



# Year Ended March 31, 2009

## Brief Report of Consolidated Financial Statements

April 28, 2009

Name of Listed Company : Osaka Gas Co., Ltd. Listed Exchanges: Part I of Tokyo, Osaka and Nagoya  
 Code : 9532 URL <http://www.osakagas.co.jp>  
 Representative Officer : Title: President Name: Hiroshi Ozaki  
 Contact : Title: Manager of Consolidation Management Team, Accounting & Finance Dept.  
Name: Kotaro Fukushima

Scheduled Date of Meeting of Board of Directors for Approving Financial Statements: June 26, 2009

Scheduled Date of Dividend Payment : June 29, 2009

Schedule Date of Financial Report Filing With the Finance Ministry: June 29, 2009

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

1. Consolidated Financial Results for the Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

(1) Consolidated Operational Results (Percentages (%) represent changes from the previous year)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2009	1,326,785	7.2	66,932	-11.5	64,510	-14.9	36,041	-10.5
Year ended March 31, 2008	1,238,145	5.4	75,611	-19.3	75,814	-15.3	40,283	-23.9

	Earnings per share	Diluted earnings per share	Net income/ Net Worth	Ordinary profit/ Total assets	Operation profit/Sales
	yen	yen	%	%	%
Year ended March 31, 2009	16.72	-	5.7	4.4	5.0
Year ended March 31, 2008	18.27	-	6.1	5.3	6.1

<Reference> Equity in investment in affiliates Year ended March 31, 2009 7,481 million yen Year ended March 31, 2008 5,305 million yen

(2) Consolidated Financial Position

	Total assets	Net worth	Net worth/Total assets	Net worth per share
	million yen	million yen	%	yen
As of March 31, 2009	1,452,457	634,757	42.2	284.21
As of March 31, 2008	1,467,934	666,657	44.2	300.76

<Reference> Net worth As of March 31, 2009 612,565 million yen As of March 31, 2008 648,592 million yen

(3) Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Cash and cash equivalents at year-end
	million yen	million yen	million yen	million yen
As of March 31, 2009	120,691	-108,102	-3,438	46,764
As of March 31, 2008	134,282	-132,029	12,495	39,244

2. Dividends

(Record date)	Dividends per share					Total dividends (full year)	Payout ratio (consolidated)	Dividends/ Net worth (consolidated)
	June 30	September 30	December 31	March 31	Annual			
Year ended March 31, 2008	yen	yen	yen	yen	yen	million	%	%
Year ended March 31, 2008	-	3.50	-	3.50	7.00	15,332	38.3	2.3
Year ended March 31, 2009	-	3.50	-	3.50	7.00	15,089	41.9	2.4
Year ending March 31, 2010 (Forecast)	-	3.50	-	3.50	7.00		35.1	

3. Forecasts for the Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(Percentages represent forecasted changes from the previous year for the full year results, and forecasted changes from the same period in the previous year for the interim results.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	502,500	-17.1	32,500	-	28,500	703.6	16,500	-	7.66
Full year	1,091,500	-17.7	82,000	22.5	72,000	11.6	43,000	19.3	19.95

4. Other information

(1) Significant changes in subsidiaries during the year (changes in certain subsidiaries resulting in a change in the consolidation scope): Not applicable

(2) Changes in the accounting principles/procedures for, and presentation in, consolidated financial statements (Matters required to be reported as significant changes in the basic information for consolidated financial statements preparation)

① Changes in response to revisions in accounting standards, etc.: Applicable

② Changes other than those defined in ① above: Not applicable

(Note) For detailed information, refer to "Significant changes in the basic information for consolidated financial statements preparation" in P20.

(3) Issued shares (common shares)

① Issued shares as of year-end (including repurchased shares) : As of March 31, 2009 2,158,383,539 shares  
As of March 31, 2008 2,158,383,539 shares

② Repurchased shares (treasury stocks) as of year-end : As of March 31, 2009 3,062,711 shares  
As of March 31, 2008 1,864,399 shares

(Note) As for the number of shares used in the calculation of earnings per share (consolidated), refer to "Per Share Information" in Page 23.

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for the Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

(1) Operational Results (Percentages (%) represent changes from the previous year)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2009	971,876	10.7	37,881	-11.3	37,821	-24.6	24,038	-26.7
Year ended March 31, 2008	877,628	3.1	42,730	-33.2	50,190	-26.5	32,788	-25.9

	Earnings per share	Diluted earnings per share
	yen	yen
As of March 31, 2009	11.15	-
As of March 31, 2008	14.87	-

(2) Financial Position

	Total assets	Net worth	Net worth/ Total assets	Net worth per share
	million yen	million yen	%	yen
As of March 31, 2009	1,140,479	507,987	44.5	235.69
As of March 31, 2008	1,119,871	523,689	46.8	242.84

<Reference> Net worth: As of March 31, 2009 507,987 million yen As of March 31, 2008 523,689 million yen

2. Forecasts of Non-Consolidated Results for the Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(Percentages represent forecasted changes from the current year for the full year results, and forecasted changes from the same period in the previous year for the interim results.)

	Operating revenues		Operating profit		Ordinary profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	377,500	-12.0	19,500	-	19,500	-	12,500	-	5.80
Full year	822,000	-15.4	54,000	42.6	55,000	45.4	35,000	45.6	16.24

\* Notes on proper use of forecasts and other matters

Financial statements and the proposed appropriation of the surplus will be approved by a resolution at a meeting of the Board of Directors in May.

Statements in this document relating to future matters including operational forecasts are based on information available to the Company and certain assumptions that the Company believes are reasonable. Actual results may differ from these forecasts, affected by various factors. As for notes regarding assumptions used for operational forecasts and regarding the use of forecasts, refer to (1) Operational Results Analysis of "1. Operational Results" in Page 4.

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Financial Statements for Year Ended March 31, 2009 (The 191th Business Year)  
Descriptive Information and Financial Statements  
[April 1, 2008 – March 31, 2009]

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Osaka Gas Co., Ltd.

## 1. Operational Results

### (1) Operational Results Analysis

#### ① Results for Year Ended March 31, 2009

Consolidated sales for the year ended March 2009 increased by 88.6 billion yen (+7.2%) to 1,326.7 billion yen despite a decrease in sales volume. This increase was supported by higher gas unit prices that have been adjusted under the gas cost adjustment system to reflect the rise in LNG prices. Consolidated ordinary profit decreased by ¥11.3 billion (-14.9%) to ¥64.5 billion. Non-consolidated operating profit reported by Osaka Gas decreased, mainly due to the decrease in gas sales volume. This decrease on a non-consolidated basis was larger than the profit growth reported by consolidated subsidiaries and equity in affiliates' profits. Net income decreased by 4.2 billion yen (-10.5%) to 36 billion yen compared with the previous year.

As at the current year-end, the Company has 136 consolidated subsidiaries. During the year three companies were excluded and six companies were added to the consolidation. One company was added to affiliates reported by the equity method, totaling five affiliates as at the current year-end.

