



Fiscal Year Ended March 31, 2016

Brief Report of Consolidated Financial Statements (Japanese GAAP)

April 27, 2016

Name of Listed Company	: Osaka Gas Co., Ltd.	Listed Exchanges:	1 st Section of Tokyo and Nagoya
Code	: 9532	URL:	http://www.osakagas.co.jp
Representative Officer	: Title: President	Name:	Takehiro Honjo
Contact	: Title: Manager, Finance Dept.	Name:	Kazushige Nomura
Scheduled Date of Annual General Meeting of Shareholders			: June 29, 2016
Scheduled Date of Financial Report Filing with the Finance Ministry			: June 30, 2016
Scheduled Date of Dividend Payment			: June 30, 2016
Preparation of Supplementary Explanation Documents for Operating Results			: Yes
Holding of an Informational Meeting for Operating Results			: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2016	1,322,012	-13.5	146,674	39.6	134,986	24.8	84,324	9.9
Year ended March 31, 2015	1,528,164	1.0	105,065	5.7	108,173	2.0	76,709	83.8

(Note) Comprehensive income Year ended March 31, 2016 38,256 million yen (-63.9% YoY)

Year ended March 31, 2015 106,084 million yen (31.2% YoY)

	Earnings per share	Diluted earnings per share	Net income /Net worth	Ordinary income /Total assets	Operating income /Net sales
	yen	yen	%	%	%
Year ended March 31, 2016	40.53	—	9.4	7.3	11.1
Year ended March 31, 2015	36.86	—	9.1	6.1	6.9

<Reference> Equity in earnings of affiliates Year ended March 31, 2016 -4,538 million yen

Year ended March 31, 2015 6,990 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth/Total assets	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2016	1,829,756	935,786	49.5	435.85
As of March 31, 2015	1,862,201	918,869	47.7	426.98

<Reference> Net worth As of March 31, 2016 906,623 million yen As of March 31, 2015 888,496 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	million yen	million yen	million yen	million yen
As of March 31, 2016	281,819	-144,198	-90,716	209,367
As of March 31, 2015	156,908	-110,704	22,892	162,793

2. Dividends

(Record date)	Dividends per share					Total dividends (full year)	Payout ratio (consolidated)	Dividends /Net assets (consolidated)
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Fiscal Year	Annual			
Year ended March 31, 2015	—	4.50	—	5.00	9.50	19,768	25.8	2.3
Year ended March 31, 2016	—	5.00	—	5.00	10.00	20,804	24.7	2.3
Year ending March 31, 2017 (Forecast)	—	5.00	—	5.00	10.00		40.0	

(Note) Dividend for Year ended March 31, 2016 Ordinary dividend 4.50 yen, Commemorative dividend 0.50yen

3. Forecasts of Non-Consolidated Results for the Fiscal Year Ending March 31, 2017(April 1, 2016 – March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	533,000	-16.9	38,000	-59.6	38,000	-59.1	25,500	-61.4	12.26
Full year	1,170,500	-11.5	85,500	-41.7	78,000	-42.2	52,000	-38.3	24.99

※. Notes

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

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

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

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

(iii) Changes in accounting estimates: None

(iv) Corrections and restatements: None

*Note: For detailed information, please refer to "4.Consolidated Financial Statements (5) Notes on the Consolidated Financial Statements" on Page 18 of the Attachment to this Brief Report of Consolidated Financial Statements.

(3) Issued shares (common shares)

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

: As of March 31, 2016 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 fiscal year

: As of March 31, 2016 3,256,640 shares

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

(iii) Average number of shares issued and outstanding in each fiscal year

: Year ended March 31, 2016 2,080,602,238 shares

Year ended March 31, 2015 2,081,017,962 shares

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2016	1,039,733	-16.9	112,054	39.7	113,349	28.4	83,285	18.5
Year ended March 31, 2015	1,251,835	2.5	80,190	32.0	88,255	27.5	70,285	181.8

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2016	40.03	—
Year ended March 31, 2015	33.77	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Net worth/Total assets	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2016	1,425,220	695,189	48.8	334.20
As of March 31, 2015	1,411,266	637,389	45.2	306.31

<Reference> Net worth As of March 31, 2016 695,189million yen As of March 31, 2015 637,389 million yen

2. Forecasts of Non-Consolidated Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	405,500	-20.9	24,000	-69.0	33,000	-60.2	26,500	-56.3	12.74
Full year	887,000	-14.7	47,500	-57.6	57,500	-49.3	45,000	-46.0	21.63

* Statement regarding implementation of audit procedures

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

* Notes on proper use of forecasts and other matters

1. Forward-looking statements in this document, including forecasts of operating results, are based on information currently available to Osaka Gas (the Company) and certain assumptions that the Company believes are reasonable. Actual results may significantly differ from these forecasts, affected by various factors. As for notes regarding assumptions used for operating forecasts and regarding the use of forecasts, please refer to “1. (1) Operating Results Analysis (iii) Forecasts for the Next fiscal Year (April 1, 2016 – March 31, 2017)” on Page 3 of the Attachment to this Brief Report of Consolidated Financial Statements.
2. The Company is planning to hold a closing informational meeting for institutional investors and analysts on April 28, 2016. Immediately after the briefing, a video of the presentation and the presentation materials used on that day will be made available on the Company’s web site

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1. Analysis for Operating Results and Financial Position

(1) Operating Results Analysis

(i) Results for the Fiscal Year Ended March 31, 2016

Consolidated net sales for the fiscal year ended March 31, 2016 decreased by ¥206.1 billion (-13.5%) year-on-year to ¥1,322.0 billion. This was primarily due to a lower gas unit selling price and a decrease in gas sales volume for city gas. Consolidated ordinary income increased by ¥26.8 billion (+24.8%) year-on-year to ¥134.9 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 of the Gas Business. Profit attributable to owners of parent increased by ¥7.6 billion (+9.9%) year-on-year to ¥84.3 billion due to increase in gain on sales of the Gas Business despite an impairment loss on the upstream business.

