

## Summary of 3rd Quarter Report for Fiscal Year 2012 (April 1, 2012 through December 31, 2012)

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 3rd quarter of FY2012****(1) Consolidated Financial Results (For the nine months ended December 31)** (Amounts less than one million yen are omitted)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>3rd quarter of FY2012</b>	<b>422,559</b>	<b>3.2</b>	<b>7,604</b>	<b>(32.1)</b>	<b>6,160</b>	<b>(33.8)</b>	<b>2,244</b>	<b>(50.2)</b>
3rd quarter of FY2011	409,505	10.6	11,203	43.5	9,312	65.0	4,508	105.7

(Note) : Each percentage figure shows changes from the previous year. Comprehensive income of 3rd quarter of FY2012 4,721 Million yen 3rd quarter of FY2011 (727) Million yen

	Net income per share
	Yen
<b>3rd quarter of FY2012</b>	<b>8.13</b>
3rd quarter of FY2011	16.32

**(2) Consolidated Financial Position of 3rd Quarter**

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
<b>3rd quarter of FY2012</b>	<b>431,598</b>	<b>66,440</b>	<b>11.3</b>
FY2011	400,885	63,932	11.5

(Note) : Total shareholders' equity December 31, 2012 48,714 Million yen March 31, 2012 45,919 Million yen

**2. Dividend**

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
	Yen	Yen	Yen	Yen	Yen
FY2011 (result)	-	5.00	-	5.00	10.00
<b>FY2012 (result)</b>	-	<b>0.00</b>	-		
FY2012 (forecast)				0.00	0.00

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

**3. Consolidated Forecast for FY2012 (April 1, 2012 through March 31, 2013)**

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
<b>FY2012</b>	<b>560,000</b>	<b>4.1</b>	<b>6,000</b>	<b>(37.2)</b>	<b>2,600</b>	<b>(69.1)</b>	<b>0.0</b>	<b>(100.0)</b>	

(Note) Revision during the current quarter to the consolidated forecast for FY2012: None

**4. Others**

1) Changes in scope of consolidation due to transfer of significant subsidiaries during the term: Yes

Company name : Pesquera Friosur S.A.

Reason of Change : Eliminated

For further details, please refer to "Changes in significant subsidiaries during the term" of page4 of "Matters regarding summary information (Others)".

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:

①Changes in accounting policy associated with the revision of the accounting standard, etc.: Yes

②Changes in accounting policy other than those stated above: None

③Changes in accounting estimate : Yes

④Restatement : None

4) Number of issued shares (Common stock)

①Number of issued shares at the end of the term (Including treasury stock)

②Number of treasury stock at the end of the term

③Average number of shares during the term (For the consolidated 9 months)

3Q of FY2012	277,210,277	FY2011	277,210,277
3Q of FY2012	922,719	FY2011	920,083
3Q of FY2012	276,289,286	3Q of FY2011	276,293,328

\*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 3rd Quarter Report for Fiscal Year 2012 (Appendix).

\* Supplemental Documents for the 3rd quarter was disclosed on the TD-net (Timely Disclosure network) on the same day.

## 1. Qualitative information for the third quarter of the fiscal year ending March 31, 2013

### (1) Qualitative information on consolidated financial results

During the first nine months of the current fiscal year, the sense of uncertainties in the outlook for the Japanese economy continued due to such factors as decreased exports as a result of prolonged appreciation of the yen and the slowdown of overseas economies, sluggish personal consumption caused by concerns over the consumption tax hike, and materialization of the so-called "China risk."

The industry to which the Company and its corporate group belong continued to face severe business conditions, including the backlash from the effect of the Great East Japan Earthquake in the previous year and prolonged deflation.

In terms of the global economy during the period subject to consolidated accounting from January to September, the U.S. suffered from limited growth in personal consumption, while in Europe, fiscal turmoil could not have been dispelled in some countries, and in Asia, the growth of exports and production slowed down in China.

Under these circumstances, as consolidated results for the first nine month of the fiscal year, we recorded sales of 422,559 million yen, up 13,054 million yen year-on-year; operating income of 7,604 million yen, down 3,599 million yen year-on-year; ordinary income of 6,160 million yen, down 3,151 million yen year-on-year, and net income of 2,244 million yen, down 2,263 million yen year-on-year.

Business operations are summarized as follows.

#### (i) Marine Products Business

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

<Overview of the first nine month of the consolidated fiscal year>

In the Marine Products Business, sales in the amount of 172,986 million yen (up 550 million yen year-on-year) and operating income of 222 million yen (up 3,971 million yen year-on-year) were recorded.

