

Summary of 2nd Quarter Report for Fiscal Year 2017 (April 1, 2017 through September 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 2nd Quarter of FY2017

(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 FY2017	332,826	9.6	13,024	32.7	13,314	44.1	9,247	97.0
2nd quarter of FY2016	303,760	(5.5)	9,812	2.3	9,236	(15.5)	4,693	(31.0)

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

Comprehensive income of 2nd quarter of FY2017 10,162 Million yen (-%) 2nd quarter of FY2016 (5,432) Million yen(91.3)%

	Earnings per share	Diluted income per share
	Yen	Yen
2nd quarter of FY2017	29.69	-
2nd quarter of FY2016	16.72	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
2nd quarter of FY2017	487,176	149,235	26.7
FY2016	451,876	141,205	26.8

(Note) : Total shareholders' equity As of Sep 30, 2017 130,273 Million yen As of March 31, 2017 120,973 Million yen

2. Dividend

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

2Q of FY2017	312,430,277	FY2016	312,430,277
2Q of FY2017	949,843	FY2016	945,671
2Q of FY2017	311,483,077	2Q of FY2016	280,662,312

* 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 2nd Quarter Report for Fiscal Year 2017 (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, 2018

(1) Explanation on consolidated financial results

The Japanese economy continuously showed moderate improvement in employment and corporate earnings during the first six months of the consolidated fiscal year under review. Consumer spending showed a moderate recovery, while unclear situation 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 June, the U.S. showed continuing increase in consumer spending due to stable employment and income environment and Europe showed a continuous moderate recovery. In Asia, the Chinese economy showed a recovery underpinned by the government measures.

While the Company and its corporate group showed an overall recovery in South American Salmon/Trout business in the Marine Products business, costs increased as an up-front expenditure in Fine Chemicals Business.

Under these circumstances, the consolidated financial results through the second quarter of the consolidated fiscal year under review were as follows: net sales was 332,826 million yen, an increase of 29,066 million yen year-on-year; operating profit was 13,024 million yen, up 3,212 million yen year-on-year; ordinary profit was 13,314 million yen, up 4,077 million yen year-on-year; and the profit attributable to owners of the parent company was 9,247 million yen, up 4,553 million yen year-on-year.

(Unit : million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
2Q of FY2017	332,826	13,024	13,314	9,247
2Q of FY2016	303,760	9,812	9,236	4,693
Increase/Decrease compared to 2Q of FY2016	29,066	3,212	4,077	4,553
Percentage	109.6%	132.7%	144.1%	197.0%

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	137,448	16,436	113.6%	5,937	3,845	283.8%
Food Products	163,322	13,106	108.7%	6,238	45	100.7%
Fine Chemicals	12,705	246	102.0%	814	(937)	46.5%
General Distribution	8,208	323	104.1%	990	224	129.2%
Other	11,140	(1,046)	91.4%	578	178	144.7%
Common Costs	-	-	-	(1,535)	(143)	110.3%
Total	332,826	29,066	109.6%	13,024	3,212	132.7%

Note: operating profit of the Marine Products business includes 377 million yen profit on valuation of fish (151 million yen profit 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, seafood processing and trading businesses.

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

The Marine Products business posted sales of 137,448 million yen (up 16,436 million yen year-on-year) and operating profit of 5,937 million yen (up 3,845 million yen year-on-year).

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

[Japan]

• Both revenue and income decreased due to a decrease of Yellowtail catch and an increase in maintenance costs and depreciation of new fishing vessel.

[South America]

• Both revenue and income decreased due to poor catch of Hoki.

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

[Japan]

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

[South America]

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

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

[Japan]

• While sales volume of Surimi increased and sales price of Salmon/Trout increased, costs of feed and fat business increased. As a result income decreased.

[North America]

• In addition to an increase in revenue of Pollock roe, income increased owing to labor cost reduction.

[Europe]

• Both revenue and income increased thanks to favorable sales increase in new business and an effect of foreign exchange.

(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>

The Food Products business posted sales of 163,322 million yen (up 13,106 million yen year-on-year) and operating profit of 6,238 million yen (up 45 million yen year-on-year).

