

Consolidated Financial Statements

Nippon Suisan Kaisha, Ltd.

*Years ended March 31, 2000 and 1999
with Report of Independent Certified Public Accountants*

The Board of Directors
Nippon Suisan Kaisha, Ltd.

We have audited the consolidated balance sheets of Nippon Suisan Kaisha, Ltd. and consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of operations and retained earnings, and cash flows for the years then ended, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Nippon Suisan Kaisha, Ltd. and consolidated subsidiaries at March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 1, Nippon Suisan Kaisha, Ltd. and consolidated subsidiaries have adopted new accounting standards for consolidation and tax-effect accounting in the preparation of their consolidated financial statements for the year ended March 31, 2000.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2000 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.

Century Ota Showa & Co.

June 29, 2000

See Note 1 which explains the basis of preparation of the consolidated financial statements of Nippon Suisan Kaisha, Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.

Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets

	March 31,		
	2000	1999	2000
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 2)</i>
Assets			
Current assets:			
Cash and bank deposits <i>(Notes 1(d), 3 and 12)</i>	¥ 29,589	¥ 20,343	\$ 278,747
Marketable securities <i>(Notes 3 and 7)</i>	16,282	12,730	153,386
Notes and accounts receivable:			
Trade <i>(Note 3)</i>	53,189	54,280	501,073
Unconsolidated subsidiaries and affiliates	837	1,045	7,885
Less allowance for doubtful receivables	(1,486)	(642)	(13,999)
	<u>52,540</u>	<u>54,684</u>	<u>494,959</u>
Inventories:			
Merchandise and finished products <i>(Note 3)</i>	36,871	37,610	347,348
Work in process and other	12,554	12,331	118,266
	<u>49,425</u>	<u>49,941</u>	<u>465,614</u>
Fishing operations in progress	470	518	4,427
Deferred taxes <i>(Note 9)</i>	1,614	–	15,204
Other current assets	10,857	14,917	102,279
Total current assets	<u>160,780</u>	<u>153,135</u>	<u>1,514,649</u>
Investments and long-term advances:			
Investments in and advances to unconsolidated subsidiaries and affiliates	6,005	11,108	56,570
Investments in other securities <i>(Notes 3 and 7)</i>	27,508	35,861	259,142
Other long-term advances	10,931	10,951	102,976
Deferred taxes <i>(Note 9)</i>	3,092	–	29,128
Less allowance for doubtful accounts	(3,941)	(6,476)	(37,126)
Goodwill	182	197	1,714
Total investments and long-term advances	<u>43,778</u>	<u>51,643</u>	<u>412,416</u>
Property, plant and equipment, at cost <i>(Note 3)</i>:			
Land	19,587	18,220	184,521
Buildings and structures	82,590	77,676	778,049
Vessels	13,845	15,000	130,428
Machinery and equipment	61,724	59,413	581,479
Construction in progress	576	3,656	5,426
Other	5,287	5,036	49,806
	<u>183,611</u>	<u>179,005</u>	<u>1,729,731</u>
Less accumulated depreciation	(101,005)	(98,708)	(951,530)
Property, plant and equipment, net	<u>82,606</u>	<u>80,297</u>	<u>778,200</u>
Translation adjustments	6,814	2,991	64,192
Total assets	<u>¥ 293,980</u>	<u>¥ 288,067</u>	<u>\$ 2,769,477</u>

