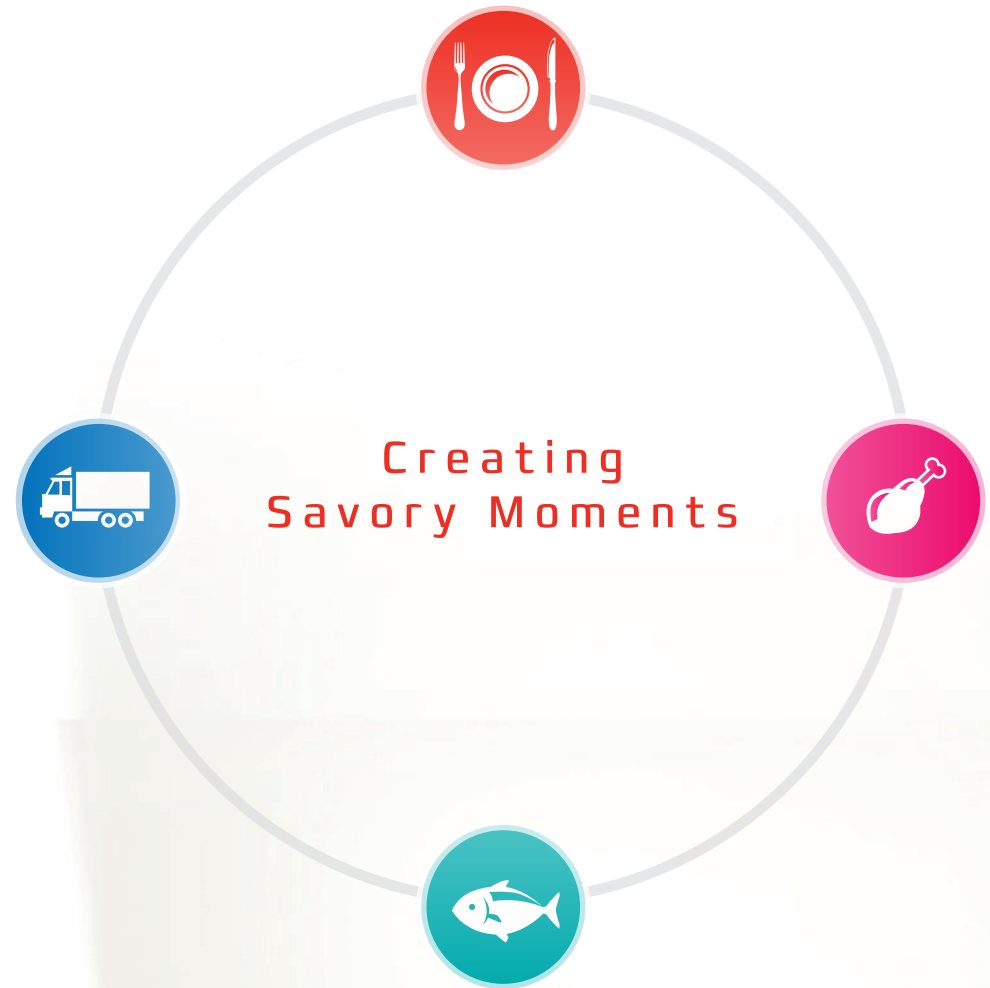




ANNUAL REVIEW 2014
Year Ended March 31, 2014



Nichirei Corporation

Nichirei Higashi-Ginza Building 6-19-20 Tsukiji, Chuo-ku, Tokyo, 104-8402 Japan
Tel: +81-3-3248-2167 Fax: +81-3-3248-2237
<http://www.nichirei.co.jp/english/ir/index.html>



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Nichirei Then and Now: Then

Teikoku Marine Products Control Company, the predecessor of today's Nichirei Corporation, was founded in 1942.

It started out buying and selling marine products, producing ice, and providing refrigerated and frozen storage. Immediately after the end of World War II in 1945, it became a stock corporation under Japan's commercial code, and its name was changed to Nippon Reizo Co. Ltd. The company then expanded its food-related businesses, through the application of "cooling power," i.e. the ability to maintain temperature-controlled environments. In 1985, the company changed its name to Nichirei Corporation. In 2005, Nichirei Corporation transitioned to a holding company system with five operating companies under its umbrella. On April 1, 2013, the holding company absorbed Nichirei Proserve Inc., a provider of shared business support services.

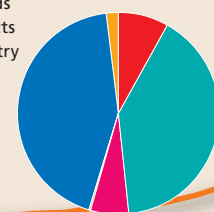
1943

- Started sales of marine products
- Started making ice and providing refrigerated and frozen foods

Supported Japanese food supplies in line with national policy

- Processed foods
- Marine products
- Meat and poultry products
- Trade
- Logistics
- Real estate
- Others

1947



Environment surrounding Japanese food businesses

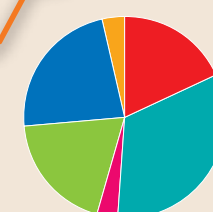
1952

- Started pre-cooked frozen foods business

1956

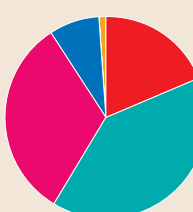
- Started Meat and Poultry Products business: Import of beef produced in Oceania

1960



Westernization of Japanese diet
Development of a temperature-controlled supply network

1985



Proliferation of microwave ovens

1982

- Entered bioscience field
- Diversified business derived from Meat and Poultry Products business

1985

Changed name to Nichirei Corporation

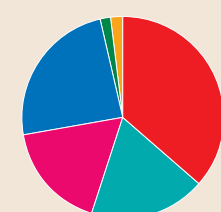
2004

- Split off Logistic business into independent local subsidiaries

2005

Introduction of holding company system

2005



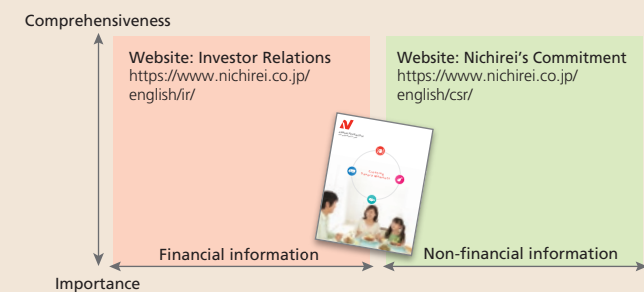
Post-war reconstruction period

High economic growth period

Stable economic growth period

Economic slowdown period

Editorial Policy



The Nichirei Group Annual Review 2014 contains a concise and coherent selection of especially important information from all available information about Nichirei's management strategies, business activities, performance results, CSR activities and management control systems. Nichirei strives to communicate effectively with shareholders and other investors by linking its Annual Review 2014 with its corporate website.

Businesses covered: Nichirei Corporation and its consolidated subsidiaries. The report also contains information about some of Nichirei's non-consolidated subsidiaries and affiliated companies.

Period covered: April 2013 to March 2014. The report also contains some content related to activities or events outside this time period.

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:

- economic conditions and industry environment, particularly levels of consumer spending, surrounding the business activities of Nichirei and its Group companies;
- currency exchange rate fluctuations, particularly involving U.S. dollars and euro;
- Nichirei's and its Group companies' ability to establish a comprehensive quality assurance system that encompasses product development, raw materials procurement, production and sales;
- Nichirei's and its Group companies' ability to develop new products and services;
- Nichirei's and its Group companies' ability to implement growth strategies and build a low-cost structure;
- Nichirei's and its Group companies' ability to gain benefits through alliances with other companies;
- effect of natural disasters;
- serious and unpredictable effects that may be caused by future events; and
- contingency risks.

- Notes: 1. The line graph shows changes in net sales. Sales are for parent company only from 1942 until the term ended March 2004. After March 2004, sales are on a consolidated basis.
2. The pie charts show the composition of sales by segment.
3. Since the fiscal year through March 1979, "Trade" postings have been distributed among the relevant business units.

Diagram of holding company system (As of April 1, 2014)



Nichirei Proserve Inc., a consolidated subsidiary that provided shared business support services, was absorbed into Nichirei Corporation as of April 1, 2013 in order to upgrade the corporation's administrative functions.

Nichirei Then and Now: 2014

2014 As of March 2014, the Nichirei Group consisted of 74 consolidated subsidiaries and 16 affiliates, with a total of 12,970 full-time employees.

In line with the Nichirei Group's corporate mission of "looking at people's lifestyles and providing true satisfaction," we will continue to provide good flavor, safety, and reliability by insisting on high quality and by making the most of new ideas, the strength of our overall Group network, and technologies that we have developed through our many years of experience.



Processed Foods

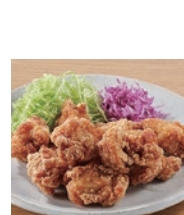
Japan is our main market. We also expand into the U.S. market.

We are Japan's No. 1 frozen food supplier

By manufacturing and selling products from carefully selected ingredients, we create seven core types of value: health, enjoyment, simplicity and convenience, good flavor, safety and reliability, stable supply, and fair prices. In addition to holding the top share of Japan's frozen foods market, Nichirei Foods Inc. handles acerola products, retort-pouch foods and wellness foods. Sales of pre-cooked frozen foods, for both commercial use and household use, constitute roughly 70% of the net sales of our processed foods operations. In 2012, we acquired InnovAsian Cuisine Enterprises Inc., a U.S. company specializing in Asian foods. It has continued to grow as the driving force behind our overseas operations.



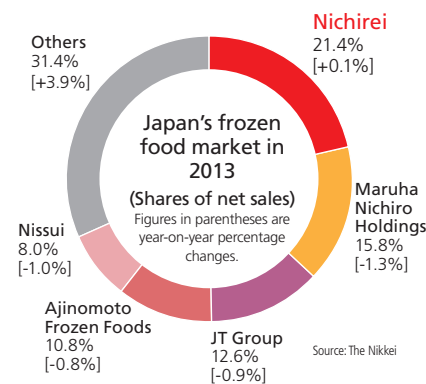
Some of our processed foods for household use



Processed foods for commercial use



Processed foods for commercial use



Marine Products / Meat and Poultry Products

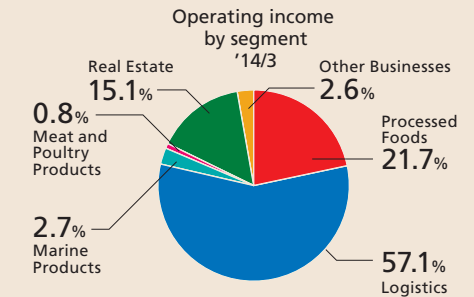
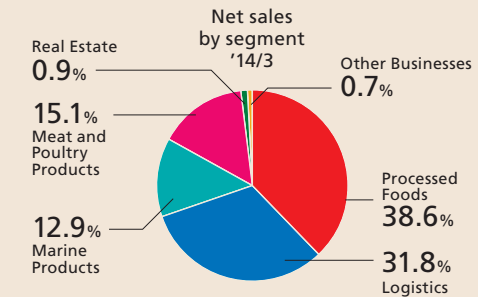
Japan is our main market

We procure premium quality foodstuffs from Japan and abroad

While we have been expanding our lineup of more highly processed products in response to customer demand, we have come to handle a large number of products of excellent quality.

In our Marine Products business, we focus on good flavor, safety, reliability and freshness as we procure and sell premium quality foodstuffs directly from harvest areas in Japan and abroad. We handle a wide range of products, including shellfish, herring roe and other types of fish eggs, and octopus, but our greatest strength is in shrimp products.

Our Meat and Poultry Products business delivers good flavor, safety, reliability, and good health, while remaining friendly to the environment. We do this by procuring chicken, pork and beef from excellent business partners in Japan and overseas and providing products to a large number of retail shops and restaurants.



Logistics

No. 1 in Japanese food logistics sales

Refrigerated storage capacity: No. 1 in Japan, No. 5 in the world

Operating regions: Japan, Europe, China, Southeast Asia

Nichirei offers a wide variety of logistics functions including refrigerated and frozen storage, sorting, transport and delivery. By making the most of these functions, we offer our customers optimized logistics services. In addition to Japan, we have refrigerated warehouses and distribution centers in Europe and China. Most recently, the joint venture that we formed with Thailand-based conglomerate Siam Cement Group began operations in 2013.

Storage capacity of refrigerated warehouse operators in the world (as of May 2014)

Ranking	Company name	Country	Refrigerated capacity (Thousand m ³)
1	Americold Logistics LLC and China Merchants Americold	Argentina, Australia, China, New Zealand, United States	26,902,404
2	Lineage Logistics	United States	15,416,060
3	Swire Cold Storage, United States Cold Storage, Swire Cold Storage Vietnam, and Finlay Cold Storage (Pvt.) Ltd.	Australia, China, Sri Lanka, United States, Vietnam	8,624,663
4	Preferred Freezer Services	China, United States, Vietnam	6,657,287
5	Nichirei Logistics Group	Japan, Netherlands, Poland, etc.	4,315,673
6	Kloosterboer	Netherlands	3,522,707
7	VersaCold Logistics Services	Canada	3,259,050
8	Partner Logistics	Netherlands	2,860,594
9	Interstate Warehousing, Inc.	United States	2,556,609
10	Cloverleaf Cold Storage Co.	United States	1,840,131

Source: Compiled using data from IARW (International Association of Refrigerated Warehouses) "Global Top 25 List"

Storage capacity of refrigerated warehouse operators in Japan (as of January 1, 2014)

Ranking	Company / Group	No. of operating Locations	Capacity (Thousand tons)	Capacity share
1	Nichirei Group	77	1,415	14%
2	Yokohama Reito	43	741	7%
3	Maruha Nichiro Group	36	578	6%
4	Toyo Suisan Group	23	422	4%
5	Nippon Suisan Group	22	375	4%

Source: Compiled using data from JARW (Japan Association of Refrigerated Warehouses)

Net sales of low-temperature logistics providers in Japan (Year ended March 2014)

Company	Net sales (¥ Billion)
Nichirei	168.4
KRS	144.0
Hamakyorex	92.0
Meito Transportation	48.5
SBS Flec	41.5

Source: Figures for results and forecasts are prepared by Nichirei based on Kessan Tanshin releases (Consolidated Financial Results <Japanese GAAP>) of the corporations as of end of May 2014.



Higashi-Ogishima Distribution Center



Real Estate

The purpose of Nichirei's real estate operations is to make effective use of company-owned sites where we have closed outdated facilities. Currently, these operations consist mainly of renting out four office buildings in the Tokyo metropolitan area.



Other Businesses

Based on Nichirei's immunology-related and materials processing technologies, our biosciences business develops, manufactures and markets animal cell culture media and immunohistochemical staining products such as reagents and diagnostic products that make use of our antibody-related technologies. We also deal with functional materials and cosmetic product ingredients.

Our Business Model

Cooling Power to Create Savory Moments

With “cooling power” as its core strength, Nichirei performs all the functions needed to support the food value chain, from planning and developing frozen foods to procurement, quality assurance, processing and manufacturing, sales, storage and delivery. Demonstrating uncompromising commitment to quality as we perform these various functions, Nichirei has supported the food supply of Japanese consumers for more than 70 years.

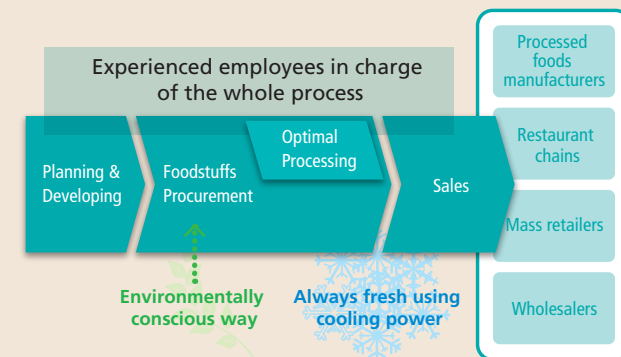
Procurement of marine, meat and poultry products based on a commitment to quality and environmental protection

Processed foods operations that make the most of ingredients’ good qualities

Logistics operations that deliver every bit of freshness and flavor

In order to keep up with increasingly sophisticated demands, in 2005, we spun off our Processed Foods, Marine Products, Meat and Poultry Products, and Logistics businesses as separate operating companies. Now each operating company independently pursues its own area of specialty. At the same time, the Group combines the expertise accumulated by the individual operating companies when necessary, such as when we look into possibilities for overseas expansion. The Nichirei Group’s overall strength is the sum of each operating company’s strengths plus the power that is generated by combining them.

Marine, Meat and Poultry Products business: Insisting on quality and environmental protection



Highly experienced personnel handle every phase of our business, from product planning and development to procurement, processing and sales. When procuring foodstuffs, Nichirei employees cooperate with the best producers and processors in each locality, whether in Japan or overseas. We always remember our commitment to preserve the habitats of live food sources and to preserve biodiversity.

In response to our customers’ needs, we provide lightly processed products to processed food manufacturers, supermarkets, convenience stores and other mass retailers, and to restaurant chains. We always remember to talk with our customers and develop one prototype product after another until we can provide products with original features not found in previously existing products.

Processed Foods business: Making the most of ingredients’ goodness

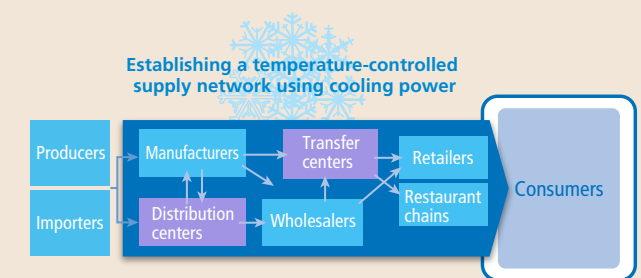


We provide products that use “cooling power” to make the most of ingredients’ inherent goodness.

Some 60% of our prepared frozen food sales are targeted at commercial customers. The largest segment within this category is mass retailers, including convenience stores and supermarkets, where our products are heated and sold as ready-to-eat take-out foods. Commercial customers also include restaurants and institutional meal suppliers. The other roughly 40% are home-use products found in the frozen foods sections of mass retailers.

Nichirei always takes consumers’ points of view into consideration and links consumer needs to freezing technologies. This allows us to offer products that were previously difficult to manufacture even when consumers had been aware of their need for such products. As a result, we provide consumers with a richly satisfying eating experience by delivering the taste of genuine culinary treats. In addition, we provide safe and reliable foods by implementing strict quality controls at every phase of production, from ingredient procurement to the delivery of finished products to consumers.

Logistics business: Delivering freshness and flavor



Nichirei operates a nationwide temperature-controlled supply network that supports Japan’s food value chain by using appropriately temperature-controlled storage and transport facilities to deliver foods in excellent condition from producers to consumers.

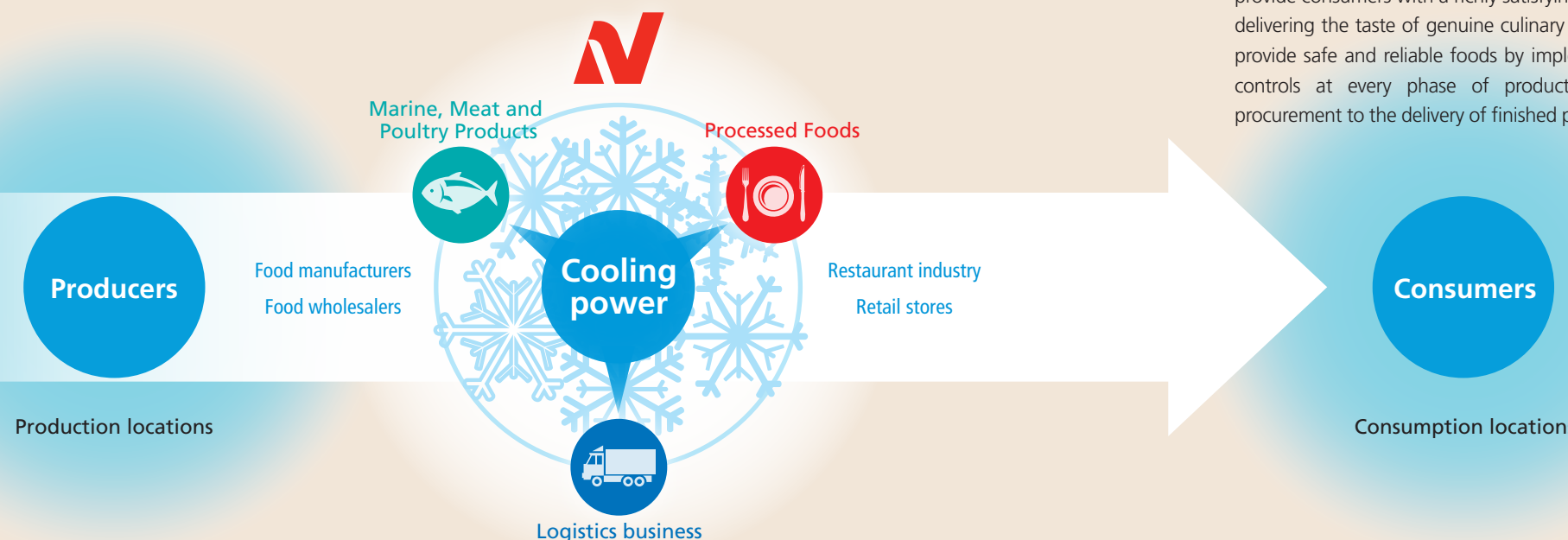
Some 90% of sales are commissioned from outside the Nichirei Group. Our customers are producers, manufacturers, trading companies, wholesalers, retailers, and restaurant operators in Japan and abroad. Although Japan is our primary market, we make the most of the logistics expertise that we have accumulated in our home market to expand our business in both Europe and Asia.

Nichirei has the largest network in Japan of distribution centers (DCs) equipped with refrigerated and frozen storage capacity and connected by trunk routes and local pickup and delivery routes.

We use advanced information technology and thorough quality control to achieve optimal temperature controls, allowing us to maintain product quality and freshness. We continually update our facilities so that our cutting-edge facilities have outstanding refrigeration performance, safety systems and earthquake-resistant construction, designed with consideration for environmental friendliness. Because we have the ability within the Nichirei Group to maintain our facilities in the event of a breakdown or disaster, we can quickly recover from such situations, thereby minimizing the risk of loss.

Nichirei also operates transfer centers (TCs) that help our customers improve their distribution efficiency. We mainly operate dedicated centers under contract from major retailing chains. The TCs receive milk and other items that are delivered daily by vendors, sort them, and deliver them to each store. In addition, we operate a 3PL business that offers optimal distribution solutions by reviewing each customer’s overall logistics functions.

Nichirei applies “cooling power” to the maintenance of food product quality and safety, and at the same time contributes to society by preventing the loss of food resources.



