

-For reference purpose: This is translated into English for the convenience of readers.-

November 12, 2008

## Summary of 2<sup>nd</sup> Quarter Report for Fiscal Year 2008

Company: **Nippon Suisan Kaisha, Ltd.**

Listed on Tokyo Stock Exchange with the register code 1332

<http://www.nissui.co.jp/english/index.html>

### 1. Consolidated Financial Data of 2<sup>nd</sup> Quarter for FY2008 (Term: April 1, 2008 through September 30, 2008)

#### (1) Consolidated Financial Results of 2<sup>nd</sup> Quarter

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>2nd quarter of FY2008</b>	<b>259,043</b>	-	<b>2,503</b>	-	<b>1,115</b>	-	<b>▲2,069</b>	-
2nd quarter of FY2007	267,691	▲4.8	6,206	▲26.6	5,827	▲28.2	1,238	▲66.5

(Note) Each percentage figure shows changes from the previous year.

	2nd quarter net income per share	Diluted 2nd quarter net income per share
	Yen	Yen
<b>2nd quarter of FY2008</b>	<b>▲ 7.49</b>	-
2nd quarter of FY2007	4.48	-

#### (2) Consolidated Financial Position of 2<sup>nd</sup> Quarter

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
<b>2nd quarter of FY2008</b>	<b>419,816</b>	<b>110,748</b>	<b>22.1</b>	<b>335.94</b>
FY2007	396,739	128,029	27.3	392.45

(Note) Total shareholders' equity 'September 30, 2008 92,870 Million Yen 'September 30, 2008 108,500 Million Yen

### 2. Dividend

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
	Yen	Yen	Yen	Yen	Yen
FY2007	-	5.00	-	5.00	10.00
FY2008	-	<b>5.00</b>	-	-	-
<b>FY2008 (forecast)</b>	-	-	-	<b>5.00</b>	<b>10.00</b>

(Note) Revision to dividend forecast during the current quarter: None

### 3. Consolidated Forecast for FY2008 (Term: April 1, 2008 through March 31, 2009)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2008 (Yearly)	520,000	▲2.6	9,000	24.5	7,000	3.6	2,000	▲78.7	7.23

(Note) Revision during the current quarter to the consolidated forecast for FY2008: Yes

#### 4. Others

(1) Change in scope of consolidation due to transfer of significant subsidiaries during the term: None

(2) Adoption of simplified accounting method or accounting methods specific to quarterly consolidated financial statements: Yes

(Note) For details, please refer to 4. Others of Qualitative Information/Consolidated Financial Statements on page 5.

(3) Changes in accounting principles, procedures, presentation methods, relating to the preparation of quarterly consolidated financial statements (Items stated under Changes in the Significant Assumptions Underlying the Preparation of the Quarterly Consolidated Financial Statements)

1) Changes accompanying changes in accounting standards: Yes

2) Change other than those stated above: Yes

(Note) For details, please refer to 4. Others of Qualitative Information/Consolidated Financial Statements on page 5.

(4) Number of issued shares (Common stock)

1) Number of issued shares at the end of the term (Including treasury stock)

2Q of FY ending March 31, 2009: 277,210,277 shares, FY ended March 31, 2008: 277,210,277 shares

2) Number of treasury stock at the end of the term

2Q of FY ending March 31, 2009: 757,832 shares, FY ended March 31, 2008: 742,650 shares

3) Average number of shares during the term (For the current consolidated second quarter)

2Q of FY ending March 31, 2009: 276,461,359 shares,

2Q of FY ended March 31, 2008: 276,493,305 shares

#### **\*Explanation on the proper use of the forecasts**

1. Yearly forecast announced on 5<sup>th</sup> August 2008 is revised on this report.

2. The above forecast is based on the information available at the issuing date of this report. Accordingly, the final results may change due to various factors. For matters pertaining to the forecasts, please refer to 3. Qualitative information on consolidated forecasts of Qualitative Information/Consolidated Financial Statements on page 5.

3. Starting from the current consolidated fiscal term, the Company has adopted the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 14, 2007) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14, March 14, 2007). The quarterly consolidated financial statements have been prepared in accordance with Regulations Concerning Quarterly Financial Statements.