	March 31,		
	2000	1999	2000
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 2)</i>
Liabilities and shareholders' equity			
Current liabilities:			
Short-term bank loans <i>(Note 3)</i>	¥ 61,141	¥ 71,968	\$ 575,986
Current portion of long-term debt <i>(Note 3)</i>	14,553	12,382	137,098
Notes and accounts payable:			
Trade	28,574	22,843	269,185
Unconsolidated subsidiaries and affiliates	701	1,205	6,603
	<u>29,275</u>	<u>24,048</u>	<u>275,788</u>
Accrued income taxes	4,155	1,508	39,142
Accrued taxes other than income taxes	425	1,088	4,003
Accrued expenses and other current liabilities	20,653	18,316	194,564
Total current liabilities	<u>130,205</u>	<u>129,311</u>	<u>1,226,613</u>
Long-term liabilities:			
Long-term debt <i>(Note 3)</i>	58,149	62,902	547,800
Accrued severance indemnities <i>(Note 4)</i>	9,728	9,616	91,643
Other long-term liabilities	2,755	2,392	25,953
Total long-term liabilities	<u>70,634</u>	<u>74,911</u>	<u>665,416</u>
Minority interests	11,935	10,959	112,435
Contingent liabilities <i>(Note 6)</i>			
Shareholders' equity:			
Common stock, ¥50 par value:			
Authorized - 400,000,000 shares			
Issued - 295,926,277 shares	23,729	23,729	223,542
Additional paid-in capital	14,149	14,149	133,292
Retained earnings	43,326	35,005	408,158
Less:			
Treasury common stock, at cost:			
1,518 shares in 2000; 3,208 shares in 1999	(0)	(0)	(0)
Total shareholders' equity	<u>81,205</u>	<u>72,884</u>	<u>765,002</u>
Total liabilities and shareholders' equity	<u>¥293,980</u>	<u>¥288,067</u>	<u>\$2,769,477</u>

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

Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Operations and Retained Earnings

	Year ended March 31,		
	2000	1999	2000
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 2)</i>
Net sales	¥472,297	¥442,998	\$4,449,335
Cost of sales	386,207	369,932	3,638,313
Gross profit	86,090	73,065	811,022
Selling, general and administrative expenses <i>(Note 10)</i>	76,802	71,033	723,523
Operating income	9,287	2,032	87,489
Other income (expenses):			
Interest expense	(3,581)	(4,141)	(33,735)
Interest and dividend income	1,517	1,587	14,291
Amortization of past service cost with respect to pension plans	(44)	(55)	(414)
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	231	(605)	2,176
Other, net	3,466	586	32,651
	1,588	(2,628)	14,959
Income (loss) before income taxes and minority interests	10,876	(596)	102,458
Income taxes <i>(Note 9)</i>	5,136	1,876	48,384
Income (loss) before minority interests	5,739	(2,472)	54,065
Minority interests	675	322	6,358
Net income (loss)	5,064	(2,794)	47,706
Retained earnings:			
Beginning of year	35,005	34,489	329,769
Transferred from legal reserve	–	3,300	–
Beginning of year as adjusted	35,005	37,789	329,769
Cumulative effect of initial adoption of tax-effect accounting	4,333	–	40,819
Adjustment at beginning of year for initial inclusion of subsidiaries in consolidation	229	(85)	2,157
Adjustment for initial inclusion of affiliates accounted for by equity method	(80)	–	(753)
Adjustment to revalue assets of a Korean subsidiary	–	167	–
Retirement of common stock	(230)	–	(2,166)
Cash dividends paid	(891)	–	(8,393)
Bonuses to directors	(104)	(71)	(979)
End of year	¥ 43,326	¥ 35,005	\$ 408,158

