



## Second Quarter of the Fiscal Year Ending March 31, 2017

### Brief Report of Consolidated Financial Statements (Japanese GAAP)

October 26, 2016

Name of Listed Company : Osaka Gas Co., Ltd.	Listed Exchanges: 1 <sup>st</sup> Section of Tokyo and Nagoya
Code No. : 9532	URL: <a href="http://www.osakagas.co.jp">http://www.osakagas.co.jp</a>
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	: November 11, 2016
Scheduled Date of Dividend Payment	: November 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)

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

#### 1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016—September 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	%
Six months ended September 30, 2016	532,399	-17.0	49,917	-46.9	50,168	-46.0	33,376	-49.4
Six months ended September 30, 2015	641,418	-8.1	94,067	74.7	92,961	60.6	65,980	38.9

(Note) Comprehensive income Six months ended September 30, 2016 -15,113 million yen (- % YoY)  
Six months ended September 30, 2015 61,474 million yen (50.8 % YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2016	16.05	-
Six months ended September 30, 2015	31.71	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Net worth /Total assets
	millions of yen	millions of yen	%
As of September 30, 2016	1,711,241	910,047	51.5
As of March 31, 2016	1,829,756	935,786	49.5

<Reference> Net worth: As of September 30, 2016 881,605 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	-	5.00	-	-	-
Year ending March 31, 2017 (Forecast)	-	-	-	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
Full year	1,170,500	-11.5	82,000	-44.1	78,000	-42.2	52,000	-38.3	25.00

(Note) Revision of the forecasts previously announced: Yes

\*Notes

(1) Changes in significant subsidiaries during six months ended September 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 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 shares):

As of September 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 September 30, 2016 3,452,774 shares

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

(iii) Average number of shares issued and outstanding in each period:

Six months ended September 30, 2016 2,080,065,531 shares

Six months ended September 30, 2015 2,080,806,331 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 results briefing for institutional investors and analysts on October 27, 2016. Immediately after the meeting, the video of the presentation and 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
Full year	890,500	-14.4	48,500	-56.7	62,500	-44.9	49,500	-40.6	23.80

(Note) Revision of the forecasts previously announced: Yes

Table of Contents for the Attachment

1. Overview of Quarterly Consolidated Financial Results	2
(1) Consolidated Operating Results	2
(2) Consolidated Financial Position	2
(3) Forecasts of Consolidated Operating Results	2
2. Summary Information (Notes)	3
(1) Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements	3
(2) Changes in Accounting Policies in Accordance with Changes in Accounting Standards, Accounting Estimates and Restatement	3
3. Quarterly Consolidated Financial Statements	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Notes on the Quarterly Consolidated Financial Statements	8
(Notes Regarding Uncertainties of Entity's Ability to Continue as Going Concern)	8
(Notes Regarding Significant Changes in the Value of Shareholders' Equity)	8
(Segment Information)	8
4. Reference Information	9
(1) Overview of Quarterly Non-Consolidated Financial Results	9
(2) Quarterly Non-Consolidated Gas Sales	9

## 1. Overview of Quarterly Consolidated Financial Results

### (1) Consolidated Operating Results

Consolidated net sales for the second quarter (six months ended September 30, 2016) decreased by ¥109.0 billion year-on-year to ¥532.3 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 ¥42.7 billion year-on-year to ¥50.1 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 ¥32.6 billion year-on-year to ¥33.3 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 September 30, 2016 decreased by ¥118.5 billion compared with March 31, 2016 to ¥1,711.2 billion. This was primarily due to a decrease in current assets of Notes and accounts receivable - trade caused from a seasonal factor in addition to a decrease in Non-current assets. Net assets totaled ¥910.0 billion and the ratio of net worth to total assets was 51.5%.

### (3) Forecasts of Consolidated Operating Results

Considering recent trends in our performance and other factors, the full-year operating results forecast for the fiscal year ending March 31, 2017 have been revised from the previous forecast as listed in the tables below. Profits in the Electricity business are expected to decrease compared to the previous fiscal year but exceed the previous forecast. Therefore, the profit on a non-consolidated basis is expected to increase compared to the previous forecast. On the other hand, profits in consolidated subsidiaries are expected to fall below the previous forecast due to the impact of the decline of overseas business. As a result, consolidated ordinary income and profit attributable to owners of parent are expected to remain the same as the previous forecast.

Also, we have revised the assumptions for the crude oil price and exchange rates as follows.

