

Summary of Consolidated Results

1st Half Ended September 30, 2006

(Stock code: 2871)

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Improved Profitability in Logistics and Recovery in Marine Products Increased Operating Income over FY05/9



Consolidated Results for the 1st Half Ended September 30, 2006

(100 million yen; amounts less than 100 million yen are omitted)	05/9	06/9 (E)	06/9	Change between FY 05/9 and FY 06/9 results	
				Change (Amount)	Change (%)
Net Sales	2,355	2,400	2,301	-53	-2.3%
Operating Income	77	85	83	+5	+6.8%
Recurring Income	76	83	80	+3	+4.8%
Net Income	26	61	61	+34	+127.3%

Note: "FY 06/9 (E)" represents the forecast for FY 06/9, which was released on August 1, 2006.

1. Net Sales

- (i) Sales fell 2% overall compared to FY05/9. The main factor was a 13% (¥5.3 billion) decline in Marine Products, where personnel were reduced by one quarter, followed by declines in Processed Foods—where sales promotion costs for household use pre-cooked frozen foods are being revised—and in Meat and Poultry Products. Logistics, however, rose 6% (¥4.0 billion).

2. Operating Income

- (i) Processed Foods increased ¥0.1 billion thanks to reductions in fixed costs, lowered distribution costs, and a revision of sales promotion expenses that led to a decline in sales.
- (ii) Marine Products improved ¥0.5 billion as a result of reductions in fixed costs, and the elimination of large number of unprofitable products.
- (iii) Logistics increased ¥0.3 billion as a result of improved profitability in the Logistics Network, and lowered costs for Regional Storage.
- (iv) Real Estate fell ¥0.5 billion due to a decline in sale of land.

3. Recurring Income

- (i) Net interest expenses improved by ¥0.1 billion compared to FY05/9.

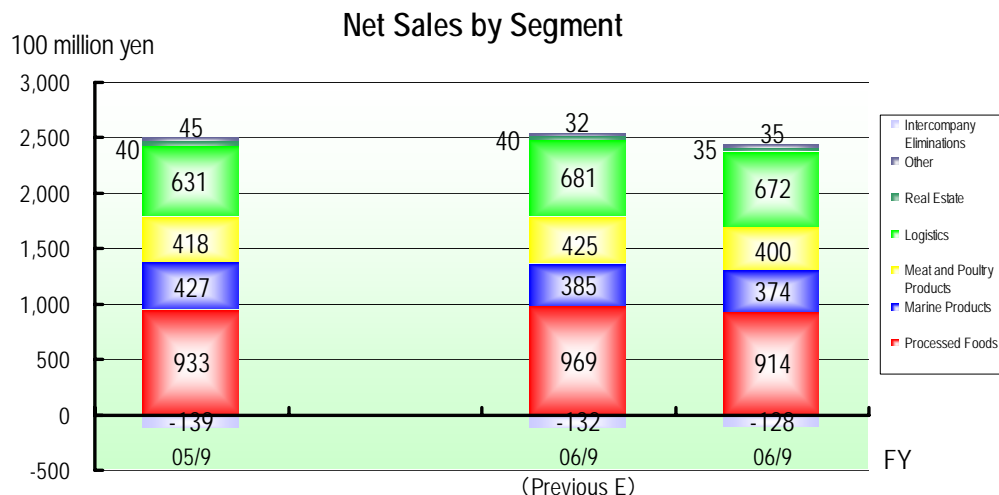
4. Net Income

- (i) Extraordinary items improved by ¥5.4 billion compared to FY05/9, due to a gain on sale of shares in an affiliate, and a decline in impairment losses.

