Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2019 (Japanese GAAP)

August 13, 2019

Company name: Nishimoto Co., Ltd.
Listed exchange: Tokyo
Code: 9260
URL: http://www.wismettac.com/
Representative: Takayuki Kanai, President
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Scheduled date of filing of quarterly report: August 14, 2019
Scheduled date of commencement of dividend payments: September 10, 2019
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly 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 second quarter of the fiscal year ending December 31, 2019 (from January 1, 2019 to June 30, 2019)

(1) Consolidated results of operations (cumulative)

(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	%
Second quarter of FY ending December 31, 2019	92,181	2.1	2,568	(16.0)	2,664	(13.2)	1,878	(13.8)
Second quarter of FY ended December 31, 2018	90,251	—	3,055	—	3,069	—	2,178	—

(Note) Comprehensive income
Second quarter of FY ending December 31, 2019: 810 million yen (-30.5%)
Second quarter of FY ended December 31, 2018: 1,165 million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Second quarter of FY ending December 31, 2019	130.86	—
Second quarter of FY ended December 31, 2018	151.75	—

(Note) From the first quarter of the fiscal year ending December 31, 2019, the Company has changed the method for calculating retirement benefit obligations for its domestic consolidated subsidiaries from the simplified method to the standard method. Figures for the second quarter of the fiscal year ended December 31, 2018 have been adjusted as this change has been applied retroactively. Year-on-year percentage changes for the second quarter of the fiscal year ended December 31, 2018 are not shown as this change has been applied retroactively.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2019 (FY 2019 2Q)	83,517	51,542	61.7
As of December 31, 2018 (FY 2018)	83,719	51,521	61.5

(Reference) Shareholders' equity
Second quarter of FY ending December 31, 2019: 51,542 million yen
FY ended December 31, 2018: 51,521 million yen

(Note) From the first quarter of the fiscal year ending December 31, 2019, the Company has changed the method for calculating retirement benefit obligations for its domestic consolidated subsidiaries from the simplified method to the standard method. Figures for the fiscal year ended December 31, 2018 have been adjusted as this change has been applied retroactively.

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended December 31, 2018	—	40.00	—	55.00	95.00
FY ending December 31, 2019	—	40.00			
FY ending December 31, 2019 (Forecast)			—	55.00	95.00

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

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
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 "(4) 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 10 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 June 30, 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 June 30, 2019	112 shares	December 31, 2018	112 shares
(iii) Average number of shares during the period (three months ended June 30, 2019)	As of June 30, 2019	14,353,028 shares	June 30, 2018	14,353,087 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 13, 2019 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, 2019, 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]

The overall world economy during the first six months 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, although exports and production remained weak, the overall Japanese economy remained on a moderate recovery trend as the employment environment steadily 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 second quarter of the current consolidated fiscal year, the Company had net sales of 92,181 million yen (2.1% increase year-on-year), operating income of 2,568 million yen (16.0% decrease year-on-year), ordinary income of 2,664 million yen (13.2% decrease year-on-year), and profit attributable to owners of parent of 1,878 million yen (13.8% 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 second quarter of the current consolidated fiscal year, the Company had net sales of 63,534 million yen (4.9% increase year-on-year) and operating income of 2,407 million yen (4.7% decrease year-on-year).

Although net sales in the North American region grew, expenses in the logistics department, including labor costs, remained high. Furthermore, although the Company incurred internal policy-related expenses for restructuring purposes (profitability improvement and logistics expenses restraint), including investment in human resources, operating income remained almost unchanged from the same period a year ago.

Net sales also grew in regions outside of North America. Overall profit decreased due to a decline in profit at a subsidiary in the U.K., Harro Foods Limited. The company was affected by a continuous rise 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 second quarter of the current consolidated fiscal year, the Company had net sales of 26,825 million yen (3.6% decrease year-on-year) and operating income of 197 million yen (62.5% decrease year-on-year).

