

Flash Report for the Term Ended December 31, 2012 [Japan GAAP](Consolidated)

February 8, 2013

Name: SHIZUOKAGAS CO., LTD. Stock Exchange: TSE (1st section)
 Code Number: 9543 URL: <http://www.shizuokagas.co.jp>
 Representative: Hiroshi Tonoya, President
 Inquiries: Masanobu Morita, Accounting Manager, Corporate Service Dept.
 Tel: +81-54-284-7990

Date of annual general meeting of shareholders: March 22, 2013
 Date for presentation of the financial statements report: March 25, 2013
 Date of dividend payment: March 25, 2013
 Preparation of supplemental explanatory materials: Yes
 Holding of FY2012 financial briefing session: Yes(for institutional investors)

1. Consolidated Business Results (January 1 to December 31, 2012)

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

(1) Operating Results

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)		Net income (¥ million)	
Reporting term	¥144,307	12.6%	¥7,937	111.8%	¥8,133	106.1%	¥4,078	133.9%
Previous term	128,171	8.3	3,747	(47.8)	3,947	(45.3)	1,743	(59.5)
Note: Total comprehensive income (¥ million) Reporting term: ¥5,528 (154.4%) Previous term: ¥2,173 (-53.3%)								

	Earnings per share (¥)	Return on equity (ROE) (%)	Ordinary income / Total assets (%)	Operating income / Net sales (%)
Reporting term	¥55.76	8.2%	7.4%	5.5%
Previous term	23.15	3.6	3.7	2.9

Note: Equity-method investment: not applicable

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Owners' equity per share (¥)
Reporting term	¥113,429	¥59,521	45.7%	¥707.96
Previous term	107,432	55,719	44.4	651.50
Note: Owners' equity (¥ million) Reporting term: ¥51,781 Previous term: ¥47,652				

(3) Cash Flows

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash and cash equivalents at term end (¥ million)
Reporting term	¥17,686	¥(12,102)	¥(5,542)	¥475
Previous term	9,686	(9,211)	(776)	432

2. Dividend Payment

	Dividend per share (¥)					Total amount for annual dividend payments (¥ million)	Pay-out ratio (%)	Dividend payments/ Net assets (%)
	Q1	Q2	Q3	Term-end	Total			
Fiscal 2011	—	¥4.50	—	¥4.50	¥9.00	¥671	38.9%	1.4%
Fiscal 2012	—	4.50	—	4.50	9.00	658	16.1	1.3
Fiscal 2013 (forecast)	—	4.50	—	4.50	9.00	/	17.8	/

3. Consolidated Business Forecast for Current Term (January 1 to December 31, 2013)

(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	¥ 77,450	4.2%	¥4,060	(22.5)%	¥4,210	(21.4)%	¥2,260	(21.8)%	¥30.89
Full term	154,900	7.3	6,400	(19.4)	6,670	(18.0)	3,690	(9.5)	50.45

※Notes

(1) Major changes in subsidiaries: None

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

(2) Changes in accounting policies or estimates and 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

(3) Number of issued shares (ordinary shares)

a) Number of shares issued at end of the period (including shares in treasury)

Reporting term: 76,192,950

Previous term: 76,192,950

b) Number of treasury shares at end of the period

Reporting term: 3,052,798

Previous term: 3,051,988

c) Average number of shares outstanding during the term

Reporting term: 73,140,620

Previous term: 75,311,506

Presentation of the FY2012 review procedure status

This flash report is exempt from review procedures based on the Financial Instruments and Exchange Act. At the point in time of its disclosure, review procedures based on the Financial Instruments and Exchange Act have not been completed.

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 “Forecasts for the Fiscal Year 2013” on P5.

Operating Results

(1) Analysis of Operating Results

(Operating Results in Fiscal Year 2012)

The Japanese economy in the current consolidated fiscal year (hereafter the “term”) saw the advance of a weakening yen and an increase in stock prices towards the end of the year. Nevertheless, our economy continued to confront harsh conditions such as the European financial crisis, the slowdown of the Chinese economy, the worsening of the state of affairs between China and Japan as well as the continuation of a strong yen throughout the year.