(Reference) Assumptions for the crude oil price and exchange rates (October 2016 – March 2017)

Crude oil price (All-Japan CIF price): US\$55/bbl

Exchange rate (TTM): ¥105 to the US\$1

Changes from the previous forecasts for full-year operating results in the Brief Report of Consolidated Financial Statements announced on April 27, 2016 are shown in the tables below.

Revision of Forecasts for Consolidated Operating Results for the Fiscal Year Ending March 31, 2017

(April 1, 2016 – March 31, 2017)

	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)	1,170,500	85,500	78,000	52,000	24.99
Revised Forecasts (B)	1,170,500	82,000	78,000	52,000	25.00
Changes (B-A)	0	-3,500	0	0	
Changes (%)	0.0	-4.1	0.0	0.0	
(Reference) Actual Results of Fiscal year ended March 31, 2016	1,322,012	146,674	134,986	84,324	40.53

(Reference) Revision of Forecasts for Non-Consolidated Operating Results for the Fiscal Year Ending March 31, 2017

(April 1, 2016 – March 31, 2017)

	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)	887,000	47,500	57,500	45,000	21.63
Revised Forecasts (B)	890,500	48,500	62,500	49,500	23.80
Changes (B-A)	+3,500	+1,000	+5,000	+4,500	
Changes (%)	+0.4	+2.1	+8.7	+10.0	
(Reference) Actual Results of Fiscal year ended March 31, 2016	1,039,733	112,054	113,349	83,285	40.03

## 2. Summary Information (Notes)

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

#### (Calculation of tax expenses)

For major consolidated subsidiaries, the 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 second quarter is included were estimated based on reasonable assumptions. Tax expenses for the second 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 this 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 September 30, 2016
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	89,192	89,660
Distribution facilities	297,424	289,733
Service and maintenance facilities	60,257	59,176
Other facilities	291,836	286,054
Construction in progress	172,949	160,149
Total property, plant and equipment	911,659	884,773
Intangible assets	89,613	77,360
Investments and other assets		
Investment securities	236,774	211,151
Other	76,883	79,764
Allowance for doubtful accounts	-1,811	-3,348
Total investments and other assets	311,846	287,567
Total non-current assets	1,313,119	1,249,702
Current assets		
Cash and deposits	209,982	172,473
Notes and accounts receivable - trade	167,246	146,106
Inventories	79,782	77,551
Other	60,735	66,464
Allowance for doubtful accounts	-1,110	-1,056
Total current assets	516,636	461,539
Total assets	1,829,756	1,711,241

(millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bonds payable	184,975	184,977
Long-term loans payable	300,588	268,633
Provision for gas holder repairs	1,649	1,708
Provision for safety measures	12,549	11,911
Allowance for investment loss	6,999	6,999
Provision for loss on guarantees	1,757	-
Provision for gas appliance warranties	8,377	8,116
Net defined benefit liability	18,145	18,355
Other	59,589	66,741
<b>Total non-current liabilities</b>	<b>594,633</b>	<b>567,445</b>
<b>Current liabilities</b>		
Notes and accounts payable - trade	53,882	38,416
Short-term loans payable	25,916	20,329
Other	219,537	175,001
<b>Total current liabilities</b>	<b>299,336</b>	<b>233,747</b>
<b>Total liabilities</b>	<b>893,970</b>	<b>801,193</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	132,166	132,166
Capital surplus	19,320	19,320
Retained earnings	712,401	735,377
Treasury shares	-1,275	-1,355
<b>Total shareholders' equity</b>	<b>862,613</b>	<b>885,508</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	44,143	43,040
Deferred gains or losses on hedges	-12,347	-28,471
Revaluation reserve for land	-737	-737
Foreign currency translation adjustment	28,924	-4,861
Remeasurements of defined benefit plans	-15,972	-12,872
<b>Total accumulated other comprehensive income</b>	<b>44,010</b>	<b>-3,902</b>
<b>Non-controlling interests</b>	<b>29,162</b>	<b>28,442</b>
<b>Total net assets</b>	<b>935,786</b>	<b>910,047</b>
<b>Total liabilities and net assets</b>	<b>1,829,756</b>	<b>1,711,241</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	641,418	532,399
Cost of sales	383,001	321,014
Gross profit	258,416	211,385
Selling, general and administrative expenses	164,348	161,467
Operating income	94,067	49,917
Non-operating income		
Interest income	264	152
Dividend income	2,155	2,053
Proceeds from contribution for facilities	1	2,150
Miscellaneous income	3,337	3,554
Total non-operating income	5,758	7,911
Non-operating expenses		
Interest expenses	5,129	4,717
Miscellaneous expenses	1,736	2,943
Total non-operating expenses	6,865	7,660
Ordinary income	92,961	50,168
Income before income taxes	92,961	50,168
Income taxes	26,568	16,220
Profit	66,392	33,948
Profit attributable to non-controlling interests	411	572
Profit attributable to owners of parent	65,980	33,376



