

Consolidated Financial Statements – Summary

August 1, 2006

(For FY 2007 1st Quarter ended June 30, 2006)

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) Adoption of simplified accounting practices: Yes
(2) Changes in accounting treatment from the most recent consolidated fiscal year: No
(3) Changes in the scope of consolidation and application of the equity method: Yes
- Changes from FY 2006 Consolidated: (New): 2 companies (Eliminated): 1 company
Equity method (New): 0 (Eliminated): 0

2. Results of FY 2007 1st Quarter (April 1, 2006 through June 30, 2006)

(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 2007 1st quarter	113,275	3,510	3,430
FY 2006 1st quarter	116,309	3,715	3,600
Ref. FY 2006	469,411	16,014	15,660

	Net income	E.P.S.	Diluted E.P.S.
	Million yen	Yen	Yen
FY 2007 1st quarter	1,394	4.49	-
FY 2006 1st quarter	(312)	(1.00)	-
Ref. FY 2006	6,293	19.83	-

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY 2007 1st quarter	266,067	101,677	38.0	325.91
FY 2006 1st quarter	277,863	92,689	33.4	298.76
Ref. FY 2006	268,501	102,624	38.2	330.40

(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 2007 1st quarter	(1,702)	(620)	2,789	3,819
FY 2006 1st quarter	816	(441)	(15)	3,481
Ref. FY 2006	23,883	3,663	(27,559)	3,290

3. Estimation of Business Results for the Year Ending March 31, 2007

		Net sales	Recurring income	Net income	E.P.S.
		Million yen	Million yen	Million yen	Yen
Consolidated	FY 2007 Interim	240,000	8,300	6,100	19.66
	FY 2007	479,000	17,500	11,100	35.78
Non-Consolidated	FY 2007 Interim	6,600	2,500	3,800	12.24
	FY 2007	13,300	4,900	5,300	17.08

Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2006 1st quarter (As of Jun. 30, 2005)	FY 2007 1st quarter (As of Jun. 30, 2006)	FY 2006 (As of Mar. 31, 2006)	Increase (Decrease) from FY 2006
<Assets>				
Current assets				
Cash and time deposits	3,481	3,819	3,290	529
Notes and account receivable – trade	69,126	67,014	64,315	2,698
Inventories	32,635	31,181	31,037	144
Deferred tax assets	2,979	2,378	3,138	(760)
Other current assets	5,126	4,545	6,698	(2,153)
Less allowance for doubtful accounts	(314)	(308)	(295)	(13)
Total	113,036	108,630	108,185	444
Fixed assets				
1. Tangible assets				
(1) Buildings and structures	69,180	64,168	64,973	(804)
(2) Machinery and equipment	15,151	14,351	14,537	(185)
(3) Land	27,079	26,095	26,087	8
(4) Construction in progress	75	1,002	1,058	(55)
(5) Other tangible fixed assets	1,504	1,360	1,385	(24)
Total	112,992	106,978	108,041	(1,062)
2. Intangible assets				
(1) Consolidation adjustment account	121	53	70	(17)
(2) Other intangible fixed assets	6,768	3,588	3,648	(60)
Total	6,890	3,641	3,718	(77)
3. Investments and other assets				
(1) Investment securities	27,711	32,515	34,580	(2,064)
(2) Deferred tax assets	5,666	1,597	1,627	(29)
(3) Other assets	12,857	13,846	13,497	349
Less allowance for doubtful accounts	(1,291)	(1,143)	(1,148)	5
Total	44,944	46,816	48,555	(1,739)
Total fixed assets	164,827	157,436	160,316	(2,879)
Total assets	277,863	266,067	268,501	(2,434)

