ANNUAL REPORT 2004

Year ended March 31, 2004

Toyo Suisan Kaisha, Ltd.

TOYO SUISAN –
The Company behind the beloved *Maruchan* mark

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.

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 1995, 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.

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.

TO OUR SHAREHOLDERS

I am pleased to report to our shareholders on the business results for Toyo Suisan Kaisha, Ltd. for fiscal 2004, ended March 31, 2004.

The business environment surrounding the foods industry, where the Toyo Suisan Group operates, was characterized by intensifying sales competition amid sluggish personal consumption and continued declines in product unit prices. Moreover, food product manufacturers were urged to make unprecedented safety considerations following outbreaks of BSE in the United States and avian influenza in western Japan.

Under these challenging conditions, Toyo Suisan strived to regain consumer trust and provide consumers with reassurance when making their food purchases by establishing an environment that ensures product safety through such measures as obtaining ISO certification and building a product information management system. In addition, Toyo Suisan responded to fierce sales competition by progressing with the rebuilding of its logistics and production systems, working to attain further cost reductions and undertaking aggressive marketing activities.

These efforts notwithstanding, Toyo Suisan's consolidated net sales declined 2.8% to ¥310,293 million (US$2,927.3 million) due to a deteriorating business climate. Consolidated operating income was down 3.9% to ¥18,644 million (US$175.9 million) owing to the effects of currency exchange rate movements. However, consolidated net income jumped 22.8% to ¥9,081 million (US$85.7 million) as a result of a decline in write-down of investments in securities.

Looking ahead to fiscal 2005, despite signs of recovery in several sectors of the economy, more time will likely be needed for a complete recovery in personal consumption, which is still restrained by uncertainties about the domestic employment situation. In the foods industry, we anticipate that the market environment will remain severe both in Japan and overseas, as mounting price competition is likely to continue pushing product prices downward. Toyo Suisan will respond to these conditions by redoubling efforts to develop products that address customer needs and offering high value-added products. We will augment these measures by undertaking aggressive marketing focused on strengthening our sales promotion activities for each geographic region and product type, while aiming to achieve business results surpassing those recorded in fiscal 2004. At the cost level, we will respond to sales competition by moving ahead with the rebuilding of our logistics and production systems, implementing thorough cost-reduction measures and attaining greater cost efficiency.

In closing, I would like to thank our shareholders for their understanding of the Group's activities and to ask for your continued support.

June 2004

Tadasu Tsutsumi
President

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL HIGHLIGHTS

Years ended March 31, 2003 and 2004

	Millions of yen		Thousands of U.S. dollars
	2003	**2004**	**2004**
For the year:			
Net sales	¥ 319,373	**¥ 310,293**	**$ 2,927,291**
Operating income	19,395	**18,644**	**175,892**
Net income	7,396	**9,081**	**85,674**
At year-end:			
Total assets	¥ 224,792	**¥ 222,380**	**$ 2,097,923**
Shareholders' equity	104,509	**109,225**	**1,030,429**
Per share of common stock:			
(in yen and U.S. dollars)			
Net income	¥ 66.3	**¥ 83.0**	**$ 0.78**
Cash dividends	17.0	**12.0**	**0.11**

Note: U.S. dollar amounts represent translation of Japanese yen, for convenience only, at the rate of ¥106=US$1, the rate prevailing at March 31, 2004.

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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.

TOPICS IN FISCAL 2004

Based on its "customer-first" principle, Toyo Suisan adheres to a management philosophy that emphasizes "contributing to the realization of enjoyable and satisfying lifestyles by providing even higher quality foods and services to customers." The Group aims to raise its corporate value and to increase profits for shareholders by providing "safe and delicious food" and offering "reliable services" to customers.

***Men-Zukuri* non-fried instant cup noodles**

Instant Noodles

Toyo Suisan's annual domestic sales of instant noodles amount to approximately ¥91.9 billion. Among our instant noodle products, our mainstay series of Japanese instant cup noodles, developed in response to diversifying consumer preferences, represents one of our long-time, best-selling products and is a favorite of consumers. Annual sales of Japanese instant cup noodles are approximately ¥30.0 billion. Our extensive lineup of instant noodles also includes non-fried noodles, which allow consumers to enjoy the genuine flavor of noodles, and our vertical-type cup series of instant noodles.

***Mukashi Nagara No Chuka Soba* fresh noodles**

Fresh Noodles

Toyo Suisan's fresh noodles generate annual domestic sales of approximately ¥41.1 billion and command the top share of the fresh noodle market in Japan. Since being introduced in 1975, our *Sanshoku* ("three pack") *Yakisoba* fresh noodles have continued to enjoy immense popularity thanks to these noodles' elasticity and chewiness as well as a tasty powdered seasoning. Irrefutable evidence of its immense popularity, *Sanshoku Yakisoba* are the top-selling fresh noodles in Japan. Our *Sanshoku Udon* noodles, which can retain elasticity and smoothness for 15 days, and our *Mukashi Nagara No Chuka Soba* noodles, which can be easily prepared using a single pot and retain freshness for 60 days, are also long-standing customer favorites, and we are striving to position these noodles as core products.

***Sanshoku* ("three pack") *Yakisoba* fresh noodles**

25th Anniversary

In August 2003, our line of *Akai-Kitsune* Japanese cup noodles marked its 25th year of sales. *Akai-Kitsune* noodles were developed based on our *Maruchan Kitsune Udon*, which became a tremendous hit as the industry's first genuine Japanese instant noodles. *Akai-Kitsune* Japanese cup noodles remain a long-time favorite thanks to an authentic flavor that continues to appeal to the taste preferences of Japanese consumers. Furthermore, *Akai-Kitsune* noodles combine a simple package design with a boldly colored red and white motif that has remained virtually untouched since its introduction, giving these noodles an unmistakably unique presence everywhere. *Akai-Kitsune* noodles have undergone several refinements over the years to become one of the most popular Japanese cup noodles today.

***Akai-Kitsune* Japanese cup noodles**

Product lineup for North America

Chilled Foods

Domestic sales of chilled foods by the Group amount to approximately ¥7.0 billion annually. Among its chilled foods, Toyo Suisan is achieving favorable sales of *shumai* (steamed dumpling) products, including *Ebi Shumai*, which was modified in September 2003. We aim to cultivate *shumai* into one of our mainstay product lines.

