



Fiscal Year Ended March 31, 2014

Brief Report of Consolidated Financial Statements (Japanese GAAP)

April 25, 2014

Name of Listed Company	: Osaka Gas Co., Ltd.	Listed Exchanges:	1 st Section of Tokyo 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, 2014
Scheduled Date of Dividend Payment			: June 30, 2014
Scheduled Date of Financial Report Filing with the Finance Ministry			: June 30, 2014
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, 2014 (April 1, 2013 – March 31, 2014)

(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, 2014	1,512,581	9.6	99,381	17.2	106,044	17.7	41,725	Δ20.5
Year ended March 31, 2013	1,380,060	6.6	84,773	9.7	90,125	19.1	52,467	16.1

(Note) Comprehensive income
 Year ended March 31, 2014 80,850 million yen (Δ3.6% YoY)
 Year ended March 31, 2013 83,844 million yen (111.2% 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, 2014	20.04	—	5.4	6.6	6.6
Year ended March 31, 2013	25.20	—	7.3	5.9	6.1

<Reference> Equity in earnings of affiliates
 Year ended March 31, 2014 7,917 million yen
 Year ended March 31, 2013 6,335 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, 2014	1,668,317	828,565	47.9	383.90
As of March 31, 2013	1,566,899	774,317	47.7	359.16

<Reference> Net worth As of March 31, 2014 798,964 million yen As of March 31, 2013 747,802 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, 2014	154,225	Δ175,591	4,163	90,359
As of March 31, 2013	129,597	Δ116,791	Δ27,897	109,456

2. Dividends

(Record date)	Dividends per share					Total dividends (full year)	Payout ratio (consolidated)	Dividends /Net assets (consolidated)
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Fiscal Year	Annual			
Year ended March 31, 2013	—	4.00	—	4.50	8.50	17,698	33.7	2.5
Year ended March 31, 2014	—	4.50	—	4.50	9.00	18,734	44.9	2.4
Year ending March 31, 2015 (Forecast)	—	4.50	—	4.50	9.00		28.6	

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(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	710,000	5.9	46,000	2.7	48,500	1.6	31,000	Δ2.1	14.89
Full year	1,605,500	6.1	99,500	0.1	100,000	Δ5.7	65,500	57.0	31.46

※. 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 accounting estimates: None

(iv) Corrections and restatements: None

*Note: For detailed information, please refer to “3 (5) Notes on the Consolidated Financial Statements” on Page 17 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, 2014	2,083,400,000 shares
	: As of March 31, 2013	2,083,400,000 shares
(ii) Number of treasury stock at the end of each fiscal year		
	: As of March 31, 2014	2,214,444 shares
	: As of March 31, 2013	1,298,619 shares
(iii) Average number of shares issued and outstanding in each fiscal year		
	: Year ended March 31, 2014	2,081,828,942 shares
	: Year ended March 31, 2013	2,082,181,348 shares

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(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, 2014	1,221,846	10.2	60,740	32.0	69,196	25.0	24,942	Δ29.0
Year ended March 31, 2013	1,109,173	7.4	46,014	16.9	55,379	34.5	35,114	36.6

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2014	11.98	—
Year ended March 31, 2013	16.86	—

(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, 2014	1,283,194	580,029	45.2	278.70
As of March 31, 2013	1,236,969	572,423	46.3	274.93

<Reference> Net worth As of March 31, 2014 580,029 million yen As of March 31, 2013 572,423 million yen

2. Forecasts of Non-Consolidated Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(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	573,000	5.1	33,500	17.9	39,000	19.4	28,500	24.0	13.69
Full year	1,286,500	5.3	62,000	2.1	67,500	Δ2.5	48,500	94.4	23.30

* 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, 2014 – March 31, 2015)” on Page 3 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 28, 2014. 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. Analysis for Operating Results and Financial position

(1) Operating Results Analysis

(i) Results for the Fiscal Year Ended March 31, 2014

Consolidated net sales for the fiscal year ended March 31, 2014 increased by ¥132.5 billion (+9.6%) year-on-year to ¥1,512.5 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 ¥15.9 billion (+17.7%) year-on-year to ¥106.0 billion, primarily due to an increase in profits of the gas business and the electricity business on a non-consolidated basis. Consolidated net income decreased by ¥10.7 billion (Δ 20.5%) year-on-year to ¥41.7 billion, primarily due to impairment loss on the US upstream business.

The number of consolidated subsidiary companies is currently 150, with 3 subsidiary companies removed and 23 added since the end of the previous year. The number of equity method affiliates is currently 12 with 3 added since the end of the previous year.

