



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

January 31, 2011

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

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Scheduled Date of Financial Report Filing with the Finance Ministry: February 10, 2011

Scheduled Date of Dividend Payment: —

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 Third Quarter of Fiscal 2010

(April 1, 2010 – December 31, 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	%
Nine months ended Dec. 31, 2010	819,808	8.2	54,656	-22.1	52,370	-20.9	29,788	-24.7
Nine months ended Dec. 31, 2009	757,924	18.6	70,146	—	66,227	—	39,555	—

	Earnings per share		Diluted earnings per share	
	yen		yen	
Nine months ended Dec. 31, 2010	13.92		—	
Nine months ended Dec. 31, 2009	18.38		—	

(2) Consolidated Financial Position

	Total assets	Net worth	Net worth/Total assets	Net worth per share
	(million yen)	(million yen)	%	Yen
As of Dec. 31, 2010	1,391,750	673,549	46.7	310.91
As of Mar. 31, 2010	1,483,895	690,561	44.9	310.39

<Reference> Net worth As of Dec. 31, 2010: 650,002 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				
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: None

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4. Other information (For details, please refer to 2. *Other Information* on page \_\_ 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 December 31, 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 December 31, 2010 67,714,854 shares

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

- (iii) Average number of outstanding shares during term

Nine months ended December 31, 2010 2,139,578,334 shares

Nine months ended December 31, 2009 2,151,629,687 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 2 of the attachment.

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(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: None

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1. Qualitative Information on Consolidated Financial Results, etc.

(1) Qualitative information on consolidated operational results

During the nine months ended December 31, 2010, operating revenues totaled 819.8 billion yen, a year-on-year increase of 61.8 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 54.6 billion yen, a decrease of 15.4 billion yen year-on-year. This was attributable to a decline in non-consolidated operating profit caused by soaring fuel costs. Ordinary profit was 52.3 billion yen, marking a year-on-year decrease of 13.8 billion yen, and net income after corporate tax, etc. was 29.7 billion yen, a decrease of 9.7 billion yen year-on-year.

Non-consolidated operational results are stated in 4. (1) *Overview of non-consolidated operational results for the nine months ended December 31, 2010* on page.

(2) Qualitative information on consolidated financial position

Total assets at the end of the third quarter of the current fiscal year totaled 1,391.7 billion yen, a decrease of 92.1 billion yen from the end of the previous fiscal year. This was mainly due to a decline in current assets, such as cash. Net assets reached 673.5 billion yen, bringing our net worth to total assets ratio to 46.7%.

[Consolidated Cash Flow]

Cash and cash equivalents at the end of the third quarter of the current fiscal year decreased by 61.7 billion yen from the end of the previous term to 52.2 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 28.5 billion yen. This was due to payment of corporate tax, despite a net income before tax and other adjustments of 51.5 billion yen.

(Cash flow from investing activities)

Total expenses for investments during the period under review reached 60.8 billion yen, mainly as a result of 53.0 billion yen in expenses for acquiring tangible fixed assets, including gas pipes and other distribution facilities.

(Cash flow from financing activities)

Mainly because of share buy-back and repayment of long-term loan payable, cash flow from financing activities during the period under review resulted in 28.9 billion yen in expenses.

(3) Qualitative information on forecast of consolidated financial results

No revision to the forecast of consolidated financial results

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 third 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 51 million yen, and net income before tax and other adjustments declined by 836 million yen.

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## 3. Consolidated Financial Statements

## (1) Consolidated balance sheet

(million yen)

	As of December 31, 2010	As of March 31, 2010
(Assets)		
Fixed Assets		
Tangible fixed assets		
Production facilities	85,978	90,195
Distribution facilities	297,773	309,186
Administrative facilities	70,311	71,177
Other facilities	332,037	333,746
Construction in progress	21,195	22,524
Total tangible fixed assets	807,296	826,830
Intangible fixed assets	40,587	42,840
Investments and other assets		
Investment in securities	135,124	147,185
Others	91,185	92,627
Total investments and other assets	226,309	239,812
Total fixed assets	1,074,193	1,109,484
Current Assets		
Cash and deposits	54,782	95,411
Notes and trade accounts receivable (net)	124,228	120,029
Valuable securities	-	24,482
Inventories	75,574	64,084
Others	62,972	70,403
Total current assets	317,557	374,411
Assets total	1,391,750	1,483,895

