

Flash Report for the Term Ended December 31, 2014 [Japan GAAP] (Consolidated)

February 6, 2015

Company Name: SHIZUOKAGAS CO., LTD. Listing: Tokyo Stock Exchange (1st section)
 Code Number: 9543 URL: http://ir.shizuokagas.co.jp/corp_en/Top.html
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Date of annual general meeting of shareholders: March 25, 2015
 Date for presentation of the financial statements report: March 26, 2015
 Date of dividend payment: March 26, 2015
 Preparation of supplemental explanatory materials: Yes
 Holding of FY2014 financial briefing session: Yes(for institutional investors)

1. Consolidated Business Results (January 1 to December 31, 2014)

(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	166,599	8.6%	5,753	(5.5)%	5,996	(6.9)%	2,909	(25.2)%
Previous term	153,459	6.3	6,085	(23.3)	6,443	(20.8)	3,887	(4.7)

Note: Total comprehensive income (¥ million) Reporting term: 4,160((37.0%)) Previous term: 6,602 (19.4%)

	Earnings per share (¥)	Diluted net income per share (¥)	Return on equity (ROE) (%)	Ordinary income / Total assets (%)	Operating income / Net sales (%)
Reporting term	39.45	39.43	5.0	5.1	3.5
Previous term	53.13	—	7.1	5.6	4.0

Note: Equity-method investment (¥ million) Reporting term: (33) Previous term: —

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Owners' equity per share (¥)
Reporting term	117,926	67,284	50.7	811.33
Previous term	115,746	64,691	49.4	775.16

Note: Owners' equity (¥ million) Reporting term: 59,818 Previous term: 57,152

(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	13,050	(9,823)	(3,284)	446
Previous term	12,927	(6,432)	(6,466)	503

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			
FY 2013	—	5.00	—	5.00	10.00	734	18.8	1.3
FY 2014	—	5.00	—	5.00	10.00	737	25.3	1.3
FY 2015 (forecast)	—	6.00	—	6.00	12.00	/	13.3	/

3. Consolidated Business Forecast for Current Term (January 1 to December 31, 2015)

(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	83,730	(2.0)%	8,700	98.6 %	8,520	78.0 %	5,420	88.1 %	73.51
Full term	151,960	(8.8)	9,960	73.1	10,290	71.6	6,630	127.9	89.92

※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, estimates, or retrospective restatements

a) Changes in accounting policies due to revisions of accounting standards: Applicable

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 treasury shares)

Reporting term: 76,192,950

Previous term: 76,192,950

b) Number of treasury shares at end of the period

Reporting term: 2,464,038

Previous term: 2,463,938

c) Average number of shares outstanding during the term

Reporting term: 73,728,972

Previous term: 73,149,646

Presentation of the Fiscal Year 2014 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 and do not constitute any guarantee that such results will be achieved. 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 2015" on page 4.

1. Operating Results and Financial Position

(1) Analysis of Operating Results

(Operating Results in Fiscal Year 2014)

The economic situation of Japan during the consolidated fiscal year (hereafter the “Term”) showed signs of recovery with respect to improvements in corporate performance and the employment situation, yet economic uncertainties such as the reactionary drop in last-minute demand before the consumption tax hike were also present.

In the energy industry, higher expectations have been placed on natural gas as a primary source of energy, while discussions on reform of the natural gas market are under way. On the other hand, in the power industry, new entrances and alliances beyond existing boundaries are found as well, bringing drastic changes to energy markets.

Under these circumstances, the Shizuoka Gas Group was committed to promoting a wider use of city gas and LPG as well as providing solutions for better life, making efforts to ensure a more stable supply.

Net sales during the Term increased 8.6% year-on-year to ¥166,599 million due to upward adjustment in the unit price of gas sales under the gas rate adjustment system.

In the meantime, the cost of sales increased due to an increase in the cost of raw materials and in the amount of depreciation of existing assets associated with the partial commencement of the Shizuhama Trunkline. As a result, operating income amounted to ¥5,753 million, a 5.5% year-on-year decrease, and ordinary income amounted to ¥5,996 million, a decrease of 6.9% year-on-year. Likewise, net income amounted to ¥2,909 million, a 25.2% year-on-year decrease.

