ANNUAL REVIEW 2012

Year Ended March 31, 2012

Your Reliable Partner

From ingredient procurement to processing, storage and transport,
Nichirei delivers safety and peace of mind to your table every day

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, 75 consolidated subsidiaries and 16 affiliates. Its principal businesses are processed foods, marine products, meat and poultry products, temperature-controlled 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.

In May 2012, the Nichirei Group released its "Growth 2016" medium-term management vision, which depicts the kind of corporate group Nichirei aims to be in the fiscal term through March 2017. We will formulate and implement our next medium-term business plan, covering the fiscal years ending in March 2014 to March 2016, based on the goals set forth in "Growth 2016," and we will set to work to realize even greater corporate value and sustainable growth for the Nichirei Group.

Diagram of Holding Company System

Holding Company Nichirei Corporation
Real Estate Business, Quality Assurance / Corporate Internal Audit / Corporate Staff

Nichirei Foods Inc.
23 Subsidiaries and 3 Affiliates

Nichirei Fresh Inc.
10 Subsidiaries and 3 Affiliates

Nichirei Logistics Group Inc.
34 Subsidiaries and 6 Affiliates

Nichirei Biosciences Inc.

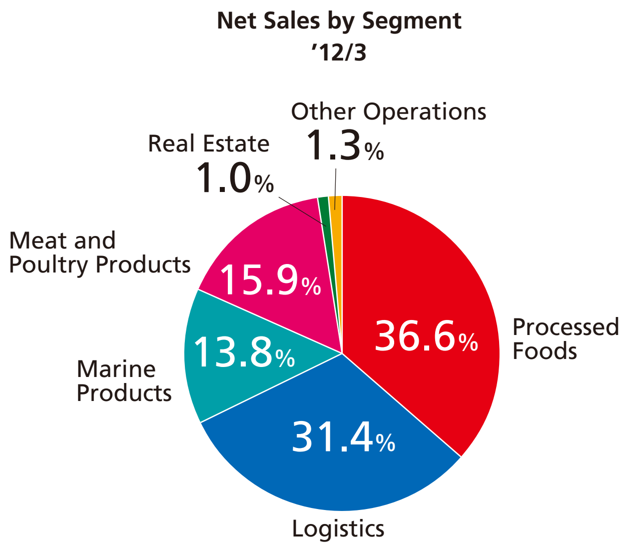
Nichirei Proserve Inc.
3 Subsidiaries and 4 Affiliates

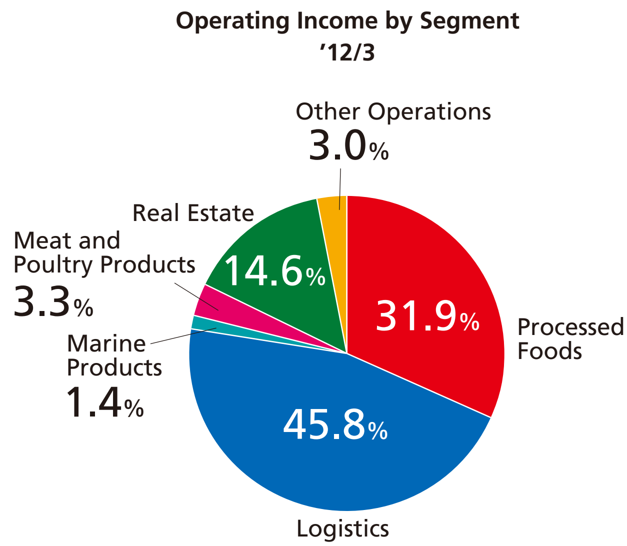
Contents

Cautionary Statement with Respect to Forward-Looking Statements

This annual review 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 review. 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





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 ingredients, 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.

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 a market share that ranks No. 1 in Japan and No. 5 worldwide, Nichirei has secured a solid position in the refrigerated warehousing business.

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.

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.

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.

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.
- Nichirei Proserve provides Nichirei Group companies back-office operations-related solution services, which include more than mere cost reductions.

Financial Highlights

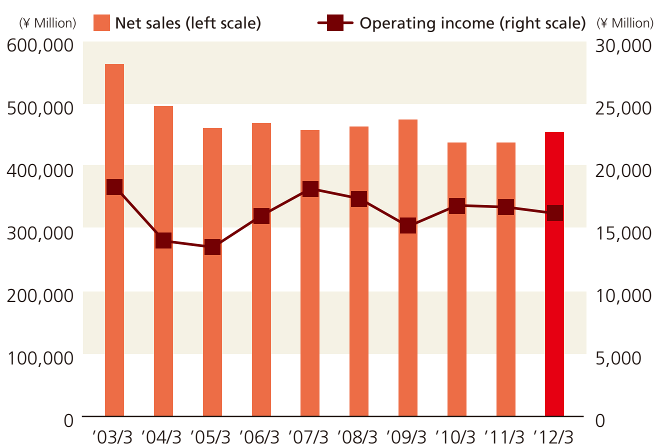
Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31

	2003	2004	2005	2006
Income Statement Data (¥ Million)				
Net sales	¥ 563,440	¥ 496,611	¥ 461,426	¥ 469,411
Gross profit	102,121	95,510	88,836	91,577
Operating income	18,275	13,976	13,482	16,014
Income (loss) before income taxes and minority interests	9,377	(3,817)	10,830	13,138
Net income (loss)	5,216	(1,891)	5,878	6,293
Capital expenditures*3	9,537	6,848	6,397	7,496
R&D expenditures	2,279	2,090	2,075	2,042
Balance Sheet Data (¥ Million)				
Total assets	¥ 330,703	¥ 284,700	¥ 276,417	¥ 268,501
Total liabilities	238,925	194,010	181,779	165,246
Interest-bearing debt*4	145,394	124,388	111,984	86,209
Shareholders' equity*5	90,666	90,176	94,007	102,624
Cash Flows (¥ Million)				
Cash flows from operating activities	¥ 30,642	¥ 13,106	¥ 15,564	¥ 23,883
Cash flows from investing activities	(6,029)	13,757	(837)	3,663
Free cash flows	24,613	26,863	14,727	27,546
Cash flows from financing activities	(24,470)	(23,397)	(15,180)	(27,559)
Per Share Data (¥)				
Net income – basic	¥ 16.16	¥ (6.28)	¥ 18.45	¥ 19.83
Cash dividends	6	6	6	9
Net assets	291.46	290.38	302.50	330.40
Financial Ratios (%, Times)				
Gross profit margin	18.1%	19.2%	19.3%	19.5%
Operating margin	3.2	2.8	2.9	3.4
Return on equity (ROE)	5.9	(2.1)	6.4	6.4
Debt-to-equity*3 (Times)	1.60	1.38	1.19	0.84

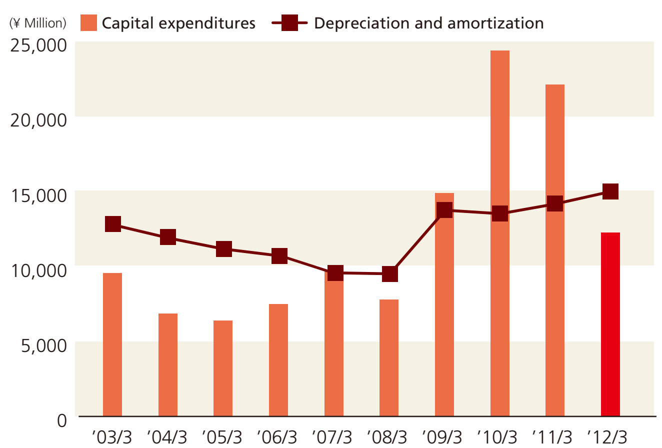
Medium-Term Plan (2002-2004)

Medium-Term Plan

Net Sales & Operating Income



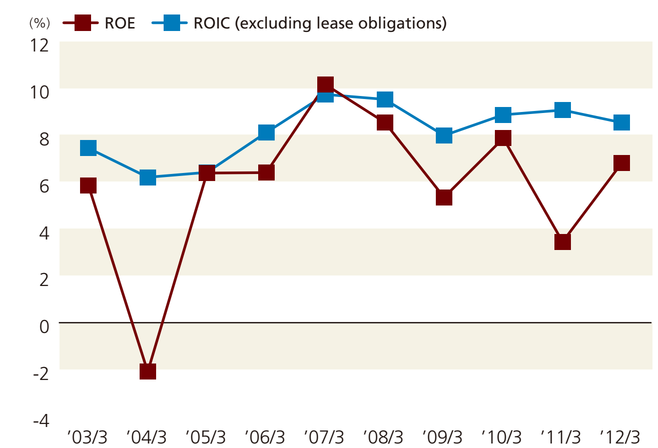
Capital Expenditures & Depreciation and Amortization*3



2007	2008	2009	2010	2011	**2012**	Percent change 2012/2011	**2012**
							Thousands of U.S. dollars
¥ 457,655	¥ 463,591	¥ 474,515	¥ 438,111	¥ 437,808	**¥ 454,931**	**3.9%**	**$ 5,538,484**
88,799	89,794	87,328	87,957	87,365	**86,918**	**(0.5)**	**1,058,168**
18,148	17,355	15,142	16,814	16,681	**16,177**	**(3.0)**	**196,947**
19,200	16,472	11,362	14,380	8,860	**14,225**	**60.6**	**173,188**
10,845	9,623	6,020	9,064	4,044	**7,904**	**95.5**	**96,236**
9,751	7,770	14,883	24,385	22,110	**12,248**	**(44.6)**	**149,111**
2,034	2,050	2,191	1,986	1,806	**1,697**	**(6.0)**	**20,661**
							Thousands of U.S. dollars
¥ 269,166	¥ 257,812	¥ 287,296	¥ 277,496	¥ 284,562	**¥ 290,537**	**2.1%**	**$ 3,537,100**
156,094	141,323	174,096	154,802	166,813	**171,837**	**3.0**	**2,092,003**
72,971	66,138	87,904	60,920	72,479	**74,833**	**3.2**	**911,042**
111,035	114,262	110,958	119,468	115,058	**116,831**	**1.5**	**1,422,339**
							Thousands of U.S. dollars
¥ 22,431	¥ 20,290	¥ 15,282	¥ 33,345	¥ 17,274	**¥ 19,915**	**15.3%**	**$ 242,460**
(5,861)	(6,443)	(14,740)	(13,555)	(18,229)	**(12,422)**	**–**	**(151,240)**
16,570	13,847	542	19,790	(955)	**7,493**	**–**	**91,222**
(16,567)	(13,919)	16,085	(33,323)	6,416	**(7,583)**	**–**	**(92,325)**
							U.S. dollars
¥ 34.97	¥ 31.04	¥ 19.42	¥ 29.24	¥ 13.08	**¥ 26.35**	**101.5%**	**$ 0.321**
8	8	9	9	9	**9**	**–**	**0.109**
358.08	368.56	357.85	385.47	377.08	**396.33**	**5.1**	**4.825**
19.4%	19.4%	18.4%	20.1%	20.0%	**19.1%**	**–**	**–**
4.0	3.7	3.2	3.8	3.8	**3.6**	**–**	**–**
10.2	8.5	5.3	7.9	3.4	**6.8**	**–**	**–**
0.66	0.58	0.77	0.52	0.61	**0.63**	**–**	**–**

(2005-2007) Medium-Term Plan (2008-2010) Medium-Term Plan (2011-2013)

ROE & ROIC (excluding lease obligations)

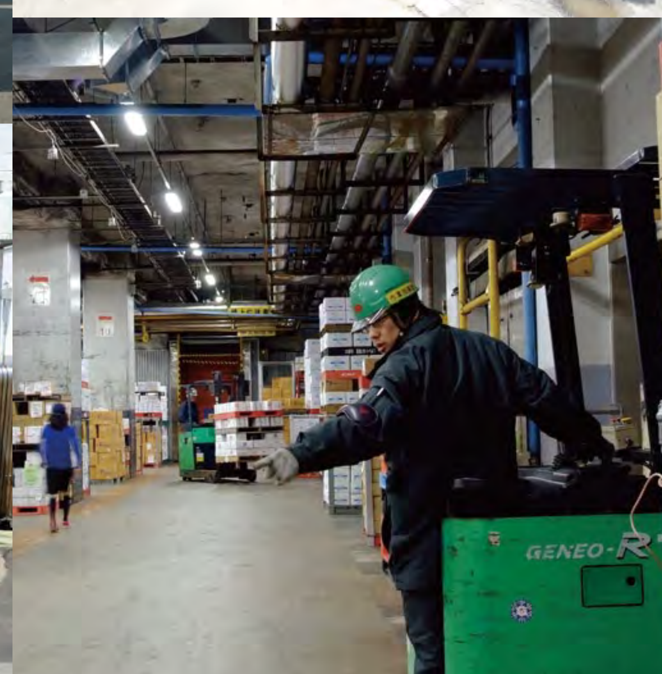


Notes:
1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥82.14=U.S.$1, the approximate Tokyo foreign exchange market rate as of March 31, 2012.
2. On October 1, 2003, Yukiwa Co., Ltd. merged with Ryoshoku Food Service Limited, a subsidiary of Ryoshoku Limited, 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 in sales and ¥0.7 billion in operating income. For the fiscal year ended March 2005, the negative impact was ¥53.5 billion in sales and ¥0.2 billion in operating income.
3. The figures for the fiscal years through March 2009 and thereafter include leased assets due to mandatory application of new accounting standards to finance lease transactions from September 2008.
4. The figures for interest-bearing debt do not include leased obligations.
5. Shareholders' equity for the years ended March 2006 and thereafter = net assets − minority interests.

Special Feature

Your Reliable Partner

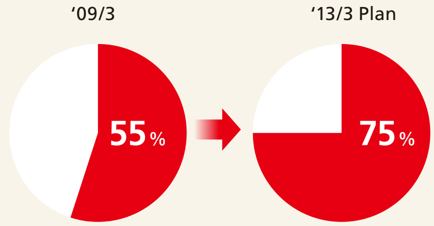
Nichirei's business is food: from procurement to processing, storage, and delivery. Our "Energy 2012" Medium-Term Business Plan has guided us to make major improvements in how we manage these processes. Nichirei will move forward to provide products and services that inspire greater trust than ever from our customers, to achieve the final goals set forth in "Energy 2012," and to realize sustainable growth.



» Procurement

Ensuring Safe Procurement and Supply of Foods

In-house Production Ratio of Processed Chicken Products



We will widen our competitive edge even further by raising our in-house production ratio through stable operation of our two new plants.

Toward stable supply of processed foods

Nichirei Foods Inc. was the first company to sell frozen foods in Japan. In addition to being the industry's pioneer, we are still its top manufacturer. We provide frozen foods, retort-pouch foods, wellness foods, and other products based on our commitment to seven core values: health, enjoyment, simplicity and convenience, good flavor, safety and reliability, stable supply, and fair prices. One of our main product categories is processed chicken products. In 2010, we started operating a large-scale chicken processing plant in Thailand, which now processes 100,000 chickens per day. We mainly ship processed chicken thighs to Japan and processed breast meat to Europe. In order to provide stable supplies to the market, we plan to raise the proportion of chicken products that we process in-house from 55% in the fiscal year through March 2009 to 75% in the year through March 2013.

Procuring marine, meat and poultry products from around the world

Nichirei Fresh Inc. procures marine, meat and poultry products from all over the world. In order to be able to supply high-quality ingredients that are optimized for various uses, we are constructing worldwide, uniform procurement and production systems. We deliver a wide variety of ingredients through our global systems, including shrimp, crab, octopus, squid, salmon, shellfish, fish eggs, and other seafood as well as chicken, pork, and beef. We process these ingredients into formats that are most suited for the ways in which they will be used, and supply them to mass marketers, restaurant operators, and processed food manufacturers. As we develop these ingredients, we focus on good flavor, safety, and reliability. In the case of seafood, we also particularly keep freshness in mind while in the case of meat and poultry we will focus on health and respect for the environment. Nichirei Fresh Inc. creates premium ingredients by working with these six concepts.

GFPT Nichirei (Thailand) Co., Ltd.'s chicken processing plant

Seafood and meat products handled by Nichirei Fresh

›› Food Processing

Thorough Quality Control and Product Development

Our new food product lineup

Toward thorough quality control

With an eye toward increasing our ability to meet international standards of quality assurance, we meet the International Standards Organization's ISO 9000 quality control standards, follow HACCP (the U.S. government's Hazard Analysis and Critical Control Point) guidelines for food safety, and implement quality control based on Good Manufacturing Practices (GMP) for maintaining hygiene in food production plants. We also provide accurate information regarding the quality of products that we supply. In order to assure the safety and quality of our food products, we maintain strong quality auditing functions. In order to prevent accidents that might affect food quality or hygiene, and in order to minimize negative effects should such an accident occur, we practice quality risk management and conduct specialized educational programs to raise the quality awareness of each and every employee. In addition, we reformed our product database so as to minimize human error and are working on creating systems for providing accurate information more quickly than ever before.

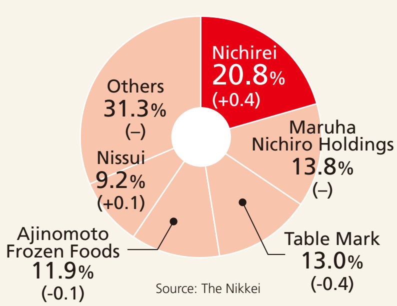
Toward greater capacity for product development

Nichirei is Japan's number one provider of frozen foods. The new product lineup that we announced in January 2012 highlighted the advantages of the raw ingredients used in each of our main categories: chicken, agricultural products, potatoes, and rice. Rather than catering exclusively to economy-minded consumers, we also address those who feel they would "like to enjoy something more delicious" by introducing products like "Tender Grilled Chicken," which was developed in line with the idea of having "one more dish for the table," and our "Roku-shu No Kobachi" (Six Little Dishes) which is part of the "Hotto Suru Okazu" series. Going forward, we aim to further strengthen our capacity for product development in order to solidly establish our position in our mainstay product categories.

