1. Overview of Consolidated Business Results

(1) Consolidated Operating Performance

(Operating environment)
In the fiscal year ended September 30, 2018 (October 1, 2017 – September 30, 2018), despite natural disasters such as torrential rainfall, the Japanese economy continued to demonstrate gradual recovery owing to solid economic conditions outside Japan. Personal consumption has been picking up amid steady improvements in employment and income conditions. However, there is lingering concern that, should U.S.–China trade frictions escalate further, the global economy may be subject to downward pressure from increasing uncertainty in the outlook and other factors.

In food industries related to the Yokohama Reito Group's business, the business climate remained severe due to companies maintaining a cautious stance and outlook on price hikes in response to more households trimming their budgets.

(Operating results)
In this environment, the Yokohama Reito Group launched its Sixth Medium-Term Management Plan (three-year plan), "Growing Value 2020," in October 2017. Under this plan, the Refrigerated Warehousing Business is aiming for innovation and advancement reflective of the market needs. The Food Sales Business is aiming to establish a stable food supply structure through the development of food resources and food production. The Group has executed various initiatives on the basis of these business operational policies.

As a result, the Group's consolidated net sales for the fiscal year totaled ¥171,772 million, an 8.0% increase compared to the previous fiscal year. Operating income totaled ¥4,825 million, a year-on-year decrease of 6.8%, and ordinary income totaled ¥5,373 million, a year-on-year decrease of 1.1%. Profit attributable to owners of the parent totaled ¥3,343 million, a year-on-year decrease of 0.5%.

(Results by business segment)

1) Refrigerated Warehousing Business
The Refrigerated Warehousing Business posted year-on-year increases in sales and profit. Logistics centers opened in the past years steadily increased their operation rates to make solid contributions to earnings at a time of one-time expenses and increase in depreciation and amortization associated with starting up new logistics centers. In addition, existing centers expanded services centering on customer needs and cargo operation initiatives in line with the major policies in our Sixth Medium-Term Management Plan. These activities resulted in an increase in storage fees. Consolidated subsidiary Thai Yokorei Co., Ltd. contributed to segment earnings through greatly enhanced performance as livestock products and fruit and fruit juice inventories reached high levels against a background of the stabilized political and economic situation in Thailand.

As a result, segment sales amounted to ¥26,344 million, an increase of 4.0% compared with the previous fiscal year, and operating income totaled ¥6,069 million, a year-on-year increase of 6.6%.

2) Food Sales Business
Profit declined on higher sales year on year in the Food Sales Business. Although the overseas business and exports performed relatively well, the operating environment was severe in Japan, where cargo movement slowed due to high prices of mainstay food products.

Mackerel exports contributed to earnings in the marine products category, but ongoing high prices of shrimp/prawn, squid, and crab were negative for profit because higher costs could not be passed onto sales prices. The Norway trout cultivation business posted sharp sales and profit growth due to an increase in production volume, contributing to overall earnings.

The livestock products category posted lower sales and profit, depressed by the collapse of the supply-demand balance of pork and chicken.

The agricultural products category also posted lower sales and profit as a result of a decline in the unit price of mainstay potatoes due to the bumper harvest.

As a result, segment sales amounted to ¥145,370 million, an increase of 8.8% compared with the previous fiscal year, and operating income totaled ¥1,202 million, a year-on-year decrease of 36.9%.

(2) Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets at September 30, 2018 amounted to ¥186,791 million, an increase of ¥13,092 million compared with the previous fiscal year-end (September 30, 2017). This change was mainly attributable to increases of ¥11,741 million in loans receivable and ¥7,092 million in property, plant and equipment related to the construction of new logistics centers, and decreases of ¥3,491 million in cash and deposits and ¥2,174 million in advance payments.

Total liabilities amounted to ¥107,932 million, an increase of ¥3,921 million compared with the previous fiscal year-end. This change was mainly attributable to increases of ¥10,000 million in bonds and ¥1,697 million in loans payable, and a decrease of ¥6,064 million in the current portion of convertible bonds.

