

(Translation)

May 21, 2002

BRIEF STATEMENTS OF ACCOUNTS  
FOR THE YEAR ENDED MARCH 31, 2002 (CONSOLIDATED)  
(based on accounting principles generally accepted in the U.S.A.)

Name of listed company:	Nippon Meat Packers, Inc.
Code number:	2282 (URL <a href="http://www.nipponham.co.jp">http://www.nipponham.co.jp</a> )
Listed exchange:	Tokyo Stock Exchange Osaka Securities Exchange
Location of head office (Prefecture):	Osaka
Inquiries to be directed to:	Hiroshi Sogo Managing Director Tel. (06) 6282-3060
Date of meeting of the Board of Directors concerning accounting:	May 21, 2002
Name of parent company:	(Code No.: )
Ratio of shares held by the parent company:	%
Adoption of U.S. Generally Accepted Accounting Principles:	Yes

1. Business results for the year ended March 31, 2002 (April 1, 2001 through March 31, 2002):

(1) Consolidated operating results

	<u>Year ended March 31, 2002</u>	<u>Year ended March 31, 2001</u>
Net sales:	¥945,099 million (3.8%)	¥910,634 million (3.6%)
Operating income:	¥38,374 million (-) 10.0%	¥42,615 million (0.1%)
Income before income taxes:	¥30,786 million (-) 29.5%	¥43,664 million (33.0%)
Net income:	¥17,733 million (-) 30.8%	¥25,609 million (69.4%)
Net income per share (basic):	¥77.62	¥112.10
Net income per share (diluted):	¥76.39	¥110.13
Ratio of net income to net worth (owned capital) for the year:	7.0%	10.6%
Ratio of income before income taxes to total liabilities and net worth:	5.0%	7.2%
Ratio of income before income taxes to sales:	3.3%	4.8%

(Notes)

1) Equity in earnings of associated companies:

Year ended March 31, 2002:	( ¥304 million)
Year ended March 31, 2001:	¥213 million

2) Average number of shares during each year (consolidated):

Year ended March 31, 2002:	228,442,239 shares
Year ended March 31, 2001:	228,445,350 shares

3) Changes in accounting methods: Yes

- 4) The percentages in the items of net sales, operating income, income before income taxes and net income indicate the rates of increase or decrease from the previous year.

(2) Consolidated financial condition

	<u>Year ended March 31, 2002</u>	<u>Year ended March 31, 2001</u>
Total assets:	¥623,508 million	¥601,821 million
Shareholders' equity:	¥257,776 million	¥245,965 million
Shareholders' equity to total assets:	41.3%	40.9%
Shareholders' equity per share:	¥1,128.43	¥1,076.69

(Note) Number of issued shares outstanding at end of the year (consolidated):

Year ended March 31, 2002	228,437,815 shares
Year ended March 31, 2001	228,445,350 shares

(3) State of consolidated cash flows

	<u>Year ended March 31, 2002</u>	<u>Year ended March 31, 2001</u>
Net cash provided from operating activities:	¥39,633 million	¥36,888 million
Net cash used in investing activities:	(¥34,161 million)	(¥25,922 million)
Net cash used in financing activities:	(¥19,253 million)	(¥16,440 million)
Cash and cash equivalents at end of the year:	¥53,055 million	¥66,836 million

(4) Matters related to the scope of consolidation and the application of equity method

Number of consolidated subsidiaries:	115 companies
Number of non-consolidated subsidiaries subject to equity method:	None
Number of associated companies subject to equity method:	13 companies

(5) Changes in the scope of consolidation and the application of equity method

Consolidated subsidiaries (inclusion):	10 companies
Consolidated subsidiaries (exclusion):	10 companies

Companies subject to equity method (inclusion): None  
Companies subject to equity method (exclusion): None

2. Forecast for the year ending March 31, 2003 (April 1, 2002 through March 31, 2003):

	Year ending March 31, 2003	
	Interim period	Whole year
Net sales:	¥495,000 million	¥985,000 million
Income before income taxes:	¥16,500 million	¥33,000 million
Net income:	¥9,500 million	¥19,000 million

(For references)

Forecast of net income per share for the year ending March 31, 2003 (whole year):

¥83.17

\* The above forecast was calculated based on the currently available information. The actual results may change materially depending on various factors in the future. As for the matters relating to the above forecast, please refer to page 11 of the attached material.

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Attached material

STATE OF CORPORATE GROUP

The Company's group is composed of the Company, its 115 subsidiaries and 13 affiliates. Their businesses are categorized as follows:

Businesses of production and marketing of hams, sausages, processed foods and fresh meats:

Hams, sausages and processed foods are produced at the Company and its production subsidiaries, Shizuoka-Nippon Ham Co., Ltd., Nagasaki-Nippon Ham Co., Ltd., Nippon Ham Shokuhin Co., Ltd. and Nippon Ham Sozai Co., Ltd. and marketed through the Company's nationwide business offices and its marketing subsidiaries, Nippon Ham Tobu Choku-Han Co., Ltd and others. Additionally, in some specific regions and markets, hams, sausages and processed foods are produced and marketed by its subsidiaries, Higashi-Nippon Ham Co., Ltd. and its affiliates such as Minami-Nippon Ham Co., Ltd.

