

Consolidated Financial Statements

Nippon Suisan Kaisha, Ltd.

*Years ended March 31, 2002 and 2001
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, 2002 and 2001, and the related consolidated statements of income 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, 2002 and 2001, 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 employees' retirement benefits, financial instruments and foreign currency translation in the preparation of their consolidated financial statements effective the year ended March 31, 2001.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2002 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.

Shin Nihon & Co.

June 27, 2002

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,		
	2002	2001	2002
	<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 3 and 12)</i>	¥ 23,607	¥ 22,472	\$ 177,163
Marketable securities <i>(Notes 3 and 7)</i>	4,501	7,794	33,778
Notes and accounts receivable:			
Trade <i>(Note 3)</i>	61,212	59,556	459,377
Unconsolidated subsidiaries and affiliates	914	538	6,859
Less allowance for doubtful receivables	(1,929)	(2,472)	(14,476)
	<u>60,197</u>	<u>57,623</u>	<u>451,759</u>
Inventories:			
Merchandise and finished products <i>(Note 3)</i>	40,364	40,757	302,919
Work in process and other	17,572	14,407	131,872
	<u>57,936</u>	<u>55,164</u>	<u>434,791</u>
Fishing operations in progress	2,822	585	21,178
Deferred taxes <i>(Note 9)</i>	2,312	1,176	17,350
Other current assets	11,832	12,909	88,795
Total current assets	<u>163,210</u>	<u>157,726</u>	<u>1,224,840</u>
Investments and long-term advances:			
Investments in and advances to unconsolidated subsidiaries and affiliates	17,759	15,522	133,275
Investments in other securities <i>(Notes 3 and 7)</i>	36,842	48,904	276,487
Other long-term advances	8,970	10,666	67,317
Deferred taxes <i>(Note 9)</i>	10,300	1,296	77,298
Less allowance for doubtful accounts	(1,790)	(2,180)	(13,433)
Total investments and long-term advances	<u>72,082</u>	<u>74,209</u>	<u>540,953</u>
Intangible assets <i>(Note 14)</i>:			
Goodwill	9,330	166	70,018
Other intangible assets	12,117	-	90,933
Total intangible assets	<u>21,448</u>	<u>166</u>	<u>160,960</u>
Property, plant and equipment, at cost <i>(Note 3)</i>:			
Land	17,848	19,660	133,943
Buildings and structures	87,677	84,197	657,988
Vessels	8,484	15,568	63,669
Machinery and equipment	71,446	65,444	536,180
Construction in progress	1,106	545	8,300
Other	5,919	5,568	44,420
	<u>192,482</u>	<u>190,984</u>	<u>1,444,517</u>
Less accumulated depreciation	(111,272)	(108,374)	(835,061)
Property, plant and equipment, net	<u>81,209</u>	<u>82,609</u>	<u>609,448</u>
Total assets	<u>¥ 337,951</u>	<u>¥ 314,712</u>	<u>\$2,536,217</u>

	March 31,		
	2002	2001	2002
	<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>	¥ 81,672	¥ 70,955	\$ 612,923
Current portion of long-term debt <i>(Note 3)</i>	10,541	12,101	79,106
Notes and accounts payable:			
Trade	32,203	32,266	241,673
Unconsolidated subsidiaries and affiliates	492	327	3,692
	<u>32,695</u>	<u>32,593</u>	<u>245,365</u>
Accrued income taxes	954	1,736	7,159
Accrued taxes other than income taxes	1,053	794	7,902
Accrued expenses and other current liabilities	29,213	24,446	219,234
Total current liabilities	<u>156,129</u>	<u>142,627</u>	<u>1,171,699</u>
Long-term liabilities:			
Long-term debt <i>(Note 3)</i>	83,533	62,082	626,889
Accrued retirement benefits <i>(Note 4)</i>	12,968	11,250	97,320
Other long-term liabilities	3,836	3,330	28,787
Total long-term liabilities	<u>100,339</u>	<u>76,663</u>	<u>753,013</u>
Minority interests	12,963	12,611	97,283
Contingent liabilities <i>(Note 6)</i>			
Shareholders' equity <i>(Note 10)</i> :			
Common stock, without par value:			
Authorized – 380,000,000 shares			
Issued – 277,210,277 shares	23,729	23,729	178,078
Additional paid-in capital	14,149	14,149	106,183
Retained earnings	29,057	41,113	218,063
Unrealized gains on securities	2,482	7,745	18,626
Less:			
Translation adjustments	(879)	(3,928)	(6,596)
Treasury common stock, at cost:			
100,939 shares in 2002; 4,618 shares in 2001	(20)	(0)	(150)
Total shareholders' equity	<u>68,518</u>	<u>82,809</u>	<u>514,206</u>
Total liabilities and shareholders' equity	<u>¥337,951</u>	<u>¥314,712</u>	<u>\$2,536,217</u>

