ANNUAL REPORT 2009
Year Ended March 31, 2009

By building on our strengths, we will sharpen Nichirei's edge.

Profile

Nichirei Corporation is a holding company that determines strategy for the entire Nichirei Group, one of Japan's leading corporate groups involved in food-related businesses. The Nichirei Group consists of Nichirei Corporation, 73 consolidated subsidiaries and 13 affiliates. Its principal businesses are processed foods, marine products, meat and poultry products, low-temperature logistics, and real estate.

The Nichirei Group's network is unique in the domestic food industry: It covers every step from procurement of raw materials to processing and distribution, and serves as the base from which we aim to maximize shareholder value through sustainable group growth and expanded profits, by continually creating new customer value with uncompromising insistence on good taste and freshness.

Nichirei's Edge

Nichirei's Share of Processed Foods for Home Meal Replacement Market in Japan

Type of Food	Size of Market (¥ Billion)	Market Growth Potential	Nichirei's Share
Chicken	140	Large	Industry top
Potato croquettes	33	Large	Industry top
Cream croquettes	12.5	Medium	Industry top
Spring rolls	3	Medium	More than 50%
Minced meat patties	14	Small	Industry top

Prepared by Nichirei based on information from Fuji Keizai Co., Ltd.

Nichirei's insistence on using the best ingredients and our food preparation techniques have made us the overwhelming favorite of the home meal replacement market and the restaurant industry. We control the largest share in many categories of the Japanese market for frozen foods for commercial use.

Contents

Diagram of Holding Company System

Nichirei Leads by Far in Terms of Domestic Refrigerated Warehouse Capacity in Japan

Ranking	Company / Group	Capacity (thousand tons)	Capacity Share
1	Nichirei Group	1,330	12%
2	Yokohama Reito	700	6%
3	Maruha Nichiro Group	570	5%
4	Toyo Suisan Group	330	3%
5	Nippon Suisan Group	320	3%

Source: Compiled using data from JARW as of January 1, 2009

In terms of capacity, Nichirei leads the Japanese refrigerated warehousing market by far. By consolidating our existing facilities in line with our Medium-Term Plan, we are further solidifying our position as industry leader in terms of both scale and quality.

Cautionary Statement with Respect to Forward-Looking Statements

This annual report contains, in addition to historical facts, forward-looking statements that are based on Nichirei's and its Group companies' current expectations, estimates and projections regarding plans, outlook, strategies and results for the future. 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 annual report. Words such as "anticipates," "expects," "intends," "plans," "strategies," "believes," "seeks," "estimates," "may," "will" and variations of these words or similar expressions are intended to identify forward-looking statements, from which actual results may differ significantly. 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, particularly levels of consumer spending, surrounding the business activities of Nichirei and its Group companies;
2) currency exchange rate fluctuations, particularly involving U.S. dollars and euro;
3) Nichirei's and its Group companies' ability to establish a comprehensive quality assurance system that encompasses product development, raw materials procurement, production and sales;
4) Nichirei's and its Group companies' ability to develop new products and services;
5) Nichirei's and its Group companies' ability to implement growth strategies and build a low-cost structure;
6) Nichirei's and its Group companies' ability to gain benefits through alliances with other companies;
7) effect of natural disasters;
8) serious and unpredictable effects that may be caused by future events; and
9) contingency risks.

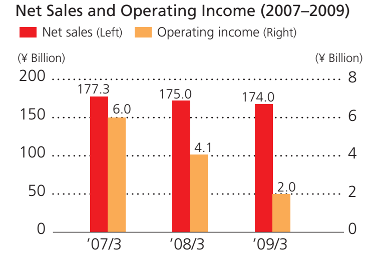
Nichirei at a Glance

% of Net Sales (2009)

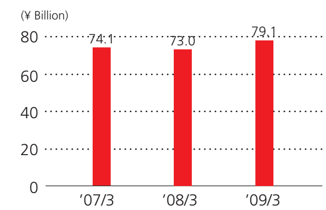
Processed Foods Nichirei Foods Inc.

Processed Foods is one of Nichirei's core operations. It includes frozen foods, an industry Nichirei leads in Japan, acerola-based beverages, retort-pouch foods, canned foods and health foods. Nichirei has established a comprehensive quality-assurance system that covers everything from product development and raw materials procurement to production and sales.

Net Sales and Operating Income (2007–2009)



Segment Assets (2007–2009)

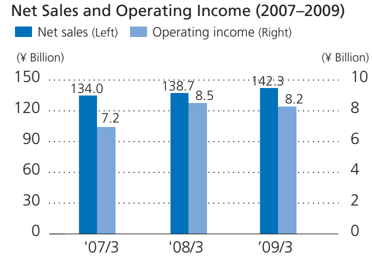


% of Net Sales (2009)

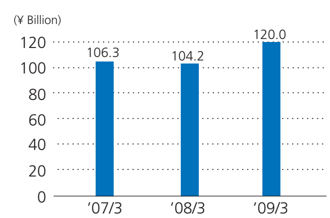
Logistics Nichirei Logistics Group Inc.

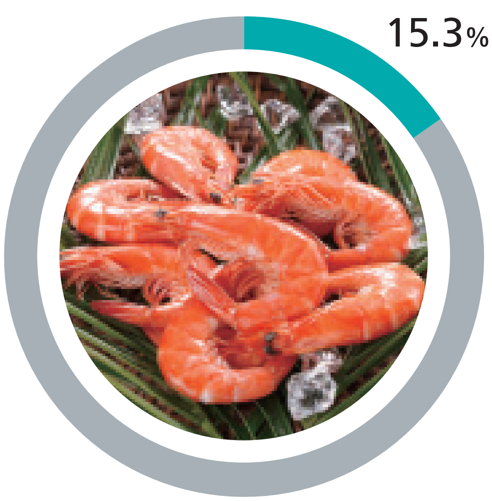
Logistics is Nichirei's other core operation. In addition to providing a wide range of logistics functions such as refrigerated warehousing, sorting, transportation and delivery, Nichirei combines those functions to offer solutions for optimizing customers' overall logistics flow. With market share that ranks No. 1 in Japan and No. 6 worldwide, Nichirei has secured a solid position in the refrigerated warehousing business.

Net Sales and Operating Income (2007–2009)



Segment Assets (2007–2009)



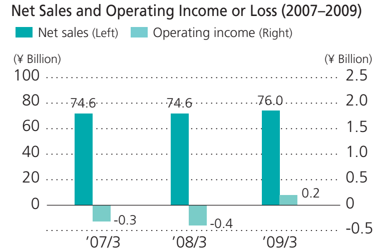


% of Net Sales (2009)

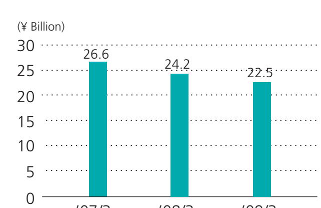
Marine Products Nichirei Fresh Inc.

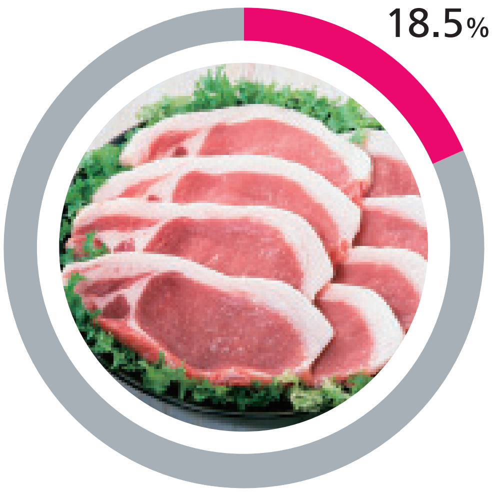
In Marine Products, Nichirei imports and sells seafood procured from around the world. Net sales compare with those of Japan's leading marine products companies, with Nichirei being especially strong in the handling of several items such as shrimp, herring roe and octopus. Nichirei is enhancing its line of value-added products that meet customer needs, as well as handling more premium products.

Net Sales and Operating Income or Loss (2007–2009)



Segment Assets (2007–2009)



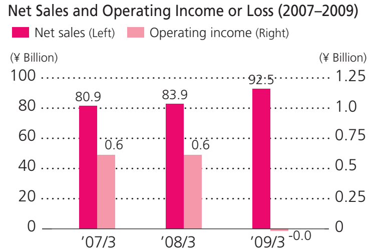


% of Net Sales (2009)

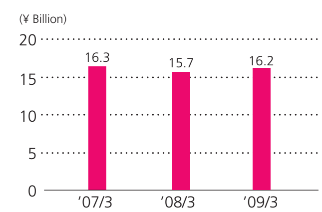
Meat and Poultry Products Nichirei Fresh Inc.

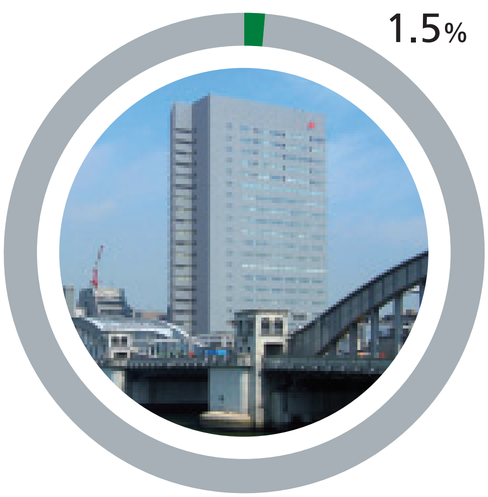
In Meat and Poultry Products, Nichirei provides large retailers and restaurants with poultry, pork and beef procured from established partners in Japan and overseas. Nichirei is committed to delivering products that are delicious, safe, reliable, healthful and environmentally friendly.

Net Sales and Operating Income or Loss (2007–2009)



Segment Assets (2007–2009)



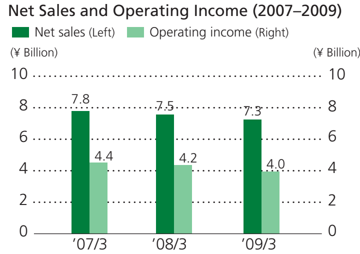


% of Net Sales (2009)

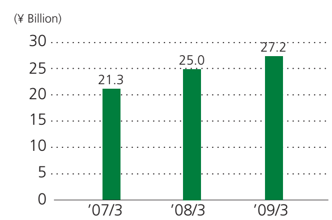
Real Estate Nichirei Corporation

The purpose of Nichirei's real estate operations is to make effective use of company-owned properties. Nichirei plans and executes projects that best suit the location, surroundings and social circumstances of company-owned properties all around Japan. Currently, we develop and lease office buildings in large cities, as well as develop and sell residential housing.

Net Sales and Operating Income (2007–2009)



Segment Assets (2007–2009)

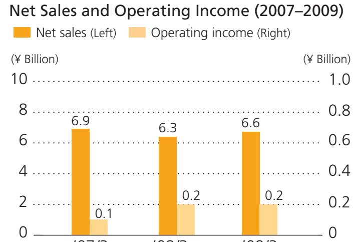


% of Net Sales (2009)

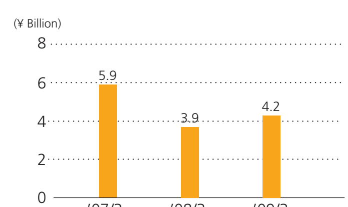
Other Operations Nichirei Corporation, Nichirei Biosciences Inc., Nichirei Proserve Inc.

Nichirei continues to nurture its bioscience operations. The company develops, manufactures and sells antibody products, cell-culture reagents and raw materials for cosmetic products, based on Nichirei's immunology-related technology and natural materials processing technology. Meanwhile, Nichirei Proserve provides Nichirei Group companies back-office operations-related solution services, which include more than mere cost reductions.

Net Sales and Operating Income (2007–2009)



Segment Assets (2007–2009)



To Our Shareholders

Mitsudo Urano
Representative Director
and Chairman

Finding Opportunity in a Harsh Business Environment

By building on our strengths, we will sharpen Nichirei's edge.

Economies all over the world have been plunged into severe recession, the likes of which are rarely seen in history, due to the worldwide credit crunch that was triggered by the subprime loan crisis in the U.S. Day by day, the effects are becoming more noticeable even in the food industry, which is supposedly recession-resistant. To make matters worse, in the first half of the year ended March 2009 we were faced with a sharp rise in crude oil prices, difficulty in procuring stable food ingredient supplies, food ingredient price surges, and various other problems that required immediate action.

Despite the practically unprecedented severity of the business environment, for the fiscal year ended March 2009 Nichirei posted consolidated net sales of 474,515 million yen (up 2.4% from the previous term), operating income of 15,142 million yen (down 12.7%), and net income of 6,020 million yen (down 37.4%). Although net sales increased relative to the previous term, we fell short of sales and profit goals for the second year of our Medium-Term Plan. On the other hand, we can say that it was an extremely meaningful year for Nichirei's future, as we achieved various successes that will spur our future growth. For example, we made great strides in our overseas Logistics business and put our Marine Products business back into the black.

We have always said that Nichirei's goal, even in today's Japan with its falling birthrate and shrinking, aging population, is to understand how people's eating habits are changing and continue to grow in the long term. Even now, when the business environment is fraught with so many difficulties, our goal doesn't change the least bit. In a climate where many industries are undergoing reorganizations, we feel sure that Nichirei's strengths will only stand out all the more and will generate major opportunities for us.

We intend to reinforce our areas of strength more than ever, so that our dominance within our industry is highlighted even more clearly. We will work to bring abundance to people's lives through products and services that only Nichirei can provide, to meet the expectations of all of our stakeholders, and to improve Nichirei's corporate value.

M. Urano
Mitsudo Urano
Representative Director and Chairman

Toshiaki Murai
Toshiaki Murai
Representative Director and President


Toshiaki Murai
Representative Director and President

A Conversation with the President

Business Environment
Changes in the Business Environment

Q What was the business environment like in the fiscal year ended March 2009?

A year of major, unprecedented changes

In the fiscal year ended March 2009, there were some changes in the business environment that were bigger than any we have experienced to date. The sudden slowing of the economy that started with the subprime loan problem in the U.S. affected the food industry in such ways as causing stagnation in the restaurant industry, consumers' focus on lower prices and other changes despite the industry's reputation for being recession-resistant. This trend is still increasing day by day, so I believe it will probably take at least two or three years before we see a recovery.

Not only did crude oil prices and global prices of grains and other agricultural products increase, but it became difficult to obtain certain foods due to increased competition from emerging countries also seeking supplies. These and other factors temporarily hampered our earnings environment. These problems began to ease as the worldwide recession began in the middle of the year, but we believe they will recur in the future as the economy recovers. In addition, there has been a steady stream of problems in the domestic food industry related to food safety and labeling, which has had a major impact on the industry as a whole and on frozen foods in particular.

Impact on Nichirei

Q How have these major changes in the business environment affected Nichirei?

Profits down in the short term, but dominance in the industry increased

These wide reaching, major changes did affect Nichirei. If I look only at the business results of the fiscal year ended March 2009, our various businesses were affected to different degrees.

The business most affected was Processed Foods, which is one of our two core businesses. In the first half price revisions due to large increases in ingredient costs, and in the second half there was a shift toward low-end products in response to the economic slowdown. These changes occurred so quickly that they cut into our profit margin. In Meat and Poultry Products, also, we couldn't respond quickly enough to the drastic drop in the market for imported frozen chicken, and we ended with a loss. On the other hand, our other core business, Logistics, was not affected so much and performed well, thanks largely to a strong showing in our business in Europe. And our Marine Products business, which had been struggling for the last several years, turned a profit despite the difficulty posed by a sharp drop in the market in reaction to the stronger yen.

So you can see that the effects were quite varied depending on the business. What I can say with certainty is that from a medium or long-term point of view, it was by no means an entirely bad year. I say that because the recent increase in concerns over food safety and reliability and the flurry of industrial reorganizations have changed the picture so that only a company with advanced technological capabilities and a solid financial basis can survive.

Nichirei's technology is among the best in the industry in many areas, and we have a very strong balance sheet now that we have finished our financial reforms, so we are likely to increase our dominance in the industry more than ever. If we look at the domestic and international economy, for the next two or three years we expect our business environment to be even harsher than it is now. However, when the next economic recovery comes around, Nichirei's position within the industry will be stronger than ever, and I feel certain that our earning potential will be greatly increased.

Business Results for the Year ended March 2009 and Nichirei's Medium-Term Plan

Summary and Evaluation of Business Results

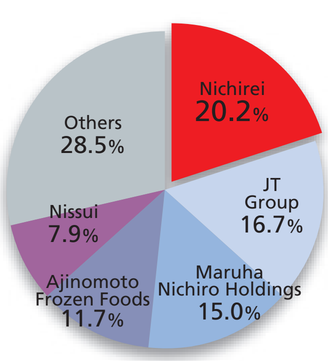
Q Please summarize Nichirei's business results for the year ended March 2009, and explain your assessment of the Medium-Term Plan now that the second year is finished.

Profits down despite increased sales

We began the year through March 2009 expecting to put in

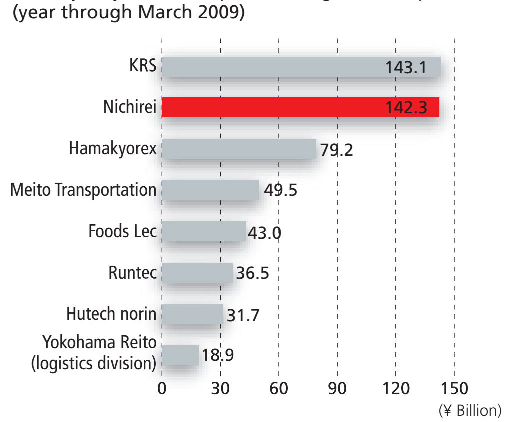
Nichrei's Position within the Industry

Market Shares in Japanese Frozen Food Market in 2008

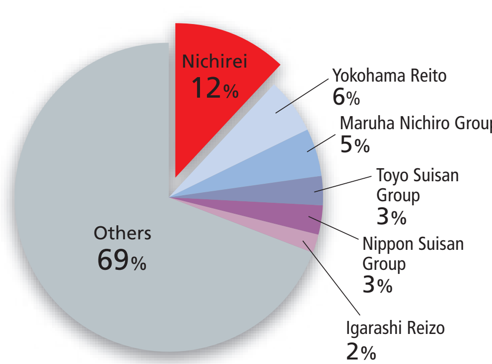


Source: The Nikkei

Sales by Major Low-temperature Logistics Companies (year through March 2009)



Storage Capacity Shares in Japanese Refrigerated Warehouse Industry



Compiled by Nichirei based on data from JARW as of January 1, 2009 place the new growth track called for in the second year of our Medium-Term Plan. Based on the theme “Advance & Challenge,” the Plan is built on seven policies including “actively create customer value to promote business growth,” “develop globally while making the most of our solid domestic foundation,” “form alliances and M&As that help build corporate value,” and “enhance quality assurance systems.” However, due to the severe changes in the business environment that were described above, we ended the term with a decline in income despite increased net sales. Consolidated net sales amounted to 474,515 million yen (up 2.4% from the previous year), operating income was 15,142 million yen (down 12.7%), and net income was 6,020 million yen (down 37.4%). Net sales fell short of our target (as revised in May 2008) by approximately 5.0 billion yen, operating income fell short approximately 2.6 billion yen, and net income fell short approximately 2.9 billion yen. Results by business unit are shown in the table right.

