

# Consolidated Financial Statements – Summary

August 2, 2005

(For FY 2006 1st Quarter ended June 30, 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. Notes to Preparation of These Financial Statements

- (1) Changes in accounting treatment from the most recent consolidated fiscal year: Yes  
The standards for allocating operating expenses to individual operating segments have been changed.
- (2) Changes in the scope of consolidation and application of the equity method: Yes  
- Changes from FY 2005 Consolidated: (New): 2 companies (Eliminated): 9 companies  
Equity method (New): 0 (Eliminated): 0

## 2. Results of FY 2006 1st Quarter (April 1, 2005 through June 30, 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>FY 2006 1st quarter</b>	<b>116,309</b>	<b>3,715</b>	<b>3,600</b>
FY 2005 1st quarter	111,113	4,576	4,353
Ref. FY 2005	461,426	13,482	12,893

	Net income (loss)	E.P.S.	Diluted E.P.S.
	Million yen	Yen	Yen
<b>FY 2006 1st quarter</b>	<b>(312)</b>	<b>(1.00)</b>	-
FY 2005 1st quarter	2,805	9.03	-
Ref. FY 2005	5,878	18.45	-

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>FY 2006 1st quarter</b>	<b>277,863</b>	<b>92,689</b>	<b>33.4</b>	<b>298.76</b>
FY 2005 1st quarter	288,547	91,570	31.7	295.07
Ref. 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 1st quarter</b>	<b>816</b>	<b>(441)</b>	<b>(15)</b>	<b>3,481</b>
FY 2005 1st quarter	(2,772)	1,227	1,266	3,238
Ref. FY 2005	15,564	(837)	(15,180)	3,087

## 3. Estimation of Business Results for the Year Ending March 31, 2006

		Net sales	Recurring income	Net income	E.P.S.
		Million yen	Million yen	Million yen	Yen
Consolidated	FY 2006 Interim	240,000	7,600	2,800	9.02
	FY 2006	481,800	15,700	7,300	23.53
Non-Consolidated	FY 2006 Interim	7,500	3,000	500	1.61
	FY 2006	15,000	5,500	1,900	6.12

## Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2005 1st quarter (As of Jun. 30, 2004)	FY 2006 1st quarter (As of Jun. 30, 2005)	FY 2005 (As of Mar. 31, 2005)	Increase (Decrease) from FY 2005
<b>&lt;Assets&gt;</b>				
<b>Current assets</b>				
Cash and time deposits	3,238	3,481	3,087	394
Notes and account receivable – trade	64,934	69,126	64,150	4,976
Inventories	36,399	32,635	33,065	(429)
Deferred tax assets	4,112	2,979	3,460	(480)
Other current assets	6,596	5,126	5,357	(230)
Less allowance for doubtful accounts	(320)	(314)	(285)	(29)
<b>Total</b>	<b>114,960</b>	<b>113,036</b>	<b>108,835</b>	<b>4,200</b>
<b>Fixed assets</b>				
<b>1. Tangible assets</b>				
(1) Buildings and structures	73,695	69,180	70,373	(1,192)
(2) Machinery and equipment	16,181	15,151	15,542	(390)
(3) Land	33,588	27,079	29,486	(2,406)
(4) Construction in progress	203	75	14	61
(5) Other tangible fixed assets	1,451	1,504	1,547	(42)
<b>Total</b>	<b>125,120</b>	<b>112,992</b>	<b>116,963</b>	<b>(3,971)</b>
<b>2. Intangible assets</b>				
(1) Consolidation adjustment account	273	121	139	(17)
(2) Other intangible fixed assets	7,002	6,768	7,090	(322)
<b>Total</b>	<b>7,276</b>	<b>6,890</b>	<b>7,229</b>	<b>(339)</b>
<b>3. Investments and other assets</b>				
(1) Investment securities	27,258	27,711	27,623	87
(2) Deferred tax assets	3,214	5,666	3,219	2,447
(3) Other assets	11,818	12,857	13,803	(945)
Less allowance for doubtful accounts	(1,100)	(1,291)	(1,257)	(33)
<b>Total</b>	<b>41,189</b>	<b>44,944</b>	<b>43,388</b>	<b>1,556</b>
<b>Total fixed assets</b>	<b>173,587</b>	<b>164,827</b>	<b>167,581</b>	<b>(2,754)</b>
<b>Total assets</b>	<b>288,547</b>	<b>277,863</b>	<b>276,417</b>	<b>1,446</b>

