



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>

ANNUAL REVIEW 2015

Nichirei Corporation



ANNUAL REVIEW 2015

Year Ended March 31, 2015



Sustained Growth by Creating Customer Value



Printed in Japan



About Us Profile

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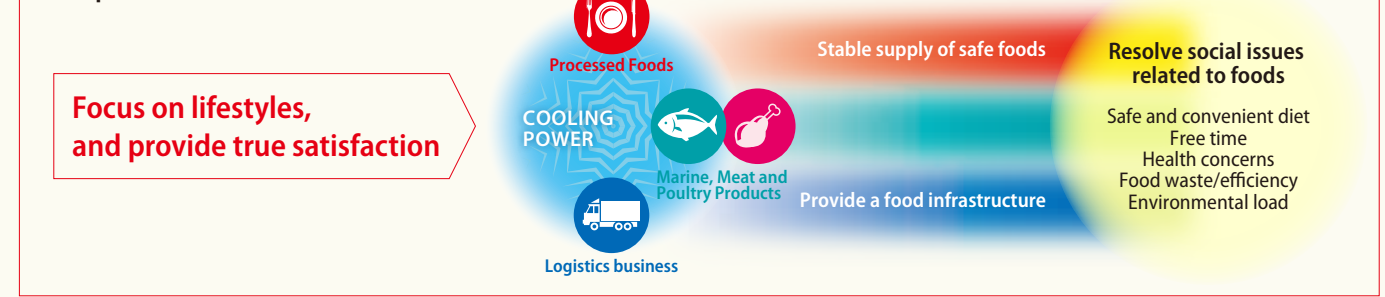
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Nichirei Corporation's mission since its founding has been to support food consumption in Japan.

Nichirei was founded in 1942 as Teikoku Marine Products Control Company, dealing in buying and selling of marine products, ice production, and refrigerated and frozen storage. In 1945, after World War II, the company became a joint-stock corporation under Japan's commercial code, changing its name to Nippon Reizo Co. Ltd. The company expanded its food-related businesses centered on "cooling power" (frozen foods). Nippon Reizo changed its name to Nichirei Corporation in 1985, and in 2005 transitioned to a holding company structure with five operating companies. (Nichirei Proserve Inc., a provider of shared business support services, merged with the company on April 1, 2013.) As of the end of March 2015, the Nichirei Group comprised 73 subsidiaries and 16 affiliates, with 13,551 employees.

The Nichirei Group's management philosophy is "Focus on lifestyles, and provide true satisfaction." Based on this principle, we have centered our business on "cooling power," ensuring a stable food supply through the processed foods, marine products, and meat and poultry products businesses, and maintaining the "food infrastructure" through the logistics business. These core businesses draw on Nichirei's particular strengths, and help to resolve the social issues related to foods.

Group Mission

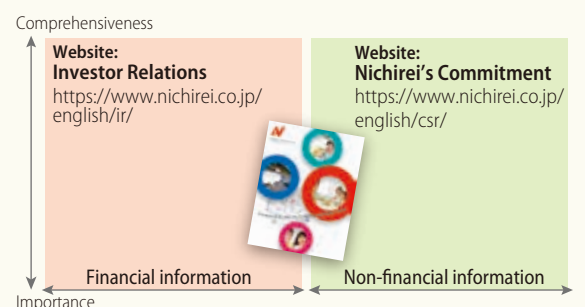


Editorial Policy

The Nichirei Group Annual Review 2015 presents in a concise and coherent manner the particularly important facts and figures from all available information on Nichirei's management strategies, business activities, performance results, sustainability-related activities, and management systems. Through the combination of this Annual Review and the corporate website, Nichirei strives for effective communication with shareholders and investors.

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 2014 to March 2015. The report also contains some content related to activities or events outside this time period.



About Us Nichirei 2015

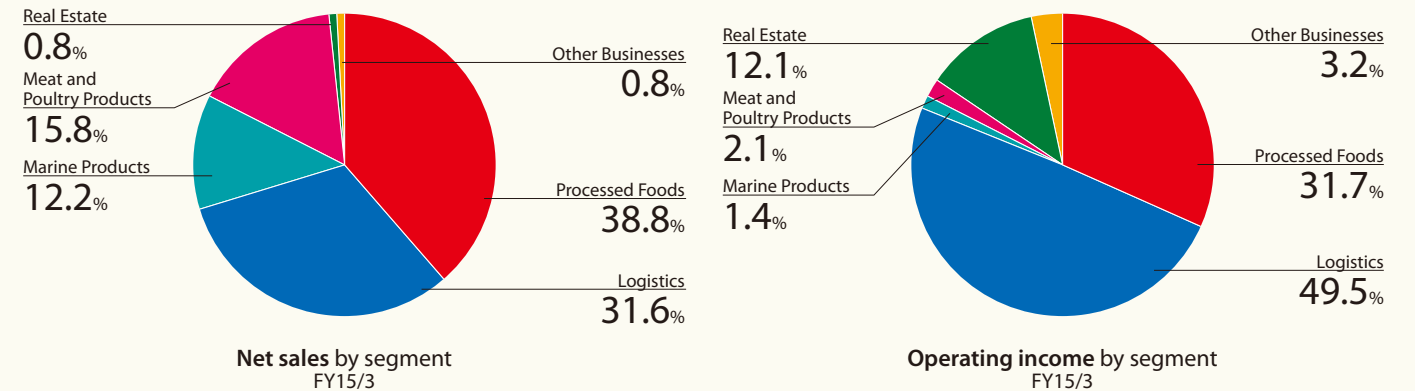


Diagram of holding company system (As of March 31, 2015)

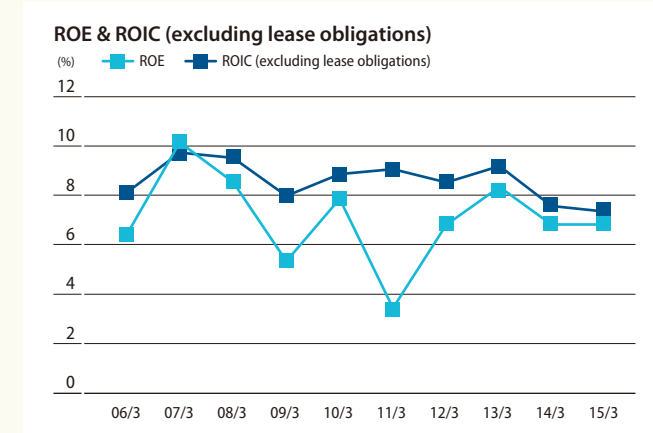
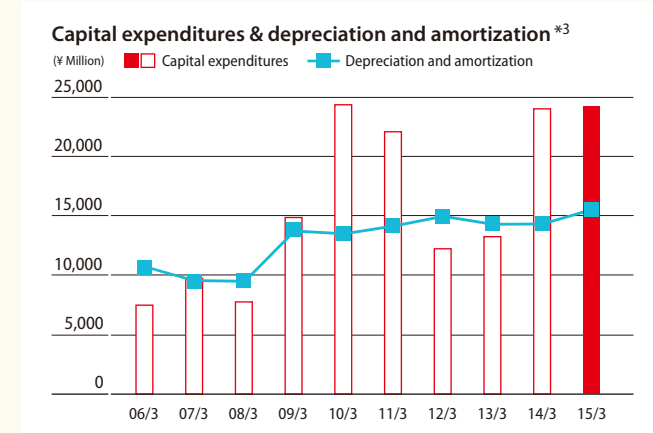
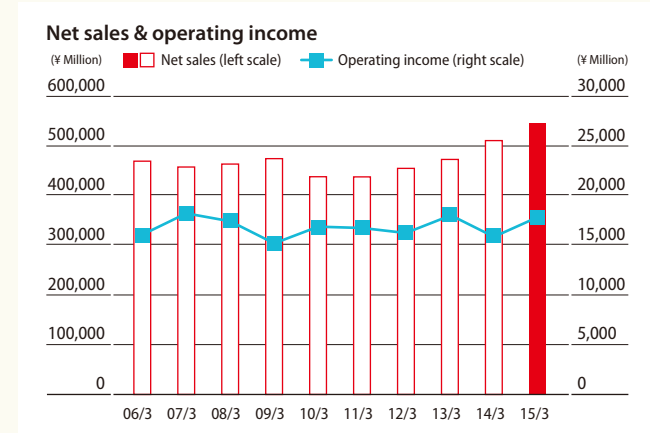


Diagram of holding company system (As of March 31, 2015)

Financial Highlights

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31

	FY06/3	FY07/3	FY08/3	FY09/3	FY10/3	FY11/3	FY12/3	FY13/3	FY14/3	FY15/3	Percent change FY15/3 / FY14/3	FY15/3
Income Statement Data (¥ Million)												
	Thousands of U.S. dollars											
Net sales	¥ 469,411	¥ 457,655	¥ 463,591	¥ 474,515	¥ 438,111	¥ 437,808	¥ 454,931	¥ 470,126	¥ 511,189	¥ 545,266	6.7%	\$ 4,533,690
Gross profit	91,577	88,799	89,794	87,328	87,957	87,365	86,918	91,473	93,261	99,086	6.2	823,863
Operating income	16,014	18,148	17,355	15,142	16,814	16,681	16,177	17,932	15,789	17,615	11.6	146,465
Income before income taxes and minority interests	13,138	19,200	16,472	11,362	14,380	8,860	14,225	13,601	15,357	16,080	4.7	133,705
Net income	6,293	10,845	9,623	6,020	9,064	4,044	7,904	9,823	8,898	9,701	9.0	80,666
Capital expenditures*2	7,496	9,751	7,770	14,883	24,385	22,110	12,248	13,171	24,041	24,171	0.5	200,977
R&D expenditures	2,042	2,034	2,050	2,191	1,986	1,806	1,697	1,817	1,607	1,730	7.6	14,385
Balance Sheet Data (¥ Million)												
	Thousands of U.S. dollars											
Total assets	¥ 268,501	¥ 269,166	¥ 257,812	¥ 287,296	¥ 277,496	¥ 284,562	¥ 290,537	¥ 297,903	¥ 318,507	¥ 341,860	7.3%	\$ 2,842,441
Total liabilities	165,246	156,094	141,323	174,096	154,802	166,813	171,837	172,582	181,660	188,259	3.6	1,565,310
Interest-bearing debt*3	86,209	72,971	66,138	87,904	60,920	72,479	74,833	75,403	85,718	87,313	1.9	725,975
Shareholders' equity*4	102,624	111,035	114,262	110,958	119,468	115,058	116,831	123,077	133,298	148,408	11.3	1,233,965
Cash Flows (¥ Million)												
	Thousands of U.S. dollars											
Cash flows from operating activities	¥ 23,883	¥ 22,431	¥ 20,290	¥ 15,282	¥ 33,345	¥ 17,274	¥ 19,915	¥ 23,525	¥ 11,073	¥ 27,803	151.1%	\$ 231,179
Cash flows from investing activities	3,663	-5,861	-6,443	-14,740	-13,555	-18,229	-12,422	-9,610	-17,650	-22,362	-	-185,938
Free cash flows	27,546	16,570	13,847	542	19,790	955	7,493	13,914	-6,576	5,441	-	45,241
Cash flows from financing activities	-27,559	-16,567	-13,919	16,085	-33,323	6,416	-7,583	-9,743	2,580	-6,098	-	-50,707
Per Share Data (¥)												
	U.S. dollars											
Net income – basic	¥ 19.83	¥ 34.97	¥ 31.04	¥ 19.42	¥ 29.24	¥ 13.08	¥ 26.35	¥ 33.40	¥ 31.12	¥ 33.94	9.1%	\$ 0.282
Cash dividends	9	8	8	9	9	9	9	10	10	10	-	0.083
Net assets	330.40	358.08	368.56	357.85	385.47	377.08	396.33	430.47	466.31	519.23	11.3	4.317
Financial Ratios (% , Times)												
Gross profit margin	19.5%	19.4%	19.4%	18.4%	20.1%	20.0%	19.1%	19.5%	18.2%	18.2%	-	-
Operating margin	3.4	4.0	3.7	3.2	3.8	3.8	3.6	3.8	3.1	3.2	-	-
Return on equity (ROE)	6.4	10.2	8.5	5.3	7.9	3.4	6.8	8.2	6.9	6.9	-	-
Debt-to-equity (Times)	0.84	0.66	0.58	0.79	0.51	0.63	0.64	0.61	0.64	0.59	-	-
Non Financial Data												
No. of employees*5	5,603	5,711	6,054	6,250	6,577	10,118	12,082	12,680	12,970	13,551	4.5%	
	Medium-term Management Plan (FY05/3-FY07/3)			Medium-term Management Plan (FY08/3-FY10/3)		Medium-term Management Plan (FY11/3-FY13/3)			Medium-term Management Plan (FY14/3-FY16/3)			



Notes:
 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥120.27=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2015.
 2. The figures for FY09/3 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 lease 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 FY11/3 was mainly due to the startup of GFPT Nichirei (Thailand) Co., Ltd.'s production plant.

Nichirei's Value Creation and Business Domains

Nichirei's core strength is its "cooling power," through which the group is involved in all aspects of the food value chain, from planning and developing of products to materials procurement, quality assurance, processing and manufacturing, sales, storage, and delivery. We are committed to uncompromising quality in each of these functions, and have supported Japan's food culture for more than 70 years.

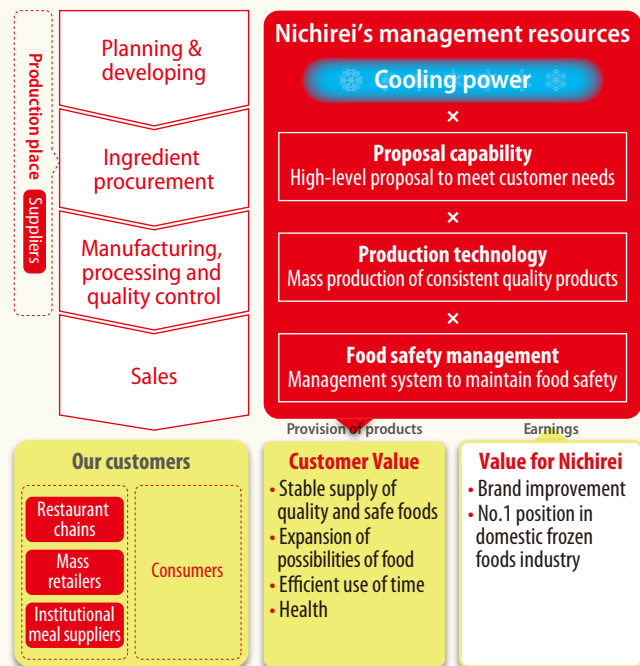
In 2005, in response to increasingly high-level consumer needs, Nichirei spun off its various businesses as separate operating companies, allowing them to focus on their specific areas independently. At the same time, the corporate group is able to combine the accumulated expertise of each company as necessary, such as for overseas business expansion. The capability of each operating company, together with their collective force, is the source of the Nichirei Group's overall strength.

Value Creation in Processed Foods

Ensuring a stable supply of safe food with services utilizing "cooling power," and mass production in uniform quality

The Processed Foods business develops and sells processed foods, mainly frozen food products. Approximately 60% of prepared frozen food sales are from commercial-use products used mainly by convenience stores and supermarkets, as well as restaurant chains and meal service providers. The remaining 40% is from household-use frozen foods, sold to consumers through major retailers.

At the manufacturing and processing stage, we emphasize production where major ingredients are procured in order to maximize ingredient quality. Nichirei is also capable of producing and supplying large volumes of uniform quality products, a particular requirement for commercial-use frozen foods supplied to major supermarket and convenience store chains. In addition, as a food producer we take seriously our responsibility for strict quality control in all processes. Ensuring a stable supply of safe and reliable foods made with high-quality ingredients is Nichirei's customer value.

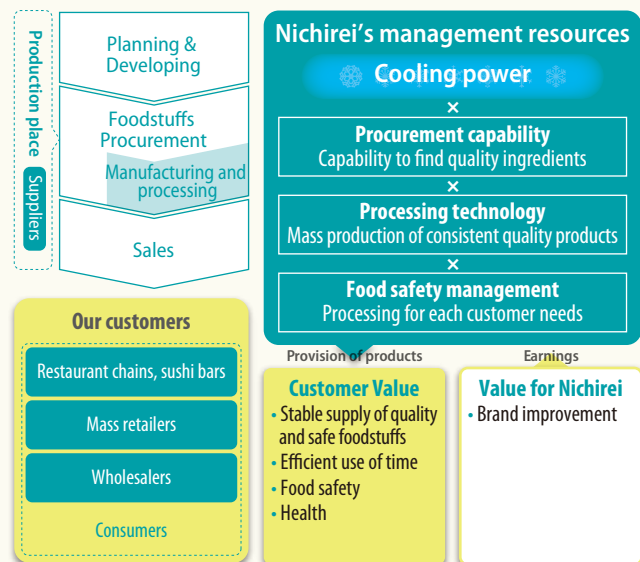


Value Creation in Marine, Meat and Poultry Products

Profitability through select ingredients and optimal processing

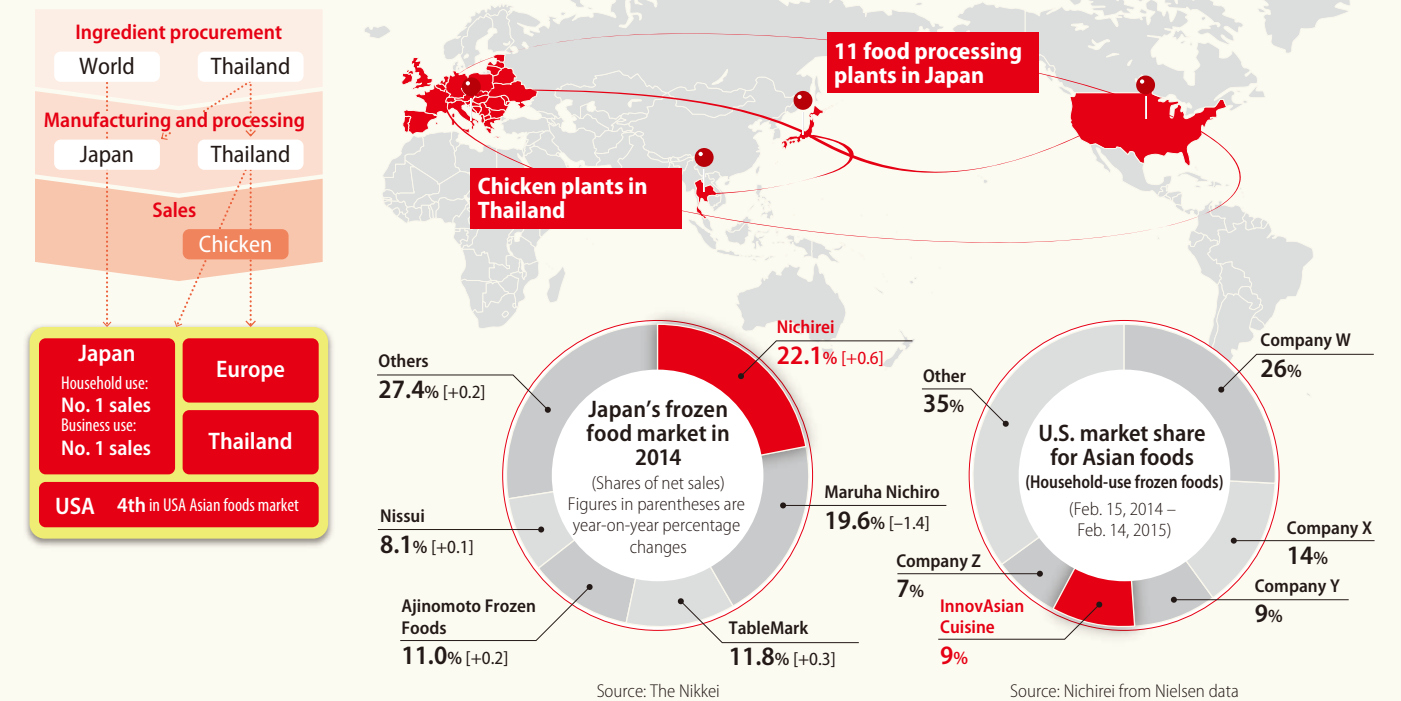
The Marine Products and Meat and Poultry Products business has knowledgeable and experienced personnel to handle every aspect of operations, from product planning and development to procurement, processing, and sales. We work with local producers and processing companies in Japan and overseas to procure high-quality food materials, which are then mildly processed and sold to processed food manufacturers, supermarkets, convenience stores, restaurant chains, and wholesalers. Nichirei differentiates itself from the competition by communicating with customers, and repeatedly refining trial products to develop those that perfectly match customer needs.

When procuring food materials, Nichirei also remains constantly mindful of environmental sustainability, habitat preservation, and biodiversity.



Production Base and Business Domain for Processed Foods

Major production bases in Japan and Thailand, market expansion from Japan to the U.S. and around the world



FOCUS Production Bases and Business Domain for Processed Foods

Thailand —Production and sales base for processed chicken products

Nichirei has eleven plants in Japan, though production of processed chicken products, one of our mainstay product categories, is mainly handled in Thailand.

Thailand is one of the world's biggest exporters of processed chicken products, with the production, processing, and sale of chicken supported at the national level. The country has become a major producer owing to its high level of self-sufficiency in feed, and the ability to secure diligent and nimble-fingered skilled workers.

GFPT Nichirei (Thailand), one of Nichirei's primary production bases, has its factory in Chon Buri. The company procures live chicken from GFPT, our joint venture partner, and handles the entire production process from slaughter to processing. This processing arrangement of high-quality food materials while fresh yields higher quality products.

The finished products from GFPT Nichirei (Thailand) are exported to Japan as well as to Europe, while certain parts of chicken are sold in the Thai domestic market. Sales to Europe have increased recently, mainly to the U.K., owing to the high level of quality control for processed chicken products, and a growing reputation for product originality and supply stability. As an indication of the high level of our quality control, Nichirei has received the highest grade of "A" in BRC Global Standards (certification by the British Retail Consortium), a food safety standard widely respected in Europe.

Going forward, through stable supply of processed chicken products from our production base in Thailand, we will aim to establish a dominant position within the industry in Japan, and actively expand sales to European countries. (P.21 Growth Strategies for Major Operations "Customer Value Creation in Processed Foods")

Japan's HMR Market —Growing Demand from Convenience Stores

Japan's home meal replacement (HMR) market (prepared foods purchased outside the home and brought home to consume) is an expanding segment of the commercial-use prepared frozen foods market. The proportion of sales to convenience store chains in particular has risen steadily each year.

