

# Consolidated Financial Statements – Summary

November 8, 2002

(Six months ended September 30, 2002)

English translation from the original Japanese-language document

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

Company name: **NICHIREI CORPORATION** (Code number 2871)

## 1. Results of FY2003 interim (April 1, 2002 through September 30, 2002)

(1) Consolidated financial results (Amounts less than one million yen are omitted)

	Net sales	Operating income	Recurring income
	Million yen	Million yen	Million yen
<b>FY2003 Interim</b>	<b>286,339</b>	<b>9,511</b>	<b>7,906</b>
FY2002 Interim	279,858	6,090	4,806
FY2002	558,191	14,016	11,684

	Net income	E.P.S.	Diluted E.P.S.
	Million yen	Yen	Yen
<b>FY2003 Interim</b>	<b>2,858</b>	<b>9.20</b>	<b>9.14</b>
FY2002 Interim	2,818	9.06	9.01
FY2002	4,062	13.06	13.05

cf. Equity in earnings of affiliates in FY2003 interim: 136 million yen, FY2002 interim: 316 million yen, FY2002: 430 million yen

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>FY2003 Interim</b>	<b>354,686</b>	<b>89,639</b>	<b>25.3</b>	<b>288.58</b>
FY2002 Interim	374,243	90,128	24.1	289.94
FY2002	353,385	87,649	24.8	282.00

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash & Cash equivalents At end of period
	Million yen	Million yen	Million yen	Million yen
<b>FY2003 Interim</b>	<b>7,507</b>	<b>(4,464)</b>	<b>(2,514)</b>	<b>4,004</b>
FY2002 Interim	881	(5,286)	3,861	5,368
FY2002	17,177	(11,741)	(7,856)	3,559

(4) Scope of consolidation and equity method

Consolidated subsidiaries	80 companies
Unconsolidated subsidiaries	None
Equity method affiliates	14 companies

(5) Change in scope of consolidation and equity method

Consolidated subsidiaries	(increase) None	(decrease) 13
Equity method affiliates	(increase) 1	(decrease) None

## 2. Estimation of business results for the year ending March 31, 2003

	Net sales	Recurring income	Net income
	Million yen	Million yen	Million yen
<b>FY2003</b>	<b>579,000</b>	<b>15,300</b>	<b>6,000</b>

cf. Estimated E.P.S. 19.31 yen

## Consolidated Balance Sheet

NICHIREI CORPORATION

Note: Figures for this interim period have been prepared in accordance with the changes in "Rules on Wording, formats and Procedure for Consolidated Interim Financial Statements", while figures for the last interim period were prepared based on the rules prior to the changes. The balance sheet as of the end of the last interim period was prepared based on the old rules, therefore the variances on the shareholders' equity of the balance sheets have been omitted.

(Million yen: amounts less than one million yen are omitted)

	FY interim 2002 (As of Sep.30, 2001)	FY interim 2003 (As of Sep.30, 2002)	FY 2002 (As of Mar.31, 2002)	Increase (Decrease) from FY 2002
<b>&lt;Assets&gt;</b>				
<b>Current Assets</b>				
Cash and time deposits	5,718	4,020	3,587	433
Notes and account receivable - trade	89,374	83,469	78,844	4,624
Inventories	38,445	37,586	36,794	792
Deferred tax assets	2,143	1,681	2,032	(351)
Other current assets	6,316	6,464	6,935	(470)
Less Allowance for doubtful accounts	(228)	(277)	(300)	22
<b>Total</b>	<b>141,770</b>	<b>132,944</b>	<b>127,893</b>	<b>5,050</b>
<b>Fixed assets</b>				
<b>1. Tangible assets</b>				
(1)Buildings and structures	98,410	95,092	96,611	(1,519)
(2)Machinery and equipment	21,962	19,605	20,721	(1,115)
(3)Land	45,569	45,110	45,221	(111)
(4)Construction in progress	3,120	2,917	3,041	(123)
(5)Other tangible fixed assets	1,806	1,646	1,680	(34)
<b>Total</b>	<b>170,869</b>	<b>164,372</b>	<b>167,277</b>	<b>(2,904)</b>
<b>2. Intangible assets</b>				
(1)Consolidation adjustments account	397	580	674	(93)
(2)Other intangible fixed assets	6,284	6,056	6,210	(154)
<b>Total</b>	<b>6,682</b>	<b>6,637</b>	<b>6,885</b>	<b>(248)</b>
<b>3. Investments and other assets</b>				
(1)Investment securities	41,284	34,530	36,320	(1,789)
(2)Deferred tax assets	1,935	4,068	3,884	183
(3)Other assets	12,545	13,856	12,663	1,193
Less allowance for doubtful accounts	(844)	(1,723)	(1,539)	(184)
<b>Total</b>	<b>54,920</b>	<b>50,731</b>	<b>51,329</b>	<b>(597)</b>
<b>Total fixed assets</b>	<b>232,472</b>	<b>221,741</b>	<b>225,491</b>	<b>(3,749)</b>
<b>Total assets</b>	<b>374,243</b>	<b>354,686</b>	<b>353,385</b>	<b>1,300</b>