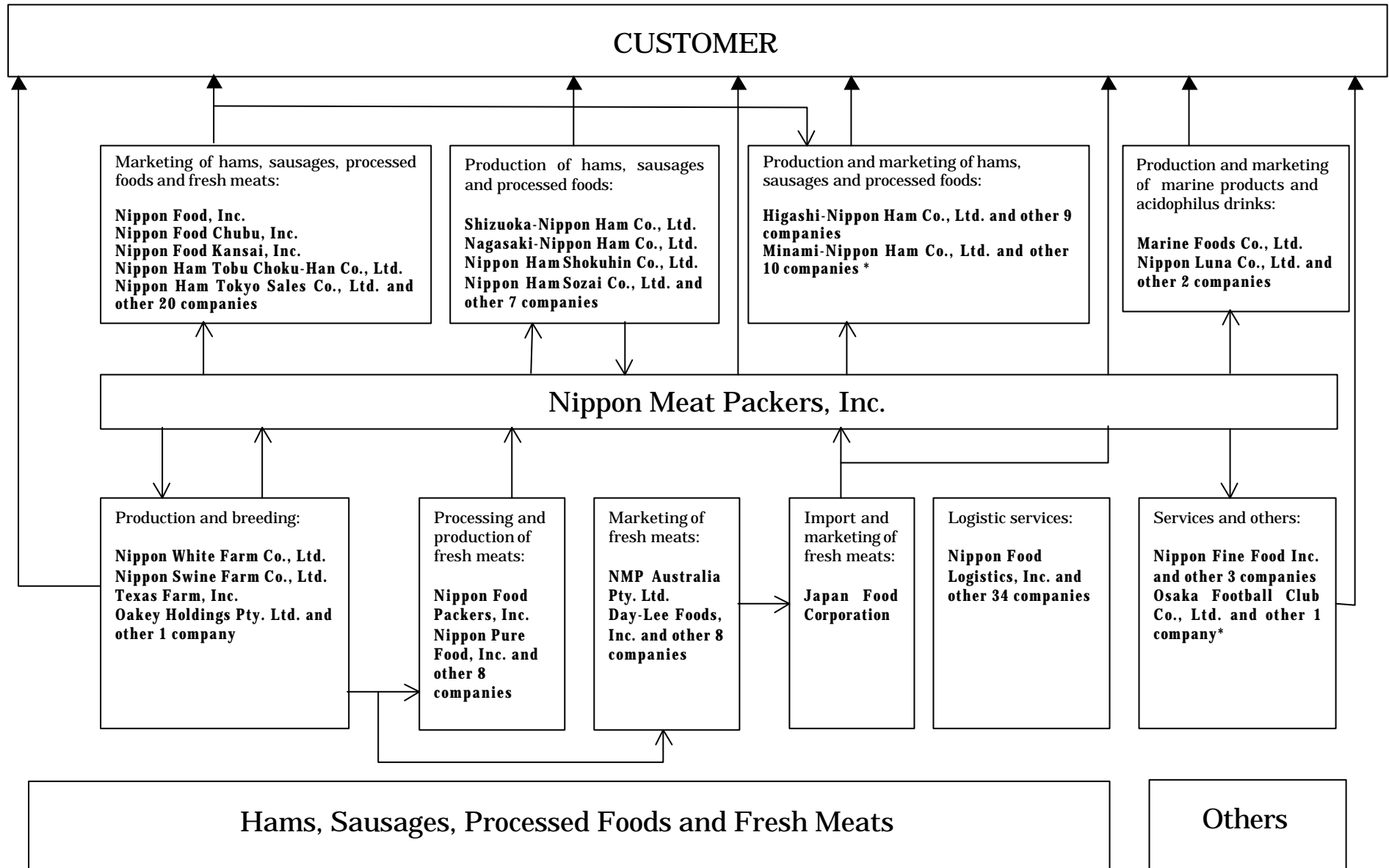
With regard to fresh meats, its subsidiaries such as Nippon Swine Farm Co., Ltd., Nippon White Farm Co., Ltd. and Texas Farm, Inc. produce and breed swine, cattle and poultry. Fresh meats which are processed and produced by the Company's subsidiaries such as Nippon Food Packers, Inc. and Nippon Pure Food, Inc. are marketed, together with fresh meats purchased from outside suppliers, through its nationwide business offices and its marketing subsidiaries such as Nippon Food, Inc. and Nippon Food Kansai, Inc.

Other businesses:

Marine products and acidophilus drinks are produced and marketed by the Company's subsidiaries, Marine Foods Co., Ltd. and Nippon Luna Co., Ltd.