Overall net sales were affected by sluggish sales and falls in unit prices of fruits and vegetables (citrus, tropical commodities, and vegetables) in domestic markets. Also, net sales of Shanghai IPM Co., Ltd., a Chinese subsidiary that imports and sells fruits and vegetables, declined in the wake of weak sales of American citrus fruits due to U.S.-China trade conflicts continued from the first quarter.

Profits declined affected by the decrease in domestic sales of fruits and vegetables as a whole, increase in costs, and other negative impacts.

(iii) Other businesses

In other businesses, for the second quarter of the current consolidated fiscal year, the Company had net sales of 1,820 million yen (1.7% decrease year-on-year) and operating income of 62 million yen (224.9% increase year-on year).

Although sales of seasonal products and character products, etc. for Japan broadly remained the same, operating income increased.

(2) Explanation of financial position

1. Assets, liabilities and net assets

(Assets)

Total assets as of June 30, 2019 stood at 83,517 million yen, a decrease of 201 million yen compared to December 31, 2018, and was mainly attributable to the following.

Total current assets as of June 30, 2019 amounted to 74,547 million yen, a decrease of 392 million yen compared to December 31, 2018. The decrease in current assets was due to a decrease of 688 million yen in cash and deposits and a decrease of 391 million yen in notes and accounts receivable—trade, despite an increase of 665 million yen in other under current assets including income taxes receivable and deposits paid.

Total non-current assets as of June 30, 2019, came to 8,970 million yen, an increase of 190 million yen compared to December 31, 2018. The increase in non-current assets is attributable to a rise of 586 million yen in other (net) under property, plant and equipment, including construction in process, etc. and 208 million yen in leased assets (net). This is despite a decrease of 198 million yen in buildings and structures (net), a fall of 161 million yen in assets related to customers, a reduction of 122 million yen in guarantee deposits, and a decline of 116 million yen in investment securities.

(Liabilities)

Total liabilities as of June 30, 2019 stood at 31,975 million yen, a decrease of 222 million yen compared to December 31, 2018, and was mainly attributable to the following.

Total current liabilities as of June 30, 2019, amounted to 19,864 million yen, a decrease of 312 million yen compared to December 31, 2018. The reduction in current liabilities was due to a decrease of 583 million yen in income taxes payable and a fall of 473 million yen in notes and accounts payable—trade, despite an increase of 614 million yen in accounts payable and a rise of 120 million yen in lease obligations.

Total non-current liabilities as of June 30, 2019 was 12,111 million yen (an increase of 89 million yen compared to December 31, 2018). The increase in non-current liabilities is attributable to an increase of 88 million yen in lease obligations.

(Net assets)

Total net assets as of June 30, 2019 amounted to 51,542 million yen, an increase of 20 million yen compared to December 31, 2018. The increase in total net assets was mainly due to a rise of 1,088 million yen in retained earnings despite a decrease of 1,054 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 27,706 million yen, a decrease of 810 million yen compared to December 31, 2018.

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 1,171 million yen and major factors are as follows. Although income taxes paid stood at 1,967 million yen and an increase in inventories stood at 604 million yen, profit before income taxes amounted to 2,664 million yen and non-cash depreciation and amortization amounted to 592 million yen.

Funds acquired declined by 2,340 million yen year on year (a decrease of 66.6% year on year in cash inflows), which was mainly due to an increase of 1,742 million yen in cash flows from notes and accounts payable—trade, a rise of 1,092 million yen in cash outflows from income taxes paid, and a reduction of 405 million yen in profit before income taxes, despite an increase of 535 million yen in cash flows from notes and accounts receivable—trade.

(Cash flows from investing activities)

Cash flows from investing activities were negative at 718 million yen, with major factors as follows: a cash outflow of 507 million yen due to acquiring property, plant and equipment; and an increase in time deposits by 125 million yen.

Cash outflows increased by 433 million yen year on year (an increase of 152.1% in cash outflows year on year), which was mainly attributable to cash outflows from acquiring property, plant and equipment growing by 444 million yen and a rise of 87 million yen in cash outflows from an increase in time deposits, despite a decrease of 89 million yen in cash outflows from acquiring intangible assets.

