

# Consolidated Financial Statements – Summary

October 31, 2006

(Six months ended September 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. Results of FY 2007 Interim (April 1, 2006 through September 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
<b>FY 2007 interim</b>	<b>230,188</b>	<b>8,311</b>	<b>8,033</b>
FY 2006 interim	235,505	7,784	7,661
Ref. FY 2006	469,411	16,014	15,660

	Net income	E.P.S.	Diluted E.P.S.
	Million yen	Yen	Yen
<b>FY 2007 interim</b>	<b>6,117</b>	<b>19.72</b>	-
FY 2006 interim	2,691	8.63	-
Ref. FY 2006	6,293	19.83	-

Note: Equity in earnings of affiliates in FY 2007 interim: 608 million yen, FY 2006 interim: 549 million yen, FY 2006: 1,071 million yen

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>FY 2007 interim</b>	<b>271,534</b>	<b>105,761</b>	<b>38.7</b>	<b>339.12</b>
FY 2006 interim	278,404	98,029	35.2	315.97
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
<b>FY 2007 interim</b>	<b>1,052</b>	<b>1,818</b>	<b>(1,469)</b>	<b>4,743</b>
FY 2006 interim	6,937	(208)	(6,790)	3,100
Ref. FY 2006	23,883	3,663	(27,559)	3,290

(4) Scope of consolidation and equity method

Consolidated subsidiaries	64 companies
Unconsolidated subsidiaries	None
Equity method affiliates	15 companies

(5) Change in scope of consolidation and equity method

Consolidated subsidiaries	(increase)	2	(decrease)	2
Equity method companies	(increase)	None	(decrease)	1

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

	Net sales	Recurring income	Net income
	Million yen	Million yen	Million yen
<b>FY 2007</b>	<b>473,500</b>	<b>17,500</b>	<b>11,100</b>

Note: Estimated E.P.S. 35.79 yen

# Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2006 interim (As of Sep. 30, 2005)	FY 2007 interim (As of Sep. 30, 2006)	FY 2006 (As of Mar. 31, 2006)	Increase (Decrease) from FY 2006
<b>&lt;Assets&gt;</b>				
<b>Current assets</b>				
Cash and time deposits	3,100	4,743	3,290	1,453
Notes and account receivable – trade	71,533	76,172	64,315	11,857
Inventories	31,788	30,929	31,037	(107)
Deferred tax assets	3,038	1,321	3,138	(1,817)
Other current assets	3,994	3,806	6,698	(2,892)
Less allowance for doubtful accounts	(319)	(172)	(295)	122
<b>Total</b>	<b>113,136</b>	<b>116,801</b>	<b>108,185</b>	<b>8,615</b>
<b>Fixed assets</b>				
<b>1. Tangible assets</b>				
(1) Buildings and structures	67,920	63,321	64,973	(1,651)
(2) Machinery and equipment	14,785	14,160	14,537	(376)
(3) Land	27,018	26,068	26,087	(18)
(4) Construction in progress	247	1,497	1,058	438
(5) Other tangible fixed assets	1,497	1,316	1,385	(69)
<b>Total</b>	<b>111,470</b>	<b>106,364</b>	<b>108,041</b>	<b>(1,677)</b>
<b>2. Intangible assets</b>				
(1) Consolidation adjustment account	104	-	70	(70)
(2) Goodwill	-	485	-	485
(3) Other intangible fixed assets	6,583	3,049	3,648	(599)
<b>Total</b>	<b>6,688</b>	<b>3,534</b>	<b>3,718</b>	<b>(184)</b>
<b>3. Investments and other assets</b>				
(1) Investment securities	32,135	30,268	34,580	(4,311)
(2) Deferred tax assets	3,002	1,531	1,627	(95)
(3) Other assets	13,271	14,180	13,497	683
Less allowance for doubtful accounts	(1,299)	(1,146)	(1,148)	2
<b>Total</b>	<b>47,109</b>	<b>44,834</b>	<b>48,555</b>	<b>(3,721)</b>
<b>Total fixed assets</b>	<b>165,268</b>	<b>154,733</b>	<b>160,316</b>	<b>(5,583)</b>
<b>Total assets</b>	<b>278,404</b>	<b>271,534</b>	<b>268,501</b>	<b>3,032</b>

