

Results Briefing October 29, 2009

Summary of Consolidated Results for the First Half Ended September 30, 2009

(Stock code: 2871)

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FY10/3 Interim Consolidated Results and Full-Year Forecasts

| (100 million yen; amounts less than 100 million yen are omitted) | 2Q (Cumulative) | | | Full Year | | |
|---|-----------------|--|---|-----------|-----------------------------------|---|
| | Actual | Change from FY09/3 1-2Q (Amount) | Change from Previous (E) (Amount) | (E) | Change from FY09/3 (Amount) | Change from Previous (E) (Amount) |
| Net Sales | 2,223 | -205 | -20 | 4,485 | -260 | -96 |
| Operating Income | 75 | -15 | -0 | 151 | -0 | -15 |
| Recurring Income | 68 | -18 | +1 | 136 | -5 | -9 |
| Net Income | 46 | +7 | +8 | 78 | +17 | +1 |
| EPS (Yen) | 15 | +2 | +3 | 25 | +6 | +0 |

1. Net Sales

Note: (E) denotes current forecast; Previous (E) is forecast announced on July 28, 2009.

- (i) Overall net sales fell by 8% year on year. The effects of the economic recession were seen clearly in sluggish personal consumption and lower unit prices. By segment, declines were especially sharp in Meat & Poultry, which was hurt by the outbreak of the new H1N1 strain of influenza, and in Marine Products, where sales were depressed by falling product prices and the introduction of a streamlined product line up. In Processed Foods, demand for commercial use products also remained weak. In view of these conditions, the full year net sales forecast is being revised downward by a further ¥9.6 billion compared with the previous estimate. Net sales for the full year are expected to decline by ¥26 billion compared with FY09/3.

2. Operating Income

- (i) Overall operating income fell by ¥1.5 billion year on year, but came very close to meeting our cumulative target for the first half of FY10/3
- (ii) Operating income in Processed Foods fell by ¥0.5 billion year on year due to sluggish sales in the delicatessen market. The profitability of chicken products did not recover as quickly as expected, and as a result earnings fell ¥1.1 billion short of the original target.
- (iii) Earnings in Marine Products beat our estimate, helped by elimination of unprofitable items from the product line up. Combined income from Meat & Poultry and Marine Products, however, fell by ¥0.8 billion compared with the high levels achieved in the previous year.
- (iv) In Logistics, Regional Storage not only surpassed its target but also beat previous year earnings. Overall income exceeded target levels by ¥0.3 billion.
- (v) Full year earnings targets have been revised downward by ¥1.5 billion, to the same level achieved in the previous year. This is primarily a reflection of the poor performance of Processed Foods.

3. Recurring Income and Net Income

- (i) Extraordinary gains (losses) improved by ¥2.1 billion compared with the same period in the previous year, when implementation of new lease accounting standards had generated an extraordinary loss. Sale of the Company's acerola beverage business also contributed to this result.

FY10/3 Interim Sales and Operating Income by Segment, with Full-Year Forecasts

Unit: 100 million yen (amounts less than 100 million yen are rounded off, some fractional amounts have been adjusted)

