

# Flash Report for the First Quarter of 2014 [Japan GAAP] (Consolidated)

May 8, 2014

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Date for presentation of the quarterly report: May 14, 2014

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, 2014)

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

### (1) Operating Results

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)	
Reporting first quarter	44,390	15.7%	2,573	15.0%	2,367	4.0%
Previous first quarter	38,367	(2.5)	2,238	(47.1)	2,277	(46.4)

Note: Total comprehensive income (¥ million) Reporting first quarter: 922((57.6%) Previous first quarter: 2,175((29.2%))

	Net income (¥ million)		Net income per share (¥)
Reporting first quarter	1,178	22.9%	15.98
Previous first quarter	958	(59.5)	13.11

### (2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
Reporting first quarter	119,141	64,219	48.2
Previous full term	115,746	64,691	49.4

Note: Owners' equity (¥ million)

Reporting first quarter: 57,417  
 Previous full term: 57,152

## 2. Dividend Payment

	Annual dividend per share (¥)				
	Q1	Q2	Q3	Term-end	Total
Fiscal 2013	—	5.00	—	5.00	10.00
Fiscal 2014	—	/	/	/	/
Fiscal 2014 (forecast)	/	5.00	—	5.00	10.00

Note: Revision of previously announced dividend forecasts: Not applicable

## 3. Consolidated Business Forecasts for Current Term (January 1 through December 31, 2014)

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

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)		Net income (¥ million)		Earnings per share (¥)
Half term	82,900	9.8%	4,280	27.5%	4,420	24.9%	2,670	46.4%	36.21
Full term	164,870	7.4	5,300	(12.9)	5,510	(14.5)	2,790	(28.2)	37.84

Note: Revision of previously announced forecasts: Not applicable

## ※Notes

(1) Major changes in subsidiaries: None

Note: Transfer of specified subsidiaries during the reporting first quarter resulting in changes in the scope of consolidation

(2) Simplified accounting and special accounting methods for quarterly financial reporting: Applicable

(Please refer to the section “2. Other Information” on P3)

(3) Changes in accounting policies, estimates, or retrospective restatements

a) Changes in accounting policies due to revisions of accounting standards: None

b) Other: 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: 2,463,963

Previous full term: 2,463,938

c) Average number of shares outstanding during the term

Reporting first quarter: 73,728,992

Previous first quarter: 73,140,152

### **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 completed based on the Financial Instruments and Exchange Act.

### **Disclaimer**

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 further 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 2014) amounted to ¥37,768 million, a 14.7% year-on-year increase, due to upward adjustment in the unit gas sales price under the gas rate adjustment system.

Consolidated net sales as a whole, including LPG/Other Energy Services net sales and Other Business net sales, reached ¥44,390 million, an increase of 15.7% year-on-year.

Although, the cost of sales increased due to an increase in the price of raw materials, but the increase in net sales exceeded such cost. As the result, operating income amounted to ¥2,573 million, a 15.0% year-on-year increase, and ordinary income amounted to ¥2,367 million, an increase of 4.0% year-on-year. Likewise, net income amounted to ¥1,178 million, a 22.9% year-on-year increase.

### (2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of the end of the first quarter of the current fiscal year increased by ¥3,395 million compared to the last day of the fiscal year ended on December 31, 2013 (“prior fiscal year end”), amounting to ¥119,141 million. While continued progress was made in the depreciation of existing assets, an increase in raw materials due to the timing of the receipt of raw materials and an increase in accounts receivable contributed to the rise in assets.

Whereas interest-bearing debt decreased, there was an increase in accounts payable due to the timing of payment for raw materials, resulting in a ¥3,866 million increase in liabilities compared to the prior fiscal year end to ¥54,921 million.

Net assets decreased ¥471 million compared to the prior fiscal year end to ¥64,219 million due to a decrease in minority equity despite an increase in retained earnings as a result of recording quarterly net profits. The company equity ratio was 48.2%.

### (3) Qualitative Information Regarding Consolidated Business Forecasts

There are no revisions to the full year (January 1, 2014 to December 31, 2014) consolidated business forecasts announced on February 7, 2014.

## 2. Other Information

### **Application of special accounting methods in the preparation of the quarterly consolidated statement of income.**

#### Calculation of tax expenses

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).

