

Flash Report for the Term Ended December 31, 2003 (on a nonconsolidated basis)

February 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: February 18, 2004

Interim dividend payment system: adopted

Date of regular general meeting of shareholders: March 30, 2004

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

1. Business Results (January 1 to December 31, 2003)

(1) Operating Results

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

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)	
		% change		% change		% change
Reporting term	¥46,217	4.7%	¥2,964	28.7%	¥3,070	27.4%
Previous term	44,144	0.1	2,302	11.9	2,410	13.8

	Net income (¥ million)		Earnings per share (¥)	Return on equity (ROE) (%)	Ordinary income/ Total assets (%)	Ordinary income/ Sales (%)
		% change				
Reporting term	¥ 2,608	52.4%	¥ 36.37	13.0%	4.5%	6.6%
Previous term	1,711	45.4	24.21	9.4	3.9	5.5

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

2. Average number of shares for the term

Reporting term: 70,677,822

Previous term: 70,686,843

3. Changes in accounting standards: none

(2) Dividend Payment

	Annual dividend per share (¥)			Total amount for annual dividend payments (¥ million)	Pay-out ratio (%)	Dividend payments/ Shareholders' equity (%)
	Total	Interim dividend per share	Term-end dividend per share			
Reporting term	¥7.00	¥3.00	¥4.00	¥494	19.2%	2.3%
Previous term	6.00	3.00	3.00	424	24.8	2.3

(3) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Equity ratio (%)	Shareholders' equity per share (¥)
Reporting term	¥72,418	¥21,593	29.8%	¥305.01
Previous term	64,713	18,516	28.6	261.97

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

Reporting term: 70,675,570

Previous term: 70,679,210

2. Number of treasury shares at term end

Reporting term: 17,380

Previous term: 13,740

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 (¥)		
				Interim	Term-end	Total
First half period	¥25,300	¥3,460	¥1,810	¥3.00	¥ —	¥ —
Full term	48,240	2,420	1,650	—	3.00	6.00

(Note) Estimated earnings per share for fiscal 2004 (full term): ¥23.38

*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 Balance Sheets

As of December 31	Thousands of yen		
	2003	2002	Change
Assets			
Fixed assets:			
<i>Property, plant and equipment –</i>			
Production facilities	¥ 2,275,955	¥ 2,269,201	¥ 6,753
Distribution facilities	26,778,748	24,978,234	1,800,514
Service and maintenance facilities	3,596,209	3,125,856	470,353
Other related business facilities	1,007,807	1,196,282	(188,474)
Construction in progress	14,238,309	12,109,762	2,128,547
Total property, plant and equipment	47,897,031	43,679,336	4,217,694
<i>Intangible assets –</i>			
Goodwill	6,180	12,360	(6,180)
Leaseholds	440,230	440,230	—
Other intangible assets	329,787	353,045	(23,257)
Total intangible assets	776,198	805,636	(29,437)
<i>Investments and other assets –</i>			
Investment securities	6,732,037	4,969,688	1,762,348
Investments in affiliates	3,412,332	3,079,332	333,000
Long-term loans within company	1,175,438	1,231,355	(55,917)
Long-term loans to affiliates	524,500	594,700	(70,200)
Investments in partnerships	250	250	—
Long-term prepaid expenses	2,696	5,242	(2,546)
Other investments	214,110	232,235	(18,125)
Allowance for doubtful accounts	(16,789)	(6,795)	(9,994)
Total investments and other assets	12,044,576	10,106,010	1,938,565
Total fixed assets	60,717,805	54,590,983	6,126,822
Current assets:			
Cash and bank deposits	2,668,492	2,406,012	262,479
Notes receivable	199,560	135,702	63,858
Accounts receivable	2,620,117	2,435,443	184,674
Accounts receivable – affiliates	41,363	597	40,765
Other accounts receivable	137,508	654,751	(517,243)
Marketable securities	143,320	13,740	129,580
Finished products	30,705	29,389	1,315
Raw materials	5,531	7,220	(1,688)
Supplies	55,814	141,500	(85,685)
Prepaid expenses	70,354	91,230	(20,875)
Other accounts receivables – affiliates	710,943	757,679	(46,735)
Short-term loans to affiliates	820,000	600,000	220,000
Deferred tax assets	329,718	286,093	43,624
Other accounts receivable – other related business	3,289,425	1,889,447	1,399,977
Current assets – other related business	203,153	171,969	31,183
Other current assets	401,668	274,824	126,844
Allowance for doubtful accounts	(26,650)	(36,340)	9,690
Total current assets	11,701,028	9,859,264	1,841,764
Deferred assets:			
Development costs	—	262,820	(262,820)
Total deferred assets	—	262,820	(262,820)
Total assets	¥ 72,418,834	¥ 64,713,068	¥ 7,705,765