Chilled ***Ebi Shumai*** **(steamed dumplings)**

ISO Certification

The various business divisions, production plants and subsidiaries within the Toyo Suisan Group are working to obtain various types of ISO certification. ISO 9001:2000, a quality management system, emphasizes making continuous improvements as well as undertaking processes to gain the trust of customers and ensure their satisfaction. Toyo Suisan carries out product quality control primarily through its Quality Assurance Division. These quality control activities include providing guidance to production facilities and subsidiaries in areas ranging from managing raw materials during procurement to monitoring the production process.

Amid rising awareness of the importance of environment protection, Toyo Suisan has obtained certification for ISO 14001, an environment management system, at six business divisions, production plants and subsidiaries.

By undertaking improvement activities on a continuous basis, Toyo Suisan seeks to gain the trust of society while raising employee awareness, and will continue to implement ISO to attain further corporate growth.

REVIEW OF OPERATIONS

Seafood Division

The Seafood Division strived to raise its market share by strengthening its product selection and placing greater emphasis on processed foods. Nevertheless, net sales for this division declined 10.2% to ¥57,460 million (US$542.1 million), due to sluggish consumption and the influence of a fall in fish prices.

Processed Foods Division

Domestic sales of instant noodles, one the Company's mainstay businesses, improved favorably over the previous fiscal year. The Processed Foods Division posted solid sales of such packaged noodles as *Mukashi Nagara No Chuka Soba* and *Yatai Juhachiban*. Sales of Japanese instant cup noodles also showed positive growth, while *Men-Zukuri* non-fried noodles once again achieved a sharp rise in sales for the fiscal term.

In fresh noodles, we maintained sales of our main products at virtually the same level as in the previous fiscal year. However, overall sales of fresh noodles declined slightly due to lower sales of *Hiyashi* ("cold-served") *Ramen*, attributable to the effects of an unseasonably cold summer.

In the chilled foods business, despite a decline in sales of chilled noodles due to intensifying sales price competition, robust sales of chilled ingredients for commercial use led to a slight increase in overall sales in this category.

As a result of the previous developments, the Processed Foods Division recorded steady growth in overall domestic sales. Overseas, our instant noodle business in the United States once again posted favorable results. However, the value of these sales declined when converted to a yen basis, owing to an approximately ¥14 appreciation of the yen versus the dollar from the previous fiscal year. As a result, net sales in the Processed Foods Division declined 1.1% to ¥228,639 million (US$2,157.0 million) year-on-year.

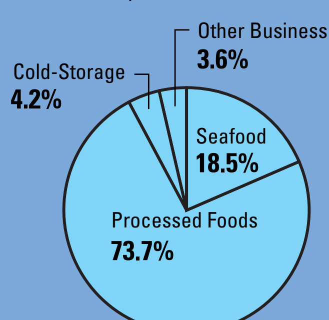
Cold-Storage Division

Sales in the Cold-Storage Division declined 2.8% to ¥13,073 million (US$123.3 million). This decrease mirrored ongoing inventory reductions by customers.

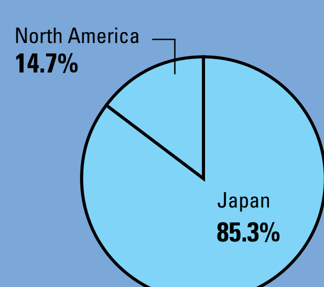
Other Business Division

The division engages mainly in the manufacture and sale of cosmetics and the leasing of real estate. Sales in the leasing real estate business, which fluctuate little from year to year, remained at virtually the same amount as in fiscal 2003. On the other hand, favorable sales of cosmetics by consolidated subsidiaries in Japan were recorded. Accordingly, net sales in the Other Business Division rose 3.1% to ¥11,120 million (US$104.9 million).

Net Sales by Segment
For the fiscal year ended March 31, 2004



Net Sales by Region
For the fiscal year ended March 31, 2004



BOARD OF DIRECTORS AND CORPORATE AUDITORS

As of June 29, 2004

Chairman

Kiyoshi Fukagawa

President

Tadasu Tsutsumi

Senior Managing Directors

Katsuaki Hano
Ryoichi Tsuru

Managing Directors

Yasuo Inoue
Mutsuhiko Oda
Katsuro Narutaki

Directors

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

Corporate Auditors

Akiro Nishikiori
Katsuhisa Kitamura
Moriyuki Minami
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 17 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, 2003 and 2004

ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	**2004**	**2004**
Current assets:			
Cash on hand and at banks (Note 4)	¥ 24,275	**¥ 28,881**	**$ 272,464**
Marketable securities (Note 5)	46	**–**	**–**
Notes and accounts receivable –			
Trade	41,283	**39,865**	**376,088**
Unconsolidated subsidiaries and affiliates	1,650	**794**	**7,495**
Other	1,263	**1,490**	**14,045**
Less: Allowance for doubtful accounts	(353)	**(1,097)**	**(10,349)**
	43,843	**41,052**	**387,279**
Inventories	23,644	**20,843**	**196,629**
Deferred income tax assets (Note 10)	2,013	**1,977**	**18,649**
Other current assets	3,343	**4,689**	**44,246**
Total current assets	97,164	**97,442**	**919,267**
Property, plant and equipment (Note 7)**:**			
Buildings and structures	94,326	**92,137**	**869,217**
Machinery and equipment	73,611	**73,140**	**690,000**
	167,937	**165,277**	**1,559,217**
Less: Accumulated depreciation	(99,971)	**(102,138)**	**(963,568)**
	67,966	**63,139**	**595,649**
Land	35,065	**34,777**	**328,083**
Construction in progress	551	**854**	**8,063**
Total property, plant and equipment	103,582	**98,770**	**931,795**
Intangible assets (Note 7)	1,549	**2,509**	**23,664**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	3,455	**3,382**	**31,909**
Investments in securities (Notes 5 and 7)	10,098	**12,861**	**121,332**
Deferred income tax assets (Note 10)	7,269	**5,840**	**55,094**
Other	1,676	**1,578**	**14,884**
Less: Allowance for doubtful accounts	(1)	**(2)**	**(22)**
Total investments and other assets	22,497	**23,659**	**223,197**
Total assets	¥224,792	**¥222,380**	**$2,097,923**

