



Nichirei Corporation

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ANNUAL REVIEW 2016
Nichirei Corporation



ANNUAL REVIEW 2016

Year Ended March 31, 2016

Crafting Change to Sustain Growth



Printed in Japan



Message to Shareholders and Investors

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Toshiaki Murai
Representative Director and Chairman

Kunio Otani
Representative Director and President

Nichirei adapts to the changing times and ensures sustainable growth consistent with our corporate mission of "Focus on Lifestyles and Provide True Satisfaction."

The Nichirei Group was founded in the immediate postwar era as a marine products trading and ice production/refrigerated warehouse business. During our 70 years in operation, we have developed new business models to fit the changing times, and achieved sustainable growth.

We believe this is simply the result of each and every employee conducting business with a determination to better the lives of everyone by offering products and services related to food, consistent with our corporate mission to "Focus on Lifestyles and Provide True Satisfaction."

The business climate in Japan continues to undergo fast-moving change. The social structure is being transformed by the declining population and rapid aging of society, but rather than looking at these as negative factors, the issue for us is how to turn them into opportunities for growth. In a borderless world, we need to strengthen our supply chain from a global perspective in order to ensure strict quality control for imported products. Considering that population movements are becoming more intense with globalization, and the advances in the utilization of information and communication technologies that have brought about a "logistics revolution" changing the structure of the industry, it is important for us to have a comprehensive view of the market rather than just looking at its individual aspects, and to develop our business by making appropriate use of the corporate group's management resources.

The new medium-term business plan launched in April this year focuses on these changes in the business environment, and was formulated following extensive discussions aimed at achieving the management goals of each group company, in order to meet the expectations of stakeholders for the sustainable growth of the Nichirei Group.

Even while the business climate is changing in ways that we have never experienced before, we will approach our customers with the sincerity at the heart of our corporate mission to "provide true satisfaction," and find the answers ourselves.

Each and every member of the Nichirei Group, by challenging themselves to meet ambitious goals, will bring together effort and creativity, making steady progress toward sustainable growth in order to achieve the goals of the medium-term business plan. Thank you for your continued support of Nichirei.

July 2016

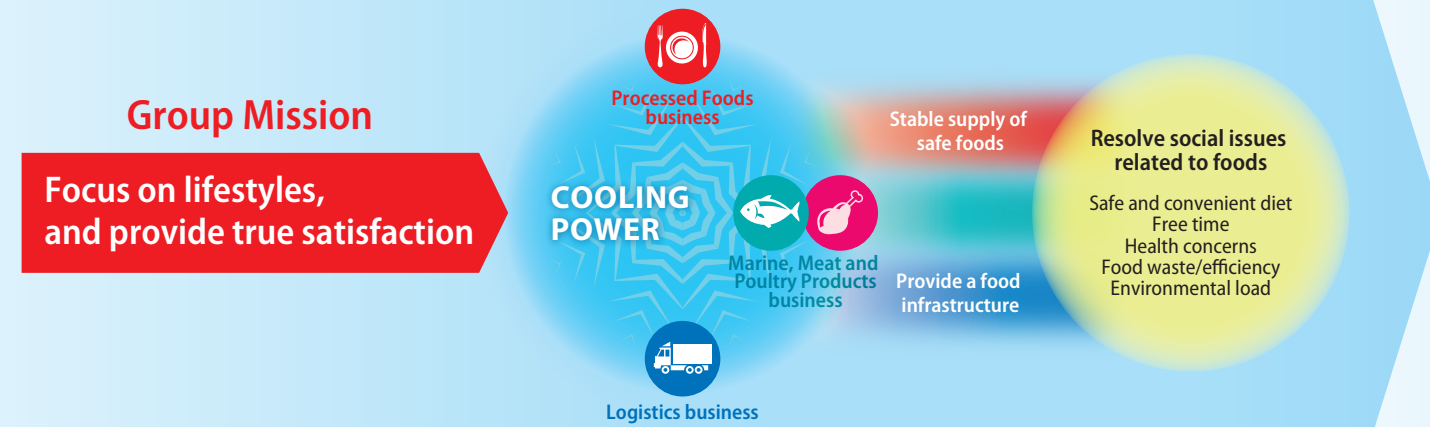
Toshiaki Murai
Representative Director and Chairman

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Representative Director and President

Profile

Nichirei Corporation is a holding company that determines strategy for the entire Nichirei Group, one of Japan's leading corporate groups involved in food-related businesses. The Group consists of Nichirei Corporation, 70 consolidated subsidiaries and 17 affiliates, with a total of 14,118 employees. Its principal businesses are processed foods, marine products, meat and poultry products, temperature-controlled logistics, and real estate.

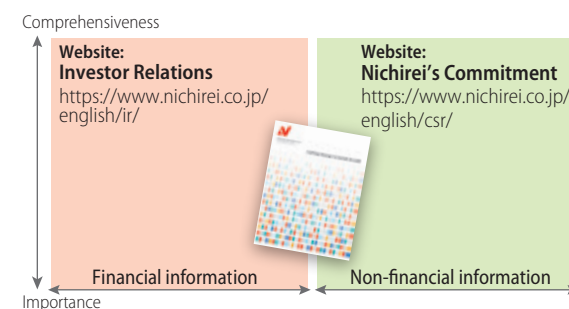
Business Concept



Editorial Policy

The Nichirei Group's Annual Review 2016 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 program, and management structures. Through the combination of this Annual Review and the corporate website, Nichirei strives for effective communication with shareholders and investors.

Scope of coverage: Nichirei Corporation and its consolidated subsidiaries in Japan and overseas. The report also contains information on certain non-consolidated subsidiaries and affiliated companies.

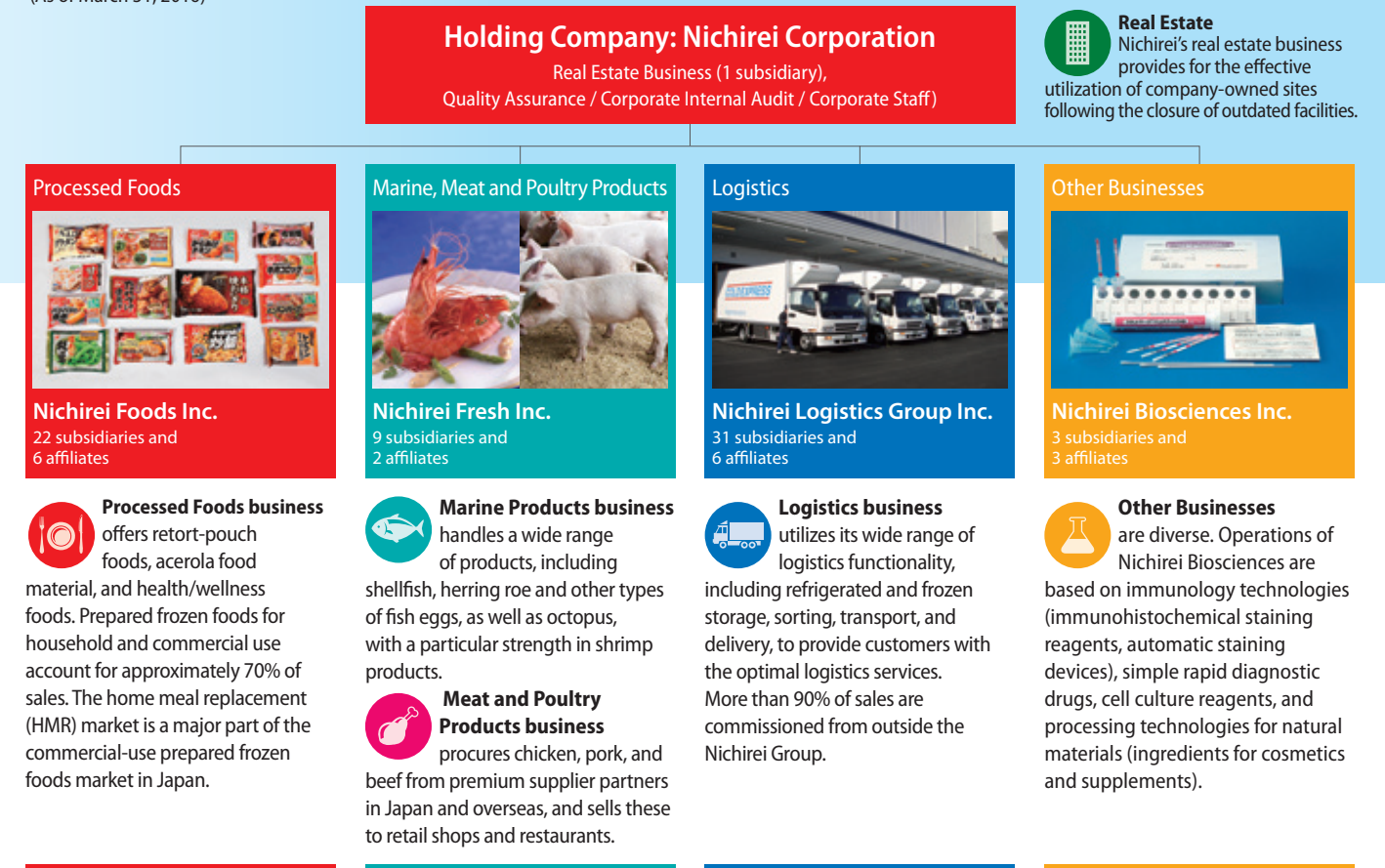


Overview of FY16/3

Group Companies	70 subsidiaries	Financial Indicators	Net sales	¥ 535.4 billion
	17 affiliates		Operating income	¥ 21.6 billion
Workforce	14,118 full-time employees		Profit attributable to owners of parent	¥ 13.5 billion
			ROE	9.1 %

Diagram of Holding Company System

(As of March 31, 2016)



Nichirei Then and Now

Nichirei has adapted to the changing times, expanding its foods business focusing on "cooling power."

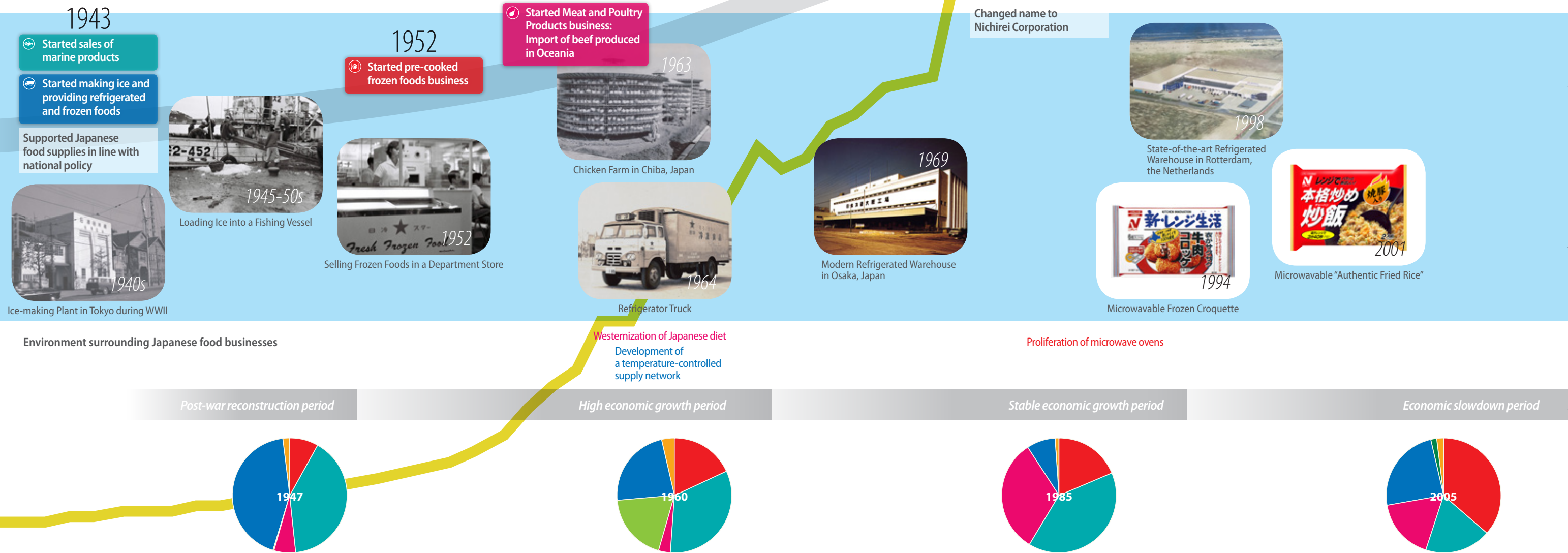
Nichirei's precursor, Teikoku Marine Products Control Company, was established in 1942 to secure the nation's food supply through the buying and selling of marine products, along with ice production, refrigeration and freezing.

Immediately after World War II in 1945, the Company was renewed as Nippon Reizo Co. Ltd., a joint-stock corporation under Japan's commercial code, working to address postwar food shortages as a foods company founded on "cooling power".

During Japan's rapid postwar recovery, Nippon Reizo expanded into new business fields in response to the changing times, including entering the meat and poultry business amid growing demand for animal protein, developing the frozen foods business as refrigerators and microwaves became

commonplace, and establishing a nationwide logistics network for food transport. By the 1980s, the Company had established a foundation built on a core of processed foods, temperature-controlled logistics, and the marine products, meat and poultry business. In 1982, the Company entered the biotechnology field, establishing the current business sectors.

Nippon Reizo changed its name to Nichirei Corporation in 1985, and in 2005 transitioned to a holding company structure to better meet customer needs. Under the holding company the four business companies continue to generate unique added value to fulfill our corporate mission of "Focus on Lifestyles, and Provide True Satisfaction."



Environment surrounding Japanese food businesses

Post-war reconstruction period

High economic growth period

Stable economic growth period

Economic slowdown period

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

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

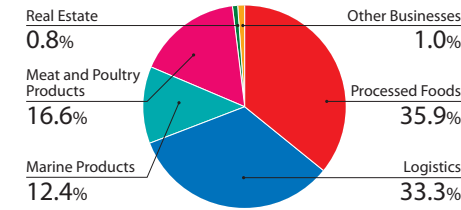
Nichirei Today

Nichirei is the leading company in Japan for the mainstay frozen food and logistics businesses, and is utilizing its strengths to expand business overseas.

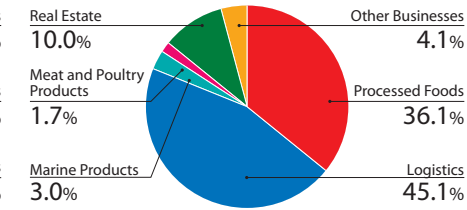
Nichirei has integrated functions to handle all aspects of the food value chain, from food material and product planning and development, to procurement, quality control, processing and manufacturing, sales, storage, and delivery. The Processed Foods, Logistics, Marine Products, and Meat and Poultry businesses focus on specialization as they develop their individual business domains, while also combining their accumulated expertise as necessary for greater strength, such as for overseas business development.

Under the three-year medium-term business plan (April 2013 – March 2016), in order to adapt to the rapidly aging society, globalization, and other major shifts in the business environment, and achieve sustainable growth, Nichirei concentrated its management resources in the core Processed Foods and Logistics businesses, enhanced the profitability of the corporate group, and expanded the overseas business.

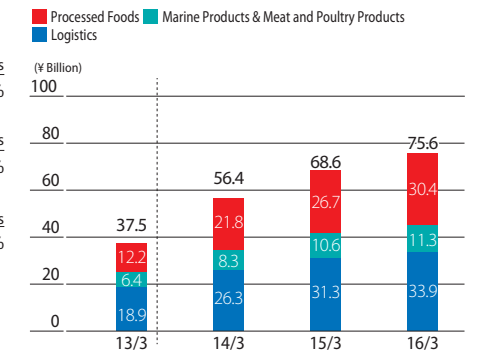
Net Sales by segment '16/3



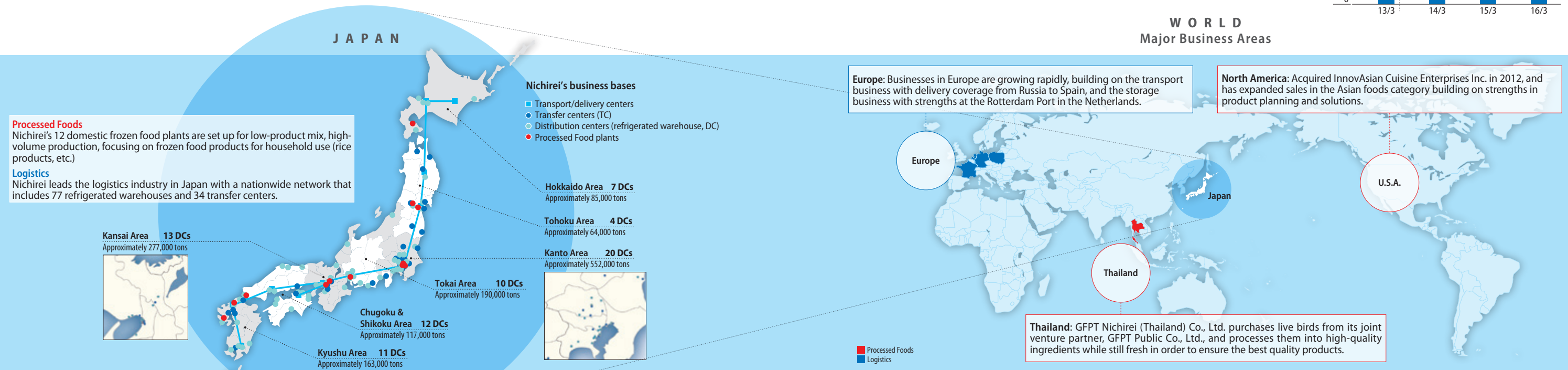
Operating Income by segment '16/3



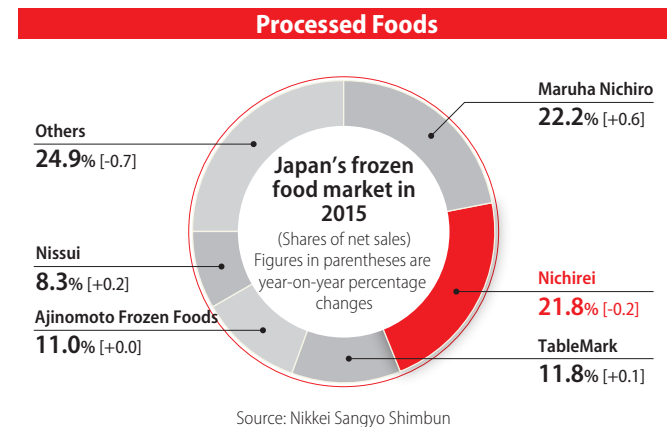
Overseas Sales



WORLD Major Business Areas



No. 2
of the frozen food market

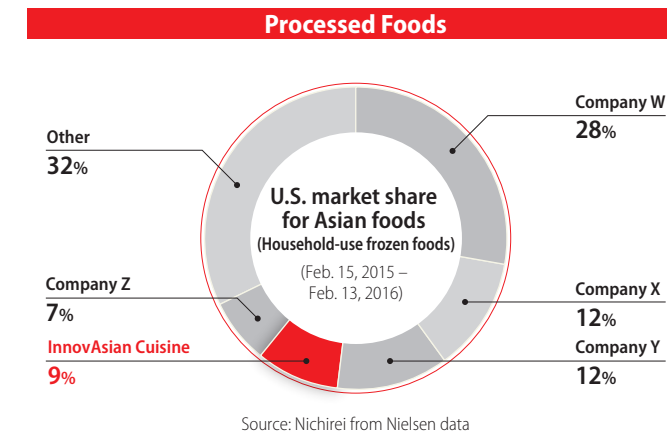


No. 1
in terms of refrigerated warehouse capacity

Top 5 Companies in Terms of Refrigerated Warehouse Capacity (Japan)				
Ranking	Name	Capacity (Thousands of tons)	Variance from Jan. 2015	Share
1	Nichirei Group	1,430	0	14%
2	Yokohama Reito	790	20	8%
3	Maruha-Nichiro Group	580	-20	6%
4	Toyo Suisan Group	470	-10	5%
5	Chilled & Frozen Logistics Holdings	400	10	4%

(As of January 1, 2016)
Source: Compiled by Nichirei based on Japan Association of Refrigerated Warehouses documents (Includes partial estimates)
Note: Created with data only from members of the Japan Association of Refrigerated Warehouses

No. 4
U.S. market share for Asian foods



No. 6
in storage capacity of refrigerated warehouses

Top Ten Companies Worldwide in the Refrigerated Warehouse Industry by Capacity			
Ranking	Company/Group Name	Capacity (Thousands of tons)	Main Countries of Business
1	Americold Logistics	11,236	USA, etc.
2	Lineage Logistics	6,901	USA
3	Swire Group	4,642	USA, etc.
4	Preferred Freezer Services	3,686	USA, etc.
5	AGRO Merchants Group, LLC	2,481	USA, etc.
6	Nichirei Logistics Group Inc.	1,781	Japan, etc.
7	Kloosterboer	1,706	Netherlands, etc.
8	VersaCold Logistics Services	1,305	Canada
9	Partner Logistics (ICSH B.V.)	1,144	Netherlands, etc.
10	Interstate Warehousing, Inc.	1,135	USA

As of June 28, 2016
Source: Compiled by Nichirei based on International Association of Refrigerated Warehouses document
* Global Top 25 List *

Global Business Environment and Nichirei's Role

In changing business climate, Nichirei is focusing on food to become the most trusted company in an increasingly global society.

Eating habits are changing significantly. In Japan, eating habits have diversified with changes in the population structure, workstyles, and lifestyles. A series of incidents in Japan involving food waste and the reselling of waste food has also shaken trust in the food supply, making tighter quality control, including with business partners, an urgent issue.

The globalization of business, along with the consideration of exchange rate fluctuations and food material prices, has made it necessary to establish supply chains that take into account a broad view of the world in general, including quality control for items procured overseas, the state of food material procurement and proper production volume with growth in the worldwide

population, and environmental conservation.

The labor shortage in Japan needs to be taken into account as well, as Nichirei considers its human assets to be its most important management asset.

By considering what the Nichirei Group can do to address the issues regarding eating habits that have arisen amid the changing

external business environment, and taking action, Nichirei aims to further enhance its value as a safe and trusted brand, and fulfill the role of enriching the eating habits of people today and into the future.

Role of the Nichirei Group

Nichirei is focusing on food to become the most trusted company in an increasingly global society.



TRENDS in JAPAN

Population decline and aging population

The decline in Japan's overall population will cause the food industry to contract, while at the same time the aging of producers will lead to a shortage of people involved in the primary sector of the economy. The labor market is also expected to be tight, and a driver shortage has already become a chronic issue for the logistics industry. The depopulation of rural areas will also continue to weaken the infrastructure that supports communities, such as stores and public transport, leading to the issue of people unable to go shopping.

Changing values and lifestyles

The increase in single-person and other small-family households, and more women joining the workforce, have intensified the trend toward eating out and not cooking at home. Diversifying values and lifestyles is also blurring consumer categories, and there has been a notable trend toward health-consciousness and consumption emphasizing better quality of life.

Food waste

Food loss, the disposal of food that could still be eaten, amounts to 6.43 million tons annually in Japan. With Japan's food self-sufficiency rate of less than 40% and reliance on imports, food loss is both a burden on the environment and an economic loss. It is also a major issue in terms of human rights, considering the one billion undernourished people around the world. It's necessary to offer value while respecting richness of spirit, not just material wealth.

