



## Second Quarter of the Fiscal Year Ending March 31, 2015

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

October 28, 2014

Name of Listed Company : Osaka Gas Co., Ltd.	Listed Exchanges: 1 <sup>st</sup> Section of Tokyo and Nagoya
Code No. : 9532	URL: <a href="http://www.osakagas.co.jp">http://www.osakagas.co.jp</a>
Representative Officer : Title: President	Name: Hiroshi Ozaki
Contact : Title: Manager, Finance Dept.	Name: Kazushige Nomura
Scheduled Date of Financial Report Filing with the Finance Ministry	: November 13, 2014
Scheduled Date of Dividend Payment	: November 28, 2014
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 Second Quarter of the Fiscal Year Ending March 31, 2015 (April 1, 2014 — September 30, 2014)

(1) Consolidated Operating Results (Percentages (%) represent changes from the same period in the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Six months ended September 30, 2014	697,611	4.1	53,833	20.2	57,879	21.3	47,506	50.1
Six months ended September 30, 2013	670,304	6.4	44,790	Δ0.2	47,720	Δ1.2	31,653	2.5

(Note) Comprehensive income Six months ended September 30, 2014 40,757 million yen (Δ34.4 % YoY)  
Six months ended September 30, 2013 62,159 million yen (146.6 % YoY)

	Earnings per share	Diluted earnings per share
Six months ended September 30, 2014	yen 22.83	yen —
Six months ended September 30, 2013	15.20	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Net worth /Total assets
	millions of yen	millions of yen	%
As of September 30, 2014	1,677,584	862,998	49.6
As of March 31, 2014	1,668,317	828,565	47.9

<Reference> Net worth As of September 30, 2014 832,859 million yen As of March 31, 2014 798,964 million yen

#### 2. Dividends

(Record date)	Dividends per share				
	June 30	September 30	December 31	March 31	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2014	—	4.50	—	4.50	9.00
Year ending March 31, 2015	—	4.50	—	—	—
Year ending March 31, 2015 (Forecast)	—	—	—	4.50	9.00

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

#### 3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 — March 31, 2015) (Percentages (%) represent forecasted changes from the previous year for the full year results.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full year	1,581,500	4.6	98,000	Δ1.4	100,000	Δ5.7	74,000	77.3	35.56

(Note) Revision of the forecasts previously announced: Yes

\*Notes

(1) Changes in significant subsidiaries during six months ended September 30, 2014 (changes in certain subsidiaries resulting in a change in the consolidation scope): None

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

\*Note: For detailed information, please refer to “2. (1) Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements” on Page 3 of the Attachment to this Quarterly Brief Report of Consolidated Financial Statements.

(3) 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

(4) Issued shares (common shares)

(i) Number of shares issued and outstanding at the end of each period (including treasury stock)

: As of September 30, 2014 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 period

: As of September 30, 2014 2,401,303 shares

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

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

: Six months ended September 30, 2014 2,081,097,813 shares

Six months ended September 30, 2013 2,082,034,616 shares

\*Statement regarding implementation of quarterly review

At the time of disclosure of this Quarterly Brief Report of Consolidated Financial Statements, the review of quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act has not been completed.

\*Notes on proper use of forecasts and other matters

1. Forward-looking statements in this document, including operating results forecasts, are based on information currently available to Osaka Gas (the Company) and certain assumptions that the Company regards as 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 operating forecasts, refer to “1. (3) Forecasts of Consolidated Operating Results” on Page 2 of the Attachment to this Quarterly Brief Report of Consolidated Financial Statements.
2. The Company is planning to hold a results briefing for institutional investors and analysts on October 29, 2014. Immediately after the briefing, a video of the presentation and the presentation materials used on that day will be made available on the Company’s web site.

(Reference) Forecasts of Non-Consolidated Operating Results for the Fiscal Year Ending March 31, 2015

(April 1, 2014 – March 31, 2015)

(Percentages (%) represent forecasted changes from the previous year for the full year results.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full year	1,277,000	4.5	62,000	2.1	67,500	Δ2.5	57,000	128.5	27.39

(Note) Revision of the forecasts previously announced: Yes

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## 1. Overview of Quarterly Consolidated Financial Results

### (1) Consolidated Operating Results

Consolidated net sales for the second quarter (six months ended September 30, 2014) increased by ¥27.3 billion year-on-year to ¥697.6 billion, despite a decrease in gas sales volume on a non-consolidated basis. 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 ¥10.1 billion year-on-year to ¥57.8 billion, primarily due to an increase in profit of Gas business on a non-consolidated basis. Consolidated net income increased by ¥15.8 billion year-on-year to ¥47.5 billion, primarily due to a gain on sales of investment securities.

