



Financial Report for 1st Half of FY2011.3 (April 2010 – September 2010)

October 2010
Osaka Gas Co., Ltd.

I. Business Results for 1st Half of FY2011.3 and Forecast for FY2011.3

Management information is available on Osaka Gas websites.

Financial reports, annual reports and road show materials can be accessed and downloaded at the following URL.

http://www.osakagas.co.jp/ir/index_e.html

Disclaimer

Certain statements contained herein are forward-looking statements, strategies and plans, which reflect our judgment based on the information so far available. Actual results may differ materially from those discussed in such statements. Among the factors that could cause actual results to differ materially are: economic trends in Japan, sharp fluctuations in exchange rates and crude oil prices, and extraordinary weather conditions.

Note regarding gas sales volume

All gas sales volumes are indicated based on the standard heating value at 45 MJ/m³.

Note regarding consolidated gas sales volume

The fiscal year of Nabari Kintetsu Gas, Sasayama Toshi Gas, and Toyooka Energy ends on December 31.

Note regarding the indication of quarter

"Quarter" refers to "quarterly cumulative period," unless otherwise noted.

Now, I would like to start our presentation on the business results for the 1st half of the fiscal year ending March 2011, and the forecast for the full year.

Business Results for 1st Half of FY2011.3 - Highlights

■ Overview

- Consolidated operating revenues: 542.1 billion yen, a year-on-year increase of 8.1%, resulting from an increase in gas sales volume fueled by economic recovery, the contribution of Senboku Natural Gas Power Plant operating at full capacity, an increase in sales of consolidated subsidiaries including real estate businesses, etc.
- Consolidated operating profits: 35.8 billion yen, a year-on-year drop of 42.0%, due to a decrease in gross margin of gas sales caused by increased fuel costs with the rise in LNG price, despite an increase in profits in electric power business.
Loss on fuel cost adjustment system amounting to 6.9 billion yen (vs. profits of 31.2 billion yen for the previous year)

■ Gas sales volume

- Residential: 850 million m³, a year-on-year increase of 2.4%, due to lower atmospheric and water temperatures during the 1st quarter than in the previous year
- Commercial and industrial: 2,892 million m³, a year-on-year increase of 9.1%, due to an increase in active facilities at customer sites reflecting an economic upturn

■ Return to shareholders

- Decision made to pay an interim dividend of 4 yen/share, an increase of 0.5 yen/share
- Decision made to repurchase the Company's own shares up to 20 billion yen or 72 million shares

For the 1st half of the fiscal year ending March 2011, we reported an increase in sales and a decrease in profits.

Consolidated operating revenues grew by 8.1% compared with the same period of the previous year to 542.1 billion yen. The growth was primarily due to these factors: an increase in gas sales volume backed by the economic recovery; the contribution of Senboku Natural Gas Power Plant, where all turbines were put in operation; and an increase in sales generated by consolidated subsidiaries including real estate businesses.

Consolidated operating profit declined by 42.0% from the same period of the previous year to 35.8 billion yen. The decline resulted from a decrease in gross margin of gas sales due to higher fuel costs with rising LNG prices, although Senboku Natural Gas Power Plant operating at its full capacity helped increase profits from the electric power business. Meanwhile, a loss on fuel cost adjustments amounted to 6.9 billion yen.

The gas sales volume for residential use was up 2.4% over the same period of the previous year to 850 million cubic meters, mainly because atmospheric and water temperatures stayed at lower levels during the 1st quarter than last year.

For industrial use, gas sales volume was also up 9.1% over the same period of the previous year to 2,892 million cubic meters, owing to an increase in the number of active facilities at customer sites along with a business upturn.

With respect to returns to our shareholders, we announced in April that the Company would aim to achieve a dividend increase of one yen per share for the year ending March 2011. In line with this, we have decided to pay an interim dividend of 4 yen per share, which represents a dividend increase of 0.5 yen per share.

Also, with the aim of improving our shareholder value and increasing capital efficiency, we have decided to acquire our own shares up to 20 billion yen or 72 million shares.

Gas Sales for 1st Half of FY2011.3

45MJ/m ³	A. FY11.3 1 st half	B. FY10.3 1 st half	A-B	A-B/B (%)
Number of meters installed (thousand)	6,990	6,953	+37	+0.5%
Installation of new meters (thousand)	33	35	-2	-5.9%
Monthly gas sales volume per household (m ³ /month)	24.4	23.9	+0.6	+2.3%
Residential use	850	830	+20	+2.4%
Commercial, public and medical use	845	798	+47	+5.9%
Industrial use	2,047	1,852	+195	+10.5%
Commercial and industrial use	2,892	2,650	+242	+9.1%
Wholesale	231	206	+25	+12.1%
(Non-regulated included)	(2,448)	(2,231)	(+217)	(+9.7%)
Non-consolidated gas sales volume (million m ³)	3,973	3,686	+287	+7.8%
Consolidated gas sales volume (million m ³)	3,991	3,703	+288	+7.8%

Now, I would like to go into details of the gas sales performance for the 1st half of the fiscal year ending March 2011. The gas sales volume of Osaka Gas on a non-consolidated basis was up 7.8% over the same period of the previous year to 3,973 million cubic meters.

