

# Summary of Consolidated Results for the Fiscal Year Ended March 31, 2010

(Stock code: 2871)

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## FY10/3 Consolidated Results

(100 million yen; amounts less than 100 million yen are omitted)	Q2 (Cumulative)		Total Q3 and Q4		Full Year		
	Actual	Change from FY09/3 Q1-2 (Amount)	Actual	Change from FY09/3 Total Q3 and Q4 (Amount)	Actual	Change from FY09/3 (Amount)	Change from Previous (E) (Amount)
<b>Net Sales</b>	2,223	-205	2,158	-158	4,381	-364	-103
<b>Operating Income</b>	75	-15	93	+32	168	+16	+17
<b>Recurring Income</b>	68	-18	86	+31	154	+12	+18
<b>Net Income</b>	46	+7	43	+23	90	+30	+12
<b>EPS (Yen)</b>	15	+2	14	+8	29	+10	+4

Note: (E) denotes forecasts announced on October 27, 2009.

### 1. Net sales

- (i) Full-year net sales fell 8% year on year. The overall effects of sluggish personal consumption and lower unit prices continued as a result of the difficult economic conditions. Though revenues increased in products for household use compared to the previous year, revenues from products for commercial use continued to fall given declining product prices and a struggling restaurant sector, therefore causing Processed Foods to fall 7% year on year. In Marine/Meat and Poultry Products, careful volume control was implemented to emphasize profitability, and revenues were down 12% in Marine Products and 16% in Meat and Poultry Products. Revenues in Logistics fell 2% primarily because of weaker European operations.

### 2. Operating income

- (i) Full-year operating income rose ¥1.7 billion year on year, and was ¥1.7 billion year higher than our previous forecast.
- (ii) Operating income in Processed Foods increased ¥0.5 billion year on year, backed by lower raw material prices, normalized performance of chicken products and improved profitability in products for household use resulting from the reduction in number of items.
- (iii) Marine/Meat and Poultry Products achieved strong profit growth of ¥1.3 billion in total, helped by careful volume control to emphasize profitability.
- (iv) Revenues in Logistics fell ¥0.3 billion year on year, but Regional Storage continued to show sustainable growth by beating previous year earnings.

### 3. Recurring Income and net income

- (1) Extraordinary gains (losses) improved by ¥1.7 billion compared with the previous year owing to a gain on the transfer of business and the fact that the effect of a change in lease accounting standards made in the previous year disappeared, which offset the impairment loss.

## FY10/3 Sales and Operating Income by Segment

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

	Q2 (Cumulative)			Total Q3 and Q4			Full year					
	Actual	Change from FY09/3 Q1-2		Actual	Change from FY09/3 Total Q3 and Q4		Actual	Change from FY09/3		Change from Previous (E)		
		Amount	Ratio		Amount	Ratio		Amount	Ratio	(E)	Amount	
Net Sales	Processed Foods	853	-47	-5%	768	-72	-9%	1,621	-120	-7%	1,686	-65
	Pre-Cooked Foods for Household Use	232	-5	-2%	232	7	3%	464	2	1%	463	1
	Pre-Cooked Foods for Commercial Use	408	-23	-5%	366	-72	-16%	774	-95	-11%	831	-57
	Health Value	49			30			79	-21	-21%	83	-4
	Other	165			139			304	-6	-2%	309	-5
	Marine Products	337	-57	-15%	335	-31	-9%	672	-89	-12%	690	-18
	Meat and Poultry Products	384	-86	-18%	393	-62	-14%	776	-149	-16%	809	-33
	Logistics	695	-28	-4%	696	-5	-1%	1,390	-33	-2%	1,395	-5
	Logistics Network	371	7	2%	382	24	7%	753	31	4%	746	7
	Regional Storage	232	-2	-1%	220	-8	-3%	452	-10	-2%	458	-6
	Overseas	84	-36	-30%	82	-23	-22%	165	-58	-26%	166	-1
	Other/Intersegment	9	3	49%	12	1	9%	20	4	23%	25	-5
	Real Estate	35	-3	-7%	35	-1	-3%	70	-4	-5%	70	0
	Other	34	2	7%	35	1	2%	69	3	4%	68	1
	Intercompany Eliminations	-115	15	—	-102	12	—	-217	27	—	-233	16
<b>Total</b>	<b>2,223</b>	<b>-205</b>	<b>-8%</b>	<b>2,158</b>	<b>-159</b>	<b>-7%</b>	<b>4,381</b>	<b>-364</b>	<b>-8%</b>	<b>4,485</b>	<b>-104</b>	
Operating Income	Processed Foods	5	-5	-48%	20	10	101%	26	5	27%	17	9
	Marine Products	4	-4	-55%	5	10	-209%	9	6	225%	7	2
	Meat and Poultry Products	3	-4	-57%	4	11	-156%	7	7	-2353%	7	0
	Logistics	41	-3	-7%	38	0	-1%	79	-3	-4%	78	1
	Logistics Network	10	0	1%	10	1	15%	20	1	8%	22	-2
	Regional Storage	28	4	15%	25	0	-1%	53	3	7%	50	3
	Overseas	5	-6	-54%	2	-3	-61%	7	-9	-56%	9	-2
	Other/Intersegment	-2	-1	—	1	2	—	-1	1	—	-3	2
	Real Estate	19	-2	-10%	19	-1	-6%	37	-3	-8%	36	1
	Other	2	1	105%	3	1	83%	4	2	91%	1	3
	Intercompany Eliminations	3	2	—	4	1	—	7	3	—	5	2
	<b>Total</b>	<b>75</b>	<b>-16</b>	<b>-17%</b>	<b>93</b>	<b>32</b>	<b>53%</b>	<b>168</b>	<b>17</b>	<b>11%</b>	<b>151</b>	<b>17</b>

