



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

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

January 31, 2017

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	: February 13, 2017
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 Third Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 – December 31, 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	%
Nine months ended December 31, 2016	807,406	-14.5	59,938	-43.7	59,516	-42.6	39,448	-46.6
Nine months ended December 31, 2015	944,798	-10.5	106,402	99.0	103,607	78.0	73,901	55.4

(Note) Comprehensive income  
 Nine months ended December 31, 2016 -1,337 million yen (- % Y o Y)  
 Nine months ended December 31, 2015 55,591 million yen ( 7.1 % Y o Y)

	Earnings per share	Diluted earnings per share
	yen	yen
Nine months ended December 31, 2016	18.97	-
Nine months ended December 31, 2015	35.52	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Net worth /Total assets
	millions of yen	millions of yen	%
As of December 31, 2016	1,731,996	913,322	51.0
As of March 31, 2016	1,829,756	935,786	49.5

<Reference> Net worth: As of December 31, 2016 884,182 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 forecasts 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	1,159,500	-12.3	95,500	-34.9	93,000	-31.1	64,500	-23.5	31.01

(Note) Revision of the forecasts previously announced: Yes

\*Notes

(1) Changes in significant subsidiaries during nine months ended December 31, 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 December 31, 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 December 31, 2016 3,677,266 shares

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

(iii) Average number of shares issued and outstanding in each period: Nine months ended December 31, 2016 2,080,001,109 shares

Nine months ended December 31, 2015 2,080,732,882 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 February 1, 2017.

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

(Reference) Forecasts of Non-Consolidated Operating Results for the Fiscal Year Ending March 31, 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	886,500	-14.7	55,500	-50.5	69,500	-38.7	54,000	-35.2	25.96

(Note) Revision of the forecasts previously announced: Yes

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## 1. Overview of Quarterly Consolidated Financial Results

### (1) Consolidated Operating Results

Consolidated net sales for the third quarter (nine months ended December 31, 2016) decreased by ¥137.3 billion year-on-year to ¥807.4 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 ¥44.0 billion year-on-year to ¥59.5 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 ¥34.4 billion year-on-year to ¥39.4 billion. Non-consolidated operating results of Osaka Gas are presented in “4. (1) Overview of Quarterly Non-Consolidated Financial Results” on Page 9.

### (2) Consolidated Financial Position

Total assets as of December 31, 2016 decreased by ¥97.7 billion compared with March 31, 2016, to ¥1,731.9 billion. This was primarily due to a decrease in current assets of Cash and deposits, Notes and accounts receivable - trade and others. Net assets totaled ¥913.3 billion and the ratio of net worth to total assets was 51.0%.

### (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 forecasts as listed in the tables below. Profit on a non-consolidated basis is expected to increase compared to the previous forecasts. This is primarily due to an increase in the influence caused by a time lag of fluctuation of raw material costs which is reflected in gas sales prices compared to the previous forecasts, in addition to a decrease in expenses in the Gas business. Profits in consolidated subsidiaries are also expected to increase compared to the previous forecasts due to the impact of the profit increase in the International energy business. As a result, consolidated ordinary income and profit attributable to owners of parent are expected to increase compared to the previous forecasts. Also, we have revised the assumptions for the crude oil price and exchange rate as follows.

(Reference) Assumptions for the crude oil price and exchange rate (January 2017 - March 2017)

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

Exchange rate (TTM): ¥115 to the US\$1

Changes from the previous forecasts for full-year operating results in the Brief Report of Consolidated Financial Statements announced on October 26, 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	82,000	78,000	52,000	25.00
Revised Forecasts (B)	1,159,500	95,500	93,000	64,500	31.01
Changes (B-A)	-11,000	+13,500	+15,000	+12,500	
Changes (%)	-0.9	+16.5	+19.2	+24.0	
(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)	890,500	48,500	62,500	49,500	23.80
Revised Forecasts (B)	886,500	55,500	69,500	54,000	25.96
Changes (B-A)	-4,000	+7,000	+7,000	+4,500	
Changes (%)	-0.4	+14.4	+11.2	+9.1	
(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 third quarter is included were estimated based on reasonable assumptions. Tax expenses for the third quarter were then calculated by multiplying the income before income taxes of respective subsidiaries for the quarter by the estimated effective tax rates.

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

#### (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 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 December 31, 2016
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	89,192	88,805
Distribution facilities	297,424	285,668
Service and maintenance facilities	60,257	58,620
Other facilities	291,836	350,424
Construction in progress	172,949	100,040
Total property, plant and equipment	911,659	883,558
Intangible assets	89,613	76,598
Investments and other assets		
Investment securities	236,774	230,236
Other	76,883	79,916
Allowance for doubtful accounts	-1,811	-1,714
Total investments and other assets	311,846	308,438
Total non-current assets	1,313,119	1,268,595
Current assets		
Cash and deposits	209,982	139,977
Notes and accounts receivable - trade	167,246	160,442
Inventories	79,782	96,252
Other	60,735	68,292
Allowance for doubtful accounts	-1,110	-1,564
Total current assets	516,636	463,400
Total assets	1,829,756	1,731,996

(millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bonds payable	184,975	194,978
Long-term loans payable	300,588	265,247
Provision for gas holder repairs	1,649	1,739
Provision for safety measures	12,549	11,442
Allowance for investment loss	6,999	6,999
Provision for loss on guarantees	1,757	-
Provision for gas appliance warranties	8,377	8,053
Net defined benefit liability	18,145	18,477
Other	59,589	72,173
<b>Total non-current liabilities</b>	<b>594,633</b>	<b>579,112</b>
<b>Current liabilities</b>		
Notes and accounts payable - trade	53,882	54,972
Short-term loans payable	25,916	22,241
Other	219,537	162,346
<b>Total current liabilities</b>	<b>299,336</b>	<b>239,561</b>
<b>Total liabilities</b>	<b>893,970</b>	<b>818,673</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	132,166	132,166
Capital surplus	19,320	19,318
Retained earnings	712,401	731,049
Treasury shares	-1,275	-1,454
<b>Total shareholders' equity</b>	<b>862,613</b>	<b>881,081</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	44,143	52,463
Deferred gains or losses on hedges	-12,347	-31,423
Revaluation reserve for land	-737	-737
Foreign currency translation adjustment	28,924	-5,832
Remeasurements of defined benefit plans	-15,972	-11,367
<b>Total accumulated other comprehensive income</b>	<b>44,010</b>	<b>3,101</b>
<b>Non-controlling interests</b>	<b>29,162</b>	<b>29,139</b>
<b>Total net assets</b>	<b>935,786</b>	<b>913,322</b>
<b>Total liabilities and net assets</b>	<b>1,829,756</b>	<b>1,731,996</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	944,798	807,406
Cost of sales	590,865	503,554
Gross profit	353,932	303,851
Selling, general and administrative expenses	247,529	243,913
Operating income	106,402	59,938
Non-operating income		
Interest income	365	211
Dividend income	2,930	2,880
Proceeds from contribution for facilities	6	2,152
Miscellaneous income	4,004	5,354
Total non-operating income	7,307	10,598
Non-operating expenses		
Interest expenses	7,615	7,181
Miscellaneous expenses	2,486	3,838
Total non-operating expenses	10,102	11,020
Ordinary income	103,607	59,516
Extraordinary Income		
Gain on sales of property, plant and equipment	1,641	—
Total extraordinary income	1,641	—
Income before income taxes	105,249	59,516
Income taxes	30,529	19,022
Profit	74,719	40,493
Profit attributable to non-controlling interests	817	1,045
Profit attributable to owners of parent	73,901	39,448



## Quarterly Consolidated Statements of Comprehensive Income

(millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	74,719	40,493
Other comprehensive income		
Valuation difference on available-for-sale securities	2,091	8,329
Deferred gains or losses on hedges	-7,926	-11,689
Foreign currency translation adjustment	-5,598	-30,063
Remeasurements of defined benefit plans	345	4,791
Share of other comprehensive income of entities accounted for using equity method	-8,039	-13,199
Total other comprehensive income	-19,127	-41,830
Comprehensive income	55,591	-1,337
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	56,323	-1,460
Comprehensive income attributable to non-controlling interests	-731	123

(3) Notes on the Quarterly Consolidated Financial Statements

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

Not applicable

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

Nine months ended December 31, 2016 (April 1, 2016 - December 31, 2016)

Not applicable

(Segment Information)

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

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

Nine months ended December 31, 2016 (April 1, 2016 — December 31, 2016) (millions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated Total
Net sales	544,273	144,385	10,149	153,043	851,851	-44,445	807,406
Segment income (loss)							
Operating income (loss)	32,142	14,965	-1,211	13,737	59,634	303	59,938
Share of profit (loss) of entities accounted for using equity method	179	-113	203	521	790	—	790
Total	32,321	14,852	-1,007	14,259	60,425	303	60,728

## 4. Reference Information

### (1) Overview of Quarterly Non-Consolidated Financial Results (April 1, 2016—December 31, 2016)

(billions of yen)

Earnings			YoY Changes	YoY Changes rate(%)	Expenses			YoY Changes	YoY Changes rate (%)
Product sales	Gas	410.5	-122.6	-23.0	Operating expenses	Cost of sales	201.4	-80.6	-28.6
						SG&A	194.1	-2.9	-1.5
						Total	395.5	-83.5	-17.4
Other sales	Installation work	15.5	-0.2	-1.3	Other expenses	Installation work	15.0	-0.3	-2.0
	Gas appliances	72.0	-5.8	-7.5		Gas appliances	63.6	-8.7	-12.1
	Transportation services and others	4.1	-0.1	-4.6					
	Incidental businesses	118.4	+1.9	+1.6		Incidental businesses	108.7	+9.9	+10.1
	Total	210.1	-4.3	-2.0		Total	187.4	+0.9	+0.5
Total net sales		620.7	-127.0	-17.0	Total expenses		583.0	-82.5	-12.4
					Operating income		37.6	-44.4	-54.1
Non-operating income		21.3	+7.5	+55.0	Non-operating expenses		8.2	+0.5	+7.2
					Ordinary income		50.8	-37.3	-42.4
					Net Income		40.3	-24.8	-38.2

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

### (2) Quarterly Non-Consolidated Gas Sales

		Nine months ended December 31, 2016 (a)	Nine months ended December 31, 2015 (b)	YoY Changes (a)-(b)	YoY Changes rate (%)
Number of customers <Meters installed> (thousand)	Residential	6,935	6,880	+55	+0.8
	Non-residential	351	348	+3	+0.8
	Total	7,286	7,228	+58	+0.8
Monthly average usage per residential customer (m <sup>3</sup> /month)		22.5	23.1	-0.7	-3.0
Gas sales volume (million m <sup>3</sup> )	Residential	1,207	1,234	-27	-2.2
	Non-residential	4,407	4,022	+385	+9.6
	Industrial	3,359	3,009	+350	+11.6
	Commercial	616	612	+3	+0.6
	Public and medical institutions	432	401	+31	+7.7
	Wholesale	350	335	+15	+4.5
	Total	5,963	5,591	+373	+6.7

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