Results Briefing October 28, 2010

Summary of Consolidated Results for the First Half of the Fiscal Year Ending March 31, 2011

(Stock code: 2871)

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FY11/3 Interim Consolidated Results and Full-Year Forecasts

(100 million yen; amounts less than 100 million yen are omitted)	Q2 (Cumulative)			Full Year		
	Actual	Change from FY10/3 Q1-2 (Amount)	Change from Previous (E) (Amount)	(E)	Change from FY10/3 (Amount)	Change from Previous (E) (Amount)
Net Sales	2,192	-30	-1	4,352	-29	-42
Operating Income	89	+14	+5	170	+1	+2
Recurring Income	86	+17	+11	160	+5	+10
Net Income	51	+4	+7	91	+0	+8
EPS (Yen)	17	+2	+2	29	+0	+3

Note: (E) denotes current forecast; Previous (E) is forecast announced on July 27, 2010.

1. Net sales
   (i) Overall net sales fell 1% year on year. By segment, sales rose in Marine Products and Logistics, but declined 5% in Processed Foods, reflecting the termination of OEM procurement of certain chicken products last summer and the sale of the acerola beverage business. The forecasts for the second half of Marine Products and Logistics have been revised downward. Overall, the full-year forecast has declined ¥4.2 billion from the previous forecast, to a year-on-year loss of ¥2.9 billion.

2. Operating income

(i) Overall operating income increased ¥1.4 billion, also exceeding previous forecast by ¥0.5 billion.
(ii) Operating income in Processed Foods increased ¥2.0 billion year on year, attributable to an unexpectedly strong improvement in procurement costs of chicken and progress on a par with our assumption in the upturn of plant productivity and reduced fixed cost.
(iii) Operating income in Marine Products rose ¥0.3 billion, as a result of a stronger yen, which offset rising market prices in the producing districts, while Meat and Poultry experienced a drop of ¥0.2 billion on lower profit margins, affected by foot-and-mouth disease and weak sales prices.
(iv) In Logistics, declines in Regional Storage and Overseas were offset by Logistics Network, and overall operating income fell ¥0.2 billion year on year but exceeded the previous forecast by ¥0.2 billion.
(v) The full-year forecast has been revised upward by ¥0.2 billion compared to the previous forecast, exceeding actual results a year ago.

3. Recurring income and net income
   (i) Extraordinary income/loss was down ¥1.1 billion from the previous fiscal year when capital gains from the sale of the acerola beverage business were recorded, and losses on adjustment for changes in the accounting standard for asset retirement obligations were recorded in the fiscal year under review, becoming another reason for the fall.

FY11/3 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)