GLOBAL TRENDS

Blurred distinction between domestic and overseas markets

The opening of markets through the basic agreement on the Trans-Pacific Partnership (TPP) global free trade agreement is likely to have a huge impact on the overall supply chain. The country is also expected to become increasingly borderless, including an increase in overseas tourism to Japan.

Greater consumer interest in food safety and security

Consumer interest in Japan toward food safety and security has risen to its highest level ever in the wake of food mislabeling and tampering incidents. International food safety standards are receiving greater attention, and the measures companies take to address all risks throughout the supply chain are being called into question.

Demand for protection of the environment and ecosystems, and effective utilization of resources

The 21st Conference of the Parties to the UN Framework Convention on Climate Change (COP21) revised global measures on cutting CO₂ emissions, and with environmental issues such as curbs on fluorocarbon emissions and safeguarding of water resources becoming more prominent, demands for environmental conservation on companies are increasing, including protecting the global environmental, effective utilization of resources, and preserving ecosystems.

Nichirei's Vision and New Medium-term Business Plan

Nichirei will effectively utilize group management resources, enhance the earnings capabilities of domestic business operations in each segment, and expand the overseas business, in order to meet stakeholder expectations for sustainable growth.

Nichirei will accurately assess the changes in the business climate, effectively utilize the management resources within the corporate group, enhance the earnings capabilities of domestic business operations in each segment, and expand the overseas business, in order to meet stakeholder expectations for sustainable growth.

In the new business plan, Nichirei plans a proactive program of investment exceeding that of the previous medium-term business

plan, and will expand its revenue base in Japan and overseas in sectors where growth is expected. The new plan will also continue to address the issues remaining from the previous plan, and by formulating and implementing strategies to ensure long-term competitiveness, will establish a stronger position in each business domain.

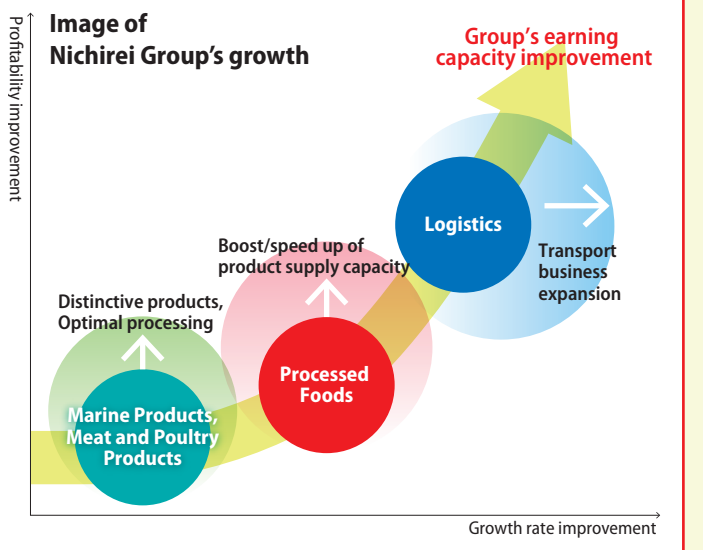
Focus on lifestyles, and provide true satisfaction

Focus on food to become the most trusted company in an increasingly global society



- General Strategies** ▶ See Pg. 14-15
- Ensure sustainable earnings growth and raise capital efficiency.
 - Pursue continued expansion in scale for overseas business.
- Strengthen management base** ▶ See Pg. 28
- Further enhance the Nichirei Group's capabilities for quality assurance.
 - Continue to strengthen corporate governance and other ESG-related efforts.
 - Focus more intently on utilizing diverse personnel

- Business Strategies**
- Processed Foods** ▶ See Pg. 18-21
- Optimize the domestic production structure to increase asset efficiency and profitability
 - Support product development and marketing adapted to diversifying consumption patterns
 - Expand the business scale overseas, focusing on North America
- Marine Products, Meat and Poultry Products** ▶ See Pg. 22-23
- Establish a stable earnings structure centered on providing differentiated products and optimal processing
- Logistics** ▶ See Pg. 24-27
- Expand the scale of the logistics network business
 - Increase earnings through maximum utilization of core storage facilities in metropolitan areas and transport function in regional areas
 - Broaden the overseas business base, especially in Europe



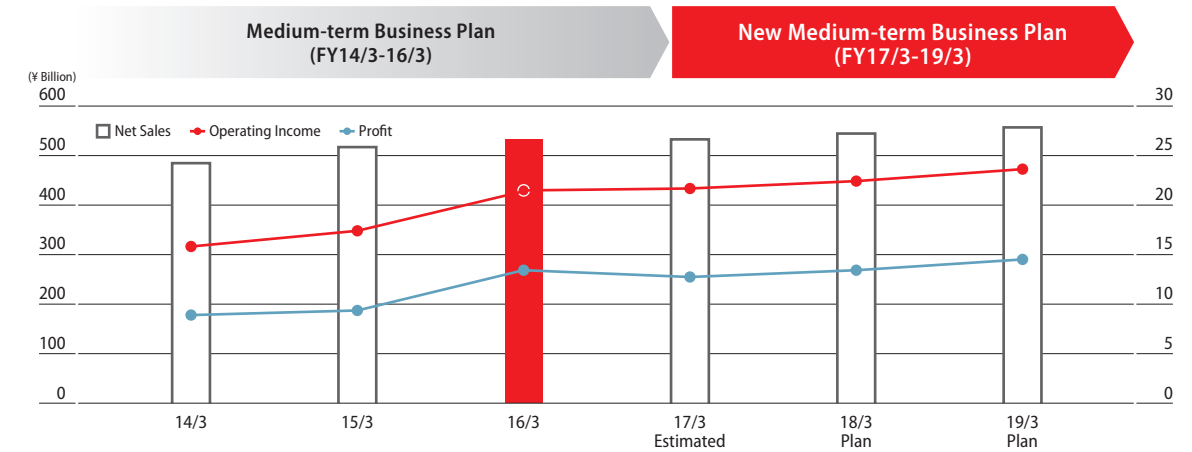


► Our Strategy
President's Message

Building on Record High Earnings in the Previous Plan, the New Plan Will Further Increase Enterprise Value

Kunio Otani
 Representative Director and President

Consolidated Net Sales and Earnings



Review of the previous Medium-term Business Plan (FY14/3 – FY16/3)

The Nichirei Group's performance was driven by our two core businesses, with record high earnings achieved in the final year.

The fiscal year ended March 2016 was the final year for the previous medium-term business plan. To achieve sustainable growth amid the aging society, increasing globalization and other major changes in the business climate, Nichirei concentrated business resources in the Processed Foods and Logistics businesses, making efforts to enhance the earnings capacity for the corporate group overall, and expand the overseas business. As a result, we achieved a record high level of earnings in FY16/3, the final year of the plan. We also reached our target for overseas sales a year ahead of schedule, and with considerable gains mostly in the Processed Foods business.

Market capitalization rose on positive market assessment

Nichirei's market capitalization increased around 60% during the three-year plan period, the result of favorable reactions to earnings results, along with a general inflow of investment capital to the foods sector, which is comparatively immune to market fluctuations. Nichirei's stock price rose to ¥916 at end-FY16/3, from ¥561 at end-FY13/3. We believe this rise in enterprise value is a reflection of our efforts over the three-year plan period. [P.61](#)

FY16/3: Results and Differences

(¥ Billion)	Results	FY16/3	
		Y o Y	Compared to Plan
		Variance	Variance
Net Sales	535.4	15.4	44.2
Processed Foods	199.2	5.3	15.0
Marine Products	68.8	0.1	3.8
Meat and Poultry	92.0	2.6	18.5
Logistics	184.9	6.5	5.9
Real Estate	4.6	-0.1	-0.2
Other	5.2	0.8	0.7
Adjustment	-19.4	0.1	0.4
Operating Income	21.6	4.2	1.2
Processed Foods	8.0	2.6	-0.2
Marine Products	0.7	0.4	-0.0
Meat and Poultry	0.4	0.0	-0.3
Logistics	10.0	1.2	1.0
Real Estate	2.2	0.1	0.1
Other	0.9	0.3	0.4
Adjustment	-0.5	-0.5	0.3
Ordinary Income	21.4	4.5	1.7
Profit	13.5	4.0	1.5
ROE (Return on equity)	9.1%	2.2pt	0.4pt

Future issues for stable and sustainable earnings growth

We consider the biggest accomplishment from the previous business plan to be a greater awareness of earnings growth at Nichirei's business companies. The plan had a slow start in the first year because of a downturn in the external business climate, but by the final year we had reached the desirable position of results for the corporate group that exceeded plan targets. There is a sense of energy and momentum for the future.

The Processed Foods business was greatly affected in the first year by rising food ingredient and purchasing costs due to the rapid weakening of the yen. However, through price revisions and other measures to absorb costs, by the final year we attained a level of earnings nearly on a par with the plan.

In the Marine Products and Meat and Poultry businesses, we increased the proportion of sales to restaurants and the home meal replacement (HMR) market, and continued to work to establish a business base less susceptible to market fluctuations.

The Logistics business achieved results that greatly exceeded plan, particularly in terms of earnings. The main reasons were our ability to capture more of the robust demand for storage due to the addition of large-scale refrigerated warehouses in Tokyo and Osaka, and positive business performance in Europe.

For the corporate group overall, we strengthened food defense measures and other aspects of quality control, and took steps to comply with Japan's Corporate Governance Code.

Nevertheless, stable and sustainable earnings growth remains an issue. We will continue to strengthen our management base and implement measures for growth over the longer term.

Results and Issues of the Previous Medium-term Business Plan

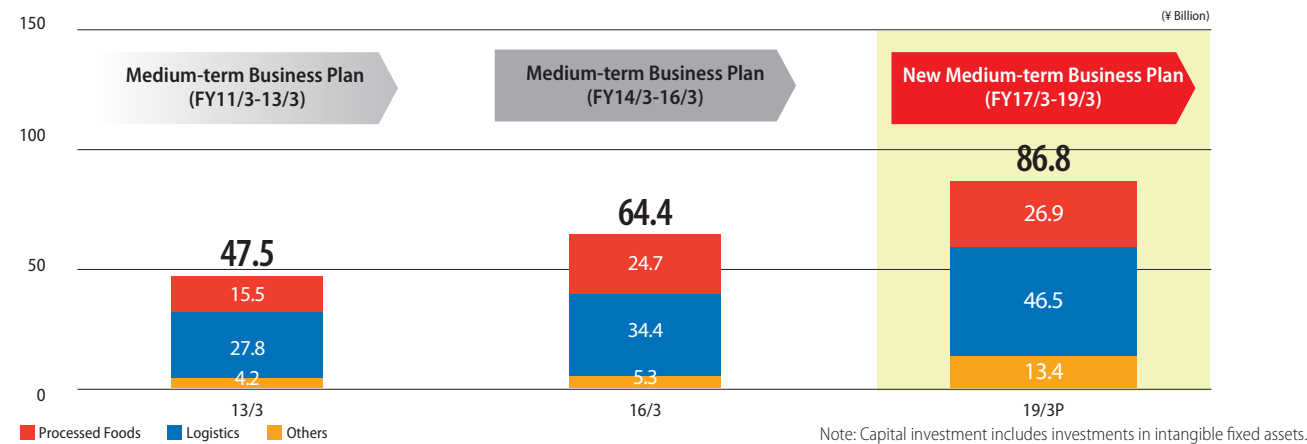
Results

- Corporate Group Overall**
 - Investments for growth made in the Processed Foods and Logistics businesses.
 - Expansion in overseas sales.
- Processed Foods**
 - Production structure strengthened for company-owned plants in Japan.
 - Expanded business scale in the U.S.
- Logistics**
 - Introduction of large refrigerated warehouses in the Tokyo and Osaka areas.
 - Increased sales in Europe, business operations launched in Thailand.

Issues

- Corporate Group Overall**
 - Stable and sustainable earnings growth.
- Processed Foods**
 - Respond promptly to changes in the external business environment and raise profitability.
- Marine Products, Meat and Poultry**
 - Maintain a stable level of earnings.
- Logistics**
 - Respond to rising costs due to labor shortage in Japan.

Capital Investment including Leasing (Three-year Cumulative Plan)



Main Capital Investments in the New Medium-term Business Plan

Group	Total Investment (¥ Billion)			Investment Breakdown (¥ Billion)	
	Total	Japan	Overseas	Japan	Overseas
Group Total	86.8	68.8	18.0		
Processed Foods	26.9	21.3	5.6	· Production line investment · Base infrastructure	· Base infrastructure
Logistics	46.5	34.5	12.0	· New and expanded refrigerated warehouses · New transfer centers · Base infrastructure	· New and expanded refrigerated warehouses in Europe · Base infrastructure
Others	13.4	13.0	0.4	· Base infrastructure: Marine Product, and Meat and Poultry Products ¥4.4bn, Bioscience ¥3.7bn, Holding company ¥3.4bn	

Basic policy of the new Medium-term Business Plan (FY17/3 – FY19/3)

We will continue to concentrate our resources in core businesses, aiming for stable and steady growth.

During the fiscal year ending March 2017, the first year of the new business plan, Nichirei will continue to further strengthen its core businesses, aiming for steady and sustainable growth even in difficult business climates.

In terms of group-wide strategies, we will continue to concentrate our resources in the core Processed Foods and Logistics businesses. We will strengthen the earnings base in fields with projected growth, both in Japan and overseas. For the overseas business, we will pursue expansion in business scale and increase the value of overseas sales to ¥81.9 billion by end-FY19/3, from ¥75.6 billion at end-FY16/3.

We will also continue with efforts to raise capital efficiency. We aim to maintain ROE at 8% or higher throughout the plan period, and raise the figure to 9% or higher in the final year of the plan.

In the Processed Foods business, we will continue with measures to enhance profitability in Japan. Specifically, we will take full advantage of the production lines established through investment under the previous plan, and further expand sales, mainly for mainstay rice-based products. We will also develop differentiated products and expand marketing in response to diversifying consumption patterns, and capture new demand. Overseas, we will achieve further sales growth in the Asian foods market in the U.S.

In the Marine Products and Meat and Poultry businesses, we will continue to move toward stable resource procurement and finding new, distinctive ingredients. We will also enhance asset efficiency and establish a stable foundation for earnings.

In the Logistics business, we will expand the scope of the logistics network business, centered on the transfer center (TC) business in Japan. We will also seek out and consider measures for rapid future growth, such as exploring and developing new growth areas. Overseas, we will proactively invest in facilities in Europe in order to broaden our business foundation.

Three-year capital investment plan

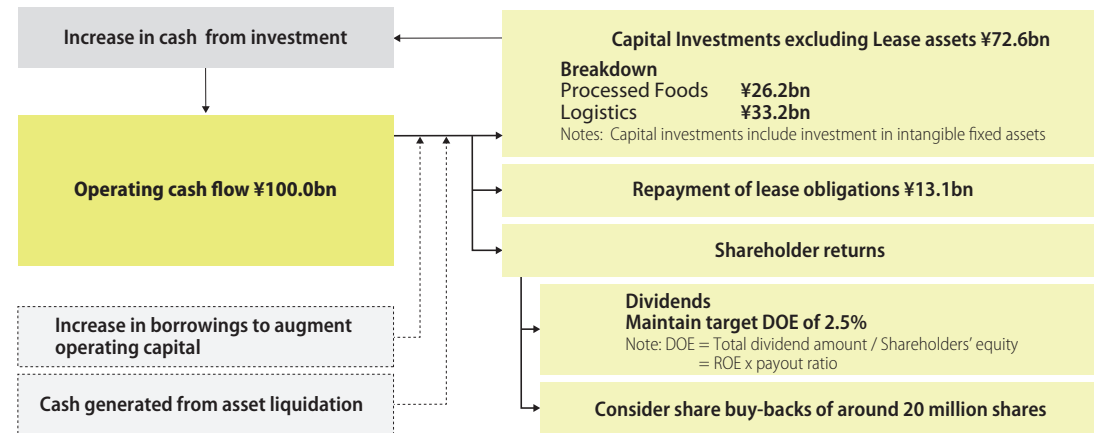
We will increase investment to enhance the base for sustainable growth.

The medium-term business plan includes a proactive capital investment program exceeding the level of the previous plan, mainly for the core Processed Foods and Logistics businesses. Specifically, we will invest a total of ¥86.8 billion over three years, comprising ¥68.8 billion in Japan, and ¥18.0 billion overseas. In the Processed Foods business, the main investments will be to further strengthen domestic production lines, and to adapt business facilities to tighter fluorocarbon restrictions. For the Logistics business, in Japan we will add and expand refrigerated warehouses, and build new transfer centers, while overseas we will bolster the business base with new and expanded refrigerated warehouses in Europe. In addition, we will strengthen investment in the business base in order to maintain competitiveness over the longer term, including seismic retrofitting and adapting to the new rules on fluorocarbons.

Nichirei is also planning to renew the group's main operations IT system, and make other investments in ICT to enhance operational efficiency and increase productivity.



Distribution of Operating Cash Flow (Three-year Cumulative Plan)



Strengthening the management base

We will strengthen our management base to support sustainable growth.

The management base that supports Nichirei's sustainable growth comprises food safety and reliability, technological capabilities, human assets, governance, and systems to address social issues. The new management plan will further enhance this foundation, and strengthen the corporate group's management capabilities. (See page 28 for details.)

Quality assurance is the lifeline for a company dealing in food. Nichirei is increasing the quality assurance capabilities of the entire group, and speeding up its crisis management, including its media response. We have adopted international standards and more advanced technology for quality and safety evaluation, and are making proactive efforts to publicize information on quality assurance both internally and publicly.

In terms of technology management, Nichirei is fostering awareness of shared value issues related to the business model for food and related fields in an aging society, and taking steps to build business models to resolve these issues from a technological standpoint. These measures will lead to the generation of new future businesses.

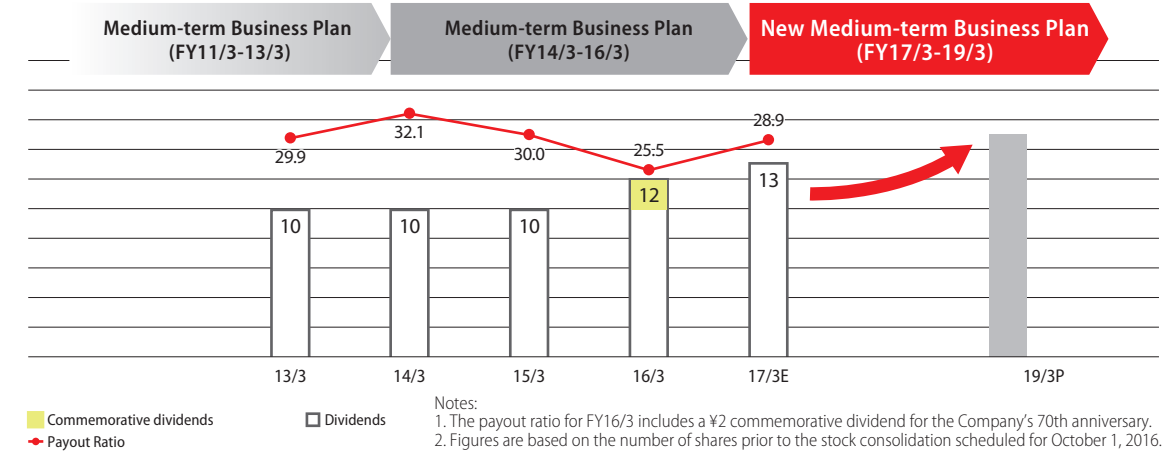
Nichirei is also making efforts for the development of self-directed personnel able to make decisions in any business environment, and utilize their abilities to the fullest. Specifically, we are designing a human resource system to cultivate diverse human assets who will contribute to improved competitiveness. We are further promoting health management for our employees. The growth of individual employees enhances the vitality of the entire group.

For corporate governance, Nichirei has adopted the Company with company auditors system, and in fall 2015 established advisory committees for executive nomination and remuneration. Further, to assure the effectiveness of decision-making, we conducted for the first time an effectiveness evaluation of the Board of Directors, and disclosed a summary of the results in June 2016. (See page 36 for details.)

To ensure conformity with society and the current times, Nichirei revised the "Six Areas of Responsibilities" that comprise its basic CSR policy based on changes in society and the demands of the current era, and is addressing such issues as sustainable food material procurement systems, and resource management. With the establishment of nationwide environmental goals for Japan under COP21, Nichirei determined medium-term environmental goals for the Group. By achieving these target figures as a corporate group, we will contribute to the realization of a low-carbon society.

Nichirei's measures to maintain and enhance its management base have not been fully communicated in the past. Going forward, we will make a greater effort to ensure that shareholders and investors understand these "invisible assets" (assets not in the financial statements), in the hope that this will increase trust in Nichirei.

Dividends per Share and Payout Ratio



Financial strategies to bolster corporate governance

We are ensuring sustainable earnings growth and raising capital efficiency.

Nichirei will continue to make proactive capital investments in its core Processed Foods and Logistics business with the aim of sustainable increases in the group's enterprise value. At the same time, to ensure efficient and steady procurement of the capital needed for such investments, we will maintain a balanced capital structure while taking capital efficiency, growth, and soundness into consideration.

Capital realized from operating cash flow and asset liquidation under the medium-term business plan will be invested for growth and to strengthen the business base, or allocated to shareholder returns through dividends or share buy-backs.

Increasing shareholder returns

In terms of shareholder returns, Nichirei emphasizes maintaining a stable dividend based on consolidated DOE, in consideration of the consolidated results during the respective business year. We also conduct share buy-backs as a means of flexible shareholder returns.

Nichirei will pay a stable dividend with a target DOE of 2.5%, and for the fiscal year ending March 2017 plans to increase its annual ordinary dividend by ¥3 to ¥13 per share. We are also planning to buy back around 20 million shares (approximately 7% of total issued shares) during the new business plan period. A portion of this buy-back was completed in March 2016 prior to the start of the plan.

Message to shareholders and investors

We are facing changes with an unwavering stance, and seeking further increases in enterprise value.

Nichirei has contributed to the resolution of social issues through its business activities, in an effort to fulfill its corporate mission of "Focus on Lifestyles and Provide True Satisfaction." Going forward, we will retain this stance, and to achieve sustainable growth in a rapidly changing business environment, continue to maintain and increase the capital efficiency of the entire corporate group, make our businesses even stronger, and bolster our management base in order to exert our fundamental strength.

Thank you for your continued understanding and support.

Kunio Otani
Representative Director and President

Growth Strategies for Major Operations

P.9,11



Processed Foods

The Position We Aim to Achieve through the Medium-term Business Plan
 We will strengthen the earnings base in Japan and overseas to be less susceptible to external economic forces, and seek further sales growth overseas.
 We aim to enhance customer satisfaction and brand value by providing new value to customers.

Yasuhiro Ikeda, President
Nichirei Foods Inc.