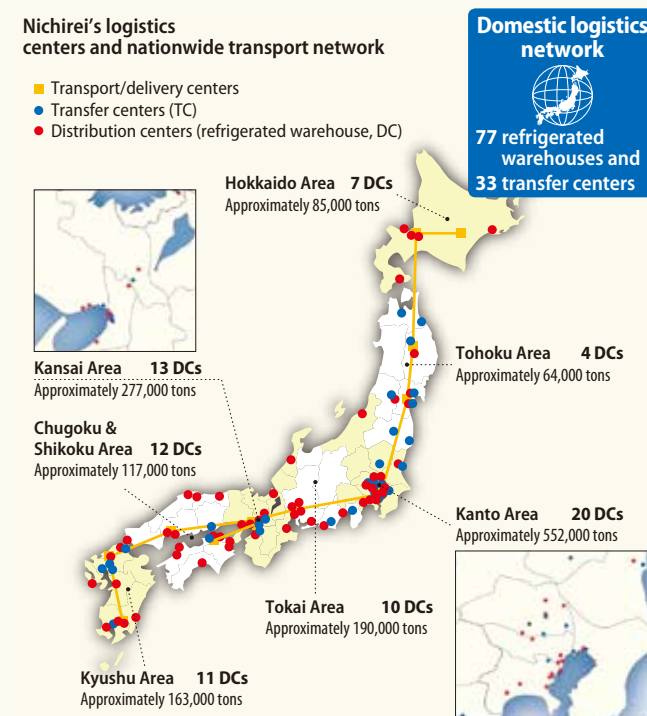
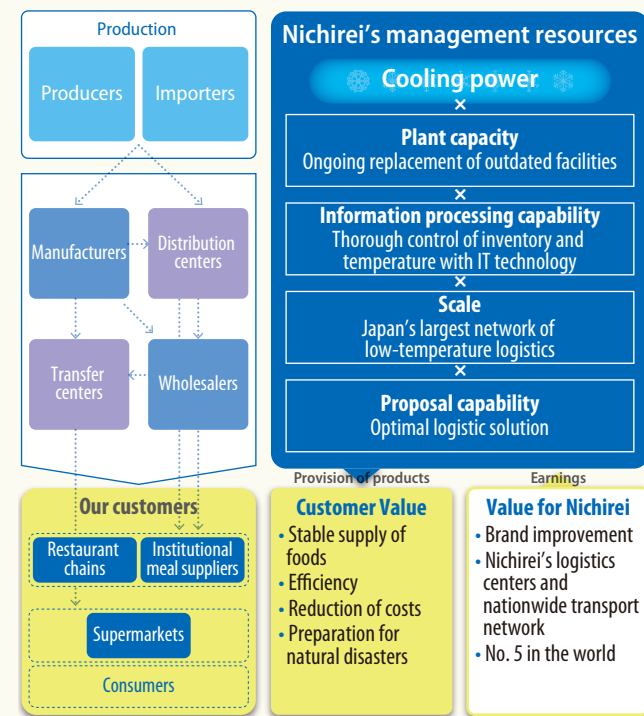
The expansion of the HMR market has led to growing demand for processed chicken products sold from food warmers placed next to registers in Japanese convenience stores. Floor space in these stores is limited, and it is difficult for them to secure sufficient cooking space, enhancing the appeal of frozen foods suited to simple preparation.

One of the important prerequisites for conducting business with convenience stores is the ability to provide large product volumes in uniform quality to all locations nationwide. Nichirei, centered on its mainstay production base in Thailand, utilizes its strength in producing large volumes of processed chicken products of uniform quality consistent with store operations, to expand its business with convenience stores.

U.S. Asian Foods Market —Driver for the Overseas Business

InnovAsian Cuisine, the U.S. company Nichirei acquired in 2012, has its strength in product planning and solutions from a perspective of American people to expand sales of frozen Asian foods in the United States. Sales of household-use frozen foods to major retail chains have been especially positive.

Value Creation in Logistics



Top share in Japan owing to the nation's most extensive temperature controlled distribution network, updated facilities, information processing capabilities, and logistics solutions

The Logistics business provides nationwide logistics services to deliver food materials and products to consumers, and ensure a stable supply of food. External contracts comprise 90% of sales, with customers including domestic and foreign producers and trading companies, wholesalers, retailers, and the restaurant industry. The principal market for us is Japan, but we are employing the expertise we've acquired domestically to develop the business in Europe and Asia.

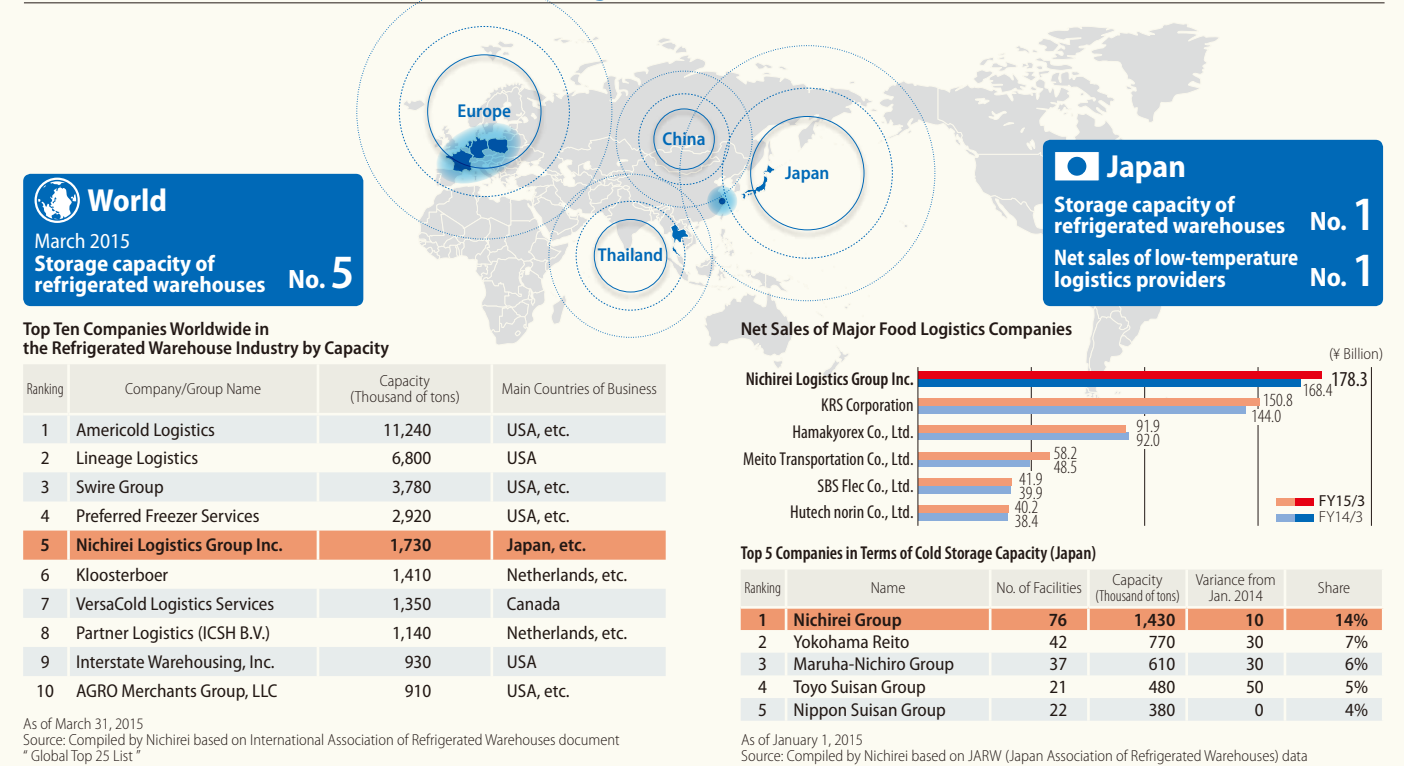
1 Japan's most extensive temperature controlled distribution network
Nichirei has refrigerated warehouses in areas throughout the country, along with the most extensive nationwide transport network. This gives us the ability to meet the distribution needs of a wide range of customers, from businesses with nationwide operations, to customers with a community focus. We currently conduct business with around 4,500 companies, large and small.

2 Advanced information processing system
Storage and transportation of foods at low temperature requires precise inventory management and the proper temperature controls for each product. Nichirei utilizes an advanced ICT system, ISO-certified quality controls, and thorough employee training to ensure an accurate grasp of inventory volumes and consistently safeguard quality and freshness.

3 Continually updated facilities
Nichirei continually updates its infrastructure in order to ensure that it can meet the constantly changing standards for logistics demanded by customers, and maintain the stable operations of refrigerated facilities. The latest facilities employ exceptional refrigeration performance, comprehensive security systems, and seismic isolation structures, while also lessening the environmental load through the use of an ammonia refrigerant with significantly lower ozone depletion potential (ODP). The refrigerant complies with restrictions on HCFCs to be enacted in 2020. Further, the Nichirei Group includes a maintenance company that regularly conducts detailed inspections, and allows us to quickly restore facilities in the event of a malfunction or disaster.

4 People who create logistics solutions
Nichirei personnel with expert knowledge and innovative ideas offer optimal logistics solutions to customers. One example is our proposal to a major retailer to improve distribution efficiency using transfer centers.
Nichirei continues to support Japan's food supply by capably utilizing its "cooling power" to store and distribute food while maintaining an advanced level of logistics quality. We are contributing to society by enhancing logistics efficiency for customers and eliminating food loss.

Business Domain and Market Position for Logistics



FOCUS

Japan —Capturing robust storage demand by strengthening storage capacity in the Tokyo and Osaka regions, where the supply-demand balance is tight

Market demand for temperature-controlled distribution in Japan is expected to be stagnant overall as the population shrinks. However, the population of major cities continues to increase, and the supply-demand balance for refrigerated warehouses remains tight in the Tokyo and Osaka regions where cargo accumulates. Further, the existing refrigerated warehouses are aging, and rebuilding them to comply with restrictions on HCFCs is a pressing matter. Since rebuilding of refrigerated warehouses may be feasible only by large operators who have enough financial strength, many small and mid-sized companies might withdraw from the business in the foreseeable future, resulting in continued tight demand in major urban areas. Taking these circumstances into consideration, Nichirei built new large refrigerated warehouses, one near Tokyo in 2013 and another in Osaka in 2014.

Europe —Expanding revenue in a harsh business environment

Nichirei acquired Eurofrigo B.V. in the Netherlands in the late 1980s, and has since expanded its European operations to Germany, Poland, and France. Rotterdam is the largest port in the EU, and Nichirei holds around a 40% share of its refrigerated warehouse capacity.

In Europe, Nichirei is expanding its transport business mainly at Thermotrafic GmbH in Germany, which handles deliveries to 46 countries. We are also utilizing the advantageous position of our storage companies in the major port of Rotterdam to accelerate growth even in a difficult business environment.

In 2014, Nichirei established a new distribution center in Lyon to expand transport operations in France and southern Europe. This new facility has further expanded use of Thermotrafic's cross-border distribution network within Europe, and we are seeking further growth.

Thailand —Establishing a base for expansion in Southeast Asia

The Nichirei Logistics Group established SCG Nichirei Logistics Co., Ltd., an equity-method affiliate in Thailand in 2013 as part of an effort for future growth. The company began transport operations in 2013, and has gained a solid reputation for its Japanese-style service emphasizing quality and accuracy. The refrigerated warehouse business began operations in November 2014, handling both cargo exported to Japan and domestically consumed goods.

The establishment of this new distribution base creates a distribution network linking Thailand, Europe, and Japan. Going forward, with this facility as a foundation, we will consider business expansion to other countries in Southeast Asia.

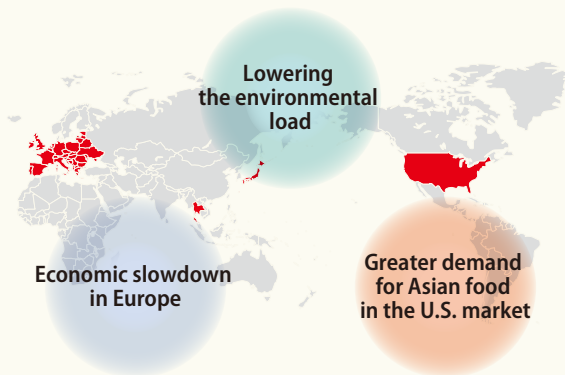
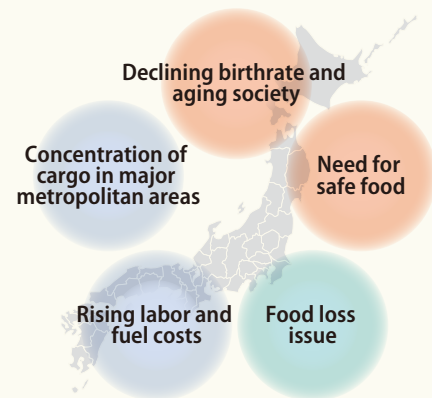
Changing Business Environment

Issues on Japan's Food-related Industries, Resulting from Changes in the Business Environment

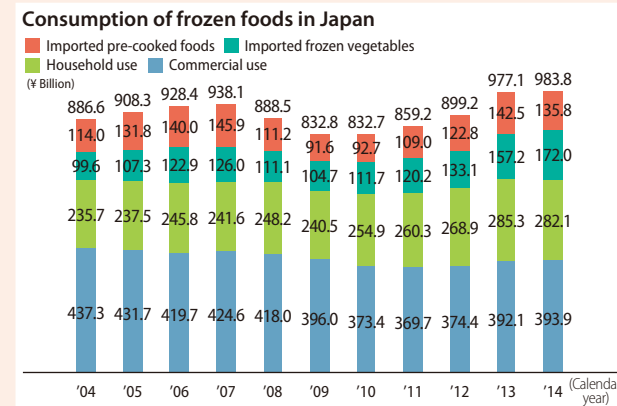
The business environment surrounding Japan's food culture is changing substantially. Demographic changes in Japan include a declining population, aging society, and an increase in the number of single-person and two-income households. In the temperature controlled distribution industry that supports the food supply infrastructure, earnings are being squeezed due to rising vehicle procurement costs stemming from a driver shortage.

In addition, incidents that shake public trust in the food supply seem to occur annually, and strengthening food defense structures has become an urgent matter. Further, the globalization in food procurement is advancing rapidly, and strengthening supply chains to ensure quality control in foreign-procured goods is a pressing issue.

Nichirei strives to cope appropriately with the issues and risks surrounding Japan's food consumption that arise amid the various changes in the external environment both domestically and overseas, as well as to recognize business opportunities in order to further enhance our value as a safe and reliable brand.



Trends in the Processed Foods Industry



Source: Compiled by Nichirei based on data from the Japan Frozen Food Association
 Note: The amounts of imports 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.

Japan

Demographic and social structure changes in the Japanese market

Japan is facing a declining birthrate and aging population. The population is forecast to decline by around 30% in the 50 years following its 2010 peak, and the market scale of the food-related business will also contract overall. At the same time, the social structure is changing, with more women entering the workforce, an increase in single-person households, and so on.

Rising costs for food material procurement and business operations

The Japanese yen has rapidly weakened since the transition to the current Abe administration in 2012, the result of monetary easing measures to counter deflation. The weaker yen has pushed up prices for imports and fuel.

U.S.

Expansion in the U.S. Asian foods market

The U.S. Asian foods market is spreading from a niche market for health-conscious, wealthy Americans to the general populace, and this growth is expected to continue.

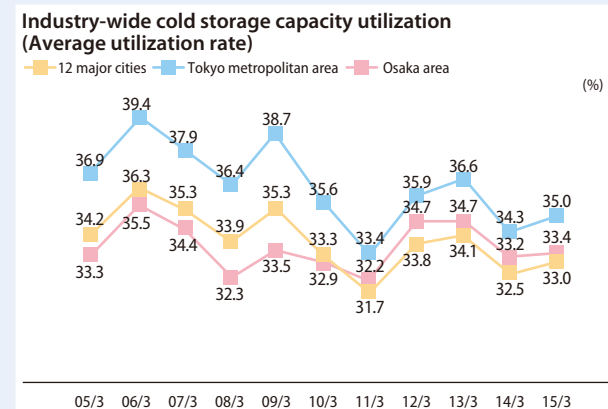
Impact on Nichirei

The contracting domestic market is a major risk, but the changes in the social structure mentioned in the above present opportunities for Nichirei to create new demand for frozen foods, since those changes encourage greater consumption of frozen food for household-use as well as home meal replacements.

The increase in food material and procurement costs due to the weak yen will have the greatest impact on Nichirei. In addition, we anticipate higher prices for grain and oil, and higher personnel costs overseas. These factors will squeeze earnings in food material imports in all businesses and overseas business development.

Nichirei's American subsidiary InnovAsian Cuisine, acquired in 2012, holds a strong position in the U.S. Asian foods market, with opportunities for further sales growth.

Trends in the Logistics Industry



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.

Japan

Concentration of freight in major urban areas

Freight in Japan is concentrated in the harbor districts of major urban areas such as Tokyo and Osaka, near the major consuming areas with large populations and where warehouse capacity is inadequate. Should Japan decide to join the Trans-Pacific Partnership (TPP), freight is likely to be further concentrated in major urban areas near import harbors with robust demand.

Rising operating costs

The Japanese yen has rapidly weakened since the transition to the current Abe administration in 2012, the result of monetary easing measures to counter deflation. The weaker yen has pushed up prices for imports and fuel.

Europe

European business environment

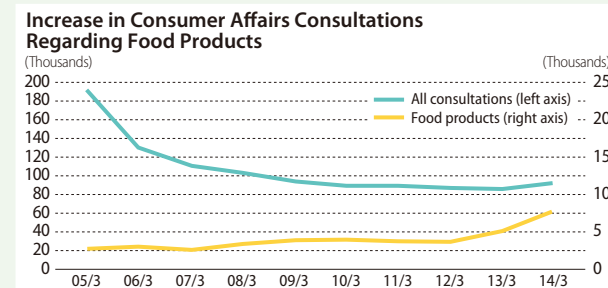
Economic recovery in Europe has been slow, with logistics customers continuing to reduce inventories and making severe demands for lower rates.

Nichirei has been actively investing in facilities in the Tokyo and Osaka regions, and has a strategic opportunity to capture the growing demand in these areas as freight is further concentrated. In addition, refrigerated warehouses across the industry are aging, and since Nichirei's facilities are of relatively low average age compared to the industry as a whole, and include modern facilities, our advantage in logistics quality offers a strategic opportunity.

In addition to higher electricity rates and fuel costs, rising transport costs due to restrictions on driver work hours has had adverse effects in terms of business operations.

Despite the difficult business environment, Nichirei will expand earnings mainly through acquiring new customers.

Changes in the Business Environment for Food in General



Source: 2014 Consumer White Paper
 Note: Consultation data recorded in PIO-NET system (through April 30, 2014)

Elevated consumer focus on food safety and reliability

Incidents of food mislabeling and contamination have raised concerns about the safety of processed foods. Stronger food defense and food safety structures are needed to regain consumer trust.

Demands to protect the environment and biodiversity, and for effective utilization of resources

Demands for environmental protection grow stronger by the day, including conservation of the global environment, effective utilization of resources, and preservation of biodiversity. Food loss in particular has become a major issue amid calls for effective use of limited resources.

Nichirei is confident that it can prevent major problems through ongoing measures for safety and quality that encompass both personnel and hardware, including consistent emphasis on dialogue between managers and employees, and installation of surveillance cameras.

Measures to benefit the environment and biodiversity require time, effort, and expense, but as a company that operates a business by procuring living things, we have a natural duty to contribute to the building of a sustainable society. Food loss is also an issue that Nichirei, as a company centered on freezing foods, must resolve.

Our Objectives

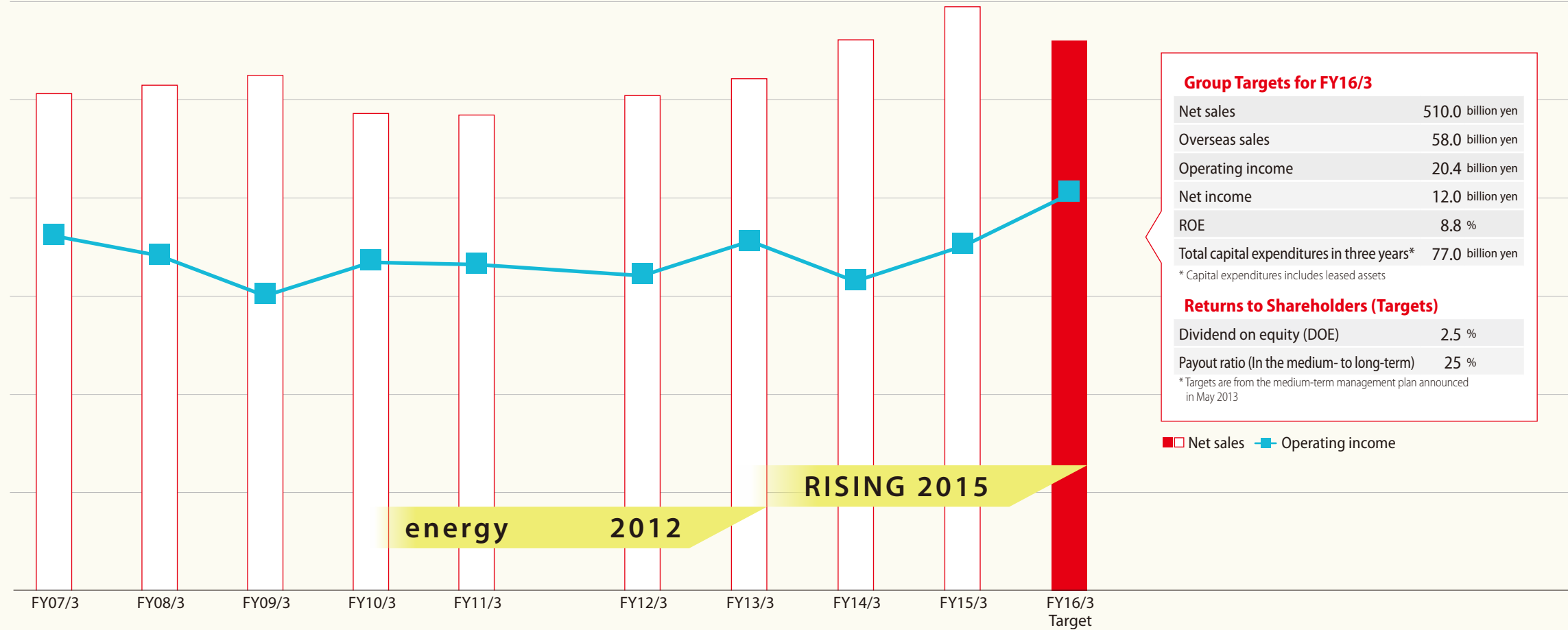
Medium-term Management Plan "RISING 2015" (FY14/3-16/3) and the "Six Areas of Responsibility"

Nichirei formulated the "RISING 2015" Medium-term Management Plan with the aim of achieving sustainable growth amid major changes in the business environment, including a rapidly aging society and globalization. The year ending March 2016 is the final year for this plan.

