First Quarter of the Fiscal Year Ending March 31, 2015
Brief Report of Consolidated Financial Statements (Japanese GAAP)

July 29, 2014

Name of Listed Company : Osaka Gas Co., Ltd. Listed Exchanges: 1st Section of Tokyo and Nagoya
Code No. : 9532 URL: http://www.osakagas.co.jp
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 : August 13, 2014
Scheduled Date of Dividend Payment : —
Preparation of Supplementary Explanation Documents for Operating Results : Yes
Holding of an Informational Meeting for Operating Results : Yes (for institutional investors and analysts)

(Any amount less than one million yen is rounded down to the nearest million yen.)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2015 (April 1, 2014 — June 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	%
Three months ended June 30, 2014	362,151	6.6	39,346	40.1	42,327	39.8	36,868	75.1
Three months ended June 30, 2013	339,690	3.4	28,088	△15.2	30,269	△16.7	21,059	△11.0

(Note) Comprehensive income Three months ended June 30, 2014 37,716 million yen (2.8 % YoY)
Three months ended June 30, 2013 36,702 million yen (18.0 % YoY)

	Earnings per share	Diluted earnings per share
	yen	yen
Three months ended June 30, 2014	17.72	—
Three months ended June 30, 2013	10.11	—

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth /Total assets
	millions of yen	millions of yen	%
As of June 30, 2014	1,680,852	860,119	49.4
As of March 31, 2014	1,668,317	828,565	47.9

<Reference> Net worth As of June 30, 2014 830,210 million yen As of March 31, 2014 798,964 million yen

2. Dividends

	Dividends per share				
(Record date)	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	–				
Year ending March 31, 2015 (Forecast)		4.50	–	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, 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
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Interim	710,000	5.9	46,000	2.7	48,500	1.6	39,500	24.8	18.98
Full year	1,605,500	6.1	99,500	0.1	100,000	△5.7	74,000	77.3	35.56

(Note) Revision of the forecasts previously announced: Yes

*Notes

(1) Changes in significant subsidiaries during three months ended June 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 4 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 June 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 June 30, 2014	2,283,393 shares
	As of March 31, 2014	2,214,444 shares

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

: Three months ended June 30, 2014	2,081,148,085 shares
Three months ended June 30, 2013	2,082,071,929 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 conference call for institutional investors and analysts on July 29, 2014. Immediately after the meeting, 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, 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
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Interim	573,000	5.1	33,500	17.9	39,000	19.4	37,000	60.9	17.78
Full year	1,286,500	5.3	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 first quarter (three months ended June 30, 2014) increased by ¥22.4 billion year-on-year to ¥362.1 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 ¥12.0 billion year-on-year to ¥42.3 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 ¥36.8 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 10.

(2) Consolidated Financial Position

Total assets as of June 30, 2014 increased by ¥12.5 billion compared with the year ended March 31, 2014 to ¥1,680.8 billion, primarily due to an increase in non-current assets. Net assets totaled ¥860.1 billion and the ratio of net worth to total assets was 49.4%.

(3) Forecasts of Consolidated Operating Results

Given our recent earnings trends and other factors, we now expect that our earnings results for the second quarter of the fiscal year ending March 31, 2015 and the fiscal year ending March 31, 2015 will differ from our earlier forecasts. We have thus decided to revise our previous forecasts of consolidated and non-consolidated operating results. This is due to the Gain on sales of investment securities of ¥12.4 billion (sales of Osaka Prefectural Urban Development Co., Ltd. to Nankai Electric Railway Co., Ltd.), which has been posted to the Extraordinary income on a consolidated and a non-consolidated basis for the first quarter.
(Reference) Assumptions for the nine-month period ending March 31, 2015,
Crude oil price (All-Japan CIF price): US$110/bbl.
Exchange rate (TTM): ¥105 to the US$

Changes from the previous forecasts of full-year operating results announced on April 25, 2014 for Interim period and full-year operating results are shown in the tables below.

