

Fiscal 2005 Results

(For the Period from January 1, 2005, to December 31, 2005)

Yamazaki Baking Co., Ltd.

(February 21, 2006)

1. Overview

(Millions of yen)

	Fiscal 2005		Fiscal 2004		Increase/(decrease)	Percentage change
		Percentage of total		Percentage of total		
Net sales	737,530	100.0	737,387	100.0	142	0.0
Operating income	14,164	1.9	20,082	2.7	(5,917)	(29.5)
Ordinary income	15,845	2.1	20,100	2.7	(4,255)	(21.2)
Net income	6,198	0.8	8,178	1.1	(1,980)	(24.2)

	First quarter	Second quarter	Third quarter	Fourth quarter	Fiscal 2005
Net sales	180,288	187,766	177,768	191,705	737,530
Operating income	4,502	4,839	1,488	3,333	14,164

	Fiscal 2005	Fiscal 2004	Increase/(decrease)
Number of consolidated subsidiaries	15	14	1
Number of equity-method subsidiaries	0	0	0

2. Income and Expenses

(1) Operating Income and Expenses

(Millions of yen)

	Fiscal 2005		Fiscal 2004		Increase/(decrease)	Percentage change	Reasons
		Percentage of total		Percentage of total			
Gross profit	259,803	35.2	262,502	35.6	(2,698)	(1.0)	
Selling, general and administrative expenses	245,639	33.3	242,420	32.9	3,218	1.3	
Advertising expenses	24,519		24,135		384	1.6	
Shipping and transport expenses	36,543		33,013		3,529	10.7	Increase in subcontracted freight charges
Provision for allowance for doubtful accounts	254				254		
Personnel expenses	109,770		111,600		(1,830)	(1.6)	Decrease in expenses for logistics personnel
[Portion accounted for by retirement benefits]	[5,198]		[5,330]		[(131)]	[(2.5)]	
Depreciation and amortization	8,702		9,144		(441)	(4.8)	
Rental fees	25,232		25,201		31	0.1	
Others	40,616		39,324		1,292	3.3	Increase in pro forma business taxes
Operating income	14,164	1.9	20,082	2.7	(5,917)	(29.5)	

(2) Ordinary Income and Expenses

(Millions of yen)

	Fiscal 2005		Fiscal 2004		Increase/(decrease)	Percentage change	Reasons
		Percentage of total		Percentage of total			
Nonoperating income	3,707	0.5	2,030	0.3	1,677	82.6	
Interest and dividend income	563		469		94	20.1	
Other nonoperating income	2,432		1,560		871	55.8	
Exchange gains	711				711		Loans to affiliated companies
Nonoperating expenses	2,026	0.3	2,011	0.3	14	0.7	
Interest expense	1,003		1,126		(123)	(11.0)	
Amortization of goodwill	15		22		(7)	(32.7)	
Other nonoperating expenses	1,008		700		307	43.8	
Exchange losses			161		(161)		
Ordinary income	15,845	2.1	20,100	2.7	(4,255)	(21.2)	

(3) Extraordinary Income and Expenses

(Millions of yen)

	Fiscal 2005		Fiscal 2004		Increase/(decrease)	Percentage change	Reasons
		Percentage of total		Percentage of total			
Extraordinary gains	3,194	0.4	259	0.0	2,935	1,133.3	
Gain on sales of fixed assets	21		13		8	58.5	
Gain on sales of investment securities	2,529		245		2,284	930.9	
Gain on loans to affiliated companies	643				643		
Extraordinary losses	4,546	0.6	4,149	0.5	397	9.6	
Loss on sales and disposal of fixed assets	1,883		2,386		(503)	(21.1)	
Expenses related to early retirement program	826		155		671	431.2	Change in registered address of subsidiary
Provision for allowance for loss on guarantees	786		372		414	111.3	
Loss on store closures	472		601		(128)	(21.4)	
Other extraordinary losses	577		633		(56)	(8.9)	
Income before income taxes	14,493	1.9	16,210	2.2	(1,716)	(10.6)	
Income and other taxes	8,148	1.1	7,889	1.1	258	3.3	
Minority interests	146	0.0	142	0.0	4	3.2	
Net income	6,198	0.8	8,178	1.1	(1,980)	(24.2)	

3. Segment Information

(1) Net Sales by Segment

(Millions of yen)