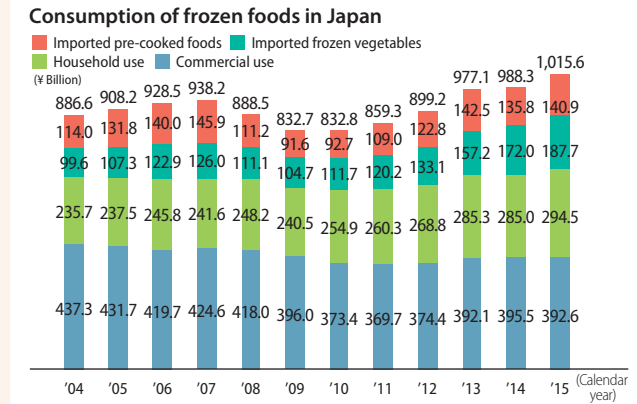
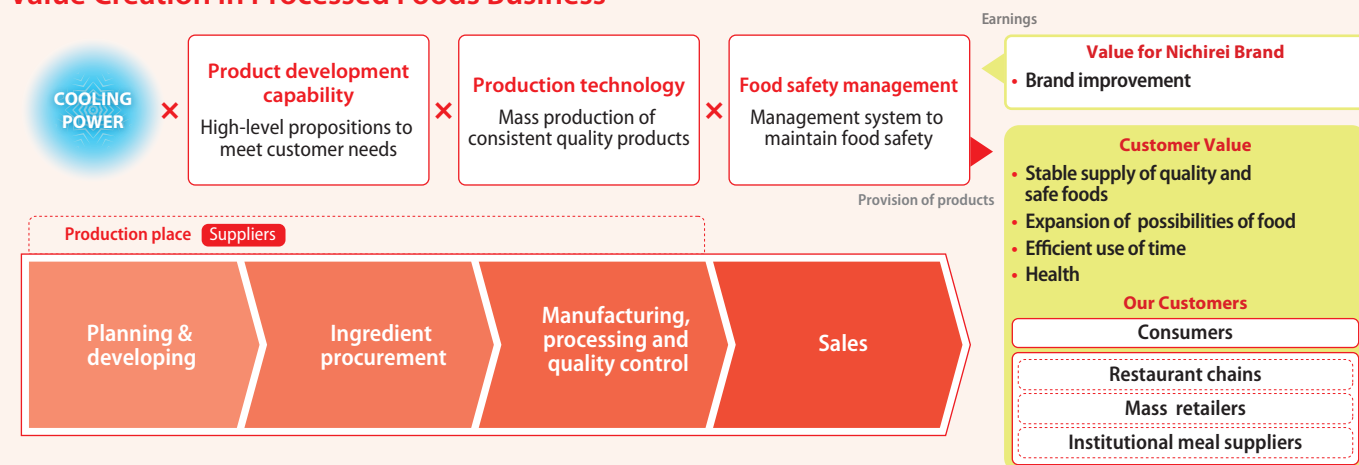
Topics during previous Medium-term Plan

Japan Production capacity strengthened to meet robust domestic demand.
 2014: Funabashi No.2 Plant newly constructed.
 2015: New production line for rice products launched at the Funabashi Plant

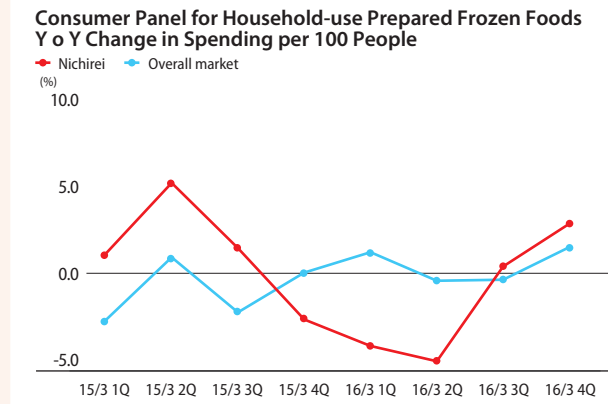
U.S.A. InnovAsian Cuisine continues to post positive sales of household-use Asian foods to major retail chains, rising to 4th position in the U.S. household-use Asian foods market.

Thailand 2015: Fourth processing production line added at GFPT Nichirei

Value Creation in Processed Foods Business



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.



Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Excludes purchases through consumer cooperatives.)

Medium- to Long-term Business Environment

Japan

Food increasingly prepared outside the home, with less cooking

Total demand will gradually decrease with the declining population, low birthrate and aging society. However, the number of small households will increase as household composition shifts to include more singles and elderly couples. As a result of these changes, use of frozen foods and other processed foods is projected to rise in line with trends toward food prepared outside the home and less cooking.

Intensifying competition crossing business categories

Demand for commercial-use processed chicken products from Japanese convenience stores has increased year by year with the expansion in the home meal replacement (HMR) market. Convenience stores have small floor areas and limited food preparation space, leading to greater reliance on easily prepared frozen foods.

The retail and restaurant industries are going through a period of reshuffling. The marketplace is changing with the growth in online shopping and other features of e-commerce.

Overseas

Expansion of U.S. and Southeast Asian markets

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.

In Southeast Asia, the frozen foods market is projected to expand with rapid population growth and the wider use of cold chain infrastructure.

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.

Strategies for the Business Environment: Medium- to Long-term Measures

Japan

Find the aspects of frozen foods that meet consumer needs and develop products that take advantage of Nichirei's strengths

The qualities of frozen foods, such as the preservation of quality and taste over a long period through freezing, and the reduction in food loss by allowing the needed amount to be used at the needed time, will become increasingly important going forward. We will further enhance our unique strengths, explore the areas that frozen foods can address, and work to develop products.

Grasp business opportunities from market changes

We will anticipate the industry reshuffling and changes across business categories, and incorporate these as business opportunities.

Overseas

Increase sales and develop new markets in the U.S.

InnovAsian Cuisine holds a leading position in the U.S. Asian foods market. We will further expand sales.

Strengthen safety and quality measures

We will strengthen our measures for food safety and defense. For food defense, we are focusing primarily on building a relationship of trust with employees, emphasizing regular communication between managers and workers. We are also installing surveillance cameras and other systems to further strengthen the quality control structure.



Previous Medium-term Business Plan

Achievements

[1] Production structure strengthened for company-owned plants in Japan.

Production capacity for rice-based products increased at the Funabashi Plant with construction of Funabashi Plant No. 2. Food defense standards have been formulated and the quality control structure strengthened with security systems and other hardware.

[2] Expanded business scale in the U.S.

InnovAsian Cuisine's FY16/3 revenue rose sharply to ¥12.1 billion, due mainly to expanded sales of household-use products at major retailers.

Issues

[1] Raise profitability at company-run plants in Japan

Focus on the profitability and future potential of each product line.

[2] Increase competitiveness through greater customer value

With the increasingly fierce competition, we need to further enhance brand value and other aspects of competitiveness to be the choice of customers and consumers.

Initiatives of New Medium-term Business Plan

[1] Increase profitability of Japan business

▶ Optimize the production structure for company-owned plants in Japan.

During the three-year period of the new business plan, we will fully utilize the production lines newly built under the previous plan, and optimally arrange existing lines focusing on the profitability and growth potential of each product.

▶ Pursue customer value by strengthening links between R&D, production, and sales.

Population decline in Japan will lead to market contraction, but we believe we can quickly grasp the market changes, and offer products to meet new needs. For example, with more adult women working, eating habits have changed as the social composition has shifted toward an increase in singles. Households comprising elderly couples have also increased as the baby-boom generation retires, leading to growth in sales of products for evening meals. We believe that frozen foods are ideally suited to meet the diversification in consumer tastes, and by forging organic links between our R&D and other functions, such as production, sales, and quality assurance, we will create distinctive high-value-added, products. These activities will stimulate new demand and enhance our business value, and at the same time allow us to meet expectations as an industry leader by revitalizing the frozen foods industry overall.

[1] Household-use prepared frozen foods

We will strengthen product development and sales of mainstay rice products, concentrating on *Honkaku-itame Cha-han* (Authentic Fried Rice), the top selling product in the frozen rice products category, and grilled rice balls.

[2] Commercial-use prepared frozen foods

We will further strengthen product development for the home meal replacement market, and expand sales of products such as mainstay processed chicken to convenience stores and other major users. We will revise the product portfolio to improve profitability and emphasize profitability while increasing sales overall. We will also promote product development for simpler and faster on-site preparation, helping to alleviate the labor shortage.

[2] Expand scale of the overseas business

▶ Accelerate sales growth in the U.S. Asian foods market.

[1] InnovAsian Cuisine

We will further expand the U.S. Asian foods business. For household-use products, we will take measures to expand the number of items sold per store. For the high-end brand, Lemon Grass Kitchen launched two years ago, we will undertake a full renewal of the packaging, and create a special product website

to further develop the brand. For commercial-use products, along with our established strength in the delicatessen counters in supermarkets, we will develop new sales channels such as school cafeterias and restaurant chains.

[2] GFPT Nichirei

At GFPT Nichirei in Thailand, we will provide high added value by continuing to develop and introduce differentiated products, mainly for the Japanese market. We will also continue to reduce costs through production process automation.

Example of Lemon Grass Kitchen brand's products



Lemon Grass Kitchen
Chicken & Broccoli Noodles



Lemon Grass Kitchen
Lemongrass Chicken Stir-Fry



Lemon Grass Kitchen brand's special product website

Crafting Change to Sustain Growth of Processed Foods Business

Takumiokazu offers new value for changing eating habits

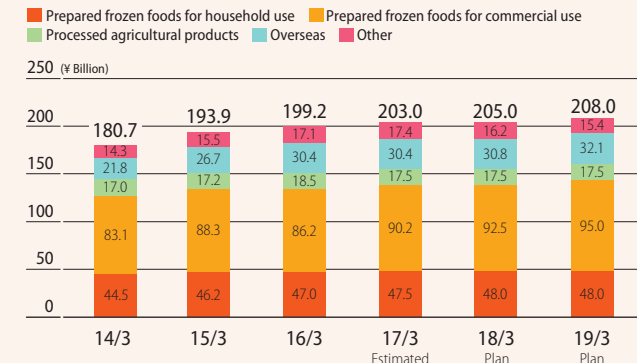
Nichirei offers products with quality and value beyond existing frozen foods, suitable for new types of meals. One of these is the *Takumiokazu* series, developed with retired elderly couples in mind. This line of products features carefully selected ingredients and demanding production methods to provide an authentic taste, and can be eaten without additional preparation as part of an evening meal. Nichirei believes that frozen foods are ideally suited to meet the diversification in consumer tastes, and will organically link its corporate functions to create differentiated products that far exceed those of other companies.



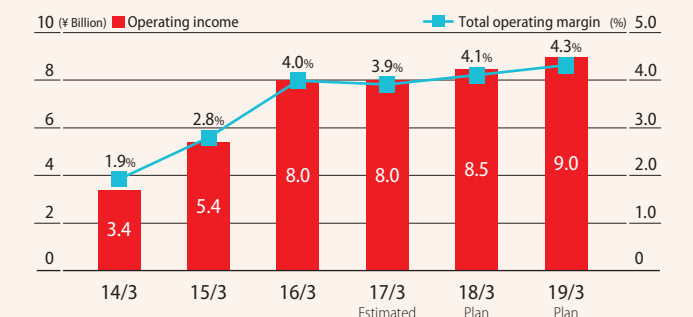
Minced meat cutlet of *Takumiokazu* series

Progress of New Medium-term Business Plan

Net sales by sub-segment of Processed Foods



Operating income & total operating margin of Processed Foods





Marine Products, Meat and Poultry Products



The Position We Aim to Achieve through the Medium-term Business Plan

We will concentrate resources in our strength area of food materials, enhance asset efficiency, and establish a base for stable earnings.

Yoshifumi Kaneko, President
Nichirei Fresh Inc.

Medium- to Long-term Business Environment

Change in trade patterns among TPP partner countries

The flow of goods and services is likely to change considerably among the member countries in the Trans-Pacific Partnership (TPP) agreement. The market is expected to become polarized between low-priced items centered on inexpensive imports and high-priced items, mainly domestic and differentiated products.

Greater interest among consumers for food safety

Interest among consumers regarding food safety and security will remain high, influenced by sensationalist media reports of foods contaminated with foreign substances and illicit reselling of expired food, both of which became top news in Japan recently.

Demand for environmentally-friendly business practices

Environmentally friendly business practices will be required in response to the appropriate tightening of regulations to prevent climate change.

Contraction and change in the Japanese market

The Japanese market will inevitably contract with the gradual decline in the total population over the longer term, requiring development of new markets. Mobility is also declining as society ages, which is projected to lead to rapid changes in buying behavior.

Strategies for the Business Environment: Medium- to Long-term Measures

Pursue differentiation from other companies

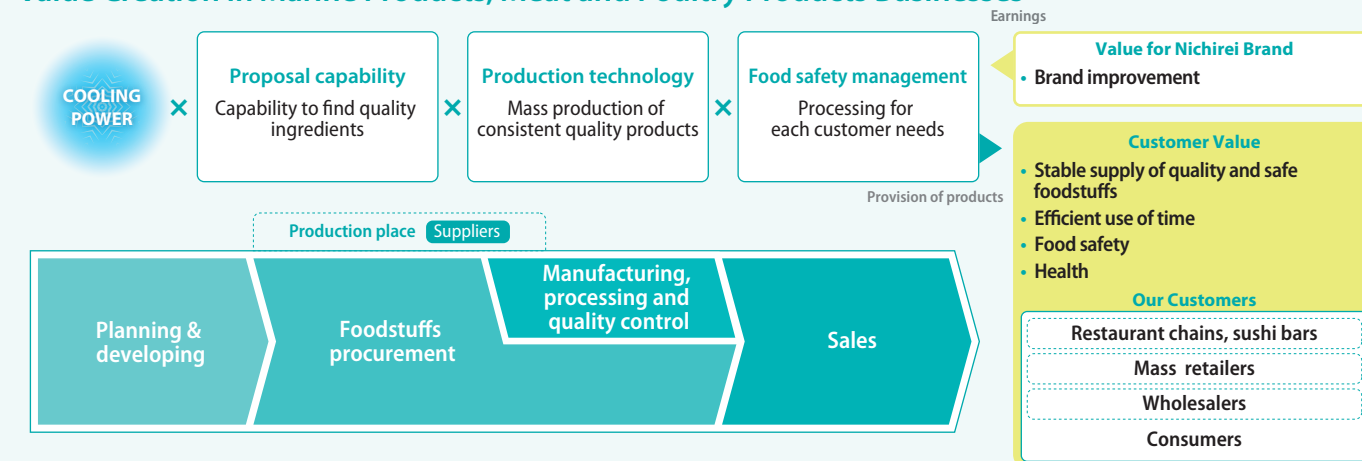
We will take a broad-based, global perspective focusing on opportunities and threats, and continue to emphasize customer understanding of our strengths in quality ingredients and optimal processing. For marine products, while imports comprise the majority of products, we will increase our focus on fish varieties where we have an advantage.

Conduct sustainable business activities

We will focus on securing upstream resources and ensuring stable procurement of marine and meat products, while at the same time contributing to purchasing that is environmentally responsible and sustainable.

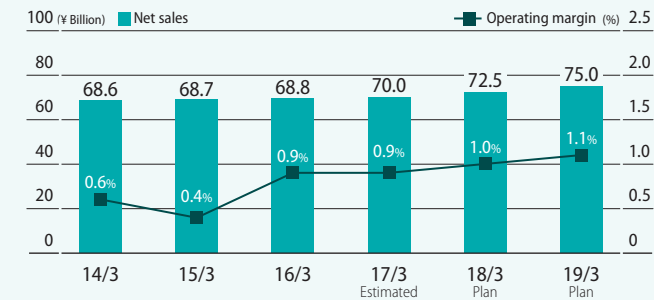
We will also refine our production process, and based on a reliable quality assurance structure, create consumer value by providing products in an optimal form for users.

Value Creation in Marine Products, Meat and Poultry Products Businesses

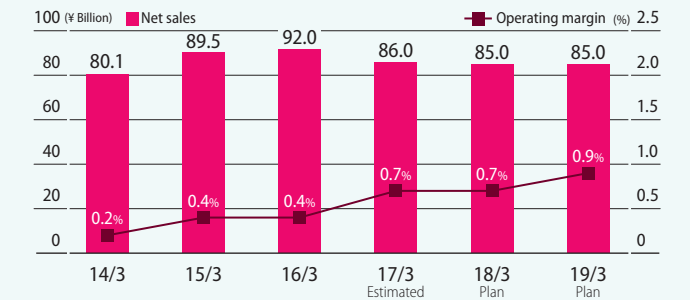


Progress of New Medium-term Business Plan

Net sales & operating margin of Marine Products



Net sales & operating margin of Meat and Poultry Products



Previous Medium-term Business Plan

Result

Sales expanded to the restaurant and home meal replacement (HMR) channels.

Issue

Maintenance of a stable level of earnings.

Initiatives of New Medium-term Business Plan

1 Initiatives for both the Marine Products and Meat and Poultry Products businesses

The Marine Products and Meat and Poultry businesses mainly constitute trading, and making it difficult for us to boost profitability. We are implementing two major strategies focusing on how to overcome this obstacle.

The first is to stabilize revenue and earnings by increasing the proportion of sales to users close to consumers, such as restaurants and HMR providers. We will enhance our focus on development and sale of products processed in ways to best meet customer needs. The second measure is to further increase the inventory turnover rate.

2 Marine Products: Strengthen buying power and stabilize sales

Nichirei's marine products business is centered on shrimp and other fish varieties. In the new business plan we are focusing on providing these varieties and narrowing our offerings of other varieties from a standpoint of profit stability. Sales channels will emphasize the restaurant and HMR markets.

3 Meat and Poultry Products: Increase sales of processed products to the HMR channel

In the meat and poultry business, we are shifting to a structure focused on domestic products, where we can take advantage of our strength in procurement. Compared to imports which are mainly frozen, the majority of domestic products are fresh and the inventory turnover rate is considerably higher. Nichirei has also been able to increase sales of processed products to the HMR market by cutting and seasoning them to user-designated specifications. We will strengthen our efforts with these processed products.

Crafting Change to Sustain Growth of Marine Products, Meat and Poultry Products Business Providing healthy diets by upholding Japanese food culture

Washoku, traditional Japanese food culture, was registered as an Intangible Cultural Heritage by the United Nations Educational, Scientific and Cultural Organization (UNESCO) in 2013. Demand for these foods around the world is expected to increase further with the approach of the 2020 Tokyo Olympics and Paralympic Games. Within Japan, however, the decline in seafood consumption and trend toward smaller families has raised concern about the continuation of the food customs and traditions built on the Japanese character of reverence for nature. Nichirei has continued to pursue nutrition, health, and good taste in its marine and meat products, helping to uphold and raise awareness of "washoku culture" to preserve the traditional Japanese eating habits and convey them to the world. Through these efforts, we are expanding our lineup and optimal processing for the areas in which we specialize, developing new markets, and helping to revitalize Japan's marine, agriculture, and livestock industries.



Sushi topping is one of major products of Marine Products Business.



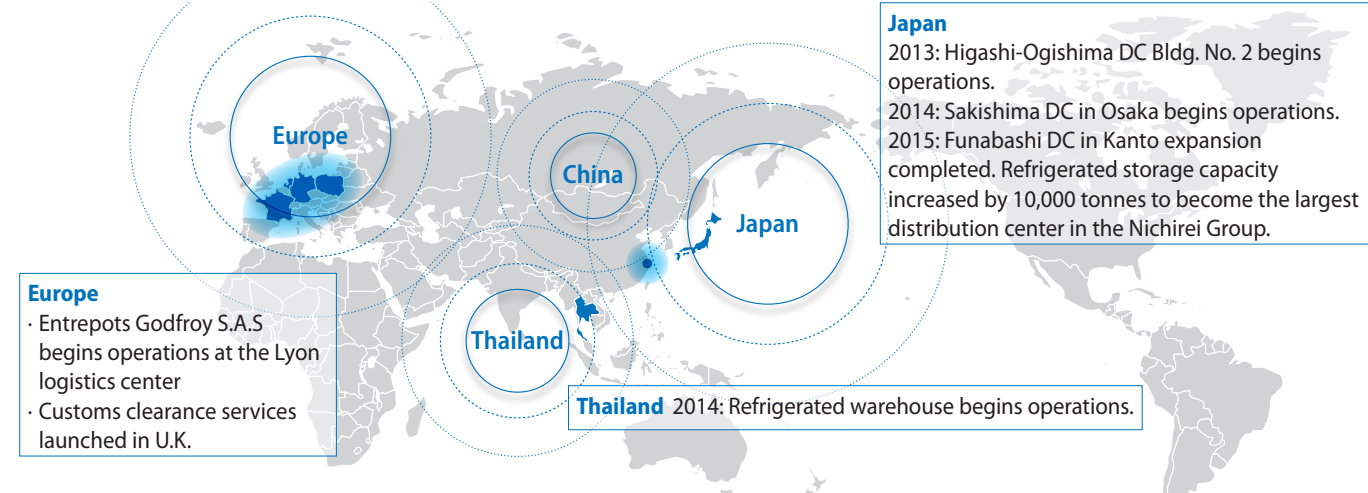
Logistics

The Position We Aim to Achieve through the Medium-term Business Plan

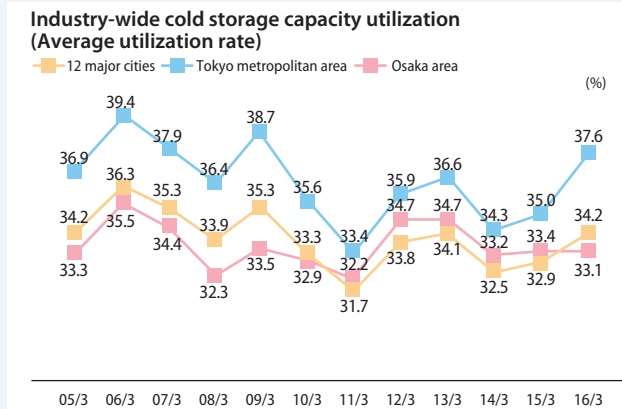
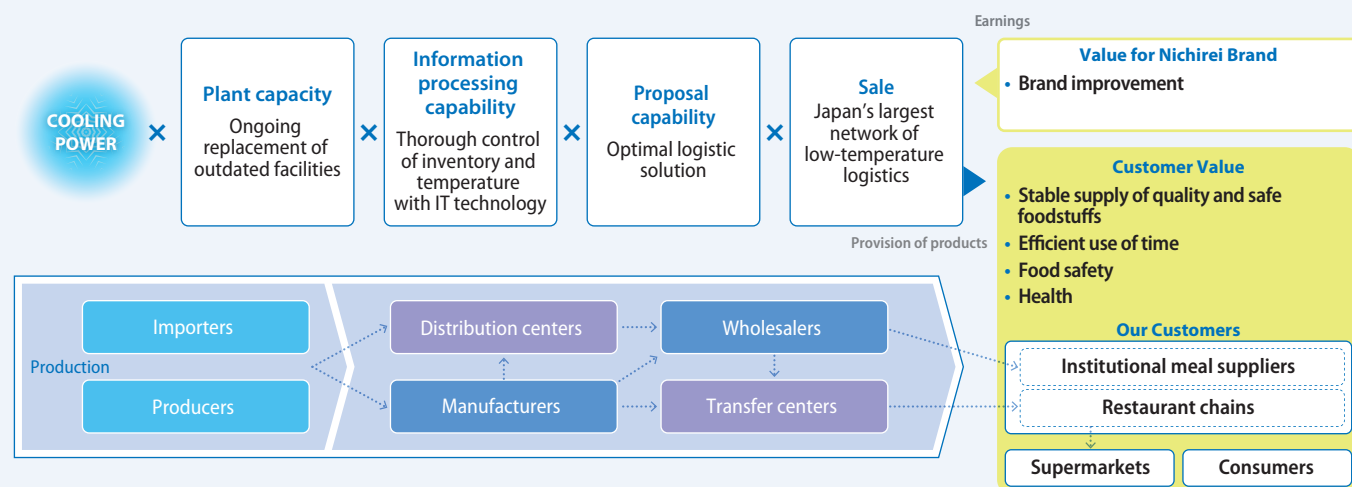
In domestic operations, we are capturing robust demand based on our expanded facilities in the Tokyo and Osaka metropolitan areas. Overseas, we are increasing handling volume in the European region.

