



Summary of Non-consolidated Financial Statements for Fiscal Year Ended March 2006

May 11, 2006

Name of Listed Company: Toho Pharmaceutical Co., Ltd. Listed: Tokyo Stock Exchange
 Securities Code Number: 8129 Headquartered: Tokyo
 (URL: <http://www.tohoyk.co.jp>)
 Corporate Representative/Title: Norio Hamada/President and CEO
 Contact Representative/Title: Mamoru Ogino/Corporate Officer and General Manager of Finance and Accounting
 Tel: (03) 4330-3735

Date of Board of Directors meeting for approval of financial results: May 11, 2006
 Scheduled commencement of payment of dividends: June 30, 2006
 Unitization of shares: Adopted (1 unit comprises 100 shares.)
 Policy for payment of interim dividends: Adopted
 Date of annual general meeting of shareholders: June 29, 2006

1. Results of Operations during Fiscal Year 2006 (from April 1, 2005 to March 31, 2006)

(1) Results of Operations (Note) Amounts are truncated to the nearest million yen.

	Net Sales		Operating Income		Ordinary Income	
	Million Yen	(%)	Million Yen	(%)	Million Yen	(%)
Fiscal 2006	679,917	(16.0)	3,299	(21.6)	4,858	(14.9)
Fiscal 2005	586,340	(20.8)	2,712	(-38.7)	4,228	(-26.8)

	Net Income		Net Income per Share	Net Income per Share - Diluted	Net Income to Shareholders' Equity Ratio	Ordinary Income to Total Capital Ratio	Ordinary Income to Net Sales Ratio
	Million Yen	(%)	Yen	Yen	%	%	%
Fiscal 2006	2,207	(50.1)	43.86	39.47	4.6	1.6	0.7
Fiscal 2005	1,470	(-53.9)	31.00	29.29	3.3	1.6	0.7

(Notes) ① Average number of shares outstanding during fiscal year:

Fiscal 2006: 49,501,841 shares; Fiscal 2005: 46,366,425 shares

② Changes in accounting principles: None

③ Percentages accompanying net sales, operating income, ordinary income, and net income indicate the rate of change compared with the preceding fiscal year.

(2) Historical Payment of Dividends

	Annual Cash Dividend per Share			Total Amount of Cash Dividends (Annual)	Payout Ratio	Dividends on Shareholders' Equity
	Yen	Midterm	Yearend			
Fiscal 2006	10.00	—	10.00	520	22.8	1.0
Fiscal 2005	10.00	—	10.00	465	32.3	1.0

(3) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Million Yen	Million Yen	%	Yen
Fiscal 2006	321,823	51,576	16.0	989.79
Fiscal 2005	299,676	44,585	14.9	956.09

(Note) ① Number of shares outstanding at end of fiscal year:

Fiscal 2006: 52,071,601 shares; Fiscal 2005: 46,598,794 shares

② Number of treasury shares held at end of fiscal year:

Fiscal 2006: 1,085,605 shares; Fiscal 2005: 1,636,412 shares

2. Projected Results of Operations during Fiscal Year 2007 (from April 1, 2006 to March 31, 2007)

	Net Sales	Ordinary Income	Net Income	Annual Cash Dividend per Share		
				Midterm	Yearend	Yen
First Half of Year	Million Yen	Million Yen	Million Yen	Yen	Yen	Yen
Full Year	343,400	3,200	1,800	6.00	-	-
	718,400	6,600	3,200	-	6.00	12.00

(Reference) Projected net income per share during full year: 55.26 yen

(Note) The projection of net income per share reflects the number of 5,841,470 shares; newly issued and allocated as a result of the swapping of stocks with Tsuruhara Yoshii as of April 1, 2006.

* Projected results of operations are based on information available as of the date of announcement hereof, and actual results of operations may differ from the projections, depending on a variety of factors that may occur subsequently. For further information concerning the projections above, refer to page 11 of the accompanying appendix.

6. Non-consolidated Financial Statements

(1) Balance Sheets

(Millions of yen)

