

## Summary of Financial Statements for Six Months ended September 30, 2004

Qualification: This is directly translated into English for the convenience of readers, and all financial results conform with the accounting principles generally accepted in Japan.

(April 1, 2004 through September 30, 2004)

Company name: **Nippon Suisan Kaisha, Ltd.** (TSE register code : 1332 ) <http://www.nissui.co.jp>

### 1. Consolidated Financial Data for Six Months ended September 30, 2004

#### (1) Consolidated Operating Results

	Sales		Operating income		Ordinary income	
	Million of yen	%	Million of yen	%	Million of yen	%
Six Months ended Sep. 30, 2004	257,611	4.3	6,038	31.8	6,040	58.5
Six Months ended Sep. 30, 2003	246,879	-2.6	4,582	-38.3	3,810	-44.5
Year ended March 31, 2004	494,644	-	10,183	-	8,643	-

	Net income		Net income per share
	Million of yen	%	Yen
Six Months ended Sep. 30, 2004	3,178	57.7	11.49
Six Months ended Sep. 30, 2003	2,016	-10.6	7.28
Year ended March 31, 2004	3,117	-	10.66

Note 1. Earnings on investment in equity method: 947 million yen (Sep. 2004), 279 million yen (Sep. 2003) and 1,088 million yen (Mar. 2004)

2. Weighted average numbers of outstanding common stock throughout the period (consolidated):  
276,730,458 (Sept. 2004), 276,814,517 (Sep. 2003) and 276,797,664 (Mar. 2004)

3. Change of accounting method: Not applicable

4. Each percentage figures indicated in columns of Sales, Operating income, Ordinary income, Net income shows changes from the previous period.

#### (2) Consolidated Financial Position

	Total assets	Total shareholders' equity	Equity ratio	Equity per share
	Million of yen	Million of yen	%	Yen
As of September 30, 2004	333,802	82,560	24.7	298.37
As of September 30, 2003	336,143	78,221	23.3	282.59
As of March 31, 2004	326,224	81,590	25.0	294.21

Note Outstanding common stock at end of the period (consolidated): 276,706,825 (Sep. 2004), 276,798,128 (Sep. 2003) and 276,760,700 (Mar. 2004)

#### (3) Consolidated Cash-Flow

	Cash from operating activities	Cash from investing activities	Cash from financing activities	Cash and cash equivalent at end of the period
	Million of yen	Million of yen	Million of yen	Million of yen
Six Months ended Sep. 30, 2004	3,347	(6,416)	4,064	9,893
Six Months ended Sep. 30, 2003	3,429	(7,906)	431	9,925
Year ended March 31, 2004	19,621	(16,157)	(10,052)	7,331

#### (4) Scope of Consolidation

Consolidated Subsidiaries	56
Subsidiaries applied in Equity Method	14
Affiliates applied in Equity Method	20

#### (5) Change in Scope of Consolidation

Consolidated Subsidiaries	13 Inclusions	2 Exclusions
Companies applied in Equity Method	13 Inclusions	11 Exclusions

### 2. Forecast for Financial Year ending March 31, 2005 ( Consolidated )

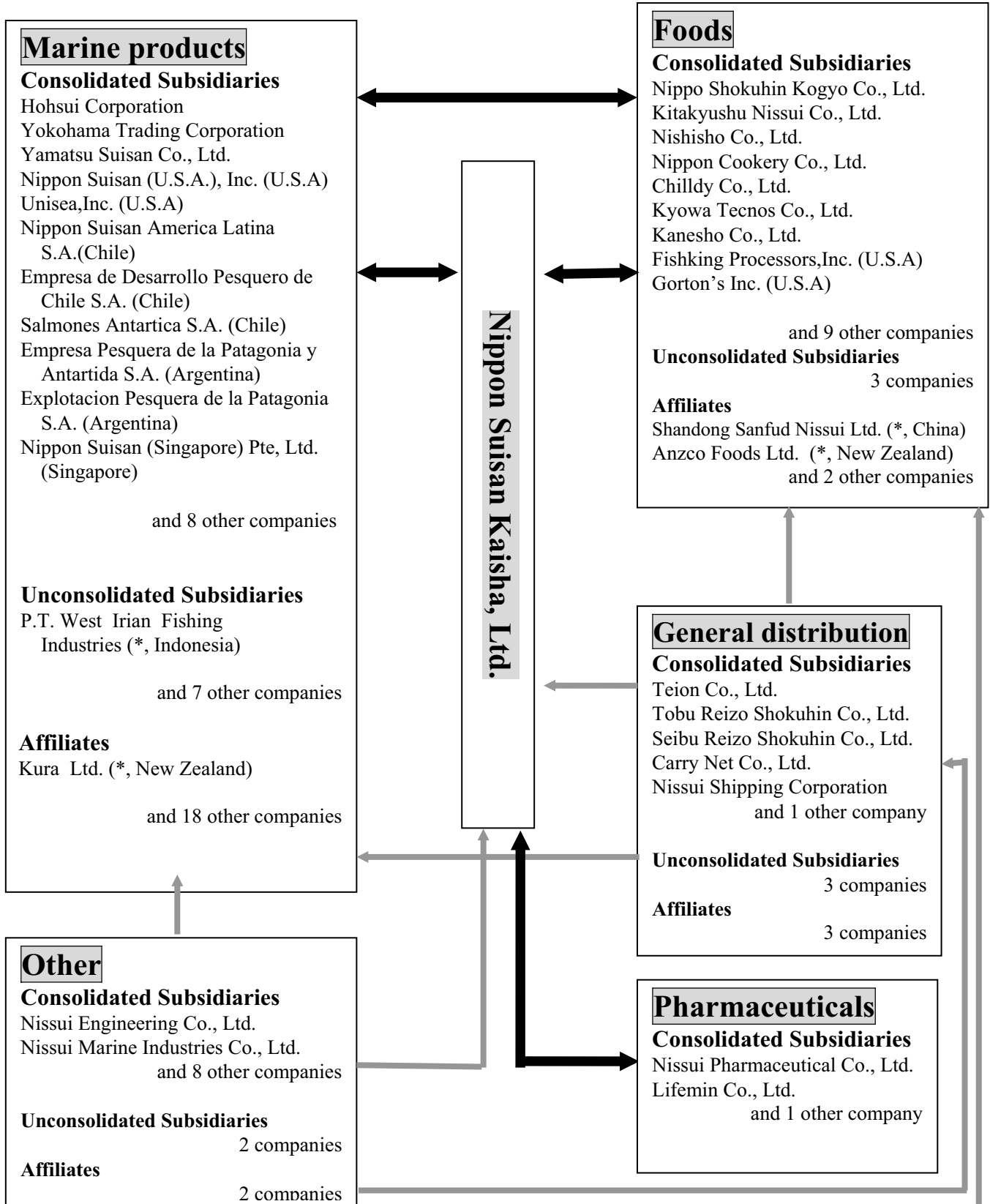
	Sales	Ordinary income	Net income
	Million of yen	Million of yen	Million of yen
Financial Year ending March 31, 2005	510,000	14,000	5,000

Pro forma income per share for the whole-year: 17.80 Yen (for reference purpose only)

All figures shown in unit of million yen are rounded off to the nearest million.

The forecast above is based on information available on the issuing date of this report. Accordingly, the final results will probably be changed due to various unknown factors. You can obtain further information concerning the forecast on the page of "10 (Consolidated)".

**Customers**



Flow of products and materials  
 Supply of services

(\* ) Companies by the equity method

## [1] Corporate Group Overview

Our corporate group consists of Nippon Suisan Kaisha, Ltd. (“the Company”), its 72 subsidiaries and 28 affiliate companies. We are engaged mainly in Marine products business, Foods business, General distribution business and Pharmaceutical business. In addition, we conduct research and provide services in each of the areas of business we are engaged in.

The positioning of our group’s business operations and the company’s relationship with individual business segments are as follows:

### **Marine products:**

The Company, together with our consolidated subsidiaries [Hohsui Corporation (\*1), Nippon Suisan (U.S.A.), Inc. and 17 other companies], unconsolidated subsidiaries [8 companies, 6 of which are accounted for by the equity method], as well as affiliated firms, consisting of Kura Ltd. and 18 other companies [14 of which are accounted for by the equity method], is engaged in the fishing, farming, purchasing, processing and sale of marine products (fresh / frozen fish, fishmeal & fish oil).

### **Foods:**

The Company, together with our consolidated subsidiaries [including Nippo Shokuhin Kogyo Co., Ltd., Fishking Processors, Inc., Gorton’s Inc. and 15 other companies], 3 unconsolidated subsidiaries [all of which are accounted for by the equity method] and 4 affiliated firms [3 of which are accounted for by the equity method], manufactures and sells frozen and shelf-stable foods, as well as other processed foods.

### **General distribution:**

The Company, together with our consolidated subsidiaries [including Teion Co., Ltd., Carry Net Co., Ltd. and 4 other companies], 3 unconsolidated subsidiaries [all of which are accounted for by the equity method] and 3 affiliated firms [1 of which is accounted for by the equity method], is engaged in the cold storage and freezing of seafood, and transportation of chilled cargo.

### **Pharmaceuticals:**

Consolidated subsidiaries [consisting of Nissui Pharmaceutical Co., Ltd. (\*2), Lifemin Co., Ltd., and another company] manufacture and sell pharmaceutical products.

