

Consolidated Financial Release for The Year Ended March 31, 2007



NICHIMO CO., LTD.

BUSINESS REPORT

NICHIMO CO., LTD. / Code number (TSE) 8091
 Tennoz-yusen Building 2-2-20 Higashi-Shinagawa Shinagawa-ku Tokyo
 Phone: 81-3-3458-3020 Facsimile: 81-3-3458-3088 E-mail: ir@nichimo.co.jp

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2007 (April 1, 2006 through March 31, 2007)

(1) Consolidated Results of Operations

	Year ended March 31, 2007		Year ended March 31, 2006	
	Millions of yen	%	Millions of yen	%
Net Sales	100,417	-5.3	106,088	3.9
Operating Income (loss)	227	-51.7	470	54.0
Income (loss) before Extraordinary Items	45	-81.2	240	-46.3
Net Income (loss)	181	-1.4	184	-76.1

Note: Percentages above represent annual changes over the preceding year.

	Year ended March 31, 2007	Year ended March 31, 2006
Net Income (loss) per Share (Yen)	5.34	5.33
Diluted Net Income (loss) per Share (Yen)	5.34	-
ROE (Ratio of Net Income (loss) to Equity) (%)	1.0	1.1
ROA (Ratio of Income (loss) before Extraordinary Items to Total Assets) (%)	0.1	0.4
Profit Margin (Ratio of Operating Income (loss) to Net Sales) (%)	0.2	0.4

Note: Equity in net income of the companies carried by the equity method:

For the year ended March 31, 2007:	200 million yen
For the year ended March 31, 2006:	88 million yen

(2) Consolidated Financial Position

	Year ended March 31, 2007	Year ended March 31, 2006
Total Assets (Millions of yen)	60,783	61,086
Net Assets (Millions of yen)	17,438	18,069
Equity Ratio (Ratio of Equity to Total Assets) (%)	28.7	29.6
Net Assets per Share (Yen)	512.98	531.81

(3) Consolidated Cash Flows

	Year ended March 31, 2007		Year ended March 31, 2006	
	Millions of yen		Millions of yen	
Cash Flows from Operating Activities	1,071		(2,699)	
Cash Flows from Investing Activities	1,088		759	
Cash Flows from Financing Activities	(698)		1,519	
Cash and Cash Equivalents at Year End	3,909		2,436	

2. Dividends

	Year ended March 31, 2006	Year ended March 31, 2007	Year ending March 31, 2008 (Projection)
Dividend per Share			
Year-end (Yen).....	5.00	5.00	5.00
Annual (Yen)	5.00	5.00	5.00
Total Amount of Dividends (Annual) (Millions of yen)	170	170	
Payout Ratio (Consolidated) (%)	93.8	93.6	84.9
Ratio of Dividends to Net Assets (Consolidated) (%).....	1.0	1.0	

3. Projections of Consolidated Results of Operations for the Fiscal Year Ending March 31, 2008 (April 1, 2007 through March 31, 2008)

	Interim period		Full year	
	Millions of yen	%	Millions of yen	%
Net Sales	50,000	1.7	110,000	9.5
Operating Income (loss)	(100)	-	600	164.3
Income (loss) before Extraordinary Items	(250)	-	300	566.7
Net Income (loss)	(300)	-	200	10.5
Net Income (loss) per Share (Yen).....	(8.83)		5.89	

Note: Percentages above represent annual (semiannual) changes over the preceding year (interim period).

* The above projections are based on information available as of the release date of this document. However, the actual results may differ from the figures as projected, due to one or more factors.

