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(Securities Identification Code: 9532)

Report for the 193rd Fiscal Year

From April 1, 2010, to March 31, 2011

Osaka Gas Co., Ltd.

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Business Report (April 1, 2010, to March 31, 2011)

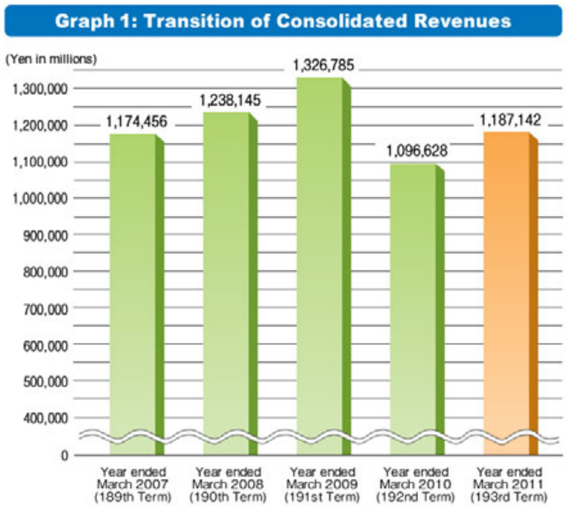
I. Current Situation of the Business Group

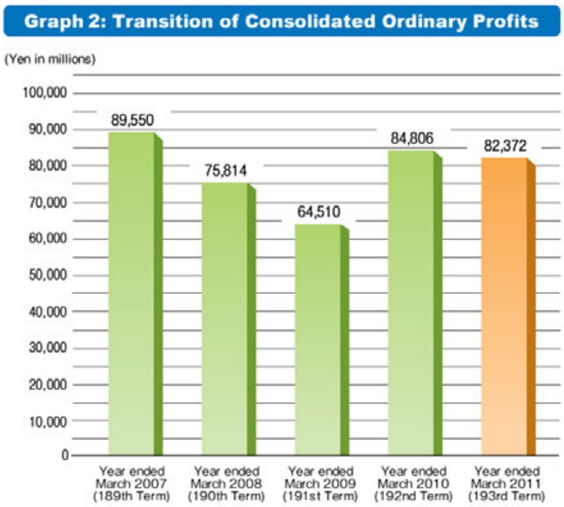
1. Business Operations and Results

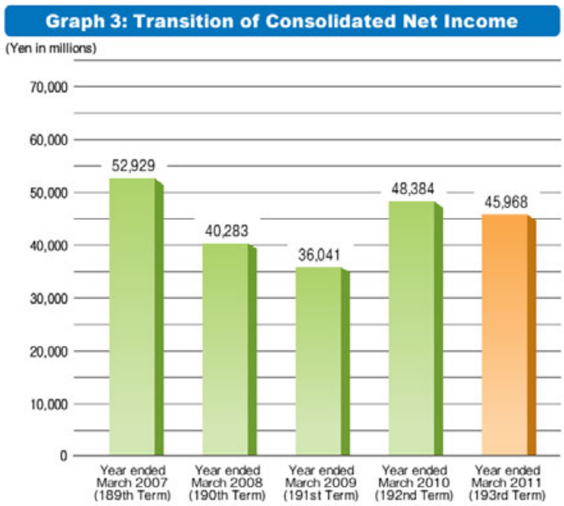
During this fiscal year, the recovery of the Japanese economy decelerated from the Fall of 2010 mainly due to the appreciation of the yen. After the turn of the year, some signs of a pickup started to appear, but the economic outlook remained uncertain. The occurrence of the Great East Japan Earthquake in March 2011 increased concerns about the future of the Japanese economy.

In such a business environment, the Osaka Gas Group (the "Group") has aggressively conducted its businesses with the core management principle of "Value Creation Management."

Consolidated revenues of the Group for this fiscal year increased 8.3% from the previous year to ¥1,187,142 million, reflecting increases in the gas sales by volume, revenue from the electric power business and sales of the Company's consolidated subsidiaries, including a real estate business (see Graph 1). Consolidated ordinary profit decreased 2.9% from the previous year to ¥82,372 million chiefly due to an increase in the cost of raw materials of gas (see Graph 2). Consolidated net income for this fiscal year declined 5.0% from the previous year to ¥45,968 million (see Graph 3).







An overview of the Group's operations by business segment was as follows.
Effective from this fiscal year, the Group's business segments were reorganized. The year-on-year comparisons below were made with the sales of the previous year recalculated for each new business segment. Refer to page 6 for details of the reorganization of the business segments.

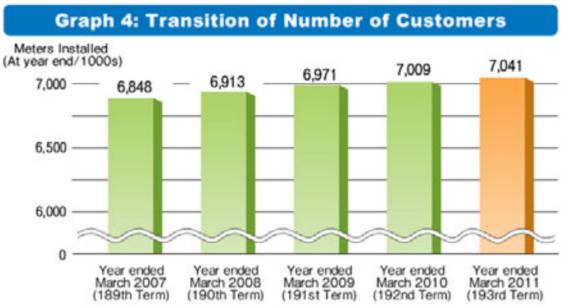
(1) Gas

Revenues

Revenues advanced 6.6% from the previous year to ¥879,878 million, as sales volume increased and unit prices of gas remained high under the fuel cost adjustment system.

Number of Customers (Meters Installed)

The number of customers (by number of meters installed) increased by 32,000 from the previous year-end and reached 7.041 million as of March 31, 2011 (see Graph 4).



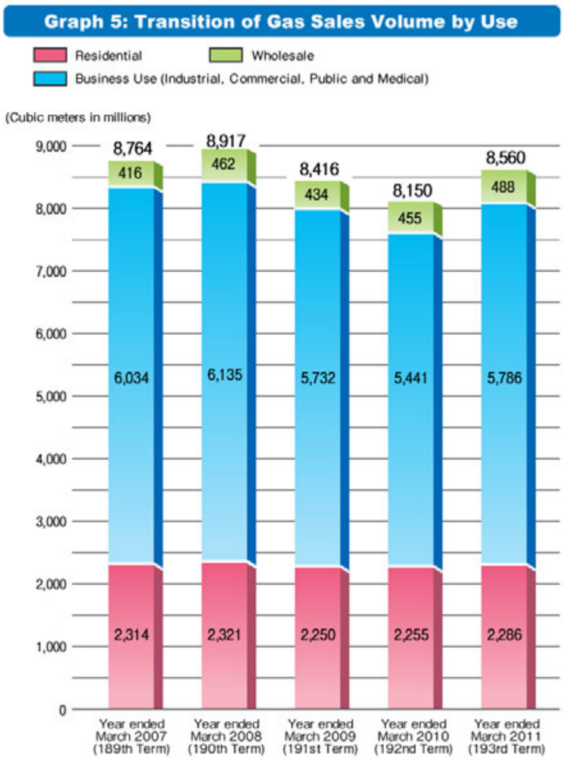
Gas Sales Volume

The residential gas sales volume rose 1.4% from the previous year to 2,286 million cubic meters, as the atmospheric temperatures in winter—the high demand period—were relatively lower than the previous year.

The business gas sales volume increased 6.4% to 5,786 million cubic meters, reflecting the increased level of operation of existing customers' facilities for industrial use. In addition, an increase in demand for air conditioners owing to higher temperatures in summer than the previous year and steady efforts to develop new demand increased the gas sales volume for commercial, public and medical uses.

Wholesale gas volume advanced 7.2% to 488 million cubic meters.

As a result, total gas sales volume grew 5.0% to 8,560 million cubic meters (see Graph 5).



Sales of Gas Appliances

The Company endeavored to expand sales of residential gas appliances, including the “ENE-FARM,” residential fuel cell cogeneration system, the “ECOWILL,” residential gas engine cogeneration system, and the “Double Power Generation” system, the combination of ENE-FARM or ECOWILL with photovoltaic power generation system. Cumulative sales of ENE-FARM units exceeded 3,000.

In addition, the use of “Raku Toku Lease,” monthly leasing service, performed well. This service offers the use of the latest Si Sensor Kitchen Stove (built-in type) and other gas appliances with a reasonable lease charge. Starting in March 2011, this service also became available for water heaters, including the high-efficiency type, “ECO-JOZU,” and the bathroom heaters/dryers, “KAWACK” and “MIST KAWACK”.

“Raku Toku Lease”

The “PIKO-PIKO,” residential gas-leak alarm celebrated its 30th anniversary. The Company continues to promote products such as gas-leak alarms and fire alarms to enhance the safety and security of customers.

The first PIKO-PIKO model (launched in 1980)

PIKO-PIKO Premium (launched in 2009)

The 30th anniversary symbol logo

Regarding sales of gas appliances for business use, sales of the “HIGH POWER EXCEL,” gas heat pump-type air-conditioning system with an electric generation function, and the “GENELIGHT,” mini-cogeneration system, performed favorably.

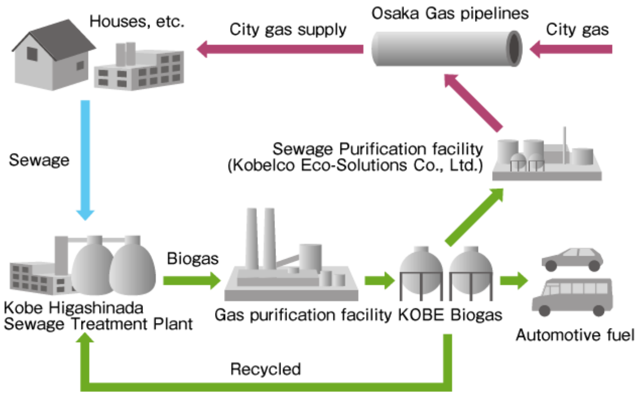
As a new line of multipurpose air-conditioning systems for small- to middle-scale buildings, the Company launched the extremely energy-saving “GHP XAIR,” ultra-high-efficiency gas engine heat pump air conditioner in April 2011.

To promote sales of the “SUZUCHU,” system which realize a cool kitchen, the Company enlarged the lineup of appliances available for the SUZUCHU system and put forth intensive advertising efforts in August 2010 through business magazines and TV commercials.