(Unit: 100 million yen)

	Consolidated results (a)	Change from previous year		Consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		Change	Percent (%)		
Operating revenues	13,267	+886	+7.2	9,718	1.37
Cost of sales	9,219	+792	+9.4	6,568	1.40
Selling, general and administrative expenses	3,379	+180	+5.6	2,771	1.22
Operating profit	669	-86	-11.5	378	1.77
Ordinary profit	645	-113	-14.9	378	1.71
Net income	360	-42	-10.5	240	1.50

#### (Reference) Consolidated Gas Sales Breakdown

		Current year (a) (Apr '08 -Mar '09)	Previous year (b) (Apr '07 -Mar '08)	Change (a)-(b)	Percent (%)
Customers [Meters installed] (thousand customers [meters])	Residential	6,611	6,556	+54	+0.8
	Non-residential	328	325	+3	+1.0
	Total	6,939	6,881	+58	+0.8
Monthly average usage per residential customer (m <sup>3</sup> /month)		32.3	33.5	-1.2	-3.6
Gas sales volume (million m <sup>3</sup> )	Residential	2,238	2,310	-72	-3.1
	Non-residential	5,708	6,115	-407	-6.6
	Industrial	4,128	4,458	-330	-7.4
	Commercial	971	1,021	-50	-4.9
	Public and medical institutions	609	636	-26	-4.1
	Wholesale	434	462	-28	-6.0
	Total	8,380	8,887	-506	-5.7

[45MJ/m<sup>3</sup>]

		Current year (a) (Apr '08 -Mar '09)	Previous year (b) (Apr '07 -Mar '08)	Change (a)-(b)
Average temperature (°C)	Annual	17.2	17.2	0.0
	First six months	23.4	23.5	-0.2
	Second six months	11.0	10.8	+0.2

## ② Operational Results by Business Segment

## a. Gas

Gas sales for the year ended March 2009 increased by 92.9 billion yen (+12.9%) to 814.3 billion yen despite the decrease in sales volume. This increase was supported by higher gas unit prices that have been adjusted under the gas cost adjustment system to reflect the rise in LNG prices. Operating profit was 37.6 billion yen, a decrease of 6.5 billion yen (-14.9%) from the previous year, primarily due to a decrease in gas sales volume.

## b. LPG, Electricity and Other Energies

Sales revenues for this segment decreased by 16 billion yen (-6.0%) to 249.6 billion yen, mainly due to lower LPG prices compared with the previous year. Operating profit decreased by 4.8 billion yen (-34.6%) to 9.1 billion yen compared with the previous year.

## c. Gas Appliances and House-pipe Installation

Sales revenues for this segment decreased by 7.6 billion yen (-5.1%) to 141.5 billion yen, mainly due to a decrease in appliance sales compared with the previous year. Operating profit increased by 1.0 billion yen (+63.6%) to 2.6 billion yen compared with the previous year.

## d. Real Estates

Sales revenues for this segment increased by 4.6 billion yen (+16.5%) to 33.1 billion yen, mainly due to an increase in the number of properties sold. Operating profit increased by 0.2 billion yen (+3.3%) to 6.9 billion yen compared with the previous year.

## e. Other Businesses

Sales revenues for this segment increased by 20.9 billion yen (+14.5%) to 165.2 billion yen, mainly due to the addition of consolidated subsidiaries. Operating profit increased by 1.3 billion yen (+15.7%) to 9.6 billion yen, compared with the previous year.

(Unit: 100 million yen)

	Gas	LPG, electricity and other energies	Gas appliances and house-pipe installation	Real estates	Other businesses	Elimination of internal transactions and transactions involving all companies	Consolidated
Operating revenues	+12.9% 8,143 [+929]	-6.0% 2,496 [-160]	-5.1% 1,415 [-76]	+16.5% 331 [+46]	+14.5% 1,652 [+209]	(772) [-62]	+7.2% 13,267 [+886]
Operating profit	-14.9% 376 [-65]	-34.6% 91 [-48]	+63.6% 26 [+10]	+3.3% 69 [+2]	+15.7% 96 [+13]	9 [+1]	-11.5% 669 [-86]

The percentage figure at the upper left corner of each box shows a percentage of change from the previous year.

The figure in the bracket [ ] in each box shows a change in yen from the previous year.

The round brackets ( ) indicate that the change was negative.

## ③ Forecasts for the Next Year (April 1, 2009 to March 31, 2010)

Consolidated sales revenue for the year ending March 2010 is expected to decrease by 235.2 billion yen (-17.7%) to 1,091.5 billion yen, mainly due to an expected decrease in sales revenue for the Gas business segment because of lower sales volume compared with the current year and a lowering of gas prices under the gas cost adjustment system, as well as an expected decrease in the wholesale volume of LPG in the LPG, Electricity and Other Energies segment resulting from its business restructuring efforts.

Ordinary profit is expected to increase by 7.4 billion yen (+11.8%) to 72.0 billion yen despite the expected decrease in gas sales volume in the Gas segment, mainly supported by the lowering of the raw material cost resulting from the falling LNG price. Net income for next year is expected to increase by 6.9 billion yen (+19.3%) to 43 billion compared with the current year.

(Unit: 100 million yen)

	Forecast for Next Year (2009/4 -2010/3)	Compared with Current Year	
		Change	Percent (%)
Operating revenues	10,915	-2,352	-17.7
Operating profit	820	+150	+22.5
Ordinary profit	720	+74	+11.6
Net income	430	+69	+19.3

Assumptions: Crude oil price (All Japan CIF price) at \$55/barrel, and exchange rate (TTM rate) at 95 yen to the dollar.

## (2) Financial Conditions Analysis

## ① Assets, Liabilities and Net Worth

Total assets decreased by 15.4 billion yen from the previous year-end to 1,452.4 billion yen, mainly due to a decrease in fixed assets. Liabilities increased by 16.4 billion yen to 817.7 billion yen. Net worth decreased by 31.9 billion yen to 634.7 billion yen, mainly affected by a decrease in the valuation and translation adjustments account.

Consequently, the ratio of net worth to total assets declined from 44.2% at the previous year-end to 42.2%.

(Unit: 100 million yen)

	As at March 31, 2009	As at March 31, 2008	Change
Total assets	14,524	14,679	-154
Total liabilities	8,177	8,012	+164
Total net worth	6,347	6,666	-319
Total liabilities and net worth	14,524	14,679	-154

## ② Cash Flow

Cash flow generated from operating activities during the year ended March 31, 2009 decreased by 13.5 billion yen to 120.6 billion yen. This decrease was mainly due to a decrease in net income before tax adjustments. Net cash used for investment activities was 108.1 billion yen, a decrease of 23.9 billion yen from the previous year. This decrease was mainly due to a decrease in cash expenditures related to acquisition of fixed assets. Net cash used for financial activities increased by 15.9 billion yen to 3.4 billion yen, mainly due to redemption of commercial paper.

Consequently, net cash and cash equivalent of 7.5 billion yen was received during the current year.

Adding the beginning balance of 39.2 billion yen, the balance of cash and cash equivalent at the end of the current year increased by 7.5 billion yen from the previous year-end to 46.7 billion yen.



(Unit: 100 million yen)

	Current Year (Apr '08 -Mar '09)	Previous Year (Apr '07 -Mar '08)	Change
Cash flow from operating activities	1,206	1,342	-135
Cash flow from investment activities	-1,081	-1,320	+239
Cash flow from financial activities	-34	124	-159
Increase/decrease of cash and cash equivalents	75	148	-73
Cash and cash equivalents at year-end	467	392	+75
Balance of interest-bearing liabilities at year-end	5,734	5,664	+70

Free cash flow (\*): 56.2 billion yen [51.2 billion yen in the previous year]

(\*1) Free cash flow= Cash flow from operating activities – capital expenditures

## (Reference) Cash Flow Indices

	Current Year (Apr '08 -Mar '09)	Previous Year (Apr '07 -Mar '08)
Net worth/Total assets	42.2%	44.2%
Net worth/Total assets on market value	45.7%	58.5%
Interest bearing liabilities/Cash flow	4.8	4.2
Interest coverage ratio	11.54	13.6

## (Notes)

1. All these indices are based on consolidated financial results.
2. Total market capitalization was calculated based on issued shares of the Company excluding treasury stocks.
3. Cash flow used for the calculation of these indices is operating cash flow.
4. Interest-bearing liabilities include all liabilities reported on the consolidated balance sheet on which interest is paid.

The following tables show forecasts for capital investments.