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

Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income and Retained Earnings

	Year ended March 31,		
	2002	2001	2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 2)</i>
Net sales	¥482,953	¥463,747	\$3,624,412
Cost of sales	394,265	378,280	2,958,836
Gross profit	88,688	85,467	665,575
Selling, general and administrative expenses <i>(Note 11)</i>	82,669	78,276	620,405
Operating income	6,018	7,190	45,163
Other income (expenses):			
Interest expense	(3,525)	(3,356)	(26,454)
Interest and dividend income	1,132	2,023	8,495
Amortization of transition differences arising from initial adoption of new accounting standard for retirement benefits	(3,109)	(3,258)	(23,332)
Equity in earnings of unconsolidated subsidiaries and affiliates	806	304	6,048
Other, net <i>(Note 16)</i>	(15,417)	996	(115,699)
	(20,113)	(3,290)	(150,941)
(Loss) income before income taxes and minority interests	(14,094)	3,899	(105,771)
Income taxes <i>(Note 9)</i> :			
Current	2,115	3,292	15,872
Deferred	(6,383)	(3,017)	(47,902)
(Loss) income before minority interests	(9,826)	3,624	(73,741)
Minority interests	788	539	5,913
Net (loss) income	(10,614)	3,085	(79,654)
Retained earnings:			
Beginning of year	41,113	43,326	308,540
Adjustment for initial inclusion or exclusion of certain subsidiaries in consolidation	242	–	1,816
Retirement of treasury stock	–	(3,420)	–
Cash dividends paid	(1,524)	(1,738)	(11,437)
Bonuses to directors	(158)	(139)	(1,185)
End of year	¥ 29,057	¥ 41,113	\$ 218,063

