ANNUAL REPORT 2017

YEAR ENDED
MARCH 31, 2017

Toyo Suisan Kaisha, Ltd.

Smiles for All.

“Food that brings smiles to faces”—
is the message of the Maruchan logo and what the Toyo Suisan Group is all about:
delivering the finest quality, best-tasting food to dining tables everywhere.
Delicious food that brings smiles to faces, and with the same assurance of quality every time.
“Smiles for All.” — in everything we do. That's the Toyo Suisan way.

About the Maruchan logo

Since its debut in 1962, the Maruchan logo has become widely recognized and loved as the symbol for Toyo Suisan’s processed foods among every Japanese age group ranging from small children to the elderly. In 1972, Toyo Suisan established a local subsidiary in the United States and began manufacturing and selling products for North America. Accordingly, products featuring the Maruchan label are highly acclaimed for their flavor both domestically and overseas.

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Forward-looking Statements

In this annual report, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ materially from those anticipated in these statements.

TO OUR SHAREHOLDERS

I would like to begin by expressing my sincere appreciation for our shareholders' continued support. We are pleased to report the business results for Toyo Suisan Kaisha, Ltd., for the fiscal year ended March 31, 2017.

In a severe operating environment, the Toyo Suisan Group seeks to enhance its competitiveness for continued development and to carry out swift reforms. We will also strive to maintain the support and trust of our customers, improve corporate value, and boost shareholder value.

Operating results for the year ended March 2017

During the fiscal year ended March 31, 2017, the Japanese economy continued its gradual recovery, despite a slowing of improvement in some areas, but lack of clarity regarding the economic future still persisted owing to developments such as the slowdown in economic growth centered on emerging nations in Asia and the issue of Britain's departure from the EU, which led to increasing uncertainty with regard to overseas economies.

Under these circumstances, the Toyo Suisan Group (hereafter, the "Group"), has remained committed to its mission "to contribute to society through foods" and "to provide safe and secure foods and services to customers" under the corporate slogan of "Smiles for All." The Group continued to implement further cost reductions and promoted aggressive sales activities in its efforts to face an increasingly competitive sales environment.

As a result, net sales were ¥382,679 million (down 0.2% year on year), operating profit was ¥29,486 million (up 4.1% year on year), ordinary profit was ¥31,147 million (up 5.6% year on year), and profit attributable to owners of parent was ¥20,837 million (up 13.5% year on year).

June 2017

Masanari Imamura

Masanari Imamura
Representative Director and President

CONSOLIDATED FINANCIAL HIGHLIGHTS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
YEARS ENDED MARCH 31, 2016 AND 2017

		Millions of yen		Thousands of U.S. dollars (Note 1)
		2016	2017	2017
For the year:	Net sales	¥383,277	**¥382,679**	**$3,410,990**
	Operating income	28,314	**29,486**	**262,822**
	Net income attributable to owners of parent	18,364	**20,837**	**185,730**
At year-end:	Total assets	¥345,397	**¥361,075**	**$3,218,424**
	Total net assets	266,200	**281,795**	**2,511,766**
Per share of common stock:	Net income	¥179.8	**¥204.0**	**$1.82**
(in yen and U.S. dollars)	Cash dividends	60.0	**60.0**	**0.53**

Dollar amounts represent translations at the rate of ¥112.19 = US$1, the rate prevailing on March 31, 2017.

REVIEW OF OPERATIONS

Seafood Segment

Sales
31,414
million yen

In the Seafood Segment, due to the negative impact of the decrease in the haul of fish and harsher sales competition in the domestic market including sales to convenience stores, segment sales were ¥31,414 million (down 5.0% year on year). Segment profit was ¥191 million (compared with a segment loss of ¥171 million in the previous fiscal year), due to further improvements in the cost of some types of fish such as fish eggs and shrimp used as ingredients.

Overseas Instant Noodles Segment

Sales
73,036
million yen

As for the Overseas Instant Noodles Segment, in the U.S. special sales in mass retailers and the launch of new products were carried out to stimulate demand, but sales declined due to a continued harsh sales environment. In Mexico, while the depreciation of the local currency continues, sales increased due to aggressive sales promotion activities mainly in mass retailers. As a result, segment sales were ¥73,036 million (down 5.5% year on year). Segment profit was ¥11,810 million (down 2.7% year on year), due to the additional sales promotion and personnel expenses, and despite the decrease in raw ingredients costs.

Domestic Instant Noodles Segment

Sales
126,069
million yen

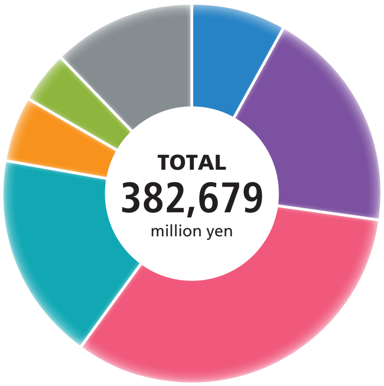
In the Domestic Instant Noodles Segment, cup-type noodle sales remained strong for the Japanese style noodle series, which is centered on key branded products *Akai Kitsune Udon* and *Midori no Tanuki Ten Soba*, and for *Maruchan Seimen Cup*. Meanwhile, sales of our signature product *Menzukuri* and open-priced product *Gotsu Mori* also continued to be firm. Total sales of bag-type noodles decreased, amidst a challenging overall market environment, despite efforts such as stimulating new demand through a campaign to celebrate the fifth anniversary of the *Maruchan Seimen* series and the introduction of new flavors. As a result, segment sales were ¥126,069 million (up 1.8% year on year). Segment profit was ¥10,048 million (up 0.4% year on year), due to the increase in sales combined with decreases mainly in raw ingredients costs and distribution costs, which outweighed increases in depreciation following the start of operations at the Kansai Plant, which was completed in August 2016, and in sales promotion expenses.

Frozen and Refrigerated Foods Segment

Sales
67,525
million yen

In the Frozen and Refrigerated Foods Segment, while sales of our signature fresh noodle product *Maruchan Yakisoba (Three-Meal Package)* series remained strong, the microwavable food product *Renji de men jyozu* series and the new yakisoba product *Kiwami Futomen* series, which comes in a two-meal package, also remained strong. Among frozen and chilled foods, sales of our signature *shumai* (steamed dumpling) and wontons products increased, but sales from frozen foods decreased amid fiercer sales competition. As a result, segment sales were ¥67,525 million (down 0.7% year on year). Segment profit was ¥4,943 million (up 28.3% year on year), due to higher profits resulting from sales growth for our signature products and falling prices for raw ingredients, combined with efforts to enhance profits through reassessment of unprofitable products and other means.

Net Sales by Segment



1	Seafood Segment	8.21%	31,414 million yen
2	Overseas Instant Noodles Segment	19.09%	73,036 million yen
3	Domestic Instant Noodles Segment	32.94%	126,069 million yen
4	Frozen and Refrigerated Foods Segment	17.65%	67,525 million yen
5	Processed Foods Segment	5.62%	21,498 million yen
6	Cold-Storage Segment	4.41%	16,875 million yen
7	Other Business Segment	12.09%	46,262 million yen

Processed Foods Segment

Sales
21,498
million yen

In the Processed Foods Segment, sales of core rice products and freeze-dried products remained strong. Sales of rice increased as a result of the implementation of aggressive sales promotion activities against a backdrop of increased meal opportunities due to increased demand for emergency supplies and lifestyle changes in addition to greater awareness of quality. In sales of freeze-dried products, sales were strong for the five-meal packages of packet soup, a core product, at mass retailers, and products, centered on new products, were introduced at convenience stores. As a result, segment sales were ¥21,498 million (up 8.7% year on year) and segment profit was ¥729 million (down 17.5% year on year) due to higher prices for raw rice.

Cold-Storage Segment

Sales
16,875
million yen

In the Cold-Storage Segment, segment sales were ¥16,875 million (up 4.1% year on year) as a result of the beneficial effect of the start of operations at the Fukuoka Island-City Distribution Center in March 2016, and an increase in storage and delivery services for primarily new customers thanks to aggressive sales activities. Despite expenses related to the Fukuoka Island-City Distribution Center increasing, segment profit was ¥1,688 million (up 2.0% year on year) mainly due to the contribution of an increase in sales and reduced motive utility costs, following efforts in energy-saving activities.

Other Business Segment

Sales
46,262
million yen

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥46,262 million (up 2.9% year on year), while segment profit was ¥1,059 million (up 184.8% year on year).

