

## Summary of 1st Quarter Report for Fiscal Year 2016 (April 1, 2016 through June 30, 2016)

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 FY2016

## (1) Consolidated Financial Results (For three months ended June 30) (Amounts less than one million yen are omitted)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>1st quarter of FY2016</b>	<b>156,341</b>	<b>(2.7)</b>	<b>4,174</b>	<b>(18.2)</b>	<b>3,918</b>	<b>(43.1)</b>	<b>1,654</b>	<b>(58.5)</b>
1st quarter of FY2015	160,651	5.9	5,100	0.2	6,892	14.1	3,984	59.6

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

Comprehensive income of 1st quarter of FY2016 (4,797) Million yen (-%) 1st quarter of FY2015 2,440 Million yen((19.2%))

	Net income per share	Diluted income per share
	Yen	Yen
<b>1st quarter of FY2016</b>	<b>5.99</b>	<b>-</b>
1st quarter of FY2015	14.42	-

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
<b>1st quarter of FY2016</b>	<b>437,200</b>	<b>103,281</b>	<b>19.4</b>
FY2015	444,119	108,818	20.2

(Note): Total shareholders' equity June 30, 2016 84,777 Million yen March 31, 2016 89,714 Million yen

## 2. Dividend

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
FY2015	-	2.00	-	3.00	5.00
FY2016	-				
FY2016 (forecast)		2.50	-	2.50	5.00

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

## 3. Consolidated Forecast for FY2016(April 1, 2016 through March 31, 2017)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2nd Quarter of FY2016(Commutative)	315,000	(2.0)	8,000	(16.6)	8,500	(22.2)	4,500	(33.8)	16.29
FY2016	637,000	(0.0)	18,000	(7.4)	20,000	(3.4)	12,000	0.1	43.44

(Note) Revision during the current quarter to the consolidated forecast for FY2016: None

## 4. 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:

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 FY2016	277,210,277	FY2015	277,210,277
1Q of FY2016	940,146	FY2015	942,669
1Q of FY2016	276,268,883	1Q of FY2015	276,274,735

\*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 2016 (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, 2017

### (1) Explanation on consolidated financial results

The Japanese economy witnessed continuing improvement in employment during the first quarter of the consolidated fiscal year under review. However, uncertainty for the future prevailed, as consumer confidence continued to stagnate mainly due to unstable fluctuations in the exchange rate.

In terms of the global economy during the period subject to consolidated accounting from January to March, the U.S. showed a modest increase in consumer spending and Europe showed continued signs of economic improvement. In Asia, however, the Chinese economy gradually decelerated.

The Company and its corporate group witnessed an overall fall in fish prices in the Marine Products business, and a drop in import costs of raw ingredients and processed products, etc. in Japan due to the strong yen in the Food Products business. However, in North America, the condition was harsh in frozen prepared foods for household use. Under these circumstances, the consolidated financial results through the first quarter of the consolidated fiscal year under review were as follows: net sales were 156,341 million yen, a decrease of 4,310 million year-on-year; operating income was 4,174 million yen, down 925 million yen year-on-year; ordinary income was 3,918 million yen, down 2,974 million yen year-on-year; and the profit for the quarter attributable to the owners of the parent company was 1,654 million yen, down 2,330 million yen year-on-year.

The summary by segment is as follows.

From the first quarter of the consolidated fiscal year under review, there is a change in the scope of segment sales and profit of the Marine Products business and the Food Products business due to the transfer of some business operations. With regard to a year-to-year comparison, the prior year's figures are reclassified to conform to these changes in which a new calculation method is applied.

(Unit : million yen)

	Net Sales	Increase/Decrease (Y-on-Y)	Y-on-Y	Operating Income	Increase/Decrease (Y-on-Y)	Y-on-Y
Marine Products	63,251	(3,608)	94.6%	857	(291)	74.6%
Food Products	77,777	(1,944)	97.6%	2,848	(265)	91.5%
Fine Chemicals	5,882	57	101.0%	746	(243)	75.4%
General Distribution	3,822	264	107.4%	239	(196)	54.9%
Other	5,608	921	119.7%	126	5	104.4%
Common Costs	-	-	-	(643)	65	90.7%
Total	156,341	(4,310)	97.3%	4,174	(925)	81.8%

Note: Operating income of the Marine Products business includes the 18 million yen loss on valuation of fish (307 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 three months of the consolidated fiscal year under review>

In the Marine Products business, sales in the amount of 63,251 million yen (down 3,608 million yen year-on-year) and operating income of 857 million yen (down 291 million yen year-on-year) were recorded.

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

[Japan]

• Income increased partly because of a decrease in repair costs and fuel costs which was a result of a fall in crude oil prices.

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

[Japan]

•The fish costs of yellowtail and salmon/trout increased, although the unit sales prices of tuna rose.

[South America]

•The fish costs increased due to a drop in sales prices of salmon/trout and an occurrence of red tide.