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

Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

	Year ended March 31,		
	2000	1999	2000
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 2)</i>
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	¥ 10,876	¥ (596)	\$ 102,458
Depreciation and amortization	8,436	8,933	79,472
Provision for allowance for doubtful accounts	625	367	5,887
Reversal of accrued severance indemnities	(466)	(144)	(4,390)
Interest and dividend income	(1,517)	(1,587)	(14,291)
Interest expense	3,581	4,141	33,735
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(231)	605	(2,176)
Gain on sale of marketable securities	(240)	(83)	(2,260)
Gain on sale of property, plant and equipment	(1,234)	(2,577)	(11,625)
Loss on disposal of property, plant and equipment	985	544	9,279
Gain on sale of investment securities	(6,091)	(398)	(57,381)
Loss on revaluation of marketable and investment securities	531	244	5,002
Decrease in notes and accounts receivable	8,424	2,180	79,359
Decrease in inventories	1,267	3,457	11,935
Decrease in notes and accounts payable	(3,213)	(946)	(30,268)
Increase in accrued expenses	2,406	794	22,666
Bonuses paid to directors	(122)	(81)	(1,149)
Other	1,942	7,191	18,294
Subtotal	25,959	22,044	244,550
Interest and dividends received	1,531	1,514	14,422
Interest paid	(3,609)	(4,071)	(33,999)
Income taxes paid	(2,865)	(1,153)	(26,990)
Net cash provided by operating activities	21,016	18,334	197,983
Cash flows from investing activities			
(Increase) decrease in time deposits	(643)	493	(6,057)
Net decrease (increase) in marketable securities	1,032	(467)	9,722
Purchases of property, plant and equipment	(10,284)	(10,089)	(96,881)
Proceeds from sale of property, plant and equipment	3,376	1,234	31,804
Purchases of investment securities	(1,768)	(3,783)	(16,655)
Proceeds from sale of investment securities	13,177	1,029	124,135
(Increase) decrease in short-term advances	(884)	6	(8,327)
Other	(139)	(1,254)	(1,309)
Net cash provided by (used in) investing activities	3,865	12,831	36,410
Cash flows from financing activities			
(Decrease) increase in short-term bank loans	(14,040)	1,428	(132,265)
Proceeds from long-term debt	13,990	16,642	131,794
Repayment or redemption of long-term debt	(16,366)	(13,165)	(154,178)
Dividends paid	(891)	-	(8,393)
Dividends paid to minority interests	(86)	(89)	(810)
Retirement of common stock	(230)	-	(2,166)
Net cash (used in) provided by financing activities	(17,624)	4,815	(166,029)
Effect of exchange rate changes	(866)	(435)	(8,158)
Net increase in cash and cash equivalents	6,391	9,883	60,207
Cash and cash equivalents at beginning of year	22,362	12,809	210,664
Adjustments to cash and cash equivalents resulting from inclusion or exclusion of certain subsidiaries in consolidation	2,612	(329)	24,606
Cash and cash equivalents at end of year	¥ 31,367	¥ 22,362	\$ 295,496

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

Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2000

1. Summary of Significant Accounting Policies

(a) Basis of presentation

Nippon Suisan Kaisha, Ltd. (the “Company”) and its domestic consolidated subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles and practices generally accepted and applied in Japan and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying financial statements have been compiled from the consolidated financial statements filed with the Minister of Finance as required by the Securities and Exchange Law of Japan, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than 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.

In March 1998, the Business Accounting Deliberation Council of Japan (the “BADC”) issued a new accounting standard for statements of cash flows which became effective the year ended March 31, 2000. The Company and its consolidated subsidiaries have adopted the new accounting standard for consolidation effective the year ended March 31, 2000 and the accompanying consolidated statement of cash flows for the year ended March 31, 1999 has been restated to comply with this standard.

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

(b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

Until the year ended March 31, 1999, the consolidated financial statements included the accounts of the Company and its significant subsidiaries, and investments in significant affiliates (owned 20% to 50%) were accounted for by the equity method.

1. Summary of Significant Accounting Policies (continued)

(b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates (continued)

In accordance with the revised accounting standards for consolidation, the accompanying consolidated financial statements for the year ended March 31, 2000 include the accounts of the Company and all significant companies controlled directly or indirectly by the Company. In addition, all affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

The differences at the dates of acquisition, between the cost and the equity in the underlying net assets of the consolidated subsidiaries and companies accounted for by the equity method are amortized, as a rule, over a period of twenty years or less.

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.

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

All revenues and expenses are translated at the current rates.

Gains and losses arising from exchange differences are credited or charged to income in the year in which they are incurred.

(d) Cash equivalents

All highly liquid investments, generally with a 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.

1. Summary of Significant Accounting Policies (continued)

(d) Cash equivalents (continued)

Under the new accounting standard for statements of cash flows, the definition of cash and cash equivalents in the statement of cash flows and cash and bank deposits in the balance sheets differ in certain respects. A reconciliation between the cash definitions referred to above is presented in Note 12.

(e) Marketable securities

Marketable securities are principally stated at the lower of cost or market, cost being determined by the moving average method. Securities other than marketable securities are carried at cost determined by the average method.

(f) Inventories

Inventories are stated principally at the lower of cost or market, cost being determined by the average method.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost except that, as permitted by the Corporation Tax Law of Japan, a portion of the cost of certain properties has been offset by certain capital gains.

Depreciation of buildings is computed principally by the straight-line method. Depreciation of property, plant and equipment except for buildings is computed principally by the declining-balance method over the estimated useful lives of the respective assets. Significant renewals and betterments are capitalized at cost. Maintenance and repairs are charged to income.

