

# Consolidated Financial Statements – Summary

May 16, 2006

(For the year ended March 31, 2006)

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 FY2006 (April 1, 2005 through March 31, 2006)

(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>FY 2006</b>	<b>469,411</b>	<b>16,014</b>	<b>15,660</b>
FY 2005	461,426	13,482	12,893

	Net income	E.P.S.	Diluted E.P.S.
	Million yen	Yen	Yen
<b>FY 2006</b>	<b>6,293</b>	<b>19.83</b>	-
FY 2005	5,878	18.45	-

Note: Equity in earnings of affiliates in FY 2006: 1,071 million yen, FY 2005: 1,423 million yen

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>FY 2006</b>	<b>268,501</b>	<b>102,624</b>	<b>38.2</b>	<b>330.40</b>
FY 2005	276,417	94,007	34.0	302.50

(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>FY 2006</b>	<b>23,883</b>	<b>3,663</b>	<b>(27,559)</b>	<b>3,290</b>
FY 2005	15,564	(837)	(15,180)	3,087

(4) Scope of consolidation and equity method

Consolidated subsidiaries	64 companies
Unconsolidated subsidiaries	None
Equity method affiliates	16 companies

(5) Change in scope of consolidation and equity method

Consolidated subsidiaries	(increase)	2	(decrease)	11
Equity method companies	(increase)	2	(decrease)	None

## 2. Estimation of Business Results for the Year Ending March 31, 2007

	Net sales	Recurring income	Net income
	Million yen	Million yen	Million yen
<b>FY 2007 interim</b>	<b>240,000</b>	<b>8,300</b>	<b>4,300</b>
<b>FY 2007</b>	<b>479,000</b>	<b>17,500</b>	<b>9,300</b>

Note: Estimated E.P.S. 29.98 yen

This statement was prepared based on information available at the time of disclosure. Actual results may vary significantly as a result of a variety of factors. Please refer to the "Cautionary Statements" on page 9.

## Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2005 (As of Mar. 31, 2005)	FY 2006 (As of Mar. 31, 2006)	Increase (Decrease)
<b>&lt;Assets&gt;</b>			
<b>Current assets</b>			
Cash and time deposits	3,087	3,290	203
Notes and account receivable - trade	64,150	64,315	165
Inventories	33,065	31,037	(2,028)
Deferred tax assets	3,460	3,138	(321)
Other current assets	5,357	6,698	1,341
Less allowance for doubtful accounts	(285)	(295)	(10)
<b>Total</b>	<b>108,835</b>	<b>108,185</b>	<b>(649)</b>
<b>Fixed assets</b>			
<b>1. Tangible assets</b>			
(1) Buildings and structures	191,248	186,796	(4,452)
Accumulated depreciation	120,875	121,823	(948)
Net	70,373	64,973	(5,400)
(2) Machinery and equipment	57,427	57,733	305
Accumulated depreciation	41,885	43,196	(1,310)
Net	15,542	14,537	(1,005)
(3) Land	29,486	26,087	(3,399)
(4) Construction in progress	14	1,058	1,044
(5) Other tangible fixed assets	7,483	7,379	(104)
Accumulated depreciation	5,936	5,993	(57)
Net	1,547	1,385	(161)
<b>Total</b>	<b>116,963</b>	<b>108,041</b>	<b>(8,922)</b>
<b>2. Intangible assets</b>			
(1) Consolidation adjustment account	139	70	(68)
(2) Other intangible fixed assets	7,090	3,648	(3,441)
<b>Total</b>	<b>7,229</b>	<b>3,718</b>	<b>(3,510)</b>
<b>3. Investments and other assets</b>			
(1) Investment securities	27,623	34,580	6,956
(2) Deferred tax assets	3,219	1,627	(1,591)
(3) Other assets	13,803	13,497	(306)
Less allowance for doubtful accounts	(1,257)	(1,148)	108
<b>Total</b>	<b>43,388</b>	<b>48,555</b>	<b>5,167</b>
<b>Total fixed assets</b>	<b>167,581</b>	<b>160,316</b>	<b>(7,265)</b>
<b>Total assets</b>	<b>276,417</b>	<b>268,501</b>	<b>(7,915)</b>