## **[Qualitative information/financial statements]**

### **1. Qualitative information on consolidated financial results**

During the current cumulative 2<sup>nd</sup> quarter, the Japanese economy showed strong signs of heading toward a recession, in the midst of declining corporate earnings and slumping personal consumption resulting from soaring crude oil and raw materials prices, which are compounded by the turmoil on the world financial markets.

In terms of the world economy, the U.S. has gradually entered a recessionary phase as a result of the subprime mortgage problem having developed into a full-blown financial crisis, while the economy in Europe has weakened and the growth of the Chinese economy, which had led the economic expansion in Asia, has also slowed down.

In the industries in which the Company and its corporate group operate, while the rising seafood prices backed by strong worldwide demand brought on positive effects to the Marine Products business, the business environment for Foods business, which primarily depended on marine products for its raw materials, remained austere as a result of the hike in other raw materials prices in addition to the high level of mistrust toward the safety of foods produced in China. In the U.S. and Europe, the price of white fish remained steady, while the U.S. commercial precooked frozen seafood company, which primarily depended on white fish for its raw materials, witnessed a downturn in personal consumption resulting in the deterioration of the market.

Under these circumstances, the commercial precooked frozen seafood company in North America and the salmon aquaculture company in Chile continued to perform poorly, while the effects of changes in the scope of consolidation, the amortization of goodwill of an overseas subsidiary (Note 1), and the exclusion from inflation accounting (Note 2) were also felt. Consequently, operating results for the current cumulative 2<sup>nd</sup> quarter were sales in the amount of 259,043 million yen, down 8,647 million yen year-on-year; operating income of 2,503 million yen, down 3,703 million yen year-on-year; ordinary income of 1,115 million yen, down 4,712 million yen year-on-year, and a net loss of 2,069 million yen, down 3,308 million yen year-on-year.

### **Performance by Major Business Segment**

#### **(1) Marine Products Business**

Sales of surimi, salmon/trout, fish oil/meal, etc. remained strong in Japan. However, due to the effects of the application of the equity method to Hohsui Corporation and to the company established through the corporate split of the Seafood-ECR department of the Company (Note 3), and the decline in the sales volume in North America and the outbreak of fish diseases at the salmon aquaculture company in Chile, sales fell by 12,095 million yen year-on-year to 102,922 million yen and operating income by 764 million yen year-on-year to 965 million yen.

#### **(2) Foods Business**

Sales increased by 3,935 million yen year-on-year to 132,069 million yen due to the growing sales of fish sausage and ham, using the “eco-clip” (Note 4), frozen foods for commercial-use and bottled products in Japan, in addition to our acquisition of a producer of processed seafood (Note 5) in Europe. However, the continued poor performance by the commercial precooked frozen seafood company in North America resulting from the downturn in the restaurant industry, sluggish sales of foods intended for Japan by the Chinese food processing company (Note 6), and the amortization of goodwill (986 million yen) of an overseas subsidiary contributed to the recording of an operating loss of 659 million yen, representing a 2,058 million yen decrease year-on-year.

#### **(3) General Distributions Business**

Sales decreased by 707 million yen year-on-year to 5,587 million yen and operating income decreased by 65 million yen year-on-year to 966 million yen due to the decrease in the volume of imports received in the cold storage business and mounting expenses accompanying the additional installation of cold storage facilities.

#### **(4) Fine Chemicals Business**

In our pharmaceutical business, the decrease in the sales volume of pharmaceutical raw materials caused sales to drop by 1,437 million yen year-on-year to 11,229 million yen and operating income by

851 million yen year-on-year to 2,459 million yen.

#### Performance by Geographical Segment

##### (1) Japan

Sales decreased by 12,694 million yen year-on-year to 203,406 million yen due to the application of the equity method to Hohsui Corporation and the company established through the corporate split of the Seafood-ECR department of the Company. On the other hand, sales of surimi, salmon/trout and fish oil/meal remained strong in the Marine Products business, while in the Foods business, despite the rising price of raw materials, frozen food for commercial-use and bottled products recorded brisk sales. Consequently, operating income increased by 117 million yen year-on-year to 6,314 million yen.

##### (2) North America

We are engaged in the Marine Products and Foods businesses in North America. As a result of diminished sales volume in the Marine Products business and the effects of the downturn in the restaurant industry on the Foods business, in addition to the amortization of goodwill (961 million yen), sales decreased 9,944 million yen year-on-year to 34,155 million yen and an operating loss of 703 million yen was recorded, representing a decrease of 2,118 million yen year-on-year.

