

# Consolidated Financial Release for The Year Ended March 31, 2011



NICHIMO CO., LTD.

## BUSINESS REPORT

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### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2011 (April 1, 2010 through March 31, 2011)

#### (1) Consolidated Results of Operations

	Year ended March 31, 2011		Year ended March 31, 2010	
	Millions of yen	%	Millions of yen	%
Net sales.....	85,136	(4.4)	89,056	(10.2)
Operating income .....	848	325.3	199	(66.0)
Ordinary income .....	711	642.5	95	(66.4)
Net income (loss).....	(381)	-	161	-

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

Comprehensive income:

For the year ended March 31, 2011: (954 million yen) (- %)

For the year ended March 31, 2010: 199 million yen (- %)

	Year ended March 31, 2011	Year ended March 31, 2010
Net income (loss) per share (Yen) .....	(11.23)	4.75
Diluted net income (loss) per share (Yen) .....	-	4.73
ROE (Ratio of net income (loss) to equity) (%) .....	(3.0)	1.2
ROA (Ratio of ordinary income to total assets) (%) ..	1.5	0.2
Profit margin (Ratio of operating income (loss) to net sales) (%) .....	1.0	0.2

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

For the year ended March 31, 2011: 275 million yen

For the year ended March 31, 2010: 149 million yen

#### (2) Consolidated Financial Position

	Year ended March 31, 2011	Year ended March 31, 2010
Total assets (Millions of yen) .....	47,641	48,853
Net assets (Millions of yen) .....	12,101	13,201
Equity ratio (Ratio of equity to total assets) (%) .....	25.3	27.0
Net assets per share (Yen) .....	355.18	388.03

Note: Equity:

For the year ended March 31, 2011: 12,071 million yen

For the year ended March 31, 2010: 13,173 million yen

(3) Consolidated Cash Flows

	Year ended March 31, 2011	Year ended March 31, 2010
	Millions of yen	Millions of yen
Net cash provided by (used in) operating activities	1,941	4,455
Net cash provided by (used in) investing activities	(1,988)	(779)
Net cash provided by (used in) financing activities	34	(3,121)
Cash and cash equivalents at end of period .....	3,405	3,358

2. Dividends

	Year ended March 31, 2010	Year ended March 31, 2011	Year ending March 31, 2012 (Projection)
Annual dividend per share			
Year-end (Yen).....	5.00	-	5.00
Annual (Yen) .....	5.00	-	5.00
Total amount of dividends			
(Annual) (Millions of yen) .....	170	-	
Payout ratio (Consolidated) (%) .....	105.1	-	42.5
Ratio of dividends to net assets			
(Consolidated) (%).....	1.3	-	

3. Projections of Consolidated Results of Operations for the Fiscal Year Ending March 31, 2012  
(April 1, 2011 through March 31, 2012)

	Interim period		Full year	
	Millions of yen	%	Millions of yen	%
Net sales.....	43,000	2.1	93,000	9.2
Operating income .....	100	(77.9)	750	(11.6)
Ordinary income .....	100	(78.5)	500	(29.6)
Net income (loss).....	50	(87.1)	400	-
Net income (loss) per share (Yen) .....	1.47		11.76	

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, 2011 (Changes in Specified Subsidiaries Resulting in Changes in Scope of Consolidation): None

(2) Changes in the Accounting Principles, Accounting Procedures, Presentation, etc.

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, 2011: 37,874,000 shares

For the year ended March 31, 2010: 37,874,000 shares

2) Number of Shares of Treasury Stock at Year End:

For the year ended March 31, 2011: 3,886,973 shares

For the year ended March 31, 2010: 3,923,580 shares

3) Average Number of Shares Outstanding during the Period:

For the year ended March 31, 2011: 33,975,673 shares

For the year ended March 31, 2010: 33,953,618 shares

\* The above projections including the projection of future earnings in this document have been prepared based on information currently available and certain preconditions which the Company believes to be reasonable. The actual results may differ from the figures as projected, due to one or more factors. As for the preconditions and notes regarding the use of the projections, please refer to "(1) Overview of Business Results" of 1. Business Results and Financial Position" on page 3.

