

Consolidated Financial Statements – Summary

November 1, 2005

(Six months ended September 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. Results of FY 2006 Interim (April 1, 2005 through September 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
FY 2006 interim	235,505	7,784	7,661
FY 2005 interim	228,452	7,830	7,426
Ref. FY 2005	461,426	13,482	12,893

	Net income	E.P.S.	Diluted E.P.S.
	Million yen	Yen	Yen
FY 2006 interim	2,691	8.63	-
FY 2005 interim	4,211	13.52	-
Ref. FY 2005	5,878	18.45	-

Note: Equity in earnings of affiliates in FY 2006 interim: 549 million yen, FY 2005 interim: 638 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
FY 2006 interim	278,404	98,029	35.2	315.97
FY 2005 interim	294,435	92,073	31.3	296.65
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
FY 2006 interim	6,937	(208)	(6,790)	3,100
FY 2005 interim	(3,339)	(605)	3,880	3,478
Ref. FY 2005	15,564	(837)	(15,180)	3,087

(4) Scope of consolidation and equity method

Consolidated subsidiaries	65 companies
Unconsolidated subsidiaries	None
Equity method affiliates	14 companies

(5) Change in scope of consolidation and equity method

Consolidated subsidiaries	(increase)	2	(decrease)	10
Equity method companies	(increase)	None	(decrease)	None

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

	Net sales	Recurring income	Net income
	Million yen	Million yen	Million yen
FY 2006	476,500	15,000	6,700

Note: Estimated E.P.S. 21.59 yen

Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2005 interim (As of Sep. 30, 2004)	FY 2006 interim (As of Sep. 30, 2005)	FY 2005 (As of Mar. 31, 2005)	Increase (Decrease) from FY 2005
<Assets>				
Current assets				
Cash and time deposits	3,478	3,100	3,087	13
Notes and account receivable – trade	70,944	71,533	64,150	7,382
Inventories	38,030	31,788	33,065	(1,276)
Deferred tax assets	1,417	3,038	3,460	(422)
Other current assets	6,791	3,994	5,357	(1,362)
Less allowance for doubtful accounts	(311)	(319)	(285)	(34)
Total	120,350	113,136	108,835	4,300
Fixed assets				
1. Tangible assets				
(1) Buildings and structures	72,645	67,920	70,373	(2,452)
(2) Machinery and equipment	16,125	14,785	15,542	(756)
(3) Land	33,394	27,018	29,486	(2,468)
(4) Construction in progress	17	247	14	233
(5) Other tangible fixed assets	1,557	1,497	1,547	(49)
Total	123,739	111,470	116,963	(5,493)
2. Intangible assets				
(1) Consolidation adjustment account	228	104	139	(34)
(2) Other intangible fixed assets	7,206	6,583	7,090	(506)
Total	7,435	6,688	7,229	(540)
3. Investments and other assets				
(1) Investment securities	26,128	32,135	27,623	4,511
(2) Deferred tax assets	6,236	3,002	3,219	(216)
(3) Other assets	11,663	13,271	13,803	(531)
Less allowance for doubtful accounts	(1,117)	(1,299)	(1,257)	(41)
Total	42,910	47,109	43,388	3,720
Total fixed assets	174,085	165,268	167,581	(2,313)
Total assets	294,435	278,404	276,417	1,987