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

[Japan]

•While the sales prices of salmon/trout and fish meal dropped, the sales volume rose.

[North America]

•The spawning rate of roe declined and the fillet market remained sluggish. The sales price of surimi (fish paste) fell, despite efforts to increase production.

[Europe]

• Income was down, as purchase costs increased due to the weakening euro and the sales volume declined.

## (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 77,777 million yen (down 1,944 million yen year-on-year) and operating income of 2,848 million yen (down 265 million yen year-on-year) were recorded.

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

[Japan]

•The import costs of raw ingredients and processed products decreased because of the strong yen, and sales of frozen foods for household use and frozen foods for food service were strong.

[North America]

•Income was down, partly because of the sluggish sales of key products by companies selling frozen foods for household use, although companies selling frozen foods for food service benefited from low prices of primary raw materials (shrimp).

[Europe]

•Income was down, partly because of an increase in the prices of raw materials due to the weakening euro, although the sales volume rose.

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

[Japan]

•Sales of salads and home-meal replacements to convenience stores grew, and productivity also improved.

## (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>

The Fine Chemicals business posted sales in the amount of 5,882 million yen (up 57 million yen year-on-year) and operating income of 746 million yen (down 243 million yen year-on-year).

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

•The sales volume of pharmaceutical raw materials fell due to measures to promote generic drugs.

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

•Although sales of clinical diagnostic medicines and industrial reagents were strong, costs including production costs increased.

## (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 3,822 million yen (up 264 million yen year-on-year) and operating income of 239 million yen (down 196 million yen year-on-year) were recorded.

• Although sales increased due to the new establishment of the Oosaka-Maishima Logistics Center, depreciation and amortization and initial costs for opening were incurred.

(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.

(Note2) Functional foods refer to food for specified health uses “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 decreased by 0.7% compared to the end of the previous consolidated fiscal year to 215,860 million yen, mainly as a result of decreases in merchandise and finished goods by 3,600 million yen and raw materials and supplies by 2,573 million yen.

Noncurrent assets decreased by 2.3% compared to the end of the previous consolidated fiscal year to 221,339 million yen, mainly as a result of a decrease in investment securities by 6,037 million yen.

As a result, total assets decreased by 1.6% compared to the end of the previous consolidated fiscal year to 437,200 million yen.

### **Liabilities**

Current liabilities increased by 1.2% compared to the end of the previous consolidated fiscal year to 214,822 million yen, mainly as a result of an increase in notes and accounts payable by 2,456 million yen.

Noncurrent liabilities decreased by 3.1% compared to the end of the previous consolidated fiscal year to 119,096 million yen, mainly as a result of a decrease in long-term loans payable by 2,292 million yen.

As a result, total liabilities decreased by 0.4% compared to the end of the previous consolidated fiscal year to 333,918 million yen.

### **Net assets**

Total net assets decreased by 5,537 million yen compared to the end of the previous consolidated fiscal year to 103,281 million yen. This was due mainly to decreases in the valuation difference on available-for-sale securities by 2,173 million yen and in the foreign currency translation adjustment by 3,430 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 in March 2017, which was disclosed on May 13, 2016.

## **2. Matters regarding Summary Information (Notes)**

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

(Changes in Accounting Principles)

In accordance with a revision of the corporate taxation system, the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016 (Practical Issue Task Force No. 32, issued on June 17, 2016) has been applied effective from the first quarter of the current fiscal year under review. Accordingly, the depreciation method for facilities attached to buildings and structures that were acquired on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method.

The impact of the above changes on the consolidated financial statements for the first quarter of the consolidated

fiscal year under review are minimal.

(Additional information)

The Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, issued on March 28, 2016) has been applied effective from the first quarter of the current fiscal year under review.

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

Million yen

	FY2015 As of Mar. 31, 2016	1st Quarter of FY2016 As of Jun. 30, 2016
Assets		
Current assets		
Cash and deposits	8,625	10,321
Notes and accounts receivable-trade	70,534	72,180
Merchandise and finished goods	58,890	55,290
Work in process	22,461	23,169
Raw materials and supplies	29,569	26,996
Other	28,026	28,503
Allowance for doubtful accounts	(648)	(603)
Total current assets	217,459	215,860
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	52,515	51,378
Other, net	65,601	67,030
Total property, plant and equipment	118,116	118,409
Intangible assets		
Goodwill	1,422	1,595
Other	11,355	10,807
Total intangible assets	12,777	12,403
Investments and other assets		
Investment securities	83,870	77,832
Other	17,613	18,124
Allowance for doubtful accounts	(5,719)	(5,429)
Total investments and other assets	95,764	90,527
Total non-current assets	226,659	221,339
Total assets	444,119	437,200