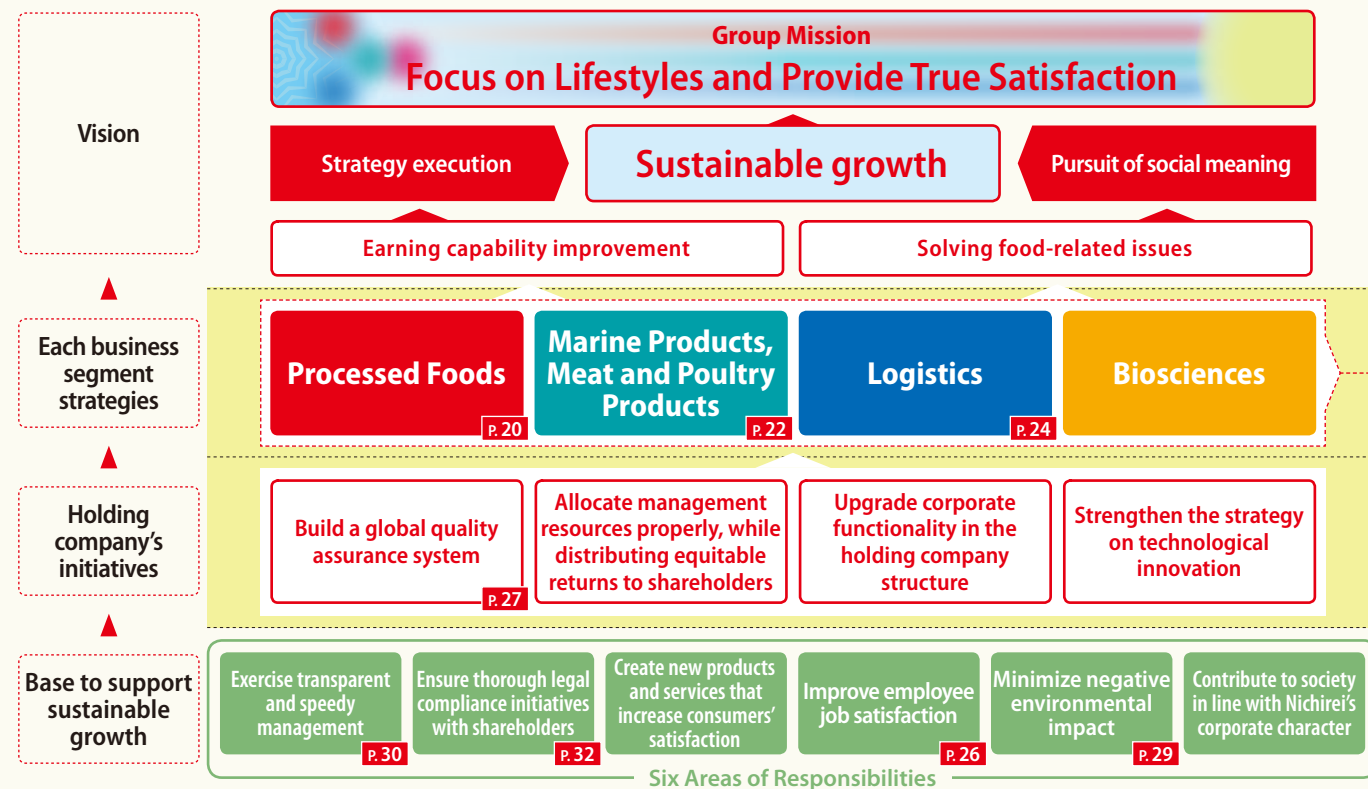
Basic Measures

- 1) Augment earnings capacity in Japan and overseas.
- 2) Build a global quality assurance system.
- 3) Allocate the Group's management resources appropriately, and maintain the policy of providing appropriate returns to shareholders.
- 4) Upgrade corporate functionality in the holding company structure.
- 5) Strengthen the strategy on technological innovation in response to major changes in social and economic circumstances.

Nichirei will steadily implement measures in each business area, and continue to provide complete satisfaction through fulfillment of the "six areas of responsibility." As a result, we will achieve sustainable growth, and enhance the corporate value of the Nichirei Group.



Roadmap for Sustainable Growth



Each business segment strategies

Processed Foods

- **Domestic:** Strengthen product supply and increase profitability by expanding production capacity at company-owned plants, and optimal arrangement of production lines.
- **Overseas:** Increase sales and expand business by strengthening ties with local partners.

Marine Products, Meat and Poultry Products

- Expand range of differentiated products
- Focus on optimally processed products

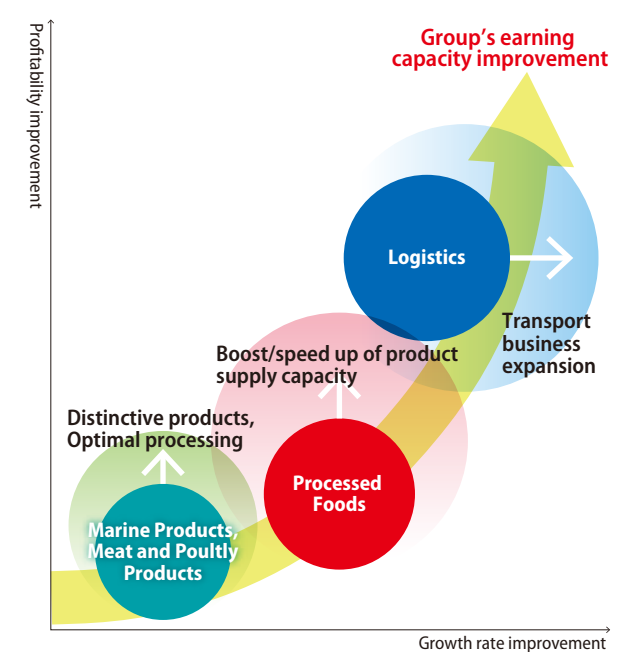
Logistics

- Capital investment centered on Tokyo and Kansai regions, capture increasingly concentrated logistics needs, and enhance efficiency.
- Restructuring for a full-fledged expansion of the transport business, including regions where Nichirei has been slow to capture transport demand.
- **Overseas:** Business expansion in Europe and Southeast Asia.

Biosciences

- Focus on histological stain products amid growth in the biomedicine field, seeking expansion to global markets.

Image of Nichirei Group's growth



Message to Our Shareholders



Toshiaki Murai
Representative Director and Chairman

Kunio Otani
Representative Director and President

The year ending March 2016 is a pivotal year for the Nichirei Group. It is the final year for the "RISING 2015" Medium-term Management Plan, while also marking the 70th anniversary of our founding, and 10 years since transitioning to a holding company structure.

The business climate has undergone constant change since the formulation of the RISING 2015 plan. The social structure of Japan continues to shift as a result of population decline and a rapidly aging society, raising the question of how we can turn these changes into opportunities for growth. As our overseas businesses develop, we need to remain abreast of the changes in overseas markets. It is also essential that we strengthen our global supply chain to ensure thorough quality control in overseas procurement from overseas operations.

At the same time, the Japanese government's economic revitalization strategies depend on companies achieving sustainable, long-term growth. While pursuing social significance, in order to fulfill our obligations to stakeholders and further enhance our earnings capabilities, we need to ensure management with a cross-divisional, more integrated perspective.

The Nichirei Group began as a company handling marine products, ice production, and temperature-controlled warehousing. Over these past 70 years we have maintained sustainable growth while creating new business models adapted to the times. This is the result of the continual, day-to-day efforts of all employees, based on our aspiration to contribute to the betterment of peoples' lives through products and services focused solely on foods. It is also the product of the corporate culture we have carefully nurtured in Nichirei's corporate DNA of the capability to rapidly adapt to change.

Building on this foundation of a capability to rapidly adapt to change, we will utilize to the fullest extent the Nichirei Group's strengths in product planning and development, food material procurement, and logistics planning, in an effort to expand our business in Japan as well as overseas markets. In addition, we will pursue measures to "create new customer value that only the Nichirei Group can provide," resolve issues related to eating habits in order to gain the trust of customers, and by doing so, achieve sustainable growth as well as enhance our earnings capacity. Thank you for your continued support of Nichirei.

July 2015

Toshiaki Murai
Representative Director and Chairman

Kunio Otani
Representative Director and President

President's Message

In the final year of the RISING 2015 plan, we aim to expand earnings capacity, achieve record high earnings, and further enhance our enterprise value.



Kunio Otani
Representative Director and President

FY15/3: Result and differences

(¥ Billions)	FY15/3		
	Result	Y o Y	Compared to Previous Forecast
		Difference	Difference
Net Sales	520.2	32.7	10.3
Processed Foods	194.2	13.5	0.6
Reference: Prior to the changeover*	219.3	14.8	-0.1
Marine Products	68.7	0.0	0.1
Meat and Poultry Products	89.5	9.4	6.5
Logistics	178.3	10.0	2.3
Operating Income	17.6	1.8	1.1
Processed Foods	5.6	2.2	0.1
Marine Products	0.2	-0.2	-0.3
Meat and Poultry Products	0.4	0.2	-0.1
Logistics	8.7	-0.2	0.5

* We have adopted a method of recognizing part of expenses (promotion expenses, etc.), which we bear for our clients to promote the sales of products, as "sales commission" or "promotion expenses" in "selling, general and administrative expenses;" when payment amounts are finalized after the sales of products. Effective from the fiscal year ending March 31, 2016, however, we plan to change to a new method in which such expenses will be deducted from net sales when sales are recorded.

Reflecting on the First Two Years of the RISING 2015 Plan

Progress in raising earnings has been slow, but we are steadily implementing measures

In the Processed Foods business, our principal measures are to increase revenue and earnings by strengthening the domestic production structure, and to expand overseas sales, mainly in U.S. operations. We made progress with both measures in line with the plan. For strengthening the domestic production structure, with the opening of the Funabashi No. 2 Plant in February 2014, we moved and consolidated production lines among company-owned plants. This has provided a more efficient line arrangement. In addition, expansion of the production lines for core household-use prepared foods has allowed us to meet demand we previously could not because of the lack of production capacity.

Overseas sales have greatly exceeded our plan, rising steadily at both InnovAsian Cuisine in the U.S. and GFPT Nichirei in Thailand.

Achievements and issues

Processed Foods

Achievements:
Strengthening of the domestic production structure progressing in line with the plan, led by the start of operations at the Funabashi No. 2 Plant.

Issues:
Slow response to the increase in material and purchasing costs due to the rapid depreciation in the yen.

Logistics

Achievements:
New refrigerated warehouses operating in the Tokyo and Osaka regions, low temperature logistics business launched in Thailand.

Issues:
Slow response to rises in electricity rates and transport/delivery costs.

At the same time, earnings have fallen short of plan, mainly due to the sharp increase in food material and purchasing costs since the first year of the plan, stemming from a weakening of the yen beyond our initial expectations. In response, we have made efforts to improve earnings, both self-help measures such as reducing costs through productivity improvements and revisions to food ingredients while maintaining product quality, and passing along price increases to customers. We expect the effects of cost increases due to the weak yen to continue during the year ending March 2016, and will maintain our efforts to improve profitability.

In the Logistics business, our principal measures are to expand domestic capacity in the Tokyo and Kansai regions, and overseas to strengthen business development in Europe and Southeast Asia. We have made progress with both of these measures as well in line with our plan.

In Japan, we have built large-scale refrigerated warehouses with around 40,000 tonnes of capacity in both the Tokyo and Osaka regions, allowing us to meet the robust demand for storage. Overseas, we launched a temperature-controlled logistics service in Thailand, taking a first step toward future business expansion in Southeast Asia. In Europe, we are increasing transport revenue by acquiring new customers.

While the business environment in Japan remains harsh as a result of increases in both electricity rates and transport/delivery costs, we will move ahead with further operational improvements and greater transport efficiency.

Major initiatives for FY16/3

Processed Foods

- (1) Increase sales of core products and improve production efficiency, utilizing the domestic production structure strengthened through the previous fiscal year.
- (2) Strengthen sales through convenience store channels, which have ample room for growth.
- (3) Expand Nichirei's share of the U.S. market for Asian foods, and increase sales of processed chicken products to Europe from Thailand.

Marine, Meat and Poultry Products

- (1) Continue to expand sales to the HMR market and restaurant chains, focusing on products optimally processed to meet customer needs.

Logistics

- (1) Capture demand for temperature-controlled logistics utilizing Nichirei's logistics hubs and transport/delivery network in Japan and abroad.
- (2) Seize robust storage demand centered on the Tokyo and Osaka regions.
- (3) Focus on expanding cross-border transport in Europe.

Initiatives for the year ending March 2016

In the final year of the RISING 2015 plan, we aim to make a concerted effort as a corporate group to achieve record high earnings.

The year ending March 2016 is the final year of the RISING 2015 medium-term management plan. We will thoroughly assess the progress we've made in the first two years in each business, and steadily implement measures during this final year aimed at achieving record high levels of operating income, ordinary income, and net income.

Processed Foods

In Japan, our priority is increasing profitability, while overseas we are working to expand sales. For household-use prepared foods, we are focusing on expanding sales of mainstay products, including rice-based products, for which production capacity was enlarged during the previous fiscal year. For commercial-use prepared foods, we are pursuing product strategies emphasizing profitability while strengthening sales of mainstay products. In addition, in response to rising demand for home meal replacement (HMR) items, we are strengthening sales to convenience store channels, which have ample room for growth. Overseas, in the U.S., we are focusing on expanding our market share in Asian foods through InnovAsian Cuisine, and in Thailand are increasing sales of processed chicken products to Europe through GFPT Nichirei (Thailand).

Forecast for FY16/3

(¥ Billions)	FY16/3			
	Forecast	Y o Y	Management Plan*2	Compared to Management Plan
		Difference		Difference
Net Sales	529.0	8.8	491.2	37.8
Processed Foods	204.0	9.8	184.2	19.8
Reference: Prior to the changeover*1	230.0	10.7	203.0	27.0
Marine Products	68.8	0.1	65.0	3.8
Meat and Poultry Products	84.0	-5.5	73.5	10.5
Logistics	183.7	5.4	179.0	4.7
Operating Income	18.7	1.1	20.4	-1.7
Processed Foods	6.5	0.9	8.2	-1.7
Marine Products	0.5	0.3	0.7	-0.2
Meat and Poultry Products	0.5	0.1	0.7	-0.2
Logistics	9.1	0.4	9.0	0.1

*1 We have adopted a method of recognizing part of expenses (promotion expenses, etc.), which we bear for our clients to promote the sales of products, as "sales commission" or "promotion expenses" in "selling, general and administrative expenses;" when payment amounts are finalized after the sales of products. Effective from the fiscal year ending March 31, 2016, however, we plan to change to a new method in which such expenses will be deducted from net sales when sales are recorded.

*2 Figures are FY3/16 forecasts announced in May 2015.

Marine, Meat and Poultry Products

In marine, meat, and poultry products, Nichirei is expanding the proportion of items with original, select ingredients, and is continuing to expand sales through HMR and restaurant channels to major supermarkets and restaurant chains, focusing on products optimally processed to meet customer needs. We are also strengthening ties between the Marine Products and Meat and Poultry Products businesses, concentrating on sales to priority customers.

Logistics

Nichirei aims to expand earnings by utilizing our logistics hubs and transport/delivery network in Japan and abroad to progressively capture demand for temperature-controlled logistics. In Japan we are steadily gaining a larger share of the robust demand for storage by utilizing the expanded capacity in the Tokyo and Osaka regions, including the Higashi-ogishima Phase 2 Building, and the Sakishima Distribution Center. At the same time, we are pursuing further operational improvements and greater transport efficiency in an effort to absorb rising costs including electricity fees and vehicle procurement costs. Overseas, we are continuing to focus on broadening cross-border transport in Europe, and increasing joint cargo shipments through new customer development.

Capital Investment in Core Businesses

We will steadily implement the investment plan to strengthen competitiveness and improve profitability.

The RISING 2015 plan calls for a total of ¥77.0 billion in capital expenditures over three years. Our forecast at present is ¥74.9 billion, basically in line with the plan. Capital expenditures are concentrated in Nichirei's core businesses of Processed Foods and Logistics.

For Processed Foods, along with the newly built Funabashi No. 2 Plant, we expanded production lines at existing plants for rice-based products, the mainstay category of household-use prepared foods. We also completed a fourth production line at GFPT Nichirei in Thailand.

For Logistics, along with the newly built Higashi-ogishima Phase 2 Building and Sakishima Distribution Center, we are currently rebuilding a portion of the Funabashi Distribution Center, and plan to commence operation in November 2015.

Overseas Business Development and Future Expansion

We are seeking further growth centered on Processed Foods in the U.S. and Thailand, and Logistics in Europe.

Overseas sales have continued to rise, and in the year ended March 2014 comprised more than 10% of revenue. The weak yen has provided a boost, but sales have steadily expanded on a local currency basis as well, and in the year ended March 2015, the second year of the RISING 2015 plan, we surpassed our target of ¥58.0 billion. We are expecting further growth in the final year of the plan.

Processed Foods

Nichirei subsidiary InnovAsian Cuisine is aiming to further expand its share of the U.S. Asian foods market by drawing on its strength in planning and developing frozen foods. In the year ending March 2016, we plan to increase sales of household-use products to major retail chains, and strengthen profitability by focusing on product-based revenue management.

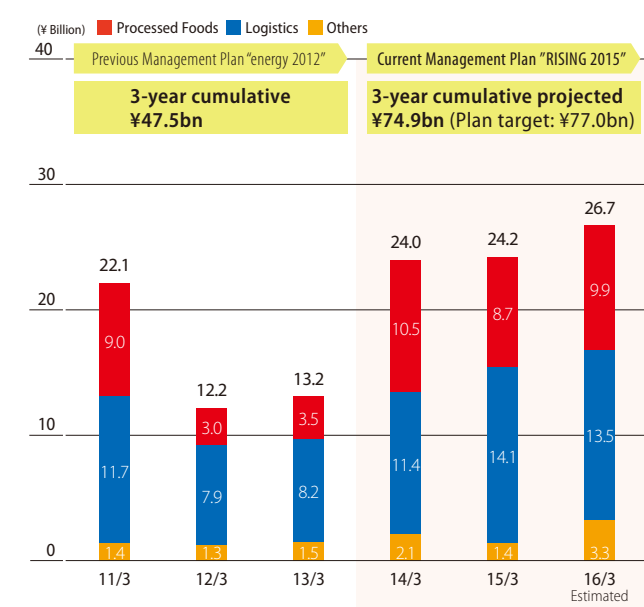
GFPT Nichirei in Thailand will continue to focus on increasing sales of processed chicken products to Europe. Nichirei products have a positive reputation for high quality, product originality, and stable supply, and sales are currently rising, particularly in the U.K. The fourth processing line was added in May 2015, which we expect to help further expand sales of processed products to Europe.

Logistics

In Europe, Nichirei has around a 40% share of the refrigerated warehouse capacity in Rotterdam, the largest port in the EU. We provide comprehensive logistics services including customs clearance, storage, and cross-border transport. Going forward, we plan to use this broad-based strength to enhance logistics functions in other major European ports, secure gateways for cargo, and successively expand the range of our comprehensive logistics service.

In the ASEAN region, with the launch of SCG Nichirei Logistics in Thailand in 2013, we plan to establish a unified international logistics structure linking Europe and Thailand, and Thailand and Japan.

Capital expenditures (including leased assets)



Note: Capital expenditures include investments in intangible fixed assets.

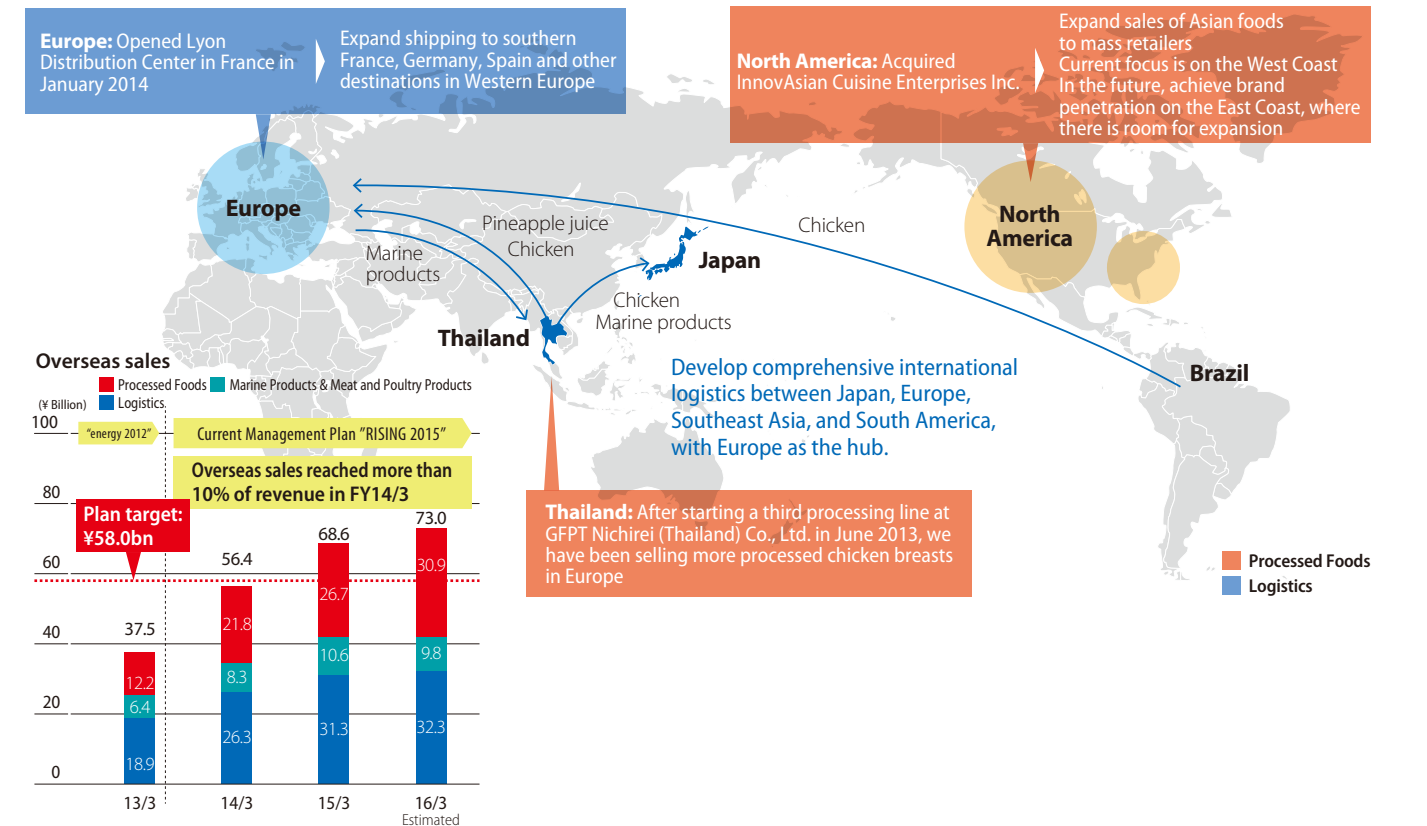


Overview of
The Sakishima Distribution Center (Nichirei Logistics Kansai)
Total investment (plan): Approx. ¥9.0 billion
Capacity: Approx. 40,000 tons
Start of operations: October 2014



Overview of
Funabashi No. 2 Plant (Nichirei Foods)
Total investment: Approx. ¥6.2 billion
(Land and construction, etc.)

Overseas business development



Value Creation Measures

We are addressing common issues, and supporting value creation for the corporate group.

Strengthening corporate functions within a sustainable structure is vital to providing value to customers and creating enterprise value for the Nichirei Group. We support the creation of enterprise value by identifying and working to resolve the management issues common to the entire corporate group.

Quality assurance structure and lessening the environmental load

Nichirei is responding to the demands of stakeholders by providing value in the form of food safety and a stable food supply. Along with food safety, we are also strengthening measures for food defense. By stepping up monitoring of operational assessment and guidance, we are enhancing the level of quality assurance and management for the entire corporate group. In addition, we are accelerating our media response and other aspects of crisis management, helping to foster trust in the company.

In environmental activities, we are furthering measures to reduce our environmental load to realize a low-carbon society, and strengthening measures to enhance enterprise value in the form of a lower environmental burden from our businesses, with the aim of gaining the trust of society.

Enhancing the value of the corporate brand

The Nichirei Group's communication message, particularly in Japan, is "creating savory moments." We conduct sustainable communication activities through various media and employees in order to enhance the value of the Nichirei brand.

Compliance with Japan's Corporate Governance Code

Nichirei continually pursues measures for sustainable growth and the creation of enterprise value over the medium to long term. In response to Japan's Corporate Governance Code adopted in June 2015, we are now preparing our position on the intent of the code, which will be announced in due course.



