

(Translation)

BRIEF STATEMENTS OF FINANCIAL AND OPERATING RESULTS
FOR THE FIRST QUARTER OF THE YEAR ENDING MARCH 31, 2007
(CONSOLIDATED)

(Based on accounting principles generally accepted in the U.S.A.)

August 10, 2006

Name of listed company:	Nippon Meat Packers, Inc. (URL http://www.nipponham.co.jp)
Code number:	2282
Listing exchange:	Tokyo Stock Exchange, First Section and Osaka Securities Exchange, First Section
Representative:	Yoshikiyo Fujii President and Representative Director
Inquiries to be directed to:	Noboru Takezoe Director, Senior Corporate Officer and General Manager of Corporate Planning Division (Tel. (06) 6282-3171)

1. Matters concerning the preparation of quarterly financial information:
 - 1) Adoption of simplified methods for account treatment: No.
 - 2) Change in the methods for account treatment from the most recent consolidated fiscal year: No.
 - 3) Changes in the scope of consolidation and the application of equity method: Yes.
- | | |
|---|-------------|
| Consolidated subsidiaries (inclusion): | 0 company |
| Consolidated subsidiaries (exclusion): | 9 companies |
| Companies subject to equity method (inclusion): | 1 company |
| Companies subject to equity method (exclusion): | 0 company |

2. Summary of the financial and operating results for the first quarter of the fiscal year ending March 31, 2007 (from April 1, 2006 to June 30, 2006):

(1) Progress of consolidated operating results

(Each amount is shown by rounding any fraction of over half of a million yen thereof upward to the nearest million yen and disregarding the rest.)

	First quarter ended June 30, 2006	First quarter ended June 30, 2005	(For reference) Year ended March 31, 2006
Net sales:	¥237,227 million (0.3%)	¥236,526 million (3.0%)	¥963,664 million
Operating income:	¥2,023 million (- 32.3%)	¥2,990 million (- 63.1%)	¥10,074 million
Income before income taxes:	¥991 million (- 43.2%)	¥1,745 million (- 71.4%)	¥2,335 million
Net income:	¥532 million (- 40.2%)	¥889 million (- 73.4%)	¥952 million
Net income per share (basic):	¥2.33	¥3.89	¥4.17
Net income per share (diluted):	¥2.33	¥3.89	¥4.17

- (Notes) (1) The percentages in the items of net sales, operating income, etc. indicate the rates of increase or decrease from the same quarterly period of the previous year.
- (2) Operating income is calculated by deducting from net sales cost of goods sold and selling, general and administrative expenses, in accordance with the Japanese accounting practices.

[Qualitative information on the progress of consolidated operating results, etc.]

During the first quarter of the fiscal year under review, the Japanese economy was in the phase of gradual expansion, sustained by increasing private demand in Japan as favorable corporate performances had a positive impact on the household sector.

However, the food and fresh meats industry has been placed in a severe condition, due to the prolonged embargos on fresh meats on account of BSE (bovine spongiform encephalopathy) and avian flu, as well as higher prices of materials for processed products on account of changes in the movement of international demand for fresh meats and seafood.

Under these circumstances, to materialize the "enhancement of corporate value by ceaseless reform and challenge", one of the themes listed in its "New Medium-Term Management Plan (Part II)", the Group has focused its efforts on aggressively developing its business and reforming its profit structure.

In response to decreased gross margins due to higher prices of raw meats in its processed foods business, the Group has since the previous fiscal year continued its efforts to reduce production cost through the restructuring of its product lines, including plant closure, and the

reduction of production items. On the other hand, the Group has exerted its efforts to develop and launch new products to precisely meet customer needs and promote sales of its mainstay products, specifically. In addition, the Group has started to review the terms and conditions of delivery to its clients and negotiate with them for price revisions.

