

Consolidated Financial Release for The Year Ended March 31, 2001



NICHIMO CO., LTD.

BUSINESS REPORT

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1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2001

(April 1, 2000 through March 31, 2001)

(1) Consolidated Results of Operations

Amounts are truncated to nearest 1 million yen throughout this report.

	Year ended March 31, 2001		Year ended March 31, 2000	
	Millions of yen	%	Millions of yen	%
Net Sales	104,409	-0.9	105,381	-7.9
Operating Income (loss)	37	-	(684)	-
Income (loss) before Extraordinary Items	79	-	(196)	-

	Year ended March 31, 2001		Year ended March 31, 2000	
Net Loss (Millions of yen, %)	(316)	-	(1,301)	-
Loss per Share (Yen).....		(8.19)		(33.49)
Diluted Net Earnings per Share (Yen).....		-		-
ROE (Ratio of Net Loss to Shareholders' Equity) (%)		-1.4		-6.0
ROA (Ratio of Income (loss) before Extraordinary Items to Total Assets) (%).....		0.1		-0.3
Profit Margin (Ratio of Income (loss) before Extraordinary Items to Net Sales) (%).....		0.1		-0.2

- Notes:
- [1] Equity in net income of the companies carried by the equity:
 For the fiscal year ended March 31, 2001: 537 million yen
 For the fiscal year ended March 31, 2000: 838 million yen
 - [2] Average number of shares outstanding:
 For the fiscal year ended March 31, 2001: 38,711,696 shares
 For the fiscal year ended March 31, 2000: 38,879,209 shares
 - [3] Change in accounting policy: None
 - [4] Percentages above represent annual changes over the preceding year unless otherwise stated:

(2) Consolidated Financial Position

	Year ended March 31, 2001	Year ended March 31, 2000
Total Assets (Millions of yen)	75,868	72,779
Shareholders' Equity (Millions of yen)	22,286	21,998
Equity Ratio (Ratio of Shareholders' Equity to Total Assets) (%)	29.4	30.2
Shareholders' Equity per Share (Yen)	588.44	565.82

Notes: Number of shares outstanding at the end of the fiscal year:

Year ended March 31, 2001: 37,873,441 shares

Year ended March 31, 2000: 38,878,672 shares

(3) Consolidated Cash Flows

	Year ended March 31, 2001	Year ended March 31, 2000
	Millions of yen	Millions of yen
Cash Flows from Operating Activities	(1,956)	815
Cash Flows from Investing Activities	(563)	2,210
Cash Flows from Financing Activities	1,416	(3,291)
Cash and Cash Equivalents at Fiscal Year End	3,423	4,525

(4) Number of consolidated companies and companies accounted for under the equity method

The number of consolidated subsidiaries: 13

The number of unconsolidated subsidiaries accounted for under the equity method: 1

The number of affiliated companies accounted for under the equity method: 3

(5) Change in scope of consolidation

The number of consolidated companies added: 0

The number of consolidated companies removed: 1

The number of companies carried by the equity method added: 1

The number of companies carried by the equity method removed: 0

2. Projections of Consolidated Results of Operations for the Fiscal Year Ending March 31, 2002
(April 1, 2001 through March 31, 2002)

	Interim period	Full year
	Millions of yen	Millions of yen
Net Sales	53,000	105,000
Income before Extraordinary Items	150	600
Net Income	150	500

Reference: Expected Earnings per Share (full year): 13.20 yen

Management Discussion and Analysis of Financial Condition and Results of Operations

The weakness of the Japanese economy continued during fiscal year 2000, due to a slump in consumer spending, increasing unemployment, dwindling production in the country's mining and manufacturing industry on the back of declining exports and decelerating capital investment. Accordingly, our operations in fisheries, seafood processing/logistics and foods have seen no sign of improvement, and the rigors of the economic environment have been made amply evident in the continuing trend toward reducing fishing boats and a drop in demand for fish and fishery products.

Responding to the challenges of the times during the final year of its "Action 21" midterm business plan, the Nichimo Group has promoted the bolstering of its internal operating systems and structural improvements on behalf of business restructuring. Commensurately, we have taken a proactive approach to the marketing of each of our business operations.

The results of the Nichimo Group operations during fiscal 2000 are described below.

