

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

May 10, 2012

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

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Date for presentation of the quarterly report: May 14, 2012

Date of dividend payment: —

Preparation of supplemental explanatory materials: No

Holding of quarterly results briefing session: No

1. Consolidated Business Results for the First Quarter (January 1 through March 31, 2012)

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

(1) Operating Results

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)	
Reporting first quarter	¥39,333	22.9%	¥4,228	37.7%	¥4,250	39.3%
Previous first quarter	31,996	7.1	3,070	17.6	3,051	17.9

Note: Total comprehensive income (¥ million) Reporting first quarter: ¥3,071 (78.2%) Previous first quarter: ¥1,723 (—)

	Net income (¥ million)		Net income per share (¥)
Reporting first quarter	¥2,370	47.7%	¥32.41
Previous first quarter	1,605	12.0	21.08

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
Reporting first quarter	¥109,852	¥57,396	45.7%
Previous full term	107,432	55,719	44.4

Note: Owners' equity (¥ million)

Reporting first quarter:	¥50,165
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	—	/	/	/	/
Fiscal 2012 (forecast)	/	¥4.50	—	4.50	9.00

Note: Revision of previously announced dividend forecasts: Not applicable

3. Consolidated Business Forecasts 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)		Earnings per share (¥)
Cumulative second quarter	¥ 73,060	17.8%	¥5,990	128.0%	¥6,100	121.7%	¥3,480	171.0%	¥47.57
Full term	141,740	10.6	7,830	109.0	7,980	102.2	4,500	158.0	61.52

Note: Revision of previously announced forecasts: Not applicable

4. Others

- (1) Major changes in subsidiaries (Transfer of specified subsidiaries during the reporting first quarter 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 policy
- 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 quarter:	76,192,950
Previous full term:	76,192,950
 - b) Number of treasury shares at end of the period

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

Reporting first quarter:	73,140,962
Previous first quarter:	76,142,064

Presentation of quarterly review procedure status

This quarterly earnings report is exempt from quarterly review procedures based on the Financial Instruments and Exchange Act. Thus, at the time that these quarterly financial statements were disclosed, review procedures for them were not completed based on the Financial Instruments and Exchange Act.

Notes: The preceding earnings forecasts are based on information available as of the date of the publication of this document. Actual earnings may differ from forecasts due to various factors occurring in the future. For details, please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance (3) Qualitative Information regarding Consolidated Business Forecasts” on P3.

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information regarding Consolidated Operating Results

Gas sales for the first quarter of the current fiscal year (January through March 2012) amounted to ¥34,188 million, a 28.5% year-on-year increase, due to the upward trend in unit gas sales prices based on the gas rate adjustment system. Consolidated net sales as a whole, including LPG/Other Energy Services net sales and Other Business net sales, reached ¥39,333 million, an increase of 22.9% year-on-year.

On the other hand, although the cost of sales grew due to rising raw material prices, the growth of sales exceeded this. As a result, operating income increased 37.7% year-on-year to ¥4,228 million and ordinary income amounted to ¥4,250 million, a year-on-year increase of 39.3%. Likewise, net income increased 47.7% year-on-year reaching ¥2,370 million.

(2) Qualitative Information regarding Consolidated Financial Position

Total assets as of the end of the first quarter of the current fiscal year increased by ¥2,419 million compared to the last day of the fiscal year ended on December 31, 2011 (“prior fiscal year end”), amounting to ¥109,852 million. While moving forward with the depreciation of existing assets, non-current assets increased ¥1,360 million yen compared to the prior fiscal year end to ¥86,665 million due to an increase in the estimated value of investment securities affected by the market conditions as well as due to Shizuhama Trunkline-related investment. Current assets increased ¥1,058 million year-on-year to ¥23,186 million due to accounts receivable increases resulting from the growth in gas sales and also in the amount of stocks of raw materials.

Although short-term loans payable decreased, liabilities increased ¥742 million compared to the prior fiscal year end to ¥52,455 million as a result of an increase in accounts payable associated with the timing of raw material payments.

Net assets increased ¥1,677 million compared to the prior fiscal year end to ¥57,396 million due to an increase in retained earnings as a result of recording quarterly net profits. Company 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 February 9, 2012.

