

Fiscal Year Ended March 31, 2017
Brief Report of Consolidated Financial Statements (Japanese GAAP)



April 26, 2017

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, 2017
Scheduled Date of Financial Report Filing with the Finance Ministry	: June 30, 2017
Scheduled Date of Dividend Payment	: June 30, 2017
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, 2017 (April 1, 2016 – March 31, 2017)

(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, 2017	1,183,846	-10.5	97,250	-33.7	96,276	-28.7	61,271	-27.3
Year ended March 31, 2016	1,322,012	-13.5	146,674	39.6	134,986	24.8	84,324	9.9

(Note) Comprehensive income Year ended March 31, 2017 78,029 million yen (104.0% YoY)
Year ended March 31, 2016 38,256 million yen (-63.9% 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, 2017	29.46	—	6.6	5.2	8.2
Year ended March 31, 2016	40.53	—	9.4	7.3	11.1

<Reference> Equity in earnings of affiliates Year ended March 31, 2017 1,785 million yen
Year ended March 31, 2016 -4,538 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, 2017	1,886,577	991,870	51.0	462.54
As of March 31, 2016	1,829,756	935,786	49.5	435.85

<Reference> Net worth As of March 31, 2017 961,905 million yen As of March 31, 2016 906,623 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, 2017	148,801	-137,527	-50,530	166,912
As of March 31, 2016	281,819	-144,198	-90,716	209,367

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			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 31, 2016	—	5.00	—	5.00	10.00	20,804	24.7	2.3
Year ended March 31, 2017	—	5.00	—	5.00	10.00	20,797	33.9	2.2
Year ending March 31, 2018 (Forecast)	—	5.00	—	25.00	—		48.9	

(Note) The Company plans to carry out a share consolidation at a ratio of 5 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, the forecast for dividends per share for the year ending March 31, 2018 is calculated based on the assumption of the share consolidation. Please refer to the "Notes on proper use of forecasts and other matters."

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)
(Percentages (%) represent forecasted changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,344,500	13.6	66,500	-31.6	64,000	-33.5	42,500	-30.6	102.18

(Note) The forecast for earnings per share for the year ending March 31, 2018 is calculated based on the assumption of the share consolidation. Please refer to the "Notes on proper use of forecasts and other matters."

※. 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 "3. Consolidated Financial Statements and Notes (5) Notes on the Consolidated Financial Statements" on Page 13 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, 2017 2,083,400,000shares

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

(ii) Number of treasury stock at the end of each fiscal year

: As of March 31, 2017 3,764,066shares

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

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

: Year ended March 31, 2017 2,079,922,079shares

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

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(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, 2017	906,854	-12.8	55,345	-50.6	70,273	-38.0	54,659	-34.4
Year ended March 31, 2016	1,039,733	-16.9	112,054	39.7	113,349	28.4	83,285	18.5

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2017	26.28	—
Year ended March 31, 2016	40.03	—

(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, 2017	1,408,956	735,881	52.2	353.85
As of March 31, 2016	1,425,220	695,189	48.8	334.20

<Reference> Net worth As of March 31, 2017 735,881 million yen As of March 31, 2016 695,189 million yen

2. Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,053,500	16.2	28,000	-49.4	35,000	-50.2	27,000	-50.6	64.91

(Note) The forecast for earnings per share for the year ending March 31, 2018 is calculated based on the assumption of the share consolidation. Please refer to the "Notes on proper use of forecasts and other matters."

* Brief Report of Consolidated Financial Statements is out of scope of audit procedures.

* 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. Overview of Operating Results (4) Forecasts for the Next Fiscal Year" on Page 5 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 27, 2017. 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.

3. Forecasts of financial results and dividends after the share consolidation

The Company has resolved at the board of directors meeting held on April 26, 2017 to bring up share consolidation as an agenda item for the 199th annual general meeting of shareholders which will be held on June 29, 2017. If approved, the Company will carry out a share consolidation at a ratio of 5 shares to 1 share of the Company's common stock effective on October 1, 2017.