Non-consolidated operating results of Osaka Gas are presented in “4. (1) Overview of Quarterly Non-Consolidated Financial Results” on Page 9.

### (2) Consolidated Financial Position

Total assets as of September 30, 2014 increased by ¥9.2 billion compared with the fiscal year ended March 31, 2014 to ¥1,677.5 billion, primarily due to an increase in non-current assets. Net assets totaled ¥862.9 billion and the ratio of net worth to total assets was 49.6%.

### (3) Forecasts of Consolidated Operating Results

Considering recent trend in our performance and other factors, since it is expected that the annual operating results are changed from the previous forecasts, we revise our consolidated and non-consolidated operating forecasts. Operating income, ordinary income and net income on a non-consolidated basis are expected to remain the same level of the previous forecasts due to an increase in electricity business income, whereas a decrease in gas business income by a decrease in gas sales volume. Also, ordinary income and net income on a consolidated basis remain the same level of the previous forecasts. Additionally, we revise the assumption for the crude oil price and exchange rate as follows.

(Reference) Assumptions for the revised forecasts of operating results (October 2014 – March 2015),

Crude oil price (All-Japan CIF price): US\$105/bbl

Exchange rate (TTM): ¥110 to the US\$

Changes from the previous forecasts announced in the brief report on July 29, 2014 for full-year operating results are shown in the tables below.

Revision of Forecasts for Consolidated Operating Results for the Fiscal Year Ending March 31, 2015

(April 1, 2014 – March 31, 2015)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	millions of yen	millions of yen	millions of yen	millions of yen	yen
Previous Forecasts (A)	1,605,500	99,500	100,000	74,000	35.56
Revised Forecasts (B)	1,581,500	98,000	100,000	74,000	35.56
Changes (B-A)	Δ24,000	Δ1,500	±0	±0	
Changes (%)	Δ1.5	Δ1.5	±0.0	±0.0	
(Reference) Actual Results of Fiscal year ended March 31, 2014	1,512,581	99,381	106,044	41,725	20.04

(Reference) Revision of Forecasts for Non-Consolidated Operating Results for the Fiscal Year Ending March 31, 2015

(April 1, 2014 – March 31, 2015)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	millions of yen	millions of yen	millions of yen	millions of yen	yen
Previous Forecasts (A)	1,286,500	62,000	67,500	57,000	27.39
Revised Forecasts (B)	1,277,000	62,000	67,500	57,000	27.39
Changes (B-A)	Δ9,500	±0	±0	±0	
Changes (%)	Δ0.7	±0.0	±0.0	±0.0	
(Reference) Actual Results of Fiscal year ended March 31, 2014	1,221,846	60,740	69,196	24,942	11.98

## 2. Summary Information (Notes)

### (1) Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements

#### (Calculation of tax expenses)

For major consolidated subsidiaries, effective tax rates (after applying tax effect accounting) expected to be imposed on their pre-tax net income applicable to the tax year in which the current second quarter is included were estimated based on reasonable assumptions. Then, tax expenses for the second quarter were calculated by multiplying the pre-tax net income of respective subsidiaries for the quarter by the estimated effective tax rates.

### (2) Changes in accounting policies in accordance with changes in accounting standards, accounting estimates and restatement

#### (Changes in accounting policies in accordance with changes in accounting standards)

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 May 17, 2012; 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 benefit payments has been changed from the straight-line basis to the 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.

In accordance with the article 37 of Accounting Standard, the effect of the change in the methods of calculating retirement benefit obligations and service costs arising from initial application has been recognized in retained earnings in the beginning balance of the fiscal year ending March 31, 2015.

As a result, Net defined benefit asset increased by ¥5,996 million, Net defined benefit liability increased by ¥904 million and Retained earnings increased by ¥3,649 million in the beginning balance of the fiscal year ending March 31, 2015. The impact on Operating income, Ordinary income and Net income before income taxes and minority interests for the six months ended September 30, 2014 was minimal.