# Consolidated Balance Sheet

NICHIREI CORPORATION

(Million yen: amounts less than one million yen are omitted)

	FY interim 2002 (As of Sep.30, 2001)	FY interim 2003 (As of Sep.30, 2002)	FY 2002 (As of Mar.31, 2002)	Increase (Decrease) from FY 2002
<b>&lt;Liabilities&gt;</b>				
<b>Current liabilities</b>				
Notes and account payable - trade	53,591	47,863	45,087	2,776
Short-term bank loans	49,325	31,552	43,401	(11,848)
Commercial paper	15,000	30,000	15,000	15,000
Current portion of long-term loans	8,407	6,911	7,287	(375)
Current portion of bonds	20,000	5,000	25,000	(20,000)
Current portion of convertible bonds	-	6,307	-	6,307
Accrued expenses	17,141	16,699	16,734	(34)
Income taxes payable	1,244	2,581	1,587	993
Other current liabilities	9,060	7,793	10,566	(2,773)
<b>Total</b>	<b>173,770</b>	<b>154,710</b>	<b>164,665</b>	<b>(9,955)</b>
<b>Long-term liabilities</b>				
Bonds	30,000	45,000	25,000	20,000
Convertible bonds	6,307	-	6,307	(6,307)
Long-term loans	48,782	41,268	45,444	(4,175)
Deferred tax liabilities	890	215	210	4
Employees' retirement benefits	4,226	3,833	4,020	(186)
Directors' and statutory auditors' retirement benefits	710	680	754	(74)
Deposits received	-	18,219	18,196	23
Consolidation adjustment account	48	34	41	(6)
Other long-term liabilities	18,286	90	86	3
<b>Total</b>	<b>109,251</b>	<b>109,342</b>	<b>100,062</b>	<b>9,280</b>
<b>Total liabilities</b>	<b>283,021</b>	<b>264,052</b>	<b>264,728</b>	<b>(675)</b>
<b>&lt;Minority interests&gt;</b>	<b>1,092</b>	<b>993</b>	<b>1,007</b>	<b>(14)</b>
<b>&lt;Shareholders' equity&gt;</b>				
Common stock	30,307	-	30,307	
Capital surplus	23,704	-	23,704	
Retained earnings	32,384	-	32,694	
Net unrealized holding gains on securities	3,657	-	294	
Translation adjustment	75	-	663	
<b>Total</b>	<b>90,129</b>	<b>-</b>	<b>87,664</b>	
Treasury stock	(0)	-	(15)	
<b>Total shareholders' equity</b>	<b>90,128</b>	<b>-</b>	<b>87,649</b>	
Common stock	-	30,307	-	
Capital surplus	-	23,704	-	
Retained earnings	-	34,447	-	
Net unrealized holding gains on securities	-	1,206	-	
Translation adjustment	-	69	-	
Treasury stock	-	(96)	-	
<b>Total shareholders' equity</b>	<b>-</b>	<b>89,639</b>	<b>-</b>	
<b>Total liabilities and shareholders' equity</b>	<b>374,243</b>	<b>354,686</b>	<b>353,385</b>	<b>1,300</b>

## Consolidated Statements of Income

NICHIREI CORPORATION

(Million yen: amounts less than one million yen are omitted)

