

□. Notes

(1) Changes in significant subsidiaries during six months ended September 30, 2012 (changes in certain subsidiaries resulting in a change in the consolidation scope): None

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: Adopted

(3) Changes in accounting policies and estimation methods, corrections and restatements

(i) Changes in accounting policies in response to revisions in accounting standards, etc. : Adopted

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in estimation methods : Adopted

(iv) Corrections and restatements : None

*Note: For detailed information, please refer to “2. (2) Changes in Accounting Policies and Estimation Methods, Corrections and Restatements” on Page 2 of the Attachment to this Quarterly Brief Report of Consolidated Financial Statements.

(4) Issued shares (common shares)

(i) Number of shares issued and outstanding at the end of each period (including treasury stock)	: As of September 30, 2012	2,083,400,000 shares
	As of March 31, 2012	2,083,400,000 shares
(ii) Number of treasury stock at the end of each period	: As of September 30, 2012	1,216,624 shares
	As of March 31, 2012	1,146,823 shares
(iii) Average number of shares issued and outstanding in each period	: Six months ended September 30, 2012	2,082,220,804 shares
	Six months ended September 30, 2011	2,082,355,137 shares

*Statement regarding implementation of quarterly review

At the time of disclosure of this Quarterly Brief Report of Consolidated Financial Statements, the review of quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act has not been completed.

*Notes on proper use of forecasts and other matters

1. Forward-looking statements in this document, including forecasts of operating results, are based on information currently available to Osaka Gas (the Company) and certain assumptions that the Company believes are reasonable. Actual results may significantly differ from these forecasts, affected by various factors. As for notes regarding assumptions used for operating forecasts and regarding the use of operating forecasts, refer to “1. (3) Forecasts of Consolidated Operating Results” on Page 2 of the Attachment to this Quarterly Brief Report of Consolidated Financial Statements.
2. The Company is planning to hold an informational meeting for institutional investors and analysts on October 30, 2012. 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.

(Reference) Forecasts of Non-Consolidated Operating Results for the Fiscal Year Ending March 31, 2013

(April 1, 2012 to March 31, 2013)

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share yen
	million yen	%	million yen	%	million yen	%	million yen	%	
Full year	1,098,000	6.3	59,500	51.2	66,000	60.3	45,500	77.0	21.85

(Note) Modification of the forecast previously announced: None

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1. Overview of Quarterly Consolidated Financial Results

(1) Consolidated Operating Results

Consolidated net sales for the second quarter (the six months ended September 30, 2012) increased by ¥70.2 billion year-over-year to ¥629.8 billion. This was primarily due to the continuing high unit selling price on a non-consolidated basis for city gas under the fuel cost adjustment system. Consolidated operating income increased by ¥26.0 billion year-over-year to ¥44.8 billion, due primarily to an increase in profits of the gas business and the electricity business on a non-consolidated basis. Consolidated ordinary income increased by ¥28.8 billion year-over-year to ¥48.3 billion, and consolidated net income increased by ¥19.7 year-over-year billion to ¥30.8 billion.

Non-consolidated operating results of Osaka Gas are presented in “4. (1) Overview of Quarterly Non-Consolidated Financial Results” on Page 8.

(2) Consolidated Financial Position

Total assets as of September 30, 2012 decreased by ¥10.9 billion compared with the year ended March 31, 2012 to ¥1,464.7 billion, due primarily to a decrease in current assets including cash and deposits, and notes and accounts receivable-trade. Net assets totaled ¥725.0 billion and the ratio of net worth to total assets as of September 30, 2012 was 47.8%.

(3) Forecasts of Consolidated Operating Results

The forecast remains unchanged from the revision of projections announced on October 1, 2012.

2. Summary Information (Notes)

(1) Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements

(Calculation of tax expenses)

For major consolidated subsidiaries, effective tax rates (after applying tax effect accounting) expected to be imposed on their pre-tax net income applicable to the tax year in which the current second quarter is included were estimated based on reasonable assumptions. Then, tax expenses for the second quarter were calculated by multiplying the pre-tax net income of respective subsidiaries for the quarter by the estimated effective tax rates.

