ANNUAL REPORT 2006

Year ended March 31, 2006

Toyo Suisan Kaisha, Ltd.

Since its debut in 1962, the *Maruchan* mark has become widely recognized and loved as the symbol for Toyo Suisan's processed foods among every Japanese age group ranging from small children to the elderly. In 1972, Toyo Suisan established a local subsidiary in the United States and began manufacturing and selling products for North America. In 1977, Toyo Suisan initiated production and sales of instant noodles in China. Accordingly, products featuring the *Maruchan* label are highly acclaimed for their flavor both domestically and overseas.

CORPORATE PROFILE

Toyo Suisan Kaisha, Ltd. ("the Company") was established in 1953 as an exporter, domestic buyer and distributor of marine products. The Company entered the cold-storage business in 1955 and began producing and selling such processed marine food products as fish sausage in 1956. Toyo Suisan and its consolidated subsidiaries ("the Group") subsequently expanded operations into such other business fields as instant noodles, fresh noodles and frozen foods. At present, besides consumer foods for home use, we also provide a diverse range of delicious, easy-preparation food products for the commercial food service industry, including restaurants, specialty stores and industrial food service.

Based on Toyo Suisan's corporate stance of "striving to deliver the most wholesome bounty of the earth to the dining table," the Company is undertaking efforts to ensure careful selection of only the choicest foods and to create products that preserve the flavor of ingredients. We are also striving to build an optimally functional logistics system, achieve consistent quality and sanitation controls and undertake R&D efforts to develop new flavors in response to next-generation needs.

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In this annual report, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ materially from those anticipated in these statements.

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES

Consolidated Financial Highlights

Years ended March 31, 2005 and 2006

Dollar amounts represent translations at the rate of ¥117.48=U.S.$1, the rate prevailing on March 31, 2006.

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
For the year :			
Net sales	¥307,561	¥325,680	$2,772,217
Operating income	20,246	19,936	169,697
Net income	11,967	13,814	117,586
At year-end :			
Total assets	¥220,192	¥223,306	$1,900,800
sharholders' equity	120,450	137,566	1,170,974
Per share of common stock :			
(in yen and U.S. dollars)			
Net income	¥ 110.5	¥ 127.7	$ 1.09
Cash dividends	15.0	20.0	0.17

TO OUR SHAREHOLDERS

I would like to begin by expressing my sincere appreciation for our shareholders' continued support.
It is our great pleasure to report on the business results for Toyo Suisan Kaisha, Ltd. for fiscal year 2006 ended March 31, 2006.
In a severe operating environment, the Toyo Suisan Group will seek to enhance its competitiveness for continued development and to carry out swift reform.
We will also strive to win the support and trust of our customers, to improve corporate value and to boost shareholder value.

Operating results for the year through March 2006

In the consolidated fiscal year under review, the Japanese economy showed some signs of mild recovery, with increased capital investment and improved employment and income conditions accompanying an increase in corporate earnings. However, as oil prices remained at a high level, some uncertainty about future economic trends remains.
The food industry has seen a continued decline in unit product prices and intensifying sales competition. Partly because of the impact of a reduction in the fixed-rate tax cut and a rise in the social insurance premiums, there has not been a full-fledged turnaround in consumer confidence. Consumers have become increasingly concerned about food safety as the BSE issue in the United States resurfaced and the food industry has been urged to further tighten quality controls.
In this environment, the Company has been dedicating itself to "contributing to society through foodstuffs" and "providing customers with safe and secure food and services." During the fiscal year under review, we established a General Laboratory and upgraded equipment to expand development capacity and enhancing quality. To deal with the harsh sales competition, we also endeavored to further reduce production costs and actively implement marketing activities.
As a result, consolidated net sales increased 5.9% from the preceding fiscal year, to 325,680 million yen in the term under review. Consolidated operating income fell 1.5% year-on-year, to 19,936 million yen. Consolidated net income totaled 13,814 million yen, rising 15.4% year-on-year.
In closing, I would like to thank our shareholders for your understanding of the Group's activities and to ask for your continued support.

June 2006

Tadasu Tsutsumi
President

Men-Zukuri

Uncompromising pursuit of great taste in development of the long-selling *Men-Zukuri* series has stimulated the non-fried noodles market!

Boasting smoothness and slightly firm texture, the *Men-Zukuri* series was developed 14 years ago in our pursuit of unrivalled noodles made with superb ingredients and broth. Today *Men-Zukuri* is a long-seller that has activated the market for bowl-style non-fried noodle products and is seeing continued growth as a brand loved by consumers.

Difference Between Fried Noodles and Non-Fried Noodles

Among instant noodles, fried noodles are produced by quickly frying noodles in oil at a temperature of 140–150 degrees centigrade for a short time (1–2 minutes) to reduce the moisture content from 30–40% to 3–6%. Non-fried noodles are produced without frying in oil. To dry the noodles, they are exposed for a long time to heated air in an environment with carefully controlled temperature and humidity. This method produces a moist texture. After the heating process, the noodles are exposed to cold air for cooling.

Seeking Better Tasting Noodles

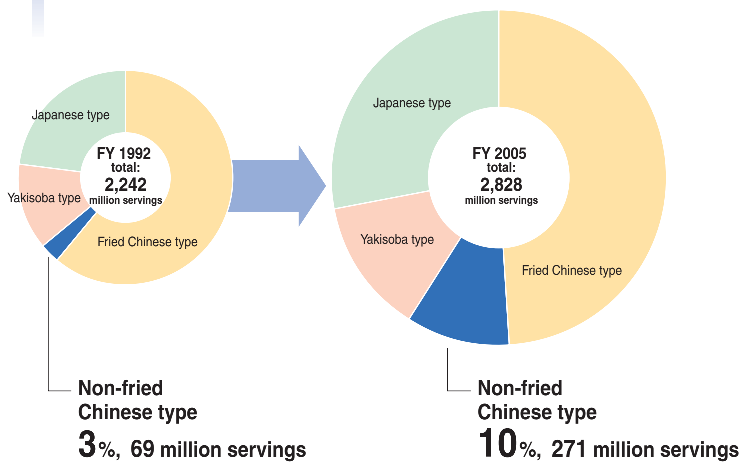
Men-Zukuri was created with thorough attention to each production process, including the blending of ingredients, kneading, steaming and drying. Unique to this series, meticulous calculation and adjustment are used as we combine sodium carbonate, water and salt, which is mixed with the carefully selected wheat flour (the key ingredient of the noodles). The dough is then kneaded and rolled with the same attentive care used in mixing ingredients, which is critical to the optimal firmness of the noodles. The noodles are dried for a long period in a drying room where temperature and humidity are controlled at optimal levels. This process results in a more natural texture matching that of fresh noodles.

Market Data

Substantial Increase in Demand for Non-fried Chinese Noodles *Men-Zukuri* Continues its Steady Growth.

In fiscal year 2005, 10% (or 271 million servings) of the cup style noodle products examined for JAS approval were non-fried Chinese noodles (see Fig. 1 to the right). *Men-Zukuri* belongs in this category. The number of servings and the share of the noodles in this group have grown substantially since fiscal 1992, when the long-selling *Men-Zukuri* series was released. Since then, *Men-Zukuri* has continued its steady growth (see Fig. 2 to the right for a breakdown of the market for non-fried cup style Chinese noodles priced at 155 yen in fiscal 2005) and is now the leading non-fried cup style noodle brand. Given the consumer trend toward healthy goods and services, we expect demand to expand further in the non-fried cup style noodles market and *Men-Zukuri* should continue to grow along with the market.

