



## Fiscal Year Ended March 31, 2015

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

April 27, 2015

Name of Listed Company : Osaka Gas Co., Ltd.	Listed Exchanges: 1 <sup>st</sup> Section of Tokyo and Nagoya
Code : 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 Annual General Meeting of Shareholders	: June 26, 2015
Scheduled Date of Financial Report Filing with the Finance Ministry	: June 29, 2015
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, 2015(April 1, 2014 – March 31, 2015)

(1) 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, 2015	1,528,164	1.0	105,065	5.7	108,173	2.0	76,709	83.8
Year ended March 31, 2014	1,512,581	9.6	99,381	17.2	106,044	17.7	41,725	-20.5

(Note) Comprehensive income Year ended March 31, 2015 106,084 million yen (31.2% YoY)  
Year ended March 31, 2014 80,850 million yen (-3.6% 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, 2015	36.86	—	9.1	6.1	6.9
Year ended March 31, 2014	20.04	—	5.4	6.6	6.6

<Reference> Equity in earnings of affiliates Year ended March 31, 2015 6,990 million yen  
Year ended March 31, 2014 7,917 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, 2015	1,862,201	918,869	47.7	426.98
As of March 31, 2014	1,668,317	828,565	47.9	383.90

<Reference> Net worth As of March 31, 2015 888,496 million yen As of March 31, 2014 798,964 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, 2015	156,908	-110,704	22,892	162,793
As of March 31, 2014	154,225	-175,591	4,163	90,359

## 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, 2014	—	4.50	—	4.50	9.00	18,734	44.9	2.4
Year ended March 31, 2015	—	4.50	—	5.00	9.50	19,768	25.8	2.3
Year ending March 31, 2016 (Forecast)	—	5.00	—	5.00	10.00		28.3	

(Note) Dividend for Year ended March 31, 2015 Ordinary dividend 4.50 yen, Commemorative dividend 0.5yen  
Dividend for mid-term and Year ended March 31, 2016 Ordinary dividend 4.50 yen, Commemorative dividend 0.5 yen

## 3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages (%) represent forecasted changes from the previous year for the full year results, and forecasted changes from the same period in the previous year for the interim results.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	
Interim	640,000	-8.3	83,500	55.1	85,000	46.9	59,000	24.2	28.35
Full year	1,368,500	-10.4	113,500	8.0	110,000	1.7	73,500	-4.2	35.32

## ※. 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 “4 (5) Notes on the Consolidated Financial Statements” on Page 18 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, 2015 2,083,400,000 shares

As of March 31, 2014 2,083,400,000 shares

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

: As of March 31, 2015 2,532,646 shares

As of March 31, 2014 2,214,444 shares

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

: Year ended March 31, 2015 2,081,017,962 shares

Year ended March 31, 2014 2,081,828,942 shares

(Reference) Summary of non-consolidated financial results

## 1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(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, 2015	1,251,835	2.5	80,190	32.0	88,255	27.5	70,285	181.8
Year ended March 31, 2014	1,221,846	10.2	60,740	32.0	69,196	25.0	24,942	-29.0

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2015	33.77	—
Year ended March 31, 2014	11.98	—

## (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, 2015	1,411,266	637,389	45.2	306.31
As of March 31, 2014	1,283,194	580,029	45.2	278.70

&lt;Reference&gt; Net worth As of March 31, 2015 637,389million yen As of March 31, 2014 580,029 million yen

## 2. Forecasts of Non-Consolidated Results for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages (%) represent forecasted changes from the previous year for the full year results, and forecasted changes from the same period in the previous year for the interim results.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	
Interim	514,500	-10.1	69,500	69.3	80,000	72.9	60,000	41.4	28.83
Full year	1,064,500	-15.0	74,000	-7.7	84,000	-4.8	63,000	-10.4	30.27

\* Statement regarding implementation of audit procedures

At the time of disclosure of this Brief Report of Consolidated Financial Statements, the audit procedures of financial statements in accordance with the Financial Instruments and Exchange Act of Japan have not been completed.

\* Notes on proper use of forecasts and other matters

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. (1) Operating Results Analysis (iii) Forecasts for the Next Year (April 1, 2015 – March 31, 2016)” on Page 3 of the Attachment to this Brief Report of Consolidated Financial Statements.

The Company has held a closing informational meeting for institutional investors and analysts on April 28, 2015. A video of the presentation and the presentation materials used on that day has been made available on the Company’s web site.

## Table of Contents for Attachment

1. Analysis for Operating Results and Financial position	2
(1) Operating Results Analysis	2
(2) Financial Position Analysis	4
(3) Basic Policy for Profit Distribution and Dividends for the Current Year and the Next Year	6
(4) Business and Other Risks	7
2. Management Policy	8
(1) Basic Management Policy and Medium/Long Term Business Strategy	8
(2) Targeted Management Indices	8
(3) Challenges for the Company	9
3. Policy for Selecting an Accounting Standard	10
4. Consolidated Financial Statements	11
(1) Consolidated Balance Sheet	11
(2) Consolidated Statements of Income and Comprehensive Income	13
(3) Consolidated Statement of Changes in Net Assets	15
(4) Consolidated Statement of Cash Flows	17
(5) Notes on the Consolidated Financial Statements	18
(Notes Regarding Uncertainties of Entity's Ability to Continue as Going Concern)	18
(Notes Regarding Changes in Accounting Policies in Accordance with Changes in Accounting Standards, Accounting Estimates and Restatement)	18
(Segment Information)	18
(Per Share Information)	20
(Notes Regarding Significant Events after Reporting Period)	20
5. Non-Consolidated Financial Statements	21
(1) Balance Sheet	21
(2) Statement of Income	24
(3) Statement of Changes in Net Assets	26

# 1. Analysis for Operating Results and Financial position

## (1) Operating Results Analysis

### (i) Results for the Fiscal Year Ended March 31, 2015

Consolidated net sales for the fiscal year ended March 31, 2015 increased by ¥15.5 billion (+1.0%) year-on-year to ¥1,528.1 billion. This was primarily due to the continuing high unit selling price on a non-consolidated basis for city gas under the fuel cost adjustment system. Consolidated ordinary income increased by ¥2.1 billion (+2.0%) year-on-year to ¥108.1 billion, primarily due to an increase in profits of the gas business on a non-consolidated basis. Consolidated net income increased by ¥34.9 billion (+83.8%) year-on-year to ¥76.7 billion, primarily due to Gain on sales of investment securities and impairment loss on the U.S. upstream business last FY.

The number of consolidated subsidiary companies is currently 145, with 7 subsidiary companies removed and 2 added since the end of the previous year. The number of equity method affiliates is currently 13 with 2 added and 1 removed since the end of the previous year.

