



3. Consolidated financial results forecast for the fiscal year ending December 31, 2019  
(from January 1, 2019 to December 31, 2019)

(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, 2019	96,028	6.4	2,953	(3.3)	2,982	(2.8)	2,128	(2.3)	148.27
FY ending December 31, 2019	193,000	5.9	6,000	(10.5)	6,052	(7.9)	4,337	(6.2)	302.20

- (Note) 1. Revision to the forecast for financial results announced most recently: None  
2. Since the Company has changed the method for calculating retirement benefit obligations for its domestic consolidated subsidiaries from the simplified method to the standard method and this change has been applied retroactively, adjusted figures have been used to show the year-on-year percentage changes.

\* Notes

- (1) Changes in significant subsidiaries during the first three months of the fiscal year: Yes  
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)  
New – companies (Company name) / Excluded 1 company (Company name) Wismettac Foods, Inc.  
(Note) For details, please see the section titled "(3) Notes to the quarterly consolidated financial statements (Changes in significant subsidiaries during the first three months of the fiscal year)" under the chapter titled "2. Quarterly consolidated financial statements and major notes" on the page 8 of the attachment.

- (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: Yes  
(ii) Changes in accounting policies other than (i) above: Yes  
(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 March 31, 2019	14,353,140 shares	December 31, 2018	14,353,140 shares
(ii) Number of treasury shares at the end of the period	As of March 31, 2019	112 shares	December 31, 2018	112 shares
(iii) Average number of shares during the period (three months ended March 31, 2019)	As of March 31, 2019	14,353,028 shares	March 31, 2018	14,353,100 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 3 of the attachment.

(How to obtain the quarterly financial results supplementary materials)

The quarterly financial results supplementary materials will be disclosed on TDnet on May 14, 2019 and will also be posted on the Company's website.

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## 1. Qualitative information on quarterly financial results

### (1) Explanation of operating results

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

The overall world economy during the first quarter of the current consolidated fiscal year continued to recover moderately. However, uncertainties still remain, such as the outlook for the Chinese economy, uncertainties about other nations' policies, and the potential impact of trade issues on the global economy.

Meanwhile, the overall Japanese economy remained on a moderate recovery trend as the employment environment steadily improved while corporate performance remained unchanged.

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 quarter of the current consolidated fiscal year, the Company had net sales of 43,742 million yen (2.2% increase year-on-year), operating income of 1,428 million yen (13.1% decrease year-on-year), ordinary income of 1,452 million yen (5.2% decrease year-on-year), and profit attributable to owners of parent of 1,017 million yen (8.8% decrease 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, for the first quarter of the current consolidated fiscal year, the Company had net sales of 31,077 million yen (4.1% increase year-on-year) and operating income of 1,200 million yen (9.9% decrease year-on-year).

Net sales in the North American region grew. Although purchase prices of some products, which rose during the consolidated fiscal year ended December 31, 2018, are leveling off, expenses at the logistics department including labor costs have still remained high. In this region, the Company incurred internal policy-related expenses for restructuring purposes (profitability improvement and logistics expenses restraint) including investment in human resources. These factors contributed to the decline in profit.

Net sales also grew in regions outside of North America. Overall profit slightly decreased due to a decline in profit at a subsidiary in the U.K., Harro Foods Limited. The company was affected by temporary rises in purchase prices due to fluctuations in currency exchange rates amid the issue of Brexit.

#### (ii) Agricultural & Seafood Products Trading Business

In the Agricultural & Seafood Products Trading Business, for the first quarter of the current consolidated fiscal year, the Company had net sales of 11,477 million yen (2.7% decrease year-on-year) and operating income of 126 million yen (50.8% decrease year-on-year).

Overall net sales declined as a Chinese subsidiary which imports and sells fruits and vegetables, Shanghai IPM Co., Ltd., was affected by weak sales of American citrus fruits due to U.S.-China trade conflicts although domestic sales remained almost flat compared with the same period a year ago. Profits declined mainly due to a sluggish domestic market for citrus fruits and vegetables.

#### (iii) Other businesses

In other businesses, for the first quarter of the current consolidated fiscal year, the Company had net sales of 1,186 million yen (3.4% increase year-on-year) and operating income of 113 million yen (47.8% increase year-on-year).

Net sales and operating income grew as sales of seasonal products and character products, etc. for Japan expanded.

## (2) Explanation of financial position

### (Assets)

Total assets as of March 31, 2019 stood at 84,764 million yen, an increase of 1,045 million yen compared to December 31, 2018, and was mainly attributable to the following.

Total current assets as of March 31, 2019 amounted to 75,805 million yen, an increase of 865 million yen compared to December 31, 2018. The increase in current assets is attributable to an increase of 2,573 million yen in inventories despite a decrease of 1,993 million yen in cash and deposits.

