



Consolidated Financial Results for the Fiscal Year Ended December 31, 2017
(Japanese GAAP)

February 14, 2018

Company name: Nishimoto Co., Ltd Listed exchange: Tokyo
 Code: 9260 URL: <http://www.wismettac.com/>
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 Scheduled date of the Annual General Meeting of Shareholders: March 27, 2018
 Scheduled date of commencement of dividend payments: March 13, 2018
 Scheduled date of submission of the annual securities report: March 28, 2018
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results presentation meeting: Yes (For institutional investors and analysts)
 (Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the fiscal year ended December 31, 2017
(from January 1, 2017 to December 31, 2017)

(1) Consolidated results of operations (Percentages denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended December 31, 2017	172,078	8.7	6,324	(13.7)	5,916	(14.5)	3,067	7.7
FY ended December 31, 2016	158,338	0.1	7,329	(8.4)	6,922	(4.5)	2,847	(36.9)

(Note) Comprehensive income
 FY ended December 31, 2017: 2,470 million yen (33.3%)
 FY ended December 31, 2016: 1,853 million yen (-54.3%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY ended December 31, 2017	236.37	—	6.9	7.5	3.7
FY ended December 31, 2016	227.95	—	7.5	10.4	4.6

(Reference) Equity in earnings of affiliates
 FY ended December 31, 2017: 28 million yen FY ended December 31, 2016: —million yen

(Note) The Company conducted a five-for-one common stock split on June 1, 2017. Net income per share was calculated on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2016.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ended December 31, 2017	84,336	49,753	59.0	3,466.38
FY ended December 31, 2016	72,721	38,979	53.6	3,120.03

(Reference) Shareholders' equity
 FY ended December 31, 2017: 49,753 million yen FY ended December 31, 2016: 38,979 million yen

(Note)

- The Company conducted a five-for-one common stock split on June 1, 2017. Net assets per share was calculated on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2016.
- The payout ratio (consolidated) and the dividends on net assets (consolidated) for the fiscal year ended December 31, 2017 are indicated, respectively, by the ratio of the total amount of dividends divided by the profit attributable to owners of parent and the ratio of the total amount of dividend divided by the net assets.

(3) Status of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
FY ended December 31, 2017	1,399	(1,488)	8,598	31,286
FY ended December 31, 2016	3,811	(6,929)	8,925	22,909

2. Dividends

	Annual dividends					Total amount of dividends (Total)	Payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended December 31, 2016	–	0.00	–	2.00	2.00	4	0.2	0.0
FY ended December 31, 2017	–	0.00	–	70.00	70.00	1,004	32.8	2.3
FY ending December 31, 2018 (Forecast)	–	40.00	–	55.00	95.00		29.2	

(Note) The Company conducted a five-for-one common stock split on June 1, 2017. For the fiscal year ended December 31, 2016, the actual amount of dividends before the stock split is stated.

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
First half of FY ending December 31, 2018	92,334	6.6	3,167	(2.8)	3,120	2.2	2,180	50.5	151.93
FY ending December 31, 2018	184,814	7.4	6,775	7.1	6,681	12.9	4,664	52.1	324.98

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None

New – companies (Company name) / Excluded –companies (Company name)

(2) 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

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)

December 31, 2017	14,353,140 shares	December 31, 2016	13,213,240 shares
December 31, 2017	36 shares	December 31, 2016	720,000 shares
December 31, 2017	12,976,450 shares	December 31, 2016	12,493,240 shares

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares during the period

(Note) The Company conducted a five-for-one common stock split on June 1, 2017. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period and the average number of shares during the period were calculated on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2016.

(Reference) Overview of respective financial results

1. Respective financial results for the period ended December 31, 2017 (from January 1, 2017 to December 31, 2017)

(1) Respective operating results

(Percentages denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended December 31, 2017	1,865	17.9	200	31.4	93	(41.5)	132	48.9
FY ended December 31, 2016	1,582	72.8	152	244.3	159	249.7	89	—

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended December 31, 2017	10.24	—
FY ended December 31, 2016	7.14	—

(Note) The Company conducted a five-for-one common stock split on June 1, 2017. Net income per share was calculated on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2016.