4. Additional Information

- (1) Significant Changes of Subsidiaries during the Fiscal Year Ended March 31, 2007 (Changes in Specified Subsidiaries Resulting in Changes in Scope of Consolidation): None
- (2) Changes in the Accounting Principles, Accounting Procedures, Presentation, etc., related to Preparation of Consolidated Financial Statements (Those to be Described as Changes in Significant Matters that are the Basis for Preparing Consolidated Financial Statements)
 - 1) Changes due to the Revision of Accounting Standards, etc: Yes
 - 2) Any Changes Other than 1) Above: None
- (3) Number of Shares Outstanding (Common stock)
 - 1) Number of Shares Outstanding at Year End (Including Treasury Stock):

For the year ended March 31, 2007:	37,874,000 shares
For the year ended March 31, 2006:	37,874,000 shares
 - 2) Number of Shares of Treasury Stock at Year End:

For the year ended March 31, 2007:	3,912,872 shares
For the year ended March 31, 2006:	3,902,937 shares

5. Business Results and Financial Position

(1) Overview of Business Results

The Nichimo Group, in the final phase of its medium-term business plan "Nichimo Luminessance" strove to ensure profits in each of its five operating segments of Marine, Food, Machinery, Materials and Biotics, to the end of ultimately establishing a sound earnings structure.

However, in spite of these efforts, the Nichimo group for this consolidated fiscal year recorded sales of 100,417 million yen, being a year-on-year decrease of 5,671 million yen. Income before extraordinary items was 45 million yen being a year-on-year decrease of 195 million yen.

As regards extraordinary gains and losses, extraordinary gains of 1,440 million yen were recorded from the proceeds of sales of fixed assets and investment securities. However with extraordinary losses totaling 1,228 million yen including 149 million yen for impairment losses, 482 million yen in losses from the disposal of inventories and 523 million yen in losses on a transfer to the reserve for loan loss, a net income of 181 million yen was recorded for this consolidated fiscal year, being a year-on-year decrease of 3 million yen.

A summary of the business for this consolidated fiscal year according to operations is as stated below:

Marine Operations

In the fishing net and fishing gear segments, trawl nets recorded robust sales, while seine nets and land use nets using our proprietary UC Netting (braided, continuous knotless netting) technology also recorded good sales. In the ship and machinery segments, despite increased sales in winch and navigation equipment, overall sales decreased as a result of a slump in the orders for actual vessels. In the aquaculture segment, sales grew as a result of the growing sales of fresh fish.

Food Product Operations

In the *surimi* (fish paste) segment, the soaring price of imported raw materials prompted the sales volume to kneaded food manufacturers to decline, which in turn resulted in sluggish sales. In our main fresh frozen seafood products segment, sales of pollock roe decreased with the drop in its market prices. Domestic demand for frozen fish from the northern waters diminished due to soaring prices reflecting the growing global trend for fish consumption and import volumes of crabs also declined resulting in decreased sales for both products. In our processed food products segment, our concerted efforts to expand sales of processed tuna products and other processed foods in the restaurant and the home-meal industries resulted in increased sales.

Machinery Operations

In the machinery segment, sales of processing machinery for ready-to eat/prepared foods continued to be strong and orders for tofu processing plants increased both in Japan and overseas. Orders for rice and retort food processing machinery decreased, but overall sales increased.

Materials Operations

In our materials business, while sales of building material film and the new environment-friendly products in synthetic resin segment recorded increases, the soaring costs of raw material caused the demand for packaging materials to decline, while sales of agricultural and livestock materials were also down reflecting the effects of abnormal summer weather.

Biotics Operations

Although sales of raw materials for livestock and aquaculture feed additives increased, the health food segment was subject to a drastic decline in sales in both its health foods and raw materials segments as a result of the media reports on the guidelines for the daily intake of soybean isoflavone announced by the Food Safety Commission of the Cabinet Office in February of last year.

(2) Financial Position

Consolidated Cash Flows

In respect of cash flows from operating activities, despite a 470 million yen increase in inventories, factors such as the 697 million yen decrease in trade receivables and the 1,649 million yen increase in trade payables resulted in 1,071 million yen in net cash being provided by operating activities.

In respect of cash flows from investing activities, factors such as the 915 million yen proceeds from the sale of fixed assets and the 626 million yen proceeds from the sale of investment securities resulted in 1,088 million yen in net cash being provided by investing activities.

In respect of cash flows from financing activities, despite the 3,444 million yen proceeds from the issue of company bonds, factors such as the 4,099 million yen spent on the repayment of long- and short-term debt resulted in 698 million yen being used in financing activities.