(Billion yen)

	Consolidated results (a)	Changes from the previous year		Non-consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		increase /decrease	increase /decrease rate (%)		
Net sales	1,528.1	+15.5	+1.0	1,251.8	1.22
Cost of sales	1,071.0	-0.3	-0.0	886.8	1.21
Selling, general and administrative expenses	352.0	+10.2	+3.0	284.7	1.24
Operating income	105.0	+5.6	+5.7	80.1	1.31
Ordinary income	108.1	+2.1	+2.0	88.2	1.23
Net income	76.7	+34.9	+83.8	70.2	1.09

### (Reference) Non-Consolidated Gas Sales Breakdown

		Current year (a) (Apr '14 -Mar '15)	Previous year (b) (Apr '13 -Mar '14)	increase /decrease (a)-(b)	increase /decrease rate (%)
Customers [Meters installed] (thousand)	Residential	6,849	6,794	+56	+0.8
	Non-residential	346	342	+4	+1.2
	Total	7,196	7,136	+60	+0.8
Monthly average usage per residential customer (m <sup>3</sup> /month)		30.9	31.3	-0.3	-1.1
Gas sales volume (million m <sup>3</sup> )	Residential	2,186	2,198	-12	-0.5
	Non-residential	5,599	5,856	-258	-4.4
	Industrial	4,133	4,329	-195	-4.5
	Commercial	857	890	-33	-3.7
	Public and medical institutions	608	638	-30	-4.7
	Wholesale	474	469	+4	+1.0
	Total	8,259	8,524	- 265	-3.1

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

## (ii) Operating Results by Business Segment

## a. Gas

Net sales increased by ¥17.4billion (+1.6%) year-on-year to ¥1,136.9 billion, mainly due to continuing high gas unit selling prices under the fuel cost adjustment system. Segment income increased by ¥18.2 billion (+56.8%) year-on-year to ¥50.2 billion.

## b. LPG, Electricity and Other Energy

Net sales decreased by ¥17.3 billion (-6.6%) year-on-year to ¥243.7 billion, mainly due to lower sales from the LPG business. Segment income decreased by ¥3.6 billion (-8.0%) year-on-year to ¥41.6 billion.

## c. International Energy

Net sales increased by ¥0.3 billion (+2.6%) year-on-year to ¥13.7 billion. Segment income decreased by ¥6.9 billion (-84.7%) year-on-year to ¥1.2 billion, due to a temporary decline in income associated with streamlining of the gasification business of Freeport LNG Development, L.P., in which our subsidiary has invested, to prepare for the liquefaction project.

## d. Life &amp; Business Solutions

Net sales increased by ¥10.9 billion (+5.6%) year-on-year to ¥207.5 billion due to the new consolidation of a manufacturing/sales company of activated carbon. Segment income decreased by ¥2.3 billion (-12.3%) year-on-year to ¥16.5 billion due to the amortization of goodwill of said company.

(Billion yen)

	Gas	LPG, Electricity and Other Energy	International Energy	Life & Business Solutions	Adjustments	Consolidation
Net sales	+1.6% 1,136.9 [+17.4]	-6.6% 243.7 [-17.3]	+2.6% 13.7 [+0.3]	+5.6% 207.5 [+10.9]	-73.7	+1.0% 1,528.1 [+15.5]
Segment income	+56.8% 50.2 [+18.2]	-8.0% 41.6 [-3.6]	-84.7% 1.2 [-6.9]	-12.3% 16.5 [-2.3]	2.2	+4.4% 112.0 [+4.7]

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 show the changes from the previous year.

## (iii) Forecasts for the Next Year (April 1, 2015–March 31, 2016)

Consolidated net sales for the fiscal year ending March 31, 2016 are expected to decrease by ¥159.6 billion (-10.4%) year-on-year to ¥1,368.5 billion. This is primarily due to the assumption that LNG prices would be lower than those for the current fiscal year, attributable to declines in the unit selling prices of city gas under the fuel cost adjustment system and in the selling prices of LNG and electricity).

Ordinary income is expected to increase by ¥1.80 billion (+1.7%) year-on-year to ¥110.0 billion, primarily because the profits of the affiliated companies are forecast to increase, and the magnitude of the decrease in raw material costs associated with the assumed decrease in LNG prices is expected to be large relative to the assumed increase in net sales in the gas business, despite profits decreasing in the electricity business. Net income is expected to decrease by ¥3.2 billion (-4.2%) year-on-year to ¥73.5 billion.

(Billion yen)

	Forecast for Next Year (April 2015 – March 2016)	Compared with Current Year	
		increase /decrease	increase /decrease rate (%)
Net sales	1,368.5	-159.6	-10.4
Operating income	113.5	+8.4	+8.0
Ordinary income	110.0	+1.8	+1.7
Net income	73.5	-3.2	-4.2

Assumptions: Crude oil price and Exchange rate (April 1, 2015 to March 31, 2016)

	1Q	2Q	3Q	4Q	Annual average
Crude oil price (All Japan CIF price) USD/barrel	55	65	70	70	65
Exchange Rate (TTM) JPY/USD	120				120

## (2) Financial Position Analysis

### (i) Assets, Liabilities, and Net Assets

Total assets increased by ¥193.8 billion year-on-year to ¥1,862.2 billion, primarily due to an increase in noncurrent assets. Liabilities increased by ¥103.5 billion year-on-year to ¥943.3 billion, while net assets increased by ¥90.3 billion year-on-year to ¥918.8 billion.

As a result, the ratio of net worth to total assets decreased to 47.7% from 47.9% at the end of the previous year.

(Billion yen)

	As of March 31, 2015	As of March 31, 2014	increase /decrease
Total assets	1,862.2	1,668.3	+193.8
Total liabilities	943.3	839.7	+103.5
Total net assets	918.8	828.5	+90.3
Total liabilities and net assets	1,862.2	1,668.3	+193.8

### (ii) Cash Flows

In the current fiscal year, net cash provided by operating activities amounted to ¥156.9 billion, due to the addition of depreciation and amortization to income before income taxes and minority interests and the addition/subtraction of income taxes and other payments. Net cash used in investing activities amounted to ¥110.7 billion, mainly due to the purchase of property, plant and equipment. Net cash used in financing activities amounted to ¥22.8 billion, including the repayment of long-term loans payable.

Consequently, the net increase in cash and cash equivalents at the end of the fiscal year ended March 31, 2015 amounted to ¥72.4 billion.

With the addition to the balance of ¥90.3 billion at the beginning of the fiscal year under review, the balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2015 amounted to ¥162.7 billion.