## 1. Business Results and Financial Position

### (1) Overview of Business Results

In each of the fishery, the seafood processing and distribution, and the food products segments, which form the operating base of the Nichimo Group, we have been exposed to an extremely severe environment characterized by the continued low-price orientation among consumers who are adopting a saving-oriented attitude to defend their livelihood because of concerns about the future in a deflationary economy for which the exit is still not in view.

Amidst these surroundings, the Group, during the first year of its mid-term management plan "FY2010 Three-year Management Plan," has been pursuing the selection and concentration of businesses to further strengthen its revenue structure, and also continuing to make efforts to reduce costs and inventories.

Net sales for this consolidated fiscal year were 85,136 million yen, being a year-on-year decrease of 3,919 million yen. Operating income increased to 848 million yen, being a year-on-year increase of 649 million yen while ordinary income increased to 711 million yen, being a year-on-year increase of 615 million yen. Meanwhile, as a result of recording 90 million yen in extraordinary income, along with 1,173 million yen extraordinary loss, including 407 million yen in provision of allowance for doubtful accounts, 557 million yen in loss on disaster, and 120 million yen in provision of allowance for disaster loss, a net loss of 381 million yen was recorded for this consolidated fiscal year, showing a year-on-year decrease of 543 million yen.

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

#### **Food Product Business**

In the *surimi* (fish paste) section, both sales and operating income increased as a result of our marketing efforts amid a decline in sales prices of kneaded food products in the domestic market. In the fresh frozen seafood products segment, even though sales grew thanks to a rise in raw material prices amid a decrease in the supply of crabs from overseas, operating income fell. Both sales and operating income of pollock roes decreased owing to the effects of a sharp decline in the prices of their processed products. As for frozen fish from the northern waters, the volume of purchase and sales decreased as a result of intensifying competition in the purchase of such fish, which led to lower sales. However, our continuous focus on profit-oriented sales and marketing efforts resulted in a significant increase in operating income. In the processed food products segment, both sales and operating income fell, affected by a price surge stemming from sudden exchange rate fluctuations and poor catch of raw material tuna.

Consolidated sales and income of the segment were 53,481 million yen and 972 million yen, respectively.

#### **Marine Business**

In the fishing net and fishing gear section, as well as the ship and machinery segment, even though sales declined because of a decrease in large-scale ship equipment-related projects during this consolidated fiscal year, operating income grew thanks to strong overseas sales of nets for land use. In the aquaculture segment, sales decreased due to sluggish sales of aquaculture feed stemming from rising fish meal prices. However, operating income increased as a result of strong orders for laver-gathering system ship which enabled personnel- and labor-saving in laver culture.

Consolidated sales and income of the segment were 14,235 million yen and 500 million yen, respectively.

## **Machinery Business**

In machinery operations, sales were down because of a decrease in orders for large-scale projects for fish processing plants in the domestic market and tofu processing plants in Korea. Nevertheless, owing to the receipt of orders for kneaded food products, Chinese side dishes, and tofu processing plants in the domestic market, and noodle processing plants in the U.S. and China, operating income expanded.

Consolidated sales and income of the segment were 6,162 million yen and 209 million yen, respectively.

## **Materials Business**

In the synthetic resin section, both sales and operating income rose as a result of our effort to expand sales of processed film products for building materials. Meanwhile in the environmental materials segment, even though sales dropped due to a decrease in orders for large-scale projects in sanitation-related products, operating income was almost the same as the previous consolidated fiscal year thanks to our effort to develop new customers and expand sales in agricultural and stockbreeding-related products.

Consolidated sales and income of the segment were 9,796 million yen and 209 million yen, respectively.

## **Biotics Business**

In the biotics business, consolidated sales amounted to 255 million yen and the segment loss was 14 million yen despite our efforts to promote sales, such as the new sale of "ImmuBalance+GABA," a health food reputed to be effective for the mitigation of hay fever and allergy, amid continued stagnancy in the health food market.

## **Distribution Business**

In distribution business, the Group acquired shares in Nishinippon Carytec Co., Ltd. as of September 1, 2010 and commenced logistics and distribution services mainly of food products in the Kyushu area.

