



Second Quarter of the Fiscal Year Ending March 31, 2014 Brief Report of Consolidated Financial Statements (Japanese GAAP)

October 29, 2013

Name of Listed Company	: Osaka Gas Co., Ltd.	Listed Exchanges:	1 st Section of Tokyo and Nagoya
Code No.	: 9532	URL:	http://www.osakagas.co.jp
Representative Officer	: Title: President	Name:	Hiroshi Ozaki
Contact	: Title: Manager, Finance Dept.	Name:	Kazushige Nomura
Scheduled Date of Financial Report Filing with the Finance Ministry	: November 13, 2013		
Scheduled Date of Dividend Payment	: November 29, 2013		
Preparation of Supplementary Explanation Documents for Operating Results	: Yes		
Holding of an Informational Meeting for Operating Results	: Yes (for institutional investors and analysts)		

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

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2014

(April 1, 2013 – September 30, 2013)

(1) Consolidated Operating Results (Percentages (%) represent changes from the same period in the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2013	670,304	6.4	44,790	-0.2	47,720	-1.2	31,653	2.5
Six months ended September 30, 2012	629,878	12.6	44,897	137.7	48,306	148.2	30,883	178.6

(Note) Comprehensive income Six months ended September 30, 2013 62,159 million yen (146.6% YoY)
Six months ended September 30, 2012 25,202 million yen (149.9% YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2013	15.20	—
Six months ended September 30, 2012	14.83	—

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth / Total assets
	million yen	million yen	%
As of September 30, 2013	1,593,783	826,342	50.1
As of March 31, 2013	1,566,899	774,317	47.7

(Reference) Net worth As of September 30, 2013 798,689 million yen As of March 31, 2013 747,802 million yen

2. Dividends

(Record date)	Dividends per share				
	June 30	September 30	December 31	March 31	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2013	—	4.00	—	4.50	8.50
Year ending March 31, 2014	—	4.50			
Year ending March 31, 2014 (Forecast)			—	4.50	9.00

(Note) Revision of the dividend forecast previously announced: None

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,504,500	9.0	99,000	16.8	100,000	11.0	64,500	22.9	30.98

(Note) Revision of the forecast previously announced: Yes

*Notes

(1) Changes in significant subsidiaries during six months ended September 30, 2013 (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

*Note: For detailed information, please refer to “2. (1) Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements” on Page 3 of the Attachment to this Quarterly Brief Report of Consolidated Financial Statements.

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

(i) Changes in accounting policies in response to revisions in accounting standards, etc.: None

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

(iii) Changes in accounting estimates: None

(iv) Corrections and restatements: None

(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, 2013 2,083,400,000 shares

As of March 31, 2013 2,083,400,000 shares

(ii) Number of treasury stock at the end of each period

: As of September 30, 2013 1,440,705 shares

As of March 31, 2013 1,298,619 shares

(iii) Average number of shares issued and outstanding in each period

: Six months ended September 30, 2013 2,082,034,616 shares

Six months ended September 30, 2012 2,082,220,804 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 regards as 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) Consolidated Operating Results Forecasts” on Page 2 of the Attachment to this Quarterly Brief Report of Consolidated Financial Statements.
2. The Company is planning to hold a results briefing for institutional investors and analysts on October 30, 2013. Immediately after the briefing, 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, 2014

(April 1, 2013 — March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,193,500	7.6	59,000	28.2	65,000	17.4	45,000	28.2	21.61

(Note) Revision of the forecast previously announced: Yes

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1. Overview of Quarterly Consolidated Financial Results

(1) Consolidated Operating Results

Consolidated net sales for the second quarter (six months ended September 30, 2013) increased by ¥40.4 billion year-over-year to ¥670.3 billion, despite a decrease in gas sales volume of Osaka Gas. 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 ordinary income decreased by ¥0.5 billion year-over-year to ¥47.7 billion, primarily due to a decrease in gas sales volume and an increase in raw material costs on a non-consolidated basis. Consolidated net income increased by ¥0.7 billion year-over-year to ¥31.6 billion.