(2) Respective financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ended December 31, 2017	17,071	13,315	78.0	927.69
FY ended December 31, 2016	8,657	4,874	56.3	390.15

(Reference) Shareholders' equity

FY ended December 31, 2017: 13,315 Million yen

FY ended December 31, 2016: 4,874 Million yen

(Note) The Company conducted a five-for-one common stock split on June 1, 2017. Net assets per share was calculated on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2016.

* Summary of financial results is not subject to an audit.

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

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 "(4) Future forecasts" under the chapter titled "1. Overview of operating results, etc." on the page 4 of the attachment.

The Company plans to hold a presentation meeting for institutional investors and analysts on February 15, 2018 (Thursday). The financial results presentation materials to be distributed at the meeting are scheduled to be posted on the Company's website concurrently with the opening of the meeting.

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1. Overview of operating results, etc.

(1) Overview of operating results for the current period

The overall world economy during the current consolidated fiscal year continued in its ongoing moderate recovery. However, future outlook for places such as China and other emerging market economies in Asia, as well as the developments and effects of U.S. government policies, etc., continue to be uncertain.

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; “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 in domestic markets, exports and/or arranges an offshore trade.

The Asian Food Global Business sells Asian food products and ingredients such as Japanese food to restaurants, grocery supermarkets, etc., in foreign countries with a focus on the North American region. It introduces integrated operations including planning, development, purchases, import custom clearance, storage and delivery of products. Moreover, keeping pace with the expansion of the market in the context of the global boom in Japanese food, the Company Group acquired two companies as a consolidated subsidiary through M&A (in the United Kingdom and Hong Kong) during the fiscal year ended December 2016 and has also acquired one company as a consolidated subsidiary through M&A (in Hong Kong), and has invested in five companies as an affiliated company (one company in Germany and four companies in France (Note)) during the fiscal year ended December 2017. As a result, the Company Group has established a global sales network, including 23 locations in the North American region and 14 locations in other regions.

The Agricultural and Seafood Trading Business imports and distributes fruits and vegetables as well as fishery products, etc., to domestic wholesale markets, mass retailers, restaurant chains and home-meal replacement industries, food product manufacturers, etc. Furthermore, the Agricultural and Seafood Trading Business exports and/or arranges an offshore trade for fruits and vegetables. As the domestic import market remains on a plateau, the Agricultural and Seafood Trading Business has been working on enhancing sales through various distribution routes (mass retailers, restaurant chains, home-meal replacement industries, etc.) and overseas distribution routes (export of domestic fruits and vegetables, offshore trade for fruits and vegetables, etc.) in addition to the current wholesale market that has been the main distribution route up until now.

As a result, with respect to the financial results for the current consolidated fiscal year, net sales stood at 172,078 million yen (8.7% increase year-on-year), operating income amounted to 6,324 million yen (13.7% decrease year-on-year), ordinary income amounted to 5,916 million yen (14.5% decrease year-on-year), and profit attributable to owners of parent totaled 3,067 million yen (7.7% increase year-on-year).

(Note) Four companies in France are treated as Group companies, of which three companies are consolidated subsidiaries of the Group.

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

[Overview of financial results by segment]

(i) Asian Food Global Business

In regard to financial results of the Asian Food Global Business for the current consolidated fiscal year, net sales stood at 118,444 million yen (11.6% increase year-on-year) and operating income amounted to 5,699 million yen (6.0% decrease year-on-year).

Although net sales in the North American region grew steadily, operating income declined as selling, general and administrative expenses climbed due to an increase in personnel expenses and logistics expenses, as well as a headcount expansion aimed to bolster the marketing, merchandise and logistics business unit, respectively. In regions outside of North America, both net sales and operating income saw a marked increase because we converted Harro Foods Limited in the U.K. and Wismettac Nippon Foods Co., Ltd. in Hong Kong (the company's name was changed from “Nippon Foods Co., Ltd.” as of September 29, 2017) into consolidated subsidiaries of the Group, as well as business expansion and strengthening of earning power at existing facilities.