Performance in each segment was as follows:

1. Gas

Customer numbers (meter installed basis) increased by 5,163 during the Term to 345,460 as of the end of the Term. This was due to such factors as Gotemba Gas Co., Ltd. being made into a subsidiary and efforts being made toward new customer acquisition initiatives in newly-built houses and existing houses markets.

Gas sales volume declined 0.1% year-on-year to 1,381 million m³. By usage, residential use increased 1.7% year-on-year to 95 million m³ due to such factors as Gotemba Gas Co., Ltd. sales being added to the results, along with an increase in sales to existing customers. Commercial use (offices, retail outlets, public facilities, and medical institutions) declined 2.8% year-on-year to 77 million m³ due to decreases in air conditioning demand. Industrial use declined 0.7% year-on-year to 662 million m³ as a result of lower operating rates at customers and other such factors. Wholesale increased 0.6% year-on-year to 547 million m³ despite a decrease in demand from existing wholesale customers due to the launch of wholesale supply to the Shizuhama Trunkline.

Gas net sales grew 9.4% year-on-year to ¥145,905 million due to upward trend in unit gas sales prices based on the gas rate adjustment system.

In the meantime, segment income (operating income) decreased 7.3% year-on-year to ¥8,280 million due to such factors as an increase in the cost of materials resulting primarily from further depreciation of the yen and an increase in the amount of depreciation of existing assets associated with the partial commencement of the Shizuhama Trunkline.

2. LPG and Other Energy Services

LPG sales increased 6.2% year-on-year to ¥13,025 million due to upward adjustment of unit gas sales prices and increase in gas sales volume. Meanwhile, segment income (operating income) increased by 43.6% year-on-year to ¥448 million.

3. Other Businesses

Other businesses' (such as the construction of facilities and gas piping installations and gas appliance sales) net sales increased 6.2% year-on-year to ¥14,114 million due primarily to increases in the construction of facilities, and segment income (operating income) increased 85.0% year-on-year to ¥427 million.

			FY 2014	FY 2013	Change	Change (%)
Number of Customers			345,460	340,297	5,163	1.5
Gas Sales	Residential	million m ³	95	94	2	1.7
	Commercial	"	77	79	(2)	(2.8)
	Industrial	"	662	667	(5)	(0.7)
	Wholesale	"	547	543	3	0.6
	Total	"	1,381	1,383	(2)	(0.1)

- (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 1m³ and figures less than one unit are rounded off.
 5. Consumption tax is excluded

(Forecasts for the Fiscal Year 2015)

Net sales are forecasted to decrease 8.8% year-on-year to ¥151,960 million under the situation where the unit of prices of gas is expected to be lower than the previous year under the gas rate adjustment system. On the other hand, due to such factors as the time lag between a drop in crude oil prices and their reflection in the price of gas, we expect operating income to increase 73.1% year-on-year to ¥9,960 million, ordinary income to increase 71.6% year-on-year to ¥10,290 million and net income to increase 127.9% to ¥6,630 million. Capital investments of ¥10,250 million are budgeted.

(Unit: million yen)

Item	FY 2015 Forecast	FY 2014 Result	Change	Change (%)
Net Sales	151,960	166,599	(14,639)	(8.8)
Operating Income	9,960	5,753	4,206	73.1
Ordinary Income	10,290	5,996	4,293	71.6
Net Income	6,630	2,909	3,720	127.9
Capital Investment	10,250	6,925	3,324	48.0

Presumptions: Crude oil prices (Japan CIF) \$ 68/bbl, Exchange rate ¥120/\$

(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 ¥2,179 million year-on-year to ¥117,926 million owing to factors such as an increase in accounts receivable and raw materials resulting from a rise in the cost of raw materials while property, plant and equipment were further depreciated.

Although accounts payable and short-term loans increased due to higher raw material prices, liabilities decreased by ¥413 million year-on-year to ¥50,641 million due primarily to repayment of long-term loans.

