

Flash Report for the Term Ended December 31, 2004 (on a consolidated basis)

February 15, 2005

Name: Shizuoka Gas Co., Ltd. Stock Exchange: TSE (1st section)
 Code Number: 9543 Prefecture Registered: Shizuoka
 URL: <http://www.shizuokagas.co.jp>
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Date of meeting of Board of Directors for account settlement for the reporting term: February 15, 2005
 US GAAP: not adopted

1. Business Results (January 1 to December 31, 2004)

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

(1) Operating Results

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)	
Reporting term	¥60,018	2.4%	¥7,651	9.1%	¥6,919	13.2%
Previous term	58,625	5.5	7,012	8.8	6,113	12.0

	Net income (¥ million)		Earnings per share (¥)	Return on equity (ROE) (%)	Ordinary income/ Total assets (%)	Ordinary income/ Sales (%)
Reporting term	¥3,736	(5.2)%	¥52.00	12.8%	6.3%	11.5%
Previous term	3,941	39.3	54.90	15.7	5.7	10.4

(Notes) 1. The Company has issued no warrants that have potential dilution effects.

2. Average number of shares for the term (consolidated)

Reporting term: 70,671,927

Previous term: 70,677,822

3. Changes in accounting standards: none

(2) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Equity ratio (%)	Shareholders' equity per share (¥)
Reporting term	¥109,777	¥31,287	28.5%	¥441.87
Previous term	109,746	27,307	24.9	385.50

(Note) Number of shares issued and outstanding at term end

Reporting term: 70,667,202

Previous term: 70,675,570

(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	¥14,169	¥(10,729)	¥(3,231)	5,529
Previous term	14,570	(11,642)	(3,860)	5,321

(4) Scope of Consolidation and Equity-Method Accounting

Number of consolidated subsidiaries: 13

Equity-method accounting: not applied

(5) Changes in Scope of Consolidation and Application of Equity-Method Accounting

Nothing to report

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

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
First half period	¥35,440	¥4,090	¥2,240
Full term	67,350	5,570	2,890

(Note) Estimated earnings per share for fiscal 2005 (full term): ¥40.89

*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.

Consolidated Balance Sheets

As of December 31	Thousands of yen		
	2004	2003	Change
Assets			
Noncurrent assets:			
Property, plant and equipment –			
Production facilities	¥ 24,750,155	¥ 29,505,860	¥ (4,755,704)
Distribution facilities	43,772,403	28,570,508	15,201,894
Service and maintenance facilities	4,447,799	4,534,890	(87,091)
Other related business facilities	6,577,433	6,951,766	(374,333)
Dormant facilities	42,861	—	42,861
Construction in progress	989,160	13,917,512	(12,928,351)
Total property, plant and equipment	80,579,813	83,480,538	(2,900,725)
Intangible assets	1,052,595	989,959	62,635
Investments and other assets –			
Investment securities	8,406,413	7,142,134	1,264,279
Long-term loans	1,177,680	1,175,438	2,241
Deferred tax assets	623,907	559,971	63,936
Other investments	1,312,234	1,005,817	306,417
Allowance for doubtful accounts	(413,850)	(312,721)	(101,128)
Total investments and other assets	11,106,385	9,570,639	1,535,745
Total noncurrent assets	92,738,793	94,041,137	(1,302,343)
Current assets:			
Cash and bank deposits	5,614,141	5,421,984	192,156
Notes and accounts receivable	4,419,887	4,935,357	(515,469)
Inventories	2,863,262	2,431,139	432,122
Deferred tax assets	523,343	500,196	23,147
Other current assets	2,748,893	1,458,083	1,290,809
Allowance for doubtful accounts	(49,246)	(91,129)	41,883
Total current assets	16,120,281	14,655,631	1,464,649
Deferred assets:			
Development costs	918,460	1,050,168	(131,708)
Total deferred assets	918,460	1,050,168	(131,708)
Total assets	¥109,777,535	¥109,746,937	¥ 30,597

Note: Amounts under one thousand yen are omitted.

