

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2006

May 16, 2006

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

Nissin Food Products Co., Ltd.

Code number: 2897

http://www.nissinfoods.co.jp/

Representative: Koki Ando, President

Contact: Takahisa Yanagida, Director,

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Board of Directors meeting: May 16, 2006

Use of U.S. accounting standards: No

Stock exchange listings: Tokyo, Osaka

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1. Operating Results for Fiscal 2006 (April 1, 2005 - March 31, 2006)

(1) Sales and Income

Note: All amounts are rounded down to the nearest million yen.

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
Fiscal 2006	321,700	1.5	31,979	10.4	39,526	19.1
Fiscal 2005	316,972	(1.0)	28,962	24.8	33,183	29.5

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)	Return on equity (%)	Ordinary income/total assets (%)	Ordinary income/net sales (%)
Fiscal 2006	15,388	(7.4)	125.09	—	5.9	10.9	12.3
Fiscal 2005	16,611	18.2	134.36	—	6.6	9.4	10.5

Notes:

- Equity in earnings of affiliates: ¥485 million (Fiscal 2005: ¥427 million)
- Average number of shares outstanding (consolidated): 122,839,166 shares (Fiscal 2005: 123,430,588 shares)
- Changes in accounting methods: None
- Year-on-year change for net sales, operating income, ordinary income and net income is based on the previous fiscal year.

(2) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Fiscal 2006	366,801	263,199	71.8	2,167.81
Fiscal 2005	361,104	258,138	71.5	2,091.16

Note: Number of shares outstanding at end of period (consolidated): 121,402,163 shares (Fiscal 2005: 123,429,703 shares)

(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 end of period (¥ million)
Fiscal 2006	26,635	(20,068)	(12,940)	61,570
Fiscal 2005	30,259	(30,348)	(5,708)	66,326

(4) Scope of consolidation and application of the equity method:

Consolidated subsidiaries: 23 companies

Unconsolidated subsidiaries accounted for by the equity method: None

Affiliated companies accounted for by the equity method: 1 company

(5) Changes in scope of consolidation and application of the equity method:

Consolidation: (New) 1 company (Eliminated) None

Equity method: (New) None (Eliminated) None

2. Projected Results for Fiscal 2007 (April 1, 2006 - March 31, 2007)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
Interim period	157,000	16,500	9,500
Fiscal 2007	331,000	40,500	24,000

Reference: Estimated earnings per share (fiscal 2007): ¥197.69

Note: Projected results are forward-looking statements based on estimates made as of the day of release of these materials. Actual results may differ depending on a number of factors including but not limited to changes in exchange rates. For the assumptions and other issues related to the above projected results, please refer to page 4 of the attached materials.

1. Management Policies

(1) Basic Management Policy

Under its founding philosophy of “People Can Only Be Content When There Is Enough Food,” Nissin has established a corporate philosophy of bringing enjoyment to people’s lives through the creation and development of new foods. As the company that invented instant noodles, Nissin will continue to develop products and technologies to offer satisfaction to all people in all countries and regions. Nissin contributes to people’s health with its customer-focused marketing policies. Moreover, Nissin works to maximize corporate value while building a solid management base to further strengthen brand strategies in a global competitive framework.

(2) Basic Policy for Allocating Earnings

Nissin’s primary management task is to continue to provide stable dividends to shareholders by constantly working to strengthen its sales and earning capabilities to raise shareholder profits. Under its dividend policy, Nissin works to achieve a target payout ratio of 30 percent on a non-consolidated basis. Dividends for the fiscal year under review are expected to total ¥30.00 per share, consisting of an interim dividend of ¥15.00 per share and a year-end dividend of ¥15.00 per share. Nissin also made returns to its shareholders by repurchasing treasury stock in the amount of ¥6,922 million during the fiscal year.

In addition, Nissin strives to further expand corporate value through the priority allocation of retained earnings toward capital investment, research and development costs, and mergers and acquisitions in order to expand its operations globally from a long-term perspective, and to effectively manage surplus funds in consideration of risks, based on ensuring the safety of principal value.