Account	Fiscal year	57th year (As of March 31, 2005)		58th year (As of March 31, 2006)		Increase (Decrease)
		Amount	Share %	Amount	Share %	
(Assets)						
I Current assets						
1. Cash on hand and on deposit	(Note 1)	12,605		16,608		
2. Notes receivable		3,631		3,576		
3. Accounts receivable	(Note 6)	182,195		194,602		
4. Marketable securities		2,000		2,000		
5. Merchandise		32,344		36,406		
6. Prepaid expenses		43		37		
7. Deferred tax assets		603		653		
8. Purchase rebates receivable		10,318		10,318		
9. Other accounts receivable	(Note 6)	5,765		3,516		
10. Other	(Note 6)	2,757		259		
Allowance for doubtful receivables		-265		-213		
Total current assets		251,999	84.1	267,766	83.2	15,767
II Fixed assets						
1. Property, plant and equipment						
(1) Buildings	(Notes 1 & 2)	10,036		9,471		
(2) Structures	(Note 2)	303		274		
(3) Vehicles and carriers	(Note 2)	91		76		
(4) Equipment and fixtures	(Note 2)	748		1,080		
(5) Land	(Notes 1 & 7)	14,308		13,604		
(6) Construction in progress		129		103		
Total property, plant and equipment		25,618	8.6	24,611	7.6	-1,007
2. Intangible fixed assets						
(1) Goodwill		730		526		
(2) Leaseholds		145		145		
(3) Software		613		1,851		
(4) Other		111		109		
Total intangible fixed assets		1,600	0.5	2,631	0.8	1,031
3. Investments and other assets						
(1) Investments in securities	(Note 1)	6,702		10,279		
(2) Equity shares in associated companies		10,879		14,607		
(3) Capital contributions to investees		45		43		
(4) Long-term loans receivable		314		375		
(5) Long-term loans receivable from employees		0		-		
(6) Long-term loans receivable from associated companies		231		249		
(7) Claims in bankruptcy/rehabilitation/reorganization and other equivalent claims		522		289		
(8) Long-term prepaid expenses		37		105		
(9) Deferred tax assets due to revaluation	(Note 7)	1,540		-		
(10) Other		861		1,309		
Allowance for doubtful receivables		-677		-446		
Total investments and other assets		20,457	6.8	26,814	8.4	6,357
Total fixed assets		47,677	15.9	54,057	16.8	6,380
Total assets		299,676	100.0	321,823	100.0	22,147

(Millions of yen)

Account	Fiscal year	57th year (As of March 31, 2005)		58th year (As of March 31, 2006)		Increase (Decrease)
		Amount	Share	Amount	Share	
(Liabilities)			%		%	
I Current liabilities						
1. Notes payable (Note 1)		6,171		1,871		
2. Accounts payable (Note 1)		221,408		238,840		
3. Short-term loans payable (Note 1)		2,730		590		
4. Current portion of long-term debt (Note 1)		1,280		1,283		
5. Other accounts payable (Note 6)		7,346		7,528		
6. Accrued expenses		766		765		
7. Income taxes payable		175		1,076		
8. Consumption taxes payable		-		161		
9. Deposits payable		316		111		
10. Accrued bonuses		1,097		1,012		
11. Reserve for sales returns		232		180		
12. Other		17		13		
Total current liabilities		241,541	80.6	253,435	78.8	11,894
II Long-term liabilities						
1. Bonds payable		10,000		10,000		
2. Long-term debt (Note 1)		1,550		366		
3. Deferred tax liabilities		576		1,736		
4. Deferred tax liabilities due to revaluation (Note 7)		-		1,312		
5. Accrued retirement benefits for employees		1,120		1,015		
6. Accrued retirement benefits for directors and corporate auditors		277		306		
7. Guarantee loss reserve		25		12		
8. Other		-		2,062		
Total long-term liabilities		13,549	4.5	16,811	5.2	3,262
Total liabilities		255,090	85.1	270,247	84.0	15,157
(Shareholders' equity)						
I Common stock (Note 3 & 10)		7,003	2.3	10,399	3.2	3,396
II Capital surplus						
Legal capital reserve		13,526		16,922		
Total capital surplus		13,526	4.5	16,922	5.3	3,396
III Retained earnings						
1. Legal earned reserve		664		664		
2. Voluntary earned reserve						
(1) Unrealized gain on land		1,114		1,053		
(2) Contingency reserve		23,833		24,133		
3. Unappropriated earnings at end of fiscal year		841		1,930		
Total retained earnings		26,453	8.8	27,781	8.6	1,328
IV Unrealized gains on revaluation of land (Note 7)		-2,262	-0.7	-4,859	-1.5	-2,597
V Unrealized gains on available-for-sale securities (Note 8)		1,517	0.5	2,591	0.8	1,074
VI Treasury stock (Note 4)		-1,653	-0.5	-1,259	-0.4	394
Total shareholders' equity		44,585	14.9	51,576	16.0	6,991
Total liabilities and shareholders' equity		299,676	100.0	321,823	100.0	22,147

(2) Statements of Income

(Millions of yen)

