

Consolidated Financial Statements – Summary

February 8, 2006

(For FY 2006 3rd Quarter ended December 31, 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): 11 companies
Equity method (New): 0 (Eliminated): 0

2. Results of FY 2006 3rd Quarter (April 1, 2005 through December 31, 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 3rd quarter	362,449	13,119	12,760
FY 2005 3rd quarter	355,731	12,020	11,243
Ref. FY 2005	461,426	13,482	12,893

	Net income	E.P.S.	Diluted E.P.S.
	Million yen	Yen	Yen
FY 2006 3rd quarter	5,764	18.58	-
FY 2005 3rd quarter	5,602	18.05	-
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
FY 2006 3rd quarter	288,781	101,785	35.2	328.14
FY 2005 3rd quarter	304,283	93,415	30.7	301.07
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
FY 2006 3rd quarter	9,096	2,144	(11,409)	3,054
FY 2005 3rd quarter	(2,224)	258	1,482	3,107
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	469,000	14,500	6,200	19.98
Non-Consolidated	FY 2006	14,400	5,700	2,000	6.44

Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2005 3rd quarter (As of Dec. 31, 2004)	FY 2006 3rd quarter (As of Dec. 31, 2005)	FY 2005 (As of Mar. 31, 2005)	Increase (Decrease) from FY 2005
<Assets>				
Current assets				
Cash and time deposits	3,107	3,054	3,087	(32)
Notes and account receivable – trade	84,812	83,773	64,150	19,623
Inventories	35,488	32,352	33,065	(713)
Deferred tax assets	913	3,502	3,460	42
Other current assets	8,223	4,476	5,357	(880)
Less allowance for doubtful accounts	(363)	(344)	(285)	(59)
Total	132,182	126,814	108,835	17,979
Fixed assets				
1. Tangible assets				
(1) Buildings and structures	71,076	64,814	70,373	(5,558)
(2) Machinery and equipment	15,625	14,341	15,542	(1,200)
(3) Land	30,402	26,202	29,486	(3,284)
(4) Construction in progress	164	539	14	525
(5) Other tangible fixed assets	1,559	1,452	1,547	(94)
Total	118,829	107,351	116,963	(9,612)
2. Intangible assets				
(1) Consolidation adjustment account	183	87	139	(51)
(2) Other intangible fixed assets	7,099	6,270	7,090	(820)
Total	7,283	6,357	7,229	(871)
3. Investments and other assets				
(1) Investment securities	27,197	34,265	27,623	6,641
(2) Deferred tax assets	6,190	1,711	3,219	(1,507)
(3) Other assets	13,883	13,519	13,803	(283)
Less allowance for doubtful accounts	(1,282)	(1,238)	(1,257)	19
Total	45,988	48,258	43,388	4,869
Total fixed assets	172,101	161,966	167,581	(5,615)
Total assets	304,283	288,781	276,417	12,364

NICHIREI CORPORATION

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

	FY 2005 3rd quarter (As of Dec. 31, 2004)	FY 2006 3rd quarter (As of Dec. 31, 2005)	FY 2005 (As of Mar. 31, 2005)	Increase (Decrease) from FY 2005
<Liabilities>				
Current liabilities				
Notes and account payable – trade	32,445	33,992	24,563	9,428
Short-term bank loans	16,576	21,409	16,289	5,119
Commercial paper	23,000	4,000	15,000	(11,000)
Current portion of long-term loans	11,214	5,674	8,187	(2,513)
Current portion of bonds	-	10,000	-	10,000
Accrued expenses	19,912	19,263	18,615	647
Income taxes payable	1,840	2,757	1,648	1,109
Other current liabilities	12,067	9,575	9,075	499
Total	117,056	106,672	93,380	13,291
Long-term liabilities				
Bonds	35,000	25,000	35,000	(10,000)
Long-term loans	41,927	36,066	37,506	(1,440)
Deferred tax liabilities	383	1,862	391	1,471
Employees' retirement benefits	3,605	3,034	3,387	(353)
Directors' and statutory auditors' retirement benefits	643	495	596	(100)
Deposits received	11,502	11,367	11,421	(53)
Consolidation adjustment account	27	39	21	17
Lease assets impairment account	-	1,787	-	1,787
Other long-term liabilities	74	100	73	26
Total	93,163	79,754	88,399	(8,644)
Total liabilities	210,219	186,427	181,779	4,647
<Minority interests>	648	569	630	(61)
<Shareholders' equity>				
Common stock	30,307	30,307	30,307	-
Capital surplus	23,705	23,706	23,705	0
Retained earnings	35,219	39,262	35,495	3,766
Net unrealized holding gains on securities	4,195	8,152	4,533	3,618
Translation adjustment	203	612	189	422
Treasury stock	(217)	(255)	(224)	(30)
Total shareholders' equity	93,415	101,785	94,007	7,778
Total liabilities and shareholders' equity	304,283	288,781	276,417	12,364

Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY 2005 3rd quarter (Apr. 2004 - Dec. 2004)	FY 2006 3rd quarter (Apr. 2005 - Dec. 2005)	Increase (Decrease)	FY 2005 (Apr. 2004 - Mar. 2005)
Net sales	355,731	362,449	6,717	461,426
Cost of sales	286,463	291,657	5,194	372,589
Gross profit	69,267	70,791	1,523	88,836
Selling, general and administrative expenses				
Selling expenses				
Transportation and storage expense	12,132	12,291	158	15,737
Sales promotion expense	13,949	14,599	650	18,433
Advertising expense	3,466	3,112	(354)	4,466
Sales commission expense	2,924	2,973	48	3,774
Bad debts expense	0	-	(0)	0
Provision for doubtful accounts	63	91	27	39
Other selling expenses	1,429	1,609	180	1,889
Subtotal	33,966	34,678	711	44,340
General and administrative expenses				
Remuneration, salary and bonuses	9,942	9,971	29	13,283
Provision for employees' retirement benefits	946	760	(185)	1,419
Provision for accrued retirement benefit for directors	138	164	25	203
Fringe benefit	1,541	1,535	(6)	2,027
Depreciation and amortization	850	856	6	1,142
Amortization of consolidation adjustment account	135	51	(83)	180
Traveling expenses	1,151	1,174	22	1,477
Communication expenses	431	379	(52)	565
Rent expense	1,858	1,628	(229)	2,481
Business consignment fee	1,968	1,789	(179)	2,596
Research and development expense	1,542	1,527	(15)	2,075
Other general and administrative expense	2,771	3,153	382	3,560
Subtotal	23,280	22,993	(287)	31,014
Total	57,247	57,671	424	75,354
Operating income	12,020	13,119	1,099	13,482
Non-operating revenues				
Interest income	44	53	9	62
Dividend income	209	233	23	225
Equity in earnings of affiliates	984	758	(225)	1,423
Other non-operating revenues	761	781	20	1,466
Total	2,000	1,827	(172)	3,178
Non-operating expenses				
Interest expenses	1,278	1,047	(230)	1,657
Loss on disposal of obsolete inventories	316	231	(84)	422
Other non-operating expenses	1,182	907	(274)	1,686
Total	2,776	2,187	(589)	3,766
Recurring income	11,243	12,760	1,516	12,893
Extraordinary income				
Gain on sales of property, plant and equipment	493	3,409	2,916	569
Gain on sales of investment securities	1,200	34	(1,165)	1,288
Gain on reversal of a portion of the reserve for retirement allowance due to employee transfers	713	-	(713)	908
Reversal of loss on discontinued operations	148	-	(148)	148
Reversal of allowance for doubtful receivables	74	15	(59)	103
Dilution gain on sale due to capital increase by affiliates	-	58	58	-
Gain on sales of affiliates' stock	-	52	52	472
Total	2,630	3,571	940	3,490
Extraordinary losses				
Loss on sales of property, plant and equipment	208	679	471	916
Loss on disposal of property, plant and equipment	397	226	(170)	629
Impairment loss	-	3,663	3,663	-
Special severance package expense	977	-	(977)	987
Loss on revaluation of real estate for sale	942	-	(942)	942
Loss on devaluation of goodwill	517	-	(517)	513
Loss on forward contract	181	-	(181)	158
Contribution related to relinquishment of the government entrusted portion of social welfare pension funds	119	-	(119)	428
Loss on discontinued operations	92	1,582	1,490	346
Loss on devaluation of investment securities	62	-	(62)	62
Expenses related to transition to a holding company structure	-	-	-	441
Loss on sales of affiliates' stock	-	-	-	127
Total	3,498	6,153	2,654	5,553
Income before income taxes and minority interests	10,375	10,178	(197)	10,830
Income taxes	4,690	4,356	(333)	4,865
Minority interests in net income of consolidated subsidiaries	82	56	(26)	87
Net income	5,602	5,764	161	5,878

