

# Consolidated Financial Statements – Summary

May 10, 2016

(For the year ended March 31, 2016)

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 Fiscal Year Ended March 31, 2016 (April 1, 2015 through March 31, 2016)

### (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
<b>FY ended March 31, 2016</b>	<b>535,351</b>	<b>21,583</b>	<b>21,394</b>	<b>13,471</b>
FY ended March 31, 2015	519,963	17,406	16,902	9,516

(Note) Comprehensive income: FY ended March 31, 2016: 8,199 million yen (-59.0%)  
FY ended March 31, 2015: 20,008 million yen (-%)

	E.P.S.	Diluted E.P.S.	Return on equity	Ordinary income/ Total capital	Operating income/ Net sales
	Yen	Yen	%	%	%
<b>FY ended March 31, 2016</b>	<b>47.15</b>	<b>47.07</b>	<b>9.1</b>	<b>6.3</b>	<b>4.0</b>
FY ended March 31, 2015	33.29	33.21	6.8	5.1	3.3

(Note) Share of profit of entities accounted for using equity method:

FY ended March 31, 2016: 131 million yen FY ended March 31, 2015: 140 million yen

### (2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>As of March 31, 2016</b>	<b>338,497</b>	<b>155,523</b>	<b>44.4</b>	<b>528.50</b>
As of March 31, 2015	342,014	152,286	43.0	514.63

(Note) Shareholders' equity: As of March 31, 2016: 150,442 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.

### (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>As of March 31, 2016</b>	<b>37,032</b>	<b>(14,496)</b>	<b>(20,351)</b>	<b>13,169</b>
As of March 31, 2015	27,803	(22,362)	(6,098)	11,833

## 2. Dividend Status

(Base date)	Dividend per share					Total cash dividends (annual)	Dividends payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended March 31, 2015	–	5.00	–	5.00	10.00	2,858	30.0	2.0
FY ended March 31, 2016	–	6.00	–	6.00	12.00	3,422	25.5	2.3
FY ending March 31, 2017 (Forecast)	–	6.00	–	7.00	13.00		28.9	

(Note) Details of dividends at the end of the first six months of the FY ended March 31, 2016:

Ordinary dividend of 5 yen per share Commemorative dividend of one yen per share for the 70th anniversary

Details of dividends at the end of the FY ended March 31, 2016:

Ordinary dividend of 5 yen per share Commemorative dividend of one yen per share for the 70th anniversary

### 3. Estimation of Business Results of Fiscal Year Ending March 31, 2017 (April 1, 2016 through March 31, 2017)

(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, 2017	535,700	21,700	21,200	12,800	44.97

#### \* 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): None

New inclusion: — companies (company name)

Elimination: — companies (company name)

(2) 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 the year ended March 31, 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 twelve-month period ended March 31, 2015 each fell by 25,303 million yen when compared to the amounts before retroactive application; the selling, general and administrative expenses decreased by 25,093 million yen; and the operating income, the ordinary income and the income before income taxes and minority interest each decreased by 209 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

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

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

As of March 31, 2016: 295,851,065 shares

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

(ii) Total treasury stock at term end:

As of March 31, 2016: 11,193,439 shares

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

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

For the year ended March 31, 2016: 285,721,435 shares

For the year ended March 31, 2015: 285,846,560 shares

#### \* Status of a quarterly review

This financial summary falls outside the scope of audit procedures based on the stipulations of the Financial Instruments and Exchange Act. The audit procedures for 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)	FY 2016 (As of March 31, 2016)
<b>&lt;Assets&gt;</b>		
<b>Current assets</b>		
Cash and deposits	11,833	13,169
Notes and accounts receivable – trade	75,819	76,836
Merchandise and finished goods	35,141	35,399
Work in process	251	453
Raw materials and supplies	6,390	6,657
Deferred tax assets	855	2,567
Other	8,551	4,393
Allowance for doubtful accounts	(128)	(94)
<b>Total</b>	<b>138,715</b>	<b>139,383</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	226,266	229,774
Accumulated depreciation	(153,954)	(157,596)
Buildings and structures, net	72,311	72,177
Machinery, equipment and vehicles	87,255	88,416
Accumulated depreciation	(63,254)	(65,568)
Machinery, equipment and vehicles, net	24,000	22,847
Land	33,833	33,694
Leased assets	40,870	41,407
Accumulated depreciation	(21,877)	(23,473)
Leased assets, net	18,992	17,933
Construction in progress	2,035	657
Other	9,102	9,050
Accumulated depreciation	(7,152)	(6,948)
Other, net	1,949	2,102
<b>Total</b>	<b>153,124</b>	<b>149,413</b>
<b>Intangible assets</b>		
Goodwill	3,114	2,768
Other	3,605	3,864
<b>Total</b>	<b>6,719</b>	<b>6,632</b>
<b>Investments and other assets</b>		
Investment securities	34,014	34,074
Net defined benefit asset	199	276
Deferred tax assets	1,060	1,023
Other	8,376	7,998
Allowance for doubtful accounts	(196)	(303)
<b>Total</b>	<b>43,455</b>	<b>43,068</b>
<b>Total non-current assets</b>	<b>203,299</b>	<b>199,114</b>
<b>Total assets</b>	<b>342,014</b>	<b>338,497</b>

