



Nichirei Corporation

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ANNUAL REVIEW 2017
Nichirei Corporation



ANNUAL REVIEW 2017

Year Ended March 31, 2017

Crafting Change to Sustain Growth

Printed in Japan



Message to Shareholders and Investors

Nichirei adapts to the changing times and ensures sustainable growth consistent with our group mission of “Focus on Lifestyles, and Provide True Satisfaction.”

The business environment facing Nichirei is constantly changing. Over the years we have weathered the oil shock, collapse of the bubble economy, the financial crisis, and other hardships. There are uncertainties even at the most basic level, from political and economic turmoil around the world, to fluctuations in currency markets and energy resource prices. In Japan, demographic changes are leading to a chronic labor shortage, and consumption patterns are diversifying with shifts in household makeup.

The Nichirei Group considers such negative factors to also present opportunities, and during our more than 70-year history, we have developed new business models to match the changing times, and achieved continuous 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.”

No matter how the business climate may change, Nichirei will approach customers with the sincerity at the heart of our group mission to “provide true satisfaction,” and find the answers ourselves.

Fiscal year ended March 2017 (FY17/3) is the initial year of our new medium-term business plan (FY17/3 – FY19/3), during which we will make steady efforts to further strengthen our mainstay businesses to realize earnings growth and greater capital efficiency.

The management and employees of the Nichirei Group strive to meet ambitious goals, and will bring together effort and creativity, making steady progress toward sustainable growth. Thank you for your continued support of Nichirei.

August 2017

Toshiaki Murai
Representative Director and Chairman

Kunio Otani
Representative Director and President



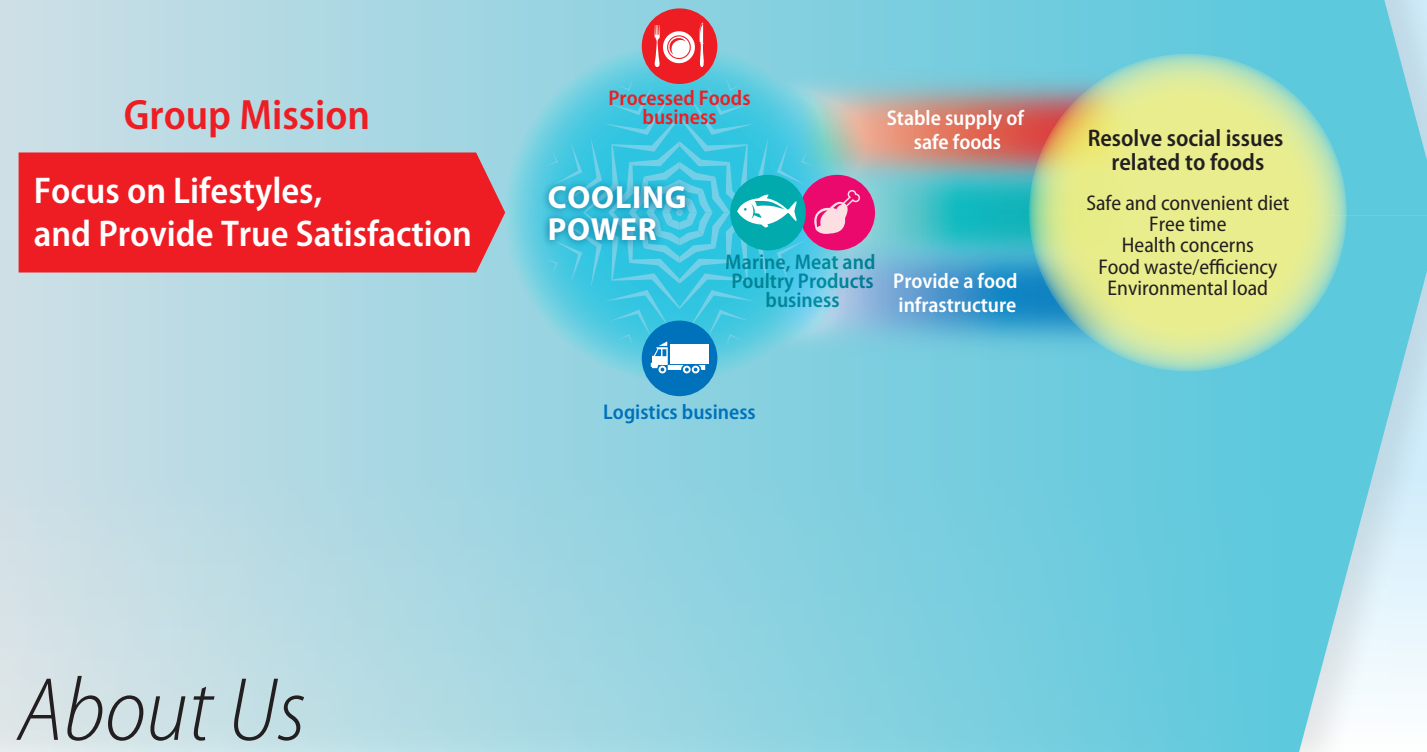
Toshiaki Murai
Representative Director and Chairman

Kunio Otani
Representative Director and President

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Business Concept



About Us

Profile

Nichirei's Group mission is to "Focus on Lifestyles, and Provide True Satisfaction." Its business operations are centered on the mainstay Processed Foods and Logistics businesses, along with Marine Products, Meat and Poultry Products, Real Estate, and Bioscience businesses.

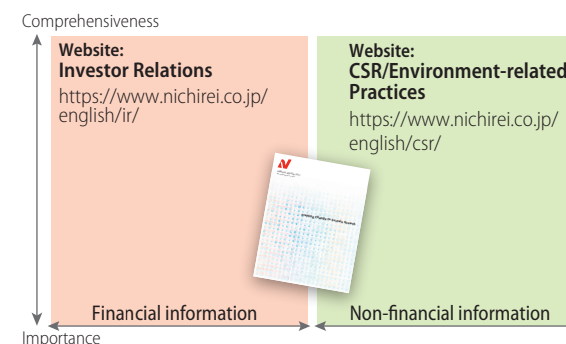
Frozen foods are the core of the Processed Foods business, and Nichirei has held a leading market share in Japan for many years. The Logistics business is also a leader in Japan's food logistics industry, including delivery and transport.

In recent years, Nichirei has expanded its business outside Japan, mainly with logistics in Europe and processed foods in the United States.

Editorial Policy

The Nichirei Group's Annual Review 2017 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 FY17/3

	Group Companies
66	subsidiaries
17	affiliates
	Workforce
14,682	full-time employees

	Financial Indicators
Net sales	¥ 539.7 billion
Operating income	¥ 29.3 billion
Profit attributable to owners of parent	¥ 18.8 billion
ROE	12.1 %

Diagram of Holding Company System

(As of March 31, 2017)



Nichirei Today

Nichirei is a leading company in Japan's frozen food market, and the top temperature-controlled logistics company in Japan.

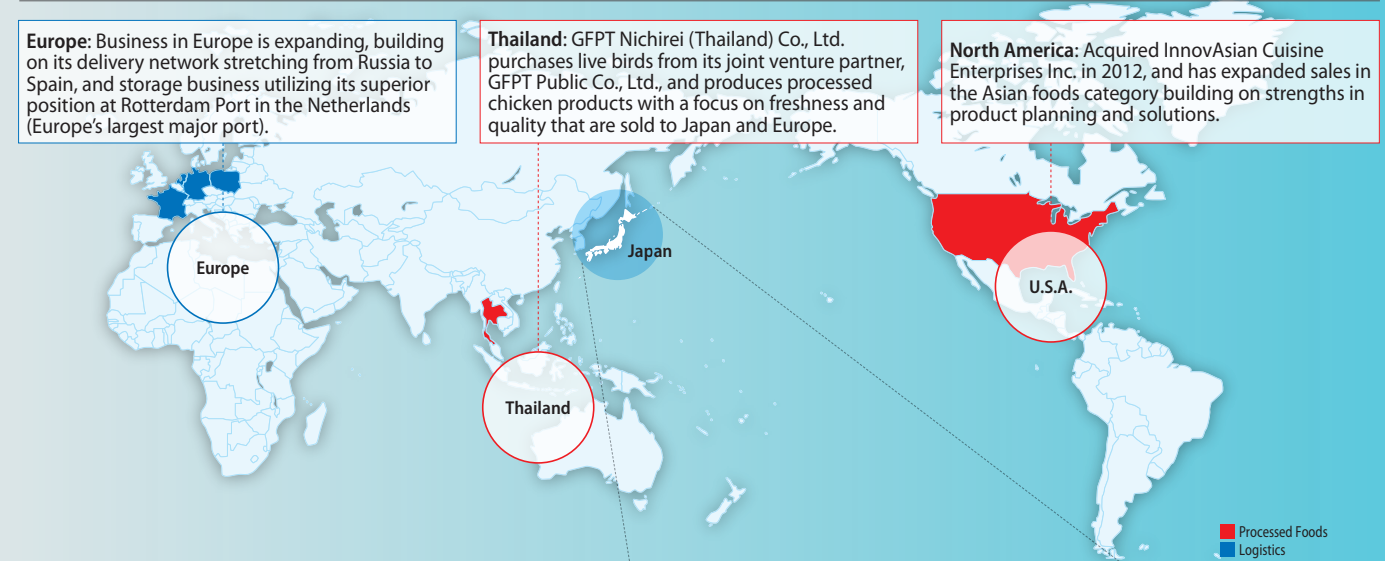
Outside Japan, Nichirei is expanding its business in areas where it can utilize its strengths.

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 Products 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 current medium-term business plan, Nichirei is adapting to major shifts in the business environment, such as the rapidly aging society and globalization, continuing to concentrate its management resources in the core Processed Foods and Logistics businesses, and working to ensure sustainable growth and greater capital efficiency. Outside Japan, Nichirei is pursuing expansion in business scale.

WORLD Major Business Areas



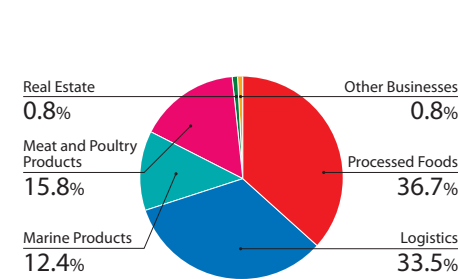
JAPAN

Processed Foods
Twelve frozen food plants in Japan

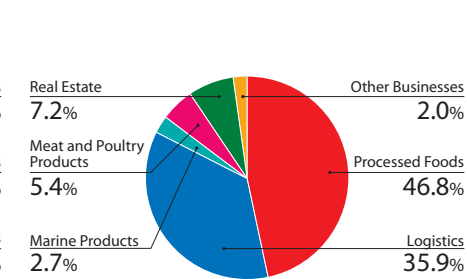
Logistics
Nichirei leads the logistics industry in Japan with a nationwide network that includes 77 refrigerated warehouses and 34 transfer centers.



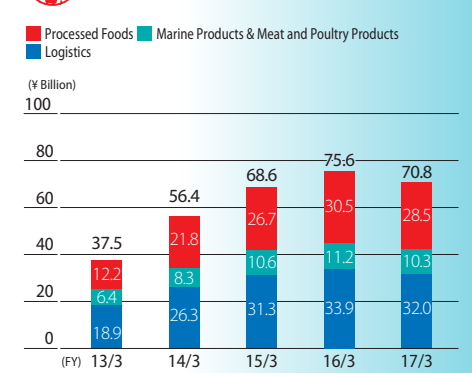
Net sales by segment FY17/3



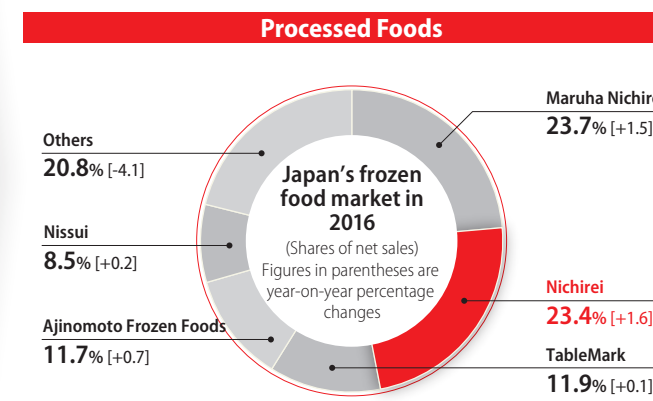
Operating income by segment FY17/3



Overseas sales

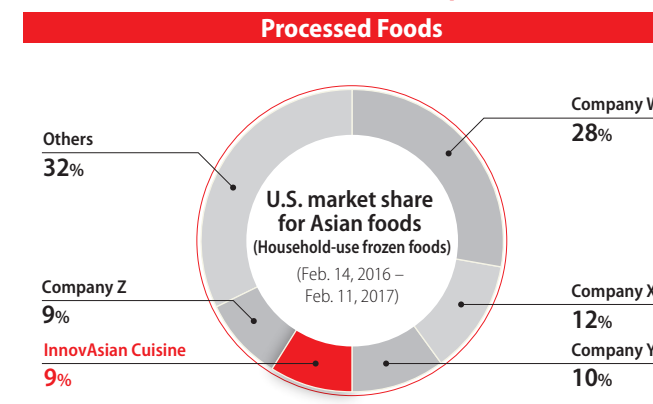


No. 2 in the frozen food market



Source: Nikkei Sangyo Shimbun

No. 4 in U.S. Asian foods market (household-use products)



Source: Nichirei from Nielsen data

No. 1 in terms of refrigerated warehouse capacity

Logistics				
Top 5 companies in terms of refrigerated warehouse capacity (Japan)				
Ranking	Name	Capacity (Thousands of tons)	Variance from Apr. 2016 (Thousands of tons)	Share
1	Nichirei Group	1,446	-	10%
2	Yokohama Reito	847	44	6%
3	Maruha-Nichiro Group	635	-	4%
4	Toyo Suisan Group	484	0.1	3%
5	Chilled & Frozen Logistics Holdings	476	-1.8	3%

(As of April 1, 2017)
Source: Compiled by Nichirei based on Japan Association of Refrigerated Warehouses documents (Includes partial estimates)
Note: Created with data from members of association as well as non-members' data.

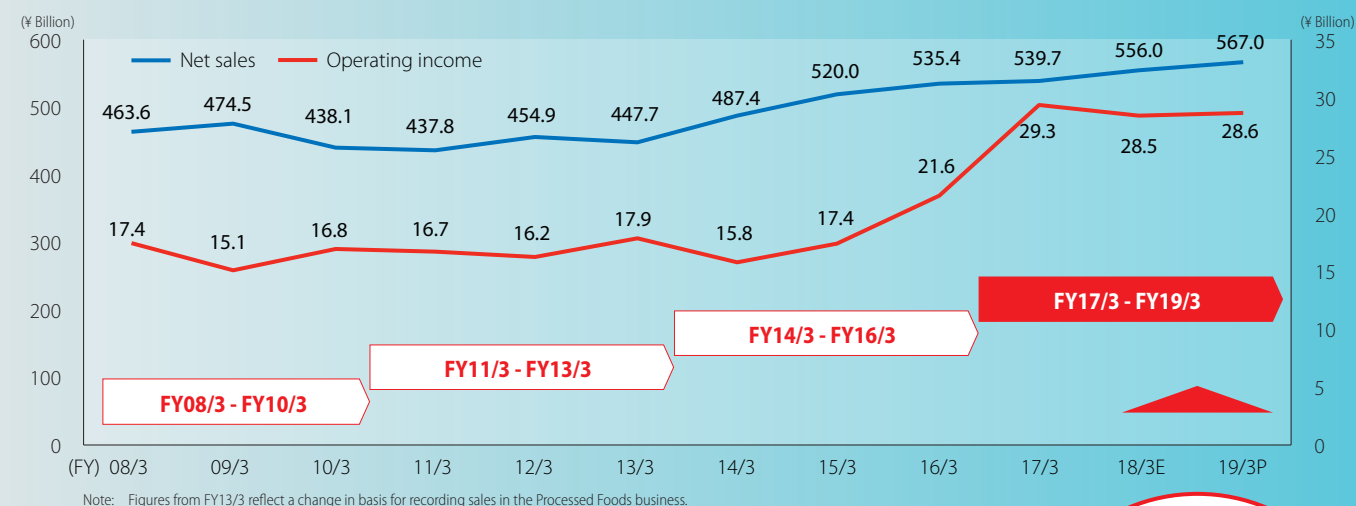
No. 6 in refrigerated warehouse storage capacity worldwide

Logistics			
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 *

Nichirei's Vision and Medium-term Business Plan

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



Medium-term Business Plan FY17/3 - FY19/3

Growth investing
+
Seed stage investing
= Total ¥70.5 bn

Higher Earnings Power Achieved

FY17/3	
Net sales	¥539.7 bn
Operating income	¥29.3 bn
ROE	12.1%

High Earning Power Achieved

FY16/3	
Net sales	¥535.4 bn
Operating income	¥21.6 bn
ROE	9.1%

Ensure sustainable Profit Growth and Higher Capital Efficiency

FY19/3 plan	
Net sales	¥567.0 bn
Operating income	¥28.6 bn
ROE	more than 10%

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

Focus on Lifestyles, and Provide True Satisfaction

Business strategies P.9-12

- Ensure sustainable earnings growth and raise capital efficiency
- Pursue continued expansion in scale for overseas business

Strengthen management base P.23-30

- 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 segments

- Processed Foods P.13-16
- Marine Products and Meat and Poultry Products P.17-18
- Logistics P.19-22

Overall

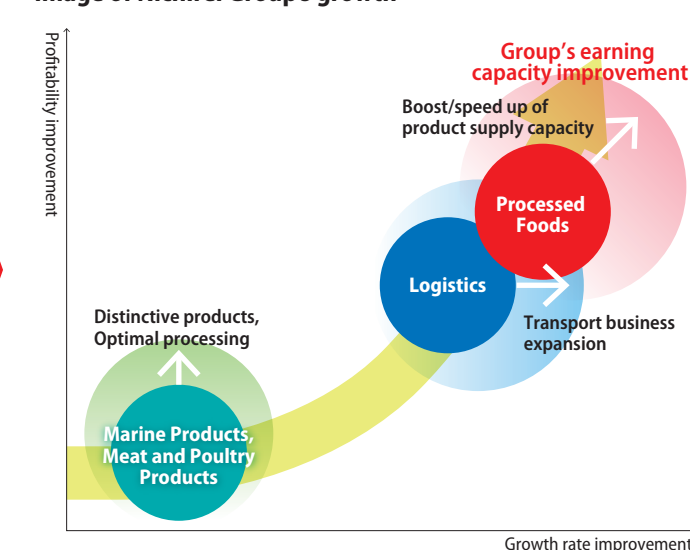
Main measures

- Continue measures to improve profitability
- Overseas: Further expand business scale, focusing on the U.S. market
- Raise profitability and improve asset turnover
- Expand the scale of the logistics network business
- Overseas: Strengthen and expand the business base through proactive investment in Europe
- Allocate operating cash flow to capital investments for mainstay businesses, and appropriate distribution of shareholder returns

Progress in FY17/3

- Significant increase in operating margin on positive sales of mainstay products (Operating margin 6.8% (+0.9 ppt vs. plan))
- Sales steadily rising in U.S. (local currency basis) amid fierce competition
- Improved profitability for both Marine Products and Meat and Poultry Products
- Progress in line with plan
- Certain aspects behind schedule, but measures to be implemented in line with plan
- Steady increase in operating cash flow, allocated to increased dividend (Dividend per share: FY16/3 ¥24 ▶ FY17/3 ¥28)

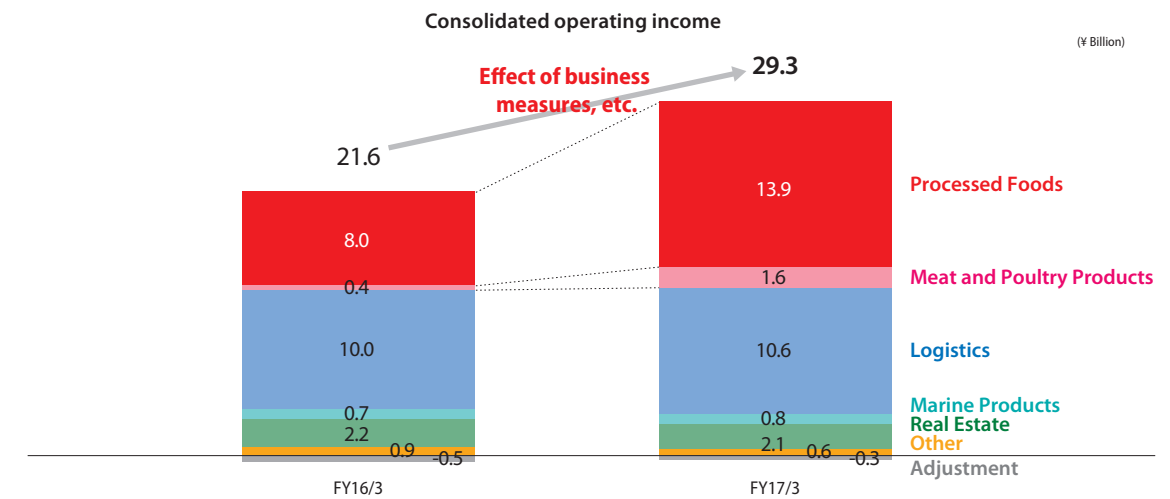
Image of Nichirei Group's growth



► Our Strategy
President's Message

Further Increasing Corporate Value
for Stable and Steady Earnings Growth

Kunio Otani
Representative Director and President



	FY17/3		
	Results	YoY	
		Variance	% Change
Net Sales	539.7	4.3	1%
Processed Foods	205.0	5.8	3%
Marine Products	69.4	0.6	1%
Meat and Poultry	88.1	-3.9	-4%
Logistics	186.9	2.0	1%
Real Estate	4.6	-0.0	-0%
Other	4.5	-0.7	-14%
Adjustment	-18.9	0.5	-
Operating Income	29.3	7.7	36%
Processed Foods	13.9	5.9	74%
Marine Products	0.8	0.1	22%
Meat and Poultry	1.6	1.2	321%
Logistics	10.6	0.7	7%
Real Estate	2.1	-0.1	-3%
Other	0.6	-0.3	-33%
Adjustment	-0.3	0.1	-
Ordinary Income	29.1	7.7	36%
Profit attributable to owners of parent	18.8	5.3	39%

Review of FY17/3

Processed Foods and Meat and Poultry Products businesses were the drivers for significant earnings gains.