“GHP XAIR”

Others

In October 2010, the Company started purchasing biogas* produced by the Kobe Higashinada Sewage Treatment Plant from Kobelco Eco-Solutions Co., Ltd., through its city gas pipelines. This initiative represents the first attempt in Japan to receive highly refined biogas derived from sewage sludge directly through city gas pipelines. The Company will verify the use of biogas for the city gas supply through this project, contributing to the establishment of a low-carbon, recycling-oriented society.



Outline of biogas purchase through city gas pipelines
(Kobe Higashinada Sewage Treatment Plant)

*Biogas is a combustible gas that mainly consists of methane produced by the fermentation of organic materials, such as sewage sludge and food residue. As it is an unused renewable energy resource, its use is expected to be a measure to curb global warming.

(2) LPG, Electric Power and Other Energies

Revenues jumped 21.9% from the previous year to ¥174,766 million, primarily owing to an increase in revenue from the electric power business, including the operation of all four generating units at the Senboku Natural Gas Power Plant throughout the year, which started operations in November 2009.

In February 2011, the Company concluded a contract with Okinawa Electric Power Company (OEPC) to supply a part of LNG (liquefied natural gas) procured by the Company to OEPC by transporting it using the LNG ship arranged by the Company so that it is used at OEPC's LNG-fired power plant, which is planned to start its operations in 2012.

Image of completed Yoshinoura Thermal Power Plant, being constructed by OEPC

Nakagusuku-son,
Nakagami-gun,
Okinawa Prefecture

Liquid Gas Co., Ltd. continued to reinforce its earning base for the LPG business, the LNG transportation business and the industrial gas business using the cryogenic energy of LNG. It also promoted a low-temperature crushing business using the super-low temperatures of liquefied nitrogen to expand existing sales channels and develop new applications for using the cryogenic energy of LNG.

Low-temperature crushing equipment "Linrex Mill"

Powders of low-temperature crushed resin and food

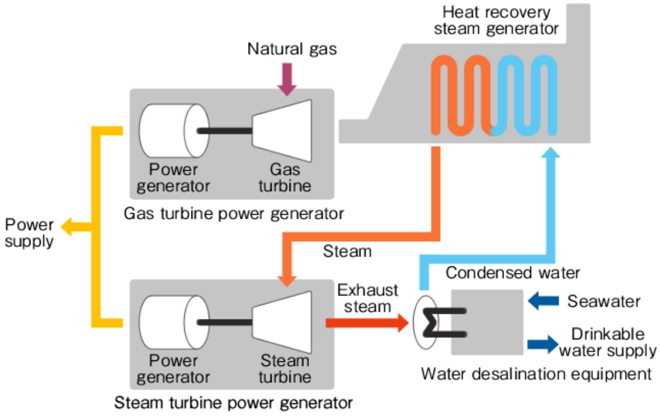
(3) Overseas Energy
Revenues were almost unchanged from the previous year at ¥11,130 million.

The Group participated in the Sagunto LNG terminal business by acquiring a stake in the terminal located at the Sagunto harbor in the eastern part of Valencia Community, Spain.

“Sagunto LNG terminal”

In March 2011, the Group acquired a stake in the operating and maintenance companies for the Shuweihat S2 independent water and power project, which is being constructed in the Emirates of Abu Dhabi, the United Arab Emirates. This initiative represents the first attempt for the Group to be involved in the integrated management of power generation and water desalination and in the power generation business in the Middle East.

The Shuweihat S2 independent water and power project achieves power generation via a gas turbine fueled by natural gas and via a steam turbine using the steam from a steam generator that recovers the heat of the exhaust gas from the gas turbine. (The combined power generation capacity is 1.5 million kilowatts.) The exhaust steam from the steam turbine is used to heat and desalinate the seawater, and the vaporized unsalted water is then recovered to be supplied as drinkable water. (The water desalination capacity is 450,000 cubic meters per day.)



Outline of power generation/water desalination process

(4) Environment and Non-Energy
Revenues increased 5.5% from the previous year to ¥185,407 million, chiefly due to increased income from the real estate business.
Urbanex Co., Ltd., acquired the apartments “VIA LATTEA Ichigaya Yanagicho” (Tokyo) and “New City Apartments Sannomiya” (Kobe) during this fiscal year. In April 2010, “Urbanex Shinsaibashi Building,” the commercial building, was completed, having as tenants the first store of doughnut shop chains in the Kansai region and the store of popular chocolate shop chains.

“Urbanex Shinsaibashi Building”

Osaka Gas Business Create Co., Ltd., acquired all shares of Hohoemie Co., Ltd., a temporary technical staffing company, in February 2011 (now renamed Osaka Gas Excellent Agency Co., Ltd.). The two staffing companies will utilize the expanded resources to enhance their services to suit a broad range of staffing needs from customers.

[Revenues for Each Business Segment] (Amount: Yen in millions, Ratio: %)

	Gas	LPG, Electric Power and Other Energy	Overseas Energy	Environment and Non-Energy	On a Consolidated Basis
Revenues	879,878	174,766	11,130	185,407	1,187,142
Percentage Change from Previous Year	+6.6	+21.9	-0.2	+5.5	+8.3
Percentage of revenues	70.3	14.0	0.9	14.8	—

Note: Inter-segment revenues are included in revenues for each business segment but are eliminated from consolidated revenues.

(For reference) Reorganization of the Business Segments

The revision of the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17) requires the introduction of the management approach for the segment information, effective from this fiscal year. The management approach is a method for disclosure of segment information based on the method for segmenting the enterprise's business operations under which the management can make managerial decisions and assess operating results.

In response, the Company reorganized its reportable segments into four segments in line with the management strategy, and the business segments reported in this business report have been reorganized accordingly.

The new and former business segments and the business areas under the long-term management vision and medium-term business plans "Field of Dreams 2020" are correlated as follows.

Field of Dreams 2020
Domestic Energy Businesses
International Energy Businesses along the Energy Value Chain
Environment and Non-Energy Businesses

<table>
<tr><th>New Segment</th><th>Former Segment</th></tr>
<tr><td rowspan="2">Gas</td><td>Gas</td></tr>
<tr><td>Gas Appliances and House-pipe Installation</td></tr>
<tr><td>LPG, Electric Power and Other Energy</td><td rowspan="2">LPG, Electric Power and Other Energy</td></tr>
<tr><td>Overseas Energy</td></tr>
<tr><td rowspan="2">Environment and Non-Energy</td><td>Real Estate</td></tr>
<tr><td>Others</td></tr>
</table>

2. Capital Investment Activities

The amount of capital investment by the Group amounted to ¥69,600 million.

The Company lengthened its gas trunk and branch lines by 421 kilometers, bringing the total length to 48,799 kilometers as of the end of this fiscal year.

It should also be noted that the subsidiaries of the Company acquired real estate.

3. Financing Activities

During this fiscal year, the Group borrowed ¥5,221 million and repaid ¥21,649 as long-term loans; with respect to the corporate bonds (except short-term bonds), it issued ¥10 billion of ordinary bonds (at face value) and redeemed existing bonds in the aggregate amount of ¥460 million.

4. Outstanding Issues

(1) Management Issues

Several uncertain factors exist in the international business environment, such as soaring resource prices and the political uncertainty of the Middle East and elsewhere. Within Japan, prolonged appreciation of the yen is shrinking the profit of exporting industries, forcing them to relocate and/or consolidate manufacturing facilities. In addition, the Great East Japan Earthquake may cause a shift in policy and changes in consumer behavior and industrial structure.

What the Group recognizes as its most challenging management issue is how it can be a choice of customers all the time and achieve a sustainable growth, while responding quickly and flexibly to the uncertain and changing business environment and working on countermeasures against disaster, stable supply of energy and security of safety.

(2) Group's Core Management Principle

The Group is conducting its businesses with the core management principle of "Value Creation Management," under which the Group seeks to maximize the customer value as its first priority and to increase the value of all stakeholders including its shareholders, the society and its employees, through fair and highly transparent business activities.

(3) Priority Issues

To achieve its long-term management vision and medium-term business plans "Field of Dreams 2020," the Group will address the following issues throughout the year ending March 31, 2012.

(a) Increasing Customer Satisfaction and Contribution to Realization of a Low-Carbon Society

The Group aims to contribute to realization of economical, comfortable, convenient and safe life and business as well as a low-carbon society, by offering advanced solutions based on an upgraded and expanded range of products and services that would satisfy customer needs.

To enhance the energy security of society, the Group will continue to promote wider and advanced use of natural gas. In particular, the Company aims to reduce the environmental burden and achieve the best mix with the system power supply by proposing ideas related to decentralized power generation, including gas cogeneration systems.

(i) Approaches in residential market

The Group promotes "my-home power generation," such as residential gas engine cogeneration system "ECOWILL" and residential fuel cell cogeneration system "ENE-FARM," as well as highly efficient water heater "ECO-JOZU."

The Group also expands distribution of the photovoltaic generation system, and promotes "Double Power Generation" system that combines "ECOWILL" or "ENE-FARM" with photovoltaic power generation system.

In addition to providing customers with security and safety through products such as home security system, the Group will extend the menu and enhance the quality of such services, including the "Raku Toku Lease," gas appliance leasing service, with a greater range of products available for the service, home energy management systems and warranties for water heaters, including those of other companies.

(ii) Approaches in business market

The Group aims to promote wider and advanced use of natural gas through the proposals including; environment-friendly and energy security enhancing gas cogeneration systems, extremely energy-saving gas engine heat pump air-conditioner, "GHP XAIR," kitchen appliances which realize a cool kitchen, "SUZUCHU," and natural gas vehicles with less air pollutants, such as NOx, and CO_2

emissions. In addition, the Group seeks to increase the range of businesses as an energy service provider, such as utility management including water treatment, and assists customers in introducing new equipment with its financial expertise, thereby achieving greater convenience and lower costs for customers.

(iii) Technological development

The Group commits itself to the technological development such as improvement of efficiency of "ENE-FARM" and development of solid oxide fuel cells (SOFCs), from the perspective of contribution to prevention of global warming and energy saving, and of enhancement of convenience for customers.

(iv) Reduction of environmental burden from the Group's business activities

The Group seeks to reduce the environmental burden through steady operation of the environmental management system introduced across the Group.

(b) Investment for Growth and Broadening Business Fields

The Group seeks to develop "international energy business along with energy value chain" and "environment and non-energy business," as well as "domestic energy business" such as city gas, electric power and LPG.