| | | 2Q (Cumulative) | | | | | Full Year | | | | |
|---------------------------|-------------------------------------|-----------------|-------------------------|--------------|--------------------------|--------------|-------------|--------------------|--------------|--------------------------|--------|
| | | Actual | Change from FY09/3 1-2Q | | Change from Previous (E) | | (E) | Change from FY09/3 | | Change from Previous (E) | |
| | | | Amount | Ratio | (E) | Amount | | Amount | Ratio | (E) | Amount |
| Net Sales | Processed Foods | 853 | -47 | -5% | 877 | -24 | 1,686 | -54 | -3% | 1,724 | -38 |
| | Pre-Cooked Foods for Household Use | 232 | -5 | -2% | 239 | -7 | 463 | 2 | 0% | 471 | -8 |
| | Pre-Cooked Foods for Commercial Use | 408 | -23 | -5% | 413 | -5 | 831 | -38 | -4% | 834 | -3 |
| | Health Value | 49 | | | 55 | -6 | 83 | -17 | -17% | 102 | -19 |
| | Other | 165 | | | 170 | -5 | 309 | -1 | 0% | 317 | -8 |
| | Marine Products | 337 | -57 | -15% | 334 | 3 | 690 | -71 | -9% | 690 | 0 |
| | Meat and Poultry Products | 384 | -86 | -18% | 395 | -11 | 809 | -116 | -13% | 865 | -56 |
| | Logistics | 695 | -28 | -4% | 699 | -5 | 1,395 | -28 | -2% | 1,420 | -25 |
| | Logistics Network | 371 | 7 | 2% | 377 | -7 | 746 | 24 | 3% | 772 | -26 |
| | Regional Storage | 232 | -2 | -1% | 234 | -2 | 458 | -4 | -1% | 462 | -4 |
| | Overseas | 84 | -36 | -30% | 81 | 3 | 166 | -58 | -26% | 163 | 3 |
| | Other/Intersegment | 9 | 3 | 49% | 7 | 1 | 25 | 9 | 53% | 22 | 3 |
| | Real Estate | 35 | -3 | -7% | 36 | -1 | 70 | -4 | -5% | 70 | 0 |
| | Other | 34 | 2 | 7% | 33 | 1 | 68 | 2 | 3% | 69 | -1 |
| Intercompany Eliminations | -115 | 15 | - | -130 | 15 | -233 | 11 | - | -257 | 24 | |
| Total | 2,223 | -205 | -8% | 2,244 | -21 | 4,485 | -260 | -5% | 4,581 | -96 | |
| Operating Income | Processed Foods | 5 | -5 | -48% | 16 | -11 | 17 | -3 | -16% | 41 | -24 |
| | Marine Products | 4 | -4 | -55% | 1 | 3 | 7 | 4 | 155% | 4 | 3 |
| | Meat and Poultry Products | 3 | -4 | -57% | 3 | 0 | 7 | 7 | -2433% | 7 | 0 |
| | Logistics | 41 | -3 | -7% | 38 | 3 | 78 | -4 | -5% | 78 | 0 |
| | Logistics Network | 10 | 0 | 1% | 11 | -1 | 22 | 3 | 18% | 25 | -3 |
| | Regional Storage | 28 | 4 | 15% | 25 | 3 | 50 | 0 | 1% | 48 | 2 |
| | Overseas | 5 | -6 | -54% | 5 | 0 | 9 | -8 | -45% | 8 | 1 |
| | Other/Intersegment | -2 | -1 | - | -3 | 1 | -3 | -1 | - | -3 | 0 |
| | Real Estate | 19 | -2 | -10% | 18 | 1 | 36 | -4 | -11% | 36 | 0 |
| | Other | 2 | 1 | 105% | 0 | 2 | 1 | -1 | -55% | 0 | 1 |
| | Intercompany Eliminations | 3 | 2 | - | 0 | 3 | 5 | 1 | - | 0 | 5 |
| Total | 75 | -16 | -17% | 76 | -1 | 151 | 0 | 0% | 166 | -15 | |

1. Processed Foods

- (i) Net sales fell by 5% compared with the same period in the previous year. Sales of pre-cooked foods for household use showed signs of recovering from the effects of the tainted gyoza incident in the previous year. Nevertheless, household sector sales were down about 2%, largely due to adoption of a smaller product line up. Sales of products for commercial use decreased 5%, as weak demand pushed down prices in the delicatessen market for a second straight quarter.
- (ii) Profitability improved in the household use sector thanks to stable prices, particularly for national brand (NB) products, and lower raw material costs. In the commercial use sector, chicken products improved compared with the previous quarter, but raw material costs did not fall as much as expected, and sales of prepared food products were flat. As a result we not only missed our earnings target, but year-on-year earnings also fell by ¥0.5 billion.
- (iii) A new line of lower-priced products for commercial use was introduced in September. These are expected to boost sales in the delicatessen market.
- (iv) Full year net sales forecasts have been revised downward by ¥3.8 billion compared with the previous estimate. This reflects the loss in revenues that will result from the sale of our acerola beverage business, which was announced after the original estimates had been released, and slower than expected first half progress in the commercial use sector. Operating income targets have been revised downward by ¥2.4 billion, primarily due to weak demand for commercial use products.

2. Marine Products

- (i) In stark contrast to the strong market seen in the first half of the previous year, prices during the first half of the fiscal year fell sharply. In addition to slow sales in the restaurant sector, the product line up this term was smaller than a year earlier due to the intentional removal of a number of unprofitable items. As a result, net sales fell by 15% compared with the same period of the previous year. On the other hand, elimination of underperforming products boosted profitability before fixed charges to above previous year levels, and enabled us to post earnings of ¥0.4 billion. Although these results were not as robust as those achieved in same period of the previous year, we managed to exceed our target under very severe conditions.
- (ii) Full year net sales estimates remain unchanged. Operating income forecasts have been revised upward by ¥0.3 billion from our previous estimate.

