TOYO SUISAN

ANNUAL REPORT 2003

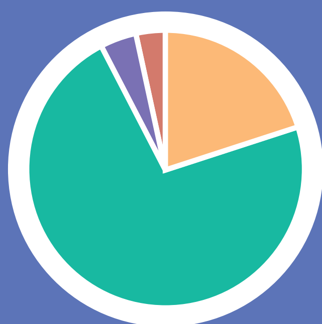
Year ended March 31, 2003

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 foods as fish sausage and various marine products in 1956. We have subsequently expanded into such other business fields as instant noodles, fresh noodles and frozen foods. In addition to 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 create products that enhance the flavor of ingredients as well as to ensure careful selection of only the choicest foods. We are also striving to build the most functional logistics system, achieve consistent quality and sanitation controls and pursue new tastes through R&D efforts in response to next-generation needs.

Since it was first developed in 1962, the *Maruchan* mark has become widely recognized as the symbol for Toyo Suisan products among every Japanese age group. Products featuring the *Maruchan* label are highly acclaimed for their flavor in particular, and have enjoyed considerable popularity among food lovers both domestically and abroad.



Net Sales by Segment

For the fiscal year ended March 31, 2003

Total ¥319,373 million

Seafood	**20.0%**
Processed Foods	**72.4%**
Cold-Storage	**4.2%**
Other Business	**3.4%**

To share our delicious products with the rest of the world, Toyo Suisan established a local subsidiary in the United States in 1972, and thereafter began to produce and sell products to the North American market. Since the launch of manufacturing and sales of instant noodles in China in 1995, we have made steady inroads into the market owing to the original, new taste of our products among Chinese consumers.

CONTENTS

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.

CONSOLIDATED FINANCIAL HIGHLIGHTS

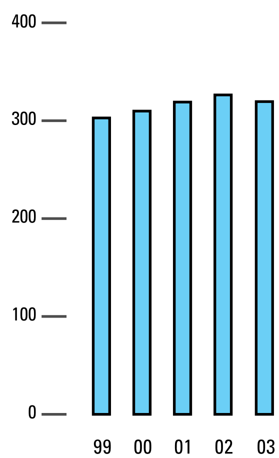
Years ended March 31, 2002 and 2003

	Millions of yen		Thousands of U.S. dollars
	2002	**2003**	**2003**
For the year:			
Net sales	¥ 326,334	**¥ 319,373**	**$ 2,657,014**
Operating income	16,498	**19,395**	**161,359**
Net income	6,474	**7,396**	**61,528**
At year-end:			
Total assets	¥ 222,713	**¥ 224,792**	**$ 1,870,146**
Shareholders' equity	97,621	**104,509**	**869,460**
Per share of common stock (in yen and U.S. dollars)**:**			
Net income	¥ 62.3	**¥ 66.3**	**$ 0.6**
Cash dividends	12.0	**17.0**	**0.1**

Note: U.S. dollar amounts represent translation of Japanese yen, for convenience only, at the rate of ¥120.20=US$1, the rate prevailing at March 31, 2003.

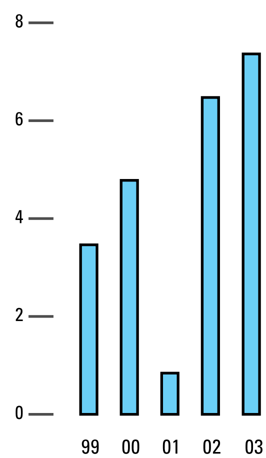
Net Sales

Billions of yen



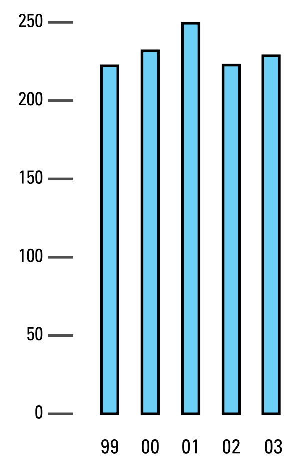
Net Income

Billions of yen



Total Assets

Billions of yen



At the Annual Meeting of Shareholders and Board of Directors Meeting in June 2003, it was announced that Teruaki Hashimoto would step down from his role as president and that Tadasu Tsutsumi would assume the post in his place.

Business Environment

In fiscal 2003, ended March 31, 2003, the operating environment took a turn for the worse as the domestic economy suffered from prolonged deflation, falling stock prices and deteriorating employment prospects, and the global economy was similarly impacted from the political conditions surrounding the conflict in Iraq. Overseas, falling stock prices across the globe and a slowdown in the U.S. economy were additional major factors producing an overall downturn.

In the Japanese food industry, the operating environment grew increasingly severe on the back of lackluster consumer spending, ongoing downward pressure on retail prices and intensifying sales competition. Moreover, consumers' concerns over food safety heightened, further fueling public debate over the responsibility of corporations to society.

Against this backdrop, Toyo Suisan augmented its quality control measures for added product safety and reaffirmed the commitment of its employees to the task of ensuring quality, while concurrently pursuing cost reduction measures and aggressive sales activities.

Business Results

We were able to maintain steady net sales on par with the previous term in the mainstay domestic Seafood and Processed Foods divisions only through strenuous efforts at counteracting the effects of sluggish consumer spending. On the other hand, overseas net sales declined to ¥6,399 million (US$53.2 million), chiefly as a result of shifting to a new accounting practice wherein sales promotion expenses are subtracted from net sales in line with the EITF 01-9 filing practices for accounting in the United States. (This change in accounting practice has no effect on income.)

Consequently, on a consolidated basis, net sales for the term ended March 31, 2003, declined 2.1% to ¥319,373 million (US$2,657.0 million). Nonetheless, operating income rose 17.6% to ¥19,395 million (US$161.4 million) on account of efforts to curb SG&A expenses. The recording of ¥4,703 million (US$39.1 million) in non-operating expenses checked a rise in income to produce a 14.2% increase in net income to ¥7,396 million (US$61.5 million).

Medium-Term Management Strategy

In recent years, the business climate within Japan has entered an extremely challenging phase as reflected by continued deflation amid an ongoing recession, growing diversity in consumer preferences, intensified low-cost competition and the rising need for safety concerning food products. To address these challenges, Toyo Suisan is undertaking medium-term initiatives founded on the three core strategies of *ensuring future profits, raising operational efficiency* and *strengthening corporate governance.* As medium-term objectives, we aim to achieve consolidated ordinary income of ¥20,000 million (US$166.4 million) for the fiscal year ending March 31, 2005.

Ensuring Future Profits

Food manufacturers are increasingly expected to improve speed, quality and service in their operations. Despite upward pressure on costs in meeting these demands, sales prices will continue to be forced downward.

To ensure future profitability amid such challenging conditions, we will pursue efforts to achieve competitiveness in our products and secure sales.