Processed Foods: Increased Profit despite a Decline in Sales due to Revision of Sales Promotion Expenses for Household Use



Sales and Operating Income by Segment (1)



1. Processed Foods

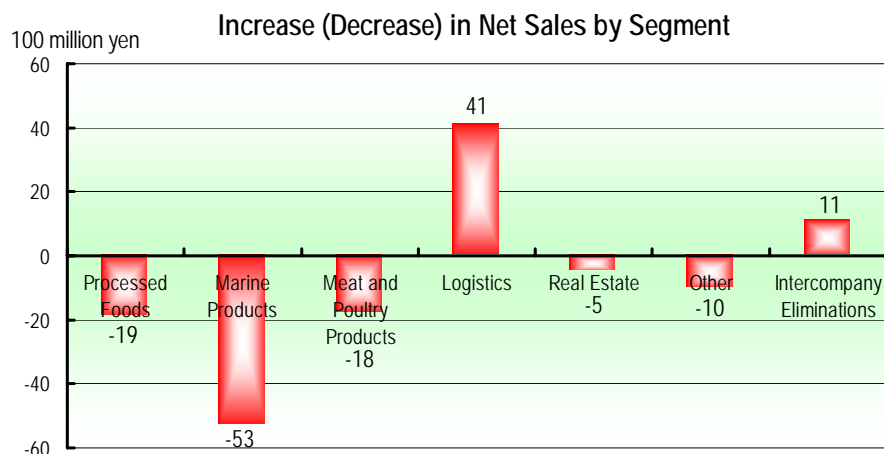
Sales fell 2% overall compared to FY05/9, with a 4% rise in earnings. While sales of pre-cooked frozen foods for commercial use remained strong, up 4%, those for household use fell by 8% as a result of a revision of sales promotion expenses. Profits, however, rose due to reductions in fixed expenses, lowered distribution costs, and a revision of sales promotion expenses that led to a decline in sales. Sales of Acerola beverage fell 11% despite an aggressive TV commercial campaign for its 20th anniversary.

2. Marine Products

Sales fell 13% compared to FY05/9, as personnel were reduced by one quarter. The operating loss in this segment, however, improved by ¥0.5 billion due to a reduction in fixed costs, a focus on profitable product lines, and the elimination of disposal of inventories. Profit on shrimp remained on par with that in FY05/9 thanks to strong sales of Southeast Asian shrimps despite suppressed handling of processed shrimp products whose material costs were higher.

3. Meat and Poultry Products

Sales fell compared to FY05/9, but profit rose. Chicken sales fell considerably due to over supply of Brazilian chicken. Beef sales also fell due to lower retail prices for imported beef offal. Pork sales rose due to strong sales of domestic pork and processed products.



Note: The amounts shown in graphs have been rounded off to the nearest unit where necessary throughout this presentation.

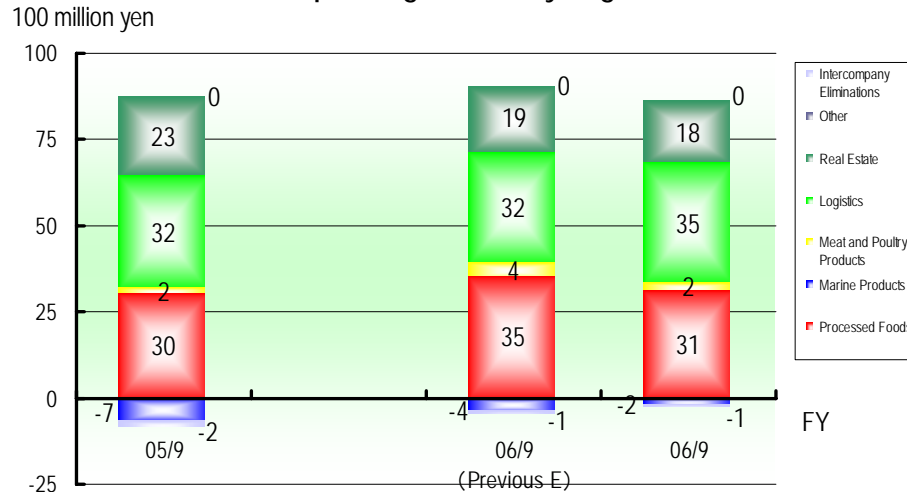
Logistics: Sales and Profit Rose

Real Estate: Fall in Sales and Profit due to No Large Projects



Sales and Operating Income by Segment (2)

Operating Income by Segment



4. Logistics

Sales rose compared to FY05/9, boosted by the launch of new distribution centers that offset a decline in Regional Storage. Operating income also rose due to improved profitability in the Logistics Network, and the extended implementation of measures to reduce labor costs for Regional Storage.

