

Summary of 2nd Quarter Report for Fiscal Year 2018 (April 1, 2018 through September 30, 2018)

Qualification: This is directly translated into English for the convenience of readers, and all financial results conform with the accounting principles generally accepted in Japan.

Company: **Nippon Suisan Kaisha, Ltd.** Listed on Tokyo Stock Exchange with the register code 1332

<http://www.nissui.co.jp/english/index.html>

1. Consolidated Financial Data of 2nd Quarter of FY2018

(1) Consolidated Financial Results (For six months ended September 30)

(Amounts less than one million yen are omitted)

	Net sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2nd quarter of FY2018	350,483	5.8	10,560	(18.6)	11,952	(9.9)	6,919	(25.6)
2nd quarter of FY2017	331,117	-	12,969	-	13,258	-	9,296	-

(Note) : Each percentage figure shows changes from the previous year.

Comprehensive income of 2nd quarter of FY2018 9,020 Million yen ((11.9)%) 2nd quarter of FY2017 10,233 Million yen (- %)

	Earnings per share	Diluted income per share
	Yen	Yen
2nd quarter of FY2018	22.22	-
2nd quarter of FY2017	29.84	-

(Note) : The year-on-year rate of increase for 2Q of FY2017 is not stated as retroactive adjustment has been made due to changes in accounting policies.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
2nd quarter of FY2018	492,820	164,269	29.4
FY2017	482,233	157,106	28.6

(Note) : Total shareholders' equity As of Sep 30, 2018 144,938 Million yen As of March 31, 2018 137,714 Million yen

2. Dividend

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
	Yen	Yen	Yen	Yen	Yen
FY2017	-	4.00	-	4.00	8.00
FY2018	-	4.00	-	-	-
FY2018 (forecast)	-	-	-	4.00	8.00

(Note) Revision to dividend forecast during the current quarter: None

3. Consolidated Forecast for FY2018(April 1, 2018 through March 31, 2019)

	Net sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2018	706,500	4.3	22,000	(5.3)	23,500	(4.4)	16,000	(7.2)	51.42

(Note) Revision during the current quarter to the consolidated forecast for FY2018: Yes

(Note) The year-on-year rate of increase is calculated retrospectively as Nissui has changed the accounting policy since 1Q of FY2018.

* Notes

- Changes in scope of consolidation due to transfer of significant subsidiaries during the term: None
- Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statement: None
- Changes in accounting policy, Changes in accounting estimate, and restatement:
 - Changes in accounting policy associated with the revision of the accounting standard, etc.: None
 - Changes in accounting policy other than those stated above: Yes
 - Changes in accounting estimate : None
 - Restatement : None

4) Number of issued shares (Common stock)

- Number of issued shares at the end of the term (Including treasury stock)
- Number of treasury stock at the end of the term
- Average number of shares during the term (For the current consolidated first quarter)

2Q of FY2018	312,430,277	FY2017	312,430,277
2Q of FY2018	1,281,652	FY2017	948,795
2Q of FY2018	311,405,537	2Q of FY2017	311,483,077

(Note) Nissui has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan since 2Q of FY2018 and its own shares remaining in the Trust is included as treasury shares. The number of treasury stock at the end of the term is 330,500 and average number of shares during the term is 74,975.

* The summary of financial results is not subject to audits.

*Explanation on the proper use of the forecasts, and other noteworthy items

The performance forecasts contained in this report are based on information available at the present time and certain premises thought to be reasonable. Accordingly, the final results may change substantially due to various factors. For conditions from which the premises for the forecasts were derived and the other noteworthy items relating to the use of the forecasts, please refer to "Explanation on consolidated financial results" of page 4 of the Summary of 2nd Quarter Report for Fiscal Year 2018 (Appendix).

* Support documentation for the 2nd Quarter was disclosed on the TD-net (Timely Disclosure network) on the same day.

1. Qualitative information for the second quarter of the fiscal year ending March 31, 2019

(1) Explanation on consolidated financial results

The Japanese economy showed an improvement in capital investment, employment and income environment on the background of stable corporate earnings during the first six months of the consolidated fiscal year under review.

In terms of the global economy during the period subject to consolidated accounting from January to June, the U.S. showed an improvement in consumer spending and capital investment amid concerns about the effect of the government's protectionist policy and Europe showed a moderate recovery as unemployment rate continued to decline and consumer spending continued to increase.

The Company and its corporate group faced severe business environment in the Marine Products Business due to the loss in Salmon/Trout farming operation caused by the death of juvenile in the previous year and to the down in sales price of fish despite a strong business in North America and Europe.