Financial Highlights

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Percent change 2014/2013	2014
Income Statement Data (¥ Million)												
												Thousands of U.S. dollars
Net sales	¥ 461,426	¥ 469,411	¥ 457,655	¥ 463,591	¥ 474,515	¥ 438,111	¥ 437,808	¥ 454,931	¥ 470,126	¥ 511,189	8.7%	\$ 4,966,865
Gross profit	88,836	91,577	88,799	89,794	87,328	87,957	87,365	86,918	91,473	93,261	2.0	906,158
Operating income	13,482	16,014	18,148	17,355	15,142	16,814	16,681	16,177	17,932	15,789	(11.9)	153,416
Income before income taxes and minority interests	10,830	13,138	19,200	16,472	11,362	14,380	8,860	14,225	13,601	15,357	12.9	149,220
Net income	5,878	6,293	10,845	9,623	6,020	9,064	4,044	7,904	9,823	8,898	(9.4)	86,457
Capital expenditures*2	6,397	7,496	9,751	7,770	14,883	24,385	22,110	12,248	13,171	24,041	82.5	233,598
R&D expenditures	2,075	2,042	2,034	2,050	2,191	1,986	1,806	1,697	1,817	1,607	(11.6)	15,618
Balance Sheet Data (¥ Million)												
												Thousands of U.S. dollars
Total assets	¥ 276,417	¥ 268,501	¥ 269,166	¥ 257,812	¥ 287,296	¥ 277,496	¥ 284,562	¥ 290,537	¥ 297,903	¥ 318,507	6.9%	\$ 3,094,708
Total liabilities	181,779	165,246	156,094	141,323	174,096	154,802	166,813	171,837	172,582	181,660	5.3	1,765,064
Interest-bearing debt*3	111,984	86,209	72,971	66,138	87,904	60,920	72,479	74,833	75,403	85,718	13.7	832,869
Shareholders' equity*4	94,007	102,624	111,035	114,262	110,958	119,468	115,058	116,831	123,077	133,298	8.3	1,295,168
Cash Flows (¥ Million)												
												Thousands of U.S. dollars
Cash flows from operating activities	¥ 15,564	¥ 23,883	¥ 22,431	¥ 20,290	¥ 15,282	¥ 33,345	¥ 17,274	¥ 19,915	¥ 23,525	¥ 11,073	(52.9)%	\$ 107,594
Cash flows from investing activities	(837)	3,663	(5,861)	(6,443)	(14,740)	(13,555)	(18,229)	(12,422)	(9,610)	(17,650)	–	(171,495)
Free cash flows	14,727	27,546	16,570	13,847	542	19,790	(955)	7,493	13,914	(6,576)	–	(63,900)
Cash flows from financing activities	(15,180)	(27,559)	(16,567)	(13,919)	16,085	(33,323)	6,416	(7,583)	(9,743)	2,580	–	25,077
Per Share Data (¥)												
												U.S. dollars
Net income – basic	¥ 18.45	¥ 19.83	¥ 34.97	¥ 31.04	¥ 19.42	¥ 29.24	¥ 13.08	¥ 26.35	¥ 33.40	¥ 31.12	(6.8)%	\$ 0.302
Cash dividends	6	9	8	8	9	9	9	9	10	10	0.0	0.08
Net assets	302.50	330.40	358.08	368.56	357.85	385.47	377.08	396.33	430.47	466.31	8.3	4.530
Financial Ratios (% , Times)												
Gross profit margin	19.3%	19.5%	19.4%	19.4%	18.4%	20.1%	20.0%	19.1%	19.5%	18.2%	–	–
Operating margin	2.9	3.4	4.0	3.7	3.2	3.8	3.8	3.6	3.8	3.1	–	–
Return on equity (ROE)	6.4	6.4	10.2	8.5	5.3	7.9	3.4	6.8	8.2	6.9	–	–
Debt-to-equity (Times)	1.19	0.84	0.66	0.58	0.79	0.51	0.63	0.64	0.61	0.64	–	–
Non Financial Data												
No. of employees*5	5,575	5,603	5,711	6,054	6,250	6,577	10,118	12,082	12,680	12,970	2.3%	

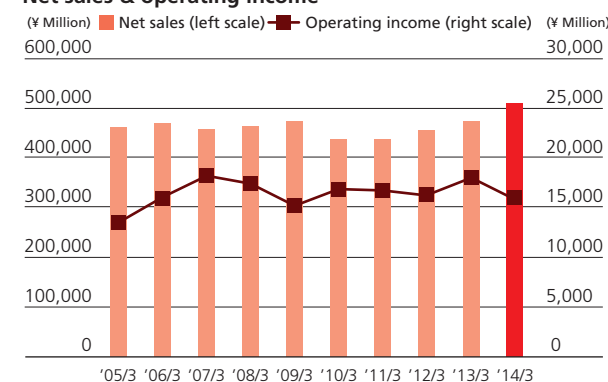
Medium-Term Business Plan (2005-2007)

Medium-Term Business Plan (2008-2010)

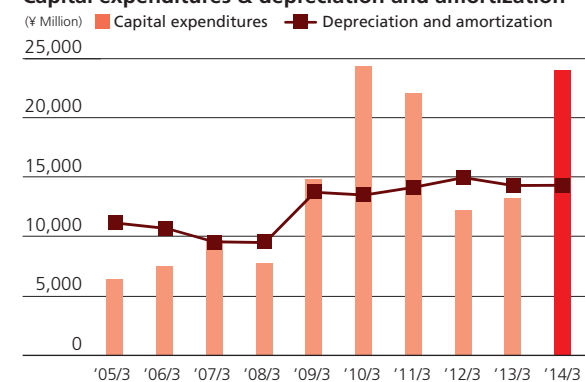
Medium-Term Business Plan (2011-2013)

Medium-Term Business Plan (2014-2016)

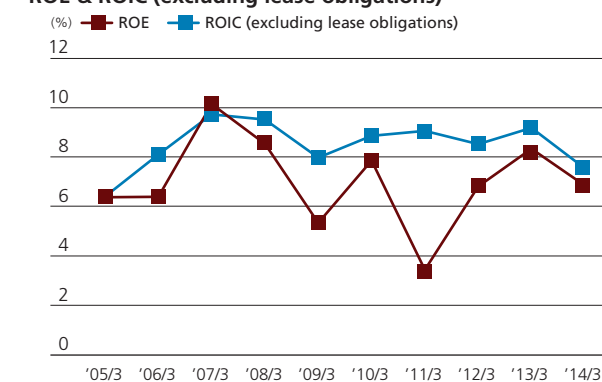
Net sales & operating income



Capital expenditures & depreciation and amortization*3



ROE & ROIC (excluding lease obligations)



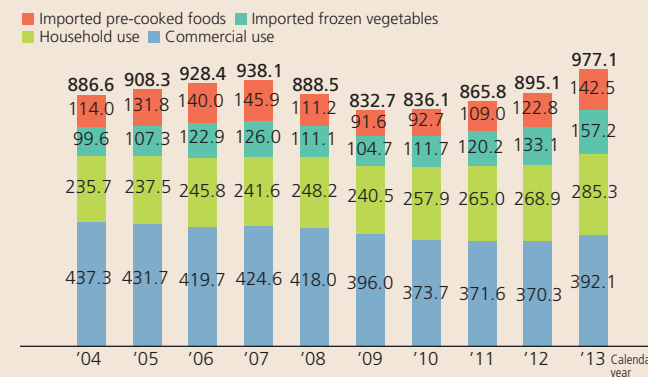
Notes:

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥102.92=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2014.
2. 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.
3. The figures for interest-bearing debt do not include leased obligations.
4. Shareholders' equity for the years ended March 2006 and thereafter = net assets – minority interests.
5. The increase in the number of employees in the year ended March 2011 was mainly due to the startup of GFPT Nichirei (Thailand) Co., Ltd.'s production plant.

Our Objectives

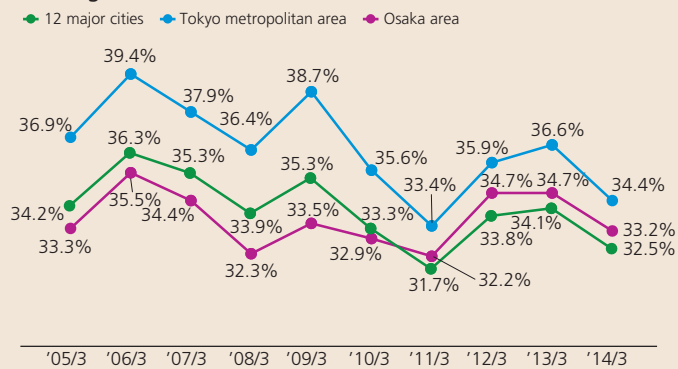
Consumption of frozen foods in Japan

(¥ Billions)



Source: Compiled by Nichirei based on data from the Japan Frozen Food Association
 Note: The amounts of import of precooked foods do not cover all members of the Japan Frozen Food Association because they are based on a sampling survey of only 36 members since 1997.

Industry-wide cold storage capacity utilization (Average utilization rate)



Source: Compiled using data from JARW (Japan Association of Refrigerated Warehouses)
 Note: The utilization rate is the percentage of total cold storage space being used to store cargo.
 Total space usually includes half of the space taken up by corridors and work areas where cargo cannot be stored.

Today's changing business environment

1 Changes in population dynamics and social structure in the Japanese market

Japan's average age is rising while its birthrate is falling. Since the nation's population peaked in 2010 and is expected to decline by some 30% over the next 50 years, it is our view that the overall food-related market will also shrink.

2 Higher prices of imported goods and energy

After the Abe administration took power at the end of 2012, monetary easing aimed mainly at halting Japan's deflationary spiral led to rapid devaluation of the yen. The weaker yen and other factors pushed up prices of imported goods and energy.

3 Concentration of demand for cargo storage in major metropolitan areas

Freight has been concentrating near Tokyo and Osaka, which are among the most densely populated areas in the world. These areas are seeing a shortage of storage capacity at refrigerated warehouses. With Japan's anticipated participation in the Trans-Pacific Partnership (TPP), we expect that storage demand will become even more concentrated in major cities that are located near ports of importation.

4 Growing concern among consumers regarding food safety

In light of incidents of false labeling of food products and contamination by agricultural chemicals, consumers are once again questioning the safety of processed food products. In order to regain consumer confidence, it has become more important than ever to strengthen food defense and safety systems.

5 Demand for effective measures to protect the environment, ecosystems, and resources

Societal demands that corporations protect the environment are growing louder day by day, with concern particularly focused on protection of the global environment and ecosystems, and effective use of resources.

How these changes will impact Nichirei

Shrinkage in the domestic market does pose a significant risk. However, Nichirei also foresees opportunities for new demand resulting from a continued increase in women's participation in the workforce, in the number of single-person households, and in the average age of the population. These types of changes in the Japanese social structure, as well as changes in consumer attitudes, have been leading to greater sales of ingredients used in home-cooked meals, ready-made meals, and health foods.

In addition to the weaker yen boosting ingredient and other procurement costs that mainly affect our Processed Foods business, higher prices for grains and fuel and expected increases in overseas labor costs affect food imports in our various businesses and put pressure on profitability in our overseas business development. Meanwhile, our Logistics business faced an uphill climb because electric power and fuel oil prices remained high while new regulations governing drivers' working hours pushed up delivery costs. We intend to cope with these difficult business conditions by revising customer prices and improving our business efficiency.

Freight is expected to continue to concentrate in the Tokyo metropolitan and Osaka areas where Nichirei has been actively investing. We believe that rising demand for warehouse capacity in these major metropolitan areas represents a strategic opportunity for Nichirei. In addition, Nichirei has been replacing outdated facilities on an ongoing basis, whereas industry-wide, the average age of refrigerated warehouses has been rising. So Nichirei's warehouses are newer on average, and equipped with the latest facilities, giving Nichirei an advantage in quality as well as quantity.

We feel confident that we can avoid major problems even in the current environment, because we continuously aim to improve safety and quality by implementing both human-centered initiatives (like always valuing dialogue with managers and employees) and concrete measures like installing monitoring cameras.

Protecting environments and ecosystems requires time and money, but as a company that operates by "acquiring living things," Nichirei has an obvious responsibility to maintain the sustainability of society. Furthermore, we need to find ways to coexist with society and increase understanding among stakeholders by actively disclosing information about our initiatives.

Medium-term business plan "Rising 2015" (April 2013 - March 2016) and our "six areas of responsibilities"

Nichirei formulated its "Rising 2015" business plan with the aim of achieving sustainable growth while facing major changes in our business environment, such as an increasingly aging society and globalization. In addition to steadily implementing the plan's measures in each of our business fields, we intend to continue to grow and increase the corporate value of the Nichirei Group by fulfilling our "six areas of responsibilities" just as we have done in the past. And we will continue to strive to provide people with true satisfaction.

Mission

Looking into Lifestyles and Providing True Satisfaction

The Nichirei Group will do its very best to create products and services that are truly useful in people's everyday lives. We aim to help people enjoy healthy and satisfying lives.

Rising 2015

- 1 Boost earning power in Japan and abroad
- 2 Construct global quality assurance systems
- 3 Continue to appropriately allocate the Nichirei Group's management resources and to implement appropriate returns to shareholders, through such means as re-acquiring shares and/or increasing dividends.
- 4 Strengthen corporate functions of the holding company system
- 5 Strengthen technological strategies for coping with major changes in the socioeconomic environment

Policies for each business sector

Processed Foods

- Boost product supply capacity and profitability by increasing production capacity at Nichirei-operated factories and by optimally allocating production lines
- In Japan: Quickly grasp customer needs; speed up product development and supply
- Overseas: Expand businesses of Asian food markets in the U.S.

Marine Products, Meat and Poultry Products

- Strengthen customer-oriented sales capabilities and distinctive products; further expand processed products that precisely meet customer needs

Logistics

- Invest in equipment, primarily in the Tokyo metropolitan and Osaka areas; boost efficiency and pick up logistics demand in areas of concentration
- Expand transport business by reorganizing in areas where we have been slow to pick up existing transport and delivery demand
- Overseas: Expand business in Europe and Southeast Asia

Six areas of responsibility

- 1 Create new products and services that increase consumers' satisfaction/ address consumers' dissatisfaction
- 2 Improve employee job satisfaction
- 3 Ensure thorough legal compliance
- 4 Exercise transparent and speedy management
- 5 Minimize negative environmental impact
- 6 Contribute to society in line with Nichirei's corporate character

Message to Our Shareholders

Toshiaki Murai
Representative Director
and Chairman

Kunio Otani
Representative Director
and President

We are currently implementing our “Rising 2015” medium-term business plan, which aims to achieve sustainable growth by improving the Nichirei Group’s profitability as we flexibly adapt to changes in the business environment.

The environment surrounding the Japanese food market has undergone major changes in social structure, including the shrinking, aging population, and a growing number of single-person and dual-income households. Nichirei sees these changes as presenting both opportunities for growth and significant challenges to overcome. Another urgent issue is the fortification of food defense systems, in light of incidents involving false labeling, contamination by agricultural chemicals, and other problems that threaten to shake the public’s faith in their food supply. One more pressing issue is the strengthening of our supply chain in order to establish better quality control of items procured overseas, as food procurement is rapidly becoming more globalized.

By responding appropriately to issues and risks that arise as a result of various changes in society and the business environment, both domestically and internationally, and by taking advantage of opportunities that arise amidst these changes, we aim to further increase Nichirei’s value as a safe and trusted brand. In addition, we will meet our obligations to society by fulfilling our “six areas of responsibilities” and by developing our businesses in ways that help solve society’s food-related issues.

For many years, we have cultivated “integrity” and “adaptability” to the point that they have become part of our inherent corporate nature. Going forward, we anticipate that the business environment will remain harsh, and we intend to further strengthen these basic traits within that harsh environment. By combining technologies, expertise, systems and human resources born of integrity and adaptability, we intend to continue providing products and services that societies and individual consumers truly need, and to continue delivering “savory moments” to our customers’ dining tables.

July 2014



Toshiaki Murai
Representative Director and Chairman



Kunio Otani
Representative Director and President



President's Discussion

Kunio Otani
Representative Director
and President

Looking back at the fiscal year ended March 2014

Net sales increased. Although we did not meet our income target, the challenges we need to confront became clear and we are thoroughly reviewing our strategies for addressing them.

In the fiscal year ended March 2014,—the first year of our “Rising 2015” medium-term business plan—the Japanese food industry continued to face sharp increases in procurement costs as a result of the rapid depreciation of the yen, along with difficulties in passing along those cost increases. In light of renewed doubts about food safety following an incident of frozen food contaminated by agricultural chemicals, there is an even greater need for food defense systems that can help regain consumers’ trust in their food supply. Meanwhile, the business environment surrounding the temperature-controlled logistics industry is harsher than ever due largely to higher costs of electric power and fuel, and to an upward trend in vehicle costs resulting partly from stricter regulations governing drivers’ working hours.

Despite these circumstances, we strove to provide products and services that meet our customers’ needs while implementing active capital spending. We increased our Processed Foods business’ domestic production capacity, and also increased our

Logistics business’ storage capacity by bringing online a new large-scale refrigerated warehouse in the Tokyo metropolitan area, where demand is brisk.

As a result of these actions, overall Group sales grew nicely, especially in our core businesses. Net sales amounted to ¥511.2 billion, up 8.7% from a year earlier. However, operating income declined by 11.9% year on year to ¥15.8 billion, largely because we could not formulate countermeasures quickly enough to absorb the increases in raw ingredient prices and other procurement costs that resulted from the rapid depreciation of the yen. This was especially true in our Processed Foods, and Meat and Poultry Products businesses. Net income for the fiscal term ended March 2014 was ¥8.9 billion, down 9.4% from a year earlier.

Although we did not meet our income target, the issues that we face in each business became clear and we intend to thoroughly review our strategies and adjust them to current realities.

Fiscal year ended March 2014: Planned versus actual results and underlying factors

	'14/3 Results (¥ Billions)	Year-on -year change	'14/3 Initial planned	Difference
Net sales	511.2	41.1	482.0	29.2
Processed Foods	204.4	20.4	194.3	10.1
Marine Products	68.6	5.0	65.0	3.6
Meat and Poultry Products	80.1	4.6	71.5	8.6
Logistics	168.4	12.0	160.5	7.9
Operating income	15.8	(2.1)	18.0	(2.2)
Processed Foods	3.4	(2.6)	6.5	(3.1)
Marine Products	0.4	0.3	0.4	0.0
Meat and Poultry Products	0.1	(0.4)	0.7	(0.6)
Logistics	8.9	0.4	8.2	0.7
Net income	8.9	(0.9)	10.5	(1.6)

Achievements and challenges
<p>Achievements: Processed Foods: sales of prepared frozen foods increased, especially for the ready-made meals market Marine Products: increased sales to restaurants, etc. Meat/Poultry: strong sales of domestic products, especially in the second half of the year Logistics: Increased capacity due to startup of new Distribution Centers. European warehouses keeping inventory levels high</p> <p>Challenges: Processed Foods: delayed response to higher costs of raw materials and imported products Marine Products: little progress in responding to higher cost of processed shrimp products, low profitability Meat/Poultry: delayed response to higher costs of imported goods Logistics: upward trend in electric power costs and vehicle procurement costs</p>

Major initiatives

Outline of major initiatives
<p>•Processed Foods (1) Strengthen cost-absorption measures to boost income despite continued impact of yen's weakness (2) Increase sales by raising domestic production capacity, starting with Funabashi Plant No. 2 (3) Increase share of Asian foods market in the U.S.</p> <p>•Logistics (1) Strengthen business base to prepare for final year of medium-term business plan (2) In Japan: Increase storage capacity in Osaka area (3) In Europe: Target freight passing through major ports in order to expand business</p> <p>•Marine, Meat and Poultry Products Marine Products: Place priority on inventory turnover Meat/Poultry Products: Continue to implement cost-absorbing measures for imported products</p>

Projections for the fiscal year through March 2015

	'15/3 Estimates (¥ Billions)	Change from '14/3	Change from Medium-term plan
Net sales	525.0	13.8	28.0
Processed Foods	214.0	9.6	16.5
Marine Products	68.6	(0.0)	3.6
Meat and Poultry Products	80.0	(0.1)	7.5
Logistics	173.0	4.6	0.4
Operating income	16.5	0.7	(2.1)
Processed Foods	5.5	2.1	(1.8)
Marine Products	0.5	0.1	0.0
Meat and Poultry Products	0.5	0.4	(0.2)
Logistics	8.2	(0.7)	(0.1)
Net income	9.5	0.6	(1.5)

Major initiatives for the fiscal year through March 2015

We will respond to market changes and implement a variety of measures to improve profitability.

Since all of our businesses need to respond to the devaluation of the yen and other changes in the market environment, we will implement policies aimed at improving efficiency, cost-effectiveness, and other aspects of profitability.

Processed Foods

We expect that the cheaper yen will continue to put upward pressure on raw material prices and other procurement costs in the year through March 2015. Nevertheless, we intend to increase income by taking steps to absorb cost increases and to increase sales.

Domestic market

Regarding prepared foods for household use, we will push greater sales of our mainstay products and new products by increasing our domestic production capacity, starting with operation of Funabashi Plant No. 2. In prepared foods for commercial use, we will keep sales efforts thoroughly focused on the profitability of mainstay products.

Overseas

We will continue to aim for more income from the U.S. market for Asian foods. Specifically, we will introduce products under new brands in addition to strengthening our relationships with mass retail chains that are already among our best customers. We will also revise selling prices and carefully manage the profitability of each individual product.

Marine, Meat and Poultry Products

We will emphasize the uniqueness and value of premium quality foodstuffs, provide products that are processed precisely as customers require, and expand sales through channels like restaurants and the ready-made meals market.

In Marine Products, since prices in general and shrimp prices in particular have remained high, we are taking great care in purchasing and our salespeople are concentrating on inventory turnover in order to hedge against changes in the balance of supply and demand.

Meanwhile, Meat and Poultry will continue to revise processed product standards and selling prices for imported foodstuffs in order to meet its targets for the full fiscal term.

Logistics

Although income from this business is expected to decline this fiscal year in light of increased delivery costs and the burden of depreciation resulting from aggressive capital spending, we will work to strengthen our business base with an eye toward success in the final year of the medium-term business plan.

Domestic market

Following construction of a refrigerated warehouse in the Tokyo metropolitan area last year, we will build another one in the Osaka area in the fiscal term through March 2015 in order to take advantage of strong demand for storage. In addition, we will speed up expansion and efficiency-boosting in our transport business. At the same time that we will work to improve the profitability of the Higashi-Ogishima Distribution Center and other Tokyo metropolitan area operating locations that we have enhanced, we will also redistribute stored cargo within the Osaka area to promote greater operational efficiency and win new business.

Overseas

We will further strengthen our business base in Europe, while in Southeast Asia we will secure smooth operation of the new facility that our local joint venture started up last year in Thailand.

Capital investment plans

We plan to increase Processed Foods' domestic production capacity and enhance Logistics' storage and transport functions through strategic investments.

