

Flash Report for the First Three Quarters of 2012 [Japan GAAP] (Consolidated)

November 13, 2012

Name: SHIZUOKAGAS CO., LTD. Stock Exchange: TSE (1st section)

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Preparation of supplemental explanatory materials: No

Holding of quarterly results briefing session: No

1. Consolidated Business Results for the First Three Quarters (January 1 through September 30, 2012)

(Amounts under one million yen are omitted; YoY % change)

(1) Operating Results

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)	
Reporting first three quarters	¥108,337	16.0%	¥6,838	194.0%	¥6,968	186.2%
Previous first three quarters	93,369	5.5	2,325	(48.3)	2,435	(46.0)

Note: Total comprehensive income (¥ million)

Reporting first three quarters: ¥4,617(272.7%)

Previous first three quarters: ¥1,238(-%)

	Net income (¥ million)		Net income per share (¥)
Reporting first three quarters	¥3,684	296.6%	¥50.38
Previous first three quarters	929	(65.7)	12.21

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
Reporting first three quarters	¥111,672	¥58,611	45.7%
Previous full term	107,432	55,719	44.4

Note: Owners' equity (¥ million)

Reporting first three quarters: ¥51,010

Previous full term: ¥47,652

2. Dividend Payment

Annual dividend per share (¥)

	Q1	Q2	Q3	Term-end	Total
Fiscal 2011	—	¥4.50	—	¥4.50	¥9.00
Fiscal 2012	—	¥4.50	—	/	/
Fiscal 2012 (forecast)	/	/	/	¥4.50	¥9.00

Note: Revision of previously announced dividend forecasts: None

3. Consolidated Business Forecast for Current Term (January 1 through December 31, 2012)

(Amounts under one million yen are omitted; YoY % change)

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)		Net income (¥ million)		Net income per share (¥)
Full term	¥144,710	12.9%	¥8,060	115.1%	¥8,240	108.8%	¥4,640	166.1%	¥63.43

Note: Revision of previously announced forecasts: None

※Notes

- (1) Significant changes in subsidiaries (Transfer of specified subsidiaries during the reporting first three quarters resulting in changes in the scope of consolidation): None
- (2) Simplified accounting and special accounting methods for quarterly financial reporting: Applicable
(Please refer to the section “2.Other Information” on P4)
- (3) Changes in accounting policies or estimates and retrospective restatements
 - a) Changes in accounting standards: None
 - b) Other changes: None
 - c) Changes in accounting estimates: None
 - d) Retrospective restatements: None
- (4) Number of issued shares (ordinary shares)
 - a) Number of shares issued at end of the period (including shares in treasury)

Reporting first three quarters:	76,192,950
Previous full term:	76,192,950
 - b) Number of treasury shares at end of the period

Reporting first three quarters:	3,052,388
Previous full term:	3,051,988
 - c) Average number of shares outstanding during the first three quarters

Reporting first three quarters:	73,140,702
Previous first three quarters:	76,042,912

*Displays of States of Implementation of Quarterly Review Procedures

This quarterly consolidated financial statement is not subject to review during quarterly review procedures pursuant to the Financial Instruments and Exchange Act. Upon disclosure of the quarterly consolidated financial statement, the review procedures of the quarterly financial statements pursuant to the Financial Instruments and Exchange law had been concluded.

*Explanation of Appropriate Use of Business Forecasts and Additional Notices

Statements concerning future matters such as business forecasts included in these materials are based on information presently available to this company and certain assumptions determined to be reasonable; actual results may differ materially due to various factors. For details, please refer to “1.(3) Qualitative Information regarding Consolidated Business Forecasts” on P3.

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information regarding Consolidated Operating Results

In the first three quarters of the current fiscal year (January through September 2012), gas sales rose by 18.4% year-on-year to ¥94,498 million. This is mainly because of upward adjustment in the unit gas sales price under the gas rate adjustment system. Consolidated net sales as a whole including those of LPG/Other Energy Services and Other Business were up by 16.0% year-on-year to ¥108,337 million.

Although cost of sales grew mainly due to rising raw material prices, the growth of sales exceeded this impact. As a result, operating income increased by 194.0% year-on-year to ¥6,838 million, ordinary income rose by 186.2% to ¥6,968 million and net income was up by 296.6% to ¥3,684 million.