With regard to services and others, restaurant business is conducted by its subsidiary Nippon Fine Food Inc.

The above mentioned matters are shown in the following business organization chart (affiliates are marked with \*).



## BUSINESS POLICY

### 1. The Company's fundamental business policy

The Company advocates its corporate slogan "Encouraging Healthy Eating Habits" whereby the Company provides safe and high-quality foods to help its customers enjoy eating and lead a healthy life.

For that purpose, the Company has created a "Nipponham Identity (NI)", which comprises its corporate philosophy, business philosophy and guidelines of conduct.

The idea of the NI is to share the quality of life with its customers, prosperity with its shareholders and the joy of work with its individual employees and obligates the management to continue to pursue brave challenges in the food culture.

Additionally, the Company recognizes that it is obliged as a corporate citizen to commit itself to the protection of the environment and the management intends to actively address environmental problems in conducting operating activities.

### 2. The Company's fundamental policy of profit allocation

With regard to its fundamental policy of profit allocation, it is the Company's intention to pay dividends according to business results on a consistent basis, while increasing its retained earnings in order to strengthen its corporate base as the basis for long-range development.

The Company intends to make effective use of the retained earnings as capital for investments which will maintain its competitiveness and attain sustained growth in the future, and to use them to expand its business size and increase earnings, thereby increasing the value of its shares.

### 3. The Company's policy on reduction in investment units

The Company believes it important to promote the long-term and stable holding of its shares by investors. The Company also recognizes it as an important issue for its capital policy to increase the liquidity of its shares in the stock market and expand the base of individual investors.

The Company will watch the moves of the stock market and carefully study the possibility of reducing its investment units, by taking into consideration its business results and share prices.

### 4. The Company's business strategies and future challenges

Business conditions facing the Company are expected to remain severe and change with accelerating speed and the future outlook becomes more unforeseeable. Under these circumstances, the Company will define its goals and attempt to aggressively create and expand its market while cognizant constantly and precisely of changes in the market

conditions. Thus, the Company intends to realize its corporate philosophy, with all of its divisions attaining their respective goals with responsibility.

Currently, the Company has 128 related companies, which boast a system of integrating the whole processes of its operations from the upstream (breeding) to the downstream (marketing) in Japan and overseas within the Company and its group and cover a wide range of foods. The Company take it for granted that they make profits through their operations with their respective defined responsibilities and also aim to connect them efficiently through commerce, logistics and information networks and establish a synergistic value chain.

Furthermore, the Company will improve the favorable public image and social recognition of its group. The time is gone when consumers choose to buy products and services solely by what they are. The images and attitudes of suppliers may also matter. Therefore, the Company will comply with social rules and law as a corporate citizen and focus its utmost attention on quality assurance for "safety and security", to which any food company should undoubtedly commit itself. Additionally, the Company will commit itself to supports to people's mental and physical well-being through "food and sports", as well as the protection of the environment.

The Company believes that uniqueness and originality will bring superiority in competition in the severe situations and will exert efforts to improve its integration system and the value of its corporate brand and establish its unique business models.

Through these activities, the Company will increase its corporate value from the long-term point of view and expand sales and secure earnings.

#### 5. Measures for building up the Company's administrative organization

Important matters for management are fully discussed at the management meeting and other committees and then deliberated upon by the Board of Directors. In addition, the Company holds regular meetings between the Representative Directors and Statutory Auditors to exchange opinions and information on management.



## OPERATING RESULTS AND FINANCIAL POSITION

1. Operating results
  - (1) Overview for the business year under review

### Overview of operating results in general

Market conditions facing the Company were considerably severe. The arrival of bovine spongiform encephalopathy(BSE), and false trade description incidents aroused considerable anxiety and distrust among consumers and spending was adversely affected. Additionally, the provision of a safeguard against pork, a temporary ban on chicken imports from China and the United States and severe conditions of materials, as well as bankruptcies of distribution firms, were negative factors.

In this unprecedented severe situation, the Company, with the forward-looking attitude "intrinsic to Nipponham", made efforts to respond to severe competition overseas and from outside its industry and changes in the market conditions.

With regard to its corporate structure, the Company, cognizant of the importance of its group strategy under which its market should be segmentalized and its organization units suitable to the characteristics and sizes of the segments should act in attentive and speedy manners, in combination with its general capabilities and creditworthiness as a leading company, promoted the restructuring and specialization of its organization, including spin-offs, to meet the market and clients.

The Company, recognizing that any product with no uniqueness would inevitably suffer from a price decrease, deployed a strategy under which the Company would develop new products with originality and take the initiative in the industry to launch such new products to the market. The Company also leveraged its proposal-style marketing, such as proposals for outlet renovations and menu proposals, to establish superiority in competition.

With regard to increasing needs for security and safety of foods, the Company, without resting on its acquired consumer confidence, continually strove to make further improvements to its quality control and health control systems. Simultaneously, the Company made the most of its unique integration system to improve its integrated quality control system starting from the breeding and processing of materials.

