Supplemental Documents for 3rd Quarter of Fiscal Year 2012

February 5, 2013

Nippon Suisan Kaisha, Ltd.

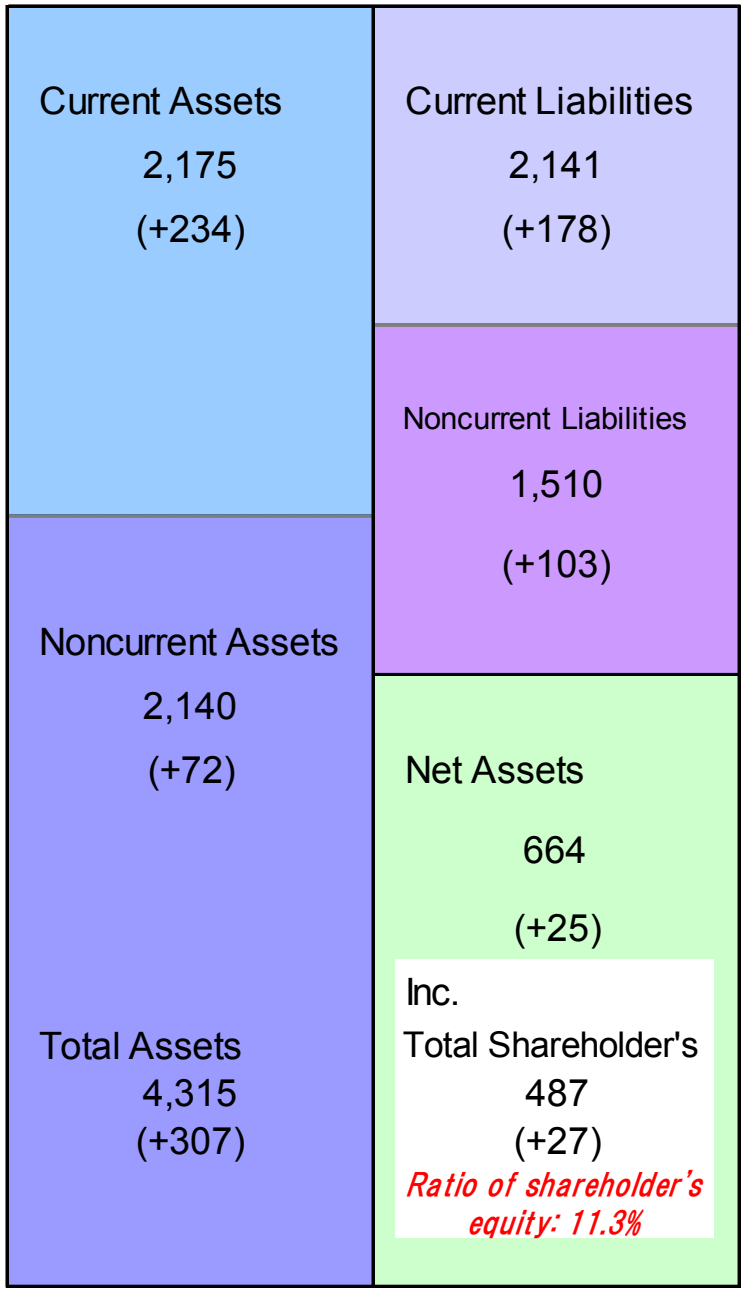
Overview of the 3rd Quarter of FY2012
Consolidated Income Statement (Y-on-Y)

(Unit : 100 million yen)

	3Q of FY2012	%	3Q of FY2011	%	Increase /Decrease	%
Net Sales	4,225		4,095		130	3.2%
Gross Profit	930	22.0%	939	22.9%	(8)	(0.9%)
SGA expenses	854		827		27	
Operating Income	76	1.8%	112	2.7%	(35)	(32.1%)
Non Operating Income	25		22		2	
Non Operating Expenses	39		41		(1)	
Ordinary Inocme	61	1.5%	93	2.3%	(31)	(33.8%)
Extraordinary Income	11		2		9	
Extraordinary Expenses	15		16		(0)	
Income before taxes	57	1.4%	79	1.9%	(21)	(27.3%)
Income taxes-current	35		27		7	
Income taxes-deferred	3		7		(3)	
Income before minority interests	18		44		(25)	
Minority interest income	(3)		(0)		(3)	
Net income	22	0.5%	45	1.1%	(22)	(50.2%)

Overview of the 3rd Quarter of FY2012
Consolidated Balance Sheet (Comparison with 4Q of FY2011)

(Unit : 100 million yen)



() indicates variance to 4Q of FY2011.

