

# Consolidated Financial Statements – Summary

July 29, 2014

(For the three months ended June 30, 2014)

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 for the Three Months Ended June 30, 2014 (April 1, 2014 through June 30, 2014)

(1) Consolidated financial results

(Amounts less than one million yen are omitted)

	Net sales	Operating income	Ordinary income	Net income
	Million yen	Million yen	Million yen	Million yen
<b>Three months ended June 30, 2014</b>	<b>130,769</b>	<b>2,847</b>	<b>3,094</b>	<b>1,513</b>
Three months ended June 30, 2013	120,815	2,464	2,489	1,271

(Note) Comprehensive income: Three months ended June 30, 2014: 1,858 million yen (-41.2%)  
Three months ended June 30, 2013: 3,161 million yen (-10.4%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
<b>Three months ended June 30, 2014</b>	<b>5.29</b>	–
Three months ended June 30, 2013	4.45	–

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>As of June 30, 2014</b>	<b>322,607</b>	<b>137,272</b>	<b>41.4</b>	<b>466.87</b>
As of March 31, 2014	318,507	136,846	41.9	466.31

(Note) Shareholders' equity: As of June 30, 2014: 133,457 million yen  
As of March 31, 2014: 133,298 million yen

## 2. Dividend Status

(Base date)	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2014	–	5.00	–	5.00	10.00
FY ending March 31, 2015	–				
FY ending March 31, 2015 (Forecast)		5.00	–	5.00	10.00

Note: Revisions to dividend forecasts published most recently (Y/N): No

## 3. Estimation of Business Results of Fiscal Year Ending March 31, 2015 (April 1, 2014 through March 31, 2015)

(Percentages show year-on-year changes.)

	Net sales	Operating income	Ordinary income	Net income	E.P.S.
	Million yen	Million yen	Million yen	Million yen	Yen
Six months ending September 30, 2014	258,500	7,800	7,600	4,800	16.79
FY ending March 31, 2015	525,000	16,500	15,900	9,500	33.23

Note: Revisions to financial estimation published most recently (Y/N): No

**\* Notes**

(1) Any changes in important subsidiaries during the term (Change in specific subsidiaries as a result of a change in the scope of consolidation): No

New inclusion: — companies (company name)

Elimination: — companies (company name)

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: Yes  
(Calculation of tax cost)

With respect to tax cost, an effective tax rate was reasonably estimated after applying tax effect accounting to net income before taxes for the fiscal year including the three-month period ended June 30, 2014, and tax cost was calculated by multiplying quarterly net income before taxes by the effective tax rate.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies associated with the revision of accounting standards, etc.: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Total number of outstanding shares (Common stock)

(i) Total number of outstanding shares at term end (Includes treasury stock):

As of June 30, 2014: 295,851,065 shares

As of March 31, 2014: 295,851,065 shares

(ii) Total treasury stock at term end:

As of June 30, 2014: 9,994,615 shares

As of March 31, 2014: 9,991,273 shares

(iii) Average number of outstanding shares during the period:

For the three months ended June 30, 2014: 285,858,258 shares

For the three months ended June 30, 2013: 285,907,050 shares

**Status of a quarterly review**

This quarterly financial summary falls outside the scope of quarterly review procedures based on the stipulations of the Financial Instruments and Exchange Act. The review procedures for quarterly consolidated financial statements based on the stipulations of the Financial Instruments and Exchange Act had not been completed at the time this financial summary was disclosed.

**\* Note to proper use of forecast of operating results and other special remarks**

This statement was prepared based on information available at the time of disclosure. The Company makes no guarantee that the forecasts will be achieved. Actual results may vary significantly as a result of a variety of factors. Please refer to the "Cautionary Statements" on page 8.

# Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2014 (As of March 31, 2014)	As of June 30, 2014
<b>&lt;Assets&gt;</b>		
<b>Current assets</b>		
Cash and deposits	11,928	9,773
Notes and accounts receivable – trade	69,257	71,574
Merchandise and finished goods	37,178	38,613
Work in process	237	283
Raw materials and supplies	5,455	5,463
Deferred tax assets	1,131	1,251
Other current assets	6,474	8,534
Allowance for doubtful accounts	(153)	(153)
<b>Total</b>	<b>131,509</b>	<b>135,341</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	67,440	66,969
Machinery, equipment and vehicles, net	19,618	19,509
Land	33,750	33,673
Leased assets, net	18,817	18,058
Construction in progress	3,283	3,419
Other, net	1,660	1,597
<b>Total</b>	<b>144,571</b>	<b>143,227</b>
<b>Intangible assets</b>		
Goodwill	3,030	2,929
Other	3,814	3,756
<b>Total</b>	<b>6,844</b>	<b>6,686</b>
<b>Investments and other assets</b>		
Investment securities	26,293	28,295
Deferred tax assets	1,052	1,042
Other	8,410	8,192
Allowance for doubtful accounts	(175)	(178)
<b>Total</b>	<b>35,581</b>	<b>37,353</b>
<b>Total non-current assets</b>	<b>186,997</b>	<b>187,266</b>
<b>Total assets</b>	<b>318,507</b>	<b>322,607</b>

NICHIREI CORPORATION

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

	FY 2014 (As of March 31, 2014)	As of June 30, 2014
<b>&lt;Liabilities&gt;</b>		
<b>Current liabilities</b>		
Accounts payable – trade	27,309	27,371
Short-term loans payable	15,675	18,312
Commercial papers	8,000	10,000
Current portion of long-term loans payable	5,934	5,256
Lease obligations	3,736	3,635
Accrued expenses	21,861	21,841
Income taxes payable	2,133	974
Provision for directors' bonuses	192	52
Other	10,693	12,217
<b>Total</b>	<b>95,537</b>	<b>99,662</b>
<b>Non-current liabilities</b>		
Bonds payable	30,000	30,000
Long-term loans payable	26,108	26,060
Lease obligations	16,641	15,896
Deferred tax liabilities	3,923	4,286
Provision for directors' retirement benefits	189	150
Net defined benefit liability	1,433	1,436
Asset retirement obligations	3,111	3,116
Long-term guarantee deposited	3,266	3,269
Other	1,449	1,455
<b>Total</b>	<b>86,122</b>	<b>85,671</b>
<b>Total liabilities</b>	<b>181,660</b>	<b>185,334</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	30,307	30,307
Capital surplus	18,224	18,224
Retained earnings	81,463	81,547
Treasury shares	(5,128)	(5,130)
<b>Total</b>	<b>124,867</b>	<b>124,949</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	6,292	7,078
Deferred gains or losses on hedges	461	189
Foreign currency translation adjustment	1,699	1,261
Remeasurements of defined benefit plans	(22)	(22)
<b>Total</b>	<b>8,431</b>	<b>8,507</b>
<b>Minority interests</b>	<b>3,548</b>	<b>3,815</b>
<b>Total net assets</b>	<b>136,846</b>	<b>137,272</b>
<b>Total liabilities and net assets</b>	<b>318,507</b>	<b>322,607</b>

# Consolidated Statements of Income

NICHIREI CORPORATION

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

	Three months ended June 30, 2013 (Apr. 2013–June 2013)	Three months ended June 30, 2014 (Apr. 2014–June 2014)
<b>Net sales</b>	<b>120,815</b>	<b>130,769</b>
Cost of sales	98,765	107,044
<b>Gross profit</b>	<b>22,049</b>	<b>23,724</b>
Selling, general and administrative expenses		
Transportation and warehousing expenses	3,661	3,904
Promotion expenses	5,556	5,860
Advertising expenses	969	1,185
Sales commission	919	900
Directors' compensations, employees' salaries, bonuses and allowance	3,567	4,007
Retirement benefit expenses	206	210
Legal and employee benefits expenses	812	804
Transportation and communication expenses	582	569
Rent expenses	511	506
Business consignment expenses	607	643
Research and development expense	401	405
Other	1,788	1,879
Total	19,584	20,877
<b>Operating income</b>	<b>2,464</b>	<b>2,847</b>
Non-operating income		
Interest income	22	15
Dividend income	260	301
Share of profit of entities accounted for using equity method	107	45
Other	144	353
Total	534	715
Non-operating expenses		
Interest expenses	323	279
Other	185	188
Total	509	468
<b>Ordinary income</b>	<b>2,489</b>	<b>3,094</b>
Extraordinary income		
Gain on sales of non-current assets	34	66
Gain on sales of investment securities	184	—
Total	218	66
Extraordinary losses		
Loss on sales of non-current assets	3	9
Loss on retirement of non-current assets	309	283
Impairment loss	56	—
Loss on discontinued operations	58	—
Total	427	293
<b>Income before income taxes and minority interest</b>	<b>2,280</b>	<b>2,867</b>
Income taxes – current	845	1,021
Income taxes – deferred	33	6
Total	878	1,027
Income before minority interests	1,401	1,839
Minority interests in income	129	326
<b>Net income</b>	<b>1,271</b>	<b>1,513</b>