Revision of Forecasts for Consolidated Operating Results for the second quarter of the fiscal year ending March 31, 2015
(April 1, 2014 － September 30, 2014)

	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)	710,000	46,000	48,500	31,000	14.89
Revised Forecasts (B)	710,000	46,000	48,500	39,500	18.98
Changes (B-A)	±0	±0	±0	＋8,500	
Changes (%)	±0.0	±0.0	±0.0	＋27.4	
(Reference) Actual Result of six months ended September 30, 2013	670,304	44,790	47,720	31,653	15.20

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	65,500	31.46
Revised Forecasts (B)	1,605,500	99,500	100,000	74,000	35.56
Changes (B-A)	±0	±0	±0	＋8,500	
Changes (%)	±0.0	±0.0	±0.0	＋13.0	
(Reference) Actual Result 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 second quarter of the fiscal year ending March 31, 2015
(April 1, 2014 － September 30, 2014)

	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)	573,000	33,500	39,000	28,500	13.69
Revised Forecasts (B)	573,000	33,500	39,000	37,000	17.78
Changes (B-A)	±0	±0	±0	＋8,500	
Changes (%)	±0.0	±0.0	±0.0	＋29.8	
(Reference) Actual Result of six months ended September 30, 2013	545,379	28,405	32,664	22,991	11.04

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	48,500	23.30
Revised Forecasts (B)	1,286,500	62,000	67,500	57,000	27.39
Changes (B-A)	±0	±0	±0	＋8,500	
Changes (%)	±0.0	±0.0	±0.0	＋17.5	
(Reference) Actual Result 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 first quarter is included were estimated based on reasonable assumptions. Then, tax expenses for the first 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 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 ¥3,694 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 three months ended June 30, 2014 was minimal.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	76,164	75,395
Distribution facilities	317,836	313,551
Service and maintenance facilities	66,540	66,156
Other facilities	291,378	286,796
Construction in progress	111,163	119,056
Total property, plant and equipment	863,084	860,957
Intangible assets		
Goodwill	24,471	23,335
Other	65,840	70,165
Total intangible assets	90,311	93,501
Investments and other assets		
Investment securities	192,846	194,954
Other	82,589	87,786
Allowance for doubtful accounts	△1,860	△1,731
Total investments and other assets	273,575	281,009
Total non-current assets	1,226,971	1,235,467
Current assets		
Cash and deposits	75,258	77,370
Notes and accounts receivable - trade	192,277	170,293
Inventories	88,748	119,340
Other	86,462	79,741
Allowance for doubtful accounts	△1,400	△1,361
Total current assets	441,346	445,384
Total assets	1,668,317	1,680,852

(millions of yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Non-current liabilities		
Bonds payable	242,124	211,245
Long-term loans payable	244,503	230,146
Provision for gas holder repairs	1,636	1,688
Provision for safety measures	10,831	10,189
Allowance for investment loss	6,999	6,999
Net defined benefit liability	15,325	16,051
Other	39,978	43,560
Total non-current liabilities	561,400	519,881
Current liabilities		
Notes and accounts payable - trade	60,358	53,859
Short-term loans payable	46,756	52,632
Other	171,236	194,359
Total current liabilities	278,351	300,851
Total liabilities	839,752	820,732
Net assets		
Shareholders' equity		
Capital stock	132,166	132,166
Capital surplus	19,486	19,486
Retained earnings	587,268	618,421
Treasury shares	△797	△824
Total shareholders' equity	738,124	769,249
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,839	38,416
Deferred gains or losses on hedges	2,425	2,801
Revaluation reserve for land	△737	△737
Foreign currency translation adjustment	30,414	26,524
Remeasurements of defined benefit plans	△6,100	△6,043
Total accumulated other comprehensive income	60,840	60,960
Minority interests	29,601	29,908
Total net assets	828,565	860,119
Total liabilities and net assets	1,668,317	1,680,852

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales	339,690	362,151
Cost of sales	232,549	240,042
Gross profit	107,141	122,109
Selling, general and administrative expenses	79,052	82,763
Operating income	28,088	39,346
Non-operating income		
Interest income	149	196
Dividend income	2,071	1,803
Share of profit of entities accounted for using equity method	1,212	2,402
Miscellaneous income	1,352	1,896
Total non-operating income	4,786	6,298
Non-operating expenses		
Interest expenses	2,133	2,220
Miscellaneous expenses	471	1,095
Total non-operating expenses	2,605	3,316
Ordinary income	30,269	42,327
Extraordinary income		
Gain on sales of investment securities	—	12,444
Total extraordinary income	—	12,444
Income before income taxes and minority interests	30,269	54,771
Income taxes	8,732	17,158
Income before minority interests	21,536	37,612
Minority interests in income	477	744
Net income	21,059	36,868