##### (3) South America

We are engaged in the fishing and aquaculture businesses in Argentina and Chile. While sales increased 674 million yen year-on-year to 5,473 million yen, due to a Chilean fishing company (note 7) becoming a consolidated subsidiary in the fishing business, an operating loss of 1,167 million yen was recorded, representing a decrease of 1,806 million yen year-on-year. This was due to the effects of the fish disease, in addition to last year's earthquake on the salmon aquaculture company in Chile.

##### (4) Asia

We are engaged in the Marine Products and Foods businesses in Asia. Sales increased by 897 million yen year-on-year to 3,588 million yen as a result of a food processing company in China becoming a consolidated subsidiary. However, we recorded an operating loss of 798 million yen, a year-on-year loss increase of 212 million yen, due to the fact that in the Marine Products business, despite signs of improvement in the shrimp aquaculture business in Indonesia, it did not necessarily lead to revenues; and in the Foods business, sales intended for Japan by the food processing company in China remained slow.

##### (5) Europe

We are engaged in the Marine Products and the Foods businesses in Europe. Sales increased by 12,419 million yen year-on-year to 12,419 million yen as a result of the French seafood processing company and the Spanish marine products company becoming consolidated subsidiaries. Operating income also increased by 422 million yen year-on-year to 360 million yen.

Please note that amounts of year-on-year changes have been included in the "Qualitative information on consolidated financial results" for reference purposes.

##### (Note 1) Major components of goodwill:

Gorton's (North America): 626 million yen, King & Prince (North America): 316 million yen, Cité Marine S.A.A. (Europe): 43 million yen, Others: 41 million

(Note 2) The accounting method applied in Chile, whereby fluctuations in the prices of commodities are reflected in business accounting in order to disclose an accurate picture of a company's finances. In accordance with International Financial Reporting Standards, the adjustment gains of 1,317 million yen (non-operating income) resulting from said accounting method has been omitted.

(Note 3) In March 2008, Suisan Ryutsu Co., Ltd., was established through the incorporation-type demerger of the Seafood-ECR business of the Company, and then was immediately made a subsidiary of Hohsui Corporation, the Company's consolidated subsidiary.

•In April 2008, Hohsui Corporation was made an affiliate accounted for under the equity method through a merger.

(Note 4) New packaging that replaces the aluminum clips, which had formerly been fastened on both ends of fish

sausages, with tape clips. It has been marketed from September 2007.

(Note 5) Cité Marine S.A.S. (France) was acquired in October 2007 through a merger.

(Note 6) In August 2007 the Company underwrote the capital increase of Shandong Sanfod Nissui, Ltd.

(Note 7) In October 2007, the Company underwrote the capital increases of PESQUERA FRIOSUR. S.A. and PESQUERA SUR AUSTRAL S.A.

(Note 8) EUROPACIFIO ALIMENTOS DEL MAR S.L., whose equity ratio changed as a result of the Company underwriting the capital increase of PESQUERA FRIOSUR. S.A. in October

## **2. Qualitative information regarding the consolidated financial position**

- The status of assets, liabilities and net assets -

Current assets increased 13.4% from the end of previous consolidated fiscal term to 201,270 million yen. This was mainly attributable to the increase in notes and accounts receivable by 2,968 million yen, and the increase in merchandise and manufactured goods by 14,561 million yen. Fixed assets decreased by 0.4% from the end of the previous consolidated fiscal term to 218,546 million yen. This was mainly attributable to the increase in property, plant and equipment by 6,980 million yen, and the decrease in goodwill by 6,510 million yen. As a result of the above, total assets increased by 5.8% from the end of the previous consolidated fiscal term to 419,267 million yen.

### Liabilities

Current liabilities increased by 19.5% from the end of the previous consolidated fiscal term to 189,209 million yen. This was mainly attributable to the increase in short-term debt by 27,917 million yen, the increase in accrued expenses by 3,722 million yen. Long-term liabilities increased by 8.6% from the previous consolidated fiscal year to 119,857 million yen. This was mainly attributable to the increase in long-term debt by 13,079 million yen and the decrease in deferred tax liabilities by 2,574 million yen. As a result of the above, total liabilities increased 15.0% from the end of the previous consolidated fiscal term to 309,067 million yen.