ENVIRONMENTAL AND SOCIAL CONTRIBUTION INITIATIVES

Environmental data

Domestic business operations (in total)

	Energy	Electric power	Natural gas	Class A heavy oil		CO_2 discharged into atmosphere
Input	4,571 TJ	255,700 thousand kWh	31,858 thousand m³	2,611 kl	Output	210 thousand t

Overseas business operations (in total) (Manufacturing bases and offices in North/Central America and China)

	Energy	Electric power	Natural gas	Diesel		CO_2 discharged into atmosphere
Input	1,812 TJ	61,408 thousand kWh	27,416 thousand m³	164 kl	Output	90 thousand t

Overview of Social Contribution Activities

1 Enhancing food education activities

The Toyo Suisan Group pursues various educational activities to convey the importance and joy of food to children, who will lead the next generation. In fiscal 2016, we held classes on the role and regional attributes of soup stock, as well as on making handmade udon and ramen noodles. We also held a class at an elementary school in Hachinohe City, Aomori Prefecture, on the topic of freeze-dried soup manufactured by Hachinohe Toyo Co., Ltd. At our head office, meanwhile, we welcome students from junior and senior high schools to let them see our workplace. Around 400 students visited last year.

2 Tohoku Smile "food" project in 2016

Since fiscal 2015, we have held soup recipe contests for students of agricultural and fisheries high schools to create food culture and promote community exchanges in the Tohoku area. The winning recipe in fiscal 2016 was "Honor of Akita," produced by Kanaashi Agricultural High School in Akita Prefecture. During the year, in the Tohoku region we launched "Tsugaru-Made Rock Soup," winner in fiscal 2015, as a freeze-dried soup product.

3 Maruchan Cup Youth Judo Championships

Since 1986, we have held judo tournaments for elementary and junior high school students nationwide, based on our belief that children should be healthy and physically strong and have deep respect for courtesy and morals. In fiscal 2016, we held tournaments in seven regions in Japan, with participation by 1,500 teams consisting of 10,000 individuals.

4 Factory tours

All of our factories offer tours of their facilities to students of nearby schools and local residents. To facilitate such tours, we have erected special walkways at our Hokkaido and Kanto factories, which together attracted around 7,900 visitors in fiscal 2016.

5 Release of young fish

For the 18th time, personnel from our Tago Factory released fish into the nearby ocean with the aims of protecting and nurturing marine resources and regional revitalization. Local residents and people at fisheries cooperatives joined us to release around 15,000 young scorpion fish into Suruga Bay. We also held a class about katsuobushi (dried bonito flakes) and scorpion fish at a certified center for Early Childhood Education and Care.

CORPORATE GOVERNANCE

Toyo Suisan's Basic Approach to Corporate Governance

Toyo Suisan Kaisha, Ltd. recognizes that accurate and rapid decision making will affect the future growth of the company. We also recognize how important strengthening and enhancing corporate governance are to management, and think it is important to reinforce compliance and make the responsibilities of directors and the structure of responsibilities for the individual business segments explicit. We will continue to ensure management's transparency and swift decision making and to strengthen and enhance corporate governance in the future as well.

Board of Directors

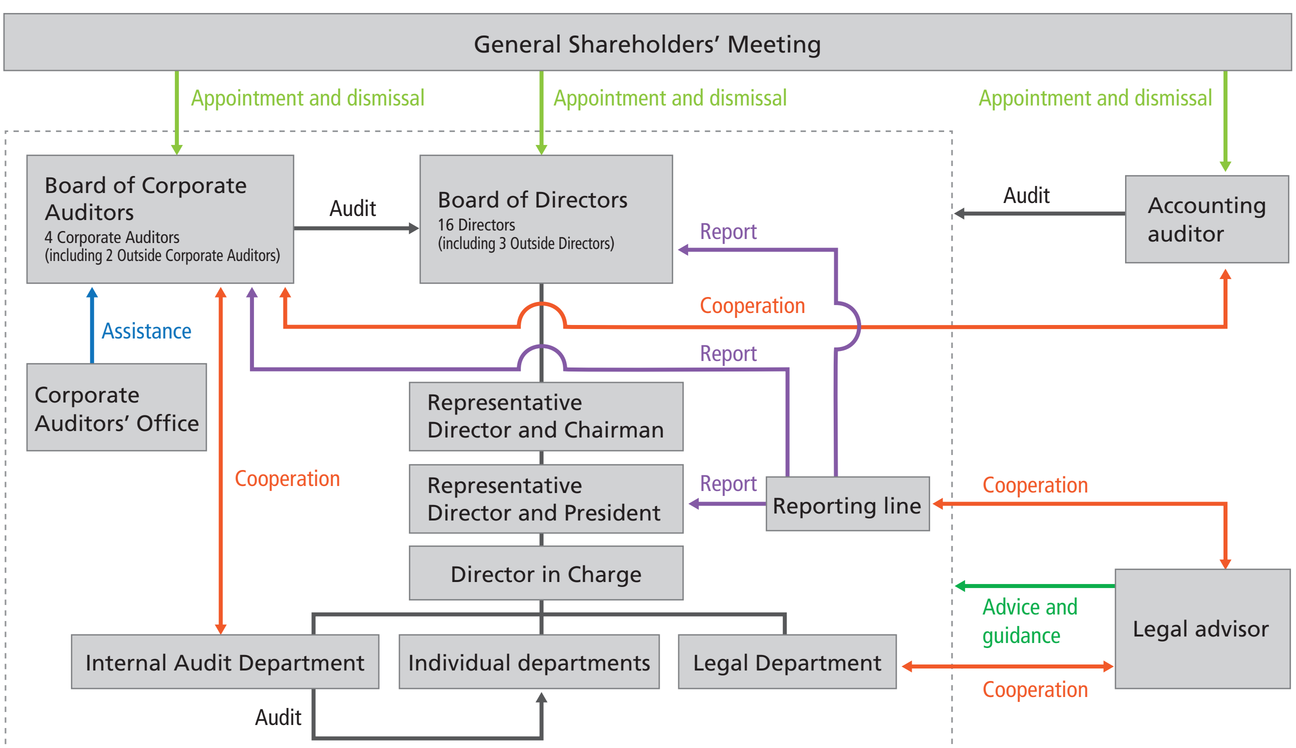
The Board of Directors serves as the Company's decision-making body. The Board of Directors comprises sixteen directors, including three outside directors. The Board of Directors generally convenes once a month, and also as needed. It thoroughly debates issues from the perspective of the group as a whole. The Board of Directors receives reports on the execution of duties, monitors the execution of duties, and decides on matters, including those stipulated in the Companies Act. The term of directors has been set at one year to ensure a management structure that can respond flexibly to changes in the business environment.

Outside directors have knowledge that is beneficial to the Company and fulfill a supervisory role from an independent perspective.

Board of Corporate Auditors

The Company has adopted the corporate auditor system. The Board of Corporate Auditors consists of four auditors, two of whom are outside auditors. Each corporate auditor attends Board of Directors' meetings and other important meetings and monitors the execution of duties by directors through such means as investigating the status of operations and assets, based on the audit policies, audit plans, and division of duties decided at Board of Corporate Auditors' meetings.

CORPORATE GOVERNANCE STRUCTURE



CONSOLIDATED BALANCE SHEETS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
AS OF MARCH 31, 2016 AND 2017

ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Current assets:			
Cash on hand and at banks (Notes 3 and 4)	¥ 73,565	**¥ 78,209**	**$ 697,112**
Notes and accounts receivable - Trade (Note 4)	48,820	**50,288**	**448,240**
Amounts due from unconsolidated subsidiaries and affiliates	440	**420**	**3,744**
Other	926	**1,129**	**10,063**
Less: Allowance for doubtful accounts	(490)	**(493)**	**(4,394)**
	49,696	**51,344**	**457,653**
Securities (Notes 3, 4 and 5)	39,000	**43,000**	**383,278**
Inventories	20,723	**21,395**	**190,703**
Deferred tax assets (Note 12)	1,679	**1,825**	**16,267**
Other	2,426	**1,541**	**13,736**
Total current assets	187,089	**197,314**	**1,758,749**
Property, plant and equipment (Notes 7, 8 ,11 ,16 and 19):			
Buildings and structures	136,326	**141,418**	**1,260,522**
Machinery and equipment	109,621	**113,214**	**1,009,127**
Leased assets	4,444	**4,715**	**42,027**
Other	5,768	**5,998**	**53,463**
	256,159	**265,345**	**2,365,139**
Less: Accumulated depreciation	(172,519)	**(173,113)**	**(1,543,034)**
	83,640	**92,232**	**822,105**
Land	35,585	**35,337**	**314,975**
Construction in progress	5,716	**1,787**	**15,928**
Total property, plant and equipment	124,941	**129,356**	**1,153,008**
Intangible assets	3,055	**2,429**	**21,651**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 4)	5,209	**5,209**	**46,430**
Investment securities (Notes 4 and 5)	22,896	**24,480**	**218,201**
Deferred tax assets (Note 12)	1,274	**1,470**	**13,103**
Asset for retirement benefits (Note 9)	65	**73**	**651**
Other	868	**1,076**	**9,590**
Less: Allowance for doubtful accounts	—	**(332)**	**(2,959)**
Total investments and other assets	30,312	**31,976**	**285,016**
Total assets	¥345,397	**¥ 361,075**	**$ 3,218,424**

