ANNUAL REPORT 2007

Year ended March 31, 2007

Toyo Suisan Kaisha, Ltd.

Since its debut in 1962, the *Maruchan* mark has become widely recognized and loved as the symbol for Toyo Suisan's processed foods among every Japanese age group ranging from small children to the elderly. In 1972, Toyo Suisan established a local subsidiary in the United States and began manufacturing and selling products for North America. In 1977, Toyo Suisan initiated production and sales of instant noodles in China. Accordingly, products featuring the *Maruchan* label are highly acclaimed for their flavor both domestically and overseas.

CORPORATE PROFILE

Toyo Suisan Kaisha, Ltd. ("the Company") was established in 1953 as an exporter, domestic buyer and distributor of marine products. The Company entered the cold-storage business in 1955 and began producing and selling such processed marine food products as fish sausage in 1956. Toyo Suisan and its consolidated subsidiaries ("the Group") subsequently expanded operations into such other business fields as instant noodles, fresh noodles and frozen foods. At present, besides consumer foods for home use, we also provide a diverse range of delicious, easy-preparation food products for the commercial food service industry, including restaurants, specialty stores and industrial food service.

Based on Toyo Suisan's corporate stance of "striving to deliver the most wholesome bounty of the earth to the dining table," the Company is undertaking efforts to ensure careful selection of only the choicest foods and to create products that preserve the flavor of ingredients. We are also striving to build an optimally functional logistics system, achieve consistent quality and sanitation controls and undertake R&D efforts to develop new flavors in response to next-generation needs.

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In this annual report, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ materially from those anticipated in these statements.

TO OUR SHAREHOLDERS

I would like to begin by expressing my sincere appreciation for our shareholders' continued support. It is our great pleasure to report on the business results for Toyo Suisan Kaisha, Ltd. for fiscal year 2007 ended March 31, 2007.

In a severe operating environment, the Toyo Suisan Group will seek to enhance its competitiveness for continued development and to carry out swift reform. We will also strive to win the support and trust of our customers, to improve corporate value and to boost shareholder value.

Operating results for the year through March 2007

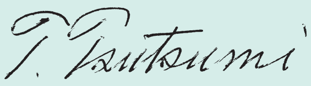
In the consolidated fiscal year under review, the Japanese economy recovered moderately, with an increase in capital investment and an improvement in the employment and income environment against a background of improved corporate earnings. However, uncertainty about future business trends persists because of inflationary pressures on oil prices, a slowdown in the rise in personal spending and other factors. In the United States, the unemployment rate remained stable at a low level, and the economy remained firm centered on the household sector, backed by favorable employment and income conditions.

In the food industry, competition among companies is intensifying as a result of the shrinking market due to the falling birth rate and aging population, and difficult conditions continue. Companies in the industry face increased requirements to enhance quality control and fulfill their corporate social responsibility, including the handling of environmental issues.

In this environment, the Company has been striving to acquire certification of ISO and to use it actively, with the aim of "contributing to society through foodstuffs" and "providing customers with safe and secure foods and services." The Company has also promoted restructuring of the Group's production and distribution systems, and cost reduction and active sales activities.

As a consequence, consolidated net sales were ¥321,356 million in the term under review, down 1.3% year-on-year. Consolidated operating income was ¥19,570 million, a decline of 1.8%, and ordinary income was ¥21,546 million, an increase of 1.9%. Consolidated net income was ¥6,176 million, down 55.3% on factors including the recording in extraordinary losses of a goodwill impairment loss that occurred when the consolidated subsidiary Tago Seihyo Kaisha, Ltd. was made a wholly owned subsidiary through share exchange.

June 2007



Tadasu Tsutsumi
President

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES

Consolidated Financial Highlights

Years ended March 31, 2006 and 2007

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
For the year:			
Net sales	¥325,680	¥321,357	$2,721,289
Operating income	19,936	19,571	165,730
Net income	13,814	6,177	52,308
At year-end:			
Total assets	¥223,306	¥219,853	$1,861,741
Total net assets	147,638	147,501	1,249,056
Per share of common stock: (in yen and U.S. dollars)			
Net income	¥ 127.7	¥ 59.1	$ 0.50
Cash dividends	20.0	20.0	0.17

Dollar amounts represent translations at the rate of ¥118.09=U.S.$1, the rate prevailing on March 31, 2007.

Wonton Soup

Leading the market with products that are delicious, convenient, reliable and safe.
Maruchan's wonton soup series is booming.

Launched first in the industry to become regular favorites

The Company focused its attention to wontons ahead of the competitors and released its first wonton soup in 1972. When the Company developed on a *Tray-iri Wontons* (Wontons on a tray), the product was an immediate hit after its launch, being very popular amongst the customers for its taste and convenience. The following year, the Company released *Hot Wontons*, *Shoyu* (Cup, soy sauce wontons) its first cup style noodles, to meet the customers' needs for a more convenient product. *Wontons Shoyu-aji* (Soy sauce-flavored wontons), which were launched in 1993, have become a basic wonton soup product and established its position as number one in the category in terms of both popularity and market share.

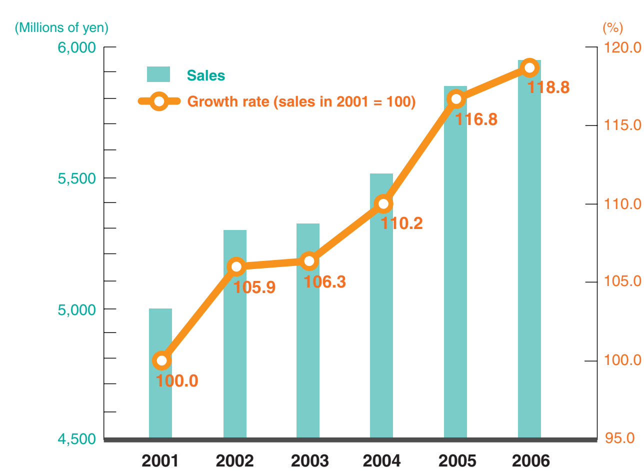
In response to the emergence of issues relating to food safety, the Company changed the lid of the soy sauce-flavored wontons cup to an adhesive seal. As a result, the performance of the seal has improved, and it has become possible to maintain more consistent quality than before. The new seal was developed jointly by the Company in conjunction with a container manufacturer, and an application for utility model registration was made in late March 2007. The Company will continually strive to achieve security and safety, and provide a fresh and delicious series of wonton soup products.

Wontons Shoyu-aji
(Soy sauce-flavored wontons)
Light, soy sauce-flavored soup based on chicken extract. The size is convenient and popular with women.

Tray-iri Wontons
(Wontons on a tray)
Spicy, soy sauce-flavored soup based on rich pork stock. When you add vegetables, the soup becomes more delicious.

Hot Wontons, Shoyu
(Cup, soy sauce wontons)
Light, soy sauce-flavored soup with the flavor of pork and the sweetness of onions. A satisfying volume with a lot of wontons.

Change in sales of wontons



Responding to a wide range of eating styles with a wide variety of products

The Company has developed variations, including side dishes to go with boxed lunches and rice balls and convenient soups for late-night snacks and lunches, to respond to changes in customers' needs and eating habits. We released *Chige Soup Wontons* (Jjigae soup wontons) in February 2007, following the launches of *Egg Soup Wontons*, *Wakame Soup Wontons* (*Wakame* seaweed soup), and *Soup Curry Wontons*. We have also expanded the forms and sizes of containers, including cups, bags, and four-meal packages, in accordance with customers' needs and product features and have developed a wide range of assortments. Wontons made using the Company's own production processes are also used as ingredients in *Gekimen Wonton Men* (Wonton noodles) and suchlike. In this way we have been invigorated the market while attracting a lot of adherents.

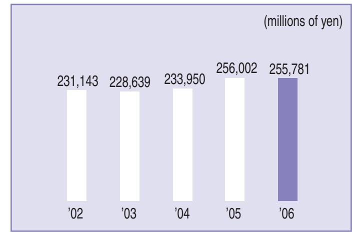
Rich soup full of flavors of ingredients and the texture of wontons are reasons for the popularity.

It has been 35 years since *Tray-iri Wontons* (wontons on a tray) were released and 14 years since *Wontons Shoyu-aji* (Soy sauce-flavored wontons) were introduced. The most popular feature that supports the continuing sales of the products is the taste of the soup, which encapsulates the essential flavors of the ingredients, and the smooth and soft texture of the specially produced pastry in which the wontons are wrapped. The Company has successfully made a drawstring bag-shaped wonton, said to be very difficult, using its own expertise and techniques and has been able to include its unique ingredients including mixed pork, onions, and potato in the wrapper. The smooth and rich-flavored wontons that have ingredients that are not found anywhere else are loved by many people.

