

Flash Report for the First-Half Period Ended June 30, 2005 (on a non-consolidated basis)

August 18, 2005

Name: Shizuoka Gas Co., Ltd. Stock Exchange: TSE (1st section)
 Code Number: 9543 Prefecture Registered: Shizuoka
 URL: <http://www.shizuokagas.co.jp>
 Representative: Shiro Oishi, President
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Date of meeting of Board of Directors for account settlement for the reporting period: August 18, 2005

Interim dividend payment system: adopted

Date of dividend payment: September 6, 2005 or after

Unit share system for trading purposes: adopted (1 trading unit: 1,000 shares)

1. Business Results (January 1 to June 30, 2005)

(1) Operating Results

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

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)	
First-half period under review	¥27,124	7.0%	¥2,685	(30.9)%	¥3,086	(26.5)%
Previous first half	25,347	4.5	3,884	45.8	4,199	44.0
Previous full term (Jan. 1 to Dec. 31, 2004)	47,902		3,275		3,472	

	Net income (¥ million)		Earnings per share (¥)
First-half period under review	¥2,167	(24.0)%	¥30.66
Previous first half	2,852	15.5	40.36
Previous full term	2,322		32.31

(Notes) 1. Average number of shares for the period

First-half period: 70,664,657

Previous first half: 70,674,185

Previous full term: 70,671,927

2. Changes in accounting standards: none

(2) Dividend Payment

	Interim dividend per share (¥)	Annual dividend per share (¥)
First-half period under review	¥3.50	¥ —
Previous first half	3.50	—
Previous full term	—	7.00

(3) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Equity ratio (%)	Shareholders' equity per share (¥)
First-half period under review	¥73,312	¥26,011	35.5%	¥368.10
Previous first half	72,463	24,832	34.3	351.37
Previous full term	75,999	24,182	31.8	341.64

(Notes) 1. Number of shares issued and outstanding at the end of period

First-half period: 70,661,922

Previous first half: 70,672,180

Previous full term: 70,667,202

2. Number of treasury shares at end of period

First-half period: 31,028

Previous first half: 20,770

Previous full term: 25,748

2. Business Forecast for Current Term (January 1 to December 31, 2005)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Annual dividend per share (¥)	
				Term-end	Total
Full term	¥53,180	¥2,210	¥1,490	¥3.50	¥7.00

(Note) Estimated earnings per share for fiscal 2005 (full term): ¥21.08

*These forecasts are based on information currently available to the management. Accordingly, actual financial results may substantially differ from these forecasts owing to a number of uncertain factors.

Non-Consolidated Interim Balance Sheets

	Thousands of yen			
	June 30, 2005	December 31, 2004	Change	June 30, 2004
Assets				
Noncurrent assets:				
Property, plant and equipment –				
Production facilities	¥ 324,343	¥ 350,959	¥ (26,615)	¥ 2,193,877
Distribution facilities	40,800,652	42,737,919	(1,937,267)	26,137,550
Service and maintenance facilities	3,387,023	3,503,379	(116,355)	3,593,020
Other related business facilities	1,162,095	854,831	307,263	930,502
Dormant facilities	38,446	42,861	(4,414)	—
Construction in progress	1,100,775	838,334	262,441	16,171,152
Total property, plant and equipment	46,813,337	48,328,284	(1,514,947)	49,026,103
Intangible assets –				
Goodwill	—	—	—	3,090
Leaseholds	494,411	494,411	—	451,705
Other intangible assets	289,946	337,646	(47,699)	381,826
Total intangible assets	784,357	832,057	(47,699)	836,621
Investments and other assets –				
Investment securities	7,907,683	7,987,411	(79,727)	7,797,040
Investments in affiliates	3,414,712	3,412,412	2,300	3,412,332
Long-term loans within company	1,013,962	1,097,680	(83,717)	1,138,719
Long-term loans to affiliates	1,920,000	1,574,300	345,700	965,400
Investments in partnerships	18,183	17,343	840	21,250
Long-term prepaid expenses	3,949	2,763	1,186	3,381
Other investments	696,792	487,884	208,907	453,613
Allowance for doubtful accounts	(18,094)	(49,291)	31,197	(50,860)
Total investments and other assets	14,957,189	14,530,504	426,685	13,740,877
Total noncurrent assets	62,554,884	63,690,846	(1,135,961)	63,603,602
Current assets:				
Cash and bank deposits	2,818,545	2,572,311	246,233	1,257,017
Notes receivable	85,529	44,095	41,434	118,461
Accounts receivable	2,922,411	2,760,758	161,653	2,680,304
Accounts receivable – affiliates	41,044	40,923	120	46,143
Other accounts receivable	99,271	1,150,399	(1,051,128)	528,114
Marketable securities	15,310	36,740	(21,430)	102,490
Finished products	47,881	38,377	9,503	41,694
Raw materials	4,159	4,508	(348)	3,577
Supplies	93,865	129,351	(35,486)	77,085
Prepaid expenses	219,557	81,053	138,504	132,321
Other accounts receivable – affiliates	784,368	693,453	90,914	780,037
Short-term loans to affiliates	756,000	276,000	480,000	570,000
Deferred tax assets	303,235	330,253	(27,017)	305,206
Other accounts receivable – other related business	2,043,103	3,598,677	(1,555,574)	1,743,008
Current assets – other related business	220,684	265,236	(44,551)	202,530
Other current assets	328,390	315,151	13,239	297,544
Allowance for doubtful accounts	(25,950)	(28,830)	2,880	(26,120)
Total current assets	10,757,409	12,308,461	(1,551,051)	8,859,417
Total assets	¥ 73,312,294	¥ 75,999,307	¥ (2,687,014)	¥ 72,463,020