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007
Equity ratio (%)	21.5	25.7	28.3	29.6	28.7
Equity ratio based on market value (%)	15.5	14.2	20.0	16.9	12.7
Ratio of interest-bearing debt to cash flow (%)	-	4.8	-	-	2,430.9
Interest coverage ratio	-	6.7	-	-	1.6

Equity ratio: Shareholder's equity / Total assets

Equity ratio based on market value: Total market value of outstanding shares / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest expenses

* Each index is calculated from financial figures on a consolidated basis.

* Total market value of outstanding shares is calculated by "Closing price of the Nichimo share at year end" x "Number of shares outstanding at year end (after deducting treasury stocks)."

* Operating cash flow represents the cash from operating activities as reported in the Consolidated Statements of Cash Flows. Interest-bearing debt represents all debts reported in the Consolidated Balance Sheets that are subject to interest payments. Interest expenses are based on the amount of interest payable as reported in the Consolidated Statements of Cash Flows.

6. Basic Concept and Practice of Corporate Governance

(1) Basic Concept of Corporate Governance

Nichimo is committed to increasing our value to the shareholder through improvements in the soundness of business operations and the implementation of timely decision-making on management issues, reflecting the changing economic environment. To do so, we strive to enhance our corporate governance by building a good relationship with the stakeholders—including our shareholders, business partners, local communities and employees—and by reinforcing and improving the relevant functioning bodies such as the Board of Directors and the Board of Executive Officers.

(2) Implementation of Corporate Governance Measures

1) Efforts to ensure thorough compliance

With a strong consciousness that thorough compliance, that is compliance with all of societies norms, morals and law, forms the foundation of management, Nichimo acts with good faith and fairness in all its corporate activities.

Nichimo adopts the "Corporate Behavior Charter, the Nichimo Group" dated April 1, 2005 as standards of conduct to be obeyed by each and every members and declares that we shall act with good sense in compliance with laws, regulations and moral principles. Nichimo is developing its operations under a fair and transparent management system in accordance with this Charter in order to fulfill its corporate social mission.

2) Operations execution and auditing systems

Board of Directors

The Board of Directors holds regular Board of Directors meetings and extraordinary Board of Directors meetings as required. In addition to determining those items set forth under law and important management items, the board also supervises the execution of operations.

Board of Executive Officers

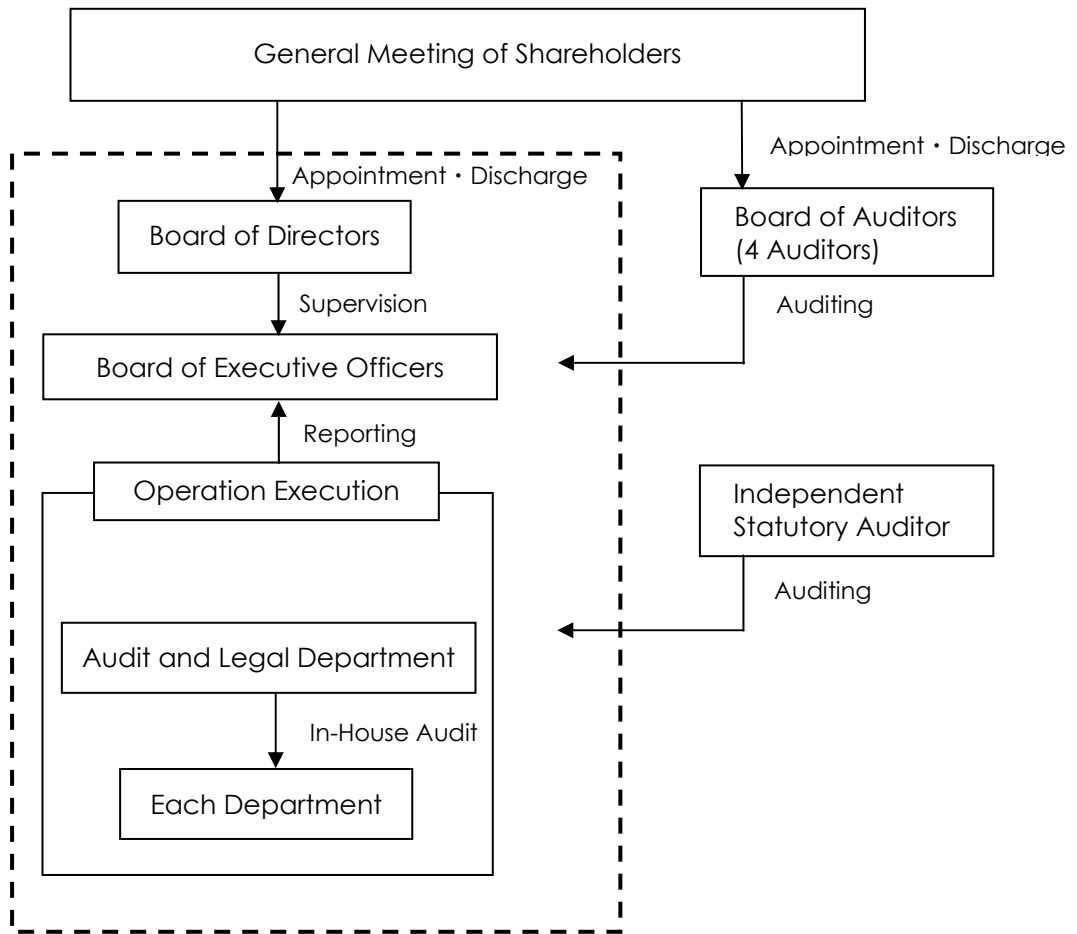
The Executive Officer System was introduced in 2003 to assign more specific authorities, tasks and responsibilities to executive officers, and to facilitate timely and effective decision-making. Executive officers are responsible for managing and operating their respective business divisions. The Board of Executive Officers, set up in April 2004, is responsible for managing the company's day-to-day operations.