OUR PRODUCTS LINEUP FOR OVERSEAS MARKET

REVIEW OF OPERATIONS

Processed Foods Division Sales 255,781 million yen



Concerning cup style noodles in the domestic instant noodles operations, the Company actively promoted Japanese noodles, including *Sanuki-fu Udon* (*Sanuki*-style Udon), which has affiliations with a movie, and a new product, *Koganeiro-no Tempura Rangiri Udon* (Udon with cut-up *Tempra*). However sales of Japanese noodles fell slightly below the level of a year ago, given the effects of the warm winter. The *Men-Zukuri* series, the core non-fried noodle product, performed well thanks to the contribution of the new product, *Tantan Men* (Tantan noodles). Consequently, total sales of cup style noodles declined slightly. Revenues from packaged noodles, on the other hand, increased partly with improved sales promotions in cooperation with major supermarkets in each region, although the market was weak. The performance of wonton products was solid, and revenue increased.

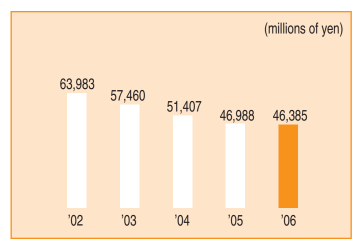
Sales in the fresh noodle business remained unchanged from the previous year. The strong performance of new products and relaunched products was offset by a slight fall in sales of existing products caused by unseasonable weather during summer and winter.

Sales in the chilled food business declined slightly. While chilled noodles and chilled ingredients performed well, sales of chilled vegetables fell.

In the rice business, the start of operations of the second sterilized rice line in July made possible the releases of new products and aggressive sales promotions. Consequently, the growth in sales exceeded the increase in the size of the market. Regarding other processed foods, sales in the soup line increased with the launch of new products that appealed to healthconscious customers, including *Shokumotsu-seni-iri Tamago Soup* (Dietary fiber egg soup) and *Kurozu-iri Mozuku-to Junsai-no Soup* (Black-vinegar-flavored *mozuku* and *junsai* seaweed soup).

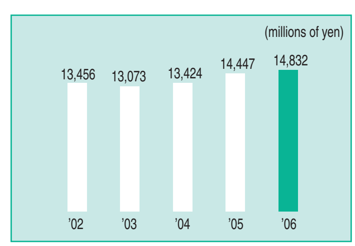
Overall, domestic sales in the Processed Foods Division went sideways, while overseas sales declined slightly. As a consequence, total sales in the Processed Foods Division became ¥255,781 million, down 0.1% year-on-year. Operating income was ¥16,645 million, falling 5.6% on the influence of increases in costs associated with the higher oil prices.

Seafood Division Sales 46,385 million yen



In the Seafood Division, net sales fell 1.3% year-on-year to ¥46,385 million. The division was marked by higher costs, a reflection of voracious demand from China, Russia, Europe and the United States and a decline in marine resources, along with a fall in trading volume, attributable to the sluggish domestic fisheries market. On the other hand, operating income rose 65.7% to ¥775 million as a result of the promotion of high value-added processed products, including those of salmon and trout, roe, crab and squid, offsetting weaker sales of tuna and mackerel products accompanying large increases in costs.

Cold-Storage Division Sales 14,832 million yen



In the Cold-Storage Division, the volume of U.S. beef imports failed to grow after the resumption of imports. The volume of seafood imports declined as a result of soaring prices due to increased purchases by European and Asian countries as well as the United States. Therefore, the overall inventory in the industry fell. Under these circumstances, the Company increased its sales activities and cargo booking. As a consequence, net sales came to ¥14,832 million, up 2.7%, and operating income to ¥1,353 million, up 38.0%.

Other Business Division Sales 4,356 million yen

The Other Business Division engages primarily in the sale of imported beef and processed foods and the leasing of real estate. In this division, sales fell with the transfer of shares of a domestic consolidated subsidiary engaging in the sale and production of cosmetics, and sales of domestic consolidated subsidiaries importing and selling meat dropped due to declining demand for beef. Consequently, net sales fell to ¥4,356 million, a decline of 47.1%, and operating income to¥798 million, a decrease of 6.0%.

CORPORATE GOVERNANCE

Toyo Suisan's Basic Stance Concerning Corporate Governance

Toyo Suisan is highly cognizant of the impact that accurate and rapid decision-making will have on the future growth potential of the Company. Subsequently, management believes that there is a need for clarifying the responsibilities of directors as well as the lines of accountability within with each business. In the future, Toyo Suisan plans to develop a more transparent and fluid form of corporate governance to address this need.

Gains in Implementing Corporate Governance

Toyo Suisan employs the Auditor System. The managerial decision-making body is the Board of Directors, which is headed by 13 members, who are all directors from within the Company. There are also four Corporate Auditors, two of whom are selected from outside the Company, who provide advice and counsel to the Board of Directors.

BOARD OF DIRECTORS AND CORPORATE AUDITORS

As of June 28, 2007

Chairman

Kiyoshi Fukagawa

President

Tadasu Tsutsumi

Senior Managing Directors

Mutsuhiko Oda

Managing Directors

Katsuro Narutaki

Directors

Jinichi Mera
Fumio Taniguchi
Katsuhide Sato
Hiroshi Yamauchi
Toru Yamashita
Hiroyuki Minami
Kenji Sugawara
Kazuo Obata
Senichi Teshima

Corporate Auditors

Katsuhisa Kitamura
Moriyuki Minami
Akira Takara
Isamu Mori

CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2006 AND 2007

ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2006	2007	2007
Current assets:			
Cash on hand and at banks (Note 3(1))	¥ 33,093	¥ 37,141	$ 314,514
Notes and accounts receivable -			
Trade	42,908	43,240	366,162
Unconsolidated subsidiaries and affiliates	205	176	1,491
Other	1,315	1,227	10,390
Less: Allowance for doubtful accounts	(63)	(205)	(1,736)
	44,365	44,438	376,307
Securities (Note 4)	–	87	737
Inventories	21,738	20,127	170,438
Deferred income tax assets (Note 11)	2,106	1,671	14,150
Other current assets	1,765	1,620	13,718
Total current assets	103,067	105,084	889,864
Property, plant and equipment (Note 6 and 10):			
Buildings and structures	96,561	93,008	787,603
Machinery and equipment	77,927	76,550	648,234
	174,488	169,558	1,435,837
Less: Accumulated depreciation	(111,374)	(107,802)	(912,880)
	63,114	61,756	522,957
Land	31,228	28,831	244,144
Construction in progress	2,095	943	7,986
Total property, plant and equipment	96,437	91,530	775,087
Intangible assets	2,402	2,563	21,703
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	3,146	2,888	24,456
Investments in securities (Note 4)	15,576	15,431	130,671
Deferred income tax assets (Note 11)	1,323	1,331	11,271
Other	1,356	1,026	8,689
Less: Allowance for doubtful accounts	(1)	(0)	(0)
Total investments and other assets	21,400	20,676	175,087
Total assets	¥223,306	¥219,853	$1,861,741

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

LIABILITIES AND NET ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2006	2007	2007
Current liabilities:			
Short-term bank loans (Note 6)	¥ 1,632	**¥ 3,030**	**$ 25,658**
Current portion of long-term debt (Note 6)	166	**10,143**	**85,892**
Notes and accounts payable -			
Trade	19,427	**18,637**	**157,820**
Unconsolidated subsidiaries and affiliates	572	**594**	**5,030**
Other	1,932	**1,429**	**12,101**
	21,931	**20,660**	**174,951**
Income taxes payable	4,070	**3,533**	**29,918**
Accrued expenses	17,852	**17,325**	**146,710**
Other current liabilities	922	**766**	**6,487**
Total current liabilities	46,573	**55,457**	**469,616**
Long-term liabilities:			
Long-term debt (Note 6)	10,488	**341**	**2,888**
Deferred income tax liabilities (Note 11)	5,105	**3,570**	**30,231**
Reserve for retirement benefits			
–for employees (Note 7)	12,695	**12,615**	**106,825**
–for officers	710	**166**	**1,406**
Other	196	**203**	**1,719**
Total long-term liabilities	29,194	**16,895**	**143,069**
Total liabilities	75,767	**72,352**	**612,685**
Contingent liabilities (Note 16)			
Net assets (Note 12)			
Shareholders' equity:			
Common stock -			
Authorized: 427,000,000 shares in 2006 and 2007			
Issued: 110,881,044 shares in 2006 and 2007	18,969	**18,969**	**160,632**
Capital surplus	20,155	**21,413**	**181,328**
Retained earnings	98,366	**101,598**	**860,344**
Treasury stock at cost			
Held by the company:			
1,646,596 shares in 2006, 8,793,802 shares in 2007			
Owned by consolidated subsidiaries and affiliates:			
1,751,962 shares in 2006, 46,886 shares in 2007	(3,049)	**(6,899)**	**(58,422)**
Total shareholders' equity	134,441	**135,081**	**1,143,882**
Valuation and translation adjustments			
Net unrealized gain on other securities, net of taxes (Note 4)	4,074	**2,555**	**21,636**
Net unrealized (loss) gain on hedging derivatives, net of taxes (Note 5)	99	**(1)**	**(8)**
Adjustment on foreign currency translation	(949)	**(646)**	**(5,471)**
Total valuation and translation adjustments	3,224	**1,908**	**16,157**
Minority interests in consolidated subsidiaries	9,973	**10,512**	**89,017**
Total net assets	147,638	**147,501**	**1,249,056**
Total liabilities and net assets	¥223,306	**¥219,853**	**$1,861,741**