Consolidated sales and loss of the segment were 1,058 million yen and 62 million yen, respectively.

## **Other Businesses**

We are engaged in real-estate leasing, as well as life and non-life insurance brokering. These businesses recorded consolidated segment sales of 147 million yen and income of 48 million yen.

## **Outlook for the Coming Fiscal Year**

Although it is expected that the business environment surrounding the Group will be extremely severe due to the impact of the Great East Japan Earthquake, we will work to secure revenues in each business.

Regarding food products operations, our main focus will be the expansion of our processed food business, which will be realized through promoting our integrated system from procurement of raw materials to production and distribution. In the marine, machinery and materials businesses, we will focus on enhancing our sales capability by inter-divisional coordination along with further expansion of sales of our existing products. In the biotics business, we will focus on boosting sales of novel products, along with existing

products. As a general effort, we will continue to be engaged in reducing costs as well as thorough risk management and compliance.

As a result of the above, we forecast that in the next consolidated fiscal period, there will be consolidated sales of 93,000 million yen, a consolidated operating income of 750 million yen, consolidated ordinary income of 500 million yen, and consolidated net income of 400 million yen.

## New Mid-term Management Plan for FY2010 – FY2012

Fiscal 2010, the year ended March 31, 2011, was the first year of the mid-term management plan "FY2010 Three-year Management Plan," and in this year the Group made efforts to reduce costs and inventories by promoting the selection and concentration of businesses in order to further strengthen its revenue structure. As a result, sales fell compared to the projected results but income before extraordinary items increased.

Although results for fiscal 2011, the year ending March 31, 2012, are expected to be substantially below the projected results due to the impact of the Great East Japan Earthquake, the Group's officers and employees will do their best to secure revenue.

### (2) Financial Position

Cash and cash equivalents at end of period for this consolidated fiscal year totaled to 3,405 million yen (up 1.4% year on year).

#### 1) Net cash provided by (used in) operating activities

Net cash provided by (used in) operating activities resulted in a net inflow of 1,941 million yen due to a 1,915 million yen decrease in inventories and other factors.

#### 2) Net cash provided by (used in) investing activities

Net cash provided by (used in) investing activities resulted in a net outflow of 1,988 million yen, attributable mainly to payments into time deposits of 1,635 million yen.

#### 3) Net cash provided by (used in) financing activities

Net cash provided by (used in) financing activities resulted in a net inflow of 34 million yen due to a 337 million yen net increase in short-term loans payable.

### (Reference) Changes in cash flow indices

	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011
Equity ratio (%)	28.7	27.3	25.5	27.0	25.3
Equity ratio based on market value (%)	12.7	10.1	8.1	10.4	12.1
Ratio of interest-bearing debt to cash flow (%)	2,430.9	5,298.6	2,877.5	540.1	1,260.3
Interest coverage ratio	1.6	0.8	1.5	8.1	3.6

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 / Cash flow

Interest coverage ratio: 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)."

\* 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) Basic Policy on Profit Distribution and Dividends for Current and Next Periods

As regards profit distribution, we determine the amount to be distributed based on the policy of maintaining stable dividend payments to our shareholders, with due consideration to retaining sufficient earnings to further strengthen our business structure and prepare for future business development.

In principle, we pay dividends once every year, at the end of the fiscal year. However, comprehensively considering the net loss incurred, future sales and marketing efforts, the reinforcement of our financial structure, and other factors, we will not pay year-end dividends for the year ended March 31, 2011. However, we do plan to pay a year-end dividend of 5 yen for the year ending March 31, 2012.

### (4) Business Risks, etc.

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. Market trends of these products may heavily impact the Group's performance due to a catch of fish of a particular year. 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 reflects 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. 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, and fabricate and repair fishing gear. 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 sell machinery for food processing manufactured by subsidiaries.