## 1. Processed Foods

- (i) Net sales fell 7% compared with the previous year. Sales of pre-cooked foods for household use rose 1% over the previous year, aided by the market trend of eating at home and the increased-volume campaign for rice products. Sales of products for commercial use fell 11%, due primarily to an overall decline in the number of customers, including those in the restaurant sector, and falling product prices. In addition, the termination of OEM procurement of some chicken products in the second half of the fiscal year placed unexpectedly strong pressure on revenue. However, the weakness in sales of products for commercial use, other than chicken products, was halted, thanks to solid progress in the introduction of a new autumn croquet in response to demand from the delicatessen market and the restaurant sector for moderate prices. The termination of distribution of acerola products by the Company at the end of November pushed revenues down by ¥1.6 billion.
- (ii) Operating income increased ¥0.5 billion year on year. This was achieved by an improved product mix as a result of expanded sales of core products, which offset a reduction in number of items for household use. Also contributing were lower raw material prices and the normalization of profitability owing to the termination of OEM procurement of chicken products for commercial use, which absorbed the effect of falling revenues in the commercial use sector. Cuts in fixed costs, including operating expenses, also contributed to the increase in operating income.

## 2. Marine Products

- (i) Net sales fell 12% year on year. In an adverse environment where prices fell even more than they did in the previous year, we emphasized profitability by carefully selecting items. As a result, operating income rose ¥0.6 billion over the previous year thanks to improved profit margins led by more stable profitability, which reduces vulnerability to market fluctuations, and expanding volumes of highly processable items, including shrimp and sushi items, which are areas of strength for Nichirei.

## 3. Meat and Poultry Products

- (i) Net sales fell a marked 16% year on year. Factors in this result included falls in overall prices and careful control of imported goods. Operating profit rose ¥0.7 billion, however, aided by a significant improvement in profitability of Brazilian chicken meat, which had a material negative impact in the previous year, and imported beef.

## 4. Logistics

- (i) Overall sales were hit hard by falls in overseas revenues, declining 2% year on year. Overall operating income was ¥0.3 billion lower than in the previous year due to weak European operations, while Logistics Network and Regional Storage outperformed the results of the previous year.
- (ii) Logistics Network: Net sales grew 4% thanks partly to the launch of the new center. Operating income increased ¥0.1 billion as a result of expanded cargo volume in Q4.
- (iii) Regional Storage: Net sales were down 2% on lower capacity utilization rates. Compared to the rapid declines in capacity utilization rate suffered by the industry, the impact on Nichirei is minor, showing differences in cargo booking strength. Operating income was up ¥0.3 billion, the result of cost cutting that offset a decline in cargo volumes.
- (iv) Overseas: Net sales were down 26%, with 15% attributable to foreign exchange fluctuations. European operations were adversely affected by declines in cargo volume in forwarding and inland cold storage businesses. Operating income fell ¥0.9 billion on foreign exchange fluctuations and reduced revenues.

## 5. Other

- (i) Bioscience earnings grew ¥0.2 billion, due partly to increased sales of influenza test kits amid the H1N1 flu outbreak. Overall earnings also rose, climbing ¥0.3 billion as a result of reduced common costs.