(ii) Agricultural & Seafood Products Trading Business

With respect to financial results of the Agricultural & Seafood Products Trading Business for the current consolidated fiscal year, net sales stood at 49,643 million yen (2.8% increase year-on-year) and operating income amounted to 431 million yen (60.1% decrease year-on-year).

Although net sales exceeded that of the previous period, operating income declined due to the impact of a spike in the cost of citrus and tropical commodities since the fourth quarter of the previous consolidated fiscal year. Operating income has been picking up in the fourth quarter of the current period, but it was not enough to compensate the financial results up to the third quarter.

(iii) Other businesses

As to financial results of other businesses for the current consolidated fiscal year, net sales stood at 3,990 million yen (2.6% increase year-on-year) and operating income amounted to 174 million yen (5.7% increase year-on-year) due to steady domestic sales of seasonal products such as products in relation to Halloween, Christmas, etc., as well as character products, etc.

(2) Overview of financial position for the current period

(Assets)

Total assets as of December 31, 2017 stood at 84,336 million yen, an increase of 11,615 million yen compared to December 31, 2016, and was mainly attributable to the following.

Total current assets as of December 31, 2017 amounted to 75,663 million yen, an increase of 10,526 million yen compared to December 31, 2016. The increase in current assets was chiefly due to an increase of 6,851 million yen in cash and deposits and an increase of 1,918 million yen in inventories.

Total non-current assets as of December 31, 2017 came to 8,673 million yen, an increase of 1,089 million yen compared to December 31, 2016. The increase in total non-current assets was caused by an increase of 1,173 million yen in investment securities that were newly acquired by the Company.

(Liabilities)

Total liabilities as of December 31, 2017 stood at 34,583 million yen, an increase of 841 million yen compared to December 31, 2016, and was mainly attributable to the following.

Total current liabilities as of December 31, 2017 amounted to 19,648 million yen, an increase of 818 million yen compared to December 31, 2016, which was chiefly due to an increase of 1,187 million yen in notes and accounts payable—trade in relation to increased net sales.

Total non-current liabilities as of December 31, 2017 came to 14,934 million yen, an increase of 23 million yen compared to December 31, 2016, which was caused by an increase of 110 million yen in net defined benefit liability.

(Net assets)

Total net assets as of December 31, 2017 stood at 49,753 million yen, an increase of 10,774 million yen compared to December 31, 2016, which was due to an increase of 2,546 million yen in capital stock and an increase of 5,756 million yen in capital surplus resulting from the issuance of new shares and the disposal of treasury shares in relation to the listing of the Company's stock on the First Section of the Tokyo Stock Exchange, as well as an increase of 3,062 million yen in retained earnings.

(3) Overview of cash flows for the current period

Cash and cash equivalents (hereinafter referred to as "funds") as of December 31, 2017 amounted to 31,286 million yen, an increase of 8,377 million yen compared to December 31, 2016.

The status of respective cash flows for the current consolidated fiscal year and its main factors are as follows:

(Cash flows from operating activities)

Cash flows from operating activities were positive at 1,399 million yen and major factors are as follows. Although income taxes paid stood at 2,489 million yen and an increase in inventories stood at 2,263 million yen, profit before income amounted to 5,402 million yen and an increase in notes and accounts payable—trade amounted to 1,196 million yen.

Funds decreased by 2,411 million yen (63.3% decrease in receipt year-on-year) compared to the previous consolidated fiscal year and major factors are as follows. Although notes and accounts payable—trade increased by 1,110 million yen, impairment loss that is non-fund expenses decreased by 959 million yen, inventories increased by 860 million yen, notes and accounts receivable—trade increased by 573 million yen and accounts payable—other decreased by 515 million yen.

(Cash flows from investing activities)

Cash flows from investing activities were negative at 1,488 million yen and major factors are as follows. Although time deposits increased to 1,461 million yen, disbursement related to purchase of shares of affiliates amounted to 1,142 million yen, disbursement related to purchase of property, plant and equipment amounted to 689 million yen, disbursement related to payments of loans receivable amounted to 638 million yen.