(3) Views and Policy Regarding Reduction of Minimum Investment Unit

Nissin manufactures and sells food products closely related to its customers’ lives, so it would like to create a closer presence among many individual investors. To raise the liquidity of its stock and expand its investor base, Nissin reduced the minimum trading unit of its stock from 1,000 to 100 in August 1999. In addition, Nissin executed a secondary market offering in February 2003 to increase the number of individual shareholders.

(4) Medium to Long-Term Management Strategies

Nissin has set the medium-term objective of raising its share of the domestic instant noodle market, its core business, to 50 percent on a sales value basis.

The number of young people, the target population of our products, continues to shrink due to the declining birth rate and rapid aging of Japanese society. At the same time, consumers’ needs are diversifying even more, and Nissin will attempt to respond by developing high value-added and healthy products.

In this changing environment, Nissin will work to achieve efficient, value-added marketing, build greater brand value and expand its business by incorporating preferred consumer promotions such as the “Frequent Shoppers Program” (FSP) and “Target Marketing” to enhance its responsiveness to consumers.

Overseas, Nissin will move forward with its global strategy of bringing happiness and great taste to people in every country and region as the pioneer in the field of instant noodles, a product created in Japan that has become an international food. At the same time, Nissin will promote the procurement of ingredients and materials on an international basis, using its overseas network to purchase higher-quality raw materials at lower prices.

(5) Company Initiatives

As a manufacturer of food products, Nissin complies strictly and thoroughly with laws and regulations, and believes that its mission is to provide safe and reliable products to customers.

As a quality control system, Nissin has established the Food Safety Research Institute as a specialized organization that carries out strict food safety inspections. Moreover, all of Nissin’s domestic company plants as well as the Food Safety Research Institute have obtained ISO 9001 certification of their quality assurance systems, and quality management systems based on ISO 9001 are being established at overseas plants.

Nissin will consider the global environment in carrying out business activities that take into account the protection of the environment and the conservation of natural resources in co-existence with the natural environment. Nissin’s four company plants and the head offices in Tokyo and Osaka have obtained ISO 14001 certification, the international standard for environmental management. In addition, Nissin introduces and discloses the results of environmental accounting in order to quantitatively determine the costs of environmental protection.

(6) Information Concerning Parent and Other Companies

Not applicable.

2. Results of Operations and Financial Position

(1) Results of Operations

Overview of the Fiscal Year

In the Japanese economy during the fiscal year, the employment environment and salaries improved against the backdrop of strong corporate earnings, and consumer confidence increased. Corporate capital investment was also firm, spurred on by growth in consumer spending and favorable exports to China and the United States. With these factors, the economic recovery has achieved a balance between private-sector demand in Japan and demand from overseas. Moreover, the decision by the Bank of Japan to terminate its quantitative monetary easing policy and other financial developments indicated a departure from the deflationary economy of many years.

Turning to the domestic instant noodle industry, challenging conditions persisted in the market environment. Pressures restraining sales growth have strengthened, with factors such as a decrease in the user population due to a declining birthrate and an aging population on the demand side, and lower prices becoming the norm due to diversification of business categories in the retail distribution industry on the retail price side. In an attempt to overcome these conditions, domestic instant noodle manufacturers proactively introduced new products to the market to fulfill consumer needs. In contrast to a trend of mild winters up to the previous year, winter was extremely cold from December, and demand was solid during that period. Nevertheless, overall industry sales decreased slightly compared with the previous fiscal year.

Amid these conditions, Nissin conducted sales promotions and marketing measures that proactively incorporated consumer needs. As products associated with the Winter Olympics held in February, Nissin launched Nissin Cup Noodle Seafood Italian, Nissin-no-Donbei Chichukai-fu Kaisen Udon, and Nissin Yakisoba Italian U.F.O., which gained popularity. In existing products, Cup Noodle, which had a well-received television commercial shot on an actual space station using the catchphrase “NO BORDER,” and mainstay Nissin product Chicken Ramen, recorded strong sales on deep-rooted consumer support. In addition, sales of Nissin-no-Donbei grew with a heightened consumer preference for Japanese-style products. However, sales of Nissin GooTa, Nissin Rao and other higher-priced products decreased due to overall sluggishness in the category.