Forecasts for consolidated results, non-consolidated results and dividends per share without the effect of share consolidation are as follows;

Forecast for consolidated financial results for fiscal year ending March 31, 2018 (Earnings per share): 20.44 yen

Forecast for non-consolidated financial results for fiscal year ending March 31, 2018 (Earnings per share): 12.98 yen

Forecast for dividends for fiscal year ending March 31, 2018 (Dividends per share): 5 yen

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1. Overview of Operating Results

(1) Overview of Operating Results for the Current Fiscal Year

(i) Overview of operating results

Consolidated net sales for the fiscal year ended March 31, 2017 decreased by ¥138.1 billion (-10.5%) year-on-year to ¥1,183.8 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 ¥38.7 billion (-28.7%) year-on-year to ¥96.2 billion, primarily due to a decrease in the influence caused by a time lag of fluctuation of raw material costs which is reflected in unit selling price of city gas, compared to the previous fiscal year. Profit attributable to owners of parent decreased by ¥23.0 billion (-27.3%) year-on-year to ¥61.2 billion.

The number of consolidated subsidiaries is currently 150, with 4 subsidiaries removed and 5 added since the end of the previous fiscal year. The number of equity method affiliates is currently 18 with 2 added since the end of the previous fiscal year.

(Billion yen)

	Consolidated results (a)	Compared with previous year		Non-consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		increase /decrease	increase /decrease rate (%)		
Net sales	1,183.8	-138.1	-10.5	906.8	1.31
Cost of sales	745.1	-69.6	-8.5	578.2	1.29
Selling, general and administrative expenses	341.4	-19.1	-5.3	273.3	1.25
Operating income	97.2	-49.4	-33.7	55.3	1.76
Ordinary income	96.2	-38.7	-28.7	70.2	1.37
Profit attributable to owners of parent*	61.2	-23.0	-27.3	54.6	1.12

*Net income for Non-consolidated results

(Reference) Non-Consolidated Gas Sales Breakdown

		Current year (a) (Apr '16 -Mar '17)	Previous year (b) (Apr '15 -Mar '16)	increase /decrease (a)-(b)	increase /decrease rate (%)
Customers [Meters installed] (thousand)	Residential	6,958	6,903	+55	+0.8
	Non-residential	352	349	+3	+0.8
	Total	7,310	7,252	+58	+0.8
Monthly average usage per residential customer (m ³ /month)		29.3	29.3	+0.0	+0.1
Gas sales volume (million m ³)	Residential	2,103	2,083	+19	+0.9
	Non-residential	6,071	5,469	+602	+11.0
	Industrial	4,609	4,059	+550	+13.5
	Commercial	844	833	+11	+1.3
	Public and medical institutions	618	577	+41	+7.1
	Wholesale	489	469	+20	+4.3
	Total	8,662	8,021	+642	+8.0

[45MJ/m³]

(ii) Overview of each Business Segment

a. Gas

Net sales decreased by ¥146.1 billion (-15.4%) year-on-year to ¥802.3 billion. This was primarily due to a lower unit selling price of city gas under the fuel cost adjustment system of the Gas Business. Segment income decreased by ¥47.6 billion (-49.7%) year-on-year to ¥48.1 billion. This was primarily due to a decrease in the influence caused by a time lag of fluctuation of raw material costs that is reflected in unit selling prices of city gas, compared to the same period of the previous fiscal year.

b. LPG, Electricity and Other Energy

Net sales increased by ¥2.5 billion (+1.3%) year-on-year to ¥209.0 billion, primarily due to an increase in sales of the Electricity Business. Segment income decreased by ¥6.7 billion (-23.5%) year-on-year to ¥22.0 billion, mainly due to a decrease in profits of the Electricity Business.