	FY interim 2002 (Apr. 2001 - Sep. 2001)	FY interim 2003 (Apr. 2002 - Sep. 2002)	Increase (Decrease)	FY 2002 (Apr. 2001 - Mar. 2002)
<b>Net sales</b>	<b>279,858</b>	<b>286,339</b>	<b>6,480</b>	<b>558,191</b>
Cost of sales	229,986	234,094	4,107	458,708
<b>Gross profit</b>	<b>49,871</b>	<b>52,244</b>	<b>2,373</b>	<b>99,482</b>
Selling, general and administrative expenses				
Selling expenses	24,214	23,255	(959)	46,458
General and administrative expenses	19,566	19,478	(88)	39,008
Total	43,781	42,733	(1,047)	85,466
<b>Operating income</b>	<b>6,090</b>	<b>9,511</b>	<b>3,421</b>	<b>14,016</b>
Non-operating revenues				
Interest income	72	63	(9)	133
Dividend income	233	222	(11)	360
Equity in earnings of affiliates	316	136	(180)	430
Other non-operating revenues	568	669	100	1,198
Total	1,191	1,091	(100)	2,123
Non-operating expenses				
Interest expenses	1,749	1,343	(406)	3,223
Loss on disposal of inventories	-	411	411	-
Other non-operating expenses	725	941	216	1,230
Total	2,474	2,695	220	4,454
<b>Recurring income</b>	<b>4,806</b>	<b>7,906</b>	<b>3,100</b>	<b>11,684</b>
Extraordinary income				
Gain on sales of property, plant and equipment	85	168	83	552
Reversal of allowance for doubtful receivables	22	38	16	40
Gain on sales of affiliates stock	-	-	-	37
Gain on sales of investment securities	-	-	-	20
Gain on sales of golf membership	-	-	-	9
Total	107	207	99	660
Extraordinary losses				
Loss on sales of property, plant and equipment	34	7	(26)	72
Loss on disposal of property, plant and equipment	131	427	295	723
Loss on discontinued operations	913	491	(422)	1,258
Loss on devaluation of investment securities	443	256	(187)	803
Loss on cancellation of translation adjustments related to liquidation of a foreign consolidated subsidiary	379	-	(379)	379
Loss on devaluation of golf membership	4	165	161	262
Loss on sales of investment securities	-	1,739	1,739	1,026
Loss on transfer of production plant	-	-	-	1,459
Provision for doubtful receivables	-	-	-	653
Loss on devaluation of merchandise	-	-	-	454
Loss on sales of golf membership	-	-	-	15
Total	1,907	3,088	1,180	7,110
<b>Income before income taxes</b>	<b>3,007</b>	<b>5,026</b>	<b>2,018</b>	<b>5,235</b>
Income taxes – current	1,251	2,657	1,406	2,542
Income taxes – deferred	(1,018)	(498)	519	(1,243)
Total	232	2,158	1,925	1,299
Minority interest in net income of consolidated subsidiaries	-	8	8	-
Minority interest in net losses of consolidated subsidiaries	43	-	(43)	126
<b>Net income</b>	<b>2,818</b>	<b>2,858</b>	<b>40</b>	<b>4,062</b>

## Consolidated Statements of Appropriations

NICHIREI CORPORATION

(Million yen: amounts less than one million yen are omitted)

	FY interim 2002 (Apr. 2001 - Sep. 2001)	FY interim 2003 (Apr. 2002 - Sep. 2002)	FY2002 (Apr. 2001 – Mar. 2002)
Balance at beginning of period	30,701		30,701
Increase in retained earnings	-	-	-
Decrease in retained earnings			
Cash dividends	932	-	1,865
Bonuses to directors	203	-	203
Total	1,135	-	2,068
Net Income	2,818	-	4,062
Balance at end of period	32,384	-	32,694
<Capital Surplus>			
Balance at beginning of period	-	23,704	-
Increase in capital surplus	-	-	-
Decrease in capital surplus	-	-	-
Balance at end of period	-	23,704	-
<Retained Earnings>			
Balance at beginning of period	-	32,694	-
Increase in retained earnings			
Net Income	-	2,858	-
Total	-	2,858	-
Decrease in retained earnings			
Cash dividends	-	932	-
Bonuses to directors	-	173	-
Total	-	1,106	-
Balance at end of period	-	34,447	-