### Materials Business

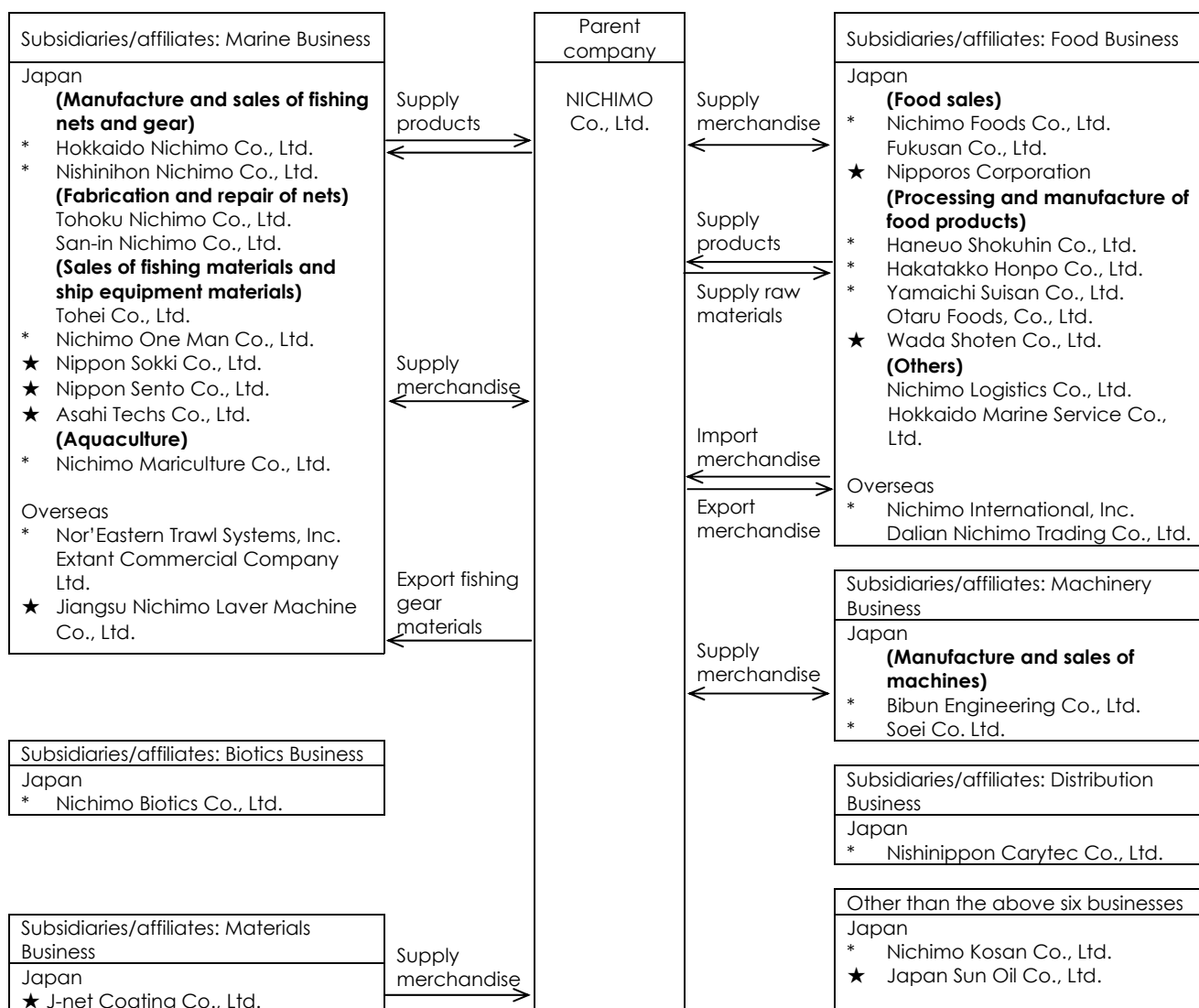
The Company sells synthetic resin, packaging materials and agricultural materials.

### Biotics Business

The Company sells fermented soybean products manufactured by subsidiaries.

### Distribution Business

The subsidiary engages in logistics and distribution services.



(Notes)

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

### 3. Corporate Policy

#### (1) Basic Corporate Policy

Since its founding, the Nichimo Group has adhered to the corporate philosophy of "In the spirit that a company is a public organ of society, we widely contribute to societal development with technologies and services that lead the industry." Today, the Nichimo Group aims to contribute to "the creation of a healthy life" with its proposal and marketing capabilities (services) and product development (technologies) that meet customer needs mainly in the field of "food."

