

[Consolidated Financial Statements and Notes]

(1) Consolidated Financial Statements

Osaka Gas Co., Ltd. and Consolidated Subsidiaries, the Fiscal Years Ended March 31, 2018 and 2019

Consolidated Balance Sheet

Assets

(million yen)

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Non-current assets		
Property, plant and equipment		
Production facilities	89,523	85,086
Distribution facilities	275,331	265,421
Service and maintenance facilities	56,924	55,176
Other facilities	393,116	409,486
Construction in progress	66,925	74,222
Total property, plant and equipment	※ 1, ※ 2, ※ 3 881,822	※ 1, ※ 2, ※ 3 889,392
Intangible assets	※ 1 79,743	※ 1 127,633
Investments and other assets		
Investment securities	※ 4 323,212	※ 4 359,737
Long-term loans receivable	18,412	22,862
Retirement benefit asset	46,405	49,074
Other	45,597	49,389
Allowance for doubtful accounts	(1,245)	(562)
Total investments and other assets	※ 1 432,382	※ 1 480,502
Total non-current assets	1,393,948	1,497,528
Current assets		
Cash and deposits	171,529	116,289
Notes and accounts receivable - trade	※ 5 190,445	※ 5 219,206
Lease receivables and investment assets	30,459	40,445
Inventories	※ 6 76,861	※ 6 112,327
Other	35,490	45,616
Allowance for doubtful accounts	(1,504)	△ 1,691
Total current assets	※ 1 503,281	※ 1 532,194
Total assets	1,897,230	2,029,722

Note: Details of ※ 1, 2, 3, 4, 5, 6 and 8 are provided in "d. Notes to the Consolidated Balance Sheet" on page 64.

This annual report is not subject to auditing by an independent auditor.

However, the accompanying consolidated financial statements, and notes are reprinted from the securities report which has been audited by an independent auditor.

Liabilities

(million yen)

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Non-current liabilities		
Bonds payable	164,984	144,989
Long-term loans payable	243,255	367,418
Deferred tax liabilities	22,847	22,811
Provision for gas holder repairs	1,326	1,247
Provision for safety measures	12,936	11,207
Provision for loss on investment	6,999	—
Provision for gas appliance warranties	13,607	12,454
Retirement benefit liability	16,958	17,228
Other	61,371	64,108
Total non-current liabilities	※1 544,288	※1 641,465
Current liabilities		
Current portion of non-current liabilities	68,548	60,134
Notes and accounts payable - trade	※5 58,542	※5 66,087
Short-term loans payable	22,179	22,751
Other	174,872	204,240
Total current liabilities	※1 324,142	※1 353,212
Total liabilities	868,430	994,678

(million yen)

Net assets

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,222	19,222
Retained earnings	769,801	782,523
Treasury shares	(1,663)	(1,744)
Total shareholders' equity	919,527	932,167
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	56,977	50,617
Deferred gains or losses on hedges	(7,650)	(4,007)
Revaluation reserve for land	※8 (737)	※8 (737)
Foreign currency translation adjustment	19,530	11,189
Remeasurements of defined benefit plans	11,922	15,110
Total accumulated other comprehensive income	80,042	72,172
Non-controlling interests	29,229	30,704
Total net assets	1,028,799	1,035,044
Total liabilities and net assets	1,897,230	2,029,722

Consolidated Statement of Income

(million yen)

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Net sales	1,296,238	1,371,863
Cost of sales	※ 1, ※ 2 874,437	※ 1, ※ 2 981,086
Gross profit	421,800	390,777
Selling, general and administrative expenses	※ 1, ※ 3 343,681	※ 1, ※ 3 322,800
Operating profit	78,118	67,977
Non-operating income		
Interest income	453	584
Dividend income	4,151	4,465
Miscellaneous income	10,886	9,551
Total non-operating income	15,491	14,600
Non-operating expenses		
Interest expenses	9,505	10,126
Loss on sales of shares of subsidiaries	2,227	—
Miscellaneous expenses	4,789	9,348
Total non-operating expenses	16,522	19,474
Ordinary profit	77,087	63,103
Extraordinary losses		
Loss on disaster	—	2,136
Amortization of goodwill	—	※ 4 8,901
Impairment loss	※ 5 11,249	—
Total extraordinary losses	11,249	11,038
Profit before income taxes	65,837	52,064
Income taxes - current	31,277	19,683
Income taxes - deferred	(4,957)	(4,160)
Total income taxes	26,319	15,522
Profit	39,517	36,542
Profit attributable to non-controlling interests	1,793	2,941
Profit attributable to owners of parent	37,724	33,601

Note: Details of ※ 1, 2, 3, 4 and 5 are provided in "e. Notes to the Consolidated Statement of Income" on page 65.

Consolidated Statement of Comprehensive Income

(million yen)

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Profit	39,517	36,542
Other comprehensive income		
Valuation difference on available-for-sale securities	5,306	(6,319)
Deferred gains or losses on hedges	387	(142)
Foreign currency translation adjustment	78	(5,943)
Remeasurements of defined benefit plans	12,607	3,457
Share of other comprehensive income of entities accounted for using equity method	2,692	372
Total other comprehensive income	※ 1 21,072	※ 1 (8,575)
Comprehensive income	60,590	27,966
(Breakdown)		
Comprehensive income attributable to owners of parent	58,725	25,731
Comprehensive income attributable to non-controlling interests	1,864	2,235

Note: Details of ※ 1 are provided in "f. Notes to the Consolidated Statement of Comprehensive Income" on page 66.

Consolidated Statement of Changes in Net Assets

(million yen)

	Shareholders' equity				Accumulated other comprehensive income							Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	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		
Fiscal year ended March 31, 2018 (April 1, 2017 - March 31, 2018)													
Balance at beginning of current period	132,166	19,319	752,872	(1,492)	902,865	51,678	(9,500)	(737)	17,993	(393)	59,040	29,965	991,870
Changes of items during period													
Dividends of surplus			(20,794)		(20,794)								(20,794)
Profit attributable to owners of parent			37,724		37,724								37,724
Purchase of treasury shares				(175)	(175)								(175)
Disposal of treasury shares		0		5	5								5
Change in ownership interest of parent due to transactions with non-controlling interests		(97)			(97)								(97)
Net changes of items other than shareholders' equity						5,298	1,849		1,536	12,316	21,001	(735)	20,265
Total changes of items during period	—	(96)	16,929	(170)	16,662	5,298	1,849	—	1,536	12,316	21,001	(735)	36,928
Balance at end of current period	132,166	19,222	769,801	(1,663)	919,527	56,977	(7,650)	(737)	19,530	11,922	80,042	29,229	1,028,799
Fiscal year ended March 31, 2019 (April 1, 2018 - March 31, 2019)													
Balance at beginning of current period	132,166	19,222	769,801	(1,663)	919,527	56,977	(7,650)	(737)	19,530	11,922	80,042	29,229	1,028,799
Cumulative effects of changes in accounting policies			(87)		(87)								(87)
Restated balance	132,166	19,222	769,713	(1,663)	919,439	56,977	(7,650)	(737)	19,530	11,922	80,042	29,229	1,028,711
Changes of items during period													
Dividends of surplus			(20,791)		(20,791)								(20,791)
Profit attributable to owners of parent			33,601		33,601								33,601
Purchase of treasury shares				(85)	(85)								(85)
Disposal of treasury shares		0		3	3								3
Change in ownership interest of parent due to transactions with non-controlling interests					—								—
Net changes of items other than shareholders' equity						(6,359)	3,643		(8,340)	3,187	(7,869)	1,474	(6,394)
Total changes of items during period	—	0	12,809	(81)	12,728	(6,359)	3,643	—	(8,340)	3,187	(7,869)	1,474	6,333
Balance at end of current period	132,166	19,222	782,523	(1,744)	932,167	50,617	(4,007)	(737)	11,189	15,110	72,172	30,704	1,035,044

Consolidated Statement of Cash Flows

(million yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 - March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 - March 31, 2019)
Cash flows from operating activities		
Profit before income taxes	65,837	52,064
Depreciation	86,378	88,363
Amortization of goodwill	2,344	11,381
Amortization of long-term prepaid expenses	5,207	5,000
Loss on sales of shares of subsidiaries	2,227	—
Decrease (increase) in retirement benefit asset	8,828	3,057
Interest and dividend income	(4,605)	(5,049)
Interest expenses	9,505	10,126
Decrease (increase) in notes and accounts receivable - trade	(15,519)	(27,714)
Decrease (increase) in inventories	(8,136)	(35,078)
Increase (decrease) in notes and accounts payable - trade	10,380	6,895
Increase (decrease) in accrued expenses	2,276	6,068
Increase (decrease) in accrued consumption taxes	4,854	(4,085)
Other, net	24,148	(20,253)
Subtotal	193,729	90,776
Interest and dividend income received	10,815	13,523
Interest expenses paid	(9,315)	(10,186)
Income taxes paid	(26,498)	(28,997)
Net cash provided by (used in) operating activities	168,731	65,116
Cash flows from investing activities		
Purchase of property, plant and equipment	(73,082)	(80,099)
Purchase of intangible assets	(5,977)	(21,943)
Purchase of long-term prepaid expenses	(5,799)	(6,150)
Purchase of investment securities	(2,770)	(4,680)
Purchase of shares of subsidiaries and associates	(15,385)	(68,760)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,602)	(22,811)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	2
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	2,485	—
Payments of long-term loans receivable	(3,000)	(5,133)
Other, net	(323)	5,382
Net cash provided by (used in) investing activities	(110,456)	(204,192)
Cash flows from financing activities		
Net increase (decrease) in commercial papers	—	46,000
Proceeds from long-term loans payable	18,719	129,306
Repayments of long-term loans payable	(48,399)	(37,759)
Redemption of bonds	—	(30,000)
Proceeds from share issuance to non-controlling shareholders	400	195
Cash dividends paid	(20,800)	(20,801)
Dividends paid to non-controlling interests	(1,218)	(980)
Other, net	(292)	(698)
Net cash provided by (used in) financing activities	(51,591)	85,262
Effect of exchange rate change on cash and cash equivalents	666	(1,478)
Net increase (decrease) in cash and cash equivalents	7,349	(55,292)
Cash and cash equivalents at beginning of period	166,912	171,061
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(3,200)	—
Cash and cash equivalents at end of period	※ 1 171,061	※ 1 115,769

Note: Details of ※ 1 are provided in "h. Notes to the Consolidated Statement of Cash Flows" on page 68.

