

Consolidated Summary Report <under IFRS>

For the nine months ended September 30, 2019

October 31, 2019

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya
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Quarterly securities report issuing date: November 14, 2019
 Supplemental information for financial statements: Available
 Schedule for "investor meeting presentation": None

Dividend payment date: -

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Data for the nine months ended September 30, 2019

(1) Operation Results (% represents the change from the same period in the previous fiscal year.)

	Revenue		Core Operating Income		Operating Income		Net Income Attributable to Shareholders of Parent		Comprehensive Income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended										
September 30, 2019	134,565	(2.6)	9,030	(8.2)	10,916	(1.0)	7,971	6.4	7,268	35.5
September 30, 2018	138,209	—	9,841	—	11,029	—	7,490	—	5,365	—

	Earnings Per Share		Diluted Earnings per Share	
	yen		yen	
Nine months ended				
September 30, 2019	89.81		89.70	
September 30, 2018	84.51		84.43	

(Reference) Core Operating Income is the profit index which measures constant business performance by deducting cost of sales and selling, general and administrative expenses from revenue plus share of loss (profit) of entities accounted for using equity method.

(2) Financial Conditions

	Total Assets		Total Net Assets		Net Assets Attributable to KAGOME Shareholders		Net Assets Attributable to KAGOME Shareholders to Total Net Assets	
	million yen	%	million yen	%	million yen	%	%	
As of								
September 30, 2019	193,603		107,277		104,546		54.0	
December 31, 2018	199,826		103,363		100,261		50.2	

2. Dividends on Common Stock

	Dividends per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended					
December 31, 2018	—	—	—	40.00	40.00
December 31, 2019	—	—	—		
Fiscal year ending					
December 31, 2019(Forecast)				35.00	35.00

(Reference) Correction from the dividend forecast, which is published in the most recent: None

(Reference) Fiscal year ended December 31, 2018: Ordinary dividend: 30.00yen; Anniversary dividend: 10.00yen

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2019

(% represents the change from the same period in the previous fiscal year)

	Revenue		Core Operating Income		Operating Income		Net Income Attributable to Shareholders of Parent		Earnings Per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
For the year ending									
December 31, 2019	189,000	2.4	12,600	1.6	13,600	11.2	9,500	5.6	107.10

(Reference) Correction from the consolidated forecast, which is published in the most recent: None

	Revenue		Core Operating Income		Operating Income		Net Income Attributable to Shareholders of Parent		Earnings Per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
For the year ended									
December 31, 2018	184,595	—	12,400	—	12,228	—	8,998	—	101.50

(Reference) This is actual result of fiscal year ended December 31, 2018 under IFRS.

4. Other

(1) Changes in significant subsidiaries during the year: Yes

New companies: None Excluded companies: 1 (Kagome Distribution Service Co., Ltd)

Note: This section shows whether or not there is a change in Specified Subsidiaries (“*tokutei kogaisha*” in Japanese) that led to the change of the consolidation scope during the year.

The Company and four other food manufacturers established an integrated physical distribution company on April 1st 2019.

In this process, Kagome Distribution Service Co., Ltd has been no longer one of our consolidated subsidiaries because of the merger that defines AJINOMOTO Logistics Co., LTD as merging company.

(2) Changes in accounting policies, procedures, estimates, retrospective restatements, etc.

(A) Changes due to applying IFRS: None

(B) Changes due to reasons other than (A): None

(C) Changes in accounting estimates: None

(3) Number of shares outstanding (common shares):

(A) Total stocks outstanding

including treasury stocks:

Sep. 30, 2019	94,366,944 shares	Dec. 31, 2018	99,616,944 shares
Sep. 30, 2019	5,559,593 shares	Dec. 31, 2018	10,910,869 shares
Sep. 30, 2019	88,807,351 shares	Dec. 31, 2018	88,706,075 shares
9 months ended Sep. 30, 2019	88,756,237 shares	9 months ended Sep.30, 2018	88,641,707 shares

(B) Treasury stocks:

(C) Total stocks outstanding

excluding treasury stocks:

(D) Average outstanding stocks:

* This “Consolidated Summary Report” (“Tanshin”) is outside the scope of the external audit.

* Notes for using forecasted information etc.