## (Reference) Capital Investments: Current Year Results and Forecasts

(Unit: 100 million yen)

	Forecast for Next Year (Apr '09 -Mar '10)	Current Year (Apr '08 -Mar '09)	Previous Year (Apr '07 -Mar '08)
Consolidated	1,030	1,060	1,110
Non-consolidated	625	592	592
Production facilities	32	30	26
Distribution facilities	441	394	375
Operational facilities, etc.	151	167	191



Major financial indicators for next year are forecast as follows:

		Forecast for Next Year (Apr '09-Mar '10)	Current Year (Apr '08 -Mar '09)	Previous Year (Apr '07 -Mar '08)
Consolidated	Shareholders' value added (SVA)	8.5 billion yen	5.1 billion yen	12.5 billion yen
	Earnings per share (EPS)	19.95 yen	16.72 yen	18.27 yen
	Return on equity (ROE)	6.9 %	5.7 %	6.1 %
	Return on assets (ROA)	2.9 %	2.5 %	2.8 %
	Free cash flow (FCF)	70.0 billion yen	56.2 billion yen	51.2 billion yen
Non-consolidated	Shareholders' value added (SVA)	7.0 billion yen	-0.2 billion yen	10.7 billion yen
	Earnings per share (EPS)	16.24 yen	11.15 yen	14.87 yen
	Return on equity (ROE)	6.9 %	4.7 %	6.1 %
	Return on assets (ROA)	3.0 %	2.1 %	3.0 %
	Free cash flow (FCF)	51.0 billion yen	43.5 billion yen	42.6 billion yen

Note: In the Osaka Gas Group Business Plan 2009 announced on March 13, 2009, the forecast for the return on equity on a non-consolidated basis for next year was calculated based on the estimated value of net assets as of the beginning of the year. Accordingly, the ROE forecast for next year was recalculated based on the actual net assets as of April 1, 2009.

### (3) Basic Policy for Profit Distribution and Dividends for Current Year and Next Year

The Company has been striving for growing the business and improving the efficiency of operations, and has appropriated the increased profit resulting from these efforts for internal reserves for future business growth and strengthening of the financial structure of the Company, and for payment of steady dividends to shareholders.

The Company will endeavor to continue paying steady dividends to shareholders, based on operational results, future business management and other plans, and taking alternative profit distribution plans and other comprehensive factors into consideration. We will aim at keeping the consolidated payout ratio exceeding 30%, within the non-consolidated retained earnings distributable to Osaka Gas shareholders, excluding temporary factors affecting the profit situation. Internal reserves will be appropriated for capital investments and investment in new business.

The Company plans to pay annual dividends per share of 7 yen (including interim dividends of 3.5 yen) for both the current and next year.

#### (4) Business and Other Risks

The business performance and financial conditions of the Osaka Gas Group may be affected by the following risks (but not limited to these risks):

##### ① Risks related to all businesses within the Osaka Gas Group

###### a. Worsening of economic and credit conditions

Worsening of economic and/or credit conditions in Japan and/or other countries could lead to a decrease in sales revenues, difficulties in fund-raising, insolvency of partner companies in joint projects, suppliers or customers, or other unfavorable impacts on the operational performance of the Osaka Gas Group.

###### b. Changes in foreign exchange rates and interest rates on financing

Changes in exchange rates and/or interest rates on borrowed funds could affect the operational performance of the Group.

###### c. Catastrophic disaster/accident/infection

Occurrence of catastrophic natural disasters, terrorism, accidents, or epidemics of new types of influenza or other diseases could affect the operational performance of the Group.

###### d. Changes in laws, regulations and institutional systems

Changes in the Gas Utility Industry Law, the Electric Utility Law, environment-related laws, the Company Act, the Financial Instrument and Exchange Law or other applicable act or institutional system could affect the operational performance of the Group.

###### e. Intensifying competition

If competition with other operators in the gas business and other business areas related to the Group intensifies, the operational performance of the Group could be affected.

###### f. Breakdown or malfunction of critical IT systems

Breakdown or malfunction of critical IT systems, such as systems related to gas production/supply or billing, could affect the operational performance of the Group.

###### g. Information leaks

If important information used in the course of its business, including customer information or technical information possessed by the Group is leaked outside the Group, the Group's operational performance could be affected.

###### h. Non-compliance with laws/regulations

If any act carried out by the Group or by any person related to the Group is in violation of any law or regulation, the Group might incur expenditures to correct such non-complying act, or experience a degrading of its social reputation, which could affect the operational performance of the Group.

##### ② Risks related to major businesses

###### 1) Gas business

###### a. Impact of fluctuation in temperature/water temperature on gas demand

Gas sales volume increases or decreases depending on the atmospheric or water temperature conditions. Thus, a fluctuation in these factors could adversely affect the performance of the Osaka Gas Group.

###### b. Changes in raw material costs

The prices of liquefied natural gas (LNG), from which gas is produced, could be affected by changes in crude oil prices, exchange rates and other relevant factors. Although most of this impact may be offset by the gas cost adjustment system, under which gas rates are revised to reflect changes in fuel costs, a time lag until the actual adjustment is made and the composition of material suppliers could affect the performance of the Osaka Gas Group. Renewal of contracts or price negotiations with suppliers might result in settlement of raw material costs, which might also affect the operational performance of the Group.

###### c. Trouble in the purchase of raw materials

Because LNG, from which gas is produced, is purchased from suppliers, trouble in suppliers' facilities or operations could affect the operational performance of the Group.

###### d. Trouble in production and supply

Catastrophic natural disasters or accidents could disrupt the production or supply of gas, which might adversely affect the operational performance of the Group.

e. Trouble in gas equipment and facilities

If serious trouble occurs in the gas equipment or facilities sold to customers, it could adversely affect the operational performance of the Group.

2) Electricity business

If the operation of any electric power plant stops or is interrupted due to a natural disaster, accident, trouble in fuel purchasing or other incident, it could adversely affect the operational performance of the Group.

3) Overseas energy businesses

If a gas field development or other development project is delayed or cancelled as a result of global economic stagnation, a drop in the crude oil price, a worsening of the social situation or other factor, or if any other business environment involving the Group changes, the operational performance of the Group could be adversely affected.

The Osaka Gas Group strives to minimize the potential impact of these risks through various measures, including derivative contracts to hedge against fluctuations in exchange rates and raw material costs, accident and other insurance contracts, maintenance and management of critical IT systems, adherence to compliance and strict information control, security measures, and monitoring and proper supervision of subsidiaries' business management.

## 2. Osaka Gas Group

Disclosure of this information is omitted because there has been no major change since the disclosure made in the sections of the Chart of Organization (business description) and Affiliates' Status of the most recent financial report submitted to the Finance Ministry on June 30, 2008.

## 3. Management Policy

### (1) Basic Management Policy and Medium/Long Term Business Strategy

Economic conditions in Japan have remained weak as a result of the global economic depression stemming from the the financial crisis in the United States, the stronger yen, and other factors. Operational results of companies have worsened, consumer spending has slowed and the number of housing starts reduced. The business environment for the Osaka Gas Group has increasingly become more severe, including steep fluctuations in energy prices and intensifying competition.

In such a business environment, the Osaka Gas Group must remain a “corporate group chosen by customers and local communities,” by further improving its products and services, in order to enjoy continued success in the market.

The Osaka Gas Group conducts its business based on its management philosophy, “Management for Creation of Value” which places the greatest emphasis on maximization of value for customers, while at the same time pursuing value for shareholders, society, employees and all other stakeholders, through fair and transparent business conduct. In March 2009, based on this philosophy, the Osaka Gas Group established its plan, “Field of Dreams 2020.” This plan envisages the Group’s long-term business vision until 2010 and the mid-term (from 2009 to 2013) management plan to achieve this vision.

The Osaka Gas Group is striving to grow as a global energy/environment corporate group, by promoting the growth of its three business areas: domestic energy service, the overseas energy value chain, and the environment and non-energy business.

During the fiscal year ending March 2010, the first year of “Field of Dreams 2020,” the Group will implement the activities included in the medium-term business plan aiming at reinforcing its business structure that enables continuous growth.