### **Other:**

Consolidated subsidiaries [including Nissui Engineering Co., Ltd., Nissui Marine Industries Co., Ltd. and 8 other companies] and 2 unconsolidated subsidiaries [all of which are accounted for by the equity method], together with 2 affiliate firms [all of which are accounted for by the equity method], are engaged in vessel construction, repair, operation and engineering.

- |    |                                 |  |
|----|---------------------------------|--|
| *1 | Hohsui Corporation              | Listed on the First Section of the Tokyo Stock Exchange  |
| *2 | Nissui Pharmaceutical Co., Ltd. | Listed on the Second Section of the Tokyo Stock Exchange |

## [2] Management Policies

### **1. Basic Management Policies**

The Company and its group engages in business activities with its basic philosophy that has never changed since its establishment, i.e. “contributing to the society while continuing to create value.” In order to fulfill this, our basic management policies are as follows:

- (1) To aim to deliver valuable goods and services to customers through “developing global supply chain of marine products”,
- (2) To give great importance to cost, quality, and research and development, and
- (3) To behave with integrity as a company and as individuals.

Based on such a spirit, which has been passed on from generation to generation as a gene dating back to its establishment, the Company and its group intends to further brush up the qualities of the group as a whole and execute management that will continue winning your support in the future.

### **2. Basic Policies for Profit Sharing**

As for profit sharing at the Company and its group, we make decisions based on a long-term, comprehensive perspective so as to pay dividends continually endorsed by business performance, in consideration of profit distribution to shareholders, enhancement of the corporate constitution, and retained earnings to prepare for rolling out businesses in the future.

### **3. Approach, Policy, etc. for Decreasing Our Unit of Investment**

The Company acknowledges that it is important to provide an environment that facilitates investors to make an investment. However, no decreases in the unit of investment are being considered, as the liquidity of shares is believed to be sufficient in light of the current level of share price. The Company will review the matter whenever necessary while carefully observing the trends in its share price in the future.

### **4. Targeted Management Indexes**

The Company and its group of companies continue to uphold the “minimum ratio of operating income to Sales of 3%” and the “minimum return on equity (ROE) of 10%” as the management indexes for the 2004 fiscal year (from April 1, 2004 to March 31, 2005) in view of the progress of our Toward Global Links (TGL) Plan, and press forward with the business management that places emphasis on shareholder interest.

### **5. Basic Medium/Long-term Policies**

Since the 2001 fiscal year, the Company has been pursuing the TGL Plan, which is based on the idea of “growing together with customers and partners through creation of more values for customers on a global scale”, as an evolved and strengthened version of its basic philosophy that remains unchanged since its establishment, that is, “contributing to the society while continuing to create value.” The Company and its group has created various values from marine resources and delivered them to customers to meet their demand, such as material from sea, fish oil/meals, seafood products, chilled food, canned food, surimi-based products, frozen food, seasonings, pharmaceutical products, etc.

The TGL Plan aims to further enhance our functions as a producer in the domain of “creating customer-oriented value from marine resources”, where we have accumulated our strength more than anywhere else, so as to grow together with customers in Japan and in other countries as a company that can demonstrate leadership in this field.

For this purpose, the following measures are to be taken:

- (1) To stick to being a “producer” which is based on the technologies gained through food processing;
- (2) To foster brands which can win support from the people in Japan and abroad;
- (3) To further strengthen R&D and quality assurance, and place emphasis on harmonization with the environment;
- (4) To integrate fishing operations and food operations, and thus drive globalization of production and sale; and
- (5) To shift to the sales system of creating value together with customers.

## **6. Tasks To Be Addressed By the Company**

Even though the economy is projected to be on a fundamental recovery trend, consumer prices are feared to remain stagnant. Competition is thus expected to grow increasingly fierce in the business environment in which the Company and its group of companies operate. We intend to focus our attention on the following tasks in the 2004 fiscal year so as to be able to respond quickly to changes in such an environment:

- Further enhance our functions as a producer in the domain of “creating customer-oriented value from marine resources”, where we have accumulated our strength more than anywhere else, and further promote the globalization of production bases.
- Aim to complete the construction of a system that synchronizes operations and information to enable the management to make judgments quickly.
- Share knowledge on an international scale by stimulating the exchange of personnel within the group on a global scale aimed at strengthening the linkage between the Company group and its partners, deepening the linkage on technology, production and distribution fronts, such as improvements and R&D on the sales network in the U.S. and Europe.

In an attempt to gain the greater trust of our consumers in our efforts towards safety and security and environmental issues that we have addressed actively as fulfillment of the corporate social responsibility, we will also carry out group-wide promotion towards the acquisition of the ISO quality control certification and adhere to Quality Assurance Code, and also work to adhere to Environmental Code which, at a group level, takes into consideration the sustainable use of marine resources and existing harmoniously with nature.

## **7. Fundamental Philosophy Concerning Corporate Governance and the Status of Implementation of Measures**

### (1) Fundamental Philosophy Concerning Corporate Governance

The Company’s fundamental philosophy concerning corporate governance is to continue to maintain the auditor system to ensure that decisions are made in a timely and efficient manner under proper supervision and control.

**(2) Status of Implementation of Measures Concerning Corporate Governance**

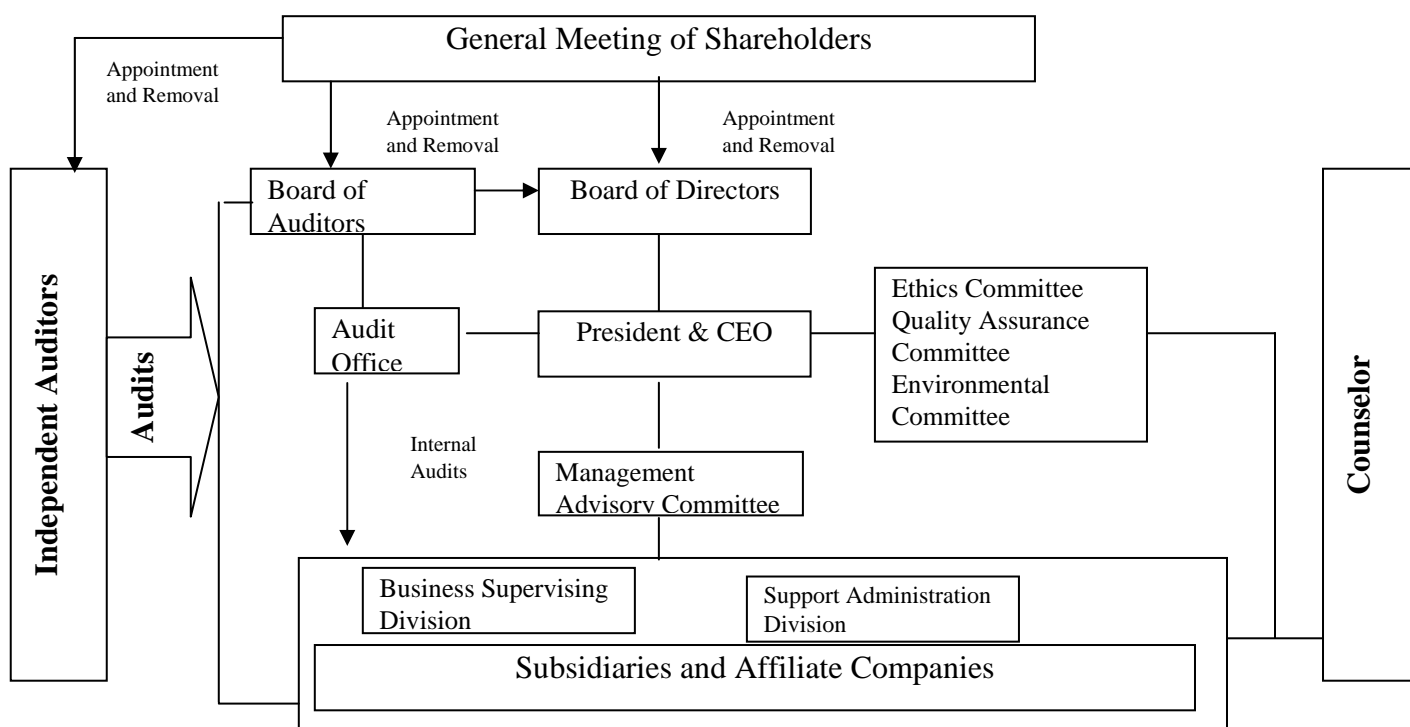
- (i) Status of the management control organization and that of other corporate governance systems concerning the adoption, execution and surveillance of corporate management decisions

The president supervises the group in the execution of duties. In the Marine products business, Processed Foods business, and Fine Chemicals/Fine Foods/Chilled Foods business, responsibilities for execution rest with the respective director in charge of the individual business. In the overseas operations, the Business Supervisor in South American Operations, and the Business Supervisor in North American Operations are responsible for the execution of business operations in their respective regions. Furthermore, an officer is appointed in each of the information, environmental affairs, public relations and legal affairs fields within the Support Administration Division to oversee support functions in an effort to strengthen the management functions of the group as a whole.

With respect to supervision and control, the board of directors meets at least once a month as a general rule in order to make decisions on important affairs and supervise the status of the execution of operations. Additionally, four auditors, including three outside auditors, monitor the performance of duty by the directors. The audit office, which reports directly to the president, conducts internal audits in order to assess the appropriateness of the operations of the Company and that of the operations of its group of companies.

