

**FY2005 ended March 2006
Consolidated Results Bulletin
Hokkaido Gas Co., Ltd.**

May 10, 2006

Code NO : 9534
(URL <http://www.hokkaido-gas.co.jp>)
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Shares listed on :
Tokyo Stock Exchange
Sapporo Stock Exchange
Location of head office(prefecture):Hokkaido

Meetings of board of directors to approve financial results : May 10, 2006
Application of U.S. accounting standards : No

1. Consolidated results for FY2005 (April 1, 2005 - March 31, 2006)

(1)Consolidated business results (Rounded down to the nearest million yen)

	Sales		Operating income		Ordinary income	
	(Unit :million yen)	%	(Unit :million yen)	%	(Unit :million yen)	%
FY2005 ended March 2006	62,203	△ 0.5	2,149	△ 13.9	1,474	△ 21.4
FY2004 ended March 2005	62,538	2.1	2,496	△ 16.4	1,876	△ 9.2

	Net income		Net earnings per share	Diluted earnings per share	Net rate of return on shareholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to sales
	(Unit :million yen)	%	(Unit : yen)	(Unit : yen)	%	%	%
FY2005 ended March 2006	521	△ 51.1	8.30	7.59	1.9	1.4	2.4
FY2004 ended March 2005	1,066	22.2	17.22	14.98	4.1	1.8	3.0

Notes: 1. Profit or loss on investment accounted for by equity method:

FY2005 ended March 2006: 121 million yen FY2004 ended March 2005: 50 million yen

2. Average number of outstanding shares(consolidated basis) during the term:

FY2005 ended March 2006: 62,384,317 shares FY2004 ended March 2005 : 61,682,942 shares

3. Changes in accounting methods : Yes

4. Percentage figures on sales, operating income, ordinary income and net income indicate the percentage change on the results for the previous year.

(2)Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Book-value per share
	(Unit :million yen)	(Unit :million yen)	%	(Unit : yen)
FY2005 ended March 2006	103,419	28,162	27.2	404.51
FY2004 ended March 2005	101,059	26,175	25.9	424.44

Notes: Number of outstanding shares (consolidated basis) as of :

FY2005 ended March 2006: 69,610,649 shares FY2004 ended March 2005: 61,659,168 shares

(3)Consolidated cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Balance of cash and cash equivalents as of end of term
	(Unit :million yen)	(Unit :million yen)	(Unit :million yen)	(Unit :million yen)
FY2005 ended March 2006	12,620	△ 12,879	167	1,104
FY2004 ended March 2005	11,089	△ 9,376	△ 3,782	1,195

(4)Scope of subsidiaries and affiliates and application of equity method

Consolidated subsidiaries: 6

Non-consolidated subsidiaries accounted for by equity method:5

Affiliates accounted for by equity method:4

(5)Changes in scope of consolidated subsidiaries and affiliates and application of equity method

Consolidated subsidiaries

•Newly added: 1

•Excluded : None

By equity method

•Newly added : None

•Excluded : None

2. Results forecast for FY2006 ending March 2007 (April 1, 2006 - March 31, 2007)

	Sales	Ordinary income	Net income
	(Unit :million yen)	(Unit :million yen)	(Unit :million yen)
Mid-term	28,000	150	100
Full-term	65,000	1,500	750

References : Forecast for net earnings per share (full year) : ¥ 10.72

※The above forecast was based on information available at the time of the release of this document . Due to various factors, the actual result may vary from the forecast data.

Consolidated Statements

1. Consolidated Balance Sheets

(Unit : thousand yen)

Account	FY2005 (Mar.31, 2006)	FY2004 (Mar.31, 2005)	Change
(Assets)			
Fixed assets	85,943,243	82,331,515	3,611,728
Tangible fixed assets	72,927,860	72,321,741	606,119
Production facilities	4,719,930	3,892,223	827,707
Distribution facilities	48,843,769	49,305,353	△ 461,583
Service and maintenance facilities	9,609,917	7,418,978	2,190,938
Other facilities	8,956,477	7,256,443	1,700,033
Construction in progress	797,766	4,448,742	△ 3,650,976
Intangible fixed assets	2,190,028	2,113,170	76,858
Other intangible fixed assets	2,190,028	2,113,170	76,858
Investments and other non-current assets	10,825,353	7,896,603	2,928,750
Investment securities	6,581,014	5,446,793	1,134,220
Deferred tax assets	831,304	1,419,991	△ 588,686
Other investments and non-current assets	3,553,363	1,148,576	2,404,787
Allowance for doubtful accounts	△ 140,328	△ 118,758	△ 21,570
Current assets	12,700,685	14,140,724	△ 1,440,039
Cash and deposits	1,104,080	1,195,430	△ 91,350
Trade notes receivable and accounts receivable	6,438,852	7,349,245	△ 910,393
Inventories	2,046,815	1,309,431	737,383
Deferred tax assets	441,369	370,801	70,568
Other current assets	2,930,123	4,249,579	△ 1,319,456
Allowance for doubtful accounts	△ 260,556	△ 333,764	73,208
Deferred charges	4,775,441	4,587,249	188,191
Business development expenses	4,761,323	4,587,249	174,073
Other	14,117	-	14,117
Total assets	103,419,369	101,059,489	2,359,880

