

Consolidated Financial Statements – Summary

February 7, 2017

(For the nine months ended December 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 for the Nine Months Ended December 31, 2016 (April 1, 2016 through December 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
Nine months ended December 31, 2016	414,637	26,333	26,247	17,167
Nine months ended December 31, 2015	409,302	18,722	18,657	11,741

(Note) Comprehensive income: Nine months ended December 31, 2016: 17,302 million yen (72.7%)
 Nine months ended December 31, 2015: 10,017 million yen (-31.8%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Nine months ended December 31, 2016	123.38	123.03
Nine months ended December 31, 2015	82.16	82.02

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of December 31, 2016	354,812	160,146	43.6	1,124.46
As of March 31, 2016	338,497	155,523	44.4	1,057.00

(Note) Shareholders' equity: As of December 31, 2016: 154,730 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)				16.00	–

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

Please refer to the "Announcement of Revisions to Dividend Forecasts for the Fiscal Year Ending March 31, 2017" published on February 7, 2017.

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 8 yen, and the annual dividend forecast is 14 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)

(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	540,000	29,000	28,700	18,000	129.37

(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."

*** 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 nine-month period ended December 31, 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 December 31, 2016: 147,925,532 shares

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

(ii) Total treasury stock at term end:

As of December 31, 2016: 10,321,865 shares

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

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

For the nine months ended December 31, 2016: 139,136,653 shares

For the nine months ended December 31, 2015: 142,906,843 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 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 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 8.00 yen (Note 2)

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

Earnings per share Year-end dividend 64.68 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 14 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 December 31, 2016
<Assets>		
Current assets		
Cash and deposits	13,169	15,444
Notes and accounts receivable – trade	76,836	93,893
Merchandise and finished goods	35,399	32,989
Work in process	453	778
Raw materials and supplies	6,657	6,425
Deferred tax assets	2,567	2,182
Other current assets	4,393	6,178
Allowance for doubtful accounts	(94)	(74)
Total	139,383	157,817
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	72,177	68,948
Machinery, equipment and vehicles, net	22,847	20,348
Land	33,694	33,999
Leased assets, net	17,933	17,618
Construction in progress	657	819
Other, net	2,102	1,955
Total	149,413	143,690
Intangible assets		
Goodwill	2,768	2,292
Other	3,864	4,006
Total	6,632	6,299
Investments and other assets		
Investment securities	34,074	37,290
Net defined benefit asset	276	283
Deferred tax assets	1,023	991
Other	7,998	8,725
Allowance for doubtful accounts	(303)	(285)
Total	43,068	47,005
Total non-current assets	199,114	196,995
Total assets	338,497	354,812

NICHIREI CORPORATION

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

	FY 2016 (As of March 31, 2016)	As of December 31, 2016
<Liabilities>		
Current liabilities		
Accounts payable – trade	24,049	25,734
Electronically recorded obligations – operating	4,998	6,166
Short-term loans payable	2,420	5,205
Commercial papers	–	2,000
Current portion of bonds	10,000	–
Current portion of long-term loans payable	6,191	13,348
Lease obligations	3,624	3,462
Accrued expenses	28,582	29,106
Income taxes payable	3,823	4,457
Provision for directors' bonuses	290	172
Other	11,226	13,085
Total	95,208	102,740
Non-current liabilities		
Bonds payable	30,000	40,000
Long-term loans payable	26,839	20,224
Lease obligations	15,580	15,394
Deferred tax liabilities	5,558	6,620
Provision for directors' retirement benefits	150	157
Net defined benefit liability	1,547	1,598
Asset retirement obligations	3,168	3,143
Long-term guarantee deposited	2,905	3,043
Other	2,014	1,744
Total	87,765	91,925
Total liabilities	182,973	194,666
<Net assets>		
Shareholders' equity		
Capital stock	30,307	30,307
Capital surplus	18,237	18,237
Retained earnings	97,319	111,150
Treasury shares	(6,197)	(15,188)
Total	139,667	144,507
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,144	13,100
Deferred gains or losses on hedges	(873)	196
Foreign currency translation adjustment	503	(3,074)
Total	10,774	10,222
Non-controlling interests	5,081	5,416
Total net assets	155,523	160,146
Total liabilities and net assets	338,497	354,812