Breakdown of Increase/Decrease			
Current Assets	+234	Accounts Receivable	+157
		Merchandise and Finished Goods	+19
		Work in process	+21
		Raw materials and inventories	+23
Noncurrent Assets	+72	Property, Plant and Equipment	+32
		Intangible Assets	+11
		Investments and other Assets	+29
Current Liabilitites	+178	Short-term loans payable	+171
Noncurrent Liabilities	+103	Long-term loans payable	+88
		Provision for retirement benefits	+20
Net Assets	+25	Retained Earnings	+4
		Accumulated Other Comprehensive income	+23
		Minority Interests	▲2

*Increase in amount of total assets contributed by new consolidated subsidiaries +124 (Kaneko Sangyo and Leuchtturm)
*Ratio of shareholders' equity 11.5% (Mar/ 2012) -> 11.3% (Dec/ 2012)

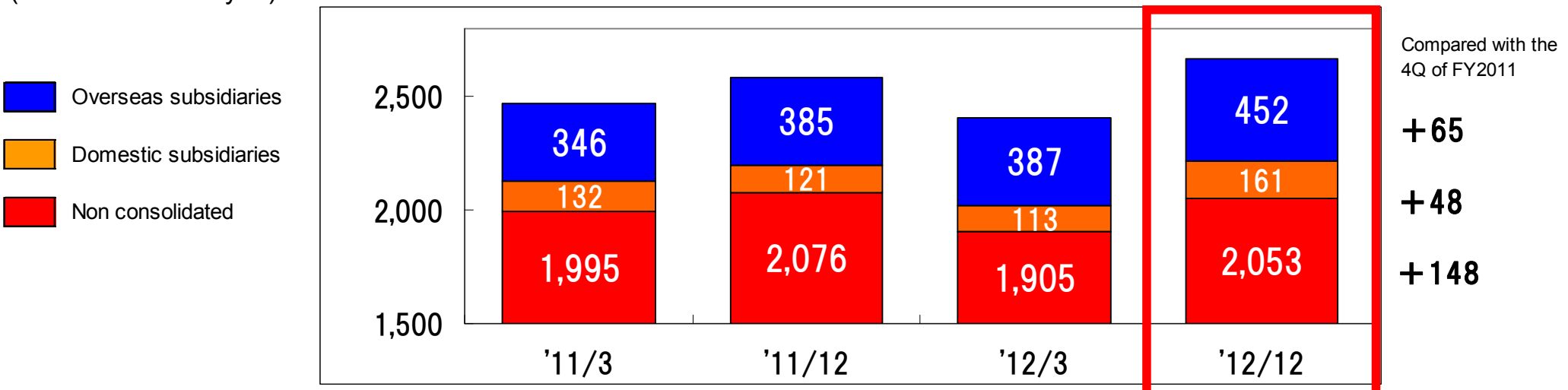
Overview of the 3rd Quarter of FY2012
Consolidated Cash-Flow

(Unit : 100 million yen)

	'12/12	'11/12	Y-on-Y	Breakdown	'12/12	'11/12	Y-on-Y
Operating activities	1	77	(76)	Income before income taxes and minority interests	57	79	(21)
				Depreciation and amortiization	120	123	(2)
				Increase (decrease) in provision for loss on business liquidation	(8)	-	(8)
				Increase of working capital	(80)	(107)	27
Investing activities	(172)	(107)	(64)	Purchase of property, plant and equipment	(128)	(100)	(28)
				Purchase of intangible assets	(8)	(25)	16
				Increase of investment securities	(34)	(7)	(27)
				Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	(15)	-	(15)
				Purchase of investments in subsidiaries resulting in change in scope of consolidation	3	-	3
				Increase (Decrease) in short-term loans receivable	(44)	8	(53)
Financing activitites	160	96	63	Increase (Decrease) in short-term loan	104	130	(25)
				Increase (Decrease) in long-term loan	78	4	73
				Cash dividends paid	(13)	(27)	13
Cash and cash equivalent at end of period	140	235	(94)				

Overview of the 3rd Quarter of FY2012
Consolidated Loans Payable & Net Interest Rate

(Unit : 100 million yen)



Total Debt	2,473	2,581	2,405	2,665	+260
Short-term	1,285	1,467	1,207	1,379	+171
Long-term	1,187	1,114	1,197	1,286	+88
Average interest of short-term loans payable	1.1%	1.1%	1.2%	1.1%	▲0.1%
Average interest of long-term loans payalbe	1.7%	1.7%	1.6%	1.5%	▲0.1%
Net Interest expenses	19.9	17.6	18.3	15.2	
Ratio of Net Interst Cost on Operating Income	25%	16%	19%	20%	
Interest expense	35.9	27.9	37.3	27.9	
Interest income	5.6	4.0	8.1	6.6	
Dividend income	10.3	6.2	10.8	6.0	

Overview of the 3rd Quarter of FY2012
Y-on-Y Comparison of Net Sales of Segment Matrix

(Unit : 100 million yen)

