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# Summary of Consolidated Results for the Third Quarter of the Fiscal Year Ending March 31, 2011

(Stock code: 2871)

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## FY11/3 Q3 Consolidated Results and Full-Year Forecasts

Unit: 100 million yen (amounts less than 100 million yen are omitted)	Q3 (Oct. - Dec.)		Q1-Q3 (Cumulative)		Full Year		
	Actual	Change from FY10/3 Q3 (Amount)	Actual	Change from FY10/3 Q1-3 (Amount)	(E)	Change from FY10/3 (Amount)	Change from Previous (E) (Amount)
<b>Net Sales</b>	1,178	+12	3,371	-18	4,352	-29	-
<b>Operating Income</b>	61	+3	151	+17	170	+1	-
<b>Recurring Income</b>	60	+6	146	+23	160	+5	-
<b>Net Income</b>	35	+3	87	+7	63	-27	-28
<b>EPS (Yen)</b>	11	+1	28	+3	20	-9	-9

Note: (E) denotes current forecast; Previous (E) is forecast announced on October 26, 2010.

### 1. Net sales

- (i) Overall net sales increased 1% year on year in Q3 (October to December).
- (ii) In Processed Foods, sales increased 7% with chicken products for commercial use becoming a strong driver and reflecting the favorable market, sales for household use also making a contribution. In Marine Products, sales declined 5% as the segment focused on the careful selection of transactions with an emphasis on profitability, given local price in the producing area rises. In Logistics, sales decreased 2%, primarily attributable to the falling capacity utilization rate in Regional Storage.
- (iii) The full-year forecast remains unchanged from the previous forecast.

### 2. Operating income

- (i) Overall operating income increased ¥0.3 billion year on year.
- (ii) Operating income in Processes Foods increased ¥0.7 billion, attributable to higher net sales. In Marine Products, operating income declined ¥0.1 billion as a result of narrowing down transactions. Meat and Poultry experienced a drop of ¥0.1 billion in operating income year on year, although the segment achieved a profit due to recovery in the market conditions. In Logistics, operating income declined ¥0.2 billion as higher income in Logistics Network as planned could not offset a fall in income in Regional Storage due to an increase in depreciation expenses resulting from the establishment of new cold storage and the falling capacity utilization rate.
- (iii) The full-year forecast remains unchanged from the previous forecast.

### 3. Recurring income and net income

- (i) The full-year forecast was revised on December 21, 2010, reflecting the accrual of an extraordinary loss of ¥6.8 billion associated with the change in retirement benefit plan and extraordinary income of ¥3.0 billion following the establishment of superfices (both to be recorded in Q4).

