, the Group has revised its forecasts of consolidated and non-consolidated financial results for the year ending March 31, 2011. The main reasons for this variance are: both city gas and electricity sales volumes on a non-consolidated basis are expected to be higher than initially forecasted; fuel costs are expected to decrease as the yen trends higher than the Group's assumption; and affiliate companies are expected to perform better than originally anticipated.

Assumptions used to produce the latest forecasts of financial results: Crude oil price (all Japan CIF price): \$85/barrel; exchange rate (TTM rate): 85 yen to the dollar.

Differences from the forecasts of consolidated and non-consolidated financial results for the full year, which were reported in the summary of financial statements announced on April 28, 2010, are given below.

Revised forecasts of consolidated financial results for fiscal 2010 (April 1, 2010 to March 31, 2011)

	Operating revenues	Operating profit	Ordinary profit	Net income	Net income per share
Previous forecasts announced (A)	million yen 1,175,000	million yen 72,500	million yen 65,500	million yen 37,000	yen 17.23
Revised forecasts (B)	1,170,000	84,500	80,000	45,000	21.14
Change (B – A)	-5,000	+12,000	+14,500	+8,000	
% change	-0.4	+16.6	+22.1	+21.6	
Results for the previous term	1,096,628	91,140	84,806	48,384	22.50

(Reference) Revised forecasts of non-consolidated financial results for fiscal 2010 (April 1, 2010 to March 31, 2011)

	Operating revenues	Operating profit	Ordinary profit	Net income	Net income per share
Previous forecasts announced (A)	million yen 907,000	million yen 42,000	million yen 42,000	million yen 26,500	yen 12.34
Revised forecasts (B)	902,000	52,000	53,000	33,500	15.74
Change (B – A)	-5,000	+10,000	+11,000	+7,000	
% change	-0.6	+23.8	+26.2	+26.4	
Results for the previous term	844,026	60,474	64,068	40,033	18.61

2. Other information

- (1) Significant changes in subsidiaries (changes in certain subsidiaries resulting in change in the scope of consolidation)

Not applicable

- (2) Application of simplified accounting treatment and specific accounting treatment

Simplified accounting treatment

- How inventory is evaluated

The inventory at the end of this consolidated second quarter accounting period was calculated using a rational method, omitting a physical inventory check and calculating on the basis of physical inventory at the end of the previous consolidated accounting year.

Inventory write-downs were implemented by estimating net sale values only for items whose profitability had been apparently reduced.

Specific accounting treatment

- Calculation of tax expenses

Tax expenses for consolidated subsidiaries were mainly calculated using tax effect accounting to rationally estimate the effective tax rate against the net income before tax for this consolidated accounting year, including this consolidated second quarter accounting period, and then multiplying the net income before tax for the quarter by that estimated effective tax rate.

Please note that income taxes-deferred were included in corporate and other taxes.

- (3) Changes in accounting principles and procedures, methods of presentation, etc.

- Application of *Accounting Standard for Equity Method of Accounting for Investments* and *Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method*

Effective from the first quarter of the fiscal year ending March 31, 2011, the *Accounting Standard for Equity Method of Accounting for Investments* (ASBJ Statement No. 16, issued March 10, 2008) and *Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method* (ASBJ PITF No. 24, issued March 10, 2008) have been applied. These changes will have no effect on consolidated profit and loss.

- Application of Accounting Standard for Asset Retirement Obligations

Effective from the first quarter of the fiscal year ending March 31, 2011, the *Accounting Standard for Asset Retirement Obligations* (ASBJ Statement No. 18, issued March 31, 2008) and *Guidance on Accounting Standard for Asset Retirement Obligations* (ASBJ Guidance No. 21, issued March 31, 2008) have been applied. Consequently, both operating profit and ordinary profit during the period under review decreased by 44 million yen, and net income before tax and other adjustments declined by 829 million yen.

