

# Consolidated Financial Statements

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## Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries Consolidated Balance Sheets

	March 31,		
	2009	2008	2009
	(Million yen)		(Thousand U.S. dollars) (Note 2)
<b>Assets</b>			
<b>Current assets:</b>			
Cash and deposits (Notes 3 and 11)	¥25,599	¥11,578	\$260,602
Short-term investment securities (Note 6)	234	1,376	2,382
Notes and accounts receivable-trade (Note 3)	58,515	63,416	595,693
Less: allowance for doubtful accounts	(654)	(604)	(6,664)
	57,860	62,812	589,029
Inventories	78,901	78,749	803,227
Deferred tax assets (Note 8)	3,899	2,732	39,701
Short-term loan to affiliates	11,590	5,333	117,998
Other current assets	12,477	14,826	127,022
Total current assets	190,562	177,409	1,939,965
<b>Property, plant and equipment, at cost (Note 3):</b>			
Land	20,885	17,428	212,614
Buildings and structures	103,996	105,254	1,058,698
Vessels	15,873	10,491	161,599
Machinery, equipment and vehicles	91,980	96,936	936,383
Lease assets	4,252	-	43,288
Construction in progress	1,959	3,892	19,950
Other	8,804	9,443	89,627
	247,752	243,446	2,522,163
Less accumulated depreciation	(139,665)	(138,401)	(1,421,823)
Property, plant and equipment, book value	108,086	105,044	1,100,340
<b>Intangible assets:</b>			
Goodwill	4,829	14,281	49,164
Software	3,048	2,344	31,038
Other intangible assets	7,946	13,045	80,892
Total intangible assets	15,824	29,671	161,096
<b>Investments and other assets:</b>			
Investments and loans to affiliates	25,327	31,469	257,836
Investments in other securities (Notes 3 and 6)	33,624	44,190	342,299
Other	14,607	8,734	148,710
Deferred tax assets (Note 8)	3,975	2,522	40,468
Less allowance for doubtful accounts	(6,545)	(2,301)	(66,639)
Total investments and other assets	70,988	84,614	722,676
Total assets	¥385,462	¥396,739	\$3,924,078

	March 31,		
	2009	2008	2009
	(Million yen)		(Thousand U.S. dollars) (Note 2)
<b>Liabilities and Net assets</b>			
<b>Current liabilities:</b>			
Short-term loans payable (Note 3)	¥116,966	¥74,396	\$1,190,737
Current portion of long-term loans payable (Note 3)	12,391	17,178	126,148
Lease obligations	790	-	8,050
Notes and accounts payable-trade	27,199	36,315	276,899
Income taxes payable	2,201	2,121	22,411
Accrued expenses and other current liabilities	27,255	28,322	277,465
Total current liabilities	186,805	158,335	1,901,712
<b>Long-term liabilities:</b>			
Long-term loans payable (Note 3)	101,469	77,651	1,032,974
Lease obligations	1,454	-	14,808
Provision for retirement benefits (Note 4)	16,268	14,537	165,612
Other long-term liabilities (Note 8)	7,299	18,186	74,311
Total long-term liabilities	126,491	110,375	1,287,706
<b>Contingent liabilities (Note 5)</b>			
Total liabilities	313,296	268,710	3,189,418
<b>Net assets:</b>			
<b>Shareholders' equity:</b>			
Common stock:			
Authorized – 1,000,000,000 shares			
Issued – 277,210,277 shares	23,729	23,729	241,571
Capital surplus	13,758	14,153	140,061
Retained earnings	32,018	58,052	325,957
Less: treasury stock, at cost:			
891,340 shares in 2009 and 742,650 shares in 2008	(249)	(225)	(2,537)
Total Shareholders' equity	69,257	95,709	705,054
<b>Valuation and Translation adjustments:</b>			
Valuation difference on available-for-sale securities	(473)	4,790	(4,815)
Deferred gains (losses) on hedges	(234)	(85)	(2,391)
Foreign currency translation adjustment	(10,911)	8,085	(111,079)
Pension liability adjustment of foreign consolidated subsidiaries	(1,920)	-	(19,546)
Total valuation and translation adjustments	(13,539)	12,790	(137,833)
<b>Minority interests</b>	16,447	19,528	167,437
Total net assets	72,165	128,029	734,658
Total liabilities and net assets	¥385,462	¥396,739	\$3,924,078

See notes to consolidated financial statements.

## Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

### Consolidated Statements of Operations

	Year ended March 31,		
	2009	2008	2009
	(Million yen)		(Thousand U.S. dollars) (Note 2)
Net sales	¥505,250	¥533,970	\$5,143,548
Cost of sales	403,681	426,344	4,109,550
Gross profit	101,569	107,625	1,033,998
Selling, general and administrative expenses (Note 9)	98,413	100,394	1,001,864
Operating income	3,156	7,231	32,133
Other income (expenses):			
Interest expense	(4,092)	(5,021)	(41,660)
Interest and dividends income	1,611	1,675	16,401
Equity in earnings of affiliates	1,156	1,752	11,771
Other income (expenses) (Note 13)	(18,014)	14,242	(183,390)
	(19,339)	12,648	(196,878)
Income (loss) before income taxes and minority interests	(16,182)	19,879	(164,744)
Income taxes:			
Current	3,485	2,419	35,481
Deferred	(4,571)	7,689	(46,542)
Income (loss) before minority interests	(15,096)	9,770	(153,684)
Minority interests in income	1,142	380	11,631
Net income (loss)	¥(16,239)	¥9,390	\$(165,316)

See notes to consolidated financial statements.

## Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

### Consolidated Statements of Changes in Net Assets

	Year ended March 31, 2009				
	(Million yen)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March, 31, 2008	¥23,729	¥14,153	¥58,052	¥(225)	¥95,709
Effect of changes in accounting policies applied to foreign subsidiaries			(7,442)		(7,442)
Changes during the year:					
Dividends from surplus			(2,764)		(2,764)
Net income			(16,239)		(16,239)
Change in scope of consolidation		(394)	412		17
Purchases of treasury stock				(25)	(25)
Disposal of treasury stock		0		1	1
Other-net					
Total changes during the year	-	(394)	(18,591)	(23)	(19,009)
Balance as of March, 31, 2009	¥23,729	¥13,758	¥32,018	¥(249)	¥69,257

	Valuation and translation adjustments					Minority interest	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Pension liability adjustment of foreign consolidated subsidiaries	Total valuation and translation adjustments		
Balance as of March, 31, 2008	¥4,790	¥(85)	¥8,085	-	¥12,790	¥19,528	¥128,029
Effect of changes in accounting policies applied to foreign subsidiaries							(7,442)
Changes during the year:							
Dividends from surplus							(2,764)
Net income							(16,239)
Change in scope of consolidation							17
Purchases of treasury stock							(25)
Disposal of treasury stock							1
Other-net	(5,263)	(149)	(18,996)	¥(1,920)	(26,329)	(3,081)	(29,411)
Total changes during the year	(5,263)	(149)	(18,996)	(1,920)	(26,329)	(3,081)	(48,421)
Balance as of March, 31, 2009	¥(473)	¥(234)	¥(10,911)	¥(1,920)	¥(13,539)	¥16,447	¥72,165

## Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries Consolidated Statements of Changes in Net Assets (continued)

Year ended March 31, 2009

(Thousand U.S. dollars) (Note 2)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March, 31, 2008	\$241,571	\$144,081	\$590,985	\$(2,293)	\$974,344
Effect of changes in accounting policies applied to foreign subsidiaries			(75,764)		(75,764)
Changes during the year:					
Dividends from surplus			(28,145)		(28,145)
Net income			(165,316)		(165,316)
Change of scope of consolidation		(4,019)	4,199		180
Purchases of treasury stock				(256)	(256)
Disposal of treasury stock		0		13	13
Other-net					
Total changes during the year	-	(4,019)	(18,262)	(243)	(193,525)
Balance as of March, 31, 2009	\$241,571	\$140,061	\$325,957	\$(2,537)	\$705,054

(Thousand U.S. dollars) (Note 2)

	Valuation and translation adjustments					Minority interest	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Pension liability adjustment of foreign consolidated subsidiaries	Total valuation and translation adjustments		
Balance as of March, 31, 2008	\$48,766	\$(868)	\$82,309	-	\$130,207	\$198,808	\$1,303,360
Effect of changes in accounting policies applied to foreign subsidiaries							(75,764)
Changes during the year:							
Dividends from surplus							(28,145)
Net income							(165,316)
Change of scope of consolidation							180
Purchases of treasury stock							(256)
Disposal of treasury stock							13
Other-net	(53,582)	(1,522)	(193,388)	\$(19,546)	(268,040)	(31,370)	(299,411)
Total changes during the year	(53,582)	(1,522)	(193,388)	(19,546)	(268,040)	(31,370)	(492,937)
Balance as of March, 31, 2009	\$(4,815)	\$(2,391)	\$(111,079)	\$(19,546)	\$(137,833)	\$167,437	\$734,658

See notes to consolidated financial statements.

## Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries Consolidated Statements of Cash Flow

Year ended March 31,

2009 2008 2009

(Million yen)

(Thousand U.S. dollars) (Note 2)

	2009	2008	2009
<b>Net cash provided by (used in) operating activities</b>			
Net income (loss) before income taxes and minority interests	¥(16,182)	¥19,879	\$(164,744)
Depreciation and amortization	15,545	15,410	158,256
Impairment loss	4,689	8,277	47,736
Amortization of goodwill	2,037	-	20,742
Increase (decrease) in allowance for doubtful accounts	4,231	(1,208)	43,081
Increase (decrease) in provision for retirement benefits	287	(1,501)	2,924
Interest and dividends income	(1,611)	(1,675)	(16,401)
Interest expense	4,092	5,021	41,660
Equity in losses (earnings) of affiliates	(1,156)	(1,752)	(11,771)
Gain on sale of non current assets	(305)	(26,774)	(3,105)
Loss on disposal of non current assets	1,008	997	10,263
Loss(gain) on sale and valuation of investment securities	1,744	641	17,759
Decrease (increase) in notes and accounts receivable-trade	(3,333)	10,302	(33,931)
Decrease (increase) in inventories	(9,320)	(412)	(94,880)
Increase (decrease) in notes and accounts payable-trade	(4,395)	2,243	(44,749)
Increase (decrease) in accrued expenses	1,898	(7,858)	19,327
Other	(1,330)	(553)	(13,541)
Subtotal	(2,099)	21,037	(21,374)
Interest and dividends income received	1,567	1,390	15,958
Interest expenses paid	(4,038)	(4,959)	(41,115)
Income taxes paid	(2,786)	(2,569)	(28,367)
Net cash provided by (used in) operating activities	(7,357)	14,900	(74,899)
<b>Net cash provided by (used in) investing activities</b>			
Decrease (increase) in time deposits	(710)	101	(7,235)
Decrease (increase) in short-term investment securities	1,142	1,535	11,629
Purchases of property, plant and equipment	(26,528)	(16,666)	(270,065)
Proceeds from sales of property, plant and equipment	1,402	27,708	14,280
Purchases of intangible assets	(2,886)	(984)	(29,385)
Purchases of investment securities	(6,358)	(3,383)	(64,729)
Proceeds from sales of investment securities	2,113	595	21,511
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,907)	(2,670)	(19,415)
Proceed from investment in subsidiaries resulting in change in scope of consolidation	-	176	-
Decrease (increase) in short-term loans receivable	(2,245)	(4,405)	(22,860)
Other	(2,367)	(159)	(24,105)
Net cash provided by (used in) investing activities	(38,346)	1,848	(390,374)
<b>Net cash provided by (used in) financing activities</b>			
Increase (decrease) in short-term loans payable	49,802	(12,279)	506,997
Proceeds from long-term loans payable	39,251	17,388	399,590
Repayment of long-term loans payable	(18,221)	(19,075)	(185,501)
Repayment of lease obligations	(831)	-	(8,467)
Proceeds from capital contribution from minority shareholders	-	1,039	-
Cash dividends paid	(2,764)	(2,765)	(28,145)
Cash dividends paid to minority shareholders	(894)	(1,288)	(9,108)
Decrease (increase) in treasury stock	(17)	(18)	(180)
Net cash provided by (used in) financing activities	66,323	(16,999)	675,183
Effect of exchange rate changes on cash and cash equivalents	(1,418)	(249)	(14,444)
Net increase (decrease) in cash and cash equivalents	19,200	(499)	195,464
Cash and cash equivalents at beginning of period	11,774	12,900	119,863
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(81)	(626)	(830)
Cash and cash equivalents at end of period	¥30,892	¥11,774	\$314,496

