

# Consolidated Financial Statements – Summary

August 2, 2016

(For the three months ended June 30, 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 for the Three Months Ended June 30, 2016 (April 1, 2016 through June 30, 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>Three months ended June 30, 2016</b>	<b>132,238</b>	<b>7,443</b>	<b>7,625</b>	<b>5,216</b>
Three months ended June 30, 2015	128,566	4,464	4,580	2,865

(Note) Comprehensive income: Three months ended June 30, 2016: 2,595 million yen (4.4%)  
Three months ended June 30, 2015: 2,485 million yen (28.9%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
<b>Three months ended June 30, 2016</b>	<b>18.49</b>	<b>18.35</b>
Three months ended June 30, 2015	10.02	9.94

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>As of June 30, 2016</b>	<b>334,928</b>	<b>150,870</b>	<b>43.5</b>	<b>522.17</b>
As of March 31, 2016	338,497	155,523	44.4	528.50

(Note) Shareholders' equity: As of June 30, 2016: 145,546 million yen  
As of March 31, 2016: 150,442 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, 2016	–	6.00	–	6.00	12.00
FY ending March 31, 2017	–				
FY ending March 31, 2017 (Forecast)		6.00	–	14.00	–

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

The Company plans to execute a 1-for-2 reverse stock split for its common stock, the effective date of which is October 1, 2016. The year-end dividend per share forecast for the fiscal year ending March 31, 2017 takes into account the effect of the reverse stock split, and the annual dividend forecast is left blank. When the reverse stock split is not taken into account, the year-end dividend per share forecast for the fiscal year ending March 31, 2017 is 7 yen, and the annual dividend forecast is 13 yen. For details, please refer to the "Note to proper use of forecast of operating results and other special remarks."

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

	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	90.75

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

The E.P.S. of the estimation of the business results of the fiscal year ending March 31, 2017 takes into account the effect of the reverse stock split. For details, please refer to the "Note to proper use of forecast of operating results and other special remarks."

**\* 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, 2016, 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): 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, 2016: 295,851,065 shares

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

(ii) Total treasury stock at term end:

As of June 30, 2016: 17,117,232 shares

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

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

For the three months ended June 30, 2016: 282,100,434 shares

For the three months ended June 30, 2015: 285,820,611 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.

(Dividend forecast and results forecast after reverse stock split)

At the 98th annual meeting of shareholders held on June 22, 2016, the proposal for a reverse stock split was approved. In accordance with this approved proposal, the Company plans to execute a 1-for-2 reverse stock split for its common stock, the effective date of which is October 1, 2016. Excluding the reverse stock split, the dividend forecast and consolidated results forecast for the fiscal year ending March 31, 2017 would be as follows:

1. Dividend forecast for the fiscal year ending March 31, 2017

Dividend per share Interim dividend 6 yen (Note 1)

Year-end dividend 7 yen (Note 2)

2. Results forecast for the fiscal year ending March 31, 2017

Earnings per share Year-end dividend 45.37 yen

(Note 1) The interim dividends will be paid for shares before the reverse stock split.

(Note 2) The dividend per share if the reverse stock split was not executed

(Note 3) The annual dividend per share for the fiscal year ending March 31, 2017 would be 13 yen if the reverse stock split was not executed.

# Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2016 (As of March 31, 2016)	As of June 30, 2016
<b>&lt;Assets&gt;</b>		
<b>Current assets</b>		
Cash and deposits	13,169	11,348
Notes and accounts receivable – trade	76,836	75,718
Merchandise and finished goods	35,399	35,437
Work in process	453	236
Raw materials and supplies	6,657	6,269
Deferred tax assets	2,567	3,002
Other current assets	4,393	7,068
Allowance for doubtful accounts	(94)	(93)
<b>Total</b>	<b>139,383</b>	<b>138,988</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	72,177	71,173
Machinery, equipment and vehicles, net	22,847	22,080
Land	33,694	33,613
Leased assets, net	17,933	17,519
Construction in progress	657	574
Other, net	2,102	2,226
<b>Total</b>	<b>149,413</b>	<b>147,188</b>
<b>Intangible assets</b>		
Goodwill	2,768	2,609
Other	3,864	3,763
<b>Total</b>	<b>6,632</b>	<b>6,372</b>
<b>Investments and other assets</b>		
Investment securities	34,074	32,835
Net defined benefit asset	276	278
Deferred tax assets	1,023	1,015
Other	7,998	8,547
Allowance for doubtful accounts	(303)	(299)
<b>Total</b>	<b>43,068</b>	<b>42,377</b>
<b>Total non-current assets</b>	<b>199,114</b>	<b>195,939</b>
<b>Total assets</b>	<b>338,497</b>	<b>334,928</b>