Osaka Gas Co., Ltd. (9532)

Brief Report of Consolidated Financial Statements For Second Quarter of Fiscal 2010

3. Consolidated Financial Statements

(1) Consolidated balance sheet

(million yen)

	As of September 30, 2010	As of March 31, 2010
(Assets)		
Fixed Assets		
Tangible fixed assets		
Production facilities	86,743	90,195
Distribution facilities	298,386	309,186
Administrative facilities	70,820	71,177
Other facilities	333,835	333,746
Construction in progress	22,907	22,524
Total tangible fixed assets	812,695	826,830
Intangible fixed assets	39,371	42,840
Investments and other assets		
Investment in securities	132,675	147,185
Others	90,010	92,627
Total investments and other assets	222,685	239,812
Total fixed assets	1,074,752	1,109,484
Current Assets		
Cash and deposits	52,903	95,411
Notes and trade accounts receivable (net)	116,102	120,029
Valuable securities	19,411	24,482
Inventories	66,078	64,084
Others	62,175	70,403
Total current assets	316,671	374,411
Assets total	1,391,423	1,483,895

Osaka Gas Co., Ltd. (9532)
Brief Report of Consolidated Financial Statements For Second Quarter of Fiscal 2010

(million yen)

	As of September 30, 2010	As of March 31, 2010
(Liabilities)		
Fixed Liabilities		
Corporate bonds	260,365	260,790
Long-term loans payable	212,327	217,914
Provision for retirement benefits	13,945	13,598
Provision for gasholder repairs	1,756	1,732
Provision for safety actions	9,935	11,569
Allowance for investment losses	3,280	3,280
Others	29,049	32,015
Fixed liabilities total	<u>530,660</u>	<u>540,901</u>
Current Liabilities		
Notes and trade accounts payable	37,933	70,322
Short-term loans payable	36,732	37,153
Corporate taxes payable	15,070	28,947
Others	88,052	116,009
Current liabilities total	<u>177,788</u>	<u>252,432</u>
Liabilities total	<u>708,449</u>	<u>793,334</u>
(Net Worth)		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surpluses	19,482	19,482
Consolidated retained earnings	504,808	492,974
Treasury stocks	-3,561	-3,530
Shareholders' equity total	<u>652,895</u>	<u>641,093</u>
Valuation and translation adjustments		
Difference between market price and acquisition cost of other securities	17,215	23,542
Deferred hedge gains (losses)	840	4,939
Land revaluation excess	-519	-103
Foreign exchange adjustment	-10,391	-2,782
Valuation and translation adjustments total	<u>7,145</u>	<u>25,596</u>
Minority interest	<u>22,934</u>	<u>23,871</u>
Net worth total	<u>682,974</u>	<u>690,561</u>
Liabilities and net worth total	<u>1,391,423</u>	<u>1,483,895</u>

Osaka Gas Co., Ltd. (9532)
Brief Report of Consolidated Financial Statements For Second Quarter of Fiscal 2010

(2) Consolidated profit and loss statement

(million yen)

	Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)	Six months ended September 30, 2010 (April 1, 2010 to September 30, 2010)
Operating revenues	501,687	542,182
Cost of sales	277,617	343,957
Gross profit on Sales	224,070	198,225
Selling, general and administrative expenses	162,285	162,417
Operating profit	61,784	35,807
Non-operating revenues		
Interest income	408	309
Dividend income	1,590	1,332
Equity in earnings of affiliate companies	—	1,536
Miscellaneous revenues	2,981	2,752
Non-operating revenues total	4,981	5,931
Non-operating expenses		
Interest expenses	5,195	4,573
Miscellaneous expenses	1,476	2,492
Non-operating expenses total	6,671	7,065
Ordinary profit	60,094	34,672
Extraordinary loss		
Loss on adjustment accompanying application of accounting standard for asset retirement obligations	—	784
Total extraordinary loss	—	784
Net income before tax and other adjustments	60,094	33,887
Corporate and other taxes	22,944	13,762
Income before minority interests in income	—	20,125
Minority interest	265	1,077
Net income	36,884	19,048

