

Consolidated Financial Statements

Nippon Suisan Kaisha, Ltd.

*Years ended March 31, 2005 and 2004
with Report of Independent Auditors*

Report of Independent Auditors

The Board of Directors
Nippon Suisan Kaisha, Ltd.

We have audited the accompanying consolidated balance sheets of Nippon Suisan Kaisha, Ltd. and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income and retained earnings and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Suisan Kaisha, Ltd. and consolidated subsidiaries at March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2005 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 to the consolidated financial statements.

Ernst & Young ShinNihon

June 29, 2005

Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets

	March 31,		
	2005	2004	2005
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 2)</i>
Assets			
Current assets:			
Cash and bank deposits <i>(Note 13)</i>	¥ 9,125	¥ 6,997	\$ 84,970
Marketable securities <i>(Note 7)</i>	588	405	5,475
Notes and accounts receivable:			
Trade <i>(Note 3)</i>	60,986	61,626	567,892
Unconsolidated subsidiaries and affiliates	617	332	5,745
Less allowance for doubtful receivables	(1,639)	(1,761)	(15,262)
	<u>59,963</u>	<u>60,198</u>	<u>558,366</u>
Inventories:			
Merchandise and finished products <i>(Note 3)</i>	37,496	38,592	349,157
Work in process and other	18,200	17,857	169,475
	<u>55,697</u>	<u>56,449</u>	<u>518,642</u>
Fishing operations in progress	504	398	4,693
Deferred taxes <i>(Note 9)</i>	2,176	2,727	20,262
Other current assets	13,338	11,325	124,201
Total current assets	<u>141,396</u>	<u>138,503</u>	<u>1,316,658</u>
Investments and long-term advances:			
Investments in and advances to unconsolidated subsidiaries and affiliates	23,010	21,472	214,265
Investments in other securities <i>(Notes 3 and 7)</i>	45,388	44,714	422,646
Other long-term advances	10,091	10,168	93,965
Deferred taxes <i>(Note 9)</i>	6,104	7,747	56,839
Less allowance for doubtful accounts	(2,711)	(2,027)	(25,244)
Total investments and long-term advances	<u>81,884</u>	<u>82,074</u>	<u>762,491</u>
Intangible assets:			
Goodwill	7,293	7,411	67,911
Software	7,235	7,968	67,371
Other intangible assets	7,794	8,094	72,576
Total intangible assets	<u>22,323</u>	<u>23,475</u>	<u>207,868</u>
Property, plant and equipment, at cost <i>(Note 3)</i>:			
Land	18,751	17,813	174,606
Buildings and structures	87,014	86,042	810,261
Vessels	5,304	5,604	49,390
Machinery and equipment	78,005	75,392	726,371
Construction in progress	1,101	880	10,252
Other	7,275	6,450	67,743
	<u>197,454</u>	<u>192,184</u>	<u>1,838,662</u>
Less accumulated depreciation	(111,538)	(110,013)	(1,038,625)
Property, plant and equipment, net	<u>85,915</u>	<u>82,171</u>	<u>800,027</u>
Total assets	<u>¥ 331,519</u>	<u>¥ 326,224</u>	<u>\$ 3,087,056</u>

