

Flash Report for the Term Ended December 31, 2005 (on a consolidated basis)

February 14, 2006

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 14, 2006
 US GAAP: not adopted

1. Business Results (January 1 to December 31, 2005)

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

(1) Operating Results

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)	
Reporting term	¥67,144	11.9%	¥6,622	(13.4)%	¥5,887	(14.9)%
Previous term	60,018	2.4	7,651	9.1	6,919	13.2

	Net income (¥ million)		Earnings per share (¥)	Return on equity (ROE) (%)	Ordinary income/ Total assets (%)	Ordinary income/ Net sales (%)
Reporting term	¥3,189	(14.6)%	¥44.10	8.9%	5.3%	8.8%
Previous term	3,736	(5.2)	52.00	12.8	6.3	11.5

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

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

Reporting term: 70,942,752

Previous term: 70,671,927

3. Changes in accounting standards: none

(2) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Equity ratio (%)	Shareholders' equity per share (¥)
Reporting term	¥111,983	¥40,344	36.0%	¥528.96
Previous term	109,777	31,287	28.5	441.87

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

Reporting term: 76,156,756

Previous term: 70,667,202

(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	¥16,040	¥ (9,069)	¥(3,929)	8,572
Previous term	14,169	(10,729)	(3,231)	5,529

(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, 2006)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
First half period	¥37,930	¥5,920	¥3,460
Full term	73,380	7,520	4,210

(Note) Estimated earnings per share for fiscal 2006 (full term): ¥55.28

*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		
	2005	2004	Change
Assets			
Noncurrent assets:			
Property, plant and equipment –			
Production facilities	¥ 22,884,859	¥ 24,750,155	¥ (1,865,296)
Distribution facilities	41,925,248	43,772,403	(1,847,154)
Service and maintenance facilities	3,744,636	4,447,799	(703,163)
Other related business facilities	6,324,259	6,577,433	(253,173)
Dormant facilities	34,031	42,861	(8,829)
Construction in progress	2,627,885	989,160	1,638,724
Total property, plant and equipment	77,540,920	80,579,813	(3,038,892)
Intangible assets	1,004,691	1,052,595	(47,904)
Investments and other assets –			
Investment securities	11,879,617	8,406,413	3,473,204
Long-term loans	1,977,236	1,177,680	799,556
Deferred tax assets	649,644	623,907	25,736
Other investments	1,440,718	1,312,234	128,483
Allowance for doubtful accounts	(405,199)	(413,850)	8,650
Total investments and other assets	15,542,016	11,106,385	4,435,631
Total noncurrent assets	94,087,628	92,738,793	1,348,834
Current assets:			
Cash and bank deposits	8,636,780	5,614,141	3,022,639
Notes and accounts receivable	5,444,104	4,419,887	1,024,217
Inventories	1,102,412	2,863,262	(1,760,849)
Deferred tax assets	523,331	523,343	(12)
Other current assets	1,273,236	2,748,893	(1,475,657)
Allowance for doubtful accounts	(55,301)	(49,246)	(6,054)
Total current assets	16,924,564	16,120,281	804,283
Deferred assets:			
Development costs	971,361	918,460	52,900
Total deferred assets	971,361	918,460	52,900
Total assets	¥ 111,983,554	¥ 109,777,535	¥ 2,206,018

Note: Amounts under one thousand yen are omitted.