In Processed Foods, we are increasing our domestic production capacity with an emphasis on growth in frozen foods for household use. In Logistics, we are expanding both storage and transport functions by opening new refrigerated warehouses, one in the Tokyo metropolitan area and one in the Osaka area.

Processed Foods: A new plant starting operation in Funabashi, Chiba Prefecture

In March 2014, we began operating our new Funabashi Plant No. 2 in order to increase Nichirei's domestic production capacity with an emphasis on frozen foods for household use. In addition to cutting production costs by introducing cutting-edge production equipment, the new plant also improved productivity because its highly mechanized production lines require fewer personnel. After moving production equipment from existing plants to Funabashi Plant No. 2, we will use the empty space to install new production lines, thereby expanding production capacity, primarily for household-use prepared foods, so we can increase sales by responding to brisk demand.

In the fiscal year ending March 2015, we expect to see increased income from consolidation and greater efficiency, but

those gains will likely be canceled by higher depreciation expenses. In the year through March 2016, we expect to see a full-fledged rise in income.

Logistics: Sakishima Distribution Center (DC) starting operation in Osaka

In July 2013, we built a second building adjacent to the existing building at our Higashi-Ogishima Distribution Center. The new building will have 40,787 tons of refrigerated warehouse capacity. Since it came online, the original building is now being used for storage of cargo that also requires transport and deliveries. Together, the two buildings have the second largest facility capacity in the entire Nichirei Group.

The Sakishima DC is scheduled to begin operations in October 2014. It will have 40,400 tons of refrigerated warehouse capacity and will serve as a base for expanding our business in the Osaka area. With the startup of Sakishima, we will redistribute stored freight among our other locations in the area in order to take up increased demand for comprehensive logistics services that integrate storage and delivery.

Impact by fiscal year resulting from domestic plant rearrangement of Processed Foods business

(¥ Billions)	'14/3 Results	'15/3 Planned	'16/3 Planned
Capital investment	5.7	3.9	1.1
Increase in sales	0.0	2.1	5.2
Increase (decrease) in operating income	(0.1)	0.1	1.4
Impact from sales increase	0.0	0.5	1.5
Consolidation/streamlining	0.0	0.3	1.0
Increase in depreciation	(0.1)	(0.7)	(1.1)

Note: Numbers above are all based on a comparison with 13/3.

Nichirei's capital spending projects of Logistics business

Construction of the new Sakishima Distribution Center (DC) will increase refrigerated storage by 40,400 tons

Construction of Building 2 at the Higashi-Ogishima DC will increase refrigerated storage by 40,787 tons

Overview of Sakishima Distribution Center
 Planned amount of capital investment: around ¥8.9 billion (including land costs)
 Scheduled start of operation: October 2014
 Capacity around 40,400 tons (F-grade 30,800 tons, FC-grade 8,800 tons, C-grade 800 tons)

Initiatives aimed at expanding overseas revenues

We will work to expand Processed Foods primarily in North America, and Logistics primarily in Europe.

In Processed Foods, we identified challenges like stabilizing profitability in the U.S. and reorganizing unprofitable business in China. Going forward, we plan to implement measures aimed at revenue recovery.

In Logistics, we will expand our business mainly in Europe. In the first year of our medium-term business plan, increased revenues from logistics in Europe and the weak yen helped us boost sales and income.

Processed Foods

Our U.S. subsidiary, InnovAsian Cuisine Enterprises Inc., is expanding its presence in the U.S. Asian foods market and we will continue to concentrate management resources there. In the fiscal year ended March 2014, we took an aggressive approach to marketing in order to achieve brand penetration, and net sales increased. However, due to increased sales promotion expenses, operating income amounted to only about ¥100 million after

amortization of goodwill. In the year through March 2015, we aim to increase our share of the U.S. market by introducing new brand items in addition to strengthening ties with major retail chains that are already our customers. Also, we intend to improve our profit ratio by revising selling prices and implementing thorough revenue management for individual products.

Logistics

Since we view our overseas business as the main engine of future growth, we aim to expand our overseas business base. Particularly in Europe, where we have operating bases at major ports in the Netherlands, Germany, France, and Belgium, we expect to see continued growth in the volume of freight passing through major ports. Therefore, we will invest proactively and expand our revenue base with a focus on Western Europe. In Southeast Asia, we will ensure smooth operation of our new location in Thailand and build a foundation for expansion in that region.

Overseas business development

Europe: Open Lyon Distribution Center in France in January 2014. Expand shipping to southern France, Germany, Spain and other destinations in Western Europe.

China: Expand sales of frozen foods for commercial use.

North America: Acquired InnovAsian Cuisine Enterprises Inc. Expand sales of Asian foods to mass retailers. Current focus is on the West Coast. In the future, achieve brand penetration on the East Coast, where there is room for expansion.

Thailand: After starting a third processing line at GPPT Nichirei (Thailand) Co., Ltd. in June 2013, we have been selling more processed chicken breasts in Europe.

SCG Logistics started its transport business in July 2013. It plans to start a storage business in October 2014.

SCG Nichirei Logistics Co., Ltd.
 Capital: 570 million baht Equity stake: 49%
 Projected sales in fiscal term through March 2016: \$7,000,000
 Production capacity: 22,800 tons per year

Nichirei's overseas net sales (¥ Billion)

'13/3 Result	'14/3 Result	'15/3 Estimate	'16/3 Planned
37.4	56.4	60.0	58.0

Building a stronger framework to support Group-wide revenue growth

We will strengthen corporate functions and address Group-wide management issues.

We believe it is important to enhance the corporate functions that we perform through the Nichirei holding company system. Toward that end, we intend to strengthen our management base by identifying and addressing management issues shared by the entire Group.

Strengthening corporate functions

In order to help achieve a low-carbon society, the entire Nichirei Group will work to minimize the burden that we place on the environment. By promoting more efficient energy use and measures for reducing electric power usage and CO₂ emissions, we aim to respond to social demand and to increase Nichirei's corporate value through environmental action. Regarding human resources development, each operating company trains managers and workplace leaders while the holding company cultivates highly specialized staff who can support the global development of the Nichirei Group. In line with our plan to promote organizational and personnel policies that suit the characteristics of each operating company, we execute plans for each company from a diversity management standpoint, in order to make the individual qualities of each employee a source of the Nichirei Group's competitiveness.

Augmenting technological strategies for responding to major changes in the socioeconomic environment

Technological strategies that support the Group's future are also extremely important. We will continue to conduct basic research needed for exploring new businesses and new products that may be useful in the medium- or long-term future. We will also support our operating companies by improving basic technologies for reducing energy costs and environmental burdens, i.e., for improving the efficiency of the "cooling power" that is essential to our two core businesses, Processed Foods and Logistics.

Constructing global quality assurance systems

As food safety awareness has continued to grow in recent years, Nichirei will maintain and improve its quality assurance systems worldwide in order to deliver safe food and assure the stability of food procurement and supply. In order to ensure food safety, we will work even harder at devising and implementing food defense measures.

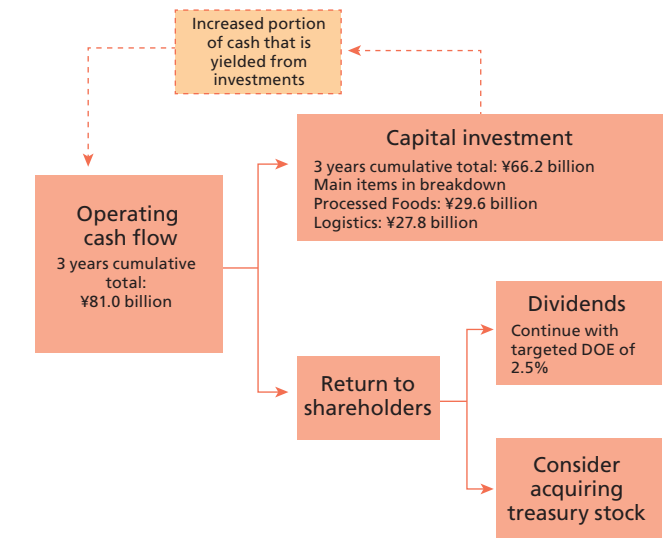
Proper distribution of Nichirei Group management resources

We will continue to invest in our core businesses and to make appropriate shareholder returns.

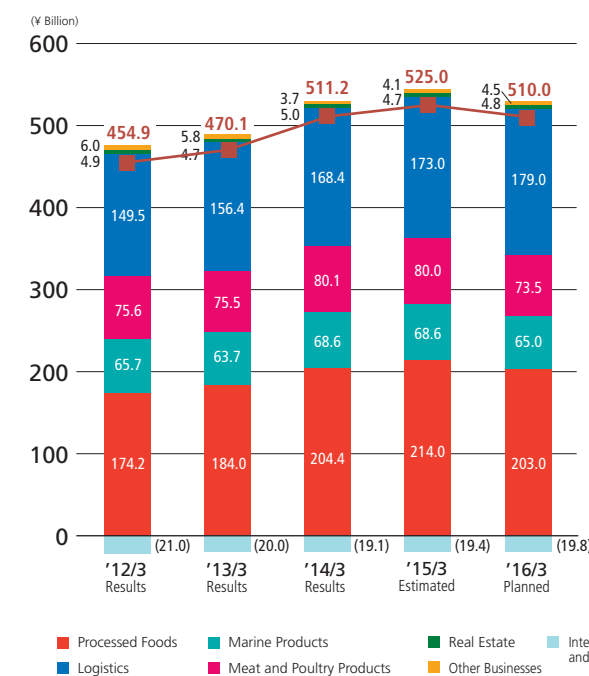
When we distribute the operating cash flow that is generated through business activities, we focus on achieving a proper balance between capital spending aimed at supporting growth in our main businesses (Processed Foods and Logistics) and returning profits to shareholders. Nichirei recognizes the importance of returning profits to shareholders. Our goals for the Nichirei Group are to keep our eye on capital efficiency while maintaining a return-on-equity ratio (ROE) of at least 8% (targeting 8.8% in the fiscal year through March 2016) and a dividend-on-equity ratio (DOE) of 2.5%. In the medium to long term, we aim for a payout ratio of 25%. In line with this policy, in the fiscal year through March 2014, we set our annual dividend payout at ¥10 per share. We will give proper consideration to the dividend increase, and acquisition and cancellation of treasury shares.

We plan to continue to use Nichirei's management resources efficiently in order to constantly build corporate value. We will appreciate the continued understanding and support of our shareholders and other investors as they look forward to Nichirei's continued growth.

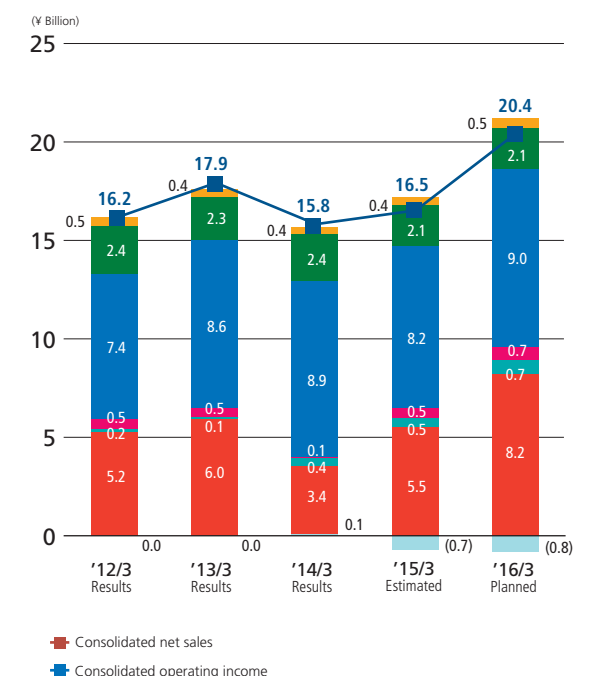
Distribution of operating cash flow



Net sales



Operating income



Growth Strategies for Core Operations

Processed Foods

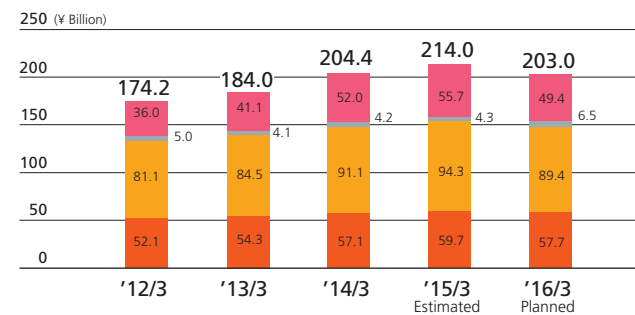


In Japan, we will strengthen our production capacity, beginning with the startup of Funabashi Plant No. 2, in order to increase sales with a focus on prepared foods for household use. Overseas, in addition to further expanding sales in the U.S. market for Asian foods, we aim to improve profitability through measures such as price revisions.

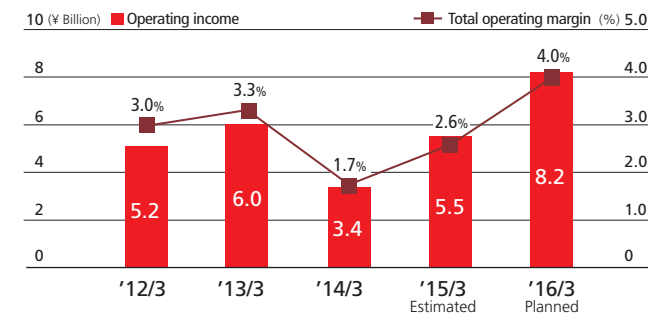
Yasuhiro Ikeda, President
Nichirei Foods Inc.

Net sales by sub-segment of Processed Foods

■ Pre-cooked frozen foods for household use ■ Pre-cooked frozen foods for commercial use
■ Health value business ■ Other



Operating income & total operating margin of Processed Foods



Market and Industry Trends

■ Sales of frozen foods for household use have been strong as Japanese consumers have come to recognize their good flavor and convenience amid a continuing trend toward eating more

home-cooked meals and more take-out foods.

■ Sales of frozen foods for commercial use also grew, reflecting improvement in the economy.

Performance in the Fiscal Year through March 2014

■ Net sales grew, thanks largely to solid sales of mainstay items “Honkaku-itame Cha-han” (Authentic Fried Rice) and “Wakadori Tarezuze Kara-age” (Tender Sauced Deep Fried Chicken), and of the new “Bacon Pepper Pilaf,” which we introduced in Spring 2013.

■ In the spring of 2014, we introduced “Honkaku Yaki-onigiri” (Authentic Grilled Rice Balls), which taste as if they were grilled by hand.

*Product profits: Gross profit minus selling costs

■ In addition to the growth in sales, we worked hard at improving productivity. Nevertheless, due to higher ingredient prices, product profits* declined relative to a year earlier.



Left: “Wakadori Tarezuze Kara-age” (Tender Sauced Deep Fried Chicken)
Right: “Honkaku Yaki-onigiri” (Authentic Grilled Rice Balls)

Major Initiatives for the Second Year of Our “Rising 2015”

Because we expect that procurement prices of raw and other materials will rise in the fiscal year through March 2015, mainly due to the weak yen, we will continue to take steps to absorb those additional costs. Specifically, we will work to improve profitability mainly by changing specifications for imported products, which are more affected by currency fluctuations.

Domestic business

We will strengthen our production capacity in Japan. In March 2014, we began operating a second frozen foods plant in Funabashi, Chiba Prefecture. We introduced cutting-edge production equipment to promote cost-cutting and greater production efficiency. Now that we have begun operating Funabashi Plant No. 2, which can produce 9,000 tons per year, we are moving some of the production equipment from existing plants into the new plant. At the existing plants, we will install new production lines in the resulting freed space. We plan to expand sales of our mainstay products and new products in order to meet brisk domestic demand, mainly for prepared foods for household use.

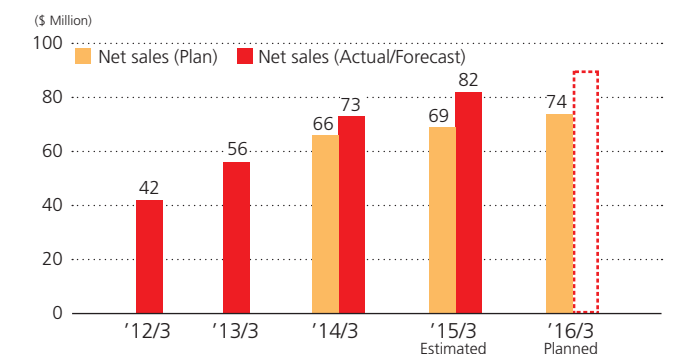
Overseas business

In the U.S., we expect demand to continue to grow as Asian foods are becoming more popular among the general public, rather than remaining a niche market targeted at wealthy, health-conscious people. We plan to strengthen relations with the mass

retailing chains that are the best customers of InnovAsian Cuisine Enterprises Inc., the consolidated subsidiary we acquired in June 2012, and to introduce products under a new brand to increase our share of the still rapidly growing Asian foods market. In order to improve profitability, we will revise selling prices and implement thorough profitability management of individual products.

Meanwhile, we began full-fledged operation of a third processing line at GFPT Nichirei (Thailand) Co., Ltd. in June 2013. We plan to continue to strengthen sales of processed chicken breasts from this factory in Europe, where they have been selling well. At the same time, we plan to further reduce costs by mechanizing more production processes.

InnovAsian Cuisine net sales (for household and commercial use)



Addressing issues affecting global society

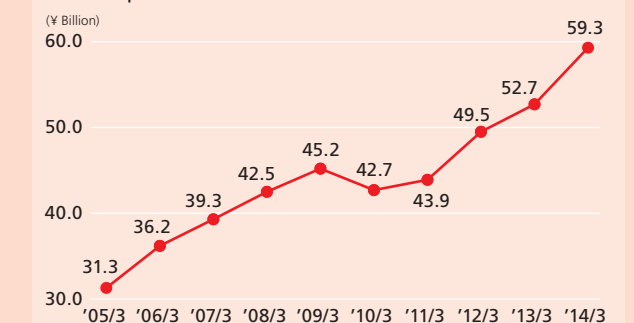
The social contribution of our mainstay chicken products business

As the world’s population grows, the risk of future food shortages also grows. At the same time, supplies of grains used as animal feed are expected to grow tighter. Given this situation, chicken is widely seen as a good solution to the growing demand for food, since it is a source of high-quality animal protein that requires less feed grain and can be digested more efficiently than beef or pork.

Nichirei’s Processed Foods business keeps this global perspective in mind as we address the expanding market for processed chicken products by investing in chicken processing plants and by developing new products. By making maximum use of the infrastructure at our consolidated subsidiary in Thailand, GFPT Nichirei, we are always finding new ways to take advantage of chicken’s properties as a raw ingredient. Specifically, we will continue to develop and propose new products that make use of chicken breasts and wings along with

fried chicken and other classic favorites that use the thighs. In this way we can establish ourselves as the leader in the Japanese chicken market while addressing the issue of future food supplies and minimizing stress on the environment.

Sales of Nichirei’s processed chicken products in the Japanese market



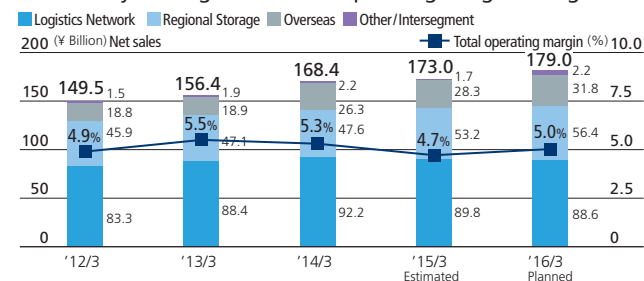
Logistics



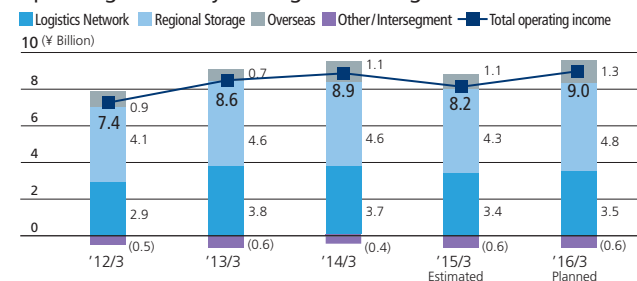
In Japan, we have been enhancing our facilities in major metropolitan areas and improving efficiency. We will also strengthen our business base overseas, primarily in Europe, where we can look forward to continued growth.

Hiroshi Matsuda, President
Nichirei Logistics Group Inc.

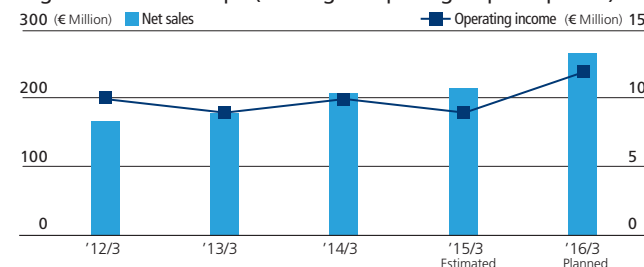
Net sales by sub-segment & total operating margin of Logistics



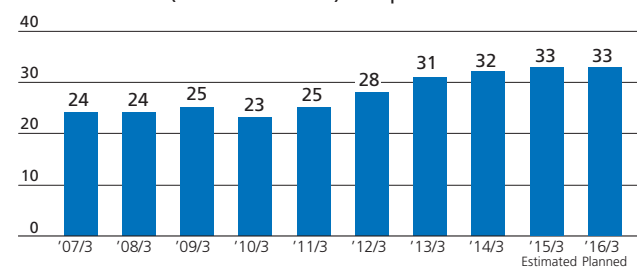
Operating income by sub-segment of Logistics



Logistics sales in Europe (existing European group companies)



Number of TCs (Transfer Centers) in Japan



Market and Industry Trends

The volume of goods taken into refrigerated storage in Japan's 12 largest cities increased by 0.6 % relative to the previous fiscal year, while the average overall inventory ratio

declined by 1.6 percentage points.

The trend toward concentration of goods into major consuming regions continues.

Performance in the Fiscal Year through March 2014

Logistics Network Business: Sales increased thanks to the contribution of new distribution centers that came online late in the previous term and early this term, as well as due to increased business from existing customers. However, income declined due to factors like increased depreciation and amortization associated with the new distribution centers and higher vehicle operating costs.

transport. Because of factors like higher electric power costs, however, operating income was little changed from the previous year.

Overseas Business: In Europe, we handled large inventories of imported fruit juices and chicken. In addition, we gradually took up more transport demand and expanded deliveries to retail shops, resulting in growth in sales and income.

Regional Storage Business: Despite a nationwide downward trend in inventories, we picked up more business by persistently courting customers in local areas and making better proposals combining storage with

In Shanghai, China, sales increased thanks to good demand for deliveries to the convenience store chain that is our main customer, and to the contribution of our second center, which opened in the previous fiscal year.

