

(Translation)

May 18, 2004

BRIEF STATEMENTS OF ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2004 (CONSOLIDATED)
(based on U.S. Generally Accepted Accounting Principles)

Name of listed company:	Nippon Meat Packers, Inc.
Code number:	2282 (URL http://www.nipponham.co.jp)
Listing exchange:	Tokyo Stock Exchange and Osaka Securities Exchange
Location of head office (Prefecture):	Osaka
Representative:	Yoshikiyo Fujii President and Representative Director
Inquiries to be directed to:	Noboru Takezoe Corporate Officer, General Manager of Management Planning Division Tel. (06) 6282-3171
Date of meeting of the Board of Directors for settlement of accounts:	May 18, 2004
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, 2004 (April 1, 2003 through March 31, 2004):

(1) Consolidated operating results

	Year ended March 31, 2004	Year ended March 31, 2003
Net sales:	¥926,019 million (1.8%)	¥909,999 million (-) 3.7%
Operating income:	¥23,625 million (2.2%)	¥23,121 million (-) 39.7%
Income before income taxes:	¥19,576 million (47.2%)	¥13,301 million (-) 56.8%
Net income:	¥10,641 million (141.3%)	¥4,409 million (-) 75.1%
Net income per share (basic):	¥46.61	¥19.30
Net income per share (diluted):	¥46.32	-
Ratio of net income to shareholders' equity:	4.2%	1.7%
Ratio of income before income taxes to total assets:	3.2%	2.1%
Ratio of income before income taxes to net sales:	2.1%	1.5%

(Notes)

1) Equity in earnings of associated companies:

Year ended March 31, 2004:	¥42 million
Year ended March 31, 2003:	¥5 million

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

Year ended March 31, 2004:	228,324,432 shares
Year ended March 31, 2003:	228,384,645 shares

3) Changes in accounting methods: No

4) Operating income is calculated by deducting from net sales cost of goods sold and selling, general and administrative expenses, in accordance with the Japanese accounting practices.

- 5) 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, 2004</u>	<u>Year ended March 31, 2003</u>
Total assets:	¥610,663 million	¥621,579 million
Shareholders' equity:	¥262,096 million	¥246,981 million
Ratio of shareholders' equity to total assets:	42.9%	39.7%
Shareholders' equity per share:	¥1,147.95	¥1,081.68

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

Year ended March 31, 2004:	228,317,404 shares
Year ended March 31, 2003:	228,331,408 shares

(3) State of consolidated cash flows

	<u>Year ended March 31, 2004</u>	<u>Year ended March 31, 2003</u>
Cash flows from operating activities:	¥35,040 million	¥39,582 million
Cash flows from investing activities:	(¥7,084 million)	(¥5,139 million)
Cash flows from financing activities:	(¥41,113 million)	(¥753 million)
Cash and cash equivalents at end of the year:	¥73,588 million	¥86,745 million

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

Number of consolidated subsidiaries:	113 companies
Number of non-consolidated subsidiaries subject to equity method:	None
Number of associated companies subject to equity method:	10 companies

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

Consolidated subsidiaries (inclusion):	6 companies
Consolidated subsidiaries (exclusion):	10 companies

Companies subject to equity method	(inclusion):	1 company
Companies subject to equity method	(exclusion):	None

2. Forecast of consolidated operating results for the year ending March 31, 2005
(April 1, 2004 through March 31, 2005):

	Year ending March 31, 2005	
	Interim period	Whole year
Net sales:	¥470,000 million	¥960,000 million
Income before income taxes:	¥12,000 million	¥24,000 million
Net income:	¥7,000 million	¥14,000 million

(For reference)

Forecast of net income per share for the year ending March 31, 2005 (whole-year):

¥61.32

- * 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 19 of the attached material.

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Attached material

STATE OF CORPORATE GROUP

The Company's group (the "Group") is composed of the Company, its 113 subsidiaries and 10 associated companies. 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 such as Tohoku-Nippon Ham Co., Ltd. and Minami-Nippon Ham Co., Ltd.

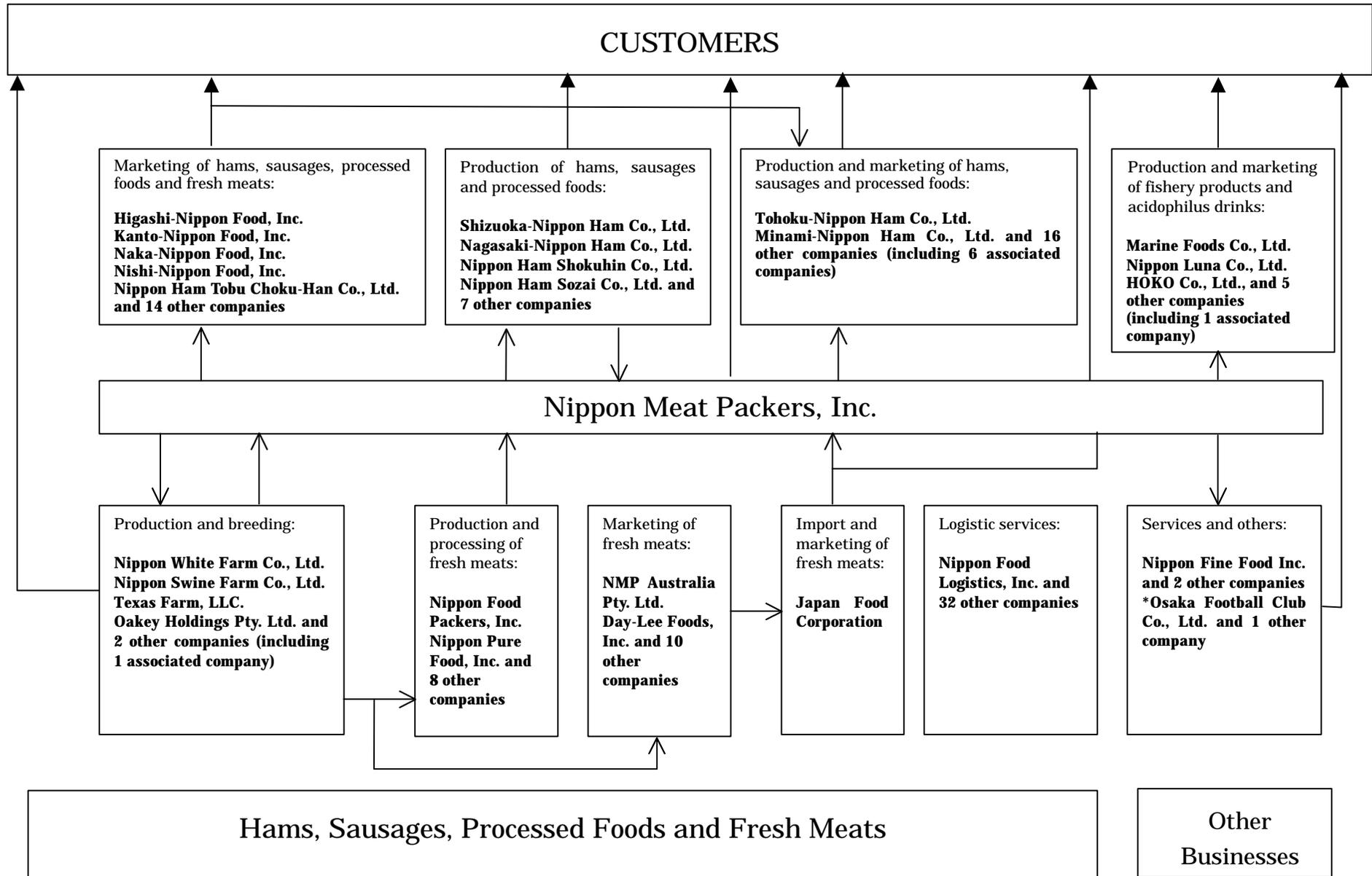
With regard to fresh meats, its subsidiaries such as Nippon Swine Farm Co., Ltd., Nippon White Farm Co., Ltd. and Texas Farm, LLC. produce and breed swine, cattle and poultry. Fresh meats which are processed and produced by the Company's subsidiaries such as Nippon Food Packers, Inc. and Nippon Pure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

