

Summary of 1st Quarter Report for Fiscal Year 2014

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.

(April 1, 2014 through June 30, 2014)

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 1st Quarter for FY2014

(1) Consolidated Financial Results of 1st Quarter

(Amounts less than one million yen are omitted)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1st quarter of FY2014	151,664	6.5	5,089	92.1	6,042	62.9	2,495	(7.4)
1st quarter of FY2013	142,429	1.1	2,648	1.9	3,710	129.7	2,694	256.8

(Note): Each percentage figure shows changes from the previous year. Comprehensive income of 1Q of FY2014 3,020 Million yen ((39.6%)) 1Q of FY2013 5,002 Million yen(60.2%)

	Net income per share	Diluted income per share
	Yen	Yen
1st quarter of FY2014	9.03	-
1st quarter of FY2013	9.75	-

(2) Consolidated Financial Position of 1st Quarter

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1st quarter of FY2014	434,547	86,470	15.9
FY2013	431,643	83,732	15.4

(Note): Total shareholders' equity June 30, 2014 69,284 Million yen March 31, 2014 66,314 Million yen

2. Dividend

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
	Yen	Yen	Yen	Yen	Yen
FY2013	-	0.00	-	0.00	0.00
FY2014	-				
FY2014 (forecast)		0.00	-	0.00	0.00

(Note) Revision to dividend forecast during the current quarter: None
The company hasn't decided the anticipated dividends for FY2014.

3. Consolidated Forecast for FY2014 (April 1, 2014 through March 31, 2015)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2nd Quarter of FY2014 (Commutative)	296,000	1.5	6,400	20.6	6,100	5.6	1,500	(52.9)	5.43
FY2014	603,000	(0.2)	15,500	11.3	16,000	29.4	7,300	94.4	26.42

(Note) Revision during the current quarter to the consolidated forecast for FY2014: None

4. Notes

- 1) Changes in scope of consolidation due to transfer of significant subsidiaries during the term: None
- 2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statement: None
- 3) Changes in accounting policy, Changes in accounting estimate, and restatement:
 - ① Changes in accounting policy associated with the revision of the accounting standard, etc.: Yes
 - ② Changes in accounting policy other than those stated above: None
 - ③ Changes in accounting estimate : None
 - ④ Restatement : None

(Note) Please refer to "2. Matters regarding summary information (Notes)

4) Number of issued shares (Common stock)

- ① Number of issued shares at the end of the term (Including treasury stock)
- ② Number of treasury stock at the end of the term
- ③ Average number of shares during the term (For the current consolidated first quarter)

1Q of FY2014	277,210,277	FY2013	277,210,277
1Q of FY2014	930,471	FY2013	929,129
1Q of FY2014	276,280,544	1Q of FY2013	276,286,285

*Indication of implementation status of quarterly review procedures

This report is exempt from the quarterly review procedures based on the Financial Instruments and Exchange Act.

Quarterly review procedures based on the Financial Instruments and Exchange Act have not been completed at the time of disclosure of this report.

*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 "Qualitative information on the consolidated forecasts" of page 4 of the Summary of 1st Quarter Report for Fiscal Year 2014 (Appendix).

* Support documentation for the 1st Quarter was disclosed on the TD-net (Timely Disclosure network) on the same day.

1. Qualitative Information for First Three Months of Current Fiscal Year

(1) Explanation on consolidated financial results

During the first three months of the current fiscal year, the Japanese economy was on a modest recovery trend, thanks to the economic measures by the government which have underpinned the domestic economy, as capital expenditures increased in the wake of improved corporate earnings and consumer spending rose, despite reaction to the rush demand in the lead up to the consumption tax hike.

In terms of the global economy during the period subject to consolidated accounting from January to March, the U.S. underwent improvements in its employment situation despite the sluggish growth in consumer spending while Europe began to recover overall. In Asia, the economic growth rate slowed down in China.

The Company and its corporate group witnessed fish prices, despite signs of weakening in certain areas, remain high in the marine products market. In the Food Products business, the Company engaged in various initiatives including the expansion of sales and the improvement of production efficiency. In addition, the overseas businesses were impacted by the effects of foreign exchange.

Under these circumstances, as consolidated results for the first three months of the current fiscal year under review, we recorded sales of 151,664 million yen, up 9,235 million yen year-on-year; operating income of 5,089 million yen, up 2,440 million yen year-on-year; and ordinary income of 6,042 million yen, up 2,332 million yen year-on-year.