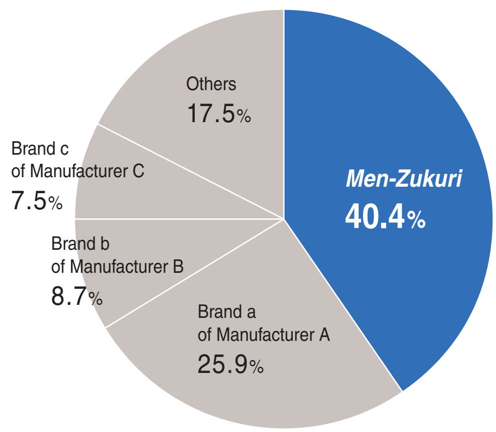
Fig. 1:
Total Cup Style Noodles Examined for JAS Approval



The JAS examination reviews products to determine if they comply with JAS standards formulated by the Ministry of Agriculture, Forestry and Fisheries. The change in the number of products examined shows the trend for different product categories.

Fig. 2:
Breakdown of the Market for Non-fried Cup Style Chinese Noodles Priced at 155 yen in Fiscal 2005

Source: Intage Inc., 2004 MFI Data
Nationwide sales volume in all business categories
April 2005–March 2006

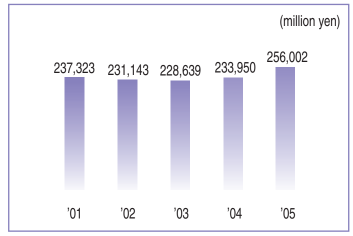


OUR PRODUCTS LINEUP FOR OVERSEAS MARKET

REVIEW OF OPERATIONS

Processed Foods Division

Sales 256,002 million yen



In domestic instant noodle operations, the main business of the Processed Foods Division, the mainstay cup style noodle products such as *Akai Kitsune Udon* and *Midori No Tanuki Tensoba* as well as Japanese noodles including *Atsu Atsu Tonjiru Udon* and newly released *Sansai Rangiri Soba* saw substantial sales growth. The mainstay non-fried noodle product, *Men-Zukuri*, also recorded a healthy performance, as sales increased following an upgrade to the containers and other features in October 2005. Among convenience store products, large upright cup style noodles showed particularly stable sales. Overall cup style noodle revenue rose from a year earlier.

Packaged noodles also saw an increase in overall sales thanks to the steady results of the major *Mukashi Nagara* and *Yatai Juhachiban* series. Together with robust sales of wonton products, the entire instant noodle business successfully increased revenues.

The fresh noodle business achieved higher overall sales than in the preceding year. Factors such as favorable weather conditions with clear seasonal temperature differentials and newly released and revamped products helped this category post favorable sales results.

Sales in the chilled food business were nearly unchanged from the preceding year. Despite brisk sales of chilled noodles and chilled ingredients for commercial use, sales of chilled vegetables declined.

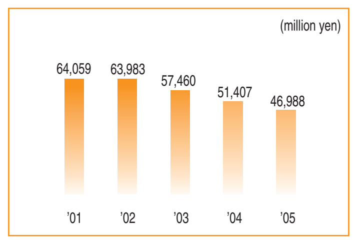
In the rice business, sales promotion activities for the sterilized rice product *Attaka Gohan* and the pouch rice product *Attaka Sekihan* were enhanced, and the products saw more rapid growth than that of the rice product market.

In addition, as the market of cup style soup is broadening, the soup business introduced a cup style *Mozuku-Mekabu-Yasai Tamago* soup for convenience stores as part of the *Sozai No Chikara* series. As a result, the soup business achieved an increase in sales and domestic sales for the division were generally strong.

Outside of Japan, the instant noodle business in the United States continued to post positive sales results contributing to overseas sales. Overall, the Processed Foods Division posted net sales of 256,002 million yen, up 9.4% from the preceding consolidated fiscal year. Despite a hike in raw material prices, operating income rose 2.6% from a year earlier, to 17,631 million yen, chiefly because of growth in sales volume and lower production costs.

Seafood Division

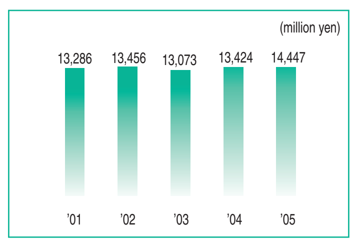
Sales 46,988 million yen



In the Seafood Division, net sales declined 8.6% from the previous consolidated fiscal year, to 46,988 million yen. With the weakening yen and soaring crude oil prices, raw material prices moved higher. This slowed the fishery market and caused a drop in trading volume. Operating income fell 65.7% from a year earlier, to 468 million yen. While the decline in income from high value-added products, such as fish eggs, salmon and trout, was only slight, profit from mackerel products and squid products saw a larger decrease. There was a sharp rise in raw material prices for mackerel products. A poor squid catch led to a smaller trading volume.

Cold-Storage Division

Sales 14,447 million yen



In a difficult environment of slowing cargo movement and freight turnover, the Cold-Storage Division boosted sales activities and handled a greater volume of cargo. Thanks to a shift to handling highly profitable cargo, net sales in the division rose 7.6 % from the preceding consolidated fiscal year, to 14,447 million yen and operating income soared 41.5% year-on-year, to 981 million yen.

Other Business Division

Sales 8,241 million yen

The Other Business Division engages primarily in the manufacture and sale of cosmetics, the sale of imported beef and imported processed foods and the leasing of real estate. Sales of cosmetics by domestic consolidated subsidiaries dropped. The real estate leasing business also suffered a decrease in sales as a warehouse leasing contract was cancelled after the sell-off of the refrigerated warehouse of Higashi Shinagawa. Slackened beef demand resulted in decreased sales of domestic consolidated subsidiaries that import and sell Canadian and US beef. As a result, net sales in this division declined 6.1% year-on-year, to 8,241 million yen, and operating income slipped 14.6% from a year earlier, to 849 million yen.

CORPORATE GOVERNANCE

Toyo Suisan's Basic Stance Concerning Corporate Governance

Toyo Suisan is highly cognizant of the impact that accurate and rapid decision-making will have on the future growth potential of the Company. Subsequently, management believes that there is a need for clarifying the responsibilities of directors as well as the lines of accountability within with each business. In the future, Toyo Suisan plans to develop a more transparent and fluid form of corporate governance to address this need.

Gains in Implementing Corporate Governance

Toyo Suisan employs the Auditor System. The managerial decision-making body is the Board of Directors, which is headed by 13 members, who are all directors from within the Company. There are also four Corporate Auditors, two of whom are selected from outside the Company, who provide advice and counsel to the Board of Directors.

BOARD OF DIRECTORS AND CORPORATE AUDITORS

As of June 29, 2006

Chairman

Kiyoshi Fukagawa

President

Tadasu Tsutsumi

Senior Managing Directors

Mutsuhiko Oda

Managing Directors

Yasuo Inoue
Katsuro Narutaki

Directors

Kyoji Kubo
Jinichi Mera
Fumio Taniguchi
Katsuhide Sato
Hiroshi Yamauchi
Toru Yamashita
Hiroyuki Minami
Kenji Sugawara

Corporate Auditors

Katsuhisa Kitamura
Moriyuki Minami
Akira Takara
Isamu Mori

CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2005 AND 2006

ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2006	2006
Current assets:			
Cash on hand and at banks (Note 3)	¥ 31,686	¥ 33,093	$ 281,691
Notes and accounts receivable -			
Trade	41,327	42,908	365,237
Unconsolidated subsidiaries and affiliates	227	205	1,745
Other	1,295	1,315	11,193
Less: Allowance for doubtful accounts	(1,523)	(63)	(536)
	41,326	44,365	377,639
Inventories	21,660	21,738	185,036
Deferred income tax assets (Note 12)	2,164	2,106	17,926
Other current assets	4,114	1,765	15,023
Total current assets	100,950	103,067	877,315
Property, plant and equipment (Note 6 and 10):			
Buildings and structures	95,052	96,561	821,936
Machinery and equipment	73,916	77,927	663,321
	168,968	174,488	1,485,257
Less: Accumulated depreciation	(106,081)	(111,374)	(948,025)
	62,887	63,114	537,232
Land	33,402	31,228	265,815
Construction in progress	1,115	2,095	17,833
Total property, plant and equipment	97,404	96,437	820,880
Intangible assets	2,636	2,402	20,446
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	2,137	3,146	26,779
Investments in securities (Note 4)	13,549	15,576	132,584
Deferred income tax assets (Note 12)	2,233	1,323	11,262
Other	1,285	1,356	11,543
Less: Allowance for doubtful accounts	(2)	(1)	(9)
Total investments and other assets	19,202	21,400	182,159
Total assets	¥220,192	¥223,306	$1,900,800

