

3. Consolidated financial results forecast for the fiscal year ending December 31, 2018
(from January 1, 2018 to December 31, 2018)

(Percentages denote year-on-year changes)

	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
FY ending December 31, 2018	184,814	7.4	6,775	7.1	6,681	12.9	4,664	52.1	324.98

(Note) Revision to the forecast for financial results announced most recently: None

* Notes

- (1) Changes in significant subsidiaries during the first six months of the fiscal year: None
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes to accounting estimates, and restatements
- (i) Changes in accounting policies due to revisions of accounting standards: None
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Restatements: None

(4) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)	As of June 30, 2018	14,353,140 shares	December 31, 2017	14,353,140 shares
(ii) Number of treasury shares at the end of the period	As of June 30, 2018	67 shares	December 31, 2017	36 shares
(iii) Average number of shares during the period (six months ended June 30, 2018)	As of June 30, 2018	14,353,087 shares	June 30, 2017	12,493,240 shares

* These quarterly financial results are not subject to quarterly review procedures.

* Explanation of the proper use of financial results forecasts and other notes

(Cautionary note on forward-looking statements, etc.)

The forward-looking statements such as financial results forecasts contained in this document are based on information currently available to the Company and certain reasonable assumptions. Thus, these statements are not intended for management to promise the achievement of the forecast. Actual financial results may differ materially due to various factors. For conditions of the assumptions in the forecast and notes to use of the forecast, please see the section titled “(3) Explanation of future forecasts such as consolidated financial results forecasts” under the chapter titled “1. Qualitative information on quarterly financial results” on the page 4 of the attachment.

(How to obtain the quarterly financial results supplementary materials)

The quarterly financial results supplementary materials will be disclosed on TDnet on August 14, 2018 and will also be posted on the Company’s website. The Company plans to hold a briefing meeting on the financial results for institutional investors and analysts on August 21, 2018, based on these materials.

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1. Qualitative information on quarterly financial results

(1) Explanation of operating results

[Outline of the first six months of the fiscal year]

Although the overall world economy during the first six months of the current consolidated fiscal year continued to recover at a moderate rate, uncertainty remained in the forecast for China and other Asian emerging market economies, their policies and development of trade issues and the like.

Meanwhile, the overall Japanese economy kept on its moderate recovery track as corporate business results and the employment situation improved.

Under such circumstances, the Company Group has been working on improving operating results by operating two main businesses: the Asian Food Global Business, that distributes Asian food products and ingredients such as Japanese food around the world with a focus on North America, as well as in Europe, China, South East Asia, Australia, etc., and Agricultural & Seafood Products Trading Business, that distributes fruits and vegetables, fishery products, etc., with a focus on domestic markets, as well as in China, South East Asia, etc.

With regard to the Asian Food Global Business, in addition to the growth in the North American region, the Company Group has been aggressively developing markets, setting the strengthening of business bases in other regions as one of the Company Group's growth strategies. As for the Agricultural & Seafood Products Trading Business, in addition to the wholesale market, which is the main distribution route, the Company Group has been working on developing other distribution routes (mass retailers, restaurant chains, home-meal replacement industries, etc.) and overseas distribution routes (export of domestic fruits and vegetables, offshore trading in fruits and vegetables, wholesale business in China, etc.).

As a result, with respect to the financial results for the first six months of the current consolidated fiscal year, net sales stood at 90,251 million yen, an increase of 4.2% year on year; operating income amounted to 3,063 million yen, a decrease of 6.0% year on year; ordinary income came to 3,077 million yen, an increase of 0.8% year on year; and profit attributable to owners of parent totaled 2,183 million yen, an increase of 50.7% year on year.

Financial results by segment are as follows: It is noted that net sales of segments are net sales to external customers.

[Outline of operating results by segment]

(i) Asian Food Global Business

In the Asian Food Global Business, with respect to the financial results for the first six months of the current consolidated fiscal year, net sales stood at 60,565 million yen, an increase of 4.4% year on year, and operating income amounted to 2,528 million yen, a decrease of 18.5% year on year.