For residential use, sales were up 2.4% over the same period of the previous year to 850 million cubic meters. Though heat waves in summer had some impact, the effects of atmospheric and water temperatures in the 1st quarter and an increase in the number of customers led to the higher sales.

For commercial, public and medical use, sales were up 5.9% over the same period a year earlier to 845 million cubic meters. The main factors behind the higher sales were increased air-conditioning demand in an extremely hot summer and the development of new demand.

For industrial use, sales were up 10.5% over the same period of the previous year to 2,047 million cubic meters, mainly due to an increase in active facilities at customer sites supported by the economic recovery and the development of new demand. The figures for sales volume, however, were about 93% of those for the year before last. In our view, the economy is gradually picking up, but it is still on the way to recovery.

For reference, monthly gas sales volumes for industrial use are shown on page 23. We hope the data will be of some help to you.

Results for 1st Half of FY2011.3 I

Consolidated, billion yen; figures in parentheses are ratios of consolidated results to non-consolidated results.

	A. 11.3 1H	B. 10.3 1H	A-B	A-B/B	Remarks
Operating revenues	(1.31) 542.1	(1.32) 501.6	+40.4	+8.1%	Increase in gas sales volume, increase in revenue from electric power business, increase in sales of real estate subsidiaries, etc.
Operating profit	(1.80) 35.8	(1.31) 61.7	-25.9	-42.0%	Decrease in gross margin of gas sales, etc.
Ordinary profit	(1.64) 34.6	(1.24) 60.0	-25.4	-42.3%	Increase in earnings of equity method affiliates
Net income	(1.41) 19.0	(1.20) 36.8	-17.8	-48.4%	
SVA	3.5	20.0	-16.5	-82.5%	

		A. 11.3 1H	B. 10.3 1H	A-B
Consolidated gas sales volume	million m ³	3,991	3,703	+288
Profit/loss on fuel cost adjustment system	billion yen	-6.9	31.2	-38.2
Exchange rate	yen/\$	88.9	95.5	-6.6
Crude oil price	\$/bbl	78.9*	61.8	+17.0
Number of subsidiaries		130	131	-1

(*) Average of preliminary monthly data up to September. SVA (Shareholders' value added) = NOPAT – Invested capital × WACC

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Now, I would like to present the financial results for the 1st half of the fiscal year ending March 2011.

As I explained earlier, in comparison to the same period of the previous year, operating revenues grew by 40.4 billion yen to 542.1 billion yen, and operating profit decreased by 25.9 billion yen to 35.8 billion yen.

As indicated in the chart at the bottom, last year, we posted a gain of 31.2 billion yen from time lags in fuel cost adjustments. In contrast, we incurred a loss of 6.9 billion yen this year; that is, a change of 38.2 billion yen in total. In other words, operating profit for the 1st half of this fiscal year, when computed without these effects, shows growth of 12.2 billion yen, and thus we believe the Company's profitability level is steadily improving in real terms.

Results for 1st Half of FY2011.3 II

Consolidated, billion yen	A. FY11.3	FY10.3		A-B	Remarks
	1H end	1H end	B. Year end		
Total assets	1,391.4	1,439.5	1,483.8	-92.4	Decrease in cash and deposits, etc.
Net worth	660.0	656.4	666.6	-6.6	
Interest-bearing debt	5,24.6	545.9	539.0	-14.3	Decrease in long-term borrowings
Number of employees	19,785	19,287	19,268	+517	
Equity ratio	47.4%	45.6%	44.9%	+2.5%	
	A. 11.3 1H	B. 10.3 1H	A-B	Remarks	
Capital expenditure	31.2	40.8	-9.6	Construction of Senboku Power Plant/LNG vessels completed	
Depreciation	47.9	45.8	+2.1	Increase in depreciation of Senboku Power Plant	
Free cash flow	-11.3	101.2	-112.6		
ROA	1.3%	2.5%	-1.2%		
ROE	2.9%	5.8%	-2.9%		
EPS (yen)	8.8	17.1	-8.2		
BPS (yen)	307.3	305.6	+1.7		

FCF = CF from operating activities - (OP after tax + depreciation and other non-cash expenses) - capital expenditure *Design Your Energy 夢ある明日を*

Now, you can see the results for asset and liability items and primary financial indicators.

