

Nichirei Announces Posting of Impairment Loss on Fixed Assets and Revision to Consolidated Results Forecast

Nichirei Corporation (the “Company”) announces that it posts an impairment loss on fixed assets in the third quarter of the fiscal year ending March 31, 2013 and that it revises its full-year consolidated results forecast for the fiscal year. Details are as follows:

1. Posting of impairment loss on fixed assets

(1) Description of the impairment loss

In the Processed Foods business, the Group established a subsidiary that produces processed chicken products in Thailand, GFPT Nichirei (Thailand) Company Limited, in 2009. The company exports products primarily to Japan and also to Europe and sells raw chicken in Thailand.

From the beginning of operation in 2010, the company maintained stable operations, and in 2011 achieved the initial target number of chickens processed. However, raw chicken selling prices in Thailand remained low in 2012 for longer than expected, and earnings did not improve. As a consequence, the Company reduces the carrying amount of the fixed assets to the recoverable amount and posts the reduction, ¥4,069 million, as an impairment loss in extraordinary losses.

The company will add processing lines, which are expected to start operation in June 2013, and will increase the handling of high value-added processed products for Japan and Europe. In this way, the company plans to change its earnings structure to one that will not be susceptible to changes in selling prices in Thailand.

(2) Effect on results

As described above, an impairment loss of ¥4,069 million is posted. However, part of the impairment loss is posted as minority interests in loss, and the effect on net income was a reduction of ¥2,075 million.

2. Revision of the consolidated results forecast

The Company revises its full-year consolidated results forecast announced on November 6, 2012. Details are as follows:

The year-end dividend forecast remains unchanged.

Revision of the consolidated results forecast (April 1, 2012 through March 31, 2013)

	Net sales	Operating income	Recurring income	Net income	Net income per share
Previous forecast (A)	(million yen) 468,000	(million yen) 17,000	(million yen) 16,300	(million yen) 11,300	(yen) 38.33
Revised forecast (B)	—	—	—	9,200	31.21
Change (B – A)	—	—	—	-2,100	
Percentage change	—	—	—	-18.6	
(Reference) Results for previous fiscal year (ended March 31, 2012)	454,931	16,177	15,250	7,904	26.35

The results forecast above is based on information available at the time of publication. Actual results may differ significantly.

3. Inquiries

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