### Net assets

Total net assets decreased by 17,280 million yen from the end of the previous consolidated fiscal term to 110,748 million yen. This was mainly attributable to the 7,442 million yen decrease in retained earnings as a result of the application of "Tentative Treatment for the Unification of Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements."

- Status of cash flow -

Cash flows from operating activities resulted in a net outflow of 19,355 million yen. This was primarily attributable to loss before taxes in the amount of 146 million yen, depreciation and amortization of 7,337 million yen, and the increase in inventories of 21,898 million yen. Cash flows from investing activities resulted in a net outflow of 19,206 million yen, largely due to outlays for the acquisition of property, plant and equipment, in the amount of 16,348 million yen, which was used in investments to expand the production capacity of the food plants, among others. Cash flows from financing activities resulted in a net inflow of 42,624 million yen, largely due to the increase in short-term debt by 35,247 million yen and the procurement of long-term loans in the amount of 16,326 million yen. As a result, the closing balance of cash and cash equivalents as of the end of the current quarter increased by 3,703 million yen compared to the end of the previous consolidated fiscal year to 15,477 million yen.

## **3. Qualitative information on consolidated forecasts**

As fears mount for a recession both in Japan and overseas and a further downturn in personal consumption, as a result of soaring raw materials prices and the financial crisis stemming from the subprime mortgage crisis in the U.S., business prospects are expected to remain bleak.

Under such circumstances, and taking into consideration the progression of results during the current cumulative 2<sup>nd</sup> quarter, it is believed that the effects of the poor performance by the commercial precooked frozen seafood company in North America and the drastic decrease in production plans for the salmon aquaculture company in Chile will continue, while the food processing company in China is still expected to face an uphill battle in its sales to Japan. Therefore, revisions will be made to the forecasted figures for the fiscal year ending March 31, 2009, which were announced on August 5, 2008.

For details, please refer to the *Announcement of revised performance forecast*, which will be released today.

## **4. Others**

(1) There were no changes in significant subsidiaries during the term (no changes in designated subsidiaries)

accompanying change in the scope of consolidation).

(2) Adoption of simplified accounting method or accounting methods specific to quarterly consolidated financial statements:

Method of calculating depreciation of fixed assets

For assets that are depreciated on the declining-balance method, depreciation expenses applicable to the consolidated fiscal year are calculated on a pro-rata basis.

(3) Changes in accounting principles, procedures, presentation methods, relating to the preparation of quarterly consolidated financial statements (Changes in the matters relating to accounting standards)

1) Adoption of accounting standards for quarterly financial statements

Starting from the current consolidated fiscal term, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). The quarterly consolidated financial statements have been prepared in accordance with Regulations Concerning Quarterly Financial Statements.

2) Changes in valuation standards and valuation standards of significant assets

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 first quarter, 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 using the acquisition cost method, with cost being determined by the moving average method (in cases where the profitability of items has declined, the book value is reduced accordingly). As a result of this change, operating income and ordinary income have decreased by 154 million yen, respectively and net loss before income taxes has increased by 376 million yen. The impact of this change on the business segments has been stated in the appropriate sections.

3) Adoption of the “Tentative Treatment for the Unification of Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements.”

Starting from the current first quarter, the Company has adopted the “Tentative Treatment for the Unification of Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements” (Practical Issues Task Force No. 18, May 17, 2006) and has revised the consolidated financial statements accordingly.

As a result, retained earnings at the beginning of the period have decreased by 7,442 million yen, operating income by 997 million yen, ordinary income decreased by 2,398 million yen and net loss before income taxes increased by 2,398 million yen. The impact of this change on the business segments has been stated in the appropriate sections.

4) Adoption of accounting standards of lease transactions

Finance leases that do not transfer ownership to the lessee were previously accounted for as operating leases. However, as it became possible to apply the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 (Business Accounting Council First Subcommittee June 17, 1993), revised March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 (January 18, 1994), (Accounting Practice Committee, JICPA), revised March 30, 2007) to the quarterly consolidated financial statements relating to the consolidated fiscal term starting on and after April 1, 2008, the Company adopted these standards and accordingly such lease transactions have been accounted for as regular sales transactions. Moreover, finance leases that do not transfer ownership to the lessee have been depreciated on a straight-line basis over their lease period, with no residual value. The effect of this change on profits is minimal.