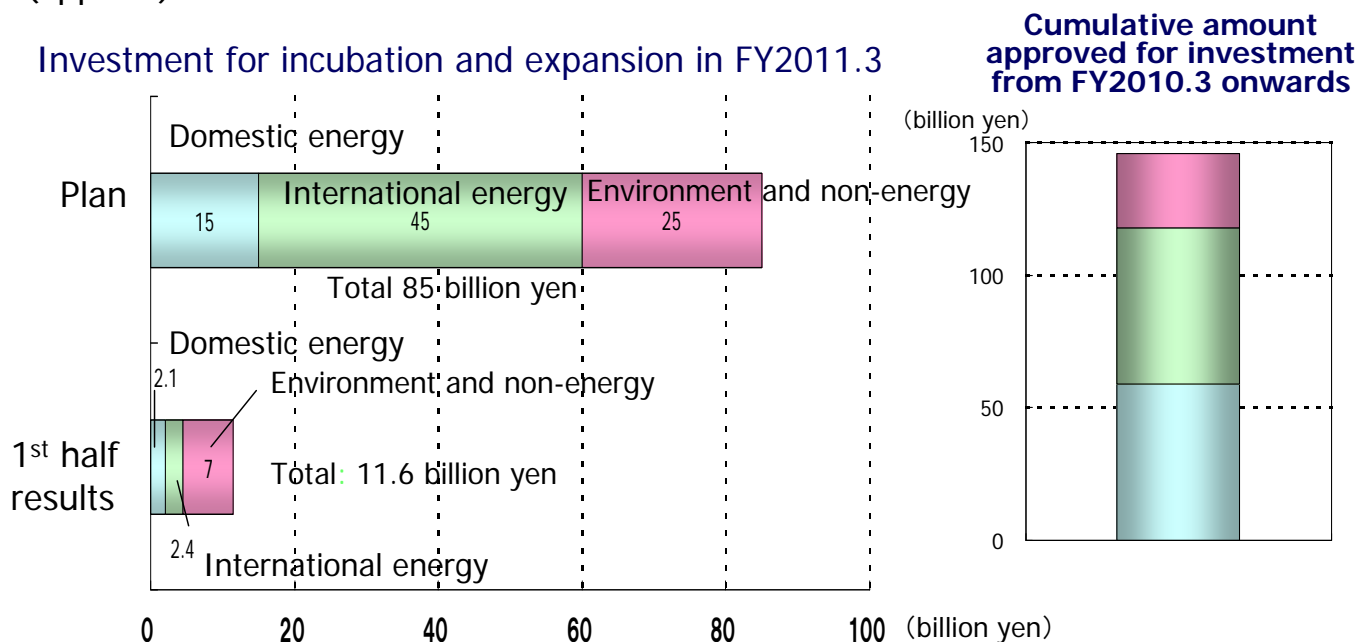
Looking at capital expenditure, we invested 31.2 billion yen, which was 9.6 billion yen lower than the amount invested in the previous year, because the construction of the Senboku Natural Gas Power Plant and LNG vessels was completed in the previous year.

Depreciation increased by 2.1 billion yen over the same period of the previous year to 47.9 billion yen because all turbines at the Senboku Natural Gas Power Plant were put into operation.

Results of Investment for Incubation and Expansion in 1st Half of FY2011.3

- Decision made to invest in Sagunto LNG Terminal in Spain in the 1st half of FY2011.3
- Cumulative amount approved to be invested from FY2010.3 onwards: 150 billion yen (approx.)

Investment for incubation and expansion in FY2011.3



Amounts of investment include both capital expenditure items and investment and loan items, and therefore the amounts of investment are different from actual amounts of capital expenditures.

We invested a total of 11.6 billion yen for new business expansion in the 1st half of the fiscal year ending March 2011.

We haven't made much progress against our annual investment plans on a payment basis, but we made a number of investment decisions starting in the fiscal year ended March 2010. The figure for these decisions, including the decision made in the 1st half of this fiscal year to invest in the Sagunto LNG Terminal in Spain, totaled around 150 billion yen. Therefore, we believe our investment plans for new business expansion set out in the medium and long-term management plan are progressing well.

Forecast for FY2011.3 I

Consolidated, billion yen; figures in parentheses are ratios of consolidated results to non-consolidated results.

		A. FY11.3 forecast	B. FY10.3 results	A-B	A-B/B (%)
Operating revenues		(1.30) 1,170.0	(1.30) 1,096.6	+73.3	+6.7%
Operating profit		(1.63) 84.5	(1.51) 91.1	-6.6	-7.3%
Ordinary profit		(1.51) 80.0	(1.32) 84.8	-4.8	-5.7%
Net income		(1.34) 45.0	(1.21) 48.3	-3.3	-7.0%
SVA		12.4	14.0	-1.5	-11.1%
Consolidated gas sales volume	million m ³	8,424	8,150	+273	
Profit/loss on fuel cost adjustment system	billion yen	-7.3	26.7	-34.1	
Exchange rate	yen/\$	86.7	92.9	-6.1	
Crude oil price	\$/bbl	81.7	69.4	+12.3	

SVA (Shareholders' value added) = NOPAT – Invested capital × WACC

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Next, I would like to show you our revised forecast for the fiscal year ending March 2011.