Furthermore, the Ethics Committee, on which the director in charge of compliance and the counselor sit, takes on the central responsibility for conducting various activities to raise the level of ethical action by the Company and its group of companies, including the promulgation of the Code of Ethics that declared our compliance with law and our corporate posture. In addition, we strive to disclose management information promptly and accurately by holding an information meeting for investors, following the end of each fiscal year, and by publicizing information promptly on the Company’s Web site.

The following diagram shows the Company’s system of corporate governance:



(ii) Summary of Personal, Equity, or Business Relationship, or Any Other Interests Between the Company and Its Outside Directors and Outside Auditors

The Company does not have any outside directors. Of the three outside auditors, one is a former director of the Company. The other two are former officers of a financial institution with which the Company has business dealings. There are no interests, such as business dealings, between the outside auditors and the Company.

(iii) Implementation of Steps Taken Over the Past Year to Enhance Compliance of the Company

We established the Code of Ethics effective April 1, 2003. The Ethics Committee (which meets once a month), whose members include the director in charge of compliance and the counselor, has taken the initiative to raise the level of compliance across the organization, and by March 2004, primarily with respect to our domestic subsidiaries, completed the drafting of such documents as the Code of Ethics and established a compliance promotion organization, which is now up and running.

In order to comply with the Law regarding the Protection of Personal Information (Law Protecting Personal Information), which comes into effect on April 1, 2005, we have started to organize personal information in our possession and formulate rules for handling such information in compliance with laws and regulations on a Group-wide scale.

### [3] Operating Results and Financial Conditions

#### **I. Operating Results**

##### **1. Overview of the Six Months Ended Sep. 30, 2004**

The Japanese economy was on course for recovery during the current consolidated fiscal year (from April 1, 2004 to September 30, 2004), due to improvements in corporate earnings driven by the increase in both exports and capital investment, in addition to signs of recovery in consumer spending. As for the global economy, the United States continued to experience economic expansion, owing to the increase in production and solid consumer spending.

In the industries in which The Company and its subsidiaries and affiliates operate, consumer prices remained depressed, and the remarkable disaster such as hot summer and typhoons brought an impact on its business in Japan. In the United States, competition in the frozen foods market remained fierce, and surimi prices declined.

Under these circumstances, The Company and its subsidiaries and affiliates collectively pressed forward with the medium-term management policy named the Toward Global Links (TGL) Plan. We also globalized our production bases by further enhancing our manufacturing functions in “creating customer-oriented value from marine resources”—a field in which we have built our strengths to the highest degree—and made efforts to reinforce our quality assurance system to ensure the delivery of safe products that satisfy each and every customer.

Consequently, our operating results for the six months ended September 30, 2004 were: sales in the amount of 257,611 million yen, up 10,732 million yen (4.3%) year-on-year; operating income of 6,038 million yen, up 1,456 million yen (31.8%); and ordinary income of 6,040 million yen, up 2,229 million (58.5%). These results were attributable to the expansion of the chilled foods business and the steady performance of frozen ready-to-eat foods and canned foods targeted at households, which offset the tough business climate faced by the Marine Products business.

As for extraordinary gains and losses, we declared a gain on the sale of property, plant and equipment in the amount of 293 million yen as an extraordinary gain, and a loss on the disposal of property, plant and equipment of 880 million yen as an extraordinary loss. As a result, net income for the six months was 3,178 million yen, up 1,162 million (57.7%) from the previous corresponding period.

#### **1) Performance by Major Business Segment**

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

In the Marine Products business, we promoted the development of an integrated management system encompassing all processes from production and processing to sales, based on a global perspective. Despite such efforts, sales decreased 578 million yen year-on-year to 109,616 million yen, partly due to the sluggish trading of major types of fish in Japan, such as surimi, salmon and trout, and shrimp. Operating income fell 468 million yen year-on-year to 1,358 million yen, partly because of the poor performance of our aquaculture business in South America.

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

Sales generated by our Foods business amounted to 129,798 million yen and operating income 4,704 million yen, a year-on-year increase of 13,893 million yen and 1,441 million yen, respectively, due to the increase in the sales volume of frozen ready-to-eat foods, canned, bottled and pouch-packed foods, and other processed foods targeted at households, in addition to the growth of our chilled foods business.

##### **(3) General Distribution Business**

Our cold storage business was characterized by sluggish trading overall and was affected by the restructuring of marine transport operations. However, as a result of our efforts in running the business efficiently and cutting costs, sales decreased 1,137 million yen year-on-year to 6,816 million yen, but operating income increased 260 million yen to 768 million yen.

#### **(4) Pharmaceuticals Business**

Sales increased 705 million yen year-on-year to 6,907 million yen, as a result of our efforts in sales expansion, including the acquisition of a new consolidated subsidiary. However, operating income decreased 140 million yen to 473 million yen, as selling expenses increased amid intensifying competition in the over-the-counter drugs (OTC) market.

### **2) Performance by Geographic Segment**

#### **(1) Japan**

Revenues increased due to the expansion of our chilled foods business, including boxed lunches and prepared foods. In the area of household foods, sales increased with respect to frozen ready-to-eat food “Yaki Onigiri” (roasted rice balls), “ready-to-eat-after-thawing-at-room-temperature series”, canned and bottled foods, and surimi-based products. In contrast, the seafood market was characterized by the sluggish trading of major types of fish such as surimi, salmon and trout, and shrimp, while sales of fish oil and fishmeal increased in volume. Consequently, sales increased 11,633 million yen year-on-year to 225,251 million yen, and operating income increased 1,757 million to 5,957 million yen.

#### **(2) North America**

In the United States, we operate Marine Products and Foods businesses. The Marine Products business faced a drop in the price of surimi, but managed to increase the production of fillets and performed well in terms of roe products. On the other hand, the Foods business performed steadily amid intense competition in both household and commercial foods markets. As a result, sales increased 411 million yen year-on-year to 26,709 million yen, and operating income increased 49 million to 1,583 million yen.

#### **(3) South America**

In Argentina and Chile, we run a Marine Products business. Although the fishing division performed more or less according to plan in terms of fish catch, the aquaculture division faced a fall in price of fish cultured for the Japanese market. Consequently, sales increased 370 million yen year-on-year to 1,052 million yen, but operating income decreased 608 million yen, which resulted in an operating loss of 311 million yen.

#### **(4) Other**

In Asia and Europe, we are engaged in a Marine Products business. Partly due to the reorganizing of the European sales networks within the Group, sales decreased 1,683 million year-on-year to 4,597 million and operating income decreased 20 million yen to 57 million yen.

## **II. Full-year Forecast**

The economic climate remains uncertain in the months ahead, and the business environment surrounding the Company and its subsidiaries and affiliates is expected to become increasingly harsh in terms of competition between companies.

Under these circumstances, we are pressing forward with our medium-term management policy dubbed the “TGL Plan”. We will take further steps to build and expand our global network with our customers and partners, and at the same time, strive to reduce costs and enhance our product development capacity and sales force. We will also address the growing concerns over food safety among consumers by capitalizing on the advanced quality assurance capabilities of the Company and its subsidiaries and affiliates.

Furthermore, we will continue to make efforts on a Group-wide scale with respect to the Code of Ethics (our declaration of compliance with laws and regulations and corporate stance in the context of corporate social responsibility) and the Environmental Code (our commitment to giving consideration to the sustainable use of marine resources and existing harmoniously with nature).

Based on the above, our full-year forecasts are: sales in the amount of 510 billion yen, operating income of 14 billion yen, ordinary income of 14 billion yen, and net income of 5 billion yen.

Sales and operating income by major business segment are as follows:  
(Unit: million yen)

	Marine products	Foods	General Distribution	Pharmaceuticals & Other	Elimination or Common	Total
[Half Year]						
Sales	109,616	129,798	6,816	11,381		257,611
Operating income	1,358	4,704	768	455	(1,247)	6,038
[Full Year Forecast]						
Sales	217,230	254,850	12,370	25,550		510,000
Operating income	3,700	10,000	1,700	1,150	(2,550)	14,000

As there are various risks inherent in the business sectors in which the Company and its subsidiaries and affiliates operate, the Company and its subsidiaries and affiliates strive to prevent the occurrence of such risks and reasonably reduce such risks through risk diversification and/or risk hedging. However, the business performance and financial conditions of the Company and its subsidiaries and affiliates may substantially be affected in the event of unforeseeable circumstances, such as the emergence of food safety problems and extreme volatility in the marine products market.

## II. Financial Position in the Six Months Ended September 30, 2004

Cash flows from operating activities during the six months resulted in a net inflow of 3,347 million yen, down 81 million yen from the previous corresponding period, as a result of taking into account income before income taxes in the amount of 5,453 million yen (up 1,893 million yen year-on-year), depreciation and amortization of 5,769 million yen (up 919 million yen), increase in notes and accounts receivables of 1,864 million yen, increase in inventories of 3,309 million yen, decrease in notes and accounts payable and accrued expenses of 1,956 million yen.

Cash flows from investing activities resulted in a net outflow of 6,416 million (up 1,490 million year-on-year), primarily due to outlays for the acquisition of property, plant and equipment in the amount of 5,974 million yen (up 803 million yen), attributable to the construction of a factory and the acquisition of land for the expansion of chilled foods operations in the Foods business.