Quality inspection

Market Shares in Japanese Frozen Food Market in 2011

Figures in parentheses are year-on-year percentage changes.



Source: The Nikkei

Nichirei Controls the Market for Processed Foods for Home Meal Replacement in Japan

Type of Food	Market Size	Nichirei's Share
Chicken	Large	Industry leader
Potato croquettes	Large	Industry leader
Cream croquettes	Medium	Industry leader
Spring rolls	Medium	More than 50%
Minced meat patties	Small	Industry leader

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

» Storage and Logistics

Improving Logistics Quality and Efficiency

Higashi-Ogishima Distribution Center

Providing high-quality logistics by using cutting-edge facilities

Nichirei is already Japan's number one provider of temperature-controlled logistics by a large margin. In order to further solidify this position, we have actively consolidated existing warehouses and rebuilt outdated ones. As a result, as of 2011 the average age of Nichirei Logistics Group Inc.'s facilities was 21 years and nine months, compared to the industry average of 33 years and eight months.

The Higashi-Ogishima Distribution Center that we brought online in February 2011 uses a positive pressure ventilation system for preventing fluctuations in temperature and humidity, a seismic isolation structure to prevent the passage of seismic vibrations throughout the building, and a facial recognition system to maintain a high degree of security. The facility's ammonia-based refrigerant has an excellent (very low) ozone depletion potential, so it will be able to operate stably in the long-term even after restrictions on FCFs take effect in 2020.

Toward increasing logistics efficiency for customers

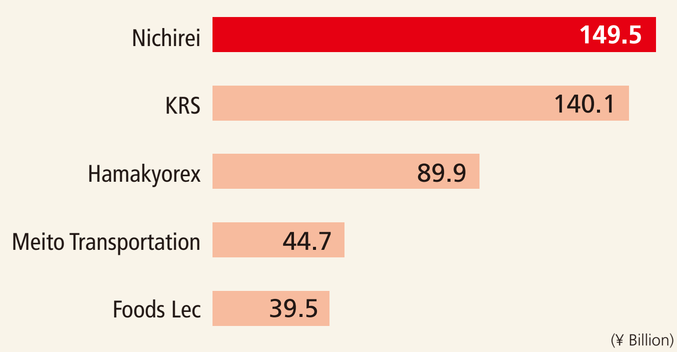
The Nichirei Group counts among its assets high-quality logistics, a nationwide delivery network, and sales systems that are well-integrated into local communities. Our Higashi-Ogishima Distribution Center was designed not only to offer storage and delivery services, but also to help improve the efficiency and lower the cost of our customers' logistics operations. The facility's spacious unpacking area allows the unpacking, sorting, and inspection of small quantities of multiple types of merchandise and can provide distribution processing services. For example, it is equipped with a washing tank in the meat processing room, a repacking room where large quantities of products bought in bulk are repacked into small bags, a high-frequency defrosting facility equipped with the latest conveyer belt technology, and the flexibility to maintain a variety of temperature zones. Since logistics demand in the Tokyo Metropolitan area has been on the rise, we plan to proceed with the construction of Building 2 of the new warehouse, which will have some 40,000 tons of storage capacity. Completion is scheduled for July 2013. Total capacity for the two facilities will be about 80,000 tons, which will make it the largest warehouse in the Nichirei Group.

Japanese Refrigerated Warehouse Companies' Facility Capacities (as of January 1, 2012)

Ranking	Company / Group	No. of Operating Locations	Capacity (Thousand tons)
1	Nichirei Group	80	1,380
2	Yokohama Reito	39	730
3	Maruha Nichiro Group	37	580
4	Nippon Suisan Group	21	370
5	Toyo Suisan Group	18	360

Source: Compiled using data from JARW as of January 1, 2012

Japan's Major Temperature-controlled Logistics Providers and their Net Sales (Fiscal 2011)



Message to Our Shareholders

Mitsudo Urano
Representative Director
and Chairman

Toshiaki Murai
Representative Director
and President

We aim to achieve strong growth under our new business framework

More than a year has passed since the Great East Japan Earthquake struck Japan on March 11, 2011. As a company that takes responsibility for a significant portion of the country's food supply chain, Nichirei set about to strengthen its business framework after giving much earnest thought throughout the past year to the question of how to deliver safe, reliable, and uninterrupted food supplies.

The fiscal term through March 2013 is the final year of our "Energy 2012" Medium-Term Business Plan. We plan to build on the results of the previous two "hop" and "step" years so we can "jump" in this third and final year to achieve even bigger gains. To prepare for this "jump," in the fiscal term through March 2012 we assigned new presidents to Nichirei Foods Inc. and Nichirei Fresh Inc. In the term ending March 2013, we assigned new presidents to Nichirei Logistics Group Inc., Nichirei Biosciences Inc., and Nichirei Proserve Inc. The domestic economy is expected to remain harsh, with crude oil prices, raw ingredient prices, electric power rates and other trends difficult to predict. Nevertheless, with new management for the Nichirei Group's five core companies, we intend to generate our own "energy," and achieve robust growth.

In May 2012, we released a new medium-term management vision that we call "Growth 2016." We will continue to concentrate allocation of the Group's management resources on our core businesses — processed foods and temperature-controlled logistics. In addition to improving profitability in our domestic businesses, we will work to strengthen our overseas businesses and expand the overall Group's profit base.

In order to expand our business overseas, we will search out human resources from within and outside the Nichirei Group, and will cultivate global human resources through flexible personnel allocation.

In the fiscal term through March 2016, Nichirei will celebrate the 70th anniversary of its founding. We want to make use of the corporate characteristics that allowed us to create outstanding food products and distribution networks to help us achieve steady growth in our various business domains, in Japan and overseas, and to become a company from which people expect even greater accomplishments.

August 2012

M. Urano　Toshiaki Murai

Mitsudo Urano
Representative Director and Chairman

Toshiaki Murai
Representative Director and President

Now that we have strengthened our business bases, we will finish implementing "Energy 2012" as the "jump" that will carry us into "Growth 2016"

In the fiscal term through March 2012, we surmounted the challenges posed by the Great East Japan Earthquake and achieved year-on-year growth in sales and profits in Processed Foods and Logistics. However, because profits declined in our Real Estate business due to changes in lease formats, our overall results were increased sales but reduced profits relative to a year earlier. As examples of how we steadily strengthened our business base in preparation for the coming "jump," we started full operation of our new, large-scale chicken processing plant in Thailand, updated our refrigerated warehouses with an eye toward the future, and invested in strengthening our overseas operations. In the fiscal term through March 2013, the final year of our "Energy 2012" Medium-Term Business Plan, we will do everything in our power to complete the remaining tasks called for in the plan so that we will be ready to achieve the growth we aspire to in "Growth 2016."

Q Please give an overview of the fiscal term ended March 2012 in terms of business environment and results.

Sales returned to the 450 billion-yen level

The fiscal term through March 2012 was the second year of our "Energy 2012" Medium-Term Business Plan. Given the effects of the Great East Japan Earthquake, higher raw ingredient prices, and upcoming renewals of office building leases in our Real Estate business, we started the term anticipating that net sales would rise year on year to ¥442.2 billion, while operating income would decline to ¥14.0 billion. In fact, sales were stronger than expected, especially in Processed Foods, and far exceeded our target. In the end, we posted ¥454.9 billion in net sales and ¥16.1 billion in operating income.

Looking at our core businesses, Processed Foods was aided by a clear recovery trend in eating home-cooked meals and using home-meal replacements, which was a result of the earthquake. Sales of home-use prepared frozen foods were particularly strong, contributing to an increase in net sales relative to the previous year. Operating income also rose despite increases in ingredient and other purchase prices, thanks to improvements in purchasing practices and productivity, as well as to increased net sales.

In Logistics, sales and profits of our Logistics Network business increased thanks to sales from new transfer centers and orders for new 3PL business. Sales also grew in our Regional Storage business, largely due to expanded cargo handling at a new distribution center that came online in the previous term. Nevertheless, profit declined due to the weight of depreciation and amortization expenses. Our Overseas business enjoyed increased sales and profits thanks in part to the effects of acquiring a temperature-controlled logistics provider in France, and in part to increased inventories of mainstay products and steadily fulfilling growing transport demand. Overall, Logistics achieved increases in both net sales and operating income.

Although we achieved growth in sales and profits in our two core businesses, Processed Foods and Logistics, the Nichirei Group as a whole ended with increased sales but decreased profits due to the outcome of office building sublease renewals in our Real Estate business.

Net Sales and Operating Income by Segment

(¥ Billion)

	'12/3 Results		'13/3 Targets	
	Amount	Change (%)	Amount	Change (%)
Net sales	**454.9**	**3.9**	**474.0**	**4.2**
Processed Foods	174.1	7.6	185.0	6.2
Marine Products	65.6	(1.8)	69.0	5.1
Meat and Poultry Products	75.5	(3.4)	78.0	3.2
Logistics	149.5	7.3	153.6	2.7
Real Estate	4.9	(25.2)	5.0	1.0
Other	6.0	(3.2)	6.1	1.1
Adjustments	(20.9)	–	(22.7)	–
Operating income	**16.1**	**(3.0)**	**17.3**	**6.9**
Processed Foods	5.1	11.8	6.0	16.4
Marine Products	0.2	(62.4)	0.7	214.1
Meat and Poultry Products	0.5	35.0	0.8	52.3
Logistics	7.3	1.3	7.6	2.8
Real Estate	2.3	(33.8)	2.1	(10.9)
Other	0.4	15.6	0.3	(37.8)
Adjustments	0.0	–	(0.2)	–

Q Nichirei revised its goals for "Energy 2012"; how and why did you do that? Also, please explain where your focus will be during this final year of the plan.

We revised our goals for the final year and will focus on strengthening our core businesses to prepare for steady achievement

We are seeing steady results from the major investments in sustainable growth that we made in line with the "Energy 2012" Medium-Term Business Plan. In terms of results, we believe we are basically doing well, especially in our core Processed Foods and Logistics businesses. However, there have been big changes in the surrounding environment, so we changed our final-year goals to line them up with the current realities. The following three points are the main reasons:

1. Real Estate: we were seriously impacted by the economic downturn
2. Logistics: we were seriously affected by the weakened euro
3. Marine Products: we were seriously impacted by market fluctuations

Going forward, we will pay special attention to the following measures in our core businesses in order to achieve our new targets.

First of all, in Processed Foods, we will focus on improving profitability at GFPT Nichirei in Thailand. We will seek improvement in every process from ingredient procurement to production. At the same time, we will reduce the proportion of raw meat sold in Thai markets, where there are large fluctuations in retail prices, and increase the proportion of more profitable processed goods by expanding our processing lines and developing new products.

In Logistics, we will work to improve profitability in the Regional Storage business by handling more ancillary operations at the Higashi-Ogishima Distribution Center and by further improving efficiency in cargo handling. In addition, we will focus on increasing cargo handling in preparation for the July 2013 startup of the Building 2 of the new distribution center. In the Logistics Network business, we aim to promote our transport business and expand three-temperature-zone service by increasing business with existing customers and developing new customers. We will accomplish this by making efficient use of vehicles and making the most of each operating location's functionality and customer base.

Overseas, we will focus on strengthening our foundation so that we can expand our Processed Foods business in China, the ASEAN region, North America, and Europe. In Logistics, we will focus on expanding our Group's business in Europe, and on improving delivery efficiency and increasing transport business in China.

Target Figures for the Fiscal Year Ending March 2013

(¥ Billion)

	'12/3 Results	'13/3	
		Original targets	Revised targets
Net sales	454.9	486.8	474.0
Operating income	16.1	18.8	17.3
Net income	7.9	9.3	10.0

Q Please explain your main strategies and targets for expanding overseas sales in Nichirei's core Processed Foods and Logistics businesses.

Processed Foods: Concentrate on growth in China, the ASEAN region, North America and Europe

We aim to expand our Processed Foods business so that in five years we can realize overseas sales of ¥15.0 billion, compared to ¥8.5 billion in the fiscal term through March 2012.

In order to develop the Chinese market and expand sales, we have started test marketing commercial-use frozen foods to major fast food chains. In the future, we will consider tying up with local firms based on analysis of prevailing trends. We established Taian Jiayu Foodstuff Company Limited in order to produce and sell processed agricultural products. In June 2012, we began full production of frozen vegetables based on strict Japanese quality standards. For the time being, the products will mainly be exported to Japan, but in the fiscal term through March 2013 we plan to start selling in China as well. In March 2012, we acquired 19% of outstanding shares in major Vietnamese food manufacturer Cholimex Foods JSC, giving us a foothold from which to develop business in the ASEAN region.

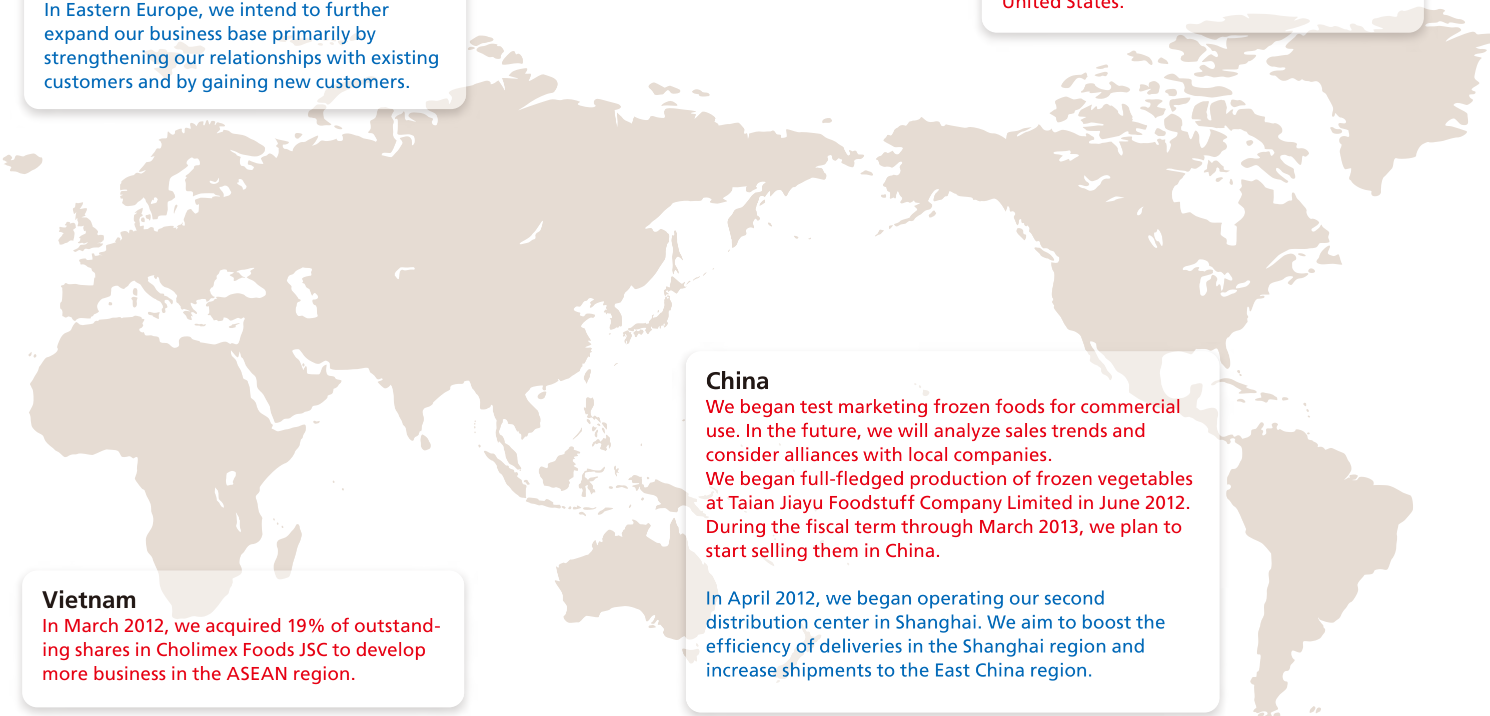
We are also working on expanding our business in Europe and North America. GFPT Nichirei (Thailand) is concentrating on establishing a bigger market and developing products that will help us expand exports of processed chicken breast from Thailand to Europe. In our acerola business, we are promoting bigger sales of concentrated juice in Europe and Asia. In the future, we will start manufacturing powdered acerola, which we will market mainly as a processing ingredient foods and as an antioxidant. In the United States, we acquired 51% of outstanding shares in InnovAsian Cuisine Enterprises, Inc. in May 2012, to give us a foothold for further expansion.

Logistics: Strengthening collaboration among Group companies in Europe

Our European business is doing well. We aim to encourage collaboration among Group companies by fostering Group awareness, promoting sharing of customers, and providing shared logistics facilities. In Western Europe, our 2010 acqui-

Overseas Development in Nichirei's Processed Foods and Logistics Businesses

Red text: Processed Foods / Blue text: Logistics



Europe

In Western Europe, we will pursue synergistic benefits by stimulating communication and mutual cooperation between Group companies.

In Eastern Europe, we intend to further expand our business base primarily by strengthening our relationships with existing customers and by gaining new customers.

The United States

In May 2012, we acquired 51% of outstanding shares in InnovAsian Cuisine Enterprises, Inc. We intend to expand our business in the United States.

China

We began test marketing frozen foods for commercial use. In the future, we will analyze sales trends and consider alliances with local companies.

We began full-fledged production of frozen vegetables at Taian Jiayu Foodstuff Company Limited in June 2012. During the fiscal term through March 2013, we plan to start selling them in China.

In April 2012, we began operating our second distribution center in Shanghai. We aim to boost the efficiency of deliveries in the Shanghai region and increase shipments to the East China region.