The number of consolidated subsidiary companies is currently 149, with 3 subsidiary companies removed and 7 added since the end of the previous year. The number of equity method affiliates is currently 16 with 3 added since the end of the previous year.

(Billion yen)

	Consolidated results (a)	Changes from the previous year		Non-consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		increase /decrease	increase /decrease rate (%)		
Net sales	1,322.0	-206.1	-13.5	1,039.7	1.27
Cost of sales	814.7	-256.2	-23.9	638.0	1.28
Selling, general and administrative expenses	360.5	+8.4	+2.4	289.6	1.24
Operating income	146.6	+41.6	+39.6	112.0	1.31
Ordinary income	134.9	+26.8	+24.8	113.3	1.19
Profit attributable to owners of parent	84.3	+7.6	+9.9	83.2	1.01

(Reference) Non-Consolidated Gas Sales Breakdown

		Current year (a) (Apr '15 -Mar '16)	Previous year (b) (Apr '14 -Mar '15)	increase /decrease (a)-(b)	increase /decrease rate (%)
Customers [Meters installed] (thousand)	Residential	6,903	6,849	+53	+0.8
	Non-residential	349	346	+3	+0.9
	Total	7,252	7,196	+56	+0.8
Monthly average usage per residential customer (m ³ /month)		29.3	30.9	-1.7	-5.3
Gas sales volume (million m ³)	Residential	2,083	2,186	-103	-4.7
	Non-residential	5,469	5,599	-130	-2.3
	Industrial	4,059	4,133	-74	-1.8
	Commercial	833	857	-24	-2.9
	Public and medical institutions	577	608	-31	-5.1
	Wholesale	469	474	-5	-1.0
	Total	8,021	8,259	-238	-2.9

[45MJ/m³]

(ii) Operating Results by Business Segment

a. Gas

Net sales decreased by ¥188.4billion (-16.6%) year-on-year to ¥948.5 billion, mainly due to a decrease in gas unit selling prices and a decrease in gas sales volume. Segment income increased by ¥45.4 billion (+90.3%) year-on-year to ¥95.7 billion, mainly due to decrease in raw material costs associated with a fall in LNG prices.

b. LPG, Electricity and Other Energy

Net sales decreased by ¥37.3 billion (-15.3%) year-on-year to ¥206.4 billion, mainly due to lower unit selling prices in the Electricity and the LPG Business. Segment income decreased by ¥12.8 billion (-30.8%) year-on-year to ¥28.8 billion, mainly due to a decrease in sales of the Electricity Business.

c. International Energy

Net sales increased by ¥4.9 billion (+36.4%) year-on-year to ¥18.7 billion, but recorded segment loss of ¥0.2 billion (¥1.2 billion profit the previous year), mainly due to a decrease in equity in earnings in North Sea oil from a decline in the oil price.

d. Life & Business Solutions

Net sales increased by ¥14.1 billion (+6.8%) year-on-year to ¥221.7 billion mainly due to the sales increase of the material/information solution business. Segment income increased by ¥2.2 billion (+13.6%) year-on-year to ¥18.8 billion.

(Billion yen)

	Gas	LPG, Electricity and Other Energy	International Energy	Life & Business Solutions	Adjustments	Consolidation
Net sales	-16.6% 948.5 [-188.4]	-15.3% 206.4 [-37.3]	+36.4% 18.7 [+4.9]	+6.8% 221.7 [+14.1]	-73.3	-13.5% 1,322.0 [-206.1]
Segment income	+90.3% 95.7 [+45.4]	-30.8% 28.8 [-12.8]	-% -0.2 [-1.5]	+13.6% 18.8 [+2.2]	-0.9	+26.8% 142.1 [+30.0]

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

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

(iii) Forecasts for the Next Fiscal Year (April 1, 2016–March 31, 2017)

Consolidated net sales for the fiscal year ending March 31, 2017 are expected to decrease by ¥151.5 billion (-11.5%) year-on-year to ¥1,170.5 billion. This is primarily due to the assumption that LNG prices would be lower than those for the current fiscal year, attributable to declines in the gas unit selling prices of city gas under the fuel cost adjustment system.

Ordinary income is expected to decrease by ¥56.9 billion (-42.2%) year-on-year to ¥78.0 billion, primarily because the profit from the decrease in raw material costs associated with the assumed decrease in LNG prices is expected to be small relative to net sales in the Gas Business as well as profits decreasing in the Electricity Business. Profit attributable to owners of parent is expected to decrease by ¥32.3 billion (-38.3%) year-on-year to ¥52.0 billion.

(Billion yen)

	Forecast for Next Fiscal Year (April 2016 –March 2017)	Compared with Current Year	
		increase /decrease	increase /decrease rate (%)
Net sales	1,170.5	-151.5	-11.5
Operating income	85.5	-61.1	-41.7
Ordinary income	78.0	-56.9	-42.2
Profit attributable to owners of parent	52.0	-32.3	-38.3

Assumptions: Crude oil price and Exchange rate (April 1, 2016 to March 31, 2017)

	1Q	2Q	3Q	4Q	Annual average
Crude oil price (All Japan CIF price) USD/barrel	40	40	45	45	42.5
Exchange Rate (TTM) JPY/USD	120				120

(2) Financial Position Analysis

(i) Assets, Liabilities, and Net Assets

Total assets decreased by ¥32.4 billion year-on-year to ¥1,829.7 billion, primarily due to a decrease in current assets including inventories and notes and accounts receivable-trade. Liabilities decreased by ¥49.3 billion year-on-year to ¥893.9 billion, while net assets increased by ¥16.9 billion year-on-year to ¥935.7 billion.

As a result, the ratio of net worth to total assets increased to 49.5% from 47.7% at the end of the previous year.