In the revised forecast, we estimated operating revenues at 1,170 billion yen with a year-on-year increase of 6.7%, operating profit at 84.5 billion yen with a year-on-year decrease of 7.3%, and ordinary profit at 80 billion yen with a year-on-year decrease of 5.7%.

Forecast for FY2011.3 II

(Consolidated, billion yen)	A. 11.3 end forecast	B. 10.3 end results	A-B
Total assets	1,477.6	1,483.8	-6.2
Net worth	670.5	666.6	+3.8
Interest-bearing debt	549.7	539.0	+10.6
Number of employees	19,546	19,268	+278
Equity ratio	45.4%	44.9%	+0.4%
	A. 11.3 forecast	B. 10.3 results	A-B
Capital expenditure	83.6	98.2	-14.5
Depreciation	98.4	95.4	+3.0
Free cash flow	59.5	175.4	-115.8
ROA	3.0%	3.3%	-0.3%
ROE	6.7%	7.6%	-0.8%
EPS (yen)	21.1	22.5	-1.3
BPS (yen)	323.0	310.4	+12.6

FCF = CF from operating activities - (OP after tax + depreciation and other non-cash expenses) - capital expenditure

Here, you can see the forecasts for asset and liability items and primary financial indicators.

Gas Sales Forecast for FY2011.3

45MJ/m ³	A. FY11.3 forecast	B. FY10.3 results	A-B	A-B/B(%)
Number of meters installed (thousand)	7,014	6,980	+34	+0.5%
Installation of new meters (thousand)	76	85	-9	-10.5%
Monthly gas sales volume per household (m ³ /month)	32.5	32.3	+0.2	+0.6%
Residential use	2,259	2,244	+16	+0.7%
Commercial, public and medical use	1,576	1,543	+33	+2.1%
Industrial use	4,086	3,877	+208	+5.4%
Commercial and Industrial	5,662	5,420	+241	+4.4%
Wholesale	471	455	+16	+3.4%
(Non-regulated included)	(4,801)	(4,576)	(+225)	(+4.9%)
Non-consolidated gas sales volume (million m ³)	8,392	8,119	+272	+3.4%
Consolidated gas sales volume (million m ³)	8,424	8,150	+273	+3.4%

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Looking at gas sales volumes, we estimate Osaka Gas's sales volume on a non-consolidated basis at 8,392 million cubic meters, up 3.4% over the previous year. We expect year-on-year growth in every customer category.

Forecast for FY2011.3 (vs. Initial Forecast)

		A. Revised forecast	B. Initial forecast	A-B	Remarks
Assumed factors for 2 nd half	Exchange rate yen/\$	85	95	-10	82.5 yen/\$ for October
	Crude oil price \$/bbl	85	80	+5	\$82.5/bbl for October
Gas sales volume (45MJ/m ³)	Residential use	(1,410) 2,259	(1,447) 2,282	(-37) -22	Heat-wave impact included Saving trends factored in
	Commercial, industrial, and other use	(3,008) 6,133	(2,923) 5,888	(+85) +243	Including possible upswing based on the 1 st half results
P/L (billion yen)	Operating revenues	1,170	1,175	-5	See variance analysis below
	Ordinary profit	80	65.5	+14.5	See variance analysis below

Note: Gas sales volume figures in parentheses in the upper row are figures for the 2nd half of FY2011.3

[Sales variance (billion yen)]

Osaka Gas:	-5
• Gas sales revenues	-6.2
• Other revenues	+1.2
Subsidiaries:	±0

[Ordinary profit variance (billion yen)]

Osaka Gas:	+11
• Gross margin of gas sales	+5
• Other margins	+5
• Non-operating income and expenses	+1
Subsidiaries:	+3.5
• Earnings of equity method affiliates	+0.8

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This slide provides a summary of the major revisions, in comparison with our initial forecast.

With regard to assumptions for the 2nd half, we changed the crude oil price from the initially forecasted \$80/bbl to \$ 85/bbl, and the exchange rate from 95 yen/\$ to 85 yen/\$.

As for gas sales volume for residential use, we have taken into account the effects of high atmospheric and water temperatures in September under the influence of heat waves in summer, and trends of energy-saving and cutting back on expenditures. As a result, for the 2nd half, we assume that sales volume will decline by 37 million cubic meters from the initial forecast, which results in a downward revision of 22 million cubic meters on a full-year basis.

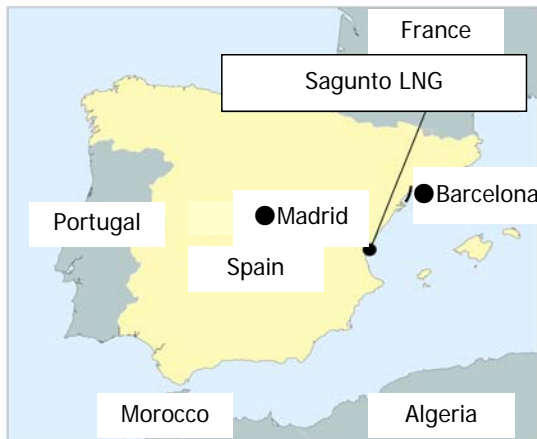
For industrial and other use, sales volume for the 1st half was above the initial forecast, based on which we anticipate that sales volume for the 2nd half will also exceed the initial forecast by 85 million cubic meters. As a result, we have revised our full-year forecast upward by 243 million cubic meters.

