

# Consolidated Financial Statements – Summary

April 30, 2004

(For the year ended March 31, 2004)

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 FY2004 (April 1, 2003 through March 31, 2004)

(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>FY2004</b>	<b>496,611</b>	<b>13,976</b>	<b>12,095</b>
FY2003	563,440	18,275	16,283

	Net income	E.P.S.	Diluted E.P.S.
	Million yen	Yen	Yen
<b>FY2004</b>	<b>(1,891)</b>	<b>(6.22)</b>	-
FY2003	5,216	16.16	16.08

Note: Equity in earnings of affiliates in FY2004: 119 million yen, FY2003: 216 million yen

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>FY2004</b>	<b>284,700</b>	<b>90,176</b>	<b>31.7</b>	<b>290.43</b>
FY2003	330,703	90,666	27.4	291.46

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
<b>FY2004</b>	<b>13,106</b>	<b>13,757</b>	<b>(23,397)</b>	<b>3,543</b>
FY2003	30,642	(6,029)	(24,470)	3,581

(4) Scope of consolidation and equity method

Consolidated subsidiaries	70 companies
Unconsolidated subsidiaries	None
Equity method affiliates	15 companies

(5) Change in scope of consolidation and equity method

Consolidated subsidiaries	(increase)	None	(decrease)	7
Equity method companies	(increase)	2	(decrease)	2

## 2. Estimation of business results for the year ending March 31, 2005

	Net sales	Recurring income	Net income
	Million yen	Million yen	Million yen
<b>FY2005 interim</b>	<b>233,000</b>	<b>6,400</b>	<b>2,100</b>
<b>FY2005</b>	<b>477,000</b>	<b>13,900</b>	<b>5,000</b>

Note: Estimated E.P.S. 16.11 yen

## Consolidated Balance Sheet

NICHIREI CORPORATION

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

	FY2003 (As of Mar.31, 2003)	FY2004 (As of Mar.31, 2004)	Increase (Decrease)
<b>&lt;Assets&gt;</b>			
<b>Current Assets</b>			
Cash and time deposits	3,581	3,543	(37)
Notes and account receivable - trade	71,455	59,127	(12,328)
Inventories	33,231	30,602	(2,629)
Deferred tax assets	1,732	7,779	6,046
Other current assets	6,757	7,354	596
Less allowance for doubtful accounts	(256)	(294)	(38)
<b>Total</b>	<b>116,502</b>	<b>108,112</b>	<b>(8,390)</b>
<b>Fixed assets</b>			
<b>1. Tangible assets</b>			
(1)Buildings and structures	209,803	192,534	(17,268)
Accumulated depreciation	116,547	117,672	(1,124)
Net	93,255	74,862	(18,393)
(2)Machinery and equipment	75,282	57,851	(17,430)
Accumulated depreciation	56,499	41,225	15,274
Net	18,782	16,626	(2,155)
(3)Land	44,961	33,607	(11,353)
(4)Construction in progress	330	177	(153)
(5)Other tangible fixed assets	7,724	7,468	(256)
Accumulated depreciation	6,161	5,975	186
Net	1,562	1,493	(69)
<b>Total</b>	<b>158,893</b>	<b>126,767</b>	<b>(32,125)</b>
<b>2. Intangible assets</b>			
(1)Consolidation adjustment account	497	318	(179)
(2)Other intangible fixed assets	7,056	7,596	540
<b>Total</b>	<b>7,553</b>	<b>7,915</b>	<b>361</b>
<b>3. Investments and other assets</b>			
(1)Investment securities	31,921	30,279	(1,642)
(2)Deferred tax assets	4,255	1,414	(2,841)
(3)Other assets	12,633	11,367	(1,265)
Less allowance for doubtful accounts	(1,056)	(1,155)	(98)
<b>Total</b>	<b>47,753</b>	<b>41,905</b>	<b>(5,848)</b>
<b>Total fixed assets</b>	<b>214,201</b>	<b>176,588</b>	<b>(37,612)</b>
<b>Total assets</b>	<b>330,703</b>	<b>284,700</b>	<b>(46,002)</b>