The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	Millions of yen 2005	Millions of yen 2006	Thousands of U.S. dollars (Note 1) 2006
Current liabilities:			
Short-term bank loans (Note 6)	¥ 3,728	**¥ 1,632**	**$ 13,892**
Current portion of long-term debt (Note 6)	20,189	**166**	**1,413**
Notes and accounts payable -			
Trade	18,762	**19,427**	**165,364**
Unconsolidated subsidiaries and affiliates	105	**572**	**4,869**
Other	1,437	**1,932**	**16,446**
	20,304	**21,931**	**186,679**
Income taxes payable	2,584	**4,070**	**34,644**
Accrued expenses	16,318	**17,852**	**151,957**
Other current liabilities	1,378	**922**	**7,848**
Total current liabilities	64,501	**46,573**	**396,433**
Long-term liabilities:			
Long-term debt (Note 6)	10,681	**10,488**	**89,275**
Deferred income tax liabilities (Note 12)	2,206	**5,105**	**43,454**
Reserve for retirement benefits			
–for employees (Note 7)	12,501	**12,695**	**108,061**
–for officers	660	**710**	**6,044**
Other	179	**196**	**1,668**
Total long-term liabilities	26,227	**29,194**	**248,502**
Total liabilities	90,728	**75,767**	**644,935**
Contingent liabilities (Note 15)			
Minority interests in consolidated subsidiaries	9,014	**9,973**	**84,891**
Shareholders' equity (Note 2 (16)):			
Common stock -			
Authorized: 427,000,000 shares in 2005 and 2006			
Issued: 110,881,044 shares in 2005 and 2006	18,969	**18,969**	**161,466**
Capital surplus	20,155	**20,155**	**171,561**
Retained earnings	86,160	**98,366**	**837,300**
Adjustment on foreign currency translation (Note 2 (4))	(3,592)	**(949)**	**(8,078)**
Net unrealized gain on other securities (Notes 2 (6) and 4)	1,684	**4,074**	**34,678**
Treasury stock at cost			
Held by the company:			
1,604,105 shares in 2005, 1,646,596 shares in 2006			
Owned by consolidated subsidiaries and affiliates:			
1,738,601 shares in 2005, 1,751,962 shares in 2006	(2,926)	**(3,049)**	**(25,953)**
Total shareholders' equity	120,450	**137,566**	**1,170,974**
Total liabilities and shareholders' equity	¥220,192	**¥223,306**	**$1,900,800**

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED MARCH 31, 2005 AND 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	**2006**	**2006**
Net sales (Note 16)	¥307,561	**¥325,680**	**$2,772,217**
Cost of sales (Note 8)	197,773	**207,906**	**1,769,714**
Gross profit	109,788	**117,774**	**1,002,503**
Selling, general and administrative expenses (Notes 8)	89,542	**97,838**	**832,806**
Operating income (Note 16)	20,246	**19,936**	**169,697**
Non-operating income (expenses):			
Interest and dividends income	339	**898**	**7,644**
Interest expenses	(611)	**(391)**	**(3,328)**
Exchange gain (loss)	(127)	**171**	**1,455**
Gain (Loss) on sales or disposal of property, plant and equipment, net	(578)	**4,126**	**35,121**
Gain on sales of investments in securities, net (Note 4)	269	**283**	**2,409**
Reversal of allowance for doubtful accounts	148	**5**	**42**
Gain on the transfer of the substitutional portion of pension liabilities (Note 7)	6,934	–	**–**
Reversal of reserve for loss on guarantees (Note 9)	816	–	**–**
Write-down of investments in securities	(1,337)	**(828)**	**(7,048)**
Liquidation losses on investments in unconsolidated subsidiaries and affiliates (Note 11)	(994)	–	**–**
Impairment losses on fixed assets (Note 10 and 16)	(1,421)	–	**–**
Allowance for doubtful accounts (Note 9)	(798)	–	**–**
Other, net	195	**595**	**5,065**
	2,835	**4,859**	**41,360**
Income before income taxes and minority interests	23,081	**24,795**	**211,057**
Income taxes (Note 12):			
Current	6,339	**7,995**	**68,054**
Deferred	3,316	**1,828**	**15,560**
	9,655	**9,823**	**83,614**
Income before minority interests	13,426	**14,972**	**127,443**
Minority interests in subsidiaries	(1,459)	**(1,158)**	**(9,857)**
Net income	¥ 11,967	**¥ 13,814**	**$ 117,586**

	Yen		U.S. dollars (Note 1)
Amounts per share of common stock (Notes 2 (18) and 13):			
Net income – primary	¥110.5	**¥127.7**	**$1.09**
Cash dividends applicable to the year	15.0	**20.0**	**0.17**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED MARCH 31, 2005 AND 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	**2006**	**2006**
Common stock:			
Balance at beginning and end of year	¥18,969	**¥18,969**	**$161,466**
Capital surplus:			
Balance at beginning and end of year	¥20,155	**¥20,155**	**$171,561**
Retained earnings:			
Balance at beginning of year	¥75,483	**¥86,160**	**$733,401**
Net income	11,967	**13,814**	**117,586**
Appropriations (Note 2 (17)):			
Cash dividends	(1,229)	**(1,537)**	**(13,083)**
Directors' bonuses	(55)	**(53)**	**(451)**
Corporate auditors' bonuses	(6)	**(6)**	**(51)**
Decrease due to subsidiaries newly included in consolidation	–	**(12)**	**(102)**
Balance at end of year	¥86,160	**¥98,366**	**$837,300**
Adjustment on foreign currency translation:			
Balance at beginning of year	¥ (3,904)	**¥ (3,592)**	**$ (30,575)**
Change for the year	312	**2,643**	**22,497**
Balance at end of year	¥ (3,592)	**¥ (949)**	**$ (8,078)**
Net unrealized gain on other securities:			
Balance at beginning of year	¥ 1,375	**¥ 1,684**	**$ 14,334**
Change for the year	309	**2,390**	**20,344**
Balance at end of year	¥ 1,684	**¥ 4,074**	**$ 34,678**
Treasury stock at cost:			
Balance at beginning of year	¥ (2,853)	**¥ (2,926)**	**$ (24,906)**
Acquisition	(90)	**(78)**	**(664)**
Adjustment to minority interests in consolidated subsidiaries	17	**(45)**	**(383)**
Balance at end of year	¥ (2,926)	**¥ (3,049)**	**$ (25,953)**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2005 AND 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2006	2006
Cash flows from operating activities:			
Income before income taxes and minority interests	¥23,081	¥24,795	$211,057
Depreciation and amortization	8,396	8,755	74,523
Impairment losses on fixed assets	1,421	–	–
Amortization of goodwill	30	262	2,230
Equity in gain under the equity method	(37)	(237)	(2,017)
Gain on sales of investments in securities, net	(269)	(283)	(2,409)
Write-down of investments in securities	1,337	828	7,048
Increase (Decrease) in reserve for retirement benefits	(9,176)	242	2,060
(Decrease) Increase in allowance for doubtful accounts	425	(821)	(6,988)
Interest and dividends income	(339)	(898)	(7,644)
Interest expenses	611	391	3,328
Reversal of reserve for loss on guarantees	(816)	–	
Exchange loss	19	16	136
(Gain) Loss on sales or disposal of property, plant and equipment, net	578	(4,126)	(35,121)
Liquidation losses on investments in unconsolidated subsidiaries and affiliates	994	–	–
Increase in notes and accounts receivable, trade	(848)	(1,192)	(10,146)
Increase in inventories	(766)	(126)	(1,073)
Increase (Decrease) in notes and accounts payable, trade	(84)	1,184	10,078
Increase in accrued expenses	196	1,296	11,032
Other, net	(113)	(184)	(1,566)
Sub-total	24,640	29,902	254,528
Interest and dividends income received	250	914	7,780
Interest expenses paid	(613)	(423)	(3,601)
Income taxes paid	(7,168)	(6,527)	(55,558)
Net cash provided by operating activities	17,109	23,866	203,149
Cash flows from investing activities:			
Payment for purchase of time deposits	(1,994)	(5,083)	(43,267)
Proceeds from maturities of time deposits	3,298	6,845	58,265
Payment for purchase of property, plant and equipment	(7,364)	(9,537)	(81,180)
Proceeds from sales of property, plant and equipment	1,253	9,064	77,154
Payment for purchase of investments in securities	(643)	(754)	(6,418)
Proceeds from sales of investments in securities	581	1,176	10,011
Payment for loans receivable	(5,060)	(2,038)	(17,348)
Collection of loans receivable	4,191	2,848	24,242
Payment for purchase of intangible assets	(735)	(295)	(2,511)
Other, net	82	13	111
Net cash provided by (used in) investing activities	(6,391)	2,239	19,059
Cash flows from financing activities:			
Proceeds from short-term loans	2,764	4,185	35,623
Repayment of short-term loans	(7,482)	(5,741)	(48,868)
Repayment of long-term debt	(565)	(20,217)	(172,089)
Dividends paid by parent company	(1,227)	(1,542)	(13,126)
Payment for purchase of treasury stock	(72)	(78)	(664)
Other, net	(159)	(165)	(1,404)
Net cash used in financing activities	(6,741)	(23,558)	(200,528)
Effect of exchange rate changes on cash and cash equivalents	87	469	3,992
Net increase in cash and cash equivalents	4,064	3,016	25,672
Cash and cash equivalents at beginning of year	25,745	29,809	253,737
Increase in cash and cash equivalents due to subsidiaries newly consolidated	–	1	9
Cash and cash equivalents at end of year (Note 3)	¥29,809	¥32,826	$279,418