(Cash flows from financing activities)

Cash flows from financing activities stood at 832 million yen in cash outflows. This was mainly attributable to a cash outflow from payment of 789 million yen in cash dividends and a cash outflow of 90 million yen from repayments of finance lease obligations.

Cash outflows decreased by 3,080 million yen year on year (a fall of 78.7% in cash outflows year on year), which was mainly attributable to a rise of 1,578 million yen in cash inflows from a net increase in short-term loans payable, a reduction of 1,350 million yen in cash outflows from repayment of long-term loans payable, and a decline of 213 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, 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)	Second quarter of FY 2019 (As of June 30, 2019)
Assets		
Current assets		
Cash and deposits	28,520	27,831
Notes and accounts receivable—trade	19,547	19,156
Inventories	25,425	25,459
Other	1,604	2,270
Allowance for doubtful accounts	(158)	(170)
Total current assets	74,939	74,547
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,857	1,659
Machinery, equipment and vehicles, net	374	401
Tools, furniture and fixtures, net	75	155
Leased assets, net	185	394
Other, net	279	865
Total property, plant and equipment	2,771	3,476
Intangible assets		
Goodwill	671	616
Software	168	409
Software in progress	303	44
Customer-related assets	815	653
Other	69	66
Total intangible assets	2,028	1,790
Investments and other assets		
Investment securities	1,255	1,138
Guarantee deposits	1,058	935
Deferred tax assets	1,035	1,017
Other	810	684
Allowance for doubtful accounts	(178)	(73)
Total investments and other assets	3,979	3,702
Total non-current assets	8,779	8,970
Total assets	83,719	83,517

(Millions of yen)

	FY 2018 (As of December 31, 2018)	Second quarter of FY 2019 (As of June 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	11,540	11,067
Short-term loans payable	2,640	2,676
Current portion of long-term loans payable	140	136
Lease obligations	52	172
Accounts payable—other	2,740	3,354
Income taxes payable	700	117
Provision for bonuses	538	336
Provision for directors' bonuses	—	116
Provision for shareholders' benefits	5	0
Other	1,816	1,885
Total current liabilities	20,176	19,864
Non-current liabilities		
Long-term loans payable	9,351	9,273
Lease obligations	135	224
Deferred tax liabilities	126	101
Provision for directors' retirement benefits	560	600
Net defined benefit liability	1,467	1,501
Other	378	409
Total non-current liabilities	12,021	12,111
Total liabilities	32,197	31,975
Net assets		
Shareholders' equity		
Capital stock	2,646	2,646
Capital surplus	6,531	6,531
Retained earnings	41,983	43,071
Treasury shares	(0)	(0)
Total shareholders' equity	51,160	52,249
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6	4
Deferred gains or losses on hedges	(3)	(14)
Foreign currency translation adjustment	360	(694)
Remeasurements of defined benefit plans	(2)	(2)
Total accumulated other comprehensive income	360	(707)
Total net assets	51,521	51,542
Total liabilities and net assets	83,719	83,517

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

First six months ended June 30, 2019

(Millions of yen)

	First six months of FY 2018 (January 1, 2018 to June 30, 2018)	First six months of FY 2019 (January 1, 2019 to June 30, 2019)
Net sales	90,251	92,181
Cost of sales	74,913	76,359
Gross profit	15,338	15,821
Selling, general and administrative expenses	12,282	13,253
Operating income	3,055	2,568
Non-operating income		
Interest and dividend income	55	114
Share of profit of entities accounted for using equity method	—	9
Insurance benefits received	172	0
Reversal of allowance for doubtful accounts	—	3
Other	18	41
Total non-operating income	246	169
Non-operating expenses		
Interest expenses	88	60
Foreign exchange losses	141	12
Share of loss of entities accounted for using equity method	0	—
Other	2	0
Total non-operating expenses	232	73
Ordinary income	3,069	2,664
Extraordinary income		
Total extraordinary income	—	—
Extraordinary losses		
Total extraordinary losses	—	—
Profit before income taxes	3,069	2,664
Income taxes—current	981	791
Income taxes—deferred	(89)	(5)
Total income taxes	891	786
Net income	2,178	1,878
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	2,178	1,878