\* For details, please refer to the “Field of Dreams 2020” plan announced on March 13, 2009.

## (2) Targeted Management Indices

From the viewpoint of assuring profitability and business growth, the Company sets targets for shareholder value added (SVA), profit figures, earnings per share (EPS), return on equity (ROE), return on assets (ROA) and continued payment of stable dividends.

At the same time, to maintain its financial strength rating and other indications of financial soundness, the Company will endeavor to maintain the following financial soundness indicators: (1) the ratio of consolidated net worth to total assets to exceed 40%, and (2) the ratio of consolidated D/E (interest-bearing debts to net worth) at about 10%, while keeping the existing balance with SVA, free cash flow, the balance of interest-bearing debts and other indicators.

Opportunities to repurchase the Company's shares will be always examined to improve EPS and ROE. However, repurchase will be strategically implemented on the condition that growth investments have been implemented and that there is excess cash flow available.

## (3) Challenges for the Company

In the "domestic energy service" business, the quality of city gas in the Kinki bloc should be further improved through development of the best stable supply/security/ service systems and improvement of service menus that can satisfy the diverse needs of customers. Moreover, utilizing the know-how it has cultivated through the city gas business in the Kinki bloc, and sometimes in collaboration with other energy operators, the Company will expand its multi-energy services to other areas, delivering natural gas, electric power, LPG and other types of energies,

In regard to supply, the Company will strive to ensure a stable supply of natural gas, taking expected future demand into consideration, implement proper maintenance of production and supply facilities, and plan construction of facilities from a long-term viewpoint.

To secure gas safety, regular inspection of customers' facilities will be implemented. The Company will also strive to communicate the proper and safe way to use gas facilities and equipment, rectify gas equipment with poor air supply/exhaust operation, and encourage customers to replace instantaneous gas water boilers or gas stoves without an incomplete combustion stop function with safer equipment. It will also promote use of "Si sensor equipped cooking stoves" in which all burners are equipped with overheat, flickering-out, and unattended flame stop functions. Regarding production and supply facilities, repair and renewal work of old facilities will be conducted and preventive maintenance and anti-earthquake measures will be implemented. In addition, a 24-hour contact/callout system is in operation to respond quickly to gas leak incidents or other emergencies. Training and education for employees and other workers will continue.

To improve its customer service, the Company values opportunities to meet with its customers so that it can reflect their suggestions in the improvement of its operations, and respond to their needs more promptly and reliably.

In the residential market, emphasis will be placed on marketing of the residential gas engine cogeneration system "ECOWILL" and the residential fuel-cell cogeneration system "Enefarm" that will be introduced to the market in June 2009, to promote "My-home power generation." "My-home ESTHE," a home skin care system featuring a bathroom mist sauna, "My-home cooking" activities that promotes the merits of cooking with gas, and many other gas-related proposals that benefit consumers will also be promoted. The Company will strive to deliver economy, comfort, convenience and safety to customers through further promotion and diffusion of gas products.

The home security service "I-rusu" and the gas and fire monitoring and callout service "Kuru-Pico" will also be promoted to deliver safer and more reliable gas services to customers.

In the non-residential market, the Company has cultivated engineering expertise that helps to achieve energy saving. Taking advantage of this strength, the Company will deliver to its non-residential customers multiple energies, including natural gas, electric power, LPG and industrial gas, as well as value-added services including IT-based remote control of energy facilities, water and utility management, which will contribute to better convenience, economy and energy-saving for customers.

In addition, highly efficient and functional gas cogeneration systems will be promoted: "Hi Power Excel," a gas engine-based heat pump air-conditioning system that can also generate electricity simultaneously. "Suzu-chu," a gas kitchen system that achieves cool commercial kitchens, natural gas vehicles and many other environment-friendly natural gas applications will also be promoted.

In terms of electric power, four power generating facilities in the Semboku Natural Gas Power Plant are scheduled to commence operations in turn from April to November 2009. To achieve this schedule, construction work is diligently being undertaken. After completion, safe operation and thorough maintenance will be implemented. Regarding the electricity wholesale business (IPP) that has been in operation, efforts to conduct efficient operations will continue.

The LPG business will strive to add customers and increase sales volume by utilizing the Company's expertise cultivated in the city gas business to market equipment and energy systems.

The Group's "overseas energy value chain" business comprises upstream businesses, such as gas field development, as well as midstream and downstream businesses, such as LNG terminals, pipelines, gas supply and electric power generation. In this business area, the Company will continue development of upstream projects in which it has participated and acquire interests in other upstream projects. The Company will continue steady operation of its overseas IPP businesses and natural gas pipeline projects, and will also consider new overseas projects including the gas supply business.

In "the environment and non-energy field", development of new environmental/energy-saving businesses that contribute to reducing the burden on the environment will be considered, taking advantage of technologies and know-how possessed by the Group and in collaboration with other operators as appropriate. In the non-energy business area, the Company will continue to contribute to a better life or business growth of customers, while pursuing expansion of its consolidated income, by delivering better products and services satisfying customer needs, mainly in the area of city development, information and advanced materials.

Regarding technical development, with the aim of improving convenience and energy-saving for customers as well as reducing the burden on the environment, emphasis will be placed on further improvement in the efficiency and function of residential fuel cells and gas cogeneration systems for industrial use, advancement of biomass technology, collection and efficient use of methane gas discharged during mining activities in overseas coal mines, and air pollution control through the use of activated carbon fibers. The Company's "Open Innovation" technical approach, which combines the Company's technologies with knowledge available from outside the Group, will be actively utilized for prompt and efficient technical development.

The Company will strive to improve its service level and productivity by utilizing information and communication technologies and through its "Service Science" approach, analyzing and improving behavior based on ergonomics and other scientific elements.

Regarding environmental protection efforts, the Company always endeavors to minimize the impact of the Group's business activities on the environment, by promoting energy-saving and use of recyclable resources, as well as reliable operation of the environmental management system that has been introduced to all group companies. In line with the government's energy policy to achieve a low-carbon society, the Company will promote diffusion of environmentally-friendly natural gas and provision of products and services of the Osaka Gas Group to reduce the burden on the environment.

In terms of compliance with laws, regulations and other requirements, the Company is committed to continuing its efforts to fulfil its corporate social responsibility. Based on past experience from which we should learn, we have implemented various measures to prevent recurrence of similar non-compliance incidents. Such measures include revision of the performance appraisal system and strengthening of the internal auditing system. The Company will continue to make group-wide efforts to promote the three principal activities of "Know the laws and regulations," "Establish a system that ensures compliance and prevents non-compliance" and "Strengthen and improve the monitoring system." The PDCA (plan-do-check-act) cycle will be followed faithfully to ensure group-wide compliance.

The Osaka Gas Group is committed to addressing these challenges while pursuing its basic principle of Value Creation Management. It also continues its constant effort for ongoing evolution, pursuing its Osaka Gas Group Charter of CSR that defines the Group's basic policy for corporate social responsibility (CSR).