(Billion yen)

	Current Year (Apr'14 -Mar '15)	Previous Year (Apr '13 -Mar '14)	increase /decrease
Cash flows from operating activities	156.9	154.2	+2.6
Cash flows from investing activities	-110.7	-175.5	+64.8
Cash flows from financing activities	22.8	4.1	+18.7
Increase/decrease in cash and cash equivalents	72.4	-19.0	+91.5
Cash and cash equivalents at end of year	162.7	90.3	+72.4
Balance of interest-bearing liabilities at end of year	633.9	573.5	+60.3

Free cash flow\*: ¥112.2 billion [¥113.1 billion in the previous year]

\*Cash flow from operating activities – capital expenditures

(Reference) Cash Flow Indices

	Current Year (Apr '14 -Mar '15)	Previous Year (Apr '13 -Mar '14)
Net worth/Total assets	47.7%	47.9%
Total market capitalization /Total assets	56.2%	48.8%
Interest-bearing debts/Cash flows	4.0	3.7
Interest coverage ratio	16.56	18.00

(Notes)

1. All of the above indices are based on consolidated financial results.
2. Total market capitalization was calculated based on issued shares of the Company, excluding treasury stock.
3. Cash flow used for the calculation of these indices is net cash provided by operating activities.
4. Interest-bearing debts include all liabilities reported on the consolidated balance sheet for which interest is paid.



The following table shows forecasts for capital expenditures.

(Reference) Capital Expenditures: Results and Forecasts

(Billion yen)

	Forecast for Next Year (Apr '15 -Mar '16)	Current Year (Apr '14 -Mar '15)	Previous Year (Apr '13 -Mar '14)
Consolidated	125.3	119.3	124.1
Non-consolidated	56.6	46.5	58.6
Production facilities	15.0	6.1	5.8
Distribution facilities	35.0	33.2	47.3
Service and maintenance facilities, etc.	6.5	7.1	5.4

Major financial indicators for the next year are forecasted as follows:

		Forecast for Next Year (Apr '15-Mar '16)	Current Year (Apr '14-Mar '15)	Previous Year (Apr '13 -Mar '14)
Consolidated	Shareholders' value added (SVA)	40.9 Billion yen	42.9 Billion yen	3.0 Billion yen
	Earnings per share (EPS)	35.32 yen	36.86 yen	20.04 yen
	Return on equity (ROE)	8.3 %	9.1 %	5.4 %
	Return on assets (ROA)	4.0 %	4.3 %	2.6 %
	Free cash flow (FCF)	129.5 Billion yen	112.2 Billion yen	113.1 Billion yen
Non-consolidated	Shareholders' value added (SVA)	38.9 Billion yen	46.3 Billion yen	4.8 Billion yen
	Earnings per share (EPS)	30.27 yen	33.77 yen	11.98 yen
	Return on equity (ROE)	9.7 %	11.5 %	4.3 %
	Return on assets (ROA)	4.4 %	5.2 %	2.0 %
	Free cash flow (FCF)	80.2 Billion yen	65.7 Billion yen	52.0 Billion yen

### (3) Basic Policy for Profit Distribution and Dividends for the Current Year and the Next Year

Striving to enhance business growth and improve the efficiency of its operations, the Company has appropriated the increased profit resulting from such efforts for internal reserves to be used toward future business growth and strengthening of the financial structure of the Company, in addition to the payment of steady dividends to shareholders. The Company will endeavor to continue steadily paying such dividends to shareholders both at the interim and year-end periods based on operational results, future business management, and other plans, while also taking into account alternative profit distribution plans and other comprehensive factors. The Company will aim to maintain its consolidated payout ratio above 30%, within the non-consolidated retained earnings distributable to Osaka Gas shareholders, excluding temporary factors that may affect the profit situation. Internal reserves will be appropriated for capital investments and investments in new business.

The company will be celebrating 110 years since its establishment on October 19, 1905 and as announced on March 11, 2015, there will be a commemorative dividend of 0.5 yen per share as the year-end dividend for the year ending March 2015, and as the interim and year-end dividends for the year ending March 2016.

As a result, the Company will pay annual dividends of 9.5 yen (9 yen as an ordinary dividend and 0.5 yen as a commemorative dividend) per share, including an interim dividend of 4.5 yen per share, for the current fiscal year and 10 yen per share (9 yen as an ordinary dividend and 1 yen as a commemorative dividend), including an interim dividend of 5.0 yen per share, for the next fiscal year.

#### (4) Business and Other Risks

The business performance and financial conditions of the Osaka Gas Group may be affected by various risks including, but not limited to, the following:

##### (i) Risks related to all businesses within the Osaka Gas Group

###### a. Worsening of economic and credit conditions, etc., and contraction of the market

Worsening of economic and/or credit conditions, etc. in Japan and/or other countries that may lead to a decrease in sales revenues, difficulties in fund-raising, insolvency of joint project partner companies, suppliers, or customers, a decrease in the population, offshore transfer of factories and plants, or other unfavorable effects

###### b. Changes in foreign exchange rates and financing interest rates

###### c. Catastrophic disasters/accidents/epidemics

Occurrence of catastrophic natural disasters, acts of terrorism or accidents, or epidemics of new types of influenza or other infectious diseases

###### d. Changes in policies, laws, regulations, and institutional systems

Changes in the Gas Business Act, the Electricity Business Act, the Companies Act, the Financial Instruments and Exchange Act, environment-related laws, or other applicable policies, acts and institutional systems both in and outside of Japan

###### e. Intensifying competition

Intensified competition with other operators in the gas business and other business areas related to the Group

###### f. Breakdown or malfunction of mission-critical IT systems

Breakdown or malfunction of mission-critical IT systems, such as systems related to gas production/supply or billing

###### g. Information leaks

Outside leakage of important information used in the course of business, including customer information or technical information possessed by the Group

###### h. Non-compliance with laws/regulations, trouble related to the quality of products and services

Expenditures related to remedying noncompliance or addressing troubles from the quality of products and services of the Osaka Gas Group, and degradation of social reputation caused by any act that is in violation of any law or regulation

##### (ii) Risks related to major businesses within the Osaka Gas Group

###### 1) Domestic energy businesses

###### a. Impact of fluctuations in atmospheric/water temperature on gas demand

###### b. Changes in raw material costs

Fluctuations in raw material and fuel costs due to changes in crude oil prices or exchange rates, or as a result of renewal of contracts or price negotiations with suppliers, and other relevant factors\*

\*Although most effects may be offset through the fuel cost adjustment system, under which gas rates are revised to reflect changes in fuel costs, a time lag until the actual adjustment is made and the composition of material suppliers could affect the performance of the Osaka Gas Group.