Quarterly Consolidated Statements of Comprehensive Income

(millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Income before minority interests	21,536	37,612
Other comprehensive income		
Valuation difference on available-for-sale securities	2,945	3,582
Deferred gains or losses on hedges	219	△783
Foreign currency translation adjustment	10,680	△3,895
Remeasurements of defined benefit plans	—	35
Share of other comprehensive income of entities accounted for using equity method	1,320	1,163
Total other comprehensive income	15,165	103
Comprehensive income	36,702	37,716
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	35,870	36,989
Comprehensive income attributable to minority interests	832	726

(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)

Three months ended June 30, 2013(April 1, 2013 － June 30, 2013) (millions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	255,184	53,742	2,928	42,356	354,213	-14,522	339,690
Segment income							
Operating income	13,441	9,717	297	3,999	27,456	631	28,088
Equity in earnings of affiliates	5	6	1,199	―	1,212	―	1,212
Total	13,447	9,724	1,497	3,999	28,668	631	29,300

Three months ended June 30, 2014(April 1, 2014 － June 30, 2014) (millions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Total	Adjustments	Consolidated
Net sales	269,794	56,509	3,418	46,418	376,141	-13,989	362,151
Segment income							
Operating income	23,183	12,394	791	2,312	38,681	664	39,346
Equity in earnings (losses) of affiliates	1	△108	2,424	85	2,402	―	2,402
Total	23,184	12,285	3,215	2,398	41,083	664	41,748

*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 three months ended June 30, 2013has been reclassified based on the new reportable segments.

4. Reference Information

(1) Overview of Quarterly Non-Consolidated Financial Results (April 1, 2014 － June 30, 2014)

(billions of yen)

Earnings			YoY Changes	YoY Changes rate(%)	Expenses			YoY Changes	YoY Changes rate (%)
Product sales	Gas	223.9	+14.3	+6.8	Operating expenses	Cost of sales	138.9	+2.2	+1.7
						SG&A	66.2	+1.8	+2.9
						Total	205.1	+4.1	+2.1
Other sales	Installation work	5.6	+0.7	+15.6	Other operating expenses	Installation work	5.3	+0.5	+10.4
	Gas appliances	24.8	△0.0	△0.1		Gas appliances	23.2	+0.3	+1.5
	Transportation services and others	1.5	△0.1	△10.1					
	Incidental businesses	42.6	+5.1	+13.6		Incidental businesses	32.3	+1.7	+5.7
	Total	74.7	+5.6	+8.2		Total	60.9	+2.6	+4.5
Total net sales		298.7	+20.0	+7.2	Total expenses		266.1	+6.7	+2.6
					Operating income		32.5	+13.2	+68.5
Non-operating income		8.2	+2.0	+32.6	Non-operating expenses		2.0	+0.1	+5.6
					Ordinary income		38.7	+15.1	+64.3
Extraordinary income		12.4	+12.4	―	Extraordinary losses		―	―	―
					Net income		37.2	+20.1	+118.2

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

			Three months ended June 30, 2014	Three months ended June 30, 2013	YoY Changes (a)-(b)	YoY Changes rate (%)
Customers <Meters installed> (thousand)		Residential	6,802	6,753	+49	+0.7
		Non-residential	343	339	+3	+1.0
		Total	7,145	7,092	+53	+0.7
Monthly average usage per residential customer (m^3/month)			30.0	31.0	△1.0	△3.3
Gas sales volume (million m^3)	Residential		530	545	△15	△2.8
	Non-residential		1,316	1,340	△24	△1.8
		Industrial	1,017	1,030	△12	△1.2
		Commercial	182	187	△5	△2.5
		Public and medical institutions	117	124	△7	△5.4
	Wholesale		110	107	+2	+2.2
	Total		1,955	1,992	△37	△1.8

[Converted at 45MJ/m^3]