## Consolidated Statements of Cash Flows

NICHIREI CORPORATION

(Million yen: amounts less than one million yen are omitted)

	FY interim 2002 (Apr. 2001 - Sep. 2001)	FY interim 2003 (Apr. 2002 - Sep. 2002)	Increase (Decrease)	FY 2002 (Apr. 2001 - Mar. 2002)
<b>Cash flows from operating activities</b>				
Income before income taxes and minority interests	3,007	5,026	2,018	5,235
Depreciation and amortization	6,705	6,349	(355)	13,570
Provision for doubtful accounts	167	165	(1)	1,035
Provision for employees' retirement benefits	35	(184)	(220)	(178)
Increase in prepaid pension expenses	-	(1,449)	(1,449)	(46)
Equity in earnings of affiliates	(316)	(136)	180	(430)
Loss on disposal of property, plant and equipment	487	251	(235)	599
Loss on devaluation of investment securities	443	256	(187)	803
Loss on devaluation of golf membership	4	165	161	262
Loss on transfer of production plant	-	-	-	1,011
Interest and dividend income	(306)	(285)	20	(494)
Interest expense	1,754	1,343	(411)	3,223
Gain on sales of property, plant and equipment	(51)	(161)	(110)	(479)
Loss on sales of investment securities	0	1,739	1,739	1,006
Decrease (increase) in notes and accounts receivable – trade	(9,989)	(4,675)	5,314	39
Decrease (increase) in inventories	(1,388)	(1,331)	56	218
Increase (decrease) in notes and accounts payable – trade	3,547	2,807	(739)	(4,965)
Other	1,344	(35)	(1,379)	3,546
Subtotal	5,445	9,846	4,400	23,959
Interest and dividend income received	633	711	78	846
Interest expense paid	(1,750)	(1,387)	362	(3,264)
Income taxes paid	(3,446)	(1,662)	1,784	(4,363)
<b>Net cash provided by operating activities</b>	<b>881</b>	<b>7,507</b>	<b>6,625</b>	<b>17,177</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(3,972)	(4,731)	(759)	(9,509)
Proceeds from sales of property, plant and equipment	271	876	604	884
Purchase of investment securities	(725)	(2,346)	(1,621)	(3,589)
Proceeds from sales of investment securities	70	2,390	2,320	2,019
Increase in short-term loans receivable	(45)	(215)	(170)	(6)
Repayment of long-term loans receivable	(4)	(7)	(2)	(24)
Proceeds from collection of long-term loans receivable	54	53	(0)	76
Other	(935)	(483)	452	(1,592)
<b>Net cash used in investing activities</b>	<b>(5,286)</b>	<b>(4,464)</b>	<b>(822)</b>	<b>(11,741)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term bank loans	7,994	(11,863)	(19,858)	1,993
Increase in commercial paper	7,000	15,000	8,000	7,000
Proceeds from long-term debt	766	1	(764)	1,115
Repayment of long-term debt	(5,838)	(4,576)	1,261	(10,920)
Proceeds from issuance of bonds	15,000	20,000	5,000	15,000
Redemption of bonds	(20,000)	(20,000)	-	(20,000)
Dividends paid	(967)	(932)	35	(1,916)
Other	(92)	(143)	(50)	(128)
<b>Net cash provided by (used in) financing activities</b>	<b>3,861</b>	<b>(2,514)</b>	<b>(6,376)</b>	<b>(7,856)</b>
Effects of exchange rate changes on cash and cash equivalents	88	(83)	(171)	156
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(454)</b>	<b>445</b>	<b>900</b>	<b>(2,263)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,823</b>	<b>3,559</b>	<b>(2,263)</b>	<b>5,823</b>
<b>Cash and cash equivalents at end of period</b>	<b>5,368</b>	<b>4,004</b>	<b>(1,363)</b>	<b>3,559</b>

## Industrial Segment Information

NICHIREI CORPORATION

(Million yen: amounts less than one million yen are omitted)

