



Year Ended March 31, 2011

Brief Report of Consolidated Financial Statements (Japanese GAAP)

April 27, 2011

Name of Listed Company : Osaka Gas Co., Ltd. Listed Exchanges: 1st Section of Tokyo, Osaka and Nagoya
 Code : 9532 URL <http://www.osakagas.co.jp>
 Representative Officer : Title: President Name: Hiroshi Ozaki
 Contact : Title: Manager, Consolidation Management Team, Accounting & Finance Dept.
 Name: Tatsuya Kataoka (TEL: 06-6205-4537)

Scheduled Date of Annual General Meeting of Shareholders : June 29, 2011
 Scheduled Date of Dividend Payment : June 30, 2011
 Scheduled Date of Financial Report Filing with the Finance Ministry : June 30, 2011
 Preparation of Supplementary Explanation Documents for Operational Results : Yes
 Holding of an Informational Meeting for Operational Results : Yes (for institutional investors)

(Any amount less than one million yen is rounded down to the nearest million yen)

1. Consolidated Financial Results for the Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)

(1) Consolidated Operational Results (Percentages (%) represent changes from the previous year)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2011	1,187,142	8.3	88,584	-2.8	82,372	-2.9	45,968	-5.0
Year ended March 31, 2010	1,096,628	-17.3	91,140	36.2	84,806	31.5	48,384	34.2

(Note) Comprehensive income Year ended March 31, 2011 35,833 million yen (down 51.7% YoY)
 Year ended March 31, 2010 74,254 million yen (YoY data not available)

	Earnings per share	Diluted earnings per share	Net income/Net worth	Ordinary profit/Total assets	Operating profit/Operating revenues
	yen	yen	%	%	%
Year ended March 31, 2011	21.62	—	6.9	5.6	7.5
Year ended March 31, 2010	22.50	—	7.6	5.8	8.3

<Reference> Equity method investment gain Year ended March 31, 2011 2,161 million yen Year ended March 31, 2010 1,264 million yen

(2) Consolidated Financial Position

	Total assets	Net worth	Net worth/Total assets	Net worth per share
	million yen	million yen	%	Yen
As of March 31, 2011	1,437,297	688,695	46.3	319.33
As of March 31, 2010	1,483,895	690,561	44.9	310.39

<Reference> Net worth As of March 31, 2011 664,959 million yen As of March 31, 2010 666,689 million yen

(3) Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Cash and cash equivalents at year-end
	million yen	million yen	million yen	million yen
As of March 31, 2011	126,399	-82,408	-41,257	116,230
As of March 31, 2010	229,714	-111,265	-49,553	113,998

2. Dividends

(Record date)	Dividends per share					Total dividends (full year)	Payout ratio (consolidated)	Dividends/Net worth (consolidated)
	June 30	September 30	December 31	March 31	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 31, 2010	—	3.50	—	3.50	7.00	15,035	31.1	2.4
Year ended March 31, 2011	—	4.00	—	4.00	8.00	16,920	37.0	2.5
Year ending March 31, 2012 (Forecast)	—	4.00	—	4.00	8.00		38.3	

3. Forecasts of Consolidated Results for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(Percentages represent forecasted changes from the previous year for the full year results, and forecasted changes from the same period in the previous year for the interim results.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Interim	557,500	2.8	21,000	-41.4	19,000	-45.2	9,500	-50.1	4.56
Full year	1,267,000	6.7	74,000	-16.5	70,000	-15.0	43,500	-5.4	20.89

4. Other Information

- (1) Significant changes in subsidiaries during the year (changes in certain subsidiaries resulting in a change in the consolidation scope):
Not applicable
- (2) 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
- (3) Issued shares (common shares)
- | | | |
|---|-----------------------------|----------------------|
| (i) Issued shares as of year-end (including repurchased shares) | : As of March 31, 2011 | 2,083,400,000 shares |
| | : As of March 31, 2010 | 2,158,383,539 shares |
| (ii) Repurchased shares (treasury stock) as of year-end | : As of March 31, 2011 | 1,019,059 shares |
| | : As of March 31, 2010 | 10,473,574 shares |
| (iii) Average number of outstanding shares during term | : Year ended March 31, 2011 | 2,126,612,640 shares |
| | : Year ended March 31, 2010 | 2,150,776,647 shares |

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)

(1) Non-Consolidated Operational Results (Percentages (%) represent changes from the previous year)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2011	918,047	8.8	52,583	-13.0	55,202	-13.8	34,519	-13.8
Year ended March 31, 2010	844,026	-13.2	60,474	59.6	64,068	69.4	40,033	66.5

	Earnings per share	Diluted earnings per share
	yen	yen
As of March 31, 2011	16.23	—
As of March 31, 2010	18.61	—

(2) Non-Consolidated Financial Position

	Total assets	Net worth	Net worth/ Total assets	Net worth per share
	million yen	million yen	%	Yen
As of March 31, 2011	1,143,761	534,870	46.8	256.86
As of March 31, 2010	1,172,273	542,040	46.2	252.36

<Reference> Net worth: As of March 31, 2011; 534,870 million yen

As of March 31, 2010; 542,040 million yen

2. Forecasts of Non-Consolidated Results for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(Percentages represent forecasted changes from the previous year for the full year results, and forecasted changes from the same period in the previous year for the interim results.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Interim	440,500	6.2	4,500	-77.3	6,500	-69.3	4,000	-70.4	1.92
Full year	1,001,500	9.1	43,000	-18.2	44,000	-20.3	31,000	-10.2	14.89

* Information on implementation of audit procedures

As of the time of disclosure of this summary of financial statements, the financial statement audit procedures in accordance with the Financial Instruments and Exchange Act have not been finalized.

* Notes on proper use of forecasts and other matters

Statements in this document relating to future matters including operational forecasts are based on information available to the Company and certain assumptions that the Company believes are reasonable. Actual results may differ from these forecasts, affected by various factors. As for notes regarding assumptions used for operational forecasts and regarding the use of forecasts, please refer to "Forecasts for the Next Year (April 1, 2011 to March 31, 2012)" on page 6 of the Attachment.

The Company is planning to hold an informational meeting for institutional investors and analysts on April 28, 2011. Immediately after the meeting, a video of the presentation and the presentation materials used on that day will be made available on the Company's web site.

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1. Operational Results

(1) Operational Results Analysis

(i) Results for Year Ended March 31, 2011

Consolidated operating revenues for the year ended March 2011 increased by 90.5 billion yen (up 8.3% year-on-year) to 1,187.1 billion yen. This owed primarily to a rise in the city gas sales volume on a non-consolidated basis, and an increase in revenues from the electric power business. Consolidated ordinary profit decreased by 2.4 billion yen (down 2.9% YoY) to 82.3 billion yen. This was primarily due to an increase in raw material costs on a non-consolidated basis. Consolidated net income decreased by 2.4 billion yen (down 5.0% YoY) to 45.9 billion yen.

The number of consolidated subsidiary companies is currently 131, with 3 subsidiary companies excluded and 6 added since the end of the previous year. The number of equity method affiliates now stands at seven, with 1 company added since the end of the previous year.

