



Fiscal Year Ended March 31, 2013

Brief Report of Consolidated Financial Statements (Japanese GAAP)

April 25, 2013

Name of Listed Company	: Osaka Gas Co., Ltd.	Listed Exchanges:	1 st Section of Tokyo, Osaka and Nagoya
Code	: 9532	URL:	http://www.osakagas.co.jp
Representative Officer	: Title: President	Name:	Hiroshi Ozaki
Contact	: Title: Manager, Finance Dept.	Name:	Kazushige Nomura
Scheduled Date of Annual General Meeting of Shareholders			: June 27, 2013
Scheduled Date of Dividend Payment			: June 28, 2013
Scheduled Date of Financial Report Filing with the Finance Ministry			: June 28, 2013
Preparation of Supplementary Explanation Documents for Operating Results			: Yes
Holding of an Informational Meeting for Operating Results			: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2013	1,380,060	6.6	84,773	9.7	90,125	19.1	52,467	16.1
Year ended March 31, 2012	1,294,781	9.1	77,274	-12.8	75,694	-8.1	45,207	-1.7

(Note) Comprehensive income
 Year ended March 31, 2013 83,844 million yen (up 111.2% YoY)
 Year ended March 31, 2012 39,702 million yen (up 10.8% YoY)

	Earnings per share	Diluted earnings per share	Net income /Net worth	Ordinary income /Total assets	Operating income /Net sales
	yen	yen	%	%	%
Year ended March 31, 2013	25.20	—	7.3	5.9	6.1
Year ended March 31, 2012	21.71	—	6.7	5.2	6.0

<Reference> Equity in earnings of affiliates
 Year ended March 31, 2013 6,335 million yen
 Year ended March 31, 2012 5,637 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth/Total assets	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2013	1,566,899	774,317	47.7	359.16
As of March 31, 2012	1,475,759	708,904	46.4	328.77

<Reference> Net worth As of March 31, 2013 747,802 million yen As of March 31, 2012 684,584 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	million yen	million yen	million yen	million yen
As of March 31, 2013	129,597	-116,791	-27,897	109,456
As of March 31, 2012	122,793	-107,764	-8,279	122,448

2. Dividends

(Record date)	Dividends per share					Total dividends (full year)	Payout ratio (consolidated)	Dividends /Net assets (consolidated)
	June 30	September 30	December 31	March 31	Annual			
Year ended March 31, 2012	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 31, 2012	—	4.00	—	4.00	8.00	16,658	36.8	2.5
Year ended March 31, 2013	—	4.00	—	4.50	8.50	17,698	33.7	2.5
Year ending March 31, 2014 (Forecast)	—	4.50	—	4.50	9.00		29.1	

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

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	684,000	8.6	40,000	-10.9	41,500	-14.1	27,000	-12.6	12.97
Full year	1,508,000	9.3	100,000	18.0	100,000	11.0	64,500	22.9	30.98

※. Notes

(1) Changes in significant subsidiaries during the year (changes in certain subsidiaries resulting in a change in the consolidation scope):
None

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

(i) Changes in accounting policies in response to revisions in accounting standards, etc. : Adopted

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

(iii) Changes in estimation methods : Adopted

(iv) Corrections and restatements : None

*Note: For detailed information, please refer to “3 (5) Notes on the Consolidated Financial Statements” on Page 20 of the Attachment to this Brief Report of Consolidated Financial Statements.

(3) Issued shares (common shares)

(i) Number of shares issued and outstanding at the end of each fiscal year (including treasury stock)	: As of March 31, 2013	2,083,400,000 shares
	As of March 31, 2012	2,083,400,000 shares
(ii) Number of treasury stock at the end of each fiscal year	: As of March 31, 2013	1,298,619 shares
	As of March 31, 2012	1,146,823 shares
(iii) Average number of shares issued and outstanding in each fiscal year	: Year ended March 31, 2013	2,082,181,348 shares
	Year ended March 31, 2012	2,082,323,557 shares

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(1) Non-Consolidated Operating Results (Percentages (%) represent changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2013	1,109,173	7.4	46,014	16.9	55,379	34.5	35,114	36.6
Year ended March 31, 2012	1,032,720	12.5	39,348	-25.2	41,165	-25.4	25,707	-25.5

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2013	16.86	—
Year ended March 31, 2012	12.35	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Net worth/Total assets	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2013	1,236,969	572,423	46.3	274.93
As of March 31, 2012	1,187,531	544,531	45.9	261.51

<Reference> Net worth As of March 31, 2013 572,423 million yen As of March 31, 2012 544,531 million yen

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

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	544,000	6.9	22,000	-21.9	25,000	-25.8	17,500	-25.1	8.40
Full year	1,193,500	7.6	57,000	23.9	62,000	12.0	42,500	21.0	20.41

* Statement regarding implementation of audit procedures

At the time of disclosure of this Brief Report of Consolidated Financial Statements, the audit procedures of financial statements in accordance with the Financial Instruments and Exchange Act of Japan have not been completed.

* Notes on proper use of forecasts and other matters

Forward-looking statements in this document, including forecasts of operating results, are based on information currently available to Osaka Gas (the Company) and certain assumptions that the Company believes are reasonable. Actual results may significantly differ from these forecasts, affected by various factors. As for notes regarding assumptions used for operating forecasts and regarding the use of forecasts, please refer to “1. (1) Operating Results Analysis (iii) Forecasts for the Next Year (April 1, 2013 – March 31, 2014)” on Page 6 of the Attachment to this Brief Report of Consolidated Financial Statements.

The Company is planning to hold a closing informational meeting for institutional investors and analysts on April 26, 2013. Immediately after the meeting, a video of the presentation and the presentation materials used on that day will be made available on the Company's web site.

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1. Operating Results

(1) Operating Results Analysis

(i) Results for the Fiscal Year Ended March 31, 2013

Consolidated net sales for the fiscal year ended March 31, 2013 increased by ¥85.2 billion (up 6.6% year-on-year) to ¥1,380.0 billion. This was primarily due to the continuing high unit selling price on a non-consolidated basis for city gas under the fuel cost adjustment system. Consolidated ordinary income increased by ¥14.4 billion (up 19.1% year-on-year) to ¥90.1 billion, due primarily to an increase in profits of the gas business and the electricity business on a non-consolidated basis. Consolidated net income increased by ¥7.2 billion (up 16.1% year-on-year) to ¥52.4 billion.

