



## Fiscal Year Ended March 31, 2018

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

April 26, 2018

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 28, 2018		
Scheduled Date of Financial Report Filing with the Finance Ministry	: June 29, 2018		
Scheduled Date of Dividend Payment	: June 29, 2018		
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, 2018 (April 1, 2017 – March 31, 2018)

##### (1) Consolidated Operating Results (% of change from the previous fiscal 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	%
Year ended March 31, 2018	1,296,238	9.5	78,118	-19.7	77,087	-19.9	37,724	-38.4
Year ended March 31, 2017	1,183,846	-10.5	97,250	-33.7	96,276	-28.7	61,271	-27.3

(Note) Comprehensive income Year ended March 31, 2018 60,590 million yen (-22.4% YoY)  
Year ended March 31, 2017 78,029 million yen (104.0% YoY)

	Earnings per share	Diluted earnings per share	Profit /Shareholder's equity	Ordinary profit /Total assets	Operating profit /Net sales
	yen	yen	%	%	%
Year ended March 31, 2018	90.71	—	3.8	4.1	6.0
Year ended March 31, 2017	147.29	—	6.6	5.2	8.2

<Reference> Share of profit of entities accounted for using equity method Year ended March 31, 2018 258 million yen  
Year ended March 31, 2017 1,785 million yen

(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	Shareholders' equity per share
	millions of yen	millions of yen	%	yen
As of March 31, 2018	1,905,215	1,028,799	52.5	2,403.68
As of March 31, 2017	1,886,577	991,870	51.0	2,312.68

<Reference> Shareholder's equity As of March 31, 2018 999,569 million yen As of March 31, 2017 961,905 million yen

(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 shareholders' equity per share is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

##### (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
	millions of yen	millions of yen	millions of yen	millions of yen
As of March 31, 2018	168,731	-110,456	-51,591	171,061
As of March 31, 2017	148,801	-137,527	-50,530	166,912

#### 2. Dividends

(Record date)	Dividends per share					Total dividends (full year)	Payout ratio (consolidated)	Dividends /Shareholder's equity (consolidated)
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Fiscal Year	Annual			
	yen	yen	yen	yen	yen	millions of yen	%	%
Year ended March 31, 2017	—	5.00	—	5.00	10.00	20,797	33.9	2.2
Year ended March 31, 2018	—	5.00	—	25.00	—	20,793	55.1	2.1
Year ending March 31, 2019 (Forecast)	—	25.00	—	25.00	50.00		44.7	

(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 dividends per share for the end of Fiscal Year ended March 31, 2018 and the forecast for dividends per share for the year ending March 31, 2019 take the share consolidation into account.

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

※ Notes

(1) Changes in significant subsidiaries during the year (changes in specified subsidiaries resulting in a change in the scope of consolidation) : None

(2) 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

(3) Issued shares (common shares)

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

As of March 31, 2018 416,680,000 shares

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

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

As of March 31, 2018 830,077 shares

As of March 31, 2017 752,813 shares

(iii) Average number of shares during each fiscal year:

Year ended March 31, 2018 415,880,656 shares

Year ended March 31, 2017 415,984,416 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 fiscal year, (ii) the number of treasury shares at the end of each fiscal year, and (iii) the average number of shares during each fiscal year, are calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

(Reference) Summary of non-consolidated financial results

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

(1) Non-Consolidated Operating Results (% of change from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Year ended March 31, 2018	1,039,629	14.6	47,722	-13.8	58,200	-17.2	44,028	-19.4
Year ended March 31, 2017	906,854	-12.8	55,345	-50.6	70,273	-38.0	54,659	-34.4

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2018	105.87	—
Year ended March 31, 2017	131.40	—

(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) Non-Consolidated Financial Position

	Total assets	Net assets	Net assets/Total assets	Net assets per share
	millions of yen	millions of yen	%	yen
As of March 31, 2018	1,442,980	766,368	53.1	1,842.90
As of March 31, 2017	1,408,956	735,881	52.2	1,769.25

<Reference> Net assets As of March 31, 2018 766,368 million yen As of March 31, 2017 735,881 million yen

(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 shareholders' equity per share is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

2. 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

\* Brief Report of Consolidated Financial Statements is outside the scope of audit procedures by a certified public accountant or an audit firm.