## Consolidated Balance Sheets

	Millions of yen	
	December 31, 2013	March 31, 2014
<b>Assets</b>		
Noncurrent assets:		
Property, plant and equipment –		
Production facilities	¥ 18,700	¥ 18,056
Distribution facilities	28,632	37,430
Service and maintenance facilities	5,760	5,746
Other facilities	4,137	4,404
Construction in progress	10,429	964
Total property, plant and equipment	67,659	66,602
Intangible assets	1,640	1,578
Investments and other assets –		
Investment securities	9,727	8,732
Long-term loans receivable	7,528	8,676
Deferred tax assets	464	455
Other investments and other assets	1,179	1,220
Allowance for doubtful accounts	(193)	(192)
Total investments and other assets	18,706	18,893
Total noncurrent assets	88,006	87,074
Current assets:		
Cash and deposits	526	953
Notes and accounts receivable – trade	13,113	14,617
Merchandise and finished goods	426	456
Raw materials and supplies	10,236	13,304
Deferred tax assets	647	655
Other current assets	2,844	2,129
Allowance for doubtful accounts	(53)	(49)
Total current assets	27,740	32,067
Total assets	¥115,746	¥119,141

*Note: Amounts under one million yen are omitted.*

	Millions of yen	
	December 31, 2013	March 31, 2014
<b>Liabilities</b>		
Noncurrent liabilities:		
Long-term loans payable	¥ 19,613	¥ 18,217
Deferred tax liabilities	839	683
Provision for retirement benefits	2,431	2,434
Provision for gas holder repairs	94	94
Negative goodwill	21	9
Other noncurrent liabilities	297	298
<b>Total noncurrent liabilities</b>	<b>23,298</b>	<b>21,739</b>
Current liabilities:		
Current portion of noncurrent liabilities	6,364	5,425
Accounts payable – trade	9,535	16,911
Short-term loans payable	4,710	4,685
Accounts payable – other	2,542	1,492
Income taxes payable	1,687	1,046
Provision for bonuses	454	1,020
Other current liabilities	2,462	2,601
<b>Total current liabilities</b>	<b>27,756</b>	<b>33,182</b>
<b>Total liabilities</b>	<b>51,055</b>	<b>54,921</b>
<b>Net assets</b>		
Shareholders' equity:		
Capital stock	6,279	6,279
Capital surplus	4,626	4,626
Retained earnings	43,420	44,230
Treasury stock	(1,252)	(1,252)
<b>Total shareholders' equity</b>	<b>53,074</b>	<b>53,884</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,071	3,533
Deferred gains or losses on hedges	6	—
<b>Total accumulated other comprehensive income</b>	<b>4,077</b>	<b>3,533</b>
Minority interests	7,539	6,802
<b>Total net assets</b>	<b>64,691</b>	<b>64,219</b>
<b>Total liabilities and net assets</b>	<b>¥115,746</b>	<b>¥119,141</b>

Note: Amounts under one million yen are omitted.

## Consolidated Statements of Income

First quarter ended March 31	Millions of yen	
	2013	2014
Net sales	¥38,367	¥44,390
Cost of sales	30,168	35,431
Gross profit	8,199	8,959
Selling, general and administrative expenses	5,960	6,385
Operating income	2,238	2,573
Non-operating income:		
Interest income	43	45
Dividends income	2	2
Amortization of negative goodwill	58	11
Miscellaneous income	55	90
Total non-operating income	160	149
Non-operating expenses:		
Interest expenses	120	97
Equity in losses of affiliates	—	255
Miscellaneous expenses	1	3
Total non-operating expenses	121	356
Ordinary income	2,277	2,367
Extraordinary loss:		
Loss on sales of noncurrent assets	56	—
Total extraordinary losses	56	—
Income before income taxes and minority interests	2,220	2,367
Income taxes	975	899
Income before minority interests	1,245	1,468
Minority interests in income	286	289
Net income	¥ 958	¥ 1,178

*Note: Amounts under one million yen are omitted.*

## Consolidated Statements of Comprehensive Income

First quarter ended March 31	Millions of yen	
	2013	2014
Income before minority interests	¥1,245	¥1,468
Other comprehensive income:		
Valuation difference on available-for-sale securities	960	(539)
Deferred gains or losses on hedges	(30)	(6)
Total other comprehensive income	930	(546)
Comprehensive income	2,175	922
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	1,886	634
Comprehensive income attributable to minority interests	¥ 288	¥ 287

*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, 2013							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	32,735	3,403	36,138	2,228	38,367	—	38,367
Inter-segment	178	109	287	947	1,235	(1,235)	—
Total	32,913	3,512	36,426	3,176	39,602	(1,235)	38,367
Operating income	2,715	279	2,995	90	3,086	(847)	2,238

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 (¥847) million in segment income adjustments includes ¥58 million in eliminations of inter-segment transactions and (¥906) 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, 2014							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	37,417	3,969	41,386	3,003	44,390	—	44,390
Inter-segment	351	160	511	900	1,412	(1,412)	—
Total	37,768	4,130	41,898	3,904	45,803	(1,412)	44,390
Operating income	2,855	279	3,135	222	3,357	(784)	2,573

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 (¥784) million in segment income adjustments includes ¥62 million in eliminations of inter-segment transactions and (¥846) 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.