



# **Financial Statements**

**For the year ended March 31, 2006**

**MARUHA GROUP INC.**

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**Number of the Consolidated Subsidiaries and  
the Affiliates under the Application of the Equity Method**

Subsidiaries and Affiliates	Mar.31, 2006			Mar.31, 2005		
	Number	Consltd.	Equity Method	Number	Consltd.	Equity Method
Subsidiaries	111	79	2	122	86	2
Affiliates	48	0	11	46	0	10
Total	159	79	13	168	86	12

**Business Classification of the Consolidated Companies (including Maruha Corp.)**

Business Unit	Mar.31, 2006
	number of the companies
Fisheries & Aquaculture Unit	13
North America Operations Unit	7
Marine Products Trading Unit	3
Marine Products Wholesaling Unit	13
Strategic Sales Unit	7
Institutional Foods Business Unit	5
Consumer Foods Business Unit	7
Foods & Fine Chemicals Unit	3
Asia & Oceania Operations Unit	4
Storage & Logistics Business Unit	4
Others	21
Shared Service	4
Total	79

3 companies extend over plural Units.

## Outlook of Consolidated Statements of Income

	Millions of yen, except per share		
	2006 (4/01/04 - 3/31/06)	2005 (4/01/04 - 3/31/05)	2004 (4/01/03 - 3/31/04)
<b>Maruha Corporation</b>			
Net sales	¥719,275	¥747,181	¥757,893
Operating income	10,661	13,406	11,792
Ordinary income	12,084	11,237	9,125
Net income	4,647	(15,143)	1,930
Net income per share (yen)	14.12	(50.81)	6.30
Total assets	384,664	399,345	439,642
Total shareholders' equity	46,431	38,563	36,445

## Estimates for the Next Period

(April 1, 2006 - March 31, 2007)

	Millions of yen
<b>Consolidated:</b>	
Net sales	¥750,000
Operating income	19,500
Ordinary income	16,500
Net income	5,500

## Consolidated Statements of Retained Earnings

	Millions of yen		
	2006 (4/01/05 - 3/31/06)	2005 (4/01/04 - 3/31/05)	2004 (4/01/03 - 3/31/04)
<b>Retained earnings at the beginning of the period</b>	¥6,035	¥22,129	¥21,091
<b>Increase of retained earnings</b>			
Change in number of consolidated subsidiaries	472	-	-
<b>Decrease of retained earnings</b>			
Dividends	902	894	888
Directors bonus	29	55	65
Increase in number of consolidated subsidiaries	379	-	61
<b>Net income for the period</b>	4,647	(15,143)	1,930
<b>Retained earnings at the end of the period</b>	9,844	6,035	22,129

## Consolidated Balance Sheets

March 31, 2006, 2005 and 2004

Millions of yen

Assets	2006	2005	2004
<b>Current assets:</b>			
Cash and deposit	¥37,617	¥35,721	¥19,373
Trade notes and accounts receivable	56,765	57,947	62,523
Marketable securities	2,223	3,442	3,012
Inventories	78,389	75,348	71,532
Short-term loans receivable	1,468	1,531	2,219
Deferred income tax assets	4,402	3,013	3,201
Other current assets	14,475	14,933	15,198
Allowance for doubtful receivables	(2,575)	(1,365)	(1,637)
<b>Total current assets</b>	<b>192,766</b>	<b>190,573</b>	<b>175,424</b>
<b>Fixed assets:</b>			
<i>Tangible fixed assets;</i>			
Buildings and structures	36,769	42,414	53,240
Machinery, equipment and delivery equipment	15,623	15,285	19,602
Land	47,494	51,149	66,414
Construction in progress	1,273	503	916
Other tangible fixed assets	1,523	6,066	6,239
<b>Total tangible fixed assets</b>	<b>102,683</b>	<b>115,419</b>	<b>146,413</b>
<i>Total intangible fixed assets</i>	<i>5,850</i>	<i>2,476</i>	<i>2,615</i>
<i>Investments and other fixed assets;</i>			
Investment securities	38,513	36,865	52,111
Long-term loans receivable	21,184	59,446	67,833
Deferred income tax assets	6,593	12,618	12,424
Other investments and fixed assets	32,199	21,419	22,189
Allowance for doubtful receivables	(15,166)	(39,554)	(39,429)
<b>Total investments and other fixed assets</b>	<b>83,324</b>	<b>90,795</b>	<b>115,128</b>
<b>Total fixed assets</b>	<b>191,858</b>	<b>208,692</b>	<b>264,157</b>
<b>Total deferred assets</b>	<b>38</b>	<b>79</b>	<b>61</b>
<b>TOTAL</b>	<b>384,664</b>	<b>399,345</b>	<b>439,642</b>