## Consolidated Balance Sheet

NICHIREI CORPORATION

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

	FY2003 (As of Mar.31, 2003)	FY2004 (As of Mar.31, 2004)	Increase (Decrease)
<b>&lt;Liabilities&gt;</b>			
<b>Current liabilities</b>			
Notes and account payable - trade	40,045	23,198	(16,846)
Short-term bank loans	18,808	18,514	(294)
Commercial paper	15,000	10,000	(5,000)
Current portion of long-term loans	8,882	9,575	692
Current portion of bonds	-	10,000	10,000
Current portion of convertible bonds	6,307	-	(6,307)
Accrued expenses	17,604	18,219	615
Income taxes payable	3,188	2,501	(686)
Other current liabilities	9,572	9,945	372
<b>Total</b>	<b>119,409</b>	<b>101,955</b>	<b>(17,454)</b>
<b>Long-term liabilities</b>			
Bonds	45,000	35,000	(10,000)
Long-term loans	51,395	41,299	(10,096)
Deferred tax liabilities	282	320	38
Employees' retirement benefits	3,712	3,009	(702)
Directors' and statutory auditors' retirement benefits	766	533	(232)
Deposits received	18,195	11,765	(6,429)
Consolidation adjustment account	70	44	(26)
Other long-term liabilities	93	83	(10)
<b>Total</b>	<b>119,515</b>	<b>92,055</b>	<b>(27,460)</b>
<b>Total liabilities</b>	<b>238,925</b>	<b>194,010</b>	<b>(44,914)</b>
<b>&lt;Minority interests&gt;</b>	<b>1,111</b>	<b>513</b>	<b>(598)</b>
<b>&lt;Shareholders' equity&gt;</b>			
Common stock	30,307	30,307	-
Capital surplus	23,704	23,704	-
Retained earnings	35,872	31,525	(4,347)
Net unrealized holding gains on securities	847	4,890	4,043
Translation adjustment	107	(60)	(168)
Treasury stock	(173)	(191)	(17)
<b>Total shareholders' equity</b>	<b>90,666</b>	<b>90,176</b>	<b>(490)</b>
<b>Total liabilities and shareholders' equity</b>	<b>330,703</b>	<b>284,700</b>	<b>(46,002)</b>

# Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY2003 (Apr. 2002 - Mar. 2003)	FY2004 (Apr. 2003 - Mar. 2004)	Increase (Decrease)
<b>Net sales</b>	<b>563,440</b>	<b>496,611</b>	<b>(66,828)</b>
Cost of sales	461,318	401,101	(60,216)
<b>Gross profit</b>	<b>102,121</b>	<b>95,510</b>	<b>(6,611)</b>
Selling, general and administrative expenses			
Selling expenses			
Transportation and storage expense	23,576	19,044	(4,531)
Sales promotion expense	13,480	15,735	2,254
Advertising expense	3,367	4,666	1,299
Sales commission expense	3,135	3,117	(17)
Bad debts expense	12	1	(11)
Provision for doubtful accounts	83	152	68
Other selling expenses	1,777	1,929	151
Total	45,434	44,647	(786)
General and administrative expenses			
Remuneration, salary and bonuses	17,520	15,697	(1,822)
Provision for employees' retirement benefits	1,922	2,592	670
Provision for accrued retirement benefit for directors	226	212	(13)
Fringe benefit	2,536	2,509	(27)
Depreciation and amortization	1,413	1,471	57
Amortization of consolidation adjustment account	183	180	(3)
Traveling expenses	1,604	1,508	(96)
Communication expenses	790	710	(79)
Rent expense	3,352	2,629	(722)
Business consignment fee	2,161	3,600	1,438
Research and development expense	2,279	2,090	(189)
Other general and administrative expense	4,418	3,683	(735)
Subtotal	38,410	36,885	(1,525)
Total	83,845	81,533	(2,312)
<b>Operating income</b>	<b>18,275</b>	<b>13,976</b>	<b>(4,298)</b>
Non-operating revenues			
Interest income	101	105	4
Dividend income	368	305	(62)
Equity in earnings of affiliates	216	119	(96)
Other non-operating revenues	1,771	1,710	(61)
Total	2,457	2,241	(216)
Non-operating expenses			
Interest expenses	2,530	2,198	(331)
Loss on disposal of obsolete inventories	619	443	(175)
Other non-operating expenses	1,299	1,479	180
Total	4,449	4,122	(327)
<b>Recurring income</b>	<b>16,283</b>	<b>12,095</b>	<b>(4,187)</b>
Extraordinary income			
Gain on sales of property, plant and equipment	766	36	(730)
Gain on sales of investment securities	180	1,838	1,658
Reversal of allowance for doubtful receivables	81	99	17
Gain on sales of affiliates stock	51	198	147
Total	1,080	2,174	1,093
Extraordinary losses			
Loss on sales of property, plant and equipment	20	15,000	14,979
Loss on disposal of property, plant and equipment	1,072	625	(447)
Loss on devaluation of investment securities	3,431	253	(3,178)
Loss on sales of investment securities	2,463	-	(2,463)
Loss on discontinued operations	748	1,279	531
Loss on devaluation of golf membership	250	-	(250)
Provision for doubtful receivables	-	517	517
Special severance package expense	-	410	410
Total	7,987	18,087	10,100
<b>Income before income taxes</b>	<b>9,377</b>	<b>-</b>	<b>(9,377)</b>
Loss before income taxes	-	3,817	3,817
Income taxes – current	4,373	4,415	41
Income taxes – deferred	(418)	(6,406)	(5,988)
Total	3,954	(1,991)	(5,946)
Minority interest in net income of consolidated subsidiaries	206	65	(140)
<b>Net income</b>	<b>5,216</b>	<b>-</b>	<b>(5,216)</b>
<b>Net Loss</b>	<b>-</b>	<b>1,891</b>	<b>1,891</b>

