

Consolidated Financial Statements – Summary

February 3, 2004

(For FY2004 3rd Quarter ended December 31, 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): 6 companies

Equity method (New): 2 companies (Eliminated): 0

(2) Involvement by CPA or auditing firm: Yes

2. Results of FY2004 3rd Quarter (April 1, 2003 through December 31, 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 3rd quarter | 399,115 | 13,260 | 11,529 |
| FY2003 3rd quarter | - | - | - |
| Ref. FY2003 | 563,440 | 18,275 | 16,283 |

| | Net income | EPS | Diluted EPS |
|---------------------------|--------------|--------------|-------------|
| | Million yen | Yen | Yen |
| FY2004 3rd quarter | 5,887 | 18.97 | - |
| FY2003 3rd 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 3rd quarter | 328,802 | 96,204 | 29.3 | 309.99 |
| FY2003 3rd 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 3rd quarter | 4,851 | (5,536) | 4,220 | 3,641 |
| FY2003 3rd quarter | - | - | - | - |
| Ref. FY2003 | 30,642 | (6,029) | (24,470) | 3,581 |

(Note) No quarterly data for the 3rd 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 | 501,700 | 11,500 | 5,600 | 18.04 |
| Non-Consolidated | FY2004 | 401,100 | 7,400 | 2,700 | 8.69 |

Consolidated Balance Sheets

NICHIREI CORPORATION

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

| | FY2004 3rd quarter (As of Dec. 31, 2003) | FY2003 (As of Mar. 31, 2003) | Increase (decrease) |
|--|---|------------------------------------|------------------------|
| <Assets> | | | |
| Current assets | | | |
| Cash and time deposits | 3,641 | 3,581 | 59 |
| Notes and account receivable – trade | 79,147 | 71,455 | 7,691 |
| Inventories | 30,691 | 33,231 | (2,540) |
| Deferred tax assets | 1,630 | 1,732 | (102) |
| Other current assets | 8,866 | 6,757 | 2,109 |
| Less allowance for doubtful accounts | (411) | (256) | (155) |
| Total | 123,565 | 116,502 | 7,063 |
| Fixed assets | | | |
| 1. Tangible assets | | | |
| (1) Buildings and structures | 90,056 | 93,255 | (3,199) |
| (2) Machinery and equipment | 17,078 | 18,782 | (1,703) |
| (3) Land | 44,600 | 44,961 | (361) |
| (4) Construction in progress | 58 | 330 | (272) |
| (5) Other tangible fixed assets | 1,519 | 1,562 | (43) |
| Total | 153,313 | 158,893 | (5,580) |
| 2. Intangible assets | | | |
| (1) Consolidation adjustment account | 363 | 497 | (134) |
| (2) Other intangible fixed assets | 7,313 | 7,056 | 257 |
| Total | 7,676 | 7,553 | 123 |
| 3. Investments and other assets | | | |
| (1) Investment securities | 31,429 | 31,921 | (491) |
| (2) Deferred tax assets | 2,916 | 4,255 | (1,338) |
| (3) Other assets | 11,120 | 12,633 | (1,513) |
| Less allowance for doubtful accounts | (1,220) | (1,056) | (163) |
| Total | 44,246 | 47,753 | (3,507) |
| Total fixed assets | 205,236 | 214,201 | (8,964) |
| Total assets | 328,802 | 330,703 | (1,900) |

Consolidated Balance Sheets

NICHIREI CORPORATION

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

| | FY2004 3rd quarter (As of Dec. 31, 2003) | FY2003 (As of Mar. 31, 2003) | Increase (decrease) |
|--|---|------------------------------------|------------------------|
| <Liabilities> | | | |
| Current liabilities | | | |
| Notes and account payable – trade | 32,638 | 40,045 | (7,406) |
| Short-term bank loans | 23,483 | 18,808 | 4,674 |
| Commercial paper | 18,000 | 15,000 | 3,000 |
| Current portion of long-term loans | 6,750 | 8,882 | (2,132) |
| Current portion of bonds | 10,000 | - | 10,000 |
| Current portion of convertible bonds | - | 6,307 | (6,307) |
| Accrued expenses | 17,040 | 17,604 | (564) |
| Income taxes payable | 2,924 | 3,188 | (263) |
| Allowance for loss on discontinued operations | 538 | - | 538 |
| Other current liabilities | 10,916 | 9,572 | 1,343 |
| Total | 122,292 | 119,409 | 2,883 |
| Long-term liabilities | | | |
| Bonds | 35,000 | 45,000 | (10,000) |
| Long-term loans | 58,463 | 51,395 | 7,068 |
| Deferred tax liabilities | 292 | 282 | 10 |
| Employees' retirement benefits | 2,988 | 3,712 | (723) |
| Directors' and statutory auditors' retirement benefits | 495 | 766 | (270) |
| Deposits received | 12,391 | 18,195 | (5,803) |
| Consolidation adjustment account | 49 | 70 | (20) |
| Other long-term liabilities | 86 | 93 | (7) |
| Total | 109,769 | 119,515 | (9,746) |
| Total liabilities | 232,061 | 238,925 | (6,863) |
| <Minority interests> | 536 | 1,111 | (574) |
| <Shareholders' equity> | | | |
| Common stock | 30,307 | 30,307 | - |
| Capital surplus | 23,704 | 23,704 | - |
| Retained earnings | 39,304 | 35,872 | 3,431 |
| Net unrealized holding gains on securities | 3,114 | 847 | 2,267 |
| Translation adjustment | (34) | 107 | (142) |
| Treasury stock | (192) | (173) | (18) |
| Total shareholders' equity | 96,204 | 90,666 | 5,537 |
| Total liabilities and shareholders' equity | 328,802 | 330,703 | (1,900) |