The number of consolidated subsidiary companies is currently 130, with 7 subsidiary companies removed and 4 added since the end of the previous year. The number of equity method affiliates remained 9, with no increase or decrease.

(billion yen)

	Consolidated results (a)	Change from the previous year		Non-consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		increase /decrease	increase /decrease rate (%)		
Net sales	1,380.0	+85.2	+6.6	1,109.1	1.24
Cost of sales	943.6	+75.3	+8.7	770.7	1.22
Selling, general and administrative expenses	351.5	+2.4	+0.7	292.4	1.20
Operating income	84.7	+7.4	+9.7	46.0	1.84
Ordinary income	90.1	+14.4	+19.1	55.3	1.63
Net income	52.4	+7.2	+16.1	35.1	1.49

(Reference) Non-Consolidated Gas Sales Breakdown

		Current year (a) (Apr '12 -Mar '13)	Previous year (b) (Apr '11 -Mar '12)	increase /decrease (a)-(b)	increase /decrease rate (%)
Customers [Meters installed] (thousand)	Residential	6,747	6,710	+37	+0.5
	Non-residential	339	335	+4	+1.1
	Total	7,086	7,045	+40	+0.6
Monthly average usage per residential customer (m ³ /month)		32.5	32.6	-0.1	-0.3
Gas sales volume (million m ³)	Residential	2,272	2,271	+1	+0.1
	Non-residential	5,761	5,930	-168	-2.8
	Industrial	4,222	4,355	-134	-3.1
	Commercial	898	927	-29	-3.1
	Public and medical institutions	642	648	-6	-0.9
	Wholesale	469	480	-11	-2.3
	Total	8,503	8,681	-178	-2.1

[45MJ/m³]

(ii) Operating Results by Business Segment

a. Gas

Sales increased by ¥62.0 billion (up 6.4% year-on-year) to ¥1,038.5 billion, mainly as a result of gas unit selling prices remaining high under the fuel cost adjustment system. Segment income increased by ¥2.3 billion (up 11.4% year-on-year) to ¥23.3 billion.

b. LPG, Electricity and Other Energy

Sales increased by ¥17.4 billion (up 8.8% year-on-year) to ¥215.5 billion, caused mainly by higher sales from the electricity business. Segment income increased by ¥5.8 billion (up 18.0% year-on-year) to ¥38.2 billion.

c. International Energy

Sales decreased by ¥0.3 billion (down 3.5% year-on-year) to ¥10.7 billion. Segment income decreased by ¥1.0 billion (down 11.7% year-on-year) to ¥7.6 billion.

d. Environment and Non-Energy

Sales increased by ¥1.0 billion (up 0.6% year-on-year) to ¥185.6 billion. Segment income increased by ¥0.5 billion (up 2.8% year-on-year) to ¥19.0 billion.

(billion yen)

	Gas	LPG, Electricity and Other Energy	International Energy	Environment and Non-Energy	Adjustments	Consolidation
Net sales	+6.4% 1,038.5 [+62.0]	+8.8% 215.5 [+17.4]	-3.5% 10.7 [-0.3]	+0.6% 185.6 [+1.0]	-70.4	+6.6% 1,380.0 [+85.2]
Segment income	+11.4% 23.3 [+2.3]	+18.0% 38.2 [+5.8]	-11.7% 7.6 [-1.0]	+2.8% 19.0 [+0.5]	2.7	+9.9% 91.1 [+8.1]

The percentage figures at the upper left corner of each box show the percentage of changes from the previous year.

Figures in [] brackets in each box show the changes from the previous year.

(iii) Forecasts for the Next Year (April 1, 2013 – March 31, 2014)

Consolidated net sales for the fiscal year ending March 31, 2014 are expected to increase by ¥127.9 billion (up 9.3% year-on-year) to ¥1,508.0 billion. This is primarily because net sales are expected to increase due to higher gas unit selling prices compared with the current fiscal year under the fuel cost adjustment system (the Company assumes LNG prices will go up during the next fiscal year compared with the current year).

Ordinary income is expected to increase by ¥9.8 billion (up 11.0% year-on-year) to ¥100.0 billion, primarily because the magnitude of the increase in raw material costs associated with the assumed rise in LNG prices is expected to be small relative to the assumed increase in net sales. Net income is expected to increase by ¥12.0 billion (up 22.9% year-on-year) to ¥64.5 billion.

(billion yen)

	Forecast for Next Year (2013/4 -2014/3)	Compared with Current Year	
		increase /decrease	increase /decrease rate (%)
Net sales	1,508.0	+127.9	+9.3
Operating income	100.0	+15.2	+18.0
Ordinary income	100.0	+9.8	+11.0
Net income	64.5	+12.0	+22.9

Assumptions: Crude oil price (All Japan CIF price) at \$115/barrel

Exchange rate (TTM rate) at ¥95 to the dollar

(2) Financial Position Analysis

(i) Assets, Liabilities, and Net Assets

Total assets increased by ¥91.1 billion year-on-year to ¥1,566.8 billion, due primarily to an increase in noncurrent assets. Liabilities increased by ¥25.7 billion year-on-year to ¥792.5 billion, while net assets heightened by ¥65.4 billion year-on-year to ¥774.3 billion.

As a result, the ratio of net worth to total assets rose to 47.7% from 46.4% at the end of the previous year.

(billion yen)

	As of March 31, 2013	As of March 31, 2012	increase /decrease
Total assets	1,566.8	1,475.7	+91.1
Total liabilities	792.5	766.8	+25.7
Total net assets	774.3	708.9	+65.4
Total liabilities and net assets	1,566.8	1,475.7	+91.1

(ii) Cash Flows

In the current fiscal year, net cash provided by operating activities amounted to ¥129.5 billion, due to the addition of depreciation and amortization to income before income taxes and minority interests and the addition/subtraction of income taxes and other payments. Net cash used in investing activities amounted to ¥116.7 billion, mainly due to the purchase of property, plant and equipment. Net cash used in financing activities amounted to ¥27.8 billion, including the redemption of bonds payable.

Consequently, the net decrease in cash and cash equivalents at the end of the fiscal year ended March 31, 2013 amounted to ¥12.9 billion.

With the addition to the balance of ¥122.4 billion at the beginning of the fiscal year under review, the balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2013 amounted to ¥109.4 billion.