Cash flows from financing activities resulted in a net inflow of 4,064 million yen, due in part to procurement of loans.

As a result, the closing balance of cash and cash equivalents was 9,893 million yen.

The trends in cash flow indices are as follows:

	Sept. 2002	March 2003	Sept. 2003	March 2004	Sept. 2004
Ratio of shareholders' equity (%)	21.0	22.0	23.3	25.0	24.7
Ratio of shareholders' equity on a market value basis (%)	19.2	22.2	21.1	22.0	27.1
Number of years until debt redemption	162.9	25.0	24.1	7.8	23.7
Interest coverage ratio	0.3	1.7	2.0	6.1	2.4

(Notes)

Ratio of Shareholders' equity = Shareholders' equity / Total assets

Ratio of Shareholders' equity on a market value basis = Market capitalization of stock / Total assets

Number of years until debt redemption = Interest-bearing liabilities / Operating cash flows

Interest coverage ratio = Operating cash flows / Interest payments

- Each index was calculated on the basis of consolidated financial data.
- The market capitalization of stock was calculated by multiplying the closing stock price at the end of the period x year by the number of issued shares as at the end of the period/year (minus treasury stock).
- Operating cash flows are based on cash flows from operating activities referred to in the Consolidated Statements of Cash Flows. Interest-bearing liabilities refer to all liabilities declared in the balance sheet for which interest is paid. Interest payments are based on the amount of interest paid referred to in the Consolidated Statements of Cash Flows.

4. For the calculation of the number of years until debt redemption with respect to the six months ended September 30, 2004, the operating cash flows were doubled to work out the annual amount.

### **III. Cautionary Notes**

The Company's current plans and projections stated in this flash report on the consolidated financial statements for the six months ended September 30, 2004 reflect the judgment of the Company's management based on the information available at the time of producing this report, and is exposed to risks and uncertainties. Please be advised that the actual business performance may differ from these business projections due to various factors. Significant factors which may affect the actual business performance include but are not limited to economic climate surrounding the business sectors in which the Company and its subsidiaries and affiliates operate, market trends, foreign exchange rates (notably the exchange rate between the U.S. dollar and Japanese yen) and the Japanese stock market.

# Consolidated Financial Statements

## Consolidated Balance Sheets

Million of yen

Item	As of September 30, 2004	As of September 30, 2003	As of March 31, 2004	Item	As of September 30, 2003	As of September 30, 2003	As of March 31, 2004
<b>(Assets)</b>				<b>(Liabilities)</b>			
<b>Current assets</b>	<b>147,994</b>	<b>153,305</b>	<b>138,503</b>	<b>Current liabilities</b>	<b>144,819</b>	<b>149,417</b>	<b>138,352</b>
Cash and bank deposits	9,684	10,321	6,997	Notes and accounts payable	29,162	30,129	29,514
Notes and accounts receivable	64,546	62,973	61,959	Short-term debt	88,910	92,077	83,186
Marketable securities	507	568	405	Accrued income taxes	1,301	1,145	1,551
Inventories	59,771	63,769	56,449	Accrued expenses	18,175	18,395	18,313
Deferred taxes	2,998	3,718	2,727	Accrued bonus expenses	2,153	1,996	1,823
Other	12,418	13,576	11,723	Other accrued costs	167	218	173
Allowance for doubtful accounts	(1,932)	(1,622)	(1,761)	Others	4,948	5,454	3,788
<b>Property, plant and equipment</b>	<b>83,977</b>	<b>80,480</b>	<b>82,171</b>	<b>Long term liabilities</b>	<b>92,567</b>	<b>94,951</b>	<b>92,262</b>
Buildings and structures	40,121	39,076	40,091	Long-term debt	69,719	73,186	70,429
Machinery and equipment	20,397	18,404	20,928	Deferred taxes	1,570	1,336	1,419
Vessels	1,217	678	917	Accrued retirement benefits	18,126	17,806	17,847
Land	18,567	17,576	17,813	Accrued retirement benefits for directors	773	665	733
Construction in progress	2,032	3,336	880	Other accrued costs	4	-	1
Other	1,639	1,407	1,540	Other	2,373	1,956	1,830
<b>Intangible assets</b>	<b>23,295</b>	<b>24,387</b>	<b>23,475</b>	<b>Total Liabilities</b>	<b>237,386</b>	<b>244,369</b>	<b>230,614</b>
<b>Investments and long-term advances</b>	<b>78,534</b>	<b>77,970</b>	<b>82,074</b>	<b>(Minority interest)</b>			
Investment securities	62,085	57,583	64,898	Minority interests	13,855	13,552	14,018
Long-term loans	3,650	3,915	3,150	<b>(Shareholders' equity)</b>			
Deferred taxes	7,777	11,114	7,747	Common stock	23,729	23,729	23,729
Other	6,972	6,942	8,306	Capital surplus reserve	14,150	14,149	14,149
Allowance for doubtful accounts	(1,951)	(1,585)	(2,027)	Accumulated earnings	36,355	33,139	33,548
				Unrealized gains on securities	8,323	5,869	9,582
				Foreign currency translation adjustments	116	1,423	680
				Treasury common stock	(114)	(90)	(99)
				<b>Total Shareholders' equity</b>	<b>82,560</b>	<b>78,221</b>	<b>81,590</b>
<b>Total Assets</b>	<b>333,802</b>	<b>336,143</b>	<b>326,224</b>	<b>Total Liabilities, Minority interest and Shareholders' equity</b>	<b>333,802</b>	<b>336,143</b>	<b>326,224</b>

## Consolidated Income Statement

Million of yen

	Six Months ended September 30,2004	Six Months ended September 30,2003	Year ended March 31, 2004
<b>Net Sales</b>	<b>257,611</b>	246,879	494,644
Cost of sales	205,769	197,942	397,630
<b>Gross profit</b>	<b>51,842</b>	48,936	97,014
Selling, general and administrative expenses	45,803	44,354	86,831
<b>Operating income</b>	<b>6,038</b>	4,582	10,183
Non-operating income			
Interest income	277	324	615
Dividend income	286	293	710
Gain on sale of marketable securities	-	13	-
Gain on foreign currency exchange	70	27	-
Amortization of consolidation difference (credit)	-	19	-
Equity in earnings of unconsolidated subsidiaries and affiliates	947	279	1,088
Other	421	402	772
Total	2,005	1,359	3,187
Non-operating expenses			
Interest expense	1,414	1,682	3,197
Loss on foreign currency exchange	-	-	291
Other	589	448	1,238
Total	2,003	2,130	4,727
<b>Ordinary income</b>	<b>6,040</b>	3,810	8,643
Extraordinary gains			
Gain on sale of property, plant and equipment	143	741	778
Gain on sale of investment securities	21	58	1,683
Gain on sale of investment securities in affiliates	10	-	-
Reversal of reserve for vessel repair costs	-	145	145
Reversal of reserve for doubtful accounts to affiliates	-	15	15
Gain on adjustments of previous year	117	-	-
Total	293	959	2,622
Extraordinary losses			
Loss on disposal of property, plant and equipment	730	493	1,312
Loss on revaluation of investment securities	48	43	49
Loss on revaluation of investment securities in affiliates	55	-	139
Loss on special severance plan	45	38	79
Provision for doubtful accounts	-	569	1,223
Loss incurred from adjustments of previous year	-	64	31
Total	880	1,210	2,836
<b>Income before income taxes and minority interests</b>	<b>5,453</b>	3,559	8,429
Income taxes	1,250	1,318	2,374
Deferred income taxes	850	30	2,341
Minority interests (deduct)	174	195	596
<b>Net income</b>	<b>3,178</b>	2,016	3,117

## Consolidated Statements of Capital Surplus Reserve and Accumulated Earnings

Million of yen

Item	Six Months ended September 30,2004	Six Months ended September 30,2003	Year ended March 31, 2004
<b>(Capital surplus reserve)</b>			
Capital surplus reserve at beginning of the period	14,149	14,149	14,149
Increase in capital surplus reserve	0	-	-
Margin from disposal of treasury stock	0	-	-
Capital surplus reserve at end of the period	14,150	14,149	14,149
<b>(Accumulated earnings)</b>			
Accumulated earnings at beginning of the period	33,548	31,973	31,973
Increase in accumulated earnings	3,654	2,016	3,117
Net income	3,178	2,016	3,117
Increase due to increase of consolidated subsidiaries	461	-	-
Increase due to increase of companies applied in equity method	14	-	-
Decrease in accumulated earnings	847	850	1,542
Dividends	691	692	1,384
Directors' bonus	155	158	158
Accumulated earnings at end of the period	36,355	33,139	33,548