[Notes]

a Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries:

138 (Previous fiscal year), 150 (Current fiscal year)

The names of consolidated subsidiaries are omitted as they are stated in page 86 "Group Companies."

The Company has acquired shares in Osaka Gas Michigan Power, LLC, Osaka Gas Kleen Energy, LLC, OG East Texas, LLC, Michigan Power LP, LLC, Michigan Power GP, LLC, Michigan Power Limited Partnership, Alpha Estate Co., Ltd., Prime Estate Co., Ltd., Sodegaura Biomass Power Co., Ltd., Jacobi Adsorbent Materials (Tianjin) Co., Ltd., Nagaoka Tansan Acid Co., Ltd., PT. Osaka Gas Indonesia, Biwako Blue Energy Co., Ltd., Osaka Gas

Towantic, LLC, Hirohata Biomass Power Co., Ltd. and Green Power Fuel Co., Ltd., making them newly subsidiaries of the Company. As a result, those subsidiaries are included as consolidated subsidiaries of the Company from the current fiscal year.

i Support Co., Ltd. (merged into Osaka Gas Business Create Co., LTD.), G&M Energy Service Co., LTD. and OJV Cayman 2 Limited (liquidated), and Alpha Estate Co., Ltd. (merged into Prime Estate Co., Ltd.) are no longer consolidated subsidiaries of the Company from the current fiscal year.

2. Application of the equity method

Number of equity method affiliates:

19 (Previous fiscal year), 23 (Current fiscal year)

The names of equity method affiliates are omitted as they are stated in page 86 "Group Companies."

The Company has acquired shares in AEIF Kleen Investor, LLC, CPV Towantic, LLC, Towantic Energy Holdings, LLC and CD Energy Direct Co., Ltd. As a result, they are included as equity method affiliates from the current fiscal year.

A major affiliate for which the equity method is not applied is

ENNET Corporation.

With regard to affiliates for which the equity method is not applied, their impact on profit or loss and retained earnings, etc. for the current fiscal year is not significant and immaterial on the whole. Therefore, investments in those affiliates are measured at cost.

When the fiscal year-end of equity method affiliates is different from the consolidated fiscal year-end, the financial statements for the fiscal year of such affiliates are used.

3. Fiscal year, etc. of consolidated subsidiaries

Consolidated subsidiaries whose fiscal year-end is different from the consolidated fiscal year-end are Osaka Gas Australia Pty. Ltd., Osaka Gas Gorgon Pty. Ltd., Osaka Gas Ichthys Pty. Ltd., Osaka Gas Ichthys Development Pty. Ltd., Osaka Gas Niugini Pty. Ltd., Osaka Gas UK, Ltd. and other companies, totaling 84 companies. Although the above consolidated subsidiaries have a fiscal year-

end of December 31, the difference between that date and the consolidated fiscal year-end (March 31) does not exceed 3 months. Therefore, the consolidated financial statements are prepared using their financial statements as of their fiscal year-end.

4. Accounting policies

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

① Inventories

Primarily stated at cost based on the moving-average method
Inventories held for trading recorded on the balance sheet are depreciated to write down the carrying amount based on depreciation of profitability

② Investment securities

Bonds held to maturity
Stated at amortized cost

Other investment securities

Securities for which it is practical to determine fair value

[Stated at fair value based on the market price, etc. at the fiscal year-end]

(Unrealized valuation gains and losses are accounted for as a component of net assets; cost of sales is determined primarily using the moving-average method.)

Securities for which it is not practical to determine fair value

[Primarily stated at cost based on the moving-average method]

③ Derivatives

Stated at fair value

(2) Depreciation and amortization method of significant depreciable assets

① Property, plant and equipment (excluding leased assets)

Primarily the declining-balance method

However, the straight-line method has been used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and for facilities attached to buildings and structures acquired on or after April 1, 2016.

② Intangible assets (excluding leased assets)

Primarily the straight-line method

For internal-use software, the straight-line method based on the term available for use within the Company and each subsidiary has been applied.

③ Leased assets

Leased assets resulting from non-ownership-transfer finance leases

The straight-line method over the useful life equal to the lease terms assuming no residual value.

(3) Basis for recording significant allowances

① Allowance for doubtful accounts

To provide for the bad debts loss of accounts receivable, loans receivable, etc., an estimated uncollectible amount is provided by considering the default ratio in the past for general receivables and the individual collectability for certain receivables including receivables with default possibility.

② Provision for gas holder repairs

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

③ Provision for safety measures

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

④ Provision for loss on investment

To provide for any losses on the operations of subsidiaries and associates, an amount of expected future losses is provided as reserve.

⑤ Provision for gas appliance warranties

To provide for the payment of any service costs under warranty after the sale of appliances, an estimated amount of such costs is provided.

(4) Accounting for retirement benefits

① Method for attributing projected retirement benefits to periods of service

In calculating retirement benefit obligations, the benefit formula basis is mainly applied to attribute projected retirement benefits to periods of service until the end of this consolidated fiscal year.

② Method for recognizing actuarial gains and losses and past service costs

Past service costs are expensed mainly in the fiscal year when such costs are incurred. Actuarial gains and losses are amortized on a straight-line basis mainly over a period of 10 years beginning from the next fiscal year after each occurrence.

(5) Criteria for translating significant assets or liabilities denominated in foreign currencies into Japanese currency

Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate as of the fiscal year-end. Revenues and expenses of overseas subsidiaries are translated into Japanese yen at the average exchange rate during the fiscal year. The resulting translation differences are included in foreign currency translation adjustment and non-controlling interests in net assets.

(6) Significant hedge accounting method

① Hedge accounting method

Deferred hedge accounting is adopted. When applicable requirements are met, exceptional accounting for interest rate swaps and allocation accounting for forward exchange contracts, etc. are adopted.

② Hedging instruments and hedged items

Hedging instruments

- Interest rate swaps
- Forward exchange contracts or currency options
- Loans payable denominated in foreign currencies
- Swaps and options on crude oil price, etc.

Hedged items

- Bonds, loans payable
- Forecast transactions denominated in foreign currencies (purchase prices of raw materials, etc.)
- Interests in overseas subsidiaries and associates
- Purchase prices of raw materials, etc.

③ Hedging policy

The Group hedges foreign exchange rate and interest rate risk based on its internal rules. Derivative transactions are not entered into unless they are backed by actual demand.

④ Method for assessing the hedge effectiveness

Hedge effectiveness is assessed by identifying the corresponding relationship between hedging instruments and hedged items.

(7) Method and period for amortization of goodwill

Goodwill is amortized on a straight-line basis over its estimated useful life within 20 years after initial recognition; provided, however, that immaterial goodwill is recognized as income or expense in full upon acquisition.

(8) Scope of funds in the consolidated statement of cash flows

Funds stated in the consolidated statement of cash flows (cash and cash equivalents) comprise cash on hand, demand deposits and short-term investments that are readily convertible and subject to an insignificant risk of changes in value with original maturities of three months or less.

(9) Other significant matters on the preparation of the consolidated financial statements

Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

b Changes in Accounting Policies

(Accounting standards, etc. not yet applied)

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 30, 2018) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30; March 30, 2018)

(1) Summary

These are comprehensive accounting standards on revenue recognition. Revenue is recognized by applying the following five-step approach:

Step 1: Identify the contracts with customers

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Scheduled date of application

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application

In the process of measuring the effects at the time of preparing the accompanying consolidated financial statements.

"Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (Practical Issues Task Force (PITF) No.18, September 14, 2018) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No.24, September 14, 2018)

(1) Summary

These PITFs added that when a foreign subsidiary or other such entity applies IFRS 9 "Financial Instruments" and elects to present subsequent changes in the fair value of an equity instrument in other comprehensive income, a gain or loss equivalent on the sale of the equity instrument and an impairment loss equivalent to the equity instrument are to be adjusted and recognized as a profit (loss) for the relevant fiscal year in preparing the consolidated financial statements of the parent company.

(2) Scheduled date of application

Effective from the beginning of the fiscal year ending March 31, 2020.

(3) Effects of application

In the process of measuring the effects at the time of preparing the accompanying consolidated financial statements.

"Revised Accounting Standards for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Revised Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019)

(1) Summary

These accounting standards clarified the accounting treatment of conditional acquisition prices for which consideration is refunded.