(billion yen)

	Consolidated results (a)	Change from previous year		Non-consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		Change	Percent (%)		
Operating revenues	1,187.1	+90.5	+8.3	918.0	1.29
Cost of sales	750.1	+104.9	+16.3	575.9	1.30
Selling, general and administrative expenses	348.3	-11.8	-3.3	289.5	1.20
Operating profit	88.5	-2.5	-2.8	52.5	1.68
Ordinary profit	82.3	-2.4	-2.9	55.2	1.49
Net income	45.9	-2.4	-5.0	34.5	1.33

(Reference) Non-Consolidated Gas Sales Breakdown

		Current year (a) (Apr '10 -Mar '11)	Previous year (b) (Apr '09 -Mar '10)	Change (a)-(b)	Percent (%)
Customers [Meters installed] (thousand customers [meters])	Residential	6,681	6,650	+31	+0.5
	Non-residential	331	330	+2	+0.5
	Total	7,012	6,980	+33	+0.5
Monthly average usage per residential customer (m ³ /month)		32.7	32.3	+0.4	+1.3
Gas sales volume (million m ³)	Residential	2,275	2,244	+32	+1.4
	Non-residential	5,765	5,420	+344	+6.3
	Industrial	4,141	3,877	+263	+6.8
	Commercial	968	935	+34	+3.6
	Public and medical institutions	655	609	+47	+7.7
	Wholesale	488	455	+33	+7.2
	Total	8,528	8,119	+408	+5.0

[45MJ/m³]

(ii) Operational Results by Business Segment

a. Gas

Sales increased by 54.3 billion yen (up 6.6% YoY) to 879.8 billion yen, resulting mainly from an increase in gas sales volume and gas unit prices that remained high under the fuel cost adjustment system in association with rising LNG prices. There was a decrease in segment profit of 15.3 billion yen (down 26.9% YoY) to 41.9 billion yen, due primarily to a drastic rise in raw material costs.

b. LPG, Electricity and Other Energy

Sales increased by 31.3 billion yen (up 21.9% YoY) to 174.7 billion yen, caused mainly by the expansion of the electricity business. There was an increase in segment profit of 10.7 billion yen (up 71.9% YoY) to 25.6 billion yen.

c. International Energy

Sales remained nearly flat year-on-year at 11.1 billion yen. Segment profit increased by 0.6 billion yen (up 16.3% year-on-year) to 4.9 billion yen.

d. Environment and Non-Energy

Sales increased by 9.7 billion yen (up 5.5% YoY) to 185.4 billion yen, caused mainly by increased revenues from the real estate business. There was an increase in segment profit of 1.6 billion yen (up 11.5% year-on-year) to 15.6 billion yen.

(billion yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Environment and Non-Energy	Adjustments	Consolidation
Operating revenues	+6.6% 879.8 [+54.3]	+21.9% 174.7 [+31.3]	-0.2% 11.1 [-0]	+5.5% 185.4 [+9.7]	-64.0	+8.3% 1,187.1 [+90.5]
Segment profit	-26.9% 41.9 [-15.3]	+71.9% 25.6 [+10.7]	+16.3% 4.9 [+0.6]	+11.5% 15.6 [+1.6]	2.5	-1.8% 90.7 [-1.6]

The percentage figures at the upper left corner of each box show the percentage of change from the previous year.

Figures in [] brackets in each box show the change in yen from the previous year.

(iii) Forecasts for the Next Year (April 1, 2011 to March 31, 2012)

Consolidated operating revenues for the year ending March 2012 are expected to increase by 79.8 billion yen (up 6.7% YoY) to 1,267 billion yen. This is primarily because operating revenues are expected to increase due to higher gas unit prices compared with the current fiscal year under the fuel cost adjustment system (the Company assumes LNG prices will go up in the next fiscal year compared with the current year).

Ordinary profit is expected to decrease by 12.3 billion yen (down 15.0% YoY) to 70.0 billion yen. This is primarily because the impact of increased raw material costs due to the assumed rise in LNG prices is expected to be greater next year than in the current fiscal year. Net income is expected to decrease by 2.4 billion yen (down 5.4% YoY) to 43.5 billion yen.

(billion yen)

	Forecast for Next Year (2011/4 -2012/3)	Compared with Current Year	
		Change	Percent (%)
Operating revenues	1,267.0	+79.8	+6.7
Operating profit	74.0	-14.5	-16.5
Ordinary profit	70.0	-12.3	-15.0
Net income	43.5	-2.4	-5.4

Assumptions: Crude oil price (All Japan CIF price) at \$100/barrel, and exchange rate (TTM rate) at 85 yen to the dollar.

(2) Financial Conditions Analysis

(i) Assets, Liabilities, and Net Worth

Total assets decreased by 46.5 billion yen year-on-year to 1,437.2 billion yen, due primarily to a decrease in non-current assets. Liabilities decreased by 44.7 billion yen year-on-year to 748.6 billion yen, while net worth lowered by 1.8 billion yen year-on-year to 688.6 billion yen.

As a result, the ratio of net worth to total capital rose to 46.3% from 44.9% at the end of the previous year.

(billion yen)

	As at March 31, 2011	As at March 31, 2010	Change
Total assets	1,437.2	1,483.8	-46.5
Total liabilities	748.6	793.3	-44.7
Total net worth	688.6	690.5	-1.8
Total liabilities and net worth	1,437.2	1,483.8	-46.5

(ii) Cash Flow

In the current fiscal year, net cash provided by operating activities amounted to 126.3 billion yen as a result of adding depreciation expenses to net income before tax and other adjustments and adding/subtracting corporate taxes and other payments. Net cash used in investment activities amounted to 82.4 billion yen, mainly due to the purchase of tangible fixed assets. Net cash used in financing activities amounted to 41.2 billion yen, including the repayment of long-term loans payable and repurchase of our own shares.

Consequently, the net increase in cash and cash equivalents amounted to 116.2 billion yen at the end of the year ended March 2011, remaining almost unchanged from the balance at the end of the previous fiscal year.

(billion yen)

	Current Year (Apr '10 -Mar '11)	Previous Year (Apr '09 -Mar '10)	Change
Cash flow from operating activities	126.3	229.7	-103.3
Cash flow from investment activities	-82.4	-111.2	+28.8
Cash flow from financial activities	-41.2	-49.5	+8.2
Increase/decrease of cash and cash equivalents	2.2	67.2	-65.0
Cash and cash equivalents at year-end	116.2	113.9	+2.2
Balance of interest-bearing liabilities at year-end	532.4	539.0	-6.5

Free cash flow*: 72.7 billion yen [175.4 billion yen in the previous year]

*Cash flow from operating activities – capital expenditures

(Reference) Cash Flow Indices

	Current Year (Apr '10 -Mar '11)	Previous Year (Apr '09 -Mar '10)
Net worth/Total assets	46.3%	44.9%
Net worth/Total assets on market value	48.1%	48.5%
Interest bearing liabilities/Cash flow	4.2	2.3
Interest coverage ratio	13.95	23.05

(Notes)

1. All of the above indices are based on consolidated financial results.
2. Total market capitalization was calculated based on issued shares of the Company, excluding treasury stock.
3. Cash flow used for the calculation of these indices is operating cash flow.
4. Interest-bearing liabilities include all liabilities reported on the consolidated balance sheet for which interest is paid.

The following table shows forecasts for capital expenditures.