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,		
	2002	2001	2002
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 2)</i>
Cash flows from operating activities			
Loss (income) before income taxes and minority interests	¥(14,094)	¥ 3,899	\$(105,771)
Depreciation and amortization	9,309	8,767	69,861
Accrued retirement benefits, net of payments	(45)	(876)	(337)
Increase in accrued severance indemnities	1,640	1,521	12,307
Interest and dividend income	(1,132)	(2,023)	(8,495)
Interest expense	3,525	3,353	26,454
Equity in earnings of unconsolidated subsidiaries and affiliates	(806)	(304)	(6,048)
Gain on sale of marketable securities	(101)	(120)	(757)
Gain on sale of property, plant and equipment	(178)	(1,884)	(1,335)
Loss on disposal of property, plant and equipment	1,016	1,550	7,624
Loss on revaluation of property, plant and equipment	3,284	–	24,645
Gain on sale of investment securities	(844)	(1,559)	(6,333)
Loss on revaluation of marketable and investment securities	5,142	500	38,589
Increase in notes and accounts receivable	(1,325)	(5,631)	(9,943)
Increase in inventories	(1,878)	(4,900)	(14,093)
(Decrease) increase in notes and accounts payable	(189)	3,179	(1,418)
Increase in accrued expenses	4,544	3,433	34,101
Bonuses paid to directors	(183)	(153)	(1,373)
Other	3,884	3,222	29,148
Subtotal	11,569	11,974	86,821
Interest and dividend received	1,218	1,637	9,140
Interest paid	(3,826)	(3,350)	(28,712)
Income taxes paid	(2,759)	(5,847)	(20,705)
Net cash provided by operating activities	6,201	4,413	46,536
Cash flows from investing activities			
Decrease in time deposits	237	388	1,778
Decrease in marketable securities	64	1,671	480
Purchases of property, plant and equipment	(13,468)	(8,655)	(101,073)
Proceeds from sale of property, plant and equipment	1,453	2,245	10,904
Purchases of intangible assets	(19,237)	–	(144,367)
Purchases of investment securities	(8,712)	(14,859)	(65,380)
Proceeds from sale of investment securities	4,787	5,805	35,924
Increase in short-term advances	(394)	(647)	(2,956)
Other	(444)	(51)	(3,332)
Net cash used in investing activities	(35,715)	(14,101)	(268,030)
Cash flows from financing activities			
Increase in short-term bank loans	9,728	10,328	73,005
Proceeds from long-term debt	31,409	15,790	235,714
Repayment or redemption of long-term debt	(11,403)	(15,673)	(85,575)
Dividends paid	(1,524)	(1,738)	(11,437)
Dividends paid to minority interests	(175)	(193)	(1,313)
Retirement of common stock	(19)	(3,420)	(142)
Net cash provided by financing activities	28,014	5,092	210,236
Effect of exchange rate changes	(107)	478	(803)
Net decrease in cash and cash equivalents	(1,606)	(4,116)	(12,052)
Cash and cash equivalents at beginning of year	27,174	31,367	203,932
Adjustments to cash and cash equivalents resulting from inclusion or exclusion of certain subsidiaries in consolidation	(316)	(76)	(2,371)
Cash and cash equivalents at end of year	¥ 25,250	¥ 27,174	\$ 189,493

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

Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

For the year ended March 31, 2002

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 the 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 Prime Minister 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.

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

The accompanying consolidated financial statements include the accounts of the Company and 46 consolidated subsidiaries controlled directly or indirectly by the Company. In addition, 24 of 32 unconsolidated subsidiaries and 10 of 28 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 method of accounting. All significant inter-company balances and transactions have been eliminated in consolidation.

Certain subsidiaries are consolidated on the basis of a fiscal period ending on December 31 or January 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 accounted for by the equity method of accounting, are amortized, as a rule, over a period of twenty years or less. The impairment of goodwill also is applied in the cases of the acquisition abroad.

1. Summary of Significant Accounting Policies (continued)

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

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 shareholders' equity 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 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 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.

(e) Securities

In accordance with the accounting standard for financial instruments which the Company complies, securities are classified as (i)trading securities, (ii)held-to-maturity debt 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 shareholders' equity. Securities classified as other securities without market prices are carried at cost. Cost of securities sold is determined by the moving average method.

1. Summary of Significant Accounting Policies (continued)

(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

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. Depreciation of property, plant and equipment of the foreign consolidated subsidiaries is computed principally by the straight-line method. Significant renewals and betterment are capitalized at cost. Maintenance and repairs are charged to income.

(h) Leases

Non-cancelable leases are primarily accounted for as operating leases (regardless of whether such leases is 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) Retirement benefits

In accordance with the accounting standard for retirement benefits which the Company complies, 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, 2002. The amount was adjusted for unrecognized net retirement benefit obligation at transition, 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. The net retirement benefit obligation at transition is being amortized principally by the straight-line method over a period of 3 years, except that Nissui Pharmaceutical Co. Ltd., a consolidated subsidiary, amortized fully its portion of the obligation at transition at once for the year ended on March 31, 2001.

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

(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.

1. Summary of Significant Accounting Policies (continued)

(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 the Company complies, derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or a liability. 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) Goodwill and intangible assets of the subsidiaries in the U.S.

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, "Business Combination," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that the purchase method of accounting be used for business combinations completed after June 30, 2001. SFAS No. 142 will require goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of this statement. SFAS No. 142 will also require recognized intangible assets be amortized over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets."