In terms of extraordinary income or loss, extraordinary loss of 1,066 million yen was recorded due to a mortality of tuna in the Aquaculture business caused by an unexpected and rapid change in the environment. As a consequence, net income amounted to 2,495 million yen (down 198 million yen year-on-year).

Business operations are summarized as follows:

(1) Marine Products Business

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

<Overview of the first three months of the consolidated fiscal year under review>

In the Marine Products business, sales in the amount of 64,754 million yen (up 10,968 million yen year-on-year) and an operating income of 2,184 million yen (up 1,672 million yen year-on-year) were recorded.

Fishery Business: Revenues increased but income decreased year-on-year.

- In Japan, catch of yellowtail by inshore fishing was strong but costs rose due to rising fuel costs reflecting the rise in fuel prices and the incurrence of dock expenses.

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

- In Japan, fish prices remained strong in the yellowtail aquaculture business, while fish prices fell in the tuna aquaculture business.
- In South America, while raw fish costs increased due to rising fish feed costs, a major increase in income was recorded in the salmon/trout aquaculture business due to valuation gains on the fish in the aquaculture ponds, in addition to the rise in fish prices.

Seafood Processing and Trading Business: Both revenue and income increased year-on-year.

- In Japan, while the sales volume of salmon/trout and fish paste (surimi) declined, efforts were made to secure income by conducting inventory control according to plan.
- In North America, catch of Alaska Pollack was strong, the price of fish paste (surimi) rose and production volume of roe products increased.
- In Europe, efforts were made to capture new customers in the retail market and the prices of major fish types such as shrimp and white fish remained high.

(2) Food Products Business

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

<Overview of the first three months of the consolidated fiscal year under review>

In the Food Products business, sales in the amount of 73,734 million yen (up 1,306 million yen year-on-year) and an operating income of 2,028 million yen (up 1,250 million yen year-on-year) were recorded.

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

- In Japan, sales expenses rose due to the intensified sales competition of frozen prepared foods for household use, in addition to the rise in fish paste (surimi) prices.
- In North America, profitability improved through the review of unprofitable items at companies engaged in frozen prepared foods for household use, and sales to a major restaurant chain by a company engaged in frozen prepared foods for commercial use remained strong.
- In Europe, sales continued to expand through the launch of new products and further efforts were made to improve productivity.

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

- Sales of chilled lunch boxes and salads for convenience stores increased. In addition, efforts were made to improve productivity through the review of the production process.

(3) Fine Chemicals Business

The Fine Chemicals segment is engaged in the manufacture and sale of pharmaceutical raw materials, functional raw materials (Note 1), functional foods (Note 2), pharmaceuticals, and diagnostic medicines.

<Overview of the first three months of the consolidated fiscal year under review>

In the Fine Chemicals business, sales in the amount of 6,029 million yen (down 1,255 million yen year-on-year) and operating income of 1,084 million yen (down 845 million yen year-on-year) were recorded.

- Pharmaceutical raw materials were affected by the National Health Insurance price revisions, and advertising expenses increased in functional foods. The clinical diagnostic medicines business and other businesses struggled at the consolidated subsidiary Nissui Pharmaceutical Co., Ltd.

(4) General Distribution Business

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

<Overview of the first three months of the consolidated fiscal year under review>

In the General Distribution business, sales in the amount of 3,575 million yen (up 161 million yen year on year) and operating income of 422 million yen (up 61 million yen year on year) were recorded.

- The transaction volume increased in the cold storage business.

(Note 1) Functional raw materials consist mainly of EPA, DHA, glucosamine, cholesterol, and orange roughy oil, which are used primarily as ingredients in foods and cosmetics.

(Note 2) Functional foods consist mainly of food for specified health uses such as IMARK and IMARK S, and supplements such as EPA, DHA and glucosamine.

(2) Explanation on consolidated financial position

State of assets, liabilities and net assets

Assets

Current assets increased by 2.9% compared to the end of the previous consolidated fiscal year to 215,726 million yen, mainly as a result of an increase in notes and accounts receivable-trade by 2,526 million yen, as well as an increase in cash and deposit by 2,253 million yen.

Noncurrent assets decreased by 1.4% compared to the end of the previous consolidated fiscal year to 218,820 million yen, mainly as a result of a decrease intangible assets by 885 million yen, as well as a decrease in investment securities by 1,134 million yen. As a result, total assets increased by 0.7% compared to the end of the previous consolidated fiscal year to 434,547 million yen.