Vietnam

In March 2012, we acquired 19% of outstanding shares in Cholimex Foods JSC to develop more business in the ASEAN region.

sition of a temperature-controlled logistics provider in France provided us with a distribution base centered in the port districts from the Netherlands to France. We aim to stimulate communication between Group companies in order to make effective use of this base and pursue synergistic benefits through mutual collaboration. In Eastern Europe, we intend to further expand our business base primarily by strengthening our relationships with existing customers, as well as by gaining new customers.

In China, we opened a second distribution center in Shanghai in April 2012, thereby roughly tripling our existing storage capacity to 5,200 tons. By increasing storage capacity and the number of Nichirei-owned vehicles, we aim to boost the efficiency of deliveries in the Shanghai area and increase shipments to the East China region.

Q Population decline is a serious social problem in Japan. How do you view the domestic market environment in the medium term, and the direction that Nichirei should take in the future?

We should steadily absorb demand that is generated by social change

The population of Japan peaked out at 128.2 million in 2009. Japan's Ministry of Internal Affairs and Communications expects the population to drop to 108.2 million in 2050. In other words, we believe that the Japanese foods market will inevitably shrink. On the other hand, usage of frozen foods has been increasing year by year. In my view, there is still plenty of room for growth in the processed food market in which Nichirei participates.

Especially since the earthquake, people are eating at home more often and using more home-meal replacements, so consumers have extended their use of prepared frozen foods from packed meals to meals eaten at home. We are seeing strong sales of our mainstay products — rice dishes, minced meat patties, and fried chicken — as well as prepared vegetables. We realize that it will be important for us to carefully scrutinize our customers' lifestyles when we revise products or develop new ones for the future.

In addition, as a new field for Nichirei, we will get into agribusiness, where we will make use of the supply chain management skills we have built as a frozen foods manufacture as well as our original traceability techniques and other proprietary production control and processing technologies. We started in March 2011 by selling vegetables that we cultivated in response to an order from a home-meal replacement provider. Our goal is to secure stable and continuous supplies of low-cost, high-quality vegetables in each locality, which should not only make our business more profitable, but should help us build a regional-circulation business model that contributes to local communities.

Meanwhile, in the Logistics business, there is increased demand for food safety and reliability. Along with growing demand for processed foods, I think we will see consumers demand more sophisticated logistics. We aim to distinguish our services from the competition more clearly than ever by beefing up our security systems and offering more precise temperature and freshness controls. Moreover, we need to establish operating strategies that take into account environmental changes, changes in clients' policies, and hollowing out of local communities. We also need to construct new, next-generation growth-oriented business models, following on our development of transfer centers and non-asset 3PL.

Q What are your thoughts regarding mergers, acquisitions, and corporate alliances?

We promote mergers, acquisitions, and corporate tie-ups in order to accelerate business growth overseas

We view company acquisitions and alliances as important strategies that can accelerate overseas development of our core Processed Foods and Logistics businesses.

To help our Processed Foods business, in March 2012 we acquired 19% of outstanding shares in major Vietnamese food manufacturer Cholimex Foods JSC. We will consider future M&As or corporate alliances with an eye toward expanding business from our base in Vietnam to Indonesia or other ASEAN countries.

Additionally, in May 2012 we announced the acquisition of 51% of outstanding shares in InnovAsian Cuisine Enterprises, Inc. in the United States. InnovAsian Cuisine has achieved steady growth by developing products and building a sales network in the Asian food category. Through this acquisition, we aim to expand our business in the U.S. market, primarily with regard to Asian foods.

Concerning Logistics, our 2010 acquisition of a temperature-controlled logistics provider in France has enabled us to pursue intra-Group synergistic benefits by building a distribution network that ties major Western European ports to inland destinations. Going forward, we aim to reinforce our infrastructure between France and Poland to give us an even stronger profit base in Western and Eastern Europe. Since the acquisition, we have been increasingly approached with offers to acquire or ally with businesses not only in Europe but also in Southeast Asia. In such cases, we sometimes pursue a merger or tie-up after carefully examining details about the company in question and its potential for synergistic benefits with Nichirei.

Q Please explain the contents of the "Growth 2016" medium-term management vision that Nichirei announced in May 2012.

The plan is aimed at improving profitability and generating growth potential

"Growth 2016" calls for appropriate allocation of Nichirei Group management resources and improvement of profitability in our domestic core businesses and strengthening of those businesses overseas, as well as expansion of the Nichirei Group profit base. During the final year of the new plan, in December 2015, Nichirei will celebrate the 70th anniversary of its founding. We want to use the corporate characteristics that allowed us to create outstanding food products and distribution networks to help us achieve steady growth in our various business domains, in Japan and overseas, and to raise our profile to that of a corporate group that people expect to keep growing by leaps and bounds. We will operate in four business domains: Processed Foods ("pursuing the seven core values of processed foods"*), Marine Products and Meat and Poultry Products ("providing top quality ingredients in optimal formats"), Logistics ("taking responsibility for high quality food distribution infrastructure"), and Biosciences ("making the most of our strengths in diagnostic agents and culture media"). We will particularly concentrate management resources in Processed Foods and Logistics as we aim to improve profitability and generate growth potential for the entire Group.

Regarding returns to shareholders, our goal is to continue paying stable dividends to shareholders, using a consolidated dividend-on-equity ratio (DOE) as a guide, while also making strategic investments in growth areas. For the fiscal term through March 2013, we plan to pay ¥10 per share, which is ¥1 per share more than the previous term. Our view is that the purchase of treasury shares returns profits to shareholders by increasing the value of each share. As proposed in our current medium-term management plan, we completed the purchase of 15 million shares. "Growth 2016" also calls for giving timely consideration to the acquisition and cancellation of treasury shares, subject to analysis of prevailing fiscal conditions, share price trends, and other factors.

* Seven core values: health, enjoyment, simplicity and convenience, good flavor, safety and reliability, stable supply, and fair prices

"Growth 2016" Target Figures

(¥ Billion)

	'12/3 Results	'17/3 Targets
Net sales	454.9	530.0
Overseas sales	31.7	over 50.0
Operating income	16.1	22.0
Operating margin	3.6%	over 4.0%
Net income	7.9	12.0
EPS	¥ 26.3	over ¥ 40.0
ROE	6.8%	over 8.0%
DOE	2.3%	2.5%

We will focus on highly original products, improving profitability at our Thai plant, and expanding business overseas

Processed Foods

Yasuhiro Ikeda, President
Nichirei Foods Inc.

Market and Industry Trends

Since the Great East Japan Earthquake, the consumer trend toward eating home-cooked meals and using home-meal replacements has become even more pronounced than before. On the other hand, consumers continue to favor lower-priced products amid Japan's prolonged deflationary environment.

Performance Highlights from the Fiscal Year through March 2012

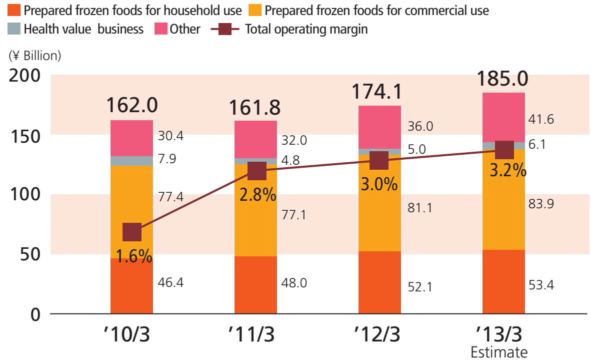
- Prepared frozen foods for household use: Both sales and profits increased thanks to strong demand for Mini Fried Chicken as well as for mainstay items like "Honkaku-itame Cha-han" (Authentic Fried Rice), Shrimp Pilaf, and the "Obento-ni Good!" (Good for Bento Boxed Lunches) series.
- Prepared frozen foods for commercial use: Although a temporary halt in production of spring rolls and some other products led to a decline in sales of those products, we saw increased sales and profits from processed chicken products, croquettes, and other products that fill the need for home-meal replacement. Overall, however, profits declined due to such factors as increased procurement costs for products and ingredients both from Japan and abroad.
- Processed agricultural products: Profits increased, largely because we pruned our product lineup to improve profitability, and because of the success of our "Sono Mama Tsukaeru" (Just Thaw and Eat) series that provides maximum convenience in frozen foods.
- Acerola: Despite increased domestic sales of raw ingredients as well as solid overseas sales — particularly in Europe — profits declined due to the strength of the Brazilian real.

New product lineup

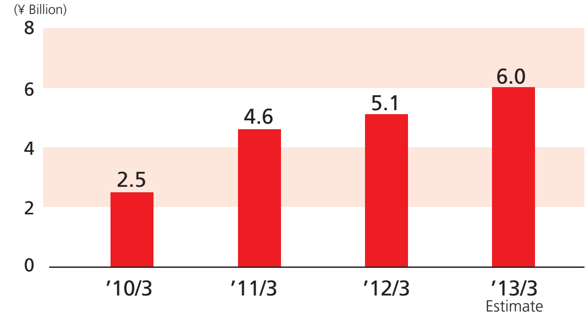
Hamburg steak for commercial use

We are expanding sales of concentrated acerola juice in Europe and Asia

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



Operating Income of Processed Foods



Major Policies for the Final Year of the "Energy 2012" Plan

Focus on development of original products

We aim to increase profits by introducing new products that meet the market's needs. Our goal is an operating margin of 3.2%. Our product development will start with consumer research, so we can find clues from people's lifestyles that will lead us to discover unmet needs. We aim to develop and launch unique products that showcase their ingredients' appeal. Sales of processed chicken products are increasing, and we aim to add even more value to those products by increasing the degree of processing done at our Thai plant. In the fiscal term through March 2013, we plan to sell ¥52.6 billion worth of processed chicken products in Japan and ¥1.3 billion in Europe.

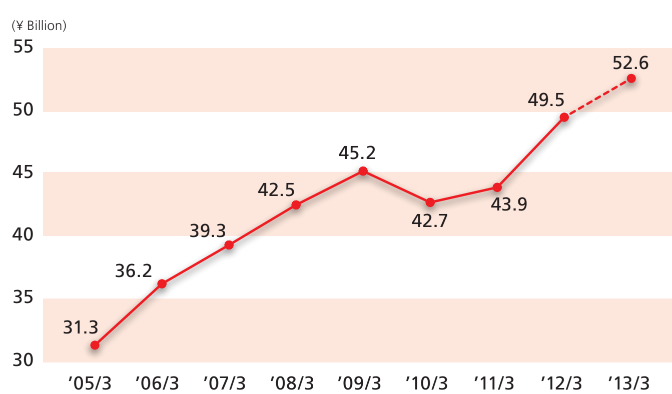
Focus on increasing sales of prepared frozen foods for commercial use, and on increasing profit performance of prepared frozen foods for household use

In prepared frozen foods for commercial use, demand is mainly increasing for prepared dishes and other home-meal replacement items sold at supermarkets and convenience stores. We will concentrate our management resources on these growing business models and on our best customers and aim to increase sales. In prepared frozen foods for household use, we will step up sales efforts in order to make better use of our directly managed plants.

Reinforce our business base in order to expand overseas business

In March 2012, we formed a capital and business tie-up with major Vietnamese food manufacturer Cholimex Foods JSC by acquiring 19% of its outstanding shares. Cholimex primarily makes seasonings, and is Vietnam's largest manufacturer of chili sauce. The company also makes frozen foods, mainly for export to Europe. Nichirei will provide Cholimex with expertise in the manufacturing of processed foods, and will develop new products that will give us a more solid footing from which we can expand sales in the promising ASEAN market. In China, we are currently conducting test marketing of commercial-use frozen foods. We will analyze sales trends and explore possibilities for forming alliances with a few companies as we work to increase sales and strengthen our production framework there. Additionally, in May 2012, we announced the acquisition of 51% of outstanding shares in InnovAsian Cuisine Enterprises, Inc. InnovAsian Cuisine has been growing steadily, thanks to its success in developing Asian-style foods and constructing a sales network for its products. Going forward, we aim to expand our business in the American market by applying the comprehensive power of Nichirei Foods Inc.

Sales Amount for Nichirei's Processed Chicken Products in the Japanese Market



Logistics

We will take steps to secure steady results from existing large investments

Hiroshi Matsuda, President
Nichirei Logistics Group Inc.

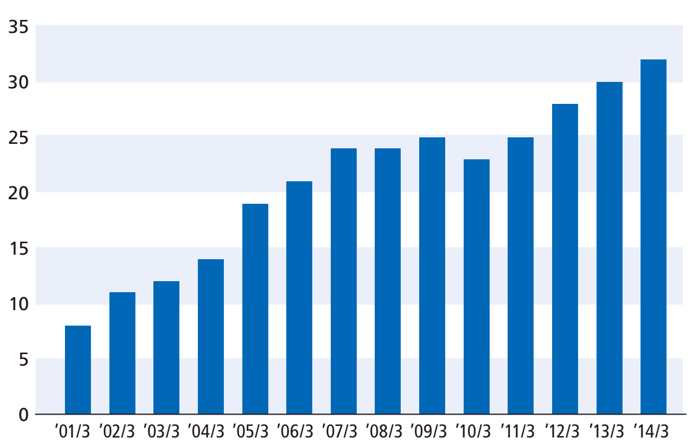
Market and Industry Trends

Compared to the previous year, the volume of goods taken into refrigerated storage in Japan's 12 largest cities increased by 5.3% and the average overall inventory ratio rose 2.1 percentage points.

Performance Highlights from the Fiscal Year through March 2012

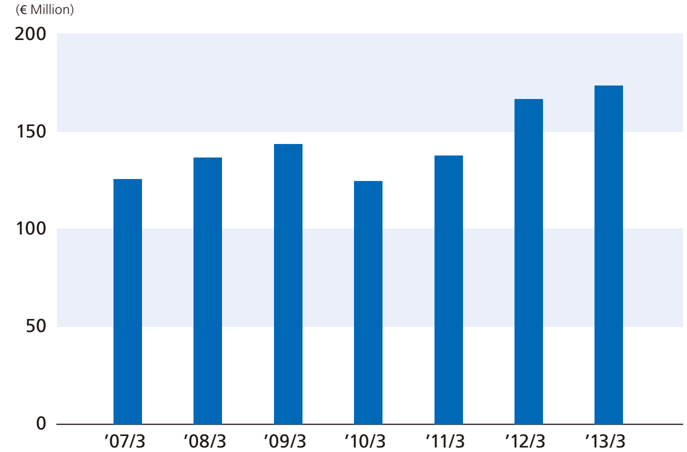
- Although our Logistics Network business was affected by a temporary work stoppage in the wake of the Great East Japan Earthquake, it still achieved increases in sales and profits. The primary reasons for this success were that we worked hard to make effective use of transport vehicles and that, as in the previous term, we made steady progress in selling new services in our TC (transfer center) and 3PL businesses. Sales in our Regional Storage business got a boost from the establishment of new operating locations, but profits declined, due largely to the heavy burden of depreciation and amortization.
- Overseas, our European branches made good progress toward meeting transport demand in the European region, and enjoyed steady sales from handling imported fruit juices and chicken. The previous term's purchase of a French temperature-controlled logistics provider also helped us to absorb the drop in the Euro's value and post increased sales and profits. In the Shanghai area, we did well in our mainstay business of delivering to convenience stores. Overall, sales and profits in our Overseas business increased relative to the previous year.

Number of TCs (Transfer Centers)

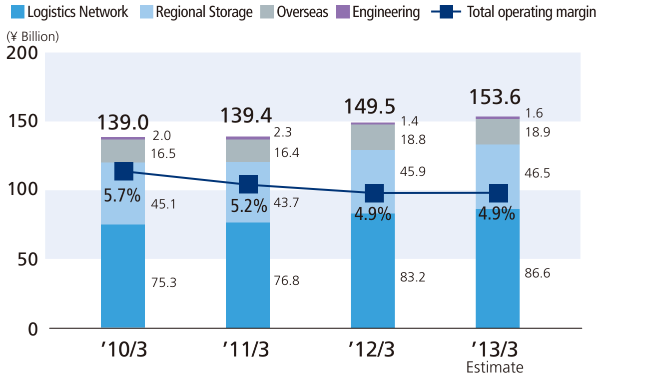


Logistics Sales in Europe (Existing European Group Companies)

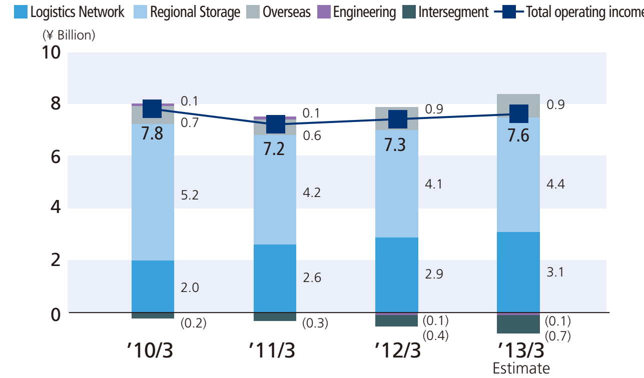
(€ Million)



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



Operating Income by Sub-segment of Logistics



Major Policies for the Final Year of the "Energy 2012" Plan

Regional Storage business: Focus on expanding cargo collections and on improving profitability

In order to boost profitability, the Higashi-Ogishima Distribution Center that we opened in February 2011 will concentrate on expanding supplementary services like defrosting and repacking, and on further improving efficiency in its cargo handling operations. With Building 2 scheduled to come online in July 2013, we will actively solicit cargo handling business. In the Tokyo Bay area, we will work to optimize the cargo storage profile of each warehouse according to its particular characteristics. In the Kansai region, we receive many requests for quotes from customers, to the point that we will consider establishing a new operating location following the February 2010 startup of our Hokko Distribution Center.

