

Interim Financial Results for 1st Half Year ended 30 September, 2007



NIPPON SUISAN KAISHA, LTD.

20th Nov, 2007

TSE:1332

Contact:

Public Relations & Investor Relations Dept.

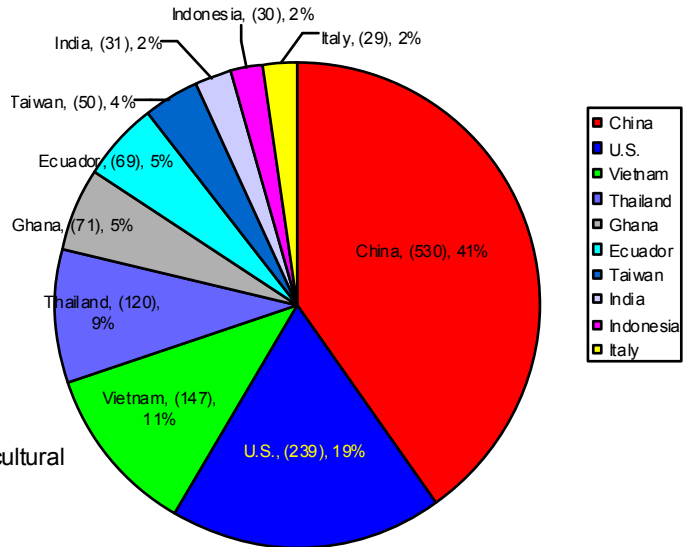
03-3244-4371

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

[1] Introduction

■ Japanese Food Sanitation Law broken by exporters

The number of breaches by exporters TOP 10 countries 2006



2006
The number of applicable cases of the Ban on Chinese imports during customs inspections

-Main breach-

- Animal medicine in seafood(59)
- Excess of hazardous agriculture-related chemicals in agricultural products(71)
- Non-permitted additives in processed food(73)

Information Source : Japan Central Food Technology Research Center

※ The number of breached/number of cases reported (%=the number of breaches /the total number of inspections)

This pie graph shows the numbers of violations of the Japanese Food Sanitation Law that were committed by various food exporting countries over the past year (by 10 countries with the highest number of violations).

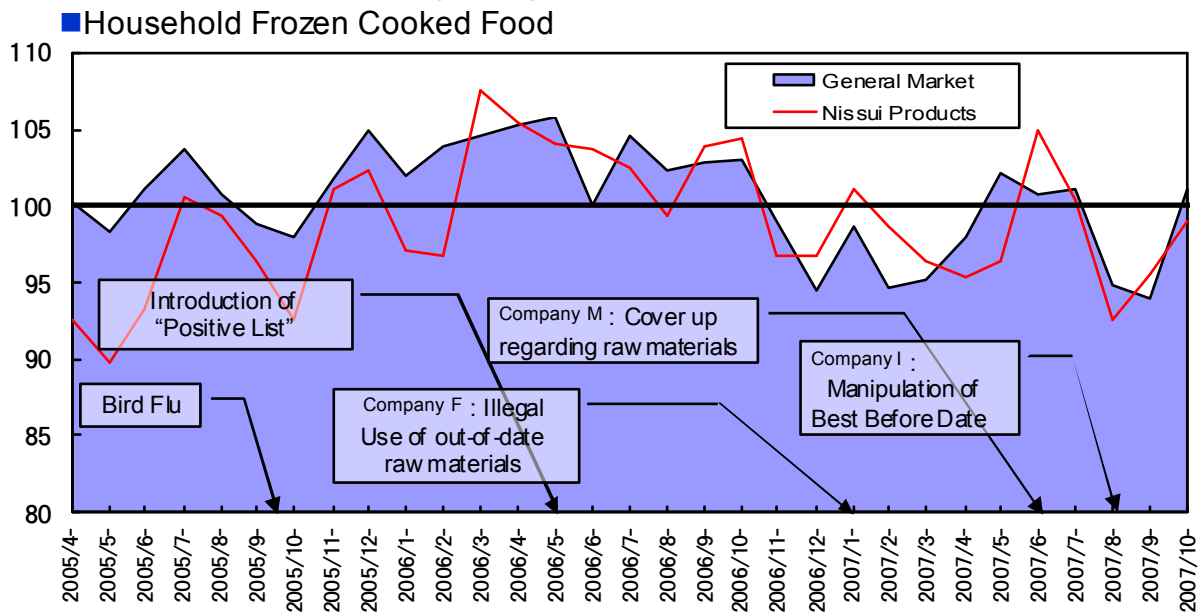
China ranks at the top with 530 violations. This is because Japan imports more foods from China than from any other country. In terms of the rate of violations relative to the number of cases reported, China marked 0.6%. In comparison, the United States and Vietnam registered 1.0% and 1.2%, respectively. China bashing has been rampant lately, but perceptions play a large role in quality issues. I wonder if the attitude of the press has had an influence on people's perception.

[1] Introduction

1. Current events (1) Less reliable food - 3



【Trends in food consumption per 100 households】



Information Source: SCI data : Intage Inc.

5

This graph shows how these factors have affected our industry.

While overall food consumption has been falling in Japan, frozen foods have received the affirmation of consumers and been on a gradually rising trend. However, very harsh conditions prevailed this year even for frozen foods.

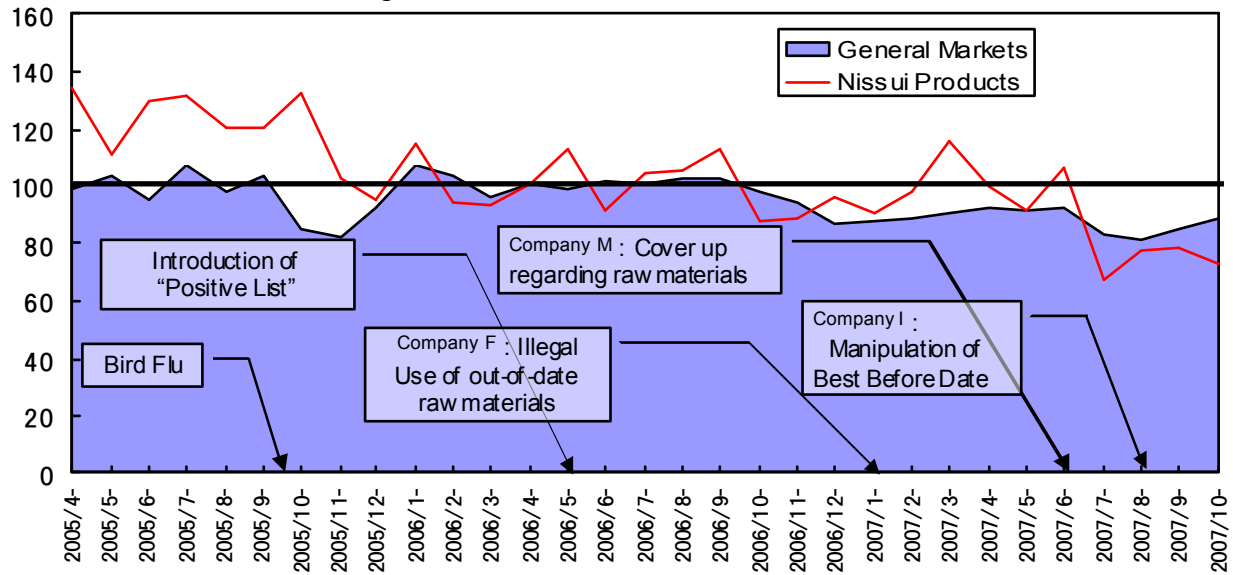
[1] Introduction

1. Current events (1) Less reliable food - 4



【Trend of Consumed amount per 100 households】

■ Household Frozen Agricultural Food



Information Source: SCI data : Intage Co

This is a graph about frozen agricultural food for household consumption.

As this graph shows, agricultural products took a heavier blow because of the high ratio of Chinese production.

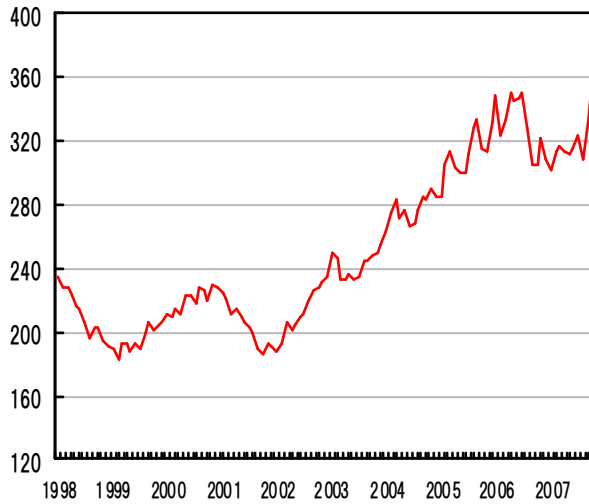
[1] Introduction

1. Current events (2) Keen competition for "Food" - 1

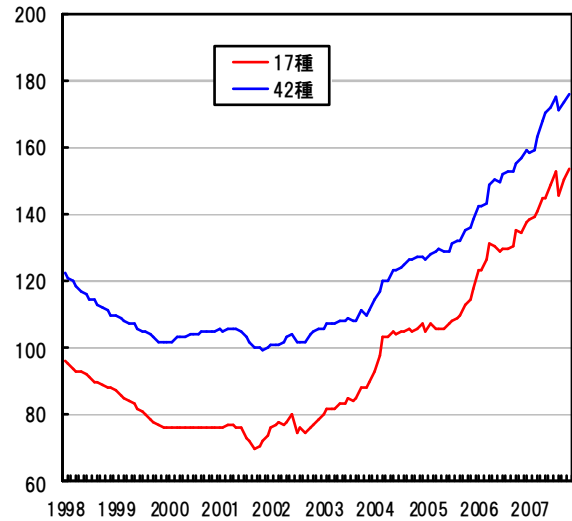


■ Market trend - main raw materials

Reuters/Jefferies CRB Index 1967=100



NIKKEI 42 & NIKKEI17 1970=100



Information source: FAO

7

The next part is about keen competition for "Food."

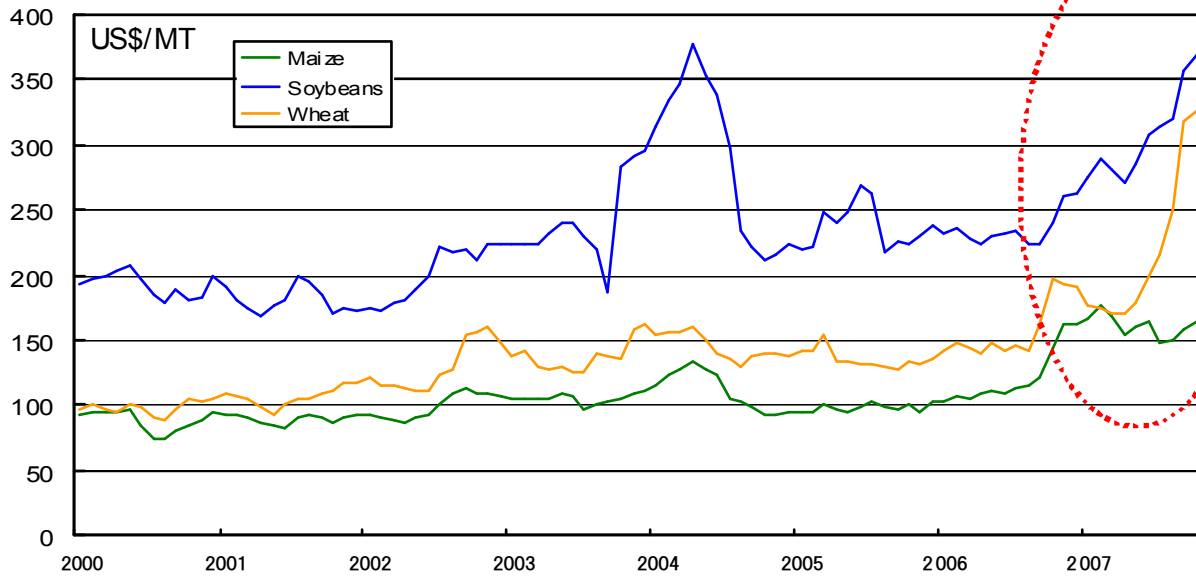
Both the market trend of main raw materials and the changes in the NIKKEI 42 & NIKKEI 17 show rising trends.