## NICHIREI CORPORATION

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

	FY 2005 (As of Mar. 31, 2005)	FY 2006 (As of Mar. 31, 2006)	Increase (Decrease)
<b>&lt;Liabilities&gt;</b>			
<b>Current liabilities</b>			
Notes and account payable - trade	24,563	25,994	1,430
Short-term bank loans	16,289	13,001	(3,288)
Commercial paper	15,000	-	(15,000)
Current portion of long-term loans	8,187	1,645	(6,542)
Current portion of bonds	-	10,000	10,000
Accrued expenses	18,615	19,254	638
Income taxes payable	1,648	3,505	1,857
Other current liabilities	9,075	9,664	588
<b>Total</b>	<b>93,380</b>	<b>83,064</b>	<b>(10,315)</b>
<b>Long-term liabilities</b>			
Bonds	35,000	25,000	(10,000)
Long-term loans	37,506	36,562	(944)
Deferred tax liabilities	391	3,134	2,742
Employees' retirement benefits	3,387	3,275	(111)
Directors' and statutory auditors' retirement benefits	596	504	(92)
Deposits received	11,421	11,426	5
Consolidation adjustment account	21	36	14
Lease assets impairment account	-	2,196	2,196
Other long-term liabilities	73	44	(28)
<b>Total</b>	<b>88,399</b>	<b>82,181</b>	<b>(6,217)</b>
<b>Total liabilities</b>	<b>181,779</b>	<b>165,246</b>	<b>(16,533)</b>
<b>&lt;Minority interests&gt;</b>	<b>630</b>	<b>630</b>	<b>(0)</b>
<b>&lt;Shareholders' equity&gt;</b>			
Common stock	30,307	30,307	-
Capital surplus	23,705	23,706	1
Retained earnings	35,495	39,627	4,132
Net unrealized holding gains on securities	4,533	8,353	3,819
Translation adjustment	189	890	701
Treasury stock	(224)	(261)	(36)
<b>Total shareholders' equity</b>	<b>94,007</b>	<b>102,624</b>	<b>8,617</b>
<b>Total liabilities and shareholders' equity</b>	<b>276,417</b>	<b>268,501</b>	<b>(7,915)</b>

# Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY 2005 (Apr. 2004 – Mar. 2005)	FY 2006 (Apr. 2005 – Mar. 2006)	Increase (Decrease)
<b>Net sales</b>	<b>461,426</b>	<b>469,411</b>	<b>7,984</b>
Cost of sales	372,589	377,834	5,244
<b>Gross profit</b>	<b>88,836</b>	<b>91,577</b>	<b>2,740</b>
Selling, general and administrative expenses			
Selling expenses			
Transportation and storage expense	15,737	15,821	84
Sales promotion expense	18,433	19,058	624
Advertising expense	4,466	3,896	(569)
Sales commission expense	3,774	3,822	48
Bad debts expense	0	-	(0)
Provision for doubtful accounts	39	53	13
Other selling expenses	1,889	2,150	261
Subtotal	44,340	44,803	463
General and administrative expenses			
Remuneration, salary and bonuses	13,283	13,519	235
Provision for employees' retirement benefits	1,419	1,063	(355)
Provision for accrued retirement benefit for directors	203	212	9
Fringe benefit	2,027	2,001	(26)
Depreciation and amortization	1,142	1,158	15
Amortization of consolidation adjustment account	180	68	(111)
Traveling expenses	1,477	1,541	64
Communication expenses	565	505	(60)
Rent expense	2,481	2,212	(268)
Business consignment fee	2,596	2,209	(387)
Research and development expense	2,075	2,042	(33)
Other general and administrative expenses	3,560	4,223	662
Subtotal	31,014	30,759	(254)
Total	75,354	75,563	208
<b>Operating income</b>	<b>13,482</b>	<b>16,014</b>	<b>2,531</b>
Non-operating revenues			
Interest income	62	71	9
Dividend income	225	249	23
Equity in earnings of affiliates	1,423	1,071	(351)
Other non-operating revenues	1,466	1,357	(109)
Total	3,178	2,749	(428)
Non-operating expenses			
Interest expenses	1,657	1,374	(283)
Loss on disposal of obsolete inventories	422	327	(95)
Other non-operating expenses	1,686	1,402	(284)
Total	3,766	3,103	(663)
<b>Recurring income</b>	<b>12,893</b>	<b>15,660</b>	<b>2,766</b>
Extraordinary income			
Gain on sale of property, plant and equipment	569	5,453	4,884
Gain on sale of investment securities	1,288	970	(317)
Gain on reversal of a portion of the reserve for retirement allowance due to employee transfers	908	-	(908)
Gain on sale of affiliates' stock	472	52	(419)
Reversal of loss on discontinued operations	148	-	(148)
Reversal of allowance for doubtful receivables	103	93	(10)
Dilution gain on sale due to capital increase by affiliate	-	58	58
Total	3,490	6,629	3,139
Extraordinary losses			
Loss on sale of property, plant and equipment	916	2,421	1,504
Loss on disposal of property, plant and equipment	629	607	(21)
Impairment loss	-	4,153	4,153
Special severance package expense	987	530	(457)
Loss on revaluation of 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 discontinued operations	346	1,439	1,092
Loss on forward contract	158	-	(158)
Loss on sale of affiliates' stock	127	-	(127)
Loss on devaluation of investment securities	62	-	(62)
Total	5,553	9,151	3,597
<b>Income before income taxes and minority interests</b>	<b>10,830</b>	<b>13,138</b>	<b>2,308</b>
Income taxes – current	2,383	4,499	2,115
Reversal of prior-year taxes	298	-	(298)
Income taxes – deferred	2,779	2,247	(532)
Total	4,865	6,746	1,881
Minority interests in net income of consolidated subsidiaries	87	98	11
<b>Net income</b>	<b>5,878</b>	<b>6,293</b>	<b>415</b>