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)
	2003	2004	2004
Current liabilities:			
Short-term bank loans (Note 7)	¥ 11,012	¥ 8,410	$ 79,344
Current portion of long-term debt (Note 7)	1,806	189	1,786
Notes and accounts payable –			
Trade	19,288	18,775	177,122
Unconsolidated subsidiaries and affiliates	325	144	1,356
Other	1,585	450	4,252
	21,198	19,369	182,730
Income taxes payable	3,590	3,302	31,152
Accrued expenses	16,938	16,221	153,026
Other current liabilities	876	1,089	10,257
Total current liabilities	55,420	48,580	458,295
Long-term liabilities:			
Long-term debt (Note 7)	31,481	31,240	294,719
Deferred income tax liabilities (Note 10)	2,218	2,196	20,719
Reserve for retirement benefits (Note 8)			
— for employees	21,045	21,723	204,934
— for officers	1,075	613	5,786
Reserve for loss on guarantees (Notes 2(13) and 9)	1,563	817	7,699
Other	215	129	1,223
Total long-term liabilities	57,597	56,718	535,080
Total liabilities	113,017	105,298	993,375
Contingent liabilities (Note 12)			
Minority interests in consolidated subsidiaries	7,266	7,857	74,119
Shareholders' equity:			
Common stock –			
Authorized: 427,000,000 shares in 2003 and 2004			
Issued: 110,881,044 shares in 2003 and 2004	18,969	18,969	178,958
Additional paid-in capital	20,155	20,155	190,148
Retained earnings	68,353	75,483	712,103
Adjustment on foreign currency translation	(1,020)	(3,904)	(36,827)
Net unrealized gain (loss) on other securities (Notes 2(5) and 5)	(855)	1,375	12,969
Treasury stock at cost			
Held by the Company:			
86,000 shares in 2003, 1,553,000 shares in 2004			
Owned by consolidated subsidiaries:			
6,865,263 shares in 2003 and 2004	(1,093)	(2,853)	(26,922)
Total shareholders' equity	104,509	109,225	1,030,429
Total liabilities and shareholders' equity	¥224,792	¥222,380	$2,097,923

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31, 2003 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	**2004**	**2004**
Net sales (Notes 2(18) and 14)	¥319,373	**¥310,293**	**$2,927,291**
Cost of sales (Note 2(18))	212,851	**203,748**	**1,922,148**
Gross profit	106,522	**106,545**	**1,005,143**
Selling, general and administrative expenses	87,127	**87,901**	**829,251**
Operating income (Note 14)	19,395	**18,644**	**175,892**
Non-operating income (expenses):			
Interest and dividend income	306	**289**	**2,727**
Interest expense	(796)	**(700)**	**(6,602)**
Exchange loss	(56)	**(487)**	**(4,596)**
Loss on sales or disposal of property, net	(504)	**(560)**	**(5,287)**
Gain (loss) on sales of investments in securities, net	(30)	**310**	**2,920**
Reversal of allowance for doubtful accounts	83	**—**	**—**
Reversal of reserve for retirement benefits	80	**—**	**—**
Received subsidy	118	**—**	**—**
Reversal of reserve for loss on guarantees (Note 9)	—	**747**	**7,047**
Write-down of investments in securities	(3,810)	**(288)**	**(2,719)**
Write-down of investments in unconsolidated subsidiaries and affiliates	(16)	**—**	**—**
Reserve for retirement benefits for prior years	—	**(12)**	**(119)**
Reserve for loss on guarantees	(9)	**—**	**—**
Plant closure expenses	(119)	**—**	**—**
Allowance for doubtful accounts (Note 9)	—	**(855)**	**(8,066)**
Other, net	50	**248**	**2,352**
	(4,703)	**(1,308)**	**(12,343)**
Income before income taxes and minority interests	14,692	**17,336**	**163,549**
Income taxes (Note 10)**:**			
Current	7,591	**7,447**	**70,257**
Deferred	(962)	**(45)**	**(427)**
	6,629	**7,402**	**69,830**
Income before minority interests	8,063	**9,934**	**93,719**
Minority interests in earnings of consolidated subsidiaries	(667)	**(853)**	**(8,045)**
Net income	¥ 7,396	**¥ 9,081**	**$ 85,674**

	Yen		U.S. dollars
Per share (Notes 2(16) and (20))**:**			
Net income — primary	¥ 66.3	**¥ 83.0**	**$ 0.78**
— fully-diluted (*)	—	**—**	**—**
Cash dividends	17.0	**12.0**	**0.11**

(*) Diluted net income per share is not shown due to no dilutive stock.

The accompanying notes are an integral part of the statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the years ended March 31, 2003 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	**2004**	**2004**
Common stock:			
Balance at beginning of year	¥18,969	**¥18,969**	**$178,958**
Balance at end of year	18,969	**18,969**	**178,958**
Additional paid-in capital:			
Balance at beginning of year	20,155	**20,155**	**190,148**
Balance at end of year	20,155	**20,155**	**190,148**
Retained earnings:			
Balance at beginning of year	62,268	**68,353**	**644,840**
Net income	7,396	**9,081**	**85,674**
Increase due to subsidiaries excluded from consolidation	—	**83**	**778**
Appropriations (Note 2(15)):			
Cash dividends	(1,248)	**(1,767)**	**(16,668)**
Officers' bonuses	(63)	**(133)**	**(1,254)**
Statutory auditors' bonuses	—	**(9)**	**(84)**
Decrease due to subsidiaries newly included into consolidation	—	**(125)**	**(1,183)**
Balance at end of year	68,353	**75,483**	**712,103**
Adjustment on foreign currency translation:			
Balance at beginning of year	1,600	**(1,020)**	**(9,623)**
Balance at end of year	(1,020)	**(3,904)**	**(36,827)**
Net unrealized gain (loss) on other securities:			
Balance at beginning of year	(1,414)	**(855)**	**(8,349)**
Balance at end of year	(855)	**1,375**	**12,969**
Treasury stock at cost:			
Balance at beginning of year	(3,957)	**(1,093)**	**(10,311)**
Acquisition	(81)	**(1,760)**	**(16,611)**
Adjustment to minority interests in consolidated subsidiaries	2,945	**—**	**—**
Balance at end of year	(1,093)	**(2,853)**	**(26,922)**