###### c. Trouble in purchasing raw material and fuel

Problems at facilities of LNG (from which gas or electricity are produced) suppliers or their operations, or other incidents

###### d. Difficulties in gas production and supply

Catastrophic natural disasters or accidents that could disrupt production or supply of gas

###### e. Difficulties in power generation and electricity supply

Catastrophic natural disasters, accidents, or trouble in purchasing fuel or other incidents that could disrupt operations at electric power plants and the supply of electricity

###### f. Problems with gas equipment and facilities

Serious trouble with gas equipment or facilities sold to customers

## 2) International energy businesses

Changes in the operating environments due to a delay or cancellation of projects, or some other significant impact resulting from enforcement or revision of government policy or regulations, economic stagnation, worsening social conditions, or other factors occurring in any country in which the Osaka Gas Group operates, or technological causes in the resource development business

The Osaka Gas Group strives to minimize the potential impact of these risks on its performance through various measures, including derivative contracts to hedge against fluctuations in exchange rates and raw material costs, accident and other insurance contracts, enhanced security of critical IT systems, adherence to compliance and strict information control, monitoring and proper supervision of subsidiaries' business management, measures for safety and disaster prevention, and design and continuous review of business continuity plans.

## 2. Management Policy

### (1) Basic Management Policy and Medium/Long Term Business Strategy

The Company group aims to provide its customers and society with value by offering energy and related services, mainly natural gas which is regarded as one of important energy sources in the government's energy policy, electricity and LPG and various goods and services other than energy, such as materials and information. Also, the Company recognizes it is most important to flexibly respond to changes in business environments, such as business cycles and the government's policy including electricity and gas industry reforms within and outside Japan, and improve management efficiency in order to realize sustainable growth of the Osaka Gas Group.

The "Osaka Gas Group Corporate Philosophy" was established in March 2015 based on its conventional management principles.

Aiming to become a company group that supports further improvement of life and business, the Osaka Gas Group will conduct its business activities placing top priority on creating "customer value," to create "social value," "stock holder value," and "employee value."

### (2) Targeted Management Indices

From the perspective of assuring profitability and business growth, the Company sets targets for shareholders' value added (SVA), profit figures, return on equity (ROE), return on assets (ROA) and continuous payment of stable dividends.

At the same time, to maintain its financial strength rating and other indications of financial soundness, the Company will endeavor to attain the following financial soundness indicators: (1) a ratio of consolidated net worth to total assets in excess of 50%, and (2) a ratio of consolidated D/E (interest-bearing debts to net worth) of about 0.7, while maintaining the existing balance with SVA, free cash flow, balance of interest-bearing debts, and other indicators.

Opportunities to repurchase the Company's shares will always be examined to improve earnings per share (EPS), and ROE. However, repurchase will be strategically implemented only on the conditions that growth investments have been implemented and that excess cash flow is available.

### (3) Challenges for the Company

In order to achieve the medium-term management plan “Catalyze Our Dreams” under the long-term management vision “Field of Dreams 2020,” we will tackle the following issues:

#### (i) Energy businesses

Considering the Reform of the Electricity and Gas Systems as an opportunity for growth, we serve as a comprehensive energy business provider that combines the supply of gas, electricity and other energy with gas appliances and related services to satisfy customers’ needs.

##### 1) Stable and economically beneficial materials procurement and promotion of upstream businesses (development and production) and liquefaction business.

The Company will diversify its supply sources. By sourcing materials from multiple producers around the world, we will secure a stable supply of natural gas and other raw materials. The Company also aims to procure raw materials at competitive prices by diversifying its benchmarks of contract prices.

In addition, the Company will steadily promote upstream businesses, such as the liquefaction business in which it currently engages, the promotion of gas field development projects, and the acquisition of new interests including unconventional gas development projects, to stably procure natural gas and obtain new revenue sources.

##### 2) Expanding the electricity business

The Company will try to expand its power source size nationwide, including coal thermal power generation, renewable energy power generation, and power source cogeneration in addition to LNG thermal power generation, to develop electricity business.

##### 3) Securing stable supply and safety

The Company will maintain, strengthen and improve gas manufacturing and supplying facilities, as well as electricity generating facilities, as well as continuously implementing anti-earthquake and tsunami measures. We will also continue the system for responding to emergencies, such as possible gas leakage, and help securing safety at customers’ sites.

##### 4) Expanding the energy business at home and overseas

The Company will try to expand the use of natural gas by encouraging the widespread use of gas cogeneration systems including fuel cells and gas air conditioning systems, which in turn will support customers’ convenient lives, energy saving, and the continuation of business during a disaster.

The Company will expand the energy business at home and abroad using its business know-how.

In Japan, we will strengthen cooperation with regional energy business operators and use our own high-pressure gas pipelines to accelerate gas (natural gas and LPG) dissemination promotion activities.

Overseas, we will also steadily operate businesses, such as the gas, electricity, and energy service businesses, and develop new projects.

##### 5) Preparation for the reform of electricity and gas system

The Company will be preparing for increasing competition due to electricity and gas deregulation for resale by reviewing its organization structures and reconstructing its work processes and IT systems while working to further improve the neutrality of the gas supply line business.

#### (ii) Life & Business Solutions Business

The Company will contribute to customers’ convenient lives and business development by offering technology and know-how based on its experience in the energy business field.

In the material, information, and urban development businesses, the Company will help its customers at home and abroad to live comfortable, convenient, and healthful lives by offering goods and services that make full use of the advantages nurtured through the business.

(iii) Business foundation

1) Improvement of Technology

The Company will enhance its technological prowess in such areas as: the development of more efficient, low-cost gas appliances and facilities, including fuel cells; the development of technologies related to hydrogen production, materials, and information; and the use of engineering technologies in various fields, including resource development and electricity generation, etc.

2) CSR

In accordance with the Osaka Gas Group CSR Charter, the Company will strive to earn further trust of customers and society by upgrading the Group's CSR. At the same time, the Company will endeavor to ensure that those concerned with the Osaka Gas Group's supply chain at home and abroad gain a clear understanding of our efforts in this regard.

3) Development of Human Resources and Organizational Structure

The Company will develop human resources for its continuous growth. The Company will also increase diversity to create new value, aiming to become a flexible and strong organization.

The Osaka Gas Group will perform internal control with high effectiveness by continuously monitoring and evaluating the operation of the Group's internal control system and taking necessary measures. Under such mechanism, the Group is committed to addressing the above challenges, pursuing its management principle of Value Creation Management, and continuing to make constant efforts toward achieving sustainable growth.