NICHIREI CORPORATION

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

	FY 2006 1st quarter (As of Jun. 30, 2005)	FY 2007 1st quarter (As of Jun. 30, 2006)	FY 2006 (As of Mar. 31, 2006)	Increase (Decrease) from FY 2006
<Liabilities>				
Current liabilities				
Notes and account payable – trade	26,226	25,006	25,994	(988)
Short-term bank loans	18,426	24,213	13,001	11,211
Commercial paper	15,000	4,000	-	4,000
Current portion of long-term loans	7,369	2,827	1,645	1,182
Current portion of bonds	10,000	-	10,000	(10,000)
Accrued expenses	17,199	18,057	19,254	(1,196)
Income taxes payable	1,559	973	3,505	(2,531)
Other current liabilities	9,045	9,683	9,664	19
Total	104,826	84,761	83,064	1,696
Long-term liabilities				
Bonds	25,000	25,000	25,000	-
Long-term loans	36,790	34,736	36,562	(1,826)
Deferred tax liabilities	1,029	2,505	3,134	(628)
Employees' retirement benefits	2,954	3,278	3,275	3
Directors' and statutory auditors' retirement benefits	403	197	504	(307)
Deposits received	11,451	11,418	11,426	(8)
Consolidation adjustment account	19	32	36	(3)
Lease assets impairment account	1,892	2,132	2,196	(63)
Other long-term liabilities	68	325	44	280
Total	79,610	79,628	82,181	(2,553)
Total liabilities	184,436	164,390	165,246	(856)
<Minority interests>	737	-	630	-
<Shareholders' equity>				
Common stock	30,307	-	30,307	-
Capital surplus	23,705	-	23,706	-
Retained earnings	34,115	-	39,627	-
Net unrealized holding gains on securities	4,561	-	8,353	-
Translation adjustment	229	-	890	-
Treasury stock	(230)	-	(261)	-
Total shareholders' equity	92,689	-	102,624	-
Total liabilities and shareholders' equity	277,863	-	268,501	-
<Net assets>				
Owners' equity				
Common stock	-	30,307	-	-
Capital surplus	-	23,706	-	-
Retained earnings	-	39,035	-	-
Treasury stock	-	(268)	-	-
Total	-	92,782	-	-
Valuation and translation adjustments				
Net unrealized holding gains on securities	-	7,255	-	-
Deferred gains or losses on hedges	-	(90)	-	-
Translation adjustment	-	1,140	-	-
Total	-	8,305	-	-
Minority interests	-	589	-	-
Total net assets	-	101,677	-	-
Total liabilities and shareholders' equity	-	266,067	-	-

Consolidated Statements of Operations

NICHIREI CORPORATION

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

	FY 2006 1st quarter (Apr. 2005 - Jun. 2005)	FY 2007 1st quarter (Apr. 2006 - Jun. 2006)	Increase (Decrease)	FY 2006 (Apr. 2005 - Mar. 2006)
Net sales	116,309	113,275	(3,034)	469,411
Cost of sales	93,672	91,300	(2,372)	377,834
Gross profit	22,637	21,974	(662)	91,577
Selling, general and administrative expenses				
Selling expenses				
Transportation and storage expense	3,975	3,713	(261)	15,821
Sales promotion expense	4,803	4,499	(304)	19,058
Advertising expense	996	1,608	612	3,896
Sales commission expense	910	894	(15)	3,822
Provision for doubtful accounts	54	14	(39)	53
Other selling expenses	533	487	(46)	2,150
Subtotal	11,273	11,218	(54)	44,803
General and administrative expenses				
Remuneration, salary and bonuses	3,322	3,324	2	13,519
Provision for employees' retirement benefits	272	3	(269)	1,063
Provision for accrued retirement benefit for directors	72	65	(6)	212
Fringe benefit	510	477	(33)	2,001
Depreciation and amortization	283	180	(103)	1,158
Amortization of consolidation adjustment account	17	17	-	68
Traveling expenses	388	409	21	1,541
Communication expenses	124	119	(5)	505
Rent expense	530	561	31	2,212
Business consignment fee	613	539	(73)	2,209
Research and development expense	496	509	13	2,042
Other general and administrative expense	1,015	1,038	22	4,223
Subtotal	7,648	7,245	(402)	30,759
Total	18,921	18,464	(457)	75,563
Operating income	3,715	3,510	(205)	16,014
Non-operating revenues				
Interest income	14	25	11	71
Dividend income	186	191	4	249
Equity in earnings of affiliates	76	120	43	1,071
Other non-operating revenues	289	251	(38)	1,357
Total	566	588	22	2,749
Non-operating expenses				
Interest expenses	364	307	(56)	1,374
Loss on disposal of obsolete inventories	64	47	(17)	327
Other non-operating expenses	253	313	60	1,402
Total	682	668	(13)	3,103
Recurring income	3,600	3,430	(169)	15,660
Extraordinary income				
Gain on sales of property, plant and equipment	8	62	53	5,453
Reversal of allowance for doubtful receivables	5	4	(0)	93
Gain on sales of affiliates' stock	1	-	(1)	52
Gain on sales of investment securities	-	-	-	970
Dilution gain on sale due to capital increase by affiliates	-	-	-	58
Total	16	66	50	6,629
Extraordinary losses				
Loss on sales of property, plant and equipment	231	0	(231)	2,421
Loss on disposal of property, plant and equipment	44	132	88	607
Impairment loss	3,575	183	(3,391)	4,153
Loss on discontinued operations	-	285	285	1,439
Loss on devaluation of investment securities	-	68	68	-
Special severance package expense	-	-	-	530
Total	3,851	670	(3,180)	9,151
Income before income taxes and minority interests	-	2,826	2,826	13,138
Loss before income taxes and minority interests	235	-	(235)	-
Income taxes	61	1,434	1,373	6,746
Minority interests in net income of consolidated subsidiaries	16	-	(16)	98
Minority loss in net income of consolidated subsidiaries	-	2	2	-
Net income	-	1,394	1,394	6,293
Net loss	312	-	(312)	-