(2) Qualitative Information regarding Consolidated Financial Position

Total assets as of the end of the third quarter of the current fiscal year rose in value to ¥111,672 million, an increase of ¥4,240 million compared to the last day of the fiscal year ended December 31, 2011 (“prior fiscal year end”). Though existing assets continued to depreciate, non-current assets increased by ¥1,452 million compared to the prior fiscal year end to ¥86,757 million, due to Shizuhama Trunkline-related investment and other outlays. Current assets grew ¥2,787 million compared to the prior fiscal year end to ¥24,915 million mainly because raw material costs rose owing to the increased volume of inventories caused by the timing of the receipt of raw materials and soaring raw material prices.

Liabilities increased by ¥1,348 million compared to the prior fiscal year end to ¥53,061 million. This was attributed to an increase in accounts payable due to the timing of raw materials payments.

Net assets grew ¥2,891 million compared to the prior fiscal year end to ¥58,611 million, due to an increase in retained earnings as a result of recording quarterly net profits. The Company’s equity ratio was 45.7%.

(3) Qualitative Information regarding Consolidated Business Forecasts

There are no revisions to the full year (January 1, 2012 to December 31, 2012) consolidated business forecasts announced on August 8, 2012.

2. Other Information

(1) Application of special accounting methods in the preparation of the quarterly consolidated statement of income

Tax expenses were calculated by multiplying the estimated effective tax rate by quarterly income before income taxes and minority interest (cumulative period). A rational estimate was made of the effective tax rate after applying tax-effect accounting to income before income taxes and minority interest for the consolidated fiscal year (including the third quarter of the current consolidated fiscal year).

(2) Additional Information

Adoption of accounting standards, etc. in relation to accounting changes and error corrections

For accounting changes and corrections of past errors made at the beginning of the current fiscal year's first quarter onward, the Company has adopted Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24; December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24; December 4, 2009).

Consolidated Balance Sheets

Millions of yen

December 31, 2011 **September 30, 2012**

Assets

Noncurrent assets:

Property, plant and equipment –

Production facilities	¥ 24,768	¥ 22,032
Distribution facilities	30,363	29,313
Service and maintenance facilities	3,818	3,778
Other facilities	4,451	4,327
Construction in progress	5,869	9,434

Total property, plant and equipment	69,270	68,886
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Intangible assets	1,998	1,911
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Investments and other assets –

Investment securities	6,495	6,891
Long-term loans receivable	5,554	7,132
Deferred tax assets	1,199	1,050
Other investments and other assets	1,007	1,109
Allowance for doubtful accounts	(222)	(224)

Total investments and other assets	14,035	15,959
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Total noncurrent assets	85,304	86,757
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Current assets:

Cash and deposits	455	555
Notes and accounts receivable – trade	11,192	10,999
Merchandise and finished goods	314	309
Raw materials and supplies	5,908	7,791
Deferred tax assets	1,382	1,380
Other current assets	2,937	3,947
Allowance for doubtful accounts	(63)	(67)

Total current assets	22,127	24,915
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Total assets	¥107,432	¥111,672
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Note: Amounts under one million yen are omitted.

Millions of yen

December 31, 2011 September 30, 2012

Liabilities

Noncurrent liabilities:

Long-term loans payable	¥ 26,407	¥ 23,144
Deferred tax liabilities	2	7
Provision for retirement benefits	2,831	2,523
Provision for gas holder repairs	94	94
Negative goodwill	490	314
Other noncurrent liabilities	574	449
Total noncurrent liabilities	30,401	26,534

Current liabilities:

Current portion of noncurrent liabilities	5,613	7,300
Accounts payable – trade	2,681	7,296
Short-term loans payable	7,532	6,161
Accounts payable – other	1,468	1,131
Income taxes payable	1,508	1,782
Provision for bonuses	434	1,030
Other current liabilities	2,072	1,824
Total current liabilities	21,311	26,527
Total liabilities	51,713	53,061

Net assets

Shareholders' equity:

Capital stock	6,279	6,279
Capital surplus	4,589	4,589
Retained earnings	36,815	39,841
Treasury stock	(1,550)	(1,551)
Total shareholders' equity	46,132	49,159

Accumulated other comprehensive income

Valuation difference on available-for-sale securities	1,524	1,850
Deferred gains or losses on hedges	(5)	—
Total accumulated other comprehensive income	1,519	1,850

Minority interests

Minority interests	8,067	7,601
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Total net assets	55,719	58,611
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Total liabilities and net assets	¥107,432	¥111,672
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Note: Amounts under one million yen are omitted.

