

# Flash Report for the Term Ended December 31, 2005 (on a non-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>  
 Representative: Shiro Oishi, President  
 Inquiries: Koji Iida, Head of Accounting Group  
 Tel: +81-54-284-7990

Date of meeting of Board of Directors for account settlement for the reporting term: February 14, 2006  
 Interim dividend payment system: adopted  
 Date of dividend payments: March 31, 2006 (subject to change)  
 Date of regular general meeting of shareholders: March 30, 2006  
 Unit share system for trading purposes: adopted (1 trading unit: 1,000 shares)

## 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)	
	Amount	% change	Amount	% change	Amount	% change
Reporting term	¥52,253	9.1%	¥2,394	(26.9)%	¥2,676	(22.9)%
Previous term	47,902	3.6	3,275	10.5	3,472	13.1

  

	Net income (¥ million)		Earnings per share (¥)	Return on equity (ROE) (%)	Ordinary income/ Total assets (%)	Ordinary income/ Net sales (%)
	Amount	% change				
Reporting term	¥ 1,901	(18.1)%	¥ 26.26	6.8%	3.4%	5.1%
Previous term	2,322	(10.9)	32.31	10.1	4.7	7.2

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

2. Average number of shares for the term

Reporting term: 70,942,752

Previous term: 70,671,927

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	¥3.50	¥3.50	¥513	26.7%	1.6%
Previous term	7.00	3.50	3.50	494	21.7	2.0

### (3) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Equity ratio (%)	Shareholders' equity per share (¥)
Reporting term	¥81,460	¥31,952	39.2%	¥419.06
Previous term	75,999	24,182	31.8	341.64

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

Reporting term: 76,156,756

Previous term: 70,667,202

2. Number of treasury shares at term end

Reporting term: 36,194

Previous term: 25,748

## 2. Business Forecast for Current Term (January 1 to December 31, 2006)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Annual dividend per share (¥)		
				Interim	Term-end	Total
First half period	¥30,960	¥3,870	¥2,510	¥3.50	¥ —	¥ —
Full term	60,290	3,890	2,500	—	3.50	7.00

(Note) Estimated earnings per share for fiscal 2006 (full term): ¥32.82

\*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		
	2005	2004	Change
<b>Assets</b>			
Noncurrent assets:			
Property, plant and equipment –			
Production facilities	¥ 321,908	¥ 350,959	¥ (29,050)
Distribution facilities	41,123,160	42,737,919	(1,614,758)
Service and maintenance facilities	3,302,674	3,503,379	(200,704)
Other related business facilities	1,091,529	854,831	236,697
Dormant facilities	34,031	42,861	(8,829)
Construction in progress	2,550,728	838,334	1,712,394
Total property, plant and equipment	48,424,032	48,328,284	95,747
Intangible assets –			
Leaseholds	494,411	494,411	
Other intangible assets	269,818	337,646	(67,827)
Total intangible assets	764,229	832,057	(67,827)
Investments and other assets –			
Investment securities	11,412,227	7,987,411	3,424,816
Investments in affiliates	3,415,024	3,412,412	2,611
Long-term loans within company	927,236	1,097,680	(170,443)
Long-term loans to affiliates	2,765,700	1,574,300	1,191,400
Investments in partnerships	18,168	17,343	824
Long-term prepaid expenses	3,801	2,763	1,038
Other investments	691,641	487,884	203,756
Allowance for doubtful accounts	(15,678)	(49,291)	33,613
Total investments and other assets	19,218,121	14,530,504	4,687,616
Total noncurrent assets	68,406,383	63,690,846	4,715,536
Current assets:			
Cash and bank deposits	4,678,072	2,572,311	2,105,761
Notes receivable	109,351	44,095	65,256
Accounts receivable	3,444,367	2,760,758	683,609
Accounts receivable – affiliates	48,072	40,923	7,148
Other accounts receivable	118,209	1,150,399	(1,032,189)
Marketable securities	8,310	36,740	(28,430)
Finished products	40,307	38,377	1,929
Raw materials	5,731	4,508	1,223
Supplies	74,261	129,351	(55,090)
Prepaid expenses	94,812	81,053	13,758
Other accounts receivables – affiliates	675,266	693,453	(18,187)
Short-term loans to affiliates	284,000	276,000	8,000
Deferred tax assets	308,271	330,253	(21,982)
Other accounts receivable – other related business	2,526,426	3,598,677	(1,072,251)
Current assets – other related business	354,159	265,236	88,923
Other current assets	316,222	315,151	1,070
Allowance for doubtful accounts	(31,400)	(28,830)	(2,570)
Total current assets	13,054,443	12,308,461	745,981
Total assets	¥ 81,460,826	¥ 75,999,307	¥ 5,461,518

Note: Amounts under one thousand yen are omitted.