With regard to various social disturbances that resulted in a crisis of social confidence in companies, the Company regarded them to be object lessons and enhanced group-wide awareness of law-abiding spirits in conducting business operations and private activities.

As a result of these efforts, while the Company suffered from downward price pressures and the BSE problem, net sales for the business year under review amounted to ¥945,099 million, up 3.8% from the previous business year.

In regard to profits, the Company was affected by higher material costs, downward price pressures and the BSE problem while the Company recorded a gain on contribution to

its retirement benefit trust in the previous business year. As a result, income before income taxes and net income amounted to ¥30,786 million, down 29.5% from the previous business year and ¥17,733 million, down 30.8%, respectively.

The results by product category are as follows:

#### Hams and sausages

Sales of "Schau Essen" and "Mori-no-Kaori" sausages, which are the Company's main products, increased substantially, due to the improved qualities as a result of the introduction of a new freshness preservation system, the strengthening of its sales promotion activities and the effect of its brands connected with "confidence" in spite of widespread mistrust in foods. Overall sales, especially sales of these brand products, increased steadily in quantity. However, due to the BSE problem, sales of year-end gift products slackened and prices of products for industrial use declined. As a result, net sales amounted to ¥143,881 million, down 1.6% from the previous business year.

#### Processed foods

Sales of "Chuka Meisai", "Tenshinkaku" and "Asia Shokusaikan" series, which are the Company's main products, increased steadily, due to their varied lines, the strengthening of sales promotion activities, such as in-store campaigns, and PR effects. The hamburger and meatballs lines, such as "Tegone Hamburger" and "Scotch Egg", though adversely affected by the BSE problem, contributed to an overall sales increase. Additionally, sales of "Yoshoku Meisai", a new brand of "Bimi Kenko", and pizzas, with which the Company is developing new categories, increased. As a result, net sales amounted to ¥197,955 million, up 5.5% from the previous business year.

#### Fresh meats and others.

In Japan, sales of beef increased favorably due to increased demand from the restaurant industry during the first half of the business year under review, while during the second half, sales declined due to the BSE problem. However, demand for pork and chicken to substitute beef strongly grew from various channels and prices remained high. Overseas, overall sales increased steadily. During the whole year, this product category suffered from various difficulties, which were overcome by its comprehensive capabilities covering full lines of fresh meats, trustworthiness arising from its integration system and its nationwide sales force. As a result, net sales amounted to ¥603,263 million, up 4.6% from the previous business year.

Breakdown of consolidated net sales

	Year ended March 31, 2002		Year ended March 31, 2001		Rate of increase or decrease from the previous year
	(April 1, 2001-March 31, 2002)		(April 1, 2000-March 31, 2001)		
	Amount	Component	Amount	Component	
(millions of yen)	ratios	(millions of yen)	ratios	(%)	
	(%)	(%)	(%)	(%)	(%)
Hams and sausages	143,881	15.2	146,171	16.1	(1.6)
Processed foods	197,955	20.9	187,550	20.6	5.5
Fresh meats and others	603,263	63.9	576,913	63.3	4.6
Total	945,099	100.0	910,634	100.0	3.8

Overview of segment information by business category

As the Company's group engages principally in the production and marketing of meat-related hams and sausages, processed foods and fresh meats, other businesses are not so significant to be separately categorized. Hence, the Company does not prepare segment information by business category.

Overview of segment information by geographic area

(i) Japan

Net sales in Japan, though affected by downward price pressures and the BSE problem, amounted to ¥856,593 million, up 2.1% from the previous business year, as sales of processed foods and fresh meats, such as pork and chicken, increased. Operating income, affected by lower sales prices of hams and sausages and higher material costs, amounted to ¥34,378 million, down 9.3%.

(ii) Other areas

Net sales overseas, especially in the United States, increased steadily, amounting to ¥152,376 million, up 15.7% from the previous business year. Operating income overseas amounted to ¥3,977 million, down 16.3%.

(2) Prospect for the next business year

Prospect of operating results in general

During the next business year, the prospect of the economy is expected to remain unforeseeable. Additionally, the industry to which the Company belongs has seriously undermined confidence among consumers due to the false trade description incidents and badly affected private spending. The industry faces severe business conditions.

In this situation, the Company recognizes these severe conditions as good opportunities and intends to promote its sophisticated marketing channel policy to expand its "deep-plowing" marketing and operating areas, develop products in new categories, further leverage its proposal-style marketing and redefine costs in all stages from production to distribution and marketing.

With regard to operating results for the next business year, net sales are estimated to amount to ¥985.0 billion (up 4.2% from the previous business year).

By product category, in the hams and sausages category, the Company will make efforts to promote its sophisticated marketing channel policy, focusing on its brand products, including its main products such as "Schau Essen" and "Mori-no-Kaori" series and its new products such as "Shittori Bimi" and "Yoshoku Kitchen Series" and offer marketing proposals from consumers' point of view, whereby increasing its market share. The Company will also concentrate efforts on increasing sales of gift products. Thus, this category is estimated to earn ¥148.0 billion in net sales (up 2.9% from the previous business year).

