



Financial Report for 1st Half of FY2015.3 (April 2014 – September 2014)

October 2014
Osaka Gas Co., Ltd.

I. Business Results for 1st Half of FY2015.3 and Forecasts for FY2015.3

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, toyooka Energy, and Shingu Gas ends on December 31.

Note regarding the indication of quarter

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

Design Your Energy 暮らしの明日を

 OSAKA GAS

Thank you very much for taking time to attend this briefing on our business result report.

I would also here like to express, on behalf of the Company, my gratitude for your continued cooperation and understanding in regard to the Company's businesses.

Today, I would like to present the results for the first half of the fiscal year ending March 2015, and the forecast for the full fiscal year.

Summary of the Results for 1st Half of FY2015.3 - I

Year-on-Year Comparison

■ Overview

Consolidated Net sales	Increased to 697.6 billion yen, up 4.1% (27.3 billion yen) due mainly to the rise in gas sales price based on the fuel cost adjustment system, along with the rise in LNG price, despite of decrease in gas sales volume
Consolidated Ordinary income	Increased to 57.8 billion yen, up 21.3% (10.1 billion yen) due mainly to the increase in gross margin of gas sales caused by the change into a time-lag profit from a time-lag loss (-9.6 billion yen → +7.1 billion yen) under the fuel cost adjustment system
Consolidated Net income	Increased to 47.5 billion yen, up 50.1% (15.8 billion yen) due mainly to a gain on sales of investment securities

■ Gas Sales Volume

Residential	Decreased to 785 million m ³ , down 0.6% (5 million m ³)
Commercial, public and medical	Decreased to 730 million m ³ , down 5.7% (44 million m ³) due mainly to cooling demand decrease caused by lower temperatures in summer than the previous year and further energy conservation by customers, despite expansion of new demand
Industrial	Decreased to 2,060 billion m ³ , down 3.4% (72 million m ³) due mainly to the decrease in customers' facility utilization according to the expiry of PPA of IPP and change of classification of gas used from non-regulated to self-use

Design Your Energy 夢をかなるガス


3

In the first half of the fiscal year ending March 2015, we reported increases in both net sales and income from the previous year.

Consolidated net sales increased to 697.6 billion yen, up 4.1% or 27.3 billion yen from the previous year, due mainly to the rise in gas sales price based on the fuel cost adjustment system, as the LNG price went up.

Consolidated ordinary income increased to 57.8 billion yen, up 21.3% or 10.1 billion yen from the previous year, due mainly to the increase in gross margin of gas sales caused by the change into a time-lag profit from a time-lag loss under the fuel cost adjustment system.

Consolidated net income increased to 47.5 billion yen, up 50.1% or 15.8 billion yen from the previous year, due mainly to the recognition of a gain on sales of investment securities.

Gas sales volume for residential sector decreased by 0.6% to 785 million m³ from the previous year.

Gas sales volume for commercial, public and medical sectors decreased by 5.7% to 730 million m³ due to cooling demand decrease owing to lower temperatures in summer than the previous year, despite expansion of new demand.

For industrial sector, gas sales volume decreased by 3.4% to 2.060 billion m³ due mainly to the decrease in customers' facility utilization and the effect of the change in the classification of gas used from non-regulated to self-use according to the expiry of PPA of IPP.

Summary of the Results for 1st Half of FY2015.3 - II

Comparison with Targets

■ Overview

Consolidated Net sales	697.6 billion yen, 1.7% (12.3 billion yen) below the target due mainly to the decrease in the revenues of gas sales
Consolidated Ordinary income	57.8 billion yen, 19.3% (9.3 billion yen) above the target due mainly to the increase in gross margin of gas sales caused by the rise in time-lag profit (+1.2 billion yen → +7.1 billion yen) under the fuel cost adjustment system and to lower expenses

■ Gas Sales Volume

Residential	785 million m ³ , 1.5% (12 million m ³) below the target due mainly to higher water temperatures in early spring than initially forecasted, which caused the decrease of hot water demand
Commercial, public and medical	730 million m ³ , 1.3% (10 million m ³) below the target due mainly to lower temperatures in summer than initially forecasted, which caused cooling demand decrease
Industrial	2,060 million m ³ , 2.8% (60 million m ³) below the target due mainly to the decrease in customers' facilities utilization.

■ Investments

Investment for expansion, greenfield, and M&A	Total investments made in the first half of the FY amount to 39.0 billion yen (35% of annual budget) with a focus on already-decided overseas upstream projects and domestic power businesses
---	---

Design Your Energy 夢をかなる明日を

 OSAKA GAS

Next is the results for the first half in comparison with the targets.

Consolidated net sales were 1.7% or 12.3 billion yen below the target due mainly to the decrease in the gas sales revenues.

Consolidated ordinary income was 19.3% or 9.3 billion yen above the target due mainly to the increase in gross margin of gas sales caused by the rise in time-lag profit under the fuel cost adjustment system and to lower expenses.

Gas sales volume for residential sector decreased by 1.5% due mainly to higher water temperatures in early spring than initially forecasted, which caused the decrease of hot water demand.

Gas sales volume for commercial, public and medical sectors decreased by 1.3% due mainly to lower temperatures in summer than initially forecasted, which caused cooling demand decrease.