In sales, we will aggressively undertake sales promotion activities with primary emphasis on our core strengths in Japanese-style cup instant noodles, nonfried noodles and fresh *yakisoba* noodles, our mainstay product. In combination, we will concentrate significant energies toward developing and promoting notable products.

The need among consumers for products that are healthy and require less preparation time will become stronger. To address health concerns, we aim to develop low-calorie products and nutrient-enriched noodles, while preparation time will be shortened through concentrating product development on products containing Japan's staple food of rice, thereby building a full lineup of competitive products for the market.

Raising Operational Efficiency

To raise operational efficiency, we will work to reduce costs, strengthen our financial position and accelerate and streamline management decision-making.

In particular, we will endeavor to reduce costs by integrating and relocating manufacturing bases and streamlining distribution. To reorganize our manufacturing and distribution structure in Hokkaido in the fiscal year under review, we closed a noodle production plant in Kushiro City and, in its place, opened a plant in Otaru City in the suburbs of Sapporo where our distribution base is located. This move has raised the freshness of ingredients and increased both the efficiency and speed of distribution operations.

Improving Product Safety

Toyo Suisan fully realizes that it is essential that we carry out efforts to improve the safety of our products as well as forge a sound corporate philosophy if we are to produce an environment that eases consumers' anxieties over the safety of food and encourages their patronage. To help achieve this aim, we have developed a system that monitors ingredients and checks for genetic modifications, allergies and other anomalies through the use of a product information management system powered by state-of-the-art information technology. In the future, we aim to further develop this technology as well as ramp up efforts in building a traceability system*.

*System that ensures safety by conducting follow-up checks on every minute detail pertinent to the life of a manufactured product, including ingredients, region of origin (including seasonings) and production methods used.

Dividends

Management believes that its most important mission is to raise corporate value and return a greater portion of profits to shareholders by improving profitability and reinforcing our management base. In the determination of shareholders' dividends, the Company's basic policy is to provide stable returns on earnings while also factoring for corporate performance during the term. Concurrently, internal reserves must also be earmarked in order to carry out such future business development as reinforcement of corporate structure and raising of corporate value by means of development investment and other activities.

Accordingly, together with the inclusion of a ¥5.00 (US$0.04) dividend in commemoration of the Company's 50th anniversary, year-end cash dividends were set at ¥17.00 (US$0.1) per share.

Outlook

In the fiscal year ending March 31, 2004, consumer spending will likely remain sluggish as fears abound over domestic employment conditions that stem from lingering bad debt and asset deflation. In the food industry, retail prices are expected to continue to fall domestically and overseas, in turn contributing to a prolonged severity in the market environment.

We aim to obtain higher sales by developing products that reflect consumer needs and amassing the Group's comprehensive strengths to raise our brand competitiveness. Concurrently, we will undertake restructuring entailing the integration of plants and other measures, and focus efforts on further reducing production costs and more efficiently employing resources allocated for use as expenses.

Through the above efforts, on a consolidated basis, forecasts call for net sales of ¥323,000 million (US$2,687.2 million), operating income of ¥19,700 million (US$163.9 million) and net income of ¥9,800 million* (US$81.5 million) for the fiscal year ending March 31, 2004.

*Toyo Suisan has received permission from the Ministry of Health, Labour and Welfare on May 1, 2003, for exemption from payment of future benefits regarding the substituted portion of employee pension funds, but does not intend to apply the transitional accounting treatment specified in paragraph 47-2 of the "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" (See: The Japanese Institute of Certified Public Accountants' Auditing Committee Report No. 13). On the designated date, the Company plans to return to the government the substituted portion of employee pension funds, which only impacts net income. However, since that date is as yet undetermined, it does not appear in business forecasts for the fiscal year ending March 31, 2004.

June 2003

T. Tsutsumi

Tadasu Tsutsumi
President

Seafood Division

Net sales for this division dipped 0.1% to ¥63,983 million (US$532.3 million). While management tried to gain expanded product share through more rigorous product selection and greater emphasis on processed foods, sales were hampered by lackluster consumer spending amid an entrenched deflationary economy.

Processed Foods Division

Sales in this division decreased 2.6% to ¥231,143 million (US$1,923.0 million).

The Company's mainstay instant noodle business experienced brisk growth in packaged noodles. Sales were also firm for both existing and newly released products in the Japanese cup instant noodle series. Non-fried noodles also continued to display impressive growth.

In the fresh noodles business, sales were firm for *Sanshoku ("three-pack") Yakisoba* and *Hiyashi ("cold-served") Ramen*, while those of *Nishoku ("two-pack") Yakisoba* and *Nishoku ("two-pack") Udon* declined.

In the frozen food business, while frozen noodles and frozen ingredients for commercial use both experienced healthy sales, overall sales in this category edged down as aftermarket frozen noodles used in Chinese dishes recorded lower performance on account of problems regarding pesticide residue detected in Chinese vegetable imports.

Overseas, while the instant noodle business in the U.S. continued to turn in a favorable performance, net sales dropped to ¥6,399 million (US$53.2 million), owing to changes in accounting practices in the fiscal year under review in line with the introduction of EITF 01-9 reporting used in U.S. accounting standards.

Cold-Storage Division

Sales in this division rose 1.3% to ¥13,456 million (US$111.9 million). Inventory cutbacks by customers were a major factor in restraining growth; this was offset, however, by healthy sales in the Tokyo metropolitan area and the contribution of the year-round operations of Ishikari No.2 Cold Storage Facility (Hokkaido).

Other Business Division

Sales in this division declined 7.5% to ¥10,790 million (US$89.8 million). The division chiefly handles such operations as the manufacture and sale of cosmetics and the leasing of real estate. While performance in the leasing real estate business generally varies little from year to year, the fiscal year under review witnessed a decline in sales owing to cancellation of a portion of lease contracts at the Boso Plant (Chiba) of Shuetsu Co., Ltd. in line with that company's streamlining measures.

BOARD OF DIRECTORS AND CORPORATE AUDITORS

As of June 27, 2003

Chairman
Kiyoshi Fukagawa

President
Tadasu Tsutsumi

Senior Managing Directors
Katsuaki Hano
Ryoichi Tsuru

Managing Directors
Yasuo Inoue
Yoshitaka Kogure
Mutsuhiko Oda
Katsuro Narutaki

Directors
Shigeru Sagara
Kyoji Kubo
Jinichi Mera
Takayuki Aza
Fumio Taniguchi
Tadashi Sugimoto
Katsuhide Sato
Yoshio Tomoda
Hiroshi Yamauchi
Toru Yamashita
Nobuhide Kaneshige
Hiroyuki Minami

Corporate Auditors
Seiichi Kato
Akiro Nishikiori
Katsuhisa Kitamura
Akira Takara

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 20 members, who are all directors from within the Company. There are also four Corporate Auditors, one of whom is selected from outside the Company, who provide advice and counsel to the Board of Directors.