# FY11/3 Q3 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)

		Q3 (Oct. - Dec.)			Q1-Q3 (Cumulative)			Full Year				
		Actual	Change from FY10/3 Q3		Actual	Change from FY10/3 Q1-3		(E)	Change from FY10/3		Change from Previous (E)	
			Amount	Ratio		Amount	Ratio		Amount	Ratio	(E)	Amount
Net Sales	Processed Foods	427	26	7%	1,236	-19	-1%	1,603	-18	-1%	1,603	0
	Pre-Cooked Frozen Foods for Household Use	124	7	6%	356	7	2%	468	4	1%	468	0
	Pre-Cooked Frozen Foods for Commercial Use	215	24	12%	591	-8	-1%	782	8	1%	782	0
	Health Value	11	-7	-41%	37	-30	-45%	52	-28	-35%	52	0
	Other	78	4	5%	250	12	5%	301	-3	-1%	301	0
	Marine Products	196	-11	-5%	540	-3	-1%	670	-2	-0%	670	0
	Meat and Poultry Products	214	3	2%	598	4	1%	770	-6	-1%	770	0
	Logistics	363	-6	-2%	1,065	2	0%	1,402	12	1%	1,402	0
	Logistics Network	203	3	1%	587	16	3%	774	21	3%	774	0
	Regional Storage	117	-3	-2%	341	-11	-3%	444	-8	-2%	444	0
	Overseas	41	-1	-3%	121	-5	-4%	161	-4	-3%	161	0
	Other/Intersegment	2	-4	-68%	16	1	9%	23	3	14%	23	0
	Real Estate	16	-1	-6%	51	-1	-3%	67	-3	-4%	67	0
	Other	17	-0	-1%	47	-4	-7%	63	-6	-9%	63	0
Intercompany Eliminations and Corporate	-54	1	-	-166	3	-	-223	-6	-	-223	0	
<b>Total</b>	<b>1,179</b>	<b>12</b>	<b>1%</b>	<b>3,371</b>	<b>-18</b>	<b>-1%</b>	<b>4,352</b>	<b>-29</b>	<b>-1%</b>	<b>4,352</b>	<b>0</b>	
Operating Income	Processed Foods	18	7	70%	43	27	172%	47	21	84%	47	0
	Marine Products	3	-1	-26%	10	2	25%	10	1	12%	10	0
	Meat and Poultry Products	2	-1	-27%	3	-3	-53%	3	-4	-56%	3	0
	Logistics	26	-2	-6%	65	-4	-5%	73	-6	-7%	73	0
	Logistics Network	9	2	28%	23	7	39%	27	7	34%	27	0
	Regional Storage	17	-2	-11%	40	-7	-15%	43	-10	-19%	43	0
	Overseas	1	-0	-19%	5	-2	-24%	6	-1	-17%	6	0
	Other/Intersegment	-2	-1	-	-4	-1	-	-3	-2	-	-3	0
	Real Estate	9	-0	-3%	28	0	0%	38	1	2%	38	0
	Other	2	0	34%	4	1	24%	3	-1	-30%	3	0
	Intercompany Eliminations and Corporate	1	-1	-	-1	-5	-	-4	-11	-	-4	0
<b>Total</b>	<b>61</b>	<b>3</b>	<b>5%</b>	<b>151</b>	<b>18</b>	<b>13%</b>	<b>170</b>	<b>2</b>	<b>1%</b>	<b>170</b>	<b>0</b>	

## 1. Processed Foods

- (i) Sales for commercial use increased 12% year on year as the segment sought to expand sales of chicken products for year-end demand as planned. Sales for household uses rose 6%, exceeding the market level, thanks to the contribution of new products in autumn and the effect of sales promotion by increasing volumes. Sales of frozen vegetables were also up, rising 7%. Overall net sales increased 7%, despite a decline associated with the transfer of the acerola beverage business.
- (ii) Operating income increased ¥0.7 billion year on year. Although falling costs of raw materials and profitability improvement in chicken products as a result of the termination of underperforming OEM procurement came to an end, higher sales for commercial use and the effect of productivity improvement at plants contributed. Growth in the sales of acerola raw materials also became a factor to increase income.
- (iii) Nichirei is leaving the full-year forecast unchanged from the previous forecast. Although the Company continues to anticipate that net sales will remain higher than the year-ago level, it expects that operating income in Q4 will decline ¥0.6 billion year on year. The chicken products plant in Thailand that began operating three months behind schedule last fall, and which was incorporated in the previous forecast, will reduce income ¥0.4 billion year on year because of low operating rate in the startup phase. In addition, an increase in personnel expenses, including an allowance for bonuses associated with the improved full-year results is also expected.

## 2. Marine Products

- (i) Net sales declined 5% year on year, and operating income fell ¥0.1 billion. Although the difficult business environment continued with local prices of many fish species rising in the producing area, the segment achieved a profit, aided by the reduction in transaction amount, with an emphasis on profitability and a steady increase in products for users.
- (ii) The full-year forecast remains unchanged from the previous forecast for both net sales and operating income. Nichirei will focus on the careful selection of transactions and the sales expansion of products for users as the rise in local prices continues.