The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES AND NET ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Current liabilities:			
Short-term loans (Notes 4 and 8)	¥ 275	¥ 268	$ 2,389
Current portion of long-term debt (Notes 4 and 8)	30	—	—
Lease obligations (Notes 4 and 8)	216	244	2,175
Notes and accounts payable - Trade (Note 4)	22,714	22,978	204,813
Amounts due to unconsolidated subsidiaries and affiliates	1,261	1,361	12,131
Other	1,302	1,544	13,762
	25,277	25,883	230,706
Deferred tax liabilities (Note 12)	2	3	27
Income taxes payable	3,515	3,068	27,346
Accrued expenses	19,506	19,713	175,711
Provision for removal cost of property, plant and equipment	—	179	1,596
Other	1,668	861	7,674
Total current liabilities	50,489	50,219	447,624
Long-term liabilities:			
Lease obligations (Notes 4 and 8)	3,958	3,956	35,262
Deferred tax liabilities (Note 12)	4,212	4,022	35,850
Reserve for retirement benefits for officers	227	213	1,899
Liability for retirement benefits (Note 9)	18,552	18,846	167,983
Asset retirement obligations	315	229	2,041
Other	1,444	1,795	15,999
Total long-term liabilities	28,708	29,061	259,034
Total liabilities	79,197	79,280	706,658
Contingent liabilities (Note 17)			
Net assets (Notes 13 and 14):			
Shareholders' equity:			
Common stock-			
Authorized: 427,000,000 shares in 2016 and 2017			
Issued: 110,881,044 shares in 2016 and 2017	18,969	18,969	169,079
Capital surplus	22,518	22,943	204,501
Retained earnings	213,568	228,277	2,034,736
Treasury stock, at cost			
Held by the Company:			
8,702,374 shares in 2016, 8,702,530 shares in 2017			
Owned by consolidated subsidiaries and affiliates:			
49,018 shares in 2016, 49,018 shares in 2017	(8,225)	(8,226)	(73,322)
Total shareholders' equity	246,830	261,963	2,334,994
Accumulated other comprehensive income:			
Net unrealized gain on investment securities, net of taxes (Note 5)	7,807	8,738	77,886
Net unrealized loss on hedging instruments, net of taxes (Note 6)	(48)	(6)	(53)
Foreign currency translation adjustments	3,218	2,627	23,415
Accumulated adjustments for retirement benefits (Note 9)	(2,377)	(2,124)	(18,932)
Total accumulated other comprehensive income	8,600	9,235	82,316
Non-controlling interests	10,770	10,597	94,456
Total net assets	266,200	281,795	2,511,766
Total liabilities and net assets	¥345,397	¥361,075	$3,218,424

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
FOR THE YEARS ENDED MARCH 31, 2016 AND 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Net sales (Note 19)	¥383,277	**¥382,679**	**$3,410,990**
Cost of sales (Note 10)	240,491	**237,693**	**2,118,664**
Gross profit	142,786	**144,986**	**1,292,326**
Selling, general and administrative expenses (Note 10)	114,472	**115,500**	**1,029,504**
Operating income (Note 19)	28,314	**29,486**	**262,822**
Non-operating income (expenses):			
Interest and dividend income	835	**1,280**	**11,409**
Interest expenses	(277)	**(266)**	**(2,371)**
Equity in earnings of affiliate accounted for under the equity method	106	**117**	**1,043**
Foreign exchange gain (loss), net	(283)	**192**	**1,711**
Gain (Loss) on sales or disposal of property, plant and equipment, net	441	**(707)**	**(6,302)**
Gain on sales of investments in securities (Note 5)	146	**7**	**62**
Provision of allowance for doubtful accounts	(5)	**(335)**	**(2,986)**
Provision for removal cost of property, plant and equipment	—	**(179)**	**(1,596)**
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	(31)	**(429)**	**(3,824)**
Impairment losses on fixed assets (Notes 11 and 19)	(1,382)	**(783)**	**(6,979)**
Subsidy received	145	**1,381**	**12,309**
Other, net	797	**699**	**6,232**
Income before income taxes	28,806	**30,463**	**271,530**
Income taxes (Note 12):			
Current	10,120	**10,309**	**91,888**
Deferred	(533)	**(1,070)**	**(9,537)**
	9,587	**9,239**	**82,351**
Net income	19,219	**21,224**	**189,179**
Net income attributable to non-controlling interests	855	**387**	**3,449**
Net income attributable to owners of parent	¥ 18,364	**¥ 20,837**	**$ 185,730**

	Yen		U.S. dollars (Note 1)
	2016	2017	2017
Amounts per share of common stock (Note 15):			
Net income	¥179.8	**¥204.0**	**$1.82**
Cash dividends applicable to the year	60.0	**60.0**	**0.53**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
FOR THE YEARS ENDED MARCH 31, 2016 AND 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Net income	¥19,219	**¥21,224**	**$189,179**
Other comprehensive income (Note 18):			
Net unrealized gain on investment securities, net of taxes	664	**1,078**	**9,609**
Net unrealized gain (loss) on hedging instruments, net of taxes	(64)	**42**	**374**
Foreign currency translation adjustments	(5,000)	**(591)**	**(5,268)**
Adjustments for retirement benefits	(2,789)	**301**	**2,683**
Share of other comprehensive income of affiliate accounted for using the equity method	(13)	**19**	**170**
Total other comprehensive income	(7,202)	**849**	**7,568**
Comprehensive income	¥12,017	**¥22,073**	**$196,747**
Total comprehensive income attributable to:			
Owners of parent	¥11,342	**¥21,473**	**$191,399**
Non-controlling interests	675	**600**	**5,348**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
FOR THE YEARS ENDED MARCH 31, 2016 AND 2017

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gain on investment securities, net of taxes	Net unrealized gain (loss) on hedging instruments, net of taxes	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2015	¥18,969	¥22,517	¥200,821	¥(8,220)	¥234,087	¥7,050	¥ 16	¥8,218	¥337	¥15,621	¥10,242	¥259,950
Net income attributable to owners of parent	—	—	18,364	—	18,364	—	—	—	—	—	—	18,364
Cash dividends paid	—	—	(5,617)	—	(5,617)	—	—	—	—	—	—	(5,617)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	1	—		1	—	—	—	—	—	(2)	(1)
Acquisition of treasury stock	—	—	—	(5)	(5)	—	—	—	—	—	—	(5)
Net changes in items except shareholders' equity	—	—	—	—	—	757	(64)	(5,000)	(2,714)	(7,021)	530	(6,491)
Balance at March 31, 2016	¥18,969	¥22,518	¥213,568	¥(8,225)	¥246,830	¥7,807	¥(48)	¥3,218	¥(2,377)	¥ 8,600	¥10,770	¥266,200
Net income attributable to owners of parent	—	—	20,837	—	20,837	—	—	—	—	—	—	20,837
Cash dividends paid	—	—	(6,128)	—	(6,128)	—	—	—	—	—	—	(6,128)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	425	—		425	—	—	—	—	—	(624)	(199)
Acquisition of treasury stock	—	—	—	(1)	(1)	—	—	—	—	—	—	(1)
Net changes in items except shareholders' equity	—	—	—	—	—	931	42	(591)	253	635	451	1,086
Balance at March 31, 2017	¥18,969	¥22,943	¥228,277	¥(8,226)	¥261,963	¥8,738	¥ (6)	¥2,627	¥(2,124)	¥ 9,235	¥10,597	¥281,795

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gain on investment securities, net of taxes	Net unrealized gain (loss) on hedging instruments, net of taxes	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2016	$169,079	$200,713	$1,903,628	$(73,313)	$2,200,107	$69,588	$(427)	$28,683	$(21,187)	$76,657	$95,998	$2,372,762
Net income attributable to owners of parent	—	—	185,730	—	185,730	—	—	—	—	—	—	185,730
Cash dividends paid	—	—	(54,622)	—	(54,622)	—	—	—	—	—	—	(54,622)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	3,788	—	—	3,788	—	—	—	—	—	(5,562)	(1,774)
Acquisition of treasury stock	—	—	—	(9)	(9)	—	—	—	—	—	—	(9)
Net changes in items except shareholders' equity	—	—	—	—	—	8,298	374	(5,268)	2,255	5,659	4,020	9,679
Balance at March 31, 2017	$169,079	$204,501	$2,034,736	$(73,322)	$2,334,994	$77,886	$ (53)	$23,415	$(18,932)	$82,316	$94,456	$2,511,766