\* Notes on proper use of forecasts and other matters

1. Forward-looking statements 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. Overview of Operating Results (4) Forecasts for the Next Fiscal Year" on Page 5 of the Attachment to this Brief Report of Consolidated Financial Statements.

2. The Company plans to hold a closing informational meeting for institutional investors and analysts on April 27, 2018. Immediately after the meeting, the presentation materials and the contents of the presentation will be made available on the Company's web site.

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## 1. Overview of Operating Results

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

#### (i) Overview of operating results

Consolidated net sales for the fiscal year ended March 31, 2018 increased by ¥112.3 billion (+9.5%) year-on-year to ¥1,296.2 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 profit decreased by ¥19.1 billion (-19.9%) year-on-year to ¥77.0 billion compared to the previous fiscal year. This was primarily due to a year-on-year decrease in the impact of the time lag between fluctuations in the raw material costs in the Gas Business and their reflection in the unit selling price of city gas(\*), in addition to a decrease in ordinary profit of the International Energy Business. Profit attributable to owners of parent decreased by ¥23.5 billion (-38.4%) year-on-year to ¥37.7 billion, mainly due to an impairment loss of upstream business.

The number of consolidated subsidiaries is currently 138, with 15 subsidiaries removed and 3 added since the end of the previous fiscal year. The number of equity method affiliates is currently 19 with 1 added since the end of the previous fiscal year.

(\*) 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 increase in profit for the current and previous fiscal years, respectively.

(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	1,296.2	+112.3	+9.5	1,039.6	1.25
Cost of sales	874.4	+129.2	+17.4	712.9	1.23
Selling, general and administrative expenses	343.6	+2.2	+0.7	278.9	1.23
Operating profit	78.1	-19.1	-19.7	47.7	1.64
Ordinary profit	77.0	-19.1	-19.9	58.2	1.32
Profit attributable to owners of parent*	37.7	-23.5	-38.4	44.0	0.86

\*Profit for Non-consolidated results

(ii) Overview of each Business Segment

a. Domestic Energy/Gas

Net sales increased by ¥60.1 billion (+6.6%) year-on-year to ¥971.4 billion. This was primarily due to a higher unit selling price of city gas under the fuel cost adjustment system of the Gas Business. Segment profit decreased by ¥12.6 billion (-22.9%) year-on-year to ¥42.6 billion compared to the previous fiscal year. This was primarily due to a year-on-year decrease in the impact of the time lag between fluctuations in raw material costs in the Gas Business and their reflection in the unit selling price of city gas.

(Reference) Gas Sales Breakdown

		Current year (a) (Apr '17 - Mar '18)	Previous year (b) (Apr '16 - Mar '17)	increase /decrease (a)-(b)	increase /decrease rate (%)	
Non- Consolidated	Number of units for gas supply (thousands)	5,970	6,230	-260	-4.2	
	Gas sales volume (million m <sup>3</sup> )	Residential	2,160	2,103	+57	+2.7
		Non-residential	6,387	6,560	-173	-2.6
		Total	8,546	8,662	-116	-1.3
Consolidated gas sales volume (million m <sup>3</sup> )		8,580	8,694	-114	-1.3	

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

b. Domestic Energy/Electricity

Net sales increased by ¥50.2 billion (+46.7%) year-on-year to ¥157.7 billion, primarily due to an increase in sales volume in the Electricity Business. Segment profit increased by ¥4.5 billion (+27.8%) year-on-year to ¥20.7 billion compared to the previous fiscal year.

(Reference) Domestic Electricity Sales Breakdown

		Current year (a) (Apr '17 - Mar '18)	Previous year (b) (Apr '16 - Mar '17)	increase /decrease (a)-(b)	increase /decrease rate (%)
Number of units for electricity supply (thousands)		619	305	+314	+103.1
Electricity sales volume (million kWh)	Retail	2,355	995	+1,360	+136.8
	Wholesale, etc.	8,596	7,954	+643	+8.1
	Total	10,951	8,948	+2,003	+22.4

c. International Energy

Net sales remained at approximately the same level as the previous fiscal year at ¥22.5 billion. Segment loss was ¥5.3 billion (segment profit for the previous fiscal year was ¥8.0 billion), mainly due to loss from sales of IPP project in North America.

d. Life & Business Solutions

Net sales remained at approximately the same level as the previous fiscal year at ¥208.9 billion. Segment profit remained at approximately the same level as the previous fiscal year at ¥18.6 billion.