Other businesses:

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

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

The above-mentioned matters are shown in the following business organization chart (associated companies are marked with *).



BUSINESS POLICY

1. The Company's fundamental business policy

The Group advocates, as its corporate philosophy, contributing to the society by bringing the "joy of eating" to people through supply of safe and high-quality foods, proposals as to TPOs of eating and the creation of a food culture. The Group recognizes that it is a mission of management to pursue brave challenges in the food culture and explore the possibility of foods ahead of the times with the aim of sharing the "excitement of good eating and preciousness of health" with its customers and continuing to support their healthy and delightful eating habits.

In its medium-term business plan that commenced in April 2003, the Group has placed emphasis on "strict compliance in management", as well as "customer-creed management" and the "promotion of group management" as its most important management policies and promoted these policies.

The Group will remember its original purpose as a food company and make products from the perspectives of consumers and intends to materialize its corporate philosophy of contributing to the society by means of foods.

2. The Company's fundamental policy of profit allocation

With regard to its fundamental dividend policy, 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 for the years to come, and to use them to expand its business size and increase earnings, whereby 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. Target management indices

For the final business year in the "New Medium-Term Business Plan" (for the period from April 1, 2003 to March 31, 2006), the Group aims to book net sales of ¥1,100 billion and income before income taxes of ¥35 billion. Furthermore, to improve its financial position, the Group will improve the efficiency of invested capital, optimize the allocation of

management resources and reduce interest-bearing debt. Thus, the Group aims to attain the ROA (ratio of income before income taxes on total assets) of 5% or more, the reduction of ¥40 billion in interest-bearing debt and the D/E ratio of 0.6, as major management indices.

5. The Company's medium- and long-range business strategies and future challenges

(1) Optimum allocation of the Group's management resources

The Company will allocate its management resources of personnel, facilities and funds from the perspective of the optimization thereof and leverage the financial position of the Group as a whole. The Company will operate by placing great importance on "generating cash flows", "reducing interest-bearing debt" and "improving the efficiency of funds operations", whereby "selecting, concentrating and expanding" its operations.

The Company will activate the use of human resources through personnel exchanges among its business divisions with the aim of their optimum allocation and revitalization. Additionally, the Company will make its manufacturing facilities and idle facilities available across and among the business divisions to reduce costs.

For example, to improve the efficiencies of the management resources in the future, the Processing Business Headquarters, which has been established by the consolidation of the marketing and manufacturing divisions, integrated the Processed Foods Business Division and the Delicatessen Business Division as from the business year commencing on April 1, 2004 to establish a "Deli Products Business Division" to improve its organizational efficiency. Simultaneously, the Company will focus on new areas as well as fresh meat processing and establish a strategic, diversified corporate group, aiming for the top in every product category.

(2) Aggressive business expansion

(i) Domestic business

In July 2003, the Company made HOKO Co., Ltd. a group company, whereby strengthening its businesses of cheese and other dairy products and fishery products.

In the New Medium-Term Business Plan, the Company aims to expand the businesses of hams and sausages, processed foods and fresh meats, as well as to develop the business areas of fishery products and dairy products as the fourth and fifth business pillars to bring "dynamism" to the Group through the expansion of business areas of such affiliates and make a greater leap forward. The expansion of business areas here does not mean just diversification or establishment of comprehensive food business, but becoming a "strategic, diversified corporate group" by capitalizing on the strengths of the Group.

The environment surrounding the food and fresh meat industries remain severe. However, the Group will develop management to create a new value by combining its capabilities of development, technology and marketing (hybrid

management).

(ii) Overseas business

The domestic market is placed in severe conditions, such as lower prices due to an increase in inexpensive imports and intensifying competition among rival companies and from outsiders. Additionally, the market is expected to shrink due to declining birthrate and a growing proportion of elderly people. Hence, overseas business has become more important. The Company intends to develop businesses of seafood and processed foods, in addition to its fresh meats business and also expand the business of sales in overseas local markets and exports to third countries, in addition to supplies to Japan. For such purposes, the Company will develop global human resources, make efficient use of funds, facilities and human resources, promote an optimum allocation of the Group's management resources and improve its quality assurance system.

In the business year commencing on April 1, 2004, the Company will launch a cross-division project for overseas strategies to make a study on increasing overseas sales, hedging country risks and making inroads in new business areas.

6. Fundamental philosophy on corporate governance and the implementation of measures therefor

(1) Fundamental philosophy

The Group aims to conduct group management by exploiting its comprehensive capabilities, with each division and each associated company operating under its organization and systems and business strategies best suited for its market and capitalizing on its strengths. For that purpose, it is essential as a basis to management to comply with law and establish a stronger system of corporate governance. The Company intends to ensure the corporate governance to function properly and strictly hold management accountable to its stakeholders, such as "customers", "shareholders", "business partners" and "employees".

As a basis to the Group's corporate governance, a system of executive officers has been employed to clearly define responsibilities and powers in Directors conducting their "function of management supervision" and executive officers conducting their "function of business execution". Additionally, the Company, which recognizes that the roles of Directors responsible for the function of management supervision are crucial, has increased the number of outside Directors and improved its head office departments and committees to provide support to the Directors.

Furthermore, the Company recognizes that it is important to bring corporate governance home to ranks and files as well as management and has strengthened the internal control systems of its own business offices and group companies.

(2) Implementation of measures

(i) Management organization relating to corporate managerial decision-making,

execution and supervision and other corporate governance systems

- a. The Group has employed a system of statutory auditors.
- b. State of election of outside Directors and outside Statutory Auditors.