Consolidated Statements of Income

NICHIREI CORPORATION

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

| | FY2004 3rd quarter (Apr. 2003 – Dec. 2003) | | FY2003 (Apr. 2002 – Mar. 2003) | |
|--|---|--------------|-----------------------------------|--------------|
| | Amount | Share (%) | Amount | Share (%) |
| Net sales | 399,115 | 100.0 | 563,440 | 100.0 |
| Cost of sales | 322,637 | 80.8 | 461,318 | 81.9 |
| Gross profit | 76,477 | 19.2 | 102,121 | 18.1 |
| Selling, general and administrative expenses | | | | |
| Selling expenses | | | | |
| Transportation and storage expense | 15,777 | | 23,576 | |
| Sales promotion expense | 11,625 | | 13,480 | |
| Advertising expense | 3,225 | | 3,367 | |
| Sales commission expense | 2,414 | | 3,135 | |
| Bad debts expense | - | | 12 | |
| Provision for doubtful accounts | 176 | | 83 | |
| Other selling expenses | 1,456 | | 1,777 | |
| Subtotal | 34,675 | | 45,434 | |
| General and administrative expenses | | | | |
| Remuneration, salary and bonuses | 12,199 | | 17,520 | |
| Provision for employees' retirement benefits | 1,893 | | 1,922 | |
| Provision for accrued retirement benefit for directors | 163 | | 226 | |
| Fringe benefit | 2,032 | | 2,536 | |
| Depreciation and amortization | 1,060 | | 1,413 | |
| Amortization of consolidation adjustment account | 135 | | 183 | |
| Traveling expenses | 1,169 | | 1,604 | |
| Communication expenses | 527 | | 790 | |
| Rent expense | 2,020 | | 3,352 | |
| Business consignment fee | 2,915 | | 2,161 | |
| Research and development expense | 1,558 | | 2,279 | |
| Other general and administrative expense | 2,866 | | 4,418 | |
| Subtotal | 28,542 | | 38,410 | |
| Total | 63,217 | 15.8 | 83,845 | 14.9 |
| Operating income | 13,260 | 3.3 | 18,275 | 3.2 |
| Non-operating revenues | | | | |
| Interest income | 75 | | 101 | |
| Dividend income | 227 | | 368 | |
| Equity in earnings of affiliates | - | | 216 | |
| Other non-operating revenues | 931 | | 1,771 | |
| Total | 1,233 | 0.3 | 2,457 | 0.4 |
| Non-operating expenses | | | | |
| Interest expenses | 1,699 | | 2,530 | |
| Equity in losses of affiliates | 136 | | - | |
| Loss on disposal of obsolete inventories | - | | 619 | |
| Other non-operating expenses | 1,127 | | 1,299 | |
| Total | 2,963 | 0.7 | 4,449 | 0.8 |
| Recurring income | 11,529 | 2.9 | 16,283 | 2.9 |
| Extraordinary income | | | | |
| Gain on sales of property, plant and equipment | 35 | | 766 | |
| Gain on sales of investment securities | 1,027 | | 231 | |
| Reversal of allowance for doubtful receivables | 63 | | 81 | |
| Total | 1,126 | 0.3 | 1,080 | 0.2 |
| Extraordinary losses | | | | |
| Loss on sales of property, plant and equipment | 26 | | 20 | |
| Loss on disposal of property, plant and equipment | 324 | | 1,072 | |
| Loss on discontinued operations | 1,204 | | 748 | |
| Provision for doubtful accounts | 535 | | - | |
| Loss on devaluation of investment securities | 226 | | 3,431 | |
| Loss on sales of investment securities | - | | 2,463 | |
| Loss on devaluation of golf membership | - | | 250 | |
| Total | 2,317 | 0.6 | 7,987 | 1.4 |
| Income before income taxes | 10,338 | 2.6 | 9,377 | 1.7 |
| Income taxes | 4,362 | 1.1 | 3,954 | 0.7 |
| Minority interest in net losses of consolidated subsidiaries | 88 | 0.0 | 206 | 0.0 |
| Net income | 5,887 | 1.5 | 5,216 | 0.9 |

Consolidated Statements of Appropriations

NICHIREI CORPORATION

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

| | FY2004 3rd quarter (Apr. 2003 – Dec. 2003) | FY2003 (Apr. 2002 – Mar. 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 | 5,887 | 5,216 |
| Total | 5,887 | 5,216 |
| Decrease in retained earnings | | |
| Cash dividends | 1,863 | 1,864 |
| Bonuses to directors | 184 | 173 |
| Decline due to reclassification of a consolidated subsidiary as an equity-method affiliate | 408 | - |
| Total | 2,456 | 2,038 |
| Balance at end of period | 39,304 | 35,872 |