Fiscal 2016 (FY17/3) was the first year of the Nichirei Group's new medium-term business plan (FY17/3–FY19/3), and we made a good start with a considerable year-on-year increase in operating income.

I believe this was the result of each business identifying and decisively implementing necessary measures based on the ongoing Group-wide effort to “focus on capital efficiency, and make strong businesses even stronger.” In particular, measures continued from the previous business plan to enhance earnings capacity in the Processed Foods business began to bear fruit. The Marine Products and Meat and Poultry Products businesses also improved earnings through measures emphasizing stable earnings.

Net sales in FY17/3 rose 0.8% from the previous fiscal year on steady gains in our core Processed Foods and Logistics businesses. Earnings were driven by the Processed Foods business on expanded sales of frozen foods, and Meat and Poultry Products business. Operating income increased 35.8% year on year, reaching a record high for a second consecutive year.

Measures for FY18/3 and Beyond

We will continue with measures for sustainable growth and greater capital efficiency.

During fiscal 2017 (FY18/3), the second year of the medium-term business plan, we expect the business environment to remain difficult, with fluctuations in exchange rates and oil prices amid an unstable world economy, and rising costs due to the labor shortage. However, Nichirei will steadily implement business policies in response to changing conditions, aiming for sustainable growth.

(1) Achieve sustainable growth by enhancing earnings capacity at group companies both in Japan and overseas.

We will make capital investments centered on our mainstay Processed Foods and Logistics businesses, and strengthen the growth foundation for the corporate group through sustainable earnings increases, higher capital efficiency, and expansion of overseas businesses.

1. Processed Foods

Nichirei will work to further strengthen its earnings base and enhance capital efficiency in Japan, and expand its business scale overseas.

We will focus on product development in mainstay categories such as rice products and processed chicken products, and expanding sales through promotions. We will also develop the supply structure at production facilities in Japan and overseas to strengthen our earnings base.

- We will accurately assess customer needs, and expand the range of products to meet changes in household composition and consumer tastes.
- Outside Japan, we will develop products and establish customer channels in the growing U.S. Asian foods market, and seek to expand our market share.

2. Marine Products, Meat and Poultry Products

Nichirei will uncover premium ingredients and provide optimally processed products to meet customer needs, focusing on expanding sales to the restaurant and home meal replacement (HMR) markets. We will also respond appropriately to changing business conditions and cost increases due to the weak yen, pursue thorough inventory management, and work to secure stable earnings.

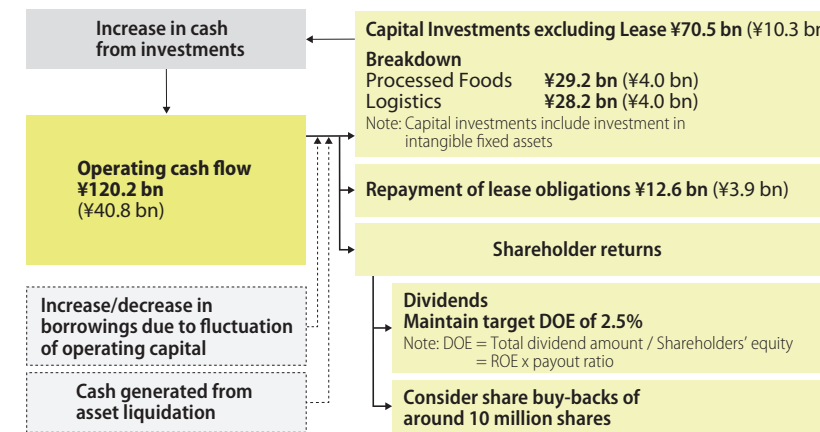
3. Logistics

Nichirei will aim to expand earnings by offering a wide-ranging logistics service utilizing its logistics centers and transport/delivery network in Japan and overseas.

- We will respond appropriately to rising energy costs and the labor shortage, and further enhance operational efficiency.
- We will ensure optimal cargo placement and expand pickups in anticipation of the resumption of operations at Tokyo Danchireizo, and increase the earnings capacity of delivery/transport operations.
- For overseas business, in Europe we will work to expand the business base by strengthening logistics functions at regional port areas and developing transport centers in inland areas. We will also strengthen measures in China and Thailand.

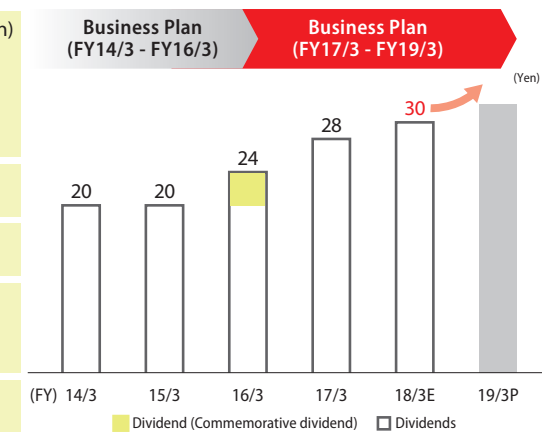


Distribution of operating cash flow (Three-year cumulative plan)



Note: Figures in parentheses indicate the results for FY17/3.

Dividends per share



(2) Enhance product quality assurance capabilities

To ensure the safety and reliability of food, Nichirei will strengthen measures, including adopting international standards and advanced technologies to assess quality and safety, and enhance the product quality assurance capabilities of the entire Group.

(3) Address ESG issues

Nichirei has established the “Nichirei Pledge” as the basic CSR policy for the corporate group, and will proactively address such issues as establishing a sustainable supply chain, achieving a low-carbon society, improving job satisfaction, and enhancing corporate governance, to increase our trustworthiness as a company.

Measures to support sustainable growth

We revised our basic CSR policy to create the “Nichirei Pledge” – Working to Make Our Communities More Sustainable.

With the adoption of sustainable development goals (SDGs), enactment of the Paris Agreement and other developments, companies need to make sincere efforts to realize a sustainable society. Considering the needs of the times, and recognizing the various ways in which our business activities affect stakeholders, the environment and society, Nichirei has revised its basic CSR policy to clarify the priority issues it will address going forward.

Specifically, we revised the former “Six Areas of Responsibilities” to create an expanded “Nichirei Pledge” with eight elements. The two additional items are “Provide safe products and services” and “Maintain a sustainable supply chain.”

“Provide safe products and services” is the core of the Nichirei Group’s business, and clearly expresses something that we have considered a priority for some time. The most important things for us are to ensure food safety and earn the trust of customers, and we have pursued various measures up to now, such as food defense at production plants. Peace of mind comes from regularly receiving safe products, and we strive to achieve this across all parts of the Nichirei Group, including logistics.

“Maintain a sustainable supply chain” is the foundation of the group’s business activities. The Nichirei Group has business operations outside Japan, with suppliers, customers, and other stakeholders located throughout the world. Accordingly, it is important that we fulfill our social responsibilities from a broad perspective across the entire supply chain. To implement this, we formulated the “Nichirei Group Sustainable Supply Chain Policy” together with the “Nichirei Pledge.” We procure products and services in accordance with this policy, and ask suppliers to understand and comply with this policy.

In addition, we included “Continually enhance our workplaces” as part of the “Nichirei Pledge,” and formulated the “Nichirei Group Way of Working Reform Policy.” Based on this policy we will strive to create a vibrant work environment for all employees, offer various ways of working, rectify long working hours, and work to enhance productivity.

Financial Strategies

We are allocating operating cash flow to capital investment and bolstering shareholder returns.

Nichirei maintains a balanced capital structure with consideration to capital efficiency, growth potential, and soundness, in order to ensure efficient and stable procurement of business capital. In addition, we are allocating the operating cash flow generated during the current business plan period, along with the cash generated from asset liquidation and other sources, to capital investment and bolstering shareholder returns.

Capital investments will focus on our mainstay Processed Foods and Logistics businesses, as well as to strengthen our business foundation with the aim of maintaining competitiveness over the longer term.

In terms of shareholder returns, Nichirei emphasizes maintaining a stable dividend based on consolidated target DOE of 2.5%. For FY18/3, Nichirei plans to increase its annual ordinary dividend by two yen to 30 yen per share. We also conduct share buy-backs as a means for flexible shareholder returns, with due consideration to capital efficiency and market conditions.

Message to shareholders and investors

We are seeking sustainable growth and greater corporate value over the longer term.

Nichirei is continually mindful that its business resources have been corporate to it by shareholders, and we strive to ensure the generation of suitable returns. Further, to ensure the sustainable growth of the corporate group, we emphasize utilizing management resources from a long-term perspective, rather than to boost short-term earnings.

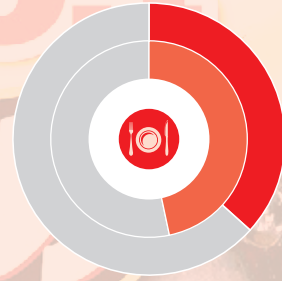
Going forward, while considering the economic, social, and environmental aspects, we will utilize the Nichirei Group’s strengths and work to further enhance our corporate value. Thank you for your continued understanding and support.

Kunio Otani
Representative Director and President

Growth Strategies for Major Operations

Processed Foods

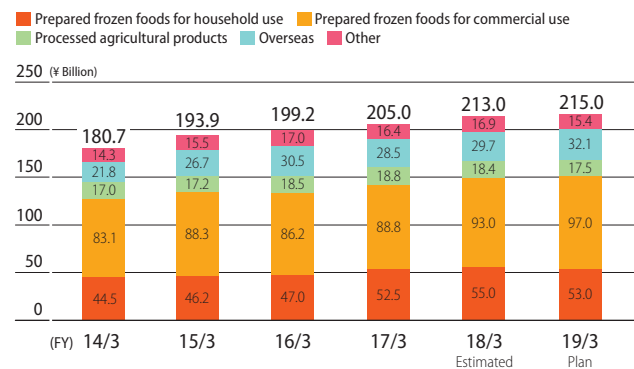
Percentage of total for Nichirei
Net Sales | 36.7%
Operating Income | 46.8%



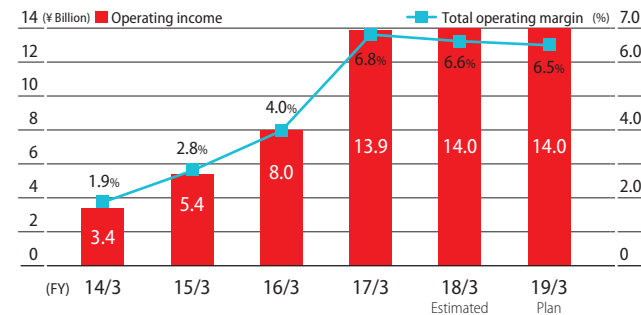
Nichirei will concentrate management resources in mainstay categories, and utilize technology and product development capabilities to expand sales and enhance added value. We will strengthen the earnings base in Japan and overseas to be less susceptible to external economic forces, and seek further sales growth outside Japan.

Progress of Medium-term Business Plan

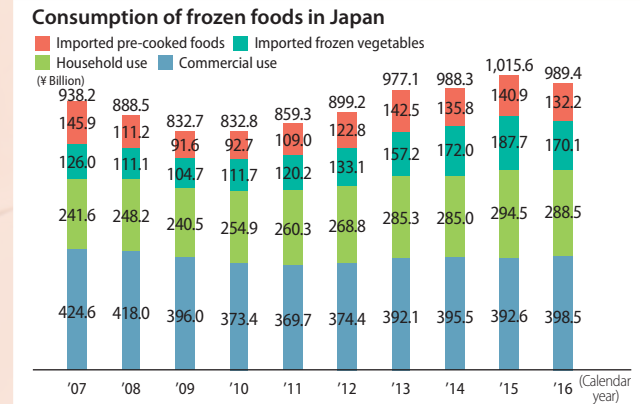
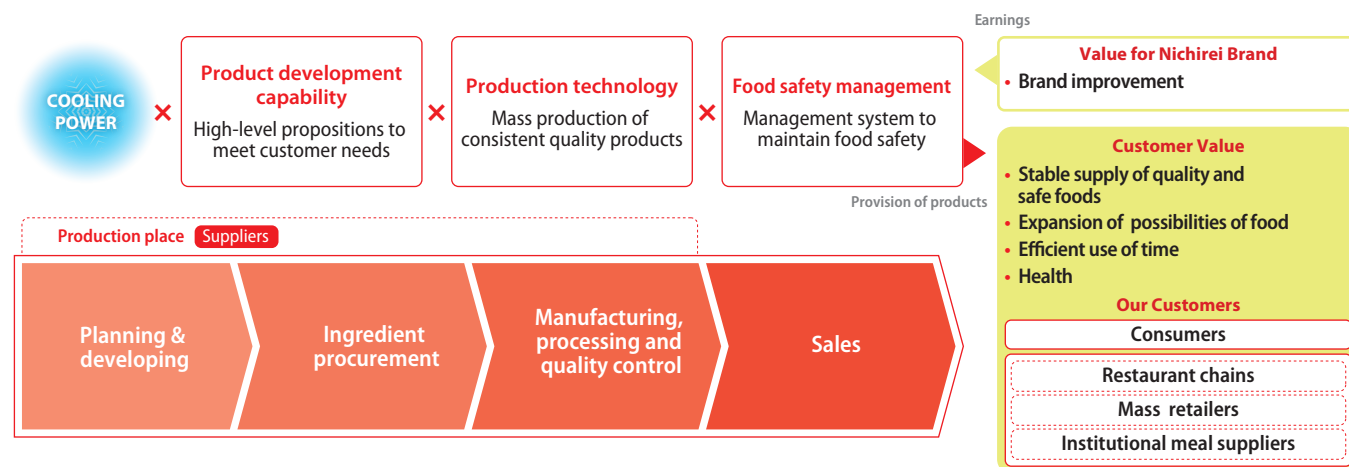
Net sales by sub-segment of Processed Foods business



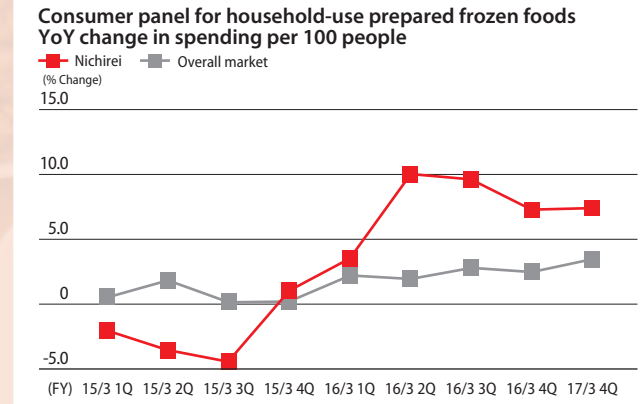
Operating income & total operating margin of Processed Foods business



Value Creation in Processed Foods Business



Source: Compiled by Nichirei based on data from the Japan Frozen Food Association
 Note: The figure for imported prepared foods is derived from a sampling survey of 29 members of the Japan Frozen Food Association (companies subject to the survey in 2016), and so is not comprehensive. Accordingly, taking into account imports from non-member trading companies and wholesalers, the actual figure is presumably higher.



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

Operating Environment

The frozen foods market contracted in value terms during the previous fiscal year as a result of the strong yen, but is expanding in volume terms. The household-use market grew by around 3%, and along with the commercial-use market, demand is expected to increase steadily going forward.

Business Strengths and Main Categories

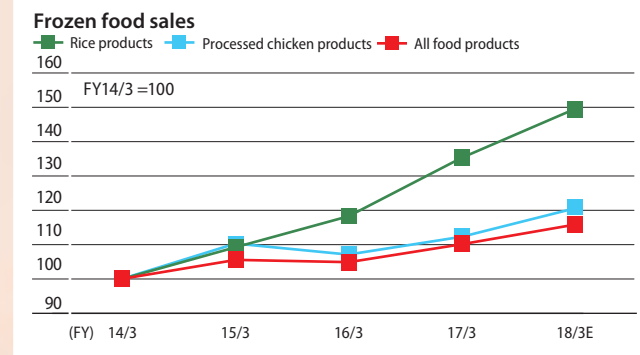
The four main categories, continued from the previous business plan, are rice products, processed chicken products, Chinese deli, and processed agricultural products. Nichirei will further strengthen its position as the leading company in these categories, and increase the value provided.

Basic Policy of the Medium-term Plan

In Japan, for mass-production lines and products chosen through selection and concentration, Nichirei is seeking to enhance profitability by pursuing a comprehensive program of asset efficiency. Outside Japan, Nichirei aims to expand its business scale together with earnings. Through these measures we will establish an earnings base less susceptible to external economic forces.

Progress in FY17/3 and Reasons for the Upward Revision

Nichirei announced an upward revision to the medium-term business plan targets at the time of its FY17/3 1H earnings announcement. This was due mainly to expanded sales and cost improvements in strategic categories such as rice products and processed chicken products, which led to profitability gains exceeding expectations. The operating income rate exceeded our long-time target of 5% for the first time, reaching 6.8%. Declines in procurement costs for rice and chicken also contributed to earnings gains.



Factors for increase/decrease	YoY, ¥ bn
Increased revenue	+2.5
Improved productivity	+2.4
Effect of results from subsidiaries	+1.3
Decrease in ingredient and product purchasing costs	+1.2
Increase in advertising and sale promotion expenses	-1.5
Total	+5.9



Measures for FY18/3

Nichirei will provide true value in food materials to enhance customer satisfaction, and seek to gain long-term customer loyalty. We will expand production lines at plants in Japan, reconfigure lines to enhance efficiency, and continue to make other investments to boost productivity.



Japan

Household-use products:

Expand frozen rice products:

Nichirei will continue to conduct consumer appeal campaigns, television commercials and other promotions in an effort to expand sales in the mainstay category of rice products (*Honkaku-itame Cha-han* (Authentic Fried Rice), grilled rice balls).

Strengthen the chicken category:

Nichirei will focus on increasing sales of the *Tokukara* series to meet growing demand for processed chicken products, and capture new demand for evening meal products.

Generate new demand:

Product recognition and trial purchases have continued for the *Takumiokazu* series launched in spring 2016. Nichirei will further refine and strengthen the product lineup for single servings and daily foods in order to continue generating new demand.