		Q2 (Cumulative)					Full year				
		Actual	Change from FY10/3 Q1-2		Change from Previous (E)		(E)	Change from FY10/3		Change from Previous (E)	
			Amount	Ratio	(E)	Amount		Amount	Ratio	(E)	Amount
Net Sales	Processed Foods	**809**	-45	-5%	798	11	**1,603**	-18	-1%	1,606	-3
Net Sales	Pre-Cooked Frozen Foods for Household Use	**233**	1	0%	235	-2	**468**	4	1%	481	-13
Net Sales	Pre-Cooked Frozen Foods for Commercial Use	**376**	-31	-8%	378	-2	**782**	8	1%	770	12
Net Sales	Health Value	**27**	-22	-46%	23	4	**52**	-28	-35%	46	6
Net Sales	Other	**173**	8	5%	162	11	**301**	-3	-1%	309	-8
Net Sales	Marine Products	**344**	7	2%	346	-2	**670**	-2	-0%	695	-25
Net Sales	Meat and Poultry Products	**384**	1	0%	390	-6	**770**	-6	-1%	770	0
Net Sales	Logistics	**702**	7	1%	708	-6	**1,402**	12	1%	1,418	-16
Net Sales	Logistics Network	**384**	14	4%	384	0	**774**	21	3%	772	2
Net Sales	Regional Storage	**224**	-8	-4%	226	-2	**444**	-8	-2%	451	-7
Net Sales	Overseas	**80**	-4	-5%	83	-3	**161**	-4	-3%	168	-7
Net Sales	Other/Intersegment	**14**	6	68%	15	-1	**23**	3	14%	27	-4
Net Sales	Real Estate	**35**	-0	-1%	36	-1	**67**	-3	-4%	71	-4
Net Sales	Other	**30**	-4	-11%	30	0	**63**	-6	-9%	64	-1
Net Sales	Intercompany Eliminations and Corporate	**-112**	3	—	-114	2	**-223**	-6	—	-230	7
Net Sales	Total	**2,192**	-31	-1%	2,194	-2	**4,352**	-29	-1%	4,394	-42
Operating Income	Processed Foods	**25**	20	377%	22	3	**47**	21	84%	45	2
Operating Income	Marine Products	**7**	3	91%	5	2	**10**	1	12%	9	1
Operating Income	Meat and Poultry Products	**0**	-2	-83%	3	-3	**3**	-4	-56%	6	-3
Operating Income	Logistics	**39**	-2	-5%	37	2	**73**	-6	-7%	73	0
Operating Income	Logistics Network	**14**	5	47%	14	0	**27**	7	34%	26	1
Operating Income	Regional Storage	**23**	-5	-18%	23	-0	**43**	-10	-19%	44	-1
Operating Income	Overseas	**4**	-1	-25%	3	1	**6**	-1	-17%	7	-1
Operating Income	Other/Intersegment	**-2**	-0	—	-3	1	**-3**	-2	—	-4	1
Operating Income	Real Estate	**19**	0	2%	19	-0	**38**	1	2%	38	0
Operating Income	Other	**2**	0	15%	1	1	**3**	-1	-30%	2	1
Operating Income	Intercompany Eliminations and Corporate	**-2**	-5	—	-3	1	**-4**	-11	—	-5	1
Operating Income	Total	**90**	15	19%	84	6	**170**	2	1%	168	2

1. Processed Foods

(i) Net sales fell ¥4.5 billion year on year, primarily reflecting the termination of OEM procurement of certain chicken products and the sale of the acerola beverage business. Overall sales for commercial use decreased 8%, but sales other than chicken products recovered almost to the year-ago level in the second quarter. Sales for household use were on a par with the year-ago level and the positive effect of the trend of eating at home on demand appears to have come to a halt.

(ii) Operating income rose ¥2.0 billion year on year. Profitability improved, reflecting the termination of underperforming OEM procurement, continued falls in the prices of raw materials, and the improvement of productivity at plants. The substantial rise in operating income also reflects bad debt expenses in the previous fiscal year and a fall in fixed costs including operating expenses.

(iii) Nichirei has revised downward its full-year sales forecast by ¥0.3 billion. The sales forecasts for household use have been revised downward, but sales for commercial use are expected to increase, owing to an expansion in sales of chicken products. The startup of the chicken processing facilities in Thailand will be delayed, but this will not affect sales because a sufficient product volume has been secured. The full-year operating income forecast has been revised upward by ¥0.2 billion, reflecting profit growth in the first half, which will offset expenses relating to the nonperforming assets in Thailand.

2. Marine Products

(i) Net sales rose 2% year on year. Operating income was up ¥0.3 billion as a result of a stronger yen, which offset rising market prices in the producing districts, and expansion of sales channels of shrimp.

(ii) Nichirei has revised its full-year sales forecast downward by ¥2.5 billion, but has revised upward its full-year operating income forecast by ¥0.1 billion, reflecting the conditions in the first half. We will maintain prudent purchasing attitudes because higher market prices in the producing districts are likely to persist also in the second half of the fiscal year.