(i) Domestic energy business

a. Electric power business

The Group continues steady operation and careful maintenance of generating units of power plants such as Senboku Natural Gas Power Plant.

b. Supply in a broader area

The Group seeks to promote the use of natural gas outside its supply area, with the know-how it cultivated through carrying out the gas business within the supply area, and the alliance with other energy business operators in each area.

c. LPG business

The Group plans to focus on increasing sales volume as well as number of customers, by leveraging the appliance and equipment products and its strengths in the marketing of energy systems, while enhancing its productivity through cost reduction by streamlining delivery and logistics system.

(ii) International energy business along with energy value chain

The Group seeks to develop projects such as those with the gas fields in which it has interest and to acquire new interests, including unconventional gas development projects, in order to procure LNG in a flexible and stable manner and generate profit. It continues to operate overseas IPP businesses, natural gas pipeline businesses and LNG terminals and is seeking to acquire new projects including overseas gas distribution businesses.

(iii) Environment and non-energy business

By further utilizing the Group's technology and know-how, the Group seeks to expand the array of environmental businesses that reduce the environmental burden.

In the area of non-energy businesses such as city development, information and high-tech materials, the Group seeks to encourage a comfortable life and business development for customers by offering better products and services that would satisfy customer needs.

(c) Stable Supply, Security of Safety and Fulfillment of Higher Level of CSR

The Group works to ensure stable energy supply and safety, and to fulfill a higher level of corporate social responsibility, "CSR."

(i) Stable supply

The Group seeks to ensure stable energy supply by securing raw materials such as natural gas in consideration of future demand, together with proper maintenance of energy manufacturing and supply facilities and long-term strategic formulation of high-pressure gas pipelines.

(ii) Security of safety

The Group establishes emergency measures in the case of accidents such as gas leakage through 24 hour response, and implements scheduled repair and renewal of energy manufacturing and supply facilities as preventive maintenance work. Further, it continues to educate and train employees and other staff engaged in the work.

The Group, in addition, conducts regular inspections of customers' facilities and seeks to publicize the safe use of gas facilities and appliances.

(iii) Countermeasures against natural disasters

Based on the experience of the Great East Japan Earthquake, the Group will review its preparedness for natural disasters such as earthquakes and tsunamis and will implement necessary measures to ensure optimal preparation.

(iv) Fulfillment of higher level of CSR

The Group strengthens its engagement with CSR in accordance with "Osaka Gas Group CSR Charter" which codifies the Group's basic principles on its corporate social responsibilities.

To be specific, the principles are, in addition to "Creating value for customers" and "Contributing to harmonization with the environment and realization of a sustainable society" as mentioned above, "Communication with the community and contribution to the society", "Promotion of compliance with laws and regulations and respect in human rights" and "Management aiming for human growth". Additionally, the Group will ensure that these principles are disseminated throughout its entire supply chain.

With respect to compliance, the Group emphasizes on promoting three basic behavior, "being aware of legislation and regulation", "development of a culture of compliance and mechanisms to avoid violations", and "strengthening of auditing and monitoring", to ensure a strict compliance by the entire Group.

(d) Smart Work (High-Quality and Highly-Efficient Work)

With the help of IT and other advanced technologies, the Group will seek greater productivity and higher-quality services for customers, while implementing stringent cost-cutting measures.

(4) Conclusion

The Group tackles the above challenges by establishing the internal control system that fits the business environment and monitoring the system's operation appropriately, and consistently continues its efforts for sustainable growth by implementing the core management principle of "Value Creation Management."

The Group looks forward to the continued support and encouragement from all shareholders.

5. Financial Position and Profits and Losses

(Yen in millions)

Division	Year ended March 2007 (189th Term)	Year ended March 2008 (190th Term)	Year ended March 2009 (191st Term)	Year ended March 2010 (192nd Term)	Year ended March 2011 (193rd Term)
Revenues	1,174,456	1,238,145	1,326,785	1,096,628	1,187,142
Ordinary Profits	89,550	75,814	64,510	84,806	82,372
Net Income	52,929	40,283	36,041	48,384	45,968
Net Income per Share (yen)	23.77	18.27	16.72	22.50	21.62
Total Assets	1,405,682	1,467,934	1,452,457	1,483,895	1,437,297
Net Assets	686,664	666,657	634,757	690,561	688,695

6. Principal Activities of the Group (as of March 31, 2011)

(1) Production, distribution and sale of gas

(2) Distribution and sale of LPG

(3) Generation, distribution and sale of electric power

(4) Sale of gas appliances

(5) Construction of gas facilities

7. Outline of Principal Subsidiaries (as of March 31, 2011)

Company	Capital (Yen in millions)	Holding (%) (including indirect holding)	Main Activities
Liquid Gas Co., Ltd.	1,030	100	Sale of industrial gas, LNG, LPG, etc.
Urbanex Co., Ltd.	1,570	100	Development, leasing, management, and sale of real estate
Osaka Gas Information System Research Institute Co., Ltd.	400	100	Development of software and information processing services via computers
Osaka Gas Chemicals Co., Ltd.	2,500	100	Manufacture and sale of fine materials, carbon products, etc.

Note: The Group treats the affiliated companies that play a central role in each business area and that are positioned as an elementary unit for the management of the Group as core companies (which the Group recognizes as principal subsidiaries).

8. Major Offices, Plants and Employees (as of March 31, 2011)

(1) Major Offices and Plants

The Company	Head Office	Head Office (Osaka Prefecture)
	Residential Energy Business Unit	Osaka Residential Sales Dept. (Osaka Prefecture) Nanbu Residential Sales Dept. (Osaka Prefecture) Hokutobu Residential Sales Dept. (Osaka Prefecture) Hyogo Residential Sales Dept. (Hyogo Prefecture) Keiji Residential Sales Dept. (Kyoto Prefecture)
	Commercial & Industrial Energy Business Unit	Osaka Commercial & Industrial Energy Sales Dept. (Osaka Prefecture) Nanbu Commercial & Industrial Energy Sales Dept. (Osaka Prefecture) Hokutobu Commercial & Industrial Energy Sales Dept. (Osaka Prefecture) Hyogo Commercial & Industrial Energy Sales Dept. (Hyogo Prefecture) Keiji Commercial & Industrial Energy Sales Dept. (Kyoto Prefecture)

	Pipeline Business Unit	Osaka Pipeline Dept. (Osaka Prefecture) Nanbu Pipeline Dept. (Osaka Prefecture) Hokutobu Pipeline Dept. (Osaka Prefecture) Hyogo Pipeline Dept. (Hyogo Prefecture) Keiji Pipeline Dept. (Kyoto Prefecture)
	LNG Terminal & Power Generation Business Unit	Semboku LNG Terminals (Osaka Prefecture) Himeji LNG Terminal (Hyogo Prefecture)
	R&D Headquarters	Energy Technology Laboratories (Osaka Prefecture)
Subsidiaries		Liquid Gas Co., Ltd. (Osaka Prefecture) Urbanex Co., Ltd. (Osaka Prefecture) Osaka Gas Information System Research Institute Co., Ltd. (Osaka Prefecture) Osaka Gas Chemicals Co., Ltd. (Osaka Prefecture)

(2) Employees

Business Segment	Number of Employees
Gas	11,660
LPG, Electric Power and Other Energy	1,292
Overseas Energy	69
Environment and Non-Energy	6,663
Total	19,684

Note: The above number of employees includes employees on fixed term contracts but excludes employees seconded to other organizations.

9. Major Lenders (as of March 31, 2011)

Lenders	Loans Outstanding on March 31, 2011 (Yen in millions)
Nippon Life Insurance Company	38,339
Japan Finance Corporation	38,200
Sumitomo Life Insurance Company	24,270
Meiji Yasuda Life Insurance Company	21,771
Development Bank of Japan Inc.	14,027

II. Officers

1. Details of Directors and Corporate Auditors (as of March 31, 2011)

Position	Name	Business in Charge	Significant Concurrent Positions
Representative Director and President Executive President	Hiroshi Ozaki		Director of Liquid Gas Co., Ltd. Director of Urbanex Co., Ltd. Director of Osaka Gas Information System Research Institute Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Representative Director Executive Vice-President	Hiroshi Yokokawa	Head of IT In charge of: Information and Communication Systems Dept., Regional Development Dept., Tokyo	Director of Liquid Gas Co., Ltd. Director of Osaka Gas Information System Research Institute Co., Ltd.

		Branch and Research Institute for Culture, Energy and Life Regional Resident Representative and Overall Regional Resident Representative Responsible for: Liquid Gas Co., Ltd., Osaka Gas Information System Research Institute Co., Ltd., and Osaka Gas Chemicals Co., Ltd.	Director of Osaka Gas Chemicals Co., Ltd.
Representative Director Executive Vice-President	Masashi Kuroda	Head of CSR In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept., Purchasing Dept., CSR & Environment Dept., Compliance Dept. and Auditing Dept. Responsible for: Urbanex Co., Ltd., and Corporate Planning Headquarters	Director of Urbanex Co., Ltd. Member of Osaka Prefectural Labor Commission
Representative Director Executive Vice-President	Takashi Sakai	Head of Safety Responsible for: Energy Resources & International Business Unit, LNG Terminal & Power Generation Business Unit, Pipeline Business Unit, Residential Energy Business Unit, Commercial & Industrial Energy Business Unit and R&D Headquarters	Representative Director and President of Osaka Rinkai Energy Service Corporation
Director Senior Executive Officer	Shigeki Hirano	Head of LNG Terminal & Power Generation Business Unit	
Director Senior Executive Officer	Kazuo Kakehashi	Head of Energy Resources & International Business Unit	
Director Senior Executive Officer	Noriyuki Nakajima	Head of Technology President of R&D Headquarters	
Director Senior Executive Officer	Masato Kitamae	President of Corporate Planning Headquarters	Representative Director of OG-Kanden Joint Planning Company
Director Senior Executive Officer	Takehiro Honjo	Head of Customer Services Head of Residential Energy Business Unit	
Director Senior Executive Officer	Koji Kono	Head of Pipeline Business Unit	