NICHIREI CORPORATION

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

	FY 2005 interim (As of Sep. 30, 2004)	FY 2006 interim (As of Sep. 30, 2005)	FY 2005 (As of Mar. 31, 2005)	Increase (Decrease) from FY 2005
<Liabilities>				
Current liabilities				
Notes and account payable – trade	28,561	26,690	24,563	2,126
Short-term bank loans	21,194	14,441	16,289	(1,848)
Commercial paper	9,000	14,000	15,000	(1,000)
Current portion of long-term loans	11,472	6,063	8,187	(2,123)
Current portion of bonds	10,000	10,000	-	10,000
Accrued expenses	18,712	18,695	18,615	79
Income taxes payable	1,508	2,592	1,648	944
Other current liabilities	8,067	8,037	9,075	(1,038)
Total	108,516	100,520	93,380	7,140
Long-term liabilities				
Bonds	35,000	25,000	35,000	(10,000)
Long-term loans	42,392	36,289	37,506	(1,217)
Deferred tax liabilities	378	998	391	607
Employees' retirement benefits	3,123	2,935	3,387	(452)
Directors' and statutory auditors' retirement benefits	600	445	596	(151)
Deposits received	11,699	11,492	11,421	71
Consolidation adjustment account	33	17	21	(4)
Lease assets impairment account	-	1,839	-	1,839
Other long-term liabilities	74	62	73	(11)
Total	93,302	79,080	88,399	(9,318)
Total liabilities	201,819	179,601	181,779	(2,178)
<Minority interests>	543	773	630	142
<Shareholders' equity>				
Common stock	30,307	30,307	30,307	-
Capital surplus	23,705	23,705	23,705	0
Retained earnings	34,759	37,119	35,495	1,624
Net unrealized holding gains on securities	3,676	6,896	4,533	2,362
Translation adjustment	(176)	245	189	55
Treasury stock	(198)	(244)	(224)	(19)
Total shareholders' equity	92,073	98,029	94,007	4,022
Total liabilities and shareholders' equity	294,435	278,404	276,417	1,987

Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY 2005 interim (Apr. 2004 – Sep. 2004)	FY 2006 interim (Apr. 2005 – Sep. 2005)	Increase (Decrease)	FY 2005 (Apr. 2004 – Mar. 2005)
Net sales	228,452	235,505	7,053	461,426
Cost of sales	182,848	189,225	6,377	372,589
Gross profit	45,603	46,279	676	88,836
Selling, general and administrative expenses				
Selling expenses				
Transportation and storage expense	8,001	8,126	125	15,737
Sales promotion expense	8,887	9,687	799	18,433
Advertising expense	2,437	2,186	(251)	4,466
Sales commission expense	1,942	1,990	48	3,774
Bad debts expense	0	-	(0)	0
Provision for doubtful accounts	35	64	28	39
Other selling expenses	838	1,077	239	1,889
Subtotal	22,142	23,133	990	44,340
General and administrative expenses				
Remuneration, salary and bonuses	6,645	6,699	53	13,283
Provision for employees' retirement benefits	626	484	(142)	1,419
Provision for accrued retirement benefit for directors	90	116	26	203
Fringe benefit	1,077	1,044	(32)	2,027
Depreciation and amortization	557	566	8	1,142
Amortization of consolidation adjustment account	89	34	(55)	180
Traveling expenses	758	780	21	1,477
Communication expenses	287	255	(32)	565
Rent expense	1,241	1,118	(123)	2,481
Business consignment fee	1,309	1,208	(100)	2,596
Research and development expense	1,011	995	(15)	2,075
Other general and administrative expense	1,934	2,057	123	3,560
Subtotal	15,630	15,361	(268)	31,014
Total	37,773	38,494	721	75,354
Operating income	7,830	7,784	(45)	13,482
Non-operating revenues				
Interest income	29	37	8	62
Dividend income	186	201	15	225
Equity in earnings of affiliates	638	549	(88)	1,423
Other non-operating revenues	445	478	32	1,466
Total	1,299	1,267	(32)	3,178
Non-operating expenses				
Interest expenses	873	718	(155)	1,657
Loss on disposal of obsolete inventories	-	152	152	422
Other non-operating expenses	830	519	(310)	1,686
Total	1,703	1,390	(313)	3,766
Recurring income	7,426	7,661	235	12,893
Extraordinary income				
Gain on sales of property, plant and equipment	102	1,133	1,030	569
Gain on sales of investment securities	1,192	-	(1,192)	1,288
Reversal of loss on discontinued operations	148	-	(148)	148
Reversal of allowance for doubtful receivables	17	5	(12)	103
Dilution gain on sale due to capital increase by affiliate	-	58	58	-
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	1,461	1,199	(262)	3,490
Extraordinary losses				
Loss on sales of property, plant and equipment	3	231	228	916
Loss on disposal of property, plant and equipment	152	114	(37)	629
Impairment loss	-	3,575	3,575	-
Loss on devaluation of goodwill	515	-	(515)	513
Loss on forward contract	122	-	(122)	158
Contribution related to relinquishment of the government entrusted portion of social welfare pension funds	119	-	(119)	428
Loss on discontinued operations	90	64	(25)	346
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
Loss on sales of affiliate stock	-	-	-	127
Total	1,064	3,986	2,922	5,553
Income before income taxes and minority interests	7,823	4,874	(2,948)	10,830
Income taxes – current	1,502	2,469	967	2,383
Reversal of prior-year taxes	298	-	(298)	298
Income taxes – deferred	2,425	(326)	(2,751)	2,779
Total	3,629	2,143	(1,486)	4,865
Minority interests in net income of consolidated subsidiaries	-	40	40	87
Minority loss in net income of consolidated subsidiaries	17	-	(17)	-
Net income	4,211	2,691	(1,519)	5,878