(Billion yen)

	As of March 31, 2016	As of March 31, 2015	increase /decrease
Total assets	1,829.7	1,862.2	-32.4
Total liabilities	893.9	943.3	-49.3
Total net assets	935.7	918.8	+16.9
Total liabilities and net assets	1,829.7	1,862.2	-32.4

(ii) Cash Flows

In the current fiscal year, net cash provided by operating activities amounted to ¥281.8 billion, due to the addition of depreciation to profit before income taxes and the addition/subtraction of income taxes and other payments. Net cash used in investing activities amounted to ¥144.1 billion, mainly due to the purchase of property, plant and equipment. Net cash used in financing activities amounted to ¥90.7 billion, including the redemption of bonds.

Consequently, the net increase in cash and cash equivalents at the end of the fiscal year ended March 31, 2016 amounted to ¥46.5 billion.

With the addition to the balance of ¥162.7 billion at the beginning of the fiscal year, the balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2016 amounted to ¥209.3 billion.

(Billion yen)

	Current Year (Apr '15 -Mar '16)	Previous Year (Apr '14 -Mar '15)	increase /decrease
Cash flows from operating activities	281.8	156.9	+124.9
Cash flows from investing activities	-144.1	-110.7	-33.4
Cash flows from financing activities	-90.7	22.8	-113.6
Increase/decrease in cash and cash equivalents	46.5	72.4	-25.8
Cash and cash equivalents at end of year	209.3	162.7	+46.5
Balance of interest-bearing debts at end of year	567.1	633.9	-66.7

Free cash flow*: ¥225.7 billion [¥112.2 billion in the previous year]

*Cash flow from operating activities – capital expenditures

(Reference) Cash Flow Indices

	Current Year (Apr '15 -Mar '16)	Previous Year (Apr '14 -Mar '15)
Net worth/Total assets	49.5%	47.7%
Total market capitalization /Total assets	49.2%	56.2%
Interest-bearing debts/Cash flows	2.0	4.0
Interest coverage ratio	28.17	16.56

(Notes)

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

The following table shows forecasts for capital expenditures.

(Reference) Capital Expenditures: Results and Forecasts (Billion yen)

	Forecast for Next Fiscal Year (Apr '16 -Mar '17)	Current Year (Apr '15 -Mar '16)	Previous Year (Apr '14 -Mar '15)
Consolidated	109.5	114.4	119.3
Non-consolidated	51.5	58.6	46.5
Production facilities	7.0	13.6	6.1
Distribution facilities	35.6	38.8	33.2
Service and maintenance facilities, etc.	8.8	6.2	7.1

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

		Forecast for Next Fiscal Year (Apr '16-Mar '17)	Current Year (Apr '15-Mar '16)	Previous Year (Apr '14 -Mar '15)
Consolidated	Shareholders' value added (SVA)	23.4 Billion yen	52.6 Billion yen	42.9 Billion yen
	Earnings per share (EPS)	24.99 yen	40.53 yen	36.86 yen
	Return on equity (ROE)	5.4 %	9.4 %	9.1 %
	Return on assets (ROA)	2.8 %	4.6 %	4.3 %
	Free cash flow (FCF)	113.5 Billion yen	225.7 Billion yen	112.2 Billion yen
Non-consolidated	Shareholders' value added (SVA)	24.1 Billion yen	59.1 Billion yen	46.3 Billion yen
	Earnings per share (EPS)	21.63 yen	40.03 yen	33.77 yen
	Return on equity (ROE)	6.3 %	12.5 %	11.5 %
	Return on assets (ROA)	3.1 %	5.9 %	5.2 %
	Free cash flow (FCF)	68.4 Billion yen	164.9 Billion yen	65.7 Billion yen

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

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

The Company will pay annual dividends of 10.0 yen (9.0 yen as an ordinary dividend and 1.0 yen as a commemorative dividend) per share, including an interim dividend of 5.0 yen (4.5 yen as an ordinary dividend and 0.5 yen as a commemorative dividend) per share, for the current fiscal year and 10.0 yen per share (10.0 yen as an ordinary dividend) including an interim dividend of 5.0 yen per share, for the next fiscal year.

(4) Business and Other Risks

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

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

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

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

b. Changes in foreign exchange rates and financing interest rates

c. Catastrophic disasters/accidents/epidemics

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

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

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

e. Intensifying competition

Intensified competition with other operators in the Gas Business, Electricity Business and other business areas related to the Osaka Gas Group

f. Breakdown or malfunction of mission-critical IT systems

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

g. Problems related to the products and services provided by the Company

Expenditures related to addressing problems from the quality of products and services of the Group, and degradation of social reputation

h. Information leaks

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

i. Non-compliance with laws/regulations

Degradation of social reputation caused by any act that is in violation of any law or regulation

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

1) Domestic energy businesses

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

b. Changes in raw material costs

Fluctuations in raw material and fuel costs due to changes in crude oil prices or exchange rates, or as a result of renewal of contracts or price negotiations with suppliers, and other relevant factors*

*Although most effects may be offset through the fuel cost adjustment system, under which gas rates are revised to reflect changes in fuel costs, a time lag until the actual adjustment is made and the composition of material suppliers could affect the performance of the Osaka Gas Group.

c. Difficulties in purchasing raw materials and fuel

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

d. Difficulties in gas production and supply

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

e. Difficulties in power generation and electricity supply

Catastrophic natural disasters, accidents, or problems in purchasing fuel or other incidents that could disrupt operations at electric power plants and the supply of electricity

f. Problems with gas equipment and facilities

Serious problems with gas equipment or facilities sold to customers

2) International energy businesses

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

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

2. Management Policy

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

The Osaka Gas Group aims to provide its customers and society with value by offering energy and related services, mainly natural gas which is regarded as one of the important energy sources in the government's energy policy, electricity and LPG and various goods and services other than energy, such as materials and information. Also, the Company recognizes that it is most important to flexibly respond to changes in business environments, such as business cycles and the government's policy including electricity and gas industry reforms within and outside Japan, and improve management efficiency in order to realize sustainable growth of the Osaka Gas Group.