(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 corporate group have been revised in conjunction with the 2008 revision to the income tax law and changes have been made starting from the current first quarter.

As a result, operating income and ordinary income have increased by 147 million yen and net loss before income tax decreased by 147 million yen, respectively. The impact of this change on the business segments has been stated in the appropriate sections.

2<sup>nd</sup> Quarter Financial Statements

(1) Balance sheet

Unit: Million Yen

	Q2 Balance As of Sep. 30, 2008	Last year Balance As of Mar. 31, 2008		Q2 Balance As of Sep. 30, 2008	Last year Balance As of Mar. 31, 2008
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and deposits	12,720	11,578	Notes and accounts payable-trade	36,364	36,315
Notes and accounts receivable-trade	66,385	63,416	Short-term loans payable	119,493	91,575
Merchandise and finished goods	62,108	47,546	Accrued expenses	22,160	18,437
Work in process	10,838	8,181	Provisions	2,303	2,421
Raw materials and supplies	24,412	23,021	Other	8,887	9,584
Other allowance for doubtful accounts	25,350	24,269	<b>Current liabilities subtotal</b>	<b>189,209</b>	<b>158,335</b>
<b>Total current assets</b>	<b>201,270</b>	<b>177,409</b>	<b>Noncurrent liabilities</b>		
<b>Noncurrent assets</b>			Long-term loans payable	90,731	77,651
<b>Property, plant and equipment</b>			Provision for retirement benefits	13,616	14,537
Buildings and structures, net	46,740	49,872	Other provision	582	686
Others, net	65,283	55,171	Other	14,927	17,500
<b>Total Property, plant and equipment</b>	<b>112,024</b>	<b>105,044</b>	<b>Total noncurrent liabilities</b>	<b>119,857</b>	<b>110,375</b>
<b>Intangible assets</b>			<b>Total liabilities</b>	<b>309,067</b>	<b>268,710</b>
Goodwill	7,771	14,281	<b>(Net Assets)</b>		
Other	12,196	15,389	<b>Equity</b>		
<b>Total intangible assets</b>	<b>19,968</b>	<b>29,671</b>	Capital stock	23,729	23,729
<b>Investments and other assets</b>			Capital surplus	13,758	14,153
Investment securities	76,133	73,974	Retained earnings	47,553	58,052
Other	12,667	12,941	Treasury stock	▲232	▲225
Allowance for doubtful accounts	▲2,248	▲2,301	<b>Total shareholders' equity</b>	<b>84,808</b>	<b>95,709</b>
<b>Total Investments and other assets</b>	<b>86,552</b>	<b>84,614</b>	<b>Valuation and translation adjustments</b>		
<b>Total noncurrent assets</b>	<b>218,546</b>	<b>219,330</b>	Valuation difference on available-for-sale securities	4,217	4,790
			Deferred gains or losses on hedges	▲105	▲85
			Foreign currency translation adjustment	3,950	8,085
			<b>Total valuation and translation adjustments</b>	<b>8,062</b>	<b>12,790</b>
			<b>Minority interests</b>	<b>17,878</b>	<b>19,528</b>
			<b>Total Net assets</b>	<b>110,748</b>	<b>128,029</b>
<b>Total assets</b>	<b>419,816</b>	<b>396,739</b>	<b>Total liabilities and net assets</b>	<b>419,816</b>	<b>396,739</b>