(billion yen)

	Consolidated results (a)	Changes 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	1,512.5	+132.5	+9.6	1,221.8	1.24
Cost of sales	1,071.3	+127.6	+13.5	880.2	1.22
Selling, general and administrative expenses	341.8	Δ 9.7	Δ 2.8	280.8	1.22
Operating income	99.3	+14.6	+17.2	60.7	1.64
Ordinary income	106.0	+15.9	+17.7	69.1	1.53
Net income	41.7	Δ 10.7	Δ 20.5	24.9	1.67

(Reference) Non-Consolidated Gas Sales Breakdown

		Current year (a) (Apr '13 -Mar '14)	Previous year (b) (Apr '12 -Mar '13)	increase /decrease (a)-(b)	increase /decrease rate (%)
Customers [Meters installed] (thousand)	Residential	6,794	6,747	+47	+0.7
	Non-residential	342	339	+3	+1.0
	Total	7,136	7,086	+50	+0.7
Monthly average usage per residential customer (m ³ /month)		31.3	32.5	Δ 1.2	Δ 3.7
Gas sales volume (million m ³)	Residential	2,198	2,272	Δ 74	Δ 3.3
	Non-residential	5,856	5,761	+95	+1.7
	Industrial	4,329	4,222	+107	+2.5
	Commercial	890	898	Δ 8	Δ 0.9
	Public and medical institutions	638	642	Δ 4	Δ 0.6
	Wholesale	469	469	+0	+0.1
	Total	8,524	8,503	+21	+0.2

[45MJ/m³]

(ii) Operating Results by Business Segment

a. Gas

Net sales increased by ¥80.9 billion (+7.8%) year-on-year to ¥1,119.5 billion, mainly due to continuing high gas unit selling prices under the fuel cost adjustment system. Segment income increased by ¥8.7 billion (+37.2%) year-on-year to ¥32.0 billion.

b. LPG, Electricity and Other Energy

Net sales increased by ¥42.4 billion (+19.7%) year-on-year to ¥257.9 billion, mainly due to higher sales from the electricity business. Segment income increased by ¥5.6 billion (+14.7%) year-on-year to ¥43.8 billion.

c. International Energy

Net sales increased by ¥2.5 billion (+23.9%) year-on-year to ¥13.3 billion. Segment income increased by ¥0.1 billion (+1.7%) year-on-year to ¥7.7 billion.

d. Environment and Non-Energy

Net sales increased by ¥14.0 billion (+7.6%) year-on-year to ¥199.6 billion. Segment income increased by ¥1.7 billion (+9.1%) year-on-year to ¥20.8 billion.

(billion yen)

	Gas	LPG, Electricity and Other Energy	International Energy	Environment and Non-Energy	Adjustments	Consolidation
Net sales	+7.8% 1,119.5 [+80.9]	+19.7% 257.9 [+42.4]	+23.9% 13.3 [+2.5]	+7.6% 199.6 [+14.0]	Δ77.9	+9.6% 1,512.5 [+132.5]
Segment income	+37.2% 32.0 [+8.7]	+14.7% 43.8 [+5.6]	+1.7% 7.7 [+0.1]	+9.1% 20.8 [+1.7]	2.7	+17.8% 107.2 [+16.1]

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, 2014 – March 31, 2015)

Consolidated net sales for the fiscal year ending March 31, 2015 are expected to increase by ¥92.9 billion (+6.1%) year-on-year to ¥1,605.5 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 and increasing in earnings from LNG sales (the Company assumes LNG prices will go up during the next fiscal year compared with the current year).

Ordinary income is expected to decrease by ¥6.0 billion (Δ5.7%) year-on-year to ¥100.0 billion, primarily because depreciation and amortization are expected to increase due to the completion of the Mie-Shiga gas pipeline and the Himeji-Okayama gas pipeline and profits of the electric power sales business and affiliated companies are forecast to decrease, though 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 ¥23.7 billion (+57.0%) year-on-year to ¥65.5 billion.

(billion yen)

	Forecast for Next Year (2014/4 -2015/3)	Compared with Current Year	
		increase /decrease	increase /decrease rate (%)
Net sales	1,605.5	+92.9	+6.1
Operating income	99.5	+0.1	+0.1
Ordinary income	100.0	△6.0	△5.7
Net income	65.5	+23.7	+57.0

Assumptions: Crude oil price (All Japan CIF price) at \$110/barrel

Exchange rate (TTM rate) at ¥105 to the dollar

(2) Financial Position Analysis

(i) Assets, Liabilities, and Net Assets

Total assets increased by ¥101.4 billion year-on-year to ¥1,668.3 billion, primarily due to an increase in noncurrent assets. Liabilities increased by ¥47.1 billion year-on-year to ¥839.7 billion, while net assets increased by ¥54.2 billion year-on-year to ¥828.5 billion.

As a result, the ratio of net worth to total assets rose to 47.9% from 47.7% at the end of the previous year.

(billion yen)

	As of March 31, 2014	As of March 31, 2013	increase /decrease
Total assets	1,668.3	1,566.8	+101.4
Total liabilities	839.7	792.5	+47.1
Total net assets	828.5	774.3	+54.2
Total liabilities and net assets	1,668.3	1,566.8	+101.4

(ii) Cash Flows

In the current fiscal year, net cash provided by operating activities amounted to ¥154.2 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 ¥175.5 billion, mainly due to the purchase of property, plant and equipment. Net cash used in financing activities amounted to ¥4.1 billion, including the repayment of long-term loans payable.