Total net assets amounted to ¥78,858 million, an increase of ¥9,170 million compared with the previous fiscal year-end.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the fiscal year amounted to ¥2,907 million, a decrease of ¥3,491 million compared with the previous fiscal year-end (September 30, 2017). 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 ¥11,990 million compared with ¥6,930 million used in the previous fiscal year. This net inflow was mainly attributable to income before income taxes of ¥5,093 million, depreciation and amortization of ¥5,054 million and a decrease of ¥2,166 million in advance payments.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥25,340 million, compared with ¥11,173 million used in the previous fiscal year. The main investment outflows were ¥13,293 million for payments of loans receivable and ¥10,924 million used for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥9,823 million, compared with ¥19,124 million provided in the previous fiscal year. This net inflow was mainly derived from proceeds of ¥10,000 million from the issuance of bonds and a net increase in loans payable from financial institutions of ¥1,641 million, which were partly offset by dividends paid to shareholders of ¥1,102 million.

Cash Flow-related Indices

	Year ended September 30, 2016	Year ended September 30, 2017	Year ended September 30, 2018
Equity ratio (%)	42.7	39.4	41.5
Equity ratio based on market value (%)	38.2	32.2	28.9
Ratio of cash flow to interest-bearing debt (years)	10.4	-	7.5
Interest coverage ratio (times)	16.0	-	15.4

Notes:

1. The above indices are calculated as follows:
   Equity ratio: Total equity/Total assets
   Equity ratio based on market value: Market capitalization/Total assets
   Ratio of cash flow to interest-bearing debt: Interest-bearing debt/Operating cash flow
   Interest coverage ratio: Operating cash flow/Interest expense
   *All indices are calculated based on consolidated figures.
   *Market capitalization is calculated by multiplying the stock price at fiscal year-end by the total number of issued and outstanding shares (excluding treasury stock) at the end of the year.
   *The interest expense is the figure used in the consolidated statements of cash flow.
2. The interest-bearing debt represents the portion of total debt from the consolidated balance sheet for which interest is paid.
3. The ratio of cash flow to interest-bearing debt and the interest coverage ratio for the year ended September 30, 2017 are not calculated because there was a negative cash flow from operating activities.

(4) Outlook for the Fiscal Year Ending September 30, 2019

The Sixth Medium-Term Management Plan, “Growing Value 2020” is a three-year plan that started in October 2017 and ends in September 2020.

For the fiscal year ending September 30, 2019, the Yokohama Reito Group forecasts consolidated net sales of ¥150,000 million, a 12.7% decrease over the previous fiscal year, operating income of ¥5,800 million, up 20.2% year on year, ordinary income of ¥6,000 million, up 11.7% year on year, and profit attributable to owners of the parent of ¥3,700 million, up 10.7% year on year.

2. Basic Policy on Selecting Accounting Standards

The Yokohama Reito Group currently adopts Japanese accounting standards for its financial reporting in view of comparability between fiscal years on financial statements and comparability with other companies.

Regarding the adoption of the International Financial Reporting Standards (IFRS), the Group will respond appropriately in consideration of the trends of other companies in Japan.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2017	As of September 30, 2018
	Amount	Amount
Assets		
Current assets		
Cash and deposits	6,409	2,917
Notes and accounts receivable - trade	21,866	21,014
Merchandise	26,647	24,608
Advance payments	8,883	6,708
Short-term loans receivable, net	746	10,862
Deferred tax assets	635	634
Other	1,322	1,179
Allowance for doubtful accounts	(20)	(19)
Total current assets	66,490	67,906
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	40,239	41,719
Machinery, equipment and vehicles, net	7,019	7,051
Land	27,833	28,157
Leased assets, net	651	1,062
Construction in progress	1,516	6,233
Other, net	887	1,014
Total property, plant and equipment	78,147	85,239
Intangible fixed assets		
Goodwill	7,553	7,032
Overseas aquaculture business license	7,182	7,263
Other	1,734	1,813
Total intangible fixed assets	16,470	16,109
Investments and other assets		
Investment securities	9,399	12,839
Long-term loans receivable	2,397	4,023
Other	871	762
Allowance for doubtful accounts	(78)	(88)
Total investments and other assets	12,590	17,535
Total noncurrent assets	107,208	118,884
Total assets	173,699	186,791