Although net sales in the North American region grew steadily, income decreased because the purchase price for rice, etc., key commodities for the Company, climbed and expenses in the logistics department, etc., such as personnel expenses and gasoline costs, continued to rise from the previous consolidated fiscal year. The Company Group will further strengthen its structural reform initiative in this region (improvement in the profit margin and reduction in logistics expenses) that it has been promoting, and strive to improve profitability.

In other regions, both net sales and income grew due to the development of new customers, steadily rising business with existing customers, and strengthening of the business base.

(ii) Agricultural & Seafood Products Trading Business

In the Agricultural & Seafood Products Trading Business, in terms of the financial results for the first six months of the current consolidated fiscal year, net sales stood at 27,835 million yen, an increase of 3.1% year on year, and operating income amounted to 531 million yen, an increase of 233.7% year on year.

Net sales grew as the sales of avocados and small-sized apples, etc. for overseas sales channels rose steadily. Income increased because the sales of citrus and tropical commodities in domestic markets, which had experienced difficulties in the same period a year ago, recovered in the current period with both net sales and income rising.

(iii) Other businesses

For Other businesses, with regard to the financial results for the first six months of the current consolidated fiscal year, net sales stood at 1,851 million yen, an increase of 12.2% year on year, and operating income amounted to 20 million yen (compared to an operating loss of 14 million yen for the same period in the previous year).

Both net sales and income grew due to expanded sales of seasonal and character products, etc. for domestic markets.

(2) Explanation of financial position

1. Assets, liabilities and net assets

(Assets)

Total assets as of June 30, 2018 stood at 82,884 million yen, a decrease of 1,452 million yen compared to December 31, 2017, and was mainly attributable to the following.

Total current assets as of June 30, 2018, amounted to 74,731 million yen, a decrease of 932 million yen compared to December 31, 2017. The decrease in current assets was due to a decrease of 1,170 million yen in cash and deposits although an increase of 333 million yen in inventories.

Total non-current assets as of June 30, 2018, came to 8,153 million yen, a decrease of 520 million yen compared to December 31, 2017. The decrease in non-current assets was due to a decrease of 267 million yen in buildings and structures (net) and a decrease of 197 million yen in assets related to customers.

(Liabilities)

Total liabilities as of June 30, 2018 stood at 32,965 million yen, a decrease of 1,618 million yen compared to December 31, 2017, and was mainly attributable to the following.

Total current liabilities as of June 30, 2018, amounted to 21,213 million yen, an increase of 1,564 million yen compared to December 31, 2017. The increase in total current liabilities was due to an increase of 1,585 million yen in long-term loans payable scheduled to be repaid within one year and an increase of 1,247 million yen in notes and accounts payable—trade, despite a decrease of 1,672 million yen in short-term loans payable.

Total non-current liabilities as of June 30, 2018 came to 11,751 million yen, a decrease of 3,182 million yen compared to December 31, 2017, which was caused by a decrease of 3,178 million yen in long-term loans payable.

(Net assets)

Total net assets as of June 30, 2018 stood at 49,918 million yen, an increase of 165 million yen compared to December 31, 2017. The increase in total net assets was due to an increase of 1,178 million yen in retained earnings despite a decrease of 1,000 million yen in foreign-currency translation adjustments.

2. Cash flows

Cash and cash equivalents (hereinafter referred to as “Funds”) for the first six months of the current consolidated fiscal year stood at 30,074 million yen, a decrease of 1,212 million yen compared to December 31, 2017.

Cash flows for the first six months of the current consolidated fiscal year and the main factors affecting them are as follows.

(Cash flows from operating activities)

Cash flows from operating activities were positive at 3,512 million yen and major factors are as follows. Although income taxes paid stood at 874 million yen and an increase in inventories stood at 848 million yen, profit before income amounted to 3,077 million yen and an increase in notes and accounts payable—trade amounted to 1,489 million yen.