Although there were a great many external factors as mentioned above, which were beyond a single company’s ability to overcome, I am still not satisfied with our results from a quantitative standpoint. Based on these results, we will have to revise our numerical targets for the year through March 2010 – the final year of our Medium-Term Plan – for which I apologize sincerely to our shareholders. We take this situation very seriously, and intend to apply the lessons learned from this fiscal year in our future management.

(¥ Billion unless otherwise specified)

	Mar. 2008 Actual	**Mar. 2009 Actual**	Mar. 2009 Targets
Net sales	¥ 463.5	**¥ 474.5**	¥ 479.6
Processed Foods	175.0	**174.0**	187.8
Marine Products	74.6	**76.0**	74.4
Meat and Poultry Products	83.9	**92.5**	86.0
Logistics	138.7	**142.3**	142.5
Operating income	17.3	**15.1**	17.8
Processed Foods	4.1	**2.0**	5.7
Marine Products	(0.4)	**0.2**	0.2
Meat and Poultry Products	0.6	**(0.0)**	0.8
Logistics	8.5	**8.2**	7.8
Net income	9.6	**6.0**	9.0
Net income per share (yen)	31.04	**19.42**	29.03

Qualitative Results

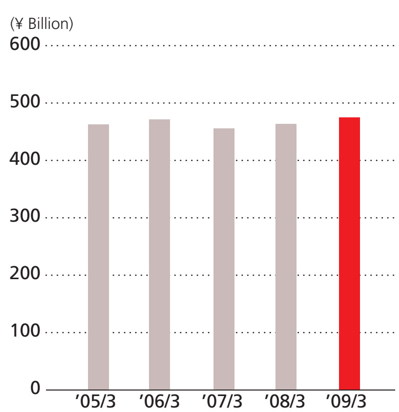
Q How did Nichirei perform in the year ended March 2009 in qualitative terms?

Various achievements aimed at future growth

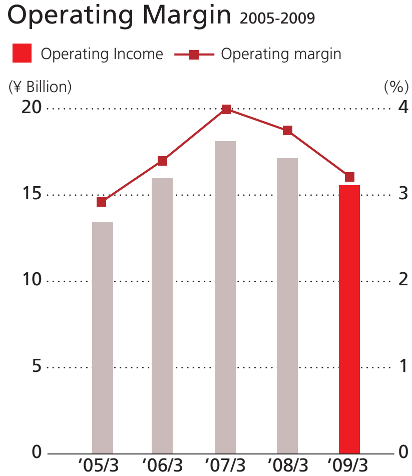
Although we did not meet our Medium-Term Plan’s profit targets in the year ended March 2009, qualitatively speaking, we achieved many results that should lead to future growth.

First of all, in our Processed Foods business we eliminated some low-profit items, while our mainstays including specialty items

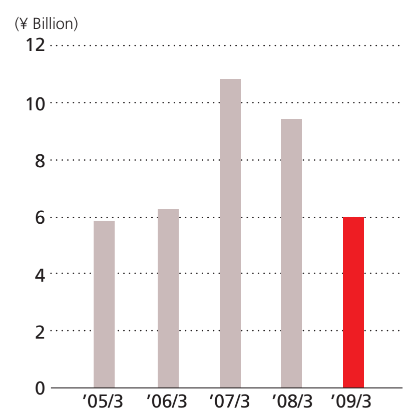
Net Sales 2005-2009



Operating Income & Operating Margin 2005-2009



Net Income 2005-2009



like croquettes and fried chicken sold well with the growing popularity among customers and we were able to increase production line capacity utilization. This made us all the more sure that we should continue to focus on commercial-use foods as a future growth area. In addition, we acquired a production base for chicken products in Thailand, established a sales framework in Europe for frozen sushi and other Japanese foods, and enhanced our fruit juice production facilities in Brazil, among other steps that we take to steadily improve our potential for earning profits in the period covered by our next Medium-Term Plan.

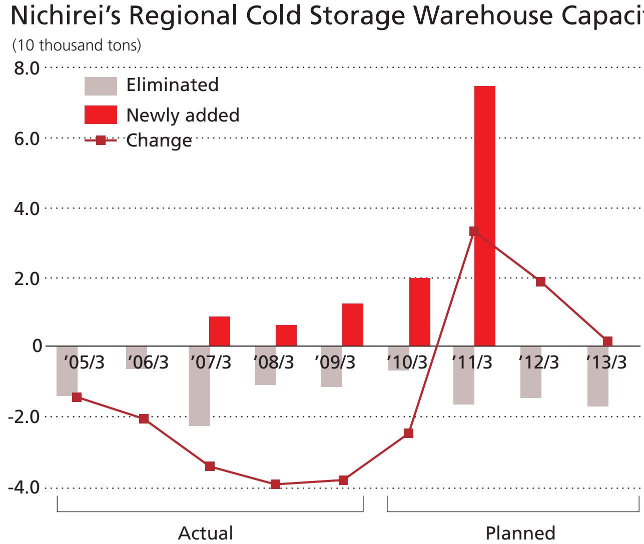
In Logistics, we moved forward with "scrap and build" of our domestic refrigerated warehouses. In the year ended March 2008, we were only able to implement about one third of the equipment investment projects called for in our Plan, largely because of building permit delays resulting from stronger enforcement of the Building Standards Law. However, in the year ended March 2009 we made up for the lost time so that we are now on track to complete those projects according to the schedule set forth in our Medium-Term Plan. The Japanese logistics industry is mostly made up of small and medium-sized companies, some of which are having trouble investing in new equipment. Thanks to Nichirei's solid financial condition, however, we are able to update our facilities and thereby build ourselves a stronger business base for the future.

We achieved our Marine Products business's most important goal by turning a profit. We accomplished this by not only improving operational efficiency and optimizing inventories, but also by successfully establishing new channels that will lead to future growth, for example by expanding sales of sushi toppings to major chains of revolving sushi bars. In Meat and Poultry Products, our "Jun Wakei" (pure Japanese chicken) business, which centers around Nichirei Fresh Farm, produced disappointing results in terms of profits, but we did succeed in gaining knowhow

that will be useful in our future upstream business.

We feel that we obtained many qualitative results in the year ended March 2009 that will directly contribute to our future growth, in line with the "Advance & Challenge" theme of our Medium-Term Plan.

Nichirei's Regional Cold Storage Warehouse Capacity



Final Year of the Medium-Term Plan

Q Please explain your main objectives for the final year of Nichirei's Medium-Term Plan.

Identifying problems remaining from the previous year and decisively resolving important issues

After carefully examining the reasons we fall short of our Medium-Term Plan's overall Group targets, we determined specific measures that each business unit should be sure to take in the final year of the Plan. As companywide objectives, we want to further solidify the positions of Processed Foods and Logistics as number one in their respective fields, and make Marine Products and Meat and Poultry Products the number one or two income-earners in specific fields. We revised our final numerical targets as shown in the table right above, and we intend to unite the entire Nichirei Group in a push to achieve these goals.

The first key to achieving these goals in our Processed Foods business will be thorough control of costs, including both production costs and selling, general, and administrative expenses, to enable us to respond rapidly in case of sudden deterioration in the business climate. This is an area where we fell behind in the year ended March 2009. Also, we will concentrate

(¥ Billion)

	Mar. 2010 (revised targets)
Net sales	¥ 481.4
Processed Foods	177.4
Marine Products	76.1
Meat and Poultry Products	95.0
Logistics	144.7
Operating income	16.6
Processed Foods	4.4
Marine Products	0.4
Meat and Poultry Products	0.7
Logistics	7.6
Net income	7.7

management resources in commercial-use foods, a growth area with relatively high profitability. Our goal is to achieve an operating margin of 2.5% at the end of the fiscal year. In our health value business, we will concentrate on developing high-added-value products and establishing new sales channels in order to make up for lost time in achieving the targets of our Medium-Term Plan. In our overseas business, we expect to see growth in sales of Japanese foods and Brazilian juice including acerola, and we will work to quickly establish a framework for earnings through more thorough management.

In Logistics, we will refine individual functions such as 3PL, storage, operations, processing & distribution, and transportation, while providing one-stop service that combines high quality and cost competitiveness. In our Logistics Network Business, we will reinforce our vehicle procurement base, increase capacity utilization, and expand Group-wide transport sales in both the room temperature and chilled sectors.

In Marine Products, we plan to build a framework for maintaining operating profits regardless of market fluctuations by maintaining appropriate inventory levels and boosting sales to major trading partners. In addition, we aim to expand sales primarily of sushi toppings, in Hong Kong and Singapore.

We will work to quickly restore Meat and Poultry Products to profitability by further distinguishing our premium ingredients through gourmet offerings like "Gensou Special Pork" and developing products with optimal degree of processing that suits customers' needs, and we also aim to improve the earning power of Nichirei Fresh Farm.

Nichirei's Future

Long-Term Focus

Q Have the recent changes in the business environment altered the direction in which Nichirei is headed in the long term?

Nichirei's focus is guided by strength

We realize that the drastic changes we experienced in our business environment through the year ended March 2009 were big enough to rock the entire food-related industry. However, the basic direction of Nichirei has not changed in the least. As expressed in our corporate mission statement, our aim is "looking at lifestyles and providing true satisfaction" as a food pioneering company with outstanding food and logistics services.

This sense of mission is deeply embedded in the spirit of all employees and directors in Nichirei. And we believe that our various strengths – such as industry-leading food processing technology and logistics capacity, trust in the safety and reliability cultivated through long years of hard work, a track record and history as the top company in the Japanese frozen food industry, and our comprehensive Group strength – only serve to further bolster Nichirei's dominance, rather than diminishing in the times of great change. As we have done in the past, we plan to continue building on our strengths in order to make Nichirei stronger than ever.

Q Please end with a word to shareholders and investors.

Taking the results of the year ended March 2009 seriously and applying them toward future growth

We have had to revise the numerical targets for the final year of our current Medium-Term Plan in light of the results of the fiscal term ended March 2009. Although there were big changes in our

business environment including simultaneous business slowdowns around the world, we take this result very seriously and are prepared to work hard to make it lead to future growth.

Though we set our annual dividend at nine yen per share for the fiscal year ended March 2009, our policy for the medium- to long-term is to achieve a consolidated dividend-on-equity ratio of 2.5%, consolidated payout ratio of 25%, and return on equity of 10%. In order to achieve these goals, we are looking at revising allocation of management resources for the Group as a whole, as something we would like to realize under our next Medium-Term Plan. We would greatly appreciate the continued understanding and support of our shareholders and investors.

Growth Strategies for Core Operations

Nichirei Foods Inc.
Yoshihiko Soma, President

Processed Foods

We will implement thorough "select and concentrate," quality control, and cost control to achieve an operating margin of 5%.

Targets and Basic Strategies per Our Medium-Term Plan

Core businesses (prepared frozen foods, retort-pouch foods, agricultural products)

- Enhance product development capacity through further selection and concentration of categories, and improve profit margin by reinforcing cost control
- Continue to strengthen production systems that we can control ourselves, and restore public trust in safety by continuing to invest in in-house production

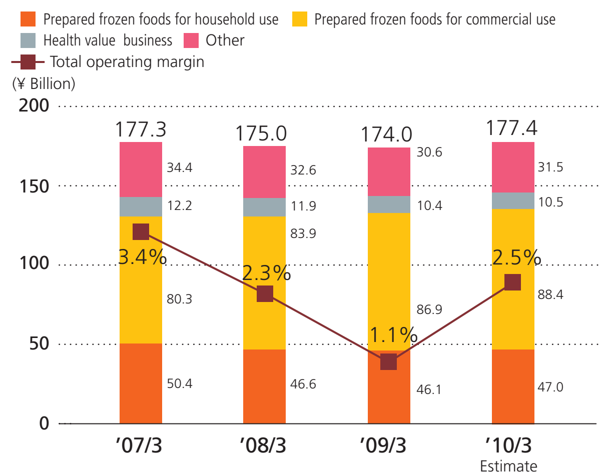
Bolster health value business

- Build new, high-profit business model that provides products of proven effectiveness and wellness solutions (for metabolic syndrome, low-calorie diet and anti-aging markets)
- Make a clear shift in focus of acerola business toward ingredient sales; expand overseas sales

Expand more aggressively overseas

- Expand globally as a manufacturer of ready-to-eat foods like croquettes in China and frozen sushi in Europe
- Develop products that suit local cultures and palates precisely and establish local production bases for foods

Net Sales by Sub-segment & Total Operating Margin of Processed Foods



"Shrimp Pilaf" — a strong seller

Our highly competitive processed chicken

Market and Industry Trends

- Throughout the fiscal term, there were various problems related to food safety and labeling.
- In the first half, there was a string of food price revisions in response to surges in ingredient prices.
- In the second half, the trend of commodity prices turned downward including crude oil and grains.
- Market conditions remained harsh, amid such trends as a pronounced shift among consumers toward favoring low-end merchandise.

Major Policies for the Year through March 2010

Core Businesses: Supply carefully selected high-added value frozen food products using appropriate distribution strategies

In our core frozen foods business, we will reduce the number of product line while carefully selecting ingredients. In the past, we tended to broaden product categories excessively as we emphasized offering a wide selection. Going forward, however, we will be selecting products carefully while even more strictly examining ingredient flavor and usefulness for human health so that we can manufacture and sell more valuable frozen food products. In the area of prepared frozen foods for household use, we will concentrate management resources on 10 major products including toasted rice balls, fried rice, and omelets. By ceasing production of low-profit prepared frozen foods for commercial use, we aim to increase the proportion of mainstay items like croquettes, spring rolls, and processed chicken, while concentrating management resources in the development of our major national brands.

As we reduce the number of our product lineup, we will work on responding to changes in domestic distribution and sales channels. The Japanese distribution industry is currently becoming increasingly polarized into two groups: nationwide retailers, restaurants and distributors, and small and medium-sized regional wholesalers. In April, we started a system for serving the former whereby sales teams that specialize in each business category directly approach clients all over the country from their base in Tokyo. To serve the smaller, regional wholesalers, we are pursuing our strategy of meeting each locality's needs by enhancing our business bases in each region.

Concentration of Product Items and Impact on Sales

(¥ Billion)

	Sep. 08 to Mar. 09 Ratio of product item concentration	Impact on sales in '10/3
Pre-cooked foods for household use	(21%)	(3.9)
Pre-cooked foods for commercial use	(8%)	(3.2)
Other	(14%)	(0.3)
Total of Processed foods	(11%)	(7.4)

Health value business: Shift focus of acerola business to ingredient sales; Review wellness business

We view our health value business, which consists of acerola and wellness businesses, as a driver of our next growth. In the past, we focused on downstream business aimed at general consumers, however, intensified competition from rivals in the industry has cut into our profit margin. Therefore, we are shifting our focus to midstream business, i.e. selling acerola as an ingredient to food manufacturers around the world. We have already set up a framework for processing raw acerola into primary ingredients in Brazil and Vietnam into formats like puree or powder. Upstream, we will extend our research into the functions of the natural vitamin C contained in acerola berries and pursue even greater health value, which we will link to new product development and greater added value*.

We will continue to serve three main markets through our wellness business — metabolic syndrome, low-calorie diet, and anti-aging — while adding new sales channels, reviewing the contents and container formats of main products like "Kikubari Gozen" and "Chef's Balance," and working to boost sales by developing new products with an eye toward commercial as well as household use.

*At its July 28, 2009 board meeting, Nichirei decided to sell its domestic acerola beverages business (but not our raw ingredients supply business or the production and sale of commercial-use products) to Suntory Beverage & Food Limited.

Seeking out even more health value in acerola

We are in the process of improving our "Kikubari Gozen" product line

Global strategy: Produce and sell frozen foods in China

As the Japanese birth rate falls and the average age of the population increases, Japan's domestic market is shrinking, so we have been developing overseas markets. We have already established production bases in China and Thailand, and in the term through March 2010 we plan to begin selling frozen foods such as gratin and pasta dishes in China. We are also developing markets in Europe and North America, where, in the term through March 2010, we plan to start selling processed foods such as frozen sushi produced in Thailand.

Performance Highlights from the Fiscal Year through March 2009

- Sales of prepared frozen foods for household use were little changed from the previous term, thanks to strong sales of products like fried chicken and shrimp pilaf.
- Sales of prepared frozen foods for commercial use grew, largely because of expanded sales of croquettes in addition to stronger sales of various types of fried chicken and other chicken products for the home meal replacement market.
- Although we tried to strengthen our acerola brand, sales declined amid floundering beverage sales.
- Two subsidiaries consolidated in the previous term, Heart & Heart Life Support Inc. and Smile Diner Inc., contributed to sales growth in our wellness foods.

Nichirei Logistics Group Inc.
Toshiaki Murai, President

Logistics

We aim to be Japan's number one provider of food logistics services.

Targets and Basic Strategies per Our Medium-Term Plan

Logistics Network Business

- Realize more efficient use of vehicles; Expand transportation business, including retort-pouch and chilled foods
- Clarify framework for cooperation with business partners and reinforce vehicle procurement system
- Develop 3PL business aimed at carefully selected target market

Regional Storage Business

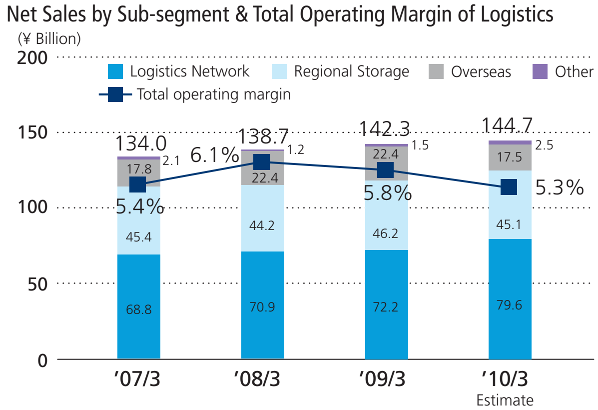
- Proceed with steady updating of refrigeration equipment
- Secure new revenue sources by handling local products

An overseas business with solid performance

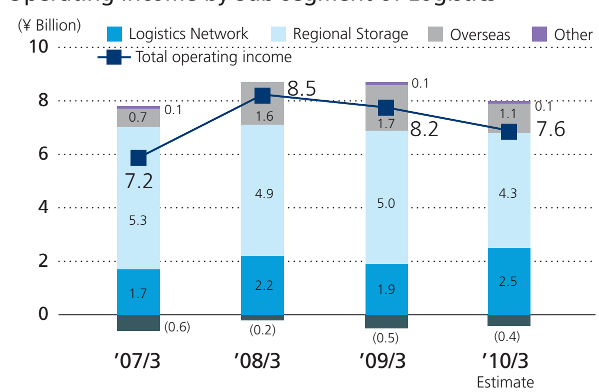
Overseas Business

- Maintain stable growth in Western Europe and expand business in Eastern Europe
- Move forward with preparations for second distribution center in China

Net Sales by Sub-segment & Total Operating Margin of Logistics



Operating Income by Sub-segment of Logistics



Market and Industry Trends

- There was upward pressure on costs from such factors as soaring oil prices (reversed in the second half), the need to reduce damage to the environment, and demand for higher quality distribution.
- The business environment grew harsher than ever, largely because of a sharp drop in transportation demand resulting from economic recession.
- A freight movement slowdown resulting from economic recession caused inventory levels to rise, so storage revenues stabilized temporarily, but revenues from cargo handling decreased due to the decline in movements in and out of storage.