[1] Introduction

1. Current events (2) Keen competition for "Food" - 2



■ Market trend - cereals



Information source: FAO

Maize: U.S. No.2, Yellow, U.S. Gulf (Friday)
Soybeans: U.S. No.1, Yellow, U.S. Gulf (Friday)
Wheat: U.S. No.2, Soft Red Winter Wheat, U.S. Gulf (Tuesday)

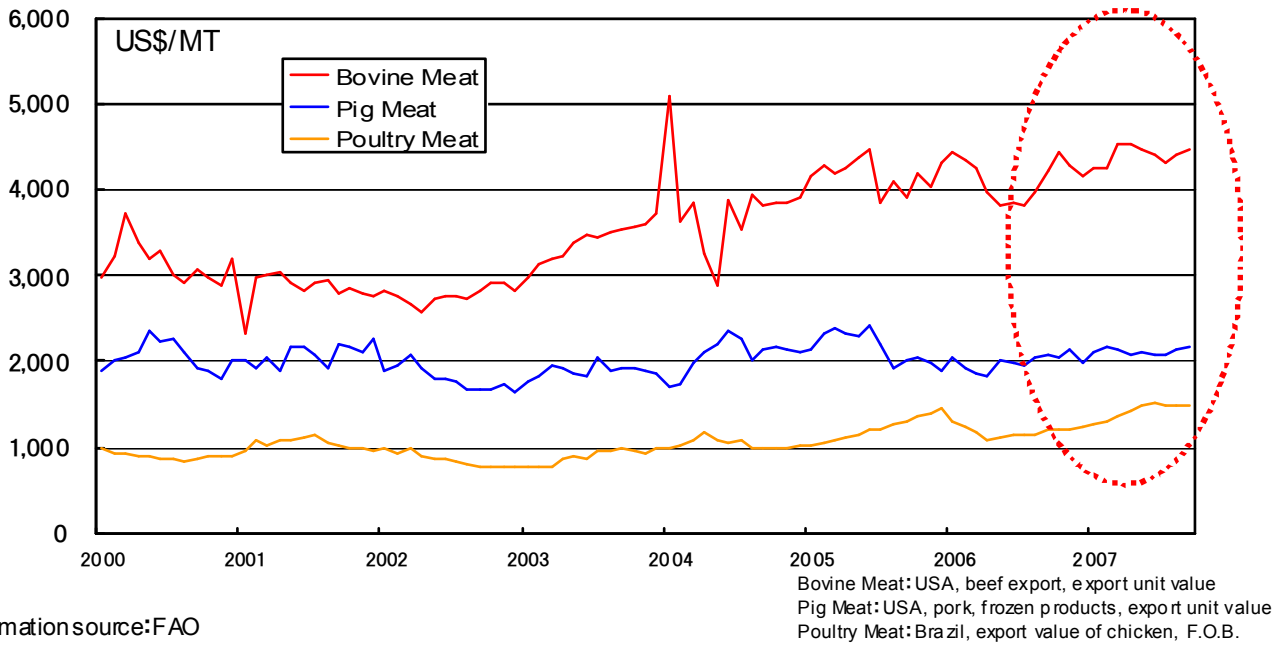
Once again, maize, soybeans and wheat, which constitute the backbone of foods, show similar trends of rising prices.

[1] Introduction

1. Current events (2) Keen competition for "Food" - 3



■ Market trend – Animal Products



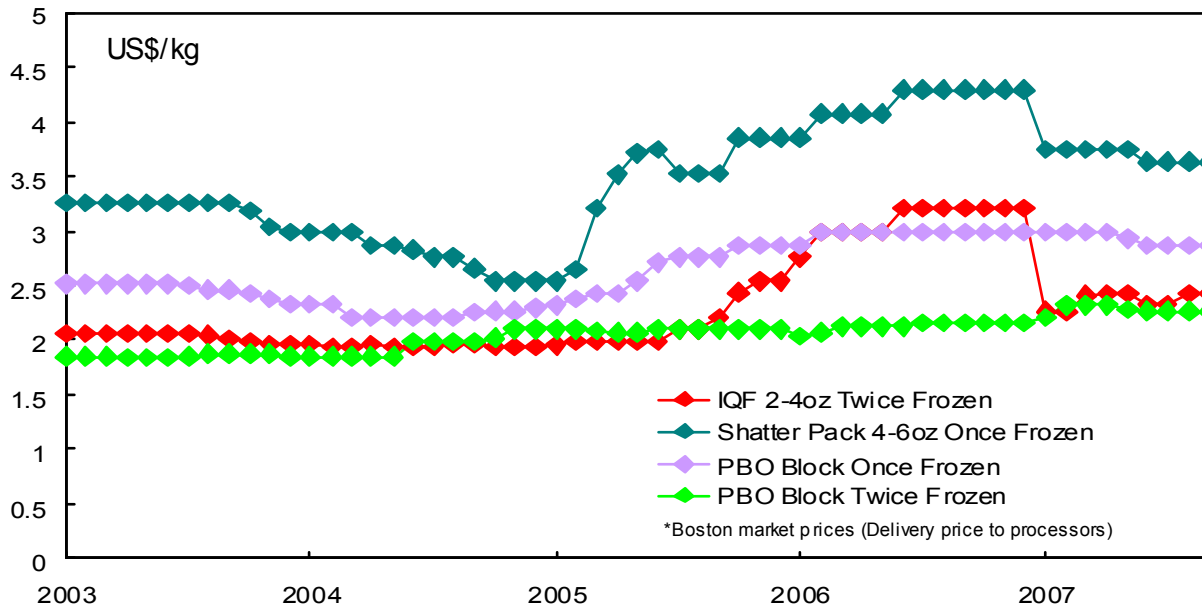
Beef, pork and chicken prices may not appear to have increased much. This is because of a structure that is in place that has hindered prices from soaring so far, thanks to futures contracts on animal feed. We expect their prices to start rising soon.

[1] Introduction

1. Current events (2) Keen competition for "Food" - 4



■ Market trend – Alaskan Pollack in U.S. Market



Information source: NMFS

10

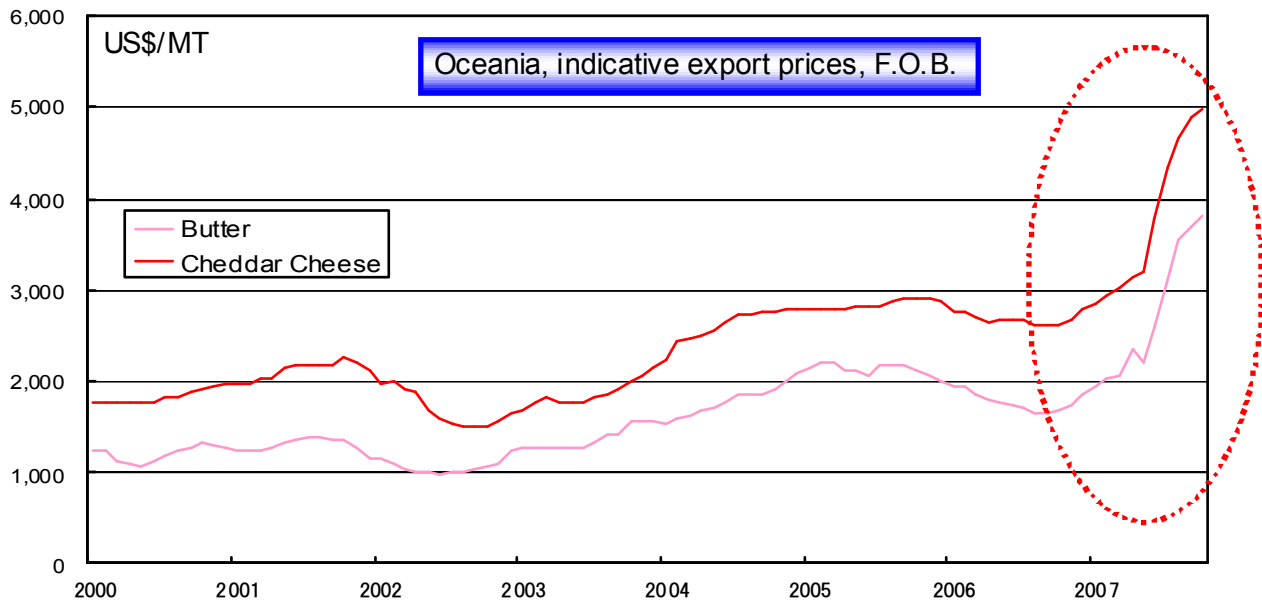
Here you can see the fish price movements. The graph may give you an impression that prices have dipped a little. However, this was a result of supply and demand in the spot market and the overall trend is rising.

[1] Introduction

1. Current events (2) Keen competition for "Food" - 5



■ Market Trend : Milk Products



Information source: FAO

Dairy products have doubled in price, partly because of a two year-long drought in Australia.

[1] Introduction

1. Currents events (3) Price revision - 1



Price Increase for Main Foods

値上げ日	商品	メーカー	値上げ幅	理由
1日	ガソリン・灯油	新日本石油、出光、ENEOS	14%あたり	原油価格の上昇
	業務用小麦粉	日本製粉	25%あたり	小麦の価格上昇
	ちくわ・かまぼこなど	日本水産	5~15%	漁獲量減少、消費増
	コーン缶詰	はごろもフーズ	5~7%	いも、大豆の価格上昇
	カレーやシチューのルー	ハウス食品	約10%	油脂や包装材の価格上昇
6日	ティッシュペーパー	大王製紙	10~15%	古紙などの原料価格の上昇
	コーヒー用紙	富士ゼロック	15~25%	原油価格の上昇
12日	カレーやシチューのルー	エスビー食品	約10%	油脂や小麦価格の上昇
	スパゲティや小麥粉	日清フーズ	2~13%	小麦、包装材価格の上昇
15日	スパゲティ	日本製粉	4~17%	小麦の価格上昇
	小麥粉	昭和産業	9~14%	小麦の価格上昇
20日	スパゲティ	昭和産業	9~14%	小麦の価格上昇
	小麥粉	昭和産業	9~14%	小麦の価格上昇

値上げの秋

ガソリン、カレー、ちくわ、小麦粉...

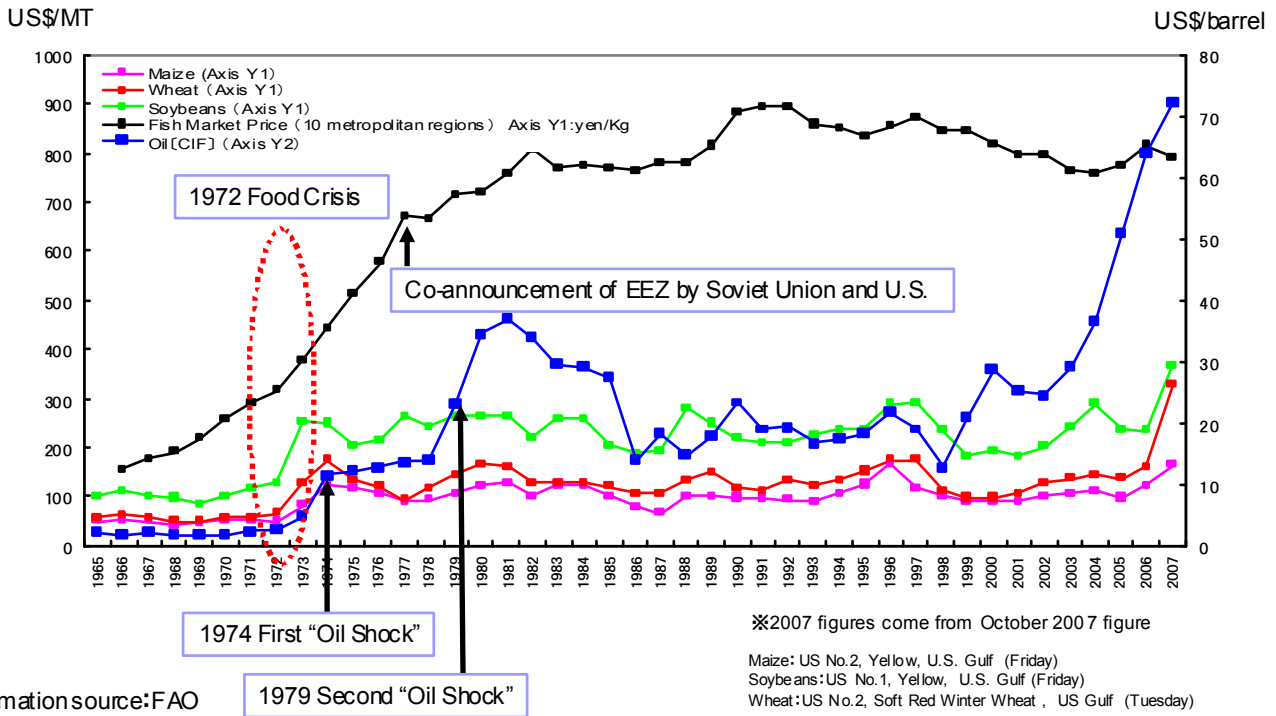
- ✓ Snacks 6-8%
 - ✓ Instant noodles around 10%
 - ✓ Flour around 5-10%
 - ✓ Food oil 10-40%
 - ✓ Mayonnaise around 10%
 - ✓ Canned Tuna around 10%
 - ✓ Coffee 10-20%
 - ✓ SURIMI products 5-10%
 - ✓ Fresh Fruit Juice 10-20%
 - ✓ Curry around 10%
 - ✓ Ham & Sausage around 10%
- Wheat 319US\$/MT
Twice last year's level
- Soy bean 223US\$/MT
1.6 times last year's level
- Frozen bonito 30% UP
- Coffee ¥306/kg UP
2.3 times the level four years ago
- SURIMI ¥30-40/kg UP
(15-20% UP)

2007/11/1 Asahi Newspaper

Given this market environment, many product prices will inevitably be raised in a season that the media dubs as the "Autumn of Price Hikes."

[1] Introduction

2. Related events in the previous four decades



Here is a review of the major events of the past 40 years that affected foods.

