

# Consolidated Financial Statements – Summary

November 1, 2016

(For the six months ended September 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 Six Months Ended September 30, 2016 (April 1, 2016 through September 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>Six months ended September 30, 2016</b>	<b>270,043</b>	<b>16,059</b>	<b>15,916</b>	<b>10,605</b>
Six months ended September 30, 2015	265,297	10,390	10,307	6,332

(Note) Comprehensive income: Six months ended September 30, 2016: 6,717 million yen (62.7%)  
Six months ended September 30, 2015: 4,128 million yen (-39.1%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
<b>Six months ended September 30, 2016</b>	<b>75.87</b>	<b>75.55</b>
Six months ended September 30, 2015	44.31	44.13

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>As of September 30, 2016</b>	<b>335,954</b>	<b>151,218</b>	<b>43.5</b>	<b>1,062.90</b>
As of March 31, 2016	338,497	155,523	44.4	1,057.00

(Note) Shareholders' equity: As of September 30, 2016: 146,261 million yen  
As of March 31, 2016: 150,442 million yen

The Company executed a reverse stock split, which became effective on October 1, 2016, on the basis of one (1) for every two (2) shares of its common stock. The figures for E.P.S., diluted E.P.S. and equity per share are accordingly adjusted assuming that the reverse stock split had been effective from the beginning of the previous fiscal year.

## 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	–	6.00			
FY ending March 31, 2017 (Forecast)			–	15.00	–

(Note) Revisions to dividend forecasts published most recently (Y/N): Yes

The Company executed a reverse stock split, which became effective on October 1, 2016, on the basis of one (1) for every two (2) shares of its common stock. 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 7.50 yen, and the annual dividend forecast is 13.50 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	26,000	25,500	16,000	114.45

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

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" on Page 2.

**\* 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, 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 September 30, 2016: 147,925,532 shares

As of March 31, 2016: 147,925,532 shares

(ii) Total treasury stock at term end:

As of September 30, 2016: 10,319,748 shares

As of March 31, 2016: 5,596,719 shares

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

For the six months ended September 30, 2016: 139,793,254 shares

For the six months ended September 30, 2015: 142,908,668 shares

(Note) The Company executed a reverse stock split, which became effective on October 1, 2016, on the basis of one (1) for every two (2) shares of its common stock. The figures for total number of outstanding shares at term end, total treasury stock at term end and the average number of outstanding shares during the period are accordingly adjusted assuming that the reverse stock split had been effective from the beginning of the previous fiscal year.

**\* 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.

(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 executed 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 6.00 yen (Note 1)

Year-end dividend 7.50 yen (Note 2)

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

Earnings per share Year-end dividend 57.23 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 13.50 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 September 30, 2016
<b>&lt;Assets&gt;</b>		
<b>Current assets</b>		
Cash and deposits	13,169	11,730
Notes and accounts receivable – trade	76,836	79,117
Merchandise and finished goods	35,399	35,022
Work in process	453	466
Raw materials and supplies	6,657	6,540
Deferred tax assets	2,567	3,010
Other current assets	4,393	4,530
Allowance for doubtful accounts	(94)	(75)
<b>Total</b>	<b>139,383</b>	<b>140,342</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	72,177	69,892
Machinery, equipment and vehicles, net	22,847	21,024
Land	33,694	34,008
Leased assets, net	17,933	17,995
Construction in progress	657	391
Other, net	2,102	1,984
<b>Total</b>	<b>149,413</b>	<b>145,296</b>
<b>Intangible assets</b>		
Goodwill	2,768	2,365
Other	3,864	4,065
<b>Total</b>	<b>6,632</b>	<b>6,431</b>
<b>Investments and other assets</b>		
Investment securities	34,074	34,425
Net defined benefit asset	276	278
Deferred tax assets	1,023	997
Other	7,998	8,472
Allowance for doubtful accounts	(303)	(289)
<b>Total</b>	<b>43,068</b>	<b>43,884</b>
<b>Total non-current assets</b>	<b>199,114</b>	<b>195,612</b>
<b>Total assets</b>	<b>338,497</b>	<b>335,954</b>