## Consolidated Statements of Appropriations

NICHIREI CORPORATION

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

	FY2003 (Apr. 2002 – Mar. 2003)	FY2004 (Apr. 2003 – Mar. 2004)
<b>&lt;Capital Surplus&gt;</b>		
Balance at beginning of period	23,704	23,704
Balance at end of period	23,704	23,704
<b>&lt;Retained Earnings&gt;</b>		
Balance at beginning of period	32,694	35,872
Increase in retained earnings		-
Net income	5,216	-
<b>Total</b>	5,216	-
Decrease in retained earnings		
Net loss	-	1,891
Cash dividends	1,864	1,863
Bonuses to directors	173	184
Decline due to reclassifications of a consolidated subsidiary as an equity-method affiliate	-	408
<b>Total</b>	2,038	4,347
<b>Balance at end of period</b>	<b>35,872</b>	<b>31,525</b>

Note: Yukiwa, Co. Ltd., a consolidated subsidiary, on October 1, 2003 merged with Ryoshoku Food Service Limited and was renamed RY Food Service Ltd. It is reclassified as an equity-method affiliate of the Company and excluded from the consolidation since the Company's equity stake in the new entity declined to 40.4%, against the pre-merger 71.4%.

## Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY2003 (Apr. 2002 - Mar. 2003)	FY2004 (Apr. 2003 - Mar. 2004)	Increase (Decrease)
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	9,377	-	(9,377)
Loss before income taxes and minority interests	-	(3,817)	(3,817)
Depreciation and amortization	12,767	11,904	(862)
Increase (decrease) in provision for doubtful accounts	(608)	334	943
Provision for employees' retirement benefits	(290)	224	514
Decrease (increase) in prepaid pension expenses	(1,146)	699	1,845
Equity in earnings of affiliates	(216)	(119)	96
Loss on disposal of property, plant and equipment	642	512	(129)
Loss on devaluation of investment securities	3,431	253	(3,178)
Loss on discontinued operations	91	1,004	912
Loss on devaluation of golf membership	250	-	(250)
Interest and dividend income	(469)	(410)	58
Interest expense	2,530	2,198	(331)
Loss (gain) on sales of property, plant and equipment	(746)	14,964	15,710
Loss (gain) on sales of investment securities	2,282	(1,803)	(4,085)
Decrease (increase) in notes and accounts receivable – trade	7,154	(1,242)	(8,397)
Decrease (increase) in inventories	2,708	(924)	(3,633)
Increase (decrease) in notes and accounts payable – trade	(4,876)	1,309	6,185
Other	2,480	(5,248)	(7,728)
Subtotal	35,363	19,838	(15,524)
Interest and dividend income received	689	619	(69)
Interest expense paid	(2,560)	(2,247)	313
Income taxes paid	(2,849)	(5,104)	(2,254)
<b>Net cash provided by operating activities</b>	<b>30,642</b>	<b>13,106</b>	<b>(17,535)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(6,673)	(5,640)	1,033
Proceeds from sales of property, plant and equipment	4,715	10,887	6,171
Purchase of investment securities	(5,702)	(311)	5,390
Proceeds from sales of investment securities	3,117	10,911	7,793
Decrease (Increase) in short-term loans receivable	(211)	28	239
Payment of long-term loans receivable	(11)	(6)	4
Proceeds from collection of long-term loans receivable	79	53	(25)