Consequently, the net decrease in cash and cash equivalents at the end of the fiscal year ended March 31, 2014 amounted to ¥19.0 billion.

With the addition to the balance of ¥109.4 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, 2014 amounted to ¥90.3 billion.

(billion yen)

	Current Year (Apr '13 -Mar '14)	Previous Year (Apr '12 -Mar '13)	increase /decrease
Cash flows from operating activities	154.2	129.5	+24.6
Cash flows from investing activities	△175.5	△116.7	△58.8
Cash flows from financing activities	4.1	△27.8	+32.0
Increase/decrease in cash and cash equivalents	△19.0	△12.9	△6.1
Cash and cash equivalents at end of year	90.3	109.4	△19.0
Balance of interest-bearing liabilities at end of year	573.5	540.1	+33.3

Free cash flow*: ¥113.1 billion [¥85.0 billion in the previous year]

*Cash flow from operating activities – capital expenditures

(Reference) Cash Flow Indices

	Current Year (Apr '13 -Mar '14)	Previous Year (Apr '12 -Mar '13)
Net worth/Total assets	47.9%	47.7%
Total market capitalization /Total assets	48.8%	55.0%
Interest-bearing debts/Cash flows	3.7	4.2
Interest coverage ratio	18.00	15.37

(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 '14 -Mar '15)	Current Year (Apr '13 -Mar '14)	Previous Year (Apr '12 -Mar '13)
Consolidated	128.0	124.1	112.9
Non-consolidated	54.0	58.6	60.1
Production facilities	8.4	5.8	6.2
Distribution facilities	37.2	47.3	48.7
Service and maintenance facilities, etc.	8.4	5.4	5.1

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

		Forecast for Next Year (Apr '14-Mar '15)	Current Year (Apr '13-Mar '14)	Previous Year (Apr '12 -Mar '13)
Consolidated	Shareholders' value added (SVA)	32.9billion yen	3.0billion yen	18.6 billion yen
	Earnings per share (EPS)	31.46yen	20.04yen	25.20 yen
	Return on equity (ROE)	8.2%	5.4%	7.3 %
	Return on assets (ROA)	3.8%	2.6%	3.4 %
	Free cash flow (FCF)	89.8billion yen	113.1billion yen	85.0 billion yen
Non-consolidated	Shareholders' value added (SVA)	24.1billion yen	4.8billion yen	10.2 billion yen
	Earnings per share (EPS)	23.30yen	11.98yen	16.86 yen
	Return on equity (ROE)	8.1%	4.3%	6.3 %
	Return on assets (ROA)	3.7%	2.0%	2.9 %
	Free cash flow (FCF)	49.7billion yen	52.0billion yen	42.0 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.

The Company plans to pay annual dividends of 9.0 yen per share, including interim dividends of 4.5 yen per share, for both the current fiscal year and the next.

(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) Domestic energy businesses

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.

Fluctuations of raw material and fuel costs as a result of renewal of contracts or price negotiations with suppliers

c. Trouble in purchasing raw material and fuel

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

d. Difficulties in gas production and supply

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

e. Difficulties in power generation

Catastrophic natural disasters, accidents or trouble in purchasing fuel or other incidents that could disrupt operations at electric power plant.

f. Problems with gas equipment and facilities

Serious trouble with gas equipment or facilities sold to customers

2) International energy businesses

Changes in the operating environments due to a delay or cancellation of 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, or technological causes in the resource development business

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

The Company aims to provide its customers and society with value by offering energy and related services--mainly natural gas which is regarded as one of important energy sources in the government's energy policy, electricity and LPG--and various goods and services other than energy, such as materials and information. At the same time, the Company recognizes it is most important to flexibly respond to changes in business environments, such as business cycles and the government's policy including electricity and gas industry reforms, and improve management efficiency 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.

The Osaka Gas Group will take on the tasks of "Further advancement of energy businesses," "Further expanding the Life & Business Solutions businesses," and "Strengthening the business foundation" in order to achieve the Group's medium-term management plan: "Catalyze Our Dreams."

(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 50%, and (2) a ratio of consolidated D/E (interest-bearing debts to net worth) of about 0.7, 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

In March 2014, we formulated our medium-term management plan, "Catalyze Our Dreams" (FY2014 to FY2016) under the long-term management vision, "Field of Dreams 2020." To achieve the plan, we will tackle the following issues:

(i) Further advancement of energy businesses

1) Stable and economically beneficial materials procurement and promotion of upstream businesses (development and production)

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 at competitive prices by diversifying its benchmarks of contract prices.

In addition, the Company will steadily promote upstream businesses, such as the liquefaction business in which it currently engages, the promotion of gas field development projects, and the acquisition of new interests including unconventional gas development projects, to stably procure natural gas and obtain new revenue sources.