(Applying IFRS)

Our group has applied IFRS from the first quarter of fiscal year ending December 31, 2019. Therefore, numerical values of previous fiscal year in this financial summary report are based upon IFRS as a whole.

(Caution regarding forward-looking statements)

This financial summary report contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the company and/or the group as a whole (the “forward-looking statements”). The forward-looking statements are made based upon, among other things, the company’s current estimations, perceptions and evaluations. Accordingly, due to various risks and uncertainties, the statements and assumptions are inherently not guarantees of future performance, may be considered differently from alternative perspectives and may result in material differences from the actual result.

(Method for obtaining supplemental information for financial statements)

Supplementary information will be published on TD-net for viewing in Japan, and on Kagome’s Website.

1. Qualitative Information Regarding Financial Results for the First Nine Months under Review

The Group adopted IFRS from the first three months under review on a consolidated basis, and makes comparative analysis with numerical values for the first nine months of the previous fiscal year and the previous consolidated fiscal year by changing them to IFRS.

(1) Explanation of operating results

The Company aims to become a “strong company that can maintain sustainable growth by resolving social issues through food” under the three-year mid-term management plan starting from the fiscal year ending December 2019. The Company makes efforts to further enhance its corporate value by working on the basic strategies in the mid-term management plan, namely (1) continuous enhancement of earnings power and (2) growth by tackling new businesses and new domains.

For the first nine months under review (January 1, 2019 to September 30, 2019) on a consolidated basis, revenue* declined year on year particularly in the beverages and agriculture businesses, and core operating income* decreased. The Company also posted a 1,692 million yen gain on transfer of business as other income when Kagome Distribution Service Co., Ltd., a physical distribution subsidiary, was integrated with a new physical distribution company, F-LINE Corporation.

As a result, for the first nine months under review on a consolidated basis, revenue decreased to 134,565 million yen, down 2.6% year on year, core operating income decreased to 9,030 million yen, down 8.2% year on year, operating income decreased to 10,916 million yen, down 1.0% year on year, and net income attributable to shareholders of parent increased to 7,971 million yen, up 6.4% year on year.

* Revenue is presented by directly deducting sales rebates, which were presented in selling, general and administrative expenses in the past. Core Operating Income is the profit index which measures recurring business performance by deducting cost of sales and selling, general and administrative expenses from revenue plus share of profit (loss) of entities accounted for using the equity method.

The business results by segment are as outlined below.

(Million yen)

Name of segment	Revenue			Core operating income (loss)		
	First nine months of the previous fiscal year	First nine months under review	Change	First nine months of the previous fiscal year	First nine months under review	Change
Beverages	55,564	54,495	(1,068)	4,967	4,408	(558)
Food, etc.	44,137	43,947	(189)	3,941	3,949	7
Processed food in total	99,701	98,443	(1,258)	8,908	8,357	(551)
Agriculture	8,669	7,221	(1,447)	(246)	(309)	(62)
Others	12,676	3,872	(8,803)	575	374	(200)
Elimination adjustments (Note 1)	(11,774)	(2,884)	8,890	—	—	—
Domestic business in total	109,272	106,653	(2,619)	9,237	8,423	(814)
International business	33,974	32,601	(1,373)	603	606	3
Elimination adjustments (Note 2)	(5,037)	(4,688)	348	—	—	—
Total	138,209	134,565	(3,643)	9,841	9,030	(810)

(Notes) 1. Revenue between segments within the domestic business is eliminated.

2. Revenue between the domestic business and the international business is eliminated.

<Domestic Business>

Revenue of the domestic business decreased to 106,653 million yen, down 2.4% year on year, and core operating income decreased to 8,423 million yen, down 8.8% year on year. Operating performance by business is as shown below.

(1) Processed food business

In the processed food business, the Company manufactures and sells beverages, condiments and other products.

Revenue of this business decreased to 98,443 million yen, down 1.3% year on year, and core operating income decreased to 8,357 million yen, down 6.2% year on year.

[Beverages: Yasai Seikatsu 100 series, tomato juice and others]

In the Yasai Seikatsu 100 series, Yasai Seikatsu 100 Apple Salad, a new product with a clear target, performed well. Sales of tomato juice also remained firm, with functional claims proving effective in encouraging people to drink it routinely.

The Company revised the prices of certain large-sized Yasai Seikatsu 100 Series products and tomato juice products from July. However, demand weakened temporarily mainly due to the unseasonable weather in July.