Account	Fiscal year	57th year 〔 From April 1, 2004 To March 31, 2005 〕		58th year 〔 From April 1, 2005 To March 31, 2006 〕		Increase (Decrease)		
		Amount		Amount				
			Percentage		Percentage			
I Net sales	(Note 1)		586,340	100.0		679,917	100.0	93,577
II Cost of sales								
1. Opening inventory		26,676			32,344			
2. Purchases during fiscal year		562,955			655,777			
Total		589,632			688,121			
3. Transfers from merchandise account to other accounts	(Note 2)	27			27			
4. Ending inventory		32,344	557,259	95.0	36,406	651,687	95.8	94,428
Gross income			29,080			28,230		
Reversal of reserve for sales returns			18			52		
Gross income after reserve for sales returns			29,098	5.0		28,282	4.2	-816
III Selling, general and administrative expenses								
1. Directors' salaries and employees' salaries and allowances		12,530			11,937			
2. Provision for accrued bonuses		1,097			1,012			
3. Provision for accrued retirement benefits for employees		773			0			
4. Provision for accrued retirement benefits for directors and corporate auditors		34			32			
5. Welfare expenses		1,898			1,701			
6. Vehicle expenses		472			462			
7. Provision for allowance for doubtful receivables		57			-			
8. Depreciation and amortization		1,388			1,412			
9. Rent		1,936			1,789			
10. Taxes and dues		531			515			
11. Fee expenses		2,295			2,898			
12. Miscellaneous expenses		3,370	26,386	4.5	3,218	24,982	3.7	-1,404
Operating income			2,712	0.5		3,299	0.5	587
IV Non-operating income	(Note 1)							
1. Interest income		58			63			
2. Dividend income	(Note 1)	266			274			
3. Fee income		811			790			
4. Real estate rental income		250			283			
5. Miscellaneous income		356	1,743	0.3	362	1,774	0.2	31
V Non-operating expenses								
1. Interest expenses		124			86			
2. New share issue expense		-			36			
3. Bond issue expense		37			-			
4. Specified line commitment fees		43			54			
5. Loss on cancellation of employer insurance		-			24			
6. Miscellaneous losses		21	227	0.1	13	215	0.0	-12
Ordinary income			4,228	0.7		4,858	0.7	630

(Millions of yen)

Account	Fiscal year	57th year 〔 From April 1, 2004 〕 〔 To March 31, 2005 〕		58th year 〔 From April 1, 2005 〕 〔 To March 31, 2006 〕		Increase (Decrease)
		Amount	Percentage	Amount	Percentage	
VI Extraordinary gains			%		%	
1. Gains on sales of fixed assets (Note 3)		51		18		
2. Gains on sales of investment securities		3		0		
3. Gain due to switchover to defined contribution pension program		-		23		
4. Reversal of allowance for doubtful receivables		-		36		
5. Gain on reversal of guarantee loss reserve		12	67	13	91	24
VII Extraordinary losses						
1. Loss on disposal of fixed assets (Note 4)		113		303		
2. Loss on revaluation of investment securities		-		47		
3. Loss on revaluation of equity shares in associated companies		1,030		-		
4. Impairment loss (Note 5)		-		265		
5. Loss on revaluation of golf club memberships		0		-		
6. Other		2	1,146	0	617	-529
Income before income taxes			3,149		4,332	1,183
Corporate income, inhabitant and enterprise taxes		1,321		1,643		
Adjustments for income taxes		358	1,679	481	2,124	445
Net income			1,470		2,207	737
Unappropriated retained earnings brought forward			99		103	4
Transfer from unrealized gains on revaluation of land			-96		-151	-55
Loss on disposal of treasury shares			632		228	-404
Unappropriated retained earnings at end of fiscal year			841		1,930	1,089

(3) Proposed Appropriation of Earnings

(Millions of yen)

Account	Fiscal year		57th year (Date of general meeting of shareholders for approval June 29, 2005)		58th year (Date of general meeting of shareholders for approval June 29, 2006)		Increase (Decrease)	
			Amount		Amount			
I Unappropriated retained earnings at end of fiscal year				841		1,930		1,089
II Transfer from voluntary earned reserve								
Transfer from unrealized gain on land		89	89		10	10		-79
Total			930			1,941		1,011
III Appropriations								3,420
1. Cash dividends to shareholders		465			520		55	
2. Bonuses to directors (Including bonuses to corporate auditors)		33			36		3	
3. Voluntary earned reserve								
(1) Unrealized gain on land		28			-		-28	
(2) Contingency reserve		300	827		1,300	1,857	1,000	1,030
IV Retained earnings to be carried forward				103		84		-19

Significant Accounting Principles and Policies

1. Basis and Method of Valuation of Securities
 - Held-to-maturity debt securities:Stated at cost amortized on a straight-line basis.
 - Equity shares in subsidiaries and affiliates:Stated at moving-average cost.
 - Available-for-sale securities
 - With available fair market value:Stated at fair market value based principally on the market price as of the year-end date (unrealized gains and losses are included as a separate component of shareholders' equity; the cost of securities sold is determined using the moving-average method.).
 - With no available fair market value:Stated at moving-average cost.
2. Basis and Method of Valuation of Inventories: ...Stated at moving-average cost.
3. Method of Depreciation of Fixed Assets
 - (1) Property, plant and equipment