With regard to its fresh meats business, the Group was placed in a difficult condition as its beef business in Australia suffered from deterioration of profits and sales prices of poultry declined in Japan, among other things. However, by taking advantage of its marketing capabilities with its sales and marketing subsidiaries nationwide, the Group endeavored to actively promote sales of its mainstay brand fresh meats, specifically. In the breeding and processing sections, the Group continued its steady efforts to enhance productivity, including improvement of production efficiency.

In all sections, the Group, in compliance with its high-priority business policy "promotion of quality No. 1 management", put forth more effort to improve the quality of its products. In response to the Positive List System for Agricultural Chemical Residues in Foods, which became effective in May 2006, the Group has initiated an effort to secure safety of raw materials and products. The Group also has commenced new actions, such as a project of quantitative study on "tastiness".

As a result of these efforts, for the first quarter of the fiscal year under review, on a consolidated basis, net sales amounted to ¥237,227 million, up 0.3% from the corresponding period of the previous fiscal year. With regard to profits, due to a rise in prices of raw meats and increased material costs arising from higher oil prices, the Group's processed foods and seafood businesses were in a difficult condition, while its fresh meats business had weakened profitability. Consequently, income from consolidated operations before income taxes amounted to ¥991 million, down 43.2% from the corresponding period of the previous fiscal year. Net income amounted ¥532 million, down 40.2%.

(2) Movement in the consolidated financial condition

(Each amount is shown by rounding any fraction of over half of a million yen thereof upward to the nearest million yen and disregarding the rest.)

	First quarter ended June 30, 2006	First quarter ended June 30, 2005	(For reference) Year ended March 31, 2006
Total assets	¥604,860 million	¥637,506 million	¥591,426 million
Shareholders' equity	¥287,136 million	¥266,613 million	¥291,580 million
Ratio of shareholders' equity to total assets	47.5%	41.8%	49.3%
Shareholders' equity per share	¥1,257.97	¥1,167.94	¥1,277.41

(Note) The amount of shareholders' equity is shown based on the U.S. GAAP.

[State of consolidated cash flows]

(Each amount is shown by rounding any fraction of over half of a million yen thereof upward to the nearest million yen and disregarding the rest.)

	First quarter ended June 30, 2006	First quarter ended June 30, 2005	(For reference) Year ended March 31, 2006
Cash flows from operating activities	¥697 million	(¥7,820 million)	(¥21,207 million)
Cash flows from investing activities	(¥3,069 million)	(¥7,092 million)	(¥16,661 million)
Cash flows from financing activities	¥10,057 million	¥9,793 million	(¥1,745 million)
Cash and cash equivalents at end of the quarter (year)	¥34,865 million	¥61,674 million	¥27,180 million

[Qualitative information on the movement in the consolidated financial position, etc.]

<Financial position>

At the end of the first quarter of the fiscal year under review, total assets increased by 2.3% from the end of the previous fiscal year to account for ¥604,860 million, as inventories increased by 9.8% from the end of the previous fiscal year, accounting for ¥128,510 million.

Liabilities increased by 6.0% from the end of the previous fiscal year to account for ¥315,760 million as short-term bank loans increased by 24.2% from the end of the previous fiscal year, accounting for ¥89,236 million. Interest-bearing debt increased by ¥13,966 million from the end of the previous fiscal year, accounting for ¥183,667 million.

Shareholders' equity decreased by 1.5% from the end of the previous fiscal year to account for ¥287,136 million.

As a result, the ratio of shareholders' equity to total assets declined by 1.8 point from the end of the previous fiscal year to 47.5%.

<Cash flows>

Net cash provided by operating activities amounted to ¥697 million due to an increase in trade notes and accounts payable, accrued expenses and other current liabilities, in spite of an increase in inventories.

Net cash used in investing activities amounted to ¥3,069 million, due to additions to property, plant and equipment.

Net cash provided by financing activities amounted to ¥10,057 million, due to an increase in short-term bank loans.