Gas sales volume for the industrial sector decreased by 2.8% due mainly to the decrease in customers' facility utilization.

Regarding investment for expansion, greenfield, and M&A, investments made in the first half of the fiscal year amount to 39.0 billion yen, or 35% of the annual budget, with a focus on overseas upstream projects for which decisions have been already made, and domestic power businesses.

Gas Sales Volume Results for 1st Half of FY2015.3

45MJ/m ³	A. FY15.3 1 st Half	B. FY14.3 1 st Half	A-B	(A-B)/B	C. FY15.3 1H target *1	(A-C)/C
Number of meters installed (thousand)	7,158	7,101	+57	+0.8%	7,139	+0.3%
Installation of new meters (thousand)	45	40	+6	+14.3%	39	+17.7%
Monthly gas sales volume per household (m ³ /month)	22.2	22.5	-0.3	-1.1%	22.6	-1.6%
Residential use	785	789	-5	-0.6%	797	-1.5%
Commercial, public, and medical use	730	774	-44	-5.7%	739	-1.3%
Industrial use	2,060	2,132	-72	-3.4%	2,120	-2.8%
Non-residential total	2,790	2,906	-117	-4.0%	2,859	-2.4%
Wholesale	221	220	+1	+0.5%	224	-1.2%
(non-regulated)	(2,384)	(2,485)	(-101)	(-4.0%)	(2,455)	(-2.9%)
Non-consolidated gas sales volume total (million m ³)	3,795	3,916	-120	-3.1%	3,880	-2.2%
Consolidated gas sales volume total (million m ³)	3,812	3,932	-120	-3.0%	3,896	-2.2%

*1 Announced on July 29, 2014 (not changed from the original plan announced on April 25, 2014)

Design Your Energy 夢をカタチにする


5

This table summarizes the gas sales volumes explained with the previous slide.

The gas sales volume on consolidated basis was 3.0% lower than the previous year and 2.2% below the target, with 3.812 billion m³.

Among the industrial customers, gas sales decreased mainly in segments of chemical, machinery and glass, of which we will continue to watch closely the industrial trends.

Results for 1st Half of FY2015.3 - I

Figures in parentheses are ratios of consolidated results to non-consolidated results

Consolidated, billion yen	A. FY15.3 1 st Half	B. FY14.3 1 st Half	A-B	(A-B)/B	C. FY15.3 1H target *1	(A-C)/C
Net sales	(1.22) 697.6	(1.23) 670.3	+27.3	+4.1%	710.0	-1.7%
Operating income	(1.31) 53.8	(1.58) 44.7	+9.0	+20.2%	46.0	+17.0%
Ordinary income	(1.25) 57.8	(1.46) 47.7	+10.1	+21.3%	48.5	+19.3%
Net income	(1.12) 47.5	(1.38) 31.6	+15.8	+50.1%	39.5	+20.3%
SVA	31.5	23.7	+7.7	+32.9%	23.3	+34.7%

		A. FY15.3 1 st Half	B. FY14.3 1 st Half	A-B	C. FY15.3 1H target *1	A-C
Profit/ loss on fuel cost adjustment system	billion yen	7.1	-9.6	+16.7	1.2	+5.9
Crude oil price *2	\$/bbl	109.5	107.7	+1.8	109.8	-0.3
Exchange rate	yen/\$	103.0	98.9	+4.2	103.6	-0.6
Number of subsidiaries		147	129	+18	---	---

*1 Announced on July 29, 2014

*2 Average of preliminary monthly data up to September.

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

Design Your Energy 夢をカタチにする

 OSAKA GAS

This table summarizes the other results for the first half of the fiscal year ending March 2015.

Results for 1st Half of FY2015.3 - II

Consolidated, billion yen	A. FY15.3	FY14.3		A-B	Remarks
	1H end	1H end	B. Year end		
Total assets	1,677.5	1,593.7	1,668.3	+9.2	Increase in non-current assets, etc.
Net worth	832.8	798.6	798.9	+33.8	Increase in retained earnings, etc.
Interest-bearing debt	568.3	542.4	573.5	-5.2	
Number of employees	21,395	20,212	21,250	+145	
Equity ratio	49.6%	50.1%	47.9%	+1.8%	
D/E ratio	0.68	0.68	0.72	-0.04	

	A. FY15.3 1H	B. FY14.3 1H	A-B	Remarks
Capital expenditure	55.8	57.0	-1.1	
Depreciation	42.8	41.0	+1.8	
Free cash flow	36.8	32.1	+4.6	Increase in income before income taxes and minority interests
ROA	2.8%	2.0%	+0.8%	
ROE	5.8%	4.1%	+1.7%	
EPS (yen)	22.8	15.2	+7.6	
BPS (yen)	400.2	383.6	+16.6	