Net assets increased ¥2,593 million year-on-year to ¥67,284 million. This was primarily attributable to

increased retained earnings due to the posting of current Term profits.

As a result, the equity ratio as of the end of the Term was 50.7%.

2. Cash Flow

Cash and cash equivalents (correctively hereinafter “cash”) decreased ¥56 million in the current Term and the balance as of the end of the Term was ¥446 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 ¥13,050 million (the previous fiscal year net inflow of ¥12,927 million). Although net income before depreciation and amortization was ¥16,814 million, this increase was due to such factors as increased inventories associated with increased raw material prices and payment of income taxes.

(Cash Flows from Investing Activities)

Cash from investment activities saw an expenditure of ¥9,823 million (the previous fiscal year net cash outlay of ¥6,432 million). This was primarily capital investments in things like gas pipelines and loans for the Shizuhamu Trunkline.

(Cash Flows from Financing Activities)

Cash from financing activities saw an expenditure of ¥3,284 million (the previous fiscal year net cash outlay of ¥6,466 million). This was primarily due to repayment of long-term loans and payment of dividends while raising operating capital.

(Trends in Cash Flow Related Indices)

	FY ended in Dec. 2010	FY ended in Dec. 2011	FY ended in Dec. 2012	FY ended in Dec. 2013	FY ended in Dec. 2014
Equity Ratio (%)	44.6	44.4	45.7	49.4	50.7
Market Value Basis Equity Ratio (%)	34.1	33.3	37.7	39.9	47.3
Debt/Cash flow ratio (Years)	5.6	4.1	2.0	2.4	2.3
Interest Coverage Ratio (Times)	9.8	16.2	33.3	27.3	35.1

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 shares).
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

In order to maximize corporate value in the long-term, Shizuoka Gas will work on continuous enhancement of shareholder return, taking into consideration various factors. These factors include the Company's performance, return on equity and dividend on equity. The Company's basic policy is to maintain continuous, stable dividends performance, while maintaining internal reserves to support investment and strengthen its financial position for future growth.

In keeping with the above policy the Company expects to pay annual dividends for FY2014 of 10 yen per share, including the 5 yen interim dividend. With respect to the following fiscal year, the Company anticipates an annual dividend of 12 yen per share including a 6 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 2014.

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 Customer 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 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	
	2013	2014
Assets		
Noncurrent assets:		
Property, plant and equipment –		
Production facilities	18,700	15,850
Distribution facilities	28,632	38,378
Service and maintenance facilities	5,760	5,604
Other facilities	4,137	4,290
Construction in progress	10,429	359
Total property, plant and equipment	67,659	64,483
Intangible assets	1,640	1,374
Investments and other assets –		
Investment securities	9,727	10,199
Long-term loans receivable	7,528	8,535
Deferred tax assets	464	454
Other investments and other assets	1,179	1,553
Allowance for doubtful accounts	(193)	(129)
Total investments and other assets	18,706	20,614
Total noncurrent assets	88,006	86,471
Current assets:		
Cash and deposits	526	470
Notes and accounts receivable – trade	13,113	14,588
Merchandise and finished goods	426	379
Raw materials and supplies	10,236	11,725
Deferred tax assets	647	605
Other current assets	2,844	3,728
Allowance for doubtful accounts	(53)	(43)
Total current assets	27,740	31,454
Total assets	115,746	117,926

Note: Amounts under one million yen are omitted.

As of December 31	Millions of yen	
	2013	2014
Liabilities		
Noncurrent liabilities:		
Long-term loans payable	19,613	16,267
Deferred tax liabilities	839	1,093
Provision for retirement benefits	2,431	—
Net defined benefit liability	—	1,908
Provision for gas holder repairs	94	—
Negative goodwill	21	—
Other noncurrent liabilities	297	319
Total noncurrent liabilities	23,298	19,588
Current liabilities:		
Current portion of noncurrent liabilities	6,364	6,237
Accounts payable – trade	9,535	11,209
Short-term loans payable	4,710	7,237
Accounts payable – other	2,542	1,486
Income taxes payable	1,687	2,096
Deferred tax liabilities	—	2
Provision for bonuses	454	452
Other current liabilities	2,462	2,330
Total current liabilities	27,756	31,053
Total liabilities	51,055	50,641
Net assets		
Shareholders' equity:		
Capital stock	6,279	6,279
Capital surplus	4,626	4,626
Retained earnings	43,420	45,592
Treasury shares	(1,252)	(1,252)
Total shareholders' equity	53,074	55,246
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	4,071	4,405
Deferred gains or losses on hedges	6	—
Remeasurements of defined benefit plans	—	167
Total accumulated other comprehensive income	4,077	4,572
Subscription rights to shares	—	34
Minority interests	7,539	7,431
Total net assets	64,691	67,284
Total liabilities and net assets	115,746	117,926