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presenting the consolidated financial statements:

Toyo Suisan Kaisha, Ltd. (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles and practices generally accepted and applied in Japan ("Japanese GAAP"), and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile. The accompanying consolidated financial statements have been prepared from the financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan.

Certain Japanese GAAP are different from International Financial Reporting Standards and standards in other countries in certain respects as to application and disclosure requirements.

Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetic results of translating Japanese yen into U.S. dollars at ¥117.48=U.S. $ 1.00, the approximate exchange rate on March 31, 2006. The inclusion of such U.S. dollar amounts is solely for the convenience of readers outside Japan and is not intended to imply that Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at the above or any other rate.

2. Summary of significant accounting policies:

(1) Scope of consolidation –

The Company has 38 subsidiaries as of March 31, 2006 (40 as of March 31, 2005). The accompanying consolidated financial statements include the accounts of the Company and its 24 (23 as of March 31, 2005) subsidiaries. The subsidiaries that are substantially controlled by the parent company are consolidated.

The 24 significant subsidiaries which have been consolidated with the Company are listed below:

Name of subsidiary	Equity ownership percentage
Hachinohe Toyo Co., Ltd.	100.0%
Kofu Toyo Co., Ltd.	100.0
Fukushima Foods Co., Ltd.	51.8
Toyo Reito Kaisha, Ltd.	100.0
Sanriku Toyo Kaisha, Ltd.	100.0
Shuetsu Co., Ltd.	93.5
Shinto Corporation	100.0
Rosette Co., Ltd.	100.0
Tobu Boeki K.K.	100.0
Tsukiji Toyo Kaisha, Ltd.	100.0
Sankyo Food Kogyo Co., Ltd.	100.0
Imari Toyo Co., Ltd.	100.0
Fresh Diner Corporation	100.0
Tokyo Commercial Co., Ltd.	80.9
Choshi Toyo Kaisha, Ltd.	100.0
Yutaka Foods Corporation	40.3
Tago Seihyo Kaisha, Ltd.	56.1
Ishikari Toyo Kaisha, Ltd.	100.0
Mitsuwa Daily Co., Ltd. (*3)	100.0
Maruchan, Inc. (*1)	100.0
Maruchan Virginia, Inc. (*1)	100.0
Maruchan de Mexico, S.A. de C.V. (*2)	100.0
Pac-Maru, Inc. (*1)	100.0
Seafreeze Limited, Partnership (*1)	100.0

(*1) Incorporated in the U.S.A.
(*2) Incorporated in United Mexican States
(*3) Newly consolidated with effect from the year ended March 31, 2006.

(2) Accounting for investments in unconsolidated subsidiaries and affiliates –

The remaining 14 unconsolidated subsidiaries, whose combined assets, net sales, net income and retained earnings in the aggregate are not significant compared to those of the consolidated financial statements of the Company and its consolidated subsidiaries, therefore, have not been consolidated with the Company.

The Company has 14 (17 as of March 31, 2005) unconsolidated subsidiaries and 2 (3 as of March 31, 2005) affiliates as of March 31, 2006.

The affiliate to which the equity method has been applied is listed below:

Name of affiliate	Equity ownership percentage
Semba Tohka Industries Co., Ltd.	26.5%

Major unconsolidated subsidiaries and other affiliates are listed below:

Yaizu Shinto Co., Ltd.
Suruga Toyo Kaisha, Ltd.
Irago Institute Co., Ltd.

The investments in these unconsolidated subsidiaries and affiliates are carried at cost since the effect of applying the equity method of accounting to these companies would not have had any material effect on net income and retained earnings of the consolidated financial statements of the Company and its consolidated subsidiaries.

(3) Consolidation principles –

All of the above consolidated subsidiaries and the affiliate to which the equity method has been applied use a fiscal year ending on March 31 of each year, which is in agreement with the fiscal year of the Company.

Unrealized intercompany profit among the Company and its consolidated subsidiaries is entirely eliminated, and the portion thereof attributable to minority interests is charged to minority interests.

Any difference which may arise in elimination of cost of an investment in a subsidiary and the amount of underlying equity in the net assets of the subsidiary as well as companies accounted for on an equity basis, is deferred and amortized on a straight–line basis over a period of five years from the date of acquisition.

The full portion of the assets and liabilities of the subsidiaries is marked to fair values as of the acquisition of control.

(4) Foreign currency translation –

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.

In addition, the assets and liabilities of the foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. The shareholders' equity other than net income of the current year is translated into Japanese yen at the historical rates. Profit and loss accounts for the year are translated into

Japanese yen using the exchange rates prevailing at the balance sheet date. Differences in yen amounts arising from the use of different rates are presented as adjustment on foreign currency translation in the shareholders' equity.

(5) Cash and cash equivalents –
Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand and at banks able to be withdrawn on demand and short–term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

(6) Securities –
Available-for-sale securities with a market quotation on a stock exchange are valued using the market method. Available-for-sale securities without a market quotation are mainly stated at cost based on the moving-average cost method.

(7) Derivative financial instruments –
Gains or losses arising from changes in the fair value of those derivatives designated as 'hedging instruments' are deferred as an asset or liability. The gains and losses on the hedged items or transactions are included in the net profit or loss when recognized.

The Company and its consolidated subsidiaries hold derivative financial instruments in the form of foreign exchange forward contracts and currency and interest rate swap transactions to hedge against fluctuations in foreign currency exchange rates and interest rates. The Company and its consolidated subsidiaries do not hold or issue derivatives for trading purpose and it is the Company's policy to use derivatives only for the purpose of reducing market risk and financing costs in accordance with internal criteria.