The accompanying notes are an integral part of the statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2003 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2003	**2004**	**2004**
Cash flows from operating activities:			
Income before income taxes and minority interests	¥14,692	**¥17,336**	**$163,549**
Depreciation and amortization	8,547	**8,606**	**81,189**
Amortization of good will	32	**27**	**257**
Loss (gain) on sales of investments in securities	30	**(311)**	**(2,938)**
Loss on write-down of investments in securities	3,810	**288**	**2,718**
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	16	**—**	**—**
Increase (decrease) in reserve for retirement benefits	87	**44**	**416**
Increase (decrease) in allowance for doubtful accounts	(83)	**762**	**7,190**
Interest and dividend income	(306)	**(289)**	**(2,727)**
Interest expense	796	**700**	**6,602**
Increase (decrease) in reserve for loss on guarantees	9	**(747)**	**(7,047)**
Exchange loss (gain)	4	**35**	**332**
Loss (gain) on sales of marketable securities	2	**-**	**-**
Loss (gain) on sale of property, plant and equipment, net	504	**560**	**5,287**
Decrease (increase) in notes and accounts receivable, trade	2,558	**726**	**6,854**
Decrease (Increase) in inventories	(2,554)	**2,461**	**23,218**
Increase (decrease) in notes and accounts payable, trade	913	**(583)**	**(5,501)**
Increase (decrease) in accrued expenses	457	**(897)**	**(8,463)**
Other, net	(832)	**1,094**	**10,310**
Sub-total	28,682	**29,812**	**281,246**
Interest and dividend income received	301	**289**	**2,721**
Interest expense paid	(797)	**(702)**	**(6,623)**
Income taxes paid	(6,326)	**(7,606)**	**(71,749)**
Net cash provided by operating activities	21,860	**21,793**	**205,595**
Cash flows from investing activities:			
Payment for purchase of time deposits	(4,828)	**(1,124)**	**(10,604)**
Proceeds from maturities of time deposits	3,449	**384**	**3,623**
Payment for purchase of property, plant and equipment	(12,030)	**(6,604)**	**(62,300)**
Proceeds from sales of property, plant and equipment	631	**267**	**2,522**
Payment for purchase of investments in securities	(157)	**(391)**	**(3,692)**
Proceeds from sales of investments in securities	138	**1,372**	**12,942**
Payment for loans receivable	(963)	**(2,418)**	**(22,810)**
Collection of loans receivable	140	**494**	**4,661**
Payment for purchase of intangible assets	(188)	**(1,323)**	**(12,480)**
Other, net	48	**30**	**282**
Net cash used for investing activities	(13,760)	**(9,313)**	**(87,856)**
Cash flows from financing activities:			
Proceeds from short-term loans	4,005	**1,702**	**16,053**
Repayment of short-term loans	(6,847)	**(4,259)**	**(40,180)**
Proceeds from long-term loans	—	**194**	**1,835**
Repayment of long-term debt	(1,192)	**(2,001)**	**(18,875)**
Dividends paid by parent company	(1,249)	**(1,764)**	**(16,641)**
Payment for purchase of treasury stock	(81)	**(1,753)**	**(16,535)**
Other, net	(127)	**(118)**	**(1,118)**
Net cash used for financing activities	(5,491)	**(7,999)**	**(75,461)**
Effect of exchange rate changes on cash and cash equivalents	(287)	**(350)**	**(3,308)**
Net increase in cash and cash equivalents	2,322	**4,131**	**38,970**
Cash and cash equivalents at beginning of year	19,264	**21,586**	**203,646**
Increase of cash and cash equivalents due to subsidiaries newly consolidated	—	**30**	**280**
Decrease of cash and cash equivalents due to subsidiaries excluded from consolidation	—	**(2)**	**(22)**
Cash and cash equivalents at end of year (Note 4)	¥21,586	**¥25,745**	**$242,874**

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 prevailing in Japan.

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

2. Summary of significant accounting policies:

(1) Scope of consolidation

The Company has 44 subsidiaries as of March 31, 2004 (45 as of March 31, 2003). The accompanying consolidated financial statements include the accounts of the Company and its 23 (23 as of March 31, 2003) subsidiaries. The Company and its 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
Choshi Toyo Kaisha, Ltd.	100.0
Yutaka Foods Corporation	39.3
Tagoseihyou Corporation	55.4
Ishikari Toyo Kaisha, Ltd. (*2)	100.0
Maruchan, Inc. (*1)	100.0
Maruchan Virginia, Inc. (*1)	100.0
Pac-Maru, Inc. (*1)	100.0
Seafreeze Limited, Partnership (*1)	100.0

(*1) Incorporated in the U.S.A.
(*2) Newly consolidated with effect from the year ended March 31, 2004.
(*3) Sanin Toyo Kaisha, Ltd. was excluded from consolidation at the beginning of the year ended March 31, 2004 due to the liquidation.

(2) Accounting for investments in unconsolidated subsidiaries and affiliates

The remaining 21 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.

The Company has 21 (22 as of March 31, 2003) unconsolidated subsidiaries and 2 (2 as of March 31, 2003) affiliates as of March 31, 2004.
Major unconsolidated subsidiaries and affiliates are listed below:

Yaizu Shinto Kaisha, Ltd.
Suruga Toyo Kaisha, Ltd.
Irago Institute Co., Ltd.
Tianjin Sankyo Food Co., Ltd.

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.

(3) Consolidation principles

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.

Full portion of the assets and liabilities of the subsidiaries is marked to fair values as of the acquisition of the 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, assets and liabilities of the foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. The shareholders' equity at 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.

(5) Securities

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 intent to hold to maturity are mainly 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 mainly accounted for by the equity method. Exceptionally, investments in certain unconsolidated subsidiaries and affiliates are stated at cost based on the moving-average cost method 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 the market method. "Other securities" without a market quotation are mainly stated at cost based on the moving-average cost method.

(6) 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.

(7) Inventories

Inventories are mainly stated at cost based on the moving-average cost method.