Under these circumstances, the consolidated financial results through the second quarter of the consolidated fiscal year under review were as follows: net sales were 350,483 million yen, up 19,366 million yen year-on-year; operating profit was 10,560 million yen, down 2,408 million yen year-on-year; ordinary profit was 11,952 million yen, down 1,306 million yen year-on-year; and the profit for the quarter attributable to owners of parent company was 6,919 million yen, down 2,376 million yen year-on-year.

Since Nissui changed the way of converting to Yen from using spot exchange rate as of accounting closing date to average exchange rate during the period regarding income and cost of overseas subsidiaries, comparison between current fiscal year and previous year is conducted by using figures recalculated retrospectively. In addition, from the first quarter of the consolidated fiscal year under review, criteria of distribution of selling, general and administrative expenses has been reviewed in order to understand segment results in more appropriate manner.

(Unit : million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
2Q of FY2018	350,483	10,560	11,952	6,919
2Q of FY2017	331,117	12,969	13,258	9,296
Increase/Decrease (Y-on-Y)	19,366	(2,408)	(1,306)	(2,376)
Percentage (Y-on-Y)	105.8%	81.4%	90.1%	74.4%

The summary by segment is as follows.

(Unit : million yen)

	Net Sales	Increase/Decrease (Y-on-Y)	Y-on-Y	Operating Profit	Increase/Decrease (Y-on-Y)	Y-on-Y
Marine Products	139,774	3,350	102.5%	3,765	(2,675)	58.5%
Food Products	172,988	10,317	106.3%	7,246	(51)	99.3%
Fine Chemicals	12,853	148	101.2%	1,165	197	120.4%
General Distribution	8,365	157	101.9%	925	(65)	93.4%
Other	16,500	5,392	148.5%	616	24	104.1%
Common Costs	-	-	-	(3,158)	161	95.1%
Total	350,483	19,366	105.8%	10,560	(2,408)	81.4%

(1) Marine Products Business

The Marine Products segment is engaged in the fishery, aquaculture, and seafood processing and trading businesses.

<Overview of the second quarter of the consolidated fiscal year under review>

In the Marine Products Business, sales in the amount of 139,774 million yen (up 3,350 million yen year-on-year) and operating profit of 3,765 million yen (down 2,675 million yen year-on-year) were recorded.

Fishery Business: Both revenue and income increased year-on-year.

[Japan]

• Revenue and Income increased thanks to the good catch of Bonito and Mackerel.

Aquaculture Business: Both revenue and income decreased year-on-year.

[Japan]

• Sales price of Tuna decreased and fish in the cage died due to red tides, in addition to the farming cost of Salmon/Trout increased, while sales volume and sales price of Waka Buri (Note 1), which is good in quality in summer season increased. As a result, both revenue and income decreased.

[South America]

• Both revenue and income decreased as sales volume decreased significantly due to the death of juvenile in the previous year and sales price decreased as well.

Seafood Processing and Trading Business: Revenue increased but income decreased year-on-year.

[Japan]

• While sale of Buri Yellowtail and Fish feed and oil was strong, purchase price of Salmon/Trout increased and the sales volume decreased and the sales price of shrimp decreased. As a result income decreased.

[North America]

• While revenue decreased due to the decrease of Crab volume, income increased thanks to the increase of Surimi and Pollock Roe sales price and the effect of labor cost reduction.

[Europe]

• Both revenue and income increased as the result of the influence of foreign exchange fluctuation as well as the expansion of sales area went smoothly.

(2) Food Products Business

The Food Products segment is engaged in the food processing and chilled foods businesses.

<Overview of the second quarter of the consolidated fiscal year under review>

In the Food Products Business, sales in the amount of 172,988 million yen (up 10,317 million yen year-on-year) and operating profit of 7,246 million yen (down 51 million yen year-on-year) were recorded.

Processed Foods Business: Revenue increased but income decreased year-on-year.

[Japan]

• While cooked rice and vegetable category went strong in Frozen Food Business, seafood sausage business struggled due to the increase of raw material cost. As a result, income decreased.

[North America]

• While revenue decreased due to foreign exchange effect, income increased thanks to the cost reduction effect in frozen food for retail business.

[Europe]

• Revenue mainly in chilled food increased significantly thanks to the progress of production system consolidation aiming at market expansion.

Chilled Foods Business: Both revenue and income increased year-on-year.