	Fiscal 2005		Fiscal 2004		Increase/(decrease)	Percentage change
		Percentage of total		Percentage of total		
Food business	678,227	92.0	679,068	92.1	(841)	(0.1)
Bread	87,962	11.9	89,301	12.1	(1,339)	(1.5)
Sweet buns	275,592	37.4	274,181	37.2	1,410	0.5
Japanese-style confectionery	65,132	8.8	64,882	8.8	249	0.4
Western-style confectionery	73,292	9.9	74,600	10.1	(1,307)	(1.8)
Processed bread and prepared rice and side dishes	99,034	13.5	99,531	13.5	(497)	(0.5)
Biscuits, crackers, <i>sembei</i> and other merchandise	77,212	10.5	76,570	10.4	641	0.8
Retail business	57,878	7.8	56,975	7.7	903	1.6
Other businesses	1,424	0.2	1,343	0.2	80	6.0
Net sales	737,530	100.0	737,387	100.0	142	0.0

(2) Operating Income by Segment

(Millions of yen)

	Fiscal 2005	Fiscal 2004	Increase/(decrease)	Percentage change
Food business	13,810	19,352	(5,542)	(28.6)
Retail business	(336)	263	(599)	(227.9)
Other businesses	408	543	(135)	(24.9)
Subtotal	13,881	20,159	(6,277)	(31.1)
Elimination and corporate	282	(77)	359	
Operating income	14,164	20,082	(5,917)	(29.5)

(3) Number of Employees by Segment

(Number of employees)

	Fiscal 2005		Fiscal 2004		Increase/(decrease)	
		[]		[]		[]
Food business	20,213	[17,143]	20,470	[17,536]	(257)	[(393)]
Retail business	754	[309]	765	[335]	(11)	[(26)]
Other businesses	54	[31]	59	[25]	(5)	[6]
Number of employees	21,021	[17,483]	21,294	[17,896]	(273)	[(413)]

Note: Figures given are for the total number of employees as of the end of each period. Figures in brackets, [], are the average number of temporary employees for each period, which are in addition to the number of permanent employees shown in the left-hand column.

4. Consolidated Balance Sheets (Including Reasons for Major Changes)

(Millions of yen)

	Fiscal 2005	Fiscal 2004	Increase/(decrease)	Reasons
Current assets	147,682	146,591	1,090	
Cash and deposits	53,329	53,175	153	
Notes and accounts receivable	66,330	65,583	746	
Marketable securities	1,711	760	951	
Inventories	12,249	12,737	(487)	
Deferred tax assets	2,210	2,133	77	
Other current assets	13,031	13,395	(364)	
Allowance for doubtful accounts	(1,181)	(1,193)	11	
Fixed assets	363,691	354,250	9,440	
Tangible fixed assets	247,641	246,767	873	Capital investment: ¥27.8 billion Depreciation and amortization: ¥25.0 billion
Buildings and structures	83,263	83,492	(229)	
Machinery, equipment and vehicles	68,059	66,748	1,311	
Tools, furniture and fixtures	4,870	5,020	(150)	
Land	91,048	91,130	(81)	
Construction in progress	399	376	22	
Intangible fixed assets	5,512	5,583	(70)	
Investments and other assets	110,536	101,899	8,637	
Investment securities	44,255	34,512	9,743	Increase in difference between market value and appraised value of other investment securities: ¥7.7 billion
Long-term loans receivable	2,174	2,429	(254)	
Deferred tax assets	24,715	28,488	(3,772)	Decrease in applicable amount for tax benefit accounting
Other investments	42,805	39,841	2,963	Increase in long-term deposits
Allowance for doubtful accounts	(3,414)	(3,373)	(41)	
Total assets	511,373	500,842	10,530	
Current liabilities	172,502	181,528	(9,025)	
Notes and accounts payable	62,887	64,985	(2,097)	
Short-term loans payable	52,773	55,110	(2,336)	Decrease in current portion of long-term debt: ¥3.3 billion
Accrued income tax	3,867	4,205	(337)	
Accrued expenses	27,995	27,177	817	
Allowance for employees' bonuses	2,988	3,151	(163)	
Other current liabilities	21,991	26,898	(4,907)	Decrease in notes payable construction: ¥3.8 billion
Long-term liabilities	127,285	115,289	11,996	
Long-term loans payable	33,944	21,720	12,223	Increase resulting from new loans
Allowance for employees' retirement benefits	81,482	82,434	(951)	
Reserve for loss on guarantees	6,862	6,062	800	
Other long-term liabilities	4,997	5,072	(75)	
Total liabilities	299,788	296,817	2,971	
Minority interests	3,334	3,226	108	
Total stockholders' equity	208,249	200,798	7,451	Increase in difference between market value and appraised value of other investment securities: ¥4.6 billion
Total liabilities, minority interests and stockholders' equity	511,373	500,842	10,530	

5. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2005	Fiscal 2004	Increase/(decrease)
Capital investment	27,833	33,932	(6,098)
Depreciation and amortization	25,083	24,147	936

6. Interest-bearing Debt

(Millions of yen)

	Fiscal 2005	Fiscal 2004	Increase/(decrease)	Reasons
Interest-bearing debt	91,891	82,042	9,848	Increase in long-term loans payable

7. Cash Flows

(Millions of yen)

	Fiscal 2005	Fiscal 2004	Increase/(decrease)	Reasons
Net cash provided by operating activities	29,015	30,582	(1,566)	Decrease in income before income taxes
Net cash used in investing activities	(34,733)	(29,101)	(5,631)	Increase in cash applied to the purchase of fixed assets
Net cash used in financing activities	6,693	(11,900)	18,594	Increase in new borrowings
Cash and cash equivalents at beginning of period	49,052	59,463	(10,410)	
Cash and cash equivalents at end of period	50,208	49,052	1,155	

8. Number of Daily Yamazaki and Vie de France Stores

(1) Daily Yamazaki Co., Ltd.

(Number of stores)

	Fiscal 2005	Fiscal 2004	Increase/(decrease)
Total Daily Yamazaki	1,854	1,937	(83)
[Yamazaki Daily Store]	[376]	[535]	[(159)]
[Directly operated]	[269]	[280]	[(11)]

Notes: 1. All "Directly operated" are Daily Yamazaki stores.

2. Figures in brackets, [], represent partial breakdown of total.

(2) Vie de France Co., Ltd.

(Number of stores)

	Fiscal 2005	Fiscal 2004	Increase/(decrease)
Vie de France	182	164	18
[Directly operated]	[151]	[141]	[10]

Note: Figures in brackets, [], represent partial breakdown of total.

Projections for Fiscal 2006

Consolidated Results

1. Overview

(Millions of yen)

	Fiscal 2006 projection		Fiscal 2005		Increase/(decrease)	Percentage change
		Percentage of total		Percentage of total		
Net sales	742,000	100.0	737,530	100.0	4,469	0.6
Gross profit	262,810	35.4	259,803	35.2	3,006	1.2
Selling, general and administrative expenses	244,310	32.9	245,639	33.3	(1,329)	(0.5)
Operating income	18,500	2.5	14,164	1.9	4,335	30.6
Ordinary income	19,300	2.6	15,845	2.1	3,454	21.8
Extraordinary loss	(6,120)	(0.8)	(1,351)	(0.2)	(4,768)	(352.8)
Net income	6,200	0.8	6,198	0.8	1	0.0

	First half projection			Second half projection		
		Increase/(decrease)	Percentage change		Increase/(decrease)	Percentage change
Net sales	371,000	2,944	0.8	371,000	1,525	0.4
Operating income	10,800	1,458	15.6	7,700	2,877	59.7
Ordinary income	11,400	1,059	10.2	7,900	2,395	43.5
Net income	2,500	(2,666)	(51.6)	3,700	2,667	258.5

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2006 projection	Fiscal 2005	Increase/(decrease)	Percentage change
Food business	685,310	678,227	7,082	1.0
Bread	88,480	87,962	517	0.6
Sweet buns	279,780	275,592	4,187	1.5
Japanese-style confectionery	65,190	65,132	57	0.1
Western-style confectionery	73,480	73,292	187	0.3
Processed bread and prepared rice and side dishes	99,910	99,034	875	0.9
Biscuits, crackers, <i>sembei</i> and other merchandise	78,470	77,212	1,257	1.6
Retail business	55,240	57,878	(2,638)	(4.6)
Other businesses	1,450	1,424	25	1.8
Net sales	742,000	737,530	4,469	0.6