#### (2) Target Management Indicators

During the new mid-term management plan "FY2010 Three-year Management Plan," which started in April 2010, we are setting revenue targets, making a recovery on the revenue front, and further improving the financial structure in each business segment in achieving these targets.

#### (3) Medium- to Long-term Management Strategy of the Company

During the new mid-term management plan "FY2010 Three-year Management Plan," which started in April 2010, we are reviewing unprofitable businesses and products, and establishing a business structure that can secure stable profit for the Nichimo Group. Also, by establishing a functional system, we will realize expeditious management focused on the customer.

#### (4) Issues to Be Addressed by the Company

With regard to issues to be addressed, we will engage in thorough risk management and compliance in fulfilling corporate social responsibility, promptly respond to market changes, and realize expeditious management focused on the customer. In addition, under the new mid-term management plan, we are intent on securing revenue and concentrating our energies on improving food safety and quality control systems.

As for the future outlook, we expect the business environment surrounding the Group to continue to be increasingly severe considering factors such as the enormous damage caused by the Great East Japan Earthquake which occurred on March 11, 2011 and damage caused by rumors stemming from the Fukushima Daiichi Nuclear Power Station accident.

Under these circumstances, the Group, which has been supported mainly by the fishery industry, intends to call upon its officers and employees to do their best to contribute to the early reconstruction of the industry.

The Group will need more time until it fully resumes operations. However, sales activities have already resumed and the Ishinomaki factory of Tohoku Nichimo Co., Ltd., which is engaged in fabrication of nets, has successfully resumed operations.

Also, we will firmly establish distinctive businesses through the synergy effect with group companies that have their own specialties in peripheral fields, with the Company at the core covering all businesses "from ocean to a table" as described in the mid-term management plan "FY2010 Three-year Management Plan." At the same time, we will make meticulous sales and marketing efforts that flexibly meet customer needs.

#### 4. Consolidated Financial Statements

##### (1) CONSOLIDATED BALANCE SHEETS

Item	<u>ASSETS</u>	
	Current consolidated fiscal year (March 31, 2011)	(Millions of yen) Previous consolidated fiscal year (March 31, 2010)
<b>Current assets:</b>		
Cash and deposits	5,848	4,296
Notes and accounts receivable-trade	13,319	14,250
Merchandise and finished goods	11,085	12,441
Work in process	495	621
Raw materials and supplies	1,916	2,403
Deferred tax assets	88	22
Other	2,081	1,987
Allowance for doubtful accounts	(131)	(163)
<b>Total current assets</b>	<b>34,704</b>	<b>35,858</b>
<b>Noncurrent assets:</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	6,508	6,794
Accumulated depreciation and impairment loss	(4,770)	(4,932)
Buildings and structures, net	1,738	1,862
Machinery, equipment and vehicles	4,153	3,996
Accumulated depreciation and impairment loss	(3,165)	(3,033)
Machinery, equipment and vehicles, net	987	963
Tools, furniture and fixtures	563	543
Accumulated depreciation and impairment loss	(473)	(471)
Tools, furniture and fixtures, net	89	71
Land	2,247	2,269
Construction in progress	233	68
<b>Total property, plant and equipment</b>	<b>5,297</b>	<b>5,235</b>
<b>Intangible assets</b>		
Goodwill	177	14
Other	126	71
<b>Total intangible assets</b>	<b>304</b>	<b>85</b>
<b>Investments and other assets</b>		
Investment securities	5,881	6,283
Long-term loans receivable	187	438
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,400	1,711
Other	751	751
Allowance for doubtful accounts	(1,899)	(1,538)
<b>Total investments and other assets</b>	<b>7,322</b>	<b>7,646</b>
<b>Total noncurrent assets</b>	<b>12,923</b>	<b>12,967</b>
<b>Deferred assets</b>		
Bond issuance cost	12	27
<b>Total deferred assets</b>	<b>12</b>	<b>27</b>
<b>Total assets</b>	<b>47,641</b>	<b>48,853</b>