Major Initiatives for the Second Year of Our "Rising 2015"

Japan

In the Tokyo metropolitan area, we intend to improve the profitability of our transportation business by redistributing operations among Higashi-Ogishima Distribution Center (DC), and existing facilities in Funabashi and Shinagawa. We also need to redistribute storage freight in preparation for the suspension of operations by Tokyo Danchi Reizo K.K. when it rebuilds its facility in March 2015. Meanwhile, demand has been expanding in the Osaka area. Our new Sakishima DC is expected to begin operating in October 2014, and when it does we will redistribute storage freight among our facilities in the area in order to increase operational efficiency and win new business.

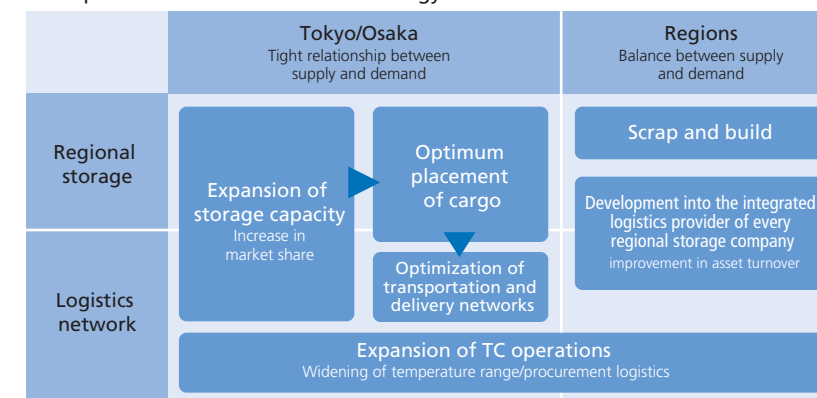
and Tohoku areas in the fiscal year through March 2015. As part of that process, we will build a new Tokachi DC near Obihiro, Hokkaido, and use it as a base from which to provide integrated storage and transport services.

Overseas

In overseas operations, we plan to strengthen our businesses in Europe. The largest volume of imports entering the EU come through the Port of Rotterdam, which has the advantage of offering quick processing of goods through customs. In recent years, however, a greater proportion of freight has been unloaded at other major ports near end users. The Nichirei Group has European subsidiaries with operating locations at major ports in countries including the Netherlands, Germany, France and Belgium, where we provide low-temperature logistics services including customs clearing, storage, transport and delivery. In the future, we expect to see growth in the volume of freight passing

through these ports as well, so we are further strengthening our European business base.

Main points of domestic business strategy



through these ports as well, so we are further strengthening our European business base.

In Thailand, we established a joint venture with a major Thai corporate group. We began a transportation business in July 2013, and in October 2014 we plan to start a refrigerated storage business. We view this type of overseas logistics business as a pillar of our future growth and we will work to strengthen our overseas businesses in Europe, Southeast Asia, and elsewhere.

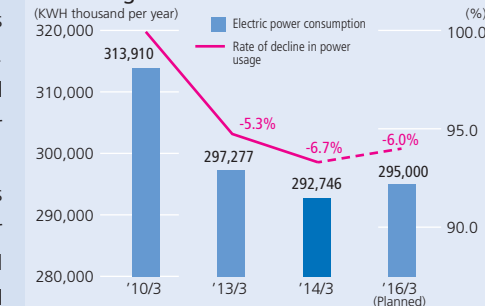
Environmentally conscious business operations

Initiatives to reduce electric power consumption

In our Logistics business, we are simultaneously improving the quality of our logistics services while reducing the burden that our business places on the environment. Specifically, we are reducing electric power consumption at our distribution centers and reducing CO₂ emissions by proposing efficient logistics solutions including transfer center functions, shared deliveries, and modal shift, etc.

In our distribution centers, we have introduced energy-saving equipment such as high-efficiency transformers and solar power generators. When we replace lights in our refrigerators, we use LED lighting, which uses much less electricity than conventional lighting and is highly effective at reducing CO₂ emissions. Moreover, refrigerated facilities in our new centers use ammonia as an energy-efficient, natural refrigerant.

Nichirei Logistics Group electric power usage at existing facilities



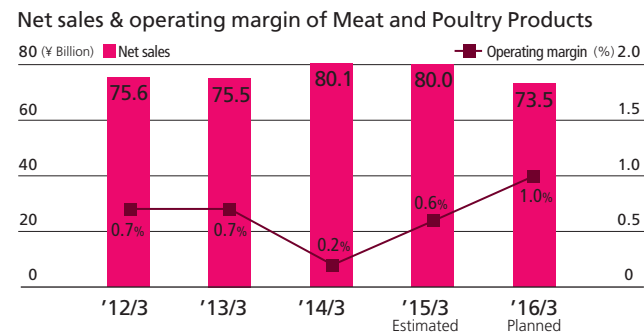
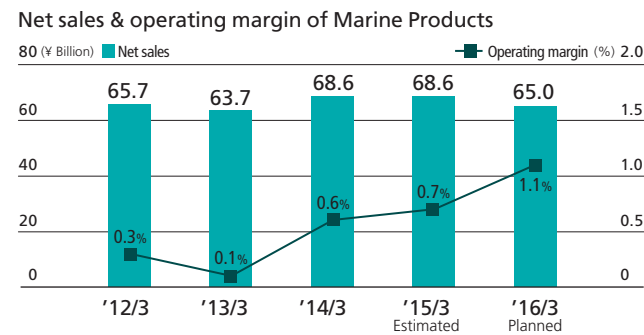
* The electricity usage reduction graph shows usage in the fiscal year ended March 2010 as 100.0%.

Marine Products, Meat and Poultry Products



We will strengthen our lineup of “optimally processed products” that respond to customers’ needs. In addition to expanding sales through ready-made meals and restaurant channels, we will stabilize profitability by placing priority on inventory turnover throughout our procurement and sales activities.

Motoharu Hayama, President Nichirei Fresh Inc.



Market and Industry Trends

Marine Products

Not only have prices in producing regions gone up, for example due to short supplies of farm-raised shrimp in Southeast Asia, but procurement costs for marine products in general are rising because of the weakened yen. At the same time, it remains difficult to reflect the increased costs in selling prices, especially for processed products.

Meat and Poultry Products

Meat was in short supply in Japan due to factors including an especially hot summer in 2013 and an outbreak of porcine epidemic diarrhea (PED). A spike in animal feed prices and the effects of the weak yen pushed up procurement prices, and market prices for foodstuffs remained high.

Performance in the Fiscal Year through March 2014

Marine Products

It was a difficult fiscal term in light of high procurement costs, which resulted from a shortage of Southeast Asian farm-raised shrimp and from the yen’s diminished purchasing power, and in light of our inability to reflect those higher costs in processed product prices. Nevertheless, sales of foodstuffs were solid.

Sales of octopus and shellfish increased. We also enjoyed strong sales to restaurant chains, so both net sales and product profits increased relative to the previous term.

Meat and Poultry Products

Sales of processed chicken products were a struggle due to higher procurement costs, but the domestic market for basic foodstuffs recovered and sales were solid.

Beef sales increased, largely because we focused on securing stable suppliers and because we handled more domestic products.

Prices for domestic pork products remained high, partly because they were in short supply. Net sales exceeded the previous-year level.

Major Initiatives for the Second Year of Our “Rising 2015”

In our Marine, Meat and Poultry Products businesses, our basic plan is to focus on unique foodstuffs and areas in which we have a competitive edge while we provide products that are optimally processed in accordance with customers’ needs, and to strive to increase sales to the ready-made meals and restaurant markets. At the same time, we will shift our focus in the following three directions.

(1) Diversify our customer structure

In addition to existing customers, we will expand sales to customers in the ready-made meals and restaurant sectors, where growth is expected. For example, we will develop sushi toppings for the restaurant market and ready-to-eat dishes for the ready-made meals sector.

(2) Diversify product structure

By focusing on the product categories in which we excel and by

offering optimal processing that suits customer needs, we will offer a more diverse lineup of products ranging from raw foodstuffs to processed products, and will increase the proportion of more profitable products in our lineup.

(3) Increase the proportion of premium quality foodstuffs
Along with cultivating and reinforcing a lineup of original products that are superior to competing products, we aim to boost the profitability of foodstuffs overall by increasing the proportion of premium quality foodstuffs that we handle, in accordance with changes in customer demand.

Our strength is our insistence on using the best quality foodstuffs, and we will further sharpen this distinction as we diversify our existing businesses and build a more flexible yet still robust income-generating framework.

Business that cares about the environment

Nichirei is particular not only about its premium quality foodstuffs, but also about preserving the environments that nurture those foodstuffs. One reason for this concern is that by engaging in eco-friendly animal husbandry and procurement, we end up promoting our premium products business.

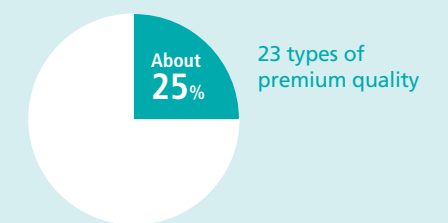
For example, in our pursuit of the flavor of Hiroshima oysters in season, we keep careful track of when and from which part of the ocean a particular batch of oysters was harvested, and because we are particular about safety and freshness, we use quick-freezing methods to preserve the freshest raw oysters. Moreover, in the process of cultivating those oysters we end up helping to preserve the marine environment. Oysters serve to filter seawater, and by cultivating Hiroshima oysters we end up purifying about 30% of Hiroshima Bay each year. Also, whenever a customer buys Hiroshima oysters, Nichirei Fresh Inc. buys CO₂ credits that help preserve nearby forests. By protecting those forests, which protect the watershed of the Ota River that flows into Hiroshima Bay, we protect the ocean that nurtures our oysters.

We currently offer 23 types of premium quality foodstuffs. Premium quality foodstuffs account for about 25% of Nichirei’s overall sales of marine, meat and poultry products. We intend to continue to increase sales of premium foodstuffs in order to help protect the environment as we increase customer value and profits.

Nichirei promotes sustainable cultivation of Hiroshima Oysters



Sales composition of premium quality foodstuffs in Marine, Meat and Poultry Products businesses



Corporate Governance

Basic philosophy

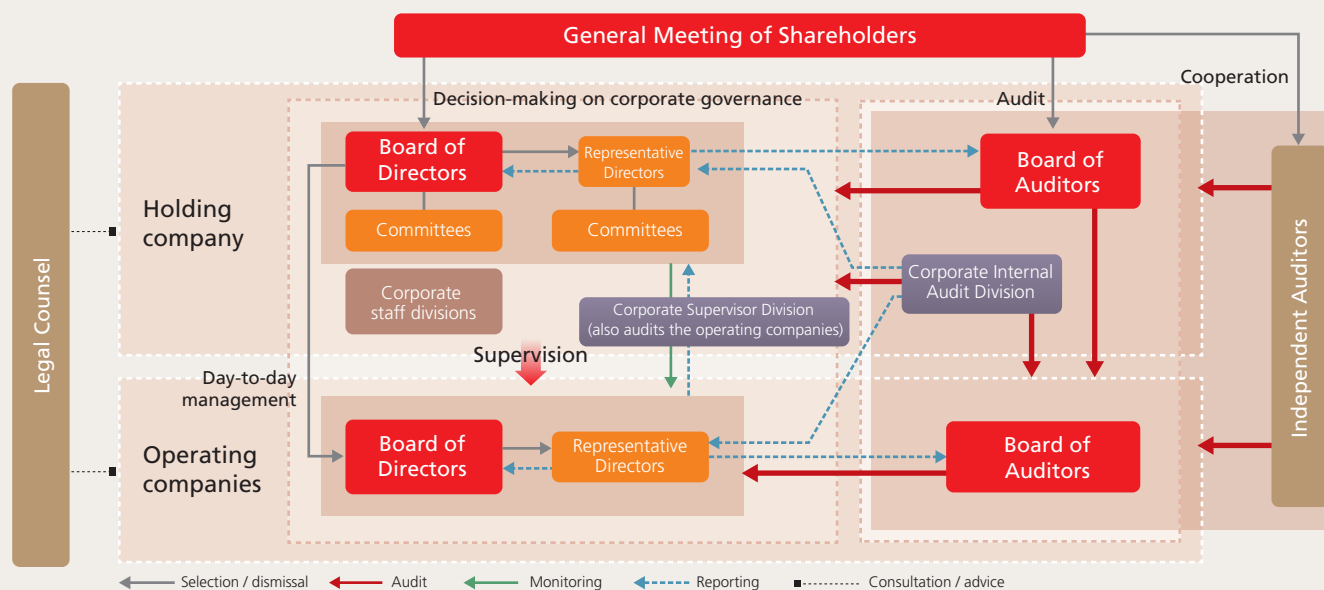
The Nichirei Group believes that our management's mission is to continuously increase shareholder value by using capital effectively and earning solid profits.

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

Governance structure

Corporate organization	Company with a Board of Auditors
Chairman of the Board of Directors	Toshiaki Murai
Number of directors	Out of the 11 directors, including three independent directors. One-year term.
Number of auditors	Five auditors, including three independent statutory auditors. Four-year term. One with experience at a financial institution, one attorney, and one with experience at a government agency.
Number of meetings of the Board of Directors in the fiscal year ended March 2014	Number of meetings: 19
	Attendance rate for independent directors: 98%
Number of meetings of the Board of Auditors in the fiscal year ended March 2014	Attendance rate for independent statutory auditors: 100%
	Number of meetings: 17
Independent Auditor	Attendance rate for independent statutory auditors: 100%
	Ernst & Young ShinNihon LLC

Diagram of corporate governance structure



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 25, 2014)

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 statutory 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 2014

Status of independent directors and independent statutory auditors; participation in the year ended March 2014

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 2014, our three independent directors attended 98% 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 three independent statutory auditors attended 100% of regularly scheduled board meetings, and offered opinions about issues such as capital policies, business plans, and compliance issues.

Independent statutory auditors (as of March 31, 2014)

Name	Reasons for appointment
Kunitaro Saida	Mr. Saida heralds from the legal profession and was appointed as an independent statutory auditor to reflect his knowledge and experience as a legal specialist in the auditing of Nichirei.
Michio Ueno	Mr. Ueno was appointed as an independent statutory auditor to reflect in the auditing of Nichirei his deep knowledge about corporate management and auditing capabilities based on ample experience from many years in banking services and management. Mr. Ueno served as an executive at Mizuho Corporate Bank, Ltd., a main trading bank for Nichirei, through March 2004, but because Nichirei does not rely significantly on borrowings from Mizuho Corporate Bank and the impact on Nichirei is negligible, Mr. Ueno is determined to have no conflicts of interest with general shareholders.
Masaaki Okajima	Mr. Okajima was appointed as an independent statutory auditor to reflect in the auditing of Nichirei his ample experience and broad knowledge about government administration.

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
Directors	12	¥361 million	3 independent directors received ¥32 million
Auditors	6	¥89 million	3 independent statutory auditors received ¥32 million

Notes:

- "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.
- "Total compensation" includes bonuses of ¥82 million paid to directors for the fiscal year ended March 2014.
- The above figures include two directors and one statutory auditor who retired as of the conclusion of the general shareholders' meeting held on June 25, 2013.
- In addition to the above, ¥89 million was paid to one director who resigned on June 25, 2013 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.

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:

Committee name	Chairperson	Board members	Meeting schedule
Group Human Resources Committee	President	Designated by the Board of Directors	Convened by the chairperson twice yearly plus as needed
Group Risk Management Committee	President	Designated by the Board of Directors	Convened by the chairperson twice yearly plus as needed
Group Environmental Protection Committee	President	Designated by the Board of Directors	Convened by the chairperson twice yearly plus as needed
Group Quality Assurance Committee	President	Designated by the Board of Directors	Convened by the chairperson twice yearly plus as needed
Group Internal Control Committee	President	Designated by the Board of Directors	Convened by the chairperson once yearly plus as needed
Group Director Review Committee	Independent statutory auditor	Designated by the Board of Directors	Convened by the committee chairperson as necessary
Group Social Contribution Committee	President	Designated by the Board of Directors	Convened by the chairperson once yearly plus as needed
Management Committee	President	Representative Director and Chairman and related officers	Meets every Tuesday except for the third Tuesday of each month
Review Committee	Designated by the Board of Directors	Designated by the Board of Directors	Convened by the committee chairperson as necessary
Intellectual Property Management Committee	President	Designated by the President	Convened by the committee chairperson as necessary

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 12 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.

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.

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 to reviewing the contents of these documents each year in light of changes in the business environment, we educate and inform our employees in accordance with the Nichirei Group's education and training rules, for example by posting case studies on bulletin boards at all of our Group companies and by conducting e-learning classes.

In an effort to foster basic awareness of our Code of Conduct, we held 19 meetings attended by 814 employees at 9 locations across Japan during the fiscal year ended March 2014.

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 group-wide 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).

Business continuity planning (BCP)

Deploy safety confirmation systems

We deployed a safety confirmation system throughout the Nichirei Group during the fiscal year ended March 2013. In the event of disaster, including an earthquake registering above a strong 5 on the Japanese seismic scale, this system facilitates rapid information sharing by simultaneously sending emails to employees to confirm safety and provide local information and by enabling this information to be viewed and collected on a dedicated web page.

Bolster data backup systems

As a risk management measure for information systems, we switched to using two data centers and deployed redundant facilities during the fiscal year ended March 2012. Specifically, in addition to our existing data center in eastern Japan, we built a second data center in western Japan. In the event that one data center is damaged and stops functioning, operations will automatically switch to the other server to enable continued use. Additionally, by locating accounting divisions in Tokyo and Osaka, we have built a risk management structure to back up accounting data and maintain business operations.

Message from independent directors



Seigo Hanji
Independent Director
Representative Director and
Chairman, Chief Executive
Officer of Daido Metal Co.,
Ltd.

Reasons for appointment: Mr. Hanji has had many years of involvement with corporate management, and was appointed as an independent director to reflect his ample experience and broad knowledge in the management of Nichirei.

The appointment of independent directors is one distinguishing feature of the Nichirei Group compared with other companies that have boards of auditors. Independent directors express opinions on management and business strategy from a perspective independent from management, and also take part in discussions related to the development of internal control systems.

Nichirei also delegates authority to group companies while establishing Corporate Supervising division at the holding company to support groups companies, assigns part-time auditors, and monitors management progress.

The Nichirei Group is moving forward with corporate governance initiatives, but one challenge would be supplementing and firmly establishing Nichirei's excellent governance capabilities at joint venture companies when expanding overseas.

The Nichirei Group transitioned to a holding company structure in the fiscal year ended March 2006, and currently has a management structure in which the holding company controls four operating companies. The relationship between the holding company and operating companies is unexpectedly serious, and they do not appear to have a collusive relationship in any way. This looks to be largely attributable to the leadership of the current chairman. I think Nichirei is one company that facilitates cooperation between independent directors and has an advanced and high-integrity governance and control structure in light of current conditions in Japan.

I closely observe the weak-performing Processed Foods, Marine Products, and Meat and Poultry Products businesses, but have not encountered any restrictions in interviewing employees and visiting plants. I intend to use this freedom to examine the company's strategies during the current fiscal year.



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

Reasons for appointment: Mr. Mishina conducts research based on the themes of business strategy and operations management, and was appointed as an independent director to apply his academic knowledge as a specialist to the management of Nichirei.



Mami Taniguchi
Independent Director
Professor, Graduate School
of Commerce, Waseda
University

Reasons for appointment: Ms. Taniguchi conducts research based on the themes of diversity management and global leadership, and was appointed as an independent director to apply her academic knowledge as a specialist in the management of Nichirei.

Three years have passed since the Nichirei Group declared its pursuit of diversity. The company has pursued employee diversity by promoting the advancement of female employees, hiring foreigners, and employing people with disabilities. Various initiatives at operating companies have provided opportunities for dialogue between management and employees and contributed to creating a culture in which individual ideas are embraced and opinions are freely exchanged.

The Nichirei Group now needs to transition from merely respecting diversity to actually leveraging this diversity. In other words, it needs to nurture and grow the creative buds that arise from this culture of free exchange. An important point in this regard is granting clear business responsibility and authority to diverse human resources. I look forward to pursuing activities that are not only reflected in employee satisfaction indicators, but that also produce results that contribute to enhancing business performance.