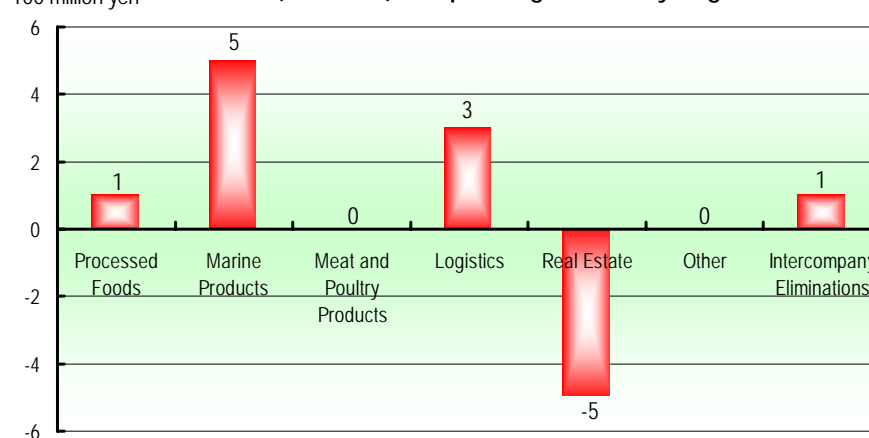
5. Real Estate

Both sales and profit fell compared to FY05/9 as a result of no large real estate projects.

6. Others

Sales fell due to the elimination of a food wholesale subsidiary, which ceased operations at the end of FY06/3. U.S. subsidiary Tengu Company remained in drastically scaled-back production mode for beef jerky products, the resumption of which is forecast to take considerable time.

Increase (Decrease) in Operating Income by Segment



Frozen Foods: Sales Fell Overall due to Sales Decline in Pre-Cooked Frozen Foods for Household Use



Frozen Foods Sales

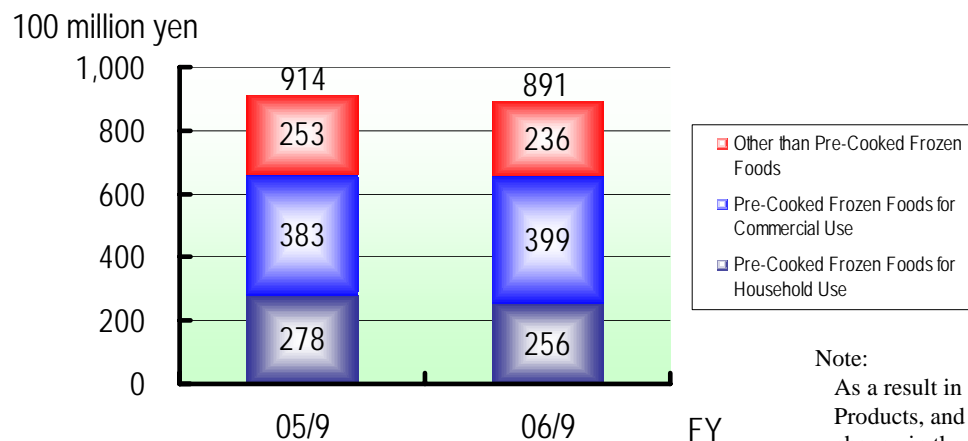
1. Frozen Foods Overall

Sales fell 3% from FY05/9. Sales of pre-cooked frozen foods fell 1% overall, due to a fall in sales of household-use products surpassing stronger sales of commercial-use products. Sales of frozen vegetables fell 3% due mainly to slow sales of hash brown potatoes and green soybeans.