## Consolidated Statements of Cash-Flow

Million of yen

	Six Months ended September 30,2004	Six Months ended September 30,2003	Year ended March 31, 2004
<b>I. Cash flows from operating activities</b>			
Income before income taxes	5,453	3,559	8,429
Depreciation and amortization	5,769	4,850	10,449
Increase/(decrease) in allowance for doubtful accounts	66	870	1,507
Increase/(decrease) in accrued severance indemnities	68	59	135
Interest and dividend income	(564)	(617)	(1,326)
Interest expense	1,414	1,682	3,197
Equity in earnings of unconsolidated subsidiaries and affiliates	(947)	(279)	(1,088)
Gain on sale of marketable securities	-	(13)	-
Gain on sale of property, plant and equipment	(143)	(741)	(778)
Loss on disposal of property, plant and equipment	730	493	1,312
Gain on sale of investment securities	(21)	(58)	(1,683)
Loss on revaluation of investment securities	48	43	49
(Increase)/decrease in notes and accounts receivable	(1,864)	(6,774)	(6,379)
(Increase)/decrease in inventories	(3,309)	(546)	5,711
(Decrease)/increase in notes and accounts payable	(786)	3,239	2,890
(Decrease)/increase in accrued expenses	(1,170)	49	264
Bonus paid to directors	(172)	(165)	(165)
Other	1,407	727	1,284
Subtotal	5,978	6,380	23,812
Interest and dividend received	406	506	1,286
Interest paid	(1,412)	(1,676)	(3,201)
Income taxes paid	(1,625)	(1,781)	(2,276)
<b>Net cash provided by operating activities</b>	<b>3,347</b>	<b>3,429</b>	<b>19,621</b>
<b>II. Cash flows from investing activities</b>			
(Increase)/decrease in time deposits	(105)	212	220
Decrease/(increase) in marketable securities	129	535	1,246
Purchases of property, plant and equipment	(5,974)	(6,777)	(15,453)
Proceeds from sale of property, plant and equipment	777	849	861
Purchases of intangible assets	(724)	(2,061)	(3,540)
Purchases of investment securities	(953)	(3,538)	(6,816)
Proceeds from sale of investment securities	752	3,414	7,362
Decrease/(increase) in short-term loans	172	(850)	(147)
Other	(490)	308	109
<b>Net cash used in investing activities</b>	<b>(6,416)</b>	<b>(7,906)</b>	<b>(16,157)</b>
<b>III. Cash flows from financing activities</b>			
Increase/(decrease) in short-term bank loan	13,752	12,603	998
Proceeds from long-term debt	-	225	7,140
Repayment or redemption of long-term debt	(8,826)	(11,425)	(16,458)
Dividends paid	(691)	(692)	(1,384)
Dividends paid to minority interests	(154)	(272)	(331)
Purchase of common stock	(14)	(7)	(16)
<b>Net Cash provided by (used in) financing activities</b>	<b>4,064</b>	<b>431</b>	<b>(10,052)</b>
IV. Effect of exchange rate changes	(104)	240	188
V. Net increase/(decrease) in cash and cash equivalents	890	(3,806)	(6,400)
VI. Cash and cash equivalents at beginning of the period	7,331	13,731	13,731
VII. Adjustments to cash and cash equivalents resulting from inclusion or exclusion of certain subsidiaries in consolidation (decrease)	1,671	-	-
<b>VIII. Cash and cash equivalents at end of the period</b>	<b>9,893</b>	<b>9,925</b>	<b>7,331</b>

## **Fundamental Matters for the Preparation of Consolidated Financial Statements**

### 1. Scope of Consolidation

Consolidated subsidiaries                      56 companies

13 companies have been added into the consolidated financial statements since this term.  
(Primarily due to purchase of stocks)

Japan Create Co Ltd, Kurose Suisan Co Ltd, Tokyo Suisan Unyu Co Ltd,  
Nisshin Sangyo Co Ltd, Nissui Food System Co Ltd, Nippon Suisan America Latina Peru, S.A.

(Shifted from the category of equity method due to reconsideration of those materiality)

Oita Chuo Suisan Co Ltd, Gunma Fresh Foods Co Ltd, Fuji Seikan Co Ltd,  
Nippon Marine Enterprises Ltd, Sea-R Corporation Co Ltd, Nichinan Sekiyu Co Ltd,  
Minh Hai Nissui Girimex Co

Two companies have been excluded due to liquidation since this term.

Anny Co Ltd, Nippon Suisan Delaware LLC

Unconsolidated subsidiaries                      16 companies

All unconsolidated subsidiaries are small with respect to their total assets, sales, net income and accumulated earnings. They thus therefore do not exert material impact on the consolidated financial statements.

### 2. Accounting for Equity Method

Companies applied in equity method

Unconsolidated subsidiaries                      14 companies

Affiliates    20 companies

13 companies have been added into the consolidation with equity method since this term.  
(Primarily due to newly establishment)

Shandong Sanfud Nissui Ltd, Oita Suisanbutsu Seisan Co Ltd

(Due to reconsideration of those materiality)

Sankyo Suisan Co Ltd, Hokkaido Pesca Co Ltd, Oita Gyokan Service Co Ltd,  
Kyodo Senpaku Kaisha Ltd, Oita Rinkai Kenkyu Co Ltd, P.T. Irian Marine Product Development,  
Star Partners LLC, Petuna Sealord Pty Ltd, Levante Ship Management Inc,  
Australis Fishing and Trading Co Ltd, Xia Men Long Peng Food Co Ltd

11 companies have been excluded since this term.

(Due to sellout or liquidation)

Fresh Carriers Co Ltd, Tokyo Reefer Chartering Co Ltd, Santiago Ship Management Inc,  
Dutch Harbor Seafoods Inc

(Shifted to the category of consolidation due to reconsideration of those materiality)

Oita Chuo Suisan Co Ltd, Gunma Fresh Foods Co Ltd, Fuji Seikan Co Ltd,  
Nippon Marine Enterprises Ltd, Sea-R Corporation Co Ltd, Nichinan Sekiyu Co Ltd,  
Minh Hai Nissui Girimex Co

Investment in two unconsolidated subsidiaries and 8 affiliates that are not accounted for by the equity method does not have any material effect on the net income or accumulated earnings. It is for this reason that the equity method is not applied to these companies.

### 3. Closing Date of Consolidated Subsidiaries

The closing date of midterm for some consolidated subsidiaries differs from the date of the consolidation. It is on July 31 for Esa Ichiban Co., Ltd., and on June 30 for those of Nippon Suisan (U.S.A.), Inc. and 16 other companies. The consolidated financial statements are prepared, using the financial statements of Nippon Suisan (U.S.A.), Inc. and those of 17 other companies as of the end of their respective midterm as these dates fall within three months of the closing date of the consolidated financial statements. However, adjustments necessary for consolidation were made with respect to significant transactions that occurred prior to the date of the consolidated financial statements.

All of other consolidated subsidiaries use same term-end closing date as the closing date of the consolidated financial statements.

### 4. Accounting Standards

#### (a) Standards and Method of Valuation of Material Assets

##### Marketable securities

Securities held to maturity: Amortized cost method (straight-line method)

##### Other marketable securities

Those with market value: At market, based on the market value, etc. as of the last day of the term (All valuation gains and losses are included directly in shareholders' equity. Cost of sales is computed by the moving average method.)

Those without market value: At cost using the moving average method

Derivatives: At market

Inventories: Mainly at the lower of cost or market using the moving average method

#### (b) Depreciation and Amortization Methods for Material Depreciable and Amortizable Assets

Tangible fixed assets: Mainly declining-balance methods  
Buildings excluding building fixture, acquired on or after April 1, 1998, are depreciated using the straight-line method.

Intangible fixed assets: Straight-line method  
Software used within the company is amortized over the period that the software is usable within the company (5 years).

#### (c) Standards for the Computation of Significant Allowances

##### Allowance for doubtful accounts:

Estimated amounts of doubtful accounts are computed, based on the historical percentage of uncollectible receivables with respect to general liabilities, and by individually analyzing the probability of collection regarding special liabilities, such as receivables that are feared to become uncollectible.

Allowance for bonuses: An estimated amount of payment is reported.

Allowance for retirement benefits:

An amount that is deemed to have been incurred during this term based on the estimated amount of the retirement benefit obligation and that of pension plan assets as of the year-end is reported.

Actuarial differences are expensed, using the straight-line method over a certain number of years (mainly 6 years) not to exceed the duration of the average remaining years of service of the employee at the time of the incurrence, starting with the following consolidation fiscal year.

Past service cost is expensed, using the straight-line method over a certain number of years (mainly 6 years) not to exceed the duration of the average remaining years of service of the employee at the time of the incurrence, starting with the current consolidation fiscal year.

(d) Accounting Method for consumer tax

Tax-excluded

(e) Standards for the Translation of Material Foreign Currency-Denominated Assets and Liabilities to the Japanese Currency

Monetary debts and credits that are denominated in foreign currencies are translated to yen using the spot foreign exchange rates in effect on the balance sheet date. Translation differences are treated as gains or losses in the term. Assets and liabilities of foreign subsidiaries and others, as well as their profits and expenses are translated to yen, using the spot foreign exchange rate effected as of the balance sheet date. Translation differences are included in the minority interest and the foreign exchange adjustment account in the Shareholders' Equity section.

(f) Accounting for Material Lease Transactions

All finance lease transactions, with the exception of those in which the title to the lease property is deemed to be transferred to the lessee, are accounted for in accordance with methods that apply to ordinary lease transactions.