Further Enhancing Enterprise Value

We are improving capital efficiency, and emphasize a balance of shareholder returns with capital expenditures for the future

Nichirei's basic policy on financial strategy is to improve capital efficiency while maintaining financial soundness, and to distribute operating cash flow generated with a balance between capital expenditures for further growth and shareholder returns.

Under current conditions, meeting our targets for operating cash flow will be difficult mainly because of increases in working capital related to sales growth, but we plan to make capital expenditures for growth in the Processed Foods and Logistics businesses as scheduled. We will also pay a stable and continual dividend.

Basic approach to financial strategy

Nichirei favorably and securely procures capital necessary for business activities, with an emphasis on maintaining financial soundness. To achieve this, we have set standards of a debt/equity ratio of 0.8, debt redemption within five years, and a ratio of fixed assets to long term capital of 0.9 or lower. As a result, Nichirei currently maintains an issuer rating of single A flat. This allowed us to issue ¥10 billion in straight bonds in both years ended March 2014 and 2015, favorably and securely procuring capital necessary for capital expenditures during the current medium-term plan.

In terms of ROE*, our standard for capital efficiency, through profitability gains we have gradually raised this figure, from 7.3% in the year ended March 2014 to 7.6% in the year ended March 2015, and we are forecasting 8.4% in the year ending March 2016. We will not meet our business plan target of 8.8%, but we are gradually transitioning to a structure that generates earnings on a stable basis even in a harsh business environment. We have set a standard of 0.8 for the debt/equity ratio, and are maintaining an optimal capital structure while actively pursuing capital expenditures.

In terms of shareholder returns, Nichirei's basic policy is to pay a stable and continued dividend, with a target DOE of 2.5%. Of note, since the year ending March 2016 will mark Nichirei's 70th anniversary, we plan to pay a commemorative dividend of ¥2 per share, increasing the annual dividend to ¥12 per share. Regarding acquisition of treasury stock, our policy is to buy back shares when the proper opportunity arises, with consideration to a balance of efficiency, growth, and soundness.

During this final year of the RISING 2015 plan, by generating the type of new customer value that only the Nichirei Group can provide, we will seek to realize long-term growth for the corporate group, and enhance our enterprise value over the medium to long term. I would like to thank our shareholders for their continued understanding and support.

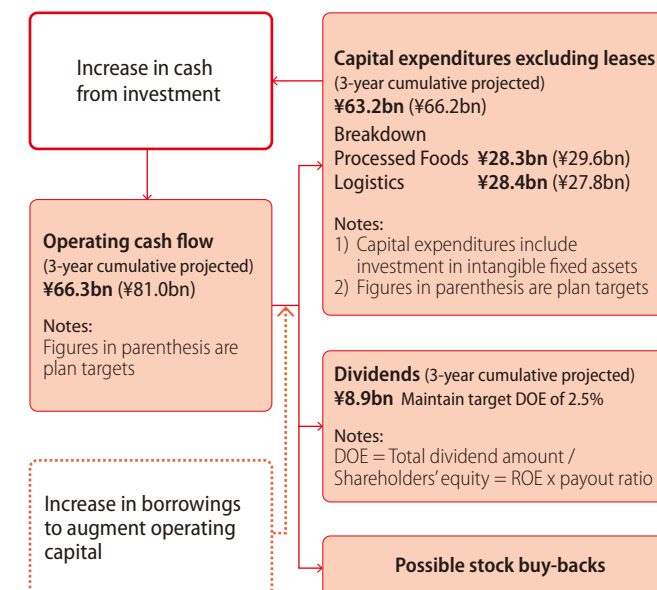
* ROE is defined here as net income to shareholders' equity, not including accumulated other comprehensive income or minority interests

Capital efficiency improved while maintaining financial soundness

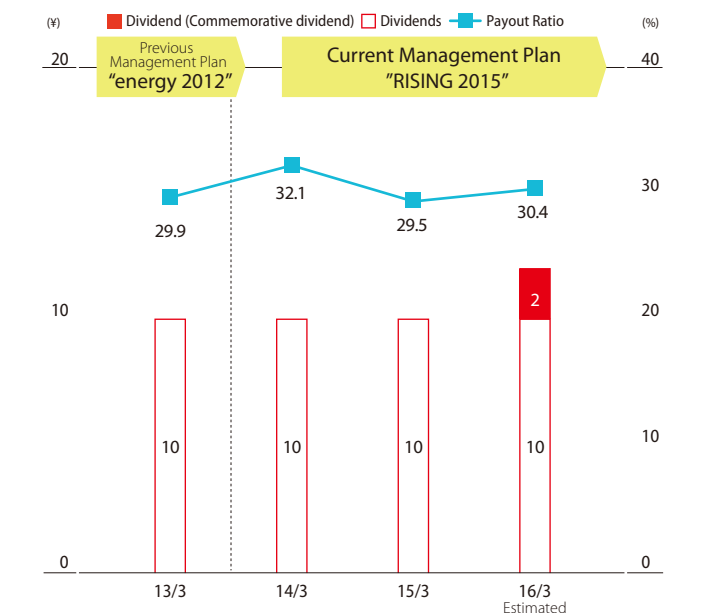
Financial strategies	Progress through FY15/3
1 Procure funds required for business as necessary in a favorable and steady manner (1) Maintain a sound financial condition; Maintain issuer rating A (Single A flat) Debt/equity ratio: 0.8 Years to debt redemption: Within 5 years Fixed assets to fixed liability ratio: Not exceeding 0.9	▶ Bond rating A (single A flat) maintained ▶ ¥10bn in ordinary corporate bonds (7yr) issued in FY14/3 and FY15/3 Necessary funds procured for capital expenditures in the current management plan
2 Capital efficiency (1) ROE (return on equity) target: 8.8% in FY16/3 (2) Curb cost of capital Optimal debt/equity ratio for capital structure: 0.8	▶ FY14/3 7.3%, FY15/3 7.6%, FY16/3 (E) 8.4% ROE rose on improvement in profitability ▶ Debt/equity ratio at around 0.8 Optimal capital structure maintained amid proactive capital expenditures
3 Shareholder returns (1) Consistent dividend payments as return of profits DOE 2.5% (payout ratio of 25% over the longer term) (2) Acquisition/retirement of treasury stock Sustain balance of efficiency, growth, and soundness	▶ Annual dividend of 10 yen per share maintained in FY14/3 and FY15/3 For FY16/3, we plan to pay a 70th anniversary commemorative dividend of 2 yen, for an annual dividend of 12 yen per share.

Note: In this page, ROE is defined as Net income to Shareholders' equity, which does not include Accumulated other comprehensive income or Minority interests.

Distribution of operating cash flow (3-year cumulative)



Dividends per share





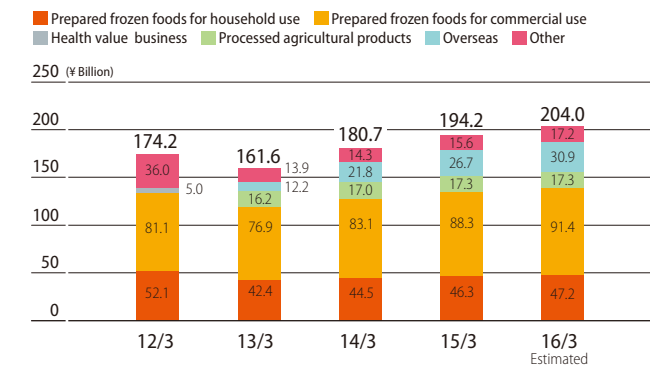
Processed Foods



In domestic operations, we are expanding sales of mainstay products, and improving profitability by building on the enhancements to production capacity made through the previous fiscal year. Overseas, we are aiming to expand sales in the U.S. market for Asian foods, and in Thailand to increase sales of processed chicken products to Europe.

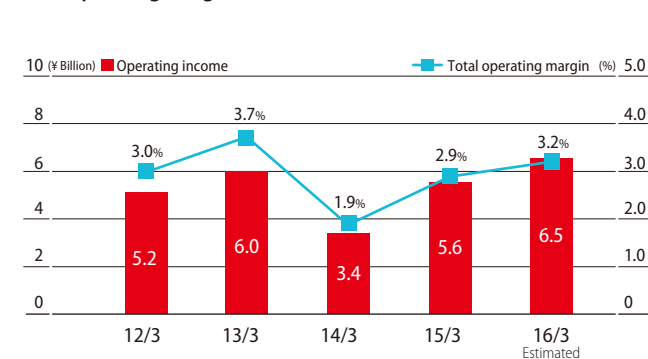
Yasuhiro Ikeda, President
Nichirei Foods Inc.

Net sales by sub-segment of Processed Foods



Note: Figures from FY13/3 reflect a change in the standards for recording sales. (Certain costs previously recorded as selling costs have been deducted from sales.)

Operating income & total operating margin of Processed Foods



Market and Industry Trends

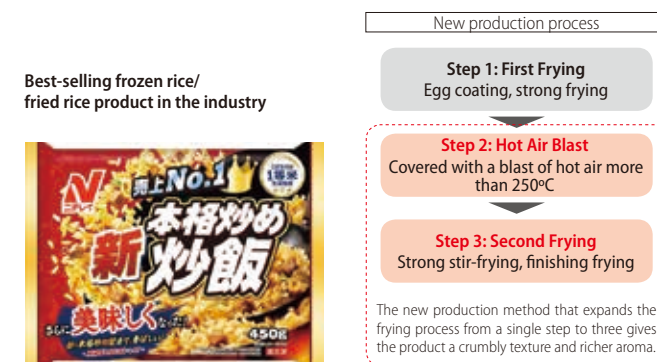
Processed foods manufacturers are raising prices in response to the weaker yen and higher raw material costs, while competition

for sales in the retail market is intensifying with the slow recovery in demand following the consumption tax hike.

Performance in the Year Ended March 2015

- We strengthened production capacity and enhanced efficiency with the launch of full-scale operations at the Funabashi Plant No. 2, and production upgrades at existing plants.
- The household-use market was down slightly from the previous fiscal year, but we increased revenues by focusing on expanding sales of mainstay products in the commercial-use market in response to steady growth for home meal replacement products, along with contributions from overseas subsidiaries.
- Earnings, despite the rise in food material and procurement costs stemming from the weak yen, increased mainly as a result of higher revenues, along with measures to absorb costs, including improved productivity and price revisions.

New Honkaku-itame Cha-han (Authentic Fried Rice)



Major Initiatives for the Year Ending March 2016 (Final Year of the "RISING 2015" Management Plan)

During the year ending March 2016, we will focus on increasing sales of mainstay products. In household-use prepared foods, our sales expansion will be mainly from rice-based products. Emphasizing profitability will be the key for commercial-use prepared foods. While we expect a continued rise in food ingredient and procurement costs as a result of the weak yen, we will aim to raise profitability in prepared frozen foods through the enhanced cost competitiveness realized from strengthening our domestic sales structure, including the investments in production capacity and line efficiency implemented in the year ended March 2015.

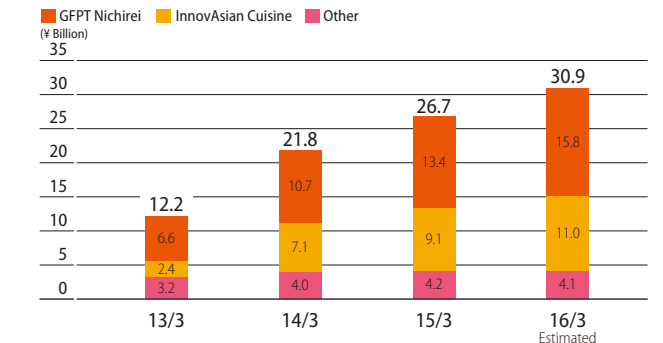
Overseas business

In the United States, we are aiming to expand our market share by taking advantage of InnovAsian Cuisine's product development expertise, along with sales capabilities to major volume retailers. At GFPT Nichirei in Thailand, we will expand sales to the U.K. and countries on the European continent, building on our reputation for exceptional quality control in processed chicken products, product originality, and stable supply. We plan to begin operations on the fourth production line from May 2015, and further expand sales of processed products to Europe.

Domestic business

We will strengthen sales to convenience store chains, a market segment with ample room for growth. In household-use prepared foods, we aim to expand sales of rice-based products centered on the renewed *Honkaku-itame Cha-han* (Authentic Fried Rice) made with brand-new production technology implemented with the full-scale operation of the production line for rice-based products, expanded at the beginning of 2015. We expect a continued rise in food ingredient and procurement costs as a result of the weak yen, but anticipate a continued benefit from the price revisions implemented in the previous fiscal year, along with a full-fledged cost effect from investments to strengthen the domestic production structure. In particular, relocation and consolidation of lines among company-owned plants for efficient line placement, along with mass production of mainstay products, mainly household-use prepared foods, will enhance productivity and lead to cost reductions.

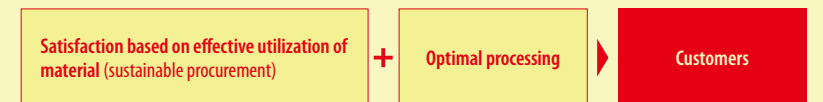
Overseas sales



Note: Processed Foods sales for FY13/3 reflect a half-year contribution from InnovAsian Cuisine.

Customer Value Creation in Processed Foods

Fully utilize all of the food material, and offer value-added products that meet the needs of each market.

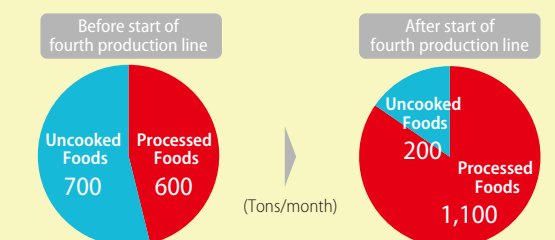


Nichirei established the subsidiary GFPT Nichirei (Thailand) in 2010, taking advantage of the high-quality chicken produced in the country to meet firm demand in Japan for processed chicken products. GFPT Nichirei processes live birds into food products at the factory site. However, effective utilization was an issue because of relatively low demand in Japan for parts other than thighs. Now, through successful sales channel development we are able to effectively utilize the entire bird, with processed breast meat sold mainly to Europe, and bones, innards and other inedible parts sold locally in Thailand.

In terms of environmental responsibility, the feathers and other waste generated in the production process are transported to a rendering facility (a plant that produces fertilizer, feed, and other materials from the byproducts of livestock processing) for processing as feed. This feed is a valuable recyclable resource, used for the cultivation of fish or shrimp.

Sales of processed chicken products to Europe has been particularly positive, and in 2011 Nichirei received the highest grade of "A" in BRC certification, a food safety standard from the British Retail Consortium. The start of operations on the fourth production line from May 2015 will resolve the issues with insufficient production capacity that we have faced over the last few years. Exports of high-value-added chicken products to Europe are contributing to earnings growth.

GFPT Nichirei's Production Volume for Europe (Broken down by processed and uncooked foods)





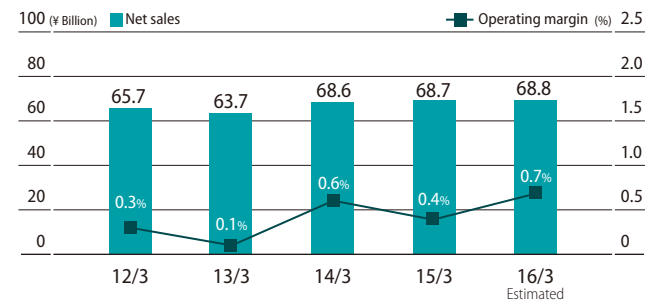
Marine Products, Meat and Poultry Products



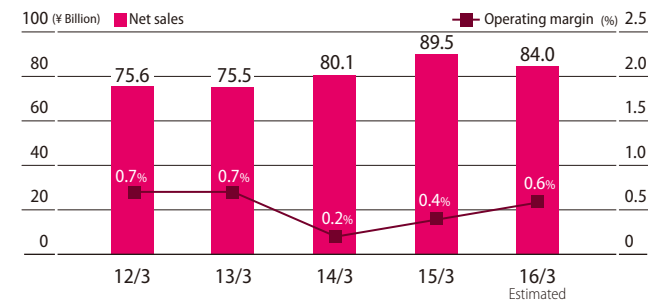
We are broadening our lineup of products with premium ingredients, and expanding sales of products optimally processed to meet customer needs, through restaurant and HMR channels where business is going well.

Yoshifumi Kaneko, President
 Nichirei Fresh Inc.

Net sales & operating margin of Marine Products



Net sales & operating margin of Meat and Poultry Products



Market and Industry Trends

Marine Products

Procurement costs for marine products are rising overall as a result of higher market prices in harvest areas, and the weaker yen. Domestic demand has been slow following the consumption tax hike and price increases, and securing profits remains difficult.

Performance in the Year Ended March 2015

Marine Products

Revenue was on a par with the previous fiscal year. Domestic consumption of shrimp was slow as prices have remained high, but exports of domestic harvests have risen on strong demand overseas.

Earnings were down on a decline in shrimp volume handled, despite efforts to provide optimally processed products to the home meal replacement (HMR) and restaurant industry.

Meat and Poultry Products

Pork and beef prices remain high as a result of rising purchasing costs stemming from the weak yen, along with supply shortages. In contrast, demand is rising for chicken, which is comparatively inexpensive.

Meat and Poultry Products

Revenue rose steadily despite the decline in consumption of high-priced pork, mainly as a result of securing sales to HMR and restaurant channels of mostly imported products, and sales of chicken on substitution demand.

Securing earnings from imports was a struggle due to a rise in purchasing costs, but earnings rose overall from a focus on domestically raised chicken, and higher sales prices for pork.

Major Initiatives for the Year Ending March 2016 (Final Year of the "RISING 2015" Management Plan)

During the year ending March 2016, we will expand sales to the restaurant and HMR industry of optimally processed products that meet customer needs. In addition, we will secure stable earnings through careful buying and selling, while paying attention to inventory turnover.

Sales growth centered on diversity

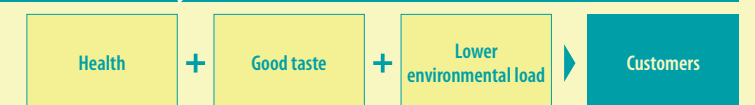
Nichirei is aiming for steady business expansion through diversity: diversity in trading partners, diversity in products, and diversity in food material profit improvement strategies. In addition, we are working to expand our lineup of distinctive, premium ingredient products, and to continue to expand sales through the restaurant and HMR channels. Further, we are strengthening ties between the Marine Products and the Meat and Poultry Products businesses, and focusing on sales to priority customers.

In the Marine Products business, we will maintain appropriate inventory levels through select buying and proactive sales activities. For processed seafood, we will focus on procurement methods and specification changes to counter rising purchasing costs due to the weak yen.

In the Meat and Poultry Products business, we will implement price revisions for processed products, and reduce selling costs through greater operational efficiency.

Customer Value Creation in Marine Products, and Meat and Poultry Products

Support healthy eating habits with "Omega Balance Pork/Beef"



Many people refrain from eating meat to help prevent lifestyle-related diseases caused by animal fat and cholesterol, but meat also contains the protein that is essential for a healthy body.

"Omega Balance Pork", developed by Nichirei in 2006 in collaboration with a U.S. meat distributor, is pork containing omega-6 and omega-3 fatty acids in an ideally balanced manner. Omega-3 is an essential fatty acid particularly important for the body. Pork is generally rich in omega-6 fatty acids with little omega-3, while a 4:1 balance is considered the ideal balance to maintain good health. Nichirei developed healthier "Omega Balance Pork" by mixing linseed oil into pig feed to enhance the ratio of omega-3 fatty acids.

"Omega Balance Pork" also has a low melting point of fat, giving a deliciously smooth taste that melts in the mouth.

"Omega Balance Beef", launched in 2012, helps to lessen the environmental load from cows by feeding them with fodder mixed with linseed, which suppresses methane emissions from the animals, one of the causes of global warming.

Linseed has attracted much attention recently as a health food, and sales of products combining health and good taste are rising in Japan, mainly through major supermarkets and restaurants. We are looking to expand sales overseas as well.

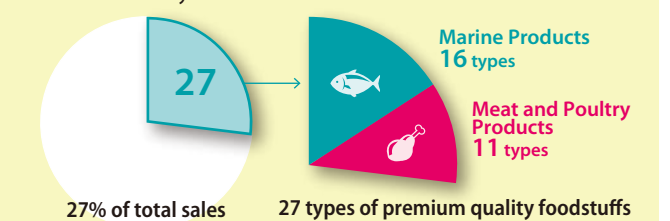
Sales composition of premium quality foodstuffs in Marine, Meat and Poultry Products businesses



Linseed



"Omega Balance Pork"



27% of total sales 27 types of premium quality foodstuffs

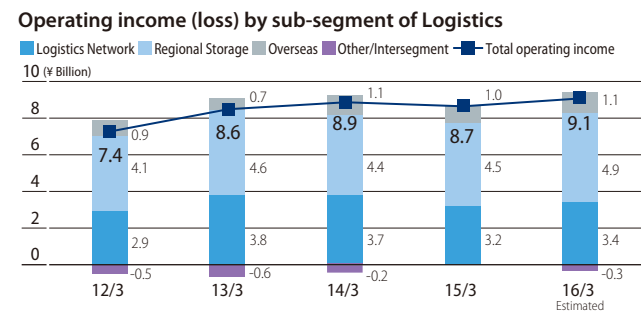
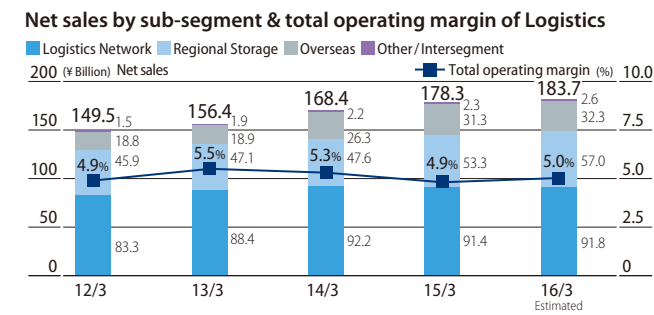


Logistics



In domestic operations, we are capturing robust demand based on our expanded facilities in the Tokyo and Osaka metropolitan areas. Overseas, we are increasing handling volume in the European region.

Hiroshi Matsuda, President
 Nichirei Logistics Group Inc.



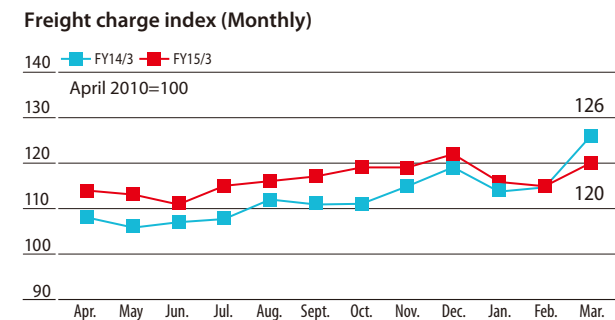
Market and Industry Trends

As domestic employment conditions continue to improve, the cold chain logistics industry is facing a shortage of drivers and other personnel.

The overall inventory rate is rising in the harbor districts of the major consuming areas of Tokyo and Osaka amid firm storage demand.

Performance in the Year Ended March 2015

We continued to invest in facilities in major metropolitan areas where logistics demand is firm, and focused on cargo booking. Revenue increased as a result of expanded business volume at transfer centers, along with contributions from the new facilities that began operations in the years ended March 2014 and 2015, and the overseas business. Earnings, however, declined on cost increases, including vehicle procurement expenses and electricity rates.