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
FOR THE YEARS ENDED MARCH 31, 2016 AND 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2017	2017
Cash flows from operating activities:			
Income before income taxes	¥28,806	¥30,463	$271,530
Depreciation and amortization	11,226	11,947	106,489
Impairment losses on fixed assets	1,382	783	6,979
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	31	429	3,824
Equity in earnings of affiliates accounted for under the equity method	(106)	(117)	(1,043)
Increase (Decrease) in reserve for retirement benefits for officers	4	(14)	(125)
Increase in allowance for bonus to officers	119	28	250
Increase in allowance for doubtful accounts	5	335	2,986
Increase in liability for retirement benefits	521	699	6,231
Interest and dividend income	(835)	(1,280)	(11,409)
Interest expenses	277	266	2,371
Foreign exchange gain (loss), net	283	(192)	(1,711)
Loss (Gain) on sales or disposal of property, plant and equipment, net	(441)	707	6,302
Increase in notes and accounts receivable - Trade	(2,301)	(1,426)	(12,711)
Decrease (Increase) in inventories	2,565	(684)	(6,097)
Increase (Decrease) in notes and accounts payable - Trade	(628)	369	3,289
Increase in accrued expenses	1,967	265	2,362
Other, net	(812)	461	4,109
Subtotal	42,063	43,039	383,626
Interest and dividend income received	770	1,039	9,261
Interest expenses paid	(277)	(266)	(2,371)
Income taxes paid	(9,294)	(10,167)	(90,623)
Net cash provided by operating activities	33,262	33,645	299,893
Cash flows from investing activities:			
Payments for time deposits	(46,429)	(56,296)	(501,792)
Proceeds from maturities of time deposits	35,224	47,195	420,670
Payments for purchase of securities	(99,500)	(97,000)	(864,605)
Proceeds from sales and redemption of securities	96,000	93,000	828,951
Payments for purchase of property, plant and equipment	(17,649)	(17,097)	(152,393)
Proceeds from sales of property, plant and equipment	1,211	135	1,203
Payments for purchase of intangible assets	(1,049)	(48)	(428)
Payments for purchase of investment securities	(847)	(436)	(3,886)
Proceeds from sales of investment securities	411	31	276
Payments for loans receivable	(2,319)	(2,451)	(21,847)
Collections of loans receivable	2,196	2,144	19,111
Other, net	56	(21)	(186)
Net cash used in investing activities	(32,695)	(30,844)	(274,926)
Cash flows from financing activities:			
Proceeds from short-term loans	904	712	6,346
Repayments of short-term loans	(856)	(719)	(6,409)
Proceeds from long-term debt	30	—	—
Repayments of long-term debt	(30)	(30)	(267)
Purchase of treasury stock of subsidiaries	(3)	(1)	(9)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(200)	(1,783)
Cash dividends paid	(5,612)	(6,127)	(54,613)
Other, net	(345)	(405)	(3,609)
Net cash used in financing activities	(5,912)	(6,770)	(60,344)
Effect of exchange rate changes on cash and cash equivalents	(825)	(313)	(2,790)
Net decrease in cash and cash equivalents	(6,170)	(4,282)	(38,167)
Cash and cash equivalents at beginning of year	33,680	27,510	245,209
Cash and cash equivalents at end of year (Note 3)	¥27,510	¥23,228	$207,042

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES

1 Basis of presenting the consolidated financial statements:

The accompanying consolidated financial statements of Toyo Suisan Kaisha, Ltd. ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Act. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

In preparing the consolidated financial statements, certain reclassifications and changes in presentation have been made to the consolidated financial statements issued in Japan in order to present them in a form that is more familiar to readers outside Japan. Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the presentation for the current year.

The translation of the Japanese yen amounts into U.S. dollar is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2017, which was ¥112.19 to U.S. $1. This convenience translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar at this or any other rate of exchange.

2 Summary of significant accounting policies:

(1) Scope of consolidation —

The Company had 29 subsidiaries as of March 31, 2016 and 2017. The accompanying consolidated financial statements include the accounts of the Company and 22 subsidiaries as of March 31, 2016 and 2017. The subsidiaries that are significant are consolidated.

Consolidated subsidiaries as of March 31, 2016 and 2017 are as follows:

Equity ownership percentage

Name of subsidiary	2016	2017
Hachinohe Toyo Co., Ltd.	100.0%	**100.0%**
Kofu Toyo Co., Ltd.	100.0	**100.0**
Fukushima Foods Co., Ltd.	100.0	**100.0**
Miyagi Toyo Kaisha, Ltd.	100.0	**100.0**
Shuetsu Co., Ltd.	100.0	**100.0**
Shinto Corporation	100.0	**100.0**
Imari Toyo Co., Ltd.	100.0	**100.0**
Fresh Diner Corporation	100.0	**100.0**
Tokyo Commercial Co., Ltd.	100.0	**100.0**
Choshi Toyo Kaisha, Ltd.	100.0	**100.0**
Yutaka Foods Corporation	50.9	**50.9**
Mitsuwa Daily Co., Ltd.	100.0	**100.0**
Saihoku Toyo Kaisha, Ltd.	100.0	**100.0**
Shonan Toyo Kaisha, Ltd.	100.0	**100.0**
Suruga Toyo Kaisha, Ltd.	100.0	**100.0**
Maruchan, Inc. (*1)	100.0	**100.0**
Maruchan Virginia, Inc. (*1)	100.0	**100.0**
Maruchan Texas, Inc. (*1)	100.0	**100.0**
Maruchan de Mexico, S.A. de C.V. (*2)	100.0	**100.0**
Sanmaru de Mexico, S.A. de C.V. (*2)	100.0	**100.0**
Pac-Maru, Inc. (*1)	100.0	**100.0**
Shimaya Co., Ltd.	51.0	**61.0**

(*1) Incorporated in the U.S.A.
(*2) Incorporated in Mexico

The remaining seven unconsolidated subsidiaries as of March 31, 2016 and 2017, whose combined assets, net sales, net income and retained earnings are not significant individually and in the aggregate to the consolidated financial statements, have not been consolidated.

The main unconsolidated subsidiaries as of March 31, 2016 and 2017 are as follows:

Yaizu Shinto Co., Ltd.
Towa Estate Co., Ltd.

(2) Accounting for investments in unconsolidated subsidiaries and affiliates —

The Company has five affiliates as of March 31, 2016 and 2017.

The affiliate to which the equity method has been applied for the years ended March 31, 2016 and 2017 is as follows:

Equity ownership percentage

Name of affiliate	2016	2017
Semba Tohka Industries Co., Ltd.	26.4%	**26.4%**

The investments in the seven unconsolidated subsidiaries as of March 31, 2016 and 2017, and two affiliates (Shimodatousui Corp., and Higashimaru International Corporation) and four affiliates (Shimodatousui Corp., Higashimaru International Corporation, and the other two affiliates) as of March 31, 2016 and 2017, respectively, are carried at cost since applying the equity method of accounting to these companies would not have had any material effect on net income and retained earnings in the consolidated financial statements.

(3) Consolidation principles —

The closing date of all consolidated subsidiaries and the affiliate to which the equity method has been applied is March 31, which is in agreement with the fiscal year end of the Company.

(4) Foreign currency translation —

Foreign currency monetary assets and liabilities are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.

The assets and liabilities of foreign subsidiaries are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. The shareholders' equity, except for the profit or loss of the current year, is translated into Japanese yen at the historical rates. Profit or loss for the year is translated into Japanese yen using the exchange rates prevailing at the balance sheet date. Differences arising on translation are presented as foreign currency translation adjustments in net assets.

(5) Cash and cash equivalents —

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand and at banks able to be withdrawn on demand and short-term investments with an original maturity of three months or less and, which hold a minor risk of fluctuations in value.

(6) Securities —

Available-for-sale securities with a market value are stated at fair value based on the market prices as of the balance sheet date with any unrealized gains or losses, net of applicable taxes, reported as a component of accumulated other comprehensive income. The cost of securities sold is stated using the moving average cost. Available-for-sale securities without a market value are mainly stated at moving-average cost.