Consolidated Statements of Appropriations

NICHIREI CORPORATION

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

	FY 2005 interim (Apr. 2004 – Sep. 2004)	FY 2006 interim (Apr. 2005 – Sep. 2005)	FY 2005 (Apr. 2004 – Mar. 2005)
<Capital surplus>			
Balance at beginning of period	23,704	23,705	23,704
Increase in capital surplus			
Gain/loss on sale of treasury stock	0	0	0
Balance at end of period	23,705	23,705	23,705
<Retained earnings>			
Balance at beginning of period	31,525	35,495	31,525
Increase in retained earnings			
Net income	4,211	2,691	5,878
Total	4,211	2,691	5,878
Decrease in retained earnings			
Cash dividends	931	931	1,862
Bonuses to directors	45	135	45
Total	976	1,067	1,908
Balance at end of period	34,759	37,119	35,495

Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2005 interim (Apr. 2004 – Sep. 2004)	FY 2006 interim (Apr. 2005 – Sep. 2005)	Increase (Decrease)	FY 2005 (Apr. 2004 – Mar. 2005)
Cash flows from operating activities				
Income before income taxes and minority interests	7,823	4,874	(2,948)	10,830
Depreciation and amortization	5,466	5,319	(146)	11,139
Impairment loss	-	3,575	3,575	-
Increase in provision for doubtful accounts	7	67	60	140
Increase (decrease) in provision for employees' retirement benefits	114	(452)	(567)	377
Decrease (increase) in prepaid pension expenses	17	311	294	(2,369)
Equity in earnings of affiliates	(638)	(549)	88	(1,423)
Loss on disposal of property, plant and equipment	148	77	(71)	428
Loss on revaluation of real estate for sale	-	-	-	942
Loss on devaluation of investment securities	62	9	(52)	62
Loss on devaluation of goodwill	515	-	(515)	513
Loss on discontinued operations	3	44	40	118
Reversal of loss on discontinued operations	(135)	-	135	(161)
Loss on forward contract	122	-	(122)	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	(216)	(239)	(23)	(288)
Interest expense	873	718	(155)	1,657
Loss (gain) on sales of property, plant and equipment	(99)	(902)	(802)	347
Gain on sales of investment securities	(1,192)	-	1,192	(1,288)
Dilution gain on sale due to capital increase by affiliate	-	(58)	(58)	-
Gain on sales of affiliate stock	-	(1)	(1)	(344)
Increase in notes and accounts receivable – trade	(11,899)	(7,552)	4,347	(5,049)
Decrease (increase) in inventories	(7,605)	1,183	8,788	(1,105)
Increase in notes and accounts payable – trade	5,363	2,116	(3,246)	1,342
Other	462	189	(272)	3,044
Subtotal	(806)	8,732	9,539	19,634
Interest and dividend income received	330	302	(27)	662
Interest expense paid	(846)	(695)	150	(1,691)
Income taxes paid	(2,017)	(1,402)	614	(3,040)
Net cash provided by (used in) operating activities	(3,339)	6,937	10,276	15,564
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,159)	(1,747)	1,411	(5,317)
Proceeds from sales of property, plant and equipment	241	1,947	1,706	2,278
Purchase of investment securities	(165)	(87)	77	(186)
Proceeds from sales of investment securities	3,909	75	(3,834)	4,664