Funds acquired increased by 2,000 million yen year on year (an increase of 32.2% year on year in cash inflows), which was mainly due to a decrease of 895 million yen in cash outflows from income taxes paid, a decrease of 708 million yen in cash outflows from the growth of inventories and an increase of 541 million yen in profit before income taxes, despite a decrease of 519 million yen in cash flows from notes and accounts payable—trade.

(Cash flows from investing activities)

Cash flows from investing activities were negative at 284 million yen and major factors are as follows: a cash outflow of 134 million yen due to acquisition of intangible non-current assets; and a cash outflow of 62 million yen due to acquisition of property, plant and equipment.

Cash outflows decreased by 307 million yen year on year (a decrease of 51.9% in cash outflows year on year), which was mainly attributable to the fact that a cash outflow of 1,096 million yen from acquisition of affiliate shares did not occur in the first six months of the current consolidated fiscal year, cash outflows from loans receivable decreased by 471 million yen, and cash outflows from acquisition of property, plant and equipment decreased by 282 million yen, despite an increase of 1,552 million yen in cash outflows from a net increase in time deposits.

(Cash flows from financing activities)

Cash flows from financing activities stood at 3,912 million yen in cash outflows. This was mainly attributable to a decrease of 1,450 million yen in the net increase in short-term loans payable, cash outflows of 1,430 million yen from repayment of long-term loans payable and a cash outflow from payment of 1,002 million yen in cash dividends.

Cash outflows increased by 5,607 million yen year on year (compared to cash inflows of 1,694 million yen for the first six months of the previous fiscal year), which was mainly attributable to an increase of 3,262 million yen in cash outflows from a net decrease in short-term loans payable, an increase of 1,350 million yen in cash outflows from repayment of long-term loans payable and an increase of 997 million yen in cash dividends paid.

(3) Explanation of future forecasts such as consolidated financial results forecasts

Financial results forecasts for the fiscal year ending December 31, 2018, are as stated in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2017, (Japanese GAAP) announced on February 14, 2018 and no changes have been made to the forecasts.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	FY 2017 (As of December 31, 2017)	Second quarter of FY 2018 (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	31,303	30,133
Notes and accounts receivable—trade	18,816	19,001
Inventories	23,185	23,519
Deferred tax assets	553	513
Other	2,066	1,822
Allowance for doubtful accounts	(262)	(258)
Total current assets	75,663	74,731
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,455	2,188
Machinery, equipment and vehicles, net	451	403
Tools, furniture and fixtures, net	105	92
Leased assets, net	246	213
Other, net	280	248
Total property, plant and equipment	3,538	3,145
Intangible assets		
Goodwill	760	704
Software	195	185
Customer-related assets	1,174	977
Other	114	237
Total intangible assets	2,245	2,104
Investments and other assets		
Investment securities	1,303	1,283
Guarantee deposits	365	359
Deferred tax assets	484	567
Other	762	718
Allowance for doubtful accounts	(26)	(25)
Total investments and other assets	2,889	2,903
Total non-current assets	8,673	8,153
Total assets	84,336	82,884

(Millions of yen)

	FY 2017 (As of December 31, 2017)	Second quarter of FY 2018 (As of June 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	9,959	11,206
Short-term loans payable	4,935	3,262
Current portion of long-term loans payable	151	1,737
Lease obligations	60	57
Accounts payable—other	2,322	2,563
Income taxes payable	195	425
Provision for bonuses	525	384
Provision for shareholder privilege program	—	19
Other	1,497	1,557
Total current liabilities	19,648	21,213
Non-current liabilities		
Long-term loans payable	12,612	9,433
Lease obligations	191	160
Deferred tax liabilities	221	175
Provision for directors' retirement benefits	494	526
Net defined benefit liability	1,007	1,066
Other	406	389
Total non-current liabilities	14,934	11,751
Total liabilities	34,583	32,965
Net assets		
Shareholders' equity		
Capital stock	2,646	2,646
Capital surplus	6,531	6,531
Retained earnings	39,173	40,351
Treasury shares	(0)	(0)
Total shareholders' equity	48,351	49,529
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	10
Deferred gains or losses on hedges	8	1
Foreign currency translation adjustment	1,378	377
Total accumulated other comprehensive income	1,402	389
Total net assets	49,753	49,918
Total liabilities and net assets	84,336	82,884