(billion yen)

	Current Year (Apr '12 -Mar '13)	Previous Year (Apr '11 -Mar '12)	increase /decrease
Cash flows from operating activities	129.5	122.7	+6.8
Cash flows from investing activities	-116.7	-107.7	-9.0
Cash flows from financing activities	-27.8	-8.2	-19.6
Increase/decrease in cash and cash equivalents	-12.9	6.2	-19.2
Cash and cash equivalents at end of year	109.4	122.4	-12.9
Balance of interest-bearing liabilities at end of year	540.1	541.3	-1.1

Free cash flow*: ¥85.0 billion [¥79.0 billion in the previous year]

*Cash flow from operating activities – capital expenditures

(Reference) Cash Flow Indices

	Current Year (Apr '12 -Mar '13)	Previous Year (Apr '11 -Mar '12)
Net worth/Total assets	47.7%	46.4%
Total market capitalization /Total assets	55.0%	46.8%
Interest-bearing debts/Cash flows	4.2	4.4
Interest coverage ratio	15.37	13.78

(Notes)

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

The following table shows forecasts for capital expenditures.

(Reference) Capital Expenditures: Results and Forecasts

(billion yen)

	Forecast for Next Year (Apr '13 -Mar '14)	Current Year (Apr '12 -Mar '13)	Previous Year (Apr '11 -Mar '12)
Consolidated	134.7	112.9	87.1
Non-consolidated	63.6	60.1	58.6
Production facilities	6.1	6.2	5.7
Distribution facilities	51.9	48.7	47.5
Service and maintenance facilities, etc.	5.5	5.1	5.3

Major financial indicators for the next year are forecasted as follows:

		Forecast for Next Year (Apr '13-Mar '14)	Current Year (Apr '12-Mar '13)	Previous Year (Apr '11-Mar '12)
Consolidated	Shareholders' value added (SVA)	27.4 billion yen	18.6 billion yen	11.9 billion yen
	Earnings per share (EPS)	30.98 yen	25.20 yen	21.71 yen
	Return on equity (ROE)	8.6 %	7.3 %	6.7 %
	Return on assets (ROA)	4.1 %	3.4 %	3.1 %
	Free cash flow (FCF)	88.9 billion yen	85.0 billion yen	79.0 billion yen
Non-consolidated	Shareholders' value added (SVA)	14.0 billion yen	10.2 billion yen	0.7 billion yen
	Earnings per share (EPS)	20.41 yen	16.86 yen	12.35 yen
	Return on equity (ROE)	7.2 %	6.3 %	4.8 %
	Return on assets (ROA)	3.4 %	2.9 %	2.2 %
	Free cash flow (FCF)	38.0 billion yen	42.0 billion yen	37.9 billion yen

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

Striving to enhance business growth and improve the efficiency of its operations, the Company has appropriated the increased profit resulting from such efforts for internal reserves to be used toward future business growth and strengthening of the financial structure of the Company, in addition to the payment of steady dividends to shareholders. The Company will endeavor to continue steadily paying such dividends to shareholders both at the interim and year-end periods based on operational results, future business management, and other plans, while also taking into account alternative profit distribution plans and other comprehensive factors. The Company will aim to maintain its consolidated payout ratio above 30%, within the non-consolidated retained earnings distributable to Osaka Gas shareholders, excluding temporary factors that may affect the profit situation. Internal reserves will be appropriated for capital investments and investments in new business.

For the fiscal year ended March 31, 2013, the Company plans to pay year-end dividends of ¥4.5 per share, which is ¥0.5 higher than the previous year. The total annual dividend payments will be ¥8.5 per share, including interim dividends of ¥4.0 per share previously paid.

For the fiscal year ending March 31, 2014, the Company plans to increase the annual dividends by ¥0.5 to ¥9 per share, including interim dividends of ¥4.5 per share.

(4) Business and Other Risks

The business performance and financial conditions of the Osaka Gas Group may be affected by various risks including, but not limited to, the following:

(i) Risks related to all businesses within the Osaka Gas Group

a. Worsening of economic and credit conditions, etc., and contraction of the market

Worsening of economic and/or credit conditions, etc. in Japan and/or other countries that may lead to a decrease in sales revenues, difficulties in fund-raising, insolvency of joint project partner companies, suppliers, or customers, a decrease in the population, offshore transfer of factories and plants, or other unfavorable effects

b. Changes in foreign exchange rates and financing interest rates

c. Catastrophic disasters/accidents/epidemics

Occurrence of catastrophic natural disasters, acts of terrorism or accidents, or epidemics of new types of influenza or other infectious diseases

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

Changes in the Gas Business Act, the Electricity Business Act, the Companies Act, the Financial Instruments and Exchange Act, environment-related laws, or other applicable policies, acts and institutional systems both in and outside of Japan

e. Intensifying competition

Intensified competition with other operators in the gas business and other business areas related to the Group

f. Breakdown or malfunction of mission-critical IT systems

Breakdown or malfunction of mission-critical IT systems, such as systems related to gas production/supply or billing

g. Information leaks

Outside leakage of important information used in the course of business, including customer information or technical information possessed by the Group

h. Non-compliance with laws/regulations

Expenditures related to remedy noncompliance and degradation of social reputation caused by any act that is in violation of any law or regulation

(ii) Risks related to major businesses within the Osaka Gas Group

1) Gas business

a. Impact of fluctuations in atmospheric/water temperature on gas demand

b. Changes in raw material costs

Fluctuations in prices of liquefied natural gas (LNG) due to changes in crude oil prices, exchange rates, and other relevant factors*

*Although most effects may be offset through the fuel 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.

Settlement of raw materials costs as a result of renewal of contracts or price negotiations with suppliers

c. Trouble in purchasing raw materials

Problems at facilities of LNG (from which gas is produced) suppliers or their operations, or other incidents

d. Difficulties in production and supply

Catastrophic natural disasters or accidents that could disrupt the production or supply of gas

e. Problems with gas equipment and facilities

Serious trouble with gas equipment or facilities sold to customers

2) Electricity business

Interruption of operations at any electric power plant due to a natural disaster, accident, trouble in purchasing fuel, or other incidents

3) International energy businesses

Changes in the operating environments due to a delay or cancellation in gas field development or other development projects, or some other significant impact resulting from enforcement or revision of government policy or regulations, economic stagnation, worsening social conditions, or other factors occurring in any country in which the Osaka Gas Group operates

The Osaka Gas Group strives to minimize the potential impact of these risks on its performance through various measures, including derivative contracts to hedge against fluctuations in exchange rates and raw material costs, accident and other insurance contracts, enhanced security of critical IT systems, adherence to compliance and strict information control, monitoring and proper supervision of subsidiaries' business management, measures for safety and disaster prevention, and design and continuous review of business continuity plans.