In the processed foods category, the Company will concentrate efforts on varying the lines of its popular brands such as "Chuka Meisai" series and "Tenshinkaku" series and its new products such as "Yoshoku Meisai", as well as offering proposals on "food boutique malls" full of these various "Bimi kenko" brands, to increase sales. Thus, this category is estimated to earn ¥208.0 billion in net sales (up 5.1% from the previous business year).

In the fresh meats category, the Company will continue to take advantage of its integration system by further strengthening and improving its domestic and overseas production and physical distribution sites and carry out its brand recognition strategy, which emphasizes the safety and security of its brands such as "O-Mugi Gyu", "Tomorokoshi Buta" and "Shiretoko Dori" to differentiate itself from rival companies, whereby increasing its market share. Thus, this category is estimated to earn ¥629.0 billion in net sales (up 4.3% from the previous business year).

With regard to income, income before income taxes and net income are estimated to amount to ¥33.0 billion (up 7.2% from the previous business year) and ¥19.0 billion (up 7.1%), respectively.

### (3) Prospect of dividends

Management, based on the fundamental policy to pay dividends on a consistent basis, intends to pay an ordinary dividend of ¥16 per share for the business year.

## 2. Financial position

Net cash for the business year under review decreased by ¥13,781 million, accounting for a decrease of ¥8,307 million from the previous business year. As a result, cash and cash equivalents at the end of the year amounted to ¥53,055 million. The states and causes of cash flows are as follows:

(millions of yen)

	Year ended March 31, 2002 <small>(as of March 31, 2002)</small>	Year ended March 31, 2001 <small>(as of March 31, 2001)</small>	Increase or decrease
Net cash provided from operating activities	39,633	36,888	2,745
Net cash used in investing activities	(34,161)	(25,922)	(8,239)
Net cash used in financing activities	(19,253)	(16,440)	(2,813)
Net increase in cash and cash equivalents	<u>(13,781)</u>	<u>(5,474)</u>	<u>(8,307)</u>
Cash and cash equivalents at end of the year	<u>53,055</u>	<u>66,836</u>	<u>(13,781)</u>

With regard to operating activities, net income and depreciation and amortization amounted to ¥17,733 million and ¥24,347 million respectively. Thus, net cash provided by operating activities was ¥39,633 million. In comparison with the previous business year, net income for the previous business year accounted for ¥25,609 million, which included a gain of ¥12,556 million on contribution to its retirement benefit trust with no cash proceeds. As a result, net cash provided from operating activities increased by ¥2,745 million from the previous business year.

Net cash used in investing activities increased by ¥8,239 million from the previous business year, principally due to an increase in investment in plant and equipment.

Net cash used in financing activities increased by ¥2,813 million from the previous business year, principally due to an increase in scheduled payment of long-term debt.

As for cash flows for the next business year, cash flows from operating activities are expected to increase from the business year under review, due to projected higher profits. With regard to investing activities, the Company is expected to use cash similarly to the business year under review, since investment in plant and equipment is estimated at ¥37.0 billion, which is the same level for the business year under review. In financing activities cash is expected to be used similarly to the business year under review. As a result, cash and cash equivalents at end of the year is expected to increase slightly from the business year under review.

CONSOLIDATED BALANCE SHEETS

(millions of yen)

	Year ended March 31, 2002 (as of March 31, 2002)	Year ended March 31, 2001 (as of March 31, 2001)	Increase or decrease
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	53,055	66,836	(13,781)
Time deposits	23,280	19,515	3,765
Marketable securities	6,615	8,188	(1,573)
Trade notes (non-interest bearing) and accounts receivable	105,685	108,079	(2,394)
Allowance for doubtful receivables	(1,978)	(2,053)	75
Inventories	93,429	84,284	9,145
Deferred income taxes	6,753	4,784	1,969
Prepayments and other current assets	13,198	11,552	1,646
Total current assets	300,037	301,185	(1,148)
Investments and non-current receivables:			
Investment in and advances to associated companies	3,395	3,636	(241)
Other securities investments	21,250	22,245	(995)
Deposits and sundry investments	16,543	16,099	444
Total investments and non-current receivables	41,188	41,980	(792)
Property, plant, and equipment - at cost, less accumulated depreciation	262,019	243,333	18,686
Deferred income taxes – non-current	14,104	8,066	6,038
Other assets	6,160	7,257	(1,097)
Total	623,508	601,821	21,687