Directors, Auditors and Officers

(As of June 25, 2014)

Directors



Toshiaki Murai Representative Director and Chairman

Apr 1977 Joined Nichirei
Apr 2001 General Manager, Strategic Planning
Apr 2005 Representative Director and President, Nichirei Logistics Group Inc.
Jun 2005 Director and Executive Officer
Jun 2007 Representative Director and President
Jun 2012 Concurrently, Representative Director and Chairman, Nichirei Logistics Group Inc.
Jun 2013 Representative Director and Chairman (to present)



Kunio Otani Representative Director and President, Executive General Manager, Corporate Social Responsibility Headquarters

Apr 1980 Joined Nichirei
Apr 2005 Director and Managing Executive Director, Nichirei Proserve Inc.
Apr 2008 General Manager, Strategic Planning
Jun 2010 Executive Officer, General Manager, Corporate Supervisor Division and General Manager, Strategic Planning
Apr 2012 Concurrently, Representative Director and President, Nichirei Proserve Inc (to present)
Jun 2012 Director and Executive Officer, General Manager, Strategic Planning
Jun 2013 Representative Director and President (to present)



Takashi Nakamura Director and Executive Officer

Apr 1978 Joined Nichirei
Apr 2008 Executive Officer and General Manager, Finance
Jun 2010 Director and Executive Officer; General Manager, Internal Controls; General Manager, Finance
Apr 2012 Concurrently, Representative Director and President, Nichirei Proserve Inc.
Jun 2012 Director and Executive Officer (to present)
Jun 2012 Concurrently, Representative Director and President, Nichirei Biosciences Inc. (to present)



Motoharu Hayama Director and Executive Officer

Apr 1977 Joined Nichirei
Apr 2005 Executive Officer, Nichirei Fresh Inc.
Apr 2008 Managing Executive Officer, Nichirei Fresh Inc.
Jun 2010 Director and Managing Executive Officer, Nichirei Fresh Inc.
Apr 2011 Representative Director and President, Nichirei Fresh Inc. (to present)
Jun 2011 Director and Executive Officer (to present)



Yasuhiro Ikeda Director and Executive Officer

Apr 1979 Joined Nichirei
Apr 2007 Executive Officer, Nichirei Foods Inc.
Apr 2010 Managing Executive Director, Nichirei Foods Inc.
Jun 2011 Representative Director and President, Nichirei Foods Inc. (to present)
Director and Executive Officer (to present)



Hiroshi Matsuda Director and Executive Officer

Apr 1983 Joined Nichirei
May 2008 Representative Director and President, Nichirei Logistics Tokai Inc.
Apr 2010 Executive Officer, Nichirei Logistics Group Inc.
Apr 2011 Managing Executive Officer, Nichirei Logistics Group Inc.
Jun 2012 Director and Executive Officer (to present)
Concurrently, Representative Director and President, Nichirei Logistics Group Inc. (to present)



Toshiki Ouchiyama Director and Executive Officer, supervising Quality Assurance Division; concurrently, General Manager, Technology Management

Apr 1979 Joined Nichirei
Apr 2007 Executive Officer, Nichirei Foods Inc.
Apr 2011 Managing Executive Director
Jun 2013 Director and Executive Officer (to present)



Takumi Taguchi Director and Executive Officer, Deputy Executive General Manager, Corporate Social Responsibility Headquarters; supervising Corporate Internal Auditing, Strategic Planning, Legal Affairs, Human Resources Strategy & General Affairs, Finance and Investor Relations, and Accounting & Tax; concurrently General Manager, Corporate Supervising, and Public Relations

Apr 1987 Joined Nichirei
Apr 2011 General Manager, Finance
Apr 2012 General Manager, Accounting & Tax
Jun 2012 Executive Officer and General Manager, Accounting & Tax
Apr 2014 Executive Officer, General Manager, Corporate Supervising and General Manager, Public Relations (to present)
Jun 2014 Director and Executive Officer (to present)

Auditors



Takeshi Ara Standing Statutory Auditor

Apr 1977 Joined Nichirei
Jun 2001 Executive Officer and General Manager, Wellness Foods Division and Biosciences Division
Jun 2007 Director and Executive Officer
Jun 2013 Standing Statutory Auditor (to present)



Kazutoshi Kaitsu Standing Statutory Auditor

Apr 1979 Joined Nichirei
Apr 2006 Executive Officer, Logistics Network, Inc.
Apr 2007 Managing Executive Officer and General Manager, Business Administration, Logistics Network, Inc.
Apr 2010 Executive Officer and General Manager, Business Administration, Nichirei Logistics Group Inc.
Jun 2012 Director, Managing Executive Officer and General Manager, Overseas Business Development, Nichirei Logistics Group Inc.
Jun 2014 Standing Statutory Auditor (to present)

Independent Directors

Seigo Hanji Independent Director

Apr 1965 Joined Daido Metal Co., Ltd.
Jun 1995 Representative Director and President
Jun 2005 Representative Director and President, Chief Executive Officer
Jun 2007 Representative Director and Chairman, Chief Executive Officer (to present)
Jun 2010 Independent Director of Nichirei (to present)

Kazuhiro Mishina Independent Director

Sep 1989 Associate Professor, Harvard Business School
Sep 1995 Associate Professor, Industrial Collaboration Promotion Center, JAIST
Sep 2002 Associate Professor, Graduate School of Business Administration, Kobe University
Sep 2004 Professor, Graduate School of Business Administration, Kobe University (to present)
Jun 2012 Independent Director of Nichirei (to present)
Jun 2013 Independent Director of Fuji Oil Co., Ltd. (to present)

Mami Taniguchi Independent Director

Apr 1999 Associate Professor, Department of Economics, Hiroshima University of Economics
Apr 2000 Associate Professor, Graduate School of Social Sciences Management Program, Hiroshima University
Apr 2003 Associate Professor, School of Commerce, Waseda University
Apr 2008 Professor, Graduate School of Commerce, Waseda University (to present)
Jun 2012 Independent Director of Nichirei (to present)

Independent Statutory Auditors

Kunitaro Saida Independent Statutory Auditor

Apr 1969 Prosecutor, Tokyo District Public Prosecutor's Office
Aug 2005 Superintending Prosecutor, Osaka High Public Prosecutor's Office
May 2006 Registered as an attorney with Dai-ichi Tokyo Bar Association (to present)
Jun 2007 Independent Statutory Auditor of Nichirei (to present)
Jun 2008 Independent Director of Sumitomo Osaka Cement Co., Ltd. (to present)
Jun 2010 Independent Director of Heiwa Real Estate Co., Ltd. (to present)
Mar 2014 Independent Director of Canon Inc. (to present)

Michio Ueno Independent Statutory Auditor

May 1970 Joined the Fuji Bank, Limited
Apr 2002 Executive Director, Mizuho Corporate Bank Ltd.
Apr 2004 Representative Director and Vice-President, Mizuho Research Institute, Ltd.
Jun 2008 Outside Director, NSK Ltd.
Jun 2010 Outside Auditor, TOPY Industries Ltd.
Jun 2012 Independent Statutory Auditor of Nichirei (to present)

Masaaki Okajima Independent Statutory Auditor

Apr 1977 Joined the Ministry of Agriculture, Forestry and Fisheries (MAFF)
Jan 2006 Director-General of the General Food Policy Bureau, MAFF
Jan 2008 Deputy Vice-Minister, MAFF
Apr 2010 Visiting Professor, Graduate School of Cultural and Creative Studies, Aoyama Gakuin University (to present)
Sep 2011 Visiting Professor, Graduate School of Public Policy, Chuo University (to present)
Jun 2012 Independent Statutory Auditor of Nichirei (to present)

Officers

Tatsuo Udagawa Executive Officer, in charge of Accounting & Tax; concurrently, General Manager, Finance & Investor Relations

Apr 1987 Joined Nichirei
Apr 2012 General Manager, Finance & Investor Relations (to present)
Jun 2014 Executive Officer (to present)

Kenya Okushi Executive Officer and General Manager, Strategic Planning

Apr 1988 Joined Nichirei
Apr 2011 General Manager, Business Coordination, Nichirei Foods Inc.
Apr 2013 General Manager, Strategic Planning (to present)
Jun 2014 Executive Officer (to present)

Human Resource Initiatives

Human resources are at the core of all of our activities. We believe that the way for Nichirei to be trusted by society is to make sure that each and every employee takes pride and finds meaning in his or her work, and embodies the Nichirei Group mission each and every day.

Promoting diversity management

More than ever before, the Nichirei Group has been actively promoting diversity. Nichirei offers a wide variety of opportunities for people to play active roles in our business. For example, we actively promote female employees to management positions, rehire highly experienced senior staff after retirement, and hire young people who can open new pathways for coming generations. We are also cultivating human resources capable of working at the global level, in line with the expansion of our business overseas.

Diverse and strong individuals display their talents with passion. Through the collective effort of such talented

individuals, the Nichirei Group aspires to continuously take up the challenge of innovation and provide new value to society.

Revision of the Nichirei Group Code of Conduct

The content of the Nichirei Group Code of Conduct that we established in April 1999 is suitable for use within Japan, but as we expand our business globally that content has become less appropriate. In April 2014, we established a new code of conduct for use both in Japan and abroad with the aim of strengthening corporate governance for the entire Nichirei Group, and achieving even more thorough legal compliance and ethical corporate behavior. The main content of the revision was a clause about "respect for human rights," which we added as the Code's first priority after consulting sources like the U.N. Global Compact's 10 principles.

I. Code of Conduct

Fully Revised Version as of April 1, 2014

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1. Compliance with Laws and Regulations Concerning Respect for Human Rights and Labor
2. Environmental Protection
3. Compliance with Laws and Regulations and Internal Regulations
4. Management and Preservation of the Company's Property
5. Prohibition on Personal Use of the Company's Property
6. Prohibition on Insider Trading
7. Ensuring the Reliability of Financial Information
8. Management and Use of Information
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11. Prohibition on Involvement/Trade with Antisocial Forces
12. Compliance with/reporting of and Consultation on Code of Conduct

1. Compliance with Laws and Regulations Concerning Respect for Human Rights and Labor

The Nichirei Group respects human rights and never discriminates on the basis of race, color, gender, religion, political views, nationality, social position or national origin.

The Nichirei Group eliminates all forms of forced labor and child labor. Discriminatory language and behavior, violent acts, sexual harassment and power harassment at workplace are prohibited. The Nichirei Group complies with the legal standards concerning wages (including legal allowances) and working hours.

Responsible Procurement

Ingredient supply chain management

Under the direction of the Ingredients & Material Group within Nichirei Foods' Foodstuff Procurement Department, factories that produce Nichirei products use an "Ingredient Production Plant Evaluation Form" to inspect plants operated by ingredient suppliers. Nichirei only does business with suppliers who successfully pass this inspection.

Even after a contract is signed, Nichirei provides guidance in accordance with its assessment of each supplier's factory, and promotes ongoing improvements. In addition, the Foodstuff Procurement Department collaborates with the quality assurance unit of each Nichirei production plant to fine tune ingredient management by evaluating supplier factories and selecting preferred suppliers.

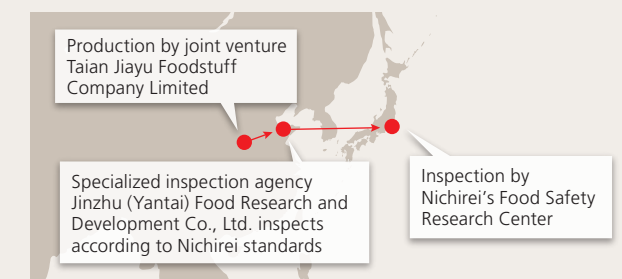
We trace ingredients back through three previous production stages and manage factors like product composition (ingredient proportions), hygiene standards, and manufacturing processes. Each supplier provides relevant information by issuing an "Ingredient Quality Standards Report" as specified by Nichirei Foods. The information from these forms is stored in a database and is used for creating labels, responding to questions, etc. Before we agree to buy a new ingredient, we perform a plant evaluation, review the Ingredient Quality Standards Report, and test samples of the ingredient.

Global supply chain management

As our supply chain reaches farther around the globe, we need to ensure that the quality and safety of the products we procure will be acceptable in all parts of the world. One of the basic policies of our "Rising 2015" medium-term business plan is to construct global quality assurance systems.

For example, we have tied up with Jinzhu (Yantai) Food Research and Development Co., Ltd., a joint venture in China between Nichirei and Nisshin Seifun Group, Inc., to confirm that the Chinese products that we manufacture meet Nichirei's safety standards. In addition to testing for residual agricultural chemicals, veterinary medicines, and food additives, from the fiscal year through March 2013 we began outsourcing bacterial testing to SGS-CSTC Standards Technical Services Co., Ltd., Qingdao Branch as part of our continuous effort to improve upstream management.

Initiatives related to frozen vegetable production in China



Maintaining the safety and credibility of frozen vegetables

1 Management of agricultural chemicals during cultivation

- Raise vegetables on farms that meet Nichirei criteria regarding the environment and management of agricultural chemicals, etc.
- Pay regular visits to farms and monitor growing conditions

2 Quality control during production

- At contract factories where we have introduced Nichirei Foods' quality control expertise, properly managed ingredients are brought in, selected, washed, processed, frozen and inspected

3 Inspections

- **Before final packaging:** Confirm product acceptability by testing for chemical residues at local testing facility
- **At shipment:** Hygiene check by inspection unit of factories that have received guidance from Nichirei
- **Before sale in Japan:** Confirm safety through regular testing for chemicals, hygiene, etc., by Nichirei Food Safety Research Center

4 Traceback system that supports safety and trust

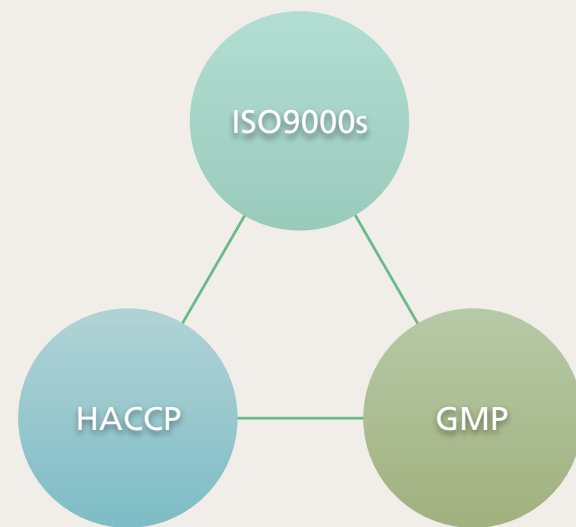
- Uniform management through QR codes that contain information about each product's cultivation and production controls
- When there is a need to investigate residual agricultural chemicals, hygiene, etc., these codes can be used to trace a particular product's cultivation and processing history

Quality Control

Providing safe and reliable products

Quality control that meets global standards

The Nichirei Group maintains the safety of the products that it delivers by meeting the International Standards Organization's ISO9000*¹ family of standards aimed at maintaining and improving the quality of goods and services. We also follow HACCP (Hazard Analysis and Critical Control Point)*² guidelines for food safety, and implement quality control based on Good Manufacturing Practices (GMP)*³ for maintaining hygiene in food production plants.



Notes:

1. ISO9000s: quality management standards introduced by the International Standards Organization (ISO), which develops and publishes shared international standards in order to standardize the quality of goods and services worldwide.
2. HACCP: a quality control system aimed at preventing the generation of safety hazards during food production processes. Based on analyzing hazards and establishing critical control points, the system was developed by the U.S. government in the 1960s to support food production for its space exploration program. Currently it is used internationally as a food production control method.
3. GMP: manufacturing standards related to facilities, equipment, food handling practices, and employees in food production plants. These concrete guidelines were established on the basis of scientific evidence regarding matters that are essential to hygienic food production.

Food defense initiatives

We added food defense as a new category in the Nichirei Group Quality Control Rules. The Nichirei Group has always worked to protect both "food security" (assuring stable food supplies) and "food safety" (following standards and regulations regarding agricultural chemical residues, bacteria, etc.). Recently we added the new category of "food defense" in order to guard against intentional mixing of foreign substances into food products.

Nichirei Foods Inc. has responded by making use of cutting-edge equipment, including IC tag authentication and monitoring cameras, to prevent suspicious people from trespassing and to maintain records of who had access to vulnerable areas. At the

same time, we place importance on intangible measures like fostering trust in our relationships with employees by frequently engaging in dialogue. We cultivate an organizational climate that values food safety and reliability, wherein each and every employee sets to work with a sense of pride and responsibility — an awareness that he or she is personally guarding the safety of consumers' food.

In March 2014, Nichirei Foods began operating its new Funabashi Plant No. 2, which is equipped with cutting-edge food defense systems. Each of the Nichirei Group's other companies are also taking a variety of initiatives to protect food supplies.

Example: Enhancing quality control systems at Nichirei Foods Inc.'s Funabashi Plant No. 2

Food safety initiatives

- 1 By completely separating heated areas from unheated areas of the factory floor, we have prevented workers from going back and forth between different areas. We also established separate changing rooms and washrooms for the different work areas to achieve thorough hygienic control.
- 2 We enhanced traceability by linking information about ingredients and products with historical information about settings and temperatures used for each piece of equipment. As a result, we are now able to monitor in real time whether products are being manufactured properly or not.

Food defense initiatives

Nichirei Foods Inc. has established four principles related to food defense, which we are implementing at Funabashi Plant No. 2 as a test case. Among the four principles, we deem establishing trust between management and workers in the first principle as the most important element.

Principle 1: Create an organizational climate of fairness and justice, and build relationships of trust between managers and employees.

Principle 2: Prevent infiltration by outsiders or suspicious parties.

Principle 3: Discourage suspicious behavior.

Principle 4: Keep logs of employees' behavior within the factory.

Concern for the Environment

The Nichirei Group has formulated Group-wide policies related to the environment, biological diversity, and training through which we address three main issues: global warming, sustainable circulation of resources, and coexistence with the natural world.

(1) Preventing global warming

Due to revisions to Japan's energy policies in the wake of the Great East Japan Earthquake of 2011, operation of nuclear power plants has become unreliable, whereas thermal power generation has increased. As a result, reductions in power consumption do not necessarily lead to reductions in CO₂ emissions. Therefore, Nichirei revised its medium-term goals related to the prevention of global warming. Instead of aiming for CO₂ emissions reduction targets based on a fixed electricity emissions factor, we switched our targets to the reduction of electric power usage itself, and revised the Nichirei Group's medium-term targets for the fiscal year ending March 2016. We also established various new targets for reducing fuel-derived CO₂ emissions depending on each business's track record and vehicle usage conditions. Furthermore, we make our comparisons based on those operating locations for which year-on-year comparison is possible. For new operating locations, in addition to introducing energy-efficient equipment, we will establish targets in line with each facility's particular conditions, and work to improve efficiency and limit the volume of emissions.

The Nichirei Group's Medium-Term Targets for the Fiscal Year Ending March 2016

Electric power usage:

5.5% reduction compared to the fiscal year ended March 2010*

Fuel-derived CO₂ emissions: **7.5%** reduction compared to the fiscal year ended March 2010*

* Energy used by domestic operating locations and Nichirei-owned vehicles in Japan
* Based on businesses that operated throughout the period, making year-on-year comparisons possible, i.e., excluding fluctuations due to the opening of a new facility or closing of an old one

(2) Promoting sustainable circulation of resources

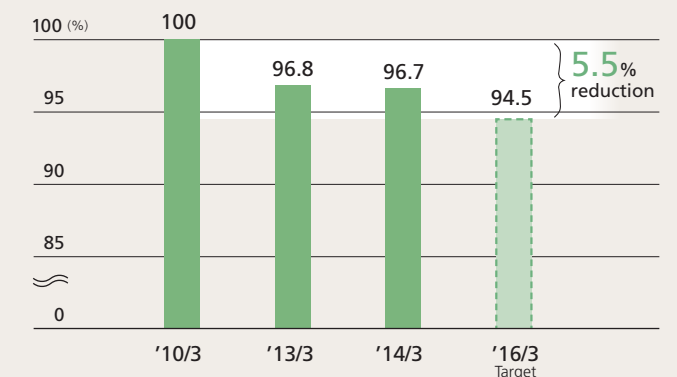
We will work to reduce emissions throughout our supply chain and contribute to restricting emissions in society as a whole. In our food factories and distribution centers, we are working to

maintain the proportion of waste that we recycle at over 99%.

(3) Coexistence with the natural world

The Nichirei Group's business is based on reaping blessings from the Earth's abundance, which is maintained thanks to diverse ecosystems, diverse species, and other elements of the natural world. In order to renew our awareness of nature's importance and to further strengthen the protective initiatives that we take, in the fiscal year ended March 2011 we formulated the Nichirei Group Biodiversity Policy. Going forward, we will continue to respect the surrounding environments and ecosystems affected by our procurement activities, to use food resources fully so as to avoid wasting them, and to engage in natural preservation activities centered around land that we own. One such activity is to communicate to others the importance of preserving natural environments.

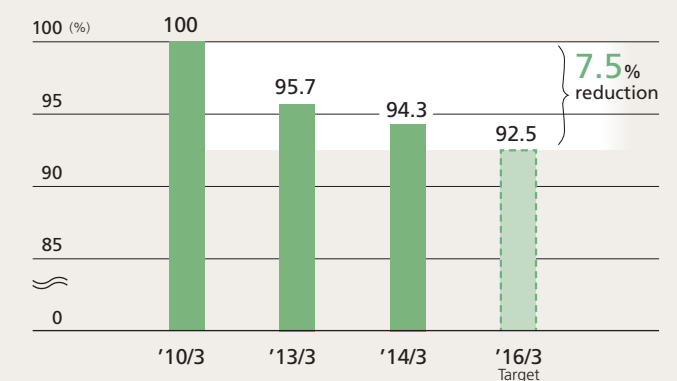
Amount of electric power used at existing operating locations



* Power usage in the base year (April 2009 - March 2010) constitutes 100%.

* Electric power usage including that of new operating locations was 445 GWh in the fiscal year ended March 2010, 449 GWh in the year ended March 2013 and 455 GWh in the year ended March 2014.

Fuel-derived CO₂ emissions at existing operating locations



* Emissions in the base year (April 2009 - March 2010) constitute 100%.

* Emissions including those from new operating locations amounted to 40,540 tons in the fiscal year ended March 2010, 40,510 tons in the year ended March 2013 and 40,370 tons in the year ended March 2014.

Management's Discussion and Analysis

Operations

Business Environment

Japan's economy generally improved during the fiscal year ended March 2014. Corporate earnings expanded, especially in export industries, aided by an economic recovery in the United States and yen depreciation from monetary easing and other government policies. Employment conditions also showed signs of improvement.

In the food and logistics industries, the main business domains of the Nichirei Group, although ready-made meals and restaurant demand was firm, consumers are still strongly motivated to economize to maintain their lifestyles, and absorbing increases in procurement costs from rapid yen depreciation remains difficult. Additionally, there have been renewed calls for initiatives related to food defense systems in the wake of food safety scandals, and control systems need to be strengthened further. Electricity rates and fuel prices also remain high, and an increase in freight volume and stricter safety regulations have resulted in an acute shortage of drivers. Accordingly, the business environment has grown more severe.

Overview

In this business environment, the fiscal year ended March 2014 was the first year of our medium-term business plan "Rising 2015" (April 2013 through March 2016). We made investments intended to expand our earnings base in the future, including reinforcing our domestic production structure in the Processed Foods business and augmenting capacity in the Logistics business.

Operating Results

Net sales for the fiscal year ended March 2014 rose 8.7% from the previous year to ¥511,189 million.

Operating income fell 11.9% from the previous year to ¥15,789 million. The operating margin decreased 0.7 percentage points to 3.1%.

Among key cost items, cost of sales rose 10.4% from the previous year to ¥417,928 million, equating to 81.8% of net sales, up 1.2 percentage points. Selling, general and administrative expenses rose 5.3% from the previous year to ¥77,472 million, due partly to higher sales promotion expense.

Performance by Segment

Processed Foods

	2013.3	2014.3	Change (%)
Net sales	¥184,041	¥204,427	11.1
Operating income	6,030	3,398	-43.6
Operating margin	3.3%	1.7%	

(¥ Million)

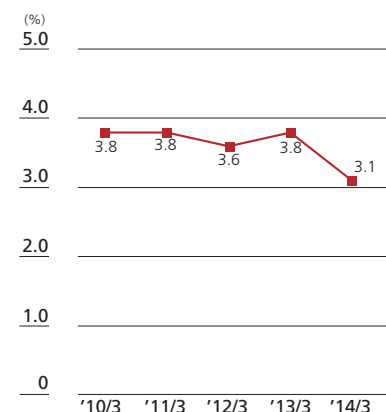
In the processed foods market during the year ended March 2014, consumer demand continued to shift toward home cooking and ready-made meals, and household frozen foods performed well as consumers grew more accustomed to the good taste and convenience of these products. Commercial frozen foods also showed steady growth, reflecting an upturn in the economy.

In this market environment, net sales in the Processed Foods business grew 11.1% from the previous year to ¥204,427 million. Handling volume increased for pre-cooked frozen foods and frozen vegetables amid continued strong domestic demand for home cooking and ready-made meals, and sales at overseas subsidiaries acquired in the previous fiscal year also contributed. Despite improvement in productivity and progress in revising prices for some products, we were unable to fully absorb the increase in purchasing costs caused by the weaker yen, and operating income fell a sharp 43.6% from the previous year to ¥3,398 million.