See notes to consolidated financial statements.

## Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

### Notes to Consolidated Financial Statements

#### 1. Summary of Significant Accounting Policies

##### (a) Basis of Presentation

The accompanying consolidated financial statements of Nippon Suisan Kaisha, Ltd. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan, but is presented herein as additional information.

As permitted, amounts of less than one million yen have been rounded down. As a result, the totals shown in the accompanying consolidated financial statements both in yen and the U.S. dollar do not necessarily reconcile with the sum of the individual amounts.

##### (b) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The accompanying consolidated financial statements include the accounts of the Company and 63 consolidated subsidiaries controlled directly or indirectly by the Company. In addition, 9 out of 12 unconsolidated subsidiaries and 29 out of 31 affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements by the equity method of accounting. All significant inter-company balances and transactions have been eliminated in consolidation.

Certain subsidiaries are consolidated on the basis of the fiscal period ending on December 31, which differs from that of the Company; however, the

necessary adjustments have been made if the effect of the difference is material.

The differences between the cost and the equity at the dates of acquisition in the underlying net assets of the consolidated subsidiaries and companies are amortized over a period of twenty years or less. The accounting for impairment of goodwill is applied.

Investments in unconsolidated subsidiaries and affiliates other than those which are accounted for by the equity method are principally stated at cost. Where there has been a permanent impairment in the value of such investments, the Company has written down the investments to reflect such impairment.

##### (c) Foreign Currency Translation

The accounts of foreign consolidated subsidiaries, except for the components of shareholders' equity, are translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates. Translation differences arising from the translation of the financial statements of the foreign consolidated subsidiaries are presented as translation adjustments, which are presented as a component of valuation and translation adjustments and minority interests in consolidated subsidiaries.

Monetary assets and liabilities denominated in foreign currencies of the Company and its domestic consolidated subsidiaries are translated into yen at the current foreign exchange rates except for those hedged by forward foreign exchange contracts, which are translated at the contracted rates.

All revenues and expenses are translated at the current foreign exchange rates.

Gains and losses arising from exchange differences are credited or charged to income as incurred.

#### 1. Summary of Significant Accounting Policies (continued)

##### (d) Cash Equivalents

All highly liquid investments, generally with the maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

##### (e) Investment Securities

In accordance with the accounting standard for financial instruments which the Company complies, investment securities are classified as (i) trading securities, (ii) held-to-maturity securities, and (iii) other securities. Under the standard, trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in valuation and translation adjustments. Investment securities classified as other securities without market prices are carried at cost. Cost of investment securities sold is determined by the moving average method.

##### (f) Inventories

Inventories are stated principally at the acquisition cost, using the moving average method. (The figures shown in the balance sheet have been calculated in accordance with the write-down approach based on decline in profitability.)

##### (g) Property, Plant and Equipment

Depreciation of property, plant and equipment of the Company and domestic consolidated subsidiaries is computed principally by the declining-balance method over the estimated useful lives of the respective assets. However, depreciation of buildings acquired on and after April 1, 1998 is computed by the straight-line method.

##### (h) Leases

The straight-line method is applied with the useful life of the asset being the lease term and the residual value being zero.

##### (i) Retirement Benefits

In accordance with the accounting standard for retirement benefits which the Company complies, the accrued retirement benefits for employees have been provided mainly the calculated amount based on the retirement benefit obligation and the fair value of the pension plan assets as of March 31, 2009. The amount was adjusted for unrecognized actuarial gain or loss and unrecognized past service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

Actuarial gain and loss are amortized in the following year in which the gain or loss is recognized primarily by the straight-line method over the period of 6 years which are shorter than the average remaining years of service of the eligible employees.

Past service cost is being amortized as incurred by the straight-line method over the period of 6 years which are shorter than the average remaining years of service of the eligible employees.

## 1. Summary of Significant Accounting Policies (continued)

### (j) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax-basis calculation, and are measured with the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

### (k) Research and Development Costs

Research and development costs are charged to income as incurred.

### (l) Derivative Financial Instruments

The Company and certain consolidated subsidiaries have entered into various derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign exchange rates and interest rates. In accordance with the accounting standard for financial instruments to which the Company complies, derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as deferred gains on hedges included in valuation and translation adjustments. Receivables and payables hedged by qualified forward foreign exchange contracts are accounted for by the allocation method, which is utilized to hedge against risk arising from fluctuations in foreign exchange rates.

### (m) Net Income per Share

Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during each year.

### (n) Major Changes on Accounting Treatment for Consolidated Financial Statements

#### Changes in Valuation Methods of Inventories

Previously, inventories held for sale in the ordinary course of business, were stated based on the lower of cost method, with cost being determined by the

moving average method. However, beginning the current consolidated fiscal year, the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 of July 5, 2006) and accordingly such inventories are now mainly stated at cost, with cost being determined by the moving average method (the figures shown in the balance sheet have been calculated in accordance with the write-down approach based on decline in profitability).