Non-consolidated operating results of Osaka Gas are presented in “4. (1) Overview of Quarterly Non-Consolidated Financial Results” on Page 10.

(2) Consolidated Financial Position

Total assets as of September 30, 2013 increased by ¥26.8 billion compared with the year ended March 31, 2013 to ¥1,593.7 billion, primarily due to an increase in noncurrent assets. Net assets totaled ¥826.3 billion and the ratio of net worth to total assets as of September 30, 2013 was 50.1%.

(3) Consolidated Operating Results Forecasts

Given our recent earnings trends and other factors, we now expect that our earnings results for the year ending March 2014 will differ from our earlier forecasts. We have thus decided to revise our previous consolidated and non-consolidated operating results forecasts. Non-consolidated operating income is expected to exceed the previous forecast, since a drop in income of the gas business due to decreased gas sales volume has been positively offset by income growth in the electric power business. Nevertheless, consolidated ordinary income and net income are projected to remain unchanged from the previous forecasts, as affiliated companies are expected to underperform their previous forecasts. We have also revised our earlier assumptions for the crude oil price and exchange rates as follows.

Revised assumptions for the for the six-month period ending March 31, 2014,

Crude oil price (All-Japan CIF price): US\$110/bbl.

Exchange rate (TTM rate): ¥100 to the US\$

Changes from the previous full-year operating results forecasts announced on April 25, 2013 for full-year operating results are shown in the tables below.

Revision of Forecasts for Consolidated Operating Results for the Fiscal Year Ending March 31, 2014
(April 1, 2013 – March 31, 2014)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	million yen	million yen	million yen	million yen	yen
Previous Forecasts (A)	1,508,000	100,000	100,000	64,500	30.98
Revised Forecasts (B)	1,504,500	99,000	100,000	64,500	30.98
Changes (B-A)	-3,500	-1,000	±0	±0	±0.0
Changes (%)	-0.2	-1.0	±0.0	±0.0	±0.0
Actual Result of Previous Fiscal year	1,380,060	84,773	90,125	52,467	25.20

(Reference) Revision of Forecasts for Non-Consolidated Operating Results for the Fiscal Year Ending March 31, 2014
(April 1, 2013 – March 31, 2014)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	million yen	million yen	million yen	million yen	yen
Previous Forecasts (A)	1,193,500	57,000	62,000	42,500	20.41
Revised Forecasts (B)	1,193,500	59,000	65,000	45,000	21.61
Changes (B-A)	±0	+2,000	+3,000	+2,500	+1.20
Changes (%)	±0.0	+3.5	+4.8	+5.9	+5.9
Actual Result of Previous Fiscal year	1,109,173	46,014	55,379	35,114	16.86

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.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(million yen)

	Previous Year As of March 31, 2013	Current Year As of September 30, 2013
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	78,533	76,759
Distribution facilities	276,132	268,879
Service and maintenance facilities	66,204	66,484
Other facilities	300,149	298,890
Construction in progress	108,916	135,154
Total property, plant and equipment	829,936	846,167
Intangible assets	58,579	71,428
Investments and other assets		
Investment securities	164,302	183,990
Other	85,245	83,454
Allowance for doubtful accounts	-1,925	-1,954
Total investments and other assets	247,622	265,489
Total noncurrent assets	1,136,138	1,183,085
Current assets		
Cash and deposits	91,323	70,939
Notes and accounts receivable-trade	168,198	158,238
Inventories	84,242	103,080
Other	88,231	79,650
Allowance for doubtful accounts	-1,236	-1,211
Total current assets	430,760	410,698
Total assets	1,566,899	1,593,783

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(million yen)