## 3. Meat and Poultry Products

- (i) Net sales increase 1% year on year, while operating income declined ¥0.1 billion. From the first half when the foot-and-mouth disease and extreme heat had an impact, the segment experienced a significant recovery. Income declined in imported chicken as local prices rose amid weak sales prices. However, processed products as well as domestic chicken and beef contributed to the income.
- (ii) Nichirei leaves the full-year forecast unchanged from the previous forecast for both net sales and operating income. Although the rise in local prices of imported products continues, the segment will work to offset the adverse effect with the steady performance of domestic products by emphasizing profitability through the reduction of the transaction amount.

## 4. Logistics

- (i) Overall net sales declined 2% year on year. Overall operating income fell ¥0.2 billion, as the strong performance of Logistics Network could not offset falls in income in Regional Storage where depreciation expenses increased and Overseas.
- (ii) Logistics Network: Net sales increased 1%, thanks to the contribution of new transfer centers and higher sales in the transport and delivery business. Operating income was up ¥0.2 billion as profitability improvement progressed due to higher vehicle allocation efficiency.
- (iii) Regional Storage: Net sales declined 2%, and operating income fell ¥0.2 billion, partly because of an increase in depreciation expenses of ¥0.1 billion. Although the intake volume of frozen foods and livestock products was recovering, the capacity utilization rate was falling due to a decline in the fish catch because of abnormal weather and the reduction of inventories by cargo owners.
- (iv) Overseas: Net sales declined 3%, and operating income fell slightly. Excluding the effect of foreign exchange, sales increased with the acquisition of Godfroy in France. Although the inventory of fruit juice recovered, income declined because of a fall in chicken product volume handled and price competition.
- (v) The full-year forecast remains unchanged from the previous forecast for both net sales and operating income.

## 5. Other

- (i) Results of culture media products remained robust in bioscience. The previous forecast remains unchanged.

## Factors Influencing Changes in Consolidated Balance Sheet for FY11/3 Q3

Unit: 100 million yen (amounts less than 100 million yen are omitted)

Item	10/12	10/3	Change (Amount)	
<b>[Assets]</b>				
Current assets	1,155	948	207	(i)
Fixed assets	1,819	1,826	-7	(ii)
Total assets	2,975	2,774	200	
<b>[Liabilities/ Shareholders' equity]</b>				
Current liabilities	1,069	895	173	(iii)
Fixed liabilities	650	652	-1	(iv)
Total liabilities	1,719	1,548	171	
Net assets	1,255	1,226	28	(v)
(Shareholders' equity)	1,215	1,159	55	
Interest-bearing debt	921	857	63	(iii)
(Excluding lease obligations)	692	609	83	(iv)
Item	10/12 (Cumulative)	09/12 (Cumulative)	Change (Amount)	
Capital investment	131	157	-25	(vi)
(Excluding leased assets)	116	105	11	
Depreciation and amortization	103	99	3	
(Excluding leased assets)	75	71	3	

### Main Factors

- (i) Notes and accounts receivable and inventories in current assets rose on seasonal factors.
- (ii) In fixed assets, property, plant and equipment declined ¥0.7 billion with the exclusion of a real estate leasing subsidiary from consolidation, offsetting the posting of asset retirement obligations and capital investment. Goodwill rose ¥1.3 billion with the acquisition of Godfroy in France. Investment securities declined ¥2.2 billion, reflecting falls in stock prices.
- (iii) In current liabilities, accounts payable increased ¥6.5 billion, and short-term bank loans rose ¥6.7 billion with capital investment and the acquisition of Godfroy.
- (iv) In long-term liabilities, asset retirement obligations rose ¥1.8 billion, while lease obligations declined ¥1.6 billion.
- (v) Net assets increased ¥2.8 billion with income increase offsetting decrease due to a weak euro.
- (vi) Major capital investments during FY11/3 Q3 (Processed Food) GFPT Nichirei (chicken product facilities)