Note: Amounts under one thousand yen are omitted.

	Thousands of yen			
	June 30, 2005	December 31, 2004	Change	June 30, 2004
Liabilities				
Long-term liabilities:				
Long-term debt	¥ 27,013,921	¥ 30,716,325	¥ (3,702,404)	¥ 26,084,404
Deferred tax liabilities	523,940	648,605	(124,665)	633,977
Accrued severance and retirement benefits	3,394,711	3,194,489	200,221	3,013,825
Reserve for directors' retirement benefits	323,700	357,450	(33,750)	335,850
Reserve for repair of gasholders	89,938	72,824	17,114	136,850
Other long-term liabilities	542,843	294,203	248,640	235,370
Total long-term liabilities	31,889,054	35,283,897	(3,394,842)	30,440,277
Current liabilities:				
Long-term liabilities due within one year	7,456,283	7,096,183	360,100	6,617,378
Accounts payable	45,811	43,293	2,517	21,777
Short-term debt	—	—	—	1,500,000
Other accounts payable	529,904	201,638	328,266	426,634
Accrued expenses	698,233	926,260	(228,026)	713,748
Income taxes payable	1,049,564	523,654	525,909	1,433,868
Advances received	102,925	52,204	50,720	86,422
Deposits received	153,666	119,200	34,465	159,239
Accounts payable – affiliates	2,136,702	1,995,595	141,106	1,822,705
Short-term debt – affiliates	1,590,000	1,570,000	20,000	1,250,000
Other accounts payable – affiliates	785,819	1,346,425	(560,605)	2,528,279
Allowance for bonuses	291,900	288,000	3,900	281,000
Other accounts payable – other related business	435,964	2,189,190	(1,753,225)	197,995
Current liabilities – other related business	133,523	180,243	(46,720)	148,502
Other current liabilities	1,649	1,087	562	2,576
Total current liabilities	15,411,948	16,532,976	(1,121,028)	17,190,128
Total liabilities	47,301,003	51,816,874	(4,515,870)	47,630,406
Shareholders' equity				
Common stock	4,183,647	4,183,647	—	4,183,647
Capital surplus:				
Appropriation for legal reserve	2,009,181	2,009,181	—	2,009,181
Retained earnings:				
Appropriation for legal reserve	801,709	801,709	—	801,709
Reserve for reduction in costs of specified assets	211,257	200,741	10,515	200,741
General reserve	12,838,700	11,058,700	1,780,000	11,058,700
Unappropriated retained earnings	2,743,850	2,653,470	90,379	3,430,841
Total retained earnings	16,595,517	14,714,621	1,880,895	15,491,992
Unrealized gains on available-for-sale securities	3,235,034	3,284,462	(49,427)	3,155,102
Treasury stock	(12,088)	(9,478)	(2,610)	(7,309)
Total shareholders' equity	26,011,291	24,182,433	1,828,857	24,832,613
Total liabilities and shareholders' equity	¥ 73,312,294	¥ 75,999,307	¥ (2,687,014)	¥ 72,463,020

Note: Amounts under one thousand yen are omitted.