SFAS No. 141 requires the subsidiaries in the U.S. to evaluate its existing intangible assets and goodwill that were acquired in a prior purchase business combination, and to make any necessary reclassification in order to conform with the new requirement for recognition apart from goodwill at the date of transition. Upon adoption of SFAS No. 142, the subsidiaries in the U.S. will be required to reassess the useful lives and residual values of all intangible assets acquired, and make any necessary amortization period adjustments by June 30, 2002.

In addition, SFAS No. 142 will require the subsidiaries in the U.S. to perform an assessment of whether there is an indication that goodwill is impaired as of April 1, 2002. Any impairment loss resulting from the adoption will be measured and recognized as the cumulative effect of a change in accounting principle in the first interim period. SFAS No. 141 did not have a material effect on the subsidiaries in the U.S. consolidated financial position or results of operations. SFAS No. 142 will have no material impact on the consolidated financial position or results of operations.

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 ¥133.25 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2002.

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, 2002 and 2001 was 1.6% and 1.7% respectively.

Long-term debt at March 31, 2002 and 2001 is summarized as follows:

	<u>2002</u>	<u>2001</u>	<u>2002</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 0.96% to 6.60%:			
With collateral	¥ 70,394	¥ 63,373	\$ 528,285
Without collateral	23,680	10,809	177,711
	<u>94,075</u>	<u>74,183</u>	<u>706,003</u>
Less current portion	(10,541)	(12,101)	(79,106)
	<u>¥ 83,533</u>	<u>¥ 62,082</u>	<u>\$ 626,889</u>

The annual maturity of long-term debt subsequent to March 31, 2002 are summarized as follows:

<u>Years ending March 31,</u>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
2003	¥10,541	\$ 79,106
2004	14,726	110,514
2005	15,099	113,313
2006	9,247	69,395
2007 and thereafter	44,459	333,651
	<u>¥94,075</u>	<u>\$706,003</u>

Assets pledged as collateral for long-term debt and certain other current liabilities at March 31, 2002 were as follows:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Time deposits and short-term investments	¥ 197	\$ 1,478
Trade receivables and inventories	6,876	51,602
Marketable securities and investments in other securities	19,501	146,348
Property, plant and equipment, at net book value	38,751	290,814
	<u>¥65,325</u>	<u>\$490,243</u>

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.

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, 2002 for the Company's and the consolidated subsidiaries' defined benefit pension plans:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Retirement benefit obligation	¥(41,393)	\$(310,641)
Plan assets at fair value	20,533	154,093
Unfunded retirement benefit obligation	(20,860)	(156,547)
Unrecognized net retirement benefit obligation at transition	3,109	23,332
Unrecognized actuarial loss	5,894	44,232
Unrecognized past service cost	(1,112)	(8,345)
Net retirement benefit obligation	(12,968)	(97,320)
Prepaid pension cost	-	-
Accrued retirement benefits	¥(12,968)	\$ (97,320)

The components of retirement benefit expenses for the year ended March 31, 2002 are outlined as follows:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Service cost	¥1,555	\$11,669
Interest cost	1,066	8,000
Expected return on plan assets	(731)	(5,485)
Amortization of net retirement benefit obligation at transition	3,109	23,332
Amortization of actuarial loss	227	1,703
Amortization of past service cost	(101)	(757)
Total retirement benefit expenses	¥5,126	\$38,469

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

Discount rates	2.5%
Expected rates of return on plan assets	2.5%
Amortization period of actuarial gain or loss	6 years
Amortization period of past service cost	6 years
Amortization period of net retirement benefit obligation at transition	3 years (principally)

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, 2002, 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	¥1,007	\$ 7,557
Other	2,357	17,688
Total	<u>¥3,365</u>	<u>\$25,253</u>
Accumulated depreciation:		
Machinery and equipment	¥ 585	\$ 4,390
Other	1,286	9,651
Total	<u>¥1,871</u>	<u>\$14,041</u>
Net book value :		
Machinery and equipment	¥ 422	\$ 3,166
Other	1,071	8,037
Total	<u>¥1,493</u>	<u>\$11,204</u>

Lease payments relating to the finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥794 million (\$5,958 thousand) for the year ended March 31, 2002.

