

*Notes

(1) Changes in significant subsidiaries during nine months ended December 31, 2015(changes in certain subsidiaries resulting in a change in the consolidation scope): None

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: Adopted

*Note: For detailed information, please refer to “2. (1) Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements” on Page 3 of the Attachment to this Quarterly Brief Report of Consolidated Financial Statements.

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

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

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

(iii) Changes in accounting estimates : None

(iv) Corrections and restatements : None

(4) Issued shares (common shares)

(i) Number of shares issued and outstanding at the end of each period (including treasury stock)

: As of December 31, 2015 2,083,400,000 shares

As of March 31, 2015 2,083,400,000 shares

(ii) Number of treasury stock at the end of each period

: As of December 31, 2015 3,152,333 shares

As of March 31, 2015 2,532,646 shares

(iii) Average number of shares issued and outstanding in each period: Nine months ended December 31, 2015 2,080,732,882 shares

Nine months ended December 31, 2014 2,081,056,184 shares

*Statement regarding implementation of quarterly review

At the time of disclosure of this Quarterly Brief Report of Consolidated Financial Statements, the review of quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act has not been completed.

*Notes on proper use of forecasts and other matters

1. Forward-looking statements in this document, including operating results forecasts, are based on information currently available to Osaka Gas (the Company) and certain assumptions that the Company regards as reasonable. Actual results may significantly differ from these forecasts, affected by various factors. As for notes regarding assumptions used for operating forecasts and regarding the use of operating forecasts, refer to “1. (3) Forecasts of Consolidated Operating Results” on Page 2 of the Attachment to this Quarterly Brief Report of Consolidated Financial Statements.

2. The Company is planning to hold a results briefing for institutional investors and analysts on January 29, 2016.

Immediately after the briefing, the presentation materials used on that day will be made available on the Company’s web site.

(Reference) Forecasts of Non-Consolidated Operating Results for the Fiscal Year Ending March 31, 2016

(April 1, 2015 – March 31, 2016)

(Percentages (%) represent changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full year	1,045,000	-16.5	108,000	34.7	113,000	28.0	81,500	16.0	39.17

(Note) Revision of the forecasts previously announced: Yes

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1. Overview of Quarterly Consolidated Financial Results

(1) Consolidated Operating Results

Consolidated net sales for the nine months ended December 31, 2015 decreased by ¥110.5 billion year-on-year to ¥944.7 billion, due to lower gas unit selling prices and a decrease in gas sales volume of the Gas Business. Consolidated ordinary income increased by ¥45.4 billion year-on-year to ¥103.6 billion, primarily due to an increase in profit of the Gas Business stemming from a decrease in raw material costs associated with a fall in LNG prices. Profit attributable to owners of parent increased by ¥26.3 billion year-on-year to ¥73.9 billion.

Non-consolidated operating results of Osaka Gas are presented in “4. (1) Overview of Quarterly Non-Consolidated Financial Results” on Page 9.

(2) Consolidated Financial Position

Total assets as of December 31, 2015 decreased by ¥34.4 billion compared with the fiscal year ended March 31, 2015, to ¥1,827.7 billion, primarily due to a decrease in current assets, including the amounts of cash and deposits as well as notes and accounts receivable - trade. Net assets totaled ¥953.4 billion and the ratio of net worth to total assets was 50.5%.

(3) Forecasts of Consolidated Operating Results

Considering recent trend in our performance and other factors, the annual operating results for fiscal year ending March 31, 2016 have changed from the previous forecasts. Therefore, we have revised our consolidated and non-consolidated operating forecasts as listed in the tables below. Profit on a non-consolidated basis is expected to increase compared to the previous forecasts because the magnitude of the decrease in raw material costs associated with a fall in LNG prices is expected to be large relative to the assumed increase in net sales in the Gas Business. Accordingly, consolidated ordinary income and profit attributable to owners of parent are expected to increase. Also, we have revised the assumption for the crude oil price and exchange rates as follows.

(Reference) Assumptions for the crude oil price and exchange rates (January 2016 – March 2016)

Crude oil price (All-Japan CIF price): US\$40/bbl

Exchange rate (TTM): ¥120 to US\$1

Changes from the previous forecasts announced in the Brief Report of Consolidated Financial Statement on October 28, 2015 for full-year operating results are shown in the tables below.