## LIABILITIES AND NET ASSETS

Item	Current consolidated fiscal year (March 31, 2011)	(Millions of yen) Previous consolidated fiscal year (March 31, 2010)
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable-trade	8,497	8,918
Short-term loans payable	16,797	16,260
Current portion of bonds	3,625	125
Current portion of long-term loans payable	755	1,322
Income taxes payable	61	82
Provision for bonuses	358	348
Provision for business structure improvement	143	143
Allowance for disaster loss	120	-
Other	930	851
<b>Total current liabilities</b>	<b>31,289</b>	<b>28,051</b>
Noncurrent liabilities:		
Bonds payable	125	3,750
Long-term loans payable	3,161	2,605
Long-term accounts payable-other	77	77
Provision for retirement benefits	422	386
Provision for directors' retirement benefits	92	146
Deferred tax liabilities	65	349
Negative goodwill	116	159
Other	188	125
<b>Total noncurrent liabilities</b>	<b>4,249</b>	<b>7,600</b>
<b>Total liabilities</b>	<b>35,539</b>	<b>35,652</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	4,411	4,411
Capital surplus	22	22
Retained earnings	9,202	9,761
Treasury stock	(1,104)	(1,115)
<b>Total shareholders' equity</b>	<b>12,531</b>	<b>13,079</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	378	777
Deferred gains or losses on hedges	0	(24)
Foreign currency translation adjustment	(838)	(657)
<b>Total accumulated other comprehensive income</b>	<b>(459)</b>	<b>94</b>
Subscription rights to shares	30	27
Minority interests	0	0
<b>Total net assets</b>	<b>12,101</b>	<b>13,201</b>
<b>Total liabilities and net assets</b>	<b>47,641</b>	<b>48,853</b>

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
CONSOLIDATED STATEMENTS OF INCOME

Item	(Millions of yen)	
	Current consolidated fiscal year (April 1, 2010 through March 31, 2011)	Previous consolidated fiscal year (April 1, 2009 through March 31, 2010)
Net sales	85,136	89,056
Cost of sales	77,172	81,615
Gross profit	7,964	7,440
Selling, general and administrative expenses	7,115	7,241
Operating income	848	199
Non-operating income		
Interest income	110	108
Dividends income	124	130
Equity in earnings of affiliates	275	149
Other	186	185
Total non-operating income	697	572
Non-operating expenses		
Interest expenses	530	553
Provision of allowance for doubtful accounts	92	-
Other	212	123
Total non-operating expenses	834	676
Ordinary income	711	95
Extraordinary income		
Gain on sales of land	81	122
Gain on sales of investment securities	-	1
Reversal of allowance for doubtful accounts	-	62
Surrender value of insurance	-	91
Reversal of provision for directors' retirement benefits	8	-
Total extraordinary income	90	277
Extraordinary loss		
Provision of allowance for doubtful accounts	407	-
Impairment loss	-	2
Loss on valuation of investment securities	2	1
Loss on sales of investment securities	7	-
Loss on sales of noncurrent assets	5	-
Loss on retirement of noncurrent assets	10	17
Loss on liquidation of subsidiaries	38	-
Loss on valuation of stocks of subsidiaries and affiliates	19	-
Loss on liquidation of subsidiaries and affiliates	-	16
Loss on valuation of golf club membership	4	2
Loss on litigation	-	57
Loss on disaster	557	-
Provision of allowance for disaster loss	120	-
Loss on derivatives cancellation	-	16
Total extraordinary losses	1,173	115
Income (loss) before income taxes and minority interests	(372)	257
Income taxes-current	82	95
Income taxes-deferred	(73)	0
Total income taxes	9	96
Loss before minority interests	(381)	-
Minority interests in income (loss)	(0)	0
Net income (loss)	(381)	161

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Item	Current consolidated fiscal year (March 31, 2011)	(Millions of yen) Previous consolidated fiscal year (March 31, 2010)
Loss before minority interests	(381)	-
Other comprehensive income		
Valuation difference on available- for-sale securities	(398)	-
Deferred gains or losses on hedges	25	-
Foreign currency translation adjustment	(199)	-
Share of other comprehensive income of associates accounted for using equity method	(0)	-
<b>Total other comprehensive income</b>	<b>(572)</b>	<b>-</b>
<b>Comprehensive income</b>	<b>(954)</b>	<b>-</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(954)	-
Comprehensive income attributable to minority interests	(0)	-

