

Consolidated Financial Release for The Year Ended March 31, 2008



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, 2008 (April 1, 2007 through March 31, 2008)

(1) Consolidated Results of Operations

| | Year ended March 31, 2008 | | Year ended March 31, 2007 | |
|--|------------------------------|--------|------------------------------|--------|
| | Millions of yen | % | Millions of yen | % |
| Net Sales | 97,706 | (2.7) | 100,417 | (5.3) |
| Operating Income (loss) | 434 | 91.0 | 227 | (51.7) |
| Income (loss) before Extraordinary Items | 191 | 324.7 | 45 | (81.2) |
| Net Income (loss) | 113 | (37.5) | 181 | (1.4) |

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

| | Year ended March 31, 2008 | Year ended March 31, 2007 |
|--|------------------------------|------------------------------|
| Net Income (loss) per Share (Yen) | 3.34 | 5.34 |
| Diluted Net Income (loss) per Share (Yen) | 3.33 | 5.34 |
| ROE (Ratio of Net Income (loss) to Equity) (%) | 0.7 | 1.0 |
| ROA (Ratio of Income (loss) before Extraordinary Items to Total Assets) (%) | 0.3 | 0.1 |
| Profit Margin (Ratio of Operating Income (loss) to Net Sales) (%) | 0.4 | 0.2 |

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

| | |
|------------------------------------|-----------------|
| For the year ended March 31, 2008: | 119 million yen |
| For the year ended March 31, 2007: | 200 million yen |

(2) Consolidated Financial Position

| | Year ended March 31, 2008 | Year ended March 31, 2007 |
|--|------------------------------|------------------------------|
| Total Assets (Millions of yen) | 52,648 | 60,783 |
| Net Assets (Millions of yen) | 14,389 | 17,438 |
| Equity Ratio (Ratio of Equity to Total Assets) (%) | 27.3 | 28.7 |
| Net Assets per Share (Yen) | 423.40 | 512.98 |

(3) Consolidated Cash Flows

| | Year ended March 31, 2008 | | Year ended March 31, 2007 | |
|---|------------------------------|--|------------------------------|--|
| | Millions of yen | | Millions of yen | |
| Cash Flows from Operating Activities | 477 | | 1,071 | |
| Cash Flows from Investing Activities | (534) | | 1,088 | |
| Cash Flows from Financing Activities | (885) | | (698) | |
| Cash and Cash Equivalents at Year End | 2,875 | | 3,909 | |

2. Dividends

| | Year ended March 31, 2007 | Year ended March 31, 2008 | Year ending March 31, 2009 (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) (%) | 93.6 | 149.8 | 84.8 |
| 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, 2009 (April 1, 2008 through March 31, 2009)

| | Interim period | | Full year | |
|--|-----------------|-------|-----------------|------|
| | Millions of yen | % | Millions of yen | % |
| Net Sales | 50,000 | (0.7) | 105,000 | 7.4 |
| Operating Income (loss) | (50) | - | 600 | 38.2 |
| Income (loss) before Extraordinary Items | (100) | - | 300 | 56.6 |
| Net Income (loss) | (150) | - | 200 | 76.0 |
| Net Income (loss) per Share (Yen)..... | (4.42) | | 5.89 | |

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

4. Additional Information

- (1) Significant Changes of Subsidiaries during the Fiscal Year Ended March 31, 2008 (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, 2008: | 37,874,000 shares |
| For the year ended March 31, 2007: | 37,874,000 shares |
 - 2) Number of Shares of Treasury Stock at Year End:

| | |
|------------------------------------|------------------|
| For the year ended March 31, 2008: | 3,925,309 shares |
| For the year ended March 31, 2007: | 3,912,872 shares |

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

(1) Business Results and Financial Position

1. Overview of Business Results

The Nichimo Group, as part of its initiatives for the initial year of its medium-term business plan "PLAN-125," has been implementing organizational changes and promoting a functional sales deployment in pursuit of greater efficiency of all its business segments.