NICHIREI CORPORATION

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

	FY 2015 (As of March 31, 2015)	FY 2016 (As of March 31, 2016)
<b>&lt;Liabilities&gt;</b>		
<b>Current liabilities</b>		
Accounts payable – trade	27,566	24,049
Electronically recorded obligations - operating	–	4,998
Short-term loans payable	11,186	2,420
Commercial papers	5,000	–
Current portion of long-term loans payable	3,095	6,191
Current portion of bonds payable	–	10,000
Lease obligations	3,806	3,624
Accrued expenses	25,213	28,582
Income taxes payable	2,286	3,823
Provision for directors' bonuses	215	290
Other	11,401	11,226
<b>Total</b>	<b>89,771</b>	<b>95,208</b>
<b>Non-current liabilities</b>		
Bonds payable	40,000	30,000
Long-term loans payable	28,030	26,839
Lease obligations	16,550	15,580
Deferred tax liabilities	6,104	5,558
Provision for directors' retirement benefits	161	150
Net defined benefit liability	1,438	1,547
Asset retirement obligations	3,175	3,168
Long-term guarantee deposited	2,984	2,905
Other	1,510	2,014
<b>Total</b>	<b>99,957</b>	<b>87,765</b>
<b>Total liabilities</b>	<b>189,728</b>	<b>182,973</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	30,307	30,307
Capital surplus	18,224	18,237
Retained earnings	86,991	97,319
Treasury shares	(5,148)	(6,197)
<b>Total</b>	<b>130,376</b>	<b>139,667</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	10,971	11,144
Deferred gains or losses on hedges	2,577	(873)
Foreign currency translation adjustment	3,169	503
<b>Total</b>	<b>16,718</b>	<b>10,774</b>
<b>Non-controlling interests</b>	<b>5,191</b>	<b>5,081</b>
<b>Total net assets</b>	<b>152,286</b>	<b>155,523</b>
<b>Total liabilities and net assets</b>	<b>342,014</b>	<b>338,497</b>

# Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY 2015 (Apr. 2014–Mar. 2015)	FY 2016 (Apr. 2015–Mar. 2016)
<b>Net sales</b>	<b>519,963</b>	<b>535,351</b>
Cost of sales	446,180	454,265
<b>Gross profit</b>	<b>73,782</b>	<b>81,085</b>
Selling, general and administrative expenses		
Transportation and warehousing expenses	15,638	15,525
Promotion expenses	1,167	1,608
Advertising expenses	3,293	3,487
Sales commission	864	882
Directors' compensations, employees' salaries, bonuses and allowance	15,868	17,293
Retirement benefit expenses	851	882
Legal and employee benefits expenses	3,023	3,412
Transportation and communication expenses	2,239	2,298
Rent expenses	2,012	1,995
Business consignment expenses	2,561	2,733
Research and development expense	1,730	1,600
Other	7,124	7,780
<b>Total</b>	<b>56,376</b>	<b>59,501</b>
<b>Operating income</b>	<b>17,406</b>	<b>21,583</b>
Non-operating income		
Interest income	69	86
Dividend income	546	578
Share of profit of entities accounted for using equity method	140	131
Other	1,236	909
<b>Total</b>	<b>1,993</b>	<b>1,704</b>
Non-operating expenses		
Interest expenses	1,138	1,053
Other	1,359	840
<b>Total</b>	<b>2,498</b>	<b>1,893</b>
<b>Ordinary income</b>	<b>16,902</b>	<b>21,394</b>
Extraordinary income		
Gain on sales of non-current assets	94	37
Gain on sales of investment securities	43	183
<b>Total</b>	<b>137</b>	<b>220</b>
Extraordinary losses		
Loss on sales of non-current assets	28	22
Loss on retirement of non-current assets	1,048	638
Impairment loss	90	73
Loss on discontinued operations	–	280
<b>Total</b>	<b>1,167</b>	<b>1,014</b>
<b>Income before income taxes</b>	<b>15,871</b>	<b>20,600</b>
Income taxes – current	4,530	6,304
Income taxes – deferred	320	(371)
<b>Total</b>	<b>4,850</b>	<b>5,933</b>
<b>Net income</b>	<b>11,021</b>	<b>14,666</b>
Profit attributable to non-controlling interests	1,504	1,195
Profit attributable to owners of parent	9,516	13,471