Note: Amounts under one million yen are omitted.

Consolidated Statements of Income

Year ended December 31	Millions of yen	
	2013	2014
Net sales	153,459	166,599
Cost of sales	122,738	134,036
Gross profit	30,721	32,563
Selling, general and administrative expenses	24,635	26,809
Operating income	6,085	5,753
Non-operating income:		
Interest income	178	159
Dividends income	153	167
Amortization of negative goodwill	236	21
Miscellaneous income	276	311
Total non-operating income	844	659
Non-operating expenses:		
Interest expenses	465	364
Share of loss of entities accounted for using equity method	—	33
Miscellaneous expenses	20	18
Total non-operating expenses	486	416
Ordinary income	6,443	5,996
Extraordinary income:		
Gain on sales of noncurrent assets	952	—
Total extraordinary income	952	—
Extraordinary loss:		
Loss on sales of noncurrent assets	71	—
Impairment loss	323	—
Total extraordinary losses	395	—
Income before income taxes and minority interests	7,000	5,996
Income taxes - current	1,798	2,122
Income taxes - deferred	457	42
Total income taxes	2,255	2,164
Income before minority interests	4,744	3,832
Minority interests in income	857	923
Net income	3,887	2,909

Note: Amounts under one million yen are omitted.

Consolidated Statement of Comprehensive Income

Year ended December 31	Millions of yen	
	2013	2014
Income before minority interests	4,744	3,832
Other comprehensive income		
Valuation difference on available-for-sale securities	1,850	334
Deferred gains or losses on hedges	6	(6)
Total other comprehensive income	1,857	327
Comprehensive income	6,602	4,160
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,736	3,237
Comprehensive income attributable to minority interests	865	923

Note: Amounts under one million yen are omitted.

Consolidated Statements of Changes in Net Assets

Year ended December 31	Millions of yen	
	2013	2014
Shareholders' equity		
Capital stock		
Balance at beginning of current period	6,279	6,279
Changes of items during period		
Total changes of items during period	—	—
Balance at end of current period	6,279	6,279
Capital surplus		
Balance at beginning of current period	4,589	4,626
Changes of items during period		
Disposal of treasury stock	37	—
Total changes of items during period	37	—
Balance at end of current period	4,626	4,626
Retained earnings		
Balance at beginning of current period	40,235	43,420
Changes of items during period		
Dividends from surplus	(694)	(737)
Net income	3,887	2,909
Change of scope of equity method	(6)	—
Total changes of items during period	3,185	2,172
Balance at end of current period	43,420	45,592
Treasury shares		
Balance at beginning of current period	(1,551)	(1,252)
Changes of items during period		
Purchase of treasury shares	(0)	(0)
Disposal of treasury shares	299	—
Total changes of items during period	299	(0)
Balance at end of current period	(1,252)	(1,252)
Total shareholders' equity		
Balance at beginning of current period	49,552	53,074
Changes of items during period		
Dividends from surplus	(694)	(737)
Net income	3,887	2,909
Change of scope of equity method	(6)	—
Purchase of treasury shares	(0)	(0)
Disposal of treasury shares	336	—
Total changes of items during period	3,521	2,171
Balance at end of current period	53,074	55,246

