1. Qualitative Information on the Consolidated Business Results for the Nine Months Ended June 30, 2016

(1) Qualitative Information on the Consolidated Operating Performance

(Operating environment)

In the first nine months of the fiscal year ending September 30, 2016 (October 1, 2015 – June 30, 2016), the Japanese economy demonstrated gradual recovery owing to improvements in corporate earnings, employment conditions, and personal incomes. The global economy, however, was clouded by slowing expansion in China and risk of economic downturn in emerging countries, along with volatile foreign exchange markets caused by Britain's decision to exit the European Union. This global uncertainty also posed future risks to the Japanese economy.

In food industries related to the Yokohama Reito Group's business, while earnings improved amid stabilizing price revisions caused by soaring raw materials costs, personal consumption remained sluggish.

In this environment, the Yokohama Reito Group executed its Fifth Medium-Term Management Plan (three-year plan), "Flap The Wings 2017," begun in October 2014. Through this plan, the Group is aiming to become a leading "COOL" network company in the Refrigerated Warehousing Business. In the Food Sales Business, the Group is aiming to generate stable profits while expanding its mainstay products across the Group. During the period, the Group took various initiatives on the basis of these business operation policies.

In the Refrigerated Warehousing Business, operations progressed as planned due to continued brisk cargo movement seen from the start of the current fiscal year, mainly for livestock products and frozen foods. In the Food Sales Business, while softer market prices for some livestock products generated losses, the Group achieved steady sales by maintaining appropriate inventory levels and prioritizing turnover rates, and the overseas business of consolidated subsidiary Alliance Seafoods, Inc. began to take off. As a result, the Food Sales Business's earnings improved overall.

As a result, the Group's consolidated net sales for the first nine months of the fiscal year totaled ¥112,336 million, a 1.9% decrease compared to the same period of the previous fiscal year. Operating income totaled ¥4,215 million, a year-on-year increase of 38.2%, ordinary income totaled ¥4,490 million, a year-on-year increase of 40.0%, and profit attributable to owners of the parent totaled ¥2,880 million, a year-on-year increase of 40.6%.

(Results by business segment)

Refrigerated Warehousing Business

The Refrigerated Warehousing Business posted a year-on-year increase in sales and profits for the first nine months. Sales were driven steadily higher by the full-scale operation of four new logistics centers opened successively since the fiscal year ended September 2014, as well as strategic wide-area sales activities based on key initiatives in the Medium-Term Management Plan, and the promotion of consultative-style sales optimizing total resources of Yokohama Reito. A decline in electricity costs and other expenses also helped boost profits.

In terms of cargo handling, the volume of inbound cargo increased by approx. 39,000 tons, an increase of 4.4% compared with the same period of the previous year, and the volume of outbound cargo rose by approx. 58,000 tons, a year-on-year increase of 6.3%. The average inventory volume increased by approx. 203,000 tons, or 8.4% year on year.

In Thailand, consolidated subsidiary Thai Yokorei Co., Ltd. posted year-on-year declines in sales and profit. Thailand's economy stagnated due to the country's delay in transitioning to a civilian government, while the significant depreciation of the Thai baht also impacted results. Despite the challenges, local cold chain demand remained firm.

As a result, the segment's net sales increased 4.0% compared with the same period of the previous year to ¥18,701 million, while operating income increased 22.7% year on year to ¥4,594 million.

Food Sales Business

The Norwegian Atlantic salmon business launched through a comprehensive business alliance with Norwegian company Hofseth International AS from August 2015 grew solidly in the nine-month period, while yen appreciation helped stabilize the earnings environment for imported food products. As a result, although segment sales declined year on year, profits grew strongly. The business also successfully geared sales strategies around higher turnover rates, which helped reduce inventories and other expenses to boost profits.

The marine products category posted year-on-year increases in sales and profit. Sales and profits for salmon/trout grew strongly, driven by the joint venture with Hofseth International AS. Profits from shrimp and Atka mackerel also increased robustly, as sales strategies oriented towards higher turnover rates led to significantly higher profit margins. Scallop trading volumes plummeted due to sharply lower production caused by an explosive low-pressure system that struck the Hokkaido region in 2014. Sales and profits from mackerel both declined due to intensified price competition and a worsening export environment.