As a result, revenue of the beverages category fell to 54,495 million yen, down 1.9% year on year, and core operating income fell to 4,408 million yen, down 11.2% year on year.

[Food, etc.: tomato ketchup, condiment, sauces, beverages for direct marketing sales/gifts and others]

Tomato ketchup showed steady sales as we conducted integrated promotion activities beyond the categories of consumer use and institutional and industrial use, such as the Omelet rice Stadium held in May 2019.

In the category of institutional and industrial use, sales of products for home-meal replacements for volume retailers increased, but sales of products produced under contracts for convenience stores decreased.

In products for direct marketing sales, in addition to the core beverage Tsubuyori Yasai, potage for savoring the taste of vegetables and supplements as foods with function claims continued to perform strongly.

Accordingly, revenue in the category of food, etc. fell to 43,947 million yen, down 0.4% year on year. Core operating income rose to 3,949 million yen, up 0.2% year on year.

(2) Agriculture business

In the agriculture business, the Company mainly produces and sells fresh tomatoes, mesclun greens, etc.

This fiscal year, the Company is continued to focus on improving the revenue structure.

In the first three months, the supply volume of fresh tomatoes declined more than expected due to lack of sunshine. Since then, the Company has been implementing initiatives to control the supply volume of fresh tomatoes according to market conditions.

As a result, revenue of this business decreased to 7,221 million yen, down 16.7% year on year, and the business posted a core operating loss of 309 million yen (compared to a core operating loss of 246 million yen in the same period of the previous year).

(3) Other businesses

Other businesses include transportation and warehousing (*), real estate leasing, contracted service businesses and others.

Revenue declined to 3,872 million yen, down 69.4% year on year, and the core operating income was 374 million yen, down 34.8% year on year.

* In April 2019, the Company and four other food manufacturers established an integrated physical distribution company for the purpose of promoting collaborative initiatives among food manufacturers toward the resolution of worsening problems with the physical distribution of food, including a sharp rise in logistics expenses.

Because Kagome Distribution Service Co., Ltd., a physical distribution subsidiary, was integrated with F-LINE Corporation, associated with this reorganization of the distribution business, Kagome Distribution Service Co., Ltd. was excluded from the scope of consolidation. Therefore, the results of Kagome Distribution Service Co., Ltd. for three months from January 2019 to March 2019 were consolidated in the first nine months of fiscal 2019.

<International Business>

Our international business encompasses the development of tomato seeds, firming, product development, processing and sales.

The operating performance of the major subsidiaries in local currencies is as outlined below.

KAGOME INC. (United States) saw growth in sales but a decline in income due to a rise in personnel expenses, although sales of tomato paste and other products to the Group increased. Holding da Industria Transformadora do Tomate, SGPS S.A. (Portugal) enjoyed a rise in sales and income as the company strengthened profitability management by customer. Kagome Australia Pty Ltd. (Australia) posted declines in both sales and income due to a decrease in inter-group transactions despite solid sales to major customers.

United Genetics Holdings LLC (United States) posted higher sales and income thanks to a solid performance in the business of raising seedlings in Turkey.

Accordingly, revenue of this business fell to 32,601 million yen, down 4.0% year on year, and core operating income rose to 606 million yen, up 0.5% year on year.

(2) Explanation of the financial position

For the third quarter under review on a consolidated basis, total assets decreased by 6,223 million yen from the end of the previous fiscal year.

Current assets decreased by 11,391 million yen from the end of the previous fiscal year.

This decrease was caused by a decrease in cash and cash equivalents of 11,785 million yen mainly due to the payment of dividends and income taxes and the repayment of interest-bearing debt, a decrease in trade and other receivables of 2,057 million yen due to seasonal factors and a decrease in assets held for sale of 1,266 million yen associated with the reorganization of the distribution business, although inventories increased 3,959 million yen due to seasonal factors.

Non-current assets increased by 5,168 million yen from the end of the previous fiscal year.

This was mainly due to an increase in investments accounted for using the equity method of 4,047 million yen, primarily as a result of acquiring shares of subsidiaries and associates along with the reorganization of the distribution business, an increase in intangible assets of 483 million yen primarily due to the renewal of backbone systems, and an increase in other financial assets of 520 million yen mainly due to a rise in the market value of stockholdings.