In the energy industry, there was ongoing discussion directed towards structural reform and a new energy policy transcending the existing framework and, while there was a rising appreciation and expectation in respect to natural gas, the environment of the gas industry became increasingly severe.

Under these circumstances, the Shizuoka Gas Group was committed to working in order to ensure a more stable supply of city gas and LPG and to promote a wider use of them as well as to provide solutions for better life with gas.

Net sales during the term increased 12.6% year-on-year to ¥144,307 million due to upward adjustment in the unit gas sales price under the gas rate adjustment system. Operating income increased 111.8% year-on-year to ¥7,937 million, ordinary income increased 106.1% year-on-year to ¥8,133 million, and net income in the term increased 133.9% year-on-year to ¥4,078 million.

Performance in each segment was as follows.

(1) Gas

Customer numbers (meter installed basis) increased by 359 during the term to 340,268 as of the end of the term thanks to new customer acquisition initiatives in newly-built houses and existing houses markets and a reduction in the number of existing customers changing other fuels owing to our focused promotion for sales and services.

Gas sales volume declined 1.1% year-on-year to 1,406 million m³. By usage, residential use increased 0.5% year-on-year to 96 million m³ due to higher demand for boiler and heating driven by the colder winter temperatures during the winter. Commercial use (offices, retail outlets, public facilities, and medical institutions) increased 2.8% year-on-year to 77 million m³ due to increases in air conditioning demand and development of new customers. Industrial use, despite the development of new large-lot customers, declined 1.9% year-on-year to 689

million m³ as a result of lower operating rates at existing customers. Wholesale declined 0.9% year-on-year to 543 million m³ due to decreased demand at wholesale customers.

Gas sales volumes declined, but gas net sales grew 14.1% year-on-year to ¥125,557 million due to upward trend in unit gas sales prices based on the gas rate adjustment system, allowing segment income (operating income) to increase 76.3% to ¥10,443 million.

(2) LPG and Other Energy Services

LPG sales increased 4.3% year-on-year to ¥11,745 million due to growth in gas sales volume and an upward adjustment of unit gas sales prices caused by rising raw materials prices. Meanwhile, segment income (operating income) declined by 14.0% year-on-year to ¥591 million due to higher sales cost as a result of rising raw material cost and increased volume of raw material.

(3) Other Businesses

Other businesses' (such as the construction of facilities and gas piping installations and gas appliance sales) net sales increased 9.6% year-on-year to ¥12,799 million due to increases in the construction of facilities and remodeling work. However, the depreciation of software started to be run in May of the previous year caused segment income (operating income) to decline by 11.8% to ¥36 million.

			<u>FY 2012</u>	<u>FY 2011</u>	<u>Change</u>	<u>Change (%)</u>
<u>Number of Customers</u>			340,268	339,909	359	0.1
<u>Gas Sales</u>	<u>Residential</u>	million m ³	96	96	1	0.5
	<u>Commercial</u>	”	77	75	2	2.8
	<u>Industrial</u>	”	689	702	(13)	(1.9)
	<u>Wholesale</u>	”	543	548	(5)	(0.9)
	<u>Total</u>	”	1,406	1,422	(16)	(1.1)

- (Notes)
1. “Number of Customers” lists the number of meters installed as of the end of the period.
 2. “Number of Customers” does not include the number of end users of wholesale customers.
 3. Segment performance figures include intersegment transactions.
 4. Sales volume assumes 45 MJ (Mega Joule) per 1 m³ and figures less than one unit are rounded off.
 5. Consumption tax is excluded

(Forecasts for the Fiscal Year 2013)

We expect unit gas sales prices based on the gas rate adjustment system to be higher level than that of the previous fiscal year in addition to increases in gas sales volumes, as a result of which, we forecast that net sales will increase 7.3% year-on-year to ¥154,900 million. Meanwhile, taking into account increased volume of raw materials caused by the increased sales volume, rising sales cost driven by higher raw material cost and the time lag of the price under the gas rate adjustment system, we expect operating income to decrease 19.4% year-on-year to ¥6,400 million, ordinary income to decrease 18.0% year-on-year to ¥6,670 million and net income to decrease 9.5% to ¥3,690 million. Additionally, we expect capital investment to remain it nearly as-is year on year with ¥10,100 million.