2. Pre-Cooked Frozen Foods

- (i) Household use: Sales fell 8% compared to FY05/9 due to a decline in the penetration rate at store-fronts, and suffered from ongoing measures to revise sales prices and sales promotion expenses. The decline both in store-front penetration and sales promotion slowed sales of such processed chicken products as “Karaage Chicken,” and such major products as “Amaebi Shumai” and “Honkaku Itame Chahan.” Sales of the *Obento-ni-Good* !(Good for *Bento* boxed lunches) series products struggled despite strong sales of “Mini-Hamburg,” “Kotekote-sauce no Minced Cutlet,” and “Koromo-ga-Sakusaku Gyuniku Croquette.”
- (ii) Commercial use: Sales rose 4% compared to FY05/9, led by increased sales of such processed chicken products as deep-fried chicken and fried chicken products, along with greater sales of such products as the “*Hotto Suru Okazu*” series, such as “*Edamame to Tofu no Funwari-ten*.”
- (iii) By category, sales of processed meat products were strong, including such processed chicken products as deep-fried chicken and fried chicken, and “*Yawaraka Hitokuchi Cutlet*.”

Historical Net Sales of Frozen Foods



Note:

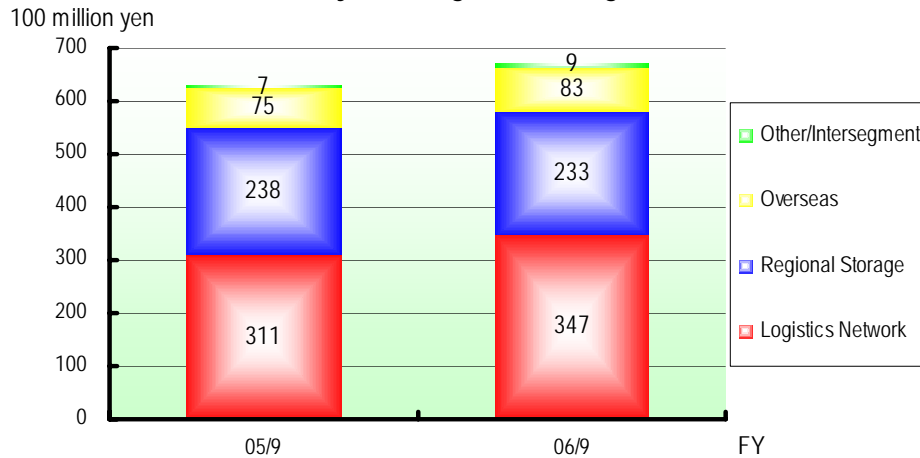
As a result in a change in the product classification for Marine Products, and Meat and Poultry Products, there has been a change in the scope of the frozen marine, meat and poultry products included in “Other than Pre-Cooked Frozen Foods.” A retroactive adjustment was made to figures for FY05/9, resulting in increase of ¥0.9 billion.

Logistics Network: Improved Profitability from Less Profitable Facilities, and Transport Business