The period was ushered in with the food crisis of 1972, the first "Oil Shock" of 1974, the declaration of exclusive economic zones by the Soviet Union and the United States of America in 1977, and the second "Oil Shock" of 1979. These were followed by a period of rapid economic growth in the second half of the 1980s, followed by its collapse and the lost decade of the 1990s. Today, a barrel of crude oil costs nearly \$90. Fish price movements, projected against such a backdrop, show a somewhat different trend than that of the economy. Fish price soared in 1977, when Russia and the United States declared exclusive economic zones. Paradoxically, the upward price trend of the time left the fishing industry to be inefficient in the face of the drastic changes in the business environment. Reflecting back, this appears to have led to the current business struggles faced by the fishery industry.

We stand at a crossroad in time.

Change yesterday's ways before they become out of date

NGLC 2008 (31 Oct. - 1 Nov., 2007)

(Nissui Global Links Conference)

Under the New TGL Plan, the NGLC is held annually to analyze the current environment, clarify problems and decide upon the direction by functions, so as to deepen collaboration within "Global Links" and increase profitability of our business and management structures. (Held twice a year. Top management from 15 countries)



NGLC 2008

15

I tell people at our company and within the industry that "we stand at a crossroads in time." What I mean by this is that we cannot adapt to today's environment unless we change the way we do things and the way we think. Nissui convenes its Nissui Global Links Conference every fall so as to enhance the collaboration among its Global Links in accordance with our New TGL Plan, boost the profitability of our business and management structures, and clarify issues. Until last year, the conference was held in the second half of November. This year, however, we held it one month earlier in an effort to respond more swiftly to ever-so rapidly changing global market environment. Participants from 15 countries met and held discussions. Nissui Group confirmed and shared its resolution to work together to build a new era, a new value system and a new society. The measures that I am going to explain today will bring this resolution to reality.

Started the move to make “Global Links” more sophisticated in 2007



Local Links

Establish a double structure that consists of “Global Links” covering a worldwide network and “Local Links” that increase profitability and growth and create new business opportunities through local collaboration.

Turn the seafood industry into an industry with a greater presence and a stronger voice

Nissui announced a new concept, which we termed Global Links, in 2001 and set out to reorganize our groups. Around last year, however, we began to sense the need to further strengthen these Global Links in the middle of rapid changes in the environment that surrounds Nissui. High resource prices worldwide have given an additional boost to the economic power and influence of such countries as BRICs that are catching up with the advanced countries of Europe and America. With the hope of creating opportunities for the Global Links to work with these emerging economic powers, we decided to add a new concept to Nissui’s business model. We named it “Local Links.”

[1] Introduction

4. "Global Links" & "Local Links" - 2



	Fishery	Aquaculture	Foods	Wholesale /Trading	General Distribution	Fine chemicals & others
Japan	Kyowa Suisan	Kurose Suisan Nakatani Suisan	Nippon Cookery Mogami Foods Hachikan Kunihiro Kaneko Sasaya	Hohsui Yokohama Trading Kurahashi Kei Teion	Nissui Butsuryu Carry Net	Nissui Pharmaceutical Kyowa Technos Nikkaiji Nissui Marine
North America	UniSea Bering Sea Partners Alaska Ocean		Gorton's King & Prince	F.W.BRYCE		
South America	PESPASA PESANTAR DOSA (EMDEPES FRIOSUR)	Salmones Antartica		NORDSEE		
Europe			Cite Marine	Nordic Seafood EuroPacífico		
Asia and Oceania	I.M.P. W.I.F. Sealord FISH RAIN	Nissui Indonesia Xiamen Longpeng	NIGICO Nissui Thailand Shangdon Sanfod Taimei	Nissui(S'pore)		

Block: Consolidated subsidiaries
 Blue: Affiliated subsidiaries

(As of 1 November 2007) 17

The Global Links and Local Links are shown here as a matrix of Nissui Group companies, organized by geographic regions and by functions.



- (1) Reinforcement of the Nissui's networks in Europe
October: Capital investment (to become a consolidated subsidiary)
in Cite Marine S.A.S. (France)
Production and sales of frozen and chilled seafood



- (2) Reinforcement of the processing functions of the Global Links
August: Changes in the shareholding (to become a consolidated subsidiary)
of Shandong Sanfod Nissui, Ltd (China)
The Group's largest food processing center
Processing of seafood (ingredients),
and production and sales of frozen food



- (3) Securing access to resources
October: Capital investment (to become a consolidated subsidiary)
of Fish Rain Company (FRC) (Russia)
A resource access company (fishery) in Russia handling
marine products including whitefish and crabs

Several programs have already been initiated to enhance the Global Links.

In the area of steps to reinforce Nissui's networks in Europe, we made a capital investment in Cite Marine S.A.S. (France) in October 2007. Cite Marine is a manufacturer of mainly frozen and chilled seafood. The investment allowed us to take the initial step toward the realization of our long-held goal to establish a base in Europe that would allow us to establish a vertical-integrated supply chain from marine resources to consumer's tables. In addition, we made Shandong Sanfod Nissui, Ltd. (China) into a consolidated subsidiary in August as a way to reinforce the processing functions of the Global Links. Today, demand for processing by Global Link member companies is increasingly met at Shandong Sanfod. Furthermore, we turned Fish Rain Company (FRC) (Russia) into a consolidated subsidiary in October so as to secure marine resources.

[1] Introduction

4. “Global Links” & “Local Links” - 4 For Establishing “Local Links”



- (1) Through cultivation of South America, one of the growth centers of the world
Business integration of Empresa de Desarrollo Pesquero de Chile, S.A.
(owned by Nippon Suisan America Latina, S.A.) and Friosur, S.A.



(owned by Deris), and the establishment of Desarrollo Oceanico S.A.
(management/marketing).

→ Expansion of business activities in Brazil, Peru, Columbia, etc., as well as in Chile.

- (2) Global sales of Nissui-standard, high quality products
Capital investments in Tai Mei Food Industrial Corp. (Taiwan)



→ Expansion of sales in North America and Europe, as well as in Japan

- (3) Building Local Links in Japan

Strengthening the Traceability of the ingredients used in our products and
enhancing the value of the marine resources caught within Japan's EEZ.

→ Capital investment in Sasaya Shoten Co., Ltd. (Hokkaido)

Providing a greater sense of “Safety” as an inbuilt quality

→ Capital investments in Kunihiro Inc., and Kaneko Shokukin Co., Ltd.

(major cooperating, frozen prepared food companies)

19

From the perspective of constructing Local Links, we will concentrate our efforts mainly on the following three strategies:

The first is the extensive development in South America, which is one of the growth centers of the world. Toward that goal, we merged EMDEPES with Friosur, S.A. and established DOSA (management/marketing). Using the newly formed company as a spring board, we plan to expand into such vibrant markets as Brazil, Peru and Columbia.

The second is the global marketing of high quality products that conform to Nissui standards. With capital investment in Tai Mei Food Industrial Corp (Taiwan), we plan to expand the sales of the company's products to all parts of the world by taking advantage of the Global Links' marketing networks.

The third is the establishment of Local Links within Japan. As part of this effort, we made capital investment in Sasaya Shoten Co., Ltd. (Hokkaido). By collaborating with the company, Nissui hopes to make available the marine resources caught within Japan's EEZ to Japanese consumers. We also plan to capitalize on the processing function of Shandong Sanfod Nissui, Ltd. (China) and sell products in the American and European markets. Additionally, we made capital investment in Kunihiro Inc. and Kaneko Shokuhin Co., Ltd, which are our main partnership-based processors for frozen food.

Although no reference is made in this slide, I would like to add that the establishment of bluefin tuna farming operations in partnership with Kyowa Suisan Co., Ltd. and Nakatani Suisan Co., Ltd. has been progressing steadily and that the collaboration between Nissui Pharmaceutical Co., Ltd. and Nissui is approaching a major turning point.

[2] Overview of First Half Ended 30 September, 2007



Four companies recording unfavorable operating income

		Operating income (First Half)
		unit: hundred million yen
1)	NISSUI (Standalone) (Marine/Foods/Japan)	19.8
2)	S.A. (Marine/South America)	1.9
3)	KING&PRINCE (Foods/North America)	▲ 5.9
4)	NISSUI Indonesia (Marine/Asia)	▲ 4.3

21

These four companies were the major reason for the operating income disparity in the current interim period. On a stand-alone basis, Nissui's operating income was limited to ¥1.98 billion. S.A. which had made a major profit contribution last year, reported only ¥190 million in operating income for this interim period. Both KING & PRINCE and Nissui Indonesia reported loss. Regrettably, we were as much as ¥3.8 billion short of the plan as a consequence.

[2] Overview of First Half

2.Events in Salmones Antartica -1. Earthquake



Earthquake of M6.2 on 21 April

A landslide-induced tsunami occurred in the Aysen Fjord, damaging the sea water nursery facilities in the ocean.



Later 'no trespassing' on the premises was declared. The fish could not be fed for nearly a month, resulting in delayed growth.



Let me explain some special external factors that contributed to such a result for the interim period. On April 21, 2007, a magnitude 6.2 volcanic earthquake jolted Aysen in the southern part of Chile. As a result, seawater fish nurseries were damaged. Access to the facilities became subsequently disallowed, causing the feeding to be suspended for approximately one month. This delayed the growth of fish. What we have been explaining to you as risks that are inherent to our business manifested themselves in this situation. However, our strenuous negotiations with the government resulted in our being able to secure a greater area for an alternate nursery. Over medium and long terms, we thus anticipate no difficulties.



Massive outbreak of the parasite, Caligus

As a result of procedural inadequacies of the Chilean authorities, the approval of new drugs has been suspended.

S.A. is demanding the approval of these drugs, including other drugs that have been approved in Norway.

Approval for the new drugs is expected by the end of the year.

*Since the Caligus parasite can only survive in saltwater, the outbreak has been limited to Chiloe Island, which is a seawater region and has not been found in the brackish waters of Aysen.

Problems found in other salmon aquaculture farms → None in S.A.

Outbreak of ISA (Infectious Salmon Anaemia: a viral infection)

Of all the salmon, the Atlantic Salmon have been the most affected.

This infection does not affect trout. There has been damage to a portion of the seawater regions and aquaculture companies. The Chilean government is putting together concrete measures to contain this outbreak

There have been additional problems, such as a massive infestation of Caligus, which is a parasite, and an outbreak of a viral infection (which has not yet affected S.A.). This year can therefore be said to have been a very bad year for the Chilean salmon and trout aquaculture industry.

Identifying the problem

Failed management

- Shrimp seedling production
(Procurement of parent shrimp)
- Management of shrimp ponds



Measures

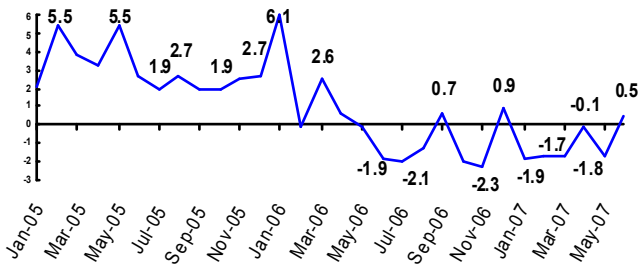
1. Management
2. Human resources
(technology)
3. Facilities

Nissui Indonesia was the main reason for the disparity from the plan this period. Our analysis indicates the presence of management errors on such matters as shrimp seedling production (procurement of parent shrimp) and shrimp pond management. To resolve these problems, we decided to conduct tests to fundamentally change the method of farming. These tests should be complete by next June. Although production during this period will be sacrificed, we are determined to establish a "farming method that is optimal for this region." In addition, we will take action on all areas of management, human resources (technology) and facilities.

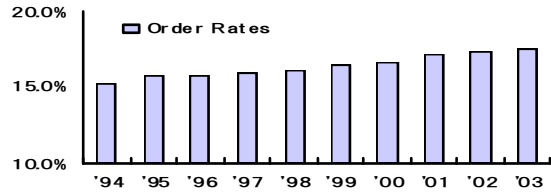
[2] Overview of First Half
 4. King & Prince (1) The Surrounding Environment



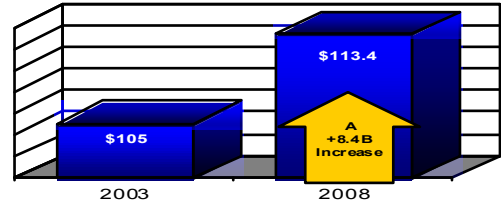
[Changes / year-on-year percentage change in sales of U.S. Casual Dining industry]



[Increases in U.S. sandwich order rates]



[Projections for growth of the U.S. sandwich market]



Source: Technomic, Inc. Top 100, 2004

Drastic changes in the environment surrounding customers

- Switch to inexpensive ingredients from China
- Decrease in the number of customers and average spending per customer as a result of Hurricane Katrina and the soar of crude oil prices → Movement toward inexpensive Chinese products
- Purchases come to a standstill as a result of FDA's warning on seafood imports from China (including shrimp)
- Safety concerns for Chinese products overall

Our analysis of KING & PRINCE's problems led us to believe that the company was unable to respond swiftly enough to rapid changes in the environment that surrounds the company's customers. Against the backdrop of a shrinking U.S. casual dining industry, the company was incessantly plagued over the past two years by customers switching to inexpensive ingredients from China, a standstill in the purchase of Chinese marine product imports as the result of an FDA warning, and safety concerns over Chinese products in general.

