

## Summary of 1st Quarter Report for Fiscal Year 2017 (April 1, 2017 through June 30, 2017)

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 1st Quarter of FY2017

## (1) Consolidated Financial Results (For three months ended June 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	%
<b>1st quarter of FY2017</b>	<b>162,705</b>	<b>4.1</b>	<b>6,720</b>	<b>61.0</b>	<b>6,968</b>	<b>77.8</b>	<b>5,061</b>	<b>206.0</b>
1st quarter of FY2016	156,341	(2.7)	4,174	(18.2)	3,918	(43.1)	1,654	(58.5)

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

Comprehensive income of 1st quarter of FY2017 4,461 Million yen (-%) 1st quarter of FY2016 (5,139) Million yen(-%)

	Earnings per share	Diluted income per share
	Yen	Yen
<b>1st quarter of FY2017</b>	<b>16.25</b>	-
1st quarter of FY2016	5.99	-

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
<b>1st quarter of FY2017</b>	<b>464,436</b>	<b>143,449</b>	<b>26.9</b>
FY2016	451,876	141,205	26.8

(Note): Total shareholders' equity As of June 30, 2017 124,802 Million yen As of March 31, 2017 120,973 Million yen

## 2. Dividend

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
FY2016	-	2.50	-	3.50	6.00
FY2017	-				
FY2017 (forecast)		4.00	-	4.00	8.00

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

## 3. Consolidated Forecast for FY2017(April 1, 2017 through March 31, 2018)

	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
2nd Quarter of FY2017(Commutative)	321,500	5.8	12,000	22.3	12,500	35.3	11,000	134.4	35.31
FY2017	656,000	3.2	24,000	6.0	26,000	4.5	20,000	40.7	64.21

(Note) Revision during the current quarter to the consolidated forecast for FY2017: None

## \* 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.: None
  - ② Changes in accounting policy other than those stated above: None
  - ③ Changes in accounting estimate : None
  - ④ Restatement : None

## 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 FY2017	312,430,277	FY2016	312,430,277
1Q of FY2017	946,522	FY2016	945,671
1Q of FY2017	311,484,262	1Q of FY2016	276,268,883

\* 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 Forecasts" of page 4 of the Summary of 1st Quarter Report for Fiscal Year 2017 (Appendix).

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

# 1. Qualitative information for the first quarter of the fiscal year ending March 31, 2018

## (1) Explanation on consolidated financial results

The Japanese economy continuously showed moderate improvement in employment and corporate earnings during the first three months of the consolidated fiscal year under review. In addition, income environment continued to improve and consumer spending showed a moderate recovery. However, uncertainty for the future prevailed, due to uncertainty of global economy and foreign exchange volatility.

In terms of the global economy during the period subject to consolidated accounting from January to March, the U.S. showed continuing increase in consumer spending due to stable employment and income environment and Europe showed a moderate recovery as unemployment rate continued to decline. In Asia, the Chinese economy showed a recovery by the government support.

The Company and its corporate group showed an overall recovery in Salmon/Trout prices in the Marine Products business and a strong business in domestic frozen food and seafood sausage category in the Food Products business.

Under these circumstances, the consolidated financial results through the first quarter of the consolidated fiscal year under review were as follows: net sales was 162,705 million yen, an increase of 6,364 million yen year-on-year; operating profit was 6,720 million yen, up 2,545 million yen year-on-year; ordinary profit was 6,968 million yen, up 3,050 million yen year-on-year; and the profit for the quarter attributable to the owners of the parent company was 5,061 million yen, up 3,407 million yen year-on-year.

(Unit : million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
1Q of FY2017	162,705	6,720	6,968	5,061
1Q of FY2016	156,341	4,174	3,918	1,654
Increase/Decrease compared to 1Q of FY2016	6,364	2,545	3,050	3,407
Percentage	104.1%	161.0%	177.8%	306.0%

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	66,427	3,175	105.0%	3,246	2,388	378.6%
Food Products	81,002	3,225	104.1%	3,443	595	120.9%
Fine Chemicals	5,992	109	101.9%	201	(545)	27.0%
General Distribution	4,009	187	104.9%	474	235	198.4%
Other	5,273	(334)	94.0%	182	55	143.8%
Common Costs	-	-	-	(827)	(183)	128.5%
Total	162,705	6,364	104.1%	6,720	2,545	161.0%

Note: operating profit of the Marine Products business includes 694 million yen profit on valuation of fish (18 million yen loss on valuation of fish in the previous fiscal year) in the aquaculture pond of the South American salmon/trout aquaculture business.

### (1) Marine Products Business

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

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

In the Marine Products business, sales in the amount of 66,427 million yen (up 3,175 million yen year-on-year) and operating profit of 3,246 million yen (up 2,388 million yen year-on-year) were recorded.

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

[Japan]

•Revenue and Income decreased due to decrease of operating days and increase in maintenance costs.

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

[Japan]

• While Tuna sales price decreased, sales volume and sales price of Salmon/Trout increased. As a result, revenue and income increased.