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

The Company will try to expand the use of natural gas by encouraging the widespread use of gas cogeneration systems including fuel cells and gas air conditioning systems, which in turn will support customers' comfortable lives, energy saving, the continuation of business during a disaster, and peak shaving of electricity demand.

We will also offer services that combine maintenance, energy management, and financing, etc., to meet specific customers' requests.

3) Expanding the electricity business

The Company will try to expand its power source size nationwide, including coal thermal power generation, renewable energy power generation, and power source cogeneration in addition to LNG thermal power generation.

4) Expanding the energy business in Japan and overseas

The Company will expand the energy business at home and abroad by using its business know-how.

In Japan, we will strengthen cooperation with regional energy business operators and use our own high-pressure gas pipelines to accelerate gas (natural gas and LPG) dissemination promotion activities. Overseas, we will also steadily operate businesses, such as the gas, electricity, and energy service businesses, and develop new projects.

5) Securing stable supply and safety

The Company will maintain and strengthen gas manufacturing and supplying facilities, conduct systematic renovation of old facilities, and implement anti-earthquake and tsunami measures. We will also continue the system for responding to emergencies, such as possible gas leakage, and help securing safety at customers' sites.

Furthermore, we will strive to ensure steady operation and the perfect maintenance of generation facilities.

(ii) Expansion of Life & Business Solutions Business

In the material, information, urban development businesses, the Company will help its customers at home and abroad to live comfortable, convenient, and healthful lives by offering goods and services that make full use of the advantages nurtured through the energy business.

(iii) Strengthening the business foundation

1) Technology

The Company will enhance its technological prowess in such areas as: the development of more efficient, low-cost gas appliances and facilities, including fuel cells; the development of technologies related to hydrogen production, materials, and information; and the use of engineering technologies in various fields, including resource development and electricity generation, etc.

2) CSR

In accordance with the Osaka Gas Group CSR Charter, the Company will strive to earn further trust of

customers and society by upgrading the Group's CSR. At the same time, the Company will endeavor to ensure that those concerned with the Osaka Gas Group's supply chain at home and abroad gain a clear understanding of our efforts in this regard.

The Osaka Gas Group will perform internal control with high effectiveness by continuously monitoring and evaluating the operation of the Group's internal control system and taking necessary measures. Under such mechanism, 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, 2013	Current Year As of March 31, 2014
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	78,533	76,164
Distribution facilities	276,132	317,836
Service and maintenance facilities	66,204	66,540
Other facilities	300,149	291,378
Construction in progress	108,916	111,163
Total property, plant and equipment	829,936	863,084
Intangible assets		
Goodwill	3,588	24,471
Other	54,990	65,840
Total intangible assets	58,579	90,311
Investments and other assets		
Investment securities	164,302	192,846
Net defined benefit asset	-	29,414
Other	85,245	53,175
Allowance for doubtful accounts	△1,925	△1,860
Total investments and other assets	247,622	273,575
Total non-current assets	1,136,138	1,226,971
Current assets		
Cash and deposits	91,323	75,258
Notes and accounts receivable - trade	168,198	192,277
Securities	21,712	20,511
Inventories	84,242	88,748
Other	66,519	65,950
Allowance for doubtful accounts	△1,236	△1,400
Total current assets	430,760	441,346
Total assets	1,566,899	1,668,317

(million yen)

	Previous Year As of March 31, 2013	Current Year As of March 31, 2014
Liabilities		
Non-current liabilities		
Bonds payable	238,157	242,124
Long-term loans payable	186,766	244,503
Deferred tax liabilities	14,631	22,031
Provision for retirement benefits	15,972	-
Provision for gas holder repairs	1,621	1,636
Provision for safety measures	13,418	10,831
Allowance for investment loss	6,999	6,999
Net defined benefit liability	-	15,325
Other	19,269	17,946
Total non-current liabilities	496,836	561,400
Current liabilities		
Current portion of non-current liabilities	67,135	39,333
Notes and accounts payable - trade	55,520	60,358
Short-term loans payable	47,106	46,756
Income taxes payable	25,603	29,608
Other	100,378	102,294
Total current liabilities	295,745	278,351
Total liabilities	792,581	839,752
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,482	19,486
Retained earnings	564,356	587,268
Treasury shares	△413	△797
Total shareholders' equity	715,592	738,124
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,526	34,839
Deferred gains or losses on hedges	△2,271	2,425
Revaluation reserve for land	△737	△737
Foreign currency translation adjustment	3,693	30,414
Remeasurements of defined benefit plans	-	△6,100
Total accumulated other comprehensive income	32,210	60,840
Minority interests	26,514	29,601
Total net assets	774,317	828,565
Total liabilities and net assets	1,566,899	1,668,317

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(million yen)