2. Management Policy

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

Energy business operators are expected to supply energies, considering safety, energy security, economic efficiency and environment (S + 3E). The Company will meet this expectation by further spreading the use of natural gas. At the same time, it is most important to appropriately respond to future changes in the government's energy policy and changing economic conditions and other business environments in and outside Japan in order to realize sustainable growth of the Osaka Gas Group.

Assigning top priority to maximizing customer value, the Osaka Gas Group conducts business based on its management principle of "Value Creation Management", which seeks to enhance value for all stakeholders, including shareholders, society and employees, through fair and transparent business activities.

In the fiscal year ending March 2014, the Osaka Gas Group will take on the tasks of "Further advancement of energy businesses," "Further expanding the international energy businesses," "Expanding revenues from environmental and non-energy businesses," and "Strengthening the business foundation that supports sustainable growth" in order to achieve the Group's long-term management vision/medium-term management plan: "Field of Dreams 2020."

(2) Targeted Management Indices

From the perspective of assuring profitability and business growth, the Company sets targets for shareholders' value added (SVA), profit figures, 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 attain the following financial soundness indicators: (1) a ratio of consolidated net worth to total assets in excess of 40%, and (2) a ratio of consolidated D/E (interest-bearing debts to net worth) of about 1, while maintaining the existing balance with SVA, free cash flow, balance of interest-bearing debts, and other indicators.

Opportunities to repurchase the Company's shares will always be examined to improve earnings per share (EPS), and ROE. However, repurchase will be strategically implemented only on the conditions that growth investments have been implemented and that excess cash flow is available.

(3) Challenges for the Company

To achieve the goals of our long-term management vision and the midium-term management plan “Field of Dreams 2020,” we will tackle the following issues:

(i) Further advancement of energy businesses

1) Stable and economically-beneficial materials procurement

The Company will diversify its supply sources. By sourcing materials from multiple producers around the world, we will secure a stable supply of natural gas and other raw materials. The Company also aims to procure raw materials economically beneficial for customers by diversifying the benchmarks of contract prices.

2) Encouraging widespread use of natural gas and distributed power generation systems

In the residential market, the Company will encourage widespread use of fuel cells and other gas cogeneration systems, and a “hybrid power generation” system that combines gas cogeneration and solar power. Furthermore, we will promote the drive to “visualize” how much energy is used at homes by offering a Home Energy Management System.

In the non-residential market, the Company will promote widespread use of natural gas by providing gas engine cogeneration systems and gas air conditioning systems, among others, which in turn will support the customers’ energy security and peak shaving of electricity demand.

3) Expanding electricity and wide-area energy businesses

In the electricity business, the Company will continue the steady operation and complete maintenance of the Semboku Natural Gas Power Plant and its other power generation facilities. The Company will also expand its power source size, including power source cogeneration systems that use thermal energy effectively.

In the wide area energy business, the Company will enhance collaboration with energy business operators in other areas and promote activities which encourage natural gas use along newly-installed high-pressure gas pipes.

4) Strengthening the LPG business

The Company will increase the number of customers and sales volume, while implementing cost reductions, to improve profitability.

5) Securing stable supply and safety

The Company will strengthen the supply network by installing high-pressure gas piping, conduct regular maintenance and replacement of old production and distribution facilities, implement anti-earthquake and tsunami measures, and continue the review of operation continuity plans. We will also continue the system for responding around the clock to any emergencies, such as possible gas leakage.

(ii) Further expansion of international energy businesses

To secure stable natural gas procurement and revenues, the Company will acquire new equities in gas projects including a shale gas development project, while promoting steady progress of existing gas fields and other projects in which the Company has equity.

We will also seek new opportunities while continuing the steady operation of our electricity, gas, energy service, and other businesses overseas.

(iii) Expanding revenues in environmental and non-energy businesses

The Company will expand the size of the renewable energy business to contribute to CO₂ emissions reduction. In non-energy businesses, such as urban development, information, and materials solutions, we will provide improved products and services to support comfortable life and business development of our customers.

(iv) Strengthening the business foundation to support sustainable growth

1) Technological development

The Company will enhance its technological prowess in such areas as: development of more efficient, low-cost gas appliances, including fuel cells; practical use of the “Smart Energy House,” which uses a combination of fuel cells, solar batteries and storage batteries, and the “Smart Energy Network” for optimal use of distributed energy systems; development of technologies related to hydrogen production and use; and development of materials solutions and information technologies.

2) Stronger CSR

In accordance with the Osaka Gas Group CSR Charter, the Company will strive to “create value for customers,” “contribute to harmonizing with the environment and to realizing a sustainable society,” “be a good corporate citizen contributing to society,” “comply with laws and regulations and respect human rights,” and work under a “management policy of human growth.” At the same time, the Company will endeavor to ensure that those concerned with the Osaka Gas Group’s supply chain gain a clear understanding of our efforts in this regard.

The Osaka Gas Group will perform proper internal control for its business environment. Under a mechanism to monitor the implementation of this system in a timely and appropriate manner, the Group is committed to addressing the above challenges, pursuing its management principle of “Value Creation Management”, and continuing to make constant efforts toward achieving sustainable growth.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(million yen)

	Previous Year As of March 31, 2012	Current Year As of March 31, 2013
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	80,220	78,533
Distribution facilities	278,844	276,132
Service and maintenance facilities	69,280	66,204
Other facilities	313,655	300,149
Construction in progress	72,398	108,916
Total property, plant and equipment	814,400	829,936
Intangible assets	38,107	58,579
Investments and other assets		
Investment securities	136,838	164,302
Other	82,137	85,245
Allowance for doubtful accounts	-2,015	-1,925
Total investments and other assets	216,960	247,622
Total noncurrent assets	1,069,469	1,136,138
Current assets		
Cash and deposits	107,239	91,323
Notes and accounts receivable-trade	159,472	168,198
Securities	22,909	21,712
Inventories	60,740	84,242
Other	57,347	66,519
Allowance for doubtful accounts	-1,419	-1,236
Total current assets	406,290	430,760
Total assets	1,475,759	1,566,899

(million yen)