## (2) Income Statement

Unit: Million Yen

	2Q of the current FY ended Sep. 30, 2008	2Q of the Last FY ended Sep. 30, 2007	GAP
<b>Net sales</b>	259,043	267,691	▲8,648
Cost of sales	205,343	212,199	▲6,856
<b>Gross profit</b>	53,700	55,491	▲1,791
Selling, general and administrative expenses	51,197	49,284	1,913
<b>Operating income</b>	2,503	6,206	▲3,703
Non-operating income			
Interest income	247	299	▲52
Dividend income	463	491	▲28
Foreign exchange gains		141	▲141
Equity in earnings of affiliates	451	583	▲132
Miscellaneous income	396	872	▲476
Total non-operating income	1,559	2,387	▲828
Non-operating expenses			
Interest expenses	2,208	2,486	▲278
Foreign exchange losses	423		
Miscellaneous expenses	316	280	36
Total non-operating expenses	2,948	2,766	182
<b>Ordinary income</b>	1,115	5,827	▲4,712
Extraordinary income			
Gain on sales of noncurrent assets	33	5	28
Gain on sales of investment securities	349	29	320
Reversal of allowance for doubtful accounts	83	100	▲17
Reversal of allowance for doubtful accounts of affiliated companies		4	▲4
Gain on transfer of business	250		250
Total extraordinary income	715	140	575
Extraordinary loss			
Loss on disposal of noncurrent assets	432	238	194
Loss on valuation of investment securities	70	113	▲43
Loss on sales of stocks of subsidiaries and affiliates	69		69
Provision for allowance for doubtful debts	37	49	▲12
Loss on special severance pay	241	7	234
Retirements benefits for directors		1,459	▲1,459
Provision for retirements benefits for directors		427	▲427
Loss on valuation of inventories	222		222
Loss on fish disease in Chile	499		499
Loss on earthquake damages in Chile		212	▲212
Loss on change in equity	402		402
irregular trading-related extraordinary loss		174	▲174
Total extraordinary loss	1,976	2,681	▲705
<b>Income before income taxes and minority interests</b>	▲146	3,285	▲3,431
Income taxes - current	2,256	1,426	830
Income taxes - deferred	▲674	750	▲1,424
Total income taxes	1,581	2,176	▲595
Minority interests in income	341	▲129	470
<b>Net income</b>	▲2,069	1,238	▲3,307

Note) Please note that amounts of GAP has been shown for reference purposes.

## (3) Cash Flow Statement

Unit: Million Yen

	Q2 of the current FY Apr. 1,2008 ~ Sep. 30,2008	Q2 of the last FY Apr. 1,2007 ~ Sep. 30,2007	GAP
Income before income taxes and minority interests	▲ 146	3,285	▲ 3,431
Depreciation and amortization	7,337	7,129	208
Amortization of goodwill	1,104		1,104
Increase (decrease) in allowance for doubtful accounts	▲ 67	▲ 1,226	1,159
Increase (decrease) in provision for retirement benefits	▲ 452	▲ 637	185
Interest and dividends income	▲ 711	▲ 790	79
Interest expense	2,208	2,486	▲ 278
Equity in (earnings) losses of affiliates	▲ 451	▲ 583	132
Loss (gain) on sales of noncurrent assets	▲ 33	▲ 5	▲ 28
Loss (gain) on disposal of noncurrent assets	432	238	194
Loss (gain) on sales and valuation of investment securities	▲ 278	84	▲ 362
Decrease (increase) in notes and accounts receivable - trade	▲ 5,813	▲ 1,802	▲ 4,011
Decrease (increase) in inventories	▲ 21,898	▲ 9,507	▲ 12,391
Increase (decrease) in notes and accounts payable - trade	2,206	▲ 1,278	3,484
Increase (decrease) in accrued expenses	4,264	1,140	3,124
Other, net	▲ 3,948	315	▲ 4,263
Subtotal	▲ 16,248	▲ 1,151	▲ 15,097
Interest and dividends income received	992	951	41
Interest expenses paid	▲ 2,280	▲ 2,555	275
Income taxes paid	▲ 1,819	▲ 1,898	79
<b>I Net cash provided by (used in) operating activities</b>	<b>▲ 19,355</b>	<b>▲ 4,653</b>	<b>▲ 14,702</b>
Decrease (increase) in time deposits	7	10	▲ 3
Proceeds from sales of short-term investment securities	1,122	259	863
Purchase of property, plant and equipment	▲ 16,348	▲ 7,173	▲ 9,175
Proceeds from sales of property, plant and equipment	1,087	18	1,069
Purchase of intangible assets	▲ 1,345	▲ 410	▲ 935
Purchases of investment securities	▲ 4,618	▲ 1,100	▲ 3,518
Proceeds from sales of investment securities	1,179	218	961
Decrease (increase) in short-term loans receivable	817	166	651
Other, net	▲ 1,108	▲ 634	▲ 474
<b>II Net cash provided by (used in) investment activities</b>	<b>▲ 19,206</b>	<b>▲ 8,647</b>	<b>▲ 10,559</b>
Net increase (decrease) in short-term loans payable	35,247	14,379	20,868
Proceeds from long-term loans payable	16,326	5,000	11,326
Repayment of long-term loans payable	▲ 7,079	▲ 3,037	▲ 4,042
Repayments of lease obligations	▲ 389		▲ 389
Cash dividends paid	▲ 1,382	▲ 1,380	▲ 2
Cash dividends paid to minority shareholders	▲ 91	▲ 272	181
Decrease (increase) of treasury stock	▲ 7	▲ 12	5
<b>III Net Cash provided by (used in) financing activities</b>	<b>42,624</b>	<b>14,676</b>	<b>27,948</b>
IV Effect of exchange rate change on cash and cash equivalents	▲ 276	307	▲ 583
V Net increase (decrease) in cash and cash equivalents	3,784	1,683	2,101
VI Cash and cash equivalents at the beginning of the year	11,774	12,900	▲ 1,126
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	▲ 81		▲ 81
<b>VIII Cash and cash equivalents at the end of the year</b>	<b>15,477</b>	<b>14,584</b>	<b>893</b>