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

First six months ending June 30, 2018

(Millions of yen)

	First six months of FY 2017 (January 1, 2017 to June 30, 2017)	First six months of FY 2018 (January 1, 2018 to June 30, 2018)
Net sales	86,646	90,251
Cost of sales	71,949	74,913
Gross profit	14,696	15,338
Selling, general and administrative expenses	11,436	12,274
Operating income	3,260	3,063
Non-operating income		
Interest and dividend income	43	55
Share of profit of entities accounted for using equity method	27	—
Insurance benefits received	0	172
Other	8	18
Total non-operating income	79	246
Non-operating expenses		
Interest expenses	96	88
Foreign exchange losses	189	141
Share of loss of entities accounted for using equity method	—	0
Other	0	2
Total non-operating expenses	286	232
Ordinary income	3,053	3,077
Extraordinary income		
Total extraordinary income	—	—
Extraordinary losses		
Impairment loss	517	—
Total extraordinary losses	517	—
Profit before income taxes	2,536	3,077
Income taxes—current	1,167	981
Income taxes—deferred	(80)	(86)
Total income taxes	1,087	894
Net income	1,448	2,183
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,448	2,183

Quarterly consolidated statement of comprehensive income

First six months ending June 30, 2018

(Millions of yen)

	First six months of FY 2017 (January 1, 2017 to June 30, 2017)	First six months of FY 2018 (January 1, 2018 to June 30, 2018)
Net income	1,448	2,183
Other comprehensive income		
Valuation difference on available-for-sale securities	1	(5)
Deferred gains or losses on hedges	(38)	(6)
Foreign currency translation adjustment	(1,126)	(935)
Share of other comprehensive income of entities accounted for using equity method	1	(64)
Total other comprehensive income	(1,162)	(1,012)
Comprehensive income	285	1,170
(Breakdown)		
Comprehensive income attributable to owners of parent	285	1,170
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY 2017 (January 1, 2017 to June 30, 2017)	First six months of FY 2018 (January 1, 2018 to June 30, 2018)
Cash flows from operating activities		
Profit before income taxes	2,536	3,077
Depreciation and amortization	557	553
Impairment loss	517	—
Increase (decrease) in allowance for doubtful accounts	(59)	1
Interest and dividend income	(43)	(55)
Interest expenses	96	88
Share of (profit) loss of entities accounted for using equity method	(27)	0
Foreign exchange losses (gains)	136	112
Decrease (increase) in notes and accounts receivable—trade	(328)	(506)
Decrease (increase) in inventories	(1,557)	(848)
Increase (decrease) in notes and accounts payable—trade	2,008	1,489
Increase (decrease) in accounts payable—other	(30)	253
Increase (decrease) in provision for bonuses	(176)	(130)
Increase (decrease) in provision for shareholder privilege program	—	19
Increase (decrease) in net defined benefit liability	21	91
Other	(421)	94
Subtotal	3,230	4,240
Interest and dividend income received	48	54
Interest expenses paid	(88)	(94)
Income taxes paid	(1,770)	(874)
Income taxes reimbursed	92	185
Cash flows from operating activities	1,512	3,512
Cash flows from investing activities		
Purchase of property, plant and equipment	(345)	(62)
Purchase of intangible assets	(18)	(134)
Purchase of shares of affiliates	(1,096)	—
Additional purchase of shares of subsidiaries	(167)	—
Payments of loans receivable	(471)	—
Net decrease (increase) in time deposits	1,514	(38)
Other	(7)	(49)
Cash flows from investing activities	(592)	(284)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,812	(1,450)
Repayments of long-term loans payable	(79)	(1,430)
Purchase of treasury shares	—	(0)
Repayments of finance lease obligations	(32)	(28)
Cash dividends paid	(4)	(1,002)
Cash flows from financing activities	1,694	(3,912)
Effect of exchange rate change on cash and cash equivalents	(474)	(526)
Net increase (decrease) in cash and cash equivalents	2,140	(1,212)
Cash and cash equivalents at beginning of period	22,909	31,286
Increase (decrease) in cash and cash equivalents resulting from merger of consolidated subsidiaries and nonconsolidated subsidiaries	117	—
Closing balance of cash and cash equivalents	25,167	30,074

