

Second Quarter of the Fiscal Year Ending March 31, 2018

Brief Report of Consolidated Financial Statements (Japanese GAAP)



* This document is an English translation of materials originally disclosed in Japanese and is provided for reference purpose only.

October 26, 2017

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	: November 13, 2017
Scheduled Date of Dividend Payment	: November 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)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2017 (April 1, 2017 - September 30, 2017)

(1) Consolidated Operating Results (% of change 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, 2017	584,633	9.8	33,219	-33.5	36,476	-27.3	23,838	-28.6
Six months ended September 30, 2016	532,399	-17.0	49,917	-46.9	50,168	-46.0	33,376	-49.4

(Note) Comprehensive income Six months ended September 30, 2017 26,623 million yen (-% YoY)

Six months ended September 30, 2016 -15,113 million yen (-% YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2017	57.32	—
Six months ended September 30, 2016	80.23	—

(Note) The Company conducted a share consolidation at a ratio of 5 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, the earnings per share is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth /Total assets
	millions of yen	millions of yen	%
As of September 30, 2017	1,863,636	1,006,810	52.4
As of March 31, 2017	1,886,577	991,870	51.0

<Reference> Net worth: As of September 30, 2017 977,026 million yen As of March 31, 2017 961,905 million yen

2. Dividends

	Dividends per share				
(Record date)	June 30	September 30	December 31	March 31	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2017	—	5.00	—	5.00	10.00
Year ending March 31, 2018	—	5.00			
Year ending March 31, 2018 (Forecast)			—	25.00	—

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

The Company conducted 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 takes the share consolidation into account. For detailed information, 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)

(% of change from the previous fiscal 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	1,344,500	13.6	66,500	-31.6	64,000	-33.5	42,500	-30.6	102.18

(Note) Revision of the financial results forecasts from previously announced figures: None

The forecast for earnings per share for the year ending March 31, 2018 takes the share consolidation into account. For detailed information, please refer to the "Notes on proper use of forecasts and other matters."

*Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2017 (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: Adopted

(Note) For detailed information, please refer to "2. (3) Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements" on Page 7 of the Attachment to this Summary of Consolidated Financial Statements.

(3) Changes in accounting policies, changes in accounting estimates, and restatements

(i) Changes in accounting policies due to revisions to accounting standards, etc.: None

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

(iii) Changes in accounting estimates : None

(iv) Restatements : None

(4) Issued shares (common shares)

(i) Number of issued shares at the end of each period (including treasury shares):

As of September 30, 2017 416,680,000 shares

As of March 31, 2017 416,680,000 shares

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

As of September 30, 2017 808,949 shares

As of March 31, 2017 752,813 shares

(iii) Average number of shares during each period:

Six months ended

September 30, 2017 415,903,897 shares

Six months ended

September 30, 2016 416,013,106 shares

(Note) The Company conducted a share consolidation at a ratio of 5 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, (i) the number of issued shares at the end of each period, (ii) the number of treasury shares at the end of each period, and (iii) the average number of shares during each period, are calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

*Quarterly Brief Report of Consolidated Financial Statements is outside the scope of quarterly review.

*Notes on proper use of forecasts and other matters

1. Forward-looking statements contained in this document, including financial results forecasts, are based on information currently available to Osaka Gas Co., Ltd. (the "Company") and certain assumptions that the Company regards as reasonable. Actual results may differ significantly from these forecasts, due to various factors. As for notes regarding assumptions used for and the use of the financial results forecasts, please refer to "1. (3) Forecasts of Consolidated Operating Results" on Page 2 of the Attachment to this Summary of Consolidated Financial Statements.

2. The Company plans to hold a results briefing for institutional investors and analysts on October 27, 2017.

Immediately after the briefing, the contents of the presentation and the presentation materials will be made available on the Company's website.

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

The Company conducted a share consolidation at a ratio of 5 shares of common shares to 1 share, effective on October 1, 2017.