[South America]

• Big increase in revenue and income as sales price increased and good performance in Salmon/Trout farming.

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

[Japan]

• Sales volume of Surimi increased and sales price of Salmon/Trout increased. As a result income increased.

[North America]

• While fillet market remained sluggish, roe ratio of Pollock improved and income increased.

## (2) Food Products Business

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

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

In the Food Products business, sales in the amount of 81,002 million yen (up 3,225 million yen year-on-year) and operating profit of 3,443 million yen (up 595 million yen year-on-year) were recorded.

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

[Japan]

• Sales of frozen foods for retail and for food service and seafood sausage category were strong.

[North America]

• While shrimp cost, main raw material, increased in frozen food for food service, sales volume of main products recovered in frozen food for retail. As a result income increased.

[Europe]

• Income increased thanks to sales volume increase despite cost increase of raw material due to the weakening euro.

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

[Japan]

• Sales of salads and deli foods to convenience stores grew, but income decreased due to the change of production system.

## (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 quarter of the consolidated fiscal year under review>

The Fine Chemicals business posted sales in the amount of 5,992 million yen (up 109 million yen year-on-year) and operating profit of 201 million yen (down 545 million yen year-on-year).

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

• While sales volume of pharmaceutical raw materials was almost same level as previous year, income decreased due to a depreciation cost of newly built Kashima plant and increase of promotion cost for functional foods.

[Clinical Diagnostic Medicines, Industrial Reagents, Pharmaceuticals and Cosmetics]

• Income increased as sales of clinical diagnostic medicines were strong and production costs decreased.

#### (4) General Distribution Business

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

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

In the General Distribution business, sales in the amount of 4,009 million yen (up 187 million yen year-on-year) and operating profit of 474 million yen (up 235 million yen year-on-year) were recorded.

• Both revenue and income increased as revenue of Oosaka-Maishima Logistics Center increased and warehousing volume at existing cold storages increased.

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

(Note 2) 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

Current assets increased by 4.8% compared to the end of the previous consolidated fiscal year to 244,240 million yen, mainly as a result of increase in cash and deposit by 3,781 million yen and notes and accounts receivable by 3,367 million yen.

Noncurrent assets increased by 0.6% compared to the end of the previous consolidated fiscal year to 220,195 million yen, mainly as a result of increase in property, plant and equipment by 2,626 million yen and decrease in investment securities by 731 million yen.

As a result, total assets increased by 2.8% compared to the end of the previous consolidated fiscal year to 464,436

Current liabilities increased by 6.4% compared to the end of the previous consolidated fiscal year to 230,008 million yen, mainly as a result of an increase in notes and accounts payable by 2,635 million yen and short-term loans payable by 11,383 million yen.

Noncurrent liabilities decreased by 3.7% compared to the end of the previous consolidated fiscal year to 90,978 million yen, mainly as a result of decrease in long-term loans payable by 2,735 million yen and deferred tax liability by 2,272 million yen.

As a result, total liabilities increased by 3.3% compared to the end of the previous consolidated fiscal year to 320,986 million yen.

Total net assets increased by 2,243 million yen compared to the end of the previous consolidated fiscal year to 143,449 million yen. This was due mainly to post profit attributable to owners of parent of 5,061 million yen and decreases in the foreign currency translation adjustment by 2,029 million yen.

#### (3) Explanation on Consolidated Financial Forecasts

At this moment, there is no revision in the forecast of financial results for the fiscal year ending March 2018, which was disclosed on May 15, 2017, as it has been operating as expected.

### 3. 1st Quarter Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

Million yen

	FY2016 As of Mar. 31, 2017	1st Quarter of FY2017 As of Jun. 30, 2017
Assets		
Current assets		
Cash and deposits	23,239	27,021
Notes and accounts receivable-trade	75,206	78,574
Merchandise and finished goods	57,277	59,450
Work in process	25,786	26,125
Raw materials and supplies	26,979	27,773
Other	25,170	26,113
Allowance for doubtful accounts	(571)	(818)
Total current assets	233,087	244,240
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	52,338	55,564
Other, net	71,291	70,692
Total property, plant and equipment	123,630	126,257
Intangible assets		
Goodwill	871	765
Other	10,866	10,491
Total intangible assets	11,738	11,257
Investments and other assets		
Investment securities	71,018	70,286
Other	17,619	17,465
Allowance for doubtful accounts	(5,217)	(5,071)
Total investments and other assets	83,420	82,681
Total non-current assets	218,789	220,195
Total assets	451,876	464,436

