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(Securities Identification Code: 9532)

Report for the 195th Fiscal Year

From April 1, 2012 to March 31, 2013

Osaka Gas Co., Ltd.

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Notes to consolidated financial statements and notes to non-consolidated financial statements are provided separately at the Company's Web site (<http://www.osakagas.co.jp/company/ir/stock/inform/index.html>) in accordance with the laws and regulations and the Company's Articles of Incorporation.

The consolidated financial statements and non-consolidated financial statements audited by the accounting auditor and corporate auditors include the statements provided in the Report for the 195th Fiscal Year, as well as the notes to consolidated financial statements and notes to non-consolidated financial statements that are provided separately at the aforementioned Web site.

Business Report (April 1, 2012 to March 31, 2013)

I. Current Situation of the Business Group

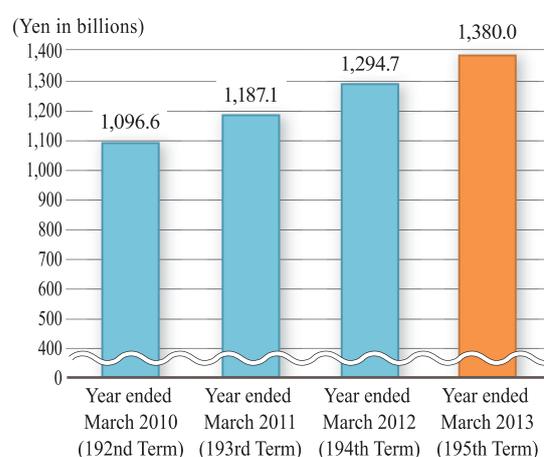
1. Business Operations and Results

During the fiscal year under review, the Japanese economy achieved a gradual recovery with a favorable recovery in the U.S. economy, a break from economic downturn in China and Europe and increased demand in association with restoration efforts after the Great East Japan Earthquake. In addition, the aggressive economic policies of the new administration have led to yen depreciation, higher stock prices and improved business sentiment and enabled us to have high expectations for future growth.

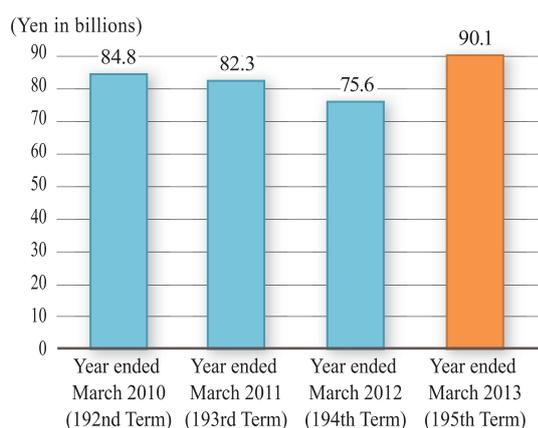
In such a business environment, the Osaka Gas Group (the “Group”) has aggressively conducted its businesses with the core management principle of “Value Creation Management.”

Consolidated revenues of the Group for the fiscal year under review increased 6.6% from the previous year to ¥1,380 billion mainly because gas sales unit prices remained high under the fuel cost adjustment system (see Graph 1). Consolidated ordinary profit jumped 19.1% to ¥90.1 billion mainly due to increased income from the gas and electric power businesses (see Graph 2). Consolidated net income for the fiscal year under review increased 16.1% to ¥52.4 billion (see Graph 3).

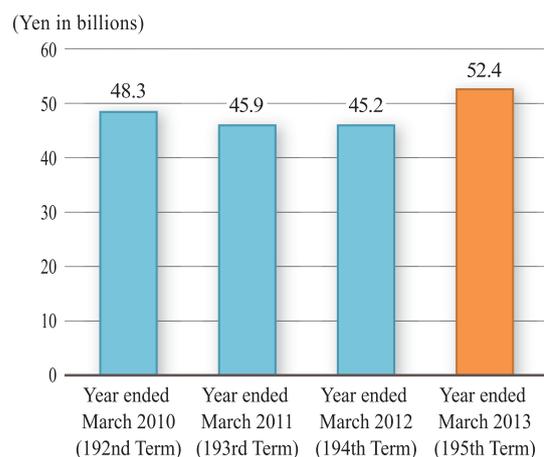
Graph 1: Transition of Consolidated Revenues



Graph 2: Transition of Consolidated Ordinary Profits



Graph 3: Transition of Consolidated Net Income



An overview of the Group's operations by business segment was as follows.

(1) Gas

Revenues

Revenues increased 6.4% from the previous year to ¥1,038.5 billion, as gas sales unit prices remained high under the fuel cost adjustment system.

Number of Customers (Meters Installed)

The number of customers (by number of meters installed) increased by 40 thousand from the previous year-end and reached 7,114 thousand as of March 31, 2013.

