

# Consolidated Financial Statements – Summary

May 17, 2005

(For the year ended March 31, 2005)

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 FY2005 (April 1, 2004 through March 31, 2005)

(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>FY2005</b>	<b>461,426</b>	<b>13,482</b>	<b>12,893</b>
FY2004	496,611	13,976	12,095

	Net income	E.P.S.	Diluted E.P.S.
	Million yen	Yen	Yen
<b>FY2005</b>	<b>5,878</b>	<b>18.45</b>	-
FY2004	(1,891)	(6.28)	-

Note: Equity in earnings of affiliates in FY2005: 1,423 million yen, FY2004: 119 million yen

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>FY2005</b>	<b>276,417</b>	<b>94,007</b>	<b>34.0</b>	<b>302.50</b>
FY2004	284,700	90,176	31.7	290.38

(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>FY2005</b>	<b>15,564</b>	<b>(837)</b>	<b>(15,180)</b>	<b>3,087</b>
FY2004	13,106	13,757	(23,397)	3,543

(4) Scope of consolidation and equity method

Consolidated subsidiaries	73 companies
Unconsolidated subsidiaries	None
Equity method affiliates	14 companies

(5) Change in scope of consolidation and equity method

Consolidated subsidiaries	(increase)	12	(decrease)	9
Equity method companies	(increase)	None	(decrease)	1

## 2. Estimation of business results for the year ending March 31, 2006

	Net sales	Recurring income	Net income
	Million yen	Million yen	Million yen
<b>FY2006 interim</b>	<b>242,000</b>	<b>7,600</b>	<b>2,800</b>
<b>FY2006</b>	<b>486,000</b>	<b>15,700</b>	<b>7,300</b>

Note: Estimated E.P.S. 23.52 yen

## Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY2004 (As of Mar. 31, 2004)	FY2005 (As of Mar. 31, 2005)	Increase (Decrease)
<b>&lt;Assets&gt;</b>			
<b>Current Assets</b>			
Cash and time deposits	3,543	3,087	(456)
Notes and account receivable - trade	59,127	64,150	5,023
Inventories	30,602	33,065	2,463
Deferred tax assets	7,779	3,460	(4,318)
Other current assets	7,354	5,357	(1,996)
Less allowance for doubtful accounts	(294)	(285)	9
<b>Total</b>	<b>108,112</b>	<b>108,835</b>	<b>723</b>
<b>Fixed assets</b>			
<b>1. Tangible assets</b>			
(1) Buildings and structures	192,534	191,248	(1,286)
Accumulated depreciation	117,672	120,875	(3,202)
Net	74,862	70,373	(4,489)
(2) Machinery and equipment	57,851	57,427	(424)
Accumulated depreciation	41,225	41,885	(660)
Net	16,626	15,542	(1,084)
(3) Land	33,607	29,486	(4,121)
(4) Construction in progress	177	14	(163)
(5) Other tangible fixed assets	7,468	7,483	15
Accumulated depreciation	5,975	5,936	38
Net	1,493	1,547	54
<b>Total</b>	<b>126,767</b>	<b>116,963</b>	<b>(9,803)</b>
<b>2. Intangible assets</b>			
(1) Consolidation adjustment account	318	139	(179)
(2) Other intangible fixed assets	7,596	7,090	(506)
<b>Total</b>	<b>7,915</b>	<b>7,229</b>	<b>(685)</b>
<b>3. Investments and other assets</b>			
(1) Investment securities	30,279	27,623	(2,655)
(2) Deferred tax assets	1,414	3,219	1,804
(3) Other assets	11,367	13,803	2,435
Less allowance for doubtful accounts	(1,155)	(1,257)	(101)
<b>Total</b>	<b>41,905</b>	<b>43,388</b>	<b>1,482</b>
<b>Total fixed assets</b>	<b>176,588</b>	<b>167,581</b>	<b>(9,006)</b>
<b>Total assets</b>	<b>284,700</b>	<b>276,417</b>	<b>(8,283)</b>