Liabilities

Current liabilities decreased by 1.5% compared to the end of the previous consolidated fiscal year to 193,216 million yen, mainly as a result of a decrease in short-term loans payable by 1,947 million yen, as well as a decrease in income taxes payable by 1,848 million yen.

Noncurrent liabilities increased by 2.1% compared to the end of the previous consolidated fiscal year to 154,859 million yen, mainly as a result of an increase in long-term loans payable by 3,888 million yen.

As a result, total liabilities increased by 0.0% compared to the end of the previous consolidated fiscal year to 348,076 million yen.

Net assets

Total net assets increased by 2,738 million yen compared to the end of the previous consolidated fiscal year to 86,470 million yen. This was due mainly to an increase of net income of 2,495 million yen.

(3) Explanation on Consolidated Financial Forecasts

No changes have been made at this point in time to the full-year financial forecasts for the fiscal year ending March 2015, which were released on May 15, 2014.

2. Matters regarding Summary Information (Notes)

Changes in accounting principles, accounting estimates and retrospective restatement for consolidated financial statements

(Application of the Accounting Standard for Retirement Benefits, etc.)

Effective from the 1st quarter of the current fiscal year under review, the Company has adopted the provisions set forth in the main clause of Section 35 of the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (“ASBJ”) Statement No. 26, May 17, 2012, hereinafter “Accounting Standard for Retirement Benefits”) and the provisions set forth in the main clause of Section 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, hereinafter “Guidance on Retirement Benefits”). Accordingly, the Company has revised the method of calculating retirement benefit obligations and prior service costs and changed its method of attributing projected retirement benefits from the straight-line basis to the plan's benefit basis. Additionally, the Company has changed its method of determining the discount rate, from the method based on the number of years which approximate the average remaining years of service of the employees to the method in which a single weighted average discount rate is used that reflects the estimated timing of benefit payments and the amount of benefit payment for each estimated payment period.

The application of the Accounting Standard for Retirement Benefits, etc. is subject to the tentative treatment provided for in Section 37 of the Accounting Standard for Retirement Benefits. Consequently, the impact of the change in the method of

calculating retirement benefit obligations and prior service costs has been recognized as increases or decreases to retained earnings as of the beginning of the 1st quarter of the current fiscal year under review.

The impact of the above changes on retained earnings as of the beginning of the 1st quarter of the current fiscal year under review and the impact on the profit or loss for the first three months of the current fiscal year are minimal.

3. 1st Quarter Consolidated Financial Statements
(1) Consolidated Balance Sheet

Million yen

	FY2013 As of Mar. 31, 2014	1st Quarter of FY2014 As of Jun. 30, 2014
Assets		
Current assets		
Cash and deposits	6,849	9,102
Notes and accounts receivable-trade	73,250	75,776
Merchandise and finished goods	53,058	54,580
Work in process	21,974	22,827
Raw materials and supplies	26,860	25,869
Other	28,384	28,227
Allowance for doubtful accounts	(658)	(657)
Total current assets	209,717	215,726
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	46,971	45,974
Other, net	62,460	62,697
Total property, plant and equipment	109,432	108,671
Intangible assets		
Goodwill	3,522	3,136
Other	12,244	11,745
Total intangible assets	15,766	14,881
Investments and other assets		
Investment securities	77,234	76,100
Other	23,751	23,456
Allowance for doubtful accounts	(4,259)	(4,288)
Total investments and other assets	96,727	95,267
Total non-current assets	221,925	218,820
Total assets	431,643	434,547

Consolidated Balance Sheet

Million yen

	FY2013 As of Mar. 31, 2014	1st Quarter of FY2014 As of Jun. 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	33,074	33,009
Short-term loans payable	127,887	125,940
Income taxes payable	3,070	1,222
Accrued expenses	19,854	21,852
Provision	4,872	3,290
Other	7,487	7,901
Total current liabilities	196,247	193,216
Non-current liabilities		
Long-term loans payable	128,259	132,147
Provision	237	220
Net defined benefit liability	15,318	14,992
Other	7,848	7,499
Total non-current liabilities	151,664	154,859
Total liabilities	347,911	348,076
Net assets		
Shareholders' equity		
Capital stock	23,729	23,729
Capital surplus	13,758	13,758
Retained earnings	19,637	22,179
Treasury stock	(258)	(258)
Total shareholders' equity	56,867	59,408
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,588	7,151
Deferred gains or losses on hedges	395	424
Foreign currency translation adjustment	3,237	2,923
Remeasurements of defined benefit plans	(773)	(624)
Total accumulated other comprehensive income	9,447	9,875
Minority interests	17,417	17,186
Total net assets	83,732	86,470
Total liabilities and net assets	431,643	434,547

