Nichirei

Annual Report 2000

Year ended March 31, 2000

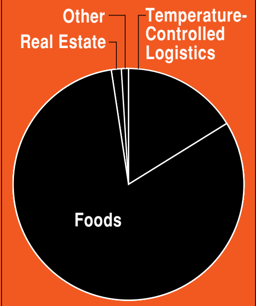
Contents

Profile

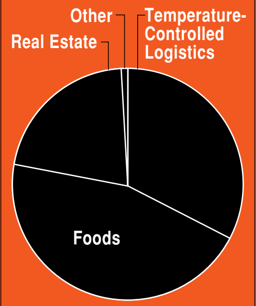
Nichirei Corporation is one of Japan's leading food companies, preeminent in the refrigerated warehousing and frozen foods industries, with operations spanning domestic and international food production, processing, distribution and storage, as well as real estate.

Comprehensive research and development programs, including biotechnology research, support these wide-ranging operations.

In Japan, we operate through 11 branches and a network of 69 Logistics Service Centers. The Company also has 14 sales offices, three food manufacturing plants and three processing plants, as well as 92 subsidiaries and affiliates. We have 24 subsidiaries and affiliates overseas, and an extensive network of suppliers.



Net Sales by Consolidated Segment
percent



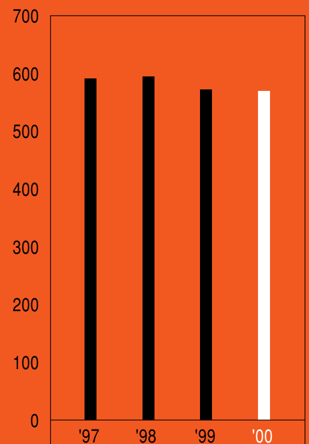
Operating Income by Consolidated Segment
(before intercompany eliminations and corporate)
percent

Financial Highlights

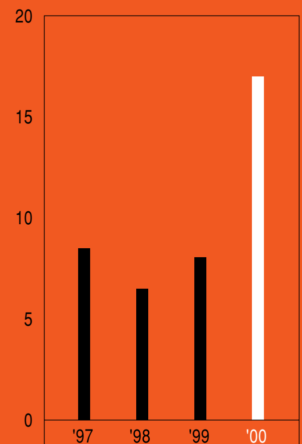
Nichirei Corporation and consolidated subsidiaries
Year ended March 31

	Millions of yen except per share amounts		percent change	Thousands of U.S. dollars except per share amounts
	1999	2000	2000/1999	2000
FOR THE YEAR				
Net sales	¥571,775	¥569,482	-0.4%	$5,364,882
Operating income	8,046	16,973	111.0	159,901
Income (loss) before income taxes	2,406	7,979	231.6	75,171
Net income	233	4,326	1,756.5	40,758
PER SHARE DATA				
Net income				
Basic	¥ 0.74	¥ 13.91	1,779.7%	$ 0.131
Diluted	-	13.87		0.130
AT YEAR-END				
Shareholders' equity	¥ 80,567	¥ 82,624	2.6%	$ 778,374
Total assets	365,838	370,623	1.3	3,491,508

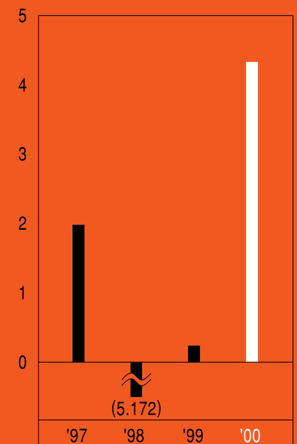
1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥106.15=U.S.$1, the approximate Tokyo foreign exchange market rate as of March 31, 2000.
2. As of March 31, 2000, Nichirei had 58 consolidated subsidiaries. It has applied the equity accounting method in respect to its 10 affiliated companies.
3. The computation of net income per share assuming no dilution is based on the weighted average number of shares outstanding during each fiscal year.
Net income per share assuming dilution is based on the weighted average number of shares outstanding during the year and assumes conversion of convertible bonds (issued on August 31, 1988). The dilution of net income per share was not occurred as at March 31, 1999.



Net Sales 1997-2000
in billions of yen



Operating Income 1997-2000
in billions of yen



Net Income 1997-2000
in billions of yen

President
Tadashi Teshima

Message to Our Shareholders

This fiscal year, our numbers tell a success story. It is a story of sweeping changes that transformed Nichirei. The story of an empowered Nichirei expanding into the 21st century.

The fiscal year ended March 31, 2000 was the second year in our three-year, Medium-Term Restructuring Plan to make our core operations more profitable and competitive into the 21st century. Under the plan, we marked a record-high consolidated operating income of 16.97 billion yen. Sales came to 569.48 billion yen – a decline of 0.4% from the previous term, the result of the sale of operations as outlined in our Medium-Term Restructuring Plan. Our net income this fiscal year, however, surged to 4.33 billion yen, nearly 19 times the year-earlier result of 233 million yen.

Emerging from these figures is a profile of a drastically transformed Nichirei.

Expanding into the 21st Century

From fiscal year ended March 31, 1996 when the financial system began to collapse and the Japanese economy was clearly in recession, Nichirei's profits began to drop drastically. This, we have since determined, was the result of our failure to respond quickly to the rapidly changing business environment.

Determined to turn the situation around, we established our three-year Medium-Term Restructuring Plan. That was two years ago, and we have since taken the following three key actions prescribed in the plan:

I) Switching to capital-efficiency-based management.

II) Focusing investments in growth fields while downsizing or withdrawing from unprofitable fields.

III) Revamping our structure and work process to maximize customer-satisfaction value.

The results have so far been significant.

To be sure, Japan's economy remains lackluster as consumer spending stays low, and total spending on food is in decline due to a drop in food prices owing to the pricing structure. Competition in the food industry is growing even more intense. Society is changing rapidly as are our values, lifestyles and diet.

Despite such an environment, our temperature-controlled logistics operation has achieved positive results by promoting solution services and cost reductions, such as cutting back on cargo-handling cost. Our food operations also improved profitability by focusing on strengths and key categories in processed foods, increasing the total asset turnover rate. Marine products and meat and poultry products also generated much more income as a result of improved efficiency in total used capital. This was due to our efforts to enhance business fund control.

However, our restructuring plan is still in progress. We must relentlessly act on our plans for each of our operations this final year into the 21st century, putting finishing touches on our business structural reform through the end of March 2001.

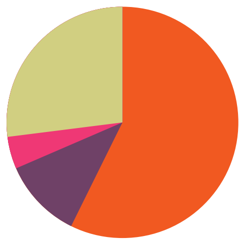
Temperature-Controlled Logistics Operations: a Pioneer in Logistics Solutions

In May of this year, we agreed to set up a joint non-asset third-party logistics operation with NTT Data Corporation and Itochu Corporation.

Until now, Nichirei's temperature-controlled logistics operation consisted of conventional storage-oriented operation and the more recently emphasized transportation and distribution services and contract-based operation of distribution centers. The operations mainly provided individual logistics functions. In recent years, however, customers' needs have changed as they began to seek greater overall efficiency in logistic operations rather than single functions. More and more companies have begun outsourcing their entire logistics divisions. In addition, progress in information technology is making it possible for logistics companies to handle complex operations for clients.

We believe that our success in the logistics business will be determined over the next two to three years in how we respond to the

Sales Breakdown in Temperature-Controlled Logistics Operations (before intercompany eliminations and corporate)



- Storage-oriented operation
- Contract-based operation of distribution centers
- 3PL, home delivery and others
- Transportation and distribution services

requests and needs of customers for greater efficiency in logistics. Our plan at the Nichirei Group is to meet such needs by actively providing solution services and third-party logistics operations.

We have built Japan's largest, nationwide temperature-controlled logistics network. At each of our logistics centers, we have gained expertise in providing services, distribution processing and quality control. The network and expertise are now our greatest strength in securing the top spot in Japan's market for distributive logistics and in third-party logistics operations. They will be applied to our solution services for customers to provide extremely flexible proposals and respond to special needs.

In having concluded the recent joint-venture agreement, we aim to further secure a dominant market position in third-party logistics operations by combining our distribution know-how and client base of roughly 4,000 companies together with NTT Data's most-advanced system-integration capacities and Itochu Corporation's business network.

In our storage operations that will continue to be the foundation of our temperature-controlled logistics, we will expand on our successful low-cost operations and build a stable profit system.

We will be a logistics solutions pioneer and maintain a solid place in the temperature-controlled logistics industry, working on capital efficiency and customer satisfaction.

Food Operations: Select and Focus

In this fiscal year, the Food Operations embarked on the task of the selection and focus. As a result, we were able to realize enormous gains in our operating income.

For example, in the area of frozen foods – a rare growth area among the foods – we boast the top share in the domestic market for both commercial-use and household-use products.

We have captured a high share in central categories such as fried meats, potato croquettes and hamburgers, even in the intensely competitive household-use market.

This year, we focused on introducing new and improved products in areas where we already hold the edge. This led to strong sales and profits, securing our top place in the market. We also plan to develop products in promising categories in which we have yet to fully make our mark. We aim to challenge our competition and stimulate the market with products that offer distinctive features.

Our products' strategic expansion in the food industry is realized by having restructured our sales system the previous fiscal year. Instead of dividing the sales teams by type of products, we now divide them by our customers' types of business. Under this system, we have been able to quickly respond to the diverse needs of our customers and develop products more closely tailored to market demand. This structure, we believe, has allowed us to maintain and grow our share at the top of product categories, and has led us to make gains in our profit margin. We plan to adhere to this path, also from the perspective of managing product categories.

Another key issue into the future is food for medical and health purposes. Japan's aging society and growing health awareness will shift the trend in the food market toward special diets such as diabetic and health-maintenance diets. As part of an effort to strengthen our operations in the growth field of health foods, we set up a wellness foods group among our processed foods operations this fiscal year.

The Japanese market is unlikely to show large gains in overall spending on food.

However, we believe that we can still achieve growth in food operations by developing products that will create new markets. We will continue to listen carefully to opinions of consumers and increase the number of categories in which we can lead the market.

We will take advantage of our synergistic pairings: procuring the finest quality ingredients and having the most advanced processing technology. In addition, we will rearrange our production for optimal results and implement any measures to improve our profitability and growth.

Increasing Corporate Value

In our Medium-Term Restructuring Plan, we determined that we will stress the importance of our shareholders as we manage our company. Our goal is to increase Nichirei's corporate and shareholder values under transparent corporate management.