### 3. 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 the introduction.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Million yen)

	Previous Year As of March 31, 2014	Current Year As of March 31, 2015
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	76,164	75,370
Distribution facilities	317,836	304,286
Service and maintenance facilities	66,540	64,206
Other facilities	291,378	295,387
Construction in progress	111,163	156,146
Total property, plant and equipment	863,084	895,398
Intangible assets		
Goodwill	24,471	21,183
Other	65,840	77,497
Total intangible assets	90,311	98,680
Investments and other assets		
Investment securities	192,846	230,958
Net defined benefit asset	29,414	55,336
Other	53,175	45,405
Allowance for doubtful accounts	-1,860	-1,914
Total investments and other assets	273,575	329,784
Total non-current assets	1,226,971	1,323,864
Current assets		
Cash and deposits	75,258	147,426
Notes and accounts receivable - trade	192,277	187,482
Securities	20,511	23,521
Inventories	88,748	103,420
Other	65,950	77,802
Allowance for doubtful accounts	-1,400	-1,315
Total current assets	441,346	538,337
Total assets	1,668,317	1,862,201

	(Million yen)	
	Previous Year As of March 31, 2014	Current Year As of March 31, 2015
Liabilities		
Non-current liabilities		
Bonds payable	242,124	240,666
Long-term loans payable	244,503	309,848
Deferred tax liabilities	22,031	36,981
Provision for gas holder repairs	1,636	1,722
Provision for safety measures	10,831	8,451
Provision for loss on investment	6,999	6,999
Provision for loss on guarantees	—	1,589
Provision for equipment warranties	—	2,895
Net defined benefit liability	15,325	16,484
Other	17,946	33,154
Total non-current liabilities	561,400	658,794
Current liabilities		
Current portion of non-current liabilities	39,333	55,731
Notes and accounts payable - trade	60,358	54,610
Short-term loans payable	46,756	26,832
Income taxes payable	29,608	30,835
Other	102,294	116,527
Total current liabilities	278,351	284,537
Total liabilities	839,752	943,331
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,486	19,488
Retained earnings	587,268	648,896
Treasury shares	-797	-938
Total shareholders' equity	738,124	799,613
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,839	50,868
Deferred gains or losses on hedges	2,425	-6,519
Revaluation reserve for land	-737	-737
Foreign currency translation adjustment	30,414	39,341
Remeasurements of defined benefit plans	-6,100	5,929
Total accumulated other comprehensive income	60,840	88,882
Minority interests	29,601	30,373
Total net assets	828,565	918,869
Total liabilities and net assets	1,668,317	1,862,201

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

## Consolidated Statement of Income

	(Million yen)	
	Previous Year (April 1, 2013 – March 31, 2014)	Current Year (April 1, 2014 – March 31, 2015)
Net sales	1,512,581	1,528,164
Cost of sales	1,071,374	1,071,021
Gross profit	441,207	457,143
Selling, general and administrative expenses	341,825	352,077
Operating income	99,381	105,065
Non-operating income		
Interest income	638	770
Dividend income	3,172	4,659
Share of profit of entities accounted for using equity method	7,917	6,990
Foreign exchange gain	663	4,644
Miscellaneous income	5,158	5,757
Total non-operating income	17,550	22,822
Non-operating expenses		
Interest expenses	8,567	9,475
Miscellaneous expenses	2,321	10,238
Total non-operating expenses	10,888	19,714
Ordinary income	106,044	108,173
Extraordinary income		
Gain on sales of non-current asset	—	2,941
Gain on sales of investment securities	5,968	13,011
Total extraordinary income	5,968	15,952
Extraordinary losses		
Impairment loss	30,138	2,697
Total extraordinary losses	30,138	2,697
Income before income taxes and minority interests	81,874	121,428
Income taxes - current	32,149	38,064
Income taxes - deferred	4,717	4,744
Total income taxes	36,867	42,808
Income before minority interests	45,007	78,619
Minority interests in income	3,281	1,910
Net income	41,725	76,709



## Consolidated Statement of Comprehensive Income

(Million yen)

	Previous Year (April 1, 2013 – March 31, 2014)	Current Year (April 1, 2014 – March 31, 2015)
Income before minority interests	45,007	78,619
Other comprehensive income		
Valuation difference on available-for-sale securities	3,314	16,045
Deferred gains or losses on hedges	1,356	-3,232
Foreign currency translation adjustment	25,018	10,241
Adjustment for employee retirement benefit	-	12,018
Share of other comprehensive income of entities accounted for using equity method	6,153	-7,608
Total other comprehensive income	35,843	27,464
Comprehensive income	80,850	106,084
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	76,601	104,751
Comprehensive income attributable to minority interests	4,248	1,332

## (3) Consolidated Statement of Changes in Net Assets

Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(Million yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	132,166	19,482	564,356	-413	715,592
Cumulative amount due to change in accounting policy			-		-
Balance at beginning of Current period with adjustment	132,166	19,482	564,356	-413	715,592
Amount change of Current period					
Dividends of surplus			-18,738		-18,738
Net income			41,725		41,725
Change of scope of equity method			-75		-75
Purchase of treasury shares				-405	-405
Disposal of treasury shares		3		20	24
Net changes of items other than shareholders' equity					
Total changes of items during current period	—	3	22,912	-384	22,531
Balance at end of current period	132,166	19,486	587,268	-797	738,124

(Million yen)

	Other Comprehensive Income						Minority 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	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	31,526	-2,271	- 737	3,693	—	32,210	26,514	774,317
Cumulative amount due to change in accounting policy							-	-
Balance at beginning of Current period with adjustment	31,526	-2,271	- 737	3,693	—	32,210	26,514	774,317
Amount change of Current period								
Dividends of surplus								-18,738
Net income								41,725
Change of scope of equity method								- 75
Purchase of treasury shares								-405
Disposal of treasury shares								24
Net changes of items other than shareholders' equity	3,312	4,697		26,720	-6,100	28,630	3,086	31,716
Total changes of items during current period	3,312	4,697	—	26,720	-6,100	28,630	3,086	54,248
Balance at end of current period	34,839	2,425	-737	30,414	-6,100	60,840	29,601	828,565

## Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(Million yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	132,166	19,486	587,268	- 797	738,124
Cumulative amount due to change in accounting policy			3,649		3,649
Balance at beginning of Current period with adjustment	132,166	19,486	590,917	-797	741,773
Amount change of Current period					
Dividends of surplus			-18,729		-18,729
Net income			76,709		76,709
Change of scope of equity method					-
Purchase of treasury shares				-153	-153
Disposal of treasury shares		2		12	14
Net changes of items other than shareholders' equity					
Total changes of items during current period	—	2	57,979	-141	57,840
Balance at end of current period	132,166	19,488	648,896	-938	799,613

(Million yen)