As of December 31	Thousands of yen		
	2004	2003	Change
Liabilities			
Long-term liabilities:			
Long-term debt	¥ 46,987,907	¥ 47,752,446	¥ (764,539)
Deferred tax liabilities	648,605	274,055	374,549
Accrued severance and retirement benefits	3,532,130	3,454,805	77,324
Reserve for directors' retirement benefits	420,066	442,417	(22,351)
Reserve for repair of gasholders	72,824	122,794	(49,970)
Consolidation goodwill	—	3,062	(3,062)
Other long-term liabilities	299,257	34,326	264,931
Total long-term liabilities	51,960,791	52,083,908	(123,116)
Current liabilities:			
Long-term liabilities due within one year	12,256,622	12,514,484	(257,862)
Accounts payable	3,163,895	2,950,690	213,204
Short-term debt	490,000	2,015,000	(1,525,000)
Other accounts payable	1,739,213	4,313,807	(2,574,593)
Income taxes payable	1,637,796	2,176,308	(538,511)
Allowance for bonuses	453,825	475,315	(21,489)
Other current liabilities	2,242,349	1,809,501	432,848
Total current liabilities	21,983,702	26,255,106	(4,271,404)
Allowances:			
Allowance for natural gas conversion	839,496	914,088	(74,592)
Total allowances	839,496	914,088	(74,592)
Total liabilities	74,783,990	79,253,103	(4,469,113)
Minority interest	3,706,422	3,186,686	519,742
Shareholders' equity			
Common stock	4,183,647	4,183,647	—
Capital surplus	2,009,181	2,009,181	—
Retained earnings	21,806,817	18,661,939	3,144,878
Unrealized gains on available-for-sale securities	3,296,949	2,458,349	838,599
Treasury stock	(9,478)	(5,970)	(3,508)
Total shareholders' equity	31,287,116	27,307,147	3,979,968
Total liabilities, minority interest and shareholders' equity	¥109,777,535	¥109,746,937	¥ 30,597

Note: Amounts under one thousand yen are omitted.

Consolidated Statements of Income

Years ended December 31	Thousands of yen		
	2004	2003	Change
Net sales	¥ 60,018,805	¥ 58,625,242	¥ 1,393,562
Cost of sales	30,843,143	30,331,159	511,983
Gross profit	29,175,662	28,294,083	881,578
Selling, general and administrative expenses	21,523,944	21,281,874	242,069
Operating income	7,651,717	7,012,208	639,508
Non-operating income:			
Interest income	27,931	24,890	3,041
Dividend income	78,759	53,885	24,873
Amortization of consolidation goodwill	3,237	3,062	175
Compensation for rerouting of pipelines	47,534	57,506	(9,971)
Other non-operating income	227,964	232,168	(4,203)
Total non-operating income	385,428	371,513	13,915
Non-operating expenses:			
Interest expenses	1,075,898	1,182,621	(106,722)
Other non-operating expenses	41,994	88,074	(46,080)
Total non-operating expenses	1,117,892	1,270,696	(152,803)
Ordinary income	6,919,253	6,113,025	806,227
Extraordinary income:			
Gain on sale of noncurrent assets	142,739	878,027	(735,287)
Gain on leveraged lease financing	23,222	16,526	6,696
Gain on sale of investment securities	—	231	(231)
Reversal of allowance for natural gas conversion	163,603	146,079	17,524
Reversal of reserve for repair of gasholders	—	18,533	(18,533)
Total extraordinary income	329,566	1,059,397	(729,831)
Extraordinary expenses:			
Loss on sale of noncurrent assets	744	4,602	(3,857)
Provision for allowance for natural gas conversion	89,011	89,011	—
Loss on valuation of investment securities	4,278	1,734	2,544
Impairment loss	117,826	—	117,826
Total extraordinary expenses	211,860	95,347	116,512
Income before income taxes	7,036,959	7,077,075	(40,116)
Income taxes – current	2,796,158	2,867,700	(71,542)
Income taxes – deferred	(168,439)	(326,183)	157,744
Minority interest in net income	673,181	594,170	79,010
Net income	¥ 3,736,059	¥ 3,941,388	¥ (205,329)

Note: Amounts under one thousand yen are omitted.

Consolidated Statements of Retained Earnings

Years ended December 31	Thousands of yen		
	2004	2003	Change
Capital surplus			
Balance at beginning of year	¥ 2,009,181	¥ 2,009,181	—
Balance at end of year	¥ 2,009,181	¥ 2,009,181	—
Retained earnings			
Balance at beginning of year	¥ 18,661,939	¥ 15,202,247	¥ 3,459,691
Increase:			
Net income	3,736,059	3,941,388	(205,329)
Decrease:			
Cash dividends	530,054	424,072	105,982
Bonuses to directors	61,126	57,625	3,501
Total	591,181	481,697	109,483
Balance at end of year	¥ 21,806,817	¥ 18,661,939	¥ 3,144,878

Note: Amounts under one thousand yen are omitted.