## 4. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Unit: one million yen)

	Previous Year As of March 31, 2008	Current Year As of Mar. 31, 2009
Fixed Assets		
Tangible fixed assets		
Production facilities	99,196	94,853
Distribution facilities	338,232	323,928
Administrative facilities	64,196	64,934
Other facilities	242,027	250,953
Idle facilities	1,532	–
Construction in progress	72,320	87,634
Total tangible fixed assets	817,506	822,305
Intangible fixed assets		
Goodwill	10,762	6,585
Others	34,212	25,836
Total intangible fixed assets	44,974	32,422
Investments and other assets		
Investment in securities	144,765	133,554
Others	131,261	105,407
Allowance for bad debts	-705	-1,029
Total investments and other assets	275,321	237,931
Total fixed assets	1,137,802	1,092,659
Current assets		
Cash and deposits	41,457	44,828
Notes and trade accounts receivable	145,749	132,507
Inventories	65,334	83,984
Deferred tax assets	–	23,409
Others	78,423	75,986
Allowance for bad debts	-833	-918
Total current assets	330,131	359,798
Total assets	1,467,934	1,452,457

(Unit: one million yen)

	Previous Year As of March 31, 2008	Current Year As of Mar. 31, 2009
<b>Liabilities</b>		
Fixed liabilities		
Bonds	193,164	261,200
Long-term loans payable	219,806	238,610
Deferred tax liabilities	19,827	15,776
Deferred tax liabilities related to revaluation	57	57
Reserve for severance benefits	10,139	13,821
Reserve for gasholder repair	1,691	1,726
Reserve for safety actions	2,459	–
Others	14,653	17,174
Total fixed liabilities	461,800	548,366
Current liabilities		
Current portion of fixed liabilities	48,386	38,616
Notes and trade accounts payable	74,697	74,909
Short-term loans payable	40,263	33,708
Corporate taxes payable	22,166	19,706
Reserve for safety actions	–	2,023
Others	153,962	100,369
Total current liabilities	339,476	269,334
Total liabilities	801,276	817,700
<b>Net Worth</b>		
Shareholder's equity		
Capital stock	132,166	132,166
Capital Surpluses	19,482	19,482
Retained earnings	439,226	459,658
Treasury stocks	-806	-1,251
Shareholder's equity total	590,069	610,056
Valuation and translation adjustments		
Difference between market price and acquisition cost of other securities	31,790	16,999
Deferred hedge gains/losses	12,628	-1,663
Land revaluation excess	83	-103
Foreign exchange adjustment	14,020	-12,724
Valuation and translation adjustments total	58,523	2,508
Minority interest	18,065	22,191
Net worth total	666,657	634,757
Liabilities and net worth total	1,467,934	1,452,457



## (2) Consolidated Profit and Loss Statement

(Unit: million yen)

	Previous Year (April 1, 2007 – March 31, 2008)	Current Year (April 1, 2008 – March 31, 2009)
Operating revenues	1,238,145	1,326,785
Cost of sales	842,617	921,915
Gross profit on sales	395,527	404,870
Selling, general and administrative expenses	319,916	337,937
Operating profit	75,611	66,932
Non-operating revenues		
Interest income	1,245	1,695
Dividend income	1,937	2,269
Gain from sales of securities	3,332	–
Equity in earnings of affiliates	5,305	7,481
Miscellaneous income	4,151	6,609
Total non-operating revenues	15,971	18,056
Non-operating expenses		
Interest expenses	9,848	10,461
Derivative expenses	–	2,651
Miscellaneous expenses	5,919	7,365
Non-operating expenses total	15,767	20,478
Ordinary profit	75,814	64,510
Extraordinary loss		
Impairment loss	3,335	–
Total extraordinary loss	3,335	–
Net income before tax adjustments	72,478	64,510
Corporate, resident and business taxes	28,301	18,751
Adjustment for difference of tax allocation between financial accounting and tax accounting	1,900	6,425
Total corporate tax and other taxes	30,202	25,176
Minority interest	1,993	3,292
Net income	40,283	36,041

## (3) Consolidated Statement of Changes in Shareholders' Equity

(Unit: million yen)

	Previous Year (April 1, 2007 – March 31, 2008)	Current Year (April 1, 2008 – March 31, 2009)
Shareholder's equity		
Capital stock		
Balance as of previous year-end	132,166	132,166
Balance as of current year-end	132,166	132,166
Capital surpluses		
Balance as of previous year-end	19,534	19,482
Change during the year		
Disposal of treasury stocks	9	–
Retirement of treasury stocks	-61	–
Total changes during the year	-51	–
Balance as of current year-end	19,482	19,482
Retained earnings		
Balance as of previous year-end	447,909	439,226
Change during the year		
Dividends from retained earnings	-15,572	-15,093
Net income	40,283	36,041
Disposal of treasury stocks	–	-18
Retirement of treasury stocks	-33,381	–
Decrease due to decrease of consolidated companies	-11	–
Decrease resulting from change in affiliates' accounting standards	–	-498
Total changes during the year	-8,682	20,431
Balance as of current year-end	439,226	459,658
Treasury stocks		
Balance as of previous year-end	-3,670	-806
Change during the year		
Repurchase of treasury stocks	-30,652	-610
Disposal of treasury stocks	74	165
Retirement of treasury stocks	33,442	–
Total changes during the year	2,864	-444
Balance as of current year-end	-806	-1,251
Shareholder's equity total		
Balance as of previous year-end	595,939	590,069
Change during the year		
Dividends from retained earnings	-15,572	-15,093
Net income	40,283	36,041
Repurchase of treasury stocks	-30,652	-610
Disposal of treasury stocks	83	146
Decrease due to decrease of consolidated companies	-11	–
Decrease resulting from change in affiliates' accounting standards	–	-498
Total changes during the year	-5,870	19,986
Balance as of current year-end	590,069	610,056

	Previous Year (April 1, 2007 – March 31, 2008)	Current Year (April 1, 2008 – March 31, 2009)
Valuation and translation adjustments		
Difference between market price and acquisition cost of other securities		
Balance as of previous year-end	55,508	31,790
Change during the year		
Net changes in items other than shareholders' equity during the year	-23,718	-14,790
Total changes during the year	-23,718	-14,790
Balance as of current year-end	31,790	16,999
Deferred hedge gains (losses)		
Balance as of previous year-end	9,180	12,628
Change during the year		
Net changes in items other than shareholders' equity during the year	3,448	-14,292
Total changes during the year	3,448	-14,292
Balance as of current year-end	12,628	-1,663
Land revaluation excess		
Balance as of previous year-end	83	83
Change during the year		
Net changes in items other than shareholders' equity during the year	–	-186
Total changes during the year	–	-186
Balance as of current year-end	83	-103
Foreign exchange adjustment		
Balance as of previous year-end	8,175	14,020
Change during the year		
Net changes in items other than shareholders' equity during the year	5,845	-26,744
Total changes during the year	5,845	-26,744
Balance as of current year-end	14,020	-12,724
Valuation and translation adjustments total		
Balance as of previous year-end	72,947	58,523
Change during the year		
Net changes in items other than shareholders' equity during the year	-14,424	-56,014
Total changes during the year	-14,424	-56,014
Balance as of current year-end	58,523	2,508
Minority interest		
Balance as of previous year-end	17,777	18,065
Change during the year		
Net changes in items other than shareholders' equity during the year	288	4,126
Total changes during the year	288	4,126
Balance as of current year-end	18,065	22,191
Total net worth		
Balance as of previous year-end	686,664	666,657
Change during the year		
Dividends from retained earnings	-15,572	-15,093
Net income	40,283	36,041
Repurchase of treasury stocks	-30,652	-610
Disposal of treasury stocks	83	146
Decrease due to decrease of consolidated companies	-11	–
Decrease resulting from change in affiliates' accounting standards	–	-498
Net changes in items other than shareholders' equity during the year	-14,136	-51,887
Total changes during the year	-20,006	-31,900
Balance as of current year-end	666,657	634,757