As of December 31	Thousands of yen		
	2005	2004	Change
<b>Liabilities</b>			
Long-term liabilities:			
Long-term debt	¥ 27,158,997	¥ 30,716,325	¥ (3,557,328)
Deferred tax liabilities	1,810,275	648,605	1,161,670
Accrued severance and retirement benefits	3,311,579	3,194,489	117,089
Reserve for directors' retirement benefits	343,900	357,450	(13,550)
Reserve for repair of gasholders	107,058	72,824	34,234
Other long-term liabilities	540,638	294,203	246,435
<b>Total long-term liabilities</b>	<b>33,272,448</b>	<b>35,283,897</b>	<b>(2,011,448)</b>
Current liabilities:			
Long-term liabilities due within one year	7,607,328	7,096,183	511,145
Accounts payable	34,268	43,293	(9,024)
Other accounts payable	812,108	201,638	610,469
Accrued expenses	924,977	926,260	(1,282)
Income taxes payable	294,287	523,654	(229,367)
Advances received	64,860	52,204	12,656
Deposits received	136,157	119,200	16,957
Accounts payable – affiliates	2,787,988	1,995,595	792,392
Short-term debt – affiliates	610,000	1,570,000	(960,000)
Other accounts payable – affiliates	1,928,947	1,346,425	582,522
Allowance for bonuses	288,000	288,000	—
Other accounts payable – other related business	535,242	2,189,190	(1,653,947)
Current liabilities – other related business	209,793	180,243	29,549
Other current liabilities	1,555	1,087	468
<b>Total current liabilities</b>	<b>16,235,515</b>	<b>16,532,976</b>	<b>(297,461)</b>
<b>Total liabilities</b>	<b>49,507,964</b>	<b>51,816,874</b>	<b>(2,308,910)</b>
<b>Shareholders' equity</b>			
Common stock	6,279,147	4,183,647	2,095,500
Capital surplus:			
Appropriation for legal reserve	4,098,961	2,009,181	2,089,780
Retained earnings:			
Appropriation for legal reserve	801,709	801,709	—
Voluntary reserves –			
Reserve for reduction in costs of specified assets	211,257	200,741	10,515
General reserve	12,838,700	11,058,700	1,780,000
<b>Total voluntary reserves</b>	<b>13,049,957</b>	<b>11,259,441</b>	<b>1,790,515</b>
Unappropriated retained earnings	2,230,685	2,653,470	(422,785)
<b>Total retained earnings</b>	<b>16,082,352</b>	<b>14,714,621</b>	<b>1,367,730</b>
Unrealized gains on available-for-sale securities	5,508,479	3,284,462	2,224,017
Treasury stock	(16,078)	(9,478)	(6,599)
<b>Total shareholders' equity</b>	<b>31,952,862</b>	<b>24,182,433</b>	<b>7,770,428</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥ 81,460,826</b>	<b>¥ 75,999,307</b>	<b>¥ 5,461,518</b>

Note: Amounts under one thousand yen are omitted.

## Non-Consolidated Statements of Income

Terms ended December 31	Thousands of yen		
	2005	2004	Change
<b>Operating income section</b>			
Product sales:			
Revenue from gas operations	¥ 45,425,855	¥ 41,316,942	¥ 4,108,912
Cost of sales:			
Initial inventories	38,377	30,705	7,672
Cost of gas production	444,532	780,200	(335,667)
Purchase amount (gas)	25,237,883	20,919,438	4,318,445
In-house consumption	285,668	106,261	179,406
Inventories at term-end	40,307	38,377	1,929
Total cost of sales	25,394,818	21,585,704	3,809,113
Gross profit	20,031,037	19,731,238	299,799
Selling expenses	14,606,151	13,440,274	1,165,876
General and administrative expenses	3,312,131	3,281,447	30,683
Business profit	2,112,754	3,009,515	(896,760)
Miscellaneous revenue:			
Revenue from installation work	1,213,381	1,284,639	(71,257)
Revenue from equipment sales	2,894,844	3,339,926	(445,082)
Other	14,299	403	13,896
Total miscellaneous revenue	4,122,525	4,624,969	(502,443)
Miscellaneous expenses:			
Expenses for installation work	1,208,492	1,277,151	(68,659)
Expenditure for equipment sales	2,734,651	3,207,699	(473,048)
Total miscellaneous expenses	3,943,143	4,484,851	(541,708)
Revenue from other related business	2,705,088	1,960,755	744,332
Expenses for other related business	2,602,347	1,834,509	767,838
Operating income	2,394,877	3,275,879	(881,001)
<b>Non-operating income section</b>			
Non-operating income:			
Interest income	53,297	36,797	16,500
Interest income on securities	232	1,361	(1,128)
Dividend income	91,444	77,695	13,749
Dividend income from affiliates	480,886	339,767	141,119
Rent income	146,600	142,414	4,186
Other	137,165	180,550	(43,384)
Total non-operating income	909,627	778,586	131,041
Non-operating expenses:			
Interest expenses	540,370	549,208	(8,838)
New share issue expenses	23,411		23,411
Other	64,471	33,117	31,354
Total non-operating expenses	628,253	582,325	45,927
Ordinary income	2,676,251	3,472,139	(795,888)

Years ended December 31	Thousands of yen		
	2005	2004	Change
<b>Extraordinary income section</b>			
Extraordinary income:			
Gain on sale of noncurrent assets	<b>17,675</b>	20,284	(2,609)
Total extraordinary income	<b>17,675</b>	20,284	(2,609)
Extraordinary expenses:			
Loss on valuation of investment securities		4,278	(4,278)
Impairment loss		25,458	(25,458)
Total extraordinary expenses		29,736	(29,736)
Income before income taxes	<b>2,693,926</b>	3,462,688	(768,761)
Income taxes – current	<b>817,000</b>	1,220,000	(403,000)
Income taxes – deferred	<b>(24,455)</b>	(80,245)	55,789
Net income	<b>1,901,382</b>	2,322,933	(421,551)
Unappropriated retained earnings brought forward	<b>576,619</b>	577,889	(1,269)
Interim dividend	<b>247,316</b>	247,352	(35)
Unappropriated retained earnings	<b>¥ 2,230,685</b>	¥ 2,653,470	¥ (422,785)

*Note: Amounts under one thousand yen are omitted.*