(Unit : thousand yen)

Account	FY2005 (Mar.31,2006)	FY2004 (Mar.31,2005)	Change
(Liabilities)			
Long-term liabilities	47,064,849	56,391,651	△ 9,326,802
Straight bounds	13,000,000	18,000,000	△ 5,000,000
Convertible bonds	6,802,000	6,802,000	-
Long-term bank loans payable	21,889,040	28,043,220	△ 6,154,180
Deferred tax liabilities	1,318,034	152,018	1,166,016
Employees' retirement allowances reserve	2,603,622	2,536,688	66,934
Allowance for directors' and corporate auditors' retirement benefits	500,968	466,344	34,624
Allowance for repairs of gas holders	304,551	250,018	54,532
Other non-current liabilities	646,632	141,361	505,270
Current liabilities	28,151,238	18,455,794	9,695,443
Long-term liabilities due within one year	13,424,380	6,095,080	7,329,300
Trade Notes and accounts payable	4,277,545	4,080,290	197,254
Short-term bank loans payable	1,876,410	1,920,640	△ 44,230
Commercial paper	2,000,000	-	2,000,000
Other current liabilities	6,572,902	6,359,784	213,118
Total liabilities	75,216,087	74,847,446	368,640
(Minority interest)			
Minority interest	40,804	36,962	3,841
Total Minority interest	40,804	36,962	3,841
(Shareholders' equity)			
Common stock	5,037,827	3,821,827	1,216,000
Capital surplus	2,797,778	1,582,339	1,215,439
Retained earnings	19,881,948	19,740,255	141,692
Land revaluation reserve	△ 888,796	269,202	△ 1,157,998
Unrealized gains on other securities	1,404,299	815,371	588,928
Treasury stock	△ 70,579	△ 53,915	△ 16,663
Total shareholders' equity	28,162,478	26,175,080	1,987,398
Total liabilities, minority interest, and shareholders' equity	103,419,369	101,059,489	2,359,880

2. Consolidated Statements of Income

(Unit: thousand yen)

Account	FY2005 (Mar.31,2006)	FY2004 (Mar.31,2005)	Change
Sales	62,203,672	62,538,618	△ 334,946
Cost of sales	32,935,838	32,945,247	△ 9,409
(Gross income)	(29,267,833)	(29,593,370)	(△ 325,536)
Selling, general and administrative expenses	27,118,449	27,097,014	21,434
Supply and sales expenses	24,060,068	24,253,910	△ 193,842
General and administrative expenses	3,058,380	2,843,103	215,277
(Operating income)	(2,149,384)	(2,496,356)	(△ 346,971)
Non-operating income	769,376	787,187	△ 17,811
Interest income	8,036	6,002	2,034
Dividend income	35,225	44,324	△ 9,098
Rent income	200,814	204,908	△ 4,093
Gain on sale of help for natural gas conversion	181,901	-	181,901
Return on investment accounted for by equity method	121,624	50,096	71,528
Miscellaneous revenues	221,773	481,855	△ 260,082
Non-operating expenses	1,444,338	1,407,163	37,174
Interest expense	956,693	1,110,422	△ 153,729
Miscellaneous expenses	487,645	296,741	190,904
(Ordinary income)	(1,474,421)	(1,876,379)	(△ 401,958)
Extraordinary income	-	475,365	△ 475,365
Gain on change of retirement benefits plan	-	475,365	△ 475,365
Extraordinary losses	500,017	403,784	96,233
Loss on write-down of investment securities	305,000	-	305,000
Loss on impairment of fixed assets	195,017	-	195,017
Accrual for Retirement Benefits for Directors and Statutory Auditors	-	403,784	△ 403,784
Net income before adjustment for tax, etc.	974,404	1,947,961	△ 973,557
Income tax, residence tax and business tax	262,763	399,017	△ 136,254
Adjustment for income taxes etc.	186,299	478,624	△ 292,324
Minority shareholder income	3,841	3,426	415
Net income	521,500	1,066,894	△ 545,394

3. Statement of consolidated retained earnings

(Unit : thousand yen)