(Reference) Capital Expenditures: Results and Forecasts

(billion yen)

	Forecast for Next Year (Apr '11 -Mar '12)	Current Year (Apr '10 -Mar '11)	Previous Year (Apr '09 -Mar '10)
Consolidated	90.8	69.6	98.2
Non-consolidated	61.4	47.9	57.9
Production facilities	3.9	2.1	1.9
Distribution facilities	51.6	41.1	38.7
Operational facilities, etc.	5.8	4.6	17.2

Major financial indicators for next year are forecast as follows:

		Forecast for Next Year (Apr '11-Mar '12)	Current Year (Apr '10-Mar '11)	Previous Year (Apr '09-Mar '10)
Consolidated	Shareholders' value added (SVA)	10.0 billion yen	13.2 billion yen	14.0 billion yen
	Earnings per share (EPS)	20.89 yen	21.62 yen	22.5 yen
	Return on equity (ROE)	6.2 %	6.9 %	7.6 %
	Return on assets (ROA)	2.9 %	3.1 %	3.3 %
	Free cash flow (FCF)	70.8 billion yen	72.7 billion yen	175.4 billion yen
Non-consolidated	Shareholders' value added (SVA)	4.0 billion yen	8.8 billion yen	13.4 billion yen
	Earnings per share (EPS)	14.89 yen	16.23 yen	18.61 yen
	Return on equity (ROE)	5.4 %	6.4 %	7.6 %
	Return on assets (ROA)	2.6 %	3.0 %	3.5 %
	Free cash flow (FCF)	41.5 billion yen	11.4 billion yen	152.3 billion yen

(3) Basic Policy for Profit Distribution and Dividends for Current Year and Next Year

Striving to enhance business growth and improve the efficiency of its operations, the Company has appropriated the increased profit resulting from such efforts for internal reserves to be used toward future business growth and strengthening of the financial structure of the Company, in addition to the payment of steady dividends to shareholders. The Company will endeavor to continue steadily paying such dividends to shareholders both at the interim and year-end periods based on operational results, future business management, and other plans, while also taking into account alternative profit distribution plans and other comprehensive factors. The Company will aim to maintain its consolidated payout ratio above 30%, within the non-consolidated retained earnings distributable to Osaka Gas shareholders, excluding temporary factors that may affect the profit situation. Internal reserves will be appropriated for capital investments and investments in new business.

The Company plans to pay annual dividends of 8.0 yen per share, including interim dividends of 4.0 yen per share, for both the current fiscal year and the next.

(4) Business and Other Risks

The business performance and financial conditions of the Osaka Gas Group may be affected by various risks including, but not limited to, the following:

(i) Risks related to all businesses within the Osaka Gas Group

a. Worsening of economic and credit conditions, and contraction of the domestic market

Worsening of economic and/or credit conditions in Japan and/or other countries that may lead to a decrease in sales revenues, difficulties in fund-raising, insolvency of joint project partner companies, suppliers, or customers, a decrease in the population, offshore transfer of factories and plants, or other unfavorable effects

b. Changes in foreign exchange rates and financing interest rates

c. Catastrophic disasters/accidents/epidemics

Occurrence of catastrophic natural disasters, acts of terrorism or accidents, or epidemics of new types of influenza or other infectious diseases

d. Changes in policies, laws, regulations, and institutional systems

Changes in the Gas Business Act, the Electricity Business Act, the Companies Act, the Financial Instruments and Exchange Act, environment-related laws, or other applicable policies, acts and institutional systems both in and outside of Japan

e. Intensifying competition

Intensified competition with other operators in the gas business and other business areas related to the Group

f. Breakdown or malfunction of mission-critical IT systems

Breakdown or malfunction of mission-critical IT systems, such as systems related to gas production/supply or billing

g. Information leaks

Outside leakage of important information used in the course of business, including customer information or technical information possessed by the Group

h. Non-compliance with laws/regulations

Acts carried out by the Group or by any person related to the Group that are in violation of any law or regulation could lead the Company to incur expenditures to correct such noncompliance, and/or experience a degrading of its social reputation

(ii) Risks related to major businesses within the Osaka Gas Group

1) Gas business

a. Impact of fluctuations in atmospheric/water temperature on gas demand

b. Changes in raw material costs

Fluctuations in prices of liquefied natural gas (LNG) due to changes in crude oil prices, exchange rates, and other relevant factors*

*Although most effects may be offset through the fuel cost adjustment system, under which gas rates are revised to reflect changes in fuel costs, a time lag until the actual adjustment is made and the composition of material suppliers could affect the performance of the Osaka Gas Group.

Settlement of raw materials costs as a result of renewal of contracts or price negotiations with suppliers

c. Trouble in purchasing raw materials

Problems at facilities of LNG (from which gas is produced) suppliers or their operations, or other incidents

d. Difficulties in production and supply

Catastrophic natural disasters or accidents that could disrupt the production or supply of gas

e. Problems with gas equipment and facilities

Serious trouble with gas equipment or facilities sold to customers

2) Electricity business

Interruption of operations at any electric power plant due to a natural disaster, accident, trouble in purchasing

fuel, or other incidents

3) International energy businesses

Changes in the business environment involving the Group, such as delay or cancellation of a gas field development or other development projects as a result of global economic stagnation, a drop in the crude oil price, a worsening of the social situation or other factors

The Osaka Gas Group strives to minimize the potential impact of these risks on its performance through various measures, including derivative contracts to hedge against fluctuations in exchange rates and raw material costs, accident and other insurance contracts, enhanced security of critical IT systems, adherence to compliance and strict information control, monitoring and proper supervision of subsidiaries' business management, and measures for safety and disaster prevention.

2. Management Policy

(1) Basic Management Policy and Medium/Long Term Business Strategy

Between rises in resource and energy prices and political instability in the Middle East and elsewhere, the future prospects of the international situation are uncertain. In Japan, too, the prolonged appreciation of the yen is putting pressure on the performance of the export industry, and is urging manufacturers to relocate and consolidate their production bases. Furthermore, in response to the Great East Japan Earthquake, there are possibilities of alterations of government policies and changes in consumer spending patterns and industrial structures. The management recognizes that its greatest task is to turn the Osaka Gas Group into a corporate group that is always chosen by customers and continues to experience sustainable growth as we strive to mitigate the impact of natural disasters, and to offer safety and stable energy supply, while promptly and flexibly coping with highly uncertain and rapidly changing business environments.

Giving top priority to maximization of customer value, the Osaka Gas Group has been conducting business based on its management principle, "Value Creation Management," which seeks to enhance value for all of its stakeholders, including shareholders, society, and employees, through fair and transparent business activities.

In the year ending March 2012, the Osaka Gas Group will take on the tasks of "CS enhancement and contribution to the realization of a low-carbon society," "investment in growth and expansion of business," "Ensuring stable supply/safety and fulfillment of CSR," and "'smart work (high-quality, efficient work)' initiatives" to achieve the Group's long-term management vision and medium-term business plan, "Field of Dreams 2020."

(2) Targeted Management Indices

From the perspective of assuring profitability and business growth, the Company sets targets for shareholders' value added (SVA), profit figures, earnings per share (EPS), return on equity (ROE), return on assets (ROA) and continued payment of stable dividends.

At the same time, to maintain its financial strength rating and other indications of financial soundness, the Company will endeavor to attain the following financial soundness indicators: (1) a ratio of consolidated net worth to total assets in excess of 40%, and (2) a ratio of consolidated D/E (interest-bearing debts to net worth) of about 1, while maintaining the existing balance with SVA, free cash flow, balance of interest-bearing debts, and other indicators.