**Consolidated Balance Sheet**

Million yen

	FY2016 As of Mar. 31,2017	1st Quarter of FY2017 As of Jun. 30, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	34,609	37,245
Short-term loans payable	138,440	149,824
Income taxes payable	3,186	1,990
Accrued expenses	24,477	24,577
Provision	3,448	1,604
Other	12,074	14,765
<b>Total current liabilities</b>	<b>216,236</b>	<b>230,008</b>
<b>Non-current liabilities</b>		
Long-term loans payable	69,309	66,574
Provision	85	88
Net defined benefit liability	15,791	13,519
Other	9,246	10,796
<b>Total non-current liabilities</b>	<b>94,434</b>	<b>90,978</b>
<b>Total liabilities</b>	<b>310,671</b>	<b>320,986</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	30,685	30,685
Capital surplus	21,078	21,758
Retained earnings	56,666	60,637
Treasury shares	(266)	(267)
<b>Total shareholders' equity</b>	<b>108,163</b>	<b>112,814</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,477	12,557
Deferred gains or losses on hedges	460	265
Foreign currency translation adjustment	2,625	596
Remeasurements of defined benefit plans	(1,753)	(1,431)
<b>Total accumulated other comprehensive income</b>	<b>12,809</b>	<b>11,987</b>
<b>Non-controlling interests</b>	<b>20,232</b>	<b>18,647</b>
<b>Total net assets</b>	<b>141,205</b>	<b>143,449</b>
<b>Total liabilities and net assets</b>	<b>451,876</b>	<b>464,436</b>

**(2) Consolidated Income Statements**

Million yen

	1st Quarter of FY2016 (Three months ended Jun. 30, 2016)	1st Quarter of FY2017 (Three months ended Jun. 30, 2017)
Net sales	156,341	162,705
Cost of sales	123,891	126,266
Gross profit	32,449	36,438
Selling, general and administrative expenses	28,275	29,718
Operating profit	4,174	6,720
Non-operating income		
Interest income	66	53
Dividend income	181	125
Foreign exchange gains	—	55
Gain on sales of investment securities	213	—
Share of profit of entities accounted for using equity method	673	426
Subsidy income	3	4
Miscellaneous income	70	128
Total non-operating income	1,208	794
Non-operating expenses		
Interest expenses	584	516
Foreign exchange losses	674	—
Miscellaneous expenses	205	28
Total non-operating expenses	1,464	545
Ordinary profit	3,918	6,968
Extraordinary income		
Gain on sales of noncurrent assets	11	274
Gain on sales of investment securities	30	887
Gain on abolishment of retirement benefit plan	—	180
Total extraordinary income	41	1,342
Extraordinary losses		
Loss on disposal of noncurrent assets	61	55
Loss on valuation of investment securities	669	3
Loss on sales of shares of subsidiaries and associates	17	338
Loss on disaster	331	112
Total extraordinary losses	1,079	510
Profit before income taxes	2,880	7,800
Income taxes-current	1,187	2,250
Income taxes-deferred	146	327
Total income taxes	1,333	2,578
Profit	1,546	5,222
Profit(loss) attributable to non-controlling interests	(107)	160
Profit attributable to owners of parent	1,654	5,061

Consolidated Statements of comprehensive income

Million yen

	1st Quarter of FY2015 (Three months ended Jun. 30, 2015)	1st Quarter of FY2016 (Three months ended Jun. 30, 2016)
Profit	1,546	5,222
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,180)	1,057
Deferred gains or losses on hedges	(660)	(78)
Foreign currency translation adjustment	(2,944)	(1,600)
Remeasurements of defined benefit plans, net of tax	184	321
Share of other comprehensive income of entities accounted for using equity method	(1,085)	(459)
Total other comprehensive income	(6,686)	(760)
Comprehensive income	(5,139)	4,461
(Breakdown)		
Comprehensive income attributable to owners of parent	(4,813)	4,239
Comprehensive income attributable to non-controlling interests	(325)	222



### (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.

(Additional information)

The company transferred a part of lump-sum severance payment plan to defined contribution pension plan and adopted "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No.1), effective from April 1, 2017.

180 million yen was posted as extraordinary income in the first quarter of FY2017, accordingly.

(Segment Information, etc.)

#### 1. 1st Quarter of the last Fiscal Year(Apr 1, 2016 - Jun 30, 2016)

##### 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				
<b>Sales</b>									
(1) Sales to third parties	63,251	77,777	5,882	3,822	150,732	5,608	156,341	-	156,341
(2) Inter-segment sales and transfers	2,976	673	102	1,834	5,587	474	6,062	(6,062)	-
Total	66,227	78,451	5,985	5,657	156,320	6,082	162,403	(6,062)	156,341
Segment income	857	2,848	746	239	4,691	126	4,817	(643)	4,174

(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 (643) million yen segment income adjustment comprise 14 million yen in inter-segment transactions and (657) 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 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. 1st Quarter of the current Fiscal Year(Apr 1, 2017 - Jun 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				
<b>Sales</b>									
(1) Sales to third parties	66,427	81,002	5,992	4,009	157,431	5,273	162,705	-	162,705
(2) Inter-segment sales and transfers	3,291	751	122	1,974	6,140	461	6,602	(6,602)	-
Total	69,719	81,754	6,114	5,984	163,572	5,735	169,307	(6,602)	162,705
Segment income	3,246	3,443	201	474	7,365	182	7,547	(827)	6,720

(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 (827) million yen segment income adjustment comprise 16 million yen in inter-segment transactions and (843) 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 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.