Account	FY2005 (Mar.31,2006)	FY2004 (Mar.31,2005)	Change
(Capital surplus)			
Initial balance of capital surplus	1,582,339	1,582,288	50
Initial balance of capital surplus	1,582,339	1,582,288	50
Increase in capital surplus	1,215,439	50	1,215,388
Issuance of new shares	1,215,360	-	1,215,360
Gain on disposal of treasury stock	79	50	28
Balance of capital surplus at end of period	2,797,778	1,582,339	1,215,439
(Retained earnings)			
Initial balance of retained earnings	19,740,255	19,047,464	692,791
Initial balance of retained earnings	19,740,255	19,047,464	692,791
Increase in retained earnings	521,500	1,070,498	△ 548,998
Net income	521,500	1,066,894	△ 545,394
Transfer from land revaluation reserve	-	3,604	△ 3,604
Decrease in retained earnings	379,807	377,707	2,099
Dividends	369,955	371,679	△ 1,724
Bonuses to directors'	4,728	6,028	△ 1,300
Transfer from land revaluation reserve	5,124	-	5,124
End of the period balance of consolidated Retained earnings	19,881,948	19,740,255	141,692

4.Consolidated Statement of Cash Flows

(Unit: thousand yen)

Account	FY2005 (Mar.31,2006)	FY2004 (Mar.31,2005)	Change
I Cash flows from operating activities			
Net income before adjustment for tax, etc.	974,404	1,947,961	△ 973,557
Depreciation	7,712,545	7,826,510	△ 113,964
Loss on impairment of fixed assets	195,017	-	195,017
Amortization of business development expenses	2,359,391	2,435,387	△ 75,995
Change in employees' service and retirement benefits(△ decrease)	66,934	△ 28,269	95,204
Change in allowance for doubtful accounts(△ decrease)	△ 51,637	41,211	△ 92,849
Interest and dividend income	△ 43,262	△ 50,326	7,064
Interest expense	956,693	1,110,422	△ 153,729
Loss on write-down of investment securities	305,000	-	305,000
Change in notes and accounts receivable(△ increase)	920,523	△ 454,939	1,375,462
Change in inventories(△ increase)	△ 923,463	272,196	△ 1,195,659
Change in accounts payable(△ decrease)	257,629	△ 32,516	290,145
Decrease in consumption taxes payable	△ 7,834	△ 264,119	256,284
Bonuses paid to directors	△ 4,728	△ 6,028	1,300
Other	1,088,848	477,603	611,245
Subtotal	13,806,061	13,275,094	530,967
Cash received for interest and dividends	43,262	50,326	△ 7,064
Cash paid for interest	△ 963,880	△ 1,118,731	154,851
Cash paid for income taxes	△ 264,845	△ 1,117,332	852,486
Net cash provided by operating activities	12,620,598	11,089,357	1,531,240
II Cash flows from investing activities			
Purchases of tangible fixed assets	△ 8,482,425	△ 6,373,253	△ 2,109,172
Proceeds from sale of tangible fixed assets	30,092	44,316	△ 14,223
Purchases of intangible fixed assets	△ 715,059	△ 373,537	△ 341,521
Proceeds from sale of intangible fixed assets	-	217	△ 217
Purchases of investment securities	△ 399,350	△ 25,015	△ 374,335
Proceeds from sale of investment securities	1,723	7,060	△ 5,336
Long-term prepayments	△ 205,262	△ 160,678	△ 44,583
Purchases of business development expenses	△ 2,547,583	△ 2,375,825	△ 171,758
Net increase repayments of short-term loans	-	△ 65,000	65,000
Expenditure of long-term loans receivable	△ 105,107	△ 45,400	△ 59,707
Proceeds from long-term loans	89,007	2,000	87,007
Other	△ 545,946	△ 11,196	△ 534,749
Net cash used in investing activities	△ 12,879,911	△ 9,376,313	△ 3,503,598
III Cash flows from financing activities			
Net decrease in short-term bank loans	△ 44,230	△ 1,005,360	961,130
Net increase in commercial paper	2,000,000	-	2,000,000
Proceeds from long-term bank loans	3,400,000	3,800,000	△ 400,000
Payments for long-term bank loans	△ 7,224,880	△ 6,205,080	△ 1,019,800
Proceeds from new share issue	2,407,028	-	2,407,028
Dividend payments	△ 369,955	△ 371,679	1,724
Net cash used in financing activities	167,963	△ 3,782,119	3,950,082
IV Net decrease in cash and cash equivalents	△ 91,350	△ 2,069,074	1,977,724
V Cash and cash equivalents at beginning of year	1,195,430	3,264,505	△ 2,069,074
VI Cash and cash equivalents at end of year	1,104,080	1,195,430	△ 91,350