Director Senior Executive Officer	Hirofumi Kyutoku	Head of Commercial & Industrial Energy Business Unit	
Director	Tadamitsu Kishimoto		Professor of Graduate School of Frontier Biosciences of Osaka University Administrative Director of Senri Life Science Foundation
Director	Shunzo Morishita		Executive Adviser of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
Corporate Auditor (full-time)	Seishiro Yoshioka		
Corporate Auditor (full-time)	Akio Ukai		
Corporate Auditor	Toshihiko Hayashi		Professor of Doshisha University Graduate School of Policy and Management
Corporate Auditor	Kenji Torigoe		Professor of Kansai University School of Law

Notes:

1) "Responsible for" in the "Business in Charge" column means monitoring and providing advice and suggestions concerning the operations of any headquarters, organization, core company or person in a designated position according to its managerial importance and effect on business management.
2) Directors, Tadamitsu Kishimoto and Shunzo Morishita are both external directors as specified in Article 2, Item 15, of the Companies Act.
3) Corporate Auditors, Toshihiko Hayashi and Kenji Torigoe are both external corporate auditors as specified in Article 2, Item 16, of the Companies Act.
4) All of the external directors and external corporate auditors have been notified as independent officers pursuant to the provisions prescribed by each stock exchange where the shares of the Company are listed.
5) There are no special relationships between the entities set out in the column "Significant Concurrent Positions" for each external director and external corporate auditor and the Company.
6) Directors, Koji Kono and Hirofumi Kyutoku were newly appointed as directors at the 192nd Annual Meeting of Shareholders held on June 29, 2010, and assumed office on the same day.
7) The following persons were appointed to new positions or of new business in charge pursuant to the resolution adopted at the meeting of the Board of Directors on June 29, 2010 (previous position or business in charge in brackets):

Hiroshi Yokokawa (Representative Director, Executive Vice-President and Head of IT
In charge of: Information and Communication

	Systems Dept., Regional Development Dept., Tokyo Branch, Research Institute for Culture, Energy and Life, Regional Resident Representative, Overall Regional Resident Representative and Tokyo Representative Responsible for: Liquid Gas Co., Ltd., Osaka Gas Information System Research Institute Co., Ltd., and Osaka Gas Chemicals Co., Ltd.)
Masashi Kuroda	(Director, Senior Executive Officer In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept., Purchasing Dept. and CSR & Environment Dept.)
Takashi Sakai	(Director, Senior Executive Officer, Head of Customer Services and Head of Residential Energy Business Unit)
Takehiro Honjo	(Director, Senior Executive Officer and Head of Commercial & Industrial Energy Business Unit)

8) Changes in the "Significant Concurrent Positions" during the term under review

Representative Director Masashi Kuroda assumed the office of Director of Urbanex Co., Ltd., as of June 30, 2010.

Representative Director Takashi Sakai assumed the office of Representative Director and President of Osaka Rinkai Energy Service Corporation as of June 30, 2010.

Director Masato Kitamae became a Representative Director, having previously been Representative Director and President, of OG-Kanden Joint Planning Company as of June 30, 2010.

Director Shunzo Morishita retired as a Director of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION as of June 18, 2010.

Note 9) Directors' positions, "Business in Charge" and "Significant Concurrent Positions" as of April 1, 2011, were as follows.

Position	Name	Business in Charge	Significant Concurrent Positions
Representative Director and President	Hiroshi Ozaki		Director of Liquid Gas Co., Ltd. Director of Urbanex Co., Ltd. Director of Osaka Gas Information System Research Institute Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Representative Director Executive Vice-President	Masashi Kuroda	Head of CSR In charge of: CSR & Environment Dept., Regional Development Dept., Tokyo Branch, Compliance Dept., Auditing Dept., Regional Resident Representative and Overall Regional Resident Representative Responsible for: Urbanex Co., Ltd., Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.	Director of Urbanex Co., Ltd. Member of Osaka Prefectural Labor Commission
Representative Director Executive Vice-President	Takashi Sakai	Head of Safety Responsible for: Energy Resources & International Business Unit, LNG Terminal & Power Generation Business Unit, Pipeline Business Unit, Residential Energy Business Unit, Commercial & Industrial Energy Business Unit and R&D Headquarters	Representative Director and President of Osaka Rinkai Energy Service Corporation
Representative Director Executive Vice-President	Masato Kitamae	Head of IT President of Corporate Planning Headquarters In charge of: Information and Communication Systems Dept. and Research Institute for Culture, Energy and Life Responsible for: Liquid Gas Co., Ltd., Osaka Gas Information System Research Institute Co., Ltd., and Osaka Gas Chemicals Co., Ltd.	Representative Director of OG-Kanden Joint Planning Company Director of Liquid Gas Co., Ltd. Director of Osaka Gas Information System Research Institute Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Director Senior Executive	Shigeki Hirano	Head of LNG Terminal & Power Generation Business Unit	

Officer			
Director Senior Executive Officer	Noriyuki Nakajima	Head of Technology President of R&D Headquarters	
Director Senior Executive Officer	Takehiro Honjo	Head of Customer Services Head of Residential Energy Business Unit	
Director Senior Executive Officer	Koji Kono	Head of Pipeline Business Unit	
Director Senior Executive Officer	Hirofumi Kyutoku	Head of Commercial & Industrial Energy Business Unit	
Director	Hiroshi Yokokawa		
Director	Kazuo Kakehashi		Chairman of Osaka Gas Chemicals Co., Ltd.
Director	Tadamitsu Kishimoto		Professor of Graduate School of Frontier Biosciences of Osaka University Administrative Director of Senri Life Science Foundation
Director	Shunzo Morishita		Executive Adviser of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

2. Remuneration for Directors and Corporate Auditors

(1) Decision Policies of Remuneration for Directors and Corporate Auditors

Remuneration for each Director shall be determined by a resolution of the Board of Directors within the amount of remuneration approved at the Annual Meeting of Shareholders, taking into consideration the position and business in charge, etc. of each Director. Remuneration for each Corporate Auditor shall be determined through discussions among Corporate Auditors within the amount of remuneration approved at the Annual Meeting of Shareholders, taking into consideration the position, etc. of each Corporate Auditor.

(2) Remuneration paid to Directors and Corporate Auditors

15 Directors ¥539 million
4 Corporate Auditors ¥91 million
(including ¥43 million for four external officers)
Note:
The numbers and the amounts above include two directors who resigned at the end of the 192nd

Annual Meeting of Shareholders held on June 29, 2010.

3. External Officers

Director Tadamitsu Kishimoto

Principal Activities

(1) Attendance and Comments at the Meetings of the Board of Directors

Tadamitsu Kishimoto attended 9 out of 11 meetings of the Board of Directors.

He made comments as appropriate based on his long experience in management and from his independent position as an External Director.

Director Shunzo Morishita

Principal Activities

(1) Attendance and Comments at the Meetings of the Board of Directors

Shunzo Morishita attended 11 out of 11 meetings of the Board of Directors.

He made comments as appropriate based on his long experience in management and from his independent position as an External Director.

Corporate Auditor Toshihiko Hayashi

Principal Activities

(1) Attendance and Comments at the Meetings of the Board of Directors

Toshihiko Hayashi attended 9 out of 11 meetings of the Board of Directors.

He made no comment on the exercise of rights as a corporate auditor.

(2) Attendance and Comments at the Meetings of the Board of Corporate Auditors

Toshihiko Hayashi attended 10 out of 12 meetings of the Board of Corporate Auditors.

He made comments on the method and results of the audit and other matters concerning the performance of duties of the Corporate Auditors.

Corporate Auditor Kenji Torigoe

Principal Activities

(1) Attendance and Comments at the Meetings of the Board of Directors

Kenji Torigoe attended 11 out of 11 meetings of the Board of Directors.

He made no comment on the exercise of rights as a corporate auditor.

(2) Attendance and Comments at the Meetings of the Board of Corporate Auditors

Kenji Torigoe attended 12 out of 12 meetings of the Board of Corporate Auditors.

He made comments on the method and results of the audit and other matters concerning the performance of duties of the Corporate Auditors.

III. Shares

1. Number of Shares Issued and Number of Shareholders (as of March 31, 2011)

Number of Authorized Shares	3,707,506,909 shares
Number of Shares Issued and Outstanding	2,083,400,000 shares
Number of Shareholders (as of fiscal year end)	148,777

Note: The "Number of Shares Issued and Outstanding" includes 1,019,059 treasury shares and decreased by 74,983,539 from the previous year-end due to the retirement of treasury shares.

2. Principal Shareholders (as of March 31, 2011)

Shareholders	Number of shares held (1,000s)	Shareholding ratio (%)
Nippon Life Insurance Company	108,103	5.19
Japan Trustee Services Bank, Ltd. (trust account)	102,318	4.91
The Master Trust Bank of Japan, Ltd. (trust account)	82,620	3.97
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	69,929	3.36
Resona Bank, Limited	52,777	2.53
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	41,778	2.01
Japan Trustee Services Bank, Ltd. (trust account 9)	31,611	1.52
Aioi Nissay Dowa Insurance Co., Ltd.	30,961	1.49
Meiji Yasuda Life Insurance Company	29,191	1.40
Toyu-kai (Employees' Stockholding)	28,841	1.39

Note: The number of treasury shares is excluded from the "Number of Shares Issued and Outstanding" in calculating the shareholding ratios.

3. Acquisition and Retirement of Treasury Shares

- Acquisition of Treasury Shares
  According to a resolution of the Board of Directors at a meeting held on October 29, 2010, the Company acquired 63,724,000 of its own shares through open market purchases.
- Retirement of Treasury Shares
  According to a resolution of the Board of Directors at a meeting held on February 25, 2011, the Company retired 74,983,539 treasury shares, effective March 30, 2011.

IV. Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA LLC

Note: KPMG AZSA & Co. became KPMG AZSA LLC as of July 1, 2010.

2. Fees and Other Charges Payable to the Accounting Auditor for this fiscal year

(1)	Amount of fees and other charges payable to the accounting auditor by the Company for this fiscal year	(i) Fees for audit services in Article 2, Paragraph 1, of the Certified Public Accountants Law (Note)	¥82 million
		(ii) Amount of fees and other charges for services other than audit services in Article 2, Paragraph 1, of the Certified Public Accountants Law	¥47 million
(2)	Total amount of cash and other financial benefits payable by the Company and its subsidiaries		¥229 million

Note: As the audit fees under the Companies Act and those under the Financial Instruments and Exchange Law are not separated for the purpose of the audit contract executed between the Company and the accounting auditor and are impractical to separate, the amount specified above is the total amount of audit fees payable under both Laws.