As a result, despite recording net sales of 97,706 million yen, being a year-on-year decrease of 2,711 million yen, the Nichimo Group for this consolidated fiscal year, was able to report an income before extraordinary items of 191 million yen, being a year-on-year increase of 146 million yen, primarily due to the reduction of selling, general and administrative expenses and other expenses.

As regards extraordinary gains and losses, extraordinary gains of 146 million yen and extraordinary losses of 123 million yen were recorded. As a result of the above, a net income of 113 million yen was recorded for this consolidated fiscal year, being a year-on-year decrease of 68 million yen.

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

Food Product Operations

In the *surimi* (fish paste) segment, while demand from the European and American markets grew and amounts supplied domestically declined, overall sales increased as a result of efforts to secure raw materials, as well as through the effects of a robust market. In the fresh frozen seafood products segment, the decline in the supply of king crabs was offset by the strong snow crab market, resulting in sales comparable to previous year levels. Sales of pollock roe, on the other hand, fell as a result of the decline in sales volume, while frozen fish from the northern waters also dropped under the effects of decreased deliveries from Russia. In our processed food products segment, overall sales dropped as a result of sluggish sales of processed foods due to the soaring prices of raw materials.

Marine Operations

In the fishing net and fishing gear segment, sales increased due to strong sales of purse seine nets and other fishing gear in the overseas markets. In the ship and machinery segments, on the other hand, large-scale orders decreased as result of a slump in the orders for actual vessels. In the aquaculture segment, sales also declined due to the diminished appetite for capital investments stemming from the sluggish sea laver (*nori*) market.

Machinery Operations

Domestic sales increased as a result of package contracts by seafood processing plants and increased orders for food processing machines from major frozen food manufacturers. Additionally, overseas sales also increased as result of major orders for tofu processing plants in China and South Korea.

Materials Operations

In the synthetic resin segment, robust sales were recorded for films for electronic materials (electronic parts and optical components). However, there was a sharp decline in sales of films for building materials, due to the drastic drop in the number of residential construction starts during the previous year. In the environmental materials segment, orders for functional films for food packaging declined, while stepped up efforts to expand sales of new materials and capture new customers resulted in overall sales comparable to previous year levels.

Biotics Operations

On November 1, 2007, we aggregated our health foods segment in our subsidiary, Nichimo Biotics Co., Ltd., and have been engaged in the expansion of sales of various health foods and AglyMax (health food material). Its Immu-Soy (stockbreeding/aquaculture mixed feed material) business was transferred to the Materials Operations on October 1, 2007. Biotics Operations recorded consolidated sales of 360 million yen.

Outlook for the Coming Fiscal Year

During fiscal year 2008, our food product operations will continue to feel the effects of the sharp rise in the price of imported raw materials as well as limited supplies of them. However, we intend to make every effort to secure stable profits by seeking new suppliers and developing our proprietary products. In our marine operations, we will develop the market of coastal fish species further and strive for further reinforcement of our operational base. In the machinery and materials operations, we will aim to improve the efficiency of operations and increase sales of our existing products. In our biotics operations, we will utilize the findings of our collaborative research with universities on the effectiveness of soy isoflavone in our future sales, and make efforts to actively cultivate new sales channels.

As a result of the above, we forecast that in the next consolidated fiscal period, there will be consolidated sales of 105,000 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.

New Mid-term Management Plan for FY2007 – FY2009

Fiscal year 2007 marked the initial year for the new mid-term management plan, "PLAN-125." As part of the initiatives for the initial year, we had been making efforts to increase sales in the processed foods segment of our food product operations and expand our sales channels in the marine, machine, and materials operations. However, due to the steep rise in the price of imported raw materials our performance fell short of projected plans. These harsh circumstances are expected to continue mainly in the food product operations into fiscal year 2008.

2. Financial Position

Consolidated Cash Flows

Cash flows from operating activities resulted in a net inflow of 477 million yen due to a 2,326 million yen decrease in trade payables, despite a 3,267 million yen decrease in trade receivables and other factors.

Cash flows from investing activities resulted in a net outflow of 534 million yen due mainly to the acquisition of 339 million yen of tangible fixed assets.