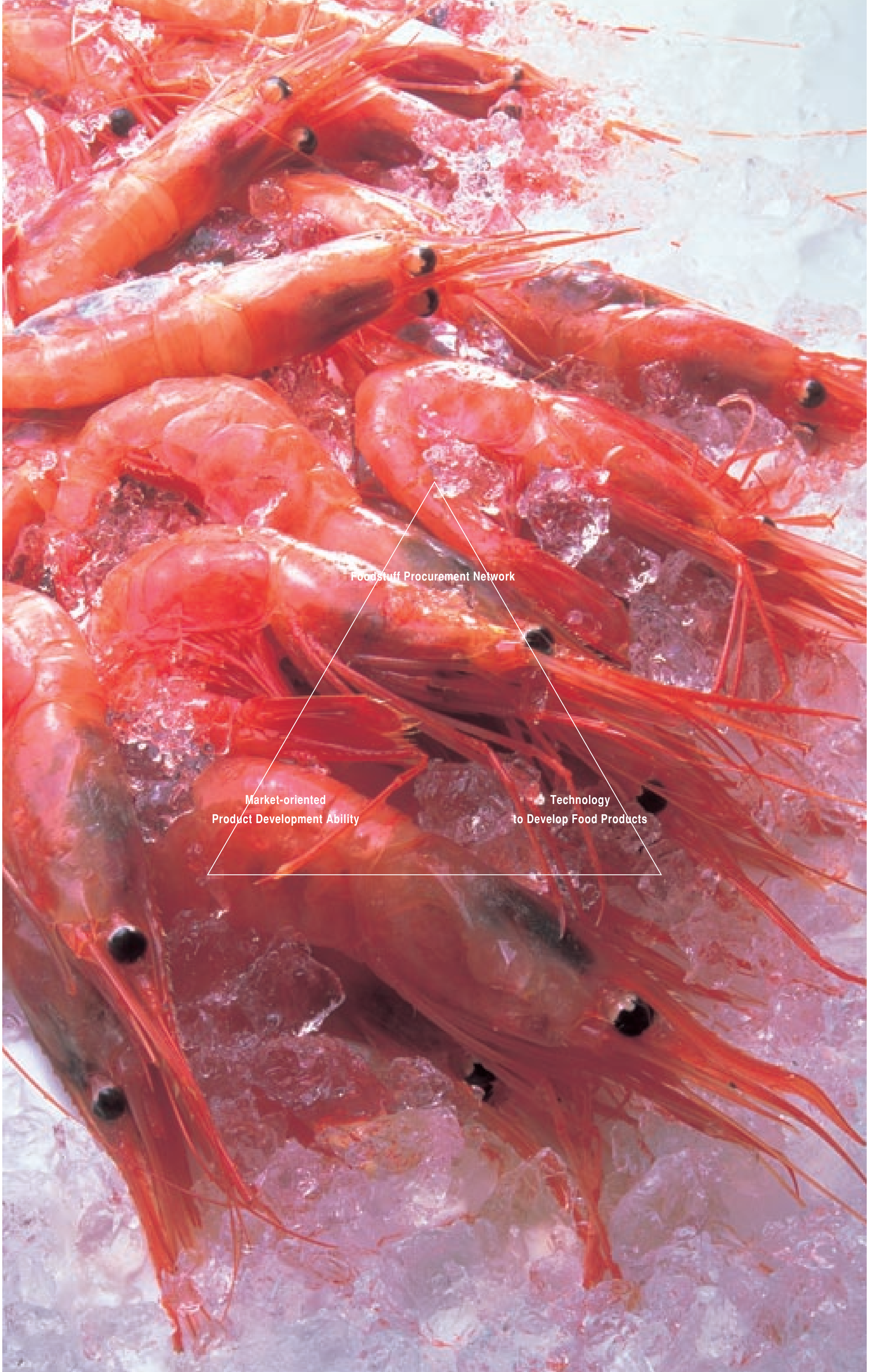
We will achieve this by offering consumers the delicious, just-picked or prepared taste, always presenting new styles as we maintain the reliable and stable base of products that we have endlessly cultivated.

Our mission in society is to conduct our operations to be useful to, and to satisfy, all our stakeholders including consumers, shareholders, investors, corporate clients, employees and local communities. We must also put in a company-wide effort to fulfill our social obligation as a corporate citizen to preserve the environment and to use resources efficiently.

It is our belief that creating new values for society and everyone we are involved with will improve Nichirei's corporate and shareholder values.

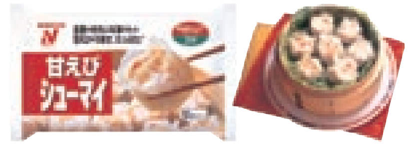
Tadashi Teshima

President
Tadashi Teshima


Foodstuff Procurement Network
Market-oriented Product Development Ability
Technology to Develop Food Products

Ama-ebi Shumai

Nichirei's Three Advantages that Led to Ama-ebi Shumai's Success



In March 2000, Nichirei introduced Ama-ebi Shumai to the market. Developed to realize consumer satisfaction, the frozen Ama-ebi Shumai (steamed dumpling containing pink shrimp and wrapped in thin, Chinese pasta) for home use is distinguished from existing shumai in its exquisite taste. Sales got off to a good start, gaining a big market share.
Behind the success of the Ama-ebi Shumai are the three advantages Nichirei has over its competitors. One is Nichirei's foodstuff procurement network.

Nichirei has a network that extends to every corner of the world for procuring the best food at its best, and at the lowest possible price, to boot. The network is second to none in the industry, and is Nichirei's core competence gained by years of experience in importing sea products.

The home of pink shrimp that gives Nichirei's Ama-ebi Shumai its distinguished flavor is the freezing seas of Greenland, Iceland and Canada. The shrimp lives in the intermediate water, where the water quality is the purest.

How does Nichirei, the No. 1 distributor of pink shrimp in Japan, bring back the shrimp to Japan in its freshest, best-tasting state? When and where should the shrimp be caught, in what way should it be processed, and through which route should it be brought back to Japan so that it could be enjoyed at its best?

Nichirei can find the precise answers to each one of these important questions through its powerful network. This advantage is the secret to Nichirei's overwhelmingly superior product quality.

The far-reaching network means that first, Nichirei can deal directly with the local fishermen. All the pink shrimp used in Nichirei's Ama-ebi Shumai is managed by Nichirei staff, during the entire process from hauling the net at the sea to storing the shrimp in Japan. This ability to manage the entire process is crucial for ensuring that the special, sweet taste of fresh ama-ebi is enjoyed by consumers.

Compared to shelled shrimp and black tiger shrimp, pink shrimp contains much more sweet-tasting elements such as glycine. It also contains a large amount of sweet amino acids and taurine, which has an effect to bring down the blood cholesterol level. To retain and take home all the goodness back to Japan, the shrimp must be handled in an advanced temperature-control system from the moment it is caught. This is where Nichirei outshines its competitors. Simply catching and bringing home pink shrimp does not make Nichirei's Ama-ebi Shumai.

Once onboard the ship, Nichirei's shrimp is promptly boiled and rapidly frozen to trap all the goodness inside. It may seem like a simple procedure, but this procedure, drawn on Nichirei's expertise, is the secret of what makes the shumai so irresistible at the dinner table. And, of course, the procedure would not have been feasible without Nichirei's network. This network is the advantage of Nichirei that helped improve the taste of shrimp shumai in Japan.

However, that is not the only reason why our Ama-ebi Shumai became a success in the market. The No. 2 advantage of Nichirei, as proven by the Ama-ebi Shumai, is our market-oriented product development ability.

Nichirei makes it a rule to always listen to what its customers are saying. As part of such effort, Nichirei employs a research institute to conduct researches and questionnaire surveys. Ama-ebi Shumai was realized after Nichirei collected data on what the consumers were dissatisfied with in its competitors' existing products, and analyzed what made the perfect shumai.

Finally, the No.3 advantage of Nichirei is its remarkable product development technology. Together, the three advantages of Nichirei create the best-tasting food ever, realizing, in case of the Ama-ebi Shumai, easy microwave preparation, the perfect texture, and the best paper-thin thickness and transparency in the dumpling's wrap, just as the customers had dreamed the shumai.


COLD EXPRESS
株式会社日本低温流通
Cutting-edge
Information Technology
Infrastructure
Covering All of Japan
Business
Network

Third-Party Logistics

Combining Temperature-Controlled Distribution and Information Technology for Expanding Possibilities

Today, a giant market is about to emerge from Japan's temperature-controlled logistics industry.

In temperature-controlled logistics – one of Nichirei's main business fields – customers would often request a product to be transported from point A to point B, or to have a product stored at a certain temperature for a certain number of days. These requests, however, may soon be a thing of the past. Japan's temperature-controlled logistics is in the midst of drastic changes.

At the bottom of all the changes is the rapid advancement of information technology, or IT. IT is changing the capacity of temperature-controlled logistics and the relationship between the temperature-controlled logistics provider and the customers. Until now, temperature-controlled logistics only involved parts of distribution, such as those limited either to transportation or storage. Today, however, it has become possible for a logistics provider to comprehensively handle all areas of a company's logistics needs: distribution, storage, even taking orders and issuing bills. The force behind this transition is the trend among customers to relentlessly pursue efficiency in logistics.

Third-party logistics is what makes all this possible. Third-party logistics is a field with a great growth potential. In Japan, the company with the most advantage in the temperature-controlled logistics market is none other than Nichirei. Nichirei, with a solid base in refrigerated storage operation, is already regarded highly as by far the No.1 temperature-controlled logistics provider in Japan. Nichirei can design, propose and realize the most efficient logistics system for its customers by drawing on its know-how fostered through many years of experience, and by providing the most appropriate distribution center among its strategically located distribution centers covering nearly all of Japan.

To provide third-party logistics, Nichirei first begins by re-evaluating its customer's existing distribution flow. Nichirei then forms a strategy that covers all areas of logistics. For example, it will rearrange the company's arterial transportation and distribution by using Nichirei's and others' distribution points efficiently across Japan to reduce total costs.

The key to establishing such a plan and making it effective lies in IT. IT makes the distribution smoother among the plants, warehouses and stores. It also makes it possible to check the inventory movement at each distribution point or warehouse. Plans can be made to send more shipments from each distribution point, or to transport items between the points. Instructions can be given, arrangements can be made and shipment results can be analyzed. In addition, by using an Internet Web site, the logistics provider can share inventory and shipment information with the shipper, as well as take orders online for storage and transportation business.

Nichirei will establish a joint third-party logistics company with NTT Data and Itochu Corporation. Nichirei brings to this joint-venture its customer base amounting to 4,000 companies, its know-how on improving logistics and business operation gained through its temperature-controlled distribution operation, as well as its infrastructure covering all of Japan in networks. NTT Data brings its cutting-edge IT and system development capacity. Itochu Corporation offers its business network. The combination of the three companies promises to provide the best logistics possible.


医食同源
Food and Medicine are of The Same Origin

Wellness Foods

Growing Market of Delicious and Healthful Foods

As the ancient Chinese proverb goes, medicine and food are one.

In Japan today, the number of diabetics, including those likely to develop the disease later, is said to amount to about 14 million. Among males in their 40s, the rate is an alarming, one in every 10 men. The trend is worsening as the Japanese diet turns more and more westernized. In one theory, if the trend continues, the number of diabetics is projected to surge to 30 million in 10 years.

To suspend the progress of the disease, the diabetic must stick to a strict, vexatious diet. Offering support for the diabetic's diet, Nichirei became the first in the industry about 10 years ago to develop and sell enjoyable foods for treating diabetics.

Controlling the intake of calories is a prerequisite for the diabetic's diet. Nichirei's original, highly advanced food ingredient control technology made this special diet easy to stick to, with readily enjoyed meals.

Nichirei also drew up a concept for a new balanced-nutrition food series, Judy Balance, by using a proper cooking method that brings out the natural taste of the food, and by focusing above all on satisfying the taste bud. With cooperation from Judy Wong, Japan's popular, Taiwan-born singer who is also known for being an expert in Chinese remedial food, the menus were developed with the aim of making the healthy healthier, more youthful and beautiful. The new series offers Chinese food and more, focusing on nutrition balance and taste. It is a series unique to Nichirei, one that pursues health by feasting on great-tasting food.

Providing health and beauty from within is an art that Nichirei performs through its products, founded on the philosophy that food and medicine are of the same origin, and supported by Nichirei's commitment to food, product development power and precise ingredient and quality control technology.

In marketing these wellness foods, Nichirei promotes a one-on-one marketing method, mainly through mail orders. Being in touch with each customer's needs helps Nichirei develop market-oriented products. In recent years, the advance of IT has generated a variety of tools with which consumers can communicate with corporations in ways that suit their lifestyle.

The best example is the Internet. Customers can now order products online from a Web site, 24 hours a day. Nichirei operates sites such as the Wellness Club where it can communicate directly with customers, and is cultivating a direct-marketing market that is projected to grow from the Web site.