	Previous Year (April 1, 2012 – March 31, 2013)	Current Year (April 1, 2013 – March 31, 2014)
Net sales	1,380,060	1,512,581
Cost of sales	943,688	1,071,374
Gross profit	436,371	441,207
Selling, general and administrative expenses	351,598	341,825
Operating income	84,773	99,381
Non-operating income		
Interest income	617	638
Dividend income	3,217	3,172
Share of profit of entities accounted for using equity method	6,335	7,917
Miscellaneous income	7,512	5,821
Total non-operating income	17,682	17,550
Non-operating expenses		
Interest expenses	8,431	8,567
Miscellaneous expenses	3,898	2,321
Total non-operating expenses	12,330	10,888
Ordinary income	90,125	106,044
Extraordinary income		
Gain on sales of investment securities	-	5,968
Total extraordinary income	-	5,968
Extraordinary losses		
Impairment loss	5,495	30,138
Total extraordinary losses	5,495	30,138
Income before income taxes and minority interests	84,630	81,874
Income taxes - current	29,989	32,149
Income taxes - deferred	Δ273	4,717
Total income taxes	29,715	36,867
Income before minority interests	54,915	45,007
Minority interests in income	2,447	3,281
Net income	52,467	41,725

Consolidated Statement of Comprehensive Income

(million yen)

	Previous Year (April 1, 2012 – March 31, 2013)	Current Year (April 1, 2013 – March 31, 2014)
Income before minority interests	54,915	45,007
Other comprehensive income		
Valuation difference on available-for-sale securities	11,824	3,314
Deferred gains or losses on hedges	168	1,356
Foreign currency translation adjustment	14,100	25,018
Share of other comprehensive income of entities accounted for using equity method	2,836	6,153
Total other comprehensive income	28,929	35,843
Comprehensive income	83,844	80,850
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	79,927	76,601
Comprehensive income attributable to minority interests	3,917	4,248

(3) Consolidated Statement of Changes in Net Assets

Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(million yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	132,166	19,482	528,318	△361	679,605
Changes of items during period					
Dividends of surplus			△16,657		△16,657
Net income			52,467		52,467
Change of scope of equity method					—
Purchase of treasury shares				△56	△56
Disposal of treasury shares		0		4	4
Reversal of revaluation reserve for land			227		227
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	36,037	△51	35,986
Balance at end of current period	132,166	19,482	564,356	△413	715,592

(million yen)

							Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	19,710	△494	△510	△13,727	—	4,978	24,320	708,904
Changes of items during period								
Dividends of surplus								△16,657
Net income								52,467
Change of scope of equity method								—
Purchase of treasury shares								△56
Disposal of treasury shares								4
Reversal of revaluation reserve for land								227
Net changes of items other than shareholders' equity	11,815	△1,777	△227	17,420	—	27,231	2,194	29,426
Total changes of items during period	11,815	△1,777	△227	17,420	—	27,231	2,194	65,413
Balance at end of current period	31,526	△2,271	△737	3,693	—	32,210	26,514	774,317

Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(million yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	132,166	19,482	564,356	Δ413	715,592
Changes of items during period					
Dividends of surplus			Δ18,738		Δ18,738
Net income			41,725		41,725
Change of scope of equity method			Δ75		Δ75
Purchase of treasury shares				Δ405	Δ405
Disposal of treasury shares		3		20	24
Reversal of revaluation reserve for land					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	3	22,912	Δ384	22,531
Balance at end of current period	132,166	19,486	587,268	Δ797	738,124

(million yen)

							Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	31,526	Δ2,271	Δ737	3,693	—	32,210	26,514	774,317
Changes of items during period								
Dividends of surplus								Δ18,738
Net income								41,725
Change of scope of equity method								Δ75
Purchase of treasury shares								Δ405
Disposal of treasury shares								24
Reversal of revaluation reserve for land								—
Net changes of items other than shareholders' equity	3,312	4,697	—	26,720	Δ6,100	28,630	3,086	31,716
Total changes of items during period	3,312	4,697	—	26,720	Δ6,100	28,630	3,086	54,248
Balance at end of current period	34,839	2,425	Δ737	30,414	Δ6,100	60,840	29,601	828,565