[2] Overview of First Half

4. Kings & Prince (2) Internal problems



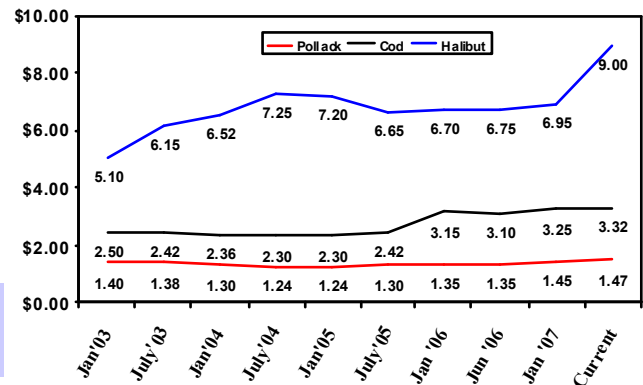
Why did it perform poorly?

- Increased number of items and inefficient production resulting from the integration
- Delayed recovery of customers lost during the confusion following the integration
- Increase in overheads (fish prices, auxiliary materials costs, light and fuel expenses)
- Imbalance in the product composition (income mix)
- Increase in logistics expenses (the east coast and the west coast)

Increase in cost of auxiliary materials (year-on-year change)

- Edible oils Up by 50%
- Bread crumbs / batter Up by 35%

Fluctuations in procured fish prices (US\$/pound)



Movement toward finding a solution

- Reorganization of items
- Reinforcement of R&D structure tailor-made for each major customer
- Mounting a challenge on new growth categories (e.g. the sandwich market)
- Production in Asian Region
- Reinforcement of support from Gorton's – Management, Operation &, Logistics

26

Among the internal problems of KING & PRINCE are an increase in the number of items and inefficient production, resulting from rush business integration, a delay in the recovery of customers, and higher production and distribution costs. In order to solve these problems, the items are being streamlined while the R&D structure is being reinforced to address the needs of each major customer. Furthermore, efforts are being made in connection with inroads to such growing customer categories as the sandwich market, production in the Asian region, and stepped-up support from Gorton's.

[3] Summary of First Half Financial Report
Ended 30 September,2007

[3] Summary of First Half Financial Report

1. Sales & Operating Income by Business (Y-on-Y)



million yen, %		Sales	Operating Income	% increase	Y-on-Y	
					Sales	Operating Income
Total	'07/9	267,785	6,207	2.3%	▲ 13,262	▲ 2,249
	'06/9	281,047	8,456	3.0%	▲ 4.7%	▲ 26.6%
Marine Products	'07/9	115,111	1,730	1.5%	4,619	▲ 537
	'06/9	110,492	2,267	2.1%	4.2%	▲ 23.7%
Foods	'07/9	128,133	1,399	1.1%	▲ 18,900	▲ 1,524
	'06/9	147,033	2,923	2.0%	▲ 12.9%	▲ 52.1%
General Distributions	'07/9	6,295	1,031	16.4%	347	▲ 202
	'06/9	5,948	1,233	20.7%	5.8%	▲ 16.4%
Fine chemicals	'07/9	12,667	3,311	26.1%	440	73
	'06/9	12,227	3,238	26.5%	3.6%	2.3%
Others	'07/9	5,577	129	2.3%	232	103
	'06/9	5,345	26	0.5%	4.3%	396.2%
Elimination or Common	'07/9		▲ 1,394			▲ 161
	'06/9		▲ 1,233			

28

Here is a summary of year-on-year sales and operating income by various business segments. The Foods segment shows a decrease in sales of ¥18,900 million over the previous year. This was due to a change in the way that Kanesho Incorporated, a food wholesaler, was accounted for in the second half of last year. Kanesho, which had formerly been a consolidated subsidiary of Nissui, became a consolidated subsidiary of Kato Sangyo Co., Ltd. In Nissui's books, Kanesho began to be accounted for as a subsidiary on an equity basis. As a result, sales figures were decreased by a half-year's worth of Kanesho's annual sales figure of approximately ¥40 billion, or ¥20 billion.

[3] Summary of First Half Financial Report
2-1. Y-on-Y Comparison of Sales by Segment



(Unit: million yen Upper : Interim2007 Lower : Interim2008 “()”:Y-on-Y)

	Japan	North America	South America	Asia	Europe	Total
Marine Products	92,862 (▲ 2,953)	14,759 (6,831)	4,798 (1,114)	2,691 (1,151)	- (▲ 1,525)	115,111 (4,619)
	95,815	7,928	3,684	1,540	1,525	110,492
Foods	98,792 (▲ 18,441)	29,340 (▲ 286)			- (▲ 174)	128,133 (▲ 18,900)
	117,233	29,626			174	147,033
General Distribution	6,295 (347)					6,295 (347)
	5,948					5,948
Fine Chemicals	12,667 (440)					12,667 (440)
	12,227					12,227
Other	5,577 (232)					5,577 (232)
	5,345					5,345
Total	216,195 (▲ 20,373)	44,100 (6,546)	4,798 (1,114)	2,691 (1,151)	- (▲ 1,699)	267,785 (▲ 13,262)
	236,568	37,554	3,684	1,540	1,699	281,047

29

This is a summary of segment-by-segment sales as compared with the results from a year earlier. The impact of Kanesho's change, which I explained earlier, is also evidenced here in the Japanese Foods business segment.

[3] Summary of First Half Financial Report 2-2. Y-on-Y Comparison of Operating Income by Segment



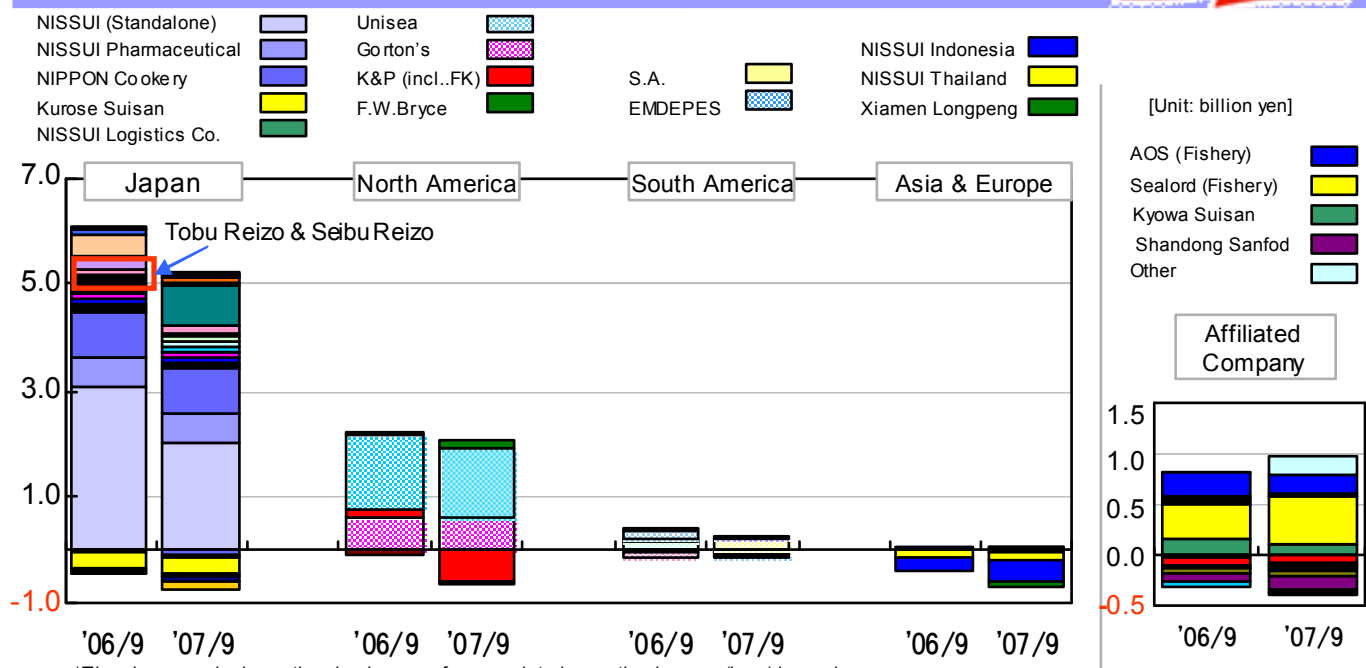
(Unit: million yen Upper: Interim2007 Lower: Interim2008 ("):Y-on-Y)

	Japan	North America	South America	Asia	Europe	Elimination or Common	Total
Marine Products	314 (▲ 73)	1,426 (▲ 371)	638 (199)	▲ 586 (▲ 212)	▲ 62 (▲ 80)		1,730 (▲ 537)
	387	1,797	439	▲ 374	18		2,267
Foods	1,411 (▲ 652)	▲ 11 (▲ 878)			- (7)		1,399 (▲ 1,524)
	2,063	867			▲ 7		2,923
General Distribution	1,031 (▲ 202)						1,031 (▲ 202)
	1,233						1,233
Fine Chemicals	3,311 (73)						3,311 (73)
	3,238						3,238
Other	129 (103)						129 (103)
	26						26
Elimination or Common						▲ 1,394 (▲ 161)	▲ 1,394 (▲ 161)
						▲ 1,233	▲ 1,233
Total	6,197 (▲ 751)	1,414 (▲ 1,250)	638 (199)	▲ 538 (▲ 212)	▲ 62 (▲ 73)	▲ 1,394 (▲ 161)	6,207 (▲ 2,249)
	6,948	2,664	439	▲ 374	11	▲ 1,233	8,456 30

Comparison of segment-by-segment operating income over the preceding year is summarized in this slide. It shows numerous negative symbols. The results were very disappointing.

[3] Summary of 1st Half Financial Report

3. Y-on-Y Comparison of Operating Income by Geographic Segment & Group Company



*The above graph shows the simple sum of accumulated operation income (loss) by each company.
 *Elimination or Common is included in NISSUI (Standalone).
 *Figures of "Affiliated Company" on right-hand side show financial income (loss) by equity method.

The graph presents a summary comparison of operating income by region and by company on a year-on-year basis. In Japan, Nissui Logistics Corporation, which was established through a merger of Tobu Reizo and Seibu Reizo, achieved rapid growth. On a stand-alone basis, however, Nissui posted a decrease from a year earlier levels. In North America, KING & PRINCE suffered loss and in Asia & Europe, Nissui Indonesia also posted loss.



■ Breakdown

Million Yen	2006 Interim	2007 Interim	Y-on-Y
Sales Comissions	11,640	11,682	42
Shipment and Delivery Expenses	12,105	11,654	▲ 451
Advertisement Expenses	1,651	1,841	190
Labor Expenses	11,800	11,923	123
Depreciation & Amortization	2,082	1,911	▲ 171
Sub total	39,278	39,011	▲ 267
Ratio to Sales Turnover	13.9%	14.5%	0.6%

Selling, general and administrative expenses (on a consolidated basis) amounted to ¥39,011 million, a ¥267 million decrease from the same period a year earlier. The ¥451 million decrease in the shipment and delivery expenses is attributed to the removal of Kanesho from the consolidated statements.

[3] Summary of First Half Financial Report
5. Balance sheet (Consolidated)



2007 Interim (Unit : Billion ¥)

Total Assets ¥425.7B (Y-on-Y Up ¥21.1)

Current Assets 190.9 (Up 10.7 ↑)	Liabilities 296.4 (Up 91 ↑)
	Incl. Loan Debt 198.1 (Up 16.3 ↑)
Fixed Assets 234.8 (Up 10.4 ↑)	Net Assets 129.3 Incl. total shareholders' equity 114.0 (Up 12.0 ↑)
	Incl. Minority Interests 15.2

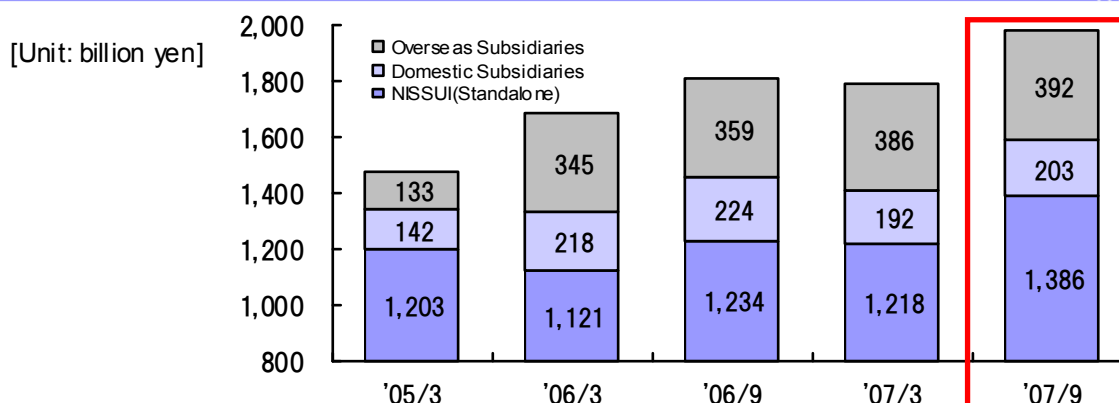
Main Factors of increase/decrease			
Current Assets	Up 10.7 ↑	Cash & Deposit	Up 3.7 ↑
		Notes & A/C receivables	Down 6.7 ↓
		Inventories	Up 8.8 ↑
Fixed Assets	Up 10.4 ↑	Tangible Fixed Assets	Up 4.5 ↑
		Intangible Fixed Assets	Up 0.5 ↑
		Investments etc	Up 5.3 ↑
Liabilities	Up 9.1 ↑	Notes & A/C payables	Down 8.5 ↓
		Loan debt	Up 16.4 ↑
		Other A/C payables etc	Up 1.2 ↑
Net Assets	Up 12.0 ↑	Retained earnings	Up 5.6 ↑
		Unrealized profit & loss on securities	Up 6.4 ↑

*Y-on-Y comparison in Net Assets includes minority interests.