Aiming to become a company group that supports further improvement of life and business, the Osaka Gas Group will conduct its business activities placing top priority on creating "customer value", to create "social value", "shareholder value" and "employee value."

(2) Targeted Management Indices

From the perspective of assuring profitability and business growth, the Company sets targets for shareholders' value added (SVA), profit figures, return on equity (ROE), return on assets (ROA) and continuous payment of stable dividends.

At the same time, to maintain its financial strength rating and other indications of financial soundness, the Company will endeavor to attain the following financial soundness indicators: (1) a ratio of consolidated net worth to total assets in excess of 50%, and (2) a ratio of consolidated D/E (interest-bearing debts to net worth) of about 0.7, while maintaining the existing balance with SVA, free cash flow, balance of interest-bearing debts, and other indicators.

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

(3) Challenges for the Company

In order to achieve the medium-term management plan "Catalyze Our Dreams" under the long-term management vision "Field of Dreams 2020," we will tackle the following issues:

(i) Energy Business

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

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

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

2) Securing competitive power source

The Company will establish competitiveness in the electricity portfolio through new power sources including coal thermal power generation and renewable energy power generation in addition to LNG thermal power generation and develop electricity business both in Japan and overseas.

3) Securing stable supply and safety

The Company will maintain, strengthen and improve gas manufacturing and supplying facilities, electricity generating facilities, as well as continuously implementing anti-earthquake and tsunami measures. We will also continue the system for responding to emergencies, such as possible gas leakage, and help to secure safety at customers' sites.

4) Expanding the energy market business in Japan and overseas

The Company will try to expand the use of natural gas by encouraging the widespread use of gas cogeneration systems including fuel cells and gas air conditioning systems, which in turn will support customers' lifestyle convenience, energy-saving, and the continuation of business during a disaster. In addition, the Company will further expand electricity sales and provide customers with a combination of gas/electricity and various other services. The Company will also drastically expand our energy marketing business in Japan through partnerships with regional energy business operators. We will strengthen cooperation with regional energy business operators and expand our business as a marketer in Japan. Overseas, we will also steadily operate businesses, such as the gas, electricity, and energy service businesses, and develop new projects.

5) Preparation for the reform of the gas system

The Company will prepare for increased competition due to the deregulation of gas retail to be enacted next year by streamlining workflows and IT systems while working to further improve the neutrality of the gas supply line business.

(ii) Life & Business Solutions Business

The Company will contribute to customers' lifestyle convenience and business development by offering technology and know-how based on its experience in the energy business field.

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

(iii) Business foundation

1) Improvement of Technology

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

2) CSR

In accordance with the Osaka Gas Group CSR Charter, the Company will strive to earn further trust of customers and society by upgrading the Group's CSR. At the same time, the Company will endeavor to ensure that those concerned with the Osaka Gas Group's supply chain in Japan and overseas to gain a clear understanding of our efforts in this regard.

3) Development of Human Resources and Organizational Structure

The Company will develop human resources for its continuous growth. The Company will also increase diversity to create new value, aiming to become a flexible and strong organization.

The Osaka Gas Group will perform internal control with high effectiveness by continuously monitoring and evaluating the operation of the Group's internal control system and taking necessary measures. Under such mechanism, the Group is committed to addressing the above challenges, pursuing its management principle of Value Creation Management, and continuing to make constant efforts toward achieving sustainable growth.

3. Policy for Selecting an Accounting Standard

The Company will continuously adopt the Japanese GAAP as an accounting standard. The introduction of the IFRS will be considered in view of the business environment and the impact of its introduction.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	Previous Year As of March 31, 2015	Current Year As of March 31, 2016
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	75,370	89,192
Distribution facilities	304,286	297,424
Service and maintenance facilities	64,206	60,257
Other facilities	295,387	291,836
Construction in progress	156,146	172,949
Total property, plant and equipment	895,398	911,659
Intangible assets	98,680	89,613
Investments and other assets		
Investment securities	230,958	236,774
Net defined benefit asset	55,336	25,154
Other	45,405	51,729
Allowance for doubtful accounts	-1,914	-1,811
Total investments and other assets	329,784	311,846
Total non-current assets	1,323,864	1,313,119
Current assets		
Cash and deposits	147,426	209,982
Notes and accounts receivable - trade	187,482	167,246
Inventories	103,420	79,782
Other	101,323	60,735
Allowance for doubtful accounts	-1,315	-1,110
Total current assets	538,337	516,636
Total assets	1,862,201	1,829,756

	(Million yen)	
	Previous Year As of March 31, 2015	Current Year As of March 31, 2016
Liabilities		
Non-current liabilities		
Bonds payable	240,666	184,975
Long-term loans payable	309,848	300,588
Deferred tax liabilities	36,981	21,864
Provision for gas holder repairs	1,722	1,649
Provision for safety measures	8,451	12,549
Provision for loss on investment	6,999	6,999
Provision for loss on guarantees	1,589	1,757
Provision for equipment warranties	2,895	8,377
Net defined benefit liability	16,484	18,145
Other	33,154	37,725
Total non-current liabilities	658,794	594,633
Current liabilities		
Current portion of non-current liabilities	55,731	54,521
Notes and accounts payable - trade	54,610	53,882
Short-term loans payable	26,832	25,916
Income taxes payable	30,835	33,834
Other	116,527	131,181
Total current liabilities	284,537	299,336
Total liabilities	943,331	893,970
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,488	19,320
Retained earnings	648,896	712,401
Treasury shares	-938	-1,275
Total shareholders' equity	799,613	862,613
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	50,868	44,143
Deferred gains or losses on hedges	-6,519	-12,347
Revaluation reserve for land	-737	-737
Foreign currency translation adjustment	39,341	28,924
Remeasurements of defined benefit plans	5,929	-15,972
Total accumulated other comprehensive income	88,882	44,010
Non-controlling interests	30,373	29,162
Total net assets	918,869	935,786
Total liabilities and net assets	1,862,201	1,829,756

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Million yen)