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED MARCH 31, 2006 AND 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2006	2007	2007
Net sales (Note 17)	¥325,680	**¥321,357**	**$2,721,289**
Cost of sales (Note 9)	207,906	**205,365**	**1,739,055**
Gross profit	117,774	**115,992**	**982,234**
Selling, general and administrative expenses (Notes 9)	97,838	**96,421**	**816,504**
Operating income (Note 17)	19,936	**19,571**	**165,730**
Non-operating income (expenses):			
Interest and dividends income	898	**1,640**	**13,888**
Interest expenses	(391)	**(268)**	**(2,269)**
Exchange loss	171	**43**	**364**
Gain on sales of shares of subsidiaries and affiliates	–	**879**	**7,443**
Gain (Loss) on sales or disposal of property, plant and equipment, net	4,126	**(467)**	**(3,955)**
Gain on sales of investments in securities, net (Note 4)	283	**156**	**1,321**
Write-down of investments in securities	(828)	**(48)**	**(406)**
Impairment losses on fixed assets (Note 10 and 17)	–	**(5,229)**	**(44,280)**
Other, net	600	**620**	**5,250**
Income before income taxes and minority interests	24,795	**16,897**	**143,086**
Income taxes (Note 11):			
Current	7,995	**8,742**	**74,027**
Deferred	1,828	**1,062**	**8,992**
	9,823	**9,804**	**83,019**
Income before minority interests	14,972	**7,093**	**60,067**
Minority interests in subsidiaries	(1,158)	**(916)**	**(7,759)**
Net income	¥ 13,814	**¥ 6,177**	**$ 52,308**

	Yen		U.S. dollars (Note 1)
Amounts per share of common stock (Notes 14):			
Net income	¥127.7	**¥59.1**	**$0.50**
Cash dividends applicable to the year	20.0	**20.0**	**0.17**

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEARS ENDED MARCH 31, 2006 AND 2007

	Millions of yen							
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Net unrealized gain on other securities, net of taxes	Net unrealized (loss) gain on hedging derivatives, net of taxes	Adjustment on foreign currency translation	Minority interests in consolidated subsidiaries
Balance at March 31, 2005	¥18,969	¥20,155	¥ 86,160	¥(2,926)	¥ 1,684	¥(13)	¥(3,592)	¥ 9,014
Net income			13,814					
Cash dividends paid			(1,537)					
Directors' bonuses			(59)					
Decrease due to subsidiaries newly included in consolidation			(12)					
Acquisition of treasury stock				(123)				
Net changes in items except shareholders' equity					2,390	112	2,643	959
Balance at March 31, 2006	18,969	20,155	98,366	(3,049)	4,074	99	(949)	9,973
Net income			6,177					
Cash dividends paid			(2,875)					
Directors' bonuses			(70)					
Acquisition of treasury stock				(7,151)				
Share exchange		1,258		3,301				
Net changes in items except shareholders' equity					(1,519)	(100)	303	539
Balance at March 31, 2007	¥18,969	¥21,413	¥101,598	¥(6,899)	¥2,555	¥ (1)	¥ (646)	¥10,512

	Thousands of U.S. dollars (Note 1)							
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Net unrealized gain on other securities, net of taxes	Net unrealized (loss) gain on hedging derivatives, net of taxes	Adjustment on foreign currency translation	Minority interests in consolidated subsidiaries
Balance at March 31, 2006	$160,632	$170,675	$832,975	$(25,819)	$34,499	$838	$(8,036)	$84,453
Net income			52,308					
Cash dividends paid			(24,346)					
Directors' bonuses			(593)					
Acquisition of treasury stock				(60,556)				
Share exchange		10,653		27,953				
Net changes in items except shareholders' equity					(12,863)	(846)	2,565	4,564
Balance at March 31, 2007	$160,632	$181,328	$860,344	$ 58,422	$21,636	$ (8)	$(5,471)	$89,017

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2006 AND 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2006	2007	2007
Cash flows from operating activities:			
Income before income taxes and minority interests	¥24,795	¥16,897	$143,086
Depreciation and amortization	8,755	8,901	75,375
Impairment losses on fixed assets	–	5,229	44,280
Amortization of goodwill	262	64	542
Equity in gain under the equity method	(237)	(180)	(1,524)
Gain on sales of investments in securities, net	(283)	(156)	(1,321)
Write-down of investments in securities	828	48	406
Gain on sales of shares of subsidiaries and affiliates	–	(879)	(7,443)
(Decrease)Increase in reserve for retirement benefits	242	(488)	(4,132)
Increase in allowance for bonus to officers	–	98	830
Increase(Decrease) in allowance for doubtful accounts	(821)	142	1,202
Interest and dividends income	(898)	(1,640)	(13,888)
Interest expenses	391	268	2,269
Exchange loss	16	3	25
Loss(Gain) on sales or disposal of property, plant and equipment, net	(4,126)	467	3,955
Increase in notes and accounts receivable, trade	(1,192)	(592)	(5,013)
Decrease(Increase) in inventories	(126)	1,302	11,025
(Decrease)Increase in notes and accounts payable, trade	1,184	(607)	(5,140)
(Decrease)Increase in accrued expenses	1,296	(563)	(4,768)
Other, net	(184)	513	4,344
Sub-total	29,902	28,827	244,110
Interest and dividends income received	914	1,642	13,905
Interest expenses paid	(423)	(264)	(2,236)
Income taxes paid	(6,527)	(9,498)	(80,430)
Net cash provided by operating activities	23,866	20,707	175,349
Cash flows from investing activities:			
Payment for time deposits	(5,083)	(9,764)	(82,683)
Proceeds from maturities of time deposits	6,845	9,758	82,632
Payment for purchase of property, plant and equipment	(9,537)	(8,197)	(69,413)
Proceeds from sales of property, plant and equipment	9,064	221	1,871
Payment for purchase of investments in securities	(754)	(3,313)	(28,055)
Proceeds from sales of investments in securities	1,176	180	1,525
Proceeds from sales of shares of subsidiaries	–	624	5,284
Payment for loans receivable	(2,038)	(2,046)	(17,326)
Collection of loans receivable	2,848	2,132	18,054
Payment for purchase of intangible assets	(295)	(485)	(4,107)
Proceeds from sales of investments in subsidiaries resulting in changes in consolidation scope (Note3(2))	–	2,287	19,367
Other, net	13	49	415
Net cash (used in) provided by investing activities	2,239	(8,554)	(72,436)
Cash flows from financing activities:			
Proceeds from short-term loans	4,185	3,523	29,833
Repayment of short-term loans	(5,741)	(1,825)	(15,454)
Repayment of long-term debt	(20,217)	(170)	(1,439)
Payment for purchase of treasury stock	(78)	(6,658)	(56,381)
Cash dividends paid	(1,542)	(2,875)	(24,346)
Cash dividends paid to minority shareholders	(165)	(168)	(1,423)
Net cash used in financing activities	(23,558)	(8,173)	(69,210)
Effect of exchange rate changes on cash and cash equivalents	469	62	526
Net increase in cash and cash equivalents	3,016	4,042	34,229
Cash and cash equivalents at beginning of year	29,809	32,826	277,974
Increase in cash and cash equivalents due to subsidiaries newly consolidated	1	–	–
Cash and cash equivalents at end of year (Note 3(1))	¥32,826	¥36,868	$312,203

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

1. Basis of presenting the consolidated financial statements:

The accompanying consolidated financial statements of Toyo Suisan Kaisha, Ltd. ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of the Company's overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with the inclusion of the consolidated statement of changes in net assets for 2006) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2007, which was ¥118.09 to U.S. $1. The convenience translation should not be construed as representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of significant accounting policies:

(1) Scope of consolidation –

The Company has 32 subsidiaries as of March 31, 2007 (38 as of March 31, 2006). The accompanying consolidated financial statements include the accounts of the Company and its 22 (24 as of March 31, 2006) subsidiaries. The subsidiaries that are substantially controlled by the parent company are consolidated.