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

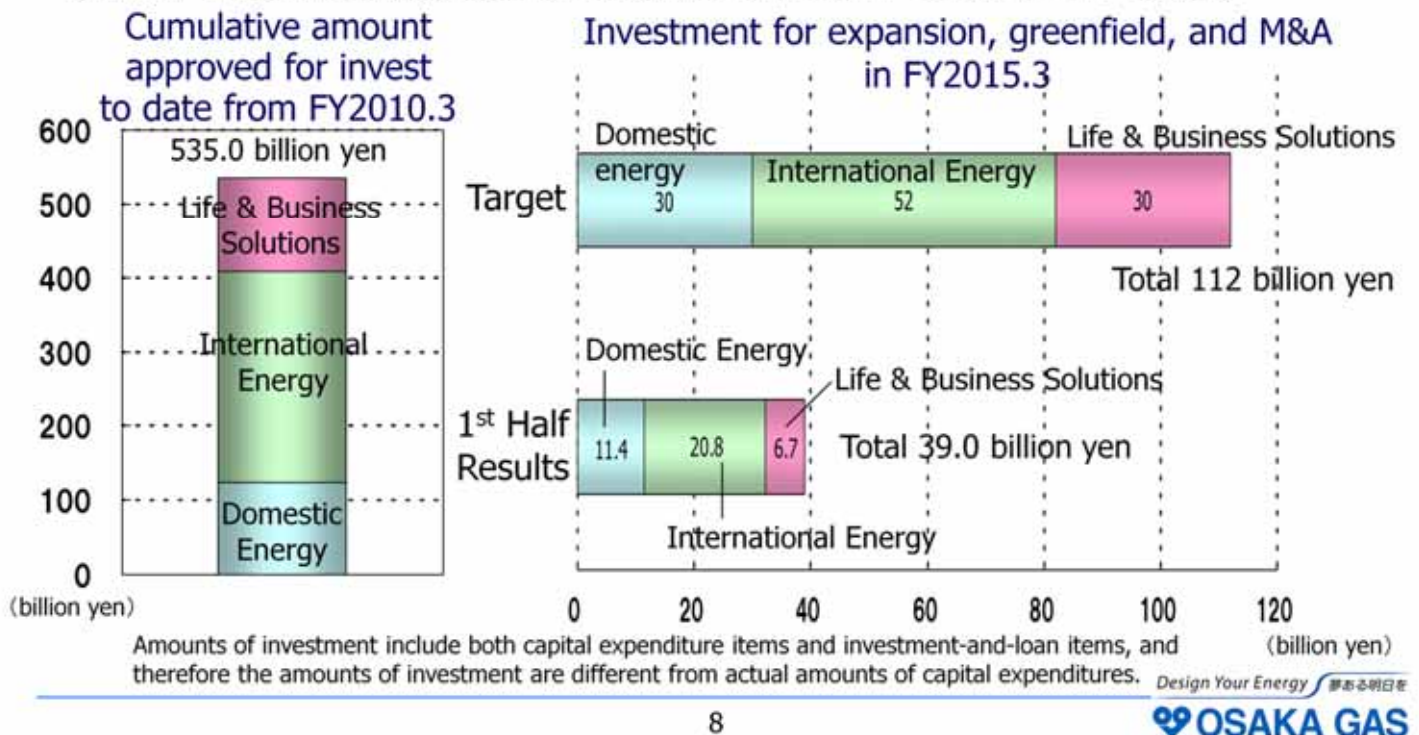
This slide shows the results of assets, liability, and primary financial indicators.

Capital expenditure remained on the same level as the previous year at 55.8 billion yen due to the decrease in pipeline investment as the extended lines from Mie to Shiga and from Himeji to Okayama have started their operations in the previous fiscal year while the capital investment increased for power generation facilities.

ROA and ROE edged up from the previous year to 2.8% and 5.8%, respectively.

Results of Investment for Expansion, Greenfield, and M&A in 1st Half of FY2015.3

- Investments made in the first half of the fiscal year amount to 39.0 billion yen with a focus on already-decided overseas upstream projects and domestic power businesses
- Cumulative amount approved for invest to date from FY 2010.3 are 535.0 billion yen (47% of the originally projected for the period between FY 2010.3 and FY 2021.3)



Let me now explain the progress of the investment plan for expansion, greenfield, and M&A.

Investments made in the first half of the fiscal year amount to 39.0 billion yen with a focus on overseas upstream projects for which decision has been already made, and domestic power businesses.

We have so far allocated 535.0 billion yen of the budget in five and a half years since the start of the mid-term and long-term management plan in 2009.

We will further make investments for our future business growth.

Here I would like to give a brief update on Freeport liquefaction project.

The project company for the first train, in which we are planning to invest, will shortly sign a loan agreement with Japan Bank for International Corporation and private financial institutions for the train.

After DOE issues final export approval, the project will start the construction as we make capital subscription in line with the first part of the loan from the banks.

We will directly take part in the management of the project to ensure its launch with the aim to commence the LNG shipment in 2018.

Summary of Modifications to Forecasts for FY 2015.3

		A. Revised Forecasts	B. Initial Forecasts	A-B	Remarks
Assumed factors for 2 nd Half	Crude oil price \$/bbl	105	110	-5	
	Exchange rate yen/\$	110	105	+5	
Non-consolidated gas sales volume (45MJ/m ³)	Residential use	(1,418) 2,203	(1,418) 2,215	(0) -12	No change to initial forecasts for the 2 nd half
	Commercial, industrial, and other use	(3,116) 6,127	(3,154) 6,237	(-38) -110	Considering decrease in customers' facilities utilization
P/L (billion yen)	Consolidated net sales	1,581.5	1,605.5	-24.0	
	Gross margin of gas sales	331.0	335.0	-4.0	Decrease in gas sales volume, Decrease in a time-lag profit
	Profit of other sales	38.7	35.2	+3.5	Increase in profit of power business
	Operating expenses, labor costs, and depreciation	307.7	308.2	-0.5	
	Profit of subsidiaries	36.0	37.5	-1.5	
	Consolidated operating income	98.0	99.5	-1.5	
	Consolidated non-operating income / expenses	2.0	0.5	+1.5	Increase in equity in earnings of affiliates
	Consolidated ordinary income	100.0	100.0	±0.0	

Gas sales volume figures in parentheses in the upper row are figures for the 2nd half of FY2015.3

Design Your Energy 夢ある明日を
OSAKA GAS

Let me now explain the forecasts for the fiscal year ending March 2015.