Osaka Gas Co., Ltd. (9532)
Brief Report of Consolidated Financial Statements For Second Quarter of Fiscal 2010

(3) Consolidated statement of cash flow

(million yen)

	Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)	Six months ended September 30, 2010 (April 1, 2010 to September 30, 2010)
Cash flow from operating activities		
Net income before tax and other adjustments	60,094	33,887
Depreciation expenses	45,850	47,976
Amortization of long-term prepaid expenses	3,119	3,104
Equity in earnings of affiliate companies (negative (-) numbers indicate gains here)	—	-1,536
Loss on adjustment accompanying application of accounting standard for asset retirement obligations	—	784
(Increase) decrease in trade receivables	36,889	3,967
(Increase) decrease in inventories	11,518	—
Increase (decrease) in notes and accounts payable	-11,515	-32,383
Increase (decrease) in accrued expenses	-21,423	-12,158
Corporate taxes paid	-11,552	-22,076
Others	14,007	-5,617
Net cash used for operating activities	126,989	15,948
Cash flow from investing activities		
Expenses for acquisition of tangible fixed assets	-43,790	-35,840
Purchase of long-term prepaid expenses	-3,102	—
Expenses relating to acquisition of affiliate companies' stock	-3,104	—
Others	-6,365	-4,212
Net cash used for investing activities	-56,363	-40,052
Cash flow from financing activities		
Proceeds from long-term loans payable	6,397	—
Expenses for repayment of long-term loans payable	-11,842	-13,126
Expenditure from the redemption of corporate bonds	-20,207	—
Dividends paid	-7,536	-7,507
Others	-2,495	-1,209
Net cash provided from financing activities	-35,683	-21,842
Difference from conversion of cash and cash equivalents	486	-1,038
Increase (decrease) of cash and cash equivalents	35,429	-46,985
Cash and cash equivalents at term-beginning	46,764	113,998
Cash and cash equivalents at term-end	82,193	67,013

Osaka Gas Co., Ltd. (9532)
Brief Report of Consolidated Financial Statements For Second Quarter of Fiscal 2010

(4) Notes regarding assumption of a going concern

Not applicable

(5) Segment information

Six months ended Sept. 30, 2010 (April 1, 2010 to Sept. 30, 2010)

(million yen)

	Gas	LPG, Electricity, and Other Energies	International Energies	Environment and Non-Energies	Total	Adjustments	Figures in consolidated profit and loss statement
Operating revenues	394,346	82,236	5,429	88,539	570,551	-28,369	542,182
Segment profit							
Operating profit	13,567	12,467	1,512	6,973	34,520	1,286	35,807
Equity in earnings (loss) of affiliate companies	37	288	1,211		1,536		1,536
Total	13,604	12,755	2,723	6,973	36,057	1,286	37,344

Notes: Summary of reportable segments

The Osaka Gas Group's reportable segments are the organizational units for which separated financial information is available, and they are regularly reviewed by the Board of Directors to determine the allocation of management resources and evaluate business results.

The Group classifies its products and services into business segments on the basis of three business domains: the Domestic Energy Businesses, the International Energy Businesses, and the Environment and Non-Energy Businesses. It then consolidates the business segments into the following four reportable segments by considering product and service similarities, namely, the Gas Business, the LPG, Electricity, and Other Energies Businesses, the International Energies Businesses, and the Environment and Non-Energy Businesses.

The Gas Business sells gas and gas appliances and conducts gas pipe installation and heat supply. The LPG, Electricity, and Other Energies Businesses sell LPG and industrial gas and supply electricity. The International Energy Businesses supply energy overseas, transport LNG, lease tankers, and conduct development and investment related to petroleum and natural gas. The Environment and Non-Energy Businesses conduct development and leasing of real estate, information processing services, sales of fine materials and carbon material products, sports business, engineering, and leasing of automobiles and equipment.