## Quarterly Consolidated Statements of Comprehensive Income

(millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	66,392	33,948
Other comprehensive income		
Valuation difference on available-for-sale securities	-4,760	-1,099
Deferred gains or losses on hedges	-1,408	-8,103
Foreign currency translation adjustment	-587	-26,984
Remeasurements of defined benefit plans	253	3,166
Share of other comprehensive income of entities accounted for using equity method	1,584	-16,042
Total other comprehensive income	-4,918	-49,062
Comprehensive income	61,474	-15,113
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	61,466	-14,537
Comprehensive income attributable to non-controlling interests	7	-576

(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)

Six months ended September 30, 2016 (April 1, 2016 - September 30, 2016)

Not applicable

(Segment Information)

Six months ended September 30, 2015 (April 1, 2015 — September 30, 2015) (millions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Sub-Total	Adjustments	Consolidated Total
Net sales	458,654	103,890	10,762	100,274	673,580	-32,162	641,418
Segment income							
Operating income	64,784	17,658	3,828	7,050	93,322	745	94,067
Share of profit (loss) of entities accounted for using equity method	92	-669	-160	436	-300	—	-300
Total	64,877	16,989	3,667	7,487	93,022	745	93,767

Six months ended September 30, 2016 (April 1, 2016 — September 30, 2016) (millions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated Total
Net sales	359,728	94,760	6,442	100,420	561,352	-28,952	532,399
Segment income (loss)							
Operating income (loss)	31,768	12,087	-1,733	7,682	49,804	112	49,917
Share of profit (loss) of entities accounted for using equity method	150	-277	-134	186	-76	—	-76
Total	31,918	11,809	-1,868	7,869	49,728	112	49,841

## 4. Reference Information

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

(billions of yen)

Earnings			YoY Changes	YoY Changes rate(%)	Expenses			YoY Changes	YoY Changes rate (%)
Product sales	Gas	274.6	-93.8	-25.5	Operating expenses	Cost of sales	125.9	-56.4	-30.9
						SG&A	128.1	-2.3	-1.8
						Total	254.0	-58.7	-18.8
Other sales	Installation work	9.9	-0.3	-3.3	Other operating expenses	Installation work	9.6	-0.3	-3.8
	Gas appliances	44.3	-4.3	-9.0		Gas appliances	39.0	-5.9	-13.2
	Transportation services and others	2.7	-0.0	-2.5					
	Incidental businesses	80.2	-1.7	-2.2		Incidental businesses	71.5	+4.3	+6.5
	Total	137.3	-6.5	-4.6		Total	120.2	-1.9	-1.6
Total net sales		412.0	-100.4	-19.6	Total expenses		374.2	-60.6	-14.0
					Operating income		37.7	-39.7	-51.3
Non-operating income		18.0	+7.4	+70.8	Non-operating expenses		4.8	-0.3	-6.6
					Ordinary income		50.9	-31.8	-38.5
					Net Income		39.9	-20.6	-34.1

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

		Six months ended September 30, 2016 (a)	Six months ended September 30, 2015 (b)	YoY Changes (a)-(b)	YoY Changes rate (%)
Number of customers <Meters installed> (thousand)	Residential	6,920	6,868	+52	+0.8
	Non-residential	350	347	+3	+0.9
	Total	7,270	7,215	+55	+0.8
Monthly average usage per residential customer (m <sup>3</sup> /month)		20.9	21.8	-0.9	-4.3
Gas sales volume (million m <sup>3</sup> )	Residential	746	774	-27	-3.6
	Non-residential	2,989	2,740	+249	+9.1
	Industrial	2,258	2,017	+241	+11.9
	Commercial	431	434	-3	-0.7
	Public and medical institutions	301	289	+11	+3.8
	Wholesale	232	224	+8	+3.7
	Total	3,968	3,738	+230	+6.1

[Converted at 45MJ/m<sup>3</sup>]