	Previous Year (April 1, 2014 – March 31, 2015)	Current Year (April 1, 2015 – March 31, 2016)
Net sales	1,528,164	1,322,012
Cost of sales	1,071,021	814,760
Gross profit	457,143	507,251
Selling, general and administrative expenses	352,077	360,576
Operating income	105,065	146,674
Non-operating income		
Interest income	770	448
Dividend income	4,659	3,262
Share of profit of entities accounted for using equity method	6,990	—
Miscellaneous income	10,401	6,156
Total non-operating income	22,822	9,867
Non-operating expenses		
Interest expenses	9,475	10,003
Share of loss of entities accounted for using equity method	—	4,538
Miscellaneous expenses	10,238	7,012
Total non-operating expenses	19,714	21,555
Ordinary income	108,173	134,986
Extraordinary income		
Gain on sales of non-current asset	2,941	2,467
Gain on sales of investment securities	13,011	—
Total extraordinary income	15,952	2,467
Extraordinary losses		
Impairment loss	2,697	14,588
Total extraordinary losses	2,697	14,588
Profit before income taxes	121,428	122,865
Income taxes - current	38,064	43,394
Income taxes - deferred	4,744	-5,478
Total income taxes	42,808	37,916
Profit	78,619	84,949
Profit attributable to non-controlling interests	1,910	624
Profit attributable to owners of parent	76,709	84,324

Consolidated Statement of Comprehensive Income	(Million yen)	
	Previous Year (April 1, 2014 – March 31, 2015)	Current Year (April 1, 2015 – March 31, 2016)
Profit	78,619	84,949
Other comprehensive income		
Valuation difference on available-for-sale securities	16,045	-6,736
Deferred gains or losses on hedges	-3,232	-3,926
Foreign currency translation adjustment	10,241	-4,078
Remeasurements of defined benefit plans	12,018	-22,528
Share of other comprehensive income of entities accounted for using equity method	-7,608	-9,422
Total other comprehensive income	27,464	-46,692
Comprehensive income	106,084	38,256
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	104,751	39,452
Comprehensive income attributable to non-controlling interests	1,332	-1,196

(3) Consolidated Statement of Changes in Net Assets

Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(Million yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	132,166	19,486	587,268	-797	738,124
Cumulative amount due to change in accounting policy			3,649		3,649
Balance at beginning of Current period with adjustment	132,166	19,486	590,917	-797	741,773
Amount change of Current period					
Dividends of surplus			-18,729		-18,729
Profit attributable to owners of parent			76,709		76,709
Change of scope of equity method					—
Purchase of treasury shares				-153	-153
Disposal of treasury shares		2		12	14
Change in treasury shares of parent arising from transactions with non-controlling interests					—
Net changes of items other than shareholders' equity					
Total changes of items during current period	—	2	57,979	-141	57,840
Balance at end of current period	132,166	19,488	648,896	-938	799,613

(Million yen)

	Other Comprehensive Income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	34,839	2,425	-737	30,414	-6,100	60,840	29,601	828,565
Cumulative amount due to change in accounting policy							-97	3,551
Balance at beginning of Current period with adjustment	34,839	2,425	-737	30,414	-6,100	60,840	29,503	832,117
Amount change of Current period								
Dividends of surplus								-18,729
Profit attributable to owners of parent								76,709
Change of scope of equity method								—
Purchase of treasury shares								-153
Disposal of treasury shares								14
Change in treasury shares of parent arising from transactions with non-controlling interests								—
Net changes of items other than shareholders' equity	16,028	-8,944	—	8,927	12,030	28,042	869	28,912
Total changes of items during current period	16,028	-8,944	—	8,927	12,030	28,042	869	86,752
Balance at end of current period	50,868	-6,519	-737	39,341	5,929	88,882	30,373	918,869

Fiscal Year Ended March 31, 2016 (April 1, 2015– March 31, 2016)

(Million yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	132,166	19,488	648,896	- 938	799,613
Cumulative amount due to change in accounting policy			—		—
Balance at beginning of Current period with adjustment	132,166	19,488	648,896	-938	799,613
Amount change of Current period					
Dividends of surplus			-20,808		-20,808
Profit attributable to owners of parent			84,324		84,324
Change of scope of equity method			-11		-11
Purchase of treasury shares				-357	-357
Disposal of treasury shares		4		20	25
Change in treasury shares of parent arising from transactions with non-controlling interests		-173			-173
Net changes of items other than shareholders' equity					
Total changes of items during current period	—	-168	63,504	-336	62,999
Balance at end of current period	132,166	19,320	712,401	-1,275	862,613

(Million yen)

	Other Comprehensive Income						Non-controlling interests	Total net assets
	Valuation difference on available -for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	50,868	-6,519	-737	39,341	5,929	88,882	30,373	918,869
Cumulative amount due to change in accounting policy							—	—
Balance at beginning of Current period with adjustment	50,868	-6,519	- 737	39,341	5,929	88,882	30,373	918,869
Amount change of Current period								
Dividends of surplus								-20,808
Profit attributable to owners of parent								84,324
Change of scope of equity method								-11
Purchase of treasury shares								-357
Disposal of treasury shares								25
Change in treasury shares of parent arising from transactions with non-controlling interests								-173
Net changes of items other than shareholders' equity	-6,724	-5,827		-10,417	-21,902	-44,871	-1,211	-46,083
Total changes of items during current period	-6,724	-5,827	—	-10,417	-21,902	-44,871	-1,211	16,916
Balance at end of current period	44,143	-12,347	-737	28,924	-15,972	44,010	29,162	935,786

(4) Consolidated Statement of Cash Flows

(Million yen)