Funds decreased by 5,440 million yen (78.5% decrease in disbursement year-on-year) compared to the previous consolidated fiscal year and major factors are as follows. Although disbursement related to purchase of shares of affiliates increased by 1,142 million yen, disbursement of 4,373 million yen related to purchase of shares of subsidiaries resulting in changes in scope of consolidation did not arise during the current consolidated fiscal year and time deposits increased by 2,899 million yen.

(Cash flows from financing activities)

Cash flows from financing activities were positive at 8,598 million yen, which was mainly due to proceeds from issuance of common shares of 5,092 million yen and proceeds from sales of treasury shares of 3,216 million yen.

Funds decreased by 327 million yen (3.7% decrease in receipt year-on-year) compared to the previous consolidated fiscal year and major factors are as follows. Although proceeds from issuance of common shares increased by 5,092 million yen and proceeds from sale of treasury shares increased by 3,216 million yen, proceeds from long-term loans payable of 9,680 million yen did not arise during the current consolidated fiscal year.

(4) Future forecasts

(Millions of yen)

	FY ended December 31, 2017 (Actual)	FY ending December 31, 2018 (Forecast)	Increase (Decrease)	Increase (decrease) rate (%)
Net sales	172,078	184,814	12,735	7.4
Operating income	6,324	6,775	451	7.1
Ordinary income	5,916	6,681	764	12.9
Profit attributable to owners of parent	3,067	4,664	1,597	52.1

In the Asian Food Global Business, we will further promote expanding sales to existing customers and developing new customers to maintain the growth in the North American region, and also work on further expanding sales in other regions. Moreover, we expect an increase in personnel expenses and logistics expenses in the North American region, and therefore we will make an effort to improve the profit margin by lowering the cost of goods as well as optimizing and streamlining the entire operations. In the Agricultural & Seafood Products Trading Business, we will continue to maintain sales to the wholesale market, and work on expanding distribution routes to mass retailers, home-meal replacement industries, restaurant chains, food product manufacturers as well as overseas distribution routes. The impact of a spike in the cost of part of commodities handled by the Agricultural & Seafood Products Trading Business is weakening, and therefore we expect an increase in operating income as the profit margin improves. Income taxes are expected to drop due to the impact of the tax reform in relation to a cut in the corporate tax rate, etc., in North America.

Accordingly, we expect that net sales will stand at 184,814 million yen (an increase of 12,735 million yen compared to the previous period), operating income will amount to 6,775 million yen (an increase of 451 million yen compared to the previous period), ordinary income will amount to 6,681 million yen (an increase of 764 million yen compared to the previous period), and profit attributable to owners of parent will total 4,664 million yen (an increase of 1,597 million yen compared to the previous period).

[Prerequisites for the forecast]

The exchange rate is assumed to be 110 yen/U.S. dollar.

2. Basic approach on selection of accounting standards

The Company Group prepares the consolidated financial statements in accordance with Japanese Generally Accepted Accounting Principles (“Japanese GAAP”), taking into consideration the workload for establishing the system for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Millions of yen)

	FY 2016 (As of December 31, 2016)	FY 2017 (As of December 31, 2017)
Assets		
Current assets		
Cash and deposits	24,452	31,303
Notes and accounts receivable—trade	17,633	18,816
Inventories	21,266	23,185
Deferred tax assets	872	553
Other	1,248	2,066
Allowance for doubtful accounts	(335)	(262)
Total current assets	65,137	75,663
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,356	2,455
Machinery, equipment and vehicles, net	417	451
Tools, furniture and fixtures, net	109	105
Leased assets, net	298	246
Other, net	318	280
Total property, plant and equipment	3,499	3,538
Intangible assets		
Goodwill	919	760
Software	149	195
Customer-related assets	1,985	1,174
Other	116	114
Total intangible assets	3,170	2,245
Investments and other assets		
Investment securities	129	1,303
Guarantee deposits	361	365
Deferred tax assets	408	484
Other	50	762
Allowance for doubtful accounts	(35)	(26)
Total investments and other assets	914	2,889
Total non-current assets	7,583	8,673
Total assets	72,721	84,336

(Millions of yen)