Year ended December 31	Millions of yen	
	2013	2014
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of current period	2,228	4,071
Changes of items during period		
Net changes of items other than shareholders' equity	1,842	334
Total changes of items during period	1,842	334
Balance at end of current period	4,071	4,405
Deferred gains or losses on hedges		
Balance at beginning of current period	—	6
Changes of items during period		
Net changes of items other than shareholders' equity	6	(6)
Total changes of items during period	6	(6)
Balance at end of current period	6	—
Remeasurements of defined benefit plans		
Balance at beginning of current period	—	—
Changes of items during period		
Net changes of items other than shareholders' equity	—	167
Total changes of items during period	—	167
Balance at end of current period	—	167
Total accumulated other comprehensive income		
Balance at beginning of current period	2,228	4,077
Changes of items during period		
Net changes of items other than shareholders' equity	1,849	495
Total changes of items during period	1,849	495
Balance at end of current period	4,077	4,572
Subscription rights to shares		
Balance at beginning of current period	—	—
Changes of items during period		
Net changes of items other than shareholders' equity	—	34
Total changes of items during period	—	34
Balance at end of current period	—	34
Minority interests		
Balance at beginning of current period	7,740	7,539
Changes of items during period		
Net changes of items other than shareholders' equity	(201)	(107)
Total changes of items during period	(201)	(107)
Balance at end of current period	7,539	7,431

Total net assets

Balance at beginning of current period	59,521	64,691
Changes of items during period		
Dividends from surplus	(694)	(737)
Net income	3,887	2,909
Change of scope of equity method	(6)	—
Purchase of treasury shares	(0)	(0)
Disposal of treasury shares	336	—
Net changes of items other than shareholders' equity	1,647	421
Total changes of items during period	5,169	2,593
Balance at end of current period	64,691	67,284

Note: Amounts under one million yen are omitted.

Consolidated Statements of Cash Flows

Year ended December 31	Millions of yen	
	2013	2014
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	7,000	5,996
Depreciation	9,618	10,817
Impairment loss	323	—
Amortization of negative goodwill	(236)	(21)
Loss on retirement of property, plant and equipment	58	132
Increase (decrease) in allowance for doubtful accounts	(19)	(75)
Increase (decrease) in provision for retirement benefits	(217)	—
Increase (decrease) in net defined benefit liability	—	(301)
Increase (decrease) in provision for gas holder repairs	—	(94)
Increase (decrease) in provision for bonuses	8	(2)
Interest and dividend income	(331)	(327)
Interest expenses	465	364
Share of (profit) loss of entities accounted for using equity method	—	33
Loss (gain) on sales of property, plant and equipment	(880)	—
Decrease (increase) in notes and accounts receivable – trade	(1,410)	(1,385)
Decrease (increase) in inventories	(821)	(1,420)
Increase (decrease) in notes and accounts payable – trade	1,481	1,683
Decrease/increase in consumption taxes receivable/payable	(103)	(172)
Other, net	227	(449)
Subtotal	15,162	14,778
Interest and dividends income received	333	327
Interest expenses paid	(472)	(371)
Income taxes paid	(2,095)	(1,683)
Net cash provided by (used in) operating activities	12,927	13,050
Net cash provided by (used in) investing activities:		
Payments into time deposits	(23)	(23)
Proceeds from withdrawal of time deposits	22	22
Purchase of property, plant and equipment and intangible assets	(8,108)	(8,072)
Proceeds from sales of property, plant and equipment and intangible assets	991	4
Purchase of investment securities	(7)	(7)
Proceeds from sales of investment securities	9	—
Net decrease (increase) in short-term loans receivable	1,584	—
Payments of loans receivable	(650)	(1,190)
Collection of loans receivable	200	183
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	28
Other, net	(451)	(770)
Net cash provided by (used in) investing activities	(6,432)	(9,823)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	(1,445)	2,316
Proceeds from long-term loans payable	4,440	3,267
Repayment of long-term loans payable	(8,038)	(7,068)
Cash dividends paid	(692)	(735)
Cash dividends paid to minority shareholders	(1,065)	(1,064)
Proceeds from sales of treasury shares	336	—
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(6,466)	(3,284)
Net increase (decrease) in cash and cash equivalents	28	(56)
Cash and cash equivalents at beginning of period	475	503
Cash and cash equivalents at end of period	503	446

Note: Amounts under one million yen are omitted.