Gas Sales Volume

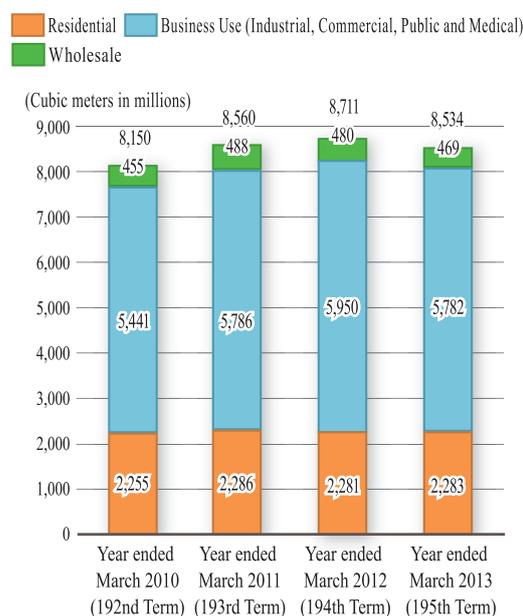
The residential gas sales volume was almost unchanged from the previous year at 2,283 million cubic meters.

The business gas sales volume decreased 2.8% to 5,782 million cubic meters, reflecting the decreased level of facility operation of existing customers for industrial-use gas and the energy-saving efforts of customers for commercial-, public- and medical-use gases.

Wholesale gas volume decreased 2.3% to 469 million cubic meters.

As a result, total gas sales volume dropped 2.0% to 8,534 million cubic meters (see Graph 4).

Graph 4: Transition of Gas Sales Volume by Use



Sales of Gas Appliances

Regarding residential gas appliances, we endeavored to expand sales of the “ENE-FARM” residential fuel cell, the “ECOWILL” residential gas engine cogeneration system and the “Double Power Generation” system, which is a combination of ENE-FARM or ECOWILL with photovoltaic power generation.



Launched in April 2012, the ENE-FARM type S (solid oxide fuel cell) has been highly evaluated for its high power generation efficiency of 46.5% and other energy-saving features and won Minister Prize of Economic, Trade and Industry at Energy Conservation Grand Prize for excellent energy conservation. In addition, we expanded our product lineup by adding a function to the ENE-FARM* series that enables continued operation during a power outage and introducing a new product in the ECOWILL series.

*Continued operation is available only when ENE-FARM generates power at the occurrence of a power outage.

In October 2012, we launched a new gas-powered rice cooker called “Jikabi-no-Takumi,” with the aim of re-creating the excellent taste of rice cooked in a stone oven.

Regarding gas appliances for business use, the Company strove to promote sales of gas engine heat pump air-conditioning systems, including the highly efficient “GHP XAIR” and the “HIGH POWER EXCEL” with an electric generation function, and a mini-cogeneration system “GENELIGHT”. In addition, we endeavored to expand sales of gas cogeneration systems in response to the growing needs of customers to save power and ensure the security of power sources.

In April 2012, the Company launched “GHP EXCEL PLUS,” an improved version of HIGH POWER EXCEL with an added function that enables continued operation during a power outage.

The Company also developed “Full Flat gas conro series”—table built-in cooking stoves for business use—to achieve design excellence and ease of maintenance. The series’ “TRIANGLE” model won the Good Design Award.



Gas-powered rice cooker
“Jikabi-no-Takumi”



“GHP Excel Plus”



“TRIANGLE,” a table built-in cooking stove for business use, developed jointly with Kyoto Institute of Technology and YAMAOKA INDUSTRIAL CO., LTD.

(2) LPG, Electric Power and Other Energy

Revenues increased 8.8% from the previous year to ¥215.5 billion, mainly owing to an increase in revenue from the electric power business.

Regarding the electric power business, power generating plants, including the Semboku Natural Gas Power Plant, continued to operate favorably.

In May 2012, the Company started the supply of LNG (liquefied natural gas) to The Okinawa Electric Power Company, Incorporated (OEPC). It is planned to supply a part of the LNG procured by the Company to the thermal power plants of OEPC over a period of 27 years.

(3) Overseas Energy

Revenues declined 3.5% from the previous year to ¥10.7 billion.

In June 2012, the Company joined the Pearsall shale gas and liquids development project in Texas, USA, acquiring part of the interests in the project, in which it is planned to drill several hundred wells for the next 30 years and produce natural gas, light crude oil, etc., jointly with U.S.-based Cabot Oil & Gas Corporation.

As part of the efforts to stabilize the procurement of raw materials and reduce product prices, the Company concluded a liquefaction tolling agreement with a subsidiary of Freeport LNG Development, L.P. (USA) in July 2012. This agreement is designed to procure LNG by liquefying the U.S. origin natural gas, including shale gas, at a liquefaction facility of Freeport LNG in Texas, USA.

