

Flash Report for the Term Ended December 31, 2006 (on a non-consolidated basis)

February 14, 2007

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 period: February 14, 2007

Date of regular general meeting of shareholders: March 29, 2007

Date of dividend payment: March 30, 2007 or after (subject to change)

Unit share system for trading purposes: adopted (1 trading unit: 500 shares)

1. Business Results (January 1 to December 31, 2006)

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

(1) Operating Results

	Net sales (¥ million)		Operating income (¥ million)		Ordinary income (¥ million)	
	Report	% change	Report	% change	Report	% change
Reporting term	¥63,813	22.1%	¥4,115	71.9%	¥4,195	56.8%
Previous term	52,253	9.1	2,394	(26.9)	2,676	(22.9)

	Net income (¥ million)		Earnings per share (¥)	Return on equity (ROE) (%)	Ordinary income/ Total assets (%)	Ordinary income/ Net sales (%)
	Report	% change				
Reporting term	¥2,753	44.8%	¥36.15	8.3%	4.9%	6.6%
Previous term	1,901	(18.1)	26.26	6.8	3.4	5.1

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

2. Average number of shares for the term

Reporting term: 76,152,420

Previous term: 70,942,752

3. Changes in accounting standards:

Please note that the new Corporation Law went into effect in May of 2006. Under this law, changes have been made to the methods of presentation in the financial statements, including the balance sheet and income statement.

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
Reporting term	¥88,151	¥34,264	38.9%	¥449.96
Previous term	81,460	31,952 ^{*1}	39.2	419.06 ^{*2}

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

Reporting term: 76,149,581

Previous term: 76,156,756

2. Number of treasury shares at term end

Reporting term: 43,369

Previous term: 36,194

^{*1} Shareholders' equity

^{*2} Shareholders' equity per share

2. Business Forecast for Current Term (January 1 to December 31, 2007)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
First half period	¥39,440	¥2,780	¥1,800
Full term	78,990	2,440	1,590

(Note) Estimated earnings per share for fiscal 2007 (full term): ¥20.87

3. Dividend Payment

	Annual dividend per share (¥)			Total amount for annual dividend payments (¥ million)	Pay-out ratio (%)	Dividend payments/ Net assets (%)
	Interim dividend per share	Term-end dividend per share	Total			
Previous term (FY05)	¥3.50	¥3.50	¥7.00	¥513	26.7%	1.6% ^{*3}
Reporting term (FY06)	3.50	4.00	7.50	571	20.7	1.7
Current term (forecast)	4.00	4.00	8.00			

^{*3} Dividend payments/Shareholders' equity

*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		
	2006	2005	Change
Assets			
Noncurrent assets:			
Property, plant and equipment –			
Production facilities	¥ 415,510	¥ 321,908	¥ 93,601
Distribution facilities	38,672,389	41,123,160	(2,450,770)
Service and maintenance facilities	3,252,721	3,302,674	(49,953)
Other related business facilities	1,004,581	1,091,529	(86,947)
Dormant facilities	—	34,031	(34,031)
Construction in progress	5,673,114	2,550,728	3,122,386
Total property, plant and equipment	49,018,317	48,424,032	594,284
Intangible assets –			
Leaseholds	494,411	494,411	—
Other intangible assets	577,879	269,818	308,060
Total intangible assets	1,072,290	764,229	308,060
Investments and other assets –			
Investment securities	11,154,879	11,412,227	(257,347)
Investments in affiliates	3,415,466	3,415,024	442
Long-term loans within company	723,145	927,236	(204,090)
Long-term loans to affiliates	4,015,100	2,765,700	1,249,400
Investments in partnerships	16,955	18,168	(1,212)
Long-term prepaid expenses	29,581	3,801	25,779
Other investments	492,709	691,641	(198,931)
Allowance for doubtful accounts	(21,665)	(15,678)	(5,987)
Total investments and other assets	19,826,172	19,218,121	608,051
Total noncurrent assets	69,916,780	68,406,383	1,510,397
Current assets:			
Cash and bank deposits	5,771,498	4,678,072	1,093,425
Notes receivable	108,541	109,351	(810)
Accounts receivable	4,606,510	3,444,367	1,162,143
Accounts receivable – affiliates	69,590	48,072	21,518
Other accounts receivable	107,735	118,209	(10,473)
Marketable securities	17,510	8,310	9,200
Finished products	43,945	40,307	3,637
Raw materials	27,333	5,731	21,602
Supplies	55,771	74,261	(18,489)
Prepaid expenses	128,280	94,812	33,467
Other accounts receivables – affiliates	471,428	675,266	(203,838)
Short-term loans to affiliates	640,000	284,000	356,000
Deferred tax assets	228,929	308,271	(79,341)
Other accounts receivable – other related business	5,148,376	2,526,426	2,621,950
Current assets – other related business	501,261	354,159	147,101
Other current assets	352,454	316,222	36,232
Allowance for doubtful accounts	(44,920)	(31,400)	(13,520)
Total current assets	18,234,247	13,054,443	5,179,804
Total assets	¥ 88,151,027	¥ 81,460,826	¥ 6,690,201

Note: Amounts under one thousand yen are omitted.

