

Consolidated Financial Statements – Summary

August 3, 2004

(For FY2005 1st Quarter ended June 30, 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 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 FY2004 Consolidated: (New): 5 companies (Eliminated): 3 companies
Equity method (New): 0 (Eliminated): 0

(2) Involvement by CPA or auditing firm: Yes

2. Results of FY2005 1st Quarter (April 1, 2004 through June 30, 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
FY2005 1st quarter	111,113	4,576	4,353
FY2004 1st quarter	135,807	3,530	2,967
Ref. FY2004	496,611	13,976	12,095

	Net income	EPS	Diluted EPS
	Million yen	Yen	Yen
FY2005 1st quarter	2,805	9.03	-
FY2004 1st quarter	1,811	5.83	5.78
Ref. FY2004	(1,891)	(6.28)	-

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2005 1st quarter	288,547	91,570	31.7	295.07
FY2004 1st quarter	336,847	92,403	27.4	297.70
Ref. 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
FY2005 1st quarter	(2,772)	1,227	1,266	3,238
FY2004 1st quarter	(2,108)	2,589	2,223	6,316
Ref. FY2004	13,106	13,757	(23,397)	3,543

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

		Net sales	Recurring income	Net income	EPS
		Million yen	Million yen	Million yen	Yen
Consolidated	FY2005 Interim	233,000	7,200	2,600	8.37
	FY2005	477,000	13,900	5,000	16.11
Non-Consolidated	FY2005 Interim	189,000	5,600	1,900	6.12
	FY2005	384,000	9,400	2,400	7.73

Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY2004 1st quarter (As of Jun 30, 2003)	FY2005 1st quarter (As of Jun 30, 2004)	FY2004 (As of Mar. 31, 2004)	Increase (Decrease) from FY2004
<Assets>				
Current Assets				
Cash and time deposits	6,316	3,238	3,543	(305)
Notes and account receivable - trade	76,837	64,934	59,127	5,807
Inventories	37,122	36,399	30,602	5,796
Deferred tax assets	1,086	4,112	7,779	(3,666)
Other current assets	6,999	6,596	7,354	(757)
Less allowance for doubtful accounts	(224)	(320)	(294)	(26)
Total	128,138	114,960	108,112	6,847
Fixed assets				
1. Tangible assets				
Buildings and structures	92,319	73,695	74,862	(1,167)
Machinery and equipment	18,113	16,181	16,626	(445)
Land	44,638	33,588	33,607	(19)
Construction in progress	598	203	177	26
Other tangible fixed assets	1,589	1,451	1,493	(41)
Total	157,259	125,120	126,767	(1,647)
2. Intangible assets				
Consolidation adjustment account	452	273	318	(44)
Other intangible fixed assets	6,929	7,002	7,596	(593)
Total	7,381	7,276	7,915	(638)
3. Investments and other assets				
Investment securities	28,963	27,258	30,279	(3,021)
Deferred tax assets	3,929	3,214	1,414	1,799
Other assets	12,211	11,818	11,367	450
Less allowance for doubtful accounts	(1,036)	(1,100)	(1,155)	55
Total	44,067	41,189	41,905	(715)
Total fixed assets	208,708	173,587	176,588	(3,001)
Total assets	336,847	288,547	284,700	3,846

Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY2004 1st quarter (As of Jun. 30, 2003)	FY2005 1st quarter (As of Jun. 30, 2004)	FY2004 (As of Mar. 31, 2004)	Increase (Decrease) from FY2004
<Liabilities>				
Current liabilities				
Notes and account payable - trade	43,516	26,558	23,198	3,359
Short-term bank loans	15,680	16,563	18,514	(1,950)
Commercial paper	13,000	10,000	10,000	-
Current portion of long-term loans	8,722	10,407	9,575	831
Current portion of bonds	-	10,000	10,000	-
Current portion of convertible bonds	6,307	-	-	-
Accrued expenses	18,480	18,012	18,219	(207)
Income taxes payable	1,132	689	2,501	(1,811)
Other current liabilities	8,556	9,023	9,945	(921)
Total	115,395	101,254	101,955	(700)
Long-term liabilities				
Bonds	45,000	35,000	35,000	-
Long-term loans	59,994	44,229	41,299	2,929
Deferred tax liabilities	261	380	320	60
Employees' retirement benefits	3,735	3,157	3,009	148
Directors' and statutory auditors' retirement benefits	523	550	533	17
Deposits received	18,203	11,730	11,765	(34)
Consolidation adjustment account	65	38	44	(5)
Other long-term liabilities	131	76	83	(6)
Total	127,915	95,164	92,055	3,108
Total liabilities	243,311	196,418	194,010	2,408
<Minority interests>	1,133	557	513	44
<Shareholders' equity>				
Common stock	30,307	30,307	30,307	-
Capital surplus	23,704	23,704	23,704	-
Retained earnings	36,567	33,353	31,525	1,828
Net unrealized holding gains on securities	1,706	4,692	4,890	(197)
Translation adjustment	293	(292)	(60)	(232)
Treasury stock	(176)	(195)	(191)	(4)
Total shareholders' equity	92,403	91,570	90,176	1,393
Total liabilities and shareholders' equity	336,847	288,547	284,700	3,846

Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY2004 1st quarter (Apr. 2003 - Jun. 2003)	FY2005 1st quarter (Apr. 2004 - Jun. 2004)	Increase (Decrease)	FY2004 (Apr. 2003 - Mar. 2004)
Net sales	135,807	111,113	(24,694)	496,611
Cost of sales	110,291	87,771	(22,519)	401,101
Gross profit	25,516	23,341	(2,174)	95,510
Selling, general and administrative expenses				
Selling expenses				
Transportation and storage expense	5,808	3,783	(2,025)	19,044
Sales promotion expense	3,535	4,246	711	15,735
Advertising expense	1,196	1,376	180	4,666
Sales commission expense	729	892	162	3,117
Bad debts expense	-	-	-	1
Provision for doubtful accounts	5	76	71	152
Other selling expenses	437	447	9	1,929
Total	11,712	10,823	(889)	44,647
General and administrative expenses				
Remuneration, salary and bonuses	4,413	3,387	(1,025)	15,697
Provision for employees' retirement benefits	638	308	(329)	2,592
Provision for accrued retirement benefit for directors	37	39	1	212
Fringe benefit	825	536	(289)	2,509
Depreciation and amortization	308	270	(38)	1,471
Amortization of consolidation adjustment account	45	45	(0)	180
Traveling expenses	403	384	(18)	1,508
Communication expenses	183	142	(41)	710
Rent expense	720	633	(87)	2,629
Business consignment fee	1,103	752	(351)	3,600
Research and development expense	524	509	(15)	2,090
Other general and administrative expense	1,068	932	(135)	3,683
Subtotal	10,272	7,941	(2,331)	36,885
Total	21,985	18,765	(3,220)	81,533
Operating income	3,530	4,576	1,045	13,976
Non-operating revenues				
Interest income	18	21	2	105
Dividend income	127	171	44	305
Equity in earnings of affiliates	-	173	173	119
Other non-operating revenues	272	230	(41)	1,710
Total	417	597	179	2,241
Non-operating expenses				
Interest expenses	574	432	(141)	2,198
Equity in losses of affiliates	51	-	(51)	-
Loss on disposal of obsolete inventories	-	93	93	443
Other non-operating expenses	355	293	(61)	1,479
Total	980	819	(160)	4,122
Recurring income	2,967	4,353	1,385	12,095
Extraordinary income				
Gain on sales of property, plant and equipment	27	98	70	36
Gain on sales of investment securities	640	1,192	552	1,838
Reversal of allowance for doubtful receivables	20	47	27	99
Reversal of loss on discontinued operations	-	153	153	-
Gain on sales of affiliates stock	-	-	-	198
Total	688	1,491	803	2,174
Extraordinary losses				
Loss on sales of property, plant and equipment	8	2	(5)	15,000
Loss on disposal of property, plant and equipment	54	41	(13)	625
Loss on devaluation of investment securities	201	62	(139)	253
Loss on devaluation of goodwill	-	509	509	-
Loss on discontinued operations	-	-	-	1,279
Provision for doubtful receivables	-	-	-	517
Special severance package expense	-	-	-	410
Total	264	615	350	18,087
Income before income taxes	3,391	5,230	1,838	-
Loss before income taxes	-	-	-	3,817
Income taxes	1,544	2,422	877	(1,991)
Minority interest in net income of consolidated subsidiaries	36	3	(33)	65
Net income	1,811	2,805	994	-
Net Loss	-	-	-	1,891

Consolidated Statements of Appropriations

NICHIREI CORPORATION

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

	FY2004 1st quarter (Apr. 2003 - Jun. 2003)	FY2005 1st quarter (Apr. 2004 - Jun. 2004)	FY2004 (Apr. 2003 - Mar. 2004)
<Capital Surplus>			
Balance at beginning of period	23,704	23,704	23,704
Balance at end of period	23,704	23,704	23,704
<Retained Earnings>			
Balance at beginning of period	35,872	31,525	35,872
Increase in retained earnings			
Net income	1,811	2,805	-
Total	1,811	2,805	-
Decrease in retained earnings			
Net loss	-	-	1,891
Cash dividends	931	931	1,863
Bonuses to directors	184	45	184
Decline due to reclassifications of a consolidated subsidiary as an equity-method affiliate	-	-	408
Total	1,116	976	4,347
Balance at end of period	36,567	33,353	31,525

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)