Commercial-use products:

With demand in the home meal replacement (HMR) market steadily rising, Nichirei will utilize technology development to enhance product appeal and meet category-specific needs, in order to expand sales volume and increase earnings. We will further strengthen product development for the HMR market, expand sales of mainstay processed chicken and other products to major customers, and continue product measures emphasizing profitability.

Frozen vegetables:

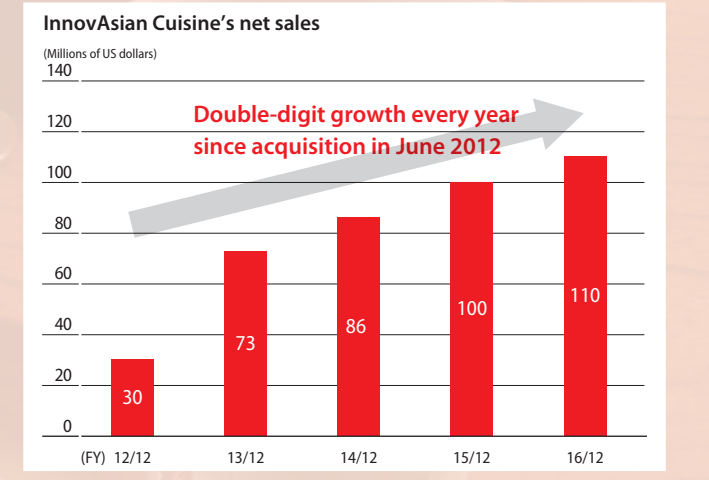
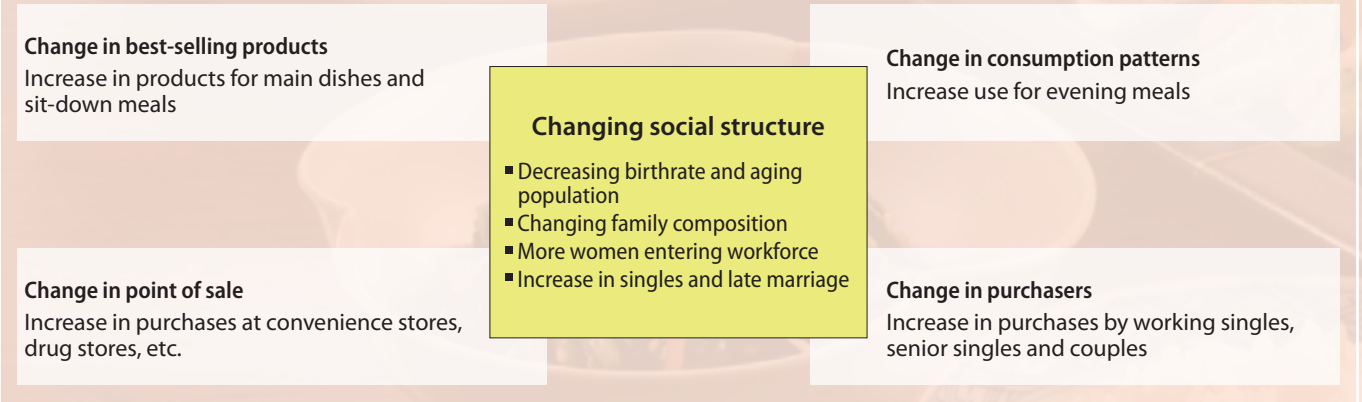
Vegetable and fruit prices rose during the summer to fall 2016 as a result of inclement weather, leading to continued strong sales in both the household-use and commercial-use categories for the *Sono Mama Tsukaeru* (Just Thaw and Eat) series, frozen vegetables that can be thawed at room temperature and used without additional preparation. We will continue to improve product quality, and work to establish and expand sales of frozen agricultural produce.

Overseas

The main company for overseas sales is Nichirei's North American subsidiary *InnovAsian Cuisine*. We will aim to expand sales, focusing on the growing market for Asian foods. The competitive environment is becoming harsher, but Nichirei will differentiate its products by highlighting taste and health benefits, and work to transition to a business scale able to make a greater contribution to earnings.

At GFPT Nichirei in Thailand, we will add a fifth production line to meet growing demand for processed chicken products in Japan. The new line is scheduled to begin operations in August 2017.

Changing market for household-use prepared frozen foods



Notes: 1. FY12/12 is a six-month period.
2. The accounting method was changed from FY16/12 (to exclude from sales a portion of the expenses recorded as selling costs). Figures in the graph, to allow for comparisons with past fiscal years, are prior to the change in accounting method.

Crafting Change to Sustain Growth of Processed Foods Business

Select Ingredients and Adapting Changing Consumption Patterns: Renewal of Honkaku Yaki-onigiri

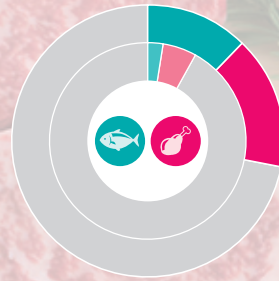
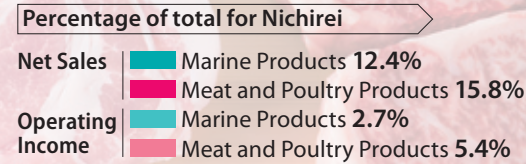
The frozen foods market is growing overall, but the category in which growth has been most pronounced is rice products. Leading this expansion is fried rice, a regularly consumed product that has gained many new users. Stores are enhancing their product lineups, launching rice products in individual portions and in varying standards. Nichirei has adapted to this market with a renewal in spring 2017 of *Honkaku Yaki-onigiri* (Authentic Grilled Rice Ball), one of our mainstay grilled rice ball products. The renewed product is made with 100% brand-name rice from Hokkaido, with a bigger volume per serving to better accompany a sit-down meal. Going forward, Nichirei will utilize carefully selected ingredients and adapt to changing consumption patterns, finding and offering new value in frozen foods.

Renewal of *Honkaku Yaki-onigiri*

Overview of *InnovAsian Cuisine*

	Household-use	Commercial-use
Strengths	<ul style="list-style-type: none"> Product development capabilities based on marketing trends from an American consumer perspective Sales and reach capabilities to large volume retailers in the U.S. 	
Products	<p>InnovAsian Most widely recognized family-oriented product line, mainly Chinese foods</p> <p>Lemon Grass Kitchen High-end brand of Southeast Asian foods, anticipating consumer trends</p>	<p>Provides Asian foods and solutions, mainly for delicatessen sections *Menus and presentation methods offered as a program</p>
Principal Product Categories	Main dishes (such as processed chicken products), fried rice and other rice products	
Main Sales Channels	Frozen food section of major volume retailers	<ul style="list-style-type: none"> Delicatessen section of major volume retailers School lunches, restaurant chains, etc.

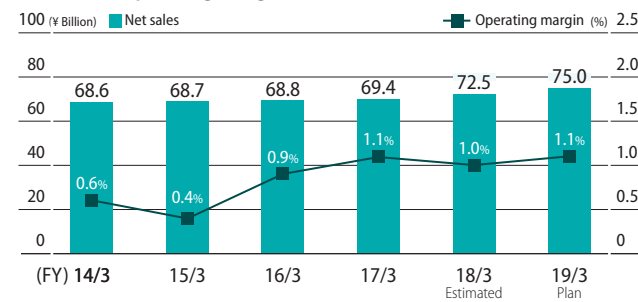
Marine Products, Meat and Poultry Products



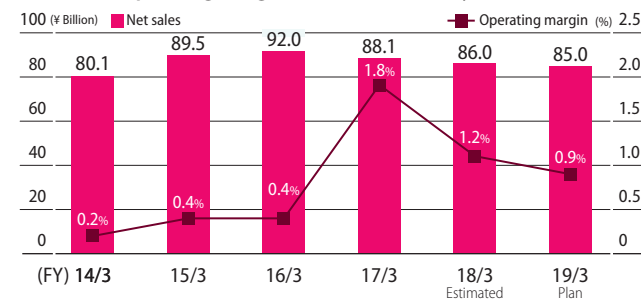
Nichirei will secure stable earnings with “optimal processing” that meets customer needs, with continued profitability as the highest priority. We will concentrate on stable procurement of assets, as well as developing and increasing sales of premium food materials.

Progress of Medium-term Business Plan

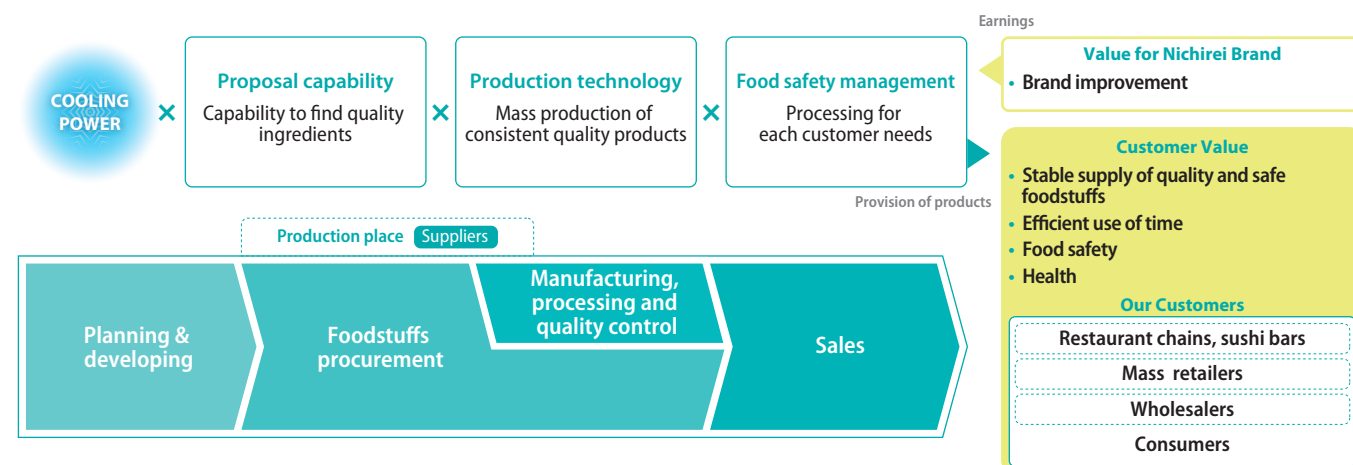
Net sales & operating margin of Marine Products business



Net sales & operating margin of Meat and Poultry Products business



Value Creation in Marine Products, Meat and Poultry Products Businesses



FY17/3 Results

Earnings rose steadily in both the Marine Products and Meat and Poultry Products businesses, with record high operating income in the Meat and Poultry Products business.

Marine Products:

Nichirei's ongoing efforts to cultivate new producing regions, particularly for shrimp, along with successful negotiations to adjust domestic sales prices, made a significant contribution to operating income.

Meat and Poultry Products:

Domestic and imported chicken products contributed significantly to earnings gains. This was due mainly to stable domestic market prices for chicken meat, imports that were unable to keep pace with volume handled, and a focus on sales emphasizing profitability.

Measures for FY18/3

Nichirei will expand the range of original food ingredient materials handled, and expand sales of products optimally processed to meet customer needs, mainly to the restaurant and HMR markets.

Marine Products:

Nichirei will pursue diversification in producing regions and other measures to ensure stable procurement and sales, focusing mainly on shrimp and other seafood for which it has an advantage.

Meat and Poultry Products:

Nichirei will work to strengthen procurement capabilities for domestic meat products, and expand sales. For imports, we will focus on superior products backed by quality controls.

Crafting Change to Sustain Growth of Marine Products, Meat and Poultry Products Business

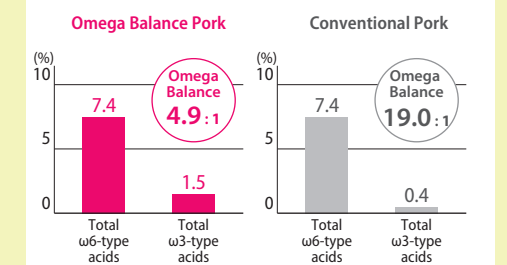
Health-promoting “Omega Balance” Meat

Nichirei Fresh calls its in-house products, cultivated by utilizing the power of nature to the fullest and providing value to both the consumer and the environment, “kodawari” (premium select) products. One example is the “Omega Balance” line of meats, the result of a decade-long effort to develop meat rich in omega-3 fatty acids*. This line of products began with pork, and has been expanded to include beef and chicken.

This innovative concept to provide the omega-3 fatty acids that are lacking in the modern diet through meat is changing meals in Japan.

*Omega-3 fatty acids work to lower lipid concentration in the blood, providing a wide range of benefits including improved circulation, lower cholesterol, and suppressed allergic reactions.

Comparison of Fatty Acid Balances (All Fatty Acids = 100)

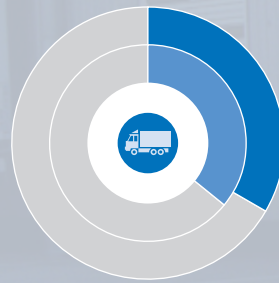


Data: Based on studies by Nichirei

Logistics

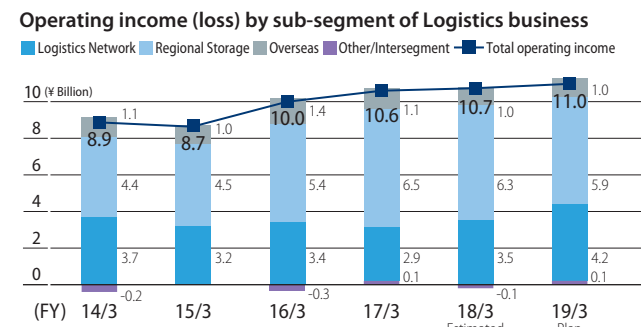
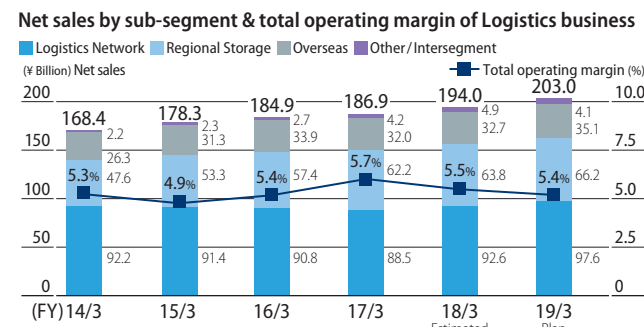
Percentage of total for Nichirei

- Net Sales | 33.5%
- Operating Income | 35.9%



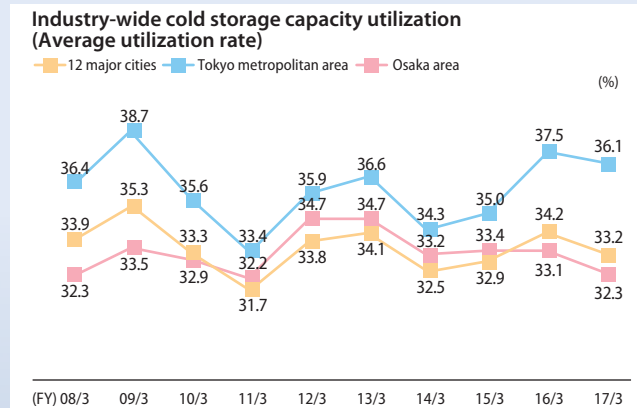
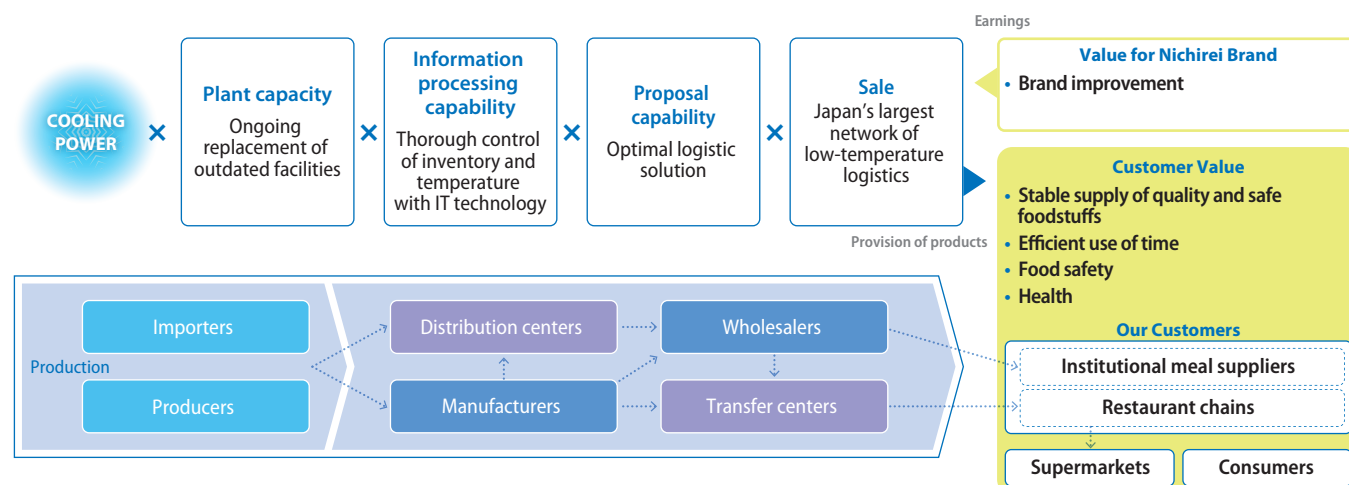
Nichirei will steadily make capital investments, implement measures to address labor shortages and rising energy costs, and strengthen its corporate structure. We will broaden the reach of our logistics network in Japan, and overseas strengthen foundations in Europe.

Progress of Medium-term Business Plan

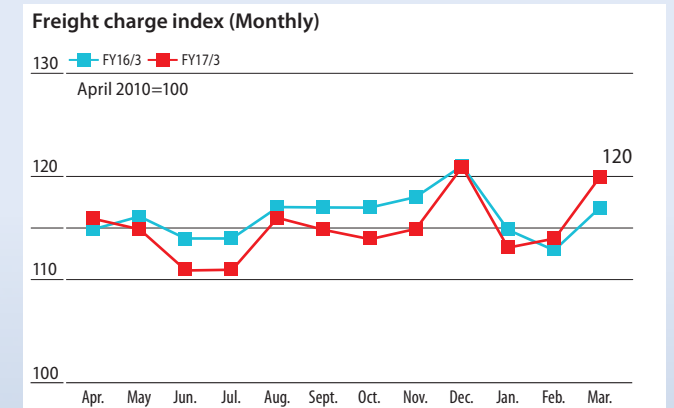


Note: For the fiscal periods from 14/3 to 17/3, a portion of the logistics network business was transferred to the regional storage business.

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.

Operating Environment

Worsening personnel shortage: Costs for transport, delivery, and handling in Japan continue to rise. The nationwide labor shortage has made fundamental operational reform a necessary, beyond just greater efficiency at the business office or individual level.

Business Strengths

Storage capacity and cargo pickups:

Nichirei has the top share of storage capacity in Japan (about 10%, 1.45 million tonnes), with warehouses in agricultural regions as well as major metropolitan areas.

Diverse services:

Nichirei utilizes its nationwide storage facilities and transport delivery network to offer a comprehensive service of storage, additional services, and delivery. We have 34 major transfer center service retailers.

Quality controls and trustworthiness:

Building on the trust in its high-quality operational know-how, Nichirei conducts business with around 5,000 companies annually.

Basic Policy of the Medium-term Plan

In Japan, Nichirei will increase the scale of the logistics network business by strengthening the third-party logistics (3PL) business, and expanding the scope of operations and transfer centers (TCs). We also aim to increase earnings by strengthening the storage business in major metropolitan areas, and providing more comprehensive services in regional areas that combines storage and transport. Outside Japan, Nichirei will expand its business base, focusing on Europe.

Progress in FY17/3

Japan

The regional storage business was positive, with Nichirei capturing firm demand in the two major metropolitan areas of Kanto and Kansai, mainly at large-scale centers that were the focus of investment in the previous business plan.

Overseas

In Europe, Nichirei made steady efforts to capture transport demand, including delivery to retail outlets, and expanded cargo pickups for dairy products, meats, fruit juices, and other goods. However, revenue and earnings declined as a result of the negative impact from the weak euro, and revision to the customer makeup in Poland.