Revenues for the Marine SBU decreased 1,505 million yen to 20,058 million yen from the previous fiscal year, while net income increased 295 million yen to 241 million yen. Specifically, our fishing net/gear materials operations experienced higher demand for non-marine nets but a drop in demand for deep-sea and offshore fishing materials and coastal fishery materials such as aquacultural equipment and *nori* (dried seaweed) processing machines. Outside Japan, our U.S. subsidiary experienced a continuing drop in sales of fishing net/gear materials, a trend carried over from the preceding year. This was no doubt the result of lower demand for fishing gear materials used in the U.S., which stems from issues on the incidental take or "by-catch" of sea lions. On the other hand, our ships and ship equipment operations enjoyed strong demand for small vessels and ship equipment.

Revenues for the Food SBU aggregated to 69,552 million yen on a consolidated basis during fiscal 2000, marking an increase of 2,125 million yen from the previous year. Operating income amounted to 1,323 million yen, up 278 million yen from the preceding year. Specifically, revenues from the sale of ground fish meat products dropped from the previous year's level, resulting from an ongoing decline in the consumption of fish paste products. Turning to the area of fresh frozen fishery products operations, while demand for pollock roe decreased due to the high cost of raw materials, we continued to experience steady growth with regard to crabs and other fresh frozen fishery products. Regarding processed food products operations, we endeavored as a group to expand our sales of fish roe products, processed tuna products and smoked products.

Revenues for the Machinery SBU decreased 1,329 million yen from the previous year to 6,113 million yen, despite a concerted effort to secure new orders. This was largely due to the fact that the anticipated recovery of capital expenditures in the food processing industry was not brought to reality, and also because the affiliated company is not consolidated. However, a solid effort on behalf of increased earnings has translated into an increase of 68 million yen in operating income, which came in at 50 million yen for the year in review.

Revenues for the Materials SBU amounted to 7,522 million yen, a drop of 56 million yen from the previous year, due to a drop in orders for the film materials (as used in home appliances) in our synthetic resins operations. Packaging materials, however, stayed on par with the level of the previous year. Operating income rose 21 million yen to 104 million yen.

Revenues for the Biotics SBU stood at 740 million yen, down 80 million yen from the prior year. This was despite our effort to expand sales of agricultural/stockbreeding materials, rice and other grain products, and fermented soybean products (a proprietary development). The Biotics SBU recorded an operating loss of 201 million yen.

Consolidated revenues for fiscal 2000 amounted to 104,409 million yen, recording a slight decrease of 972 million yen from the previous year despite dramatically lower demand in Japanese and overseas markets.

Nichimo reported consolidated operating income of 37 million yen, an increase of 721 million yen over the previous year, thanks to measures to reduce costs and increase our margin of profit. Equity in net income of the companies carried by the equity method amounted to 537 million yen, though this figure was lower than that of the previous year.

Nichimo thus recorded 79 million yen as income before extraordinary items on a consolidated basis for fiscal 2000, representing an increase of 275 million yen over the preceding year.

Nichimo reported an extraordinary gain of 819 million yen, including 745 million yen in gain on sales of investment securities, along with an extraordinary loss of 1,351 million yen, which comprises 874 million yen in loss on transfer to reserve for loan losses, 183 million yen in loss on write-down of golf memberships, 32 million yen in loss on the sales of golf membership rights, 119 million yen in unrealized loss on investment securities, 108 million yen in business-structure improvement expenses on behalf of increased productivity, and 33 million yen in loss on disposal of fixed assets. Nichimo recorded a consolidated net loss of 316 million yen, an improvement of 985 million yen from the previous year, thereby demonstrating an improvement in earnings.

Regarding the consolidated results of cash flows, operating activities used cash amounting to 1,956 million yen, a decrease of 2,771 million yen in cash flows from the previous year's result. This was largely due to increased trade receivables and inventories.

Investing activities used cash totaling 563 million yen in acquisitions of food/bio equipment and investment securities during the current year, demonstrating a drop of 2,773 million yen from the previous year. This reflects a significant decrease in earnings from sale of investment securities, as compared to the previous year.

The balance of borrowings at the end of the fiscal year stood at 38,192 million yen, reflecting an increase of 1,416 million yen in borrowing through financing activities.

Due to the above activities, cash and cash equivalents decreased 1,102 million yen to 3,423 million yen.

Outlook for 2001

The Japanese economy will most likely continue to suffer the symptoms of stagnation due to declining exports and decreased production in the mining and manufacturing industry. As a result, the Japanese people will experience little in terms of an economic recovery.