(Millions of yen)

	As of September 30, 2017	As of September 30, 2018
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,886	4,158
Short-term loans payable	30,334	27,841
Current portion of convertible bonds	6,064	-
Current portion of long-term loans payable	5,503	8,152
Lease obligations	87	157
Income taxes payable	1,719	760
Accrued employees' bonuses	737	764
Accrued bonuses for directors and corporate auditors	35	32
Other	7,159	7,358
Total current liabilities	57,527	49,227
Noncurrent liabilities		
Bonds	-	10,000
Long-term loans payable	41,944	43,485
Lease obligations	264	584
Deferred tax liabilities	2,897	3,418
Provision for Executive Compensation BIP Trust	147	167
Net defined benefit liability	730	583
Asset retirement obligations	105	91
Other	393	373
Total noncurrent liabilities	46,483	58,705
Total liabilities	104,010	107,932
Net assets		
Shareholders' equity		
Common stock	11,533	14,303
Capital surplus	11,600	14,370
Retained earnings	41,773	44,014
Treasury stock	(539)	(507)
Total shareholders' equity	64,369	72,181
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,061	3,710
Deferred gain (loss) on derivatives under hedge accounting	(87)	(43)
Foreign currency translation adjustments	1,325	1,593
Remeasurements of defined benefit plans	(165)	33
Total accumulated other comprehensive income	4,133	5,294
Non-controlling interests	1,185	1,382
Total net assets	69,688	78,858
Total liabilities and net assets	173,699	186,791

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

(Millions of yen)

	Year ended September 30, 2017	Year ended September 30, 2018
	Amount	Amount
Net sales	159,045	171,772
Cost of sales	144,480	156,694
Gross profit	14,564	15,078
Selling, general and administrative expenses	9,385	10,252
Operating income	5,179	4,825
Other income		
Interest income	75	264
Dividend income	143	199
Insurance dividends	29	37
Insurance received	52	63
Subsidy income	117	0
Foreign exchange gains	452	-
Purchase discounts	231	553
Other	160	452
Total other income	1,263	1,572
Other expenses		
Interest expenses	531	790
Commission fee	299	2
Other	179	231
Total other expenses	1,009	1,024
Ordinary income	5,433	5,373
Extraordinary losses		
Loss on removal of refrigerated warehouses	-	280
Total extraordinary losses	-	280
Income before income taxes	5,433	5,093
Income taxes - Current	2,369	1,450
Income taxes - Deferred	(416)	93
Total income taxes	1,953	1,543
Profit	3,480	3,549
Profit attributable to non-controlling interests	120	206
Profit attributable to owners of the parent	3,360	3,343

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended September 30, 2017	Year ended September 30, 2018
	Amount	Amount
Profit	3,480	3,549
Other comprehensive income		
Unrealized gain on available-for-sale securities	1,137	649
Deferred gain (loss) on derivatives under hedge accounting	(57)	43
Foreign currency translation adjustments	1,596	280
Remeasurements of defined benefit plans	647	199
Total other comprehensive income	3,324	1,173
Comprehensive income	6,805	4,723
Breakdown:		
Comprehensive income attributable to owners of the parent	6,586	4,504
Comprehensive income attributable to non-controlling interests	219	219

(3) Consolidated Statements of Changes in Shareholders' Equity

Year ended September 30, 2017 (October 1, 2016 – September 30, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of October 1, 2016	11,068	11,135	39,465	(538)	61,130
Changes during period					
Conversion of convertible bonds	465	465			931
Cash dividends			(1,051)		(1,051)
Profit attributable to owners of the parent			3,360		3,360
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock					-
Net change in items other than shareholders' equity during period					-
Total changes during period	465	465	2,308	(0)	3,239
Balance as of September 30, 2017	11,533	11,600	41,773	(539)	64,369