	FY 2016 (As of December 31, 2016)	FY 2017 (As of December 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	8,772	9,959
Short-term loans payable	4,194	4,935
Current portion of long-term loans payable	143	151
Lease obligations	62	60
Accounts payable—other	3,111	2,322
Income taxes payable	367	195
Provision for bonuses	540	525
Other	1,638	1,497
Total current liabilities	18,830	19,648
Non-current liabilities		
Long-term loans payable	12,542	12,612
Lease obligations	237	191
Deferred tax liabilities	369	221
Provision for directors' retirement benefits	502	494
Net defined benefit liability	897	1,007
Other	361	406
Total non-current liabilities	14,911	14,934
Total liabilities	33,741	34,583
Net assets		
Shareholders' equity		
Capital stock	100	2,646
Capital surplus	774	6,531
Retained earnings	36,111	39,173
Treasury shares	(5)	(0)
Total shareholders' equity	36,980	48,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11	15
Deferred gains or losses on hedges	42	8
Foreign currency translation adjustment	1,945	1,378
Total accumulated other comprehensive income	1,999	1,402
Total net assets	38,979	49,753
Total liabilities and net assets	72,721	84,336

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Millions of yen)

	FY 2016 (January 1, 2016 to December 31, 2016)	FY 2017 (January 1, 2017 to December 31, 2017)
Net sales	158,338	172,078
Cost of sales	130,400	142,232
Gross profit	27,938	29,845
Selling, general and administrative expenses	20,608	23,521
Operating income	7,329	6,324
Non-operating income		
Interest and dividend income	61	95
Share of profit of entities accounted for using equity method	–	28
Insurance benefits received	45	1
Other	22	32
Total non-operating income	129	158
Non-operating expenses		
Interest expenses	138	197
Listing-related expenses	–	114
Foreign exchange losses	397	252
Other	1	1
Total non-operating expenses	536	565
Ordinary income	6,922	5,916
Extraordinary income		
Gain on sales of non-current assets	4	2
Total extraordinary income	4	2
Extraordinary losses		
Loss on retirement of non-current assets	12	1
Impairment loss	1,475	515
Total extraordinary losses	1,487	516
Profit before income taxes	5,440	5,402
Income taxes—current	2,539	2,201
Income taxes—deferred	52	133
Total income taxes	2,592	2,334
Net income	2,847	3,067
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	2,847	3,067

Consolidated statement of comprehensive income

(Millions of yen)

	FY 2016 (January 1, 2016 to December 31, 2016)	FY 2017 (January 1, 2017 to December 31, 2017)
Net income	2,847	3,067
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	4
Deferred gains or losses on hedges	47	(34)
Foreign currency translation adjustment	(1,040)	(679)
Share of other comprehensive income of entities accounted for using equity method	-	112
Total other comprehensive income	(994)	(596)
Comprehensive income	1,853	2,470
(Breakdown)		
Comprehensive income attributable to owners of parent	1,853	2,470
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (from January 1, 2016 to December 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	100	774	33,268	(5)	34,137
Changes during the period					
Dividends of surplus			(4)		(4)
Profit attributable to owners of parent			2,847		2,847
Changes in items other than shareholders' equity, net					
Total changes during the period	–	–	2,842	–	2,842
Ending balance	100	774	36,111	(5)	36,980

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Beginning balance	12	(5)	2,986	2,993	37,131
Changes during the period					
Dividends of surplus					(4)
Profit attributable to owners of parent					2,847
Changes in items other than shareholders' equity, net	(1)	47	(1,040)	(994)	(994)
Total changes during the period	(1)	47	(1,040)	(994)	1,848
Ending balance	11	42	1,945	1,999	38,979

Current consolidated fiscal year (from January 1, 2017 to December 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	100	774	36,111	(5)	36,980
Changes during the period					
Issuance of new shares	2,546	2,546			5,092
Dividends of surplus			(4)		(4)
Profit attributable to owners of parent			3,067		3,067
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		3,210		5	3,216
Changes in items other than shareholders' equity, net					
Total changes during the period	2,546	5,756	3,062	5	11,370
Ending balance	2,646	6,531	39,173	(0)	48,351