(a) Pre-cooked frozen foods for household use

Net sales of pre-cooked frozen foods for household use grew 5.2% from the previous year on favorable sales of mainstay products "Honkaku-itame Cha-han" (Authentic Fried Rice) and "Wakadori Tarezuze Kara-age" (Tender Sauced Deep Fried Chicken) and a contribution from "Bacon Pepper Pilaf," released in spring 2013. However, product profits decreased as a result of high prices for raw materials.

Operating Margin 2010-2014



(b) Pre-cooked frozen foods for commercial use

Net sales of pre-cooked frozen foods for commercial use grew 7.8% from the previous year on an increase in handling volume of processed chicken products and spring rolls. Despite improvement in the product mix and progress in revising prices for some products, product profits decreased due to an increase in raw material and purchasing costs caused by the weaker yen.

(c) Frozen agricultural products

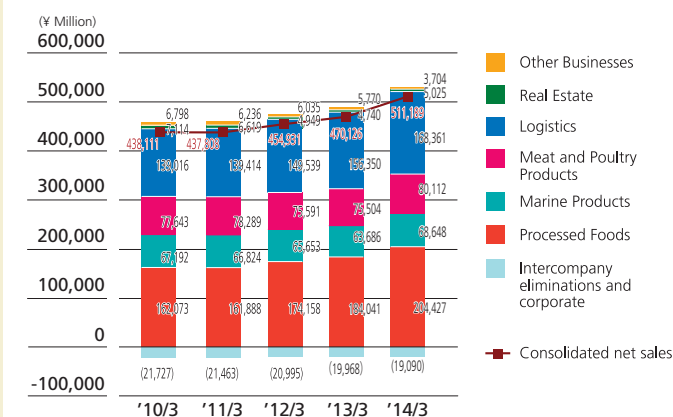
Net sales of frozen agricultural products grew 6.4% from the previous year on continued strong sales for the "Sono Mama Tsukaeru" (Just Thaw and Eat) series of convenience-oriented products for commercial use and an increase in handling volume for broccoli and Western-style mixed vegetables for household use. Still, product profits decreased due to the impact of the weaker yen.

During the fiscal year ending March 2015, we expect the trend toward home dining and ready-made meals to continue and the pre-cooked frozen food market to be firm. For pre-cooked frozen foods, we will work to expand sales of mainstay products and new products by reinforcing our domestic production structure, starting with launching operations at Funabashi Plant No.2.

In terms of profits, we expect a continued impact from higher raw material and purchasing costs due to the weaker yen, but look for profits to increase based on cost absorption measures and a boost from higher sales.

Based on these activities, we forecast net sales in the Processed Foods business to grow 4.7% from the previous year to ¥214,000 million and operating income to grow 61.9% to ¥5,500 million during the fiscal year ending March 2015.

Net Sales by Segment 2010-2014



Marine Products, Meat and Poultry Products

Marine Products

	2013.3	2014.3	Change (%)
Net sales	¥ 63,686	¥ 68,648	7.8
Operating income	70	419	493.0
Operating margin	0.1%	0.6%	

(¥ Million)

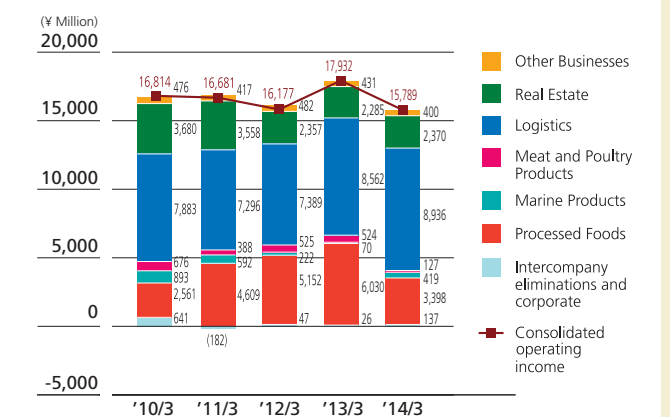
Looking at the marine products industry during the fiscal year ended March 2014, prices in producing areas increased, including for farm-raised shrimp in Southeast Asia amid supply shortages, and the weak yen drove up procurement costs for marine products across the board. Conditions also remained difficult for passing through procurement costs to selling prices, especially for processed products.

In this business environment, net sales in the Marine Products business grew 7.8% from the previous year to ¥68,648 million and operating income grew 493.0% to ¥419 million based on strong handling volume for octopus due to moderate prices, firm sales of foodstuffs due to quickly responding to market changes, and stronger sales in restaurant and delicatessen channels.

(a) Shrimp

Procurement costs increased as a result of the weak yen and supply shortages for farm-raised shrimp in Southeast Asia, and we remained unable to pass higher costs through to selling prices for processed products. Nevertheless, foodstuffs performed well and net sales of shrimp grew 15.6% from the previous year and product profits also increased.

Operating Income or Loss by Segment 2010-2014



(b) Other seafood

Net sales of other seafood grew 3.8% from the previous year and product profits also increased on higher sales of octopus and shellfish and strong handling volume for restaurant supply.

Meat and Poultry Products

	2013.3	2014.3	Change (%)
Net sales	¥ 75,504	¥ 80,112	6.1
Operating income	524	127	-75.8
Operating margin	0.7%	0.2%	

(¥ Million)

In the meat and poultry industry in the fiscal year ended March 2014, product prices remained high due to an increase in procurement costs from higher animal feed prices and the weak yen amid domestic shortages of meat supplies caused by hot weather during the summer of 2013 and an outbreak of porcine epidemic diarrhea (PED).

In our Meat and Poultry Products business, we focused on careful buying and selling with a view to profitability, but were unable to absorb the increase in procurement costs caused by the weaker yen. Consequently, while net sales of meat and poultry products grew 6.1% from the previous year to ¥80,112 million, operating income fell 75.8% to ¥127 million.

(a) Chicken

Processed product sales were weak as a result of higher procurement costs, but foodstuffs sales were firm on a recovery in domestic prices, and net sales of chicken grew 3.6% from the previous year.

(b) Beef

Net sales of beef grew 18.3% from the previous year as a result of our focus on securing stable suppliers and growth in handling volume of domestic products.

(c) Pork

Net sales of pork grew 6.6% from the previous year thanks to high prices for domestic products.

In our Marine Products and Meat and Poultry Products businesses during the fiscal year ending March 2015, although we expect the business environment to remain challenging, we will work to secure stable profits by delivering products that are processed to meet the needs of our customers while appealing to uniqueness and premium quality foodstuffs, by focusing on expanding sales in restaurant and delicatessen channels, and by conducting purchasing and sales with an emphasis on inventory turnover.

Based on these activities, we forecast net sales in the Marine Products business to decline 0.1% from the previous year to ¥68,600 million and operating income to grow 19.3% to ¥500 million during the fiscal year ending March 2015. We also forecast net sales in the Meat and Poultry Products business to decline 0.1% from the previous year to ¥80,000 million and operating income to grow 293.1% to ¥500 million.

Logistics

	2013.3	2014.3	Change (%)
Net sales	¥156,350	¥168,361	7.7
Operating income	8,562	8,936	4.4
Operating margin	5.5%	5.3%	

(¥ Million)

Industry-wide refrigerated warehouse intake volume in Japan's 12 major cities rose 0.6% from the previous year to 11,878,000 tons between April 2013 and March 2014. The average overall utilization rate fell 1.6 percentage points to 32.5%.

In this environment, intake volume in our Logistics business grew 2.6% from the previous year to 2,947,000 tons and the average overall utilization rate fell 1.4 percentage points to 35.8%. In Japan, sales increased in the Logistics Network business on a strong performance for transfer center operations and in the Regional Storage business. However, profits decreased as a result of higher electricity rates and an increase in depreciation from starting up operations at new distribution centers. Overseas business was strong, driven by Europe. As a result, net sales in the Logistics business grew 7.7% from the previous year to ¥168,361 million and operating income grew 4.4% to ¥8,936 million.

(a) Logistics Network business

Net sales in the Logistics Network business grew 4.3% from the previous year to ¥92,225 million on a contribution from distribution centers that launched operations during the previous and current fiscal years and growth in handling volume at existing customers. However, operating income fell 4.2% to ¥3,655 million on an increase in depreciation from starting up operations at new distribution centers and higher vehicle procurement costs.

(b) Regional Storage business

Amid a nationwide decline in inventories, we steadily pursued community-based sales and worked to beef up proposals that also cover transport. As a result, while net sales in the Regional Storage business grew 1.0% from the previous year to ¥47,595 million, operating income held flat on an increase in electricity rates and other factors.

(c) Overseas business

Sales and profits increased in Europe due to high inventory levels for imported fruit juices, chicken, and other products, and a boost to earnings from foreign currency translation due to the weak yen. Sales also increased in China (Shanghai) on a firm performance for mainstay convenience store delivery operations and a contribution from a second distribution center that opened in the previous fiscal year.

As a result, net sales in Overseas business grew 39.5% from the previous year to ¥26,331 million and operating income grew 52.1% to ¥1,096 million.

During the fiscal year ending March 2015, we seek to increase our storage capacity and expand cargo collections based on the full-year operation of Building 2 at the Higashi-Ogishima Distribution Center in the Tokyo metropolitan area and the construction of the Sakishima Distribution Center in the Osaka area. Additionally, amid a continued economic slowdown in we seek to increase overseas sales by expanding the transport business, and target sales growth in the overall Logistics business. Nevertheless, we expect profits to decrease as a result of higher depreciation from the new construction of refrigerated warehouses and higher costs for transport and electricity.

As a result, we forecast net sales in the Logistics business to grow 2.8% from the previous year to ¥173,000 million and operating income to fall 8.2% to ¥8,200 million.

Real Estate

	2013.3	2014.3	Change (%)
Net sales	¥ 4,740	¥ 5,025	6.0
Operating income	2,285	2,370	3.7
Operating margin	48.2%	47.2%	

(¥ Million)

In the Real Estate business during the fiscal year ended March 2014, we secured stable earnings as a result of renovation and energy-saving work undertaken to enhance the competitiveness of our rental office buildings. We also sold seven lots of housing land at Ushiku, Ibaraki Prefecture. As a result, net sales in the Real Estate business grew 6.0% from the previous year to ¥5,025 million and operating income grew 3.7% to ¥2,370 million.

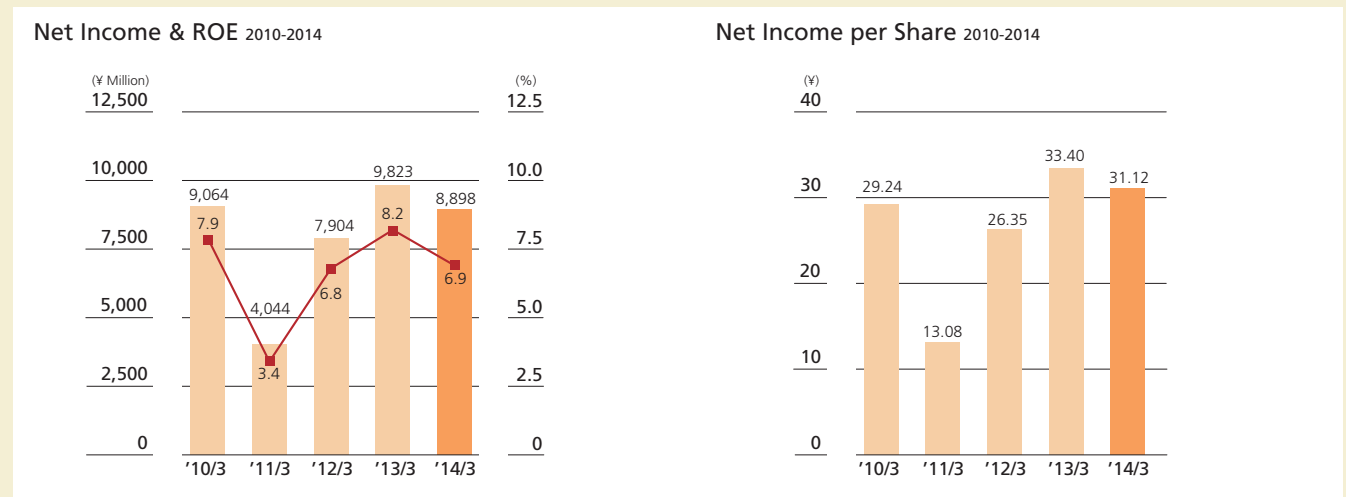
During the fiscal year ending March 2015, we forecast net sales in the Real Estate business to fall 6.5% from the previous year to ¥4,700 million and operating income to fall 11.4% to ¥2,100 million as sales of housing land are not expected during the fiscal year and some tenants cancelling their lease agreements at rental office buildings.

Other Businesses

	2013.3	2014.3	Change (%)
Net sales	¥ 5,770	¥ 3,704	-35.8
Operating income	431	400	-7.2
Operating margin	7.5%	10.8%	

(¥ Million)

During the fiscal year ended March 2014, sales and profits in the biosciences business increased on strong sales for histological stains and kit products. Despite this, net sales in Other Businesses fell 35.8% from the previous year to ¥3,704 million and operating income fell 7.2% to ¥400 million.



During the fiscal year ending March 2015, we forecast net sales in Other Businesses to grow 10.7% from the previous year to ¥4,100 million and operating income to hold flat at ¥400 million.

Other Income and Expenses

Net other operating expenses totaled ¥431 million in the fiscal year ended March 2014, a decrease from ¥4,331 million in the previous fiscal year. Main factors include an impairment loss on fixed assets at GFPT Nichirei (Thailand) Co., Ltd. in the previous fiscal year.

Income before Income Taxes and Net Income

As a result of the above, income before income taxes and minority interests grew 12.9% from the previous year to ¥15,357 million in the fiscal year ended March 2014. Net income fell 9.4% to ¥8,898 million.

Net income per share was ¥31.12, down from ¥33.40 in the previous year.

For the fiscal year ending March 2015, we forecast net sales to grow 2.7% from the previous year to ¥525,000 million and operating income to grow 4.5% to ¥16,500 million.

Capital Expenditures

During the fiscal year ended March 2014, capital expenditures rose 82.5% from the previous year to ¥24,041 million and included the new construction of Funabashi Plant No.2 (Processed Foods business) and Building 2 at the Higashi-Ogishima Distribution Center (Logistics business).

	(¥ Million)		
	2013.3	2014.3	Change (%)
Processed Foods	3,481	10,523	202.3
	(3,279)	(10,215)	(211.5)
Marine Products	165	111	-32.7
	(158)	(100)	(-36.7)
Meat and Poultry Products	226	393	73.9
	(194)	(346)	(78.4)
Logistics	8,206	11,442	39.4
	(6,032)	(9,011)	(49.4)
Real Estate	359	807	124.8
	(339)	(787)	(132.2)
Other	72	125	73.6
	(61)	(109)	(78.7)
Adjustments	659	637	-3.3
	(659)	(637)	(-3.3)
Total	13,171	24,041	82.5
	(10,724)	(21,209)	(97.8)

*Figures in parentheses exclude lease assets.

Liquidity and Capital Resources

Net cash provided by operating activities in the fiscal year ended March 2014 decreased by ¥12,451 million from the previous year to ¥11,073 million. Main items included operating income of ¥15,789 million, depreciation and amortization of ¥14,475 million, working capital expenditures (notes and accounts receivable – trade, inventories, notes and accounts payable – trade), and income taxes paid.

Net cash used in investing activities increased by ¥8,039 million from the previous year to ¥17,650 million. Main items included the purchase of property, plant and equipment.

Net cash provided by financing activities increased by ¥12,324 million from the previous year to ¥2,580 million. Main items included proceeds from issuance of bonds and long-term loans payable to prepare for capital expenditures.

Free cash flow was negative ¥6,576 million, down ¥20,490 million from the previous year.

As a result of these activities, the balance of cash and cash equivalents totaled ¥11,928 million at the end of March 2014, down ¥3,009 million from the previous year.

The Balance Sheet

Total assets amounted to ¥318,507 million at the end of March 2014, up ¥20,604 million from the previous year.

Current assets totaled ¥131,509 million, up ¥7,700 million from the previous year, due mainly to an increase in inventories of ¥8,173 million, including a build-up of inventories to prepare for an expansion of sales in the Processed Foods business.

Fixed assets totaled ¥186,997 million, up ¥12,903 million

from the previous year, due mainly to an increase in property, plant and equipment of ¥11,373 million as a result of capital expenditures to expand our earnings base in core businesses. Property, plant and equipment totaled ¥144,571 million, up ¥11,373 million from the previous year; and investments and other assets totaled ¥35,581 million, up ¥1,246 million.

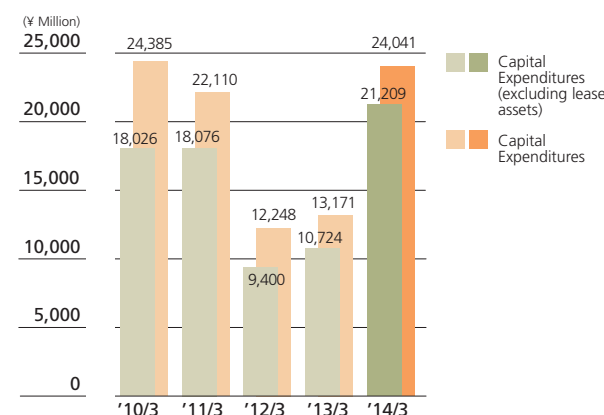
Total liabilities amounted to ¥181,660 million at the end of March 2014, up ¥9,077 million from the previous year, due mainly to the issuance of ¥10,000 million in bonds to ensure long-term stable funds.

Interest-bearing debt totaled ¥106,097 million at the end of March 2014, up ¥9,214 million from the previous year. The ratio of interest-bearing debt to cash flow deteriorated by 1.0 year from the previous year to 4.9 years.

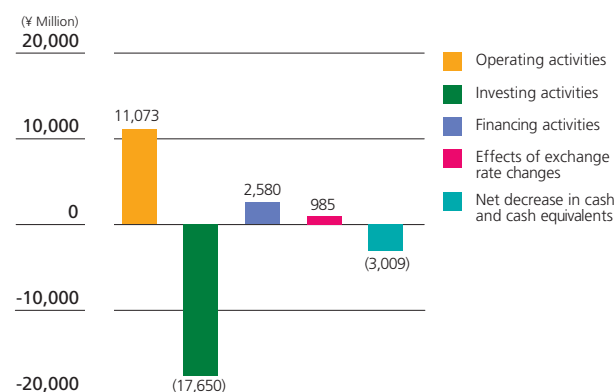
Net assets totaled ¥136,846 million at the end of March 2014, up ¥11,526 million from the previous year. Shareholders' equity* totaled ¥133,298 million, accounting for 41.9% of total assets, up 0.6 percentage points from the previous year. The debt-to-equity ratio was 0.80, improving by 0.01 points from the previous year. Excluding lease obligations, the debt-to-equity ratio was 0.64, improving by 0.03 points.

*Shareholders' equity = net assets – minority interests

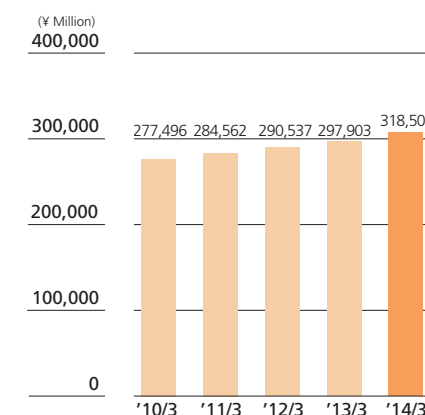
Capital Expenditures 2010-2014



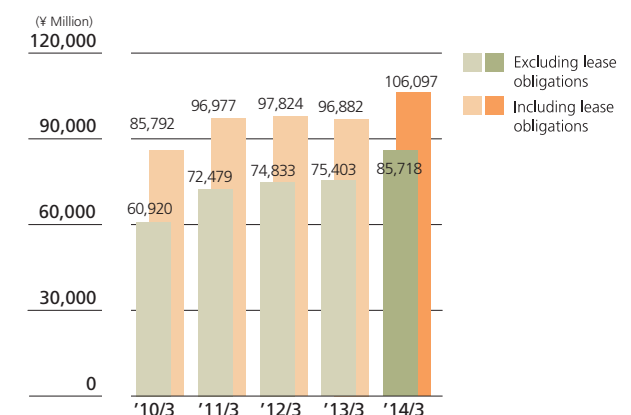
Cash Flows 2014



Total Assets 2010-2014



Interest-bearing Debt 2010-2014



Significant Risk Factors Impacting Operating Results

Significant risk factors we can determine as of the end of March 2014 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, 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.

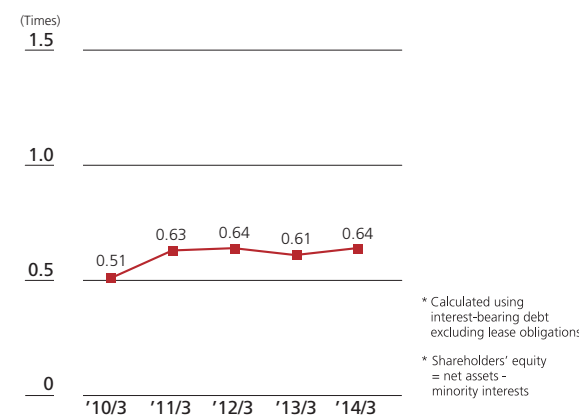
(g) Changes in laws and regulations

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.

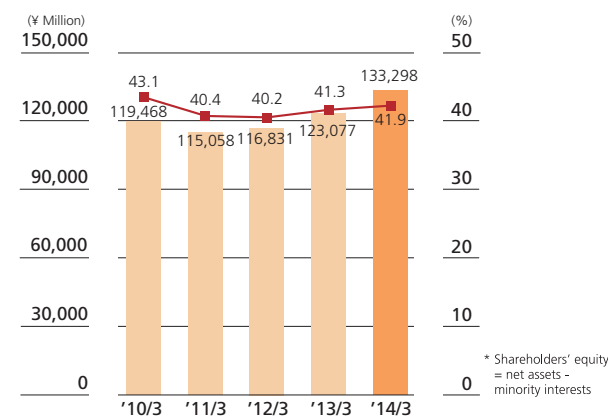
(h) Information system security

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.