Logistics Network business: Horizontally develop existing customers and improve operational efficiency

Transfer center orders are growing faster than we predicted in our medium-term business plan. In the future, we aim to further expand our profit base by getting new orders for the center, expanding handling of multiple temperature zones (including room temperature) at existing centers, and by getting orders for procurement logistics. In the transport business, we will expand the area in which we offer shared deliveries of frozen foods and ice to existing customers, and promote development of new customers. At the same time, by tying up with regional storage companies, we will expand our handling of goods from producing regions, primarily in Hokkaido and Kyushu. In our 3PL business, we will work to provide stable service to the major restaurant chain operator that became our customer in the previous fiscal term, while also focusing on developing new clients.

Overseas business: Enhance our business base by adding equipment and opening a new operating location

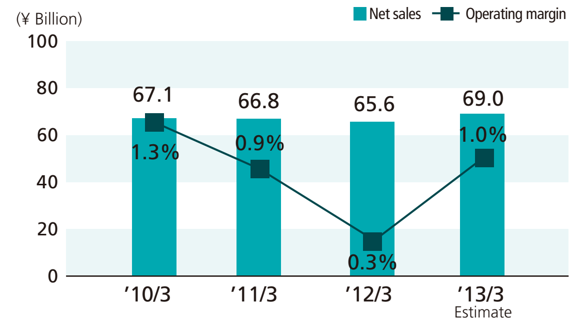
Now that we have prepared adequate business bases in the various regions of Europe, we will pursue synergistic cooperation among Group companies. In France and Poland, we will add facilities to meet the needs of new customers in those countries. We will also aim for even stronger profit bases in Eastern and Western Europe. In China, we started operating a second distribution center in Shanghai in April 2012, expanded our storage capacity, and increased the number of Nichirei-owned vehicles in order to make more efficient deliveries in the Shanghai area and expand transport to the East China region.

Concept drawing of Higashi-Ogishima Distribution Center Building 2

Second Distribution Center in Shanghai

Motoharu Hayama, President
Nichirei Fresh Inc.

Net Sales & Operating Margin of Marine Products



Marine Products

We will focus on reinforcing premium ingredients and building a solid business constitution

Market and Industry Trends

As marine resources dwindle and demand for them increased in emerging markets, marine product prices remained high in their source locations. At the same time, Japanese consumers remain steadfastly cost-conscious when shopping for food, so it remains difficult to pass on higher procurement costs to consumers.

Performance Highlights from the Fiscal Year through March 2012

We are transitioning smoothly to optimal processing of marine products and are paying careful attention to profit potential when procuring and selling. Despite these efforts, both sales and profits have declined due to the influence of high producer prices.

- Amid rising shrimp prices, we have taken care to procure ingredients with an eye toward making a profit. Nevertheless, both sales and profits declined relative to the previous fiscal term as in some cases we were unable to reflect higher procurement costs in our sale prices.
- Sales of other seafood increased, largely due to strong sales for restaurant use. However, sale prices for shellfish have been slow, so profits from these products declined relative to the previous year.

Major Policies for the Final Year of the “Energy 2012” Plan

Work to increase sales

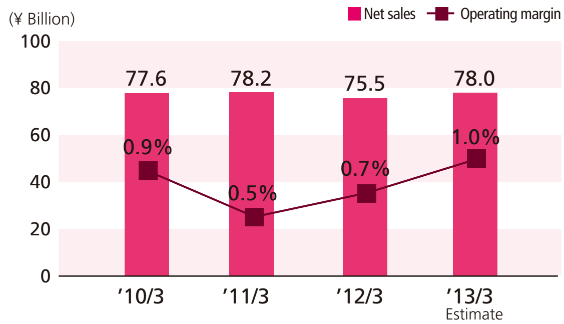
In order to increase sales, we will focus on developing new materials and new products, and on expanding sales channels both in Japan and abroad. Regarding sushi toppings, a category that enjoys strong sales, we will strengthen cooperation with important customers and increase joint development of products. We will also enhance our product lineup by continuing to develop new and original high-quality premium ingredients. Overseas, we will expand business in the Chinese market through our cooperation with Rizhao Mei Leng Food Trading Co., Ltd. In North America and Europe, we will develop local wholesalers as new business partners.

Rebuild a solid business constitution

Along with enhancing our lineup of premium ingredients and other value-added products, we aim to expand our market — primarily through processed products — reduce inventories, and build a profitable constitution that is less vulnerable to market swings.

Mexican wild brown shrimp

Net Sales & Operating Margin of Meat and Poultry Products



Meat and Poultry Products

We will focus on improving profitability while aiming to expand sales channels in Japan and abroad

Market and Industry Trends

The Great East Japan Earthquake and Fukushima Daiichi Nuclear Power Plant accident, among other factors, brought about major changes in meat consumption and market trends. Especially in the poultry market, an influx of imports upset the supply-demand balance and caused a notable drop in the domestic market.

Performance Highlights from the Fiscal Year through March 2012

Sales declined relative to the previous fiscal year as we were cautious in our purchasing and sales due to changes in supply, demand, and other market conditions. Nevertheless, we achieved increased profits, mainly because we concentrated on selling chicken and other processed products, and because of improved profitability in raw ingredients.

- Sales of processed chicken products were solid, but because sale prices sagged when increased imports led to excessive supplies, chicken sales declined by 0.1% from the previous term.
- With procurement prices for imported beef remaining high, partly due to increased demand from emerging markets, we emphasized profitability in our purchasing. Sales declined 8.3% as domestic demand floundered, particularly from the restaurant sector.
- Although we concentrated on premium ingredients and other products, sales declined by 6.9% because sales to processors declined, and because we purchased cautiously with an eye toward profitability while procurement prices of imported products were high.

Major Policies for the Final Year of the "Energy 2012" Plan

Focus on expanding sales channels in Japan and abroad

Our product division and sales division joined forces to support a horizontal business promotion project whereby they will focus on developing channels for prepared dishes, home-meal replacements, and processed foods. Overseas, we will continue to bolster ham and sausage sales through SHINSHU NT Co., Ltd., a Vietnamese venture that we operate together with Shinshu Ham Co., Ltd. and Toyota Tsusho Corporation.

Expand "Jun Wakei" (pure Japanese chicken) sales

We will expand sales by planning, developing, introducing, and working to establish premium ingredients that meet customers' needs. In our flagship "Jun Wakei" business, we will make use of a new chicken processing plant to be built in Iwate Prefecture to provide products that meet customers' needs, in an effort to boost the contribution of this business to overall sales.

"Jun Wakei"

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.

Framework for Corporate Governance
(after the general shareholders' meeting held on June 26, 2012)

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 independent directors out of 11 directors 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 three independent stautory auditors—one who has worked at a financial institution, one who is an experienced attorney, and one who has worked at a government agency—among the total of five auditors. In principle, the Board of Auditors meets once per month, and holds additional meetings as necessary. The Company has established a framework for strengthening management supervisory functions while effectively utilizing the capabilities of auditors through a framework for carrying out auditors' operating supervisory functions.

Performance for the Fiscal Year through March 2012

Status of Independent Directors and Independent Statutory Auditors; Participation in the Year Ended March 2012

Independent directors, independent statutory auditors, their close relatives and any companies or organizations whose Board of Directors they may serve on have no vested interest in Nichirei. In the year ended March 2012, our three independent directors attended 85.7% of regularly scheduled board meetings. They participated in discussions about business plans involving management strategy and investments, 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 independent statutory auditors attended 100% of regularly scheduled board meetings, and offered opinions about issues such as asset policies, business plans, and compliance issues.

Committees

In order to ensure 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, Group Director Review Committee and Group Social Contribution Committee. In addition, we established Management Committee, Review Committee and Intellectual Property Management 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	Group Social Contribution Committee	Convened by chairperson once yearly plus as needed
Group Environmental Protection Committee	Convened by the chairperson twice yearly plus as needed	Management Committee	Meets every Tuesday except for the third Tuesday of each month
Group Quality Assurance Committee	Convened by the chairperson twice yearly plus as needed	Review Committee	Convened by the committee chairperson as necessary
Group Internal Control Committee	Convened by the chairperson once yearly plus as needed	Intellectual Property Management Committee	Convened by the committee chairperson as necessary

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. The Committee identifies and analyzes groupwide risks, and in addition to voluntary responses by the Company and operating units based on an established risk management cycle, discusses responses following reports on important matters to the Board of Directors of the holding company. Nichirei also works to minimize risk by operating an internal reporting system (Nichirei Hotline).

Internal Audits, Audits by 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 10 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, 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.

Officer	Number of officers	Total compensation	Remarks
Director	12	¥351 million	3 independent directors received ¥32 million
Auditor	4	¥78 million	2 independent statutory auditors received ¥21 million

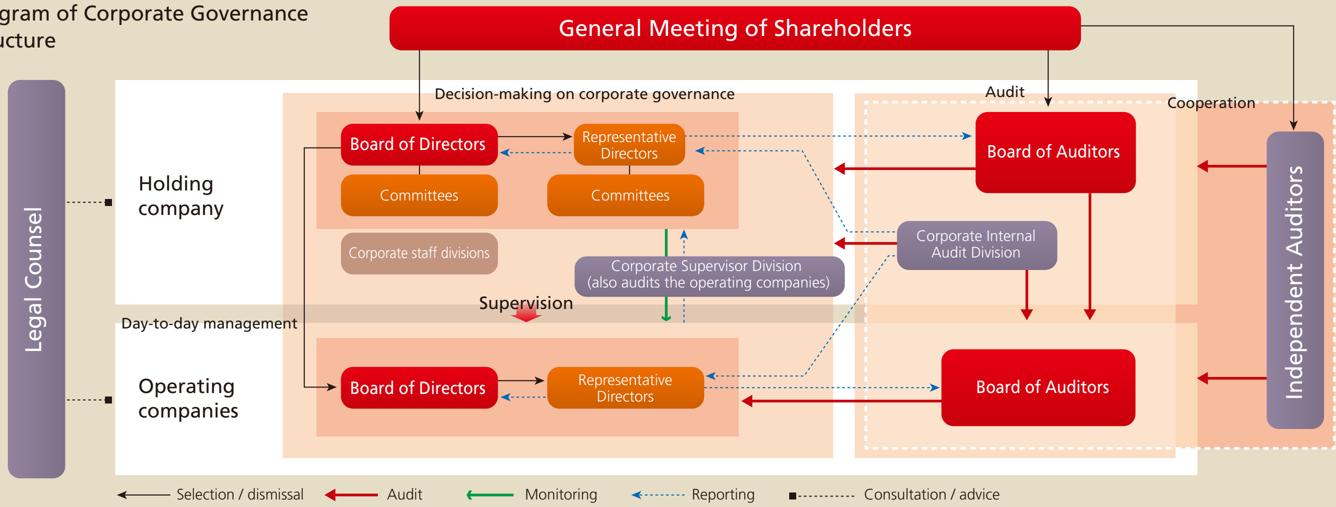
Notes: 1. "Total compensation" includes the amount of executive compensation paid to directors and auditors by consolidated subsidiaries at which they serve concurrently. No independent directors or independent statutory auditors serve concurrently as executives of consolidated subsidiaries.

2. "Total compensation" includes bonuses of ¥99 million paid to directors for the fiscal year ended March 2012.

3. The above figures include two directors who retired as of the conclusion of the general shareholders' meeting held on June 24, 2011.

4. In addition to the above, ¥27 million was paid to two directors who resigned on June 24, 2011 based on a resolution approved at the June 27, 2006 general shareholders' meeting to award retirement benefits in conjunction with the elimination of a retirement benefit system for directors.

Diagram of Corporate Governance Structure



Directors, Auditors and Officers

(As of June 26, 2012)

Mitsudo Urano
Representative Director and Chairman

Toshiaki Murai
Representative Director and President

Directors

Representative Director and Chairman
Mitsudo Urano

Representative Director and President
Toshiaki Murai

Directors and Executive Officers
Yoshio Kawai

Takashi Nakamura

Motoharu Hayama

Yasuhiro Ikeda

Kunio Otani

Hiroshi Matsuda

Auditors

Standing Statutory Auditor
Yutaro Mita

Statutory Auditor
Hidetoshi Yamaguchi

Officers

Executive Officers
Yasuyoshi Mori

Takumi Taguchi

Independent Directors / Statutory Auditors

Independent Directors

Seigo Hanji
Chairperson and CEO, DAIDO METAL Co., Ltd.

Kazuhiro Mishina
Professor, Graduate School of Business Administration, Kobe University

Mami Taniguchi
Professor, Graduate School of Commerce, Waseda University

Independent Statutory Auditors

Kunitaro Saida

Michio Ueno

Masaaki Okajima

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 social contributions. (For details, see "Nichirei CSR Report 2012.")

Offering Safe and Reliable Products

As a corporate group that supplies food to consumers, the Nichirei Group is obviously obligated to take the greatest possible care to ensure the safety of its products. Each operating company in the Nichirei Group engages in quality assurance activities that are appropriate for its field of business and in accord with the Group's basic quality assurance policies and Quality Control Standards. Quality assurance committees of the Group as a whole and of each operating company assess products and services from the standpoint of quality management. Each unit shares customer feedback in order to assist Nichirei's effort to continuously improve quality assurance systems.

Improvement of quality assessment

The Nichirei Quality Assurance Division inspects all of Nichirei Foods Inc.'s plants, including those that are directly operated. In many cases, plants are also subject to rigorous inspections by outside entities, such as the Japan Frozen Food Association or major distribution companies with which we do business. As of the fiscal year through March 2013, we also established a "Quality Inspection Office" as an independent department that answers directly to the president of Nichirei Foods. We then transferred inspection operations to this office, thereby further strengthening our internal quality assurance function. In addition, we have an "Ii koto activities" program whereby representatives of various plants explain their quality assurance and worker safety-related projects to people at other plants. By sharing information in this way, the plants help each other to improve their skills.

Absolute safety in ingredient procurement and processing

Because Nichirei Fresh Inc. handles a wide variety of products, including chicken, fresh meat, farm-bred and natural marine products, and processed foods made from all of the above, the company uses many different suppliers both in Japan and abroad. In order to assure absolute safety in the procurement and processing of food products, we have constructed a quality assurance system based on supplier management and product management. When Nichirei procures products from a supplier in a country or region with undeveloped infrastructure, we select a reliable local testing agency and conduct tests before exporting. In the case of marine or meat and poultry products, rather than relying solely on product testing, we oversee suppliers' production from the cultivation phase.

Environmental Preservation

The Nichirei Group views the protection of natural resources and the environment as an important consideration. We have formulated a "Nichirei Group Environmental Policy" and "Nichirei Group Biodiversity Policy," and each of our operating companies undertakes conservation activities that are appropriate for its line of business and characteristics. In particular, because climate fluctuations have a strong impact on nature and living beings, we are addressing the global warming problem by working to achieve a Group-wide target for reducing CO_2 emissions resulting from energy usage by all of our facilities in Japan.

Energy conservation and effective use of electric power

Our goal for reducing CO_2 emissions in the fiscal term through March 2012 was 2% relative to the March 2010 level. We were unable to meet this goal, partly because of year-on-year growth in production volume, but we did make steady progress by reducing summertime energy usage and adopting energy-efficient equipment. Due to the difficulty of restarting nuclear power plants, we are concerned that there may be power shortages and higher power costs in the fiscal term through March 2013, so we will focus on further cuts in energy usage and making even more effective use of power.

Reduce CO_2 by boosting distribution efficiency

Nichirei's Amagasaki Distribution Center received the Ministry of Economy, Trade and Industry Director-General for Commerce and

Award ceremony

Distribution Policy Award at the Tenth Green Logistics Partnership Conference in December 2011. The Amagasaki Distribution Center is dedicated to serving Kansai Super Market Ltd., for which we distribute same-day delivery items, produce, meat, and other refrigerated products. The award recognized the reductions in CO_2 emissions that Nichirei achieved by constantly improving distribution efficiency, for example by improving load rates, by reducing the number of shipments through the adoption of order-intake-to-delivery uniform control, and by introducing dedicated containers. In addition to streamlining deliveries to about 60 stores, we have been introducing trucks that run on natural gas. These currently make up some 17% of our entire truck fleet. We also promote eco-friendly driving habits by practicing "no-idling driving" and managing driving based on digital tachographs installed in all our vehicles.

As a result of all these measures, we reduced our total CO_2 output by 16% compared to 10 years previous, bearing witness to our continuous efforts.

Social Contributions in Keeping with Nichirei's Corporate Character

The Nichirei Group contributes to society by using carefully selected ingredients to create healthy and delicious foods, and by providing safe and efficient logistics services. Out of our own goodwill, empathy, and sense of mission, we engage in social contribution activities that are separate from our business activities. Nichirei is actively involved in social contribution activities primarily related to education about food or distribution, contributing to local communities, environmental protection, disaster relief, and support for sports.

Food education

In June 2011, we conducted an educational activity about "Jun Wakei" (pure Japanese chicken) at an elemenary school in Karumai Town. Nichirei Fresh Farm Inc. has been promoting a recycling-oriented production system that we use for producing feed rice from organic fertilizer that we make ourselves. It was the third year for us to produce feed rice. In the class, we explained the secret behind the good flavor of "Jun Wakei" and how a recycling-oriented production cycle works. We were able to give the students a deeper understanding of agriculture, which is the main industry in the town. The Nichirei Fresh Group will continue to value exchange with local communities and to develop appealing business activities.

Teaching about nutrition and diet

Tandoori chicken made with "Jun Wakei" (pure Japanese chicken)

Financial Section

Operations

Business Environment

During the fiscal year ended March 2012, Japan's economy had made progress in recovering from the downturn caused by the Great East Japan Earthquake, but with no end in sight for fiscal and financial instability in Europe and noticeable weakness in export industries due to overseas economic slowdowns and strong yen, the economic recovery stalled. Consumer spending showed signs of picking up, but the gap between supply and demand remained large and a deflationary trend continued.