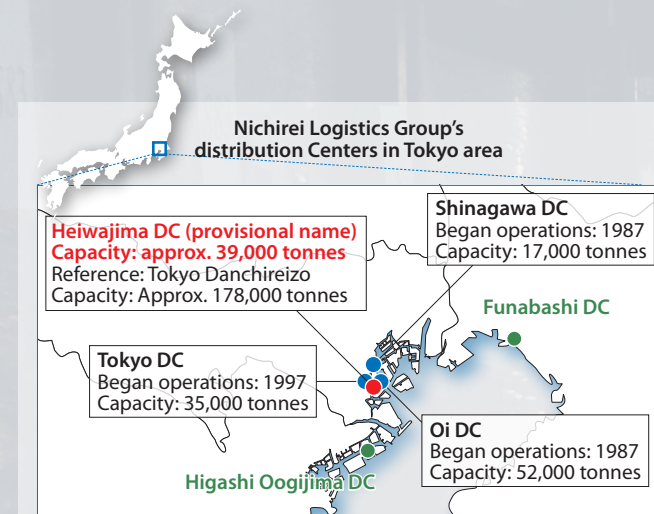
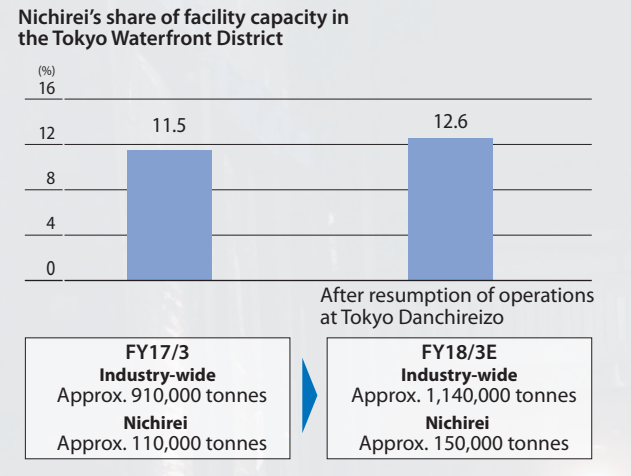


Measures for FY18/3

Japan

Nichirei Logistics Kanto Heiwajima DC (Within Tokyo Danchireizo)

Nichirei expects to resume operations at Tokyo Danchireizo in March 2018, and commence operations at the Heiwajima Distribution Center (provisional name) located within this facility. The Heiwajima area is the import/export gateway for the Tokyo metropolitan area, a major consumption region, and is considered the most ideal location for logistics in Japan. Nichirei will utilize the advantageous location and additional services to expand pickups of new cargo, and provide optimal placement of stored cargo according to the attributes of the location.



Overview of Nichirei Logistics Kanto Heiwajima DC

Location	Heiwajima, Ota-ku, Tokyo
Start of operations	March 2018 (expected)
Capacity	39,000 tonnes
Structure	Reinforced concrete structure, Seismic isolation structure
Loading berths	22

Site function	
Storage	Logistics
Heiwajima DC Oi DC Tokyo DC Shinagawa DC	Higashi Oogijima DC Funabashi DC
144,000 tonnes	180,000 tonnes

Implementing measures for workflow innovation in warehouses

The labor shortage and higher handling costs is driving workflow process innovation at warehouses, and Nichirei is currently implementing measures including the trial introduction of unmanned forklifts. Going forward, we will utilize artificial intelligence (AI) and other technologies to refine income and expenditure management by work operation, streamline and even-out workflow, and optimize personnel assignments, in an effort to realize labor savings and productivity gains.

Implementing measures for workflow innovation in warehouses

[Special characteristics of food distribution]

- Wide variety of cargo from upstream to downstream
- Broad seasonal fluctuations in volume
- "First in, first out" (FIFO) principle
- High-density utilization of warehouse space (Frequent shifting, repositioning of cargo)
- Previously done with manpower (Labor-intensive work)

Labor shortages and rising operational costs have led to a considerable decrease in profitability of labor-intensive work

Need for work process innovations

Prioritization and successive implementation

- Introduction of racks**
 - Reduced workload for cargo shifting and repositioning
 - Determine cargo position by pallet
- Introduction of mobile terminals on forklifts**
 - Greater efficiency in work directive
 - Accumulate operational data
- Trial introduction of unmanned forklift**
 - Labor-saving measure

Based on updated facilities and accumulated operational data, we will seek to utilize AI and other technologies for labor savings and productivity gains.

- Refine income and expenditure management by work operation
- Optimize and even-out workflow, optimization of personnel assignment

Current status

Workload reduction and work digitalization phase

Future

Overseas

Facility investment in Europe to strengthen the business base

Nichirei has decided to expand refrigerated warehouse capacity at Rotterdam port by 27,000 tonnes in order to enhance its competitive advantage. The expanded facility is scheduled to begin operations in June 2018. Rotterdam has the highest cargo volume in Europe, and Nichirei will increase its market share by providing value-added services, and strengthening its quarantine functions. In Poland, Nichirei will further broaden the scope of storage and transport services to major Polish retail customers.

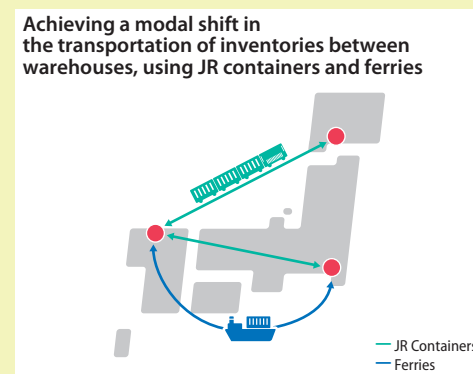


Overview of Eurofrigo B.V.

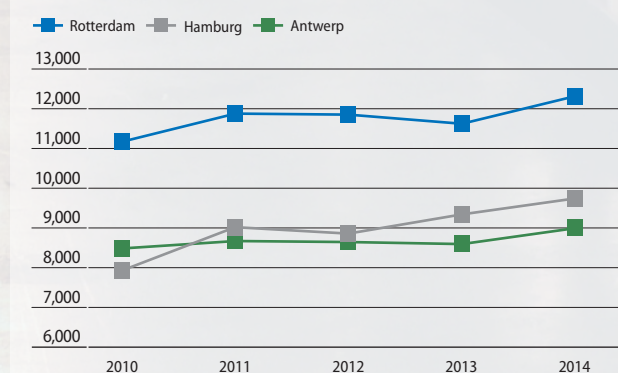
Location	Maasvlakte district of the Port of Rotterdam
Start of construction	September 2017 (expected)
Completion of construction	June 2018 (expected)
Capacity	27,000 tonnes
Site area	38,945 m ²

Crafting Change to Sustain Growth of Logistics Business
Logistics Network Received Top Prize for Modal Shift

Logistics Network, Inc., the main transport and delivery company for the Nichirei Logistics Group, received the "Best Modal Shift Business Entity Award (Grand Prize)" at the 14th Awards Ceremony for Excellent Business Entities Working on Modal Shift, sponsored by the Japan Association for Logistics and Transport. Modal shift is the shifting of truck-based cargo transport to ships and railways as a means to reduce CO₂ emissions. This award recognized Nichirei's ongoing efforts since early 2000 for various types of modal shifts to trunk line transport. The Nichirei Logistics Group plans to further expand modal shift, including as a means to address rising transport costs due to a shortage of drivers.



Refrigerated/freezer container handling volume at major European ports



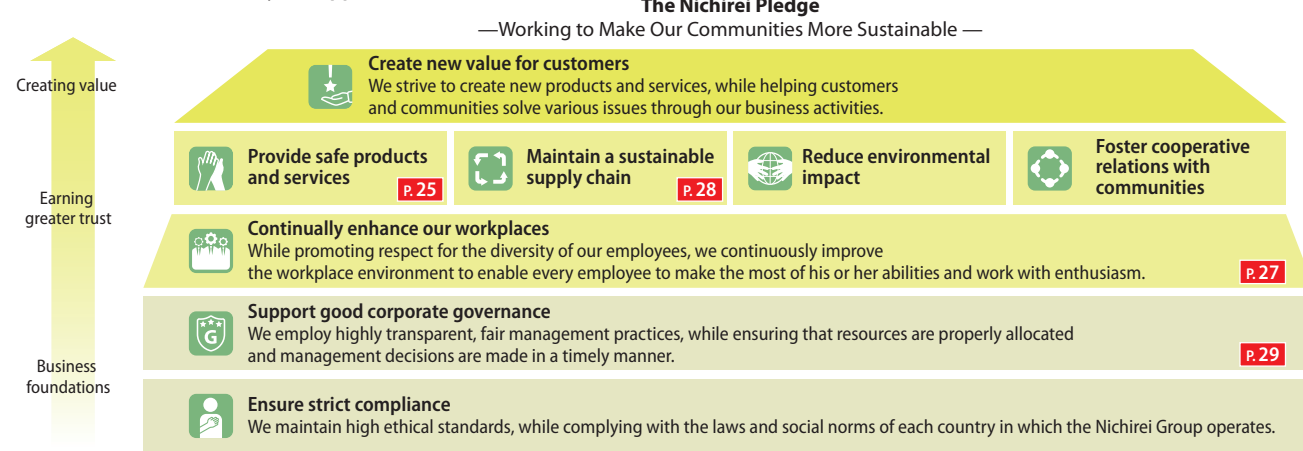
Source: International Association of Ports and Harbors [World Container Traffic Data 2015]

Strengthening Our Management Base to Enhance Corporate Value

Strengthening Our Management Base to Enhance Corporate Value

- 24 The Nichirei Pledge and ESG Initiatives
- 25 Provide Safe Products and Services
- 27 Continually Enhance Our Workplaces
- 28 Maintain a Sustainable Supply Chain
- 29 Support Good Corporate Governance

Revisions to the CSR Basic Policy to Support Sustainable Growth



Strengthening Our Management Base to Enhance Corporate Value The Nichirei Pledge and ESG Initiatives

Please refer to the following webpage for details of the Nichirei Group's environmental, social and governance (ESG) initiatives. <http://www.nichirei.co.jp/english/csr>

ESG-related initiatives effective from April 2017

- Renewed the basic CSR policy to the Nichirei Pledge
- Established the Nichirei Group Sustainable Supply Chain Policy
- Revised the Basic Policy on Corporate Governance
- Established the Nichirei Group Workplace Improvement Policy

ESG indices

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- MSCI Japan Empowering Women Index
- MSCI Japan ESG Select Leaders Index



Basic CSR policy renewed as the Nichirei Pledge

The Nichirei Group revised the six areas of responsibilities that comprised its basic CSR policy and created a new basic policy called the Nichirei Pledge, effective from April 2017. The Group will be carrying out initiatives based on the Nichirei Pledge from FY18/3.

Two items added to the new basic policy

In addition to the six areas of responsibilities of the former basic CSR policy, two items have been added to the Nichirei Pledge: "provide safe products and services," and "maintain a sustainable supply chain." Furthermore, the previous item, "develop concern for the environment," was changed to "reduce environmental impact," and "promote social contributions specific to Nichirei" was changed to "foster cooperative relations with communities." The revisions position the Nichirei Group's food procurement, production, and distribution as primary areas of operations as it conducts business in Japan and many other countries around the world, while clarifying essential tasks to pursue in recognition that the Group's businesses affect assorted stakeholders, communities and the environment in various ways.

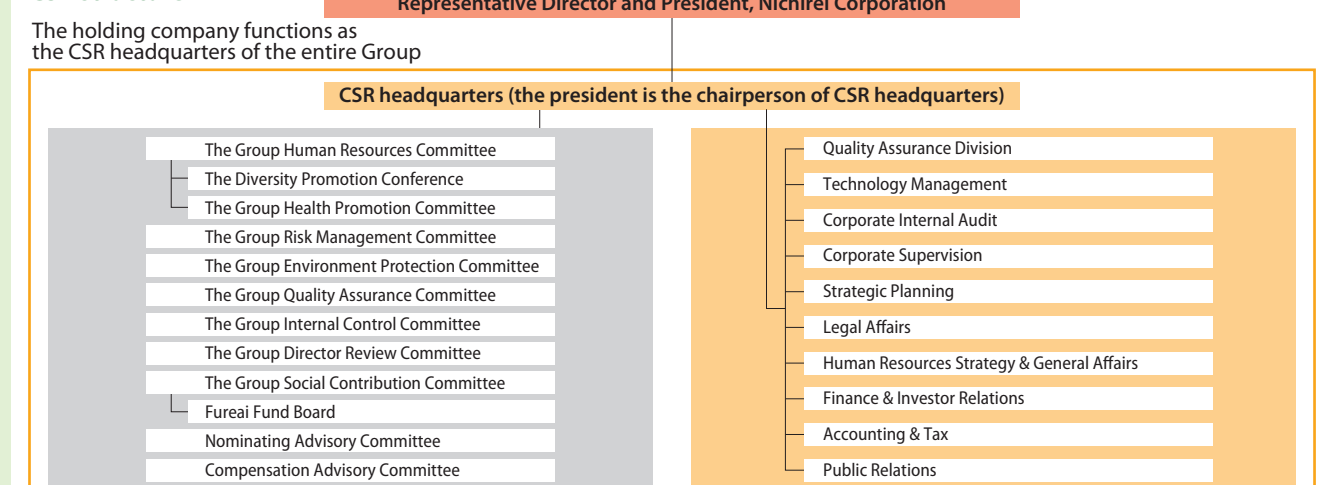
CSR management structure

In order to manage CSR activities across the entire Nichirei Group, Nichirei Corporation, the Group's holding company, functions as the CSR headquarters, with the company president serving as chairperson. The CSR headquarters shares information on deliberations by various committees that have been set up for advising the Board of Directors, conducts reviews of CSR initiatives, and puts forward related improvements for the following fiscal year. In April 2017, a CSR Promotion group was newly set up in Nichirei's Strategic Planning Department.

CSR management discussion meeting

The Nichirei Group established its CSR Management discussion meeting in FY17/3. Since then, the committee has mainly deliberated on business activities that contribute to society, effective ways for the Group to communicate to the public, and initiatives for building public trust with communities. It is primarily comprised of members of CSR projects at Nichirei Corporation and relevant managers from the Group's four main operating companies. In FY17/3, the committee held discussions on maintaining a sustainable supply chain, and organized environmental- and social-related projects for each company of the Nichirei Group.

CSR structure



Provide Safe Products and Services

P.23

Food Safety and Security
<http://www.nichirei.co.jp/english/safety/>

Basic approach

The Nichirei Group established its Fundamental Policies on Quality Assurance in an effort to guarantee the quality and safety of its products and services. The policies are intended to maintain and raise the level of customer satisfaction and standards for quality control and quality assurance group-wide, especially measures for preventing harm to the health of customers. The policies were revised in 2014 to include the concept of "food defense" along with the conventional approach of preventing food contamination. In the event that a product defect or accident threatens the health of customers, the Group can respond promptly with accurate information through networking systems it has put in place. Internal inspections are conducted under the Group's Quality Management System (QMS) in order to verify and evaluate the effectiveness of these systems, and a plan-do-check-act (PDCA) cycle is carried out as a means for making improvements on an ongoing basis.

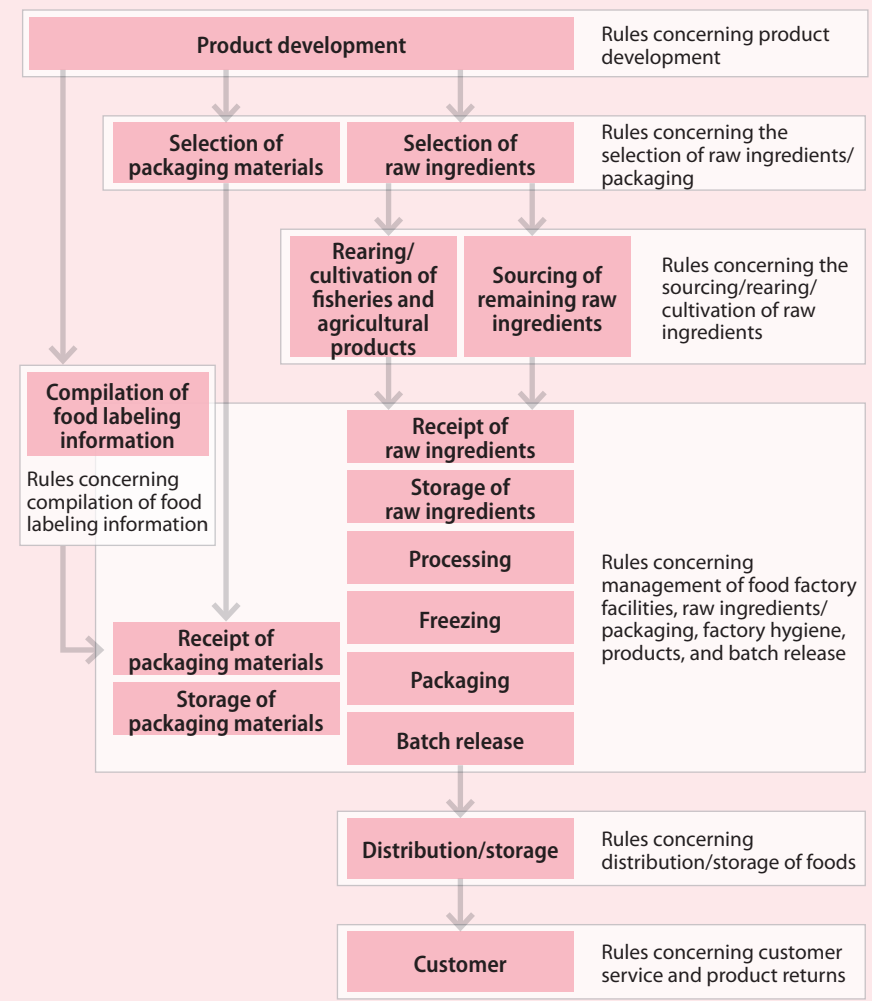
Fundamental policies on quality assurance

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



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.



Nichirei's measures for dealing with substances that threaten the safety of food

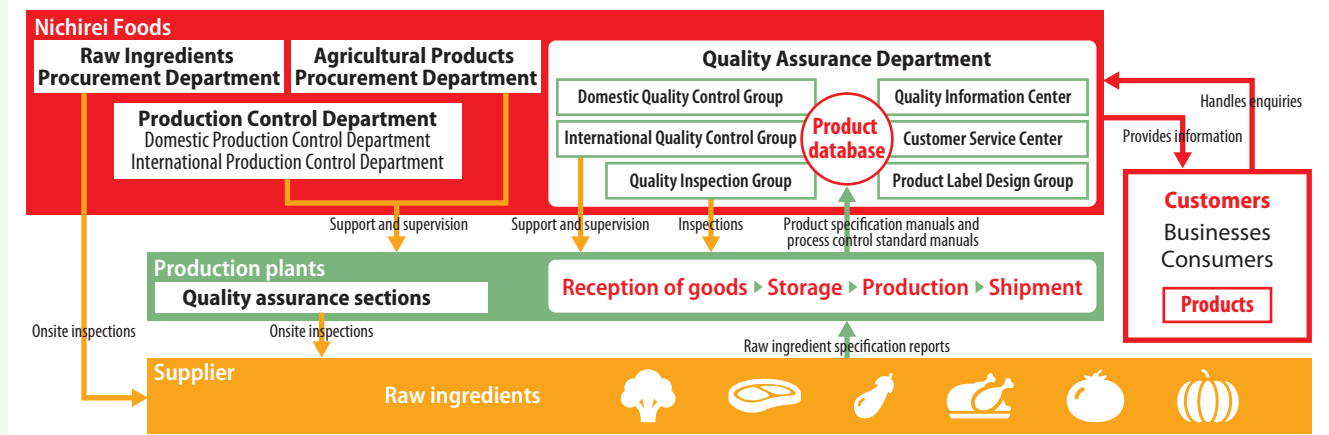
The Nichirei Group has established a variety of safety management systems for ensuring that the products it produces and sells are safe to eat. The Group is implementing food hygiene measures for dealing with six types of substances that can cause harm to customers, described as follows:



Ensuring food safety and security with comprehensive traceability capabilities

At the production stage, the Nichirei Group has incorporated control techniques based on ISO 9001 standards and the hazard analysis and critical control points (HACCP) system, and created product specification manuals, including process control standard manuals for each product it produces. Moreover, the Group has set control items and requirements for each production process in an effort to ensure strict quality control. The Nichirei Group uses its independently developed Production Assistance System (PAS) at its production plants in Japan and some of the plants of its affiliated companies outside Japan. It has also computerized its food tracing system, which has increased the speed of searches and the accuracy of production controls. These systems are reviewed by quality assurance committees at production plants, and are subject to internal inspections and audits by ISO certification organizations.