(8) 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 on the straight-line method.

The range of useful lives is 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.

(9) Accounting for lease

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.

(10) Intangible assets

Amortization is mainly computed on the straight-line method at years based on the estimated useful lives of assets.

Software costs for internal use are amortized over their expected useful lives (five years) by the straight-line method.

(11) Accounting standard for impairment of fixed assets

On August 9, 2002, the Business Accounting Council in Japan issued "Accounting Standard for Impairment of Fixed Assets." The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price and value in use.

The standard shall be effective for fiscal years beginning April 1, 2005, and an earlier adoption is permitted for fiscal years ended March 31, 2004 in the case of the Company.

However, the Company has not adopted the standard for the year ended March 31, 2004 and the amounts of impairment losses are unknown because no computation was made.

(12) 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. The prior service cost is 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 on the straight-line method mainly over ten years from the next year in which they arise.

(b) Retirement benefits for officers

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

(13) Reserve for loss on guarantees

The Company provides for the loss from fulfillment of guarantees of obligation for its subsidiaries at an amount required to cover, considering financial situation of subsidiaries.

(14) 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.

(15) 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.

(16) 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.

(17) Accounting for the 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 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.

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

(Subject to the fiscal year ended March 31, 2003)

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 revenue, 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, respectively, although there is no effect on operating income, as compared with the amount which would have been reported if the previous standard had been applied consistently.

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

(Subject to the fiscal year ended March 31, 2003)

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 is no effect on net income for the year ended March 31, 2003.

(20) Accounting method for net assets and net income per share

(Subject to the fiscal year ended March 31, 2003)

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 was ¥1,005.58 ($8.4) and ¥71.13 ($0.6), respectively.

(21) Reclassification

Certain reclassifications have been made in the 2003 consolidated financial statements to conform to the presentation for 2004.

3. United States dollar amounts:

The Company and its consolidated subsidiaries maintain its 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 ¥106=U.S.$1. The inclusion of such dollar amounts is solely for convenience.

4. Supplemental cash flow information:

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand and 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.

	Millions of yen		Thousands of U.S. dollars
	2003	**2004**	**2004**
Cash on hand and in banks	¥24,275	**¥28,881**	**$272,464**
Time deposits with deposit term of over 3 months	(2,689)	**(3,136)**	**(29,590)**
Cash and cash equivalents	¥21,586	**¥25,745**	**$242,874**

5. Securities:

(1) Market value of marketable securities and investments in securities shown above as of March 31, 2003 and 2004 were as follows:

	Millions of yen		
	2003		
	Cost	Market value	Unrealized gain (loss)
Marketable securities	¥ 46	¥ 46	—
Investments in securities	¥10,460	¥9,027	¥(1,433)
	¥10,506	¥9,073	¥(1,433)

	Millions of yen			Thousands of U.S. dollars
	2004			**2004**
	Cost	Market value	Unrealized gain (loss)	Unrealized gain (loss)
Marketable securities	—	—	—	—
Investments in securities	**¥9,455**	**¥11,910**	**¥2,456**	**$23,166**
	¥9,455	**¥11,910**	**¥2,456**	**$23,166**

(2) Details of other securities sold during the years ended March 31, 2003 and 2004 are as follows:

	Millions of yen		
	For the year ended March 31, 2003		
	Amount sold	Total gain on sale	Total gain on sale
Equity securities	¥169	¥0	¥33

	Millions of yen		
	For the year ended March 31, 2004		
	Amount sold	Total gain on sale	Total gain on sale
Equity securities	**¥1,370**	**¥336**	**¥25**

	Thousands of U.S. dollars		
	For the year ended March 31, 2004		
	Amount sold	Total gain on sale	Total gain on sale
Equity securities	**$12,925**	**$3,170**	**$236**

(3) Unlisted investment securities at March 31, 2003 and 2004 had the following carrying amounts:

	Millions of yen		Thousands of U.S. dollars
	2003	**2004**	**2004**
Unlisted equity securities (excluding over-the-counter stocks)	¥1,074	**¥951**	**$8,972**

(4) The redemption schedule for held-to-maturity securities and other securities with maturity dates subsequent to March 31, 2004 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
Other securities				
Security investment trust	¥—	¥—	¥20	¥—
Total	¥—	¥—	¥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
Other securities				
Security investment trust	$—	$—	$189	$—
Total	$—	$—	$189	$—

6. 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.

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

Short-term bank loans outstanding as of March 31, 2004 were generally represented by the notes payable issued by the Company and its consolidated subsidiaries to banks bearing interest at annual rates averaging 0.763% as of March 31, 2004. Customarily these notes are renewed at maturity subject to renegotiation of interest rates and other factors.

Long-term debt as of March 31, 2003 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	**2004**	**2004**
Loans from banks and other financial institutions due from 2004 to 2012 with mortgages and collateral, at interest rate averaging 3.590%	¥ 3,287	**¥ 1,492**	**$ 13,485**
2.45% bonds due June 24, 2005 issued by the Company	10,000	**10,000**	**94,340**
1.06% bonds due February 15, 2006 issued by the Company	10,000	**10,000**	**94,340**
1.44% bonds due February 15, 2008 issued by the Company	10,000	**10,000**	**94,340**
	33,287	**31,429**	**296,505**
Less: Current portion	(1,806)	**(189)**	**(1,786)**
	¥31,481	**¥31,240**	**$294,719**

The Company's assets pledged as collateral and collective mortgages for long-term and short-term debt at March 31, 2003 and 2004 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	**2004**	**2004**
Property, plant and equipment, net of accumulated depreciation:			
Buildings and structures	¥ 610	**¥528**	**$4,982**
Machinery and equipment	40	**36**	**341**
Intangible assets (land lease rights)	163	**164**	**1,542**
Investments in securities	412	**—**	**—**
	¥1,225	**¥728**	**$6,865**

The aggregate annual maturities of long-term loans from banks and other financial institutions outstanding as of March 31, 2004 during the succeeding period are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2005	¥ 189	$ 1,786
2006	559	5,276
2007	190	1,786
2008	150	1,419
2009 and thereafter	341	3,219
	¥1,429	$13,485

8. Reserve for retirement benefits and pension plan:

The Company and 19 domestic consolidated subsidiaries have 1) welfare pension plans which is governed by the regulations of the Japanese Welfare Pension Insurance Law (for 18 companies), 2) tax qualified pension plans (for 9 companies) and 3) lump-sum severance payment plans (for 20 companies) as defined benefit retirement plans covering substantially all employees. Moreover, the premium retirement payments are paid for the retirement of employees, as the case may be.