We assume that operating revenues will decline by 5 billion yen from the initial forecast, primarily because gas sales revenues are expected to decline due to a drop in unit selling prices along with changes in assumptions.

We anticipate that non-consolidated ordinary profit of Osaka Gas will exceed the initial forecast by 11 billion yen, primarily due to an increase in gross margin of gas sales, an increase in profits from the electric power business and other businesses such as sales of appliances, and improvement in non-operating balance. Furthermore, equity method earnings and profits of consolidated subsidiaries are expected to exceed the initial forecast by 3.5 billion yen, and taken together, ordinary profit on a consolidated basis is expected to exceed the initial forecast by 14.5 billion yen.

Investment in Sagunto LNG Terminal Business in Spain

- Osaka Gas entered into an agreement with Endesa S.A., a major electric power company in Spain, for acquisition of 20% interest in Sagunto LNG Terminal in Spain
- Sagunto LNG Terminal started operation in April 2006, and it has an annual LNG regasification capacity of 6.4 million tons (under expansion work to increase the capacity to 7.6 million tons per year).
- The nation's regulatory regime guarantees a certain level of return on business, and stable revenues are expected over the long term.



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Lastly, I would like to talk about some of the events that we announced during the 1st half of the fiscal year ending March 2011.

In May 2010, Osaka Gas entered into an agreement with Endesa, a major power company in Spain, for its acquisition of 20% interest in the Sagunto LNG terminal.

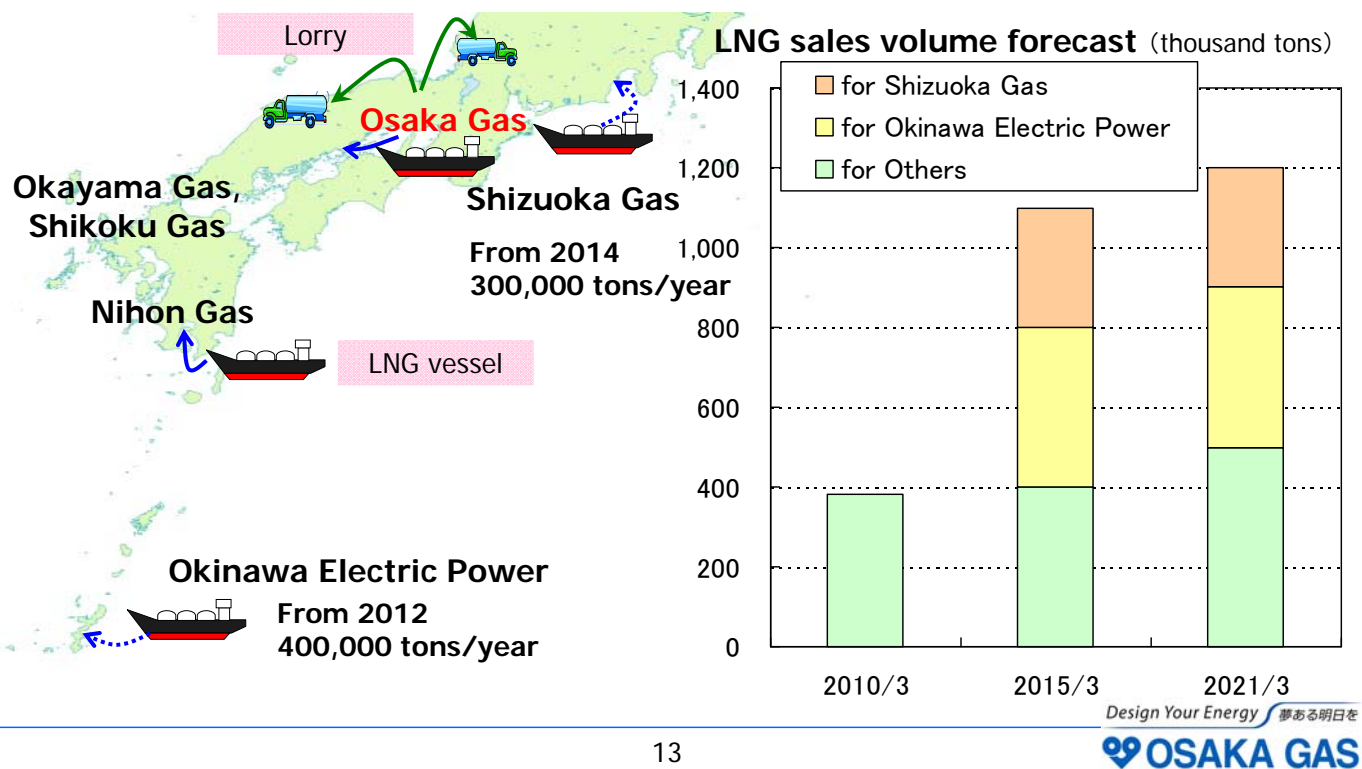
The Sagunto LNG terminal is a receiving terminal located in the Province of Valencia in Eastern Spain, and it has an annual total LNG regasification capacity of 6.4 million tons. The terminal has already started operation.