3. Non-Audit Services

The Company entrusted the provision of advice from specialist perspective concerning International Financial Reporting Standards to the accounting auditor and pays consideration therefor.

4. Policy on Decision of Dismissal or Non-Reappointment of Accounting Auditor

In addition to the dismissal by the Board of Corporate Auditors of the accounting auditor under Article 340 of the Companies Act, in the event that the proper performance by the accounting auditor of its duties is found to be difficult, the Company may propose agendas concerning dismissal or non-reappointment of the accounting auditor at the shareholders' meeting with the consent of the Board of Corporate Auditors under Article 344, paragraphs 1 and 3 of the Companies Act or by request from the Board of Corporate Auditors under Article 344, paragraphs 2 and 3 of the Companies Act.

V. Systems to Ensure that the Executions of the Duties by the Directors Complies with the Laws and Regulations and the Articles of Incorporation and Other Systems to Ensure the Properness of Operations

The Company establishes systems (internal control systems) to ensure that the directors of the Company execute the duties in compliance with the laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of the Group’s operations at meeting of the Board of Directors. It was reported at the meeting of the Board of Directors held in April 26, 2011, that such systems are being properly operated.

1. Systems to ensure that the execution of the duties complies with the laws and regulations and the Articles of Incorporation

(1) Directors and employees of the Group shall sufficiently acquire and investigate information as the basis to execute the duties and through accurate understanding of the facts, make reasonable decisions in accordance with regulations on responsibilities and authorities.

(2) In order for the Board of Directors to make appropriate decisions and enhance its supervisory role, together with establishing an efficient system for the execution of its duties, executive directors shall retain independent external officers and adopt the executive officer system.

(3) Executive directors shall hold management meetings to provide information to the president and the Board of Directors to assist in the decision making process and discuss strategies and important matters concerning its management of the business.

(4) Executive directors shall establish the “Osaka Gas Group Code of Business Conduct” based on “Osaka Gas Group CSR Charter.” By familiarizing directors and employees with the Code, executive directors shall not only ensure the performance of duties in compliance with applicable laws and regulations and the Articles of Incorporation within the Group, but also contribute to the preservation of the environment, promote social responsibility and disassociate with antisocial forces, and promote business activities in a fair and appropriate manner.

(5) Executive directors shall make efforts to understand the status concerning compliance within the Group and promote compliance practices by establishing a consulting and reporting system as an internal reporting system and a CSR committee.

(6) If any problems are discovered regarding compliance within the Group, directors and employees of the Group are required to consult with or report to an executive director or other superior, or report the matter via the consulting and reporting system depending on the level of seriousness or urgency. Executive directors, head of compliance or other superiors shall investigate details of such matter and take necessary remedial measures.

2. System concerning the maintenance and the management of information on Directors’ execution of duties

(1) Executive directors and employees of the Group shall prepare minutes of the meetings of the Board of Directors, approval documents or other similar documents specifying matters including matters affecting decisions and the process by which a decision was reached, in accordance with regulations on responsibilities and authorities.

(2) Executive directors and employees of the Group shall properly store and manage the minutes of the meetings of the Board of Directors, approval documents or other information on execution of

duties according to the nature thereof.

3. Regulations and other systems to manage the risk of losses

(1) Executive directors shall take all possible steps to ensure the safety and stability of gas supplies in gas businesses by establishing safety regulations on matters concerning the construction, maintenance and operation of production and supply facilities, and by promoting the improvement of the production and supply systems.

(2) Executive directors of the Group and organizational heads of the Company (managers of basic organizations of the Company) shall take measures to prevent the occurrence of risks and minimize losses in the case of occurrence, and manage the risk of losses for each category of risk (risks due to external factors, internal factors, transactions with outside parties or other factors).

(3) The risk of losses shall be managed at the level of each basic organization and each affiliated company.

4. Systems to ensure the efficient execution of duties by directors

(1) Executive directors of the Group and organizational heads of the Company shall determine matters concerning the division of duties and decision-making within the Company and the Group in accordance with regulations on responsibilities and authorities. They shall also provide regulations regarding details of organizations and general matters to be observed during the execution of duties. By familiarizing employees with such regulations, they shall ensure the smooth management of organizations and the improvement of quality and efficiency of operations.

(2) With the aim of maximizing corporate value, executive directors of the Group and organizational heads of the Company shall establish medium-term business plans and annual plans for the Company and the Group, monitor its attainment by means of performance indicators and focus on achieving these plans.

5. Systems to ensure the properness of business operations of the Group

In addition to the above, executive directors shall take the following measures and make efforts to ensure proper operations.

(1) Companies to play a central role in each business area of the Group (core companies) or basic organizations to supervise affiliated companies (management support organizations) shall be designated to be responsible for day-to-day management of affiliated companies.

(2) Compliance with applicable laws and regulations and the Articles of Incorporation, the efficiency and other similar matters of the Group as a whole shall be audited internally by the head of the Auditing Department of the Company. If necessary in light of the results of such audit, remedial measures shall be taken promptly.

(3) Maintain, operate and evaluate internal control procedures in relation to financial reporting to ensure its credibility.

6. Matters concerning employees assisting corporate auditors in the performance of their duties in the case where the appointments of such employees are requested

(1) Executive directors, if requested by the corporate auditors, shall appoint employees to assist the corporate auditors in the performance of their duties and establish a corporate auditors' office

staffed by these corporate auditors' assistants.

(2) Corporate auditors' assistants shall be engaged solely in assisting the corporate auditors in the performance of their duties.

7. Matters concerning independence of corporate auditors' assistants from directors

(1) Executive directors cannot direct or give orders to corporate auditors' assistants except where such directions or orders apply equally to all employees.

(2) The opinions of the corporate auditors shall be sought in advance regarding the evaluation, transfer, and disciplining of corporate auditors' assistants.

8. Systems for reporting to the corporate auditors by directors and employees and other matters concerning reporting to the corporate auditors

(1) Directors shall report immediately to the corporate auditors if a matter that is significantly detrimental on the Company is discovered.

(2) Directors and employees shall report without delay matters that have a material impact on the business of the Group, the results of internal audits, the situation regarding the main reports under the consulting and reporting system and other important matters.

(3) Directors of the Group and employees of the Company shall report without delay when requested by the corporate auditors to report on matters concerning the execution of duties.

9. Other systems to ensure effective auditing by the corporate auditors

(1) The corporate auditors may exchange opinions periodically with the representative directors and the accounting auditor.

(2) The corporate auditors may attend management meetings and all company committee meetings. They may investigate as appropriate material information concerning the execution of duties, such as approval documents.

10. Confirmation of operation status, etc.

(1) Executive directors shall periodically confirm and assess the status of the operation of the internal control system and report the results to the Board of Directors.

(2) Executive directors shall take necessary measures by taking into consideration the assessment results of internal control system and other situations.

Consolidated Balance Sheet

(As of March 31, 2011)

(Yen in millions)

Assets		Liabilities	
Non-current Assets	**1,070,520**	**Non-current Liabilities**	**518,373**
Property, Plant and Equipment	**800,394**	Corporate bonds	269,733
Production facilities	84,785	Long-term borrowings due after one year	190,430
Distribution facilities	296,526	Deferred tax liabilities	11,079
Service and maintenance facilities	70,981	Deferred tax liabilities resulting from revaluation of assets	149
Other facilities	324,993	Reserve for retirement benefits	14,548
Construction in progress	23,106	Reserve for repairs of gas holders	1,715
		Reserve for safety measures	9,508
		Reserve for investment losses	3,280
		Other	17,927
Intangible Fixed Assets	**40,262**	**Current Liabilities**	**230,228**
Goodwill	3,172	Long-term debt due within one year	30,833
Other	37,089	Notes, bills and trade accounts payable	38,218
		Short-term borrowings	40,660
Investments and Other Assets	**229,862**	Accrued income and enterprise taxes	32,614
Investment securities	136,179	Other	87,900
Others	95,785		
Allowance for doubtful receivables	(2,102)	**Total Liabilities**	748,601
		Net Assets	
Current Assets	**366,776**	**Shareholders' Equity**	**650,692**
Cash & time deposits	98,422	Common stock	132,166
Notes and trade accounts receivable	136,930	Capital surplus	19,482
Securities	23,112	Retained earnings	499,366
Inventories	49,400	Treasury shares	(323)
Others	60,277	**Accumulated Other Comprehensive Income**	**14,267**
Allowance for doubtful receivables	(1,366)	Net unrealized holding gains on other securities	18,037
		Deferred income from hedge transactions	4,116
		Net unrealized holding gains on land	(519)
		Foreign currency translation adjustments	(7,367)
		Minority Interests	**23,735**
		Total Net Assets	**688,695**
Total Assets	**1,437,297**	**Total Liabilities and Net Assets**	**1,437,297**

Consolidated Income Statement
(April 1, 2010, to March 31, 2011)

(Yen in millions)

Account	Amount
Operating revenues	**1,187,142**
Cost of products sold	**750,159**
[Gross profit]	**[436,983]**
Expenses for distribution and sales and general administrative expenses	**348,399**
[Operating income]	**[88,584]**
Non-operating income	**10,124**
Interest income	608
Dividends income	1,956
Equity in gains of associated companies	2,161
Other non-operating income	5,396
Non-operating expenses	**16,335**
Interest payments	9,059
Other non-operating expenses	7,276
[Ordinary profit]	**[82,372]**
Extraordinary losses	**784**
Loss on adjustment accompanying application of accounting standard for asset retirement obligations	784
[Income before income taxes and minority interests]	**[81,587]**
Income taxes—current	**35,604**
Income taxes—deferred	**(1,875)**
[Income before minority interests]	**[47,858]**
Minority interests	**1,890**
Net income	**45,968**

Consolidated Statement of Changes in Net Assets
(April 1, 2010, to March 31, 2011)

(Yen in millions)