In chilled and frozen foods, mainstay chilled product Nissin Yakisoba continued to display solid sales. In addition, frozen foods recorded sales significantly higher than the previous fiscal year, led by easy-to-prepare Nissin Spa-O, a microwave-and-serve product, and Nissin GooTa, which features high-grade ingredients.

In confectioneries and beverages, strong sales were supported by Ciscorn Big cereal and Pilkul, a lactobacillus drink approved as a Food for Specified Health Use.

In overseas markets, sales increased, particularly in the North American market where Nissin’s fine marketing efforts for CHOW MEIN and other new category products were rewarded with increased exposure in retail stores.

(Consolidated basis; ¥ million)

	Net sales	Operating income	Ordinary income	Net income
Fiscal 2006	321,700	31,979	39,526	15,388
Fiscal 2005	316,972	28,962	33,183	16,611
Year-on-year change (%)	1.5	10.4	19.1	(7.4)

As a result of the above, net sales increased 1.5 percent compared with the previous fiscal year to ¥321,700 million, as the effect of the weaker yen on overseas sales offset sluggish sales of higher-priced products in Japan.

Operating income increased 10.4 percent year on year to ¥31,979 million, due to the success of aggressive sales promotion activities. In addition, ordinary income increased 19.1 percent to ¥39,526 million because of the significant contribution of non-operating income from an increase in gain on sales of marketable securities and other factors. However, net income decreased 7.4 percent year on year to ¥15,388 million due to extraordinary losses including a ¥5,631 million loss on impairment of fixed assets associated with “Accounting Standards for Impairment Loss of Fixed Assets” which were applied from the fiscal year.

Information by Business Segment

Business segment	Consolidated net sales (¥ million)	Year-on-year change (%)
Pillow-type instant noodles	48,918	11.1
Cup-type instant noodles	204,864	0.6
Chilled and frozen foods	40,727	2.2
Instant noodle and associated business	294,510	2.4
Other business	27,189	(7.5)
Total	321,700	1.5

1. Instant Noodle and Associated Business

Pillow-type Instant Noodles

The scale of the market for pillow-type instant noodles shifted from flat to a slight contraction. Amid these conditions, sales of mainstay product Chicken Ramen increased due in part to topical limited-time sales of Hiyokochan Lidded Mug Cup with Chicken Ramen Mini. Despite a drop in sales of Nissin-no-Ramenyasan, which sold strongly in the previous year, domestic pillow-type noodles overall were able to secure an increase in sales.

Moreover, in overseas markets sales of pillow-type instant noodles increased due to such favorable factors as strong sales of products including Top Ramen in North America and Demae Itcho in Hong Kong, and the effect of the weaker yen on currency translation, and total pillow-type instant noodles sales increased 11.1 percent compared with the previous fiscal year to ¥48,918 million.

Cup-type Instant Noodles

Sales, centered on long-selling mainstay brands, were strong during the year due to aggressive sales promotion initiatives in addition to consumers' renewed interest in traditional brands. Among these brands, sales of Cup Noodle, with the catchphrase "NO BORDER," increased substantially due in part to the positive effects of a television commercial set on a space station. The steadily growing Japanese-style category recorded an increase in sales, centered on the large-sized version of Nissin-no-Donbei. In addition, in the Nissin Yakisoba U.F.O. series, sales were strong for products including Nissin Yakisoba U.F.O. Sauce Curry, which combined the flavor of curry with Nissin Yakisoba U.F.O. sauce flavor, and featured a well-received comical television commercial with a popular celebrity. In new products, sales of Nissin Deka-O, which capitalizes on the magnitude of the weight of its noodles, got off to a good start. Conversely, in the higher-priced products category, demand was weak for the category as a whole, with a decrease in sales of all products, including Nissin GooTa and Nissin Rao.

In overseas markets, substantial growth in sales of the Cup Noodle series and CHOW MEIN in the North American region and the effect of the weaker yen on currency translation contributed an overall increase in sales of cup-type instant noodles. As a result, total sales of cup-type instant noodles increased 0.6 percent compared with the previous fiscal year to ¥204,864 million.