NICHIREI CORPORATION

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

	FY 2016 (As of March 31, 2016)	As of September 30, 2016
<b>&lt;Liabilities&gt;</b>		
<b>Current liabilities</b>		
Accounts payable – trade	24,049	22,698
Electronically recorded obligations – operating	4,998	4,469
Short-term loans payable	2,420	11,017
Commercial papers	–	6,000
Current portion of bonds	10,000	–
Current portion of long-term loans payable	6,191	13,381
Lease obligations	3,624	3,518
Accrued expenses	28,582	26,321
Income taxes payable	3,823	4,141
Provision for directors' bonuses	290	115
Other	11,226	11,727
<b>Total</b>	<b>95,208</b>	<b>103,392</b>
<b>Non-current liabilities</b>		
Bonds payable	30,000	30,000
Long-term loans payable	26,839	20,237
Lease obligations	15,580	15,757
Deferred tax liabilities	5,558	5,744
Provision for directors' retirement benefits	150	145
Net defined benefit liability	1,547	1,557
Asset retirement obligations	3,168	3,130
Long-term guarantee deposited	2,905	3,036
Other	2,014	1,735
<b>Total</b>	<b>87,765</b>	<b>81,344</b>
<b>Total liabilities</b>	<b>182,973</b>	<b>184,736</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	106,240
Treasury shares	(6,197)	(15,183)
<b>Total</b>	<b>139,667</b>	<b>139,602</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,144	11,131
Deferred gains or losses on hedges	(873)	(1,694)
Foreign currency translation adjustment	503	(2,777)
<b>Total</b>	<b>10,774</b>	<b>6,659</b>
<b>Non-controlling interests</b>	<b>5,081</b>	<b>4,956</b>
<b>Total net assets</b>	<b>155,523</b>	<b>151,218</b>
<b>Total liabilities and net assets</b>	<b>338,497</b>	<b>335,954</b>

## Consolidated Statements of Income

NICHIREI CORPORATION

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

	Six months ended September 30, 2015 (Apr. 2015–Sep. 2015)	Six months ended September 30, 2016 (Apr. 2016–Sep. 2016)
<b>Net sales</b>	<b>265,297</b>	<b>270,043</b>
Cost of sales	225,645	224,038
<b>Gross profit</b>	<b>39,652</b>	<b>46,004</b>
Selling, general and administrative expenses		
Transportation and warehousing expenses	7,865	7,827
Promotion expenses	841	1,007
Advertising expenses	1,921	1,769
Directors' compensations, employees' salaries, bonuses and allowance	8,126	8,476
Retirement benefit expenses	427	424
Legal and employee benefits expenses	1,613	1,665
Transportation and communication expenses	1,134	1,107
Rent expenses	1,014	990
Business consignment expenses	1,321	1,456
Research and development expense	763	750
Other	4,230	4,469
Total	29,261	29,945
<b>Operating income</b>	<b>10,390</b>	<b>16,059</b>
Non-operating income		
Interest income	37	59
Dividend income	356	359
Share of profit of entities accounted for using equity method	–	121
Other	440	170
Total	833	711
Non-operating expenses		
Interest expenses	530	478
Share of loss of entities accounted for using equity method	0	–
Other	385	376
Total	916	854
<b>Ordinary income</b>	<b>10,307</b>	<b>15,916</b>
Extraordinary income		
Gain on sales of non-current assets	21	357
Other	–	53
Total	21	410
Extraordinary losses		
Loss on sales of non-current assets	11	4
Loss on retirement of non-current assets	235	186
Impairment loss	3	3
Loss on discontinued operations	270	–
Other	–	101
Total	519	295
<b>Income before income taxes</b>	<b>9,809</b>	<b>16,031</b>
<b>Income taxes</b>	<b>3,172</b>	<b>4,439</b>
<b>Net income</b>	<b>6,636</b>	<b>11,591</b>
<b>Profit attributable to non-controlling interests</b>	<b>304</b>	<b>985</b>
<b>Profit attributable to owners of parent</b>	<b>6,332</b>	<b>10,605</b>