Cash flows from financing activities resulted in a net outflow of 885 million yen due to the repayment of short-term borrowing.

| | Year ended March 31, 2004 | Year ended March 31, 2005 | Year ended March 31, 2006 | Year ended March 31, 2007 | Year ended March 31, 2008 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Equity ratio (%) | 25.7 | 28.3 | 29.6 | 28.7 | 27.3 |
| Equity ratio based on market value (%) | 14.2 | 20.0 | 16.9 | 12.7 | 10.1 |
| Ratio of interest-bearing debt to cash flow (%) | 4.8 | - | - | 2,430.9 | 5,298.6 |
| Interest coverage ratio | 6.7 | - | - | 1.6 | 0.8 |

Equity ratio: 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.

3. Business risks, etc.

1) Fluctuations in the price of food materials

Sales from the food product operations account for approximately 70% of the Group's total sales, the main products of which are "surimi (fish paste)," "pollock roe," "crab" and "bottom fish." In terms of procurement and sales of these products, factors such as fisheries regulations and the catch of a particular year, as well as market trends may heavily impact the Group's performance. Therefore, in order to secure stable supply of quality raw materials to regular customers, we dispatch technicians to fishing vessels to ensure product quality, while we also take pains to constantly gather information including the status of fish catches and conduct business management that reflect market demands.

Moreover, as the greater part of our raw materials is purchased from overseas, such purchases are particularly susceptible to fluctuating exchange rates. Therefore, we use hedging instruments such as yen-denominated settlements and forward exchange contracts in an effort to mitigate the effects of the fluctuating exchange rates on the Group's performance to the greatest extent possible.

2) On food safety

We recognize that ensuring the safety of the foods handled by the Nichimo Group is our highest priority and we are making every effort in securing a thorough quality guarantee system, including the introduction of HACCP at our Group plants and affiliated plants both in Japan and abroad. However, in the event that massive recalls or product liability litigation stemming from unforeseeable accidents involving product quality not covered by these systems occur, the business performance and the financial position of the Group may substantially be affected.

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

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

Food Business

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.

Marine Business

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.