(8) Allowance for doubtful accounts –
The allowance for doubtful accounts is mainly calculated based on the aggregate amount of estimated credit losses on doubtful receivables, plus an amount for receivables other than doubtful receivables calculated using an historical write–off experience ratio from certain prior periods.

(9) Inventories –
Inventories are mainly stated at cost based on the moving–average cost method.

(10) Property, plant and equipment –
Depreciation is computed mainly by the declining–balance method at rates based on the estimated useful lives of assets, except for buildings (excluding leasehold improvement and auxiliary facilities attached to buildings) acquired on and after April 1, 1998 are depreciated using the straight–line method.

The ranges of useful lives are summarized as follows:

Buildings and structures	15 – 50 years
Machinery and equipment	4 – 16 years

The cost of property, plant and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gain or loss is reflected in income. Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(11) Intangible assets –
Amortization is mainly computed using the straight–line method based on the estimated useful lives of the assets.

Software for internal use is amortized over its expected useful life (5 years) using the straight–line method.

(12) Accounting for leases –
Finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are principally accounted for by the method used for ordinary operating leases.

(13) Accounting standard for impairment of fixed assets –
On August 9, 2002, the Business Accounting Council in Japan issued "Accounting Standard for Impairment of Fixed Assets". The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price and value in use.

The standard shall be effective for fiscal years beginning April 1, 2005, and earlier adoption is permitted from fiscal years ended March 31, 2004 as a transition measure.

The Company and its consolidated subsidiaries adopted this accounting standard from September 30, 2004 in accordance with the above transition measure. As a result, income before income taxes and minority interests for the year ended March 31, 2005 decreased by ¥1,421 million.

The accumulated amounts of impairment recognized are deducted from the carrying amount of the respective assets in accordance with Japanese accounting standards.

(14) Reserve for retirement benefits and pension plan –
(a) Retirement benefits for employees
The employees of the Company and its domestic consolidated subsidiaries are generally covered by the retirement benefit plans under which the retiring employees are entitled to pension or lump-sum payments determined by reference to the current rates of pay, length of service and conditions under which the terminations occur.

The balance of the reserve for retirement benefits for employees in the accompanying consolidated balance sheets represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets. The prior service costs are amortized mainly over ten years, which is within the average remaining service period, using the straight–line method from the time when the difference was generated. The unrecognized actuarial differences are amortized using the straight–line method mainly over ten years from the next year in which they arise.

(b) Retirement benefits for officers
The Company and its major domestic consolidated subsidiaries have provided for the accrued cost of retirement benefits to officers at an amount equivalent to 100 per cent of such benefits the Company and subsidiaries would be required to pay if all eligible officers retired at the year-end date. The payments of retirement benefits to officers are subject to approval of the shareholders' meeting.

(15) Income taxes –
The income taxes of the Company and its domestic consolidated subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes.

Income taxes are determined using the assets and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements.

Effective for April 1, 2004, the enterprise tax components attributed to added value and capital are recorded in selling, general and administrative expenses due to the change in the standard enterprise tax component amounts in Japan. Selling, general and administrative expenses therefore increased by ¥233 million for the year ended March 31, 2005 compared with prior year.

As a result, operating income and income before income taxes and minority interests for the year ended March 31, 2005 decreased by the same amount.

(16) Shareholders' Equity –
Under the Commercial Code of Japan, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one–half of the issue price of the new shares as additional paid–in capital, which is included in capital surplus.

Effective October 1, 2001, the Commercial Code provides that an amount equal to at least 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal earnings reserve until the total amount of legal earnings reserve and additional paid–in capital equals 25% of common stock. The total amount of legal earnings reserve and additional paid–in capital of the Company has been reached to 25% of common stock, and therefore the Company is not required to provide legal earnings reserve any more. The legal earnings reserve and additional paid–in capital may be used to eliminate or reduce a deficit by resolution of the shareholders' meeting or may be capitalized by resolution of the Board of Directors. On condition that the total amount of legal earnings reserve and additional paid–in capital remains being equal to or exceeding 25% of common stock, they are available for distribution by the resolution of shareholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying consolidated financial statements.

The maximum amount that the Company can distribute as dividends is calculated based on the non–consolidated financial statements of the Company in accordance with the Commercial Code.

(17) Appropriation of retained earnings –
Under the Japanese Commercial Code and the Articles of Incorporation of the Company, the plan for appropriation of retained earnings (including cash dividend payments) proposed by the Board of Directors should be approved by the shareholders' meeting which must be held within three months of the end of each financial year.

Dividends are paid to shareholders on the shareholders' register at the end of each financial year.

As is customary practice in Japan, the payment of bonuses to directors and corporate auditors, which constitutes a part of the appropriations cited above is made out of retained earnings instead of being charged to income for the year.

(18) Net income and cash dividends per share of common stock –
Net income per share of common stock is based upon the weighted–average number of shares of common stock outstanding during each year. Cash dividends per share represent dividends declared as applicable to the respective period.

(19) Accounting for consumption tax –
Consumption tax is levied at the flat rate of 5% on all domestic consumption of goods and services (with certain exemptions). The consumption tax withheld or paid by the Company and its domestic subsidiaries on its sales and purchases is not included in the amounts of the respective accounts in the consolidated statements of income, but is recorded as an asset or a liability as the case may be, and the net balance is included in other current liabilities on the consolidated balance sheets.

(20) Reclassification –
Certain reclassifications have been made in the 2005 consolidated financial statements to conform to the presentation for 2006.

3. Cash flow information:
Cash and cash equivalents as of March 31, 2005 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Cash on hand and at banks	¥31,686	**¥33,093**	**$281,691**
Time deposits with deposit term of over 3 months	(1,877)	**(267)**	**(2,273)**
Cash and cash equivalents	¥29,809	**¥32,826**	**$279,418**

4. Securities:
(1) Available-for-sale securities with market value as of March 31, 2005 and 2006 are as follows:

	Millions of yen		
	2005		
	Acquisition cost	Book value	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥4,103	¥ 7,827	¥3,724
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	4,352	3,703	(649)
	¥8,455	¥11,530	¥3,075

	Millions of yen		
	2006		
	Acquisition cost	Book value	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥6,283	¥13,602	¥7,319
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	1,418	1,272	(146)
	¥7,701	¥14,874	¥7,173

	Thousands of U.S. dollars		
	2006		
	Acquisition cost	Book value	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	$53,481	$115,781	$62,300
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	12,070	10,827	(1,243)
	$65,551	$126,608	$61,057

(2) Details of available-for-sale securities sold during the years ended March 31, 2005 and 2006 are as follows:

	Millions of yen		
	2005		
	Amount sold	Total gain on sale	Total loss on sale
Equity securities	¥580	¥269	¥0

	Millions of yen		
	2006		
	Amount sold	Total gain on sale	Total loss on sale
Equity securities	¥1,220	¥283	¥0

	Thousands of U.S. dollars		
	2006		
	Amount sold	Total gain on sale	Total loss on sale
Equity securities	$10,385	$2,409	$0

(3) Available-for-sale securities with no market value as of March 31, 2005 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Unlisted equity securities etc.	¥1,109	**¥702**	**$5,976**

(4) The redemption schedule for available-for-sale securities with maturity dates subsequent to March 31, 2006 is as follows:

	Millions of yen			
	Within one year	More than one year, less than five years	More than five years, less than ten years	More than ten years
Bonds	¥–	¥ 20	¥–	¥–
Other	–	100	–	–
Total	¥–	¥120	¥–	¥–

	Thousands of U.S. dollars			
	Within one year	More than one year, less than five years	More than five years, less than ten years	More than ten years
Bonds	$–	$ 170	$–	$–
Other	–	851	–	–
Total	$–	$1,021	$–	$–

5. Derivative financial instruments:

The Company and its consolidated subsidiaries hold derivative financial instruments in the form of foreign exchange forward contracts and currency and interest rate swap transactions to hedge against adverse fluctuations in foreign currency exchange rates and interest rates. The Company and its consolidated subsidiaries do not hold or issue derivatives for trading purpose and it is the Company's policy to use derivatives only for the purpose of reducing market risk and financing costs in accordance with internal criteria. The Company and its consolidated subsidiaries do not anticipate any losses resulting from default by the counter-parties, as these are limited to major domestic financial institutions with sound operational foundations.