Board of Auditors

Nichimo uses a Board of Auditors system. The Board of Auditors that performs management audits is comprised of 4 auditors including 2 external auditors and fulfills the function of performing the appropriate checks of management execution. The 2 external auditors have no material interests in the company.

The Board of Auditors, in addition to attending the Board of Directors meetings, also attends other meetings as required. In addition, by studying important financial statements and other documents, it also audits the execution of operations by the Board of Directors.

The Board of Auditors' Meeting, which is comprised of all the auditors, establishes their auditing principles based upon the Board of Auditors regulations and in accordance with the applicable laws and regulations and the Company's Articles of Incorporation, reviews the executive actions of the Board of Directors, and prepares an Auditors' Report.



7. Outlook for the Coming Fiscal Year

Fiscal year 2007 will be the initial year of the new medium-term management plan and in our food product operations we intend to achieve a year-on-year increase in revenues by addressing continuing high prices of imported raw materials (fish prices) and by pushing for expanded sales in our processed food business.

In our marine operations we will strive for stable profits through our efforts in promoting land use nets and through the reinforcement of regionally focused business activities by each of the companies in the Group. We will continue our efforts to ensure profits in the other segments as well.

As a result of the above, we forecast that in the next consolidated fiscal period, there will be consolidated sales of 110,000 million yen, a consolidated operating income of 600 million yen, consolidated income before extraordinary items of 300 million yen and consolidated net income of 200 million yen.

8. New Mid-term Management Plan for FY2007 – FY2009

Fiscal year 2006 was the final year of the previous medium-term management plan and in our food product operations sales and profits were significantly below projected plans as a result of continuing high prices of imported raw materials and difficulties to pass some of increased costs on product prices. In light of these circumstances, for fiscal year 2007 we plan to conduct our business according to the new medium-term management plan and intend to increase our profits from the previous year by implementing organizational restructuring for the purpose of upgrading our food product operations and by constructing the foundations that will ensure stable profits in other segments.