### (3) CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Item	(Millions of yen)	
	Current consolidated fiscal year (April 1, 2010 through March 31, 2011)	Previous consolidated fiscal year (April 1, 2009 through March 31, 2010)
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the end of previous period	4,411	4,411
Balance at the end of current period	4,411	4,411
<b>Capital surplus</b>		
Balance at the end of previous period	22	22
Balance at the end of current period	22	22
<b>Retained earnings</b>		
Balance at the end of previous period	9,761	9,770
Changes of items during the period		
Dividends from surplus	(170)	(170)
Net income (loss)	(381)	161
Disposal of treasury stock	(7)	-
Total changes of items during the period	(559)	(8)
Balance at the end of current period	9,202	9,761
<b>Treasury stock</b>		
Balance at the end of previous period	(1,115)	(1,114)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	11	-
Total changes of items during the period	10	(0)
Balance at the end of current period	(1,104)	(1,115)
<b>Total shareholders' equity</b>		
Balance at the end of previous period	13,079	13,089
Changes of items during the period		
Dividends from surplus	(170)	(170)
Net income (loss)	(381)	161
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	4	-
Total changes of items during the period	(548)	(9)
Balance at the end of current period	12,531	13,079
<b>Accumulated other comprehensive income</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the end of previous period	777	555
Changes of items during the period		
Net changes of items other than shareholders' equity	(398)	221
Total changes of items during the period	(398)	221
Balance at the end of current period	378	777

Item	Current consolidated fiscal year (April 1, 2010 through March 31, 2011)	(Millions of yen) Previous consolidated fiscal year (April 1, 2009 through March 31, 2010)
<b>Deferred gains or losses on hedges</b>		
Balance at the end of previous period	(24)	(53)
<b>Changes of items during the period</b>		
Net changes of items other than shareholders' equity	25	28
Total changes of items during the period	25	28
Balance at the end of current period	0	(24)
<b>Foreign currency translation adjustment</b>		
Balance at the end of previous period	(657)	(464)
<b>Changes of items during the period</b>		
Net changes of items other than shareholders' equity	(180)	(193)
Total changes of items during the period	(180)	(193)
Balance at the end of current period	(838)	(657)
<b>Total accumulated other comprehensive income</b>		
Balance at the end of previous period	94	37
<b>Changes of items during the period</b>		
Net changes of items other than shareholders' equity	(554)	56
Total changes of items during the period	(554)	56
Balance at the end of current period	(459)	94
<b>Subscription rights to shares</b>		
Balance at the end of previous period	27	15
<b>Changes of items during the period</b>		
Net changes of items other than shareholders' equity	2	11
Total changes of items during the period	2	11
Balance at the end of current period	30	27
<b>Minority interests</b>		
Balance at the end of previous period	0	0
<b>Changes of items during the period</b>		
Net changes of items other than shareholders' equity	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	0	0
<b>Total net assets</b>		
Balance at the end of previous period	13,201	13,142
<b>Changes of items during the period</b>		
Dividends from surplus	(170)	(170)
Net income (loss)	(381)	161
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	4	-
Net changes of items other than shareholders' equity	(551)	67
Total changes of items during the period	(1,099)	58
Balance at the end of current period	12,101	13,201