Depreciated by the declining-balance method. Buildings (except for structures attached to buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method.
The estimated useful life of major asset categories is as follows:

Buildings and structures:	10 - 50 years
Vehicles and carries:	5 - 6 years
Equipment and fixtures:	5 - 15 years
 - (2) Intangible fixed assets

Amortized by the straight-line method.
Goodwill is amortized in equal amounts over five years, and software for internal use is amortized by the straight-line method over the estimated useful life for in-house use (five years).
 - (3) Long-term prepaid expenses

Amortized on a straight-line basis.
4. Method of Accounting for Deferred Assets

New share issue expense:.....Charged entirely to income as disbursed.
5. Principles for Accounting for Allowances and Reserves
 - (1) Allowance for Doubtful Receivables

The allowance for doubtful receivables is provided to cover possible losses on the collection of trade receivables, loans receivable, and others. The actual rate of historical bad debts is used for normal receivables, and for certain receivables, including those threatening to suffer loss, the recoverability of individual accounts is investigated and the uncollectible amount is estimated.
 - (2) Accrued Bonuses

The estimated amount payable is provided to fund bonus payments to eligible employees and to directors, who are also employees of the Group.
 - (3) Reserve for Sales Returns

The estimated amount of losses on future sales returns is provided to cover possible losses on sales returns.
 - (4) Accrued Retirement Benefits for Employees

The Company shifted entirely to a defined contribution pension program, effective with the fiscal year under review (refer to Additional Information). In connection with this, we adopted a transitional program to pay retirement-age employees active on the payroll at the end of March 2005 lump-sum severance allowances to the amount of a portion of all benefits attributable to past service, upon their retirement. This involved the recognition of the relevant retirement benefit liability as of the end of March 2006 to prepare for the payment of retirement benefits to these employees. Actuarial differences are insignificant, so they are recognized as expenses in the fiscal year they accrue.
(Additional Information)
Following the enforcement of the Defined Contribution Pension Law, the Company shifted all tax-qualified retirement annuity plans to a defined contribution pension program in April 2005. This was accounted for by applying "Accounting Procedures for Shifting between Different Retirement Benefit Programs" (Corporate Accounting Standards Implementation Guidelines No. 1).
The effect of this shift was minimal.
 - (5) Accrued Retirement Benefits for Directors and Corporate Auditors

The Company recognizes the [reference] amount payable at the end of [each] fiscal year pursuant to the provisions of internal bylaws, to fund the payment of retirement benefits to eligible directors and corporate auditors upon retirement.

(6) Guarantee Loss Reserve

The Company recognizes a reserve to provide for potential losses arising from guarantees of debt, to the extent of its projected assumption of liabilities that takes account of the financial condition of the guaranteed party.

6. Method of Accounting for Lease Transactions

Finance leases other than those in which the ownership of the leased property is deemed to be transferred to the lessee are accounted for in the same manner as standard lease transactions.

7. Other Significant Basic Principles for Preparation of Financial Statements

Method of Accounting for Consumption Taxes and Others

Transactions subject to consumption tax are accounted for exclusive of consumption tax.

Changes in Accounting Principles and Policies

(Accounting Standards for Impairment of Fixed Assets)

Effective with the fiscal year under review, the Company adopts the standards for accounting for impaired fixed assets as provided for by “Opinion concerning Establishment of Accounting Standards for Impairment of Fixed Assets” (issued by the Business Accounting Council of Japan on August 9, 2002) and “Implementation Guidelines for Accounting Standards for Impairment of Fixed Assets” (Corporate Accounting Standards Implementation Guidelines No. 6 of October 31, 2003). The effect of this application was to reduce income before income taxes by 259 million yen.

Accumulated impairment losses are deducted directly from the amount of the classified asset on which they are recognized, in compliance with Regulations concerning Financial Statements as revised and current.