(2)Consolidated Income Statements

Million yen

	1st Quarter of FY2013 (Three months ended Jun. 30, 2013)	1st Quarter of FY2014 (Three months ended Jun. 30, 2014)
Net sales	142,429	151,664
Cost of sales	112,237	119,095
Gross profit	30,192	32,569
Selling, general and administrative expenses	27,543	27,480
Operating income	2,648	5,089
Non-operating income		
Interest income	141	92
Dividends income	226	218
Foreign exchange gains	541	172
Gain on sales of investment securities	217	664
Share of profit of entities accounted for using equity method	153	528
Subsidy income	375	36
Miscellaneous income	328	57
Total non-operating income	1,984	1,769
Non-operating expenses		
Interest expenses	851	758
Miscellaneous expenses	71	57
Total non-operating expenses	923	815
Ordinary income	3,710	6,042
Extraordinary income		
Gain on sales of noncurrent assets	630	6
Reversal of impairment loss	368	—
Gain on sales of investment securities	172	12
Total extraordinary income	1,171	19
Extraordinary losses		
Loss on disposal of noncurrent assets	52	78
Loss on valuation of investment securities	—	25
Loss on sales of stocks of subsidiaries and affiliates	18	—
Special retirement expenses	53	108
Loss on disaster	—	854
Total extraordinary losses	123	1,066
Income before income taxes and minority interests	4,757	4,995
Income taxes-current	1,243	1,352
Income taxes-deferred	619	895
Total income taxes	1,863	2,247
Income before minority interests	2,894	2,747
Minority interests in income	199	251
Net income	2,694	2,495

Consolidated Statements of comprehensive income

Million yen

	1st Quarter of FY2013 (Three months ended Jun. 30, 2013)	1st Quarter of FY2014 (Three months ended Jun. 30, 2014)
Income before minority interests	2,894	2,747
Other comprehensive income		
Valuation difference on available-for-sale securities	208	402
Deferred gains or losses on hedges	48	(32)
Foreign currency translation adjustment	240	(1,123)
Other comprehensive income pension liabilities	(250)	—
Remeasurements of defined benefit plans, net of tax	—	106
Share of other comprehensive income of entities accounted for using equity method	1,861	920
Total other comprehensive income	2,107	273
Comprehensive income	5,002	3,020
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,939	2,924
Comprehensive income attributable to minority interests	62	96

(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.

(Segment Information, etc.)

1. Q1 of the last FY(Apr 1, 2013 - Jun 30, 2013)

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

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	53,786	72,427	7,285	3,414	136,913	5,516	142,429	-	142,429
(2) Inter-segment sales and transfers	2,570	308	56	1,666	4,603	526	5,130	(5,130)	-
Total	56,357	72,736	7,342	5,081	141,516	6,043	147,560	(5,130)	142,429
Segment income	512	778	1,929	361	3,582	186	3,768	(1,120)	2,648

(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 (1,120) million yen segment income adjustment comprise 21 million yen in inter-segment transactions and (1,142) 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 income as recorded in the quarterly consolidated statement of income.

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

(Significant impairment loss on noncurrent assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

As the allocation of acquisition cost has not been completed, the amount of goodwill represents a tentative amount based on information deemed reasonable and available at the issuing date of this report.

(Significant gain on negative goodwill)

Not applicable.

2. Q1 of the current FY(Apr 1, 2014 - Jun 30, 2014)

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

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	64,754	73,734	6,029	3,575	148,094	3,570	151,664	-	151,664
(2) Inter-segment sales and transfers	3,355	208	67	1,599	5,231	644	5,876	(5,876)	-
Total	68,110	73,943	6,096	5,175	153,325	4,215	157,541	(5,876)	151,664
Segment income	2,184	2,028	1,084	422	5,719	113	5,833	(744)	5,089

(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 (744) million yen segment income adjustment comprise 13 million yen in inter-segment transactions and (757) 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 income as recorded in the quarterly consolidated statement of income.

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

(Significant impairment loss on noncurrent assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.