9. Consolidated Financial Statements

(1) CONSOLIDATED BALANCE SHEETS

<u>ASSETS</u>			
(Millions of yen)			
Item	Current consolidated fiscal year (March 31, 2007)	Previous consolidated fiscal year (March 31, 2006)	Increase (decrease)
Current assets:	43,707	43,334	373
Cash and cash equivalents	4,134	2,844	1,290
Trade notes and accounts receivable	18,423	20,084	(1,661)
Inventories	19,035	18,913	122
Advance payments	1,453	1,566	(113)
Short-term loans	-	24	(24)
Deferred tax assets	17	13	4
Other current assets	877	632	245
Reserve for loan losses	(233)	(744)	511
Fixed assets:	17,027	17,751	(724)
Tangible fixed assets	4,606	4,699	(93)
Buildings and structures	1,775	1,847	(72)
Machinery, equipment and vehicles	768	524	244
Tools, furniture and fixtures	71	80	(9)
Land	1,990	2,004	(14)
Construction in progress	-	242	(242)
Intangible fixed assets	604	614	(10)
Goodwill	536	557	(21)
Other intangible fixed assets	68	57	11
Investments and other assets	11,817	12,437	(620)
Investment securities	8,845	9,653	(808)
Shares in unconsolidated subsidiaries and affiliates	2,009	1,867	142
Long-term loans	190	252	(62)
Accounts receivable from entities under corporate reorganization	2,264	1,293	971
Other investments	706	729	(23)
Reserve for loan losses	(2,198)	(1,360)	(838)
Deferred assets	48	-	48
Bond issuance expenses	48	-	48
Total	60,783	61,086	(303)

LIABILITIES AND NET ASSETS

(Millions of yen)

Item	Current consolidated fiscal year (March 31, 2007)	Previous consolidated fiscal year (March 31, 2006)	Increase (decrease)
(LIABILITIES)	43,344	43,008	336
Current liabilities:	34,000	36,237	(2,237)
Trade notes and accounts payable	12,611	10,716	1,895
Short-term borrowing	19,386	22,551	(3,165)
Bonds and notes redeemable within one year	20	20	0
Long-term debt payable within one year	381	857	(476)
Other accounts payable	317	-	317
Accrued corporate income taxes	56	59	(3)
Advances received	489	951	(462)
Reserve for business structure improvement	143	143	0
Bonus reserve	392	340	52
Other current liabilities	201	597	(396)
Fixed liabilities:	9,344	6,771	2,573
Bonds and notes issued	3,530	50	3,480
Long-term debt	2,726	2,920	(194)
Long-term other accounts payable	123	-	123
Reserve for directors' retirement benefits	49	340	(291)
Reserve for retirement benefits	343	403	(60)
Long-term deferred tax liabilities	2,369	2,850	(481)
Other fixed liabilities	201	206	(5)
(NET ASSETS)	17,438		
Shareholders' equity	13,649		
Common stock	4,411		
Surplus capital	22		
Retained earnings	10,333		
Treasury stock	(1,118)		
Valuation and translation adjustments	3,772		
Unrealized gain (loss) from valuation of other securities	3,713		
Deferred gain (loss) on hedges	24		
Foreign currency translation adjustments	34		
Stock acquisition rights	8		
Minority interest	8		
(MINORITY INTEREST)		8	
Minority interest		8	
(SHAREHOLDERS' EQUITY)		18,069	
Common stock		4,411	
Surplus capital		22	
Retained earnings		10,350	
Unrealized gain (loss) from valuation of other securities		4,418	
Foreign currency translation adjustments		(17)	
Treasury stock		(1,115)	
Total	60,783	61,086	(303)