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of March 31, 2002 and 2003

ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2003	2003
Current assets:			
Cash on hand and at bank	¥ 20,679	¥ 24,275	$ 201,958
Marketable securities (Note 4)	—	46	385
Notes and accounts receivable —			
Trade	44,428	38,297	318,613
Unconsolidated subsidiaries and affiliates	1,379	3,373	28,058
Other	1,675	4,320	35,942
Less: Allowance for doubtful accounts	(446)	(353)	(2,941)
	47,036	45,637	379,672
Inventories	21,291	23,644	196,705
Deferred income tax assets (Note 11)	1,597	2,013	16,747
Other current assets	1,152	1,549	12,885
Total current assets	91,755	97,164	808,352
Property, plant and equipment (Note 6):			
Buildings and structures	89,152	94,326	784,742
Machinery and equipment	75,748	73,611	612,404
	164,900	167,937	1,397,146
Less: Accumulated depreciation	(98,309)	(99,971)	(831,705)
	66,591	67,966	565,441
Land	33,910	35,065	291,722
Construction in progress	3,087	551	4,580
Total property, plant and equipment	103,588	103,582	861,743
Investments and advances:			
Investments in and advances to unconsolidated subsidiaries and affiliates	3,326	3,455	28,744
Investments in securities (Notes 4 and 6)	13,196	10,098	84,012
Deferred income tax assets (Note 11)	7,133	7,269	60,472
Other investments and advances	1,374	1,196	9,945
Less: Allowance for doubtful accounts	(1)	(1)	(6)
Total investments and advances	25,028	22,017	183,167
Deferred charges and other assets	2,342	2,029	16,884
Total assets	¥ 222,713	¥ 224,792	$1,870,146

The accompanying notes are an integral part of the statements.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2003	2003
Current liabilities:			
Short-term bank loans (Note 6)	¥ 14,009	¥ 11,012	$ 91,614
Current portion of long-term debt (Note 6)	1,658	1,806	15,027
Notes and accounts payable —			
Trade	18,704	19,288	160,470
Unconsolidated subsidiaries and affiliates	217	325	2,701
Other	2,102	1,585	13,186
	21,023	21,198	176,357
Income taxes payable	2,548	3,590	29,869
Accrued expenses	16,831	16,938	140,911
Other current liabilities	491	876	7,285
Total current liabilities	56,560	55,420	461,063
Long-term liabilities:			
Long-term debt (Note 6)	33,137	31,696	263,691
Deferred income tax liabilities (Note 11)	2,120	2,218	18,455
Reserve for retirement benefits (Note 7)			
— for employees	20,921	21,045	175,087
— for officers	1,112	1,075	8,940
Reserve for loss on guarantees	1,554	1,563	13,003
Total long-term liabilities	58,844	57,597	479,176
Total liabilities	115,404	113,017	940,239
Contingent liabilities (Note 8)			
Minority interests in consolidated subsidiaries	9,688	7,266	60,447
Shareholders' equity:			
Common stock, par value ¥50 per share — Authorized: 427,000,000 shares as of March 31, 2002 and 2003 Issued: 110,881,044 shares as of March 31, 2002 and 2003	18,969	18,969	157,816
Additional paid-in capital	20,155	20,155	167,684
Retained earnings	62,268	68,353	568,661
Adjustment on foreign currency translation	1,600	(1,020)	(8,491)
Net unrealized gain (loss) on other securities	(1,414)	(855)	(7,114)
Treasury stock at cost	(15)	(97)	(805)
Treasury stock owned by consolidated subsidiaries	(3,942)	(996)	(8,291)
Total shareholders' equity	97,621	104,509	869,460
Total liabilities, minority interests and shareholders' equity	¥ 222,713	¥ 224,792	$1,870,146

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND SHAREHOLDERS' EQUITY

For the years ended March 31, 2002 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2003	2003
Net sales (Note 13)	¥ 326,334	¥ 319,373	$ 2,657,014
Cost of sales	216,057	212,851	1,770,803
Gross profit	110,277	106,522	886,211
Selling, general and administrative expenses	93,779	87,127	724,852
Operating income (Note 13)	16,498	19,395	161,359
Non-operating income (expenses):			
Interest and dividend income	425	306	2,547
Interest expense	(1,106)	(796)	(6,622)
Loss on sales or disposition of property	(366)	(504)	(4,189)
Gain (loss) on sales of investments in securities	254	(30)	(250)
Write-down of investments in securities	(2,269)	(3,810)	(31,695)
Write-down of investments in unconsolidated subsidiaries and affiliates	—	(16)	(133)
Exchange gain (loss)	311	(56)	(466)
Reversal of allowance for doubtful accounts	1,006	83	689
Provision for loss on guarantees	(1,554)	(9)	(75)
Plant closure expenses	(780)	(119)	(992)
Reversal of reserve for retirement benefits	—	80	669
Received subsidy	—	118	979
Other, net	(387)	50	412
	(4,466)	(4,703)	(39,126)
Income before income taxes and minority interests	12,032	14,692	122,233
Income taxes:			
Current	6,501	7,591	63,156
Deferred	(1,700)	(962)	(8,004)
	4,801	6,629	55,152
Income before minority interests	7,231	8,063	67,081
Minority interests in earnings of consolidated subsidiaries	(757)	(667)	(5,553)
Net income	¥ 6,474	¥ 7,396	$ 61,528

	Yen		U.S. dollars
Per share:			
Net income — primary	¥ 62.3	¥ 66.3	$ 0.6
— fully-diluted	—	—	—
Cash dividends	12.0	17.0	0.1

	Millions of yen		Thousands of U.S. dollars
Retained earnings:			
Balance at beginning of year	¥ 57,157	¥ 62,268	$ 518,036
Net income	6,474	7,396	61,528
Adjustments of retained earnings due to sales of treasury stock	(103)	—	—
Appropriations:			
Cash dividends	(1,246)	(1,248)	(10,383)
Officers' bonuses	(14)	(63)	(520)
	(1,363)	(1,311)	(10,903)
Balance at end of year	¥ 62,268	¥ 68,353	$ 568,661

The accompanying notes are an integral part of the statements.