The environment surrounding the fisheries industry--our primary base of operations--is also expected to remain harsh, both domestically and overseas. Nevertheless, the Nichimo Group will do its utmost to achieve each and every one of its goals, despite the rigorous conditions we face.

Our projections for consolidated revenue, consolidated income before extraordinary items and consolidated net income for fiscal 2001 are 105,000 million yen, 600 million yen and 500 million yen, respectively.

(5) Consolidated financial statements and others

1. Consolidated financial statements

[1] CONSOLIDATED BALANCE SHEETS

<u>ASSETS</u>			
(Millions of yen)			
Item	2000 (March 31, 2000)	1999 (March 31, 1999)	Increase (decrease)
Current assets:	47,516	46,382	1,134
Cash and cash equivalents	3,556	4,640	(1,084)
Trade notes and accounts receivable	26,991	24,462	2,529
Marketable securities	---	1,492	(1,492)
Inventories	14,671	13,501	1,170
Advance payments	895	1,113	(218)
Short-term loans	778	640	138
Deferred tax assets	670	524	146
Other current assets	757	1,047	(290)
Reserve for loan losses	(804)	(1,039)	235
Fixed assets:	28,351	26,302	2,049
Tangible fixed assets	6,732	6,894	(162)
Buildings and structures	2,733	2,883	(150)
Machinery, equipment and vehicles	1,349	1,579	(230)
Tools, furniture and fixtures	154	119	35
Land	2,448	2,257	191
Construction in progress	47	53	(6)
Intangible fixed assets	754	897	(143)
Goodwill	564	690	(126)
Other intangible fixed assets	190	206	(16)
Investments and other assets	20,863	18,511	2,352
Investment securities	9,140	6,015	3,125
Shares in unconsolidated subsidiaries and affiliates	10,044	10,221	(177)
Capital contributions to unconsolidated subsidiaries and affiliates	85	88	(3)
Long-term loans	585	569	16
Long-term deferred tax assets	---	333	(333)
Other investments	1,339	2,019	(680)
Reserve for loan losses	(331)	(736)	405
Foreign currency translation adjustments	---	94	(94)
Total assets	75,868	72,779	3,089

LIABILITIES AND SHAREHOLDERS' EQUITY

(Millions of yen)

Item	2000 (March 31, 2000)	1999 (March 31, 1999)	Increase (decrease)
(LIABILITIES)	53,539	50,687	2,852
Current liabilities	51,230	48,282	2,948
Trade notes and accounts payable	12,923	11,940	983
Short-term debt	37,075	35,345	1,730
Income and other taxes payable	72	69	3
Bonus reserve	302	301	1
Advances received	466	263	203
Other current liabilities	389	360	29
Long-term liabilities	2,309	2,405	(96)
Long-term debt	1,117	1,383	(266)
Reserve for directors' retirement benefits	424	---	424
Reserve for retirement and severance pay	---	923	(923)
Reserve for postretirement benefits	394	---	394
Long-term deferred tax liabilities	266	---	266
Other long-term liabilities	106	98	8
(MINORITY INTEREST)	42	93	(51)
Minority interest	42	93	(51)
(SHAREHOLDERS' EQUITY)	22,286	21,998	288
Common stock	4,411	4,411	0
Additional paid-in capital	22	22	0
Retained earnings	16,937	17,564	(627)
Unrealized gain (loss) on available-for-sale securities	957	---	957
Foreign currency translation adjustments	(42)	---	(42)
Treasury stock	(0)	(0)	0
Total liabilities, minority interest and shareholders' equity	75,868	72,779	3,089

