

Consolidated Financial Statements – Summary

October 28, 2014

(For the six months ended September 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 Six Months Ended September 30, 2014 (April 1, 2014 through September 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
Six months ended September 30, 2014	269,156	7,699	7,619	4,256
Six months ended September 30, 2013	250,241	6,584	6,224	4,175

(Note) Comprehensive income: Six months ended September 30, 2014: 6,793 million yen (-2.4%)
Six months ended September 30, 2013: 6,963 million yen (51.0%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Six months ended September 30, 2014	14.89	–
Six months ended September 30, 2013	14.61	–

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of September 30, 2014	330,700	142,204	41.8	483.31
As of March 31, 2014	318,507	136,846	41.9	466.31

(Note) Shareholders' equity: As of September 30, 2014: 138,154 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	–	5.00			
FY ending March 31, 2015 (Forecast)			–	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
FY ending March 31, 2015	535,700	16,500	15,900	9,500	33.23

Note: Revisions to financial estimation published most recently (Y/N): Yes

*** Notes**

(1) Any changes in important subsidiaries during the six-month period ended September 30, 2014 (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 six-month period ended September 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 September 30, 2014: 295,851,065 shares

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

(ii) Total treasury stock at term end:

As of September 30, 2014: 10,001,066 shares

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

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

For the six months ended September 30, 2014: 285,855,594 shares

For the six months ended September 30, 2013: 285,903,117 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 9.

Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2014 (As of March 31, 2014)	As of September 30, 2014
<Assets>		
Current assets		
Cash and deposits	11,928	11,198
Notes and accounts receivable – trade	69,257	75,499
Merchandise and finished goods	37,178	36,620
Work in process	237	369
Raw materials and supplies	5,455	5,819
Deferred tax assets	1,131	771
Other current assets	6,474	7,079
Allowance for doubtful accounts	(153)	(157)
Total	131,509	137,200
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	67,440	71,829
Machinery, equipment and vehicles, net	19,618	21,263
Land	33,750	33,700
Leased assets, net	18,817	17,271
Construction in progress	3,283	1,519
Other, net	1,660	1,624
Total	144,571	147,208
Intangible assets		
Goodwill	3,030	2,838
Other	3,814	3,643
Total	6,844	6,482
Investments and other assets		
Investment securities	26,293	30,246
Deferred tax assets	1,052	1,031
Other	8,410	8,709
Allowance for doubtful accounts	(175)	(177)
Total	35,581	39,809
Total non-current assets	186,997	193,500
Total assets	318,507	330,700

NICHIREI CORPORATION

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

	FY 2014 (As of March 31, 2014)	As of September 30, 2014
<Liabilities>		
Current liabilities		
Accounts payable – trade	27,309	29,676
Short-term loans payable	15,675	16,756
Commercial papers	8,000	9,000
Current portion of long-term loans payable	5,934	5,325
Lease obligations	3,736	3,579
Accrued expenses	21,861	23,204
Income taxes payable	2,133	1,983
Provision for directors' bonuses	192	105
Other	10,693	12,410
Total	95,537	102,041
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	26,108	27,147
Lease obligations	16,641	15,118
Deferred tax liabilities	3,923	5,125
Provision for directors' retirement benefits	189	159
Net defined benefit liability	1,433	1,457
Asset retirement obligations	3,111	3,104
Long-term guarantee deposited	3,266	2,933
Other	1,449	1,406
Total	86,122	86,454
Total liabilities	181,660	188,496
<Net assets>		
Shareholders' equity		
Capital stock	30,307	30,307
Capital surplus	18,224	18,224
Retained earnings	81,463	84,290
Treasury shares	(5,128)	(5,133)
Total	124,867	127,689
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,292	8,208
Deferred gains or losses on hedges	461	1,361
Foreign currency translation adjustment	1,699	917
Remeasurements of defined benefit plans	(22)	(22)
Total	8,431	10,465
Minority interests	3,548	4,049
Total net assets	136,846	142,204
Total liabilities and net assets	318,507	330,700

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Six months ended September 30, 2013 (Apr. 2013–Sep. 2013)	Six months ended September 30, 2014 (Apr. 2014–Sep. 2014)
Net sales	250,241	269,156
Cost of sales	204,580	219,892
Gross profit	45,660	49,264
Selling, general and administrative expenses		
Transportation and warehousing expenses	7,520	7,989
Promotion expenses	11,097	11,797
Advertising expenses	1,686	1,937
Sales commission	1,916	1,910
Directors' compensations, employees' salaries, bonuses and allowance	7,085	7,978
Retirement benefit expenses	409	419
Legal and employee benefits expenses	1,594	1,594
Transportation and communication expenses	1,155	1,137
Rent expenses	1,002	1,001
Business consignment expenses	1,236	1,260
Research and development expense	809	843
Other	3,561	3,692
Total	39,076	41,564
Operating income	6,584	7,699
Non-operating income		
Interest income	41	27
Dividend income	516	352
Share of profit of entities accounted for using equity method	94	70
Other	379	613
Total	1,033	1,064
Non-operating expenses		
Interest expenses	652	574
Other	740	569
Total	1,393	1,144
Ordinary income	6,224	7,619
Extraordinary income		
Gain on sales of non-current assets	61	75
Gain on sales of investment securities	1,425	–
Total	1,486	75
Extraordinary losses		
Loss on sales of non-current assets	4	15
Loss on retirement of non-current assets	426	606
Impairment loss	56	14
Loss on discontinued operations	60	–
Total	547	636
Income before income taxes and minority interest	7,163	7,057
Income taxes – current	2,596	2,126
Income taxes – deferred	(30)	43
Total	2,565	2,169
Income before minority interests	4,597	4,887
Minority interests in income	421	631
Net income	4,175	4,256