As a result of this change, operating income has decreased by ¥738 million (\$7,512 thousand) and ordinary loss has increased by the same amount and loss before income taxes and minority interests has increased by ¥960 million (\$9,772 thousand), for the current consolidated fiscal year. The effect on segment information is referred at the said section.

#### Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Beginning the current consolidated fiscal year, the Company has adopted the *Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements* (Practical Issues Task Force No. 18, May 17, 2006) and has revised the consolidated financial statements accordingly.

As a result of this change, retained earnings as of the beginning of the year has decreased by ¥7,442 million (\$75,760 thousand), operating income decreased by ¥1,578 million (\$16,064 thousand), and ordinary loss and loss before income taxes and minority interests have increased by ¥4,035 million (\$41,077 thousand), respectively, for the current consolidated fiscal year. The effect on segment information is referred at the said section.

#### Accounting Standards for Lease Transactions

Previously finance lease transactions that do not transfer the ownership to the lessee had been

## 1. Summary of Significant Accounting Policies (continued)

accounted for in the same manner as ordinary operating lease transactions. However, beginning the current consolidated fiscal year, the *Accounting Standards for Lease Transactions* (ASBJ Statement No. 13, originally issued by the Corporate Accounting Council on June 17, 1993, and revised by ASBJ on March 30, 2007) and the *Guidance on the Accounting Standard for Lease Transactions* (ASBJ Guidance No. 16, originally issued by the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by ASBJ on March 30, 2007) were adopted and the accounting treatment for such finance lease transactions has been changed to methods similar to ordinary buying and selling transactions. Additionally, lease assets relating to finance lease transactions that do not transfer ownership to the lessee have been depreciated based on the straight-line method using the duration of the lease period as useful life with a remaining balance of zero. Of the finance lease transactions that do not transfer ownership to the lessee, transactions that commenced prior to the initial year of application of these standards have been recorded by stating the balance of future lease payments at the end of the previous consolidated fiscal year as acquisition cost at the beginning of the year. The effects of this change on profit/loss are minimal.

#### Recording Method of Sales Commissions

Previously sales commissions, which had been calculated according to the sales performance of the Company's wholesaler customers to secondary vendors such as retailers, had been posted at the time the records of such sales to the secondary vendors were received from the wholesaler. However, beginning the current consolidated fiscal year, sales commissions whose records have not yet been received from the wholesaler will be recorded based on reasonable estimates of such sales. This is due to the fact that with the introduction of the system of internal controls over financial reporting, the framework for the gathering of data

required for the posting of commission has been put in place during the current consolidated fiscal year and reasonable estimates may now be made even for sales data that have not been received, thereby enabling an even more appropriate method of periodical accounting of profit and loss for sales commissions.

As a result of this change, operating income has decreased by ¥31 million (\$315 thousand), ordinary loss has increased by the same amount, and loss before income taxes and minority interests has increased by ¥677 million (\$6,891 thousand), for the current consolidated fiscal year. The effect on segment information is referred at the said section.

### (o) Additional Information

#### Changes in Useful Lives of Property, Plant and Equipment

Estimates of the useful lives of the machinery and equipment of the Company and its consolidated subsidiaries in Japan have been revised in conjunction with the 2008 revision to the Corporation Tax Act and changes have been made starting from the current consolidated fiscal year.

As a result of this change, operating income has increased by ¥259 million (\$2,636 thousand), while ordinary loss and loss before income taxes and minority interests have decreased by the same amount, respectively, for the current consolidated fiscal year. The effect on segment information is referred at the said section.

## 2. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation, at ¥98.23 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2009.

## 3. Loans Payable

Short-term loans payable are unsecured and generally represent 365-day notes. The weighted average interest rates of the short-term loans payable outstanding at March 31, 2009 and 2008 were 1.5% and 3.0%, respectively.

Long-term loans payable at March 31, 2009 and 2008 are summarized as follows:

	2009	2008	2009
	(Million yen)		(Thousand U.S. dollars)
With collateral	¥39,792	¥29,850	\$405,090
Without collateral	74,068	64,980	754,032
	113,860	94,830	1,159,122
Less: current portion	(12,391)	(17,178)	(126,148)
	¥101,469	¥77,651	\$1,032,974

The annual maturity of long-term loans payable subsequent to March 31, 2010 are summarized as follows:

Years ending March 31,	(Million yen)	(Thousand U.S. dollars)
2010	¥30,475	\$310,245
2011	18,319	186,492
2012	16,057	163,469
2013	17,119	174,279

Assets pledged as collateral for long-term loans payable and certain other current liabilities at March 31, 2009 were as follows:

	(Million yen)	(Thousand U.S. dollars)
Bank deposit	¥541	\$5,516
Notes and accounts receivable-trade	1,563	15,921
Property, plant and equipment, at net book value	22,463	228,678
Investment securities	23,810	242,391
	¥48,379	\$492,508

## 4. Retirement Benefits

The Company and its domestic consolidated subsidiaries have defined benefit pension plans, i.e., tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. Certain foreign consolidated subsidiaries have defined benefit and contribution plans.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet as of March 31, 2009 for the Company's and the consolidated subsidiaries' defined benefit pension plans:

	(Million yen)	(Thousand U.S. dollars)
Retirement benefit obligation	¥(43,576)	\$(443,619)
Plan assets at fair value	19,699	200,546
Unfunded retirement benefit obligation	(23,877)	(243,073)
Unrecognized actuarial gain	8,185	83,328
Unrecognized past service cost	(576)	(5,867)
Net retirement benefit obligation	(16,268)	(165,612)
Prepaid pension cost	0	0
Accrued retirement benefits	¥(16,268)	\$(165,612)

The components of retirement benefit expenses for the year ended March 31, 2009 are outlined as follows:

	(Million yen)	(Thousand U.S. dollars)
Service cost	¥1,743	\$17,750
Interest cost	1,241	12,640
Expected return on plan assets	(940)	(9,575)
Amortization of actuarial loss	(196)	(1,998)
Amortization of past service cost	(350)	(3,564)
Total retirement benefit expenses	¥1,498	\$15,252