Notes to Non-consolidated Financial Statements
(Notes to Balance Sheets)

Fiscal 2005 (As of March 31, 2005)				Fiscal 2006 (As of March 31, 2006)			
(Note 1) Assets pledged as collateral:				(Note 1) Assets pledged as collateral:			
Classified assets pledged		Liabilities secured by collateral		Classified assets pledged		Liabilities secured by collateral	
	Million yen		Million yen		Million yen		Million yen
Time deposits	330	Notes and accounts payable	17,439	Time deposits	295	Notes and accounts payable	18,477
Buildings	1,896			Buildings	1,795		
Land	5,060			Land	4,424		
Investment securities	750			Investment securities	1,514		
Buildings	549	Short-term loans payable and long-term debt (including current portion of long-term debt due within one year)	1,310	Buildings	521	Short-term loans payable and long-term debt (including current portion of long-term debt due within one year)	1,000
Land	1,201			Land	1,201		
Investment securities	37			Investment securities	70		
Total	9,825	Total	18,749	Total	9,823	Total	19,477
(Note 2) Accumulated depreciation by asset category:				(Note 2) Accumulated depreciation by asset category:			
Buildings		8,693 million yen		Buildings		9,018 million yen	
Structures		658 million yen		Structures		679 million yen	
Vehicles and carriers		156 million yen		Vehicles and carriers		166 million yen	
Equipment and fixtures		1,123 million yen		Equipment and fixtures		1,439 million yen	
Total		10,631 million yen		Total		11,304 million yen	
(Note 3) Number of shares authorized to be issued and number of shares issued and outstanding:				(Note 3) Number of shares authorized to be issued and number of shares issued and outstanding:			
Number of shares authorized to be issued		100,000,000 shares of common stock		Number of shares authorized to be issued		192,000,000 shares of common stock	
Number of shares issued and outstanding		48,235,206 shares of common stock		Number of shares issued and outstanding		53,157,206 shares of common stock	
(Note 4) Treasury stock				(Note 4) Treasury stock			
The Company holds 1,636,412 shares of its common stock in its treasury.				The Company holds 1,085,605 shares of its common stock in its treasury.			
(Note 5) Liabilities guaranteed				(Note 5) Liabilities guaranteed			
① Bank loans guaranteed				① Bank loans guaranteed			
Wakaba		503 million yen		Wakaba		434 million yen	
Alf		498 million yen		Alf		393 million yen	
TRIAD JAPAN		446 million yen		Ethos		210 million yen	
Ethos		250 million yen		Fisher Scientific Japan		173 million yen	
Fisher Scientific Japan		156 million yen		Medical Corporation Koyukai		39 million yen	
Medical Corporation Koyukai		47 million yen		Total		1,250 million yen	
Total		1,901 million yen					
② Accounts payable guaranteed				② Accounts payable guaranteed			
Godo Toho		3 million yen		Godo Toho		71 million yen	
(Note 6) Non-separate account assets and liabilities vis-à-vis associated companies include the following:				(Note 6) Non-separate account assets and liabilities vis-à-vis associated companies include the following:			
Accounts receivable		78,768 million yen		Accounts receivable		91,568 million yen	
Total other assets		3,414 million yen		Other accounts payable		5,821 million yen	
Other accounts payable		5,122 million yen					

Fiscal 2005 (As of March 31, 2005)	Fiscal 2006 (As of March 31, 2006)																
<p>(Note 7) Pursuant to the “Law concerning Land Revaluation” (Law No. 34, promulgated on March 31, 1998) and the “Law for Partial Revision of Law concerning Land Revaluation” (Law No. 19, promulgated on March 31, 2001), the Company revalued its land used for business purposes and accordingly recorded in shareholders’ equity under “unrealized gains on revaluation of land” the amount of revaluation difference in value, net of “deferred tax assets due to revaluation.”</p> <p>Method of revaluation: Based on the land tax assessment register specified in Article 2-3 of the Ordinance for Enforcement of Law concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998).</p> <p>Date of revaluation: March 31, 2002</p> <p>Difference in value of land revalued between market and revalued book value at the end of the fiscal year: 1,779 million yen</p>	<p>(Note 7) Pursuant to the “Law concerning Land Revaluation” (Law No. 34, promulgated on March 31, 1998) and the “Law for Partial Revision of Law concerning Land Revaluation” (Law No. 19, promulgated on March 31, 2001), the Company revalued its land used for business purposes and accordingly recorded in shareholders’ equity under “unrealized gains on revaluation of land” the amount of revaluation difference in value, net of “deferred tax assets due to revaluation.”</p> <p>Method of revaluation: Based on the land tax assessment register specified in Article 2-3 of the Ordinance for Enforcement of Law concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998).</p> <p>Date of revaluation: March 31, 2002</p> <p>Difference in value of land revalued between market and revalued book value at the end of the fiscal year: 1,941 million yen</p>																
<p>(Note 8) Dividend limitation</p> <p>An increase in net assets as marked-to-market pursuant to Article 124-3 of the Enforcement Regulations for the Commercial Code amounted to 1,517 million yen.</p>	<p>(Note 8) Dividend limitation</p> <p>An increase in net assets as marked-to-market pursuant to Article 124-3 of the Enforcement Regulations for the Commercial Code amounted to 2,591 million yen.</p>																
<p>(Note 9) The Company has lending commitment agreements with 11 trading banks to facilitate the efficient procurement of working funds.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Lending commitments</td> <td style="text-align: right;">12,000 million yen</td> </tr> <tr> <td>Balance borrowed</td> <td style="text-align: right;">- million yen</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Total remainder</td> <td style="text-align: right;">12,000 million yen</td> </tr> </table>	Lending commitments	12,000 million yen	Balance borrowed	- million yen	<hr/>		Total remainder	12,000 million yen	<p>(Note 9) The Company has lending commitment agreements with 10 trading banks to facilitate the efficient procurement of working funds.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Lending commitments</td> <td style="text-align: right;">12,000 million yen</td> </tr> <tr> <td>Balance borrowed</td> <td style="text-align: right;">- million yen</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Total remainder</td> <td style="text-align: right;">12,000 million yen</td> </tr> </table>	Lending commitments	12,000 million yen	Balance borrowed	- million yen	<hr/>		Total remainder	12,000 million yen
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<p>(Note 10) Increase during fiscal year in number of shares issued and outstanding comprised:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">New shares issued preparatory to stock-swapping</td> <td style="text-align: right;">856,140 shares</td> </tr> <tr> <td>Capitalization</td> <td style="text-align: right;">- million yen</td> </tr> </table>	New shares issued preparatory to stock-swapping	856,140 shares	Capitalization	- million yen	<p>(Note 10) Increase during fiscal year in number of shares issued and outstanding comprised:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">New shares issued for third-party allocation</td> </tr> <tr> <td>Date of issue</td> <td style="text-align: right;">November 28, 2005</td> </tr> <tr> <td>Number issued</td> <td style="text-align: right;">4,922,000 shares</td> </tr> <tr> <td>Issue price</td> <td style="text-align: right;">1,380 yen per share</td> </tr> <tr> <td>Capitalization</td> <td style="text-align: right;">3,396 million yen</td> </tr> </table>	New shares issued for third-party allocation		Date of issue	November 28, 2005	Number issued	4,922,000 shares	Issue price	1,380 yen per share	Capitalization	3,396 million yen		
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(Notes to Statements of Income)