## Consolidated Statements of Appropriations

NICHIREI CORPORATION

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

	FY 2005 (Apr. 2004 – Mar. 2005)	FY 2006 (Apr. 2005 – Mar. 2006)
<b>&lt;Capital surplus&gt;</b>		
Balance at beginning of period	23,704	23,705
Increase in capital surplus		
Gain/loss on sale of treasury stock	0	1
Balance at end of period	23,705	23,706
<b>&lt;Retained earnings&gt;</b>		
Balance at beginning of period	31,525	35,495
Increase in retained earnings		
Net income	5,878	6,293
<b>Total</b>	<b>5,878</b>	<b>6,293</b>
Decrease in retained earnings		
Cash dividends	1,862	1,862
Bonuses to directors	45	135
Change of accounting standards at overseas subsidiaries	-	162
<b>Total</b>	<b>1,908</b>	<b>2,160</b>
Balance at end of period	35,495	39,627

## Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2005 (Apr. 2004- Mar. 2005)	FY 2006 (Apr. 2005 - Mar. 2006)	Increase (Decrease)
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	10,830	13,138	2,308
Depreciation and amortization	11,139	10,775	(364)
Impairment loss	-	4,153	4,153
Increase (decrease) in provision for doubtful accounts	140	(39)	(180)
Increase (decrease) in provision for employees' retirement benefits	377	(334)	(711)
Increase in prepaid pension expenses	(2,369)	(53)	2,316
Equity in earnings of affiliates	(1,423)	(1,071)	351
Loss on disposal of property, plant and equipment	428	365	(63)
Loss on discontinued operations	118	1,213	1,094
Reversal of loss on discontinued operations	(161)	-	161
Loss on devaluation of investment securities	62	-	(62)
Valuation loss on real estate for sale	942	-	(942)
Loss on devaluation of goodwill	513	-	(513)
Dilution gain on sale due to capital increase by affiliates	-	(58)	(58)
Loss on forward contract	158	-	(158)
Interest and dividend income	(288)	(320)	(32)
Interest expense	1,657	1,374	(283)
Loss (gain) on sale of property, plant and equipment	347	(3,032)	(3,379)
Gain on sale of investment securities	(1,288)	(970)	317
Gain on sale of affiliates' stock	(344)	(52)	292
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)
Increase in notes and accounts receivable – trade	(5,049)	(139)	4,909
Decrease (increase) in inventories	(1,105)	1,624	2,729
Increase in notes and accounts payable – trade	1,342	1,431	89
Other	3,044	(704)	(3,748)
Subtotal	19,634	27,297	7,663
Interest and dividend income received	662	525	(136)
Interest expense paid	(1,691)	(1,355)	335
Income taxes paid	(3,040)	(2,583)	457
<b>Net cash provided by operating activities</b>	<b>15,564</b>	<b>23,883</b>	<b>8,319</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(5,317)	(4,564)	752
Proceeds from sale of property, plant and equipment	2,278	8,500	6,222
Purchase of investment securities	(186)	(682)	(496)
Proceeds from sale of investment securities	4,664	1,695	(2,968)
Decrease in short-term loans receivable	1	(77)	(78)
Payment of long-term loans receivable	(1)	-	1
Proceeds from collection of long-term loans receivable	33	3	(30)
Other	(2,309)	(1,211)	1,098
<b>Net cash provided by (used in) investing activities</b>	<b>(837)</b>	<b>3,663</b>	<b>4,501</b>
<b>Cash flows from financing activities</b>			
Decrease in short-term bank loans	(3,094)	(3,266)	(172)
Increase (decrease) in commercial paper	5,000	(15,000)	(20,000)
Proceeds from long-term debt	4,503	800	(3,703)
Repayment of long-term debt	(9,735)	(8,271)	1,464
Redemption of bonds	(10,000)	-	10,000
Dividends paid	(1,865)	(1,864)	0
Other	10	42	32
<b>Net cash used in financing activities</b>	<b>(15,180)</b>	<b>(27,559)</b>	<b>(12,379)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(2)</b>	<b>215</b>	<b>217</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(456)</b>	<b>203</b>	<b>659</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,543</b>	<b>3,087</b>	<b>(456)</b>
<b>Cash and cash equivalents at end of period</b>	<b>3,087</b>	<b>3,290</b>	<b>203</b>

