

First Quarter of the Fiscal Year Ending March 31, 2019
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.

July 31, 2018

Name of Listed Company	: Osaka Gas Co., Ltd.	Listed Exchanges:	1 st Section of Tokyo and Nagoya
Code No.	: 9532	URL:	http://www.osakagas.co.jp
Representative Officer	: Title: President	Name:	Takehiro Honjo
Contact	: Title: Manager, Finance Dept.	Name:	Kazushige Nomura
Scheduled Date of Financial Report Filing with the Finance Ministry	: August 10, 2018		
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 Three Months Ended June 30, 2018 (April 1, 2018 — June 30, 2018)

(1) Consolidated Operating Results (% of change from the same period in the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Three months ended June 30, 2018	297,136	1.5	20,754	-12.4	23,368	-9.2	15,638	-10.2
Three months ended June 30, 2017	292,758	6.0	23,703	-38.3	25,730	-36.3	17,414	-35.3

(Note) Comprehensive income Three months ended June 30, 2018 5,462 million yen (-62.9% YoY)
 Three months ended June 30, 2017 14,708 million yen (-% YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Three months ended June 30, 2018	37.61	—
Three months ended June 30, 2017	41.87	—

(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	Shareholders' equity /Total assets
	millions of yen	millions of yen	%
As of June 30, 2018	1,859,803	1,023,592	53.4
As of March 31, 2018	1,897,230	1,028,799	52.7

<Reference> Shareholders' equity: As of June 30, 2018 993,910 million yen As of March 31, 2018 999,569 million yen

2. Dividends

(Record date)	Dividends per share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Fiscal Year	Annual
Year ended March 31, 2018	yen —	yen 5.00	yen —	yen 25.00	yen —
Year ending March 31, 2019	—	—	—	—	—
Year ending March 31, 2019 (Forecast)	—	25.00	—	25.00	50.00

(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. As for year ended March 31, 2018, dividends per share for the end of second quarter show the amount before the share consolidation, dividends per share for the end of fiscal year show the amount after the share consolidation, and annual dividends per share is listed as "—".

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 — March 31, 2019)
 (% of change from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full year	1,360,000	4.9	74,000	-5.3	70,000	-9.2	46,500	23.3	111.82

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

*Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018 (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 8 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 June 30, 2018	416,680,000 shares
	As of March 31, 2018	416,680,000 shares
(ii) Number of treasury shares at the end of each period :	As of June 30, 2018	832,922 shares
	As of March 31, 2018	830,077 shares
(iii) Average number of shares during each period :	Three months ended June 30, 2018	415,848,498 shares
	Three months ended June 30, 2017	415,922,932 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, (iii) the average number of shares during each period is 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 by a certified public accountant or an audit firm.

*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 result forecasts, please refer to "1. (3) Forecasts of Consolidated Financial Results" on Page 3 of the Attachment to this Brief Report of Consolidated Financial Statements.
2. The Company plans to hold a results briefing for institutional investors and analysts on August 1, 2018. Immediately after the briefing, the presentation materials will be made available on the Company's website.

(Reference) Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2019
(April 1, 2018—March 31, 2019)

(% of change from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
Full year	1,090,000	4.8	37,500	-21.4	46,500	-20.1	36,000	-18.2	86.57

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

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1. Overview of Quarterly Consolidated Financial Results

(1) Consolidated Operating Results

Consolidated net sales for the three months ended June 30, 2018 increased by ¥4.3 billion year-on-year to ¥297.1 billion. This was primarily due to an increase in sales volume in the Electricity Business regardless of a decrease in sales volume for city gas in the Gas Business. Consolidated ordinary profit decreased by ¥2.3 billion year-on-year to ¥23.3 billion. This was primarily due to a decrease in sales volume for city gas in the Gas Business, regardless of an increase in ordinary profit of the International Energy Business. Profit attributable to owners of parent decreased by ¥1.7 billion year-on-year to ¥15.6 billion. Extraordinary losses of ¥1.5 billion were recorded due to an earthquake occurred in northern Osaka.

(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	297.1	+4.3	+1.5	240.7	1.23
Cost of sales	200.6	+12.0	+6.4	169.9	1.18
Selling, general and administrative expenses	75.7	-4.7	-5.9	61.2	1.24
Operating profit	20.7	-2.9	-12.4	9.6	2.16
Ordinary profit	23.3	-2.3	-9.2	17.6	1.32
Profit attributable to owners of parent*	15.6	-1.7	-10.2	13.5	1.15

*"Profit" for Non-consolidated results

(Quarterly Gas Sales Breakdown)

		Three months ended June 30, 2018 (a)	Three months ended June 30, 2017 (b)	YoY Changes (a)-(b)	YoY Changes rate (%)	
Non-consolidated	Number of gas supply (thousands)	5,847	6,129	-282	-4.6	
	Gas sales volume (million m ³)	Residential	462	524	-62	-11.8
		Non-residential	1,415	1,541	-127	-8.2
		Total	1,877	2,065	-189	-9.1
Consolidated gas sales volume (million m ³)		1,888	2,076	-188	-9.1	

[45MJ/m³]

(Quarterly Domestic Electricity Sales Breakdown)

		Three months ended June 30, 2018 (a)	Three months ended June 30, 2017 (b)	YoY Changes (a)-(b)	YoY Changes rate (%)
Number of low-voltage electricity supply (thousands)		702	375	+327	+87.3
Electricity sales volume (million kWh)	Retail	601	360	+241	+67.1
	Wholesale, etc.	2,013	1,791	+222	+12.4
	Total	2,614	2,150	+464	+21.6

(2) Consolidated Financial Position

Total assets as of June 30, 2018 decreased by ¥37.4 billion compared with March 31, 2018 to ¥1,859.8 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. Net assets totaled ¥1,023.5 billion and the ratio of shareholders' equity to total assets was 53.4%.