*Increase of current assets reflects the effect of 30 September being a non-business day.

The balance sheet for the interim period is summarized here. Total assets grew ¥21.1 billion from a year earlier levels to ¥425.7 billion. Inventories also increased by ¥8.8 billion.

[3] Summary of First Half Financial Report
6. Trend of loan debts and financial interest payments (Consolidated)



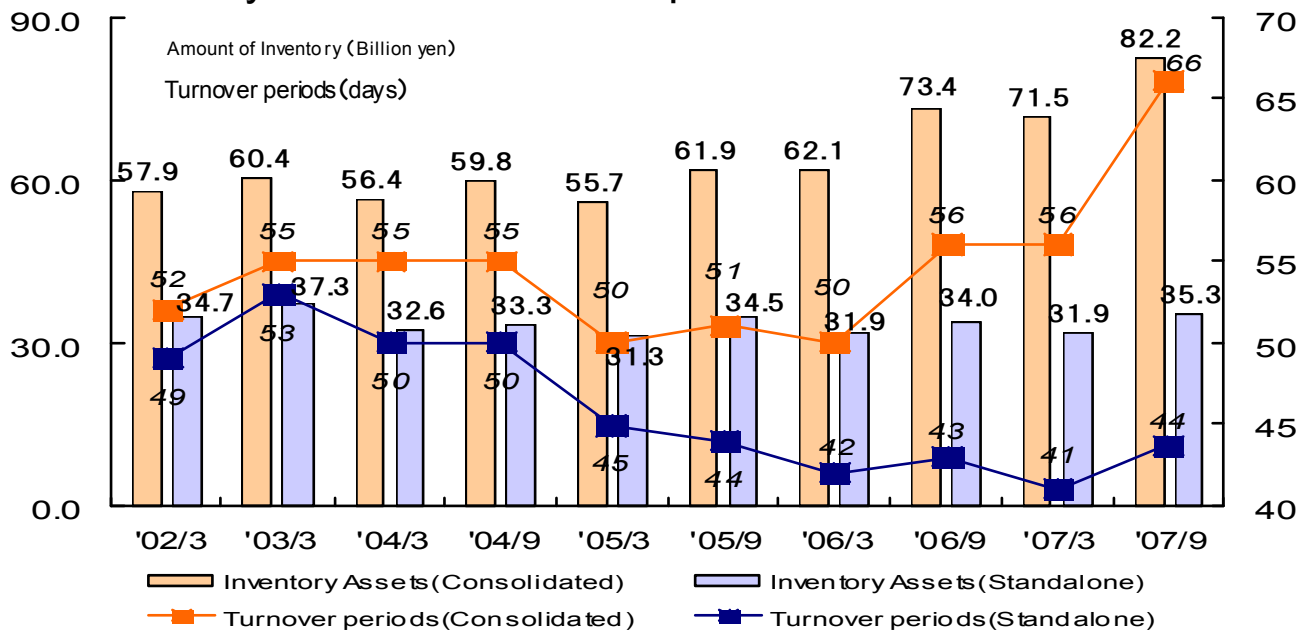
	'05/3	'06/3	'06/9	'07/3	'07/9
Total loan debt	147.8	168.4	181.7	179.6	198.1
Short-term	80.3	103.8	106.2	104.4	124.5
Incl. long-term loan due within one year	▲ 10.3	▲ 21.6	▲ 15.8	▲ 18.5	▲ 22.8
Long-term	67.4	64.6	75.5	75.2	73.6
Net interest payment	16.2	2.0	1.4	3.0	1.7
Interest expense	2.8	3.4	2.1	4.6	2.5
Interest income	0.5	0.6	0.4	0.8	0.3
Dividend income	0.6	0.8	0.4	0.9	0.5

34

Loan debts during the interim period totaled ¥198.1 billion. Although investments continued, their returns slowed, boosting loans to higher levels as a result. The key to improving the situation, we believe, is to swiftly restore profitability.



Inventory Assets & Turnover periods



*Turnover periods= Average Inventory Assets/Cost of Sales×365 days (183 days adopted for Interim) 35

Regarding inventories, the inventory turnover period on a consolidated basis increased by 10 days in the previous period, to 66 days in the current period. Of this increase, six days are attributed to the removal of Kanesho from consolidated statements. In addition, other individual companies increased their inventories by five days. Nissui, Gorton's, K&P, and FW. Bryce intentionally raised their inventory levels in anticipation of raw material price increases. In that regard, it should be noted that inventories did not grow in the total absence of managerial controls. Moreover, the currently-held inventories do not include any defective or deteriorated goods. Within Japan, we created the supply chain management department. The department has been achieving rising levels of functioning. We believe that more efficient controls will be possible as its precision levels increase. Furthermore, we plan to launch a new mechanism of global inventory controls next January.

[3] Summary of First Half Financial Report
8. Cash Flow & Financial indices (Consolidated)



million yen	06 Interim	07 Interim	Y-on-Y	Main Factors
CF in Operating activities	▲ 626	▲ 4,653	▲ 4,027	Income before Income Tax 3,460 Depreciation & Amortization 7,129 Increase of working capital ▲ 12,762 Payment of Income Tax, etc. ▲ 1,898
CF in Investment activities	▲ 13,825	▲ 8,647	5,177	Purchase of PPE ▲ 7,173 Acquisition of Investment securities ▲ 1,100
CF by Financing activities	13,340	14,676	1,336	Increase of loan debt 14,379
Balance of Cash & Cash Equivalents	10,172	14,584	4,412	

	04 yearly	05 yearly	06 Interim	06 yearly	07 Interim
Ratio of Shareholders' Equity	26.7	27.5	25.2	27.7	26.8
Ratio of Shareholders' Equity on a market value basis	30.3	38.6	44.4	52.7	39.4
Interest bearing debt / CF Ratio	6.5	10.0	-	10.7	-
Interest Coverage Ratio	8.8	5.0	-	3.8	-

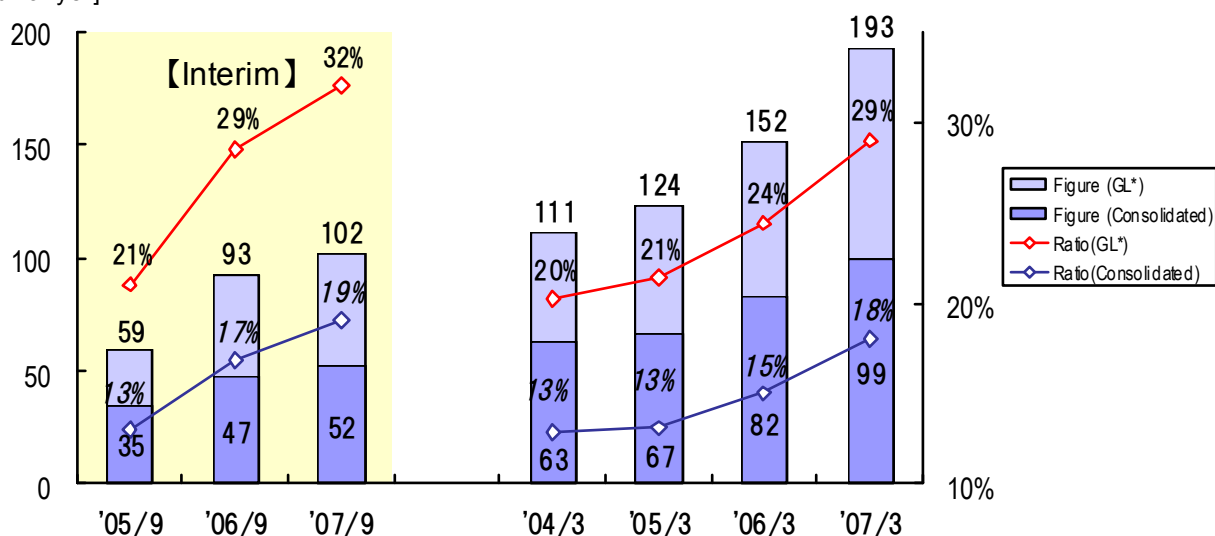
36

Cash flow from operating activities was negative ¥4,653 million. Cash flow from investment activities was negative ¥8,647 million. Cash flow from financing activities amounted to ¥14,676 million. The outstanding balance of cash and cash equivalents as of the end of the interim period was ¥14,584 million. These results were not satisfactory and we are resolved to boost profits.



■ Overseas Sales – billion yen and % (Consolidated + “Global Links”)

[unit: billion yen]



*GL includes Global Links companies (equity method affiliates and partners).

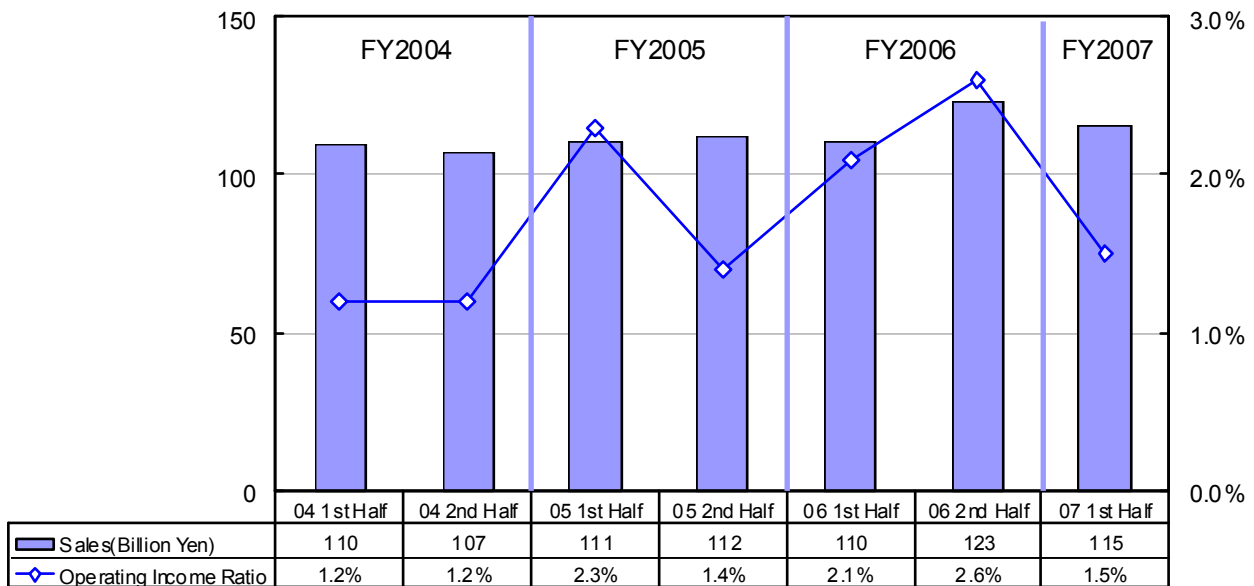
*Figures of GL shows figures without consideration of elimination.

The ratio of overseas sales (consolidated + Global Links) during the current interim period rose 3 points from the preceding interim period, to 32%. The sales are growing at a sound pace, meeting projections.

[4] Overview of Marine Products Business

[4] Overview of Marine Products Business

1. Trend of Sales and operating income ratio (Consolidated)



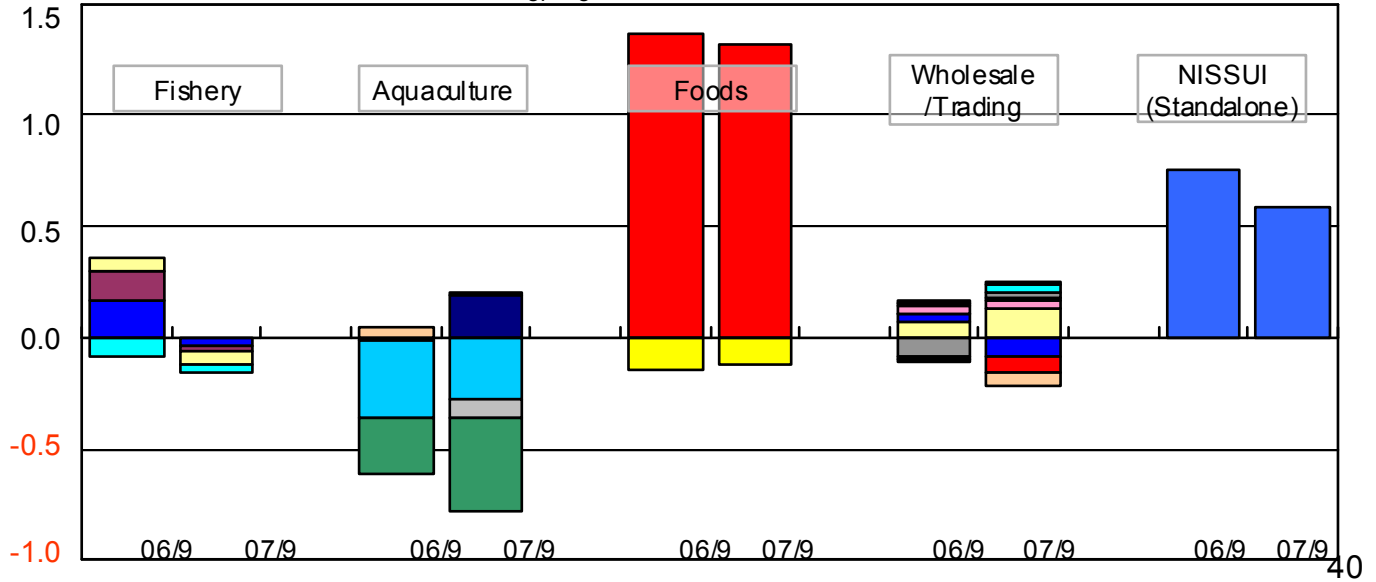
Sales and operating income ratios in the marine products business (on a consolidated basis) over the years are shown here. During the current interim period, sales were ¥115.1 billion and the operating income ratio was 1.5%.