Fiscal 2005 (From April 1, 2004 To March 31, 2005)	Fiscal 2006 (From April 1, 2005 To March 31, 2006)																				
<p>(Note 1) Accruals from transactions with associated companies included the following:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Net sales to associated companies</td> <td style="text-align: right;">192,091 million yen</td> </tr> <tr> <td>Dividend income from associated companies</td> <td style="text-align: right;">186 million yen</td> </tr> <tr> <td>Total other non-operating income accrued from associated companies</td> <td style="text-align: right;">205 million yen</td> </tr> </table>	Net sales to associated companies	192,091 million yen	Dividend income from associated companies	186 million yen	Total other non-operating income accrued from associated companies	205 million yen	<p>(Note 1) Accruals from transactions with associated companies included the following:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Net sales to associated companies</td> <td style="text-align: right;">278,936 million yen</td> </tr> <tr> <td>Total non-operating income accrued from associated companies</td> <td style="text-align: right;">417 million yen</td> </tr> </table>	Net sales to associated companies	278,936 million yen	Total non-operating income accrued from associated companies	417 million yen										
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<p>(Note 2) Transfers from merchandise account to other accounts are transfers principally to sales promotion expense and to equipment and fixtures.</p>	<p>(Note 2) Same as in left column.</p>																				
<p>(Note 3) Gains on sales of fixed assets comprising:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Gain on sale of equipment and fixtures</td> <td style="text-align: right;">0 million yen</td> </tr> <tr> <td>Gain on sale of land</td> <td style="text-align: right;">50 million yen</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>51 million yen</u></td> </tr> </table>	Gain on sale of equipment and fixtures	0 million yen	Gain on sale of land	50 million yen	<u>Total</u>	<u>51 million yen</u>	<p>(Note 3) Gains on sales of fixed assets comprising:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Gain on sale of equipment and fixtures</td> <td style="text-align: right;">1 million yen</td> </tr> <tr> <td>Gain on sale of land</td> <td style="text-align: right;">16 million yen</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>18 million yen</u></td> </tr> </table>	Gain on sale of equipment and fixtures	1 million yen	Gain on sale of land	16 million yen	<u>Total</u>	<u>18 million yen</u>								
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<p>(Note 5) _____</p>	<p>(Note 5) Impairment losses</p> <p>The Company recognized impairment losses on the following asset groups during the fiscal year under review.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Location</th> <th style="text-align: center;">Purpose</th> <th style="text-align: center;">Class</th> </tr> </thead> <tbody> <tr> <td>Asahi Sales Office and 4 other sites</td> <td>Real estate for business use</td> <td rowspan="2" style="text-align: center;">Land and buildings</td> </tr> <tr> <td>Former Morioka Sales Office and 9 other sites</td> <td>Real estate unused</td> </tr> </tbody> </table> <p>The Company identifies asset groups as being individual sales offices that are classified as real estate used for business purposes and as being individual assets not used for business purposes that are classified as real estate unused.</p> <p>The Company recognized impairment losses of 33 million yen on the real estate for business use that suffered consecutive losses in value. It comprised 33 million yen on buildings. The Company measures recoverable amounts on the basis of net sales prices, which in this case proved insignificant and were substituted by reasonably determined prices in estimating the recoverable amounts.</p> <p>The Company recognized impairment losses of 232 million yen on real estate not used for business purposes that suffered consecutive losses in land value. It comprised 166 million yen on land and 65 million yen on buildings. The Company measures recoverable amounts on the basis of net sales prices, which in this case proved insignificant, so the Company assessed the recoverable amounts in reference to tax assessments of fixed assets.</p>	Location	Purpose	Class	Asahi Sales Office and 4 other sites	Real estate for business use	Land and buildings	Former Morioka Sales Office and 9 other sites	Real estate unused												
Location	Purpose	Class																			
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① Notes to Leases Transactions