	Previous Year As of March 31, 2012	Current Year As of March 31, 2013
Liabilities		
Noncurrent liabilities		
Bonds payable	258,863	238,157
Long-term loans payable	200,722	186,766
Deferred tax liabilities	9,801	14,631
Deferred tax liabilities for land revaluation	139	—
Provision for retirement benefits	15,496	15,972
Provision for gas holder repairs	1,679	1,621
Provision for safety measures	6,990	13,418
Allowance for investment loss	6,999	6,999
Other	17,468	19,269
Total noncurrent liabilities	518,160	496,836
Current liabilities		
Current portion of noncurrent liabilities	32,663	67,135
Notes and accounts payable-trade	46,978	55,520
Short-term loans payable	48,104	47,106
Income taxes payable	27,768	25,603
Other	93,178	100,378
Total current liabilities	248,694	295,745
Total liabilities	766,855	792,581
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,482	19,482
Retained earnings	528,318	564,356
Treasury stock	-361	-413
Total shareholders' equity	679,605	715,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,710	31,526
Deferred gains or losses on hedges	-494	-2,271
Revaluation reserve for land	-510	-737
Foreign currency translation adjustment	-13,727	3,693
Total accumulated other comprehensive income	4,978	32,210
Minority interests	24,320	26,514
Total net assets	708,904	774,317
Total liabilities and net assets	1,475,759	1,566,899

(2) Consolidated Income Statement and Statement of Comprehensive Income

Consolidated Income Statement

(million yen)

	Previous Year (April 1, 2011 – March 31, 2012)	Current Year (April 1, 2012 – March 31, 2013)
Net sales	1,294,781	1,380,060
Cost of sales	868,358	943,688
Gross profit	426,423	436,371
Selling, general and administrative expenses	349,148	351,598
Operating income	77,274	84,773
Non-operating income		
Interest income	753	617
Dividends income	2,106	3,217
Equity in earnings of affiliates	5,637	6,335
Miscellaneous income	6,024	7,512
Total non-operating income	14,521	17,682
Non-operating expenses		
Interest expenses	8,909	8,431
Provision of allowance for investment loss	3,719	—
Miscellaneous expenses	3,472	3,898
Total non-operating expenses	16,101	12,330
Ordinary income	75,694	90,125
Extraordinary loss		
Impairment loss	—	5,495
Total extraordinary loss	—	5,495
Income before income taxes and minority interests	75,694	84,630
Income taxes-current	26,301	29,989
Income taxes-deferred	2,077	-273
Total income taxes	28,378	29,715
Income before minority interests	47,315	54,915
Minority interests in income	2,108	2,447
Net income	45,207	52,467

Consolidated Statement of Comprehensive Income

(million yen)

	Previous Year (April 1, 2011 – March 31, 2012)	Current Year (April 1, 2012 – March 31, 2013)
Income before minority interests	47,315	54,915
Other comprehensive income		
Valuation difference on available-for-sale securities	1,676	11,824
Deferred gains or losses on hedges	-148	168
Revaluation reserve for land	9	—
Foreign currency translation adjustment	-5,514	14,100
Share of other comprehensive income of associates accounted for using equity method	-3,636	2,836
Total other comprehensive income	-7,613	28,929
Comprehensive income	39,702	83,844
Attributable to:		
Owners of the parent	38,098	79,927
Minority interests	1,604	3,917

(3) Consolidated Statement of Changes in Net Assets

(million yen)

	Previous Year (April 1, 2011 – March 31, 2012)	Current Year (April 1, 2012 – March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	132,166	132,166
Balance at the end of current period	132,166	132,166
Capital surplus		
Balance at the beginning of current period	19,482	19,482
Changes of items during the period		
Disposal of treasury stock	—	0
Total changes of items during the period	—	0
Balance at the end of current period	19,482	19,482
Retained earnings		
Balance at the beginning of current period	499,366	528,318
Changes of items during the period		
Dividends from surplus	-16,658	-16,657
Net income	45,207	52,467
Change of scope of equity method	403	—
Disposal of treasury stock	-0	—
Reversal of revaluation reserve for land	—	227
Total changes of items during the period	28,952	36,037
Balance at the end of current period	528,318	564,356
Treasury stock		
Balance at the beginning of current period	-323	-361
Changes of items during the period		
Purchase of treasury stock	-47	-56
Disposal of treasury stock	8	4
Total changes of items during the period	-38	-51
Balance at the end of current period	-361	-413
Total shareholders' equity		
Balance at the beginning of current period	650,692	679,605
Changes of items during the period		
Dividends from surplus	-16,658	-16,657
Net income	45,207	52,467
Change of scope of equity method	403	—
Purchase of treasury stock	-47	-56
Disposal of treasury stock	8	4
Reversal of revaluation reserve for land	—	227
Total changes of items during the period	28,913	35,986
Balance at the end of current period	679,605	715,592

(million yen)

	Previous Year (April 1, 2011 – March 31, 2012)	Current Year (April 1, 2012 – March 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	18,037	19,710
Changes of items during the period		
Net changes of items other than shareholders' equity	1,673	11,815
Total changes of items during the period	1,673	11,815
Balance at the end of current period	19,710	31,526
Deferred gains or losses on hedges		
Balance at the beginning of current period	4,116	-494
Changes of items during the period		
Net changes of items other than shareholders' equity	-4,611	-1,777
Total changes of items during the period	-4,611	-1,777
Balance at the end of current period	-494	-2,271
Revaluation reserve for land		
Balance at the beginning of current period	-519	-510
Changes of items during the period		
Net changes of items other than shareholders' equity	9	-227
Total changes of items during the period	9	-227
Balance at the end of current period	-510	-737
Foreign currency translation adjustment		
Balance at the beginning of current period	-7,367	-13,727
Changes of items during the period		
Net changes of items other than shareholders' equity	-6,360	17,420
Total changes of items during the period	-6,360	17,420
Balance at the end of current period	-13,727	3,693
Total accumulated other comprehensive income		
Balance at the beginning of current period	14,267	4,978
Changes of items during the period		
Net changes of items other than shareholders' equity	-9,289	27,231
Total changes of items during the period	-9,289	27,231
Balance at the end of current period	4,978	32,210
Minority interests		
Balance at the beginning of current period	23,735	24,320
Changes of items during the period		
Net changes of items other than shareholders' equity	584	2,194
Total changes of items during the period	584	2,194
Balance at the end of current period	24,320	26,514
Total net assets		
Balance at the beginning of current period	688,695	708,904
Changes of items during the period		
Dividends from surplus	-16,658	-16,657
Net income	45,207	52,467
Change of scope of equity method	403	—
Purchase of treasury stock	-47	-56
Disposal of treasury stock	8	4
Reversal of revaluation reserve for land	—	227
Net changes of items other than shareholders' equity	-8,704	29,426
Total changes of items during the period	20,208	65,413
Balance at the end of current period	708,904	774,317