Chilled and Frozen Foods

Sales of chilled foods decreased 7.1 percent compared with the previous fiscal year to ¥13,804 million. Despite firm sales of mainstay Nissin Yakisoba, summer products such as Hiyashi Chuka, which sold favorably in the previous fiscal year due to the extremely hot summer, did not perform well during the fiscal year.

Sales of frozen foods increased 7.7 percent compared with the previous fiscal year to ¥26,922 million, due to a significant increase in domestic sales of easy-to-prepare Nissin Spa-O, a microwave-and-serve product, and the Nissin GooTa series, which features high-grade ingredients.

As a result of these factors, sales of chilled and frozen foods increased 2.2 percent compared with the previous fiscal year to ¥40,727 million.

2. Other Business

Ciscorn Big cereal and Pilkul, a lactobacillus drink approved as a Food for Specified Health Use, showed strong sales due to deep-rooted consumer support. However, the impact of a decline in soup and food container sales and other factors caused net sales for this category to decrease 7.5 percent to ¥27,189 million.

Outlook for the Fiscal Year Ending March 31, 2007

With product safety, which will continue to be a primary issue of food companies, as its utmost priority, the Nissin Group will implement marketing initiatives with further invigoration of existing brands, maintenance and enhancement of brand value, and responsiveness to diversifying customer needs at their core.

In addition to working to further increase sales by bringing to the fore the safety and reliability of Chicken Ramen, Cup Noodle, Nissin-no-Donbei, Nissin Yakisoba U.F.O. and other long-selling mainstay brands, Nissin will introduce new open-priced products for new sales channels created through the diversification of retail business categories, and will maintain the value of staple product brands while opening up new markets.

Furthermore, in order to increase trust in the safety of its ingredients and raw materials, Nissin will further strengthen inspection capabilities and deliver safer, more reliable products to customers through the introduction of Nissin's original NASRAD-550, a new analysis system that instantly analyzes approximately 550 agrichemicals and animal drugs, for the speediest possible response to the Positive List System (enforced in May 2006) that regulates residual agrichemicals and other substances.

Overseas, Nissin will continue to develop markets and expand sales, centered on North America and China. In particular, Nissin will work to maintain cooperative relationships with tie-up companies while expanding its share in the Chinese market, which has latent demand.

For the fiscal year ending March 31, 2007, in its instant noodle and associated business, Nissin forecasts sales growth in Japan of cup-type instant noodles and chilled and frozen foods, and sales growth overseas of cup-type instant noodles, primarily in North America and Hong Kong. Consequently, Nissin projects net sales of ¥331,000 million (a year-on-year increase of 2.9 percent), operating income of ¥37,500 million (a year-on-year increase of 17.3 percent), ordinary income of ¥40,500 million (a year-on-year increase of 2.5 percent), and net income of ¥24,000 million (a year-on-year increase of 56.0 percent).

Projected exchange rates for the major currencies relevant to the results of overseas subsidiaries are ¥118 to US\$1.00, ¥15 to HK\$1.00, and ¥15 to 1 yuan.

(2) Financial Position

Cash and cash equivalents (hereinafter referred to as “net cash”) as of March 31, 2006 totaled ¥61,570 million, a decrease of ¥4,756 million from the end of the previous fiscal year. Cash flows are as follows.

Cash Flows from Operating Activities

Net cash provided by operating activities decreased ¥3,623 million from the end of the previous fiscal year to ¥26,635 million. Main factors that reduced net cash included payment of provision for accrued retirement benefits to directors and statutory auditors. Another factor of the decrease was that, although the amount of income tax paid in the previous year was lower because of a tax deduction on losses that was not tax-deductible previously, there was no such special factor this fiscal year, and so the amount of income tax paid increased.

Cash Flows from Investing Activities

Net cash used in investing activities decreased ¥10,279 million from the end of the previous fiscal year to ¥20,068 million. Main factors included proceeds from sales and redemption of investments in securities (¥50,033 million), payment for purchases of marketable securities (¥31,064 million) and payment for purchases of investments in securities (¥45,834 million).