[Japan]

• Both revenue and income increased as the number of stores increased thanks to the convenience store industry consolidation and the sales of rice and noodle products and bento grew.

(3) Fine Chemicals Business

The Fine Chemicals segment is engaged in the manufacture and sale of pharmaceutical raw materials, functional raw materials (Note 2), functional foods (Note 3), pharmaceuticals and diagnostic medicines.

<Overview of the second quarter of the consolidated fiscal year under review>

In the Fine Chemicals Business, sales in the amount of 12,853 million yen (up 148 million yen year-on-year) and operating profit of 1,165 million yen (up 197 million yen year-on-year) were recorded.

[Pharmaceutical Raw Materials, Functional Raw Materials and Functional Foods]

• While sales volume of pharmaceutical raw materials was down due to generic drugs promotion, the sales of functional raw materials such as DHA added in infant formula went well in both Japan and overseas in addition to the reduction of advertisement expense for IMARK S in mail-order business. As a result, both revenue and income increased.

[Clinical Diagnostic Medicines, Industrial Reagents and Pharmaceuticals]

• Revenue increased thanks to the strong overseas business in clinical diagnostic medicine business but income decreased due to business reform (sale of cosmetic business).

(4) General Distribution Business

The General Distribution segment is engaged in the cold storage, transportation and customs clearing businesses.

<Overview of the second quarter of the consolidated fiscal year under review>

In the General Distribution Business, sales in the amount of 8,365 million yen (up 157 million yen year-on-year) and operating profit of 925 million yen (down 65 million yen year-on-year) were recorded.

• Sales increased thanks to reassumed cold storage warehouse but various costs including labor and electricity increased. As a result revenue increased but income remained almost unchanged year-on-year.

(Note 1) Farmed Buri Yellowtail which is in season in Spring to Summer by accelerating spawning period. Thus enabling to deliver good quality fish in summer time

(Note 2) Functional raw materials consist of EPA, DHA, and others mainly used as ingredients of health supplements and infant formula.

(Note 3) Functional foods mainly consist of food for specified health uses such as IMARK and IMARK S, and supplements such as EPA and DHA.

(2) Explanation on consolidated financial position

State of assets, liabilities and net assets

Nissui has applied "Partial Amendment to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 February 16, 2018) from 1st quarter under review, and the explanation by the year-on-year comparison and analysis based on the figures has been recalculated based on renewed accounting standard.

Assets

Current assets increased by 2.5% compared to the end of the previous consolidated fiscal year to 259,381 million yen, mainly as a result of decrease in cash and deposit by 7,853 million yen and increase in notes and accounts receivable by 5,834 million yen and in products and goods by 5,075 million yen.

Noncurrent assets increased by 1.9% compared to the end of the previous consolidated fiscal year to 233,439 million yen, mainly as a result of decrease in property, plant and equipment by 1,325 million yen and increase in investment securities by 6,804 million yen.

As a result, total assets increased by 2.2% compared to the end of the previous consolidated fiscal year to 492,820 million yen and ROA was 3.1%.

Liabilities

Current liabilities increased by 2.6% compared to the end of the previous consolidated fiscal year to 218,310 million yen, mainly as a result of an increase in notes and accounts payable by 6,950 million yen and short-term loans payable by 4,940 million yen.

Noncurrent liabilities decreased by 1.8% compared to the end of the previous consolidated fiscal year to 110,241 million yen, mainly as a result of decrease in long-term loans payable by 4,012 million yen and net defined benefit liability by 573 million yen.

As a result, total liabilities increased by 1.1% compared to the end of the previous consolidated fiscal year to 328,551 million yen.

Net Assets

Total net assets increased by 7,162 million yen compared to the end of the previous consolidated fiscal year to 164,269 million yen. This was due mainly to post profit attributable to owners of parent of 6,919 million yen, increases in valuation difference on available-for-sale securities by 4,204 million yen and decrease in foreign currency translation adjustment by 2,954 million yen.

(3) Explanation on Consolidated Financial Forecasts

During the first six months of the fiscal year ending March 2019, sales were strong in both Marine Products Business and Food Products Business. In light of these conditions, the Company has revised its forecast for the fiscal year announced on May 14, 2018 as follows:

	(Unit : million yen)				
	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Earnings per share (EPS)
Previous announced forecast (A)	698,000	22,000	23,500	16,000	51.42 yen
Revised forecast(B)	706,500	22,000	23,500	16,000	51.42 yen
Difference (B - A)	8,500	-	-	-	-
Percentage difference (%)	1.2%	-	-	-	-
(Ref.) Results for last Fiscal Year (FY2017)	677,293	23,240	24,583	17,234	55.33 yen

(Note) Since Nissui has changed the way of converting earnings to Yen from using spot exchange rate as of accounting closing date to average exchange rate during the period regarding income and cost of overseas subsidiaries, comparison between current fiscal year and previous year is conducted by using figures recalculated retrospectively.