(billions of yen)

	Domestic Energy/Gas	Domestic Energy/Electricity	International Energy	Life & Business Solutions	Adjustments	Consolidated
Net sales	+6.6% 971.4 [+60.1]	+46.7% 157.7 [+50.2]	-0.3% 22.5 [-0.0]	+0.3% 208.9 [+0.5]	-64.5	+9.5% 1,296.2 [+112.3]
Segment profit (loss)	-22.9% 42.6 [-12.6]	+27.8% 20.7 [+4.5]	-0% -5.3 [-13.3]	+0.2% 18.6 [+0.0]	1.7	-20.9% 78.3 [-20.6]

The percentage figures at the upper left corner of each box show the percentage of changes from the previous year.

Figures in [ ] brackets in each box represent the changes from the previous year.

## (2) Overview of Financial Position

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

Total assets increased by ¥18.6 billion year-on-year to ¥1,905.2 billion, primarily due to an increase in notes and accounts receivable-trade, and inventories. Liabilities decreased by ¥18.2 billion year-on-year to ¥876.4 billion, while net assets increased by ¥36.9 billion year-on-year to ¥1,028.7 billion.

As a result, the ratio of shareholder's equity to total assets increased to 52.5% from 51.0% at the end of the previous year.

	(billions of yen)		
	As of March 31, 2018	As of March 31, 2017	increase /decrease
Total assets	1,905.2	1,886.5	+18.6
Total liabilities	876.4	894.7	-18.2
Total net assets	1,028.7	991.8	+36.9
Total liabilities and net assets	1,905.2	1,886.5	+18.6

## (3) Overview of Cash Flows

In the current fiscal year, net cash provided by operating activities amounted to ¥168.7 billion, due to the addition of depreciation to profit before income taxes and the addition/subtraction of income taxes and other payments. Net cash used in investing activities amounted to ¥110.4 billion, mainly due to the purchase of property, plant and equipment. Net cash used in financing activities amounted to ¥51.5 billion, mainly due to the repayments of long term loans payable.

Consequently, the net increase in cash and cash equivalents at the end of the fiscal year ended March 31, 2018 amounted to ¥7.3 billion.

With the addition to the balance of ¥166.9 billion at the beginning of the fiscal year, the balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2018 amounted to ¥171.0 billion.

	(billions of yen)		
	Current Year (Apr' 17 - Mar' 18)	Previous Year (Apr' 16 - Mar' 17)	increase /decrease
Cash flows from operating activities	168.7	148.8	+19.9
Cash flows from investing activities	-110.4	-137.5	+27.0
Cash flows from financing activities	-51.5	-50.5	-1.0
Net increase/decrease in cash and cash equivalents	7.3	-42.4	+49.8
Cash and cash equivalents at end of period	171.0	166.9	+4.1
Balance of interest-bearing debts at end of period	503.7	540.6	-36.8

Free cash flow\* : ¥116.3 billion [¥100.5 billion in the previous fiscal year]

\* Free cash flow = Cash flows from operating activities - Capital expenditures

The following table shows results and forecasts for capital expenditures.

(Reference) Capital Expenditures: Results and Forecasts

	(billions of yen)		
	Forecast for Next Fiscal Year (Apr' 18 - Mar' 19)	Current Year (Apr' 17 - Mar' 18)	Previous Year (Apr' 16 - Mar' 17)
Consolidated	90.0	81.7	88.6
Non-consolidated	46.0	42.4	48.8
Production facilities	2.4	3.7	5.6
Distribution facilities	38.5	35.1	36.5
Service and maintenance facilities, etc.	4.9	3.6	6.

#### (4) Forecasts for the Next Fiscal Year

Consolidated net sales for the fiscal year ending March 31, 2019 is expected to increase by ¥63.7 billion (+4.9%) year-on-year to ¥1,360.0 billion. This is mainly based on an assumption of an increase in retail sales of electricity.

Ordinary profit is expected to decrease by ¥7.0 billion (-9.2%) year-on-year to ¥70.0 billion. This is primarily due to a decrease in gas sales volume with the progress of gas retail full deregulation, and in reaction to the low temperatures of the current fiscal year. Profit attributable to owners of parent is expected to increase by ¥8.7 billion (+23.3%) year-on-year to ¥46.5 billion.