(h) Leases

Noncancelable leases are primarily accounted for as operating leases (regardless of whether such leases are classified as operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(i) Severance indemnities and pension plans

Employees of the Company and certain of its domestic consolidated subsidiaries who terminate their services are, in most cases, entitled to a lump-sum severance payment, the amount of which is determined by reference to their current basic rate of pay, length of service and the conditions under which the termination occurs. The accrued severance indemnities are stated at 100% for sea-based employees and 50% for shore-based employees (although, in both cases, the maximum rate allowable for tax purposes is 33%) of the amounts which would be required to be paid if all employees covered by the plans voluntarily terminated their employment as of the balance sheet date, plus the unamortized balance of certain previously accumulated amounts as discussed below.

1. Summary of Significant Accounting Policies (continued)

(i) Severance indemnities and pension plans (continued)

Costs with respect to the employee pension plans, adopted principally on January 1, 1980 for certain sea-based employees and principally on April 1, 1984 for certain shore-based employees of the Company and certain of its domestic consolidated subsidiaries in order to replace a certain portion of the benefits under the severance indemnities plans, is being funded as accrued in amounts determined actuarially. Past service cost at the inception of the shore-based employees' plan is being funded over a period of 23 years. The portion of accrued severance indemnities accumulated in the account which is expected to be covered by the pension plan is being amortized over the same period.

(j) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

Effective the year ended March 31, 2000, the Company and consolidated subsidiaries have adopted tax-effect accounting for income taxes in accordance with a new accounting standard issued by the BADC. This standard requires recognition of income taxes by liability method. The cumulative effect of this change is reported as "cumulative effect of initial adoption of tax-effect accounting" in the consolidated statements of operations and retained earnings.

The effect of this change on deferred income tax assets amounted to ¥4,707 million (\$44,342 thousand: ¥1,614 million as current assets and ¥3,092 million as investments and long-term advances) as of March 31, 2000. In addition, the effect of this change was to decrease net income by ¥54 million (\$508 thousand) for the year ended March 31, 2000 and to increase retained earnings as of March 31, 2000 by ¥4,278 million (\$40,301 thousand) from the amounts which would have been recorded under the method applied in the previous year.

(k) Research and development costs

Research and development costs are charged to income as incurred.

A new accounting standard for research and development costs become effective the fiscal year ended March 31, 2000. However, the adoption of this new standard had no material effect on the consolidated statement of operations for the year ended March 31, 2000.

(l) Reclassification

Certain amounts previously reported have been reclassified to conform to the current year's presentation.

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 ¥106.15 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2000.

3. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans are unsecured and generally represent 365-day notes. The weighted average interest rate of the short-term bank loans outstanding at March 31, 2000 and 1999 was 1.8 % for both years.

Long-term debt at March 31, 2000 and 1999 is summarized as follows:

	<u>2000</u>	<u>1999</u>	<u>2000</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Loans from banks and other financial institutions at interest rates ranging from 0.9% to 6.6%:			
With collateral	¥ 63,114	¥ 65,907	\$ 594,573
Without collateral	9,589	9,378	90,336
	<u>72,703</u>	<u>75,285</u>	<u>684,910</u>
Less current portion	(14,553)	(12,382)	(137,098)
	<u>¥ 58,149</u>	<u>¥ 62,902</u>	<u>\$ 547,800</u>

The annual maturities of long-term debt subsequent to March 31, 2000 are summarized as follows:

<u>Years ending March 31,</u>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
2001	¥14,553	\$137,098
2002	11,185	105,378
2003	9,883	93,104
2004	11,960	112,672
2005 and thereafter	25,120	236,652
	<u>¥72,703</u>	<u>\$684,910</u>

Assets pledged as collateral for long-term debt and certain other current liabilities at March 31, 2000 were as follows:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Time deposits and short-term investments	¥ 232	\$ 2,188
Trade receivables and inventories	5,758	54,245
Marketable securities and investments in other securities	19,933	187,784
Property, plant and equipment, at net book value	31,116	293,135
	<u>¥57,040</u>	<u>\$537,354</u>

4. Pension Plans

The charges to income for the employees' pension plans for the years ended March 31, 2000 and 1999 were ¥1,132 million (\$10,671 thousand) and ¥1,011 million, respectively.