#### (4) CONSOLIDATED STATEMENTS OF CASH FLOWS

Item	(Millions of yen)	
	Current consolidated fiscal year (April 1, 2010 through March 31, 2011)	Previous consolidated fiscal year (April 1, 2009 through March 31, 2010)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(372)	257
Depreciation and amortization	422	395
Amortization of goodwill	23	66
Amortization of negative goodwill	(43)	(43)
Amortization of deferred assets	15	15
Impairment loss	-	2
Increase (decrease) in provision for bonuses	12	(5)
Increase (decrease) in provision for retirement benefits	(17)	114
Increase (decrease) in allowance for doubtful accounts	331	(194)
Increase (decrease) in allowance for disaster loss	120	-
Interest and dividends income	(234)	(238)
Proceeds from dividends income from affiliates accounted for by equity method	78	55
Interest expenses	530	553
Equity in (earnings) losses of affiliates	(275)	(149)
Loss (gain) on sales of investment securities	7	(1)
Loss (gain) on valuation of investment securities	22	1
Loss on valuation of golf club memberships	4	2
Loss on liquidation of subsidiaries and affiliates	-	16
Loss (gain) on sales of property, plant and equipment	(76)	(122)
Loss on retirement of property, plant and equipment	53	10
Loss on liquidation of subsidiaries	38	-
Decrease (increase) in notes and accounts receivable-trade	375	1,711
Decrease (increase) in inventories	1,915	2,157
Decrease (increase) in advance payments	(120)	(166)
Increase (decrease) in advances received	(16)	(234)
Increase (decrease) in notes and accounts payable-trade	(500)	600
Increase (decrease) in notes discounted	0	(39)
Other, net	48	91
Subtotal	2,343	4,857
Interest and dividends income received	229	253
Interest expenses paid	(529)	(551)
Income taxes paid	(103)	(104)
Net cash provided by (used in) operating activities	1,941	4,455

Item	(Millions of yen)	
	Current consolidated fiscal year (April 1, 2010 through March 31, 2011)	Previous consolidated fiscal year (April 1, 2009 through March 31, 2010)
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,635)	(32)
Proceeds from withdrawal of time deposits	107	26
Purchase of property, plant and equipment and intangible assets	(603)	(535)
Proceeds from sales of property, plant and equipment and intangible assets	93	125
Purchase of investment securities	(101)	(545)
Proceeds from sales of investment securities	10	14
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(20)	-
Payments of short-term loans receivable	(3,275)	(2,345)
Collection of short-term loans receivable	3,273	2,340
Payments of long-term loans receivable	(338)	(77)
Collection of long-term loans receivable	585	224
Other, net	(83)	27
Net cash provided by (used in) investing activities	(1,988)	(779)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	337	(3,134)
Proceeds from long-term loans payable	1,668	2,896
Repayment of long-term loans payable	(1,675)	(2,578)
Redemption of bonds	(125)	(135)
Cash dividends paid	(170)	(169)
Purchase of treasury stock	(0)	(0)
Other, net	0	(0)
Net cash provided by (used in) financing activities	34	(3,121)
Effect of exchange rate change on cash and cash equivalents	(26)	(31)
Net increase (decrease) in cash and cash equivalents	(39)	523
Cash and cash equivalents at beginning of period	3,358	2,835
Increase in cash and cash equivalents from newly consolidated subsidiary	86	-
Cash and cash equivalents at end of period	3,405	3,358

## Segment Information by Business Type

Sales revenues by operating segment

(Millions of yen)

Operating segment	Current consolidated fiscal year (April 1, 2010 through March 31, 2011)	Previous consolidated fiscal year (April 1, 2009 through March 31, 2010)
Food Business	53,481	56,671
Marine Business	14,235	15,980
Machinery Business	6,162	6,505
Materials Business	9,796	9,489
Biotics Business	255	287
Distribution Business	1,058	-
Others	-	123
<b>Total</b>	<b>84,989</b>	<b>89,056</b>

The Group comprises six reporting segments: Food Business, Marine Business, Machinery Business, Materials Business, Biotics Business, and Distribution Business.

Food Business mainly consists of the manufacture, processing, and sales of *surimi*, fresh fish, frozen fish, fish roe, processed fillets, processed fish roe, and smoked products.

Marine Business mainly consists of the manufacture, processing, and sales of trawling gear, purse-seine net (round haul), materials for aquaculture, hull, ship equipment, and ship accessories.

Machinery Business primarily consists of the manufacture, processing, and sales of food processing machinery.

Materials Business primarily consists of the sales of vinyl chloride sheets, cardboard, paper containers, and agricultural and stockbreeding materials.

Biotics Business primarily consists of the manufacture, processing, and sales of fermented soybean products and health foods.

Distribution Business primarily consists of logistics and distribution services.