Hiroshi Matsuda, President
Nichirei Logistics Group Inc.

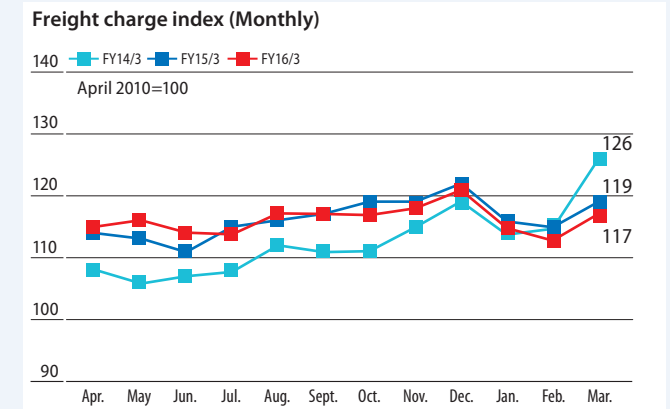
Topics during previous Medium-term Plan



Value Creation in Logistics Business



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.



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.

Medium- to Long-term Business Environment

Japan

Concentration of freight in major urban areas

In Japan's refrigerated warehouse industry, intake volume is rising in the waterfront districts of major metropolitan areas. In the Tokyo area, overall warehouse capacity remains tight while operations at a large-scale refrigerated warehouse are temporarily suspended. With the basic agreement on the TPP nearing completion, food imports are expected to increase further. As a result, import cargo is likely to be further concentrated in major metropolitan areas, which are nearby import ports and offer robust demand.

Rising operating costs

In addition to higher construction costs, increases in handling and transport/delivery costs are also projected due to a shortage of warehouse workers and drivers. Energy costs also remain high as a result of suspended operations at nuclear power plants and environmental measures.

Overseas

Steady economic growth in Europe, strong growth in ASEAN region

In Europe, personal consumption in major nations is growing at a moderate pace and economic growth continues on the back of monetary easing measures by governments.

In the ASEAN region, strong growth is expected to continue, benefitting from the ASEAN Economic Community (AEC) and the Trans-Pacific Partnership (TPP). Exports of marine, livestock, and agricultural products to wealthy Asians are projected to increase.

Strategies for the Business Environment: Medium- to Long-term Measures

Japan

Address rising costs due to labor shortages

The labor shortage will intensify with the population decline, particularly in the logistics industry due to the difficult working conditions of long hours and late-night shifts. In the short term we will prioritize securing appropriate personnel and over the longer term implement labor and energy-saving measures.

Overseas

Focus on Europe and Asia

We will pursue overseas business development, continuing to focus mainly on Europe, but also on ASEAN and China. As in Japan, in addition to organic growth, we will consider M&A as a means for business expansion.



Previous Medium-term Business Plan

Achievements

- Introduction of large refrigerated warehouses in Tokyo and Osaka areas.
- Increased sales in Europe, business operations launched in Thailand.
- Facility capacity expanded with construction of new large-scale refrigerated warehouses in the Osaka and Tokyo metropolitan areas.
- Consolidated logistics services developed that combine regional storage and transport.
- Sales expanded in Europe, focused on transport and delivery.
- Business launched in Thailand.

Issues

- Address rising costs due to labor shortages
- Explore new business areas, and respond to new business alliances in Japan and overseas
- Adapt sufficiently to changes in the external business environment.
- Develop new businesses for the next stage of growth.
- Further strengthen the earnings capacity of the European business.
- Stabilize business operations in Thailand.

Initiatives of New Medium-term Business Plan

Japan

1 Expand the Logistics Network Business in Japan

We will strengthen logistics solutions to promote new customer development

▶ Strengthen the organizational structure for the third-party logistics business:

Up to now, the Nichirei Group has had two companies to handle third-party logistics (3PL). One is asset-based, with its own infrastructure and strengths in efficient operation capabilities, and the other is non-asset-based, without any infrastructure of its own, and strengths in planning capabilities. These two companies and their respective strengths were merged in April 2016. Going forward, we will enhance logistics efficiency, provide highly stable and consistent logistics services amid the tight labor market, and meet the broad range of customer needs.

▶ Broaden the scope of the transfer center business

The transfer center (TC) business provides services mainly for retailers and is the mainstay business for Nichirei's logistics network business, accounting for more than half of sales. During the new business plan period, we will expand the service area and temperature bands for existing major clients. At the same time, we will focus on gaining new business from major regional supermarkets.

2 Strengthen the Storage Business in Urban Areas, and Expand Transport/Delivery in Regional Areas

We will strengthen business operations with a two-pronged approach based on regional characteristics.

▶ Tokyo and Osaka areas:

The key to strengthening business in major metropolitan areas is increasing facility capacity. The resumption of operations at Tokyo Danchireizo in 2018 (currently closed for rebuilding), in which the Nichirei Group is a joint investor, will increase Nichirei's facility capacity in the Tokyo area by around 40,000 tonnes compared to FY16/3. We are designating the three-year term of the new business plan as a period for optimal placement of stored cargo and finding new customers, and will strengthen the storage business in major metropolitan areas.

▶ Regional areas:

We will further promote a consolidated logistics service combining storage with transport and delivery. Demand for transport and delivery of agricultural produce and other regional products is expected to increase. We will provide additional light processing services such as freezing to our consolidated logistics service and expand handling of distinctive regional products.

3 Strengthen cost responsiveness in dealing with deterioration in the external business environment, explore and cultivate new areas for growth.

We will enhance operational efficiency, set appropriate fees, and take other measures during the business plan period to address the increases in handling, transport/delivery, and electricity costs. We will also explore and develop new businesses for further growth.

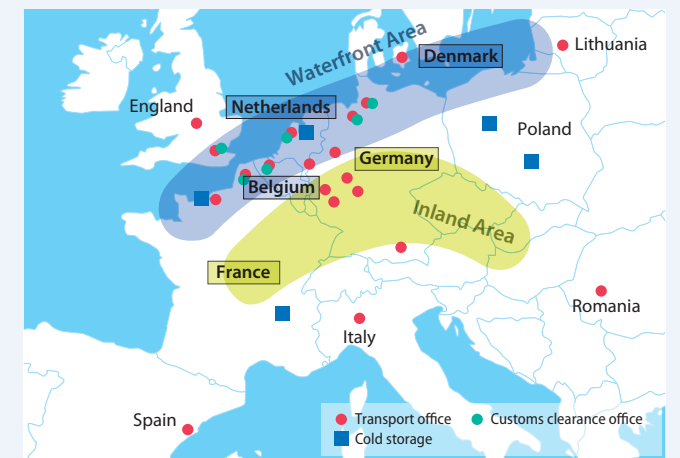
Overseas

4 Strengthen and expand the business base through proactive investment in Europe.

▶ Further expand the business foundations in Europe

Nichirei's European base in Rotterdam (Netherlands) includes facilities to provide a consolidated logistics service, such as customs clearance, storage, cross-border transport, and light processing. We aim to offer similar services across a broader area and are actively investing in new refrigerated warehouses and other facilities to diversify the lineup of items handled, as well as establish a facility infrastructure in previously underserved areas.

Business development in Europe



Crafting Change to Sustain Growth of Logistics Business
A new challenge begun in Thailand

Thailand is a producing center for agricultural, livestock, and marine products. Many processed food plants are located in the country, and having a facility in Thailand gives Nichirei the benefit of a logistics network that includes Europe and Japan. However, for that reason, competition is also fierce.

In 2013, Nichirei established SCG Nichirei Logistics Co., Ltd., a joint venture (equity-method affiliate) with Thailand-based conglomerate Siam Cement Group. Currently, to acquire new customers, SCG Nichirei Logistics is searching for customers who emphasize logistics quality and is establishing a structure to provide services to meet customer need; in addition, it is differentiating itself from the competition. The company is also attentive toward the national character and culture of Thailand, including establishing a small temple on the center grounds where employees can make offerings and prayers.

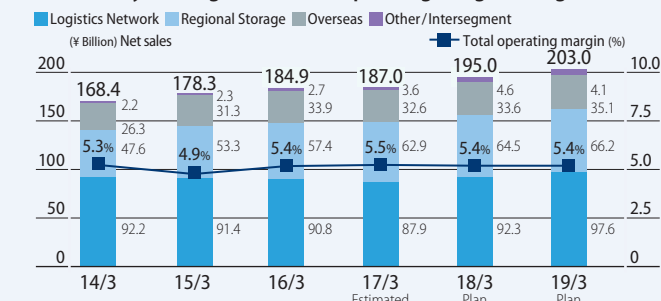
We will fully utilize Nichirei's strengths in logistics quality and services, establish a foothold in Thailand through business development that respects the local culture, and expand business operations to the whole of the Southeast Asian region.



SCG Nichirei Logistics

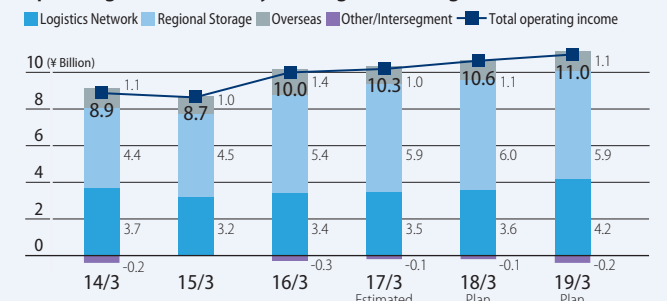
Progress of New Medium-term Business Plan

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



Note: For the fiscal periods from 14/3 to 17/3E, a portion of the logistics network business was transferred to the regional storage business.

Operating income (loss) by sub-segment of Logistics



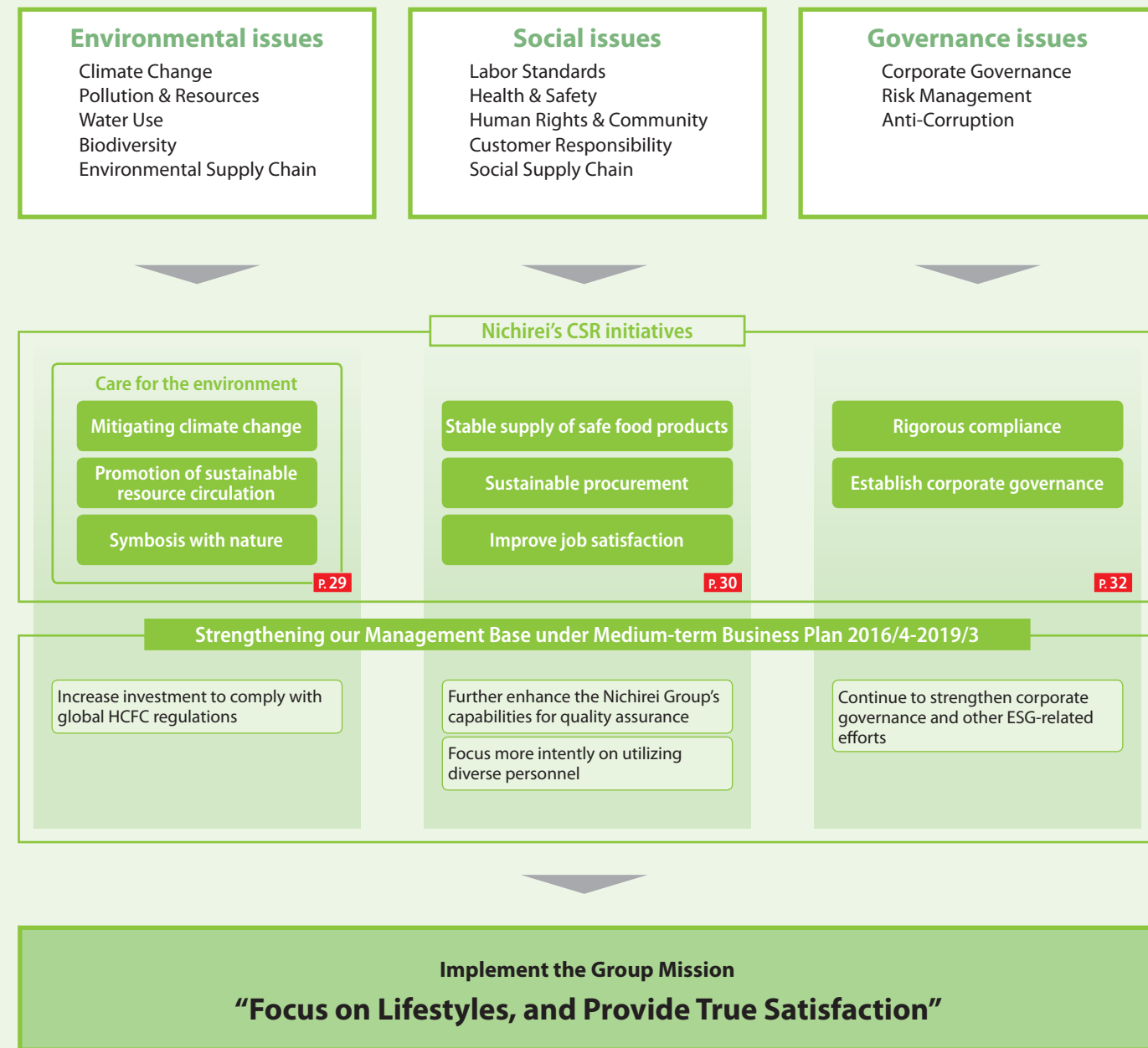
► **Strengthening Our Management Base to Enhance Corporate Value**
Addressing Social and Environmental Concerns and Other Sustainability Issues

P.10

To meet the expectations of all its stakeholders, the Nichirei Group is ever vigilant of the economic, environmental and social impact of its business activities. We actively disclose our efforts in those areas to facilitate understanding by and dialogue with stakeholders.

Under the current Medium-Term Business Plan, the Group is tackling three shared management challenges: further enhance the Nichirei Group's capabilities for quality assurance, continue

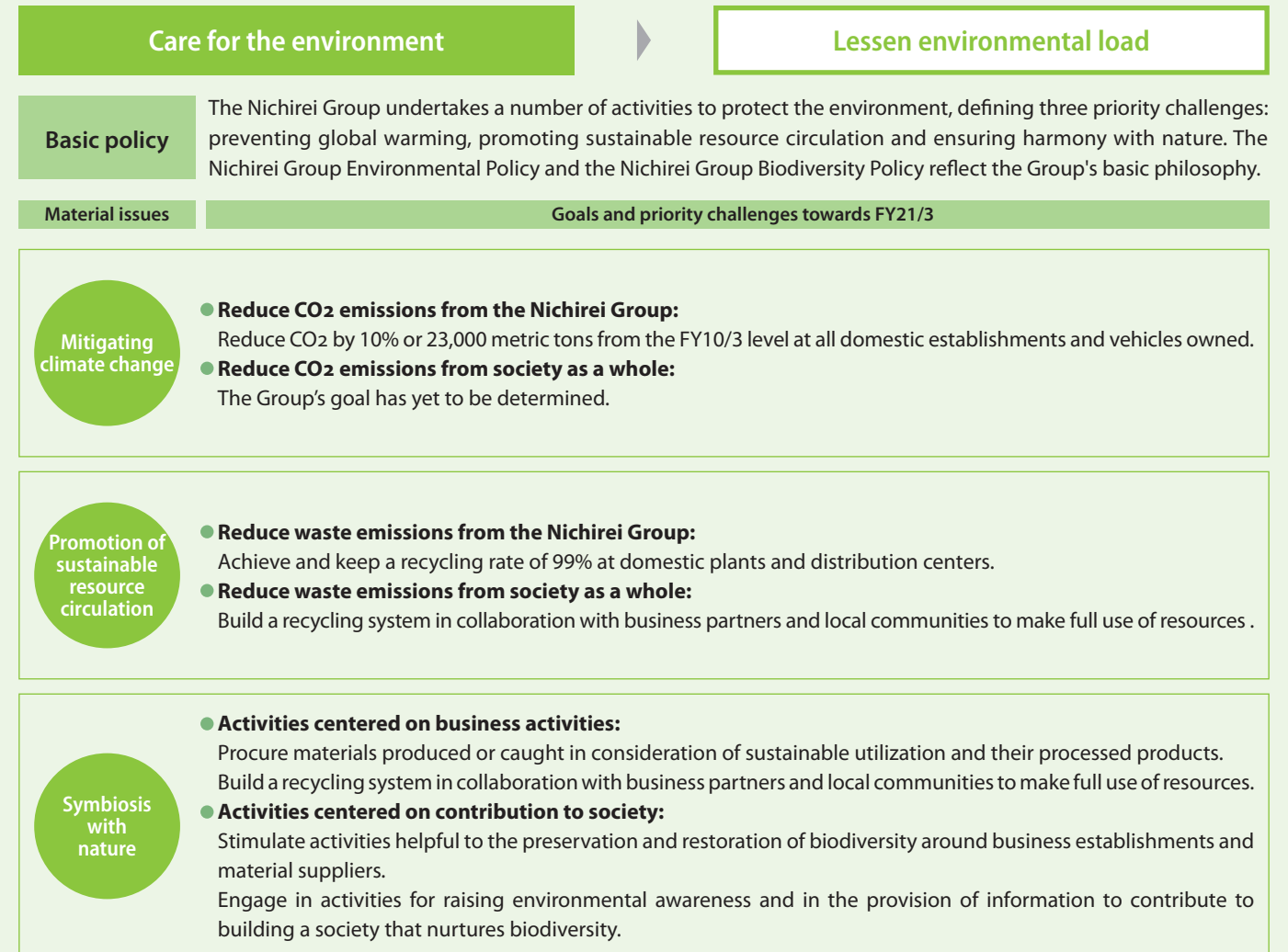
to strengthen corporate governance and other ESG-related efforts, and focus more intently on utilizing diverse personnel. Our aim is to reinforce the Group's management base to support sustained growth and enhance corporate value over the longer term. We will also revise the "six areas of responsibility" in our Basic CSR Policy to respond to expected developments in society and emerging demands on the Group during the course of the plan.



Strengthening Our Management Base to Enhance Corporate Value
Our Environmental Responsibilities

P.28

Nichirei's responsibilities



Nichirei Group Medium-term Environmental Goals (FY17/3 –FY19/3)

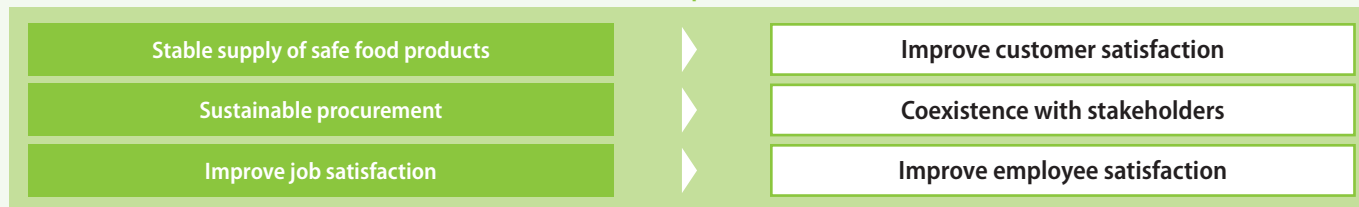
Item	Specifics
Reduce CO2 emissions	Reduce the volume of energy-originated CO2 emissions from domestic group companies by 2.4% compared to FY10/3 levels by FY19/3. * Energy used for domestic business offices and vehicles * CO2 calculation coefficient derived from utility power fixed at FY10/3
Maintain waste recycling rate and curb waste generation	· Maintain over 99% recycling rate for waste generated from food production and distribution centers. · Pursue measures to reduce volume of animal and plant residue (domestic food production plants)
Conserve water resources	Consider the environmental circumstances of regional water supplies, and pursue measures to conserve water resources through efficient water usage, in order to achieve sustainable water use. (Domestic food production plants)

Pursue measures to collect data on the environment at overseas business locations.

Our Social Responsibilities

P.28

Nichirei's responsibilities



Nichirei's responsibilities	Basic policy
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Stable supply of safe food products

Fundamental Policies on Quality Assurance

- Compliance with the requirements of laws governing food products.
- Recognizing the needs of customers and partners regarding food safety and security, and working to better the Group's quality management and assurance.
- Applying the concepts of food defense, safety and crisis management to prevent Group products from threatening the health of customers.

Quality assurance verification cycle

The Three Pillars of the Nichirei Group's Quality Control Provisions

Sustainable procurement

We believe it is vital to build appropriate relationships with stakeholders so that the Nichirei Group can fulfill its responsibility to society through the complete cycle of its business activities. We recognize that our business activities could have a potentially significant impact on local communities and people because we source raw materials from natural ecosystems. Consequently, building appropriate long-term relationships with suppliers and business partners in procurement can play a major role in contributing to the empowerment and development of local communities.

Improve job satisfaction

Workplace creation that focuses on employees
Based on our fundamental principle that improvement in customer satisfaction (CS) and employee satisfaction (ES) are the two pillars that support the Company, we maintain a workplace, work environment where all employees in the Nichirei Group can take pride in their work and workplace; work with ambition through a relationship with superiors based on trust, and, exercise their abilities to the fullest extent.

Promotion of diversity
We use the promotion of diversity-first, by acknowledging different attributes, such as gender, age, and nationality, as well as values, and, second, by changing simple tolerance of new ideas and values that differ from the conventional into a force driving the company's evolution to acquire a work force (human assets), improve the job and life goals of employees, and create new concepts and values.

Further enhance the Nichirei Group's capabilities for quality assurance

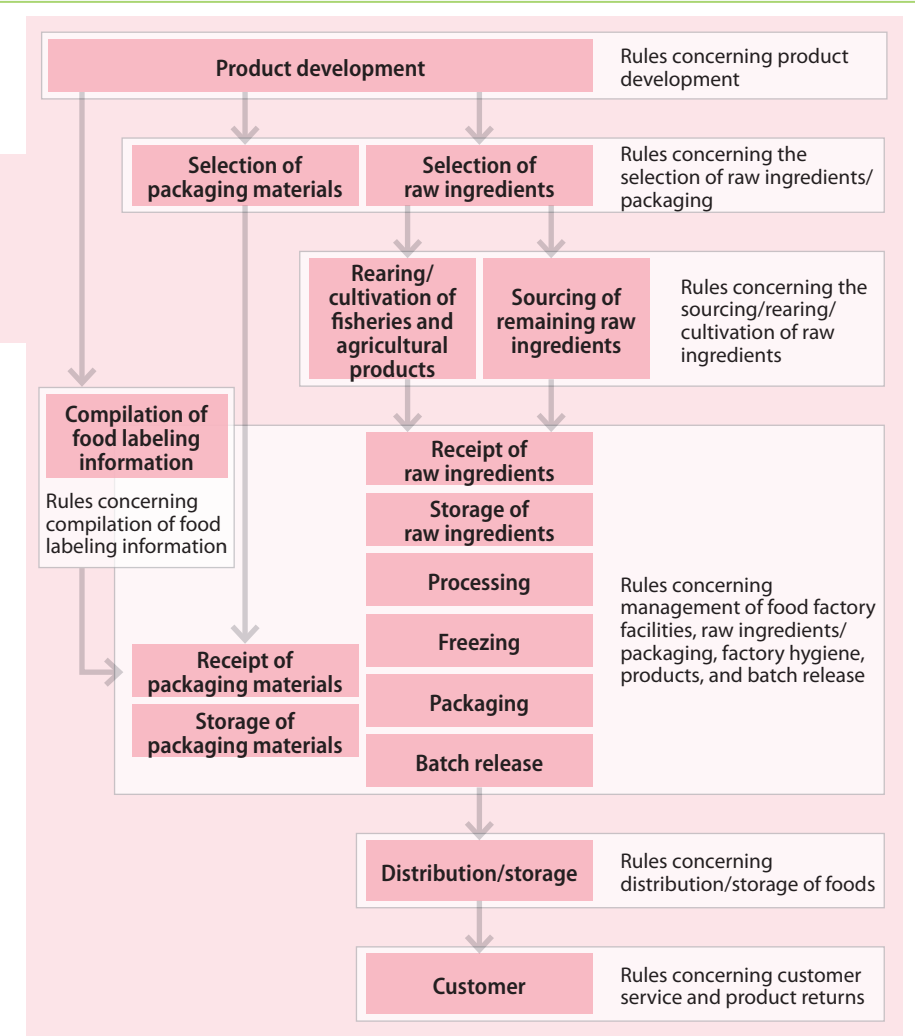
The Nichirei Group Quality Assurance System
The Nichirei Group recognizes that, in order to ensure the safety of our food, rules are necessary in all aspects of production, from the product development phase to customer support.