(4) Consolidated Statement of Cash Flows

(million yen)

	Previous Year (April 1, 2011 – March 31, 2012)	Current Year (April 1, 2012 – March 31, 2013)
Net cash provided by (used in) operating activities		
Income (loss) before taxes and minority interests	75,694	84,630
Depreciation and amortization	93,624	82,818
Amortization of long-term prepaid expenses	4,270	5,966
Impairment loss	—	5,495
Increase (decrease) in provision for safety measures	-2,517	6,428
Increase (decrease) in allowance for investment loss	3,719	—
Interest and dividends income	-2,860	-3,834
Interest expenses	8,909	8,431
Equity in (earnings) losses of affiliates	-5,637	-6,335
Decrease (increase) in notes and accounts receivable-trade	-22,507	-8,514
Decrease (increase) in inventories	-11,483	-23,419
Increase (decrease) in notes and accounts payable-trade	8,968	8,542
Increase (decrease) in accrued expenses	4,717	814
Other	4,589	-338
Sub total	159,489	160,684
Interest and dividends income received	4,708	9,425
Interest expenses paid	-8,915	-8,453
Income taxes paid	-32,488	-32,058
Net cash provided by (used in) operating activities	122,793	129,597
Net cash provided by (used in) investing activities		
Proceeds from sales of securities	400	1,900
Purchase of property, plant and equipment	-93,308	-91,884
Purchase of intangible assets	-2,727	-17,942
Purchase of long-term prepaid expenses	-5,053	-5,074
Purchase of investment securities	-2,262	-2,490
Proceeds from sales of investment securities	281	1,535
Purchase of stocks of subsidiaries and affiliates	-5,590	-4,344
Proceeds from sales of stocks of subsidiaries and affiliates	—	2,676
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-425	-2,375
Payments of long-term loans receivable	-67	-2,840
Payments into time deposits	-3,945	-3,630
Proceeds from withdrawal of time deposits	2,894	6,817
Other	2,040	862
Net cash provided by (used in) investing activities	-107,764	-116,791
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	7,194	-2,289
Proceeds from long-term loans payable	23,009	20,475
Repayment of long-term loans payable	-29,789	-16,641
Proceeds from issuance of bonds	10,000	10,000
Redemption of bonds	-460	-20,707
Cash dividends paid	-16,652	-16,656
Other	-1,580	-2,078
Net cash provided by (used in) financing activities	-8,279	-27,897
Effect of exchange rate change on cash and cash equivalents	-530	2,100
Net increase (decrease) in cash and cash equivalents	6,218	-12,992
Cash and cash equivalents at beginning of period	116,230	122,448
Cash and cash equivalents at end of period	122,448	109,456

(5) Notes on the Consolidated Financial Statements

(Notes Regarding Assumption of a Going Concern)

Not applicable

(Changes in accounting policies which are difficult to differentiate from changes in estimation methods)

By virtue of revisions to the Corporation Tax Act, the Company and its domestic subsidiaries depreciated property, plant and equipment acquired on and after April 1, 2012 under the revised depreciation system from the fiscal year ended March 31, 2013. The effect on earnings from this change was minimal.

(Segment Information)

a. Summary of reportable segments

The Osaka Gas Group's reportable segments are the organizational units for which separate financial information is available, and they are regularly reviewed by the Board of Directors to determine the allocation of management resources and evaluate business results.

The Group classifies its products and services into business segments on the basis of three business domains: the Domestic Energy Businesses, the International Energy Businesses along the Energy Value Chain, and the Environment and Non-Energy Businesses. It then consolidates those business segments into the following four reportable segments by considering product and service similarities, namely, the Gas Business, the LPG, Electricity, and Other Energy Businesses, the International Energy Businesses, and the Environment and Non-Energy Businesses.

The Gas Business sells gas and gas appliances and conducts gas pipe installation and heat supply. The LPG, Electricity, and Other Energy Businesses sell LPG and industrial gas and supply electricity. The International Energy Businesses supply energy overseas, lease tankers to transport LNG, and conduct development and investment related to petroleum and natural gas. The Environment and Non-Energy Businesses conduct the renewable energy business, development and leasing of real estate, information processing services, sales of fine materials and carbon material products, operation of sports facilities, engineering, and leasing of automobiles and equipment.

b. Measurement of the amounts of net sales, income (loss), assets, liabilities, and other items for each reportable segment

The accounting policies of reportable segments are nearly the same as the "basic information for consolidated financial statements preparation." Internal sales and transfer prices between operating segments are according to the arm's length principle.

As explained in the "Changes in accounting policies which are difficult to differentiate from changes in estimation methods" above, in response to the revision to the Corporation Tax Act, the depreciation method for property, plant and equipment acquired on and after April 1, 2012 was changed to the method stipulated in the revised Corporation Tax Act. Accordingly, the depreciation method for each reporting segment was changed to the method stipulated in the revised Corporation Tax Act. The effect on earnings from this change was minimal.

c. Information on the amounts of net sales, income (loss), assets, liabilities, and other items for each reportable segment

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Environment and Non-Energy	Total	Adjustments	Consolidated
Net sales							
Sales to customers outside the Group	952,611	195,624	11,000	135,546	1,294,781	—	1,294,781
Internal sales or transfer among segments	23,901	2,435	157	49,042	75,536	-75,536	—
Total	976,512	198,060	11,158	184,588	1,370,318	-75,536	1,294,781
Segment income							
Operating income	20,977	32,230	3,361	18,437	75,007	2,267	77,274
Equity in earnings of affiliates	5	216	5,300	114	5,637	—	5,637
Total	20,982	32,447	8,661	18,552	80,644	2,267	82,911
Segment assets	753,945	164,672	169,802	322,568	1,410,988	64,771	1,475,759
Others							
Depreciation and amortization	62,451	15,675	5,543	10,223	93,893	-776	93,117
Amortization of goodwill	-89	445	251	-99	507	—	507
Investment in associates accounted for using equity method	401	4,151	37,351	1,870	43,775	—	43,775
Increase in property, plant and equipment and intangible assets	63,009	3,315	16,672	14,413	97,411	-732	96,678

Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Environment and Non-Energy	Total	Adjustments	Consolidated
Net sales							
Sales to customers outside the Group	1,019,118	212,591	10,610	137,739	1,380,060	—	1,380,060
Internal sales or transfer among segments	19,431	2,910	153	47,903	70,400	-70,400	—
Total	1,038,550	215,502	10,764	185,643	1,450,460	-70,400	1,380,060
Segment income							
Operating income	23,368	37,792	2,079	18,791	82,031	2,742	84,773
Equity in earnings of affiliates	4	482	5,570	277	6,335	—	6,335
Total	23,373	38,275	7,649	19,068	88,367	2,742	91,109
Segment assets	753,424	163,462	232,871	340,709	1,490,466	76,432	1,566,899
Others							
Depreciation and amortization	54,280	13,306	5,177	10,452	83,216	-789	82,427
Amortization of goodwill	-96	140	251	94	390	—	390
Investment in associates accounted for using equity method	405	4,564	42,541	1,401	48,912	—	48,912
Increase in property, plant and equipment and intangible assets	62,305	3,362	37,024	10,939	113,631	-644	112,987

(Per Share Information)

	Current year (From April 1, 2012 to March 31, 2013)	Previous year (From April 1, 2011 to March 31, 2012)
Net assets per share	359.16 yen	328.77 yen
Earnings per share	25.20 yen	21.71 yen

(Notes)

1. Since there were no potential shares that would have dilutive effect 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, 2012 to March 31, 2013)	Previous year (From April 1, 2011 to March 31, 2012)
Net income (million yen)	52,467	45,207
Amount not attributable to common shareholders (million yen)	—	—
Net income attributable to shareholders of common shares (million yen)	52,467	45,207
Average issued common shares during the year (thousand shares)	2,082,181	2,082,323

(Significant Events after Closing of the Year)

Not applicable

Disclosure of notes other than the above has been omitted, because of the immateriality of those notes omitted.

4. Non-Consolidated Financial Statements

(1) Balance Sheet

(million yen)

	As of March 31, 2012	As of March 31, 2013
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	78,782	77,182
Distribution facilities	278,267	275,472
Service and maintenance facilities	68,415	65,302
Facilities for incidental businesses	4,379	4,053
Construction in progress	42,448	53,199
Total property, plant and equipment	472,293	475,210
Intangible assets		
Patent right	51	41
Leasehold right	2,921	2,954
Other	2,360	2,667
Total intangible assets	5,333	5,662
Investments and other assets		
Investment securities	40,030	51,287
Investments in subsidiaries and affiliates	178,674	196,919
Long-term loans receivable from subsidiaries and affiliates	158,728	164,903
Investments in capital	23	23
Long-term prepaid expenses	9,524	8,981
Prepaid pension cost	37,593	36,735
Other	6,882	8,316
Allowance for doubtful accounts	-537	-686
Total investments and other assets	430,918	466,480
Total noncurrent assets	908,545	947,353
Current assets		
Cash and deposits	71,925	64,782
Notes receivable-trade	510	778
Accounts receivable-trade	94,529	95,998
Accounts receivable from subsidiaries and affiliates-trade	13,109	11,887
Accounts receivable-other	7,924	7,578
Securities	20,012	20,012
Finished goods	183	200
Raw materials	22,943	38,129
Supplies	9,130	9,193
Short-term loans receivable from subsidiaries and affiliates	20,205	21,901
Short-term receivables from subsidiaries and affiliates	1,709	1,952
Deferred tax assets	6,687	6,209
Other	10,750	11,534
Allowance for doubtful accounts	-635	-544
Total current assets	278,985	289,616
Total assets	1,187,531	1,236,969

(million yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Noncurrent liabilities		
Bonds payable	255,645	235,652
Long-term loans payable	133,573	120,013
Long-term debt to subsidiaries and affiliates	861	711
Deferred tax liabilities	2,406	5,448
Provision for retirement benefits	4,677	4,463
Provision for gas holder repairs	1,656	1,594
Provision for safety measures	6,990	13,418
Allowance for investment loss	6,999	6,999
Other	2,421	2,641
Total noncurrent liabilities	415,233	390,943
Current liabilities		
Current portion of noncurrent liabilities	21,005	54,786
Accounts payable-trade	23,485	27,620
Short-term loans payable	10,000	10,000
Accounts payable-other	21,727	21,832
Accrued expenses	35,311	34,977
Income taxes payable	19,281	18,271
Advances received	3,767	3,802
Deposits received	1,231	1,286
Short-term loans payable to subsidiaries and affiliates	69,726	80,318
Short-term debt to subsidiaries and affiliates	21,054	20,002
Other	1,174	702
Total current liabilities	227,766	273,602
Total liabilities	643,000	664,546
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus		
Legal capital surplus	19,482	19,482
Other capital surplus	—	0
Total capital surplus	19,482	19,482
Retained earnings		
Legal retained earnings	33,041	33,041
Other retained earnings		
Reserve for reduction entry of specified replaced properties	232	232
Reserve for overseas investment loss	13,141	15,454
Reserve for adjustment of cost fluctuations	89,000	89,000
General reserve	62,000	62,000
Retained earnings brought forward	178,799	194,943
Total retained earnings	376,215	394,672
Treasury stock	-361	-413
Total shareholders' equity	527,502	545,908
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11,986	20,134
Deferred gains or losses on hedges	5,041	6,380
Total valuation and translation adjustments	17,028	26,514
Total net assets	544,531	572,423
Total liabilities and net assets	1,187,531	1,236,969

(2) Income Statement

(million yen)