3. Meat and Poultry Products

(i) Net sales remained largely unchanged from a year ago. Nichirei posted operating income, but it declined ¥0.2 billion, attributable to continued low shop prices as well as to the weaker supply-demand conditions of domestic chicken and the declining profitability of domestic pork, affected by foot-and-mouth disease and of beef, the import prices for which rose.

(ii) Nichirei has revised downward its full-year operating income forecast by ¥0.3 billion, reflecting the decline in the operating income in the first half, but has not changed its second half operating income forecast, thanks to a market recovery.

4. Logistics

(i) Overall sales rose 1% year on year, and overall operating income fell ¥0.2 billion. Declines in Regional Storage and Overseas were offset by a robust Logistics Network. The results exceeded our forecasts.

(ii) Logistics Network: Net sales grew 4% thanks to the contributions of new transfer centers. Operating income climbed ¥0.5 billion, partly because of an improvement in vehicle allocation efficiency, which Nichirei is prioritizing.

(iii) Regional Storage: Net sales were down 4%, and operating income declined ¥0.5 billion. Although the intake volume recovered, depreciation costs associated with the replacement of facilities as well as a declining capacity utilization rate were reasons for the fall in operating income.

(iv) Overseas: Net sales slipped 5%, and operating income fell ¥0.1 billion. Declines in shipments halted in Europe, but conditions of recovery vary from item to item.

(v) Nichirei has revised downward its full-year sales forecast by ¥1.6 billion, mainly due to stagnant Regional Storage and Overseas, of which ¥0.4 billion is the effect of foreign currency translation adjustment, reflecting a weak euro. The full-year operating income forecast remains unchanged, with an upward revision in Logistics Network and a reduction in common costs offset by downward revisions in Regional Storage and Overseas.

5. Other

(i) Thanks to the favorable results of culture media products, operating income in bioscience achieved the level of the first half of the previous fiscal year when the company enjoyed special demand for the influenza kits.

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Factors Influencing Changes in Consolidated Balance Sheet for FY11/3 Interim

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

Item	10/9	10/3	Change (Amount)	
[Assets]				
Current assets	1,001	948	53	(i)
Fixed assets	1,859	1,826	32	(ii)
Total assets	2,860	2,774	85	
[Liabilities/ Shareholders' equity]				
Current liabilities	968	895	73	(iii)
Long-tern liabilities	659	652	7	(iv)
Total liabilities	1,628	1,548	80	
Net assets	1,231	1,226	5	(v)
(Shareholders' equity)	1,195	1,159	35	
Interest-bearing debt	919	857	61	(iii)
(Excluding lease obligations)	685	609	76	(iv)

Item	10/9	09/9	Change (Amount)	
Capital investment	99	113	-13	(vi)
(Excluding leased assets)	89	67	22	
Depreciation and amortization	67	65	2	
(Excluding leased assets)	49	47	2	

Main Factors

(i) Notes and accounts receivable and inventories in current assets rose on seasonal factors.

(ii) In fixed assets, property, plant and equipment increased ¥3.1 billion with the posting of asset retirement obligations and capital investment, and goodwill rose ¥1.3 billion with the acquisition of Godfroy. Investment securities declined ¥2.0 billion, reflecting falls in stock prices.

(iii) In current liabilities, accounts payable increased ¥1.6 billion, and short-term bank loans rose ¥7.4 billion, attributable to capital investment and the acquisition of Godfroy.

(iv) In long-term liabilities, asset retirement obligations rose ¥1.8 billion, and lease obligations declined ¥1.2 billion.

(v) Net assets increased ¥0.5 billion with income increase offsetting decrease due to a weak euro.