Consolidated subsidiaries are listed below:

Name of subsidiary	Equity ownership percentage
Hachinohe Toyo Co., Ltd.	100.0%
Kofu Toyo Co., Ltd.	100.0
Fukushima Foods Co., Ltd.	51.8
Toyo Reito Kaisha, Ltd.	100.0
Sanriku Toyo Kaisha, Ltd.	100.0
Shuetsu Co., Ltd.	100.0
Shinto Corporation	100.0
Tobu Boeki K.K.	100.0
Tsukiji Toyo Kaisha, Ltd.	100.0
Imari Toyo Co., Ltd.	100.0
Fresh Diner Corporation	100.0
Tokyo Commercial Co., Ltd.	89.7
Choshi Toyo Kaisha, Ltd.	100.0
Yutaka Foods Corporation	40.3
Ishikari Toyo Kaisha, Ltd.	100.0
Mitsuwa Daily Co., Ltd.	100.0
Maruchan, Inc. (*1)	100.0
Maruchan Virginia, Inc. (*1)	100.0
Maruchan de Mexico, S.A. de C.V. (*2)	100.0
Sanmaru de Mexico, S.A.de C.V.(*2)(*3)	100.0
Pac-Maru, Inc. (*1)	100.0
Seafreeze Limited, Partnership (*1)	100.0

(*1) Incorporated in the U.S.A.
(*2) Incorporated in United Mexican States
(*3) Newly consolidated due to new establishment
(*4) Rossette Co., Ltd. was excluded from consolidation due to sale of shares
(*5) Sankyo Food Kogyo Co., Ltd. was excluded from consolidation due to merger with Shinto Corporation
(*6) Tago Seihyo Kaisha., Ltd. was excluded from consolidation due to merger with the Company

(2) Accounting for investments in unconsolidated subsidiaries and affiliates –

The remaining 10 (14 as of March 31, 2006) unconsolidated subsidiaries, whose combined assets, net sales, net income and retained earnings in the aggregate are not significant compared to those of the consolidated financial statements of the Company and its consolidated subsidiaries, therefore, have not been consolidated with the Company as of March 31, 2007.

The Company has 2 (same as of March 31, 2006) affiliates as of March 31, 2007.

The affiliate to which the equity method has been applied is listed below:

Name of affiliate	Equity ownership percentage
Semba Tohka Industries Co., Ltd.	26.5%

The investments in these unconsolidated subsidiaries and an affiliate are carried at cost since the effect of applying the equity method of accounting to these companies would not have had any material effect on net income and retained earnings of the consolidated financial statements of the Company and its consolidated subsidiaries.

Major unconsolidated subsidiaries and another affiliate are listed below:

Yaizu Shinto Co., Ltd.
Suruga Toyo Kaisha, Ltd.
Irago Institute Co., Ltd.

(3) Consolidation principles –

All of the above consolidated subsidiaries and the affiliate to which the equity method has been applied use a fiscal year ending on March 31 of each year, which is in agreement with the fiscal year of the Company.

All significant intercompany transactions and account balances are eliminated in consolidation.

Unrealized intercompany profits are entirely eliminated, and the portion thereof attributable to minority interests is charged to minority interests.

Any differences which may arise in elimination of cost of an investment in a subsidiary and the amount of underlying equity in net assets of the subsidiary as well as companies accounted for on an equity basis, are deferred and amortized on a straight-line basis over a period of five years from the date of acquisition.

The full portion of the assets and liabilities of the subsidiaries is marked to fair values as of the acquisition of control.

(4) Foreign currency translation –

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.

In addition, the assets and liabilities of foreign subsidiaries are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. The shareholder's equity other than net income of the current year is translated into Japanese yen at the historical rates. Profit and loss accounts for the year are translated into Japanese yen using the exchange rates prevailing at the balance sheet date. Differences in yen amounts arising from the use of different rates are presented as adjustment on foreign currency translation in the net assets.

(5) Cash and cash equivalents –
Cash and cash equivalents in consolidated statements of cash flows consist of cash on hand and at banks able to be withdrawn on demand and short-term investments with an original maturity of three months or less and, which hold a minor risk of fluctuations in value.

(6) Securities –
Available-for-sale securities with fair market value are stated at fair market value. Available-for-sale securities without fair market value are mainly stated at moving-average cost.

(7) Derivative financial instruments –
Gains or losses arising from changes in the fair value of those derivatives designated as 'hedging instruments' are deferred as an asset or liability. The gains and losses on the hedged items or transactions are charged to income when recognized.

The Company and its consolidated subsidiaries hold derivative financial instruments in the form of foreign exchange forward contracts and currency and interest rate swap transactions to hedge against fluctuations in foreign currency exchange rates and interest rates. The Company and its consolidated subsidiaries do not hold or issue derivatives for trading purpose and it is the Company's policy to use derivatives only for the purpose of reducing market risk and financing costs in accordance with internal criteria.

(8) Accrued 0fficers' bonuses –
"Accounting Standard for Directors' Bonuses" (Statement No.4 issued by the Accounting Standards Board of Japan on November 29, 2005) has been adopted effective for the current financial year. Due to the adoption of this new accounting standard, the directors' bonuses are expensed when incurred, although it had been accounted for an appropriation of retained earnings upon resolution of shareholders' meeting. As a result, operating income and net income before taxes and minority interests are decreased by 98 million yen compared with those that would have been reported under the previous accounting policy.

(9) Accounting Standard for Presentation of Net Assets in the Balance Sheet –
Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No.5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No.8 issued by the Accounting Standards Board of Japan on December 9, 2005), (collectively, "the New Accounting Standards").

Under the New Accounting Standards, the balance sheet comprises three sections, which are assets, liabilities and net assets sections. Previously, the balance sheet comprised assets, liabilities, minority interests, as applicable, and shareholders' equity sections.

Under the New Accounting Standards, the following items are presented differently compared to the previous presentation. The net assets section includes unrealized gains (losses) on hedging derivatives, net of taxes. Under the previous presentation rules, companies were required to present unrealized gains (losses) on hedging derivatives in the assets or liabilities section without considering the related income tax effects. Minority interests are required to be included in the net assets section under the New Accounting Standards. Under the previous presentation rules, companies were required to present minority interests between the non-current liabilities and shareholders' equity sections.

The consolidated balance sheet as of March 31, 2006 has been restated to conform to 2007 presentation. As a result, minority interests amounting to ¥9,973 million and unrealized loss on hedging derivatives, net of taxes amounting to ¥99 million are included in the net assets section as of March 31, 2006.

If the New Accounting Standards had not been adopted and previous presentation method for the shareholders' equity had been applied, the shareholders' equity at March 31, 2006 and 2007, which comprised common stock, capital surplus, retained earnings, net unrealized gain on other securities, adjustment on foreign currency translation and treasury stock, would have been ¥137,566 million and ¥136,989 million ($1,160,038 thousand), respectively.

(10) Accounting Standard for Statement of Changes in Net Assets –
Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Statement of Changes in Net Assets" (Statement No.6 issued by the Accounting Standards Board of Japan on December 27, 2005), and the implementation guidance for the accounting standard for statement of changes in net assets (the Financial Accounting Standard Implementation Guidance No.9 issued by the Accounting Standards Board of Japan on December 27, 2005).

Accordingly, the Company prepared the statements of changes in net assets for the year ended March 31, 2007 in accordance with the New Accounting Standards. Also, the Company voluntarily prepared the consolidated statement of changes in net assets for 2006 in accordance with the New Accounting Standards. Previously, consolidated statements of shareholders' equity were prepared for the purpose of inclusion in the consolidated financial statements although such statements were not required under Japanese GAAP.

(11) Allowance for doubtful accounts –
The allowance for doubtful accounts is mainly calculated based on the aggregate amount of estimated credit losses on doubtful receivables, plus an amount for receivables other than doubtful receivables calculated using an historical write-off experience ratio from certain prior periods.

(12) Inventories –
Inventories are mainly stated at cost based on the moving-average cost method.