**Consolidated Statements of Comprehensive Income**

NICHIREI CORPORATION

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

	Six months ended September 30, 2015 (Apr. 2015–Sep. 2015)	Six months ended September 30, 2016 (Apr. 2016–Sep. 2016)
Net income	6,636	11,591
Other comprehensive income		
Valuation difference on available-for-sale securities	(82)	(11)
Deferred gains or losses on hedges	(1,449)	(824)
Foreign currency translation adjustment	(974)	(3,739)
Share of other comprehensive income of entities, accounted for using equity method	(0)	(297)
Total	(2,508)	(4,873)
Comprehensive income	4,128	6,717
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,854	6,489
Comprehensive income attributable to non-controlling interests	274	227

# Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	Six months ended September 30, 2015 (Apr. 2015–Sep. 2015)	Six months ended September 30, 2016 (Apr. 2016–Sep. 2016)
<b>Cash flows from operating activities</b>		
Income before income taxes	9,809	16,031
Depreciation	8,094	7,962
Impairment loss	3	3
Increase (decrease) in allowance for doubtful accounts	70	(7)
Interest and dividend income	(393)	(418)
Interest expenses	530	478
Share of (profit) loss of entities accounted for using equity method	0	(121)
Loss (gain) on sales of non-current assets	(10)	(352)
Loss on retirement of non-current assets	168	186
Loss on discontinued operations	270	–
Decrease (increase) in notes and accounts receivable – trade	(3,923)	(3,895)
Decrease (increase) in inventories	(3,756)	(291)
Increase (decrease) in notes and accounts payable – trade	1,331	(1,173)
Other	465	(879)
Subtotal	12,660	17,521
Interest and dividend income received	447	469
Interest expenses paid	(535)	(483)
Income taxes paid	(2,308)	(4,072)
<b>Net cash provided by (used in) operating activities</b>	<b>10,264</b>	<b>13,435</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,660)	(4,906)
Proceeds from sales of property, plant and equipment	24	419
Purchase of intangible assets	(413)	(658)
Purchase of investment securities	(56)	(415)
Other	(507)	(823)
<b>Net cash provided by (used in) investing activities</b>	<b>(7,613)</b>	<b>(6,384)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(506)	8,838
Net increase (decrease) in commercial papers	–	6,000
Proceeds from long-term loans payable	–	782
Repayments of long-term loans payable	(159)	(108)
Redemption of bonds	–	(10,000)
Repayments of lease obligations	(1,896)	(1,955)
Purchase of treasury shares	(9)	(8,985)
Cash dividends paid	(1,426)	(1,704)
Dividends paid to non-controlling interests	(144)	(191)
Payments from changes in ownership interests in subsidiaries that do not result in a change in the scope of consolidation	(42)	–
<b>Net cash provided by (used in) financing activities</b>	<b>(4,184)</b>	<b>(7,324)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(178)</b>	<b>(1,165)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,712)</b>	<b>(1,439)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,833</b>	<b>13,169</b>
<b>Cash and cash equivalents at end of period</b>	<b>10,120</b>	<b>11,730</b>

## Industrial Segment Information

NICHIREI CORPORATION

### (1) 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

### (2) Six Months Ended September 30, 2016 (April 1, 2016 through September 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	103,323	34,914	42,426	86,066	1,633	1,678	270,043	–	270,043
Intra-group sales and transfers	197	53	955	7,290	669	335	9,500	(9,500)	–
Total	103,520	34,968	43,382	93,356	2,303	2,013	279,544	(9,500)	270,043
Operating income	8,870	585	635	5,008	1,045	123	16,268	(209)	16,059

### (3) 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)	205,000	70,000	84,000	187,000	4,500	4,900	(19,700)	535,700
Operating income	12,000	700	900	10,300	2,000	500	(400)	26,000

(\*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.