On May 1, 2003, the Company and its 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 of welfare pension plans that the Company and its certain domestic consolidated subsidiaries operate on behalf of the Japanese government.

The reserves for retirement benefits as of March 31, 2003 and 2004 were analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	**2004**	**2004**
Projected benefit obligations	¥ 49,461	**¥ 49,142**	**$ 463,609**
Plan assets	(18,366)	**(18,892)**	**(178,228)**
Net unreserved projected benefit obligations	31,095	**30,250**	**285,381**
Unrecognized actuarial differences	(10,050)	**(10,215)**	**(96,370)**
Unrecognized prior service cost	—	**1,688**	**15,923**
Accrued retirement benefits	¥ 21,045	**¥ 21,723**	**$ 204,934**

Notes:

1 The above table includes the amounts related to the substitutional portion of the welfare pension plans.

2 Domestic consolidated subsidiaries mainly adopted the simplified 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 ¥252 million ($2,379 thousand) are not included in the table above.

4 Regarding for return of the payment for past obligations with respect to the substitutional portion of welfare pension plans, the estimated amounts the Company should pay for return at the fiscal year-end are ¥12,142 million ($114,544 thousand). The gains would be ¥6,924 million ($65,324 thousand) if such payments had been done at the this year-end and "the Business Guideline for Pension Accounting (Interim Report)" issued by the Japanese Institute of Certified Public Accountants had been applied.

Net pension cost related to the retirement benefit plan for the years ended March 31, 2003 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	**2004**	**2004**
Service cost	¥2,162	**¥1,365**	**$12,880**
Interest cost	1,134	**1,134**	**10,667**
Expected return on plan assets	(489)	**(447)**	**(4,220)**
Amortization of actuarial differences	641	**1,094**	**10,323**
Amortization of prior service cost	—	**(187)**	**(1,768)**
Net pension cost	¥3,448	**¥2,956**	**$27,882**

Notes:

1 The above table excludes the contribution amounts by employees to the welfare pension plans.

2 Net pension cost for subsidiaries adopting a simplified method is included in "Service cost."

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

	Year ended March 31, 2003	**Year ended March 31, 2004**
Method of attributing the projected benefits to periods of services	straight-line method	**straight-line method**
Discount rate	2.5%	**2.5%**
Expected rate of return on plan assets	2.5%	**2.5%**
Amortization of unrecognized actuarial differences	10 years	**10 years**
Amortization of unrecognized prior service cost	—	**10 years**

9. Reversal of reserve for loss on guarantees and allowance for doubtful accounts

The Company provides for the loss from fulfillment of guarantees of bank loans of its subsidiaries at an amount required to cover. In the fiscal year ended March 31, 2004, one subsidiary repaid bank loans depend on obtaining the loan by the Company, and accordingly, reversal of reserve for loss on guarantees of ¥724 million ($6,830 thousand) and allowance for doubtful accounts of ¥719 million ($6,783 thousand) are recorded as non-operating income and non-operating expenses, respectively. Also, the estimated losses associated with the resolution of the affiliate done by a domestic consolidated subsidiary are included in allowance for doubtful accounts.

10. 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, 2003 and 2004.

The significant components of deferred tax assets and liabilities at March 31, 2003 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	**2004**	**2004**
Deferred tax assets:			
Unrealized gain on fixed assets	¥ 553	**¥ 590**	**$ 5,566**
Accrued bonuses	478	**552**	**5,211**
Allowance for doubtful accounts	1,144	**1,238**	**11,679**
Write-down of investments in securities	1,099	**1,033**	**9,743**
Provision for loss on guarantees	636	**332**	**3,133**
Plant closure expenses	267	**—**	**—**
Net unrealized loss on other securities	569	**—**	**—**
Reserve for retirement benefits	7,392	**8,004**	**75,508**
Other	1,886	**1,556**	**14,679**
Total deferred tax assets	14,024	**13,305**	**125,519**
Deferred tax liabilities:			
Allowance for doubtful accounts	1,080	**918**	**8,659**
Reversal of special reserves for deferred of capital gains	3,492	**3,434**	**32,395**
Difference between cost of an investment and the amount of underlying equity in a subsidiary	959	**959**	**9,051**
Depreciation in overseas consolidated subsidiaries	1,417	**1,385**	**13,071**
Net unrealized gain on other securities	—	**972**	**9,166**
Other	12	**16**	**154**
Total deferred tax liabilities	6,960	**7,684**	**72,495**
Net deferred tax assets	¥7,064	**¥5,621**	**$53,024**

Reconciliation of the differences between the statutory tax rate and the effective income tax rate at March 31, 2003 is as follows:

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

Difference between the statutory income tax rate and the income tax rate for the year ended March 31, 2004 are insignificant and not presented.

(Subject to the fiscal year ended March 31, 2003)

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, income taxes-deferred for the year ended March 31, 2003 increased by ¥172 million, and net unrealized loss on other securities increased by ¥19 million, 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.

11. 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, 2003 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	**2004**	**2004**
Lease expenses	¥620	**¥460**	**$4,337**

Scheduled maturity of lease rental expenses from the above lease contracts subsequent to March 31, 2003 and 2004 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	**2004**	**2004**
Due within one year	¥395	**¥364**	**$3,428**
Due over one year	534	**538**	**5,079**
	¥929	**¥902**	**$8,507**

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, 2003 and 2004 were summarized as follows:

	Year ended March 31, 2003		
	Millions of yen		
	Cost	Accumulated Depreciation	Book Value
Machinery and equipment	¥2,722	¥2,463	$259
Other	1,109	439	670
	¥3,831	¥2,902	$929

	Year ended March 31, 2004					
	Millions of yen			Thousands of U.S. dollars		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Machinery and equipment	**¥ 564**	**¥345**	**¥219**	**$ 5,324**	**$3,255**	**$2,069**
Other	**1,161**	**479**	**683**	**10,953**	**4,515**	**6,438**
	¥1,725	**¥824**	**¥902**	**$16,277**	**$7,770**	**$8,507**

	Millions of yen		Thousands of U.S. dollars
	2003	**2004**	**2004**
Depreciation	¥620	**¥460**	**$4,337**

Depreciation is based on 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.