Nichirei's quality assurance organization



The Nichirei Group Quality Assurance System

The Nichirei Group's food inspection and analysis operations are based at its Food Safety Center, which verifies the quality assurance activities of all food manufacturing companies in the Group. Inspections are mainly focus on the existence of residual agrochemicals in frozen vegetable products, and residual veterinary drugs such as antibiotics and synthetic antibacterial agents in processed foods made with marine life or meat. In the event that any of these substances are detected, even within regulatory limits, the analysis results are provided to the relevant company and the cause of the results are investigated. At present, the inspections cover more than 400 items related to agrochemicals and veterinary drugs.

Initiatives of the Food Safety Center for improving quality and hygiene management in production facilities

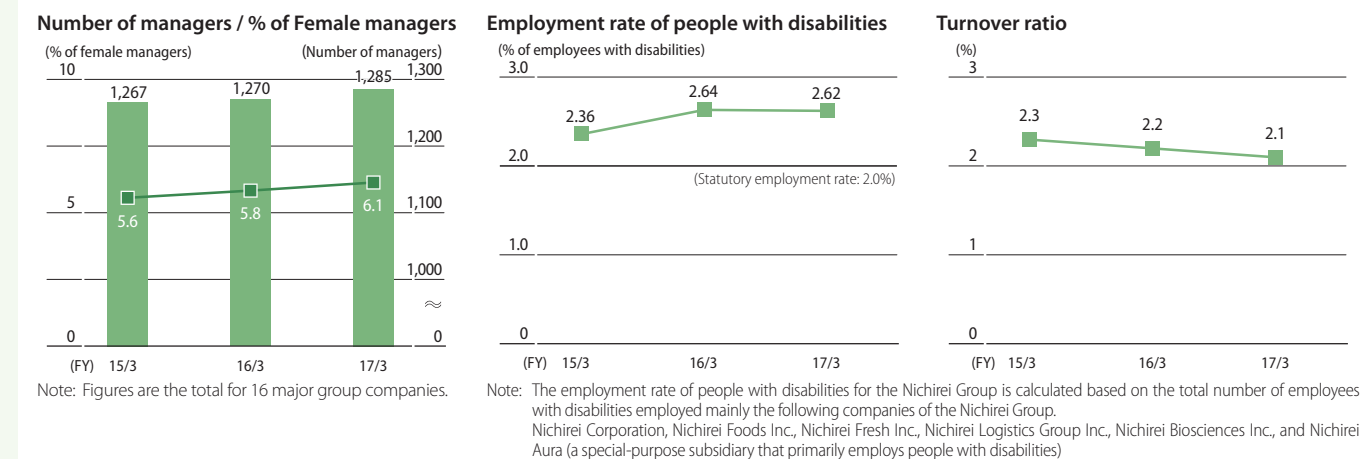
Auditing ● Auditing Inspections Inspection of factories and products (for microbes, residual agrochemicals/ veterinary drugs, food additives) ● Product Brand Inspection Checking for allergens, etc. ● Laboratory Auditing Microbiology laboratories: checks of technologies, management, and operations ● Cross-checks Testing of microbiology laboratories' proficiency in production facilities	
Technical Support ● Support for microbiological problems at production facilities ● Ideas for easy testing methods ● Support for starting up new laboratories	Training/Guidance ● Training and technical guidance for inspectors

Strengthening Our Management Base to Enhance Corporate Value
Continually Enhance Our Workplaces

For Employees
<http://www.nichirei.co.jp/english/csr/work/>

Basic approach

In the Nichirei Group, employees are regarded as the source of business growth. Accordingly, “continually enhance our workplaces” was established as one of the core objectives of the Nichirei Pledge when the Group’s basic CSR policy was revised effective from April 2017. With the goal of creating dynamic workplaces, the Group Human Assets Committee and the Diversity Promotion Conference share information on and confirm the progress of efforts to enhance workplaces pursued at all group companies.



Basic policies for workplace enhancement

The Nichirei Group has established its Basic Policies for Enhancing Workplaces, which centers on creating employee-focused workplaces and the promotion of diversity. Based on the principle of promoting both customer satisfaction and employee satisfaction in management, the policy of creating employee-focused workplaces is intended for maintaining workplace environments in which employees can make the most of their capabilities while taking pride in their job and place of work. The policy of promoting diversity recognizes that differences in the attributes of employees, such as gender, age, and nationality, as well as their diverse ideas and values are all powerful sources of innovation for the Group. By drawing on such diversity and treating its employees as assets, the Group intends to generate new ideas and value while enhancing job satisfaction and motivation among employees.

The Nichirei Group Workplace Improvement Policy established

With a view to enable more diverse working styles for employees, the Nichirei Group established the Nichirei Group Workplace Improvement Policy in April 2017. By expanding choices for workstyles and providing training and equal opportunities, the Group intends to improve its workplaces, make its organizations more dynamic, and raise productivity. The goals of the policy are set to be attained by FY22/3.

- 1. Diversify ways of working**
 - i. Expand choices in employment
 - ii. Establish a framework for continued career paths
- 2. Rectify the practice of working long hours**
- 3. Provide equal opportunities**
 - i. Support active roles for women
 - ii. Provide a stimulating workplace for people with disabilities
 - iii. Establish employment for seniors

Nichirei Logistics Group’s initiatives for promoting the success of women

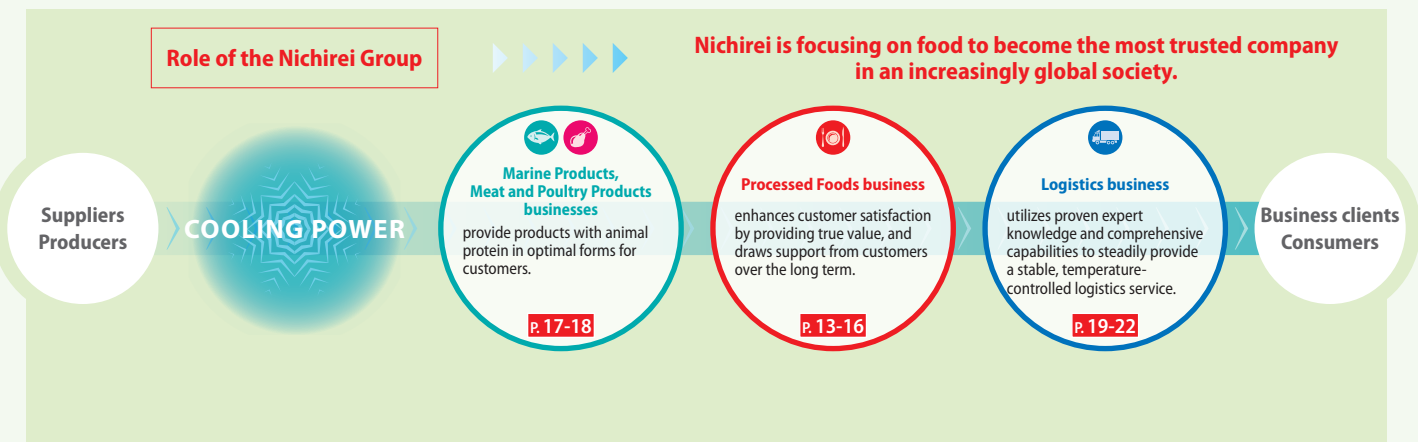
The Nichirei Logistics Group has been promoting diversity with the goal of recreating its organizations so that diverse human resources can thrive. As part of its efforts, the company declared its intention to promote the success of female employees in 2016, established an office dedicated to helping female employees succeed, and set the goal of doubling the number of women in management positions. In addition, it organized a women’s forum as a venue for female employees from all over Japan to come together and share ideas on how to pursue personal success and what kind of support is needed in the workplace.

Recognizing that promoting the success of women is an important driver of corporate change, the Nichirei Logistics Group intends to transform its corporate culture by drawing on the sensibilities of women in its operations and workplace management.

Strengthening Our Management Base to Enhance Corporate Value
Maintain a Sustainable Supply Chain

Basic approach

Maintaining a sustainable supply chain is the foundation for supporting the Nichirei Group’s business activities. With the expansion of its operations internationally, the Group’s suppliers, customers, and other stakeholders are now spread all over the world. Accordingly, the Group has a social responsibility to manage the entire supply chain from a global standpoint. In order to shift toward this approach, the Group established the Nichirei Group Sustainable Supply Chain Policy in tandem with the Nichirei Pledge, both of which went into effect from April 2017.



Incorporating the supply chain as an important item in the basic CSR policy

As the world becomes increasingly borderless, it is essential to strengthen supply chains from a global perspective in order to strictly control the quality of goods procured from other countries. When the Nichirei Group renewed its basic CSR policy as the Nichirei Pledge, which went into effect from April 2017, it added “maintain a sustainable supply chain” as one of the core objectives of the new policy. This demonstrated to all members of the Nichirei Group and to the general public that the Group is committed to maintaining a sustainable supply chain, and regards that as a basis for providing safe products and services, the very foundation of its business activities.

Establishment of the Nichirei Group Sustainable Supply Chain Policy

The Nichirei Group Sustainable Supply Chain Policy was put into effect from April 2017. With the goal of reducing all supply chain-related risks, the Nichirei Group is procuring goods and services in accordance with the policy, and encouraging its suppliers to fully understand the policy and put it into practice.

Nichirei Group Sustainable Supply Chain Policy

- Legal compliance**
We comply with the laws and social norms of each country and region where we operate.
- Fair business practices**
We employ fair, transparent, and impartial business practices.
- Human rights**
We respect human rights and provide safe, healthy work environments.
- Environment**
We strive to reduce environmental impact and consider the health of the global environment.
- Product quality and safety**
We work hard to deliver safe, high-quality products and services.
- Information management**
We manage information properly and disclose information related to our business activities in a timely, appropriate manner.
- Local communities**
We seek to build close cooperative relationships with local communities, as a good corporate citizen.

Basic Policy on Corporate Governance:
http://www.nichirei.co.jp/english/corpo/management/governance_policy.html
 Corporate Governance Report (Japanese only).
http://www.nichirei.co.jp/english/corpo/pdf/governance_01.pdf

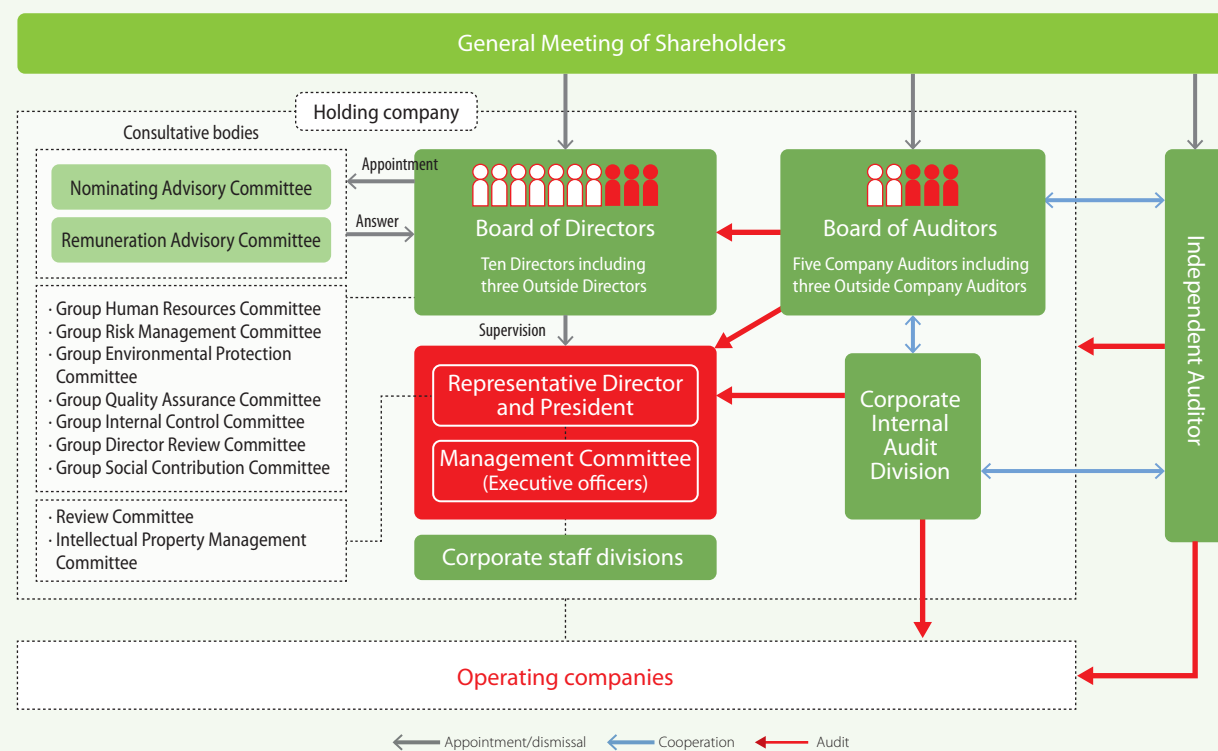
Basic approach

Under the holding company, Nichirei Corporation, the Nichirei Group's four operating companies—Nichirei Foods Inc., Nichirei Fresh Inc., Nichirei Logistics Group Inc., and Nichirei Biosciences Inc.—engage in a wide range of business activities involving processed foods, marine products, meat and poultry products, temperature-controlled logistics, and bioscience. Nichirei's Board of Directors is responsible for drafting Group-wide business strategies and overseeing business execution with the goals of attaining sustainable growth and raising corporate value over the medium and long terms. As a corporate governance system, Nichirei adopted the company with a board of auditors structure, pursuant to the Companies Act of Japan. Furthermore, in recognition that the realization of impartial and highly transparent management is an essential task for management, Nichirei works to ensure sound corporate governance under the supervision of its Board of Directors, including proper allocation resources, prompt decision making, and strict compliance.

Revision of the basic policy on corporate governance

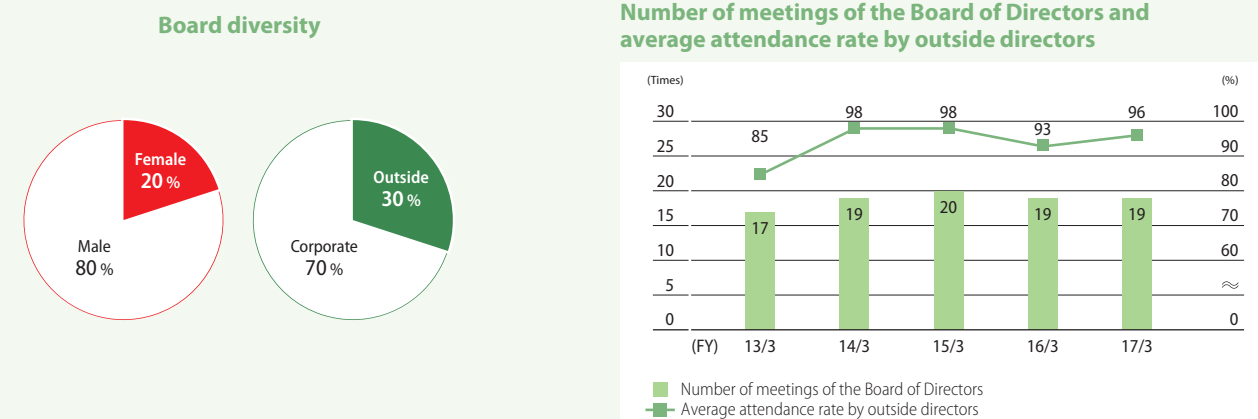
The Nichirei Group conducts business in Japan and other countries of the world, primarily in the areas of food procurement, production and distribution. With an understanding that these business activities affect assorted stakeholders, communities and the environment in various ways, the Group revised its Basic Policy on Corporate Governance as of April 2017. Concretely, the revision reflects the renewal of the Group's basic CSR policy to the Nichirei Pledge, which also went into effect from April 2017, and specified important tasks that the Nichirei Group must implement for the benefit of society and the environment in the future. (Please refer to the page concerning ESG for more information.)

Diagram of corporate governance structure



Overview and structure (after the General Meeting of Shareholders on June 27, 2017)

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 FY17/3	Number of meetings: 19 Attendance rate by outside directors: 96%; Attendance rate by outside company auditors: 100%
Number of meetings of the Board of Auditors in FY17/3	Number of meetings: 15 Attendance rate by outside company auditors: 100%
Independent Auditor	Ernst & Young ShinNihon LLC



Summary of the Board of Directors evaluation results

An analysis and evaluation of the status of activities by the Board of Directors is carried out as necessary with the assistance of outside experts for the purpose of ensuring effective decision-making by the Board, and a summary of the results is then publicly disclosed. A summary of the method and results of the evaluation conducted in FY17/3 is as follows:

(1) Method of the evaluation

Participants: All directors and auditors (15 people in total)
 Period: Late January to early February 2017
 Method: Anonymous questionnaire, with five grades of performance and self-evaluation questions covering 64 items organized under 12 categories

(2) Summary of the evaluation results

The current status of Nichirei's Board of Directors and the tasks were confirmed through the exchange of opinions derived from the results of the questionnaire. The following items were evaluated as either "excellent" or "satisfactory" among the five grades of performance:

- Suitability of the size and composition of the Board of Directors
- Openness and fairness of deliberations by the Board of Directors

In addition to the items above, almost all other items in the questionnaire were evaluated higher in comparison with results from the previous fiscal year.

Among the self-evaluation responses, matters deemed as needing more in-depth discussion by the Board of Directors included the following:

- Medium- and long-term growth strategies
- Best organization of the holding company and the network of group companies
- Long-term succession plan for the position of chief executive officer

Furthermore, matters deemed as requiring a greater level of reporting included the following:

- Monthly updates of financial results and industry news
- The content of discussions held by various committees that advise the Board of Directors on quality assurance, environmental protection, and human resources
- Progress made in exploring potential new businesses

The matters above have since been reflected in the activities of the Board of Directors. In the future, periodic evaluations of Nichirei's Board of Directors will be conducted on a continuous basis in an effort to improve its efficacy.

Directors, Auditors and Officers

(As of June 28, 2017)

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 supervise as well as corporate management experience as President of the Company and its group companies.



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 a group company.



Takumi Taguchi
Director and Executive Officer, Deputy Executive General Manager, Corporate Social Responsibility Headquarters; Supervising Corporate Internal Audit, Corporate Supervise, 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 & tax and finance divisions.



Yoshifumi Kaneko
Director and Executive Officer

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



Kenya Okushi
Director and Executive Officer

Mr. Kenya Okushi has gained a wealth of experience in divisions such as manufacturing and business coordination of the processed foods business as well as strategic planning.

Outside Directors



Junji Kawasaki
Director and Executive Officer, Supervising Quality Assurance Division; concurrently, General Manager, Technology Management

Mr. Junji Kawasaki has acquired extensive experience in the quality assurance division through duties that include performing quality audits and process quality management, and the marketing division of 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 (including meetings of the Nominating Advisory Committee and Remuneration Advisory Committee).

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



Shizuka Uzawa
Outside Director

Mr. Shizuka Uzawa has extensive experience as a corporate executive coupled with a wide-ranging knowledge of finance and accounting and, in the interest of Group management, provides opinions and advice during meetings of the Board of Directors and various other internal meetings (including meetings of the Nominating Advisory Committee and Remuneration Advisory Committee).

Significant concurrent positions outside the Company
Outside Director, Japan Finance Corporation
Outside Director, Sapporo Holdings Limited



Mieko Wanibuchi
Outside Director

Ms. Mieko Wanibuchi has worked in corporate management for many years and leverages the knowledge and experience acquired through these endeavors to offer opinions and advice during meetings of the Board of Directors and various other internal meetings (including meetings of the Nominating Advisory Committee and Remuneration Advisory Committee) from perspectives that include the product and service purchasing behaviors of consumers.

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.



Kazutoshi Kaitsu
Company Auditor



Yasunari Shigeno
Company Auditor

Outside Company Auditors



Kunitaro Saida
Outside Company Auditor



Masaaki Okajima
Outside Company Auditor



Kazuo Nagano
Outside Company Auditor



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



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



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



Yutaka Karino
Executive Officer, concurrently General Manager, Human Resources Strategy & General Affairs

Officers

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Management's Discussion and Analysis

Operations

Business Environment

During the fiscal year ended March 2017(FY17/3), Japan's economy recovered at a moderate pace, with an increase in public spending as an economic measure, improvement in employment conditions and incomes on recovery in corporate earnings, and signs of an upturn in consumer spending around the end of the fiscal period.