Millions of yen

<b>Liabilities and Shareholder's Equity</b>	2006	2005	2004
<b>Current liabilities:</b>			
Trade notes and accounts payable	¥26,688	¥29,630	¥30,313
Short-term loans payable	141,911	166,132	203,516
Income taxes payable	1,472	1,245	929
Reserve for bonuses	1,895	1,711	1,922
Deferred income tax liabilities	4	66	76
Reserve for operating loss	-	10,146	-
Other current liabilities	16,333	17,932	17,542
<b>Total current liabilities</b>	<b>188,305</b>	<b>226,864</b>	<b>254,300</b>
<b>Long-term liabilities:</b>			
Long-term loans payable	118,654	102,960	104,511
Deferred income tax liabilities	1,829	2,173	4,261
Reserve for retirement allowances	6,990	6,048	11,207
Reserve for special repairs on vessels	228	177	199
Other fixed liabilities	6,757	7,893	8,513
<b>Total long-term liabilities</b>	<b>134,460</b>	<b>119,253</b>	<b>128,694</b>
<b>Total liabilities</b>	<b>322,765</b>	<b>346,118</b>	<b>382,994</b>
<b>Minority interests</b>	<b>15,467</b>	<b>14,663</b>	<b>20,202</b>
<b>Shareholders' equity:</b>			
Common stock	25,000	25,000	15,000
Capital surplus	10,160	10,160	160
Retained earnings	9,844	6,035	22,129
Net unrealized gains on investment securities	5,475	4,646	5,368
Adjustment account for foreign exchange	(3,802)	(7,034)	(5,974)
Treasury stock	(245)	(242)	(238)
<b>Total shareholders' equity</b>	<b>46,431</b>	<b>38,563</b>	<b>36,445</b>
<b>TOTAL</b>	<b>384,664</b>	<b>399,345</b>	<b>439,642</b>

## Consolidated Statements of Income

Years ended March 31, 2006, 2005 and 2004

Millions of yen

	2006	2005	2004
<b>Net sales</b>	¥719,275	¥747,181	¥757,893
<b>Cost of sales</b>	644,195	663,218	675,667
<b>Gross profit on sales</b>	75,080	83,963	82,226
<b>Selling, general and administrative expense</b>	64,418	70,557	70,433
<b>Operating income</b>	10,661	13,406	11,792
<b>Non-operating revenues:</b>			
Interest income	607	829	896
Deividends income	719	533	472
Foreign exchange gain	2,594	74	412
Equity in gain of affiliates	131	84	-
Miscellaneous revenues	2,338	2,297	2,175
<b>Total non-operating revenues</b>	6,390	3,820	3,957
<b>Non-operating expenses:</b>			
Interest expenses	3,887	4,642	5,129
Equity in loss of affiliates	-	-	146
Miscellaneous expenses	1,079	1,346	1,348
<b>Total non-operating expenses</b>	4,967	5,989	6,624
<b>Ordinary income</b>	12,084	11,237	9,125
<b>Extraordinary income:</b>			
Gain from the prior period adjustment	331	57	162
Gain on sale of property, plant and equipment	593	2,145	667
Gain on sale of securities	7,569	2,570	3,633
Reversal of allowance for doubtful receivables	3,285	217	79
Other special profits	572	299	510
<b>Total extraordinary income</b>	12,352	5,291	5,052
<b>Extraordinary loss:</b>			
Losses on disposal of property, plant and equipment	601	9,169	506
Losses on Impairment of Assets	2,255		
Losses on sale of securities	14	137	42
Losses on write-down of securities	63	162	117
Losses on the prior period adjustment	170	247	388
Bad debts losses	179	297	588
Credit reserve for bad debts	4,397	2,703	4,170
Special severance payment for early retirement	-	-	1,403
Losses on liquidation of affiliates	1,600	12,930	129
Other special losses	3,121	4,843	2,530
<b>Total extraordinary loss</b>	12,400	30,493	9,878
<b>Income before taxes and adjustment</b>	12,036	(13,964)	4,299
<b>Income taxes :</b>			
Current	2,987	2,336	2,403
Deferred	3,461	(1,159)	52
<b>Minority interest income(loss) of consolidated subsidiaries</b>	940	1	(86)
<b>Net income for the period</b>	4,647	(15,143)	1,930