Note: Amounts under one thousand yen are omitted.

As of December 31	Thousands of yen		
	2003	2002	Change
Liabilities			
Long-term liabilities:			
Long-term debt	¥ 26,766,058	¥ 26,411,906	¥ 354,152
Deferred tax liabilities	274,055	52,881	221,174
Accrued severance and retirement benefits	3,117,864	2,759,004	358,860
Reserve for directors' retirement benefits	335,500	302,600	32,900
Reserve for repair of gasholders	122,794	150,007	(27,213)
Other long-term liabilities	28,471	17,598	10,873
Total long-term liabilities	30,644,743	29,693,996	950,747
Current liabilities:			
Long-term liabilities due within one year	6,545,848	6,193,573	352,275
Accounts payable	16,803	29,559	(12,755)
Short-term debt	1,500,000	700,000	800,000
Other accounts payable	729,298	433,339	295,958
Accrued expenses	944,868	673,012	271,856
Income taxes payable	1,267,927	478,992	788,935
Advances received	100,697	55,920	44,777
Deposits received	97,985	106,100	(8,114)
Accounts payable – affiliates	1,816,431	1,778,510	37,920
Short-term debt – affiliates	1,370,000	1,200,000	170,000
Other accounts payable – affiliates	3,410,385	4,228,119	(817,734)
Allowance for bonuses	304,700	285,700	19,000
Other accounts payable – other related business	1,931,101	—	1,931,101
Current liabilities – other related business	144,033	338,876	(194,843)
Other current liabilities	198	1,281	(1,083)
Total current liabilities	20,180,278	16,502,984	3,677,293
Total liabilities	50,825,022	46,196,981	4,628,041

As of December 31	Thousands of yen		
	2003	2002	Change
Shareholders' equity			
Common stock	—	4,183,647	(4,183,647)
Additional paid-in capital	—	2,009,181	(2,009,181)
Legal reserve	—	801,709	(801,709)
Retained earnings:			
Voluntary reserves –			
Reserve for reduction in costs of specified assets	—	8,354	(8,354)
Reserve for natural gas conversion	—	155,836	(155,836)
General reserve	—	7,818,700	(7,818,700)
Total	—	7,982,890	(7,982,890)
Unappropriated retained earnings	—	2,024,170	(2,024,170)
Total retained earnings	—	10,007,061	(10,007,061)
Unrealized gains on available-for-sale securities	—	1,519,123	(1,519,123)
Treasury stock	—	(4,636)	4,636
Total shareholders' equity	—	18,516,087	(18,516,087)
Common stock	4,183,647	—	4,183,647
Capital surplus:			
Appropriation for legal reserve	2,009,181	—	2,009,181
Retained earnings:			
Appropriation for legal reserve	801,709	—	801,709
Voluntary reserves –			
Reserve for reduction in costs of specified assets	121,667	—	121,667
General reserve	8,978,700	—	8,978,700
Total	9,100,367	—	9,100,367
Unappropriated retained earnings	3,056,665	—	3,056,665
Total retained earnings	12,958,742	—	12,958,742
Unrealized gains on available-for-sale securities	2,448,210	—	2,448,210
Treasury stock	(5,970)	—	(5,970)
Total shareholders' equity	21,593,811	—	21,593,811
Total liabilities and shareholders' equity	¥ 72,418,834	¥ 64,713,068	¥ 7,705,765

Note: Amounts under one thousand yen are omitted.