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(million yen)

	As of December 31, 2010	As of March 31, 2010
<b>(Liabilities)</b>		
Fixed Liabilities		
Corporate bonds	259,848	260,790
Long-term loans payable	202,417	217,914
Provision for retirement benefits	14,430	13,598
Provision for gasholder repairs	1,799	1,732
Provision for safety actions	9,225	11,569
Allowance for investment losses	3,280	3,280
Others	29,641	32,015
Fixed liabilities total	520,643	540,901
Current Liabilities		
Notes and trade accounts payable	41,094	70,322
Short-term loans payable	38,360	37,153
Corporate taxes payable	—	28,947
Others	118,103	116,009
Current liabilities total	197,557	252,432
Liabilities total	718,201	793,334
<b>(Net Worth)</b>		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surpluses	19,482	19,482
Consolidated retained earnings	506,957	492,974
Treasury stocks	-21,471	-3,530
Shareholders' equity total	637,134	641,093
Valuation and translation adjustments		
Difference between market price and acquisition cost of other securities	18,973	23,542
Deferred hedge gains (losses)	1,181	4,939
Land revaluation excess	-519	-103
Foreign exchange adjustment	-6,767	-2,782
Valuation and translation adjustments total	12,867	25,596
Minority interest	23,547	23,871
Net worth total	673,549	690,561
Liabilities and net worth total	1,391,750	1,483,895



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(2) Consolidated profit and loss statement

(million yen)

	Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)	Nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)
Operating revenues	757,924	819,808
Cost of sales	442,232	519,492
Gross profit on Sales	315,692	300,315
Selling, general and administrative expenses	245,545	245,659
Operating profit	70,146	54,656
Non-operating revenues		
Interest income	545	463
Dividend income	2086	1,851
Equity in earnings of affiliate companies	—	1,571
Miscellaneous revenues	4,145	3,777
Non-operating revenues total	6,777	7,664
Non-operating expenses		
Interest expenses	7,616	6,830
Miscellaneous expenses	3,080	3,119
Non-operating expenses total	10,697	9,950
Ordinary profit	66,227	52,370
Extraordinary loss		
Loss on sale of fixed assets	136	-
Loss on adjustment accompanying application of accounting standard for asset retirement obligations	—	784
Total extraordinary loss	136	784
Net income before tax and other adjustments	60,091	51,585
Corporate and other taxes	25,683	20,418
Income before minority interests in income	—	31,167
Minority interest	851	1,378
Net income	39,555	29,788

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(3) Consolidated statement of cash flow

(million yen)

	Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)	Nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)
Cash flow from operating activities		
Net income before tax and other adjustments	66,091	51,585
Depreciation expenses	69,968	71,819
Amortization of long-term prepaid expenses	4,624	4,542
Equity in earnings of affiliate companies (negative (-) numbers indicate gains here)	—	-1,571
Loss on adjustment accompanying application of accounting standard for asset retirement obligations	—	784
(Increase) decrease in trade receivables	20,329	-4,167
(Increase) decrease in inventories	—	-11,512
Increase (decrease) in notes and accounts payable	3,184	-29,215
Increase (decrease) in accrued expenses	-25,998	-16,887
Corporate taxes paid	-19,922	-30,512
Others	26,598	-6,337
Net cash used for operating activities	144,876	28,528
Cash flow from investing activities		
Expenses for acquisition of tangible fixed assets	-61,622	-53,018
Expenses for acquisition of intangible fixed assets	-9,532	—
Purchase of long-term prepaid expenses	-4,121	-3,654
Expenses relating to acquisition of affiliate companies' stock	-3,164	—
Others	-4,602	-4,129
Net cash used for investing activities	-83,043	-60,802
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	3,542	—
Increase (decrease) in commercial paper	—	20,000
Proceeds from long-term loans payable	6,409	—
Expenses for repayment of long-term loans payable	-14,564	-15,952
Expenditure from the redemption of corporate bonds	-20,461	—
Expenditure for acquisition of treasury stock	—	-17,958
Dividends paid	-14,167	-15,159
Others	-3,392	124
Net cash provided from financing activities	-42,632	-28,946
Difference from conversion of cash and cash equivalents	-2,194	-493
Increase (decrease) of cash and cash equivalents	17,006	-61,713
Cash and cash equivalents at term-beginning	46,764	113,998
Cash and cash equivalents at term-end	63,770	52,285