## Consolidated Balance Sheet

Million yen

	FY2015 As of Mar. 31, 2016	1st Quarter of FY2016 As of Jun. 30, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	33,356	35,813
Short-term loans payable	137,553	137,697
Income taxes payable	3,220	1,229
Accrued expenses	21,702	21,840
Provision	3,533	1,932
Other	12,977	16,309
<b>Total current liabilities</b>	<b>212,345</b>	<b>214,822</b>
<b>Non-current liabilities</b>		
Long-term loans payable	95,104	92,811
Provision	118	86
Net defined benefit liability	16,936	16,200
Other	10,795	9,997
<b>Total non-current liabilities</b>	<b>122,955</b>	<b>119,096</b>
<b>Total liabilities</b>	<b>335,300</b>	<b>333,918</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	23,729	23,729
Capital surplus	13,758	14,122
Retained earnings	39,507	40,332
Treasury stock	(263)	(263)
<b>Total shareholders' equity</b>	<b>76,731</b>	<b>77,920</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	10,677	8,504
Deferred gains or losses on hedges	(434)	(1,140)
Foreign currency translation adjustment	4,838	1,407
Remeasurements of defined benefit plans	(2,099)	(1,914)
<b>Total accumulated other comprehensive income</b>	<b>12,982</b>	<b>6,856</b>
<b>Non-controlling interests</b>	<b>19,104</b>	<b>18,503</b>
<b>Total net assets</b>	<b>108,818</b>	<b>103,281</b>
<b>Total liabilities and net assets</b>	<b>444,119</b>	<b>437,200</b>

**(2) Consolidated Income Statements**

Million yen

	1st Quarter of FY2015 (Three months ended Jun. 30, 2015)	1st Quarter of FY2016 (Three months ended Jun. 30, 2016)
Net sales	160,651	156,341
Cost of sales	126,269	123,891
Gross profit	34,382	32,449
Selling, general and administrative expenses	29,281	28,275
Operating income	5,100	4,174
Non-operating income		
Interest income	89	66
Dividend income	225	181
Foreign exchange gains	201	—
Gain on sales of investment securities	740	213
Share of profit of entities accounted for using equity method	645	673
Subsidy income	515	3
Miscellaneous income	75	70
Total non-operating income	2,493	1,208
Non-operating expenses		
Interest expenses	684	584
Foreign exchange losses	—	674
Miscellaneous expenses	16	205
Total non-operating expenses	700	1,464
Ordinary income	6,892	3,918
Extraordinary income		
Gain on sales of noncurrent assets	7	11
Gain on sales of investment securities	134	30
Gain on sales of shares of subsidiaries and associates	17	—
Total extraordinary income	160	41
Extraordinary losses		
Loss on disposal of noncurrent assets	45	61
Impairment loss	227	—
Loss on valuation of investment securities	30	669
Loss on sales of shares of subsidiaries and associates	9	17
Loss on disaster	—	331
Total extraordinary losses	313	1,079
Profit before income taxes	6,740	2,880
Income taxes-current	1,565	1,187
Income taxes-deferred	903	146
Total income taxes	2,469	1,333
Profit	4,270	1,546
Profit(loss) attributable to non-controlling interests	285	(107)
Profit attributable to owners of parent	3,984	1,654



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	4,270	1,546
Other comprehensive income		
Valuation difference on available-for-sale securities	331	(2,180)
Deferred gains or losses on hedges	224	(660)
Foreign currency translation adjustment	(1,209)	(2,602)
Remeasurements of defined benefit plans, net of tax	(412)	184
Share of other comprehensive income of entities accounted for using equity method	(764)	(1,085)
Total other comprehensive income	(1,829)	(6,343)
Comprehensive income	2,440	(4,797)
(Breakdown)		
Comprehensive income attributable to owners of parent	2,336	(4,471)
Comprehensive income attributable to non-controlling interests	103	(325)

### (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. 1st Quarter of the last Fiscal Year(Apr 1, 2015 - Jun 30, 2015)

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	66,859	79,722	5,824	3,558	155,964	4,687	160,651	-	160,651
(2) Inter-segment sales and transfers	4,114	683	90	1,659	6,547	487	7,034	(7,034)	-
Total	70,973	80,405	5,915	5,217	162,512	5,174	167,686	(7,034)	160,651
Segment income	1,149	3,113	989	435	5,688	121	5,809	(709)	5,100

(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 (709) million yen segment income adjustment comprise 19 million yen in inter-segment transactions and (729) 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)

Impairment loss on noncurrent assets was reported on company-wide assets that are not allocated to the reportable segments. In the first quarter of the fiscal year under review, the amount of said impairment loss was 227 million yen.

(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, 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.

3. Matters regarding changes in reportable segments

From this fiscal year, fishroe business was shifted from Food Products Business to Marine Products Business in order to intensify vertically integrated management from the procurement of material to processing and sales the products.

As a result, there was a change in sales amounts and profit of the segment scope.

With this change, sales amounts and profit of the segment are calculated accordingly.