[2] CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

Item	2000 (April 1, 1999 through March 31, 2000)	1999 (April 1, 1998 through March 31, 1999)	Increase (decrease)
Net sales	104,409	105,381	(972)
Cost of sales	96,100	97,220	(1,120)
Selling, general and administrative expenses	8,271	8,845	(574)
Operating income	37	(684)	721
Non-operating income	935	1,259	(324)
Interest income	100	73	27
Dividend income	117	147	(30)
Gain on sales of securities	---	56	(56)
Equity in net income of the companies carried by the equity method	537	838	(301)
Other income	180	144	36
Non-operating expenses	893	772	121
Interest expenses and discounts	856	733	123
Other expenses	37	38	(1)
Income (loss) before extraordinary items	79	(196)	275
Extraordinary gain	819	740	79
Gain on sales of investment securities	745	218	527
Gain on foreign exchange transactions of long-term foreign currency denominated receivables	48		48
Gain on sales of fixed assets	25	522	(497)
Extraordinary loss	1,351	1,886	(535)
Loss on liquidation of affiliates	---	838	(838)
Loss on transfer to reserve for loan losses	874	352	522
Loss on write-down of golf memberships	183	---	183
Loss on sales of golf memberships	32	---	32
Unrealized loss on investment securities	119	266	(147)
Head office relocation expenses	---	253	(253)
Loss on disposal of fixed assets	33	116	(83)
Loss on sales of investment securities	---	59	(59)
Business-structure improvement expenses	108	---	108
Net loss before income taxes	453	1,343	(890)
Income, inhabitant and enterprise taxes	96	98	(2)
Deferred income taxes	(228)	(137)	(91)
Minority interest in loss of consolidated companies	(4)	(1)	(3)
Net loss	316	1,301	(985)

[3] CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Millions of yen)

Item	2000 (April 1, 1999 through March 31, 2000)	1999 (April 1, 1998 through March 31, 1999)	Increase (decrease)
Consolidated retained earnings at beginning of year	17,564	16,796	768
Increase in retained earnings	16	2,210	(2,194)
Earnings of consolidated subsidiaries	---	76	(76)
Prior period adjustments resulting from adoption of tax effect accounting	---	1,918	(1,918)
Other earnings	16	---	16
Decrease in retained earnings	327	140	187
Cash dividends	194	116	78
Bonuses to Directors	8	23	(15)
Retirement of treasury stock through appropriation of retained earnings	124	---	124
Net loss	316	1,301	(985)
Retained earnings at end of year	16,937	17,564	(627)

[4] CONSOLIDATED STATEMENTS OF CASH FLOWS

Item	(Millions of yen)		
	2000 (April 1, 1999 through March 31, 2000)	1999 (April 1, 1998 through March 31, 1999)	Increase (decrease)
I. Cash flows from operating activities			
Net loss before income taxes	(453)	(1,343)	890
Depreciation and amortization	746	726	20
Change in bonus reserve	0	15	(15)
Change in reserve for retirement and severance pay	---	(63)	63
Change in reserve for postretirement benefits	(105)	---	(105)
Change in reserve for loan losses	(639)	211	(850)
Interest and dividends receivable	(217)	(220)	3
Dividends receivable from affiliates carried by the equity method	921	28	893
Interest payable	856	733	123
Gain/loss on foreign currency transactions	(48)	---	(48)
Equity in net income of the companies carried by the equity method	(537)	(838)	301
Gain on sales of investment securities	(745)	865	(1,610)
Unrealized loss on investment securities	119	266	(147)
Gain on sales of tangible fixed assets	(25)	(522)	497
Loss on retirement of tangible fixed assets	33	89	(56)
Change in trade receivables	(1,640)	(3,951)	2,311
Change in inventories	(1,077)	3,001	(4,078)
Change in trade payables	1,114	(891)	2,005
Change in bills discounted	(778)	4,037	(4,815)
Other, net	1,252	(725)	1,977
Subtotal	(1,224)	1,420	(2,644)
Interest and dividends received	217	220	(3)
Interest paid	(857)	(720)	(137)
Income taxes paid	(92)	(105)	13
Net cash provided by (used in) operating activities	(1,956)	815	(2,771)
II. Cash flows from investing activities			
Payments for purchases of marketable securities	---	(8)	8
Proceeds from sales of marketable securities	---	121	(121)
Payments for purchases of tangible fixed assets	(434)	(673)	239
Proceeds from sales of tangible fixed assets	27	627	(600)
Payments for purchases of investment securities	(1,705)	(1,759)	54
Proceeds from sales of investment securities	1,424	3,538	(2,114)
Payments of short-term loans	(1,918)	(1,257)	(661)
Proceeds from collections of short-term loans	1,781	1,767	14
Payments of long-term loans	(946)	(1,760)	814
Proceeds from collections of long-term loans	981	1,297	(316)
Other, net	227	318	(91)
Net cash provided by (used in) investing activities	(563)	2,210	(2,773)
III. Cash flows from financing activities			
Net change in short-term borrowings	1,250	(4,494)	5,744
Proceeds from long-term debt	1,311	748	563
Repayments of long-term debt	(1,510)	(42)	(1,468)
Cash dividends paid	(194)	(114)	(80)
Retirement of treasury stock	(124)	---	(124)
Other, net	684	611	73
Net cash provided for (used in) financing activities	1,416	(3,291)	4,707
IV. Effect of exchange rate changes on cash and cash equivalents	0	85	(85)
V. Change in cash and cash equivalents	(1,102)	(180)	(922)
VI. Cash and cash equivalents at beginning of year	4,525	4,706	(181)
VII. Cash and cash equivalents at end of year	3,423	4,525	(1,102)