(4) Consolidated Statement of Cash Flows

	(million yen)	
	Previous Year (April 1, 2012 – March 31, 2013)	Current Year (April 1, 2013 – March 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	84,630	81,874
Depreciation	82,818	83,806
Amortization of long-term prepaid expenses	5,966	5,967
Impairment loss	5,495	30,138
Increase (decrease) in provision for safety measures	6,428	△2,586
Decrease (increase) in net defined benefit asset	-	△3,513
Interest and dividend income	△3,834	△3,811
Interest expenses	8,431	8,567
Share of (profit) loss of entities accounted for using equity method	△6,335	△7,917
Loss (gain) on sales of investment securities	△1,589	△5,968
Decrease (increase) in notes and accounts receivable - trade	△8,514	△20,573
Decrease (increase) in inventories	△23,419	2,821
Increase (decrease) in notes and accounts payable - trade	8,542	3,123
Increase (decrease) in accrued expenses	814	2,887
Increase (decrease) in accrued consumption taxes	△803	△1,913
Other, net	2,054	9,091
Subtotal	160,684	181,993
Interest and dividend income received	9,425	10,524
Interest expenses paid	△8,453	△8,734
Income taxes paid	△32,058	△29,557
Net cash provided by (used in) operating activities	129,597	154,225
Cash flows from investing activities		
Purchase of property, plant and equipment	△91,884	△109,425
Purchase of intangible assets	△17,942	△14,956
Purchase of long-term prepaid expenses	△5,074	△5,268
Proceeds from sales of investment securities	1,535	7,659
Purchase of shares of subsidiaries and associates	△4,344	△12,435
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△2,375	△39,802
Payments of long-term loans receivable	△2,840	△7,727
Collection of long-term loans receivable	188	4,780
Payments into time deposits	△3,630	△2,152
Other, net	9,577	3,735
Net cash provided by (used in) investing activities	△116,791	△175,591
Cash flows from financing activities		
Proceeds from long-term loans payable	20,475	69,356
Repayments of long-term loans payable	△16,641	△36,870
Proceeds from issuance of bonds	10,000	25,000
Redemption of bonds	△20,707	△31,217
Cash dividends paid	△16,656	△18,738
Other, net	△4,367	△3,367
Net cash provided by (used in) financing activities	△27,897	4,163
Effect of exchange rate change on cash and cash equivalents	2,100	△1,894
Net increase (decrease) in cash and cash equivalents	△12,992	△19,097
Cash and cash equivalents at beginning of period	122,448	109,456
Cash and cash equivalents at end of period	109,456	90,359

(5) Notes on the Consolidated Financial Statements

(Notes Regarding Uncertainties of Entity's Ability to Continue as Going Concern)

Not applicable

(Notes Regarding Changes in accounting policies)

Effective from the end of current consolidated accounting year, the Accounting Standard for Retirement Benefits (ASBJ Statement No.26, issued May 17, 2012; hereinafter, the Accounting Standard) and the Guidance on the Accounting Standard for Retirement Benefits (ASBJ Guidance No.25, issued May 17, 2012; hereinafter, the Guidance) have been applied (however, excluding the rules provided in paragraph 35 of the Accounting Standard and provided in paragraph 67 of the Guidance). Accordingly, the Osaka Gas Group has switched to the method of posting the amount gained by deducting pension assets from retirement benefit obligations as a net defined benefit liability (or net defined benefit asset) and posted unrecognized actuarial difference and unrecognized prior service costs as a net defined benefit liability (or net defined benefit asset).

The Accounting Standard, etc., have been applied in a transitional manner as provided in paragraph 37 of the Accounting Standard, and the effects from the change have been reflected in remeasurements of defined benefit plans of the total accumulated other comprehensive income as of the end of the current consolidated accounting year.

Consequently, net defined benefit assets of ¥29,414 million and net defined benefit liabilities of ¥15,325 million have been posted as of the end of the current consolidated accounting year. In addition, the total accumulated other comprehensive income decreased by ¥6,100 million.

Net asset per share decreased by ¥2.93.

(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. Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reportable segment

The accounting policies of reportable segments comply with accounting principles and procedures to prepare consolidated financial statements. Internal sales and transfer prices between operating segments are according to the arm's length principle.

c. Information of sales, profit (loss), asset, liability, and other items for each reportable segment

Fiscal 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 from external customers	1,019,118	212,591	10,610	137,739	1,380,060	—	1,380,060
Transactions with other 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
Other items							
Depreciation	54,280	13,306	5,177	10,452	83,216	△789	82,427
Amortization of goodwill	△96	140	251	94	390	—	390
Investments in entities 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

Fiscal Year ended March 31, 2014 (April 1, 2013 to March 31, 2014) (million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Environment and Non-Energy	Total	Adjustments	Consolidated
Net sales							
Sales from external customers	1,092,452	254,688	12,611	152,828	1,512,581	—	1,512,581
Transactions with other segments	27,074	3,282	720	46,849	77,926	△77,926	—
Total	1,119,526	257,970	13,332	199,677	1,590,508	△77,926	1,512,581
Segment Income							
Operating income (loss)	34,093	43,120	△773	20,197	96,637	2,744	99,381
Equity in earnings of affiliates	△2,016	770	8,551	612	7,917	—	7,917
Total	32,077	43,890	7,777	20,809	104,555	2,744	107,299
Segment assets	741,733	159,909	293,793	402,633	1,598,069	70,248	1,668,317
Other items							
Depreciation	52,804	12,147	8,604	10,552	84,109	△842	83,266
Amortization of goodwill	—	137	308	94	539	—	539
Investments in entities accounted for using equity method	91	5,202	55,224	16,118	76,637	—	76,637
Increase in property, plant and equipment and intangible assets	60,652	3,253	47,950	13,015	124,872	△725	124,146

(Per Share Information)