Decrease (increase) in short-term loans receivable	(5)	(33)	(27)	1
Payment of long-term loans receivable	(0)	-	0	(1)
Proceeds from collection of long-term loans receivable	28	1	(27)	33
Other	(1,454)	(365)	1,089	(2,309)
Net cash used in investing activities	(605)	(208)	397	(837)
Cash flows from financing activities				
Increase (decrease) in short-term bank loans	2,761	(1,625)	(4,386)	(3,094)
Increase (decrease) in commercial paper	(1,000)	(1,000)	-	5,000
Proceeds from long-term debt	4,498	-	(4,498)	4,503
Repayment of long-term debt	(1,491)	(3,289)	(1,798)	(9,735)
Redemption of bonds	-	-	-	(10,000)
Dividends paid	(928)	(934)	(6)	(1,865)
Other	40	58	18	10
Net cash provided by (used in) financing activities	3,880	(6,790)	(10,670)	(15,180)
Effects of exchange rate changes on cash and cash equivalents	(0)	75	75	(2)
Net increase (decrease) in cash and cash equivalents	(65)	13	79	(456)
Cash and cash equivalents at beginning of period	3,543	3,087	(456)	3,543
Cash and cash equivalents at end of period	3,478	3,100	(377)	3,087

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 interim (Apr. 2004 – Sep. 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	87,932	43,616	39,010	49,840	5,046	3,005	228,452	-	228,452
Intra-group sales and transfers	506	1,176	2,271	7,925	268	1,272	13,421	(13,421)	-
Total	88,439	44,792	41,282	57,765	5,315	4,278	241,873	(13,421)	228,452
Operating expenses	86,236	45,147	40,969	55,772	1,786	4,118	234,031	(13,410)	220,621
Operating income (loss)	2,202	(354)	312	1,992	3,529	159	7,841	(11)	7,830

(2) FY 2006 interim (Apr. 2005 – Sep. 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	92,871	41,502	39,887	55,088	3,284	2,871	235,505	-	235,505
Intra-group sales and transfers	442	1,192	1,867	8,050	703	1,622	13,879	(13,879)	-
Total	93,313	42,695	41,754	63,139	3,987	4,493	249,384	(13,879)	235,505
Operating expenses	90,303	43,430	41,601	59,953	1,678	4,452	241,420	(13,699)	227,720
Operating income (loss)	3,009	(734)	152	3,185	2,309	41	7,964	(179)	7,784

(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 interim (Apr. 2004 – Sep. 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	87,932	43,616	39,010	49,840	5,046	3,005	228,452	-	228,452
Intra-group sales and transfers	506	1,176	2,271	7,925	268	1,272	13,421	(13,421)	-
Total	88,439	44,792	41,282	57,765	5,315	4,278	241,873	(13,421)	228,452
Operating expenses	85,463	44,941	40,785	54,810	1,768	4,058	231,829	(11,207)	220,621
Operating income (loss)	2,975	(149)	496	2,954	3,546	220	10,044	(2,213)	7,830

(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

(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)	185,600	88,100	84,100	129,200	8,800	9,800	(29,100)	476,500
Operating expenses	179,900	89,000	83,600	123,600	4,200	9,400	(28,700)	461,000
Operating income	5,700	(900)	500	5,600	4,600	400	(400)	15,500

(*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.