## (4) Consolidated Cash Flow Statement

	(Unit: million yen)	
	Previous Year (April 1, 2007 – March 31, 2008)	Current Year (April 1, 2008 – March 31, 2009)
<b>Cash Flow from Operating Activities</b>		
Net income before tax adjustments	72,478	64,510
Depreciation expenses	95,253	86,549
Write-off of long-term prepaid expenses	5,656	6,234
Impairment loss	3,335	–
(Increase) decrease in prepaid pension expenses	-13,368	-5,943
Interest and dividends received	-3,182	-3,965
Interest expenses	9,848	10,461
Equity in earnings of affiliates (the minus mark (-) represents loss)	-5,305	-7,481
(Gain) loss from sales of securities	-3,332	–
Loss from retirement of tangible fixed assets	2,564	–
(Increase) decrease in trade receivables	-9,597	16,946
(Increase) decrease in inventories	-5,102	-18,370
(Increase) decrease in trade payables	28,688	–
Increase (decrease) in accrued expenses	-5,845	2,990
Increase (decrease) in consumption taxes and other taxes payable	-2,358	–
Others	-2,852	-6,421
<b>Total</b>	<b>166,881</b>	<b>145,510</b>
Interest and dividends received	8,093	7,900
Interest paid	-9,721	-10,122
Corporate taxes paid	-30,970	-22,597
<b>Net cash flow from operating activities</b>	<b>134,282</b>	<b>120,691</b>
<b>Cash Flow from Investment Activities</b>		
Expenses for acquisition of tangible fixed assets	-103,060	-100,626
Expenses for acquisition of intangible fixed assets	-12,982	-2,077
Payment of long-term prepaid expenses	-8,818	-7,193
Expenses for acquisition of investment securities	-3,233	–
Proceeds from sales and redemption of investment securities	7,231	3,876
Expenses for investment in capital	-7,266	–
Expenses for acquisition of affiliates' shares	–	-4,323
Proceeds from sales of affiliates' shares	2,970	–
Proceeds from acquisition of shares of subsidiaries, resulting in consolidation scope change	–	6,682
Expenses for acquisition of shares of subsidiaries, resulting in consolidation scope change	-4,065	–
Net (increase) decrease in short-term loans receivable	-1,883	-2,741
Proceeds from collection of long-term loans	1,626	–
Expense for depositing time deposits	–	-1,744
Others	-2,546	46
<b>Net cash flow from investment activities</b>	<b>-132,029</b>	<b>-108,102</b>
<b>Cash Flow from Financial Activities</b>		
Net increase (decrease) in short-term loans payable	5,984	-6,421
Net increase (decrease) in commercial paper	15,000	-64,000
Proceeds from long-term loans payable	51,692	42,848
Expenses for repayment of long-term loans payable	-47,027	-18,702
Proceeds from corporate bond issuance	39,990	90,000
Expenses for redemption of bonds	-5,425	-30,660
Expense for acquisition of treasury stocks	-30,652	–
Dividends paid	-15,534	-15,071
Dividends paid to minority shareholders	-1,616	–
Others	85	-1,430
<b>Net cash flow from financial activities</b>	<b>12,495</b>	<b>-3,438</b>
<b>Difference from Conversion of Cash and Cash Equivalents</b>	<b>70</b>	<b>-1,630</b>
<b>Increase (Decrease) of Cash and Cash Equivalents</b>	<b>14,819</b>	<b>7,519</b>
<b>Cash and Cash Equivalents at Year-Beginning</b>	<b>24,476</b>	<b>39,244</b>
<b>Decrease of Cash and Cash Equivalents Due to Exclusion of Subsidiaries from the Consolidation</b>	<b>-52</b>	<b>–</b>
<b>Cash and Cash Equivalents at Year-End</b>	<b>39,244</b>	<b>46,764</b>

(6) Significant changes in the basic information for consolidated financial statements preparation

① Change in basis and method of evaluation of significant assets (inventories)

In the year ended March 31, 2009, the Company adopted Accounting Standards for Inventories Valuation (Corporate Accounting Standards No. 9, issued on July 5, 2006). As a result, operating profit, ordinary profit and net income before tax adjustments decreased by 1,463 million yen, respectively, compared with those calculated by the former evaluation method.

② Adoption of “Practical Solution on Unification of Accounting Policies of Foreign Subsidiaries for Consolidated Financial Statements”

From the current year, the Company adopts the “Practical Solution on Unification of Accounting Policies of Foreign Subsidiaries for Consolidated Financial Statements” (Practical Application Report No. 18 issued on May 17, 2006). According to this rule, the Company made necessary adjustments to its consolidated financial statements. This adoption had no effect on profit or loss for the year ended March 31, 2009.

③ Adoption of “Accounting Standards for Lease Transactions”

In and before the previous year, finance lease transactions other than those for which ownership is deemed to be transferred to the lessee had been accounted for by the accounting method used for ordinary lease transactions. From the current year, the Company adopts the “Accounting Standards for Lease Transactions” (Corporate Accounting Standards No. 13, issued by the First Section of the Corporate Accounting Committee on June 17, 1993 and revised on March 30, 2007) and the “Guide for Adopting the Accounting Standards for Lease Transactions” (Corporate Accounting Standards Adoption Guide No. 16, issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994, and revised on March 30, 2007), accounting these lease transactions by the accounting method used for ordinary sales transactions. This adoption had minor effect on profit or loss for the year ended March 31, 2009.

Disclosure of information on other accounting standards and other matters is omitted since there has been no other significant change in those matters since the disclosure in the most recent financial report submitted to the Finance Ministry on June 30, 2008.

## (7) Notes to the Consolidated Financial Statements

## ① Segment Information

## a. Segment information by business type

Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(Unit: one million yen)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real Estate	Others	Total	Elimination of internal transactions and transactions involving all companies	Consolidation
<b>[1] Sales and operating profit and loss</b>								
Operating revenues								
1. Sales to customers outside the Group	789,514	246,575	141,150	21,353	128,192	1,326,785	–	1,326,785
2. Internal sales or transfer among segments	24,841	3,029	439	11,834	37,085	77,231	(77,231)	–
Total	814,356	249,604	141,590	33,187	165,277	1,404,017	(77,231)	1,326,785
Operating expenses	776,674	240,493	138,976	26,276	155,650	1,338,071	(78,218)	1,259,852
Operating profit	37,682	9,110	2,613	6,911	9,627	65,945	987	66,932
<b>[2] Assets, depreciation/ amortization and capital investments</b>								
Assets	662,082	356,033	62,548	127,524	173,332	1,381,521	70,936	1,452,457
Depreciation expenses	60,805	15,108	354	4,574	6,257	87,099	(550)	86,549
Capital investments	46,175	42,400	533	9,379	8,012	106,501	(414)	106,087

Year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

(Unit: million yen)

	Gas	LPG, Electricity and Other Energies	Gas Appliances and House-pipe Installation	Real Estate	Others	Total	Elimination of internal transactions and transactions involving all companies	Consolidation
<b>[1] Sales and operating profit and loss</b>								
Operating revenues								
1. Sales to customers outside the Group	703,926	262,440	148,758	16,513	106,507	1,238,145	–	1,238,145
2. Internal sales or transfer among segments	17,477	3,236	446	11,982	37,837	70,981	(70,981)	–
Total	721,403	265,677	149,204	28,496	144,345	1,309,126	(70,981)	1,238,145
Operating expenses	677,141	251,747	147,606	21,808	136,021	1,234,325	(71,791)	1,162,533
Operating profit	44,262	13,929	1,597	6,687	8,323	74,800	810	75,611
<b>[2] Assets, depreciation/ amortization and capital investments</b>								
Assets	664,520	365,693	63,735	129,171	158,127	1,381,248	86,685	1,467,934
Depreciation expenses	61,483	16,561	404	4,268	13,124	95,841	(588)	95,253
Impairment loss		2,862			473	3,335	–	3,335
Capital investments	44,423	33,153	407	15,578	18,134	111,696	(609)	111,087

(Notes)

1. The business segments are divided based on the sales summary classification in accordance with the Accounting Rules for Gas Business Operators.
2. Major products and services of business segments

Business Segment	Major Products and Services
Gas	Gas
LPG, Electricity and Other Energies	LPG, electric supply, thermal energy supply, industrial gas, processing of LNG by contract, etc.
Gas Appliances and House-pipe Installation	Gas equipment, housing equipment, gas piping installation work, recycling of excavated soil, etc.
Real Estate	Real estate development, leasing, etc.
Others	Fine materials and carbon material products, security and disaster prevention service, sports business, data processing service, engineering, leasing of automobile and equipment, etc.

b. Segment information by geographical area

Because more than 90% of sales by all segments of the Osaka Gas Group are earned in Japan and more than 90% of assets of all segments of the Group are in Japan, disclosure in this section is omitted.

c. Overseas sales

Because overseas sales account for less than 10% of the consolidated sales, disclosure in this section is omitted.