3. 2nd Quarter Consolidated Financial Statements
(1) Consolidated Balance Sheet

Million yen

	FY2017 As of Mar. 31, 2018	2nd Quarter of FY2018 As of Sep. 30, 2018
Assets		
Current assets		
Cash and deposits	22,669	14,815
Notes and accounts receivable-trade	84,681	90,515
Merchandise and finished goods	64,570	69,646
Work in process	24,940	27,343
Raw materials and supplies	32,764	32,329
Other	24,174	25,217
Allowance for doubtful accounts	(645)	(486)
Total current assets	253,155	259,381
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	55,432	54,238
Other, net	77,350	77,218
Total property, plant and equipment	132,782	131,457
Intangible assets		
Goodwill	535	419
Other	11,004	10,401
Total intangible assets	11,540	10,820
Investments and other assets		
Investment securities	70,994	77,798
Other	18,776	18,303
Allowance for doubtful accounts	(5,014)	(4,940)
Total investments and other assets	84,755	91,161
Total non-current assets	229,078	233,439
Total assets	482,233	492,820

Consolidated Balance Sheet

Million yen

	FY2017 As of Mar. 31,2018	2nd Quarter of FY2018 As of Sep. 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	44,656	51,607
Short-term loans payable	115,058	119,998
Income taxes payable	4,720	3,684
Accrued expenses	28,185	27,742
Provision	3,397	3,341
Other	16,851	11,935
Total current liabilities	212,869	218,310
Non-current liabilities		
Long-term loans payable	88,807	84,795
Provision	103	83
Net defined benefit liability	13,290	12,716
Other	10,056	12,645
Total non-current liabilities	112,257	110,241
Total liabilities	325,127	328,551
Net assets		
Shareholders' equity		
Capital stock	30,685	30,685
Capital surplus	21,758	21,758
Retained earnings	71,130	76,795
Treasury shares	(269)	(470)
Total shareholders' equity	123,305	128,770
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,262	16,467
Deferred gains or losses on hedges	(152)	545
Foreign currency translation adjustment	4,868	1,913
Remeasurements of defined benefit plans	(2,569)	(2,758)
Total accumulated other comprehensive income	14,409	16,167
Non-controlling interests	19,392	19,330
Total net assets	157,106	164,269
Total liabilities and net assets	482,233	492,820

(2) Consolidated Income Statements

Million yen

	2nd Quarter of FY2017 (Six months ended Sep. 30, 2017)	2nd Quarter of FY2018 (Six months ended Sep. 30, 2018)
Net sales	331,117	350,483
Cost of sales	259,736	280,916
Gross profit	71,381	69,566
Selling, general and administrative expenses	58,411	59,006
Operating profit	12,969	10,560
Non-operating income		
Interest income	160	123
Dividend income	367	413
Foreign exchange gains	155	468
Share of profit of entities accounted for using equity method	448	782
Subsidy income	62	386
Miscellaneous income	219	173
Total non-operating income	1,413	2,349
Non-operating expenses		
Interest expenses	1,035	904
Miscellaneous expenses	89	53
Total non-operating expenses	1,124	957
Ordinary profit	13,258	11,952
Extraordinary income		
Gain on sales of noncurrent assets	287	391
Gain on sales of investment securities	1,229	7
Gain on sales of shares of subsidiaries and associates	161	17
Gain on bargain purchase	267	—
Gain on abolishment of retirement benefit plan	180	—
Total extraordinary income	2,126	416
Extraordinary losses		
Loss on disposal of noncurrent assets	186	159
Impairment loss	—	137
Loss on valuation of investment securities	3	—
Loss on sales of shares of subsidiaries and associates	254	—
Loss on disaster	611	—
Total extraordinary losses	1,056	297
Profit before income taxes	14,328	12,071
Income taxes-current	4,928	3,627
Income taxes-deferred	(255)	1,175
Total income taxes	4,673	4,803
Profit	9,655	7,268
Profit attributable to non-controlling interests	359	348
Profit attributable to owners of parent	9,296	6,919