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2002 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2003	2003
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 12,032	¥ 14,692	$ 122,233
Depreciation and amortization	8,528	8,547	71,107
Amortization of good will	16	32	264
Loss (gain) on sales of investments in securities	(254)	30	250
Loss on write-down of investments in securities	2,269	3,810	31,695
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	—	16	133
Increase (decrease) in reserve for retirement benefits	398	87	723
Increase (decrease) in allowance for doubtful accounts	(1,006)	(83)	(689)
Interest and dividend income	(425)	(306)	(2,547)
Interest expense	1,106	796	6,622
Increase (decrease) in reserve for loss on guarantees	1,554	9	75
Exchange loss (gain)	(323)	4	31
Loss (gain) on sales of marketable securities	75	2	18
Loss (gain) on sale of property, plant and equipment, net	366	504	4,189
Loss (gain) on liquidation of unconsolidated subsidiaries	188	—	—
Plant closure expenses	780	—	—
Decrease (increase) in notes and accounts receivable, trade	1,832	2,558	21,283
Decrease (increase) in inventories	(200)	(2,554)	(21,248)
Increase (decrease) in notes and accounts payable, trade	(2,531)	913	7,595
Increase (decrease) in accrued expenses	129	457	3,801
Other, net	(201)	(832)	(6,914)
Sub-total	24,333	28,682	238,621
Interest and dividend income received	427	301	2,501
Interest expense paid	(1,391)	(797)	(6,631)
Income taxes paid	(6,406)	(6,326)	(52,632)
Net cash provided by operating activities	16,963	21,860	181,859
Cash flows from investing activities:			
Payment for purchase of time deposits	(1,634)	(4,828)	(40,167)
Proceeds from maturities of time deposits	1,627	3,449	28,694
Proceeds from sales of marketable securities	53	—	—
Payment for purchase of property, plant and equipment	(12,599)	(12,030)	(100,086)
Proceeds from sales of property, plant and equipment	500	631	5,247
Payment for purchase of investments in securities	(1,775)	(157)	(1,303)
Proceeds from sales of investments in securities	3,207	138	1,148
Payment for loans receivable	(1,074)	(963)	(8,007)
Collection of loans receivable	2,507	140	1,168
Other, net	(543)	(140)	(1,168)
Net cash used for investing activities	(9,731)	(13,760)	(114,474)
Cash flows from financing activities:			
Proceeds from short-term loans	12,367	4,005	33,316
Repayment of short-term loans	(14,794)	(6,847)	(56,958)
Repayment of long-term debt	(1,064)	(1,192)	(9,915)
Redemption of bonds	(30,000)	—	—
Dividends paid by parent company	(1,244)	(1,249)	(10,392)
Other, net	(123)	(208)	(1,733)
Net cash used for financing activities	(34,858)	(5,491)	(45,682)
Effect of exchange rate changes on cash and cash equivalents	221	(287)	(2,389)
Net increase in cash and cash equivalents	(27,405)	2,322	19,314
Cash and cash equivalents at beginning of year	46,669	19,264	160,274
Cash and cash equivalents at end of year (Note 9)	¥ 19,264	¥ 21,586	$ 179,588

The accompanying notes are an integral part of the statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation of the consolidated financial statements:

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Toyo Suisan Kaisha, Ltd. (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law, and in conformity with generally accepted accounting principles and practices prevailing in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Summary of significant accounting policies:

(1) Scope of consolidation

The Company had 45 subsidiaries as March 31, 2003 (42 as at March 31, 2002). The accompanying consolidated financial statements include the accounts of the Company and of its 23 (23 for 2002) subsidiaries. The Company and its consolidated subsidiaries that are substantially controlled by the parent company are consolidated. The 23 significant subsidiaries which have been consolidated with the Company are listed below:

Name of Subsidiary	Equity Ownership Percentage
Hachinohe Toyo Kaisha, Ltd.	100.0%
Kofu Toyo Kaisha, Ltd.	100.0
Fukushima Foods Co., Ltd.	51.8
Toyo Reito Kaisha, Ltd.	100.0
Kushiro Toyo Kaisha, Ltd.	85.0
Sanriku Toyo Kaisha, Ltd.	100.0
Shuetsu Co., Ltd.	86.3
Shinto Corporation	100.0
Rosette Co., Ltd.	100.0
Tobu Boeki K.K.	100.0
Tukiji Toyo Co., Ltd.	100.0
Sankyo Food Kogyo Co., Ltd.	76.9
Imari Toyo Kaisha, Ltd.	100.0
Fresh Diner Co., Ltd.	100.0
Tokyo Corporation	72.2
Sanin Toyo Kaisha, Ltd.	100.0
Choshi Toyo Kaisha, Ltd.	100.0
Yutaka Foods Corporation	39.3
Tagoseihyou Corporation	55.4
Maruchan, Inc.*	100.0
Maruchan Virginia, Inc.*	100.0
Pac-Maru, Inc.*	100.0
Seafreeze Limited, Partnership *	100.0

* Incorporated in the U.S.A.

(2) Unconsolidated subsidiaries

The remaining 22 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.

(3) Consolidation principles

The financial statements of Maruchan, Inc., Maruchan Virginia, Inc., Pac-Maru, Inc. and Seafreeze Limited, Partnership have been translated into Japanese yen at the current exchange rate prevailing at the balance sheet dates for purposes of consolidation.

All of the above consolidated subsidiaries use a fiscal year ending on March 31 of each year, which is in agreement with the fiscal year of the Company.

Unrealized intercompany profit and loss among the Company and its consolidated subsidiaries is entirely eliminated, and the portion thereof attributable to the minority interests is charged to the minority interests.

Any difference 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, is deferred and amortized on a straight-line basis over a period of five years from the date of acquisition.

(4) Accounts for investments in unconsolidated subsidiaries and affiliates

The Company had 22 (19 as at March 31, 2002) unconsolidated subsidiaries and 2 (2 as at March 31, 2002) affiliates as at March 31, 2003. The investments in these unconsolidated subsidiaries and affiliates are carried at cost since the effect of applying the equity method of accounting for 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.

(5) Remeasurement of assets and liabilities of the subsidiaries

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

(6) Marketable securities and investments in securities

Effective from the year ended March 31, 2002, the Company and its domestic consolidated subsidiaries adopted the new Japanese accounting standard for financial instruments about "Other securities" with a market quotation on a stock exchange. As a result, investments in securities for the year ended March 31, 2002 has decreased by ¥2,407 million ($20,025 thousand) and deferred income tax assets and minority interests in consolidated subsidiaries have increased by ¥1,013 million ($8,428 thousand) and ¥19 million ($158 thousand), as compared with the amounts which would have been reported if the previous standard had been applied consistently. Also, net unrealized loss on other securities amounting to ¥1,414 million ($11,764 thousand) is recorded as a separate component of shareholders' equity.

Securities held by the Company and its consolidated subsidiaries are classified as follows:

"Held-to-maturity debt securities" that the Company and its consolidated subsidiaries have the intent to hold to maturity are stated at cost after accounting for premium or discount on acquisition, which are amortized over the period to maturity.

"Investments of the Company in equity securities issued by unconsolidated subsidiaries and affiliates" are accounted for by the equity method. Exceptionally, investments in certain unconsolidated subsidiaries and affiliates are stated at cost because the effect of application of the equity method would be immaterial.

"Other securities" with a market quotation on a stock exchange are valued at market method.

"Other securities" without a market quotation are valued at the moving average method.

(7) Inventories

Inventories are principally stated at cost, cost being determined by the moving-average method.

Effective from the year ended March 31, 2002, the Company and one of the domestic consolidated subsidiaries have changed their inventory method for finished goods, raw materials and work in process, from the total average method to the moving-average method. As a result, cost of sales has increased by ¥45 million ($374 thousand) and income before income taxes for this year has decreased by the same amount, as compared with the amount which would have been reported if the previous standard had been applied consistently.