In the livestock products category, both sales and profits declined. Sales and profits for chicken declined due to a continued drop in prices amid a domestic oversupply of distribution inventory. Sales of pork declined while profits increased, as the Group reduced trading volume to prioritize turnover.

The agricultural products category posted lower sales and higher profit. Mainstay potatoes posted higher sales and profits on robust demand, while sales of Chinese yam declined due to poor crops.

As a result, segment sales amounted to ¥93,590 million, a decline of 3.1% compared with the same period of the previous fiscal year, and operating income totaled ¥1,254 million, a year-on-year increase of 59.8%.

(2) Qualitative Information on the Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets at June 30, 2016 amounted to ¥127,959 million, an increase of ¥9,057 million compared with the previous fiscal year-end (September 30, 2015). This change was mainly attributable to increases of ¥7,080 million in property, plant and equipment, ¥1,475 million in merchandise, and ¥934 million in investment securities.

Total liabilities amounted to ¥64,529 million, an increase of ¥7,949 million compared with the previous fiscal year-end. This change was mainly attributable to an increase of ¥8,541 million in loans payable, while notes and accounts payable-trade declined ¥619 million.

Total net assets amounted to ¥63,430 million, an increase of ¥1,108 million compared with the previous fiscal year-end.

Cash Flows

Cash and cash equivalents (hereinafter, "cash") at the end of the third quarter amounted to ¥4,108 million, an increase of ¥221 million compared with the previous fiscal year-end (September 30, 2015). The main factors affecting cash flows during the period under review are summarized as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥4,207 million compared with ¥674 million provided in the same period of the previous fiscal year. This net inflow was mainly attributable to income before income taxes of ¥4,490 million and depreciation and amortization of ¥3,087 million, which were partially offset by an increase of ¥1,467 million in inventories, a decrease of ¥619 million in accounts payable-trade, and income taxes paid of ¥1,527 million.

(Cash flows from investing activities)
Net cash used in investing activities amounted to ¥11,885 million, compared with ¥6,926 million used in the same period of the previous fiscal year. The main investment outflow was ¥10,106 million used for the purchase of property, plant and equipment.

(Cash flows from financing activities)
Net cash provided by financing activities amounted to ¥7,953 million, compared with ¥5,979 million provided in the same period of the previous fiscal year. This net inflow was mainly derived from a net increase in loans payable of ¥9,089 million, which was partly offset by dividends paid to shareholders of ¥1,042 million.

(3) Consolidated Earnings Forecast
There is no change to the earnings forecast for the year ending September 30, 2016 announced on November 13, 2015 with the financial results for the year ended September 30, 2015.

2. Other Information

(1) Changes in consolidation status of major subsidiaries during the period:
Not applicable

(2) Use of accounting methods specific to the preparation of quarterly consolidated financial statements:
Not applicable

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement:

(Application of accounting standard for business combinations)
“Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), “Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and other standards are applied, effective the first quarter of the fiscal year ending September 30, 2016. Accordingly, presentation of net income has been changed and presentation of minority interests has been changed to non-controlling interests. In order to reflect the changes in presentation of financial statements, reclassification was made accordingly in the quarterly consolidated financial statements for the nine months ended June 30, 2015 and the consolidated financial statements for the fiscal year ended September 30, 2015.