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of October 1, 2016	1,923	(29)	(172)	(813)	907	989	63,027
Changes during period							
Conversion of convertible bonds					-		931
Cash dividends					-		(1,051)
Profit attributable to owners of the parent					-		3,360
Purchase of treasury stock					-		(0)
Disposal of treasury stock					-		-
Net change in items other than shareholders' equity during period	1,137	(57)	1,498	647	3,226	195	3,421
Total changes during period	1,137	(57)	1,498	647	3,226	195	6,661
Balance as of September 30, 2017	3,061	(87)	1,325	(165)	4,133	1,185	69,688

Year ended September 30, 2018 (October 1, 2017 – September 30, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of October 1, 2017	11,533	11,600	41,773	(539)	64,369
Changes during period					
Conversion of convertible bonds	2,769	2,769			5,539
Cash dividends			(1,102)		(1,102)
Profit attributable to owners of the parent			3,343		3,343
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock				34	34
Net change in items other than shareholders' equity during period					-
Total changes during period	2,769	2,769	2,240	31	7,811
Balance as of September 30, 2018	14,303	14,370	44,014	(507)	72,181

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized gain on available -for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of October 1, 2017	3,061	(87)	1,325	(165)	4,133	1,185	69,688
Changes during period							
Conversion of convertible bonds					-		5,539
Cash dividends					-		(1,102)
Profit attributable to owners of the parent					-		3,343
Purchase of treasury stock					-		(2)
Disposal of treasury stock					-		34
Net change in items other than shareholders' equity during period	649	43	268	199	1,161	197	1,358
Total changes during period	649	43	268	199	1,161	197	9,170
Balance as of September 30, 2018	3,710	(43)	1,593	33	5,294	1,382	78,858

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended September 30, 2017 Amount	Year ended September 30, 2018 Amount
Cash flows from operating activities		
Income before income taxes	5,433	5,093
Depreciation and amortization	4,699	5,054
Amortization of goodwill	634	640
Increase (decrease) in accrued employees' bonuses	45	27
Increase (decrease) in accrued bonuses for directors and corporate auditors	0	(2)
Increase (decrease) in net defined benefit liability	(55)	51
Increase (decrease) in provision for Executive Compensation BIP Trust	56	19
Increase (decrease) in allowance for doubtful accounts	(20)	9
Loss on removal of refrigerated warehouses	-	280
Interest and dividends income	(219)	(464)
Interest expenses	531	790
Decrease (increase) in accounts receivable - trade	(3,719)	865
Decrease (increase) in inventories	(7,784)	2,068
Decrease (increase) in advance payments	(5,554)	2,166
Increase (decrease) in accounts payable - trade	520	(1,733)
Increase (decrease) in accrued expenses	647	(44)
Other - net	607	26
Sub total	(4,177)	14,849
Interest and dividend income received	216	367
Interest paid	(534)	(780)
Income taxes paid	(2,435)	(2,446)
Net cash provided by (used in) operating activities	(6,930)	11,990
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,488)	(10,924)
Proceeds from sales of property, plant and equipment	22	-
Purchase of investment securities	(619)	(2,605)
Proceeds from sales of investment securities	-	208
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(134)
Payments of loans receivable	(2,195)	(13,293)
Collection of loans receivable	1,236	1,572
Other - net	(129)	(162)
Net cash provided by (used in) investing activities	(11,173)	(25,340)

	Year ended September 30, 2017	Year ended September 30, 2018
	(Millions of yen)	
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(442)	(2,513)
Proceeds from long-term loans payable	25,819	10,073
Repayments of long-term loans payable	(5,074)	(5,918)
Proceeds from issuance of bonds	-	10,000
Purchase of treasury stock	(0)	(2)
Dividends paid to shareholders	(1,051)	(1,102)
Redemption of convertible bonds	-	(525)
Other - net	(125)	(188)
Net cash provided by (used in) financing activities	19,124	9,823
Effect of exchange rate changes on cash and cash equivalents	179	34
Net increase (decrease) in cash and cash equivalents	1,199	(3,491)
Cash and cash equivalents, beginning of period	5,200	6,399
Cash and cash equivalents, end of period	6,399	2,907