Opportunities to repurchase the Company's shares will always be examined to improve EPS and ROE. However, repurchase will be strategically implemented only on the conditions that growth investments have been implemented and that excess cash flow is available.

(3) Challenges for the Company

(i) Customer satisfaction enhancement and contribution to the realization of a low-carbon society

The Company will contribute to the realization of an economical, comfortable, convenient, and safe lifestyle and business environment, and also of a low-carbon society, by offering advanced solutions through a broader range of goods and services that more than satisfy customer demands.

In order to enhance energy security for society in general, the Osaka Gas Group will promote widespread and

intensive use of natural gas. Particularly through proposals on distributed power sources, such as gas engine cogeneration systems, we will seek ways to reduce the environmental burden and achieve the “best mix” of gas and electricity.

1) Efforts in the residential market

The Company will encourage the broad use of “household power generation systems,” such as “ECOWILL,” a gas engine cogeneration system, and residential fuel cell “ENE-FARM,” as well as “Eco-Jozu,” an energy-saving water heater.

The Company will also expand its sales of “a solar power generation system,” and promote the widespread use of “Combined Power Generation,” which merges a solar power generation system with “ECOWILL” or “ENE-FARM.”

In addition to our efforts to provide safety and security to customers, such as our home security service, the Company will expand the scope of gas appliances to be leased under the “Raku-Toku Lease” program, which began last year, to include gas combination room heaters and water heaters and gas bathroom heaters and dryers, as well as built-in gas ranges. Furthermore, we will expand the lineup of services and improve their quality by offering a Home Energy Management System (HEMS) and warranty services for water heaters of any brand.

2) Efforts in the non-residential market

We will make continued efforts to promote widespread and intensive use of natural gas by providing advanced equipment including gas engine cogeneration systems for enhanced eco-friendliness and energy security, “XAIR,” a gas heat-pump air conditioner that efficiently conserves energy, “Suzuchu,” a gas kitchen system that provides cool and comfortable working conditions, and natural gas vehicles that help to reduce NO_x and other air pollutants and CO₂ emissions. In addition, the Company will strive to contribute to higher convenience and cost effectiveness for customers by expanding its energy service provision business that taps into its wide range of engineering expertise in such areas as utility management in the field of water treatment, and by creating a scheme to support its customers in introducing equipment through the use of its financial engineering.

3) Technology development

The Company will conduct the following technology development activities with the aim of preventing global warming, contributing to energy conservation, and improving customer convenience.

- a. Further raising efficiency and reducing production costs of residential fuel cell ENE-FARM, cogeneration systems for commercial use, and gas air-conditioning systems
- b. Developing SOFCs (solid oxide fuel cells)
- c. Conducting demonstration tests for commercial use of the “Smart Energy House,” which merges “Combined Power Generation” with a storage battery to realize further energy conservation through “energy cost visualization” and automatic control
- d. Conducting demonstration tests for commercial use of a “smart energy network,” which combines renewable energy with electricity and heat generated by a cogeneration system and utilizes information technology to achieve the optimal use of energy
- e. Promoting commercialization of “CMM concentration technology,” a technology to collect and utilize methane gas released into the atmosphere when mining coal, “AATG,” a synthetic gas production technology to make use of associated gas that is burnt off when mining crude oil, and an “energy-creating wastewater treatment process,” which creates methane gas by using catalysts to purify concentrated organic wastewater
- f. Developing technology for fuel-cell vehicle hydrogen stations

To improve the speed, quality, and cost competitiveness of technology development, the Company will promote “open innovation,” which involves applying outside knowledge to Osaka Gas technologies.

4) Reduction of environmental burdens in Group business activities

The Company will steadily implement the environment management system that has been introduced to all Group companies, in order to reduce the environmental burden.

(ii) Investment in growth and expansion of businesses

The Company will aim to expand the “Domestic Energy Businesses,” encompassing city gas, electricity, LPG, etc., and to develop the “International Energy Businesses along the Energy Value Chain” and the “Environment and Non-Energy Businesses.”

1) Domestic Energy Businesses

a. Electricity business

The Company will focus on steady operation and meticulous maintenance of in-house electricity facilities, including the Semboku Natural Gas Power Plant.

b. Expansion of supply area

The Company will promote the broad use of natural gas outside of the current supply area by utilizing expertise that it has cultivated in the gas business within the current supply area, while seeking alliances with energy operators in each region.

c. LPG business

The Company will strive to increase the number of customers and sales volumes by utilizing its expertise to market equipment and energy systems. In addition, it will reduce costs by streamlining delivery and distribution to improve profitability.

2) International Energy Businesses along the Energy Value Chain

To realize stable and flexible LNG procurement and increase earnings, the Company will promote projects to develop natural gas fields in which it has interests and attempt to acquire interests in new projects, including unconventional gas development projects. The Company will also steadily operate the IPP business, natural gas pipeline business, and LNG terminals as in the past, while examining the possibility of acquiring new projects, such as the gas distribution business.

3) Environment and Non-Energy Businesses

The Company will further utilize the Group’s technologies and expertise, with the aim of expanding the environment business that helps to lower the environmental burden.

In the non-energy business, particularly in the area of real estate, IT, and advanced materials, the Company will also continue making contributions to better lives and business growth for customers through the delivery of improved products and services that satisfy customer needs.

(iii) Ensuring stable supply/safety and fulfillment of CSR

The Company will focus on securing a stable supply of energy, ensure safety, and strengthen CSR.

1) Supply stability

To secure a stable supply of energy, the Company will strive to secure raw materials such as natural gas with future demand trends in mind, while also conducting meticulous maintenance of energy manufacturing and supply facilities and systematically building up facilities such as high-pressure gas pipelines from a long-term perspective.

2) Securing safety

The Company will conduct preventive maintenance, including regular maintenance and replacement work at energy manufacturing and supply facilities. It will also fully respond to any emergencies, such as possible gas leakage, by utilizing a 24-hour contact/callout system. In addition, the Company will continue to provide educational training to employees and workers.

The Company will also regularly inspect customers’ facilities and make continued efforts to promote the widespread use of gas appliances that ensure safety and peace of mind and raise customers’ awareness of the safe use of gas facilities and equipment.

3) Disaster management

Using the lessons from the Great East Japan Earthquake, the Company will check its current contingency plans for earthquakes and tsunamis in order to take appropriate action against such events.

4) CSR

The Company will upgrade its CSR efforts in accordance with the Osaka Gas Group CSR Charter that defines the Group’s basic policy for corporate social responsibility.

Specifically, the Company will strive to “create value for customers,” “contribute to harmonizing with the

environment and to realizing a sustainable society,” “be a good corporate citizen contributing to society,” “comply with laws and regulations and respect human rights,” and work under “management policy of human growth.” At the same time, the Company will endeavor to have those concerned with the Osaka Gas Group’s supply chain understand its efforts in this regard.

Regarding compliance, the Company will further promote the following three principal activities across the Group to ensure Group-wide compliance—“Be aware of legislation and regulations,” “Develop a culture of compliance and mechanisms to avoid violations,” and “Audit and monitor throughout the Group.”