[4] Overview of Marine Products Business



2. Operating Income by group company on integrated business process

- | | | | |
|------------|------------------|-----------------|----------------|
| EMDEPES | S.A | UNISEA | F.W.BRYCE |
| BERING SEA | Kurose Suisan | NISSUI THAILAND | NAL |
| PESPASA | Nakatani Suisan | YTC | Yamatsu Suisan |
| PESANTAR | NISSUI INDONESIA | NISSUI S'PORE | |
| | Xiamen Longpeng | | |



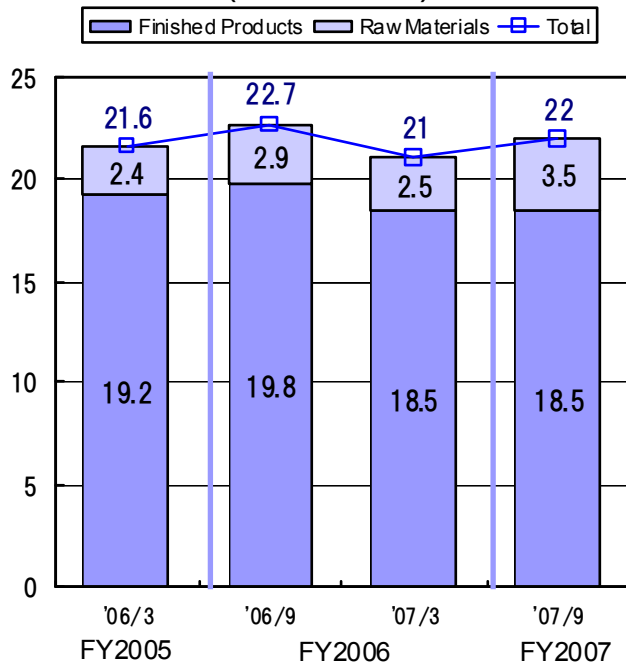
Let me explain some major points of the marine products business on a function by function basis.

In the fishery segment, the performance weakened from the preceding year. However, we do not have any special concerns for EMDEPES as the company's operations are seasonal and its profits are generated in the second half of the year. Regarding PESANTAR of Argentine, there are worries of country risks about Argentine itself. In the aquaculture segment, Nissui Indonesia posted these bleak results.

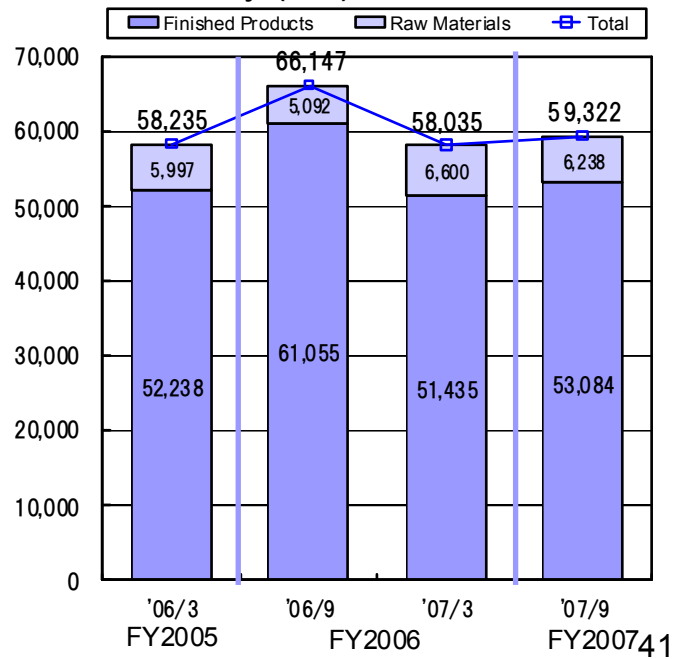
[4] Overview of Marine Products Business
 3. Inventory (Standalone)



【Amount (Billion Yen)】



【Quantity (MT)】



Inventory value and volume have changed over the years as shown here.

[4] Overview of Marine Products Business

4. Breakdown of Sales by Frozen fish and Fish Oil & Meal



	2007 Interim			Y-on-Y			
	MT	M Yen	Sales Price	MT	M Yen	Sales Price	Purchase Price
Frozen Fish	60,888	46,888	770	▲ 663 ▲ 1.1 %	▲ 47 ▲ 0.1 %	1.0 %	9.4%
<Major Fish>							
Salmon&Trout	22,015	15,615	709	415	954	4.5 %	6.9%
SURIMI	15,755	4,632	294	▲ 5,114	▲ 1,625	▲ 1.9 %	2.5%
Prawn	6,001	5,978	996	▲ 524	301	3.5 %	0.8%
Pollack Roe	4,372	6,525	1,492	▲ 320	▲ 461	0.2 %	5.0%
Crab	1,970	3,171	1,610	▲ 255	▲ 353	16.1 %	13.8%
Tuna	4,094	2,628	642	383	▲ 358	▲ 20.2 %	▲13.0%
Eel	302	529	1,750	214	342	▲ 18.0 %	▲1.5%
Fish Oil & Meal	64,633	8,983	139	1,331 2.1 %	1,275 16.5 %	14.1 %	0.0%

Unit: MT, million yen, yen/KG

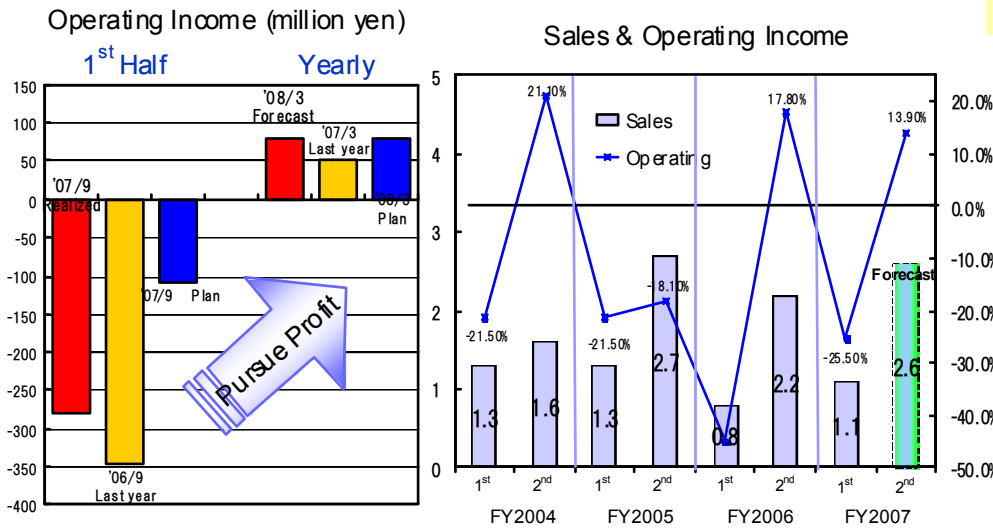
42

What I would like you to pay close attention to in this slide is the difference between the rate of increase of the unit purchase price and the rate of increase of the unit sales price.

If you would please look at salmon and trout, the rate of increase/decrease of the unit purchase price was 6.9% while the rate of increase/decrease of the unit sales price was 4.5%. Even though we did not incur loss, profits were compressed by 2.4%. Looking at prawns in the same manner, the rate of increase/decrease of the unit purchase price was 0.8% while the rate of increase/decrease of the unit sales price was 3.5%, creating a positive difference. However, the situation was reversed for crab and frozen tuna. In general, we made purchases in line with international prices (or a rise in unit purchase prices) but domestic sales prices failed to keep pace with such increases.

Yearly forecast according to business plan

Establishment of Integrated Production System for export to EU



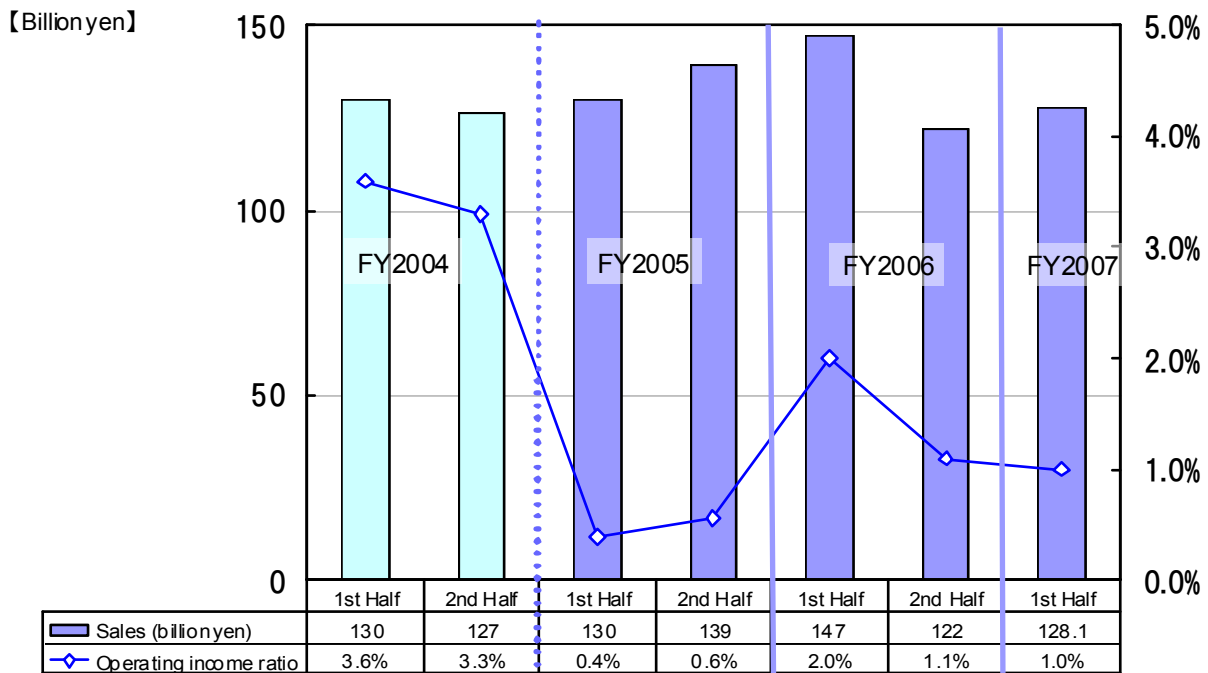
Published on 9 Nov., 2007

Kurose Suisan is still in the process of improving its performance. There is a problem of the selling price not having increased, partly because of a bumper catch of wild yellowtail in Japan. However, the company has been working for the last two and a half years to acquire HACCP that can be exported to EU in an effort to pull out of the current stagnancy. Its goal is to produce internationally-acceptable yellowtail and sell approximately 20% of its production in mostly European markets, as well as other international markets.

[5] Overview of Foods Business

[5] Overview of Foods Business

1. Trend of Sales and operating income ratio (Consolidated)

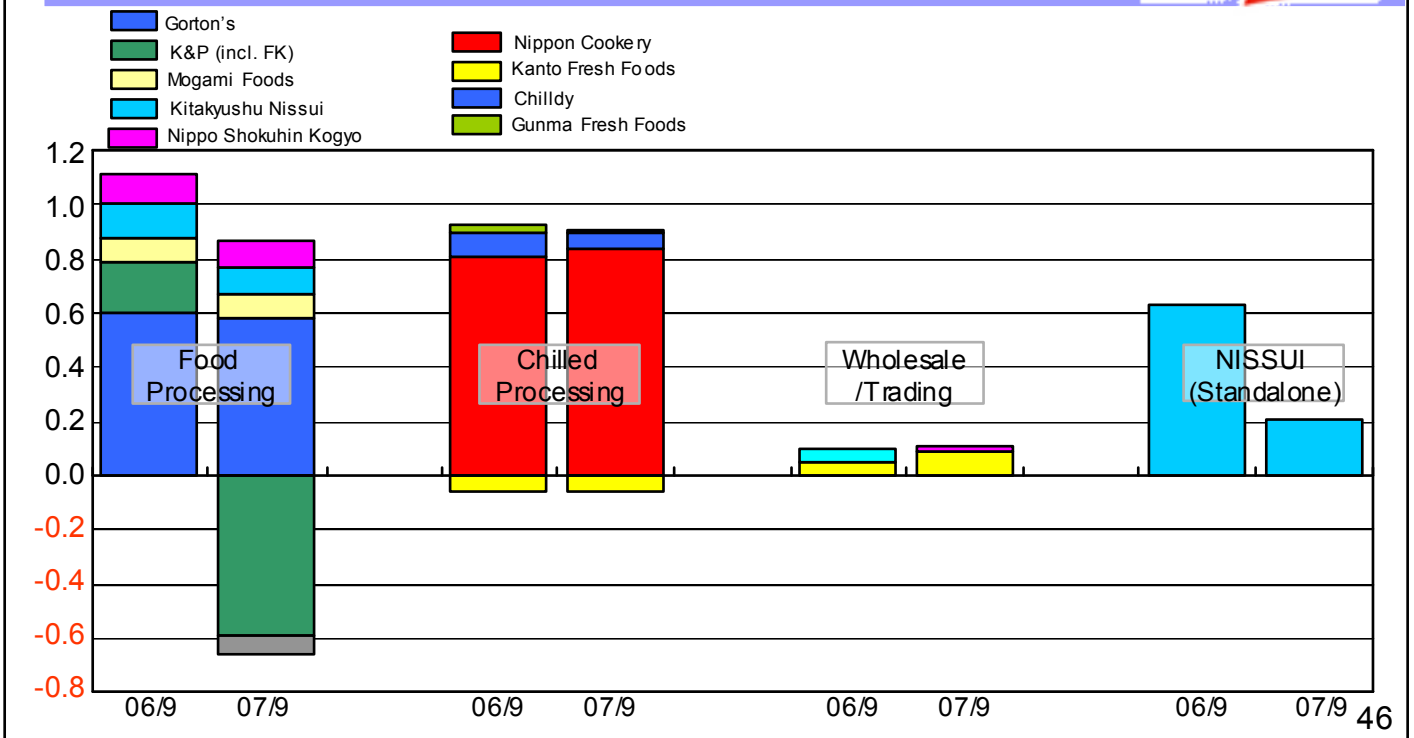


*FY2004 includes Fine chemicals. From FY2005, Fine Chemicals has been excluded.