Major Policies for the Year through March 2010

Logistics Network Business: Balance round-trip freight volumes

Currently only about 10% of the food stored in freezers operated by our Regional Storage Business is transported by our Logistics Network business, leaving us a great deal of room for expansion. As a concrete measure aimed at winning some of that business, we are working on balancing round-trip freight volumes. Nichirei operates truck routes connecting major hubs, such as Tokyo-Osaka and Tokyo-Fukuoka. However, there is far less freight moving from western Japan to eastern Japan than there is moving from east to west. This imbalance lowers transport efficiency and causes stagnation in our Logistics Network Business. To resolve this problem, we plan to reinforce freight collection, especially in western Japan, by beefing up our Osaka base, thereby making a push to balance freight volumes in both directions. We intend to expand sales of 3PL services, whereby we handle all of a corporate customer's distribution functions, by focusing sales efforts on a select group of prospects.

Measures to Expand Transport Business and Projected Benefit

(¥ Billion)

Business Category	Measures	Revenue Benefit
Trunk Route Transport	Increase volume with new business for shipments from production to consumer districts, such as local produce or processed live stock (including room temperature shipments).	0.5
	Increase volume with new trunk route transport for wide-area customers.	0.2
Local Delivery	Further expand joint distribution with frozen foods and ice producers to address need for greater distribution efficiency.	0.3
	Increase sales through tie-ups with Regional Storage Business to expand transport business, and by increasing road transport consolidation and distribution alongside growth in trunk route transport.	1.1

Regional Storage Business: Build a more efficient distribution system by "scrap and build" of facilities

In our Regional Storage Business, we are steadily driving "scrap and build" of facilities and building a more efficient distribution system with an eye toward the future. Because most small and medium-sized frozen storage enterprises cannot afford to invest in new equipments despite the growing problem of aging infrastructure, industry reorganization is expected to pick up speed. Nichirei is steadily implementing the roughly 31.0 billion yen worth of equipment investment budgeted in its Medium-Term Plan, thereby further solidifying its position as the industry leader. In addition, we are further boosting our sales capacity through steps like updating our Group sales database to allow better information sharing and coordination and providing training for Group sales staff. We are also making use of our customer base in each locality to uncover local products that will lead to increased transportation business.

Overseas Business: Expand business bases in Poland and China

Our European business has made great strides and has begun to contribute to profits. We will reinforce our business bases in Europe in order to ensure that we remain on a growth track there. By steadily launching a new distribution center in Poland, we will reinforce our framework in Central and Eastern Europe. This move is based on our view of the Central and Eastern Europe economic zone's premise for the future, and our expectation that it will also lead to business expansion in Western Europe, which is strengthening ties with Central and Eastern Europe.

In China, which is the center of growth in Asia, we will improve earnings at our existing distribution centers, largely by increasing the number of company-owned vehicles. We are also moving ahead with establishing a second distribution center in the Shanghai region, firstly by seeking an appropriate site.

Establishment of a new distribution center in Poland

Performance Highlights from the Fiscal Year through March 2009

- Increased volume of freight handled by our Logistics Network Business, continued, locally customized sales efforts by our Regional Storage Business, and operation of a new distribution center all helped boost net sales.
- Our Overseas Business performed well in Europe and China (Shanghai).
- Overall operating income fell below the previous year's level as a result of pressure from fuel surcharges and the sharp drop in transportation demand.

Intake Volumes and Overall Inventory Rate (Average) (April 2008 –March 2009)

	Intake Volumes		Overall Inventory Rate (Average)	
	1,000 tons	% Change	Actual (%)	Change (point)
Japan's 12 largest cities*	10,384	(0.1)	35.5	1.6
Nichirei Group	2,675	(2.5)	38.6	1.0

* Source: Compiled using data from JARW

Nichirei Fresh Inc.
Hisashi Hasegawa, President

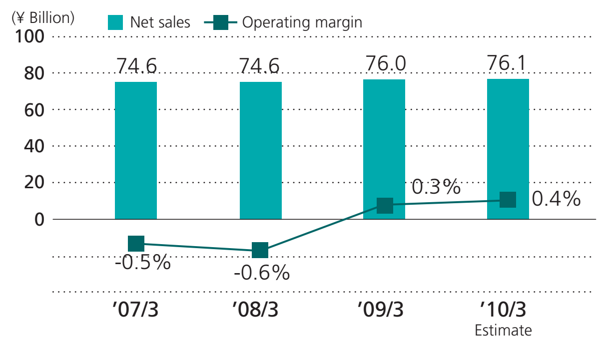
Marine Products

In addition to maintaining appropriate inventory levels and boosting operational efficiency in order to remain profitable, we will reinforce our position in growth areas.

Targets and Basic Strategies per Our Medium-Term Plan

- Increase per-person profits by beefing up our wide-area sales framework
- Maintain appropriate inventory levels and improve capital efficiency
- Actively develop, expand sales, and step up overseas sales efforts to promote the growing field of sushi toppings
- Increase staff to promote our joint ventures and boost sales in China

Net Sales and Operating Margin of Marine Products



Major Policies for the Year through March 2010

Improve profitability by thoroughly managing inventories and capital

In order to maintain and improve our Marine Products profit margin now that we have restored the business to the black, we aim to continuously reinforce management of areas like inventories and capital. In the past, we tended to maintain inventories of even slow-selling products, based on the idea that it was desirable to have a broad product lineup. We are changing this orientation in favor of boosting our inventory turnover rate by reducing or stopping handling of slow-selling products. We will boost capital efficiency through such means as extending debt payment periods and shortening credit collection periods. In the year ended March 2009, we integrated the functions of our head office purchasing department and Kanto operating division sales department and consolidated some regional business bases. We will continue to consolidate functions in order to build a more efficient, wide-area sales framework and to reduce fixed costs.

Develop overseas markets, with a focus on sushi toppings

Sushi has become a global food that is widely popular throughout Europe, the U.S., and Asia. We are focusing on the supply of sushi toppings as one of the engines that will drive future growth in Marine Products now that we have restored the business to the black. Toward that end, we established a joint venture in the term ended March 2009 with a Chinese company in Rizhao, Shandong Province, which will serve as a base for expanding supply of sushi toppings, primarily to commercial clients in Hong Kong and Singapore. In addition, we will reinforce in-house systems, and capitalize on public trust in the safety and reliability of the quality of Nichirei products in order to develop mass retailing channels and channels with potential for expanding sales of ready-to-eat foods.

Sales of sushi toppings increased

Market and Industry Trends

- In the first half, competition for supplies intensified due to increased worldwide demand for marine products and higher fishing costs resulting from soaring fuel prices.
- In the second half, the marine products supply-demand balance in Japan and abroad changed drastically due to a slump in consumption and exchange rate fluctuations, among other factors.

Performance Highlights from the Fiscal Year through March 2009

We restored the business to profitability mainly by successfully developing products that offer premium ingredients and the degree of processing that customers want, focusing on processed shrimp products and sushi toppings, and streamlining through organizational reform.

- Shrimp sales grew 0.1% over the previous year and shrimp profits also increased thanks to improved profitability of Southeast Asian shrimp and processed shrimp products.
- Sales of frozen fish and shellfish to food manufacturers rose 5.0% year on year due to increased volume, while profits on these items were little changed.

Meat and Poultry Products

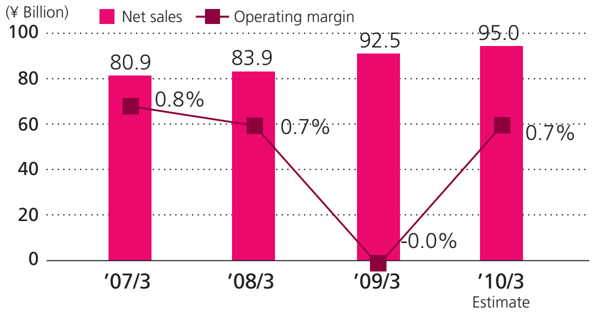
We will quickly restore the business to the black, increase the added value of premium ingredients, and increase our ability to provide products that are processed exactly to individual consumers' liking.

Nichirei Fresh Inc.
Minoru Satou,
Executive Vice President

Targets and Basic Strategies per Our Medium-Term Plan

- Quickly achieve profitability of "Nichirei Fresh Farm" ("Jun Wakei" or pure Japanese chicken) upstream business
- Enhance lineup of processed chicken products, boost capacity for selling processed pork products, and enhance framework for providing optimal degree of processing by strengthening alliances with domestic production partners
- Further increase the added value of premium ingredients

Net Sales and Operating Margin of Meat and Poultry Products



Major Policies for the Year through March 2010

Restore Nichirei Fresh Farm to profitability

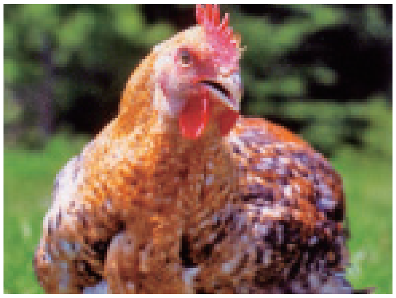
We launched a new "Jun Wakei" brand of "pure Japanese" chicken in 2007 as our entry into the upstream business. Nichirei Fresh Farm, which is the production base for "Jun Wakei," posted a loss in the fiscal year ended March 2009 due to higher feed costs and insufficient maturity rates and product yields. However, because resolution of these problems is within sight and the farm began operating at full capacity since December 2008, we expect to return to the black with ¥1.0 billion in net sales in the term through March 2010.

Boost profits by enhancing lineup of "optimally processed" products

One of Nichirei's important strength is the ability to provide a degree of processing that matches each customer's needs, for example by making commercial-use meat products that can be made delicious simply by heating in a microwave oven. To date, we have been focusing on processed chicken products, but in the future, we plan to enhance our lineup of processed beef and pork products, for example with roasted and fried pork, and further increase earnings.

Providing high-added value products by using more premium ingredients

Nichirei has always procured and offered premium ingredients made from special breeds or raised in special environments. In the future, we intend to continue reinforcing special "premium" characteristics and use the appeal of high added value to attract more customers. In the term through March 2010, we plan to cooperate more closely with domestic manufacturing partners to increase production, expand sales, and expand the areas where we raise "Genso Special Pork" (marbled) which has sold well for the last half of the fiscal year ended March 2009.



"Jun Wakei" (pure Japanese chicken), one of Nichirei's premium ingredients

Market and Industry Trends

- In the first half, livestock production costs increased due to worldwide surges in feed prices and other factors; procurement prices for domestic and imported products remained high.
- In the second half, there were sudden swings in the livestock supply-demand picture in Japan and abroad due to such factors as falling feed grain prices and exchange-rate fluctuations; in Japan the situation remains extremely difficult, partly due to a sharp drop in imported chicken prices.

Performance Highlights from the Fiscal Year through March 2009

We handled much larger volumes of domestic and imported chicken and pork and net sales increased; however, due to such factors as the sharp drop in imported chicken prices, operating income declined.

- Net sales of chicken increased by 21.3% over the previous year because we handled more domestic chicken products and imported frozen products.
- Handling of domestic beef products declined, but Australian products increased, resulting in a 0.9% rise in net sales of beef.
- Net sales of pork grew 5.2% year on year, with increases in both imported frozen products and domestic products amid solid domestic demand.

Corporate Governance

Basic Philosophy

The Nichirei Group believes that our management's mission is to continuously increase shareholder value by using capital effectively and earning solid profits.

Toward that end, we are aware that management is charged with the important task of ensuring that our corporate governance establishes transparent corporate management and a level of independence for each manager that will prevent excessive control by any one person. We work through our holding company system to make clear distinctions between business execution and management monitoring functions, to speed up decision-making, and to promote more thorough compliance with laws and corporate ethics.

Directors and the Board of Directors

The Board of Directors shall be composed of no more than 11 members, appointed for a term of one year so as to enhance the flexibility of the Group's response to changes in external conditions. A resolution to appoint directors shall be approved by a majority of at least one third of shareholders with voting rights at the general shareholders' meeting. In order to improve transparency and strengthen supervisory functions, we appointed three outside directors out of 10 members currently serving on the board. The Board of Directors meets at least once a month.

Auditors and the Board of Auditors

Nichirei has adopted a corporate auditing system whereby we appoint two outside auditors – one who has worked at a financial institution and one experienced attorney – among the total of four auditors. In principle, the Board of Auditors meets once per month, and holds additional meetings as necessary. One of these outside auditors heads the Nichirei Group's Director Review Committee, which considers and recommends rewards and punishments for corporate directors.

Independent Status of Outside Directors and Auditors; Participation in the Year Ended March 2009

Outside directors, outside auditors, their close relatives and any companies or organizations whose Boards of Directors they may serve on have no vested interest in Nichirei. In the year ended March 2009, our three outside directors attended 88% of regularly scheduled board meetings. They participated in discussions about business plans involving management strategy and investment, and in deliberations related to the construction of internal control systems, group strategies, the formulation of management policies, and in monitoring of business execution. The two outside auditors attended 100% of regularly scheduled auditors' meetings, and offered opinions about issues such as asset policies, business plans, and compliance issues.

Committees

In order to insure that our corporate governance functions effectively, Nichirei has established the following committees to serve as advisory bodies to the Board of Directors: Group Human Resources Committee, Group Risk Management Committee, Group Environmental Protection Committee, Group Quality Assurance Committee, Group Internal Control Committee, and Group Director Review Committee. In addition, we established a Management Committee, Intellectual Property Management Committee and Group Employee Review Committee to assist the president. The committees meet as follows:

Group Human Resources Committee	Convened by the chairperson twice yearly plus as needed	Group Director Review Committee	Convened by the committee chairperson as necessary
Group Risk Management Committee	Convened by the chairperson twice yearly plus as needed	Management Committee	Meets every Tuesday except for the third Tuesday of each month
Group Environmental Protection Committee	Convened by the chairperson twice yearly plus as needed	Intellectual Property Management Committee	Convened by the committee chairperson as necessary
Group Quality Assurance Committee	Convened by the chairperson twice yearly plus as needed	Group Employee Review Committee	Convened by the committee chairperson as necessary
Group Internal Control Committee	Convened by the chairperson twice yearly plus as needed		

Risk Management

The Nichirei Group manages the various risks associated with its business activities in the most appropriate and rational ways from a comprehensive standpoint. In order to maximize the Group's corporate value, we established a Group Risk Management Committee chaired by the president. Under Nichirei's risk management system, our holding company and each operating company takes independent measures depending on the types of risk each one faces. Important matters are reported to and discussed by the Board of Directors of the holding company. Nichirei also works to minimize risk by an internal reporting system (Nichirei Hotline).

Internal Audits, Audits by Outside Auditors, and Financial Auditing

In order to audit group management effectively, the auditors of our holding company and three core operating companies cooperate through such means as regularly holding liaison conferences and conducting joint audits. The Corporate Internal Audit Division consists of 11 members, including related staff. It verifies the status of internal controls throughout our management activities by conducting audits of business operations and financial accounts, and offers advice where necessary. In this way, the division ensures thorough legal compliance and observance of our code of conduct, strives to raise awareness of risk management, monitors the condition of facilities at our production plants, distribution centers, and other workplaces, and provides appropriate guidance and advice as part of facility audits.

Ensuring thorough Compliance

Nichirei takes various actions to bolster group-wide compliance with laws and ethics. In order to ensure that all employees comply with laws and Nichirei's internal regulations and behave in accordance with corporate ethics, we created and distribute a "Code of Conduct" and "Examples of Codes of Conduct Application." In addition, we conduct compliance training sessions for regular employees, in order to gain broader and deeper understanding of principles and systems of compliance management.

Thorough Internal Controls

The Nichirei Group is aware that we can increase corporate value by instituting and implementing an internal control system with goals like improving operational effectiveness and efficiency, ensuring the reliability of our financial reports, ensuring legal and ethical compliance in our business activities, and protecting our assets. We determined the basic policies underpinning our internal control system in accordance with the Corporate Law that took effect in May 2006, but we try to improve the system in response to changes in the management environment and other external factors.

Director Compensation

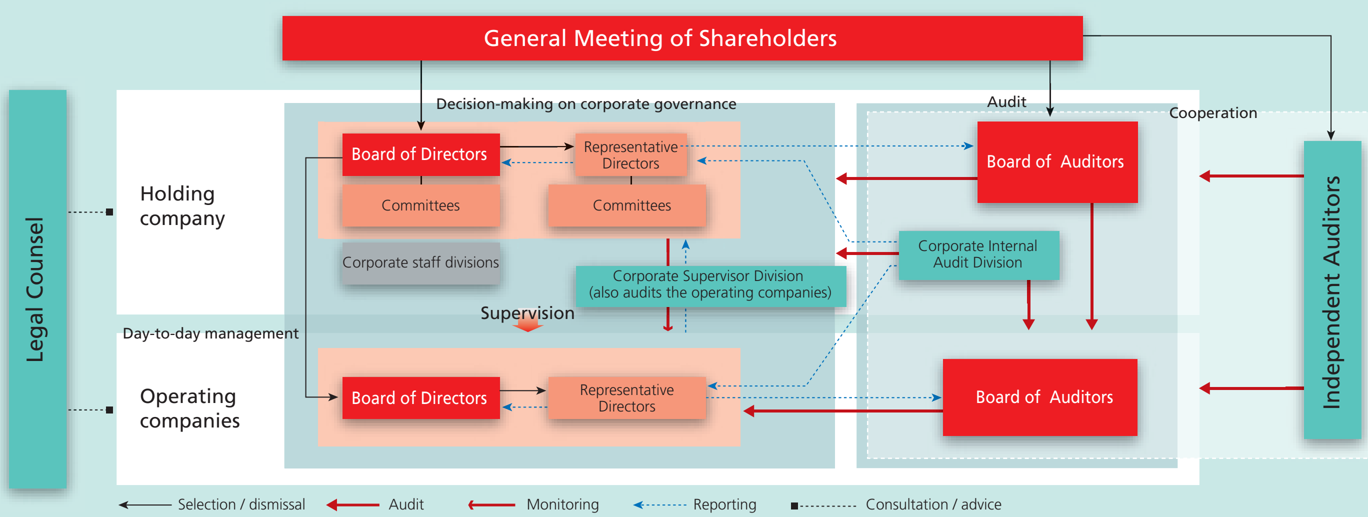
We use a performance-linked system for determining director compensation. We evaluate each member of the Board based on the scope of their responsibilities and the extent to which the Company achieves initial goals for the term regarding economic value added, operating income, net income and other performance indicators.