We live in an era when many people can relish the joy of eating. The abundance of food, however, may now be taking us to a turning point in terms of health. People today are increasingly overweight from taking in too many calories. Lifestyle diseases such as diabetes are becoming a social issue.

To address these issues, Nichirei is pursuing a variety of scientifically proven functions found in foods. The wellness food market is a new growth market in which Nichirei's technology leads. The concept of eating great-taking food and enjoying health, too, brings great potential to this market.

Unique environmental issues faced by Nichirei:

Temperature-controlled logistics:

At our temperature-controlled logistics service centers across the nation, we face environmental issues that arise from factors such as refrigerant (CFC) usage, energy consumption, package material waste, incinerator usage, truck noise and exhaust fumes.

Food operation:

At Nichirei's frozen food factories, we face environmental issues that arise from factors such as industrial-waste processing, incinerator usage, factory wastewater, energy consumption and food odor. Once in the market, our products face environmental issues at the consumers' level in disposing of containers and packaging materials.

Disclosure of Environmental Costs:

In disclosing our environmental preservation costs, Nichirei plans, in phases, to follow the Environmental Agency's guideline to disclose all environmental impacts caused by us, including all affiliated companies.

ISO14001

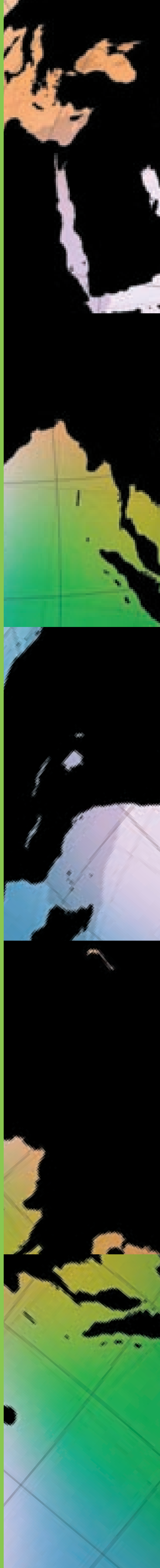
Nichirei is working hard to build an environmental management system to continuously reduce environmental impacts caused by its corporate activity. In particular, we are pushing to obtain ISO14001 certification the international standard for environmental management system at our larger plants where they are thought to cause more environmental impacts.

Environmental Costs at Nichirei Food Operation Plants This Fiscal Year

Category of Environmental Preservation Cost	Main Efforts	Invested Amount in thousands of yen
Anti-pollution measures	Direct cost for anti-pollution measures	259,374
Global environmental preservation cost	-	-
Cost for processing and recycling industrial and office wastes	Payment to waste processing operators, cost of incinerator fuel, etc.	145,229
Total cost for reducing direct environmental impacts this fiscal year	Total amount invested for reducing environmental impacts at three Directly managed plants	404,603

Current Efforts and Plans

Name of Plant	Efforts Status	Note
Funabashi Food Manufacturing Plant	Started working in April 2000 to obtain ISO14001 certification by March 31, 2001.	Directly managed plant
Takatsuki Food Manufacturing Plant	Started working in July 2000 to obtain ISO14001 certification by July 2001.	Directly managed plant
Hakata Product Manufacturing Plant	Determined to start working before March 31, 2001 to obtain ISO14001 certification.	Directly managed plant
Chiba Chikusan Kogyo Co., Ltd.	Obtained ISO14001 certification on March 31, 2000.	Affiliated company
Yamagata Nichirei Foods Co., Ltd.	Started working in February 2000 to obtain ISO14001 certification by March 31, 2001.	Affiliated company



Recycling Industrial Waste

Currently, as society seeks an early realization of a recycling society, Nichirei is making a vigorous effort to recycle industrial waste. For fiscal year ending March 2001, we aim to improve our recycling rate by 5% over this fiscal year ended March 2000 in each of the waste categories. We define "recycling" as re-using all generated waste material effectively with none being incinerated or used as landfill.

Recycling Performance for Fiscal Year Ended March 2000
Food Operation

Name of Waste	Amount Recycled in tons	Recycling Rate in percentages
Animal and vegetable scraps	39	4
Wood waste	749	57
Plastic materials	17	3
Styrofoam	1	5
Empty cans	94	71
Paper and cardboard	349	19
Others	410	30
Total	1,659	27

Recycling Performance for Fiscal Year Ended March 2000
Food Operation

Name of Waste	Amount Recycled in tons	Recycling Rate in percentages
Food oil	1,843	100
Animal and vegetable scraps	4,307	54
Floss and excess sludge	4,633	60
Plastic materials	4	2
Styrofoam	5	38
Empty cans	198	92
Paper and cardboard	1,718	58
Wood waste	118	79
Scrap iron, steel, etc.	25	21
Others	13	1
Total	12,864	58

Preventing Global Warming

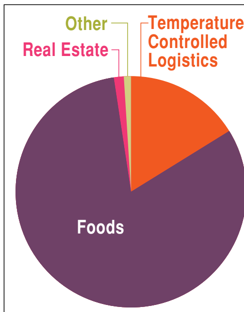
Nichirei has a unique issue in reducing CO_2 generation to prevent global warming: Cutting back on electricity directly affects our quality of frozen foods and temperature-controlled storage service. To address this issue, Nichirei now posts an environmental manager at each of its plants and operation bases to check the trend of CO_2 generation by energies used, and to decide on which area needs priority treatment. The environmental manager then plans and implements measures to reduce CO_2 generation, reporting the results to the Environmental Preservation Committee. We have begun establishing annual numeric goals for reducing CO_2 as we keep track of our progress.

Environmental Issue

We at Nichirei aim to build a comprehensive environmental management system not only to comply with the environmental laws and meet legal standards but to revise all aspects of our corporate activity from the perspective of preserving the environment in a broader range.

Management's Discussion and Analysis

All fiscal data contained in this section are taken from consolidated financial statements included in the annual report of Nichirei Corporation (hereafter referred to as Nichirei).
The financial statements were prepared according to generally accepted accounting principles in Japan.



Net Sales by Consolidated Segment
percent

INTRODUCTION

Our goal as management is to increase the Nichirei's corporate value and shareholder value to the maximum extent possible. In the long term, this goal is equivalent to "maximizing and optimizing value that satisfies our customers."
We firmly believe that this goal can be achieved by respecting our managerial creed of "Looking hard at people's lifestyles and providing satisfaction for people's hearts," which has supported the growth of Nichirei to date.

The word "people" as used in our managerial creed refers not only to the customers who purchase our products and services, but also to our shareholders, business partners and employees. We believe that by continuing to add new value for these people and for the society in which we live, Nichirei will be able to grow and we will be able to discover its value as a company.

In order to realize our goal, we must continue to create new value through our daily operations in all the businesses in which Nichirei is engaged. Toward that end, we think it is important to (1) use appropriate financial strategies to optimize the cost of procuring funds, (2) make strategic investments in highly profitable businesses from a standpoint of economic profit, and (3) maximize long-term cash flow.

Furthermore, we believe that our greatest strength as we strive to achieve these ends is our overall strength as an enterprise whose assets include the Nichirei corporate brand and food processing technologies, strength in product development and temperature-controlled logistics technologies developed by Nichirei.

Consolidated Results

Businesses under the Nichirei group umbrella are divided into four segments: temperature-controlled logistics operations, food-related operations, real estate operations and other businesses. This fiscal year, these business segments contributed the following proportions of our consolidated sales, in the order listed above: 16.2%, 81.4%, 1.4%, and 1.0%. Nichirei has a total of 101 subsidiary companies; of these, 58 were treated as consolidated subsidiaries in our consolidated business report for the year ended March 2000. The other 43 companies were not included in the consolidated report because they are small and have no significant impact on our consolidated financial statements. Also, of our 15 affiliated companies, ten have been accounted for by the equity method, whereas for the other five were exempted from using the equity method for the same reason as the non-consolidated subsidiaries mentioned above.

We chose not to break down segmental information by location or to include overseas sales figures due to immateriality, as these are not required by Japanese accounting standards.

Overview

As mentioned above, roughly 98% of our sales in this fiscal year came from our temperature-controlled logistics and food-related operations. This fiscal year was the second year covered by our three-year Medium-Term Restructuring Plan, in which these businesses are described as ones to select and concentrate on.

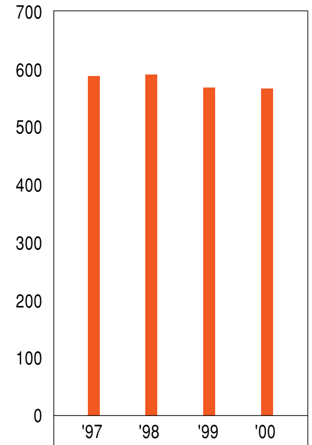
The market for temperature-controlled logistics has expanded in Japan particularly since the 1980s, along with increased importation of food. The Nichirei Group holds the largest share of this market with 13%. All players in this market have been actively investing in equipment, especially in the past eight years, during which time equipment capacity has increased about 30% in Japan's 12 largest urban centers. In the past few years in the industry as a whole, equipment operating ratios have fallen and price competition has intensified severely.

At the same time, however, the distribution end of temperature-controlled logistics operations and third-party logistics (3PL) businesses have grown to become markets in their own right. These markets are growing mainly because of dramatic developments in information technology and the trend among corporations to streamline and outsource logistics operations.

What customers are looking for in these fields is a provider with integrated capacities for both proposing solutions and implementing them. We have entered these fields by making efficient use of our company's resources. We are especially serious about the 3PL market, and have plans for a full-scale entry to this mammoth market. Because of the importance of IT in this field, we plan to establish a joint venture with NTT Data Corporation and Itochu Corporation, with Nichirei initially taking a 56% stake.

In our food business segment, our businesses are divided into food processing and foodstuffs, with the latter consisting of marine products and meat and poultry products. The food industry in general is experiencing a sluggish period, but in Japan, where the rate of population increase has declined, frozen foods are a growth area. We think that one major factor behind this trend is changes in Japanese women's values in relation to food. We at Nichirei are proud to be the biggest player in Japan's frozen food market, with a share of 16.5% thanks to our strength in product development.

Our food business segment also excels due to our ability to procure high-quality ingredients from all over the world. For example, we are firmly established as the clear market-share leader providing South American shrimp and ama-ebi (a kind of Greenland shrimp) in Japan. In addition, we are the biggest in the domestic industry in Norwegian salmon, imported chicken meat and other products, creating a synergy effect with our food processing businesses.



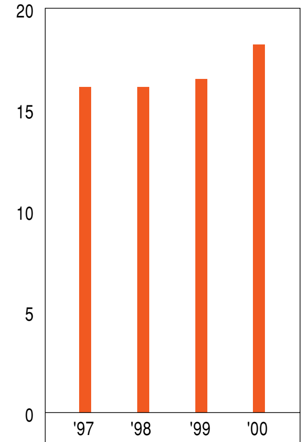
Net Sales 1997-2000
in billions of yen

OPERATIONS

Toward our goal of maximizing and optimizing value that satisfies customers, we are now working on our three-year Medium-Term Restructuring Plan. At the plan's core is business management based on efficient use of our capital in other words, concentrating investment in growth areas and downsizing or pulling out of unprofitable areas.

Two years have passed since we embarked on this plan, and we have been able to achieve even greater results than originally anticipated in those two years. Our greatest accomplishment was to realize ¥17.0 billion (US$159.9 million) in current year operating income, the biggest profit in Nichirei's corporate history. The main reason we were able to do this was our orientation toward efficient use of capital, meaning we pulled out of unprofitable operations and concentrated on highly profitable areas.