	Previous Year As of March 31, 2013	Current Year As of September 30, 2013
Liabilities		
Noncurrent liabilities		
Bonds payable	238,157	237,837
Long-term loans payable	186,766	204,109
Provision for retirement benefits	15,972	16,501
Provision for gas holder repairs	1,621	1,725
Provision for safety measures	13,418	12,207
Allowance for investment loss	6,999	6,999
Other	33,900	37,525
Total noncurrent liabilities	496,836	516,906
Current liabilities		
Notes and accounts payable-trade	55,520	57,727
Short-term loans payable	47,106	44,819
Income taxes payable	25,603	17,975
Other	167,514	130,010
Total current liabilities	295,745	250,534
Total liabilities	792,581	767,441
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,482	19,483
Retained earnings	564,356	586,564
Treasury stock	-413	-473
Total shareholders' equity	715,592	737,740
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,526	38,981
Deferred gains or losses on hedges	-2,271	1,415
Revaluation reserve for land	-737	-737
Foreign currency translation adjustment	3,693	21,289
Total accumulated other comprehensive income	32,210	60,949
Minority interests	26,514	27,652
Total net assets	774,317	826,342
Total liabilities and net assets	1,566,899	1,593,783

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(million yen)

	Previous Year (April 1, 2012 – September 30, 2012)	Current Year (April 1, 2013 – September 30, 2013)
Net sales	629,878	670,304
Cost of sales	423,179	466,565
Gross profit	206,698	203,738
Selling, general and administrative expenses	161,801	158,948
Operating income	44,897	44,790
Non-operating income		
Interest income	342	351
Dividends income	2,525	2,255
Equity in earnings of affiliates	3,653	4,160
Miscellaneous income	3,469	1,924
Total non-operating income	9,992	8,691
Non-operating expenses		
Interest expenses	4,250	4,317
Miscellaneous expenses	2,332	1,443
Total non-operating expenses	6,582	5,761
Ordinary income	48,306	47,720
Income before income taxes and minority interests	48,306	47,720
Income taxes	16,175	14,861
Income before minority interests	32,131	32,858
Minority interests in income	1,247	1,205
Net income	30,883	31,653

Quarterly Consolidated Statements of Comprehensive Income

(million yen)

	Previous Year (April 1, 2012 – September 30, 2012)	Current Year (April 1, 2013 – September 30, 2013)
Income before minority interests	32,131	32,858
Other comprehensive income		
Valuation difference on available-for-sale securities	-3,490	7,458
Deferred gains or losses on hedges	-2,849	1,878
Foreign currency translation adjustment	680	16,675
Share of other comprehensive income of associates accounted for using equity method	-1,269	3,289
Total other comprehensive income	-6,929	29,300
Comprehensive income	25,202	62,159
Attributable to:		
Owners of the parent	24,020	60,537
Minority interests	1,182	1,622

(3) Notes on the Quarterly Consolidated Financial Statements

(Notes Regarding Assumption of a Going Concern)

Not applicable

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

Not applicable

(Segment Information)

Six months ended September 30, 2012(April 1, 2012 — 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

Six months ended September 30, 2013(April 1, 2013 — September 30, 2013) (million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Environment and Non-Energy	Total	Adjustments	Consolidated
Net sales	496,736	113,404	6,039	88,060	704,241	-33,937	670,304
Segment income							
Operating income (loss)	14,254	21,493	-586	8,293	43,455	1,334	44,790
Equity in earnings of affiliates	46	164	3,593	355	4,160	—	4,160
Total	14,301	21,658	3,007	8,648	47,616	1,334	48,950

(Significant Subsequent Events)

(i) Issuance of Bonds

The 31st issuance of unsecured corporate bonds was implemented on October 18, 2013, in accordance with the board resolution of March 12, 2013, as follows:

1. Type: Straight corporate bond
2. Total issue value: 10,000 million yen
3. Received value: 10,000 million yen
4. Interest rate: 0.748% per annum
5. Method of redemption: Full redemption on maturity
6. Maturity date: October 18, 2023
7. Issue date: October 18, 2013
8. Security: Unsecured
9. Appropriation of raised funds: Funds for bond redemption

