

# Consolidated Balance Sheets

Osaka Gas Co., Ltd. and Consolidated Subsidiaries  
March 31, 2016 and 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
<b>Assets</b>			
<b>Non-current Assets</b>			
<b>Property, plant and equipment</b>			
Production facilities	¥ 89,192	¥ 91,943	\$ 819,533
Distribution facilities	297,424	286,889	2,557,175
Service and maintenance facilities	60,257	58,912	525,109
Other facilities	291,836	387,286	3,452,054
Construction in progress	172,949	87,706	781,763
Total property, plant and equipment	911,659	912,737	8,135,637
<b>Intangible assets</b>			
Total intangible assets	89,613	77,483	690,649
<b>Investments and other assets</b>			
Investment securities	236,774	316,981	2,825,394
Net defined benefit asset	25,154	38,615	344,195
Other	51,729	60,073	535,461
Allowance for doubtful accounts	(1,811)	(1,376)	(12,266)
Total investments and other assets	311,846	414,293	3,692,785
Total non-current assets	1,313,119	1,404,514	12,519,072
<b>Current Assets</b>			
Cash and deposits	209,982	167,583	1,493,749
Notes and accounts receivable - trade	167,246	177,512	1,582,252
Lease receivables and lease investment assets	16,127	24,147	215,238
Inventories	79,782	69,778	621,963
Other	44,607	44,670	398,166
Allowance for doubtful accounts	(1,110)	(1,629)	(14,527)
Total current assets	516,636	482,062	4,296,843
Total assets	¥1,829,756	¥1,886,577	\$16,815,916

Note: Financial information is stated in accordance with the standards of the securities report but not audited.

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bonds payable	¥ 184,975	¥ 194,979	\$ 1,737,943
Long-term loans payable	300,588	267,666	2,385,830
Deferred tax liabilities	21,864	26,451	235,773
Provision for gas holder repairs	1,649	1,416	12,625
Provision for safety measures	12,549	10,897	97,130
Provision for investment loss	6,999	6,999	62,393
Provision for loss on guarantees	1,757	—	—
Provision for equipment warranties	8,377	14,282	127,307
Net defined benefit liability	18,145	18,709	166,764
Other	37,725	91,033	811,423
Total non-current liabilities	594,633	632,436	5,637,194
<b>Current liabilities</b>			
Current portion of non-current liabilities (Note 8)	54,521	50,267	448,054
Notes and accounts payable - trade	53,882	50,246	447,870
Short-term loans payable	25,916	23,118	206,067
Income taxes payable	33,834	22,942	204,494
Other	131,181	115,695	1,031,242
Total current liabilities	299,336	262,269	2,337,729
Total liabilities	893,970	894,706	7,974,924
<b>Net Assets</b>			
<b>Shareholders' equity</b>			
Capital stock	132,166	132,166	1,178,061
Authorized - 3,707,506,909*			
Issued - 2,083,400,000 shares in 2016 and 2017			
Capital surplus	19,320	19,319	172,199
Retained earnings	712,401	752,872	6,710,688
Treasury shares	(1,275)	(1,492)	(13,306)
3,256,640 shares in 2016 and			
3,764,066 shares in 2017			
Total shareholders' equity	862,613	902,865	8,047,642
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	44,143	51,678	460,634
Deferred gains and losses on hedges	(12,347)	(9,500)	(84,680)
Revaluation reserve for land	(737)	(737)	(6,577)
Foreign currency translation adjustments	28,924	17,993	160,387
Remeasurements of defined benefit plans	(15,972)	(393)	(3,507)
Total accumulated other comprehensive income	44,010	59,040	526,256
Non-controlling interests	29,162	29,965	267,092
Total net assets	935,786	991,870	8,840,991
Total liabilities and net assets	¥1,829,756	¥1,886,577	\$16,815,916

\*A proposal for a reverse stock split was approved at the annual general meeting of shareholders held on June 29, 2017.

Based on this approval, effective October 1, 2017, the number of authorized shares of the company will change to 700,000,000 and the number of shares issued and outstanding will change to 416,680,000 shares on a calculation basis.