(8) Property, plant and equipment

Depreciation is computed primarily on the declining-balance method, at rates based on the estimated useful lives of assets.

The range of useful lives are summarized as follows:

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

The Company and its domestic consolidated subsidiaries have changed the depreciation method for buildings (excluding leasehold improvement and auxiliary facilities attached to buildings), which were acquired after April 1, 1998, from the declining-balance method to the straight-line method pursuant to the amendments to the Japanese income tax law, which took effect from the year starting on and after April 1, 1998.

The cost of property 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.

(9) Deferred charges and other assets

Amortization of intangible assets, included in other assets, and deferred charges is computed on the straight-line method at years based on the estimated useful lives.

Software costs for internal use are amortized over their expected useful lives (five years) on a straight-line basis.

Bond issue expenses are deferred and amortized on a straight-line basis over a three-year period.

(10) Reserve for retirement benefits and pension plan

(a) Retirement benefits for employees

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

The balance of 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 except that the unrecognized actuarial differences are amortized on a straight-line basis over a period of 10 years from the next year in which they arise.

(b) Retirement benefits for officers

The Company and domestic consolidated subsidiaries have provided for the accrued cost of retirement benefits payable to Officers at an amount equivalent to 100% of such benefits the Company and subsidiaries would be required to pay, had all eligible Officers retired at the year-end date.

Effective from the year ended March 31, 2000, the Company has changed its basis of Retirement Benefits for Officers, from the cash basis to the accrual basis. As a result of this change, the cumulative effect on prior years of the change amounting to ¥718 million was equally charged in three years after the year.

(11) Accounting for leases

Finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are principally accounted for by the method used for ordinary operating leases.

(12) 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, assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. The shareholders' equity at the beginning of the 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 adjustments on foreign currency translation in the shareholders' equity.

(13) Income taxes

Income taxes of the Company and its domestic consolidated subsidiaries consist of corporate income taxes, local inhabitants taxes and enterprise taxes.

Income taxes are determined using the assets and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements.

(14) Dividends and appropriation of retained earnings

Under the Japanese Commercial Code and the Articles of Incorporation of the Company, the plan for appropriation of retained earnings (including cash dividend payments) proposed by the Board of Directors should be approved by the shareholders' meeting which must be held within three months after the end of each financial year.

Dividends are paid to shareholders on the shareholders' register at the end of each financial year.

As is customary practice in Japan, the payment of bonuses to directors and statutory auditors is made out of retained earnings instead of being charged to income of the year, which constitute a part of appropriations cited above.

(15) Net income and dividends per share

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.

(16) Accounting for the consumption tax

In Japan, the 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 by the Company on its revenues and consumption tax paid by the Company and its domestic subsidiaries on its purchases of products, merchandise and services from vendors are not included in the amounts of 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.

(17) Accounting method for promotion expenses of U.S. consolidated subsidiaries

Effective from the year ended March 31, 2003, U.S. subsidiaries of the Company adopted "EITF Issue No. 01-9, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)*", and started to record certain promotion expenses as deductions from sales revenues, instead of recording as selling, general and administrative expenses. As a result, net sales, gross profit, and selling, general and administrative expenses decreased by ¥6,399 million ($53,242 thousand), respectively, although there was no effect on operating income, as compared with the amount which would have been reported if the previous standard had been applied consistently.

(18) Accounting method for treasury stock and reduction of legal reserves

Effective from the year ended March 31, 2003, the Company adopted Accounting Standard No.1; "Accounting Standard for Treasury Stock and Reduction of Legal Reserves", issued by Accounting Standards Board of Japan on February 21, 2002. There was no effect on net income for the year ended March 31, 2003.

3. United States dollar amounts:

The Company and its consolidated subsidiaries maintain accounting records in yen. The dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating yen to dollars on the basis of ¥120.20 = US$1. The inclusion of such dollar amounts is solely for convenience.

4. Marketable securities and investments in securities:

Market value of marketable securities and investments in securities shown above as of March 31, 2002 and 2003 were as follows:

	Millions of yen		
	2002		
	Cost	Market value	Unrealized gain (loss)
Marketable securities	—	—	—
Investments in securities	¥ 14,253	¥ 11,825	¥ (2,428)
	¥ 14,253	¥ 11,825	¥ (2,428)

	Millions of yen			Thousands of U.S. dollars
	2003			2003
	Cost	Market value	Unrealized gain (loss)	Unrealized gain (loss)
Marketable securities	¥ 46	¥ 46	—	—
Investments in securities	¥ 10,460	¥ 9,027	¥ (1,433)	$ (11,922)
	¥ 10,506	¥ 9,073	¥ (1,433)	$ (11,922)

5. Derivative financial instruments:

The Company and its consolidated subsidiaries entered into derivative financial instruments of foreign exchange forward contracts. 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 don't anticipate any losses resulting from default of the counter-parties as they are limited to major domestic financial institutions with sound operational foundations.

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

Short-term bank loans outstanding as of March 31, 2003 were generally represented by the notes payable issued by the Company and its consolidated subsidiaries to banks bearing interest at annual rates averaging 0.743% as of March 31, 2003. Customarily these notes are renewed at maturity subject to renegotiation of interest rates and other factors.

Long-term debt as of March 31, 2002 and 2003 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2003	2003
Loans from banks and other financial institutions due from 2003 to 2012 with mortgages and collateral, at interest indicated below	¥ 4,524	¥ 3,287	$ 27,347
2.45% bonds due June 24, 2005 issued by the Company	10,000	10,000	83,194
1.06% bonds due February 15, 2006 issued by the Company	10,000	10,000	83,194
1.44% bonds due February 15, 2008 issued by the Company	10,000	10,000	83,194
Guarantee deposits from tenants	271	215	1,789
	34,795	33,502	278,718
Less: Current portion	(1,658)	(1,806)	(15,027)
	¥ 33,137	¥ 31,696	$ 263,691

The Company's assets pledged as collateral and collective mortgages for long-term debt and contingent liability for guarantees at March 31, 2002 and 2003 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2003	2003
Property, plant and equipment, net of accumulated depreciation:			
Buildings and structures	¥ 2,318	¥ 610	$ 5,072
Machinery and equipment	46	40	333
Land	1,766	—	—
Investments in securities	1,041	412	3,428
Treasury stock owned by consolidated subsidiaries	324	—	—
Other	163	163	1,360
	¥ 5,658	¥ 1,225	$10,193

The aggregate annual maturities of long-term loans from banks and other financial institutions outstanding as of March 31, 2002 during the succeeding period are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2004	¥ 1,806	$ 15,027
2005	189	1,572
2006	189	1,572
2007	189	1,572
2008 and thereafter	914	7,604
	¥ 3,287	$ 27,347

7. Reserve for retirement benefits and pension plan:

The Company and 18 domestic consolidated subsidiaries have defined benefit retirement plans covering substantially all employees and the Company and 9 domestic consolidated subsidiaries have qualified pension plans. Also, the Company and 18 domestic consolidated subsidiaries have qualified a plan which is governed by the regulations of the Japanese Welfare Pension Insurance Law. Moreover, the premium retirement payments may be paid in the case of retirement of an employee.