The disclosure of fair value information for derivatives as of March 31, 2005 and 2006 is omitted since all derivatives had been accounted for as hedges.

6. Short-term bank loans and long-term debt:

Short-term bank loans outstanding as of March 31, 2006 are generally represented by the notes payable issued by the Company and its consolidated subsidiaries to banks bearing interest at annual rates averaging 2.043%. Customarily, these notes are renewed at maturity subject to renegotiation of interest rates and other factors.

Long-term debt as of March 31, 2005 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Loans from banks and other financial institutions due from 2007 to 2012 with mortgages and collateral, at interest rates averaging 3.879%	¥ 676	**¥ 554**	**$ 4,716**
Loans from banks and other financial institutions due from 2007 to 2012 without mortgages and collateral, at interest rates averaging 0.117%	194	**100**	**851**
2.45% bonds due June 24, 2005 issued by the Company	10,000	**–**	**–**
1.06% bonds due February 15, 2006 issued by the Company	10,000	**–**	**–**
1.44% bonds due February 15, 2008 issued by the Company	10,000	**10,000**	**85,121**
	30,870	**10,654**	**90,688**
Less amount due within one year	(20,189)	**(166)**	**(1,413)**
	¥10,681	**¥10,488**	**$89,275**

The assets pledged as collateral and collective mortgages for long-term debt and short-term debt as of March 31, 2005 and 2006 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Property, plant and equipment, net of accumulated depreciation:			
Buildings and structures	¥493	**¥362**	**$3,081**
Machinery and equipment	32	**–**	**–**
Intangible assets (land lease rights)	163	**–**	**–**
	¥688	**¥362**	**$3,081**

The aggregate annual maturities of long-term loans from banks and other financial institutions subsequent to March 31, 2006 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2007	¥166	$1,413
2008	147	1,251
2009	143	1,217
2010	82	698
2011 and thereafter	116	988
	¥654	$5,567

7. Reserve for retirement benefits and pension plan:

The Company and certain of its domestic consolidated subsidiaries have 1) defined benefit pension plans, 2) tax qualified pension plans and 3) lump-sum severance payment plans as defined benefit retirement plans covering substantially all employees. Moreover, the premium retirement payments are paid for the retirement of employees under certain circumstances.

The reserves for retirement benefits as of March 31, 2005 and 2006 were analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Projected benefit obligations	¥25,130	**¥27,103**	**$230,703**
Fair value of pension plan assets	(8,805)	**(9,308)**	**(79,230)**
Unfunded retirement benefit obligations	16,325	**17,795**	**151,473**
Unrecognized actuarial differences	(5,291)	**(6,354)**	**(54,086)**
Unrecognized prior service costs	1,467	**1,254**	**10,674**
Reserve for retirement benefits	¥12,501	**¥12,695**	**$108,061**

Notes

1 Domestic consolidated subsidiaries mainly adopted the simplified method for retirement benefits.

2 Two domestic consolidated subsidiaries have comprehensive established pension plans which are governed by the regulations of the Japanese Welfare Pension Insurance Law. For the years ended March 31, 2005 and 2006, pension assets amounting to ¥227 and ¥296million ($2,520 thousand) are not included in the table above.

Net pension costs related to the retirement benefit plans for the years ended March 31, 2005 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Service costs	¥ 1,226	**¥1,227**	**$10,445**
Interest costs	614	**598**	**5,090**
Expected return on pension plan assets	(462)	**(212)**	**(1,805)**
Amortization of actuarial differences	682	**703**	**5,984**
Amortization of prior service costs	(149)	**(157)**	**(1,336)**
Net pension costs	1,911	**2,159**	**18,378**
Gain on transfer the substitutional portion of pension liabilities	(6,934)	**–**	**–**
	¥(5,023)	**¥2,159**	**$18,378**

Notes

1 Net pension costs for subsidiaries adopting the simplified method are included in "Service costs".

The assumptions used in accounting for the above plans for the years ended March 31, 2005 and 2006 are as follows:

	Year ended March 31, 2005	Year ended March 31, 2006
Method of attributing the projected benefits to periods of service	Straight-line method	Straight-line method
Discount rate	2.5%	2.0%
Expected rate of return on pension plan assets	2.5%	2.5%
Amortization of unrecognized actuarial differences	10 years	10 years
Amortization of unrecognized prior service costs	10 years	10 years

8. Research and development expenses:

Research and development expenses for the years ended March 31, 2005 and 2006 were ¥1,112 million and ¥1,230 million ($10,470 thousand), respectively.

9. Reversal of reserve for loss on guarantees and allowance for doubtful accounts:

The Company provides for loss on fulfillment of guarantees of bank loans of its unconsolidated subsidiaries at an amount required to cover these obligations. In the fiscal years ended March 31, 2004 and 2005, one subsidiary repaid bank loans by obtaining a loan from the Company, and accordingly, reversal of reserve for loss on guarantees of ¥724 million in 2004 and ¥816 million in 2005 and allowance for doubtful accounts of ¥719 million in 2004 and ¥798 million in 2005 are recorded as non-operating income and non-operating expenses, respectively. Also, the estimated losses associated with the resolution of the affiliate done by a domestic consolidated subsidiary are included in allowance for doubtful accounts.

10. Impairment losses on fixed assets:

During the fiscal year ended March 31, 2005, the Company and its consolidated domestic subsidiaries recognized loss on impairment on the following group of assets.

Location	Use	Classification	Millions of yen
Mobara-shi, Chiba	Out of use	Land	¥1,421

The Company and its consolidated domestic subsidiaries classified their fixed assets into groups by the type of respective operations based on the business segment. Their idle properties are individually considered. Book values of idle properties were reduced to recoverable amounts which were based on net selling prices.

11. Liquidation losses on investments in unconsolidated subsidiaries and affiliates:

Liquidation losses on investments in unconsolidated subsidiaries and affiliates were mainly renunciation losses on loan receivables to companies in liquidation due to group reorganization.

12. Income taxes:

The income taxes applicable to the Company and the domestic subsidiaries include (1) corporation taxes, (2) enterprise taxes (excluding the part attributed to added value and capital) and (3) inhabitants' taxes which, in the aggregate, result in a statutory tax rate equal to approximately 40.7% for the years ended March 31, 2005 and 2006.

The significant components of deferred tax assets and liabilities as of March 31, 2005 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Deferred tax assets:			
Unrealized gain on fixed assets	¥ 127	**¥ 192**	**$ 1,634**
Accrued bonuses	581	**668**	**5,686**
Allowance for doubtful accounts	1,450	**931**	**7,925**
Write-down of investments in securities	1,074	**1,298**	**11,049**
Reserve for retirement benefits	4,849	**5,406**	**46,016**
Impairment losses on fixed assets	794	**794**	**6,759**
Carry forward loss	358	**727**	**6,188**
Other	1,212	**1,733**	**14,752**
Gross deferred tax assets	10,445	**11,749**	**100,009**
Less: valuation allowance	(529)	**(2,128)**	**(18,114)**
Total deferred tax assets	9,916	**9,621**	**81,895**
Deferred tax liabilities:			
Allowance for doubtful accounts	883	**916**	**7,797**
Reversal of special reserves for deferred capital gains	3,349	**5,144**	**43,786**
Difference between cost of an investment and the amount of underlying equity in a subsidiary	959	**959**	**8,163**
Depreciation in overseas consolidated subsidiaries	1,355	**1,312**	**11,168**
Net unrealized gain on other securities	1,180	**2,835**	**24,132**
Other	–	**144**	**1,226**
Total deferred tax liabilities	7,726	**11,310**	**96,272**
Net deferred tax assets (liabilities)	¥2,190	**¥(1,689)**	**$(14,377)**

The differences between the statutory income tax rate and the surface income tax rate for the years ended March 31, 2005 and 2006 were insignificant and thus, are not presented.