(2) CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

Item	Current consolidated fiscal year (April 1, 2006 through March 31, 2007)	Previous consolidated fiscal year (April 1, 2005 through March 31, 2006)	Increase (decrease)
Net sales	100,417	106,088	(5,671)
Cost of sales	92,390	97,918	(5,528)
Gross profit	8,026	8,170	(144)
Selling, general and administrative expenses	7,799	7,699	100
Operating income (loss)	227	470	(243)
Non-operating income	504	463	41
Interest received	105	118	(13)
Dividends received	91	79	12
Equity in net income of the companies carried by the equity method	200	88	112
Other income	106	176	(70)
Non-operating expenses	686	693	(7)
Interest paid	602	627	(25)
Other expenses	84	66	18
Income (loss) before extraordinary items	45	240	(195)
Extraordinary gain	1,440	915	525
Gain on sales of fixed assets	893	92	801
Gain on sales of investment securities	546	616	(70)
Reversal of reserve for business structure improvement	-	206	(206)
Extraordinary loss	1,228	843	385
Loss on transfer to reserve for loan losses	523	547	(24)
Impairment loss	149	-	149
Loss on valuation of investment securities	60	-	60
Loss on sales of fixed assets	-	31	(31)
Loss on disposal of fixed assets	-	3	(3)
Loss on inventory clearance	482	184	298
Loss on sales of investment securities	1	-	1
Unrealized loss from valuation of golf memberships	-	77	(77)
Special retirement allowances	11	-	11
Net income (loss) before income taxes and other adjustments	256	312	(56)
Corporate income taxes, resident taxes and enterprise taxes	86	133	(47)
Deferred income taxes	(12)	(5)	(7)
Minority interest in income (loss) of consolidated companies	-	-	0
Net income (loss)	181	184	(3)

(3) CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Current consolidated fiscal year (April 1, 2006 through March 31, 2007)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Surplus capital	Retained earnings	Treasury stock	
Balance as of March 31, 2006	4,411	22	10,350	(1,115)	13,668
Changes of items during the period					
Dividends from surplus			(170)		(170)
Directors' bonuses through appropriation of retained earnings			(2)		(2)
Net income (loss)			181		181
Purchase of treasury stock				(2)	(2)
Decrease due to increase in consolidated subsidiary			(25)		(25)
Net changes of items other than shareholders' equity					
Total changes during the period	-	-	(17)	(2)	(19)
Balance as of March 31, 2007	4,411	22	10,333	(1,118)	13,649

	Valuation and translation adjustments			
	Unrealized gain (loss) from valuation of other securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments
Balance as of March 31, 2006	4,418	-	(17)	4,400
Changes of items during the period				
Dividends from surplus				
Directors' bonuses through appropriation of retained earnings				
Net income (loss)				
Purchase of treasury stock				
Decrease due to increase in consolidated subsidiary				
Net changes of items other than shareholders' equity	(704)	24	52	(628)
Total changes during the period	(704)	24	52	(628)
Balance as of March 31, 2007	3,713	24	34	3,772

	Stock acquisition rights	Minority interest	(Millions of yen) Total net assets
Balance as of March 31, 2006	-	8	18,077
Changes of items during the period			
Dividends from surplus			(170)
Directors' bonuses through appropriation of retained earnings			(2)
Net income (loss)			181
Purchase of treasury stock			(2)
Decrease due to increase in consolidated subsidiary			(25)
Net changes of items other than shareholders' equity	8	-	(618)
Total changes during the period	8	-	(638)
Balance as of March 31, 2007	8	8	17,438

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

Item	Current consolidated fiscal year (April 1, 2006 through March 31, 2007)	Previous consolidated fiscal year (April 1, 2005 through March 31, 2006)	Increase (decrease)
I. Cash flows from operating activities			
Net income before income taxes and other adjustments	256	312	(56)
Depreciation and amortization	271	345	(74)
Amortization of goodwill	121	-	121
Amortization of deferred assets	7	-	7
Impairment loss	149	-	149
Change in bonus reserve	52	103	(51)
Change in reserve for business structure improvement	-	(206)	206
Change in reserve for retirement benefits	(226)	45	(271)
Change in reserve for loan losses	325	(1,949)	2,274
Interest and dividends received	(197)	(198)	1
Dividends received from companies carried by the equity method	74	59	15
Interest expenses	602	627	(25)
Gain/loss on foreign currency transactions	-	(1)	1
Equity in net income of the companies carried by the equity method	(200)	(88)	(112)
Gain/loss on sales of investment securities	(545)	(616)	71
Loss on valuation of investment securities	60	-	60
Gain/loss on sales of tangible fixed assets	(893)	(61)	(832)
Loss on disposal of tangible fixed assets	-	3	(3)
Unrealized loss from valuation of golf memberships	-	77	(77)
Inventory clearance	482	184	298
Change in trade receivables	697	2,080	(1,383)
Change in inventories	(470)	(3,341)	2,871
Change in trade payables	1,649	454	1,195
Increase/decrease in advance payments	112	-	112
Increase/decrease in advances received	(462)	-	(462)
Change in bills discounted	91	56	35
Other, net	(326)	1	(327)
Subtotal	1,632	(2,112)	3,744
Interest and dividends received	199	191	8
Interest paid	(670)	(633)	(37)
Corporate income taxes paid	(89)	(146)	57
Net cash provided by (used in) operating activities	1,071	(2,699)	3,770
II. Cash flows from investing activities			
Time deposit	(16)	(2)	(14)
Time deposit withdrawal	202	93	109
Payments for purchases of tangible/intangible fixed assets	(212)	(929)	717
Proceeds from sales of tangible/intangible fixed assets	915	516	399
Payments for purchases of investment securities	(519)	(16)	(503)
Proceeds from sales of investment securities	626	693	(67)
Payments of short-term loans	(633)	(1,393)	760
Proceeds from collections of short-term loans	657	1,385	(728)
Payments of long-term loans	(63)	(67)	4
Proceeds from collections of long-term loans	110	147	(37)
Other, net	21	331	(310)
Net cash provided by (used in) investing activities	1,088	759	329