Machinery Business

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

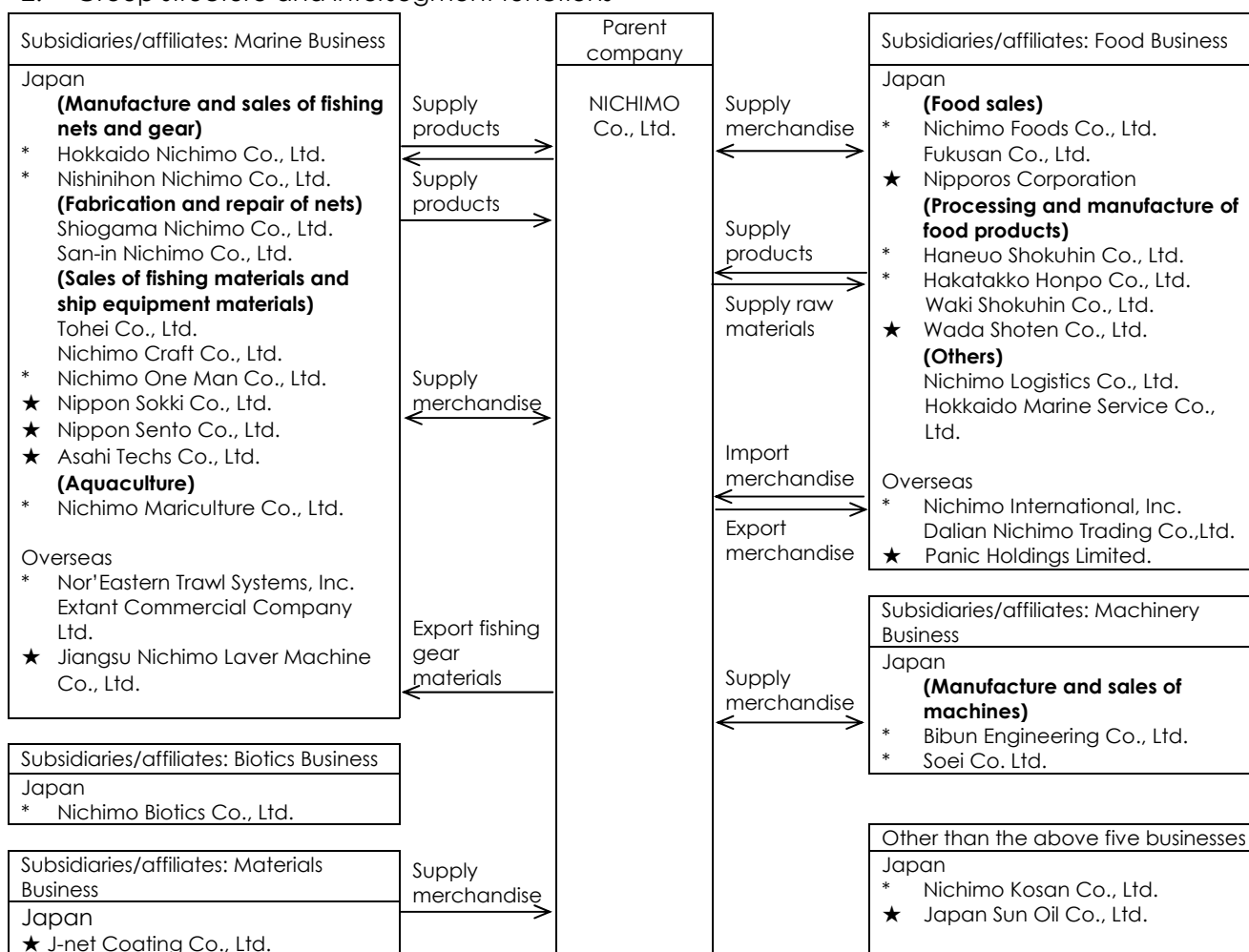
Materials Business

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

Biotics Business

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.
- Nichimo (Holland) B.V., a former consolidated subsidiary, was liquidated in December 2007.

(3) Consolidated Financial Statements

1) CONSOLIDATED BALANCE SHEETS

| <u>ASSETS</u> | | | |
|---|---|---|------------------------|
| Item | Current | Previous | (Millions of yen) |
| | consolidated fiscal year (March 31, 2008) | consolidated fiscal year (March 31, 2007) | Increase (decrease) |
| Current assets: | 39,507 | 43,707 | (4,200) |
| Cash and cash equivalents | 3,208 | 4,134 | (926) |
| Trade notes and accounts receivable | 15,680 | 18,423 | (2,743) |
| Inventories | 18,781 | 19,035 | (254) |
| Advance payments | 1,148 | 1,453 | (305) |
| Short-term loans | 20 | - | 20 |
| Deferred tax assets | 21 | 17 | 4 |
| Other current assets | 890 | 877 | 13 |
| Reserve for loan losses | (243) | (233) | (10) |
| Fixed assets: | 13,104 | 17,027 | (3,923) |
| Tangible fixed assets | 4,518 | 4,606 | (88) |
| Buildings and structures | 1,670 | 1,775 | (105) |
| Machinery, equipment and vehicles | 689 | 768 | (79) |
| Tools, furniture and fixtures | 71 | 71 | 0 |
| Land | 2,045 | 1,990 | 55 |
| Construction in progress | 42 | - | 42 |
| Intangible fixed assets | 447 | 604 | (157) |
| Goodwill | 382 | 536 | (154) |
| Other intangible fixed assets | 65 | 68 | (3) |
| Investments and other assets | 8,137 | 11,817 | (3,680) |
| Investment securities | 7,025 | 10,854 | (3,829) |
| Long-term loans | 251 | 190 | 61 |
| Accounts receivable from entities under corporate reorganization | 1,796 | 2,264 | (468) |
| Other investments | 688 | 706 | (18) |
| Reserve for loan losses | (1,625) | (2,198) | 573 |
| Deferred assets | 37 | 48 | (11) |
| Bond issuance expenses | 37 | 48 | (11) |
| Total | 52,648 | 60,783 | (8,135) |