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Beginning balance	11	42	1,945	1,999	38,979
Changes during the period					
Issuance of new shares					5,092
Dividends of surplus					(4)
Profit attributable to owners of parent					3,067
Purchase of treasury shares					(0)
Disposal of treasury shares					3,216
Changes in items other than shareholders' equity, net	4	(34)	(567)	(596)	(596)
Total changes during the period	4	(34)	(567)	(596)	10,774
Ending balance	15	8	1,378	1,402	49,753

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY 2016 (January 1, 2016 to December 31, 2016)	FY 2017 (January 1, 2017 to December 31, 2017)
Cash flows from operating activities		
Profit before income taxes	5,440	5,402
Depreciation and amortization	849	1,116
Impairment loss	1,475	515
Increase (decrease) in allowance for doubtful accounts	(13)	(70)
Interest and dividend income	(61)	(95)
Interest expenses	138	197
Share of (profit) loss of entities accounted for using equity method	-	(28)
Foreign exchange losses (gains)	(36)	424
Decrease (increase) in notes and accounts receivable—trade	(859)	(1,432)
Decrease (increase) in inventories	(1,402)	(2,263)
Increase (decrease) in notes and accounts payable—trade	86	1,196
Increase (decrease) in accounts payable—other	137	(378)
Increase (decrease) in provision for bonuses	(186)	(4)
Increase (decrease) in net defined benefit liability	125	102
Other	649	(796)
Subtotal	6,340	3,883
Interest and dividend income received	53	102
Interest expenses paid	(123)	(189)
Income taxes paid	(2,459)	(2,489)
Interest taxes refunded	-	92
Cash flows from operating activities	3,811	1,399
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,089)	(689)
Purchase of intangible assets	(73)	(171)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,373)	-
Purchase of shares of affiliates	-	(1,142)
Additional purchase of shares of subsidiaries	-	(305)
Payments of loans receivable	-	(638)
Net decrease (increase) in time deposits	(1,437)	1,461
Other	45	(2)
Cash flows from investing activities	(6,929)	(1,488)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,390	517
Proceeds from long-term loans payable	9,680	-
Repayments of long-term loans payable	(3,079)	(159)
Proceeds from issuance of common shares	-	5,092
Purchase of treasury shares	-	(0)
Repayments of finance lease obligations	(63)	(63)
Cash dividends paid	(4)	(4)
Proceeds from sales of treasury shares	-	3,216
Other	4	-
Cash flows from financing activities	8,925	8,598
Effect of exchange rate change on cash and cash equivalents	(648)	(249)
Net increase (decrease) in cash and cash equivalents	5,160	8,259
Cash and cash equivalents at beginning of period	17,748	22,909
Increase (decrease) in cash and cash equivalents resulting from merger of consolidated subsidiaries and nonconsolidated subsidiaries	-	117
Cash and cash equivalents at end of period	22,909	31,286

(5) Notes to the consolidated financial statements

(Notes to assumption of going concern)

No relevant items.

(Additional information)

(Application of the application guidelines regarding the recoverability of deferred tax assets)

Starting from the fiscal year ended December 31, 2017, the Application Guidelines regarding the Recoverability of Deferred Tax Assets (Application Guidelines for Business Accounting Standards No. 26 of March 28, 2016) were applied.

(Segment information)

[Segment information]

1. Overview of reporting segments

A reporting segments of the Company Group is one of the structural units of the Company Group, in which segregated financial information is available, and is subject to review on a regular basis so that the Board of Directors could determine the allocation of management resources and evaluate the operating results.

Under the Company Group's holding company structure, respective companies including Nishimoto Trading Co., Ltd., Wismettac Asian Foods, Inc., etc., that carry on the "Asian Food Global Business," Wismettac Foods, Inc. that carries on the "Agricultural & Seafood Products Trading Business," etc., develop a comprehensive strategy regarding the products and services provided and conduct business activities.

Therefore, the Company Group considers the similarities of economic characteristics, etc., and classifies each company into either one of three reporting segments that are "Asian Food Global Business," "Agricultural & Seafood Products Trading Business," and "Other business."