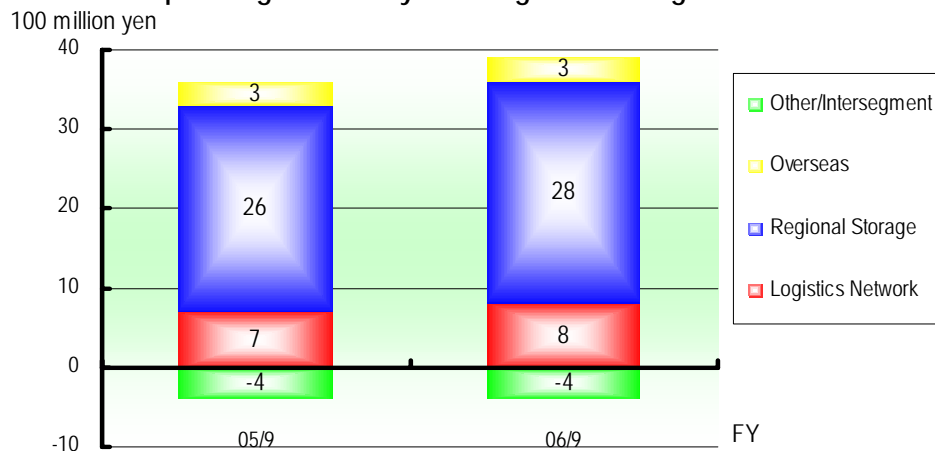


Factors of Changes in Performance of Logistics Business

Net Sales by Sub-Segment of Logistics



Operating Income by Sub-Segment of Logistics



1. Logistics Network Business

Sales rose 11% compared to FY05/9, boosted by the launch of new distribution centers in October 2005, and April 2006. Operating profit rose due to an improved gross margin for the transport business brought by consolidation of shipments, implementation of pallet transport and on-time scheduling of dispatch and arrival, and a steady improvement at less profitable facilities offsetting the start-up costs incurred for the new centers.

2. Regional Storage Business

Sales fell 2% due to a drop in the inventory rate caused by a reduced amount of imported meat and poultry, and less handling of crude fruit juice caused by poor harvests due to hurricanes in producing countries, despite ongoing efforts in locally-focused marketing. Operating profit, however, rose as a result of measures to reduce labor costs spearheaded first by Kansai and Kyushu areas, which were put in place at large-scale facilities in the Tokyo area.

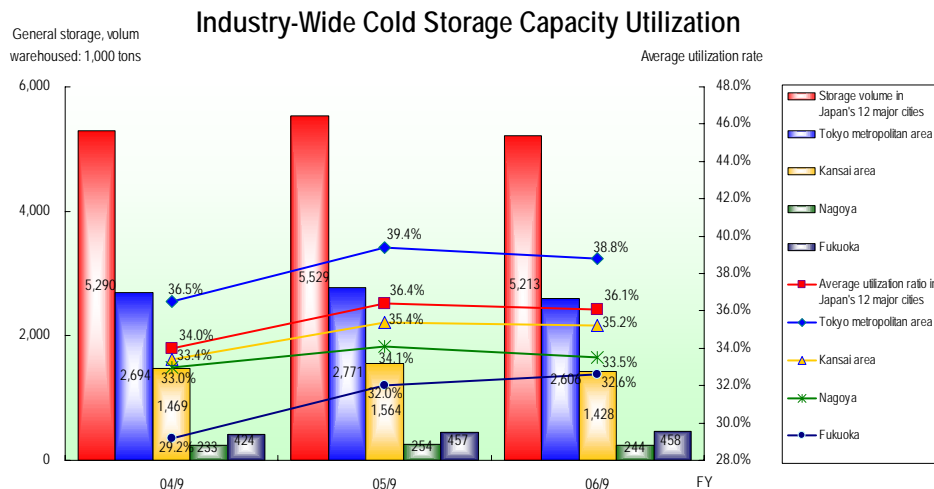
3. Overseas Business

Overall sales rose but profit fell. Sales in Europe rose as the transport business grew strongly by capturing the robust demand brought by the expanded EU. Profit, however, fell due to reduced handling of crude fruit juice.

Cold Storage: Fall in Meat and Poultry Import Volume Decreased Intake Volume



Cold Storage Capacity Utilization



(Source: Compiled from data of the Japan Association of Refrigerated Warehouses)