(5) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Significant Information Regarding the Preparation of Consolidated Financial Statements)

1. Scope of consolidation
   (1) Number of consolidated subsidiaries: 9
      Names of consolidated subsidiaries:
      - Thai Yokorei Co., Ltd.
      - Clover Trading Co., Ltd.
      - Alliance Seafoods, Inc.
      - Best Cold Chain Co., Ltd.
      - Syvde Eiendom AS
      - Hofseth Aqua AS
      - HIYR AS
      - Aqua Shipping AS
      - Aspoy AS

      Among the consolidated subsidiaries mentioned above, Aspoy AS was included in the scope of consolidation due to the acquisition of its shares in the fiscal year under review.
   (2) Number of unconsolidated subsidiaries: 3
      Names of major unconsolidated subsidiaries:
      - Global Agency Co., Ltd.
      - Yokorei Co., Ltd.
      - PAX REIZO Co., Ltd.
   (3) Reason for excluding from the scope of consolidation:
      Global Agency Co., Ltd., Yokorei Co., Ltd. and PAX REIZO Co., Ltd. were excluded from consolidation because they are small in size, and their total assets, net sales, profit/loss (amounts proportionate to the Company’s equity interest) and retained earnings (amount proportionate to the Company’s equity interest) are of minor importance for the consolidated financial statements.

2. Application of the equity method
   The equity method was not applied to three (3) unconsolidated subsidiaries and three (3) affiliates (Kobe Danchi Reizo Co., Ltd., Diamond Tokachi K.K. and one other company) because they are of minor importance in terms of the bearing of their profit/loss (amounts proportionate to the Company’s equity interest) and retained earnings (amount proportionate to the Company’s equity interest) for the consolidated financial statements, and in terms of their position within the whole Yokohama Reito Group.

3. Fiscal year-end date of consolidated subsidiaries and related matters
   Clover Trading Co., Ltd. and Alliance Seafoods, Inc. of the consolidated subsidiaries have the same fiscal year-end date as the consolidated fiscal year-end date.
   The fiscal year period of Syvde Eiendom AS, Hofseth Aqua AS, HIYR AS, Aqua Shipping AS and Aspoy AS ends on December 31, while the fiscal year period of Thai Yokorei Co., Ltd. and Best Cold Chain Co., Ltd. ends on June 30.
   In the preparation of the consolidated financial statements, the financial statements based on the provisional settlement of accounts conducted as of June 30 were used for Syvde Eiendom AS, Hofseth Aqua AS, HIYR AS, Aqua Shipping AS and Aspoy AS.

The consolidated financial statements have consolidated the financial statements of Thai Yokorei Co., Ltd. and Best Cold Chain Co., Ltd. as of their respective fiscal year-end dates.
For important transactions that took place during the period between the above fiscal year-end dates of each company and the consolidated year-end date, adjustments necessary for consolidation were performed.

4. Accounting Policies

(1) Valuation standards / methods for principal assets

1) Securities

Shares in subsidiaries and affiliated companies:
Moving-average cost method

Available-for-sale securities:
For which market value is available:
The present market value is recorded based on the market prices etc. at the fiscal year-end date. (Valuation differences between this and acquisition cost were incorporated into net assets in full. Costs of securities sold were computed with the moving-average cost method.)
For which market value is not available:
Valued using the moving-average cost method

2) Derivatives

The market value method

3) Inventories

Merchandise:
The cost accounting method is mainly applied based on gross average for each month. (The value recorded on the balance sheets is computed with devaluation treatment based on reduction of profitability.)

(2) Depreciation and amortization of principal depreciable assets

1) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries mainly use the declining-balance method. Overseas consolidated subsidiaries use the straight-line method.
The straight-line method, however, is used for buildings (except for facilities attached to buildings) acquired by the Company or its domestic consolidated subsidiaries on or after April 1, 1998, and facilities attached to buildings and structures acquired by the Company or its domestic consolidated subsidiaries on or after April 1, 2016.