(2) Scheduled date of application

Effective for business combinations, etc. made at or after the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application

In the process of measuring the effects at the time of preparing the accompanying consolidated financial statements.

c Changes in Presentation

(Changes due to the application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018, hereinafter "Partial Amendments to Accounting Standard for Tax Effect Accounting") since the beginning of the current fiscal year. Changes due to this application involve including deferred tax assets in investments and other assets, and deferred tax liabilities in non-current liabilities. Notes to Tax Effect Accounting are also amended.

As a result, "deferred tax assets" of ¥11,314 million that were included in "other" under "current assets" in the consolidated balance sheet of the previous fiscal year are stated as part of "other" of ¥45,597 million under "investments and other assets." Similarly, "deferred tax liabilities" of ¥2 million that were included in "other" under "current liabilities" are stated as part of "deferred tax liabilities" of ¥22,847 million under "non-current assets."

In addition, the contents of explanatory note 8 (excluding the total amount of valuation allowances) and explanatory note 9 on "Accounting Standard for Tax Effect Accounting," which are prescribed in Paragraph 3 to Paragraph 5 of the Partial Amendments to Accounting Standard for Tax Effect Accounting, have been added to Notes to Tax Effect Accounting. However, sections concerning the previous fiscal year are omitted in accordance with the transitional treatment prescribed in Paragraph 7 of the Partial Amendments to Accounting Standard for Tax Effect Accounting.

(Notes to the Consolidated Balance Sheet)

"Long-term loans receivable" included in "other" under "investments and other assets" for the previous fiscal year are stated as a separate item from the current fiscal year due to increased materiality in amount. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, "other" under "investments and other assets" in the consolidated balance sheet of the previous fiscal year is reclassified into "long-term loans receivable" of ¥18,412 million and "other" of ¥45,597 million.

"Income taxes payable," stated as a separate item under "current liabilities" for the previous fiscal year, are included in "other" under "current liabilities" from the current fiscal year due to decreased materiality in amount. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, "income taxes payable" of ¥27,786 million presented under "current liabilities" in the consolidated balance sheet of the previous fiscal year are reclassified as "other."

(Notes to the Consolidated Statement of Cash Flows)

"Amortization of goodwill" included in "depreciation" under cash flows from operating activities for the previous fiscal year is stated as a separate item due to increased materiality in amount. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥2,344 million presented in "depreciation" under cash flows from operating activities in the previous fiscal year's consolidated statement of cash flows is reclassified into "amortization of goodwill."

"Purchase of investment securities" included in "other" under cash flows from investing activities for the previous fiscal year is stated as a separate item due to increased materiality in amount. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥2,770 million presented in "other" under cash flows from investing activities in the previous fiscal year's consolidated statement of cash flows is reclassified into purchase of investment securities.

"Impairment loss" stated as a separate item under cash flows from operating activities for the previous fiscal year is included in "other" under cash flows from operating activities from the current fiscal year due to decreased materiality in amount. The previous fiscal year's consolidated financial statements are reclassified to reflect this change in presentation.

As a result, ¥11,249 million presented in "impairment loss" in the previous fiscal year's consolidated statement of cash flows is reclassified into "other" under cash flows from operating activities.

※ 1 Assets pledged as collateral and liabilities with collateral

Assets pledged as collateral are as follows:

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Investment securities	63,333 million yen	100,949 million yen
Other facilities	93,328	98,092
Intangible assets	3,799	43,173
Construction in progress	32,115	36,011
"Other" under investments and other assets	12,476	17,078
Other	8,814	16,610
Total	213,867	311,914

In addition to the above, loans receivable, etc. which were offset as a result of consolidation were pledged as collateral in the amounts of ¥10,004 million for the previous fiscal year and ¥7,463 million for the current fiscal year.

Liabilities with collateral are as follows:

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Long-term loans payable	34,398 million yen	61,260 million yen
(current portion thereof	100	925)
Short-term loans payable and other	698	1,177
Total	35,097	62,437

※ 2 (1) Accumulated advanced depreciation deducted from the acquisition cost of assets related to contribution for construction, etc. is as follows:

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Production facilities	781 million yen	781 million yen
Distribution facilities	259,468	260,330
Service and maintenance facilities	824	746
Other facilities	5,205	5,228
Total	266,280	267,086

(2) Advanced depreciation deducted from the acquisition cost of assets related to expropriation, etc. is as follows:

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Distribution facilities	1 million yen	9 million yen
Other facilities	—	65
Total	1	74

※ 3 Accumulated depreciation of property, plant and equipment is as follows:

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Accumulated depreciation of property, plant and equipment	2,600,246 million yen	2,652,657 million yen

※ 4 Items for affiliates are as follows:

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Investment securities (stock)	209,098 million yen	249,346 million yen
(including investments in joint ventures	98,208	138,443)

※ 5 The settlement of trade notes maturing at the fiscal year-end is accounted for on the date of bank clearance.

As the end of the previous and current fiscal years were bank holidays, the following notes maturing on the fiscal year-end are included in the balance of the item outstanding at the end of the previous and current fiscal years:

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Notes receivable - trade	335 million yen	591 million yen
Notes payable - trade	34	74

※ 6 The breakdown of inventories is as follows:

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Merchandise and finished goods	19,248 million yen	20,906 million yen
Work in process	5,086	8,220
Raw materials and supplies	52,526	83,200

※ 7 Contingent liabilities

(1) Guarantees and quasi-guarantees for bank loans, etc. to companies other than consolidated companies are as follows:

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Ichthys LNG Pty. Ltd.	20,398 million yen	19,072 million yen
Fukushima Gas Power Co., Ltd.	4,600	4,600
Aurora Solar Corporation	1,266	1,238
Ruwais Power Company PJSC	1,104	1,135
Other	1,116	611
Total	28,485	26,657

(2) Contingent liabilities related to debt assumption agreements for bonds are as follows:

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
The 23rd domestic unsecured bond	20,000 million yen	20,000 million yen

※ 8 Revaluation difference for land

Commercial land of certain consolidated subsidiaries has been revalued in accordance with the Act on Revaluation of Land (Law No. 34 of March 31, 1998) and the Amendment to Act on Revaluation of Land (Law No. 19 of March 31, 2001). Any difference (excluding any amount associated with tax effect accounting) resulting from the revaluation is included in net assets as revaluation reserve for land.

(1) Method for revaluation

The revaluation is made by making reasonable adjustments to the valuation by road rating which is provided for in Article 2, Item 4 of the Enforcement Order of the Law Concerning the Revaluation of Land (Cabinet Order No. 119 of March 31, 1998).

(2) Date of revaluation March 31, 2002

e Notes to the Consolidated Statement of Income

※ 1

Previous Year (April 1, 2017 - March 31, 2018)
The R&D expenses included in "Selling, general and administrative expenses" and in the manufacturing expenses for the fiscal year are ¥9,708 million.

Current Year (April 1, 2018 - March 31, 2019)
The R&D expenses included in "Selling, general and administrative expenses" and in the manufacturing expenses for the fiscal year are ¥10,961 million.

※ 2 The balance of inventories at the end of the fiscal year is an amount after write-down of the carrying amount due to decreased profitability, and the following loss on valuation of inventories is included in cost of sales.

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
	11 million yen	7 million yen

※ 3 The major expense items and amounts thereof are as follows:

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Salaries	48,252 million yen	46,197 million yen
Retirement benefit expenses	11,667	5,199
Provision for gas holder repairs	145	145
Provision for safety measures	2,975	0
Provision for gas appliance warranties	337	658
Provision of allowance for doubtful accounts	276	46
Depreciation	49,846	48,292
Consigned work expenses	58,238	57,320

※ 4 Amortization of goodwill

Goodwill is amortized in accordance with Paragraph 32 of “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial

Statements” (the Japanese Institute of Certified Public Accountants, final amendment issued on November 28, 2014, Accounting Practice Committee Statement No. 7)

※ 5 Impairment loss

Previous Year (April 1, 2017 - March 31, 2018)

(1) Concept of grouping

- ① All non-current assets used in operating the gas business from production to sales of gas are categorized into one asset group as these assets generate cash flows from the gas business in an integrated manner.
- ② Non-current assets used for businesses other than those described above are generally categorized into groups based on business divisions controlling such non-current assets.
- ③ Generally, other non-current assets are treated individually.