## Industrial Segment Information

NICHIREI CORPORATION

Effective from the current consolidated fiscal year, the Company has adopted a holding company structure. Accordingly, the allocation standards for operating expenses to individual operating segments have been changed. Previous-year figures are restated to comply with current-year presentations.

Previous-year figures prior to the application of these revisions to standards for allocating expenses are shown on the tables on the following page 8 as supplementary information.

### (1) FY 2005 (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	174,262	90,976	84,297	113,094	3,227	8,079	473,938	(25,993)	447,944
Operating income (loss)	4,285	(977)	447	3,577	6,003	155	13,492	(10)	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

### (2) FY 2006 (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	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	183,904	78,856	80,984	111,650	8,583	5,431	469,411	-	469,411
Intra-group sales and transfers	939	2,211	3,657	15,427	1,438	3,299	26,975	(26,975)	-
Total	184,844	81,068	84,641	127,077	10,022	8,731	496,386	(26,975)	469,411
Operating expenses	179,390	82,728	84,331	121,252	3,875	8,673	480,251	(26,854)	453,397
Operating income (loss)	5,454	(1,659)	309	5,825	6,146	58	16,135	(121)	16,014
Assets	69,956	24,546	15,160	106,567	29,276	7,167	252,674	15,827	268,501
Depreciation and amortization	2,167	85	42	6,499	846	247	9,888	886	10,775
Impairment loss	0	-	-	89	3,572	462	4,124	28	4,153
Capital expenditures	2,766	133	42	3,749	425	79	7,197	299	7,496

Supplementary information  
FY 2005 (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



## Forecast of FY2007

NICHIREI CORPORATION

### (1) Forecast of Interim FY2007 (Apr. 2006 – Sep. 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)	96,900	38,500	42,500	68,100	4,000	3,200	(13,200)	240,000
Operating expenses	93,400	38,900	42,100	64,900	2,100	3,200	(13,100)	231,500
Operating income	3,500	(400)	400	3,200	1,900	0	(100)	8,500
Depreciation and amortization	1,040	30	20	2,760	410	50	190	4,500
Capital expenditure	1,920	50	50	3,190	290	70	130	5,700

### (2) Forecast of FY2007 (Apr. 2006 – Mar. 2007)

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	191,300	76,800	86,500	134,800	8,100	6,900	(25,400)	479,000
Operating expenses	184,100	77,300	85,700	128,300	4,200	6,700	(25,400)	460,900
Operating income	7,200	(500)	800	6,500	3,900	200	(0)	18,100
Depreciation and amortization	2,190	60	50	5,810	790	100	400	9,400
Capital expenditure	3,610	60	140	5,430	600	100	260	10,200

(\*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.