Source: Nichirei, from data published by the Japan Trucking Association
 Note: This index is for freight charges recorded on an ICT system of the Japan Trucking Association, and therefore does not represent changes in freight charges at Nichirei's Logistics Business.

Major Initiatives for the Year Ending March 2016 (Final Year of the "RISING 2015" Management Plan)

During the year ending March 2016, we will utilize our increased facility capacity in the Tokyo and Osaka metropolitan areas to steadily capture the robust demand for storage. We will also take steps to counter increases in vehicle procurement costs, electricity rates and other expenses with operational improvements and greater transport efficiency, aiming to expand sales and gain earnings. Overseas, we will continue to focus on expanding cross-border transport in Europe, and increase cargo bookings through new customer development.

Domestic business

We expect continued increases in operating costs for logistics centers in certain regions, due mainly to the driver shortage and rising electricity rates. Accordingly, we will further efforts for operational improvements and transport efficiency. Nichirei has logistics centers and delivery hubs in areas throughout Japan, providing us with a foundation to meet a wide range of logistics needs, from large-scale customers to locally focused businesses. Going forward, we will fully utilize our asset strength to offer ideas for distribution reform and high-quality operational management, in order to capture demand from increasing active restructuring in cold chain logistics. In the Tokyo and Osaka metropolitan areas, we plan to fully utilize our expanded facility capacity to steadily capture the solid demand for storage. In the transfer center business serving mainly retailers, chilled products are the main cargo handled, but going forward we will focus on expanding the business scope by pursuing orders for food distribution in all temperature zones, including frozen and dry cargoes.

Overseas business



In Europe, we will continue to focus on expanding cross-border transport. Nichirei has around a 40% share of the refrigerated warehouse capacity in the EU's largest port of Rotterdam, and provides a comprehensive logistics service package including customs clearance, storage, and cross-border transport. The business environment for the storage business remains harsh as a result of the decline in imports due to the weak euro, but we will expand cargo bookings through new customer development.

In Thailand and the ASEAN region, the start of operations at our new base allows Nichirei to provide an end-to-end logistics service, from storage and customs clearance, to transport and delivery. Going forward, we aim to provide a fully international logistics service that extends beyond low temperature distribution within Thailand to link Europe, Japan, and Southeast Asia.

Customer Value Creation in Logistics

Sakishima Distribution Center:
 Provide services to meet the changing times.

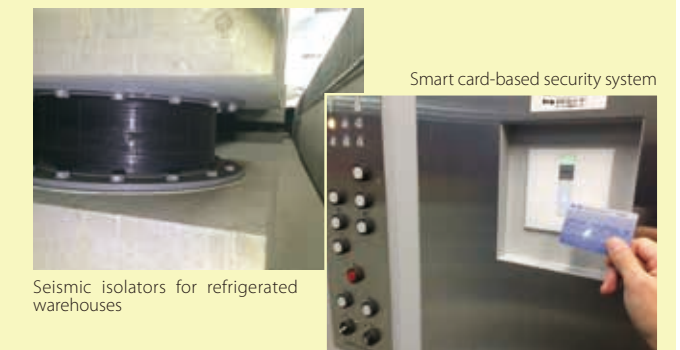


The chronic shortage of refrigerated warehouses in the Osaka port district has continued to leave customer needs unmet. In response, in October 2014, Nichirei built the Sakishima Distribution Center with 40,100 tonnes capacity, the largest in the Kansai area. The center has facilities for defrosting as well as freezing, allowing us to provide light processing services for clients, and to deliver defrosted food materials to the factory. Amid a harsh business environment, accurately grasping needs such as these leads to value-added services that help customers reduce costs and optimize distribution.

For environmental measures, the freezers use a natural refrigerant with less impact on global warming, and employ a highly energy-efficient freezing system. We have also installed LED lighting as an energy conservation measure.

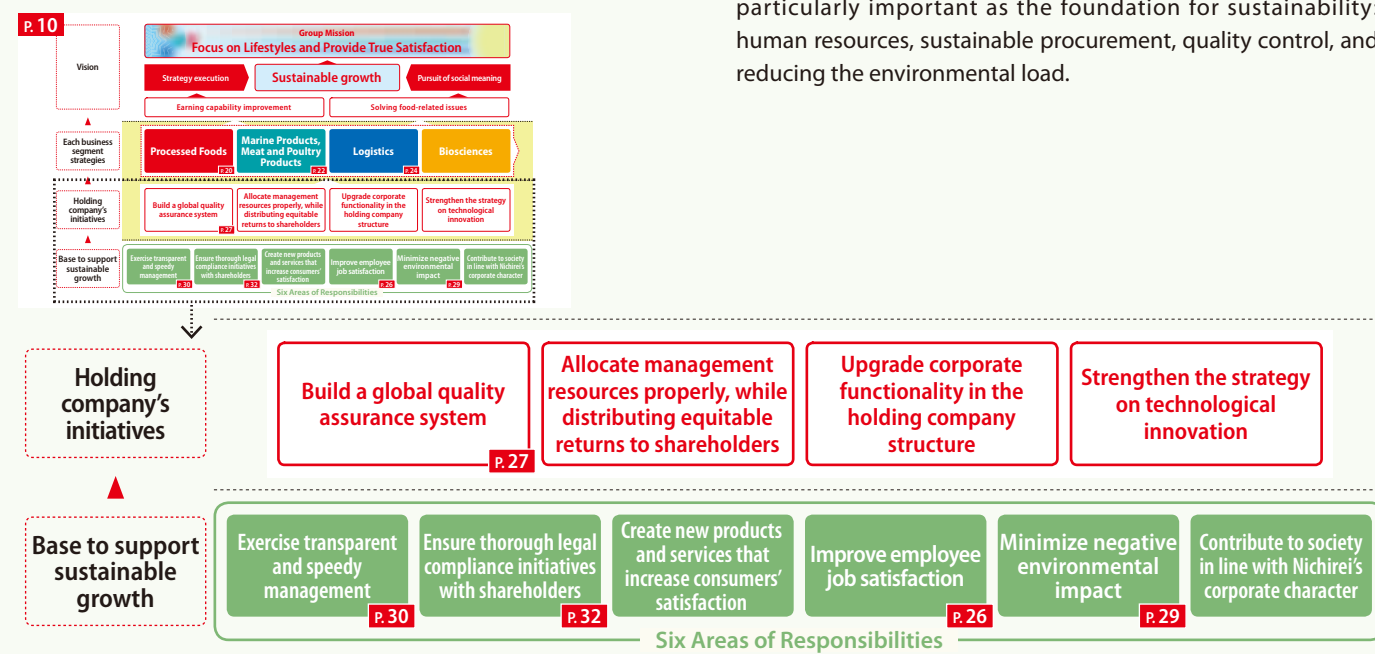
In terms of disaster preparedness, this refrigerated warehouse employs a seismic isolation structure. We have also installed generators to provide electricity in case of a power failure.

From the standpoint of food defense, we have installed a smart card-based security system, and established authorized-only areas with tightly restricted access.



Sustainability Measures

Nichirei has included five Group Strategies in its medium-term business plan, “Bolster the earnings capacity of individual group companies in Japan and overseas to achieve sustainable growth,” “Build a global quality assurance system,” “Allocate the Group’s management resources appropriately and continue to implement a policy of providing appropriate returns to shareholders,” “Upgrade corporate functionality in the holding company structure,” and “Strengthen the strategy on technological innovation in response to major changes in social and economic circumstances.” We have also established the “six areas of responsibility” as a foundation for sustainability, comprising



- 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; and
- 6) Contribute to society in line with Nichirei's corporate character.

The foundation for these principles is our corporate mission of “Focus on Lifestyles and Provide True Satisfaction.”

In this section we highlight Nichirei's initiatives in areas particularly important as the foundation for sustainability: human resources, sustainable procurement, quality control, and reducing the environmental load.

Responsible Procurement

As supply chains stretch around the world, it is essential to ensure quality and safety in all regions globally. Nichirei has included “establishment of a global assurance system” as one of the basic policies in its “RISING 2015” Medium-term Management Plan, and is further strengthening measures.

In order to fulfill our social responsibilities at the procurement stage, based on the support and cooperation of our trading partners, we require that suppliers comply with the following six conditions. We also verify priority areas during plant inspections, and have plants conduct self-checks utilizing a check sheet.

- Products supplied to Nichirei Foods meet proper standards for quality, price, and delivery period
- Respect for basic human rights, and earnest efforts to ensure the safety and health of workers
- Earnest efforts to provide environmentally responsible products and services
- Fair business practices, and compliance with laws and regulations
- Appropriate management of information, and earnest efforts to provide timely and appropriate disclosure on business activities
- As a corporate citizen, maintain a serious stance toward social contribution activities

Quality control for frozen vegetables

Frozen vegetables procured by Nichirei Foods in China are cultivated at designated farms that meet our internally established standards. Farming advisers regularly visit these

farms to ensure that they are being managed properly. We are particularly strict about the management of agricultural chemicals, including their selection, purchase, storage, and use. Harvested produce, after arriving at the processing plant, is packaged into products under a comprehensive system of quality controls covering selection, washing, processing, freezing, and inspection. To ensure quality, prior to final packaging the produce is tested for residual agricultural chemicals by a local inspection authority, and sanitary surveys are conducted in the inspection rooms of production plants at the time of shipment. Further, at the time of import the Nichirei Food Safety Research Center checks the produce again for residual chemicals and sanitary conditions to confirm safety. Products are also stamped with a control code, allowing the production of the produce to be traced back to the processing center and the particular field where it was grown (trace-back system).

Soil improvement initiatives

In addition to management of cultivation and agrichemicals, as well as the trace-back system, from a longer term perspective; Nichirei also makes efforts to improve soil. Soil amelioration softens the soil, which not only makes cultivation easier, but also promotes the healthy growth of plants even through germination after planting, prevents water puddles, and creates a favorable growing environment for roots. Produce cultivated this way is more resistant to disease, allowing less use of agrichemicals.

Nichirei will continue its steady efforts, conducted through close coordination with local producers, to provide environmentally friendly, delicious frozen vegetables.

Human Resources Initiatives

The true source of value in a corporation is its people. In the course of their daily work, if employees are able to gain a sense of fulfillment, growth, and solidarity, their job satisfaction increases. The result is that the company grows and prospers. Nichirei believes it is vital to establish this link between individual and organizational growth, and as a management policy has continually made earnest measures to create a workplace that allows employees to feel that their working life is meaningful.

Enhancing job satisfaction

The Nichirei Group, based on the belief that corporate growth is the sum total of individual employee growth, and with the aim of raising the motivation of front-line employees and creating a more dynamic organization, utilizes a PDCA (plan, do, check,

and action) program comprising a cycle of conducting surveys, analysis and feedback based on these surveys, identifying issues, formulation and implementation of remedial measures, and a follow-up survey to determine effectiveness.

Nichirei also actively utilizes women and older employees in order to broaden workplace diversity. We provide an environment that offers equal opportunity to all, and fairly evaluate each person based solely on individual drive and abilities.

Employees with concerns regarding their everyday duties are urged to return to the starting point of “maintain priority on customers, safety, and quality.” We also have adopted longstanding measures at each business company to deepen internal communication, including direct dialogue between employees and managers.

Diagram of corporate governance structure



Quality Control

P.26

Revised quality control provisions

The Nichirei Group is at its core a food company. Food is essential to sustain human life, and ensuring food safety and security should be the highest priority for any company dealing with food.

Nichirei has included “build a global quality assurance system” as one of the corporate strategies in its “RISING 2015” Medium-term Management Plan, and in the year ended March 2015 tightened its provisions for quality control. The main points of the revision are the additional food safety measures of “food defense” with controls against deliberate acts, and “food crisis management” to quickly convey information in times of emergency.

Nichirei’s previous food safety framework was a combination of HACCP system principles and a quality control management system. We have extended this system to include a framework to protect the food supply from deliberate acts, and a system to provide prompt and accurate information in the event of a crisis.

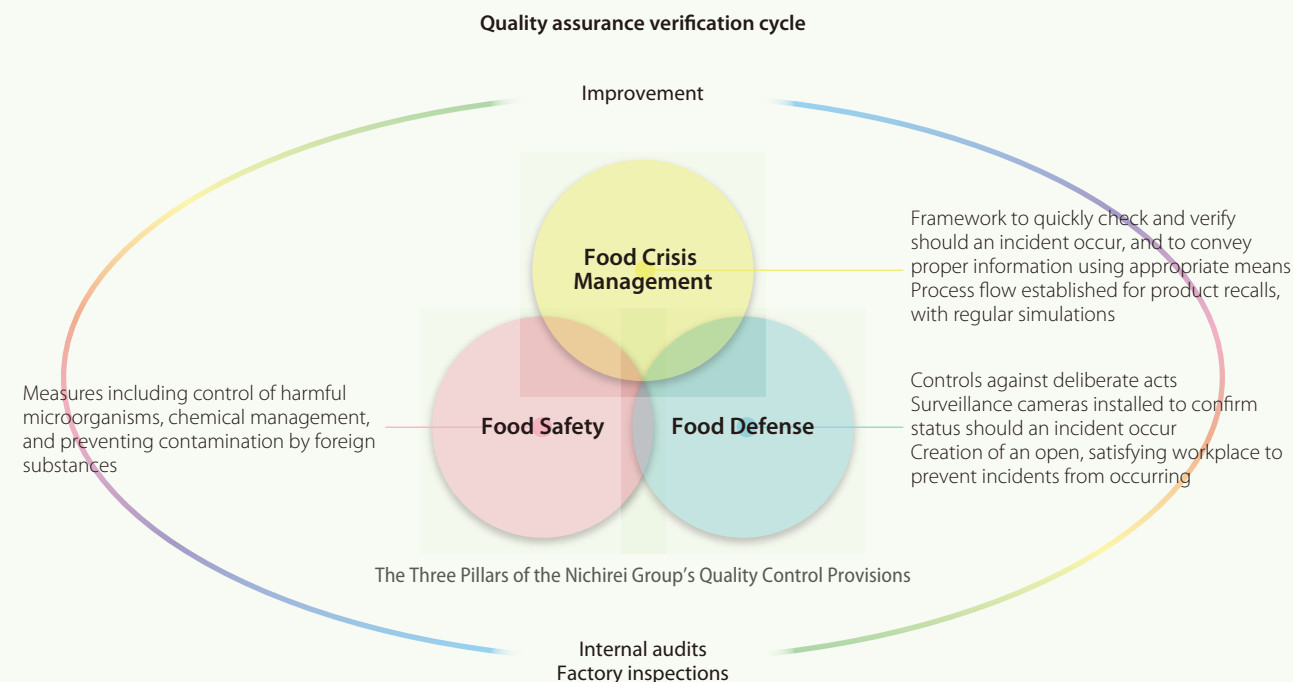
To ensure that these systems function effectively, we conduct evaluations at each production facility during plant inspections made in the course of the quality certification process. Improvements are urged to correct any deficiencies, in an effort to further raise the level of effectiveness.

Food safety and food defense frameworks

Nichirei considers managing the actions of people to be the best method to protect food, and has focused its efforts in this area. We have restricted access to food preparation areas to authorized personnel, and have put in place a system able to determine who was where, and when.

We have established a three-pronged approach by putting in place food safety and defense systems according to the nature of the products, and adding a framework to quickly check and verify should an incident of deliberate contamination occur, and to convey appropriate information.

We verify the effective functioning of this framework through internal audits of the quality management system and plant inspections, and urge improvements to correct any deficiencies in an effort to further raise the level of effectiveness.



Environmental Responsibility

P.26

A bountiful natural environment is the source of safe food. The Nichirei Group has established “minimize negative environmental impact” as one of its “six areas of responsibility,” and routinely implements everyday measures as part of its business activities to fulfill this responsibility.

- Priority 1: Mitigate climate change
- Priority 2: Promote sustainable resource circulation
- Priority 3: Coexistence with the natural world

Nichirei makes efforts to lessen the environmental load throughout the value chain in all its business activities. At the raw material procurement stage, we conduct sustainable business activities in harmony with regional areas, including consideration for the surrounding environment and ecosystem. We take steps to reduce CO₂ emissions at production sites through boiler fuel conversion at food plants, and joint shipments and modal shifts at cold chain distribution facilities. We are also converting refrigerated warehouses to use natural refrigerants. At the consumption stage, the volume of containers and packaging has been reduced, and we have also launched a program to support forest conservation activities based on sales of select household-use prepared frozen food products.

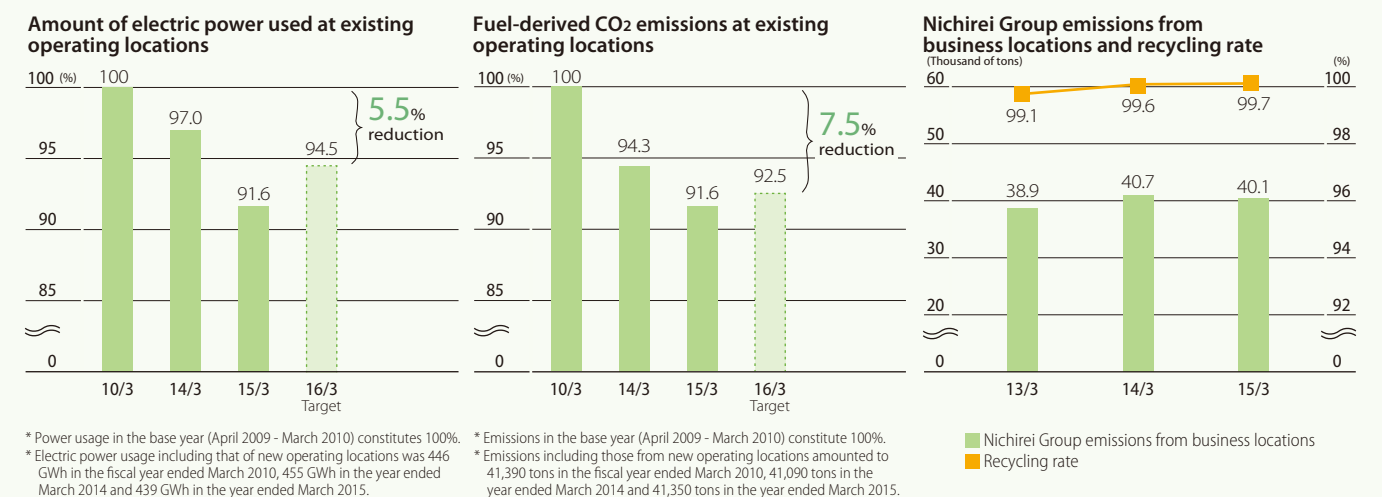
Nichirei’s current medium-term (three-year) environmental targets for the fiscal year ending March 2016 are a 5.5% reduction in electric power usage and a 7.5% reduction in fuel-derived CO₂ emissions compared to the fiscal year ended March 2010 levels, and to maintain a waste recycling rate of over 99%. We are currently making steady efforts to meet these targets.

FY16/3 Targets to Prevent Global Warming

- Electric power usage: **5.5% reduction** (compared to FY10/3)
- Fuel-derived CO₂ emissions: **7.5% reduction** (compared to FY10/3)

* Energy used at domestic business locations and in company-owned vehicles
 * Compared to business locations in continual operation since 2009 (excluding variations due to closures or new facilities)

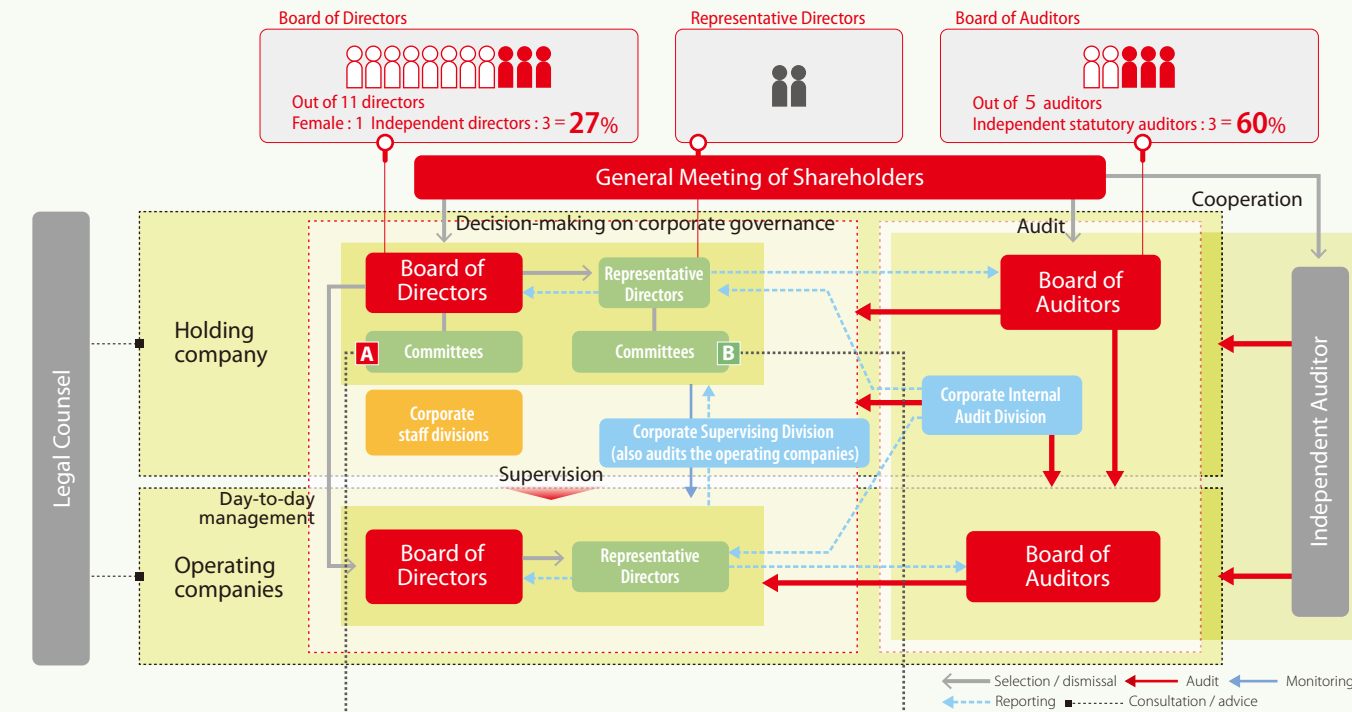
- Promote sustainable resource circulation
- Achieve and maintain a 99% recycling rate for waste generated from food processing plants and logistics centers



Governance structure (As per the General Meeting of Shareholders on June 24, 2015)

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 2015	Number of meetings: 20 Attendance rate for independent directors: 98%; Attendance rate for independent statutory auditors: 95%
Number of meetings of the Board of Auditors in the fiscal year ended March 2015	Number of meetings: 16 Attendance rate for independent statutory auditors: 98%
Independent Auditor	Ernst & Young ShinNihon LLC

Diagram of corporate governance structure



Committees

A	Committee name	Chairperson	Members	Meeting schedule
	Group Human Resources Committee	President	Designated by the Board of Directors	Twice yearly plus as needed
	Group Risk Management Committee	President	Designated by the Board of Directors	Twice yearly plus as needed
	Group Environmental Protection Committee	President	Designated by the Board of Directors	Twice yearly plus as needed
	Group Quality Assurance Committee	President	Designated by the Board of Directors	Twice yearly plus as needed
	Group Internal Control Committee	President	Designated by the Board of Directors	Once yearly plus as needed
	Group Director Review Committee	Independent statutory auditor	Designated by the Board of Directors	As necessary
	Group Social Contribution Committee	President	Representative Director / Chairman and related officers	Once yearly plus as needed
B	Management Committee	President	Representative Director / Chairman and related officers	Every Tuesday except for the third Tuesday of each month
	Review Committee	Designated by the Board of Directors	Designated by the Board of Directors	As needed
	Intellectual Property Management Committee	President	Designated by the President	As needed

Basic philosophy

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

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

Status of compliance with the Corporate Governance Code

Nichirei is currently contemplating its response to the Corporate Governance Code announced in March 2015, and plans to announce the status of compliance sometime in 2015. Disclosure will be made on the company website as soon as our response is finalized.