c. International Energy

Net sales increased by ¥3.9 billion (+21.0%) year-on-year to ¥22.6 billion, mainly due to the start of production of LNG in the Gorgon Project in Australia. Segment income increased by ¥7.7 billion year-on-year to ¥7.4 billion, mainly due to an increase in profits of equity in earnings from oil-field in North Sea.

d. Life & Business Solutions

Net sales decreased by ¥4.1 billion (-1.9%) year-on-year to ¥217.6 billion primarily due to the sales decrease of the material solution business. Segment income increased by ¥1.5 billion (+8.4%) year-on-year to ¥20.4 billion, mainly due to a profit increase in real estate business.

(Billion yen)

	Gas	LPG, Electricity and Other Energy	International Energy	Life & Business Solutions	Adjustments	Consolidation
Net sales	-15.4% 802.3 [-146.1]	+1.3% 209.0 [+2.5]	+21.0% 22.6 [+3.9]	-1.9% 217.6 [-4.1]	-67.7	-10.5% 1,183.8 [-138.1]
Segment income	-49.7% 48.1 [-47.6]	-23.5% 22.0 [-6.7]	-% 7.4 [+7.7]	+8.4% 20.4 [+1.5]	0.9	-30.3% 99.0 [-43.0]

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.

(2) Overview of Financial Position

(Assets, Liabilities, and Net Assets)

Total assets increased by ¥56.8 billion year-on-year to ¥1,886.5 billion, primarily due to an increase in non-current assets. Liabilities increased by ¥0.7 billion year-on-year to ¥894.7 billion, while net assets increased by ¥56.0 billion year-on-year to ¥991.8 billion.

As a result, the ratio of net worth to total assets increased to 51.0% from 49.5% at the end of the previous year.

	(Billion yen)		
	As of March 31, 2017	As of March 31, 2016	increase /decrease
Total assets	1,886.5	1,829.7	+56.8
Total liabilities	894.7	893.9	+0.7
Total net assets	991.8	935.7	+56.0
Total liabilities and net assets	1,886.5	1,829.7	+56.8

(3) Overview of Cash Flows

In the current fiscal year, net cash provided by operating activities amounted to ¥148.8 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 ¥137.5 billion, mainly due to the purchase of property, plant and equipment. Net cash used in financing activities amounted to ¥50.5 billion, mainly due to the redemption of bonds.

Consequently, the net decrease in cash and cash equivalents at the end of the fiscal year ended March 31, 2017 amounted to ¥42.4 billion.

With the addition to the balance of ¥209.3 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, 2017 amounted to ¥166.9 billion.

	(Billion yen)		
	Current Year (Apr '16 -Mar '17)	Previous Year (Apr '15 -Mar '16)	increase /decrease
Cash flows from operating activities	148.8	281.8	-133.0
Cash flows from investing activities	-137.5	-144.1	+6.6
Cash flows from financing activities	-50.5	-90.7	+40.1
Increase/decrease in cash and cash equivalents	-42.4	46.5	-89.0
Cash and cash equivalents at end of year	166.9	209.3	-42.4
Balance of interest-bearing debts at end of year	540.6	567.1	-26.4

Free cash flow*: ¥100.5 billion [¥225.7 billion in the previous year]

* Cash flow from operating activities - capital expenditures

The following table shows results and forecasts for capital expenditures.

(Reference) Capital Expenditures: Results and Forecasts

	(Billion yen)		
	Forecast for Next Fiscal Year (Apr '17 -Mar '18)	Current Year (Apr '16 -Mar '17)	Previous Year (Apr '15 -Mar '16)
Consolidated	92.5	88.6	114.4
Non-consolidated	46.0	48.8	58.6
Production facilities	4.1	5.6	13.6
Distribution facilities	36.5	36.5	38.8
Service and maintenance facilities, etc.	5.2	6.6	6.2

(4) Forecasts for the Next Fiscal Year

Consolidated net sales for the fiscal year ending March 31, 2018 is expected to be increased by ¥160.6 billion (+13.6%) year-on-year to ¥1,344.5 billion. This is mainly based on an assumption that LNG prices will be higher compared to the current fiscal year, attributable to a rise in the unit selling prices of city gas under the fuel cost adjustment system.