(iv) “Smart work (high-quality, efficient work)” initiatives

The Company will make the most of information technology and other tools to increase its productivity. For the benefit of customers, the Company will strive to realize services with higher quality than ever before and make all-out efforts to reduce costs.

The Osaka Gas Group will establish an internal control system in accordance with its business environment. Under a mechanism to monitor the appropriate implementation of that system, the Group is committed to addressing the above challenges, pursuing its core principle of Value Creation Management, and continuing constant efforts to achieve sustainable growth.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(million yen)

	Previous Year As of March 31, 2010	Current Year As of March 31, 2011
Assets		
Fixed assets		
Tangible fixed assets		
Production facilities	90,195	84,785
Distribution facilities	309,186	296,526
Operational facilities	71,177	70,981
Other facilities	333,746	324,993
Construction in progress	22,524	23,106
Total tangible fixed assets	826,830	800,394
Intangible fixed assets		
Goodwill	5,046	3,172
Others	37,794	37,089
Total intangible fixed assets	42,840	40,262
Investments and other assets		
Investment in securities	147,185	136,179
Others	94,389	95,785
Allowance for bad debts	-1,761	-2,102
Total investments and other assets	239,812	229,862
Total fixed assets	1,109,484	1,070,520
Current assets		
Cash and deposits	95,411	98,422
Notes and trade accounts receivable	121,458	136,930
Short-term investment securities	24,482	23,112
Inventories	64,084	49,400
Others	70,403	60,277
Allowance for bad debts	-1,428	-1,366
Total current assets	374,411	366,776
Total assets	1,483,895	1,437,297

(million yen)

	Previous Year As of March 31, 2010	Current Year As of March 31, 2011
Liabilities		
Fixed liabilities		
Bonds	260,790	269,733
Long-term loans payable	217,914	190,430
Deferred tax liabilities	15,964	11,079
Deferred tax liabilities related to revaluation	57	149
Reserve for severance benefits	13,598	14,548
Reserve for gasholder repair	1,732	1,715
Reserve for safety actions	11,569	9,508
Allowance for investment loss	3,280	3,280
Others	15,993	17,927
Total fixed liabilities	540,901	518,373
Current liabilities		
Current portion of fixed liabilities	22,655	30,833
Notes and trade accounts payable	70,322	38,218
Short-term loans payable	37,153	40,660
Corporate taxes payable	28,947	32,614
Others	93,353	87,900
Total current liabilities	252,432	230,228
Total liabilities	793,334	748,601
Net Worth		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surpluses	19,482	19,482
Retained earnings	492,974	499,366
Treasury stock	-3,530	-323
Shareholders' equity total	641,093	650,692
Accumulated other comprehensive income		
Difference between market price and acquisition cost of other securities	23,542	18,037
Deferred hedge gains/losses	4,939	4,116
Land revaluation excess	-103	-519
Foreign exchange adjustment	-2,782	-7,367
Accumulated other comprehensive income total	25,596	14,267
Minority interest	23,871	23,735
Net worth total	690,561	688,695
Liabilities and net worth total	1,483,895	1,437,297

(2) Consolidated Profit and Loss Statement and Consolidated Statement of Comprehensive Income
 Consolidated Profit and Loss Statement

(million yen)

	Previous Year (April 1, 2009 – March 31, 2010)	Current Year (April 1, 2010 – March 31, 2011)
Operating revenues	1,096,628	1,187,142
Cost of sales	645,248	750,159
Gross profit on sales	451,380	436,983
Selling, general and administrative expenses	360,239	348,399
Operating profit	91,140	88,584
Non-operating revenues		
Interest income	694	608
Dividend income	2,228	1,956
Equity method investment gains	1,264	2,161
Foreign exchange gains	2,342	–
Miscellaneous income	5,580	5,396
Total non-operating revenues	12,110	10,124
Non-operating expenses		
Interest expenses	9,965	9,059
Provision of allowance for investment loss	3,280	–
Miscellaneous expenses	5,198	7,276
Non-operating expenses total	18,444	16,335
Ordinary profit	84,806	82,372
Extraordinary loss		
Loss on sales of non-current assets	140	–
Impairment loss	2,093	–
Loss on adjustment accompanying application of accounting standard for asset retirement obligations	–	784
Total extraordinary loss	2,234	784
Net income before tax adjustments	82,572	81,587
Corporate, resident and business taxes	30,585	35,604
Adjustment for corporate and other taxes	2,312	-1,875
Total corporate and other taxes	32,898	33,729
Income before minority interests	–	47,858
Minority interest	1,289	1,890
Net income	48,384	45,968

Consolidated Statement of Comprehensive Income

(million yen)

	Previous Year (April 1, 2009 – March 31, 2010)	Current Year (April 1, 2010 – March 31, 2011)
Income before minority interests	–	47,858
Other comprehensive income		
Difference between market price and acquisition cost of other securities	–	-5,505
Deferred hedge gains/losses	–	-724
Land revaluation excess	–	-112
Foreign exchange adjustment	–	-2,280
Share of other comprehensive income of associates accounted for using equity method	–	-3,401
Other comprehensive income total	–	-12,024
Comprehensive income	–	35,833
Attributable to:		
Owners of the parent	–	34,943
Minority interests	–	890

(3) Consolidated Statement of Changes in Shareholders' Equity

(million yen)

	Previous Year (April 1, 2009 – March 31, 2010)	Current Year (April 1, 2010 – March 31, 2011)
Shareholders' equity		
Capital stock		
Balance as of previous year-end	132,166	132,166
Balance as of current year-end	132,166	132,166
Capital surpluses		
Balance as of previous year-end	19,482	19,482
Balance as of current year-end	19,482	19,482
Retained earnings		
Balance as of previous year-end	459,658	492,974
Change during the year		
Dividends from retained earnings	-15,061	-16,108
Net income	48,384	45,968
Disposal of treasury stock	-4	-1
Cancellation of treasury stock	-	-23,770
Decrease due to decrease of consolidated companies	-1	-
Reversal of land revaluation excess	-	303
Total changes during the year	33,316	6,391
Balance as of current year-end	492,974	499,366
Treasury stock		
Balance as of previous year-end	-1,251	-3,530
Change during the year		
Acquisition of treasury stock	-2,315	-20,583
Disposal of treasury stock	36	20
Cancellation of treasury stock	-	23,770
Total changes during the year	-2,278	3,207
Balance as of current year-end	-3,530	-323
Shareholders' equity total		
Balance as of previous year-end	610,056	641,093
Change during the year		
Dividends from retained earnings	-15,061	-16,108
Net income	48,384	45,968
Acquisition of treasury stock	-2,315	-20,583
Disposal of treasury stock	32	19
Cancellation of treasury stock	-	-
Decrease due to decrease of consolidated companies	-1	-
Reversal of land revaluation excess	-	303
Total changes during the year	31,037	9,598
Balance as of current year-end	641,093	650,692

(million yen)