The details of services that are included in each reporting segment are as follows:

Segment	Major products or business details
Asian Food Global Business	Wholesale and distribution business of Asian food products and ingredients with a focus on Japanese food around the world, etc.
Agricultural & Seafood Products Trading Business	Import of fresh and frozen fruits and vegetables, supply of food materials and ingredients to wholesale markets, mass retailers, restaurant chains and home-meal replacement industries and food product manufacturers, export of domestic fruits and vegetables, arrangement of an offshore trade, etc.
Other business	Original product sales business using foreign brand foods and characters, sales of supplements, catalog mail order business, etc.

2. Method of calculation of the amount of sales, profit or loss, assets, liabilities and other items for each reporting segment

The accounting treatment for the reported business segments is basically the same as that adopted in the preparation of the consolidated financial statements.

The profit of the reporting segment is a figure on an operating income basis. Intersegment sales or transfers are based on prevailing market prices.

3. Information on the amount of sales, profit or loss, assets, liabilities and other items for each reporting segment
Previous consolidated fiscal year (from January 1, 2016 to December 31, 2016)

(Millions of yen)

	Reporting segment			Total	Adjustment (Note 1)	Amount recorded on the Consolidated Financial Statements (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Sales to external customers	106,138	48,311	3,888	158,338	—	158,338
Intersegment sales or transfers	9,449	54	—	9,504	(9,504)	—
Total	115,587	48,366	3,888	167,842	(9,504)	158,338
Segment profit	6,062	1,081	164	7,308	21	7,329
Segment assets	47,911	11,943	1,770	61,625	11,095	72,721
Other items						
Depreciation	769	6	8	785	64	849
Investments in entities accounted for using equity method	—	—	—	—	—	—
Increase in property, plant and equipment as well as intangible assets	1,138	20	16	1,175	57	1,232

(Note) 1. Adjustments are as follows:

- (1) The segment profit adjustment of 21 million yen includes the elimination of intersegment transactions of (46) million yen, company-wide expenses of 68 million yen that have not been allocated to each reporting segment, etc. The company-wide expenses are mainly administrative expenses that are not attributable to any reporting segments.
 - (2) The segment asset adjustment of 11,095 million yen includes company-wide assets of 19,962 million yen that are not attributable to each reporting segment, etc. The company-wide assets are mainly surplus funds (cash and deposits) that are not attributable to any reporting segments.
 - (3) The depreciation adjustment of 64 million yen is mainly depreciation concerning company-wide assets.
 - (4) The adjustment of 57 million yen in relation to the increase in property, plant and equipment as well as intangible assets is the increase in non-current assets concerning the company-wide assets.
2. The segment profit is reconciled with the operating income on the Consolidated Statement of Income.

Current consolidated fiscal year (from January 1, 2017 to December 31, 2017)

(Millions of yen)

	Reporting segment			Total	Adjustments (Note 1)	Amount recorded on the Consolidated Financial Statements (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Sales to external customers	118,444	49,643	3,990	172,078	—	172,078
Intersegment sales or transfers	9,371	439	—	9,811	(9,811)	—
Total	127,816	50,083	3,990	181,890	(9,811)	172,078
Segment profits	5,699	431	174	6,305	18	6,324
Segment assets	53,111	11,249	1,807	66,168	18,168	84,336
Other items						
Depreciation	929	11	7	948	72	1,020
Investments in entities accounted for using equity method	1,247	—	—	1,247	—	1,247
Increase in property, plant and equipment as well as intangible assets	764	8	28	800	83	884

(Note) 1. Adjustments are as follows:

- (1) The segment profit adjustment of 18 million yen includes the elimination of intersegment transactions of (201) million yen, company-wide expenses of 220 million yen that have not been allocated to each reporting segment, etc. The company-wide expenses are mainly administrative expenses that are not attributable to any reporting segments.
 - (2) The segment asset adjustment of 18,168 million yen includes company-wide assets of 22,655 million yen that are not attributable to each reporting segment. The company-wide assets are mainly surplus funds (cash and deposits) that are not attributable to any reporting segments.
 - (3) The depreciation adjustment of 72 million yen is mainly depreciation concerning company-wide assets.
 - (4) The adjustment of 83 million yen in relation to the increase in property, plant and equipment as well as intangible assets is the increase in non-current assets concerning the company-wide assets.
2. The segment profit is reconciled with the operating income on the Consolidated Statement of Income.