Other	(1,342)	(2,163)	(820)
<b>Net cash used in investing activities</b>	<b>(6,029)</b>	<b>13,757</b>	<b>19,787</b>
<b>Cash flows from financing activities</b>			
Decrease in short-term bank loans	(24,725)	(531)	24,194
Increase in commercial paper	-	(5,000)	(5,000)
Proceeds from long-term debt	15,301	9,200	(6,101)
Repayment of long-term debt	(7,949)	(18,732)	(10,782)
Proceeds from issuance of bonds	20,000	-	(20,000)
Redemption of bonds	(25,000)	(6,307)	18,693
Dividends paid	(1,865)	(1,864)	0
Other	(232)	(162)	69
<b>Net cash used in financing activities</b>	<b>(24,470)</b>	<b>(23,397)</b>	<b>1,073</b>
Effects of exchange rate changes on cash and cash equivalents	(119)	(82)	37
<b>Net increase in cash and cash equivalents</b>	<b>22</b>	<b>3,384</b>	<b>3,361</b>
<b>Decline in cash and cash equivalents due to reclassification of a consolidated subsidiary as an equity-method affiliate</b>	<b>-</b>	<b>(3,422)</b>	<b>(3,422)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,559</b>	<b>3,581</b>	<b>22</b>
<b>Cash and cash equivalents at end of year</b>	<b>3,581</b>	<b>3,543</b>	<b>(37)</b>

Note: Yukiwa, Co. Ltd., a consolidated subsidiary, on October 1, 2003 merged with Ryoshoku Food Service Limited and was renamed RY Food Service Ltd. It is reclassified as an equity-method affiliate of the Company and excluded from the consolidation since the Company's equity stake in the new entity declined to 40.4%, against the pre-merger 71.4%.

## Industrial Segment Information

NICHIREI CORPORATION

### (1) FY2003 (Apr. 2002 – Mar. 2003)

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

	Logistics	Foods	Wholesale Foods	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	91,439	318,984	140,267	7,702	5,046	563,440	-	563,440
Intra-group sales and transfers	18,739	32,380	753	179	3,491	55,545	(55,545)	-
Total	110,178	351,365	141,020	7,882	8,538	618,985	(55,545)	563,440
Operating expenses	103,053	338,558	140,083	3,003	8,163	592,861	(47,697)	545,164
Operating income	7,125	12,807	937	4,878	375	26,123	(7,847)	18,275
Assets	110,457	110,706	24,585	45,705	6,582	298,037	32,666	330,703
Depreciation and amortization	6,418	3,338	130	1,209	481	11,577	1,190	12,767
Capital expenditures	5,612	2,370	4	1,133	34	9,156	381	9,537

### (2) FY2004 (Apr. 2003 – Mar. 2004)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Wholesale Foods	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	156,573	86,991	71,327	97,064	7,678	70,943	6,032	496,611	-	496,611
Intra-group sales and transfers	13,474	4,057	4,563	16,829	230	417	2,332	41,905	(41,905)	-
Total	170,048	91,048	75,891	113,894	7,909	71,360	8,364	538,517	(41,905)	496,611
Operating expenses	163,527	91,902	74,702	108,773	2,464	71,037	7,125	519,533	(36,898)	482,635
Operating income	6,521	(853)	1,188	5,120	5,444	323	1,239	18,983	(5,006)	13,976
Assets	67,186	29,543	12,710	109,500	21,523	-	9,935	250,399	34,301	284,700
Depreciation and amortization	2,796	187	70	6,248	778	30	946	11,057	846	11,904
Capital expenditures	1,058	51	25	4,958	235	0	231	6,563	285	6,848