(13) Property, plant and equipment –
Depreciation is computed mainly by the declining-balance method at rates based on the estimated useful lives of assets, except for buildings (excluding leasehold improvement and auxiliary facilities attached to buildings) acquired on and after April 1, 1998 are depreciated using the straight-line method.

The ranges of useful lives are summarized as follows:

Buildings and structures	15 – 50 years
Machinery and equipment	4 – 16 years

The cost of property, plant and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gain or loss is reflected in income. Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(14) Intangible assets –
Amortization is mainly computed using the straight-line method based on the estimated useful lives of the assets.

Software for internal use is amortized over its expected useful life (5 years) using the straight-line method.

(15) Accounting for leases –
Finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are principally account-

ed for by the method used for ordinary operating leases.

(16) Reserve for retirement benefits and pension plan –

(a) Retirement benefits for employees

The employees of the Company and its domestic consolidated subsidiaries are generally covered by the retirement benefit plans under which the retiring employees are entitled to pension or lump-sum payments determined by reference to the current rates of pay, length of service and conditions under which the terminations occur.

The balance of the reserve for retirement benefits for employees in the accompanying consolidated balance sheets represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets. The prior service costs are amortized mainly over ten years, which is within the average remaining service period, using the straight-line method from the time when the difference was generated. The unrecognized actuarial differences are amortized using the straight-line method mainly over ten years from the next year in which they arise.

(b) Retirement benefits for officers

The Company's major domestic consolidated subsidiaries have provided for the accrued cost of retirement benefits to officers at an amount equivalent to 100 % of such benefits the subsidiaries would be required to pay if all eligible officers retired at the year-end date. The payments of retirement benefits to officers are subject to approval of the respective shareholders' meeting.

The abolition of the retirement benefits for officers for the future periods was resolved at the annual general meeting of shareholders held on June 29, 2006. As a result, the reserve for retirement benefits for officers as of June 29, 2006 was reclassified to "Notes and accounts payable-other".

(17) Net income and cash dividends per share of common stock –

Net income per share of common stock is based upon the weighted-average number of shares of common stock outstanding during each year. Cash dividends per share represent dividends declared as applicable to the respective period.

(18) Accounting for consumption tax

Consumption tax is levied at the flat rate of 5% on all domestic consumption of goods and services (with certain exemptions). The consumption tax withheld or paid by the Company and its domestic subsidiaries on its sales and purchases is not included in the amounts of the respective accounts in the consolidated statements of income, but is recorded as an asset or a liability as the case may be, and the net balance is included in other current liabilities on the consolidated balance sheets.

(19) Reclassification and restatement –

Certain prior year amounts have been reclassified to conform to the current year presentation. Also, as described in Notes 2 (9), the consolidated balance sheet for 2006 has been adapted to conform to new presentation rules of 2007. In lieu of the consolidated statement of shareholders' equity for the year ended March 31, 2006, which was prepared on a voluntary basis for inclusion in the 2006 consolidated financial statements, the Company prepared the consolidated statement of changes in net assets for 2006 to conform to 2007 presentation as described in Notes 2 (10).

3. Cash flow information:

(1) Cash and cash equivalents as of March 31, 2006 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Cash on hand and at banks	¥33,093	**¥37,141**	**$314,514**
Time deposits with deposit term of over 3 months	(267)	**(273)**	**(2,311)**
Cash and cash equivalents	¥32,826	**¥36,868**	**$312,203**

(2) Assets and liabilities of the subsidiaries excluded from the consolidation scope

Assets and liabilities of the subsidiaries at the time they were excluded from the consolidation scope, related sale price of shares and net of proceed from sale of shares are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Current assets	–	**¥1,097**	**$ 9,289**
Fixed assets	–	**2,464**	**20,865**
Current liabilities	–	**(298)**	**(2,523)**
Long-term liabilities	–	**(1,020)**	**(8,637)**
Net unrealized gain on other securities	–	**(95)**	**(804)**
A brokerage fee	–	**84**	**711**
Gain on sale of shares	–	**568**	**4,810**
Sale price of shares for the year	–	**2,800**	**23,711**
A brokerage fee	–	**(84)**	**(711)**
Cash and cash equivalents	–	**(429)**	**(3,633)**
Proceeds from sale of shares of subsidiaries excluded from the consolidation	–	**¥2,287**	**$19,367**

4. Securities:

(1) Available-for-sale securities with fair market value as of March 31, 2006 and 2007 are as follows:

	Millions of yen		
	2006		
	Acquisition cost	Book value	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥6,283	¥13,602	¥7,319
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	1,418	1,272	(146)
	¥7,701	¥14,874	¥7,173

	Millions of yen		
	2007		
	Acquisition cost	Book value	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥ 7,642	¥12,565	¥4,923
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	2,760	2,294	(466)
	¥10,402	¥14,859	¥4,457

	Thousands of U.S. dollars		
	2007		
	Acquisition cost	Book value	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	$64,713	$106,402	$41,689
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	23,372	19,426	(3,946)
	$88,085	$125,828	$37,743

(2) Details of available-for-sale securities sold during the years ended March 31, 2006 and 2007 are as follows:

	Millions of yen		
	2006		
	Amount sold	Total gain on sale	Total loss on sale
Equity securities	¥1,220	¥283	¥0

	Millions of yen		
	2007		
	Amount sold	Total gain on sale	Total loss on sale
Equity securities	¥180	¥156	¥0

	Thousands of U.S. dollars		
	2007		
	Amount sold	Total gain on sale	Total loss on sale
Equity securities	$1,524	$1,321	$0

(3) Available-for-sale securities without fair market value as of March 31, 2006 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Unlisted equity securities etc.	¥702	**¥659**	**$5,580**

(4) The redemption schedule for available-for-sale securities with maturity dates subsequent to March 31, 2007 is as follows:

	Millions of yen			
	Within one year	More than one year, less than five years	More than five years, less than ten years	More than ten years
Bonds	¥ –	¥20	¥–	¥–
Other	87	–	–	–
Total	¥87	¥20	¥–	¥–

	Thousands of U.S. dollars			
	Within one year	More than one year, less than five years	More than five years, less than ten years	More than ten years
Bonds	$ –	$169	$–	$–
Other	737	–	–	–
Total	$737	$169	$–	$–

5. Derivative financial instruments:

The Company and its consolidated subsidiaries hold derivative financial instruments in the form of foreign exchange forward contracts and currency and interest rate swap transactions to hedge against fluctuations in foreign currency exchange rates and interest rates. The Company and its consolidated subsidiaries do not hold or issue derivatives for trading purpose and it is the Company's policy to use derivatives only for the purpose of reducing market risk and financing costs in accordance with internal criteria.

The Company and its consolidated subsidiaries do not anticipate any losses resulting from default by the counter-parties, as these are limited to major domestic financial institutions with sound operational foundations.

In line with internal risk management policies, the Company and its consolidated subsidiaries cover receivables and payables denominated in foreign currencies with forward exchange contracts denominated in the same currency, in the same amount and executed on the same execution day. Accordingly, the hedging relationships between the derivative financial instrument and the hedged item are highly effective in offsetting changes in currency exchange rates.

The disclosure of fair value information for derivatives as of March 31, 2006 and 2007 is omitted since all derivatives were accounted for as hedges.

6. Short-term bank loans and long-term debt:

Short-term bank loans outstanding as of March 31, 2007 are generally represented by the notes payable issued by the Company and its consolidated subsidiaries to banks bearing interest at annual rates averaging 0.788%.

Long-term debt as of March 31, 2006 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Loans from banks and other financial institutions due from 2008 to 2012 with mortgages and collateral, at interest rates averaging 4.974%	¥ 554	**¥432**	**$3,659**
Loans from banks and other financial institutions due from 2008 to 2012 without mortgages and collateral, at interest rates averaging 0.4%	100	**52**	**440**
1.44% bonds due February 15, 2008 issued by the Company	10,000	**10,000**	**84,681**
	10,654	**10,484**	**88,780**
Less amount due within one year	(166)	**(10,143)**	**(85,892)**
	¥10,488	**¥341**	**$2,888**

The assets pledged as collateral and collective mortgages for long-term debt and short-term debt as of March 31, 2006 and 2007 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Property, plant and equipment, net of accumulated depreciation:			
Buildings and structures	¥362	**¥300**	**$2,540**
	¥362	**¥300**	**$2,540**

The aggregate annual maturities of long-term debt at March 31, 2007 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2008	¥10,143	$85,892
2009	143	1,211
2010	82	695
2011	52	440
2012	52	440
	¥10,484	$88,780

7. Reserve for retirement benefits and pension plan:
The Company and some of its domestic consolidated subsidiaries have 1) defined benefit pension plans, 2) tax qualified pension plans and 3) lump-sum severance payment plans as defined benefit retirement plans covering substantially all employees. Moreover, the premium retirement payments are paid for the retirement of employees under certain circumstances.