	Other Comprehensive Income						Minority 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	34,839	2,425	-737	30,414	-6,100	60,840	29,601	828,565
Cumulative amount due to change in accounting policy							-97	3,551
Balance at beginning of Current period with adjustment	34,839	2,425	- 737	30,414	-6,100	60,840	29,503	832,117
Amount change of Current period								
Dividends of surplus								-18,729
Net income								76,709
Change of scope of equity method								—
Purchase of treasury shares								-153
Disposal of treasury shares								14
Net changes of items other than shareholders' equity	16,028	-8,944		8,927	12,030	28,042	869	28,912
Total changes of items during current period	16,028	-8,944	—	8,927	12,030	28,042	869	86,752
Balance at end of current period	50,868	-6,519	-737	39,341	5,929	88,882	30,373	918,869

## (4) Consolidated Statement of Cash Flows

(Million yen)

	Previous Year (April 1, 2013 – March 31, 2014)	Current Year (April 1, 2014 – March 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	81,874	121,428
Depreciation	83,806	87,785
Amortization of long-term prepaid expenses	5,967	5,411
Impairment loss	30,138	2,697
Decrease (increase) in provision for safety measures	-2,586	-2,379
Increase (decrease) in provision for loss on guarantees	-	1,589
Decrease (increase) in provision for equipment warranties	-	2,895
Decrease (increase) in Retirement Asset	-3,513	-2,996
Interest and dividend income	-3,811	-5,430
Interest expenses	8,567	9,475
Share of (profit) loss of entities accounted for using equity method	-7,917	-6,990
Loss (gain) on sales of investment securities	-5,968	-13,011
Loss (gain) on sales of fixed asset	-	-2,941
Loss on Disposal of Fixed asset	1,402	1,666
Decrease (increase) in notes and accounts receivable - trade	-20,573	4,132
Decrease (increase) in inventories	2,821	-14,935
Increase (decrease) in notes and accounts payable - trade	3,123	-5,371
Increase (decrease) in accrued expenses	2,887	-2,361
Increase (decrease) in accrued consumption taxes	-1,913	11,402
Miscellaneous	7,688	4,663
Subtotal	181,993	196,731
Interest and dividend income received	10,524	8,678
Interest expenses paid	-8,734	-9,592
Income taxes paid	-29,557	-38,909
Net cash provided by (used in) operating activities	154,225	156,908
Cash flows from investing activities		
Purchase of investment securities	-1,498	-2,997
Purchase of tangible fixed asset	-109,425	-105,082
Proceeds from sales of tangible fixed asset	1,092	8,285
Purchase of intangible fixed assets	-14,956	-9,600
Payments of long-term prepayment	-5,268	-4,956
Proceeds from sales of investment securities	7,659	14,142
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-12,435	-18,495
Proceeds from shares of subsidiaries resulting in change in scope of consolidation	1,326	4,807
Other	-42,086	3,193
Net cash provided by (used in) investing activities	-175,591	-110,704
Cash flows from financing activities		
Proceeds from short-term loans payable	-1,149	-19,939
Proceeds from long-term loan payment	69,356	71,650
Repayment of long term loans payable	-36,870	-17,420
Proceeds from issuance of bonds	25,000	30,000
Redemption of bonds	-31,217	-21,590
Payment of bond interest	-18,738	-18,742
Other	-2,218	-1,066
Net cash provided by (used in) financing activities	4,163	22,892
Effect of exchange rate change on cash and cash equivalents	-1,894	3,336
Net increase (decrease) in cash and cash equivalents	-19,097	72,433
Cash and cash equivalents at beginning of period	109,456	90,359
Cash and cash equivalents at end of period	90,359	162,793

## (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)

Effective from the beginning of the fiscal year ending March 31, 2015, the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, issued on May 17, 2012; hereinafter, "Accounting Standard") and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on March 26, 2015; hereinafter, "Guidance") have been applied (as set out in the main clause of Article 35 of the Accounting Standard and the main clause of Article 67 of the Guidance). Accordingly, the methods for calculating retirement benefit obligations and service costs have been revised. The method of attributing expected retirement benefit payments has been changed from the straight-line basis to the retirement benefit formula basis, and the method of determining the discount rate has been changed from a discount rate based on the approximate number of years of the average remaining service period of employees to a single weighted-average discount rate reflecting the expected timing and amount of benefit payment in each time.

The Accounting Standard, etc., have been applied in a transitional manner as provided in paragraph 37 of the Accounting Standard, and the effects from the change have been reflected in remeasurements of defined benefit plans of the total accumulated other comprehensive income as of the end of the current consolidated accounting year.

Consequently, net defined benefit assets of ¥5,996 million and net defined benefit liabilities of ¥904 million have been posted as of the end of the current consolidated accounting year. In addition, the total accumulated other comprehensive income increased by ¥3,649 million.

Net asset per share increased by ¥1.75.

### (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 Group classifies its products and services into business segments on the basis of two business domains: the Domestic and International Energy Businesses along the Energy Value Chain, 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 Business, the LPG, Electricity and Other Energy Businesses, the International Energy Businesses, 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 Businesses sell LPG and industrial gas and supply electricity. The International Energy Businesses supply 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, sales of fine materials and carbon material products, operation of sports facilities, engineering, and leasing of automobiles and equipment.

There has been a revision for the classification of business segments in "Catalyze Our Dreams", the Company's medium-term management plan established in March 2014 and the Renewable energy business, which was originally included in the Environment and Non-Energy segment was transferred to the related segments (LPG, Electricity and Other Energy and International Energy) and the Environment and Non-Energy segment was renamed to the Life & Business Solutions. The segment information for the previous consolidated fiscal year is provided based on the report for the segments after the revision.

#### b. Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reportable segment

The accounting policies of reportable segments comply with accounting principles and procedures to prepare consolidated financial statements. Internal sales and transfer prices between operating segments are 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, 2014 (April 1, 2013 to March 31, 2014)

(Million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales							
Sales from external customers	1,092,452	257,779	12,651	149,698	1,512,581	—	1,512,581
Transactions with other segments	27,074	3,282	720	46,849	77,926	-77,926	—
Total	1,119,526	261,061	13,372	196,547	1,590,508	-77,926	1,512,581
Segment Income							
Operating income (loss)	34,093	44,576	-800	18,768	96,637	2,744	99,381
Equity in earnings (loss) of affiliates	-2,016	770	9,029	133	7,917	—	7,917
Total	32,077	45,346	8,229	18,901	104,555	2,744	107,299
Segment assets	741,733	177,538	294,664	387,671	1,601,607	66,710	1,668,317
Other items							
Depreciation	52,804	12,941	8,604	9,758	84,109	-842	83,266
Amortization of goodwill	—	231	308	—	539	—	539
Investments in entities accounted for using equity method	91	5,202	63,176	8,166	76,637	—	76,637
Increase in property, plant and equipment and intangible assets	60,652	3,316	47,980	12,922	124,872	-725	124,146