	Current year (From April 1, 2013 to March 31, 2014)	Previous year (From April 1, 2012 to March 31, 2013)
Net assets per share	383.90 yen	359.16 yen
Earnings per share	20.04 yen	25.20 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, 2013 to March 31, 2014)	Previous year (From April 1, 2012 to March 31, 2013)
Net income (million yen)	41,725	52,467
Amount not attributable to common shareholders (million yen)	—	—
Net income attributable to shareholders of common shares (million yen)	41,725	52,467
Average issued common shares during the year (thousand shares)	2,081,828	2,082,181

(Notes Regarding Significant Events after Reporting Period)

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)

	Previous Year As of March 31, 2013	Current Year As of March 31, 2014
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	77,182	74,862
Distribution facilities	275,472	317,098
Service and maintenance facilities	65,302	65,649
Facilities for incidental businesses	4,053	3,916
Construction in progress	53,199	17,297
Total property, plant and equipment	475,210	478,824
Intangible assets		
Patent right	41	29
Leasehold right	2,954	2,953
Other intangible assets	2,667	3,139
Total intangible assets	5,662	6,122
Investments and other assets		
Investment securities	51,287	55,453
Investments in subsidiaries and associates	196,919	235,686
Long-term loans receivable from subsidiaries and associates	164,903	182,339
Investments in capital	23	22
Long-term prepaid expenses	8,981	8,606
Prepaid pension cost	36,735	40,224
Other investments and other assets	8,316	8,747
Allowance for doubtful accounts	△686	△680
Total investments and other assets	466,480	530,399
Total non-current assets	947,353	1,015,346
Current assets		
Cash and deposits	64,782	30,252
Notes receivable - trade	778	390
Accounts receivable - trade	95,998	112,508
Accounts receivable from subsidiaries and associates - trade	11,887	14,161
Accounts receivable - other	7,578	7,883
Securities	20,012	18,012
Finished goods	200	213
Raw materials	38,129	35,527
Supplies	9,193	8,673
Short-term loans receivable from subsidiaries and associates	21,901	20,839
Short-term receivables from subsidiaries and associates	1,952	2,081
Deferred tax assets	6,209	6,636
Other current assets	11,534	11,212
Allowance for doubtful accounts	△544	△544
Total current assets	289,616	267,847
Total assets	1,236,969	1,283,194

(million yen)

	Previous Year As of March 31, 2013	Current Year As of March 31, 2014
Liabilities		
Non-current liabilities		
Bonds payable	235,652	240,659
Long-term loans payable	120,013	162,896
Long-term debt to subsidiaries and associates	711	946
Deferred tax liabilities	5,448	9,388
Provision for retirement benefits	4,463	4,741
Provision for gas holder repairs	1,594	1,605
Provision for safety measures	13,418	10,831
Allowance for investment loss	6,999	6,999
Other noncurrent liabilities	2,641	1,931
Total non-current liabilities	390,943	440,003
Current liabilities		
Current portion of non-current liabilities	54,786	26,658
Accounts payable - trade	27,620	30,739
Short-term loans payable	10,000	10,000
Accounts payable - other	21,832	18,392
Accrued expenses	34,977	37,304
Income taxes payable	18,271	19,764
Advances received	3,802	4,469
Deposits received	1,286	1,409
Short-term loans payable to subsidiaries and associates	80,318	91,076
Short-term debt to subsidiaries and associates	20,002	22,463
Other current liabilities	702	884
Total current liabilities	273,602	263,162
Total liabilities	664,546	703,165
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus		
Legal capital surplus	19,482	19,482
Other capital surplus	0	4
Total capital surpluses	19,482	19,486
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	15,454	14,638
Reserve for adjustment of cost fluctuations	89,000	89,000
General reserve	62,000	62,000
Retained earnings brought forward	194,943	201,963
Total retained earnings	394,672	400,876
Treasury shares	△413	△797
Total shareholders' equity	545,908	551,732
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	20,134	23,696
Deferred gains or losses on hedges	6,380	4,600
Total valuation and translation adjustments	26,514	28,296
Total net assets	572,423	580,029
Total liabilities and net assets	1,236,969	1,283,194

(2) Statement of Income

(million yen)

	Previous Year (April 1, 2012 – March 31, 2013)	Current Year (April 1, 2013 – March 31, 2014)
Product sales		
Gas sales	841,955	915,008
Total product sales	841,955	915,008
Cost of sales		
Beginning inventories	183	200
Cost of products manufactured	543,933	621,935
Purchase of finished goods	0	0
Costs of gas for own use	6,133	7,181
Ending inventories	200	213
Total cost of sales	537,782	614,742
Gross profit	304,173	300,266
Selling, general and administrative expenses		
Supply and sales expenses	236,814	225,773
General and administrative expenses	55,614	55,053
Total selling, general and administrative expenses	292,428	280,826
Income on core business	11,744	19,440
Miscellaneous operating revenue		
Revenue from installation work	22,496	24,440
Revenue from gas appliance sales	103,878	107,112
Third party access revenue	2,526	2,484
Other miscellaneous operating revenue	4,234	4,347
Total miscellaneous operating revenue	133,135	138,385
Miscellaneous operating expenses		
Expenses of installation work	22,241	23,628
Expenses of gas appliance sales	102,943	104,249
Total operating miscellaneous expenses	125,184	127,878
Revenue for incidental businesses		
Revenue from electric supply business	80,243	89,747
Revenue from LNG sales	39,403	64,403
Revenue from other incidental businesses	14,435	14,301
Total revenue for incidental businesses	134,081	168,452
Expenses for incidental businesses		
Expenses for electric supply business	55,033	60,592
Expenses for LNG sales	39,934	64,485
Expenses for other incidental businesses	12,795	12,580
Total expenses for incidental businesses	107,762	137,659
Operating income	46,014	60,740