LIABILITIES AND NET ASSETS

(Millions of yen)

| Item | Current consolidated fiscal year (March 31, 2008) | Previous consolidated fiscal year (March 31, 2007) | Increase (decrease) |
|--|--|---|------------------------|
| (LIABILITIES) | 38,258 | 43,344 | (5,086) |
| Current liabilities: | 30,380 | 34,000 | (3,620) |
| Trade notes and accounts payable | 10,279 | 12,611 | (2,332) |
| Short-term borrowing | 18,296 | 19,386 | (1,090) |
| Bonds and notes redeemable within one year | 20 | 20 | 0 |
| Long-term debt payable within one year | 434 | 381 | 53 |
| Other accounts payable | 218 | 317 | (99) |
| Accrued corporate income taxes | 79 | 56 | 23 |
| Advances received | 278 | 489 | (211) |
| Reserve for business structure improvement | 143 | 143 | 0 |
| Bonus reserve | 380 | 392 | (12) |
| Other current liabilities | 250 | 201 | 49 |
| Fixed liabilities: | 7,878 | 9,344 | (1,466) |
| Bonds and notes issued | 3,510 | 3,530 | (20) |
| Long-term debt | 3,044 | 2,726 | 318 |
| Long-term other accounts payable | 77 | 123 | (46) |
| Reserve for directors' retirement benefits | 56 | 49 | 7 |
| Reserve for retirement benefits | 294 | 343 | (49) |
| Long-term deferred tax liabilities | 690 | 2,369 | (1,679) |
| Other fixed liabilities | 205 | 201 | 4 |
| (NET ASSETS) | 14,389 | 17,438 | (3,049) |
| Shareholders' equity | 13,590 | 13,649 | (59) |
| Common stock | 4,411 | 4,411 | 0 |
| Surplus capital | 22 | 22 | 0 |
| Retained earnings | 10,277 | 10,333 | (56) |
| Treasury stock | (1,120) | (1,118) | (2) |
| Valuation and translation adjustments | 783 | 3,772 | (2,989) |
| Unrealized gain (loss) from valuation of other securities | 1,278 | 3,713 | (2,435) |
| Deferred gain (loss) on hedges | (185) | 24 | (209) |
| Foreign currency translation adjustments | (309) | 34 | (343) |
| Stock acquisition rights | 15 | 8 | 7 |
| Minority interest | - | 8 | (8) |
| Total | 52,648 | 60,783 | (8,135) |

2) CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

| Item | Current consolidated fiscal year (April 1, 2007 through March 31, 2008) | Previous consolidated fiscal year (April 1, 2006 through March 31, 2007) | Increase (decrease) |
|--|--|---|------------------------|
| Net sales | 97,706 | 100,417 | (2,711) |
| Cost of sales | 89,633 | 92,390 | (2,757) |
| Gross profit | 8,073 | 8,026 | 47 |
| Selling, general and administrative expenses | 7,638 | 7,799 | (161) |
| Operating income (loss) | 434 | 227 | 207 |
| Non-operating income | 479 | 504 | (25) |
| Interest received | 112 | 105 | 7 |
| Dividends received | 102 | 91 | 11 |
| Equity in net income of the companies carried by the equity method | 119 | 200 | (81) |
| Other income | 145 | 106 | 39 |
| Non-operating expenses | 722 | 686 | 36 |
| Interest paid | 642 | 602 | 40 |
| Loss on transfer to reserve for loan losses | 30 | - | 30 |
| Other expenses | 48 | 84 | (36) |
| Income (loss) before extraordinary items | 191 | 45 | 146 |
| Extraordinary gain | 146 | 1,440 | (1,294) |
| Gain on sales of fixed assets | - | 893 | (893) |
| Gain on sales of investment securities | 146 | 546 | (400) |
| Extraordinary loss | 123 | 1,228 | (1,105) |
| Loss on transfer to reserve for loan losses | - | 523 | (523) |
| Impairment loss | - | 149 | (149) |
| Loss on valuation of investment securities | - | 60 | (60) |
| Loss on disposal of fixed assets | 20 | - | 20 |
| Loss on inventory clearance | - | 482 | (482) |
| Loss on sales of investment securities | 5 | 1 | 4 |
| Special retirement allowances | 21 | 11 | 10 |
| Loss on irregular trading | 77 | - | 77 |
| Net income (loss) before income taxes and other adjustments | 213 | 256 | (43) |
| Corporate income taxes, resident taxes and enterprise taxes | 116 | 86 | 30 |
| Deferred income taxes | (18) | (12) | (6) |
| Minority interest in income (loss) of consolidated companies | 1 | - | 1 |
| Net income (loss) | 113 | 181 | (68) |

3) CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Current consolidated fiscal year (April 1, 2007 through March 31, 2008)

(Millions of yen)

| | Shareholders' equity | | | | (decrease) |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Surplus capital | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance as of March 31, 2007 | 4,411 | 22 | 10,333 | (1,118) | 13,649 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (170) | | (170) |
| Net income (loss) | | | 113 | | 113 |
| Purchase of treasury stock | | | | (2) | (2) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes during the period | - | - | (56) | (2) | (59) |
| Balance as of March 31, 2008 | 4,411 | 22 | 10,277 | (1,120) | 13,590 |

| | 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, 2007 | 3,713 | 24 | 34 | 3,772 |
| Changes of items during the period | | | | |
| Dividends from surplus | | | | |
| Net income (loss) | | | | |
| Purchase of treasury stock | | | | |
| Net changes of items other than shareholders' equity | (2,434) | (210) | (343) | (2,988) |
| Total changes during the period | (2,434) | (210) | (343) | (2,988) |
| Balance as of March 31, 2008 | 1,278 | (185) | (309) | 783 |

| | Stock acquisition rights | Minority interest | Total net assets |
|--|--------------------------|-------------------|------------------|
| Balance as of March 31, 2007 | 8 | 8 | 17,483 |
| Changes of items during the period | | | |
| Dividends from surplus | | | (170) |
| Net income (loss) | | | 113 |
| Purchase of treasury stock | | | (2) |
| Net changes of items other than shareholders' equity | 6 | (8) | (2,989) |
| Total changes during the period | 6 | (8) | (3,049) |
| Balance as of March 31, 2008 | 15 | - | 14,389 |

4) CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

| Item | Current consolidated fiscal year (April 1, 2007 through March 31, 2008) | Previous consolidated fiscal year (April 1, 2006 through March 31, 2007) | Increase (decrease) |
|--|---|--|------------------------|
| I. Cash flows from operating activities | | | |
| Net income before income taxes and other adjustments | 213 | 256 | (43) |
| Depreciation and amortization | 313 | 271 | 42 |
| Amortization of goodwill | 120 | 121 | (1) |
| Amortization of deferred assets | 10 | 7 | 3 |
| Impairment loss | | 149 | (149) |
| Change in bonus reserve | (9) | 52 | (61) |
| Change in reserve for retirement benefits | (42) | (226) | 184 |
| Change in reserve for loan losses | (556) | 325 | (881) |
| Interest and dividends received | (214) | (197) | (17) |
| Dividends received from companies carried by the equity method | 52 | 74 | (22) |
| Interest expenses | 642 | 602 | 40 |
| Equity in net income of the companies carried by the equity method | (119) | (200) | 81 |
| Gain/loss on sales of investment securities | (141) | (545) | 404 |
| Loss on valuation of investment securities | - | 60 | (60) |
| Gain/loss on sales of tangible fixed assets | - | (893) | 893 |
| Loss on disposal of tangible fixed assets | 20 | - | 20 |
| Loss on irregular trading | 77 | - | 77 |
| Inventory clearance | - | 482 | (482) |
| Change in trade receivables | 3,267 | 697 | 2,570 |
| Change in inventories | 167 | (470) | 637 |
| Change in trade payables | (2,326) | 1,649 | (3,975) |
| Increase/decrease in advance payments | 304 | 112 | 192 |
| Increase/decrease in advances received | (207) | (462) | 255 |
| Change in bills discounted | (104) | 91 | (195) |
| Other, net | (518) | (326) | (192) |
| Subtotal | 950 | 1,632 | (682) |
| Interest and dividends received | 209 | 199 | 10 |
| Interest paid | (588) | (670) | 82 |
| Corporate income taxes paid | (93) | (89) | (4) |
| Net cash provided by (used in) operating activities | 477 | 1,071 | (594) |
| II. Cash flows from investing activities | | | |
| Time deposit | (300) | (16) | (284) |
| Time deposit withdrawal | 178 | 202 | (24) |
| Payments for purchases of tangible/intangible fixed assets | (339) | (212) | (127) |
| Proceeds from sales of tangible/intangible fixed assets | | 915 | (915) |
| Payments for purchases of investment securities | (265) | (519) | 254 |
| Proceeds from sales of investment securities | 218 | 626 | (408) |
| Payments of short-term loans | (1,224) | (633) | (591) |
| Proceeds from collections of short-term loans | 1,205 | 657 | 548 |
| Payments of long-term loans | (345) | (63) | (282) |
| Proceeds from collections of long-term loans | 258 | 110 | 148 |
| Other, net | 79 | 21 | 58 |
| Net cash provided by (used in) investing activities | (534) | 1,088 | (1,622) |