The assumptions used in accounting for the above plans were as follows:

Discount rates	<b>Mainly 2.5%</b>
Expected rates of return on plan assets	<b>Mainly 2.5%</b>
Amortization period of actuarial gain or loss	<b>Mainly 6 years</b>
Amortization period of past service cost	<b>Mainly 6 years</b>

## 5. Contingent Liabilities

At March 31, 2009, the Company and its consolidated subsidiaries had the following contingent liabilities:

	(Million yen)	(Thousand U.S. dollars)
As guarantors of indebtedness of unconsolidated subsidiaries, affiliates and other companies	¥5,424	\$55,226

## 6. Securities

Information regarding securities classified as other securities as of March 31, 2009 is as follows:

Marketable Other Securities	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
	(Million yen)			(Thousand U.S. dollars)		
<b>Total amount on consolidated balance sheets exceeds the acquisition cost:</b>						
Stock	¥8,348	¥10,725	¥2,377	\$84,991	\$109,192	\$24,201
Corporate bonds	–	–	–	–	–	–
Other debt securities	100	101	1	1,018	1,030	12
Other	294	295	1	2,993	3,010	17
Subtotal	8,742	11,122	2,380	89,002	113,233	24,230
<b>Total amount on consolidated balance sheets dose not exceeds the acquisition cost:</b>						
Stock	13,654	11,319	(2,334)	139,002	115,238	(23,764)
Corporate bonds	499	448	(51)	5,087	4,561	(526)
Other debt securities	1,323	1,132	(190)	13,471	11,530	(1,941)
Other	4,374	3,499	(875)	44,533	35,622	(8,911)
Subtotal	19,851	16,399	(3,452)	202,093	166,950	(35,142)
Total	¥28,594	¥27,522	¥(1,071)	\$291,095	\$280,183	\$(10,912)

(Note 1) Sales of securities classified as other securities amounted to ¥3,098 million (\$31,547 thousand) with the aggregate gain of ¥860 million (\$8,760 thousand) and with the aggregate loss of ¥79 million (\$810 thousand) for the year ended March 31, 2009.

(Note 2) Other securities include compound instruments and the loss on embedded derivatives of ¥132 million (\$1,343 thousand) is included in other income.

The redemption schedule for investment securities with maturity dates classified as other investment securities and held-to-maturity debt securities as of March 31, 2009 is summarized as follows:

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
	(Million yen)			
Corporate bonds	¥196	¥101	¥251	–
Other debt securities	–	–	388	¥744
Others	37	913	891	48
Total	¥233	¥1,014	¥1,530	¥792
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
	(Thousand U.S. dollars)			
Corporate bonds	\$1,995	\$1,028	\$2,555	–
Other debt securities	–	–	3,950	\$7,574
Others	377	9,295	9,071	489
Total	\$2,372	\$10,323	\$15,576	\$8,063

## 7. Derivatives

The Company and its consolidated subsidiaries utilize forward foreign exchange contracts to hedge their exposure to foreign exchange fluctuations in the valuation of operating receivables and payables relating to their import and export transactions in the normal course of business. In addition, they utilize interest rate swap contracts to minimize the interest expense on loans. The volume of derivative transactions is, in principle, within the balance of the underlying operating receivables and payables. The Company and its subsidiaries are exposed to the risk of credit loss in the event of nonperformance by the counterparties to such derivative transactions; however, they do not anticipate nonperformance by any of these counterparties, as all of whom are leading financial institutions.

The derivatives are controlled by the respective internal rules, which establish basic policies, authorization procedures, transaction limits, and so forth. The status of the derivative positions is monitored and reported to the Board of Directors of the Company and to those of its subsidiaries on a regular basis.

The compound instruments whose embedded derivatives cannot be measured separately is wholly revaluated its fair value and described in 6. Investment Securities (Note 2).

## 8. Deferred Tax Assets (Liabilities)

The tax effects of significant temporary differences and loss carryforward which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	2009	2008	2009
	(Million yen)		(Thousand U.S. dollars)
<b>Deferred tax assets:</b>			
Accrued retirement benefits	¥6,568	¥6,438	\$66,872
Tax loss carry-forwards	3,820	1,716	38,889
Valuation of investment securities	1,661	1,859	16,914
Allowance for doubtful accounts	3,954	1,620	40,257
Depreciation	1,409	551	14,345
Valuation of inventories	1,731	205	17,622
Accrued enterprise tax	101	145	1,029
Other	6,445	6,576	65,618
Subtotal (current and non current)	25,691	19,110	261,549
Less: valuation allowance	(7,889)	(6,081)	(80,316)
Total deferred tax assets (current and non current)	17,802	13,031	181,232
<b>Deferred tax liabilities:</b>			
Reserve for advanced depreciation of non-current assets	6,655	3,039	67,754
Reserve for special account for advanced depreciation of non-current assets	1,196	6,233	12,175
Valuation of investment securities	26	4,050	272
Accelerated depreciation	3,970	5,053	40,425
Other	730	1,124	7,440
Total deferred tax liabilities (non current)	12,580	19,500	128,067
Net deferred tax assets / liabilities (non current)	¥5,222	¥(6,469)	\$53,164

## 9. Research and Development Costs

Research and development costs included in general and administrative expenses for the year ended March 31, 2009 and 2008 totaled ¥3,803 million (\$38,715 thousand) and, ¥3,718 million, respectively.