Future rental expenses under the finance leases outstanding at March 31, 2002 are summarized as follows:

<u>Years ending March 31,</u>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
2003	¥632	\$4,742
2004 and thereafter	898	6,739

6. Contingent Liabilities

At March 31, 2002, 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	¥196	\$1,470
As guarantors of indebtedness of unconsolidated subsidiaries, affiliates and other companies	761	5,711

7. Securities

Information regarding marketable securities classified as held-to-maturity debt securities and other securities as of March 31, 2002 is as follows:

Marketable held-to-maturity debt securities

	<u>Carrying value</u>	<u>Estimated fair value</u>	<u>Unrealized gain (loss)</u>	<u>Carrying value</u>	<u>Estimated fair value</u>	<u>Unrealized gain (loss)</u>
	<i>(Millions of yen)</i>			<i>(Millions of U.S. dollars)</i>		
Securities whose fair value exceeds their carrying value :						
Government bonds	¥380	¥390	¥ 9	\$2,851	\$2,926	\$67
Securities whose carrying value exceeds their fair value:						
Corporate bonds	299	297	(1)	2,243	2,228	(7)
Total	<u>¥679</u>	<u>¥688</u>	<u>¥ 8</u>	<u>\$5,095</u>	<u>\$5,163</u>	<u>\$60</u>

Marketable other securities

	<u>Acquisition cost</u>	<u>Carrying value</u>	<u>Unrealized gain (loss)</u>	<u>Acquisition cost</u>	<u>Carrying value</u>	<u>Unrealized gain (loss)</u>
	<i>(Millions of yen)</i>			<i>(Millions of U.S. dollars)</i>		
Securities whose carrying value exceeds their acquisition cost :						
Stock	¥13,323	¥18,176	¥4,852	\$ 99,984	\$136,405	\$36,412
Debt securities	2,001	2,033	31	15,016	15,257	232
Other	173	178	5	1,298	1,335	37
Subtotal	<u>15,498</u>	<u>20,388</u>	<u>4,889</u>	<u>116,307</u>	<u>153,005</u>	<u>36,690</u>
Securities whose acquisition cost exceeds their carrying value:						
Stock	7,006	6,517	(488)	52,577	48,908	(3,662)
Debt securities	3,792	3,666	(125)	28,457	27,512	(938)
Other	2,203	2,136	(67)	16,532	16,030	(502)
Subtotal	<u>13,003</u>	<u>12,320</u>	<u>(682)</u>	<u>97,583</u>	<u>92,457</u>	<u>(5,118)</u>
Total	<u>¥28,502</u>	<u>¥32,709</u>	<u>¥4,207</u>	<u>\$213,898</u>	<u>\$245,470</u>	<u>\$31,572</u>

Sales of securities classified as other securities amounted to ¥7,435 million (\$55,797 thousand) with the aggregate gain of ¥1,030 million (\$7,729 thousand) and the aggregate loss of ¥83 million (\$622 thousand) for the year ended March 31, 2002.

7. Securities (continued)

The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity debt securities as of March 31, 2002 is summarized as follows:

	Due in one year or less	Due after one year though five years	Due after five years though ten years	Due after ten years
	<i>(Millions of yen)</i>			
Government bonds	¥ –	¥ 380	¥ –	¥ –
Corporate bonds	1,459	1,248	290	–
Other debt securities	719	1,804	223	198
Others	499	1,796	71	–
Total	¥2,678	¥5,230	¥586	¥198

	Due in one year or less	Due after one year though five years	Due after five years though ten years	Due after ten years
	<i>(Millions of U.S. dollars)</i>			
Government bonds	\$ –	\$ 2,851	\$ –	\$ –
Corporate bonds	10,949	9,365	2,176	–
Other debt securities	5,395	13,538	1,673	1,485
Others	3,744	13,478	532	–
Total	\$20,097	\$39,249	\$4,397	\$1,485