Ordinary income is expected to decrease by ¥32.2 billion (-33.5%) year-on-year to ¥64.0 billion, primarily due to a decrease in the influence caused by a time lag of fluctuation of raw material costs reflected in unit selling price of city gas, a decrease in profit from the International Energy Business and a decrease in profit from the business environmental change by gas retail deregulation. Profit attributable to owners of parent is expected to decrease by ¥18.7 billion (-30.6%) year-on-year to ¥42.5 billion.

(Billion yen)

	Forecast for Next Fiscal Year (April 2017 –March 2018)	Compared with Current Year	
		increase /decrease	increase /decrease rate (%)
Net sales	1,344.5	+160.6	+13.6
Operating income	66.5	-30.7	-31.6
Ordinary income	64.0	-32.2	-33.5
Profit attributable to owners of parent	42.5	-18.7	-30.6

(Reference) Assumptions for the crude oil price and exchange rate (April 1, 2017 to March 31, 2018)

Crude oil price (All Japan CIF price at 55USD/bbl

Exchange rate (TTM rate) at ¥115 to 1USD

2. 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.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Million yen)

	Previous Year As of March 31, 2016	Current Year As of March 31, 2017
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	89,192	91,943
Distribution facilities	297,424	286,889
Service and maintenance facilities	60,257	58,912
Other facilities	291,836	387,286
Construction in progress	172,949	87,706
Total property, plant and equipment	911,659	912,737
Intangible assets	89,613	77,483
Investments and other assets		
Investment securities	236,774	316,981
Net defined benefit asset	25,154	38,615
Other	51,729	60,073
Allowance for doubtful accounts	-1,811	-1,376
Total investments and other assets	311,846	414,293
Total non-current assets	1,313,119	1,404,514
Current assets		
Cash and deposits	209,982	167,583
Notes and accounts receivable - trade	167,246	177,512
Lease receivables and investment assets	16,127	24,147
Inventories	79,782	69,778
Other	44,607	44,670
Allowance for doubtful accounts	-1,110	-1,629
Total current assets	516,636	482,062
Total assets	1,829,756	1,886,577

	(Million yen)	
	Previous Year As of March 31, 2016	Current Year As of March 31, 2017
Liabilities		
Non-current liabilities		
Bonds payable	184,975	194,979
Long-term loans payable	300,588	267,666
Deferred tax liabilities	21,864	26,451
Provision for gas holder repairs	1,649	1,416
Provision for safety measures	12,549	10,897
Provision for loss on investment	6,999	6,999
Provision for loss on guarantees	1,757	—
Provision for equipment warranties	8,377	14,282
Net defined benefit liability	18,145	18,709
Other	37,725	91,033
Total non-current liabilities	594,633	632,436
Current liabilities		
Current portion of non-current liabilities	54,521	50,267
Notes and accounts payable - trade	53,882	50,246
Short-term loans payable	25,916	23,118
Income taxes payable	33,834	22,942
Other	131,181	115,695
Total current liabilities	299,336	262,269
Total liabilities	893,970	894,706
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,320	19,319
Retained earnings	712,401	752,872
Treasury shares	-1,275	-1,492
Total shareholders' equity	862,613	902,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	44,143	51,678
Deferred gains or losses on hedges	-12,347	-9,500
Revaluation reserve for land	-737	-737
Foreign currency translation adjustment	28,924	17,993
Remeasurements of defined benefit plans	-15,972	-393
Total accumulated other comprehensive income	44,010	59,040
Non-controlling interests	29,162	29,965
Total net assets	935,786	991,870
Total liabilities and net assets	1,829,756	1,886,577

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Million yen)