	Previous Year (April 1, 2014 – March 31, 2015)	Current Year (April 1, 2015 – March 31, 2016)
Cash flows from operating activities		
Profit before income taxes	121,428	122,865
Depreciation	87,785	86,747
Amortization of long-term prepaid expenses	5,411	5,369
Impairment loss	2,697	14,588
Decrease (increase) in provision for safety measures	-2,379	4,097
Decrease (increase) in provision for equipment warranties	2,895	5,482
Interest and dividend income	-5,430	-3,711
Interest expenses	9,475	10,003
Share of (profit) loss of entities accounted for using equity method	-6,990	4,538
Loss (gain) on sales of fixed asset	-2,941	-2,467
Decrease (increase) in notes and accounts receivable - trade	4,132	23,852
Decrease (increase) in inventories	-14,935	24,346
Increase (decrease) in notes and accounts payable - trade	-5,371	-2,275
Increase (decrease) in accrued expenses	-2,361	-6,294
Miscellaneous	3,314	35,016
Subtotal	196,731	322,161
Interest and dividend income received	8,678	6,387
Interest expenses paid	-9,592	-10,224
Income taxes paid	-38,909	-36,504
Net cash provided by (used in) operating activities	156,908	281,819
Cash flows from investing activities		
Purchase of tangible fixed asset	-105,082	-109,910
Proceeds from sales of tangible fixed asset	8,285	5,486
Purchase of intangible fixed assets	-9,600	-7,646
Payments of long-term prepayment	-4,956	-5,383
Proceeds from withdrawal of time deposits	1,174	4,430
Purchase of shares of subsidiaries and associates	-18,495	-25,975
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-1,998
Payment of long-term loans receivable	-282	-7,791
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,180	414
Other	17,072	4,175
Net cash provided by (used in) investing activities	-110,704	-144,198
Cash flows from financing activities		
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	-3,603
Proceeds from long-term loans payable	71,650	15,456
Repayment of long term loans payable	-17,420	-25,298
Redemption of bonds	-21,590	-53,131
Payment of bond interest	-18,742	-20,809
Payment from non-controlling interests	—	190
Payment of interest to non-controlling interests	-404	-602
Other	9,398	-2,918
Net cash provided by (used in) financing activities	22,892	-90,716
Effect of exchange rate change on cash and cash equivalents	3,336	-328
Net increase (decrease) in cash and cash equivalents	72,433	46,574
Cash and cash equivalents at beginning of period	90,359	162,793
Cash and cash equivalents at end of period	162,793	209,367

(5) Notes on the Consolidated Financial Statements

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

Not applicable

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

“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 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 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 this fiscal year.

As a result of these changes, capital surplus decreased by ¥173 million as of March 31, 2016.

In the Consolidated Statement of Cash Flows, cash flows related to purchases or sales of subsidiary shares not resulting in change in scope of consolidation are listed under “Cash flows from financing activities,” while cash flows for costs related to purchases of subsidiary shares resulting in change in scope of consolidation or costs arising in relation to purchases or sales of subsidiary shares not resulting in change in scope of consolidation are listed in “Cash flows from operating activities.”

The ending balance for capital surplus in the Consolidated Statement of Changes in Net Assets has decreased by ¥173million. Per share information is stated in the following section.

Net asset per share is stated in the following section.

(Segment Information)

a. Summary of reportable segments

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

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

The Gas Business sells gas and gas appliances and conducts gas pipeline installation and heat supply. The LPG, Electricity, and Other Energy Businesses sells LPG, supplies electricity, sells LNG and industrial gas. The International Energy Businesses supply energy overseas, lease tankers to transport LNG, and conduct development and investment related to petroleum and natural gas. The Life & Business Solutions Business conducts the development and leasing of real estate, information processing services, and sales of fine materials and carbon material products.

b. Explanation of measurements of sales, profit (loss), assets, liabilities, and other items for each reportable segment

The accounting methods for reportable segments comply with the basis for preparing consolidated financial statements. Internal sales and transfer prices between operating segments are according to the arm’s length principle.

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

Fiscal Year ended March 31, 2015(April 1, 2014 to March 31, 2015)

(Million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales							
Sales from external customers	1,114,034	240,980	12,565	160,583	1,528,164	—	1,528,164
Transactions with other segments	22,941	2,765	1,148	46,937	73,793	-73,793	—
Total	1,136,975	243,746	13,714	207,521	1,601,957	-73,793	1,528,164
Segment Income(loss)							
Operating income (loss)	50,542	42,267	-6,250	16,284	102,843	2,221	105,065
Equity in earnings (loss) of affiliates	-248	-570	7,511	297	6,990	—	6,990
Total	50,293	41,697	1,261	16,581	109,834	2,221	112,055
Segment assets	818,202	177,652	368,002	394,950	1,758,807	103,393	1,862,201
Other items							
Depreciation	57,143	11,508	6,247	11,098	85,999	-788	85,210
Amortization of goodwill	—	235	333	2,005	2,575	—	2,575
Investments in entities accounted for using equity method	—	5,845	76,380	8,509	90,735	—	90,735
Increase in property, plant and equipment and intangible assets	49,222	15,326	38,525	17,205	120,279	-881	119,398

Fiscal Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales							
Sales from external customers	931,437	204,428	16,796	169,349	1,322,012	—	1,322,012
Transactions with other segments	17,064	2,004	1,905	52,352	73,326	-73,326	—
Total	948,501	206,433	18,701	221,702	1,395,339	-73,326	1,322,012
Segment Income(loss)							
Operating income (loss)	95,679	29,757	4,316	17,918	147,672	-997	146,674
Equity in earnings of affiliates	44	-904	-4,594	916	-4,538	—	-4,538
Total	95,724	28,852	-277	18,834	143,133	-997	142,136
Segment assets	772,825	172,223	401,590	411,459	1,758,098	71,657	1,829,756
Other items							
Depreciation	56,396	10,042	6,662	11,886	84,986	-865	84,121
Amortization of goodwill	—	197	510	1,917	2,625	—	2,625
Investments in entities accounted for using equity method	—	4,698	98,314	6,983	109,997	—	109,997
Increase in property, plant and equipment and intangible assets	60,194	15,369	20,714	19,934	116,213	-1,794	114,418

(Per Share Information)

	Previous year (From April 1, 2014 to March 31, 2015)	Current year (From April 1, 2015 to March 31, 2016)
Net assets per share	426.98yen	435.85yen
Earnings per share	36.86yen	40.53yen

(Notes)

1. Since there were no potential shares that would have dilutive effect if issued, data on diluted earnings per share is not presented in this document.
2. The following data was used for calculating earnings per share:
3. As noted in “Notes Regarding changes in Accounting Policies in Accordance with Changes in Accounting Standards, Accounting Estimates and Restatement”, Accounting Standards for Business combination have been applied. As a result, Net asset per share has decreased 0.08 yen.