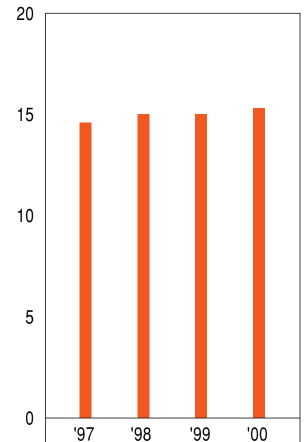
This year we still did not see a recovery in personal consumption in the Japanese economy. Demand for restaurant meals and fresh foods has declined, leading to more intense price competition within the food industry. Despite this harsh business environment, we managed to realize the largest amount of operating income in our history.



Gross Profit Margin 1997-2000
percent

Net Sales :

Net sales for the year declined by ¥2.3 billion (0.4%) from last term to ¥569.5 billion (US$5.4 billion). The main reason for the drop in sales was the fact that, as mentioned above, we abandoned unprofitable operations. In particular, we sold our subsidiary food operations in the U.S.



SGA Expenses to Net Sales 1997-2000
percent

Cost of Goods Sold, Selling Expenses and General Administrative Expenses :

The cost of goods sold declined 2.5% this term to ¥465.6 billion (US$4.4 billion). Because of this, our cost margin declined from 83.5% to 81.8%.

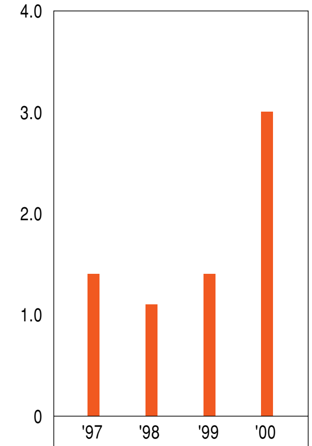
The biggest factor directly underpinning this improvement in our cost margin was the course we took this year of pulling out of unprofitable operations and concentrating on profitable merchandise. And this had the welcome side effect of improving capacity utilization ratios at our manufacturing plants.

Selling and general administrative expenses increased this term by 1.0%, to ¥86.9 billion (US$818.3 million), accounting for 15.3% of net sales, up from 15.0% last term. Although we were able to keep our general administrative expenses from increasing this term, aggressive sales activities supporting processed food operations led to an increase in sales promotion expenses, which was the direct cause of the increased spending in this area.

If we break these down, we see that general administrative expenses declined by 2.9% to ¥38.6 billion (US$363.5 million) and the ratio to sales declined from 7.0% to 6.8%, while selling expenses rose 4.3% to ¥48.3 billion (US$454.8 million) and the ratio to sales rose from 8.1% to 8.5%.

Operating Income :

Operating income for the year increased 111.0% from the previous term, to ¥17.0 billion ($159.9 million), the largest amount in Nichirei's history. Furthermore, the operating income margin increased from 1.4% last term to 3.0%.



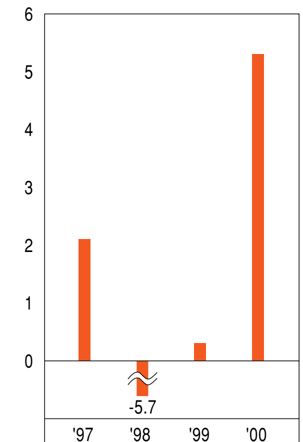
Operating Income Margin 1997-2000
percent

Other Income and Expenses :

The net amount of other income and expenses this term was a loss of ¥9.0 billion (US$84.7 million). This loss was 59.5% bigger than last year's.

In addition to interest and dividend income of ¥805 million (US$7.6 million), we took in a total of ¥17.2 billion (US$161.7 million) by selling some of the fixed assets and marketable securities in the name of improving our assets efficiency, and by settling a lawsuit over receipt of office building rent.

The loss also includes a ¥11.9 billion (US$112.3 million) financial support for reconstruction of THE KYOTO HOTEL, LTD., an affiliated company, a loss of ¥2.3 billion (US$22.1 million) on sales of land in Kyoto, and ¥2.9 billion (US$27.8 million) to write off cold-storage palettes and disposition of fixed assets related to the updating of equipment.



ROE 1997-2000
percent

Income Before Income Taxes :

Income before income taxes for the term rose 231.6% over last term to ¥8.0billion (US$75.2 million).

Income Taxes :

This term our income taxes increased 72.5% to ¥3.5 billion (US$33.3 million).

Our effective tax rate for the term including deferred taxes was 44.3%, as compared to our statutory tax rate for the term, 41.9%. The primary source for this difference is the tax effect accounting that we adopted in all Nichirei group companies as of this term in response to enacted changes to the regulations governing consolidated financial statements. Details of these changes can be found in Note 7 attached to the consolidated statements.

Net Income :

Net income for the year through March 2000 was ¥4.3 billion (US$40.8 million), up sharply from the previous term's ¥233 million. Of this increase in net income, ¥1.4 billion (US$13.4 million) resulted from the adoption of tax effect accounting.

Because of this, our shareholders' return on equity rose from 0.3% to 5.3%, and net income per share jumped from ¥0.74 to ¥13.91.

TRENDS BY SEGMENT

Temperature-Controlled Logistics Division :

In the term ended March 31, 2000, our Temperature-Controlled Logistics Division posted sales of ¥95.7 billion (US$901.8 million), up 6.3% from the previous term. Operating income increased by 8.1% to ¥8.2 billion (US$77.1 million).

The refrigerated warehousing industry saw an increase in storage volumes during the term, thanks to increased importation of major marine products and meat and poultry. However, due to increased warehouse capacity and corporate policies aimed at streamlining distribution costs, competition for business became extremely fierce. As a result, capacity utilization declined further. Nevertheless, we were able to raise both revenues and profits this term by actively engaging in flexible sales efforts closely tailored to customer needs, containing investment in capacity expansion, closing or consolidating unprofitable bases, and striving to reduce costs through computerization and automation.

On the transportation end of the logistics industry, there was an increasing tendency in Japan, mainly among mass retailers and food wholesalers, to outsource distribution services. We have long been offering our services by proposing solutions that fit the particular needs of individual customers, but now we have positioned this area as a strategic target area for the future and plan to concentrate resources in contracted management of distribution centers and logistical systems proposals.

Foods Division :

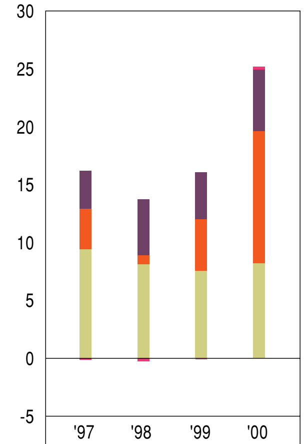
Our Foods Division is comprised of four areas: Processed Foods, Marine Products, Livestock & Poultry Products, and Wholesale and Retail Food Operations. Sales by the Foods Division declined 0.5% from the previous term to ¥481.3 billion (US$4.5 billion), but operating income grew 157.4% to ¥11.4 billion (US$107.8 million).

(a) Processed Foods Operations

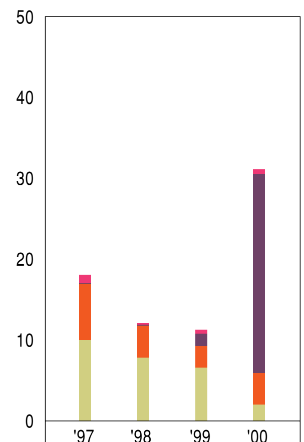
In our Processed Foods Operations, we used our strength in product development to come up with new products that meet new consumer needs, and succeeded in increasing revenues and profits. We created hit products in the areas of frozen foods, retort-pouched foods and acerola products. Also, we improved profitability by limiting the number of unprofitable products we handle. We will continue to solidify and strengthen our income base by concentrating on developing products designed to meet the needs of new Japanese lifestyles and growth areas of the food market. In addition, we will use our product development skills for actively launching a health foods operation as a new business.

(b) Marine Products

In the year through March 2000, supply and demand in the marine products industry were kept in balance by increasing imports from abroad to make up for smaller catches by fishermen in domestic waters. In this environment, we provided more guidance for our overseas suppliers in order to improve quality and the level of processing. We also identified highly profitable products and efficient sales channels and concentrated on those, thereby succeeding in increasing both revenues and profits. In the future we aim



Operating Income by Segment 1997-2000
(before intercompany eliminations and corporate)
in billions of yen



Capital Expenditure by Segment 1997-2000
in billions of yen

to continue to make the most of our worldwide procurement network and strive to develop and procure high-quality ingredients that meet our customers' needs.

(c) Livestock & Poultry Products

This term our meat and poultry sales declined as unit prices fell in general and we reduced our volume of low-margin products. Keeping in mind our goals of "reliability, safety, good taste, health and environmental-friendliness," we actively developed or introduced ingredients with distinguishable characteristics. As a result, we achieved a big improvement in operating income.

(d) Foodstuffs Wholesaling, Retailing and Other Businesses

During this term, sales in these areas declined due to reorganization in the logistics industry, scrapping of unprofitable products, and the sale of manufacturing and sales subsidiaries in North America. On the other hand,we made progress toward solidifying the earning power of Yukiwa Corporation, our domestic foodstuffs wholesaling subsidiary, and operating income increased dramatically. In October 1999, Yukiwa boosted its capital by allocating ¥400 million in new shares to Ryoshoku Ltd. and Mitsubishi Corporation, and further strengthened itself by concluding business tie-ups with both companies.

Real Estate Division :

Sales by the Real Estate Division grew 15.5% to ¥8.2 billion (US$ 77.1 million). Operating income grew by 31.0% to ¥5.3 billion (US$ 49.9 million). This improvement was mainly based on the sale of 56 residential lots and an increase in revenues from office rentals during the term.

Other Divisions :

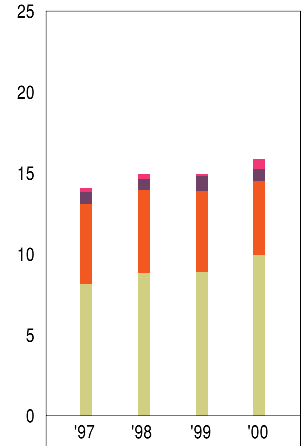
Due to the inclusion of newly consolidated subsidiaries, and the expansion of product range of cosmetics ingredients by our bio-science operations, sales in the term ended March 2000 increased to ¥6.2 billion (US$58.2 million), up 52.6% from the previous term. Operating income was ¥235 million (US$2.2 million).

LIQUIDITY AND CAPITAL RESOURCES

We are aware that one important element that allows us to increase Nichirei's corporate value is the ability to continuously generate cash flow through our business activities and invest in new 21st century-oriented growth areas.

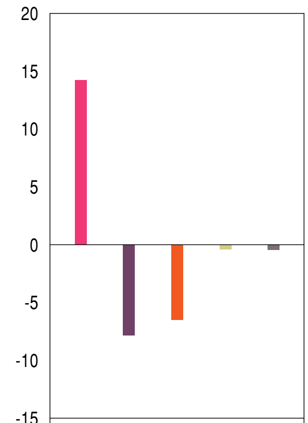
If we look at cash flow from business activities for the consolidated fiscal term ended March 31, 2000, we see that we generated only ¥14.2 billion (US$133.7 million) because although operating income increased, we provided ¥11.9 billion (US$112.3 million) in order to support the reconstruction of THE KYOTO HOTEL, LTD.

During the consolidated fiscal term, cash flow generated by investment activities was helped by our restriction of investments on equipment, the sale of North American subsidiaries, and active liquidation of marketable securities and fixed assets. But because we acquired land and buildings from the "Kyoto Hotel (Oike)" (3/4 of the total)



Depreciation and Amortization by Segment 1997-2000
in billions of yen

Other
Real Estate
Foods
Temperature-controlled Logistics



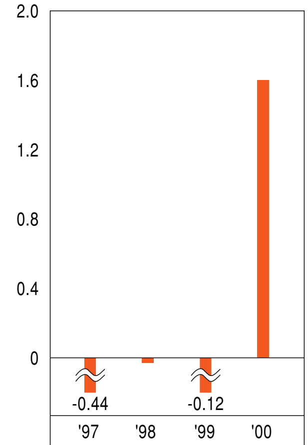
Cash Flows 2000
in billions of yen

Operating Activities
Investment Activities
Financing Activities
Other adjustments
Net decrease in cash and cash equivalents

as part of our overall efforts to support the reconstruction of THE KYOTO HOTEL, LTD., the net result was a cash outflow of ¥7.8 billion (US$73.3 million).