The assets of the pension plan for sea-based employees at September 30, 1999 and of the pension plan for shore-based employees at December 31, 1999, the most recent valuation dates, were ¥4,386 million (\$41,318 thousand) and ¥18,211 million (\$171,566 thousand), respectively.

5. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property as of March 31, 2000, which would have been reflected in the balance sheet if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Acquisition costs:		
Machinery and equipment	¥1,397	\$13,163
Other	5,508	51,894
Total	<u>¥6,905</u>	<u>\$65,058</u>
Accumulated depreciation:		
Machinery and equipment	¥ 716	\$ 6,753
Other	3,731	35,152
Total	<u>¥4,448</u>	<u>\$41,906</u>
Net book value :		
Machinery and equipment	¥ 680	\$ 6,409
Other	1,777	16,742
Total	<u>¥2,457</u>	<u>\$23,152</u>

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥1,623 million (\$15,296 thousand) for the year ended March 31, 2000.

Future rental expenses under finance leases outstanding at March 31, 2000 are summarized as follows:

<u>Years ending March 31,</u>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
2001	¥1,195	\$11,259
2002 and thereafter	1,354	12,763

6. Contingent Liabilities

At March 31, 2000, the Company and its consolidated subsidiaries had the following contingent liabilities:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
As endorsers of trade notes discounted with banks	¥ 137	\$ 1,291
As guarantors of indebtedness of unconsolidated subsidiaries, affiliates and other companies	4,621	43,536

7. Fair Value of Marketable and Investment Securities

Information with respect to the carrying and estimated fair values of marketable and investment securities for which market prices were available at March 31, 2000 is summarized as follows:

	Book value	Estimated fair value	Net unrealized gain
		<i>(Millions of yen)</i>	
Current assets:			
Stock	¥ 4,411	¥ 7,099	¥ 2,687
Bonds	6,222	6,427	205
Other	378	387	9
Subtotal	<u>11,011</u>	<u>13,914</u>	<u>2,902</u>
Investments:			
Stock	22,495	37,681	15,185
Bonds	0	0	-
Other	-	-	-
Subtotal	<u>22,496</u>	<u>37,682</u>	<u>15,185</u>
Total	<u>¥33,508</u>	<u>¥51,596</u>	<u>¥18,088</u>

8. 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 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, all of whom are financial institutions with high credit risks.

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 transactions is reported to the Board of Directors of the Company and to those of its subsidiaries on a regular basis.

8. Derivatives (continued)

The contract or notional amount and the market value of derivatives positions open at March 31, 2000 were as follows:

	Contract or notional amount	Market value	Unrealized gain (loss)
	<i>(Millions of yen)</i>		
Over-the-counter:			
Interest-rate swaps	¥6,820	¥(104)	¥(104)
Forward exchange contracts to buy foreign currencies	645	643	(1)
	Contract or notional amount	Market value	Unrealized gain (loss)
	<i>(Thousands of U.S. dollars)</i>		
Over-the-counter:			
Interest-rate swaps	\$64,248	\$ (982)	\$(982)
Forward exchange contracts to buy foreign currencies	6,080	6,062	(17)

9. Income Taxes

A reconciliation of the statutory tax rate to the effective tax rate at March 31, 2000 is presented as follows:

	Year ended March 31, 2000
Statutory tax rate in Japan	40.87%
Permanently nondeductible expenses	2.60
Permanently nontaxable dividends received and other	(2.53)
Other, net	6.29
Effective tax rate	<u>47.23%</u>

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2000 were as follows:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Tax loss carryforwards	¥ 4,151	\$ 39,111
Accrued severance indemnities	2,772	26,122
Allowance for doubtful receivables	1,709	16,108
Depreciation	1,104	10,407
Accrued enterprise tax	366	3,448
Valuation of inventories	261	2,464
Valuation of securities	101	957
Other	1,560	14,697
Less: valuation allowance	(4,881)	(45,982)
Deferred tax assets	7,147	67,334
Deferred tax liabilities	(2,440)	(22,989)
Net deferred tax assets	<u>¥ 4,707</u>	<u>\$ 44,345</u>

10. Research and Development Costs

Research and development costs included in general and administrative expenses for the year ended March 31, 2000 totaled ¥3,029 million (\$28,535 thousand), and were based upon a new accounting standard in Japan for research and development costs.