## 10. Amounts per Share

The amounts per share of net income (loss) and net assets, as presented below, are based on the average number of outstanding shares of common stock of the Company during each year and the number of outstanding shares of common stock at each balance sheet date, respectively:

	Year ended or as of March 31,		
	2009	2008	2009
	(Yen)		(U.S. dollars)
Net income (loss)	¥(58.74)	¥33.97	\$(0.59)
Net assets	201.64	392.45	2.05

## 11. Supplementary Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents at March 31, 2009:

	(Million yen)	(Thousand U.S. dollars)
Cash and deposits	¥25,599	\$260,602
Time deposits with a maturity of more than three months	(1,119)	(11,395)
Loan which is included in other current assets	6,413	65,289
Cash and cash equivalents	¥30,892	\$314,496

## 12. Segment Information

The financial information by business and geographical segments of the Company and its consolidated subsidiaries is summarized as follows:

### Business Segments

	For the year ended or as of March 31, 2009							Eliminations or corporate	Consolidated
	Marine Products	Food Products	General Distribution	Fine Chemicals	Others	Total			
Operating revenues	¥202,422	¥252,083	¥11,254	¥23,336	¥16,154	¥505,250	-	¥505,250	
Inter group sales and transfers	14,906	1,188	7,373	44	867	24,380	¥(24,380)	-	
Total	217,328	253,272	18,627	23,380	17,021	529,631	(24,380)	505,250	
Operating expenses	217,005	254,433	16,705	18,793	16,459	523,398	(21,303)	502,094	
Operating income (loss)	¥323	¥(1,160)	¥1,921	¥4,587	¥562	¥6,233	¥(3,076)	¥3,156	
Identifiable assets	¥149,028	¥135,292	¥20,099	¥43,478	¥19,634	¥367,532	¥17,929	¥385,462	
Depreciation and amortization	¥4,178	¥7,670	¥1,498	¥2,034	¥163	¥15,545	-	¥15,545	
Impairment losses	1,168	3,520	-	-	-	4,689	-	4,689	
Capital expenditures	6,799	13,866	1,146	6,960	100	28,872	-	28,872	

### For the year ended or as of March 31, 2009

(Thousand U.S. dollars)

	Marine Products	Foods Products	General Distribution	Fine Chemicals	Others	Total	Eliminations or corporate	Consolidated
Operating revenues	\$2,060,696	\$2,566,261	\$114,568	\$237,570	\$164,452	\$5,143,548	-	\$5,143,548
Inter group sales and transfers	151,752	12,102	75,059	450	8,834	248,199	\$(248,199)	-
Total	2,212,448	2,578,363	189,628	238,020	173,286	5,391,748	(248,199)	\$5,143,548
Operating expenses	2,209,159	2,590,182	170,068	191,321	167,560	5,328,292	(216,876)	5,111,415
Operating income (loss)	\$3,289	\$(11,818)	\$19,560	\$46,699	\$5,725	\$63,456	\$(31,322)	\$32,133
Identifiable assets	\$1,517,140	\$1,377,298	\$204,617	\$442,616	\$199,880	\$3,741,553	\$182,524	\$3,924,078
Depreciation and amortization	\$42,542	\$78,088	\$15,250	\$20,711	\$1,664	\$158,256	-	\$158,256
Impairment losses	11,899	35,836	-	-	-	47,736	-	47,736
Capital expenditures	69,216	141,165	11,668	70,858	1,019	293,928	-	293,928

### For the year ended or as of March 31, 2008

(Million yen)

	Marine Products	Foods Products	General Distribution	Fine Chemicals	Others	Total	Eliminations or corporate	Consolidated
Operating revenues	¥230,822	¥251,836	¥12,412	¥24,889	¥14,009	¥533,970	-	¥533,970
Inter group sales and transfers	9,670	824	10,752	536	3,288	25,073	¥(25,073)	-
Total	240,492	252,661	23,165	25,425	17,298	559,043	(25,073)	533,970
Operating expenses	240,483	251,034	21,172	19,425	16,720	548,836	(22,097)	526,738
Operating income (loss)	¥8	¥1,627	¥1,992	¥6,000	¥578	¥10,207	¥(2,976)	¥7,231
Identifiable assets	¥157,919	¥147,213	¥20,999	¥40,196	¥10,602	¥376,931	¥19,808	¥396,739
Depreciation and amortization	¥4,695	¥7,691	¥1,427	¥1,449	¥145	¥15,410	-	¥15,410
Impairment losses	-	8,010	-	266	-	8,277	-	8,277
Capital expenditures	6,295	5,877	2,606	4,006	319	19,105	-	19,105

### Notes for Segment Information

Operating expenses unallocated to each segment for the year ended March 31, 2009 of ¥3,076 million (\$31,322 thousand) is mainly composed of the expenses concerning research and development, quality assurance and environmental coordination of the Company.

The Company holds assets for corporate use amounted ¥17,929 million (\$182,524 thousand) as of March 31, 2009. The primary contents are the long-term investments (investment securities) and the assets which are utilized for administrative purpose.

### Changes in Valuation Methods of Inventories

Previously, inventories held for sale in the ordinary course of business, were stated based on the lower of cost or market method, with cost being determined by the moving average method. However, starting from the current consolidated fiscal year, the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 of July 5, 2006) and accordingly such inventories are now mainly stated at cost, with cost being determined by the moving average method (the figures shown in the balance sheet have been calculated in accordance with the write-down approach based on decline in profitability).

As a result of this change, compared with the previous method, operating income decreased by ¥349 million (\$3,553 thousand) in "Marine Products", operating loss increased by ¥362 million (\$3,685 thousand) in "Food Products" and operating income decreased by ¥25 million (\$255 thousand) in "Fine Chemicals".

**12. Segment Information (continued)****Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements**

Starting from the current consolidated fiscal year, the Company has adopted the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (Practical Issues Task Force No. 18, May 17, 2006) and has revised the consolidated financial statements accordingly.

As a result of this change, compared with the previous method, operating income increased by ¥102 million (\$1,038 thousand) in "Marine Products" and operating loss increased by ¥1,681 million (\$17,113 thousand) in "Food Products".

**Recording Method of Sales Commissions**

Previously sales commissions, which had been calculated according to the sales performance of the Company's wholesaler customers to secondary vendors such as retailers, had been recorded at the time the records of such sales to the secondary vendors were received from the wholesaler. However, beginning the current consolidated fiscal year, sales commissions whose records have not yet been received from the wholesaler will be recorded based on reasonable estimates of such sales. As a result of this change, operating loss increased by ¥31 million (\$316 thousand) in "Food Products."