(ii) Acquisition of the shares of Summit Water UK Limited

On September 30, 2013, Osaka Gas UK, Ltd. (hereinafter "OGUK"), a consolidated subsidiary of Osaka Gas Co., Ltd., reached an agreement with Sumitomo Corporation that OGUK would acquire 50% of the shares of Summit Water UK Limited (hereinafter "SWUK"), a holding company of the UK water supply and distribution company Sutton and East Surrey Water plc, which is fully owned by Sumitomo Corporation and Sumitomo Corporation Europe Limited.

Under the agreement, OGUK acquired the shares for £47.5 million (approx. ¥7.1 billion) on October 23, 2013. In addition, OGUK lent £47.5 million (approx. ¥7.1 billion) to SWUK.

The acquisition funds were covered by cash reserves and bank loans.

(iii) Acquisition of the shares of Jacobi Carbons AB

On October 29, 2013, Osaka Gas Chemicals Co., Ltd. (hereinafter "Osaka Gas Chemicals"), a consolidated subsidiary of Osaka Gas Co., Ltd., reached an agreement with AddSorb Holding AB that Osaka Gas Chemicals would acquire 100% shares of the Swedish activated carbon company Jacobi Carbons AB.

The purpose of this acquisition is to enhance the competitive edge and earning power of the Osaka Gas Group. The transaction is scheduled for January 2014 and the acquisition price is planned to be US\$392 million (approx. ¥38.3 billion).

Acquisition funds are to be covered by cash reserves and bank loans.

4. Reference Information

(1) Overview of Quarterly Non-Consolidated Financial Results (April 1, 2013 — September 30, 2013)

(billion yen)

Income		YoY Changes	YoY Changes (%)	Expenses		YoY Changes	YoY Changes (%)		
Product sales	Gas	404.2	+25.4	+6.7	Operating expenses	Cost of sales	267.9	+28.9	+12.1
						SG&A	130.0	-3.1	-2.4
						Total	397.9	+25.8	+6.9
Other sales	Installation work	9.7	+0.3	+3.6	Other operating expenses	Installation work	9.7	+0.2	+2.8
	Gas appliances	48.6	+0.4	+0.9		Gas appliances	46.4	+0.4	+1.1
	Transportation services and others	3.1	+0.0	+0.3		Incidental businesses	62.7	+9.5	+18.0
	Incidental businesses	79.6	+10.1	+14.6		Total	118.9	+10.3	+9.5
	Total	141.1	+10.9	+8.4					
Total net sales		545.3	+36.3	+7.1	Total expenses		516.9	+36.1	+7.5
					Operating income		28.4	+0.2	+0.9
Non-operating income		7.9	-1.5	-16.6	Non-operating expenses		3.7	-0.3	-7.5
					Ordinary income		32.6	-1.0	-3.1
					Net income		22.9	-0.3	-1.6

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 2013 (a) (Apr. 1, 2013— Sep. 30, 2013)	2Q 2012 (b) (Apr. 1, 2012— Sep. 30, 2012)	YoY Changes (a)-(b)	YoY Changes (%)
Customers <Meters installed> (thousand)	Residential	6,762	6,720	+41	+0.6
	Non-residential	340	336	+3	+1.0
	Total	7,101	7,057	+44	+0.6
Monthly average usage per residential customer (m ³ /month)		22.5	23.8	-1.3	-5.5
Gas sales volume (million m ³)	Residential	789	831	-42	-5.1
	Non-residential	2,906	2,899	+7	+0.2
	Industrial	2,132	2,122	+10	+0.5
	Commercial	458	464	-6	-1.2
	Public and medical institutions	316	313	+3	+0.8
	Wholesale	220	222	-2	-0.9
	Total	3,916	3,953	-37	-0.9

[Converted at 45MJ/m³]