The reserves for retirement benefits as of March 31, 2002 and 2003 were analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2003	2003
Projected benefit obligations	¥ 47,026	¥ 49,461	$411,491
Plan assets	20,099	18,366	152,794
Net unreserved projected benefit obligations	26,927	31,095	258,697
Unrecognized actuarial differences	6,006	10,050	83,610
Accrued retirement benefits	¥ 20,921	¥ 21,045	$175,087

Notes:
1. The above table includes the amounts related to the portion subject to the Japanese Welfare Pension Insurance Law.
2. Some domestic consolidated subsidiaries principally adopted the simple method for retirement benefits.
3. Two domestic consolidated subsidiaries have qualified a comprehensive established pension plan which is governed by the regulations of the Japanese Welfare Pension Insurance Law, and pension assets amounting to ¥228 million ($1,897 thousand) are not included in the table above.

Net pension and severance cost related to the retirement benefit plan for the years ended March 31, 2002 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2003	2003
Service cost	¥ 2,197	¥ 2,162	$ 17,987
Interest cost	1,252	1,134	9,432
Expected return on plan assets	(584)	(489)	(4,071)
Amortization of transition amount	—	—	—
Amortization of actuarial differences	408	641	5,336
Amortization of prior service cost	—	—	—
Net pension and severance cost	¥ 3,273	¥ 3,448	$28,684

Assumptions used in calculation of the above information were as follows:

	Year ended March 31, 2002	Year ended March 31, 2003
Method of attributing the projected benefits to periods of services	straight-line basis	straight-line basis
Discount rate	3.0%	2.5%
Expected rate of return on plan assets	3.0%	2.5%
Amortization of unrecognized actuarial differences	10 years	10 years

8. Contingent liabilities:

Contingent liabilities for guarantees of indebtedness of the following companies at March 31, 2002 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2003	2003
Towa Estate Co., Ltd.	¥ —	¥ 1,330	$ 11,065
Mitsuwa Daily Co., Ltd.	504	446	3,711
Suzuki Daily Co., Ltd.	432	361	3,003
Taiwan Tong Hsing Foods., Ltd.	136	95	785
Kainan Toyo Suisan, Ltd.	200	—	—
Tianjin Sankyo Food Co., Ltd.	106	—	—
Other	—	120	1,000
	¥ 1,378	¥ 2,352	$ 19,564

9. Consolidated statement of cash flows:

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand and cash in banks able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

Cash and cash equivalents consists of:

	Millions of yen		Thousands of U.S. dollars
	2002	2003	2003
Cash on hand and in banks	¥ 20,679	¥ 24,275	$ 201,958
Time deposits with deposit term of over 3 months	(1,415)	(2,689)	(22,370)
Cash and cash equivalents	¥ 19,264	¥ 21,586	$ 179,588

10. Lease commitments:

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

Lease rental expenses on finance lease contracts without ownership-transfer for the years ended March 31, 2002 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2003	2003
Lease expenses	¥ 750	¥ 620	$ 5,159

Scheduled maturity of lease rental expenses from the above lease contracts subsequent to March 31, 2002 and 2003 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2003	2003
Due within one year	¥ 542	¥ 395	$ 3,286
Due over one year	392	534	4,441
	¥ 934	¥ 929	$ 7,727

Assumed data as to acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets, which included the portion of interest thereon, for the years ended March 31, 2002 and 2003 were summarized as follows:

	Year ended March 31, 2002		
	Millions of yen		
	Cost	Accumulated depreciation	Book value
Machinery and equipment	¥ 2,892	¥ 2,312	¥ 580
Other	1,454	1,100	354
	¥ 4,346	¥ 3,412	¥ 934

	Year ended March 31, 2003					
	Millions of yen			Thousands of U.S. dollars		
	Cost	Accumulated depreciation	Book value	Cost	Accumulated depreciation	Book value
Machinery and equipment	¥ 2,722	¥ 2,463	¥ 259	$ 22,643	$ 20,489	$ 2,154
Other	1,109	439	670	9,226	3,653	5,573
	¥ 3,831	¥ 2,902	¥ 929	$ 31,869	$ 24,142	$ 7,727

	Millions of yen		Thousands of U.S. dollars
	2002	2003	2003
Depreciation	¥ 750	¥ 620	$ 5,159

Depreciation is based on the straight-line method over the lease term of the leased assets.

11. Income taxes:

Income taxes applicable to the parent company and subsidiaries in Japan include (1) corporation tax, (2) enterprise tax and (3) inhabitants tax which, in the aggregates, result in a statutory tax rate approximately equal to 42.0% for the year ended March 31, 2002 and 2003.

The significant components of deferred tax assets and liabilities at March 31, 2002 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2003	2003
Deferred tax assets:			
Unrealized gain on fixed assets	¥ 553	¥ 553	$ 4,598
Accrued bonuses	373	478	3,974
Allowance for doubtful accounts	1,075	1,144	9,515
Write-down of investments in securities	671	1,099	9,146
Provision for loss on guarantees	653	636	5,291
Plant closure expenses	279	267	2,219
Net unrealized loss on other securities	1,014	569	4,737
Reserve for retirement benefits	7,813	7,392	61,495
Other	1,065	1,886	15,693
Total deferred tax assets	13,496	14,024	116,668
Deferred tax liabilities:			
Allowance for doubtful accounts	942	1,080	8,982
Reversal of special reserves for deferred of capital gains	3,660	3,492	29,054
Difference between cost of an investment and the amount of underlying equity in a subsidiary	959	959	7,982
Depreciation in overseas consolidated subsidiaries	1,326	1,417	11,788
Other	—	12	98
Total deferred tax liabilities	6,887	6,960	57,904
Net deferred tax assets	¥ 6,609	¥ 7,064	$ 58,764

Reconciliation of the differences between the statutory tax rate and the effective income tax rate at March 31 is as follows:

	Year ended March 31, 2002	Year ended March 31, 2003
Statutory tax rate	42.0%	42.0%
Increase (decrease) in taxes resulting from:		
Permanent non deductible expenses	1.1	1.3
Equalization tax	0.6	0.5
Foreign tax credit	(1.9)	—
Year-end adjustment of deferred income tax assets derived from changes in effective tax rates	—	1.2
Dividends received not taxable	(1.2)	(0.5)
Other	(0.7)	0.6
Effective income tax rate	39.9%	45.1%

Due to an amendment to the local tax law to be effective from the year beginning April 1, 2004, the Company applied the same statutory tax rate as prior to the amendment of 42.0% to temporary differences which will be resolved on or before March 31, 2004, and applied the new statutory tax rate of 40.6% to those which will be resolved on or after April 1, 2004.