Fiscal 2005 (From April 1, 2004 To March 31, 2005)	Fiscal 2006 (From April 1, 2005 To March 31, 2006)																								
Lease transactions other than those in which the ownership of the leased property is deemed to be transferred to the lessee	Lease transactions other than those in which the ownership of the leased property is deemed to be transferred to the lessee																								
(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, and balance at the end of the fiscal year:	(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, accumulated impairment loss, and balance at the end of the fiscal year:																								
<table border="1"> <thead> <tr> <th></th> <th>Presumed acquisition cost</th> <th>Presumed accumulated depreciation</th> <th>Presumed balance at the end of the year</th> </tr> <tr> <th></th> <th>Million yen</th> <th>Million yen</th> <th>Million yen</th> </tr> </thead> <tbody> <tr> <td>Equipment and fixtures</td> <td style="text-align: center;">3,715</td> <td style="text-align: center;">1,794</td> <td style="text-align: center;">1,920</td> </tr> </tbody> </table>		Presumed acquisition cost	Presumed accumulated depreciation	Presumed balance at the end of the year		Million yen	Million yen	Million yen	Equipment and fixtures	3,715	1,794	1,920	<table border="1"> <thead> <tr> <th></th> <th>Presumed acquisition cost</th> <th>Presumed accumulated depreciation</th> <th>Presumed balance at the end of the year</th> </tr> <tr> <th></th> <th>Million yen</th> <th>Million yen</th> <th>Million yen</th> </tr> </thead> <tbody> <tr> <td>Equipment and fixtures</td> <td style="text-align: center;">3,318</td> <td style="text-align: center;">1,563</td> <td style="text-align: center;">1,754</td> </tr> </tbody> </table>		Presumed acquisition cost	Presumed accumulated depreciation	Presumed balance at the end of the year		Million yen	Million yen	Million yen	Equipment and fixtures	3,318	1,563	1,754
	Presumed acquisition cost	Presumed accumulated depreciation	Presumed balance at the end of the year																						
	Million yen	Million yen	Million yen																						
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(2) Presumed year-end balance of unaccrued lease payments	(2) Presumed year-end balance of unaccrued lease payments and others:																								
<table> <tbody> <tr> <td>Due within 1 year</td> <td style="text-align: right;">629 million yen</td> </tr> <tr> <td>Due beyond 1 year</td> <td style="text-align: right;">1,318 million yen</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">1,947 million yen</td> </tr> </tbody> </table>	Due within 1 year	629 million yen	Due beyond 1 year	1,318 million yen	Total	1,947 million yen	<table> <tbody> <tr> <td>Due within 1 year</td> <td style="text-align: right;">644 million yen</td> </tr> <tr> <td>Due beyond 1 year</td> <td style="text-align: right;">1,137 million yen</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">1,781 million yen</td> </tr> </tbody> </table>	Due within 1 year	644 million yen	Due beyond 1 year	1,137 million yen	Total	1,781 million yen												
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(3) Lease payments, presumed depreciation, and presumed interest expense:	(3) Lease payments, transfer of impairment losses on lease assets, presumed depreciation, presumed interest expense, and impairment loss:																								
<table> <tbody> <tr> <td>Lease payment</td> <td style="text-align: right;">767 million yen</td> </tr> <tr> <td>Presumed depreciation</td> <td style="text-align: right;">729 million yen</td> </tr> <tr> <td>Presumed interest expense</td> <td style="text-align: right;">38 million yen</td> </tr> </tbody> </table>	Lease payment	767 million yen	Presumed depreciation	729 million yen	Presumed interest expense	38 million yen	<table> <tbody> <tr> <td>Lease payment</td> <td style="text-align: right;">718 million yen</td> </tr> <tr> <td>Presumed depreciation</td> <td style="text-align: right;">687 million yen</td> </tr> <tr> <td>Presumed interest expense</td> <td style="text-align: right;">31 million yen</td> </tr> </tbody> </table>	Lease payment	718 million yen	Presumed depreciation	687 million yen	Presumed interest expense	31 million yen												
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(4) Method of calculating presumed depreciation Calculated on a straight-line basis assuming the lease period to be the useful life and assuming the residual value to diminish to zero.	(4) Method of calculating presumed depreciation Same as in left column.																								
(5) Method of calculating presumed interest expense Calculated assuming the difference between total lease payment and leased property's presumed acquisition cost to be the presumed interest, which is allocated to each of the years on the interest method.	(5) Method of calculating presumed interest expense Same as in left column.																								
	(Impairment loss) No impairment loss attributable to lease assets was recognized.																								