	Previous year (From April 1, 2014 to March 31, 2015)	Current year (From April 1, 2015 to March 31, 2016)
Profit attributable to owners of parent (million yen)	76,709	84,324
Amount not attributable to common shareholders (million yen)	—	—
Net income attributable to Profit attributable to owners of parent (million yen)	76,709	84,324
Average issued common shares during the year (thousand shares)	2,081,017	2,080,602

(Notes Regarding Significant Events after Reporting Period)

Not applicable

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

5. Non-Consolidated Financial Statements

(1) Balance Sheet

(Million yen)

	Previous Year (As of March 31, 2015)	Current Year (As of March 31, 2016)
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	74,177	88,175
Distribution facilities	303,544	296,857
Service and maintenance facilities	63,334	59,399
Facilities for incidental businesses	3,982	3,698
Construction in progress	18,922	11,043
Total property, plant and equipment	463,961	459,174
Intangible assets		
Patent right	18	12
Leasehold right	2,985	2,973
Other intangible assets	3,334	8,398
Total intangible assets	6,338	11,384
Investments and other assets		
Investment securities	70,236	65,496
Investments in subsidiaries and associates	282,570	323,067
Long-term loans receivable from subsidiaries and associates	190,043	188,052
Investments in capital	22	21
Long-term prepaid expenses	7,732	7,122
Prepaid pension cost	49,184	48,691
Other investments and other assets	8,570	5,018
Allowance for doubtful accounts	-530	-492
Total investments and other assets	607,828	636,978
Total non-current assets	1,078,128	1,107,538
Current assets		
Cash and deposits	80,197	145,540
Notes receivable - trade	252	398
Accounts receivable - trade	104,642	79,679
Accounts receivable from subsidiaries and associates - trade	14,816	12,084
Accounts receivable - other	21,746	8,442
Securities	20,012	12
Finished goods	227	147
Raw materials	49,013	28,162
Supplies	8,543	9,050
Short-term loans receivable from subsidiaries and associates	17,929	20,343
Deferred tax assets	7,095	7,718
Other current assets	9,111	6,432
Allowance for doubtful accounts	-451	-329
Total current assets	333,137	317,682
Total assets	1,411,266	1,425,220

(Million yen)

	Previous Year (As of March 31, 2015)	Current Year (As of March 31, 2016)
Liabilities		
Non-current liabilities		
Bonds payable	240,666	184,975
Long-term loans payable	211,276	200,307
Long-term debt to subsidiaries and associates	1,227	1,135
Deferred tax liabilities	14,663	12,323
Provision for retirement benefits	5,202	5,023
Provision for gas holder repairs	1,687	1,610
Provision for safety measures	8,451	12,549
Provision for investment loss	6,999	6,999
Provision for loss on guarantees	1,589	1,757
Provision for equipment warranties	2,895	8,377
Other noncurrent liabilities	1,676	1,565
Total non-current liabilities	496,336	436,626
Current liabilities		
Current portion of non-current liabilities	44,667	40,815
Accounts payable - trade	23,043	24,025
Accounts payable - other	21,524	26,503
Accrued expenses	38,039	36,664
Income taxes payable	22,592	25,327
Advances received	7,307	8,774
Deposits received	1,441	1,484
Short-term loans payable to subsidiaries and associates	91,721	102,519
Short-term debt to subsidiaries and associates	25,030	21,485
Other current liabilities	2,174	5,804
Total current liabilities	277,541	293,405
Total liabilities	773,877	730,031

(Million yen)

	Previous Year (As of March 31, 2015)	Current Year (As of March 31, 2016)
Net Assets		
Shareholder's equity		
Capital stock	132,166	132,166
Capital surplus		
Legal capital surplus	19,482	19,482
Other capital surplus	6	10
Total capital surpluses	19,488	19,493
Retained earnings		
Legal retained earnings	33,041	33,041
Other retained earnings		
Reserve for reduction entry of specified replaced properties	239	241
Reserve for overseas investment loss	18,189	20,598
Reserve for adjustment of cost fluctuations	89,000	89,000
General reserve	62,000	62,000
Retained earnings brought forward	253,808	313,873
Total retained earnings	456,278	518,756
Treasury shares	-938	-1,275
Total shareholders' equity	606,995	669,140
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	35,655	32,303
Deferred gains or losses on hedges	-5,261	-6,254
Total valuation and translation adjustments	30,393	26,048
Total net assets	637,389	695,189
Total liabilities and net assets	1,411,266	1,425,220

(2) Statement of Income

	(Million yen)	
	Previous Year (April 1, 2014 – March 31, 2015)	Current Year (April 1, 2015 – March 31, 2016)
Product sales		
Gas sales	938,991	757,197
Total product sales	938,991	757,197
Cost of sales		
Beginning inventories	213	227
Cost of products manufactured	623,327	391,459
Purchase of finished goods	0	0
Costs of gas for own use	9,879	4,579
Ending inventories	227	147
Total cost of sales	613,433	386,959
Gross profit	325,557	370,238
Selling, general and administrative expenses		
Supply and sales expenses	229,786	234,997
General and administrative expenses	54,961	54,678
Total selling, general and administrative expenses	284,748	289,675
Income on core business	40,809	80,562
Miscellaneous operating revenue		
Revenue from installation work	24,321	24,795
Revenue from gas appliance sales	105,002	102,594
Third party access revenue	2,422	2,325
Other miscellaneous operating revenue	3,785	3,503
Total miscellaneous operating revenue	135,531	133,217
Miscellaneous operating expenses		
Expenses of installation work	23,160	23,466
Expenses of gas appliance sales	106,527	98,787
Total operating miscellaneous expenses	129,687	122,254
Revenue for incidental businesses		
Revenue from electric supply business	100,616	86,262
Revenue from LNG sales	63,418	50,812
Revenue from other incidental businesses	13,276	12,243
Total revenue for incidental businesses	177,312	149,318
Expenses for incidental businesses		
Expenses for electric supply business	72,255	73,153
Expenses for LNG sales	59,927	44,848
Expenses for other incidental businesses	11,591	10,788
Total expenses for incidental businesses	143,774	128,789
Operating income	80,190	112,054