## Factors Influencing Changes in Non-Operating Revenues/Expenses and Extraordinary Income/Losses for FY11/3 Q3

(100 million yen; amounts less than 100 million yen are omitted) Positive numbers indicate profits		Q3 (Oct. - Dec.)					Full Year		
		10/12	09/12	Change (Amount)			(E)	Change from FY10/3 (Amount)	Change from Previous (E) (Amount)
[Non-operating Revenues/Expenses] (Main Item)		-1	-4	+3	[Non-operating Revenues/Expenses] (Main Item)		-10	+3	-
Dividend income and interest expenses, net		-2	-3	+0	Dividend income and interest expenses, net		-11	+0	-
Other income		+1	-1	+2	Equity in earnings of affiliates		+2	+2	-
[Extraordinary Income/Loss] (Main Item)		-1	-3	+1	[Extraordinary Income/Loss] (Main Item)		-56	-45	-38
Loss on devaluation of investments	(i)	-2	-	-2	Gain on transfer of business	(ii)	-	-8	-
Loss on disposal of fixed assets		-0	-2	+1	Gain on establishment of superficies	(iii)	+30	+30	+30
					Loss on adjustment for changes of accounting standard for asset retirement obligations	(iv)	-7	-7	-
					Loss on change of retirement benefit scheme	(v)	-68	-68	-68

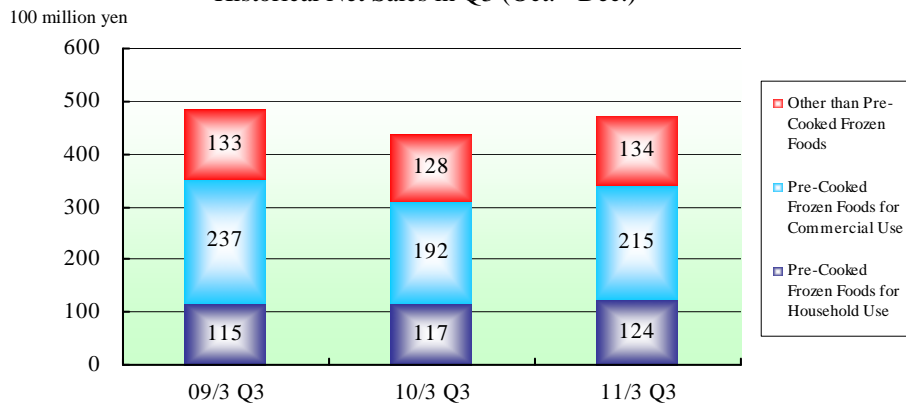
- (i) Write-down of investment in a real estate leasing subsidiary
- (ii) The effect of capital gains from the sale of the acerola beverage business in the previous fiscal year disappeared.
- (iii) Extraordinary income associated with the establishment of superficies
- (iv) Extraordinary losses increased with losses on adjustment for changes in the accounting standard for asset retirement obligations.
- (v) Extraordinary loss associated with the change of the retirement benefit scheme

# Reference Data

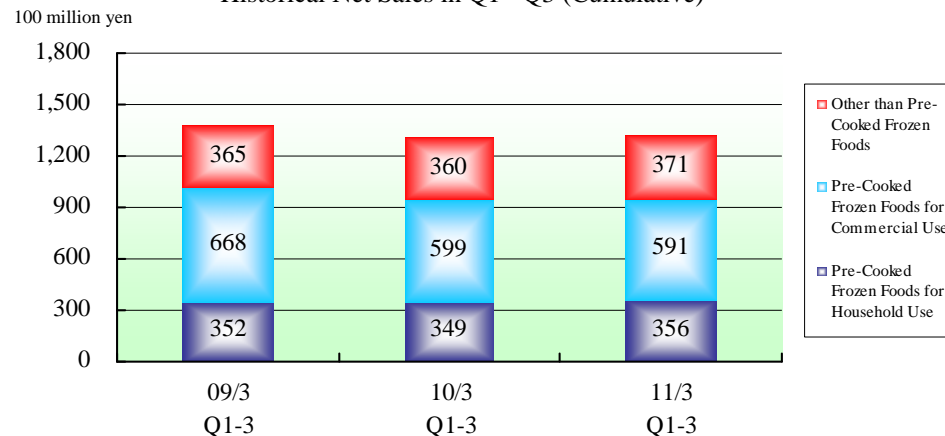
## Historical Net Sales for Frozen Foods