Forecasts for consolidated/non-consolidated financial results and dividends per share without taking the share consolidation into account are as follows;

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

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

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

(Reference) Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2018

(April 1, 2017—March 31, 2018)

(% of change from the previous fiscal 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	1,053,500	16.2	28,000	-49.4	35,000	-50.2	27,000	-50.6	64.91

(Note) Revision of the financial results forecasts from previously announced figures : None

The forecast for earnings per share for the year ending March 31, 2018 takes the share consolidation into account. For detailed information, please refer to the "Notes on proper use of forecasts and other matters."

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1. Overview of Quarterly Consolidated Financial Results

(1) Consolidated Operating Results

Consolidated net sales for the six months ended September 30, 2017 increased by ¥52.2 billion year on year to ¥584.6 billion. This was primarily due to the higher unit selling price of city gas under the fuel cost adjustment system of the Gas Business, and an increase in sales volume in the Electricity Business. Consolidated ordinary income decreased by ¥13.6 billion year on year to ¥36.4 billion. This was primarily because the time lag between fluctuations in raw material costs in the Gas Business and their reflection in the unit selling price of city gas caused a decrease in profit(*). Profit attributable to owners of parent decreased by ¥9.5 billion year on year to ¥23.8 billion.

(*) There is a time lag between fluctuations in raw material costs and their reflection in the unit selling price of city gas under the fuel cost adjustment system, which causes a temporary increase/decrease in profit. This resulted in a temporary decrease in profit for the current second quarter, and a temporary increase in profit for the previous second quarter.

(billions of 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	584.6	+52.2	+9.8	460.9	1.27
Cost of sales	390.5	+69.5	+21.7	317.0	1.23
Selling, general and administrative expenses	160.8	-0.5	-0.4	127.0	1.27
Operating income	33.2	-16.6	-33.5	16.8	1.98
Ordinary income	36.4	-13.6	-27.3	23.4	1.55
Profit attributable to owners of parent*	23.8	-9.5	-28.6	18.2	1.31

*Quarterly Net Income for Non-consolidated results

(Quarterly Non-consolidated Gas Sales Results)

		Six months ended September 30, 2017 (a)	Six months ended September 30, 2016 (b)	YoY Changes (a)-(b)	YoY Changes rate (%)
Number of units for gas supply (thousands)		6,076	6,211	-135	-2.2
Gas sales volume (million m ³)	Residential	765	746	+19	+2.5
	Non-residential	3,203	3,222	-18	-0.6
	Total	3,968	3,968	+0	+0.0

[45MJ/m³]

(2) Consolidated Financial Position

Total assets as of September 30, 2017 decreased by ¥22.9 billion compared with March 31, 2017 to ¥1,863.6 billion. This was primarily due to a decrease in Current assets including Cash and deposits, and Notes and accounts receivable - trade caused by seasonal and other factors, in addition to a decrease in Non-current assets. Net assets totaled ¥1,006.8 billion and the ratio of net worth to total assets was 52.4%.

(3) Forecasts of Consolidated Financial Results

No revisions have been made to the previous forecasts of financial results announced on April 26, 2017.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	91,943	89,915
Distribution facilities	286,889	278,724
Service and maintenance facilities	58,912	57,808
Other facilities	387,286	411,012
Construction in progress	87,706	65,550
Total property, plant and equipment	912,737	903,012
Intangible assets	77,483	74,721
Investments and other assets		
Investment securities	316,981	316,422
Other	98,688	99,892
Allowance for doubtful accounts	-1,376	-1,377
Total investments and other assets	414,293	414,937
Total non-current assets	1,404,514	1,392,671
Current assets		
Cash and deposits	167,583	135,505
Notes and accounts receivable - trade	177,512	169,284
Inventories	69,778	97,712
Other	68,817	70,014
Allowance for doubtful accounts	-1,629	-1,552
Total current assets	482,062	470,964
Total assets	1,886,577	1,863,636