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(4) Notes regarding assumption of a going concern

Not applicable

(5) Segment information

Nine months ended Dec. 31, 2010 (April 1, 2010 to Dec. 31, 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	602,456	122,113	8,382	129,755	862,706	-42,899	819,808
Segment profit							
Operating profit	22,910	16,778	2,566	10,506	52,762	1,894	54,656
Equity in earnings (loss) of affiliate companies	29	107	1,433		1,571		1,571
Total	22,940	16,886	3,999	10,506	54,333	1,894	56,227

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.

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 (Segment information by business type)

Nine months ended Dec. 31, 2009 (April 1, 2009 to Dec. 31, 2009)

(million yen)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real Estate	Others	Total	internal transactions and transactions involving all	Consolidation
Operating revenues	457,176	120,951	90,508	22,719	113,519	804,875	(46,950)	757,924
Operating profit	40,819	16,356	2,275	5,295	4,661	69,408	737	70,146

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

The Company repurchased its own shares of 17,865 million yen by market transactions in the current third quarter of fiscal 2010. As a result of this buy-back and other transactions, the common stock for treasury at the end of the third quarter of fiscal 2010 was 21,471 million yen.

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4. Reference Data

- (1) Overview of non-consolidated operational results for the nine months ended December 31, 2010  
(April 1, 2010 to December 31, 2010)

(billion yen)

Revenues			YoY increase /decrease	% change	Expenses			YoY increase/ decrease	% change
Operating revenues from product sales	Gas	480.8	30.9	6.9%	Operating expenses	Cost of sales	263.6	52.7	25.0%
						SG&A	203.6	1.5	0.8%
						Total	467.3	54.2	13.1%
Other operating revenues	House-pipe installation	13.0	-0.5	-4.4%	Other expenses	House-pipe installation	13.8	-0.5	-4.1%
	Gas appliances	63.1	2.0	3.3%		Gas appliances	60.3	1.5	2.6%
	Transportation services	4.3	0.4	12.2%					
	Incidental business and others	70.1	20.5	41.4%		Incidental business and others	59.7	15.3	34.6%
	Total	150.7	22.4	17.5%		Total	133.9	16.2	13.8%
Total operating revenues		631.5	53.3	9.2%	Total expenses		601.3	70.5	13.3%
					Operating profit		30.1	-17.2	-36.3%
Non-operating revenues		7.5	-2.1	-22.3%	Non-operating expenses		5.6	-1.4	-20.4%
					Ordinary profit		32.0	-17.9	-35.8%
Extraordinary profit		—	—	—	Extraordinary loss		—	-0.1	—
					Net income		20.4	-11.1	-35.4%

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 nine months ended December 31, 2010

[Converted at 45MJ/m<sup>3</sup>]

		1H 2010 (a) (Apr. 1 – Dec. 31, 2010)	1H 2009 (b) (Apr. 1 – Dec. 31, 2009)	Change (a)-(b)	% change
Customers (Meters installed) (thousand customers (meters))	Residential	6,666	6,633	+32	+0.5
	Commercial/ industrial	331	329	+1	+0.4
	Total	6,997	6,963	+34	+0.5
Monthly average usage per residential customer (m <sup>3</sup> /month)		25.6	25.6	-0.0	-0.0
Gas sales volume (million m <sup>3</sup> )	Residential	1,336	1,334	+1	+0.1
	Commercial/ industrial	4,247	3,957	+290	+7.3
	Industrial	3,051	2,826	+226	+8.0
	Commercial	729	704	+26	+3.6
	Public and medical institutions	466	428	+38	+8.9
	Wholesale	347	321	+26	+8.0
	Total	5,929	5,613	+316	+5.6