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>Assets</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	76,164	75,408
Distribution facilities	317,836	309,426
Service and maintenance facilities	66,540	65,615
Other facilities	291,378	284,152
Construction in progress	111,163	132,578
Total property, plant and equipment	863,084	867,180
Intangible assets		
Goodwill	24,471	21,678
Other	65,840	69,081
Total intangible assets	90,311	90,760
Investments and other assets		
Investment securities	192,846	195,169
Other	82,589	89,168
Allowance for doubtful accounts	△1,860	△1,723
Total investments and other assets	273,575	282,614
Total non-current assets	1,226,971	1,240,554
Current assets		
Cash and deposits	75,258	73,258
Notes and accounts receivable - trade	192,277	168,915
Securities	20,511	17,522
Inventories	88,748	115,046
Other	65,950	63,625
Allowance for doubtful accounts	△1,400	△1,339
Total current assets	441,346	437,029
Total assets	1,668,317	1,677,584

(millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bonds payable	242,124	211,238
Long-term loans payable	244,503	247,105
Provision for gas holder repairs	1,636	1,738
Provision for safety measures	10,831	9,545
Allowance for investment loss	6,999	6,999
Net defined benefit liability	15,325	16,427
Other	39,978	44,573
<b>Total non-current liabilities</b>	<b>561,400</b>	<b>537,628</b>
<b>Current liabilities</b>		
Notes and accounts payable - trade	60,358	53,853
Short-term loans payable	46,756	31,099
Income taxes payable	29,608	22,736
Other	141,628	169,267
<b>Total current liabilities</b>	<b>278,351</b>	<b>276,956</b>
<b>Total liabilities</b>	<b>839,752</b>	<b>814,585</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	132,166	132,166
Capital surplus	19,486	19,488
Retained earnings	587,268	629,058
Treasury shares	△797	△877
<b>Total shareholders' equity</b>	<b>738,124</b>	<b>779,836</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	34,839	39,823
Deferred gains or losses on hedges	2,425	△2,872
Revaluation reserve for land	△737	△737
Foreign currency translation adjustment	30,414	22,778
Remeasurements of defined benefit plans	△6,100	△5,967
<b>Total accumulated other comprehensive income</b>	<b>60,840</b>	<b>53,023</b>
<b>Minority interests</b>	<b>29,601</b>	<b>30,138</b>
<b>Total net assets</b>	<b>828,565</b>	<b>862,998</b>
<b>Total liabilities and net assets</b>	<b>1,668,317</b>	<b>1,677,584</b>

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

## Quarterly Consolidated Statements of Income

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	670,304	697,611
Cost of sales	466,565	477,486
Gross profit	203,738	220,125
Selling, general and administrative expenses	158,948	166,291
Operating income	44,790	53,833
Non-operating income		
Interest income	351	378
Dividend income	2,255	1,979
Share of profit of entities accounted for using equity method	4,160	4,799
Miscellaneous income	1,924	3,599
Total non-operating income	8,691	10,756
Non-operating expenses		
Interest expenses	4,317	4,515
Miscellaneous expenses	1,443	2,195
Total non-operating expenses	5,761	6,711
Ordinary income	47,720	57,879
Extraordinary income		
Gain on sales of investment securities	—	12,820
Total extraordinary income	—	12,820
Income before income taxes and minority interests	47,720	70,699
Income taxes	14,861	21,752
Income before minority interests	32,858	48,946
Minority interests in income	1,205	1,439
Net income	31,653	47,506



## Quarterly Consolidated Statements of Comprehensive Income

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	32,858	48,946
Other comprehensive income		
Valuation difference on available-for-sale securities	7,458	4,990
Deferred gains or losses on hedges	1,878	Δ5,375
Foreign currency translation adjustment	16,675	Δ6,890
Remeasurements of defined benefit plans	—	118
Share of other comprehensive income of entities accounted for using equity method	3,289	Δ1,031
Total other comprehensive income	29,300	Δ8,189
Comprehensive income	62,159	40,757
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	60,537	39,689
Comprehensive income attributable to minority interests	1,622	1,067

### (3) Notes on the Quarterly Consolidated Financial Statements

(Notes Regarding Uncertainties of Entity's Ability to Continue as Going Concern)

Not applicable

(Notes Regarding Significant Changes in the Value of Shareholders' Equity)

Not applicable

#### (Segment Information)

Six months ended September 30, 2013(April 1, 2013 — September 30, 2013) (millions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	496,736	114,531	6,093	86,880	704,241	△33,937	670,304
Segment income							
Operating income (losses)	14,254	21,838	△597	7,959	43,455	1,334	44,790
Equity in earnings of affiliates	46	164	3,948	—	4,160	—	4,160
Total	14,301	22,003	3,351	7,959	47,616	1,334	48,950