(g) Accounting Methods for Material Hedges

i. Accounting Methods for Hedges

Deferral hedge accounting is applied. Part of forward foreign exchange contracts and currency swaps are accounted for by the allocation method as long as they meet the criteria for such allocation. Interest rate swaps are accounted for by the method, which is allowed to add to or deduct from the assets or liabilities concerned without fair-value measurement, if the contracts satisfy the criteria for the accounting.

ii. Hedging Tools and Hedged Transactions

Hedging Tool

Forward foreign exchange contracts

Currency swaps, Interest rate swaps

Hedged Transaction

Foreign currency-denominated business transactions

Loans, etc.

iii. Hedging Policy

Under the system of risk control that is dictated by the internal control summary, those which present foreign exchange risks are hedged with the use of such instruments as forward foreign exchange contracts and currency swaps. Those that present interest rate risks are hedged with the use of interest rate swaps, etc.

iv. Method to Assess the Effectiveness of Hedging

When entering a derivative transaction, we ensure that key conditions of hedging tools and hedged transactions roughly match, and that market fluctuations can be offset both upon initiation of the hedge and continuously in the subsequent periods. In addition, we make an assessment as to whether a scheduled transaction has a very high feasibility of materialization. Results are regularly reported to the board of directors.

5. Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash-Flows

Cash and cash equivalents in the consolidated statement of cash-flows consist of cash on hand, deposits that can be withdrawn any time, and short-term investment instruments that can be converted to cash readily, mature within three months from the date of their acquisitions and entail only minor price fluctuation risks.

Notes	Million of yen		
Item	September 30, 2004	September 30, 2003	March 31, 2004
(1) Accumulated depreciation of tangible fixed assets	112,357	116,495	110,013
(2) Assets used as collateral	63,369	55,295	62,089
(3) Secured borrowing	702	222	807
(4) Consolidated statement of cash-flows Relationship between the outstanding balance of cash and cash equivalents as of the term-end date and the amounts of line items listed in the consolidated balance sheets.			
Cash and deposit account	9,684	10,321	6,997
Fixed-term deposit with longer than 3 months to maturity	(412)	(419)	(412)
Short-term loan included in other current assets account	<u>620</u>	<u>24</u>	<u>745</u>
Cash and cash equivalents	9,893	9,925	7,331

## Segment Information

### 1. Information by operating segments

#### Six Months ended September 30, 2004

Million of yen

	Marine Products	Foods	General distribution	Pharmaceuticals	Other	Total	Elimination or Common	Consolidated
<b>Sales</b>								
(1) Sales (excluding internal)	109,616	129,798	6,816	6,907	4,473	257,611	-	257,611
(2) Inter-segment sales and transfers	4,487	3,152	5,017	59	1,390	14,107	(14,107)	-
Total	114,103	132,950	11,833	6,967	5,864	271,718	(14,107)	257,611
Operating expenses	112,745	128,245	11,064	6,493	5,882	264,432	(12,859)	251,573
Operating income (loss)	1,358	4,704	768	473	(18)	7,286	(1,247)	6,038

#### Six Months ended September 30, 2003

Million of yen

	Marine Products	Foods	General distribution	Pharmaceuticals	Other	Total	Elimination or Common	Consolidated
<b>Sales</b>								
(1) Sales (excluding internal)	115,324	115,904	7,953	6,202	1,494	246,879	-	246,879
(2) Inter-segment sales and transfers	4,151	3,416	5,180	89	1,739	14,576	(14,576)	-
Total	119,475	119,320	13,134	6,291	3,233	261,455	(14,576)	246,879
Operating expenses	117,649	116,057	12,625	5,676	3,337	255,346	(13,049)	242,296
Operating income (loss)	1,826	3,262	508	614	(103)	6,108	(1,526)	4,582

#### Year ended March 31, 2004

Million of yen

	Marine Products	Foods	General distribution	Pharmaceuticals	Other	Total	Elimination or Common	Consolidated
<b>Sales</b>								
(1) Sales (excluding internal)	224,231	239,139	15,335	12,406	3,531	494,644	-	494,644
(2) Inter-segment sales and transfers	8,456	8,711	10,271	156	4,075	31,672	(31,672)	-
Total	232,688	247,851	25,607	12,563	7,606	526,317	(31,672)	494,644
Operating expenses	229,888	240,372	24,136	11,353	7,621	513,372	(28,911)	484,461
Operating income (loss)	2,800	7,479	1,470	1,209	(14)	12,944	(2,761)	10,183

Notes:

(1) Definitions of operating segments and major businesses

- i. The classification of operating segments is in accordance with the management structures of the group
- ii. Major products/businesses of each segment are in the chart below

<b>Marine products</b>	Fishing, farming, purchasing, processing and selling of marine products (fresh / frozen fish, fishmeal & fishoil)
<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>Pharmaceuticals</b>	Manufacturing and selling of diagnostic products and ordinary medicines
<b>Other</b>	Construction / repair, operation, engineering of marine vessels, etc.

## Segment Information (continued)

### 2. Information by geographic segments

#### Six Months ended September 30, 2004

Million of yen

	Japan	North America	South America	Oceania	Other	Total	Elimination or Common	Consolidated
<b>Sales</b>								
(1) Sales (excluding internal)	225,251	26,709	1,052	-	4,597	257,611	-	257,611
(2) Inter-segment sales and transfers	2,372	5,032	4,644	-	3,791	15,840	(15,840)	-
Total	227,623	31,742	5,697	-	8,389	273,452	(15,840)	257,611
Operating expenses	221,666	30,158	6,009	-	8,331	266,166	(14,592)	251,573
Operating income (loss)	5,957	1,583	(311)	-	57	7,286	(1,247)	6,038

#### Six Months ended September 30, 2003

Million of yen

	Japan	North America	South America	Oceania	Other	Total	Elimination or Common	Consolidated
<b>Sales</b>								
(1) Sales (excluding internal)	213,618	26,297	682	-	6,281	246,879	-	246,879
(2) Inter-segment sales and transfers	2,132	4,287	6,023	-	3,431	15,876	(15,876)	-
Total	215,751	30,585	6,705	-	9,712	262,755	(15,876)	246,879
Operating expenses	211,551	29,051	6,409	-	9,634	256,647	(14,350)	242,296
Operating income	4,199	1,534	296	-	78	6,108	(1,526)	4,582

#### Year ended March 31, 2004

Million of yen

	Japan	North America	South America	Oceania	Other	Total	Elimination or Common	Consolidated
<b>Sales</b>								
(1) Sales (excluding internal)	436,488	46,839	1,417	-	9,899	494,644	-	494,644
(2) Inter-segment sales and transfers	4,451	6,664	12,195	-	7,095	30,407	(30,407)	-
Total	440,939	53,504	13,613	-	16,995	525,052	(30,407)	494,644
Operating expenses	432,437	50,222	12,560	-	16,887	512,107	(27,646)	484,461
Operating income	8,502	3,281	1,052	-	108	12,944	(2,761)	10,183

Notes:

(1) Definitions of geographic segments and major countries

i. The Definitions of geographic segments are in accordance with geographic regions

ii. Major foreign countries included in each segment are in the chart below

<b>North America</b>	The United States and Canada
<b>South America</b>	Chile and Argentina
<b>Oceania</b>	New Zealand
<b>Other</b>	The Netherlands and Singapore

## Segment Information (continued)

### 3. Overseas sales

#### Six Months ended September 30, 2004

Million of yen

	North America	Other area	Total
Overseas sales	24,119	10,506	34,625
Total consolidated sales			257,611
Ratio of overseas sales to total	9.4%	4.1%	13.4%

#### Six Months ended September 30, 2003

Million of yen

	North America	Other area	Total
Overseas sales	24,897	10,891	35,789
Total consolidated sales			246,879
Ratio of overseas sales to total	10.1%	4.4%	14.5%

#### Year ended March 31, 2004

Million of yen

	North America	Other area	Total
Overseas sales	44,629	18,850	63,479
Total consolidated sales			494,644
Ratio of overseas sales to total	9.0%	3.8%	12.8%

#### Notes:

1. The definitions of geographic segments are in accordance with geographic regions.
2. Major foreign countries included in each segment are in the chart below.

<b>North America</b>	The United States and Canada
<b>Other area</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.