(7) Derivative financial instruments —

Gains or losses arising from changes in the fair value of those derivatives designated as 'hedging instruments' are deferred as a component of accumulated other comprehensive income in the consolidated balance sheet, and charged to income when the gains and losses on the hedged items or transactions are recognized.

The Company and its consolidated subsidiaries hold derivative financial instruments in the form of foreign exchange forward contracts to hedge against fluctuations in foreign currency exchange rates. The Company and its consolidated subsidiaries do not hold derivatives for trading purposes and it is the Company's policy to use derivatives only for the purpose of mitigating market risk and financing costs in accordance with internal criteria.

The Company and its consolidated subsidiaries do not anticipate any losses resulting from default by the counter-parties, as these are limited to major domestic financial institutions with sound operational foundations.

In line with internal risk management policies, for receivables and payables denominated in foreign currencies, the Company and its consolidated subsidiaries enter into forward exchange contracts denominated in the same currency, in the same amount and executed on the same execution day as the hedged item. The hedging relationships between the derivative financial instruments and the hedged items are highly effective in offsetting changes in foreign currency exchange rates.

(8) Allowance for doubtful accounts —

The allowance for doubtful accounts is mainly calculated based on the aggregate amount of estimated credit losses on doubtful receivables and an amount for receivables other than doubtful receivables calculated using a historical write-off ratio.

(9) Inventories —

Inventories are stated at the lower of cost, principally calculated based on the monthly moving-average method, and net realizable value.

(10) Property, plant and equipment (excluding leased assets) —

Depreciation of property, plant and equipment (excluding leased assets) of the Company and its domestic consolidated subsidiaries is mainly computed using the declining balance method over the estimated useful lives, except the straight line method is used for buildings (excluding facilities attached to buildings), which were acquired since April 1, 1998, and facilities attached to buildings and structures, which were acquired since April 1, 2016.

The range of useful lives are summarized as follows:

Buildings and structures	15-50 years
Machinery and equipment	4-12 years

The costs of property, plant and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gain or loss is included in income.

Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(11) Intangible assets (excluding leased assets) —

Amortization of intangible assets is mainly computed by the straight-line method over the estimated useful lives of the assets. Software for internal use owned by the Company and its domestic consolidated subsidiaries is amortized over its expected useful life (5 years) by the straight-line method.

(12) Accounting for leases —

Leased property under finance lease arrangements which transfer ownership of the leased property to the lessee is depreciated by the same method as the one applied to property, plant and equipment owned by the Company.

Leased property under finance lease arrangements which do not transfer ownership of the leased property to the lessee is capitalized to recognize leased assets and corresponding lease obligations in the consolidated balance sheet. The leased assets are depreciated over the lease term of the respective assets.

Finance leases which commenced prior to April 1, 2008 and do not transfer ownership of the leased property are accounted for as operating leases, with disclosure of certain "as if capitalized" information as permitted under the relevant accounting standard.

(13) Reserve for retirement benefits and pension plan —

(a) Retirement benefits for employees

The benefit formula method is used to attribute retirement benefit obligations to the period through the end of the fiscal year. Past service costs that are yet to be recognized are amortized mainly over ten years, which is within the average remaining service period of the scheme participants, using the straight-line method from the year they arose. Actuarial gains and losses that are yet to be recognized are amortized mainly over ten years, which is within the average remaining service period of the scheme participants, using the straight-line method from the year following the year in which they arose. Certain domestic consolidated subsidiaries apply a simplified method in calculating retirement benefit obligations.

(b) Retirement benefits for officers

Certain domestic consolidated subsidiaries accrue the liabilities for retirement benefits to officers based on an amount equivalent to 100% of such benefits which would be required to be paid if all eligible officers retired at the year-end date. The payments of retirement benefits to officers are subject to approval of shareholders' meetings.

(14) Provision for removal cost of property, plant and equipment—

Provision for removal cost of property, plant and equipment is recorded based on the estimated future removal cost of property, plant and equipment at each year end.

(15) Net income and cash dividends per share of common stock —

Net income per share of common stock is based on the weighted average number of shares of common stock outstanding during each year. Cash dividends per share represent dividends declared as applicable to the respective period.

(16) Accounting for consumption tax —

The consumption tax withheld or paid by the Company and its domestic consolidated subsidiaries on its sales and purchases is not included in the amounts of the respective accounts in the consolidated statements of income, but is recorded as an asset or a liability as the case may be, and the net balance is included in other current assets or other current liabilities on the consolidated balance sheets.

(17) Change in accounting policies —

(Adoption of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

Due to amendments to the Japanese Corporation Tax Act, the Company and its domestic consolidated subsidiaries adopted "Practical Solution on a change in depreciation method due to Tax Reform 2016" (Practice Issue Task Force No.32, June 17, 2016 (hereinafter, "PITF No.32")) from the year ended March 31, 2017 and changed the depreciation method for facilities attached to buildings and structures, which were acquired since April 1, 2016, from the declining balance method to the straight line method. The effect of this change on consolidated financial statements is immaterial.

(18) Additional information —

(Adoption of Guidance on Recoverability of Deferred Tax Assets)

The Company and its domestic consolidated subsidiaries adopted "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) from the year ended March 31, 2017.

3 Cash flow information:

Cash and cash equivalents as of March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	**2017**	**2017**
Cash on hand and at banks	¥73,565	**¥78,209**	**$697,112**
Securities with an original maturity of 3 months or less	—	**—**	**—**
Time deposits with deposit term of over 3 months	(46,055)	**(54,981)**	**(490,070)**
Cash and cash equivalents	¥27,510	**¥23,228**	**$207,042**

4 Financial instruments:

(1) Outline of financial instruments

(a) Policy for financial instruments

The Company and its consolidated subsidiaries limit financial investment only to short-term deposits and short-term loans receivable among group companies (cash management system), or similar items. In addition, the Company has a policy to manage cashflow primarily through short-term borrowings from group companies (cash management system). Derivative transactions are used for the purpose of hedging against the risks of future fluctuations in foreign exchange rates associated with monetary claims and obligations denominated in foreign currencies. The Company and its consolidated subsidiaries do not hold derivatives for speculative purposes.

(b) Details of financial instruments and related risks

Trade notes and accounts receivable are exposed to customer credit risk. Securities comprise domestic certificates of deposits with short-term maturities. Investment securities are exposed to market price fluctuation risk.

Payment terms of notes and accounts payable are mostly less than one year. Most short-term loans are short-term loans between Group companies (cash management system). Long-term debt and lease obligations for finance leases are mainly for the purpose of financing capital investments.

Derivative transactions include foreign exchange forward contracts for the purpose of hedging against the foreign currency exchange fluctuation risk associated with trade payables denominated in foreign currencies. Information concerning hedge accounting is included in "(7) Derivative financial instruments" under "2. Summary of significant accounting policies."

(c) Risk management system for financial instruments

a. Credit risk management (customers' default risk)

The Company aims to identify and mitigate the default risk of customers due to deterioration of their financial condition or other factors at an early stage through bi-annually monitoring principal customers' financial condition and managing the payment dates and outstanding balances of each customer's trade receivables in accordance with internal regulations. The Company's consolidated subsidiaries follow the same procedures in conformity with the Company's internal regulations.

The Company and its consolidated subsidiaries enter into derivative contracts only with high credit rated financial institutions in order to reduce the risk of counterparty default on these contracts.

b. Market risk management (foreign currency exchange and market price fluctuation risks)

The Company and some of its consolidated subsidiaries enter into foreign exchange forward contracts for the purpose of hedging against the foreign currency exchange fluctuation risk of trade payables denominated in foreign currencies. With respect to investment securities, the Company periodically monitors fair values and the financial position of the issuers.

In accordance with the Company's internal regulations, each derivatives transaction is conducted by the business unit which requires the relevant transaction: the business unit reviews information regarding transactions such as contractual coverage and balances, and reports it to the general manager of the accounting department. Some of the Company's consolidated subsidiaries conduct the same procedures in accordance with the Company's internal regulations.

c. Liquidity risk management and fund raising

The Company manages its liquidity risk mainly through the accounting department's timely short and long-term cash flow projections based on the reports submitted by each business unit, and maintains sufficient liquidity. The Company and its consolidated subsidiaries have implemented a cash management system to facilitate efficient fund administration, which assists them in controlling liquidity risk.

(d) Supplementary explanation concerning fair values of financial instruments

The fair values of financial instruments are based on market prices or reasonably estimated values in cases where there are no market prices available. Since estimation of fair values incorporates variable factors, adopting different assumptions could result in different values. The contract amounts and other information described in note "6. Derivative financial instruments" do not indicate the market risk of derivative transactions.