Liabilities declined by 10,136 million yen from the end of the previous fiscal year.

This decline was caused by a decrease in borrowings of 5,881 million yen due to repayments, a decrease in income taxes payable of 3,024 million yen as a result of payments and a decrease in liabilities related to assets held for sale of 1,617 million yen associated with the reorganization of the distribution business.

Equity increased by 3,913 million yen from the end of the previous fiscal year. This increase was attributable to a result of a rise of 7,971 million yen due to net income attributable to shareholders of parent, and a decrease of 3,558 million yen due to dividends of surplus.

As a result, the ratio of equity attributable to shareholders of the parent was 54.0%, and equity attributable to shareholders of the parent per share was 1,177.23 yen.

(Qualitative information regarding the state of consolidated cash flow)

Cash and cash equivalents for the first nine months under review on a consolidated basis were 17,622 million yen, with a decrease of 11,785 million yen from the end of the previous fiscal year. The state of each cash flow is as explained below.

Cash flow from operating activities resulted in net cash of 4,272 million yen provided by operating activities (net cash of 10,764 million yen provided by operating activities a year earlier). The main factors were profit before income taxes of 10,850 million yen, and depreciation and amortization of 4,654 million yen (net cash provided by operating activities), as well as cash used in the payment of income taxes of 5,955 million yen (net cash used in operating activities).

Cash flow from investing activities resulted in net cash of 7,100 million yen used in investing activities (net cash of 4,763 million yen used in investing activities a year earlier). The main factor was cash used in the acquisition of property, plant and equipment and intangible assets (including investment real estate) of 7,485 million yen.

Cash flow from financing activities resulted in net cash of 8,831 million yen used in financing activities (net cash of 7,767 million yen used in financing activities a year earlier). The main factors were cash used in the repayment of borrowings (5,055 million yen) and the payment of dividends (3,551 million yen).

(3) Explanation of the consolidated forecasts and other forward-looking forecasted information

No revision is made to the forecasted information for the full year of the current consolidated fiscal year announced on January 31, 2019.

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2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of Yen			Thousands of U.S. dollars
	As of Jan. 1, 2018	As of Dec. 31, 2018	As of Sep. 30, 2019	As of Sep. 30, 2019
Assets				
Current assets:				
Cash and cash equivalents	¥ 21,550	¥ 29,408	¥ 17,622	\$ 164,692
Trade and other receivables	40,524	41,329	39,272	367,028
Inventories	42,263	42,007	45,967	429,598
Income taxes receivable	288	572	409	3,822
Other financial assets	3,168	674	561	5,243
Other current assets	2,065	2,339	2,374	22,187
Assets held for sale	-	1,266	-	-
Total current assets	109,861	117,598	106,206	992,579
Non-current assets:				
Property, plant and equipment	49,596	53,541	53,673	501,617
Intangible assets	2,188	2,597	3,081	28,794
Other financial assets	26,517	13,291	13,811	129,075
Investments accounted for using the equity method	4,231	4,142	8,190	76,542
Other non-current assets	7,663	6,422	6,449	60,271
Deferred tax assets	231	2,232	2,190	20,467
Total non-current assets	90,428	82,227	87,396	816,785
Total assets	¥ 200,290	¥ 199,826	¥ 193,603	\$ 1,809,374
Liabilities				
Current liabilities:				
Trade and other payables	¥ 31,353	¥ 31,725	¥ 31,098	\$ 290,636
Borrowings	22,665	24,026	18,144	169,570
Income taxes payable	3,916	3,616	591	5,523
Other financial liabilities	89	91	153	1,430
Other current liabilities	7,080	7,114	8,604	80,411
Liabilities related to assets held for sale	-	1,617	-	-
Total current liabilities	65,105	68,191	58,592	547,589
Non-current liabilities:				
Long-term debt	14,154	12,910	12,472	116,561
Other financial liabilities	4,703	4,315	4,299	40,178
Retirement benefit liability	5,045	5,291	5,321	49,729
Provisions	1,683	1,340	1,409	13,168
Other non-current liabilities	741	1,051	1,066	9,963
Deferred tax liabilities	5,043	3,360	3,164	29,570
Total non-current liabilities	31,371	28,271	27,732	259,178
Net Assets:				
Share capital	19,985	19,985	19,985	186,776
Capital surplus	22,467	22,563	22,635	211,542
Treasury shares	(26,985)	(26,739)	(13,629)	(127,374)
Other components of equity	11,892	2,693	2,192	20,486
Retained earnings	72,530	81,759	73,363	685,636
Equity attributable to owners of parent	99,889	100,261	104,546	977,065
Non-controlling interests	3,923	3,102	2,730	25,514
Total net assets	103,813	103,363	107,277	1,002,589
Total liabilities and net assets	¥ 200,290	¥ 199,826	¥ 193,603	\$ 1,809,374

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2019.