Non-Consolidated Statements of Income

Years ended December 31	Thousands of yen		
	2003	2002	Change
Operating income section			
Product sales:			
Revenue from gas operations	¥ 39,935,324	¥ 38,078,721	¥ 1,856,603
Cost of sales:			
Initial inventories	29,389	26,392	2,997
Cost of gas production	731,924	1,269,719	(537,794)
Purchase amount (gas)	20,363,856	18,167,485	2,196,371
In-house consumption	80,886	77,186	3,699
Inventories at term-end	30,705	29,389	1,315
Total cost of sales	21,013,579	19,357,020	1,656,559
Gross profit	18,921,745	18,721,701	200,044
Selling expenses	12,900,831	13,690,806	(789,975)
General and administrative expenses	3,239,272	3,073,973	165,298
Business profit	2,781,641	1,956,921	824,720
Miscellaneous revenue:			
Revenue from installation work	1,203,305	1,160,329	42,975
Revenue from equipment sales	3,379,047	3,359,816	19,230
Total miscellaneous revenue	4,582,352	4,520,146	62,206
Miscellaneous expenses:			
Expenses for installation work	1,207,336	1,186,161	21,174
Expenditure for equipment sales	3,184,251	2,965,123	219,127
Total miscellaneous expenses	4,391,587	4,151,284	240,302
Revenue from other related business	1,700,281	1,545,564	154,716
Expenses for other related business	1,708,470	1,568,927	139,542
Operating income	2,964,217	2,302,419	661,798
Nonoperating income section			
Nonoperating income:			
Interest income	29,547	33,094	(3,546)
Interest income on securities	2,074	2,277	(203)
Dividend income	53,127	68,428	(15,301)
Dividend income from affiliates	290,358	276,958	13,400
Rent income	127,119	141,970	(14,850)
Other	217,082	156,771	60,310
Total nonoperating income	719,310	679,501	39,808
Nonoperating expenses:			
Interest expenses	536,785	543,814	(7,028)
Other	75,744	27,603	48,140
Total nonoperating expenses	612,529	571,418	41,111
Ordinary income	3,070,998	2,410,502	660,495

Years ended December 31	Thousands of yen		
	2003	2002	Change
Extraordinary income section			
Extraordinary income:			
Gain on sale of fixed assets	¥ 776,431	¥ 221,627	¥ 554,803
Reversal of allowance for natural gas conversion	—	148,277	(148,277)
Gain on sale of investment securities	—	347,692	(347,692)
Compensation for cancellation of contracts	—	89,824	(89,824)
Total extraordinary income	776,431	807,422	(30,990)
Extraordinary expenses:			
Loss on sale of fixed assets	4,525	—	4,525
Loss on valuation of investment securities	—	431,021	(431,021)
Loss on sale of investment securities	—	234,447	(234,447)
Provision for allowance for doubtful accounts	—	6,795	(6,795)
Total extraordinary expenses	4,525	672,264	(667,739)
Income before income taxes	3,842,904	2,545,660	1,297,243
Income taxes – current	1,562,000	814,000	748,000
Income taxes – deferred	(327,139)	19,894	(347,033)
Net income	2,608,043	1,711,766	896,277
Unappropriated retained earnings brought forward	504,819	521,310	(16,490)
Reversal of reserve for natural gas conversion	155,836	3,154	152,682
Interim dividend	212,034	212,060	(25)
Unappropriated retained earnings	¥ 3,056,665	¥ 2,024,170	¥ 1,032,494

Note: Amounts under one thousand yen are omitted.