The regulatory regime in Spain guarantees LNG terminal owners' returns on their business, and we anticipate that our participation in this business will generate stable revenues over the long term.

In the years ahead, we will deepen our knowledge about the European LNG market and seek to expand our energy business abroad.

New LNG Sales Agreement Concluded

- 400,000 tons of LNG per year to be sold to Okinawa Electric Power from 2012
- 300,000 tons of LNG per year to be sold to Shizuoka Gas from 2014



In May 2010, Osaka Gas entered into an agreement with Okinawa Electric Power for the supply of 400 thousand tons of liquid natural gas per year starting in 2012. Also, in June 2010, the Company signed an agreement with Shizuoka Gas for the supply of 300 thousand tons of liquid natural gas per year starting in 2014.

We estimate that our annual LNG sales volume including sales to these two companies will reach around 1.1 million tons. This will allow us to make great progress toward achieving the forecasted annual LNG sales volume of 1.2 million tons for the year ending March 2021, as set forth in our medium and long-term management plan.

We will continue to strive to achieve growth of our wide-area business in Japan, by developing natural gas infrastructure and promoting the wider use of natural gas in cooperation with energy business operators around the country.

Decision on Repurchase of Treasury Shares

- Decision made to acquire the Company's treasury shares with the following purpose/particulars (announced in October 2010):
 - Purpose: To provide returns to shareholders by improving per-share indicators, and increase in capital efficiency
 - Total number of shares to be acquired: Up to 72 million shares (3.35% of the total number of shares outstanding)
 - Total acquisition cost: Up to 20 billion yen
 - Acquisition period: November 1, 2010 - February 28, 2011
Acquisition will cease when either the total number of shares acquired or the total acquisition cost reaches the above figure.
 - Treatment of shares acquired: When the process of acquisition of treasury shares is completed, such shares are scheduled to be cancelled following a resolution of the Board of Directors.

In closing, I would like to talk about our plans for share buy-backs, which were announced on October 29, 2010.

In its medium and long-term management plan, Osaka Gas presents its policy on share buy-backs. The Company will acquire its own shares in a flexible manner when it believes that its financial position and cash flow situation allow it to do so after making necessary investments for future growth.

Recently, we confirmed that the investment projects for new business expansion will be carried out as planned, and yet, we have determined that the Company's accumulated capital allows flexibility in its financial position and cash flows. On these grounds, we have decided to acquire the Company's own shares, with the aim of boosting shareholder value and improving capital efficiency.

The period for acquisition is from November 1, 2010, to February 28, 2011. The total number of shares to be acquired is up to 72 million shares, and the total cost of shares to be acquired is up to 20 billion yen. Share acquisition will take place up to either of these limits. Acquired treasury shares are scheduled to be canceled.

Now, we have finished our presentation on the business results for the 1st half of the fiscal year ending March 2011, and the forecast for the full year. Thank you for your attention.

II. Facts and Figures

Sales Variance for 2nd Quarter of FY2011.3 (vs. FY2010.3)

FY10.3 1st half → FY11.3 1st half (differences)

501.6

542.1

(+40.4)

(Billion yen)

Osaka Gas: +33.4

Gas sales revenues +15.1

- Profit/loss on fuel cost adjustment system -3.5
- Volume change, etc. +18.7

Other revenues +18.2

- Incidental business revenues +17.5
- Gas appliance sales revenues +0.8

Subsidiaries: +7

Urbanex +5.1

Osaka Gas Maison +3.2

Osaka Gas Chemicals -1.1

Ordinary Profit Variance for 2nd Quarter of FY2011.3 (vs. FY2010.3)

FY10.3 1st half → FY11.3 1st half (differences)

60.0

34.6

(-25.4)

(Billion yen)

Osaka Gas: -27.1

Gross margin of gas sales -31.8

- Profit/loss on fuel cost adjustment system -38.2
- Volume change, etc. +6.3

Gross margin of other sales +5

- Gross margin of incidental business +4.7

Subsidiaries: +1.6

Idemitsu Snorre +1.4

(North Sea oil field: Equity method affiliates)