	Japan		North America		South America		Asia		Europe		Sub Total		Consolidated Adjustment		Grand Total	
Marine Products	1,491	*(53)*	253	*(48)*	206	*(▲30)*	93	*(▲4)*	245	*(▲44)*	2,290	*(21)*	▲561	*(▲16)*	1,729	*(5)*
	1,437		205		237		98		290		2,269		▲544		1,724	
Food Products	2,350	*(157)*	301	*(1)*			44	*(3)*	95	*(25)*	2,792	*(188)*	▲790	*(▲158)*	2,002	*(30)*
	2,193		299				40		70		2,603		▲632		1,971	
Fine Chemicals	220	*(12)*					1	*(▲0)*			221	*(12)*	▲13	*(▲0)*	208	*(11)*
	207						1				209		▲13		196	
Logistics	163	*(12)*									163	*(12)*	▲61	*(▲4)*	101	*(7)*
	151										151		▲57		93	
Other	239	*(79)*					0	*(0)*			240	*(79)*	▲56	*(▲4)*	184	*(75)*
	160						0				161		▲52		109	
Sub Total	4,464	*(314)*	554	*(49)*	206	*(▲30)*	140	*(▲1)*	341	*(▲18)*	5,708	*(314)*				
	4,150		504		237		141		360		5,394					
Consolidated Adjustment	▲1,125	*(▲160)*	▲134	*(▲32)*	▲124	*(14)*	▲82	*(▲3)*	▲15	*(▲1)*			▲1,483	*(▲183)*		
	▲965		▲102		▲139		▲79		▲13				▲1,299			
Grand Total	3,339	*(154)*	419	*(17)*	81	*(▲16)*	57	*(▲4)*	326	*(▲20)*					4,225	*(130)*
	3,185		402		98		61		347						4,095	

* The upper columns indicate the results of 3Q of FY2012, and the lower columns indicates those of 3Q of FY2011.
(The Italic figures mean increase/decrease.)
*Consolidated adjustment includes the elimination of Net Sales among the group companies.

Overview of the 3rd Quarter of FY2012
Y-on-Y Comparison of Operating Income by Segment Matrix

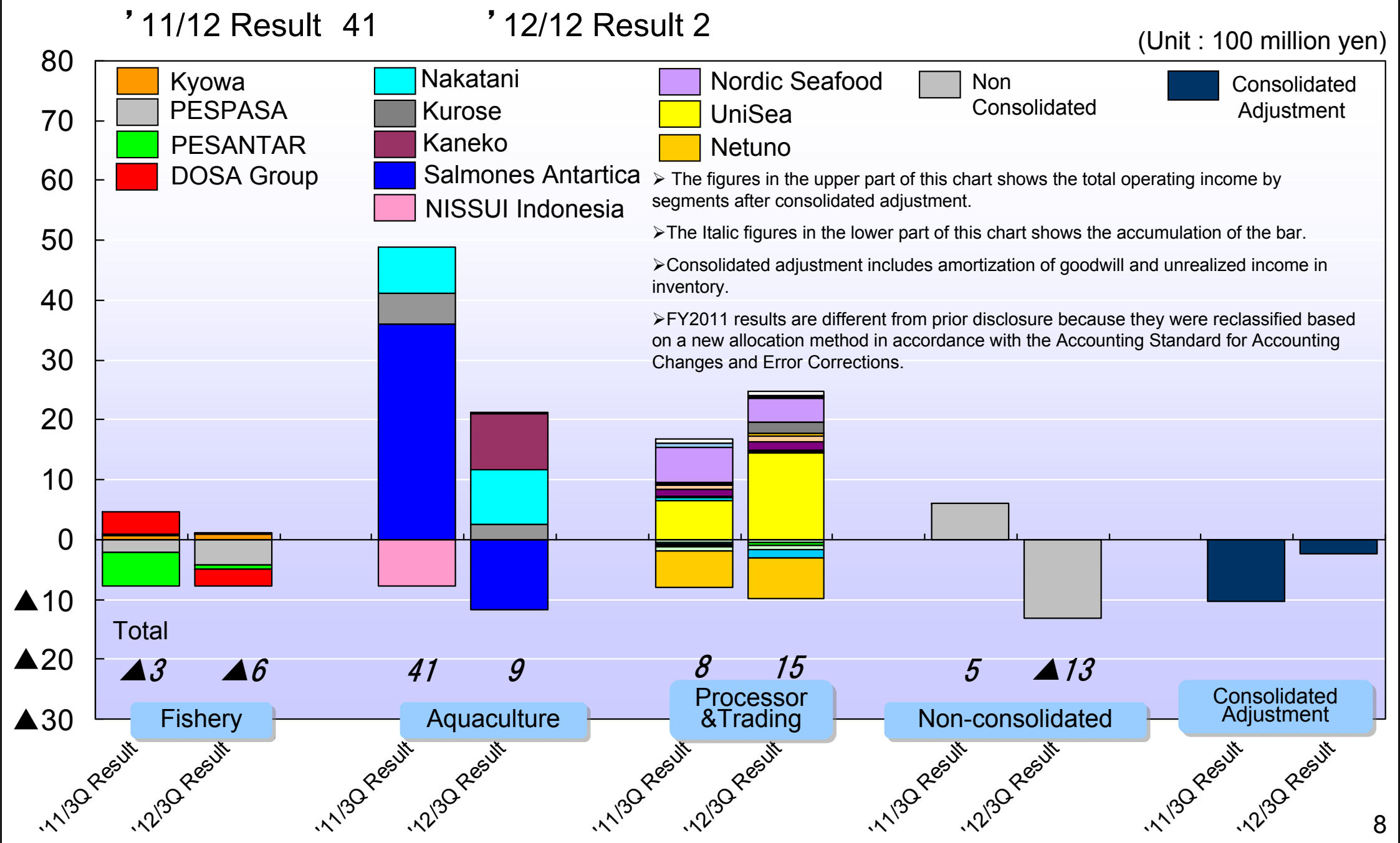
(Unit : 100 million yen)