Fishery Business: Both revenue and income fell year on year.

- In South America, withdrawal from the fishery business in Argentina is under way. At the end of the third quarter, only one large fishing trawler was operating. In Chile, fish catches were down due to poor catch in addition to the shortening of the number of days of operation.

Aquaculture Business: Revenue increased but income fell year on year.

- In Japan, Kaneko Sangyo Co., Ltd. (Note 1) became a consolidated subsidiary. Fish prices trended high in the tuna aquaculture business, while fish prices stagnated in the yellowtail aquaculture business due to a good catch of wild yellowtail.
- In South America, while sales volume rose in Chile's salmon/trout aquaculture business, the price of trout, which is the mainstay product, plummeted due to the effect of the price collapse of Chilean Coho Salmon for the Japanese market stemming from its oversupply.

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

- In Japan, the decline of salmon/trout prices resulted in a lower gross margin and losses were incurred in the fishmeal business. However, the inventory turnover rate improved in the third quarter as a result of efforts to reduce inventory.
- In North America, Alaska Pollack fish paste (surimi), fillet and roe performed well in terms of production and sales. Also, Pacific cod and snow crab increased in production.
- In Europe, sales were sluggish due to the impact of weak consumer sentiment arising from the recession.

#### (ii) Food Products Business

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

<Overview of the first nine month of the consolidated fiscal year>

In the Food Products Business, sales in the amount of 200,200 million yen (up 3,090 million yen year-on-year) and operating income of 2,173 million yen (down 1,035 million yen year-on-year) were recorded.

Processed Foods Business: Revenue increased but income fell year on year.

- In Japan, sales expenses rose due to the intensification of sales competition associated with sluggish consumption. In addition, raw materials prices increased. Sales of fish sausage and ham for household use diminished, while frozen prepared foods for commercial use were affected by the surge in labor costs in countries such as China and Thailand.
- In North America, production and sales improved, but the market remained depressed for the companies specializing in frozen prepared foods for commercial use and the business could not turn into black. The companies specializing in precooked frozen seafood products for household use suffered from limited market growth and intensified price competition.
- In Europe, Leuchtturm Beteiligungs- und Holding Germany AG (Note 2) became a consolidated subsidiary, but a loss larger than planned was incurred at the launch of the newly-built production line.

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

- Sales of chilled lunch boxes, prepared foods and noodles for convenience stores grew.

### **(iii) Fine Chemicals Business**

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

<Overview of the first nine month of the consolidated fiscal year>

In the Fine Chemicals Business, sales in the amount of 20,804 million yen (up 1,146 million yen year-on-year) and operating income of 5,692 million yen (up 450 million yen year-on-year) were recorded.

Fine Chemicals business:

As for pharmaceutical raw materials, the impact of the National Health Insurance price revision was compensated by the increase in sales volume. With regards to functional foods, sales volume increased due in part to the effects of growing interest in EPA/DHA and advertising in the mail-order business. The diagnostic products business of consolidated subsidiary Nissui Pharmaceutical Co., Ltd. also performed well.

### **(iv) General Distribution Business**

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

<Overview of the first nine month of the consolidated fiscal year>

In the General Distribution Business, sales in the amount of 10,151 million yen (up 761 million yen year-on-year) and operating income of 1,525 million yen (up 220 million yen year-on-year) were recorded.

General Distribution business: Both revenue and income increased year on year.

- In the cold storage business, recovery in the northeastern part of Japan together with the inventory levels kept high mainly in the Tokyo metropolitan area resulted in increases in both revenue and income.

(Note 1) The company is headquartered in Nagasaki City, Nagasaki Prefecture, and is mainly engaged in aquaculture and seafood processing businesses. All of its shares were acquired by the Company and it was made a consolidated subsidiary in April 2012.

(Note 2) The company is headquartered in Niedersachsen, Germany, and is a holding company of frozen marine foods manufacturing and sales companies. It was made a consolidated subsidiary of the Company in January 2012 through equity investments.

(Note 3) Functional raw materials consist mainly of EPA, DHA, glucosamine, cholesterol, and orange roughy oil, which are used primarily as ingredients in foods and cosmetics.

## **(2) Qualitative information on consolidated financial position**

State of assets, liabilities and net assets

### **Assets**

mainly as a result of an increase in notes and account receivable-trade by 15,707 million yen, as well as an increase in merchandise and finished goods by 1,917 million yen, work in process by 2,144 million yen and raw materials and stock by 2,367 million yen.