Corporate Officer Compensation

Officer	Number of officers	Total compensation	Remarks
Director	10	181 million yen	3 outside directors received 25 million yen
Auditor	5	65 million yen	3 outside auditors received 16 million yen

Notes: 1. "Total compensation" includes bonuses of 50 million yen paid to directors for the fiscal year ended March 2009.
2. The above figures include one outside auditor who retired as of the adjournment of the general shareholders' meeting held on June 25, 2008.

Diagram of Corporate Governance Structure



Directors, Auditors and Officers

Mitsudo Urano
Representative Director and Chairman

Toshiaki Murai
Representative Director and President

Yoshihiko Soma
Senior Managing Executive Officer

Hisashi Hasegawa
Senior Managing Executive Officer

Yutaro Mita
Managing Executive Officer

Directors

Representative Director and Chairman
Mitsudo Urano

Representative Director and President
Toshiaki Murai

Senior Managing Executive Officers
Yoshihiko Soma
Hisashi Hasegawa

Managing Executive Officer
Yutaro Mita

Executive Officers
Yoshio Kawai
Takeshi Ara

Outside Directors

Mitsuo Hirose
Director and Senior Advisor,
Pacific Golf Group International Holdings K.K

Toshiki Sumitani
Professor, Kenichi Ohmae Graduate School of Business

Miyuri Kawamata
Professor, Faculty of Business Administration,
Yokohama National University

Auditors

Corporate Auditors
Kazuaki Nagatsuka
Hidetoshi Yamaguchi

Outside Auditors
Kunitaro Saida
Mitsuru Annen

Officers

Executive Officers
Takashi Nakamura
Tatsuo Yamada
Yasuyoshi Mori

Corporate Social Responsibility

In order to develop in a sustainable way, we intend to actively fulfill our corporate responsibilities to society from six standpoints: 1) creation of new customer value, 2) improving employee job satisfaction, 3) legal compliance, 4) corporate governance, 5) concern for the environment, and 6) contribution to society. Below is an explanation of our policies and achievements regarding environmental preservation and contributions to society. (For details, see "Nichirei CSR Report 2009.")

Supplying Safe and Reliable Products

In order to deliver stable supplies of safe and reliable food products, the Nichirei Group has established a global procurement network with reliable partners and formed quality control systems based on cultivation management, agricultural chemicals management, and trace back system management, etc.

Safety and Reliability in Overseas Ingredient Procurement

Ingredients used in frozen vegetables produced in China are grown by farms operated directly by or under contract with production plants selected according to Nichirei's Group-wide cultivation management standards. A field monitor from the factory makes regular visits to the farms where he inspects, manages, and gives guidance. In addition, specialized staff from Nichirei Foods' China office regularly check farms and control data to increase the thoroughness of our management system.

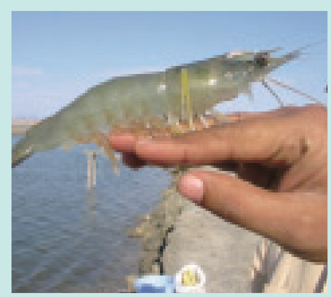
Agricultural chemicals are controlled very strictly, from selection and purchase to storage and application. Production plants prepare lists of agricultural chemicals to apply based on Japanese standards for usage of such chemicals, and Nichirei Foods' China office and the Nichirei Quality Assurance Division carefully check these lists. The production plants then purchase the chemicals from pre-designated manufacturers or suppliers.

Application of chemicals is performed under the guidance and supervision of the factory's field monitor.

Nichirei has also created a "trace back system," whereby we print a code on each product package that allows us to trace back every process from cultivation of ingredients through final processing. Should a problem arise, this system enables us to determine the cause and prevent damage from occurring or stop it from spreading.

Quality Control of Premium Ingredients

Both in Japan and overseas, Nichirei Fresh Inc. develops, procures, and supplies "premium ingredients," i.e. valuable merchandise that is easy on consumers and the environment, while always aiming for freshness, good taste, safety, reliability, good health, and environmental responsibility. We believe that concern for safety and reliability are the most important factors that make our products "premium ingredients" or "valuable merchandise." We define these qualities in ways that satisfy our customers, create process standards in line with those definitions, confirm that our systems meet those standards, monitor production systems, and implement traceability mechanisms that allow us to trace products' history and eliminate substandard goods.



Quality Assurance

In order to deliver safe and reliable merchandise, Nichirei Group operating companies carry out quality assurance activities in line with the Group's basic quality assurance policies and Quality Control Standards, and according to the particular products and services offered by each operating company.

Quality assurance activities are assessed from a management standpoint through the quality assurance committees of the entire Group and of each operating company as part of our ongoing effort to improve our quality assurance systems. The committees share information about points that need improvement, and opinions and requests from customers, etc.

Environmental Preservation

As a company that deals in food, which is greatly affected by climate changes, the Nichirei Group is working on reducing carbon dioxide generation throughout the supply chain and as a result of the activities of our customers and employees.

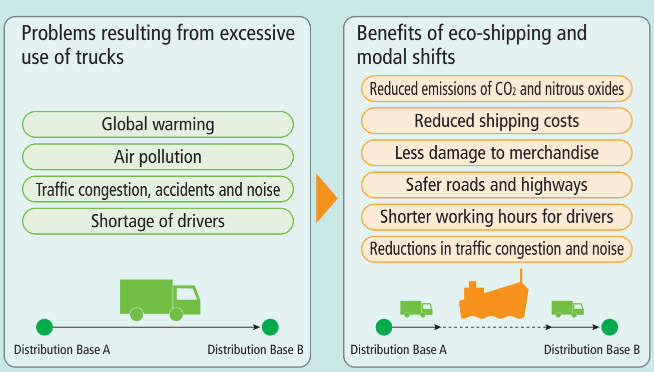
Working to Reduce CO_2 Emissions

In order to reduce CO_2 generation in distribution, we have been reviewing distribution flows and proposing and implementing new solutions. In February 2009, we were awarded by Japan's Ministry of Land, Infrastructure, Transport and Tourism for being among the best supporters of eco-ship modal shift projects in recognition of shared deliveries of frozen foods between the Kyushu and Kanto regions by Logistics Planner Inc. (part of Nichirei Logistics Group) and Nichirei Foods Inc.

As a way of reducing CO_2 emissions related to our products, Nichirei Foods has been reducing plastic usage by making packages lighter and more compact and by introducing more eco-friendly materials, while paying close attention to the maintenance of product quality.

In addition to introducing photovoltaic-powered facilities at factories and refrigerated warehouses, etc., we have been purchasing "green power certificates"* for our offices. In the fiscal year ended March 2009, Nichirei Fresh purchased certificates covering the equivalent of some 4,000 kWh of biomass-generated electricity that was used to power the venue for a seminar focusing on food, environmental issues, and Nichirei's efforts to develop eco-friendly "premium ingredients" and protect natural resources. Also, in January 2008, Nichirei Biosciences Inc. introduced a system of measuring electric power consumption as a way of visualizing energy usage. As a result, the company can now see clearly how much power is being used by each area of its development center.

*Green power certificates: a mechanism for offsetting the use of non-renewable power by companies that are located far from natural power generation facilities by trading in certificates that represent the added environmental value of CO_2 reductions achieved by generating power from natural, renewable sources.



Social Contributions in Keeping with Nichirei's Corporate Character

As a business concerned with food and health, the Nichirei Group promotes forms of social contribution in which our employees participate, both through our business activities and in fields outside of our business activities but broadly related to food, health, or sports. Our holding company and operating companies conduct educational activities related to food or distribution, contribute to local communities, and engage in environmental protection activities, etc. At quarterly meetings of the Group's Social Contribution Committee, Group companies exchange information about policy implementation and make use of the information in planning the next year's activities.

Food Education

Nichirei Foods Inc. promotes food education by participating in educational fairs sponsored by local communities. For example, at Osaka Food Education Festa 2008, sponsored by the Osaka prefectural government, Nichirei Foods participated along with 18 other food-related companies in the "Healthy Osaka 21 Foods Education Promotion Business Association." We demonstrated our unique frozen food production technology, using warm "Honkaku-itame Cha-han (Authentic Fried Rice)" and snow dry ice, allowing a large number of people to experience frozen food production and how food changes temperature around the time of freezing.

Also, at Nichirei Foods' six directly operated factories in Japan, we offer educational factory tours for elementary and junior high school students from the surrounding communities. In addition to an introduction to Nichirei Foods' business and experiential components including a walk-through tour of the factory and an opportunity to feel the freezing temperatures inside a frozen warehouse, each facility takes advantage of its employees' creativity to devise its own unique tour program. In the fiscal year ended March 2009, we conducted 55 "Kids' Tour – Experience!" factory tours.

Financial Section

Financial Highlights

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31

	2000	2001	2002	2003
Income Statement Data (¥ Million)				
Net sales	¥ 569,482	¥ 560,006	¥ 558,191	¥ 563,440
Gross profit	103,840	103,884	99,482	102,121
Operating income	16,973	18,596	14,016	18,275
Income (loss) before income taxes and minority interests	7,979	6,503	5,235	9,377
Net income (loss)	4,326	4,020	4,062	5,216
Balance Sheet Data (¥ Million)				
Total assets	¥ 370,623	¥ 367,770	¥ 353,385	¥ 330,703
Interest-bearing debt*5	194,840	172,704	167,439	145,394
Total liabilities	287,008	277,229	264,728	238,925
Shareholders' equity*6	82,624	89,395	87,649	90,666
Other Selected Data (¥ Million)				
Capital expenditures	¥ 31,310	¥ 11,672	¥ 10,282	¥ 9,537
R&D expenditures	2,339	2,238	2,294	2,279
Per Share Data (¥)				
Net income – basic	¥ 13.91	¥ 12.93	¥ 13.06	¥ 16.16
Cash dividends	6	6	6	6
Shareholders' equity*6	265.80	287.58	282.00	291.46
Financial Ratios (%, Times)				
Gross profit margin	18.23%	18.55%	17.82%	18.12%
Operating margin	2.98	3.32	2.51	3.24
Return on equity (ROE)	5.3	4.7	4.6	5.9
Debt-to-equity*5	2.36	1.93	1.91	1.60

Medium-Term Plan (2002-2004)

Improved D/E ratio from 1.91 to 0.66 by halving interest-bearing debt, and reached the target that was set for strengthening the balance sheet

Improved gross profit margins and operating margins thanks to "Select and Focus" to narrow product lines

Improved profit margins further by concentrating on Processed Foods and Logistics as Nichirei's core businesses

Notes:
1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥98.26=U.S.$1, the approximate Tokyo foreign exchange market rate as of March 31, 2009.
2. For the year ended March 31, 2009, five subsidiaries were included and three were excluded from consolidation, resulting in a total of 73 consolidated subsidiaries. In addition, an affiliate was newly accounted for while three affiliates ceased to be accounted for by the equity method, for a total of 13 equity-method affiliates.
3. On Oct. 1, 2003, Yukiwa Co., Ltd. merged with Ryoshoku Food Service Limited, a subsidiary of Ryoshoku Limited, to form RY Food Service Limited. As of the date of the merger, the former Yukiwa was no longer treated as a consolidated subsidiary, but was reclassified as an equity-method affiliate. Yukiwa's exclusion from the consolidated accounting had a negative impact on this term's consolidated sales and operating income relative to the previous term. The negative effect for the year ended March 2004 was 52.8 billion yen in sales and 700 million yen in operating income. For the fiscal year ended March 2005, the negative impact was 53.5 billion yen in sales and 200 million yen in operating income.
4. The figures for interest-bearing debts do not include leased obligations.
5. Shareholders' equity for the years ended March 2006 and thereafter = net assets – minority interests.

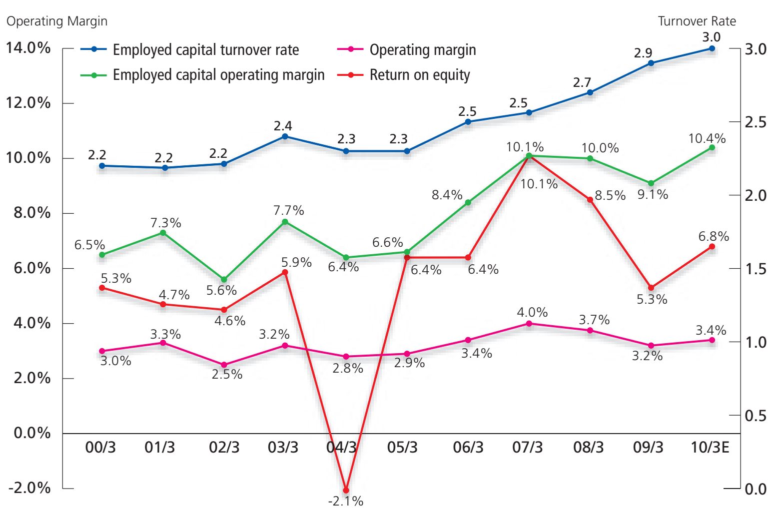
Increased shareholders' equity in order to build a management base that will guide Nichirei onto a long-term growth track

Gradually increased capital expenditures to promote growth

2004	2005	2006	2007	2008	**2009**	Percent change 2009/2008	**2009**
							Thousands of U.S. dollars
¥ 496,611	¥ 461,426	¥ 469,411	¥ 457,655	¥ 463,591	¥ **474,515**	2.4%	$ **4,829,179**
95,510	88,836	91,577	88,799	89,794	**87,328**	(2.7)	**888,750**
13,976	13,482	16,014	18,148	17,355	**15,142**	(12.7)	**154,108**
(3,817)	10,830	13,138	19,200	16,472	**11,362**	(31.0)	**115,638**
(1,891)	5,878	6,293	10,845	9,623	**6,020**	(37.4)	**61,267**
							Thousands of U.S. dollars
¥ 284,700	¥ 276,417	¥ 268,501	¥ 269,166	¥ 257,812	¥ **287,296**	11.4%	$ **2,923,842**
124,388	111,984	86,209	72,971	66,138	**87,904**	32.9	**894,611**
194,010	181,779	165,246	156,094	141,323	**174,096**	23.2	**1,771,798**
90,176	94,007	102,624	111,035	114,262	**110,958**	(2.9)	**1,129,236**
							Thousands of U.S. dollars
¥ 6,848	¥ 6,397	¥ 7,496	¥ 9,751	¥ 7,770	¥ **14,883**	91.5%	$ **151,475**
2,090	2,075	2,042	2,034	2,050	**2,191**	6.9	**22,305**
							U.S. dollars
¥ (6.28)	¥ 18.45	¥ 19.83	¥ 34.97	¥ 31.04	¥ **19.42**	(37.4)%	$ **0.198**
6	6	9	8	8	**9**	12.5	**0.092**
290.38	302.50	330.40	358.08	368.56	**357.85**	(2.9)	**3.641**
19.23%	19.25%	19.51%	19.40%	19.37%	**18.40%**	–	–
2.81	2.92	3.41	3.97	3.74	**3.19**	–	–
(2.1)	6.4	6.4	10.1	8.5	**5.3**	–	–
1.38	1.19	0.84	0.66	0.58	**0.77**	–	–

Medium-Term Plan (2005-2007)   Medium-Term Plan (2008-2010)

ROIC and ROE



1.The Medium-Term Plan currently underway sets targets for return on equity (ROE) of 10% within approximately five years, and for shareholder returns a dividend on equity (DOE) of 2.5% with a payout ratio of 25%.

2.Profitability declined considerably during FY09/3, as rises in raw material costs could not be absorbed by product price increases, and market conditions softened for imported chicken. This led to a falloff in the operating margin, and a decline in return on capital employed (ROCE). However, the capital turnover rate (CTR) continued rising 0.2 points, on higher revenues for Marine Products, Meat and Poultry Products, and Logistics as employed capital remained on a par with the previous fiscal year. For FY10/3, we forecast that as a result of lower raw material costs in Processed Foods and other factors, the operating margin will recover, and the CTR will rise 0.1 points.

3.ROE declined considerably to 5.3% in FY09/3. This was due mainly to the decline in earnings, along with a one-time loss of ¥1.7 billion related to the introduction of lease accounting recorded as an extraordinary loss. For FY10/3, we forecast that ROE will rise 1.5 points as a result of the increase in earnings, and a ¥1.5 billion improvement in extraordinary items.

Notes:
(i) Return on equity (ROE) is calculated from net income (loss). Capital employed = Shareholders' equity + Interest-bearing debt (excluding lease obligations) - cash and cash equivalents.
(ii) In FY07/3, extraordinary income of ¥3.0 billion was recorded on the sale of an affiliate company. Calculated excluding the effects of this income, ROE would be 8.5%.
(iii) In FY09/3, an extraordinary loss of ¥1.7 billion was recorded for the difference from previous fiscal years related to the adoption of lease accounting. Calculated excluding the effects of this loss, ROE would be 6.3%.

Management's Discussion and Analysis

OPERATIONS

Business Environment

Japan's economy in the fiscal year ended March 2009 experienced one of its worst recessions ever. Prices of oil, grains, and other commodities rose sharply in the first half, and then in the second half, when a global credit crunch that originated with the U.S. subprime crisis led to a sharp, unprecedented downturn in consumer spending, cutbacks in business investment, and a deterioration in job conditions, exchange rates and prices of stocks, marine products, agricultural and livestock products, and other commodities became even more volatile.

In the food industry, our business field, business conditions became very challenging and overall volume declined. A number of problems related to food safety and labeling arose, heightening consumers' awareness of food safety and reliability. At the same time, the recession led to a slump in spending and made consumers more price conscious.

Overview

Faced with these unprecedented conditions, we strove to increase the Group's value and establish a foundation for growth at home and overseas during the fiscal year, the second year of our Medium-Term Plan (April 2007 – March 2010). Specifically, we tried to create value for our customers, expand globally, acquire, partner, or merge with other companies, and strengthen our quality assurance system, in line with the plan's theme of "Advance & Challenge."