**Consolidated Statements of Comprehensive Income**

NICHIREI CORPORATION

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

	FY 2015 (Apr. 2014–Mar. 2015)	FY 2016 (Apr. 2015–Mar. 2016)
Net income	11,021	14,666
Other comprehensive income		
Valuation difference on available-for-sale securities	4,675	170
Deferred gains or losses on hedges	2,172	(3,498)
Foreign currency translation adjustment	1,876	(2,995)
Remeasurements of defined benefit plans, net of tax	22	–
Share of other comprehensive income of entities, accounted for using equity method	240	(143)
Total	8,987	(6,467)
Comprehensive income	20,008	8,199
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,803	7,528
Comprehensive income attributable to non-controlling interests	2,205	671

# Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2015 (Apr. 2014–Mar. 2015)	FY 2016 (Apr. 2015–Mar. 2016)
<b>Cash flows from operating activities</b>		
Income before income taxes	15,871	20,600
Depreciation	15,621	16,455
Impairment loss	90	73
Increase (decrease) in allowance for doubtful accounts	(6)	87
Interest and dividend income	(616)	(664)
Interest expenses	1,138	1,053
Share of (profit) loss of entities accounted for using equity method	(140)	(131)
Loss (gain) on sales of non-current assets	(65)	(14)
Loss on retirement of non-current assets	1,048	638
Loss on discontinued operations	–	280
Loss (gain) on sales of investment securities	(43)	(183)
Decrease (increase) in notes and accounts receivable – trade	(6,101)	(2,133)
Decrease (increase) in inventories	1,570	(1,122)
Increase (decrease) in notes and accounts payable – trade	(57)	1,661
Other	4,204	5,439
Subtotal	32,515	42,040
Interest and dividend income received	688	752
Interest expenses paid	(1,134)	(1,067)
Income taxes paid	(4,265)	(4,693)
<b>Net cash provided by operating activities</b>	<b>27,803</b>	<b>37,032</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(20,588)	(12,530)
Proceeds from sales of property, plant and equipment	420	59
Purchase of intangible assets	(503)	(867)
Purchase of investment securities	(1,064)	(311)
Proceeds from sales of investment securities	86	293
Other	(712)	(1,139)
<b>Net cash used in investing activities</b>	<b>(22,362)</b>	<b>(14,496)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(4,724)	(8,368)
Net increase (decrease) in commercial papers	(3,000)	(5,000)
Proceeds from long-term loans payable	5,000	5,000
Repayments of long-term loans payable	(5,922)	(3,097)
Proceeds from issuance of bonds	9,948	–
Repayments of lease obligations	(4,056)	(3,959)
Purchase of treasury shares	(21)	(1,049)
Cash dividends paid	(2,853)	(3,138)
Dividends paid to non-controlling interests	(469)	(607)
Payments from changes in ownership interests in subsidiaries that do not result in a change in the scope of consolidation	–	(130)
Other	1	0
<b>Net cash provided by (used in) financing activities</b>	<b>(6,098)</b>	<b>(20,351)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>562</b>	<b>(847)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(94)</b>	<b>1,336</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,928</b>	<b>11,833</b>
<b>Cash and cash equivalents at end of period</b>	<b>11,833</b>	<b>13,169</b>

**Industrial Segment Information**

NICHIREI CORPORATION

**(1) 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

**(2) Fiscal Year Ended 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	Total	Adjustments	Consolidated
Net sales	198,553	68,598	89,755	170,491	3,365	4,587	535,351	-	535,351
Intra-group sales and transfers	665	195	2,285	14,378	1,278	618	19,422	(19,422)	-
Total	199,219	68,794	92,040	184,869	4,643	5,206	554,773	(19,422)	535,351
Operating income	7,959	652	382	9,950	2,197	906	22,048	(464)	21,583



## Forecast of Fiscal Year Ending March 31, 2017

NICHIREI CORPORATION

Forecast of Fiscal Year Ending March 31, 2017 (April 1, 2016 through March 31, 2017)

(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)	203,000	70,000	86,000	187,000	4,500	4,900	(19,700)	535,700
Operating income	8,000	600	600	10,300	2,000	600	(400)	21,700

(\*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.