11. Amounts Per Share

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

	<u>2000</u>	<u>1999</u>	<u>2000</u>
	(Yen)		(U.S. dollars)
Net income (loss)	¥ 17.04	¥ (9.40)	\$0.16
Net assets	274.41	245.23	2.58

12. Supplementary Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents at March 31, 2000 and 1999:

	<u>March 31,</u>		
	<u>2000</u>	<u>1999</u>	<u>2000</u>
	(Millions of yen)		(Thousands of U.S. dollars)
Cash and bank deposits	¥ 29,589	¥ 20,343	\$ 278,747
Time deposits with a maturity of more than three months	(1,669)	(728)	(15,723)
Securities	16,282	12,730	153,386
Equity and debt securities with a maturity of more than three months	(12,835)	(9,982)	(120,913)
Cash and cash equivalents	<u>¥ 31,367</u>	<u>¥ 22,362</u>	<u>\$ 295,496</u>

The following table represents a reconciliation between cash and cash equivalents at March 31, 1999 in accordance with the definition of cash equivalents before and after the adoption of the new accounting standard:

	<u>(Millions of yen)</u>
Cash and cash equivalents at March 31, 1999 in accordance with the definition <i>after</i> the adoption of the new accounting standard	¥22,362
Money management fund	<u>(2,601)</u>
Cash and cash equivalents at March 31, 1999 in accordance with the definition <i>before</i> the adoption of the new accounting standard	<u>¥19,761</u>

13. Segment Information

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

Business Segments

For the year ended March 31, 2000								
	Marine products	Foods	General distribution	Fine chemicals	Others	Total	Inter-company eliminations	Consolidated
<i>(Millions of yen)</i>								
Operating revenues	¥235,238	¥191,563	¥26,024	¥13,747	¥ 5,724	¥472,297	–	¥472,297
Intra-group sales and transfers	10,577	6,892	43,734	36	8,938	70,179	¥(70,179)	–
Total	245,815	198,455	69,758	13,784	14,663	542,476	(70,179)	472,297
Operating expenses	241,241	195,629	69,543	12,486	14,288	533,189	(70,179)	463,010
Operating income	¥ 4,573	¥ 2,826	¥ 215	¥ 1,298	¥ 374	¥ 9,287	¥ –	¥ 9,287
Identifiable assets	¥110,036	¥ 89,336	¥48,212	¥24,568	¥ 4,388	¥276,542	¥ 17,438	¥293,980
Depreciation and amortization	¥ 2,570	¥ 3,392	¥ 1,813	¥ 601	¥ 58	¥ 8,436	¥ –	¥ 8,436
Capital expenditures	2,225	4,104	2,519	1,477	117	10,443	–	10,443
For the year ended March 31, 2000								
	Marine products	Foods	General distribution	Fine chemicals	Others	Total	Inter-company eliminations	Consolidated
<i>(Thousands of U.S. dollars)</i>								
Operating revenues	\$2,216,091	\$1,804,648	\$245,164	\$129,509	\$ 53,930	\$4,449,344	–	\$ 4,449,344
Intra-group sales and transfers	99,646	64,929	412,002	347	84,204	661,131	\$ (661,131)	–
Total	2,315,738	1,869,577	657,166	129,857	138,135	5,110,475	(661,131)	4,449,344
Operating expenses	2,272,650	1,842,951	655,140	117,629	134,606	5,022,978	(661,131)	4,361,846
Operating income	\$ 43,088	\$ 26,625	\$ 2,026	\$ 12,228	\$ 3,529	\$ 87,497	\$ –	\$ 87,497
Identifiable assets	\$1,036,614	\$ 841,601	\$454,190	\$231,451	\$ 41,343	\$2,605,201	\$ 164,278	\$ 2,769,480
Depreciation and amortization	\$ 24,212	\$ 31,959	\$ 17,082	\$ 5,667	\$ 550	\$ 79,473	\$ –	\$ 79,473
Capital expenditures	20,969	38,663	23,735	13,915	1,102	98,386	–	98,386
For the year ended March 31, 1999								
	Marine products	Foods	General distribution	Fine chemicals	Others	Total	Inter-company eliminations	Consolidated
<i>(Millions of yen)</i>								
Operating revenues	¥235,509	¥161,235	¥27,070	¥13,270	¥ 5,912	¥442,998	–	¥442,998
Intra-group sales and transfers	11,121	5,552	45,536	2	4,746	66,959	¥(66,959)	–
Total	246,631	166,788	72,606	13,273	10,659	509,957	(66,959)	442,998
Operating expenses	247,637	164,475	73,425	12,027	10,359	507,925	(66,959)	440,965
Operating (loss) income	¥ (1,006)	¥ 2,312	¥ (818)	¥ 1,245	¥ 299	¥ 2,032	¥ –	¥ 2,032
Identifiable assets	¥115,136	¥ 74,253	¥41,234	¥23,520	¥ 4,927	¥259,072	¥ 28,995	¥288,067
Depreciation and amortization	¥ 3,037	¥ 3,367	¥ 1,864	¥ 602	¥ 60	¥ 8,933	¥ –	¥ 8,933
Capital expenditures	1,342	2,969	2,116	590	834	7,853	–	7,853