	Year ended March 31, 2002 (as of March 31, 2002)	Year ended March 31, 2001 (as of March 31, 2001)	Increase or decrease
<u>Liabilities and Shareholders' equity</u>			
Current Liabilities:			
Short-term bank loans	99,146	106,435	(7,289)
Current maturities of long-term debt	10,572	10,639	(67)
Trade notes (principally non-interest bearing) and accounts payable	91,569	89,322	2,247
Accrued income taxes	11,604	7,287	4,317
Deferred income taxes	213	10	203
Accrued expenses	13,457	13,054	403
Other current liabilities	9,073	10,288	(1,215)
Total current liabilities	235,634	237,035	(1,401)
Liability under retirement and severance program	35,921	24,618	11,303
Long-term debt, less current maturities	90,455	90,820	(365)
Deferred income taxes - non-current	1,142	1,068	74
Minority interests:	2,580	2,315	265
Shareholders' equity:			
Common stock	24,166	24,166	-
Capital surplus	50,438	50,438	-
Retained earnings			
Appropriated for legal reserve	6,522	6,476	46
Unappropriated	190,534	176,503	14,031
Accumulated other comprehensive loss	(13,875)	(11,618)	(2,257)
Treasury stock	(9)	-	(9)
Total shareholders' equity	257,776	245,965	11,811
<b>Total</b>	<b>623,508</b>	<b>601,821</b>	<b>21,687</b>

STATEMENTS OF CONSOLIDATED INCOME

(millions of yen)

	Year ended March 31, 2002 (from April 1, 2001 to March 31, 2002)	Year ended March 31, 2001 (from April 1, 2000 to March 31, 2001)	Increase or decrease
Revenues:			
Net sales	945,099	910,634	34,465
Gain on contribution of securities to employee retirement benefit trust	-	12,556	(12,556)
Sundry	3,669	1,887	1,782
Total	948,768	925,077	23,691
Cost and expenses:			
Cost of goods sold	738,340	699,077	39,263
Selling, general, and administrative expenses	168,385	168,942	(557)
Interest	3,110	3,514	(404)
Sundry	8,147	9,880	(1,733)
Total	917,982	881,413	36,569
Income from consolidated operations before income taxes	30,786	43,664	(12,878)
Income taxes:			
Current	16,892	12,459	4,433
Deferred	(4,143)	5,809	(9,952)
Total	12,749	18,268	(5,519)
Income from consolidated operations	18,037	25,396	(7,359)
Equity in earnings of associated companies - net (less applicable income taxes)	(304)	213	(517)
Net income	17,733	25,609	(7,876)



STATEMENTS OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(millions of yen)

	Year ended March 31, 2002 (from April 1, 2001 to March 31, 2002)	Year ended March 31, 2001 (from April 1, 2000 to March 31, 2001)	Increase or decrease
<b>Common stock:</b>			
Balance at beginning of the year	24,166	24,166	-
Balance at end of the year	24,166	24,166	-
<b>Capital surplus:</b>			
Balance at beginning of the year	50,438	50,438	-
Balance at end of the year	50,438	50,438	-
<b>Retained earnings appropriated for legal reserve:</b>			
Balance at beginning of the year	6,476	6,444	32
Transfer from unappropriated retained earnings	46	32	14
Balance at end of the year	6,522	6,476	46
<b>Unappropriated retained earnings:</b>			
Balance at beginning of the year	176,503	154,580	21,923
Net income	17,733	25,609	(7,876)
Cash dividends	(3,655)	(3,655)	-
Transfer to retained earnings appropriated for legal reserve	(47)	(31)	(16)
Balance at end of the year	190,534	176,503	14,031
<b>Accumulated other comprehensive income (loss):</b>			
<b>Net unrealized gains(losses) on securities available for sale:</b>			
Balance at beginning of the year	(1,451)	9,666	(11,117)
Change in net unrealized gains(losses) during the year	1,655	(11,117)	12,772
Balance at end of the year	204	(1,451)	1,655
<b>Net unrealized gains on derivative financial instruments:</b>			
Balance at beginning of the year	-	-	-
Change in net unrealized gains on derivative financial instruments during the year	24	-	24
Balance at end of the year	24	-	24
<b>Minimum pension liability adjustments:</b>			
Balance at beginning of the year	(8,793)	(4,941)	(3,852)
Change in minimum pension liability adjustments during the year	(6,667)	(3,852)	(2,815)
Balance at end of the year	(15,460)	(8,793)	(6,667)

	Year ended March 31, 2002 (from April 1, 2001 to March 31, 2002)	Year ended March 31, 2001 (from April 1, 2000 to March 31, 2001)	Increase or decrease
Foreign currency translation adjustments:			
Balance at beginning of the year	(1,374)	(3,270)	1,896
Change in foreign currency translation adjustments during the year	2,731	1,896	835
Balance at end of the year	1,357	(1,374)	2,731
Total accumulated other comprehensive income (loss) at end of the year	(13,875)	(11,618)	(2,257)
Treasury stock:			
Balance at beginning of the year	-	-	-
Treasury stock acquired	(9)	-	(9)
Balance at end of the year	(9)	-	(9)
Total shareholders' equity	257,776	245,965	11,811

STATEMENTS OF CONSOLIDATED CASH FLOWS

(millions of yen)