In March 2013, the Company concluded an agreement with Singapore-based City Gas Pte Ltd to jointly conduct sales of natural gas in the industrial gas market of Singapore. This marks the Osaka Gas Group's first gas sales business in overseas markets.



Pearsall shale gas and liquids development project



Freeport LNG terminal

(4) Environment and Non-Energy

Revenues grew 0.6% from the previous year to ¥185.6 billion.

Regarding the environment business, the Company jointly participated in a large-scale solar power generation project (total generating capacity: approx. 100,000 kW) in the Province of Ontario, Canada, in June 2012. Within Japan, Gas and Power Co., Ltd., constructed three large-scale photovoltaic power plants.

The operation of the Company's wind power generation plants at home and abroad continued to operate well. Gas and Power Co., Ltd., acquired the shares of Hizen Wind Power Company, LTD and Hirao Wind Power Company, LTD in November 2012 to make them subsidiaries, which raised the wind generation capacity of the Osaka Gas Group to about 138,000 kW.

Regarding the non-energy business, Urbanex Co., Ltd.,* acquired four rental apartments, including "Urbanex Kobe Rokko," an environment-friendly rental apartment designed to contribute to preserving the biodiversity of the community, during the fiscal year under review.

*As of April 1, 2013, Urbanex Co., Ltd., absorbed Osaka Gas Maison Co., Ltd., and changed its name to OSAKA GAS URBAN DEVELOPMENT Co., Ltd.

The Osaka Gas Chemicals group, which engages in the material solutions business, sought to expand its range of businesses, as Japan EnviroChemicals, Ltd., one of the group companies, concluded a supply-distributorship agreement for activated carbon with Germany-based CarboTech AC GmbH / CarboTech Services GmbH.



Photovoltaic power plant in Ontario



Hizen Wind Power Plant



"Urbanex Kobe Rokko" environment-friendly rental apartment

[Revenues for Each Business Segment]

(Amount: Yen in billions, Ratio: %)

	Gas	LPG, Electric Power and Other Energy	Overseas Energy	Environment and Non-Energy	On a Consolidated Basis
Revenues	1,038.5	215.5	10.7	185.6	1,380.0
Percentage Change from Previous Year	+6.4	+8.8	-3.5	+0.6	+6.6
Percentage of revenues	71.6	14.9	0.7	12.8	—

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

2. Capital Investment Activities

The amount of capital investments by the Group was ¥112.9 billion.

The Company lengthened its gas trunk and branch lines by 321 kilometers, bringing the total length to 49,456 kilometers as of the end of the fiscal year under review.

The construction of the Mie-Shiga and Himeji-Okayama lines continued during the fiscal year under review.

Other capital investment activities included works for ensuring stable supply and security at manufacturing and supply facilities, equipment works related to natural gas development and production businesses in subsidiaries of the Company and construction of LNG carriers.

3. Financing Activities

During the fiscal year under review, the Group borrowed ¥20.4 billion and repaid ¥16.6 billion of long-term loans; with respect to the corporate bonds*, it issued ¥10.0 billion of ordinary bonds (at face value) and redeemed existing corporate bonds* in the aggregate amount of ¥20.7 billion.

*Short-term bonds are excluded.

4. Outstanding Issues

(1) Management Issues

An energy business operator is expected to supply energy in a manner that is safe, stable, economical and friendly to the environment. By promoting the use of natural gas to fulfill these expectations and properly accommodating any changes in the business environment, including a possible shift in energy policy and economic fluctuations at home and abroad, the Group seeks to achieve sustainable growth on a continuous basis, which is the greatest management issue for the Group.

(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.

(a) Further Enhancement of the Energy Business

(i) Stable and economical procurement

We endeavor to ensure the stable procurement of raw materials such as natural gas by diversifying sources, by way of procuring from many producers. We also aim for the material procurement that enhances our market competitiveness through the diversification of price indices.

(ii) Promoting the use of natural gas and dispersed power generation systems

In the residential market, we seek to expand natural gas usage by promoting gas cogeneration systems, including fuel cells and the "Double Power Generation" system, which combines the above systems with photovoltaic power generation. We will also promote "home energy management systems (HEMS)" to make energy flows "visible" to users.

In the business market, we will promote wider use of natural gas mainly by increasing sales of gas cogeneration systems and gas air-conditioning systems, thereby contributing to enhancing energy security for customers and reducing peak power demand.

(iii) Expanding the electric power business and the broader-area energy business

For the electric power business, we continue to seek steady operation and careful maintenance of our own power generation plants such as the Semboku Natural Gas Power Plant. We also seek to expand the range of power sources, including power cogeneration systems that enable the effective use of exhaust heat.

For the broader-area energy business, we will strengthen our alliances with energy business operators in a wider geographic area, while accelerating our efforts for the promotion of natural gas usage in areas along the new gas high-pressure pipelines.

(iv) Reinforcing the LPG business

We seek to increase profitability by increasing sales volume and the number of customers, as well as promoting cost reductions.