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 year ended March 2015

Status of independent directors and independent statutory auditors; participation in the year ended March 2015

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 2015, 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 95% 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, 2015)

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. (now Mizuho Bank, Ltd.), a main trading bank for Nichirei, through March 2004, but because Nichirei does not rely significantly on borrowings from Mizuho 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	11	¥400 million	3 independent directors received ¥32 million
Auditors	6	¥81 million	3 independent statutory auditors received ¥32 million

Notes: 1. "Total compensation" includes bonuses of ¥98 million paid to directors for the fiscal year ended March 2014.
2. The above figures include one statutory auditor who retired as of the conclusion of the general shareholders' meeting held on June 25, 2014.
3. "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.

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: the 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 the Management Committee, Review Committee and Intellectual Property Management Committee to assist the president.

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.

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 of Japan, but we try to improve the system in response to changes in the management environment and other external factors.

Ensuring compliance

Nichirei conducts various activities to strengthen compliance within the corporate group. We have created and distributed a “Code of Conduct” and “Examples of Codes of Conduct Application” clarifying the guiding principles with specific examples in order to ensure that all employees comply with laws and Nichirei’s internal regulations, and act in keeping with corporate ethics.

The content is revised annually in accordance with changes in the business environment, and based on Nichirei Group training regulations, we educate and raise awareness among employees, including posting case studies on corporate BBS in our ITC system, and conducting e-learning sessions in order to ensure compliance in management. During the year ended March 2015, 4,761 employees participated in e-learning sessions on the Code of Conduct, and 4,686 employees took sessions regarding social networking services.

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. To maximize the enterprise value of the entire corporate group 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

The Nichirei Group has introduced a safety confirmation system. In the event of a disaster, such as a severe earthquake, messages are sent simultaneously to all employees to confirm their safety, and prompting them to provide information on the local situation. This information can be compiled and viewed on a special web page, allowing for the rapid sharing of information.

Bolster data backup systems

Nichirei has data centers in two locations, in eastern and western Japan, as part of its risk management for information systems. In the event that one of the data centers malfunctions and is inoperative, the system automatically switches to the other center, allowing for uninterrupted use. In addition, Nichirei’s accounting department has locations in Tokyo and Osaka, providing a backup for accounting data, and a risk management structure for business continuity.

Messages from Independent Directors

Independent directors with expertise in different fields share their views on increasing profitability, quality control, and human resource measures, the important aspects for the success of the Nichirei Group’s “RISING 2015” management plan.



Seigo Hanji

Concurrent position:
Representative Director and
Chairman, CEO of Daido
Metal Co., Ltd.

Reasons for appointment:

Mr. Hanji has many years of involvement in corporate management, and was appointed to bring his abundant experience and extensive knowledge to the management of Nichirei.

The duty of a food company to strengthen measures for food safety

The Nichirei Group adopted additional quality control regulations for food defense in 2014 (P.28 “Quality Control”). The model case for this framework is Nichirei Foods’ Funabashi No. 2 Plant. For foods produced in China, Nichirei works with Jinzhu (Yantai) Food Research and Development Co., Ltd., a joint venture in China between Nichirei and Nisshin Seifun Group, Inc., to inspect foods for residual agricultural chemicals or food additives, strengthening its overall management structure back to the purchase of the food material in order to ensure food safety.

Through these measures, each company in the Nichirei Group works to ensure quality founded on the basic principles and regulations for quality control, and helps to guarantee food safety.

Going forward, I would like the Nichirei Group to further strengthen its assurance and reporting structure for food safety, and ensure that its safety is solid.



Kazuhiro Mishina

Concurrent position:
Professor, Graduate School
of Business Administration,
Kobe University;
Independent director,
Fuji Oil Co., Ltd.

Reasons for appointment:

Mr. Mishina conducts research on business strategy and operations management, and was appointed to apply his academic knowledge as a specialist to the management of Nichirei.

Further enhancing profitability

The Nichirei Group’s revenues are rising, but I recognize that enhancing profitability remains an issue. The leaders of each business have used their abilities to implement various strategies, including the Processed Foods business reorganizing in line with downstream operations, and the Marine Products and Meat and Poultry Products businesses moving slightly downstream, but they have yet to reach the stage where they see results. I encourage them to carefully observe the conditions in Japan’s food business, consider whether the measures implemented up to now have been sufficient, and fundamentally revise their thinking when they are not.

At the same time, Nichirei has achieved substantial progress in terms of operations, with the Processed Foods business opening a new modern plant in the Kanto region, and the Logistics business establishing cutting-edge facilities in the Kansai region. The Processed Foods business’ joint venture in Thailand has successfully invested for expansion, and is on a growth track. These successes are the rewards of the hard work of all employees involved.

During the year ending March 2016, I plan to focus on a strategic shift in the logistics business, growth strategies for the highly profitable logistics and bioscience businesses, and overseas expansion in particular.



Mami Taniguchi

Concurrent position:
Professor, Graduate School
of Commerce, Waseda
University

Reasons for appointment:

Ms. Taniguchi conducts research on diversity management and global leadership, and was appointed to apply her academic knowledge as a specialist to the management of Nichirei.

Appropriate human resource initiatives consistent with the business environment

For employees to make the concerted effort necessary to counter such wide swings in the external environment, the organization must have internal unity and consistency. Reforms that have a major future impact on the interdependency within the organization are not desirable.

The Nichirei Group’s human resource initiatives during the year ended March 2015 were a continuation of previous measures (P.26 “Human Resources Initiatives”). Conducting employee surveys to improve job satisfaction, dialogues between business company presidents and employees, and hiring globally capable personnel and persons with disabilities—these measures have continued virtually unchanged since 2007. The company has not set up new initiatives such as setting quantitative targets, implementing new measures including promoting the hiring of women, and fundamentally revising its development of globally capable personnel.

This is reasonable as the next stage of organizational change. It will in fact hasten recovery in earnings. However, we must not forget the necessity of more extensive internal reforms when the business environment is stable.

Directors, Auditors and Officers

(As of June 25, 2015)

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 Director and Executive Officer (to present)
Jun 2012 Concurrently, Representative Director and President, Nichirei Biosciences Inc. (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 Ouchiyaama
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 Audit, Corporate Supervising, Legal Affairs, Human Resources Strategy & General Affairs, Finance and Investor Relations, Accounting & Tax, and Public Relations; concurrently General Manager, Strategic Planning

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
Jun 2014 Director and Executive Officer (to present)



Yoshifumi Kaneko
Director and Executive Officer,

Apr 1983 Joined Nichirei
Apr 2011 Executive Officer, Nichirei Foods Inc.
Apr 2014 Managing Executive Officer, Nichirei Foods Inc.
Jun 2014 Director and Managing Executive Officer, Nichirei Foods Inc.
Jun 2015 Representative Director and President, Nichirei Fresh Inc. (to present)
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 (to present)
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)

Kazunori Miki
Executive Officer, in charge of Public Relations; concurrently General Manager, Corporate Supervising

Apr 1989 Joined Nichirei
Apr 2011 General Manager, Corporate Relations
Apr 2013 Executive Officer, Nichirei Foods Inc.
Apr 2015 General Manager, Corporate Supervising (to present)
Jun 2015 Executive Officer (to present)

Management's Discussion and Analysis

Operations

Business Environment

Japan's economy remained at a standstill during the fiscal year ended March 2015. Amid a steady expansion of the U.S. economy, the yen weakened as a result of additional monetary easing by the Bank of Japan, and corporate earnings recovered centered on export industries. However, despite signs of improvement in conditions for employment and wages, consumer spending was sluggish as a result of the effects from the consumption tax hike.

In the food industry, the main business domain for the Nichirei Group, purchasing costs increased as a result of the weaker yen and higher food material prices, while at the same time consumer sentiment was firmly oriented toward economizing, and in downstream segments price competition between fast food chains and convenience stores intensified. In addition, rising concerns over food safety led to demands for companies to adopt further measures for a "food defense structure" to ensure the safety and reliability of the food supply, including proper management of quality assurance and strengthening of food defense frameworks. In the cold chain logistics industry, harsh business conditions continued, with an increasingly severe shortage of drivers and warehouse personnel as a result of stricter transport regulations and higher labor costs, amid demand for further improvement in logistics quality.

Overview

In this business environment, the Nichirei Group implemented the second year of its medium-term management plan "RISING 2015" (FY14/3 – FY16/3). In the Processed Foods business, we strengthened production capacity in Japan for mainstay

products. In the Logistics business, we implemented measures to enhance earnings, including newly building the Sakishima Distribution Center, a large-scale refrigerated warehouse in the Kansai region, and made other substantial investments for sustained growth of core businesses.

Operating Results

Net sales for the fiscal year ended March 2015 rose 6.7% from the previous fiscal year to ¥545,266 million. Operating income increased 11.6%, to ¥17,615 million. The operating margin rose 0.1 percentage points to 3.2%.

In terms of expense items, cost of sales rose 6.8% year on year to ¥446,180 million, for a sales cost ratio of 81.8%, unchanged from the previous fiscal year. Selling, general and administrative expenses increased 5.2% to ¥81,470 million, due mainly to higher sales promotion expenses.

Performance by Segment

Processed Foods

	FY14/3	FY15/3	Change (%)
Net sales	¥ 204,427	¥ 219,250	7.3
Net sales based on the new recording method*	180,674	194,156	7.5
Operating income	3,398	5,586	64.4
Operating margin	1.7%	2.5%	

(¥ Million)

* Figures shown use the new method implemented from FY16/3 in which promotional expenses are deducted from "Net sales" at the time sales are recorded.

Competition in the processed foods industry intensified during the fiscal year ended March 2015, with slow recovery in demand following the consumption tax hike amid a series of product price

increases in response to the weaker yen and higher food material costs.

Net sales in the Processed Foods segment rose 7.3% from the previous fiscal year to ¥219,250 million. This was due mainly to our bolstering of production capacity and greater efficiency, including the full-scale operation of the Funabashi No. 2 Plant and updated production systems at existing plants, as well as to a steady rise in demand for home meal replacement (HMR) products in the commercial-use market. In response to this market, we focused on expanding sales of mainstay products, which along with the contribution from overseas subsidiaries, resulted in higher revenue. Operating income, despite the impact from the rise in food material and procurement costs due to the weaker yen, rose significantly, up 64.4% year on year to ¥5,586 million on increased revenue, along with measures to offset higher costs, including productivity improvements and price revisions.

(a) Prepared Frozen Foods (Household Use)

Sales increased for the renewed *Honkaku-itame Cha-han* (Authentic Fried Rice), and for *Honkaku Yaki-onigiri* (Authentic Grilled Rice Ball) with improved flavor and quality, in response to greater demand for frozen rice-based products, with positive sales for the *Mini Hamburgers* produced at the new Funabashi No. 2 Plant. Net sales increased 4.6% year on year.

(b) Prepared Frozen Foods (Commercial Use)

By focusing on product development in core categories tailored to user-specific needs, we expanded sales volume for processed chicken products, croquettes, and spring rolls, centered on the home meal replacement market. Net sales increased 6.0% year on year.

(c) Processed Agricultural Products

Sales rose steadily for such household-use products as edamame and broccoli, as well as for commercial-use products such as spinach in the *Sono Mama Tsukaeru* (Just Thaw and Eat) series. Net sales increased 2.1% year on year.

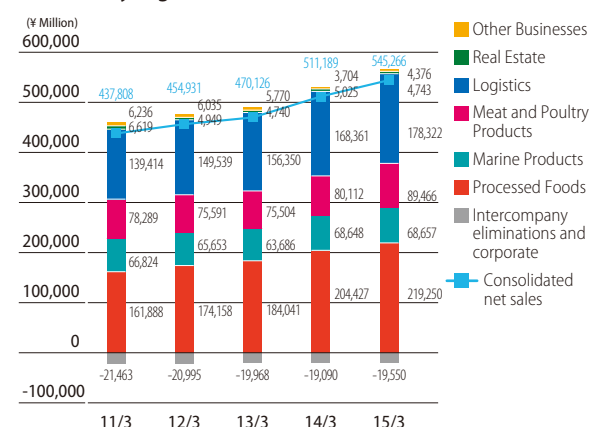
(d) Overseas (Jan-Dec 2014)

InnovAsian Cuisine expanded its share of the U.S. Asian foods market, while our Thailand subsidiary GFPT Nichirei recorded positive sales of processed chicken products to the EU. Net sales rose substantially, up 22.5% year on year.

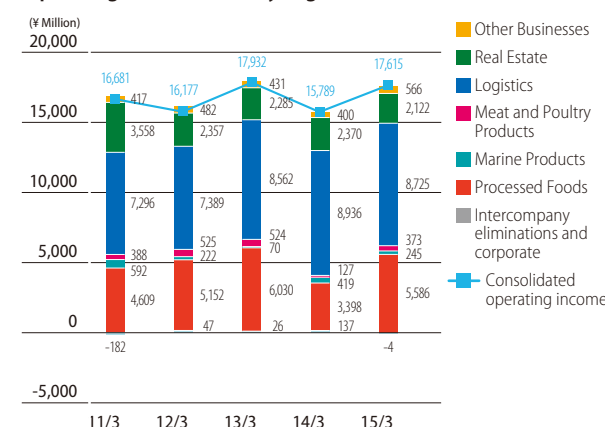
For the fiscal year ending March 2016, Nichirei will focus on expanding sales of mainstay products for both household and commercial use, mainly rice-based products for the former, and implementing product strategies emphasizing higher profit margins for the latter. Despite the continued increase in food material and procurement costs stemming from the weak yen, we will seek to take advantage of the enhanced production capacity and investments for line efficiency implemented in the fiscal year ended March 2015 to enhance cost competitiveness, and boost profitability for prepared frozen foods.

As a result of these efforts, for the fiscal year ending March 2016 we are forecasting net sales of ¥204,000 million (up 5.1% year on year, reflecting the effect of the change in the recording method for sales), with operating income of ¥6,500 million (up 16.4%).

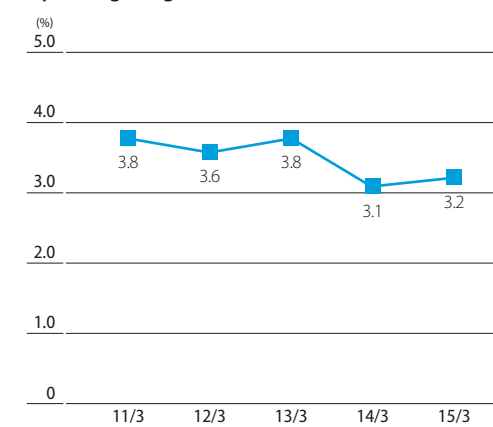
Net Sales by Segment FY11/3 - FY15/3



Operating Income (Loss) by Segment FY11/3 - FY15/3



Operating Margin FY11/3 - FY15/3



Marine Products, Meat and Poultry Products
Marine Products

	FY14/3	FY15/3	Change (%)
Net sales	¥ 68,648	¥ 68,657	0.0
Operating income	419	245	-41.5
Operating margin	0.6%	0.4%	

(¥ Million)

Difficult conditions for securing earnings from marine products continued during the fiscal year ended March 2015, as procurement costs for marine products rose overall as a result of higher market prices in producing areas and the weaker yen, combined with sluggish demand in Japan stemming from the consumption tax hike and higher retail prices.

Net sales in the Marine Products segment were on a par with the previous fiscal year at ¥68,657 million, due mainly to growth in exports of domestic products for the steadily expanding overseas market, offsetting the decline in domestic consumption of shrimp, which remained at a high price point. Operating income declined 41.5% to ¥245 million, due mainly to a decline in the volume of shrimp handled.

Meat and Poultry Products

	FY14/3	FY15/3	Change (%)
Net sales	¥ 80,112	¥ 89,466	11.7
Operating income	127	373	194.0
Operating margin	0.2%	0.4%	

(¥ Million)

In the livestock industry during the fiscal year ended March 2015, prices for pork and beef remained high overall as a result of higher procurement costs due to the weak yen as well as

supply shortages, leading to greater demand for comparatively inexpensive chicken.

Net sales in the Meat and Poultry Products segment rose 11.7% year on year to ¥89,466 million. This was due mainly to steady sales of imported products to food companies and restaurants, amid declining consumption volume due to high market prices. Revenue was further boosted by positive sales of chicken as a replacement product. Operating income increased 194.0% to ¥373 million, mainly from a focus on domestically produced chicken, and higher retail prices for pork.

For the fiscal year ending March 2016, for both the Marine Products and Meat and Poultry Products segments, we will focus on offering expertly processed products to meet customer needs, and expanding sales for the restaurant and home meal replacement markets.

As a result of these efforts, for the Marine Products segment we are forecasting net sales of ¥68,800 million (up 0.2% year on year), with operating income of ¥500 million (up 104.0%). For the Meat and Poultry Products segment, we are forecasting net sales of ¥84,000 million (down 6.1%), with operating income of ¥500 million (up 33.7%).

Logistics

	FY14/3	FY15/3	Change (%)
Net sales	¥ 168,361	¥ 178,322	5.9
Operating income	8,936	8,725	-2.4
Operating margin	5.3%	4.9%	

(¥ Million)

The cold chain logistics industry during the fiscal year ended March 2015 was marked by the difficulty in securing truck drivers and other personnel amid recovery in domestic employment

conditions. In the waterfront districts of the major consuming areas of Tokyo and Osaka, the general inventory-sales ratio rose on robust storage demand.

In the Logistics segment, Nichirei made ongoing investments in facilities in major metropolitan areas where logistics needs are firm, and focused on cargo pickups. We also expanded handling volume at transfer centers, with further contributions from new centers that began operations in the subject and previous fiscal years, as well as from the overseas business. As a result, segment net sales increased 5.9% year on year to ¥178,322 million. Operating income, however, declined 2.4% to ¥8,725 million, due mainly to cost increases including vehicle procurement expenses and electricity fees.

(a) Japan Business

Nichirei expanded and enhanced its storage capacity and transport/delivery functionality in the Osaka region with the opening of the Sakishima Distribution Center in October 2014. Sales expansion was driven by contributions from new business locations, including Higashi Ogishima Phase 2 Building that began operations in the previous fiscal year, the Kita-kyushu Transfer Center, as well as an increase in handling volume in the transfer center business from existing customers. We also increased new contracts for logistic efficiency projects. As a result, net sales in the Japan Business rose 3.6% to ¥144,735 million. Operating income, however, declined 4.4% to ¥7,710 million amid increases in vehicle procurement expenses and electricity fees, despite strategies to absorb costs through enhanced transport efficiency.

(b) Overseas Business

Net sales rose 19.0% to ¥31,322 million, due mainly to steady securing of transport demand and expansion of delivery services to retail outlets, along with the stronger euro. Operating income,

however, declined 7.6% to ¥1,012 million, due mainly to a decrease in inventory levels at port areas for mainstay products such as chicken and imported fruit juices.

For the fiscal year ending March 2016, Nichirei will utilize its expanded production capacity in the Tokyo and Osaka regions to steadily secure a greater share of the robust storage demand. In response to increases in vehicle procurement expenses and electricity fees, we will also make operational improvements and enhance transport efficiency in an effort to expand sales and secure earnings. Overseas, we will continue to focus on expanding cross-border transport in the European region, and increase cargo collections by developing new customers.

As a result of these efforts, for the fiscal year ending March 2016 we are forecasting net sales of ¥183,700 million (up 3.0% year on year), with operating income of ¥9,100 million (up 4.3%).

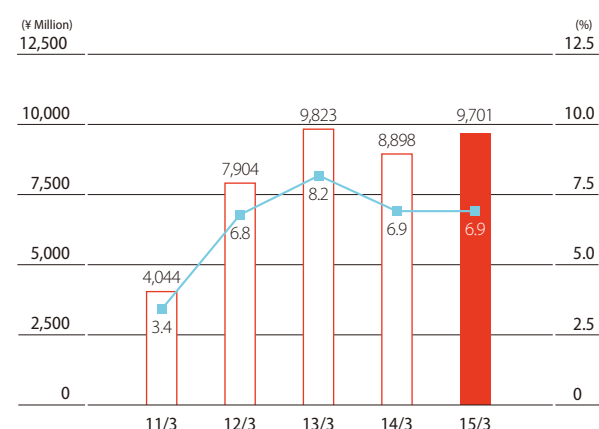
Real Estate

	FY14/3	FY15/3	Change (%)
Net sales	¥ 5,025	¥ 4,743	-5.6
Operating income	2,370	2,122	-10.5
Operating margin	47.2%	44.7%	

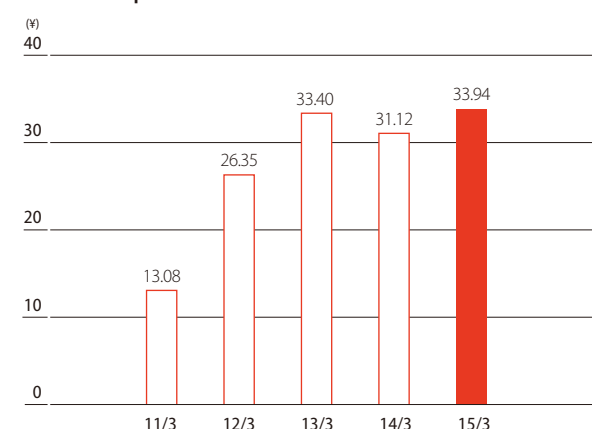
(¥ Million)

Nichirei conducted a project for building renewal and energy efficiency during the fiscal year ended March 2015 in order to strengthen competitiveness in leased office buildings, and took other steps to raise the occupancy rate. However, as a result of the withdrawal of certain tenants, net sales declined 5.6% year on year to ¥4,743 million, with operating income down 10.5% to ¥2,122 million.

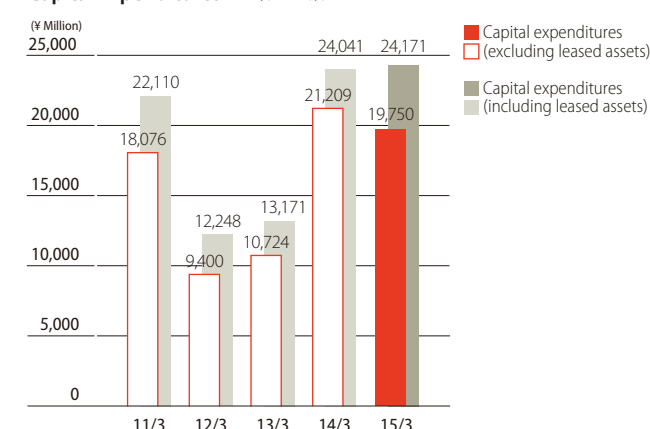
Net Income & ROE FY11/3 - FY15/3



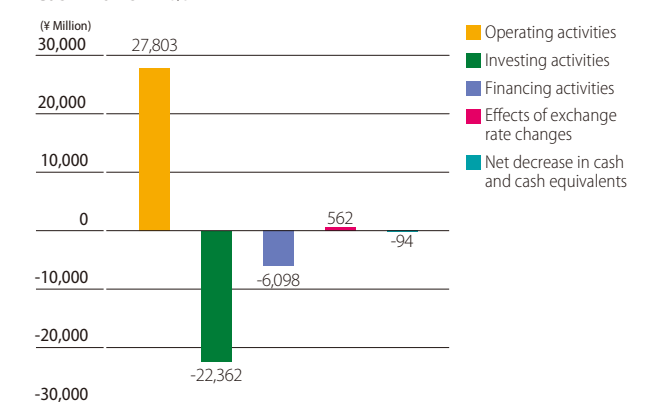
Net Income per Share FY11/3 - FY15/3



Capital Expenditures FY11/3 - FY15/3



Cash Flows FY15/3



For the fiscal year ending March 2016, we are forecasting net sales of ¥4,700 million (down 0.9% year on year), with operating income of ¥2,100 million (down 1.1%).