As of December 31	Thousands of yen		
	2005	2004	Change
Liabilities			
Long-term liabilities:			
Long-term debt	¥ 39,930,962	¥ 46,987,907	¥ (7,056,945)
Deferred tax liabilities	1,812,491	648,605	1,163,886
Accrued severance and retirement benefits	3,666,303	3,532,130	134,172
Reserve for directors' retirement benefits	417,276	420,066	(2,790)
Reserve for repair of gasholders	107,058	72,824	34,234
Other long-term liabilities	547,923	299,257	248,665
Total long-term liabilities	46,482,014	51,960,791	(5,478,777)
Current liabilities:			
Long-term liabilities due within one year	11,994,328	12,256,622	(262,294)
Accounts payable	1,881,834	3,163,895	(1,282,060)
Short-term debt	410,000	490,000	(80,000)
Other accounts payable	2,576,424	1,739,213	837,210
Income taxes payable	1,301,795	1,637,796	(336,000)
Allowance for bonuses	451,586	453,825	(2,238)
Other current liabilities	1,678,327	2,242,349	(564,022)
Total current liabilities	20,294,296	21,983,702	(1,689,405)
Allowances:			
Allowance for natural gas conversion	631,221	839,496	(208,274)
Total allowances	631,221	839,496	(208,274)
Total liabilities	67,407,532	74,783,990	(7,376,457)
Minority interest	4,231,774	3,706,428	525,345
Shareholders' equity			
Common stock	6,279,147	4,183,647	2,095,500
Capital surplus	4,098,961	2,009,181	2,089,780
Retained earnings	24,440,613	21,806,817	2,633,796
Unrealized gains on available-for-sale securities	5,541,603	3,296,949	2,244,654
Treasury stock	(16,078)	(9,478)	(6,599)
Total shareholders' equity	40,344,247	31,287,116	9,057,130
Total liabilities, minority interest and shareholders' equity	¥ 111,983,554	¥ 109,777,535	¥ 2,206,018

Note: Amounts under one thousand yen are omitted.

Consolidated Statements of Income

Years ended December 31	Thousands of yen		
	2005	2004	Change
Net sales	¥ 67,144,404	¥ 60,018,805	¥ 7,125,598
Cost of sales	38,158,792	30,843,143	7,315,649
Gross profit	28,985,611	29,175,662	(190,051)
Selling, general and administrative expenses	22,362,823	21,523,944	838,878
Operating income	6,622,787	7,651,717	(1,028,929)
Non-operating income:			
Interest income	38,386	27,931	10,454
Dividend income	92,782	78,759	14,023
Amortization of consolidation goodwill	8,919	3,237	5,681
Compensation for rerouting of pipelines		47,534	(47,534)
Other non-operating income	215,587	227,964	(12,377)
Total non-operating income	355,675	385,428	(29,752)
Non-operating expenses:			
Interest expenses	968,890	1,075,898	(107,007)
New share issue expenses	23,411		23,411
Other non-operating expenses	99,129	41,994	57,135
Total non-operating expenses	1,091,431	1,117,892	(26,460)
Ordinary income	5,887,031	6,919,253	(1,032,222)
Extraordinary income:			
Gain on sale of noncurrent assets	84,382	142,739	(58,357)
Reversal of allowance for natural gas conversion	208,274	163,603	44,671
Gain on leveraged lease financing	30,888	23,222	7,665
Total extraordinary income	323,545	329,566	(6,020)
Extraordinary expenses:			
Loss on sale of noncurrent assets		744	(744)
Provision for allowance for natural gas conversion		89,011	(89,011)
Loss on valuation of investment securities		4,278	(4,278)
Impairment loss		117,826	(117,826)
Total extraordinary expenses		211,860	(211,860)
Income before income taxes	6,210,577	7,036,959	(826,382)
Income taxes – current	2,360,020	2,796,158	(436,138)
Income taxes – deferred	(85,947)	(168,439)	82,492
Minority interest in net income	747,353	673,181	74,171
Net income	¥ 3,189,151	¥ 3,736,059	¥ (546,907)

Note: Amounts under one thousand yen are omitted.

Consolidated Statements of Retained Earnings

Years ended December 31	Thousands of yen		
	2005	2004	Change
Capital surplus			
Balance at beginning of the term	¥ 2,009,181	¥ 2,009,181	—
Increase:			
Issuance of new shares	2,089,780		2,089,780
Balance at end of the term	¥ 4,098,961	¥ 2,009,181	2,089,780
Retained earnings			
Balance at beginning of the term	¥ 21,806,817	¥ 18,661,939	¥ 3,144,878
Increase:			
Net income	3,189,151	3,736,059	(546,907)
Decrease:			
Cash dividends	494,651	530,054	(35,402)
Bonuses to directors	60,703	61,126	(422)
Total	555,355	591,181	(35,825)
Balance at end of the term	¥ 24,440,613	¥ 21,806,817	¥ 2,633,796

Note: Amounts under one thousand yen are omitted.