	Previous Year (April 1, 2015 – March 31, 2016)	Current Year (April 1, 2016 – March 31, 2017)
Net sales	1,322,012	1,183,846
Cost of sales	814,760	745,139
Gross profit	507,251	438,707
Selling, general and administrative expenses	360,576	341,457
Operating income	146,674	97,250
Non-operating income		
Interest income	448	386
Dividend income	3,262	3,163
Share of profit of entities accounted for using equity method	—	1,785
Proceeds from facility contribution	604	2,404
Miscellaneous income	5,552	6,419
Total non-operating income	9,867	14,160
Non-operating expenses		
Interest expenses	10,003	9,612
Share of loss of entities accounted for using equity method	4,538	—
Miscellaneous expenses	7,012	5,521
Total non-operating expenses	21,555	15,134
Ordinary income	134,986	96,276
Extraordinary income		
Gain on sales of non-current asset	2,467	—
Total extraordinary income	2,467	—
Extraordinary losses		
Impairment loss	14,588	1,744
Business structure improvement expenses	—	2,935
Total extraordinary losses	14,588	4,680
Profit before income taxes	122,865	91,596
Income taxes - current	43,394	31,622
Income taxes - deferred	-5,478	-3,233
Total income taxes	37,916	28,388
Profit	84,949	63,207
Profit attributable to non-controlling interests	624	1,936
Profit attributable to owners of parent	84,324	61,271

Consolidated Statement of Comprehensive Income

(Million yen)

	Previous Year (April 1, 2015 – March 31, 2016)	Current Year (April 1, 2016 – March 31, 2017)
Profit	84,949	63,207
Other comprehensive income		
Valuation difference on available-for-sale securities	-6,736	7,543
Deferred gains or losses on hedges	-3,926	1,401
Foreign currency translation adjustment	-4,078	-7,506
Remeasurements of defined benefit plans	-22,528	15,593
Share of other comprehensive income of entities accounted for using equity method	-9,422	-2,209
Total other comprehensive income	-46,692	14,822
Comprehensive income	38,256	78,029
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	39,452	76,301
Comprehensive income attributable to non-controlling interests	-1,196	1,728

(3) Consolidated Statement of Changes in Net Assets
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
Amount change of current period					
Dividends of surplus			-20,808		-20,808
Profit attributable to owners of parent			84,324		84,324
Purchase of treasury shares				-357	-357
Disposal of treasury shares		4		20	25
Change of scope of equity method			-11		-11
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
Amount change of current period								
Dividends of surplus								-20,808
Profit attributable to owners of parent								84,324
Purchase of treasury shares								-357
Disposal of treasury shares								25
Change of scope of equity method								-11
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

Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(Million yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	132,166	19,320	712,401	-1,275	862,613
Amount change of current period					
Dividends of surplus			-20,800		-20,800
Profit attributable to owners of parent			61,271		61,271
Purchase of treasury shares				-226	-226
Disposal of treasury shares		0		9	9
Change of scope of equity method					—
Change in treasury shares of parent arising from transactions with non-controlling interests		-1			-1
Net changes of items other than shareholders' equity					
Total changes of items during current period	—	-0	40,470	-217	40,251
Balance at end of current period	132,166	19,319	752,872	-1,492	902,865

(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	44,143	-12,347	-737	28,924	-15,972	44,010	29,162	935,786
Amount change of current period								
Dividends of surplus								-20,800
Profit attributable to owners of parent								61,271
Purchase of treasury shares								-226
Disposal of treasury shares								9
Change of scope of equity method								—
Change in treasury shares of parent arising from transactions with non-controlling interests								-1
Net changes of items other than shareholders' equity	7,535	2,846		-10,930	15,578	15,030	802	15,832
Total changes of items during current period	7,535	2,846	—	-10,930	15,578	15,030	802	56,084
Balance at end of current period	51,678	-9,500	-737	17,993	-393	59,040	29,965	991,870