As of December 31	Thousands of yen		
	2006	2005	Change
Liabilities			
Long-term liabilities:			
Long-term debt	¥ 27,345,139	¥ 27,158,997	¥ 186,142
Deferred tax liabilities	1,837,038	1,810,275	26,762
Accrued severance and retirement benefits	3,292,760	3,311,579	(18,819)
Reserve for directors' retirement benefits	265,600	343,900	(78,300)
Reserve for repair of gasholders	141,292	107,058	34,234
Other long-term liabilities	—	540,638	(540,638)
Total long-term liabilities	32,881,829	33,272,448	(390,619)
Current liabilities:			
Long-term liabilities due within one year	6,813,858	7,607,328	(793,470)
Accounts payable	21,214	34,268	(13,054)
Other accounts payable	573,157	812,108	(238,951)
Accrued expenses	956,460	924,977	31,483
Income taxes payable	1,202,726	294,287	908,438
Advances received	89,019	64,860	24,158
Deposits received	108,159	136,157	(27,998)
Accounts payable – affiliates	3,842,685	2,787,988	1,054,697
Short-term debt – affiliates	1,650,000	610,000	1,040,000
Other accounts payable – affiliates	1,863,186	1,928,947	(65,761)
Allowance for bonuses	281,300	288,000	(6,700)
Other accounts payable – other related business	3,197,967	535,242	2,662,724
Current liabilities – other related business	372,096	209,793	162,303
Other current liabilities	32,867	1,555	31,312
Total current liabilities	21,004,698	16,235,515	4,769,183
Total liabilities	53,886,528	49,507,964	4,378,564
Shareholders' equity			
Common stock	—	6,279,147	—
Capital surplus:			
Appropriation for legal reserve	—	4,098,961	—
Retained earnings:			
Appropriation for legal reserve	—	801,709	—
Voluntary reserves –			
Reserve for reduction in costs of specified assets	—	211,257	—
General reserve	—	12,838,700	—
Unappropriated retained earnings	—	2,230,685	—
Total retained earnings	—	16,082,352	—
Unrealized gains on available-for-sale securities	—	5,508,479	—
Treasury stock	—	(16,078)	—
Total shareholders' equity	—	31,952,862	—
Total liabilities and shareholders' equity	¥ —	¥ 81,460,826	¥ —

Note: Amounts under one thousand yen are omitted.

As of December 31	Thousands of yen		
	2006	2005	Change
Net assets			
Shareholders' equity:			
Common stock	6,279,147	—	—
Capital surplus			
Appropriation for legal reserve	4,098,961	—	—
Retained earnings –			
Appropriation for legal reserve	801,709	—	—
Other retained earnings			
Reserve for reduction in costs of specified assets	220,420	—	—
General reserve	14,138,700	—	—
Retained earnings brought forward	3,103,595	—	—
Total retained earnings	18,264,425	—	—
Treasury stock	(22,344)	—	—
Total shareholders' equity	28,620,189	—	—
Gains and losses on valuation or translation:			
Unrealized gains on available-for-sale securities	5,353,832	—	—
Gains and losses on deferred hedge accounting	290,477	—	—
Total gains and losses on valuation or translation	5,644,309	—	—
Total net assets	34,264,499	—	—
Total liabilities and net assets	¥ 88,151,027	¥ —	¥ —

Note: Amounts under one thousand yen are omitted.