Due to the change in the statutory tax rate, deferred income tax assets, net of deferred income tax liabilities, at March 31, 2003 decreased by ¥191 million ($1,589 thousand), income taxes-deferred for the year ended March 31, 2003 increased by ¥172 million ($1,431 thousand), and net unrealized loss on other securities increased by ¥19 million (¥158 thousand), respectively, as compared with the amounts which would have been reported if the tax rate prior to the amendment had been applied consistently to all temporary differences.

12. Net assets and net income per share:

Effective from the year ended March 31, 2003, the Company adopted Accounting Standard No.2; “Accounting Standard for Net Income Per Share”, and Accounting Standards Guideline No.4; “Guideline for Application of Accounting Standard for Net Income Per Share,” issued by the Accounting Standards Board of Japan on September 25, 2002.

Calculation of net assets per share and net income per share in accordance with the prior accounting standards for the year ended March 31, 2003 were ¥1,005.58 ($8.4) and ¥71.13 ($0.6), respectively.

13. 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, retort pouch and chilled foods
Cold-storage	operations of refrigerated warehouses
Other	cosmetics, rent of warehouses

Year ended March 31, 2002

Millions of yen

	Business segment					Elimination of inter-segment sales/transfers	Consolidated total
	Seafood	Processed foods	Cold-storage	Other	Total		
Net sales	¥ 67,852	¥ 238,334	¥ 14,274	¥ 14,426	¥ 334,886	¥ (8,552)	¥ 326,334
Operating expenses	67,348	223,393	14,168	13,490	318,399	(8,563)	309,836
Operating income	¥ 504	¥ 14,941	¥ 106	¥ 936	¥ 16,487	¥ 11	¥ 16,498
Assets	¥ 31,478	¥ 110,238	¥ 32,938	¥ 21,385	¥ 196,039	¥26,674	¥ 222,713
Depreciation	265	4,688	2,199	1,122	8,274	470	8,744
Capital expenditures	274	8,871	3,945	890	13,980	173	14,153

Year ended March 31, 2003							
Millions of yen							
	Business segment					Elimination of inter-segment sales/transfers	Consolidated total
	Seafood	Processed foods	Cold-storage	Other	Total		
Net sales	¥ 67,731	¥ 232,044	¥ 14,488	¥ 13,458	¥ 327,721	¥ (8,348)	¥ 319,373
Operating expenses	66,712	214,946	14,273	12,396	308,327	(8,349)	299,978
Operating income	¥ 1,019	¥ 17,098	¥ 215	¥ 1,062	¥ 19,394	¥ 1	¥ 19,395
Assets	¥ 28,859	¥ 117,384	¥ 33,978	¥ 19,689	¥ 199,910	¥24,882	¥ 224,792
Depreciation	240	4,908	2,124	901	8,173	469	8,642
Capital expenditures	112	8,642	2,372	224	11,350	213	11,563

Year ended March 31, 2003							
Thousands of U.S. dollars							
	Business segment					Elimination of inter-segment sales/transfers	Consolidated total
	Seafood	Processed foods	Cold-storage	Other	Total		
Net sales	$ 563,485	$1,930,483	$120,533	$111,963	$2,726,464	$ (69,450)	$2,657,014
Operating expenses	555,008	1,788,236	118,744	103,128	2,565,116	(69,461)	2,495,655
Operating income	$ 8,477	$ 142,247	$ 1,789	$ 8,835	$ 161,348	$ 11	$ 161,359
Assets	$ 240,092	$ 976,572	$282,679	$163,802	$1,663,145	$207,001	$1,870,146
Depreciation	1,997	40,832	17,671	7,496	67,996	3,901	71,897
Capital expenditures	932	71,897	19,734	1,864	94,427	1,771	96,198

Notes:
(1) As described in Note 2(6) of the Notes to the Consolidated Financial Statement, effective from the year ended March 31, 2002, the Company and its consolidated subsidiaries adopted the new Japanese accounting standard for financial instruments about "Other securities" with a market quotation on a stock exchange. As a result, corporate assets decreased by ¥1,414 million ($10,612 thousand), as compared with the previous year.
(2) As described in Note 2(7) of the Notes to the Consolidated Financial Statements, from the year ended March 31, 2002, the Company and 1 domestic consolidated subsidiary have changed their inventory method for finished goods, raw materials and work in process, from the total average method to the moving-average method. As a result, operating expenses of "Processed foods" increased by ¥45 million ($338 thousand) and consequently, operating income decreased by the same amount, as compared with the previous year.
(3) As described in Note 2(17) of the Notes to the Consolidated Financial Statements, effective from the year ended March 31, 2003, U.S. subsidiaries adopted the new accounting standard regarding certain promotion expenses, and started to record certain promotion expenses as deductions from sales revenues, instead of recording as selling, general and administrative expenses. As a result, net sales and operating expenses of "Processed foods" decreased by ¥6,399 million ($53,242 thousand), respectively, although there was no effect on operating income, as compared with the previous year.

(2) Geographic segment information

Year ended March 31, 2002					
Millions of yen					
	Japan	North America	Total	Elimination or unallocable amounts	Consolidated total
Net sales	¥ 267,058	¥ 67,433	¥ 334,491	¥ (8,157)	¥ 326,334
Operating expenses	257,613	60,390	318,003	(8,167)	309,836
Operating income	¥ 9,445	¥ 7,043	¥ 16,488	¥ 10	¥ 16,498
Assets	¥ 166,007	¥ 31,478	¥ 197,485	¥ 25,228	¥ 222,713

	Year ended March 31, 2003				
	Millions of yen				
	Japan	North America	Total	Elimination or unalloca-ble amounts	Consolidated total
Net sales	¥ 269,607	¥ 57,958	¥ 327,565	¥ (8,192)	¥ 319,373
Operating expenses	257,153	51,023	308,176	(8,198)	299,978
Operating income	¥ 12,454	¥ 6,935	¥ 19,389	¥ 6	¥ 19,395
Assets	¥ 170,763	¥ 31,776	¥ 202,539	¥22,253	¥ 224,792

	Year ended March 31, 2003				
	Thousands of U.S. dollars				
	Japan	North America	Total	Elimination or unalloca-ble amounts	Consolidated total
Net sales	$2,242,987	$482,180	$2,725,167	$ (68,153)	$2,657,014
Operating expenses	2,139,376	424,484	2,563,860	(68,205)	2,495,655
Operating income	$ 103,611	$ 57,696	$ 161,307	$ 52	$ 161,359
Assets	$1,420,657	$264,359	$1,685,016	$185,130	$1,870,146

Notes:
(1) The major country in the "North America" classification is the U.S.A.
(2) As U.S. is a described in Note 2(6) of the Notes to the Consolidated Financial Statement, effective from the year ended March 31, 2002, the Company and its consolidated subsidiaries adopted the new Japanese accounting standard for financial instruments about "Other securities" with a market quotation on a stock exchange. As a result, assets of "Japan" decreased by ¥1,414 million ($10,612 thousand), as compared with the previous year.
(3) As described in Note 2(7) of the Notes to the Consolidated Financial Statements, from the year ended March 31, 2002, the Company and 1 domestic consolidated subsidiary have changed their inventory method for finished goods, raw materials and work in process, from the total average method to the moving-average method. As a result, operating expenses of "Japan" increased by ¥45 million ($338 thousand) and consequently, operating income decreased by the same amount, as compared with the previous year.
(4) As described in Note 2(17) of the Notes to the Consolidated Financial Statements, effective from the year ended March 31, 2003, U.S. subsidiaries adopted the new accounting standard regarding certain promotion expenses, and started to record certain promotion expenses as deductions from sales revenue, instead of recording as selling, general and administrative expenses. As a result, net sales and operating expenses of "North America" decreased by ¥6,399 million ($53,242 thousand), respectively, although there was no effect on operating income, as compared with the previous year.