Note: Yukiwa, Co. Ltd., a consolidated subsidiary, on October 1, 2003 merged with Ryoshoku Food Service Limited and was renamed RY Food Service Limited. 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 3rd quarter (Apr. 2003 – Dec. 2003) | FY2003 (Apr. 2002 – Mar. 2003) |
|--|---|--------------------------------------|
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 10,338 | 9,377 |
| Depreciation and amortization | 8,871 | 12,767 |
| Interest and dividend income | (302) | (469) |
| Interest expense | 1,699 | 2,530 |
| Decrease (Increase) in notes and accounts receivable – trade | (21,344) | 7,154 |
| Decrease (Increase) in inventories | (1,344) | 2,708 |
| Decrease (Increase) in notes and accounts payable – trade | 10,754 | (4,876) |
| Other | 2,345 | 6,171 |
| Subtotal | 11,019 | 35,363 |
| Interest and dividend income received | 507 | 689 |
| Interest expense paid | (1,534) | (2,560) |
| Income taxes paid | (5,140) | (2,849) |
| Net cash provided by operating activities | 4,851 | 30,642 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (4,273) | (6,673) |
| Proceeds from sales of property, plant and equipment | 461 | 4,715 |
| Purchase of investment securities | (302) | (5,702) |
| Proceeds from sales of investment securities | 5,906 | 3,117 |
| Other | (7,328) | (1,486) |
| Net cash used in investing activities | (5,536) | (6,029) |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term bank loans | 4,570 | (24,725) |
| Increase in commercial paper | 3,000 | - |
| Proceeds from long-term debt | 9,200 | 15,301 |
| Repayment of long-term debt | (4,347) | (7,949) |
| Proceeds from issuance of bonds | - | 20,000 |
| Redemption of bonds | (6,307) | (25,000) |
| Dividends paid | (1,758) | (1,865) |
| Other | (137) | (232) |
| Net cash provided by (used in) financing activities | 4,220 | (24,470) |
| Effects of exchange rate changes on cash and cash equivalents | (53) | (119) |
| Net increase (decrease) in cash and cash equivalents | 3,481 | 22 |
| Decline in cash and cash equivalents due to reclassification of a consolidated subsidiary as an equity-method affiliate | (3,422) | - |
| Cash and cash equivalents at beginning of year | 3,581 | 3,559 |
| Cash and cash equivalents at end of year | 3,641 | 3,581 |

Note: Yukiwa, Co. Ltd., a consolidated subsidiary, on October 1, 2003 merged with Ryoshoku Food Service Limited and was renamed RY Food Service Limited. 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 3rd Quarter (Apr. 2003 – Dec. 2003)

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

| | Processed Foods | Marine Products | Meat and Livestock | Logistics | Real Estate | Wholesale Foods | Other | Total | Intercompany eliminations and corporate | Consolidated |
|---------------------------------|-----------------|-----------------|--------------------|-----------|-------------|-----------------|-------|---------|---|--------------|
| Operating revenues | 119,000 | 69,934 | 54,484 | 74,395 | 5,828 | 70,943 | 4,528 | 399,115 | - | 399,115 |
| Intra-group sales and transfers | 13,213 | 3,600 | 3,591 | 13,691 | 155 | 417 | 1,748 | 36,417 | (36,417) | - |
| Total | 132,214 | 73,535 | 58,075 | 88,087 | 5,983 | 71,360 | 6,276 | 435,532 | (36,417) | 399,115 |
| Operating expenses | 126,028 | 74,046 | 57,017 | 83,232 | 1,797 | 71,037 | 5,260 | 418,421 | (32,565) | 385,855 |
| Operating income | 6,185 | (510) | 1,057 | 4,854 | 4,185 | 323 | 1,016 | 17,111 | (3,851) | 13,260 |

(2) FY2003 (Apr. 2002 – Mar. 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 redefined its business segments in connection with the introduction of a division-company structure. Prior-year (FY2003) segment information is restated below to conform with the current year presentation. The "Temperature-Controlled Logistics" business segment, shown in previous financial statements, is renamed as the "Logistics" segment.

(3) FY2003 (Apr. 2002 – Mar. 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 |

FY 2004 (April 2003 - March 2004)

(Hundred Million yen)

| | Processed Foods | Marine Products | Meat and Livestock | Logistics | Real Estate | Wholesale Foods | Other | Total | Intercompany eliminations and corporate | Consolidated |
|-------------------------|-----------------|-----------------|--------------------|-----------|-------------|-----------------|-------|-------|---|--------------|
| Operating revenues (*1) | 1,688 | 980 | 739 | 1,152 | 83 | 714 | 83 | 5,439 | (422) | 5,017 |
| Operating income | 59 | (7) | 11 | 49 | 57 | 3 | 14 | 186 | (49) | 137 |

(*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.