(e) Concentration of credit risk

Trade receivables from the Company's major customer accounted for 32.9% and 31.1% of total trade receivables as of March 31, 2016 and 2017, respectively.

(2) Fair values of financial instruments

Carrying amount of the financial instruments included in the consolidated balance sheets and their fair values as of March 31, 2016 and 2017 are as follows:

Certain financial instruments are excluded from the following table as the fair values are not readily available.

2016

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	¥ 73,565	¥ 73,565	¥ —
(2) Notes and accounts receivable - Trade	48,820	48,820	—
(3) Securities	39,000	39,000	—
(4) Investments in unconsolidated subsidiaries and affiliates	2,298	1,383	(915)
(5) Investment securities Available-for-sale securities	22,282	22,282	—
Assets total	¥185,965	¥185,050	¥(915)
(1) Notes and accounts payable - Trade	¥ 22,714	¥ 22,714	¥—
(2) Short-term loans	275	275	—
(3) Long-term debt (*3)	30	30	0
(4) Lease obligations (*1)	4,174	4,283	109
Liabilities total	¥ 27,193	¥ 27,302	¥ 109
Derivative transactions (*2)	¥ (64)	¥ (64)	¥ —

2017

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	**¥ 78,209**	**¥ 78,209**	**¥ —**
(2) Notes and accounts receivable - Trade	**50,288**	**50,288**	**—**
(3) Securities	**43,000**	**43,000**	**—**
(4) Investments in unconsolidated subsidiaries and affiliates	**2,397**	**1,521**	**(876)**
(5) Investment securities Available-for-sale securities	**23,804**	**23,804**	**—**
Assets total	**¥197,698**	**¥196,822**	**¥(876)**
(1) Notes and accounts payable - Trade	**¥ 22,978**	**¥ 22,978**	**¥—**
(2) Short-term loans	**268**	**268**	**—**
(3) Long-term debt (*3)	**—**	**—**	**—**
(4) Lease obligations (*1)	**4,200**	**4,278**	**78**
Liabilities total	**¥ 27,446**	**¥ 27,524**	**¥ 78**
Derivative transactions (*2)	**¥ (6)**	**¥ (6)**	**¥ —**

2017

	Carrying amount	Fair value	Unrealized gain (loss)
	Thousands of U.S. dollars		
(1) Cash on hand and at banks	$ 697,112	$ 697,112	$ —
(2) Notes and accounts receivable - Trade	448,240	448,240	—
(3) Securities	383,278	383,278	—
(4) Investments in unconsolidated subsidiaries and affiliates	21,365	13,557	(7,808)
(5) Investment securities Available-for-sale securities	212,176	212,176	—
Assets total	$1,762,171	$1,754,363	$(7,808)
(1) Notes and accounts payable - Trade	$ 204,813	$ 204,813	$ —
(2) Short-term loans	2,389	2,389	—
(3) Long-term debt (*3)	—	—	—
(4) Lease obligations (*1)	37,437	38,132	695
Liabilities total	$ 244,639	$ 245,334	$ 695
Derivative transactions (*2)	$ (53)	$ (53)	$ —

(*1) Current portion of lease obligations is included in (4) Lease obligations.
(*2) Receivables/payables arising from derivative transactions are disclosed as the net amount, and the net payable is shown in parentheses.
(*3) Current portion of long-term debt is included in (3) Long-term debt.

Notes:

(a) Calculation method of fair values of financial instruments

Assets:

(1) Cash on hand and at banks, (2) Notes and accounts receivable – Trade and (3) Securities

The carrying amounts approximate the fair values because of the short-term maturities of these instruments. Securities mainly comprise domestic certificates of deposits with short-term maturities.

(4) Investments in unconsolidated subsidiaries and affiliates and (5) Investment securities

The fair value of marketable equity securities is measured at the quoted market price on stock exchanges.

Liabilities:

(1) Notes and accounts payable – Trade and (2) Short-term loans

The carrying amounts approximate the fair values because of the short-term maturities of these instruments.

(3) Long-term debt and (4) Lease obligations

The fair values of long-term debt and lease obligations are determined by discounting the aggregated values of the principal and interest using an assumed interest rate for similar new borrowings and lease transactions.

Derivative financial instruments:

See the note “6. Derivative financial instruments”.

(b) Financial instruments with no available fair values

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Unlisted equity securities	¥ 614	¥ 676	$ 6,025
Investments in unconsolidated subsidiaries and affiliates	2,911	2,812	25,065

The above items are not included in “(4) Investments in unconsolidated subsidiaries and affiliates and (5) Investment securities – Available–for–sale securities”, because there is no market price and it is very difficult to measure the fair values of these instruments.

(c) Redemption schedule for financial assets with maturity dates subsequent to the year end

2016

Millions of yen

	Within one year	One to five years	Over five to ten years	Over ten years
Cash on hand and at banks	¥ 73,565	¥—	¥—	¥—
Notes and accounts receivable - Trade	48,820	—	—	—
Securities Certificates of deposits	39,000	—	—	—
Total	¥161,385	¥—	¥—	¥—

2017

Millions of yen

	Within one year	One to five years	Over five to ten years	Over ten years
Cash on hand and at banks	**¥ 78,209**	**¥—**	**¥—**	**¥—**
Notes and accounts receivable - Trade	**50,288**	**—**	**—**	**—**
Securities Certificates of deposits	**43,000**	**—**	**—**	**—**
Total	**¥171,497**	**¥—**	**¥—**	**¥—**

2017

Thousands of U.S. dollars

	Within one year	One to five years	Over five to ten years	Over ten years
Cash on hand and at banks	**$ 697,112**	**$—**	**$—**	**$—**
Notes and accounts receivable - Trade	**448,240**	**—**	**—**	**—**
Securities Certificates of deposits	**383,278**	**—**	**—**	**—**
Total	**$1,528,630**	**$—**	**$—**	**$—**

(d) Redemption schedule for lease obligations with maturity dates subsequent to March 31, 2017

See note "8. Short-term loans, long-term debt and lease obligations".

5 Securities:

(1) There were no held-to-maturity securities as of March 31, 2016 and 2017.

(2) Available-for-sale securities with a market value as of March 31, 2016 and 2017 are as follows:

2016

Millions of yen

	Carrying amount	Acquisition cost	Difference
Securities with carrying amount (fair value) exceeding acquisition costs: Equity securities	¥22,082	¥10,704	¥11,378
Securities with carrying amount (fair value) not exceeding acquisition costs: Equity securities	200	215	(15)
Other	39,000	39,000	—
	¥61,282	¥49,919	¥11,363

2017

	Carrying amount	Acquisition cost	Difference
	Millions of yen		
Securities with carrying amount (fair value) exceeding acquisition costs: Equity securities	¥23,738	¥10,871	¥12,867
Securities with carrying amount (fair value) not exceeding acquisition costs: Equity securities	66	76	(10)
Other	43,000	43,000	—
	¥66,804	¥53,947	¥12,857

2017

	Carrying amount	Acquisition cost	Difference
	Thousands of U.S. dollars		
Securities with carrying amount (fair value) exceeding acquisition costs: Equity securities	$211,588	$ 96,898	$114,690
Securities with carrying amount (fair value) not exceeding acquisition costs: Equity securities	588	677	(89)
Other	383,278	383,278	—
	$595,454	$480,853	$114,601

(3) Available-for-sale securities sold during the years ended March 31, 2016 and 2017 are as follows:

2016

	Sales proceeds	Total gain on sale	Total loss on sale
	Millions of yen		
Equity securities	¥411	¥146	¥—

2017

	Sales proceeds	Total gain on sale	Total loss on sale
	Millions of yen		
Equity securities	¥31	¥7	¥—

2017

	Sales proceeds	Total gain on sale	Total loss on sale
	Thousands of U.S. dollars		
Equity securities	$276	$62	$—

6 Derivative financial instruments:

Contract amounts and fair values of derivative instruments for which hedge accounting is applied as of March 31, 2016 and 2017 are as follows:

2016

Transaction types	Major hedged items	Contract amount	Contract amount due over one year	Fair value (a)
		Millions of yen		
Foreign exchange forward contracts: Buying U.S. dollar	Future purchase transactions denominated in foreign currency	¥1,923	¥—	¥(64)
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	293	—	—
Total		¥2,216	¥—	¥(64)

2017

Transaction types	Major hedged items	Contract amount	Contract amount due over one year	Fair value (a)
		Millions of yen		
Foreign exchange forward contracts: Buying U.S. dollar	Future purchase transactions denominated in foreign currency	¥1,300	¥—	¥(6)
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	411	—	—
Total		¥1,711	¥—	¥(6)

2017

Transaction types	Major hedged items	Contract amount	Contract amount due over one year	Fair value (a)
		Thousands of U.S. dollars		
Foreign exchange forward contracts: Buying U.S. dollar	Future purchase transactions denominated in foreign currency	**$11,588**	**$—**	**$(53)**
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	**3,663**	**—**	**—**
Total		**$15,251**	**$—**	**$(53)**

Notes:

(a) The fair values of derivative transactions are based on prices provided by applicable financial institutions.