Note) Please note that amounts of GAP has been shown for reference purposes.

Starting from the current consolidated fiscal term, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). The quarterly consolidated financial statements have been prepared in accordance with Regulations Concerning Quarterly Financial Statements.

(4) Notes on the premise of going concern: Not applicable

(5) Segment information

[Information by Business Segment]

	Marine Products	Foods	General distribution	Fine chemicals	Other	Total	Elimination or corporate	Consolidated
<b>Sales</b>								
(1) Sales to third parties	102,922	132,069	5,587	11,229	7,234	259,043	-	259,043
(2) Inter-segment sales and transfers	8,678	615	4,021	21	222	13,560	(13,560)	-
Total	111,600	132,685	9,609	11,251	7,457	272,603	(13,560)	259,043
Operating income	965	▲ 659	966	2,459	272	4,004	(1,501)	2,503

**Q2 of the last FY (Apr. 1, 2007 ~ Sep. 30, 2007)**

Million yen

	Marine Products	Foods	General distribution	Fine Chemicals	Other	Total	Elimination or corporate	Consolidated
<b>Sales</b>								
(1) Sales to third parties	115,017	128,133	6,295	12,667	5,577	267,691	-	267,691
(2) Inter-segment sales and transfers	4,845	241	4,322	44	865	10,319	(10,319)	-
Total	119,863	128,374	10,617	12,712	6,442	278,010	(10,319)	267,691
Operating income	1,729	1,399	1,031	3,311	129	7,601	(1,394)	6,206

Notes)

1. Definitions of business segment and major businesses

i. The classification of the business segment is in accordance with the management structures of our group.

ii. Major products/businesses of each segment

<b>Marine products</b>	Fishing, firming, purchasing, processing and selling of marine products (fresh / frozen fish, fish-meal & fish-oil)
<b>Foods</b>	Manufacturing and selling of frozen food, canned food, and other processed food
<b>General distribution</b>	Cold storage and transportation of frozen and refrigerated goods
<b>Fine Chemicals</b>	Manufacturing and selling of diagnostic medicines, ordinary medicines, health foods and medical ingredients.
<b>Other</b>	Construction, repair and operation of marine vessels, engineering and other business

2. The effected amounts stated in the “Changes in accounting principles, procedures, presentation methods, relating to the preparation of quarterly consolidated financial statements of 4. Others (3) Qualitative Information/Consolidated Financial” are as follows:

(Valuation method of inventories)

Starting from the current first quarter the Company has adopted the “Accounting Standard for Measurement of Inventories.” As a result of this change, second quarter operating income for the Marine Products business decreased by 114 million yen, operating loss for the Foods business increased by 31 million yen and operating income for the Fine Chemicals business decreased by 8 million yen, compared to the amounts calculated with the previous method.

(Adoption of the “Tentative Treatment for the Unification of Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements.”)

Starting from the current first quarter the Company has adopted “Tentative Treatment for the Unification of

Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements” and has revised the consolidated financial statements accordingly.

As a result of this change, second quarter operating income of the Marine Products business increased by 38 million yen and the operating loss of the Foods business has increased by 1035 million yen, compared to the amounts calculated with the previous method.