	March 31,		
	2005	2004	2005
	<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>	¥ 70,054	¥ 65,951	\$ 652,332
Current portion of long-term debt <i>(Note 3)</i>	10,316	17,235	96,061
Notes and accounts payable:			
Trade	29,127	28,579	271,226
Unconsolidated subsidiaries and affiliates	1,532	934	14,265
	<u>30,659</u>	<u>29,514</u>	<u>285,492</u>
Accrued income taxes	1,289	1,551	12,002
Accrued taxes other than income taxes	965	740	8,985
Accrued expenses and other current liabilities	24,858	23,358	231,474
Total current liabilities	<u>138,143</u>	<u>138,352</u>	<u>1,286,367</u>
Long-term liabilities:			
Long-term debt <i>(Note 3)</i>	67,447	70,429	628,056
Accrued retirement benefits <i>(Note 4)</i>	17,925	17,847	166,914
Other long-term liabilities	5,101	3,984	47,499
Total long-term liabilities	<u>90,474</u>	<u>92,262</u>	<u>842,480</u>
Minority interests	14,396	14,018	134,053
Contingent liabilities <i>(Note 6)</i>			
Shareholders' equity <i>(Notes 11 and 16)</i> :			
Common stock:			
Authorized – 380,000,000 shares			
Issued – 277,210,277 shares	23,729	23,729	220,960
Capital surplus	14,151	14,149	131,772
Retained earnings	38,623	33,548	359,651
Unrealized gains on securities	10,668	9,582	99,338
Translation adjustments	1,478	680	13,762
Less:			
Treasury common stock, at cost:			
601,940 shares in 2005; 449,577 shares in 2004	(145)	(99)	(1,350)
Total shareholders' equity	<u>88,505</u>	<u>81,590</u>	<u>824,145</u>
Total liabilities and shareholders' equity	<u>¥331,519</u>	<u>¥326,224</u>	<u>\$3,087,056</u>

See notes to consolidated financial statements.

Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Income and Retained Earnings

	Year ended March 31,		
	2005	2004	2005
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 2)</i>
Net sales	¥510,889	¥494,644	\$4,757,323
Cost of sales	406,968	397,630	3,789,626
Gross profit	103,921	97,014	967,697
Selling, general and administrative expenses <i>(Note 10)</i>	91,699	86,831	853,887
Operating income	12,221	10,183	113,800
Other income (expenses):			
Interest expense	(2,770)	(3,197)	(25,793)
Interest and dividend income	1,147	1,326	10,680
Equity in earnings of unconsolidated subsidiaries and affiliates	2,059	1,088	19,173
Other, net <i>(Note 15)</i>	(1,556)	(970)	(14,489)
	(1,119)	(1,753)	(10,419)
Income before income taxes and minority interests	11,102	8,429	103,380
Income taxes:			
Current	2,214	2,374	20,616
Deferred	2,128	2,341	19,815
Income before minority interests	6,759	3,713	62,938
Minority interests	620	596	5,773
Net income	6,138	3,117	57,156
Retained earnings:			
Beginning of the year	33,548	31,973	312,394
Adjustment for initial inclusion of subsidiaries and affiliates in consolidation	475	—	4,423
Cash dividends paid	(1,383)	(1,384)	(12,878)
Bonuses to directors	(155)	(158)	(1,443)
End of the year	¥ 38,623	¥ 33,548	\$ 359,651

See notes to consolidated financial statements.

Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

	Year ended March 31,		
	2005	2004	2005
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 2)</i>
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 11,102	¥ 8,429	\$ 103,380
Depreciation and amortization	11,828	10,449	110,140
Increase in allowance for doubtful accounts	558	1,507	5,196
(Decrease) increase in accrued severance indemnities	(118)	135	(1,098)
Interest and dividend income	(1,147)	(1,326)	(10,680)
Interest expense	2,770	3,197	25,793
Equity in earnings of unconsolidated subsidiaries and affiliates	(2,059)	(1,088)	(19,173)
Gain on sale of property, plant and equipment	(411)	(778)	(3,827)
Loss on disposal of property, plant and equipment	1,567	1,312	14,591
Gain on sale of investment securities	(913)	(1,683)	(8,501)
Loss on revaluation of marketable and investment securities	53	49	493
Decrease (increase) in notes and accounts receivable	904	(6,379)	8,417
Decrease in inventories	653	5,711	6,080
Increase in notes and accounts payable	781	2,890	7,272
Increase in accrued expenses	477	264	4,441
Bonuses paid to directors	(172)	(165)	(1,601)
Other	973	1,284	9,060
Subtotal	26,848	23,812	250,004
Interest and dividend received	1,133	1,286	10,550
Interest paid	(2,570)	(3,201)	(23,931)
Income taxes paid	(2,672)	(2,276)	(24,881)
Net cash provided by operating activities	22,738	19,621	211,732
Cash flows from investing activities			
(Increase) decrease in time deposits	(112)	220	(1,042)
(Increase) decrease in marketable securities	(91)	1,246	(847)
Purchases of property, plant and equipment	(15,044)	(15,453)	(140,087)
Proceeds from sales of property, plant and equipment	1,309	861	12,189
Purchases of intangible assets	(1,320)	(3,540)	(12,291)
Purchases of investment securities	(1,074)	(6,816)	(10,000)
Proceeds from sales of investment securities	2,492	7,362	23,205
Increase in short-term advances	(1,335)	(147)	(12,431)
Other	(160)	109	(1,489)
Net cash used in investing activities	(15,338)	(16,157)	(142,825)
Cash flows from financing activities			
Increase in short-term bank loans	3,573	998	33,271
Proceeds from long-term debt	7,897	7,140	73,535
Repayment or redemption of long-term debt	(16,699)	(16,458)	(155,498)
Dividends paid	(1,356)	(1,384)	(12,626)
Dividends paid to minority interests shareholders	(209)	(331)	(1,946)
Purchases of common stock	(45)	(16)	(419)
Net cash used in financing activities	(6,839)	(10,052)	(63,683)
Effect of exchange rate changes	23	188	214
Net increase (decrease) in cash and cash equivalents	582	(6,400)	5,419
Cash and cash equivalents at beginning of the year	7,331	13,731	68,265
Adjustment in cash and cash equivalents resulting from inclusion of certain subsidiaries in consolidation	1,671	-	15,560
Cash and cash equivalents at end of the year	¥ 9,585	¥ 7,331	\$ 89,254