Total non-current assets as of March 31, 2019, came to 8,959 million yen, an increase of 179 million yen compared to December 31, 2018. The increase in non-current assets is attributable to an increase of 257 million yen in leased assets (net) despite a decrease of 55 million yen in customer-related assets.

### (Liabilities)

Total liabilities as of March 31, 2019 stood at 32,921 million yen, an increase of 723 million yen compared to December 31, 2018, and was mainly attributable to the following.

Total current liabilities as of March 31, 2019, amounted to 20,717 million yen, an increase of 541 million yen compared to December 31, 2018. The increase in current liabilities is attributable to an increase of 785 million yen in accounts payable despite a decrease of 348 million yen in income taxes payable.

Total non-current liabilities as of March 31, 2019 was 12,203 million yen (an increase of 182 million yen compared to December 31, 2018). The increase in non-current liabilities is attributable to an increase of 129 million yen in lease obligations.

### (Net assets)

Total net assets as of December 31, 2019 amounted to 51,843 million yen, an increase of 322 million yen compared to December 31, 2018. The increase in net assets is mainly attributable to an increase of 228 million yen in retained earnings.

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

Financial results forecasts for the fiscal year ending December 31, 2019, are as stated in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2018, (Japanese GAAP) announced on February 14, 2019 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 2018 (As of December 31, 2018)	First quarter of FY 2019 (As of March 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	28,520	26,526
Notes and accounts receivable—trade	19,547	19,328
Inventories	25,425	27,998
Other	1,604	2,116
Allowance for doubtful accounts	(158)	(164)
Total current assets	74,939	75,805
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,857	1,799
Machinery, equipment and vehicles, net	374	376
Tools, furniture and fixtures, net	75	166
Leased assets, net	185	442
Other, net	279	458
Total property, plant and equipment	2,771	3,244
Intangible assets		
Goodwill	671	651
Software	168	439
Software in progress	303	—
Customer-related assets	815	759
Other	69	68
Total intangible assets	2,028	1,918
Investments and other assets		
Investment securities	1,255	1,235
Guarantee deposits	1,058	895
Deferred tax assets	1,035	1,044
Other	810	697
Allowance for doubtful accounts	(178)	(76)
Total investments and other assets	3,979	3,796
Total non-current assets	8,779	8,959
Total assets	83,719	84,764

(Millions of yen)

	FY 2018 (As of December 31, 2018)	First quarter of FY 2019 (As of March 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	11,540	11,258
Short-term loans payable	2,640	2,729
Current portion of long-term loans payable	140	144
Lease obligations	52	180
Accounts payable—other	2,740	3,525
Income taxes payable	700	352
Provision for bonuses	538	481
Provision for shareholders' benefits	5	4
Other	1,816	2,040
Total current liabilities	20,176	20,717
Non-current liabilities		
Long-term loans payable	9,351	9,326
Lease obligations	135	265
Deferred tax liabilities	126	118
Provision for directors' retirement benefits	560	579
Net defined benefit liability	1,467	1,485
Other	378	428
Total non-current liabilities	12,021	12,203
Total liabilities	32,197	32,921
Net assets		
Shareholders' equity		
Capital stock	2,646	2,646
Capital surplus	6,531	6,531
Retained earnings	41,983	42,211
Treasury shares	(0)	(0)
Total shareholders' equity	51,160	51,388
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6	7
Deferred gains or losses on hedges	(3)	(0)
Foreign currency translation adjustment	360	450
Remeasurements of defined benefit plans	(2)	(2)
Total accumulated other comprehensive income	360	455
Total net assets	51,521	51,843
Total liabilities and net assets	83,719	84,764

## (2) Quarterly consolidated statements of income and comprehensive income

## Quarterly consolidated statement of income

First three months ending March 31, 2019

(Millions of yen)

	First three months of FY 2018 (January 1, 2018 to March 31, 2018)	First three months of FY 2019 (January 1, 2019 to March 31, 2019)
Net sales	42,815	43,742
Cost of sales	35,063	35,821
Gross profit	7,751	7,920
Selling, general and administrative expenses	6,107	6,491
Operating income	1,643	1,428
Non-operating income		
Interest and dividend income	24	54
Share of profit of entities accounted for using equity method	14	2
Insurance benefits received	167	—
Other	8	17
Total non-operating income	213	73
Non-operating expenses		
Interest expenses	43	30
Foreign exchange losses	279	18
Other	2	0
Total non-operating expenses	325	49
Ordinary income	1,531	1,452
Extraordinary income		
Total extraordinary income	—	—
Extraordinary losses		
Total extraordinary losses	—	—
Profit before income taxes	1,531	1,452
Income taxes—current	511	457
Income taxes—deferred	(95)	(22)
Total income taxes	415	434
Net income	1,115	1,017
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,115	1,017



Quarterly consolidated statement of comprehensive income

First three months ending March 31, 2018

(Millions of yen)