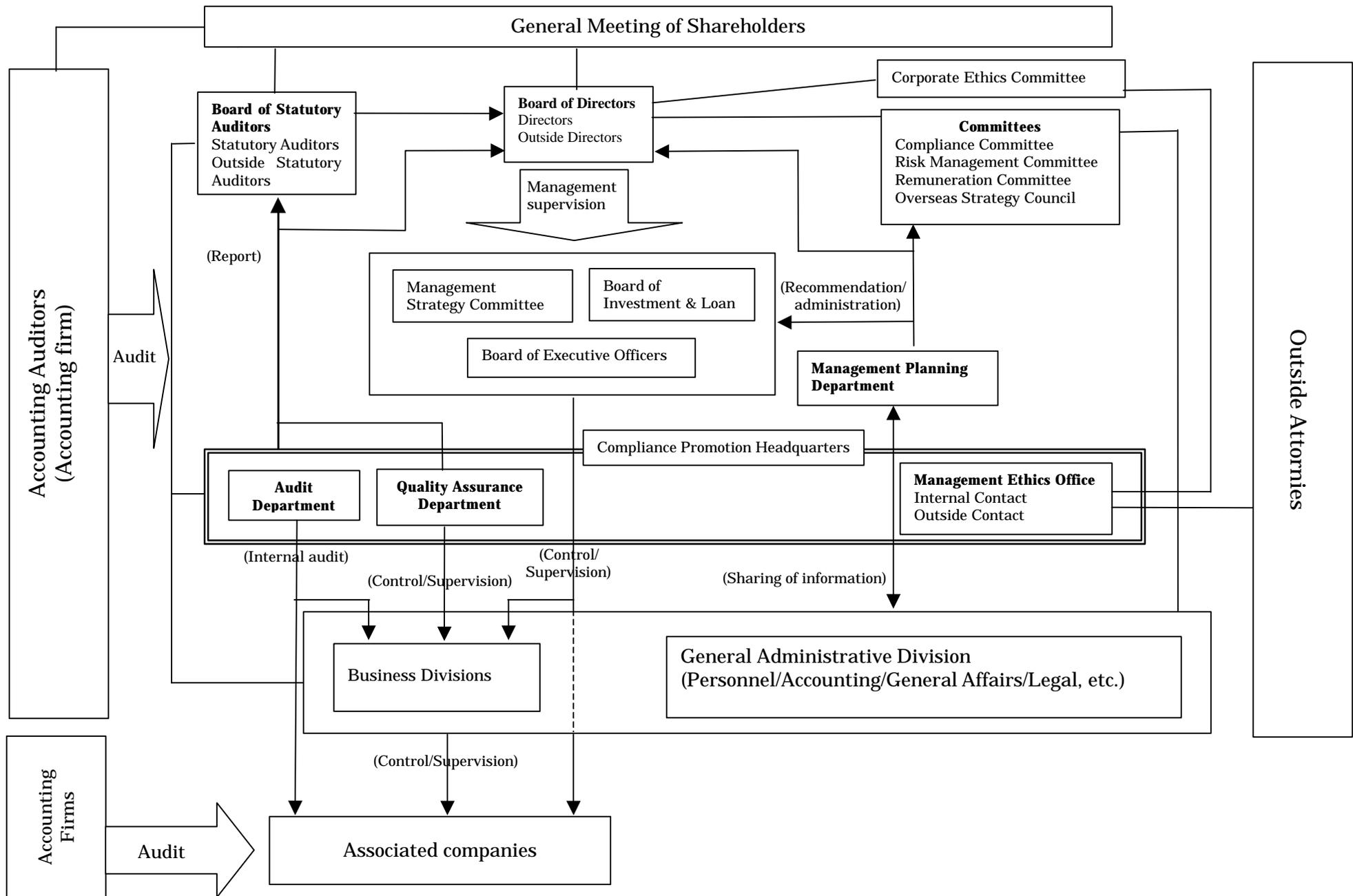
The Company has 2 outside Directors among 11 Directors and 4 outside Statutory Auditors among 5 Statutory Auditors.

The Company introduced a system of executive officers in April 2003. Under the new system to materialize the business policy, the Company has reduced the number of Directors from 16 (including one outside Director) to 11 (including two outside Directors) upon the close of its ordinary general meeting of shareholders convened in June 2003, with the aim of clarifying the roles of Directors and allowing active discussion among as small a number of Directors as possible.

- c. Maintenance of full-time staff for outside officers.

The Company maintains no full-time staff for outside officers but its Management Planning Department or Management Ethics Office takes appropriate steps whenever necessary.

d. Scheme of business execution and supervision and internal control (as of March 31, 2004).



* Changes as of April 1, 2004

Establishment of a Governance Board: To make more effective a series of management reforms, which has been carried out since 2003, the Company has established a new Governance Board, in addition to the existing Board of Investment & Loan, as a organ responsible for preliminary reviews for the Board of Directors and the Management Strategy Committee, whereby strengthening preliminary reviews of important matters, including policies, strategies, organizations and systems of the Group.

Bringing the Quality Assurance Department and the Consumer Service Office under the direct control of the President: To further improve its quality assurance system and promote customer-creed management more speedily, the Company has brought the Quality Assurance Department and the Consumer Service Office, which were under control of the Compliance Promotion Headquarters, under the direct control of the President.

Establishment of a Management Planning Division and the reorganization of the General Administrative Division: The Company has established a Management Planning Division, under which the Accounting Department, Information Planning Department and Management Planning Department have been set up to be responsible for information strategies for group management in close cooperation. The Company has also reorganized the General Administrative Division, under which the Public Relations Department, Personnel Department, General Affairs Department and Legal Department belong.

- e. Legal counsels, accounting auditors and other third parties (State of their engagement in the corporate governance systems).

With regard to corporate management and day-to-day operations, the Company has employed a system of entering into advisory agreements with more than one law firm to seek advice as a guide to managerial judgment as the necessity arises.

Additionally, the Company has entered into audit agreements with accounting firms with regard to audits under the Commercial Code of Japan (with Shin Nihon & Co.) and audits under the Securities and Exchange Law of Japan (with Shin Nihon & Co. and Tohmatsu & Co.). Each of the accounting firms has made audits on a fair and independent standpoint.

- (ii) Personal, capital or trading relations or other relations of interest between the Company and its outside Directors and outside Statutory Auditors in outline

Mr. Kanji Yamaguchi, an outside Director of the Company, is a Standing Advisor of Mitsubishi Corporation, which is one of its major shareholders and has constant business dealings with the Company and its associated companies.

Ms. Sachiko Hayakawa, another outside Director of the Company, has served as member of the Workmen's Accident Compensation Insurance Council of the Ministry of Health, Labour and Welfare of Japan and member of the Special Committee on Environmental Safety of Japan Federation of Economic

Organizations, among others. She has no special capital, personal or trading relation with the Company.

The Company has no transaction with any outside Statutory Auditor.

(iii) Efforts to improve corporate governance for the most recent year

a. Meetings of the Corporate Ethics Committee:

The Company instituted the Committee on September 10, 2002, with the participation of outside experts. Since then, the Committee has held 16 sessions, including eight sessions for the business year under review.