Consolidated Statements of Appropriations

NICHIREI CORPORATION

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

	FY 2005 3rd quarter (Apr. 2004 - Dec. 2004)	FY 2006 3rd quarter (Apr. 2005 - Dec. 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 sales of treasury stock	0	0	0
Balance at end of period	23,705	23,706	23,705
<Retained earnings>			
Balance at beginning of period	31,525	35,495	31,525
Increase in retained earnings			
Net income	5,602	5,764	5,878
Total	5,602	5,764	5,878
Decrease in retained earnings			
Cash dividends	1,862	1,862	1,862
Bonuses to directors	45	135	45
Total	1,908	1,998	1,908
Balance at end of period	35,219	39,262	35,495

Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2005 3rd quarter (Apr. 2004 - Dec. 2004)	FY 2006 3rd quarter (Apr. 2005 - Dec. 2005)	Increase (Decrease)	FY 2005 (Apr. 2004 - Mar. 2005)
Cash flows from operating activities				
Income before income taxes and minority interests	10,375	10,178	(197)	10,830
Depreciation and amortization	8,275	8,025	(249)	11,139
Impairment loss	-	3,663	3,663	-
Increase in provision for doubtful accounts	155	95	(59)	140
Increase (decrease) in provision for employees' retirement benefits	594	(331)	(926)	377
Decrease (increase) in prepaid pension expenses	(2,162)	174	2,337	(2,369)
Equity in earnings of affiliates	(984)	(758)	225	(1,423)
Loss on disposal of property, plant and equipment	281	163	(117)	428
Loss on revaluation of real estate for sale	-	-	-	942
Loss on devaluation of investment securities	62	-	(62)	62
Loss on devaluation of goodwill	517	-	(517)	513
Loss on discontinued operations	3	1,406	1,402	118
Reversal of loss on discontinued operations	(161)	-	161	(161)
Loss on forward contract	181	-	(181)	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	(254)	(287)	(32)	(288)
Interest expense	1,278	1,047	(230)	1,657
Loss (gain) on sales of property, plant and equipment	(284)	(2,729)	(2,444)	347
Gain on sales of investment securities	(1,200)	(34)	1,165	(1,288)
Dilution gain on sales due to capital increase by affiliates	-	(58)	(58)	-
Gain on sales of affiliates' stock	-	(52)	(52)	(344)
Increase in notes and accounts receivable – trade	(25,844)	(19,748)	6,095	(5,049)
Decrease (increase) in inventories	(4,386)	415	4,802	(1,105)
Increase in notes and accounts payable – trade	9,241	9,436	195	1,342
Other	5,556	1,554	(4,002)	3,044
Subtotal	1,244	12,160	10,916	19,634
Interest and dividend income received	523	483	(40)	662
Interest expense paid	(1,191)	(944)	246	(1,691)
Income taxes paid	(2,801)	(2,603)	197	(3,040)
Net cash provided by (used in) operating activities	(2,224)	9,096	11,320	15,564
Cash flows from investing activities				
Purchase of property, plant and equipment	(4,218)	(3,222)	996	(5,317)
Proceeds from sales of property, plant and equipment	2,388	6,118	3,730	2,278
Purchase of investment securities	(177)	(113)	64	(186)
Proceeds from sales of investment securities	3,929	366	(3,562)	4,664
Decrease (increase) in short-term loans receivable	(1)	(111)	(110)	1
Payment of long-term loans receivable	(1)	-	1	(1)
Proceeds from collection of long-term loans receivable	32	2	(30)	33