## NICHIREI CORPORATION

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

	FY2004 (As of Mar. 31, 2004)	FY2005 (As of Mar. 31, 2005)	Increase (Decrease)
<b>&lt;Liabilities&gt;</b>			
<b>Current liabilities</b>			
Notes and account payable - trade	23,198	24,563	1,365
Short-term bank loans	18,514	16,289	(2,224)
Commercial paper	10,000	15,000	5,000
Current portion of long-term loans	9,575	8,187	(1,388)
Current portion of bonds	10,000	-	(10,000)
Accrued expenses	18,219	18,615	396
Income taxes payable	2,501	1,648	(853)
Other current liabilities	9,945	9,075	(869)
<b>Total</b>	<b>101,955</b>	<b>93,380</b>	<b>(8,574)</b>
<b>Long-term liabilities</b>			
Bonds	35,000	35,000	-
Long-term loans	41,299	37,506	(3,792)
Deferred tax liabilities	320	391	71
Employees' retirement benefits	3,009	3,387	377
Directors' and statutory auditors' retirement benefits	533	596	63
Deposits received	11,765	11,421	(344)
Consolidation adjustment account	44	21	(22)
Other long-term liabilities	83	73	(10)
<b>Total</b>	<b>92,055</b>	<b>88,399</b>	<b>(3,656)</b>
<b>Total liabilities</b>	<b>194,010</b>	<b>181,779</b>	<b>(12,230)</b>
<b>&lt;Minority interests&gt;</b>	<b>513</b>	<b>630</b>	<b>117</b>
<b>&lt;Shareholders' equity&gt;</b>			
Common stock	30,307	30,307	-
Capital surplus	23,704	23,705	0
Retained earnings	31,525	35,495	3,969
Net unrealized holding gains on securities	4,890	4,533	(356)
Translation adjustment	(60)	189	249
Treasury stock	(191)	(224)	(33)
<b>Total shareholders' equity</b>	<b>90,176</b>	<b>94,007</b>	<b>3,830</b>
<b>Total liabilities and shareholders' equity</b>	<b>284,700</b>	<b>276,417</b>	<b>(8,283)</b>

# Consolidated Statements of Operations

NICHIREI CORPORATION

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

	FY2004 (Apr. 2003 – Mar. 2004)	FY2005 (Apr. 2004 – Mar. 2005)	Increase (Decrease)
<b>Net sales</b>	<b>496,611</b>	<b>461,426</b>	<b>(35,185)</b>
Cost of sales	401,101	372,589	(28,512)
<b>Gross profit</b>	<b>95,510</b>	<b>88,836</b>	<b>(6,673)</b>
Selling, general and administrative expenses			
Selling expenses			
Transportation and storage expense	19,044	15,737	(3,307)
Sales promotion expense	15,735	18,433	2,698
Advertising expense	4,666	4,466	(200)
Sales commission expense	3,117	3,774	656
Bad debts expense	1	0	(0)
Provision for doubtful accounts	152	39	(112)
Other selling expenses	1,929	1,889	(40)
Subtotal	44,647	44,340	(307)
General and administrative expenses			
Remuneration, salary and bonuses	15,697	13,283	(2,413)
Provision for employees' retirement benefits	2,592	1,419	(1,173)
Provision for accrued retirement benefit for directors	212	203	(8)
Fringe benefit	2,509	2,027	(481)
Depreciation and amortization	1,471	1,142	(328)
Amortization of consolidation adjustment account	180	180	0
Traveling expenses	1,508	1,477	(31)
Communication expenses	710	565	(144)
Rent expense	2,629	2,481	(148)
Business consignment fee	3,600	2,596	(1,003)
Research and development expense	2,090	2,075	(14)
Other general and administrative expenses	3,683	3,560	(122)
Subtotal	36,885	31,014	(5,871)
Total	81,533	75,354	(6,178)
<b>Operating income</b>	<b>13,976</b>	<b>13,482</b>	<b>(494)</b>
Non-operating revenues			
Interest income	105	62	(43)
Dividend income	305	225	(79)
Equity in earnings of affiliates	119	1,423	1,303
Other non-operating revenues	1,710	1,466	(243)
Total	2,241	3,178	937
Non-operating expenses			
Interest expenses	2,198	1,657	(540)
Loss on disposal of obsolete inventories	443	422	(21)
Other non-operating expenses	1,479	1,686	206
Total	4,122	3,766	(355)
<b>Recurring income</b>	<b>12,095</b>	<b>12,893</b>	<b>798</b>
Extraordinary income			
Gain on sales of property, plant and equipment	36	569	532
Gain on sales of investment securities	1,838	1,288	(550)
Gain on sales of affiliates' stock	198	472	273
Reversal of allowance for doubtful receivables	99	103	4
Reversal of reserve for retirement allowances due to transfer of employees	-	908	908
Reversal of loss on discontinued operations	-	148	148
Total	2,174	3,490	1,316
Extraordinary losses			
Loss on sales of property, plant and equipment	15,000	916	(14,084)
Loss on disposal of property, plant and equipment	625	629	4
Loss on discontinued operations	1,279	346	(933)
Provision for doubtful receivables	517	-	(517)
Special severance package expense	410	987	576
Loss on devaluation of investment securities	253	62	(191)
Valuation loss (or write down) on real estate for sale	-	942	942
Loss on devaluation of goodwill	-	513	513
Expenses related to transition to a holding company structure	-	441	441
Contribution related to relinquishment of the government entrusted portion of social welfare pension funds	-	428	428
Loss on forward contract	-	158	158
Loss on sales of affiliates' stock	-	127	127
Total	18,087	5,553	(12,533)
<b>Income before income taxes and minority interests</b>	<b>-</b>	<b>10,830</b>	<b>10,830</b>
<b>Loss before income taxes and minority interests</b>	<b>3,817</b>	<b>-</b>	<b>(3,817)</b>
Income taxes – current	4,415	2,383	(2,031)
Reversal of prior-year taxes	-	298	298
Income taxes – deferred	(6,406)	2,779	9,186
Total	(1,991)	4,865	6,857
Minority interests in net income of consolidated subsidiaries	65	87	21
<b>Net income</b>	<b>-</b>	<b>5,878</b>	<b>5,878</b>
<b>Net loss</b>	<b>1,891</b>	<b>-</b>	<b>(1,891)</b>