Consolidated Statements of comprehensive income

Million yen

	2nd Quarter of FY2017 (Six months ended Sep. 30, 2017)	2nd Quarter of FY2018 (Six months ended Sep. 30, 2018)
Profit	9,655	7,268
Other comprehensive income		
Valuation difference on available-for-sale securities	799	4,203
Deferred gains or losses on hedges	(80)	668
Foreign currency translation adjustment	(644)	(1,765)
Remeasurements of defined benefit plans, net of tax	286	(167)
Share of other comprehensive income of entities accounted for using equity method	217	(1,187)
Total other comprehensive income	578	1,751
Comprehensive income	10,233	9,020
(Breakdown)		
Comprehensive income attributable to owners of parent	9,713	8,678
Comprehensive income attributable to non-controlling interests	519	341

(3) Notice concerning the consolidated financial statements

(Notes on premise of existing companies)
Not applicable.

(Notes Regarding Significant Changes in the Amount of Shareholder's Equity)
Not applicable.

(Change in Accounting Policy)

During the 2nd Quarter of the consolidated fiscal year under review (From April 1, 2018 to September 30, 2018)

(Change in calculation method of income and expense of overseas subsidiaries)

Regarding income and cost of overseas subsidiaries, Nissui had been converting to Yen by using the spot exchange rate as of accounting closing date in the past but has changed to the way by using the average exchange rate during the period from the 1st Quarter of the consolidated fiscal year under review. This change has been conducted because of the growing importance of the overseas subsidiaries under the circumstances of accelerating overseas development which is a major strategy of mid-term business plan, MVIP+ 2020 starting from FY2018 and to reflect the performance of overseas subsidiaries more appropriately considering recent fluctuation of foreign exchange ratio.

This change in Accounting Policy is applied retrospectively so consolidated financial report of the previous 2nd quarter and the full year has been adjusted in the same manner.

As a result, comparing with the figures before the adjustment, net sales was down 1,708 million yen, operating profit was down 55 million yen, ordinary profit was down 55 million yen respectively. And net profit before income tax was up 27 million yen and profit attributable to owners of parent was up 48 million yen respectively during previous 2nd quarter. In addition, as retrospective effect amounts was reflected to net assets as of a beginning of previous period, beginning balance of previous year's retained earnings was down 433 million yen and of foreign currency translation adjustment was up the same amount.

(Additional Information)

During the 2nd Quarter of the consolidated fiscal year under review (From April 1, 2018 to September 30, 2018)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

Nissui has applied "Partial Amendment to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 February 16, 2018) from the 1st quarter, and deferred tax assets are indicated in the segment of investment and other assets, and deferred tax liabilities are indicated in the segment of non-current liabilities.

(Introduction of the Board Benefit Trust (BBT))

Nissui has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan (hereinafter referred to as the "Plan") for Nissui's Board Members (excluding Outside Board Members and Board Members residing in overseas countries) and Executive Officers who do not concurrently serve as Board Members (excluding such Executive Officers residing in overseas countries; hereinafter referred to as "Executive Officers"; Board Members and Executive Officers shall be hereinafter collectively referred to as "Board Members, etc."), starting from the 2nd quarter under review, pursuant to the resolution of the 103rd Ordinary General Shareholders' Meeting held on June 27, 2018.

The purpose of the Plan is to promote the motivation of Board Members, etc., in contributing to the improvement of corporate value over the medium to long term by making the linkage between their compensation and Nissui's business performance and shareholder value even clearer and having Board Members, etc., share not only the benefits from higher stock prices, but also the risk of a drop in stock prices, with shareholders.

The gross method has been used for the accounting treatment under the Plan in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts" (Practical Issues Task Force No. 30 of March 26, 2015).

(1) Overview of Transactions

The Plan is a scheme whereby money contributed by Nissui is used as financial resources to acquire Nissui's shares through a trust (the trust established under the Plan shall be hereinafter referred to as the "Trust"), and Nissui's shares and money in the amount of monetary equivalence of Nissui's shares measured at fair value (hereinafter referred to as "Nissui's Shares, etc.") are provided to Board Members, etc., through the Trust in accordance with the "Share Benefit Regulations for Officers" stipulated by Nissui.

The time when Nissui's Shares, etc., are provided to Board Members, etc., shall be, in principle, a certain period of time after the completion of each of Nissui's Mid-Term Business Plans (meaning the three-year period from the fiscal year ending at the end of March 2019 to the fiscal year ending at the end of March 2021 and the subsequent three-year periods thereafter).