### (1) FY2002 interim (Apr. 2001 – Sep. 2001)

	Temperature-Controlled Logistics	Foods	Wholesale Foods	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	46,293	159,646	68,608	3,357	1,953	279,858	-	279,858
Intra-group sales and transfers	10,543	16,433	562	30	2,013	29,583	(29,583)	-
Total	56,836	176,079	69,171	3,387	3,967	309,441	(29,583)	279,858
Operating expenses	52,733	172,221	69,310	1,346	3,790	299,403	(25,634)	273,768
Operating income	4,103	3,857	(139)	2,041	176	10,038	(3,948)	6,090

### (2) FY2003 interim (Apr. 2002 – Sep. 2002)

	Temperature-Controlled Logistics	Foods	Wholesale Foods	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	45,739	164,616	69,891	3,775	2,316	286,339	-	286,339
Intra-group sales and transfers	9,865	16,185	374	71	2,101	28,598	(28,598)	-
Total	55,605	180,802	70,265	3,846	4,417	314,937	(28,598)	286,339
Operating expenses	51,690	173,945	70,084	1,590	4,109	301,419	(24,591)	276,827
Operating income	3,914	6,857	181	2,256	308	13,518	(4,006)	9,511

### (3) FY2002 (Apr. 2001 – Mar. 2002)

	Temperature-Controlled Logistics	Foods	Wholesale Foods	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	90,932	316,584	138,446	8,125	4,101	558,191	-	558,191
Intra-group sales and transfers	20,004	33,217	1,038	59	3,893	58,214	(58,214)	-
Total	110,937	349,802	139,485	8,185	7,994	616,405	(58,214)	558,191
Operating expenses	102,941	341,269	139,049	3,314	7,673	594,248	(50,073)	544,174
Operating income	7,996	8,532	435	4,871	321	22,156	(8,140)	14,016

## Forecast of FY2003

NICHIREI CORPORATION

(Million yen: amounts less than one million yen are omitted)

### Forecast of FY2003 (Apr. 2002 – Mar. 2003)

	FY 2002 (Apr. 2001 - Mar. 2002)	FY 2003 (Apr. 2002 - Mar. 2003)	Increase (Decrease)
Net sales	558,191	579,000	20,808
Operating Income	14,016	17,900	3,883
Recurring Income	11,684	15,300	3,615
Net Income	4,062	6,000	1,937

### Forecast of FY2003 (Apr. 2002 – Mar. 2003) by Industrial Segment

	Temperature- Controlled Logistics	Foods	Wholesale Foods	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	113,500	359,300	146,500	8,900	8,300	636,500	(57,500)	579,000
Operating income	7,800	11,300	1,100	5,100	400	25,700	(7,800)	17,900

(\*1) Operating revenues include Intra-group sales and transfers.



## Numerical Goals for FY2004

NICHIREI CORPORATION

(Million yen: amounts less than one million yen are omitted)

Nichirei Corporation established numerical goals in the three-year Medium-Term plan for FY2002 through FY2004, which was disclosed on November 21, 2000. However, results of FY2002 were lower than the initial goals for the year in the plan due to significant changes in business environment. Also, results of FY2003, the second year of the plan, is likely to be lower than the initial goals. Therefore, Nichirei Corporation has revised the goals for FY2004.

	Revised Goals	Initial Goals
Net sales	548,000	650,000
Operating Income	18,500	23,000
Recurring Income	17,000	20,000
Net Income	8,300	9,500
Interest-Bearing Debt	Less than 145,000	Less than 145,000

Additional business plans that will influence the goals:

Temperature-Controlled Logistics... Strengthening of information infrastructure

Foods... Aggressive branding activities

Wholesale Foods... Yukiwa Co., Ltd., a consolidated subsidiary, becoming an equity-method company after October 2003

### **Cautionary Statement with Respect to 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 of this annual report. 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) economic conditions and industry environment, particularly levels of consumer spending, surrounding the business activities of Nichirei and its Group companies;
- 2) currency exchange rate fluctuations, particularly involving U.S. dollars and euro;
- 3) Nichirei's and its Group companies' ability to implement growth strategies and build a low-cost structure;
- 4) Nichirei's and its Group companies' ability to reduce interest-bearing obligations;
- 5) effect of natural disasters; and
- 6) serious and unpredictable effects that may be caused by future events.