In the foods business, sales were ¥128.1 billion and the operating income ratio was 1.0% in the current interim period.

[5] Overview of Foods Business

2. Operating Income by group company on integrated business process



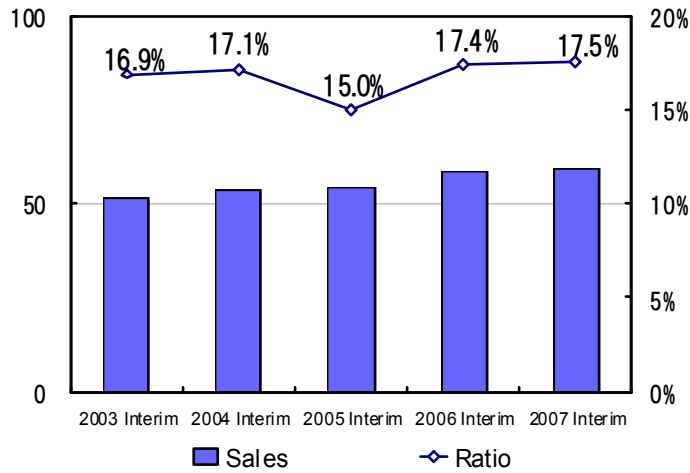
Let me go over some major points.

In the food processing business, K&P posted loss. On a stand-alone basis, Nissui's operating income declined from the preceding year. During the current interim period, cost increases were not substantial as we had adequate inventories of ingredients. Nevertheless, the results were quite unimpressive. This is an indication that all was not necessarily well with our business management. However, there was also the harsh reality of the business environment that hampered the entire food industry.

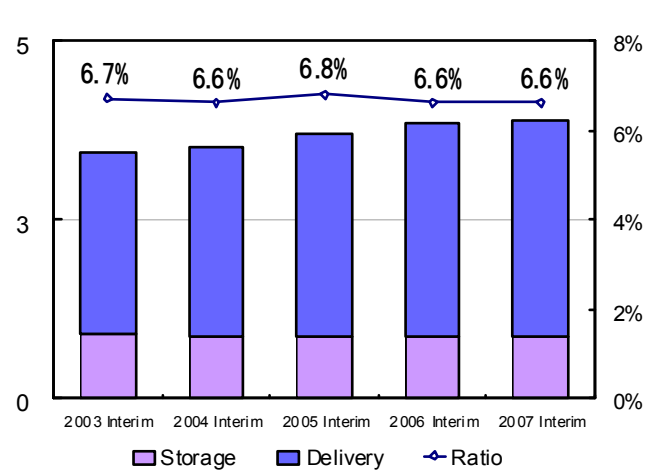


■ Ratio of Selling Expenses and Storage & Delivery expenses in Foods business (NISSUI Standalone)

【Selling Expenses】



【Storage & Delivery Expenses】



*Total of frozen foods, dry grocery foods, SURIMI based products, fish ham and sausages

*Selling expenses includes sales commission, price difference compensation, sales promotion expenses etc.

In the foods business of Nissui on a stand-alone basis, no substantial changes occurred in the selling expenses or storage & delivery expenses during the current interim period.



■ Summary by Foods Business category

2007 Interim	MT(case)	Million yen	Y-on-Y ratio
Frozen Prepared Food	49,294	31,751	1.3%
For household use	25,233	19,150	0.3%
For commercial use	24,061	12,602	2.9%
Agricultural Frozen Food	10,780	3,676	▲ 9.4%
Surimi Products, Ham and Sausages	27,514	15,106	4.4%
Shelf-stable Foods	(1,233)	7,858	2.7%

*Quantity unit for Shelf-stable Foods is the number of case sold.

■ Sales percentage of new product line up in Household Frozen Prepared Food

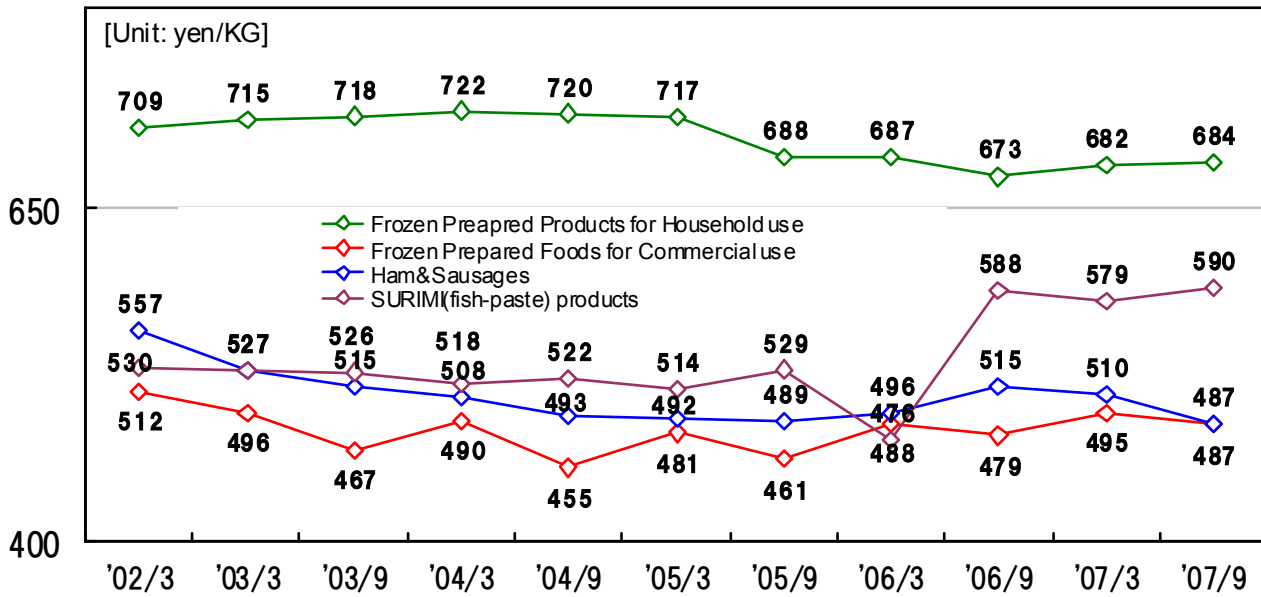
	percentage
2007 Interim	8%
2006 Interim	15%

48

The food business on a stand alone basis is summarized here.

While the entire industry suffered various influences, frozen prepared food grew at a slower pace than in the past. Agricultural frozen food sales decreased from the preceding year.

[5] Overview of Foods Business
5. Sales price



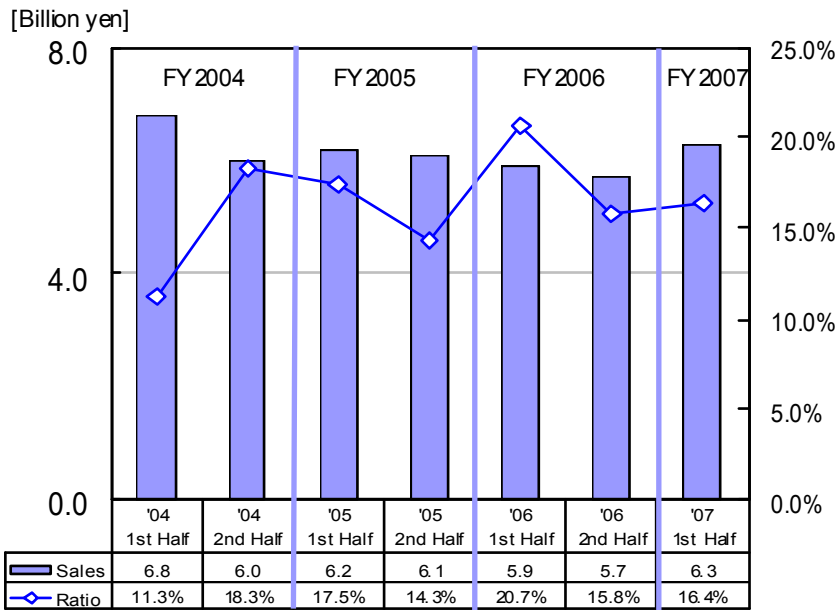
The graph shows changes in the unit prices of foods in Japan.

The unit price of frozen prepared foods for household use has begun to rise modestly while that of SURIMI (fish-paste) products has been on a rising trend, thanks to the negotiations for price hikes. In contrast, unit price increases have yet to be achieved with respect to frozen prepared foods for commercial use, and ham & sausages.

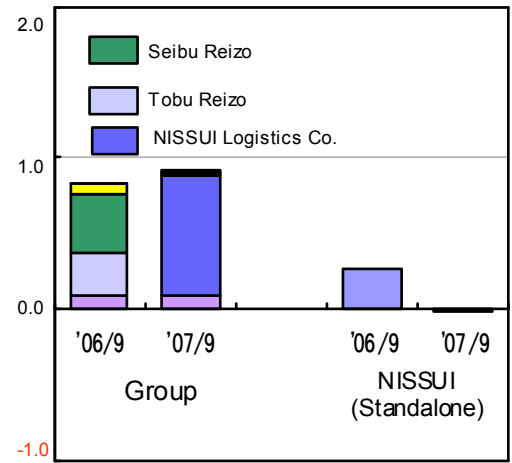
[6] Overview of General Distribution & Fine Chemicals Business



【Sales and Operating Income Ratio】



【 Operating Income by group company
on integrated business process (Y-on-Y) 】



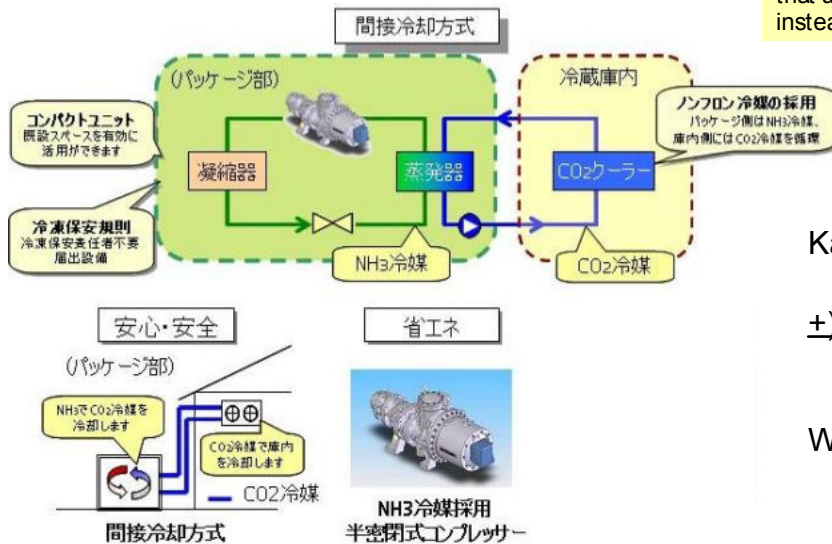
*Seibu Reizo and Tobu Reizo were integrated into NISSUI Logistics Co.

In the general distribution business, Nissui Logistics Corporation was launched on April 1, 2007. The company enjoyed a smooth start and is of a substantial size, ranking fifth largest in the industry.