13. Per share information:

The basis of the calculation of per share data is as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Net income	¥11,967	**¥13,814**	**$117,586**
Bonuses to directors	(69)	**(82)**	**(698)**
Bonuses to corporate auditors	(6)	**(8)**	**(68)**
Net income after bonus payments	¥11,892	**¥13,724**	**$116,820**
Weighted-average amount of common stock outstanding during each year of "ordinary shareholders" (unit: thousands of shares)	107,611	**107,510**	**107,510**

14. Leases:

All finance lease contracts other than those in which the ownership of the leased assets is transferred to the lessees, are accounted for by a method similar to that applied to operating leases.

Lease rental expenses on finance lease contracts without ownership-transfer for the years ended March 31, 2005 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Lease expenses	¥417	**¥412**	**$3,507**

The scheduled maturities of the above lease contracts subsequent to March 31, 2005 and 2006 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Due within one year	¥374	**¥281**	**$2,392**
Due over one year	410	**291**	**2,477**
	¥784	**¥572**	**$4,869**

Assumed data as to acquisition cost, accumulated depreciation, net book value and the depreciation expense of the leased assets, which includes the portion of interest thereon, for the years ended March 31, 2005 and 2006 are summarized as follows:

	Year ended March 31, 2005		
	Millions of yen		
	Cost	Accumulated Depreciation	Book Value
Machinery and equipment	¥ 452	¥322	¥130
Other	1,286	633	654
	¥1,738	¥955	¥784

	Year ended March 31, 2006					
	Millions of yen			Thousands of U.S. dollars		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Machinery and equipment	¥ 261	¥ 189	¥ 72	$ 2,221	$1,608	$ 613
Other	1,345	845	500	11,449	7,193	4,256
	¥1,606	¥1,034	¥572	$13,670	$8,801	$4,869

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Depreciation	¥417	**¥412**	**$3,498**

Depreciation is calculated using the straight-line method over the lease term of the leased assets, assuming no residual value except in cases where the residual value is guaranteed in the lease contract.

15. Contingent liabilities:

Contingent liabilities for guarantees of indebtedness for the following companies as of March 31, 2005 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	**2006**	**2006**
Zhanjian Dongyang Shuichan., Ltd. etc.	¥166	**¥172**	**$1,464**

16. Segment information:

(1) Business segment information

The Company and its consolidated subsidiaries operate principally in three industrial segments:

Business segment	Major products/services
Seafood	Fish and shellfish
Processed foods	Instant foods, paste foods, chilled foods and instant rice
Cold-storage	Operation of refrigerated warehouses
Other	Cosmetics and rent of warehouses

	2005						
	Millions of yen						
	Business segment						
	Seafood	Processed foods	Cold-storage	Other	Total	Elimination or corporate (a)	Consolidated total
Net sales	¥55,505	¥234,619	¥14,501	¥11,286	¥315,911	¥ (8,350)	¥307,561
Operating expenses	54,140	217,428	13,808	10,292	295,668	(8,353)	287,315
Operating income	¥ 1,365	¥ 17,191	¥ 693	¥ 994	¥ 20,243	¥ 3	¥ 20,246
Assets	¥27,135	¥117,429	¥33,555	¥16,161	¥194,280	¥25,912	¥220,192
Depreciation and amortization (b)	152	5,474	1,653	700	7,979	417	8,396
Impairment losses on fixed assets	–	–	–	–	–	1,421	1,421
Capital expenditure (b)	494	5,931	2,681	160	9,266	351	9,617

	2006						
	Millions of yen						
	Business segment						
	Seafood	Processed foods	Cold-storage	Other	Total	Elimination or corporate (a)	Consolidated total
Net sales	¥50,567	¥256,969	¥15,395	¥10,486	¥333,417	¥ (7,737)	¥325,680
Operating expenses	50,099	239,338	14,414	9,637	313,488	(7,744)	305,744
Operating income	¥ 468	¥ 17,631	¥ 981	¥ 849	¥ 19,929	¥ 7	¥ 19,936
Assets	¥24,602	¥126,034	¥31,724	¥17,032	¥199,392	¥23,914	¥223,306
Depreciation and amortization (b)	226	5,864	1,676	640	8,406	349	8,755
Capital expenditure (b)	241	8,544	300	798	9,883	500	10,383

	2006						
	Thousands of U.S. dollars						
	Business segment						
	Seafood	Processed foods	Cold-storage	Other	Total	Elimination or corporate (a)	Consolidated total
Net sales	$430,431	$2,187,343	$131,044	$ 89,257	$2,838,075	$ (65,858)	$2,772,217
Operating expenses	426,447	2,037,266	122,693	82,031	2,668,437	(65,917)	2,602,520
Operating income	$ 3,984	$ 150,077	$ 8,351	$ 7,226	$ 169,638	$ 59	$ 169,697
Assets	$209,414	$1,072,812	$270,037	$144,979	$1,697,242	$203,558	$1,900,800
Depreciation and amortization (b)	1,924	49,915	14,266	5,448	71,553	2,970	74,523
Capital expenditure (b)	2,051	72,727	2,554	6,793	84,125	4,256	88,381

Notes

(a) The amounts of corporate assets included in the column "Elimination or corporate", for the years ended March 31, 2005 and 2006 were ¥26,598 million and ¥ 24,577 million ($ 209,202 thousand), respectively. Corporate assets were mainly long-term investment funds (investment securities) of the Company and assets held by the corporate division of the Company.

(b) "Capital expenditure" included long-term prepaid expenses and deferred charges. "Depreciation and amortization" included the amortization of long-term prepaid expenses and deferred charges.

(c) The exchange gain/loss arising from exchange conversion in the elimination of transactions with overseas subsidiaries at the fiscal year-end were included in non-operating income/expense as exchange gain/loss. Accordingly, the exchange gain/loss is not reflected in operating income of the above business segment information. With respect to the breakdown of the exchange gain/loss classified by segment, ¥162 million (loss) and ¥0 million (gain) were recorded in "Seafood" and "Processed foods", respectively for the year 2005, and ¥166 million ($1,413 thousand) (gain) and ¥18 million ($153 thousand) (loss) were recorded in "Seafood" and "Processed foods", respectively for the year 2006.

(2) Geographic segment information

	2005				
	Millions of yen				
	Japan	North America	Total	Elimination or corporate (b)	Consolidated total
Net sales	¥261,851	¥53,067	¥314,918	¥ (7,357)	¥307,561
Operating expenses	247,556	47,129	294,685	(7,370)	287,315
Operating income	¥ 14,295	¥ 5,938	¥ 20,233	¥ 13	¥ 20,246
Assets	¥170,248	¥33,158	¥203,406	¥16,786	¥220,192

	2006				
	Millions of yen				
	Japan	North America	Total	Elimination or corporate (b)	Consolidated total
Net sales	¥271,459	¥61,092	¥332,551	¥ (6,871)	¥325,680
Operating expenses	257,692	54,914	312,606	(6,862)	305,744
Operating income	¥ 13,767	¥ 6,178	¥ 19,945	¥ (9)	¥ 19,936
Assets	¥167,080	¥40,788	¥207,868	¥15,438	¥223,306

	2006				
	Thousands of U.S. dollars				
	Japan	North America	Total	Elimination or corporate (b)	Consolidated total
Net sales	$2,310,683	$520,020	$2,830,703	$ (58,486)	$2,772,217
Operating expenses	2,193,497	467,433	2,660,930	(58,410)	2,602,520
Operating income	$ 117,186	$ 52,587	$ 169,773	$ (76)	$ 169,697
Assets	$1,422,200	$347,191	$1,769,391	$131,409	$1,900,800

Notes

(a) The major countries in "North America" are the U.S.A., and United Mexican States.