Revision of Forecasts for Consolidated Operating Results for the Fiscal Year Ending March 31, 2016

(April 1, 2015 – March 31, 2016)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	millions of yen	millions of yen	millions of yen	millions of yen	yen
Previous Forecasts (A)	1,358,500	138,500	130,000	87,500	42.05
Revised Forecasts (B)	1,339,000	145,500	135,000	92,500	44.46
Changes (B-A)	-19,500	+7,000	+5,000	+5,000	
Changes (%)	-1.4	+5.1	+3.8	+5.7	
(Reference) Actual Results of Fiscal year ended March 31, 2015	1,528,164	105,065	108,173	76,709	36.86

(Reference) Revision of Forecasts for Non-Consolidated Operating Results for the Fiscal Year Ending March 31, 2016

(April 1, 2015 – March 31, 2016)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	millions of yen	millions of yen	millions of yen	millions of yen	yen
Previous Forecasts (A)	1,054,500	99,000	104,000	74,500	35.80
Revised Forecasts (B)	1,045,000	108,000	113,000	81,500	39.17
Changes (B-A)	-9,500	+9,000	+9,000	+7,000	
Changes (%)	-0.9	+9.1	+8.7	+9.4	
(Reference) Actual Results of Fiscal year ended March 31, 2015	1,251,835	80,190	88,255	70,285	33.77

2. Summary Information (Notes)

(1) Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements

(Calculation of tax expenses)

For major consolidated subsidiaries, effective tax rates (after applying tax effect accounting) expected to be imposed on their income before income taxes applicable to the tax year in which the current third quarter is included were estimated based on reasonable assumptions. Tax expenses for the third quarter were then calculated by multiplying the income before income taxes of respective subsidiaries for the quarter by the estimated effective tax rates.

(2) Changes in Accounting Policies in Accordance with Changes in Accounting Standards, Accounting Estimates and Restatement

(Changes in accounting policies in accordance with changes in accounting standards)

“Accounting Standard for Business Combinations” (ASBJ Statement No. 21 of September 13, 2013), “Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 of September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 of September 13, 2013) and related standards have been applied from the beginning of this fiscal year. Accordingly, the accounting method has been changed in such manners as the difference associated with changes in the Company’s equity stakes in subsidiaries remaining under its control is recorded as capital surplus, and acquisition-related costs are recorded as expenses for the fiscal year in which the costs are incurred. In addition, the presentation method of net income was amended as well as the amendment of “minority interests” to “non-controlling interests.” To reflect the changes, the quarterly consolidated financial statements and consolidated financial statements in the previous fiscal year have been reclassified.

With respect to the application of the Accounting Standard for Business Combinations and its related standards, the transitional treatments stipulated in the provisions of Article 58-2 (4) of Accounting Standard for Business Combinations, Article 44-5 (4) of Accounting Standard for Consolidated Financial Statements and Article 57-4 (4) of Accounting Standard for Business Divestitures have been applied from the beginning of this fiscal year.

As a result of these changes, capital surplus decreased by ¥157 million as of December 31, 2015.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	75,370	88,148
Distribution facilities	304,286	293,201
Service and maintenance facilities	64,206	62,215
Other facilities	295,387	295,521
Construction in progress	156,146	171,958
Total property, plant and equipment	895,398	911,044
Intangible assets	98,680	96,726
Investments and other assets		
Investment securities	230,958	240,574
Other	100,741	105,547
Allowance for doubtful accounts	-1,914	-1,870
Total investments and other assets	329,784	344,251
Total non-current assets	1,323,864	1,352,022
Current assets		
Cash and deposits	147,426	94,337
Notes and accounts receivable - trade	187,482	164,579
Securities	23,521	51,610
Inventories	103,420	103,762
Other	77,802	62,644
Allowance for doubtful accounts	-1,315	-1,158
Total current assets	538,337	475,776
Total assets	1,862,201	1,827,799

(millions of yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Non-current liabilities		
Bonds payable	240,666	220,672
Long-term loans payable	309,848	304,470
Provision for gas holder repairs	1,722	1,793
Provision for safety measures	8,451	6,403
Allowance for investment loss	6,999	6,999
Provision for loss on guarantees	1,589	1,444
Provision for gas appliance warranties	2,895	3,165
Net defined benefit liability	16,484	17,145
Other	70,136	76,900
Total non-current liabilities	658,794	638,995
Current liabilities		
Notes and accounts payable - trade	54,610	58,894
Short-term loans payable	26,832	26,153
Other	203,094	150,341
Total current liabilities	284,537	235,389
Total liabilities	943,331	874,384
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,488	19,334
Retained earnings	648,896	701,978
Treasury shares	-938	-1,229
Total shareholders' equity	799,613	852,250
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	50,868	52,954
Deferred gains or losses on hedges	-6,519	-18,179
Revaluation reserve for land	-737	-737
Foreign currency translation adjustment	39,341	30,490
Remeasurements of defined benefit plans	5,929	6,776
Total accumulated other comprehensive income	88,882	71,304
Non-controlling interests	30,373	29,860
Total net assets	918,869	953,414
Total liabilities and net assets	1,862,201	1,827,799