	Japan	North America	South America	Asia	Europe	Common costs	Sub Total	Consolidated Adjustment	Grand Total
Marine Products	11 (▲9)	14 (8)	▲24 (▲50)	0 (7)	2 (▲3)		4 (▲47)	▲2 (7)	2 (▲39)
	21	6	25	▲6	5		52	▲10	41
Food Products	20 (▲11)	2 (▲3)		0 (3)	▲1 (▲5)		21 (▲16)	▲0 (6)	21 (▲10)
	32	5		▲3	3		38	▲6	32
Fine Chemicals	56 (4)			0 (▲0)			56 (4)	▲0 (▲0)	56 (4)
	51			0			52	0	52
Logistics	14 (1)						14 (1)	1 (0)	15 (2)
	12						12	0	13
Others	9 (6)			0 (▲0)			9 (5)	▲0 (▲1)	9 (4)
	3			0			4	1	5
Common costs						▲30 (3)	▲30 (3)	0 (0)	▲29 (3)
						▲33	▲33	0	▲32
Sub Total	112 (▲9)	17 (5)	▲24 (▲50)	1 (11)	0 (▲8)	▲30 (3)	77 (▲48)		
	121	11	25	▲9	9	▲33	125		
Consolidated Adjustment	▲2 (▲1)	0 (4)	5 (10)	▲0 (0)	▲3 (▲0)	▲0 (▲1)		▲1 (12)	
	▲1	▲3	▲4	▲1	▲3	0		▲13	
Grand Total	109 (▲10)	17 (9)	▲19 (▲40)	1 (12)	▲3 (▲9)	▲30 (1)			76 (▲35)
	119	8	21	▲10	5	▲32			112

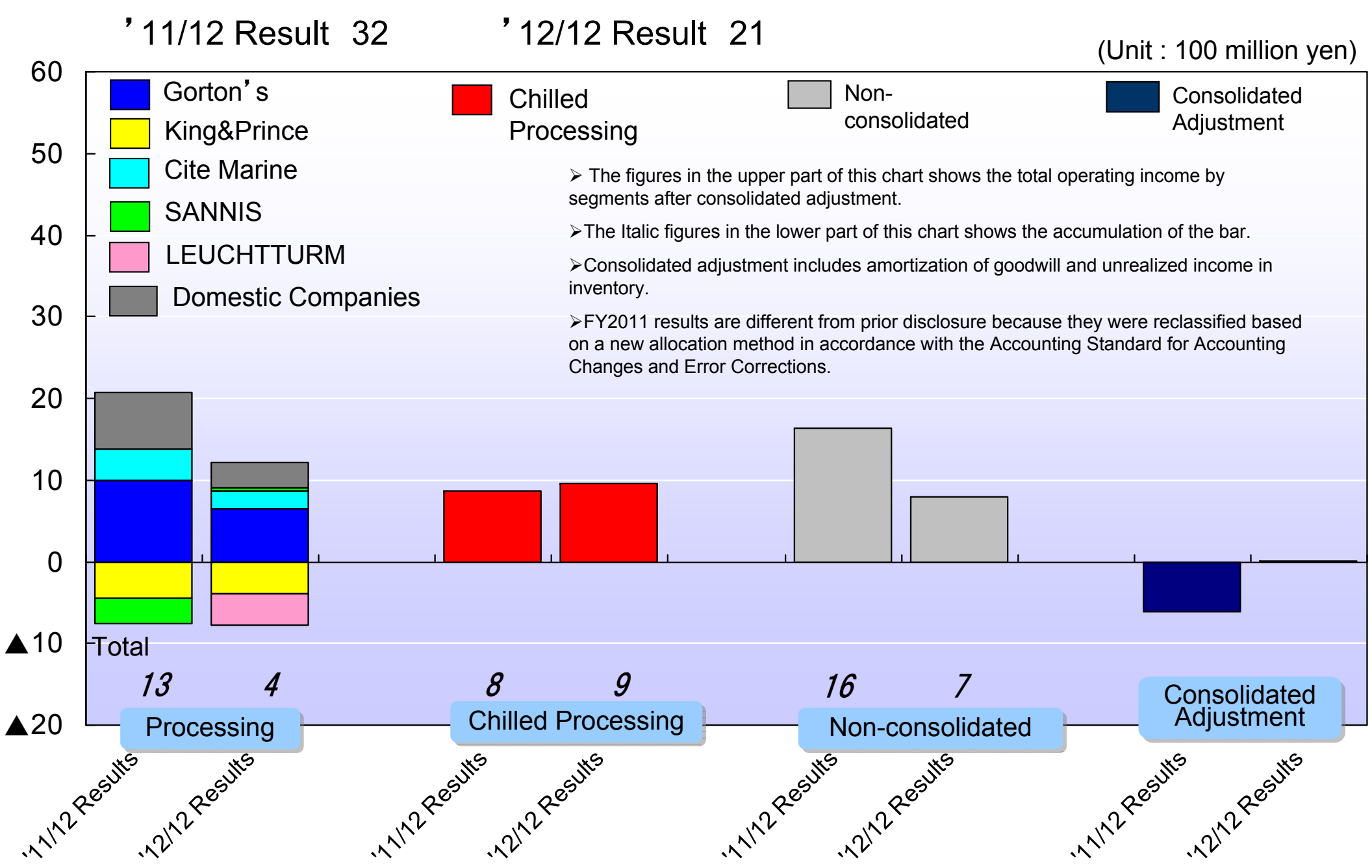
* The upper columns indicate the results of 3Q of FY2012, and the lower columns indicates those of 3Q of FY2011.
(The Italic figures mean increase/decrease.)