In the food industry, the main business domain for the Nichirei Group, amid growing consumer inclination toward thrift, demand remained firm for home meal replacement (HMR) products such as side dishes owing to greater diversity in food needs. In the cold chain logistics industry, storage demand was steady centered on major metropolitan areas, though personnel and transport/delivery costs continued to rise as a result of the labor shortage.

Overview

Precisely assessing these changes in the business environment, the Nichirei Group contributed to the resolution of social problems through its business activities, and during the first year of the new medium-term business plan (FY17/3 – FY19/3), worked to further strengthen its core businesses with the aim of sustainable earnings growth and greater capital efficiency.

In the Processed Foods business, Nichirei concentrated on expanding sales of mainstay products produced at company-owned plants through enhancements to brand power and proactive promotional campaigns. We also continued with efforts for productivity improvements and cost reductions, and improved profitability. In the Logistics business, Nichirei steadily captured robust storage demand mainly in the Kanto and Kansai regions, and expanded earnings through greater

operational efficiency, receipts of appropriate fees, and other measures.

Operating Results

Consolidated net sales in FY17/3 increased 0.8% from the previous fiscal year to ¥539,657 million, driven by the core businesses. Operating income rose 35.8% to ¥29,309 million, the result of continued earnings improvement in the Processed Foods segment, and positive performance in the Meat and Poultry Products segment. The operating margin was 5.4%, up 1.4 percentage points from a year earlier.

In terms of expenses, the cost of sales decreased 1.3% year on year to ¥448,516 million, with the sales cost ratio declining 1.8 percentage points to 83.1%. Selling, general, and administrative expenses rose 3.9% from a year earlier to ¥61,831 million, due mainly to increases in advertising and promotional expenses, and outsourcing costs.

Performance by Segment

Processed Foods

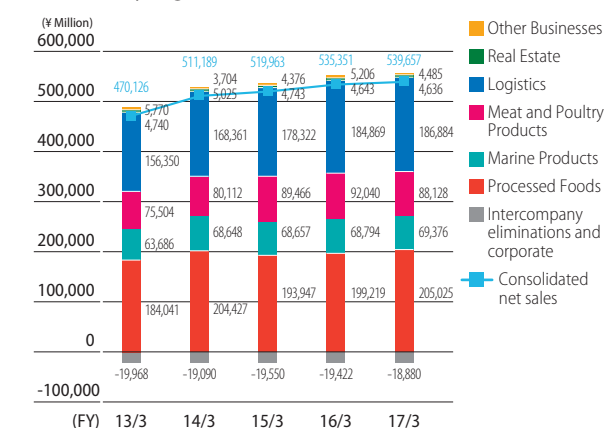
	(¥ Million)		
	FY16/3	FY17/3	Change (%)
Net sales	¥ 199,219	¥ 205,025	2.9
Operating income	7,959	13,872	74.3
Operating margin	4.0%	6.8%	

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

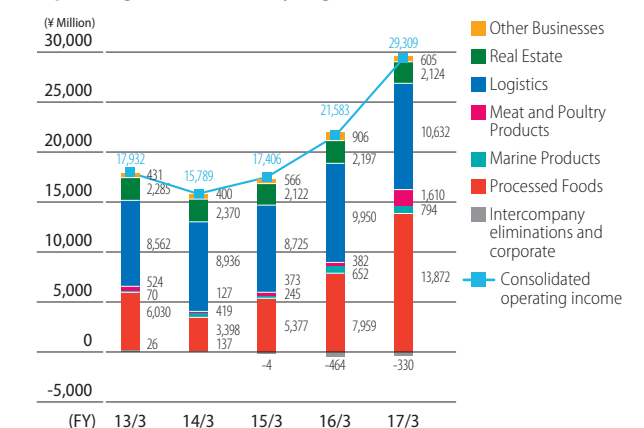
The business environment for the processed foods industry was marked by growing consumer inclination toward thrift, with firm for HMR products on account of greater diversity in food needs.

In this business environment, Nichirei strengthened product

Net Sales by Segment



Operating Income (Loss) by Segment



Management's Discussion and Analysis

development and promotions for mainstay categories such as rice and processed chicken products, and increased the operating rate at company-owned plants. Sales of both household-use and commercial-use products expanded as a result, with net sales in the Processed Foods segment rising 2.9% from the previous fiscal year to ¥205,025 million. Operating income rose significantly, up 74.3% year on year to ¥13,872 million, due mainly to revenue gains, enhanced production efficiency, and lower food material and procurement costs.

(a) Prepared Frozen Foods (Household Use)

Net sales increased 11.6% from the previous fiscal year as a result of consumer campaigns, television commercials, and other promotional activities that boosted sales of rice-based products such as *Honkaku-itame Cha-han* (Authentic Fried Rice), *Renji de Fukkura Paratto Gomoku Cha-han* (Plump and Crispy in the Microwave Mixed Fried Rice), and *Yaki-onigiri* (Grilled Rice Ball). We also expanded our lineup of everyday foods for the family dinner table with the launch of *Tokusei Menchi-katsu* (Special Minced Meat Cutlet) and other items in the *Takumi-Okazu Series*.

(b) Prepared Frozen Foods (Commercial Use)

Net sales increased 3.0% year on year, the result of implementing product measures emphasizing profitability, along with a focus on product development and sales activities in response to steady growth in the HMR market, with greater sales volume for mainstay processed chicken products, and *Honkaku Chuka Guzai Kiwadatsu Paritto Harumaki* (Authentic Chinese Exceptional Ingredients Crispy Spring Rolls), developed as part of the "exceptional taste" concept.

(c) Processed Agricultural Products

Net sales increased 1.8% 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 broccoli, green beans and other products in the *Sono Mama Tsukaeru* (Just Thaw and Eat) series.

(d) Overseas (Jan.–Dec. 2016)

Nichirei's U.S. subsidiary InnovAsian Cuisine Enterprises expanded sales of frozen foods to the U.S. Asian foods market, but net sales overall declined 6.7% year on year, due mainly to the effect of foreign exchange conversion from the strong yen.

Marine Products, Meat and Poultry Products

Marine Products

	¥ Million		
	FY16/3	FY17/3	Change (%)
Net sales	¥ 68,794	¥ 69,376	0.8
Operating income	652	794	21.8
Operating margin	0.9%	1.1%	

In the marine products industry, procurement costs for marine products in general remained high amid declining fishery resources and firm demand overseas, while consumption in Japan continued to decline with the deep-seated inclination among consumers toward thrift regarding food.

Net sales in the Marine Products segment rose 0.8% from the previous fiscal year to ¥69,376 million, with operating income up 21.8% to ¥794 million. This was due mainly to growth in business volume for octopus and other products resulting from strengthened sales to the restaurant and HMR markets and efforts to secure stable earnings, along with improved profitability for shrimp following diversification in procurement sources.

Meat and Poultry Products

	¥ Million		
	FY16/3	FY17/3	Change (%)
Net sales	¥ 92,040	¥ 88,128	-4.3
Operating income	382	1,610	321.0
Operating margin	0.4%	1.8%	

In the livestock industry, consumer preference for domestic products led to continued robust demand, with markets prices rising steadily due to the short supply of domestic products, mainly poultry and beef.

Net sales in the Meat and Poultry Products segment declined 4.3% year on year to ¥88,128 million, due mainly to cautious buying and focus on sales in consideration of profitability. Operating income, however, rose 321.0% to ¥1,610 million, mainly owing to improved profitability for imported chicken, and growth in business volume for processed chicken products to the HMR market.

Logistics

	¥ Million		
	FY16/3	FY17/3	Change (%)
Net sales	¥ 184,869	¥ 186,884	1.1
Operating income	9,950	10,632	6.9
Operating margin	5.4%	5.7%	

In the cold chain logistics industry, storage demand remained firm mainly in urban waterfront districts due to an increase in import volume stemming from the strong yen, though personnel costs continued to rise amid the chronic labor shortage. In the transport industry, providers implemented such measures as shared delivery among companies in both similar and unrelated sectors.

In the Logistics segment, Nichirei concentrated on expanding

cargo pickups by fully utilizing large-scale refrigerated warehouses in major metropolitan areas, and providing a comprehensive logistics service in regional areas combining storage and transport/delivery functions. Net sales increased 1.1% year on year to ¥186,884 million on the contribution from the new transfer center, with operating income up 6.9% to ¥10,632 million, due mainly to higher revenue in the domestic business and operational improvements, offsetting earnings decline in the overseas business owing to the effects of foreign exchange conversion.

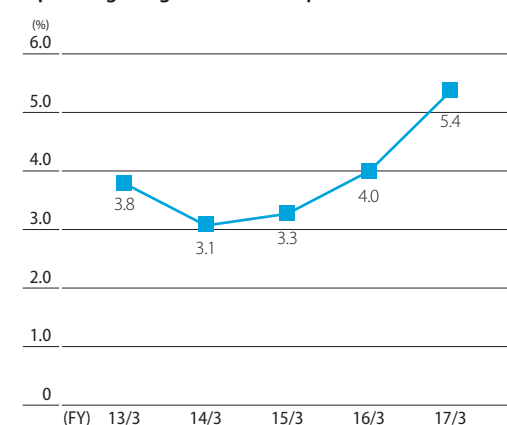
(a) Japan Business

Net sales in Japan rose 1.6% from the previous fiscal year to ¥150,657 million, due mainly to Nichirei steadily capturing robust storage demand mainly in the Kanto and Kansai regions, along with the contribution from new facilities in the transfer center business. Operating income increased 6.9% to ¥9,444 million amid increasing handling and transport/delivery costs, due mainly to measures for greater operational efficiency and receipts of appropriate fees.

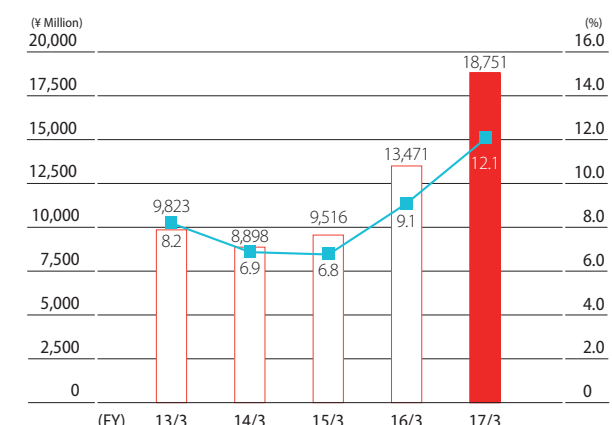
(b) Overseas Business

In Europe, Nichirei steadily captured transport demand including delivery services to retail outlets, and expanded cargo pickups for storage products such as dairy products, meat, and fruit juices. However, because of the effect of foreign exchange conversion from the weak euro and revisions to the customer makeup in Poland, net sales declined 5.5% year on year to ¥32,039 million, with operating income down 17.7% to ¥1,128 million.

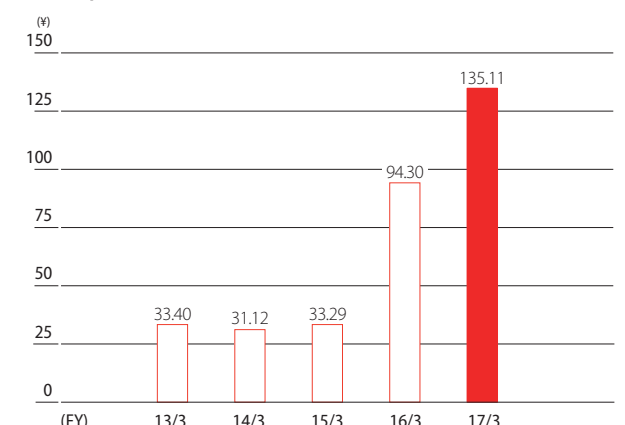
Operating Margin for the Group



Profit Attributable to Owners of Parent & ROE



Profit per Share



Note: The figure for 16/3 reflects the amount after the stock price consolidation conducted on October 1, 2016.

Real Estate

	¥ Million		
	FY16/3	FY17/3	Change (%)
Net sales	¥ 4,643	¥ 4,636	-0.1
Operating income	2,197	2,124	-3.3
Operating margin	47.3%	45.8%	

Nichirei conducted renovation and seismic control improvement projects, and worked to strengthen competitiveness in leased office buildings. However, as a result of a temporary decline in the occupancy rate due to tenant turnover, net sales declined 0.1% year on year to ¥4,636 million, with operating income down 3.3% to ¥2,124 million.

Other Businesses

	¥ Million		
	FY16/3	FY17/3	Change (%)
Net sales	¥ 5,206	¥ 4,485	-13.8
Operating income	906	605	-33.2
Operating margin	17.4%	13.5%	

Nichirei's bioscience business recorded steady growth in sales for molecular diagnostic drugs, but sales of rapid diagnostic drugs and biomedicine raw materials were sluggish. As a result, net sales in the Other Businesses segment decreased 13.8% to ¥4,485 million, with operating income down 33.2% to ¥605 million.

Other Income and Expenses

The net value of other income and expenses in amounted to net expenses of ¥1,491 million, compared to net expenses of ¥982 million in the previous fiscal year. This was due mainly to increase the loss of the retirement benefit plan revised, and decrease the gain on sale of investment securities.

Profit before Income Taxes and Net Income

As a result of the aforementioned, profit before income taxes in the fiscal year ended March 2017 rose 35.0% from the previous fiscal year to ¥27,818 million. Profit attributable to owners of parent increased 39.2% to ¥18,751 million.

Profit per share increased to ¥135.11, up from ¥94.30 in the previous fiscal year. Of note, Nichirei implemented a 1-for-2 reverse stock split on October 1, 2016. Profit per share has been calculated assuming the subject reverse split was conducted at the start of the previous fiscal year.

Capital Expenditures (Including Leased Assets)

Capital expenditures decreased 14.1% from the previous fiscal year to ¥13,887 million. Expenditures mainly comprised expanded production facilities in Thailand (Processed Foods), expansion of the sorting building at the Sendai Distribution Center in Miyagi Prefecture (Logistics), and expansion of processing facilities at the Kagoshima Soo Distribution Center in Kagoshima Prefecture (Logistics).

	¥ Million		
	FY16/3	FY17/3	Change (%)
Processed Foods	¥ 5,443	¥ 4,022	-26.1
Marine Products	244	268	9.8
Meat and Poultry Products	269	188	-30.1
Logistics	8,896	7,590	-14.7
Real Estate	500	450	-10.0
Other	183	612	234.4
Adjustments	638	754	18.2
Total	¥ 16,175	¥ 13,887	-14.1

Liquidity and Capital Resources

Net cash provided by operating activities in the fiscal year ended March 2017 amounted to ¥40,828 million, an increase of ¥3,795 million from the previous fiscal year. This was due mainly to ¥29,105 million in profit before income taxes, and ¥16,057 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), and income taxes paid.

Net cash used in investing activities amounted to ¥11,445 million. This was due mainly to ¥8,963 million in expenditures for the purchase of property, plant and equipment.

Net cash used in financing activities amounted to ¥21,883 million, an increase of ¥1,531 million from the previous fiscal year. This was mainly due to a ¥4,601 million decrease in long-term loans payable, and ¥12,446 million in purchase of treasury stock and cash dividends paid.

Free cash flows amounted to ¥29,382 million, an increase of ¥6,847 million from the previous fiscal year.

As a result, the balance of cash and cash equivalents at the end of the year amounted to ¥20,512 million, an increase of ¥7,343 million from the previous fiscal year.

Balance Sheet

Total assets at the end of March 2017 amounted to ¥346,195 million, an increase of ¥7,697 million from the previous fiscal year.

Current assets totaled ¥146,273 million, an increase of ¥6,890 million from the previous fiscal year. This was due mainly to a temporary increase of ¥7,343 million in cash and cash equivalents stemming from the increase in free cash flow.

Non-current assets totaled ¥199,921 million, an increase of

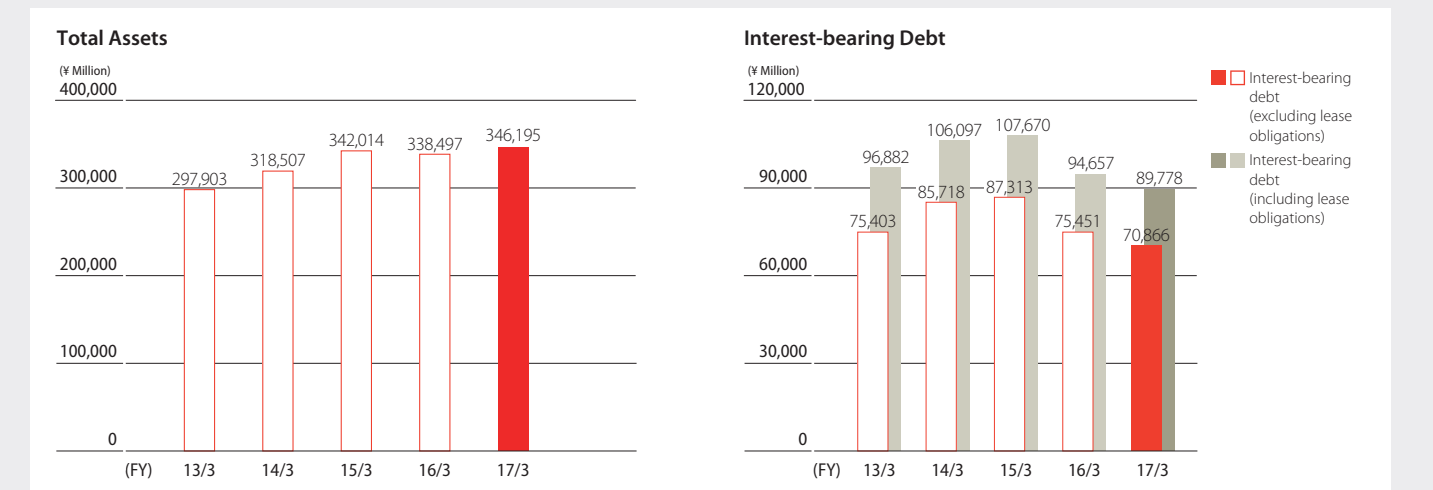
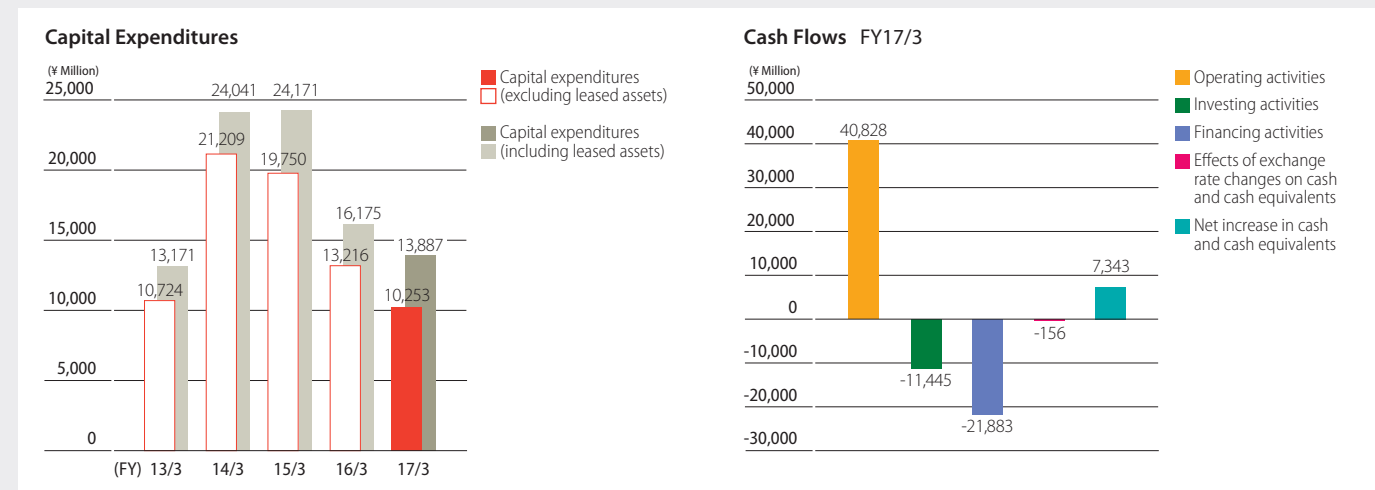
¥807 million. This was due mainly to a ¥4,283 million decrease in property, plant and equipment to ¥145,129 million, stemming from depreciation of capital investments made from the previous fiscal year, and the effect of exchange rate fluctuations. Investments and other assets totaled ¥48,114 million, an increase of ¥5,045 million. This was due mainly to an increase in the market value of investment securities.