(2) Nissui's Own Shares Remaining in the Trust

Nissui recognizes its own shares remaining in the Trust as treasury shares under the category of net assets, using the carrying amount in the Trust (excluding the amount of ancillary expenses). The carrying amount of such treasury shares as of the end of the 2nd quarter under review is 199 million yen, and the number of such shares is 330,500.

(Segment Information, etc.)

1. 2nd Quarter of the last Fiscal Year(Apr 1, 2017 - Sep 30, 2017)

1. Information of net sales and profit (loss) by reportable segment

Million yen

	Information by business segments					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Marine Products	Food Products	Fine Chemicals	General distribution	Total				
Sales									
(1) Sales to third parties	136,424	162,670	12,705	8,208	320,009	11,108	331,117	-	331,117
(2) Inter-segment sales and transfers	12,783	1,739	323	4,146	18,993	1,029	20,022	(20,022)	-
Total	149,208	164,409	13,029	12,355	339,002	12,137	351,139	(20,022)	331,117
Segment income (loss)	6,440	7,297	968	990	15,698	591	16,289	(3,320)	12,969

(Note)

1. The "Other" segment includes the building/repair of ships, engineering and other businesses that are not included in the business segments.

2. The (3,320) million yen segment income adjustment comprise 32 million yen in inter-segment transactions and (3,352) million yen in corporate expenses not allocated to the segments. Corporate expenses comprise mainly selling, general and administrative expenses not allocated to the segments.

3. Segment income is adjusted to reflect operating profit as recorded in the quarterly consolidated statement of income.

2. Information regarding impairment loss on noncurrent assets and goodwill by reportable segment

(Significant impairment loss on noncurrent assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

2. 2nd Quarter of the current Fiscal Year(Apr 1, 2018 - Sep 30, 2018)

1. Information of net sales and profit (loss) by reportable segment

Million yen

	Information by business segments					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Marine Products	Food Products	Fine Chemicals	General distribution	Total				
Sales									
(1) Sales to third parties	139,774	172,988	12,853	8,365	333,982	16,500	350,483	-	350,483
(2) Inter-segment sales and transfers	7,661	1,739	242	4,426	14,070	1,093	15,164	(15,164)	-
Total	147,436	174,727	13,096	12,792	348,053	17,594	365,648	(15,164)	350,483
Segment income	3,765	7,246	1,165	925	13,103	616	13,719	(3,158)	10,560

(Note)

1. The "Other" segment includes the building/repair of ships, engineering and other businesses that are not included in the reportable segments.

2. The (3,158) million yen segment income adjustment comprise 21 million yen in inter-segment transactions and (3,179) million yen in corporate expenses not allocated to the segments. Corporate expenses comprise mainly selling, general and administrative expenses not allocated to the segments.

3. Segment income is adjusted to reflect operating profit as recorded in the quarterly consolidated statement of income.

2. Information regarding impairment loss on noncurrent assets and goodwill by reportable segment

(Significant impairment loss on noncurrent assets)

We posted impairment loss on noncurrent assets in Marine Products Segment business and the amount for the 2nd Quarter of FY2018 is 137 million yen.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

3. Overview of reportable segments.

(Change in income and cost conversion method of overseas subsidiaries)

As described in change of Accounting Policy, regarding income and cost of overseas subsidiaries, Nissui had been converting to Yen by using the spot exchange rate as of accounting closing date in the past but has changed to the way by using the average exchange rate during the period from the current fiscal year.

This change in Accounting Policy is applied retrospectively and segment information of the previous 2nd quarter has been adjusted in the same manner. As a result, comparing with the figures before adjustment, sales amounts to the external customers are down 1,056 million yen in the Marine Products Business, 652 million yen in the Food Products Business, 0 million yen in the Fine Chemical Business, and 0 million yen in the other Business. Segment income is down 5 million yen in the Marine Products Business, 49 million yen in the Food Products Business, 0 million yen in the Fine Chemical Business, and 0 million yen in other Business respectively.

(Change in revenue and income (loss) calculation method of reporting segment)

Nissui has changed the method of calculating administrative expenses which used to be distributed to each reporting segment and these expenses are included in corporate expenses (adjustment). Main purpose of the change is to understand segment result in more appropriate manner as the percentage of administrative work toward non-financial and group increased.

In addition, some consolidated subsidiaries changed their segment from “other Business” to “Marine Products Business” as sales of seafood became more important.

With this change, segment revenue and income of 2nd quarter of previous year are recalculated with revised method.