## Consolidated Statements of Income

Osaka Gas Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2016 and 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Net sales	¥1,322,012	¥1,183,846	\$10,552,161
Cost of sales	814,760	745,139	6,641,762
Gross profit	507,251	438,707	3,910,398
Selling, general and administrative expenses	360,576	341,457	3,043,561
Operating income	146,674	97,250	866,836
Non-operating income			
Interest income	448	386	3,444
Dividend income	3,262	3,163	28,201
Share of profit of entities accounted for using equity method	—	1,785	15,919
Proceeds from facility contribution	604	2,404	21,436
Miscellaneous income	5,552	6,419	57,220
Total non-operating income	9,867	14,160	126,222
Non-operating expenses			
Interest expense	10,003	9,612	85,679
Share of loss of entities accounted for using equity method	4,538	—	—
Miscellaneous expenses	7,012	5,521	49,219
Total non-operating expenses	21,555	15,134	134,899
Ordinary income	134,986	96,276	858,158
Extraordinary income			
Gain on sales of non-current asset	2,467	—	—
Total extraordinary income	2,467	—	—
Extraordinary losses			
Impairment loss	14,588	1,744	15,553
Business structure improvement expenses	—	2,935	26,166
Total extraordinary losses	14,588	4,680	41,719
Profit before income taxes	122,865	91,596	816,439
Income taxes - current	43,394	31,622	281,866
Income taxes - deferred	(5,478)	(3,233)	(28,822)
Total income taxes	37,916	28,388	253,043
Profit	84,949	63,207	563,395
Profit attributable to non-controlling interests	624	1,936	17,259
Profit attributable to owners of parent	¥ 84,324	¥ 61,271	\$ 546,136

	Yen		U.S. Dollars
	2016	2017	2017
Amounts per share of capital stock			
Profit	¥40.53	¥29.46	\$0.263
Cash dividends applicable to the year	10.00	10.00	0.089

Note: Financial information is stated in accordance with the standards of the securities report but not audited.

# Consolidated Statements of Comprehensive Income

Osaka Gas Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2016 and 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Profit	¥84,949	¥63,207	\$563,395
Other comprehensive income			
Valuation difference on available-for-sale securities	(6,736)	7,543	67,242
Deferred gains and losses on hedges	(3,926)	1,401	12,490
Foreign currency translation adjustments	(4,078)	(7,506)	(66,910)
Adjustment for employee retirement benefits	(22,528)	15,593	138,988
Share of other comprehensive income of associates accounted for using equity method	(9,422)	(2,209)	(19,692)
Total other comprehensive income	(46,692)	14,822	132,118
Comprehensive income	¥38,256	¥78,029	\$695,514
Attributable to:			
Owners of parent	¥39,452	¥76,301	\$680,105
Non-controlling interests	¥(1,196)	¥1,728	\$15,409

Note: Financial information is stated in accordance with the standards of the securities report but not audited.

# Consolidated Statements of Changes in Net Assets

Osaka Gas Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2016 and 2017

Millions of Yen					
Shareholders' equity					
Year ended March 31, 2016	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	¥132,166	¥19,488	¥648,896	¥(938)	¥799,613
Amount change of current period					
Dividends of surplus			(20,808)		(20,808)
Profit attributable to owners of parent			84,324		84,324
Purchase of treasury shares				(357)	(357)
Disposal of treasury shares		4		20	25
Change of scope of equity method			(11)		(11)
Change in treasury shares of parent arising from transactions with non-controlling interests		(173)			(173)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(168)	63,504	(336)	62,999
Balance at end of current period	¥132,166	¥19,320	¥712,401	¥(1,275)	¥862,613

Millions of Yen					
Shareholders' equity					
Year ended March 31, 2017	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	¥132,166	¥19,320	¥712,401	¥(1,275)	¥862,613
Amount change of current period					
Dividends of surplus			(20,800)		(20,800)
Profit attributable to owners of parent			61,271		61,271
Purchase of treasury shares				(226)	(226)
Disposal of treasury shares		0		9	9
Change of scope of equity method					—
Change in treasury shares of parent arising from transactions with non-controlling interests		(1)			(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(0)	40,470	(217)	40,251
Balance at end of current period	¥132,166	¥19,319	¥752,872	¥(1,492)	¥902,865

Thousands of U.S. Dollars					
Shareholders' equity					
Year ended March 31, 2017	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	\$1,178,061	\$172,207	\$6,349,956	\$(11,366)	\$7,688,858
Amount change of current period					
Dividends of surplus			(185,403)		(185,403)
Profit attributable to owners of parent			546,136		546,136
Purchase of treasury shares				(2,021)	(2,021)
Disposal of treasury shares		3		81	85
Change of scope of equity method					—
Change in treasury shares of parent arising from transactions with non-controlling interests		(12)			(12)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(8)	360,732	(1,939)	358,783
Balance at end of current period	\$1,178,061	\$172,199	\$6,710,688	\$(13,306)	\$8,047,642

Note: Financial information is stated in accordance with the standards of the securities report but not audited.