Noncurrent assets increased by 3.5% compared to the end of the previous consolidated fiscal year to 214,033 million yen. As a result, total assets increased by 7.7% compared to the end of the previous consolidated fiscal year to 431,598 million yen.

### **Liabilities**

Current liabilities increased by 9.1% compared to the end of the previous consolidated fiscal year to 214,133 million yen, mainly as a result of an increase in short-term loans payable by 17,191 million yen.

Noncurrent liabilities increased by 7.3% compared to the end of the previous consolidated fiscal year to 151,024 million yen, mainly as a result of an increase in long-term loans payable by 8,845 million yen.

As a result, total liabilities increased by 8.4% compared to the end of the previous consolidated fiscal year to 365,158 million yen.

### **Net assets**

Total net assets increased by 2,507 million yen compared to the end of the previous consolidated fiscal year to 66,440 million yen. This was due mainly to the recording of 2,244 million yen in third quarter net income and the increase of 1,709 million yen in foreign currency translation adjustment, and the decrease of 1,382 million yen from the payment of dividends.

## **(3) Qualitative information on consolidated forecasts**

No changes have been made at this point in time to the full-year financial forecasts that were released on November 5, 2012. Meanwhile, in case a necessity to make revisions occurs in accordance with future trends in performance, the announcement will be promptly released.

## **2. Matters regarding summary information (Others)**

Changes in significant subsidiaries during the term (Changes in specified subsidiaries causing changes in scope of consolidation)

The company sold the share of Pesquera Friosur S.A. during the term, and it became to equity affiliate method from the scope of consolidation.

Changes in Accounting Policies, Changes in Accounting Estimates, or Restatement

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

Starting from the first quarter of the fiscal year ending March 31, 2013, the Company and its domestic consolidated subsidiaries, in conjunction with the revision made to the Corporation Tax Law, have adopted a new depreciation and amortization method as set forth in the revised Law with respect to property, plant, and equipment acquired on

### 3. 3rd Quarter Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

Million yen

	FY2011 As of Mar. 31, 2012	3rd Quarter of FY2012 As of Dec. 31, 2012
Assets		
Current assets		
Cash and deposits	9,627	8,251
Notes and accounts receivable-trade	67,536	83,244
Merchandise and finished goods	50,249	52,166
Work in process	13,907	16,052
Raw materials and supplies	22,293	24,660
Other	31,103	33,680
Allowance for doubtful accounts	(567)	(490)
Total current assets	194,149	217,565
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	48,336	48,578
Other, net	61,014	64,043
Total property, plant and equipment	109,350	112,622
Intangible assets		
Goodwill	3,607	5,464
Other	13,481	12,745
Total intangible assets	17,089	18,209
Investments and other assets		
Investment securities	58,957	58,564
Other	25,337	28,277
Allowance for doubtful accounts	(3,999)	(3,640)
Total investments and other assets	80,296	83,201
Total noncurrent assets	206,736	214,033
Total assets	400,885	431,598

**Consolidated Balance Sheet**

Million yen

	FY2011 As of Mar. 31,2012	3rd Quarter of FY2012 As of Dec. 31, 2012
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	30,243	36,925
Short-term loans payable	120,711	137,903
Income taxes payable	3,109	2,180
Accrued expenses	24,733	28,261
Provision	4,702	2,134
Other	12,748	6,728
<b>Total current liabilities</b>	<b>196,249</b>	<b>214,133</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	119,792	128,637
Provision for retirement benefits	13,498	15,557
Other provision	231	234
Other	7,181	6,596
<b>Total noncurrent liabilities</b>	<b>140,704</b>	<b>151,024</b>
<b>Total liabilities</b>	<b>336,953</b>	<b>365,158</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	23,729	23,729
Capital surplus	13,758	13,758
Retained earnings	22,601	23,055
Treasury stock	(256)	(256)
<b>Total shareholders' equity</b>	<b>59,832</b>	<b>60,286</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	329	929
Deferred gains or losses on hedges	(328)	(294)
Foreign currency translation adjustment	(11,789)	(10,080)
Other comprehensive income pension liabilities	(2,124)	(2,125)
<b>Total accumulated other comprehensive income</b>	<b>(13,912)</b>	<b>(11,571)</b>
<b>Minority interests</b>	<b>18,012</b>	<b>17,725</b>
<b>Total net assets</b>	<b>63,932</b>	<b>66,440</b>
<b>Total liabilities and net assets</b>	<b>400,885</b>	<b>431,598</b>