* Consolidated adjustment include amortization of goodwill and unrealized income in inventory.
* FY2011 results are different from prior disclosure because they were reclassified based on a new allocation method in accordance with the Accounting Standard for Accounting Changes and Error Corrections.

Overview of the 3rd Quarter of FY2012
Trend of Operating Income by Marine Products Segment



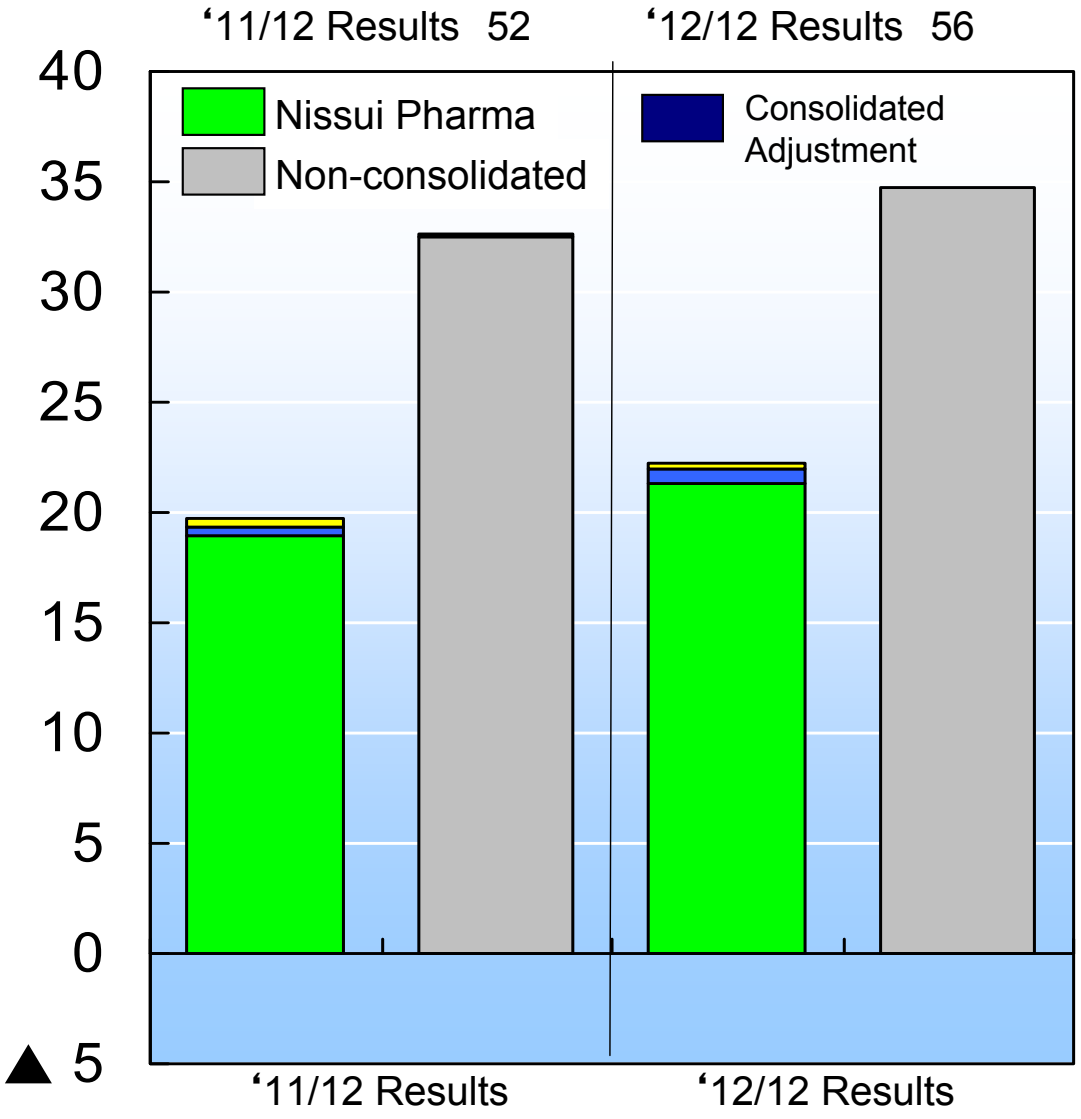
Overview of the 3rd Quarter of FY2012
Trend of Operating Income by Food Products Segment