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

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

Item	10/3	09/3	Change (Amount)	
<b>[Assets]</b>				
Current assets	948	1,165	-217	(i)
Fixed assets	1,826	1,707	+119	(ii)
Total assets	2,774	2,872	-98	
<b>[Liabilities/Shareholders' equity]</b>				
Current liabilities	895	1,115	-220	(iii)
Fixed liabilities	652	625	+27	
Total liabilities	1,548	1,740	-192	
Net assets	1,226	1,131	+94	
(Shareholders' equity)	1,159	1,097	+62	
Interest-bearing debt	857	1,104	-247	(iii)
(Excluding lease obligations)	609	879	-269	
Item	10/3	09/3	Change (Amount)	
Capital investment	236	139	+96	(iv)
(Excluding leased assets)	172	119	+53	
Depreciation and amortization	135	137	-2	
(Excluding leased assets)	97	100	-3	

### Main Factors

- (i) Cash and deposits fell ¥13.2 billion, as funds prepared at the end of the previous fiscal year were used to repay long-term debt obligations. Accounts receivable and inventories decreased ¥4.3 billion and ¥4.5 billion, respectively, given lower sales.
- (ii) Property, plant and equipment increased ¥9.8 billion as a result of capital investments, mainly in logistics.
- (iii) Interest-bearing debt declined ¥24.7 billion, following the payment of ¥35.9 billion for the redemption of corporate bonds and repayment of long-term debt. Part of the funds for repayment were sourced from increased short-term borrowings and commercial paper.
- (iv) Major capital investments during the year under review  
 (Logistics)  
 Hokko DC, Fukuoka-Higashihama DC,  
 Kyokurei-Yamashita DC, Higashi-Ogishima DC, Frigo Logistics Poland Radomsko center  
 (Processed Food)  
 Vegeport (Produce distribution center)

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

(Unit: 100 million yen; amounts less than 100 million yen are omitted)		Full Year				
		10/3	09/3	(E)	Change from FY09/3	Change from Previous (E)
[Non-Operating Revenues/Expenses]		-13	-9	-15	-3	+1
(Main items)						
Dividend income and interest expenses, net		-11	-12	-14	+0	+2
Other non-operating revenues/expenses		-1	+0	-2	-2	+0
[Extraordinary Income/Losses]		-10	-28	-7	+17	-3
(Main items)						
Gain on sales of property, plant and equipment		+2	+6	+3	-3	-0
Gain on transfer of business	(i)	+8	-	+8	+8	-
Impairment loss	(ii)	-7	-0	-1	-7	-6
Effect of lease accounting change	(iii)	-	-17	-	+17	-

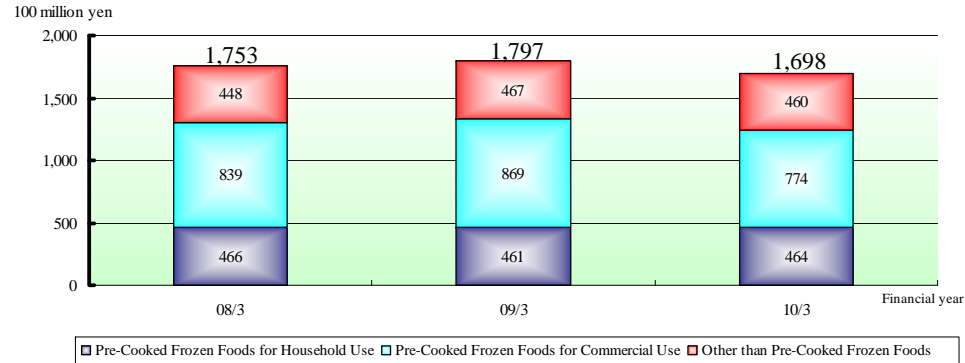
Note: (E) denotes forecasts announced on October 27, 2009.

- (i) Due to sale of acerola beverage business.
- (ii) Goodwill, fixed assets, etc of offshore bases of Processed Food
- (iii) The effect of changes to lease accounting standards recorded in the previous fiscal year disappeared.