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2006 projection	Fiscal 2005	Increase/(decrease)	Percentage change
Food business	17,210	13,810	3,400	24.6
Retail business	660	(336)	997	
Other businesses	340	408	(68)	(16.7)
Subtotal	18,210	13,881	4,328	31.2
Elimination and corporate	290	282	7	2.6
Operating income	18,500	14,164	4,335	30.6

Projections for Fiscal 2006**Consolidated Results**

4. Capital Investment and Depreciation and Amortization (Millions of yen)

	Fiscal 2006 projection	Fiscal 2005	Increase/(decrease)
Capital investment	29,220	27,833	1,386
Depreciation and amortization	26,690	25,083	1,606

1. Overview

(Millions of yen)

	Fiscal 2005		Fiscal 2004		Increase/(decrease)	Percentage change
		Percentage of total		Percentage of total		
Net sales	565,025	100.0	566,980	100.0	(1,954)	(0.3)
Operating income	10,634	1.9	16,028	2.8	(5,393)	(33.7)
Ordinary income	13,389	2.4	17,205	3.0	(3,815)	(22.2)
Net income	5,629	1.0	6,091	1.1	(461)	(7.6)

	First quarter	Second quarter	Third quarter	Fourth quarter	Fiscal 2005
Net sales	140,128	144,888	134,823	145,185	565,025
Operating income	4,060	3,698	591	2,284	10,634

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2005		Fiscal 2004		Increase/(decrease)	Percentage change
		Percentage of total		Percentage of total		
Bread	88,228	15.6	89,497	15.8	(1,268)	(1.4)
Sweet buns	252,094	44.6	250,761	44.2	1,333	0.5
Japanese-style confectionery	64,240	11.4	63,773	11.3	467	0.7
Western-style confectionery	68,271	12.1	69,566	12.3	(1,295)	(1.9)
Processed bread and prepared rice and side dishes	42,896	7.6	45,023	7.9	(2,126)	(4.7)
Biscuits, crackers, <i>sembei</i> and other merchandise	49,294	8.7	48,359	8.5	934	1.9
Total	565,025	100.0	566,980	100.0	(1,954)	(0.3)

3. Income and Expenses

(1) Operating Income and Expenses

(Millions of yen)

	Fiscal 2005		Fiscal 2004		Increase/(decrease)	Percentage change	Reasons
		Percentage of total		Percentage of total			
Gross profit	174,400	30.9	176,418	31.1	(2,018)	(1.1)	
Selling, general and administrative expenses	163,765	29.0	160,390	28.3	3,375	2.1	Increase in subcontracted freight charges Decrease in expenses for logistics personnel Increase in pro forma business taxes
Advertising expenses	16,338		15,627		710	4.5	
Shipping and transport expenses	27,995		25,095		2,900	11.6	
Provision for allowance for doubtful accounts	16				16		
Personnel expenses	78,936		80,376		(1,440)	(1.8)	
[Portion accounted for by retirement benefits]	[3,864]		[3,949]		[(85)]	[(2.2)]	
Depreciation and amortization	6,636		6,649		(13)	(0.2)	
Rental fees	7,079		7,146		(67)	(0.9)	
Others	26,764		25,495		1,268	5.0	
Operating income	10,634	1.9	16,028	2.8	(5,393)	(33.7)	

(2) Ordinary Income and Expenses

(Millions of yen)

	Fiscal 2005		Fiscal 2004		Increase/(decrease)	Percentage change	Reasons
		Percentage of total		Percentage of total			
Nonoperating income	4,094	0.7	2,707	0.5	1,387	51.3	
Interest and dividend income	855		699		155	22.3	
Other nonoperating income	2,527		2,007		520	25.9	
Exchange gains	711				711		Loans to affiliated companies
Nonoperating expenses	1,339	0.2	1,529	0.3	(190)	(12.4)	
Interest expense	509		578		(69)	(12.1)	
Other nonoperating expenses	830		789		40	5.2	
Exchange losses			161		(161)		
Ordinary income	13,389	2.4	17,205	3.0	(3,815)	(22.2)	

(3) Extraordinary Income and Expenses

(Millions of yen)