(2) Details of impairment loss

In accordance with the grouping described in (1) above, an impairment loss of ¥11,249 million was recognized. Significant losses included in this are as follows:

Asset	Location	Type	Impairment loss (million yen)
Property for business use	Western Province of Papua New Guinea	Property, plant and equipment (construction in progress)	6,743
		Intangible assets	2,872
		Total	9,616

The properties for enterprises in the Western Province of Papua New Guinea were acquired for the purpose of participating in a condensate and gas development business. The Company reassessed the business value, taking into account the effect of reviewing the development plan and other matters, and

accordingly the carrying amount of the assets was reduced to their recoverable amount, and the reduction was recorded as an impairment loss in extraordinary losses. The recoverable amount of these assets was measured at net sale value determined mainly by the income approach.

f Notes to the Consolidated Statement of Comprehensive Income

※ 1 Reclassification adjustments and tax effects related to other comprehensive income

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Valuation difference on available-for-sale securities		
Incurred in the fiscal year	7,919 million yen	(8,830) million yen
Reclassification adjustments	7	17
Before tax effect adjustments	7,927	(8,813)
Tax effect	(2,620)	2,494
Valuation difference on available-for-sale securities	5,306	(6,319)

Deferred gains or losses on hedges		
Incurring in the fiscal year	1,736 million yen	(283) million yen
Reclassification adjustments	(1,106)	(125)
Before tax effect adjustments	630	(409)
Tax effect	(242)	266
Deferred gains or losses on hedges	387	(142)
Foreign currency translation adjustment		
Incurring in the fiscal year	(816) million yen	(5,943) million yen
Reclassification adjustments	895	—
Before tax effect adjustments	78	(5,943)
Tax effect	—	—
Foreign currency translation adjustment	78	(5,943)
Remeasurements of defined benefit plans		
Incurring in the fiscal year	8,274 million yen	2,192 million yen
Reclassification adjustments	9,241	2,573
Before tax effect adjustments	17,516	4,765
Tax effect	(4,909)	(1,308)
Remeasurements of defined benefit plans	12,607	3,457
Share of other comprehensive income of entities accounted for using equity method		
Incurring in the fiscal year	661 million yen	(1,268) million yen
Reclassification adjustments	2,030	1,641
Share of other comprehensive income of entities accounted for using equity method	2,692	372
Total other comprehensive income	21,072	(8,575)

g Notes to the Consolidated Statement of Changes in Net Assets

Previous Year (April 1, 2017 - March 31, 2018)

1 Matters on shares issued and outstanding

Type of shares	As of April 1, 2017	Increase	Decrease	As of March 31, 2018
Common shares (thousand shares)	2,083,400	—	1,666,720	416,680

(Overview of reasons for change)

The major reason for decrease is as follows: Decrease by share consolidation 1,666,720 thousand shares

2 Matters on treasury shares

Type of shares	As of April 1, 2017	Increase	Decrease	As of March 31, 2018
Common shares (thousand shares)	3,764	310	3,244	830

(Overview of reasons for change)

The major reason for increase is as follows:

Increase by repurchase of fractional shares	300 thousand shares (including 11 thousand shares after share consolidation)
Increase by repurchase of fractional shares upon share consolidation	10 thousand shares

The major reason for decrease is as follows:

Decrease by share consolidation	3,235 thousand shares
Decrease by disposal of fractional shares	9 thousand shares (including 1 thousand shares after share consolidation)

3 Matters on subscription rights to shares, etc.

Not applicable.

4 Matters on dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 29, 2017	Common shares	10,398	5.00	March 31, 2017	June 30, 2017
Board of Directors' Meeting held on October 26, 2017 (Note)	Common shares	10,396	5.00	September 30, 2017	November 30, 2017

Note: As the record date of September 30, 2017 is before the share consolidation date of October 1, 2017, the dividend per share represents the amount before the share consolidation.

(2) Of the dividends whose record date belongs to the fiscal year, the dividends whose effective date falls in the following fiscal year

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on June 28, 2018	Common shares	10,396	25.00	March 31, 2018	June 29, 2018	Retained earnings

Current Year (April 1, 2018 - March 31, 2019)

1 Matters on shares issued and outstanding

Type of shares	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
Common shares (thousand shares)	416,680	—	—	416,680

2 Matters on treasury shares

Type of shares	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
Common shares (thousand shares)	830	38	1	867

(Overview of reasons for change)

The major reason for increase is as follows: Increase by repurchase of fractional shares 38 thousand shares

The major reason for decrease is as follows: Decrease by disposal of fractional shares 1 thousand shares

3 Matters on subscription rights to shares, etc.

Not applicable.

4 Matters on dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2018	Common shares	10,396	25.00	March 31, 2018	June 29, 2018
Board of Directors' Meeting held on October 30, 2018	Common shares	10,395	25.00	September 30, 2018	November 30, 2018

(2) Of the dividends whose record date belongs to the fiscal year, the dividends whose effective date falls in the following fiscal year

Resolution	Type of shares	Total dividends paid (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on June 20, 2019	Common shares	10,395	25.00	March 31, 2019	June 21, 2019	Retained earnings

h Notes to the Consolidated Statement of Cash Flows

※1 The relationship between the balance of cash and cash equivalents at end of period and the amount of cash and deposits in the consolidated balance sheet is as follows:

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Cash and deposits	171,529 million yen	116,289 million yen
Time deposits with more than 3 months to maturity	(467)	(520)
Cash and cash equivalents	171,061	115,769

i Notes to Leases

1 Finance lease transactions

(As lessor)

(1) Breakdown of lease investment assets

(Current assets)

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Lease payments receivable component	27,770 million yen	39,507 million yen
Estimated residual value component	558	505
Amount equivalent to interest income	(6,273)	(8,246)
Lease investment assets	22,055	31,767

(2) Amounts of lease receivables and lease payments receivable components of lease investment assets expected to be collected after the fiscal year end (Current assets)

	Previous Year (As of March 31, 2018)					
	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Lease receivables	1,211	1,105	983	861	766	3,935
Lease investment assets	5,478	4,788	4,124	3,556	2,896	6,927

	Current Year (As of March 31, 2019)					
	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Lease receivables	1,312	1,193	1,054	937	795	3,904
Lease investment assets	6,913	6,313	5,747	5,037	4,259	11,236

2 Operating lease transactions

(As lessee)

Future lease payments payable for non-cancellable operating leases

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Due within one year	1,200 million yen	1,084 million yen
Due over one year	4,098	4,232
Total	5,298	5,316

(Lessor)

Future lease payments receivable for non-cancellable operating leases

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Due within one year	1,657 million yen	1,954 million yen
Due over one year	3,824	4,242
Total	5,482	6,197

3 Amounts recorded on the consolidated balance sheet before deducting amounts equivalent to interest for sublease transactions

(1) Lease receivables and lease investment assets

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Current assets	6,272 million yen	9,032 million yen

(2) Lease obligations

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Current liabilities	441 million yen	628 million yen
Non-current liabilities	4,750	6,627

1 Matters on the status of financial instruments

(1) Policies for dealing with financial instruments

It is the Group's policy to raise its operating funds through loans from financial institutions and the issuance of bonds and to conduct fund management through a conservative financial portfolio which limits exposure to losses. The Group uses derivative transactions to hedge the risks described later and does not engage in speculative transactions.

(2) Details of financial instruments, risks thereof and risk management structure

Notes and accounts receivable - trade, which are operating receivables, are exposed to customer credit risks. To deal with this risk, the Company and the Group companies manage due dates and balances for each counterparty in accordance with their accounting rules and manuals regarding receivable management, etc. and seek to mitigate collectability concern.

Securities and investment securities, which comprise mainly shares of companies with which the Group has business relationships, are exposed to risks including market price fluctuation risk. The Group continuously reviews its shareholding position by periodically monitoring their market price and the financial condition of the issuers (customer companies), as well as considering the relationship with such customer companies.

Notes and accounts payable - trade, which are operating payables, are mostly settled within one year. Of bonds and loans payable, short-term loans payable are mainly to procure funds for operational transactions, while bonds and long-term loans payable are mainly to procure funds for capital expenditures. Bonds and long-term loans payable procure funds with fixed interest rates.

In derivative transactions, the Group uses interest rate swaps for

adjusting the ratio between fixed and floating interest rates and fixing the interest level for bonds and loans payable, forward exchange contracts and currency option contracts for reducing the fluctuation of cash flows due to change in foreign exchange rates, swap contracts and option contracts on crude oil price, etc. for reducing the fluctuation of cash flows due to change in crude oil price, etc., and weather derivative contracts, etc. for reducing the fluctuation of cash flows due to change in temperature. Matters on hedge accounting including hedging instruments, hedged items, hedging policy and method for assessing the hedge effectiveness are as described in 4 (6) of "Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements."

The credit risks for derivative transactions are immaterial as the Group enters into contracts only with major financial institutions, etc. with high ratings. Execution and management of derivative transactions are performed by the finance department of each Group company, and the finance department of the Company controls their activities. Transactions by Group companies are conducted in accordance with the internal rules.

Although operating payables, loans and bonds payable are exposed to liquidity risk, the Company maintains high credit ratings and secures stable fund procurement measures. In addition, the Group has implemented a cash management system (CMS) to facilitate funding for Group companies.

(3) Supplementary explanation to fair value of financial instruments

Please note that contract amounts of derivative transactions in "2 Matters on fair value, etc. of financial instruments" do not, in themselves, indicate the market risk pertaining to the derivative transactions.

2 Matters on fair value, etc. of financial instruments

The carrying amount in the consolidated balance sheet, fair value and difference between them are as follows. Financial instruments whose fair value is deemed to be extremely difficult to determine are not included in the table below (see Note 2).

Previous Year (As of March 31, 2018)

	Carrying amount in the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Cash and deposits	171,529	171,529	—
(2) Notes and accounts receivable - trade	190,445	190,445	—
(3) Securities and investment securities	103,915	103,915	—
Total assets	465,890	465,890	—
(1) Notes and accounts payable - trade	58,542	58,542	—
(2) Short-term loans payable	22,179	22,179	—
(3) Bonds payable (※1)	194,984	207,641	12,656
(4) Long-term loans payable (※1)	279,560	290,749	11,188
Total liabilities	555,266	579,112	23,845
Derivative transactions (※2)	(2,948)	(2,948)	—

(※1) Includes those due within one year.