Notes regarding Consolidated Financial Statements

(Items related to assumptions used for going concerns)

No applicable items.

(Important items in the basis of presenting consolidated financial statements)

There have been no significant changes since the recent financial statements report (submitted on March 28, 2014) except for changes made under "Changes in accounting policies or estimates and retrospective restatements", so the disclosure has been omitted.

(Changes in accounting policies or estimates and retrospective restatements)

(Changes in accounting policies)

"Accounting Standard for Retirement Benefits" (Corporate Accounting Standard No. 26 of May 17, 2012; hereinafter "Retirement Benefit Accounting Standard") and "Guidelines for Application of Accounting Standard for Retirement Benefits" (Corporate Accounting Standard Application Guideline No. 25 of May 17, 2012; hereinafter "Retirement Benefit Application Guideline") will be applied starting at the end of this FY 2014 (however, this excludes the provisions of paragraph 35 of the Retirement Benefit Accounting Standard and paragraph 67 of the Retirement Benefit Application Guideline). The method will be changed to one of recording the amount resulting from deducting pension assets from retirement benefit obligations as net defined benefit liability, and the unrecognized actuarial gains and losses will be recorded under retirement benefit liabilities.

With regards to application of the Retirement Benefit Accounting Standard, we comply with progressive handling as set forth in paragraph 37 of the Retirement Benefit Accounting Standard. At the end of FY 2014, the amount of financial impact associated with this change is reflected in the remeasurements of defined benefit related to accumulated other comprehensive income.

As a result, at the end of this FY 2014, accumulated other comprehensive income has increased ¥167 million. Net assets per share have increased ¥2.26.

(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.

(Amounts under one million yen are omitted.)

Previous consolidated fiscal year (January 1, 2013 - December 31, 2013)

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	132,569	11,924	144,493	8,965	153,459	—	153,459
Inter-segment	808	337	1,145	4,330	5,476	(5,476)	—
Total	133,378	12,261	145,639	13,296	158,935	(5,476)	153,459
Segment income	8,930	312	9,242	230	9,473	(3,388)	6,085
Segment Assets	92,194	5,090	97,285	6,074	103,359	12,387	115,746
Others							
Depreciation	8,417	427	8,845	522	9,367	251	9,618
Investments in entities accounted for using equity method	492	—	492	—	492	—	492
Increase in property, plant, equipment, and intangible assets	7,075	425	7,501	318	7,819	1,014	8,834

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 (¥3,388) million in segment income adjustments includes ¥237 million in eliminations of inter-segment transaction and (¥3,625) million of corporate expenses not allocated to the respective reporting segments.

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

(2) The ¥12,387 million in segment asset adjustments includes (¥1,569) million in eliminations of inter-segment transaction and ¥13,956 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 ¥1,014 million for increase in property, plant, equipment, and intangible assets includes inter-segment eliminations of (¥20) million and an increase of ¥1,035 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.

Current consolidated fiscal year (January 1, 2014 - December 31, 2014)							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	144,615	12,630	157,246	9,353	166,599	—	166,599	
Inter-segment	1,290	394	1,684	4,761	6,445	(6,445)	—	
Total	145,905	13,025	158,930	14,114	173,045	(6,445)	166,599	
Segment income	8,280	448	8,728	427	9,155	(3,401)	5,753	
Segment Assets	94,461	4,779	99,241	6,050	105,291	12,634	117,926	
Others								
Depreciation	9,671	396	10,068	492	10,560	257	10,817	
Investments in entities accounted for using equity method	458	—	458	—	458	—	458	
Increase in property, plant, equipment, and intangible assets	6,183	327	6,510	405	6,916	9	6,925	

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 (¥3,401) million in segment income adjustments includes ¥226 million in eliminations of inter-segment transaction and (¥3,628) million of corporate expenses not allocated to the respective reporting segments.

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

(2) The ¥12,634 million in segment asset adjustments includes (¥1,650) million in eliminations of inter-segment transaction and ¥14,284 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.