## Consolidated Statements of Cash Flows

Years ended March 31, 2006, 2005 and 2004

Millions of yen

	2006	2005	2004
<b>Cash flows from operating activities:</b>			
Net income before taxes and adjustments	¥12,036	(¥13,964)	¥4,299
Depreciation and amortization	6,867	7,940	8,433
Losses on Impairment of Assets	2,255		
Losses on disposal of fixed assets	334	575	427
Increase in allowance for doubtful accounts	(1,848)	3,534	4,122
Decrease in reserve for retirement allowances	942	(3,811)	907
Increase in reserve for operating loss	-	10,146	-
Interest and dividend received	(1,326)	(1,363)	(1,369)
Interest paid	3,887	4,642	5,129
Gain(Loss) on sale of securities	(7,554)	(2,432)	(3,590)
Gain(Loss) on sale of tangible fixed assets	(193)	7,310	(276)
Loss on write-down of investment securities	63	162	117
Director's bonuses	(33)	(70)	(82)
Decrease in trade accounts receivable	(1,590)	(826)	3,142
Increase in inventories	(2,067)	(6,729)	2,727
Decrease in other current assets	1,040	(2,504)	1,710
Increase in trade accounts payable	(3,574)	2,722	(633)
Increase in other current liabilities	(1,205)	3,893	(2,503)
Decrease in consumption tax payable, etc	(298)	(1,042)	145
Other	(1,806)	(2,457)	(915)
<b>Total</b>	<b>5,929</b>	<b>5,726</b>	<b>21,792</b>
Corporate taxes paid	(2,398)	(2,054)	(3,119)
<b>Net cash provided from operating activities</b>	<b>3,531</b>	<b>3,672</b>	<b>18,673</b>
<b>Cash flows from investing activities:</b>			
Payments in time deposits	(55)	(340)	(1,199)
Proceeds from withdrawal of time deposits	315	320	1,257
Payments for purchases of investment securities	(3,556)	(837)	(889)
Proceeds from sales of investment securities	13,110	4,526	7,608
Proceeds from cancellation of trust contract	-	-	4,076
Payments for purchases of tangible fixed assets	(7,775)	(5,807)	(6,836)
Proceeds from sales of tangible fixed assets	1,364	5,963	1,175
Payments for loans	(725)	(1,616)	(3,286)
Proceeds from collections of loans	9,502	10,957	4,477
Proceeds from interests and dividends	1,519	1,688	2,463
Other	(924)	(744)	(93)
<b>Net cash provided from investing activities</b>	<b>(12,774)</b>	<b>(14,111)</b>	<b>(8,755)</b>
<b>Cash flows from financing activities:</b>			
Increase(decrease) in short-term borrowing	(20,716)	(17,475)	(29,697)
Proceeds from long-term borrowing	51,635	88,268	39,941
Repayments of long-term debt	(40,112)	(86,069)	(33,532)
Issue of preferred stock	-	20,000	-
Acquisition of common stock for treasury	(3)	(4)	(5)
Proceeds from sales of treasury stock	1	-	63
Dividend paid to stockholders	(894)	(894)	(888)
Dividend paid to minority stockholders of subsidiaries	(321)	(383)	(538)
Interest paid	(3,883)	(4,567)	(5,247)
Other	-	-	-
<b>Net cash used in financing activities</b>	<b>(14,296)</b>	<b>(1,127)</b>	<b>(29,904)</b>



	Millions of yen		
	2006	2005	2004
<b>Effect of exchange rate changes on cash and cash equivalents</b>	¥225	(¥261)	(¥340)
<b>Net increase(decrease) in cash and cash equivalents</b>	2,234	16,394	(2,816)
<b>Cash and cash equivalents at beginning of year</b>	35,063	18,669	21,285
<b>Decrease in cash and cash equivalents by exclusion from consolidation group</b>	-	-	-
<b>Increase in cash and cash equivalents by inclusion in consolidation group</b>	-	-	201
<b>Cash and cash equivalents at end of year</b>	37,298	35,063	18,669