(Unit: million yen)

Item	FY 2013 Forecast	FY 2012 Result	Change	Change (%)
Net Sales	154,900	144,307	10,592	7.3
Operating Income	6,400	7,937	(1,537)	(19.4)
Ordinary Income	6,670	8,133	(1,463)	(18.0)
Net Income	3,690	4,078	(388)	(9.5)
Capital Investment	10,100	10,405	(305)	(2.9)

Presumptions: Crude oil prices (Japan CIF) \$ 115/bbl, Exchange rate ¥90/\$

(2) Analysis of Financial Position

(Analysis of status of assets, liabilities, net assets and cash flow conditions)

1. Assets, Liabilities and Net Assets

Total assets increased ¥5,997 million year-on-years during the term to ¥113,429 million.

Noncurrent assets increased ¥1,402 million year-on-year to ¥86,707 million due to Shizuham Trunkline related investments and other investments in spite of the ongoing depreciation of existing assets. Additionally, current assets increased ¥4,594 million year-on-years to ¥26,722 million due to such factors as increases in values of raw materials caused by the increased volume of inventories subject to change by the timing of the receipt of raw materials.

Although loans payable decreased, liabilities increased by ¥2,194 million year-on-year to ¥53,907 million due to an increase in accounts payable and the timing of raw material payments.

Net assets increased ¥3,802 million year-on-years to ¥59,521 million primarily attributable to retained earnings due to the posting of current term profits.

As a result, equity ratio as of the end of the term was 45.7%.

2. Cash Flows

Cash and cash equivalents (correctively hereinafter “cash”) increased ¥42 million in the current term and the balance as of the end of the term was ¥475 million.

The following describes the status of each cash flow in the term and the related main reasons for changes.

(Cash Flows from Operating Activities)

Cash from operating activities was ¥17,686 million (the previous fiscal year net inflow of ¥9,686 million). Although net income before depreciation and amortization was ¥18,433 million, this increase was due to such factors as increased inventories and payment of income taxes; despite the increases on notes and accounts payable.

(Cash Flows from Investing Activities)

Cash from investment activities saw an expenditure of ¥12,102 million (the previous fiscal year net cash outlay of ¥9,211 million). This was primarily used to make capital investments in the Shizuhamu Trunkline and others.

(Cash Flows from Financing Activities)

Cash from financing activities saw an expenditure of ¥5,542 million (the previous fiscal year net cash outlay of ¥776 million). This was primarily due to ongoing repayment of past long-term loans, payment of dividends, and the like.

(Trends in Cash Flow Related Indices)

	FY ended in Dec. 2008	FY ended in Dec. 2009	FY ended in Dec. 2010	FY ended in Dec. 2011	FY ended in Dec. 2012
Equity Ratio (%)	34.0	39.4	44.6	44.4	45.7
Market Value Basis Equity Ratio (%)	38.1	40.0	34.1	33.3	37.7
Debt/Cash flow ratio (Years)	6.9	1.2	5.6	4.1	2.0
Interest Coverage Ratio (Times)	8.8	41.1	9.8	16.2	33.3

Equity Ratio: Shareholders equity / total assets

Market Value Basis Equity Ratio: Market capitalization / total assets

Debt/Cash flow ratio: Interest-bearing liabilities ratio / cash flows

Interest Coverage Ratio: Cash flows / interest payments

- (Notes)
1. Calculation based on the consolidated basis financial figures.
 2. Total market capitalization is calculated by multiplying the closing price as of the end of the fiscal year by the total number of shares issued and outstanding (excluding treasury stock).
 3. Cash flow means cash flows from operating activities.
 4. Interest bearing liabilities include long-term loans (including loans with maturing date within 1 year) and short-term loans accounted for under the liabilities section of the consolidated balance sheets. Also, interest payments equal the amount of interest paid on the consolidated cash flow statements.