(vi) Major capital investments during FY11/3 interim

(Logistics)	Fukuoka-Higashihama DC
(Processed Food)	GFPT Nichirei, Surapon Nichirei Foods (chicken product facilities)

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

(100 million yen; amounts less than 100 million yen are omitted) Positive numbers indicate profits		Q2 (Cumulative) 10/9	09/9	Change (Amount)			Full year (E)	Change from FY10/3 (Amount)	Change from Previous (E) (Amount)
[Non-operating Revenues/Expenses]		-3	-6	+3	[Non-operating Revenues/Expenses]		-10	+3	+8
(Main Item)					(Main Item)				
Dividend income and interest expenses, net		-3	-5	+1	Dividend income and interest expenses, net	(iii)	-11	+0	+5
Other income		+5	+4	+1	Equity in earnings of affiliates		+2	+2	+1
[Extraordinary		-5	+6	-11	[Extraordinary		-18	-7	-
(Main Item)					(Main Item)				
Gain on sales of fixed assets		+4	+2	+2	Gain on sales of fixed assets		+6	+3	-2
Gain on transfer of business	(i)	-	+8	-8	Gain on transfer of business	(i)	-	-8	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	(ii)	-7	-	-7	Loss on adjustment for changes of accounting standard for asset retirement obligations	(ii)	-7	-7	-
					Loss on discontinued operations		-7	-1	+2

(i) The effect of capital gains from the sale of the acerola beverage business in the previous fiscal year disappeared.

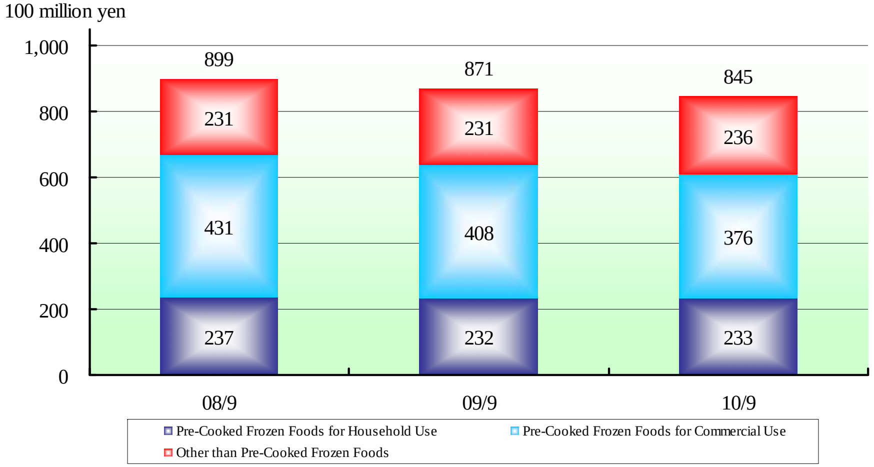
(ii) Extraordinary losses increased with losses on adjustment for changes in the accounting standard for asset retirement obligations.

(iii) Non-operating expenses decreased as a result of lower-than-expected interest-bearing debt balance and rates of interest payment.