Quarterly consolidated statement of comprehensive income

First six months ended June 30, 2019

(Millions of yen)

	First six months of FY 2018 (January 1, 2018 to June 30, 2018)	First six months of FY 2019 (January 1, 2019 to June 30, 2019)
Net income	2,178	1,878
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	(1)
Deferred gains or losses on hedges	(6)	(11)
Foreign currency translation adjustment	(935)	(1,013)
Remeasurements of defined benefit plans	—	0
Share of other comprehensive income of entities accounted for using equity method	(64)	(41)
Total other comprehensive income	(1,012)	(1,068)
Comprehensive income	1,165	810
(Breakdown)		
Comprehensive income attributable to owners of parent	1,165	810
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY 2018 (January 1, 2018 to June 30, 2018)	First six months of FY 2019 (January 1, 2019 to June 30, 2019)
Cash flows from operating activities		
Profit before income taxes	3,069	2,664
Depreciation and amortization	553	592
Increase (decrease) in allowance for doubtful accounts	1	9
Interest and dividend income	(55)	(114)
Interest expenses	88	60
Share of (profit) loss of entities accounted for using equity method	0	(9)
Foreign exchange losses (gains)	112	(1)
Decrease (increase) in notes and accounts receivable—trade	(506)	29
Decrease (increase) in inventories	(848)	(604)
Increase (decrease) in notes and accounts payable—trade	1,489	(253)
Increase (decrease) in accounts payable—other	253	294
Increase (decrease) in provision for bonuses	(130)	(194)
Increase (decrease) in provision for directors' bonuses	—	119
Increase (decrease) in provision for shareholder privilege program	19	(4)
Increase (decrease) in net defined benefit liability	98	73
Other	94	115
Subtotal	4,240	2,776
Interest and dividend income received	54	196
Interest expenses paid	(94)	(60)
Income taxes paid	(874)	(1,967)
Income taxes reimbursed	185	226
Cash flows from operating activities	3,512	1,171
Cash flows from investing activities		
Purchase of property, plant and equipment	(62)	(507)
Purchase of intangible assets	(134)	(45)
Net decrease (increase) in time deposits	(38)	(125)
Other	(49)	(40)
Cash flows from investing activities	(284)	(718)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,450)	128
Repayments of long-term loans payable	(1,430)	(79)
Purchase of treasury shares	(0)	—
Repayments of finance lease obligations	(28)	(90)
Cash dividends paid	(1,002)	(789)
Cash flows from financing activities	(3,912)	(832)
Effect of exchange rate change on cash and cash equivalents	(526)	(431)
Net increase (decrease) in cash and cash equivalents	(1,212)	(810)
Cash and cash equivalents at beginning of period	31,286	28,516
Closing balance of cash and cash equivalents	30,074	27,706

(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.

(Changes in Accounting Policies)

Changes in the method for calculating retirement benefit obligations

Starting from the first quarter of the 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 six 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 six months of the fiscal year ended December 31, 2018 each decreased by 7 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 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 second quarter of the fiscal year.

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

During the first quarter of the 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 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)

Starting from the beginning of the first quarter of the 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 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	2,526	527	19	3,072	(16)	3,055

(Note) 1. "Adjustment" for segment profit in the amount of (16) million yen includes (1,216) million yen for elimination of intersegment transactions and 1,199 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 six months of the fiscal year (from January 1, 2019 to June 30, 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	63,534	26,825	1,820	92,181	—	92,181
Intersegment sales or transfers	6,467	23	—	6,491	(6,491)	—
Total	70,002	26,849	1,820	98,672	(6,491)	92,181
Segment profit	2,407	197	62	2,668	(99)	2,568

(Note) 1. "Adjustment" for segment profit in the amount of (99) million yen includes (1,396) million yen for elimination of intersegment transactions and 1,297 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 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 six 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.