## ② Per Share Information

Current year (From April 1, 2008 to March 31, 2009)		Previous year ( From April 1, 2007 to March 31, 2008)	
Net worth per share	284.21 yen	Net worth per share	300.76 yen
Earnings per share	16.72 yen	Earnings per share	18.27 yen

(Notes)

1. Since there were no potential shares that would have dilutive effective if issued, data on diluted earnings per share is not presented in this document.
2. The following data were used for calculating earnings per share:

	Current year (From April 1, 2008 to March 31, 2009)	Previous year ( From April 1, 2007 to March 31, 2008)
Net income (million yen)	36,041	40,283
Net income attributable to shareholders of common shares (unit: one million yen)	36,041	40,283
Average issued shares during the year (unit: one thousand shares)	2,155,920	2,205,185



③ Significant Events after Closing of The Year

Not applicable

④ Other Information

Purchase prices for certain raw materials may be adjusted depending on renewal of contracts and price negotiation with suppliers.

Disclosure of notes regarding lease transactions, transactions with related parties, tax effect accounting, securities, derivative transactions, retirement benefits, stock options and some other matters is omitted because necessity of disclosure of this information in this brief report is considered minor.

## 5. Non-consolidated Financial Statements

## (1) Balance Sheet

(Unit: one million yen)

	As of March 31, 2008	As of March 31, 2009
Assets		
Fixed Assets		
Tangible fixed assets		
Production facilities	97,335	93,120
Distribution facilities	336,946	322,828
Administrative facilities	63,372	64,086
Ancillary business facilities	4,575	4,156
Idle facilities	1,532	-
Construction in progress	66,779	82,812
Total tangible fixed assets	570,541	567,003
Intangible fixed assets		
Patents	54	46
Leaseholds	3,028	2,877
Other intangible fixed assets	4,403	3,709
Total intangible fixed assets	7,486	6,634
Investments and other assets		
Investment in securities	57,763	40,958
Investment in affiliates	119,447	120,786
Long-term loans receivable from affiliates	71,655	73,440
Investment in capital	12	22
Long-term prepaid expenses	10,847	11,318
Prepaid pension expenses	40,709	46,652
Other investments	5,637	5,164
Allowance for bad debts	-571	-615
Total investments and other assets	305,501	297,729
Total fixed assets	883,529	871,366
Current assets		
Cash and deposits	14,461	18,771
Notes receivable	778	858
Accounts receivable	77,700	76,613
Trade accounts receivable from affiliates	5,974	5,875
Other accounts receivable	13,788	14,799
Products	148	185
Raw materials	22,416	38,859
Stores	9,035	8,485
Short-term loans receivable from affiliates	39,926	55,246
Short-term accounts receivable from affiliates	3,403	3,819
Deferred tax assets	11,046	18,811
Receivables resulting from derivatives	21,174	-
Other current assets	17,052	27,324
Allowance for bad debts	-566	-539
Total current assets	236,341	269,112
Total assets	1,119,871	1,140,479

(Unit: one million yen)

	As of March 31, 2008	As of March 31, 2009
<b>Liabilities</b>		
Fixed liabilities		
Bonds	185,617	255,624
Long-term loans payable	136,812	149,503
Long-term liabilities of affiliates	12	508
Deferred tax liabilities	8,369	9,299
Reserve for retirement benefits	3,737	4,195
Reserve for gasholder repair	1,644	1,675
Reserve for safety actions	2,459	-
Other fixed liabilities	2,479	3,836
Total fixed liabilities	<u>341,132</u>	<u>424,644</u>
Current liabilities		
Current portion of fixed liabilities	35,298	27,369
Trade accounts payable	39,422	48,802
Other accounts payable	17,417	22,796
Accrued expenses	36,090	38,465
Corporate taxes payable	16,047	12,830
Advances received	5,353	4,158
Deposits received	1,124	1,087
Short-term loans payable to affiliates	25,703	29,484
Short-term accounts payable to affiliates	12,796	14,549
Reserve for safety actions	-	2,023
Commercial paper	65,000	-
Other current liabilities	792	6,279
Total current liabilities	<u>255,049</u>	<u>207,847</u>
Total liabilities	<u>596,181</u>	<u>632,491</u>
<b>Net Worth</b>		
Shareholder's equity		
Capital stock	132,166	132,166
Capital surpluses		
Capital reserve	19,482	19,482
Total capital reserves	<u>19,482</u>	<u>19,482</u>
Retained earnings		
Profit reserve	33,041	33,041
Other profit reserves		
Reserve for reduction of costs relating to replacement of specific assets, etc.	214	214
Reserve for write-off of specific gas piping works	193	129
Reserve for loss on overseas investments, etc.	9,871	9,380
Reserve for adjustment for cost fluctuation	89,000	89,000
Reserve for other specific purposes	62,000	62,000
Unappropriated retained earnings brought forward	144,314	153,796
Total profit reserves	<u>338,635</u>	<u>347,562</u>
Treasury stocks	-806	-1,251
Shareholder's equity total	<u>489,477</u>	<u>497,960</u>
Valuation and translation adjustments		
Difference between market price and acquisition cost of other securities	21,196	10,903
Deferred hedge gains (losses)	13,015	-876
Valuation and translation adjustments total	<u>34,211</u>	<u>10,027</u>
Total net worth	<u>523,689</u>	<u>507,987</u>
Liabilities and net worth total	<u>1,119,871</u>	<u>1,140,479</u>

## (2) Profit and Loss Statement

	(Unit: one million yen)	
	Previous Year (April 1, 2007 – March 31, 2008)	Current Year (April 1, 2008 – March 31, 2009)
Product sales		
Gas sales	714,111	805,472
Total product sales	<u>714,111</u>	<u>805,472</u>
Cost of sales		
Opening inventories	132	148
Product manufacturing cost	414,984	502,521
Purchases during the year	0	0
Internal consumption	4,786	7,162
Closing inventories	148	185
Total cost of sales	<u>410,181</u>	<u>495,321</u>
Gross profit on sales	<u>303,930</u>	<u>310,150</u>
Selling, general and administrative expenses		
Selling expenses	211,874	223,084
General and administrative expenses	51,985	54,084
Total selling, general and administrative expenses	<u>263,860</u>	<u>277,169</u>
Core business profit	<u>40,070</u>	<u>32,980</u>
Miscellaneous operational revenues		
Revenues from house-pipe installation	27,450	28,060
Revenues from gas appliances sales	93,283	87,097
Revenues from consigned supply	–	2,250
Other miscellaneous operational revenues	3,391	1,641
Total miscellaneous operational revenues	<u>124,125</u>	<u>119,050</u>
Miscellaneous operational expenses		
Cost of house-pipe installation	26,703	27,259
Cost of gas appliances sales	93,934	86,561
Total miscellaneous operational expenses	<u>120,638</u>	<u>113,821</u>
Revenues from supplementary businesses		
Revenues from automatic call service	5,575	6,330
Revenues from electric supply	8,530	8,861
Revenues from LNG sales	19,926	26,718
Revenues from other supplementary businesses	5,358	5,442
Total revenues from supplementary businesses	<u>39,390</u>	<u>47,353</u>
Cost of supplementary businesses		
Cost of automatic call service	4,565	5,053
Cost of electric supply	8,889	9,570
Cost of LNG sales business	22,160	28,357
Cost of other supplementary businesses	4,602	4,701
Total cost of supplementary businesses	<u>40,217</u>	<u>47,683</u>
Operating profit	<u>42,730</u>	<u>37,881</u>
Non-operating Revenues		
Interest income	1,341	1,554
Interest income on securities	–	0
Dividend income	1,083	1,102
Dividend income from affiliates	5,122	3,015
Rent income	1,586	1,501
Gain from foreign exchange	–	2,254
Gain from sales of securities	2,951	–
Miscellaneous revenues	3,486	3,656
Total non-operating revenues	<u>15,572</u>	<u>13,084</u>
Non-operating Expenses		
Interest expenses	2,373	2,559
Interest expense on corporate bonds	3,169	4,347
Amortization of bond issue costs	141	273
Derivative expenses	–	2,651
Loss from valuation of investments in securities	983	–
Miscellaneous expenses	1,444	3,311
Total non-operating expenses	<u>8,112</u>	<u>13,144</u>
Ordinary profit	<u>50,190</u>	<u>37,821</u>
Net income before tax	<u>50,190</u>	<u>37,821</u>
Corporate and other taxes	16,400	6,900
Tax adjustment and other adjustments	1,001	6,883
Total corporate tax and other taxes	<u>17,401</u>	<u>13,783</u>
Net income	<u>32,788</u>	<u>24,038</u>