(billions of yen)

	Forecast for Next Fiscal Year (April 2018 - March 2019)	Compared with Current Year	
		increase /decrease	increase /decrease rate (%)
Net sales	1,360.0	+63.7	+4.9
Operating profit	74.0	-4.1	-5.3
Ordinary profit	70.0	-7.0	-9.2
Profit attributable to owners of parent	46.5	+8.7	+23.3

(Reference) Assumptions for the crude oil price and exchange rate (April 1, 2018 to March 31, 2019)

Crude oil price (All Japan CIF price) at 65USD/bbl

Exchange rate (TTM rate) at ¥110 to 1USD

## 2. Policy for Selecting an Accounting Standard

The Company will continuously adopt the Japanese GAAP as an accounting standard. The adoption of the IFRS will be considered in view of the business environment and the impact of its adoption.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheet

(millions of yen)

	Previous Year (As of March 31, 2017)	Current Year (As of March 31, 2018)
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	91,943	89,523
Distribution facilities	286,889	275,331
Service and maintenance facilities	58,912	56,924
Other facilities	387,286	393,116
Construction in progress	87,706	66,925
Total property, plant and equipment	912,737	881,822
Intangible assets	77,483	79,743
Investments and other assets		
Investment securities	316,981	323,212
Net defined benefit asset	38,615	46,405
Other	60,073	60,682
Allowance for doubtful accounts	-1,376	-1,245
Total investments and other assets	414,293	429,053
Total non-current assets	1,404,514	1,390,619
Current assets		
Cash and deposits	167,583	171,529
Notes and accounts receivable - trade	177,512	190,445
Lease receivables and investment assets	24,147	30,459
Inventories	69,778	76,861
Other	44,670	46,805
Allowance for doubtful accounts	-1,629	-1,504
Total current assets	482,062	514,596
Total assets	1,886,577	1,905,215

	Previous Year (As of March 31, 2017)	Current Year (As of March 31, 2018)
(millions of yen)		
<b>Liabilities</b>		
Non-current liabilities		
Bonds payable	194,979	164,984
Long-term loans payable	267,666	243,255
Deferred tax liabilities	26,451	30,830
Provision for gas holder repairs	1,416	1,326
Provision for safety measures	10,897	12,936
Provision for loss on investment	6,999	6,999
Provision for equipment warranties	14,282	13,607
Net defined benefit liability	18,709	16,958
Other	91,033	61,371
Total non-current liabilities	632,436	552,271
Current liabilities		
Current portion of non-current liabilities	50,267	68,548
Notes and accounts payable - trade	50,246	58,542
Short-term loans payable	23,118	22,179
Income taxes payable	22,942	27,786
Other	115,695	147,088
Total current liabilities	262,269	324,145
Total liabilities	894,706	876,416
<b>Net assets</b>		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,319	19,222
Retained earnings	752,872	769,801
Treasury shares	-1,492	-1,663
Total shareholders' equity	902,865	919,527
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,678	56,977
Deferred gains or losses on hedges	-9,500	-7,650
Revaluation reserve for land	-737	-737
Foreign currency translation adjustment	17,993	19,530
Remeasurements of defined benefit plans	-393	11,922
Total accumulated other comprehensive income	59,040	80,042
Non-controlling interests	29,965	29,229
Total net assets	991,870	1,028,799
Total liabilities and net assets	1,886,577	1,905,215

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

	(millions of yen)	
	Previous Year (April 1, 2016 – March 31, 2017)	Current Year (April 1, 2017 – March 31, 2018)
Net sales	1,183,846	1,296,238
Cost of sales	745,139	874,437
Gross profit	438,707	421,800
Selling, general and administrative expenses	341,457	343,681
Operating profit	97,250	78,118
Non-operating income		
Interest income	386	453
Dividend income	3,163	4,151
Miscellaneous income	10,610	10,886
Total non-operating income	14,160	15,491
Non-operating expenses		
Interest expenses	9,612	9,505
Loss on sales of shares of subsidiaries	—	2,227
Miscellaneous expenses	5,521	4,789
Total non-operating expenses	15,134	16,522
Ordinary profit	96,276	77,087
Extraordinary losses		
Impairment loss	1,744	11,249
Business structure improvement expenses	2,935	—
Total extraordinary losses	4,680	11,249
Profit before income taxes	91,596	65,837
Income taxes - current	31,622	31,277
Income taxes - deferred	-3,233	-4,957
Total income taxes	28,388	26,319
Profit	63,207	39,517
Profit attributable to non-controlling interests	1,936	1,793
Profit attributable to owners of parent	61,271	37,724