Cash flow generated by financial activities during the consolidated fiscal term amounted to a net outlay of ¥6.5 billion (US$60.8 million) because we repaid ¥5.2 billion (US$48.8 million) worth of interest-bearing debts and paid dividends to shareholders. However, our end-of-term balance of interest-bearing debts declined by ¥1.2 billion (US$10.9 million) due to such factors as the increase of newly consolidated subsidiaries and the influence of currency rate fluctuations.

As a result, our term-end balance of cash and cash equivalents was ¥9.0 billion (US$84.4 million), an increase of ¥1.2 billion (US$11.0 million) from the end of the previous consolidated fiscal year.



Working Capital to Net Sales 1997-2000
percent

FINANCIAL POSITION

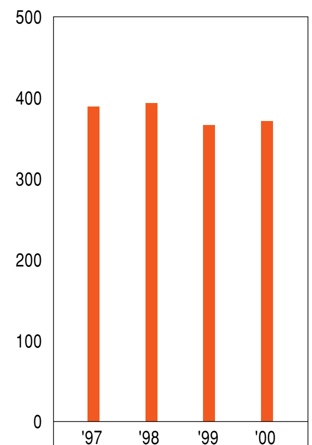
As of the end of the fiscal term, our total assets increased by 1.3% from the previous term, to ¥370.6 billion (US$3.5 billion). Most of this increase was due to the acquisition of assets from THE KYOTO HOTEL, LTD. If we break it down,we see that our liquid assets shrank 0.9% to ¥152.5 billion (US$1.4 billion) during the term. We posted ¥1.4 billion (US$13.2 million) in deferred tax assets due to the adoption of tax effect accounting, and ¥1.2 billion increase in cash and bank deposits, but these were cancelled out largely by decreases in accounts receivable and inventories.

Moreover, investments and other assets decreased by 8.5% during the term, to ¥39.4 billion (US$371.4 million). This was mainly due to the fact that selling of investment securities reduced our holdings by ¥1.7 billion (US$15.7 million) and goodwill was reduced by ¥882 million due to redemptions.

In addition, our tangible fixed assets grew by 5.9%, or ¥9.9 billion (US$93.3 million), during the term to ¥178.7 billion (US$1.7 billion). The main reason for the increase was the fact that, although we sold some assets during the term primarily with the intention of improving the efficiency of our management, we also bought 3/4 of the land and buildings (the part used in common) from THE KYOTO HOTEL, LTD.

On the liabilities side, the total amount of our liabilities increased this term by 0.8% to ¥287 billion (US$2.7 billion). We redeemed the balance of our commercial paper, which amounted to ¥15 billion (US$141.3 million). Because we used long-term borrowings to do this, our current liability decreased by 7.1% to ¥143.6 billion (US$1.4 billion) while long-term liability increased 10.2% to ¥143.4 billion (US$1.4 billion).

Looking at our shareholders' equity, our retained earnings increased by 7.7% from the previous term to ¥28.6 billion (US$269.5 million). Because of this, our shareholders' equity increased 2.6% to ¥82.6 billion (US$778.4 million). As a result, Nichirei's equity ratio as of the end of the term was 22.3%, up from 22.0% a year earlier.



Total Assets 1997-2000
in billions of yen

INTRODUCTION OF ACCOUNTING STANDARDS FOR RETIREMENT AND SEVERANCE BENEFITS

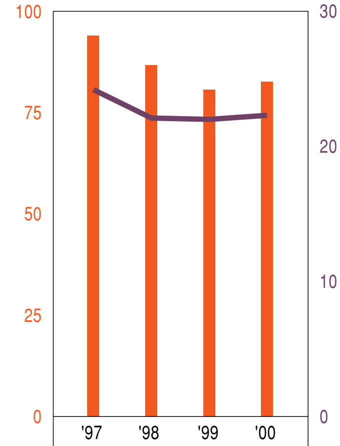
As of the term ending March 2001, new accounting standards for retirement and severance benefits are going to be introduced.

Currently, when employees of Nichirei group companies retire for reasons other than dismissal for cause, they are qualified to receive a lump-sum retirement payment based on the amount of their basic retirement benefits and length of employment. Nichirei Corporation and our 19 consolidated domestic subsidiaries employ a tax-qualified retirement pension plan with externally held reserves.

As of March 31, 2000, the present value of retirement benefit obligations that Nichirei could be expected to bear in the future was ¥25.6 billion (US$241.2 million) at a discount rate of 3.5%, whereas pension assets combined with reserves for retirement allowances amounted to ¥9.1 million (US$85.7 million), resulting in a shortfall of ¥16.5 billion (US$155.4 million) in the reserves.

We plan to address this shortfall by using our shares held with book value of about ¥5 billion (US$47.1 million) and fair value of ¥13.5 billion (US$127.2 million) as of March 31, 2000 to establish a trust, and by writing off the remaining shortfall of roughly ¥3 billion (US$28.3 million) in the fiscal year through March 2001.

This means we plan to post an extraordinary loss of around ¥3 billion (US$28.3 million) in the year ending March 2001, which we intend to cover by using operating income and profits from sales of existing assets.



Stockholders' Equity and Equity Ratio 1997-2000
in billions of yen, percent

RISK MANAGEMENT

Nichirei and its consolidated subsidiaries are exposed to a variety of risks in the course of our normal business operations, including risks arising from currency and interest rate fluctuations. As a means of effectively managing those risks, we engage in derivative trading.

Our use of currency-related derivatives consists of using exchange forward contracts to avoid currency fluctuation risks associated with foreign currency-denominated trading (mainly import and export of merchandise and raw materials). Regarding trading of interest rate-related derivatives, we use interest rate swap agreements to reduce the cost of procuring funds and to avoid interest rate fluctuation risks.

Nichirei and its consolidated subsidiaries do not engage in such trading for speculative purposes or with the aim of making profits from the trading itself.

Derivative trading itself is accompanied by its own risks, the most important of which are market risks and credit risks. Market risk refers to the chance that a particular trading position will incur a profit or loss due to changes in the market. The exchange contracts used by our company and its consolidated subsidiaries are vulnerable to currency fluctuations, while our interest rate swap agreements are subject to risk from changes in interest rates.

Credit risk refers to the possibility that a trading partner will fail to meet its obligations, thereby making us unable to receive expected future effects if we have an contract in effect with that partner. Because Nichirei and its consolidated subsidiaries conduct derivative trading with banks that have appropriate credit ratings, we believe there is virtually no risk that our trading partners will fail to meet their obligations.

Within Nichirei, each operational division establishes policies that govern its currency exchange forward contracts related to normal business transactions, and exchange forward contracts are concluded by each operational division, through the Sales Service Division, based on each division's policies. Details of such contracts are confirmed each time by the Finance Division.

Meanwhile, each time a currency exchange forward contract or interest rate swap agreement is entered into for finance-related purposes, the Finance Division's Finance Team concludes the deal after a proposal has been circulated for approval by relevant officers, and the Finance Division's Accounting Team is made aware of the results. Other types of derivative trading would be executed on the basis of internal rules approved by the Board of Directors, but in the fiscal year ended March 2000 no such trading was undertaken. Consolidated subsidiaries follow similar procedures for derivative transactions, and Nichirei's Finance Division confirms major trades made by the subsidiaries.

In addition to the risks described above, Nichirei may be exposed to non-financial or immeasurable risks in the course of its normal business operations. Such risks include country risks, credit risks and legal risks, but because of their unpredictable nature, we will not discuss them in this annual report. However, we can say that as of the end of March 2000, Nichirei was not involved in any ongoing litigation.

Currency Rate Risk :

Nichirei buys some of its raw materials and merchandise from overseas, for which we pay in U.S. dollars. To this extent, we are vulnerable to the risk of fluctuations in currency markets. In order to eliminate some of that risk, we use currency exchange forward contracts. At the end of March 2000, the net balance of our short and long positions in U.S. dollar exchange contracts was ¥1.7 billion, which represented a revaluation loss of ¥2 million against fair value.

Interest Rate Risk :

We are exposed to risks arising from interest rate fluctuations through our investment activities and cash management activities. We participate in interest rate swap agreements and currency interest rate swap agreements largely in order to fix interest rates that apply to our variable-interest obligations. As of the end of March 2000, the total notional principle involved in such transactions was ¥42 billion, which meant there was a revaluation loss of ¥167 million against fair value.

The notional principle in swap agreements represents the nominal value of the contract, and it does not mean that the full amount of notional principle is not subject to market risks or credit risks.

Stock Price Risk :

For policy maintenance purposes and for investment purposes, Nichirei holds shares in various listed and unlisted companies and is thereby exposed to share price fluctuation risk. The total book value of these shares on the balance sheet was ¥34.8 billion as compared to the total fair value of the shares of ¥58.1 billion.

Year 2000 Problems :

Recognizing the importance of maintaining continuity in our business operations, we have taken company-wide steps to minimize any risks to our operations presented by the so-called "Y2K bug."

On December 31, 1999 and January 1, 2000, we assigned professionals who are extremely well-versed in Y2K issues to guard all of our important computer systems. As of March 31, 2000, we determined that the Y2K bug had not caused any significant damage to Nichirei or to any services that Nichirei provides directly to our customers.

All expenses associated with this problem, amounting to ¥534 million (US$5.0 million), have been posted as temporary expenses, with ¥246 million (US$2.3 million) of that amount posted in the year ended March 2000.

RESPONSIBILITY FOR FINANCIAL REPORTING

All financial statements included in this annual report were prepared using all available data and our best judgment, based on the responsibility of corporate management according to generally accepted accounting principles in Japan. The financial statements have been audited by independent auditing firm Century Ota Showa & Co., whose opinion about the objectivity of the assessments contained therein is included on page 35 of this report. However, final responsibility for the accuracy and truthfulness of the financial statements contained in this report rests with us, the corporate management of Nichirei.

In order to obtain reasonable assurance of the accuracy and reliability of our financial statements, we maintain a system of internal controls to see that each transaction is executed exactly as authorized and is reported accurately. However, in order to preserve the assets entrusted to management by shareholders in a rational way, we must consider both the costs and the expected benefits of our system of internal controls.

At Nichirei, we have paid utmost attention to integrity and diligence when selecting personnel to staff our financial operations. In order to prevent abuse and errors, and in order to preserve the functionality of internal controls, we have these personnel report to us. In addition, our corporate auditor exercises internal controls and performs internal audits and is continuously evaluating our procedures for keeping accounting records, the functionality of internal controls with regard to financial reporting, and the effectiveness of the independent auditor.

