

February 14, 2002

Corporate Name: Nichimen Corporation (#8004)

Representative: Toru Hambayashi, President

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## **Notice regarding Merger with Consolidated Subsidiaries**

Nichimen Corporation (Nichimen) announced that it decided at its board of directors meeting held on February 14, 2002 to merge with its wholly-owned three subsidiaries, Nichimen Foods Corporation (Nichimen Foods), Nichimen Paltex Corporation (Nichimen Paltex) and Nichimen Apparel Company Limited (Nichimen Apparel), on March 29, 2002.

### **1. The purpose of the merger**

Up to now, Nichimen had aggressively transferred some businesses to its affiliates and promoted independent operations of the affiliates so that each of them could adjust its operations to rapidly changing business environment.

As a result, Nichimen and its affiliates (“the Group”) succeeded in increasing Group corporate value through the optimized operation and significant cost reduction.

However, corresponding to current severe business environment reflecting Japan’s stagnant economy and deflation, the Group judged that it was necessary to strengthen Nichimen’s management base by gathering management resources and functions from its affiliates.

In concrete, Nichimen will merge with some affiliates or acquire 100% ownership of principal affiliates especially in its strategic business fields including plastics, chemicals, textiles, foodstuffs, construction, and forest products field.

In line with this judgement, Nichimen decided to merge with Nichimen Foods, Nichimen Paltex and Nichimen Apparel.

### **2. Merger summary**

#### (1) Merger schedule

Board meeting for approval of merger contract:	February 14, 2002
Date of merger:	March 29, 2002
Date of merger registration:	March 29, 2002 (plan)

(2) Method of merger

After the merger, Nichimen will be the surviving company while Nichimen Foods, Nichimen Paltex and Nichimen Apparel will be dissolved.

According to the article three of clause 413 of the Commercial Code (simple merger), the surviving company can absorb its consolidated subsidiaries without approval from the shareholders' meeting.

(3) New shares to be issued by merger

Nichimen Foods, Nichimen Paltex and Nichimen Apparel are wholly owned subsidiaries of Nichimen. Therefore there will be no new shares issued and no change in capital stock.

(4) Merger subsidy

There will be no subsidy paid.

### 3. Summary of the companies involved

(1) Merger (as of March 31, 2001)

Company name	Nichimen Corporation	
Main business	General Trading	
Date of incorporation	November 10, 1892	
Headquarter	2-2, Nakanoshima 2-chome, Kita-ku, Osaka	
Representative	Toru Hambayashi, President	
Capital stock	52,179 million yen	
Shares issued	421,002,957 shares	
Shareholders' equity	100,907 million yen	
Total assets	1,204,976 million yen	
Financial closing date	March 31	
Number of employees	1,179	
Major customers	Mitsubishi Heavy Industries, Ltd. Nisshin Steel Co., Ltd. Aprica Kassai Inc. Asahi Kasei Corporation etc.	
Main shareholders and shareholdings	The Sanwa Bank Ltd. (UFJ Bank Ltd.)	4.56%
	The Bank of Tokyo-Mitsubishi Ltd.	4.05%
	The Toyo Trust & Banking Co., Ltd.(UFJ Trust Bank Ltd.)	3.52%
	Daido Life Insurance Company	3.46%
	The Tokio Marine and Fire Insurance Co., Ltd.	3.33%
	The Mitsubishi Trust and Banking Corporation	3.13%
Main banks	The Sanwa Bank Ltd. (UFJ Bank Ltd.) The Bank of Tokyo-Mitsubishi Ltd.	