Debt-to-Equity* 2010-2014



Shareholders' Equity & Equity Ratio* 2010-2014



Consolidated Balance Sheets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
As of March 31, 2013 and 2014

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2014	2014
Current assets:			
Cash and deposits (Note 3)	¥ 14,938	¥ 11,928	\$ 115,897
Notes and accounts receivable–trade	68,226	69,257	672,927
Less allowance for doubtful accounts	(180)	(153)	(1,493)
Inventories (Note 4)	34,698	42,872	416,558
Deferred tax assets (Note 12)	1,558	1,131	10,991
Other current assets	4,567	6,474	62,905
Total current assets	123,809	131,509	1,277,786
Fixed assets:			
Property, plant and equipment (Notes 6, 7 and 8):			
Buildings and structures	206,449	217,201	2,110,393
Machinery and equipment	81,080	88,936	864,130
Land	31,282	33,750	327,926
Leased assets	44,647	41,801	406,155
Construction in progress	3,109	3,283	31,902
	366,568	384,973	3,740,508
Less accumulated depreciation	(233,370)	(240,401)	(2,335,813)
Property, plant and equipment, net	133,197	144,571	1,404,694
Investments and other assets:			
Investment securities (Note 5)	23,758	23,541	228,736
Investment in affiliates	3,172	3,033	29,473
Deferred tax assets (Note 12)	1,126	1,052	10,228
Other (Note 6)	13,122	14,973	145,490
Less allowance for doubtful accounts	(283)	(175)	(1,701)
Total investments and other assets	40,896	42,426	412,227
Total fixed assets	174,093	186,997	1,816,921
Total assets	¥ 297,903	¥ 318,507	\$ 3,094,708

The accompanying notes are integral parts of these statements.

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2014	2014
Current liabilities:			
Short-term bank loans	¥ 12,720	¥ 15,675	\$ 152,309
Commercial paper	6,000	8,000	77,730
Current portion of long-term debt	15,507	5,934	57,663
Accounts payables	29,400	27,309	265,347
Leased obligations	3,586	3,736	36,308
Income taxes payable	2,752	2,133	20,732
Accrued expenses	21,722	21,861	212,408
Accrued directors' bonuses	206	192	1,870
Other current liabilities	8,788	10,693	103,900
Total current liabilities	100,685	95,537	928,272
Long-term liabilities:			
Bonds	20,000	30,000	291,488
Long-term debt	21,175	26,108	253,677
Accrued employees' retirement benefits (Note 15)	1,416	–	–
Accrued directors' and statutory auditors' retirement benefits	276	189	1,841
Net defined benefit liability (Note 15)	–	1,433	13,923
Leased obligations	17,892	16,641	161,694
Deferred tax liabilities (Note 12)	3,465	3,923	38,117
Asset retirement obligations (Note 8)	2,401	3,111	30,229
Other	5,269	4,715	45,819
Total long-term liabilities	71,897	86,122	836,791
Total liabilities	172,582	181,660	1,765,064
Net assets:			
Shareholders' equity (Notes 9 and 10):			
Common stock, with no par value			
Authorized–720,000,000 shares			
Issued and outstanding–295,851,065 shares	30,307	30,307	294,479
Capital surplus	18,224	18,224	177,076
Retained earnings	75,424	81,463	791,519
Less treasury stock, at cost	(5,100)	(5,128)	(49,831)
Total shareholders' equity	118,856	124,867	1,213,244
Accumulated other comprehensive income:			
Net unrealized holding gain on available-for-sale securities	5,916	6,292	61,142
Net deferred gain on hedges	73	461	4,488
Foreign currency translation adjustments	(1,768)	1,699	16,512
Remeasurements of defined benefit plans	–	(22)	(219)
Total accumulated other comprehensive income	4,220	8,431	81,923
Minority interests	2,243	3,548	34,475
Total net assets	125,320	136,846	1,329,643
Total liabilities and net assets	¥ 297,903	¥ 318,507	\$ 3,094,708

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, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2014	2014
Net sales	¥ 470,126	¥ 511,189	\$ 4,966,865
Operating costs and expenses:			
Cost of sales	378,652	417,928	4,060,707
Selling, general and administrative expenses (Note 14)	73,541	77,472	752,741
	452,193	495,400	4,813,449
Operating income	17,932	15,789	153,416
Other income/(expenses):			
Interest and dividend income	575	1,060	10,300
Interest expense	(1,438)	(1,295)	(12,586)
Other-net (Note 11)	(3,468)	(196)	(1,910)
	(4,331)	(431)	(4,195)
Income before income taxes and minority interests	13,601	15,357	149,220
Income taxes (Note 12):			
Current	5,209	4,915	47,756
Deferred	280	565	5,497
	5,489	5,480	53,254
Income before minority interests	8,111	9,876	95,966
Minority interests in income/(loss)	(1,712)	978	9,509
Net income	¥ 9,823	¥ 8,898	\$ 86,457

Amounts per share (Note 16):	Yen		U.S. dollars (Note 1)
	2013	2014	2014
Net assets	¥ 430.47	¥ 466.31	\$ 4.530
Net income:			
Basic	33.40	31.12	0.302
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, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2014	2014
Income before minority interests	¥ 8,111	¥ 9,876	\$ 95,966
Other comprehensive income:			
Net unrealized holding gain on available-for-sale securities	2,327	372	3,624
Net deferred gain on hedges	113	347	3,374
Foreign currency translation adjustments	1,716	3,763	36,565
Equity in earnings of affiliates accounted for by the equity method	73	184	1,792
Total other comprehensive income	4,230	4,668	45,356
Total comprehensive income	¥ 12,341	¥ 14,544	\$ 141,322
Comprehensive income attributable to:			
Owners of the parent	¥ 13,794	¥ 13,131	\$ 127,588
Minority interests	(1,452)	1,413	13,734

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, 2013 and 2014

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets at April 1, 2012	¥ 30,307	¥ 23,709	¥ 68,434	¥ (5,873)	¥ 116,578
Changes of items during the period					
Dividends from surplus			(2,947)		(2,947)
Net income			9,823		9,823
Change in scope of equity method			113	5	118
Acquisition of treasury stock				(4,718)	(4,718)
Disposal of treasury stock		0		0	0
Retirement of treasury stock		(5,484)		5,484	-
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	(5,484)	6,989	772	2,277
Net assets at April 1, 2013	30,307	18,224	75,424	(5,100)	118,856
Changes of items during the period					
Dividends from surplus			(2,859)		(2,859)
Net income			8,898		8,898
Acquisition of treasury stock				(29)	(29)
Disposal of treasury stock		(0)		1	1
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	(0)	6,039	(27)	6,011
Net assets at March 31, 2014	¥ 30,307	¥ 18,224	¥ 81,463	¥ (5,128)	¥ 124,867

	Millions of yen						
	Accumulated other comprehensive income					Minority interests	Total net assets
	Net unrealized holding gain on available-for-sale securities	Net deferred gain/(loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Net assets at April 1, 2012	¥ 3,585	¥ (0)	¥ (3,332)	¥ -	¥ 252	¥ 1,869	¥ 118,700
Changes of items during the period							
Dividends from surplus							(2,947)
Net income							9,823
Change in scope of equity method							118
Acquisition of treasury stock							(4,718)
Disposal of treasury stock							0
Retirement of treasury stock							-
Net changes of items other than shareholders' equity	2,331	73	1,563	-	3,968	374	4,342
Total changes of items during the period	2,331	73	1,563	-	3,968	374	6,619
Net assets at April 1, 2013	5,916	73	(1,768)	-	4,220	2,243	125,320
Changes of items during the period							
Dividends from surplus							(2,859)
Net income							8,898
Acquisition of treasury stock							(29)
Disposal of treasury stock							1
Net changes of items other than shareholders' equity	376	388	3,468	(22)	4,210	1,305	5,515
Total changes of items during the period	376	388	3,468	(22)	4,210	1,305	11,526
Net assets at March 31, 2014	¥ 6,292	¥ 461	¥ 1,699	¥ (22)	¥ 8,431	¥ 3,548	¥ 136,846

The accompanying notes are integral parts of these statements.

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets at April 1, 2013	\$ 294,479	\$ 177,078	\$ 732,841	\$ (49,560)	\$ 1,154,839
Changes of items during the period					
Dividends from surplus			(27,779)		(27,779)
Net income			86,457		86,457
Acquisition of treasury stock				(288)	(288)
Disposal of treasury stock		(1)		17	16
Net changes of items other than shareholders' equity					–
Total changes of items during the period	0	(1)	58,677	(271)	58,405
Net assets at March 31, 2014	\$ 294,479	\$ 177,076	\$ 791,519	\$ (49,831)	\$ 1,213,244

	Thousands of U.S. dollars (Note 1)						
	Accumulated other comprehensive income				Minority interests	Total net assets	
	Net unrealized holding gain on available-for-sale securities	Net deferred gain/(loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans			Total accumulated other comprehensive income
Net assets at April 1, 2013	\$ 57,487	\$ 709	\$ (17,185)	\$ –	\$ 41,012	\$ 21,795	\$ 1,217,646
Changes of items during the period							
Dividends from surplus						(27,779)	
Net income						86,457	
Acquisition of treasury stock						(288)	
Disposal of treasury stock						16	
Net changes of items other than shareholders' equity	3,654	3,778	33,698	(219)	40,911	12,680	53,592
Total changes of items during the period	3,654	3,778	33,698	(219)	40,911	12,680	111,997
Net assets at March 31, 2014	\$ 61,142	\$ 4,488	\$ 16,512	\$ (219)	\$ 81,923	\$ 34,475	\$ 1,329,643

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, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2014	2014
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 13,601	¥ 15,357	\$ 149,220
Depreciation and amortization	14,302	14,475	140,644
Impairment loss on fixed assets	4,633	405	3,941
Decrease in allowance for doubtful accounts	(201)	(166)	(1,616)
Interest and dividend income	(575)	(1,060)	(10,300)
Interest expense	1,438	1,295	12,586
Equity in losses/(earnings) of affiliates	(224)	795	7,725
Gain on sales of property, plant and equipment	(442)	(173)	(1,689)
Loss on disposal of property, plant and equipment	213	432	4,197
Gain on sales of investment securities	(947)	(2,161)	(21,004)
Gain on transfer of business	(194)	–	–
Decrease/(increase) in notes and accounts receivable–trade	(2,464)	530	5,158
Decrease/(increase) in inventories	941	(7,670)	(74,525)
Decrease in notes and accounts payable–trade	(36)	(2,461)	(23,914)
Other, net	602	(2,516)	(24,454)
Sub total	30,647	17,081	165,968
Interest and dividends received	640	1,203	11,689
Interest paid	(1,424)	(1,396)	(13,570)
Income taxes paid	(6,338)	(5,814)	(56,493)
Net cash provided by operating activities	23,525	11,073	107,594
Cash flows from investing activities:			
Purchase of property, plant and equipment	(9,287)	(17,709)	(172,069)
Proceeds from sales of property, plant and equipment	783	385	3,744
Purchase of intangible assets	(1,035)	(591)	(5,747)
Purchase of investment securities	(1,238)	(1,116)	(10,851)
Proceeds from sales of investment securities	2,493	3,423	33,263
Investments in shares of subsidiaries resulting in change in scope of consolidation	(786)	–	–
Proceeds from transfer of business	194	–	–
Other, net	(733)	(2,041)	(19,835)
Net cash used in investing activities	(9,610)	(17,650)	(171,495)
Cash flows from financing activities:			
Increase/(decrease) in short-term bank loans	(27)	2,456	23,870
Increase in commercial paper	1,000	2,000	19,432
Proceeds from long-term debt	300	10,804	104,978
Repayment of long-term debt	(1,645)	(15,675)	(152,305)
Proceeds from issuance of bonds	–	9,947	96,655
Repayments of lease obligations	(3,637)	(3,696)	(35,919)
Purchase of treasury stock	(4,718)	(29)	(288)
Dividends paid	(2,941)	(2,857)	(27,765)
Cash dividends paid to minority shareholders	(558)	(530)	(5,155)
Proceeds from minority shareholders	2,485	168	1,632
Other, net	0	(5)	(58)
Net cash provided by/(used in) financing activities	(9,743)	2,580	25,077
Effects of exchange rate changes on cash and cash equivalents	158	985	9,579
Net increase/(decrease) in cash and cash equivalents	4,329	(3,009)	(29,244)
Cash and cash equivalents at beginning of year	10,608	14,938	145,141
Cash and cash equivalents at end of year (Note 3)	¥ 14,938	¥ 11,928	\$ 115,897

The accompanying notes are integral parts of these statements.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
Years ended March 31, 2013 and 2014

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 ¥102.92 = US\$1.00, the exchange rate prevailing on March 31, 2014.

Due to significance, notes to "Lease transactions," "Related party transactions," "Comprehensive income," "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 74 majority-owned subsidiaries (76 in 2013). All significant intercompany balances, transactions and profits have been eliminated in consolidation.

Investments in all of its 16 affiliates (14 in 2013) are accounted for by the equity method.

Balance sheet dates of the consolidated subsidiaries are as follows:
End of December: 29 companies (30 in 2013)

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 periodic 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 a 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

Defined benefit liability and retirement benefit expenses are determined by using the simplified method whereby the projected benefit obligation is estimated at the amount that would be payable if all eligible employees would have been retired voluntarily at the balance sheet date.

Part of its consolidated subsidiaries determine defined benefit liability and retirement benefit expenses based on the projected benefit obligation and the fair value of plan assets as of the balance sheet date.

(Changes in Accounting Standard for Retirement Benefits for the year ended March 31, 2014)

Effective from the end of the fiscal year ended March 31, 2014, the Company and its consolidated subsidiaries have adopted "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on May 17, 2012) except main clause of Article 35 of the accounting standard and main clause of Article 67 of the guidance. The amount of retirement benefit obligations after deducting plan assets is recognized as net defined benefit liability and unrecognized actuarial loss is recognized as net defined benefit liability.

The transitional treatment stated in Article 37 of the accounting standard was applied at the adoption. The cumulative impact of this change was recognized as "remeasurements of defined benefit plans" of accumulated other comprehensive income as of March 31, 2014.

As a result of adopting this standard and guidance, "net defined benefit liability" was recognized at ¥1,433 million (\$13,923 thousand). In addition, accumulated other comprehensive income was decreased by ¥22 million (\$219 thousand).

(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) 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.

(o) 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 effectiveness of 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 effectiveness of hedge for foreign exchange forward contracts and coupon swaps stated at settlement amounts, and interest rate swaps which meet specific matching criteria.

(p) Consumption Taxes

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

(q) 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, 2013 and 2014 are not presented because there were no bonds to be converted to shares at the year ends.

(r) Goodwill

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

Note 3: Cash and Cash Equivalents

Cash and cash equivalents on the consolidated statements of cash flows as of March 31, 2013 and 2014 are same as cash and deposits stated at consolidated balance sheets.

Note 4: Inventories

Inventories as of March 31, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Merchandise and finished goods	¥ 30,035	¥ 37,178	\$ 361,238
Work in process	236	237	2,312
Raw materials and supplies	4,426	5,455	53,007
	¥ 34,698	¥ 42,872	\$ 416,558

Write-down in inventories held for sale in the ordinary course of business reflecting decreased profitability amounted to ¥105 million and ¥96 million (\$938 thousand) and were included in cost of sales for the years ended March 31, 2013 and 2014, respectively.

Note 5: Securities

(1) Acquisition costs, carrying value and unrealized gain on available-for-sale securities as of March 31, 2013 and 2014:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Equity securities:			
Acquisition costs	¥ 13,624	¥ 13,172	\$ 127,989
Carrying value	22,339	22,290	216,578
Unrealized gain	¥ 8,714	¥ 9,117	\$ 88,588

Non-listed equity securities amounting to ¥1,418 million and ¥1,251 million (\$1,158 thousand) as of March 31, 2013 and 2014, respectively, are not included in above table because they are not traded on market and very difficult to determine their fair market value.

(2) Sales of available-for-sale securities for the years ended March 31, 2013 and 2014:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Proceeds from sales	¥ 2,521	¥ 3,484	\$ 33,858
Gains on sales	1,031	2,165	21,043
Losses on sales	84	4	38

(3) Aggregate carrying value of available-for-sale securities with no available fair value as of March 31, 2013 and 2014:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Non-listed equity securities	¥ 1,364	¥ 1,199	\$ 11,658

(4) Impairment loss of securities for the years ended March 31, 2013 and 2014:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Available-for-securities:			
Stocks without market values	¥ 10	¥ -	\$ -

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. For the years ended March 31, 2013 and 2014, the following assets were assessed for impairment individually.

(1) For the year ended March 31, 2013

Primary use	Type of asset	Location	Impairment loss		Recoverable Value
			Millions of yen	Thousands of U.S. dollars	
Assets for Processed foods	Buildings and structures	Chonburi Province, Thailand	¥2,419		Value in use
	Machinery and equipment		1,649		
	Machinery and equipment	Shanghai City, China	10		
Assets for Logistics	Buildings and structures	Znin City, Poland	360		Value in use
	Machinery and equipment		84		
	Land		21		
Distribution center (Closing)	Buildings and structures	Saga City, Saga Prefecture, Japan	64		Value in use
	Machinery and equipment		22		
	Other intangible assets		0		

Because i) decline in profitability, ii) there is 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 ¥4,633 million for the year ended March 31, 2013.

Recoverable amounts are measured by the value in use, and discount rates used to determine fair value was 5.6% to 8.6% for the year ended March 31, 2013.

(2) For the year ended March 31, 2014

Primary use	Type of asset	Location	Impairment loss		Recoverable Value
			Millions of yen	Thousands of U.S. dollars	
Idle assets	Land	Suwa County, Nagano prefecture	¥ 10	\$ 102	Net realizable value
	Buildings and structures	Kanazawa Ward, Yokohama City, Kanagawa prefecture	1	9	
	Machinery and equipment		9	92	
	Leased assets		186	1,814	
Processed foods	Goodwill	Chuo Ward, Tokyo	72	700	Value in use
Distribution center (Closing)	Buildings and structures	Ota Ward, Tokyo	45	440	
	Machinery and equipment		10	106	
Distribution center (Closing)	Buildings and structures	Fukuyama City, Hiroshima prefecture	29	286	
	Machinery and equipment		8	79	
	Leased assets		8	81	
	Other tangible assets		0	1	
	Buildings and structures		Kyoto City, Kyoto	14	
Machinery and equipment	9	87			

Because i) use of those idle assets is not determined, ii) there is 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 ¥405 million (\$3,941 thousand) for the year ended March 31, 2014.

Recoverable amounts for land are measured by the net realizable values and calculated primarily based on the value assessed for property tax purpose.

Recoverable amounts for other fixed assets are measured by the value in use. Because future cash flow generated from the asset are not expected, the full amount of carrying value of the fixed assets was recognized as impairment losses for the year ended March 31, 2014.

Regarding to goodwill, the full amount of carrying value was recognized as impairment losses for the year ended March 31, 2014 because originally assumed income from the consolidated subsidiaries are not expected any more.

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 and net gain on sales related to the investments and rental properties were ¥2,130 million and ¥364 million for the year ended March 31, 2013, respectively. Net rent income and net impairment loss related to the investments and rental properties were ¥2,154 million (\$20,930 thousand) and ¥10 million (\$102 thousand) for the year ended March 31, 2014, 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, 2013 and 2014:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Carrying value at April 1	¥ 12,221	¥ 11,659	\$ 113,282
Net decrease	(562)	(91)	(888)
Carrying value at March 31	¥ 11,659	¥ 11,567	\$ 112,393
Market value as of March 31	¥ 39,916	¥ 40,395	\$ 392,491

- Carrying values on the consolidated balance sheets are calculated as acquisition costs deducting accumulated depreciation and cumulative impairment losses.
- Major decrease for the year ended March 31, 2013 were depreciation of ¥364 million and sales of the properties of ¥198 million.
- Major increase and decrease for the year ended March 31, 2014 were capital expenditure of ¥412 million (\$4,007 thousand) and depreciation of ¥468 million (\$4,551 thousand).
- Market values of major assets as of March 31, 2013 and 2014 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: 7-50 years

Discount rate: 0.775-2.436% (2.188-4.306% for overseas)

The changes in the carrying value of asset retirement obligations for the years ended March 31, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Balance at beginning of the year	¥ 2,207	¥ 2,401	\$ 23,337
Increase due to purchase of property, plant and equipment	68	524	5,096
Changes due to the passage of time	54	68	662
Other (increase)	70	116	1,132
Balance at end of the year	¥ 2,401	¥ 3,111	\$ 30,229

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
(a) For the year ended March 31, 2013

(Number of shares)

Type of stock	As of April 1, 2012	Increases	Decreases	As of March 31, 2013
Issued stock: (*1) Common stock	310,851,065	–	15,000,000	295,851,065
Treasury stock: (*2) Common stock	16,064,941	8,885,284	15,012,791	9,937,434

(Reasons for changes)

(*1) Issued stock: The decrease in the number of shares resulted from retirement of treasury stock.

(*2) Treasury stock

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

- Acquisition by market transaction 8,843,000 shares
- Request for redemption of odd-lot stock 42,283 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 2,115 shares
- Number of shares of treasury stock owned by affiliate, which was eliminated from application of equity method 10,676 shares
- Retirement of treasury stock 15,000,000 shares

(b) For the year ended March 31, 2014

(Number of shares)

Type of stock	As of April 1, 2013	Increases	Decreases	As of March 31, 2014
Issued stock: Common stock	295,851,065	–	–	295,851,065
Treasury stock: Common stock	9,937,434	57,343	3,504	9,991,273

(Reasons for changes)

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

- Request for redemption of odd-lot stock 57,343 shares

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

- Request for additional purchase of odd-lot stock 3,504 shares

(2) Cash dividends distributed

Dividends paid during the year ended March 31, 2014

Resolution	Type of stock	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 25, 2013	Common stock	¥ 1,429 \$ 13,890	¥ 5 \$ 0.04	March 31, 2013	June 26, 2013
Directors' meeting on October 29, 2013	Common stock	¥ 1,429 \$ 13,889	¥ 5 \$ 0.04	September 30, 2013	December 5, 2013

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 25, 2014	Common stock	Retained earnings	¥ 1,429 \$ 13,887	¥ 5 \$ 0.04	March 31, 2014	June 26, 2014

Note 11: Other Income/(Expenses)

Other income/(expenses)–Other, net for the years ended March 31, 2013 and 2014 consisted primarily of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Gain on sales of property, plant and equipment	¥ 464	¥ 181	\$ 1,763
Gain on sales of investment securities	1,031	2,165	21,043
Gain on transfer of business	194	–	–
Loss on sales and disposal of property, plant and equipment	(399)	(937)	(9,112)
Impairment loss on fixed assets	(4,633)	(405)	(3,941)
Loss on discontinued operations	(258)	(89)	(869)
Equity in earnings/(losses) of affiliates	224	(795)	(7,725)
Other, net	(90)	(315)	(3,068)
	¥ (3,468)	¥ (196)	\$ (1,910)

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 38.0% for the years ended March 31, 2013 and 2014. The effective tax rates reflected in the accompanying consolidated statements of income differ from the statutory tax rate for the following reasons:

	2013	2014
Statutory tax rate	38.0%	38.0%
Entertainment and other non-deductible expenses	2.0	1.7
Dividends exempted for income tax purpose	(1.3)	(2.1)
Inhabitant per capita taxes	1.0	0.9
Change in valuation allowance	5.1	(5.0)
Tax rate differences of oversea affiliates	(2.2)	(2.6)
Tax credit for research and development expenses	(1.2)	(1.0)
Equity in earnings of affiliates accounted for by the equity method	(0.6)	2.0
Undistributed earnings of overseas affiliates	0.2	0.7
Deferred tax assets reduced amount due to the changes in tax rate	–	0.5
Other, net	(0.7)	2.6
Effective tax rate	40.4%	35.7%

(Changes in tax rates used to determine deferred tax assets and liabilities for the year ended March 31, 2014)

Following the promulgation on March 31, 2014 of the "Act on the Partial Revision of the Income Tax Act (Act No. 10 of 2014)", Special Income Tax for Reconstruction has been abolished from the fiscal years beginning on or after April 1, 2014. In line with these changes, the effective statutory tax rate used to measure deferred tax assets and liabilities will be changed from 38.0% to 35.6% for temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2014. As a result of this change, deferred tax assets in the consolidated balance sheet decreased by ¥65 million (\$637 thousand) and income taxes deferred and net deferred gain/(loss) on hedges in the consolidated statement of income increased by ¥82 million (\$805 thousand) and ¥17 million (\$168 thousand), respectively.