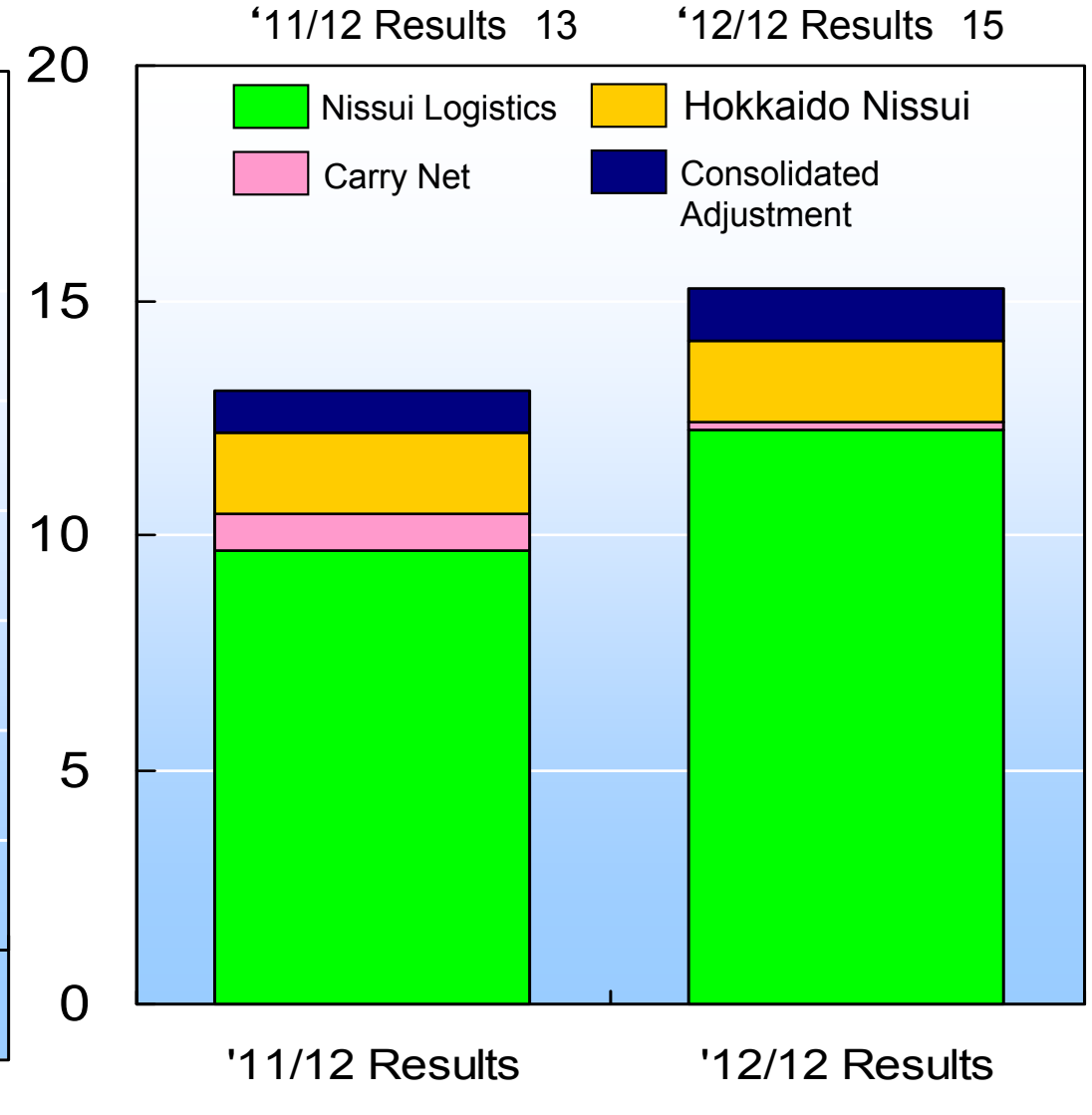
Overview of the 3rd Quarter of FY2012
Trend of Operating Income by Fine Chemicals & Logistics Segment

(Unit : 100 million yen)