## Consolidated Statement of Comprehensive Income

	(millions of yen)	
	Previous Year (April 1, 2016 – March 31, 2017)	Current Year (April 1, 2017 – March 31, 2018)
Profit	63,207	39,517
Other comprehensive income		
Valuation difference on available-for-sale securities	7,543	5,306
Deferred gains or losses on hedges	1,401	387
Foreign currency translation adjustment	-7,506	78
Remeasurements of defined benefit plans	15,593	12,607
Share of other comprehensive income of entities accounted for using equity method	-2,209	2,692
Total other comprehensive income	14,822	21,072
Comprehensive income	78,029	60,590
(Breakdown)		
Comprehensive income attributable to owners of parent	76,301	58,725
Comprehensive income attributable to non-controlling interests	1,728	1,864

(3) Consolidated Statement of Changes in Net Assets  
Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(millions of yen)

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

	Accumulated Other Comprehensive Income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	44,143	-12,347	-737	28,924	-15,972	44,010	29,162	935,786
Change of items during period								
Dividends of surplus								-20,800
Profit attributable to owners of parent								61,271
Purchase of treasury shares								-226
Disposal of treasury shares								9
Change in ownership interest of parent due to transactions with non-controlling interests								-1
Net changes of items other than shareholders' equity	7,535	2,846		-10,930	15,578	15,030	802	15,832
Total changes of items during period	7,535	2,846	—	-10,930	15,578	15,030	802	56,084
Balance at end of current period	51,678	-9,500	-737	17,993	-393	59,040	29,965	991,870

Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	132,166	19,319	752,872	-1,492	902,865
Change of items during period					
Dividends of surplus			-20,794		-20,794
Profit attributable to owners of parent			37,724		37,724
Purchase of treasury shares				-175	-175
Disposal of treasury shares		0		5	5
Change in ownership interest of parent due to transactions with non-controlling interests		-97			-97
Net changes of items other than shareholders' equity					
Total changes of items during period	—	-96	16,929	-170	16,662
Balance at end of current period	132,166	19,222	769,801	-1,663	919,527

	Accumulated Other Comprehensive Income						Non-controlling interests	Total net assets
	Valuation difference on available -for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	51,678	-9,500	-737	17,993	-393	59,040	29,965	991,870
Change of items during period								
Dividends of surplus								-20,794
Profit attributable to owners of parent								37,724
Purchase of treasury shares								-175
Disposal of treasury shares								5
Change in ownership interest of parent due to transactions with non-controlling interests								-97
Net changes of items other than shareholders' equity	5,298	1,849		1,536	12,316	21,001	-735	20,265
Total changes of items during period	5,298	1,849	—	1,536	12,316	21,001	-735	36,928
Balance at end of current period	56,977	-7,650	-737	19,530	11,922	80,042	29,229	1,028,799

(4) Consolidated Statement of Cash Flows

	(millions of yen)	
	Previous Year (April 1, 2016 – March 31, 2017)	Current Year (April 1, 2017 – March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	91,596	65,837
Depreciation	86,206	88,723
Amortization of long-term prepaid expenses	5,389	5,207
Impairment loss	1,744	11,249
Business structure improvement expenses	2,935	—
Loss on sales of shares of subsidiaries	—	2,227
Decrease (increase) in net defined benefit asset	8,221	8,828
Interest and dividend income	-3,550	-4,605
Interest expenses	9,612	9,505
Decrease (increase) in notes and accounts receivable - trade	-11,151	-15,519
Decrease (increase) in inventories	9,166	-8,136
Increase (decrease) in notes and accounts payable - trade	-3,428	10,380
Increase (decrease) in accrued expenses	-968	2,276
Increase (decrease) in accrued consumption taxes	-11,776	4,854
Other, net	9,277	12,898
Subtotal	193,274	193,729
Interest and dividend income received	7,700	10,815
Interest expenses paid	-9,657	-9,315
Income taxes paid	-42,516	-26,498
Net cash provided by (used in) operating activities	148,801	168,731
Cash flows from investing activities		
Purchase of property, plant and equipment	-83,435	-73,082
Purchase of intangible assets	-9,286	-5,977
Purchase of long-term prepaid expenses	-6,463	-5,799
Purchase of shares of subsidiaries and associates	-32,810	-15,385
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-0	-6,602
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	618	2,485
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-41	—
Payments of long-term loans receivable	-5,117	-3,000
Other, net	-991	-3,093
Net cash provided by (used in) investing activities	-137,527	-110,456
Cash flows from financing activities		
Proceeds from long-term loans payable	19,248	18,719
Repayments of long term loans payable	-18,763	-48,399
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	-35,700	—
Proceeds from share issuance to non-controlling shareholders	133	400
Cash dividends paid	-20,803	-20,800
Dividends paid to non-controlling interests	-948	-1,218
Other, net	-3,696	-292
Net cash provided by (used in) financing activities	-50,530	-51,591
Effect of exchange rate change on cash and cash equivalents	-3,197	666
Net increase (decrease) in cash and cash equivalents	-42,454	7,349
Cash and cash equivalents at beginning of period	209,367	166,912
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	-3,200
Cash and cash equivalents at end of period	166,912	171,061