## (2)Mergee

Company name	Nichimen Foods Corporation	Nichimen Paltex Corporation	Nichimen Apparel Company Limited
Main business	Import and Marketing of Grains, Oils, and Foodstuffs	Sales of Textile raw materials, Bedding, Interior products, and Other products for consumer as well as industrial applications	Wholesale of Apparel
Date of incorporation	February 4, 1994	February 28, 1921	March 19, 2001
Headquarter	7-1, Nishi Shinbashi 3-chome, Minato-ku, Tokyo	6-8, Honmachi 2-chome, Chuo-ku, Osaka	6-28, Nakatsu 1-chome, Kita-ku, Osaka
Representative	Masanori Sumita, President	Masao Goto, President	Taichi Yonemura, President
Capital stock	600 million yen	700 million yen	10 million yen
Shares issued	12,000 shares	14,000,000 shares	200 shares
Shareholders' equity	1,116 million yen	1,394 million yen	14 million yen
Total assets	14,712 million yen	25,080 million yen	170 million yen
Financial closing date	December 31	March 31	March 31
Number of employees	86 ( including 34 staffs sent from Nichimen Corporation )	118 ( including 29 staffs sent from Nichimen Corporation )	30 ( no staffs sent from Nichimen Corporation )
Major customers	Katokichi Co., Ltd. Green House Foods Co., Ltd. Honen Corporation etc.	Teijin Ltd. Asahi Kasei Corporation Toyobo Co., Ltd. Nisshinbo Industries Inc. etc.	
Main shareholders and shareholdings	Nichimen Corporation 100%	Nichimen Corporation 100%	Nichimen Corporation 100%
Main banks	The Sanwa Bank Ltd. (UFJ Bank Ltd.) The Bank of Tokyo-Mitsubishi Ltd.	The Sanwa Bank Ltd. (UFJ Bank Ltd.) The Bank of Tokyo-Mitsubishi Ltd.	The Sanwa Bank Ltd. (UFJ Bank Ltd.)
Relationship between the merger and the mergees	Capital relationship: Nichimen owns 100% shares of each mergee.		
	Personnel relationship: No board member of Nichimen has a seat on the board of each mergee.		
	Trade relationship: ( Sales and Purchasing of Nichimen to each mergee 2002/3 )		
	Sales 15 billion yen Purchasing 8.5 billion yen	Sales 25 billion yen Purchasing 1.6 billion yen	Sales - Purchasing 743 million yen
	(as of December 31, 2001)	(as of March 31, 2001)	(as of September 30, 2001)

## Financial results for the last three fiscal years (millions of yen)

## (Merger)

Fiscal year ended	Nichimen Corporation		
	1999/3	2000/3	2001/3
Net sales	2,680,921	2,227,117	1,753,307
Operating income	12,618	7,610	7,200
Recurring profit	12,767	13,991	8,069
Net income (loss)	(20,905)	2,589	(14,857)
Net income (loss) per share (yen)	(49.43)	6.15	(35.29)
Annual dividends per share (yen)	5.00	2.50	-
Shareholders' equity per share (yen)	271.02	272.70	239.68

(Mergee)

Fiscal year ended	Nichimen Foods Corporation			Nichimen Paltex Corporation			Nichimen Apparel Company Limited		
	1998/12	1999/12	2000/12	1999/3	2000/3	2001/3	1999/3	2000/3	2001/3
Net sales	7,592	12,497	37,898	11,381	16,809	44,309	( )		0
Operating income	26	68	330	79	231	941			0
Recurring profit	22	75	327	74	188	817			0
Net income	11	28	169	15	127	300			0
Net income per share (yen)	6,929	7,024	14,144	14.36	21.26	21.48			0
Annual dividends per share (yen)	-	2,500	17,000	-	-	7.14			-
Shareholders' equity per share (yen)	66,095	63,462	70,117	214.89	115.53	99.57			50,000

( ) Nichimen Apparel was established on March 19, 2001 and its first fiscal year ended on March 31, 2001. However its operation has started since April 1, 2001, so no figures recorded in the fiscal year ended March 31, 2001.

#### 4. Status after the merger

- (1) Company name: Nichimen Corporation
- (2) Main business: General Trading
- (3) Headquarter: 2-2, Nakanoshima 2-chome, Kita-ku, Osaka
- (4) Representative: Toru Hambayashi, President
- (5) Financial closing date: March 31
- (6) Capital (share capital): No effect by this merger
- (7) Total assets: Approximately 27 billion yen increase is projected in the total assets
- (8) Effect on company's performance: This merger will have no effect on the performance of the current fiscal year ending March 31, 2002.

(end)