**(2)Consolidated Income Statements**

Million yen

	3rd quarter of FY2011 (Nine months ended December 31,2011)	3rd quarter of FY2012 (Nine months ended December 31,2012)
Net sales	409,505	422,559
Cost of sales	315,580	329,479
Gross profit	93,924	93,080
Selling, general and administrative expenses	82,720	85,476
Operating income	11,203	7,604
Non-operating income		
Interest income	407	667
Dividends income	628	606
Equity in earnings of affiliates	672	—
Subsidy income	—	351
Miscellaneous income	527	876
Total non-operating income	2,236	2,502
Non-operating expenses		
Interest expenses	2,799	2,796
Foreign exchange losses	934	303
Equity in losses of affiliates	—	127
Miscellaneous expenses	394	717
Total non-operating expenses	4,128	3,945
Ordinary income	9,312	6,160
Extraordinary income		
Gain on sales of noncurrent assets	73	468
Gain on sales of investment securities	—	724
Gain on revision of retirement benefit plan	199	—
Total extraordinary income	272	1,193
Extraordinary loss		
Loss on disposal of noncurrent assets	344	371
Impairment loss	—	327
Loss on valuation of investment securities	995	881
Loss on disaster	304	—
Total extraordinary losses	1,644	1,579
Income before income taxes and minority interests	7,940	5,774
Income taxes-current	2,723	3,523
Income taxes-deferred	758	365
Total income taxes	3,482	3,888
Income before minority interests	4,458	1,886
Minority interests in loss	(49)	(358)
Net income	4,508	2,244

Consolidated Statements of comprehensive income

Million yen

	3rd quarter of FY2011 (Nine months ended December 31,2011)	3rd quarter of FY2012 (Nine months ended December 31,2012)
Income before minority interests	4,458	1,886
Other comprehensive income		
Valuation difference on available-for-sale securities	(784)	668
Deferred gains or losses on hedges	(108)	(114)
Foreign currency translation adjustment	(3,719)	1,592
Other comprehensive income pension liabilities	89	(0)
Share of other comprehensive income of associates accounted for using equity method	(662)	689
Total of other comprehensive income	(5,185)	2,834
Comprehensive Income	(727)	4,721
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	290	4,585
Comprehensive income attributable to minority interest	(1,018)	135

### (3) Going Concern Assumption

Not applicable.

### (4) Notes Regarding Significant Changes in the Amount of Shareholders' Equity

Not applicable.

### (5) Segment Information

#### 1. 3Q of FY2011 (Apr.1, 2011-Dec. 31, 2011)

(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	172,436	197,109	19,657	9,389	398,592	10,912	409,505	-	409,505
(2) Inter-segment sales and transfers	7,783	786	216	5,388	14,174	2,090	16,265	(16,265)	-
Total	180,219	197,896	19,874	14,777	412,767	13,003	425,770	(16,265)	409,505
Segment income	4,193	3,209	5,242	1,305	13,951	537	14,489	(3,285)	11,203

(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 3,285 million yen segment income adjustment comprise 58 million yen in inter-segment transactions and 3,343 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. 3Q of FY2012 (Apr. 1, 2012 - Dec. 31, 2012)

(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	172,986	200,200	20,804	10,151	404,142	18,417	422,559	-	422,559
(2) Inter-segment sales and transfers	9,279	1,001	196	5,579	16,058	1,570	17,628	(17,628)	-
Total	182,266	201,202	21,001	15,730	420,200	19,987	440,188	(17,628)	422,559
Segment income	222	2,173	5,692	1,525	9,614	948	10,563	(2,959)	7,604

(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 2,959 million yen segment income adjustment comprise 65 million yen in inter-segment transactions and 3,024 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)

In the third Quarter of the fiscal year under review, the book value of assets scheduled to be sold in the "Marine Products Business" segment was reduced to the recoverable amount, and said reduction in the amount of 189 million yen was recorded as an impairment loss classified under an extraordinary loss. Also, idle property in the amount of 138 million yen not allocated to any reportable segment was recorded as an impairment loss.

(Significant changes in the amount of goodwill)

In the Marine Products segment, the Company made Kaneko Sangyo Co., Ltd. a consolidated subsidiary through the acquisition of its shares. As a result, goodwill increased by 2,304 million yen during consolidated cumulative third quarter.

(Significant gain on negative goodwill)

Not applicable.

#### 3. Matters regarding changes in reportable segments

(Changes in the calculation method of income and loss of reportable segments)

Starting from the first quarter of the fiscal year ending March 31, 2013, the Company, in order to measure the business performance of each segment more accurately, has changed the scope to which selling, general and administrative expenses will be allocated and the method of such allocation.

As a result, segment income for the third quarter of the previous fiscal year has been calculated using the revised calculation methods.