Food defense initiatives
Since the Nichirei Group believes that the best way to protect food is by controlling people, we emphasize people management. Thus, in addition to restricting access to areas where food is handled to authorized individuals, we have made it possible to determine the when, who, and where of such individuals at all times.

Food crisis management initiatives
The Nichirei Group has put in place a response system for use in the event that there is an incident or accident, involving the food we provide, that might lead to health hazards. The system is designed to confirm quickly the facts, should an incident lead to health hazards; to determine how best to respond to company and outside individuals and the media; to investigate the cause of the incident so that a recurrence might be prevented; and to speedily release relevant information.

Improve job satisfaction

Processed Foods:
We hold meetings to promote a shared mission, vision and code of conduct and to give managers an opportunity to hear feedback from inside the Company. The maximum number of participants in each meeting is limited in order to create a relaxed atmosphere where everybody is free to contribute. The meetings provide a valuable opportunity to improve cooperation and communication between different teams. They also allow participants to share opinions on a wide range of topics, including issues faced by each team.



Dialogue between Employees and Managers

At Nichirei, we believe the growth and development of individual employees translates into growth for the whole Group. In line with that thinking, we run communication activities that emphasize dialogue, making the most of the corporate culture of each Group company.

Marine, Meat and Poultry Products:
In spring every year, the President and senior managers visit business sites and affiliates in each area of Japan to communicate with employees about current business conditions, management policy, business strategy, corporate philosophy and other topics. These meetings provide a valuable opportunity for the President and senior managers to share their vision for the Group and the issues that need to be tackled by explaining business conditions, business strategy and corporate philosophy directly to all employees.

Logistics:
One division manager from each company in the Nichirei Logistics Group is chosen to be the head of Nichirei Leader Centers. These managers receive coaching from experts about leadership skills and know-how, who then pass on their knowledge by coaching five other managers in their respective companies in order to create "satisfying workplaces." The managers who receive this coaching then conduct their own training within their divisions.

Our Corporate Governance

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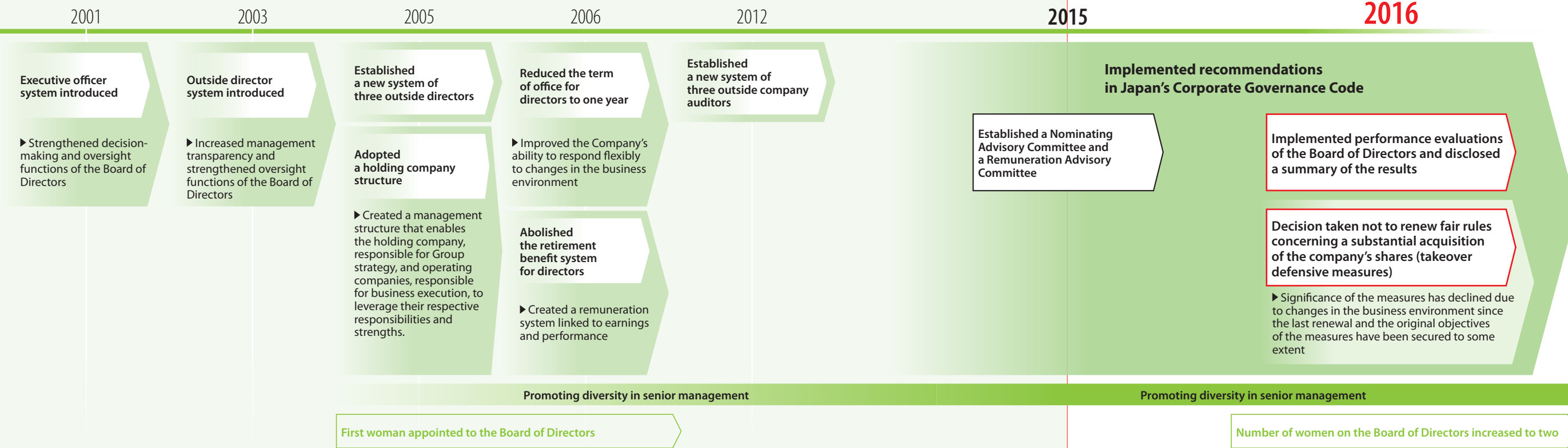
Basic views on corporate governance

On the basis of its holding company structure, the Group engages in business through its operating companies across a wide range of fields which include processed foods, marine products, meat and poultry products, logistics and biosciences. The Board of Directors of Nichirei Corporation (the "Company") draws up the Group's business strategy and implements an operating structure which provides supervision of business executed by the operating companies with the aim of achieving sustainable

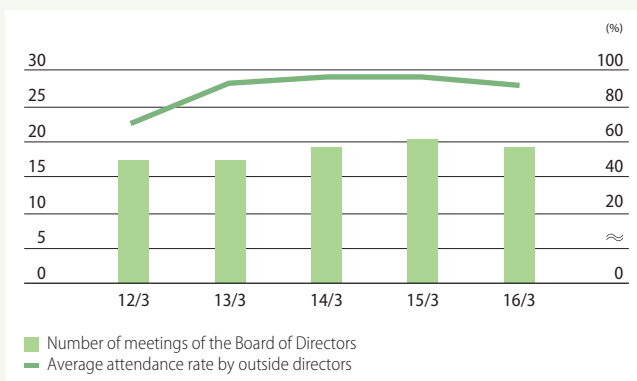
growth and increasing its corporate value over the medium to long term.

The Company is well aware that ensuring equitable and highly transparent business practices constitutes a key managerial issue, and accordingly strives to enhance its corporate governance practices by taking action with respect to appropriately allocating resources, accelerating the decision-making process, and fully adhering to compliance requirements.

Corporate Governance Milestones

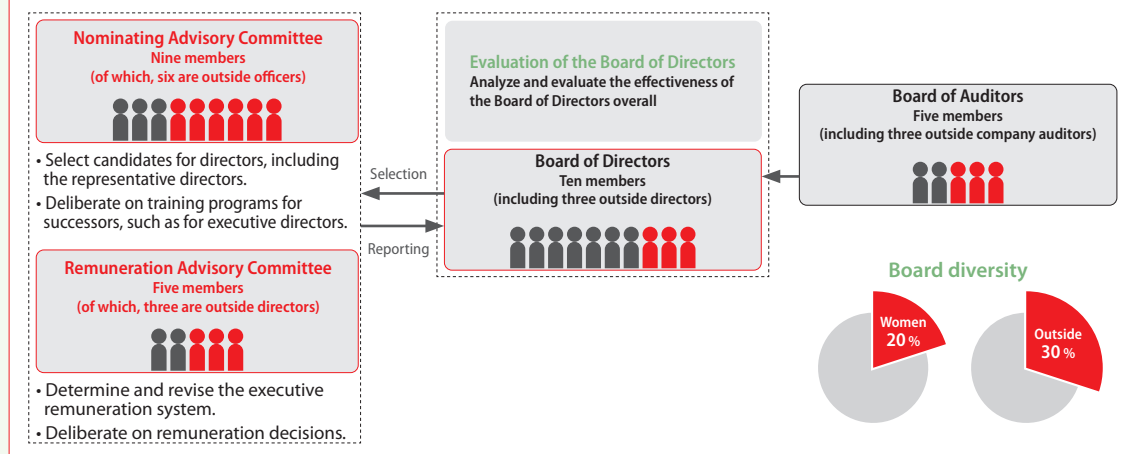


Number of meetings of the Board of Directors and average attendance rate by outside directors



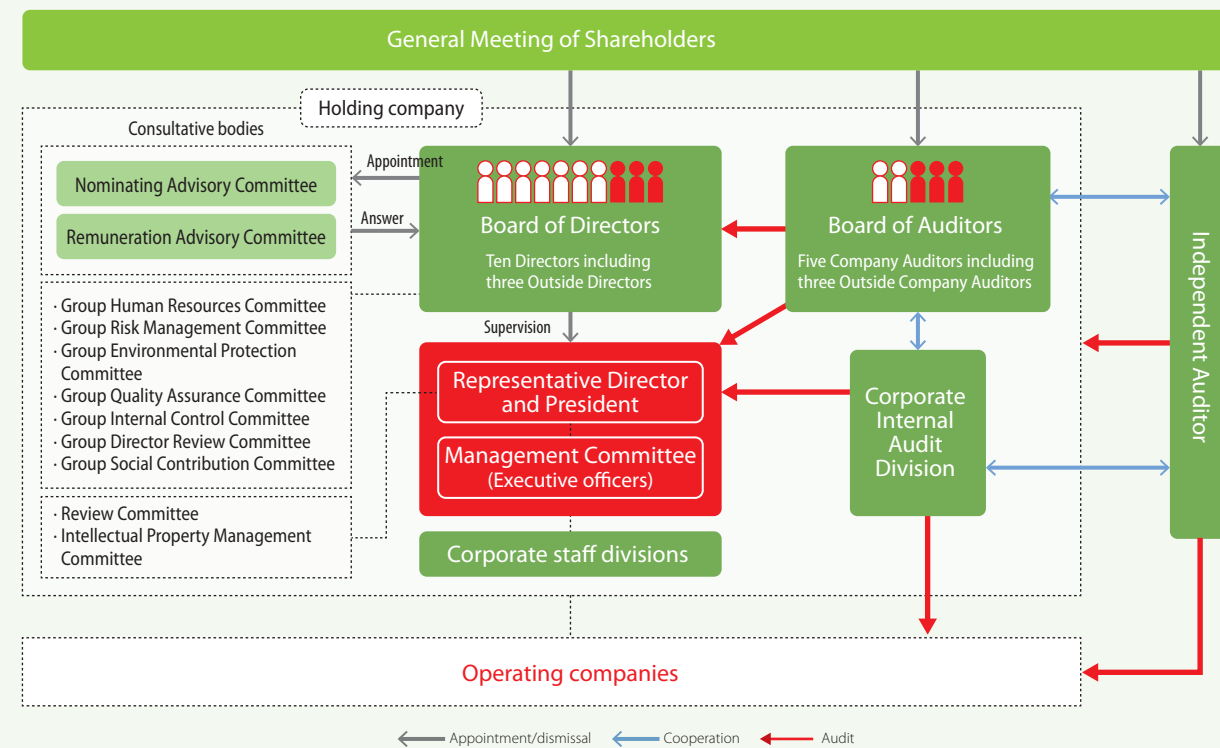
Overview and structure (after the General Meeting of Shareholders on June 22, 2016)

Corporate organization	Company with a Board of Auditors
Chairman of the Board of Directors	Toshiaki Murai
Number of directors	Ten directors, including three outside directors.
Number of auditors	Five company auditors, including three outside company auditors. 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 FY16/3	Number of meetings: 19 Attendance rate by outside directors: 93%; Attendance rate by outside company auditors: 100%
Number of meetings of the Board of Auditors in FY16/3	Number of meetings: 19 Attendance rate by outside company auditors: 100%
Independent Auditor	Ernst & Young ShinNihon LLC



Governance Structure (After the General Meeting of Shareholders on June 22, 2016)

Diagram of corporate governance structure



1. Directors and the Board of Directors

(1) Roles and responsibilities of the Board of Directors

The Board of Directors supervises matters involving the Group's strategic planning and business execution of the operating companies. In so doing, the Board of Directors facilitates efforts with respect to appropriately allocating Group resources, accelerating the decision-making process, and fully adhering to compliance requirements.

The Board of Directors formulates and approves the Group strategy after such matters have been deliberated on by the Nichirei Group Strategy Council, which is held twice a year. The Board of Directors subsequently checks on the status of each business execution of the Group on a quarterly basis, while also providing highly effective supervision to Executive Directors and Executive Officers.

(2) Summary of the scope of matters delegated to the Board of Directors

The decision making of the Board of Directors is limited in scope to matters of top priority. This includes addressing matters to be resolved in accordance with the Companies Act of Japan, determining content of the Management Principles, the Medium-

Term Business Plan, management policy and the operating budget, revising and repealing various directives, policies and key regulations, and making decisions on important officer appointments. Authority for important matters other than those aforementioned is delegated to the Management Committee whose membership comprises the Executive Officers, with the functions of business execution kept separate from those of managerial supervision so that the Executive Officers will be able to better deal with pressing and future business challenges.

(3) Term of office of Directors

Directors are appointed to serve for a term of one (1) year, pursuant to the Articles of Incorporation, in order to enhance the Company's flexibility in addressing changes in the business environment. Outside Directors may serve for no more than six (6) years in order to ensure that they act in an independent capacity.

(4) Composition of the Board of Directors

As a holding company, Nichirei appoints no more than eleven (11) directors in order to maximize the corporate value of the overall Group while enhancing and fully implementing corporate governance practices. Multiple Outside directors are appointed in order to draw on the impressive credentials of their

respective fields of expertise for the management. Moreover, considering diversity such as enlisting female officers, the Company endeavors to ensure that the Board of Directors has an optimal number of members for it to function effectively.

(5) Operation of the Board of Directors and roles of its Chairperson

The Representative Director and Chairman is to convene meetings of the Board of Directors and act as the Chairperson of such meetings in accordance with the Articles of Incorporation and the Board of Directors' regulations, unless otherwise stipulated by laws and regulations.

2. Board of Auditors and Company Auditors

(1) Roles and responsibilities of the Board of Auditors and Company Auditors

Acting independently of the Board of Directors, the Board of Auditors and the Company Auditors endeavor to gather information and maintain an appropriate audit environment by communicating effectively with Directors, and employees in divisions in charge of corporate internal audit, in accordance with the audit policy and audit plans for each fiscal year. The Company Auditors are to attend meetings of the Board of Directors and other important meetings, and are to also appropriately call for explanations and contribute to dialogue.

(2) Term of office of Company Auditors

The terms of office of Company Auditors are as stipulated by the Companies Act of Japan. Outside Company Auditors may serve for no more than twelve (12) years in order to ensure that they act in an independent capacity.

(3) Composition of the Board of Auditors

The Company appoints five (5) Company Auditors, pursuant to the Articles of Incorporation, of which three (3) are Independent Company Auditors.

3. Nominating Advisory Committee and Remuneration Advisory Committee

(1) Nominating Advisory Committee

1) Roles

The Nominating Advisory Committee is established and operates on the basis of resolution by the Board of Directors. Its purpose is to heighten transparency and objectivity in regard to appointing the senior management of the Group, and to provide confirmation of candidate eligibility. The Nominating Advisory Committee deliberates on matters regarding appointments of the Company's Representative Director, Director and Executive Officer candidates, and the

Company's Company Auditor candidates, and deliberates on matters regarding succession planning with respect to the Company's Executive Directors and Executive Officers, and also reports findings in that regard to the Board of Directors.

2) Members

The Nominating Advisory Committee's membership is appointed by the Board of Directors and generally consists of the following individuals:

- [1] Representative Directors: 2
- [2] Company Auditor: 1
- [3] Outside Directors: 3
- [4] Outside Company Auditors: 3

The Chairperson of the Nominating Advisory Committee is selected from among the Outside Directors and Outside Company Auditors by mutual election among themselves.

(2) Remuneration Advisory Committee

1) Roles

The Remuneration Advisory Committee is established and operates on the basis of a resolution by the Board of Directors. Its purpose is to provide confirmation from a transparent and objective standpoint regarding policies and procedures for remuneration of the Company's Directors and Executive Officers. The Remuneration Advisory Committee deliberates on matters regarding officer remuneration plan decisions and revisions, and regarding decisions on remuneration amounts, and reports findings in that regard to the Board of Directors.

2) Members

The Remuneration Advisory Committee's membership is appointed by the Board of Directors and generally consists of the following individuals:

- [1] Representative Director: 1
- [2] Company Auditor: 1
- [3] Outside Directors: 3

The Chairperson of the Remuneration Advisory Committee is selected from among the Outside Directors by mutual election among themselves.

(3) Director and Executive Officer Remuneration

Design of the remuneration scheme for Directors and Executive Officers incorporates the opinions of a third-party organization. The remuneration scheme is composed of both a base remuneration component determined in accordance with a remuneration schedule listing based on positions held, and a performance-linked bonus reflecting Group-wide financial results as well as evaluations of individual performance and qualitative factors. Outside Directors receive base remuneration only.

Director and Executive Officer Remuneration

Officer	Number of officers	Total remuneration	Remarks
Directors	12	¥440 million	3 outside directors received ¥32 million
Company Auditors	5	¥78 million	3 outside company auditors received ¥32 million

Notes: 1. "Total remuneration" includes bonuses of ¥70 million paid to directors for the fiscal year ended March 2016.
2. The above figures include one director, who retired as of the conclusion of the general shareholders' meeting held on June 24, 2015.
3. "Total remuneration" includes the amount of executive remuneration paid to directors and auditors by consolidated subsidiaries at which they serve concurrently. No outside directors or outside company auditors serve concurrently as executives of consolidated subsidiaries.

4. Effectiveness assessments of the Board of Directors

The Board of Directors analyzes and evaluates its own performance with the aim of ensuring it makes decisions effectively, and accordingly discloses summaries of such findings.

5. Policy on training of Directors and Company Auditors

When a Director or a Company Auditor is initially appointed, the individual must take part in training with respect to the Companies Act of Japan, other relevant laws and regulations, management strategy, financial analysis and other such topics as necessary, and even after appointment to such a post, the individual must appropriately take part in training with respect to revisions to legal code and managerial issues. Moreover, the Company must provide explanations to Outside Directors and Outside Company Auditors overseeing the Group operations, and must inspect major business locations as necessary.

6. 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 14 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.

7. 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).

8. Relationships with Shareholders

Basic policy on capital management

The Company aims for the Group to achieve a sustainable increase in its corporate value, and accordingly invests capital to meet with social needs such as food safety and environmental protection, in addition to capital for growth and strengthening business foundations. Moreover, the Company accomplishes an appropriate capital structure while taking capital efficiency, growth potential and fiscal soundness into account, with the aim of ensuring its stable and efficient access to funds necessary for pursuing the aforementioned endeavors. Capital from operating cash flow and asset liquidation is utilized for investments for growth, and for shareholder returns through dividends and stock buy-backs.

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Policy on cross-shareholdings

The Company maintains cross-shareholdings only if deemed that doing so will increase its corporate value by enabling the Company to uphold and strengthen transactional and cooperative relationships. Moreover, the Board of Directors evaluates the status of such relationships on an annual basis, and accordingly sells respective shareholdings when it finds rationale insufficient to justify maintaining such holdings. When exercising voting rights attached to cross-shareholdings, the Company checks details regarding every proposal on the agenda. Moreover, matters are carefully scrutinized on an individual basis before determining what action to take in the cases listed below involving an investee company, if:

- the investee company has been involved in behavior that could cause impairment to shareholder value,
- financial results and/or the share price of the investee

company have markedly deteriorated over the long run, with no prospect for recovery, or

- other cases have emerged regarding serious doubts about approving a proposal.

Policy on organizational framework and initiatives geared toward promoting constructive dialogue with shareholders

To promote constructive dialogue with its shareholders, the Company establishes an organizational framework and engages in initiatives which involve the following:

- A department specifically dedicated to investor relations (IR department) is established.
- The officer supervising the IR department also provides supervision of other divisions and departments that include Strategic Planning, General Affairs, Finance Services, Accounting & Tax, and Legal Affairs, and strengthens ties with those divisions and departments.
- The Representative Directors and the Directors in charge of respective operating companies hold financial results briefings twice annually.
- The IR department holds investor briefings, conducts tours of facilities and has meetings with investors.
- Surveys of shareholders and other investors are conducted by external research organizations, and feedback in that regard is presented at meetings of the Board of Directors.
- Communication with shareholders is carried out in accordance with the Group Insider Trading Management Regulations.

Board of Directors Performance Evaluation – Overview of Results

In the fiscal year ended March 2016, we conducted a survey of all members of the Board of Directors (directors and company auditors) as part of a self-evaluation process. Advisory committees were also included in the performance evaluation remit. The main categories in the survey were composition of the Board of Directors, operation of the Board of Directors, composition of committees, operation of committees, and dialogue with shareholders and investors. Based on the results of the survey, the Board conducted discussions about its effectiveness, issues that need to be resolved and future improvements.

These discussions confirmed that the Board of Directors is functioning effectively and being managed appropriately.

However, a number of issues were identified. Specifically, the size and composition of the Board of Directors is an area that needs to be considered in light of developments in the external environment. The discussions also confirmed that the

depth and scope of debate by the Board of Directors needs to be expanded. More detailed discussion is required in areas such as growth strategy, customer satisfaction issues and the promotion of diversity, and discussions should also include new topics such as long-term leadership succession plans and the promotion of health management. With respect to dialogue with shareholders and investors, the survey revealed a gap in the volume of IR-related information available to inside directors and outside directors.

Nichirei's Board of Directors will steadily tackle the issues raised by the performance evaluation and also work to close the gap in information provision by sharing more intelligence with outside directors, such as feedback from institutional investors after results briefings. Nichirei will continue to implement performance evaluations to improve the effectiveness of the Board of Directors.

Notice of Non-Renewal of "Fair Rules Concerning a Substantial Acquisition of the Company's Shares, etc. (Takeover Defensive Measures)"

Given the fact that the management environment surrounding the Company has changed since the latest renewal of "Fair Rules Concerning a Substantial Acquisition of the Company's Shares, etc." (the "Takeover Defensive Measures"), and the fact that the purpose of the Takeover Defensive Measures—namely, ensuring the provision of information and time necessary for shareholders to make appropriate determinations—has been secured to a certain extent due to the prevalence of regulations relating to large-scale purchases under the Financial Instrument and Exchange Act, it is thought that the significance of the Takeover Defensive Measures has considerably decreased. In light of these circumstances, the Company has decided not to renew the Takeover Defensive Measures at the Annual General Shareholders Meeting and to abolish the Takeover Defensive Measures at the conclusion of the Annual General Shareholders Meeting.

Even after the abolishment of the Takeover Defensive Measures, the Company will take appropriate measures to the extent permitted under the Financial Instruments and Exchange Act, the Companies Act and other related laws and regulations; for instance, the Company will make efforts to secure time and information necessary for consideration by shareholders by requiring any person intending to make a substantial acquisition of the Company's shares to provide necessary and sufficient information for shareholders to appropriately judge the adequacy of the substantial acquisition, and disclosing the views, etc., of the Company's Board of Directors. Together with taking such measures, the Company will continue its initiatives to secure and improve the corporate value and shared interest of the shareholders.