The reserves for retirement benefits as of March 31, 2006 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Projected benefit obligations	¥27,103	**¥28,206**	**$238,852**
Fair value of pension plan assets	(9,308)	**(10,340)**	**(87,561)**
Unfunded retirement benefit obligations	17,795	**17,866**	**151,291**
Unrecognized actuarial differences	(6,354)	**(6,347)**	**(53,747)**
Unrecognized prior service costs	1,254	**1,086**	**9,196**
Prepaid pension costs	–	**10**	**85**
Reserve for retirement benefits	¥12,695	**¥12,615**	**$106,825**

Notes
1 Domestic consolidated subsidiaries mainly adopted the simplified method for retirement benefits.
2 Two domestic consolidated subsidiaries have comprehensive established pension plans which are governed by the regulations of the Japanese Welfare Pension Insurance Law. For the years ended March 31, 2006 and 2007, respective pension assets amounting to ¥296 million and ¥140 million ($1,186 thousand) are not included in the table above.

Net costs related to the retirement benefit plans for the years ended March 31, 2006 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Service costs	¥1,227	**¥1,319**	**$11,170**
Interest costs	598	**492**	**4,166**
Expected return on pension plan assets	(212)	**–**	**–**
Amortization of actuarial differences	703	**880**	**7,452**
Amortization of prior service costs	(157)	**(167)**	**(1,414)**
Net pension costs	¥2,159	**¥2,524**	**$21,374**

Notes
1 Net pension costs for subsidiaries adopting the simplified method are included in "Service costs".

The assumptions used in accounting for the above plans for the years ended March 31, 2006 and 2007 are as follows:

	Year ended March 31, 2006	Year ended March 31, 2007
Discount rate	2.0%	2.0%
Expected rate of return on pension plan assets	2.5%	0.0%
Amortization of unrecognized actuarial differences	10 years	10 years
Amortization of unrecognized prior service costs	10 years	10 years

The estimated amount of all retirement benefits to be paid at the future retirement dates is allocated equally to each service year using the estimated number of total service years.

8. Business combinations:
Effective from the year ended March 31, 2007, the Company adopted "Accounting Standard for Business Combinations" issued by the Business Accounting Council on October 31, 2003, "Accounting Standard for Business Divestitures" (Statement No.7 issued by the Accounting Standards Board of Japan on December 27, 2005), and "Guidance for Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (the Financial Accounting Standard Implementation Guidance No.10 issued by the Accounting Standards Board of Japan on December 22, 2006).

(Making Tago Seihyo Kaisha, Ltd. wholly-owned subsidiary by share exchange)

(1) Corporate name and business of the entity combined, legal form of business combinations, corporate name after business combinations, and overview of the transaction including its purpose

(a) Corporate name and business of the entity combined
Name: Tago Seihyo Kaisha, Ltd. ("Tago Seihyo")
Business: Supplier of the Company's brand products, such as instant bouillon and shavings of dried bonito.

(b) Legal form of business combinations
Transaction under common control (Making wholly-owned subsidiary by share exchange)

(c) Overview of transaction including its purpose
Tago Seihyo was a supplier of the Company's brand, such as instant bouillon and shavings. The Company's purpose of making Tago Seihyo a wholly-owned subsidiary by share exchange is to construct mutually closer collaborative relationship, to be promptly adapted to the change in business environment, and consequently to develop more effective business operation as a whole group. The Company and Tago Seihyo resolved that the Company made Tago Seihyo its wholly-owned subsidiary on the respective Board of Directors' meeting held on July 18, 2006. The Company and Tago Seihyo completed procedures to make Tago Seihyo its wholly-owned subsidiary on September 6, 2006.

(2) Matters related to additional acquisition of shares of Tago Seihyo

(a) Acquisition cost and its breakdown
Consideration for acquisition
The Company's share
¥7,126 million($60,344 thousand)
Expenditure directly required for acquisition
Remuneration for valuation of a stock price
¥8 million ($68 thousand)
Acquisition cost ¥7,134 million ($60,412 thousand)

(b) Exchange ratio according to the class of stocks, calculation method, number of the granted stocks and amount appraised

①Class of stocks and exchange ratio
A common stock The Company 1.61: Tago Seihyo 1

②Calculation method of exchange ratio
The Company: Market stock prices method
Tago Seihyo: Adjusted book value method

③Number of the granted stocks and the amount appraised
Number of the granted stocks: 3,804,151 shares
Amount appraised: ¥5,869 million ($49,699 thousand)

(c) Overview of the accounting treatment
This is the classified as transaction with minority shareholders among the transactions under common control. Amount of goodwill by share exchange was ¥4,325 million ($36,624 thousand), which was mainly due to the latent gains of the Company's share owned by Tago Seihyo. Carrying amounts of goodwill were devalued to recoverable amounts. As a result, the Company recognized loss on impairment by ¥4,121 million ($34,897 thousand). Residual amount of goodwill of ¥204 million ($1,727 thousand) is amortized over 5 years.

9. Research and development expenses:
Research and development expenses for the years ended March 31, 2006 and 2007 were ¥1,230 million and ¥1,303 million ($11,034 thousand), respectively.

10. Impairment losses on fixed assets:
During the fiscal year ended March 31, 2007, the Company and its consolidated domestic subsidiaries recognized impairment losses on fixed assets on the following group of assets.

Use	Type of Assets	Millions of yen 2007	Thousands of U.S. dollars 2007
Business property	Buildings, machinery, equipment, land and goodwill	¥5,180	$43,865
Idle property	Land	49	415
		¥5,229	$44,280

The Company and its consolidated domestic subsidiaries classified their fixed assets into groups by the type of respective operations based on the business segment. Their idle properties are individually considered.

Book values of business properties were reduced to recoverable amounts by lowering profitability. The recoverable value is measured with (1) their net realizable value based on amounts mainly determined by valuation made in accordance with real estate appraisal standards or (2) the present value of the expected cash flows from the on-going utilization and subsequent disposition of the assets discounted at 7%.

Book values of idle properties were reduced to recoverable amounts which were based on net selling prices or real estate appraisal standards.

11. Income taxes:
The income taxes applicable to the Company and the domestic subsidiaries include (1) corporation taxes, (2) enterprise taxes (excluding the part attributed to added value and capital) and (3) inhabitants' taxes which, in the aggregate, result in a statutory tax rate equal to approximately 40.7% for the years ended March 31, 2006 and 2007.

The significant components of deferred tax assets and liabilities as of March 31, 2006 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Deferred tax assets:			
Unrealized gain on fixed assets	¥ 192	¥ **217**	$ **1,838**
Accrued bonuses	668	**679**	**5,750**
Write-down of investments in securities	1,298	**1,106**	**9,366**
Reserve for retirement benefits	5,406	**5,202**	**44,051**
Impairment losses on fixed assets	794	**1,021**	**8,646**
Net tax loss carried forward	727	**1,120**	**9,484**
Other	2,664	**1,637**	**13,862**
Gross deferred tax assets	11,749	**10,982**	**92,997**
Less: valuation allowance	(2,128)	**(3,485)**	**(29,511)**
Total deferred tax assets	9,621	**7,497**	**63,486**
Deferred tax liabilities:			
Allowance for doubtful accounts	916	**142**	**1,202**
Reversal of special reserves for deferred capital gains	5,144	**4,962**	**42,019**
Difference between cost of an investment and the amount of underlying equity in a subsidiary	959	**141**	**1,194**
Depreciation in overseas consolidated subsidiaries	1,312	**1,176**	**9,959**
Net unrealized gain on other securities	2,835	**1,644**	**13,922**
Other	144	**–**	**–**
Total deferred tax liabilities	11,310	**8,065**	**68,296**
Net deferred tax liabilities	¥(1,689)	¥ **(568)**	**$ (4,810)**

The following table summarizes the significant differences between the statutory tax rate and the effective tax rate for the year ended March 31, 2007.

	2007
Statutory tax rate	40.7%
Permanent difference - expenses	0.7
Permanent difference - revenue	(0.6)
Valuation allowance	6.2
Impairment losses on goodwill	9.9
Difference in income tax rates applied to overseas consolidated subsidiaries	(2.0)
Retained losses	2.1
Other	1.0
Effective tax rate	58.0%

12. Net assets:
The Japanese Corporate Law ("the Law") became effective on May 1, 2006, replacing the Japanese Commercial Code ("the Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock; they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 28, 2007, the shareholders approved cash dividends amounting to ¥1,225 million ($10,373 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2007. Such appropriations are recognized in the period in which they are approved by the shareholders.