As a result, for the first quarter of the fiscal year under review, cash and cash equivalents at end of the quarter increased by ¥7,685 million in comparison with the end of the previous fiscal year to amount to ¥34,865 million.

○ Attached materials

Quarterly Consolidated Balance Sheets, Quarterly Statements of Consolidated Income, etc.

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[For reference]

Forecast of consolidated operating results for the year ending March 31, 2007 (from April 1, 2006 to March 31, 2007)

[Qualitative information on the forecast of operating results, etc.]

With regard to the forecast of operating results for the fiscal year ending March 31, 2007, the forecast publicized as of May 19, 2006 has not been amended. However, it may be amended due to the occurrence of uncertain factors in the future.

In the event that any amendment to the forecast of operating results becomes necessary, it will be publicized promptly.

Attached materials

- Quarterly Consolidated Financial Statements

1. QUARTERLY CONSOLIDATED BALANCE SHEETS

	(Millions of yen)		
	First quarter ended June 30, 2006 (as of June 30, 2006)	First quarter ended June 30, 2005 (as of June 30, 2005)	(For reference) Year ended March 31, 2006 (as of March 31, 2006)
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	34,865	61,674	27,180
Time deposits	4,026	2,714	4,507
Marketable securities	171	1,584	198
Trade notes (non-interest bearing) and accounts receivable	100,949	101,316	102,832
Allowance for doubtful receivables	(602)	(1,081)	(906)
Inventories	128,510	117,498	117,011
Deferred income taxes	3,805	4,902	4,832
Prepayments and other current assets	15,155	16,063	15,389
Total current assets	286,879	304,670	271,043
Investment and non-current receivables:			
Investment in and advances to associated companies	1,112	973	1,079
Other securities investments	24,767	22,728	26,792
Deposits and other investments	14,040	14,144	13,817
Total investments and non-current receivables	39,919	37,845	41,688
Property, plant, and equipment - at cost, less accumulated depreciation	256,568	267,389	259,727
Deferred income taxes - non-current	10,897	21,330	8,795
Other assets	10,597	6,272	10,173
Total	604,860	637,506	591,426

(Millions of yen)

	First quarter ended June 30, 2006 (as of June 30, 2006)	First quarter ended June 30, 2005 (as of June 30, 2005)	(For reference) Year ended March 31, 2006 (as of March 31, 2006)
<u>Liabilities and shareholders' equity</u>			
Current liabilities:			
Short-term bank loans	89,236	95,725	71,823
Current maturities of long-term debt	12,215	21,644	12,485
Trade notes (principally non-interest bearing) and accounts payable	90,983	104,771	88,141
Accrued income taxes	1,770	2,422	3,847
Deferred income taxes	683	48	723
Accrued expenses	17,455	18,295	14,342
Other current liabilities	6,325	7,265	5,552
Total current liabilities	218,667	250,170	196,913
Liability under retirement and severance program	10,189	48,431	10,743
Long-term debt, less current maturities	83,408	65,160	86,663
Deferred income taxes - non-current	3,496	4,029	3,577
Minority interests	1,964	3,103	1,950
Shareholders' equity:			
Common stock	24,166	24,166	24,166
Capital surplus	50,720	50,591	50,688
Retained earnings			
Appropriated for legal reserve	6,802	6,731	6,741
Unappropriated	200,361	203,488	203,542
Accumulated other comprehensive income (loss)	5,314	(18,165)	6,664
Treasury stock, at cost	(227)	(198)	(221)
Total shareholders' equity	287,136	266,613	291,580
Total	604,860	637,506	591,426

2. QUARTERLY STATEMENTS OF CONSOLIDATED INCOME

(Millions of yen)