(2) Changes in Accounting Policies and Estimation Methods, Corrections and Restatements

(Changes in accounting policies which are difficult to differentiate from changes in estimation methods)

By virtue of revisions to the Corporation Tax Law, the Company and its domestic subsidiaries depreciated property, plant and equipment acquired on and after April 1, 2012 under the new depreciation system from the first quarter ended June 30, 2012. The effect on earnings from this change was minimal.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(million yen)

	Previous Year As of March 31, 2012	Current Year As of September 30, 2012
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	80,220	77,698
Distribution facilities	278,844	273,196
Service and maintenance facilities	69,280	68,519
Other facilities	313,655	303,249
Construction in progress	72,398	90,818
Total property, plant and equipment	814,400	813,482
Intangible assets	38,107	52,401
Investments and other assets		
Investment securities	136,838	129,539
Other	82,137	81,683
Allowance for doubtful accounts	-2,015	-1,824
Total investments and other assets	216,960	209,398
Total noncurrent assets	1,069,469	1,075,283
Current assets		
Cash and deposits	107,239	46,625
Notes and accounts receivable-trade	159,472	143,992
Short-term investment securities	22,909	41,911
Inventories	60,740	98,139
Other	57,347	60,122
Allowance for doubtful accounts	-1,419	-1,308
Total current assets	406,290	389,482
Total assets	1,475,759	1,464,765

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Brief Report of Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2013

(million yen)

	Previous Year As of March 31, 2012	Current Year As of September 30, 2012
Liabilities		
Noncurrent liabilities		
Bonds payable	258,863	258,483
Long-term loans payable	200,722	185,056
Provision for retirement benefits	15,496	15,752
Provision for gas holder repairs	1,679	1,670
Provision for safety measures	6,990	5,597
Allowance for investment loss	6,999	6,999
Other	27,409	28,983
Total noncurrent liabilities	518,160	502,543
Current liabilities		
Notes and accounts payable-trade	46,978	39,691
Short-term loans payable	48,104	43,490
Income taxes payable	27,768	17,490
Other	125,842	136,454
Total current liabilities	248,694	237,127
Total liabilities	766,855	739,670
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,482	19,482
Retained earnings	528,318	550,872
Treasury stock	-361	-385
Total shareholders' equity	679,605	702,136
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,710	16,224
Deferred gains or losses on hedges	-494	-4,621
Revaluation reserve for land	-510	-510
Foreign currency translation adjustment	-13,727	-12,977
Total accumulated other comprehensive income	4,978	-1,884
Minority interests	24,320	24,842
Total net assets	708,904	725,094
Total liabilities and net assets	1,475,759	1,464,765

(2) Quarterly Consolidated Income Statement and Statement of Comprehensive Income

Quarterly Consolidated Income Statement

(million yen)

	Previous Year (April 1, 2011 – September 30, 2011)	Current Year (April 1, 2012 – September 30, 2012)
Net sales	559,616	629,878
Cost of sales	376,542	423,179
Gross profit	183,073	206,698
Selling, general and administrative expenses	164,188	161,801
Operating income	18,885	44,897
Non-operating income		
Interest income	359	342
Dividends income	1,383	2,525
Equity in earnings of affiliates	1,921	3,653
Miscellaneous income	2,620	3,469
Total non-operating income	6,285	9,992
Non-operating expenses		
Interest expenses	4,443	4,250
Miscellaneous expenses	1,268	2,332
Total non-operating expenses	5,711	6,582
Ordinary income	19,459	48,306
Income before income taxes and minority interests	19,459	48,306
Income taxes	7,322	16,175
Income before minority interests	12,137	32,131
Minority interests in income	1,052	1,247
Net income	11,084	30,883

Quarterly Consolidated Statement of Comprehensive Income

(million yen)