Non-Consolidated Statements of Income

Years ended December 31	Thousands of yen		
	2006	2005	Change
Product sales:			
Revenue from gas operations	¥ 56,154,031	¥ 45,425,855	¥ 10,728,176
Cost of sales:			
Initial inventories	40,307	38,377	1,929
Cost of gas production	616,116	444,532	171,584
Purchase amount (gas)	34,708,031	25,237,883	9,470,148
In-house consumption	362,834	285,668	77,166
Inventories at term-end	43,945	40,307	3,637
Total cost of sales	34,957,676	25,394,818	9,562,858
Gross profit	21,196,355	20,031,037	1,165,317
Selling expenses	13,884,249	14,606,151	(721,901)
General and administrative expenses	3,418,256	3,312,131	106,124
Business profit	3,893,848	2,112,754	1,781,094
Miscellaneous revenue:			
Revenue from installation work	1,210,769	1,213,381	(2,612)
Revenue from equipment sales	3,017,939	2,894,844	123,095
Other	1,236	14,299	(13,062)
Total miscellaneous revenue	4,229,946	4,122,525	107,420
Miscellaneous expenses:			
Expenses for installation work	1,222,381	1,208,492	13,889
Expenditure for equipment sales	2,937,019	2,734,651	202,368
Total miscellaneous expenses	4,159,400	3,943,143	216,257
Revenue from other related business	3,429,900	2,705,088	724,811
Expenses for other related business	3,278,336	2,602,347	675,988
Operating income	4,115,958	2,394,877	1,721,080
Non-operating income:			
Interest income	78,420	53,297	25,122
Interest income on securities	45	232	(187)
Dividend income	113,929	91,444	22,484
Dividend income from affiliates	100,803	480,886	(380,082)
Rent income	146,597	146,600	(2)
Other	161,093	137,165	23,928
Total non-operating income	600,889	909,627	(308,737)
Non-operating expenses:			
Interest expenses	504,187	540,370	(36,182)
New share issue expenses	—	23,411	(23,411)
Other	17,533	64,471	(46,938)
Total non-operating expenses	521,720	628,253	(106,532)
Ordinary income	4,195,127	2,676,251	1,518,876

Years ended December 31	Thousands of yen		
	2006	2005	Change
Extraordinary income:			
Gain on sale of noncurrent assets	15,344	17,675	(2,331)
Total extraordinary income	15,344	17,675	(2,331)
Income before income taxes	4,210,471	2,693,926	1,516,545
Income taxes – current	1,425,000	817,000	608,000
Income taxes – deferred	32,319	(24,455)	56,775
Net income	2,753,152	1,901,382	851,769
Unappropriated retained earnings brought forward	—	576,619	—
Interim dividend	—	247,316	—
Unappropriated retained earnings	¥ —	¥ 2,230,685	¥ —

Note: Amounts under one thousand yen are omitted.

Non-Consolidated Statements of Changes in Shareholders' Equity

Year ended December 31, 2006

Thousands of yen

	Shareholders' equity								Treasury stock	Total shareholders' equity
	Common stock	Capital surplus		Retained earning				Total retained earnings		
		Appropriation for legal reserve	Appropriation for legal reserve	Other retained earnings						
				Reserve for reduction in cost of specified assets	General reserve	Retained earnings brought forward				
Balance at Dec. 31, 2005	6,279,147	4,098,961	801,709	211,257	12,838,700	2,230,685	16,082,352	(16,078)	26,444,382	
Changes during the reporting term:										
Distribution of retained earnings						(533,078)	(533,078)		(533,078)	
Payment of bonuses to directors and auditors						(38,000)	(38,000)		(38,000)	
Provisions to reserve for reduction in cost of specified assets				9,163		(9,163)	—		—	
Provisions to general reserve					1,300,000	(1,300,000)	—		—	
Net income						2,753,152	2,753,152		2,753,152	
Acquisition of own shares							—	(6,266)	(6,266)	
Changes in items outside the scope of shareholders' equity, net										
Total changes during the reporting term	—	—	—	9,163	1,300,000	872,910	2,182,073	(6,266)	2,175,807	
Balance at Dec. 31, 2006	6,279,147	4,098,961	801,709	220,420	14,138,700	3,103,595	18,264,425	(22,344)	28,620,189	

	Gains and losses on valuation or translation			Total net assets
	Unrealized gains on available-for-sale securities	Gains and losses on deferred hedge accounting	Total gains and losses on valuation or translation	
Balance at Dec. 31, 2005	5,508,479	—	5,508,479	31,952,862
Changes during the reporting term:				
Distribution of retained earnings				(533,078)
Payment of bonuses to directors and auditors				(38,000)
Provisions to reserve for reduction in cost of specified assets				—
Provisions to general reserve				—
Net income				2,753,152
Acquisition of own shares				(6,266)
Changes in items outside the scope of shareholders' equity, net	(154,647)	290,477	135,830	135,830
Total changes during the reporting term	(154,647)	290,477	135,830	2,311,637
Balance at Dec. 31, 2006	5,353,832	290,477	5,644,309	34,264,499

Note: Amounts under one thousand yen are omitted.