## Leases

Million of yen

Item	Six Months ended September 30, 2004			Six months ended September 30, 2003			Year ended March 31, 2004		
<b>I Financial leases, except that leases which the ownership of the leased assets can be transferred to the lessee</b>									
1 Acquisition costs, Accumulated depreciation and Net book value	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Machinery & equipment	1,533	1,027	505	1,196	680	515	1,595	1,025	570
Other	2,294	1,207	1,087	2,559	1,184	1,374	2,353	1,148	1,204
<b>Total</b>	<b>3,827</b>	<b>2,235</b>	<b>1,592</b>	<b>3,755</b>	<b>1,864</b>	<b>1,890</b>	<b>3,948</b>	<b>2,174</b>	<b>1,774</b>
2 Future lease expenses									
Due within one year		713			697			727	
Due over one year		<u>922</u>			<u>1,232</u>			<u>1,094</u>	
<b>Total</b>		<b>1,635</b>			<b>1,930</b>			<b>1,822</b>	
3 Lease expenses		416			439			924	
Depreciation equivalent		392			415			870	
Interest expenses equivalent		19			24			50	
4 Depreciation method	Straight-line method over the lease terms without residual value								
5 Interest calculation method	Difference between total lease expenses and its acquisition costs is regarded as interest equivalent. The interest equivalent is allocated over the lease terms by interest method, a calculation based on the remaining leased balance with certain interest rate.								
<b>II Operating leases</b>									
Future lease expenses									
Due within one year		88			110			95	
Due over one year		<u>217</u>			<u>198</u>			<u>141</u>	
<b>Total</b>		<b>305</b>			<b>308</b>			<b>237</b>	

## Securities

### Six Months ended September 30, 2004

#### 1. Marketable other securities

Million of yen

September 30, 2004	Acquisition cost	Carrying value	Unrealized gains (losses)
1 Stocks	14,903	29,058	14,155
2 Debt securities			
- Corporate bonds	304	307	3
- Other	2,662	2,664	2
3 Other	3,661	3,627	(34)
Total	21,531	35,658	14,126

#### 2. Other securities not applied for fair value

Million of yen

September 30, 2004	Carrying value
Held-to-maturity bonds	
Private foreign bonds	300
Other securities	
Unlisted stocks except the over-the-counter	6,760

### Six Months ended September 30, 2003

#### 1. Marketable other securities

Million of yen

September 30, 2003	Acquisition cost	Carrying value	Unrealized gains (losses)
1 Stocks	14,872	24,838	9,966
2 Debt securities			
- Corporate bonds	363	359	(3)
- Other	2,965	2,966	1
3 Other	3,478	3,467	(11)
Total	21,679	31,632	9,953

#### 2. Other securities not applied for fair value

Million of yen

September 30, 2003	Carrying value
Held-to-maturity bonds	
Private foreign bonds	300
Other securities	
Unlisted stocks except the over-the-counter	6,572

## Securities (continued)

Year ended March 31, 2004

### 1. Marketable other securities

Million of yen

March 31, 2004	Acquisition cost	Carrying value	Unrealized gains
1 Stocks	14,905	31,110	16,205
2 Debt securities			
- Corporate bonds	304	306	2
- Other	2,863	2,891	27
3 Other	3,661	3,678	16
Total	21,735	37,987	16,252

### 2. Other securities not applied for fair value

Million of yen

March 31, 2004	Carrying value
Held-to-maturity bonds	
Private foreign bonds	300
Other securities	
Unlisted stocks except the over-the-counter	6,802

## Derivatives

### Currency-related transactions

Million of yen

Transactions	As of September 30, 2004			As of September 30, 2003			As of March 31, 2004		
	Notional amount	Market value	Unrealized gain	Notional amount	Market value	Unrealized gain (loss)	Notional amount	Market value	Unrealized gain (loss)
Over-the-counter transaction									
Forward foreign exchange contract									
Buy : US dollar	532	532	0	-	-	-	170	150	(19)
Total	-	-	0	-	-	-	-	-	(19)

1. The market value in transactions

The market value is determined by the future rate of exchange for the forward foreign exchange contracts and the offered price from the financial institution concerned for the foreign currency swap respectively.

2. Any transactions applied for the hedge accounting are omitted from the description above.

## Results of produce, made-to-order and sales

### 1. Produce

Million of yen

Operating segment	Six Months ended September 30, 2004	Six Months ended September 30, 2003	Increase / (decrease) %
Marine products	26,926	26,695	0.9
Foods	87,160	78,725	10.7
Pharmaceuticals	4,719	5,083	(7.2)
Total	118,805	110,504	7.5

Note:

1. The amounts above are stated at the sales value.
2. The amounts above are exclusive of consumption tax.

### 2. Made-to-order

Not applicable

### 3. Sales

Million of yen

Operating segment	Six Months ended September 30, 2004	Six Months ended September 30, 2003	Increase / (decrease) %
Marine products	109,616	115,324	(4.9)
Foods	129,798	115,904	12.0
General distribution	6,816	7,953	(14.3)
Pharmaceuticals	6,907	6,202	11.4
Other	4,473	1,494	199.3
Total	257,611	246,879	4.3

Note:

1. The amounts above are exclusive of consumption tax.

## Summary of Financial Statements for Six Months ended September 30, 2004

Qualification: This is directly translated into English for the convenience of readers, and all financial results conform with the accounting principles generally accepted in Japan.

(April 1, 2004 through September 30, 2004)

Company name: **Nippon Suisan Kaisha, Ltd.** (TSE register code : 1332 ) <http://www.nissui.co.jp>

### 1. Financial Data for Six Months ended September 30, 2004

#### (1) Non-consolidated Operating Results

	Sales		Operating income		Ordinary income	
	Million of yen	%	Million of yen	%	Million of yen	%
Six Months ended Sep. 30, 2004	163,462	3.8	2,378	170.1	2,411	437.9
Six Months ended Sep. 30, 2003	157,406	-2.3	880	-73.8	448	-84.3
Year ended March 31, 2004	321,915	-	1,334	-	1,044	-

	Net income		Net income per share
	Million of yen	%	Yen
Six Months ended Sep. 30, 2004	1,294	1,430.9	4.68
Six Months ended Sep. 30, 2003	84	-93.4	0.31
Year ended March 31, 2004	1,871	-	6.58

Note 1. Weighted average numbers of outstanding common stock throughout the period:

276,742,824 (Sep. 2004), 276,814,517 (Sep. 2003) and 276,797,664 (Mar. 2004)

2. Change of accounting method: Not applicable

3. Each percentage figures indicated in columns of Sales, Operating income, Ordinary income, Net income shows changes from the previous period.

#### (2) Dividend

	Interim per share	Annual per share
	Yen	Yen
Six Months ended Sep. 30, 2004	2.50	-
Six Months ended Sep. 30, 2003	2.50	-
Year ended March 31, 2004	-	5.00

#### (3) Non-consolidated Financial Position

	Total assets	Total shareholders' equity	Equity ratio	Equity per share
	Million of yen	Million of yen	%	Yen
As of September 30, 2004	243,799	64,118	26.3	231.71
As of September 30, 2003	252,160	60,115	23.8	217.18
As of March 31, 2004	241,032	64,781	26.9	233.89

Note 1. Outstanding common stock at end of the period: 276,719,191 (Sep. 2004), 276,798,128 (Sep. 2003), and 276,760,700 (Mar. 2004)

2. Common stocks in treasury at end of the period: 491,086 (Sep. 2004), 412,149 (Sep. 2003), and 449,577 (Mar. 2004)

### 2. Forecast for Financial Year ending March 31, 2005 ( Non-Consolidated )

	Sales	Ordinary income	Net income	Annual dividend per share	
				Interim	Yen
Financial Year ending March 31, 2005	330,000	5,000	2,800	2.50	5.00

Pro forma income per share for the whole-year: 9.94 Yen (for reference purpose only)

All figures shown in unit of million yen are rounded off to the nearest million.

The forecast above is based on information available on the issuing date of this report. Accordingly, the final results will probably be changed due to various unknown factors. You can obtain further information concerning the forecast on the page of "10 (Consolidated)".

# Non-consolidated Financial Statements

## Non-consolidated Balance Sheets

Million of yen

Item	As of September 30, 2004	As of September 30, 2003	As of March 31, 2004	Item	As of September 30, 2004	As of September 30, 2003	As of March 31, 2004
<b>(Assets)</b>				<b>(Liabilities)</b>			
<b>Current assets</b>	<b>92,293</b>	<b>98,398</b>	<b>86,270</b>	<b>Current liabilities</b>	<b>111,256</b>	<b>116,962</b>	<b>106,512</b>
Cash and bank deposits	344	400	249	Accounts payable-trade	17,418	16,615	16,236
Notes receivable	314	538	288	Short-term debt	74,269	76,054	67,093
Accounts receivable-trade	41,588	41,601	38,800	Accrued income taxes	112	29	58
Inventories	33,303	39,524	32,649	Accrued business taxes	40	43	82
Short-term loans	10,138	8,382	7,508	Accrued consumption taxes	250	209	343
Other	7,061	7,961	6,783	Accrued expenses	10,204	10,999	11,240
Allowance for doubtful accounts	(459)	(10)	(9)	Accrued bonus expenses	904	993	890
				Accrued vessel repair costs	29	-	13
				Other	8,027	12,016	10,554
<b>Property, plant and equipment</b>	<b>40,371</b>	<b>43,609</b>	<b>41,213</b>				
Buildings	19,808	20,935	20,121	<b>Long term liabilities</b>	<b>68,424</b>	<b>75,082</b>	<b>69,738</b>
Machinery and equipment	10,116	8,592	10,402	Long term debt	54,016	60,622	55,174
Vessels	290	220	348	Accrued retirement benefits	13,918	13,948	14,029
Land	8,588	10,182	8,726	Reserves for periodic repairs of vessels	4	-	1
Other	1,567	3,678	1,615	Long-term deposit received	380	337	394
				Other	104	174	139
<b>Intangible assets</b>	<b>9,623</b>	<b>9,467</b>	<b>9,989</b>	<b>Total Liabilities</b>	<b>179,681</b>	<b>192,045</b>	<b>176,250</b>
Leaseholds	1,326	1,326	1,326	<b>(Shareholders' equity)</b>			
Telephone subscription rights and other	8,296	8,140	8,662	Common stock	23,729	23,729	23,729
				<b>Capital surplus reserve</b>	<b>13,755</b>	<b>13,755</b>	<b>13,755</b>
<b>Investments and long-term advances</b>	<b>101,510</b>	<b>100,685</b>	<b>103,559</b>	Additional paid-in capital	6,000	6,000	6,000
Investment securities	33,620	29,619	35,684	Other capital surplus reserve	7,755	7,755	7,755
Investment securities in affiliated companies	39,954	39,598	39,687	<b>Accumulated earnings</b>	<b>18,708</b>	<b>17,060</b>	<b>18,155</b>
Long-term loans	16,210	16,629	15,510	Voluntary reserves	10,632	10,778	10,778
Credits associated with companies in bankruptcy / insolvency	13,065	13,174	15,489	Unappropriated net earnings	8,075	6,281	7,376
Other	8,285	11,647	8,230	Unrealized gains on securities	8,036	5,660	9,241
Allowance for doubtful accounts	(9,626)	(9,984)	(11,043)	Treasury common stock	(112)	(90)	(99)
				<b>Total shareholders' equity</b>	<b>64,118</b>	<b>60,115</b>	<b>64,781</b>
<b>Total Assets</b>	<b>243,799</b>	<b>252,160</b>	<b>241,032</b>	<b>Total Liabilities and Shareholders' equity</b>	<b>243,799</b>	<b>252,160</b>	<b>241,032</b>

