



First Quarter of the Fiscal Year Ending March 31, 2017

Brief Report of Consolidated Financial Statements (Japanese GAAP)

July 28, 2016

Name of Listed Company : Osaka Gas Co., Ltd.	Listed Exchanges: 1 st Section of Tokyo and Nagoya
Code No. : 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 Financial Report Filing with the Finance Ministry	: August 10, 2016
Scheduled Date of Dividend Payment	: —
Preparation of Supplementary Explanation Documents for Operating Results	: Yes
Holding of an Informational Meeting for Operating Results	: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 — June 30, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Three months ended June 30, 2016	276,308	-19.1	38,407	-46.9	40,382	-45.5	26,909	-48.4
Three months ended June 30, 2015	341,532	-5.7	72,394	84.0	74,103	75.1	52,130	41.4

(Note) Comprehensive income Three months ended June 30, 2016 501million yen (-98.9 % YoY)
 Three months ended June 30, 2015 44,711million yen (18.5 % YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Three months ended June 30, 2016	12.94	—
Three months ended June 30, 2015	25.05	—

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth /Total assets
	millions of yen	millions of yen	%
As of June 30, 2016	1,736,566	925,747	51.6
As of March 31, 2016	1,829,756	935,786	49.5

<Reference> Net worth: As of June 30, 2016 896,779 million yen As of March 31, 2016 906,623 million yen

2. Dividends

(Record date)	Dividends per share				
	June 30	September 30	December 31	March 31	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2016	—	5.00	—	5.00	10.00
Year ending March 31, 2017	—	—	—	—	—
Year ending March 31, 2017 (Forecast)	—	5.00	—	5.00	10.00

(Note) Revision of the dividend forecast previously announced: None

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

(Percentages (%) represent changes from the same period in the previous year.)

	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
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

(Note) Revision of the forecasts previously announced: None

*Notes

(1) Changes in significant subsidiaries during three months ended June 30, 2016 (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 2 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 shares):

As of June 30, 2016 2,083,400,000 shares

: As of March 31, 2016 2,083,400,000 shares

(ii) Number of treasury shares at the end of each period:

As of June 30, 2016 3,283,470 shares

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

(iii) Average number of shares issued and outstanding in each period : Three months ended June 30, 2016 2,080,131,413 shares

Three months ended June 30, 2015 2,080,840,622 shares

*Statement regarding implementation of quarterly review procedures

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 conference call for institutional investors and analysts on July 29, 2016. Immediately after the meeting, 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, 2017

(April 1, 2016 — March 31, 2017)

(Percentages (%) represent changes from the same period in 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
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

(Note) Revision of the forecasts previously announced: None

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1. Overview of Quarterly Consolidated Financial Results

(1) Consolidated Operating Results

Consolidated net sales for the first quarter (three months ended June 30, 2016) decreased by ¥65.2 billion year-on-year to ¥276.3 billion. This was primarily due to the lower unit selling price of city gas under the fuel cost adjustment system of the Gas Business. Consolidated ordinary income decreased by ¥33.7 billion year-on-year to ¥40.3 billion. This was primarily due to a decrease in the influence caused by a time lag of fluctuation of raw material costs which is reflected in gas sales prices, compared to the same period of the previous fiscal year. Profit attributable to owners of parent decreased by ¥25.2 billion year-on-year to ¥26.9 billion.

Non-consolidated operating results of Osaka Gas are presented in “4. (1) Overview of Quarterly Non-Consolidated Financial Results” on Page 8.

(2) Consolidated Financial Position

Total assets as of June 30, 2016 decreased by ¥93.1 billion compared with the year ended March 31, 2016 to ¥1,736.5 billion. This was primarily due to a decrease in current assets, including the amounts of cash and deposits as well as notes and accounts receivable - trade, primarily due to a seasonal factor. Net assets totaled ¥925.7 billion and the ratio of net worth to total assets was 51.6%.

(3) Forecasts of Consolidated Operating Results

There has been no revision made from the previous forecasts of the operating results announced on April 27, 2016.

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 first quarter is included were estimated based on reasonable assumptions. Tax expenses for the first 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)

“Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No.32 of June 17, 2016) has been applied from the first quarter of this fiscal year, in accordance with the change of Corporation Tax Act. Depreciation method has been changed from the declining-balance method to the straight-line method for equipment's attached to buildings and structures acquired on and after April 1, 2016. The aforementioned change had a limited effect on the Company's consolidated financial statements for the first quarter.

(Additional Information)

“Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance on Corporate Accounting Standard No. 26 of March 28, 2016) has been applied from the first quarter of this fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	89,192	88,696
Distribution facilities	297,424	293,346
Service and maintenance facilities	60,257	59,801
Other facilities	291,836	287,961
Construction in progress	172,949	168,815
Total property, plant and equipment	911,659	898,621
Intangible assets	89,613	83,902
Investments and other assets		
Investment securities	236,774	215,409
Other	76,883	79,458
Allowance for doubtful accounts	-1,811	-3,410
Total investments and other assets	311,846	291,457
Total intangible assets	1,313,119	1,273,981
Current assets		
Cash and deposits	209,982	180,480
Notes and accounts receivable - trade	167,246	141,823
Inventories	79,782	78,152
Other	60,735	63,180
Allowance for doubtful accounts	-1,110	-1,052
Total current assets	516,636	462,585
Total assets	1,829,756	1,736,566