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

[Japan]

• Sales of frozen foods for retail business and fish sausage category were strong.

[North America]

• In frozen food for retail business, in addition to a revenue increase due to an effect of foreign exchange, income increased thanks to a review of promotion cost. In frozen food for food service business, while revenue increased, income decreased due to an increase of main raw material cost.

[Europe]

• Both revenue and income increased thanks to sales efforts to growing category despite increase of raw material cost.

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

[Japan]

• Sales of cooked noodles and deli foods to convenience stores grew, but income decreased due to an increase of production cost.

(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 second quarter of the consolidated fiscal year under review>

The Fine Chemicals business posted sales of 12,705 million yen (up 246 million yen year-on-year) and operating profit of 814 million yen (down 937 million yen year-on-year).

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

• Income decreased due to an increase in depreciation cost of newly built Kashima plant and an increase of promotion cost to grow functional foods sales.

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

• Income increased as sales of clinical diagnostic medicines were strong.

(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>

The General Distribution business posted sales of 8,208 million yen (up 323 million yen year-on-year) and operating profit of 990 million yen (up 224 million yen year-on-year).

• 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 13.0% compared to the end of the previous consolidated fiscal year to 263,413 million yen, mainly as a result of increase in notes and accounts receivable by 11,149 million yen and merchandise and finished goods by 7,729 million yen.

Noncurrent assets increased by 2.3% compared to the end of the previous consolidated fiscal year to 223,763 million yen, mainly as a result of increase in property, plant and equipment by 5,613 million yen and decrease in investment securities by 680 million yen.

As a result, total assets increased by 7.8% compared to the end of the previous consolidated fiscal year to 487,176 million yen.

Current liabilities increased by 14.7% compared to the end of the previous consolidated fiscal year to 248,062 million yen, mainly as a result of an increase in notes and accounts payable by 9,412 million yen and short-term loans payable by 18,549 million yen.

Noncurrent liabilities decreased by 4.8% compared to the end of the previous consolidated fiscal year to 89,879 million yen, mainly as a result of decrease in long-term loans payable by 4,000 million yen and deferred tax liability by 2,439 million yen.

As a result, total liabilities increased by 8.8% compared to the end of the previous consolidated fiscal year to 337,941 million yen.

Total net assets increased by 8,029 million yen compared to the end of the previous consolidated fiscal year to 149,235 million yen. This was due mainly to post profit attributable to owners of parent of 9,247 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	2nd Quarter of FY2017 As of Sep. 30, 2017
Assets		
Current assets		
Cash and deposits	23,239	28,831
Notes and accounts receivable-trade	75,206	86,355
Merchandise and finished goods	57,277	65,006
Work in process	25,786	26,173
Raw materials and supplies	26,979	30,938
Other	25,170	26,911
Allowance for doubtful accounts	(571)	(803)
Total current assets	233,087	263,413
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	52,338	56,201
Other, net	71,291	73,042
Total property, plant and equipment	123,630	129,244
Intangible assets		
Goodwill	871	735
Other	10,866	10,923
Total intangible assets	11,738	11,659
Investments and other assets		
Investment securities	71,018	70,337
Other	17,619	17,662
Allowance for doubtful accounts	(5,217)	(5,141)
Total investments and other assets	83,420	82,859
Total non-current assets	218,789	223,763
Total assets	451,876	487,176

Consolidated Balance Sheet

Million yen

	FY2016 As of Mar. 31, 2017	2nd Quarter of FY2017 As of Sep. 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	34,609	44,022
Short-term loans payable	138,440	156,990
Income taxes payable	3,186	4,789
Accrued expenses	24,477	27,200
Provision	3,448	3,398
Other	12,074	11,660
Total current liabilities	216,236	248,062
Non-current liabilities		
Long-term loans payable	69,309	65,308
Provision	85	93
Net defined benefit liability	15,791	13,352
Other	9,246	11,124
Total non-current liabilities	94,434	89,879
Total liabilities	310,671	337,941
Net assets		
Shareholders' equity		
Capital stock	30,685	30,685
Capital surplus	21,078	21,758
Retained earnings	56,666	64,823
Treasury shares	(266)	(269)
Total shareholders' equity	108,163	116,998
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,477	12,268
Deferred gains or losses on hedges	460	299
Foreign currency translation adjustment	2,625	2,174
Remeasurements of defined benefit plans	(1,753)	(1,466)
Total accumulated other comprehensive income	12,809	13,275
Non-controlling interests	20,232	18,961
Total net assets	141,205	149,235
Total liabilities and net assets	451,876	487,176