## Non-Consolidated Income Statements

Million of yen

	Six Months ended September 30,2004	Six Months ended September 30,2003	Year ended March 31, 2004
Net sales	163,462	157,406	321,915
Cost of sales	133,975	129,278	266,642
Gross profit	29,487	28,127	55,272
Selling, general and administrative expenses	27,108	27,247	53,938
Operating income	2,378	880	1,334
Non-operating income			
Interest income	495	540	1,026
Dividend income	695	573	1,704
Other income	313	265	546
Total	1,504	1,379	3,277
Non-operating expenses			
Interest expenses	1,144	1,376	2,637
Other expenses	326	434	930
Total	1,471	1,811	3,567
Ordinary income	2,411	448	1,044
Extraordinary gains			
Gain on sale of property, plant and equipment	142	731	3,805
Gain on sale of investment securities	15	44	1,661
Gain on sale of investment securities in affiliates	4	-	-
Reversal of provision for doubtful accounts to affiliates	8	32	133
Reversal of reserve for vessel repair costs	-	145	145
Total	170	953	5,745
Extraordinary losses			
Loss on disposal of property, plant and equipment	227	417	755
Loss on revaluation of investment securities-other	48	43	49
Loss on revaluation of investment securities in affiliates	55	-	130
Provision for doubtful accounts to affiliates	49	65	721
Loss on special severance plan	45	38	79
Provision for doubtful accounts to others	-	569	1,126
Total	426	1,135	2,861
Income before income taxes	2,155	266	3,928
Income taxes	29	29	58
Deferred income taxes	831	153	1,997
Net income	1,294	84	1,871
Earnings at beginning of the period	6,781	6,197	6,197
Dividend	-	-	691
Unappropriated net earnings	8,075	6,281	7,376

## Breakdown of Sales ( Non-Consolidated )

Million of yen

	Six Months ended September 30, 2004		Six Months ended September 30, 2003		Year ended March 31, 2004	
	Sales	Composition %	Sales	Composition %	Sales	Composition %
Fresh / frozen fish	57,685	35.3	62,567	39.8	124,759	38.9
Fishmeal & Fishoil	7,495	4.6	6,825	4.3	13,605	4.2
Frozen food	33,221	20.3	32,482	20.6	66,144	20.5
Canned, bottled and pouch-packed food	7,159	4.4	6,512	4.1	13,862	4.3
Other processed food	45,726	28.0	35,684	22.7	76,353	23.7
Cold storage & logistics	3,161	1.9	3,286	2.1	6,587	2.0
Other	9,012	5.5	10,047	6.4	20,603	6.4
Total	163,462	100.0	157,406	100.0	321,915	100.0
Of which Exports	3,454	2.1	3,115	2.0	8,153	2.5

## **Significant Accounting Policies**

### 1. Standards and Methods of Negotiable Security Valuation

Shares of subsidiaries and those of affiliates: At cost, using the moving average method

Other marketable securities

Those with market value: At market, based on the market value, etc. as of the last day of the term (All valuation gains and losses are included directly in shareholders' equity. Cost of sales is computed by the moving average method).

Those without market value: At cost, using the moving average method

### 2. Standards and Methods of Derivatives Valuation At market

### 3. Standards and Methods of Inventory Valuation

Products, merchandise and raw materials:  
At lower of cost or market, using the moving average method.

Work in progress and stored goods:  
At cost, using the moving average method.

### 4. Depreciation and Amortization Methods for Fixed Assets

Depreciation for Tangible Fixed Assets

Buildings (excluding building fixtures): Straight-line method  
Other assets: Declining-balance methods

Amortization for intangible fixed assets: Straight-line method.  
Software used within the company is amortized over the period that the software is usable within the company (5 years).

### 5. Standards for the Computation of Allowances

Allowance for doubtful accounts: In order to prepare for loss, caused by uncollectible claims, amounts of doubtful receivables are estimated, based on the historical percentage of uncollectible receivables with respect to general liabilities, and by individually analyzing the probability of collection regarding special liabilities, such as receivables that are feared to become uncollectible.

Allowance for bonuses: An estimated amount of bonus payment is computed in order to prepare for the payment of employee bonuses.

Allowance for vessel repairs: In order to prepare for the occurrence of routine repair work on vessels, the cost of routine repair work to be done the next time a vessel pulls into port is estimated, and the amount attributable to the current term is accounted for.

Allowance for retirement benefits: In order to prepare for payment of retirement benefits to employees, an amount that is deemed to have been incurred during this term based on the estimated amount of the retirement benefit obligation and that of pension plan assets as of the end of the current consolidation fiscal year is reported.

Actuarial differences are expensed; using the straight-line method over a certain number of years (mainly six years) not to exceed the duration of the average remaining years of service of the employee at the time the amount is incurred, starting with the year following the current consolidation fiscal year.

Past service cost is expensed, using the straight-line method over a certain number of years (mainly six years) not to exceed the duration of the average remaining years of service of the employee at the time the cost is incurred.

Allowance for special repairs: In order to prepare for the incurrence of cost for repairs to ready a vessel that is subject to a periodic inspection as mandated by the Ships Safety Act, an estimate is made and an amount attributable to the current term is accounted for.

6. Standards for the Translation of Foreign Currency-Denominated Assets and Liabilities to the Japanese Currency

Monetary debts and credits that are denominated in foreign currencies are translated to yen using the spot foreign exchange rates in effect on the balance sheet date. Translation differences are treated as gains or losses in the term.

7. Accounting for Lease Transactions

All finance lease transactions, with the exception of those in which the title to the lease property is deemed to be transferred to the lessee, are accounted for in accordance with methods that apply to ordinary lease transactions.

8. Methods of Accounting for Hedging Operations

Deferral hedge accounting is applied. Monetary claims and liabilities that are denominated in foreign currencies to which forward foreign exchange contracts are attached are accounted for by the allocation method. Interest rate swaps are accounted for by the method, which is allowed to add to or deduct from the assets or liabilities concerned without fair-value measurement, if the contracts satisfy the criteria for the accounting.

9. Method of accounting for consumer tax, etc. Tax-excluded

## Notes

Million of yen

Item	Six Months ended September 30, 2004			Six months ended September 30, 2003			Year ended March 31, 2004		
<b>I Accumulated depreciation of property, plant and equipment</b>	<b>49,631</b>			54,645			49,123		
<b>II Assets used as collateral</b>	<b>44,426</b>			37,945			45,961		
<b>III Liabilities for guarantee</b>	<b>16,161</b>			17,601			15,458		
<b>IV Treasury common stock</b>									
Number of stocks	<b>491,086 (shares)</b>			412,149 (shares)			449,577 (shares)		
Carrying value	<b>112</b>			90			99		
<b>V Financial leases, except that leases which the ownership of the leased assets can be transferred to the lessee</b>									
1 Acquisition costs, Accumulated depreciation and Net book value	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Vehicles and transport equipment	81	44	36	162	123	38	169	137	31
Tools and implements	<u>1,554</u>	<u>813</u>	<u>741</u>	<u>1,656</u>	<u>654</u>	<u>1,001</u>	<u>1,558</u>	<u>730</u>	<u>828</u>
<b>Total</b>	<b>1,635</b>	<b>857</b>	<b>778</b>	<b>1,818</b>	<b>778</b>	<b>1,040</b>	<b>1,727</b>	<b>868</b>	<b>859</b>
2 Future lease expenses									
Due within one year		342			375			344	
Due over one year		<u>450</u>			<u>679</u>			<u>530</u>	
<b>Total</b>		<b>793</b>			<b>1,055</b>			<b>874</b>	
3 Lease expenses		<b>200</b>			220			428	
Depreciation equivalent		<b>191</b>			209			407	
Interest expenses equivalent		<b>8</b>			11			21	
4 Depreciation method	Straight-line method over the lease terms without residual value								
5 Interest calculation method	Difference between total lease expenses and its acquisition costs is regarded as interest equivalent. The interest equivalent is allocated over the lease terms by interest method, a calculation based on the remaining leased balance with certain interest rate.								
<b>VI Securities</b>									
<b>Investment securities in subsidiaries with fair value</b>									
Carrying value	1,705			1,705			1,705		
Fair value	11,357			10,052			11,751		
Gain / (loss)	9,651			8,346			10,045		