See notes to consolidated financial statements.

Nippon Suisan Kaisha, Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(a) Basis of presentation

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

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

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated 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 59 consolidated subsidiaries controlled directly or indirectly by the Company. In addition, 13 out of 15 unconsolidated subsidiaries and 21 out of 27 affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements by the equity method of accounting. All significant inter-company balances and transactions have been eliminated in consolidation.

Certain subsidiaries are consolidated on the basis of 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 accounting for impairment of goodwill also is applied in the cases of the acquisition abroad.

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.

1. Summary of Significant Accounting Policies (continued)

(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 foreign exchange rates except for those hedged by forward foreign exchange contracts, which are translated at the contracted rates.

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

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

(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.

(f) Inventories

Inventories are stated principally at the lower of cost or market, using the moving 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 as incurred.

1. Summary of Significant Accounting Policies (continued)

(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, the accrued retirement benefits for employees have been provided mainly the calculated amount based on the retirement benefit obligation and the fair value of the pension plan assets as of March 31, 2005. The amount was adjusted for unrecognized actuarial gain or loss and unrecognized past service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

Actuarial gain and loss are amortized in the following year in which the gain or loss is recognized primarily by the straight-line method over 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.

(k) Research and development costs

Research and development costs are charged to income as incurred.

(l) Derivative financial instruments

The Company and certain consolidated subsidiaries have entered into various derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign exchange rates and interest rates. In accordance with the accounting standard for financial instruments to which the Company complies, derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as 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.

1. Summary of Significant Accounting Policies (continued)

(m) Goodwill and intangible assets of the subsidiaries in the U.S.

In 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 requires goodwill and intangible assets with indefinite useful lives are no longer amortized, but instead tested for impairment at least annually in accordance with the provisions of this statement. The subsidiaries in the U.S. adopted this statement in 2001.

(n) Net income per share

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

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 ¥107.39 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2005.

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 rates of the short-term bank loans outstanding at March 31, 2005 and 2004 were 0.91% and 0.83%, respectively.