	First quarter ended June 30, 2006 (from April 1, 2006 to June 30, 2006)	First quarter ended June 30, 2005 (from April 1, 2005 to June 30, 2005)	Rate of increase or decrease from the corresponding period of the previous year
Revenues:			
Net sales	237,227	236,526	701
Other	341	562	(221)
Total	237,568	237,088	480
Cost and expenses:			
Cost of goods sold	194,422	190,585	3,837
Selling, general and administrative expenses	40,782	42,951	(2,169)
Interest expense	631	619	12
Other	742	1,188	(446)
Total	236,577	235,343	1,234
Income from consolidated operations before income taxes	991	1,745	(754)
Income taxes:			
Current	906	1,847	(941)
Deferred	(467)	(983)	516
Total	439	864	(425)
Income from consolidated operations	552	881	(329)
Equity in earnings (losses) of associated companies – net of applicable income taxes	(20)	8	(28)
Net income	532	889	(357)

3. QUARTERLY STATEMENTS OF CONSOLIDATED CASH FLOWS

	(Millions of yen)	
	First quarter ended June 30, 2006 (from April 1, 2006 to June 30, 2006)	First quarter ended June 30, 2005 (from April 1, 2005 to June 30, 2005)
Operating Activities:		
Net income	532	889
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,909	5,837
Income taxes – deferred	(467)	(983)
Decrease (increase) in trade notes and accounts receivable	1,903	(3,690)
Increase in inventories	(11,722)	(21,406)
Decrease (increase) in current assets	527	(4,459)
Increase in trade notes and accounts payable	3,512	14,029
Decrease in accrued income taxes	(2,071)	(2,738)
Increase in accrued expenses and other current liabilities	3,610	3,982
Other – net	(1,036)	719
Net cash provided by (used in) operating activities	697	(7,820)
Investing Activities:		
Additions to property, plant, and equipment	(2,887)	(7,196)
Proceeds from sales of property, plant and equipment	244	377
Decrease in time deposits	423	414
Purchases of marketable securities and other securities investments	(20)	(662)
Proceeds from sales of marketable securities and other securities investments	34	0
Decrease in deposits and other investments	(289)	756
Other –net	(574)	(781)
Net cash used in investing activities	(3,069)	(7,092)
Financing Activities:		
Cash dividends	(3,658)	(3,661)
Increase in short-term bank loans	17,236	16,409
Proceeds from long-term debt	51	6,642
Repayments of long-term debt	(3,565)	(9,593)
Others – net	(7)	(4)
Net cash provided by financing activities	10,057	9,793
Net increase (decrease) in cash and cash equivalents	7,685	(5,119)
Cash and cash equivalents at beginning of the quarter	27,180	66,793
Cash and cash equivalents at end of the quarter	34,865	61,674
Additional Information:		
Cash payment for the quarter		
Interest paid	661	519
Income taxes paid	3,145	4,165
Capital lease obligations incurred	84	-

4. SEGMENT INFORMATION

[Segment information by business category]

For the first quarter of the year ending March 31, 2007 (from April 1, 2006 to June 30, 2006):

(Millions of yen)

Items	Fresh meat-related businesses	Other businesses	Total	Eliminations or group-wide	Consolidation
Net sales					
(1) Sales to outside customers	204,782	32,445	237,227	-	237,227
(2) Inter-segment sales	6,204	819	7,023	(7,023)	-
Total	210,986	33,264	244,250	(7,023)	237,227
Operating expenses	208,563	33,643	242,206	(7,002)	235,204
Operating income (loss)	2,423	(379)	2,044	(21)	2,023

- (Notes) 1. Businesses are categorized in accordance with the similarities of products in types and features. However, any net sales and any operating income of any business other than fresh meat-related businesses account for less than 10% of the total net sales and operating income of all the segments, respectively. Hence, all businesses other than fresh meat-related businesses are indicated collectively as the "other businesses".
2. Principal products included in the fresh meat-related businesses are hams and sausages, processed foods and fresh meats, etc.