	Previous Year (April 1, 2009– March 31, 2010)	Current Year (April 1, 2010 – March 31, 2011)
Accumulated other comprehensive income		
Difference between market price and acquisition cost of other securities		
Balance as of previous year-end	16,999	23,542
Change during the year		
Net changes in items other than shareholders' equity during the year	6,542	-5,505
Total changes during the year	6,542	-5,505
Balance as of current year-end	23,542	18,037
Deferred hedge gains (losses)		
Balance as of previous year-end	-1,663	4,939
Change during the year		
Net changes in items other than shareholders' equity during the year	6,602	-822
Total changes during the year	6,602	-822
Balance as of current year-end	4,939	4,116
Land revaluation excess		
Balance as of previous year-end	-103	-103
Change during the year		
Net changes in items other than shareholders' equity during the year	–	-416
Total changes during the year	–	-416
Balance as of current year-end	-103	-519
Foreign exchange adjustment		
Balance as of previous year-end	-12,724	-2,782
Change during the year		
Net changes in items other than shareholders' equity during the year	9,941	-4,584
Total changes during the year	9,941	-4,584
Balance as of current year-end	-2,782	-7,367
Accumulated other comprehensive income total		
Balance as of previous year-end	2,508	25,596
Change during the year		
Net changes in items other than shareholders' equity during the year	23,087	-11,328
Total changes during the year	23,087	-11,328
Balance as of current year-end	25,596	14,267
Minority interest		
Balance as of previous year-end	22,191	23,871
Change during the year		
Net changes in items other than shareholders' equity during the year	1,679	-135
Total changes during the year	1,679	-135
Balance as of current year-end	23,871	23,735
Total net worth		
Balance as of previous year-end	634,757	690,561
Change during the year		
Dividends from retained earnings	-15,061	-16,108
Net income	48,384	45,968
Acquisition of treasury stock	-2,315	-20,583
Disposal of treasury stock	32	19
Decrease due to decrease of consolidated companies	-1	–
Reversal of land revaluation excess	–	303
Net changes in items other than shareholders' equity during the year	24,767	-11,464
Total changes during the year	55,804	-1,865
Balance as of current year-end	690,561	688,695

(4) Consolidated Cash Flow Statement

(million yen)

	Previous Year (April 1, 2009 – March 31, 2010)	Current Year (April 1, 2010 – March 31, 2011)
Cash Flow from Operating Activities		
Net income before tax adjustments	82,572	81,587
Depreciation expenses	95,402	97,569
Write-off of long-term prepaid expenses	6,186	6,096
Impairment loss	2,093	—
Increase (decrease) in allowance for safety measures	9,546	-2,061
Increase (decrease) in allowance for investment loss	3,280	—
(Increase) decrease in prepaid pension expenses	3,471	3,370
Interest and dividends received	-2,922	-2,565
Interest expenses	9,965	9,059
Equity method investment gains (the minus mark (-) represents gains)	-1,264	-2,161
Loss on adjustment accompanying application of accounting standard for asset retirement obligations	—	784
Loss from retirement of tangible fixed assets	1,751	1,549
(Increase) decrease in trade receivables	10,809	-15,301
(Increase) decrease in inventories	16,511	14,652
Increase (decrease) in trade payables	-4,201	-32,085
Increase (decrease) in accrued expenses	-7,890	-1,571
Others	26,433	3,390
Total	251,746	162,313
Interest and dividends received	7,365	4,558
Interest paid	-9,928	-9,127
Corporate taxes paid	-19,468	-31,345
Net cash flow from operating activities	229,714	126,399
Cash Flow from Investment Activities		
Expenses for acquisition of tangible fixed assets	-87,252	-66,843
Expenses for acquisition of intangible fixed assets	-10,254	-1,838
Payment of long-term prepaid expenses	-5,791	-5,294
Expenses for acquisition of affiliates' shares	-3,164	-4,152
Net (increase) decrease in short-term loans receivable	—	2,194
Payment for long-term loans receivable	—	-1,550
Expenses for depositing time deposits	-4,314	-1,792
Proceeds from withdrawal of time deposits	2,065	1,972
Others	-2,553	-5,103
Net cash flow from investment activities	-111,265	-82,408
Cash Flow from Financial Activities		
Net increase (decrease) in short-term loans payable	6,718	3,381
Proceeds from long-term loans payable	6,439	5,221
Expenses for repayment of long-term loans payable	-23,022	-21,649
Proceeds from corporate bond issuance	—	10,000
Expenses for redemption of bonds	-20,454	—
Expenses for acquisition of treasury stock	-2,315	-20,583
Dividends paid	-15,048	-16,095
Others	-1,870	-1,533
Net cash flow from financial activities	-49,553	-41,257
Difference from Conversion of Cash and Cash Equivalents	-1,654	-501
Increase (Decrease) of Cash and Cash Equivalents	67,241	2,232
Cash and Cash Equivalents at Year-Beginning	46,764	113,998
Decrease of Cash and Cash Equivalents Due to Exclusion of Subsidiaries from the Consolidation	-6	—
Cash and Cash Equivalents at Year-End	113,998	116,230

(5) Notes Regarding Assumption of a Going Concern

Not applicable

(6) Significant Changes in Basic Information for Consolidated Financial Statements Preparation

(i) 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 current consolidated accounting year, 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.

(ii) Application of Accounting Standard for Asset Retirement Obligations

Effective from the current consolidated accounting year, 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, operating profit, ordinary profit, and net income before tax and other adjustments during the period under review decreased by 81 million yen, 26 million yen, and 811 million yen, respectively.

(7) Notes on the Consolidated Financial Statements

(Consolidated Profit and Loss Statement and Consolidated Statement of Comprehensive Income)

For the Consolidated Comprehensive Income Statement

Current consolidated accounting year (April 1, 2010 – March 31, 2011) (million yen)

Comprehensive income during the consolidated accounting year immediately preceding the current consolidated accounting year

Comprehensive income attributable to owners of the parent 71,471

Comprehensive income attributable to minority interests 2,782

 Total 74,254

(million yen)

Other comprehensive income during the consolidated accounting year immediately preceding the current consolidated accounting year

Difference between market price and acquisition cost of other securities 6,539

Deferred hedge gains (losses) 7,218

Foreign exchange adjustment 5,833

Share of other comprehensive income of associates accounted for using equity method 4,988

 Total 24,579

(Segment Information)

a. Summary of reportable segments

The Osaka Gas Group's reportable segments are the organizational units for which separate 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 along the Energy Value Chain, and the Environment and Non-Energy Businesses. It then consolidates those business segments into the following four reportable segments by considering product and service similarities, namely, the Gas Business, the LPG, Electricity, and Other Energy Businesses, the International Energy 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 Energy Businesses sell LPG and industrial gas and supply electricity. The International Energy Businesses supply energy overseas, lease tankers to transport LNG, 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-related business, engineering, and leasing of automobiles and equipment.

b. Measurement of the amounts of net sales, income (loss), assets, liabilities, and other items for each reportable segment

The accounting policies of reportable segments are nearly the same as the "basic information for consolidated financial statements preparation." Internal sales and transfer prices between operating segments are according to the arm's length principle.

c. Information on the amounts of net sales, income (loss), assets, liabilities, and other items for each reportable segment