Long-term debt at March 31, 2005 and 2004 is summarized as follows:

	<u>2005</u>	<u>2004</u>	<u>2005</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 0.525% to 3.340% in 2005:			
With collateral	¥ 41,401	¥ 47,802	\$385,520
Without collateral	36,363	39,862	338,606
	<u>77,764</u>	<u>87,665</u>	<u>724,127</u>
Less current portion	(10,316)	(17,235)	(96,061)
	<u>¥ 67,447</u>	<u>¥ 70,429</u>	<u>\$628,056</u>

3. Short-Term Bank Loans and Long-Term Debt (continued)

The annual maturity of long-term debt subsequent to March 31, 2005 is summarized as follows:

<u>Years ending March 31,</u>	<u>(Millions of yen)</u>	<u>(Thousands of U.S. dollars)</u>
2006	¥10,316	\$ 96,061
2007	24,102	224,434
2008	16,725	155,740
2009	5,646	52,574
2010 and thereafter	20,973	195,297
	<u>¥77,764</u>	<u>\$724,127</u>

Assets pledged as collateral for long-term debt and certain other current liabilities at March 31, 2005 were as follows:

	<u>(Millions of yen)</u>	<u>(Thousands of U.S. dollars)</u>
Deposit, trade receivables and inventories	¥ 4,173	\$ 38,858
Investments in other securities	23,326	217,208
Property, plant and equipment, at net book value	31,969	297,690
	<u>¥59,468</u>	<u>\$553,757</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. Certain foreign consolidated subsidiaries have defined benefit and contribution plans.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet as of March 31, 2005 for the Company's and the consolidated subsidiaries' defined benefit pension plans:

	<u>(Millions of yen)</u>	<u>(Thousands of U.S. dollars)</u>
Retirement benefit obligation	¥(45,524)	\$(423,912)
Plan assets at fair value	27,708	258,012
Unfunded retirement benefit obligation	(17,816)	(165,899)
Unrecognized actuarial loss	2,329	21,687
Unrecognized past service cost	(2,250)	(20,951)
Net retirement benefit obligation	(17,737)	(165,164)
Prepaid pension cost	188	1,750
Accrued retirement benefits	<u>¥(17,925)</u>	<u>\$(166,914)</u>

4. Retirement Benefits (continued)

The components of retirement benefit expenses for the year ended March 31, 2005 are outlined as follows:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Service cost	¥1,785	\$16,621
Interest cost	1,286	11,975
Expected return on plan assets	(873)	(8,129)
Amortization of actuarial loss	892	8,306
Amortization of past service cost	(358)	(3,333)
Total retirement benefit expenses	<u>¥2,731</u>	<u>\$25,430</u>

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

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

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, 2005, 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	¥1,416	\$13,185
Other	2,376	22,124
Total	<u>¥3,793</u>	<u>\$35,319</u>
Accumulated depreciation:		
Machinery and equipment	¥1,009	\$ 9,395
Other	1,318	12,273
Total	<u>¥2,328</u>	<u>\$21,677</u>
Net book value :		
Machinery and equipment	¥ 407	\$ 3,789
Other	1,057	9,842
Total	<u>¥1,464</u>	<u>\$13,632</u>

Lease payments relating to the finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥827 million (\$7,700 thousand) for the year ended March 31, 2005.

5. Leases (continued)

Future rental expenses under the finance leases outstanding at March 31, 2005 are summarized as follows:

Years ending March 31,	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
2006	¥675	\$6,285
2007 and thereafter	826	7,691

6. Contingent Liabilities

At March 31, 2005, the Company and its consolidated subsidiaries had the following contingent liabilities:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
As guarantors of indebtedness of unconsolidated subsidiaries, affiliates and other companies	¥406	\$3,780

7. Securities

Information regarding marketable securities classified as other securities as of March 31, 2005 is as follows:

Marketable other securities

	Acquisition Cost	Carrying value	Unrealized gain (loss)	Acquisition Cost	Carrying value	Unrealized gain (loss)
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Securities whose carrying value exceeds their acquisition cost :						
Stock	¥13,559	¥31,732	¥18,172	\$126,259	\$295,483	\$169,215
Corporate bonds	100	102	2	931	949	18
Other debt securities	1,494	1,516	21	13,911	14,116	195
Other	274	306	32	2,551	2,849	297
Subtotal	15,428	33,658	18,229	143,663	313,418	169,745
Securities whose acquisition cost exceeds their carrying value:						
Stock	1,042	922	(120)	9,702	8,585	(1,117)
Corporate bonds	–	–	–	–	–	–
Other debt securities	800	736	(63)	7,449	6,853	(586)
Other	3,487	3,447	(40)	32,470	32,097	(372)
Subtotal	5,330	5,106	(224)	49,632	47,546	(2,085)
Total	¥20,759	¥38,764	¥18,004	\$193,304	\$360,964	\$167,650

Sales of securities classified as other securities amounted to ¥2,935 million (\$27,330 thousand) with the aggregate gain of ¥1,006 million (\$9,367 thousand) and the aggregate loss of ¥1 million (\$9 thousand) for the year ended March 31, 2005.