(b) When foreign exchange forward contracts meet certain conditions, the corresponding hedged items are translated at the forward exchange contract rates. The fair values of such foreign exchange forward contracts are included in the fair value of the hedged accounts receivable or payable in note "4. Financial Instruments".

7 Investments and rental property:

The Company and certain subsidiaries hold rental properties and idle properties in Tokyo and other areas of Japan. Profit from those properties for the years ended March 31, 2016 and 2017 were ¥138 million and ¥138 million ($1,230 thousand), respectively.

The book value, net changes during the year and the fair values of such properties as of March 31, 2016 and 2017 are as follows:

Book value			Fair value
			Millions of yen
Balance at March 31, 2015	Increase / (Decrease)	Balance at March 31, 2016	Balance at March 31, 2016
¥1,735	¥(144)	¥1,591	¥5,786

Book value			Fair value
			Millions of yen
Balance at March 31, 2016	Increase / (Decrease)	Balance at March 31, 2017	Balance at March 31, 2017
¥1,591	**¥52**	**¥1,643**	**¥6,368**

Book value			Fair value
			Thousands of U.S. dollars
Balance at March 31, 2016	Increase / (Decrease)	Balance at March 31, 2017	Balance at March 31, 2017
$14,181	**$464**	**$14,645**	**$56,761**

Notes:

(a) Book value represents acquisition cost less accumulated depreciation and accumulated impairment losses, if any.

(b) Fair values of properties are mainly calculated internally based on the main-street land prices for tax purposes.

8 Short-term loans, long-term debt and lease obligations:

The average annual interest rate on short-term loans is 0.525% and 0.433% as of March 31, 2016 and 2017, respectively.

Long-term debt and lease obligations as of March 31, 2016 and 2017 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Loans from banks and other financial institutions with mortgages and collateral, at interest rates ranging from 0.43% to 0.53% for 2016	¥ 30	¥ —	$ —
Lease obligations at an average interest rate of 7.392% for 2016 and 7.392% for 2017	4,174	4,200	37,437
Less current portion	(246)	(244)	(2,175)
Long-term debt and lease obligations	¥3,958	¥3,956	$35,262

The aggregate annual maturities of lease obligations as of March 31, 2017 are as follows:

	Millions of yen	Thousands of U.S. dollars
2018	¥ 244	$ 2,175
2019	221	1,970
2020	210	1,872
2021	205	1,827
2022 and thereafter	3,320	29,593
Total	¥4,200	$37,437

9 Retirement benefits and pension plans:

The Company and its consolidated subsidiaries have funded and unfunded defined benefit plans covering substantially all employees.

Funded defined benefit pension plans provide lump-sum or pension payments based on the current basic rate of payment and length of service of employees. Unfunded lump-sum severance payment plans (provide lump-sum payments based on a point-based plan. Certain consolidated subsidiaries apply a simplified method in computing liabilities for retirement benefits and retirement benefit costs for their defined benefit pension plans. The tables below include plans to which the simplified method is applied.

Movements in retirement benefit obligations for the years ended March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Balance at beginning of the year	¥31,577	¥36,561	$325,885
Service cost	1,665	1,876	16,722
Interest cost	295	78	695
Actuarial loss	4,119	3	27
Benefits paid	(1,095)	(939)	(8,370)
Balance at end of the year	¥36,561	¥37,579	$334,959

Movements in plan assets for the years ended March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Balance at beginning of the year	¥17,617	¥18,074	$161,101
Expected return on plan assets	2	1	9
Actuarial loss	(116)	(33)	(294)
Employer contributions	1,369	1,434	12,782
Benefits paid	(798)	(670)	(5,972)
Balance at end of the year	¥18,074	¥18,806	$167,626

Reconciliations from retirement benefit obligations and plan assets to liability (asset) for retirement benefits as of March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Funded retirement benefit obligations	¥29,649	¥30,372	$270,719
Plan assets	(18,074)	(18,806)	(167,626)
	11,575	11,566	103,093
Unfunded retirement benefit obligations	6,912	7,207	64,239
Total net liability for retirement benefits on the consolidated balance sheets	¥18,487	¥18,773	$167,332
Liability for retirement benefits	¥18,552	¥18,846	$167,983
Asset for retirement benefits	(65)	(73)	(651)
Total net liability for retirement benefits on the consolidated balance sheets	¥18,487	¥18,773	$167,332

Retirement benefit costs for the years ended March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Service cost	¥1,665	¥1,876	$16,722
Interest cost	295	78	695
Expected return on plan assets	(2)	(1)	(9)
Net actuarial loss amortization	573	793	7,068
Past service costs amortization	(344)	(344)	(3,066)
Total retirement benefit costs	¥2,187	¥2,402	$21,410

The components of adjustments for retirement benefits (before income tax effects) for the years ended March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Past service costs	¥ 344	¥ 345	$ 3,075
Actuarial gains and losses	3,662	(758)	(6,756)
Total	¥4,006	¥(413)	$(3,681)

The components of accumulated adjustments for retirement benefits (before income tax effects) for the years ended March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Past service costs that are yet to be recognized	¥(2,743)	¥(2,398)	$(21,374)
Actuarial gains and losses that are yet to be recognized	6,361	5,603	49,942
Total	¥ 3,618	¥ 3,205	$ 28,568

The components of plan assets for the years ended March 31, 2016 and 2017 are as follows:

	2016	2017
Cash on hand and at banks	86%	**86%**
Life insurance general accounts	14	**14**
Other	0	**0**
Total	100%	**100%**

Method for determining long-term expected rate of return

The long-term expected rate of return on plan assets is determined considering the current and expected distribution of plan assets and the long-term rate of return derived from the various components of plan assets.

Significant assumptions used in determining the retirement benefit obligations for the years ended March 31, 2016 and 2017 are as follows:

	2016	2017
Discount rate	0.1-0.2%	**0.2%**
Long-term expected rate of return	0-1.0%	**0-0.3%**

10 Research and development expenses:

Research and development expenses for the years ended March 31, 2016 and 2017 were ¥1,493 million and ¥1,552 ($13,834 thousand), respectively.

11 Impairment losses on fixed assets:

For the years ended March 31, 2016 and 2017, the Company and its consolidated subsidiaries recognized impairment losses on fixed assets on the following groups of assets.

		Millions of yen		Thousands of U.S. dollars
Use	**Type of Assets**	2016	**2017**	**2017**
Business assets	Buildings, machinery and equipment, land	¥1,322	**¥529**	**$4,715**
Idle assets	Buildings, machinery and equipment	60	**254**	**2,264**
		¥1,382	**¥783**	**$6,979**

The Company and its consolidated subsidiaries classify their fixed assets into groups based on the type of respective operations of each business segment. Idle assets are assessed individually.

The book values of impaired business assets were reduced to the recoverable amounts due to reduced profitability. The recoverable value was measured as the higher of (1) net realizable value based on amounts mainly determined by valuations made in accordance with real estate appraisal standards or the value assessed for property tax purposes or (2) present value of the expected cash flows from the ongoing utilization and subsequent disposition of the assets discounted at 5% for the year ended March 31, 2016. The recoverable value was measured as the present value of the expected cash flows from the ongoing utilization of the assets for the year ended March 31, 2017. Since the future cash flows are expected to be negative, they were measured at their memorandum value.

The book values of idle assets were reduced to recoverable amounts which were based on net selling prices in for the year ended March 31, 2016. The book values of idle assets were measured at their memorandum value at March 31, 2017 because they were expected to be removed.

12 Income taxes:

The income taxes applicable to the Company and its domestic consolidated subsidiaries include (1) corporation taxes, (2) enterprise taxes (excluding the elements based on added value and capital) and (3) inhabitants' taxes which, in the aggregate, resulted in the statutory tax rate of approximately 33.1% and 30.9% for the years ended March 31, 2016 and 2017, respectively.