Consolidated Balance Sheets

Nichirei Corporation and Consolidated Subsidiaries

As of March 31, 1999 and 2000

ASSETS	Millions of yen 1999	Millions of yen 2000	Thousands of U.S. dollars (Note 1) 2000
Current Assets:			
Cash and bank deposits	¥ 7,969	¥ **9,130**	$ **86,012**
Marketable securities (Note 4)	22,757	**21,481**	**202,370**
Notes and accounts receivable - trade	77,890	**74,858**	**705,215**
Less allowance for doubtful accounts	(690)	**(704)**	**(6,639)**
Inventories (Note 3)	37,758	**34,509**	**325,103**
Deferred tax assets	-	**1,399**	**13,182**
Other current assets	8,201	**11,812**	**111,278**
Total current assets	153,886	**152,487**	**1,436,524**
Property, plant and equipment (Note 5):			
Land	38,831	**46,201**	**435,246**
Buildings and structures	192,193	**205,456**	**1,935,527**
Machinery and equipment	92,095	**86,328**	**813,267**
Construction in progress	3,442	**2,791**	**26,298**
	326,562	**340,777**	**3,210,340**
Less accumulated depreciation	(157,750)	**(162,060)**	**(1,526,713)**
Property, plant and equipment, net	168,812	**178,716**	**1,683,626**
Investments and other assets:			
Investment securities	7,003	**14,762**	**139,070**
Investments in and advances to non-consolidated subsidiaries and affiliates	15,393	**5,863**	**55,234**
Deferred tax assets	-	**827**	**7,796**
Other	26,070	**19,092**	**179,863**
Less allowance for doubtful accounts	(5,327)	**(1,126)**	**(10,608)**
Total investments and other assets	43,139	**39,419**	**371,357**
Total assets	¥ 365,838	**¥ 370,623**	**$ 3,491,508**

The accompanying notes are integral parts of these statements.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	*Millions of yen*		*Thousands of U.S. dollars (Note 1)*
	1999	**2000**	**2000**
Current liabilities:			
Short-term bank loans (Note 5)	¥ 56,938	**¥ 46,572**	**$ 438,745**
Commercial paper	15,000	**-**	**-**
Current portion of long-term debt (Note 5)	14,012	**26,032**	**245,240**
Notes and accounts payable - trade	44,959	**46,006**	**433,413**
Income taxes payable	1,269	**2,910**	**27,422**
Accrued expenses	16,248	**15,854**	**149,362**
Other current liabilities	6,192	**6,237**	**58,765**
Total current liabilities	154,619	**143,615**	**1,352,951**
Long-term liabilities:			
Long-term debt (Note 5)	110,044	**122,235**	**1,151,532**
Directors' and employees' retirement benefits	2,080	**2,078**	**19,577**
Deferred tax liabilities	-	**757**	**7,131**
Other	18,032	**18,322**	**172,608**
Total long-term liabilities	130,157	**143,392**	**1,350,849**
Total liabilities	284,777	**287,008**	**2,703,800**
Contingent liabilities (Note 10)			
Minority interests	494	**990**	**9,333**
Shareholders' equity:			
Common stock, par value ¥50 per share:			
Authorized -720,000,000 shares			
Issued and outstanding -			
310,851,065 shares at 31 March, 1999	30,307	**-**	**-**
310,851,065 shares at 31 March, 2000	-	**30,307**	**285,519**
Capital surplus	23,704	**23,704**	**223,312**
Retained earnings	26,555	**28,612**	**269,548**
	80,567	**82,624**	**778,380**
Less treasury stock, at cost	(0)	**(0)**	**(5)**
Total shareholders' equity	80,567	**82,624**	**778,374**
Total liabilities, minority interests and shareholders' equity	¥ 365,838	**¥ 370,623**	**$ 3,491,508**

Consolidated Statements of Income

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 1999 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	**2000**	**2000**
Net sales	¥ 571,775	¥ **569,482**	$ **5,364,882**
Operating costs and expenses:			
Cost of sales	477,692	**465,641**	**4,386,639**
Selling, general and administrative expenses	86,036	**86,866**	**818,341**
	563,729	**552,508**	**5,204,981**
Operating income	**8,046**	**16,973**	**159,901**
Other income (expenses):			
Interest and dividend income	785	**805**	**7,591**
Interest expenses	(6,279)	**(5,205)**	**(49,040)**
Other - net (Note 6)	(145)	**(4,594)**	**(43,280)**
	(5,639)	**(8,994)**	**(84,729)**
Income before income taxes and minority interests	2,406	**7,979**	**75,171**
Income taxes (Note 7):			
Current	2,646	**4,692**	**44,207**
Deferred	(597)	**(1,158)**	**(10,909)**
Minority interests	123	**118**	**1,115**
Net income	¥ 233	¥ **4,326**	$ **40,758**

Amounts per share:	Yen		U.S. dollars (Note 1)
Net income			
- Basic	¥ 0.74	¥ **13.91**	$ **0.131**
- Diluted	-	**13.87**	**0.130**

The accompanying notes are integral parts of these statements.

Consolidated Statements of Shareholders' Equity

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 1999 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	**2000**	**2000**
Common Stock:			
Balance at beginning of year	¥ 30,307	¥ **30,307**	$ **285,519**
Conversion of convertible bonds	-	-	-
Balance at end of year	30,307	30,307	285,519
Capital Surplus:			
Balance at beginning of year	23,704	**23,704**	**223,312**
Conversion of convertible bonds	-	-	-
Balance at end of year	23,704	**23,704**	**223,312**
Retained earnings:			
Balance at beginning of year	32,677	**26,555**	**250,165**
Cumulative effect of initial adoption of tax-effect accounting	-	**(698)**	**(6,584)**
Net income	233	4,326	40,758
Cash dividends	(1,865)	(1,865)	(17,570)
Bonuses to directors and statutory auditors	(120)	(76)	(725)
Adjustment for inclusion in consolidation or equity method of subsidiaries and affiliates	(4,370)	372	3,505
Balance at end of year	¥ 26,555	¥ **28,612**	$ **269,548**

The accompanying notes are integral parts of these statements.

Consolidated Statements of Cash Flows

Nichirei Corporation and Consolidated Subsidiaries
For the year ended March 31, 2000

	Millions of yen	*Thousands of U.S. dollars (Note 1)*
	2000*	**2000**
Cash flows from operating activities:		
Income before income taxes and minority interests	**¥ 7,979**	**$ 75,171**
Depreciation and amortization	**16,547**	**155,886**
Provision for doubtful accounts	**26**	**247**
Provision for employees' retirement benefits	**112**	**1,062**
Equity in earnings of affiliates	**(493)**	**(4,651)**
Loss on devaluation of marketable securities	**202**	**1,905**
Loss on disposal of property, plant and equipment	**1,916**	**18,051**
Loss on devaluation of investment securities	**210**	**1,980**
Loss on devaluation of golf membership	**556**	**5,247**
Interest and dividends income	**(805)**	**(7,591)**
Interest expenses	**5,225**	**49,224**
Gain on sales of property, plant and equipment	**(3,777)**	**(35,587)**
Gain on sales of marketable securities	**(7,434)**	**(70,037)**
Profit on a settlement out of court	**(3,604)**	**(33,956)**
Gain on sales of investment securities	**(31)**	**(296)**
Loss on financial support for an affiliated company	**11,916**	**112,256**
Increase in notes and accounts receivable - trade	**(1,895)**	**(17,854)**
Decrease in inventories	**2.697**	**25,412**
Increase in notes and accounts payable - trade	**1,407**	**13,262**
Other	**(1,342)**	**(12,651)**
Subtotal	**29,412**	**277,082**
Interest and dividends income received	**1,079**	**10,168**
Interest expense paid	**(5,345)**	**(50,355)**
Income taxes paid	**(3,042)**	**(28,662)**
Proceeds from settlement out of court	**4,000**	**37,682**
Loss on financial support for affiliated company	**(11,916)**	**(112,258)**
Net cash provided by operating activities	**14,187**	**133,659**
Cash flows from investing activities:		
Payments for purchase of marketable and investment securities	**(1,375)**	**(12,960)**
Proceeds from sales of marketable securities	**12,026**	**113,295**
Payments for purchase of property, plant and equipment	**(31,407)**	**(295,877)**
Proceeds from sales of property, plant and equipment	**10,030**	**94,495**
Decrease in short-term loans receivable	**807**	**7,606**
Payments for long-term loans receivable	**(522)**	**(4,919)**
Proceeds from collections of long-term loans receivable	**193**	**1,820**
Proceeds from sales of investments in subsidiaries	**2,553**	**24,054**
Other	**(84)**	**(799)**
Net cash used in investing activities	**(7,778)**	**(73,283)**
Cash flows from financing activities:		
Decrease in short-term bank loans	**(13,296)**	**(125,257)**
Decrease in commercial paper	**(15,000)**	**(141,309)**
Proceeds from increase of long-term debt	**27,794**	**261,837**
Payments of long-term debt	**(4,682)**	**(44,111)**
Proceeds from issuance of bonds	**10,000**	**94,206**
Payments of bonds	**(10,000)**	**(94,206)**
Dividends paid	**(1,865)**	**(17,577)**
Other	**595**	**5,613**
Net cash used in financing activities	**(6,454)**	**(60,805)**
Effects of exchange rate changes on cash and cash equivalents	**(364)**	**(3,434)**
Net decrease in cash and cash equivalents	**(410)**	**(3,863)**
Increase in cash and cash equivalents due to charge in scope of consolidation	**1,582**	**14,905**
Cash and cash equivalents at beginning of year	**7,785**	**73,339**
Cash and cash equivalents at end of year (Note 11)	**¥ 8,957**	**$ 84,381**

The accompanying notes are integral parts of these statements.

** The Company started providing the consolidated financial statements from this fiscal year ended March 31, 2000 in accordance with Japan's newly established standards for providing cash flow statements. Thus, no such figures were compiled in the previous fiscal year.*

Notes to Consolidated Financial Statements

Nichirei Corporation. and Consolidated Subsidiaries

Note 1: Basis of Presentation

The accompanying consolidated financial statements of Nichirei Corporation (the "Company") and its consolidated subsidiaries have been prepared from the consolidated financial statements filed with the Ministry of Finance as required by the Japanese Securities and Exchange Law in accordance with accounting principles and practices generally accepted in Japan.

Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.
For the purpose of this presentation, certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

As permitted by the Japanese Securities and Exchange Law, 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 ¥106.15= US$1.00, the exchange rate prevailing as of March 31, 2000.

Note 2: Summary of Significant Accounting Policies

(a) Principles of Consolidation

In accordance with the accounting standards for consolidation issued by the Business Accounting Deliberation Council, effective April 1, 1999, the accompanying consolidated financial statements include the accounts of the Company and all its subsidiaries over which the Company exerts substantial control through majority ownership of voting stocks and/or by other means. The adoption of the new standards did not have an impact on the consolidated financial statements for the year ended March 31, 2000.

The consolidated financial statements include the accounts of the Company and 58 of its subsidiaries for the period ended March 31, 2000. All significant intercompany balances, transactions and profits are eliminated. Other subsidiaries are excluded from consolidation because they are not significant in the group. Consolidation differences are amortized on the straight-line basis over a period of 5 years.

(b) Investments in the Equity of Non-Consolidated Subsidiaries and Affiliates

Investments in 10 affiliated are accounted for by the equity method in accordance with the Japanese Securities and Exchange Law.

Investments in non-consolidated subsidiaries and other affiliates are stated at cost as they are insignificant in the group.

(c) Cash Equivalents

All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

(d) Marketable Securities and Investments in Securities

In general, marketable securities are stated at cost or less, cost being determined based on the moving average-cost method.

Investments in securities are stated at cost or less, cost being determined based on the moving average-cost method. The Japanese Commercial Code requires such marketable securities and investments to be written down where there has been persistent impairment in their value. Where considered necessary, the Company and its consolidated subsidiaries have written down the book value of their marketable securities and investments.

(e) Foreign Currency Translation

Foreign currency accounts of the Company and its consolidated subsidiaries are translated into Japanese yen as stated below in (i) and (ii) in conformity with "Japanese standards of financial accounting and reporting for foreign currency transactions":

(i) monetary short-term accounts are translated at the exchange rates in effect at the balance sheet date; and
(ii) other accounts are translated at the applicable historical exchange rates in effect at the time of transactions.