(3) Basic Policy on Profit Distribution and Dividends for Current Fiscal Year and Following Fiscal Year

Shizuoka Gas has been returning profits to shareholders under a basic policy of stable and continuous dividends.

Currently, the Company carries out its mission of ensuring a long-term, stable supply of city gas as a public utility. At the same time, the Company is allocating benefits created through the introduction of natural gas in capital investment for business expansion, to further bolster its revenue base for the future.

Against this backdrop, the Company will continue to return profits to shareholders in accordance with the basic policy of maintaining continuous, stable dividends, while taking into consideration the Company's financial position and operating results.

In keeping with the above policy the Company expects to pay annual dividends for FY2011 of 9 yen per share, including the 4.5 yen interim dividend. With respect to the following fiscal year, the Company anticipates an annual dividend of 9 yen per share including a 4.5 yen interim dividends premised on the "Forecasts for the Following Fiscal Year" noted above.

(4) Business and Other Risks

The risk factors that might affect the operating results and financial position of Shizuoka Gas Group are discussed below.

The forward-looking statements in the text are judgments made by the Company based on the information available as of the end of FY 2012.

1. Contingencies in Raw Materials Procurement

All of the LNG purchased by Shizuoka Gas is imported from overseas. The gas supply of the Shizuoka Gas Group might negatively be affected by the occurrence of contingencies in raw materials procurement, including problems at LNG import sources and operational difficulties at LNG carrier.

2. Natural Disasters

The operating results of the Shizuoka Gas Group could negatively be affected if the facilities of the Group or its customers suffer extensive damage as a result of a large-scale natural disaster such as an earthquake, typhoon, or tsunami.

3. Contingencies in the Production and Supply of City Gas.

The gas supply of the Shizuoka Gas Group could negatively be affected, and the Group could suffer losses as well as be responsible for compensation to society at large, if difficulties occur in the production of city gas by Shimizu LNG Company Ltd., a consolidated subsidiary, or a leakage, explosion or other large-scale accidents in conjunction with the city gas supply by the Group.

Additionally, if a major electrical outage occurs in the Company's city gas supply area and the electrical power supply from the grid source is interrupted, a certain volume of gas can be transmitted using the Company's privately-owned electrical power facilities. However, depending on the time of the day, such electrical outage could affect the production and supply of city gas.

4. Raw Materials Prices

Shizuoka Gas must obtain new LNG in response to increases in gas and LNG demand, and procures LNG through the use of short- and long-term contracts and spot purchases. The operating results can negatively be affected if the price of LNG procured by the Company differs from the raw materials price level used when setting gas rates because of these new procurement prices or changes in the pricing system for existing long-term contracts.

5. Gas Rate Adjustment System

Gas rates are set based on the gas rate adjustment system (a system of revising gas rates to reflect changes in raw materials prices). The price of LNG and LPG used as raw materials will have an impact in determining gas rates based on the gas rate adjustment system. While the LNG price and the LPG price are subject to changes in crude oil prices and exchange rate fluctuations, these effects are offset and limited because the changes in raw materials prices are reflected in gas rates based on that system. However, changes in raw materials prices might affect operating results if those price changes are reflected in gas rates for a different accounting period due to the time lag until the changes are reflected in gas rates.

6. Large-Lot Customer Trends

The Company's gas sales volume might be reduced as a result of factors such as cutbacks in facilities operations by large-lot customers due to economic trends and the development of energy saving activities. Additionally, gas rates for large-lot customers may be subject to competition with other gas suppliers because the rates are determined in individual negotiations. As a result of this, the Company's gas sales volume and gas sales may be impacted by trends in large-lot customers.