The forecasts for the second half are based on our latest assumptions of the crude oil price and forex rate, which are 105 US dollars per barrel and 110 yen to the US dollar, respectively.

The forecast of gas sales volume was lowered by 38 million m³ from the previous forecast as the downward trend of the facility utilization at commercial and industrial customers is expected to continue throughout the rest of the fiscal year though the residential sector forecast remains the same.

Consolidated ordinary income is expected to be 100 billion yen, remaining the same as the initial forecast as the drops in gas sales gross margin and time-lag profit are expected to be offset by the increase in profits of the power business.

Gas Sales Volume Forecasts for FY2015.3

45MJ/m ³	A. FY15.3 Forecasts	B. FY14.3 Results	A-B	(A-B)/B
Number of meters installed (thousand)	7,162	7,136	+27	+0.4%
Installation of new meters (thousand)	106	102	+3	+3.4%
Monthly gas sales volume per household (m ³ /month)	31.2	31.3	-0.1	-0.2%
Residential use	2,203	2,198	+5	+0.2%
Commercial, public, and medical use	1,449	1,528	-79	-5.2%
Industrial use	4,200	4,329	-129	-3.0%
Commercial and industrial use	5,649	5,856	-208	-3.5%
Wholesale	478	469	+9	+1.9%
(Non-regulated included)	(4,819)	(4,988)	(-169)	(-3.4%)
Non-consolidated gas sales volume (million m ³)	8,330	8,524	-194	-2.3%
Consolidated gas sales volume (million m ³)	8,361	8,554	-194	-2.3%

This slide shows the gas sales volume forecast for the fiscal year ending March 2015 in comparison with the previous year.

Gas sales volume for consolidated Osaka Gas is expected to be 2.3% lower than the previous year at 8.361 billion m³, namely 2.230 billion m³ for residential, almost the same as the previous year, 1.449 billion m³ for commercial, public and medical, down 5.2%, and 4.200 billion m³ for industrial, down 3.0%.

Forecasts for FY2015.3 - I

Figures in parentheses are ratios of consolidated results to non-consolidated results

Consolidated, billion yen	A. FY15.3 Forecasts	B. FY14.3 Results	A-B	(A-B)/B
Net sales	(1.24) 1,581.5	(1.24) 1512.5	+68.9	+4.6%
Operating income	(1.58) 98.0	(1.64) 99.3	-1.3	-1.4%
Ordinary income	(1.48) 100.0	(1.53) 106.0	-6.0	-5.7%
Net income	(1.30) 74.0	(1.67) 41.7	+32.2	+77.3%
SVA *1	41.5	3.0	+38.5	+1285.6%

		A. FY15.3 Forecasts	B. FY14.3 Results	A-B
Profit/loss on fuel cost adjustment system	billion yen	3.6	-20.5	+24.2
Crude oil price *2	\$/bbl	107.3	110.0	-2.7
Exchange rate *2	yen/\$	106.5	100.2	+6.3

*1 SVA (Shareholders' value added) = NOPAT - Invested capital × WACC

*2 For the period from October 2014 to March 2015, it is assumed that the crude oil price is 105 \$/bbl, and the exchange rate is ¥110/\$.

Design Your Energy 夢ある明日を


This slide shows the profit and loss forecasts for the whole year in comparison with the previous year.

Net sales are expected to be 1.5815 trillion yen, up 4.6%.

As for profits, operating income is expected to decrease by 1.4% to 98 billion yen, and ordinary income to decrease by 5.7% to 100 billion yen.

Forecasts for FY2015.3 - II

Consolidated, billion yen	A. FY15.3 end Forecasts	B. FY14.3 end Results	A-B
Total assets	1,789.9	1,668.3	+121.5
Net worth	832.7	798.9	+33.7
Interest-bearing debt	660.4	573.5	+86.8
Number of employees	21,448	21,250	+198
Equity ratio	46.5%	47.9%	-1.4%
D/E ratio	0.79	0.72	+0.08
	A. FY15.3 Forecasts	B. FY14.3 Results	A-B
Capital expenditure	128.0	124.1	+3.9
Depreciation	85.3	83.8	+1.5
Free cash flow	89.8	113.1	-23.3
ROA	4.3%	2.6%	+1.7%
ROE	9.1%	5.4%	+3.7%
EPS (yen)	35.6	20.0	+15.5
BPS (yen)	400.1	383.9	+16.2

FCF = CF from operating activities - (OP after tax + depreciation and other non-cash expenses) - capital expenditure *Design Your Energy* 夢をカタチにする

Lastly, here is the summary of the forecasts for assets, liability, and primary financial indicators.