Fine Chemicals



Logistics



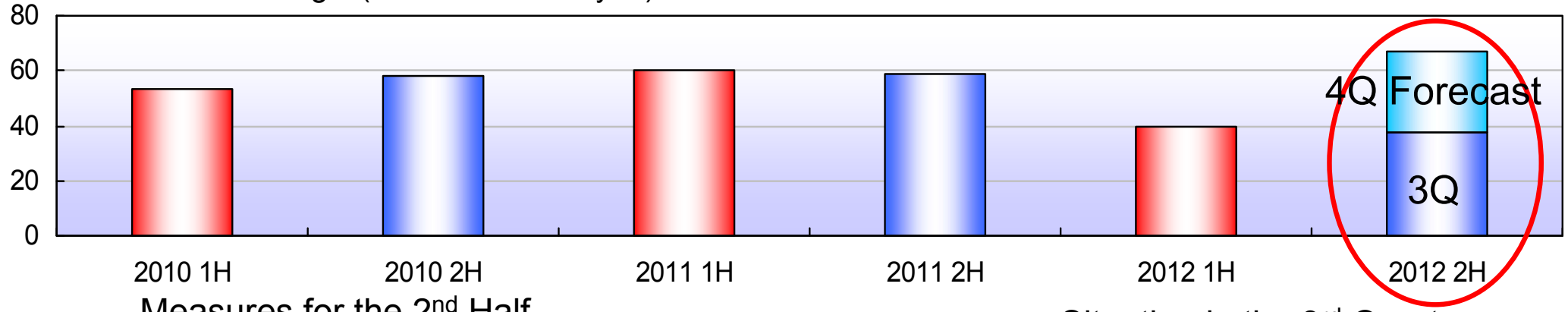
- The figures in the upper part of this chart shows the total operating income by segments after consolidated adjustment.
- Consolidated adjustment includes unrealized income in inventory.
- FY2011 results are different from prior disclosure because they were reclassified based on a new allocation method in accordance with the Accounting Standard for Accounting Changes and Error Corrections.

Overview of the 3rd Quarter of FY2012
Income Statement (Non consolidated)

	3Q of FY2012	%	3Q of FY2011	%	Increase /Decrease	%
Net Sales	2,569		2,551		18	0.7%
Gross Profit	511	19.9%	529	20.8%	(18)	(3.4%)
SGA expenses	512		508		4	
Operating Income (Loss)	(0)	(0.0%)	21	0.8%	(22)	
Non Operating Income	28		26		2	
Non Operating Expenses	32		34		(2)	
Ordinary Income (Loss)	(4)	(0.2%)	13	0.5%	(17)	
Extraordinary Income	10		0		10	
Extraordinary Expenses	17		13		4	
Income before taxes	(11)	(0.4%)	0	0.0%	(11)	
Income taxes-current	0		0		0	
Income taxes-deferred	(2)		(2)		(0)	
Net Income	(8)	(0.3%)	2	0.1%	(11)	

3rd Quarter of FY2012
Recovery of Gross margin in Non-consolidated Marine Products Segments

Movement of Gross margin (Unit: 100 million yen)



Measures for the 2nd Half

Having cleared dead stock at the end of September as a whole (lowest level in the past decade), gross margin is expected to recover in the second half of the fiscal year to levels comparable to the previous fiscal year.

[Fish paste (*surimi*)]
Sales of *surimi* made in Hokkaido will be expanded, including highly-profitable South American *surimi* towards the end of the year when demand is high.
[Shrimp]
Sales efforts will be made focusing on South American red shrimp, thereby securing gross profits.
White shrimp, black tiger, etc., which fell in price in the first half of the fiscal year, are expected to improve in income in the second half of the fiscal year through the trimming inventory to the appropriate level.
[Salmon/trout]
Having cleared the inventory of Chilean Coho Salmon, Russian red salmon, etc., whose inventory prices did not match market prices, gross margin will be on an uptrend in the second half of the fiscal year and thereafter.
Expansion of sales will be sought with respect to highly profitable Russian red salmon and Nissui Thailand's processed products.
In the upcoming full-fledged shipment season for Chilean Coho Salmon, appropriate inventory volume and price levels will continue to be maintained in the future.
[Yellowtail]
Sales of yellowtail at Kurose Suisan Co., Ltd. have been robust. Sales will be enhanced towards the end of the year when demand is high, to secure more profits than the budget level.

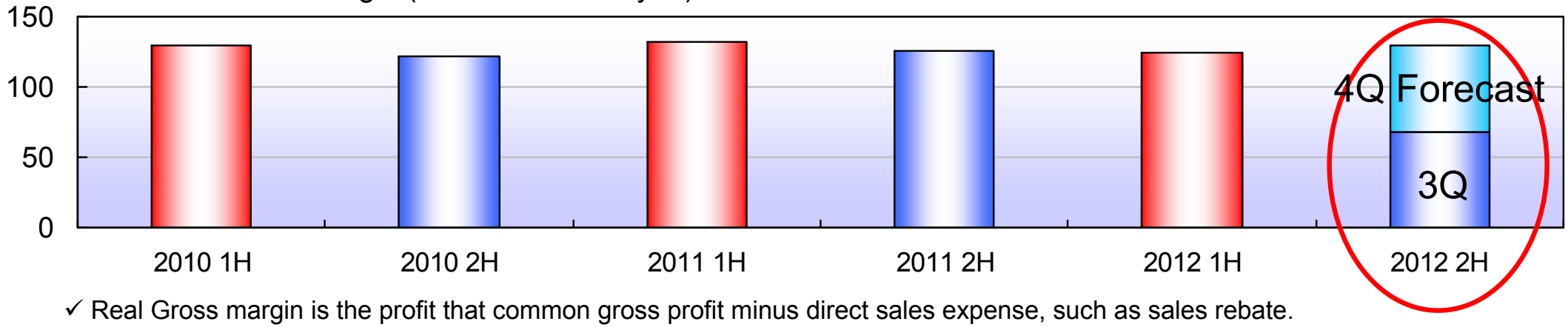
Situation in the 3rd Quarter

Inventory decreased at the end of December, the product turnover rate increased, and distribution costs decreased. Gross margin for 2H is expected to recover to the level of 2011. (Inventory at the end of December was at the lowest level in the past 10 years.)