The useful lives of property, plant and equipment are as follows:
Buildings and structures: 5-50 years
Machinery, equipment and vehicles: 4-17 years

2) Intangible fixed assets (excluding leased assets)

The straight-line method is used.
The cost of computer software developed or obtained for internal use is amortized using the straight-line method over its estimated internal useful life (5 years).

3) Leased assets

Leased assets associated with finance leases for which ownership of the leased assets does not transfer to the lessee:

The straight-line method is employed assuming that the lease period equals the estimated useful life and the residual value at the end of the lease term is nil.

(3) Accounting standards for principal provisions and allowances

1) Allowance for doubtful accounts

Allowances for general doubtful accounts are set aside on the basis of historical losses experienced on receivables/loans. For bankruptcy/reorganization claims and certain receivables/loans for which default is expected, allowances are recorded in the estimated unrecoverable amounts in consideration of the obligor’s financial position.

2) Accrued employees’ bonuses

To use for the payment of bonuses to employees, a provision is recorded in the amount deemed to have accrued during the fiscal year under review.

3) Accrued bonuses for directors and corporate auditors

To prepare for the payment of bonuses to directors and corporate auditors, a provision is recorded based on the amount deemed to have accrued during the fiscal year under review.

4) Provision for Executive Compensation BIP Trust

To prepare for the future delivery of the Company’s stocks to the directors, a provision is recorded based on the amount of stock expected to be delivered, commensurate with the points accumulated by each director, in accordance with the Stock Delivery Regulations.

(4) Accounting treatment for retirement benefits

1) The method for attributing projected retirement benefits to periods of employee service

In calculating retirement benefit obligations, the benefit formula basis is used to attribute projected retirement benefits for the period up to the end of the fiscal year under review.

2) Treatment of actuarial differences as expenses

Any actuarial gain/loss is charged to expenses from the fiscal year following its incurrence using the straight-line method over a certain number of years (10 years) within average remaining years of service of the employees when incurred.

Some domestic consolidated subsidiaries use simplified accounting methods.

(5) Accounting method for principal hedges

1) Hedge accounting

Deferral hedge accounting is used.

Receivables and payables denominated in foreign currencies with forward exchange contract are translated and allocated at a predetermined rate if they meet specific conditions for such treatment.

Interest rate swap contracts are accounted for using the special accounting method if they meet specific conditions for such treatment.

2) Hedging instruments and hedged items

a. Hedging instruments: Forward exchange transactions

Hedged items: Receivables and payables denominated in foreign currencies arising from export/import of merchandise as

	well as forecasted transactions denominated in foreign currencies
b. Hedging instruments:	Interest rate swap contracts and currency swap contracts
Hedged items:	Loans payable and loans receivable

3) Hedging policy

In accordance with internal regulations, the Company utilizes hedging instruments against future risk of interest rate fluctuations and foreign exchange fluctuations. The Company has a policy of not utilizing derivative contracts for speculation purposes.

4) Method for evaluating effectiveness of hedges

Evaluation of effectiveness of hedges is omitted for forecasted transactions because those transactions are hedged with forward exchange transactions in the same currency to thoroughly offset the future effects of foreign currency fluctuations.

Evaluation of effectiveness is also omitted for interest rate swap transactions which are accounted for using the special accounting method.

(6) Translation of principal assets and liabilities denominated in foreign currencies into yen

Monetary receivables and payables denominated in foreign currencies are translated into yen based on the spot exchange rate in the foreign exchange market on the consolidated year-end date, and the foreign exchange differences from the translations are recognized in profit or loss. Assets and liabilities and revenues and expenses of overseas subsidiaries are translated into yen based on the spot exchange rate in the foreign exchange market on the fiscal year-end date, and the differences resulting from these translations are included in foreign currency translation adjustments and non-controlling interests under net assets.

(7) Amortization of goodwill

Goodwill is amortized with the straight-line method over ten (10) to fifteen (15) years.

(8) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, bank deposits which can be withdrawn at any time, and short-term investments with maturities of three months or less at the date of acquisition that can be easily converted into money and are subject to a minor risk of fluctuation in value.