ROA and ROE for the entire year are expected to be 4.3% and 9.1%, respectively.

For the detailed gap analysis and breakdown by segment, please refer to the handouts.

It has been almost 3 years since our last gas tariff revision in February 2012, and we have just started our study to return the results of improved business management since then to our customers by cutting the tariff again in the near future.

This concludes my presentation.

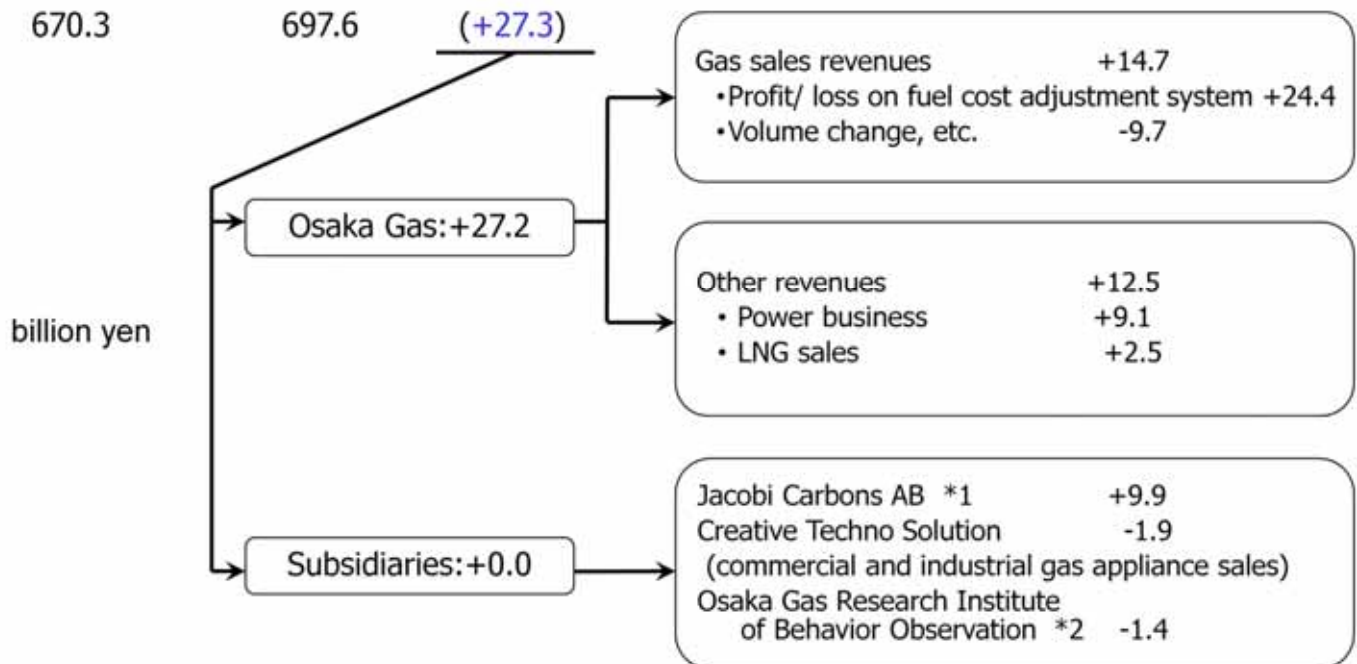
Thank you for your kind attention.



II. Facts and Figures

Sales Variance for 1st Half of FY2015.3 (Year-on-Year)

FY14.3 1st Half → FY15.3 1st Half (differences)



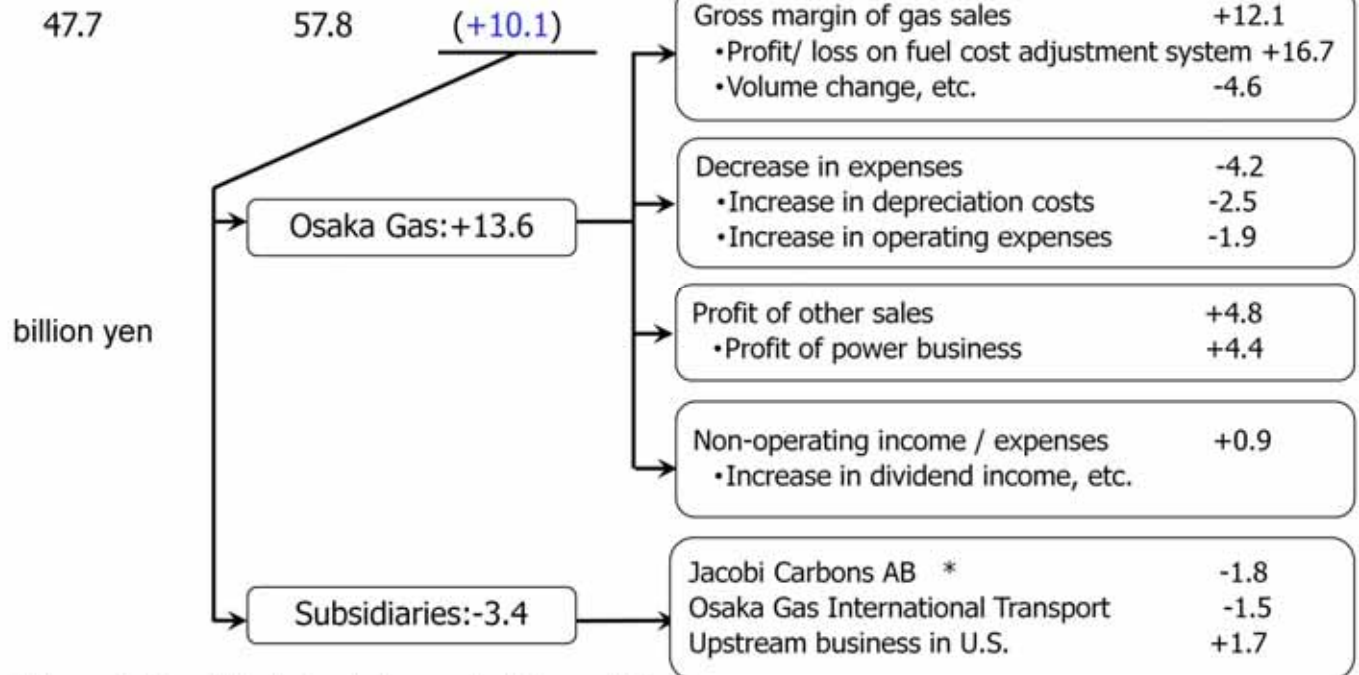
*1 Activated carbon company acquired in January 2014