2. Other Information

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

Tax expense was calculated by multiplying the estimated effective tax rate by quarterly income before income taxes and minority interest (cumulative period). We made a rational estimate 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 first 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	March 31, 2012
Assets		
Noncurrent assets:		
Property, plant and equipment –		
Production facilities	¥ 24,768	¥ 23,721
Distribution facilities	30,363	29,598
Service and maintenance facilities	3,818	3,781
Other facilities	4,451	4,395
Construction in progress	5,869	7,760
Total property, plant and equipment	69,270	69,257
Intangible assets	1,998	1,994
Investments and other assets –		
Investment securities	6,495	7,254
Long-term loans receivable	5,554	6,309
Deferred tax assets	1,199	1,018
Other investments and other assets	1,007	1,057
Allowance for doubtful accounts	(222)	(227)
Total investments and other assets	14,035	15,412
Total noncurrent assets	85,304	86,665
Current assets:		
Cash and deposits	455	633
Notes and accounts receivable – trade	11,192	12,128
Merchandise and finished goods	314	361
Raw materials and supplies	5,908	6,637
Deferred tax assets	1,382	1,398
Other current assets	2,937	2,090
Allowance for doubtful accounts	(63)	(63)
Total current assets	22,127	23,186
Total assets	¥107,432	¥109,852

Note: Amounts under one million yen are omitted.

	Millions of yen	
	December 31, 2011	March 31, 2012
Liabilities		
Noncurrent liabilities:		
Long-term loans payable	¥ 26,407	¥ 27,451
Deferred tax liabilities	2	10
Provision for retirement benefits	2,831	2,755
Provision for gas holder repairs	94	94
Negative goodwill	490	432
Other noncurrent liabilities	574	535
Total noncurrent liabilities	30,401	31,278
Current liabilities:		
Current portion of noncurrent liabilities	5,613	4,712
Accounts payable – trade	2,681	8,220
Short-term loans payable	7,532	1,442
Accounts payable – other	1,468	1,845
Income taxes payable	1,508	1,652
Provision for bonuses	434	993
Other current liabilities	2,072	2,310
Total current liabilities	21,311	21,176
Total liabilities	51,713	52,455
Net assets		
Shareholders' equity:		
Capital stock	6,279	6,279
Capital surplus	4,589	4,589
Retained earnings	36,815	38,856
Treasury stock	(1,550)	(1,550)
Total shareholders' equity	46,132	48,174
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,524	2,003
Deferred gains or losses on hedges	(5)	(12)
Total accumulated other comprehensive income	1,519	1,991
Minority interests	8,067	7,230
Total net assets	55,719	57,396
Total liabilities and net assets	¥107,432	¥109,852

Note: Amounts under one million yen are omitted.

Consolidated Statements of Income

First quarter ended March 31	Millions of yen	
	2011	2012
Net sales	¥31,996	¥39,333
Cost of sales	22,901	29,176
Gross profit	9,094	10,157
Selling, general and administrative expenses	6,024	5,928
Operating income	3,070	4,228
Non-operating income:		
Interest income	23	34
Dividends income	1	1
Amortization of negative goodwill	58	58
Miscellaneous income	62	70
Total non-operating income	145	165
Non-operating expenses:		
Interest expenses	150	136
Miscellaneous expenses	14	7
Total non-operating expenses	164	143
Ordinary income	3,051	4,250
Extraordinary loss:		
Loss on valuation of investment securities	219	—
Total extraordinary losses	219	—
Income before income taxes and minority interests	2,831	4,250
Income taxes	1,004	1,652
Income before minority interests	1,826	2,598
Minority interests in income	221	227
Net income	¥ 1,605	¥ 2,370

Note: Amounts under one million yen are omitted.

Consolidated Statements of Comprehensive Income

First quarter ended March 31	Millions of yen	
	2011	2012
Income before minority interests	¥1,826	¥2,598
Other comprehensive income		
Valuation difference on available-for-sale securities	(125)	480
Deferred gains or losses on hedges	21	(7)
Total other comprehensive income	(103)	473
Comprehensive income	1,723	3,071
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,500	2,842
Comprehensive income attributable to minority interests	¥ 223	¥ 228

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 quarter ended March 31, 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	26,458	3,245	29,704	2,291	31,996	—	31,996
Inter-segment	140	104	245	806	1,052	(1,052)	—
Total	26,599	3,350	29,950	3,098	33,048	(1,052)	31,996
Operating income	3,365	347	3,712	94	3,807	(736)	3,070

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 -¥736 million in segment income adjustments includes ¥68 million in eliminations of inter-segment transactions and -¥805 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 is adjusted to reflect operating income as recorded on our quarterly consolidated statements of income.

First quarter ended March 31, 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	34,007	3,289	37,297	2,036	39,333	—	39,333
Inter-segment	180	101	281	874	1,155	(1,155)	—
Total	34,188	3,390	37,579	2,910	40,489	(1,155)	39,333
Operating income	4,568	380	4,949	22	4,971	(742)	4,228

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 -¥742 million in segment income adjustments includes ¥61 million in eliminations of inter-segment transactions and -¥804 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 is adjusted to reflect operating income as recorded on our quarterly consolidated statements of income.