7. Fluctuations in Air/Water Temperatures and in Seasonal Operating Results

The operating results of the Shizuoka Gas Group could be affected by gas sales, the main business of the Group, because such sales are subject to warm weather and changes in water temperatures. Moreover, the earnings of the Group tend to be concentrated in the first half of the year as gas sales volume and sales tend to increase in the winter and to decline in the summer.

8. Intensifying Competition

The operating results of the Shizuoka Gas Group could negatively be affected by growing competition with alternative energy providers such as power utilities, and with increased competition from new entrants into the gas business.

9. Changes in Interest Rate Trends

The operating results of the Shizuoka Gas Group can adversely be affected by changes in interest rate trends when the Company seeks to procure new capital. However, the effect on the Group is limited through the use of fixed interest rates and by hedging interest volatility through the use of interest swap transactions for long-term debt, which accounts for a relatively large percentage of the Group's interest bearing liabilities.

10. Information Leakage

The operating results may adversely be affected by the Shizuoka Gas Group's response and a loss of trust in the Group, if customers' personal information managed by it is leaked outside of the Group.

11. Disruption or Malfunctioning of Core IT Systems

The operating results of Shizuoka Gas Group could adversely be affected if there is a disruption or malfunction in the core IT systems relating to gas production and supply, customer service inquiries and rates.

Consolidated Balance Sheets

As of December 31	Millions of yen	
	2011	2012
Assets		
Noncurrent assets:		
Property, plant and equipment –		
Production facilities	¥ 24,768	¥ 21,668
Distribution facilities	30,363	29,302
Service and maintenance facilities	3,818	4,045
Other facilities	4,451	4,239
Construction in progress	5,869	9,590
Total property, plant and equipment	69,270	68,845
Intangible assets	1,998	1,884
Investments and other assets –		
Investment securities	6,495	7,201
Long-term loans receivable	5,554	7,078
Deferred tax assets	1,199	800
Other investments and other assets	1,007	1,106
Allowance for doubtful accounts	(222)	(209)
Total investments and other assets	14,035	15,977
Total noncurrent assets	85,304	86,707
Current assets:		
Cash and deposits	455	497
Notes and accounts receivable – trade	11,192	11,685
Merchandise and finished goods	314	362
Raw materials and supplies	5,908	9,476
Deferred tax assets	1,382	632
Other current assets	2,937	4,126
Allowance for doubtful accounts	(63)	(57)
Total current assets	22,127	26,722
Total assets	¥107,432	¥113,429

Note: Amounts under one million yen are omitted.

As of December 31	Millions of yen	
	2011	2012
Liabilities		
Noncurrent liabilities:		
Long-term loans payable	¥ 26,407	¥ 22,304
Deferred tax liabilities	2	19
Provision for retirement benefits	2,831	2,648
Provision for gas holder repairs	94	94
Negative goodwill	490	256
Other noncurrent liabilities	574	463
Total noncurrent liabilities	30,401	25,786
Current liabilities:		
Current portion of noncurrent liabilities	5,613	7,272
Accounts payable – trade	2,681	7,946
Short-term loans payable	7,532	6,156
Accounts payable – other	1,468	2,011
Income taxes payable	1,508	1,896
Provision for bonuses	434	446
Other current liabilities	2,072	2,392
Total current liabilities	21,311	28,121
Total liabilities	51,713	53,907
Net assets		
Shareholders' equity:		
Capital stock	6,279	6,279
Capital surplus	4,589	4,589
Retained earnings	36,815	40,235
Treasury stock	(1,550)	(1,551)
Total shareholders' equity	46,132	49,552
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,524	2,228
Deferred gains or losses on hedges	(5)	—
Total accumulated other comprehensive income	1,519	2,228
Minority interests	8,067	7,740
Total net assets	55,719	59,521
Total liabilities and net assets	¥107,432	¥113,429

Note: Amounts under one million yen are omitted.