13. Notes to the consolidated statement of changes in net assets:
(1) Type and number of shares outstanding and treasury stock

	Thousands of shares	
	Type of shares outstanding	Type of treasury stock
	common stock	common stock
Number of shares as of March 31, 2006	110,881	3,399
Number of shares increased during the accounting period ended March 31,2007	–	9,246
Number of shares decreased during the accounting period ended March 31,2007	–	(3,804)
Number of shares as of March 31, 2007	110,881	8,841

Notes

1 Increase in the number of shares was due to purchases of 2,063 thousand shares owned by subsidiaries, purchases of 2,279 thousand shares by ToSNet-2, acquisition of 4,850 thousand shares due to share exchange with Tago Seihyo Kaisha., Ltd., and purchases of 54 less-than-one-unit shares.

2 Decrease in the number of shares was due to making Tago Seihyo Kaisha., Ltd. wholly-owned subsidiary by share exchange.

(2) Matters related to dividends

(a) Dividends payment

Approvals by ordinary general meeting of shareholders held on June 29, 2006 are as follows:

Dividends on Common stock

a. Total amount of dividends	¥2,047 million ($17,334 thousand)
b. Dividends per share	¥20.0
c. Record date	March 31, 2006
d. Effective date	June 29, 2006

Approvals by Board of Directors' meeting held on October 16, 2006 are as follows:

Dividends on Common stock

a. Total amount of dividends	¥827 million ($7,003 thousand)
b. Dividends per share	¥8.0
c. Record date	September 30, 2006
d. Effective date	December 11, 2006

(b) Dividends whose record date is attributable to the accounting period ended March 31, 2007 but to be effective after the said accounting period.

The Company resolved approval at the general meeting of shareholders held on June 28, 2007 as follows:

Dividends on Common stock

a. Total amount of dividends	¥1,225 million ($10,373 thousand)
b. Funds for dividends	Retained earnings
c. Dividends per share	¥12.0
d. Record date	March 31, 2007
e. Effective date	June 29, 2007

14. Per share information:

The basis of the calculation of per share data is as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Net income	¥13,814	**¥6,177**	**$52,308**
Bonuses to directors	(82)	**–**	**–**
Bonuses to corporate auditors	(8)	**–**	**–**
Net income after bonus payments	¥13,724	**¥6,177**	**$52,308**
Weighted-average amount of common stock outstanding during each year of "ordinary shareholders" (unit: thousands of shares)	107,510	**104,608**	**104,608**

15. Leases:

All finance lease contracts other than those in which the ownership of the leased assets is transferred to the lessees, are accounted for by a method similar to that applied to operating leases.

Assumed data as to acquisition cost, accumulated depreciation, net book value and the depreciation expense of the leased assets, which includes the portion of interest thereon, for the years ended March 31, 2006 and 2007 are summarized as follows:

	Year ended March 31, 2006		
	Millions of yen		
	Cost	Accumulated Depreciation	Book Value
Machinery and equipment	¥ 261	¥ 189	¥ 72
Other	1,345	845	500
	¥1,606	¥1,034	¥572

	Year ended March 31, 2007					
	Millions of yen			Thousands of U.S. dollars		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Machinery and equipment	¥ 179	¥ 84	¥ 95	$ 1,516	$ 712	$ 804
Other	1,540	598	942	13,041	5,064	7,977
	¥1,719	¥682	¥1,037	$14,557	$5,776	$8,781

The scheduled maturities of the above lease contracts subsequent to March 31, 2006 and 2007 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Due within one year	¥281	**¥ 344**	**$2,913**
Due over one year	291	**693**	**5,868**
	¥572	**¥1,037**	**$8,781**

Lease expenses and assumed amounts of depreciation on finance lease contracts without ownership-transfer for the years ended March 31, 2006 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Lease expenses	¥412	**¥370**	**$3,133**

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Assumed amounts of depreciation	¥412	**¥370**	**$3,133**

Assumed amounts of depreciation is calculated using the straight-line method over the lease term of the leased assets, assuming no residual value except in cases where the residual value is guaranteed in the lease contract.

16. Contingent liabilities:

Contingent liabilities for guarantees of indebtedness for the following company as of March 31, 2006 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Zhanjian Dongyang Shuichan., Ltd. etc.	¥172	**¥270**	**$2,286**

17. Segment information:

(1) Business segment information

The Company and its consolidated subsidiaries operate principally in three industrial segments:

Business segment	Major products/services
Seafood	Fish and shellfish
Processed foods	Instant foods, paste foods, chilled foods and instant rice
Cold-storage	Operation of refrigerated warehouses
Other	Rent of warehouses

	2006						
	Millions of yen						
	Business segment						
	Seafood	Processed foods	Cold-storage	Other	Total	Elimination or corporate (a)	Consolidated total
Net sales	¥50,567	¥256,969	¥15,395	¥10,486	¥333,417	¥ (7,737)	¥325,680
Operating expenses	50,099	239,338	14,414	9,637	313,488	(7,744)	305,744
Operating income	¥ 468	¥ 17,631	¥ 981	¥ 849	¥ 19,929	¥ 7	¥ 19,936
Assets	¥24,602	¥126,034	¥31,724	¥17,032	¥199,392	¥23,914	¥223,306
Depreciation and amortization (b)	226	5,864	1,676	640	8,406	349	8,755
Capital expenditure (b)	241	8,544	300	798	9,883	500	10,383

	2007						
	Millions of yen						
	Business segment						
	Seafood	Processed foods	Cold-storage	Other	Total	Elimination or corporate (a)	Consolidated total
Net sales	¥48,617	¥256,457	¥16,277	¥ 6,695	¥328,046	¥ (6,689)	¥321,357
Operating expenses	47,841	239,811	14,924	5,897	308,473	(6,687)	301,786
Operating income	¥ 776	¥ 16,646	¥ 1,353	¥ 798	¥ 19,573	¥ (2)	¥ 19,571
Assets	¥21,649	¥129,846	¥32,106	¥12,918	¥196,519	¥23,333	¥219,853
Depreciation and amortization (b)	163	6,177	1,573	680	8,593	308	8,901
Impairment losses on fixed assets	516	4,500	-	164	5,180	49	5,229
Capital expenditure (b)	429	5,613	2,545	44	8,631	437	9,068

	2007						
	Thousands of U.S. dollars						
	Business segment						
	Seafood	Processed foods	Cold-storage	Other	Total	Elimination or corporate (a)	Consolidated total
Net sales	$411,694	$2,171,708	$137,836	$ 56,693	$2,777,931	$ (56,642)	$2,721,289
Operating expenses	405,123	2,030,748	126,379	49,935	2,612,185	(56,626)	2,555,559
Operating income	$ 6,571	$ 140,960	$ 11,457	$ 6,758	$ 165,746	$ (16)	$ 165,730
Assets	$183,326	$1,099,551	$271,881	$109,388	$1,664,146	$197,592	$1,861,741
Depreciation and amortization (b)	1,380	52,308	13,320	5,759	72,767	2,608	75,375
Impairment losses on fixed assets	4,370	38,107	-	1,390	43,867	413	44,280
Capital expenditure (b)	3,633	47,532	21,551	373	73,089	3,700	76,789

Notes

(a) The amounts of corporate assets included in the column "Elimination or corporate", for the years ended March 31, 2006 and 2007 were ¥24,577 million and ¥23,925 million ($202,600 thousand), respectively. Corporate assets were mainly long-term investment funds (investment securities) of the Company and assets held by the corporate division of the Company.

(b) "Capital expenditure" included long-term prepaid expenses and deferred charges. "Depreciation and amortization" included the amortization of long-term prepaid expenses and deferred charges.

(c) The exchange gain/loss arising from exchange conversion in the elimination of transactions with overseas subsidiaries at the fiscal year-end were included in non-operating income/expense as exchange gain/loss. Accordingly, the exchange gain/loss is not reflected in operating income of the above business segment information. With respect to the breakdown of the exchange gain/loss classified by segment, ¥166 million (gain) and ¥18 million (loss) were recorded in "Seafood" and "Processed foods", respectively, for the year 2006, and \48 million ($406 thousand) (gain) and \7 million ($59 thousand) (loss) were recorded in "Seafood" and "Processed foods", respectively, for the year 2007.