(Segment information by business type)

Osaka Gas Co., Ltd. (9532)
Brief Report of Consolidated Financial Statements For Second Quarter of Fiscal 2010

Six months ended Sept. 30, 2009 (April 1, 2009 to Sept. 30, 2009) (million yen)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real Estate	Others	Total	Elimination of internal transactions and involving all companies	Consolidation
Operating revenues	306,575	78,433	56,951	15,110	74,995	532,065	(30,378)	501,687
Operating profit	42,675	10,809	1,862	3,569	2,329	61,247	537	61,784

(6) Notes regarding significant changes in the value of shareholders' equity

Not applicable

(7) Important subsequent events

At the Board of Directors meeting held on October 29, 2010, the Company made a resolution to repurchase its own stock under Article 156 of the Companies Act, as applied pursuant to Article 165 (3) of the Companies Act, as detailed below.

1. Purpose of the repurchase

To enhance shareholder value by increasing net income per share, etc. and implement flexible financial policies in accordance with changes in the business environment

2. Class of shares to be repurchased: common stock

3. Aggregate number of shares to be repurchased: up to 72,000,000

4. Aggregate price of shares to be repurchased: up to 20,000 million yen

5. Period of share repurchase: November 1, 2010 to February 28, 2011

Osaka Gas Co., Ltd. (9532)
Brief Report of Consolidated Financial Statements For Second Quarter of Fiscal 2010

4. Reference Data

- (1) Overview of non-consolidated operational results for the six months ended September 30, 2010
(April 1, 2010 to September 30, 2010)

(hundred millions of yen)

Revenues					Expenses				
			YoY increase/ decrease	% change				YoY increase/ decrease	% change
Operating revenues from product sales	Gas	3,165	151	5.0%	Operating expenses	Cost of sales	1,754	467	36.3%
						SG&A	1,341	7	0.5%
						Total	3,095	474	18.1%
Other operating revenues	House-pipe installation	84	-4	-5.4%	Other expenses	House-pipe installation	89	-3	-3.9%
	Gas appliances	389	8	2.4%		Gas appliances	367	6	1.9%
	Transportation services	28	2	9.5%					
	Incidental business and others	479	175	57.8%		Incidental business and others	396	128	47.8%
	Total	981	182	22.8%		Total	853	131	18.2%
Total operating revenues		4,147	334	8.8%	Total expenses		3,948	605	18.1%
					Operating profit		198	-271	-57.8%
Non-operating revenues		53	-3	-6.7%	Non-operating expenses		39	-4	-9.5%
					Ordinary profit		211	-271	-56.1%
					Net income		135	-172	-56.1%

Quarterly non-consolidated financial statements are not subject to statutory review by accounting auditors. Quarterly non-consolidated financial statements were prepared in accordance with the Rules for Quarterly Consolidated Financial Statements.

- (2) Non-consolidated gas sales during the six months ended September 30, 2010

[Converted at 45MJ/m³]

		1H 2010 (a) (Apr. 1 – Sept. 30, 2010)	1H 2009 (b) (Apr. 1 – Sept. 30, 2009)	Change (a)-(b)	% change
Customers (Meters installed) (thousand customers (meters))	Residential	6,660	6,624	+36	+0.5
	Commercial/industrial	330	329	+1	+0.4
	Total	6,990	6,953	+37	+0.5
Monthly average usage per residential customer (m ³ /month)		24.4	23.9	+0.6	+2.3
Gas sales volume (million m ³)	Residential	850	830	+20	+2.4
	Commercial/industrial	2,892	2,650	+242	+9.1
	Industrial	2,047	1,852	+195	+10.5
	Commercial	514	495	+20	+4.0
	Public and medical institutions	331	303	+27	+9.0
	Wholesale	231	206	+25	+12.1
Total		3,973	3,686	+287	+7.8