## NICHIREI CORPORATION

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

	FY 2006 interim (As of Sep. 30, 2005)	FY 2007 interim (As of Sep. 30, 2006)	FY 2006 (As of Mar. 31, 2006)	Increase (Decrease) from FY 2006
<b>&lt;Liabilities&gt;</b>				
<b>Current liabilities</b>				
Notes and account payable – trade	26,690	27,869	25,994	1,875
Short-term bank loans	14,441	17,328	13,001	4,326
Commercial paper	14,000	7,000	-	7,000
Current portion of long-term loans	6,063	2,670	1,645	1,025
Current portion of bonds	10,000	10,000	10,000	-
Accrued expenses	18,695	20,166	19,254	912
Income taxes payable	2,592	2,368	3,505	(1,137)
Directors' and statutory auditors' bonuses	-	70	-	70
Other current liabilities	8,037	8,375	9,664	(1,288)
<b>Total</b>	<b>100,520</b>	<b>95,849</b>	<b>83,064</b>	<b>12,784</b>
<b>Long-term liabilities</b>				
Bonds	25,000	15,000	25,000	(10,000)
Long-term loans	36,289	34,788	36,562	(1,774)
Deferred tax liabilities	998	2,854	3,134	(279)
Employees' retirement benefits	2,935	3,240	3,275	(35)
Directors' and statutory auditors' retirement benefits	445	221	504	(283)
Deposits received	11,492	11,402	11,426	(24)
Consolidation adjustment account	17	-	36	(36)
Goodwill	-	29	-	29
Lease assets impairment account	1,839	2,068	2,196	(127)
Other long-term liabilities	62	319	44	274
<b>Total</b>	<b>79,080</b>	<b>69,923</b>	<b>82,181</b>	<b>(12,258)</b>
<b>Total liabilities</b>	<b>179,601</b>	<b>165,772</b>	<b>165,246</b>	<b>526</b>
<b>&lt;Minority interests&gt;</b>	<b>773</b>	<b>-</b>	<b>630</b>	<b>-</b>
<b>&lt;Shareholders' equity&gt;</b>				
Common stock	30,307	-	30,307	-
Capital surplus	23,705	-	23,706	-
Retained earnings	37,119	-	39,627	-
Net unrealized holding gains on securities	6,896	-	8,353	-
Translation adjustment	245	-	890	-
Treasury stock	(244)	-	(261)	-
<b>Total shareholders' equity</b>	<b>98,029</b>	<b>-</b>	<b>102,624</b>	<b>-</b>
<b>Total liabilities and shareholders' equity</b>	<b>278,404</b>	<b>-</b>	<b>268,501</b>	<b>-</b>
<b>&lt;Net assets&gt;</b>				
<b>Owners' equity</b>				
Common stock	-	30,307	-	-
Capital surplus	-	23,707	-	-
Retained earnings	-	43,050	-	-
Treasury stock	-	(285)	-	-
<b>Total</b>	<b>-</b>	<b>96,779</b>	<b>-</b>	<b>-</b>
<b>Valuation and translation adjustments</b>				
Net unrealized holding gains on securities	-	6,886	-	-
Deferred gains or losses on hedges	-	315	-	-
Translation adjustment	-	1,194	-	-
<b>Total</b>	<b>-</b>	<b>8,396</b>	<b>-</b>	<b>-</b>
<b>Minority interests</b>	<b>-</b>	<b>584</b>	<b>-</b>	<b>-</b>
<b>Total net assets</b>	<b>-</b>	<b>105,761</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and shareholders' equity</b>	<b>-</b>	<b>271,534</b>	<b>-</b>	<b>-</b>

# Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY 2006 interim (Apr. 2005 - Sep. 2005)	FY 2007 interim (Apr. 2006 - Sep. 2006)	Increase (Decrease)	FY 2006 (Apr. 2005 - Mar. 2006)
<b>Net sales</b>	<b>235,505</b>	<b>230,188</b>	<b>(5,316)</b>	<b>469,411</b>
Cost of sales	189,225	185,390	(3,834)	377,834
<b>Gross profit</b>	<b>46,279</b>	<b>44,797</b>	<b>(1,481)</b>	<b>91,577</b>
Selling, general and administrative expenses				
Selling expenses				
Transportation and storage expense	8,126	7,506	(620)	15,821
Sales promotion expense	9,687	8,739	(947)	19,058
Advertising expense	2,186	2,770	584	3,896
Sales commission expense	1,990	1,884	(105)	3,822
Provision for doubtful accounts	64	20	(43)	53
Other selling expenses	1,077	1,007	(70)	2,150
Subtotal	23,133	21,929	(1,203)	44,803
General and administrative expenses				
Remuneration, salary and bonuses	6,699	6,602	(96)	13,519
Provision for employees' retirement benefits	484	(31)	(515)	1,063
Provision for accrued bonuses for directors	-	70	70	-
Provision for accrued retirement benefit for directors	116	92	(24)	212
Fringe benefit	1,044	1,036	(8)	2,001
Depreciation and amortization	566	286	(280)	1,158
Amortization of consolidation adjustment account	34	-	(34)	68
Amortization of goodwill	-	104	104	-
Traveling expenses	780	797	16	1,541
Communication expenses	255	246	(8)	505
Rent expense	1,118	1,066	(51)	2,212
Business consignment fee	1,208	1,064	(143)	2,209
Research and development expense	995	1,000	5	2,042
Other general and administrative expense	2,057	2,220	162	4,223
Subtotal	15,361	14,556	(805)	30,759
Total	38,494	36,486	(2,008)	75,563
<b>Operating income</b>	<b>7,784</b>	<b>8,311</b>	<b>526</b>	<b>16,014</b>
Non-operating revenues				
Interest income	37	50	13	71
Dividend income	201	206	4	249
Equity in earnings of affiliates	549	608	59	1,071
Other non-operating revenues	478	505	26	1,357
Total	1,267	1,371	103	2,749
Non-operating expenses				
Interest expenses	718	609	(108)	1,374
Loss on disposal of obsolete inventories	152	101	(51)	327
Other non-operating expenses	519	938	419	1,402
Total	1,390	1,649	259	3,103
<b>Recurring income</b>	<b>7,661</b>	<b>8,033</b>	<b>371</b>	<b>15,660</b>
Extraordinary income				
Gain on sales of property, plant and equipment	1,133	613	(520)	5,453
Dilution gain on sale due to capital increase by affiliates	58	-	(58)	58
Reversal of allowance for doubtful receivables	5	150	145	93
Gain on sales of affiliates' stock	1	2,987	2,985	52
Gain on sales of investment securities	-	18	18	970
Total	1,199	3,770	2,570	6,629
Extraordinary losses				
Loss on sales of property, plant and equipment	231	5	(225)	2,421
Loss on disposal of property, plant and equipment	114	258	144	607
Impairment loss	3,575	352	(3,223)	4,153
Loss on discontinued operations	64	424	359	1,439
Loss on devaluation of investment securities	-	68	68	-
Special severance package expense	-	-	-	530
Total	3,986	1,109	(2,876)	9,151
<b>Income before income taxes and minority interests</b>	<b>4,874</b>	<b>10,693</b>	<b>5,818</b>	<b>13,138</b>
Income taxes	2,469	2,298	(171)	4,499
Reversal of prior-year taxes adjustments	(326)	2,281	2,608	2,247
Total	2,143	4,580	2,436	6,746
Minority interests in net income of consolidated subsidiaries	40	-	(40)	98
Minority loss in net income of consolidated subsidiaries	-	3	3	-
<b>Net income</b>	<b>2,691</b>	<b>6,117</b>	<b>3,425</b>	<b>6,293</b>

## 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 interim (Apr. 2005 - Sep. 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	2,691	6,293
<b>Total</b>	<b>2,691</b>	<b>6,293</b>
Decrease in retained earnings		
Cash dividends	931	1,862
Bonuses to directors	135	135
Change of accounting standards at overseas subsidiaries	-	162
<b>Total</b>	<b>1,067</b>	<b>2,160</b>
Balance at end of period	37,119	39,627

### Consolidated Statements of Changes in Shareholders' Equity (Apr. 2006 – Sep. 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 interim period											
Dividends from capital surplus			(1,861)		(1,861)						(1,861)
Bonuses to directors			(124)		(124)						(124)
Net income			6,117		6,117						6,117
Decrease in affiliates accounted for by the equity method			(708)		(708)						(708)
Acquisition of treasury stock				(25)	(25)						(25)
Sale of treasury stock		0		1	1						1
Non-shareholders' equity changes during the interim-net					-	(1,467)	315	304	(847)	(45)	(892)
Total changes during the interim period	-	0	3,422	(23)	3,399	(1,467)	315	304	(847)	(45)	2,506
Balance as of September 30, 2006	30,307	23,707	43,050	(285)	96,779	6,886	315	1,194	8,396	584	105,761

# Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2006 interim (Apr. 2005 - Sep. 2005)	FY 2007 interim (Apr. 2006 - Sep. 2006)	Increase (Decrease)	FY 2006 (Apr. 2005 - Mar. 2006)
<b>Cash flows from operating activities</b>				
Income before income taxes and minority interests	4,874	10,693	5,818	13,138
Depreciation and amortization	5,319	4,425	(894)	10,775
Impairment loss	3,575	352	(3,223)	4,153
Increase (decrease) in provision for doubtful accounts	67	(130)	(198)	(39)
Decrease in provision for employees' retirement benefits	(452)	(37)	415	(334)
Decrease (increase) in prepaid pension expenses	311	(913)	(1,225)	(53)
Equity in earnings of affiliates	(549)	(608)	(59)	(1,071)
Loss on disposal of property, plant and equipment	77	165	87	365
Loss on devaluation of investment securities	9	68	58	-
Loss on discontinued operations	44	362	318	1,213
Dilution gain on sale due to capital increase by affiliates	(58)	-	58	(58)
Interest and dividend income	(239)	(257)	(17)	(320)
Interest expense	718	609	(108)	1,374
Gain on sale of property, plant and equipment	(902)	(607)	294	(3,032)
Gain on sale of investment securities	-	(18)	(18)	(970)
Gain on sale of affiliates' stock	(1)	(2,987)	(2,985)	(52)
Increase in notes and accounts receivable – trade	(7,552)	(11,716)	(4,163)	(139)
Decrease in inventories	1,183	13	(1,169)	1,624
Increase in notes and accounts payable – trade	2,116	1,873	(242)	1,431
Other	189	3,294	3,105	(704)
Subtotal	8,732	4,582	(4,150)	27,297
Interest and dividend income received	302	648	345	525
Interest expense paid	(695)	(660)	34	(1,355)
Income taxes paid	(1,402)	(3,517)	(2,114)	(2,583)
<b>Net cash provided by (used in) operating activities</b>	<b>6,937</b>	<b>1,052</b>	<b>(5,884)</b>	<b>23,883</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(1,747)	(4,112)	(2,364)	(4,564)
Proceeds from sale of property, plant and equipment	1,947	668	(1,279)	8,500
Purchase of investment securities	(87)	(196)	(108)	(682)
Proceeds from sale of investment securities	75	4,879	4,804	1,695
Decrease (increase) in short-term loans receivable	(33)	39	72	(77)
Proceeds from collection of long-term loans receivable	1	2	0	3
Other	(365)	536	902	(1,211)
<b>Net cash provided by (used in) investing activities</b>	<b>(208)</b>	<b>1,818</b>	<b>2,026</b>	<b>3,663</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term bank loans	(1,625)	4,208	5,834	(3,266)
Increase (decrease) in commercial paper	(1,000)	7,000	8,000	(15,000)
Proceeds from long-term debt	-	300	300	800
Repayment of long-term debt	(3,289)	(1,079)	2,210	(8,271)
Redemption of bonds	-	(10,000)	(10,000)	-
Dividends paid	(934)	(1,859)	(924)	(1,864)
Other	58	(39)	(98)	42
<b>Net cash provided by (used in) financing activities</b>	<b>(6,790)</b>	<b>(1,469)</b>	<b>5,321</b>	<b>(27,559)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>75</b>	<b>51</b>	<b>(23)</b>	<b>215</b>
<b>Net increase in cash and cash equivalents</b>	<b>13</b>	<b>1,453</b>	<b>1,440</b>	<b>203</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,087</b>	<b>3,290</b>	<b>203</b>	<b>3,087</b>
<b>Cash and cash equivalents at end of period</b>	<b>3,100</b>	<b>4,743</b>	<b>1,643</b>	<b>3,290</b>

## Industrial Segment Information

NICHIREI CORPORATION

### (1) FY 2006 interim (Apr. 2005 - Sep. 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	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

### (2) FY 2007 interim (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	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	91,088	36,668	38,550	59,264	2,759	1,857	230,188	-	230,188
Intra-group sales and transfers	297	710	1,488	7,919	701	1,657	12,775	(12,775)	-
Total	91,385	37,378	40,039	67,184	3,461	3,515	242,964	(12,775)	230,188
Operating expenses	88,248	37,612	39,790	63,705	1,661	3,512	234,531	(12,654)	221,876
Operating income (loss)	3,137	(234)	248	3,479	1,799	2	8,432	(120)	8,311

### (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 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)	187,200	76,800	86,500	134,800	7,600	6,900	(26,300)	473,500
Operating expenses	180,200	77,200	85,800	128,100	3,700	6,700	(26,300)	455,400
Operating income	7,000	(400)	700	6,700	3,900	200	(0)	18,100

(\*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.