(million yen)

	Previous Year (April 1, 2012 – March 31, 2013)	Current Year (April 1, 2013 – March 31, 2014)
Non-operating income		
Interest income	2,044	1,986
Interest on securities	49	29
Dividend income	1,142	1,121
Dividends from subsidiaries and associates	7,042	7,104
Rent income	1,701	1,750
Miscellaneous income	5,406	4,140
Total non-operating income	17,387	16,131
Non-operating expenses		
Interest expenses	2,430	2,729
Interest on bonds	4,034	3,918
Amortization of bond issuance cost	40	115
Miscellaneous expenses	1,518	911
Total non-operating expenses	8,023	7,675
Ordinary income	55,379	69,196
Extraordinary income		
Gain on sales of investment securities	-	3,669
Total extraordinary income	-	3,669
Extraordinary losses		
Impairment loss	3,057	-
Loss on valuation of shares of subsidiaries and associates	-	25,520
Total extraordinary losses	3,057	25,520
Income before income taxes	52,322	47,345
Income taxes - current	17,800	18,600
Income taxes - deferred	△592	3,803
Total income taxes	17,207	22,403
Net income	35,114	24,942

(3) Statement of Changes in Net Assets

Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(million yen)

	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry of specified replaced properties	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations
Balance at beginning of current period	132,166	19,482	—	19,482	33,041	232	13,141	89,000
Changes of items during period								
Provision of reserve for overseas investment loss							2,386	
Reversal of reserve for overseas investment loss							Δ73	
Dividends of surplus								
Net income								
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	0	0	—	—	2,312	—
Balance at end of current period	132,166	19,482	0	19,482	33,041	232	15,454	89,000

(million yen)

	Other retained earnings		Total retained earnings	Treasury shares	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
	General reserve	Retained earnings brought forward							
Balance at beginning of current period	62,000	178,799	376,215	Δ361	527,502	11,986	5,041	17,028	544,531
Changes of items during period									
Provision of reserve for overseas investment loss		Δ2,386	—		—				—
Reversal of reserve for overseas investment loss		73	—		—				—
Dividends of surplus		Δ16,657	Δ16,657		Δ16,657				Δ16,657
Net income		35,114	35,114		35,114				35,114
Purchase of treasury shares				Δ56	Δ56				Δ56
Disposal of treasury shares				4	4				4
Net changes of items other than shareholders' equity						8,147	1,338	9,486	9,486
Total changes of items during period	—	16,144	18,456	Δ51	18,405	8,147	1,338	9,486	27,891
Balance at end of current period	62,000	194,943	394,672	Δ413	545,908	20,134	6,380	26,514	572,423

Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(million yen)

	Capital stock				Total capital surplus	Legal retained earnings	Other retained earnings		
		Legal capital surplus	Other capital surplus				Reserve for reduction entry of specified replaced properties	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations
Balance at beginning of current period	132,166	19,482	0	19,482	33,041	232	15,454	89,000	
Changes of items during period									
Provision of reserve for overseas investment loss							470		
Reversal of reserve for overseas investment loss							Δ1,285		
Dividends of surplus									
Net income									
Purchase of treasury shares									
Disposal of treasury shares			3	3					
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	3	3	—	—	Δ815	—	
Balance at end of current period	132,166	19,482	4	19,486	33,041	232	14,638	89,000	

(million yen)

	Other retained earnings		Total retained earnings	Treasury shares	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
	General reserve	Retained earnings brought forward							
Balance at beginning of current period	62,000	194,943	394,672	Δ413	545,908	20,134	6,380	26,514	572,423
Changes of items during period									
Provision of reserve for overseas investment loss		Δ470	—		—				—
Reversal of reserve for overseas investment loss		1,285	—		—				—
Dividends of surplus		Δ18,738	Δ18,738		Δ18,738				Δ18,738
Net income		24,942	24,942		24,942				24,942
Purchase of treasury shares				Δ405	Δ405				Δ405
Disposal of treasury shares				20	24				24
Net changes of items other than shareholders' equity						3,561	Δ1,779	1,782	1,782
Total changes of items during period	—	7,019	6,204	Δ384	5,823	3,561	Δ1,779	1,782	7,605
Balance at end of current period	62,000	201,963	400,876	Δ797	551,732	23,696	4,600	28,296	580,029