The components of deferred tax assets and deferred tax liabilities as of March 31, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Deferred tax assets–current:			
Net operating loss carry forwards	¥ 39	¥ 307	\$ 2,987
Accrued employees' bonus	781	292	2,844
Unpaid transferring cash for defined contribution pension plan	251	229	2,231
Accrued enterprise taxes	296	188	1,832
Other	331	396	3,855
Sub-Total	1,699	1,415	13,751
Less valuation allowance	(122)	(2)	(25)
Total	1,577	1,412	13,725
Net of deferred tax liabilities–current	(19)	(281)	(2,734)
Total net deferred tax assets–current	1,558	1,131	10,991

Deferred tax liabilities–current :

Net deferred gain on hedges	(50)	(266)	(2,588)
Other	(0)	(15)	(146)
Total	(51)	(281)	(2,734)
Net of deferred tax assets–current	19	281	2,734
Total net deferred tax liabilities–current	(32)	(0)	(0)

Deferred tax assets–noncurrent:

Net operating loss carry forwards	1,742	1,500	14,583
Asset retirement obligations	704	1,051	10,221
Impairment loss on fixed assets	883	814	7,911
Accrued employees' retirement benefits	677	–	–
Net defined benefit liability	–	704	6,843
Loss on valuation of investment securities	910	686	6,667
Unrealized gain/loss on fixed assets	490	565	5,498
Depreciation	363	375	3,644
Unrealized gain/loss on asset transfer	403	364	3,540
Impact of applying the accounting standard for lease transactions	370	272	2,643
Unpaid transferring cash for defined contribution pension plan	249	–	–
Other	615	598	5,819
Sub-Total	7,412	6,934	67,373
Less valuation allowance	(3,874)	(3,367)	(32,716)
Total	3,538	3,566	34,656
Net of deferred tax liabilities–noncurrent	(2,412)	(2,514)	(24,428)
Total net deferred tax assets–noncurrent	¥ 1,126	¥ 1,052	\$ 10,228

Deferred tax liabilities–noncurrent:

Net unrealized holding gain on available-for-sale securities	¥ (2,748)	¥ (2,835)	\$ (27,548)
Reserve and special reserve for advanced depreciation of property, plant and equipment	(1,752)	(1,696)	(16,478)
Fixed assets regarding to asset retirement obligations	(408)	(603)	(5,859)
Undistributed profit	(247)	(348)	(3,382)
Unrealized gain/loss on asset transfer	(162)	(162)	(1,579)
Investment securities received due to cancel of retirement benefit trust	(124)	(100)	(979)
Other, net	(432)	(691)	(6,719)
Total	(5,877)	(6,437)	(62,546)
Net of deferred tax assets–noncurrent	2,412	2,514	24,428
Total net deferred tax liabilities–noncurrent	¥ (3,465)	¥ (3,923)	\$ (38,117)

Note 13: Contingent Liabilities

As of March 31, 2013 and 2014, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
As guarantor of indebtedness of affiliates	¥ 105	¥ 121	\$ 1,179
As guarantor of indebtedness of employees	34	28	274
As guarantor of indebtedness of other	1	–	–
Total	¥ 141	¥ 149	\$ 1,453

Note 14: Research and Development Expenses

Research and development expenses charged to selling, general and administrative expenses for the years ended March 31, 2013 and 2014 were ¥1,817 million and ¥1,607 million (\$15,618 thousand), respectively.

Note 15: Retirement Benefit Plans

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 changes in accounting standard for retirement benefits for the year ended March 31, 2014, please refer to above Note 2 (l) Employees' retirement benefits.

(1) For the year ended March 31, 2013

(a) Funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet for employees' retirement benefits as of March 31, 2013:

	Millions of yen
	2013
Projected retirement benefit obligation (*)	¥ 2,544
Fair value of plan assets	(1,086)
Unrecognized actuarial loss	(106)
Prepaid pension cost	65
Accrued employees' retirement benefits	¥ 1,416

(*) Part of its consolidated subsidiaries determines the projected benefit obligation using the simplified method.

(b) Components of retirement benefit expenses for the year ended March 31, 2013:

	Millions of yen
	2013
Service cost	¥ 634
Interest cost	20
Expected return on plan assets	19
Other	1,232
Retirement benefits expenses	¥ 1,906

(c) Actuarial assumptions used for the year ended March 31, 2013:

Since part of its consolidated subsidiaries determine the projected benefit obligation by using the simplified method, no actuarial assumptions are used.

Part of its consolidated overseas subsidiaries determine the projected benefit obligation by the actuarial calculations, but actuarial assumptions are not disclosed due to insignificance.

(2) For the year ended March 31, 2014

(a) The reconciliation of defined benefit liability and defined benefit asset at beginning and end balances adopted for the simplified method as of March 31, 2014:

	Millions of yen		Thousands of U.S. dollars	
	2014	2014	2014	2014
Net defined benefit liability at beginning of the year	¥ 1,351	\$ 13,127		
Retirement benefits expenses	179	1,743		
Retirement benefits paid	(126)	(1,231)		
Contribution to the retirement benefit plans	(96)	(936)		
Actuarial gain/loss arising during the year	30	293		
Other	(42)	(408)		
Net defined benefit liability at end of the year	¥ 1,295	\$ 12,587		

(*) Defined benefit liability and defined benefit asset were netted in above table.

(b) The reconciliation of retirement benefit obligation, plan assets and net defined benefit liability and assets in the consolidated balance sheet as of March 31, 2014:

	Millions of yen		Thousands of U.S. dollars	
	2014	2014	2014	2014
Retirement benefit obligation of funded plans	¥ 900	\$ 8,750		
Plan assets	(788)	(7,657)		
	112	1,092		
Retirement benefit obligation of unfunded plans	1,183	11,494		
Net amount of liabilities after deducting assets in the consolidated balance sheets	1,295	12,587		
Net defined benefit liability	1,433	13,923		
Net defined benefit asset (*)	(137)	(1,336)		
Net amount of liabilities after deducting assets in the consolidated balance sheets	¥ 1,295	\$ 12,587		

(*) Net defined benefit asset was included in Investments and other assets, "other".

(c) Defined contribution pension plan for the year ended March 31, 2014:

Cash for defined contribution pension plan for the Company and its consolidated subsidiaries which includes Small and Medium Enterprises Retirement Allowance Mutual Aid was ¥1,722 million (\$16,736 thousand).

Note 16: Per Share Information

Net assets per share as of March 31, 2013 and 2014 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars	
	2013	2014	2014	2014
Net assets	¥ 125,320	¥ 136,846	\$ 1,329,643	
Net assets attributable to common stock	123,077	133,298	1,295,168	
Amounts excluded from net assets:				
Minority interest	2,243	3,548	34,475	
Number of common stock used for the calculation of net assets per share (in thousand)	285,913	285,859		

Net income per share for the years ended March 31, 2013 and 2014 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars	
	2013	2014	2014	2014
Net income	¥ 9,823	¥ 8,898	\$ 86,457	
Net income attributable to common stock	9,823	8,898	86,457	
Amounts not attributable to common shareholders	-	-	-	
Average number of common stock during the fiscal year (in thousand)	294,091	285,889		

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.

- Processed foods: Production, processing and sales of frozen cooked foods, agricultural processed foods, retort-pouch foods, wellness foods, acerola and packed ice
- Marine products: Processing and sales of marine products
- Meat and poultry products: Processing and sales of meat and poultry products, and breeding and sales of food chicken
- Logistics: Providing distribution/transportation service and distribution center function, logistics consulting, providing storage service, production and sales of ice, and construction work and planning
- 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, 2013 and 2014 were summarized as follows:

	Year ended March 31, 2013 (Millions of yen)									
	Reportable segment					Total	Other (*1)	Total	Adjustment	Consolidated
Processed foods	Marine products	Meat and poultry products	Logistics	Real estate						
Sales:										
External sales	¥ 183,718	¥ 63,438	¥ 74,068	¥ 142,229	¥ 3,644	¥ 467,099	¥ 3,026	¥ 470,126	¥ -	¥ 470,126
Intercompany sales and transfers	322	248	1,435	14,121	1,095	17,224	2,744	19,968	(19,968)	-
Total	184,041	63,686	75,504	156,350	4,740	484,324	5,770	490,094	(19,968)	470,126
Segment profit	6,030	70	524	8,562	2,285	17,474	431	17,905	26	17,932
Segment assets	85,810	24,304	15,835	131,455	17,817	275,223	3,778	279,001	18,901	297,903
Other items:										
Depreciation	3,831	74	186	8,784	780	13,656	93	13,750	552	14,302
Amortization of goodwill	91	-	-	73	-	165	-	165	-	165
Investments in equity method investees	567	83	166	1,426	-	2,243	-	2,243	929	3,172
Increase in property, plant and equipment and intangible assets	4,171	169	226	8,271	359	13,198	72	13,270	659	13,930
Outstanding balance of goodwill	1,529	-	-	1,131	-	2,660	-	2,660	-	2,660
Impairment loss on fixed assets	¥ 4,079	¥ -	¥ -	¥ 554	¥ -	¥ 4,633	¥ -	¥ 4,633	¥ -	¥ 4,633

	Year ended March 31, 2014 (Millions of yen)									
	Reportable segment					Total	Other (*2)	Total	Adjustment	Consolidated
Processed foods	Marine products	Meat and poultry products	Logistics	Real estate						
Sales:										
External sales	¥ 204,106	¥ 68,446	¥ 78,249	¥ 153,341	¥ 3,835	¥ 507,979	¥ 3,210	¥ 511,189	¥ -	¥ 511,189
Intercompany sales and transfers	321	201	1,863	15,020	1,189	18,596	493	19,090	(19,090)	-
Total	204,427	68,648	80,112	168,361	5,025	526,576	3,704	530,280	(19,090)	511,189
Segment profit	3,398	419	127	8,936	2,370	15,251	400	15,651	137	15,789
Segment assets	101,257	26,057	14,896	139,843	17,742	299,798	3,397	303,195	15,311	318,507
Other items:										
Depreciation	3,725	92	202	9,026	771	13,818	75	13,893	581	14,475
Amortization of goodwill	130	-	-	78	-	209	-	209	-	209
Investments in equity method investees	743	103	100	1,035	-	1,983	-	1,983	1,050	3,033
Increase in property, plant and equipment and intangible assets	10,734	111	393	11,966	807	24,014	125	24,140	637	24,777
Outstanding balance of goodwill	1,689	-	-	1,341	-	3,030	-	3,030	-	3,030
Impairment loss on fixed assets	¥ 72	¥ -	¥ -	¥ 136	¥ 197	¥ 405	¥ -	¥ 405	¥ -	¥ 405

	Year ended March 31, 2014 (Thousands of U.S. dollars)									
	Reportable segment					Total	Other (*2)	Total	Adjustment	Consolidated
Processed foods	Marine products	Meat and poultry products	Logistics	Real estate						
Sales:										
External sales	\$ 1,983,156	\$ 665,049	\$ 760,291	\$ 1,489,906	\$ 37,270	\$ 4,935,675	\$ 31,190	\$ 4,966,865	\$ -	\$ 4,966,865
Intercompany sales and transfers	3,122	1,958	18,105	145,945	11,559	180,691	4,799	185,491	(185,491)	-
Total	1,986,279	667,007	778,397	1,635,851	48,830	5,116,366	35,989	5,152,356	(185,491)	4,966,865
Segment profit	33,017	4,073	1,235	86,831	23,028	148,186	3,891	152,078	1,337	153,416
Segment assets	983,846	253,183	144,741	1,358,759	172,394	2,912,925	33,010	2,945,936	148,771	3,094,708
Other items:										
Depreciation	36,193	896	1,969	87,702	7,499	134,262	730	134,992	5,651	140,644
Amortization of goodwill	1,265	-	-	766	-	2,031	-	2,031	-	2,031
Investments in equity method investees	7,224	1,002	976	10,064	-	19,267	-	19,267	10,205	29,473
Increase in property, plant and equipment and intangible assets	104,302	1,087	3,827	116,270	7,847	233,334	1,218	234,553	6,194	240,747
Outstanding balance of goodwill	16,412	-	-	13,031	-	29,443	-	29,443	-	29,443
Impairment loss on fixed assets	\$ 700	\$ -	\$ -	\$ 1,323	\$ 1,916	\$ 3,941	\$ -	\$ 3,941	\$ -	\$ 3,941

Notes:

(*1) "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 for the year ended March 31, 2013.

(*2) "Other" represents operating segments not disclosed as reportable segments, which include biosciences business, human resource and payroll related services, tree planting management and cleaning services related to tree planting for the year ended March 31, 2014.

Investor Information

(As of March 31, 2014)

Head Office

Nichirei Higashi-Ginza Building
6-19-20 Tsukiji, Chuo-ku,
Tokyo 104-8402 Japan

Corporate Relations:
Tel : 81 (3) 3248-2167
Fax: 81 (3) 3248-2237

Website Address

<http://www.nichirei.co.jp/english/ir/index.html>

Established

December 1, 1945

Paid-in Capital

30,307 million yen

Number of Full-time Employees

12,970 (consolidated)

Stock Exchange Listing

Tokyo Stock Exchange (Code: 2871)

Common Stock

Authorized: 720,000,000 shares
Outstanding: 295,851,065 shares
(Treasury shares: 9,991,273 shares)

Number of Shareholders

24,373

Shareholder Register Administrator

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

Annual Meeting of Shareholders

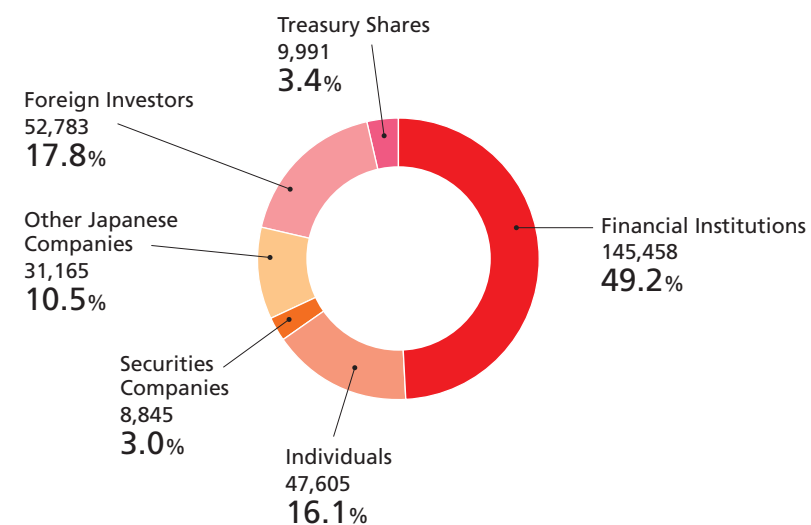
The annual meeting of shareholders
is normally held in June each year
in Tokyo, Japan

Independent Auditors

Ernst & Young Shin Nihon LLC

Composition of Shareholders

(Thousands of shares)



Overseas Network

Overseas Representative Offices

Nichirei Foods Inc.

Bangkok
Room 1601, Vanit Building, 1126/1 New
Petchburi Road, Bangkok 10400, Thailand
Tel: 66 (2) 253-9921

Ho Chi Minh City

61-63a Vo Van Tan St., Rm. 3a 3rd Floor,
District 3 Ho Chi Minh City,
The Socialist Republic of Vietnam
Tel: 84 (8) 3930-8082
Fax: 84 (8) 3930-8053

Nichirei Fresh Inc.

Ho Chi Minh City
61-63a Vo Van Tan St., Rm. 3a 3rd Floor,
District 3 Ho Chi Minh City,
The Socialist Republic of Vietnam
Tel: 84 (8) 3930-8051
Fax: 84 (8) 3930-8053

Dalian

Suite 804, Dalian Asia Pacific Finance
Centre, No. 55 Renmin Road, Zhong Shan
District, Dalian, Liaoning 116001, China
Tel: 86 (411) 8210-1569
Fax: 86 (411) 8210-1581

Bangkok

Room 1601, Vanit Building, 1126/1 New
Petchburi Road, Bangkok 10400, Thailand
Tel: 66 (2) 253-9921
Fax: 66 (2) 253-4271

Qingdao

6F, 618 Crowne Plaza Qingdao 76 Xiang
Gang Zhong Lu, Qingdao, China
Tel: 86 (532) 8578-1031
Fax: 86 (532) 8578-1041

Major Overseas Subsidiaries and Affiliates

Nichirei Foods Inc.

Nichirei do Brasil Agricola Ltda.
Avenida Governador Agamenon
Magalhaes, 4775 Empresarial Thomas
Edison, 3 andar, Salas 303/307 Ilha do
Leite, Recife/PE - Cep: 50070-160, Brazil
Tel: 55 (81) 2125-7410
Fax: 55 (81) 2125-7411

Nichirei Australia Pty. Ltd.

Suite 2, Level 6, South Tower, Chatswood
Central, 1-5 Railway Street, Chatswood,
NSW 2067, Australia
Tel: 61 (2) 9411-4277
Fax: 61 (2) 9411-4077

Nichirei Europe S.A.

Holland Office Center III Kruisweg 805B
2132 NG Hoofddorp, The Netherlands
Tel: 31 (23) 555-3553
Fax: 31 (23) 557-6162

Shandong Nichirei Foods Co., Ltd.

No. 60 Huangshan Road, Yantai Economic
& Technological Development Zone,
Shandong, 264006, China
Tel: 86 (535) 637-3847
Fax: 86 (535) 637-5141

Nichirei Enterprise Management Consulting (Shanghai) Co., Ltd.

Block C, Floor 3, Building 6, Kaixuanfang,
No.166 Kaixuan Road, Changning District,
Shanghai, China 200042
Tel: 86 (21) 6209-0800
Fax: 86 (21) 6209-0803

Nichirei Corporation Shanghai Ltd.

Block C, Floor 3, Building 6, Kaixuanfang,
No.166 Kaixuan Road, Changning District,
Shanghai, China 200042
Tel: 86 (21) 5272-7475
Fax: 86 (21) 5272-7468

Surapon Nichirei Foods Co., Ltd.

22/5 M004 Theparak Road, Bangpleeyai,
Bangplee, Samutprakarn 10540, Thailand
Tel: 66 (2) 757-4823
Fax: 66 (2) 757-5124

GFPT Nichirei (Thailand) Co., Ltd.

77 Mu 4, Hang Sung, Nong Yai,
ChonBuri 20190 Thailand
Tel: 66 (3) 893-2900
Fax: 66 (3) 893-2999

InnovAsian Cuisine Enterprises Inc.

18251 B Cascade Avenue South Tukwila,
WA 98188, U.S.A.
Tel: 1 (425) 251-3706
Fax: 1 (425) 251-1565

Ningbo Haitong Nichirei Foods., Ltd.

No. 528 Haitong Road Cixi,
Zhejiang P.C.315300, China
Tel: 86(574)6303-9988
Fax: 86(574)5899-0173

Nichirei Fresh Inc.

Nichirei U.S.A., LLC
2201 6th Avenue, Suite 1350 Seattle,
Washington 98121, U.S.A.
Tel: 1 (206) 448-7800
Fax: 1 (206) 443-5800

Amazonas Industrias Alimenticias S.A. - AMASA

Rod, Arthur Bernardes 7903, KM-14,
Bairro Pratinha (Distrito de Icoaraci)
Belem-Para-Brasil,
CEP: 66816-000
(Caixa Postal: 1121)
Tel: 55 (91) 3258-6900
Fax: 55 (91) 3258-6925

Nichirei Logistics Group Inc.

Nichirei Holding Holland B.V.
Abel Tasmanstraat 1, 3165 AM
Rotterdam, The Netherlands
Tel: 31 (10) 429-2699
Fax: 31 (10) 429-7903

Nichirei Holding Holland B.V.

Warszawa Office
Marynarska Point Phase II, nr lok. 345
ul.Postepu 15C 02-674 Warszawa, Poland
Tel: 48 (22) 381-6131

Eurofrigo B.V.

Abel Tasmanstraat 1, 3165 AM
Rotterdam, The Netherlands
Tel: 31 (10) 491-3100
Fax: 31 (10) 429-3251

Hiwa Rotterdam Port Cold Stores B.V.

Vierhavensstraat 20, 3029 BE Rotterdam,
The Netherlands
Tel: 31 (10) 244-5222
Fax: 31 (10) 476-8099

Thermottraffic Holland B.V.

Abel Tasmanstraat 1, 3165 AM
Rotterdam, The Netherlands
Tel: 31 (10) 428-2866
Fax: 31 (10) 429-6290

Thermottraffic GmbH

Im Industriegelaende 60-66, D-33775,
Vermold, Germany
Tel: 49 (54) 239-680
Fax: 49 (54) 2396-8294

Frigo Logistics Sp. z o.o.

ul. Fabryczna 4 88-400, Znin, Poland
Tel: 48 (52) 303-3600
Fax: 48 (52) 303-1179

Transports Godfroy S.A.S

27. Rue de L'avenir 14650 Carpiquet,
France
Tel: 33 (2) 31-71-13-13
Fax: 33 (2) 31-26-75-68

Entrepots Godfroy S.A.S

27. Rue de L'avenir 14650 Carpiquet,
France
Tel: 33 (2) 31-71-13-16
Fax: 33 (2) 31-26-99-40

Shanghai Fresh Line Express Co., Ltd.

8 Hao 3509 Nong, Hongmei Nanlu
Minhang-qu, Shanghai
Tel: 86 (21) 3350-5301
Fax: 86 (21) 5463-3273

Nichirei Logistics Group Inc., Shanghai Representative

Rm 806 Xiandai Guangchang, 1 Hao Lou,
369 Nong, Xiansialu, Changning-qu,
Shanghai
Tel: 86 (21) 5155-9909
Fax: 86 (21) 5155-9909