	Shareholders' Equity					Accumulated Other Comprehensive Income						
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Net unrealized holding gains on other securities	Deferred income from hedge transactions	Net unrealized holding gains on land	Foreign currency translation adjustments	Total accumulated other comprehensive income	**Minority Interests**	**Total Net Assets**
Balance at March 31, 2010	**132,166**	**19,482**	**492,974**	**(3,530)**	**641,093**	**23,542**	**4,939**	**(103)**	**(2,782)**	**25,596**	**23,871**	**690,561**
Changes during the fiscal year												
Distribution of retained earnings			(16,108)		(16,108)							(16,108)
Net income			45,968		45,968							45,968
Acquisition of treasury shares				(20,583)	(20,583)							(20,583)
Disposition of treasury shares			(1)	20	19							19
Retirement of treasury shares			(23,770)	23,770								
Reversal of net unrealized holding gains on land			303		303							303
Changes in items other than shareholders' equity during the fiscal year (net)						(5,505)	(822)	(416)	(4,584)	(11,328)	(135)	(11,464)
Total changes during the fiscal year			**6,391**	**3,207**	**9,598**	**(5,505)**	**(822)**	**(416)**	**(4,584)**	**(11,328)**	**(135)**	**(1,865)**
Balance at March 31, 2011	**132,166**	**19,482**	**499,366**	**(323)**	**650,692**	**18,037**	**4,116**	**(519)**	**(7,367)**	**14,267**	**23,735**	**688,695**

Notes to Consolidated Financial Statements (April 1, 2010, to March 31, 2011)

1. Notes to Significant Matters Forming the Basis of Preparation of These Consolidated Financial Statements

(1) Scope of consolidation

Number of consolidated subsidiaries: 131

(Names of principal consolidated subsidiaries)
Osaka Gas Chemicals Co., Ltd., Urbanex Co., Ltd., Osaka Gas Information System Research Institute Co., Ltd., and Liquid Gas Co., Ltd.

(2) Application of the equity method

Number of equity method affiliates: 7

(Names of principal equity method affiliates)
Idemitsu Snorre Oil Development Co., Ltd., and Bizkaia Energia, S.L.

(Names of principal affiliates not subject to the equity method)
The affiliates not subject to the equity method include primarily ENNET Corporation. The equity method is not applied to these affiliates because they do not have a material impact on net income or losses or retained earnings, etc. and are not material as a whole.

(3) Accounting standards

(i) Basis and methodology for the valuation of significant assets

a. Marketable securities:

Bonds held to maturity:	Stated at amortized cost
Other marketable securities:	
Securities for which it is practical to determine fair value:	Stated at fair value based on the market price on the settlement day. (Unrealized holding gains and losses are accounted for as a component of net assets; cost of sales is determined primarily using the moving-average method.)
Securities for which it is not practical to determine fair value:	Primarily stated at cost based on the moving-average method

b. Inventories:	Primarily stated at cost based on the moving-average method; inventories held for trading recorded on the balance sheet are depreciated to write down the carrying amount based on depreciation of profitability.
c. Derivatives:	Stated at fair value

(ii) Depreciation method of significant depreciable assets

a. Property, plant and equipment (excluding leased assets) are depreciated primarily using the declining-balance method. However, the straight-line method has been used for buildings (excluding structures attached to buildings) acquired after April 1, 1998.

b. Intangible fixed assets (excluding leased assets) are depreciated primarily using the straight-line method. For internal-use software, the straight-line method based on the term available for use within the Company has been applied.

c. Leased assets resulting from non-ownership-transfer finance leases are depreciated using the straight-line method over the useful life equal to the lease terms assuming no residual value.

(iii) Basis for recording significant reserves

a. Allowance for doubtful receivables
To provide for the bad debts loss of accounts receivable, loans receivable, etc., an estimated uncollectible amount is provided which is based on an amount calculated based on the default ratio in the past for general receivables and the individual collectability for certain receivables including receivables with default possibility (*Kashidaore Kenen Saiken*).

b. Reserve for retirement benefits
For the purposes of employee retirement benefits, an amount is provided based on the estimate of the retirement benefits obligation and pension assets at the end of the consolidated fiscal year.

c. Reserve for repairs of gas holders
To provide for the necessary expenditure for periodical repairs of spherical gas holders, an estimated amount for the next scheduled repair is provided based on the actual expenditure for the previous repair, which is proportionally allotted for the period up to such next scheduled repair.

d. Reserve for safety measures
To provide for the necessary expenditure to ensure the safety of gas business, an estimated amount of the expenditure necessary for promoting replacements with safety-enhanced models, for strengthening inspections and ensuring wide awareness as well as for countermeasure works on aged gas pipelines is provided.

e. Reserve for investment losses
To provide for any losses on the operations of associated companies, an amount of expected future losses has been provided as reserve.

(iv) Other significant matters for the preparation of these consolidated financial statements

Consumption taxes and other taxes are calculated using the net-of-tax method.

(4) Notes to Changes in Significant Matters Forming the Basis of Preparation of These Consolidated Financial Statements

(i) Application of the “Accounting Standard for Equity Method of Accounting for Investments” and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

Effective from this fiscal year, the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, issued on March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24, issued on March 10, 2008) have been applied. This change had no impact on profit and loss accounts.

(ii) Application of the “Accounting Standard for Asset Retirement Obligations”

Effective from this fiscal year, the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, issued on March 31, 2008) and the Guidance on “Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, issued on March 31, 2008) have been applied. This change decreased the operating profit, ordinary profit and income before income taxes and minority interests for this fiscal year, by ¥81 million, ¥26 million and ¥811 million, respectively.

(iii) Change in presentation
Due to the adoption of the Ministerial Ordinance for Partial Amendment to the Ordinance for Enforcement of the Companies Act, the Ordinance on Accounting of Companies, etc. (Ordinance of the Ministry of Justice No. 7, issued on March 27, 2009), in accordance with the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008), the account of “income before minority interests” was separately presented, effective from the fiscal year ended March 31, 2011.

2. Notes to the Consolidated Balance Sheet

(1) Assets pledged as collateral and secured liabilities

(i) Assets pledged as collateral

Property, plant and equipment	¥37,379 million
Investments and other assets	¥12,206 million
Others	¥5,285 million
Total	¥54,871 million

(ii) Secured liabilities ¥23,954 million

(2) Accumulated depreciation of property, plant and equipment:
¥2,147,012 million

(3) Guarantee liabilities, etc.

Guarantee liabilities:	¥5,825 million
Contingent liabilities in respect of debt assumption agreements with respect to corporate bonds:	¥39,000 million

3. Notes to Net Unrealized Holding Gains on Land

Commercial land of certain consolidated subsidiaries has been revalued in accordance with the Law Concerning the Revaluation of Land (Law No. 34 of March 31, 1998). Any difference resulting from the revaluation is included in net assets as net unrealized holding gains on land. The revaluation is made by making reasonable adjustments to the valuation by road rating which is provided for in Article 2, item 4 of the Enforcement Order of the Law Concerning the Revaluation of Land (Cabinet Order No. 119 of March 31, 1998).

Differences between the market value at the end of this consolidated fiscal year and its book value after revaluation in respect of revaluated lands ¥(1,071) million

4. Notes to Financial Instruments

(1) Matters concerning the status of financial instruments

It is the Group's policy to raise its operating funds through borrowings from financial institutions and the issuance of corporate bonds and to manage its assets through a conservative financial portfolio which limit exposure to losses. Also we comply with our accounting manual to diminish risks on counterpart credit risk against the notes, bills and trade accounts receivable. In derivative transactions, we use interest swap for adjusting the ratio between fixed and floating interest rates and fixing the interest level for corporate bonds and borrowings, exchange forward contracts and currency option contracts for minimising fluctuation of cash flow due to exchange fluctuation, swap and option of crude oil price, etc. for minimising fluctuation of cash flow due to change in crude oil price, etc, and weather derivatives for minimising movement of cash flow due to temperature variability. We do not invest in speculative transactions.

(2) Matters concerning market value etc. of financial instruments

Amounts recorded in the consolidated balance sheet, market values and the difference between such amount and value at the end of this fiscal year are as follows. Financial instruments for which it is extremely difficult to determine the market value are not included in the table below (see Note 2).

(Yen in millions)

	Amount recorded on the consolidated balance sheet	Market value	Difference
(1) Cash and time deposits	98,422	98,422	—
(2) Notes, bills and trade accounts receivable	136,930	136,930	—
(3) Securities and investment securities	75,705	75,705	—
Total Assets	311,058	311,058	—
(1) Notes, bills and trade accounts payable	38,218	38,218	—
(2) Short-term borrowings	40,660	40,660	—
(3) Corporate bonds[1]	270,203	281,819	11,616
(4) Long-term borrowings due after one year[1]	220,253	231,010	10,756
Total Liabilities	569,336	591,709	22,373
Derivative transaction[2]	5,197	5,197	—

[1] Includes those due within one year.
[2] Receivables and payables incurred by derivative transactions are shown in net amount.

Notes: 1. Matters concerning calculation method for market value of financial instruments, and matters concerning securities and derivatives

Assets

(i) Cash and time deposits, and (ii) Notes, bills and trade accounts receivable
As these items are settled within a short term, the market value is approximately equal to the book value and therefore the book value is listed for these items.

(iii) Securities and investments
Market values of shares are prices quoted by stock exchanges.
The market values of bonds are prices quoted by securities exchanges or calculated by using prices presented by main financial institutions.

Liabilities

(i) Notes, bills and trade accounts payable and (ii) Short-term borrowings
As these items are settled within a short term, the market value is approximately equal to the book value and therefore the book value is listed for these items.

(iii) Corporate bonds
The market value of a corporate bond issued by the Company and some of its consolidated subsidiaries is based on its market price (if any), or on its present value which is the total amount of its principal and interest, discounted by the interest rate derived by taking into consideration the remaining term and credit risk.

(iv) Long-term borrowings due after one year

The market value of long-term borrowings due after one year with fixed interest rate is calculated by discounting the sum of the principal and interest with the interest rate of new borrowings for the same amount. The market value of long-term borrowings due after one year with floating interest rate is its book value as such market value is considered to be approximately equal to the book value.

Derivatives

As of March 31, 2011, there were no derivative transactions for which hedge accounting is not applied.