(supplementary information)

Additions and revisions to business segments

Beginning with the past fiscal year, Nichirei adopted the division-company structure. In conjunction with this action, the previous Foods segment (the processed foods, marine products, and meat and poultry products businesses) has been divided into three segments: Processed Foods, Marine Products, and Meat and Poultry Products. In addition, segment classifications of the following subsidiaries and affiliated company have been changed.

	Company	New business segment	Previous business segment
Subsidiaries	Nichirei U.S.A., Inc.	Processed Foods	Foods (other)
	Toyo Koki Corporation	Logistics	Other
	Nichirei Shoji Co., Ltd.	Other	Real Estate
	Tengu Company, Inc.	Other	Foods (other)
	Nichirei Fast Corporation	Other	Corporate
	Nichirei-Appli Corporation	Other	Corporate
Affiliate	Ina Bakery Corporation	Other	Processed Foods

(Changes in accounting methods)

Revision in allocation standards

Prior to the past fiscal year, operating expenses that could not be assigned to a particular business segment had been treated as expenses associated with the Company's administrative operations, technology development center, and companies engaged in personnel, general affairs, finance and accounting services. Beginning with the past fiscal year, the allocation standards for operating expenses not directly attributable to a particular segment have been revised. This action was taken in conjunction with the adoption of the division-company structure and for the purpose of more clearly disclosing operating expenses and income in each business segment. As a result, expenses that cannot be assigned to a particular business segment are now recorded as company supervision expenses, corporate staff expenses (planning expenses), corporate support expenses, corporate image advertising expenses, amortization of actuarial differences associated with pension benefit trusts, and other items.

Business segment information for the past fiscal year prior to the application of these revisions to business segments and standards for allocating expenses is as follows.

(3) FY2003 (Apr. 2002 – Mar. 2003)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Wholesale Foods	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	146,472	99,390	69,362	93,733	6,400	140,267	7,813	563,440	-	563,440
Intra-group sales and transfers	25,047	7,452	4,210	19,192	179	753	2,201	59,037	(59,037)	-
Total	171,519	106,843	73,572	112,926	6,580	141,020	10,015	622,477	(59,037)	563,440
Operating expenses	163,297	106,172	73,097	106,006	2,231	140,083	9,266	600,155	(54,991)	545,164
Operating income	8,222	670	475	6,919	4,349	937	748	22,322	(4,046)	18,275
Assets	68,915	30,327	11,753	112,586	21,945	24,511	33,278	303,318	27,384	330,703
Depreciation and amortization	3,187	221	68	6,435	753	130	1,109	11,905	862	12,767
Capital expenditures	2,410	71	10	5,623	1,133	4	80	9,334	203	9,537



## Forecast of FY2005

NICHIREI CORPORATION

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

### (1) Forecast of Interim FY2005 (Apr. 2004 – Sep. 2004)

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	88,300	53,800	36,000	58,800	3,600	3,900	(11,400)	233,000
Operating expenses	85,000	53,200	35,600	56,500	1,600	4,000	(9,300)	226,600
Operating income	3,300	600	400	2,300	2,000	(100)	(2,100)	6,400
Depreciation and amortization	1,310	70	30	3,260	500	210	420	5,800
Capital expenditure	1,580	100	130	3,840	600	130	220	6,600

### (2) Forecast of FY2005 (Apr. 2004 – Mar. 2005)

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	176,900	109,200	76,600	121,800	7,900	7,900	(23,300)	477,000
Operating expenses	170,100	108,100	75,800	117,100	3,400	7,700	(19,200)	463,000
Operating income	6,800	1,100	800	4,700	4,500	200	(4,100)	14,000
Depreciation and amortization	2,800	140	70	6,730	990	410	860	12,000
Capital expenditure	2,420	110	130	8,280	610	210	240	12,000

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

### 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.