(v) Stable and safe energy supply

We continue to address such issues as reinforcement of the distribution network by constructing gas high-pressure pipelines, the scheduled renovation of aged production and distribution facilities, and the review of the measures against earthquake and tsunami and the business continuity plan. We also continue to provide around-the-clock responses to emergencies, including gas leakages.

(b) Expansion of the International Energy Business

To ensure the stable procurement of natural gas and to generate profits, the Group seeks to acquire new interests including shale gas development projects, while advancing steady development projects for the gas fields in which it already has interests.

In addition, the Group ensures steady management of the overseas electric power, gas and energy service businesses in which it is involved, while seeking the acquisition of new projects.

(c) Expansion of Earnings from the Environment and Non-Energy Businesses

The Group seeks to expand the array of its renewable energy businesses to promote environmental protection with a focus on reducing CO₂ emissions.

In the area of non-energy businesses such as city development, information and materials-related solutions, the Group seeks to encourage comfortable lifestyles and business development for customers by offering better products and services.

(d) Reinforcement of Operating Foundations to Ensure Sustainable Growth

(i) Technological development

The Group continues to engage in extensive efforts to achieve higher efficiency and lower costs for gas appliances, including fuel cells. We also promote development to realize the practical application of a “smart energy house,” which combines fuel cells, solar cells and storage batteries, and a “smart energy network,” which optimizes the use of dispersed energy systems, as well as the technologies relating to the production and use of hydrogen, material solutions and information.

(ii) Fulfillment of higher level of CSR

The Group continues to fulfill its corporate social responsibility in accordance with the “Osaka Gas Group CSR Charter,” which consists of the following guiding principles: “Creating value for customers,” “Contributing to harmonization with the environment and realization of a sustainable society,” “Communication with the community and contribution to the society,” “Promotion of compliance with laws and regulations and respect for human rights” and “Management aiming for human growth.” The Group ensures that these principles are disseminated throughout its supply chain.

(4) Conclusion

The Group continues to ensure internal controls by monitoring and assessing its internal control system and providing necessary measures. With such a system effectively in place, the Group tackles the issues described above and exerts ceaseless efforts to achieve 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 unless otherwise stated)

Division	Year ended March 2010 (192nd Term)	Year ended March 2011 (193rd Term)	Year ended March 2012 (194th Term)	Year ended March 2013 (195th Term)
Revenues	1,096,628	1,187,142	1,294,781	1,380,060
Ordinary Profits	84,806	82,372	75,694	90,125
Net Income	48,384	45,968	45,207	52,467
Net Income per Share (yen)	22.50	21.62	21.71	25.20
Total Assets	1,483,895	1,437,297	1,475,759	1,566,899
Net Assets	690,561	688,695	708,904	774,317

6. Principal Activities of the Group (as of March 31, 2013)

Business Segment	Major Businesses
Gas	Sale of gas and gas appliances, gas piping work, supply of heat
LPG, Electric Power and Other Energy	Sale of LPG, supply of electricity, sale of industrial gas
Overseas Energy	Overseas supply of energy, leasing of LNG tankers, development and investment relating to oil and natural gas
Environment and Non-Energy	Renewable energy business, development and leasing of real estate, information processing service, sale of fine materials and carbon products, management of sports facilities, engineering and leasing of automobiles and equipment

7. Outline of Principal Subsidiaries (as of March 31, 2013)

Company	Capital (Yen in millions)	Holding (%)	Main Activities
Liquid Gas Co., Ltd.	1,110	100	Sale of industrial gas, LNG, LPG, etc.
Urbanex Co., Ltd.	1,570	100	Development, leasing, management, and sale of real estate
OGIS-RI 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 elementary units 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, 2013)

(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) OGIS-RI Co., Ltd. (Osaka Prefecture) Osaka Gas Chemicals Co., Ltd. (Osaka Prefecture)

(2) Employees

Business Segment	Number of Employees
Gas	11,714
LPG, Electric Power and Other Energy	1,288
Overseas Energy	79
Environment and Non-Energy	6,789
Total	19,870

Note: The above number of employees indicates the number of employees currently on duty.

9. Major Lenders (as of March 31, 2013)

Lenders	Loans Outstanding on March 31, 2013 (Yen in millions)
Japan Bank for International Cooperation	42,771
Nippon Life Insurance Company	32,531
Sumitomo Life Insurance Company	19,870
Development Bank of Japan Inc.	18,858
Meiji Yasuda Life Insurance Company	16,306