(Changes in useful lives of property, plant and equipment)

Estimates of the useful lives of the machinery and equipment of the Company and its corporate group have been revised in conjunction with the 2008 revision to the income tax law and changes have been made starting from the current first quarter. As a result of this change, second quarter operating income for the Marine Products business increased by 18 million yen, operating loss for the Foods business decreased by 165 million yen, operating income of the General distribution business decreased by 5 million yen, operating income for the Fine Chemicals business decreased by 25 million yen, and operating income for Other businesses decreased by 5 million yen, compared to the amounts calculated with the previous method.

[Information by Geographic Segment]

**Q2 of the current FY (Apr. 1, 2008 ~ Sep. 30, 2008)**

Unit: Million Yen

	Japan	North America	South America	Asia	Europe	Total	Elimination or corporate	Consolidated
<b>Sales</b>								
(1) Sales to third parties	203,406	34,155	5,473	3,588	12,419	259,043	-	259,043
(2) Inter-segment sales and transfers	3,898	4,318	6,117	3,611	29	17,975	(17,975)	-
Total	207,305	38,473	11,590	7,200	12,448	277,019	(17,975)	259,043
Operating income	6,314	▲703	▲1,167	▲798	360	4,004	(1,501)	2,503

**Q2 of the last FY (Apr. 1, 2007 ~ Sep 30, 2007)**

Million yen

	Japan	North America	South America	Asia	Europe	Total	Elimination or corporate	Consolidated
<b>Sales</b>								
(1) Sales to third parties	216,101	44,100	4,798	2,691	-	267,691	-	267,691
(2) Inter-segment sales and transfers	1,302	2,601	6,211	3,366	-	13,481	(13,481)	-
Total	217,403	46,701	11,010	6,057	-	281,173	(13,481)	267,691
Operating income	6,196	1,414	638	▲586	▲62	7,601	(1,394)	6,206

(Notes)

1. Definitions of geographic segments and major countries

- i. The classification of the geographic segment is in accordance with the management structures of our group.
- ii. Major foreign countries included in each segment

<b>North America</b>	The United States and Canada
<b>South America</b>	Chile and Argentina
<b>Asia</b>	Singapore, Thailand, China, Indonesia and Vietnam
<b>Europe</b>	The Netherlands, France, Spain

2. The effected amounts stated in the “Changes in accounting principles, procedures, presentation methods, relating to the preparation of quarterly consolidated financial statements of 4. Others (3) Qualitative Information/Consolidated Financial” are as follows:

(Valuation method of inventories)

Starting from the current first quarter the Company has adopted the “Accounting Standard for Measurement of Inventories.” The effects on the amounts due to this change all took place in Japan.

(Adoption of the “Tentative Treatment for the Unification of Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements.”)

Starting from the current first quarter the Company has adopted “Tentative Treatment for the Unification of Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements” and has revised the consolidated financial statements accordingly. The effects on the amounts due to this change took place in North America (operating loss increased by 961 million yen), South America (operating loss decreased by 55 million yen), Asia (operating loss increased by 48 million yen), and Europe (operating income decreased by 43 million yen).

(Changes in useful lives of property, plant and equipment)

Estimates of the useful lives of the machinery and equipment of the Company and its corporate group have been revised in conjunction with the 2008 revision to the income tax law and changes have been made starting from the current first quarter. The effects on the amounts due to this change all took place in Japan.

[Overseas Sales]

**Q2 of the current FY (Apr.1,2008 ~ Sep.30, 2008)**

Million yen

	North America	Other	Total
Overseas sales	32,101	28,043	60,145
Total consolidated sales			259,043
Ratio of overseas sales to total	12.4%	10.8%	23.2%

**Q2 of the last FY (Apr.1, 2007 ~ Sep.30, 2007)**

Million yen

	North America	Other	Total
Overseas sales	37,632	14,441	52,073
Total consolidated sales			267,691
Ratio of overseas sales to total	14.1%	5.4%	19.5%

(Notes)

1. The definitions of geographical segment is in accordance with geographical regions.
2. Major foreign countries included in each segment.

<b>North America</b>	The United States and Canada
<b>Other</b>	South America, Europe and Asia

3. Overseas sales is defined as the sales amounts of the Company and its consolidated subsidiaries which is realized in the countries and areas outside of Japan.

(6) Notes to cases where drastic changes have taken place in the amount of shareholders' equity.

Starting from the current first quarter the Company has adopted “Tentative Treatment for the Unification of Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements” (Practical Issues Task Force No. 18). As a result of this change, retained earnings at the beginning of the period have decreased by 7,442 million yen.