Six months ended September 30, 2014(April 1, 2014 — September 30, 2014) (millions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	510,326	119,499	6,545	93,315	729,687	△32,076	697,611
Segment income							
Operating income	21,216	25,924	213	5,205	52,560	1,273	53,833
Equity in earnings (losses) of affiliates	56	△180	4,758	164	4,799	—	4,799
Total	21,273	25,743	4,971	5,370	57,359	1,273	58,633

\*Note: Disclosure of changes in reportable segments

The business segments were reviewed in the Medium-term Management Plan “Catalyze Our Dreams” formulated in March 2014. Thus, effective from the first quarter of the fiscal year ending March 31, 2015, the renewable energy business, which was previously included in the “Environment and Non-Energy Business” segment, is transferred to the relevant segments (“LPG, Electricity, and Other Energy Business” and “International Energy Business”). The segment name of “Environment and Non-Energy Business” has been changed to “Life & Business Solutions.”

The segment information for the six months ended September 30, 2013 has been reclassified based on the new reportable segments.

#### (Significant Subsequent Events)

The 33rd issuance of unsecured corporate bonds was implemented on October 24, 2014, in accordance with the board resolution on March 13, 2014, as follows:

1. Type: Straight corporate bond
2. Total issue value: 20,000 million yen
3. Received value: 20,000 million yen
4. Interest rate: 1.402% per annum
5. Method of redemption: Full redemption on maturity
6. Maturity date: October 24, 2034
7. Issue date: October 24, 2014
8. Security: Unsecured
9. Appropriation of raised funds: Funds for investment, lending and bonds redemption

## 4. Reference Information

## (1) Overview of Quarterly Non-Consolidated Financial Results (April 1, 2014 — September 30, 2014)

(billions of yen)

Earnings		YoY Changes	YoY Changes rate (%)	Expenses		YoY Changes	YoY Changes rate (%)		
Product sales	Gas	418.9	+14.7	+3.6	Operating expenses	Cost of sales	271.1	+3.1	+1.2
						SG&A	133.7	+3.7	+2.9
						Total	404.9	+6.9	+1.7
Other sales	Installation work	10.4	+0.7	+7.7	Other operating expenses	Installation work	10.1	+0.3	+3.9
	Gas appliances	49.3	+0.7	+1.6		Gas appliances	47.6	+1.2	+2.7
	Transportation services and others	2.9	Δ0.2	Δ6.8					
	Incidental businesses	90.8	+11.2	+14.1		Incidental businesses	68.8	+6.0	+9.7
	Total	153.6	+12.5	+8.9		Total	126.6	+7.6	+6.5
Total net sales		572.6	+27.2	+5.0	Total expenses		531.5	+14.5	+2.8
					Operating income		41.0	+12.6	+44.5
Non-operating income		10.3	+2.3	+29.5	Non-operating expenses		5.1	+1.3	+36.8
					Ordinary income		46.2	+13.6	+41.7
Extraordinary income		12.4	+12.4	—	Extraordinary losses		—	—	—
					Net income		42.4	+19.4	+84.6

Quarterly non-consolidated financial statements are not subjected to statutory review by accounting auditors. Quarterly non-consolidated financial statements are prepared in accordance with the rules for quarterly non-consolidated financial statements.

## (2) Quarterly Non-Consolidated Gas Sales

		Six months ended September 30, 2014	Six months ended September 30, 2013	YoY Changes (a)-(b)	YoY Changes rate (%)
Customers <Meters installed> (thousand)	Residential	6,815	6,762	+53	+0.8
	Non-residential	343	340	+4	+1.1
	Total	7,158	7,101	+57	+0.8
Monthly average usage per residential customer (m <sup>3</sup> /month)		22.2	22.5	Δ0.3	Δ1.1
Gas sales volume (million m <sup>3</sup> )	Residential	785	789	Δ5	Δ0.6
	Non-residential	2,790	2,906	Δ117	Δ4.0
	Industrial	2,060	2,132	Δ72	Δ3.4
	Commercial	435	458	Δ23	Δ5.1
	Public and medical institutions	295	316	Δ21	Δ6.6
	Wholesale	221	220	+1	+0.5
Total		3,795	3,916	Δ120	Δ3.1

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