Non-Consolidated Interim Statements of Income

	Thousands of yen			
	6 months ended June 30, 2005	6 months ended June 30, 2004	Change	Year ended December 31, 2004
Operating income section				
Product sales:				
Revenue from gas operations	¥ 23,565,233	¥ 21,785,803	¥ 1,779,430	¥ 41,316,942
Cost of sales:				
Initial inventories	38,377	30,705	7,672	30,705
Cost of gas production	220,655	356,561	(135,905)	780,200
Purchase amount (gas)	12,091,763	10,254,876	1,836,887	20,919,438
In-house consumption	138,257	42,378	95,878	106,261
Inventories at term-end	47,881	41,694	6,187	38,377
Total cost of sales	12,164,658	10,558,069	1,606,588	21,585,704
Gross profit	11,400,575	11,227,733	172,842	19,731,238
Selling expenses	7,280,169	5,902,461	1,377,707	13,440,274
General and administrative expenses	1,648,115	1,624,733	23,381	3,281,447
Business profit	2,472,291	3,700,538	(1,228,246)	3,009,515
Miscellaneous revenue:				
Revenue from installation work	609,588	732,308	(122,720)	1,284,639
Revenue from equipment sales	1,430,403	1,780,404	(350,000)	3,339,926
Other	13,302	—	13,302	403
Total miscellaneous revenue	2,053,294	2,512,712	(459,418)	4,624,969
Miscellaneous expenses:				
Expenses for installation work	602,778	713,886	(111,108)	1,277,151
Expenditure for equipment sales	1,324,382	1,690,563	(366,180)	3,207,699
Total miscellaneous expenses	1,927,161	2,404,450	(477,288)	4,484,851
Revenue from other related business	1,505,883	1,049,266	456,616	1,960,755
Expenses for other related business	1,418,951	974,059	444,892	1,834,509
Operating income	2,685,356	3,884,008	(1,198,652)	3,275,879
Non-operating income section				
Non-operating income:				
Interest income	24,213	17,335	6,877	36,797
Interest income on securities	168	838	(669)	1,361
Dividend income	61,855	56,884	4,970	77,695
Dividend income from affiliates	480,886	339,767	141,119	339,767
Rent income	72,191	70,605	1,585	142,414
Other	86,690	106,260	(19,570)	180,550
Total non-operating income	726,005	591,693	134,312	778,586
Non-operating expenses:				
Interest expenses	275,367	271,982	3,385	549,208
Loss on valuation of supplies	35,936	—	35,936	—
Other	13,625	4,324	9,300	33,117
Total non-operating expenses	324,929	276,306	48,622	582,325
Ordinary income	3,086,433	4,199,395	(1,112,962)	3,472,139

	Thousands of yen			
	6 months ended June 30, 2005	6 months ended June 30, 2004	Change	Year ended December 31, 2004
Extraordinary income section				
Extraordinary income:				
Gain on sale of noncurrent assets	—	—	—	20,284
Total extraordinary income	—	—	—	20,284
Extraordinary expenses:				
Loss on valuation of investment securities	—	—	—	4,278
Impairment loss	—	—	—	25,458
Total extraordinary expenses	—	—	—	29,736
Income before income taxes	3,086,433	4,199,395	(1,112,962)	3,462,688
Income taxes – current	990,000	1,346,000	(356,000)	1,220,000
Income taxes – deferred	(70,797)	443	(71,241)	(80,245)
Net income	2,167,230	2,852,951	(685,721)	2,322,933
Unappropriated retained earnings brought forward	576,619	577,889	(1,269)	577,889
Interim dividend	—	—	—	247,352
Unappropriated retained earnings	¥ 2,743,850	¥ 3,430,841	¥ (686,991)	¥ 2,653,470

Note: Amounts under one thousand yen are omitted.