12. Contingent liabilities:

Contingent liabilities for guarantees of indebtedness of following companies at March 31, 2003 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	**2004**	**2004**
Towa Estate Co., Ltd.	¥1,330	**¥1,140**	**$10,755**
Mitsuwa Daily Co., Ltd.	446	**—**	**—**
Suzuki Daily Co., Ltd.	361	**294**	**2,773**
Taiwan Tong Hsing Foods., Ltd.	95	**68**	**642**
Other	120	**169**	**1,597**
	¥2,352	**¥1,671**	**$15,767**

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, restorable pouch and chilled foods
Cold-storage	Operations of refrigerated warehouses
Other	Cosmetics and rent of warehouses

	Year ended March 31, 2003						
	Millions of yen						
	Business segment						
	Seafood	Processed foods	Cold-storage	Other	Total	Elimination or common assets (a)	Consolidated 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 and amortization (b)	240	4,908	2,124	901	8,173	469	8,642
Capital expenditures (b)	112	8,642	2,372	224	11,350	213	11,563

	Year ended March 31, 2004						
	Millions of yen						
	Business segment						
	Seafood	Processed foods	Cold-storage	Other	Total	Elimination or common assets (a)	Consolidated total
Net sales	**¥60,928**	**¥229,355**	**¥14,089**	**¥13,622**	**¥317,994**	**¥ (7,701)**	**¥310,293**
Operating expenses	**59,752**	**213,668**	**13,311**	**12,618**	**299,349**	**(7,700)**	**291,649**
Operating income	**¥ 1,176**	**¥ 15,687**	**¥ 778**	**¥ 1,004**	**¥ 18.645**	**¥ (1)**	**¥ 18,644**
Assets	**¥25,581**	**¥119,253**	**¥32,039**	**¥17,445**	**¥194,318**	**¥28,061**	**¥222,379**
Depreciation and amortization (b)	**232**	**5,316**	**1,860**	**795**	**8,203**	**447**	**8,650**
Capital expenditures (b)	**249**	**7,333**	**377**	**226**	**8,185**	**435**	**8,620**

	Year ended March 31, 2004						
	Thousands of U.S. dollars						
	Business segment					Elimination or common assets (a)	Consolidated total
	Seafood	Processed foods	Cold-storage	Other	Total		
Net sales	**$574,792**	**$2,163,727**	**$132,915**	**$128,510**	**$2,999,944**	**$ (72,653)**	**$2,927,291**
Operating expenses	**563,698**	**2,015,736**	**125,575**	**119,038**	**2,824,047**	**(72,648)**	**2,751,399**
Operating income	**$ 11,094**	**$ 147,991**	**$ 7,340**	**$ 9,472**	**$ 175,897**	**$ (5)**	**$ 175,892**
Assets	**$241,330**	**$1,125,028**	**$302,255**	**$164,575**	**$1,833,188**	**$264,727**	**$2,097,915**
Depreciation and amortization (b)	**2,189**	**50,151**	**17,547**	**7,500**	**77,387**	**4,217**	**81,604**
Capital expenditures (b)	**2,349**	**69,179**	**3,557**	**2,132**	**77,217**	**4,104**	**81,321**

Notes:
(a) The amount of common assets included in the column "Elimination or corporate," for the years ended March 31, 2003 and 2004 were ¥25,669 million and ¥29,032 million ($273,887 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 expenditures" included long-term prepaid expenses and deferred charges. "Depreciation and amortization" included the amortization of long-term prepaid expenses and deferred charges.
(c) Exchange gain/loss arose from exchange conversion in elimination of transaction with the overseas subsidiaries at the fiscal year-end were included in non-operating income/expense as exchange gain/loss. As for breakdown of non-operating income/expense classified by segment, ¥65 million (loss) and ¥7 million (gain) were recorded in "Seafood" and "Processed foods," respectively for the year 2003. Also, ¥455 million ($4,293 thousand) (loss) and ¥18 million ($168 thousand) (gain) were recorded in "Seafood" and "Processed foods," respectively for the year 2004.

(Subject to the fiscal year ended March 31, 2003)
(d) As described in Note 2(18) 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 "Proceeded foods" decreased by ¥6,399 million, respectively, although there is no effect on operating income, as compared with the previous year.

(2) Geographic segment information

	Year ended March 31, 2003				
	Millions of yen				
	Japan	North America	Total	Elimination or common assets (b)	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, 2004				
	Millions of yen				
	Japan	North America	Total	Elimination or common assets (b)	Consolidated total
Net sales	**¥265,485**	**¥51,261**	**¥316,746**	**¥ (6,453)**	**¥310,293**
Operating expenses	**251,966**	**46,160**	**298,126**	**(6,477)**	**291,649**
Operating income	**¥ 13,519**	**¥ 5,101**	**¥ 18,620**	**¥ 24**	**¥ 18,644**
Assets	**¥165,716**	**¥30,312**	**¥196,028**	**¥ 26,351**	**¥222,379**

	Year ended March 31, 2004				
	Thousands of U.S. dollars				
	Japan	North America	Total	Elimination or common assets (b)	Consolidated total
Net sales	**$2,540,576**	**$483,594**	**$2,988,170**	**$ (60,879)**	**$2,927,291**
Operating expenses	**2,377,038**	**435,472**	**2,812,510**	**(61,111)**	**2,751,399**
Operating income	**$ 127,538**	**$ 48,122**	**$ 175,660**	**$ 232**	**$ 175,892**
Assets	**$1,563,358**	**$285,962**	**$1,849,320**	**$248,595**	**$2,097,915**

Notes:

(a) The major country in "North America" classification is U.S.A.
(b) The amounts of common assets included in the column "Elimination or corporate," for the years ended March 31, 2003 and 2004 were ¥23,163 million and ¥26,846 million ($253,262 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.
(c) Exchange gain/loss arose from exchange conversion in elimination of transaction with the overseas subsidiaries at the fiscal year-end were included in non-operating income/expense as exchange gain/loss. As for breakdown of non-operating income/expense classified by segment, loss of ¥58 million and ¥437 million ($4,125 thousand) were recorded in "North America" for the year 2003 and 2004, respectively.
(Subject to the fiscal year ended March 31, 2003)
(d) As described in Note 2(18) 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, respectively, although there is no effect on operating income, as compared with the previous year.