NICHIREI CORPORATION

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

	FY 2016 (As of March 31, 2016)	As of June 30, 2016
<b>&lt;Liabilities&gt;</b>		
<b>Current liabilities</b>		
Accounts payable – trade	24,049	23,586
Electronically recorded obligations – operating	4,998	5,287
Short-term loans payable	2,420	4,813
Commercial papers	–	2,000
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	6,191	6,177
Lease obligations	3,624	3,546
Accrued expenses	28,582	24,765
Income taxes payable	3,823	2,137
Provision for directors' bonuses	290	57
Other	11,226	14,222
<b>Total</b>	<b>95,208</b>	<b>96,595</b>
<b>Non-current liabilities</b>		
Bonds payable	30,000	30,000
Long-term loans payable	26,839	27,215
Lease obligations	15,580	15,218
Deferred tax liabilities	5,558	5,273
Provision for directors' retirement benefits	150	134
Net defined benefit liability	1,547	1,551
Asset retirement obligations	3,168	3,169
Long-term guarantee deposited	2,905	2,861
Other	2,014	2,038
<b>Total</b>	<b>87,765</b>	<b>87,462</b>
<b>Total liabilities</b>	<b>182,973</b>	<b>184,057</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	30,307	30,307
Capital surplus	18,237	18,237
Retained earnings	97,319	100,827
Treasury shares	(6,197)	(11,730)
<b>Total</b>	<b>139,667</b>	<b>137,642</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,144	10,280
Deferred gains or losses on hedges	(873)	(1,912)
Foreign currency translation adjustment	503	(464)
<b>Total</b>	<b>10,774</b>	<b>7,903</b>
<b>Non-controlling interests</b>	<b>5,081</b>	<b>5,324</b>
<b>Total net assets</b>	<b>155,523</b>	<b>150,870</b>
<b>Total liabilities and net assets</b>	<b>338,497</b>	<b>334,928</b>

# Consolidated Statements of Income

NICHIREI CORPORATION

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

	Three months ended June 30, 2015 (Apr. 2015–June 2015)	Three months ended June 30, 2016 (Apr. 2016–June 2016)
<b>Net sales</b>	<b>128,566</b>	<b>132,238</b>
Cost of sales	108,875	109,935
<b>Gross profit</b>	<b>19,691</b>	<b>22,302</b>
Selling, general and administrative expenses		
Transportation and warehousing expenses	3,858	3,839
Promotion expenses	705	514
Advertising expenses	1,013	875
Directors' compensations, employees' salaries, bonuses and allowance	4,059	4,179
Retirement benefit expenses	225	215
Legal and employee benefits expenses	810	822
Transportation and communication expenses	559	529
Rent expenses	514	501
Business consignment expenses	648	722
Research and development expense	381	364
Other	2,450	2,293
Total	15,226	14,858
<b>Operating income</b>	<b>4,464</b>	<b>7,443</b>
Non-operating income		
Interest income	22	30
Dividend income	325	325
Share of profit of entities accounted for using equity method	–	115
Other	174	96
Total	521	568
Non-operating expenses		
Interest expenses	269	236
Share of loss of entities accounted for using equity method	15	–
Other	121	150
Total	406	386
<b>Ordinary income</b>	<b>4,580</b>	<b>7,625</b>
Extraordinary income		
Gain on sales of non-current assets	9	345
Total	9	345
Extraordinary losses		
Loss on sales of non-current assets	4	4
Loss on retirement of non-current assets	146	81
Impairment loss	–	2
Other	–	25
Total	150	113
<b>Income before income taxes</b>	<b>4,438</b>	<b>7,857</b>
<b>Income taxes</b>	<b>1,444</b>	<b>2,143</b>
<b>Net income</b>	<b>2,994</b>	<b>5,713</b>
<b>Profit attributable to non-controlling interests</b>	<b>129</b>	<b>497</b>
<b>Profit attributable to owners of parent</b>	<b>2,865</b>	<b>5,216</b>

**Consolidated Statements of Comprehensive Income**

NICHIREI CORPORATION

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

	Three months ended June 30, 2015 (Apr. 2015–June 2015)	Three months ended June 30, 2016 (Apr. 2016–June 2016)
Net income	2,994	5,713
Other comprehensive income		
Valuation difference on available-for-sale securities	1,529	(864)
Deferred gains or losses on hedges	(373)	(1,029)
Foreign currency translation adjustment	(1,665)	(1,105)
Share of other comprehensive income of entities, accounted for using equity method	0	(118)
Total	(508)	(3,117)
Comprehensive income	2,485	2,595
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,330	2,345
Comprehensive income attributable to non-controlling interests	154	250

## Industrial Segment Information

NICHIREI CORPORATION

### (1) Three Months Ended June 30, 2015 (April 1, 2015 through June 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	48,489	15,658	21,669	40,914	840	993	128,566	–	128,566
Intra-group sales and transfers	157	42	806	3,684	317	148	5,156	(5,156)	–
Total	48,647	15,701	22,476	44,599	1,157	1,141	133,722	(5,156)	128,566
Operating income	1,555	(10)	127	2,390	562	127	4,752	(287)	4,464

### (2) Three Months Ended June 30, 2016 (April 1, 2016 through June 30, 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	50,729	16,278	21,252	42,418	819	739	132,238	–	132,238
Intra-group sales and transfers	99	45	398	3,563	338	167	4,612	(4,612)	–
Total	50,829	16,323	21,650	45,982	1,157	907	136,850	(4,612)	132,238
Operating income	4,372	301	137	2,343	544	72	7,772	(328)	7,443

## Forecast of Fiscal Year Ending March 31, 2017

NICHIREI CORPORATION

### (1) 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.