

Consolidated Financial Statements – Summary

October 30, 2015

(For the six months ended September 30, 2015)

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, 2015 (April 1, 2015 through September 30, 2015)

(1) Consolidated financial results

(Amounts less than one million yen are omitted)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
	Million yen	Million yen	Million yen	Million yen
Six months ended September 30, 2015	265,297	10,390	10,307	6,332
Six months ended September 30, 2014	256,404	7,670	7,589	4,237

(Note) Comprehensive income: Six months ended September 30, 2015: 4,128 million yen (-39.1%)
Six months ended September 30, 2014: 6,774 million yen (-%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Six months ended September 30, 2015	22.16	22.07
Six months ended September 30, 2014	14.82	-

(Note) The year-on-year rate for the six-month period ended September 30, 2014 is not presented because a retroactive adjustment was made due to the change in the accounting policies.

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of September 30, 2015	344,744	154,788	43.4	523.13
As of March 31, 2015	342,014	152,286	43.0	514.63

(Note) Shareholders' equity: As of September 30, 2015: 149,514 million yen
As of March 31, 2015: 147,094 million yen

(Note) The effects of the retroactive application due to the change in the accounting policies are reflected in the values as of March 31, 2015.

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, 2015	-	5.00	-	5.00	10.00
FY ending March 31, 2016	-	6.00	-	-	-
FY ending March 31, 2016 (Forecast)	-	-	-	6.00	12.00

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

(Note) Breakdown of dividend per share at the end of the second quarter in the fiscal year ending March 31, 2016:

Ordinary dividend of 5.00 yen, dividend of 1.00 yen in commemoration of the company's 70th anniversary

Breakdown of the dividend per share at the end of the fiscal year ending March 31, 2016 (Forecast):

Ordinary dividend of 5.00 yen, dividend of 1.00 yen in commemoration of the company's 70th anniversary

3. Estimation of Business Results of Fiscal Year Ending March 31, 2016 (April 1, 2015 through March 31, 2016)

(Percentages show year-on-year changes.)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	E.P.S.
	Million yen	Million yen	Million yen	Million yen	Yen
FY ending March 31, 2016	527,100	20,000	19,400	12,000	41.98

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

(Note) Because a retroactive adjustment was made due to the change in the accounting policies, the year-on-year rates presented here reflect a comparison with the values after the adjustment in the previous respective period.

*** 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 six-month period ended September 30, 2015, 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.: Yes

(ii) Changes in accounting policies other than (i): Yes

(Change in method for recording sales)

Previously, we used to recognize the portion of the expenses we bore on behalf of our clients for the purpose of promoting the sales of products (hereinafter, "promotion expenses") in "selling, general and administrative expenses" as "promotion expenses" or "sales commission" when the payment amounts were finalized after the sales of products. However, effective from this term (the six-month period ended September 30, 2015), we have adopted a method in which these expenses are now deducted from net sales when sales are recorded.

Please note that the changes in the accounting policies have been applied retrospectively, and that the consolidated financial statements in the previous fiscal year reflect the values after the retroactive application of the policies. As a result, the net sales and the gross profit for the six-month period ended September 30, 2014 each fell by 12,751 million yen when compared to the amounts before retroactive application; the selling, general and administrative expenses decreased by 12,722 million yen; and the operating income, the ordinary income and the income before income taxes and minority interest each decreased by 29 million yen. In addition, the accrued expenses in the consolidated balance sheets of the previous fiscal year rose by 1,963 million yen; the deferred tax assets (current assets) increased by 154 million yen; the other current liabilities decreased by 494 million yen; and the retained earnings decreased by 1,314 million yen.

Because the cumulative effects on the net assets at the beginning of the previous fiscal year were now reflected, the balance in the retained earnings at the beginning of the previous fiscal year decreased by 1,129 million yen.