(※2) Assets and liabilities arising from derivative transactions were offset and indicated by parentheses () when the amount offset was a liability.

Current Year (As of March 31, 2019)

	Carrying amount in the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Cash and deposits	116,289	116,289	—
(2) Notes and accounts receivable - trade	219,206	219,206	—
(3) Securities and investment securities	95,429	95,429	—
Total assets	430,925	430,925	—
(1) Notes and accounts payable - trade	66,087	66,087	—
(2) Short-term loans payable	22,751	22,751	—
(3) Bonds payable (※1)	164,988	177,943	12,954
(4) Long-term loans payable (※1)	404,188	417,956	13,768
Total liabilities	658,014	684,738	26,723
Derivative transactions (※2)	(1,446)	(1,446)	—

(※1) Includes those due within one year.

(※2) Assets and liabilities arising from derivative transactions were offset and indicated by parentheses () when the amount offset was a liability.

Note 1: Method for measuring fair value of financial instruments and matters on securities and derivative transactions

Assets

(1) Cash and deposits, and (2) Notes and accounts receivable - trade

As these items are settled within a short term, the fair value is approximately equal to the carrying amount. Therefore, the fair value is determined by the carrying amount.

(3) Securities and investment securities

The fair value of shares is based on the market prices at the exchange. The fair value of bonds is based on the market prices at the exchange or the prices provided by counterparty financial institutions. For information on securities classified by holding purpose, please refer to "Notes to Securities."

Liabilities

(1) Notes and accounts payable - trade, and (2) Short-term loans payable

As these items are settled within a short term, the fair value is approximately equal to the carrying amount. Therefore, the fair value is determined by the carrying amount.

(4) Long-term loans payable

The fair value of long-term loans payable with fixed interest is measured by discounting the sum of the principal and interest at the rate assumed for new similar loans.

The fair value of long-term loans payable with floating interest is determined by the carrying amount, as the fair value is deemed approximately equal to the carrying amount. Interest rate swap contracts which determine the interest rate level of long-term loans payable with floating interest qualify for exceptional accounting. Long-term loans payable with floating interest accompanied by such interest swaps are accounted for as a whole, and the fair value is determined by discounting the sum of their principals and interests at a reasonably estimated rate applied for similar loans.

(3) Bonds payable

The fair value of bonds payable issued by the Company is based on their market prices.

Derivative transactions

Please refer to "Notes to Derivative Transactions."

Note 2: Carrying amount in the consolidated balance sheet of financial instruments whose fair value is extremely difficult to determine

(million yen)

Category	March 31, 2018	March 31, 2019
Shares of affiliates	209,098	249,346
Unlisted stocks, etc.	10,198	14,962

As the above financial instruments do not have market prices and their future cash flows cannot be estimated, their fair value is extremely difficult to determine. Therefore, they are not included in "(3) Securities and investment securities."

Note 3: Expected redemption amounts of monetary receivables and securities with maturities after the consolidated fiscal year-end

Previous Year (As of March 31, 2018)

	One year or less (million yen)	More than one year, up to five years (million yen)	More than five years, up to ten years (million yen)	More than ten years (million yen)
Cash and deposits	171,529	—	—	—
Notes and accounts receivable - trade	190,445	—	—	—
Securities and investment securities				
Held-to-maturity bonds (Corporate bonds)	—	—	—	180
Available-for-sale securities with maturities (Government bonds and municipal bonds)	—	—	—	98
Available-for-sale securities with maturities (Other)	—	210	117	—
Total	361,974	210	117	278

Current Year (As of March 31, 2019)

	One year or less (million yen)	More than one year, up to five years (million yen)	More than five years, up to ten years (million yen)	More than ten years (million yen)
Cash and deposits	116,289	—	—	—
Notes and accounts receivable - trade	219,206	—	—	—
Securities and investment securities				
Held-to-maturity bonds (Corporate bonds)	—	—	—	180
Available-for-sale securities with maturities (Government bonds and municipal bonds)	—	—	—	98
Available-for-sale securities with maturities (Other)	210	1,578	1,277	0
Total	335,706	1,578	1,277	279

Note 4: Expected repayment amounts of bonds payable, long-term loans payable and other interest-bearing debts

Previous Year (As of March 31, 2018)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Short-term loans payable	22,179	—	—	—	—	—
Bonds payable	30,000	20,000	30,000	10,000	30,000	75,000
Long-term loans payable	36,305	20,478	15,008	38,237	11,332	158,197
Total	88,485	40,478	45,008	48,237	41,332	233,197

Current Year (As of March 31, 2019)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)
Short-term loans payable	22,751	—	—	—	—	—
Bonds payable	20,000	30,000	10,000	30,000	10,000	65,000
Long-term loans payable	36,769	37,099	60,513	37,372	49,289	183,144
Total	79,520	67,099	70,513	67,372	59,289	248,144

k Notes to Securities

1 Available-for-sale securities

Previous Year (As of March 31, 2018)

	Carrying amount in the consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
1 Available-for-sale securities whose carrying amount in the consolidated balance sheet exceeds the acquisition cost			
(1) Stocks	102,545	22,103	80,441
(2) Bonds			
Government bonds and municipal bonds, etc.	—	—	—
Subtotal	102,545	22,103	80,441
2 Available-for-sale securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost			
(1) Stocks	1,271	2,500	(1,228)
(2) Bonds			
Government bonds and municipal bonds, etc.	98	98	—
Subtotal	1,370	2,598	(1,228)
Total	103,915	24,702	79,213

Note: As unlisted stocks (carrying amount in the consolidated balance sheet: ¥9,679 million), etc. do not have market prices and their future cash flows cannot be estimated, their fair value is extremely difficult to determine. Therefore, they are not included.

Current Year (As of March 31, 2019)

	Carrying amount in the consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
1 Available-for-sale securities whose carrying amount in the consolidated balance sheet exceeds the acquisition cost			
(1) Stocks	93,207	21,724	71,482
(2) Bonds			
Government bonds and municipal bonds, etc.	—	—	—
Subtotal	93,207	21,724	71,482
2 Available-for-sale securities whose carrying amount in the consolidated balance sheet does not exceed the acquisition cost			
(1) Stocks	2,123	3,224	(1,101)
(2) Bonds			
Government bonds and municipal bonds, etc.	98	98	—
Subtotal	2,222	3,323	(1,101)
Total	95,429	25,048	70,381

Note: As unlisted stocks (carrying amount in the consolidated balance sheet: ¥11,704 million), etc. do not have market prices and their future cash flows cannot be estimated, their fair value is extremely difficult to determine. Therefore, they are not included.

2 Available-for-sale securities sold during the fiscal year

Previous Year (April 1, 2017 - March 31, 2018)

Stocks	Total sales	437 million yen
	Total gain on sales	0
	Total loss on sales	0

Current Year (April 1, 2018 - March 31, 2019)

Stocks	Total sales	125 million yen
	Total gain on sales	51
	Total loss on sales	26

3 Securities for which impairment loss is recognized

For the previous fiscal year, an impairment loss of ¥1,640 million for shares of subsidiaries and associates and an impairment loss of ¥7 million for available-for-sale securities were recognized.

For the current fiscal year, an impairment loss of ¥2,125 million for shares of subsidiaries and associates and an impairment loss of ¥42 million for available-for-sale securities were recognized.

I Notes to Derivative Transactions

1 Derivative transactions to which hedge accounting is not applied

Previous Year (As of March 31, 2018)

Underlying asset	Derivative instrument	Type of transaction	Contract amount (million yen)		Fair value (million yen)	Valuation gain (loss) (million yen)
				More than one year		
(a) Commodities	Swap contracts and option contracts on oil price, etc.	Other than market transactions	153	—	(12)	(12)
(b) Currencies	Forward exchange contracts	Other than market transactions	273	—	(11)	(11)
Total			427	—	(23)	(23)

Note 1: The fair value is measured mainly based on the prices provided by counterparty financial institutions.

Note 2: As certain derivative transactions no longer satisfy the requirements for hedge accounting, hedge accounting is discontinued for such transactions.

Current Year (As of March 31, 2019)

Underlying asset	Derivative instrument	Type of transaction	Contract amount (million yen)		Fair value (million yen)	Valuation gain (loss) (million yen)
				More than one year		
(a) Commodities	Swap contracts and option contracts on oil price, etc.	Other than market transactions	7,978	7,726	(368)	(368)
(b) Currencies	Forward exchange contracts	Other than market transactions	271	—	(1)	(1)
Total			8,249	7,726	(369)	(369)

Note 1: The fair value is measured mainly based on the prices provided by counterparty financial institutions.

Note 2: As certain derivative transactions no longer satisfy the requirements for hedge accounting, hedge accounting is discontinued for such transactions.

2 Derivative transactions to which hedge accounting is applied

Previous Year (As of March 31, 2018)

Underlying asset	Derivative instrument	Hedge accounting	Major hedged item	Contract amount (million yen)		Fair value (million yen)
					More than one year	
(a) Interest rates	Interest rate swap contracts	Exceptional accounting of interest rate swaps	Long-term loans payable	81,255	75,255	(Note 2)
		Principal method of accounting	Long-term loans payable and bonds payable	90,567	86,635	(2,365)
(b) Currencies	Forward exchange contracts and currency option contracts	Allocation accounting of forward exchange contracts, etc.	Forecast transactions denominated in foreign currencies	18,429	7,283	(334)
		Principal method of accounting	Forecast transactions denominated in foreign currencies	26,762	21,282	(689)
(c) Commodities	Swap contracts and option contracts on oil price, etc.	Principal method of accounting	Purchase prices of raw materials, etc.	6,784	2,777	465
Total				223,799	193,234	(2,924)

Note 1: The fair value is measured mainly based on the prices provided by counterparty financial institutions.