1. Industry Situation

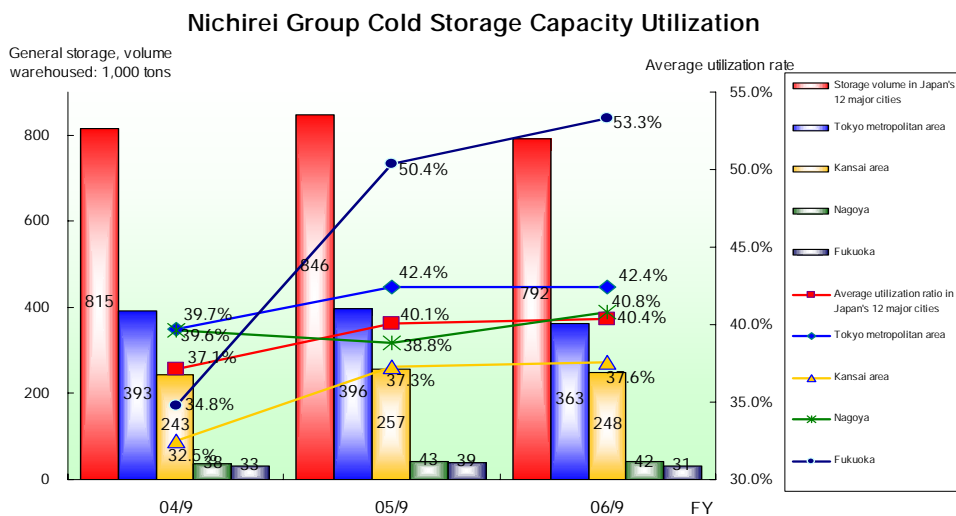
Intake volume in Tokyo and other areas fell overall due to a significant reduction in the import volume of meat and poultry products, which caused the storage rate to peak.

2. Nichirei Group Situation

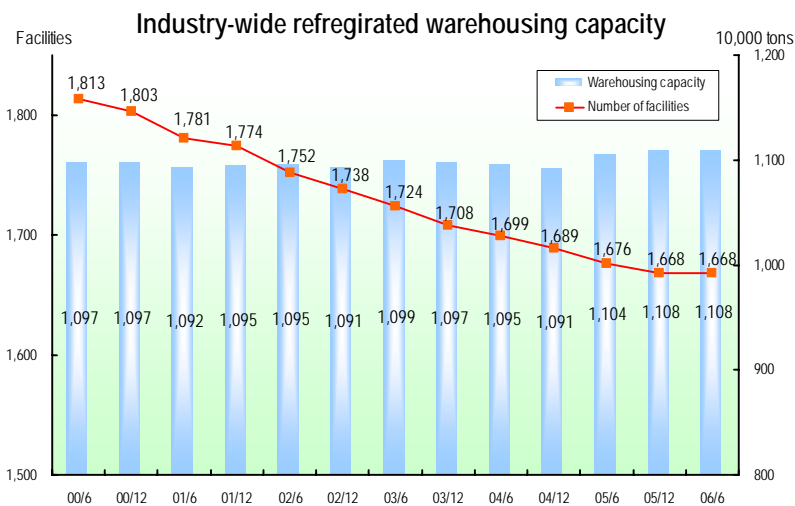
Intake volume declined compared to FY05/9 due to lower storage intake volume of meat and poultry products. The storage rate was flat, but began to decline from June.

3. Industry Conditions

The declines in both number of facilities and storage capabilities is showing signs of bottoming out.



(Source: Compiled from data of the Japan Association of Refrigerated Warehouses)



Total Assets: Up due to Seasonal Factors



Factors for Changes in Consolidated Balance Sheet for the Interim Period Ended September 30, 2006

(100 million yen; amounts less than 100 million yen are omitted)

Item	06/3	06/9	Change (Amount)	
[Assets]				
Current Assets	1,081	1,168	+86	(i)
Fixed Assets	1,603	1,547	-55	(ii)
Total Assets	2,685	2,715	+30	
[Liabilities/Shareholders' Equity]				
Current Liabilities	830	958	+127	(iii)
Long-Term Liabilities	821	699	-122	(iii)
Total Liabilities	1,652	1,657	+5	
Net Assets	1,032	1,057	+25	
(Portion of Owners' Equity)	1,026	1,051	+25	
(Interest-Bearing Debts)	862	867	+5	
Item	05/9	06/9	Change (Amount)	
(Capital Investment)	21	26	+4	
(Depreciation and Amortization)	53	45	-7	

Major Factors

- (i) Notes and accounts receivable increased by ¥11.8 billion compared to FY05/9 due to seasonal factors and the month-end falling on a bank holiday. Other accounts receivable declined by ¥3.1 billion due to such factors as collection of fees from sales of condominium units in Makuhari
- (ii) Tangible fixed assets fell by ¥2.0 billion due to depreciation and other factors offsetting increased capital investment. Investment securities fell by ¥4.3 billion as a result of a sale of shares in RY Foods Service Limited and a decline in mark-to-market values.
- (iii) Accounts payable rose by ¥1.8 billion as a result of seasonal factors. ¥10.0 billion in bonds due in less than one year was transferred from fixed liabilities to current liabilities.