Directors, Auditors and Officers

(As of June 22, 2016)

Directors



Toshiaki Murai
Representative Director and Chairman

Mr. Toshiaki Murai has gained abundant experience in divisions such as overseas business and strategic planning as well as corporate management experience as President of the Company and its group companies.



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

Mr. Kunio Otani has attained a wealth of experience in divisions such as accounting & tax, strategic planning and corporate supervision as well as corporate management experience as President of the Company and its group companies.



Yasuhiro Ikeda
Director and Executive Officer

Mr. Yasuhiro Ikeda has obtained abundant experience in sales and marketing, etc., in of the processed foods business as well as corporate management experience as President of a group company.



Hiroshi Matsuda
Director and Executive Officer

Mr. Hiroshi Matsuda has attained extensive experience in engineering, etc., in the logistics business as well as corporate management experience as President of group companies.



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

Mr. Toshiki Ouchiyama has gained a wealth of experience in divisions such as manufacturing, research and development, and quality assurance in the processed foods business.



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

Mr. Takumi Taguchi has acquired extensive experience in accounting and tax and finance divisions.

Outside Directors



Yoshifumi Kaneko
Director and Executive Officer

Mr. Yoshifumi Kaneko has acquired abundant experience in sales, procurement, and logistics in the processed foods business.



Mami Taniguchi
Outside Director

Ms. Mami Taniguchi is engaged in research, primarily on the themes of diversity management and global leadership, and provides opinions and advice, etc., based on her knowledge as an academic expert, mainly at the Board of Directors and other various internal meetings.

Significant concurrent position outside the Company
Professor of International Business, The Graduate School of Commerce, Waseda University



Shizuka Uzawa
Outside Director

Mr. Shizuka Uzawa has a wide range of knowledge in finance and accounting, and advanced experience through his career as a corporate manager at a holding company for many years.

Significant concurrent positions outside the Company
Chairman & Representative Director, Nishinbo Holdings Inc. (scheduled to assume office of Corporate Advisor in June 2016)
Outside Executive Director, Japan Finance Corporation
Outside Director, Sapporo Holdings Limited



Mieko Wanibuchi
Outside Director

Ms. Mieko Wanibuchi has a wide range of knowledge in manager development and advanced experience as a corporate manager for many years.

Significant concurrent positions outside the Company
Representative Director, President, GINZA TAILOR GROUP CO., LTD.
Representative Director, President, GINZA TAILOR CO., LTD.
Representative Director, President, GGG Co., Ltd.



Takeshi Ara
Company Auditor



Kazutoshi Kaitsu
Company Auditor

Outside Company Auditors



Kunitaro Saida
Outside Company Auditor



Masaaki Okajima
Outside Company Auditor



Kazuo Nagano
Outside Company Auditor

Officers



Tatsuo Udagawa
Executive Officer, concurrently General Manager, Finance & Investor Relations



Kazunori Miki
Executive Officer, concurrently General Manager, Corporate Supervising, and Strategic Planning



Masato Takenaga
Executive Officer, concurrently Representative Director, President, Nichirei BioScience Inc.

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Management's Discussion and Analysis

Nichirei changed its accounting method for recording sales from the subject fiscal year. Figures for previous years have been retroactively restated.

Operations

Business Environment

During the fiscal year ended March 2016, Japan's economy remained weak through the latter half of the period. Despite improvement in employment conditions, consumer spending lacked vigor, overseas economies slowed, and uncertainty in the financial market increased.

In the food industry, the main business domain for the Nichirei Group, demand remained firm for home meal replacement (HMR) products such as side dishes, but consumer inclination toward thrift increased as prices rose as a result of higher food material costs. In the cold chain logistics industry, storage demand was steady centered on major metropolitan areas, though transport and delivery costs remain high in response to tighter regulations and a shortage of drivers.

Overview

In this business environment, the subject fiscal year marked the 70th anniversary of the Company's founding, and was the final year for the medium-term management plan "RISING 2015" (FY14/3 – FY16/3). The Nichirei Group continued to implement measures to increase earnings in its core businesses, in order to achieve sustainable growth and improve enterprise value over the longer term. In the Processed Foods business, we focused on boosting production capacity in Japan and expanding sales of mainstay products, implemented measures to increase productivity at company-operated plants, and worked to improve profitability. Overseas, we made efforts to expand

sales, focusing on the U.S. Asian foods market. In the Logistics business, Nichirei enhanced its cargo pickups with the addition of large-scale refrigerated warehouses in major metropolitan areas, and steadily implemented measures to absorb costs, including operational improvements and greater transport efficiency.

Operating Results

Consolidated net sales increased 3.0% from the previous fiscal year to ¥535,351 million, driven by the core businesses. Operating income rose 24.0% to ¥21,583 million, the result of continued earnings improvement in the Processed Foods segment, and positive performance in the Logistics segment. The operating margin was 4.0%, up 0.7 percentage points from a year earlier.

In terms of expenses, the cost of sales increased 1.8% year on year to ¥454,265 million, with the sales cost ratio declining 0.9 percentage points to 84.9%. Selling, general and administrative expenses rose 5.5% from a year earlier to ¥59,501 million, due mainly to increases in executive compensation, salaries, bonuses and allowances to employees, and sales promotion costs.

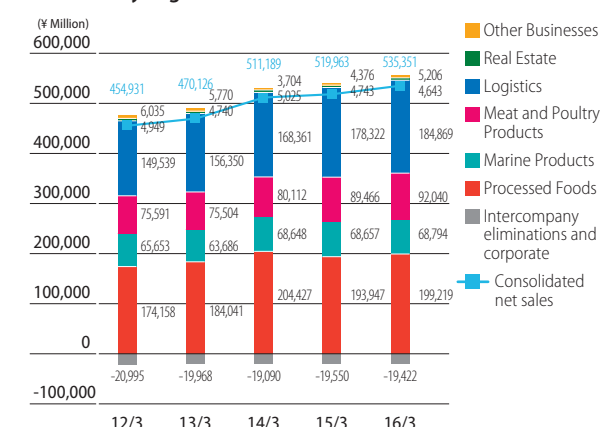
Performance by Segment

Processed Foods

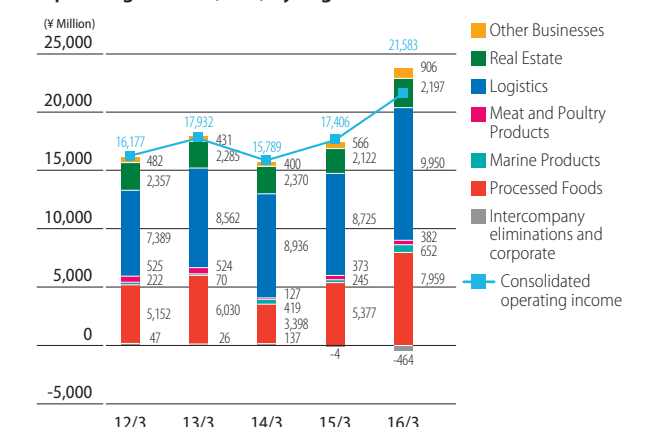
	(¥ Million)		
	FY15/3	FY16/3	Change (%)
Net sales	¥ 193,947	¥ 199,219	2.7
Operating income	5,377	7,959	48.0
Operating margin	2.8%	4.0%	

* Figures were calculated using the method of deducting sales promotion expenses from net sales at the time sales are recorded.

Net Sales by Segment FY12/3 - FY16/3



Operating Income (Loss) by Segment FY12/3 - FY16/3



Management's Discussion and Analysis

The business environment for the processed foods industry remained difficult during the fiscal year ended March 2016, with a series of product price increases reflecting the weaker yen and higher food material costs, combined with greater inclination for thrift among consumers.

In this business environment, net sales in the Processed Foods segment rose 2.7% from the previous fiscal year to ¥199,219 million. This was due mainly to a focus on developing and expanding sales of mainstay products, along with contributions from overseas subsidiaries, amid a household-use market on a par with the previous fiscal year, and steady growth in demand for home meal replacement (HMR) products in the commercial-use market. Operating income rose significantly, up 48.0% year on year to ¥7,959 million, due mainly to consolidation of production lines and greater efficiency as part of an effort to bolster production capacity in Japan, along with price revisions implemented in the previous fiscal year.

(a) Prepared Frozen Foods (Household Use)

Net sales increased 1.8% from the previous fiscal year on expanded sales of rice-based products, due mainly to strengthening of sales promotions for *Honkaku-itame Cha-han* (Authentic Fried Rice), the top selling product in the frozen fried rice category, made using an authentic frying method, as well as for *Honkaku Yaki-onigiri* (Authentic Grilled Rice Ball).

(b) Prepared Frozen Foods (Commercial Use)

Net sales decreased 2.3% year on year, the result of development of high-value-added products to meet needs by business type, strengthening of measures for major users, expanding sales of spring rolls and other products, and focusing on product measures emphasizing profitability.

(c) Processed Agricultural Products

Net sales increased 7.2% year on year, due mainly to greater demand for frozen vegetables following price hikes for fresh produce caused by inclement weather, with steady growth in business volume for spinach, broccoli, and other products in the *Sono Mama Tsukaeru* (Just Thaw and Eat) series.

(d) Overseas (Jan-Dec 2015)

Net sales rose substantially, up 14.0% year on year, on growth in business volume for household-use frozen foods in the U.S. Asian foods market, with exchange rates providing a boost for the overseas segment overall.

Marine Products, Meat and Poultry Products

Marine Products

	FY15/3			FY16/3			Change (%)		
Net sales	¥ 68,657	¥ 68,794	0.2						
Operating income	245	652	166.0						
Operating margin	0.4%	0.9%							

In the marine products industry during the fiscal year ended March 2016, demand in Japan continued to decline, while procurement costs for marine products in general remained high amid the weak yen and declining fishery resources. Net sales in the Marine Products segment rose 0.2% from the previous fiscal year to ¥68,794 million, due mainly to growth in business volume of shellfish, offsetting a scaling back of the product lineup for certain fish varieties. Operating income increased substantially, up 166.0% to ¥652 million, due mainly to positive sales to the HMR and restaurant markets of processed shrimp products, following diversification in shrimp procurement sources.

Meat and Poultry Products

	FY15/3			FY16/3			Change (%)		
Net sales	¥ 89,466	¥ 92,040	2.9						
Operating income	373	382	2.3						
Operating margin	0.4%	0.4%							

In the livestock industry during the fiscal year ended March 2016, the supply shortage for poultry and beef was pronounced, with prices consistently high throughout the year. Market prices for imported products remained soft, particularly for beef. Net sales in the Meat and Poultry Products segment rose 2.9% year on year to ¥92,040 million, due mainly to steady gains in business volume for poultry and beef following a strengthening of cargo pickups from producing regions in Japan. Operating income, despite the downturn in market conditions for imported beef, increased 2.3% to ¥382 million as a result of positive sales of fresh chicken meat and processed products for the HMR market.

Logistics

	FY15/3			FY16/3			Change (%)		
Net sales	¥ 178,322	¥ 184,869	3.7						
Operating income	8,725	9,950	14.0						
Operating margin	4.9%	5.4%							

In the cold chain logistics industry during the fiscal year ended March 2016, storage demand rose steadily in Japan amid a shortage of storage capacity mainly in the Tokyo metropolitan area, the result of rebuilding of a huge refrigerated warehouse in the Tokyo waterfront district. At the same time, although the

rise in fuel abated, transport and delivery costs remained high as a result of the labor shortage and tighter regulations, and difficulty in securing warehouse personnel continued.

In the Logistics segment, with the addition of new large-scale refrigerated warehouses in major metropolitan areas, Nichirei expanded cargo pickups and made efforts for optimal placement of stored cargo. We also implemented measures to address rising costs, including operational improvements and appropriate fee receipts. Net sales increased 3.7% year on year to ¥184,869 million, with operating income up 14.0% to ¥9,950 million, due mainly to steady capturing of the robust demand for storage in Japan, along with solid growth in the overseas business.

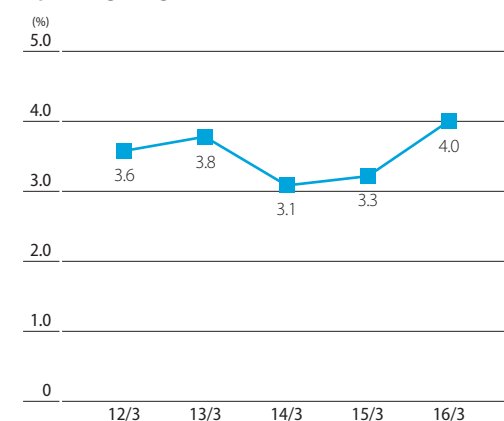
(a) Japan Business

Net sales in Japan rose 2.4% from the previous fiscal year to ¥148,226 million, due mainly to contributions from the previous year's opening of the Sakishima Distribution Center and other new facilities, along with steady growth in business volume in the transfer center business from existing customers. Operating income increased 14.6% to ¥8,835 million amid increasing transport and delivery costs and personnel expenses, due mainly to cost absorption measures including operational improvements and greater transport efficiency, along with consistently high inventory levels for stored cargo.

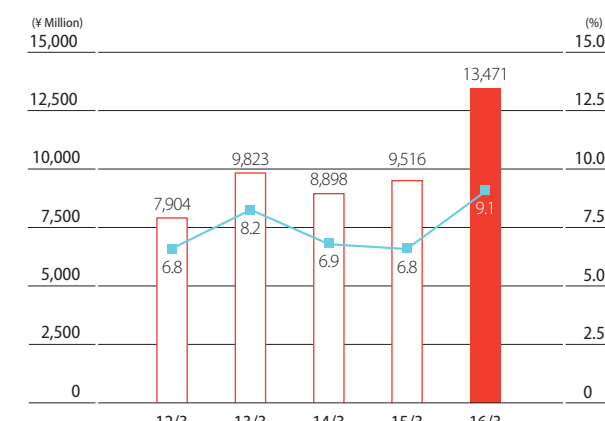
(b) Overseas Business

In Europe, Nichirei steadily captured transport demand including delivery services to retail outlets, with stable growth in cargo pickups for dairy products, and processing services for imported fruit juices. As a result, net sales rose 8.2% year on year to ¥33,897 million, with operating income up 35.5% to ¥1,371 million.

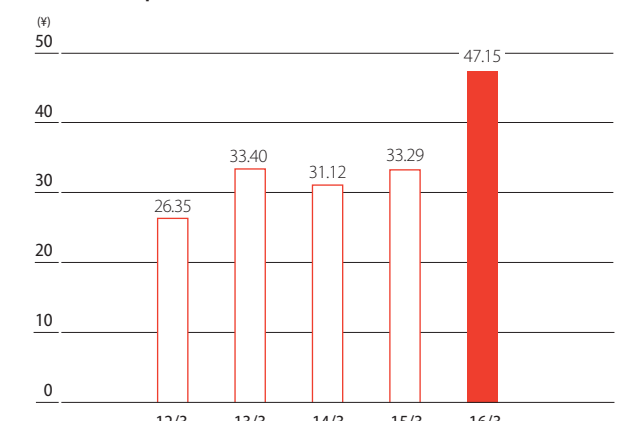
Operating Margin FY12/3 - FY16/3



Profit & ROE FY12/3 - FY16/3



Net Income per Share FY12/3 - FY16/3



Real Estate

	¥ Million		
	FY15/3	FY16/3	Change (%)
Net sales	¥4,743	¥4,643	-2.1
Operating income	2,122	2,197	3.5
Operating margin	44.7%	47.3%	

Nichirei implemented projects for building renovation and greater energy efficiency to strengthen competitiveness in leased office buildings, and focused on raising the occupancy rate. Net sales declined 2.1% year on year to ¥4,643 million, though operating income increased 3.5% to ¥2,197 million.

Other Businesses

	¥ Million		
	FY15/3	FY16/3	Change (%)
Net sales	¥4,376	¥5,206	18.9
Operating income	566	906	60.0
Operating margin	12.9%	17.4%	

Nichirei's bioscience business recorded steady growth in sales for molecular and rapid diagnostic drugs. As a result, net sales in the Other Businesses segment increased 18.9% to ¥5,206 million, with operating income up 60.0% to ¥906 million.

Other Income and Expenses

The net value of other income and expenses in FY16/3 amounted to net expenses of ¥982 million, compared to net expenses of ¥1,534 million in the previous fiscal year. This was due mainly to a decrease in loss on retirement of fixed assets compared to the previous fiscal year.

Profit before Income Taxes and Net Income

As a result of the aforementioned profit before income taxes in the fiscal year ended March 2016 rose 29.8% from the previous fiscal year to ¥20,600 million. Profit attributable to owners of parent increased 41.6% to ¥13,471 million. Net income per share was ¥47.15, up from ¥33.29 in the previous fiscal year.

Capital Expenditures (Including Leased Assets)

Capital expenditures in the fiscal year ended March 2016 decreased 33.1% from the previous fiscal year to ¥16,175 million. Expenditures mainly comprised expanded production facilities in Thailand (Processed Foods), and rebuilding of the Funabashi Transfer Center in Chiba Prefecture (Logistics).

	¥ Million		
	FY15/3	FY16/3	Change (%)
Processed Foods	8,743	5,443	-37.7
Marine Products	137	244	78.1
Meat and Poultry Products	222	269	21.2
Logistics	14,093	8,896	-36.9
Real Estate	255	500	96.1
Other	131	183	39.7
Adjustments	586	638	8.9
Total	24,171	16,175	-33.1

Liquidity and Capital Resources

Net cash provided by operating activities in the fiscal year ended March 2016 amounted to ¥37,032 million, an increase of ¥9,228 million from the previous fiscal year. This was due mainly to the recording of ¥21,394 million in ordinary income, and ¥16,455 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 amounted to ¥14,496 million, due mainly to ¥12,530 million in expenditures for the purchase of property, plant and equipment.

Net cash used in financing activities amounted to ¥20,351 million, an increase of ¥14,253 million from the previous fiscal year. This was mainly due to decreases in short-term bank loans and commercial paper, along with purchase of treasury stock, and dividends paid.

Free cash flows amounted to ¥22,535 million, an increase of ¥17,094 million from the previous fiscal year.

As a result, the balance of cash and cash equivalents at the end of March 2016 amounted to ¥13,169 million, an increase of ¥1,336 million from the previous fiscal year.

Balance Sheet

Total assets at the end of March 2016 amounted to ¥338,497 million, a decrease of ¥3,517 million from the previous fiscal year. This was due mainly to depreciation on capital investments made through the previous fiscal year-end, and a decrease in property, plant and equipment resulting mainly from exchange rate fluctuations.

Current assets totaled ¥139,383 million, an increase of ¥668 million from the previous fiscal year. This was due mainly to an

increase in accounts receivable-trade and inventories.

Non-current assets totaled ¥199,114 million, a decrease of ¥4,185 million. This was due mainly to a decrease in property, plant and equipment, stemming from lower capital expenditures.

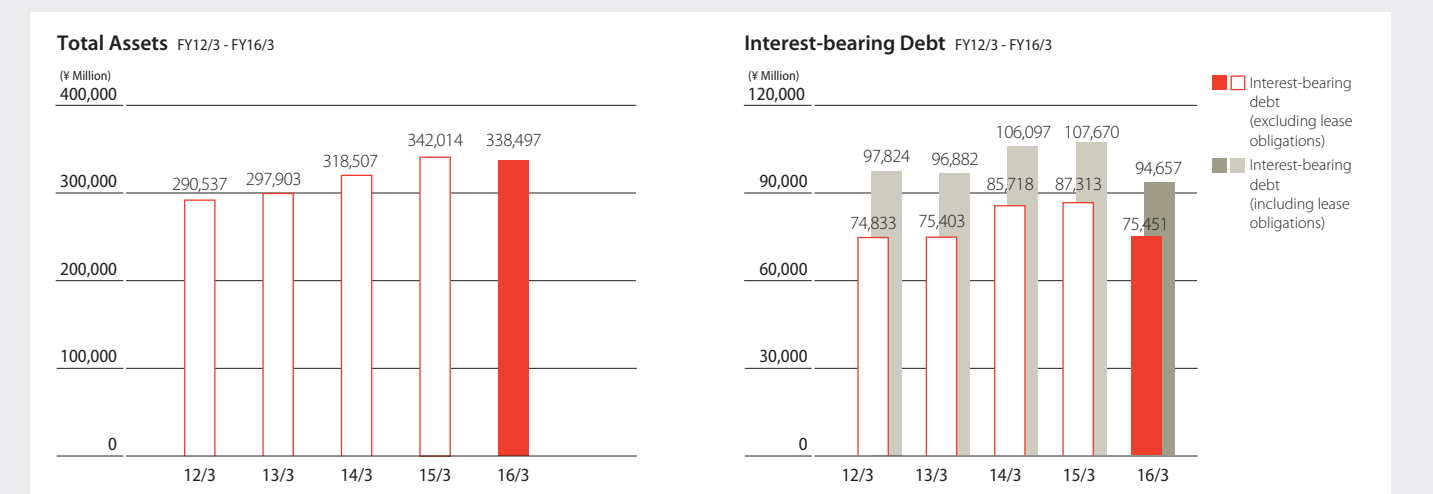
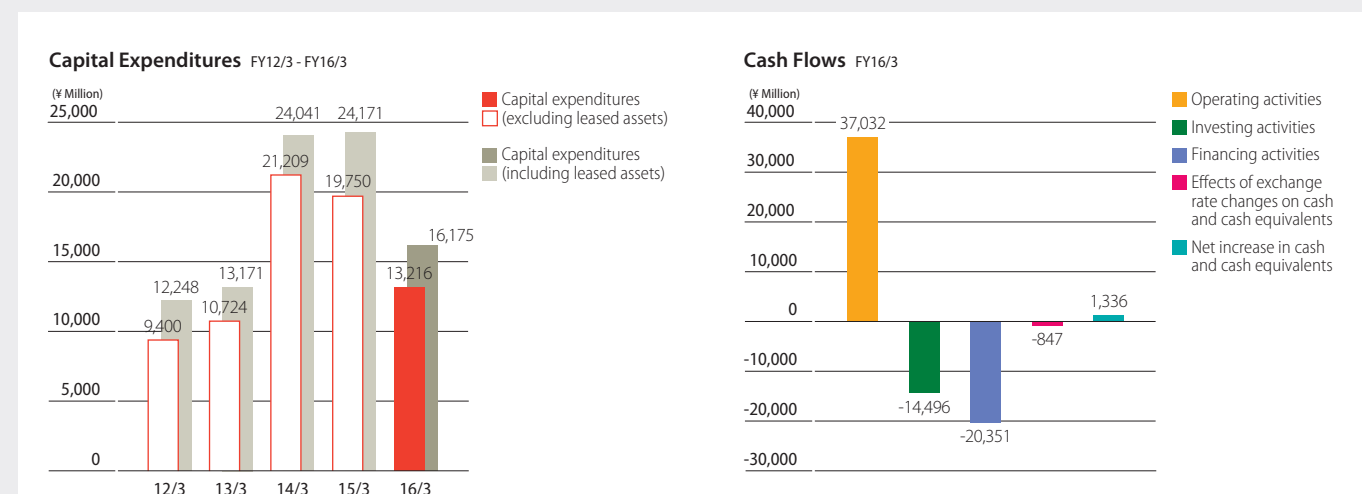
Property, plant and equipment, net totaled ¥149,413 million, a decrease of ¥3,711 million. Investments and other assets totaled ¥43,068 million, down ¥386 million.