Millions of Yen

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 adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
¥50,868	¥(6,519)	¥(737)	¥39,341	¥5,929	¥88,882	¥30,373	¥918,869
							(20,808)
							84,324
							(357)
							25
							(11)
							(173)
(6,724)	(5,827)		(10,417)	(21,902)	(44,871)	(1,211)	(46,083)
(6,724)	(5,827)	—	(10,417)	(21,902)	(44,871)	(1,211)	16,916
¥44,143	¥(12,347)	¥(737)	¥28,924	¥(15,972)	¥44,010	¥29,162	¥935,786

Millions of Yen

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 adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
¥44,143	¥(12,347)	¥(737)	¥28,924	¥(15,972)	¥44,010	¥29,162	¥935,786
							(20,800)
							61,271
							(226)
							9
							—
							(1)
7,535	2,846		(10,930)	15,578	15,030	802	15,832
7,535	2,846	—	(10,930)	15,578	15,030	802	56,084
¥51,678	¥(9,500)	¥(737)	¥17,993	¥(393)	¥59,040	¥29,965	¥991,870

Thousands of U.S. Dollars

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 adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
\$393,471	\$(110,054)	\$(6,577)	\$257,816	\$(142,368)	\$392,287	\$259,937	\$8,341,083
							(185,403)
							546,136
							(2,021)
							85
							—
							(12)
67,163	25,374		(97,429)	138,860	133,969	7,154	141,124
67,163	25,374	—	(97,429)	138,860	133,969	7,154	499,908
\$460,634	\$(84,680)	\$(6,577)	\$160,387	\$(3,507)	\$526,256	\$267,092	\$8,840,991

# Consolidated Statements of Cash Flows

Osaka Gas Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2016 and 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
<b>Cash flows from operating activities</b>			
Profit before income taxes	¥122,865	¥91,596	\$816,439
Depreciation	86,747	86,206	768,399
Amortization of long-term prepaid expenses	5,369	5,389	48,039
Impairment loss	14,588	1,744	15,553
Business structure improvement expenses	—	2,935	26,166
Proceeds from facility contribution	(604)	(2,404)	(21,436)
Increase (decrease) in provision for equipment warranties	5,482	5,904	52,633
Increase (decrease) in net defined benefit asset	409	8,221	73,281
Interest and dividend income	(3,711)	(3,550)	(31,645)
Interest expense	10,003	9,612	85,679
Shares of loss (profit) of entities accounted for using equity method	4,538	(1,785)	(15,919)
(Increase) decrease in notes and accounts receivable - trade	23,852	(11,151)	(99,400)
(Increase) decrease in inventories	24,346	9,166	81,704
Increase (decrease) in notes and accounts payable - trade	(2,275)	(3,428)	(30,561)
Increase (decrease) in accrued expenses	(6,294)	(968)	(8,634)
Increase (decrease) in accrued consumption taxes, etc.	(415)	(11,776)	(104,973)
Miscellaneous	37,257	7,563	67,418
Subtotal	322,161	193,274	1,722,744
Interest and dividends income received	6,387	7,700	68,641
Interest expenses paid	(10,224)	(9,657)	(86,078)
Income taxes paid	(36,504)	(42,516)	(378,972)
<b>Net cash provided by (used in) Operating Activities</b>	<b>281,819</b>	<b>148,801</b>	<b>1,326,335</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of tangible fixed assets	(109,910)	(83,435)	(743,696)
Purchase of intangible assets	(7,646)	(9,286)	(82,776)
Purchase of long-term prepayment	(5,383)	(6,463)	(57,610)
Purchase of shares of subsidiaries and associates	(25,975)	(32,810)	(292,452)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,998)	(0)	(6)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	414	618	5,516
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(41)	(366)
Payments of long-term loans receivable	(7,791)	(5,117)	(45,612)
Other	14,092	(991)	(8,839)
<b>Net cash provided by (used in) Investing Activities</b>	<b>(144,198)</b>	<b>(137,527)</b>	<b>(1,225,844)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from long-term loans payable	15,456	19,248	171,570
Repayments of long-term loans payable	(25,298)	(18,763)	(167,250)
Proceeds from issuance of bonds	—	10,000	89,134
Redemption of bonds	(53,131)	(35,700)	(318,210)
Proceeds from share issuance to non-controlling shareholders	190	133	1,188
Cash dividends paid	(20,809)	(20,803)	(185,433)
Dividends paid to non-controlling interests	(602)	(948)	(8,451)
Other	(6,521)	(3,696)	(32,952)
<b>Net cash provided by (used in) Financing Activities</b>	<b>(90,716)</b>	<b>(50,530)</b>	<b>(450,404)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(328)</b>	<b>(3,197)</b>	<b>(28,504)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>46,574</b>	<b>(42,454)</b>	<b>(378,419)</b>
<b>Cash and Cash Equivalents at the Beginning of Current Period</b>	<b>162,793</b>	<b>209,367</b>	<b>1,866,188</b>
<b>Cash and Cash Equivalents at the End of Current Period</b>	<b>¥209,367</b>	<b>¥166,912</b>	<b>\$1,487,769</b>

Note: Financial information is stated in accordance with the standards of the securities report but not audited.