13. Segment Information (continued)

Geographical Segments

	For the year ended March 31, 2000							
	Japan	North-Am erica	South-Am erica	Oceania	Other countries	Total	Elimina-tio ns	Consoli-da ted
	<i>(Millions of yen)</i>							
Sales to third parties	¥443,298	¥22,648	¥ 2,055	¥ 124	¥ 4,170	¥472,297	–	¥472,297
Interarea sales and transfers	2,622	9,018	12,072	855	9,323	33,892	¥(33,892)	–
Total	445,920	31,667	14,128	979	13,494	506,190	(33,892)	472,297
Operating expenses	438,772	29,638	13,925	1,154	13,410	496,902	(33,892)	463,010
Operating income (loss)	¥ 7,148	¥ 2,028	¥ 202	¥ (174)	¥ 83	¥ 9,287	¥ –	¥ 9,287
Assets	¥236,459	¥22,818	¥14,154	¥ 822	¥ 2,287	¥276,542	¥ 17,438	¥293,980

	For the year ended March 31, 2000							
	Japan	North-Am erica	South-Am erica	Oceania	Other countries	Total	Elimina-tio ns	Consoli-da ted
	<i>(Thousands of U.S. dollars)</i>							
Sales to third parties	\$4,176,148	\$213,367	\$ 19,367	\$ 1,168	\$ 39,293	\$4,449,344	–	\$4,449,344
Interarea sales and transfers	24,703	84,958	113,729	8,061	87,832	319,286	\$ (319,286)	–
Total	4,200,851	298,326	133,096	9,230	127,125	4,768,630	(319,286)	4,449,344
Operating expenses	4,133,512	279,218	131,190	10,874	126,338	4,681,133	(319,286)	4,361,846
Operating income (loss)	\$ 67,339	\$ 19,108	\$ 1,906	\$(1,644)	\$ 787	\$ 87,497	\$ –	\$ 87,497
Assets	\$2,227,599	\$214,963	\$133,340	\$ 7,745	\$ 21,551	\$2,605,201	\$ 164,278	\$2,769,480

	For the year ended March 31, 1999							
	Japan	North-Am erica	South-Am erica	Oceania	Other countries	Total	Elimina-tio ns	Consoli-da ted
	<i>(Millions of yen)</i>							
Sales to third parties	¥411,354	¥23,737	¥ 2,906	¥ 198	¥ 4,801	¥442,998	–	¥442,998
Interarea sales and transfers	3,237	7,016	8,568	986	10,095	29,903	¥(29,903)	–
Total	414,591	30,753	11,474	1,184	14,897	472,901	(29,903)	442,998
Operating expenses	411,431	30,761	12,221	1,550	14,904	470,869	(29,903)	440,965
Operating income (loss)	¥ 3,160	¥ (8)	¥ (746)	¥ (365)	¥ (6)	¥ 2,032	¥ –	¥ 2,032
Assets	¥213,911	¥25,494	¥14,770	¥ 976	¥ 3,918	¥259,072	¥ 28,995	¥288,067

14. Subsequent Event

The following appropriations of retained earnings, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2000, were approved at a general meeting of the Company's shareholders held on June 29, 2000:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Cash dividends (¥4.00 = \$0.037 per share)	¥1,183	\$11,151