(2) Consolidated Statements of Income (9 months)

	Millions of Yen		Thousands of U.S. dollars
	Nine months ended Sep. 30, 2018	Nine months ended Sep. 30, 2019	Nine months ended Sep. 30, 2019
Revenue	¥ 138,209	¥ 134,565	\$ 1,257,617
Cost of sales	88,407	86,309	806,626
Gross profit	49,801	48,256	450,991
Selling, general and administrative expenses	40,015	39,339	367,654
Equity gains of affiliated companies	54	113	1,056
Core Operating income	9,841	9,030	84,393
Other income	1,788	2,104	19,664
Other expenses	600	218	2,037
Operating income	11,029	10,916	102,019
Finance income	487	365	3,411
Finance costs	389	431	4,028
Profit before income taxes	11,127	10,850	101,402
Income taxes	3,622	2,983	27,879
Net income	7,505	7,866	73,514
Net income attributable to:			
Owners of parent	7,490	7,971	74,495
Non-controlling interests	14	(104)	(972)
Total	¥ 7,505	¥ 7,866	\$ 73,514
Amounts per share of common stock:			
Net income	¥ 84.51	¥ 89.81	\$ 0.84
Diluted net income	¥ 84.43	¥ 89.70	\$ 0.84

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2019.

(2) Consolidated Statements of Income (3 months)

	Millions of Yen		Thousands of U.S. dollars
	Three months ended Sep. 30, 2018	Three months ended Sep. 30, 2019	Three months ended Sep. 30, 2019
Revenue	¥ 47,880	¥ 46,045	\$ 430,327
Cost of sales	30,075	29,100	271,963
Gross profit	17,804	16,945	158,364
Selling, general and administrative expenses	13,108	13,408	125,308
Equity gains of affiliated companies	(11)	64	598
Core Operating income	4,685	3,600	33,645
Other income	99	239	2,234
Other expenses	349	104	972
Operating income	4,435	3,736	34,916
Finance income	154	61	570
Finance costs	114	127	1,187
Profit before income taxes	4,475	3,670	34,299
Income taxes	1,572	1,265	11,822
Net income	2,903	2,404	22,467
Net income attributable to:			
Owners of parent	3,050	2,511	23,467
Non-controlling interests	(146)	(106)	(991)
Total	¥ 2,903	¥ 2,404	\$ 22,467
Amounts per share of common stock:			
Net income	¥ 34.40	¥ 28.28	\$ 0.26
Diluted net income	¥ 34.37	¥ 28.25	\$ 0.26

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2019.

(3) Consolidated Statements of Comprehensive Income (9 months)

	Millions of Yen		Thousands of
	Nine months ended Sep. 30, 2018	Nine months ended Sep. 30, 2019	U.S. dollars
Net income	¥ 7,505	¥ 7,866	\$ 73,514
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	-	-	-
Financial assets measured at fair value through other comprehensive income	(1,192)	887	8,290
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-
Total	(1,192)	887	8,290
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	172	(1,181)	(11,037)
Cash flow hedges costs	(291)	782	7,308
Exchange differences on translation of foreign operations	(829)	(1,085)	(10,140)
Share of other comprehensive income of investments accounted for using equity method, net of tax	0	(0)	(3)
Total	(947)	(1,485)	(13,879)
Other comprehensive income	(2,140)	(597)	(5,579)
Comprehensive income	5,365	7,268	67,925
Comprehensive income attributable to:			
Owners of parent	5,549	7,562	70,673
Non-controlling interests	(184)	(294)	(2,748)
Total	¥ 5,365	¥ 7,268	\$ 67,925

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2019.