Consolidated Statements of Cash Flows

Years ended December 31	Thousands of yen		
	2004	2003	Change
Cash flows from operating activities:			
Income before income taxes	¥ 7,036,959	¥ 7,077,075	¥ (40,116)
Depreciation	10,272,363	9,500,318	772,044
Impairment loss	117,826	—	117,826
Amortization of long-term prepaid expenses	10,656	16,937	(6,280)
Amortization of deferred assets	328,893	342,180	(13,286)
Loss on disposal of property, plant and equipment	418,329	329,311	89,017
Amortization of consolidation goodwill	(3,237)	(3,062)	(175)
Loss on valuation of investment securities	4,278	1,734	2,544
Increase (decrease) in allowance for doubtful accounts	59,245	34,169	25,076
Increase (decrease) in accrued severance and retirement benefits	77,324	364,538	(287,213)
Increase (decrease) in reserve for directors' retirement benefits	(22,351)	40,995	(63,346)
Increase (decrease) in reserve for repair of gasholders	(49,970)	(45,746)	(4,224)
Increase (decrease) in allowance for bonuses	(21,489)	15,881	(37,371)
Increase (decrease) in allowance for natural gas conversion	(74,592)	(57,068)	(17,524)
Interest and dividend income	(106,691)	(78,776)	(27,914)
Interest expenses	1,075,898	1,182,621	(106,722)
Loss (gain) on sale of property, plant and equipment	(141,995)	(873,425)	731,429
Loss (gain) on sale of investment securities	—	(231)	231
Decrease (increase) in notes and accounts receivable	414,920	(680,682)	1,095,603
Decrease (increase) in inventories	(343,135)	(805,470)	462,334
Increase (decrease) in notes and accounts payable	340,078	789,355	(449,277)
Increase (decrease) in consumption taxes payable	(628,469)	(233,765)	(394,704)
Directors' bonuses paid	(64,020)	(61,420)	(2,600)
Other	(204,426)	840,311	(1,044,737)
Sub-total	18,496,396	17,695,783	800,612
Interest and dividend received	106,672	82,847	23,825
Interest expenses paid	(1,096,301)	(1,207,289)	110,987
Income taxes paid	(3,336,801)	(2,000,678)	(1,336,122)
Net cash provide (used in) by operating activities	14,169,965	14,570,663	(400,697)

Years ended December 31	Thousands of yen		
	2004	2003	Change
Cash flows from investing activities:			
Increase in time deposits	¥ (171,546)	¥ (285,244)	¥ 113,697
Withdrawal of time deposits	187,889	337,247	(149,357)
Payments for purchase of noncurrent assets	(11,319,942)	(11,249,654)	(70,287)
Proceeds from sale of noncurrent assets	239,937	1,006,972	(767,034)
Payments for purchase of investment securities	(10,879)	(843,004)	832,124
Proceeds from sale of investment securities	143,320	47,558	95,761
Provision of loans	(147,752)	(122,000)	(25,752)
Collection of loan repayments	145,510	177,917	(32,406)
Payments for purchase of deferred assets	(197,185)	(1,026,233)	829,047
Receipt of beneficiaries' portion of installation costs	614,503	499,484	115,018
Other	(213,826)	(185,065)	(28,760)
Net cash provided by (used in) investing activities	(10,729,972)	(11,642,022)	912,049
Cash flows from financing activities:			
Increase (decrease) in short-term debt – net	(1,525,000)	651,000	(2,176,000)
Proceeds from long-term debt	11,570,000	9,334,420	2,235,580
Repayments of long-term debt	(12,592,401)	(13,283,945)	691,544
Cash dividends paid	(529,285)	(423,273)	(106,012)
Cash dividends paid for minority shareholders	(151,298)	(137,428)	(13,870)
Other	(3,508)	(1,333)	(2,175)
Net cash provided by (used in) financing activities	(3,231,494)	(3,860,560)	629,066
Net increase (decrease) in cash and cash equivalents	208,499	(931,919)	1,140,418
Cash and cash equivalents at beginning of year	5,321,290	6,253,209	(931,919)
Cash and cash equivalents at end of year	¥ 5,529,789	¥ 5,321,290	¥ 208,499

Note: Amounts under one thousand yen are omitted.