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	Six months ended September 30, 2013 (Apr. 2013–Sep. 2013)	Six months ended September 30, 2014 (Apr. 2014–Sep. 2014)
Income before minority interests	4,597	4,887
Other comprehensive income		
Valuation difference on available-for-sale securities	414	1,914
Deferred gains or losses on hedges	(166)	914
Foreign currency translation adjustment	1,995	(866)
Share of other comprehensive income of entities, accounted for using equity method	122	(57)
Total	2,366	1,905
Comprehensive income	6,963	6,793
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,237	6,290
Comprehensive income attributable to minority interests	726	503

Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	Six months ended September 30, 2013 (Apr. 2013–Sep. 2013)	Six months ended September 30, 2014 (Apr. 2014–Sep. 2014)
Cash flows from operating activities		
Income before income taxes	7,163	7,057
Depreciation	7,036	7,433
Impairment loss	56	14
Increase (decrease) in allowance for doubtful accounts	(141)	12
Interest and dividend income	(558)	(380)
Interest expenses	652	574
Share of (profit) loss of entities accounted for using equity method	(94)	(70)
Loss (gain) on sales of non-current assets	(57)	(60)
Loss on retirement of non-current assets	127	244
Loss (gain) on sales of investment securities	(1,424)	–
Decrease (increase) in notes and accounts receivable – trade	(1,040)	(6,586)
Decrease (increase) in inventories	(6,861)	(62)
Increase (decrease) in notes and accounts payable – trade	2,260	2,250
Other	(2,743)	2,906
Subtotal	4,374	13,335
Interest and dividend income received	685	453
Interest expenses paid	(676)	(590)
Income taxes paid	(3,178)	(2,020)
Net cash provided by operating activities	1,205	11,178
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,541)	(9,427)
Proceeds from sales of property, plant and equipment	161	281
Purchase of investment securities	(597)	(1,049)
Proceeds from sales of investment securities	2,214	–
Other	(1,000)	(584)
Net cash used in investing activities	(6,764)	(10,780)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(7,324)	1,205
Net increase (decrease) in commercial papers	(5,000)	1,000
Proceeds from long-term loans payable	10,806	1,200
Repayments of long-term loans payable	(968)	(754)
Proceeds from issuance of bonds	9,947	–
Repayments of lease obligations	(1,817)	(2,154)
Purchase of treasury shares	(9)	(5)
Cash dividends paid	(1,426)	(1,426)
Cash dividends paid to minority shareholders	(234)	(1)
Proceeds from share issuance to minority shareholders	168	–
Other	–	0
Net cash provided by (used in) financing activities	4,141	(936)
Effect of exchange rate change on cash and cash equivalents	552	(191)
Net increase (decrease) in cash and cash equivalents	(864)	(729)
Cash and cash equivalents at beginning of period	14,938	11,928
Cash and cash equivalents at end of period	14,073	11,198

Industrial Segment Information

NICHIREI CORPORATION

(1) Six months Ended September 30, 2013 (April 1, 2013 through September 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	100,302	34,415	36,670	75,688	1,896	1,267	250,241	–	250,241
Intra-group sales and transfers	149	105	840	7,591	538	243	9,467	(9,467)	–
Total	100,452	34,521	37,510	83,279	2,434	1,511	259,709	(9,467)	250,241
Operating income	1,004	88	(172)	4,423	1,183	59	6,587	(3)	6,584

(2) Six months Ended 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	Total	Adjustments	Consolidated
Net sales	109,130	34,609	40,839	81,325	1,746	1,505	269,156	–	269,156
Intra-group sales and transfers	203	72	1,130	7,646	708	273	10,033	(10,033)	–
Total	109,333	34,682	41,969	88,971	2,454	1,779	279,190	(10,033)	269,156
Operating income	2,152	237	209	4,125	1,053	112	7,893	(193)	7,699

(3) Fiscal Year Ended March 31, 2014 (April 1, 2013 through March 31, 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	204,106	68,446	78,249	153,341	3,835	3,210	511,189	–	511,189
Intra-group sales and transfers	321	201	1,863	15,020	1,189	493	19,090	(19,090)	–
Total	204,427	68,648	80,112	168,361	5,025	3,704	530,280	(19,090)	511,189
Operating income	3,398	419	127	8,936	2,370	400	15,651	137	15,789

Forecast of Fiscal Year Ending March 31, 2015

NICHIREI CORPORATION

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)	219,400	68,600	83,000	176,000	4,700	4,100	(20,100)	535,700
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 interim 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.