Cash Flows from Financing Activities

Net cash used in financing activities increased ¥7,231 million to ¥12,940 million. Main factors were repurchase of treasury stocks less sales (¥6,925 million) and cash dividends paid (¥5,552 million).

Trends in Nissin’s cash flow indicators are as follows:

		Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006
Shareholders’ equity ratio	%	70.4	71.1	71.5	71.8
Shareholders’ equity ratio on a market value basis	%	91.5	95.4	95.9	120.5
Debt repayment period	Years	0.2	0.2	0.1	0.1
Interest coverage ratio		471.5	412.6	688.7	653.5

Notes:

Shareholders’ equity ratio = Shareholders’ equity/Total assets

Shareholders’ equity ratio on a market value basis = Total market value of stock/Total assets

Debt repayment period = Interest-bearing liabilities/Net cash provided by operating activities

Interest coverage ratio = Net cash provided by operating activities/Interest expenses

- * All indicators are calculated on a consolidated basis.
- * Total market value of stock is calculated by multiplying the total number of shares outstanding at the end of the period (excluding treasury stock) by the closing share price at the end of the period.
- * Net cash provided by operating activities is as reported on the consolidated statements of cash flows.
- * Interest-bearing liabilities are all liabilities stated on the consolidated balance sheets on which interest is paid.

(3) Business and Other Risks

Conditions that have the potential to significantly influence the decisions of investors are presented below. Any conditions with reference to the future are based on information available at the time of publication.

Nissin acknowledges the possibility that these risks can arise and will make every effort to prevent such risks from appearing and address resulting situations if such risks do appear.

(1) Reliance on Certain Business Clients

Mitsubishi Corporation, ITOCHU Corporation, MITSUI & CO., LTD., and Toshoku Ltd. are the primary buyers of Nissin's products and together account for 77.5% of Nissin's sales. Reliance on these specific business clients concentrates transactions among highly creditworthy companies and thereby reduces the effort expended on credit control and minimizes credit risk. However, Nissin's own financial position could be negatively affected if the business activities of these sales agents failed, because Nissin would have difficulty collecting accounts receivable.

(2) Increases in Prices of Raw Materials

The primary raw materials used for Nissin's products are agricultural commodities such as flour and palm oil, and petroleum-based items for packaging and wraps. Nissin's fiscal performance could be adversely impacted if political unrest or international disputes occur in the countries that produce these raw materials, or if the price of raw materials skyrockets because of crop failures caused by abnormal weather and other reasons.

(3) Reduced Brand Value

Nissin's mainstay products, particularly Chicken Ramen and the Cup Noodle series, have become household items to most consumers, thanks to years of accumulated technical expertise and product development capabilities. Nissin emphasizes the establishment and protection of its brands. However, new products flood the instant noodle market every year and the relative brand value of Nissin's products could decline if another company were to achieve a revolutionary breakthrough in instant noodle development.

(4) Food Safety Issues

Nissin's basic philosophy is to provide safe foods that consumers can enjoy without worry. In recent years, a high incidence of disquieting developments, such as avian influenza, bovine spongiform encephalopathy and the problem of residual pesticides in foods, have threatened to undermine food safety. The needs of consumers in regard to food safety have become more sophisticated. To enhance its ability to meet this need, Nissin established the Food Safety Research Institute and continues to strengthen its quality control system. However, Nissin's financial position and fiscal performance could be unfavorably influenced if unusual health-related situations arise in the future that are beyond Nissin's conjecture, or if rumors mar the image of Nissin's products, even though such rumors were based on incidents not directly affecting Nissin's products.

(5) Risk of Natural Disasters

Nissin has manufacturing facilities in Ibaraki, Shizuoka, Shiga and Yamaguchi prefectures. If a natural disaster, such as a large-scale earthquake or flooding from a typhoon, were to occur and manufacturing facilities incurred damage, Nissin's production structure as well as its financial position and fiscal performance could suffer because, for example, an interruption in operations would reduce output and repairs to facilities and equipment would raise expenses.