In the food and logistics industries, our main business fields, although home dining and home meal replacement demand has increased since the earthquake and the strong yen mitigated the rise in food and crude oil import prices, sales competition between companies intensified further as consumers remained focused on lower priced products and supply volume recovered. Additionally, the business environment in which companies operate grew more severe due to a rise in import volume of poultry, frozen vegetables, and other food products in the wake of the nuclear accident at the Fukushima Daiichi Nuclear Power Plant and to distribution structure reforms and efforts to curb distribution costs at shippers.

Overview

In this environment, although the fiscal year ended March 2012 was the second year of our Medium-Term Business Plan, "Energy 2012," the year started with earthquake recovery efforts. To deliver the food products and logistics services that are essential to society, we focused on minimizing the impact by quickly restoring operations at damaged production plants and distribution facilities.

Operating Results

Net sales for the fiscal year ended March 2012 rose 3.9% from the previous year to ¥454,931 million.

Operating income declined 3.0% from the previous year to ¥16,177 million. The operating margin decreased 0.2 percentage points to 3.6%.

Among key cost items, cost of sales rose 5.0% from the previous year to ¥368,012 million, equating to 80.9% of net sales, up 0.9 percentage points. Selling, general and administrative expenses were roughly on par with the previous year at ¥70,741 million. Within this category, retirement benefits expense decreased, but sales promotion expense and other items increased.

Performance by Segment

Processed Foods

	2011.3	2012.3	Change (%)
Net sales	¥161,888	¥174,158	7.6
Operating income	4,609	5,152	11.8
Operating margin	2.8%	3.0%	

(¥ Million)

Looking at the business environment affecting the Processed Foods business during the year ended March 2012, although the trend toward home dining and home-meal replacements prompted by the Great East Japan Earthquake sharpened further, consumers maintained a strong preference for lower prices amid a prolonged deflationary environment.

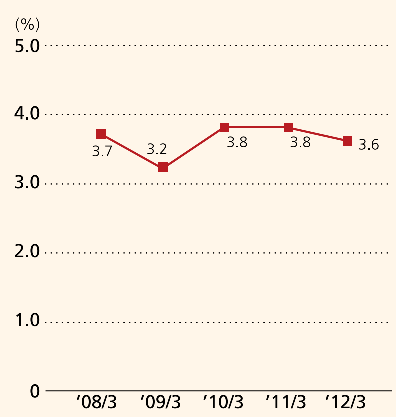
In this environment, net sales in the Processed Foods business grew 7.6% from the previous year to ¥174,158 million. Net sales rose sharply on strong sales of prepared frozen foods, driven in part by higher home dining demand after the earthquake. Operating income also rose 11.8% to ¥5,152 million. Profits increased as the impact of higher product and raw material procurement costs was offset by sales growth, improved production yields, and fixed cost reductions.

To enhance our capacity as a food manufacturer involved in all stages from procurement to production and sales, we completed a stable raw material supply structure at our chicken processing plant in Thailand.

(a) Prepared frozen foods for household use

Net sales of prepared frozen foods for household use grew 8.5% from the previous year on a 3.6% increase in purchase value in the overall prepared frozen foods market and favorable sales of mainstay products, including "Honkaku-itame Cha-han" (Authentic Fried Rice), Shrimp Piraf, and "Obento-ni Good!" (Good for Bento

Operating Margin 2008-2012



Boxed Lunches) series, and of "Mini Fried Chicken" as a product suited to a variety of food settings. Product profits also increased.

(b) Prepared frozen foods for commercial use

Handling volume of spring rolls and other products decreased as a result of temporary production shutdowns caused by the earthquake, but overall net sales of prepared frozen foods for commercial use grew 5.2% from the previous year on higher handling volume of prepared chicken products, croquettes and other products well suited to meet home meal replacement demand. However, product profits decreased as a result of the impact of higher product and raw material procurement costs both in Japan and overseas.

(c) Frozen agricultural products

In addition to reducing the number of items to improve profitability, the "Sono Mama Tsukaeru" (Just Thaw and Eat) series of convenience-oriented frozen food products recorded strong sales. As a result, although net sales of frozen agricultural products declined 0.1% from the previous year, product profits increased.

(d) Acerola

In addition to growth in ingredient sales in Japan, sales were also favorable overseas, especially in Europe. As a result, although net sales of acerola grew 9.7% from the previous year, product profits decreased as a result of the impact of foreign exchange rates.

We forecast net sales in the Processed Foods business to grow 6.2% from the previous year to ¥185,000 million during the year ending March 2013. We also forecast operating income to grow 16.4% to ¥6,000 million. We expect the market environment for frozen foods to remain strong for both household and commercial use. We intend to increase sales through further expansion of processed chicken product sales, release of new products suited to home dining and home replacement meal needs, and growth in sales to Europe from our plant in Thailand. We expect the cost of rice and other raw materials to rise, but seek to increase operating income by offsetting higher costs through growth in sales, improved operations at GFPT Nichirei (Thailand) Co., Ltd., and greater productivity.

Additionally, although overseas sales totaled ¥8.5 billion during the year ended March 2012, we target sales of ¥15.0 billion in five years based on the following five initiatives: 1) expand sales to Europe of pre-cooked processed chicken products that use breast meat; 2) expand the European market for processing ingredients and antioxidants by offering a full line of acerola ingredients at Nichirei do Brasil Agricola Ltda., which makes acerola juice; 3) release products in the Vietnamese market after taking a 19% stake in a major local manufacturer of chili sauces, seasonings, and frozen foods in March 2012; 4) acquire orders for commercial-use frozen foods and sell frozen vegetables in the domestic Chinese market; and 5) enter the U.S. market, the world's largest frozen food market.

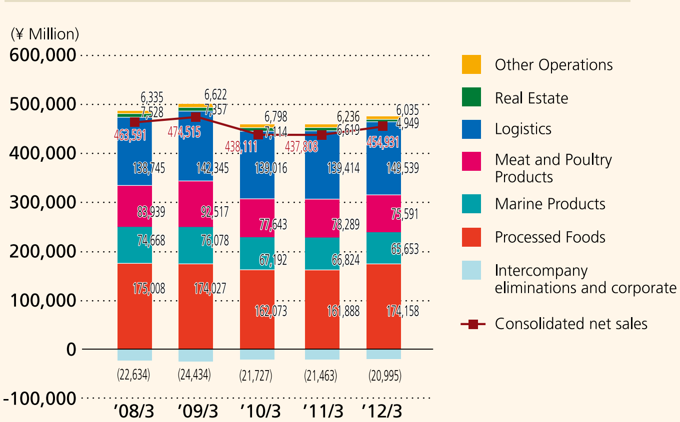
Marine Products

	2011.3	2012.3	Change (%)
Net sales	¥ 66,824	¥ 65,653	-1.8
Operating income	592	222	-62.4
Operating margin	0.9%	0.3%	

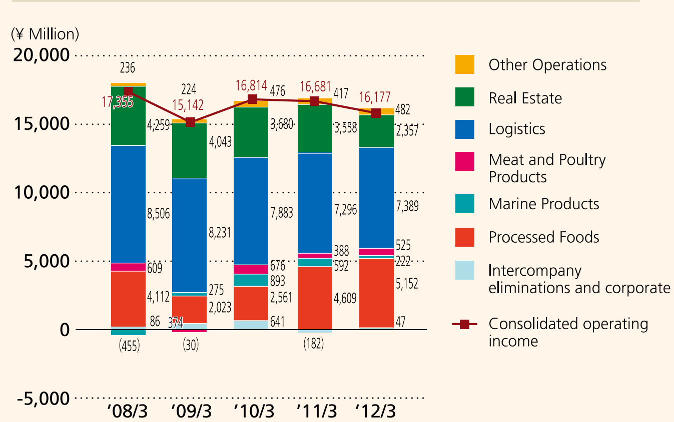
(¥ Million)

In the Marine Products business during the fiscal year ended March 2012, marine product prices in producing regions remained high as a result of falling marine resources and growing emerging

Net Sales by Segment 2008-2012



Operating Income or Loss by Segment 2008-2012



market demand, but because domestic consumers showed a strong preference for lower-priced food products, it remained difficult to pass higher procurement costs through to selling prices. Marine product imports fell 1.1% by volume in January–December 2011, but grew 6.1% by value in response to high prices in producing regions. Shrimp import volume edged down 0.2% by volume, but increased 2.3% by value.

In this environment, our Marine Products business made favorable progress in optimizing marine product processing and in conducting cautious procurement and sales with an emphasis on profitability to secure profits. Nevertheless, due to the impact of high prices in producing regions, net sales fell 1.8% from the previous year to ¥65,653 million and operating income dropped 62.4% to ¥222 million.

(a) Shrimp

Amid a rise in prices driven by lower supply in producing regions, notably Southeast Asia, we made cautious purchases that considered profitability. However, due to the inability to pass higher procurement costs through to selling prices for some products, net sales of shrimp fell 7.0% from the previous year and product profits decreased.

(b) Other seafood

Trends were firm overall, especially for restaurant demand, but shellfish performed poorly amid low selling prices, placing pressure on product profits. As a result, although net sales of other seafood rose 2.3% from the previous year, product profits decreased.

During the fiscal year ending March 2013, we expect profits to increase by ¥500 million thanks to stable prices, recovery in shrimp supplies, and progress in bolstering our earning structure. To create a robust earnings structure, we are working to rebuild a structure resistant to price fluctuations by pursuing the three measures of enhancing the value added and uniqueness of premium ingredients and other products, expanding markets based on processed products, and reducing inventories. As a result, we forecast net sales of Marine Products to grow 5.1% from the previous year to ¥69,000 million and operating income to jump 2.14-fold to ¥700 million.

Meat and Poultry Products

	2011.3	2012.3	Change (%)
Net sales	¥ 78,289	¥ 75,591	-3.4
Operating income	388	525	35.0
Operating margin	0.5%	0.7%	

(¥ Million)

During the fiscal year ended March 2012, the meat and poultry industry was affected by wide fluctuations in meat consumption and prices due to the impact of the Great East Japan Earthquake and Fukushima Daiichi Nuclear Power Plant accident. In particular, domestic chicken prices fell sharply on a collapse in the supply and demand balance as import volume increased.

In our Meat and Poultry Products business, sales decreased from the previous year as a result of cautious purchasing and sales according to fluctuations in prices and supply and demand, but operating income increased thanks to focusing on sales of processed products, mainly chicken products, and improved profitability for ingredient products. Additionally, we established a company to operate a chicken farm and processing plant in Karumai-machi, Kunohe-gun, Iwate Prefecture with the aim of expanding our handling volume of "Jun Wakei" (pure Japanese chicken) and bolstering our domestic fresh chicken supply structure. As a result, although net sales of Meat and Poultry Products fell 3.4% from the previous year to ¥75,591 million, operating income grew 35.0% to ¥525 million.

(a) Chicken

Amid a downward trend in selling prices caused by an oversupply of imported products, sales of our processed products were strong as a result of efforts to deliver the optimal degree of processing based on the needs of our customers. Net sales of chicken were generally on par with the previous year, down just 0.1%.

(b) Beef

We were cautious with our purchasing and conducted sales with an emphasis on profitability in response to high procurement prices for imported beef due to rising emerging market demand and weak demand in Japan, especially from the restaurant industry. Net sales of beef decreased 8.3% from the previous year.

(c) Pork

Amid high procurement prices for imported pork, our purchasing placed emphasis on striking a balance with sales and we focused on sales of premium ingredients. Nevertheless, net sales of pork fell 6.9% from the previous year on a decline in handling volume for food processors.

During the fiscal year ending March 2013, we expect earnings to improve as imported chicken supply and demand returns to normal and we are working to enhance product strength by accurately reflecting the needs of our customers in products, including the optimal degree of processing, especially for premium ingredients. Thanks to these efforts, we forecast net sales in the Meat and Poultry Products business to grow 3.2% from the previous year to ¥78,000 million and operating income to grow 52.3% to ¥800 million.

Logistics

	2011.3	2012.3	Change (%)
Net sales	¥139,414	¥149,539	7.3
Operating income	7,296	7,389	1.3
Operating margin	5.2%	4.9%	

(¥ Million)

Industrywide refrigerated warehouse intake volume in Japan's 12 major cities grew 5.3% from the previous year to 11,960,000 tons between April 2011 and March 2012. The average overall utilization rate rose 2.1 percentage points to 33.8%.

In this environment, intake volume in our Logistics business grew 5.6% from the previous year to 2,862,000 tons and the average overall utilization rate rose 1.5 percentage points to 36.1%.

Sales increased thanks to growth driven by the favorable operation of new distribution centers and acquisition of new customers in the Logistics Network business and Regional Storage business, and to inventory volume growth for major products and steady acquisition of transport demand in Europe. Additionally, despite depreciation from launching new distribution centers and an increase in temporary costs as a result of the Great East Japan Earthquake, we secured higher profits on a boost from sales growth and cost cutting. As a result, net sales in the Logistics business grew 7.3% from the previous year to ¥149,539 million and operating income grew 1.3% to ¥7,389 million.

(a) Logistics Network business

Our business was affected by extraordinary transportation costs to respond to the earthquake and by the temporary suspension of operations at damaged distribution centers. However, sales and profits increased as a result of efforts to efficiently use transport vehicles and continuing from last year to steadily acquire new business in transfer center and third-party logistics operations. Net sales in the Logistics Network business grew 8.3% from the previous year to ¥83,272 million and operating income grew 12.3% to ¥2,937 million.

(b) Regional Storage business

Sales increased on progress in collection at distribution centers in Kanto and Kyushu that opened last year and a contribution from customers building up inventories to cope with energy use restrictions during summer. However, profits decreased as a result of depreciation for new distribution centers and temporary costs caused by the earthquake. As a result, net sales in the Regional Storage business grew 5.1% from the previous year to ¥45,947 million, but operating income fell 3.6% to ¥4,104 million.

(c) Overseas business

In Europe, sales and profits increased amid a weak euro due to the steady acquisition of transport demand, favorable handling volume for imported fruit juices and chicken products, and a boost from a temperature-controlled logistics provider in France acquired in the previous year.

In China, mainstay convenience store delivery operations were firm. We also made progress in preparing to develop a second distribution center to expand our business.

As a result, net sales in Overseas business grew 14.7% from the previous year to ¥18,848 million and operating income grew 32.9% to ¥928 million.

During the fiscal year ending March 2013, we forecast net sales in the Logistics business to grow 2.7% from the previous year to ¥153,600 million, due partly to a boost from the new construction of transfer centers. We also forecast operating income to grow 2.8% to ¥7,600 million. Our outlook for each sub-segment is presented below.

In the Logistics Network business, we forecast net sales to grow 4.0% and operating income to grow ¥200 million.

* Transfer centers are making greater progress than targeted in the current Medium-Term Business Plan in acquiring new contracts. Going forward, we seek to bolster our earnings base by cultivating new business at transfer centers, expanding handling volume in multiple temperature zones (including room temperature) at existing distribution centers, and acquiring procurement logistics business.
* For transport operations, we are working to expand our service area for current customers and cultivate new customers for the

shared deliveries of frozen foods and ice and seek to expand the handling of goods from producing regions, especially in Hokkaido and Kyushu, in partnership with regional storage companies.

* In third-party logistics, we are pursuing stable operations for a major restaurant chain that contracted our services last year and are focusing on acquiring new customers.

In the Regional Storage business, we forecast net sales to grow 1.2% and operating income to grow ¥300 million for two main reasons. First, we expect profitability to improve as a result of growth in handling volume for ancillary services and greater cargo handling efficiency at the Higashi-Ogishima Distribution Center, which remains at full capacity thanks to strong demand. Second, we expect depreciation to decrease.

In Overseas business, despite the prospective impact of foreign exchange rates and other factors, we anticipate a solid performance on continued sales and profit growth on a local currency basis, and forecast both sales and profits to be on par with the previous year. Moreover, in addition to pursuing synergies between overseas group companies, we will work to augment our facilities by acquiring new customers in France and Poland with the aim of bolstering our earnings base further in Western and Eastern Europe. We will also work to address robust storage and transport demand in China by expanding our transport service area to East China and enhancing delivery efficiency in Shanghai by launching a second distribution center in Shanghai, expanding storage capacity, and adding to our own vehicle fleet.

Real Estate

	2011.3	2012.3	Change (%)
Net sales	¥ 6,619	¥ 4,949	-25.2
Operating income	3,558	2,357	-33.8
Operating margin	53.8%	47.6%	

(¥ Million)

During the fiscal year ended March 2012, our Real Estate business worked to enhance competitiveness and secure stable earnings through renovation and energy-saving projects at rental office buildings. However, revenues decreased with a change from sublease contracts to building lease contracts. As a result, net sales in the Real Estate business fell 25.2% from the previous year to ¥4,949 million and operating income fell 33.8% to ¥2,357 million.

During the fiscal year ending March 2013, we forecast net sales in the Real Estate business to grow 1.0% from the previous year to ¥5,000 million, but operating income to fall 10.9% to ¥2,100 million.

Other Businesses

	2011.3	2012.3	Change (%)
Net sales	¥ 6,236	¥ 6,035	-3.2
Operating income	417	482	15.6
Operating margin	6.7%	8.0%	

(¥ Million)

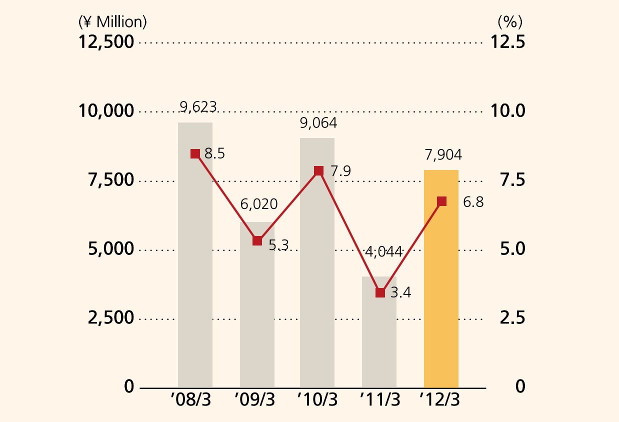
During the fiscal year ended March 2012, sales and profits in the biosciences business increased on a strong performance for histological stains. However, net sales in Other Businesses fell 3.2% from the previous year to ¥6,035 million, but operating income rose 15.6% to ¥482 million.