Fiscal Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Million yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales							
Sales from external customers	1,114,034	240,980	12,565	160,583	1,528,164	—	1,528,164
Transactions with other segments	22,941	2,765	1,148	46,937	73,793	-73,793	—
Total	1,136,975	243,746	13,714	207,521	1,601,957	-73,793	1,528,164
Segment Income							
Operating income (loss)	50,542	42,267	-6,250	16,284	102,843	2,221	105,065
Equity in earnings of affiliates	-248	-570	7,511	297	6,990	—	6,990
Total	50,293	41,697	1,261	16,581	109,834	2,221	112,055
Segment assets	818,202	177,652	368,002	394,950	1,758,807	103,393	1,862,201
Other items							
Depreciation	57,143	11,508	6,247	11,098	85,999	-788	85,210
Amortization of goodwill	—	235	333	2,005	2,575	—	2,575
Investments in entities accounted for using equity method	—	5,845	76,380	8,509	90,735	—	90,735
Increase in property, plant and equipment and intangible assets	49,222	15,326	38,525	17,205	120,279	-881	119,398

## (Per Share Information)

	Current year (From April 1, 2014 to March 31, 2015)	Previous year (From April 1, 2013 to March 31, 2014)
Net assets per share	426.98yen	383.90yen
Earnings per share	36.86yen	20.04yen

## (Notes)

1. Since there were no potential shares that would have dilutive effect if issued, data on diluted earnings per share is not presented in this document.
2. The following data were used for calculating earnings per share:

	Current year (From April 1, 2014 to March 31, 2015)	Previous year (From April 1, 2013 to March 31, 2014)
Net income (million yen)	76,709	41,725
Amount not attributable to common shareholders (million yen)	—	—
Net income attributable to shareholders of common shares (million yen)	76,709	41,725
Average issued common shares during the year (thousand shares)	2,081,017	2,081,828

## (Notes Regarding Significant Events after Reporting Period)

Not applicable

Disclosure of notes other than the above has been omitted, because of the immateriality of those notes omitted.

## 5. Non-Consolidated Financial Statements

### (1) Balance Sheet

(Million yen)

	Previous Year ( As of March 31, 2014)	Current Year (As of March 31, 2015)
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	74,862	74,177
Distribution facilities	317,098	303,544
Service and maintenance facilities	65,649	63,334
Facilities for incidental businesses	3,916	3,982
Construction in progress	17,297	18,922
Total property, plant and equipment	478,824	463,961
Intangible assets		
Patent right	29	18
Leasehold right	2,953	2,985
Other intangible assets	3,139	3,334
Total intangible assets	6,122	6,338
Investments and other assets		
Investment securities	55,453	70,236
Investments in subsidiaries and associates	235,686	282,570
Long-term loans receivable from subsidiaries and associates	182,339	190,043
Investments in capital	22	22
Long-term prepaid expenses	8,606	7,732
Prepaid pension cost	40,224	49,184
Other investments and other assets	8,747	8,570
Allowance for doubtful accounts	- 680	-530
Total investments and other assets	530,399	607,828
Total non-current assets	1,015,346	1,078,128
Current assets		
Cash and deposits	30,252	80,197
Notes receivable - trade	390	252
Accounts receivable - trade	112,508	104,642
Accounts receivable from subsidiaries and associates - trade	14,161	14,816
Accounts receivable - other	7,883	21,746
Securities	18,012	20,012
Finished goods	213	227
Raw materials	35,527	49,013
Supplies	8,673	8,543
Short-term loans receivable from subsidiaries and associates	20,839	16,245
Short-term receivables from subsidiaries and associates	2,081	1,684
Deferred tax assets	6,636	7,095
Other current assets	11,212	9,111
Allowance for doubtful accounts	-544	-451
Total current assets	267,847	333,137
Total assets	1,283,194	1,411,266



(Million yen)

	Previous Year (As of March 31, 2014)	Current Year (As of March 31, 2015)
Liabilities		
Non-current liabilities		
Bonds payable	240,659	240,666
Long-term loans payable	162,896	211,276
Long-term debt to subsidiaries and associates	946	1,227
Deferred tax liabilities	9,388	14,663
Provision for retirement benefits	4,741	5,202
Provision for gas holder repairs	1,605	1,687
Provision for safety measures	10,831	8,451
Provision for investment loss	6,999	6,999
Provision for loss on guarantees	—	1,589
Provision for equipment warranties	—	2,895
Other noncurrent liabilities	1,931	1,676
Total non-current liabilities	440,003	496,336
Current liabilities		
Current portion of non-current liabilities	26,658	44,667
Accounts payable - trade	30,739	23,043
Short-term loans payable	10,000	—
Accounts payable - other	18,392	21,524
Accrued expenses	37,304	38,039
Income taxes payable	19,764	22,592
Advances received	4,469	7,307
Deposits received	1,409	1,441
Short-term loans payable to subsidiaries and associates	91,076	91,721
Short-term debt to subsidiaries and associates	22,463	25,030
Other current liabilities	884	2,174
Total current liabilities	263,162	277,541
Total liabilities	703,165	773,877

(Million yen)

	Previous Year (As of March 31, 2014)	Current Year (As of March 31, 2015)
Net Assets		
Shareholder's equity		
Capital stock	132,166	132,166
Capital surplus		
Legal capital surplus	19,482	19,482
Other capital surplus	4	6
Total capital surpluses	19,486	19,488
Retained earnings		
Legal retained earnings	33,041	33,041
Other retained earnings		
Reserve for reduction entry of specified replaced properties	232	239
Reserve for overseas investment loss	14,638	18,189
Reserve for adjustment of cost fluctuations	89,000	89,000
General reserve	62,000	62,000
Retained earnings brought forward	201,963	253,808
Total retained earnings	400,876	456,278
Treasury shares	-797	-938
Total shareholders' equity	551,732	606,995
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	23,696	35,655
Deferred gains or losses on hedges	4,600	-5,261
Total valuation and translation adjustments	28,296	30,393
Total net assets	580,029	637,389
Total liabilities and net assets	1,283,194	1,411,266