II. Officers

1. Details of Directors and Corporate Auditors (as of March 31, 2013)

Position	Name	Business in Charge	Significant Concurrent Positions
Representative Director and President Executive President	Hiroshi Ozaki		Director of Asahi Broadcasting Corporation Director of Liquid Gas Co., Ltd. Director of Urbanex Co., Ltd. Director of OGIS-RI Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Representative Director Executive Vice-President	Masashi Kuroda	Head of CSR In charge of: Regional Co-Creation Dept., CSR & Environment Dept., Tokyo Branch, Compliance Dept., Auditing Dept., Regional Resident Representative, Overall Regional Resident Representative and Tokyo 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 In charge of: Head Office Representative 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	President of Corporate Planning Headquarters In charge of: Information and Communication Systems Dept. Responsible for: Liquid Gas Co., Ltd., OGIS-RI Co., Ltd., and Osaka Gas Chemicals Co., Ltd.	Representative Director of OG-Kanden Joint Planning Company Director of Liquid Gas Co., Ltd. Director of OGIS-RI Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Director Senior Executive Officer	Noriyuki Nakajima	Head of Technology President of R&D Headquarters	
Director Senior Executive	Takehiro Honjo	Head of Customer Services Head of Residential Energy Business Unit	

Officer			
Director Senior Executive Officer	Hirofumi Kyutoku	Head of Commercial & Industrial Energy Business Unit	
Director Senior Executive Officer	Takahiko Kawagishi	In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.	
Director Senior Executive Officer	Hidetaka Matsuzaka	Head of Energy Resources & International Business Unit	
Director Senior Executive Officer	Yoichiro Ozaki	Head of Pipeline Business Unit	
Director Senior Executive Officer	Kenji Ikejima	Head of LNG Terminal & Power Generation Business Unit	
Director	Tadamitsu Kishimoto		Specially Appointed Professor of Immunology Frontier Research Center, Osaka University Administrative Director of Senri Life Science Foundation
Director	Shunzo Morishita		Executive Adviser of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION Chairman of Hanshin Expressway Company Limited
Corporate Auditor (full-time)	Shingo Kamei		
Corporate Auditor (full-time)	Shiro Takenaka		
Corporate Auditor	Toshihiko Hayashi		Professor of Doshisha University Graduate School of Policy and Management
Corporate Auditor	Atsushi Hayashi		Professor of Kyoto University Graduate 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, Tadimitsu 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 Atsushi Hayashi 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 / external corporate auditor and the Company.
- 6) Directors Yoichiro Ozaki and Kenji Ikejima and Corporate Auditors Shiro Takenaka and Atsushi Hayashi were newly appointed as directors and corporate auditors at the 194th Annual Meeting of Shareholders held on June 28, 2012, and assumed office on the same day.
- 7) Corporate Auditor Shingo Kamei once served as General Manager of the Finance Dept. of the Company and therefore has adequate knowledge of finance and accounting.
- 8) Changes in the “Significant Concurrent Positions” during the term under review
Representative Director Masato Kitamae became a Representative Director of OG-Kanden Joint Planning Company as of June 28, 2012, after serving as a Representative Director and President of said company.
Director Shunzo Morishita assumed the office of Chairman of Hanshin Expressway Company Limited as of June 28, 2012.
- 9) Corporate Auditor Toshihiko Hayashi retired as Professor of Doshisha University Graduate School of Policy and Management as of March 31, 2013.

Note 10) Directors' position, business in charge and significant concurrent positions as of April 1, 2013 were as follows.

Position	Name	Business in Charge	Significant Concurrent Positions
Representative Director and Executive President	Hiroshi Ozaki		Director of Asahi Broadcasting Corporation Director of Liquid Gas Co., Ltd. Director of OSAKA GAS URBAN DEVELOPMENT Co., Ltd. Director of OGIS-RI Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Representative Director Executive Vice-President	Masato Kitamae	Head of CSR President of Corporate Planning Headquarters In charge of: Information and Communication Systems Dept., CSR & Environment Dept., Compliance Dept. and Auditing Dept. Responsible for: OGIS-RI Co., Ltd., Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept. and Purchasing Dept.	Representative Director of OG-Kanden Joint Planning Company Director of OGIS-RI Co., Ltd.
Representative Director Executive Vice-President	Takehiro Honjo	In charge of: Regional Co-Creation Dept., Tokyo Branch, Regional Resident Representative, Overall Regional Resident Representative and Tokyo Representative Responsible for: Residential Energy Business Unit, Commercial & Industrial Energy Business Unit, Liquid Gas Co., Ltd. and OSAKA GAS URBAN DEVELOPMENT Co., Ltd.	Director of Liquid Gas Co., Ltd. Director of OSAKA GAS URBAN DEVELOPMENT Co., Ltd.
Representative Director Executive Vice-President	Hirofumi Kyutoku	Head of Safety and Head of Technology President of R&D Headquarters In charge of: Head Office Representative Responsible for: Energy Resources & International Business Unit, LNG Terminal & Power Generation Business Unit, Pipeline Business Unit and Osaka Gas Chemicals Co., Ltd.	Director of Osaka Gas Chemicals Co., Ltd.
Director Senior Executive Officer	Takahiko Kawagishi	In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs	