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

The contract or notional amount and the market value of derivatives positions open at March 31, 2002 were as follows:

	Contract or notional amount	Market value	Unrealized gain (loss)	Contract or notional amount	Market value	Unrealized gain (loss)
	<i>(Millions of yen)</i>			<i>(Millions of U.S. dollars)</i>		
Over-the-counter:						
Foreign currency swap	¥1,152	¥(3)	¥(46)	\$8,645	\$(22)	\$(345)

9. Income Taxes

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2002 and 2001 were as follows:

	<u>2002</u>	<u>2001</u>	<u>2002</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Tax loss carryforwards	¥ 4,535	¥ 3,925	\$ 34,033
Accrued retirement benefit	4,637	3,845	34,799
Allowance for doubtful receivables	5,273	4,062	39,572
Depreciation	704	881	5,283
Accrued enterprise tax	58	170	435
Valuation of inventories	330	207	2,476
Valuation of securities	7,351	2,055	55,166
Other	4,082	1,823	30,634
Less: valuation allowance	(9,985)	(6,825)	(74,934)
Deferred tax assets	16,990	10,146	127,504
Deferred tax liabilities	(4,377)	(7,673)	(32,848)
Net deferred tax assets	<u>¥12,612</u>	<u>¥ 2,473</u>	<u>\$ 94,649</u>

10. Shareholders' Equity

In accordance with the Commercial Code of Japan (the "Code"), the Company has provided a legal reserve, which was included in retained earnings. The Code provides that an amount equal to at least 10% of the amount to be disbursed as a distribution of earnings be appropriated to the legal reserve until the total of such reserve and additional paid-in capital account equals 25% of the common stock account. The legal reserve amounted to ¥3,658 million (\$27,452 thousand) and ¥3,570 million of March 31, 2002 and 2001, respectively.

The Code provides that neither additional paid-in capital nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. On October 1, 2001, an amendment (the "Amendment") to the Code became effective. The Amendment provides that if the total amount of additional paid-in capital and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders. In addition, the Amendment eliminates the stated par value of the Company's outstanding shares, which resulted in all outstanding shares having no par value as of October 1, 2001. The Amendment also provides that all shares issuances after September 30, 2001 will be of shares with no par value. Prior to the date on which the Amendment came into effect, the Company's shares had a par value of ¥50.

11. Research and Development Costs

Research and development costs included in general and administrative expenses for the year ended March 31, 2002 and 2001 totaled ¥3,152 million (\$23,654 thousand) and ¥2,983 million, respectively.

12. Amounts Per Share

The amounts per share of net (loss) income 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:

	Year ended March 31,		
	2002	2001	2002
	(Yen)		(U.S. dollars)
Net (loss) income	¥ (38.30)	¥ 11.00	\$(0.29)
Net assets	247.21	298.73	1.86

13. Supplementary Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents at March 31, 2002:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash and bank deposits	¥23,607	\$177,163
Time deposits with a maturity of more than three months	(991)	(7,437)
Equity and debt securities with a maturity of less than three months	2,634	19,767
Cash and cash equivalents	¥25,250	\$189,493

14. Intangible assets

In consideration of materiality, the Company shows the amount of intangible assets on the balance sheet separately, which included goodwill, software, trademark and so forth, from the year ended of March 31, 2002.

The amount of intangible assets which was shown as other long-term advances as of March 31, 2001 was amounted to 2,216 million yen (equivalent to 17,885 thousand dollars).

In accordance with the accounting standard for goodwill in the United States, the Company and consolidated subsidiaries apply the impairment of goodwill, which was realized with the purchase of the companies in the U.S. in October 2001.