Year ended March 31, 2010 (April 1, 2009 to March 31, 2010) (million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Environment and Non-Energy	Total	Adjustments	Consolidated statement of income totals
Net sales							
Sales to customers outside the Group	813,177	141,030	11,083	131,336	1,096,628	—	1,096,628
Internal sales or transfer among segments	12,344	2,373	69	44,330	59,119	-59,119	—
Total	825,522	143,404	11,153	175,667	1,155,748	-59,119	1,096,628
Segment profit							
Operating profit	57,241	14,505	3,461	14,039	89,248	1,892	91,140
Equity in earnings (loss) of affiliated companies	64	389	810	—	1,264	—	1,264
Total	57,305	14,895	4,271	14,039	90,512	1,892	92,404
Segment assets	741,181	189,068	142,553	305,687	1,378,490	105,405	1,483,895
Others							
Depreciation expenses	63,183	15,439	5,501	10,064	94,189	-506	93,682
Amortization of goodwill	80	451	209	977	1,719	—	1,719
Investment in associates accounted for using equity method	398	3,822	39,568	—	43,789	—	43,789
Increase in tangible fixed assets and intangible fixed assets	54,073	9,606	12,587	22,458	98,726	-479	98,246

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011) (million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Environment and Non-Energy	Total	Adjustments	Consolidated statement of income totals
Net sales							
Sales to customers outside the Group	865,382	172,660	11,007	138,091	1,187,142	—	1,187,142
Internal sales or transfer among segments	14,495	2,105	123	47,315	64,040	-64,040	—
Total	879,878	174,766	11,130	185,407	1,251,182	-64,040	1,187,142
Segment profit							
Operating profit	41,913	25,243	3,178	15,652	85,988	2,595	88,584
Equity in earnings (loss) of affiliated companies	5	365	1,790	—	2,161	—	2,161
Total	41,919	25,609	4,968	15,652	88,150	2,595	90,746
Segment assets	728,047	171,342	144,397	306,489	1,350,277	87,019	1,437,297
Others							
Depreciation expenses	63,318	17,041	5,540	10,567	96,467	-730	95,737
Amortization of goodwill	514	751	223	342	1,831	—	1,831
Investment in associates accounted for using equity method	399	4,049	38,805	—	43,254	—	43,254
Increase in tangible fixed assets and intangible fixed assets	50,185	9,210	102	10,644	70,142	-542	69,600

(Notes)

1. Elimination of intersegment transactions accounts for the majority of adjustments to segment income.
2. Segment income is adjusted against the amount computed by adding equity in earnings of affiliated companies to, or deducting equity in loss of affiliated companies from, the operating income on the Consolidated Profit and Loss Statement.

(Per Share Information)

Current year (From April 1, 2010 to March 31, 2011)		Previous year (From April 1, 2009 to March 31, 2010)	
Net worth per share	319.33 yen	Net worth per share	310.39 yen
Earnings per share	21.62 yen	Earnings per share	22.50 yen

(Notes)

1. Since there were no potential shares that would have dilutive effect if issued, data on diluted earnings per share is not presented in this document.
2. The following data were used for calculating earnings per share:

	Current year (From April 1, 2010 to March 31, 2011)	Previous year (From April 1, 2009 to March 31, 2010)
Net income (million yen)	45,968	48,384
Net income attributable to shareholders of common shares (million yen)	45,968	48,384
Average issued common shares during the year (thousand shares)	2,126,612	2,150,776

(Significant Events after Closing of the Year)

Not applicable

Disclosure of notes other than the above has been omitted, since the necessity of the same in this flash earnings report is considered negligible.

4. Non-Consolidated Financial Statements

(1) Balance Sheet

(million yen)

	As of March 31, 2010	As of March 31, 2011
Assets		
Fixed assets		
Tangible fixed assets		
Production facilities	88,436	83,185
Distribution facilities	308,665	296,029
Operational facilities	70,289	70,110
Incidental business facilities	5,146	4,797
Construction in progress	18,482	21,766
Total tangible fixed assets	491,020	475,889
Intangible fixed assets		
Patents	47	38
Leaseholds	2,741	2,905
Other intangible fixed assets	2,865	2,637
Total intangible fixed assets	5,654	5,582
Investments and other assets		
Investment in securities	46,684	40,400
Investment in affiliates	149,681	159,277
Long-term loans receivable from affiliates	149,755	158,832
Investment in capital	22	22
Long-term prepaid expenses	10,838	10,066
Prepaid pension expenses	43,181	39,811
Other investments	6,525	6,480
Allowance for bad debts	-774	-665
Total investments and other assets	405,915	414,226
Total fixed assets	902,590	895,697
Current assets		
Cash and deposits	69,188	65,516
Notes receivable	732	335
Accounts receivable	72,676	77,402
Trade accounts receivable from affiliates	8,813	9,896
Other accounts receivable	8,699	8,496
Short-term investment securities	20,012	20,012
Products	116	148
Raw materials	14,121	15,837
Stores	8,335	8,041
Short-term loans receivable from affiliates	44,729	20,633
Short-term accounts receivable from affiliates	3,007	2,958
Deferred tax assets	6,970	7,789
Other current assets	12,815	11,495
Allowance for bad debts	-535	-499
Total current assets	269,683	248,064
Total assets	1,172,273	1,143,761

(million yen)

	As of March 31, 2010	As of March 31, 2011
Liabilities		
Fixed liabilities		
Bonds	255,631	265,638
Long-term loans payable	137,357	119,678
Long-term liabilities of affiliates	678	837
Deferred tax liabilities	6,863	3,014
Reserve for retirement benefits	4,397	4,546
Reserve for gasholder repair	1,677	1,697
Reserve for safety actions	11,569	9,508
Allowance for investment loss	3,280	3,280
Other fixed liabilities	1,181	2,124
Total fixed liabilities	422,637	410,324
Current liabilities		
Current portion of fixed liabilities	9,218	21,982
Trade accounts payable	48,111	15,165
Other accounts payable	21,636	17,056
Accrued expenses	37,266	34,572
Corporate taxes payable	21,589	23,650
Advances received	3,681	3,555
Deposits received	1,079	1,235
Short-term loans payable to affiliates	38,924	60,221
Short-term accounts payable to affiliates	25,287	19,738
Other current liabilities	800	1,386
Total current liabilities	207,595	198,566
Total liabilities	630,233	608,890
Net Worth		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surpluses		
Capital reserve	19,482	19,482
Total capital surpluses	19,482	19,482
Retained earnings		
Profit reserve	33,041	33,041
Other retained earnings		
Reserve for reduction of costs relating to replacement of specific assets, etc.	214	214
Reserve for write-off of specific gas piping works	64	—
Reserve for loss on overseas investments, etc.	11,093	10,061
Reserve for adjustment for cost fluctuation	89,000	89,000
Reserve for other specific purposes	62,000	62,000
Unappropriated retained earnings brought forward	177,114	172,849
Total retained earnings	372,529	367,167
Treasury stock	-3,530	-323
Shareholders' equity total	520,647	518,493
Valuation and translation adjustments		
Difference between market price and acquisition cost of other securities	15,477	11,324
Deferred hedge gains (losses)	5,914	5,052
Valuation and translation adjustments total	21,392	16,377
Total net worth	542,040	534,870
Liabilities and net worth total	1,172,273	1,143,761

(2) Profit and Loss Statement

(million yen)