Consolidated Statements of Appropriations and Consolidated Statements of Changes in Shareholders' Equity

NICHIREI CORPORATION

Consolidated Statements of Appropriations

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

	FY 2006 1st quarter (Apr. 2005 – Jun. 2005)	FY 2006 (Apr. 2005 - Mar. 2006)
<Capital surplus>		
Balance at beginning of period	23,705	23,705
Increase in capital surplus		
Gain/loss on sale of treasury stock	0	1
Balance at end of period	23,705	23,706
<Retained earnings>		
Balance at beginning of period	35,495	35,495
Increase in retained earnings		
Net income	-	6,293
Total	-	6,293
Decrease in retained earnings		
Net loss	312	-
Cash dividends	931	1,862
Bonuses to directors	135	135
Change of accounting standards at overseas subsidiaries	-	162
Total	1,380	2,160
Balance at end of period	34,115	39,627

Consolidated Statements of Changes in Shareholders' Equity (Apr. 2006 – Jun. 2006)

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

	Owners' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized holding gains on securities	Deferred gain/loss on hedges	Translation adjustments	Total		
Balance as of March 31, 2006	30,307	23,706	39,627	(261)	93,380	8,353	-	890	9,243	630	103,255
Changes during the quarter											
Dividends from capital surplus			(1,861)		(1,861)						(1,861)
Bonuses to directors			(124)		(124)						(124)
Net income			1,394		1,394						1,394
Acquisition of treasury stock				(7)	(7)						(7)
Sale of treasury stock		0		0	0						0
Non-shareholders' equity changes during the quarter-net					-	(1,098)	(90)	250	(938)	(41)	(979)
Total changes during the quarter	-	0	(591)	(6)	(598)	(1,098)	(90)	250	(938)	(41)	(1,577)
Balance as of June 30, 2006	30,307	23,706	39,035	(268)	92,782	7,255	(90)	1,140	8,305	589	101,677

Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2006 1st quarter (Apr. 2005 - Jun. 2005)	FY 2007 1st quarter (Apr. 2006 - Jun. 2006)	Increase (Decrease)	FY 2006 (Apr. 2005 - Mar. 2006)
Cash flows from operating activities				
Income before income taxes and minority interests	-	2,826	2,826	13,138
Loss before income taxes and minority interests	(235)	-	235	-
Depreciation and amortization	2,628	2,229	(399)	10,775
Impairment loss	3,575	183	(3,391)	4,153
Increase (decrease) in provision for doubtful accounts	62	10	(52)	(39)
Increase (decrease) in provision for employees' retirement benefits	(432)	7	440	(334)
Decrease (increase) in prepaid pension expenses	860	(428)	(1,288)	(53)
Equity in earnings of affiliates	(76)	(120)	(43)	(1,071)
Loss on disposal of property, plant and equipment	26	82	56	365
Loss on discontinued operations	-	246	246	1,213
Loss on devaluation of investment securities	-	68	68	-
Dilution gain on sale due to capital increase by affiliates	-	-	-	(58)
Interest and dividend income	(200)	(217)	(16)	(320)
Interest expense	364	307	(56)	1,374
Loss (gain) on sale of property, plant and equipment	222	(61)	(284)	(3,032)
Gain on sale of investment securities	-	-	-	(970)
Gain on sale of affiliates' stock	(1)	-	1	(52)
Increase in notes and accounts receivable - trade	(5,072)	(2,622)	2,450	(139)
Decrease (increase) in inventories	381	(183)	(565)	1,624
Increase (decrease) in notes and accounts payable - trade	1,658	(990)	(2,648)	1,431
Other	(984)	470	1,454	(704)
Subtotal	2,777	1,810	(967)	27,297
Interest and dividend income received	252	596	344	525
Interest expense paid	(442)	(266)	175	(1,355)
Income taxes paid	(1,770)	(3,842)	(2,071)	(2,583)
Net cash provided by (used in) operating activities	816	(1,702)	(2,518)	23,883
Cash flows from investing activities				
Purchase of property, plant and equipment	(861)	(1,798)	(936)	(4,564)
Proceeds from sale of property, plant and equipment	602	71	(530)	8,500
Purchase of investment securities	(72)	(6)	65	(682)
Proceeds from sale of investment securities	75	219	143	1,695
Decrease (increase) in short-term loans receivable	(3)	20	24	(77)
Proceeds from collection of long-term loans receivable	1	0	(0)	3
Other	(183)	872	1,055	(1,211)
Net cash provided by (used in) investing activities	(441)	(620)	(178)	3,663
Cash flows from financing activities				
Increase (decrease) in short-term bank loans	2,215	11,145	8,929	(3,266)
Increase (decrease) in commercial paper	-	4,000	4,000	(15,000)
Proceeds from long-term debt	-	-	-	800
Repayment of long-term debt	(1,513)	(657)	855	(8,271)
Redemption of bonds	-	(10,000)	(10,000)	-
Dividends paid	(790)	(1,698)	(907)	(1,864)
Other	73	0	(72)	42
Net cash provided by (used in) financing activities	(15)	2,789	2,804	(27,559)
Effects of exchange rate changes on cash and cash equivalents	35	62	26	215
Net increase in cash and cash equivalents	394	529	134	203
Cash and cash equivalents at beginning of period	3,087	3,290	203	3,087
Cash and cash equivalents at end of period	3,481	3,819	337	3,290

Industrial Segment Information

NICHIREI CORPORATION

(1) FY 2006 1st quarter (Apr. 2005 – Jun. 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	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

(2) FY 2007 1st quarter (Apr. 2006 - Dec. 2006)

(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	45,382	17,478	19,260	28,759	1,393	1,000	113,275	-	113,275
Intra-group sales and transfers	189	457	820	3,942	339	832	6,581	(6,581)	-
Total	45,572	17,935	20,081	32,701	1,733	1,832	119,856	(6,581)	113,275
Operating expenses	44,287	18,222	19,917	31,151	806	1,863	116,250	(6,485)	109,764
Operating income (loss)	1,284	(287)	163	1,549	927	(30)	3,606	(95)	3,510

(3) FY 2006 (Apr. 2005 - Mar. 2006)

(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	183,904	78,856	80,984	111,650	8,583	5,431	469,411	-	469,411
Intra-group sales and transfers	939	2,211	3,657	15,427	1,438	3,299	26,975	(26,975)	-
Total	184,844	81,068	84,641	127,077	10,022	8,731	496,386	(26,975)	469,411
Operating expenses	179,390	82,728	84,331	121,252	3,875	8,673	480,251	(26,854)	453,397
Operating income (loss)	5,454	(1,659)	309	5,825	6,146	58	16,135	(121)	16,014

Forecast of FY2007

NICHIREI CORPORATION

(1) Forecast of Interim FY2007 (Apr. 2006 – Sep. 2006)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	96,900	38,500	42,500	68,100	4,000	3,200	(13,200)	240,000
Operating expenses	93,400	38,900	42,100	64,900	2,100	3,200	(13,100)	231,500
Operating income	3,500	(400)	400	3,200	1,900	0	(100)	8,500
Depreciation and amortization	1,040	30	20	2,760	410	50	190	4,500
Capital expenditure	1,920	50	50	3,190	290	70	130	5,700

(2) Forecast of FY2007 (Apr. 2006 – Mar. 2007)

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Intercompany eliminations and corporate	Consolidated
Operating revenues (*1)	191,300	76,800	86,500	134,800	8,100	6,900	(25,400)	479,000
Operating expenses	184,100	77,300	85,700	128,300	4,200	6,700	(25,400)	460,900
Operating income	7,200	(500)	800	6,500	3,900	200	(0)	18,100
Depreciation and amortization	2,190	60	50	5,810	790	100	400	9,400
Capital expenditure	3,610	60	140	5,430	600	100	260	10,200

(*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 U.S. dollars 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.