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(millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Non-current liabilities		
Bonds payable	184,975	184,976
Long-term loans payable	300,588	269,683
Provision for gas holder repairs	1,649	1,785
Provision for safety measures	12,549	12,265
Allowance for investment loss	6,999	6,999
Provision for loss on guarantees	1,757	—
Provision for gas appliance warranties	8,377	8,172
Net defined benefit liability	18,145	18,315
Other	59,589	64,591
Total non-current liabilities	594,633	566,790
Current liabilities		
Notes and accounts payable - trade	53,882	43,472
Short-term loans payable	25,916	21,976
Other	219,537	178,579
Total current liabilities	299,336	244,028
Total liabilities	893,970	810,819
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,320	19,320
Retained earnings	712,401	728,909
Treasury shares	-1,275	-1,286
Total shareholders' equity	862,613	879,110
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	44,143	39,470
Deferred gains or losses on hedges	-12,347	-21,740
Revaluation reserve for land	-737	-737
Foreign currency translation adjustment	28,924	15,140
Remeasurements of defined benefit plans	-15,972	-14,463
Total accumulated other comprehensive income	44,010	17,668
Non-controlling interests	29,162	28,968
Total net assets	935,786	925,747
Total liabilities and net assets	1,829,756	1,736,566

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	341,532	276,308
Cost of sales	186,590	156,995
Gross profit	154,941	119,312
Selling, general and administrative expenses	82,547	80,904
Operating income	72,394	38,407
Non-operating income		
Interest income	136	73
Dividend income	2,039	1,938
Proceeds from contribution for facilities	0	2,148
Miscellaneous income	2,511	2,296
Total non-operating income	4,688	6,457
Non-operating expenses		
Interest expenses	2,598	2,350
Miscellaneous expenses	380	2,131
Total non-operating expenses	2,979	4,482
Ordinary income	74,103	40,382
Income before income taxes	74,103	40,382
Income taxes	21,420	13,283
Profit	52,682	27,098
Profit attributable to non-controlling interests	552	189
Profit attributable to owners of parent	52,130	26,909

Quarterly Consolidated Statements of Comprehensive Income

(millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit	52,682	27,098
Other comprehensive income		
Valuation difference on available-for-sale securities	5,296	-4,678
Deferred gains or losses on hedges	-2,683	-3,311
Foreign currency translation adjustment	-5,000	-10,057
Remeasurements of defined benefit plans	169	1,542
Share of other comprehensive income of entities accounted for using equity method	-5,752	-10,093
Total other comprehensive income	-7,970	-26,597
Comprehensive income	44,711	501
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	44,826	567
Comprehensive income attributable to non-controlling interests	-114	-65

(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)

Three months ended June 30, 2016 (April 1, 2016 - June 30, 2016)

Not applicable

(Segment Information)

Three months ended June 30, 2015 (April 1, 2015 — June 30, 2015) (millions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	255,957	48,267	4,433	47,769	356,428	-14,896	341,532
Segment income							
Operating income	59,199	8,465	1,025	3,122	71,812	581	72,394
Share of profit (loss) of entities accounted for using equity method	-2	-280	216	258	192	—	192
Total	59,196	8,185	1,242	3,381	72,005	581	72,586

Three months ended June 30, 2016 (April 1, 2016 — June 30, 2016) (millions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	196,887	40,293	3,020	49,209	289,410	-13,102	276,308
Segment income (loss)							
Operating income (loss)	32,481	3,607	-1,722	3,430	37,796	611	38,407
Share of profit (loss) of entities accounted for using equity method	25	-73	-724	110	-662	—	-662
Total	32,506	3,533	-2,447	3,540	37,133	611	37,745

4. Reference Information

(1) Overview of Quarterly Non-Consolidated Financial Results (April 1, 2016 — June 30, 2016)

(billions of yen)

Earnings					Expenses				
			YoY Changes	YoY Changes Rate (%)				YoY Changes	YoY Changes Rate (%)
Product sales	Gas	155.1	-56.9	-26.8	Operating expenses	Cost of sales	64.7	-28.0	-30.2
						SG&A	64.1	-1.4	-2.3
						Total	128.8	-29.4	-18.6
Other sales	Installation work	5.3	+0.0	+0.6	Other operating expenses	Installation work	5.0	-0.0	-0.0
	Gas appliances	21.8	-2.0	-8.6		Gas appliances	18.2	-2.7	-12.9
	Transportation services and others	1.3	-0.0	-6.2					
	Incidental businesses	32.9	-5.3	-14.0		Incidental businesses	31.4	+0.3	+1.3
	Total	61.4	-7.4	-10.8		Total	54.8	-2.3	-4.0
Total net sales		216.5	-64.3	-22.9	Total expenses		183.6	-31.8	-14.8
					Operating income		32.9	-32.5	-49.7
Non-operating income		16.2	+8.2	+102.7	Non-operating expenses		2.4	-0.1	-4.3
					Ordinary income		46.8	-24.2	-34.1
					Net Income		36.5	-15.5	-29.9

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

		Three months ended June 30, 2016 (a)	Three months ended June 30, 2015 (b)	YoY Changes (a)-(b)	YoY Changes Rate (%)
Number of customers <Meters installed> (thousand)	Residential	6,909	6,857	+53	+0.8
	Non-residential	349	347	+3	+0.8
	Total	7,259	7,203	+55	+0.8
Monthly average usage per residential customer (m ³ /month)		28.0	28.9	-0.9	-3.0
Gas sales volume (million m ³)	Residential	501	512	-11	-2.2
	Non-residential	1,383	1,280	103	+8.1
	Industrial	1,091	978	114	+11.6
	Commercial	178	185	-7	-4.0
	Public and medical institutions	114	117	-3	-2.4
	Wholesale	115	110	5	+4.2
	Total	1,999	1,902	97	+5.1

[Converted at 45MJ/m³]