7. Securities (continued)

Marketable other securities (continued)

The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity debt securities as of March 31, 2005 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>			
Corporate bonds	–	¥ 132	–	–
Other debt securities	¥888	500	¥103	¥448
Others	–	3,053	496	–
Total	¥888	¥3,687	¥599	¥448

	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>(Thousands of U.S. dollars)</i>			
Corporate bonds	–	\$ 1,229	–	–
Other debt securities	\$8,268	4,655	\$ 959	\$4,171
Others	–	28,429	4,618	–
Total	\$8,268	\$34,332	\$5,577	\$4,171

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, as all of whom are leading financial institutions.

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

The contract or notional amount and the market value of derivatives positions open at March 31, 2005 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>(Thousands of U.S. dollars)</i>		
Over-the-counter:						
Exchange contract	¥61	¥56	¥(5)	\$568	\$521	\$(46)

9. Income Taxes

Reconciliations of the statutory tax rate to the effective tax rate for the year ended March 31, 2005, are omitted due to no significant difference between the statutory tax rate and the effective tax rate within range of 5% of the statutory tax rate. Differences for the year ended March 31, 2004 are shown as follows.

	<u>2004</u>
Statutory tax rate	40.87%
Permanently nondeductible expenses	8.70
Permanently nontaxable dividends received and other	(2.01)
Local tax on per capita	1.28
Valuation allowance recognized	10.50
Tax deductible, previously recognized valuation allowance	(10.30)
Effect from the change of statutory tax rate	-
Other, net	6.91
Effective tax rates	<u><u>55.95%</u></u>

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2005 and 2004 were as follows:

	<u>2005</u>	<u>2004</u>	<u>2005</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Tax loss carryforwards	¥ 6,986	¥ 8,010	\$ 65,052
Accrued retirement benefits	6,954	6,730	64,754
Allowance for doubtful receivables	3,955	4,479	36,828
Depreciation	178	281	1,657
Accrued enterprise tax	155	82	1,443
Valuation of inventories	216	222	2,011
Valuation of securities	1,919	1,853	17,869
Other	3,048	2,650	28,382
Less: valuation allowance	(5,651)	(4,976)	(52,621)
Deferred tax assets	<u>17,764</u>	<u>19,330</u>	<u>165,415</u>
Deferred tax liabilities	<u>(9,483)</u>	<u>(8,854)</u>	<u>(88,304)</u>
Net deferred tax assets	<u><u>¥ 8,281</u></u>	<u><u>¥10,475</u></u>	<u><u>\$ 77,111</u></u>

10. Research and Development Costs

Research and development costs included in general and administrative expenses for the year ended March 31, 2005 and 2004 totaled ¥2,916 million (\$27,153 thousand) and ¥3,062 million, respectively.

11. 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.

12. Amounts Per Share

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

	Year ended or as of March 31,		
	2005	2004	2005
	<i>(Yen)</i>		<i>(U.S. dollars)</i>
Net income	¥ 21.50	¥ 10.66	\$0.20
Net assets	319.28	294.21	2.97

13. Supplementary Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents at March 31, 2005:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Cash and bank deposits	¥9,125	\$84,970
Time deposits with a maturity of more than three months	(432)	(4,022)
Loan which is included in the other current assets	891	8,296
Cash and cash equivalents	<u>¥9,585</u>	<u>\$89,254</u>