*2 A free paper enterprise was sold off in June 2014, and the company name was changed from L-NET

Ordinary Income Variance for 1st Half of FY2015.3 (Year-on-Year)

+/- signs indicate impact on profit.

FY14.3 1st Half → FY15.3 1st Half (differences)



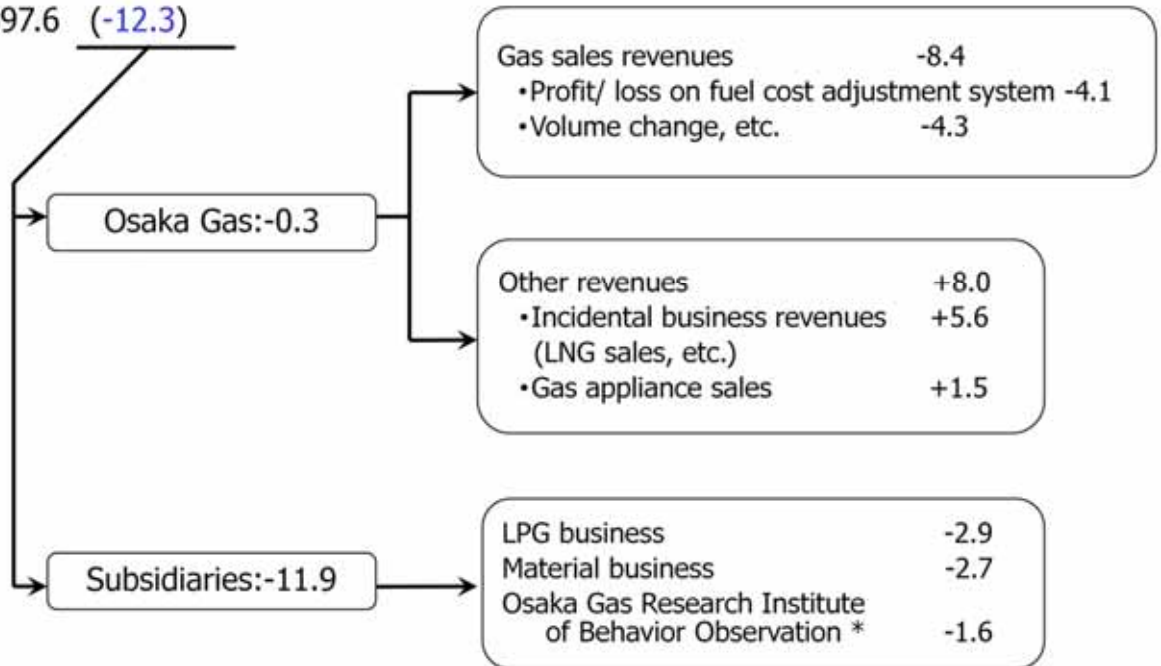
* The operator of an activated carbon business acquired in January 2014
 Impacts on consolidated income, including goodwill amortization and increases of temporary expenses due to the step-up of inventories (increases due to mark-to-market evaluation) are reported

Sales Variance for 1st Half of FY2015.3 (with targets)

Targets → Results (differences)