	Fiscal 2005		Fiscal 2004		Increase/(decrease)	Percentage change	Reasons
		Percentage of total		Percentage of total			
Extraordinary gains	2,908	0.5	598	0.1	2,310	385.9	
Gain on sales of fixed assets	3		8		(5)	(60.1)	
Gain on sales of investment securities	2,346				2,346		
Gain on return of entrusted government portion of national pension fund	558				558		
Reversal of allowance for loss on guarantees			590		(590)		
Extraordinary losses	6,249	1.1	6,395	1.1	(146)	(2.3)	
Loss on sales and disposal of fixed assets	1,402		1,899		(497)	(26.2)	
Loss on revaluation of shares of affiliates	2,199		3,349		(1,149)	(34.3)	Loss on revaluation of shares in Vie de France Yamazaki, Inc. (USA)
Expenses related to early retirement program	826		104		721	687.5	Change in registered address of subsidiary
Provision for allowance for losses from acceptances and guarantees	786		372		414	111.3	
Provision for allowance for doubtful accounts	717		544		172	31.8	
Other extraordinary losses	317		125		191	152.3	
Income before income taxes	10,049	1.8	11,408	2.0	(1,359)	(11.9)	
Income and other taxes	4,419	0.8	5,317	0.9	(897)	(16.9)	
Net income	5,629	1.0	6,091	1.1	(461)	(7.6)	

4. Nonconsolidated Balance Sheets (Including Reasons for Major Changes)

(Millions of yen)

	Fiscal 2005	Fiscal 2004	Increase/(decrease)	Reasons
Current assets	104,009	100,652	3,357	
Cash and deposits	31,166	28,975	2,190	Increase resulting from new loans
Notes and accounts receivable	57,944	57,292	651	
Marketable securities	1,337	740	597	
Inventories	7,308	7,797	(488)	
Deferred tax assets	1,720	1,690	29	
Other current assets	5,333	5,010	323	
Allowance for doubtful accounts	(800)	(854)	54	
Fixed assets	305,081	298,055	7,025	
Tangible fixed assets	199,052	199,128	(76)	Capital investment: ¥21.4 billion Depreciation and amortization: ¥19.7 billion
Buildings and structures	61,341	62,779	(1,438)	
Machinery, equipment and vehicles	56,725	55,138	1,587	
Tools, furniture and fixtures	3,927	4,075	(148)	
Land	76,954	77,051	(97)	
Construction in progress	104	83	21	
Intangible fixed assets	3,553	3,563	(9)	
Investments and other assets	102,475	95,363	7,112	Increase in difference between market value and appraised value of other investment securities: ¥7.7 billion Loss on revaluation of shares in Vie de France Yamazaki, Inc. (USA): ¥2.2 billion
Investment securities	38,914	28,929	9,984	
Shares in subsidiaries	22,921	25,202	(2,281)	
Long-term loans receivable	5,719	5,711	7	
Deferred tax assets	23,008	24,663	(1,654)	
Other investments and other assets	14,455	12,758	1,697	
Allowance for doubtful accounts	(2,542)	(1,900)	(641)	
Decrease in applicable amount for tax benefit accounting				
Increase in long-term deposits				
Total assets	409,091	398,708	10,382	
Current liabilities	107,800	118,242	(10,442)	
Notes and accounts payable	43,857	45,105	(1,247)	Decrease resulting from agreed repayment of loans
Short-term loans payable	23,648	29,690	(6,042)	
Accrued income tax	2,750	3,068	(317)	
Accrued expenses	20,046	19,122	923	
Other current liabilities	17,498	21,256	(3,758)	
Decrease in notes payable construction: ¥3.0 billion				
Long-term liabilities	95,622	82,267	13,355	
Long-term loans payable	23,209	9,280	13,929	Increase resulting from new loans
Allowance for employees' retirement benefits	63,504	64,744	(1,240)	Increase in retirement benefit payments: ¥1.4 billion
Reserve for loss on guarantees	7,802	7,002	800	
Other long-term liabilities	1,107	1,241	(133)	
Total liabilities	203,423	200,510	2,913	
Total stockholders' equity	205,667	198,198	7,469	Increase in difference between market value and appraised value of other investment securities: ¥4.5 billion
Total liabilities and stockholders' equity	409,091	398,708	10,382	

5. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2005	Fiscal 2004	Increase/(decrease)
Capital investment	21,427	27,518	(6,090)
Depreciation and amortization	19,786	18,997	788