(f) Translation of Financial Statements of Consolidated Overseas Subsidiaries

In translating the financial statements of overseas subsidiaries, balance sheet accounts are translated at the exchange rate in effect at each year-end and revenues and expenses are translated at the average rate of exchange prevailing during the year.

(g) Inventories

Inventories of the company and domestic subsidiaries are stated at cost, determined by the monthly average-cost method.

Inventories of the overseas subsidiaries are generally stated at the lower-of-cost-or-market-method, and the cost is determined on the basis of first-in, first-out method.

(h) Property, Plant and Equipment; Intangible Fixed Assets; Depreciation

Property, Plant and Equipment are stated at cost. Depreciation of the Company and Japanese subsidiaries is computed primarily by the declining-balance method except in the case of office buildings acquired on or after April 1, 1998 in which the straight-line method is applied at rates based on the estimated useful life of the assets, ranging from 3 to 50 years for buildings and structures and from 2 to 20 years for machinery and equipment. The rates are prescribed in the Japanese Tax Regulation.

Depreciation of all foreign subsidiary companies is computed on the straight-line method, subject to local rules, at rates based on the estimated useful life of the assets.

Intangible assets are amortized by the straight-line method prescribed in the Japanese Tax Regulation. Software for internal use is amortized by the straight-line method over its estimated useful life of 5 years.

Effective fiscal year ended March 31, 2000, new accounting standards for research and development costs issued by the Business Accounting Deliberation Council were adopted for internal use software. This new accounting standard is applied to the software whose expenditure was on or after April 1, 1999, based on Accounting Committee Reports No.12 "Implementation Guidance of Research and Development Costs and Software Accounting," issued by the Japan Institute of Certified Public Accountants on March 31, 1999. As a result, net income decreased by ¥249 million (US$2,349 thousand) for the fiscal year ended March 31, 2000.

(i) Employees' Retirement Benefits and Pension Plan

The Company and its domestic consolidated subsidiaries adopt the policy that the annual provision for employees' retirement benefits is made on the basis of providing 40 percent of the accrual for the liability which would be required to be paid if all eligible employees terminated their employment with the Company and its domestic consolidated subsidiaries voluntarily at the balance sheet date.

The Company and 19 domestic consolidated subsidiaries have adopted non-contributory pension plans replacing part or all of their respective retirement benefit plans.

At March 31, 2000, the assets of the pension funds were ¥9.1 billion (US$85,727 thousand) as compared to the projected benefit obligation of ¥25.6 billion (US$241,168 thousand).

(j)Directors' and Statutory Auditors' Retirement Benefits

The accrual of directors' and statutory auditors' retirement benefits, ¥919 million (US$8,658 thousand), was included in directors' and employees' retirement benefits at March 31, 2000.

(k) Income Taxes

Income taxes are accounted for on an accrual basis. Deferred income taxes relating to the timing differences arising in connection with the adjustments for intercompany accounts on consolidation have been reflected in the consolidated financial statements.

Effective fiscal year ended March 31, 2000, in accordance with a new accounting standard issued by the Business Accounting Deliberation Council, the Company has adopted accounting for interperiod tax allocation. The Company uses the asset and liability method to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amount and their respective tax base of assets and liabilities.

Deferred tax assets and liabilities are measured using enacted tax rates expected to be applicable to taxable income in the years in which those temporary differences are expected to be recovered or settled.

As a result, net income increased by ¥1,427 million (US$13,446 thousand), deferred tax assets of ¥1,054 million (US$9,930 thousand) and deferred tax liabilities of ¥571 million (US$5,388 thousand) were recorded. The cumulative effect of this change of ¥698 million (US$6,584 thousand) is reported as "cumulative effect of initial adoption of tax-effect accounting" in the consolidated statement of shareholders' equity.

(l) Net Income (Loss) per Share

Net income (loss) per share for the years ended March 31, 1999 and 2000 is computed based on the weighted average number of shares

outstanding during each year.
Diluted net income per share is based on the weighted average number of shares outstanding during the year and assumes conversion of convertible bonds (issued on August 31, 1988).
The dilution of net income per share did not occur as of March 31, 1999.

(m) Leases

Non-cancelable finance lease transactions are accounted for as operating leases except that lease agreements which stipulate the transfer of the ownership of the leased assets are accounted for as finance leases.

Note 3: Inventories

Inventories as at March 31, 1999 and 2000 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	1999	**2000**	**2000**
Finished goods and merchandise	¥ 33,916	**¥ 31,322**	**$ 295,079**
Raw materials and supplies	3,842	**3,187**	**30,024**
	¥ 37,758	**¥ 34,509**	**$ 325,103**

Note 4: Marketable Securities and Investment Securities

Market value of marketable securities and investments in securities at March 31, 2000 was as follows:

	Millions of yen	*Thousands of U.S. dollars*
Carrying value -		
Current	¥ 21,481	$ 202,364
Non-current	13,362	125,878
	34,844	328,252
Market value -		
Current	41,168	387,819
Non-current	16,882	159,039
	58,051	546,878
Unrealized gains	¥ 23,207	$ 218,625

Note 5: Short-term Bank Loans and Long-term Debt

Short-term bank loans are represented by notes maturing within one year.
The average interest rate of all the outstanding short-term borrowings was 1.939%. The average interest rate is the independent debts' weighted average interest rate by the corresponding principal amount as of the end of the fiscal year.
Long-term debts as of March 31, 1999 and March 31, 2000 are summarized as follows (The given interest rates, which may be denominated in more than one currency, are rates after applicable interest rate swaps or currency swaps):

	Millions of yen		Thousands of U.S. dollars
	1999	2000	2000
The Company			
4.35% bonds due 1999	¥ 10,000	¥ -	$ -
5.0% bond due 2000	10,000	**10,000**	**94,206**
2.8% bonds due 2001	20,000	**20,000**	**188,412**
2.075% bonds due 2002	20,000	**20,000**	**188,412**
1.8% convertible bonds due 2003	6,307	**6,307**	**59,415**
2.175% bonds due 2003	5,000	**5,000**	**47,103**
1.52% bonds due 2004	-	**10,000**	**94,206**
Unsecured loans, principally from banks and life insurance companies (0.46892%～4.5%)	13,568	**14,562**	**137,191**
Secured loans, principally from banks and government sponsored agencies (2.75%)	47	**37**	**354**
Consolidated Subsidiaries			
U.S. dollar 5,000,000 industrial revenue bonds due 2009 (5.9%) *1 *3	578	**512**	**4,823**
Yen 5,000,000,000 unsecured notes due 2000 (8.145%) *2 *3	5,865	**5,191**	**48,908**
Loans, principally from banks (0.3%～14.0%)	32,690	**56,656**	**533,738**
Less current portion (0.3%～8.0%)	(14,012)	**(26,032)**	**(245,240)**
	¥110,044	**¥ 122,235**	**$ 1,151,532**

1 This interest rate of the bonds is the interest rate applicable to the floating-rate industrial development bond (1989 series) issued by Lancaster County, Nebraska, U.S.A.
2 This interest rate is the rate of the U.S. dollar currency swap agreement which was entered into after issuing the notes in yen.
3 The outstanding balances of the bonds as of the end of the previous year and the end of this fiscal year are calculated as of December 31 of each year, which is the balance date of the issuing consolidated subsidiary.

The aggregate annual maturity of long-term debt (exclusive of all convertible debt) outstanding as at March 31, 2000 during the periods indicated were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2001	¥ 26,032	$ 245,240
2002	28,272	266,343
2003	30,794	290,102
2004	13,805	130,052
2005 and thereafter	49,363	465,033
	¥ 148,267	$ 1,396,773

The assets pledged as collateral for long-term debt as at March 31, 2000 were as follows:

	Millions of yen	Thousands of U.S. dollars
Marketable securities	¥ 21	$ 203
Property, plant and equipment	46,738	440,301
Other assets	389	3,665
	¥ 47,148	$ 444,171

Note 6: Other Income (Expenses)

Other income (expenses) for the year ended March 31, 2000 mainly consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Gain on sale of property, plant and equipment	¥ 6,122	$ 57,679
Gain on sale of marketable securities	7,434	70,037
Profit on a settlement out of court	3,604	33,956
Loss on the sale of property, plant and equipment	(2,345)	(22,092)
Loss on retirement of property, plant and equipment	(2,949)	(27,783)
Loss on financial support for an affiliated company	(11,916)	(112,256)
Loss on discontinued operations	(1,910)	(17,996)
Other, net	(2,635)	(24,825)
	¥ (4,594)	$ (43,280)

Note 7:

Income Taxes

The Japanese statutory tax rates applicable to income before income taxes for the fiscal years ended March 31, 1999 and March 31, 2000 were 47.0% and 41.9%, respectively. The difference represents the enacted tax rate change for the years starting on or after April 1, 1999.

The Company and its consolidated subsidiaries are subject to a number of taxes based on income, which, in the aggregate resulted in normal tax rates of approximately 48 percent and 44 percent for the years ended March 31, 1999 and March 31, 2000, respectively. The effective tax rates reflected in the accompanying consolidated statements of income for each year differed from the normal statutory rate. The difference between the statutory tax rate and the effective tax rate reflects future tax effects of temporary differences as shown below.

	2000
Statutory tax rate	**41.9%**
Entertainment and other expenses not qualifying for deduction	**3.4**
Received dividends and other income excluded from taxable income	**(1.9)**
Decrease in income taxes resulting from equity in earnings	**(2.6)**
Residents tax per capita basis	**1.8**
Settled additional tax due amount	**1.6**
Others, net	**0.0**
Effective tax rate	**44.3%**

The components of deferred tax assets and deferred tax liabilities at March 31, 2000 are as follows:

	Millions of yen	*Thousands of U.S. dollars*
Deferred tax assets:		
Deferred losses	¥ 3,204	$ 30,183
Loss on devaluation of marketable securities	597	5,632
Enterprise tax	253	2,390
Inventories - unrealized profits and write-downs	220	2,080
Property, plant and equipment - unrealized profits and losses	1,740	16,399
Allowance for doubtful accounts	290	2,739
Depreciation	663	6,249
Other	1,705	16,067
Total gross deferred tax assets	8,677	81,744
Less valuation allowance	3,555	33,496
Deferred tax assets	5,121	48,247
Deferred tax liabilities:		
Special depreciation reserve	(74)	(704)
Reserve and special reserve for advanced depreciation of property, plant and equipment	(3,164)	(29,810)
Other, net	(412)	(3,884)
Deferred tax liabilities	(3,651)	(34,399)
Net deferred tax assets	¥ 1,469	$ 13,847

Note 8:

Leases

Where ownership of the leased property is not transferred to the lessee during the lease terms in finance leases, the leased property is not capitalized and the related lease expenses are charged to income in the period incurred, as per the statement issued by the Business Accounting Deliberation Council of Japan.

Acquisition costs, accumulated depreciation and net book value of the leased properties for such finance lease purposes are as follows:

	Millions of yen		*Thousands of U.S. dollars*
	1999	**2000**	**2000**
Acquisition costs	¥ 36,861	**¥ 32,910**	**$ 310,035**
Less accumulated depreciation	13,431	**12,919**	**121,709**
Net Book Value	¥ 23,430	**¥ 19,990**	**$ 188,326**

Lease expenses on finance lease contracts without ownership-transfer amounted to ¥5,381 million and ¥4,385 million (U.S.$41,367 thousand) for the years ended March 31, 1999 and March 31, 2000, respectively.