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

### Historical Net Sales in Q3 (Oct. - Dec.)

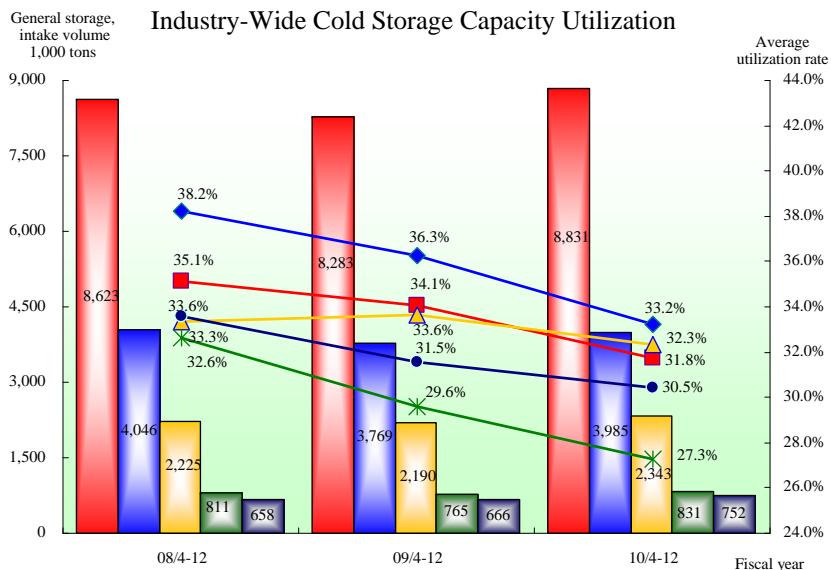


### Historical Net Sales in Q1 - Q3 (Cumulative)

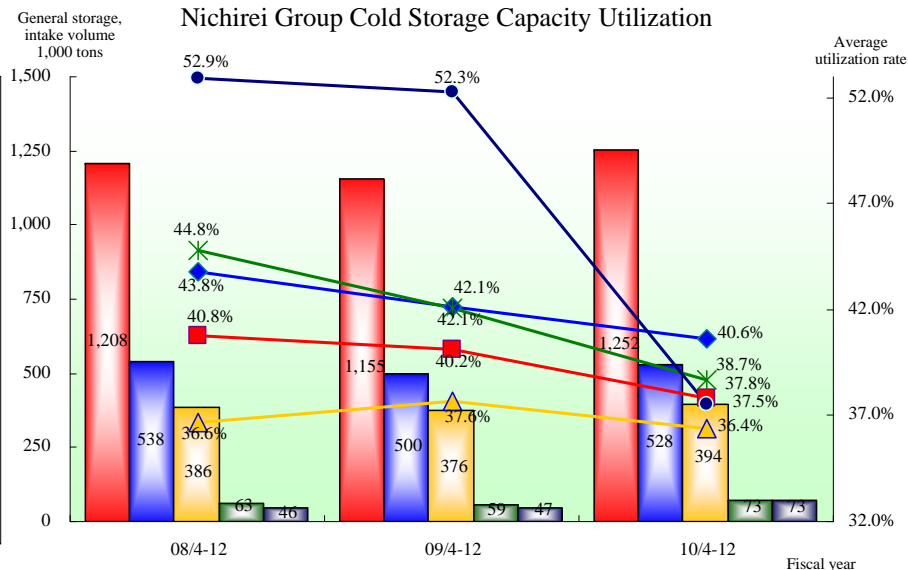


## Cold Storage Capacity Utilization (Industry data adapted by Nichirei from Japan Association of Refrigerated Warehouses documents)

### Industry-Wide Cold Storage Capacity Utilization



### Nichirei Group Cold Storage Capacity Utilization



\* 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.