Other Businesses

	FY14/3	FY15/3	Change (%)
Net sales	¥ 3,704	¥ 4,376	18.2
Operating income	400	566	41.4
Operating margin	10.8%	12.9%	

(¥ Million)

Nichirei's bioscience business posted increases in both revenue and earnings in the fiscal year ended March 2015 on positive sales of molecular diagnostic drugs and biomedicine materials. As a result, net sales in the Other Businesses segment increased 18.2% to ¥4,376 million, with operating income up 41.4% to ¥566 million.

For the fiscal year ending March 2016, we are forecasting net sales of ¥4,600 million (up 5.1% year on year), with operating income of ¥500 million (down 11.7%).

Other Income and Expenses

Net other expenses totaled ¥1,534 million in the fiscal year ended March 2015, an increase from ¥431 million in the previous fiscal year. Main factors include a decrease of a gain on sales of investment securities.

Income before Income Taxes and Net Income

As a result of the above, income before income taxes and minority interests in the fiscal year ended March 2015 rose 4.7%

from the previous fiscal year to ¥16,080 million. Net income increased 9.0% to ¥9,701 million.

Net income per share was ¥33.94, up from ¥31.12 in the previous fiscal year.

For the fiscal year ending March 2016, Nichirei is forecasting net sales of ¥529,000 million (up 1.7% year on year), reflecting the effect of the change in the recording method for sales in the Processed Foods segment, with operating income of ¥18,700 million (up 6.2%).

Capital Expenditures (Including Leased Assets)

Capital expenditures in the fiscal year ended March 2015 increased 0.5% from the previous fiscal year to ¥24,171 million. This mainly comprised expanded production facilities at the Funabashi No. 1 Plant (Processed Foods), and the newly constructed Sakishima Distribution Center (Logistics).

	FY14/3	FY15/3	Change (%)
Processed Foods	¥ 10,523	8,743	-16.9
Marine Products	111	137	23.4
Meat and Poultry Products	393	222	-43.5
Logistics	11,442	14,093	23.2
Real Estate	807	255	-68.4
Other	125	131	4.8
Adjustments	637	586	-8.0
Total	24,041	24,171	0.5

(¥ Million)

Liquidity and Capital Resources

Net cash provided by operating activities in the fiscal year ended March 2015 increased ¥16,730 million from the previous fiscal year to ¥27,803 million. This was due mainly to the recording of ¥17,111 million in ordinary income and ¥15,621 million in depreciation and amortization, against working capital expenditures stemming from the increase in sales (notes and accounts receivable-trade, inventories, notes and accounts payable-trade) and income taxes paid.

Net cash used in investing activities increased by ¥4,712 million from the previous fiscal year to ¥22,362 million. This was due mainly to expenditures for the purchase of property, plant and equipment.

Net cash used in financing activities amounted to ¥6,098 million, a difference of ¥8,679 million compared to cash provided in the previous fiscal year. This was mainly due to repayments of lease obligations, and cash dividends paid.

Free cash flow was ¥5,441 million, a difference of ¥12,017 million from negative free cash flow in the previous fiscal year.

As a result, the balance of cash and cash equivalents at the end of March 2015 amounted to ¥11,833 million, a decrease of ¥94 million from the previous fiscal year.

Balance Sheet

Nichirei's total assets amounted to ¥341,860 million at the end of March 2015, an increase of ¥23,353 million from the previous fiscal year.

Current assets totaled ¥138,560 million, an increase of ¥7,051 million from the previous fiscal year. This was due mainly to an increase in notes and accounts receivable-trade, stemming from revenue gains in the Processed Foods and Logistics segments.

Non-current assets totaled ¥203,299 million, an increase of ¥16,301 million. This was due mainly to an increase in property, plant and equipment, stemming from capital expenditures to expand the earnings base for mainstay businesses.

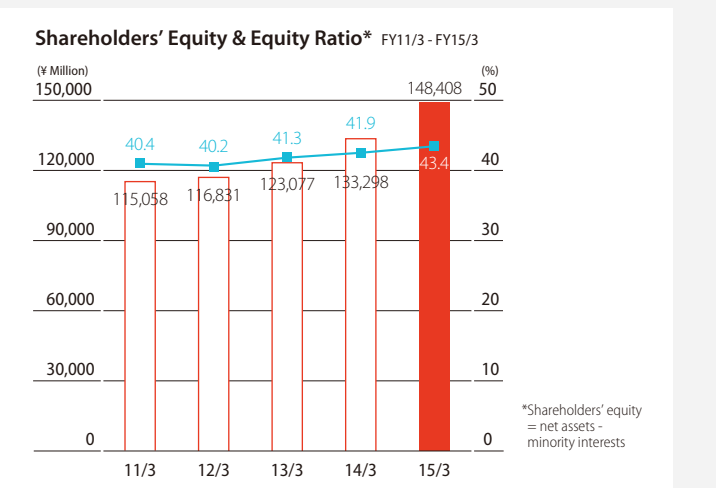
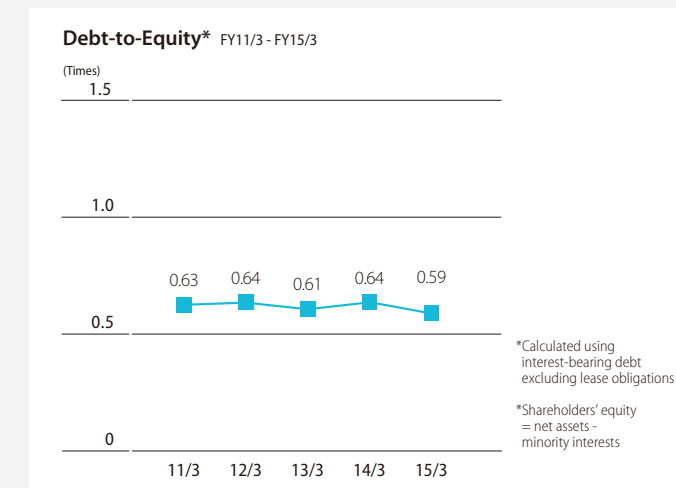
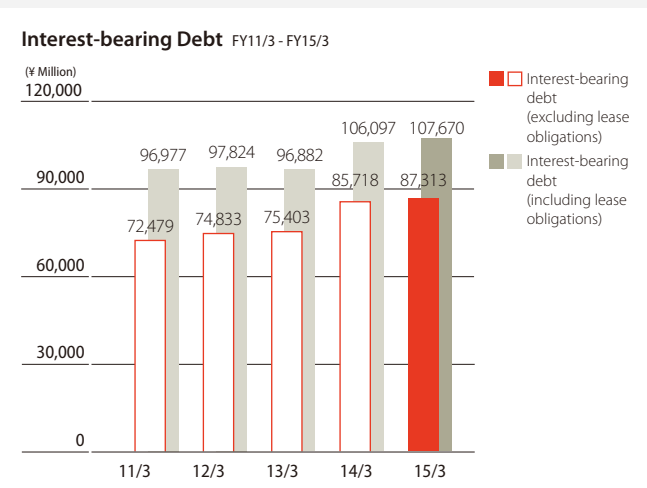
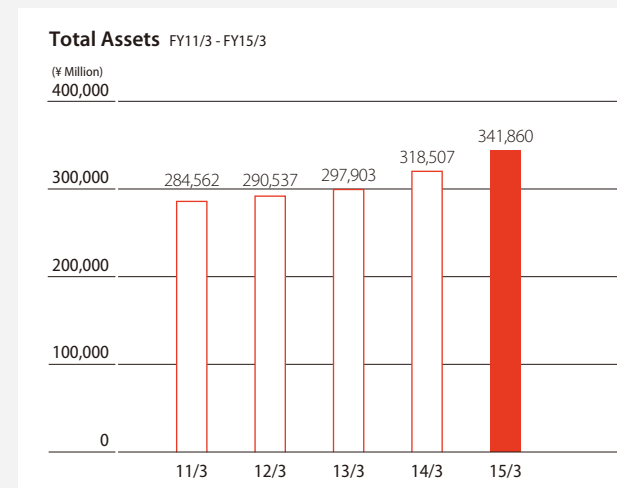
Property, plant and equipment, net totaled ¥153,124 million, an increase of ¥8,553 million. Investments and other assets totaled ¥43,455 million, up ¥7,873 million.

Liabilities amounted to ¥188,259 million, an increase of ¥6,599 million from the previous fiscal year. This was due mainly to the issuance of ¥10,000 million in bonds to secure long-term stable financing for facility investment payments.

Interest-bearing debt totaled ¥107,670 million, an increase of ¥1,573 million. The ratio of interest-bearing debt to cash flow at the end of March 2015 recovered to 3.3 years, an improvement of 1.6 years from the end of the previous fiscal year.

Net assets amounted to ¥153,600 million at the end of March 2015, an increase of ¥16,753 million from the end of the previous fiscal year. Shareholders' equity* totaled ¥148,408 million, accounting for 43.4% of total assets, up 1.6 percentage points from the previous fiscal year. The debt-to-equity ratio was 0.7 times, down 0.1 points. Calculated excluding lease obligations, the debt-to-equity ratio was 0.6, unchanged from the previous fiscal year.

* Shareholders' equity = net assets - minority interests



Significant Risk Factors Impacting Operating Results

Significant risk factors we can determine as of the end of March 2015 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 previously 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 expenditures. The recent expansion of highway networks and increased pace of consolidation in the food-delivery business have made such facilities in certain areas less important to shippers and thereby made it more difficult to secure cargo. In addition, a slump in warehousing demand as shippers reduce inventory levels could lead to increased price competition and a consequent deterioration in our earnings. In the Processed Foods business,

Nichirei owns production facilities in a number of areas and has been improving productivity and product quality in response to a challenging operating environment stemming from a slump in sales, the obsolescence of plant and equipment, and demand for higher product quality. The consolidation of unprofitable facilities and the disposal of fixed assets, as part of our efforts to use capital more efficiently in all our businesses, could have a significant impact on the Group's results.

(e) Securities price risk

We own securities issued by companies we do business with for strategic business purposes. We make changes to our securities holdings as needed, based on our business strategies, efforts to improve the quality of our assets, and other factors. All of the investment securities as of the end of this fiscal year are classified as available-for-sale securities. Losses associated with write-downs for impairments in their value could be incurred and affect the Group's results as a result of fluctuations in the values of those securities with market prices because of trends in the economic environment and corporate earnings, and in the values of those securities without market prices because of changes in the financial condition of the issuer.

(f) Exchange-rate risks

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

(g) Changes in laws and regulations

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

(h) Information system security

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

Consolidated Balance Sheets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
As of March 31, 2014 and 2015

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Current assets:			
Cash and deposits (Note 3)	¥ 11,928	¥ 11,833	\$ 98,390
Notes and accounts receivable — trade	69,257	75,819	630,409
Less allowance for doubtful accounts	(153)	(128)	(1,069)
Inventories (Note 4)	42,872	41,783	347,416
Deferred tax assets (Note 12)	1,131	701	5,831
Other current assets	6,474	8,551	71,103
Total current assets	131,509	138,560	1,152,081
Fixed assets:			
Property, plant and equipment (Notes 6, 7 and 8):			
Buildings and structures	217,201	226,266	1,881,317
Machinery and equipment	88,936	96,358	801,184
Land	33,750	33,833	281,315
Leased assets	41,801	40,870	339,822
Construction in progress	3,283	2,035	16,923
	384,973	399,364	3,320,562
Less accumulated depreciation	(240,401)	(246,239)	(2,047,390)
Property, plant and equipment, net	144,571	153,124	1,273,172
Investments and other assets:			
Investment securities (Note 5)	23,541	30,454	253,217
Investment in affiliates	3,033	3,882	32,280
Net defined benefit asset (Note 15)	137	199	1,658
Deferred tax assets (Note 12)	1,052	1,060	8,821
Other (Note 6)	14,836	14,774	122,840
Less allowance for doubtful accounts	(175)	(196)	(1,631)
Total investments and other assets	42,426	50,175	417,187
Total fixed assets	186,997	203,299	1,690,359
Total assets	¥ 318,507	¥ 341,860	\$ 2,842,441

The accompanying notes are integral parts of these statements.

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Current liabilities:			
Short-term bank loans	¥ 15,675	¥ 11,186	\$ 93,014
Commercial paper	8,000	5,000	41,573
Current portion of long-term debt	5,934	3,095	25,735
Accounts payables	27,309	27,566	229,203
Leased obligations	3,736	3,806	31,651
Income taxes payable	2,133	2,286	19,012
Accrued expenses	21,861	23,249	193,312
Provision for director's bonuses	192	215	1,787
Other current liabilities (Note 12)	10,693	11,896	98,911
Total current liabilities	95,537	88,302	734,204
Long-term liabilities:			
Bonds	30,000	40,000	332,585
Long-term debt	26,108	28,030	233,066
Provision for directors' and statutory auditors' retirement benefits	189	161	1,345
Net defined benefit liability (Note 15)	1,433	1,438	11,956
Leased obligations	16,641	16,550	137,615
Deferred tax liabilities (Note 12)	3,923	6,104	50,759
Asset retirement obligations (Note 8)	3,111	3,175	26,405
Other	4,715	4,494	37,371
Total long-term liabilities	86,122	99,957	831,105
Total liabilities	181,660	188,259	1,565,310
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	251,998
Capital surplus	18,224	18,224	151,532
Retained earnings	81,463	88,306	734,234
Less treasury stock, at cost	(5,128)	(5,148)	(42,805)
Total shareholders' equity	124,867	131,690	1,094,960
Accumulated other comprehensive income:			
Net unrealized holding gain on available-for-sale securities	6,292	10,971	91,220
Net deferred gain on hedges	461	2,577	21,427
Foreign currency translation adjustments	1,699	3,169	26,356
Remeasurements of defined benefit plans	(22)	-	-
Total accumulated other comprehensive income	8,431	16,718	139,004
Minority interests	3,548	5,191	43,166
Total net assets	136,846	153,600	1,277,131
Total liabilities and net assets	¥ 318,507	¥ 341,860	\$ 2,842,441

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, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Net sales	¥ 511,189	¥ 545,266	\$ 4,533,690
Operating costs and expenses:			
Cost of sales	417,928	446,180	3,709,827
Selling, general and administrative expenses (Note 14)	77,472	81,470	677,397
	495,400	527,651	4,387,225
Operating income	15,789	17,615	146,465
Other income/(expenses):			
Interest and dividend income	1,060	616	5,128
Interest expense	(1,295)	(1,138)	(9,466)
Other – net (Note 11)	(196)	(1,012)	(8,422)
	(431)	(1,534)	(12,759)
Income before income taxes and minority interests	15,357	16,080	133,705
Income taxes (Note 12):			
Current	4,915	4,530	37,668
Deferred	565	343	2,859
	5,480	4,874	40,527
Income before minority interests	9,876	11,206	93,177
Minority interests	978	1,504	12,510
Net income	¥ 8,898	¥ 9,701	\$ 80,666

Amounts per share (Note 16):	Yen		U.S. dollars (Note 1)
	2014	2015	2015
Net assets	¥ 466.31	¥ 519.23	\$ 4.317
Net income:			
Basic	31.12	33.94	0.282
Diluted	–	33.86	0.281

The accompanying notes are integral parts of these statements.

Consolidated Statement of Comprehensive Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Income before minority interests	¥ 9,876	¥ 11,206	\$ 93,177
Other comprehensive income			
Net unrealized holding gain on available-for-sale securities	372	4,675	38,877
Net deferred gain on hedges	347	2,172	18,061
Foreign currency translation adjustments	3,763	1,876	15,605
Remeasurements of defined benefit plans	–	22	188
Share of other comprehensive income of affiliates accounted for by the equity method	184	240	1,995
Total other comprehensive income	4,668	8,987	74,727
Total comprehensive income	¥ 14,544	¥ 20,194	\$ 167,905
Comprehensive income attributable to:			
Owners of the parent	¥ 13,131	¥ 17,988	\$ 149,566
Minority interests	1,413	2,205	18,339

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, 2014 and 2015

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
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
Changes of items during the period					
Dividends from surplus			(2,858)		(2,858)
Net income			9,701		9,701
Acquisition of treasury stock				(21)	(21)
Disposal of treasury stock		0		1	1
Net changes of items other than shareholders' equity					–
Total changes of items during the period	–	0	6,843	(19)	6,823
Net assets at March 31, 2015	¥ 30,307	¥ 18,224	¥ 88,306	¥ (5,148)	¥ 131,690

	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, 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
Changes of items during the period							
Dividends from surplus							(2,858)
Net income							9,701
Acquisition of treasury stock							(21)
Disposal of treasury stock							1
Net changes of items other than shareholders' equity	4,678	2,115	1,470	22	8,286	1,643	9,929
Total changes of items during the period	4,678	2,115	1,470	22	8,286	1,643	16,753
Net assets at March 31, 2015	¥ 10,971	¥ 2,577	¥ 3,169	¥ –	¥ 16,718	¥ 5,191	¥ 153,600

The accompanying notes are integral parts of these statements. these statements.

Consolidated Statements of Changes in Net Assets (Unaudited)(continued)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2014 and 2015

	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, 2014	\$ 251,998	\$ 151,532	\$ 677,335	\$ (42,642)	\$ 1,038,223
Changes of items during the period					
Dividends from surplus			(23,767)		(23,767)
Net income			80,666		80,666
Acquisition of treasury stock				(175)	(175)
Disposal of treasury stock		0		12	13
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	0	56,899	(162)	56,736
Net assets at March 31, 2015	\$ 251,998	\$ 151,532	\$ 734,234	\$ (42,805)	\$ 1,094,960

	Thousands of U.S. dollars (Note 1)						
	Accumulated other comprehensive income						
	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	Minority interests	Total net assets
Net assets at April 1, 2014	\$ 52,321	\$ 3,840	\$ 14,130	\$ (188)	\$ 70,105	\$ 29,502	\$ 1,137,831
Changes of items during the period							
Dividends from surplus						(23,767)	
Net income						80,666	
Acquisition of treasury stock						(175)	
Disposal of treasury stock						13	
Net changes of items other than shareholders' equity	38,898	17,586	12,226	188	68,899	13,663	82,563
Total changes of items during the period	38,898	17,586	12,226	188	68,899	13,663	139,300
Net assets at March 31, 2015	\$ 91,220	\$ 21,427	\$ 26,356	\$ -	\$ 139,004	\$ 43,166	\$ 1,277,131

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, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 15,357	¥ 16,080	\$ 133,705
Depreciation and amortization	14,475	15,621	129,890
Impairment loss on fixed assets	405	90	750
Decrease in allowance for doubtful accounts	(166)	(6)	(50)
Interest and dividend income	(1,060)	(616)	(5,128)
Interest expense	1,295	1,138	9,466
Equity in losses/(earnings) of affiliates	795	(140)	(1,168)
Gain on sales of property, plant and equipment	(173)	(65)	(544)
Loss on disposal of property, plant and equipment	432	451	3,754
Gain on sales of investment securities	(2,161)	(43)	(358)
Decrease/(increase) in notes and accounts receivable-trade	530	(6,101)	(50,731)
Decrease/(increase) in inventories	(7,670)	1,570	13,058
Decrease in notes and accounts payable	(2,461)	(57)	(479)
Other, net	(2,516)	4,592	38,187
Sub total	17,081	32,515	270,351
Interest and dividends received	1,203	688	5,728
Interest paid	(1,396)	(1,134)	(9,430)
Income taxes paid	(5,814)	(4,265)	(35,469)
Net cash provided by operating activities	¥ 11,073	¥ 27,803	\$ 231,179
Cash flows from investing activities:			
Purchase of property, plant and equipment	¥ (17,709)	¥ (20,588)	\$ (171,187)
Proceeds from sales of property, plant and equipment	385	420	3,496
Purchase of intangible assets	(591)	(503)	(4,190)
Purchase of investment securities	(1,116)	(1,064)	(8,847)
Proceeds from sales of investment securities	3,423	86	716
Other, net	(2,041)	(712)	(5,925)
Net cash used in investing activities	(17,650)	(22,362)	(185,938)
Cash flows from financing activities:			
Increase/(decrease) in short-term bank loans	2,456	(4,724)	(39,284)
Increase/(decrease) in commercial paper	2,000	(3,000)	(24,943)
Proceeds from long-term debt	10,804	5,000	41,573
Repayment of long-term debt	(15,675)	(5,922)	(49,243)
Proceeds from issuance of bonds	9,947	9,948	82,715
Repayments of lease obligations	(3,696)	(4,056)	(33,731)
Purchase of treasury stock	(29)	(21)	(175)
Dividends paid	(2,857)	(2,853)	(23,724)
Cash dividends paid to minority shareholders	(530)	(469)	(3,905)
Proceeds from minority shareholders	168	-	-
Other, net	(5)	1	13
Net cash provided by/(used in) financing activities	2,580	(6,098)	(50,707)
Effects of exchange rate changes on cash and cash equivalents	985	562	4,678
Net decrease in cash and cash equivalents	(3,009)	(94)	(788)
Cash and cash equivalents at beginning of year	14,938	11,928	99,178
Cash and cash equivalents at end of year (Note 3)	¥ 11,928	¥ 11,833	\$ 98,390

The accompanying notes are integral parts of these statements.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
As of March 31, 2014 and 2015

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 ¥120.27 = US\$1.00, the exchange rate prevailing on March 31, 2015.

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 73 majority-owned subsidiaries (74 in 2014). All significant intercompany balances, transactions and profits have been eliminated in consolidation.

Investments in all of its 16 affiliates (16 in 2014) are accounted for by the equity method.

Balance sheet dates of the consolidated subsidiaries are as follows:
End of December: 29 companies (29 in 2014)

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) Provision for 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.

(m) Directors' and Statutory Auditors' Retirement Benefits

Provision for 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 which meet certain hedging criteria 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 year ended March 31, 2014 was not presented because there were no bonds to be converted to shares at the year end.

(r) Goodwill

Consolidation goodwill is amortized over a period not exceeding 20 years, determined in consolidation of the source of goodwill.

Note 3 Cash and Cash Equivalents

Cash and cash equivalents on the consolidated statements of cash flows as of March 31, 2014 and 2015 are same as cash and deposits stated at consolidated balance sheets.

Note 4 Inventories

Inventories as of March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Merchandise and finished goods	¥ 37,178	¥ 35,141	\$ 292,186
Work in process	237	251	2,094
Raw materials and supplies	5,455	6,390	53,136
	¥ 42,872	¥ 41,783	\$ 347,416

Write-down in inventories held for sale in the ordinary course of business reflecting decreased profitability amounted to ¥96 million and ¥140 million (\$1,166 thousand) and were included in cost of sales for the years ended March 31, 2014 and 2015, respectively.