Osaka Gas Maison +0.5

Osaka Gas Chemicals -0.7

Results by Segment

(Billion yen)	Operating revenues		Operating profit + equity method earnings		Remarks
	11.3 1H	10.3 1H	11.3 1H	10.3 1H	
Gas	394.3	375.8	13.6	45.3	Revenues: Increase in gas sales volume Profit: Profits on fuel cost adjustments dissolved
LPG, electricity, and other energy businesses	82.2	65.6	12.7	7.4	Revenues: Increase in incidental business revenues, etc. Profit: Increase in margin of incidental business, etc.
International energy	5.4	5.4	2.7	1.8	Increase in earnings of equity method affiliates (North Sea oil field)
Environment and non-energy	88.5	81.8	6.9	5.7	Revenues: Increase in sales of real estate subsidiaries Profit: Increase in profits of real estate subsidiaries, etc.
Elimination and consolidation	-28.3	-27.0	1.2	1.4	
Consolidated	542.1	501.6	37.3	61.8	

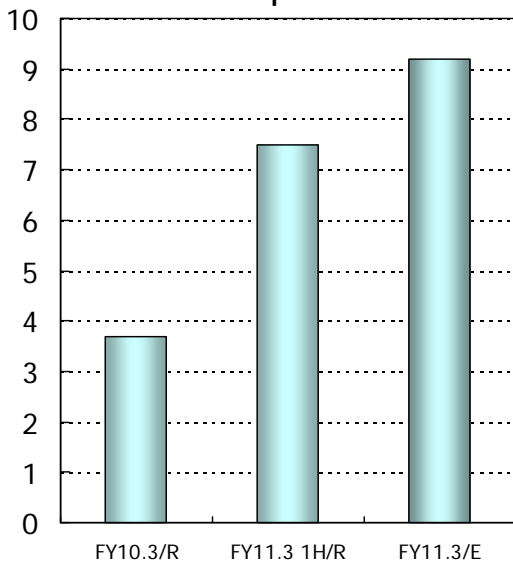
The Company changed its business segments in FY2011.3, and FY2010.3 results represent the values after reclassification into new segments.

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Profit Contribution by New Businesses

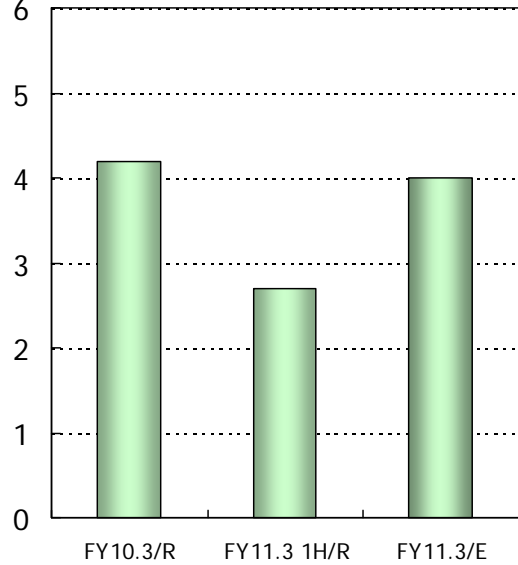
(Billion yen) Domestic power business



- A substantial year-on-year increase in contribution margin is expected for FY2011.3 due to year-round operation of Senboku Natural Gas Power Plant, etc.

The totals of operating profit and equity method earnings (after goodwill amortization) are shown.
For domestic power business, operating profits of Osaka Gas's incidental power business are shown.

(Billion yen) International business



- Contribution margin on a par with last year's is expected for FY2011.3, including an increase in profits from North Sea oil field

Residential Gas Sales

FY2011.3 1st half results

	Y-o-Y change	Remarks
Change in number of customers	+0.1%	
Influence of temperature	+2.9%	Average temperature at 23.6 degrees C (Y-o-Y change: -1.0 degree C for 1Q; +1.8 degrees C for 2Q)
Other	-0.6%	
Total	+2.4%	



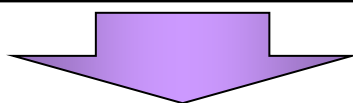
FY2011.3 forecast

- 1st half results exceeded the initial forecast by 15 million m³.
- Taking into account the influence of high atmospheric and water temperatures in September due to a heat wave and the energy-saving/cost-cutting trends amid a business slowdown, sales for the 2nd half are expected to fall below the initial forecast by 37 million m³.
- Sales for the full year are expected to fall below the initial forecast by 22 million m³ and amount to 2,259 million m³, or up 16 million m³ year-on-year.

Commercial, Public and Medical Gas Sales

FY2011.3 1st half results

	Y-on-Y change	Remarks
Development of demand	+2.5%	Large commercial facilities and public facilities newly put into operation
Influence of temperature, etc.	+4.6%	Increase in cooling demand due to high temperatures in summer
Other	-1.2%	Impact of energy saving efforts promoted by customers, etc.
Total	+5.9%	



FY2011.3 forecast

- 1st half results exceeded the initial forecast by 45 million m³.
- Sales for the 2nd half are expected to be as initially forecasted, except that recent results are factored in.
- Sales for the full year are expected to exceed the initial forecast by 59 million m³ and amount to 1,576 million m³, or up 33 million m³ year-on-year.