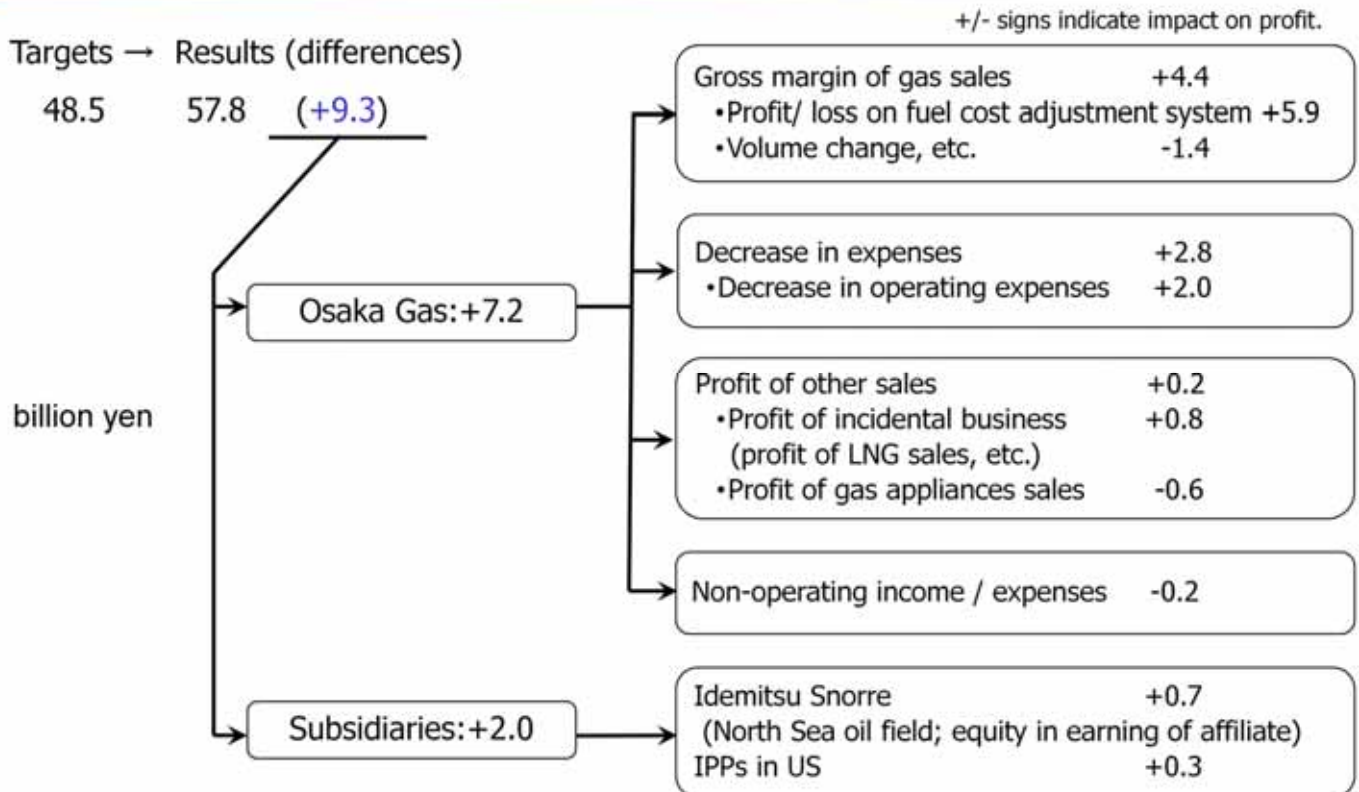
710.0 697.6 (-12.3)

billion yen



* A free paper enterprise was sold off in June 2014, and company name was changed from L-NET

Ordinary Income Variance for 1st Half of FY2015.3 (with targets)



Results for FY2015.3 by Segment

billion yen	Net sales		Operating income + Equity in earnings of affiliates		Remarks
	FY15.3 1st Half	FY14.3 1st Half (*)	FY15.3 1st Half	FY14.3 1st Half (*)	
Gas	510.3	496.7	21.2	14.3	Net sales: Rise in gas sales price Profit: Cancellation of a time-lag loss on fuel cost adjustment system
LPG, electricity, and other energy	119.4	114.5	25.7	22.0	Net sales / Profit: Increase in power business, etc. Profit of power business (**) FY14.3 1H: 15.8, FY15.3 1H: 20.2
International energy	6.5	6.0	4.9	3.3	Profit: Decrease in depreciation costs in US Upstream business
Life & Business Solutions	93.3	86.8	5.3	7.9	Net sales / Profit: the influence of newly consolidated subsidiary (Jacobi Carbons AB) (decrease in income due to temporary expenses)
Adjustments	-32.0	-33.9	1.2	1.3	
Consolidated	697.6	670.3	58.6	48.9	

<Classification of the Renewable Energy business> Environment and Non-Energies segment till FY2014.3;

Classified into LPG, Electricity, and Other Energies segment or International Energies segment from FY2015.3 according to the nature of the business.

<Change of segment name> The name of Environment and Non-Energies segment will be changed to Life & Business Solutions segment from FY 2015.3.

(*) Provisional figures of FY 2014.3 results based on the above new classification

(**) Profit from power business represents operating income earned by Osaka Gas's related power business.

Design Your Energy 夢をカタチにする

 OSAKA GAS

Forecasts for FY2015.3 by Segment

billion yen	Net sales		Operating income + Equity in earnings of affiliates		Remarks
	FY15.3 forecasts	FY14.3 results (*)	FY15.3 forecasts	FY14.3 results (*)	
Gas	1,140.0	1,119.5	34.5	32.0	<u>Net sales</u> : Rise in gas sales price <u>Profit</u> : Cancellation of a time-lag loss on fuel cost adjustment system
LPG, electricity, and other energy	301.0	261.0	42.0	45.3	<u>Net sales</u> : Increase in power and LNG sales <u>Profit</u> : Decrease in profit of power business and LPG business, etc.
International energy	17.0	13.3	9.5	8.2	<u>Profit</u> : Decrease in depreciation costs in US Upstream business
Life & Business Solutions	212.0	196.5	17.0	18.8	<u>Net sales / Profit</u> : the influence of newly consolidated subsidiary (Jacobi Carbons AB) (decrease in income due to temporary expenses)
Adjustments	-88.5	-77.9	2.0	2.7	
Consolidated	1,581.5	1,512.5	105.0	107.2	

<Classification of the Renewable Energy business> Environment and Non-Energies segment till FY2014.3;

Classified into LPG, Electricity, and Other Energies segment or International Energies segment from FY2015.3 according to the nature of the business.