Note 2: As interest rate swaps subject to exceptional accounting are accounted for together with the hedged long-term loans payable, their fair value is included in that of the long-term loans payable.

Current Year (As of March 31, 2019)

Underlying asset	Derivative instrument	Hedge accounting	Major hedged item	Contract amount (million yen)		Fair value (million yen)
					More than one year	
(a) Interest rates	Interest rate swap contracts	Exceptional accounting of interest rate swaps	Long-term loans payable	70,466	67,463	(Note 2)
		Principal method of accounting	Long-term loans payable and bonds payable	105,706	97,174	(1,379)
(b) Currencies	Forward exchange contracts and currency option contracts	Allocation accounting of forward exchange contracts, etc.	Forecast transactions denominated in foreign currencies	9,377	2,659	276
		Principal method of accounting	Forecast transactions denominated in foreign currencies	100,092	18,584	399
(c) Commodities	Swap contracts and option contracts on oil price, etc.	Principal method of accounting	Purchase prices of raw materials, etc.	51,056	35,407	(373)
Total				336,698	221,288	(1,077)

Note 1: The fair value is measured mainly based on the prices provided by counterparty financial institutions.

Note 2: As interest rate swaps subject to exceptional accounting are accounted for together with the hedged long-term loans payable, their fair value is included in that of the long-term loans payable.

m Notes to Retirement Benefits

1 Summary of the adopted retirement benefit plans

The Company and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans and defined contribution plans. As for defined benefit plans, the Company and most consolidated subsidiaries provide lump sum retirement payment plans, and the Company and certain consolidated subsidiaries provide defined benefit corporate pension plans or corporate pension fund plans.

The Company has adopted a defined benefit corporate pension plan since August 1, 2006 and a defined contribution pension plan to which part of the defined benefit plan transitioned since January 1, 2005.

As certain consolidated subsidiaries participate in the corporate

pension fund of the multi-employer pension plans, they cannot determine the amount of pension assets corresponding to their contribution. Therefore, such plans are accounted for in the same manner as defined contribution plans.

The employees' pension fund of the multi-employer pension plans which the consolidated subsidiaries participated in received an approval for return of substitutional part by Minister of Health, Labour and Welfare as of April 1, 2015, and transitioned to the corporate pension fund which received an approval for establishment by Minister of Health, Labour and Welfare as of July 1, 2017. There was no additional contribution due to this transition.

2 Defined benefit plans

(1) Reconciliations of the opening and closing balances of retirement benefit obligations

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Balance at beginning of year	300,078 million yen	290,953 million yen
Service cost	8,912	8,277
Interest cost	1,749	1,428
Actuarial loss (gain)	(2,576)	5,842
Benefits paid	(15,250)	(15,753)
Other	(1,959)	71
Balance at end of year	290,953	290,819

Note: Consolidated subsidiaries which have adopted the simplified method are included.

(2) Reconciliations of the opening and closing balances of plan assets

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Balance at beginning of year	319,984 million yen	320,399 million yen
Expected return on plan assets	6,957	6,740
Actuarial loss (gain)	5,697	8,125
Contributions paid by the employer	2,747	1,849
Benefits paid	(14,056)	(14,444)
Other	(929)	(5)
Balance at end of year	320,399	322,665

Note: Consolidated subsidiaries which have adopted the simplified method are included.

(3) Reconciliations of the closing balances of retirement benefit obligations and plan assets, and retirement benefit liability and asset recorded in the consolidated balance sheet

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Funded retirement benefit obligations	273,953 million yen	273,522 million yen
Plan assets	(320,399)	(322,665)
	(46,445)	(49,143)
Unfunded retirement benefit obligations	16,999	17,297
Total net defined benefit liability (asset) recorded in the consolidated balance sheet	(29,446)	(31,846)
Retirement benefit liability	16,958	17,228
Retirement benefit asset	(46,405)	(49,074)
Total net defined benefit liability (asset) recorded in the consolidated balance sheet	(29,446)	(31,846)

Note: Consolidated subsidiaries which have adopted the simplified method are included.

(4) Retirement benefit costs and components thereof

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Service cost	8,912 million yen	8,277 million yen
Interest cost	1,749	1,428
Expected return on plan assets	(6,957)	(6,740)
Net actuarial loss amortization	9,272	2,591
Past service cost amortization	(30)	(30)
Other	9	—
Total retirement benefit costs	12,955	5,525

Note: The retirement benefit cost for consolidated subsidiaries which have adopted the simplified method is included in "Service cost."

(5) Remeasurements of defined benefit plans

Items (before tax effect) recorded in remeasurements of defined benefit plans are as follows:

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Past service cost	30 million yen	30 million yen
Actuarial gain (loss)	(17,547)	(4,796)
Total	(17,516)	(4,765)

(6) Remeasurements of defined benefit plans

Items (before tax effect) recorded in remeasurements of defined benefit plans are as follows:

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Unrecognized past service cost	(77) million yen	(46) million yen
Unrecognized actuarial gain (loss)	(16,170)	(20,967)
Total	(16,248)	(21,013)

(7) Plan assets

① Major components of plan assets

The proportion of major categories to total plan assets is as follows:

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Bonds	27.1 %	27.0 %
Stocks	30.8	31.6
Cash and deposits	25.1	24.5
Other	17.0	16.9
Total	100.0	100.0

Note: The main assets of "Other" are beneficiary securities in the real estate investment trust fund.

② Method for setting long-term expected rate of return

In determining the long-term expected rate of return, the current and projected allocations of plan assets and the current and expected long-term investment returns on various assets constituting plan assets are taken into account.

(8) Actuarial assumptions

Major assumptions for actuarial calculations are as follows:

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Discount rate	Mainly 0.5 %	Mainly 0.3 %
Long-term expected rate of return	Mainly 2.2 %	Mainly 2.1 %

3 Defined contribution plans

The contribution required to the defined contribution plan of the Company and its consolidated subsidiaries was ¥1,138 million for the previous fiscal year and ¥1,103 million for the current fiscal year.

4 Multi-employer pension plans

The multi-employer pension plans were accounted for in the same manner as the defined contribution plan. The contribution required to the corporate pension fund of the multi-employer pension plans was ¥77 million for the previous fiscal year and ¥76 million for the current fiscal year. As described in 1 above, the employees' pension fund was replaced by the corporate pension fund on July 1, 2017.

(1) Recent funded status of multi-employer pension plans

	Previous Year (As of March 31, 2017)	Current Year (As of March 31, 2018)
Amount of plan assets	748,654 million yen	248,188 million yen
Total amount of actuarial obligation and minimum actuarial reserve in pension financing	732,391	203,695
Balance	16,263	44,493

(2) Share of the Group's contribution to overall multi-employer pension plans

Previous fiscal year 0.97% (weighted average) (March 1, 2017 - March 31, 2017)

Current fiscal year 1.17% (weighted average) (March 1, 2018 - March 31, 2018)

(3) Supplementary explanation

The major factor contributing to the balance in (1) above was retained earnings (¥16,292 million for the previous fiscal year and ¥44,561 million for the current fiscal year).

n Notes to Stock Options

Not applicable.

o Tax Effect Accounting

1 Breakdown of major causes for deferred tax assets and deferred tax liabilities

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Deferred tax assets		
Tax loss carryforwards (Note)	26,013 million yen	38,913 million yen
Petroleum resource use tax for international business	11,563	19,710
Impairment loss	10,675	12,196
Other	33,133	32,238
Subtotal deferred tax assets	81,386	103,059
Valuation allowance on tax loss carryforwards (Note)	—	(12,959)
Valuation allowance on the total of deductible temporary differences	—	(37,981)
Subtotal valuation allowance	(47,737)	(50,940)
Total deferred tax assets	33,649	52,118
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(21,994)	(19,500)
Temporary differences related to investments in affiliates	—	(14,909)
Retirement benefit asset	(12,995)	(13,756)
Other	(9,484)	(8,783)
Total deferred tax liabilities	(44,474)	(56,950)
Net deferred tax assets (liabilities)	(10,825)	(4,832)

(Note) Tax loss carryforwards and associated deferred tax assets by carryforward period

Current Year (As of March 31, 2019)

	One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)	More than five years (million yen)	Total (million yen)
Tax loss carryforwards (a)	51	106	39	39	101	38,575	38,913
Valuation allowance	26	81	38	39	101	12,671	12,959
Deferred tax assets	25	24	0	—	—	25,903	25,954(b)

(a) A tax loss carryforward is the amount obtained by multiplying by the effective statutory tax rate.

(b) Deferred tax assets of ¥25,954 million is recorded for tax loss carryforwards of ¥38,913 million (amount obtained by multiplying by the effective statutory tax rate). The Company does not recognize valuation allowances for the portion of the tax loss carryforwards deemed to be recoverable due to the prospect of future taxable income from the Australian upstream business and the North American IPP business.