## Consolidated Statements of Appropriations

NICHIREI CORPORATION

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

	FY2004 (Apr. 2003 – Mar. 2004)	FY2005 (Apr. 2004 – Mar. 2005)
<b>&lt;Capital Surplus&gt;</b>		
<b>Balance at beginning of period</b>	23,704	23,704
<b>Increase in capital surplus</b>		
Gain/loss on sale of treasury stock	-	0
<b>Balance at end of period</b>	23,704	23,705
<b>&lt;Retained Earnings&gt;</b>		
<b>Balance at beginning of period</b>	35,872	31,525
<b>Increase in retained earnings</b>		
Net income	-	5,878
<b>Total</b>	-	5,878
<b>Decrease in retained earnings</b>		
Net loss	1,891	-
Cash dividends	1,863	1,862
Bonuses to directors	184	45
Decline due to reclassifications of a consolidated subsidiary as an equity-method affiliate (*)	408	-
<b>Total</b>	4,347	1,908
<b>Balance at end of period</b>	31,525	35,495

Note on (\*): 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)

	FY2004 (Apr. 2003 - Mar. 2004)	FY2005 (Apr. 2004 - Mar. 2005)	Increase (Decrease)
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	-	10,830	10,830
Loss before income taxes and minority interests	(3,817)	-	3,817
Depreciation and amortization	11,904	11,139	(765)
Increase in provision for doubtful accounts	334	140	(194)
Increase in provision for employees' retirement benefits	224	377	152
Decrease (increase) in prepaid pension expenses	699	(2,369)	(3,069)
Equity in earnings of affiliates	(119)	(1,423)	(1,303)
Valuation loss (or write down) on real estate for sale	-	942	942
Loss on disposal of property, plant and equipment	512	428	(84)
Loss on devaluation of investment securities	253	62	(191)
Loss on devaluation of goodwill	-	513	513
Loss on discontinued operations	1,004	118	(885)
Reversal of loss on discontinued operations	-	(161)	(161)
Loss on forward contract	-	158	158
Expenses related to transition to a holding company structure	-	339	339
Contribution related to relinquishment of the government entrusted portion of social welfare pension funds	-	221	221
Interest and dividend income	(410)	(288)	122
Interest expense	2,198	1,657	(540)
Loss on sales of property, plant and equipment	14,964	347	(14,617)
Gain on sales of investment securities	(1,803)	(1,288)	514
Gain on sales of affiliates' stock	-	(344)	(344)
Increase in notes and accounts receivable – trade	(1,242)	(5,049)	(3,806)
Increase in inventories	(924)	(1,105)	(180)
Increase in notes and accounts payable – trade	1,309	1,342	33
Other	(5,248)	3,044	8,293
Subtotal	19,838	19,634	(204)
Interest and dividend income received	619	662	42
Interest expense paid	(2,247)	(1,691)	556
Income taxes paid	(5,104)	(3,040)	2,063
<b>Net cash provided by operating activities</b>	<b>13,106</b>	<b>15,564</b>	<b>2,457</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(5,640)	(5,317)	323
Proceeds from sales of property, plant and equipment	10,887	2,278	(8,609)
Purchase of investment securities	(311)	(186)	124
Proceeds from sales of investment securities	10,911	4,664	(6,246)
Decrease in short-term loans receivable	28	1	(26)
Payment of long-term loans receivable	(6)	(1)	5
Proceeds from collection of long-term loans receivable	53	33	(19)
Other	(2,163)	(2,309)	(146)
<b>Net cash provided by (used in) investing activities</b>	<b>13,757</b>	<b>(837)</b>	<b>(14,595)</b>
<b>Cash flows from financing activities</b>			
Decrease in short-term bank loans	(531)	(3,094)	(2,563)
Increase (decrease) in commercial paper	(5,000)	5,000	10,000
Proceeds from long-term debt	9,200	4,503	(4,696)
Repayment of long-term debt	(18,732)	(9,735)	8,997
Redemption of bonds	(6,307)	(10,000)	(3,693)
Dividends paid	(1,864)	(1,865)	0
Other	(162)	10	172
<b>Net cash used in financing activities</b>	<b>(23,397)</b>	<b>(15,180)</b>	<b>8,217</b>
Effects of exchange rate changes on cash and cash equivalents	(82)	(2)	79
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,384</b>	<b>(456)</b>	<b>(3,840)</b>
<b>Decline in cash and cash equivalents due to reclassification of a consolidated subsidiary as an equity-method affiliate (*)</b>	<b>(3,422)</b>	<b>-</b>	<b>3,422</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,581</b>	<b>3,543</b>	<b>(37)</b>
<b>Cash and cash equivalents at end of period</b>	<b>3,543</b>	<b>3,087</b>	<b>(456)</b>