15. 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 or as of March 31, 2002								
	Marine products	Foods	General distribution	Fine chemicals	Others	Total	Intercompany eliminations	Consolidated
<i>(Millions of yen)</i>								
Operating revenues	¥223,649	¥223,316	¥18,235	¥12,580	¥ 5,170	¥482,953	–	¥482,953
Intra-group sales and transfers	13,195	17,744	40,961	92	9,397	81,391	¥(81,391)	–
Total	236,845	241,060	59,196	12,673	14,568	564,344	(81,391)	482,953
Operating expenses	237,738	235,691	58,984	11,380	14,531	558,326	(81,391)	476,934
Operating income	¥ (893)	¥ 5,369	¥ 212	¥ 1,293	¥ 37	¥ 6,018	–	¥ 6,018
Identifiable assets	¥117,910	¥135,082	¥36,782	¥24,576	¥ 5,773	¥320,125	¥ 17,825	¥337,951
Depreciation and amortization	¥ 2,948	¥ 4,050	¥ 1,670	¥ 587	¥ 52	¥ 9,309	–	¥ 9,309
Capital expenditures	4,141	27,227	827	319	112	32,628	–	32,628

For the year ended or as of March 31, 2002								
	Marine products	Foods	General distribution	Fine chemicals	Others	Total	Intercompany eliminations	Consolidated
<i>(Thousands of U.S. dollars)</i>								
Operating revenues	\$1,678,416	\$1,675,917	\$136,848	\$ 94,409	\$ 38,799	\$3,624,412	–	\$3,624,412
Intra-group sales and transfers	99,024	133,163	307,399	690	70,521	610,814	\$(610,814)	–
Total	1,777,448	1,809,080	444,247	95,106	109,328	4,235,227	(610,814)	3,624,412
Operating expenses	1,784,150	1,768,787	442,656	85,403	109,050	4,190,063	(610,814)	3,579,242
Operating income	\$ (6,701)	\$ 40,292	\$ 1,590	\$ 9,703	\$ 277	\$ 45,163	–	\$ 45,163
Identifiable assets	\$ 884,878	\$1,013,748	\$276,037	\$184,435	\$ 43,324	\$2,402,439	\$ 133,771	\$2,536,217
Depreciation and amortization	\$ 22,123	\$ 30,393	\$ 12,532	\$ 4,405	\$ 390	\$ 69,861	–	\$ 69,861
Capital expenditures	31,076	204,330	6,206	2,393	840	244,863	–	244,863

For the year ended or as of March 31, 2001								
	Marine products	Foods	General distribution	Fine chemicals	Others	Total	Intercompany eliminations	Consolidated
<i>(Millions of yen)</i>								
Operating revenues	¥207,095	¥211,073	¥26,084	¥13,678	¥ 5,816	¥463,747	–	¥463,747
Intra-group sales and transfers	12,301	10,668	41,588	25	4,760	69,344	¥(69,344)	–
Total	219,396	221,742	67,672	13,703	10,577	533,092	(69,344)	463,747
Operating expenses	219,326	216,782	66,936	12,356	10,500	525,902	(69,344)	456,557
Operating income	¥ 70	¥ 4,960	¥ 735	¥ 1,347	¥ 76	¥ 7,190	–	¥ 7,190
Identifiable assets	¥115,488	¥ 98,782	¥41,262	¥25,203	¥ 4,201	¥284,938	¥ 29,774	¥314,712
Depreciation and amortization	¥ 2,430	¥ 3,794	¥ 1,831	¥ 669	¥ 42	¥ 8,767	–	¥ 8,767
Capital expenditures	3,160	4,783	766	266	187	9,163	–	9,163

15. Segment Information (continued)

Geographical Segments

	For the year ended or as of March 31, 2002							
	Japan	North America	South America	Oceania	Other countries	Total	Eliminations	Consolidated
	<i>(Millions of yen)</i>							
Sales to third parties	¥434,448	¥36,961	¥1,359	¥ 139	¥10,044	¥482,953	–	¥482,953
Interarea sales and transfers	6,376	10,766	11,170	811	9,679	38,803	¥(38,803)	–
Total	440,824	47,727	12,529	951	19,724	521,757	(38,803)	482,953
Operating expenses	435,007	46,128	13,910	1,130	19,561	515,738	(38,803)	476,934
Operating income (loss)	¥ 5,817	¥ 1,599	¥ (1,381)	¥ (179)	¥ 162	¥ 6,018	–	¥ 6,018
Assets	¥249,223	¥54,105	¥12,041	¥ 482	¥ 4,273	¥320,125	¥ 17,825	¥337,951