(b) The amounts of corporate assets included in the column "Elimination or corporate", for the years ended March 31, 2005 and 2006 were ¥24,777 million and ¥24,577 million ($209,202 thousand), respectively. Corporate assets were mainly long-term investment funds (investments securities) of the Company and assets held by the corporate division of the Company.

(c) The exchange gain/loss arising from exchange conversion in the elimination of transactions with overseas subsidiaries at the fiscal year-end were included in non-operating income/expense as exchange gain/loss. Accordingly, the exchange gain/loss are not reflected in operating income of the above geographic segment information. With respect to the breakdown of the exchange gain/loss classified by segment, a loss of ¥161 million and a gain of ¥148 million ($1,260 thousand) were recorded in "North America" for the year 2005 and 2006, respectively.

(3) Sales to overseas customers

	Millions of yen						Thousands of U.S. dollars		
	2005			2006			2006		
	North America	Others	Total	North America	Others	Total	North America	Others	Total
Overseas sales	¥46,558	¥1,371	¥ 47,929	¥54,687	¥1,612	¥ 56,299	$465,501	$13,721	$ 479,222
Consolidated net sales			¥307,561			¥325,680			$2,772,217
Percent of consolidated net sales	15.1%	0.5%	15.6%	16.8%	0.5%	17.3%	16.8%	0.5%	17.3%

Notes

(a) The major countries in each classification are as follows:

North America ………… U.S.A., United Mexican States

Others ………………….... People's Republic of China, Taiwan, Republic of Korea

(b) Overseas sales are sales of the Company and its consolidated subsidiaries in countries other than Japan.

17. Subsequent events:

(1) The following appropriation of retained earnings of the Company, which have not been reflected in the consolidated financial statements for the year ended March 31, 2006, were approved at a shareholders' meeting held on June 29, 2006:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥20.0 = U.S.$0.170 per share)	¥2,185	¥18,599
Bonus to directors and corporate auditors	51	434
	¥2,236	$19,033

(2) The Company acquired 2,279 thousand shares of treasury stock at an aggregate cost of ¥4,054 million ($34,510 thousand) on June 13, 2006, based on a resolution of the Board of Directors at a meeting held on June 12, 2006.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and the Board of Directors of
TOYO SUISAN KAISHA, LTD.:

We have audited the accompanying consolidated balance sheet of TOYO SUISAN KAISHA, LTD. ("the Company") and consolidated subsidiaries as of March 31, 2006, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audit. The corresponding figures presented are based on the consolidated financial statements of the Company and consolidated subsidiaries as of and for the year ended March 31, 2005, which were audited by ChuoAoyama PricewaterhouseCoopers whose report dated June 29, 2005, expressed an unqualified opinion on those statements and included an explanatory paragraph with respect to the change of their accounnting policy for impairment of fixed assets as explained in Note 2 (13).

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and consolidated subsidiaries as of March 31, 2006, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following.
As explained in Note 17 (2) to the consolidated financial statements, the Company acquired 2,279 thousand shares of treasury stock at an aggregate cost of ¥4,054 million ($34,510 thousand) on June 13, 2006, based on a resolution of the Board of Directors at a meeting held on June 12, 2006.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2006 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 29, 2006

CORPORATE DATA

(as of March 31, 2006)

Head Office **13-40, Konan 2-chome**
Minato-ku, Tokyo 108-8501, Japan
Tel: 81-3-3458-5111

Date of Establishment **March 25, 1953**

Number of Plants **6**

Number of Sales Offices **28**

Number of Subsidiaries and Affiliates **40**

Number of Employees **3,597**

Common Stock **Authorized Number of Shares**
427,000,000 shares
Issued Number of Shares
110,881,044 shares
Paid-in Capital
¥18,969 million

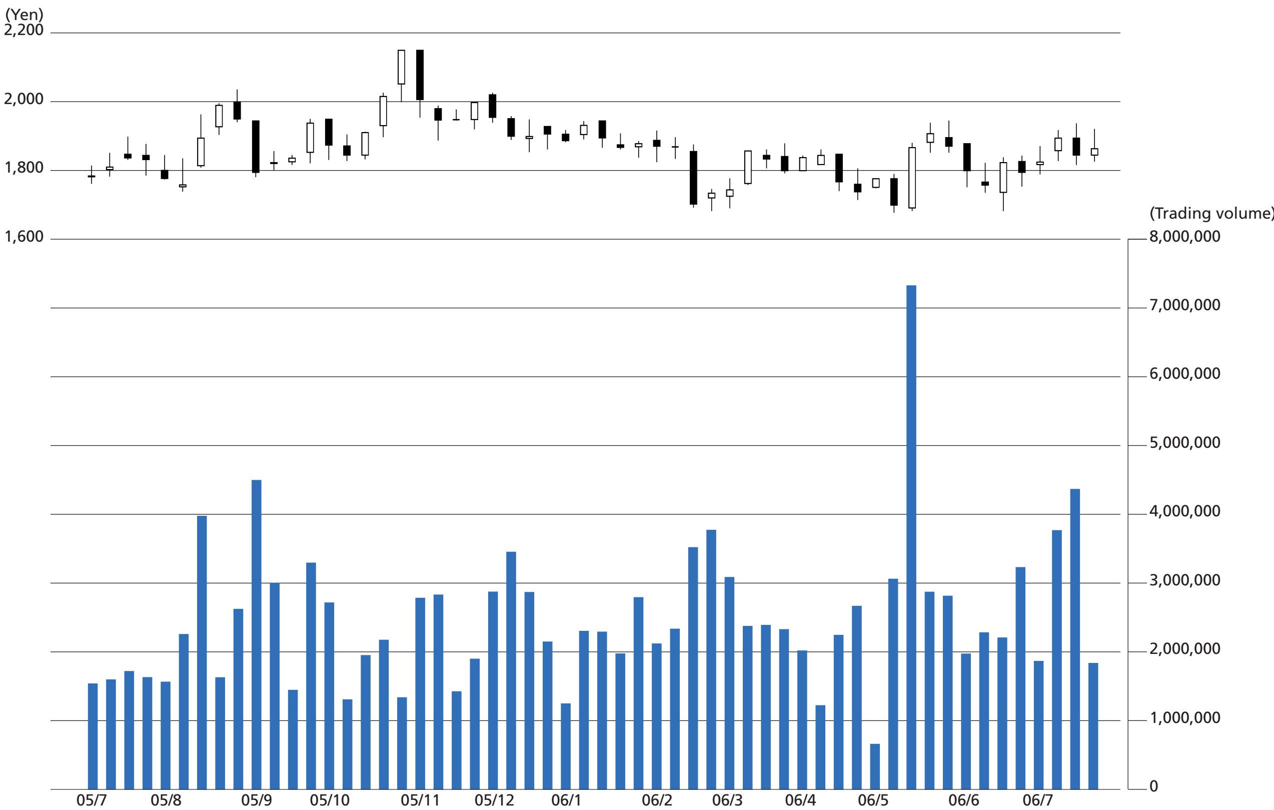
Number of Shareholders **7,364**

Stock Exchange Listing **Tokyo (#2875)**

Stock Transfer Agent **The Chuo Mitsui Trust and Banking Company, Limited in Tokyo**

Annual Meeting **The annual meeting of shareholders is usually held before the end of June in Tokyo**

Common Stock Price Range and trading volume



TOYO SUISAN

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