## NICHIREI CORPORATION

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

	FY 2005 1st quarter (As of Jun. 30, 2004)	FY 2006 1st quarter (As of Jun. 30, 2005)	FY 2005 (As of Mar. 31, 2005)	Increase (Decrease) from FY 2005
<b>&lt;Liabilities&gt;</b>				
<b>Current liabilities</b>				
Notes and account payable – trade	26,558	26,226	24,563	1,662
Short-term bank loans	16,563	18,426	16,289	2,136
Commercial paper	10,000	15,000	15,000	-
Current portion of long-term loans	10,407	7,369	8,187	(817)
Current portion of bonds	10,000	10,000	-	10,000
Accrued expenses	18,012	17,199	18,615	(1,415)
Income taxes payable	689	1,559	1,648	(88)
Other current liabilities	9,023	9,045	9,075	(30)
<b>Total</b>	<b>101,254</b>	<b>104,826</b>	<b>93,380</b>	<b>11,446</b>
<b>Long-term liabilities</b>				
Bonds	35,000	25,000	35,000	(10,000)
Long-term loans	44,229	36,790	37,506	(716)
Deferred tax liabilities	380	1,029	391	638
Employees' retirement benefits	3,157	2,954	3,387	(432)
Directors' and statutory auditors' retirement benefits	550	403	596	(193)
Deposits received	11,730	11,451	11,421	30
Consolidation adjustment account	38	19	21	(2)
Lease assets impairment account	-	1,892	-	1,892
Other long-term liabilities	76	68	73	(5)
<b>Total</b>	<b>95,164</b>	<b>79,610</b>	<b>88,399</b>	<b>(8,789)</b>
<b>Total liabilities</b>	<b>196,418</b>	<b>184,436</b>	<b>181,779</b>	<b>2,656</b>
<b>&lt;Minority interests&gt;</b>	<b>557</b>	<b>737</b>	<b>630</b>	<b>106</b>
<b>&lt;Shareholders' equity&gt;</b>				
Common stock	30,307	30,307	30,307	-
Capital surplus	23,704	23,705	23,705	0
Retained earnings	33,353	34,115	35,495	(1,380)
Net unrealized holding gains on securities	4,692	4,561	4,533	27
Translation adjustment	(292)	229	189	40
Treasury stock	(195)	(230)	(224)	(5)
<b>Total shareholders' equity</b>	<b>91,570</b>	<b>92,689</b>	<b>94,007</b>	<b>(1,317)</b>
<b>Total liabilities and shareholders' equity</b>	<b>288,547</b>	<b>277,863</b>	<b>276,417</b>	<b>1,446</b>