(3) Consolidated Statements of Comprehensive Income (3 months)

	Millions of Yen		Thousands of
	Three months ended Sep. 30, 2018	Three months ended Sep. 30, 2019	U.S. dollars Three months ended Sep. 30, 2019
Net income	¥ 2,903	¥ 2,404	\$ 22,467
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	-	-	-
Financial assets measured at fair value through other comprehensive income	(648)	299	2,794
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-
Total	<u>(648)</u>	<u>299</u>	<u>2,794</u>
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	665	(455)	(4,252)
Cash flow hedges costs	(209)	183	1,710
Exchange differences on translation of foreign operations	414	(156)	(1,458)
Share of other comprehensive income of investments accounted for using equity method, net of tax	0	(0)	(0)
Total	<u>870</u>	<u>(427)</u>	<u>(3,991)</u>
Other comprehensive income	<u>222</u>	<u>(127)</u>	<u>(1,187)</u>
Comprehensive income	<u>3,125</u>	<u>2,276</u>	<u>21,271</u>
Comprehensive income attributable to:			
Owners of parent	3,222	2,421	22,626
Non-controlling interests	(96)	(144)	(1,346)
Total	<u>¥ 3,125</u>	<u>¥ 2,276</u>	<u>\$ 21,271</u>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2019.

(4) Consolidated Statements of Changes in Net Assets

Millions of Yen

	Interests attributable to shareholders of parent											Non-controlling interests	Total Net Assets	
	Common stock	Capital surplus	Treasury stock	Other components of equity						Retained earnings	Total			
				Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges	Cash flow hedges costs	Exchange differences on translation of foreign operations	Total					
Balance, January 1, 2018	¥ 19,985	¥ 22,467	¥ (26,985)	¥ 9,499	¥ 2,201	¥ 191				¥ 11,892	¥ 72,530	¥ 99,889	¥ 3,923	¥ 103,813
Net income											7,490	7,490	14	7,505
Other comprehensive income				(1,192)	172	(291)	(630)		(1,941)			(1,941)	(198)	(2,140)
Comprehensive income				(1,192)	172	(291)	(630)		(1,941)		7,490	5,549	(184)	5,365
Transfer to non-financial assets						(1,043)			(1,043)			(1,043)		(1,043)
Repurchase of treasury stock			(1)									(1)		(1)
Disposal of treasury stock			159									159		159
Cancellation of treasury stock														
Cash dividends											(2,668)	(2,668)	(74)	(2,742)
Transactions with non-controlling shareholders													0	0
Share-based compensation		72										72		72
Transfer to retained earnings				(155)					(155)	155				
Other increases or decreases														
Total transactions with shareholders		72	157	(155)					(155)	(2,512)	(2,438)		(74)	(2,512)
Balance, September 30, 2018	¥ 19,985	¥ 22,540	¥ (26,828)	¥ 8,151	¥ 1,330	¥ (100)	¥ (630)		¥ 8,751	¥ 77,508	¥ 101,957	¥ 3,665	¥ 105,622	

Balance, January 1, 2019	¥ 19,985	¥ 22,563	¥ (26,739)	¥ 3,381	¥ 527	¥ (73)	¥ (1,141)		¥ 2,693	¥ 81,759	¥ 100,261	¥ 3,102	¥ 103,363
Net income										7,971	7,971	(104)	7,866
Other comprehensive income				887	(1,181)	782	(896)		(408)		(408)	(189)	(597)
Comprehensive income				887	(1,181)	782	(896)		(408)	7,971	7,562	(294)	7,268
Transfer to non-financial assets						(60)			(60)		(60)		(60)
Repurchase of treasury stock			(2)								(2)		(2)
Disposal of treasury stock		(0)	271								271		271
Cancellation of treasury stock			12,839							(12,839)			
Cash dividends										(3,558)	(3,558)	(77)	(3,635)
Transactions with non-controlling shareholders													
Share-based compensation		72									72		72
Transfer to retained earnings				(31)					(31)	31			
Other increases or decreases													
Total transactions with shareholders		71	13,109	(31)					(31)	(16,366)	(3,217)	(77)	(3,294)
Balance, September 30, 2019	¥ 19,985	¥ 22,635	¥ (13,629)	¥ 4,237	¥ (715)	¥ 708	¥ (2,038)		¥ 2,192	¥ 73,363	¥ 104,546	¥ 2,730	¥ 107,277