**Changes in Useful Lives of Property, Plant and Equipment**

Estimates of the useful lives of the machinery and equipment of the Company and its consolidated subsidiaries in Japan have been revised in conjunction with the 2008 revision to the Corporation Tax Act and changes have been made starting from the current consolidated fiscal year. As a result of this change, compared with the previous method, operating income increased by ¥47 million (\$478 thousand) in "Marine Products," operating loss decreased by ¥388 million (\$3,950 thousand) in "Food Products," operating income decreased by ¥12 million (\$122 thousand) in "General distribution," operating income decreased by ¥145 million (\$1,476 thousand) in "Fine Chemicals" and operation income decreased by ¥18 million (\$183 thousand) in "Other."

**Geographical Segments****For the year ended or as of March 31, 2009** (Million yen)

	Japan	North America	South America	Asia	Europe	Total	Eliminations or corporate	Consolidated
Sales to third parties	¥411,043	¥61,409	¥9,488	¥5,780	¥17,529	¥505,250	-	¥505,250
Inter-area sales and transfers	6,145	5,618	12,213	7,969	40	31,987	¥(31,987)	-
Total	417,189	67,027	21,701	13,749	17,570	537,238	(31,987)	505,250
Operating expenses	409,376	68,795	20,772	14,846	17,214	531,005	(28,911)	502,094
Operating income (loss)	¥7,813	¥(1,768)	¥929	¥(1,096)	¥355	¥6,233	¥(3,076)	¥3,156
Assets	¥274,912	¥48,491	¥20,190	¥13,094	¥10,844	¥367,532	¥17,929	¥385,462

**For the year ended or as of March 31, 2009** (Thousand U.S. dollars)

	Japan	North America	South America	Asia	Europe	Total	Eliminations or corporate	Consolidated
Sales to third parties	\$4,184,501	\$625,158	\$96,592	\$58,847	\$178,449	\$5,143,548	-	\$5,143,548
Inter-area sales and transfers	62,566	57,197	124,333	81,129	416	325,643	\$(325,643)	-
Total	4,247,067	682,355	220,925	139,977	178,866	5,469,192	(325,643)	5,143,548
Operating expenses	4,167,528	700,354	211,463	151,141	175,247	5,405,735	(294,320)	5,111,415
Operating income (loss)	\$79,539	\$(17,999)	\$9,462	\$(11,164)	\$3,618	\$63,456	\$(31,322)	\$32,133
Assets	\$2,798,665	\$493,650	\$205,540	\$133,301	\$110,395	\$3,741,553	\$182,524	\$3,924,078

**For the year ended or as of March 31, 2008**

(Million yen)

	Japan	North America	South America	Asia	Europe	Total	Eliminations or corporate	Consolidated
Sales to third parties	¥432,423	¥80,024	¥10,782	¥5,250	¥5,489	¥533,970	-	¥533,970
Inter-area sales and transfers	3,883	5,193	13,123	7,583	-	29,784	¥(29,784)	-
Total	436,307	85,218	23,906	12,833	5,489	563,754	(29,784)	533,970
Operating expenses	425,275	83,835	24,107	14,909	5,419	553,547	(26,808)	526,738
Operating income (loss)	¥11,031	¥1,382	¥(201)	¥(2,075)	¥69	¥10,207	¥(2,976)	¥7,231
Assets	¥250,466	¥65,554	¥31,708	¥14,815	¥14,386	¥376,931	¥19,808	¥396,739

**Notes for Segment Information**

Operating expenses unallocated to each segment for the year ended March 31, 2009 of ¥3,076 million (\$31,322 thousand) is mainly composed of the expenses concerning research and development, quality assurance and environmental coordination of the Company.

The Company holds assets for corporate use amounted ¥17,929 million (\$182,524 thousand) as of March 31, 2009. The primary contents are the long-term investments (investment securities) and the assets which are utilized for administrative purpose.

**Changes in Valuation Methods of Inventories**

Previously, inventories held for sale in the ordinary course of business, were stated based on the lower of cost method, with cost being determined by the moving average method. However, starting from the current consolidated fiscal year, the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 of July 5, 2006) and accordingly such inventories are now mainly stated at cost, with cost being determined by the moving average method (the figures shown in the balance sheet have been calculated in accordance with the write-down approach based on decline in profitability). All of result affected solely "Japan."

**Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements**

Starting from the current consolidated fiscal year, the Company has adopted the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (Practical Issues Task Force No. 18, May 17, 2006) and has revised the consolidated financial statements accordingly.

As a result of this change, compared with the previous method, operating loss increased by ¥1,644 million (\$16,736 thousand) in "North America," operating income increased by ¥132 million (\$1,343 thousand) in "South America," operating loss increased by ¥1 million (\$10 thousand) in "Asia" and operating income decreased by ¥66 million (\$671 thousand) in "Europe."

**Recording Method of Sales Commissions**

Previously sales commissions, which had been calculated according to the sales performance of the Company's wholesaler customers to secondary vendors such as retailers, had been recorded at the time the records of such sales to the secondary vendors were received from the wholesaler. However, beginning the current consolidated fiscal year, sales commissions whose records have not yet been received from the wholesaler will be recorded based on reasonable estimates of such sales. All of result affected solely "Japan."

**Changes in Useful Lives of Property, Plant and Equipment**

Estimates of the useful lives of the machinery and equipment of the Company and its consolidated subsidiaries in Japan have been revised in conjunction with the 2008 revision to the Corporation Tax Act and changes have been made starting from the current consolidated fiscal year. All of result affected solely "Japan."