# Consolidated Statements of Operations

NICHIREI CORPORATION

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

	FY 2005 1st quarter (Apr. 2004 - Jun. 2004)	FY 2006 1st quarter (Apr. 2005 - Jun. 2005)	Increase (Decrease)	FY 2005 (Apr. 2004 - Mar. 2005)
<b>Net sales</b>	<b>111,113</b>	<b>116,309</b>	<b>5,196</b>	<b>461,426</b>
Cost of sales	87,771	93,672	5,900	372,589
<b>Gross profit</b>	<b>23,341</b>	<b>22,637</b>	<b>(704)</b>	<b>88,836</b>
Selling, general and administrative expenses				
Selling expenses				
Transportation and storage expense	3,783	3,975	191	15,737
Sales promotion expense	4,246	4,803	556	18,433
Advertising expense	1,376	996	(380)	4,466
Sales commission expense	892	910	18	3,774
Bad debts expense	-	-	-	0
Provision for doubtful accounts	76	54	(22)	39
Other selling expenses	447	533	86	1,889
Subtotal	10,823	11,273	(449)	44,340
General and administrative expenses				
Remuneration, salary and bonuses	3,387	3,322	(64)	13,283
Provision for employees' retirement benefits	308	272	(35)	1,419
Provision for accrued retirement benefit for directors	39	72	33	203
Fringe benefit	536	510	(26)	2,027
Depreciation and amortization	270	283	13	1,142
Amortization of consolidation adjustment account	45	17	(27)	180
Traveling expenses	384	388	3	1,477
Communication expenses	142	124	(17)	565
Rent expense	633	530	(102)	2,481
Business consignment fee	752	613	(138)	2,596
Research and development expense	509	496	(12)	2,075
Other general and administrative expense	932	1,015	83	3,560
Subtotal	7,941	7,648	(293)	31,014
Total	18,765	18,921	156	75,354
<b>Operating income</b>	<b>4,576</b>	<b>3,715</b>	<b>(860)</b>	<b>13,482</b>
Non-operating revenues				
Interest income	21	14	(6)	62
Dividend income	171	186	14	225
Equity in earnings of affiliates	173	76	(96)	1,423
Other non-operating revenues	230	289	58	1,466
Total	597	566	(30)	3,178
Non-operating expenses				
Interest expenses	432	364	(68)	1,657
Loss on disposal of obsolete inventories	93	64	(29)	422
Other non-operating expenses	293	253	(39)	1,686
Total	819	682	(137)	3,766
<b>Recurring income</b>	<b>4,353</b>	<b>3,600</b>	<b>(753)</b>	<b>12,893</b>
Extraordinary income				
Gain on sales of property, plant and equipment	98	8	(89)	569
Gain on sales of investment securities	1,192	-	(1,192)	1,288
Reversal of loss on discontinued operations	153	-	(153)	148
Reversal of allowance for doubtful receivables	47	5	(42)	103
Gain on sales of affiliate stock	-	1	1	472
Gain on reversal of a portion of the reserve for retirement allowance due to employee transfers	-	-	-	908
Total	1,491	16	(1,475)	3,490
Extraordinary losses				
Loss on sales of property, plant and equipment	2	231	229	916
Loss on disposal of property, plant and equipment	41	44	2	629
Impairment loss	-	3,575	3,575	-
Loss on devaluation of goodwill	509	-	(509)	513
Loss on devaluation of investment securities	62	-	(62)	62
Special severance package expense	-	-	-	987
Loss on revaluation of real estate for sale	-	-	-	942
Expenses related to transition to a holding company structure	-	-	-	441
Contribution related to relinquishment of the government entrusted portion of social welfare pension funds	-	-	-	428
Loss on discontinued operations	-	-	-	346
Loss on forward contract	-	-	-	158
Loss on sales of affiliate stock	-	-	-	127
Total	615	3,851	3,236	5,553
<b>Income before income taxes and minority interests</b>	<b>5,230</b>	<b>-</b>	<b>(5,230)</b>	<b>10,830</b>
<b>Loss before income taxes and minority interests</b>	<b>-</b>	<b>235</b>	<b>235</b>	<b>-</b>
Income taxes	2,422	61	(2,360)	4,865
Minority interests in net income of consolidated subsidiaries	3	16	13	87
<b>Net income</b>	<b>2,805</b>	<b>-</b>	<b>(2,805)</b>	<b>5,878</b>
<b>Net loss</b>	<b>-</b>	<b>312</b>	<b>312</b>	<b>-</b>

## Consolidated Statements of Appropriations

NICHIREI CORPORATION

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

	FY 2005 1st quarter (Apr. 2004 - Jun. 2004)	FY 2006 1st quarter (Apr. 2005 - Jun. 2005)	FY 2005 (Apr. 2004 - Mar. 2005)
<b>&lt;Capital surplus&gt;</b>			
Balance at beginning of period	23,704	23,705	23,704
Increase in capital surplus			
Gain/loss on sale of treasury stock	-	0	0
Balance at end of period	23,704	23,705	23,705
<b>&lt;Retained earnings&gt;</b>			
Balance at beginning of period	31,525	35,495	31,525
Increase in retained earnings			
Net income	2,805	-	5,878
Total	2,805	-	5,878
Decrease in retained earnings			
Net loss	-	312	-
Cash dividends	931	931	1,862
Bonuses to directors	45	135	45
Total	976	1,380	1,908
Balance at end of period	33,353	34,115	35,495

# Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2005 1st quarter (Apr. 2004 - Jun. 2004)	FY 2006 1st quarter (Apr. 2005 - Jun. 2005)	Increase (Decrease)	FY 2005 (Apr. 2004 - Mar. 2005)
<b>Cash flows from operating activities</b>				
Income before income taxes and minority interests	5,230	-	(5,230)	10,830
Loss before income taxes and minority interests	-	(235)	(235)	-
Depreciation and amortization	2,681	2,628	(52)	11,139
Impairment loss	-	3,575	3,575	-
Increase in provision for doubtful accounts	29	62	32	140
Increase (decrease) in provision for employees' retirement benefits	149	(432)	(582)	377
Decrease (increase) in prepaid pension expenses	17	860	842	(2,369)
Equity in earnings of affiliates	(173)	(76)	96	(1,423)
Loss on disposal of property, plant and equipment	61	26	(35)	428
Loss on revaluation of real estate for sale	-	-	-	942
Loss on devaluation of investment securities	62	-	(62)	62
Loss on devaluation of goodwill	509	-	(509)	513
Loss on discontinued operations	-	-	-	118
Reversal of loss on discontinued operations	-	-	-	(161)
Loss on forward contract	-	-	-	158
Expenses related to transition to a holding company structure	-	-	-	339
Contribution related to relinquishment of the government entrusted portion of social welfare pension funds	-	-	-	221
Interest and dividend income	(193)	(200)	(7)	(288)
Interest expense	432	364	(68)	1,657
Loss on sales of property, plant and equipment	2	222	220	347
Gain on sales of investment securities	(1,192)	-	1,192	(1,288)
Gain on sales of affiliate stock	-	(1)	(1)	(344)
Increase in notes and accounts receivable – trade	(5,918)	(5,072)	845	(5,049)
Decrease (increase) in inventories	(5,899)	381	6,281	(1,105)
Increase in notes and accounts payable – trade	3,360	1,658	(1,702)	1,342
Other	427	(984)	(1,411)	3,044
Subtotal	(413)	2,777	3,190	19,634
Interest and dividend income received	189	252	63	662
Interest expense paid	(334)	(442)	(107)	(1,691)
Income taxes paid	(2,214)	(1,770)	443	(3,040)
<b>Net cash provided by (used in) operating activities</b>	<b>(2,772)</b>	<b>816</b>	<b>3,588</b>	<b>15,564</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(1,632)	(861)	770	(5,317)
Proceeds from sales of property, plant and equipment	187	602	415	2,278
Purchase of investment securities	(6)	(72)	(66)	(186)
Proceeds from sales of investment securities	3,909	75	(3,834)	4,664
Decrease (increase) in short-term loans receivable	(11)	(3)	7	1
Payment of long-term loans receivable	(0)	-	0	(1)
Proceeds from collection of long-term loans receivable	5	1	(4)	33
Other	(1,224)	(183)	1,040	(2,309)
<b>Net cash provided by (used in) investing activities</b>	<b>1,227</b>	<b>(441)</b>	<b>(1,669)</b>	<b>(837)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term bank loans	(1,810)	2,215	4,026	(3,094)
Increase (decrease) in commercial paper	-	-	-	5,000
Proceeds from long-term debt	4,502	-	(4,502)	4,503
Repayment of long-term debt	(704)	(1,513)	(809)	(9,735)
Redemption of bonds	-	-	-	(10,000)
Dividends paid	(763)	(790)	(26)	(1,865)
Other	43	73	29	10
<b>Net cash provided by (used in) financing activities</b>	<b>1,266</b>	<b>(15)</b>	<b>(1,282)</b>	<b>(15,180)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(27)</b>	<b>35</b>	<b>62</b>	<b>(2)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(305)</b>	<b>394</b>	<b>700</b>	<b>(456)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,543</b>	<b>3,087</b>	<b>(456)</b>	<b>3,543</b>
<b>Cash and cash equivalents at end of period</b>	<b>3,238</b>	<b>3,481</b>	<b>243</b>	<b>3,087</b>

## Industrial Segment Information

NICHIREI CORPORATION

Effective from the first quarter of 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 1st 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	41,467	21,997	19,449	26,824	1,149	1,986	112,874	(6,336)	106,537
Operating income (loss)	1,086	(150)	265	971	2,279	115	4,567	8	4,576

### (2) FY 2006 1st quarter (Apr. 2005 - Jun. 2005)

(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	45,113	21,109	20,028	26,695	1,765	1,598	116,309	-	116,309
Intra-group sales and transfers	226	660	949	4,050	312	794	6,994	(6,994)	-
Total	45,339	21,770	20,978	30,746	2,077	2,393	123,304	(6,994)	116,309
Operating expenses	43,797	22,257	20,796	29,383	807	2,320	119,362	(6,768)	112,593
Operating income (loss)	1,541	(487)	182	1,362	1,270	72	3,942	(226)	3,715

### (3) FY 2005 (Apr. 2004 - Mar. 2005)

(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	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

Supplementary information

(1) FY 2005 1st 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 (loss)	1,526	(33)	371	1,527	2,289	149	5,829	(1,253)	4,576

(2) FY 2005 (Apr. 2004 - Mar. 2005)

(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	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



## Forecast of FY2006

NICHIREI CORPORATION

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

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	186,200	90,000	84,100	131,300	8,800	10,200	(28,800)	481,800
Operating expenses	180,500	90,300	83,400	125,700	4,200	9,800	(28,400)	465,500
Operating income	5,700	(300)	700	5,600	4,600	400	(400)	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 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.