	Previous Year (April 1, 2011 – September 30, 2011)	Current Year (April 1, 2012 – September 30, 2012)
Income before minority interests	12,137	32,131
Other comprehensive income		
Valuation difference on available-for-sale securities	-2,968	-3,490
Deferred gains or losses on hedges	-4,666	-2,849
Foreign currency translation adjustment	3,475	680
Share of other comprehensive income of associates accounted for using equity method	2,107	-1,269
Total other comprehensive income	-2,052	-6,929
Comprehensive income	10,084	25,202
Attributable to:		
Owners of the parent	8,329	24,020
Minority interests	1,754	1,182

(3) Notes Regarding Assumption of a Going Concern

Not applicable

(4) Segment Information

Six months ended September 30, 2011 (April 1, 2011 to September 30, 2011) (million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Environment and Non-Energy	Total	Adjustments	Consolidated
Net sales	418,238	82,196	5,130	86,148	591,714	-32,097	559,616
Segment income (loss)							
Operating income (loss)	-4,238	12,663	1,077	8,244	17,747	1,137	18,885
Equity in earnings of affiliates	33	213	1,674	—	1,921	—	1,921
Total	-4,205	12,877	2,752	8,244	19,669	1,137	20,806

Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012) (million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Environment and Non-Energy	Total	Adjustments	Consolidated
Net sales	471,330	98,979	5,255	84,345	659,910	-30,032	629,878
Segment income							
Operating income	14,635	20,128	1,202	7,608	43,575	1,321	44,897
Equity in earnings of affiliates	28	61	3,424	139	3,653	—	3,653
Total	14,664	20,189	4,626	7,748	47,229	1,321	48,551

(5) Notes Regarding Significant Changes in the Value of Shareholders' Equity

Not applicable

4. Reference Information

(1) Overview of Quarterly Non-Consolidated Financial Results (April 1, 2012 to September 30, 2012)

(billion yen)

Income			YoY increase/ decrease	YoY increase/ decrease rate(%)	Expenses			YoY increase/ decrease	YoY increase/ decrease rate (%)
Product sales	Gas	378.7	+39.0	+11.5	Operating expenses	Cost of sales	238.9	+24.2	+11.3
						SG&A	133.1	-3.0	-2.2
						Total	372.1	+21.2	+6.1
Other sales	Installation work	9.3	+0.7	+8.2	Other operating expenses	Installation work	9.5	+0.6	+7.8
	Gas appliances	48.1	+7.7	+19.2		Gas appliances	45.9	+7.7	+20.4
	Transportation services and others	3.1	+0.0	+0.9					
	Incidental businesses	69.4	+18.1	+35.3		Incidental businesses	53.2	+10.9	+26.0
	Total	130.2	+26.6	+25.7		Total	108.6	+19.4	+21.8
Total net sales		508.9	+65.6	+14.8	Total expenses		480.8	+40.7	+9.2
					Operating income		28.1	+24.9	+790.8
Non-operating income		9.5	+2.2	+30.6	Non-operating expenses		4.0	+0.4	+12.6
					Ordinary income		33.6	+26.7	+387.7
					Net income		23.3	+18.1	+347.3

Quarterly non-consolidated financial statements are not subjected to statutory review by accounting auditors. Quarterly non-consolidated financial statements are prepared in accordance with the rules for quarterly non-consolidated financial statements.

(2) Quarterly Non-Consolidated Gas Sales

		2Q 2012 (a) (Apr. 1, 2012 – Sep. 30, 2012)	2Q 2011 (b) (Apr. 1, 2011 – Sep. 30, 2011)	YoY increase/ decrease (a)-(b)	YoY increase/ decrease rate (%)
Customers <Meters installed> (thousand)	Residential	6,720	6,688	+32	+0.5
	Non-residential	336	332	+4	+1.3
	Total	7,057	7,021	+36	+0.5
Monthly average usage per residential customer (m ³ /month)		23.8	24.5	-0.7	-2.8
Gas sales volume (million m ³)	Residential	831	853	-21	-2.5
	Non-residential	2,899	2,939	-39	-1.3
	Industrial	2,122	2,129	-7	-0.3
	Commercial	464	485	-21	-4.4
	Public and medical institutions	313	324	-11	-3.4
	Wholesale	222	233	-11	-4.6
Total		3,953	4,024	-71	-1.8

[Converted at 45MJ/m³]