[Related information]

Previous consolidated fiscal year (from January 1, 2016 to December 31, 2016)

1. Information on respective products and services

Similar information is disclosed in the “Segment information,” and therefore descriptions are omitted.

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	North America	Other	Total
55,974	93,353	9,010	158,338

(Note) Of North America, 81,575 million yen is for the U.S.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Other	Total
124	2,156	1,217	3,499

(Note) Of North America, 2,087 million yen is for the U.S.

3. Information for major customers

With respect to net sales to external customers, there are no customers that accounts for 10% or more of the net sales on the consolidated statement of income, and therefore descriptions are omitted.

Current consolidated fiscal year (from January 1, 2017 to December 31, 2017)

1. Information on respective products and services

Similar information is disclosed in the “Segment information,” and therefore descriptions are omitted.

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	North America	Other	Total
56,340	101,424	14,313	172,078

(Note) Of North America, 88,022 million yen is for the U.S.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Other	Total
118	2,232	1,187	3,538

(Note) Of North America, 2,170 million yen is for the U.S.

3. Information for major customers

With respect to net sales to external customers, there are no customers that accounts for 10% or more of the net sales on the consolidated statement of income, and therefore descriptions are omitted.

[Information regarding impairment losses on non-current assets for each reporting segment]

Previous consolidated fiscal year (from January 1, 2016 to December 31, 2016)

(Millions of yen)

	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business	Company-wide/ Eliminations	Total
Impairment loss	1,475	–	–	–	1,475

Current consolidated fiscal year (from January 1, 2017 to December 31, 2017)

(Millions of yen)

	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business	Company-wide/ Eliminations	Total
Impairment loss	515	–	–	–	515

[Information on amortization of goodwill and unamortized balance for each reporting segment]

Previous consolidated fiscal year (from January 1, 2016 to December 31, 2016)

(Millions of yen)

	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business	Company-wide/ Eliminations	Total
Amortization for the current period	–	–	–	–	–
Balance at end of current period	919	–	–	–	919

Current consolidated fiscal year (from January 1, 2017 to December 31, 2017)

(Millions of yen)

	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business	Company-wide/ Eliminations	Total
Amortization for the current period	95	–	–	–	95
Balance at end of current period	760	–	–	–	760

[Information on gain on bargain purchase for each reporting segment]

Previous consolidated fiscal year (from January 1, 2016 to December 31, 2016)

No relevant items.

Current consolidated fiscal year (from January 1, 2017 to December 31, 2017)

No relevant items.

(Business combination)

Determination of a provisional accounting treatment for business combinations

Regarding Wismettac Nippon Foods Co., Ltd. in Hong Kong (the company's name was changed from "Nippon Foods Co., Ltd." as of September 29, 2017) acquired in the previous consolidated fiscal year, we had applied a provisional accounting treatment to the allocation of its acquisition cost in the previous consolidated fiscal year, but the final accounting treatment was determined in the current consolidated fiscal year.

As for the goodwill of 1,640 million yen calculated on a temporary basis in the previous fiscal year, it was settled as such that goodwill decreased by 721 million yen, intangible assets and deferred tax liabilities increased by 863 million yen and 142 million yen, respectively, using the straight-line method of depreciation over 11 years.

(Per share information)

	FY 2016 (January 1, 2016 to December 31, 2016)	FY 2017 (January 1, 2017 to December 31, 2017)
Net assets per share	3,120.03 yen	3,466.38 yen
Net income per share	227.95 yen	236.37 yen

- (Note) 1. With respect to diluted net income per share, there are no diluted shares, and therefore descriptions are omitted.
2. The Company conducted a five-for-one common stock split on June 1, 2017. Net assets per share and net income per share for the current period were calculated on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2016.
3. The basis for calculating net income per share is as follows:

	FY 2016 (January 1, 2016 to December 31, 2016)	FY 2017 (January 1, 2017 to December 31, 2017)
Profit attributable to owners of parent (million yen)	2,847	3,067
Amount not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent concerning common shares (million yen)	2,847	3,067
Average number of common shares during the period (shares)	12,493,240	12,976,450

(Significant subsequent events)

No relevant items.