(9) Other significant information regarding the preparation of consolidated financial statements

Accounting methods for consumption tax:

Consumption tax and local consumption tax are accounted for using the tax-excluded method.

Segment Information

a. Business segment information

1. Overview of reportable segment

The Company's reportable segments are components of the Company about which separate financial information is available and subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance. The Company has three reportable segments categorized by the type of service provided, namely "Refrigerated warehousing business," "Food sales business," and "Other businesses."

Operations in each segment are as follows.

1) Refrigerated warehousing business includes cool storage and frozen storage operations of marine, livestock, and other products as well as related operations.
2) Food sales business includes wholesale sales, processing operations, etc. of marine, livestock, and other products.
3) Other businesses include real estate leasing operations etc.

2. Calculation of net sales, profit/loss, assets, liabilities, and other items by reportable segment

Accounting methods applied in reportable business segments largely correspond to what is set forth in *Significant Information Regarding the Preparation of Consolidated Financial Statements*.

Reportable segment profit is based on operating income. Intersegment sales or transfers are based on prices of trading with third parties.

3. Net sales, profit/loss, assets, liabilities, and other items by reportable segment
(October 1, 2016 – September 30, 2017)

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated financial statements*2
	Refrigerated warehousing	Food sales	Other	Total		
Net sales						
Sales to outside customers	25,331	133,655	58	159,045	-	159,045
Intersegment sales or transfers	1,708	-	43	1,752	(1,752)	-
Total	27,040	133,655	101	160,797	(1,752)	159,045
Segment profit	5,695	1,904	57	7,656	(2,476)	5,179
Segment assets	77,490	81,775	1,495	160,761	12,938	173,699
Other items						
Depreciation and amortization*3	4,223	272	9	4,505	194	4,699
Amortization of goodwill	34	600	-	634	-	634
Increase in property, plant and equipment and intangible fixed assets*3	7,489	2,672	0	10,162	149	10,312

Notes: 1. Details of adjustments are as follows:

1) The minus 2,476 million yen adjustment for segment profit was unallocated corporate expenses, consisting principally of general administrative expenses that are not attributable to reportable segments.

2) The 12,938 million yen adjustment for segment assets was unallocated corporate assets, consisting principally of working funds (cash and deposits) and long-term investment funds (investment securities etc.) of the Company.

3) The 194 million yen adjustment for depreciation/amortization was for unallocated corporate assets.

4) The 149 million yen adjustment for increase in property, plant and equipment and intangible fixed assets was an increase in unallocated corporate assets.

2. Segment profit was adjusted based on operating income reported on the consolidated financial statements for the corresponding period.

3. Depreciation and amortization and increase in property, plant and equipment and intangible fixed assets include long-term prepaid expenses and their amortization expenses.

(October 1, 2017 – September 30, 2018)

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated financial statements*2
	Refrigerated warehousing	Food sales	Other	Total		
Net sales						
Sales to outside customers	26,344	145,370	57	171,772	-	171,772
Intersegment sales or transfers	1,954	-	41	1,995	(1,995)	-
Total	28,298	145,370	98	173,768	(1,995)	171,772
Segment profit	6,069	1,202	54	7,326	(2,500)	4,825
Segment assets	80,785	92,997	1,486	175,270	11,521	186,791
Other items						
Depreciation and amortization*3	4,433	405	8	4,847	207	5,054
Amortization of goodwill	34	606	-	640	-	640
Increase in property, plant and equipment and intangible fixed assets*3	7,952	4,002	-	11,954	169	12,123

Notes: 1. Details of adjustments are as follows:

1) The minus 2,500 million yen adjustment for segment profit was unallocated corporate expenses, consisting principally of general administrative expenses that are not attributable to reportable segments.

2) The 11,521 million yen adjustment for segment assets was unallocated corporate assets, consisting principally of working funds (cash and deposits) and long-term investment funds (investment securities etc.) of the Company.

3) The 207 million yen adjustment for depreciation/amortization was for unallocated corporate assets.

4) The 169 million yen adjustment for increase in property, plant and equipment and intangible fixed assets was an increase in unallocated corporate assets.