The market value of derivative transactions for which the hedge accounting method is applied is the price quoted by the counterpart financial institutions, except for derivatives for which special exception of interest swap is applied. The market value of derivative for which special exception for interest swap is applied is included in the market value of long-term borrowings as it is treated as part of such long-term borrowings which is hedged.

2. Shares of affiliates and unlisted shares (amount recorded on the consolidated balance sheet: ¥83,586 million) are not included in "(iii) Securities and investment securities" as they have no market price and their future cash flows cannot be

estimated and therefore it is recognized as being very difficult to obtain market value.

5. Notes to Leased Properties, etc.

(1) Matters concerning the status of leased properties

The Company and some of its consolidated subsidiaries own office buildings for lease (including land) in Osaka Prefecture and other areas.

(2) Matters concerning market value of leased properties

(Yen in millions)

Amount recorded on the consolidated balance sheet	Market value
105,392	159,924

Notes: 1. The amount recorded on the consolidated balance sheet is the amount which deducts the accumulated depreciation amount and accumulated impairment loss amount from the acquisition cost.

2. The market value at the end of this consolidated fiscal year is the amount (including the amount adjusted by using the index etc.) based mainly on the method prescribed by the "Real Estate Appraisal Standard" and other similar methods.

6. Notes to the Consolidated Statement of Changes in Net Assets

(1) Number of shares issued and outstanding as of the consolidated fiscal year end

2,083,400,000 common shares

(2) Dividends

(i) Amount of payment of dividends

a. At the Annual Meeting of Shareholders held on June 29, 2010, the following were resolved with March 31, 2010, as a record date.

Dividends of common shares
(a) Total amount of dividends ¥7,517 million
(b) Dividend per share ¥3.50
(c) Effective date for dividends June 30, 2010

b. At the meeting of the Board of Directors held on October 29, 2010, the following were resolved with September 30, 2010, as a record date.

Dividends of common shares
(a) Total amount of dividends ¥8,591 million
(b) Dividend per share ¥4.00
(c) Effective date for dividends November 30, 2010

(ii) From the dividends for which the record date falls within this consolidated fiscal year, the following are dividends of which the effective date falls within the next consolidated fiscal year.

At the Annual Meeting of Shareholders to be held on June 29, 2011, the following is proposed with March 31, 2011, as a record date. Dividends are to be appropriated from retained earnings.

Dividends of common shares

(a)	Total amount of dividends	¥8,329 million
(b)	Dividend per share	¥4.00
(c)	Effective date for dividends	June 30, 2011

7. Notes to Per Share Information

(1)	Net asset amount per share	¥319.33
(2)	Net income per share:	¥21.62

Non-consolidated Balance Sheet

(As of March 31, 2011)

(Yen in millions)

Assets		Liabilities	
Non-current Assets	**895,697**	**Non-current Liabilities**	**410,324**
Property, Plant and Equipment	**475,889**	Corporate bonds maturing after one year	265,638
Production facilities	83,185	Long-term borrowings due after one year	119,678
Distribution facilities	296,029	Long-term credits from associated companies	837
Service and maintenance facilities	70,110	Deferred tax liabilities	3,014
Incidental business facilities	4,797	Reserve for retirement benefits	4,546
Construction in progress	21,766	Reserve for repairs of gas holders	1,697
Intangible Fixed Assets	**5,582**	Reserve for safety measures	9,508
Patents	38	Reserve for investment losses	3,280
Leaseholds	2,905	Other non-current liabilities	2,124
Other	2,637	**Current Liabilities**	**198,566**
Investments and Other Assets	**414,226**	Long-term debt due within one year	21,982
Investment in securities	40,400	Trade accounts payable	15,165
Investment in associated companies	159,277	Other payables	17,056
Long-term loans to associated companies	158,832	Accrued expenses	34,572
Investment in capital	22	Accrued income and enterprise taxes	23,650
Long-term prepaid expenses	10,066	Advance received	3,555
Prepaid pension expenses	39,811	Deposits received	1,235
Other investments	6,480	Short-term borrowings from associated companies	60,221
Allowance for doubtful receivables	(665)	Short-term credits from associated companies	19,738
		Other current liabilities	1,386
		Total Liabilities	**608,890**
Current Assets	**248,064**	**Net Assets**	
Cash & time deposits	65,516	**Shareholders' Equity**	**518,493**
Notes and bills receivable	335	**Common stock**	**132,166**
Trade accounts receivable	77,402	**Capital surplus**	**19,482**
Trade accounts receivable from associated companies	9,896	Capital reserve	19,482
Other receivables	8,496	**Retained earnings**	**367,167**
Securities	20,012	Retained earnings reserve	33,041
Finished products	148	Other retained earnings	
Raw materials	15,837	Reserve for deferred gain from replacement of designated properties, etc.	214
Supplies	8,041		
Short-term loans to associated companies	20,633	Reserve against losses on overseas investments, etc.	10,061
Short-term credits against associated companies	2,958	Raw material cost fluctuation adjustment reserve	89,000
Deferred tax assets	7,789	Special reserves	62,000
Other current assets	11,495	Retained earnings carried forward	172,849

Allowance for doubtful receivables	(499)	**Treasury shares**	**(323)**
		Treasury shares	(323)
		Net Gains on Valuation and Foreign Currency Translation, etc.	**16,377**
		Net unrealized holding gains on other securities	**11,324**
		Net unrealized holding gains on other securities	11,324
		Deferred income from hedge transactions	**5,052**
		Deferred income from hedge transactions	5,052
		Total Net Assets	**534,870**
Total Assets	**1,143,761**	**Total Liabilities and Net Assets**	**1,143,761**

Non-consolidated Income Statement
(April 1, 2010, to March 31, 2011)

(Yen in millions)

Costs and Expenses		Operating Revenues	
Cost of products sold	**386,501**	**Sales of products manufactured**	**707,668**
Inventory at the beginning of the period	116	Sales of gases	707,668
Cost of products manufactured	390,393		
Amount of products purchased	0		
Own use of products manufactured	3,860		
Inventory at the end of the period	148		
(Gross profit)	**(321,167)**		
Expenses for distribution and sales	**233,693**		
General administrative expenses	**55,854**		
(Income from operations)	**(31,619)**		
Miscellaneous operating expenses	**107,755**	**Miscellaneous operating revenues**	**114,796**
Installation expenses	21,060	Revenue from house-pipe installations	20,507
Appliance sales expenses	86,695	Appliance sales revenues	88,451
		Revenue from consignment supply business	2,299
		Other miscellaneous operating revenues	3,537
Expenses for incidental businesses	**81,658**	**Revenues from incidental businesses**	**95,582**
Expenses for electric power supply	46,878	Revenue from electric power supply	59,248
Expenses for LNG sales	23,194	Revenue from LNG sales	23,460
Expenses for other incidental businesses	11,585	Revenues from other incidental businesses	12,873
(Operating income)	**(52,583)**		
Non-operating expenses	**7,770**	**Non-operating income**	**10,389**
Interest payments	2,397	Interest income	2,242
Interest payments on corporate bonds	3,835	Interest income on investment securities	26
Amortization of bond issue expenses	40	Dividends income	909
Other miscellaneous expenses	1,497	Dividends income from associated companies	1,661
		Rental income	1,634
(Ordinary profit)	(55,202)	Other income	3,914
(Income before income taxes)	**(55,202)**		
Income taxes—current	**22,400**		
Income taxes—deferred	**(1,716)**		
Net income	**34,519**		
Total	**928,436**	**Total**	**928,436**

Non-consolidated Statement of Changes in Net Assets

(April 1, 2010, to March 31, 2011)

(Yen in millions)

	Shareholders' Equity													Net Gains on Valuation and Foreign Currency Translation, etc.			
		Capital Surplus		Retained Earnings													
					Other Retained Earnings												
	Common stock	Capital reserve	Total capital surplus	Retained earnings reserve	Reserve for deferred gain from replacement of designated properties, etc.	Reserve for depreciation of designated gas pipeline construction	Reserve against losses on overseas investments, etc.	Raw material cost fluctuation adjustment reserve	Special reserves	Retained earnings carried forward	Total retained earnings	Treasury shares	Total shareholders' equity	Net unrealized holding gains on other securities	Deferred income from hedge transactions	Total net gains on valuation and foreign currency translation, etc.	**Total Net Assets**
Balance at March 31, 2010	132,166	19,482	19,482	33,041	214	64	11,093	89,000	62,000	177,114	372,529	(3,530)	520,647	15,477	5,914	21,392	542,040
Changes during the fiscal year																	
Reversal of reserve for depreciation of designated gas pipeline construction						(64)				64							
Accumulated reserve against losses on overseas investments, etc.							973			(973)							
Reversal of reserve against losses on overseas investments, etc.							(2,005)			2,005							
Distribution of retained earnings										(16,108)	(16,108)		(16,108)				(16,108)
Net income										34,519	34,519		34,519				34,519
Acquisition of treasury shares												(20,583)	(20,583)				(20,583)
Disposition of treasury shares										(1)	(1)	20	19				19
Retirement of treasury shares										(23,770)	(23,770)	23,770					
Changes in items other than shareholders' equity during the fiscal year (net)														(4,153)	(861)	(5,015)	(5,015)
Total changes during the fiscal year						(64)	(1,031)			(4,265)	(5,361)	3,207	(2,154)	(4,153)	(861)	(5,015)	(7,169)
Balance at March 31, 2011	132,166	19,482	19,482	33,041	214		10,061	89,000	62,000	172,849	367,167	(323)	518,493	11,324	5,052	16,377	534,870

Notes to Non-consolidated Financial Statements (April 1, 2010, to March 31, 2011)

1. Notes to Matters in respect of Significant Accounting Policies

(1) Basis and methodology for the valuation of assets

(i) Valuation of marketable securities:

Bonds held to maturity:	Stated at amortized cost
Shares of subsidiaries and affiliated companies:	Stated at cost based on the moving-average method
Other marketable securities:	
Securities for which it is practical to determine fair value:	Stated at fair value based on the market price on the settlement day (Unrealized holding gains and losses are accounted for as a component of net assets; cost of sales is determined using the moving-average method.)
Securities for which it is not practical to determine fair value:	Stated at cost based on the moving-average method

(ii) Inventories are valued as follows; provided, however that inventories held for trading recorded on the balance sheet are depreciated to write down the carrying amount based on depreciation of profitability:

Finished products:	Stated at cost based on the weighted-average method
Raw materials:	Stated at cost based on the moving-average method
Supplies:	Stated at cost based on the moving-average method

(iii) Derivatives are stated at fair value.