Consolidated Statements of Income

First three quarters ended September 30	Millions of yen	
	2011	2012
Net sales	¥93,369	¥108,337
Cost of sales	73,040	83,347
Gross profit	20,329	24,990
Selling, general and administrative expenses	18,003	18,151
Operating income	2,325	6,838
Non-operating income:		
Interest income	77	112
Dividends income	86	76
Amortization of negative goodwill	176	177
Miscellaneous income	243	194
Total non-operating income	585	561
Non-operating expenses:		
Interest expenses	449	400
Miscellaneous expenses	26	31
Total non-operating expenses	475	431
Ordinary income	2,435	6,968
Extraordinary income:		
Gain on sales of noncurrent assets	77	—
Total extraordinary income	77	—
Extraordinary loss:		
Loss on valuation of investment securities	242	172
Total extraordinary loss	242	172
Income before income taxes and minority interests	2,269	6,796
Income taxes	795	2,510
Income before minority interests	1,474	4,285
Minority interests in income	544	600
Net income	¥ 929	¥ 3,684

Note: Amounts under one million yen are omitted.

Consolidated Statements of Comprehensive Income

First three quarters ended September 30	Millions of yen	
	2011	2012
Income before minority interests	¥1,474	¥4,285
Other comprehensive income		
Valuation difference on available-for-sale securities	(247)	326
Deferred gains or losses on hedges	12	5
Total other comprehensive income	(235)	331
Comprehensive income	1,238	4,617
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	693	4,016
Comprehensive income attributable to minority interests	¥ 545	¥ 600

Note: Amounts under one million yen are omitted.

Segment Information

Information related to net sales and profit and loss amounts by reporting segment

(Amounts under one million yen are omitted.)

First three quarters ended September 30, 2011							Millions of yen
	Reporting segment			Other businesses (Note1)	Total	Adjustments (Note2)	Amount recorded on consolidated statement of income (Note3)
	Gas	LPG and other energy services	Total				
Net sales							
Outside customers	79,386	8,364	87,750	5,619	93,369	—	93,369
Inter-segment	436	257	693	2,620	3,313	(3,313)	—
Total	79,822	8,621	88,443	8,239	96,683	(3,313)	93,369
Segment income(loss)	3,779	684	4,463	(17)	4,446	(2,120)	2,325

Notes :

1. The "Other businesses" classification consists of businesses not defined as reporting segments, and include construction of facilities/gas piping installations and gas appliance sales, remodeling, and leasing.
2. The ¥ (2,120) million in segment income/loss adjustments includes ¥205 million of eliminations of inter-segment transactions and ¥ (2,325) million of corporate expenses not allocated to the respective reporting segments. Corporate expenses are general and administrative expenses not attributable to reporting segments.
3. The segment income/loss is adjusted to reflect operating income as recorded on our quarterly consolidated statements of income.

First three quarters ended September 30, 2012							Millions of yen
	Reporting segment			Other businesses (Note1)	Total	Adjustments (Note2)	Amount recorded on consolidated statement of income (Note3)
	Gas	LPG and other energy services	Total				
Net sales							
Outside customers	93,971	8,543	102,514	5,822	108,337	—	108,337
Inter-segment	527	229	756	3,174	3,931	(3,931)	—
Total	94,498	8,773	103,271	8,997	112,268	(3,931)	108,337
Segment income(loss)	8,501	613	9,114	(5)	9,109	(2,270)	6,838

Notes :

1. The "Other businesses" classification consists of businesses not defined as reporting segments, and include construction of facilities/gas piping installations and gas appliance sales, remodeling, and leasing.
2. The ¥ (2,270) million in segment income/loss adjustments includes ¥168 million of eliminations of inter-segment transactions and ¥ (2,439) million of corporate expenses not allocated to the respective reporting segments. Corporate expenses are general and administrative expenses not attributable to reporting segments.
3. The segment income/loss is adjusted to reflect operating income as recorded on our quarterly consolidated statements of income.