	Previous Year (April 1, 2011 – March 31, 2012)	Current Year (April 1, 2012 – March 31, 2013)
Product sales		
Gas sales	802,376	841,955
Total product sales	802,376	841,955
Cost of sales		
Beginning inventories	148	183
Cost of products manufactured	506,423	543,933
Purchase of finished goods	0	0
Costs of gas for own use	5,216	6,133
Ending inventories	183	200
Total cost of sales	501,172	537,782
Gross profit	301,203	304,173
Selling, general and administrative expenses		
Supply and sales expenses	235,048	236,814
General and administrative expenses	55,605	55,614
Total selling, general and administrative expenses	290,654	292,428
Income on core business	10,549	11,744
Miscellaneous operating revenue		
Revenue from installation work	20,747	22,496
Revenue from gas appliance sales	89,515	103,878
Revenue from transportation services	2,497	2,526
Other miscellaneous operating revenue	4,405	4,234
Total miscellaneous operating revenue	117,164	133,135
Miscellaneous operating expenses		
Expenses of installation work	20,753	22,241
Expenses of gas appliance sales	88,709	102,943
Total miscellaneous operating expenses	109,462	125,184
Revenue for incidental businesses		
Revenue from electric supply business	72,447	80,243
Revenue from LNG sales	27,367	39,403
Revenue from other incidental businesses	13,363	14,435
Total revenues for incidental businesses	113,179	134,081
Expenses for incidental businesses		
Expenses for electric supply business	51,767	55,033
Expenses for LNG sales	28,426	39,934
Expenses for other incidental businesses	11,888	12,795
Total expenses for incidental businesses	92,082	107,762
Operating income	39,348	46,014

(million yen)

	Previous Year (April 1, 2011 – March 31, 2012)	Current Year (April 1, 2012 – March 31, 2013)
Non-operating income		
Interest income	2,108	2,044
Interest on securities	54	49
Dividends income	1,063	1,142
Dividends from subsidiaries and affiliates	4,555	7,042
Miscellaneous income	5,831	7,108
Total non-operating income	13,613	17,387
Non-operating expenses		
Interest expenses	2,487	2,430
Interest on bonds	4,083	4,034
Amortization of bond issuance cost	40	40
Provision of allowance for investment loss	3,719	—
Miscellaneous expenses	1,465	1,518
Total non-operating expenses	11,795	8,023
Ordinary income	41,165	55,379
Extraordinary loss		
Impairment loss	—	3,057
Total extraordinary loss	—	3,057
Income before income taxes	41,165	52,322
Income taxes-current	13,400	17,800
Income taxes-deferred	2,058	-592
Total income taxes	15,458	17,207
Net income	25,707	35,114

(3) Statement of Changes in Net Assets

(million yen)

	Previous Year (April 1, 2011 – March 31, 2012)	Current Year (April 1, 2012 – March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	132,166	132,166
Balance at the end of current period	132,166	132,166
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	19,482	19,482
Balance at the end of current period	19,482	19,482
Other Capital surplus		
Balance at the beginning of current period	—	—
Changes of items during the period		
Disposal of treasury stock	—	0
Total changes of items during the period	—	0
Balance at the end of current period	—	0
Total capital surplus		
Balance at the beginning of current period	19,482	19,482
Changes of items during the period		
Disposal of treasury stock	—	0
Total changes of items during the period	—	0
Balance at the end of current period	19,482	19,482
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	33,041	33,041
Balance at the end of current period	33,041	33,041
Other retained earnings		
Reserve for reduction entry of specified replaced properties		
Balance at the beginning of current period	214	232
Changes of items during the period		
Reserve for reduction of costs relating to replacement of specific assets	18	—
Total changes of items during the period	18	—
Balance at the end of current period	232	232
Reserve for overseas investment loss		
Balance at the beginning of current period	10,061	13,141
Changes of items during the period		
Provision of reserve for overseas investment loss	3,086	2,386
Reversal of reserve for overseas investment loss	-6	-73
Total changes of items during the period	3,079	2,312
Balance at the end of current period	13,141	15,454
Reserve for adjustment of cost fluctuations		
Balance at the beginning of current period	89,000	89,000
Balance at the end of current period	89,000	89,000
General reserve		
Balance at the beginning of current period	62,000	62,000
Balance at the end of current period	62,000	62,000

	(million yen)	
	Previous Year (April 1, 2011 – March 31, 2012)	Current Year (April 1, 2012 – March 31, 2013)
Retained earnings brought forward		
Balance at the beginning of current period	172,849	178,799
Changes of items during the period		
Reserve for reduction of costs relating to replacement of specific assets	-18	—
Provision of reserve for overseas investment loss	-3,086	-2,386
Reversal of reserve for overseas investment loss	6	73
Dividends from surplus	-16,658	-16,657
Net income	25,707	35,114
Disposal of treasury stock	-0	—
Total changes of items during the period	5,949	16,144
Balance at the end of current period	178,799	194,943
Total retained earnings		
Balance at the beginning of current period	367,167	376,215
Changes of items during the period		
Reserve for reduction of costs relating to replacement of specific assets	—	—
Provision of reserve for overseas investment loss	—	—
Reversal of reserve for overseas investment loss	—	—
Dividends from surplus	-16,658	-16,657
Net income	25,707	35,114
Disposal of treasury stock	-0	—
Total changes of items during the period	9,047	18,456
Balance at the end of current period	376,215	394,672
Treasury stock		
Balance at the beginning of current period	-323	-361
Changes of items during the period		
Purchase of treasury stock	-47	-56
Disposal of treasury stock	8	4
Total changes of items during the period	-38	-51
Balance at the end of current period	-361	-413
Total shareholders' equity		
Balance at the beginning of current period	518,493	527,502
Changes of items during the period		
Dividends from surplus	-16,658	-16,657
Net income	25,707	35,114
Purchase of treasury stock	-47	-56
Disposal of treasury stock	8	4
Total changes of items during the period	9,008	18,405
Balance at the end of current period	527,502	545,908
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	11,324	11,986
Changes of items during the period		
Net changes of items other than shareholders' equity	662	8,147
Total changes of items during the period	662	8,147
Balance at the end of current period	11,986	20,134

(million yen)

	Previous Year (April 1, 2011 – March 31, 2012)	Current Year (April 1, 2012 – March 31, 2013)
Deferred gains or losses on hedges		
Balance at the beginning of current period	5,052	5,041
Changes of items during the period		
Net changes of items other than shareholders' equity	-11	1,338
Total changes of items during the period	-11	1,338
Balance at the end of current period	5,041	6,380
Total Valuation and translation adjustments		
Balance at the beginning of current period	16,377	17,028
Changes of items during the period		
Net changes of items other than shareholders' equity	651	9,486
Total changes of items during the period	651	9,486
Balance at the end of current period	17,028	26,514
Total net assets		
Balance at the beginning of current period	534,870	544,531
Changes of items during the period		
Dividends from surplus	-16,658	-16,657
Net income	25,707	35,114
Purchase of treasury stock	-47	-56
Disposal of treasury stock	8	4
Net changes of items other than shareholders' equity	651	9,486
Total changes of items during the period	9,660	27,891
Balance at the end of current period	544,531	572,423