Consolidated Statements of Income

Year ended December 31	Millions of yen	
	2011	2012
Net sales	¥128,171	¥144,307
Cost of sales	99,979	111,624
Gross profit	28,191	32,682
Selling, general and administrative expenses	24,444	24,745
Operating income	3,747	7,937
Non-operating income:		
Interest income	112	156
Dividends income	148	138
Amortization of negative goodwill	237	236
Miscellaneous income	327	260
Total non-operating income	825	792
Non-operating expenses:		
Interest expenses	592	528
Miscellaneous expenses	33	68
Total non-operating expenses	626	596
Ordinary income	3,947	8,133
Extraordinary income:		
Gain on sales of noncurrent assets	190	—
Reversal of provision for gas holder repairs	97	—
Total extraordinary income	287	—
Extraordinary loss:		
Loss on sales of noncurrent assets	32	—
Impairment loss	—	62
Loss on valuation of investment securities	266	375
Total extraordinary losses	299	437
Income before income taxes and minority interests	3,935	7,695
Income taxes - current	1,517	1,966
Income taxes - deferred	22	912
Total income taxes	1,540	2,878
Income before minority interests	2,395	4,817
Minority interests in income	651	738
Net income	¥ 1,743	¥ 4,078

Note: Amounts under one million yen are omitted.

Consolidated Statement of Comprehensive Income

Year ended December 31	Millions of yen	
	2011	2012
Income before minority interests	¥2,395	¥4,817
Other comprehensive income		
Valuation difference on available-for-sale securities	(229)	706
Deferred gains or losses on hedges	7	5
Total other comprehensive income	(222)	711
Comprehensive income	2,173	5,528
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,521	4,787
Comprehensive income attributable to minority interests	¥ 651	¥ 740

Note: Amounts under one million yen are omitted.

Consolidated Statements of Changes in Net Assets

Year ended December 31	Millions of yen	
	2011	2012
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	¥ 6,279	¥ 6,279
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	¥ 6,279	¥ 6,279
Capital surplus		
Balance at the beginning of current period	¥ 4,589	¥ 4,589
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	¥ 4,589	¥ 4,589
Retained earnings		
Balance at the beginning of current period	¥35,718	¥36,815
Changes of items during the period		
Dividends from surplus	(647)	(658)
Net income	1,743	4,078
Total changes of items during the period	1,096	3,420
Balance at the end of current period	¥36,815	¥40,235
Treasury stock		
Balance at the beginning of current period	¥ (26)	¥(1,550)
Changes of items during the period		
Purchase of treasury stock	(1,524)	(0)
Total changes of items during the period	(1,524)	(0)
Balance at the end of current period	¥(1,550)	¥(1,551)
Total shareholders' equity		
Balance at the beginning of current period	¥46,560	¥46,132
Changes of items during the period		
Dividends from surplus	(647)	(658)
Net income	1,743	4,078
Purchase of treasury stock	(1,524)	(0)
Total changes of items during the period	(427)	3,419
Balance at the end of current period	¥46,132	¥49,552

Year ended December 31	Millions of yen	
	2011	2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	¥ 1,753	¥ 1,524
Changes of items during the period		
Net changes of items other than shareholders' equity	(229)	703
Total changes of items during the period	(229)	703
Balance at the end of current period	1,524	2,228
Deferred gains or losses on hedges		
Balance at the beginning of current period	(12)	(5)
Changes of items during the period		
Net changes of items other than shareholders' equity	7	5
Total changes of items during the period	7	5
Balance at the end of current period	(5)	—
Total accumulated other comprehensive income		
Balance at the beginning of current period	1,741	1,519
Changes of items during the period		
Net changes of items other than shareholders' equity	(222)	709
Total changes of items during the period	(222)	709
Balance at the end of current period	1,519	2,228
Minority interests		
Balance at the beginning of current period	7,853	8,067
Changes of items during the period		
Net changes of items other than shareholders' equity	213	(326)
Total changes of items during the period	213	(326)
Balance at the end of current period	8,067	7,740
Total net assets		
Balance at the beginning of current period	56,155	55,719
Changes of items during the period		
Dividends from surplus	(647)	(658)
Net income	1,743	4,078
Purchase of treasury stock	(1,524)	(0)
Net changes of items other than shareholders' equity	(8)	382
Total changes of items during the period	(436)	3,802
Balance at the end of current period	¥55,719	¥59,521

Note: Amounts under one million yen are omitted.