6. Interest-bearing Debt

(Millions of yen)

	Fiscal 2005	Fiscal 2004	Increase/(decrease)	Reasons
Interest-bearing debt	52,031	44,182	7,848	Increase in long-term loans payable

7. Number of Employees

(Number of employees)

	Fiscal 2005		Fiscal 2004		Increase/(decrease)	
Number of employees	16,120	[8,601]	16,289	[8,606]	(169)	[(5)]

Note: Figures given are for the total number of employees as of the end of each period. Figures in brackets, [], are the average number of temporary employees for each period, which are in addition to the number of permanent employees shown in the left-hand column.

8. Number of Stores per Sales Channel

(Number of stores)

	Fiscal 2005	Fiscal 2004	Increase/(decrease)
Daily Yamazaki	1,744	1,827	(83)
Yamazaki Shop	4,219	4,255	(36)
Sun Etoile	551	514	37
Other licensed stores	843	939	(96)
Supermarkets	15,838	15,634	204
Convenience stores	38,045	37,004	1,041
New markets	14,861	12,971	1,890
Other stores	24,454	26,361	(1,907)
Total	100,555	99,505	1,050

Note: The number of stores in the Daily Yamazaki sales channel is the number of stores to which Yamazaki Baking sells directly. The total number of Daily Yamazaki stores is 1,854.

9. Sales by Sales Channel

(%)

	Fiscal 2005	Fiscal 2004	Increase/(decrease)
Daily Yamazaki	4.2	4.8	(0.6)
Yamazaki Shop	5.8	5.7	0.1
Sun Etoile	2.6	2.1	0.5
Other licensed stores	1.5	1.6	(0.1)
Supermarkets	36.4	35.4	1.0
Convenience stores	22.9	23.3	(0.4)
New markets	6.8	6.4	0.4
Other stores	19.8	20.7	(0.9)
Total	100.0	100.0	0.0

Projections for Fiscal 2006

Nonconsolidated Results

1. Overview

(Millions of yen)

	Fiscal 2006 projection		Fiscal 2005		Increase/(decrease)	Percentage change
		Percentage of total		Percentage of total		
Net sales	570,000	100.0	565,025	100.0	4,974	0.9
Gross profit	176,230	30.9	174,400	30.9	1,829	1.0
Selling, general and administrative expenses	163,130	28.6	163,765	29.0	(635)	(0.4)
Operating income	13,100	2.3	10,634	1.9	2,465	23.2
Ordinary income	15,400	2.7	13,389	2.4	2,010	15.0
Extraordinary loss	(4,190)	(0.7)	(3,340)	(0.6)	(849)	(25.4)
Net income	6,100	1.1	5,629	1.0	470	8.4

	First half projection			Second half projection		
		Increase/(decrease)	Percentage change		Increase/(decrease)	Percentage change
Net sales	286,000	983	0.3	284,000	3,990	1.4
Operating income	8,700	941	12.1	4,400	1,523	53.0
Ordinary income	10,100	1,018	11.2	5,300	991	23.0
Net income	4,800	78	1.7	1,300	392	43.2

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2006 projection		Fiscal 2005		Increase/(decrease)	Percentage change
		Percentage of total		Percentage of total		
Bread	88,850	15.6	88,228	15.6	621	0.7
Sweet buns	256,370	45.0	252,094	44.6	4,275	1.7
Japanese-style confectionery	64,290	11.3	64,240	11.4	49	0.1
Western-style confectionery	68,500	12.0	68,271	12.1	228	0.3
Processed bread and prepared rice and side dishes	42,410	7.4	42,896	7.6	(486)	(1.1)
Biscuits, crackers, <i>sembei</i> and other merchandise	49,580	8.7	49,294	8.7	285	0.6
Total	570,000	100.0	565,025	100.0	4,974	0.9

3. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2006 projection	Fiscal 2005	Increase/(decrease)
Capital investment	22,950	21,427	1,522
Depreciation and amortization	21,330	19,786	1,543

Cautionary Statements

(1) This document contains discussions that include management plans, projections, strategies and estimates that are not historical facts. Projections of future performance are based on management extrapolations from current data, but actual future performance may differ materially from projections.

(2) Yamazaki Baking Co., Ltd., prepares its accounts in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.