## (3) Statement of Changes in Shareholders' Equity

(Unit: one million yen)

	Previous Year (April 1, 2007 – March 31, 2008)	Current Year (April 1, 2008 – March 31, 2009)
Shareholder's equity		
Capital stock		
Balance as of previous year-end	132,166	132,166
Balance as of current year-end	132,166	132,166
Capital surpluses		
Capital reserve		
Balance as of previous year-end	19,482	19,482
Balance as of current year-end	19,482	19,482
Other capital surpluses		
Balance as of previous year-end	51	–
Change during the year		
Disposal of treasury stocks	9	–
Retirement of treasury stocks	-61	–
Total changes during the year	-51	–
Balance as of current year-end	–	–
Total capital reserves		
Balance as of previous year-end	19,534	19,482
Change during the year		
Disposal of treasury stocks	9	–
Retirement of treasury stocks	-61	–
Total changes during the year	-51	–
Balance as of current year-end	19,482	19,482
Retained earnings		
Profit reserve		
Balance as of previous year-end	33,041	33,041
Balance as of current year-end	33,041	33,041
Other profit reserves		
Reserve for reduction of costs relating to replacement of specific assets, etc.		
Balance as of previous year-end	215	214
Change during the year		
Reversal of Reserve for reduction of costs relating to replacement of specific assets, etc.	-1	–
Total changes during the year	-1	–
Balance as of current year-end	214	214
Reserve for write-off of specific gas piping works		
Balance as of previous year-end	564	193
Change during the year		
Reversal of Reserve for write-off of specific gas piping works	-370	-64
Total changes during the year	-370	-64
Balance as of current year-end	193	129
Reserve for loss on overseas investments, etc.		
Balance as of previous year-end	5,314	9,871
Change during the year		
Provisions to Reserve for loss on overseas investments, etc.	5,796	749
Reversal of Reserve for loss on overseas investments, etc.	-1,240	-1,240
Total changes during the year	4,556	-490
Balance as of current year-end	9,871	9,380
Reserve for adjustment for cost fluctuation		
Balance as of previous year-end	89,000	89,000
Balance as of current year-end	89,000	89,000
Reserve for other specific purposes		
Balance as of previous year-end	62,000	62,000
Balance as of current year-end	62,000	62,000
Unappropriated retained earnings brought forward		
Balance as of previous year-end	164,664	144,314
Change during the year		
Reversal of Reserve for reduction of costs relating to replacement of specific assets, etc.	1	–
Reversal of Reserve for write-off of specific gas piping works	370	64
Provisions to Reserve for loss on overseas investments, etc.	-5,796	-749
Reversal of Reserve for loss on overseas investments, etc.	1,240	1,240
Dividends from retained earnings	-15,572	-15,093
Net income	32,788	24,038
Disposal of treasury stocks	–	-18
Retirement of treasury stocks	-33,381	–
Total changes during the year	-20,350	9,482
Balance as of current year-end	144,314	153,796

(Unit: one million yen)

	Previous Year (April 1, 2007 – March 31, 2008)	Current Year (April 1, 2008 – March 31, 2009)
<b>Total profit reserves</b>		
Balance as of previous year-end	354,801	338,635
Change during the year		
Reversal of Reserve for reduction of costs relating to replacement of specific assets, etc.	–	–
Reversal of Reserve for write-off of specific gas piping works	–	–
Provisions to Reserve for loss on overseas investments, etc.	–	–
Reversal of Reserve for loss on overseas investments, etc.	–	–
Dividends from retained earnings	-15,572	-15,093
Net income	32,788	24,038
Disposal of treasury stocks	–	-18
Retirement of treasury stocks	-33,381	–
Total changes during the year	-16,165	8,927
Balance as of current year-end	338,635	347,562
<b>Treasury stocks</b>		
Balance as of previous year-end	-3,670	-806
Change during the year		
Repurchase of treasury stocks	-30,652	-610
Disposal of treasury stocks	74	165
Retirement of treasury stocks	33,442	–
Total changes during the year	2,864	-444
Balance as of current year-end	-806	-1,251
<b>Shareholder's equity total</b>		
Balance as of previous year-end	502,831	489,477
Change during the year		
Dividends from retained earnings	-15,572	-15,093
Net income	32,788	24,038
Repurchase of treasury stocks	-30,652	-610
Disposal of treasury stocks	83	146
Total changes during the year	-13,353	8,482
Balance as of current year-end	489,477	497,960
<b>Valuation and translation adjustments</b>		
Difference between market price and acquisition cost of other securities		
Balance as of previous year-end	36,081	21,196
Change during the year		
Net changes in items other than shareholders' equity during the year	-14,885	-10,292
Total changes during the year	-14,885	-10,292
Balance as of current year-end	21,196	10,903
<b>Deferred hedge gains (losses)</b>		
Balance as of previous year-end	9,808	13,015
Change during the year		
Net changes in items other than shareholders' equity during the year	3,206	-13,891
Total changes during the year	3,206	-13,891
Balance as of current year-end	13,015	-876
<b>Valuation and translation adjustments total</b>		
Balance as of previous year-end	45,890	34,211
Change during the year		
Net changes in items other than shareholders' equity during the year	-11,678	-24,184
Total changes during the year	-11,678	-24,184
Balance as of current year-end	34,211	10,027
<b>Total net worth</b>		
Balance as of previous year-end	548,721	523,689
Change during the year		
Dividends from retained earnings	-15,572	-15,093
Net income	32,788	24,038
Repurchase of treasury stocks	-30,652	-610
Disposal of treasury stocks	83	146
Net changes in items other than shareholders' equity during the year	-11,678	-24,184
Total changes during the year	-25,032	-15,701
Balance as of current year-end	523,689	507,987

(4) Notes regarding assumption of a going concern

Not applicable

(5) Notes to the Financial Statements

a. Significant Subsequent Events

On April 1, 2009, the Company concluded an agreement with Semboku Natural Gas Power Generation Co., Ltd., its fully-owned subsidiary engaged in electric power generation and supply, to assign to Semboku Natural Gas Power Generation Co., Ltd. the following facilities to be constructed on the site of Semboku Power Plant.

The assignment price will be 82.6 billion yen (acquisition price estimated by the Company).

– Description of assigned assets

Name: Plants No. 1 to No. 4 on the Semboku Natural Gas Power Plant and auxiliary facilities

Location: Sakai City and Takaishi City, Osaka Prefecture

– Timing of assignment (scheduled)

April, May, October and November 2009

6. Other information

(1) Change in officers

Information on changes in officers will be disclosed as soon as the decision is made (by the end of May).

(2) Others

There is no other information to be noted.