(6) Risk of Product Liability

As a food maker, Nissin believes its mission is to provide safe, worry-free products to consumers and therefore applies strict quality control standards to its manufacturing activities. In addition, the Food Safety Research Institute studies ways to ensure the safety of raw materials and strives to reinforce quality control systems at each manufacturing facility. Nissin also endeavors to lessen the potential of product liability claims to affect its financial position, and therefore is insured against product liability. However, if an accident occurs through product liability and a situation arises wherein Nissin must recall certain products, the insurance carried by Nissin may not be sufficient to cover all claims. A tarnished reputation in society and a weakened corporate image could erode consumers' willingness to buy Nissin's products. This situation could hurt Nissin's financial position and its fiscal performance.

(7) Subsidiary and Affiliate Risks

The Company's overseas operations comprise local production and local marketing companies, which produce food products including instant noodles, and are run by subsidiaries and affiliates. If political unrest or international disputes arise in the regions where Nissin's subsidiaries and affiliates operate, or if issues threaten to undermine food

safety, or if legal controls in certain countries create a situation that hinders production activities, then the financial position and fiscal performance of Nissin could suffer.

(8) Risk Related to Retirement Benefits Accounting

Costs and obligations pertaining to retirement benefits are determined based on discount rates and other predetermined criteria used in actuarial calculations, and expected rate of return on pension assets. If actual results differ from predetermined criteria, or if predetermined criteria are amended, the actuarial difference is charged to the income of the fiscal year following the one in which the difference occurred. Although the actual return on pension assets has shown its trend of recovery, if a decline in discount rates and/or returns on the pension assets persists, Nissin will have to carry a higher burden of pension-related costs, and this could hurt the Nissin's financial position and its fiscal performance.

(9) Risk of Declining Market Values on Marketable Securities

Nissin invests in marketable securities to ensure efficient application of funds and thereby maintain the integrity of principal. However, Nissin's financial position and fiscal performance could be adversely affected if worsening market conditions cause market values to decline or sluggish performances by equity investments force Nissin to apply the accounting for impairment.

(10) Risk Related to Information Systems

Nissin uses computers to process and store information on production, sales and administration. Nissin adopted all possible measures to safeguard these information systems from computer virus-induced crashes, damage by hackers, and the risk of a breach in information security. However, Nissin's financial position and fiscal performance could be adversely affected if Nissin's systems were damaged and/or if data were leaked outside the organization, due to illegal access to the systems by unauthorized individuals through technologies that Nissin has not envisioned, or unknown computer virus getting through established safeguards.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2006		As of March 31, 2005		Increase (decrease)
ASSETS					
I Current assets	160,496	43.8%	133,147	36.9%	27,348
Cash and deposits	45,116		60,957		
Notes and accounts receivable - trade	37,654		38,890		
Marketable securities	56,994		13,127		
Inventories	12,708		12,355		
Deferred income taxes	6,389		6,100		
Other current assets	1,890		2,054		
Less: Allowance for doubtful receivables	(258)		(338)		
II Fixed assets	206,305	56.2	227,957	63.1	(21,652)
Tangible fixed assets:	69,019	18.8	75,332	20.9	(6,313)
Buildings and structures	25,608		27,138		
Machinery, equipment and vehicles	14,848		15,982		
Tools and fixtures	1,375		1,319		
Land	25,881		28,545		
Construction in progress	720		349		
Other	585		1,995		
Intangible fixed assets	445	0.1	771	0.2	(325)
Investments and other assets:	136,840	37.3	151,853	42.0	(15,013)
Investment securities	120,493		129,960		
Investments	10,043		12,610		
Long-term loans	180		215		
Deferred income taxes	275		4,239		
Deferred income taxes on land revaluation	—		1,594		
Other investments and other assets	6,015		3,396		
Allowance for doubtful receivables	(168)		(162)		
Total assets	366,801	100.0%	361,104	100.0%	5,696

(Millions of yen)