	First three months of FY 2018 (January 1, 2018 to March 31, 2018)	First three months of FY 2019 (January 1, 2019 to March 31, 2019)
Net income	1,115	1,017
Other comprehensive income		
Valuation difference on available-for-sale securities	2	0
Deferred gains or losses on hedges	(34)	3
Foreign currency translation adjustment	(2,162)	112
Remeasurements of defined benefit plans	—	0
Share of other comprehensive income of entities accounted for using equity method	(41)	(22)
Total other comprehensive income	(2,236)	94
Comprehensive income	(1,120)	1,111
(Breakdown)		
Comprehensive income attributable to owners of parent	(1,120)	1,111
Comprehensive income attributable to non-controlling interests	—	—

### (3) 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.

(Changes in Accounting Policies)

Changes in the method for calculating retirement benefit obligations

Starting from the first quarter of the current consolidated fiscal year, the Company has changed the method for calculating retirement benefit obligations for its domestic consolidated subsidiaries from the simplified method to the standard method. In order to respond to changes in the business environment, two domestic consolidated subsidiaries were merged in January 2019. The number of employees is expected to increase due to further expansion of operations in the future. In light of this, the Company verified the reliability of retirement benefit estimates based on actuarial calculations and concluded that adopting the standard method will improve the accuracy of the calculation of retirement benefit obligations and enable more appropriate periodic accounting of profit and loss regarding retirement benefit expenses, because of which the Company has applied such a change.

This change in accounting standards is applied retroactively. Consolidated financial statements for the first three months of the fiscal year ended December 31, 2018 and the consolidated fiscal year ended December 31, 2018 have been adjusted retroactively.

As a result, compared with before the retroactive change, operating income, ordinary income, and profit before income taxes for the first three months of the fiscal year ended December 31, 2018 each decreased by 3 million yen. The cumulative effect on net assets at the beginning of the fiscal year decreased the retained earnings balance at the beginning of the fiscal year by 235 million yen.

Application of IFRS 16 Leases

Starting from the first quarter of the current consolidated fiscal year, the Company and some of its overseas consolidated subsidiaries, which adopt Japanese and U.S. standards, have applied IFRS 16 Leases. IFRS 16 Leases introduces a single lessee accounting model and, in principle, requires a lessee to recognize assets and liabilities for all leases. The impact of the application of this accounting standard on the quarterly consolidated financial statements is minimal.

(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 first quarter of the fiscal year.

(Changes in significant subsidiaries during the first three months of the fiscal year)

During the first quarter of the current consolidated fiscal year, an absorption-type merger was implemented between the Company's consolidated subsidiaries, Nishimoto Trading Co., Ltd. as the surviving company and Wismettac Foods, Inc. as the absorbed company. Due to this absorption-type merger, Wismettac Foods, Inc. has been excluded from the scope of consolidation from the first quarter of the current consolidated fiscal year. Nishimoto Trading Co., Ltd., the surviving company, changed its trade name to Wismettac Foods, Inc. as of January 1, 2019.

(Additional information)

Application of Partial Amendments to Accounting Standard for Tax Effect Accounting

Starting from the beginning of the first quarter of the current consolidated fiscal year, the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) has been applied. As a result, deferred tax assets are indicated in the category of investments and other assets while deferred tax liabilities are indicated in the category of non-current liabilities.

(Segment information)

First three months of the fiscal year (from January 1, 2018 to March 31, 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	29,866	11,801	1,147	42,815	—	42,815
Intersegment sales or transfers	4,425	41	—	4,467	(4,467)	—
Total	34,291	11,842	1,147	47,282	(4,467)	42,815
Segment profit	1,332	258	76	1,667	(23)	1,643

(Note) 1. "Adjustment" for segment profit in the amount of (23) million yen includes (1,204) million yen for elimination of intersegment transactions and 1,180 million yen for company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of dividend income from reporting segments, and company expenses mainly comprise general and administrative expenses not attributed to 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.

First three months of the fiscal year (from January 1, 2019 to March 31, 2019)

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	31,077	11,477	1,186	43,742	—	43,742
Intersegment sales or transfers	4,218	0	—	4,219	(4,219)	—
Total	35,295	11,478	1,186	47,961	(4,219)	43,742
Segment profit	1,200	126	113	1,441	(12)	1,428

(Note) 1. "Adjustment" for segment profit in the amount of (12) million yen includes (1,396) million yen for elimination of intersegment transactions and 1,384 million yen for company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of dividend income from reporting segments, and company expenses mainly comprise general and administrative expenses not attributed to 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.

3. Changes to reportable segments and others

As stated in "Changes in Accounting Policies," starting from the first quarter of the current consolidated fiscal year, the method for calculating retirement benefit obligations for the Company's domestic consolidated subsidiaries has been changed from the simplified method to the standard method. As a result, the measurement method for segment income or loss has also been changed.

Segment information for the first three months of the fiscal year ended December 31, 2018 is based on the measurement method for income or loss to which the change has been applied.