

Consolidated Financial Statements – Summary

August 4, 2003

(For FY2004 1st Quarter ended June 30, 2003)

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 No. 2871)

1. Notes to preparation of these financial statements

(1) Changes in the scope of consolidation and application of the equity method: Yes

- Changes from FY2003 Consolidated: (New): 0 (Eliminated): 4 companies
Equity method (New): 1 company (Eliminated): 0

(2) Involvement by CPA or auditing firm: Yes

2. Results of FY2004 1st Quarter (April 1, 2003 through June 30, 2003)

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

	Net sales	Operating income	Recurring income
	Million yen	Million yen	Million yen
FY2004 1st Quarter	135,807	3,530	2,967
FY2003 1st Quarter	-	-	-
Ref. FY2003	563,440	18,275	16,283

	Net income	EPS	Diluted EPS
	Million yen	Yen	Yen
FY2004 1st Quarter	1,811	5.83	5.78
FY2003 1st Quarter	-	-	-
Ref. FY2003	5,216	16.16	16.08

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2004 1st Quarter	336,847	92,403	27.4	297.70
FY2003 1st Quarter	-	-	-	-
Ref. 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
FY2004 1st Quarter	(2,108)	2,589	2,223	6,316
FY2003 1st Quarter	-	-	-	-
Ref. FY2003	30,642	(6,029)	(24,470)	3,581

(Note) No quarterly data for the first quarter of fiscal year 2003 are presented as no quarterly business results were disclosed for that quarter.

3. Estimation of business results for the year ending March 31, 2004

		Net sales	Recurring income	Net income	EPS
		Million yen	Million yen	Million yen	Yen
Consolidated	FY2004 interim	290,500	8,300	4,000	12.88
	FY2004	525,700	16,500	8,000	25.77
Non-Consolidated	FY2004 interim	210,100	4,900	2,300	7.40
	FY2004	423,000	9,900	4,200	13.52

Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY2004 1st Quarter (As of June 30, 2003)	FY2003 (As of March 31, 2003)	Increase (Decrease)
<Assets>			
Current assets			
Cash and time deposits	6,316	3,581	2,735
Notes and account receivable - trade	76,837	71,455	5,382
Inventories	37,122	33,231	3,891
Deferred tax assets	1,086	1,732	(646)
Other current assets	6,999	6,757	242
Less allowance for doubtful accounts	(224)	(256)	32
Total	128,138	116,502	11,636
Fixed assets			
1. Tangible assets			
(1) Buildings and structures	92,319	93,255	(936)
(2) Machinery and equipment	18,113	18,782	(669)
(3) Land	44,638	44,961	(322)
(4) Construction in progress	598	330	267
(5) Other tangible fixed assets	1,589	1,562	26
Total	157,259	158,893	(1,634)
2. Intangible assets			
(1) Consolidation adjustments account	452	497	(44)
(2) Other intangible fixed assets	6,929	7,056	(127)
Total	7,381	7,553	(171)
3. Investments and other assets			
(1) Investment securities	28,963	31,921	(2,958)
(2) Deferred tax assets	3,929	4,255	(326)
(3) Other assets	12,211	12,633	(422)
Less allowance for doubtful accounts	(1,036)	(1,056)	20
Total	44,067	47,753	(3,686)
Total fixed assets	208,708	214,201	(5,492)
Total assets	336,847	330,703	6,144

Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY2004 1st Quarter (As of June 30, 2003)	FY2003 (As of March 31, 2003)	Increase (Decrease)
<Liabilities>			
Current liabilities			
Notes and account payable - trade	43,516	40,045	3,471
Short-term bank loans	15,680	18,808	(3,128)
Commercial paper	13,000	15,000	(2,000)
Current portion of long-term loans	8,722	8,882	(160)
Current portion of convertible bonds	6,307	6,307	-
Accrued expenses	18,480	17,604	876
Income taxes payable	1,132	3,188	(2,055)
Other current liabilities	8,556	9,572	(1,016)
Total	115,395	119,409	(4,013)
Long-term liabilities			
Bonds	45,000	45,000	-
Long-term loans	59,994	51,395	8,598
Deferred tax liabilities	261	282	(20)
Employees' retirement benefits	3,735	3,712	23
Directors' and statutory auditors' retirement benefits	523	766	(242)
Deposits received	18,203	18,195	8
Consolidation adjustment account	65	70	(5)
Other long-term liabilities	131	93	38
Total	127,915	119,515	8,399
Total liabilities	243,311	238,925	4,386
<Minority interests>	1,133	1,111	21
<Shareholders' equity>			
Common stock	30,307	30,307	-
Capital surplus	23,704	23,704	-
Retained earnings	36,567	35,872	694
Net unrealized holding gains on securities	1,706	847	858
Translation adjustment	293	107	185
Treasury stock	(176)	(173)	(3)
Total shareholders' equity	92,403	90,666	1,736
Total liabilities and shareholders' equity	336,847	330,703	6,144

Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY2004 1st Quarter (April 2003–June 2003)		FY2003 (April 2002–March 2003)	
	Amount	Share (%)	Amount	Share (%)
Net sales	135,807	100.0	563,440	100.0
Cost of sales	110,291	81.2	461,318	81.9
Gross profit	25,516	18.8	102,121	18.1
Selling, general and administrative expenses				
Selling expenses				
Transportation and storage expense	5,808		23,576	
Sales promotion expense	3,535		13,480	
Advertising expense	1,196		3,367	
Sales commission expense	729		3,135	
Bad debts expense	-		12	
Provision for doubtful accounts	5		83	
Other selling expenses	437		1,777	
Subtotal	11,712		45,434	
General and administrative expenses				
Remuneration, salary and bonuses	4,413		17,520	
Provision for employees' retirement benefits	638		1,922	
Provision for accrued retirement benefit for directors	37		226	
Fringe benefit	825		2,536	
Depreciation and amortization	308		1,413	
Amortization of consolidation adjustment account	45		183	
Traveling expenses	403		1,604	
Communication expenses	183		790	
Rent expense	720		3,352	
Business consignment fee	1,103		2,161	
Research and development expense	524		2,279	
Other general and administrative expense	1,068		4,418	
Subtotal	10,272		38,410	
Total	21,985	16.2	83,845	14.9
Operating income	3,530	2.6	18,275	3.2
Non-operating revenues				
Interest income	18		101	
Dividend income	127		368	
Equity in earnings of affiliates	-		216	
Other non-operating revenues	272		1,771	
Total	417	0.3	2,457	0.4
Non-operating expenses				
Interest expenses	574		2,530	
Equity in losses of affiliates	51		-	
Loss on disposal of obsolete inventories	-		619	
Other non-operating expenses	355		1,299	
Total	980	0.7	4,449	0.8
Recurring income	2,967	2.2	16,283	2.9
Extraordinary income				
Gain on sales of property, plant and equipment	27		766	
Gain on sales of investment securities	640		231	
Reversal of allowance for doubtful receivables	20		81	
Total	688	0.5	1,080	0.2
Extraordinary losses				
Loss on sales of property, plant and equipment	8		20	
Loss on disposal of property, plant and equipment	54		1,072	
Loss on devaluation of investment securities	201		3,431	
Loss on sales of investment securities	-		2,463	
Loss on discontinued operations	-		748	
Loss on devaluation of golf membership	-		250	
Total	264	0.2	7,987	1.4
Income before income taxes	3,391	2.5	9,377	1.7
Income taxes	1,544	1.1	3,954	0.7
Minority interest in net losses of consolidated subsidiaries	36	0.0	206	0.0
Net income	1,811	1.3	5,216	0.9

Consolidated Statements of Appropriations

NICHIREI CORPORATION

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

	FY2004 1st Quarter (April 2003– June 2003)	FY2003 (April 2002– March 2003)
<Capital surplus>		
Balance at beginning of period	23,704	23,704
Balance at end of period	23,704	23,704
<Retained earnings>		
Balance at beginning of period	35,872	32,694
Increase in retained earnings		
Net income	1,811	5,216
Total	1,811	5,216
Decrease in retained earnings		
Cash dividends	931	1,864
Bonuses to directors	184	173
Total	1,116	2,038
Balance at end of period	36,567	35,872

Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY2004 1st Quarter (April 2003– June 2003)	FY2003 (April 2002– March 2003)
Cash flows from operating activities		
Income before income taxes and minority interests	3,391	9,377
Depreciation and amortization	2,924	12,767
Interest and dividend income	(145)	(469)
Interest expense	574	2,530
Decrease (Increase) in notes and accounts receivable - trade	(5,297)	7,154
Decrease (Increase) in inventories	(3,935)	2,708
Decrease (Increase) in notes and accounts payable - trade	3,464	(4,876)
Other	144	6,171
Subtotal	1,121	35,363
Interest and dividend income received	318	689
Interest expense paid	(349)	(2,560)
Income taxes paid	(3,199)	(2,849)
Net cash provided by (used in) operating activities	(2,108)	30,642
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,780)	(6,673)
Proceeds from sales of property, plant and equipment	386	4,715
Purchase of investment securities	(210)	(5,702)
Proceeds from sales of investment securities	4,968	3,117
Other	(774)	(1,486)
Net cash provided by (used in) investing activities	2,589	(6,029)
Cash flows from financing activities		
Increase (decrease) in short-term bank loans	(3,245)	(24,725)
Increase in commercial paper	(2,000)	-
Proceeds from long-term debt	9,200	15,301
Repayment of long-term debt	(853)	(7,949)
Proceeds from issuance of bonds	-	20,000
Redemption of bonds	-	(25,000)
Dividends paid	(775)	(1,865)
Other	(101)	(232)
Net cash provided by (used in) financing activities	2,223	(24,470)
Effects of exchange rate changes on cash and cash equivalents	30	(119)
Net increase (decrease) in cash and cash equivalents	2,735	22
Cash and cash equivalents at beginning of year	3,581	3,559
Cash and cash equivalents at end of year	6,316	3,581

Industrial Segment Information

NICHIREI CORPORATION

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

(1) FY2004 1st Quarter (April 2003 – June 2003)

	Processed Foods	Marine Products	Meat and Livestock	Logistics	Real Estate	Wholesale Foods	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	36,392	21,307	16,780	23,712	1,508	34,494	1,611	135,807	-	135,807
Intra-group sales and transfers	6,405	1,332	1,229	4,969	51	192	586	14,767	(14,767)	-
Total	42,798	22,640	18,010	28,682	1,559	34,686	2,197	150,574	(14,767)	135,807
Operating expenses	40,410	22,981	17,729	27,418	531	34,534	1,812	145,418	(13,141)	132,277
Operating income	2,387	(340)	281	1,263	1,028	151	385	5,156	(1,625)	3,530

(2) FY2003 (April 2002 – March 2003)

	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

Note: In the fiscal year ending March 2004, the Company redefines its business segments in connection with its introduction of division-company structure. Segment information of FY 2003 under the new segmentation is shown below.

The "Temperature-Controlled Logistics" business segment, shown in previous financial statements, has been renamed as the "Logistics" segment.

(3) FY2003 (April 2002 – March 2003)

	Processed Foods	Marine Products	Meat and Livestock	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

Forecast

NICHIREI CORPORATION

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

Note: Yukiwa, Co. Ltd., which constitutes Nichirei's "Wholesale Foods" business segment, is scheduled to merge with Ryoshoku Food Service Limited, a subsidiary of Ryoshoku Limited, on October 1, 2003. After that, the new company will become a consolidated subsidiary of Ryoshoku Limited, and an equity method affiliate of the Company. Therefore, the new company will be out of scope of the Company's consolidation.

(1) FY 2004 Interim (April 2003 - September 2003)

	Processed Foods	Marine Products	Meat and Livestock	Logistics	Real Estate	Wholesale Foods	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	92,500	50,100	35,900	60,700	3,800	76,200	4,900	324,100	(33,600)	290,500
Operating income	4,300	0	400	3,400	2,600	800	500	12,000	(2,700)	9,300

(2) FY 2004 (April 2003 - March 2004)

	Processed Foods	Marine Products	Meat and Livestock	Logistics	Real Estate	Wholesale Foods	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	179,100	105,700	74,400	121,900	8,200	76,200	9,100	574,600	(48,900)	525,700
Operating income	7,500	1,000	700	7,000	4,600	800	1,100	22,700	(4,700)	18,000

(*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 the U.S. dollar 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.