	As of March 31, 2006		As of March 31, 2005		Increase (decrease)
LIABILITIES					
I Current liabilities	78,091	21.3%	76,816	21.2%	1,275
Notes and accounts payable - trade	34,666		33,682		
Short-term borrowings	2,853		3,038		
Accrued payables	19,068		19,498		
Accrued income taxes	8,186		7,565		
Other current liabilities	13,316		13,031		
II Long-term liabilities	18,975	5.1	19,414	5.4	(438)
Deferred income taxes on land revaluation	3,510		—		
Accrued retirement benefits to employees	11,660		13,580		
Accrued retirement benefits to directors and statutory auditors	1,799		5,517		
Other long-term liabilities	2,004		316		
Total liabilities	97,066	26.4	96,230	26.6	836
MINORITY INTERESTS					
Minority interests	6,535	1.8	6,735	1.9	(200)
SHAREHOLDERS' EQUITY					
I Common stock	25,122	6.9	25,122	7.0	—
II Capital surplus	48,385	13.2	48,370	13.4	15
III Retained earnings	203,797	55.6	193,926	53.7	9,870
IV Land revaluation reserve	(7,568)	(2.1)	(2,359)	(0.7)	(5,209)
V Net unrealized holding gain on securities	9,899	2.7	6,114	1.7	3,784
VI Translation adjustments	242	0.1	(3,282)	(0.8)	3,524
VII Less treasury stock, at cost	(16,679)	(4.6)	(9,753)	(2.8)	(6,925)
Total shareholders' equity	263,199	71.8	258,138	71.5	5,060
Total liabilities, minority interests and shareholders' equity	366,801	100.0%	361,104	100.0%	5,696

(2) Consolidated Statements of Income

(Millions of yen)

	Year Ended March 31, 2006		Year Ended March 31, 2005		Increase (decrease)
I Net sales	321,700	100.0%	316,972	100.0%	4,727
II Cost of sales	158,209	49.2	156,876	49.5	1,332
Gross profit	163,491	50.8	160,095	50.5	3,395
III Selling, general and administrative expenses	131,512	40.9	131,133	41.4	378
Operating income	31,979	9.9	28,962	9.1	3,016
IV Non-operating income	7,853	2.5	4,454	1.4	3,398
Interest income	1,741		1,335		
Dividend income	1,324		1,202		
Gain on sales of marketable securities	3,072		374		
Equity in earnings of affiliates	485		427		
Foreign currency exchange gains	625		593		
Other non-operating income	604		520		
V Non-operating expenses	307	0.1	234	0.0	73
Interest expenses	40		43		
Loss on sales of securities	188		25		
Loss on devaluation of securities	—		3		
Non-operating taxes	—		101		
Other non-operating expenses	78		59		
Ordinary income	39,526	12.3	33,183	10.5	6,342
VI Extraordinary gains	343	0.1	294	0.1	49
Gain on sales of fixed assets	7		75		
Gain on sale of investments in securities	193		—		
Gain on liquidation of an affiliate	51		—		
Reimbursement of previous-term special retirement benefits	—		138		
Collection of receivables written-off	—		0		
Reimbursement of allowance for doubtful receivables	67		—		
Other extraordinary gains	23		80		
VII Extraordinary losses	10,057	3.1	6,405	2.0	3,652
Loss on sales of fixed assets	9		8		
Loss on disposal of fixed assets	279		304		
Loss on impairment of fixed assets	5,631		—		
Loss on devaluation of investments in securities	424		112		
Loss on revaluation of investments	2,556		—		
Loss on valuation of investments in affiliates	772		1,075		
Loss on liquidation of an affiliate	—		608		
Provision for accrued retirement benefits to directors and statutory auditors	—		3,569		
Loss on prior year adjustments	—		557		
Bad debt loss	2		84		
Other extraordinary losses	381		85		
Income before income taxes and minority interests	29,811	9.3	27,072	8.6	2,739
Current income taxes	11,568	3.6	11,629	3.7	(60)
Deferred income taxes	2,900	0.9	(1,385)	(0.4)	4,285
Minority interests in (loss) earnings of consolidated subsidiaries	(45)	(0.0)	216	0.1	(262)
Net income	15,388	4.8	16,611	5.2	(1,223)