(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, 2015: 295,851,065 shares

As of March 31, 2015: 295,851,065 shares

(ii) Total treasury stock at term end:

As of September 30, 2015: 10,039,981 shares

As of March 31, 2015: 10,027,894 shares

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

For the six months ended September 30, 2015: 285,817,337 shares

For the six months ended September 30, 2014: 285,855,594 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 2015 (As of March 31, 2015)	As of September 30, 2015
<Assets>		
Current assets		
Cash and deposits	11,833	10,120
Notes and accounts receivable – trade	75,819	79,242
Merchandise and finished goods	35,141	38,248
Work in process	251	476
Raw materials and supplies	6,390	6,739
Deferred tax assets	855	1,326
Other current assets	8,551	7,689
Allowance for doubtful accounts	(128)	(102)
Total	138,715	143,741
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	72,311	70,627
Machinery, equipment and vehicles, net	24,000	24,224
Land	33,833	33,778
Leased assets, net	18,992	18,152
Construction in progress	2,035	2,868
Other, net	1,949	2,091
Total	153,124	151,742
Intangible assets		
Goodwill	3,114	2,945
Other	3,605	3,494
Total	6,719	6,440
Investments and other assets		
Investment securities	34,014	33,897
Net defined benefit asset	199	193
Deferred tax assets	1,060	1,036
Other	8,376	7,978
Allowance for doubtful accounts	(196)	(285)
Total	43,455	42,820
Total non-current assets	203,299	201,002
Total assets	342,014	344,744

NICHIREI CORPORATION

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

	FY 2015 (As of March 31, 2015)	As of September 30, 2015
<Liabilities>		
Current liabilities		
Accounts payable – trade	27,566	28,913
Short-term loans payable	11,186	10,535
Commercial papers	5,000	5,000
Current portion of long-term loans payable	3,095	3,069
Current portion of bonds payable	–	10,000
Lease obligations	3,806	3,732
Accrued expenses	25,213	24,513
Income taxes payable	2,286	2,878
Provision for directors' bonuses	215	113
Other	11,401	12,220
Total	89,771	100,976
Non-current liabilities		
Bonds payable	40,000	30,000
Long-term loans payable	28,030	27,897
Lease obligations	16,550	15,692
Deferred tax liabilities	6,104	5,845
Provision for directors' retirement benefits	161	156
Net defined benefit liability	1,438	1,465
Asset retirement obligations	3,175	3,174
Long-term guarantee deposited	2,984	2,991
Other	1,510	1,754
Total	99,957	88,978
Total liabilities	189,728	189,955
<Net assets>		
Shareholders' equity		
Capital stock	30,307	30,307
Capital surplus	18,224	18,229
Retained earnings	86,991	91,895
Treasury shares	(5,148)	(5,157)
Total	130,376	135,275
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,971	10,888
Deferred gains or losses on hedges	2,577	1,171
Foreign currency translation adjustment	3,169	2,179
Total	16,718	14,239
Non-controlling interests	5,191	5,273
Total net assets	152,286	154,788
Total liabilities and net assets	342,014	344,744

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Six months ended September 30, 2014 (Apr. 2014–Sep. 2014)	Six months ended September 30, 2015 (Apr. 2015–Sep. 2015)
Net sales	256,404	265,297
Cost of sales	219,892	225,645
Gross profit	36,512	39,652
Selling, general and administrative expenses		
Transportation and warehousing expenses	7,989	7,865
Promotion expenses	564	841
Advertising expenses	1,937	1,921
Sales commission	420	443
Directors' compensations, employees' salaries, bonuses and allowance	7,978	8,126
Retirement benefit expenses	419	427
Legal and employee benefits expenses	1,594	1,613
Transportation and communication expenses	1,137	1,134
Rent expenses	1,001	1,014
Business consignment expenses	1,260	1,321
Research and development expense	843	763
Other	3,692	3,787
Total	28,842	29,261
Operating income	7,670	10,390
Non-operating income		
Interest income	27	37
Dividend income	352	356
Share of profit of entities accounted for using equity method	70	–
Other	613	440
Total	1,064	833
Non-operating expenses		
Interest expenses	574	530
Share of loss of entities accounted for using equity method	–	0
Other	569	385
Total	1,144	916
Ordinary income	7,589	10,307
Extraordinary income		
Gain on sales of non-current assets	75	21
Total	75	21
Extraordinary losses		
Loss on sales of non-current assets	15	11
Loss on retirement of non-current assets	606	235
Impairment loss	14	3
Loss on discontinued operations	–	270
Total	636	519
Income before income taxes and minority interest	7,028	9,809
Income taxes	2,159	3,172
Net income	4,869	6,636
Profit attributable to non-controlling interests	631	304
Profit attributable to owners of parent	4,237	6,332