(2) Depreciation method of non-current assets

(i) Property, plant and equipment (excluding leased assets) are depreciated using the declining-balance method. However, the straight-line method has been used for buildings (excluding structures attached to buildings) acquired after April 1, 1998.

(ii) Intangible fixed assets (excluding leased assets) are depreciated using the straight-line method. For internal-use software, the straight-line method based on the term available for use within the Company has been applied.

(iii) Leased assets resulting from non-ownership-transfer finance leases are depreciated using the straight-line method over the useful life equal to the lease terms assuming no residual value.

(3) Basis for recording reserves

(i) As for the allowance for doubtful receivables, to provide for the bad debts loss of accounts receivable, loans receivable, etc., an estimated uncollectible amount is provided which is based on an amount calculated based on the default ratio in the past for general receivables and the individual collectability for certain receivables including receivables with default possibility (*Kashidaore Kenen Saiken*).

(ii) As for the reserve for retirement benefits, for the purposes of employee retirement benefits, an amount is provided based on the estimate of the retirement benefits obligation and pension assets at the end of the fiscal year.

(iii) As for the reserve for repairs of gas holders, to provide for the necessary expenditure for periodical repairs of spherical gas holders, an estimated amount for the next scheduled repair is provided based on the actual expenditure for the previous repair, which is proportionally allotted for the period up to such next scheduled repair.

(iv) As for the reserve for safety measures, to provide for the necessary expenditure to ensure the safety of gas business, an estimated amount of the expenditure necessary for promoting replacements with safety-enhanced models, for strengthening inspections and ensuring wide awareness as well as for countermeasure works on aged pipelines is provided.

(v) As for the reserve for investment losses, an amount of expected future losses has been provided as reserve to provide for any losses on the operations of associated companies.

(4) Other significant matters forming the basis of preparation of the non-consolidated balance sheet, etc.
Consumption taxes and other taxes are calculated using the net-of-tax method.

(5) Changes in Accounting Principles or Procedures

Application of the “Accounting Standard for Asset Retirement Obligations”
Effective from the fiscal year ended March 31, 2011, the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, issued on March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, issued on March 31, 2008) have been applied. This change had no impact on the Company’s profit and loss accounts.

2. Notes to the Non-consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment and accumulated depreciation

of intangible fixed assets

Accumulated depreciation of property, plant and equipment: ¥1,889,141 million

Accumulated depreciation of intangible fixed assets: ¥2,927 million

(2) Guarantee liabilities, etc.

Guarantee liabilities:	¥45,669 million
Contingent liabilities in respect of debt assumption agreements with respect to corporate bonds:	¥39,000 million

3. Notes to the Non-consolidated Income Statement

Amount of business from operational transactions with associated companies:

Sales to associated companies:	¥62,160 million
Amount of purchases from associated companies:	¥123,529 million

Amount of business from non-operational transactions with associated companies: ¥13,464 million

4. Notes to the Non-consolidated Statement of Changes in Net Assets

Number of treasury shares at the end of the fiscal year: 1,019,059 common shares

5. Notes to Tax Effect Accounting

(1) The main factors for the deferred tax assets are, excess depreciation of depreciable assets, excess depreciation of deferred assets and reserve for safety measures.

(2) The main factors for the deferred tax liabilities are prepaid severance and retirement benefit expenses, net unrealized holding gains on other securities and reserve required under the Special Taxation Measures Law.

6. Notes to Per Share Information

(1) Net asset amount per share: ¥256.86
(2) Net income per share: ¥16.23

Accounting Auditors' Report on the Consolidated Financial Statements

Independent Auditors' Report

May 13, 2011

To the Board of Directors of Osaka Gas Co., Ltd.

KPMG AZSA LLC

Takashi Yoshida, Designated and Engagement Partner
Certified Public Accountant
Hiroshi Matsumoto, Designated and Engagement Partner
Certified Public Accountant
Tadahiko Asano, Designated and Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, i.e., consolidated balance sheet, consolidated income statement, consolidated statement of changes in net assets and notes to consolidated financial statements, of Osaka Gas Co., Ltd., for the fiscal year from April 1, 2010, to March 31, 2011, in accordance with Article 444, Paragraph 4, of the Companies Act. The management is responsible for the preparation of these consolidated financial statements, and it is our responsibility to form an independent opinion on such consolidated financial statements.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit is basically conducted through examining, on a test basis. An audit includes assessing the accounting policies used and significant estimates made by the management, as well as the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets and earnings of the business group consisting of Osaka Gas Co., Ltd., and its consolidated subsidiaries for the fiscal year ended March 31, 2011, in conformity with accounting principles generally accepted as fair and appropriate in Japan.

Neither KPMG AZSA LLC nor any of its engagement partners have interests in Osaka Gas Co., Ltd., that should be disclosed under the Certified Public Accountant Law.

Accounting Auditors' Report on the Non-Consolidated Financial Statements

Independent Auditors' Report

May 13, 2011

To the Board of Directors of Osaka Gas Co., Ltd.

KPMG AZSA LLC

Takashi Yoshida, Designated and Engagement Partner
Certified Public Accountant
Hiroshi Matsumoto, Designated and Engagement Partner
Certified Public Accountant
Tadahiko Asano, Designated and Engagement Partner
Certified Public Accountant

We have audited the non-consolidated financial statements, i.e., non-consolidated balance sheet, non-consolidated income statement, non-consolidated statement of changes in net assets, notes to non-consolidated financial statements and the supporting schedules of Osaka Gas Co., Ltd., for the 193rd fiscal term from April 1, 2010, to March 31, 2011, in accordance with Article 436, Paragraph 2, Item 1, of the Companies Act. The management is responsible for the preparation of these financial statements and the supporting schedules, and it is our responsibility to form an independent opinion on such financial statements and supporting schedules.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements and the supporting schedules are free of material misstatement. An audit is basically conducted through examining, on a test basis. An audit includes assessing the accounting policies used and significant estimates made by the management, as well as the overall presentation of the financial statements and the supporting schedules. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements and the supporting schedules referred to above present fairly, in all material respects, the assets and earnings of Osaka Gas Co., Ltd., for the 193rd fiscal term ended March 31, 2011, in conformity with accounting principles generally accepted as fair and appropriate in Japan.

Neither KPMG AZSA LLC nor any of its engagement partners have interests in Osaka Gas Co., Ltd., that should be disclosed under the Certified Public Accountant Law.

Audit Report by the Board of Corporate Auditors

Audit Report

The Board of Corporate Auditors prepared this Corporate Auditors' Report upon deliberation based on reports by each Corporate Auditor regarding the execution by the Directors of their duties for the 193rd fiscal term from April 1, 2010, to March 31, 2011. We report as follows:

1. Method and details of the audit by the Corporate Auditors and the Board of Corporate Auditors

(1) The Board of Corporate Auditors has established an audit policy, an audit plan and other matters and has received reports from each Corporate Auditor on the status of implementation and the results of the audit.
In addition, the Board of Corporate Auditors has received reports from the Directors and the Accounting Auditor on the execution of their duties and requested explanations as necessary.

(2) Each Corporate Auditor has communicated with the Directors, the internal auditing division and other employees in conformity with the auditing standards established by the Board of Corporate Auditors and pursuant to the audit policy, the audit plan and other matters. The audit has been implemented based on the following method.

(i) We have attended meetings of the Board of Directors and other important meetings and have been informed as needed by the Directors, employees and others in respect of the status of execution of their duties. Furthermore, we have examined important documents in respect of the authorization of corporate actions and inspected the operations and the assets of the Company at its head office and principal business offices.
With regard to subsidiaries, we have communicated with directors, corporate auditors and others of the subsidiaries, and visited them as necessary in order to inspect their operations and assets.

(ii) Regarding the content of a resolution of the Board of Directors concerning the establishment of systems to ensure that the Directors execute their duties in compliance with the laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of operations of stock company as provided for in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act and the system (internal control system) established based on such resolution, we have received regular reports from the Directors, employees and others on the status of the development and operation of such system, requested explanations as necessary and expressed our opinion thereon.

(iii) We have received reports from the Accounting Auditor on the performance of its duties and requested explanations as necessary. Furthermore, we have received a notice from the Accounting Auditor that the "system to ensure that duties are properly performed" (stipulated in each item of Article 131 of the Corporate Accounting Ordinance) is established in accordance with the "Quality Management Standards concerning the Audit" (Financial Services Agency, Business Accounting Council) and other standards and requested explanations as necessary.

Based on the above method, we have examined the business report, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated income statement, non-consolidated statement of changes in net assets and notes to non-consolidated financial statements) and their supporting schedules and the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in net assets and notes to consolidated financial statements) for the fiscal year ended March 31, 2011.

2. Results of the audit

(1) Results of the audit of the business report, etc.

(i) The business report and its supporting schedules give a fair and proper account of the Company's business in accordance with applicable laws and the Articles of Incorporation.

(ii) No misconduct or material facts that are in breach of applicable laws or the Articles of Incorporation have been detected in respect of the execution by the Directors of their duties.

(iii) The content of the resolution of the Board of Directors concerning the internal control system is fair and proper. In addition, the maintenance and operation of the internal control system have been continuously improved and there is no matter of concern regarding the execution by the Directors of their duties in respect of the internal control system.

(2) Results of the audit of the non-consolidated financial statements and their supporting schedules

Methods used by KPMG AZSA LLC as the Accounting Auditor for this audit, and the results thereof, are fair and proper.

(3) Results of the audit of the consolidated financial statements

Methods used by KPMG AZSA LLC as the Accounting Auditor for this audit, and the results thereof, are fair and proper.

May 17, 2011

Osaka Gas Co., Ltd., Board of Corporate Auditors

Seishiro Yoshioka	Full-Time Corporate Auditor [seal]
Akio Ukai	Full-Time Corporate Auditor [seal]
Toshihiko Hayashi	External Corporate Auditor [seal]
Kenji Torigoe	External Corporate Auditor [seal]