The Committee has monitored the development of measures to establish thorough compliance-based management and made recommendations as to comprehensive management reforms.

b. Establishment of compliance promotion committees:

In January 2004, the Company caused compliance promotion committees to be established in its group companies in Japan and formulated a "Manual on Codes of Conduct", which gives specific explanations on the "Nippon Ham Group Codes of Conduct" by reference to their respective operations. The Company has focused on activities to get across the manual to make compliance dominate in all group companies and business offices.

c. Reforms of the Board of Directors:

• Introduction of a system of executive officers

In April 2003, the Company clearly defined the powers and responsibilities of "Directors" responsible for management supervision and " executive officers" responsible for execution of business and operations.

• Appointment of outside Directors

In June 2003, the Company appointed a female outside Director to participate in management, whereby promoting compliance-based and customer-creed management and improving its corporate culture to be a more open company.

• Establishment of a Management Strategy Committee

In April 2003, the Company abolished its "Operating Committee" and established a "Management Strategy Committee," which has been held twice a month to determine important matters concerning group management policies and exchange communications and coordinate within the Group to materialize more smooth group management. Accordingly, the Company has established a system to allow the Board of Directors to fulfill its primary

function of management supervision at full length.

- Establishment of a Board of Investment & Loan

Since April 2003, the Board has met twice a month to make preliminary reviews of important management matters relating to investments and loans.

d. Organizational reforms

- To ensure thorough consolidated management, the Company reorganized its headquarters and instituted a Seafood and Dairy Products Headquarters, a General Administrative Division, a Compliance Promotion Headquarters and a Management Planning Division in April 2003. Additionally, the Company has increased personnel in its administrative and auditing units to be placed at not only its head office in Osaka but also its Tokyo Branch, whereby strengthening its administrative units.

Furthermore, the Company revised the administrative system of the Fresh Meats Headquarters in July and August 2003.

e. Establishment and holding of standing committees

- Establishment and holding of a Compliance Committee: The Committee was instituted in April 2003 to generally investigate compliance by the Group, specifically, to review the group-wide compliance policies and codes of conduct and verify the thoroughness of the development thereof. Since then, the Committee has held three sessions to have an animated discussion.
- Establishment and holding of a Risk Management Committee: The Committee was instituted in April 2003 to eliminate risks and contribute to compliance-based management in the Group. Since then, the Committee has held 11 sessions to solve problems.
- Establishment and holding of a Remuneration Committee: The Committee was instituted in April 2003 to fairly evaluate officers' performances, as a means of management to strengthen the system of corporate governance and improve the transparency of management. Since then, the Committee has held seven sessions to draft a basic policy on officers' remuneration and discuss the direction as to the retirement gratuity plan.
- Establishment and holding of a Overseas Strategy Council: The Committee was instituted in April 2003 to promote effective use of management resources of the Group and the cross-sectional sharing of know-how and information among the business divisions and materialize overall optimization of the Group overseas. Since then, the Committee has held four sessions to discuss the establishment of a quality assurance system in China and proposed reforms of overseas associated companies.

- f. Improvement of internal control:
- To strengthen internal control of the group companies, the Company has entered into a contract with a consultancy to review the items and standards for administering its group companies and promote standardization of its administrative systems and restructuring of its auditing frameworks. During the business year under review, the Company analyzed its major operations, identified the problems in terms of compliance of law and ethics and revised the operating procedures to make its check and balance system work properly.
 - For the period from January through March 2004, the Company ran a blanket check on all business offices of the Company and its group companies in Japan with regard to their business licenses and approval and notifications for qualifications and immediately followed procedures to correct any inadequacies.

OPERATING RESULTS AND FINANCIAL POSITION

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

Overview of operating results in general

During the business year under review, the Japanese economy has registered tones of slow recovery, sustained by strong capital investment and favorable exports. Private spending has seemed to be turning up but the recovery movement has remained slow due to the severe employment situation and unforeseeable future.

In the food and fresh meats industry, one problem after another has arisen, such as many cases of residual chemicals in imported foods, the emergence of BSE (bovine spongiform encephalopathy) in the United States and the emergence of avian flu all across Asia, including Japan. With the progress of globalization, difficulties in meeting consumers' demand for "security and safety" of foods and risks in the maintenance of a stable supply have become obvious.

Under these circumstances, the Group has placed utmost importance on "restoring the confidence of the society and consumers and sought honest and highly transparent management". In the management policy under its medium-term business plan that commenced in April 2003, the Group has placed the utmost emphasis on "strict compliance in management" and has established a Compliance Promotion Headquarters to foster an awareness of compliance steadily through compliance rallies by its employees and trainings of all officers and managerial staffs at its associated companies and business offices nationwide. However, some cases of the past, including those revealed by the Group, were reported by mass media for the past year. We must express our sincere apology to everyone for a good deal of trouble and disturbance. In January 2004, the Company formulated a "Manual on Codes of Conduct" for each of its associated companies and made emergency compliance investigations at its business offices nationwide to further foster an awareness of compliance and strengthen the internal control functions.

In its activities called "Open Quality" in which the Company has engaged as a commitment to customer-creed management, the Company has reviewed 10,000 or more descriptive labels and product records. Consequently, the Company has established a system to share the resultant information by a "Product Information Management System" and supply safe and high-quality products with proper descriptive labeling. Additionally, the Company has established a "Customer Information Management System" to respond quickly to customer requests and a "Production History Tracing System" to provide production information. The Production History Tracing System covers not only the traceability of the production histories of Japanese beef by reference numbers but also the traceability of Japanese pork and poultry by the Group's integration system that the Company has taken the initiative in the industry to adopt. The Company has also carried out "Open Factory" campaigns to invite consumers to its factories and exerted other efforts from consumers' perspectives.

The Company has endeavored to "promote group management". The Company has, from the perspectives of the Group, reviewed production and marketing sites to improve the efficiencies and cost competitiveness. The Company has also promoted a freer flow of human resources, specifically by group-wide personnel transfers to optimally allocate and activate them.

As a result, sales of fresh meats decreased as sales of pork decreased substantially due to a lack of demand for pork to substitute beef and the termination of a pork trade agreement with an overseas meat packer while sales of beef increased. Sales of hams and sausages and processed foods registered tones of recovery though the market still remained severe. Additionally, HOKO Co., Ltd. has become a consolidated subsidiary and contributed to sales of dairy products. Thus, net sales for the business year under review amounted to ¥926,019 million, up 1.8% from the previous business year. In regard to profits, income before income taxes amounted to ¥19,576 million, up 47.2% from the previous business year and net income amounted to ¥10,641 million, up 141.3%, due to an increase in net sales, though offset by an increase in selling, general and administrative expenses.