**Consolidated Statements of Comprehensive Income**

NICHIREI CORPORATION

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

	Three months ended June 30, 2013 (Apr. 2013–June 2013)	Three months ended June 30, 2014 (Apr. 2014–June 2014)
Income (loss) before minority interests	1,401	1,839
Other comprehensive income		
Valuation difference on available-for-sale securities	175	780
Deferred gains or losses on hedges	136	(249)
Foreign currency translation adjustment	1,363	(486)
Share of other comprehensive income of entities, accounted for using equity method	83	(25)
Total	1,759	18
Comprehensive income	3,161	1,858
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,645	1,589
Comprehensive income attributable to minority interests	516	269

**Industrial Segment Information**

NICHIREI CORPORATION

**(1) Three Months Ended June 30, 2013 (April 1, 2013 through June 30, 2013)**

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Total	Adjustments	Consolidated
Net sales	48,902	15,689	18,223	36,500	931	567	120,815	-	120,815
Intra-group sales and transfers	73	53	393	3,707	271	121	4,619	(4,619)	-
Total	48,975	15,743	18,616	40,207	1,203	688	125,434	(4,619)	120,815
Operating income	(68)	118	(89)	2,141	565	(27)	2,639	(174)	2,464

**(2) Three Months Ended June 30, 2014 (April 1, 2014 through June 30, 2014)**

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Total	Adjustments	Consolidated
Net sales	52,834	16,173	20,316	39,806	872	765	130,769	-	130,769
Intra-group sales and transfers	81	31	549	3,765	265	136	4,830	(4,830)	-
Total	52,916	16,205	20,865	43,572	1,138	902	135,600	(4,830)	130,769
Operating income	512	134	95	1,789	507	67	3,106	(259)	2,847

## Forecast of Fiscal Year Ending March 31, 2015

NICHIREI CORPORATION

### (1) Forecast of Six Months Ending September 30, 2014 (April 1, 2014 through September 30, 2014)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Adjustments	Consolidated
Net sales (*1)	107,000	33,300	37,500	86,500	2,400	1,700	(9,900)	258,500
Operating income	2,500	200	200	4,200	1,100	100	(500)	7,800

(\*1) Net sales include Intra-group sales and transfers.

### (2) Forecast of Fiscal Year Ending March 31, 2015 (April 1, 2014 through March 31, 2015)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Adjustments	Consolidated
Net sales (*1)	214,000	68,600	80,000	173,000	4,700	4,100	(19,400)	525,000
Operating income	5,500	500	500	8,200	2,100	400	(700)	16,500

(\*1) Net sales include Intra-group sales and transfers.

### **Cautionary Statement with Respect to Forward-Looking Statements**

This financial statement contains, in addition to historical facts, forward-looking statements regarding plans, outlook, strategies and future results. These explanations concerning future business results may or may not include words such as "believes," "expects," "plans," "strategy," "prospects," "estimates," and "forecasts," or variations of these words or similar expressions. 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 report. A variety of important factors may cause actual results to differ significantly from these forecasts. 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 surrounding the business activities of Nichirei and its Group companies;
- 2) Foreign exchange rate fluctuations, particularly involving U.S. dollars and euros;
- 3) The feasibility of establishing a unified quality control structure covering product development, purchasing of ingredients, production and sales;
- 4) The feasibility of new product and service development;
- 5) Nichirei's and its Group companies' ability to implement growth strategies and build a low-cost structure;
- 6) The feasibility of achieving effective alliances between the Nichirei Group and outside companies;
- 7) Contingency and related risk, etc.

However, factors that may affect the performance of the Nichirei Group are not limited to those listed above. Further, risks and uncertainties include the possibility of future events that may have a serious and unpredictable impact on the Group.