2. Segment profit was adjusted based on operating income reported on the consolidated financial statements for the corresponding period.

3. Depreciation and amortization and increase in property, plant and equipment and intangible fixed assets include long-term prepaid expenses and their amortization expenses.

b. Related information

(October 1, 2016 – September 30, 2017)

1. Information by product and service

Information was omitted from disclosure because *Segment Information* above presents the same information.

2. Information by geographic area

1) Net sales

(Millions of yen)

Japan	North America	Northern Europe	Asia	Other	Total
134,031	11,562	6,461	5,979	1,011	159,045

2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Northern Europe	Total
66,493	7,180	4,473	78,147

3. Information by major customer

Information was omitted from disclosure because no outside customer accounts for 10% or higher of total net sales in the consolidated statements of income.

(October 1, 2017 – September 30, 2018)

1. Information by product and service

Information was omitted from disclosure because *Segment Information* above presents the same information.

2. Information by geographic area

1) Net sales

(Millions of yen)

Japan	North America	Asia	Northern Europe	Other	Total
133,689	17,009	9,701	9,576	1,795	171,772

2) Property, plant and equipment

(Millions of yen)

Japan	Northern Europe	Asia	Total
70,064	8,250	6,924	85,239

3. Information by major customer

Information was omitted from disclosure because no outside customer accounts for 10% or higher of total net sales in the consolidated statements of income.

c. Impairment loss on noncurrent assets by reportable segment

(October 1, 2016 – September 30, 2017)
Not applicable

(October 1, 2017 – September 30, 2018)
Not applicable

d. Amortization expense for and unamortized balance of goodwill by reportable segment

(October 1, 2016 – September 30, 2017)

(Millions of yen)

	Refrigerated warehousing	Food sales	Other	Sub total	Elimination/ corporate	Total
Amortization expense	34	600	-	634	-	634
Unamortized balance	231	7,322	-	7,553	-	7,553

(October 1, 2017 – September 30, 2018)

(Millions of yen)

	Refrigerated warehousing	Food sales	Other	Sub total	Elimination/ corporate	Total
Amortization expense	34	606	-	640	-	640
Unamortized balance	196	6,835	-	7,032	-	7,032

e. Gain on negative goodwill by reportable segment

(October 1, 2016 – September 30, 2017)
Not applicable

(October 1, 2017 – September 30, 2018)
Not applicable

(Per-Share Information)

	Year ended September 30, 2017	Year ended September 30, 2018
	yen	yen
Net assets per share	1,298.88	1,321.87
Profit attributable to owners of the parent per share	64.28	59.63
Profit attributable to owners of the parent per share (diluted)	56.83	-

Notes: 1. As of September 30, 2018, there were no dilutive shares, as the convertible bonds were redeemed at maturity on July 17, 2018. Accordingly, information on profit attributable to owners of the parent per share (diluted) for the year ended September 30, 2018 is omitted, as there were no dilutive shares.

2. Profit attributable to owners of the parent per share and profit attributable to owners of the parent per share (diluted) were calculated based on the following:

	Year ended September 30, 2017	Year ended September 30, 2018
Profit attributable to owners of the parent per share		
Profit attributable to owners of the parent (millions of yen)	3,360	3,343
Amount not attributable to common stock shareholders (millions of yen)	-	-
Profit attributable to owners of the parent related to common stock (millions of yen)	3,360	3,343
Average number of shares outstanding (thousands of shares)	52,277	56,062
Profit attributable to owners of the parent per share (diluted)		
Adjustment of profit attributable to owners of the parent (millions of yen)	-	-
Increase in the number of shares of common stock (thousands of shares)	6,845	3,088
Of which, Convertible bonds (thousands of shares)	(6,845)	(3,088)

Note: In the calculation of profit attributable to owners of the parent per share, the Company's shares held in the Executive Compensation BIP Trust were included in the treasury stock to be deducted in the calculation of the average number of shares outstanding (362,300 shares for the fiscal year ended September 30, 2017; 332,946 shares for the fiscal year ended September 30, 2018).

(Significant Subsequent Events)

Not applicable