14. Segment Information

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

Business Segments

	For the year ended or as of March 31, 2005						Intercompany eliminations	Consolidated
	Marine products	Foods	General distribution	Pharma- ceutical	Others	Total		
	<i>(Millions of yen)</i>							
Operating revenues	¥216,537	¥256,680	¥12,829	¥13,938	¥10,903	¥510,889	-	¥510,889
Intra-group sales and transfers	9,684	7,115	10,513	131	3,422	30,866	¥(30,866)	-
Total	226,222	263,795	23,342	14,070	14,325	541,756	(30,866)	510,889
Operating expenses	223,568	254,857	21,476	12,992	14,326	527,221	(28,553)	498,668
Operating income	<u>¥ 2,653</u>	<u>¥ 8,938</u>	<u>¥ 1,866</u>	<u>¥ 1,077</u>	<u>¥ (0)</u>	<u>¥ 14,535</u>	<u>¥ (2,313)</u>	<u>¥ 12,221</u>
Identifiable assets	<u>¥120,621</u>	<u>¥137,956</u>	<u>¥24,468</u>	<u>¥20,664</u>	<u>¥ 8,243</u>	<u>¥311,954</u>	<u>¥ 19,564</u>	<u>¥331,519</u>
Depreciation and amortization	¥ 3,387	¥ 6,263	¥ 1,549	¥ 585	¥ 43	¥ 11,828	-	¥ 11,828
Capital expenditures	4,497	10,940	531	354	50	16,374	-	16,374

14. Segment Information (continued)

Business Segments (continued)

	For the year ended or as of March 31, 2005							Intercompany eliminations	Consolidated
	Marine products	Foods	General distribution	Pharmaceutical	Others	Total			
	<i>(Thousands of U.S. dollars)</i>								
Operating revenues	\$2,016,360	\$2,390,166	\$119,461	\$129,788	\$101,527	\$4,757,323	–	\$4,757,323	
Intra-group sales and transfers	90,175	66,253	97,895	1,219	31,865	287,419	\$(287,419)	–	
Total	2,106,546	2,456,420	217,357	131,017	133,392	5,044,752	(287,419)	4,757,323	
Operating expenses	2,081,832	2,373,191	199,981	120,979	133,401	4,909,404	(265,881)	4,643,523	
Operating income	\$ 24,704	\$ 83,229	\$ 17,375	\$ 10,028	\$ (0)	\$ 135,347	\$ (21,538)	\$ 113,800	
Identifiable assets	\$1,123,205	\$1,284,626	\$227,842	\$192,420	\$ 76,757	\$2,904,870	\$ 182,177	\$3,087,056	
Depreciation and amortization	\$ 31,539	\$ 58,320	\$ 14,424	\$ 5,447	\$ 400	\$ 110,140	–	\$ 110,140	
Capital expenditures	41,875	101,871	4,944	3,296	465	152,472	–	152,472	

	For the year ended or as of March 31, 2004							Intercompany eliminations	Consolidated
	Marine products	Foods	General distribution	Pharmaceutical	Others	Total			
	<i>(Millions of yen)</i>								
Operating revenues	¥224,231	¥239,139	¥15,335	¥12,406	¥3,531	¥494,644	–	¥494,644	
Intra-group 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	¥ 2,800	¥ 7,479	¥ 1,470	¥ 1,209	¥ (14)	¥ 12,944	¥ (2,761)	¥ 10,183	
Identifiable assets	¥121,519	¥132,932	¥27,351	¥21,306	¥4,152	¥307,263	¥ 18,961	¥326,224	
Depreciation and amortization	¥ 2,803	¥ 5,568	¥ 1,497	¥ 532	¥ 47	¥ 10,449	–	¥ 10,449	
Capital expenditures	5,543	10,480	1,529	1,689	36	19,278	–	19,278	

Geographical Segments

	For the year ended or as of March 31, 2005					Total	Eliminations	Consolidated
	Japan	North America	South America	Oceania	Other countries			
	<i>(Millions of yen)</i>							
Sales to third parties	¥449,572	¥50,828	¥ 2,586	–	¥ 7,902	¥510,889	–	¥510,889
Interarea sales and transfers	3,498	7,150	11,884	–	6,078	28,612	¥(28,612)	–
Total	453,071	57,979	14,471	–	13,981	539,502	(28,612)	510,889
Operating expenses	441,778	54,965	14,142	–	14,080	524,966	(26,298)	498,668
Operating income (loss)	¥ 11,293	¥ 3,013	¥ 328	–	¥ (99)	¥ 14,535	¥ (2,313)	¥ 12,221
Assets	¥250,301	¥41,859	¥15,569	¥8	¥ 4,215	¥311,954	¥ 19,564	¥331,519