3. Meat and Poultry Products

- (i) Net sales fell sharply by 18%. Major reasons for this result were the outbreak of swine flu, which temporarily hurt sales of pork products, and steep falls in the price of chicken products. We met our earnings target of ¥0.3 billion, however, by emphasizing profitability, and by carefully controlling purchasing costs, although we failed to match previous year levels.
- (ii) Full year net sales estimates have been revised downward by ¥5.6 billion.

4. Logistics

- (i) Both domestic and overseas sales were hit hard by the economic downturn. Overall net sales fell by 4%. Profitability was supported by solid underlying demand in Regional Storage. This helped offset lower Overseas earnings, which were hurt by the worsening economy and by foreign exchange losses due to the weaker euro. Overall operating income was ¥0.3 billion lower than in the same period of the previous year, but exceeded our target by ¥0.3 billion.
- (ii) **Logistics Network:** Net sales grew by 2% but fell short of the target. Reduced handling volume of in-house frozen foods and lower sales at transfer centers adversely affected profitability. Operating income remained at the previous year level, but fell about ¥0.1 billion below the previous forecast.
- (iii) **Regional Storage:** Net sales fell by 1%. Capacity utilization rates held steady thanks to ongoing localized efforts to promote consolidation of shipments. Earnings were up ¥0.4 billion compared with the same period in 2008.
- (iv) **Overseas:** Net sales were down 30%. Sales at our European operations fell by 21% on foreign exchange losses alone. Operating income slumped ¥0.6 billion, affected by reduced cargo volumes at facilities outside of Rotterdam Port.
- (v) With regard to full year forecasts, we believe that a large increase in net sales in the Logistics Network sector during the second half of the year is unrealistic under current conditions, so the previous estimate has been revised downward by ¥2.5 billion. Estimated operating income, however, remains unchanged, as the surplus generated by Regional Storage is expected to offset target shortfalls in the Logistics Network sector.

5. Other

- (i) Bioscience earnings grew by ¥0.1 billion due to brisk sales of influenza test kits. Culture media sales were also strong.

Factors Influencing Changes in Consolidated Balance Sheet for FY10/3 Interim

(100 million yen; amounts less than 100 million yen are omitted)

| Item | 09/9 | 09/3 | Change (Amount) | |
|---|-------|-------|--------------------|-------|
| [Assets] | | | | |
| Current assets | 1,061 | 1,165 | -104 | (i) |
| Fixed assets | 1,772 | 1,707 | +65 | (ii) |
| Total assets | 2,834 | 2,872 | -38 | |
| [Liabilities/Shareholders' equity] | | | | |
| Current liabilities | 993 | 1,115 | -122 | (iii) |
| Fixed liabilities | 652 | 625 | +27 | |
| Total liabilities | 1,646 | 1,740 | -94 | |
| Net assets | 1,187 | 1,131 | +55 | |
| (Shareholders' equity) | 1,128 | 1,097 | +31 | |
| Interest-bearing debt | 983 | 1,104 | -121 | (iii) |
| (Excluding lease obligations) | 731 | 879 | -147 | |
| Item | 09/9 | 08/9 | Change (Amount) | |
| Capital investment | 113 | 65 | +47 | (iv) |
| (Excluding leased assets) | 67 | 52 | +14 | |
| Depreciation and amortization | 65 | 67 | -1 | |
| (Excluding leased assets) | 47 | 49 | -1 | |

Main Factors

- (i) Cash and deposits fell by ¥13.5 billion, as funds prepared at the end of the previous fiscal year were used to repay long-term debt obligations.
- (ii) Tangible fixed assets grew as a result of capital investments, including ¥3.2 billion posted to the assets under construction account for Logistics, and ¥2.7 billion for leased assets.
- (iii) Short-term borrowing for working capital at business companies increased by ¥6.0 billion, but overall current liabilities fell by ¥12.2 billion on repayment of ¥12.3 billion of long-term debt due within one year, and redemption of ¥10 billion in corporate bonds. Interest-bearing debt declined due to continued repayment of long-term debt.
- (iv) Major capital investments during the second quarter of FY10/3.