During the fiscal year ending March 2013, we forecast net sales in Other Businesses to grow 1.1% from the previous year to ¥6,100 million, but operating income to fall 37.8% to ¥300 million.

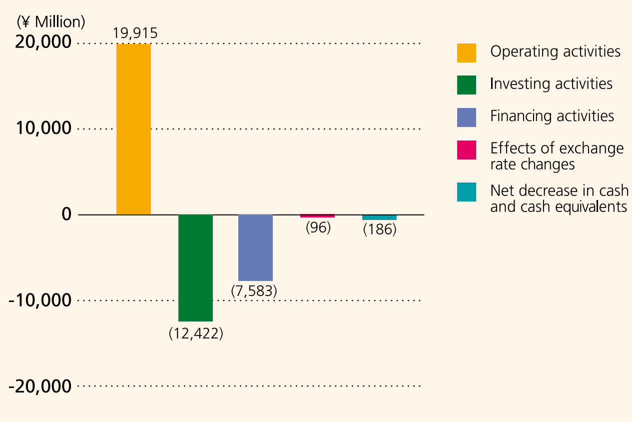
Other Income and Expenses

Net other operating expenses totaled ¥1,951 million in the fiscal year ended March 2012, a decrease from ¥7,821 million in the previous year. Main factors included the non-recurrence of three items

Net Income & ROE 2008-2012



Cash Flows 2012



recorded in the previous fiscal year, comprising compensation income of ¥3,008 million for road and water supply and sewerage infrastructure burial in Tokyo, a loss on revision of retirement benefit plan of ¥6,610 million, and loss on disaster of ¥3,196 million.

Income before Income Taxes and Net Income

As a result of the above, income before income taxes and minority interests grew 60.6% from the previous year to ¥14,225 million in the fiscal year ended March 2012. Net income grew 95.5% to ¥7,904 million.

Net income per share was ¥26.35, up from ¥13.08 in the previous year.

The fiscal year ending March 2013 is the final year of our Medium-Term Business Plan, "Energy 2012," launched in April 2010. Although we expect the business environment to remain challenging, we intend to adapt quickly to a rapidly changing environment and steadily execute our business strategies to achieve sustained profit growth. During the fiscal year ending March 2013, we expect sales to increase in all business segments except Real Estate, and forecast net sales to grow 4.2% from the previous year to ¥474,000 million and operating income to grow 6.9% to ¥17,300 million.

Liquidity and Capital Resources

Cash Flows

Net cash provided by operating activities totaled ¥19,915 million during the fiscal year ended March 2012, up ¥2,641 million from the previous year. Main items included income before income taxes and minority interests of ¥14,225 million, depreciation and amortization of ¥14,970 million, and an increase in working capital (trade accounts receivable, inventories, and trade accounts payable) of ¥9,995 million as a result of higher sales and other factors.

Net cash used in investing activities totaled ¥12,422 million. Main items included the purchase of property, plant and equipment.

Net cash used in financing activities totaled ¥7,583 million. Despite the issuance of bonds to ensure long-term stable funding, cash flows from financing activities decreased due to the decrease in short-term bank loans, decrease in commercial paper, purchase of treasury stock, and dividends paid.

Free cash flow totaled ¥7,492 million, up ¥8,448 million from the previous year.

As a result of these activities, the balance of cash and cash equivalents totaled ¥10,608 million at the end of March 2012, down ¥187 million from the previous year.

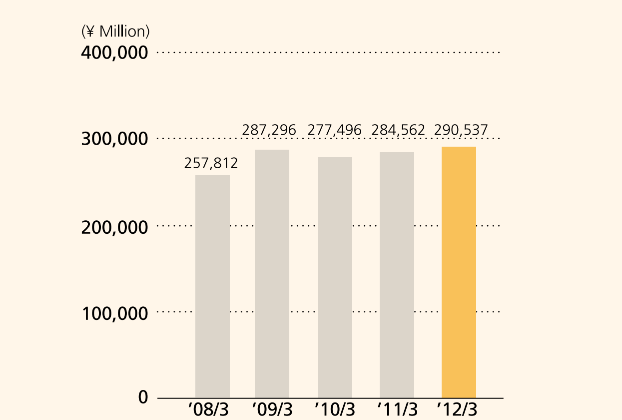
The Balance Sheet

Total assets amounted to ¥290,537 million at the end of March 2012, up ¥5,974 million from the previous year.

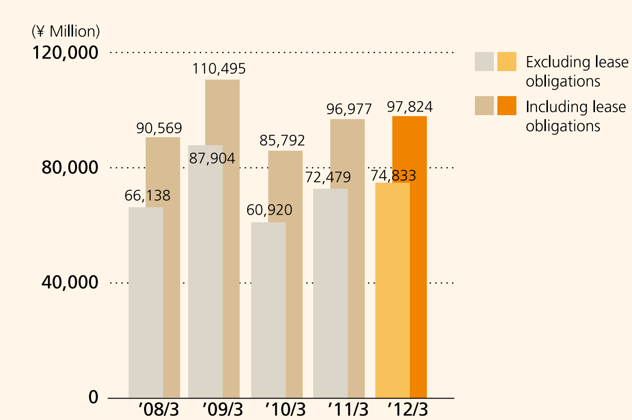
Current assets totaled ¥115,492 million, up ¥12,311 million, due partly to an increase in accounts receivable – trade of ¥7,906 million as a result of substantial sales growth in the Processed Foods and Logistics businesses and the impact of a bank holiday at the end of the fiscal year, and to an increase in inventories of ¥5,508 million as a result of progress in frozen food procurement to prepare for sales growth.

Fixed assets totaled ¥175,045 million, down ¥6,336 million from the previous year, due to a decrease in capital expenditures compared with the previous year with the end of major investments and to an increase in depreciation resulting from major investments. Property, plant and equipment totaled ¥138,113 million, down

Total Assets 2008-2012



Interest-bearing Debt* 2008-2012



¥5,353 million; and investments and other assets totaled ¥36,932 million, down ¥982 million.

Total liabilities amounted to ¥171,837 million at the end of March 2012, up ¥5,023 million from the previous year, due partly to an increase in accounts payables of ¥3,958 million as a result of higher sales and the impact of a bank holiday on the final day of the fiscal year, and to an increase in accrued expenses of ¥2,471 million. Additionally, due to a change in our funding policies in light of the recent financial environment, we issued bonds for ¥20,000 million and acquired long-term loans for ¥16,000 million to ensure long-term stable funding.

Interest-bearing debt totaled ¥97,824 million at the end of March 2012, up ¥846 million from the previous year. The ratio of interest-bearing debt to cash flow (after bank holiday adjustments) improved slightly from last year to about 4.3 years. Net assets totaled ¥118,700 million at the end of March 2012, up ¥951 million from the previous year. Shareholders' equity* totaled ¥116,831 million, accounting for 40.2% of total assets, down 0.2 percentage points from the previous year. The debt-to-equity ratio was 0.84, about the same level as the previous year. Excluding lease obligations, the debt-to-equity ratio was 0.64, up 0.01 points from 0.63 in the previous year.

*Shareholders' equity = net assets – minority interests

Significant Risk Factors Impacting Operating Results

Significant risk factors we can determine as of the end of March 2012 that could affect investors' investment decisions, of which some involve possible future developments, include the following:

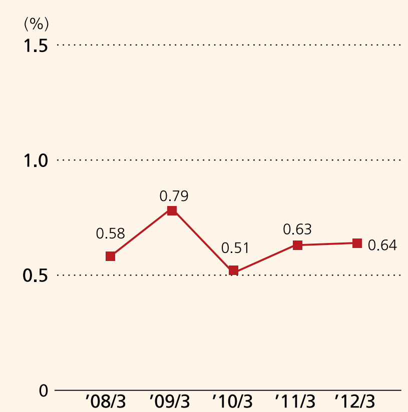
(a) Food safety issues

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 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,

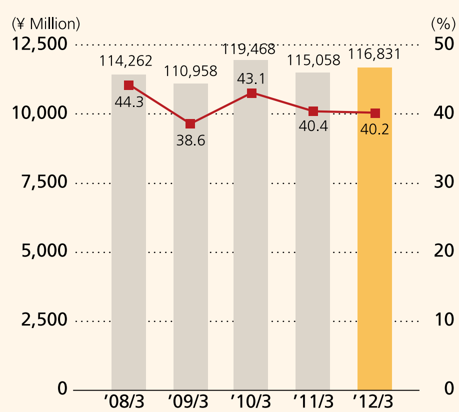
Debt-to-Equity* 2008-2012



* Calculated using interest-bearing debt excluding lease obligations

* Shareholders' equity = net assets - minority interests

Shareholders' Equity & Equity Ratio* 2008-2012



* Shareholders' equity = net assets - minority interests

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 (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

As of March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
Assets	2011	2012	2012
Current assets:			
Cash and deposits *(Note 3)*	¥ 10,795	¥ **10,621**	$ **129,313**
Notes and accounts receivable – trade	56,566	**64,473**	**784,917**
Less allowance for doubtful accounts	(168)	**(196)**	**(2,388)**
Inventories *(Note 4)*	29,780	**35,289**	**429,623**
Deferred tax assets *(Note 12)*	1,605	**1,556**	**18,949**
Other current assets	4,600	**3,747**	**45,624**
Total current assets	103,180	**115,492**	**1,406,040**
Property, plant and equipment *(Notes 6 and 7)*:			
Land	29,448	**29,252**	**356,133**
Buildings and structures	206,389	**206,015**	**2,508,105**
Machinery and equipment	78,117	**79,164**	**963,771**
Leased assets	44,845	**45,070**	**548,700**
Construction in progress	702	**1,862**	**22,676**
	359,504	**361,365**	**4,399,386**
Less accumulated depreciation	(216,037)	**(223,252)**	**(2,717,950)**
Property, plant and equipment, net	143,466	**138,113**	**1,681,435**
Investments and other assets:			
Investment securities *(Note 5)*	19,005	**20,654**	**251,460**
Investment in affiliates	2,839	**2,952**	**35,948**
Deferred tax assets *(Note 12)*	1,937	**1,345**	**16,384**
Other *(Note 6)*	14,791	**12,423**	**151,246**
Less allowance for doubtful accounts	(658)	**(444)**	**(5,416)**
Total investments and other assets	37,914	**36,932**	**449,624**
Total assets	¥ 284,562	¥ **290,537**	$ **3,537,100**

The accompanying notes are integral parts of these statements.

Liabilities and net assets	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars (Note 1) 2012
Current liabilities:			
Short-term bank loans	¥ 29,549	¥ **12,134**	$ **147,728**
Commercial paper	13,000	**5,000**	**60,871**
Current portion of long-term debt	8,050	**1,586**	**19,317**
Accounts payables	24,466	**28,425**	**346,060**
Leased obligations	3,757	**3,693**	**44,966**
Income taxes payable	2,201	**3,365**	**40,970**
Accrued expenses	18,093	**20,565**	**250,368**
Accrued directors' bonuses	240	**210**	**2,557**
Provision for loss on disaster	1,975	**–**	**–**
Other current liabilities	8,992	**9,171**	**111,654**
Total current liabilities	110,328	**84,152**	**1,024,495**
Long-term liabilities:			
Bonds	–	**20,000**	**243,486**
Long-term debt	21,879	**36,112**	**439,642**
Accrued directors', statutory auditors' and employees' retirement benefits *(Note 15)*	4,152	**1,762**	**21,451**
Leased obligations	20,740	**19,297**	**234,934**
Deferred tax liabilities *(Note 12)*	1,607	**2,287**	**27,845**
Asset retirement obligations *(Note 8)*	2,398	**2,207**	**26,876**
Negative goodwill	14	**–**	**–**
Other	5,691	**6,018**	**73,270**
Total long-term liabilities	56,485	**87,685**	**1,067,508**
Total liabilities	166,813	**171,837**	**2,092,003**
Net assets			
Shareholders' equity *(Notes 9 and 10)*:			
Common stock, with no par value			
Authorized – 720,000,000 shares			
Issued and outstanding – 310,851,065 shares	30,307	**30,307**	**368,977**
Capital surplus	23,709	**23,709**	**288,648**
Retained earnings	63,254	**68,434**	**833,150**
Less treasury stock, at cost	(2,224)	**(5,873)**	**(71,507)**
Total shareholders' equity	115,047	**116,578**	**1,419,269**
Accumulated other comprehensive income *(Note 2(w))*:			
Net unrealized holding gain on available-for-sale securities	2,255	**3,585**	**43,650**
Net deferred gain/(loss) on hedges	8	**(0)**	**(6)**
Foreign currency translation adjustments	(2,253)	**(3,332)**	**(40,570)**
Total accumulated other comprehensive income	10	**252**	**3,073**
Minority interests	2,690	**1,869**	**22,753**
Total net assets	117,748	**118,700**	**1,445,096**
Total liabilities and net assets	¥ 284,562	¥ **290,537**	**$3,537,100**

The accompanying notes are integral parts of these statements.

Consolidated Statements of Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2011 and 2012

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2011	2012	2012
Net sales	¥ 437,808	¥ **454,931**	$ **5,538,484**
Operating costs and expenses:			
Cost of sales	350,442	**368,012**	**4,480,305**
Selling, general and administrative expenses *(Note 14)*	70,684	**70,741**	**861,231**
	421,127	**438,753**	**5,341,537**
Operating income	16,681	**16,177**	**196,947**
Other income/(expenses):			
Interest and dividend income	488	**622**	**7,573**
Interest expense	(1,371)	**(1,445)**	**(17,596)**
Other – net *(Note 11)*	(6,937)	**(1,128)**	**(13,736)**
	(7,821)	**(1,951)**	**(23,759)**
Income before income taxes and minority interests	8,860	**14,225**	**173,188**
Income taxes *(Note 12)*:			
Current	4,285	**5,519**	**67,200**
Deferred	486	**886**	**10,792**
	4,771	**6,406**	**77,992**
Income before minority interests *(Note 2 (w))*	4,088	**7,819**	**95,196**
Minority interests in income/(loss)	44	**(85)**	**(1,040)**
Net income	¥ 4,044	¥ **7,904**	$ **96,236**

Amounts per share *(Note 16)*:	*Yen*		*U.S. dollars (Note 1)*
	2011	2012	2012
Net assets	¥ 377.08	¥ **396.33**	$ **4.825**
Net income:			
Basic	¥ 13.08	¥ **26.35**	$ **0.321**
Diluted	–	**–**	**–**

The accompanying notes are integral parts of these statements.

Consolidated Statements of Comprehensive Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2011 and 2012

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2011	2012	2012
Income before minority interests	¥ 4,088	¥ **7,819**	$ **95,196**
Other comprehensive income/(loss)			
Net unrealized holding gain/(loss) on available-for-sale securities	(1,467)	**1,325**	**16,136**
Net deferred loss on hedges	(19)	**(26)**	**(328)**
Foreign currency translation adjustments	(2,119)	**(1,213)**	**(14,777)**
Equity in earnings of affiliates accounted for by the equity method	(17)	**(5)**	**(66)**
Total other comprehensive income/(loss)	(3,624)	**79**	**964**
Total comprehensive income *(Note 2(w))*	¥ 464	¥ **7,898**	$ **96,160**
Comprehensive income attributable to:			
Owners of the parent	529	**8,146**	**99,183**
Minority interests	(65)	**(248)**	**(3,022)**

The accompanying notes are integral parts of these statements.

Consolidated Statements of Changes in Net Assets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2011 and 2012

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2011	2012	2012
Shareholders' equity			
Common stock			
Balance at beginning of year	¥ 30,307	¥ 30,307	$ 368,977
Changes of items during the period	–	–	–
Balance at end of the year	30,307	30,307	368,977
Capital surplus			
Balance at beginning of year	23,709	23,709	288,648
Changes of items during the period			
Disposal of treasury stock	(0)	0	0
Balance at end of the year	23,709	23,709	288,648
Retained earnings			
Balance at beginning of year	62,318	63,254	770,084
Changes of items during the period			
Dividends from surplus	(2,789)	(2,724)	(33,170)
Net income	4,044	7,904	96,236
Change of application of equity method	(319)	–	–
Total changes of items during the period	935	5,180	63,066
Balance at end of the year	63,254	68,434	833,150
Treasury stock			
Balance at beginning of year	(393)	(2,224)	(27,081)
Changes of items during the period:			
Acquisition of treasury stock	(1,835)	(3,652)	(44,471)
Disposal of treasury stock	4	3	44
Total changes of items during the period	(1,830)	(3,649)	(44,426)
Balance at end of the year	(2,224)	(5,873)	(71,507)
Total shareholders' equity			
Balance at beginning of year	115,943	115,047	1,400,629
Changes of items during the period:			
Dividends from surplus	(2,789)	(2,724)	(33,170)
Net income	4,044	7,904	96,236
Change of application of equity method	(319)	–	–
Acquisition of treasury stock	(1,835)	(3,652)	(44,471)
Disposal of treasury stock	4	3	45
Total changes of items during the period	(895)	1,531	18,639
Balance at end of the year	¥ 115,047	¥ 116,578	$1,419,269

The accompanying notes are integral parts of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
Accumulated other comprehensive income *(Note 2(w))*			
Net unrealized holding gain on available-for-sale securities			
Balance at beginning of year	¥ 3,723	¥ 2,255	$ 27,464
Changes of items during the period:			
Net changes of items other than shareholders' equity	(1,467)	1,329	16,185
Balance at end of the year	2,255	3,585	43,650
Net deferred gain/(loss) on hedges			
Balance at beginning of year	18	8	102
Changes of items during the period:			
Net changes of items other than shareholders' equity	(10)	(8)	(108)
Balance at end of the year	8	(0)	(6)
Foreign currency translation adjustments			
Balance at beginning of year	(217)	(2,253)	(27,439)
Changes of items during the period:			
Net changes of items other than shareholders' equity	(2,036)	(1,078)	(13,130)
Balance at end of the year	(2,253)	(3,332)	(40,570)
Total accumulated other comprehensive income			
Balance at beginning of year	3,524	10	126
Changes of items during the period:			
Net changes of items other than shareholders' equity	(3,514)	242	2,946
Balance at end of the year	10	252	3,073
Minority interests			
Balance at beginning of year	3,225	2,690	32,756
Changes of items during the period:			
Net changes of items other than shareholders' equity	(535)	(821)	(10,002)
Balance at end of the year	2,690	1,869	22,753
Total net assets			
Balance at beginning of year	122,694	117,748	1,433,512
Changes of items during the period:			
Dividends from surplus	(2,789)	(2,724)	(33,170)
Net income	4,044	7,904	96,236
Change of application of equity method	(319)	–	–
Acquisition of treasury stock	(1,835)	(3,652)	(44,471)
Disposal of treasury stock	4	3	45
Net changes of items other than shareholders' equity	(4,049)	(579)	(7,056)
Total changes of items during the period	(4,945)	951	11,583
Balance at end of the year	¥ 117,748	¥ 118,700	$1,445,096

The accompanying notes are integral parts of these statements.

