

Flash Report for the First-Half Period Ended June 30, 2004 (on a non-consolidated basis)

August 18, 2004

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, 2004

Interim dividend payment system: adopted

Date of dividend payment: September 7, 2004 or after

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

1. Business Results (January 1 to June 30, 2004)

(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	¥25,347	4.5%	¥3,884	45.8%	¥4,199	44.0%
Previous first half	24,249	3.6	2,664	(10.3)	2,916	(8.0)
Previous term (Jan. 1 to Dec. 31, 2003)	46,217		2,964		3,070	

	Net income (¥ million)		Earnings per share (¥)
First-half period under review	¥2,852	15.5%	¥40.36
Previous first half	2,470	1.3	34.95
Previous term	2,608		36.37

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

First-half period: 70,674,185

Previous first half: 70,678,583

Previous term: 70,677,822

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	3.00	—
Previous term	—	7.00

(3) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Equity ratio (%)	Shareholders' equity per share (¥)
First-half period under review	¥72,463	¥24,832	34.3%	¥351.37
Previous first half	68,645	20,908	30.5	295.83
Previous term	72,418	21,593	29.8	305.01

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

First-half period: 70,672,180

Previous first half: 70,678,260

Previous term: 70,675,570

2. Number of treasury shares at term end

First-half period: 20,770

Previous first half: 14,690

Previous term: 17,380

2. Business Forecast for Current Term (January 1 to December 31, 2004)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Annual dividend per share (¥)	
				Term-end	Total
Full term	¥48,240	¥2,420	¥1,650	¥3.50	¥7.00

(Note) Estimated earnings per share for fiscal 2004 (full term): ¥23.34

*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, 2004	December 31, 2003	Change	June 30, 2003
Assets				
Fixed assets:				
<i>Property, plant and equipment –</i>				
Production facilities	¥ 2,193,877	¥ 2,275,955	¥ (82,077)	¥ 2,375,789
Distribution facilities	26,137,550	26,778,748	(641,198)	27,060,479
Service and maintenance facilities	3,593,020	3,596,209	(3,189)	3,108,572
Other related business facilities	930,502	1,007,807	(77,305)	1,101,376
Construction in progress	16,171,152	14,238,309	1,932,842	12,330,532
Total property, plant and equipment	49,026,103	47,897,031	1,129,072	45,976,750
<i>Intangible assets –</i>				
Goodwill	3,090	6,180	(3,090)	9,270
Leaseholds	451,705	440,230	11,475	440,230
Other intangible assets	381,826	329,787	52,038	347,361
Total intangible assets	836,621	776,198	60,423	796,861
<i>Investments and other assets –</i>				
Investment securities	7,797,040	6,732,037	1,065,002	5,596,405
Investments in affiliates	3,412,332	3,412,332	—	3,079,332
Long-term loans within company	1,138,719	1,175,438	(36,719)	1,182,472
Long-term loans to affiliates	965,400	524,500	440,900	559,600
Investments in partnerships	21,250	250	21,000	250
Long-term prepaid expenses	3,381	2,696	685	4,327
Other investments	453,613	214,110	239,503	266,645
Allowance for doubtful accounts	(50,860)	(16,789)	(34,070)	(15,046)
Total investments and other assets	13,740,877	12,044,576	1,696,301	10,673,988
Total fixed assets	63,603,602	60,717,805	2,885,797	57,447,600
Current assets:				
Cash and bank deposits	1,257,017	2,668,492	(1,411,475)	3,085,601
Notes receivable	118,461	199,560	(81,099)	176,057
Accounts receivable	2,680,304	2,620,117	60,187	2,505,054
Accounts receivable – affiliates	46,143	41,363	4,780	36,241
Other accounts receivable	528,114	137,508	390,605	538,305
Marketable securities	102,490	143,320	(40,830)	109,930
Finished products	41,694	30,705	10,988	30,311
Raw materials	3,577	5,531	(1,954)	4,085
Supplies	77,085	55,814	21,270	137,680
Prepaid expenses	132,321	70,354	61,966	134,747
Other accounts receivable – affiliates	780,037	710,943	69,093	858,498
Short-term loans to affiliates	570,000	820,000	(250,000)	950,000
Deferred tax assets	305,206	329,718	(24,512)	310,776
Other accounts receivable – other related business	1,743,008	3,289,425	(1,546,416)	1,752,476
Current assets – other related business	202,530	203,153	(622)	147,476
Other current assets	297,544	401,668	(104,124)	314,935
Allowance for doubtful accounts	(26,120)	(26,650)	530	(26,090)
Total current assets	8,859,417	11,701,028	(2,841,611)	11,066,087
Deferred assets:				
Development costs	—	—	—	131,410
Total deferred assets	—	—	—	131,410
Total assets	¥ 72,463,020	¥ 72,418,834	¥ 44,185	¥ 68,645,098

Note: Amounts under one thousand yen are omitted.