| Item | (Millions of yen) | | |
|---|---|--|------------------------|
| | Current consolidated fiscal year (April 1, 2007 through March 31, 2008) | Previous consolidated fiscal year (April 1, 2006 through March 31, 2007) | Increase (decrease) |
| III. Cash flows from financing activities | | | |
| Net change in short-term borrowing | (1,089) | (3,165) | 2,076 |
| Proceeds from long-term debt | 1,183 | 150 | 1,033 |
| Repayments of long-term debt | (791) | (933) | 142 |
| Issuance of Company Bonds | - | 3,444 | (3,444) |
| Redemption of Company Bonds | (20) | (20) | 0 |
| Purchase of treasury stock | (2) | (2) | 0 |
| Cash dividends paid | (170) | (171) | 1 |
| Other, net | 5 | - | 5 |
| Net cash provided by (used in) financing activities | (885) | (698) | (187) |
| IV. Effect of exchange rate changes on cash and cash equivalents | (92) | 2 | (94) |
| V. Change in cash and cash equivalents | (1,034) | 1,464 | (2,498) |
| VI. Cash and cash equivalents at beginning of year | 3,909 | 2,436 | 1,473 |
| VII. Increase in cash and cash equivalents from newly consolidated subsidiary | - | 9 | (9) |
| VIII. Cash and cash equivalents at end of year | 2,875 | 3,909 | (1,034) |

Segment Information by Business Type

Sales revenues by operating segment

(Millions of yen)

| Operating segment | Current consolidated fiscal year (April 1, 2007 through March 31, 2008) | Previous consolidated fiscal year (April 1, 2006 through March 31, 2007) |
|--------------------|---|--|
| Food Business | 64,980 | 67,815 |
| Marine Business | 15,170 | 15,347 |
| Machinery Business | 7,136 | 6,382 |
| Materials Business | 9,933 | 10,360 |
| Biotics Business | 360 | 384 |
| Others | 125 | 127 |
| Total | 97,706 | 100,417 |

1) Nichimo is comprised of five distinct operating segments—Food Business, Marine Business, Machinery Business, Materials Business and Biotics Business—and other business operations. The Food Business handles seafood, while the Marine Business develops and manufactures fishing materials for the fisheries industry and the Machinery Business manufactures machinery for food processing. The Materials Business manufactures construction and packaging materials, and develops and markets Cofuna Rice™ and agricultural and stockbreeding materials. The Biotics Business 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.

2) Key products by operating segment

| Business | Sales categories | Key products |
|--------------------------|--|---|
| Food | <i>Surimi</i> , fresh frozen food | <i>Surimi</i> , fresh fish, frozen fish, fish roe |
| | Processed food | Processed fillets, processed fish roe, smoked products |
| Marine | Fishing nets and gear | Trawling gear, purse-seine net (round haul), materials for aquaculture |
| | Ships, ship equipment | Hull, ship equipment, ship accessories |
| 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 |