Note: Figures for net assets for FY 06/3 were calculated from the total of shareholders' equity section and minority interests.

Earnings Target: Likely to Achieve through Loss Reduction in Marine Products, and Increases in Processed Foods and Logistics

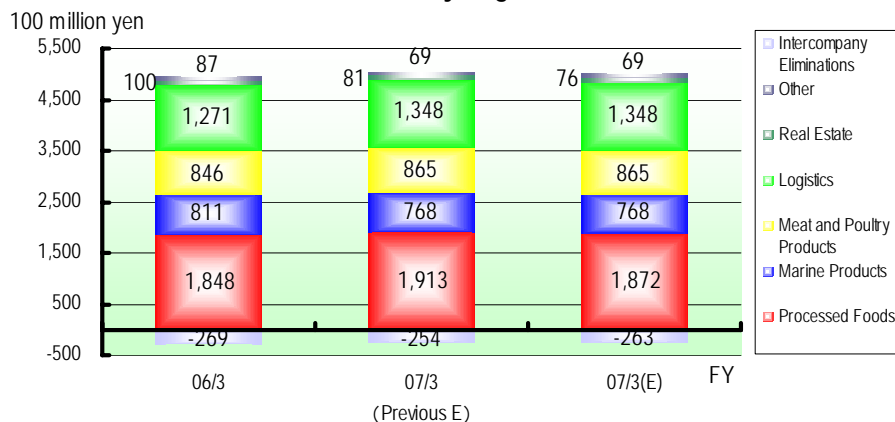


Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2007

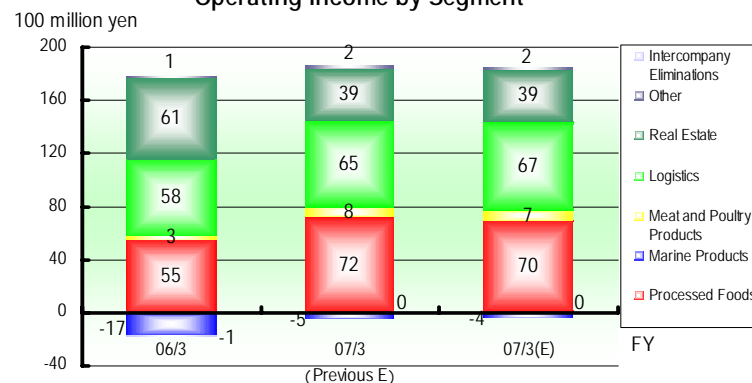
(100 million yen; amounts less than 100 million yen are omitted)	06/3	07/3 (Previous E)	07/3 (E)	Change between FY 06/3 and FY 07/3 (E)	
				Change (Amount)	Change (%)
Net Sales	4,694	4,790	4,735	+40	+0.9%
Operating Income	160	181	181	+20	+13.0%
Recurring Income	156	175	175	+18	+11.7%
Net Income	62	111	111	+48	+76.4%

Note: "FY 07/3 (Previous E)" was released on August 1, 2006.

Net Sales by Segment



Operating Income by Segment



1. Processed Foods: Sales targets were lowered, but sales are forecast to increase compared to FY06/3, led by strong commercial-use products. Profit is forecast to rise substantially compared to FY06/3 due to revision of sales promotion expenditures, and cost reductions in manufacturing and distribution.
2. Marine Products: Steady progress in implementing the revitalization plan helps to significantly reduce operating loss compared to FY06/3.
3. Logistics: New distribution centers in the Logistics Network will help sales increase. Profit is to rise considerably due to steady improvements in profitability in the Logistics Network, alongside measures to reduce labor costs for Regional Storage.