Other	(1,692)	(896)	796	(2,309)
Net cash provided by (used in) investing activities	258	2,144	1,885	(837)
Cash flows from financing activities				
Increase (decrease) in short-term bank loans	(2,014)	5,249	7,263	(3,094)
Increase (decrease) in commercial paper	13,000	(11,000)	(24,000)	5,000
Proceeds from long-term debt	4,500	-	(4,500)	4,503
Repayment of long-term debt	(2,255)	(3,916)	(1,660)	(9,735)
Redemption of bonds	(10,000)	-	10,000	(10,000)
Dividends paid	(1,770)	(1,791)	(21)	(1,865)
Other	22	48	26	10
Net cash provided by (used in) financing activities	1,482	(11,409)	(12,891)	(15,180)
Effects of exchange rate changes on cash and cash equivalents	47	137	90	(2)
Net decrease in cash and cash equivalents	(436)	(32)	404	(456)
Cash and cash equivalents at beginning of period	3,543	3,087	(456)	3,543
Cash and cash equivalents at end of period	3,107	3,054	(52)	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 3rd quarter (Apr. 2004 - Dec. 2004)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	136,350	70,013	61,510	76,287	7,214	4,354	355,731	-	355,731
Intra-group sales and transfers	867	1,685	3,466	12,112	391	1,905	20,428	(20,428)	-
Total	137,217	71,699	64,976	88,400	7,605	6,259	376,160	(20,428)	355,731
Operating expenses	133,749	72,118	64,629	84,955	2,534	6,137	364,124	(20,413)	343,710
Operating income (loss)	3,468	(419)	347	3,444	5,071	122	12,035	(15)	12,020

(2) FY 2006 3rd quarter (Apr. 2005 - Dec. 2005)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	142,184	64,278	61,691	84,404	5,579	4,310	362,449	-	362,449
Intra-group sales and transfers	598	1,796	2,822	12,032	1,054	2,451	20,756	(20,756)	-
Total	142,782	66,074	64,514	96,436	6,634	6,762	383,206	(20,756)	362,449
Operating expenses	137,800	66,983	64,205	91,295	2,846	6,721	369,854	(20,525)	349,329
Operating income (loss)	4,981	(908)	308	5,141	3,788	40	13,351	(231)	13,119

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

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

	Processed Foods	Marine Products	Meat and Poultry Products	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 3rd quarter (Apr. 2004 - Dec. 2004)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	136,350	70,013	61,510	76,287	7,214	4,354	355,731	-	355,731
Intra-group sales and transfers	867	1,685	3,466	12,112	391	1,905	20,428	(20,428)	-
Total	137,217	71,699	64,976	88,400	7,605	6,259	376,160	(20,428)	355,731
Operating expenses	132,703	71,836	64,378	83,622	2,510	6,055	361,107	(17,396)	343,710
Operating income (loss)	4,513	(137)	598	4,777	5,095	204	15,052	(3,031)	12,020

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

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

	Processed Foods	Marine Products	Meat and Poultry Products	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 FY2005 (Apr. 2005 – Mar. 2006)

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	184,200	82,700	83,900	127,700	8,800	9,400	(27,700)	469,000
Operating expenses	178,500	84,000	83,500	122,100	3,800	9,400	(27,300)	454,000
Operating income	5,700	(1,300)	400	5,600	5,000	0	(400)	15,000

(*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.