Breakdown of consolidated net sales

	<u>Year ended March 31, 2004</u> (April 1, 2003-March 31, 2004)		<u>Year ended March 31, 2003</u> (April 1, 2002-March 31, 2003)		Rate of increase or decrease from the previous year (%)
	<u>Amount</u> (millions of yen)	<u>Component ratio</u> (%)	<u>Amount</u> (millions of yen)	<u>Component ratio</u> (%)	
Hams and sausages	138,818	15.0	136,638	15.0	1.6
Processed foods	181,812	19.6	174,178	19.1	4.4
Fresh meats	480,732	51.9	490,764	53.9	(2.0)
Seafood	71,552	7.7	68,961	7.6	3.8
Dairy products	18,876	2.0	9,852	1.1	91.6
Others	34,229	3.7	29,606	3.3	15.6
Total	926,019	100.0	909,999	100.0	1.8

Overview of segment information by business category

Fresh meat-related businesses

In the hams and sausages business, the Company's low-key efforts to promote sales and improve qualities proved successful. Sales of "Schau Essen" series and other mass-market products of brand powers showed tones of recovery. Sales of "Fresh Loin", which was renewed in June 2003, also increased favorably and contributed to an increase in sales of hams as a whole. However, sales in its industrial channels remained slow in recovery due to intensifying price competition. In the year-end gift blitz, the Company

waged a campaign by integrating the comprehensive capabilities of the Group, which resulted in a substantial sales increase. After the turn of the year, new products enjoyed favorable sales.

In the processed foods business, the Company carried out "Open Factory" campaigns to invite consumers to its factories, in addition to its hams and sausages factories, and endeavored to acquire HACCP (Hazard Analysis (and) Critical Control Point) authentications. With regard to sales, the Company, with its advantageous capability to develop products and marketing capability represented by its presentation marketing, has promoted its product policy to becoming the No. 1 in every category. The Company has exerted efforts to improve the visibility of its "Ishikama Kobo" series in the pizza category and boldly made a challenge to new categories, such as noodle and rice markets. However, after the turn of the year, there were some negative factors, such as suspension of sales of some products due to the emergence of BSE in the United States, a decrease in demand for poultry-related products due to avian flu and intensifying price competition in products for industrial use.

In the fresh meats business, the Company attached high priority to compliance with laws related with the business and environmental protection. To meet consumers' demand for "security and safety", the Company has extended the scope of traceability of fresh meats. The market was erratic and confused due to the provision of a safeguard against chilled beef and pork, the emergence of BSE in Canada and the United States and the emergence of avian flu all across Asia. Demand for beef continued to recover during the first half of the business year under review as the BSE impact on the Japanese market in 2002 was subdued and the emergence of BSE in the United States towards the end of the year caused short supply. Demand for pork remained slow during the business year under review as demand for beef recovered but after the emergence of BSE in the United States towards the end of the year, sales began to increase as a substitute for beef. Sales of poultry, like pork, remained sluggish as demand for beef recovered but the market rose due to short supply resulting from the embargos on poultry from China and Thailand due to avian flu. However, demand for poultry decreased as avian flu spread in Japan. In this situation, the Company focused its efforts on reviewing qualities and specifications from consumers' perspectives and building brands and also made the best use of its advantageous integration system covering breeding to marketing, as well as its supply and information networks both in Japan and overseas, and exploited its collective strengths to secure products and sell substitute products.

As a result, net sales and operating income of the fresh meat-related business amounted to ¥825,832 million and ¥22,371 million, respectively.

Other businesses

In the fishery products business, price competition continued as competitors entered the market of the Group's principal channel and consumers showed a preference for lower-priced products. In such severe situations, the Group made its efforts to rearrange its marketing centers, establish a quality assurance system, expand sales of commercial products for a good-sized market and promote sales through its principal channel.

In the dairy products business, sales of "Vanilla Yogurt", its mainstay product,

increased favorably. Products added with new functions and foodstuffs also contributed to a favorable sales increase. Additionally, cheese products of HOKO Co., Ltd., which has become a consolidated subsidiary of the Company, contributed to a sales increase.

As a result, net sales and operating income of the other businesses, including those of the restaurant and other businesses, amounted to ¥118,918 million and ¥1,254 million, respectively.

The Group engages principally in the production and marketing of fresh meat-related hams and sausages, processed foods and fresh meats. Previously, other businesses were not so significant to be separately categorized. Hence, the Company has not prepared segment information by business category and consequently has made no comparison with the corresponding period of the previous business year herein.

Overview of segment information by geographic area

(i) Japan

Sales of hams and sausages and processed foods, specifically brand products, recovered. Sales of fresh meats increased as beef consumption started to recover in the beginning of the business year under review and the market rose due to short supply toward the end of the year, which covered declines in sales of pork. HOKO Co., Ltd., which became a consolidated subsidiary of the Company in July 2003, contributed to a sales increase. As a result, net sales in Japan amounted to ¥858,961 million, up 4.1% from the previous business year. Operating income amounted to ¥23,107 million, up 9.3% from the previous business year.

(ii) Other areas

In Australia, net sales increased as beef exports to Japan increased after the emergence of BSE in the United States. In the United States, the pork market was on a track to recover, while a pork trade agreement with an overseas meat packer terminated in the previous business year. Consequently, sales decreased substantially. As a result, net sales in other areas amounted to ¥128,244 million, down 7.7% from the previous business year. Operating income in other areas amounted to ¥467 million, down 76.4% from the previous business year.

(2) Prospect for the next business year

During the next business year, the situation is expected to continue to remain severe in Japan and overseas. The Company will place first priority on compliance-based management in its management policy and utilize the "Manual on Codes of Conduct" formulated during the business year under review to foster an awareness of compliance in every associated company and employee. The Company will also compile rules and manuals concerning major operations of each group company under the guidance of third-party consultants by the end of the next business year and bring them home to ranks and files to strengthen the internal control functions, whereby preventing the recurrence of a scandal from both sides of minds and systems.

The Company will promote "customer-creed management". The Company will exert its efforts to secure security and improve qualities to allow consumers to buy its products without anxiety. Under its action program "Open Quality", the Company has reviewed product standards and product records comprehensively (Phase I). The Company has developed the quality assurance rules of the Group to an operating manual of each group company and brought it home to ranks and files, whereby establishing a quality assurance system of the Group (Phase II). During the next business year, the Company will verify the quality assurance system thorough group-wide quality auditing (Phase III).

As to traceability, the Company will develop systems to materialize "trace back," which allows sorting out production histories by products, as well as "trace forward" in respect of beef, which allows tracing any route and any purchase of products. The "trace back" system will also cover imports from its overseas factories as well as domestic products.

The Company will institute a new safety laboratory within its Quality Assurance Department to test residual veterinary medicine and agricultural chemicals, microbes and allergens in materials used and products to secure the safety thereof. Simultaneously, by bringing the Consumer Service Office under the direct control of the President, the Company will promote customer-creed management more speedily.

To commit itself to corporate social responsibility (CSR), the Company will institute a project to study CSR adequate to the Group.

With "honest and highly transparent management" in mind, the Company will engage in these activities to "restore the confidence of the society and consumers".

The external environment also remains difficult. The prolonged embargos on imports due to BSE in the United States and avian flu may result in decreasing sales volumes, raising costs of materials and reducing consumption, which may have a material effect on business. In this environment, the Company will solve problems at hand speedily and review the business structure of the Group to improve its corporate base steadily.