With fewer choices for companies to raise financing because of the recession, we took out long-term bank loans ahead of schedule to have the funds to refinance other long-term financing and build new logistics centers in the next fiscal year. We also took other steps to increase liquidity and be financially stable.

Operating Results

Net sales for the fiscal year through March 2009 increased 2.4% from the previous year to ¥474,515 million. Sales grew strongly in the Meat and Poultry Products business, thanks to chicken. Sales also rose in the Logistics business, owing to the Regional Storage and Logistics Network businesses; in Marine Products business, thanks to the shrimp business in the first half; and in Other Operations, as a result of industrial cell-culture media in the biosciences business. However, sales declined in Processed Foods business, owing mainly to a sharp decline in sales of acerola, and in Real Estate, where sales volume shrank.

Operating income fell 12.7% from the previous year to ¥15,142 million. The operating margin declined from 3.7% to 3.2%. Operating income declined in the Logistics business because of fuel surcharge costs and a sharp decline in transport demand; in the Processed Foods business because of an increase in material costs; and in the Meat and Poultry Products business because of sharp declines in domestic imported chicken prices. Operating income also fell in Real Estate and Other Operations. However, operating income increased in the Marine Products business as the impact of an increase in the volume of shrimp, which was strong in the first half, offset the impact of sharp price volatility in the second half.

Among the key cost items, cost of sales rose 3.6% from the previous year to ¥387,186 million, or 81.6% of net sales, up 1.0 percentage point. Selling, general and administrative expenses declined 0.4% to ¥72,185 million. Within this category, transport and storage costs, sales commissions, executive compensation and employee salaries, bonuses, and allowances, retirement benefit costs, mandatory employee benefits, outsourcing costs, and R&D increased, while sales promotion expenses, advertising expenses, travel, transportation, and communication costs, and rent decreased.

■Performance by Segment

Processed Foods

	2008.3	2009.3	Change (%)
Net sales	¥175,008	¥174,027	-0.6
Operating income	4,112	2,023	-50.8
Operating margin	2.3%	1.2%	

(¥ Million)

Conditions were very challenging for the Processed Foods business in the year ended March 2009. A number of problems related to food safety and labeling arose during the year. In the first half, sharp increases in material costs led to food product price increases and a weak overall market. In the second half, prices of oil, grains, and other commodities started to decline and consumers became increasingly price conscious. The amount that consumers spent on prepared frozen foods for the household market declined 1.7% from the previous year, according to a national panel survey of consumer households.

Under such market conditions, net sales of our Processed

Foods for the fiscal year through March 2009 slipped 0.6% from the previous year to ¥174,027 million. Overall sales were in line with the previous year's, as weak sales of acerola beverages and prepared frozen foods for the household use, the latter owing to an overall market slump, were offset by relatively strong sales of prepared frozen foods for the commercial use. Operating income fell 50.8% to ¥2,023 million. We raised some sales prices to stay profitable and spent efficiently on advertising and sales promotion expenses, thereby reducing overall product flow costs by 6.6% from the previous year. These costs as a percentage of sales improved by 0.9 percentage point. However, a 0.8% increase in distribution costs, and increase in product and material costs, and weak sales of acerola beverages had a heavy impact.

(a) Prepared Frozen Foods for Household Use

The overall market was weak because of a number of food safety-related problems. However, sales of fried chicken and shrimp pilaf were strong, as were sales of such new products as six items in the "Kokusan Sozai" series of products made at Japanese plants with Japanese key ingredients and "Ebi Shio Chahan" (salted shrimp fried rice), which is targeted at women. Net sales of these foods were in line with the previous year's, slipping only 0.9% to ¥46.1 billion. Also, efficient spending on advertising and marketing contributed to an increase in profits on the products.

(b) Prepared Frozen Foods for Commercial Use

Net sales of fried chicken and other processed chicken products, mainly for the home meal replacement market, increased. Sales also rose for croquette products. Popular ones included meat croquettes made with "Kita-akari" potatoes from Tokachi, Hokkaido, part of a series of new "Sozaibin" products with a focus on good taste and reassuring ingredients and made in cooperation with local producers, and gratin croquettes made with milk produced at the foot of the Zao Mountains. As a result, overall sales of these products increased 3.6% to ¥86.9 billion. Profits on the products decreased, however, because product price increases and a reduction in a range of costs, from purchasing to sales costs, were insufficient to offset the impact of higher product and material costs.

(c) Frozen Agricultural Products

Net sales of frozen vegetables for households were again lower than in the previous year, as consumers stayed away from Chinese products, but sales of potatoes and green soybeans for commercial use were strong. Overall sales of agricultural products increased 1.9%, and profits on the products also rose.

(d) Acerola

Despite a full-fledged revamp and other efforts to strengthen acerola beverage brands, drink sales were weak, declining 28.7% from the previous year. Profits on the drinks also fell. We formed Nichirei Suco Inc. as part of our global strategy for the fruit juice business and began developing a structure for fruit juice sales in the Asia and Oceania region, in addition to Europe.

(e) Wellness Foods

Net sales of wellness foods increased 12.4% thanks to contributions from Heart & Heart Life Support Inc. and Smile Diner Inc., which became consolidated subsidiaries in the previous year. Profits on the products, however, declined because the sales growth was insufficient to offset higher fixed costs.

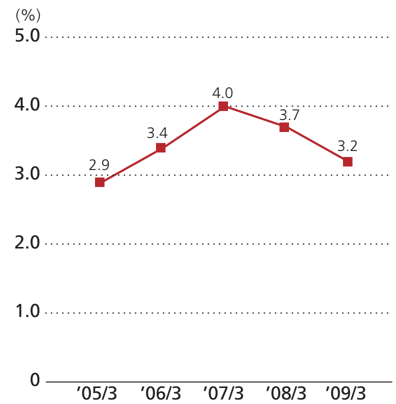
For the Processed Foods business, we expect net sales in the fiscal year ending March 2010 to increase 1.9% to ¥177,400 million and operating income to jump 117.5% to ¥4,400 million because of strong growth for products for the home meal replacement market, a rebound in the market for prepared frozen foods for the household use, and improved profitability from a decline in material costs and an increase in prices of products for the household use.

Marine Products

	2008.3	2009.3	Change (%)
Net sales	¥74,668	¥76,078	1.9
Operating income	(455)	275	–
Operating margin	–	0.4	–

(¥ Million)

Operating Margin 2005-2009



Market conditions for marine products were very volatile during the fiscal year through March 2009. In the first half of the fiscal year, worldwide demand for marine products increased again, as it did in the previous year, and fishing costs rose because of a sharp rise in fuel costs. Competition among food companies to purchase marine product supplies thus intensified. In the second half, though, domestic and overseas demand for marine products declined sharply as a result of a slump in consumer spending and exchange rate fluctuations stemming from the global financial crisis. Marine product imports in calendar 2008 decreased 4.0% in volume terms and 3.9% in value terms from 2007. The volume of shrimp imports declined 5.7% to 202,000 tons.

Net sales in our Marine Products business increased 1.9% from the previous year to ¥76,078 million with help from the development and sale of products with select materials and an optimal degree of processing that meets the market's varied needs, as well as sales of such core products as processed shrimp and sushi toppings. Operating income in the business totaled ¥275 million, versus the previous year's loss of ¥455 million, thanks to cost savings from an integration of purchasing and sales, a consolidation of business offices, and organizational reform.

(a) Shrimp

Net sales of shrimp, a core product in the Marine Products business, increased 0.1%. Sales of shrimp including Central and South American shrimp were weak in whole, but sales of shelled shrimp and processed shrimp were strong. Profits on shrimp increased thanks to improved margins on Southeast Asian shrimp and processed shrimp.

(b) Other Seafood

Net sales of marine products other than shrimp increased 5.0% from the previous year because of a rise in the volume of frozen fish and shellfish sold to food processors. Profits on these products, however, were only about the same as in the previous year because of reductions in the volume of octopus and fish egg products, the costs of which stayed high.

We expect segment net sales in the fiscal year ending March 2010 to be ¥76,100 million, about the same as in the fiscal year ended March 2009, and segment operating income to rise 45.4% to ¥400 million because of further selection of products that can generate steady profits, such as growth-driving shrimp and processed products, and contributions from the wide-area sales structure developed in 2008.

Meat and Poultry Products

	2008.3	2009.3	Change (%)
Net sales	¥83,939	¥92,517	10.2
Operating income	609	(30)	–
Operating margin	0.7%	–	

(¥ Million)

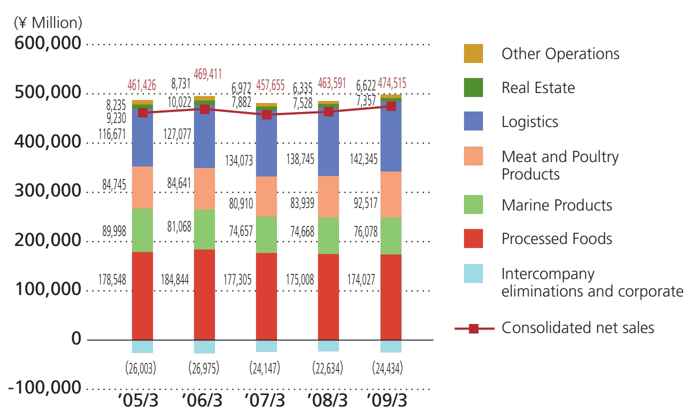
Market conditions for meat and poultry products remained very challenging. In the year through March 2009, sharp increases in feed prices worldwide pushed up the costs of producing meat and poultry products, and the costs of domestic and imported products stayed high. In the second half, Japanese prices of imported chicken declined sharply because of drastic changes in supply-demand conditions at home and abroad, partly owing to a decline in feed grain prices and exchange rate fluctuations.

In our Meat and Poultry Products business, the volume of domestic and imported products increased substantially, with help from strong domestic demand for chicken and pork. Net sales rose 10.2% to ¥92,517 million, but operating losses totaled ¥30 million partly because of a sharp decline in Japanese prices of imported chicken.

(a) Chicken

Sales of chicken increased 21.3% thanks to a substantial increase in the volume of domestic and imported frozen foods, but losses resulted from steep declines in the market prices of chicken from Brazil, the import volume of which rose sharply.

Net Sales by Segment 2005-2009



(b) Beef

Sales of beef increased 0.9% from the previous year. Domestic beef prices stayed high and volumes declined, but sales of Australian beef rose as a result of increased demand for its use in other products.

(c) Pork

Sales of imported frozen pork and domestic pork were strong and rose 5.2%, owing to solid domestic demand.

We expect net sales in the fiscal year ending March 2010 to increase 2.7% to ¥95,000 million and operating income to reach ¥700 million because of supply-demand adjustments for Brazilian chicken, the main reason for the segment losses in the fiscal year ended March 2009, and the ongoing rebound in the amount of Brazilian chicken consumed.

Logistics

	2008.3	2009.3	Change (%)
Net sales	¥138,745	¥142,345	2.6
Operating income	8,506	8,231	-3.2
Operating margin	6.1%	5.8%	

(¥ Million)

Conditions worsened further for the temperature-controlled logistics industry in the fiscal year through March 2009. Higher oil prices and measures to minimize the impact on the environment and improve product quality pushed up overall costs. Although the transport industry benefited from a downturn in oil prices in the second half, transport demand severely slumped because of the economic recession. In the refrigerated warehouse industry, inventory levels rose because the recession hurt the volume of cargo moved, and storage profits temporarily stabilized as a result. However, cargo-handling profits worsened because of a decline in the volume of goods placed into or taken out of storage. The volume warehoused in the 12 largest cities totaled 10,384,000 tons, about the same as in the previous year, and the average overall inventory ratio rose 1.6 percentage points to 35.5%.

Even under such conditions, our Logistics business managed to increase net sales by 2.6% to ¥142,345 million, thanks to an increase in volume in the Logistics Network Business, a continuation of operations tailored to local areas in the Regional Storage Business, the startup of new logistics centers, and strong results in Europe and China (Shanghai). However, segment operating income fell 3.2% to ¥8,231 million owing to fuel surcharge costs and a drastic slump in transport demand.

(a) Logistics Network Business

Net sales in the business increased 1.8% to ¥72,187 million. Supermarket logistics center operations, department store logistics operations, and other established businesses did well, and convenience store delivery operations and fruit and vegetable market operations, which started up in the previous year, contributed to the sales growth. However, operating income fell 15.2% to ¥1,867 million because the impact of higher costs from fuel surcharges and a slump in transport demand in the second half of the fiscal year outweighed the impact of higher operating and transport efficiencies at logistics centers.

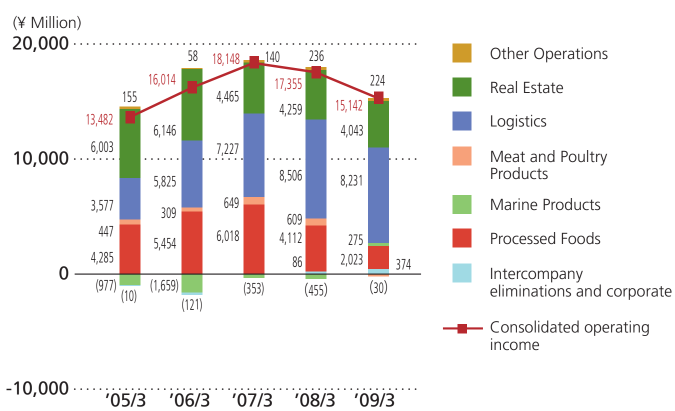
(b) Regional Storage Business

Net sales in the business rose 4.5% to ¥46,168 million. In the second half of the fiscal year, the industrywide volume of cargo slowed and the volume of goods placed into or taken out of storage fell sharply. We continued to tailor our operations to local areas, maintained inventory levels above the industry average throughout the year, and successfully started up new logistics centers. Despite our focus on low-cost operations, operating income increased only 0.5% to ¥4,954 million because of initial costs for the startup of the new distribution centers and costs for closing down old logistics centers in the Kansai area.

(c) Overseas Business

Sales in Europe (the Netherlands, Germany, and Poland) increased in local currency terms. The volume of fruit juice handled declined because hurricanes hit fruit-growing areas, but transport, customs, and storage operations in the

Operating Income or Loss by Segment 2005-2009



Netherlands and Germany did well as a result of sharp increases in the volume of chicken imported from Brazil. However, sales in yen terms were about the same as in the previous year because the euro weakened against the yen. Sales in China (Shanghai) increased thanks to growth in volume in the delivery operations for convenience stores and Japanese restaurant companies owing to aggressive cargo collection.

Profits increased thanks to higher margins from the consolidation of facilities in China in the previous year, improvements in product quality, and effective use of vehicles.

Net sales in the Overseas Business slipped 0.1% from the previous year to ¥22,358 million, but operating income rose 5.0% to ¥1,650 million.

We expect overall Logistics business net sales in the fiscal year ending March 2010 to increase 1.7% to ¥144,700 million but operating income to drop 7.7% to ¥7,600 million. Sales and profits in the Logistics Network Business are likely to increase thanks to growth in new transit center business and transport volume and an absence of fuel surcharge costs. However, sales and profits are likely to decrease in the Regional Storage Business, which may be hurt by high initial startup costs and a downturn in the volume of cargo moved owing to the recession, and in the Overseas Business, which may be hurt substantially in Europe by a weak euro.

Real Estate

	2008.3	2009.3	Change (%)
Net sales	¥7,528	¥7,357	-2.3
Operating income	4,259	4,043	-5.1
Operating margin	56.6%	55.0%	

(¥ Million)

Net sales in the Real Estate business declined 2.3% from the previous year to ¥7,357 million and operating income fell 5.1% to ¥4,043 million. We strove to increase income in the office building rental business and strengthen the earnings base by effectively using, managing, and maintaining properties owned by the Group, but sales of land declined.

(a) Real Estate Sales

We sold detached homes in Ushiku, Ibaraki Prefecture, and five sites, including one in Nagasaki, Nagasaki Prefecture, and one in the Hanamigawa district of the city of Chiba.

(b) Real Estate Rentals

We renovated rental office buildings, took steps to maintain occupancy rates, and installed energy-saving cooling, lighting, and other systems.

We expect net sales in the business in the fiscal year ending March 2010 to decline 4.9% to ¥7,000 million, owing to a drop in land sales, and operating income to fall 11.0% to ¥3,600 million.

Other Operations

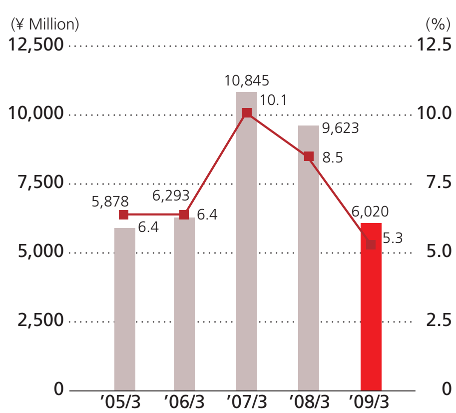
	2008.3	2009.3	Change (%)
Net sales	¥6,335	¥6,622	4.5
Operating income	236	224	-5.0
Operating margin	3.7%	3.4%	

(¥ Million)

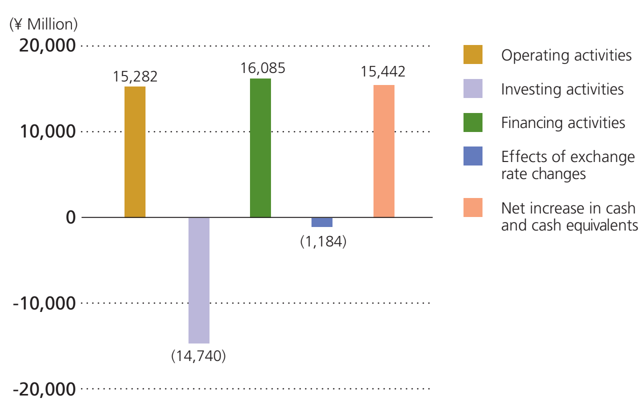
In the biosciences business, sales of industrial cell-culture media and histological stains increased. As a result, net sales in Other Operations grew 4.5% to ¥6,622 million, but operating income declined 5.0% to ¥224 million.

We expect net sales in the business in the fiscal year ending March 2010 to increase 4.2% to ¥6,900 million.

Net Income and ROE 2005-2009



Cash Flows 2009



Other Income and Expenses

The net amount of other income and expenses in the fiscal year through March 2009 was ¥3,780 million, up from ¥883 million in the previous year. The main factors were ¥1,731 million in losses related to the application of lease accounting standards, a ¥649 million increase in interest expense, a ¥366 million decline in gains on the sale of investment securities, ¥45 million in losses on the devaluation of investment securities, and ¥137 million of valuation losses on memberships.