(5) Notes on the Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Segment Information)

a. Summary of reportable segments

The Osaka Gas Group's reportable segments are the organizational units for which separate financial information is available, and they are regularly reviewed by the Board of Directors to determine the allocation of management resources and evaluate business results.

The Osaka Gas Group classifies its products and services into business segments on the basis of two business domains: the Domestic and International Energy Business, and the Life & Business Solutions Business. It then divides those business segments into the following four reportable segments by considering product and service similarities, namely, the Domestic Energy/Gas Business, the Domestic Energy/Electricity Business, the International Energy Business, and the Life & Business Solutions Business. The Domestic Energy/Gas Business manufactures, supplies, and sells city gas, sells gas appliances, conducts gas pipeline installation, and sells LNG, LPG and industrial gas. The Domestic Energy/Electricity Business produces and sells electricity. The International Energy Business conducts development and investment related to petroleum and natural gas, supplies energy, and leases tankers to transport LNG. The Life & Business Solutions Business conducts the development and leasing of real estate, information processing services, and sales of fine materials and carbon material products.

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 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 fiscal year ending March 31, 2017 has been reclassified based on the new reportable segments.

b. Explanation of measurements of sales, profit/loss, assets, liabilities, and other items for each reportable segment

The accounting methods for reportable segments comply with the basis for preparing consolidated financial statements. Internal sales and transfer prices between operating segments are determined according to the arm's length principle.

c. Information of sales, profit (loss), asset, liability, and other items for each reportable segment

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

	Reportable Segment				Total	Adjustments	Consolidated
	Domestic Energy/ Gas	Domestic Energy/ Electricity	International Energy	Life & Business Solutions			
Net sales							
Sales to external customers	897,294	106,366	18,672	161,513	1,183,846	—	1,183,846
Transactions with other segments	13,998	1,149	3,959	46,859	65,967	-65,967	—
Total	911,292	107,515	22,632	208,373	1,249,814	-65,967	1,183,846
Segment profit							
Operating profit	54,941	16,066	6,670	18,627	96,305	944	97,250
Share of profit of entities accounted for using equity method	312	142	1,330	—	1,785	—	1,785
Total	55,254	16,208	8,000	18,627	98,091	944	99,036
Segment assets	867,991	123,716	484,972	344,115	1,820,795	65,781	1,886,577
Other items							
Depreciation	59,083	6,443	7,868	11,324	84,719	-772	83,947
Amortization of goodwill	2	94	458	1,704	2,259	—	2,259
Investment in entities accounted for using equity method	3,808	1,447	183,359	—	188,615	—	188,615
Increase in property, plant and equipment and intangible assets	53,465	5,075	15,167	16,949	90,658	-2,000	88,657

Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018) (millions of yen)