(6) Production orders and sales revenues statistics

1. Sales revenues

(Millions of yen)

Operating segment	Consolidated results for fiscal 2000 (Apr. 1, '99 through Mar. 31, '00)	Consolidated results for fiscal 1999 (Apr. 1, '98 through Mar. 31, '99)	Increase (decrease)	
	Amount	Amount	Amount	Percent
Marine SBU	20,058	21,563	(1,505)	(7.0)
Food SBU	69,552	67,427	2,125	3.2
Machinery SBU	6,113	7,442	(1,329)	(17.9)
Materials SBU	7,522	7,578	(56)	(0.7)
Biotics SBU	740	820	(80)	(9.8)
Others	422	548	(126)	(23.0)
Total	104,409	105,381	(972)	(0.9)

2. Purchase amounts

(Millions of yen)

Operating segment	Consolidated results for fiscal 2000 (Apr. 1, '99 through Mar. 31, '00)	Consolidated results for fiscal 1999 (Apr. 1, '98 through Mar. 31, '99)	Increase (decrease)	
	Amount	Amount	Amount	Percent
Marine SBU	14,856	18,353	(3,497)	(19.1)
Food SBU	65,308	60,213	5,095	8.5
Machinery SBU	4,122	6,460	(2,338)	(36.2)
Materials SBU	7,221	7,244	(23)	(0.3)
Biotics SBU	729	833	(104)	(12.5)
Others	353	317	36	11.4
Total	92,592	93,423	(831)	(0.9)

Notes: [1] Nichimo is comprised of six distinct operating segments: Marine SBU, Food SBU, Machinery SBU, Materials SBU, Biotics SBU and Others. The Marine SBU develops and manufactures fishing materials for the fisheries industry, while the Food SBU handles seafood and the Machinery SBU manufactures machinery for food processing. The Materials SBU manufactures construction and packaging materials, and the Biotics SBU develops and markets fermented soybean products, Cofuna Rice™, and agricultural and stockbreeding materials. Others is engaged in the business of real estate leasing.

[2] Key products by operating segment

SBU	Sales categories	Key products
Marine	Fishing nets and gear	Trawling gear, pursue-seine net (round haul), materials for aquaculture
	Ships, ship equipment	Hull, ship equipment, ship accessories
Food	Ground fish meat, fresh frozen food	Ground fish meat, fresh fish, frozen fish, fish roe
	Processed food	Processed ground fish meat, processed fish roe, smoked products
Machinery	Non-marine machines	Food processing machinery
Materials	Synthetic resin, packaging materials	Vinyl chloride sheets, cardboard, paper containers
Biotics	Agricultural and stockbreeding materials, fermented soybean products	Agricultural and stockbreeding materials, fermented soybean products, rice and other grain products
Others	Real estate leasing and other businesses	Real estate leasing

2. Segment information by geographic area

Segment information by geographic area is not provided, given the fact that 90 percent of the total consolidated sales revenue and total consolidated assets of all operating segments is accounted for by Nichimo's Japanese operations.

3. Overseas sales

Consolidated results with regard to overseas sales are not provided for fiscal 1999 or 2000, since they account for less than one-tenth the consolidated sales revenues.

(1) The Nichimo Group: Business Operations and Group Structure

1. The primary business operations of the Nichimo Group are as described below:

Marine SBU

Nichimo's subsidiaries manufacture fishing nets and other rope products, fabricate and repair fishing gear, and produce seedling fish and feed for aquaculture. The Company and its subsidiaries sell these products along with other fishing materials, aquaculture materials and ship equipment.

Food SBU

The Company and its subsidiaries sell fishery products such as fresh frozen fish, fish roe and ground fish meat as processed by subsidiaries or exported by overseas subsidiaries.

Machinery SBU

The Company and its subsidiaries manufacture and sell machinery for food processing and similar activities.