The amounts of outstanding future payments under finance leases due on March 31, 1999 and March 31, 2000, including the portion of interest thereon, are summarized as follows:

Future lease payments:	Millions of yen		Thousands of U.S. dollars
	1999	**2000**	**2000**
One year or less	¥ 4,075	**¥ 3,142**	**$ 29,603**
More than one year	20,164	**17,507**	**164,935**
	¥ 24,239	**¥ 20,650**	**$ 194,539**

The amounts of outstanding future payments under operating leases due on March 31, 1999 and March 31, 2000 are also summarized as follows:

Future lease payments:	Millions of yen		Thousands of U.S. dollars
	1999	**2000**	**2000**
One year or less	¥ 220	**¥ 350**	**$ 3,298**
More than one year	874	**1,002**	**9,447**
	¥ 1,095	**¥ 1,352**	**$ 12,745**

Future lease receipts:	Millions of yen		Thousands of U.S. dollars
	1999	**2000**	**2000**
One year or less	¥ 17	**¥ 4,580**	**$ 43,153**
More than one year	6	**44,665**	**420,779**
	¥ 24	**¥ 49,246**	**$ 463,933**

Note 9: Derivative Financial Instruments

The Company and its subsidiaries enter into foreign currency forward, interest swap, currency swap and other derivatives financial agreements primarily to manage risks associated with the exposures of their assets and liabilities to adverse fluctuations in the underlying markets.

The Company and its subsidiaries also use these agreements for the purposes of lowering their funding costs, accessing to a variety of fund resources and locking yields while investing in fixed income markets. Under no circumstances, however, the Company and its subsidiaries use derivative financial instruments for trading purposes.

Because of their hedging purposes and high correlation between the hedging instruments and the underlying exposure, all profits and losses of derivatives financial instruments are deferred to offset reciprocal changes in the value of underlying exposure.

The unrealized profits and losses of aggregate amounts of such agreements as marked at fair values at March 31, 2000 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	Principal Amount (notional amount for swaps)	Unrealized profits and losses	Principal Amount (notional amount for swaps)	Unrealized profits and losses
Foreign currency forward contracts	¥ 1,771	¥ (2)	$ 16,685	$ (21)
Interest swaps	35,761	(371)	336,897	(3,503)
Currency swaps	6,200	204	58,407	1,930
		(169)		(1,595)

Note 10:

Contingent Liabilities

As at March 31, 1999 and March 31, 2000, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	1999	**2000**	**2000**
As guarantor of indebtedness of non-consolidated subsidiaries and affiliates	¥ 2,261	**¥ 1,889**	**$ 17,796**
As guarantor of indebtedness of employees	1,407	**1,424**	**13,424**
As guarantor of indebtedness of other company		**89**	**843**
	¥ 3,669	**¥ 3,403**	**$ 32,063**

Note 11:

Supplementary Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2000:

	Millions of yen	Thousands of U.S. dollars
Cash and bank deposits	¥ 9,130	$ 86,012
Time deposit with a maturity of more than three months	(88)	837
Overdraft amount included in short-term bank loans	(84)	793
Cash and cash equivalents	¥ 8,957	$ 84,381

Note 12:

Segment Information

The Company and its consolidated subsidiaries are engaged in the following four business segments: temperature-controlled logistics, foods, real estate and other. Temperature-controlled logistic mainly comprises business of refrigerated storage, distribution and transportation of fresh and chilled foods. Foods mainly comprises production, processing and marketing of processed foods, and importing such foodstuffs as marine, meat and poultry, and agricultural products. Real estate comprises leasing of office buildings and others. Other comprises diagnostic medicine business and others.

Business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 1999 and March 31, 2000 is as follows:

	Year ended March 31, 1999 (Millions of yen)						
	Temperature-controlled logistics	Foods	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	¥ 77,273	¥ 483,458	¥ 7,060	¥ 3,982	¥571,775	¥ -	¥ 571,775
Intra-group sales and transfers	12,813	94	25	67	13,001	(13,001)	-
Total	90,086	483,553	7,086	4,050	584,776	(13,001)	571,775
Operating expenses	82,519	479,110	3,040	4,057	568,728	(4,999)	563,728
Operating income (loss)	7,567	4,442	4,045	(7)	16,048	(8,001)	8,046
Total assets	126,492	145,103	35,730	13,509	320,835	45,002	365,838
Depreciation and amortization	8,882	5,017	883	153	14,935	636	15,572
Capital expenditures	6,578	2,660	1,567	45	10,852	250	11,103

	Year ended March 31, 2000 (Millions of yen)						
	Temperature-controlled logistics	Foods	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	¥ 77,204	¥481,022	¥ 7,758	¥ 3,496	¥569,482	¥ -	¥ 569,482
Intra-group sales and transfers	18,518	229	427	2,684	21,859	(21,859)	-
Total	95,722	481,252	8,186	6,180	591,341	(21,859)	569,482
Operating expenses	87,539	469,818	2,886	5,944	566,189	(13,680)	552,508
Operating income (loss)	8,183	11,434	5,299	235	25,152	(8,179)	16,973
Total assets	118,183	146,867	56,860	5,737	327,649	42,974	370,623
Depreciation and amortization	9,899	4,595	781	565	15,841	706	16,547
Capital expenditures	2,025	3,898	24,627	523	31,074	236	31,310

	Year ended March 31, 2000 (Thousands of U.S. dollars) (Note 1)						
	Temperature-controlled logistics	Foods	Real Estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	$ 727,314	$4,531,538	$ 73,089	$ 32,939	$ 5,364,882	$ -	$ 5,364,882
Intra-group sales and transfers	174,454	2,162	4,029	25,285	205,930	(205,930)	-
Total	901,768	4,533,700	77,118	58,224	5,570,813	(205,930)	5,364,882
Operating expenses	824,677	4,425,982	27,197	56,002	5,333,860	(128,879)	5,204,981
Operating income (loss)	77,091	107,718	49,921	2,221	236,952	(77,051)	159,901
Total assets	1,113,363	1,383,585	535,663	54,051	3,086,663	404,844	3,491,508
Depreciation and amortization	93,256	43,288	7,360	5,330	149,234	6,654	155,888
Capital expenditures	19,079	36,724	232,002	4,935	292,741	2,224	294,965

Report of Independent Certified Public Accountants

Century Ota Showa & Co.

The Board of Directors and Shareholders
Nichirei Corporation

We have audited the consolidated balance sheets of Nichirei Corporation and consolidated subsidiaries as of March 31, 1999 and 2000, the related consolidated statements of income and shareholders' equity for the years then ended, and the related consolidates statement of cash flows for the year ended March 31, 2000, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Nichirei Corporation and consolidated subsidiaries at March 31, 1999 and 2000, and the consolidated results of their operations for the years then ended, and the consolidated results of their cash flows for the year ended March 31, 2000 in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 1 to the consolidated financial statements, Nichirei Corporation and consolidated subsidiaries have adopted new accounting standards for consolidation, research and development costs and tax-effect accounting in the preparation of their consolidated financial statements for the year ended March 31, 2000.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2000 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

June 29, 2000

Century Ota Showa & Co.

See Note 1 to the consolidated financial statements which explains the basis of preparing the consolidated financial statements of Nichirei Corporation and consolidated subsidiaries under Japanese accounting principles and practices.

5-YEAR CONSOLIDATED FINANCIAL SUMMARY

Nichirei Corporation and Consolidated Subsidiaries
As of March 31, 1999 and 2000

	Millions of yen, except for per share amounts					Thousands of U.S. dollars
	1996	1997	1998	1999	**2000**	**2000**
OPERATING RESULTS-CONTINUING OPERATIONS						
Net sales	¥ 561,453	¥ 591,190	¥ 594,469	¥ 571,775	**¥ 569,482**	**$ 5,364,882**
Gross Profit	93,755	95,003	95,850	94,082	**103,840**	**978,242**
Selling, general and administrative expenses	83,474	86,521	89,636	86,036	**86,866**	**818,341**
Operating income	10,280	8,481	6,214	8,046	**16,973**	**159,901**
Income (loss) before income taxes	4,763	4,946	(3,414)	2,406	**7,979**	**75,171**
Net income (loss)	219	1,977	(5,172)	233	**4,326**	**40,758**
AT YEAR END						
Total assets	¥ 382,004	¥ 388,613	¥ 393,032	¥ 365,838	**¥ 370,623**	**$ 3,491,508**
Shareholders' equity	94,526	93,898	86,689	80,567	**82,624**	**778,374**
Property, plant and equipment - net	174,763	179,701	176,254	168,812	**178,716**	**1,683,626**
FINANCIAL RATIOS						
As a parcent of sales:						
Gross profit	16.70%	16.07%	16.12%	16.45%	**18.23%**	
Selling, general and administrative expenses	14.87	14.64	15.08	15.05	**15.25**	
Operating income	1.83	1.43	1.05	1.41	**2.98**	
Income (loss) before income taxes	0.85	0.84	(0.57)	0.42	**1.40**	
Return on equity	0.23	2.10	(5.73)	0.28	**5.30**	
Equity ratio	24.7	24.2	22.1	22.0	**22.3**	
OTHER INFORMATION						
Per common share (basic)						
Net income (loss)	¥ 0.70	¥ 6.36	¥ (16.63)	¥ 0.74	**¥ 13.91**	**$ 0.131**
Shareholders' equity	304.09	302.07	278.88	259.18	**265.80**	**2.504**
Shares outstanding at year-end (shares)	310,845,905	310,848,485	310,851,065	310,851,065	**310,851,065**	

Effective fiscal year ended March 31, 1999, enterprise tax is included in income taxes as the Japanese accounting standards have changed. The figures in the prior years are before this change, and thus assume that enterprise tax is included in selling, general and administrative expenses.

Directors and Statutory Auditors

President
Tadashi Teshima

Executive Managing Director
Kanji Nakano

Executive Managing Director
Yoshizo Yoshikawa

Executive Managing Director
Shujiro Yamaguchi

President:

Tadashi Teshima

Executive Managing Directors:

Kanji Nakano
Yoshizo Yoshikawa
Shujiro Yamaguchi

Managing Directors:

Koji Fukuda
Naohiro Hara
Hidehiko Murakami

Directors:

Koji Yokota
Kazuhiko Goto
Tadayuki Shimazu
Takemoto Oto
Toshihide Nire
Koichi Maeshima
Mitsuyuki Chiba
Mitsudo Urano
Masatoshi Toyama
Haruo Shiihashi
Takeshi Kasai
Masahiro Ara
Syu Akiyama
Yoshihiko Soma

Standing Statutory Auditor:

Fumio Kita

Statutory Auditors:

Konosuke Hamada
Kazuo Kawakami
Haruyasu Uchino

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Investor Information

as of March 31, 2000

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Division
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Domestic Offices:

Branches 11
Logistics Service Centers 69
Sales Offices 14
Food Manufacturing Plants 3
Processing Plants 3

HOME PAGE ADDRESS

www.nichirei.co.jp

ESTABLISHED

December 1, 1945

COMMON STOCK LISTING

Nichirei's common stocks are listed on the following exchanges:

Tokyo, Osaka, Nagoya, Kyoto, Fukuoka,
Sapporo
(Code: 2871)

PAID-IN CAPITAL

¥30,307 million

NO. OF SHAREHOLDERS (more than 1,000 shares)

29,341

COMMON STOCK

Authorized 720,000,000 shares
Outstanding 310,851,065 shares

NO. OF FULL-TIME EMPLOYEES

5,951

TRANSFER AGENT AND REGISTRAR

The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd.
Stock Transfer Agency Division
6-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo
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Tel : 03-3240-7000

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders is normally held in June each year in Tokyo, Japan.

INDEPENDENT AUDITOR

Century Ota Showa & Co.

Common Stock Price Range

Tokyo Stock Exchange

	1998		1999		2000	
	High	Low	High	Low	High	Low
1st Quarter	¥609	¥435	¥335	¥250	¥340	¥250
2nd Quarter	¥573	¥348	¥311	¥226	¥345	¥285
3rd Quarter	¥413	¥250	¥295	¥230	¥350	¥260
4th Quarter	¥354	¥228	¥285	¥240	¥308	¥261

Nichirei Corporation

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