		Dept. and Purchasing Dept.	
Director Senior Executive Officer	Hidetaka Matsuzaka	Head of Energy Resources & International Business Unit	
Director Senior Executive Officer	Yoichiro Ozaki	Head of Pipeline Business Unit	
Director Senior Executive Officer	Kenji Ikejima	Head of LNG Terminal & Power Generation Business Unit	
Director	Masashi Kuroda		Chairman of OSAKA GAS URBAN DEVELOPMENT Co., Ltd. Member of Osaka Prefectural Labor Commission
Director	Takashi Sakai		Representative Director and President of Osaka Rinkai Energy Service Corporation
Director	Noriyuki Nakajima		Chairman of Liquid Gas Co., Ltd.
Director	Tadamitsu Kishimoto		Specially Appointed Professor of Immunology Frontier Research Center, Osaka University Administrative Director of Senri Life Science Foundation
Director	Shunzo Morishita		Executive Adviser of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION Chairman of Hanshin Expressway Company Limited

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 (up to ¥63 million per month) 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 (up to ¥14 million per month) approved at the Annual Meeting of Shareholders, taking into consideration the position, etc. of each Corporate Auditor. The system of paying retirement benefits to directors and corporate auditors has been abolished.

(2) Remuneration paid to Directors and Corporate Auditors

15 Directors	¥534 million
6 Corporate Auditors	¥85 million

(including ¥42 million for 5 external officers)

Note:

The numbers and the amounts above include 2 directors and 2 corporate auditors (including 1 external auditor) who resigned at the end of the 194th Annual Meeting of Shareholders held on June 28, 2012.

3. External Officers

Director Tadamitsu Kishimoto

Principal Activities

- (1) Attendance and Comments at the Meetings of the Board of Directors
Tadamitsu Kishimoto attended 10 out of 12 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 10 out of 12 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 12 out of 12 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 13 out of 13 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 Atsushi Hayashi

Principal Activities

- (1) Attendance and Comments at the Meetings of the Board of Directors
Atsushi Hayashi attended 9 out of 9 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
Atsushi Hayashi attended 10 out of 10 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 (as of March 31, 2013)

1. Number of Shares Issued and Number of Shareholders

Number of Authorized Shares	3,707,506,909 shares
Number of Shares Issued and Outstanding*	2,083,400,000 shares
Number of Shareholders	141,601

*1,298,619 treasury shares are included.

2. Principal Shareholders

Shareholders	Number of shares held (1,000 shares)	Shareholding ratio (%)
Nippon Life Insurance Company	108,103	5.19
Japan Trustee Services Bank, Ltd. (trust account)	76,422	3.67
The Master Trust Bank of Japan, Ltd. (trust account)	71,372	3.43
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	69,929	3.36
Resona Bank, Limited	52,777	2.53
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	41,058	1.97
Toyu-kai (Employees' Stockholding)	30,363	1.46
Meiji Yasuda Life Insurance Company	29,191	1.40
Japan Trustee Services Bank, Ltd. (trust account 9)	28,999	1.39
Aioi Nissay Dowa Insurance Co., Ltd.	27,865	1.34

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

IV. Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA LLC

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

(1)	Amount of fees and other charges payable to the accounting auditor by the Company for the fiscal year under review	(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	¥34 million
(2)	Total amount of cash and other financial benefits payable by the Company and its subsidiaries		¥236 million

Note: As the audit fees under the Companies Act and those under the Financial Instruments and Exchange Act 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 Acts.

3. Non-Audit Services

The Company entrusted duties such as 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 25, 2013, 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, General Manager of Compliance Dept. 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, 2013)

(million yen)

Assets		Liabilities	
Noncurrent assets	1,136,138	Noncurrent liabilities	496,836
Property, plant and equipment	829,936	Bonds payable	238,157
Production facilities	78,533	Long-term loans payable	186,766
Distribution facilities	276,132	Deferred tax liabilities	14,631
Service and maintenance facilities	66,204	Provision for retirement benefits	15,972
Other facilities	300,149	Provision for gas holder repairs	1,621
Construction in progress	108,916	Provision for safety measures	13,418
		Allowance for investment loss	6,999
		Other	19,269
Intangible assets	58,579	Current liabilities	295,745
		Current portion of noncurrent liabilities	67,135
		Notes and accounts payable-trade	55,520
		Short-term loans payable	47,106
Investments and other assets	247,622	Income taxes payable	25,603
Investment securities	164,302	Other	100,378
Other	85,245		
Allowance for doubtful accounts	(1,925)	Total liabilities	792,581
		Net assets	
Current assets	430,760	Shareholders' equity	715,592
Cash and deposits	91,323	Capital stock	132,166
Notes and accounts receivable-trade	168,198	Capital surplus	19,482
Securities	21,712	Retained earnings	564,356
Inventories	84,242	Treasury stock	(413)
Other	66,519	Accumulated other comprehensive income	32,210
Allowance for doubtful accounts	(1,236)	Valuation difference on available-for-sale securities	31,526
		Deferred gains or losses on hedges	(2,271)
		Revaluation reserve for land	(737)
		Foreign currency translation adjustment	3,693
		Minority interests	26,514
		Total net assets	774,317
Total assets	1,566,899	Total liabilities and net assets	1,566,899