(3) Consolidated Statements of Retained Earnings

(Millions of yen)

	Year Ended March 31, 2006	Year Ended March 31, 2005
CAPITAL SURPLUS		
I Capital surplus at beginning of the year	48,370	48,370
II Increase in capital surplus	15	0
Merger reserve	15	—
Gain on disposal of treasury stock	0	0
III Capital surplus at end of the year	48,385	48,370
RETAINED EARNINGS		
I Retained earnings at beginning of the year	193,926	180,876
II Increase in retained earnings	15,450	16,778
Net income	15,388	16,611
Reversal of land revaluation reserve due to the adjustment to deferred tax assets	62	166
III Decrease in retained earnings	5,579	3,729
Cash dividends paid	5,552	3,702
Bonuses to directors	27	27
IV Retained earnings at end of the year	203,797	193,926

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year Ended March 31, 2006	Year Ended March 31, 2005
I Cash flows from operating activities		
Income before income taxes and minority interests	29,811	27,072
Depreciation and amortization	5,976	6,674
Loss on impairment of fixed assets	5,631	—
(Decrease) increase in allowance for doubtful receivables	(92)	122
(Decrease) increase in accrued retirement benefits to employees	(2,144)	(643)
(Decrease) increase in accrued retirement benefits to directors and statutory auditors	(3,717)	3,877
Interest and dividend income	(3,065)	(2,538)
Interest expenses	40	43
Foreign currency exchange (gain) loss	(103)	1
Equity in earnings of affiliates	(485)	(427)
Loss on disposal and sales of property, plant and equipment	280	237
Gain on sales of marketable securities and investments in securities and others	(3,078)	(349)
Loss on valuation of marketable securities and investments in securities and others	3,790	1,192
Loss on revaluation of golf club memberships	10	0
Gain from collection of written-off receivables	—	(0)
Decrease in trade notes and accounts receivable	2,051	559
Decrease (increase) in inventories	322	(501)
Increase (decrease) in trade notes and accounts payable	233	(497)
Increase (decrease) in accrued consumption tax	155	(424)
Bonuses to directors	(27)	(27)
Other	(654)	705
Subtotal	34,937	35,077
Interest and dividends received	2,739	2,683
Interest paid	(40)	(43)
Collection of receivables written-off	—	0
Income taxes paid	(11,000)	(7,457)
Net cash provided by operating activities	26,635	30,259
II Cash flows from investing activities		
Increase in time deposits	(2,614)	(2,000)
Proceeds from redemption of time deposits	—	353
Payment for purchases of marketable securities	(31,064)	(1,000)
Proceeds from sales and redemption of marketable securities	12,452	3,789
Payment for purchases of property, plant and equipment and others	(3,124)	(3,061)
Proceeds from sales of property, plant and equipment and others	49	1,501
Payment for purchases of investments in securities	(45,834)	(38,005)
Proceeds from sales and redemption of investments in securities	50,033	8,307
Payment for purchases of additional shares of consolidated subsidiaries and others	—	(265)
Expenditure of loans receivable	(0)	—
Decrease in loans receivable	34	31
Net cash used in investing activities	(20,068)	(30,348)
III Cash flows from financing activities		
Proceeds from short-term borrowings	839	—
Repayment of short-term borrowings	(1,204)	(2,071)
Proceeds from issuance of long-term debt	—	86
Repayment of long-term debt	(83)	—
Repurchase of treasury stocks less sales	(6,925)	(8)
Cash dividends paid	(5,552)	(3,702)
Cash dividends paid to minority shareholders	(13)	(13)
Net cash used in financing activities	(12,940)	(5,708)
IV Effect of exchange rate changes on cash and cash equivalents	1,500	(16)
V Net decrease in cash and cash equivalents	(4,871)	(5,813)
VI Cash and cash equivalents at beginning of the year	66,326	72,140
VII Increase in cash and cash equivalents arising from initial consolidation of subsidiaries	109	—
VIII Increase in cash and cash equivalents resulting from merger of a consolidated subsidiary with an unconsolidated subsidiary	5	—
IX Cash and cash equivalents at end of the year	61,570	66,326