(4) Consolidated Statement of Cash Flows

(Million yen)

	Previous Year (April 1, 2015 – March 31, 2016)	Current Year (April 1, 2016 – March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	122,865	91,596
Depreciation	86,747	86,206
Amortization of long-term prepaid expenses	5,369	5,389
Impairment loss	14,588	1,744
Business structure improvement expenses	—	2,935
Proceeds from facility contribution	-604	-2,404
Decrease (increase) in provision for equipment warranties	5,482	5,904
Decrease (increase) in net defined benefit asset	409	8,221
Interest and dividend income	-3,711	-3,550
Interest expenses	10,003	9,612
Share of (profit) loss of entities accounted for using equity method	4,538	-1,785
Decrease (increase) in notes and accounts receivable - trade	23,852	-11,151
Decrease (increase) in inventories	24,346	9,166
Increase (decrease) in notes and accounts payable - trade	-2,275	-3,428
Increase (decrease) in accrued expenses	-6,294	-968
Increase (decrease) in accrued consumption taxes	-415	-11,776
Miscellaneous	37,257	7,563
Subtotal	322,161	193,274
Interest and dividend income received	6,387	7,700
Interest expenses paid	-10,224	-9,657
Income taxes paid	-36,504	-42,516
Net cash provided by (used in) operating activities	281,819	148,801
Cash flows from investing activities		
Purchase of tangible fixed asset	-109,910	-83,435
Purchase of intangible fixed assets	-7,646	-9,286
Payments of long-term prepayment	-5,383	-6,463
Purchase of shares of subsidiaries and associates	-25,975	-32,810
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-1,998	0
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	414	618
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	-41
Payments of long-term loans receivable	-7,791	-5,117
Other	14,092	-991
Net cash provided by (used in) investing activities	-144,198	-137,527
Cash flows from financing activities		
Proceeds from long-term loans payable	15,456	19,248
Repayments of long term loans payable	-25,298	-18,763
Proceeds from issuance of bonds	—	10,000
Redemption of bonds	-53,131	-35,700
Proceeds from share issuance to non-controlling shareholders	190	133
Cash dividends paid	-20,809	-20,803
Dividends paid to non-controlling interests	-602	-948
Other	-6,521	-3,696
Net cash provided by (used in) financing activities	-90,716	-50,530
Effect of exchange rate change on cash and cash equivalents	-328	-3,197
Net increase (decrease) in cash and cash equivalents	46,574	-42,454
Cash and cash equivalents at beginning of period	162,793	209,367
Cash and cash equivalents at end of period	209,367	166,912

(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)

"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 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 fiscal year.

(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 this fiscal year.

(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 Business, 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 Businesses, the LPG, Electricity and Other Energy Business, the International Energy Business, 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 Business sells LPG, supplies electricity, sells LNG and industrial gas. The International Energy Business supplies 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 determined 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, 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 to 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	95,679	29,757	4,316	17,918	147,672	-997	146,674
Equity in earnings (loss) 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

Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017) (Million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales							
Sales to external customers	791,139	206,758	18,672	167,276	1,183,846	—	1,183,846
Transactions with other segments	11,191	2,267	3,959	50,323	67,742	-67,742	—
Total	802,331	209,026	22,632	217,600	1,251,589	-67,742	1,183,846
Segment Income							
Operating income	48,056	21,687	6,670	19,891	96,305	944	97,250
Equity in earnings of affiliates	67	388	807	522	1,785	—	1,785
Total	48,123	22,075	7,477	20,414	98,091	944	99,036
Segment assets	766,272	183,507	453,804	413,448	1,817,032	69,544	1,886,577
Other items							
Depreciation	56,467	8,821	7,868	11,561	84,719	-772	83,947
Amortization of goodwill	—	96	458	1,704	2,259	—	2,259
Investments in entities accounted for using equity method	260	4,996	171,026	3,874	180,157	—	180,157
Increase in property, plant and equipment and intangible assets	50,530	7,676	15,167	17,283	90,658	-2,000	88,657