(3) Forecasts of Consolidated Financial Results

No revisions have been made to the previous forecasts of financial results announced on April 26, 2018.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	89,523	88,214
Distribution facilities	275,331	271,358
Service and maintenance facilities	56,924	56,305
Other facilities	393,116	398,803
Construction in progress	66,925	55,982
Total property, plant and equipment	881,822	870,664
Intangible assets	79,743	75,613
Investments and other assets		
Investment securities	323,212	332,607
Other	110,415	108,414
Allowance for doubtful accounts	-1,245	-1,208
Total investments and other assets	432,382	439,813
Total non-current assets	1,393,948	1,386,092
Current assets		
Cash and deposits	171,529	123,989
Notes and accounts receivable - trade	190,445	172,436
Inventories	76,861	99,949
Other	65,950	78,594
Allowance for doubtful accounts	-1,504	-1,257
Total current assets	503,281	473,711
Total assets	1,897,230	1,859,803

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(millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Non-current liabilities		
Bonds payable	164,984	164,985
Long-term loans payable	243,255	243,367
Provision for gas holder repairs	1,326	1,360
Provision for safety measures	12,936	12,629
Provision for loss on investment	6,999	6,999
Provision for equipment warranties	13,607	13,186
Net defined benefit liability	16,958	17,102
Other	84,219	76,803
Total non-current liabilities	544,288	536,435
Current liabilities		
Notes and accounts payable - trade	58,542	47,311
Short-term loans payable	22,179	23,166
Other	243,420	229,297
Total current liabilities	324,142	299,775
Total liabilities	868,430	836,211
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,222	19,222
Retained earnings	769,801	775,043
Treasury shares	-1,663	-1,669
Total shareholders' equity	919,527	924,762
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	56,977	56,979
Deferred gains or losses on hedges	-7,650	-6,411
Revaluation reserve for land	-737	-737
Foreign currency translation adjustment	19,530	7,079
Remeasurements of defined benefit plans	11,922	12,237
Total accumulated other comprehensive income	80,042	69,147
Non-controlling interests	29,229	29,681
Total net assets	1,028,799	1,023,592
Total liabilities and net assets	1,897,230	1,859,803

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

	(millions of yen)	
	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	292,758	297,136
Cost of sales	188,554	200,631
Gross profit	104,204	96,505
Selling, general and administrative expenses	80,500	75,750
Operating profit	23,703	20,754
Non-operating income		
Interest income	87	107
Dividend income	2,850	2,679
Share of profit of entities accounted for using equity method	194	1,269
Miscellaneous income	1,968	1,551
Total non-operating income	5,100	5,609
Non-operating expenses		
Interest expenses	2,429	2,310
Miscellaneous expenses	644	685
Total non-operating expenses	3,074	2,995
Ordinary profit	25,730	23,368
Extraordinary losses		
Loss on disaster	—	1,501
Total extraordinary losses	—	1,501
Profit before income taxes	25,730	21,866
Income taxes	7,844	5,387
Profit	17,885	16,479
Profit attributable to non-controlling interests	471	841
Profit attributable to owners of parent	17,414	15,638

Quarterly Consolidated Statement of Comprehensive Income

	(millions of yen)	
	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	17,885	16,479
Other comprehensive income		
Valuation difference on available-for-sale securities	3,329	22
Deferred gains or losses on hedges	-2,252	-3,310
Foreign currency translation adjustment	-6,363	-11,427
Remeasurements of defined benefit plans	1,659	453
Share of other comprehensive income of entities accounted for using equity method	449	3,245
Total other comprehensive income	-3,177	-11,016
Comprehensive income	14,708	5,462
(Breakdown)		
Comprehensive income attributable to owners of parent	14,552	4,743
Comprehensive income attributable to non-controlling interests	155	719

(3) Notes to the Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Significant Changes in the Value of Shareholders' Equity)

Three months ended June 30, 2018 (April 1, 2018 - June 30, 2018)

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

Three months ended June 30, 2017 (April 1, 2017 — June 30, 2017)

(millions of yen)

	Domestic Energy / Gas	Domestic Energy / Electricity	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	228,458	28,210	4,439	43,418	304,527	-11,768	292,758
Segment profit							
Operating profit	17,487	2,121	464	2,924	22,998	705	23,703
Share of profit (loss) of entities accounted for using equity method	-170	64	299	—	194	—	194
Total	17,317	2,186	764	2,924	23,192	705	23,898

Three months ended June 30, 2018 (April 1, 2018 — June 30, 2018)

(millions of yen)

	Domestic Energy / Gas	Domestic Energy / Electricity	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	220,422	37,185	11,397	46,736	315,741	-18,604	297,136
Segment profit							
Operating profit	11,080	2,157	3,913	3,143	20,295	459	20,754
Share of profit of entities accounted for using equity method	297	20	952	—	1,269	—	1,269
Total	11,377	2,178	4,865	3,143	21,565	459	22,024

(Note) Disclosure of changes in reportable segments

Due to a restructuring of the organization, Engineering Department was integrated into LNG Terminal & Power Generation Business Unit, and became LNG, Power & Engineering Business Unit as of April 1, 2018. Therefore, starting from this first quarter, a subsidiary included in "Life & Business Solutions" segment has been transferred to "Domestic Energy/Gas" segment. The segment information for the three months ended June 30, 2017 has been reclassified based on the new reportable segments.

(Additional Information)

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) has been applied from the beginning of this first quarter. Accordingly, deferred tax assets have been classified as investment and other assets, and deferred tax liabilities have been classified as non-current liabilities.