<Change of segment name> The name of Environment and Non-Energies segment will be changed to Life & Business Solutions segment from FY 2015.3.

(*) Provisional figures of FY 2014.3 results based on the above new classification

Design Your Energy 夢をカタチにする

 OSAKA GAS

Residential Gas Sales

FY2015.3 1st Half Results

	YoY change	Remarks
Number of customers	+0.5%	
Influence of temperature	+0.4%	Average annual temperature: 23.0 degrees Celsius (Year-on-Year change: -0.7 degrees Celsius)
Others	-1.5%	Improved efficiency of gas appliance, impact of further energy conservation by customers etc.
Total	-0.6%	




FY2015.3 Forecasts

- Results in the 1st half fell below the targets by 12 million m³
- No change in the initial forecasts for the 2nd half
- Full-year result is expected to fall below the initial forecasts by 12 million m³, which is an increase of 5 million m³ from the previous year to 2,203 million m³

Commercial, Public, and Medical Gas Sales

FY2015.3 1st Half Results

	YoY change	Remarks
Demand development	+1.9%	Marketing efforts to develop new demand for air conditioning
Influence of temperature, etc.	-4.4%	Decrease in demand for air conditioning due to cooler weather in summer
Others	-3.2%	Improved efficiency of gas appliance, impact of further energy conservation by customers etc.
Total	-5.7%	



FY2015.3 Forecasts

- Results in the 1st half fell below the targets by 10 million m³
- Sales for the 2nd half is expected to fall below the initial forecasts by 2 million m³
- Full-year result is expected to fall below the initial forecasts by 12 million m³, which is a decrease of 79 million m³ from the previous year to 1,449 million m³

Industrial Gas Sales

FY2015.3 1st Half Results

	YoY change	Remarks
Demand development	+1.2%	Shift to gas from other fuels, etc.
Increase/decrease of operating rates	-4.6%	Expiry of PPA of IPP*, Decrease in utilization of customers' facilities, etc.
Total	-3.4%	

Breakdown by sector (45MJ, million m³)

	Volume	YoY change
Machinery	160	95.1%
Metal	504	102.3%
Glass	153	88.4%
Chemical	608	97.3%
Food	257	99.8%

*Classification of gas used was changed from non-regulated to self-use

FY2015.3 Forecasts

- Results in the 1st half fell below the targets by 60 million m³.
- Considering the 1st half results, we expect that sales for the 2nd half will also be lower than the initial forecasts (by 37 million m³). Accordingly, we expect the full-year result will fall below the initial forecasts by 97 million m³, which is a decrease of 129 million m³ from the previous year to 4,200 million m³.

Monthly Gas Sales

Year-on-Year Change 2014/2013 (%)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	1 st Half Total
Residential use		99.9	91.5	101.6	99.8	105.4	108.8	99.4
Commercial, public, and medical use		98.0	95.0	95.8	94.9	93.5	90.7	94.3
Industrial use		97.4	97.4	101.6	93.3	94.7	95.8	96.6
By sector	Machinery	92.3	93.3	104.3	92.1	92.5	97.4	95.1
	Metal	102.3	101.7	110.4	100.8	100.2	98.8	102.3
	Glass	90.9	89.6	87.2	84.0	90.1	88.9	88.4
	Chemical	95.6	97.3	100.7	94.0	100.2	96.6	97.3
	Food	99.0	99.4	102.5	97.4	98.3	102.5	99.8
Wholesale		91.5	97.3	121.5	94.3	99.0	103.6	100.5
Total		98.0	95.3	101.6	94.6	95.9	96.5	96.9

Risk Factors for Annual Earnings Results Forecast

- Atmospheric and water temperatures
 - A 1 degree Celsius change in atmospheric and water temperatures will affect the residential gas sales volume: increase/decrease of approx. 5% in spring and autumn, approx. 6% in summer, and approx. 4% in winter.
- Crude oil prices
 - LNG prices are linked to crude oil prices. A \$1/bbl change in crude oil prices will have an effect of approx. 0.9 billion yen on ordinary income since the 3rd quarter (Oct. thru. Mar.) of this fiscal year.
- Foreign exchange rate
 - LNG prices are affected by fluctuations in the US\$/JPY exchange rate. A 1 yen fluctuation in the US\$/JPY exchange rate will have an effect of approx. 1.4 billion yen on ordinary income since the 3rd quarter (Oct. thru. Mar.) of this fiscal year.
- Materials costs
 - Although the fuel cost adjustment system allows us to reflect changes in fuel costs in gas rates in the medium- and long-term, an increase in fuel costs is likely to affect the business results due to a time lag in reflecting cost fluctuations, and also depends on the composition of fuel suppliers.
- Interest rate
 - A 1% change in the interest rate will have an effect of approx. 700 million yen on annual consolidated non-operating expenses.