(Per Share Information)

	Previous year (From April 1, 2015 to March 31, 2016)	Current year (From April 1, 2016 to March 31, 2017)
Net assets per share	435.85yen	462.54yen
Earnings per share	40.53yen	29.46yen

(Notes)

1. Since there were no potential shares that would 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:

	Previous year (From April 1, 2015 to March 31, 2016)	Current year (From April 1, 2016 to March 31, 2017)
Profit attributable to owners of parent (million yen)	84,324	61,271
Amount not attributable to common shareholders (million yen)	—	—
Net income attributable to Profit attributable to owners of parent (million yen)	84,324	61,271
Average issued common shares during the year (thousand shares)	2,080,602	2,079,922

(Notes Regarding Significant Events after Reporting Period)

The Company has resolved at the board of directors meeting held on April 26, 2017, an amendment to the articles of incorporation, change in share unit, and bring up share consolidation as agenda item at the 199th annual general meeting of shareholders, which will be held on June 29, 2017.

Disclosure of notes other than the above has been omitted, due to the immateriality of the contents.

4. Non-Consolidated Financial Statements

(1) Balance Sheet

(Million yen)

	Previous Year (As of March 31, 2016)	Current Year (As of March 31, 2017)
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	88,175	90,988
Distribution facilities	296,857	286,395
Service and maintenance facilities	59,399	58,056
Facilities for incidental businesses	3,698	3,516
Construction in progress	11,043	7,763
Total property, plant and equipment	459,174	446,720
Intangible assets		
Patent right	12	9
Leasehold right	2,973	2,987
Other intangible assets	8,398	13,767
Total intangible assets	11,384	16,765
Investments and other assets		
Investment securities	65,496	71,324
Investments in subsidiaries and associates	323,067	350,158
Long-term loans receivable from subsidiaries and associates	188,052	177,870
Investments in capital	21	21
Long-term prepaid expenses	7,122	7,476
Prepaid pension cost	48,691	40,442
Other investments and other assets	5,018	5,258
Allowance for doubtful accounts	-492	-336
Total investments and other assets	636,978	652,216
Total non-current assets	1,107,538	1,115,702
Current assets		
Cash and deposits	145,540	126,342
Notes receivable - trade	398	702
Accounts receivable - trade	79,679	84,797
Accounts receivable from subsidiaries and associates - trade	12,084	12,131
Accounts receivable - other	8,442	7,317
Securities	12	12
Finished goods	147	59
Raw materials	28,162	17,021
Supplies	9,050	11,468
Short-term loans receivable from subsidiaries and associates	20,343	20,863
Deferred tax assets	7,718	6,208
Other current assets	6,432	7,167
Allowance for doubtful accounts	-329	-837
Total current assets	317,682	293,254
Total assets	1,425,220	1,408,956

(Million yen)

	Previous Year (As of March 31, 2016)	Current Year (As of March 31, 2017)
Liabilities		
Non-current liabilities		
Bonds payable	184,975	194,979
Long-term loans payable	200,307	166,498
Long-term debt to subsidiaries and associates	1,135	926
Deferred tax liabilities	12,323	9,972
Provision for retirement benefits	5,023	4,686
Provision for gas holder repairs	1,610	1,373
Provision for safety measures	12,549	10,897
Provision for investment loss	6,999	6,999
Provision for loss on guarantees	1,757	—
Provision for equipment warranties	8,377	14,282
Other non-current liabilities	1,565	7,895
Total non-current liabilities	436,626	418,512
Current liabilities		
Current portion of non-current liabilities	40,815	37,923
Accounts payable - trade	24,025	21,442
Short-term loans payable	—	5,000
Accounts payable - other	26,503	15,344
Accrued expenses	36,664	35,692
Income taxes payable	25,327	15,027
Advances received	8,774	6,846
Deposits received	1,484	1,685
Short-term loans payable to subsidiaries and associates	102,519	86,162
Short-term debt to subsidiaries and associates	21,485	24,438
Other current liabilities	5,804	4,999
Total current liabilities	293,405	254,562
Total liabilities	730,031	673,075