(Application of practical solution on a change in depreciation method due to Tax Reform 2016)
Pursuant to an amendment in the Corporation Tax Act, the Company has applied the "Practical solution on a change in depreciation method due to Tax Reform 2016" (ASBJ Practical Issues Task Force (PITF) No. 32, June 17, 2016) effective from the third quarter of the fiscal year ending September 30, 2016. Accordingly, the Company has changed the depreciation method for facilities attached to buildings and structures acquired on and after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change on the quarterly consolidated financial statements for the nine months ended June 30, 2016 is immaterial.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2015	As of June 30, 2016
	Amount	Amount
Assets		
Current assets		
Cash and deposits	3,887	4,108
Notes and accounts receivable – trade	20,531	18,608
Merchandise	18,718	20,194
Deferred tax assets	539	268
Other	2,466	4,072
Allowance for doubtful accounts	(15)	(12)
Total current assets	46,128	47,240
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	33,169	33,631
Machinery, equipment and vehicles, net	6,496	6,181
Land	19,366	26,491
Leased assets, net	283	257
Construction in progress	2,695	2,478
Other, net	745	797
Total property, plant and equipment	62,756	69,837
Intangible fixed assets		
Goodwill	483	407
Other	1,729	1,713
Total intangible fixed assets	2,212	2,120
Investments and other assets		
Investment securities	6,859	7,794
Long-term loans receivable	56	24
Other	1,001	1,055
Allowance for doubtful accounts	(113)	(113)
Total investments and other assets	7,804	8,761
Total noncurrent assets	72,773	80,719
Total assets	118,901	127,959

(Millions of yen)

	As of September 30, 2015	As of June 30, 2016
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable – trade	6,028	5,409
Short-term loans payable	16,331	17,421
Current portion of long-term loans payable	3,298	4,355
Lease obligations	102	86
Income taxes payable	844	623
Accrued employees' bonuses	659	176
Accrued bonuses for directors and corporate auditors	27	16
Other	3,877	4,892
Total current liabilities	31,171	32,982
Noncurrent liabilities		
Convertible bonds	7,000	6,997
Long-term loans payable	16,160	22,555
Lease obligations	144	142
Deferred tax liabilities	542	325
Provision for Executive Compensation BIP Trust	44	77
Net defined benefit liability	947	938
Asset retirement obligations	105	105
Other	464	404
Total noncurrent liabilities	25,408	31,546
Total liabilities	56,579	64,529
Net assets		
Shareholders' equity		
Common stock	11,065	11,067
Capital surplus	11,132	11,134
Retained earnings	37,575	39,413
Treasury stock	(546)	(538)
Total shareholders' equity	59,228	61,076
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,908	1,516
Deferred gain (loss) on derivatives under hedge accounting	0	64
Foreign currency translation adjustments	319	(13)
Remeasurements of defined benefit plans	(125)	(101)
Total accumulated other comprehensive income	2,102	1,465
Non-controlling interests	991	888
Total net assets	62,322	63,430
Total liabilities and net assets	118,901	127,959

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Nine months ended June 30, 2015	Nine months ended June 30, 2016
	Amount	Amount
Net sales	114,552	112,336
Cost of sales	105,762	102,740
Gross profit	8,789	9,596
Selling, general and administrative expenses	5,738	5,380
Operating income	3,051	4,215
Other income		
Interest income	40	41
Dividend income	99	120
Insurance dividends	31	36
Incentives received	31	-
Gain on sales of noncurrent assets	0	-
Settlement received	-	85
Subsidy income	-	87
Other	257	271
Total other income	460	641
Other expenses		
Interest expense	274	286
Loss on sales and retirement of noncurrent assets	11	-
Other	17	80
Total other expenses	303	366
Ordinary income	3,207	4,490
Income before income taxes	3,207	4,490
Income taxes – Current	946	1,270
Income taxes – Deferred	183	328
Total income taxes	1,130	1,599
Profit	2,077	2,890
Profit attributable to non-controlling interests	28	10
Profit attributable to owners of the parent	2,048	2,880

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended June 30, 2015	Nine months ended June 30, 2016
	Amount	Amount
Profit	2,077	2,890
Other comprehensive income		
Unrealized gain on available-for-sale securities	1,460	(392)
Deferred gain (loss) on derivatives under hedge accounting	(34)	64
Foreign currency translation adjustments	593	(446)
Remeasurements of defined benefit plans	22	24
Total other comprehensive income	2,041	(750)
Comprehensive income	4,118	2,140
Breakdown:		
Comprehensive income attributable to owners of the parent	3,940	2,243
Comprehensive income attributable to non-controlling interests	178	(102)