Consolidated Income Statement (April 1, 2012 to March 31, 2013)

(million yen)

Account	Amount
Net sales	1,380,060
Cost of sales	943,688
[Gross profit]	[436,371]
Selling, general and administrative expenses	351,598
[Operating income]	[84,773]
Non-operating income	17,682
Interest income	617
Dividends income	3,217
Equity in earnings of affiliates	6,335
Miscellaneous income	7,512
Non-operating expenses	12,330
Interest expenses	8,431
Miscellaneous expenses	3,898
[Ordinary income]	[90,125]
Extraordinary loss	5,495
Impairment loss	5,495
[Income before income taxes and minority interests]	[84,630]
Income taxes-current	29,989
Income taxes-deferred	(273)
[Income before minority interests]	[54,915]
Minority interests in income	2,447
Net income	52,467

Consolidated Statement of Changes in Net Assets (April 1, 2012 to March 31, 2013)

(million yen)

	Shareholders' equity					Accumulated other comprehensive income					Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	132,166	19,482	528,318	(361)	679,605	19,710	(494)	(510)	(13,727)	4,978	24,320	708,904
Changes of items during the period												
Dividends from surplus			(16,657)		(16,657)							(16,657)
Net income			52,467		52,467							52,467
Purchase of treasury stock				(56)	(56)							(56)
Disposal of treasury stock		0		4	4							4
Reversal of revaluation reserve for land			227		227							227
Net changes of items other than shareholders' equity						11,815	(1,777)	(227)	17,420	27,231	2,194	29,426
Total changes of items during the period		0	36,037	(51)	35,986	11,815	(1,777)	(227)	17,420	27,231	2,194	65,413
Balance at the end of current period	132,166	19,482	564,356	(413)	715,592	31,526	(2,271)	(737)	3,693	32,210	26,514	774,317

Non-consolidated Balance Sheet (As of March 31, 2013)

(million yen)

Assets		Liabilities	
Noncurrent assets	947,353	Noncurrent liabilities	390,943
Property, plant and equipment	475,210	Bonds payable	235,652
Production facilities	77,182	Long-term loans payable	120,013
Distribution facilities	275,472	Long-term debt to subsidiaries and affiliates	711
Service and maintenance facilities	65,302	Deferred tax liabilities	5,448
Facilities for incidental businesses	4,053	Provision for retirement benefits	4,463
Construction in progress	53,199	Provision for gas holder repairs	1,594
Intangible assets	5,662	Provision for safety measures	13,418
Patent right	41	Allowance for investment loss	6,999
Leasehold right	2,954	Other	2,641
Other	2,667	Current liabilities	273,602
Investments and other assets	466,480	Current portion of noncurrent liabilities	54,786
Investment securities	51,287	Accounts payable-trade	27,620
Investments in subsidiaries and affiliates	196,919	Shot-term loans payable	10,000
Long-term loans receivable from subsidiaries and affiliates	164,903	Accounts payable-other	21,832
Investments in capital	23	Accrued expenses	34,977
Long-term prepaid expenses	8,981	Income taxes payable	18,271
Prepaid pension cost	36,735	Advances received	3,802
Other	8,316	Deposits received	1,286
Allowance for doubtful accounts	(686)	Short-term loans payable to subsidiaries and affiliates	80,318
		Short-term debt to subsidiaries and affiliates	20,002
		Other	702
		Total liabilities	664,546
Current assets	289,616	Net assets	
Cash and deposits	64,782	Shareholders' equity	545,908
Notes receivable-trade	778	Capital stock	132,166
Accounts receivable-trade	95,998	Capital surplus	19,482
Accounts receivable from subsidiaries and affiliates-trade	11,887	Legal Capital surplus	19,482
Accounts receivable-other	7,578	Other Capital surplus	0
Securities	20,012	Retained earnings	394,672
Finished goods	200	Legal retained earnings	33,041
Raw materials	38,129	Other retained earnings	
Supplies	9,193	Reserve for reduction entry of specified replaced properties	232
Short-term loans receivable from subsidiaries and affiliates	21,901	Reserve for overseas investment loss	15,454
Short-term receivables from subsidiaries and affiliates	1,952	Reserve for adjustment of cost fluctuations	89,000
Deferred tax assets	6,209	General reserve	62,000
Other	11,534	Retained earnings brought forward	194,943
Allowance for doubtful accounts	(544)	Treasury stock	(413)
		Treasury stock	(413)
		Valuation and translation adjustments	26,514
		Valuation difference on available-for-sale securities	20,134
		Deferred gains or losses on hedges	6,380
		Total net assets	572,423
Total assets	1,236,969	Total liabilities and net assets	1,236,969