Consolidated Statements of Cash Flows (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 8,860	¥ 14,225	$ 173,188
Depreciation and amortization	14,099	14,970	182,255
Impairment loss on fixed assets	447	590	7,191
Loss on discontinued operation	209	0	0
Increase/(decrease) in allowance for doubtful accounts	190	(62)	(761)
Increase/(decrease) in accrued employees' retirement benefits	272	(2,372)	(28,880)
Establishment of employees' retirement benefit trust	(3,851)	–	–
Decrease/(increase) in prepaid pension cost	5,542	1,480	18,024
Interest and dividend income	(488)	(622)	(7,573)
Interest expense	1,371	1,445	17,596
Equity in earnings of affiliates	(164)	(49)	(598)
Gain on sales of property, plant and equipment	(986)	(735)	(8,950)
Loss on disposal of property, plant and equipment	269	259	3,154
Gain on sales of investment securities	(792)	(120)	(1,468)
Loss on valuation of investment securities	38	621	7,564
Loss on sales of stocks of subsidiaries and affiliates	4	–	–
Loss on valuation of investments in capital	216	–	–
Reversal of provision for loss on disaster	–	(437)	(5,325)
Compensation income	(3,008)	–	–
Reversal of foreign currency translation adjustments resulting from liquidation of a subsidiary	(261)	–	–
Loss on disaster	3,196	365	4,454
Special retirement benefits	225	–	–
Cumulative effect of applying accounting standards for asset retirement obligations	798	–	–
Decrease/(increase) in notes and accounts receivable – trade	(827)	(8,234)	(100,249)
Decrease/(increase) in inventories	(2,571)	(5,761)	(70,139)
Increase/(decrease) in notes and accounts payable – trade	604	4,000	48,702
Other, net	(2,426)	7,044	85,766
Subtotal	20,965	26,609	323,952
Interest and dividends received	545	691	8,414
Interest paid	(1,326)	(1,426)	(17,371)
Compensation received	2,714	–	–
Payments for loss on disaster	(246)	(1,785)	(21,740)
Income taxes paid	(5,378)	(4,172)	(50,795)
Net cash provided by operating activities	17,274	19,915	242,460
Cash flows from investing activities:			
Purchase of property, plant and equipment	(17,668)	(11,354)	(138,228)
Proceeds from sales of property, plant and equipment	1,402	871	10,604
Purchase of investment securities	(32)	(728)	(8,871)
Proceeds from sales of investment securities	1,881	189	2,312
Investments in shares of subsidiaries resulting change in scope of consolidation	(2,732)	–	–
Proceeds from sales of stocks of subsidiaries and affiliates	20	–	–
Other, net	(1,099)	(1,401)	(17,057)
Net cash used in investing activities	(18,229)	(12,422)	(151,240)
Cash flows from financing activities:			
Increase/(decrease) in short-term bank loans	12,368	(16,985)	(206,782)
Decrease in commercial paper	–	(8,000)	(97,394)
Proceeds from long-term debt	3,852	16,102	196,042
Repayment of long-term debt	(888)	(8,063)	(98,173)
Proceeds from issuance of bonds	–	20,000	243,486
Repayments of lease obligations	(4,051)	(3,774)	(45,952)
Purchase of treasury stock	(1,835)	(3,652)	(44,471)
Dividends paid	(2,780)	(2,606)	(31,738)
Cash dividends paid to minority shareholders	(257)	(652)	(7,946)
Proceeds from minority shareholders	4	45	559
Other, net	4	3	45
Net cash provided by/(used in) financing activities	6,416	(7,583)	(92,325)
Effects of exchange rate changes on cash and cash equivalents	(540)	(96)	(1,170)
Net increase/(decrease) in cash and cash equivalents	4,920	(186)	(2,275)
Cash and cash equivalents at beginning of year	6,239	10,795	131,430
Decrease in cash and cash equivalents due to change in scope of consolidation	(364)	–	–
Cash and cash equivalents at end of year (Note 3)	¥ 10,795	¥ 10,608	$ 129,154

The accompanying notes are integral parts of these statements.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

Years ended March 31, 2011 and 2012

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 ¥82.14 = US$1.00, the exchange rate prevailing on March 31, 2012.

Due to significance, notes to "Lease transactions," "Related party transactions," "Financial Instruments," and "Derivative Financial Instruments" are not disclosed in the consolidated financial statements, but disclosed on EDINET.

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 75 majority-owned subsidiaries (74 in 2011). All significant intercompany balances, transactions and profits have been eliminated in consolidation.

Investments in all of its 16 affiliates (13 in 2011) are accounted for by the equity method.

Balance sheet dates of the consolidated subsidiaries are as follows:

End of December:	28 companies	(28 in 2011)
End of February:	1 company	(1 in 2011)

All subsidiaries have been consolidated based on their accounts at their respective balance sheet date. Appropriate adjustments have been made for significant transactions during the period from the respective balance sheet date of the above subsidiaries to the balance sheet date of the Company.

(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 income 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.

(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).

Inventories are valued and written down to net realizable value by reflecting decreased profitability of assets, which is similar to the lower-of-cost-or market method. Loss on disposal of obsolete inventories is included in cost of sales.

(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.

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.

(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 the logistics segment. Intangible leased assets are mainly software in the 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.

(j) Allowance for Doubtful Accounts

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

(k) Accrued Directors' Bonuses

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

(l) Employees' Retirement Benefits

Accrued employees' retirement benefits are provided at the amount to be paid if all eligible employees would have been retired voluntarily at the balance sheet date. In part of its consolidated subsidiaries, accrued employees' retirement benefits are stated at an amount calculated based on the projected retirement benefit obligation and the fair value of plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

(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) Provision for loss on disaster

Provision for loss on disaster is calculated based on the estimated costs of repairing damages caused in the Great East Japan Earthquake.

(o) Revenue Recognition for Construction Contracts

The Company applies the percentage-of-completion method if outcome of construction activity is deemed certain during the course of the activity, otherwise it applies the completed-contract method.

(p) Derivative Financial Instruments and Hedge Accounting

The Company and its consolidated subsidiaries enter into foreign exchange forward contracts, coupon swaps, interest rate swaps and other derivatives.

(i) Type of hedge accounting

Derivative financial instruments are stated at fair market value.

When they are used for hedging purpose and meet certain hedging criteria, recognition of gains or losses resulting from changes in fair value of derivative financial instruments is deferred until the related losses or gains on hedged items are recognized.

Financial assets and liabilities denominated in foreign currency and hedged by foreign exchange forward contracts and coupon swaps are stated at settlement amounts. Gains and losses on contracts are allocated over the period of contracts.

Interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not measured at fair value.

(ii) Hedging instruments and hedged items

Hedging instruments: Derivative financial instruments, such as foreign exchange forward contracts, coupon swaps, interest rate swaps and other derivatives

Hedged items: Financial assets and liabilities denominated in foreign currency, which are exposed to foreign exchange fluctuation risks, not reflected by the fluctuation, and the fluctuation would be hedged by fixing future cash flow

(iii) Hedge policy

Based on the financial instruments management policy, the Company enters into foreign currency forward contracts and coupon swaps to mitigate foreign currency fluctuation risks associated with foreign currency denominated transactions, such as imports/exports of products and direct materials etc.

For non-recurring foreign currency transactions, the Company determines a hedge policy every time. Interest rate swaps are used, as necessary, to mitigate fluctuation risk on interest rate related to interest-bearing monetary assets and liabilities.

(iv) Effectiveness of hedge

To assess the effectiveness of a hedge, the Company compares accumulated cash flow fluctuation or market fluctuation on hedged items with those on hedging instruments semiannually. The Company does not assess the effectiveness of a hedge for foreign exchange forward contracts and coupon swaps stated at settlement amounts, and interest rate swaps which meet specific matching criteria.

(q) Consumption Taxes

Consumption tax and local consumption tax are excluded from revenues and expenses.

(r) 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.

(s) 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, 2011 and 2012 are not presented because there were no bonds to be converted to shares at the year ends.

(t) Valuation of Assets and Liabilities of Consolidated Subsidiaries

Acquisitions of subsidiaries are accounted for by the purchase method and assets and liabilities of the consolidated subsidiaries are initially recorded at fair value.

(u) Goodwill and Negative Goodwill

Consolidation goodwill and negative consolidation goodwill are 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.

However, negative goodwill recognized after April 1, 2010 is credited to income in the period of acquisition.

(v) Additional Information

Application of Accounting Standard for Accounting Changes and Error Corrections

Effective on or after April 1, 2011, the Company has adopted "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24 issued on December 4, 2009).

Note 3: Cash and Cash Equivalents

Cash and cash equivalents on the consolidated statements of cash flows as of March 31, 2011 and 2012 are comprised as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2012	2012
Cash and deposits	¥ 10,795	¥ **10,621**	$ **129,313**
Time deposits over 3 months	–	**(13)**	**(159)**
Cash and cash equivalents	¥ 10,795	¥ **10,608**	$ **129,154**

Note 4: Inventories

Inventories as of March 31, 2011 and 2012 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2012	2012
Merchandise and finished goods	¥ 25,763	¥ **30,764**	$ **374,539**
Work in process	395	**246**	**3,005**
Raw materials and supplies	3,621	**4,277**	**52,078**
	¥ 29,780	¥ **35,289**	$ **429,623**

Write-down in inventories held for sale in the ordinary course of business reflecting decreased profitability amounted to ¥52 million and ¥210 million ($2,568 thousand) and were included in cost of sales for the years ended March 31, 2011 and 2012, respectively.

Note 5: Securities

(1) Acquisition costs, carrying value and unrealized gain on available-for-sale securities as of March 31, 2011 and 2012:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2012	2012
Equity securities:			
Acquisition costs	¥ 14,038	¥ **13,441**	$ **163,644**
Carrying value	17,566	**18,773**	**228,557**
Unrealized gain	¥ 3,528	¥ **5,331**	$ **64,912**

Non-listed equity securities amounting to ¥1,439 million and ¥1,881 million ($22,903 thousand) as of March 31, 2011 and 2012, respectively, are not included in above table because they are not traded on the market and it is very difficult to determine their fair market value.

(2) Sales of available-for-sale securities for the years ended March 31, 2011 and 2012:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2012	2012
Proceeds from sales	¥ 1,883	¥ **194**	$ **2,363**
Gains on sales	827	**127**	**1,554**
Losses on sales	34	**7**	**86**

(3) Aggregate carrying value of available-for-sale securities with no available fair value as of March 31, 2011 and 2012:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2012	2012
Non-listed equity securities	¥ 1,373	¥ **1,820**	$ **22,168**

(4) Impairment loss of securities for the years ended March 31, 2011 and 2012:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2012	2012
Available-for-securities:			
Stocks with market values	¥ 35	¥ **621**	$ **7,564**
Stocks without market values	3	**–**	**–**
	¥ 38	¥ **621**	$ **7,564**

Note 6: 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 i) use of those idle assets is not determined, ii) there is a substantial decline in market values and constant losses from operating activities, and iii) further use of closing assets are not expected, the Company reduced carrying value of the assets to recoverable amounts, and recognized the reduced values as impairment losses amounting to ¥447 million and ¥590 million ($7,191 thousand) for the years ended March 31, 2011 and 2012, respectively.

Discount rates used to determine fair value were 5.6% and 5.6% to 6.4% for the years ended March 31, 2011 and 2012, respectively. Net realizable values are calculated primarily based on the value assessed for property tax purpose.

(1) For the year ended March 31, 2011

Primary use	Type of asset	Location	Impairment loss *Millions of yen*	Recoverable value
Idle assets	Land	Sakaiminato City, Tottori Prefecture	¥ 3	Net realizable value
	Buildings and structures	Inazawa City, Aichi Prefecture	271	Value in use
	Machinery and equipment		21	
	Leased assets		6	
	Other		0	
	Intangible asset	Chuo Ward, Tokyo, etc.	4	
Distribution center (Closing)	Land	Komatsu City, Ishikawa Prefecture	53	Net realizable value
	Buildings and structures		30	Value in use
	Machinery and equipment		4	
	Other		0	
	Intangible asset		0	
Assets for lease (Transferring)	Land	Konohana Ward, Osaka Prefecture	50	Net realizable value

(2) For the year ended March 31, 2012

Primary use	Type of asset	Location	Impairment loss		Recoverable value
			Millions of yen	*Thousands of U.S. dollars*	
Idle assets	Land	Sakaiminato City, Tottori Prefecture	¥ 2	$ 25	Net realizable value
Assets for Processed foods	Buildings and structures	Asahi City, Chiba Prefecture	227	2,770	Value in use
	Machinery and equipment		73	889	
	Other		15	193	
	Goodwill	Chuo Ward, Tokyo	1	17	
Assets for Marine products	Buildings and structures	Higashi Word Fukuoka City, Fukuoka Prefecture, etc.	87	1,069	Value in use
	Machinery and equipment		16	202	
	Other		6	77	
	Goodwill	Chuo Ward, Tokyo	6	81	
Distribution center (Closing)	Buildings and structures	Chuo Word, Chiba City, Chiba Prefecture	55	678	Value in use
	Machinery and equipment		21	264	
	Other		0	7	
	Buildings and structures	Kagoshima City, Kagoshima Prefecture	51	626	Value in use
	Machinery and equipment		19	243	
	Other		1	15	
	Land	Komatsu City, Ishikawa Prefecture	2	27	Net realizable value

Note 7: Investments and Rental Properties

The Company and part of its subsidiaries own buildings and land for lease in Tokyo and other areas. Net rent income related to the investments and rental properties was ¥3,441 million, and loss on disposal and impairment loss related to those properties were ¥12 million for the year ended March 31, 2011. Net rent income and impairment loss related to the investments and rental properties were ¥2,240 million ($27,278 thousand) and ¥2 million ($25 thousand) for the year ended March 31, 2012, respectively. Gross rent revenue and expense are included in net sales and cost of sales on the consolidated statements of income. Loss on disposal and impairment loss are included in other income/(expenses) on the consolidated statements of income.

Carrying value on the consolidated balance sheet, increase or decrease during the year, as well as market value of the investments and rental properties as of March 31, 2011 and 2012:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2012	2012
Carrying value at April 1	¥ 17,440	¥ **12,258**	$ **149,244**
Net decrease	(5,181)	**(37)**	**(450)**
Carrying value at March 31	¥ 12,258	¥ **12,221**	$ **148,793**
Market value as of March 31	¥ 41,323	¥ **41,364**	$ **503,587**

1. Carrying values on the consolidated balance sheets are calculated as acquisition costs deducting accumulated depreciation and cumulative impairment losses.
2. Major decrease for the year ended March 31, 2011 was an impairment loss of ¥4,226 million caused by excluding Riverside Funding Corp. from consolidation.
3. Market values of major assets as of March 31, 2011 and 2012 are based on appraisals obtained from outside real estate appraisers. Market values of other relatively immaterial assets are based on certain valuation and other indicator properly reflected by market prices.

Note 8: Asset Retirement Obligations

The Company accounts for asset retirement obligations, consisting primarily of restoration costs associated with fixed-term lease agreement of refrigerated storage.
Asset retirement obligations were calculated based on the followings:
Estimated useful life: 12~50 years
Discount rate: 1.564~2.436 % (4.306 % for overseas)
The changes in the carrying value of asset retirement obligations for the years ended March 31, 2011 and 2012 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2012	2012
Balance at beginning of the year (*)	¥ 1,885	¥ **2,398**	$ **29,205**
Increase due to purchase of tangible fix assets	515	**89**	**1,088**
Changes due to the passage of time	45	**52**	**640**
Decrease due to fulfillment of obligations	–	**(103)**	**(1,254)**
Other (decrease)	(46)	**(230)**	**(2,803)**
Balance at end of the year	¥ 2,398	¥ **2,207**	$ **26,876**

(*) Balance at beginning of the year ended March 31, 2011 represents the balance by adopting "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008).

Note 9: 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.