(Millions of yen)			
Item	Current consolidated fiscal year (April 1, 2006 through March 31, 2007)	Previous consolidated fiscal year (April 1, 2005 through March 31, 2006)	Increase (decrease)
III. Cash flows from financing activities			
Net change in short-term borrowing	(3,165)	2,371	(5,536)
Proceeds from long-term debt	150	174	(24)
Repayments of long-term debt	(933)	(664)	(269)
Issuance of Company Bonds	3,444	-	3,444
Redemption of Company Bonds	(20)	(20)	0
Purchase of treasury stock	(2)	(3)	1
Cash dividends paid	(171)	(340)	169
Net cash provided by (used in) financing activities	(698)	1,519	(2,217)
IV. Effect of exchange rate changes on cash and cash equivalents	2	81	(79)
V. Change in cash and cash equivalents	1,464	(340)	1,804
VI. Cash and cash equivalents at beginning of year	2,436	2,776	(340)
VII. Increase in cash and cash equivalents from newly consolidated subsidiary	9	-	9
VIII. Cash and cash equivalents at end of year	3,909	2,436	1,473

10. Segment Information by Business Type

- (1) a. Nichimo is comprised of five distinct operating segments—Marine SBU, Food SBU, Machinery SBU, Materials SBU and Biotics SBU—and other business operations. 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 develops and markets Cofuna Rice™ and agricultural and stockbreeding materials. The Biotics SBU develops and markets fermented soybean products and health foods. We are also engaged in the business of real-estate leasing as part of other business operations.

b. 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	Surimi, fresh frozen food	Surimi, fresh fish, frozen fish, fish roe
	Processed food	Processed fillets, processed fish roe, smoked products
Machinery	Non-marine machines	Food processing machinery
Materials	Synthetic resin, packaging materials, agricultural and stockbreeding materials	Vinyl chloride sheets, cardboard, paper containers, agricultural and stockbreeding materials, rice and other grain products
Biotics	Fermented soybean products	Fermented soybean products, health foods
Other business operation	Real estate leasing and other businesses	Real estate leasing

(2) Sales revenues by operating segment

Operating segment	(Millions of yen)	
	Current consolidated fiscal year (April 1, 2006 through March 31, 2007)	Previous consolidated fiscal year (April 1, 2005 through March 31, 2006)
Marine SBU	15,347	14,260
Food SBU	67,815	74,535
Machinery SBU	6,382	6,213
Materials SBU	10,360	10,468
Biotics SBU	384	481
Others	127	130
Total	100,417	106,088

11. 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 seafood products such as fresh frozen fish, fish roe and surimi as processed by subsidiaries or exported by overseas subsidiaries.