(2) Geographic segment information

	2006				
	Millions of yen				
	Japan	North America (a)	Total	Elimination or corporate (b)	Consolidated total
Net sales	¥271,459	¥61,092	¥332,551	¥ (6,871)	¥325,680
Operating expenses	257,692	54,914	312,606	(6,862)	305,744
Operating income	¥ 13,767	¥ 6,178	¥ 19,945	¥ (9)	¥ 19,936
Assets	¥167,080	¥40,788	¥207,868	¥15,438	¥223,306

	2007				
	Millions of yen				
	Japan	North America (a)	Total	Elimination or corporate (b)	Consolidated total
Net sales	¥267,738	¥60,284	¥328,022	¥ (6,665)	¥321,357
Operating expenses	253,464	55,001	308,465	(6,679)	301,786
Operating income	¥ 14,274	¥ 5,283	¥ 19,557	¥ (14)	¥ 19,571
Assets	¥160,120	¥44,299	¥204,419	¥15,434	¥219,853

	2007				
	Thousands of U.S. dollars				
	Japan	North America (a)	Total	Elimination or corporate (b)	Consolidated total
Net sales	$2,267,237	$510,492	$2,777,729	$ (56,440)	$2,721,289
Operating expenses	2,146,363	465,755	2,612,118	(56,559)	2,555,559
Operating income	$ 120,874	$ 44,737	$ 165,611	$ (119)	$ 165,730
Assets	$1,355,915	$375,129	$1,731,044	$130,697	$1,861,741

Notes

(a) The major countries in "North America" are the U.S.A., and United Mexican States.

(b) The amounts of corporate assets included in the column "Elimination or corporate", for the years ended March 31, 2006 and 2007 were ¥24,577 million and ¥23,925 million ($202,600 thousand), respectively. Corporate assets were mainly long-term investment funds (investments in securities) of the Company and assets held by the corporate division of the Company.

(c) The exchange gain/loss arising from exchange conversion in the elimination of transactions with overseas subsidiaries at the fiscal year-end were included in non-operating income/expense as exchange gain/loss. Accordingly, the exchange gain/loss are not reflected in operating income of the above geographic segment information. With respect to the breakdown of the exchange gain/loss classified by segment, a gain of ¥148 million and a gain of ¥41 million ($347 thousand) were recorded in "North America" for the year 2006 and 2007, respectively.

(3) Sales to overseas customers

	Millions of yen						Thousands of U.S. dollars		
	2006			2007			2007		
	North America	Others	Total	North America	Others	Total	North America	Others	Total
Overseas sales	¥54,687	¥1,612	¥ 56,299	¥53,417	¥999	¥ 54,416	$452,341	$8,460	$ 460,801
Consolidated net sales			¥325,680			¥321,357			$2,771,289
Percent of consolidated net sales	16.8%	0.5%	17.3%	16.6%	0.3%	16.9%	16.6%	0.3%	16.9%

Notes

(a) The major countries in each classification are as follows:

North America ………… U.S.A., United Mexican States

Others ………………….. People's Republic of China, Taiwan, Republic of Korea

(b) Overseas sales are sales of the Company and its consolidated subsidiaries in countries other than Japan.

18. Subsequent events:

(Subject to the fiscal year ended March 31, 2006)

The Company acquired 2,279 thousand shares of treasury stock at an aggregate cost of ¥4,054 million on June 13, 2006, based on a resolution of the Board of Directors at a meeting held on June 12, 2006.

To the Shareholders and the Board of Directors of
TOYO SUISAN KAISHA, LTD.:

We have audited the accompanying consolidated balance sheets of TOYO SUISAN KAISHA, LTD. ("the Company") and consolidated subsidiaries as of March 31, 2006 and 2007, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and consolidated subsidiaries as of March 31, 2006 and 2007, 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.

Without qualifying our opinion, we draw attention to the following:
As explained in Note 18, subject to the fiscal year end March 31, 2006, the Company acquired 2,279 thousand shares of treasury stock at an aggregate cost of ¥4,054 million on June 13, 2006, based on a resolution of the Board of Directors at a meeting held on June 12, 2006.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 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 1 to the consolidated financial statements.

AZSA & Co.

Tokyo, Japan
June 28, 2007

CORPORATE DATA

(as of March 31, 2007)

Head Office 13-40, Konan 2-chome
Minato-ku, Tokyo 108-8501, Japan
Tel: 81-3-3458-5111

Date of Establishment March 25, 1953

Number of Plants 7

Number of Sales Offices 28

Number of Subsidiaries and Affiliates 34

Number of Employees 1,620

Common Stock Total Number of Shares Issuable:
427,000,000 shares
Total Number of Shares Issued and Outstanding:
110,881,044 shares
Paid-in Capital:
¥18,969 million

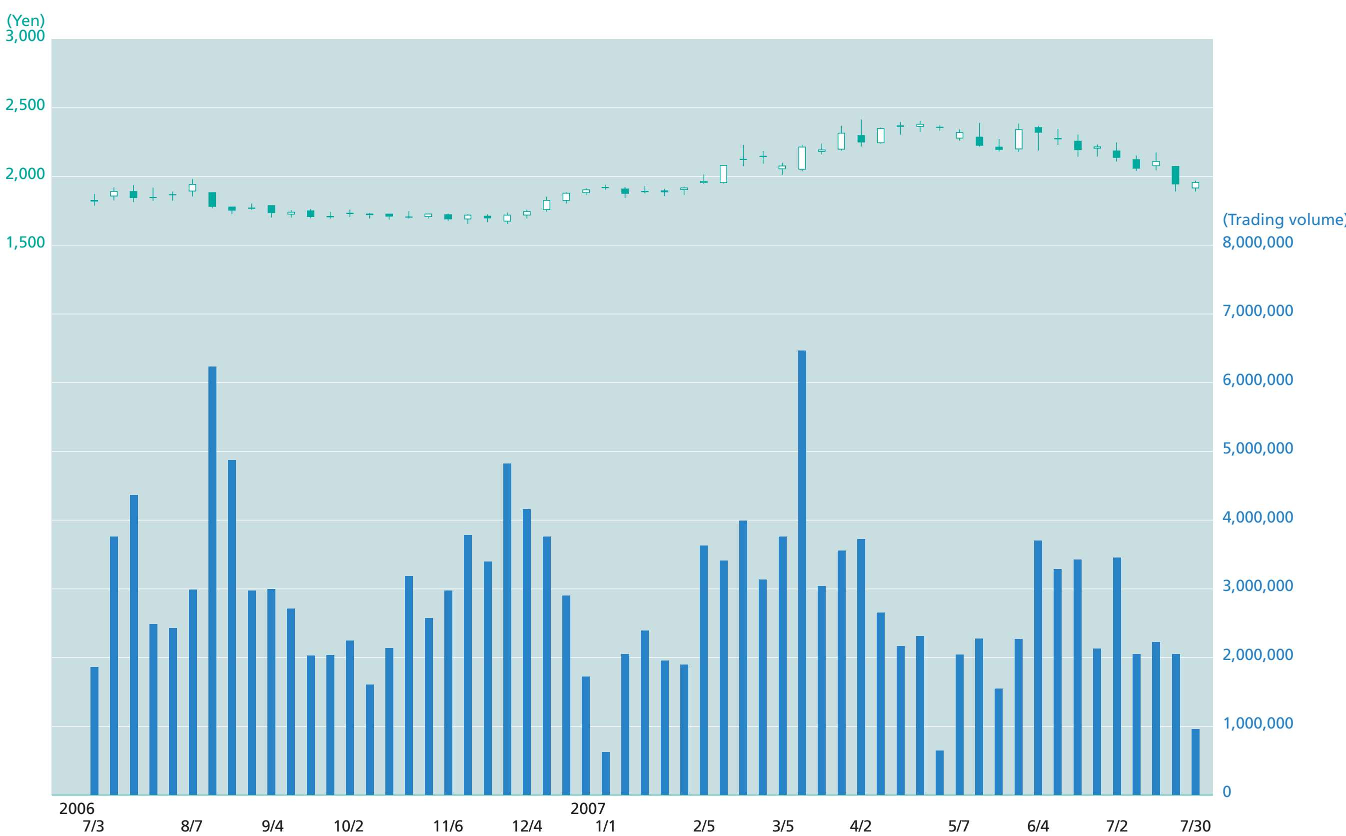
Number of Shareholders 6,318

Stock Exchange Listing Tokyo (#2875)

Stock Transfer Agent The Chuo Mitsui Trust and Banking Company, Limited in Tokyo

Annual Meeting The annual meeting of shareholders is usually held before the end of June in Tokyo.

Common Stock Price Range and trading volume



TOYO SUISAN

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