Note 5 Securities

(1) Acquisition costs, carrying value and unrealized gain on available-for-sale securities as of March 31, 2014 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Equity securities:			
Acquisition costs	¥ 13,172	¥ 13,666	\$ 113,635
Carrying value	22,290	29,210	242,871
Unrealized gain	¥ 9,117	¥ 15,543	\$ 129,236

Non-listed equity securities amounting to ¥1,251 million and ¥1,244 million (\$10,346 thousand) as of March 31, 2014 and 2015, 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, 2014 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Proceeds from sales	¥ 3,484	¥ 91	\$ 763
Gains on sales	2,165	43	358
Losses on sales	¥ 4	¥ -	\$ -

(3) Aggregate carrying value of available-for-sale securities with no available fair value as of March 31, 2014 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Non-listed equity securities	¥ 1,199	¥ 1,199	\$ 9,976

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, 2014 and 2015, the following assets were assessed for impairment individually.

(1) For the year ended March 31, 2014

Primary use	Type of asset	Location	Impairment loss		Recoverable Value
			Millions of yen		
Idle assets	Land	Suwa County, Nagano prefecture	¥ 10		Net Realizable Value
	Buildings and structures	Kanazawa Ward, Yokohama City, Kanagawa prefecture		1	Value in use
	Machinery and equipment			9	
	Leased assets			186	
Processed foods	Goodwill	Chuo Ward, Tokyo		72	
Distribution center (Closing)	Buildings and structures	Ota Ward, Tokyo		45	Value in use
	Machinery and equipment			10	
	Buildings and structures	Fukuyama City, Hiroshima prefecture		29	
	Machinery and equipment			8	
	Leased assets			8	
	Other tangible assets			0	
	Buildings and structures	Kyoto City, Kyoto		14	
Machinery and equipment			9		

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 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.

(2) For the year ended March 31, 2015

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	Nishikasugai County, Aichi Prefecture	¥ 36	\$ 302	Value in use
	Machinery and equipment		5	48	
	Leased assets		28	235	
	Other fixed assets		5	42	
Distribution center (Closing)	Buildings and structures	Kita County, Kagawa Prefecture	13	114	Value in use
	Other fixed assets		0	6	

Because i) there is constant losses expected from operating activities and ii) 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 ¥90 million (\$750 thousand) for the year ended March 31, 2015.

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, 2015.

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 impairment loss related to the investments and rental properties were ¥2,154 million and ¥10 million for the year ended March 31, 2014, respectively.

Net rent income and gain on sales of the property related to the investments and rental properties were ¥2,030 million (\$16,883 thousand) and ¥57 million (\$477 thousand) for the year ended March 31, 2015, 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, 2014 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Carrying value at April 1	¥ 11,659	¥ 11,567	\$ 96,179
Net decrease	(91)	(1,189)	(9,891)
Carrying value at March 31	¥ 11,567	¥ 10,377	\$ 86,288
Market value as of March 31	¥ 40,395	¥ 40,178	\$ 334,069

- Carrying values on the consolidated balance sheets are calculated as acquisition costs deducting accumulated depreciation and cumulative impairment losses.
- Major increase and decrease for the year ended March 31, 2014 were capital expenditure of ¥412 million and depreciation of ¥468 million.
- Major increase and decrease for the year ended March 31, 2015 were capital expenditure of ¥183 million (\$1,522 thousand), change the use of the property of ¥834 million (\$6,937 thousand), and depreciation of ¥471 million (\$3,918 thousand).
- Market values of major assets as of March 31, 2014 and 2015 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, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Balance at beginning of the year	¥ 2,401	¥ 3,111	\$ 25,868
Increase due to purchase of property, plant and equipment	524	-	-
Changes due to the passage of time	68	73	614
Decrease due to execution of asset retirement obligations	-	(16)	(134)
Other (increase)	116	6	57
Balance at end of the year	¥ 3,111	¥ 3,175	\$ 26,405

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, 2014

Type of stock	(Number of Shares)			
	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

(b) For the year ended March 31, 2015

Type of stock	(Number of Shares)			
	As of April 1, 2014	Increases	Decreases	As of March 31, 2015
Issued stock: Common stock	295,851,065	-	-	295,851,065
Treasury stock: Common stock	9,991,273	39,595	2,974	10,027,894

(Reasons for changes)

The increases in the number of shares resulted from the following:
· Request for redemption of odd-lot stock 39,595 shares
The decrease in the number of shares resulted from the following:
· Request for additional purchase of odd-lot stock 2,974 shares

(2) Cash dividends distributed
Dividends paid during the year ended March 31, 2015

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, 2014	Common stock	¥ 1,429 \$ 11,884	¥ 5 \$ 0.04	March 31, 2014	June 26, 2014
Directors' meeting on October 28, 2014	Common stock	¥ 1,429 \$ 11,883	¥ 5 \$ 0.04	September 30, 2014	December 5, 2014

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

Resolution	Type of stock	Source of dividends	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 24, 2014	Common stock	Retained earnings	¥ 1,429 \$ 11,882	¥ 5 \$ 0.04	March 31, 2015	June 25, 2015

Note 11 Other Income/(Expenses)

Other income/(expenses) –Other, net for the years ended March 31, 2014 and 2015 consisted primarily of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Gain on sales of property, plant and equipment	¥ 181	¥ 94	\$ 783
Gain on sales of investment securities	2,165	43	358
Loss on sales and disposal of property, plant and equipment	(937)	(1,077)	(8,958)
Impairment loss on fixed assets	(405)	(90)	(750)
Loss on discontinued operations	(89)	–	–
Equity in earnings/(losses) of affiliates	(795)	140	1,168
Other, net	(315)	(123)	(1,023)
	¥ (196)	¥ (1,012)	\$ (8,422)

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% and 35.6% for the years ended March 31, 2014 and 2015, respectively. The effective tax rates reflected in the accompanying consolidated statements of income differ from the statutory tax rate for the following reasons:

	2014	2015
Statutory tax rate	38.0%	35.6%
Entertainment and other non-deductible expenses	1.7	1.3
Dividends exempted for income tax purpose	(2.1)	(0.3)
Inhabitant per capita taxes	0.9	0.9
Change in valuation allowance	(5.0)	(3.8)
Tax rate differences of oversea affiliates	(2.6)	(3.3)
Tax credit for research and development expenses	(1.0)	(1.9)
Equity in earnings of affiliates accounted for by the equity method	2.0	(0.3)
Undistributed earnings of overseas affiliates	0.7	0.2
Deferred tax assets reduced amount due to the changes in tax rate	0.5	(0.1)
Other, net	2.6	1.9
Effective tax rate	35.7%	30.3%

(Changes of Deferred Tax Assets and Liabilities due to the Change in Tax Rate)

Following the promulgation on March 31, 2015 of the "Act for Partial Amendment of the Income Tax Act, etc. (Act No. 9 of 2015)" and "Act for Partial Revision of the Local Tax Act, etc. (Act No. 2 of 2015)", the corporation tax rate has been reduced from the fiscal year beginning on April 1, 2015. In line with these changes, the effective statutory tax rate used to measure deferred tax assets and liabilities has been changed from 35.6% to 33.1% for temporary differences expected to be eliminated in the fiscal years beginning on April 1, 2015 and to 32.3% for those expected to be eliminated in the fiscal years beginning on or after April 1, 2016.

As a result of this change, deferred tax liabilities (after deducting deferred tax liabilities) and income taxes – deferred were decreased by ¥590 million (\$4,912 thousand) and ¥9 million (\$79 thousand), respectively. Net unrealized holding gain on available-for-sale securities and net deferred gain on hedges were increased by ¥479 million (\$3,987 thousand) and ¥101 million (\$845 thousand), respectively.

The components of deferred tax assets and deferred tax liabilities as of March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Deferred tax assets–current:			
Net operating loss carry forwards	¥ 307	¥ 403	\$ 3,357
Accrued employees' bonus	292	280	2,335
Accrued enterprise taxes	188	209	1,746
Unpaid transferring cash for defined contribution pension plan	229	–	–
Other	396	434	3,609
Sub-Total	1,415	1,328	11,047
Less valuation allowance	(2)	(1)	(15)
Total	1,412	1,326	11,032
Net of deferred tax liabilities–current	(281)	(625)	(5,200)
Total net deferred tax assets–current	1,131	701	5,831

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Deferred tax liabilities–current :			
Net deferred gain on hedges	¥ (266)	¥ (1,120)	\$ (9,320)
Other	(15)	(13)	(116)
Total	(281)	(1,134)	(9,436)
Net of deferred tax assets–current	281	625	5,200
Total net deferred tax liabilities–current	(0)	(509)	(4,235)
Deferred tax assets–noncurrent:			
Asset retirement obligations	1,051	984	8,188
Net operating loss carry forwards	1,500	827	6,876
Net defined benefit liability	704	621	5,170
Unrealized gain/loss on fixed assets	565	551	4,584
Impairment loss on fixed assets	814	496	4,124
Loss on valuation of investment securities	686	429	3,574
Depreciation	375	360	2,993
Impact of applying the accounting standard for lease transactions	272	355	2,956
Unrealized gain/loss on asset transfer	364	322	2,677
Other	598	631	5,248
Sub-Total	6,934	5,579	46,394
Less valuation allowance	(3,367)	(2,717)	(22,592)
Total	3,566	2,862	23,802
Net of deferred tax liabilities–noncurrent	(2,514)	(1,801)	(14,980)
Total net deferred tax assets–noncurrent	1,052	1,060	8,821
Deferred tax liabilities-noncurrent:			
Net unrealized holding gain on available-for-sale securities	(2,835)	(4,600)	(38,248)
Reserve and special reserve for advanced depreciation of property, plant and equipment	(1,696)	(1,496)	(12,439)
Fixed assets regarding to asset retirement obligations	(603)	(507)	(4,222)
Undistributed profit	(348)	(359)	(2,988)
Unrealized gain/loss on asset transfer	(162)	(147)	(1,223)
Other, net	(792)	(795)	(6,617)
Total	(6,437)	(7,906)	(65,740)
Net of deferred tax assets–noncurrent	2,514	1,801	14,980
Total net deferred tax liabilities–noncurrent	¥ (3,923)	¥ (6,104)	\$ (50,759)
Note 13 Contingent Liabilities			
As of March 31, 2014 and 2015, the Company and its consolidated subsidiaries had the following contingent liabilities:			
	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
As guarantor of indebtedness of affiliates	¥ 121	¥ 104	\$ 871
As guarantor of indebtedness of employees	28	22	184
Total	¥ 149	¥ 126	\$ 1,055

Note 14 Research and Development Expenses

Research and development expenses charged to selling, general and administrative expenses for the years ended March 31, 2014 and 2015 were ¥1,607 million and ¥1,730 million (\$14,385 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.

(1) 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 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Net defined benefit liability at beginning of the year	¥ 1,351	¥ 1,295	\$ 10,771
Retirement benefits expenses	179	173	1,442
Retirement benefits paid	(126)	(88)	(738)
Contribution to the retirement benefit plans	(96)	(78)	(651)
Actuarial gain/loss arising during the year	30	–	–
Other	(42)	(63)	(525)
Net defined benefit liability at end of the year	¥ 1,295	¥ 1,238	\$ 10,298

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

(2) 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 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Retirement benefit obligation of funded plans	¥ 900	¥ 702	\$ 5,844
Plan assets	(788)	(693)	(5,768)
	112	9	75
Retirement benefit obligation of unfunded plans	1,183	1,229	10,222
Net amount of liabilities after deducting assets in the consolidated balance sheets	1,295	1,238	10,298
Net defined benefit liability	1,433	1,438	11,956
Net defined benefit asset	(137)	(199)	(1,658)
Net amount of liabilities after deducting assets in the consolidated balance sheets	¥ 1,295	¥ 1,238	\$ 10,298

(3) Retirement benefits expenses :

Retirement benefits expenses adopted for the simplified method were ¥179 million and ¥173 million (\$1,442 thousand) for the years ended March 31, 2014 and 2015, respectively.

(*) One of the consolidated overseas subsidiaries which had adopted for the principle method of the retirement benefit plans, has transferred to the defined contribution pension plan since the year ended March 31, 2015. Such amounts adopted for the principle method were included in the above table due to immaterial.

(4) Defined contribution pension plan:

Cash paid for defined contribution pension plan for the Company and its consolidated subsidiaries which includes Small and Medium Enterprises Retirement Allowance Mutual Aid were ¥1,722 million and ¥1,793 million (\$14,912 thousand) for the years ended March 31, 2014 and 2015, respectively.

Note 16 Per Share Information

Net assets per share as of March 31, 2014 and 2015 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Net assets	¥ 136,846	¥ 153,600	\$ 1,277,131
Net assets attributable to common stock	133,298	148,408	1,233,965
Amounts excluded from net assets: Minority interest	3,548	5,191	43,166
Number of common stock used for the calculation of net assets per share (in thousand)	285,859	285,823	

Net income per share for the years ended March 31, 2014 and 2015 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Net income	¥ 8,898	¥ 9,701	\$ 80,666
Net income attributable to common stock	8,898	9,701	80,666
Amounts not attributable to common shareholders	-	-	-
Average number of common stock during the fiscal year (in thousand)	285,889	285,846	
Diluted net income per share			
Adjustments for the potential effect of dilutive securities:		(22)	(189)
(Include loss resulting by conversion of preferred stock of affiliates accounted for by the equity method to common stock)	-	22	189
Number of common stock increased	-	-	-

Note 17 Segment Information

(1) General information about reportable segments

Reportable segments are components of the Company and its consolidated subsidiaries for which separate financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segments and assess their performance. Reportable segments are determined by product and service as "Processed foods," "Marine products," "Meat and poultry products," "Logistics," and "Real estate."

General information about the segments is as follows:

- (a) Processed foods: Production, processing and sales of frozen cooked foods, agricultural processed foods, retort-pouch foods, wellness foods, acerola and packed ice
- (b) Marine products: Processing and sales of marine products
- (c) Meat and poultry products: Processing and sales of meat and poultry products, and breeding and sales of food chicken
- (d) Logistics: Providing distribution/transportation service and distribution center function, logistics consulting, providing storage service, production and sales of ice, and construction work and planning
- (e) Real estate: Leasing of office buildings and parking lot, management of real estate, and sales of housing land

(2) The basis of measurement for sales, profit or loss, assets, liabilities and other items of reportable segments

Accounting policies and methods used at operating segments are the same as those applied to the Company described on Note 2. Profit or loss of reportable segments is equal to operating income on the consolidated statements of income. Intercompany sales and transfers are based on third-party transaction prices.

(3) Sales, profit or loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2014 and 2015 were summarized as follows:

	Year ended March 31, 2014 (Millions of yen)									
	Reportable segment						Total	Other (*2)	Total	Adjustment
Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total					
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, 2015 (Millions of yen)									
	Reportable segment						Total	Other (*2)	Total	Adjustment
Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total					
Sales: External sales	¥ 218,900	¥ 68,489	¥ 86,957	¥ 163,669	¥ 3,421	¥ 541,438	¥ 3,828	¥ 545,266	¥ -	¥ 545,266
Intercompany sales and transfers	350	168	2,508	14,652	1,322	19,002	547	19,550	(19,550)	-
Total	219,250	68,657	89,466	178,322	4,743	560,440	4,376	564,817	(19,550)	545,266
Segment profit	5,586	245	373	8,725	2,122	17,053	566	17,620	(4)	17,615
Segment assets	110,545	27,395	17,524	148,158	17,821	321,445	4,188	325,634	16,226	341,860
Other items: Depreciation	4,611	92	229	9,221	787	14,942	86	15,028	592	15,621
Amortization of goodwill	105	-	-	86	-	192	-	192	-	192
Investments in equity method investees	1,054	123	138	1,466	-	2,784	-	2,784	1,097	3,882
Increase in property, plant and equipment and intangible assets	8,743	137	222	14,218	255	23,577	131	23,709	586	24,296
Outstanding balance of goodwill	1,718	-	-	1,395	-	3,114	-	3,114	-	3,114
Impairment loss on fixed assets	¥ 75	¥ -	¥ -	¥ 14	¥ -	¥ 90	¥ -	¥ 90	¥ -	¥ 90

	Year ended March 31, 2015 (Thousands of U.S. dollars)									
	Reportable segment						Total	Other (*2)	Total	Adjustment
Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total					
Sales: External sales	\$ 1,820,074	\$ 569,461	\$ 723,021	\$ 1,360,852	\$ 28,445	\$ 4,501,856	\$ 31,834	\$ 4,533,690	\$ -	\$ 4,533,690
Intercompany sales and transfers	2,914	1,397	20,859	121,828	10,996	157,996	4,556	162,553	(162,553)	-
Total	1,822,989	570,858	743,881	1,482,681	39,442	4,659,853	36,390	4,696,243	(162,553)	4,533,690
Segment profit	46,448	2,038	3,108	72,553	17,646	141,794	4,708	146,503	(38)	146,465
Segment assets	919,145	227,785	145,706	1,231,886	148,178	2,672,700	34,824	2,707,525	134,915	2,842,441
Other items: Depreciation	38,344	769	1,909	76,669	6,545	124,237	722	124,960	4,929	129,890
Amortization of goodwill	875	-	-	722	-	1,597	-	1,597	-	1,597
Investments in equity method investees	8,769	1,029	1,155	12,197	-	23,151	-	23,151	9,129	32,280
Increase in property, plant and equipment and intangible assets	72,702	1,139	1,853	118,224	2,121	196,041	1,096	197,137	4,878	202,016
Outstanding balance of goodwill	14,291	-	-	11,605	-	25,896	-	25,896	-	25,896
Impairment loss on fixed assets	\$ 629	\$ -	\$ -	\$ 120	\$ -	\$ 750	\$ -	\$ 750	\$ -	\$ 750

Notes:

(*1) "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.

(*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, 2015.

Investor Information

(As of March 31, 2015)

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

13,551 (consolidated)

Stock Exchange Listing

Tokyo Stock Exchange (Code: 2871)

Common Stock

Authorized: 720,000,000 shares
Outstanding: 295,851,065 shares
(Treasury shares: 10,027,894 shares)

Number of Shareholders

21,383

Shareholder Register Administrator

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

Annual Meeting of Shareholders

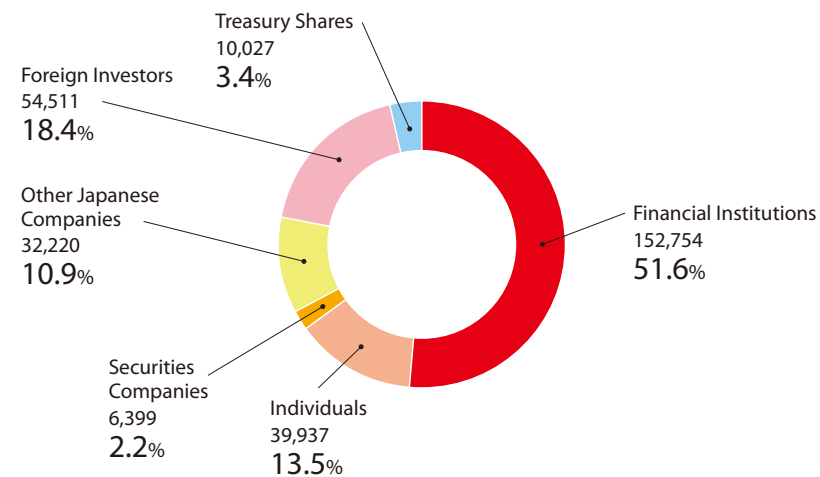
The annual meeting of shareholders is normally held in June each year in Tokyo, Japan

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 Rd.
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, 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, Vietnam
Tel: 84 (8) 3930-8051
Fax: 84 (8) 3930-8053

Bangkok

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

Qingdao

6th Floor, 618 Crowne Plaza Qingdao
76 Xiang Gang Zhong Rd.
Qingdao, Shandong 266071, China
Tel: 86 (532) 8578-1031
Fax: 86 (532) 8578-1041

Dalian

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

Nichirei Logistics Group Inc.

Shanghai

Room 806, Xiandai Guangchang
1 Hao Lou, 369 Xianxia Rd.
Changning Dist., Shanghai 200336, China
Tel: 86 (21) 5155-9909
Fax: 86 (21) 5155-9909

Major Overseas Subsidiaries and Affiliates

Nichirei Foods Inc.

Nichirei do Brasil Agricola Ltda.

Avenida Republica do Libano, Nº 251
Empresarial RioMar Trade Center
Torre A-4º Andar, Sala 409
Bairro do Pina, Recife/PE-Cep: 51110-160, Brazil
Tel: 55 (81) 2127-7410
Fax: 55 (81) 2127-7411

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

Shandong Nichirei Foods Co., Ltd.

No.60 Huangshan Rd.
Yantai Economic & Technological
Development Zone
Shandong 264006, China
Tel: 86 (535) 637-6942
Fax: 86 (535) 637-5141

Ningbo Haitong Nichirei Foods., Ltd.

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

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

Room 1203, Building A
No.1055 West Zhongshan Rd.
Changning Dist., Shanghai 200050, China
Tel: 86 (21) 6209-0802
Fax: 86 (21) 5272-7468

Nichirei Corporation Shanghai Ltd.

Room 1203, Building A
No.1055 West Zhongshan Rd.
Changning Dist., Shanghai 200050, China
Tel: 86 (21) 5272-7475
Fax: 86 (21) 5272-7468

Surapon Nichirei Foods Co., Ltd.

22/5 Moo 4, Theparak Rd., Bangpleeyai,
Bangplee, Samutprakarn 10540, Thailand
Tel: 66 (2) 385-5021
Fax: 66 (2) 385-5662

GFPT Nichirei (Thailand) Co., Ltd.

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

Nichirei U.S.A., LLC

2101 4th Avenue, Suite 2030
Seattle, WA 98121, U.S.A.
Tel: 1 (206) 448-7800
Fax: 1 (206) 443-5800

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

Nichirei Fresh Inc.

Nichirei Seafoods, Inc.

2101 4th Avenue, Suite 2030
Seattle, WA 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), Brazil
Tel: 55 (91) 3258-6900
Fax: 55 (91) 3258-6925

Rizhao Mei Leng Food Trading Co., Ltd.

1 Haikou Rd.
Rizhao, Shandong 276826, China
Tel: 86 (633) 298-2398
Fax: 86 (633) 298-2399

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

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

Thermotrafic Holland B.V.

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

Thermotrafic Strowmar Ltd.

Scottish Mutual House
27-29 North Street
RM11 1RS Hornchurch, Essex
United Kingdom
Tel: 44 (1708) 446-253
Fax: 44 (1708) 477-527

Thermotrafic GmbH

Im Industriegelaende 60-66
D-33775 Versmold, 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.

No. 8, Lane 3509, Hongmei (S) Rd.
Minhang Dist., Shanghai 201100, China
Tel: 86 (21) 3350-5301
Fax: 86 (21) 5463-3273

Cautionary Statement with Respect to Forward-Looking Statements

This annual review contains, in addition to historical facts, forward-looking statements that are based on Nichirei's and its Group companies' current expectations, estimates and projections regarding plans, outlook, strategies and results for the future. All such statements are based on management's assumptions and beliefs derived from the information available to it at the time of publication of this annual review. Words such as "anticipates," "expects," "intends," "plans," "strategies," "believes," "seeks," "estimates," "may," "will" and variations of these words or similar expressions are intended to identify forward-looking statements, from which actual results may differ significantly. Thus, it is advised that investors refrain from making investment decisions based solely on these forward-looking statements.

Nichirei and its Group companies will not necessarily revise their forward-looking statements in accordance with new information, future events and other results. Risks and uncertainties that could affect the actual results of Nichirei and its Group companies include, but are not limited to:

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