Extraordinary Items Up Substantially on Sale of Shares in Affiliate



(100 million yen; amounts less than 100 million yen are omitted)		1 st Half					Full Year		
		06/9	05/9	Change (Amount)			07/3 (E)	06/3	Change (Amount)
[Non-Operating Revenues/Expenses] (Main items)		-2	-1	-1	[Non-Operating Revenues/Expenses] (Main items)		-6	-3	-3
Dividend income and interest expenses, net		-3	-4	+1	Dividend income and interest expenses, net		-8	-10	+2
Equity in earnings/losses of affiliates	(i)	+6	+5	+0	Equity in earnings/losses of affiliates	(i)	+9	+10	-1
[Extraordinary Income/Losses] (Main items)		+26	-27	+54	[Extraordinary Income/Losses]	(iv)	+17	-25	+42
Gain on sale of property, plant and equipment	(ii)	+6	+11	-5					
Gain on sale of affiliates' stock	(iii)	+29	+0	+29					
Impairment loss		-3	-35	+32					

- (i) Major changes in profit/loss due to the equity method accounting of affiliates:
FY06/9: RY Foods Service Limited (plus ¥0.1bn)
FY07/3 (E) RY Foods Service will cease to be an equity-method affiliate from the second half of the subject fiscal year (minus ¥0.2bn)
- (ii) Gain on sale of land
- (iii) Recording of sale of shares in RY Foods Service Limited
- (iv) Major changes expected in the second half of the subject fiscal year:
Loss on disposal of fixed assets

Segment Data



Results, Forecasts, Previous Forecasts, and Year-on-Year Comparisons of Net Sales and Operating Income by Segment

Unit: 100 million yen (amounts less than 100 million yen are omitted,
some fractional amounts have been adjusted)

	1st Half			2nd Half			Full Year		
	06/9		05/9	07/3 (E)		06/3	07/3 (E)		06/3
	Actual	(Previous E)		(E)	(Previous E)		(E)	(Previous E)	
(Net Sales)									
Processed Foods	914	969	933	958	944	915	1,872	1,913	1,848
Marine Products	374	385	427	394	383	384	768	768	811
Meat and Poultry Products	400	425	418	465	440	428	865	865	846
Logistics	672	681	631	676	667	640	1,348	1,348	1,271
Real Estate	35	40	40	41	41	60	76	81	100
Other	35	32	45	34	37	42	69	69	87
Intercompany Eliminations	-128	-132	-139	-135	-122	-130	-263	-254	-269
Total	2,302	2,400	2,355	2,433	2,390	2,339	4,735	4,790	4,694
(Operating Income/Loss)									
Processed Foods	31	35	30	39	37	25	70	72	55
Marine Products	-2	-4	-7	-2	-1	-10	-4	-5	-17
Meat and Poultry Products	2	4	2	5	4	1	7	8	3
Logistics	35	32	32	32	33	26	67	65	58
Real Estate	18	19	23	21	20	38	39	39	61
Other	0	0	0	2	2	1	2	2	1
Intercompany Eliminations	-1	-1	-2	1	1	0	0	0	-1
Total	83	85	78	98	96	81	181	181	160

(E) = latest forecast; previous forecast was announced on August 1, 2006

Forward-Looking Statements



This publication contains, in addition to historical facts, forward-looking statements that are based on Nichirei's and its Group companies' current expectations, estimates and projections regarding plans, outlook, strategies and results for the future. All such statements are based on management's assumptions and beliefs derived from the information available to it at the time of publication. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "may," "will," and variations of these words or similar expressions are intended to identify forward-looking statements, from which actual results may differ significantly. Thus, it is advised that investors refrain from making investment decisions based solely on these forward-looking statements. Nichirei and its Group companies will not necessarily revise their forward-looking statements in accordance with new information, future events and other results. Risks and uncertainties that could affect the actual results of Nichirei and its Group companies include, but are not limited to:

- (1) Food-related safety issues**
- (2) Price fluctuations of food products and raw ingredients**
- (3) Risks of food product recall**
- (4) Risks associated with holding of fixed assets**
- (5) Risks associated with market price fluctuations of investment securities held**
- (6) Foreign exchange rate risks**

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