Note 10: Changes in Net Assets

(1) Types and number of outstanding shares and of treasury stock
For the year ended March 31, 2011

(Number of shares)

Type of stock	As of March 31, 2010	Increases	Decreases	As of March 31, 2011
Issued stock: Common stock	310,851,065	–	–	310,851,065
Treasury stock: Common stock	924,651	4,808,775	10,951	5,722,475

(Reasons for changes)
The increases in the number of shares resulted from the following:

- Acquisition through Off-Auction Own Share Repurchase Trading System 4,170,000 shares
- Acquisition by market transaction 532,000 shares
- Request for redemption of odd-lot stock 106,774 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 1 share

The decrease in the number of shares resulted from the following:
• Request for additional purchase of odd-lot stock 10,951 shares

For the year ended March 31, 2012

(Number of shares)

Type of stock	As of March 31, 2011	Increases	Decreases	As of March 31, 2012
Issued stock: Common stock	310,851,065	–	–	310,851,065
Treasury stock: Common stock	5,722,475	10,352,551	10,085	16,064,941

(Reasons for changes)
The increases in the number of shares resulted from the following:
• Acquisition by market transaction 10,298,000 shares
• Request for redemption of odd-lot stock 54,550 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 1 share
The decrease in the number of shares resulted from the following:
• Request for additional purchase of odd-lot stock 10,085 shares

(2) Cash dividends distributed
Dividends paid during the fiscal year ended March 31, 2012

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 24, 2011	Common stock	¥ 1,525 $ 18,574	¥ 5 $ 0.06	March 31, 2011	June 27, 2011
Directors' meeting on November 1, 2011	Common stock	¥ 1,198 $ 14,596	¥ 4 $ 0.04	September 30, 2011	December 5, 2011

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 26, 2012	Common stock	Retained earnings	¥ 1,473 $ 17,944	¥ 5 $ 0.06	March 31, 2012	June 27, 2012

Note 11: Other Income/(Expenses)

Other income/(expenses) -Other, net for the years ended March 31, 2011 and 2012 consisted primarily of the following:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2012	2012
Gain on sales of property, plant and equipment	¥ 1,002	¥ **743**	$ **9,048**
Gain on sales of investment securities	827	**127**	**1,554**
Reversal of provision for loss on disaster	–	**437**	**5,325**
Loss on sales and disposal of property, plant and equipment	(451)	**(513)**	**(6,245)**
Impairment loss on fixed assets	(447)	**(590)**	**(7,191)**
Loss on discontinued operations	(354)	**(242)**	**(2,946)**
Loss on valuation of investment securities	(38)	**(621)**	**(7,564)**
Compensation income	3,008	**–**	**–**
Loss on revision of retirement benefit plan	(6,610)	**–**	**–**
Loss on disaster	(3,196)	**(365)**	**(4,454)**
Cumulative effect of applying accounting standards for asset retirement obligations	(798)	**–**	**–**
Other, net	120	**(103)**	**(1,262)**
	¥ (6,937)	¥ **(1,128)**	$ **(13,736)**

Note 12: 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, 2011 and 2012. The effective tax rates reflected in the accompanying consolidated statements of income differ from the statutory tax rate for the following reasons:

	2011	2012
Statutory tax rate	40.6%	**40.6%**
Entertainment and other non-deductible expenses	3.5	**2.1**
Dividends exempted for income tax purpose	(0.6)	**(0.2)**
Inhabitant per capita taxes	1.6	**1.0**
Change in valuation allowance	19.2	**3.5**
Tax rate differences of oversea affiliates	(1.7)	**(3.0)**
Tax credit for research and development expenses	(1.6)	**(0.9)**
Equity in earnings of affiliates accounted for by the equity method	(0.8)	**(0.1)**
Undistributed earnings of overseas affiliates	(4.6)	**(0.1)**
Deferred tax assets reduced amount due to the changes in tax rate	–	**0.8**
Other, net	(1.7)	**1.5**
Effective tax rate	53.9%	**45.0%**

The components of deferred tax assets and deferred tax liabilities as of March 31, 2011 and 2012 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2012	2012
Deferred tax assets:			
Establishment of employees' retirement benefit trust	¥ 566	¥ –	$ –
Accrued employees' retirement benefits	1,583	650	7,923
Unpaid transferring cash for defined contribution pension plan	–	725	8,830
Net operating loss carry forwards	1,889	1,483	18,066
Loss on valuation of investment securities	1,127	947	11,529
Accrued employees' bonus	704	681	8,291
Unrealized gain/loss on fixed assets	238	238	2,909
Depreciation	400	367	4,470
Impairment loss on fixed assets	923	883	10,754
Unrealized gain/loss on asset transfer	1,153	1,002	12,201
Asset retirement obligations	768	659	8,026
Provision for loss on disaster	329	–	–
Impact of applying the accounting standard for lease transactions	687	436	5,309
Other	1,743	1,807	22,009
Total gross deferred tax assets	12,116	9,883	120,321
Less valuation allowance	(4,848)	(4,493)	(54,700)
Deferred tax assets	7,267	5,390	65,621
Deferred tax liabilities:			
Unrealized holding gain on available-for-sale securities	(1,227)	(1,673)	(20,374)
Reserve and special reserve for advanced depreciation of property, plant and equipment	(1,821)	(1,730)	(21,066)
Other, net	(2,283)	(1,371)	(16,693)
Deferred tax liabilities	(5,332)	(4,775)	(58,133)
Net deferred tax assets	¥ 1,935	¥ 615	$ 7,487

(Changes of deferred tax assets and liabilities due to the change in tax rate)
Following the promulgation on December 2, 2011 of the "Act for Partial Revision of the Income tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011), corporation tax rate will be reduced, and the special reconstruction corporation tax, a surtax for reconstruction funding after the Great East Japan Earthquake, will be imposed from the fiscal years beginning on or after April 1, 2012. In line with these changes, the effective statutory tax rate used to measure deferred tax assets and liabilities will be changed from 40.6% to 38.0% for temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2012 and to 35.6% for those expected to be eliminated in the fiscal years beginning on or after April 1, 2015.

As a result of this change, net deferred tax assets (after deducting deferred tax liabilities), income taxes – deferred, net unrealized holding gain on available-for-sale securities and net deferred gain or loss on hedges increased by ¥121 million ($1,474 thousand), ¥112 million ($1,375 thousand), ¥232 million ($2,834 thousand) and ¥1 million ($14 thousand), respectively.

Note 13: Contingent Liabilities

As of March 31, 2011 and 2012, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2012	2012
As guarantor of indebtedness of affiliates	¥ 2,197	¥ 1,922	$ 23,406
As guarantor of indebtedness of employees	25	54	662
As guarantor of indebtedness of other	–	1	17
Total	¥ 2,222	¥ 1,978	$ 24,085

Note 14: Research and Development Expenses

Research and development expenses charged to selling, general and administrative expenses for the years ended March 31, 2011 and 2012 were ¥1,806 million and ¥1,697 million ($20,661 thousand), respectively.

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

(1) Accrued directors', statutory auditors' and employees' retirement benefits as of March 31, 2011 and 2012:

	Millions of yen		*Thousands of U.S. dollars*
	2011	2012	2012
Employees' retirement benefits	¥ 3,809	¥ 1,421	$ 17,302
Directors' and statutory auditors' retirement benefits	343	340	4,149
Total	¥ 4,152	¥ 1,762	$ 21,451

The Company and part of its consolidated domestic subsidiaries have a defined contribution pension plan, a prepaid retirement plan and a lump-sum severance benefit plan, and another part of its consolidated subsidiaries have a lump-sum severance benefit plan or a defined benefit pension plan. On occasion, the Company may also provide programs that entitle employees to additional supplemental benefits as an early retirement incentive that is not subject to actuarial calculations under the accounting standard for retirement benefit.

For the year ended March 31, 2011, the Company and part of its consolidated domestic subsidiaries had a defined benefit pension plan (cash balance plan) and a defined contribution pension plan, and another part of its consolidated subsidiaries had a lump-sum severance benefit plan or a tax qualified pension plan.

Since Ministry of Health, Labor and Welfare approved an termination of contract-type corporate pension as of March 31, 2011, the Company and part of its consolidated subsidiaries transferred from defined benefit pension plan (cash balance plan) to combination of a defined contribution pension plan, a prepaid retirement plan and a lump-sum severance benefit plan, and another part of its consolidated subsidiaries transferred from a tax-qualified pension plan to combination of a defined contribution pension plan, a prepaid retirement plan and a lump-sum severance benefit plan effective from April 1, 2011.

(2) Funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets for employees' retirement benefits as of March 31, 2011 and 2012:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Projected retirement benefit obligation (*1)	¥ 17,972	¥ 2,158	$ 26,282
Fair value of plan assets (*2)	(15,604)	(712)	(8,679)
Unrecognized actuarial loss	(49)	(34)	(418)
Prepaid pension cost	1,490	9	118
Accrued employees' retirement benefits	¥ 3,809	¥ 1,421	$ 17,302

(*1)Part of its consolidated subsidiaries determine the projected benefit obligation using the simplified method whereby the projected benefit obligation is estimated at the amount that would be payable if the eligible employees terminate the employment.
(*2) Employees' retirement benefit trust was included in plan assets as of March 31, 2011.

(3) Components of retirement benefit expenses for the years ended March 31, 2011 and 2012:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Service cost	¥ 1,312	¥ 633	$ 7,712
Interest cost	389	21	258
Expected return on plan assets	(169)	15	183
Amortization of unrecognized prior service cost	(200)	–	–
Amortization of unrecognized actuarial loss	1,018	–	–
Other	264	1,173	14,292
Retirement benefits expenses	¥ 2,614	¥ 1,843	$ 22,447

(4) Actuarial assumptions used for the years ended March 31, 2011 and 2012:
Since part of its consolidated subsidiaries which have a defined benefit pension plan determine the projected benefit obligation using the simplified method, no actuarial assumptions are used. And part of its consolidated overseas subsidiaries determine the projected benefit obligation using the basic method, but actuarial assumptions are not disclosed due to significance.

Note 16: Per Share Information

Net assets per share as of March 31, 2011 and 2012 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Net assets	¥ 117,748	¥ 118,700	$ 1,445,096
Net assets attributable to common stock	115,058	116,831	1,422,342
Amounts excluded from net assets:			
Minority interest	2,690	1,869	22,753
Number of common stock used for the calculation on net assets per share (in thousand)	305,128	294,786	

Net income per share for the years ended March 31, 2011 and 2012 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Net income	¥ 4,044	¥ 7,904	$ 96,236
Net income attributable to common stock	4,044	7,904	96,236
Amounts not attributable to common shareholders	–	–	–
Average number of common stock during the fiscal year (in thousand)	309,147	300,004	

Note 17: Segment Information

(1) General information about reportable segments
Reportable segments are components of the Company and its consolidated subsidiaries for which separate financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segments and assess their performance. Reportable segments are determined by product and service as "Processed foods," "Marine products," "Meat and poultry products," "Logistics," and "Real estate."
General information about the segments is as follows.
(a) Processed foods: Production, processing and sales of frozen cooked foods, agricultural processed foods, retort-pouch foods, wellness foods, acerola and packed ice
(b) Marine products: Processing and sales of marine products
(c) Meat and poultry products: Processing and sales of meat and poultry products, and breeding and sales of food chicken
(d) Logistics: Providing distribution/transportation service and distribution center function, logistics consulting, providing storage service, production and sales of ice, and construction work and planning
(e) Real estate: Leasing of office buildings and parking lot, management of real estate, and sales of housing land.

(2) The basis of measurement for sales, profit or loss, assets, liabilities and other items of reportable segments
Accounting policies and methods used at operating segments are the same as those applied to the Company described on Note 2. Profit or loss of reportable segments is equal to operating income on the consolidated statements of income. Intercompany sales and transfers are based on third-party transaction prices.

(3) Sales, profit or loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2011 and 2012 were summarized as follows:

	Year ended March 31, 2011 (Millions of yen)									
	Reportable segment									
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other	Total	Adjustment	Consolidated
Sales:										
External sales	¥ 161,560	¥ 66,539	¥ 76,451	¥ 124,988	¥ 5,314	¥ 434,853	¥ 2,955	¥ 437,808	¥ –	¥ 437,808
Intercompany sales and transfers	328	285	1,838	14,426	1,304	18,182	3,280	21,463	(21,463)	–
Total	161,888	66,824	78,289	139,414	6,619	453,036	6,236	459,272	(21,463)	437,808
Segment profit	4,609	592	388	7,296	3,558	16,446	417	16,863	(182)	16,681
Segment assets	79,696	22,642	13,664	130,745	19,296	266,046	3,835	269,882	14,680	284,562
Other items:										
Depreciation	3,763	131	211	8,476	946	13,530	97	13,627	531	14,158
Amortization of goodwill	76	2	–	61	–	140	–	140	–	140
Investments in equity method investees	–	107	191	1,358	–	1,657	–	1,657	1,181	2,839
Increase in property, plant and equipment and intangible assets	¥ 9,138	¥ 148	¥ 74	¥ 14,482	¥ 261	¥ 24,105	¥ 105	¥ 24,211	¥ 834	¥ 25,046

	Year ended March 31, 2012 (Millions of yen)									
	Reportable segment									
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other	Total	Adjustment	Consolidated
Sales:										
External sales	¥ 173,849	¥ 65,412	¥ 73,586	¥ 135,405	¥ 3,745	¥ 451,998	¥ 2,932	¥ 454,931	¥ –	¥ 454,931
Intercompany sales and transfers	309	240	2,005	14,133	1,204	17,893	3,102	20,995	(20,995)	–
Total	174,158	65,653	75,591	149,539	4,949	469,891	6,035	475,927	(20,995)	454,931
Segment profit	5,152	222	525	7,389	2,357	15,647	482	16,130	47	16,177
Segment assets	83,574	24,890	15,521	131,498	18,671	274,157	3,971	278,128	12,408	290,537
Other items:										
Depreciation	4,057	88	185	9,073	887	14,294	101	14,395	582	14,978
Amortization of goodwill	75	2	–	74	–	152	–	152	–	152
Investments in equity method investees	139	68	164	1,384	–	1,757	–	1,757	1,195	2,952
Increase in property, plant and equipment and intangible assets	¥ 3,051	¥ 125	¥ 321	¥ 7,993	¥ 416	¥ 11,909	¥ 98	¥ 12,007	¥ 356	¥ 12,364

	Year ended March 31, 2012 (Thousands of U.S. dollars)									
	Reportable segment									
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other	Total	Adjustment	Consolidated
Sales:										
External sales	$ 2,116,497	$ 796,353	$ 895,862	$ 1,648,468	$ 45,597	$ 5,502,778	$ 35,706	$ 5,538,484	$ –	$ 5,538,484
Intercompany sales and transfers	3,766	2,928	24,409	172,070	14,660	217,836	37,775	255,611	(255,611)	–
Total	2,120,263	799,282	920,272	1,820,538	60,257	5,720,614	73,481	5,794,096	(255,611)	5,538,484
Segment profit	62,733	2,713	6,394	89,961	28,695	190,498	5,875	196,374	573	196,947
Segment assets	1,017,466	303,029	188,964	1,600,903	227,318	3,337,681	48,350	3,386,032	151,067	3,537,100
Other items:										
Depreciation	49,403	1,082	2,260	110,465	10,810	174,021	1,231	175,252	7,095	182,348
Amortization of goodwill	914	32	–	908	–	1,856	–	1,856	–	1,856
Investments in equity method investees	1,698	838	2,003	16,850	–	21,391	–	21,391	14,557	35,948
Increase in property, plant and equipment and intangible assets	$ 37,153	$ 1,523	$ 3,916	$ 97,319	$ 5,072	$ 144,985	$ 1,203	$ 146,189	$ 4,338	$ 150,527

Notes:
"Other" represents operating segments not disclosed as reportable segments, which include production and sales of diagnostic agents, cosmetic materials and cosmetic products, finance, accounting, human resource and general affairs services, insurance agent, tree planting management and cleaning services related to tree planting.

Investor Information

(As of March 31, 2012)

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Web Site Address
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Established
December 1, 1945

Paid-in Capital
30,307 million yen

Number of Full-time Employees
12,082 (consolidated)

Stock Exchange Listing
Tokyo Stock Exchange (Code: 2871)

Common Stock
Authorized: 720,000,000 shares
Outstanding: 310,851,065 shares

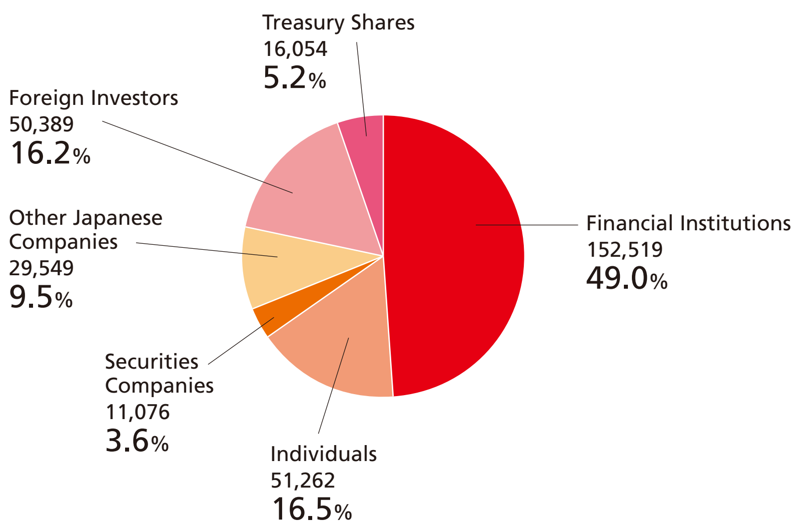
Number of Shareholders
26,847

Shareholder Register Administrator
Mizuho Trust & Banking Co., Ltd.
Stock Transfer Agency Division

Annual Meeting of Shareholders
The annual meeting of shareholders is normally held in June each year in Tokyo, Japan

Independent Auditors
Ernst & Young Shin Nihon LLC

Composition of Shareholders
(Thousands of shares)



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