2 Breakdown of major items causing the difference between the statutory effective tax rate and the burden rate of income taxes after applying tax effect accounting

	Previous Year (As of March 31, 2018)	Current Year (As of March 31, 2019)
Statutory effective tax rate	28.2 %	28.0 %
(Reconciliation)		
Valuation allowance	12.6	6.2
Amortization of goodwill	1.0	6.1
Temporary differences related to investment in affiliates	1.3	2.2
Difference between the parent's and subsidiaries' effective statutory tax rates	0.2	1.7
Petroleum resource use Tax for international business	(5.2)	(15.6)
Other	1.9	1.3
Burden rate of income taxes after applying tax effect accounting	40.0 %	29.8 %

p Notes to Business Combinations, etc.

Not applicable.

q Notes to Asset Retirement Obligations

Not applicable.

r Notes to Leased Properties, etc.

The Company and certain consolidated subsidiaries own office buildings and other properties for lease (including land) in Osaka Prefecture and other areas. Gains from the lease of such leased properties (recorded mainly as operating profit) are ¥6,295 million for the fiscal year ended March 31, 2018 and ¥7,190 million for

the fiscal year ended March 31, 2019.

The carrying amount in the consolidated balance sheet, changes during the fiscal year, and the fair value of the leased properties are as follows:

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Carrying amount in the consolidated balance sheet		
Balance at beginning of year	113,789 million yen	115,788 million yen
Increase (decrease)	1,998	12,527
Balance at end of year	115,788	128,315
Fair value at end of year	184,086	209,421

Note 1: The carrying amount in the consolidated balance sheet is stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Note 2: The main factor contributing to an increase was the acquisition of properties (previous fiscal year: ¥3,484 million, current fiscal year: ¥10,147 million).

Note 3: The fair value at the end of the fiscal year is the amount (including the amount adjusted using the index, etc.) determined based mainly on the method prescribed by the "Real Estate Appraisal Standard" and other similar methods.

s Segment Information, etc.

[Segment Information]

1 Summary of reportable segments

The Osaka Gas Group's reportable segments are 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 Osaka Gas Group classifies its products and services into business segments on the basis of two business domains: the Domestic and International Energy Business and the Life & Business Solutions Business. It then divides those business segments into the following four reportable segments by considering product and service similarities, namely, the Domestic Energy/Gas Business, the Domestic Energy/Electricity Business, the International Energy Business, and the Life & Business Solutions Business.

The Domestic Energy/Gas Business manufactures, supplies, and sells city gas, sells gas appliances, conducts gas pipeline installation, and sells LNG, LPG and industrial gas. The Domestic

Energy/Electricity Business produces and sells electricity. The International Energy Business conducts development and investment related to petroleum and natural gas, supplies energy, and leases tankers to transport LNG. The Life & Business Solutions Business conducts development and leasing of real estate, information processing services, and sales of fine materials and carbon material products.

Due to a restructuring of the organization, the Engineering Department was integrated into the LNG Terminal & Power Generation Business Unit, and LNG Terminal & Power Generation & Engineering Business Unit was established as of April 1, 2018. Therefore, from the fiscal year ended March 31, 2019, a subsidiary included in the "Life & Business Solutions" segment has been transferred to the "Domestic Energy/Gas" segment. Segment information for the fiscal year ended March 31, 2018 has been reclassified based on the new reportable segments.

2 Explanation of measurement of sales, profit/loss, assets, liabilities, and other items for each reportable segment

The accounting methods for reportable segments comply with "Significant Matters Forming the Basis of Preparation of the Consolidated Financial Statements." Internal sales and transfer

prices between operating segments are determined according to the arm's length principle.

3 Information of sales, profit/loss, asset, liabilities, and other items for each reportable segment

Previous Year (April 1, 2017 - March 31, 2018)

(million yen)

	Reportable Segment				Total	Adjustments (Note 1)	Consolidated (Note 2)
	Domestic Energy/Gas	Domestic Energy/ Electricity	International Energy	Life & Business Solutions			
Net sales							
Sales to external customers	964,273	156,497	14,313	161,153	1,296,238	—	1,296,238
Transactions with other segments	11,995	1,255	8,257	40,319	61,827	(61,827)	—
Total	976,269	157,752	22,570	201,472	1,358,065	(61,827)	1,296,238
Segment profit (loss)							
Operating profit (loss)	42,043	20,568	(4,506)	18,284	76,389	1,728	78,118
Share of profit (loss) of entities accounted for using equity method	943	146	(831)	—	258	—	258
Total	42,987	20,714	(5,338)	18,284	76,648	1,728	78,376
Segment assets	865,154	157,519	462,351	350,138	1,835,164	62,066	1,897,230
Other items							
Depreciation	57,789	6,773	11,692	11,136	87,391	(1,013)	86,378
Amortization of goodwill	—	94	473	1,777	2,344	—	2,344
Investment in entities accounted for using equity method	13,554	1,421	177,258	—	192,234	—	192,234
Increase in property, plant and equipment and intangible assets	46,426	13,477	6,187	17,175	83,267	(1,551)	81,716

Note 1: Adjustments are as follows:

(1) A major adjustment in segment profit (loss) is the elimination of intersegment transactions.

(2) A major adjustment in segment assets is for investment securities held by the Company.

Note 2: Segment profit (loss) is adjusted by adding share of profit (loss) of entities accounted for using equity method to operating profit (loss).

Note 3: "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) have been applied from the beginning of the fiscal year ended March 31, 2019. Segment assets for the previous fiscal year are calculated by retroactively applying these accounting standards.

Current Year (April 1, 2018 - March 31, 2019)

(million yen)

	Reportable Segment				Total	Adjustments (Note 1)	Consolidated (Note 2)
	Domestic Energy/Gas	Domestic Energy/ Electricity	International Energy	Life & Business Solutions			
Net sales							
Sales to external customers	999,476	183,067	22,113	167,206	1,371,863	—	1,371,863
Transactions with other segments	13,166	1,245	18,376	43,707	76,497	(76,497)	—
Total	1,012,642	184,313	40,489	210,914	1,448,361	(76,497)	1,371,863
Segment profit							
Operating profit	34,778	9,350	5,283	17,714	67,126	850	67,977
Share of profit (loss) of entities accounted for using equity method	1,031	(625)	691	—	1,096	—	1,096
Total	35,809	8,724	5,974	17,714	68,222	850	69,073
Segment assets	866,906	165,322	572,881	374,311	1,979,422	50,300	2,029,722
Other items							
Depreciation	55,639	7,998	14,762	11,352	89,752	(1,389)	88,363
Amortization of goodwill (Note 3)	8,901	192	465	1,820	11,381	—	11,381
Investment in entities accounted for using equity method	14,405	2,477	213,821	—	230,703	—	230,703
Increase in property, plant and equipment and intangible assets	48,139	16,188	24,760	19,888	108,977	(1,717)	107,259

Note 1: Adjustments are as follows:

(1) A major adjustment in segment profit (loss) is the elimination of intersegment transactions.

(2) A major adjustment in segment assets is for investment securities held by the Company.

Note 2: Segment profit (loss) is adjusted by adding share of profit (loss) of entities accounted for using equity method to operating profit (loss).

Note 3: Amortization of goodwill includes amortization of goodwill recognized in extraordinary losses.

[Related Information]

Previous Year (April 1, 2017 - March 31, 2018)

1 Information by product and service

The information is omitted as similar information is disclosed in "Segment Information."

2 Information by geographical area

(1) Net sales

The information is omitted as net sales in Japan account for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

				(million yen)
Japan	Australia	Other areas	Total	
740,577	132,202	9,042	881,822	

3 Information by major customer

The information is omitted as there is no external customer who accounts for 10% or more of net sales in the consolidated statement of income.

Current Year (April 1, 2018 - March 31, 2019)

1 Information by product and service

The information is omitted as similar information is disclosed in "Segment Information."

2 Information by geographical area

(1) Net sales

The information is omitted as net sales in Japan account for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

				(million yen)
Japan	Australia	Other areas	Total	
745,316	129,417	14,658	889,392	

3 Information by major customer

The information is omitted as there is no external customer who accounts for 10% or more of net sales in the consolidated statement of income.

[Information about impairment loss for non-current assets by reportable segment]

Previous Year (April 1, 2017 - March 31, 2018)

	Reportable Segment				Total	Elimination/ Corporate	Total
	Domestic Energy/Gas	Domestic Energy/ Electricity	International Energy	Life & Business Solutions			
Impairment loss	993	—	9,616	639	11,249	—	11,249

Current Year (April 1, 2018 - March 31, 2019)

Omitted due to immateriality in amount.

Information about the amortized amount and unamortized balance of goodwill by reportable segment

Previous Year (April 1, 2017 - March 31, 2018)

(million yen)

	Reportable Segment				Total	Elimination/ Corporate	Total
	Domestic Energy/Gas	Domestic Energy/ Electricity	International Energy	Life & Business Solutions			
Amortized amount during year	—	94	473	1,777	2,344	—	2,344
Unamortized balance at end of year	—	2,696	480	11,473	14,650	—	14,650

Current Year (April 1, 2018 - March 31, 2019)

(million yen)

	Reportable Segment				Total	Elimination/ Corporate	Total
	Domestic Energy/Gas	Domestic Energy/ Electricity	International Energy	Life & Business Solutions			
Amortized amount during year	8,901	192	465	1,820	11,381	—	11,381
Unamortized balance at end of year	—	2,504	3	9,025	11,533	—	11,533

(Note) Amortized amounts during the fiscal year include amortization of goodwill recognized in extraordinary losses.