(2)Consolidated Income Statements

Million yen

	2nd Quarter of FY2016 (Three months ended Sep. 30, 2016)	2nd Quarter of FY2017 (Three months ended Sep. 30, 2017)
Net sales	303,760	332,826
Cost of sales	239,394	261,276
Gross profit	64,365	71,549
Selling, general and administrative expenses	54,553	58,524
Operating profit	9,812	13,024
Non-operating income		
Interest income	126	161
Dividend income	467	367
Foreign exchange gains	—	156
Gain on sales of investment securities	346	—
Share of profit of entities accounted for using equity method	482	449
Subsidy income	293	63
Miscellaneous income	205	219
Total non-operating income	1,922	1,417
Non-operating expenses		
Interest expenses	1,103	1,038
Foreign exchange losses	896	—
Miscellaneous expenses	498	89
Total non-operating expenses	2,498	1,128
Ordinary profit	9,236	13,314
Extraordinary income		
Gain on sales of noncurrent assets	72	288
Gain on sales of investment securities	31	1,229
Gain on sales of shares of subsidiaries and associates	—	161
Gain on bargain purchase	—	267
Gain on abolishment of retirement benefit plan	—	180
Total extraordinary income	103	2,127
Extraordinary losses		
Loss on disposal of noncurrent assets	214	186
Loss on valuation of investment securities	371	3
Loss on sales of shares of subsidiaries and associates	17	338
Loss on disaster	293	611
Total extraordinary losses	896	1,140
Profit before income taxes	8,443	14,301
Income taxes-current	2,721	4,940
Income taxes-deferred	789	(249)
Total income taxes	3,511	4,690
Profit	4,932	9,610
Profit attributable to non-controlling interests	238	363
Profit attributable to owners of parent	4,693	9,247

Consolidated Statements of comprehensive income

Million yen

	2nd Quarter of FY2016 (Three months ended Sep. 30, 2016)	2nd Quarter of FY2017 (Three months ended Sep. 30, 2017)
Profit	4,932	9,610
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,842)	799
Deferred gains or losses on hedges	(226)	(80)
Foreign currency translation adjustment	(6,705)	(771)
Remeasurements of defined benefit plans, net of tax	402	286
Share of other comprehensive income of entities accounted for using equity method	(1,993)	317
Total other comprehensive income	(10,364)	552
Comprehensive income	(5,432)	10,162
(Breakdown)		
Comprehensive income attributable to owners of parent	(5,422)	9,713
Comprehensive income attributable to non-controlling interests	(9)	448

(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 second quarter of FY2017, accordingly.

(Segment Information, etc.)

1. 2nd Quarter of the last Fiscal Year(Apr 1, 2016 - Sep 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				
Sales									
(1) Sales to third parties	121,011	150,216	12,459	7,885	291,572	12,187	303,760	-	303,760
(2) Inter-segment sales and transfers	5,744	1,361	192	3,882	11,181	836	12,018	(12,018)	-
Total	126,756	151,578	12,651	11,767	302,754	13,024	315,778	(12,018)	303,760
Segment income (loss)	2,091	6,193	1,752	766	10,804	400	11,204	(1,392)	9,812

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

2. The (1,392) million yen segment income adjustment comprise 28 million yen in inter-segment transactions and (1,420) 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, 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	137,448	163,322	12,705	8,208	321,685	11,140	332,826	-	332,826
(2) Inter-segment sales and transfers	12,794	1,740	323	4,146	19,005	1,029	20,034	(20,034)	-
Total	150,243	165,063	13,029	12,355	340,690	12,169	352,860	(20,034)	332,826
Segment income	5,937	6,238	814	990	13,981	578	14,560	(1,535)	13,024

(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 (1,535) million yen segment income adjustment comprise 32 million yen in inter-segment transactions and (1,568) 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.