(3) Consolidated Statements of Cash flows

(Millions of yen)

	Nine months ended June 30, 2015	Nine months ended June 30, 2016
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	3,207	4,490
Depreciation and amortization	3,289	3,087
Amortization of goodwill	87	76
Increase (decrease) in accrued employees' bonuses	(516)	(482)
Increase (decrease) in accrued bonuses for directors and corporate auditors	(7)	(11)
Increase (decrease) in provision for directors' and corporate auditors' retirement benefits	(390)	-
Increase (decrease) in allowance for doubtful accounts	(2)	(2)
Increase (decrease) in provision for Executive Compensation BIP Trust	-	33
Increase (decrease) in net defined benefit liability	(23)	(5)
Interest and dividend income	(139)	(161)
Interest expenses paid on loans and bonds	274	286
Decrease (increase) in accounts receivable – trade	(113)	1,889
Decrease (increase) in inventories	(3,422)	(1,467)
Increase (decrease) in accounts payable – trade	(728)	(619)
Increase (decrease) in accrued expenses	864	(64)
Other – net	(136)	(1,185)
Sub total	2,242	5,863
Interest and dividend income received	129	160
Interest paid	(263)	(289)
Income taxes paid	(1,434)	(1,527)
Net cash provided by (used in) operating activities	674	4,207
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,262)	(10,106)
Proceeds from sales of property, plant and equipment	1	3
Purchase of investment securities	(39)	(1,554)
Proceeds from sales of investment securities	-	7
Payments of loans receivable	(860)	(376)
Collection of loans receivable	286	193
Other – net	(51)	(51)
Net cash provided by (used in) investing activities	(6,926)	(11,885)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	6,100	1,212
Proceeds from long-term loans payable	3,336	10,557
Repayments of long-term loans payable	(2,322)	(2,680)
Proceeds from disposal of treasury stock	299	-
Purchase of treasury stock	(300)	(1)
Dividends paid to shareholders	(1,038)	(1,042)
Other – net	(94)	(92)
Net cash provided by (used in) financing activities	5,979	7,953
Effect of exchange rate changes on cash and cash equivalents	145	(54)
Net increase (decrease) in cash and cash equivalents	(125)	221
Cash and cash equivalents, beginning of period	4,431	3,887
Cash and cash equivalents, end of period	4,305	4,108

(4) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)
Not applicable

(Notes on Significant Changes in Shareholders' Equity)
Not applicable

Segment information

I. Nine months ended June 30, 2015 (October 1, 2014 – June 30, 2015)
1. Net sales, income/loss by reportable segment

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated statements of income*2
	Refrigerated Warehousing	Food Sales	Other Businesses	Total		
Net sales						
Sales to outside customers	17,974	96,553	24	114,552	-	114,552
Intersegment sales or transfers	1,471	-	33	1,505	(1,505)	-
Total	19,446	96,553	57	116,057	(1,505)	114,552
Segment income (loss)	3,743	785	28	4,556	(1,505)	3,051

Notes: 1. The minus 1,505 million yen adjustment for segment income (loss) was unallocated corporate expenses, consisting principally of general administrative expenses that are not attributable to reportable segments.
2. Segment income (loss) was adjusted based on operating income reported on the consolidated statements of income for the corresponding period.

II. Nine months ended June 30, 2016 (October 1, 2015 – June 30, 2016)
1. Net sales, income/loss by reportable segment

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated statements of income*2
	Refrigerated Warehousing	Food Sales	Other Businesses	Total		
Net sales						
Sales to outside customers	18,701	93,590	44	112,336	-	112,336
Intersegment sales or transfers	1,288	-	32	1,321	(1,321)	-
Total	19,990	93,590	76	113,658	(1,321)	112,336
Segment income (loss)	4,594	1,254	31	5,880	(1,664)	4,215

Notes: 1. The minus 1,664 million yen adjustment for segment income (loss) was unallocated corporate expenses, consisting principally of general administrative expenses that are not attributable to reportable segments.
2. Segment income (loss) was adjusted based on operating income reported on the consolidated statements of income for the corresponding period.