	Reportable Segment				Total	Adjustments	Consolidated
	Domestic Energy/ Gas	Domestic Energy/ Electricity	International Energy	Life & Business Solutions			
Net sales							
Sales to external customers	959,511	156,497	14,313	165,915	1,296,238	—	1,296,238
Transactions with other segments	11,956	1,255	8,257	43,034	64,503	-64,503	—
Total	971,468	157,752	22,570	208,950	1,360,741	-64,503	1,296,238
Segment profit (loss)							
Operating profit (loss)	41,671	20,568	-4,506	18,656	76,389	1,728	78,118
Share of profit (loss) of entities accounted for using equity method	943	146	-831	—	258	—	258
Total	42,615	20,714	-5,338	18,656	76,648	1,728	78,376
Segment assets	869,712	157,551	462,432	354,575	1,844,271	60,944	1,905,215
Other items							
Depreciation	57,757	6,773	11,692	11,168	87,391	-1,013	86,378
Amortization of goodwill	—	94	473	1,777	2,344	—	2,344
Investment in entities accounted for using equity method	13,554	1,421	177,258	—	192,234	—	192,234
Increase in property, plant and equipment and intangible assets	46,423	13,477	6,187	17,179	83,267	-1,551	81,716

(Per Share Information)

	Previous year (From April 1, 2016 to March 31, 2017)	Current year (From April 1, 2017 to March 31, 2018)
Shareholders' equity per share	2,312.68 yen	2,403.68 yen
Earnings per share	147.29 yen	90.71 yen

(Notes)

1. Since there were no potential shares with a dilutive effect, data on diluted earnings per share is not presented in this document.
2. The Company conducted a share consolidation at a ratio of 5 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, shareholders' equity per share and earnings per share are calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.
3. The following data was used for calculating earnings per share:

	Previous year (From April 1, 2016 to March 31, 2017)	Current year (From April 1, 2017 to March 31, 2018)
Profit attributable to owners of parent (millions of yen)	61,271	37,724
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent attributable to common share (millions of yen)	61,271	37,724
Average number of common shares during the fiscal year (thousands of shares)	415,984	415,880

(Subsequent Events)

Not applicable

## 4. Non-Consolidated Financial Statements

### (1) Balance Sheet

	(millions of yen)	
	Previous Year (As of March 31, 2017)	Current Year (As of March 31, 2018)
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	90,988	88,573
Distribution facilities	286,395	274,948
Service and maintenance facilities	58,056	56,073
Facilities for incidental businesses	3,516	3,331
Construction in progress	7,763	9,381
Total property, plant and equipment	446,720	432,308
Intangible assets		
Patent right	9	6
Leasehold right	2,987	2,987
Other	13,767	15,239
Total intangible assets	16,765	18,233
Investments and other assets		
Investment securities	71,324	77,158
Investments in subsidiaries and associates	350,158	367,928
Long-term loans receivable from subsidiaries and associates	177,870	178,389
Investments in capital	21	21
Long-term prepaid expenses	7,476	7,007
Prepaid pension cost	40,442	31,605
Other	5,258	6,874
Allowance for doubtful accounts	-336	-299
Total investments and other assets	652,216	668,686
Total non-current assets	1,115,702	1,119,228
Current assets		
Cash and deposits	126,342	137,454
Notes receivable - trade	702	394
Accounts receivable - trade	84,797	92,993
Accounts receivable from subsidiaries and associates - trade	12,131	14,611
Accounts receivable - other	7,317	9,937
Securities	12	—
Finished goods	59	67
Raw materials	17,021	26,653
Supplies	11,468	12,806
Short-term receivables from subsidiaries and associates	20,863	16,116
Deferred tax assets	6,208	6,974
Other	7,167	6,629
Allowance for doubtful accounts	-837	-887
Total current assets	293,254	323,751
Total assets	1,408,956	1,442,980

Osaka Gas Co., Ltd. (9532)  
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	(millions of yen)	
	Previous Year (As of March 31, 2017)	Current Year (As of March 31, 2018)
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bonds payable	194,979	164,984
Long-term loans payable	166,498	152,754
Long-term debt to subsidiaries and associates	926	858
Deferred tax liabilities	9,972	8,799
Provision for retirement benefits	4,686	4,325
Provision for gas holder repairs	1,373	1,279
Provision for safety measures	10,897	12,936
Provision for loss on investment	6,999	6,999
Provision for equipment warranties	14,282	13,607
Other	7,895	10,463
<b>Total non-current liabilities</b>	<b>418,512</b>	<b>377,010</b>
<b>Current liabilities</b>		
Current portion of non-current liabilities	37,923	50,220
Accounts payable - trade	21,442	31,445
Short-term loans payable	5,000	6,000
Accounts payable - other	15,344	20,388
Accrued expenses	35,692	37,658
Income taxes payable	15,027	19,706
Advances received	6,846	6,941
Deposits received	1,685	1,678
Short-term loans payable to subsidiaries and associates	86,162	90,542
Short-term debt to subsidiaries and associates	24,438	28,079
Other	4,999	6,939
<b>Total current liabilities</b>	<b>254,562</b>	<b>299,601</b>
<b>Total liabilities</b>	<b>673,075</b>	<b>676,611</b>