Specifically, the Company will verify whether each business division is organized so as to respond to the market needs properly and quickly, probe and improve the power and cost competitiveness of each division of research and development, manufacturing and marketing and promote restructuring from the perspectives of the Group as a whole, instead of its traditional reforms of the respective business divisions.

Thus, the Company will combine its pursuit of the strengths of each business division with the optimization of the Group as a whole to sharpen its competitive edge and create new demand, whereby expanding business. Also, the Company will take advantage of the Group's collective strength covering wide areas of foods, including seafood and dairy products for which substitute demand is anticipated, to both restore the confidence and improve business performance in this difficult environment, aiming to be back in full force both in name and substance.

With regard to operating results for the next business year, net sales are estimated to

amount to ¥960.0 billion (up 3.7% from the previous business year).

Prospect of net sales by product category

	Year ending March 31, 2005 (April 1, 2004-March 31, 2005)	Rate of increase or decrease from the previous year
	(billions of yen)	(%)
Hams and sausages	145.0	4.5
Processed foods	195.0	7.3
Fresh meats	485.0	0.9
Seafood	74.0	3.4
Dairy products	26.0	37.7
Others	35.0	2.3
Total	960.0	3.7

Income before income taxes and net income are estimated to amount to ¥24.0 billion (up 22.6% from the previous business year) and ¥14.0 billion (up 31.6% from the previous business year), 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

Total assets at the end of the year decreased by 1.8% from the end of the previous business year, accounting for ¥610,663 million. By item, with regard to current assets, trade accounts receivable and inventories increased as HOKO Co., Ltd. became a consolidated subsidiary. Cash and cash equivalents decreased by 15.2% from the end of the previous business year, accounting for ¥73,588 million principally due to the repayment of loans in spite of an increase due to the withdrawal of time deposits. As a result, current assets decreased by 2.0% from the end of the previous business year, accounting for ¥277,202 million. Property, plant and equipment decreased by 2.3% from the end of the previous business year, accounting for ¥267,632 million as investment in plant and equipment was postponed to the following business year, though depreciation and amortization remained almost at the same level with the previous business year.

Deferred income taxes – non-current decreased by 10.0% from the end of the previous business year, accounting for ¥20,101 million as the minimum pension liability adjustment decreased due to the improved asset management environment.

With regard to liabilities, while trade accounts payable and accrued income taxes increased, short-term bank loans decreased by 27.3% from the end of the previous business year, accounting for ¥80,910 million and the current maturity of long-term debt decreased by

25.3%, accounting for ¥19,172 million. Consequently, current liabilities decreased by 11.3% from the end of the previous business year, accounting for ¥216,266 million. The liability under retirement and severance program decreased by 13.5% from the end of the previous business year, accounting for ¥44,685 million as pension assets increased due to the improved asset management environment. Long-term debt increased by 7.2% from the end of the previous business year, accounting for ¥81,138 million as the current maturity of long-term debt decreased. As a result, liabilities decreased by 6.9% from the end of the previous business year, accounting for ¥348,567 million.

Shareholders' equity increased by 6.1% from the end of the previous business year, accounting for ¥262,096 million, principally due to a decrease in the minimum pension liability adjustment and increases in net income and net unrealized gains on securities available for sale. As a result, the ratio of shareholders' equity increased by 3.2% from the end of the previous business year to 42.9%.

The states and causes of cash flows are as follows:

(billions of yen)

	Year ended March 31, 2004	Year ended March 31, 2003	Increase or decrease
	(as of March 31, 2004)	(as of March 31, 2003)	
Cash flows from operating activities	35.0	39.6	(4.6)
Cash flows from investing activities	(7.1)	(5.1)	(2.0)
Cash flows from financing activities	(41.1)	(0.8)	(40.3)
Net increase in cash and cash equivalents	(13.2)	33.7	(46.9)
Cash and cash equivalents at end of the year	73.5	86.7	(13.2)

With regard to operating activities, net income, accounts payable - trade and accrued income taxes increased. As a result, net cash from operating activities amounted to ¥35,040 million (¥39,582 million for the previous business year).

With regard to investing activities, net cash from investing activities amounted to a negative ¥7,084 million (a negative ¥5,139 million for the previous business year) due to ¥19,626 million of additions to property, plant and equipment, though partly offset by a transfer of time deposits to funds in hand and HOKO Co., Ltd. becoming a consolidated subsidiary.

With regard to financing activities, while the Company newly raised ¥23,120 million of long-term loans, net cash from financing activities amounted to a negative ¥41,113 million (a negative ¥753 million for the previous business year) due to the scheduled payment of long-term debt, including the redemption of its bonds in ¥13,921 million, and the repayment of short-term loans.

As a result, cash and cash equivalents at end of the year decreased by ¥13,157 million to amount to ¥73,588 million.

The trends in cash flow indices are as shown below:

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004
Ratio of shareholders' equity to total assets (%)	38.4	40.9	41.3	39.7	42.9
Ratio of shareholders' equity on a market value basis (%)	43.7	52.4	47.1	41.7	45.7
Years for debt redemption	5.4	5.6	5.0	5.4	5.1
Interest coverage ratio	9.4	10.1	12.6	11.9	12.2

Ratio of shareholders' equity to total assets:

Shareholders' equity/Total assets

Ratio of shareholders' equity on a market value basis:

Aggregate market value of listed stock/Total assets

Years for debt redemption:

Interest-bearing debt/Net cash provided by operating activities

Interest coverage ratio:

Net cash provided by operating activities/Interest payments

- (Notes)
1. Each of the indices is calculated based on financial data on a consolidated basis.
 2. The aggregate market value of listed stock is calculated based on the closing stock price at end of each business year multiplied by the total number of shares issued as of end of each business year.
 3. As for net cash provided by operating activities, net cash provided by operating activities in the statement of consolidated cash flows are used. Interest-bearing debt covers all debt with interest being paid which is stated in the balance sheet. For interest payments, the amount of interest paid in the statement of consolidated cash flows is used.