## 12. Segment Information (continued)

### Overseas Sales

The sales amount of the Company and its subsidiaries, which was realized in the countries or areas outside Japan for the year ended March 31, 2009 and 2008, were as follows:

	For the year ended March 31, 2009					
	North America	Other areas	Total	North America	Other areas	Total
	(Million yen)			(Thousand U.S. dollars)		
Overseas sales	¥56,257	¥43,002	¥99,259	\$572,713	\$437,769	\$1,010,483
Total consolidated sales			505,250			5,143,548
Ratio of overseas to total sales (%)	11.1%	8.5%	19.6%			

	For the year ended March 31, 2008		
	North America	Other areas	Total
	(Million yen)		
Overseas sales	¥72,832	¥31,358	¥104,191
Total consolidated sales			533,970
Ratio of overseas to total sales (%)	13.6%	5.9%	19.5%

The countries or areas specified above indicate the United States of America and Canada in "North America" section and South America, Europe and Asia in the "Other areas" section.

## 13. Other Income (expenses)

Details of other income (expense), other, in the statements of operations is as shown below:

	Year ended March 31,		
	2009	2008	2009
	(Million yen)		(Thousand U.S. dollars)
<b>Other income (expenses):</b>			
Foreign exchange losses	¥(2,786)	¥(69)	\$(28,363)
Gain (loss) on valuation, disposal and sales of non current assets	(703)	25,777	(7,157)
Impairment loss	(4,689)	(8,277)	(47,734)
Provision for business restructure in subsidiaries	(3,817)	-	(38,861)
Retirement benefits for directors and corporate auditors	-	(1,459)	-
Adjustment on inflation accounting	-	1,238	-
Loss on revaluation of investment securities	(2,525)	(709)	(25,711)
Provision for doubtful accounts, (net)	(1,045)	(357)	(10,647)
Other, net	(2,447)	(1,900)	(24,913)
	¥(18,014)	¥14,242	\$(183,390)

## Nippon Suisan Kaisha, Ltd. Management's Report on Internal Control over Financial Reporting

### 1. Basic Framework of Internal Control over Financial Reporting

Naoya Kakizoe, President & CEO and Yasuhisa Sato, Representative Board Member & Senior Managing Director, are responsible for the design and operation of internal controls over the Company's financial reporting, and have designed and implemented internal controls over the Company's financial reporting in accordance with the basic framework for internal control indicated in the document entitled, *On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinion)*, released by the Business Accounting Council.

Internal control aims to achieve its objectives to a reasonable extent with the organized and integrated function of individual components as a whole. Therefore internal controls over financial reporting may not be able to completely prevent or detect misstatements in financial reporting.

### 2. Scope of Assessment, Assessment Date and Assessment Procedure

The assessment of internal controls over financial reporting has been conducted using March 31, 2009, the final date of the current fiscal year, as the reference date and in accordance with generally accepted assessment standards of internal controls over financial reporting.

In this assessment, assessment was first conducted on internal controls that have significant impact on the reliability of overall financial reporting on a consolidated basis (company-level controls) and, based on the results of said assessment, business processes to be subject to assessment were selected. In the assessment of said business processes, after conducting analysis of the business processes subject to assessment, the key points of control that could materially impact the reliability of financial reporting were identified. Furthermore, by assessing the design and operation status of the key points of control, the effectiveness of internal controls was assessed.

The scope of the assessment of internal controls over financial reporting, in terms of the Company, its consolidated subsidiaries and affiliates accounted for under the equity method, was determined from the viewpoint of materiality of impact on the reliability of financial reporting. Such materiality of impact on the reliability of financial reporting was determined by considering both quantitative and qualitative aspects. Furthermore, the scope of the assessment of business-process controls was reasonably determined based on the results of assessment of company-level controls, which was conducted on the Company, its 40 consolidated subsidiaries and one affiliate accounted for under the equity method. The remaining 23 consolidated subsidiaries, the nine non-consolidated subsidiaries accounted for under the equity method and the 28 equity-method affiliates were excluded from the scope of the assessment of company-level controls as their materiality of quantitative and qualitative impact on financial reporting were determined to be minimal.

In determining the scope of the assessment of process-level controls, 6 business locations were determined as "significant business locations" by taking business locations with the highest level of sales (after elimination of transactions between consolidated subsidiaries) and adding them up in descending order until their combined amounts reached approximately 2/3 (two thirds) on a consolidated basis. At the significant business locations, as accounts that materially impact the Company's business objectives, business processes leading to sales, accounts receivable and inventory, were included in the scope of assessment. In addition, among other business locations regardless of being included in the significant business locations or not, business processes that are related to significant accounts involving estimates and projections that have high risks of material misstatement, as well as business processes related to businesses or operations engaged in high-risk transactions, have also been included in the scope of assessment as material business processes, in considering their impact on financial reporting.

### 3. Assessment Result

As a result of the above assessment, it has been determined that as of the final date of the current fiscal year, the internal control over the Company's financial reporting is effective.

## Report of Independent Auditors

### The Board of Directors Nippon Suisan Kaisha, Ltd.

We have audited the accompanying consolidated balance sheets of Nippon Suisan Kaisha, Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Suisan Kaisha, Ltd. and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan. Without qualifying our opinion, we drew attention to the following:

As discussed Major Changes on accounting treatment for Consolidated Financial Statements, the Company has adopted the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements. The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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 2.

We also have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as of March 31, 2009 of Nippon Suisan Kaisha, Ltd. and consolidated subsidiaries (the "Company") (the "Management's Report"). The Company's management is responsible for designing and operating internal control over financial reporting and preparing the Management's Report. Our responsibility is to express an opinion on the Management's Report based on our audit. Internal control over financial reporting may not prevent or detect misstatements.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Management's Report is free of material misstatement. An internal control audit includes examining, on a test basis, the overall presentation of the Management Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting. We believe that our internal control audit provides a reasonable basis for our opinion.

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting of the consolidated financial statements as of March 31, 2009 is effective, presents fairly, in all material respects, management's assessment on internal control over financial reporting for the consolidated financial statements in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

June 25, 2009

*Ernst & Young Shin Nihon LLC*