② Notes to Marketable Securities

Fiscal 2005 (As of March 31, 2005)

All equity shares held in subsidiaries and affiliates are categorized as securities for which no fair market value is available.

Fiscal 2006 (As of March 31, 2006)

All equity shares held in subsidiaries and affiliates are categorized as securities for which no fair market value is available.

③ Notes to Tax Effect Accounting

Fiscal 2005 (As of March 31, 2005)		Fiscal 2006 (As of March 31, 2006)	
(1) Major components of deferred tax assets and deferred tax liabilities accrued		(1) Major components of deferred tax assets and deferred tax liabilities accrued	
Deferred tax assets (current assets)	(Millions of yen)	Deferred tax assets (current assets)	(Millions of yen)
Allowance for doubtful receivables	45	Allowance for doubtful receivables	12
Business office tax payable	19	Business office tax payable	19
Enterprise tax payable	35	Enterprise tax payable	130
Accrued bonuses	444	Accrued bonuses	410
Other	57	Other	80
Subtotal	603	Subtotal	653
Deferred tax assets (fixed assets)		Deferred tax assets (fixed assets)	
Allowance for doubtful receivables	200	Allowance for doubtful receivables	158
Investment securities	346	Investment securities	564
Equity shares in associated companies	417	Equity shares in associated companies	218
Accrued retirement benefits for employees	446	Accrued retirement benefits for employees	411
Accrued retirement benefits for directors and corporate auditors	113	Accrued retirement benefits for directors and corporate auditors	125
Debt guarantee loss reserve	10	Impairment loss	66
Other	57	Other	49
Total	1,591	Total	1,594
Valuation reserve	-417	Valuation reserve	-856
Subtotal	1,173	Subtotal	737
Total deferred tax assets	1,777	Total deferred tax assets	1,391
Deferred tax liabilities (long-term liabilities)		Deferred tax liabilities (long-term liabilities)	
Deffered capital gains on land	-717	Deffered capital gains on land	-709
Revaluation difference on available-for-sale securities	-1,033	Revaluation difference on available-for-sale securities	-1,764
Total deferred tax liabilities	-1,750	Total deferred tax liabilities	-2,473
Net deferred tax assets	26	Net deferred tax liabilities	-1,082
(2) Major components of the difference between statutory effective tax rate and income tax and other burden rate after application of tax effect accounting		(2) Major components of the difference between statutory effective tax rate and income tax and other burden rate after application of tax effect accounting	
	(%)		(%)
Statutory effective tax rate	40.5	Statutory effective tax rate	40.5
(Adjustments)		(Adjustments)	
Entertainment expense and other items not to be included in expense permanently	3.6	Entertainment expense and other items not to be included in expense permanently	2.7
Dividend income and other items not to be included in income permanently	-2.9	Dividend income and other items not to be included in income permanently	-2.0
Valuation reserve accrued during fiscal year	13.3	Increase in valuation reserve	12.5
Per-capita inhabitant tax	2.6	Per-capita inhabitant tax	1.8
Special income tax deduction	-3.8	Special income tax deduction	-5.7
		Other	-0.8
Tax and other burden rate after application of tax effect accounting	53.3	Tax and other burden rate after application of tax effect accounting	49.0

(Significant Subsequent Events)

The Company and Tsuruhara Yoshii swapped their own stocks with each other on April 1, 2006, on the date and subject to the terms specified in their agreement for that purpose. The agreement had previously been approved by the Company's extraordinary general meeting of shareholders on February 16, 2006 and by Tsuruhara Yoshii's extraordinary general meeting of shareholders on January 20, 2006.

For an outline of the stock-swapping, along with Tsuruhara Yoshii's primary business operations and size of operations, refer to the section in V. State of Accounts headed 1. Consolidated Financial Statements (Significant Subsequent Events).