【Fish paste (surimi)】
・The market for B season Alaska surimi was poor and the momentum was lost.
【Shrimp】
・Red shrimp performed as expected, but others struggled.
【Salmon/trout】
・The price stopped declining and the gross margin made a rapid recovery. Sales of Russian Sockeye Salmon and Chilean Coho Salmon secured a profit.
【Yellow tale】
・While the port price was on a downward trend, sales remained firm. A boost in sales in the demand season at yearend was realized and higher-than expected profit was secured.

3rd Quarter of FY2012
Recovery of Gross margin in Non-consolidated Food Products Segments

Movement of Real Gross margin (Unit: 100 million yen)



✓ Real Gross margin is the profit that common gross profit minus direct sales expense, such as sales rebate.

Measures for the 2nd Half

[Household use]
・Concentrate on profitable precooked products for household use, and keep the ratio of sales expenses low.

[Ham, sausage and chikuwa]
・Simultaneously implement TV commercials, consumer campaigns and in-store sales promotion.
・Expand sales of profitable merchandises in surimi products.

[Commercial use/ Fine Foods]
・Expand sales of “Processed Chicken Products”, “Croquette” and “Spring Rolls”.
・Expand sales of new product category “Osakana sausage.
・Expand sales of winter product “Gratin/Doria”.

Situation in the 3rd Quarter

【Household use】
・Efforts were concentrated on profitable products to some extent such as yaki onigiri, but sales expenses increased due to intensified competition.
【Ham, sausage and Chikuwa】
・Various measures were implemented but the turnover rate at shop fronts did not improve.
・October and November had many warm days, and the sales of profitable products such as chikuwa well short of expectations.
【Commercial use and fine foods】
・Fell short of the expected level.
・Because winter started late, gratin, doria and fried oysters had a slow start, but contributed throughout the quarter.

Emergency Task Force – 1

An Emergency Task Force reporting directly to the President, which was established in November 2012, has been discussing and implementing measures in order to resume dividend distribution at an early date.

1. Securement of operating income on a non-consolidated basis in the third and fourth quarters

Operating income for the third and fourth quarters is generally expected to be as previously announced due to the implementation of cost-cutting measures, including reduction of inventories and elimination in full of performance-based compensation (bonus) for Directors for the month of December.

2. Measures for FY2013 − Projection of effects to be announced on May 15, 2013

① Efforts to strengthen earning power − Nissui: Promote Marine products as foodstuffs and prepared foods by integrating the marketing and sales functions of Marine Products and Food Service Products. → Achieve growth and stabilize revenue.

② Efforts to strengthen earning power − Nissui: Conduct an organizational restructuring of the Fine Chemicals Business.

＊Newly appoint a “Fine Chemicals Business Supervisor”, place the Human Life Science R&D under said Supervisor’s charge, and newly establish a Healthcare Section within the Fine Chemicals Operations Department. → Increase sales of functional foods.

Emergency Task Force – 2

③ Increase cost competitiveness − Continue with efforts to lower the break-even point.

- ＊ Reduce Directors' compensation (including bonuses) and management-level salaries.
- ＊ Introduce systems to assist in planning and landing a post-retirement career (early retirement support programs)
- ＊ Food Products Business − Operate production plants efficiently, centralize the purchase of materials, etc.

3. Continued deliberation for resumption of dividend distribution at an early date − The Board of Executive Officers shall take the lead.

① The corporate functions of Nissui within the Group, as well as the roles and functions of the Marine Products, the Food Products and the Fine Chemicals Businesses.

② Effective utilization of Nissui's human resources and reduction of its fixed costs.

- ＊ Personnel system (compensation system, age limit system for managerial personnel, etc.) and human resource development
- ＊ Pension program
- ＊ Utilizing or selling nonessential or noncritical assets

③ Group companies − Unprofitable businesses and the return on investment.

Disclaimer regarding forward-looking statements

This presentation contains forward-looking statements regarding Nissui's business projections for the current term and future terms. All forward-looking statements are based on rational judgement of management derived from the information currently available to it, and the Company provides no assurances that these projections will be achieved.

Please be advised that the actual business performance may differ from these business projections due to changes of various factors. Significant factors which may affect the actual business performance includes but are not limited to the changes in the market economy and product demand, foreign exchange rate fluctuations, and amendments to various international and Japanese systems and laws.

Accordingly, please use the information contained in this presentation at your own discretion. The Company assumes no liability for any losses that may arise as a result through use of this presentation.

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