Information about gain on bargain purchase by reportable segment

Previous Year (April 1, 2017 - March 31, 2018)

Current Year (April 1, 2018 - March 31, 2019)

Not applicable.

Not applicable.

Related Party Information

Not applicable.

t Per Share Information

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Shareholders' equity per share	2,403.68 yen	2,415.37 yen
Earnings per share	90.71 yen	80.80 yen

Note 1: Since there were no potential shares with a dilutive effect, data on diluted earnings per share is not presented in this document.

Note 2: The Company conducted a share consolidation at a ratio of 5 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, shareholders' equity per share and earnings per share are calculated based on the assumption that the share consolidation was conducted at the beginning of the previous fiscal year.

Note 3: The following data was used for calculating earnings per share:

	Previous Year (April 1, 2017 - March 31, 2018)	Current Year (April 1, 2018 - March 31, 2019)
Profit attributable to owners of parent (million yen)	37,724	33,601
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent attributable to common share (million yen)	37,724	33,601
Average number of common shares during the fiscal year (thousand shares)	415,880	415,831

u Subsequent Events

The Company decided to issue the 36th and 37th domestic unsecured bonds on May 31, 2019 in accordance with a resolution made at the Board of Directors' Meeting held on March 7, 2019, and issued the bonds under the following conditions. The summaries of these issuances are as follows.

36th domestic unsecured bond

- (1) Type: Straight bond redemption at maturity
- (2) Issuance amount: ¥20,000 million (6) Maturity date: June 4, 2049
- (3) Paid amount: ¥20,000 million (7) Issue date: June 6, 2019
- (4) Interest rate: 0.642% per annum (8) Collateral: Unsecured
- (5) Redemption method: Bullet (9) Use of proceeds: To finance the redemption of bonds and repayment of loans

37th domestic unsecured bond

- (1) Type: Straight bond redemption at maturity
- (2) Issuance amount: ¥20,000 million (6) Maturity date: June 6, 2059
- (3) Paid amount: ¥20,000 million (7) Issue date: June 6, 2019
- (4) Interest rate: 0.818% per annum (8) Collateral: Unsecured
- (5) Redemption method: Bullet (9) Use of proceeds: To finance the redemption of bonds and repayment of loans

Annexed Consolidated Detailed Schedules

[Annexed consolidated detailed schedule of corporate bonds]

Company	Name of issue	Date of issuance	Balance at the beginning of current fiscal year (million yen)	Balance at the end of current fiscal year (included portion due within 1 year) (million yen)	Interest rate (%)	Collateral	Maturity
Osaka Gas	The 18th domestic unsecured bond	February 12, 2003	19,993	19,994	1.47	None	December 20, 2022
Osaka Gas	The 19th domestic unsecured bond	March 10, 2005	19,998	19,999 (19,999)	1.83	None	March 19, 2020
Osaka Gas	The 20th domestic unsecured bond	August 17, 2005	19,996	19,997	1.79	None	September 18, 2020
Osaka Gas	The 21st domestic unsecured bond	June 23, 2006	9,996	9,997	2.33	None	June 23, 2026
Osaka Gas (Note 2)	The 23rd domestic unsecured bond	July 25, 2007	—	—	2.14	None	July 25, 2019
Osaka Gas	The 26th domestic unsecured bond	July 17, 2008	30,000	—	1.782	None	July 17, 2018
Osaka Gas	The 28th domestic unsecured bond	March 9, 2011	10,000	10,000	1.345	None	March 9, 2021
Osaka Gas	The 29th domestic unsecured bond	December 9, 2011	10,000	10,000	1.16	None	December 9, 2021
Osaka Gas	The 30th domestic unsecured bond	December 14, 2012	10,000	10,000	0.759	None	December 14, 2022
Osaka Gas	The 31st domestic unsecured bond	October 18, 2013	10,000	10,000	0.748	None	October 18, 2023
Osaka Gas	The 32nd domestic unsecured bond	March 24, 2014	15,000	15,000	1.606	None	March 24, 2034
Osaka Gas	The 33rd domestic unsecured bond	October 24, 2014	20,000	20,000	1.402	None	October 24, 2034
Osaka Gas	The 34th domestic unsecured bond	March 5, 2015	10,000	10,000	1.685	None	March 3, 2045
Osaka Gas	The 35th domestic unsecured bond	December 9, 2016	10,000	10,000	0.986	None	December 8, 2056
Total	—	—	194,984	164,988 (19,999)	—	—	—

Note 1: The redemption schedule within 5 years after the consolidated fiscal year-end is as follows:

One year or less (million yen)	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)
20,000	30,000	10,000	30,000	10,000

Note 2: The 23rd domestic unsecured bond (¥20,000 million) of Osaka Gas Co., Ltd. is accounted for as redeemed, since this debt was assigned to banks under debt assumption agreements concluded with said banks.

The obligation to redeem the 23rd domestic unsecured bond is reported as contingent liabilities in bonds to the consolidated balance sheet.

[Annexed consolidated detailed schedule of borrowings]

Category	Balance at beginning of year (million yen)	Balance at end of year (million yen)	Average interest rate (%)	Payment due
Short-term loans payable	22,179	22,751	0.3	—
Current portion of long-term loans payable	36,305	36,769	1.4	—
Current portion of lease obligations	833	1,151	—	—
Long-term loans payable (excluding current portion)	243,255	367,418	1.6	From April 2020 to December 2047
Lease obligations (excluding current portion)	6,230	8,386	—	From April 2020 to March 2036
Other interest-bearing debt Commercial paper (one year or less)	—	46,000	0.0	—
Total	308,804	482,477	—	—

Note 1: "Average interest rate" shows weighted average interest rates with respect to the year-end balances of loans payable. "Average interest rate" for lease obligations is not stated because lease obligations are recorded in the consolidated balance sheet at the amount before deducting the interest-equivalent component included in the total lease payment.

Note 2: The repayment schedule within 5 years after the consolidated fiscal year-end for long-term loans payable and lease obligations (excluding current portion) is as follows:

	More than one year, up to two years (million yen)	More than two years, up to three years (million yen)	More than three years, up to four years (million yen)	More than four years, up to five years (million yen)
Long-term loans payable	37,099	60,513	37,372	49,289
Lease obligations	—	—	—	—

【Annexed consolidated detailed schedule of asset retirement obligations】

The amount of asset retirement obligations was 1% or less of total liabilities and net assets at the beginning the current fiscal year as

well as at the end of the current fiscal year. Therefore, the schedule of asset retirement obligations is not disclosed.

(2) 【Other】

Quarter results for the current fiscal year

(Cumulative period)		First quarter	Second quarter	Third quarter	Full year
Net sales	(million yen)	297,136	607,453	943,610	1,371,863
Profit before income taxes	(million yen)	21,866	20,890	14,559	52,064
Profit attributable to owners of parent	(million yen)	15,638	13,504	5,200	33,601
Earnings per share	(yen)	37.61	32.47	12.51	80.80

(Accounting period)		First quarter	Second quarter	Third quarter	Full year
Earnings (loss) per share	(yen)	37.61	(5.13)	(19.97)	68.30

This annual report is not subject to auditing by an independent auditor.
However, the accompanying consolidated financial statements, and notes are reprinted
from the securities report which has been audited by an independent auditor.
Presented below is the Independent Auditor's Report in the securities report.

Independent Auditor's Report and Internal Control Audit Report

June 21, 2019

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

KPMG AZSA LLC

Designated Limited Liability Partner
Engagement Partner

Certified Public Accountant
Kenryo Goto (Seal)

Designated Limited Liability Partner
Engagement Partner

Certified Public Accountant
Kenta Tsujii (Seal)

Designated Limited Liability Partner
Engagement Partner

Certified Public Accountant
Shoichiro Shigeta (Seal)

< Financial Statements Audit >

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying consolidated financial statements of Osaka Gas Co., Ltd. included in "Financial Information" for the fiscal year from April 1, 2018 to March 31, 2019, which comprise the consolidated balance sheet, the consolidated statements of income, comprehensive income, changes in net assets and cash flows, as well as significant matters forming the basis of preparation of the consolidated financial statements and other notes, and annexed consolidated detailed schedules.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Osaka Gas co., Ltd. and its consolidated subsidiaries as of March 31, 2019, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

<Internal Control Audit>

Pursuant to Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, we have audited the internal control report dated March 31, 2019 of Osaka Gas Co., Ltd.

Management's Responsibility for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Internal control over financial reporting may not completely prevent or detect financial reporting misstatements.

Auditor's Responsibility

Our responsibility is to independently express an opinion on the internal control report based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the internal control report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the assessment of internal control over financial reporting in the internal control report. The procedures selected depend on our judgment, including the assessment of significance of effect on the reliability of financial reporting. Also, an internal control audit includes evaluating the appropriateness of the scope, procedures, and results of the assessment determined and presented by management, and the overall internal control report presentation.

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

Opinion

In our opinion, the internal control report, in which Osaka Gas Co., Ltd states that internal control over financial reporting was effective as at March 31, 2019, presents fairly, in all material respects, the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Conflicts of interest

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

End of report

*1 The above is an electronic version of the original audit report, which is kept separately by the Annual Securities Report (Yuka Shoken Houkokusho) filing Company.

*2 XBRL data is outside the scope of the audit.