(4) Notes to the quarterly consolidated financial statements

(Notes to assumption of going concern)

No relevant items.

(Notes on significant changes in shareholders' equity)

No relevant items.

(Application of an accounting treatment specific to the preparation of the quarterly consolidated financial statements)

Calculation of tax expenses

The tax expenses of some of non-Japan consolidated subsidiaries were calculated by multiplying net income before taxes by an effective tax rate, which was estimated as the rate after the application of tax effect accounting to net income before taxes for the fiscal year including the second quarter of the fiscal year.

(Segment information)

I. First six months of the fiscal year (from January 1, 2017 to June 30, 2017)

1. Information related to net sales and profits/losses by reporting segment

(Millions of yen)

	Reporting segment			Total	Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statement of income (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Sales to external customers	58,002	26,994	1,649	86,646	—	86,646
Intersegment sales or transfers	6,949	178	—	7,128	(7,128)	—
Total	64,951	27,173	1,649	93,774	(7,128)	86,646
Segment profit or loss	3,104	159	(14)	3,248	11	3,260

(Note) 1. The segment profit (loss) adjustment of 11 million yen includes the elimination of intersegment transactions of (99) million yen as well as the company-wide profit and loss (net of company-wide income and company-wide expenses) of 111 million yen, which was not allocated to each reporting segment. The company-wide income is mainly dividend income from each reporting segment, and the company-wide expenses are mainly general and administrative expenses that are not attributable to any reporting segments.

2. The segment profit or loss is reconciled with the operating income on the Quarterly Consolidated Statement of Income.

2. Information related to impairment loss of non-current assets and goodwill by reporting segment

For the Asian Food Global Business segment, due to revision of the uses of certain customer-related assets, the Company estimated as zero the recoverable value for the operating assets of its Hong Kong subsidiary in the import and wholesale business for Japanese food items and food products. It recorded an impairment loss, which stood at 517 million yen for the first six months of the previous consolidated fiscal year.

II. First six months of the fiscal year (from January 1, 2018 to June 30, 2018)

1. Information related to net sales and profits/losses by reporting segment

(Millions of yen)

	Reporting segment			Total	Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statement of income (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Sales to external customers	60,565	27,835	1,851	90,251	—	90,251
Intersegment sales or transfers	6,988	74	—	7,062	(7,062)	—
Total	67,553	27,909	1,851	97,314	(7,062)	90,251
Segment profit or loss	2,528	531	20	3,080	(16)	3,063

(Note) 1. The segment profit (loss) adjustment of (16) million yen includes the elimination of intersegment transactions of (1,216) million yen as well as the company-wide profit and loss (net of company-wide income and company-wide expenses) of 1,199 million yen, which was not allocated to each reporting segment. The company-wide income is mainly dividend income from each reporting segment, and the company-wide expenses are mainly general and administrative expenses that are not attributable to any reporting segments.

2. The segment profit is reconciled with the operating income on the Quarterly Consolidated Statement of Income.

2. Information related to impairment loss of non-current assets and goodwill by reporting segment

No relevant items.

(Significant subsequent events)

No relevant items.