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Nine months ended December 31, 2015 (Apr. 2015–Dec. 2015)	Nine months ended December 31, 2016 (Apr. 2016–Dec. 2016)
Net sales	409,302	414,637
Cost of sales	346,437	342,936
Gross profit	62,864	71,700
Selling, general and administrative expenses		
Transportation and warehousing expenses	11,866	11,844
Promotion expenses	1,229	1,564
Advertising expenses	2,654	3,058
Directors' compensations, employees' salaries, bonuses and allowance	12,644	12,637
Retirement benefit expenses	633	637
Legal and employee benefits expenses	2,482	2,472
Transportation and communication expenses	1,694	1,666
Rent expenses	1,511	1,470
Business consignment expenses	1,999	2,172
Research and development expense	1,164	1,121
Other	6,260	6,721
Total	44,141	45,367
Operating income	18,722	26,333
Non-operating income		
Interest income	56	94
Dividend income	520	536
Share of profit of entities accounted for using equity method	54	254
Other	658	288
Total	1,290	1,174
Non-operating expenses		
Interest expenses	796	710
Other	560	548
Total	1,356	1,259
Ordinary income	18,657	26,247
Extraordinary income		
Gain on sales of non-current assets	23	378
Gain on sales of investment securities	5	-
Other	-	56
Total	29	434
Extraordinary losses		
Loss on sales of non-current assets	13	6
Loss on retirement of non-current assets	350	455
Impairment loss	34	13
Loss on discontinued operations	295	-
Other	-	147
Total	694	622
Income before income taxes	17,992	26,059
Income taxes	5,463	7,409
Net income	12,528	18,650
Profit attributable to non-controlling interests	787	1,483
Profit attributable to owners of parent	11,741	17,167

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	Nine months ended December 31, 2015 (Apr. 2015–Dec. 2015)	Nine months ended December 31, 2016 (Apr. 2016–Dec. 2016)
Net income	12,528	18,650
Other comprehensive income		
Valuation difference on available-for-sale securities	2,276	1,957
Deferred gains or losses on hedges	(1,980)	1,083
Foreign currency translation adjustment	(2,655)	(4,057)
Share of other comprehensive income of entities, accounted for using equity method	(151)	(330)
Total	(2,511)	(1,348)
Comprehensive income	10,017	17,302
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,774	16,614
Comprehensive income attributable to non-controlling interests	242	687

Industrial Segment Information

NICHIREI CORPORATION

(1) Nine Months Ended December 31, 2015 (April 1, 2015 through December 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	150,838	55,601	68,371	128,578	2,561	3,349	409,302	–	409,302
Intra-group sales and transfers	488	162	1,846	11,085	931	463	14,976	(14,976)	–
Total	151,326	55,764	70,217	139,664	3,492	3,812	424,278	(14,976)	409,302
Operating income	6,495	745	665	8,770	1,687	642	19,005	(282)	18,722

(2) Nine Months Ended December 31, 2016 (April 1, 2016 through December 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	156,816	56,103	65,956	130,437	2,449	2,873	414,637	–	414,637
Intra-group sales and transfers	279	67	1,355	11,102	996	505	14,305	(14,305)	–
Total	157,095	56,170	67,312	141,539	3,445	3,378	428,943	(14,305)	414,637
Operating income	13,122	1,187	1,386	8,810	1,578	377	26,462	(128)	26,333

(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)	205,700	70,000	87,400	187,000	4,600	4,600	(19,300)	540,000
Operating income	14,000	800	1,600	10,500	2,000	500	(400)	29,000

(*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.