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	Six months ended September 30, 2014 (Apr. 2014–Sep. 2014)	Six months ended September 30, 2015 (Apr. 2015–Sep. 2015)
Net income	4,869	6,636
Other comprehensive income		
Valuation difference on available-for-sale securities	1,914	(82)
Deferred gains or losses on hedges	914	(1,449)
Foreign currency translation adjustment	(866)	(974)
Share of other comprehensive income of entities, accounted for using equity method	(57)	(0)
Total	1,905	(2,508)
Comprehensive income	6,774	4,128
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,271	3,854
Comprehensive income attributable to non-controlling interests	503	274

Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	Six months ended September 30, 2014 (Apr. 2014–Sep. 2014)	Six months ended September 30, 2015 (Apr. 2015–Sep. 2015)
Cash flows from operating activities		
Income before income taxes	7,028	9,809
Depreciation	7,433	8,094
Impairment loss	14	3
Increase (decrease) in allowance for doubtful accounts	12	70
Interest and dividend income	(380)	(393)
Interest expenses	574	530
Share of (profit) loss of entities accounted for using equity method	(70)	0
Loss (gain) on sales of non-current assets	(60)	(10)
Loss on retirement of non-current assets	244	168
Loss on discontinued operations	–	270
Decrease (increase) in notes and accounts receivable – trade	(6,586)	(3,923)
Decrease (increase) in inventories	(62)	(3,756)
Increase (decrease) in notes and accounts payable – trade	2,250	1,331
Other	2,935	465
Subtotal	13,335	12,660
Interest and dividend income received	453	447
Interest expenses paid	(590)	(535)
Income taxes paid	(2,020)	(2,308)
Net cash provided by (used in) operating activities	11,178	10,264
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,427)	(6,660)
Proceeds from sales of property, plant and equipment	281	24
Purchase of intangible assets	(205)	(413)
Purchase of investment securities	(1,049)	(56)
Other	(378)	(507)
Net cash provided by (used in) investing activities	(10,780)	(7,613)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,205	(506)
Net increase (decrease) in commercial papers	1,000	–
Proceeds from long-term loans payable	1,200	–
Repayments of long-term loans payable	(754)	(159)
Repayments of lease obligations	(2,154)	(1,896)
Purchase of treasury shares	(5)	(9)
Cash dividends paid	(1,426)	(1,426)
Dividends paid to non-controlling interests	(1)	(144)
Payments from changes in ownership interests in subsidiaries that do not result in a change in the scope of consolidation	–	(42)
Other	0	–
Net cash provided by (used in) financing activities	(936)	(4,184)
Effect of exchange rate change on cash and cash equivalents	(191)	(178)
Net increase (decrease) in cash and cash equivalents	(729)	(1,712)
Cash and cash equivalents at beginning of period	11,928	11,833
Cash and cash equivalents at end of period	11,198	10,120

Industrial Segment Information

NICHIREI CORPORATION

(1) 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	96,378	34,609	40,839	81,325	1,746	1,505	256,404	–	256,404
Intra-group sales and transfers	203	72	1,130	7,646	708	273	10,033	(10,033)	–
Total	96,581	34,682	41,969	88,971	2,454	1,779	266,438	(10,033)	256,404
Operating income	2,123	237	209	4,125	1,053	112	7,864	(193)	7,670

(2) Six Months Ended September 30, 2015 (April 1, 2015 through September 30, 2015)

(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	99,754	33,933	43,608	84,256	1,697	2,047	265,297	–	265,297
Intra-group sales and transfers	311	109	1,362	7,394	616	300	10,095	(10,095)	–
Total	100,065	34,042	44,971	91,651	2,313	2,348	275,392	(10,095)	265,297
Operating income	3,433	106	328	5,306	1,133	358	10,667	(277)	10,390

(3) Fiscal Year Ended 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	Total	Adjustments	Consolidated
Net sales	193,597	68,489	86,957	163,669	3,421	3,828	519,963	–	519,963
Intra-group sales and transfers	350	168	2,508	14,652	1,322	547	19,550	(19,550)	–
Total	193,947	68,657	89,466	178,322	4,743	4,376	539,514	(19,550)	519,963
Operating income	5,377	245	373	8,725	2,122	566	17,410	(4)	17,406

Forecast of Fiscal Year Ending March 31, 2016

NICHIREI CORPORATION

Forecast of Fiscal Year Ending March 31, 2016 (April 1, 2015 through March 31, 2016)

(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)	198,500	68,900	88,100	182,000	4,700	4,900	(20,000)	527,100
Operating income	6,800	400	600	10,000	2,100	600	(500)	20,000

(*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.