(3) Sales to overseas customers

	Millions of yen						Thousands of U.S. dollars		
	Year ended March 31, 2003			**Year ended March 31, 2004**			**Year ended March 31, 2004**		
	North America	Others	Total	North America	Others	Total	North America	Others	Total
Overseas sales	¥51,048	¥1,482	¥ 52,530	**¥45,876**	**¥1,564**	**¥ 47,440**	**$432,792**	**$14,755**	**$ 447,547**
Consolidated net sales			¥319,373			**¥310,292**			**$2,927,283**
%	16.0%	0.4%	16.4%	**14.7%**	**0.5%**	**15.2%**	**14.7%**	**0.5%**	**15.2%**

Notes:

((a) The major countries in each classification are as follows:
North America .... U.S.A.
Others .... People's Republic of China, Taiwan, Republic of Korea
(b) Net sales in overseas countries include those of the Company and its overseas consolidated subsidiaries.

14. Subsequent events:

(1) Transfer of assets
The Company made the contract on April 16, 2004 in regard to the transfer of assets that the Company owns. The details are as follows:

1. Reason: Relocation of refrigerated warehouse of Higashi Shinagawa
2. Transfer to: HASEKO Corporation, Inc.
3. Assets to be transferred:
   Land: 3-17-2 Higashi Shinagawa, Shinagawa-ku, Tokyo and other 8 areas (13,092.90m²)
   Building: Refrigerated warehouse and others, 3-17-2 Higashi Shinagawa, Shinagawa-ku, Tokyo (34,869.32m²)
4. Date of transfer: The end of May, 2005
5. Transfer price: ¥8,238 million ($77,718 thousand)

As a result of the transfer, the gain on transfer would be recognized at approximately ¥4,900 million ($46,226 thousand) for the year ending March 31, 2006.

(2) Approval of return in regard to welfare pension plans
On May 1, 2004, the Company and its certain domestic consolidated subsidiaries obtained approval from the Ministry of Health, Labour and Welfare of the return of past obligation to the government with respect to the substitutional portion of welfare pension plans that the Company and its certain domestic consolidated subsidiaries operate on behalf of the Japanese government. Giving effect to the return in accordance with "the Business Guideline for Pension Accounting" issued by the Japanese Institute of Certified Public Accountants, a gain of ¥6,978 million ($65,830 thousand) would be recognized.

Report of Independent Auditors

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

We have audited the accompanying consolidated balance sheets of TOYO SUISAN KAISHA, LTD. and its subsidiaries as of March 31, 2003 and 2004, 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 generally accepted 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, 2003 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2(18), effective for the year ended March 31, 2003, U.S. consolidated subsidiaries of TOYO SUISAN KAISHA, LTD. adopted the 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)".

As described in Note 14 (1), TOYO SUISAN KAISHA, LTD. made the contract on April 16, 2004 in regard to the transfer of land and buildings, etc., owned by TOYO SUISAN KAISHA, LTD. Also, as described in Note 14 (2), on May 1, 2004, TOYO SUISAN KAISHA, LTD. and its certain domestic consolidated subsidiaries obtained an approval from the Ministry of Health, Labour and Welfare of the return of past obligation to the government with respect to the subsitiitutional portion of the welfare pension plans that TOYO SUISAN KAISHA, LTD. and its certain domestic consolidated subsidiaries operate on behalf of the Japanese government.

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.

Chuo Aoyama Pricewaterhouse Coopers

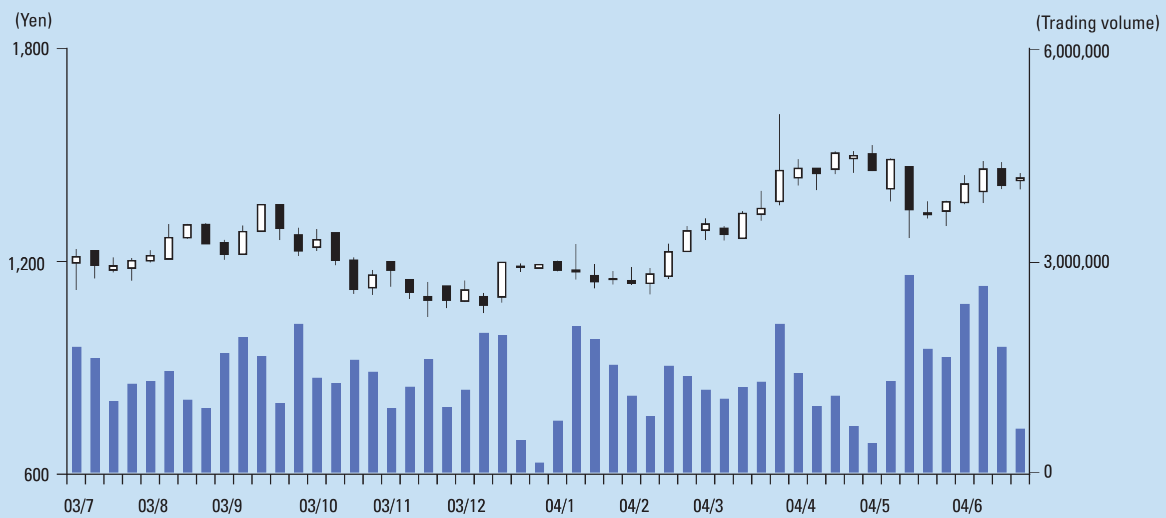
ChuoAoyama PricewaterhouseCoopers
Tokyo, Japan
June 29, 2004

CORPORATE DATA

As of March 31, 2004

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 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**
Number of Shareholders	**7,268**
Number of Plants	**6**
Number of Sales Offices	**25**
Number of Subsidiaries and Affiliates	**45**
Number of Employees	**3,798**

Common Stock Price Range



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