	For the year ended or as of March 31, 2005					Total	Eliminations	Consolidated
	Japan	North America	South America	Oceania	Other countries			
	<i>(Thousands of U.S. dollars)</i>							
Sales to third parties	\$4,186,348	\$473,302	\$ 24,080	–	\$ 73,582	\$4,757,323	–	\$4,757,323
Interarea sales and transfers	32,572	66,579	110,662	–	56,597	266,430	\$(266,430)	–
Total	4,218,930	539,891	134,751	–	130,189	5,023,763	(266,430)	4,757,323
Operating expenses	4,113,772	511,826	131,688	–	131,110	4,888,406	(244,883)	4,643,523
Operating income (loss)	\$ 105,158	\$ 28,056	\$ 3,054	–	\$ (921)	\$ 135,347	\$ (21,538)	\$ 113,800
Assets	\$2,330,766	\$389,784	\$144,976	\$74	\$ 39,249	\$2,904,870	\$ 182,177	\$3,087,056

14. Segment Information (continued)

Geographical Segments (continued)

For the year ended or as of March 31, 2004								
	Japan	North America	South America	Oceania	Other countries	Total	Eliminations	Consolidated
<i>(Millions of yen)</i>								
Sales to third parties	¥436,488	¥46,839	¥ 1,417	–	¥ 9,899	¥494,644	–	¥494,644
Interarea 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 (loss)	¥ 8,502	¥ 3,281	¥ 1,052	–	¥ 108	¥ 12,944	¥ (2,761)	¥ 10,183
Assets	¥247,139	¥42,894	¥13,941	¥76	¥ 3,211	¥307,263	¥ 18,961	¥326,224

Notes for Segment information

The amount unallocated to each segment for the year ended March 31, 2005 of ¥2,313 million (\$21,538 thousand) is mainly composed of the expenses concerning research and development, quality assurance and environmental coordination of the Company.

The Company holds assets for common use amounted ¥19,564 million (\$182,177 thousand) as of March 31, 2005. The primary contents are the long-term investments (investment securities) and the assets which are utilized for administrative purpose.

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, 2005 and 2004, were as follows:

For the year ended March 31, 2005						
	North America	Other area	Total	North America	Other area	Total
<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>			
Overseas sales	¥46,499	¥20,316	¥ 66,816	\$432,991	\$189,179	\$ 622,180
Total consolidated sales			¥510,889			\$4,757,323
Ratio of overseas to total sales (%)	9.1%	4.0%	13.1%			
For the year ended March 31, 2004						
	North America	Other area	Total			
<i>(Millions of yen)</i>						
Overseas sales	¥44,629	¥18,850	¥ 63,479			
Total consolidated sales			¥494,644			
Ratio of overseas to total sales (%)	9.0%	3.8%	12.8%			

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

15. Other Income

Details of other income, other, net, on the statements of income is as shown below:

	Year ended March 31,		
	2005	2004	2005
	(Millions of yen)		(Thousands of U.S. dollars)
Other income (expenses):			
Loss on disposal of property, plant and equipment (net)	¥(1,156)	¥ (533)	\$(10,764)
Loss on revaluation of investment securities	(53)	(49)	(493)
Gain on sale of marketable and investment securities (net)	913	1,683	8,501
Additional allowance for the voluntary retirees	(269)	(79)	(2,504)
Provision reserve for doubtful receivable	(1,018)	(1,223)	(9,479)
Other, net	27	(769)	251
	<u>¥(1,556)</u>	<u>¥ (970)</u>	<u>\$(14,489)</u>

16. 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, 2005, were approved at the general meeting of the Company's shareholders held on June 29, 2005:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash dividends (¥3.50 = \$0.0326 per share)	¥968	\$9,013
Bonuses to directors	80	744