	Thousands of yen			
	June 30, 2004	December 31, 2003	Change	June 30, 2003
Liabilities				
Long-term liabilities:				
Long-term debt	¥ 26,084,404	¥ 26,766,058	¥ (681,654)	¥ 25,016,062
Deferred tax liabilities	633,977	274,055	359,922	90,190
Accrued severance and retirement benefits	3,013,825	3,117,864	(104,038)	2,692,440
Reserve for directors' retirement benefits	335,850	335,500	350	315,200
Reserve for repair of gasholders	136,850	122,794	14,056	108,736
Other long-term liabilities	235,370	28,471	206,898	45,728
Total long-term liabilities	30,440,277	30,644,743	(204,465)	28,268,357
Current liabilities:				
Long-term liabilities due within one year	6,617,378	6,545,848	71,530	6,382,703
Accounts payable	21,777	16,803	4,973	23,013
Short-term debt	1,500,000	1,500,000	—	2,800,000
Other accounts payable	426,634	729,298	(302,663)	406,946
Accrued expenses	713,748	944,868	(231,120)	784,736
Income taxes payable	1,433,868	1,267,927	165,940	1,363,878
Advances received	86,422	100,697	(14,275)	45,518
Deposits received	159,239	97,985	61,253	169,782
Accounts payable – affiliates	1,822,705	1,816,431	6,274	1,778,772
Short-term debt – affiliates	1,250,000	1,370,000	(120,000)	1,300,000
Other accounts payable – affiliates	2,528,279	3,410,385	(882,105)	3,862,738
Allowance for bonuses	281,000	304,700	(23,700)	301,400
Other accounts payable – other related business	197,995	1,931,101	(1,733,105)	129,805
Current liabilities – other related business	148,502	144,033	4,469	111,434
Other current liabilities	2,576	198	2,378	7,212
Total current liabilities	17,190,128	20,180,278	(2,990,150)	19,467,943
Total liabilities	47,630,406	50,825,022	(3,194,615)	47,736,301
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	200,741	121,667	79,073	121,667
Reserve for natural gas conversion	—	—	—	77,918
General reserve	11,058,700	8,978,700	2,080,000	8,978,700
Unappropriated retained earnings	3,430,841	3,056,665	374,175	3,053,308
Total retained earnings	15,491,992	12,958,742	2,533,249	13,033,304
Unrealized gains on available-for-sale securities	3,155,102	2,448,210	706,891	1,687,575
Treasury stock	(7,309)	(5,970)	(1,339)	(4,911)
Total shareholders' equity	24,832,613	21,593,811	3,238,801	20,908,796
Total liabilities and shareholders' equity	¥ 72,463,020	¥ 72,418,834	¥ 44,185	¥ 68,645,098

Note: Amounts under one thousand yen are omitted.

Non-Consolidated Interim Statements of Income

	Thousands of yen			
	First-half period ended June 30, 2004	First-half period ended June 30, 2003	Change	Year ended December 31, 2003
Operating income section				
Product sales:				
Revenue from gas operations	¥ 21,785,803	¥ 21,078,412	¥ 707,390	¥ 39,935,324
Cost of sales:				
Initial inventories	30,705	29,389	1,315	29,389
Cost of gas production	356,561	379,240	(22,679)	731,924
Purchase amount (gas)	10,254,876	10,317,168	(62,292)	20,363,856
In-house consumption	42,378	38,626	3,752	80,886
Inventories at term-end	41,694	30,311	11,382	30,705
Total cost of sales	10,558,069	10,656,860	(98,791)	21,013,579
Gross profit	11,227,733	10,421,551	806,181	18,921,745
Selling expenses	5,902,461	6,334,791	(432,330)	12,900,831
General and administrative expenses	1,624,733	1,556,246	68,487	3,239,272
Business profit	3,700,538	2,530,513	1,170,025	2,781,641
Miscellaneous revenue:				
Revenue from installation work	732,308	616,752	115,556	1,203,305
Revenue from equipment sales	1,780,404	1,628,907	151,497	3,379,047
Total miscellaneous revenue	2,512,712	2,245,659	267,053	4,582,352
Miscellaneous expenses:				
Expenses for installation work	713,886	633,784	80,102	1,207,336
Expenditure for equipment sales	1,690,563	1,492,745	197,817	3,184,251
Total miscellaneous expenses	2,404,450	2,126,530	277,920	4,391,587
Revenue from other related business	1,049,266	925,465	123,801	1,700,281
Expenses for other related business	974,059	910,751	63,307	1,708,470
Operating income	3,884,008	2,664,355	1,219,652	2,964,217
Non-operating income section				
Non-operating income:				
Interest income	17,335	14,323	3,012	29,547
Interest income on securities	838	1,045	(207)	2,074
Dividend income	56,884	34,754	22,130	53,127
Dividend income from affiliates	339,767	290,358	49,408	290,358
Rent income	70,605	63,201	7,404	127,119
Other	106,260	117,662	(11,401)	217,082
Total non-operating income	591,693	521,346	70,347	719,310
Non-operating expenses:				
Interest expenses	271,982	266,760	5,221	536,785
Other	4,324	2,417	1,907	75,744
Total non-operating expenses	276,306	269,177	7,129	612,529
Ordinary income	4,199,395	2,916,524	1,282,871	3,070,998

	Thousands of yen			
	First-half period ended June 30, 2004	First-half period ended June 30, 2003	Change	Year ended December 31, 2003
Extraordinary income section				
Extraordinary income:				
Gain on sale of fixed assets	—	779,521	(779,521)	776,431
Total extraordinary income	—	779,521	(779,521)	776,431
Extraordinary expenses:				
Loss on sale of fixed assets	—	—	—	4,525
Loss on valuation of investment securities	—	35,353	(35,353)	—
Total extraordinary expenses	—	35,353	(35,353)	4,525
Income before income taxes	4,199,395	3,660,692	538,703	3,842,904
Income taxes – current	1,346,000	1,269,000	77,000	1,562,000
Income taxes – deferred	443	(78,878)	79,321	(327,139)
Net income	2,852,951	2,470,570	382,381	2,608,043
Unappropriated retained earnings brought forward	577,889	504,819	73,069	504,819
Reversal of reserve for natural gas conversion	—	77,918	(77,918)	155,836
Interim dividend	—	—	—	212,034
Unappropriated retained earnings	¥ 3,430,841	¥ 3,053,308	¥ 377,533	¥ 3,056,665

Note: Amounts under one thousand yen are omitted.