Total liabilities amounted to ¥182,973 million, a decrease of ¥6,755 million from the previous fiscal year. This was due mainly to a decline in interest-bearing debt stemming from repayment of short-term debt and redemption of commercial paper, offsetting increases in accrued expenses and income taxes payable.

Interest-bearing debt totaled ¥94,657 million, a decrease of ¥13,013 million. The ratio of interest-bearing debt to cash flow at the end of March 2016 was 2.6 years, an improvement of 0.7 years from the end of the previous fiscal year.

Total net assets amounted to ¥155,523 million at the end of March 2016, an increase of ¥3,237 million from the end of the previous fiscal year. Shareholders' equity* totaled ¥150,442 million, accounting for 44.4% of total assets, up 1.4 percentage points from the previous fiscal year. The debt-to-equity (D/E) ratio was 0.6 times, down 0.1 points. Calculated excluding lease obligations, the D/E ratio was 0.5, down 0.1 points from the previous fiscal year.

*Shareholders' equity = net assets - non-controlling interests



Significant Risk Factors Impacting Operating Results

Significant risk factors we can determine as of the end of March 2016 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

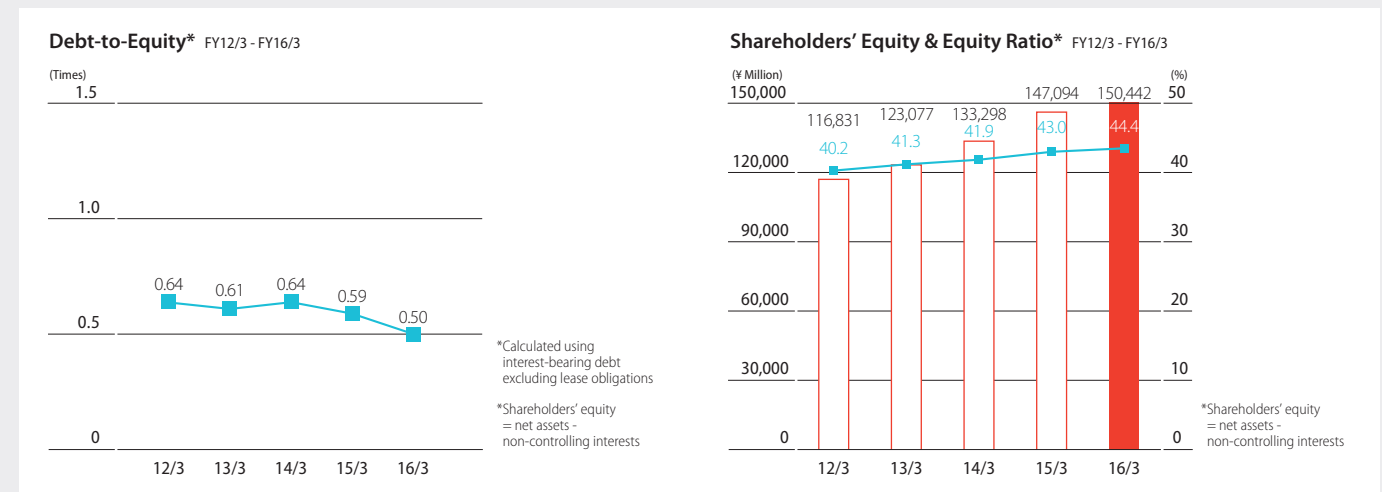
Insofar as one of our primary businesses is the importation of food products and materials from outside Japan, we face exchange-rate risks in our business transactions denominated in foreign currencies. To minimize these risks, we hedge by using currency exchange forward contracts, coupon swaps, and 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

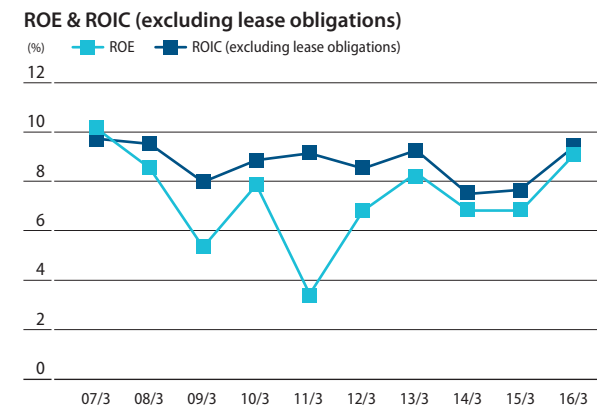
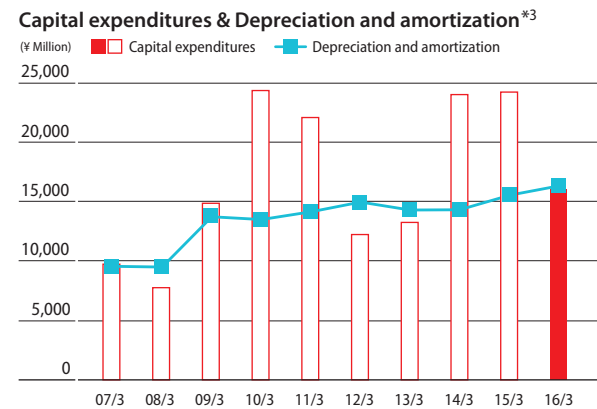
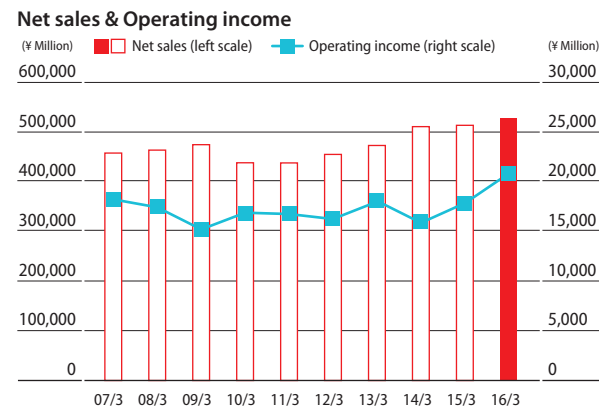
The Group has developed appropriate system management procedures, but the management of operations could be adversely affected if system problems arise. The Group takes comprehensive actions to defend against computer viruses and manage information, but if unforeseen virus attacks hinder the management 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.



Financial Section
Financial Highlights

Nichirei Corporation and Consolidated Subsidiaries
 For the years ended March 31

	FY07/3	FY08/3	FY09/3	FY10/3	FY11/3	FY12/3	FY13/3	FY14/3	FY15/3	FY16/3	Percent change FY16/3 / FY15/3	FY16/3
Thousands of U.S. dollars												
Income Statement Data (¥ Million)												
Net sales	¥ 457,655	¥ 463,591	¥ 474,515	¥ 438,111	¥ 437,808	¥ 454,931	¥ 470,126	¥ 511,189	¥ 519,963	¥ 535,351	3.0%	\$ 4,750,654
Gross profit	88,799	89,794	87,328	87,957	87,365	86,918	91,473	93,261	73,782	81,085	9.9	719,543
Operating income	18,148	17,355	15,142	16,814	16,681	16,177	17,932	15,789	17,406	21,583	24.0	191,530
Profit before income taxes	19,200	16,472	11,362	14,380	8,860	14,225	13,601	15,357	15,871	20,600	29.8	182,807
Profit attributable to owners of the parent	10,845	9,623	6,020	9,064	4,044	7,904	9,823	8,898	9,516	13,471	41.6	119,544
Capital expenditures*2	9,751	7,770	14,883	24,385	22,110	12,248	13,171	24,041	24,296	16,175	-33.1	143,543
R&D expenditures	2,034	2,050	2,191	1,986	1,806	1,697	1,817	1,607	1,730	1,600	-7.5	14,198
Thousands of U.S. dollars												
Balance Sheet Data (¥ Million)												
Total assets	¥ 269,166	¥ 257,812	¥ 287,296	¥ 277,496	¥ 284,562	¥ 290,537	¥ 297,903	¥ 318,507	342,014	¥ 338,497	-1.0%	\$ 3,003,795
Total liabilities	156,094	141,323	174,096	154,802	166,813	171,837	172,582	181,660	189,728	182,973	-3.6	1,623,690
Interest-bearing debt*3	72,971	66,138	87,904	60,920	72,479	74,833	75,403	85,718	87,313	75,451	-13.6	669,551
Shareholders' equity*4	111,035	114,262	110,958	119,468	115,058	116,831	123,077	133,298	147,094	150,442	2.3	1,335,008
Thousands of U.S. dollars												
Cash Flows (¥ Million)												
Cash flows from operating activities	¥ 22,431	¥ 20,290	¥ 15,282	¥ 33,345	¥ 17,274	¥ 19,915	¥ 23,525	¥ 11,073	¥ 27,803	¥ 37,032	33.2 %	\$ 328,620
Cash flows from investing activities	-5,861	-6,443	-14,740	-13,555	-18,229	-12,422	-9,610	-17,650	-22,362	-14,496	-	-128,642
Free cash flows	16,570	13,847	542	19,790	955	7,493	13,914	-6,576	5,441	22,535	314.2 %	199,977
Cash flows from financing activities	-16,567	-13,919	16,085	-33,323	6,416	-7,583	-9,743	2,580	-6,098	-20,351	-	-180,599
U.S. dollars												
Per Share Data (¥)												
Net income	¥ 34.97	¥ 31.04	¥ 19.42	¥ 29.24	¥ 13.08	¥ 26.35	¥ 33.40	¥ 31.12	¥ 33.29	¥ 47.15	41.6%	\$ 0.418
Cash dividends*5	8	8	9	9	9	9	10	10	10	12	20.0	0.106
Net assets	358.08	368.56	357.85	385.47	377.08	396.33	430.47	466.31	514.63	528.50	2.7	4.689
Financial Ratios (% , Times)												
Gross profit margin	19.4%	19.4%	18.4%	20.1%	20.0%	19.1%	19.5%	18.2%	14.2%	15.1%	-	-
Operating margin	4.0	3.7	3.2	3.8	3.8	3.6	3.8	3.1	3.3	4.0	-	-
Return on equity (ROE)	10.2	8.5	5.3	7.9	3.4	6.8	8.2	6.9	6.8	9.1	-	-
Debt-to-equity (Times)	0.66	0.58	0.79	0.51	0.63	0.64	0.61	0.64	0.59	0.50	-	-
Non-financial Data												
Number of full-time employees*6	5,711	6,054	6,250	6,577	10,118	12,082	12,680	12,970	13,551	14,118	4.2%	
	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 ¥112.69=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2016.
 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 = net assets - non-controlling interests.
 5. Dividends in FY16/3 include ¥2 commemorative dividends of the 70th anniversary.
 6. 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.
 7. Nichirei changed its accounting method for recording sales from FY16/3. Figures for FY15/3 have been retroactively restated.

Consolidated Balance Sheets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
As of March 31, 2015 and 2016

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2015	2016	2015	2016
Current assets:				
Cash and deposits	¥ 11,833	¥ 13,169	\$ 116,863	
Notes and accounts receivable - trade	75,819	76,836	681,842	
Less allowance for doubtful accounts	(128)	(94)	(836)	
Inventories	41,783	42,510	377,234	
Deferred tax assets (Note 6)	855	2,567	22,787	
Other current assets	8,551	4,393	38,984	
Total current assets	138,715	139,383	1,236,875	
Fixed assets:				
Property, plant and equipment (Note 4):				
Buildings and structures	226,266	229,774	2,038,998	
Machinery and equipment	96,358	97,466	864,912	
Land	33,833	33,694	299,001	
Leased assets	40,870	41,407	367,442	
Construction in progress	2,035	657	5,838	
	399,364	403,001	3,576,192	
Less accumulated depreciation	(246,239)	(253,588)	(2,250,316)	
Property, plant and equipment, net	153,124	149,413	1,325,876	
Investments and other assets:				
Investment securities (Note 3)	30,454	30,361	269,426	
Investment in affiliates	3,882	4,031	35,778	
Net defined benefit asset	199	276	2,455	
Deferred tax assets (Note 6)	1,060	1,023	9,078	
Other	14,774	14,311	127,001	
Less allowance for doubtful accounts	(196)	(303)	(2,697)	
Total investments and other assets	50,175	49,701	441,043	
Total fixed assets	203,299	199,114	1,766,919	
Total assets	¥ 342,014	¥ 338,497	\$ 3,003,795	

The accompanying notes are integral parts of these statements.

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2015	2016	2015	2016
Current liabilities:				
Short-term bank loans	¥ 11,186	¥ 2,420	\$ 21,479	
Commercial paper	5,000	-	-	
Current portion of long-term debt	3,095	6,191	54,945	
Current portion of bonds	-	10,000	88,739	
Accounts payable	27,566	29,047	257,767	
Leased obligations	3,806	3,624	32,165	
Income taxes payable	2,286	3,823	33,926	
Accrued expenses	25,213	28,582	253,639	
Provision for directors' bonuses	215	290	2,580	
Other current liabilities (Note 6)	11,401	11,226	99,624	
Total current liabilities	89,771	95,208	844,869	
Long-term liabilities:				
Bonds	40,000	30,000	266,217	
Long-term debt	28,030	26,839	238,170	
Provision for directors' and statutory auditors' retirement benefits	161	150	1,337	
Net defined benefit liability	1,438	1,547	13,733	
Leased obligations	16,550	15,580	138,260	
Deferred tax liabilities (Note 6)	6,104	5,558	49,326	
Asset retirement obligations	3,175	3,168	28,115	
Other	4,494	4,919	43,659	
Total long-term liabilities	99,957	87,765	778,821	
Total liabilities	189,728	182,973	1,623,690	
Net assets:				
Shareholders' equity (Note 5):				
Common stock, with no par value				
Authorized - 720,000,000 shares				
Issued and outstanding - 295,851,065 shares	30,307	30,307	268,948	
Capital surplus	18,224	18,237	161,839	
Retained earnings	86,991	97,319	863,602	
Less treasury stock, at cost	(5,148)	(6,197)	(54,998)	
Total shareholders' equity	130,376	139,667	1,239,392	
Accumulated other comprehensive income:				
Net unrealized holding gain on available-for-sale securities	10,971	11,144	98,898	
Net deferred gain (loss) on hedges	2,577	(873)	(7,747)	
Foreign currency translation adjustments	3,169	503	4,466	
Total accumulated other comprehensive income	16,718	10,774	95,616	
Non-controlling interests	5,191	5,081	45,095	
Total net assets	152,286	155,523	1,380,104	
Total liabilities and net assets	¥ 342,014	¥ 338,497	\$ 3,003,795	

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, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Net sales	¥ 519,963	¥ 535,351	\$ 4,750,654
Operating costs and expenses:			
Cost of sales	446,180	454,265	4,031,111
Selling, general and administrative expenses	56,376	59,501	528,013
	502,557	513,767	4,559,124
Operating income	17,406	21,583	191,530
Other income (expenses):			
Interest and dividend income	616	664	5,897
Interest expense	(1,138)	(1,053)	(9,349)
Other – net	(1,012)	(593)	(5,271)
	(1,534)	(982)	(8,722)
Profit before income taxes	15,871	20,600	182,807
Income taxes (Note 6):			
Current	4,530	6,304	55,949
Deferred	320	(371)	(3,292)
	4,850	5,933	52,656
Profit	11,021	14,666	130,150
Profit attributable to non-controlling interests	1,504	1,195	10,606
Profit attributable to owners of parent	¥ 9,516	¥ 13,471	\$ 119,544

Amounts per share (Note 7):	Yen		U.S. dollars (Note 1)
	2015	2016	2016
Net assets	¥ 514.63	¥ 528.50	\$ 4.689
Profit			
Basic	33.29	47.15	0.418
Diluted	33.21	47.07	0.417

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, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Profit	¥ 11,021	¥ 14,666	\$ 130,150
Other comprehensive income:			
Net unrealized holding gain on available-for-sale securities	4,675	170	1,515
Net deferred gain (loss) on hedges	2,172	(3,498)	(31,046)
Foreign currency translation adjustments	1,876	(2,995)	(26,580)
Remeasurements of defined benefit plans	22	–	–
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	240	(143)	(1,277)
Total other comprehensive income	8,987	(6,467)	(57,388)
Total comprehensive income	¥ 20,008	¥ 8,199	\$ 72,761
Comprehensive income attributable to:			
Owners of parent	¥ 17,803	¥ 7,528	\$ 66,805
Non-controlling interests	2,205	671	5,956

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, 2015 and 2016

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Net assets at April 1, 2014	¥ 30,307	¥ 18,224	¥ 81,463	¥ (5,128)	¥ 124,867
Cumulative effect of changes in accounting policies			(1,129)		(1,129)
Restated balance at April 1, 2014	30,307	18,224	80,333	(5,128)	123,737
Changes of items during the period					
Dividends from surplus			(2,858)		(2,858)
Profit attributable to owners of parent			9,516		9,516
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	6,657	(19)	6,638
Net assets at March 31, 2015	¥ 30,307	¥ 18,224	¥ 86,991	¥ (5,148)	¥ 130,376
Changes of items during the period					
Dividends from surplus			(3,143)		(3,143)
Profit attributable to owners of parent			13,471		13,471
Acquisition of treasury stock				(1,049)	(1,049)
Disposal of treasury stock		0		0	0
Change in parent's interest due to transaction with non-controlling interests		12			12
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	12	10,327	(1,049)	9,290
Net assets at March 31, 2016	¥ 30,307	¥ 18,237	¥ 97,319	¥ (6,197)	¥ 139,667

	Millions of yen						
	Accumulated other comprehensive income					Non-controlling 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, 2014	¥ 6,292	¥ 461	¥ 1,699	¥ (22)	¥ 8,431	¥ 3,548	¥ 136,846
Cumulative effect of changes in accounting policies					(1,129)		(1,129)
Restated balance at April 1, 2014	6,292	461	1,699	(22)	8,431	3,548	135,717
Changes of items during the period							
Dividends from surplus							(2,858)
Profit attributable to owners of parent							9,516
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	16,568
Net assets at March 31, 2015	¥ 10,971	¥ 2,577	¥ 3,169	¥ –	¥ 16,718	¥ 5,191	¥ 152,286
Changes of items during the period							
Dividends from surplus							(3,143)
Profit attributable to owners of parent							13,471
Acquisition of treasury stock							(1,049)
Disposal of treasury stock							0
Change in parent's interest due to transaction with non-controlling interests							12
Net changes of items other than shareholders' equity	173	(3,450)	(2,666)	–	(5,943)	(109)	(6,052)
Total changes of items during the period	173	(3,450)	(2,666)	–	(5,943)	(109)	3,237
Net assets at March 31, 2016	¥ 11,144	¥ (873)	¥ 503	¥ –	¥ 10,774	¥ 5,081	¥ 155,523

The accompanying notes are integral parts of these statements.

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

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2016

	Thousands of U.S. dollars (Note 1)						
	Shareholders' equity					Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity		
Net assets at April 1, 2015	\$ 268,948	\$ 161,725	\$ 771,957	\$ (45,684)	\$ 1,156,946		
Changes of items during the period							
Dividends from surplus			(27,899)		(27,899)		
Profit attributable to owners of parent			119,544		119,544		
Acquisition of treasury stock				(9,316)	(9,316)		
Disposal of treasury stock		1		2	3		
Change in parent's interest due to transaction with non-controlling interests		113			113		
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	114	91,644	(9,313)	82,445		
Net assets at March 31, 2016	\$ 268,948	\$ 161,839	\$ 863,602	\$ (54,998)	\$ 1,239,392		

	Thousands of U.S. dollars (Note 1)						
	Accumulated other comprehensive income					Non-controlling 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, 2015	\$ 97,356	\$ 22,868	\$ 28,129	\$ -	\$ 148,354	\$ 46,069	\$ 1,351,371
Changes of items during the period							
Dividends from surplus						(27,899)	
Profit attributable to owners of parent						119,544	
Acquisition of treasury stock						(9,316)	
Disposal of treasury stock						3	
Change in parent's interest due to transaction with non-controlling interests						113	
Net changes of items other than shareholders' equity	1,541	(30,616)	(23,663)	-	(52,738)	(973)	(53,712)
Total changes of items during the period	1,541	(30,616)	(23,663)	-	(52,738)	(973)	28,733
Net assets at March 31, 2016	\$ 98,898	\$ (7,747)	\$ 4,466	\$ -	\$ 95,616	\$ 45,095	\$ 1,380,104

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, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2015	2016	2015	2016
	Cash flows from operating activities:			
Profit before income taxes	¥ 15,871	¥ 20,600	\$ 182,807	
Depreciation and amortization	15,621	16,455	146,026	
Impairment loss on fixed assets	90	73	648	
(Decrease)/increase in allowance for doubtful accounts	(6)	87	776	
Interest and dividend income	(616)	(664)	(5,897)	
Interest expense	1,138	1,053	9,349	
Equity in earnings of affiliates	(140)	(131)	(1,164)	
Gain on sales of property, plant and equipment	(65)	(14)	(127)	
Loss on disposal of property, plant and equipment	1,048	638	5,664	
Loss on discontinued operation	-	280	2,486	
Gain on sales of investment securities	(43)	(183)	(1,624)	
Increase in notes and accounts receivable-trade	(6,101)	(2,133)	(18,932)	
Decrease/(increase) in inventories	1,570	(1,122)	(9,964)	
(Decrease)/increase in notes and accounts payable	(57)	1,661	14,748	
Other, net	4,204	5,439	48,267	
Subtotal	32,515	42,040	373,063	
Interest and dividends received	688	752	6,675	
Interest paid	(1,134)	(1,067)	(9,472)	
Income taxes paid	(4,265)	(4,693)	(41,646)	
Net cash provided by operating activities	¥ 27,803	¥ 37,032	\$ 328,620	
Cash flows from investing activities:				
Purchase of property, plant and equipment	¥ (20,588)	¥ (12,530)	\$ (111,193)	
Proceeds from sales of property, plant and equipment	420	59	529	
Purchase of intangible assets	(503)	(867)	(7,699)	
Purchase of investment securities	(1,064)	(311)	(2,766)	
Proceeds from sales of investment securities	86	293	2,602	
Other, net	(712)	(1,139)	(10,114)	
Net cash used in investing activities	(22,362)	(14,496)	(128,642)	
Cash flows from financing activities:				
Decrease in short-term bank loans	(4,724)	(8,368)	(74,264)	
Decrease in commercial paper	(3,000)	(5,000)	(44,369)	
Proceeds from long-term debt	5,000	5,000	44,369	
Repayment of long-term debt	(5,922)	(3,097)	(27,485)	
Proceeds from issuance of bonds	9,948	-	-	
Repayments of lease obligations	(4,056)	(3,959)	(35,139)	
Purchase of treasury stock	(21)	(1,049)	(9,316)	
Dividends paid	(2,853)	(3,138)	(27,851)	
Cash dividends paid to non-controlling interests of consolidated subsidiaries	(469)	(607)	(5,389)	
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(130)	(1,156)	
Other, net	1	0	3	
Net cash used in financing activities	(6,098)	(20,351)	(180,599)	
Effect of exchange rate changes on cash and cash equivalents	562	(847)	(7,523)	
Net (decrease)/increase in cash and cash equivalents	(94)	1,336	11,855	
Cash and cash equivalents at the beginning of the year	11,928	11,833	105,008	
Cash and cash equivalents at the end of the year	¥ 11,833	¥ 13,169	\$ 116,863	

The accompanying notes are integral parts of these statements.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2016

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 of Japan, 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 ¥112.69 = US\$1.00, the exchange rate prevailing on March 31, 2016.