CONSOLIDATED BALANCE SHEETS

(millions of yen)

	Year ended March 31, 2004 (as of March 31, 2004)	Year ended March 31, 2003 (as of March 31, 2003)	Increase or decrease
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	73,588	86,745	(13,157)
Time deposits	1,764	6,243	(4,479)
Marketable securities	947	1,564	(617)
Trade notes (non-interest bearing) and accounts receivable	97,312	91,666	5,646
Allowance for doubtful receivables	(1,466)	(1,079)	(387)
Inventories	85,118	80,728	4,390
Deferred income taxes	5,333	5,184	149
Prepayments and other current assets	14,606	11,749	2,857
Total current assets	277,202	282,800	(5,598)
Investment in and advances to associated companies	1,224	1,210	14
Other securities investments	24,324	19,776	4,548
Deposits and sundry investments	15,433	16,234	(801)
Total investments and non-current receivables	40,981	37,220	3,761
Property, plant, and equipment - at cost, less accumulated depreciation	267,632	273,935	(6,303)
Deferred income taxes - non-current	20,101	22,340	(2,239)
Other assets	4,747	5,284	(537)
Total	610,663	621,579	(10,916)

(millions of yen)

	Year ended March 31, 2004 (as of March 31, 2004)	Year ended March 31, 2003 (as of March 31, 2003)	Increase or decrease
<u>Liabilities and Shareholders' equity</u>			
Current liabilities:			
Short-term bank loans	80,910	111,307	(30,397)
Current maturities of long-term debt	19,172	25,676	(6,504)
Trade notes (principally non-interest bearing) and accounts payable	83,103	78,201	4,902
Accrued income taxes	8,310	5,224	3,086
Deferred income taxes	523	212	311
Accrued expenses	15,144	15,216	(72)
Other current liabilities	9,104	7,946	1,158
Total current liabilities	216,266	243,782	(27,516)
Liability under retirement and severance program	44,685	51,652	(6,967)
Long-term debt, less current maturities	81,138	75,666	5,472
Deferred income taxes - non-current	3,544	829	2,715
Minority interests	2,934	2,669	265
Shareholders' equity:			
Common stock	24,166	24,166	-
Capital surplus	50,438	50,438	-
Retained earnings:			
Appropriated for legal reserve	6,616	6,562	54
Unappropriated	198,181	191,248	6,933
Accumulated other comprehensive loss	(17,162)	(25,306)	8,144
Treasury stock, at cost	(143)	(127)	(16)
Total shareholders' equity	262,096	246,981	15,115
Total	610,663	621,579	(10,916)

STATEMENTS OF CONSOLIDATED INCOME

(millions of yen)

	Year ended March 31, 2004 (from April 1, 2003 to March 31, 2004)	Year ended March 31, 2003 (from April 1, 2002 to March 31, 2003)	Increase or decrease
Revenues:			
Net sales	926,019	909,999	16,020
Sundry	2,595	1,764	831
Total	928,614	911,763	16,851
Cost and expenses:			
Cost of goods sold	734,016	721,545	12,471
Selling, general and Administrative expenses	168,378	165,333	3,045
Interest	2,965	3,331	(366)
Sundry	3,679	8,253	(4,574)
Total	909,038	898,462	10,576
Income from consolidated operations before income taxes:	19,576	13,301	6,275
Income taxes:			
Current	10,406	8,939	1,467
Deferred	(1,429)	(42)	(1,387)
Total	8,977	8,897	80
Income from consolidated operations	10,599	4,404	6,195
Equity in earnings of associated companies – net (less applicable income taxes)	42	5	37
Net income	10,641	4,409	6,232

STATEMENTS OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(millions of yen)

	Year ended March 31, 2004 (from April 1, 2003 to March 31, 2004)	Year ended March 31, 2003 (from April 1, 2002 to March 31, 2003)	Increase or decrease
Common Stock:			
Balance at beginning of the year	24,166	24,166	-
Balance at end of the year	24,166	24,166	-
Capital Surplus:			
Balance at beginning of the year	50,438	50,438	-
Balance at end of the year	50,438	50,438	-
Retained Earnings Appropriated for Legal Reserve:			
Balance at beginning of the year	6,562	6,522	40
Transfer from unappropriated retained earnings	54	40	14
Balance at end of the year	6,616	6,562	54
Unappropriated Retained Earnings:			
Balance at beginning of the year	191,248	190,534	714
Net income	10,641	4,409	6,232
Cash dividends	(3,653)	(3,655)	2
Transfer to retained earnings appropriated for legal reserve	(55)	(40)	(15)
Balance at end of the year	198,181	191,248	6,933
Accumulated Other Comprehensive Income (Loss):			
Net unrealized gains (losses) on securities available for sale:			
Balance at beginning of the year	177	204	(27)
Change in net unrealized gains (losses) during the year	3,966	(27)	3,993
Balance at end of the year	4,143	177	3,966
Net unrealized gains (losses) on derivative financial instruments:			
Balance at beginning of the year	(1)	24	(25)
Change in net unrealized gains (losses) on derivative financial instruments during the year	9	(25)	34
Balance at end of the year	8	(1)	9
Minimum pension liability adjustment:			
Balance at beginning of the year	(24,683)	(15,460)	(9,223)
Change in minimum pension liability adjustment during the year	5,293	(9,223)	14,516
Balance at end of the year	(19,390)	(24,683)	5,293

(millions of yen)

	Year ended March 31, 2004 (from April 1, 2003 to March 31, 2004)	Year ended March 31, 2003 (from April 1, 2002 to March 31, 2003)	Increase or decrease
Foreign currency translation adjustments:			
Balance at beginning of the year	(799)	1,357	(2,156)
Change in foreign currency translation adjustments during the year	(1,124)	(2,156)	1,032
Balance at end of the year	(1,923)	(799)	(1,124)
Total accumulated other comprehensive loss	(17,162)	(25,306)	8,144
Treasury Stock			
Balance at beginning of the year	(127)	(9)	(118)
Treasury stock acquired	(16)	(118)	102
Balance at end of the year	(143)	(127)	(16)
Total shareholders' equity	262,096	246,981	15,115

STATEMENTS OF CONSOLIDATION CASH FLOWS

(millions of yen)

	Year ended March 31, 2004 (from April 1, 2003 to March 31, 2004)	Year ended March 31, 2003 (from April 1, 2002 to March 31, 2003)
Operating Activities:		
Net income	10,641	4,409
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,336	25,032
Income taxes – deferred	(1,429)	(42)
Decrease in trade notes and accounts receivable	828	16,052
Decrease (increase) in inventories	(529)	13,928
Increase (decrease) in trade notes and accounts payable	1,849	(15,271)
Increase (decrease) in accrued income taxes	3,112	(6,378)
Other – net	(3,768)	1,852
Net cash provided by operating activities	35,040	39,582
Investing Activities:		
Additions to property, plant and equipment	(19,626)	(25,251)
Proceeds from sales of property, plant and equipment	1,430	1,387
Decrease in time deposits	4,461	16,712
Purchases of marketable securities and other securities investments	(555)	(1,323)
Proceeds from sales of marketable securities and other securities investments	2,690	6,705
Business acquisition, net of cash acquired	4,645	(2,140)
Decrease in deposits and sundry investments	1,099	488
Other – net	(1,228)	(1,717)
Net cash used in investing activities	(7,084)	(5,139)
Financing Activities:		
Cash dividends	(3,660)	(3,660)
Increase (decrease) in short-term bank loans	(29,650)	13,529
Proceeds from long-term debt	23,120	867
Repayments of long-term debt	(31,013)	(11,509)
Others – net	90	20
Net cash used in financing activities	(41,113)	(753)
Net increase (decrease) in cash and cash equivalents	(13,157)	33,690
Cash and cash equivalents at beginning of the year	86,745	53,055
Cash and cash equivalents at end of the year	73,588	86,745