	Year ended March 31, 2002 (from April 1, 2001 to March 31, 2002)	Year ended March 31, 2001 (from April 1, 2000 to March 31, 2001)
Operating activities:		
Net income	17,733	25,609
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,347	23,734
Gain on contribution of securities to employee retirement benefit trust	-	(12,556)
Income taxes – deferred	(4,143)	5,809
Decrease ( increase) in trade notes and accounts receivable	3,257	(14,534)
Increase in inventories	(7,503)	(9,404)
Increase in trade notes and accounts payable	1,777	10,052
Increase (decrease) in accrued income taxes	4,314	(3,047)
Other – net	(149)	11,225
Net cash provided by operating activities	39,633	36,888
Investing activities:		
Additions to property, plant, and equipment	(38,632)	(26,617)
Proceeds from sale of property, plant, and equipment	8,544	921
Increase in time deposits	(3,362)	(5,707)
Purchases of marketable securities and other securities investments	(6,447)	(10,939)
Proceeds from sales of marketable securities and other securities investments	7,212	17,874
Increase in deposits and sundry investments	(313)	(301)
Other – net	(1,163)	(1,153)
Net cash used in investing activities	(34,161)	(25,922)
Financing activities:		
Cash dividends	(3,655)	(3,655)
Decrease in short-term bank loans	(10,571)	(16,330)
Proceeds from long-term debt	6,834	10,378
Repayments of long-term debt	(11,852)	(6,833)
Others	(9)	-
Net cash used in financing activities	(19,253)	(16,440)
Net decrease in cash and cash equivalents	(13,781)	(5,474)
Cash and cash equivalents at beginning of the year	66,836	72,310
Cash and cash equivalents at end of the year	53,055	66,836
Additional cash flow information:		
Interest paid	3,149	3,650
Income taxes paid	12,576	15,536
Noncash investing and financing activities		
Contribution of securities to employee retirement benefit trust	-	18,426
Capital lease obligations incurred	4,296	-

BASIS FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 115 subsidiaries

(2) Number of non-consolidated subsidiaries: None

(3) Principal subsidiaries:

Texas Farm, Inc., Nippon Meat Packers Australia Pty. Ltd., Nippon White Farm Co., Ltd., Nippon Swine Farm Co., Ltd., Marine Foods Co., Ltd., Shizuoka-Nippon Ham Co., Ltd. and Nippon Food, Inc.

(4) Situation of changes in consolidation:

(inclusion) 10 companies Nippon Techno Arc. Inc. and other 9 companies (establishment)

(exclusion) 10 companies Nippon Ham Hokkaido Sales Co., Ltd. and other 9 companies (dissolution and merger)

2. Fiscal years of consolidated subsidiaries

Among the Company's consolidated subsidiaries, 5 companies have fiscal year ending on December 31. In preparing the consolidated financial statements, the financial statements in respect of each company's fiscal year are used. As for material transactions occurred during the period until the end of the consolidated fiscal year, any adjustments necessary for such consolidation are made.

3. Matters relating to application of equity method

(1) Number of companies subject to equity method: 13 companies

(2) Main company: Minami-Nippon Ham Co., Ltd.

(3) Situation of change: (inclusion) None  
(exclusion) None

(4) Fiscal years:

As for the companies subject to equity method and which have fiscal years ending at other than the end of the consolidated fiscal year, the financial statements in respect of such companies' fiscal years are used.

#### 4. Summary of Principal Accounting Policies

(1) Marketable securities:

In accordance with Statement of Financial Accounting Standards (SFAS) No. 115, investments classified as Available-For-sale are reported at fair value with unrealized gains and losses, net of applicable income taxes, recorded in a separate component of shareholders' equity. Investments classified as Held -to-Maturity are recorded at amortized cost. All other securities investments in securities are stated cost, unless the value is considered to have been impaired.

(2) Inventories:

Inventories are stated at lower of cost or market value based on the average method. The market value is based on net realizable value.

(3) Depreciation and amortization:

Property, plant and equipment are reported at acquisition cost and depreciation is made principally by the declining balance method.

(4) Liability under retirement and severance program:

SFAS No. 87 "Employers' Accounting for Pensions" applies to the retirement and severance program.

(5) Income taxes:

In accordance with SFAS No. 109, deferred tax assets and liabilities are computed based on the temporary differences between the financial statement and tax bases of assets and liabilities, using the enacted tax rate at the respective balance sheet dates.

(6) Derivative financial instruments:

As from the period under review, SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138 "Accounting for Certain Derivative Instruments and Certain Hedging Activities—an amendment of FASB Statement No. 133" are applicable. All derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value.

(7) Sales incentives:

As from the period under review, Emerging Issues Task Force (EITF) Issue No. 00-14 "Accounting for Certain Sales Incentives" and EITF Issue No. 00-25 "Accounting for Consideration from a Vendor to a Retailer in connection with the Purchase or Promotion of

the Vendor's Products" are applicable.