日水物流株式会社

Enlargement of Kawasaki Logistics Center (will start operation from April 2008)

An environment-friendly refrigeration that uses ammonia and CO2 (natural refrigerants) instead of chlorofluorocarbon



Kawasaki LC
Current :31,200 MT
+) Enlarged:14,000 MT
Total 45,200 MT

Will start operation from April 2008

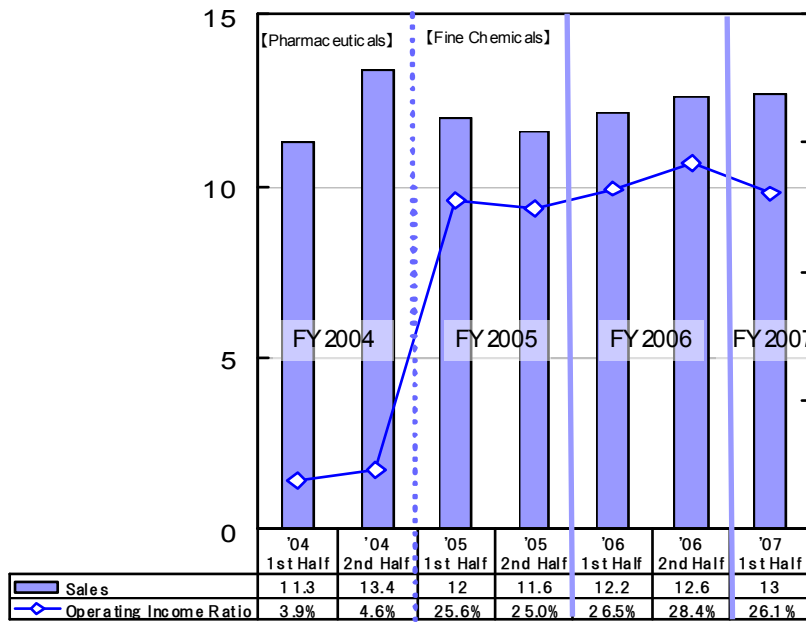
Dilapidation of aged refrigerated warehouses has become a serious problem in Japan. (Their average age is approximately 30 years.) Incentives for constructing new warehouses are weak, due to problems associated with chlorofluorocarbon, concerns over future environmental impact, soaring of property price in Tokyo and low profitability of refrigerated warehouses as the result of excessive competition that has plagued the industry for many years and suppressed fees.

In spite of such an environment, Nissui plans to take on the challenge of running new refrigerated warehouses. Currently, 14,000-ton capacity is being added to Kawasaki Logistics Center. The first of a newly-developed cooler that does not use chlorofluorocarbon will be installed there, allowing Nissui to be the first in the industry to have such a cooler. Joint distribution in the frozen food industry, which we earlier explained to you about, has been initiated in Shikoku (and involves three companies, consisting of Ajinomoto, Nichirei and Nissui). The second round will be launched next January in Kyushu with the participation of two companies. Such joint distribution aims to reduce carbon dioxide generation and qualifies for subsidies from NEDO (an extra-governmental organization of Ministry of Economic, Trade and Industry). Refrigerated warehouses constitute an important component of infrastructure that ensures food safety. We will therefore continue to work on improving their quality. We are confident that such efforts will lead to improvement in profitability of the refrigerated warehouse business.

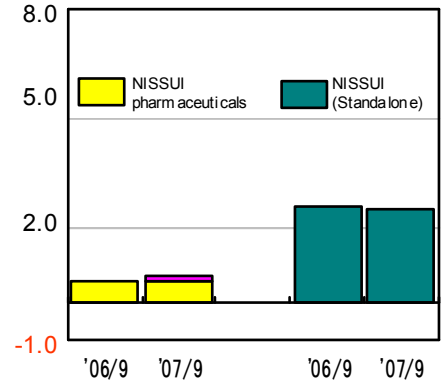
[6] Fine Chemicals Business
1. Sales & Operating Income Ratio



[billion yen] 【Sales & Operating Income Ratio】



【 Operating Income by group company on integrated business process (Y-on-Y) 】



*The figures up to 2004 show purely pharmaceutical business, which excludes Fine Chemicals business.

The fine chemicals business posted ¥12.7 billion in sales and the operating income ratio of 26.1% for the current interim period.

[6] Fine Chemicals Business
 2. Enhancement of Fine Chemicals Business



- Creating new value through the merger with Kyowa Technos Co., Ltd. and the New Kashima Plant

[Products to be manufactured at the Kashima Plant]

Functional oils	Fish cholesterol
	EPA, DHA, etc.
	Fish oils in ethyl ester form (pharmaceutical materials)
Chitin/chitosan	Oligosaccharides derived from Chitin/chitosan
	HPGHS (Chitosan derivative)
	Acetyl glucosamine
	Chitosan
	Fish collagen
Others	Refined Orange Roughy Oil
	Refined oleic alcohol

[Fine Chemicals: Completed image figure of the Kashima Plant]



54

The second phase construction of Kashima Plant has experienced delays, due to construction verifications and fire department inspections. However, the fine chemicals business has been growing at a sound pace. What I would especially like to draw your attention to in this table is the fact that the products that will be manufactured at the new Kashima Plant will include not only EPA and DHA but also such items as fish cholesterol, oligosaccharides derived from chitin/chitosan, chitosan derivative HPGHS, fish collagen and refined orange roughy oil. In the fine chemicals business, too, we will tackle the challenges posed by the new era with a resolution.

[7] Forecast for FY2007 ended 31 Mar.,2008

Our plans are to execute individual measures steadily while confirming situations at each site and complete a reform that is sustainable.

Our immediate tasks are clear. They are to “complete the price revision,” to get the operation of K&P and Nissui Indonesia on track,” and to “make Shandong Sanfod Nissui Ltd. the manufacturing base of the Group.”

DOSA and Cite Marine, which newly became consolidated subsidiaries of Nissui, will make positive contributions. However, their impact on the results of the second half of the year will be very minor. Their full effects will not be seen until the next fiscal year.

We have also made a decision to create a new post of Global Marketing Director at Nissui’s headquarters so as to amplify the results of collaboration among Global Links. With this move, which will take effect next January, we will set our foot in a new marketing territory. We believe that this will help us accelerate our globalization efforts and even out management risks for the entire group.

[7] Forecast for FY2007 ended 31 Mar.,2008



1. Summary

Unit: billion yen,%

【Consolidated】	FY2006(Realized)	% of Sales	FY2007(Forecast)	% of Sales	Y-on-Y	
Sales	553	100.0%	535	100.0%	▲ 18	▲ 3.2%
Operating Income	17	3.0%	13	2.4%	▲ 4	▲ 21.2%
Ordinary Income	16	2.9%	12	2.1%	▲ 5	▲ 28.1%
Net Income	9	1.7%	12	2.2%	3	29.0%

【Standalone】	FY2006(Realized)	% of Sales	FY2007 (Forecast)	% of Sales	Y-on-Y	
Sales	3,436	100.0%	3,440	100.0%	3	0.1%
Operating Income	61	1.8%	50	1.5%	▲ 11	▲ 18.0%
Ordinary Income	82	2.4%	66	1.9%	▲ 16	▲ 19.5%
Net Income	49	1.4%	115	3.3%	66	134.7%

*There is no change from the revised performance forecast announced on 24Oct,2007

56

With respect to cost increases in the second half of the year, we project a cost increase of between ¥500 million and ¥600 million in the food business. At the same time, we project that a price revision that we have requested will result in the generation of approximately ¥600 million. The two will therefore roughly offset each other. Sales of Nissui on a stand-alone basis that will be exposed to foreign exchange risks amount to roughly \$300 million in the second half of the year. Not the full amount of foreign exchange gains that result from yen's appreciation will be ours. However, part of the gains will help Nissui. Conservatively estimating these gains, we have built this plan.

[7] Forecast for FY2007 ended 31 Mar.,2008

1. Summary



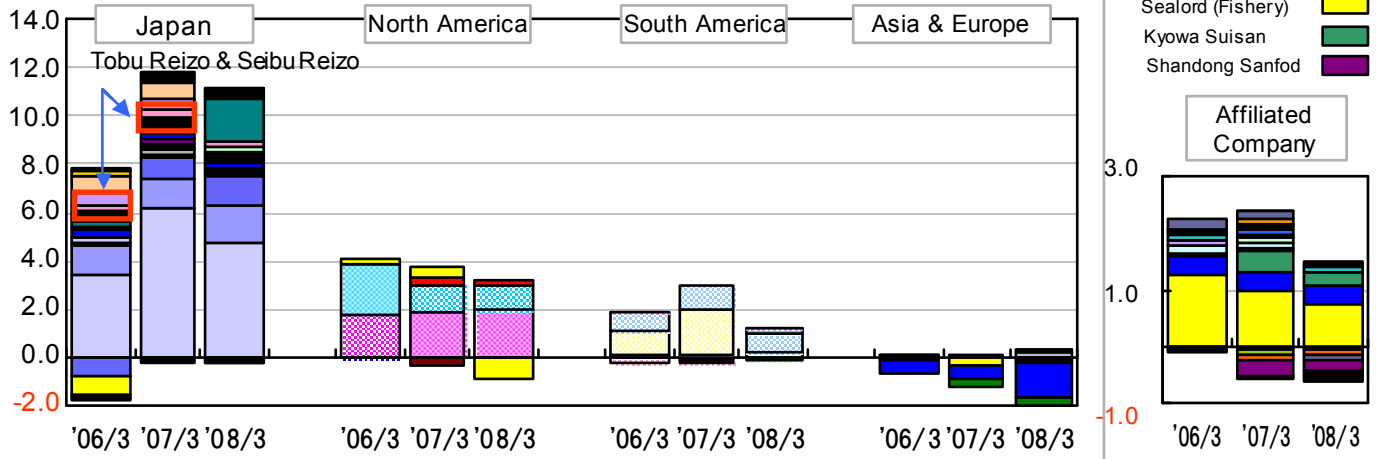
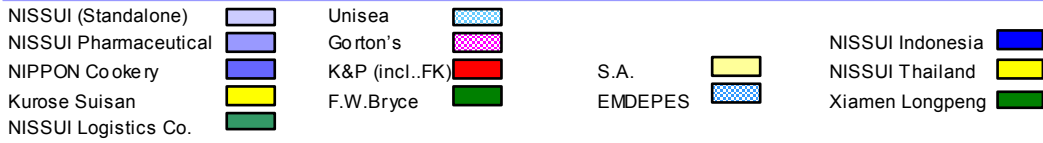
Billion yen, %		Sales	Operating Income	Ratio	Y-on-Y	
					Sales	Operating Income
Total	'08/3	5,350	130	2.4%	▲ 178	▲ 35
	'07/3	5,528	165	3.0%	▲ 3.2%	▲ 21.2%
Marine Products	'08/3	2,290	32	1.4%	▲ 45	▲ 22
	'07/3	2,335	54	2.3%	▲ 1.9%	▲ 40.7%
Foods	'08/3	2,520	39	1.5%	▲ 170	▲ 4
	'07/3	2,690	43	1.6%	▲ 6.3%	▲ 9.3%
General Distribution	'08/3	129	21	16.3%	13	▲ 0
	'07/3	116	21	18.3%	11.2%	▲ 0.0%
Fine Chemicals	'08/3	266	66	24.8%	18	▲ 2
	'07/3	248	68	27.5%	7.3%	▲ 2.9%
Other	'08/3	145	4	2.8%	9	3
	'07/3	136	1	0.9%	6.6%	300.0%
(Elimination or Common)	'08/3		▲ 32			▲ 9
	'07/3		▲ 23			

57

The table shows the forecast of sales and operating income on a business segment by business segment basis.

[7] Forecast for FY2007 ended 31 Mar, 2008

2.Y-on-Y Comparison of Operating Income by Geographic Segment & Group Company



*The above graph shows simple sum of accumulated operation income (loss) by each company.

*Elimination or Common is included in NISSUI (Standalone).

*Figures for "Affiliated Company" on right-hand side show financial income (loss) by equity method.

Focusing on Japan, we project that the results of Nissui on a stand-alone basis will be better than the year before last but weaker than last year. We do not think that Japan as a whole will post negative figures of the magnitude that would invite concerns. In North America, K&P is expected to post loss. In South America, a delay in the recovery of S.A. is anticipated. In Asia and Europe, Nissui Indonesia is forecast to post loss.



- The following interim dividend was decided through the resolution of the Board of Directors Meeting held on 13 November, 2007:

Interim dividend per share for the FY ending March 31, 2008: ¥5.00
(Interim dividend for the previous fiscal year was ¥4.00)

- Year-end dividend per share (forecast) for the FY ending 31 March, 2008: ¥5.00 (Year end dividend for the previous fiscal year was ¥5.00)

A resolution was reached at the Board of Directors' meeting, held on November 13, 2007, to pay an interim dividend of ¥5.00 per share. (The dividend was ¥4.00 per share last year.) We project a dividend payment of ¥5.00 per share for the period ending March 2008. (The dividend was ¥5.00 per share last year.)



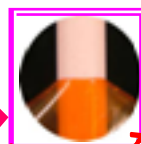
フィルムがはがれやすくなりました

The majority of customer dissatisfaction with the traditional sausage centered on the film surrounding the sausage and the aluminum fastener.

- Hard to open
- Hard to tear apart
- Hard to separate when disposing

分別いらずのエコクリップ

Easier to dispose



easy to peel



Conventional fish sausages



New Product

Fish Sausage

- Main ingredient is white fish
- Does not contain egg
- 1 sausage provides calcium equivalent to a 300ml glass of milk

We are very encouraged to find new vigor in the food business. What provide the vigor is our new product "Eco-clip Fish Sausage," which is shown here. We did away with a metal clip that had been used with fish sausages and replaced it with an Eco-clip. Eco-clips do not require sorting for garbage disposal. Consumers are pleased with the new product for its ease of use and the mild taste of the sausage.

True Global Links



61

We are resolved to make a concerted effort to achieve our plan. We would like to ask for your continued support. Thank you very much for listening.