Consolidated Statements of Cash Flows

Year ended December 31	Millions of yen	
	2011	2012
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	¥ 3,935	¥ 7,695
Depreciation and amortization	11,944	10,737
Impairment loss	—	62
Amortization of negative goodwill	(237)	(236)
Loss on retirement of property, plant and equipment	66	103
Loss (gain) on valuation of investment securities	266	375
Increase (decrease) in allowance for doubtful accounts	(18)	(19)
Increase (decrease) in provision for retirement benefits	(110)	(182)
Increase (decrease) in provision for gas holder repairs	(101)	—
Increase (decrease) in provision for bonuses	(13)	12
Interest and dividends income	(261)	(295)
Interest expenses	592	528
Loss (gain) on sales of property, plant and equipment	(158)	—
Decrease (increase) in notes and accounts receivable – trade	(2,177)	(480)
Decrease (increase) in inventories	(1,336)	(3,604)
Increase (decrease) in notes and accounts payable – trade	(2,407)	5,375
Decrease/increase in consumption taxes receivable/payable	1,097	(355)
Other, net	(328)	(75)
Subtotal	10,752	19,640
Interest and dividends income received	261	296
Interest expenses paid	(599)	(531)
Income taxes paid	(727)	(1,718)
Net cash provided by (used in) operating activities	9,686	17,686
Net cash provided by (used in) investing activities:		
Payments into time deposits	(22)	(22)
Proceeds from withdrawal of time deposits	22	22
Purchase of property, plant and equipment and intangible assets	(7,524)	(9,690)
Proceeds from sales of property, plant and equipment and intangible assets	266	15
Purchase of investment securities	(5)	(123)
Payments of loans receivable	(1,950)	(1,730)
Collection of loans receivable	206	206
Proceeds from contribution received for construction	23	0
Other, net	(228)	(779)
Net cash provided by (used in) investing activities	(9,211)	(12,102)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	5,945	(1,375)
Proceeds from long-term loans payable	2,780	3,180
Repayment of long-term loans payable	(6,890)	(5,624)
Cash dividends paid	(650)	(656)
Cash dividends paid to minority shareholders	(434)	(1,064)
Other, net	(1,526)	(0)
Net cash provided by (used in) financing activities	(776)	(5,542)
Net increase (decrease) in cash and cash equivalents	(301)	42
Cash and cash equivalents at beginning of period	734	432
Cash and cash equivalents at end of period	¥ 432	¥ 475

Note: Amounts under one million yen are omitted.

Segment Information

1. Reporting Segment Overview

Shizuoka Gas Group reporting segments are those segments capable of providing separate financial information, and which the Board of Directors regularly reviews to determine the allocation of management resources and evaluate performance results.

The basic business of the Shizuoka Gas Group is the development of general energy businesses, mainly in city gas and the LPG adoption. We have identified two reporting segments along product/service lines: (1) Gas and (2) LPG/Other Energy Services.

The following details the principal products and services offered by each reporting segment.

Gas: Natural gas; liquefied natural gas (LNG)

LPG and other energy services: LPG; on-site energy services

2. Accounting method of sales, profit or losses, assets and those other items by each reporting segment

The accounting procedures of the reported business segments are the same as set forth in “Important Items in the Basis of Presenting Consolidated Financial Statements.”

The reporting segment income is the operating profit base figures.