	For the year ended or as of March 31, 2002							
	Japan	North America	South America	Oceania	Other countries	Total	Eliminations	Consolidated
	<i>(Thousands of U.S. dollars)</i>							
Sales to third parties	\$3,260,397	\$277,380	\$ 10,198	\$ 1,043	\$ 75,377	\$3,624,412	–	\$3,624,412
Interarea sales and transfers	47,849	80,795	83,827	6,086	72,637	291,204	\$(291,204)	–
Total	3,308,247	358,176	94,026	7,136	148,022	3,915,624	(291,204)	3,624,412
Operating expenses	3,264,592	346,176	104,390	8,480	146,799	3,870,454	(291,204)	3,579,242
Operating income (loss)	\$ 43,654	\$ 12,000	\$ (10,363)	\$(1,343)	\$ 1,215	\$ 45,163	–	\$ 45,163
Assets	\$1,870,341	\$406,041	\$ 90,363	\$ 3,617	\$ 32,067	\$2,402,439	\$ 133,771	\$2,536,217

	For the year ended or as of March 31, 2001							
	Japan	North America	South America	Oceania	Other countries	Total	Eliminations	Consolidated
	<i>(Millions of yen)</i>							
Sales to third parties	¥431,308	¥23,321	¥1,953	¥ 132	¥ 7,032	¥463,747	–	¥463,747
Interarea sales and transfers	5,058	10,609	11,106	737	9,413	36,924	¥(36,924)	–
Total	436,366	33,930	13,059	869	16,445	500,672	(36,924)	463,747
Operating expenses	429,676	32,762	13,783	977	16,281	493,481	(36,924)	456,557
Operating income (loss)	¥ 6,690	¥ 1,168	¥ (724)	¥(108)	¥ 163	¥ 7,190	–	¥ 7,190
Assets	¥242,091	¥23,896	¥14,624	¥ 805	¥ 3,520	¥284,938	¥ 29,774	¥314,712

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, 2002, was as following:

	North America	Other area	Total	North America	Other area	Total
	<i>(Millions of yen)</i>			<i>(Millions of U.S. dollars)</i>		
Overseas sales	¥30,560	¥21,290	¥ 51,850	\$229,343	\$159,774	\$ 389,118
Total consolidated sales			¥482,953			\$3,624,412
Ratio of overseas to total sales (%)	6.3%	4.4%	10.7%			

The specific countries or areas above are; North America: the United States of America and Canada, Other area: South America, Europe and Asia.

As more than 90% of consolidated net sales for the year ended March 31, 2001 was made overseas, the disclosure of overseas sales information has been omitted.

16. Other Income, Other, Net

Detail of other income, other, net, on the statements of operations was as shown below:

	Year ended March 31,		
	2002	2001	2002
	(Millions of yen)		(Thousands of U.S. dollars)
Other income (expenses):			
Gain/loss on disposal of property, plant and equipment (net)	¥ (4,123)	¥ 334	\$ (30,941)
Loss on revaluation of investment securities	(5,142)	(500)	(38,589)
Gain on sale of marketable and investment securities (net)	946	1,589	7,099
Additional allowance for the voluntary retirees	(972)	(497)	(7,294)
Expenses for the restructuring of the shipping enterprise	(2,539)	–	(19,054)
Currency revaluation of Argentine Pesos	(3,019)	–	(22,656)
Other (net)	(568)	70	(4,262)
	<u>¥(15,417)</u>	<u>¥ 996</u>	<u>\$(115,699)</u>

17. 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, 2002, were approved at the general meeting of the Company's shareholders held on June 27, 2002:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash dividends (¥2.50 = \$0.019 per share)	¥692	\$5,193