	Year ended March 31, 2004 (from April 1, 2003 to March 31, 2004)	Year ended March 31, 2003 (from April 1, 2002 to March 31, 2003)
Additional Cash Flow Information:		-
Interest paid	2,876	3,327
Income taxes paid	7,320	15,319
Business acquisitions		
Assets acquired	18,158	11,509
Liabilities acquired	(15,647)	(6,055)
Net assets acquired	2,511	5,454
Net assets acquired in excess of cost	(2,457)	-
Less cash acquired	(4,699)	(657)
Less equity investment in associated company acquired	-	(2,657)
Cash paid (acquired, net of cash acquired)	(4,645)	2,140
Capital lease obligation incurred	-	10,960

BASIS FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 113 subsidiaries

(2) Number of non-consolidated subsidiaries: None

(3) Principal subsidiaries:

HOKO Co., Ltd., Day-Lee Foods, Inc., Nippon Meat Packers Australia Pty. Ltd., Nippon White Farm Co., Ltd., Nippon Swine Farm Co., Ltd., Marine Foods Co., Ltd., Nippon Ham Shokuhin Co., Ltd., Shizuoka-Nippon Ham Co., Ltd. and Kanto Nippon Food, Inc.

(4) Situation of changes in consolidation:

(inclusion) 6 companies 4 companies (HOKO Co., Ltd. and 3 other companies) due to acquisition and 2 companies due to incorporation

(exclusion) 10 companies 9 companies due to dissolution and 1 company due to merger

2. Fiscal years of consolidated subsidiaries

Among the Company's consolidated subsidiaries, 9 companies have fiscal years 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: 10 companies

(2) Main company: Osaka Football Club Co., Ltd.

(3) Situation of change: (inclusion) 1 company
(exclusion) 0 company

(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 investments in securities are stated at 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 instruments:

In accordance with SFAS No. 133 "Accounting for Derivatives Instruments and Hedging Activities" and SFAS No. 138 "Accounting for Certain Derivatives Instruments and Certain Hedging Activities", an amendment of SFAS No. 133, all derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value.

(7) Sales incentives:

Emerging Issues Task Force (EITF) Issue No. 01-9 "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's

Products" is applicable. Certain sales incentives and rebates are deducted from net sales.

5. Calculation contents of net income per share

	Year ended March 31, 2004 (from April 1, 2003 to March 31, 2004)	Year ended March 31, 2003 (from April 1, 2002 to March 31, 2003)
	(millions of yen)	
Net income (Numerator):		
Income available to shareholders	10,641	4,409
Effect of convertible debentures	49	-
Income available to shareholders and assumed conversions	10,690	4,409
	(thousands of shares)	
Shares (Denominator):		
Average shares outstanding for basic earnings per share	228,324	228,385
Dilutive effect of convertible debentures	2,496	-
Average shares outstanding for diluted earnings per share	230,820	228,385

(Note) The dilutive effect of convertible debentures for the previous business year under review is antidilutive.

SEGMENT INFORMATION

1. Segment information by business category:

For the year ended March 31, 2004 (from April 1, 2003 to March 31, 2004):

(millions of yen)

Items	Fresh meat-related businesses	Other businesses	Total	Eliminations or group-wide	Consolidation
Net sales					
(1) Sales to outside customers	809,140	116,879	926,019	-	926,019
(2) Inter-segment sales	16,692	2,039	18,731	(18,731)	-
Total	825,832	118,918	944,750	(18,731)	926,019
Operating expenses	803,461	117,664	921,125	(18,731)	902,394
Operating income	22,371	1,254	23,625	(0)	23,625
Assets, depreciation and amortization and capital expenditure					
Assets	535,375	50,355	585,730	24,933	610,663
Depreciation and amortization	22,355	1,383	23,738	598	24,336
Capital expenditure	18,213	1,975	20,188	542	20,730

- (Notes) 1. Businesses are categorized in accordance with the similarities of products in types and features. However, any net sales and any operating income of any business other than fresh meat-related businesses account for less than 10% of the total net sales and operating income of all the segments, respectively. Hence, all businesses other than fresh meat-related businesses are indicated collectively as the "other businesses".
2. Principal products included in the fresh meat-related businesses are hams and sausages, processed foods and fresh meats.
3. With regard to assets, group-wide assets, included in eliminations or group-wide items, amounted to ¥39,944 million, principally comprising the parent company's time deposits, marketable securities and securities investments.
4. Depreciation and amortization and capital expenditure include long-term prepaid expenses and deferred assets and the amortization thereof.

For the year ended March 31, 2003 (from April 1, 2002 to March 31, 2003):

The Group engages principally in the production and marketing of fresh meat-related hams and sausages, processed foods and fresh meats. Because total net sales and total operating income, respectively, comprised more than 90% of the whole segments, the

Company didn't prepare segment information by business category for the year ended March 31, 2003.

2. Segment information by geographic area:

For the year ended March 31, 2004 (from April 1, 2003 to March 31, 2004):

(millions of yen)

Items	Japan	Other areas	Total	Eliminations or group-wide	Consolidation
Net sales:					
(1) Sales to outside customers	858,398	67,621	926,019	-	926,019
(2) Inter-segment sales	563	60,623	61,186	(61,186)	-
Total	858,961	128,244	987,205	(61,186)	926,019
Operating expenses	835,854	127,777	963,631	(61,237)	902,394
Operating income	23,107	467	23,574	51	23,625
Assets	513,237	62,833	576,070	34,593	610,663

- (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 ¥39,944 million, principally comprising the parent company's time deposits, marketable securities and securities investments.

For the year ended March 31, 2003 (from April 1, 2002 to March 31, 2003):

(millions of yen)

Items	Japan	Other areas	Total	Eliminations or group-wide	Consolidation
Net sales:					
(1) Sales to outside customers	825,029	84,970	909,999	-	909,999
(2) Inter-segment sales	494	54,035	54,529	(54,529)	-
Total	825,523	139,005	964,528	(54,529)	909,999
Operating expenses	804,390	137,026	941,416	(54,538)	886,878
Operating income	21,133	1,979	23,112	9	23,121
Assets	540,793	60,002	600,795	20,784	621,579

- (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 ¥24,520 million, principally comprising the parent company's time deposits, marketable securities and securities investments.

3. Overseas sales:

As respective overseas sales for the years ended March 31, 2003 and March 31, 2004 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 U.S. Generally Accepted Accounting Principles.

For the year ended March 31, 2004 (from April 1, 2003 to March 31, 2004)
(as of March 31, 2004):

(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	12,985	7,038	(143)	19,880
Debt securities	1,318	142	0	1,460
Held-to-Maturity	1,051	1	0	1,052
Total	15,354	7,181	(143)	22,392

For the year ended March 31, 2003 (from April 1, 2002 to March 31, 2003)
(as of March 31, 2003):

(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	12,370	1,894	(1,155)	13,109
Debt securities	2,565	19	(449)	2,135
Held-to-Maturity	3,064	0	(5)	3,059
Total	17,999	1,913	(1,609)	18,303