For the first quarter of the year ended March 31, 2006 (from April 1, 2005 to June 30, 2005):

(Millions of yen)

Items	Fresh meat-related businesses	Other businesses	Total	Eliminations or group-wide	Consolidation
Net sales					
(2) Sales to outside customers	205,262	31,264	236,526	-	236,526
(2) Inter-segment sales	6,329	558	6,887	(6,887)	-
Total	211,591	31,822	243,413	(6,887)	236,526
Operating expenses	208,457	31,844	240,301	(6,765)	233,536
Operating income (loss)	3,134	(22)	3,112	(122)	2,990

- (Notes) 1. Businesses are categorized in accordance with the similarities of products in types and features. However, any net sales and any operating income of any business other than fresh meat-related businesses account for less than 10% of the total net sales and operating income of all the segments, respectively. Hence, all businesses other than fresh meat-related businesses are indicated collectively as the "other businesses".
2. Principal products included in the fresh meat-related businesses are hams and sausages, processed foods and fresh meats, etc.

[Segment information by geographic area]

For the first quarter of the year ending March 31, 2007 (from April 1, 2006 to June 30, 2006):

(Millions of yen)

Items	Japan	Other areas	Total	Eliminations or group-wide	Consolidation
Net sales:					
(1) Sales to outside customers	214,261	22,966	237,227	-	237,227
(2) Inter-segment sales	257	21,319	21,576	(21,576)	-
Total	214,518	44,285	258,803	(21,576)	237,227
Operating expenses	212,083	44,307	256,390	(21,186)	235,204
Operating income (loss)	2,435	(22)	2,413	(390)	2,023

- (Notes) 1. Countries and areas are categorized in accordance with their geographic nearness. However, any net sales in any country or area other than Japan account for less than 10% of the total net sales of all the segments. Hence, all the countries and areas other than Japan are indicated collectively as the "other areas".
2. The other areas principally consist of Australia, the United States and Thailand.

For the first quarter of the year ended March 31, 2006 (from April 1, 2005 to June 30, 2005):

(Millions of yen)

Items	Japan	Other areas	Total	Eliminations or group-wide	Consolidation
Net sales:					
(1) Sales to outside customers	216,383	20,143	236,526	-	236,526
(2) Inter-segment sales	149	20,242	20,391	(20,391)	-
Total	216,532	40,385	256,917	(20,391)	236,526
Operating expenses	213,839	39,872	253,711	(20,175)	233,536
Operating income (loss)	2,693	513	3,206	(216)	2,990

- (Notes) 1. Countries and areas are categorized in accordance with their geographic nearness. However, any net sales in any country or area other than Japan account for less than 10% of the total net sales of all the segments. Hence, all the countries and areas other than Japan are indicated collectively as the "other areas".
2. The other areas principally consist of Australia, the United States and Thailand.

5. BREAKDOWN OF QUARTERLY CONSOLIDATED NET SALES

	First quarter ended June 30, 2006 (from April 1, 2006 to June 30, 2006)		First quarter ended June 30, 2005 (from April 1, 2005 to June 30, 2005)		Rate of increase or decrease from the corresponding period of the previous year (%)	Year ended March 31, 2006 (April 1, 2005- March 31, 2006)	
	Amount	Component ratio	Amount	Component ratio		Amount	Component ratio
	(millions of yen)	(%)	(millions of yen)	(%)		(millions of yen)	(%)
Hams and sausages	30,546	12.9	30,979	13.1	(1.4)	134,045	13.9
Processed foods	45,639	19.2	46,172	19.5	(1.2)	184,751	19.2
Fresh meats	123,754	52.2	124,687	52.7	(0.7)	496,772	51.6
Seafood	21,406	9.0	19,335	8.2	10.7	82,497	8.6
Dairy products	5,625	2.4	5,531	2.3	1.7	21,707	2.2
Others	10,257	4.3	9,822	4.2	4.4	43,892	4.5
Total	237,227	100.0	236,526	100.0	0.3	963,664	100.0