Non-consolidated Income Statement (April 1, 2012 to March 31, 2013)

(million yen)

Costs and Expenses		Operating Revenues	
Cost of sales	537,782	Product sales	841,955
Beginning inventories	183	Gas sales	841,955
Cost of products manufactured	543,933		
Purchase of finished goods	0		
Costs of gas for own use	6,133		
Ending inventories	200		
[Gross profit]	[304,173]		
Supply and sales expenses	236,814		
General and administrative expenses	55,614		
[Income on core business]	[11,744]		
Miscellaneous operating expenses	125,184	Miscellaneous operating revenue	133,135
Expenses of installation work	22,241	Revenue from installation work	22,496
Expenses of gas appliance sales	102,943	Revenue from gas appliance sales	103,878
		Revenue from transportation services	2,526
		Other miscellaneous operating revenue	4,234
Expenses for incidental businesses	107,762	Revenue for incidental businesses	134,081
Expenses for electric supply business	55,033	Revenue from electric supply business	80,243
Expenses for LNG sales	39,934	Revenue from LNG sales	39,403
Expenses for other incidental businesses	12,795	Revenue from other incidental businesses	14,435
[Operating income]	[46,014]		
Non-operating expenses	8,023	Non-operating income	17,387
Interest expenses	2,430	Interest income	2,044
Interest on bonds	4,034	Interest on securities	49
Amortization of bond issuance cost	40	Dividends income	1,142
Miscellaneous expenses	1,518	Dividends from subsidiaries and affiliates	7,042
		Miscellaneous income	7,108
[Ordinary income]	[55,379]		
Extraordinary loss	3,057		
Impairment loss	3,057		
[Income before income taxes]	[52,322]		
Income taxes-current	17,800		
Income taxes-deferred	(592)		
Net income	35,114		
Total	1,126,561	Total	1,126,561

Non-consolidated Statement of Changes in Net Assets (April 1, 2012 to March 31, 2013)

(million yen)

	Shareholders' equity												Valuation and translation adjustments			Total net assets	
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings						Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges		Total Valuation and translation adjustments
		Legal capital surplus	Other Capital surplus	Total capital surplus		Other retained earnings											
						Reserve for reduction entry of specified replaced properties	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations	General reserve	Retained earnings brought forward	Total retained earnings						
Balance at the beginning of current period	132,166	19,482	-	19,482	33,041	232	13,141	89,000	62,000	178,799	376,215	(361)	527,502	11,986	5,041	17,028	544,531
Changes of items during the period																	
Provision of reserve for overseas investment loss							2,386			(2,386)	-						
Reversal of reserve for overseas investment loss							(73)			73	-						
Dividends from surplus										(16,657)	(16,657)		(16,657)				(16,657)
Net income										35,114	35,114		35,114				35,114
Purchase of treasury stock												(56)	(56)				(56)
Disposal of treasury stock			0	0								4	4				4
Net changes of items other than shareholders' equity														8,147	1,338	9,486	9,486
Total changes of items during the period			0	0		-	2,312			16,144	18,456	(51)	18,405	8,147	1,338	9,486	27,891
Balance at the end of current period	132,166	19,482	0	19,482	33,041	232	15,454	89,000	62,000	194,943	394,672	(413)	545,908	20,134	6,380	26,514	572,423

Independent Auditor's Report

May 10, 2013

The Board of Directors
Osaka Gas Co., Ltd.

KPMG AZSA LLC

Takashi Yoshida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroshi Matsumoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tadahiko Asano (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in net assets and the related notes of Osaka Gas Co., Ltd. as at March 31, 2013 and for the year from April 1, 2012 to March 31, 2013 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Osaka Gas Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 10, 2013

The Board of Directors
Osaka Gas Co., Ltd.

KPMG AZSA LLC

Takashi Yoshida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroshi Matsumoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tadahiko Asano (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the non-consolidated balance sheet, the non-consolidated income statement, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of Osaka Gas Co., Ltd. as at March 31, 2013 and for the year from April 1, 2012 to March 31, 2013 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Osaka Gas Co., Ltd. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

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 195th fiscal year from April 1, 2012 to March 31, 2013. 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 interviewed the Directors, employees and others as needed in respect of the status of execution of their duties. Furthermore, we have inspected 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 as outlined in the Business Report 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, 2013.

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 regulations and the Articles of Incorporation.

(ii) No misconduct or material facts that are in breach of applicable laws and regulations 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, 2013

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

Shingo Kamei

Full-Time Corporate Auditor [seal]

Shiro Takenaka

Full-Time Corporate Auditor [seal]

Toshihiko Hayashi

External Corporate Auditor [seal]

Atsushi Hayashi

External Corporate Auditor [seal]