Due to significance, only selected notes are disclosed in the consolidated financial statements. The other notes which are not selected are disclosed on EDINET.

Note 2 Changes in Accounting Policy

(Changes in Accounting Policy for Sales Recognition)

The Company has changed its recognition policy of some expenses, which the Company bears for customers for the purpose of promoting product sales (the "sales promotion expenses"). The Company previously recorded the sales promotion expenses in selling, general and administrative expenses as promotion expense or sales commission at the time when the payment amount was fixed after related product sales. From the fiscal year ended March 31, 2016, the sales promotion expenses are deducted from gross sales at the time when the sales are recorded.

In the course of operating our business activities to accomplish Medium-Term Management Plan "RISING 2015," the Company has proceeded with the sales price revision to respond to the depreciation of yen and the increase in material and purchasing costs. While sales including overseas sales have been increasing from year to year, the sales promotion expenses have also been increasing due to the intensified competitive environment. As well as improving its comparability under an international accounting system and within the industry, the Company is required to take prompt action to improve profitability by conducting accurate business performance management.

Under such changes in the management environment and growing awareness of the issues, the Company re-investigated actual conditions of sales transactions and discussed the necessity of revising the policy

to recognize sales because it became an obvious trend that the sales promotion expenses were considered when determining sales terms and conditions and were substantively treated as component sales prices. As a result, the Company concluded that the method, in which the sales promotion expenses are deducted from gross sales at the time when the sales are recorded, presents its operating results more adequately and has established the business management systems, including development of business processes and system. The management structure has been completed and consequently the Company changed its accounting policy from this fiscal year.

This accounting change has been applied retrospectively and the consolidated financial statements for the fiscal year ended March 31, 2015 have been restated. As a result of this change, for the fiscal year ended March 31, 2015, net sales were decreased by ¥25,303 million, selling, general and administrative expenses were decreased by ¥25,093 million, and operating income and profit before income taxes were both decreased by ¥209 million. Additionally, in the consolidated balance sheet as of March 31, 2015, accrued expenses were increased by ¥1,963 million, deferred tax assets (current assets) were increased by ¥154 million, other current liabilities were decreased by ¥494 million, and retained earnings were decreased by ¥1,314 million.

Cumulative effects were reflected in net assets at the beginning of the fiscal year ended March 31, 2015, and resulting retained earnings were decreased by ¥1,129 million. Impacts of this change on segment information and per share information are stated in the "Segment Information" and "Per Share Information" sections.

Note 3 Securities

(1) Acquisition costs, carrying value and unrealized gain on available-for-sale securities as of March 31, 2015 and 2016:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Equity securities:			
Acquisition costs	¥ 13,666	¥ 13,589	\$ 120,588
Carrying value	29,210	29,111	258,332
Unrealized gain	¥ 15,543	¥ 15,522	\$ 137,744

Non-listed equity securities amounting to ¥1,244 million and ¥1,250 million (\$11,094 thousand) as of March 31, 2015 and 2016, respectively, are not included in above table because they are not traded on the market and it is very difficult to determine their fair market value.

(2) Sales of available-for-sale securities for the years ended March 31, 2015 and 2016:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Proceeds from sales	¥ 91	¥ 293	\$ 2,602
Gains on sales	43	183	1,624

(3) Aggregate carrying value of available-for-sale securities with no available fair value as of March 31, 2015 and 2016:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Non-listed equity securities	¥ 1,199	¥ 1,210	\$ 10,740

(4) Impairment loss of securities for the years ended March 31, 2015 and 2016:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Available-for-sale securities:			
Stocks without market values	¥ -	¥ 28	\$ 249

Note 4 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 gain on sales of the property related to the investments and rental properties were ¥2,030 million and ¥57 million for the year ended March 31, 2015, respectively. Net rent income and gain on sales of the property related to the investments and rental properties were ¥2,043 million (\$18,132 thousand) and ¥5 million (\$47 thousand) for the year ended March 31, 2016, respectively.

Gross rent revenue and expense are included in net sales and cost of sales on the consolidated statements of income. Gain on sales of the property is included in other income in 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, 2015 and 2016:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Carrying value at April 1	¥ 11,567	¥ 10,377	\$ 92,092
Net decrease	(1,189)	(177)	(1,572)
Carrying value at March 31	¥ 10,377	¥ 10,200	\$ 90,519
Market value as of March 31	¥ 40,178	¥ 40,383	\$ 358,359

- 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, 2015 were capital expenditures of ¥183 million, change in the use of property of ¥834 million and depreciation of ¥471 million.
- Major increase and decrease for the year ended March 31, 2016 were capital expenditures of ¥213 million (\$1,898 thousand) and depreciation of ¥396 million (\$3,518 thousand).
- Market values of major assets as of March 31, 2015 and 2016 are based on appraisals obtained from outside real estate appraisers.

Market values of other relatively immaterial assets are based on certain valuation and other indicators properly reflected by market prices.

Note 5 Changes in Net Assets

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

(b) For the year ended March 31, 2016

Type of stock	(Number of shares)			
	As of April 1, 2015	Increases	Decreases	As of March 31, 2016
Issued stock:				
Common stock	295,851,065	-	-	295,851,065
Treasury stock:				
Common stock	10,027,894	1,166,095	550	11,193,439

(Reasons for changes)

The increases in the number of shares resulted from the following:
· Acquisition through market transaction based on the resolution at the board of directors' meeting 1,133,000 shares
· Request for redemption of odd-lot stock 33,095 shares
The decrease in the number of shares resulted from the following:
· Request for additional purchase of odd-lot stock 550 shares

(2) Cash dividends distributed

Dividends paid during the year ended March 31, 2016

Resolution	Type of stock	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 24, 2015	Common stock	¥ 1,429 \$ 12,681	¥ 5 \$ 0.04	March 31, 2015	June 25, 2015
Board of Directors' meeting on October 30, 2015	Common stock	¥ 1,714 \$ 15,217	¥ 6 \$ 0.05	September 30, 2015	December 4, 2015

The dividend per share resolved at the Board of Directors' meeting on October 30, 2015 includes a ¥1 (\$0.008) commemorative dividend for the 70th anniversary of the Company.

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 22, 2016	Common stock	Retained earnings	¥ 1,707 \$ 15,156	¥ 6 \$ 0.05	March 31, 2016	June 23, 2016

The dividend per share includes ¥1 (\$0.008) commemorative dividend for the 70th anniversary of the Company.

Note 6 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 35.6% and 33.1% for the years ended March 31, 2015 and 2016, respectively. The effective tax rates reflected in the accompanying consolidated statements of income differ from the statutory tax rate for the following reasons:

	2015	2016
Statutory tax rate	35.6%	33.1%
Entertainment and other non-deductible expenses	1.3	1.1
Dividends exempted for income tax purposes	(0.3)	(0.1)
Inhabitants' tax per capita	0.9	0.7
Change in valuation allowance	(3.8)	(2.7)
Tax credit for research and development expenses, etc.	(2.0)	(2.6)
Tax rate differences of overseas affiliates	(3.3)	(1.8)
Equity in earnings of affiliates accounted for by the equity method	(0.3)	(0.3)
Undistributed earnings of overseas affiliates	0.2	(0.1)
Deferred tax assets reduced amount due to the changes in tax rate	0.3	0.4
Other, net	1.9	1.1
Effective tax rate	30.6%	28.8%

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

Following the enactment on March 29, 2016 of the "Act for Partial Revision of the Income Tax Act, etc. (Act No. 15 of 2016)" and the "Act for Partial Revision of the Local Tax Act, etc. (Act No. 13 of 2016)" in the Diet, the corporation tax rate has been reduced from the fiscal year beginning on April 1, 2016. In line with these changes, the effective statutory tax rate used to measure deferred tax assets and liabilities has been changed from 32.3% to 30.9% for temporary differences expected to be eliminated in the fiscal years beginning on April 1, 2016 and 2017 and to 30.6% for those expected to be eliminated in the fiscal years beginning on or after April 1, 2018.

As a result of this change, deferred tax liabilities (after deducting deferred tax assets) were decreased by ¥185 million (\$1,645 thousand). Income taxes-deferred, net unrealized holding gain on available-for-sale securities, net deferred gain on hedges and foreign currency translation

adjustment were increased by ¥30 million (\$269 thousand), ¥232 million (\$2,064 thousand), ¥17 million (\$154 thousand) and ¥0 million (\$4 thousand), respectively.

Note 7 Per Share Information

Net assets per share as of March 31, 2015 and 2016 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Net assets	¥ 152,286	¥ 155,523	\$ 1,380,104
Net assets attributable to common stock	147,094	150,442	1,335,008
Amounts excluded from net assets: Non-controlling interests	5,191	5,081	45,095
Number of common stock used for the calculation of net assets per share (in thousand)	285,823	284,657	-

Profit per share for the years ended March 31, 2015 and 2016 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Profit attributable to owners of parent	¥ 9,516	¥ 13,471	\$ 119,544
Amounts not attributable to common shareholders	-	-	-
Profit attributable to owners of parent for common stock	9,516	13,471	119,544
Average number of common stock during the fiscal year (in thousand)	285,846	285,721	-
Diluted profit per share			
Adjustments for the potential effect of dilutive securities: (Include loss resulting by conversion of preferred stock of affiliates accounted for by the equity method to common stock)	(22)	(23)	(208)
Number of common stock increased	(22)	(23)	(208)

As described in Note 2, the Company has changed accounting policy for sales recognition and the change has been applied retrospectively. As a result of this change, as of and for the year ended March 31, 2015, net assets and net assets attributable to common stock were both decreased by ¥1,314 million, net assets per share was decreased by ¥4.60. Profit attributable to owners of parent and profit attributable to owners of parent for common stock were both decreased by ¥185 million, and profit per share (basic) and profit per share (diluted) were both decreased by ¥0.65.

Note 8 Segment Information

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

General information about the segments is as follows:

- Processed foods: Production, processing and sales of frozen cooked foods, agricultural processed foods, retort-pouch foods, wellness foods, acerola and packed ice
- Marine products: Processing and sales of marine products
- Meat and poultry products: Processing and sales of meat and poultry products, and breeding and sales of food chicken
- Logistics: Providing distribution/transportation services and distribution center functions, logistics consulting, providing storage services, production and sales of ice, and construction work and planning
- Real estate: Leasing of office buildings and parking lots, management of real estate, and sales of housing land.

- 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. 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.

(Change in Accounting Policy for Sales Recognition)

As described in Note 2, the Company has changed accounting policy for sales recognition and the change has been applied retrospectively. As a result of this change, as of and for the fiscal year ended March 31, 2015, sales of processed foods were decreased by ¥25,303 million, segment profit was decreased by ¥209 million and segment assets were increased by ¥154 million.

- Sales, profit or loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2015 and 2016 were summarized as follows:

	Year ended March 31, 2015 (Millions of yen)									
	Reportable segment									
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other (*1)	Total	Adjustment	Consolidated
Sales:										
External sales	¥ 193,597	¥ 68,489	¥ 86,957	¥ 163,669	¥ 3,421	¥ 516,135	¥ 3,828	¥ 519,963	¥ -	¥ 519,963
Intercompany sales and transfers	350	168	2,508	14,652	1,322	19,002	547	19,550	(19,550)	-
Total	193,947	68,657	89,466	178,322	4,743	535,137	4,376	539,514	(19,550)	519,963
Segment profit	5,377	245	373	8,725	2,122	16,844	566	17,410	(4)	17,406
Segment assets	110,699	27,395	17,524	148,158	17,821	321,600	4,188	325,788	16,226	342,014
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, 2016 (Millions of yen)									
	Reportable segment									
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other (*1)	Total	Adjustment	Consolidated
Sales:										
External sales	¥ 198,533	¥ 68,598	¥ 89,755	¥ 170,491	¥ 3,365	¥ 530,763	¥ 4,587	¥ 535,351	¥ -	¥ 535,351
Intercompany sales and transfers	665	195	2,285	14,378	1,278	18,804	618	19,422	(19,422)	-
Total	199,219	68,794	92,040	184,869	4,643	549,567	5,206	554,773	(19,422)	535,351
Segment profit	7,959	652	382	9,950	2,197	21,142	906	22,048	(464)	21,583
Segment assets	106,019	28,196	18,669	150,732	16,837	320,454	4,724	325,179	13,318	338,497
Other items:										
Depreciation	5,144	100	209	9,490	808	15,752	114	15,867	588	16,455
Amortization of goodwill	113	-	-	101	-	214	-	214	-	214
Investments in equity-method investees	1,300	135	142	1,261	-	2,840	-	2,840	1,191	4,031
Increase in property, plant and equipment and intangible assets	5,443	244	269	8,896	500	15,354	183	15,537	638	16,175
Outstanding balance of goodwill	1,606	-	-	1,162	-	2,768	-	2,768	-	2,768
Impairment loss on fixed assets	¥ 73	¥ -	¥ -	¥ -	¥ -	¥ 73	¥ -	¥ 73	¥ -	¥ 73

	Year ended March 31, 2016 (Thousands of U.S. dollars)									
	Reportable segment						Total	Other (*1)	Total	Adjustment
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate					
Sales:										
External sales	\$ 1,761,941	\$ 608,736	\$ 796,478	\$ 1,512,926	\$ 29,861	\$ 4,709,943	\$ 40,711	\$ 4,750,654	\$ -	\$ 4,750,654
Intercompany sales and transfers	5,909	1,738	20,282	127,590	11,346	166,867	5,486	172,353	(172,353)	-
Total	1,767,850	610,474	816,760	1,640,517	41,207	4,876,810	46,198	4,923,008	(172,353)	4,750,654
Segment profit	70,628	5,786	3,395	88,301	19,499	187,612	8,042	195,655	(4,125)	191,530
Segment assets	940,803	250,217	165,667	1,337,583	149,411	2,843,683	41,927	2,885,610	118,184	3,003,795
Other items:										
Depreciation	45,649	888	1,857	84,218	7,171	139,784	1,019	140,803	5,222	146,026
Amortization of goodwill	1,003	-	-	899	-	1,902	-	1,902	-	1,902
Investments in equity-method investees	11,542	1,200	1,264	11,196	-	25,205	-	25,205	10,573	35,778
Increase in property, plant and equipment and intangible assets	48,300	2,167	2,395	78,946	4,441	136,252	1,626	137,878	5,664	143,543
Outstanding balance of goodwill	14,252	-	-	10,312	-	24,565	-	24,565	-	24,565
Impairment loss on fixed assets	\$ 648	\$ -	\$ -	\$ -	\$ -	\$ 648	\$ -	\$ 648	\$ -	\$ 648

Note:
(*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.

Note 9 Subsequent Events

(Share consolidation and Change of the number of shares in a share unit)
The resolution to put the proposal of share consolidation at the 98th general shareholders' meeting on June 22, 2016 was made at the board of directors' meeting held on May 10, 2016. Simultaneously, the resolution for change of the number of shares in a share unit was made subject to the approval on the proposal of the share consolidation at the 98th general shareholders' meeting.

The proposal for the share consolidation was approved at the general shareholders' meeting.

- (1) Purpose for the share consolidation and the change of the number of shares in a share unit

The Japanese Stock Exchanges published an "Action Plan for Consolidating Trading Units" and decided to unify the trading units to 100 shares for common stock of domestic companies listed on Japanese Stock Exchanges. As a company listed on the Tokyo Stock Exchange, the Company adheres to this plan and decided to change the number of shares in a share unit of the Company's shares from the current 1,000 shares to 100 shares.

Simultaneously, the Company implemented the share consolidation (consolidating two shares into one share) for the purpose of adjusting investment units to appropriate levels while taking the medium- to long-term share price trends into consideration.

- (2) Details of the share consolidation

- (a) Type of shares consolidated

Common stock

- (b) Method and ratio of the share consolidation

With respect to the shares owned by the shareholders recorded in the shareholder list as of September 30, 2016, two shares will be consolidated into one share as of October 1, 2016.

- (c) The number of shares to be decreased due to the consolidation

Total number of issued shares before the consolidation (As of March 31, 2016)	295,851,065 shares
The number of shares to be decreased due to the consolidation	147,925,533 shares
Total number of issued shares after the share consolidation	147,925,532 shares

(Note)

"The number of shares to be decreased due to the consolidation" and "Total number of issued shares after the share consolidation" are theoretical values calculated from "total number of issued shares before the consolidation" and the ratio of the share consolidation. The Company does not issue share options.

- (3) Treatment for any fractional shares less than one share
If any fractional shares less than one share are produced as a result of the share consolidation, the Company will sell or purchase such shares in bulk in accordance with the Companies Act, and the proceeds from the transactions will be distributed to shareholders of fractional shares at the ratio of fractional shares ownership.
- (4) Total number of authorized shares as of the effective date
As a result of the total number of issued shares decreased due to the share consolidation, the total number of authorized shares will also be reduced from 720,000,000 shares to 360,000,000 shares as of the effective date, that is, October 1, 2016.
- (5) Details for the change of the number of shares in a share unit
As of October 1, 2016, the number of shares in a share unit of the Company's common stock will be changed from the current 1,000 shares to 100 shares.
- (6) Effective date
- | | |
|---|-----------------|
| Effective date for the share consolidation | October 1, 2016 |
| Effective date for total number of authorized shares | October 1, 2016 |
| Effective date for the change of the number of shares in a share unit | October 1, 2016 |
- (7) Impacts of this change on per share information
Per share information, which was calculated as if the share consolidation were implemented on April 1, 2014, for the years ended March 31, 2015 and 2016 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Net assets per share	¥ 1,029.27	¥ 1,057.00	\$ 9.37
Profit per share (basic)	66.58	94.30	0.83
Profit per share (diluted)	66.43	94.13	0.83

Data Section Investor Information

(As of March 31, 2016)

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

14,118 (consolidated)

Stock Exchange Listing

Tokyo Stock Exchange (Code: 2871)

Common Stock

Authorized: 720,000,000 shares

Outstanding: 295,851,065 shares
(Treasury shares: 11,193,439 shares)

Number of Shareholders

18,833

Shareholder Register Administrator

Mizuho Trust & Banking Co., Ltd.

Stock Transfer Agency Division

Annual Meeting of Shareholders

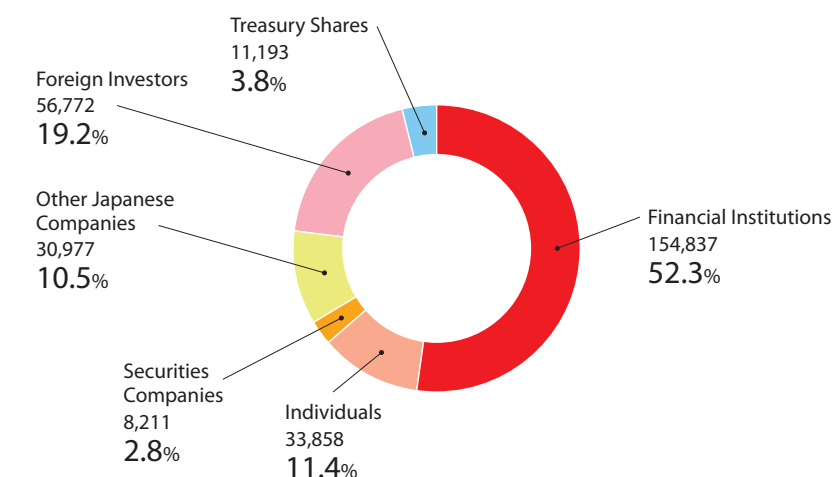
The annual meeting of shareholders is normally held in June each year in Tokyo, Japan

Independent Auditors

Ernst & Young ShinNihon LLC

Composition of Shareholders

(Thousands of shares)

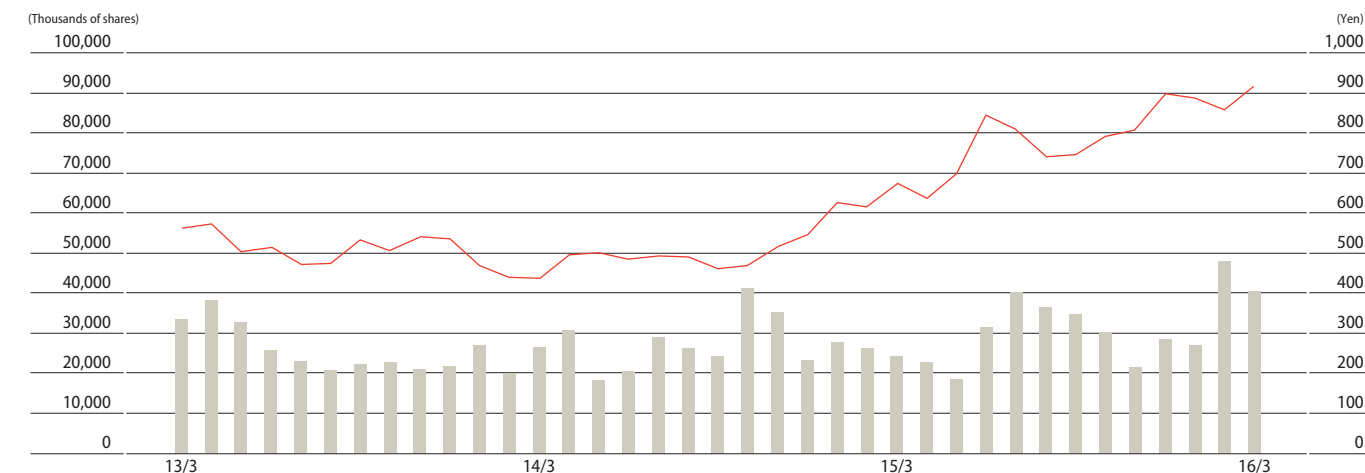


Inclusion in SRI Indices (As of July 2016)

Nichirei is included in several major Socially Responsible Investment (SRI) Indices:

- Nikkei 225
- JPX-Nikkei Index 400
- FTSE4Good Index Series

Stock Price and Trading Volume



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

No. 69 Fujing St., Shahekou Dist.,
Dalian, Liaoning 116021, China
Tel: 86 (411) 3957-8711
Fax: 86 (411) 3951-4211

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

Bangkok

Room 1601, Vanit Building
1126/1 New Petchburi Rd.
Bangkok 10400, Thailand
Tel: 66 (2) 255-8542
Fax: 66 (2) 253-4271

Major Overseas Subsidiaries and Affiliates

Nichirei Foods Inc.

Nichirei do Brasil Agricola Ltda.

Avenida Republica do Libano, N° 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 738, Unit 702, Tower C
No. 150 Zunyi Rd.
Changning Dist., Shanghai 200051, China
Tel: 86 (21) 6209-0802
Fax: 86 (21) 5272-8477

Nichirei Corporation Shanghai Ltd.

Room 2913, Building A
No. 100 Zunyi Rd.
Changning Dist., Shanghai 200051, China
Tel: 86 (21) 5272-7477
Fax: 86 (21) 5272-8477

Surapon Nichirei Foods Co., Ltd.

22/5 Moo 4, Theparak Rd., Bangplee Yai,
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 Fresh Hong Kong. Ltd.

Unit 1702, Prosperity Millennia Plaza
663 King's Rd., North Point, Hong Kong
Tel: 86 (852) 2617-2311
Fax: 86 (852) 2617-3930

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

Thermotraffic Holland B.V.

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

Thermotraffic UK Ltd.

CEME Campus, Marsh Way, Rainham, Essex
RM13 8EU, United Kingdom
Tel: 44 (20) 85-96-54-06
Fax: 44 (20) 85-96-54-16

Thermotraffic 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