Industrial Gas Sales

FY2011.3 1st half results

	Y-o-Y change	Remarks
Demand development	+3.6%	Switch from other fuels to gas, etc.
Change in the number of active facilities	+7.0%	Increase in customers' active facilities, etc.
Total	+10.6%	

Breakdown by sector (45MJ, million m³)

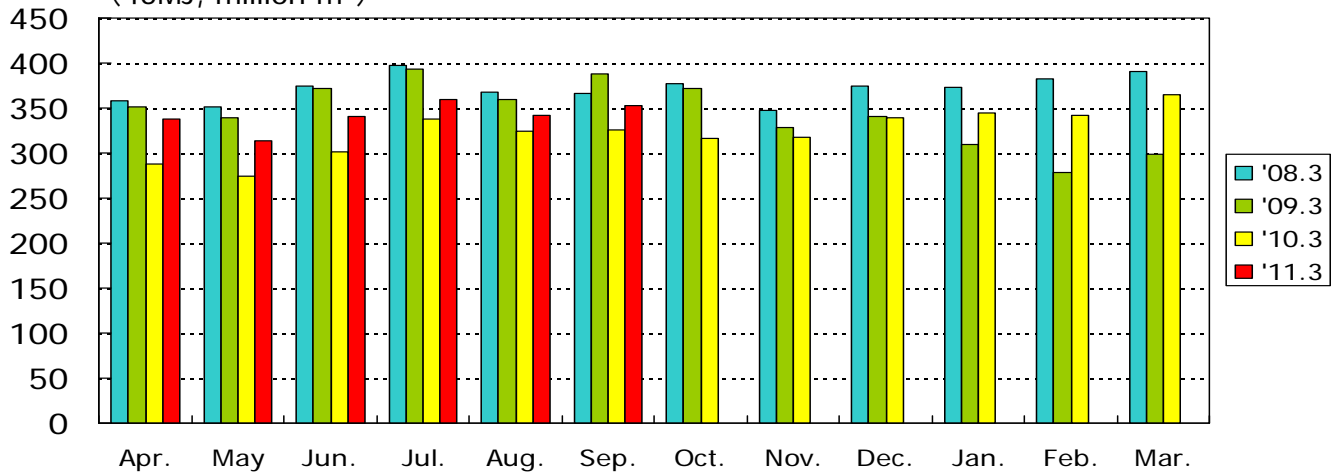
	Volume	Y-o-Y change	Vs. the year before last
Chemical	566	103.3%	92.5%
Metal	504	122.9%	86.7%
Food	252	103.4%	99.2%
Machine	181	104.0%	81.8%
Glass	153	130.6%	145.4%

FY2011.3 forecast

- 1st half results exceeded the initial forecast by 94 million m³.
- Taking into account possible upswing for the 2nd half based on the 1st half results, sales for the full year are expected to exceed the initial forecast by 154 million m³ and amount to 4,086 m³, or up 208 million m³ year-on-year.

Monthly Industrial Gas Sales

(45MJ, million m³)



	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY2010.3 monthly comparison (%)												
Vs. FY2008.3	80.5	78.5	80.5	85.1	88.2	89.2	83.8	91.8	90.4	92.4	92.4	93.5
Vs. FY2009.3	82.0	81.1	81.1	86.0	90.4	84.0	85.1	96.8	99.6	111.3	122.8	122.6
FY2011.3 monthly comparison (%)												
Vs. FY2009.3	96.3	92.6	91.6	91.6	95.3	91.0						
Vs. FY2010.3	117.4	114.2	112.9	106.6	105.5	108.3						

- Sales showed a year-on-year increase from January 2010, but fell short of the levels of the year before last.

Risk Factors Affecting Forecast of Annual Results

- Atmospheric and water temperatures
 - A 1 degree Celsius change in atmospheric and water temperatures will impact the residential gas sales volume (with an approx. 5% increase/decrease in spring and autumn, an approx. 6% change in summer, and an approx. 4% change in winter).
- Crude oil price
 - LNG price is linked to crude oil price. A \$1/bbl change in crude oil price will have an effect of approximately 500 million yen on gross profit for 2nd half of this fiscal year.
- Foreign exchange rate
 - LNG price is affected by the fluctuation of the U.S. dollar/Japanese yen exchange rate. A 1 yen fluctuation in the U.S. dollar/Japanese yen exchange rate will have an effect of approximately 1 billion yen on gross profit for 2nd half of this fiscal year.
- Fuel costs
 - Although the fuel cost adjustment system allows us to reflect changes in fuel costs in gas rates in the medium and long terms, an increase in fuel costs is likely to affect the business results due to a time lag in reflecting cost fluctuations, and depending on the composition of fuel suppliers.
- Interest rate
 - A 1% change in the interest rate will have an effect of approximately 400 million yen on annual consolidated non-operating expenses.