Note on (\*): 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) 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 (loss)	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

Note: Yukiwa Co., Ltd., a consolidated wholesale food subsidiary, on October 1, 2003 merged with Ryoshoku Food Service Limited, which was renamed RY Food Service Ltd. It is reclassified as an equity-method affiliate of the Company and excluded from the consolidation. As a result, the amount of Wholesale Foods segment sales for the full consolidated fiscal year was unchanged from the amount reported for the interim period.

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

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	177,471	87,934	80,431	101,146	8,721	5,720	461,426	-	461,426
Intra-group sales and transfers	1,076	2,064	4,313	15,524	509	2,514	26,003	(26,003)	-
Total	178,548	89,998	84,745	116,671	9,230	8,235	487,430	(26,003)	461,426
Operating expenses	172,967	90,625	83,987	111,471	3,198	7,977	470,227	(22,282)	447,944
Operating income (loss)	5,581	(626)	757	5,199	6,032	258	17,203	(3,721)	13,482
Assets	66,624	28,636	14,040	106,516	24,751	6,966	247,535	28,882	276,417
Depreciation and amortization	2,386	140	47	6,400	961	359	10,295	844	11,139
Capital expenditures	1,251	180	5	4,221	235	78	5,973	424	6,397

Note: Yukiwa Co., Ltd., a consolidated wholesale food subsidiary, on October 1, 2003 merged with Ryoshoku Food Service Limited, which was renamed RY Food Service Ltd. It is reclassified as an equity-method affiliate of the Company and excluded from the consolidation. As a result, the Company's wholesale food business segment has been omitted.

## Forecast of FY2006

NICHIREI CORPORATION

### (1) Forecast of Interim FY2006 (Apr. 2005 – Sep. 2005)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	94,000	47,000	41,700	64,500	3,900	5,200	(14,300)	242,000
Operating expenses	91,000	47,100	41,400	61,600	1,900	5,200	(14,000)	234,200
Operating income	3,000	(100)	300	2,900	2,000	0	(300)	7,800
Depreciation and amortization	1,140	50	30	3,230	440	150	460	5,500
Capital expenditure	1,650	120	120	2,320	300	100	190	4,800

### (2) Forecast of FY2006 (Apr. 2005 – Mar. 2006)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	186,200	93,500	84,100	131,300	8,800	10,900	(28,800)	486,000
Operating expenses	180,700	93,500	83,400	125,700	4,300	10,500	(28,400)	469,700
Operating income	5,500	0	700	5,600	4,500	400	(400)	16,300
Depreciation and amortization	2,360	110	70	6,570	890	280	920	11,200
Capital expenditure	3,180	150	150	3,770	600	150	200	8,200

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

Note: The Company made the transition to a holding company structure on April 1, 2005. Operating income at individual operating segments is expected to decline from the previous fiscal year since group management expenses (increase in intercompany eliminations and corporate) at the holding company allocated to each segment will increase. The amounts in the table on the following page show operating incomes for the first half ending September 2005 and the fiscal year ending March 2006, restated for consistency with previous-year presentations.



(1) Forecast of Interim FY2006 (Apr. 2005 – Sep. 2005)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	94,000	47,000	41,700	64,500	3,900	5,200	(14,300)	242,000
Operating expenses	90,300	46,900	41,300	61,000	1,900	5,200	(12,400)	234,200
Operating income	3,700	100	400	3,500	2,000	0	(1,900)	7,800

(2) Forecast of FY2006 (Apr. 2005 – Mar. 2006)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	186,200	93,500	84,100	131,300	8,800	10,900	(28,800)	486,000
Operating expenses	179,200	93,200	83,200	124,500	4,200	10,500	(25,100)	469,700
Operating income	7,000	300	900	6,800	4,600	400	(3,700)	16,300

(\*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.