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	1,055,301	944,798
Cost of sales	751,068	590,865
Gross profit	304,233	353,932
Selling, general and administrative expenses	250,758	247,529
Operating income	53,475	106,402
Non-operating income		
Interest income	565	365
Dividend income	4,142	2,930
Miscellaneous income	14,033	4,010
Total non-operating income	18,740	7,307
Non-operating expenses		
Interest expenses	6,955	7,615
Miscellaneous expenses	7,066	2,486
Total non-operating expenses	14,021	10,102
Ordinary income	58,194	103,607
Extraordinary income		
Gain on sales of non-current assets	—	1,641
Gain on sales of investment securities	12,993	—
Total extraordinary income	12,993	1,641
Income before income taxes	71,188	105,249
Income taxes	22,051	30,529
Profit	49,136	74,719
Profit attributable to non-controlling interests	1,589	817
Profit attributable to owners of parent	47,546	73,901

Quarterly Consolidated Statements of Comprehensive Income

(millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit	49,136	74,719
Other comprehensive income		
Valuation difference on available-for-sale securities	9,492	2,091
Deferred gains or losses on hedges	-8,145	-7,926
Foreign currency translation adjustment	924	-5,598
Remeasurements of defined benefit plans	177	345
Share of other comprehensive income of entities accounted for using equity method	308	-8,039
Total other comprehensive income	2,756	-19,127
Comprehensive income	51,893	55,591
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	50,260	56,323
Comprehensive income attributable to non-controlling interests	1,633	-731

(3) Notes on the Quarterly Consolidated Financial Statements

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

Not applicable

(Notes Regarding Significant Changes in the Value of Shareholders' Equity)

Nine months ended December 31, 2015 (April 1, 2015 - December 31, 2015)

Not applicable

(Segment Information)

Nine months ended December 31, 2014 (April 1, 2014 — December 31, 2014) (millions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	777,860	174,631	10,276	141,606	1,104,375	-49,073	1,055,301
Segment income							
Operating income	8,428	32,741	731	9,723	51,625	1,849	53,475
Share of profit(loss) of entities accounted for using equity method	68	-684	7,667	261	7,312	—	7,312
Total	8,496	32,057	8,399	9,985	58,938	1,849	60,788

Nine months ended December 31, 2015 (April 1, 2015 — December 31, 2015) (millions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	671,692	156,587	12,541	153,346	994,168	-49,370	944,798
Segment income							
Operating income	67,596	23,637	2,192	12,164	105,590	812	106,402
Share of profit(loss) of entities accounted for using equity method	106	-304	-884	660	-422	—	-422
Total	67,702	23,333	1,307	12,824	105,167	812	105,980

4. Reference Information

(1) Overview of Quarterly Non-Consolidated Financial Results (April 1, 2015 — December 31, 2015)

(billions of yen)

Earnings		YoY Changes	YoY Changes rate (%)	Expenses		YoY Changes	YoY Changes rate (%)		
Product sales	Gas	533.2	-102.0	-16.1	Operating expenses	Cost of sales	282.0	-152.9	-35.2
						SG&A	197.0	-5.2	-2.6
						Total	479.1	-158.2	-24.8
Other sales	Installation work	15.7	-0.2	-1.7	Other operating expenses	Installation work	15.3	-0.2	-1.4
	Gas appliances	77.8	-0.7	-1.0		Gas appliances	72.3	-3.8	-5.1
	Transportation services and others	4.3	-0.2	-5.8					
	Incidental businesses	116.5	-11.7	-9.2		Incidental businesses	98.7	-2.5	-2.5
	Total	214.4	-13.0	-5.7		Total	186.5	-6.6	-3.4
Total net sales		747.7	-115.1	-13.3	Total expenses		665.6	-164.8	-19.9
					Operating income		82.0	+49.7	+153.8
Non-operating income		13.7	-2.4	-14.9	Non-operating income		7.6	-2.0	-21.3
					Ordinary income		88.1	+49.4	+127.4
Extraordinary income		—	-12.4	—	Extraordinary losses		—	—	—
					Net income		65.2	+27.7	+74.2

Quarterly non-consolidated financial statements are not subjected to statutory review by accounting auditors. Quarterly non-consolidated financial statements are prepared in accordance with the rules for quarterly non-consolidated financial statements.

(2) Quarterly Non-Consolidated Gas Sales

		Nine months ended December 31, 2015 (a)	Nine months ended December 31, 2014 (b)	YoY Changes (a)-(b)	YoY Changes rate (%)	
Customers <Meters installed> (thousand)	Residential	6,880	6,826	+54	+0.8	
	Non-residential	348	345	+3	+0.9	
	Total	7,228	7,171	+57	+0.8	
Monthly average usage per residential customer (m ³ /month)		23.1	24.0	-0.8	-3.4	
Gas sales volume (million m ³)	Residential	1,234	1,269	-36	-2.8	
	Non-residential	Total	4,022	4,126	-104	-2.5
		Industrial	3,009	3,085	-76	-2.5
	Commercial	612	622	-10	-1.6	
	Public and medical institutions	401	418	-17	-4.2	
	Wholesale	335	336	-1	-0.2	
Total		5,591	5,731	-140	-2.4	

[Converted at 45MJ/m³]