Inter-segment sales and transferred amounts are transactions between consolidated companies and are based on market prices, etc.

3. Information concerning the amount of the sales, profit or losses, assets and those other items of each reporting segment

(Amounts under one million yen are omitted.)

Previous consolidated fiscal year (January 1, 2011 - December 31, 2011)							Millions of yen	
	Reporting segment			Other businesses (Note1)	Total	Elimination or corporate (Note2)	Amount recorded on consolidated statement of income (Note3)	
	Gas	LPG and other energy services	Total					
Net sales								
Outside customers	109,419	10,933	120,353	7,817	128,171	—	128,171	
Inter-segment	599	322	922	3,859	4,781	(4,781)	—	
Total	110,018	11,256	121,275	11,676	132,952	(4,781)	128,171	
Segment income	5,923	687	6,610	41	6,651	(2,904)	3,747	
Segment Assets	88,153	4,596	92,750	5,684	98,434	8,997	107,432	
Others								
Depreciation	10,627	480	11,107	853	11,961	(17)	11,944	
Increase in property, plant, equipment, and intangible assets	5,753	260	6,014	974	6,988	534	7,523	

Notes:

1. The “Other businesses” classification consists of businesses not defined as reporting segments, and include gas construction of facilities/gas piping installations and gas appliance sales, remodeling and leasing.

2. The adjusted amount is as follows.

(1) The -¥2,904 million in segment income adjustments includes ¥266 million in eliminations of inter-segment transaction and -¥3,170 million of corporate expenses not allocated to the respective reporting segments.

Corporate expenses are general administrative expenses not attributable to reporting segments.

(2) The ¥8,997 million in segment asset adjustments includes -¥1,487 million in eliminations of inter-segment transaction and ¥10,485 million of corporate assets not attributable to the respective reporting segments.

Corporate assets are surplus funds (cash and deposits), long-term investments (investment securities) and assets related to administrative departments.

3. The segment income is adjusted to reflect operating income as recorded on our consolidated statement of income.

Current consolidated fiscal year (January 1, 2012 - December 31, 2012)							Millions of yen
	Reporting segment			Other businesses (Note1)	Total	Elimination or corporate (Note2)	Amount recorded on consolidated statement of income (Note3)
	Gas	LPG and other energy services	Total				
Net sales							
Outside customers	124,837	11,424	136,262	8,044	144,307	—	144,307
Inter-segment	719	320	1,039	4,754	5,794	(5,794)	—
Total	125,557	11,745	137,302	12,799	150,101	(5,794)	144,307
Segment income	10,443	591	11,035	36	11,071	(3,133)	7,937
Segment Assets	92,643	4,952	97,595	6,084	103,679	9,750	113,429
Others							
Depreciation	9,409	447	9,856	814	10,671	66	10,737
Increase in property, plant, equipment, and intangible assets	7,632	359	7,992	600	8,592	1,812	10,405

Notes:

1. The “Other businesses” classification consists of businesses not defined as reporting segments, and include gas construction of facilities/gas piping installations and gas appliance sales, remodeling and leasing.

2. The adjusted amount is as follows.

(1) The -¥3,133 million in segment income adjustments includes ¥197 million in eliminations of inter-segment transaction and -¥3,331 million of corporate expenses not allocated to the respective reporting segments.

Corporate expenses are general administrative expenses not attributable to reporting segments.

(2) The ¥9,750 million in segment asset adjustments includes -¥1,885 million in eliminations of inter-segment transaction and ¥11,635 million of corporate assets not attributable to the respective reporting segments.

Corporate assets are surplus funds (cash and deposits), long-term investments (investment securities) and assets related to administrative departments.

(3) The adjusted amount of ¥1,812 million for increase in property, plant, equipment, and intangible assets includes inter-segment eliminations of -¥61 million and an increase of ¥1,874 million to corporate assets not attributable to the reporting segments in question.

3. The segment income is adjusted to reflect operating income as recorded on our consolidated statement of income.