Reference Data

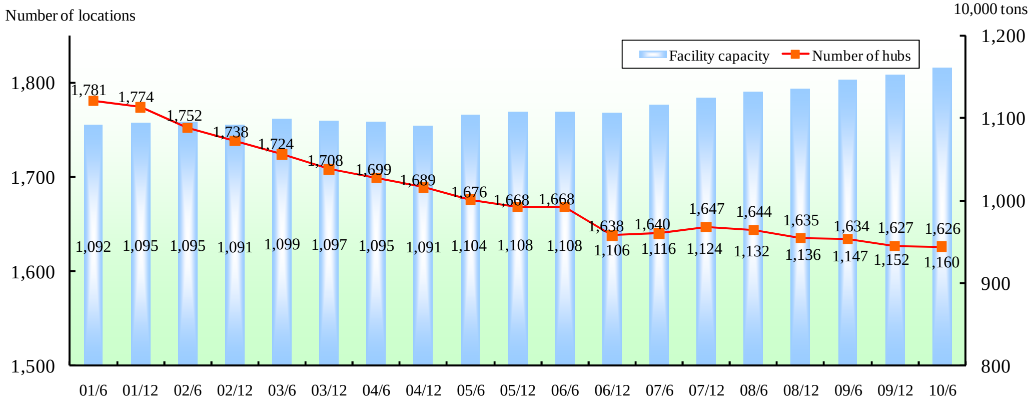
Historical Net Sales for Frozen Foods

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

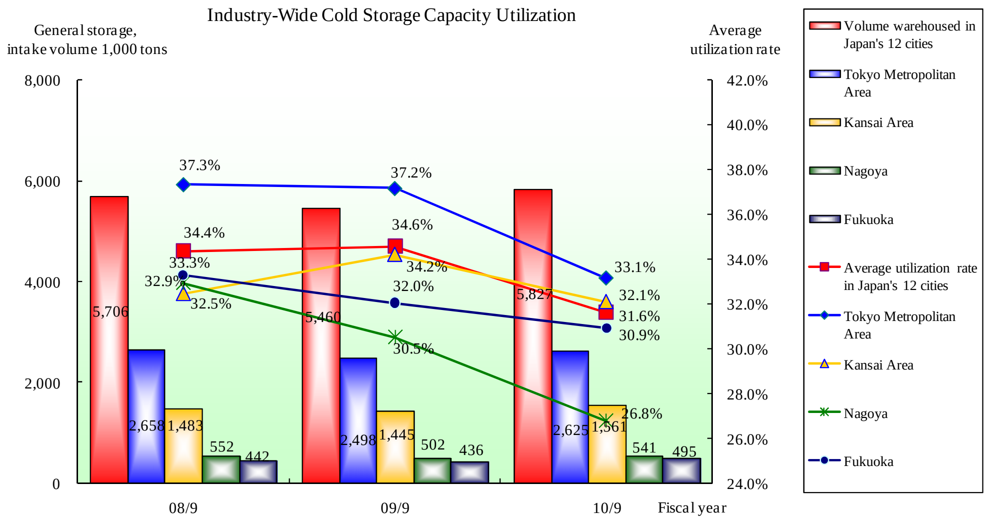


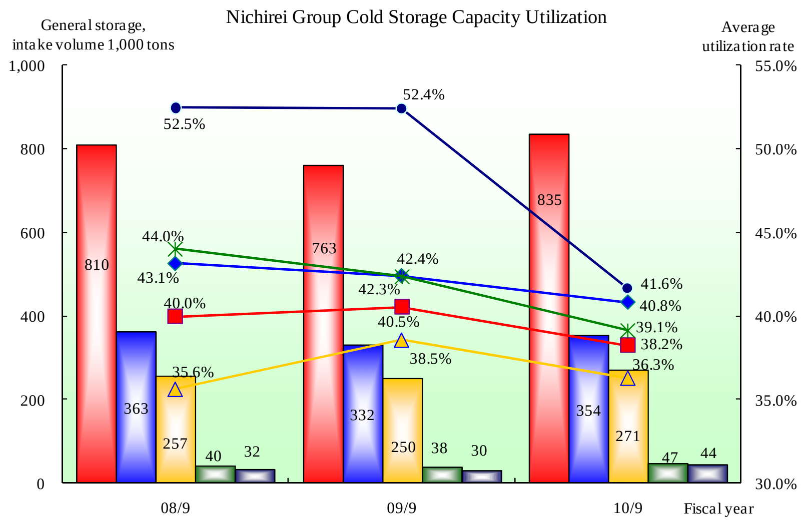
Change in Cold Storage Industry Capacity

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



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





* The Sapporo and Ishikari region and the Nagoya and Bihoku region are included.

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.

However, factors that may affect the performance of the Nichirei Group are not limited to those listed above. Further, risks and uncertainties include the possibility of future events that may have a serious and unpredictable impact on the Group. This publication is provided for the sole purpose of enhancing the reader's understanding of the Nichirei Group, and should not be taken as a recommendation regarding investment decisions.