Logistics: Fukuzaki TC, Tochigi TC, Hokko DC

Processed Foods: Vegeport (Produce distribution center)

Factors Influencing Changes in Non-Operating Revenues/Expenses and Extraordinary Income/Losses for FY10/3 Interim

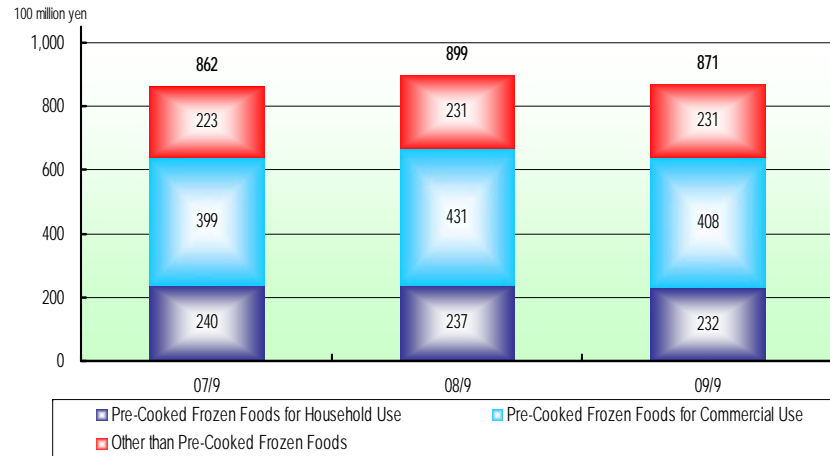
| (Unit: 100 million yen; amounts less than 100 million yen are omitted) | | 2Q (Cumulative) | | | | | Full Year | | |
|--|------|-----------------|------|-----------------|--|-------|-----------|-----------------------------|-----------------------------------|
| | | 09/9 | 08/9 | Change (Amount) | | | (E) | Change from FY09/3 (Amount) | Change from Previous (E) (Amount) |
| [Non-Operating Revenues/Expenses] | | -6 | -3 | -2 | [Non-Operating Revenues/Expenses] | | -15 | -6 | +6 |
| (Main items) | | | | | (Main items) | | | | |
| Dividend income and interest expenses, net | | -5 | -5 | -0 | Dividend income and interest expenses, net | (iii) | -14 | -2 | +5 |
| Other non-operating revenues/expenses | | +4 | +6 | -2 | Equity in earnings/losses of affiliates | | +1 | -1 | 0 |
| [Extraordinary Income/Losses] | | +6 | -23 | +29 | [Extraordinary Income/Losses] | | -7 | +21 | +6 |
| (Main items) | | | | | (Main items) | | | | |
| Gain on sales of property, plant and equipment | | +2 | +0 | +2 | Gain on sales of property, plant and equipment | | +3 | -3 | +3 |
| Gain on transfer of business | (i) | +8 | - | +8 | Gain on transfer of business | | +8 | +8 | +8 |
| Effect of lease accounting change | (ii) | - | -17 | +17 | Effect of lease accounting change | | - | -17 | 0 |

- (i) Due to sale of acerola beverage business.
- (ii) The effect of lease accounting changes had been recorded in the previous fiscal year.
- (iii) Non-operating income fell due to a revision in expected rate of interest payable.

Reference Data

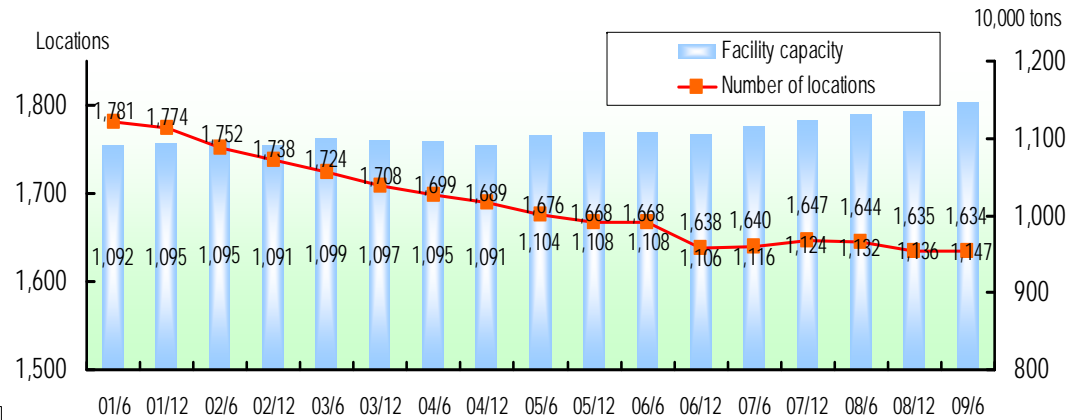
Historical Net Sales for Frozen Foods

(Based on definitions from the Japan Frozen Food Association, includes processed foods as well as marine products, meat and poultry products)