	Previous Year (April 1, 2009 – March 31, 2010)	Current Year (April 1, 2010 – March 31, 2011)
Product sales		
Gas sales	664,286	707,668
Total product sales	664,286	707,668
Cost of sales		
Opening inventories	185	116
Product manufacturing cost	320,535	390,393
Purchases during the year	0	0
Internal consumption	4,932	3,860
Closing inventories	116	148
Total cost of sales	315,672	386,501
Gross profit on sales	348,613	321,167
Selling, general and administrative expenses		
Selling expenses	244,529	233,693
General and administrative expenses	56,589	55,854
Total selling, general and administrative expenses	301,118	289,548
Core business profit	47,495	31,619
Miscellaneous operational revenues		
Revenues from house-pipe installation	21,405	20,507
Revenues from gas appliances sales	82,649	88,451
Revenues from consigned supply	2,183	2,299
Other miscellaneous operational revenues	3,242	3,537
Total miscellaneous operational revenues	109,481	114,796
Miscellaneous operational expenses		
Cost of house-pipe installation	21,890	21,060
Cost of gas appliances sales	82,109	86,695
Total miscellaneous operational expenses	104,000	107,755
Revenues from incidental businesses		
Revenues from electric supply	37,658	59,248
Revenues from LNG sales	21,095	23,460
Revenues from other incidental businesses	11,504	12,873
Total revenues from incidental businesses	70,259	95,582
Cost of incidental businesses		
Cost of electric supply	34,001	46,878
Cost of LNG sales	19,108	23,194
Cost of other incidental businesses	9,650	11,585
Total cost of incidental businesses	62,760	81,658
Operating profit	60,474	52,583

(million yen)

	Previous Year (April 1, 2009 – March 31, 2010)	Current Year (April 1, 2010 – March 31, 2011)
Non-operating Revenues		
Interest income	1,993	2,242
Interest income on securities	67	26
Dividend income	848	909
Dividend income from affiliates	3,404	1,661
Rent income	–	1,634
Gain from foreign exchange	2,552	–
Proceeds from facility contribution	2,000	–
Miscellaneous revenues	5,135	3,914
Total non-operating revenues	16,002	10,389
Non-operating Expenses		
Interest expenses	2,523	2,397
Interest expenses on corporate bonds	4,190	3,835
Amortization of bond issue costs	–	40
Provision of allowance for investment loss	3,280	–
Miscellaneous expenses	2,413	1,497
Total non-operating expenses	12,408	7,770
Ordinary profit	64,068	55,202
Extraordinary loss		
Loss on sales of non-current assets	140	–
Total extraordinary loss	140	–
Net income before tax	63,928	55,202
Corporate and other taxes	20,600	22,400
Adjustment for corporate and other taxes	3,294	-1,716
Total corporate and other taxes	23,894	20,683
Net income	40,033	34,519

(3) Statement of Changes in Shareholders' Equity

(million yen)

	Previous Year (April 1, 2009 – March 31, 2010)	Current Year (April 1, 2010 – March 31, 2011)
Shareholders' equity		
Capital stock		
Balance as of previous year-end	132,166	132,166
Balance as of current year-end	132,166	132,166
Capital surpluses		
Capital reserve		
Balance as of previous year-end	19,482	19,482
Balance as of current year-end	19,482	19,482
Total capital surpluses		
Balance as of previous year-end	19,482	19,482
Balance as of current year-end	19,482	19,482
Retained earnings		
Profit reserve		
Balance as of previous year-end	33,041	33,041
Balance as of current year-end	33,041	33,041
Other retained earnings		
Reserve for reduction of costs relating to replacement of specific assets, etc.		
Balance as of previous year-end	214	214
Balance as of current year-end	214	214
Reserve for write-off of specific gas piping works		
Balance as of previous year-end	129	64
Change during the year		
Reversal of reserve for write-off of specific gas piping works	-64	-64
Total changes during the year	-64	-64
Balance as of current year-end	64	—
Reserve for loss on overseas investments, etc.		
Balance as of previous year-end	9,380	11,093
Change during the year		
Provisions to reserve for loss on overseas investments, etc.	2,953	973
Reversal of reserve for loss on overseas investments, etc.	-1,240	-2,005
Total changes during the year	1,713	-1,031
Balance as of current year-end	11,093	10,061
Reserve for adjustment for cost fluctuation		
Balance as of previous year-end	89,000	89,000
Balance as of current year-end	89,000	89,000
Reserve for other specific purposes		
Balance as of previous year-end	62,000	62,000
Balance as of current year-end	62,000	62,000
Unappropriated retained earnings brought forward		
Balance as of previous year-end	153,796	177,114
Change during the year		
Reversal of reserve for write-off of specific gas piping works	64	64
Provisions to reserve for loss on overseas investments, etc.	-2,953	-973
Reversal of reserve for loss on overseas investments, etc.	1,240	2,005
Dividends from retained earnings	-15,061	-16,108
Net income	40,033	34,519
Disposal of treasury stock	-4	-1
Cancellation of treasury stock	—	-23,770
Total changes during the year	23,318	-4,265
Balance as of current year-end	177,114	172,849

(million yen)

	Previous Year (April 1, 2009 – March 31, 2010)	Current Year (April 1, 2010 – March 31, 2011)
Total retained earnings		
Balance as of previous year-end	347,562	372,529
Change during the year		
Reversal of reserve for write-off of specific gas piping works	–	–
Provisions to reserve for loss on overseas investments, etc.	–	–
Reversal of reserve for loss on overseas investments, etc.	–	–
Dividends from retained earnings	-15,061	-16,108
Net income	40,033	34,519
Disposal of treasury stock	-4	-1
Cancellation of treasury stock	–	-23,770
Total changes during the year	24,966	-5,361
Balance as of current year-end	372,529	367,167
Treasury stock		
Balance as of previous year-end	-1,251	-3,530
Change during the year		
Acquisition of treasury stock	-2,315	-20,583
Disposal of treasury stock	36	20
Cancellation of treasury stock	–	23,770
Total changes during the year	-2,278	3,207
Balance as of current year-end	-3,530	-323
Shareholders' equity total		
Balance as of previous year-end	497,960	520,647
Change during the year		
Dividends from retained earnings	-15,061	-16,108
Net income	40,033	34,519
Acquisition of treasury stock	-2,315	-20,583
Disposal of treasury stock	32	19
Cancellation of treasury stock	–	–
Total changes during the year	22,687	-2,154
Balance as of current year-end	520,647	518,493
Valuation and translation adjustments		
Difference between market price and acquisition cost of other securities		
Balance as of previous year-end	10,903	15,477
Change during the year		
Net changes in items other than shareholders' equity during the year	4,574	-4,153
Total changes during the year	4,574	-4,153
Balance as of current year-end	15,477	11,324
Deferred hedge gains (losses)		
Balance as of previous year-end	-876	5,914
Change during the year		
Net changes in items other than shareholders' equity during the year	6,791	-861
Total changes during the year	6,791	-861
Balance as of current year-end	5,914	5,052
Valuation and translation adjustments total		
Balance as of previous year-end	10,027	21,392
Change during the year		
Net changes in items other than shareholders' equity during the year	11,365	-5,015
Total changes during the year	11,365	-5,015
Balance as of current year-end	21,392	16,377
Total net worth		
Balance as of previous year-end	507,987	542,040
Change during the year		
Dividends from retained earnings	-15,061	-16,108
Net income	40,033	34,519
Acquisition of treasury stock	-2,315	-20,583
Disposal of treasury stock	32	19
Net changes in items other than shareholders' equity during the year	11,365	-5,015
Total changes during the year	34,053	-7,169
Balance as of current year-end	542,040	534,870