## (2) Statement of Income

	(Million yen)	
	Previous Year (April 1, 2013 – March 31, 2014)	Current Year (April 1, 2014 – March 31, 2015)
Product sales		
Gas sales	915,008	938,991
Total product sales	915,008	938,991
Cost of sales		
Beginning inventories	200	213
Cost of products manufactured	621,935	623,327
Purchase of finished goods	0	0
Costs of gas for own use	7,181	9,879
Ending inventories	213	227
Total cost of sales	614,742	613,433
Gross profit	300,266	325,557
Selling, general and administrative expenses		
Supply and sales expenses	225,773	229,786
General and administrative expenses	55,053	54,961
Total selling, general and administrative expenses	280,826	284,748
Income on core business	19,440	40,809
Miscellaneous operating revenue		
Revenue from installation work	24,440	24,321
Revenue from gas appliance sales	107,112	105,002
Third party access revenue	2,484	2,422
Other miscellaneous operating revenue	4,347	3,785
Total miscellaneous operating revenue	138,385	135,531
Miscellaneous operating expenses		
Expenses of installation work	23,628	23,160
Expenses of gas appliance sales	104,249	106,527
Total operating miscellaneous expenses	127,878	129,687
Revenue for incidental businesses		
Revenue from electric supply business	89,747	100,616
Revenue from LNG sales	64,403	63,418
Revenue from other incidental businesses	14,301	13,276
Total revenue for incidental businesses	168,452	177,312
Expenses for incidental businesses		
Expenses for electric supply business	60,592	72,255
Expenses for LNG sales	64,485	59,927
Expenses for other incidental businesses	12,580	11,591
Total expenses for incidental businesses	137,659	143,774
Operating income	60,740	80,190

(Million yen)

	Previous Year (April 1, 2013– March 31, 2014)	Current Year (April 1, 2014 – March 31, 2015)
Non-operating income		
Interest income	1,986	1,959
Interest on securities	29	20
Dividend income	1,121	1,181
Dividends from subsidiaries and associates	7,104	9,139
Gain from foreign exchange	705	2,654
Miscellaneous income	5,184	5,573
Total non-operating income	16,131	20,528
Non-operating expenses		
Interest expenses	2,729	3,990
Interest on bonds	3,918	4,012
Amortization of bond issuance cost	115	160
Provision for loss on guarantees	—	1,589
Miscellaneous expenses	911	2,709
Total non-operating expenses	7,675	12,463
Ordinary income	69,196	88,255
Extraordinary income		
Gain on sales of investment securities	3,669	12,444
Total extraordinary income	3,669	12,444
Extraordinary losses		
Impairment loss	—	2,066
Loss on valuation of shares of subsidiaries and associates	25,520	—
Total extraordinary losses	25,520	2,066
Income before income taxes	47,345	98,632
Income taxes - current	18,600	25,000
Income taxes - deferred	3,803	3,347
Total income taxes	22,403	28,347
Net income	24,942	70,285

## (3) Statement of Changes in Net Assets

Fiscal Year Ended March 31, 2014(April 1, 2013 – March 31, 2014)

(Million yen)

	Shareholder's equity							
	Capital stock	Capital Surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry of specified replaced properties	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations
Balance at beginning of current period	132,166	19,482	0	19,482	33,041	232	15,454	89,000
Cumulative amount due to change in accounting policy								
Balance at beginning of Current period with adjustment	132,166	19,482	0	19,482	33,041	232	15,454	89,000
Amount change of Current period								
Reserve for reduction entry of specified asset replacement						—		
Provision of reserve for overseas investment loss							470	
Reversal of reserve for overseas investment loss							- 1,285	
Dividends of surplus								
Net income								
Purchase of treasury shares								
Disposal of treasury shares			3	3				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	3	3	—	—	-815	—
Balance at end of current period	132,166	19,482	4	19,486	33,041	232	14,638	89,000

(Million yen)

	Shareholder's equity					Valuation, translation			Total net assets
	Retained Earnings			Treasury shares	Total share-holders' equity	Valuation difference on available-f or-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Other retained earnings		Total retained earnings						
	General reserve	Retained earnings brought forward							
Balance at beginning of current period	62,000	194,943	394,672	-413	545,908	20,134	6,380	26,514	572,423
Cumulative amount due to change in accounting policy		—	—		—				—
Balance at beginning of Current period with adjustment	62,000	194,943	394,672	-413	545,908	20,134	6,380	26,514	572,423
Amount change of Current period									
Reserve for reduction entry of specified asset replacement		—	—		—				—
Provision of reserve for overseas investment loss		- 470	—		—				—
Reversal of reserve for overseas investment loss		1,285	—		—				—
Dividends of surplus		-18,738	-18,738		-18,738				-18,738
Net income		24,942	24,942		24,942				24,942
Purchase of treasury shares				- 405	- 405				-405
Disposal of treasury shares				20	24				24
Net changes of items other than shareholders' equity						3,561	-1,779	1,782	1,782
Total changes of items during period	—	7,019	6,204	-384	5,823	3,561	-1,779	1,782	7,605
Balance at end of current period	62,000	201,963	400,876	-797	551,732	23,696	4,600	28,296	580,029

## Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(Million yen)

	Shareholder's equity							
	Capital stock	Capital Surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry of specified replaced properties	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations
Balance at beginning of current period	132,166	19,482	4	19,486	33,041	232	14,638	89,000
Cumulative amount due to change in accounting policy								
Balance at beginning of Current period with adjustment	132,166	19,482	4	19,486	33,041	232	14,638	89,000
Amount change of Current period								
Reserve for reduction entry of specified asset replacement						6		
Provision of reserve for overseas investment loss							4,969	
Reversal of reserve for overseas investment loss							-1,417	
Dividends of surplus								
Net income								
Purchase of treasury shares								
Disposal of treasury shares			2	2				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	2	2	—	6	3,551	—
Balance at end of current period	132,166	19,482	6	19,488	33,041	239	18,189	89,000

(Million yen)

	Shareholder's equity					Valuation, translation			Total net assets
	Retained Earnings			Treasury shares	Total share -holders' equity	Valuation difference on available-f or-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Other retained earnings		Total retained earnings						
	General reserve	Retained earnings brought forward							
Balance at beginning of current period	62,000	201,963	400,876	-797	551,732	23,696	4,600	28,296	580,029
Cumulative amount due to change in accounting policy		3,847	3,847		3,847				3,847
Balance at beginning of Current period with adjustment	62,000	205,810	404,723	-797	555,579	23,696	4,600	28,296	583,876
Amount change of Current period									
Reserve for reduction entry of specified asset replacement		- 6	—		—				—
Provision of reserve for overseas investment loss		-4,969	—		—				—
Reversal of reserve for overseas investment loss		1,417	—		—				—
Dividends of surplus		-18,729	-18,729		-18,729				-18,729
Net income		70,285	70,285		70,285				70,285
Purchase of treasury shares				-153	-153				- 153
Disposal of treasury shares				12	14				14
Net changes of items other than shareholders' equity						11,959	-9,862	2,096	2,096
Total changes of items during period	—	47,997	51,555	-141	51,416	11,959	-9,862	2,096	53,512
Balance at end of current period	62,000	253,808	456,278	-938	606,995	35,655	- 5,261	30,393	637,389