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(millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Non-current liabilities		
Bonds payable	194,979	164,982
Long-term loans payable	267,666	255,420
Provision for gas holder repairs	1,416	1,485
Provision for safety measures	10,897	10,497
Allowance for investment loss	6,999	6,999
Provision for gas appliance warranties	14,282	13,300
Net defined benefit liability	18,709	18,901
Other	117,485	105,554
Total non-current liabilities	632,436	577,143
Current liabilities		
Notes and accounts payable - trade	50,246	51,632
Short-term loans payable	23,118	24,855
Other	188,904	203,193
Total current liabilities	262,269	279,682
Total liabilities	894,706	856,825
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,319	19,317
Retained earnings	752,872	766,312
Treasury shares	-1,492	-1,616
Total shareholders' equity	902,865	916,180
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,678	56,584
Deferred gains or losses on hedges	-9,500	-13,084
Revaluation reserve for land	-737	-737
Foreign currency translation adjustment	17,993	15,152
Remeasurements of defined benefit plans	-393	2,931
Total accumulated other comprehensive income	59,040	60,845
Non-controlling interests	29,965	29,784
Total net assets	991,870	1,006,810
Total liabilities and net assets	1,886,577	1,863,636

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income

	(millions of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	532,399	584,633
Cost of sales	321,014	390,539
Gross profit	211,385	194,094
Selling, general and administrative expenses	161,467	160,874
Operating income	49,917	33,219
Non-operating income		
Interest income	152	210
Dividend income	2,053	3,070
Miscellaneous income	5,704	6,254
Total non-operating income	7,911	9,535
Non-operating expenses		
Interest expenses	4,717	4,893
Miscellaneous expenses	2,943	1,385
Total non-operating expenses	7,660	6,278
Ordinary income	50,168	36,476
Income before income taxes	50,168	36,476
Income taxes	16,220	11,485
Profit	33,948	24,991
Profit attributable to non-controlling interests	572	1,152
Profit attributable to owners of parent	33,376	23,838

Quarterly Consolidated Statements of Comprehensive Income

	(millions of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	33,948	24,991
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,099	4,907
Deferred gains or losses on hedges	-8,103	-2,842
Foreign currency translation adjustment	-26,984	-4,191
Remeasurements of defined benefit plans	3,166	3,315
Share of other comprehensive income of entities accounted for using equity method	-16,042	443
Total other comprehensive income	-49,062	1,632
Comprehensive income	-15,113	26,623
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-14,537	25,643
Comprehensive income attributable to non-controlling interests	-576	979

(3) Notes to the Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Significant Changes in the Value of Shareholders' Equity)

Six months ended September 30, 2017 (April 1, 2017 - September 30, 2017)

Not applicable

(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.

(Segment Information)

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

(millions of yen)

	Domestic Energy / Gas	Domestic Energy / Electricity	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	409,775	48,875	6,442	95,886	560,978	-28,579	532,399
Segment income (loss)							
Operating income (loss)	36,261	8,319	-1,733	6,908	49,755	162	49,917
Share of profit (loss) of entities accounted for using equity method	-233	105	51	—	-76	—	-76
Total	36,028	8,425	-1,682	6,908	49,679	162	49,841

Six months ended September 30, 2017 (April 1, 2017 — September 30, 2017)

(millions of yen)

	Domestic Energy / Gas	Domestic Energy / Electricity	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	436,086	70,874	10,738	95,502	613,201	-28,568	584,633
Segment income							
Operating income	13,483	9,337	966	7,823	31,611	1,608	33,219
Share of profit (loss) of entities accounted for using equity method	-45	115	849	—	920	—	920
Total	13,438	9,453	1,816	7,823	32,532	1,608	34,140

(Note) Disclosure of changes in reportable segments

The business segments were renewed in the Long-term Management Plan 2030 and Medium-term Management Plan 2020 "Going Forward Beyond Borders" formulated in March 2017. Thus, effective from the first quarter of the fiscal year ending March 31, 2018, the Electricity Business, which was previously included in the "LPG, Electricity, and Other Energy Business" segment, has been presented separately and its segment name has been changed to "Domestic Energy/Electricity Business". In addition, LPG Sales Business, LNG Sales Business, and Industrial Gas Sales Business have been transferred to the former "Gas Business" segment, and its segment name has been changed to "Domestic Energy/Gas Business."

The segment information for the six months ended September 30, 2016 has been reclassified based on the new reportable segments.