(Million yen)

	Previous Year (April 1, 2014 – March 31, 2015)	Current Year (April 1, 2015 – March 31, 2016)
Non-operating income		
Interest income	1,959	1,890
Interest on securities	20	77
Dividend income	1,181	1,380
Share of profit of entities accounted for using equity method	9,139	6,258
Miscellaneous income	8,227	7,039
Total non-operating income	20,528	16,647
Non-operating expenses		
Interest expenses	3,990	4,766
Interest on bonds	4,012	3,912
Amortization of bond issuance cost	160	—
Loss on valuation of stocks of subsidiaries and affiliates	697	2,952
Miscellaneous expenses	3,602	3,720
Total non-operating expenses	12,463	15,352
Ordinary income	88,255	113,349
Extraordinary income		
Gain on sales of investment securities	12,444	—
Total extraordinary income	12,444	—
Extraordinary losses		
Impairment loss	2,066	—
Total extraordinary losses	2,066	—
Income before income taxes	98,632	113,349
Income taxes - current	25,000	31,200
Income taxes - deferred	3,347	-1,135
Total income taxes	28,347	30,064
Net income	70,285	83,285

(3) Statement of Changes in Net Assets

Fiscal Year Ended March 31, 2015(April 1, 2014 – March 31, 2015)

(Million yen)

	Shareholder's equity							
	Capital stock	Capital Surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry of specified replaced properties	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations
Balance at beginning of current period	132,166	19,482	4	19,486	33,041	232	14,638	89,000
Cumulative amount due to change in accounting policy								
Balance at beginning of Current period with adjustment	132,166	19,482	4	19,486	33,041	232	14,638	89,000
Amount change of Current period								
Reserve for reduction entry of specified asset replacement						6		
Provision of reserve for overseas investment loss							4,969	
Reversal of reserve for overseas investment loss							- 1,417	
Dividends of surplus								
Net income								
Purchase of treasury shares								
Disposal of treasury shares			2	2				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	2	2	—	6	3,551	—
Balance at end of current period	132,166	19,482	6	19,488	33,041	239	18,189	89,000

(Million yen)

	Shareholder's equity					Valuation, translation			Total net assets
	Retained Earnings			Treasury shares	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Other retained earnings		Total retained earnings						
	General reserve	Retained earnings brought forward							
Balance at beginning of current period	62,000	201,963	400,876	-797	551,732	23,696	4,600	28,296	580,029
Cumulative amount due to change in accounting policy		3,847	3,847		3,847				3,847
Balance at beginning of Current period with adjustment	62,000	205,810	404,723	-797	555,579	23,696	4,600	28,296	583,876
Amount change of Current period									
Reserve for reduction entry of specified asset replacement		-6	—		—				—
Provision of reserve for overseas investment loss		- 4,969	—		—				—
Reversal of reserve for overseas investment loss		1,417	—		—				—
Dividends of surplus		-18,729	-18,729		-18,729				-18,729
Net income		70,285	70,285		70,285				70,285
Purchase of treasury shares				- 153	- 153				-153
Disposal of treasury shares				12	14				14
Net changes of items other than shareholders' equity						11,959	-9,862	2,096	2,096
Total changes of items during period	—	47,997	51,555	-141	51,416	11,959	-9,862	2,096	53,512
Balance at end of current period	62,000	253,808	456,278	-938	606,995	35,655	-5,261	30,393	637,389

Fiscal Year Ended March 31, 2016(April 1, 2015 – March 31, 2016)

(Million yen)

	Shareholder's equity							
	Capital stock	Capital Surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry of specified replaced properties	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations
Balance at beginning of current period	132,166	19,482	6	19,488	33,041	239	18,189	89,000
Amount change of Current period								
Reserve for reduction entry of specified asset replacement						2		
Provision of reserve for overseas investment loss							4,775	
Reversal of reserve for overseas investment loss							-2,366	
Dividends of surplus								
Net income								
Purchase of treasury shares								
Disposal of treasury shares			4	4				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	4	4	—	2	2,408	—
Balance at end of current period	132,166	19,482	10	19,493	33,041	241	20,598	89,000

(Million yen)

	Shareholder's equity					Valuation, translation			Total net assets
	Retained Earnings			Treasury shares	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Other retained earnings		Total retained earnings						
	General reserve	Retained earnings brought forward							
Balance at beginning of current period	62,000	253,808	456,278	-938	606,995	35,655	-5,261	30,393	637,389
Amount change of Current period									
Reserve for reduction entry of specified asset replacement		-2	—		—				—
Provision of reserve for overseas investment loss		-4,775	—		—				—
Reversal of reserve for overseas investment loss		2,366	—		—				—
Dividends of surplus		-20,808	-20,808		-20,808				-20,808
Net income		83,285	83,285		83,285				83,285
Purchase of treasury shares				-357	-357				-357
Disposal of treasury shares				20	25				25
Net changes of items other than shareholders' equity						-3,352	-992	-4,344	-4,344
Total changes of items during period	—	60,065	62,477	-336	62,145	-3,352	-992	-4,344	57,800
Balance at end of current period	62,000	313,873	518,756	-1,275	669,140	32,303	-6,254	26,048	695,189