# 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)



## Cold Storage Capacity Utilization

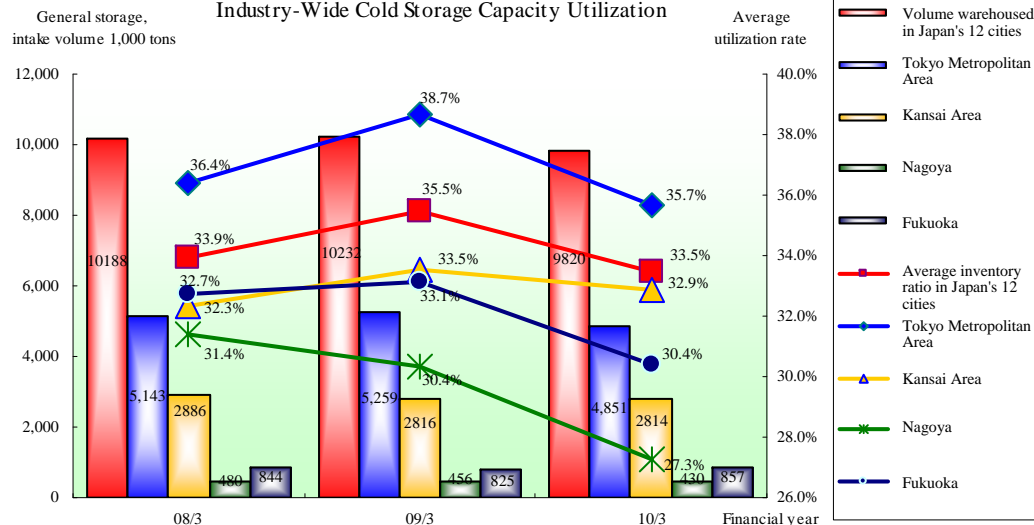
(Industry data adapted by Nichirei from Japan Association of Refrigerated Warehouses documents)

## Capacity Share in the Domestic Cold Storage Industry

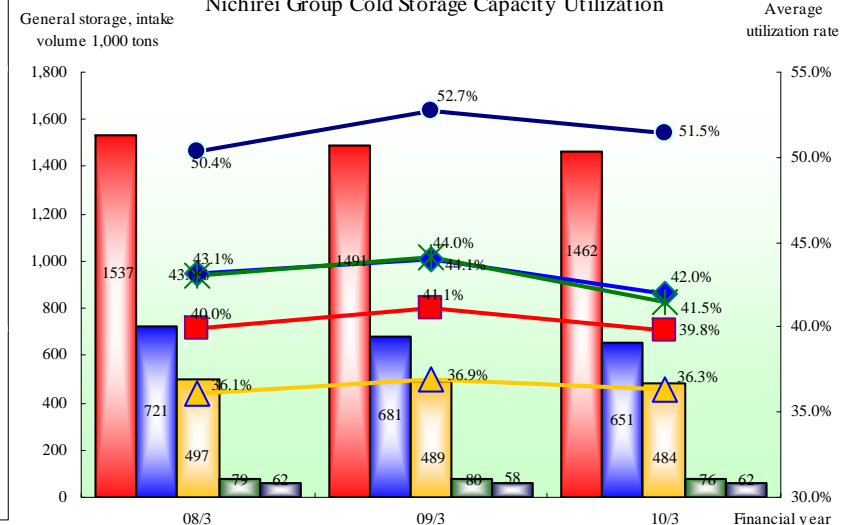
(As of January 1, 2010)

Name of Company/Group	Number of base	Capacity 10 thousand tons	Change compared to 08/4	Capacity share	Major region
Nichirei Group	85	132	-1	11%	Nationwide
Yokohama Reito	42	70	0	6%	Nationwide
Maruha-Nichiro Group	36	58	1	5%	Nationwide
Toyo Suisan Group	17	35	2	3%	Nationwide
Nippon Suisan Group	16	33	1	3%	Nationwide
Igarashi Reizo	9	21	0	2%	Kanto
Hutech norin	13	21	8	2%	Nationwide
Matsuoka	6	16	0	1%	Kanto, Kansai, Chugoku
Konoike Transport	13	15	2	1%	Nationwide
K.R.S. Corporation	23	14	0	1%	Nationwide
Hosen Cold Storage	4	14	2	1%	Kansai
Futaba	5	12	2	1%	Kanto
HYOSHOKU	7	11	0	1%	Kansai
HOHSUI	7	10	0	1%	Kanto
Yamate Reizo	5	10	0	1%	Kanto, Chubu
Kowan Reizo	6	9	0	1%	Kanto, Kansai, Kyushu
Kawanishi Warehouse	7	8	0	1%	Kanto, Kansai
Tokyo Toyomi Reizo	3	7	0	1%	Kanto
Others	1,323	657	-1	57%	
<b>Total</b>	<b>1,627</b>	<b>1,152</b>	<b>17</b>	<b>100%</b>	

### 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 materially 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:

- (1) Changes in the economic conditions and business environment that may affect the Nichirei Group's business activities.
- (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 development, procurement 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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