(3) Sales to overseas customers

	Year ended March 31, 2002			Year ended March 31, 2003			Year ended March 31, 2003		
	Millions of yen						Thousands of U.S. dollars		
	North America	Others	Total	North America	Others	Total	North America	Others	Total
Overseas sales	¥ 61,780	¥ 2,085	¥ 63,865	¥ 51,048	¥ 1,482	¥ 52,530	$424,692	$ 12,329	$ 437,021
Consolidated net sales			¥326,334			¥319,373			$2,657,014
%	18.9%	0.7%	19.6%	16.0%	0.4%	16.4%	16.0%	0.4%	16.4%

Notes:
(1) Net sales in overseas countries include those of the Company and its overseas consolidated subsidiaries.
(2) The major countries in each classification are as follows:
North America .... U.S.A.
Others .... People's Republic of China, Taiwan, Republic of Korea
(3) As described in Note 2(17) of the Notes to the Consolidated Financial Statements, effective from the year ended March 31, 2003, U.S. subsidiaries adopted the new accounting standard regarding certain promotion expenses, and started to record certain promotion expenses as deductions from sales revenue, instead of recording as selling, general and administrative expenses. As a result, net overseas sales of "North America" decreased by ¥6,399 million ($53,242 thousand), as compared with the previous year.

14. Subsequent event:

On May 1, 2003, the Company and certain domestic consolidated subsidiaries obtained approval from the Ministry of Health, Labour and Welfare for exemption from the payment of future benefit obligations with respect to the substitutional portion that the Company and certain domestic consolidated subsidiaries operate on behalf of the Japanese government. The Company and certain domestic consolidated subsidiaries applied accounting for return of the substitutional portion at the date when the exempted amounts are fixed, which is not based on an allowed alternative accounting method in accordance with "Practical Guidance for Accounting for Pensions" issued by the Japanese Institute of Certified Public Accountants. As a result, amounting to ¥6,790 million ($56,495 thousand) of related gain is prospected.

Report of Independent Auditors

To the Board of Directors
TOYO SUISAN KAISHA, LTD.

We have audited the accompanying consolidated balance sheets of TOYO SUISAN KAISHA, LTD. and its subsidiaries as of March 31, 2002 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 TOYO SUISAN KAISHA, LTD. and its subsidiaries as of March 31, 2002 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 1).

As described in Note 2(6) and Note 2(7), effective for the year ended March 31, 2002, TOYO SUISAN KAISHA, LTD. and its domestic consolidated subsidiaries adopted new Japanese accounting standards for financial instruments, and TOYO SUISAN KAISHA, LTD. and one of the domestic consolidated subsidiaries changed the inventory method.

As described in Note 2(17) and Note 14, effective for the year ended March 31, 2003, U.S. consolidated subsidiaries of TOYO SUISAN KAISHA, LTD. adopted new accounting standard of "EITF Issue No. 01-9, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products),*" and TOYO SUISAN KAISHA, LTD. and certain domestic consolidated subsidiaries obtained an approval to return the substitutional portion of the pension, to the government, in conformity with the Defined Benefit Pension Plan Law.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

ChuoAoyama Audit Corporation

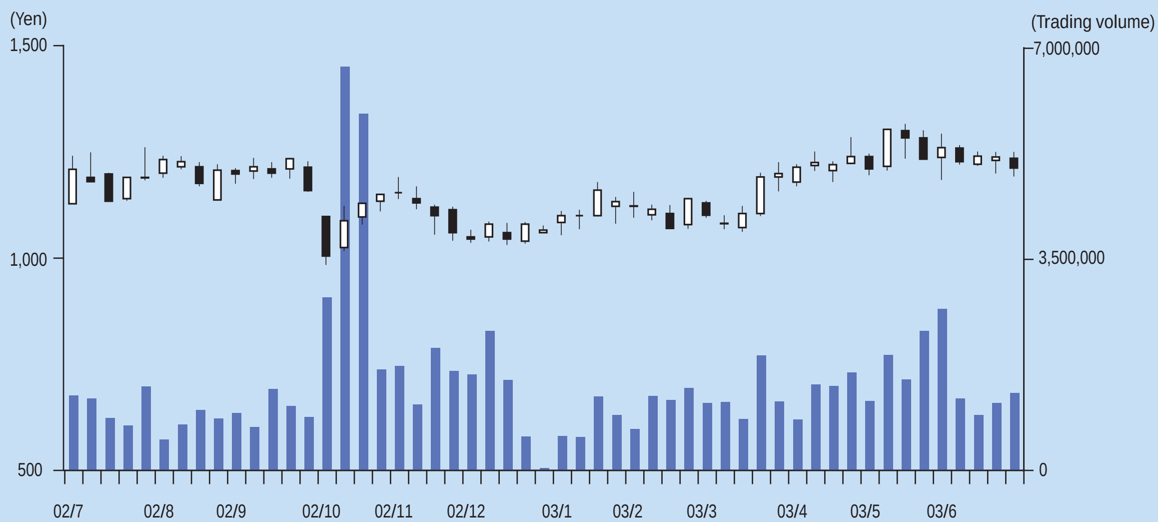
ChuoAoyama Audit Corporation
Tokyo, Japan
June 27, 2003

CORPORATE DATA

As of March 31, 2003

Head Office	13-40, Konan 2-chome Minato-ku, Tokyo 108-8501, Japan Tel: 81-3-3458-5111
Date of Establishment	March 25, 1953
Common Stock	Authorized Number of Shares 427,000,000 shares Issued Number of Shares 110,881,044 shares Paid-in Capital ¥18,969 million
Stock Exchange Listings	Tokyo, Osaka, Nagoya (#2875)
Stock Transfer Agent	The Chuo Mitsui Trust and Banking Company, Limited
Annual Meeting	The annual meeting of shareholders is usually held before the end of June in Tokyo.
Number of Shareholders	7,467
Number of Plants	6
Number of Sales Offices	25
Number of Subsidiaries and Affiliates	47
Number of Employees	3,903

Common Stock Price Range



TOYO SUISAN

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