	FY2004 1st quarter (Apr. 2003 - Jun. 2003)	FY2005 1st quarter (Apr. 2004 - Jun. 2004)	Increase (Decrease)	FY2004 (Apr. 2003 - Mar. 2004)
Cash flows from operating activities				
Income before income taxes and minority interests	3,391	5,230	1,838	-
Loss before income taxes and minority interests	-	-	-	(3,817)
Depreciation and amortization	2,924	2,681	(242)	11,904
Increase (decrease) in provision for doubtful accounts	(56)	29	85	334
Provision for employees' retirement benefits	35	149	114	224
Decrease in prepaid pension expenses	304	17	(286)	699
Equity in loss (earnings) of affiliates	51	(173)	(224)	(119)
Loss on disposal of property, plant and equipment	36	61	25	512
Loss on devaluation of investment securities	201	62	(139)	253
Loss on devaluation of goodwill	-	509	509	-
Loss on discontinued operations	-	-	-	1,004
Interest and dividend income	(145)	(193)	(47)	(410)
Interest expense	574	432	(141)	2,198
Loss (gain) on sales of property, plant and equipment	(18)	2	21	14,964
Gain on sales of investment securities	(633)	(1,192)	(559)	(1,803)
Increase in notes and accounts receivable - trade	(5,297)	(5,918)	(621)	(1,242)
Increase in inventories	(3,935)	(5,899)	(1,964)	(924)
Increase in notes and accounts payable - trade	3,464	3,360	(103)	1,309
Other	224	427	202	(5,248)
Subtotal	1,121	(413)	(1,534)	19,838
Interest and dividend income received	318	189	(129)	619
Interest expense paid	(349)	(334)	14	(2,247)
Income taxes paid	(3,199)	(2,214)	985	(5,104)
Net cash provided by operating activities	(2,108)	(2,772)	(663)	13,106
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,780)	(1,632)	148	(5,640)
Proceeds from sales of property, plant and equipment	386	187	(199)	10,887
Purchase of investment securities	(210)	(6)	204	(311)
Proceeds from sales of investment securities	4,968	3,909	(1,058)	10,911
Decrease (Increase) in short-term loans receivable	14	(11)	(25)	28
Payment of long-term loans receivable	(3)	0	2	(6)
Proceeds from collection of long-term loans receivable	8	5	(3)	53
Other	(793)	(1,224)	(430)	(2,163)
Net cash used in investing activities	2,589	1,227	(1,361)	13,757
Cash flows from financing activities				
Decrease in short-term bank loans	(3,245)	(1,810)	1,434	(531)
Decrease in commercial paper	(2,000)	-	2,000	(5,000)
Proceeds from long-term debt	9,200	4,502	(4,697)	9,200
Repayment of long-term debt	(853)	(704)	148	(18,732)
Redemption of bonds	-	-	-	(6,307)
Dividends paid	(775)	(763)	11	(1,864)
Other	(101)	43	145	(162)
Net cash used in financing activities	2,223	1,266	(957)	(23,397)
Effects of exchange rate changes on cash and cash equivalents	30	(27)	(58)	(82)
Net increase in cash and cash equivalents	2,735	(305)	(3,040)	3,384
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	3,543	(37)	3,581
Cash and cash equivalents at end of year	6,316	3,238	(3,078)	3,543

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) FY2004 1st Quarter (Apr. 2003 – Jun. 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	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) FY2005 1stt Quarter (Apr. 2004 – Jun. 2004)

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

	Processed Foods	Marine Products	Meat and Livestock	Logistics	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	42,305	21,350	18,706	24,003	3,283	1,464	111,113	-	111,113
Intra-group sales and transfers	248	495	1,008	3,792	145	637	6,328	(6,328)	-
Total	42,554	21,846	19,714	27,796	3,428	2,102	117,441	(6,328)	111,113
Operating expenses	41,027	21,879	19,343	26,268	1,139	1,953	111,612	(5,075)	106,537
Operating income	1,526	(33)	371	1,527	2,289	149	5,829	(1,253)	4,576

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.

(3) FY2004 (Apr. 2003 – Mar. 2004)

(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	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

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.

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	50,100	39,700	58,800	4,800	3,900	(12,600)	233,000
Operating expenses	85,000	49,800	39,100	56,500	2,000	3,800	(10,400)	225,800
Operating income	3,300	300	600	2,300	2,800	100	(2,200)	7,200

(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	105,800	80,800	121,800	7,900	7,900	(24,100)	477,000
Operating expenses	170,100	104,700	79,800	117,100	3,400	7,700	(19,800)	463,000
Operating income	6,800	1,100	1,000	4,700	4,500	200	(4,300)	14,000

(*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 publication. 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 establish a comprehensive quality assurance system that encompasses product development, raw materials procurement, production and sales;
- 4) Nichirei's and its Group companies' ability to develop new products and services;
- 5) Nichirei's and its Group companies' ability to implement growth strategies and build a low-cost structure;
- 6) Nichirei's and its Group companies' ability to reduce interest-bearing obligations;
- 7) Nichirei's and its Group companies' ability to gain benefits through alliance with other companies;
- 8) effect of natural disasters; and
- 9) serious and unpredictable effects that may be caused by future events.