Total liabilities amounted to ¥181,447 million, a decrease of ¥1,526 million from the previous fiscal year. This was due mainly to a decline of ¥4,878 million in interest-bearing debt stemming from repayment of long-term loans payable, offsetting an increase of ¥3,384 million in accrued expenses.

Interest-bearing debt totaled ¥89,778 million, with the ratio of interest-bearing debt to cash flow at 2.2 years, an improvement of 0.4 years from the end of the previous fiscal year.

Total net assets amounted to ¥164,747 million, an increase of ¥9,223 million from the end of the previous fiscal year. Shareholders' equity* totaled ¥159,141 million, with an equity ratio of 46.0% of total assets, up 1.6 percentage points from the previous fiscal year. The debt-to-equity (D/E) ratio, excluding interest-bearing debt from shareholders' equity, was 0.6 times, same as the previous fiscal year. Calculated excluding lease obligations from interest-bearing debt, the D/E ratio was 0.4 times, 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 2017 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 Nichirei 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 plants 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 current 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

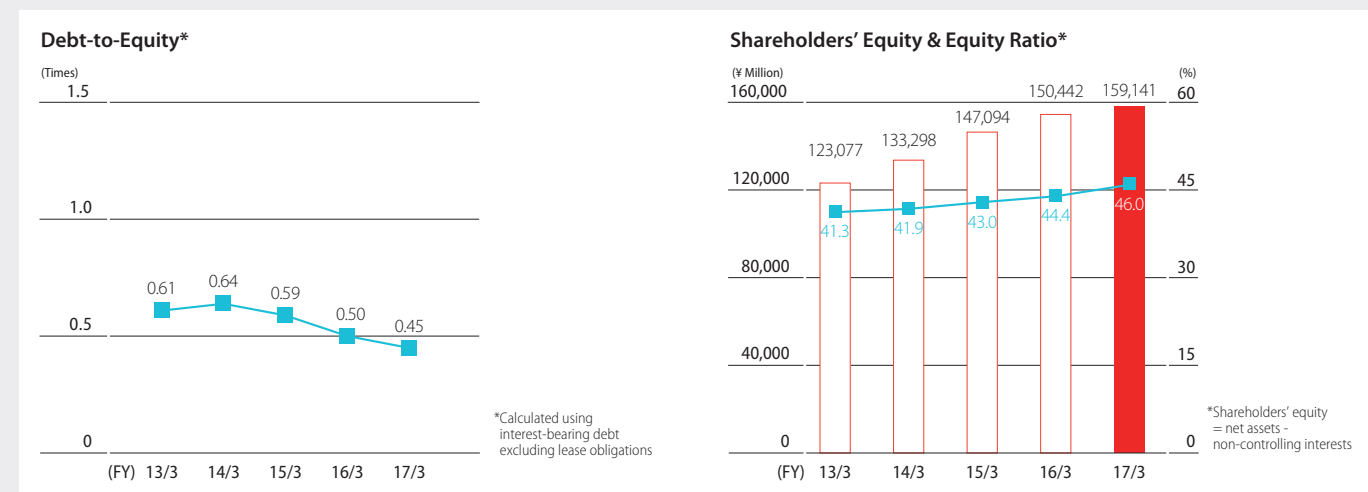
Insofar as one of our primary businesses is the importation of food products and materials from outside Japan, we face exchange-rate risks in our business transactions denominated in foreign currencies. To minimize these risks, we hedge by using currency exchange forward contracts, coupon swaps, and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

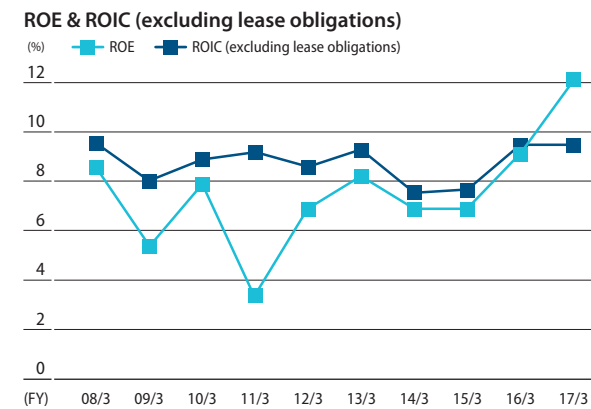
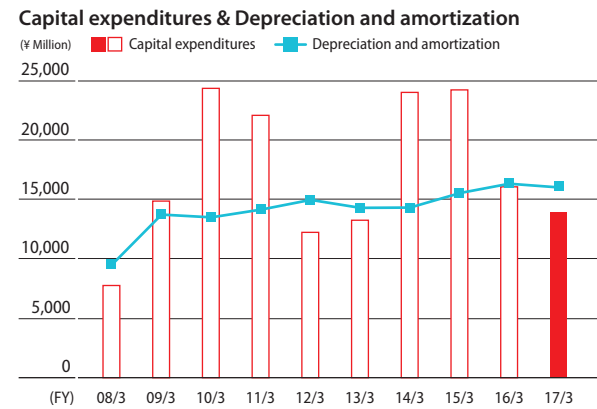
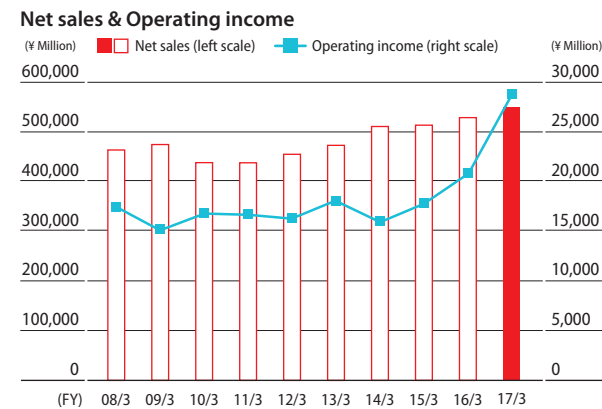
The Group has developed appropriate system management procedures, but the management of operations could be adversely affected if system problems arise. The Group takes comprehensive actions to defend against computer viruses and manage information, but if unforeseen virus attacks hinder the management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

	FY08/3	FY09/3	FY10/3	FY11/3	FY12/3	FY13/3	FY14/3	FY15/3	FY16/3	FY17/3	Percent change FY17/3 / FY16/3	FY17/3
Thousands of U.S. dollars												
Income Statement Data (¥ Million)												
Net sales	¥463,591	¥474,515	¥438,111	¥437,808	¥454,931	¥470,126	¥511,189	¥519,963	¥535,351	¥539,657	0.8%	\$ 4,809,781
Gross profit	89,794	87,328	87,957	87,365	86,918	91,473	93,261	73,782	81,085	91,141	12.4	812,310
Operating income	17,355	15,142	16,814	16,681	16,177	17,932	15,789	17,406	21,583	29,309	35.8	261,227
Profit before income taxes	16,472	11,362	14,380	8,860	14,225	13,601	15,357	15,871	20,600	27,818	35.0	247,934
Profit attributable to owners of parent	9,623	6,020	9,064	4,044	7,904	9,823	8,898	9,516	13,471	18,751	39.2	167,123
Capital expenditures*2	7,770	14,883	24,385	22,110	12,248	13,171	24,041	24,296	16,175	13,887	(14.1)	123,777
R&D expenditures	2,050	2,191	1,986	1,806	1,697	1,817	1,607	1,730	1,600	1,559	(2.5)	13,897
Thousands of U.S. dollars												
Balance Sheet Data (¥ Million)												
Total assets	¥257,812	¥287,296	¥277,496	¥284,562	¥290,537	¥297,903	¥318,507	¥342,014	¥338,497	¥346,195	2.3%	\$ 3,085,517
Total liabilities	141,323	174,096	154,802	166,813	171,837	172,582	181,660	189,728	182,973	181,447	(0.8)	1,617,179
Interest-bearing debt*3	66,138	87,904	60,920	72,479	74,833	75,403	85,718	87,313	75,451	70,866	(6.1)	631,611
Shareholders' equity*4	114,262	110,958	119,468	115,058	116,831	123,077	133,298	147,094	150,442	159,141	5.8	1,418,369
Thousands of U.S. dollars												
Cash Flows (¥ Million)												
Cash flows from operating activities	¥20,290	¥15,282	¥33,345	¥17,274	¥19,915	¥23,525	¥11,073	¥27,803	¥37,032	¥40,828	10.3%	\$ 363,886
Cash flows from investing activities	(6,443)	(14,740)	(13,555)	(18,229)	(12,422)	(9,610)	(17,650)	(22,362)	(14,496)	(11,445)	-	(102,007)
Free cash flows	13,847	542	19,790	955	7,493	13,914	(6,576)	5,441	22,535	29,382	30.4	261,878
Cash flows from financing activities	(13,919)	16,085	(33,323)	6,416	(7,583)	(9,743)	2,580	(6,098)	(20,351)	(21,883)	-	(195,037)
U.S. dollars												
Per Share Data (¥)*5												
Profit	¥31.04	¥19.42	¥29.24	¥13.08	¥26.35	¥33.40	¥31.12	¥33.29	¥94.30	¥135.11	43.3%	\$ 1.20
Cash dividends*6	8	9	9	9	9	10	10	10	24	28	16.7	0.24
Net assets	368.56	357.85	385.47	377.08	396.33	430.47	466.31	514.63	1,057.00	1,156.52	9.4	10.30
Financial Ratios (% , Times)												
Gross profit margin	19.4%	18.4%	20.1%	20.0%	19.1%	19.5%	18.2%	14.2%	15.1%	16.9%	-	-
Operating margin	3.7	3.2	3.8	3.8	3.6	3.8	3.1	3.3	4.0	5.4	-	-
Return on equity (ROE)	8.5	5.3	7.9	3.4	6.8	8.2	6.9	6.8	9.1	12.1	-	-
Debt-to-equity (Times)	0.58	0.79	0.51	0.63	0.64	0.61	0.64	0.59	0.50	0.45	-	-
Non-financial Data												
Number of full-time employees*7	6,054	6,250	6,577	10,118	12,082	12,680	12,970	13,551	14,118	14,682	4.0%	
	Medium-term Business Plan (FY08/3-FY10/3)			Medium-term	Business Plan (FY11/3-FY13/3)		Medium-term Business Plan (FY14/3-FY16/3)		Medium-term Business Plan (FY17/3-)			



- Notes:
1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥112.20=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2017.
 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 obligation.
 4. Shareholders' equity = net assets - non-controlling interests
 5. The figure for 16/3 reflects the amount after the stock price consolidation conducted on October 1, 2016.
 6. Dividends in FY16/3 include ¥4 commemorative dividends of the 70th anniversary.
 7. 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.
 8. 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, 2016 and 2017

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2016	2017	2017	
Current assets:				
Cash and deposits	¥ 13,169	¥ 20,512	\$ 182,823	
Notes and accounts receivable - trade	76,836	76,464	681,500	
Less allowance for doubtful accounts	(94)	(79)	(711)	
Inventories	42,510	42,347	377,430	
Deferred tax assets (Note 5)	2,567	2,255	20,106	
Other current assets	4,393	4,772	42,536	
Total current assets	139,383	146,273	1,303,686	
Fixed assets:				
Property, plant and equipment (Note 3):				
Buildings and structures	229,774	230,871	2,057,680	
Machinery and equipment	97,466	98,548	878,327	
Land	33,694	34,215	304,948	
Leased assets	41,407	41,165	366,895	
Construction in progress	657	971	8,658	
	403,001	405,772	3,616,511	
Less accumulated depreciation	(253,588)	(260,643)	(2,323,025)	
Property, plant and equipment, net	149,413	145,129	1,293,486	
Investments and other assets:				
Investment securities (Note 2)	30,361	33,893	302,084	
Investment in affiliates	4,031	4,545	40,515	
Net defined benefit asset	276	35	320	
Deferred tax assets (Note 5)	1,023	1,125	10,033	
Other	14,311	15,489	138,056	
Less allowance for doubtful accounts	(303)	(299)	(2,664)	
Total investments and other assets	49,701	54,792	488,344	
Total fixed assets	199,114	199,921	1,781,831	
Total assets	¥ 338,497	¥ 346,195	\$ 3,085,517	

The accompanying notes are integral parts of these statements.

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2016	2017	2017	
Current liabilities:				
Short-term bank loans	¥ 2,420	¥ 2,411	\$ 21,493	
Current portion of long-term debt	6,191	7,323	65,268	
Current portion of bonds	10,000	–	–	
Accounts payable	29,047	27,326	243,550	
Leased obligations	3,624	3,470	30,928	
Income taxes payable	3,823	5,082	45,298	
Accrued expenses	28,582	31,966	284,904	
Provision for directors' bonuses	290	319	2,847	
Other current liabilities (Note 5)	11,226	10,916	97,298	
Total current liabilities	95,208	88,816	791,590	
Long-term liabilities:				
Bonds	30,000	40,000	356,506	
Long-term debt	26,839	21,132	188,342	
Provision for directors' and statutory auditors' retirement benefits	150	136	1,220	
Net defined benefit liability	1,547	1,670	14,886	
Leased obligations	15,580	15,441	137,626	
Deferred tax liabilities (Note 5)	5,558	6,190	55,176	
Asset retirement obligations	3,168	3,198	28,507	
Other	4,919	4,860	43,321	
Total long-term liabilities	87,765	92,631	825,588	
Total liabilities	182,973	181,447	1,617,179	
Net assets:				
Shareholders' equity (Note 4):				
Common stock, with no par value				
Authorized - 720,000,000 shares for 2016 and 360,000,000 shares for 2017				
Issued and outstanding - 295,851,065 shares for 2016 and 147,925,532 shares for 2017	30,307	30,307	270,123	
Capital surplus	18,237	18,237	162,547	
Retained earnings	97,319	112,734	1,004,764	
Treasury stock	(6,197)	(15,189)	(135,378)	
Total shareholders' equity	139,667	146,090	1,302,056	
Accumulated other comprehensive income:				
Net unrealized holding gain on available-for-sale securities	11,144	13,580	121,036	
Net deferred gain (loss) on hedges	(873)	26	237	
Foreign currency translation adjustments	503	(556)	(4,961)	
Total accumulated other comprehensive income	10,774	13,050	116,313	
Non-controlling interests	5,081	5,606	49,968	
Total net assets	155,523	164,747	1,468,338	
Total liabilities and net assets	¥ 338,497	¥ 346,195	\$ 3,085,517	

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, 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Net sales	¥ 535,351	¥ 539,657	\$ 4,809,781
Operating costs and expenses:			
Cost of sales	454,265	448,516	3,997,470
Selling, general and administrative expenses	59,501	61,831	551,083
	513,767	510,347	4,548,553
Operating income	21,583	29,309	261,227
Other income (expenses):			
Interest and dividend income	664	716	6,387
Interest expense	(1,053)	(954)	(8,506)
Other – net	(593)	(1,253)	(11,173)
	(982)	(1,491)	(13,292)
Profit before income taxes	20,600	27,818	247,934
Income taxes (Note 5):			
Current	6,304	7,930	70,677
Deferred	(371)	(607)	(5,418)
	5,933	7,322	65,259
Profit	14,666	20,496	182,675
Profit attributable to non-controlling interests	1,195	1,744	15,552
Profit attributable to owners of parent	¥ 13,471	¥ 18,751	\$ 167,123

Amounts per share (Note 6):	Yen		U.S. dollars (Note 1)
	2016	2017	2017
Net assets	¥ 1,057.00	¥ 1,156.52	\$ 10.30
Profit:			
Basic	94.30	135.11	1.20
Diluted	94.13	–	–

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, 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Profit	¥ 14,666	¥ 20,496	\$ 182,675
Other comprehensive income:			
Net unrealized holding gain on available-for-sale securities	170	2,436	21,719
Net deferred gain (loss) on hedges	(3,498)	922	8,223
Foreign currency translation adjustments	(2,995)	(1,084)	(9,663)
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	(143)	(102)	(917)
Total other comprehensive income (loss)	(6,467)	2,172	19,363
Total comprehensive income	¥ 8,199	¥ 22,668	\$ 202,038
Comprehensive income attributable to:			
Owners of parent	¥ 7,528	¥ 21,030	\$ 187,435
Non-controlling interests	671	1,638	14,603

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, 2016 and 2017

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets at April 1, 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
Changes of items during the period					
Dividends from surplus			(3,359)		(3,359)
Profit attributable to owners of parent			18,751		18,751
Acquisition of treasury stock				(8,991)	(8,991)
Disposal of treasury stock		0		0	0
Increase in retained earnings resulting from exclusion of subsidiaries from consolidation			23		23
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	0	15,415	(8,991)	6,423
Net assets at March 31, 2017	¥ 30,307	¥ 18,237	¥ 112,734	¥ (15,189)	¥ 146,090

	Millions of yen					
	Accumulated other comprehensive income					
	Net unrealized holding gain on available-for-sale securities	Net deferred gain (loss) on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Net assets at April 1, 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
Changes of items during the period						
Dividends from surplus						(3,359)
Profit attributable to owners of parent						18,751
Acquisition of treasury stock						(8,991)
Disposal of treasury stock						0
Increase in retained earnings resulting from exclusion of subsidiaries from consolidation						23
Net changes of items other than shareholders' equity	2,435	899	(1,059)	2,275	524	2,799
Total changes of items during the period	2,435	899	(1,059)	2,275	524	9,223
Net assets at March 31, 2017	¥ 13,580	¥ 26	¥ (556)	¥ 13,050	¥ 5,606	¥ 164,747

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, 2016 and 2017

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets at April 1, 2016	\$ 270,123	\$ 162,546	\$ 867,373	\$ (55,238)	\$ 1,244,805
Changes of items during the period					
Dividends from surplus			(29,939)		(29,939)
Profit attributable to owners of parent			167,123		167,123
Acquisition of treasury stock				(80,141)	(80,141)
Disposal of treasury stock		0		1	2
Increase in retained earnings resulting from exclusion of subsidiaries from consolidation			206		206
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	137,390	(80,140)	57,251
Net assets at March 31, 2017	\$ 270,123	\$ 162,547	\$ 1,004,764	\$ (135,378)	\$ 1,302,056

	Thousands of U.S. dollars (Note 1)					
	Accumulated other comprehensive income					
	Net unrealized holding gain on available-for-sale securities	Net deferred gain (loss) on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Net assets at April 1, 2016	\$ 99,330	\$ (7,781)	\$ 4,485	\$ 96,033	\$ 45,292	\$ 1,386,131
Changes of items during the period						
Dividends from surplus						(29,939)
Profit attributable to owners of parent						167,123
Acquisition of treasury stock						(80,141)
Disposal of treasury stock						2
Increase in retained earnings resulting from exclusion of subsidiaries from consolidation						206
Net changes of items other than shareholders' equity	21,706	8,019	(9,446)	20,279	4,675	24,954
Total changes of items during the period	21,706	8,019	(9,446)	20,279	4,675	82,206
Net assets at March 31, 2017	\$ 121,036	\$ 237	\$ (4,961)	\$ 116,313	\$ 49,968	\$ 1,468,338

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, 2016 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2016	2017	2016	2017
Cash flows from operating activities:				
Profit before income taxes	¥ 20,600	¥ 27,818	\$ 247,934	
Depreciation and amortization	16,455	16,057	143,114	
Impairment loss on fixed assets	73	236	2,107	
Increase/(decrease) in allowance for doubtful accounts	87	(7)	(67)	
Interest and dividend income	(664)	(716)	(6,387)	
Interest expense	1,053	954	8,506	
Equity in earnings of affiliates	(131)	(278)	(2,479)	
Gain on sales of property, plant and equipment	(14)	(404)	(3,604)	
Loss on disposal of property, plant and equipment	638	798	7,116	
Loss on discontinued operation	280	-	-	
Gain on sales of investment securities	(183)	-	-	
Gain on change in equity	-	(52)	(464)	
Increase in notes and accounts receivable-trade	(2,133)	(425)	(3,792)	
Increase in inventories	(1,122)	(251)	(2,237)	
Increase/(decrease) in notes and accounts payable	1,661	(1,346)	(11,999)	
Other, net	5,439	5,729	51,061	
Subtotal	42,040	48,112	428,809	
Interest and dividends received	752	844	7,524	
Interest paid	(1,067)	(955)	(8,512)	
Income taxes paid	(4,693)	(7,173)	(63,934)	
Net cash provided by operating activities	¥ 37,032	¥ 40,828	\$ 363,886	
Cash flows from investing activities:				
Purchase of property, plant and equipment	¥ (12,530)	¥ (8,963)	\$ (79,888)	
Proceeds from sales of property, plant and equipment	59	508	4,535	
Purchase of intangible assets	(867)	(1,058)	(9,432)	
Purchase of investment securities	(311)	(529)	(4,717)	
Proceeds from sales of investment securities	293	2	20	
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	104	928	
Other, net	(1,139)	(1,509)	(13,455)	
Net cash used in investing activities	¥ (14,496)	¥ (11,445)	\$ (102,007)	
Cash flows from financing activities:				
Increase/(decrease) in short-term bank loans	¥ (8,368)	¥ 26	\$ 235	
Decrease in commercial paper	(5,000)	-	-	
Proceeds from long-term debt	5,000	1,562	13,922	
Repayment of long-term debt	(3,097)	(6,163)	(54,931)	
Proceeds from issuance of bonds	-	9,946	88,651	
Redemption of bonds	-	(10,000)	(89,126)	
Repayments of lease obligations	(3,959)	(3,863)	(34,435)	
Purchase of treasury stock	(1,049)	(9,093)	(81,045)	
Dividends paid	(3,138)	(3,353)	(29,887)	
Cash dividends paid to non-controlling interests of consolidated subsidiaries	(607)	(945)	(8,422)	
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(130)	-	-	
Other, net	0	0	2	
Net cash used in financing activities	¥ (20,351)	¥ (21,883)	\$ (195,037)	
Effect of exchange rate changes on cash and cash equivalents	(847)	(156)	(1,391)	
Net increase in cash and cash equivalents	1,336	7,343	65,449	
Cash and cash equivalents at the beginning of the year	11,833	13,169	117,374	
Cash and cash equivalents at the end of the year	¥ 13,169	¥ 20,512	\$ 182,823	

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, 2016 and 2017

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 ¥112.20 = US\$1.00, the exchange rate prevailing on March 31, 2017.