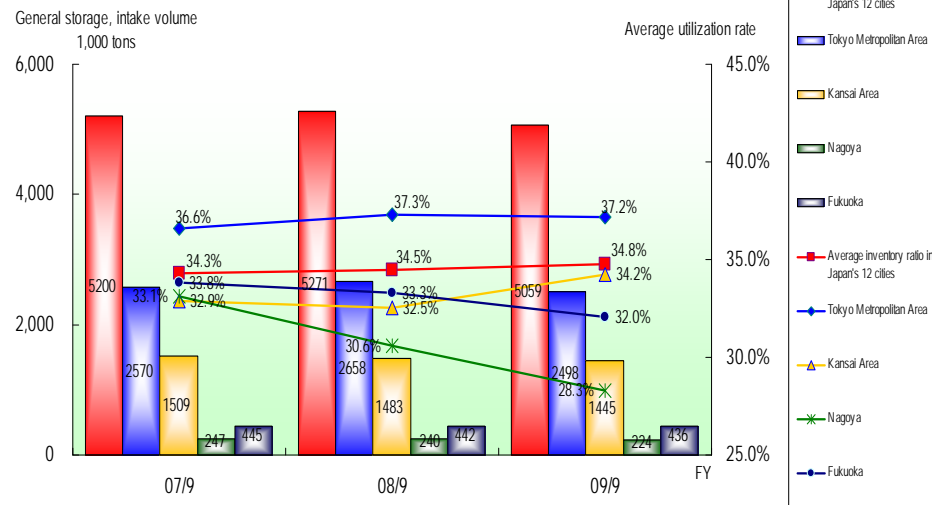
Change in Cold Storage Industry Capacity

(Compiled using data from the Japan Association of Refrigerated Warehouses)

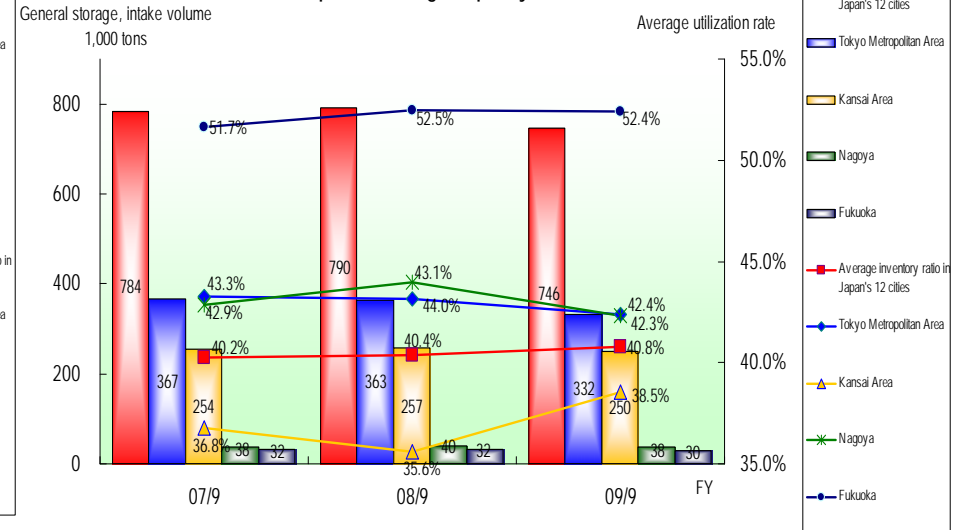


Cold Storage Capacity Utilization (Industry data adapted by Nichirei from Japan Association of Refrigerated Warehouses documents)

Industry-Wide Cold Storage Capacity Utilization



Nichirei Group Cold Storage Capacity Utilization



Note: The Sapporo/ Ishikari and Nagoya/ Bihoku Districts were added in FY08/3, so they are not included in this time-series comparison

Forward-Looking Statements

Aside from historical facts, Nichirei's present plans, forecasts and strategies as outlined in this publication consist of forward-looking statements about future business performance. These forecasts of future business performance and explanations of future business activities may or may not include words such as "believe," "expect," "plan," "strategy," "estimate," "anticipate" or other similar expressions. These statements are based on the information available to Nichirei management at the time of publication. Actual results may differ significantly from these forecasts for a variety of reasons, and readers are therefore advised to refrain from making investment decisions based solely on these forward-looking statements. Nichirei will not necessarily revise its forward-looking statements in accordance with new information, future events, and other results. Risks and uncertainties that could affect Nichirei's actual business results include, but are not limited to:

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- (2) Foreign exchange rate risks, especially as regards the US dollar and the euro.
- (3) Risks associated with the practicability of maintaining quality controls throughout the process from product procurement development, of raw materials, production, and sale.
- (4) Risks associated with the practicability of development of new products and services.
- (5) Risks associated with the practicability of growth strategies and implementation of low-cost systems.
- (6) Risks associated with the practicability of achieving benefits through alliances with outside companies.
- (7) Contingency risks.

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