Income before Income Taxes and Net Income

As a result of the above, income before income taxes and minority interests totaled ¥11,362 million, down 31.0% from the previous year. Net income fell 37.4% to ¥6,020 million, or ¥19.42 per share, down from ¥31.04 a year earlier.

We forecast net sales in the fiscal year ending March 2010 will increase 1.5% to ¥481,400 million because of sales growth in the Processed Foods, Meat and Poultry Products, and Logistics businesses. We forecast operating income will rise 9.6% to ¥16,600 million thanks to lower material costs in the Processed Foods business and a normalization of supply-demand conditions for Brazilian chicken in the Meat and Poultry Products business. We expect these two factors to more than offset a profit decline in the Logistics business from unfavorable exchange rates and a slowdown in the volume of cargo moved.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Net cash provided by operating activities in the fiscal year ended March 2009 decreased ¥5,008 million over the previous year to ¥15,282 million. The main factors were a ¥4,257 million increase in depreciation and amortization to ¥13,738 million, a ¥3,929 million decrease in income taxes paid to ¥3,543 million, a ¥3,454 million increase in inventory, and refunds of ¥3,000 million of rental building deposits.

Net cash used in investing activities totaled ¥14,740 million, up ¥8,297 million from ¥6,443 million in the previous year. The main factors were a ¥2,878 million increase in property, plant and equipment to ¥11,761 million; ¥3,468 million for the acquisition of shares of Kyurei, related to a change in the scope of consolidation; and a ¥2,224 million decrease in proceeds from the sale of investment securities to ¥309 million.

Net cash provided by financing activities totaled ¥16,085 million, a ¥30,004 million improvement compared with net cash used of ¥13,919 million in the previous year. The major factors were a ¥7,000 million increase in funds from commercial paper to ¥8,000 million, a ¥24,632 million increase in long-term debt to ¥24,973 million, and a ¥5,000 million decrease in bond redemptions to ¥5,000 million.

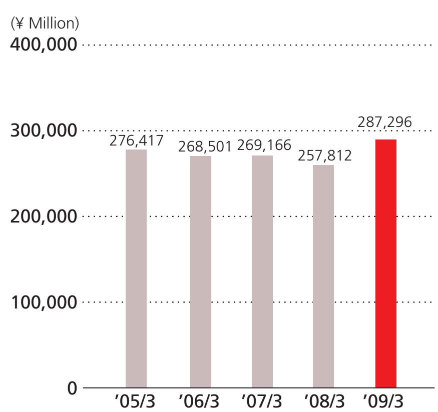
Free cash flow declined ¥13,305 million from the previous year to ¥541 million, but net interest expense improved from ¥1,349 million in the previous year to ¥1,291 million.

As a result of the activities described above, our balance of cash and cash equivalents at the end of March 2009 totaled ¥19,564 million, up ¥15,443 million from the previous year.

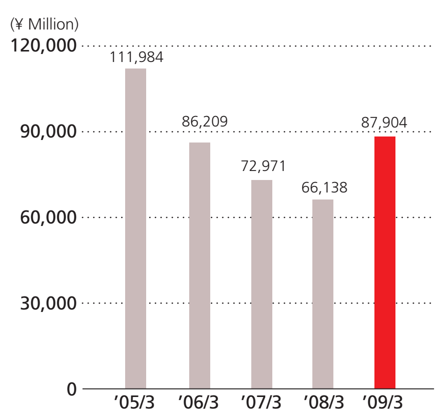
The Balance Sheet

Total assets increased ¥29,484 million yen from the previous year to ¥287,296 million. The primary factors were a net ¥19,236 million of lease assets newly recognized as a result of the application of lease accounting standards and a ¥15,443 million increase in cash and cash equivalents from the previous year to ¥19,564 million. This increase in cash came from long-term bank loans that we borrowed ahead of schedule, in light of financial conditions and so as to have the funds to invest in plant and equipment and refinance other long-term

Total Assets 2005-2009



Interest-Bearing Debt* 2005-2009



* Excludes lease obligations

financing that comes due in the fiscal year ending March 2010, and other efforts to increase liquidity and be financially stable.

Current assets increased by ¥13,492 million to ¥116,589 million mainly because of the growth in cash and cash equivalents.

Property, plant and equipment increased by ¥19,045 million to ¥130,921 million mainly because of a net ¥19,236 million of lease assets newly recognized.

Investments and other assets declined by ¥3,053 million to ¥39,785 million mainly because of a decline in investment securities.

Total liabilities increased by ¥32,773 million to ¥174,096 million. The main factors were ¥22,590 million of leased obligations newly recognized as a result of the application of lease accounting standards and a ¥12,710 million increase in long-term debt, including the current portion of these debt, to ¥66,428 million as a result of long-term debt that we borrowed ahead of schedule.

Current liabilities increased by ¥30,329 million to ¥111,576 million as a result of an ¥8,000 million increase in commercial paper, an ¥23,896 million increase in the current portion of long-term debt to ¥35,900 million, and ¥3,717 million of leased obligations newly recognized. Long-term liabilities rose by ¥2,444 million to ¥62,520 million, reflecting mainly a ¥11,186 million decrease in long-term debt, a ¥3,330 million decrease in rental building deposits received as a result of refunds of deposits, and ¥18,873 million of leased obligations newly recognized.

Interest-bearing debt increased by ¥19,925 million to ¥110,495 million, but excluding leased obligations recognized as a result of the application of lease accounting standards, the figure rose by ¥21,765 million to ¥87,904 million. Interest-bearing debt amounted to 6.1 times cash flow, down 1.9 years from the previous year.

Net assets totaled ¥113,199 million, down ¥3,288 million from the previous year. Shareholders' equity totaled ¥109,715 million, or 38.2% of total liabilities and net assets. This percentage declined 3.4 percentage points from the previous year. The debt-to-equity ratio (including leased obligations in debt) worsened by 0.16 point from 0.79 at the end of March 2008 to 0.96 at the end of March 2009. The ratio (excluding leased obligations from debt) worsened by 0.19 point from 0.58 at the end of March 2008 to 0.77.

Significant Risk Factors Impacting Operating Results

Significant risk factors we can determine as of the end of March 2009 that could affect investors' investment decisions, of which some involve possible future developments, include the following:

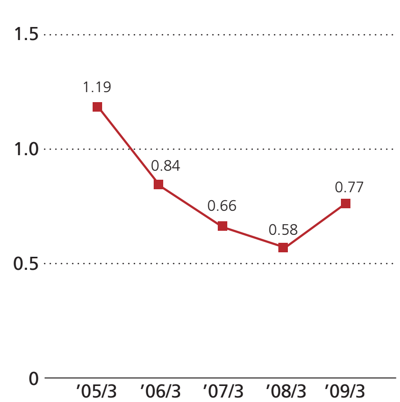
(a) Food safety issues

One of our primary businesses is the importation of food products and materials from outside Japan. If safety or other issues arise in connection with imported food, such as avian flu, BSE, agricultural chemical residue or antibiotics, for example, the Group could have difficulty procuring stable supplies of key products or materials needed for its Processed Foods, Marine Products, and/or Meat and Poultry Products business. In addition, if these problems lead to a reduction in the volume of food imports, then the volume placed into refrigerated warehouses in the Logistics business may decline. In these ways, the emergence of food safety problems could have a material impact on the Group's results.

(b) Fluctuations in prices of merchandise or materials, or in other costs

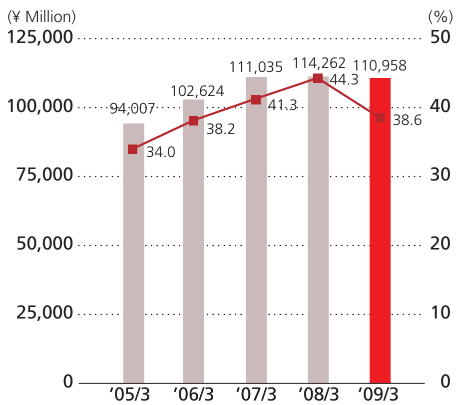
In the Marine Products business, we import our main products (e.g. shrimp, crab and octopus) from around the world. Prices of these products are affected by worldwide demand, harvest

Debt-to-Equity* 2005-2009



* Calculated using interest-bearing debt excluding lease obligations

Shareholders' Equity and Equity Ratio* 2005-2009



* Shareholders' equity for the years ended March 31, 2006 and thereafter = net assets - minority interests

sizes, and other factors, while at the same time domestic market prices for marine products are affected by the amount of fish caught off the coasts of Japan and domestic demand, etc. In the Meat and Poultry Products business, market prices for both domestic and imported meat and poultry can become very volatile in reaction to events that dramatically affect supply and demand, such as import bans imposed in response to food safety issues or the imposition of emergency import restrictions ("safeguard measures"). In the Processed Foods business, in which we convert the materials mentioned above as well as other materials into finished products, we work hard to improve production efficiency and to continually lower our cost of sales, but we are affected by fluctuations in crude oil and grain markets, and in the purchase prices of other materials. Thus, fluctuations in the prices of merchandise or materials, or in other costs, could have a significant impact on the Group's results.

(c) Product recalls

With the goal of earning customer trust in our products and services, the Nichirei Group has been working to establish a comprehensive quality assurance system that covers everything from product development and raw materials procurement to production and sales. With product safety and reliability as our highest priorities, we are establishing a solid trace back system that allows us to track down the origin of raw materials and setting up a team of quality and production control specialists. Despite such precautions, a major product recall stemming from claims against our products could have a significant impact on the Group's results.

(d) Risks involving long-term assets

In the Logistics business, the Nichirei Group owns many refrigerated warehouses, which are different from ordinary warehouses and require substantial capital investment. The recent expansion of highway networks and increased pace of consolidation in the food-delivery business have made such facilities in certain areas less important to shippers and thereby made it more difficult to secure cargo. In addition, a slump in warehousing demand as shippers reduce inventory levels could lead to increased price competition and a consequent deterioration in our earnings. In the Processed Foods business, Nichirei owns production facilities in a number of areas and has been improving productivity and product quality in response to a challenging operating environment stemming from a slump in sales, the obsolescence of plant and equipment, and demand for higher product quality. The consolidation of unprofitable facilities and the disposal of fixed assets, as part of our efforts to use capital more efficiently in all our businesses, could have a significant impact on the Group's results.

(e) Securities price risk

We own securities issued by companies we do business with for strategic business purposes. We make changes to our securities holdings as needed, based on our business strategies, efforts to improve the quality of our assets, and other factors.

All of the investment securities as of the end of this fiscal year are classified as available-for-sale securities. Losses associated with write-downs for impairments in their value could be incurred and affect the Group's results as a result of fluctuations in the values of those securities with market prices because of trends in the economic environment and corporate earnings, and in the values of those securities without market prices because of changes in the financial condition of the issuer.

(f) Exchange-rate risks

Insofar as one of our primary businesses is the importation of food products and materials from outside Japan, we face exchange-rate risks in our business transactions denominated in foreign currencies. To minimize these risks, we hedge by using currency exchange forward contracts, coupon swaps, and other types of derivatives. Nevertheless, exchange-rate fluctuations could have a significant impact on the Group's results.

(g) Changes in laws and regulations

In carrying out its domestic operations, the Group is subject to the Food Sanitation Law, the Warehouse Business Law, and other laws and regulations. In addition, in carrying out its overseas operations, the Group is subject to the laws and regulations of those countries. If unexpected laws and regulations are newly enacted, the Group's financial results could be materially affected.

(h) Information system security

The Group has developed appropriate system management procedures, but the management of operations could be adversely affected if system problems arise. The Group takes comprehensive actions to defend against computer viruses and manage information, but if unforeseen virus attacks hinder the management of operations or unauthorized access by outsiders to confidential company data and personal information results in costs and/or a loss of public credibility, then the Group's financial results could be materially affected.

Consolidated Balance Sheets

Nichirei Corporation and Consolidated Subsidiaries

As of March 31, 2008 and 2009

Assets	Millions of yen 2008	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2009
Current assets:			
Cash and cash equivalents *(Note 6)*	¥ 4,121	¥ 19,564	$ 199,104
Notes and accounts receivable – trade	64,325	60,231	612,976
Less allowance for doubtful accounts	(145)	(112)	(1,148)
Inventories *(Note 3)*	30,266	32,076	326,446
Deferred tax assets *(Note 10)*	1,004	1,134	11,545
Other current assets	3,525	3,695	37,613
Total current assets	103,097	116,589	1,186,538
Property, plant and equipment *(Notes 5 and 6)*:			
Land	30,434	32,884	334,666
Buildings and structures	193,500	192,394	1,958,017
Machinery and equipment	71,034	70,411	716,581
Leased assets *(Note 11)*	–	43,314	440,810
Construction in progress	915	993	10,106
	295,885	339,997	3,460,182
Less accumulated depreciation	(184,009)	(209,075)	(2,127,781)
Property, plant and equipment, net	111,876	130,921	1,332,401
Investments and other assets:			
Investment securities *(Notes 4 and 6)*	18,833	15,956	162,394
Investment in affiliates	5,470	2,837	28,874
Deferred tax assets *(Note 10)*	1,363	2,431	24,744
Other *(Notes 5 and 6)*	17,617	19,111	194,501
Less allowance for doubtful accounts	(447)	(551)	(5,611)
Total investments and other assets	42,838	39,785	404,902
Total assets	¥ 257,812	¥ 287,296	$ 2,923,842

The accompanying notes are integral parts of these statements.

Liabilities and net assets	Millions of yen 2008	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2009
Current liabilities:			
Short-term bank loans *(Note 6)*	¥ 10,419	¥ **11,474**	$ **116,781**
Commercial paper	2,000	**10,000**	**101,770**
Current portion of long-term debt *(Note 6)*	12,004	**35,900**	**365,365**
Accounts payables	26,083	**24,177**	**246,058**
Leased obligations	–	**3,717**	**37,831**
Income taxes payable	1,721	**3,150**	**32,061**
Accrued expenses	19,652	**17,797**	**181,131**
Accrued directors' bonuses	182	**177**	**1,804**
Other current liabilities	9,183	**5,179**	**52,712**
Total current liabilities	81,247	**111,576**	**1,135,518**
Long-term liabilities:			
Long-term debt *(Note 6)*	41,714	**30,528**	**310,693**
Accrued directors', statutory auditors' and employees' retirement benefits *(Note 15)*	3,191	**3,493**	**35,557**
Leased obligations *(Note 11)*	–	**18,873**	**192,074**
Deferred tax liabilities *(Note 10)*	1,834	**1,216**	**12,378**
Accrued impairment loss on non-capitalized finance leases *(Note 11)*	1,685	**–**	**–**
Negative goodwill	86	**61**	**625**
Other	11,565	**8,347**	**84,951**
Total long-term liabilities	60,076	**62,520**	**636,280**
Total liabilities	141,323	**174,096**	**1,771,798**
Net assets			
Shareholders' equity *(Notes 7 and 8)*:			
Common stock, with no par value			
Authorized – 720,000,000 shares			
Issued and outstanding – 310,851,065 shares	30,307	**30,307**	**308,445**
Capital surplus	23,711	**23,711**	**241,310**
Retained earnings *(Note 19)*	53,678	**56,045**	**570,375**
Less treasury stock, at cost	(359)	**(348)**	**(3,542)**
Total shareholders' equity	107,338	**109,715**	**1,116,588**
Valuation, translation adjustments and other:			
Net unrealized holding gain on securities	4,141	**2,241**	**22,815**
Net deferred (loss)/gain on hedges	(101)	**51**	**525**
Translation adjustments	2,882	**(1,050)**	**(10,692)**
Total valuation, translation adjustments and other	6,923	**1,242**	**12,648**
Minority interests in consolidated subsidiaries	2,226	**2,241**	**22,807**
Total net assets	116,488	**113,199**	**1,152,043**
Total liabilities and net assets	¥ 257,812	¥ **287,296**	**$2,923,842**

The accompanying notes are integral parts of these statements.

Consolidated Statements of Income

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2008 and 2009

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2008	2009	2009
Net sales	¥ 463,591	¥ 474,515	$ 4,829,179
Operating costs and expenses:			
Cost of sales	373,797	387,186	3,940,429
Selling, general and administrative expenses *(Note 14)*	72,439	72,185	734,642
	446,236	459,372	4,675,071
Operating income	17,355	15,142	154,108
Other income (expenses):			
Interest and dividend income	485	540	5,505
Interest expense	(1,118)	(1,767)	(17,992)
Other – net *(Note 9)*	(249)	(2,553)	(25,982)
	(883)	(3,780)	(38,469)
Income before income taxes and minority interests	16,472	11,362	115,638
Income taxes *(Note 10)*:			
Current	4,539	5,443	55,401
Deferred	2,081	(336)	(3,426)
	6,621	5,107	51,974
Minority interests	227	235	2,395
Net income	¥ 9,623	¥ 6,020	$ 61,267

	Yen		*U.S. dollars (Note 1)*
Amounts per share *(Note 16)*:	2008	2009	2009
Net assets	¥ 368.56	¥ 357.85	$ 3.641
Net income:			
Basic	¥ 31.04	¥ 19.42	$ 0.198
Diluted	–	–	–

The accompanying notes are integral parts of these statements.