	Previous Year (As of March 31, 2016)	Current Year (As of March 31, 2017)
(Million yen)		
<hr/>		
Net Assets		
Shareholder's equity		
Capital stock	132,166	132,166
Capital surplus		
Legal capital surplus	19,482	19,482
Other capital surplus	10	11
Total capital surpluses	19,493	19,493
Retained earnings		
Legal retained earnings	33,041	33,041
Other retained earnings		
Reserve for reduction entry of specified replaced properties	241	241
Reserve for overseas investment loss	20,598	20,756
Reserve for adjustment of cost fluctuations	89,000	89,000
General reserve	62,000	62,000
Retained earnings brought forward	313,873	347,575
Total retained earnings	518,756	552,615
Treasury shares	-1,275	-1,492
Total shareholders' equity	669,140	702,783
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	32,303	36,570
Deferred gains or losses on hedges	-6,254	-3,472
Total valuation and translation adjustments	26,048	33,098
Total net assets	695,189	735,881
Total liabilities and net assets	1,425,220	1,408,956

(2) Statement of Income

(Million yen)

	Previous Year (April 1, 2015 – March 31, 2016)	Current Year (April 1, 2016 – March 31, 2017)
Product sales		
Gas sales	757,197	614,327
Total product sales	757,197	614,327
Cost of sales		
Beginning inventories	227	147
Cost of products manufactured	391,459	315,246
Purchase of finished goods	0	0
Costs of gas for own use	4,579	6,492
Ending inventories	147	59
Total cost of sales	386,959	308,842
Gross profit	370,238	305,484
Selling, general and administrative expenses		
Supply and sales expenses	234,997	221,666
General and administrative expenses	54,678	51,637
Total selling, general and administrative expenses	289,675	273,303
Income on core business	80,562	32,181
Miscellaneous operating revenue		
Revenue from installation work	24,795	23,064
Revenue from gas appliance sales	102,594	95,605
Third party access revenue	2,325	2,304
Other miscellaneous operating revenue	3,503	3,415
Total miscellaneous operating revenue	133,217	124,389
Miscellaneous operating expenses		
Expenses of installation work	23,466	21,789
Expenses of gas appliance sales	98,787	92,737
Total operating miscellaneous expenses	122,254	114,527
Revenue for incidental businesses		
Revenue from electric supply business	86,262	101,432
Revenue from LNG sales	50,812	58,076
Revenue from other incidental businesses	12,243	8,629
Total revenue for incidental businesses	149,318	168,138
Expenses for incidental businesses		
Expenses for electric supply business	73,153	91,188
Expenses for LNG sales	44,848	55,917
Expenses for other incidental businesses	10,788	7,730
Total expenses for incidental businesses	128,789	154,836
Operating income	112,054	55,345

(Million yen)

	Previous Year (April 1, 2015 – March 31, 2016)	Current Year (April 1, 2016 – March 31, 2017)
Non-operating income		
Interest income	1,890	1,711
Interest on securities	77	20
Dividend income	1,380	1,338
Dividends from subsidiaries and associates	6,258	14,037
Miscellaneous income	7,039	8,382
Total non-operating income	16,647	25,489
Non-operating expenses		
Interest expenses	4,766	4,338
Interest on bonds	3,912	3,920
Amortization of bond issuance cost	—	72
Miscellaneous expenses	6,673	2,230
Total non-operating expenses	15,352	10,561
Ordinary income	113,349	70,273
Income before income taxes	113,349	70,273
Income taxes - current	31,200	19,300
Income taxes - deferred	-1,135	-3,686
Total income taxes	30,064	15,613
Net income	83,285	54,659