Machinery SBU

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

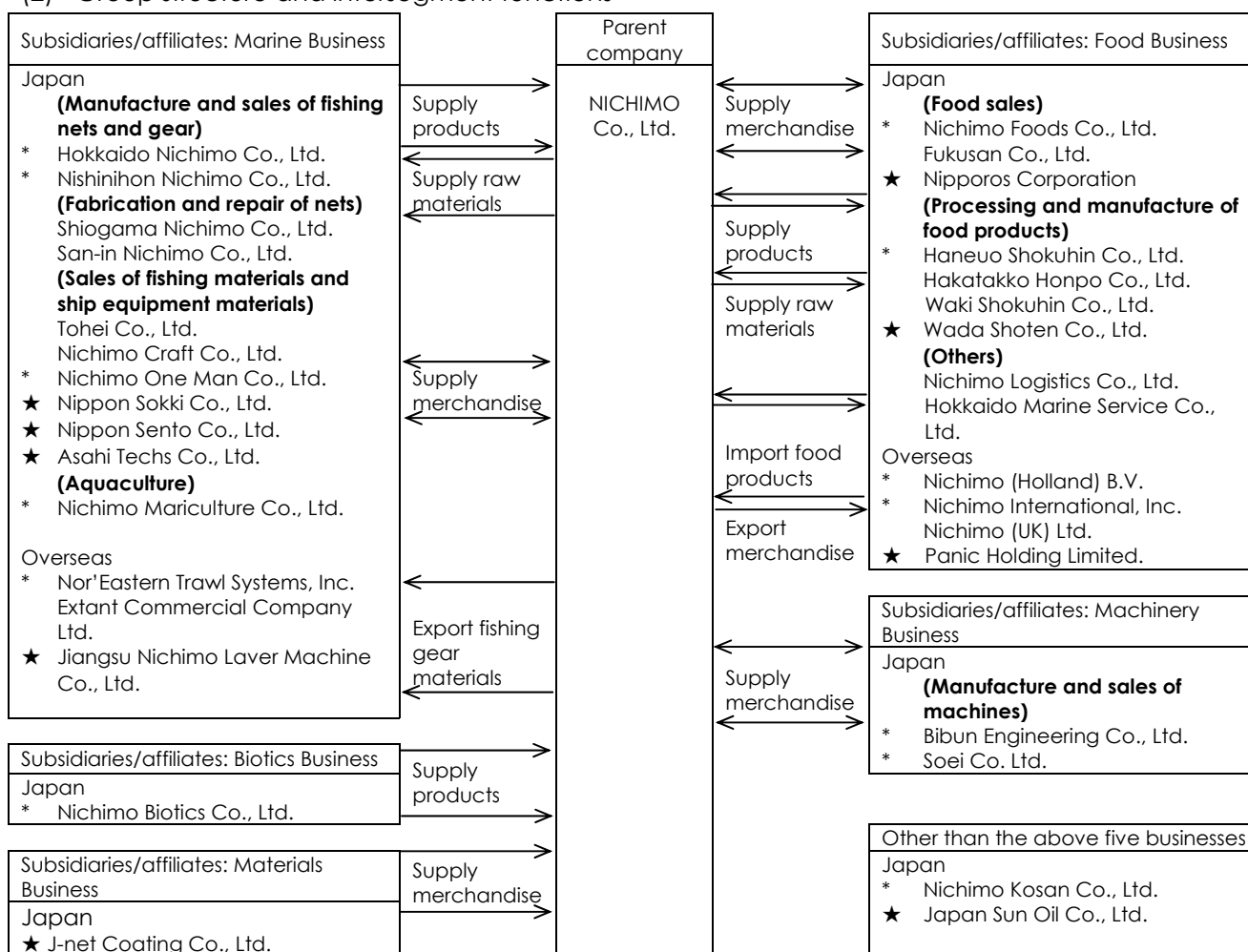
Materials SBU

The Company sells synthetic resin, packaging materials and agricultural materials.

Biotics SBU

The Company sells fermented soybean products manufactured by subsidiaries.

(2) Group structure and intersegment functions



(Notes)

- * represents a consolidated subsidiary.
- ★ represents an affiliate.
- Those with no mark are unconsolidated subsidiaries.
- Among the affiliates, Japan Sun Oil, Nippon Sokki and Nippon Sento are accounted for under the equity method.