Consolidated Statements of Changes in Net Assets

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2009	2009
Shareholders' equity			
Common Stock			
Balance at beginning of year	¥ 30,307	¥ 30,307	$ 308,405
Changes of items during the period			
Total changes of items during the period			
Balance at end of the year	30,307	30,307	308,445
Capital surplus			
Balance at beginning of year	23,709	23,711	241,313
Changes of items during the period			
Disposal of treasury stock	2	(0)	(3)
Total changes of items during the period	2	(0)	(3)
Balance at end of the year	23,711	23,711	241,310
Retained earnings			
Balance at beginning of year	46,847	53,678	546,295
Changes of items during the period			
Dividends from surplus	(2,791)	(2,480)	(25,249)
Net income	9,623	6,020	61,267
Change of application of equity method	–	(1,173)	(11,939)
Total changes of items during the period	6,831	2,366	24,079
Balance at end of the year	53,678	56,045	570,375
Treasury stock			
Balance at beginning of year	(321)	(359)	(3,657)
Changes of items during the period			
Change of application of equity method	–	42	428
Acquisition of treasury stock	(47)	(48)	(490)
Disposal of treasury stock	9	17	177
Total changes of items during the period	(38)	11	114
Balance at end of the year	(359)	(348)	(3,542)
Total shareholders' equity			
Balance at beginning of year	100,543	107,338	1,092,397
Changes of items during the period			
Dividends from surplus	(2,791)	(2,480)	(25,249)
Net income	9,623	6,020	61,267
Change of application of equity method	–	(1,131)	(11,511)
Acquisition of treasury stock	(47)	(48)	(490)
Disposal of treasury stock	11	17	174
Total changes of items during the period	6,795	2,376	24,190
Balance at end of the year	¥ 107,338	¥ 109,715	$1,116,588

The accompanying notes are integral parts of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2009	2009
Valuation and translation adjustments			
Net unrealized gains on available-for-sale securities			
Balance at beginning of year	¥ 8,203	¥ 4,141	$ 42,150
Changes of items during the period			
Net changes of items other than shareholders' equity	(4,062)	(1,899)	(19,334)
Total changes of items during the period	(4,062)	(1,899)	(19,334)
Balance at end of the year	4,141	2,241	22,815
Net deferred gain/(loss) on hedges			
Balance at beginning of year	312	(101)	(1,030)
Changes of items during the period			
Net changes of items other than shareholders' equity	(413)	152	1,555
Total changes of items during the period	(413)	152	1,555
Balance at end of the year	(101)	51	525
Translation adjustments			
Balance at beginning of year	1,975	2,882	29,337
Changes of items during the period			
Net changes of items other than shareholders' equity	906	(3,933)	(40,030)
Total changes of items during the period	906	(3,933)	(40,030)
Balance at end of the year	2,882	(1,050)	(10,692)
Total valuation and translation adjustments			
Balance at beginning of year	10,491	6,923	70,457
Changes of items during the period			
Net changes of items other than shareholders' equity	(3,568)	(5,680)	(57,809)
Total changes of items during the period	(3,568)	(5,680)	(57,809)
Balance at end of the year	6,923	1,242	12,648
Minority interests			
Balance at beginning of year	2,036	2,226	22,660
Changes of items during the period			
Net changes of items other than shareholders' equity	190	14	146
Total changes of items during the period	190	14	146
Balance at end of the year	2,226	2,241	22,807
Total equity			
Balance at beginning of year	113,071	116,488	1,185,515
Changes of items during the period			
Dividends from surplus	(2,791)	(2,480)	(25,249)
Net income	9,623	6,020	61,267
Change of application of equity method	–	(1,131)	(11,511)
Acquisition of treasury stock	(47)	(48)	(490)
Disposal of treasury stock	11	17	174
Net changes of items other than shareholders' equity	(3,378)	(5,665)	(57,663)
Total changes of items during the period	3,416	(3,288)	(33,472)
Balance at end of the year	¥ 116,488	¥ 113,199	$1,152,043

The accompanying notes are integral parts of these statements.

Consolidated Statements of Cash Flows

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2009	2009
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 16,472	¥ 11,362	$ 115,638
Depreciation and amortization	9,481	13,738	139,821
Impairment loss on fixed assets	46	15	160
(Decrease) / increase in allowance for doubtful accounts	(657)	61	626
(Decrease) / increase in accrued employees' retirement benefits	(73)	206	2,099
Equity in earnings of affiliates	(331)	(216)	(2,205)
Loss on disposal of property, plant and equipment	371	433	4,406
Loss on discontinued operation	38	313	3,187
Impact of applying the accounting standard for lease transactions	–	1,731	17,624
Loss on devaluation of investment securities	390	435	4,436
Loss on devaluation of membership	–	137	1,394
Interest and dividend income	(485)	(540)	(5,505)
Interest expense	1,118	1,767	17,992
Gain on sales of property, plant and equipment	(586)	(580)	(5,905)
Loss on sales of stocks of subsidiaries and affiliates	–	35	363
(Gain) / Loss on sales of investment securities	(411)	0	0
Decrease in notes and accounts receivable – trade	3,410	3,266	33,246
Decrease / (increase) in inventories	1,257	(2,197)	(22,366)
Decrease in notes and accounts payables – trade	(3,084)	(2,250)	(22,904)
Other, net	1,129	(8,021)	(81,636)
Sub total	28,088	19,698	200,477
Interest and dividends received	815	870	8,861
Interest paid	(1,141)	(1,743)	(17,748)
Income taxes paid	(7,472)	(3,543)	(36,061)
Net cash provided by operating activities	20,290	15,282	155,529
Cash flows from investing activities:			
Purchase of property, plant and equipment	(8,883)	(11,761)	(119,696)
Proceeds from sales of property, plant and equipment	1,658	1,240	12,620
Purchase of investment securities	(1,355)	(218)	(2,224)
Proceeds from sales of investment securities	2,533	309	3,149
Decrease in cash and cash equivalents due to increase in consolidated subsidiaries	–	(3,468)	(35,302)
Increase in cash and cash equivalents due to increase in consolidated subsidiaries	3	–	–
Proceeds from sales of stocks of subsidiaries and affiliates	–	726	7,391
Other, net	(400)	(1,567)	(15,954)
Net cash used in investing activities	(6,443)	(14,740)	(150,017)
Cash flows from financing activities:			
Increase in short-term bank loans	137	1,519	15,464
Increase in commercial paper	1,000	8,000	81,416
Proceeds from long-term debt	341	24,973	254,155
Repayment of long-term debt	(2,536)	(7,092)	(72,181)
Redemption of bonds	(10,000)	(5,000)	(50,885)
Dividends paid	(2,784)	(2,476)	(25,200)
Cash dividends paid to minority shareholders	(259)	(594)	(6,050)
Repayments of lease obligations	–	(3,901)	(39,704)
Other, net	182	657	6,687
Net cash (used in) provided by financing activities	(13,919)	16,085	163,700
Effects of exchange rate changes on cash and cash equivalents	288	(1,184)	(12,050)
Net increase in cash and cash equivalents	216	15,442	157,161
Cash and cash equivalents at beginning of year	3,514	4,121	41,942
Net increase in cash and cash equivalents due to change in scope of consolidation	391	–	–
Cash and cash equivalents at end of year	¥ 4,121	¥ 19,564	$ 199,104

The accompanying notes are integral parts of these statements.

Notes to Consolidated Financial Statements

Nichirei Corporation and Consolidated Subsidiaries

Note 1: Basis of Presentation

The accompanying consolidated financial statements of Nichirei Corporation (the "Company") and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

As permitted by the Financial Instruments and Exchange Law, amounts of less than one million yen have been omitted. As a result, the totals in yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

For the convenience of the reader, the accompanying consolidated financial statements have been presented in U.S. dollars by translating Japanese yen amounts at ¥98.26 = US$1.00, the exchange rate prevailing on March 31, 2009.

Note 2: Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its 73 majority-owned subsidiaries (71 in 2008). All significant intercompany balances, transactions and profits have been eliminated in consolidation.

Investments in all of its 13 affiliates (15 in 2008) are accounted for by the equity method.

(b) Cash Equivalents

All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in their value attributable to changes in interest rates, are considered cash equivalents.

(c) Securities

Securities are classified into three categories depending upon the holding purpose and accounted for as follows: i) trading securities, which are held for the purpose of earning capital gains in the short-term, are stated at fair market value, with related gain and loss realized on disposal and unrealized gain and loss from market fluctuations recognized as gain or loss in the statement of operations in the year of the change; ii) held-to-maturity debt securities, which a company has the positive intent to hold until maturity, are stated at amortized cost; and iii) available-for-sale securities, which are not classified as either of the aforementioned types of securities but are stated at fair market value if such value is available, or, if not, at moving-average cost, with unrealized gain and loss, net of the applicable taxes, reported as a separate component of net assets. Realized gain and loss on sales of such securities are calculated based on the moving-average cost. Securities held by the Company and its consolidated subsidiaries are all classified as available-for-sale securities.

(d) Foreign Currency Translation

All receivables and payables denominated in foreign currencies are translated into yen at the year-end rate.

(e) Translation of Financial Statements of Consolidated Overseas Subsidiaries

In translating the financial statements of the consolidated overseas subsidiaries, the balance sheet accounts are translated at the exchange rate in effect at each year-end except that shareholders' equity accounts are translated at their historical rates. Revenues and expenses are translated at the average rate of exchange prevailing during the year. The resulting differences in translation are presented as translation adjustments and minority interests in net assets.

(Change in accounting policy)

Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

On May 17, 2006, the Accounting Standard Board of Japan (the "ASBJ") issued Practical Issues Task Force (the "PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements." PITF No. 18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income or loss is accounted for in accordance with accounting principles generally accepted in Japan unless they are not material;

(i) Amortization of goodwill
(ii) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(iii) Capitalization of intangible assets arising from development phases
(iv) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
(v) Retrospective application when accounting policies are changed
(vi) Accounting for net income attributable to a minority interest

PITF No.18 has been adopted from the fiscal year ended March 31, 2009 and necessary adjustments are made in the consolidation process. There is no material impact due to this adoption.

(f) Inventories

Merchandise, finished goods, work in process, raw materials and supplies held by the Company and its consolidated domestic subsidiaries are principally stated at cost determined by the monthly average method (inventories are written down based on decreased profitability).

At consolidated overseas subsidiaries are valued at the lower of cost or market, cost being determined by the first-in first-out basis.

(Change in accounting policy)

The "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, issued by the ASBJ on July 5, 2006) has been adopted for the measurement of inventories from the fiscal year ended March 31, 2009. In accordance with the new standard, the Company has changed its valuation method to a new cost method, which calculates the value of inventories by writing them down to reflect any decreased profitability of assets, similar to the lower of cost or market method. Loss on disposal of obsolete inventories, which had been included in non-operating expenses, is included in cost of sales from this fiscal year.

As a result of this change, operating income and income before income taxes and minority interests decreased by ¥695 million ($7,073 thousand) and ¥429 million ($4,365 thousand), respectively.

Further information on the impact is presented in Note 17 Segment Information.

A write-down of ¥429 million ($4,365 thousand) in inventories held for sale in the ordinary course of business reflecting decreased profitability is included in cost of sales for the year ended March 31, 2009.

(g) Property, Plant and Equipment and Depreciation (except for Leased Assets)

Property, plant and equipment are stated at cost.

Depreciation at the Company and its consolidated domestic subsidiaries is computed primarily by the declining-balance method except that the straight-line method is applied to office buildings for lease and to buildings acquired on or after April 1, 1998. Property, plant and equipment are depreciated to the nominal value (¥1) at rates based on the estimated useful lives of the respective assets as prescribed in the Corporation Tax Law of Japan.

As for the property, plant and equipment acquired on or before March 31, 2007, the Company depreciates the residual values to the nominal value (¥) over a period of 5 years by the straight-line method from the year following the year in which the assets are depreciated to the limits of depreciable amount.

Depreciation at all foreign consolidated subsidiaries is computed by the straight-line method, subject to local rules, at rate based on the estimated useful lives of the respective assets.

(Additional information)

In accordance with the amendment of the Corporate Tax Law in FY2008, the Company and its consolidated domestic subsidiaries have changed to the amended statutory useful lives of machinery and equipment on or after April 1, 2008. There is no material impact due to this change.

(h) Intangible Assets (except for Leased Assets)

Intangible assets are amortized by the straight-line method.

Software for internal use is amortized by the straight-line method over the estimated useful lives (5 years).

(i) Leased Assets

Tangible leased assets are mainly refrigeration equipment (buildings and structures) in logistics segment. Intangible leased assets are mainly software in logistics segment.

Financial leases other than those which do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method to zero over the lease terms.

(Change in accounting policy)

The “Accounting Standard for Lease Transactions” (ASBJ Statement No.13, issued by the ASBJ on March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16, issued by the ASBJ on March 30, 2007) have been adopted from the fiscal year ended March 31, 2009.

As a result, operating income increased by ¥546 million ($5,556 thousand) and income before income taxes and minority interests decreased by ¥1,853 million ($18,858 thousand).

Further information about the impacts is presented in Notes 17 Segment Information.

(j) Allowance for Doubtful Accounts

Allowance for doubtful accounts are provided based on the actual historical default rate for normal loans, and based on individually assessed amounts for doubtful and default loans.

(k) Accrued Directors’ Bonuses

For directors’ bonuses, provisions are calculated based on the estimated bonuses to be paid in the following year.

(l) Employees’ Severance and Retirement Benefits

Accrued retirement benefits for employees are stated principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a period of 10 years.

Unrecognized prior service cost is amortized using the straight-line method over certain years (10 years) within the employees’ average remaining service period at incurrence.

(m) Directors’ and Statutory Auditors’ Retirement Benefits

Accrued retirement benefits for domestic subsidiaries’ directors and statutory auditors are provided at the amount to be paid if all eligible directors and statutory auditors would have been retired at the balance sheet date.

(n) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(o) Net Income per Share

Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year assuming full conversion of convertible bonds.

“Diluted net income per share” for the years ended March 31, 2008 and 2009 are not presented because there were no bonds to be converted to shares at the year ends.

(p) Goodwill and Negative Goodwill

Consolidation goodwill and negative consolidation goodwill is amortized over a period not exceeding 20 years, determined in consolidation of the source of goodwill. Minor consolidation goodwill is expensed in the year it arises.

Note 3: Inventories

Inventories as of March 31, 2008 and 2009 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2008	2009	2009
Merchandise and finished goods	¥ 26,694	¥ 27,397	$ 278,829
Work in process	170	313	3,185
Raw materials and supplies	3,401	4,365	44,431
	¥ 30,266	¥ 32,076	$ 326,446

Note 4: Securities

(1) The following table summarizes the acquisition costs, book value and net unrealized gain on available-for-sale securities as of March 31, 2008 and 2009.

	Millions of yen		*Thousands of U.S. dollars*
	2008	2009	2009
Equity securities:			
Acquisition costs	¥ 11,238	¥ 10,961	$ 111,555
Book value	17,218	14,453	147,096
Net unrealized gain	¥ 5,980	¥ 3,492	$ 35,540

(2) Information regarding sales of available-for-sale securities for the years ended March 31, 2008 and 2009 is as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2008	2009	2009
Proceeds from sales	¥ 2,529	¥ 300	$ 3,056
Gains on sales	411	45	463
Losses on sales	5	45	465

(3) The following table shows the aggregate book value of available-for-sale securities with no available fair value as of March 31, 2008 and 2009:

	Millions of yen		*Thousands of U.S. dollars*
	2008	2009	2009
Non-listed equity securities	¥ 1,456	¥ 1,383	$ 14,078

Note 5: Impairment of Fixed Assets

For the purpose of identifying fixed assets that are impaired, the Company grouped their fixed assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or group of assets. As a result, each of the following assets was assessed for impairment individually.

Because it is not determined the use of those idle assets, the Company reduced book value of the assets to recoverable amounts, and recognized the reduced values as impairment losses amounting to ¥46 million and ¥15 million ($160 thousand) in March 31, 2008 and 2009. Net realized values are calculated based on the assessed value for property tax purpose.

(1) For the year ended March 31, 2008

Primary use	Type of asset	Location	Impairment loss *Millions of yen*	Recoverable value
Idle assets	Land	Sakaiminato City, Tottori Prefecture	¥ 27	Net Realizable Value
		Ube city, Yamaguchi Prefecture	18	
	Intangible asset	Nagasaki city, Nagasaki Prefecture, etc.	0	

(2) For the year ended March 31, 2009

Primary use	Type of asset	Location	Impairment loss *Millions of yen*	Impairment loss *Thousands of U.S. dollars*	Recoverable Value
Idle assets	Land	Sakaiminato City, Tottori Prefecture	¥ 15	$ 160	Net Realizable Value

Note 6: Short-Term Bank Loans, Long-Term Debt and Leased Obligations

Short-term bank loans represent notes maturing within one year.

The weighted average interest rates of all outstanding short-term borrowings as of March 31, 2008 and 2009 were 1.797% and 1.248%, respectively.

Long-term debt as of March 31, 2008 and 2009 are summarized as follows (The given interest rates, which may be denominated in more than one currency, are calculated after consideration of the related interest-rate swaps or currency swaps utilized as hedges.):

	Millions of yen		*Thousands of U.S. dollars*
	2008	2009	2009
The Company:			
1.43% bonds due 2008	¥ 5,000	¥ –	$ –
1.42% bonds due 2009	10,000	10,000	101,770
Unsecured loans, principally from banks and life insurance companies	31,632	50,129	510,171
Secured loans, principally from government-sponsored agencies	358	316	3,222
Consolidated subsidiaries:			
Loans, principally from banks	6,728	5,983	60,894
Less current portion	(12,004)	(35,900)	(365,365)
	¥ 41,714	¥ 30,528	$ 310,693

The aggregate annual maturities of long-term debt outstanding as of March 31, 2009 are summarized as follows:

Year ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2010	¥ 35,900	$ 365,365
2011	4,099	41,724
2012	7,156	72,837
2013	231	2,356
2014 and thereafter	19,040	193,774
	¥ 66,429	$ 676,059

The aggregate annual maturities of leased obligations as of March 31, 2009 are summarized as follows:

Year ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2010	¥ 3,717	$ 37,831
2011	3,262	33,205
2012	2,797	28,467
2013	2,260	23,000
2014 and thereafter	10,554	107,402
	¥ 22,590	$ 229,905

The assets pledged as collateral for long-term debt as of March 31, 2008 and 2009 are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2008	2009	2009
Property, plant and equipment	¥ 9,161	¥ 8,961	$ 91,200
Investment securities	365	202	2,058
Other assets	597	599	6,102
	¥ 10,124	¥ 9,763	$ 99,361

As of March 31, 2008 and 2009, current portion of long-term debt and long-term debt include non-recourse loans, which restrict the collateralized assets, of ¥117 million and ¥117 million ($1,190 thousand), and ¥3,899 million and ¥3,719 million ($37,855 thousand), respectively. Those non-recourse loans are the loans of Yugen Kaisha Riverside Funding Corp, one of the consolidated subsidiaries, from financial institutions collateralizing its property. Repayments of those loans are funded solely from the income and/or capital gains on the property.

The carrying amounts of assets pledged as collateral for the non-recourse loans as of March 31, 2009 are as follows:

		Millions of yen		*Thousands of U.S. dollars*
Cash and cash equivalents	¥	247	$	2,513
Building and structure		934		9,506
Land		3,309		33,676
Total	¥	4,490	$	45,697

Note 7: Shareholders' Equity

In accordance with the Corporation Law of Japan, the Company has provided a legal reserve, which was included in retained earnings. The Corporation Law provides that an amount equal to 10% of the amount to be disbursed as a distribution of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions. The legal reserve as of March 31, 2008 and 2009 were ¥39 million ($401 thousand).