As a result of the application of these EITF Issues, "net sales" and "selling, general, and administrative expenses" decreased by ¥8,533 million, respectively, in comparison with the previous method. However, the application has no effect on net income.

#### 5. Calculation Contents of Net Income Per Share

	Year ended March 31, 2002	Year ended March 31, 2001
	(from April 1, 2001 to March 31, 2002)	(from April 1, 2000 to March 31, 2001)
	(millions of yen)	
Net income (Numerator):		
Income available to shareholders	17,733	25,609
Effect of convertible debentures	99	99
Income available to shareholders and assumed conversions	17,832	25,708
	(thousands of shares)	
Shares (Denominator):		
Averages shares outstanding for basic earnings per share	228,442	228,445
Dilutive effect of convertible debentures	4,992	4,992
Average shares outstanding for diluted earnings per share	233,434	233,437

## SEGMENT INFORMATION

1. Segment information by business category:

The Company's group engages principally in the production and marketing of meat-related hams and sausages, processed foods and fresh meats. Because total net sales, operating income and assets of such businesses, respectively, comprise more than 90% of the whole segments, the Company didn't prepare segment information by business category for the years ended March 31, 2001 and March 31, 2002.

2. Segment information by geographic area:

For the year ended March 31, 2002 (from April 1, 2001 to March 31, 2002):

(millions of yen)

Items	Japan	Other areas	Total	Eliminations or group-wide	Consolidation
Net sales:					
(1) Sales to outside customers	856,089	89,010	945,099	-	945,099
(2) Inter-segment sales	504	63,366	63,870	(63,870)	-
Total	856,593	152,376	1,008,969	(63,870)	945,099
Operating expenses	822,215	148,399	970,614	(63,889)	906,725
Operating income	34,378	3,977	38,355	19	38,374
Assets	518,321	60,570	578,891	44,617	623,508

(Notes)

1. Countries and areas are categorized in accordance with their geographic nearness. However, any net sales and assets in any country or area other than Japan account for less than 10% of the total net sales and the total assets of all the segments, respectively. Hence, all the countries and areas other than Japan are indicated collectively as the "other areas".
2. The other areas principally consist of Australia, the United States and Thailand.
3. With regard to assets, group-wide assets, included in eliminations or group-wide items, amounted to ¥48,068 million, principally comprising the parent company's time deposits, marketable securities and investment securities.

For the year ended March 31, 2001 (from April 1, 2000 to March 31, 2001):

(millions of yen)

Items	Japan	Other areas	Total	Eliminations or group-wide	Consolidation
Net sales:					
(1) Sales to outside customers	838,748	71,886	910,634	-	910,634
(2) Inter-segment sales	457	59,858	60,315	(60,315)	-
Total	839,205	131,744	970,949	(60,315)	910,634
Operating expenses	801,310	126,995	928,305	(60,286)	868,019
Operating income	37,895	4,749	42,644	(29)	42,615
Assets	507,260	50,574	557,834	43,987	601,821

(Notes)

1. Countries and areas are categorized in accordance with their geographic nearness. However, any net sales and assets in any country or area other than Japan account for less than 10% of the total net sales and the total assets of all the segments, respectively. Hence, all the countries and areas other than Japan are indicated collectively as the "other areas".
  2. The other areas principally consist of Australia, the United States and Thailand.
  3. With regard to assets, group-wide assets, included in eliminations or group-wide items, amounted to ¥46,209 million, principally comprising the parent company's time deposits, marketable securities and investment securities.
3. Overseas sales:

As respective overseas sales for the years ended March 31, 2001 and March 31, 2002 did not amount to at least 10% of our consolidated sales, presentation of overseas sales is omitted.



CURRENT MARKET PRICE OF SECURITIES

Investments classified as Available-for-Sale are reported at fair value on the balance sheets, in accordance with accounting principles generally accepted in the U.S.A.

For the year ended March 31, 2002 (as of March 31,2002):

(millions of yen)

<u>Items</u>	<u>Cost</u>	<u>Gross unrealized holding gains</u>	<u>Gross unrealized holding losses</u>	<u>Fair value</u>
Available-for-Sale:				
Equity securities	13,197	2,378	(1,352)	14,223
Debt securities (principally funds investing in government and corporate bonds)	8,098	58	(733)	7,423
Held-to-Maturity	3,753	0	(2)	3,751
Total	25,048	2,436	(2,087)	25,397

For the year ended March 31, 2001 (as of March 31,2001):

(millions of yen)

<u>Items</u>	<u>Cost</u>	<u>Gross unrealized holding gains</u>	<u>Gross unrealized holding losses</u>	<u>Fair value</u>
Available-for-Sale:				
Equity securities	17,467	2,468	(3,956)	15,979
Debt securities (principally funds investing in government and corporate bonds)	6,934	48	(1,062)	5,920
Held-to-Maturity	6,468	-	0	6,468
Total	30,869	2,516	(5,018)	28,367