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 Securities

(1) Acquisition costs, carrying value and unrealized gain on available-for-sale securities as of March 31, 2016 and 2017:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Equity securities:			
Acquisition costs	¥ 13,589	¥ 13,619	\$ 121,386
Carrying value	29,111	32,641	290,919
Unrealized gain	¥ 15,522	¥ 19,021	\$ 169,532

Non-listed equity securities amounting to ¥1,250 million and ¥1,252 million (\$11,164 thousand) as of March 31, 2016 and 2017, respectively, are not included in the 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, 2016 and 2017:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Proceeds from sales	¥ 293	¥ 2	\$ 21
Gains on sales	183	0	8

(3) Aggregate carrying value of available-for-sale securities with no available fair value as of March 31, 2016 and 2017:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Non-listed equity securities	¥ 1,210	¥ 1,222	\$ 10,894

(4) Impairment loss of securities for the years ended March 31, 2016 and 2017:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Available-for-sale securities:			
Stocks without market value	¥ 28	¥ 97	\$ 866

Note 3 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 ¥2,043 million and ¥5 million for the year ended March 31, 2016, respectively. Net rent income and gain on sales of the property related to the investments and rental properties were ¥2,182 million (\$19,449 thousand) and ¥339 million (\$3,023 thousand) for the year ended March 31, 2017, respectively.

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

Carrying value on the consolidated balance sheets, increase or decrease during the year, as well as market value of the investments and rental properties as of March 31, 2016 and 2017:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Carrying value as of April 1	¥ 10,377	¥ 10,200	\$ 90,914
Net decrease	(177)	75	673
Carrying value as of March 31	¥ 10,200	¥ 10,276	\$ 91,588
Market value as of March 31	¥ 40,383	¥ 40,159	\$ 357,930

- Carrying value on the consolidated balance sheets is calculated as acquisition costs deducting accumulated depreciation and cumulative impairment losses.
- For the year ended March 31, 2016, major increase represents capital expenditures of ¥213 million. Major decrease represents depreciation of ¥396 million.
- For the year ended March 31, 2017, major increase represents capital expenditures of ¥386 million (\$3,446 thousand) and change in the use of property of ¥116 million (\$1,033 thousand). Major decrease represents depreciation of ¥446 million (\$3,977 thousand).
- Market value of major assets is based on appraisals obtained from

outside real estate appraisers as of March 31, 2016 and 2017. The market value of other relatively immaterial assets is based on certain valuations and other indicators properly reflected by market prices.

Note 4 Changes in Net Assets

(1) Types and numbers of outstanding shares and of treasury stock

(a) 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 increase in the number of shares resulted from the following:

- Acquisition of treasury stock based on a 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

(b) For the year ended March 31, 2017

Type of stock	(Number of shares)			
	As of April 1, 2016	Increases	Decreases	As of March 31, 2017
Issued stock:				
Common stock (2)	295,851,065	–	147,925,533	147,925,532
Treasury stock:				
Common stock (3, 4)	11,193,439	9,448,715	10,319,858	10,322,296

(Reasons for changes)

- The Company implemented a share consolidation of which two shares were consolidated into one share as of October 1, 2016.
- The decrease in the number of common stock issued resulted from the following:
 - Share consolidation 147,925,533 shares
- The increase in the number of treasury stock of common stock resulted from the following:
 - Acquisition of treasury stock based on a resolution at the board of directors' meeting 9,436,000 shares (before the share consolidation)
 - Request for redemption of odd-lot stock 11,802 shares (before the share consolidation: 10,058 shares) (after the share consolidation: 1,744 shares)
 - Acquisition of fractional shares as a result of the share consolidation 913 shares (after the share consolidation)
- The decrease in the number of shares resulted from the following:
 - Share consolidation 10,319,749 shares
 - Request for redemption of odd-lot stock 109 shares

(2) Cash dividends distributed

Dividends paid during the year ended March 31, 2017

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 22, 2016	Common stock	¥ 1,707 \$ 15,222	¥ 6 \$ 0.05	March 31, 2016	June 23, 2016
Board of Directors' meeting on November 1, 2016	Common stock	¥ 1,651 \$ 14,717	¥ 6 \$ 0.05	September 30, 2016	December 6, 2016

- The dividend per share resolved at the General shareholders' meeting on June 22, 2016 includes a ¥1 (\$0.008) commemorative dividend for the 70th anniversary of the Company.
- The dividend per share resolved at the Board of Directors' meeting on November 1, 2016 represents amounts before the share consolidation held on October 1, 2016, since the record date is September 30, 2016.

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 27, 2017	Common stock	Retained earnings	¥ 2,201 \$ 19,622	¥ 16 \$ 0.14	March 31, 2017	June 28, 2017

Note 5 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 33.1% and 30.9% for the years ended March 31, 2016 and 2017, respectively. The effective tax rates reflected in the accompanying consolidated statements of income differ from the statutory tax rate for the following reasons:

	2016	2017
Statutory tax rate	33.1%	30.9%
Entertainment and other non-deductible expenses	1.1	0.8
Dividends exempted for income tax purposes	(0.1)	(0.0)
Inhabitants' tax per capita	0.7	0.5
Change in valuation allowance	(2.7)	(4.1)
Tax credit for research and development expenses, etc.	(2.6)	(1.4)
Tax rate differences of overseas affiliates	(1.8)	(1.4)
Equity in earnings of affiliates accounted for by the equity method	(0.3)	(0.4)
Undistributed earnings of affiliates	(0.1)	0.5
Deferred tax assets reduced due to the changes in tax rate	0.4	-
Other, net	1.1	0.9
Effective tax rate	28.8%	26.3%

Note 6 Per Share Information

Net assets per share as of March 31, 2016 and 2017 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Net assets	¥ 155,523	¥ 164,747	\$ 1,468,338
Net assets attributable to common stock	150,442	159,141	1,418,369
Amounts excluded from net assets: Non-controlling interests	5,081	5,606	49,968
Number of common stock used for the calculation of net assets per share (in thousands)	142,328	137,603	-

Profit per share for the years ended March 31, 2016 and 2017 is calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Profit attributable to owners of parent	¥ 13,471	¥ 18,751	\$ 167,123
Amounts not attributable to common shareholders	-	-	-
Profit attributable to owners of parent for common stock	13,471	18,751	167,123
Average number of common stock during the fiscal year (in thousands)	142,860	138,782	-
Diluted profit per share			
Adjustments for the potential effect of dilutive securities: (Including loss resulting from conversion of preferred stock of affiliates accounted for by the equity method to common stock)	(23)	-	-
Number of common stock increased	(23)	-	-

The Company implemented the share consolidation of which two shares were consolidated into one share as of October 1, 2016. Net assets per share, profit per share and diluted profit per share are calculated as if the share consolidation was implemented at the beginning of the previous fiscal year.

Note 7 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 to 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 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.

(2) 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.

(3) Sales, profit or loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2016 and 2017 were summarized as follows:

	Year ended March 31, 2016 (Millions of yen)									
	Reportable segment						Other (*1)		Total	Adjustment
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Sales:										
External sales	¥ 198,553	¥ 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, 2017 (Millions of yen)									
	Reportable segment						Other (*1)		Total	Adjustment
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Sales:										
External sales	¥ 204,670	¥ 69,297	¥ 86,325	¥ 172,275	¥ 3,275	¥ 535,845	¥ 3,812	¥ 539,657	¥ -	¥ 539,657
Intercompany sales and transfers	355	78	1,802	14,609	1,361	18,207	673	18,880	(18,880)	-
Total	205,025	69,376	88,128	186,884	4,636	554,052	4,485	558,538	(18,880)	539,657
Segment profit	13,872	794	1,610	10,632	2,124	29,035	605	29,640	(330)	29,309
Segment assets	112,509	27,673	17,841	149,883	15,656	323,565	4,951	328,517	17,677	346,195
Other items:										
Depreciation	4,857	112	202	9,372	821	15,366	120	15,486	570	16,057
Amortization of goodwill	106	-	-	86	-	192	-	192	-	192
Investments in equity-method investees	1,391	178	145	1,540	-	3,256	-	3,256	1,289	4,545
Increase in property, plant and equipment and intangible assets	4,022	268	188	7,590	450	12,520	612	13,133	754	13,887
Outstanding balance of goodwill	1,462	-	-	980	-	2,442	-	2,442	-	2,442
Impairment loss on fixed assets	¥ 204	¥ 12	¥ -	¥ 19	¥ -	¥ 236	¥ -	¥ 236	¥ -	¥ 236

	Year ended March 31, 2017 (Thousands of U.S. dollars)									
	Reportable segment						Other (*1)		Total	Adjustment
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Sales:										
External sales	\$ 1,824,154	\$ 617,628	\$ 769,393	\$ 1,535,434	\$ 29,193	\$ 4,775,805	\$ 33,975	\$ 4,809,781	\$ -	\$ 4,809,781
Intercompany sales and transfers	3,170	698	16,064	130,206	12,133	162,274	6,003	168,277	(168,277)	-
Total	1,827,325	618,327	785,458	1,665,641	41,327	4,938,079	39,979	4,978,059	(168,277)	4,809,781
Segment profit	123,644	7,077	14,357	94,763	18,937	258,779	5,395	264,175	(2,947)	261,227
Segment assets	1,002,757	246,643	159,019	1,335,862	139,543	2,883,825	44,134	2,927,960	157,556	3,085,517
Other items:										
Depreciation	43,293	1,003	1,808	83,530	7,317	136,954	1,072	138,026	5,088	143,114
Amortization of goodwill	947	-	-	771	-	1,718	-	1,718	-	1,718
Investments in equity-method investees	12,403	1,593	1,293	13,729	-	29,019	-	29,019	11,496	40,515
Increase in property, plant and equipment and intangible assets	35,852	2,390	1,679	67,652	4,018	111,592	5,460	117,052	6,724	123,777
Outstanding balance of goodwill	13,032	-	-	8,737	-	21,769	-	21,769	-	21,769
Impairment loss on fixed assets	\$ 1,820	\$ 112	\$ -	\$ 175	\$ -	\$ 2,107	\$ -	\$ 2,107	\$ -	\$ 2,107

Note:
(*1) "Other" represents operating segments not disclosed as reportable segments, which include biosciences business, human resources and payroll-related services, tree planting management and cleaning services related to tree planting.

Note 8 Subsequent Events

(Cancellation of treasury stock)

The Company has carried out the cancellation of treasury stock as outlined below based on the resolutions at the board of directors' meeting held on May 9, 2017, pursuant to Article 178 of the Companies Act.

- (1) Reason for the cancellation of treasury stock
For the purpose of enhancing shareholders' return and improve capital efficiency
- (2) Type of stock cancelled
The Company's common stock
- (3) Number of shares cancelled
8,000,000 shares
(Ratio to the total number of outstanding shares (including treasury stock) before cancellation is 5.41%)
- (4) Date of cancellation
May 16, 2017
- (5) Total number of outstanding shares after the cancellation
139,925,532 shares

(Acquisition of treasury stock)

The Company has carried out the acquisition of treasury stock as outlined below based on the resolutions at the board of directors' meeting held on May 9, 2017, pursuant to Article 156, Paragraph 1 of the Companies Act, which is applied in accordance with the provisions of Article 165, Paragraph 3 of the Act.

- (1) Reason for the acquisition of treasury stock
For the purpose of enhancing shareholders' return and improve capital efficiency
- (2) Details of the resolutions at the board of directors' meeting regarding to the acquisition of treasury stock
 - (a) Type of stock acquired
The Company's common stock
 - (b) Total number of shares acquired
4,700,000 shares (ceiling)
(Ratio to the total number of outstanding shares (excluding treasury stock) is 3.42%)
 - (c) Period of the acquisition
May 10, 2017 to September 29, 2017
 - (d) Total amount of the acquisition
¥14,000 million (\$124,777 thousands) (ceiling)
- (3) Result of the acquisition
Based on the resolutions as noted above, the Company acquired own shares through the Off-auction Own Share Repurchase Market (ToSTNeT-3) of the Tokyo Stock Exchange on June 2, 2017 and completed the acquisition intended by the resolutions.
Total number of shares acquired was 4,327,600 shares of the Company's common stock, and total amount of the acquisition was ¥13,999 million (\$124,768 thousands).

► Data Section Investor Information

(As of March 31, 2017)

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

14,682 (consolidated)

Stock Exchange Listing

Tokyo Stock Exchange (Code: 2871)

Common Stock

Authorized: 360,000,000 shares
Outstanding: 147,925,532 shares
(Treasury shares: 10,322,296 shares)

Number of Shareholders

18,919

Shareholder Register Administrator

Mizuho Trust & Banking Co., Ltd.
Stock Transfer Agency Division

Annual Meeting of Shareholders

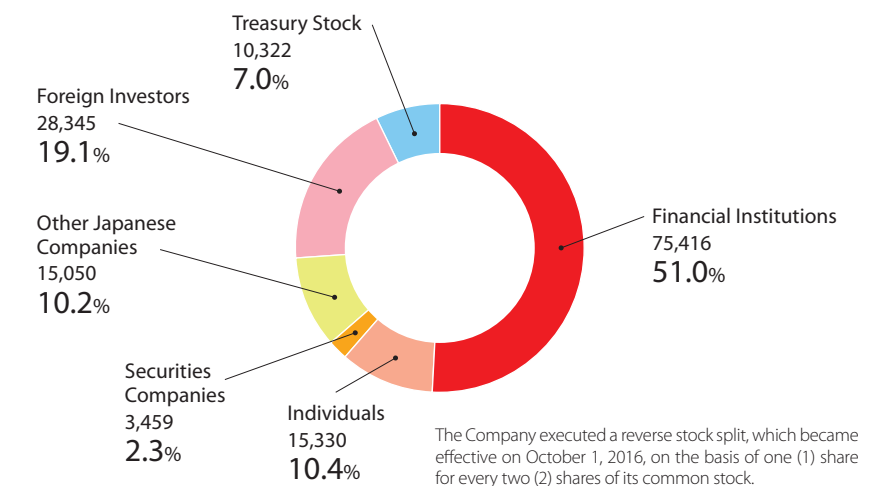
The annual meeting of shareholders is normally held in June each year in Tokyo, Japan

Independent Auditors

Ernst & Young ShinNihon LLC

Composition of Shareholders

(Thousands of shares)

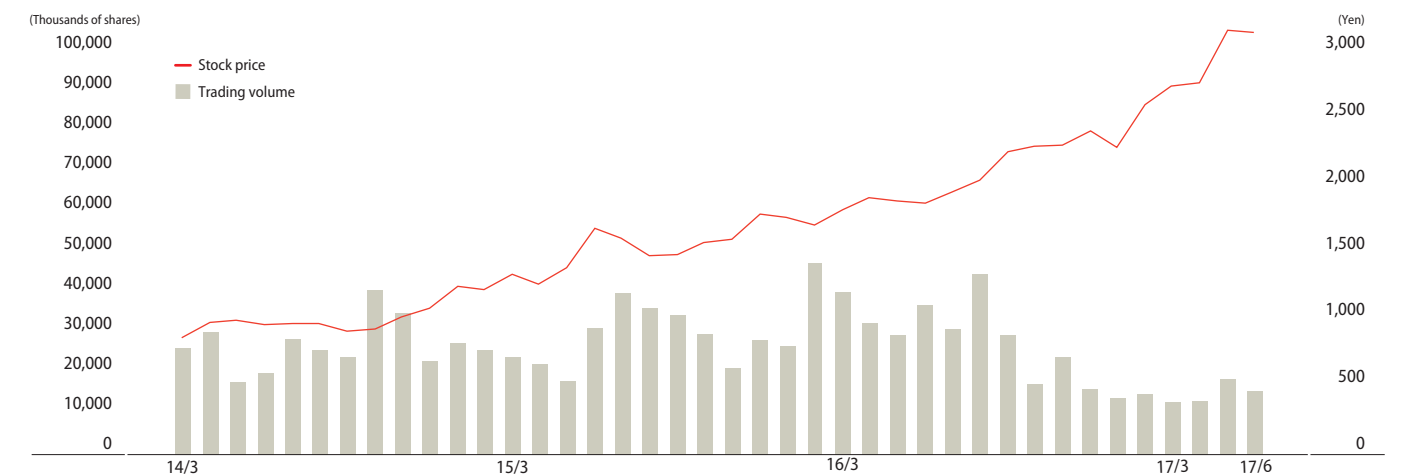


Inclusion in Indices (As of August 2017)

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

- Nikkei 225 · JPX-Nikkei Index 400 · FTSE4Good Index Series · FTSE Blossom Japan Index
- MSCI Japan Empowering Women Index · MSCI Japan ESG Select Leaders Index

Stock Price and Trading Volume



Overseas Network

Overseas Representative Offices

Nichirei Foods Inc.

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Major Overseas Subsidiaries and Affiliates

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Fax:55 (81) 2127-7411

Nichirei Australia Pty. Ltd.

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Shandong Nichirei Foods Co., Ltd.

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Nichirei U.S.A., LLC

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Nichirei Fresh Inc.

Nichirei Seafoods, Inc.

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Amazonas Industrias Alimenticias S.A. – AMASA

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Nichirei Logistics Group Inc.

Nichirei Holding Holland B.V.

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Eurofrigo B.V.

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Fax:31 (10) 429-3251

Hiwa Rotterdam Port Cold Stores B.V.

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Thermotraffic GmbH

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Fax:49 (54) 2396-8294

Frigo Logistics Sp. z o.o.

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Entrepots Godfroy S.A.S

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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

MSCI:

THE INCLUSION OF NICHIREI IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NICHIREI BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

FTSE4Good Index:

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Nichirei has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Blossom Japan Index:

*July 3, 2017 – Nichirei announces it has been included in the FTSE Blossom Japan Index.

Created by the global index company FTSE Russell, the FTSE Blossom Japan Index is designed as an industry neutral benchmark that reflects the performance of companies demonstrating strong environmental, social and governance (ESG) practices in Japan. FTSE Russell evaluations are based on performance in areas such as Corporate Governance, Health & Safety, Anti-Corruption and Climate Change. Businesses included in the FTSE Blossom Japan Index meet a variety of environmental, social and governance criteria.*