Consolidated Statements of Cash Flows

Years ended December 31	Thousands of yen		
	2005	2004	Change
Cash flows from operating activities:			
Income before income taxes	¥ 6,210,577	¥ 7,036,959	¥ (826,382)
Depreciation	10,990,670	10,272,363	718,307
Impairment loss		117,826	(117,826)
Amortization of long-term prepaid expenses	1,944	10,656	(8,712)
Amortization of deferred assets	416,549	328,893	87,656
Loss on disposal of property, plant and equipment	378,151	418,329	(40,178)
Amortization of consolidation goodwill	(8,919)	(3,237)	(5,681)
Loss on valuation of investment securities		4,278	(4,278)
Increase (decrease) in allowance for doubtful accounts	(2,596)	59,245	(61,842)
Increase (decrease) in accrued severance and retirement benefits	134,172	77,324	56,848
Increase (decrease) in reserve for directors' retirement benefits	(2,790)	(22,351)	19,561
Increase (decrease) in reserve for repair of gasholders	34,234	(49,970)	84,204
Increase (decrease) in allowance for bonuses	(2,238)	(21,489)	19,251
Increase (decrease) in allowance for natural gas conversion	(208,274)	(74,592)	(133,682)
Interest and dividend income	(131,169)	(106,691)	(24,478)
Interest expenses	968,890	1,075,898	(107,007)
Loss (gain) on sale of property, plant and equipment	(84,382)	(141,995)	57,612
Decrease (increase) in notes and accounts receivable	(1,017,566)	414,920	(1,432,487)
Decrease (increase) in inventories	1,768,739	(343,135)	2,111,874
Increase (decrease) in notes and accounts payable	(1,583,840)	340,078	(1,923,918)
Increase (decrease) in consumption taxes payable	1,083,278	(628,469)	1,711,747
Directors' bonuses paid	(63,390)	(64,020)	630
Other	778,184	(204,426)	982,611
Sub-total	19,660,225	18,496,396	1,163,828
Interest and dividend received	131,159	106,672	24,487
Interest expenses paid	(999,199)	(1,096,301)	97,101
Income taxes paid	(2,751,491)	(3,336,801)	585,309
Net cash provided by (used in) operating activities	16,040,693	14,169,965	1,870,727

Years ended December 31	Thousands of yen		
	2005	2004	Change
Cash flows from investing activities:			
Increase in time deposits	¥ (151,553)	¥ (171,546)	¥ 19,993
Withdrawal of time deposits	171,452	187,889	(16,436)
Payments for purchase of noncurrent assets	(8,525,365)	(11,319,942)	2,794,576
Proceeds from sale of noncurrent assets	155,752	239,937	(84,184)
Payments for purchase of investment securities	(7,077)	(10,879)	3,802
Proceeds from sale of investment securities	36,740	143,320	(106,580)
Provision of loans	(970,000)	(147,752)	(822,247)
Collection of loan repayments	170,443	145,510	24,932
Payments for purchase of deferred assets	(469,450)	(197,185)	(272,265)
Receipt of beneficiaries' portion of installation costs	732,723	614,503	118,220
Other	(212,714)	(213,826)	1,112
Net cash provided by (used in) investing activities	(9,069,048)	(10,729,972)	1,660,923
Cash flows from financing activities:			
Increase (decrease) in short-term debt – net	(80,000)	(1,525,000)	1,445,000
Proceeds from long-term debt	5,015,000	11,570,000	(6,555,000)
Repayments of long-term debt	(12,334,239)	(12,592,401)	258,162
Proceeds from new share issue	4,185,280		4,185,280
Cash dividends paid	(495,059)	(529,285)	34,226
Cash dividends paid for minority shareholders	(213,488)	(151,298)	(62,189)
Other	(6,599)	(3,508)	(3,090)
Net cash provided by (used in) financing activities	(3,929,106)	(3,231,494)	(697,612)
Net increase (decrease) in cash and cash equivalents	3,042,538	208,499	2,834,038
Cash and cash equivalents at beginning of the term	5,529,789	5,321,290	208,499
Cash and cash equivalents at end of the term	¥ 8,572,327	¥ 5,529,789	¥ 3,042,538

Note: Amounts under one thousand yen are omitted.