Thousands of U.S. Dollars

	Interests attributable to shareholders of parent											Non-controlling interests	Total Net Assets
	Common stock	Capital surplus	Treasury stock	Other components of equity						Retained earnings	Total		
				Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges	Cash flow hedges costs	Exchange differences on translation of foreign operations	Total				
Balance, January 1, 2019	\$ 186,776	\$ 210,869	\$ (249,897)	\$ 31,598	\$ 4,925	\$ (682)	\$ (10,664)		\$ 25,168	\$ 764,103	\$ 937,019	\$ 28,991	\$ 966,009
Net income										74,495	74,495	(972)	73,514
Other comprehensive income				8,290	(11,037)	7,308	(8,374)		(3,813)		(3,813)	(1,766)	(5,579)
Comprehensive income				8,290	(11,037)	7,308	(8,374)		(3,813)	74,495	70,673	(2,748)	67,925
Transfer to non-financial assets						(561)			(561)		(561)		(561)
Repurchase of treasury stock			(19)								(19)		(19)
Disposal of treasury stock		(0)	2,533								2,533		2,533
Cancellation of treasury stock			119,991							(119,991)			
Cash dividends										(33,252)	(33,252)	(720)	(33,972)
Transactions with non-controlling shareholders													
Share-based compensation		673									673		673
Transfer to retained earnings				(290)					(290)	290			
Other increases or decreases													
Total transactions with shareholders		664	122,514	(290)					(290)	(152,953)	(30,065)	(720)	(30,785)
Balance, September 30, 2019	\$ 186,776	\$ 211,542	\$ (127,374)	\$ 39,598	\$ (6,682)	\$ 6,617	\$ (19,047)		\$ 20,486	\$ 685,636	\$ 977,065	\$ 25,514	\$ 1,002,589

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2019.

(5) Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	Nine months ended Sep. 30, 2018	Nine months ended Sep. 30, 2019	Nine months ended Sep. 30, 2019
Cash flows from operating activities:			
Profit before income taxes	¥ 11,127	¥ 10,850	\$ 101,402
Depreciation and amortization	4,214	4,654	43,495
Impairment Losses	174	-	-
Gain on business transfer	-	(1,692)	(15,813)
Interest and dividend income	(466)	(364)	(3,402)
Interest expenses	288	318	2,972
Share of (profit) loss of investments accounted for using the equity method	(30)	(113)	(1,056)
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets	(1,347)	(102)	(953)
(Increase) decrease in trade and other receivables	(759)	1,656	15,477
(Increase) decrease in inventories	(2,114)	(5,103)	(47,692)
Increase (decrease) in trade and other payables	4,193	(1,231)	(11,505)
Other	¥ 1,226	1,270	11,869
Subtotal	16,506	10,140	94,766
Interest and dividends received	408	366	3,421
Interest paid	(292)	(279)	(2,607)
Income taxes paid	(5,857)	(5,955)	(55,654)
Cash flows from operating activities	10,764	4,272	39,925
Cash flows from investing activities:			
Purchase of property, plant and equipment, and intangible assets, including investment property	(7,623)	(7,485)	(69,953)
Proceeds from sales of property, plant and equipment, including investment property	2,487	168	1,570
Purchase of investments in subsidiaries	(121)	-	-
Purchase of other financial assets	(25)	(40)	(374)
Gain on available-for-sale financial assets	656	374	3,495
Other	(137)	(117)	(1,093)
Cash flows from investing activities	(4,763)	(7,100)	(66,355)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(4,085)	(3,798)	(35,495)
Proceeds from long-term borrowings	7,481	1,069	9,991
Repayments of long-term borrowings	(8,304)	(2,326)	(21,738)
Repayments of lease obligations	(276)	(416)	(3,888)
Dividends paid	(2,666)	(3,551)	(33,187)
Dividends paid to non-controlling interests	(74)	(77)	(720)
Other	157	269	2,514
Cash flows from financing activities	(7,767)	(8,831)	(82,533)
Net increase (decrease) in cash and cash equivalents	(1,765)	(11,659)	(108,963)
Cash and cash equivalents at beginning of period	21,550	29,408	274,841
Net increase (decrease) in cash and cash equivalents due to transfer to assets held for sale	(1,052)	-	-
Foreign translation adjustment on cash and cash equivalents	(90)	(126)	(1,178)
Cash and cash equivalents at end of period	¥ 18,642	¥ 17,622	\$ 164,692

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2019.