Osaka Gas Co., Ltd. (9532)  
Brief Report of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2018

	Previous Year (As of March 31, 2017)	Current Year (As of March 31, 2018)
(millions of yen)		
<hr/>		
Net Assets		
Shareholder's equity		
Capital stock	132,166	132,166
Capital surplus		
Legal capital surplus	19,482	19,482
Other capital surplus	11	11
Total capital surpluses	19,493	19,493
Retained earnings		
Legal retained earnings	33,041	33,041
Other retained earnings		
Reserve for reduction entry of specified replaced properties	241	241
Reserve for overseas investment loss	20,756	18,370
Reserve for adjustment of cost fluctuations	89,000	89,000
General reserve	62,000	62,000
Retained earnings brought forward	347,575	373,195
Total retained earnings	552,615	575,849
Treasury shares	-1,492	-1,663
Total shareholders' equity	702,783	725,846
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	36,570	41,280
Deferred gains or losses on hedges	-3,472	-758
Total valuation and translation adjustments	33,098	40,522
Total net assets	735,881	766,368
Total liabilities and net assets	1,408,956	1,442,980

## (2) Statement of Income

	(millions of yen)	
	Previous Year (April 1, 2016 – March 31, 2017)	Current Year (April 1, 2017 – March 31, 2018)
Sales from gas business		
Gas sales	—	652,861
Gas transportation service revenue	—	8,600
Revenue from interoperator settlement	—	1,013
Total sales from gas business	—	662,475
Product sales		
Gas sales	614,327	—
Total product sales	614,327	—
Cost of sales		
Beginning inventories	147	59
Cost of products	315,246	378,041
Purchase of finished goods	0	—
Costs of gas for own use	6,492	11,280
Ending inventories	59	67
Total cost of sales	308,842	366,752
Gross profit	305,484	295,722
Selling, general and administrative expenses		
Supply and sales expenses	221,666	223,894
General and administrative expenses	51,637	55,098
Total selling, general and administrative expenses	273,303	278,992
Profit on core business	32,181	16,729
Miscellaneous operating revenue		
Revenue from installation work	23,064	23,419
Revenue from gas appliance sales	95,605	—
Gas transportation service revenue	2,304	—
Other miscellaneous operating revenue	3,415	98,983
Total miscellaneous operating revenue	124,389	122,402
Miscellaneous operating expenses		
Expenses of installation work	21,789	22,312
Expenses of gas appliance sales	92,737	—
Other miscellaneous operating expenses	—	84,199
Total operating miscellaneous expenses	114,527	106,511
Revenue for incidental businesses		
Revenue from electric supply business	101,432	—
Revenue from LNG sales	58,076	—
Revenue from other incidental businesses	8,629	—
Revenue for incidental businesses	—	254,751
Total revenue for incidental businesses	168,138	254,751
Expenses for incidental businesses		
Expenses for electric supply business	91,188	—
Expenses for LNG sales	55,917	—
Expenses for other incidental businesses	7,730	—
Expenses for incidental businesses	—	239,649
Total expenses for incidental businesses	154,836	239,649
Operating profit	55,345	47,722

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	(millions of yen)	
	Previous Year (April 1, 2016 – March 31, 2017)	Current Year (April 1, 2017 – March 31, 2018)
Non-operating income		
Interest income	1,711	1,570
Interest on securities	20	16
Dividend income	1,338	1,613
Dividends from subsidiaries and associates	14,037	8,943
Miscellaneous income	8,382	7,083
Total non-operating income	25,489	19,227
Non-operating expenses		
Interest expenses	4,338	4,089
Interest on bonds	3,920	3,079
Amortization of bond issuance cost	72	—
Miscellaneous expenses	2,230	1,581
Total non-operating expenses	10,561	8,749
Ordinary profit	70,273	58,200
Profit before income taxes	70,273	58,200
Income taxes	19,300	18,700
Income taxes - deferred	-3,686	-4,528
Total income taxes	15,613	14,171
Profit	54,659	44,028