Note 8: Changes in Net Assets

(1) Types and number of outstanding shares and of treasury stock

For the year ended March 31, 2008

Number of shares

Type of stock	As of March 31, 2007	Increases	Decreases	As of March 31, 2008
Issued stock: Common stock	310,851,065	–	–	310,851,065
Treasury stock: Common stock	764,072	81,881	21,975	823,978

(Reasons for changes)

The increases in the number of shares resulted from the following:

Request for redemption of odd-lot stock 81,852 shares

Number of shares of treasury stock issued by the Company acquired by affiliates, adjusted for the Company's share in equity of the affiliates 29 shares

The decreases in the number of shares resulted from the following:

Request for additional purchase of odd-lot stock 21,975 shares

For the year ended March 31, 2009

Number of shares

Type of stock	As of March 31, 2008	Increases	Decreases	As of March 31, 2009
Issued stock: Common stock	310,851,065	–	–	310,851,065
Treasury stock: Common stock	823,978	101,891	142,962	782,907

(Reasons for changes)

The increases in the number of shares resulted from the following:

Request for redemption of odd-lot stock 101,856 shares

Number of shares of treasury stock issued by the Company acquired by affiliates, adjusted for the Company's share in equity of the affiliates 35 shares

The decreases in the number of shares resulted from the following:

Request for additional purchase of odd-lot stock 39,143 shares

Exclusion of affiliates accounted for by the equity method from consolidation 103,819 shares

(2) Cash dividends distributed

Dividends paid during the fiscal year ended March 31, 2009

Resolution	Type of stock	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 25, 2008	Common stock	¥ 1,240 $ 12,625	¥ 4 $ 0.05	March 31, 2008	June 26, 2008
Directors' meeting on October 28, 2008	Common stock	¥ 1,240 $ 12,623	¥ 4 $ 0.05	September 30, 2008	December 2, 2008

Dividends of which the record date falls in the current fiscal year but the effective date falls in the following fiscal year

Resolution	Type of stock	Source of dividends	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 24, 2009	Common stock	Retained earnings	¥ 1,550 $ 15,778	¥ 5 $ 0.06	March 31, 2009	June 25, 2009

Note 9: Other Income (Expenses)

Other income (expenses) -other, net for the years ended March 31, 2008 and 2009 consisted primarily of the following:

		Millions of yen				*Thousands of U.S. dollars*
		2008		2009		2009
Gain on sales of property, plant and equipment	¥	720	¥	614	$	6,250
Gain on sales of investment securities		411		45		463
Loss on sales and disposal of property, plant and equipment		(1,009)		(783)		(7,978)
Impairment loss on fixed assets		(46)		(15)		(160)
Loss on discontinued operations		(141)		(313)		(3,190)
Loss on devaluation of investment securities		(390)		(435)		(4,436)
Impact of applying the accounting standard for lease transactions		–		(1,731)		(17,624)
Other, net		207		68		694
	¥	(249)	¥	(2,553)	$	(25,982)

Note 10: Income Taxes

The Company and its consolidated subsidiaries are subject to a number of taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 40.6% for the years ended March 31, 2008 and 2009. The effective tax rates reflected in the accompanying consolidated statements of operations differ from the statutory tax rate for the following reasons:

	2009
Statutory tax rate	40.6%
Entertainment and other non-deductible expenses	2.6
Equity in earnings of affiliates	(0.8)
Inhabitant per capita taxes	1.3
Undistributed earnings of overseas affiliates	1.8
Other, net	(0.5)
Effective tax rate	45.0%

For the year ended March 31, 2008, the differences between the statutory tax rate and the effective tax rate reflected in the accompanying consolidated statement of operations was less than 5% of the statutory tax rate and, therefore, reconciliation has not been disclosed.

The components of deferred tax assets and deferred tax liabilities as of March 31, 2008 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Deferred tax assets:			
Establishment of employees' retirement benefit trust	¥ 5,728	¥ 5,673	$ 57,742
Excess allowance for employees' retirement benefits	1,062	1,285	13,083
Net operating loss carry forwards	1,684	1,903	19,368
Loss on devaluation of investment securities	750	–	–
Accrued employees' bonus	688	551	5,611
Property, plant and equipment - unrealized profits and losses	582	396	4,034
Depreciation	403	334	3,403
Impairment loss on fixed assets	1,346	1,391	14,164
Impact of applying the accounting standard for lease transactions	–	517	5,267
Other	1,752	3,069	31,233
Total gross deferred tax assets	13,998	15,123	153,910
Less valuation allowance	(3,579)	(3,454)	(35,154)
Deferred tax assets	10,419	11,668	118,755
Deferred tax liabilities:			
Net unrealized holding gain on securities	(2,156)	(1,224)	(12,466)
Gain on securities contributed to employees' retirement benefit trust	(2,600)	(2,600)	(26,470)
Reserve and special reserve for advanced depreciation of property, plant and equipment	(1,703)	(1,226)	(12,483)
Other, net	(3,424)	(4,266)	(43,423)
Deferred tax liabilities	(9,885)	(9,319)	(94,844)
Net deferred tax assets	¥ 533	¥ 2,349	$ 23,911

Note 11: Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property as of March 31, 2008, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen
	2008
Acquisition costs	¥ 44,373
Less accumulated depreciation	(20,787)
Less accumulated impairment loss	(2,405)
Net book value	¥ 21,180

Future minimum lease payments subsequent to March 31, 2008 on finance leases are summarized as follows:

	Millions of yen
	2008
Future lease payments:	
One year or less	¥ 3,622
More than one year	20,808
Total	¥ 24,431

Future minimum lease payments and income subsequent to March 31, 2008 and 2009 on noncancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Future lease payments:			
One year or less	¥ 1,738	¥ 1,944	$ 19,785
More than one year	17,901	19,998	203,525
Total	¥ 19,640	¥ 21,942	$ 223,311

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Future lease income:			
One year or less	¥ 3,217	¥ 3,350	$ 34,093
More than one year	5,543	5,282	53,755
Total	¥ 8,760	¥ 8,632	$ 87,849

Note 12: Derivative Financial Instruments

The Company and its consolidated subsidiaries enter into forward foreign exchange contracts, coupon swaps, interest rate swaps and other derivatives primarily to manage the risks associated with the exposure of their assets and liabilities to adverse fluctuations in the underlying markets.

The Company and its consolidated subsidiaries also use these agreements for the purpose of lowering their funding costs, accessing a variety of funding resources and locking in yields while investing in fixed income markets. Under no circumstances, however, do the Company and its consolidated subsidiaries use derivatives for speculative trading purposes.

Because of their purpose as hedges and the high correlation between the hedging instruments and the underlying hedged items, all gains and losses on derivatives positions are deferred in order to offset the reciprocal changes in the value of the underlying items.

No derivative positions remained outstanding as of March 31, 2008 and 2009.

Note 13: Contingent Liabilities

As of March 31, 2008 and 2009, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
As guarantor of indebtedness of affiliates	¥ 2,427	¥ 2,357	$ 23,992
As guarantor of indebtedness of employees	80	57	585
Total	¥ 2,507	¥ 2,415	$ 24,578

Note 14: Research and Development Expenses and Advertising Costs

Research and development expenses charged to selling, general and administrative expenses for the years ended March 31, 2008 and 2009 were ¥2,050 million and ¥2,191 million ($22,305 thousand), respectively.

Advertising costs included in selling, general and administrative expenses for the years ended March 31, 2008 and 2009 were ¥4,956 million and ¥4,010 million ($40,819 thousand), respectively.

Note 15: Accrued Directors', Statutory Auditors' and Employees' Retirement Benefits

Accrued directors', statutory auditors' and employees' retirement benefits as of March 31, 2008 and 2009 are comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Employees' retirement benefits	¥ 2,976	¥ 3,216	$ 32,737
Directors' and statutory auditors' retirement benefits	214	277	2,819
Total	¥ 3,191	¥ 3,493	$ 35,557

The Company and certain number of its consolidated domestic subsidiaries have defined-benefit pension plan (cash balance plan) and defined-contribution pension plan that cover substantially all their employees after one year of service. Upon retirement for reasons other than dismissal for cause, eligible employees are entitled to lump-sum payments or tax qualified pension plan based on their earnings and years of service. On occasion, the Company may also provide programs that entitle employees to additional supplemental benefits as an early retirement incentive.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets as of March 31, 2008 and 2009 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Projected retirement benefit obligation	¥ 20,389	¥ 21,295	$ 216,729
Fair value of plan assets	(20,941)	(16,082)	(163,677)
Unrecognized actuarial loss	(4,163)	(9,747)	(99,199)
Unrecognized prior service cost	1,364	1,168	11,887
Prepaid pension cost	6,327	6,583	66,997
Accrued employees' retirement benefits	¥ 2,976	¥ 3,216	$ 32,737

The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

The components of retirement benefit expenses for the years ended March 31, 2008 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Service cost	¥ 1,281	¥ 1,335	$ 13,591
Interest cost	348	369	3,762
Expected return on plan assets	(177)	(114)	(1,169)
Amortization of unrecognized prior service cost	(162)	(196)	(2,001)
Amortization of unrecognized actuarial (gain)/loss	(363)	557	5,672
Other	230	376	3,830
Retirement benefits expenses	¥ 1,156	¥ 2,327	$ 23,686

The actuarial assumptions used for the years ended March 31, 2008 and 2009 are set forth as follows:

	2008	2009
Discount rate	2.0 %	2.0 %
Expected rate of return on pension plan assets	2.0 %	2.0 %
Amortization period of unrecognized actuarial gain/loss	10 years	10 years
Amortization period of unrecognized prior service cost	10 years	10 years

Note 16: Per Share Information

Net assets per share is calculated based on the followings:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Net assets	¥ 116,488	¥ 113,199	$ 1,152,043
Net assets attributable to common stock at the fiscal year end	114,262	110,958	1,129,236
Amounts excluded from net assets			
Minority interest	2,226	2,241	22,807
Number of common stock at the fiscal year end used for the calculation on net assets per share (in thousand)	310,027	310,068	–

Net income per share is calculated based on the followings:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Net income	¥ 9,623	¥ 6,020	$ 61,267
Net income attributable to common stock at the fiscal year end	9,623	6,020	61,267
Amounts not available to common shareholders	–	–	–
Average number of common stock during the fiscal year (in thousand)	310,045	310,077	–

Note 17: Segment Information

The Company and its consolidated subsidiaries are engaged in the following six segments: processed foods, marine products, meat and poultry products, logistics, real estate and other. Processed foods mainly comprises production, processing and sales of frozen foods, retort-pouch foods and other processed foods. Marine products mainly comprises processing and sales of marine products. Meat and poultry products mainly comprises processing and sales of meat and poultry products. Logistics mainly comprises refrigerated storage, distribution and transportation of fresh, chilled and frozen foods. Real estate comprises the leasing of office buildings and other. Other comprises the diagnostic medicine business and other.

The segmentation is determined by internal management basis.

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2008 and 2009 was summarized as follows:

Year ended March 31, 2008 (Millions of yen)

	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	¥ 174,505	¥ 73,941	¥ 81,019	¥ 124,981	¥ 6,146	¥ 2,996	¥ 463,591	¥ –	¥ 463,591
Intercompany sales and transfers	502	727	2,919	13,763	1,381	3,339	22,634	(22,634)	–
Total	175,008	74,668	83,939	138,745	7,528	6,335	486,226	(22,634)	463,591
Operating expenses	170,895	75,124	83,330	130,238	3,268	6,099	468,957	(22,721)	446,236
Operating income	4,112	(455)	609	8,506	4,259	236	17,268	86	17,355
Total assets	73,001	24,258	15,798	104,205	25,026	3,910	246,200	11,612	257,812
Depreciation and amortization	2,755	79	61	5,488	602	96	9,084	397	9,481
Impairment loss on fixed assets	–	–	–	0	46	–	46	–	46
Capital expenditures	¥ 2,655	¥ 64	¥ 820	¥ 3,269	¥ 380	¥ 46	¥ 7,237	¥ 532	¥ 7,770

Year ended March 31, 2009 (Millions of yen)

	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	¥ 173,624	¥ 75,413	¥ 88,203	¥ 128,305	¥ 5,948	¥ 3,020	¥ 474,515	¥ –	¥ 474,515
Intercompany sales and transfers	403	664	4,314	14,040	1,409	3,601	24,434	(24,434)	–
Total	174,027	76,078	92,517	142,345	7,357	6,622	498,949	(24,434)	474,515
Operating expenses	172,004	75,803	92,548	134,114	3,313	6,397	484,181	(24,809)	459,372
Operating income	2,023	275	(30)	8,231	4,043	224	14,767	374	15,142
Total assets	79,105	22,550	16,243	120,032	27,289	4,288	269,509	17,787	287,296
Depreciation and amortization	3,570	126	238	8,107	1,036	131	13,212	526	13,738
Impairment loss on fixed assets	–	–	–	–	15	–	15	–	15
Capital expenditures	¥ 4,379	¥ 108	¥ 405	¥ 8,802	¥ 486	¥ 82	¥ 14,265	¥ 618	¥ 14,883

Year ended March 31, 2009 (Thousands of U.S. dollars)

	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	$ 1,766,993	$ 767,491	$ 897,649	$ 1,305,771	$ 60,534	$ 30,738	$ 4,829,179	$ -	$ 4,829,179
Intercompany sales and transfers	4,102	6,764	43,912	142,893	14,340	36,655	248,669	(248,669)	–
Total	1,771,096	774,255	941,562	1,448,665	74,875	67,394	5,077,849	(248,669)	4,829,179
Operating expenses	1,750,507	771,454	941,869	1,364,894	33,722	65,108	4,927,557	(252,485)	4,675,071
Operating income	20,588	2,800	(306)	83,771	41,152	2,285	150,292	3,816	154,108
Total assets	805,059	229,500	165,315	1,221,576	277,723	43,641	2,742,817	181,025	2,923,842
Depreciation and amortization	36,342	1,291	2,428	82,512	10,549	1,338	134,461	5,360	139,821
Impairment loss on fixed assets	–	–	–	–	160	–	160	–	160
Capital expenditures	$ 44,565	$ 1,105	$ 4,127	$ 89,584	$ 4,951	$ 843	$ 145,177	$ 6,297	$ 151,475

Notes:
1. There is no unallocatable operating expense included in "Intercompany eliminations and corporate."
2. The amounts for total assets included in "Intercompany eliminations and corporate" are ¥151,755 million and ¥178,191 million ($1,813,464 thousand) for the years ended March 31, 2008 and 2009, respectively, which mainly consist of surplus funds (cash and deposits), long-term investment (securities) and back office related assets.
3. As stated in 2. Summary of Significant Accounting Policies, the "Accounting Standard for Lease Transactions" (ASBJ Statement No.13, issued by the ASBJ on March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16 issued by the ASBJ on March 30, 2007) have been adopted from the fiscal year ended March 31, 2009. As a result of this adoption, operating expenses in Logistics segment and Real estate segment decreased by ¥444 million ($4,518 thousand) and ¥99 million ($1,007 thousand), respectively. Operating income in these two segments increased by the same amounts, compared to the corresponding amounts under the previous method. There is no material impact on the other segments.
4. As stated in 2. Summary of Significant Accounting Policies, the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, issued by the ASBJ on July 5, 2006) has been adopted for the measurement of inventories from the fiscal year ended March 31, 2009. In accordance with the new standard, the Company adopted the new cost method, on which the carrying amounts of inventories are valued with consideration of write-downs due to decreased profitability. As a result of this change, operating expenses in Processed foods segment, Marine products segment, and Meat and poultry products segment increased by ¥251 million ($2,554 thousand), ¥128 million ($1,302 thousand) and ¥274 million ($2,788 thousand), respectively. Operating income in these three segments decreased by the same amounts, compared to the corresponding amounts under the previous method. There is no material impact on the other segments.

Note 18: Related Party Transactions

Related party transactions for the years ended March 31, 2008 and 2009 were as follows:

(1) For the year ended March 31, 2008

(Millions of yen)

Category	Name	Address	Capital Investment	Description of business	Voting interest	Description of transactions	Amount of transaction (*1)
Affiliate	Kyoto Hotel	Nakagyo-ku Kyoto city	¥ 950	Hotel and restaurant	Direct 19.7%	Guarantor of indebtedness	¥ 2,327

(*1) The Company guarantees the bank borrowings of the affiliate. The amount of transaction represents the outstanding guarantee balance as of March 31, 2008.

(2) For the year ended March 31, 2009

(Millions of yen or Thousands of U.S. dollars)

Category	Name	Address	Capital Investment	Description of business	Voting interest	Description of transactions	Amount of transaction (*1,2)
Affiliate	Kyoto Hotel	Nakagyo-ku Kyoto city	¥ 950 $ (9,668)	Hotel and restaurant	Direct 19.7%	Guarantor of indebtedness	¥ 2,257 $ (22,969)

(*1) Consumption tax is not included in the amount of transaction.
(*2) The Company guarantees the bank borrowings of the affiliate and receives guarantee fee for indebtedness based on a certain rate. The amount of transaction represents the outstanding guarantee balance as of March 31, 2009.

(Additional information)
The "Accounting Standard for Related Party Disclosures" (ASBJ Statement No.11, issued by the ASBJ on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No.13, issued by the ASBJ on October 17, 2006) have been adopted from the fiscal year ended March 31, 2009.

The Accounting Standards prescribe: (1) scope of related parties, (2) scope of transactions subject to disclosure, (3) disclosure regarding transactions with related parties and (4) disclosure of existence of related parties.

There is no change in scope of disclosure due to the adoption.

Note 19: Subsequent Event

The following appropriation of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2009, was approved at a general meeting of shareholders held on June 24, 2009.

	Millions of yen	*Thousands of U.S. dollars*
Year-end cash dividends (¥5.00=U.S.$0.06 per share)	¥ 1,550	$ 15,778

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Report of Independent Auditors

The Board of Directors
Nichirei Corporation

We have audited the accompanying consolidated balance sheets of Nichirei Corporation and consolidated subsidiaries as of March 31, 2008 and 2009, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nichirei Corporation and consolidated subsidiaries at March 31, 2008 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As discussed in Note 3, the Company and consolidated subsidiaries have adopted the "Accounting Standard for Measurement of Inventories" from the fiscal year ended March 31, 2009.

As discussed in Note 3, the Company and consolidated subsidiaries have adopted the "Accounting Standard for Lease Transactions" and the "Guidance on the Accounting Standard for Lease Transactions" from the fiscal year ended March 31, 2009.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 24, 2009

A member firm of Ernst & Young Global Limited

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* Affiliates accounted for by the equity method

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Established

December 1, 1945

Common Stock Listing

Nichirei's common stocks are listed on the following exchanges:
Tokyo, Osaka
(Code: 2871)

Paid-in Capital

¥30,307 million

No. of Shareholders

30,308

Common Stock

Authorized 720,000,000 shares
Outstanding 310,851,065 shares

No. of Full-Time Employees

6,250

Shareholder Register Administrator

Mizuho Trust & Banking Co., Ltd.
Stock Transfer Agency Division
TEL: 81(3)3642 4004

Annual Meeting of Shareholders

The annual meeting of shareholders is normally held in June each year in Tokyo, Japan.

Independent Auditors

Ernst & Young ShinNihon LLC

This annual report is printed on recycled paper.
Printed in Japan

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