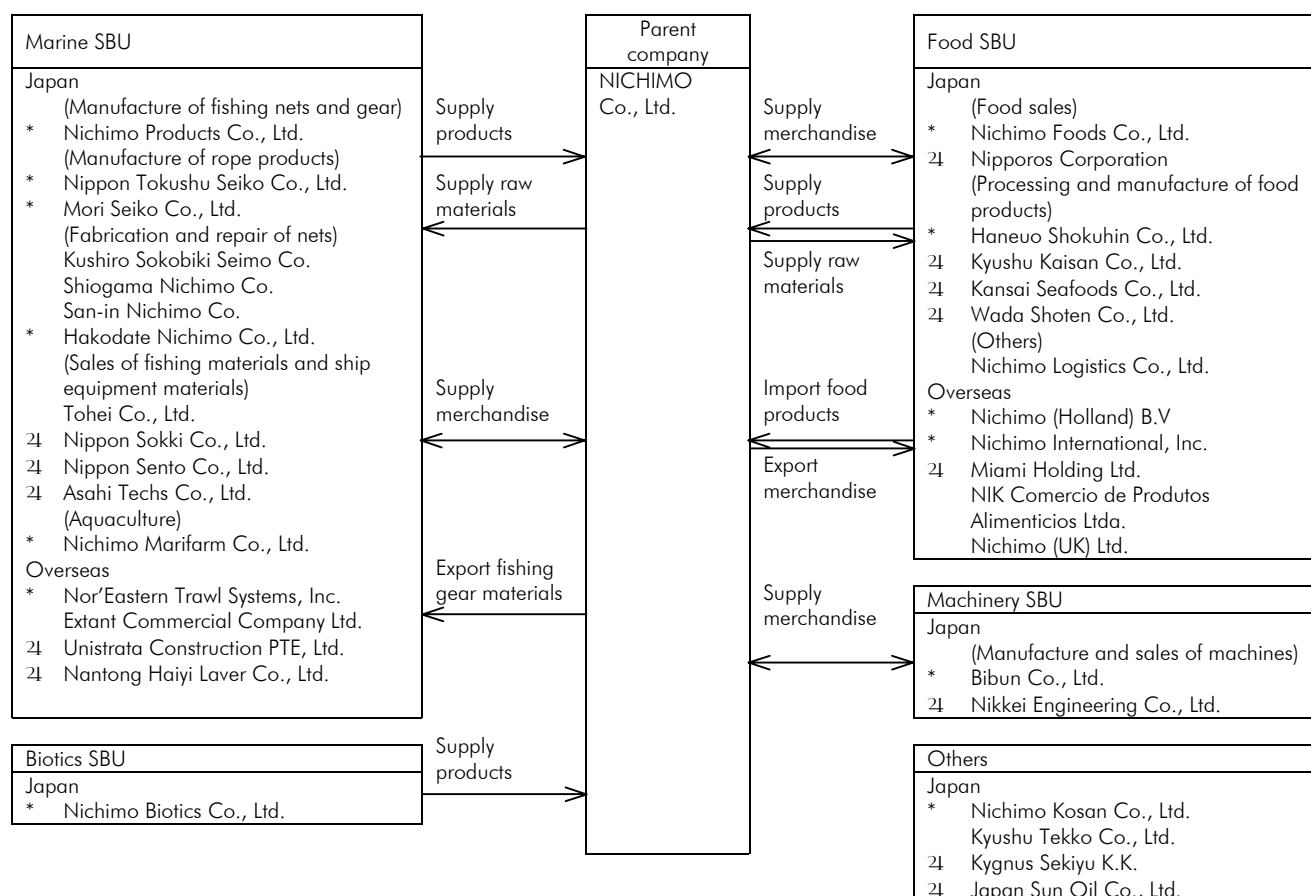
Materials SBU

The Company sells synthetic resin and packaging materials.

Biotics SBU

The Company sells fermented soybean products manufactured by subsidiaries, as well as agricultural materials.

2. Group structure and intersegment functions



(Notes)

- * represents a consolidated subsidiary.
- ㊦ represents an affiliate.
- Those with no mark are unconsolidated subsidiaries.
- Among the affiliates, Kygnus Sekiyu, Japan Sun Oil and Nippon Sokki are accounted for under the equity method.
- Kyushu Tekko is an unconsolidated, equity-method subsidiary.