The main components of deferred tax assets and liabilities as of March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Deferred tax assets:			
Liability for retirement benefits	¥ 5,626	**¥ 5,775**	**$ 51,475**
Impairment losses on fixed assets	1,788	**2,039**	**18,175**
Tax loss carryforwards	1,412	**1,295**	**11,543**
Accrued bonuses	785	**793**	**7,068**
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	533	**665**	**5,927**
Write-down of investment securities	322	**264**	**2,353**
Other	2,440	**2,753**	**24,539**
Gross deferred tax assets	12,906	**13,584**	**121,080**
Less: valuation allowance	(4,476)	**(3,950)**	**(35,208)**
Total deferred tax assets	8,430	**9,634**	**85,872**
Deferred tax liabilities:			
Net unrealized gain on investment securities	(3,325)	**(3,741)**	**(33,345)**
Special reserves for deferred gains on fixed assets	(3,316)	**(3,599)**	**(32,080)**
Depreciation of overseas consolidated subsidiaries	(2,087)	**(1,985)**	**(17,693)**
Reserve for special depreciation	(563)	**(388)**	**(3,458)**
Valuation differences of subsidiaries' assets in consolidation	(116)	**(116)**	**(1,034)**
Other	(284)	**(535)**	**(4,769)**
Total deferred tax liabilities	(9,691)	**(10,364)**	**(92,379)**
Net deferred tax liabilities	¥(1,261)	**¥ (730)**	**$ (6,507)**

The main differences between the statutory tax rate and the effective tax rate for the years ended March 31, 2016 and 2017 are not disclosed because the total differences are less than 5% of the statutory tax rates.

13 Net assets:

Under the Japanese Corporate law ("the law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of new shares as additional paid-in capital, which is included in capital surplus.

The law requires that an amount equal to 10% of dividends must be appropriated as a legal earnings reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon payment of such dividends, until the aggregate amount of the legal earnings reserve and additional paid-in capital equals 25% of common stock.

All additional paid-in-capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends upon resolution of the shareholders.

The maximum amount that the company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 29, 2017, the shareholders approved cash dividends amounting to ¥3,065 million ($27,320 thousand). These cash dividends have not been accrued in the consolidated financial statements as of March 31, 2017 because such appropriations are recognized in the period in which they are approved by the shareholders.

14 Notes to the consolidated statement of changes in net assets:

(1) Type and number of shares issued and outstanding for the years ended March 31, 2016 and 2017

Thousands of shares

Common stock outstanding	2016	2017
Balance at the beginning and end of the year	110,881	**110,881**

Thousands of shares

Treasury stock outstanding	2016	2017
Balance at beginning of the year	8,751	**8,751**
Increase due to purchase of odd stock	0	**1**
Increase due to change in equity in an affiliate accounted for using the equity method	0	**0**
Balance at end of the year	8,751	**8,752**

(2) Dividends

(a) Dividends paid in the current fiscal year

The Company resolved approval at the general meeting of shareholders held on June 29, 2016 as follows:
Dividends on Common stock

a. Total amount of dividends .... ¥3,065 million
b. Dividends per share ¥30.0
c. Record date .... March 31, 2016
d. Effective date.................................... June 30, 2016

The Company resolved approval by the board of directors meeting held on October 31, 2016 as follows:

a. Total amount of dividends .... ¥3,065 million
b. Dividends per share ¥30.0
c. Record date .... September 30, 2016
d. Effective date.................................... December 5, 2016

(b) Dividends with record date during the current fiscal year but to be effective in the following fiscal year

The Company resolved approval at the general meeting of shareholders held on June 29, 2017 as follows:
Dividends on Common stock

a. Total amount of dividends .... ¥3,065 million
.... ($27,320 thousand)
b. Funds for dividends .... Retained earnings
c. Dividends per share ¥30.0
.... ($0.27)
d. Record date .... March 31, 2017
e. Effective date.................................... June 30, 2017

15 Per share information:

The basis of the calculation of per share data is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Net income attributable to owners of parent	¥18,364	**¥ 20,837**	**$185,730**
Net income attributable to owners of parent related to common stock	18,364	**20,837**	**185,730**
Weighted-average amount of common stock (unit: thousands of shares)	102,130	**102,130**	

16 Leases:

(1) Finance leases

(a) Finance leases which transfer ownership of leased assets to the lessee

Leased assets include warehouse facilities (buildings and structures, machinery and equipment) for cold storage.

(b) Finance leases which do not transfer ownership of leased assets to the lessee

Leased assets mainly consist of communication devices and office equipment.

As discussed in Note 2 (12), finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to the lessee are accounted for as operating leases. The assumed amounts of acquisition cost, accumulated depreciation and book value for such finance leased assets as of March 31, 2016 and 2017 are as follows:

2016

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Book value
Machinery and equipment	¥33	¥30	¥3
Other	7	7	—
	¥40	¥37	¥3

2017

	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Machinery and equipment	**¥33**	**¥33**	**¥—**	**$294**	**$294**	**$—**
	¥33	**¥33**	**¥—**	**$294**	**$294**	**$—**

The future minimum lease payments for such finance leases as of March 31, 2016 and 2017 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	**2017**	**2017**
Due within one year	¥3	**¥—**	**$—**
Due after one year	—	**—**	**—**
	¥3	**¥—**	**$—**

Lease expenses for such finance leases and assumed amounts of depreciation for such finance leased assets for the years ended March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	**2017**	**2017**
Lease expenses	¥4	**¥3**	**$27**

	Millions of yen		Thousands of U.S. dollars
	2016	**2017**	**2017**
Assumed amounts of depreciation	¥4	**¥3**	**$27**

Assumed amounts of depreciation are calculated using the straight-line method over the lease terms of the leased assets, assuming no residual value except in cases where the residual value is guaranteed in the lease contract.

(2) Operating leases

The minimum commitments under non-cancelable operating leases as of March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Due within one year	¥ 58	¥ 68	$ 606
Due after one year	349	388	3,459
	¥407	¥456	$4,065

17 Contingent liabilities:

Contingent liabilities as of March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Guarantees for indebtedness of employees	¥40	¥25	$223

18 Comprehensive income:

(1) Reclassification adjustments on other comprehensive income for the years ended March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Net unrealized gain on investment securities:			
Losses arising during the year	¥ 885	¥1,500	$13,370
Reclassification adjustments	(147)	(6)	(53)
	738	1,494	13,317
Net unrealized gain (loss) on hedging instruments:			
Gains (losses) arising during the year	(89)	58	517
	(89)	58	517
Foreign currency translation adjustments:			
Adjustments arising during the year	(5,000)	(591)	(5,268)
	(5,000)	(591)	(5,268)
Adjustments for retirement benefits:			
Adjustments arising during the year	(4,235)	(36)	(321)
Reclassification adjustments	229	449	4,002
	(4,006)	413	3,681
Share of other comprehensive income of affiliate accounted for using the equity method:			
Gains (losses) arising during the year	(13)	19	170
	(13)	19	170
Amount before income tax effects	(8,370)	1,393	12,417
Income tax effects	1,168	(544)	(4,849)
Total other comprehensive income, net of taxes	¥(7,202)	¥ 849	$ 7,568

(2) Income tax effects on other comprehensive income for the years ended March 31, 2016 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2017	2017
Net unrealized gain on investment securities: Amount before income tax effects	¥ 738	**¥1,494**	**$13,317**
Income tax effects	(74)	**(416)**	**(3,708)**
Amount, net of taxes	664	**1,078**	**9,609**
Net unrealized gain (loss) on hedging instruments: Amount before income tax effects	(89)	**58**	**517**
Income tax effects	25	**(16)**	**(143)**
Amount, net of taxes	(64)	**42**	**374**
Foreign currency translation adjustments: Amount before income tax effects	(5,000)	**(591)**	**(5,268)**
Income tax effects	—	**—**	**—**
Amount, net of taxes	(5,000)	**(591)**	**(5,268)**
Adjustments for retirement benefits: Amount before income tax effects	(4,006)	**413**	**3,681**
Income tax effects	1,217	**(112)**	**(998)**
Amount, net of taxes	(2,789)	**301**	**2,683**
Share of other comprehensive income of affiliate accounted for using the equity method: Amount before income tax effects	(13)	**19**	**170**
Income tax effects	—	**—**	**—**
Amount, net of taxes	(13)	**19**	**170**
Total other comprehensive income Amount before income tax effects	(8,370)	**1,393**	**12,417**
Income tax effects	1,168	**(544)**	**(4,849)**
Amount, net of taxes	¥(7,202)	**¥ 849**	**$ 7,568**

19 Segment information:

(1) General information about reportable segments

Reportable segments of the Company are the business units for which separate financial information is available, which are reviewed regularly at the Board of Directors' meeting in order to determine distribution of management resources and evaluate business performance.

The Company and its consolidated subsidiaries have business units based on the type of products and services, and each business headquarters plans a comprehensive strategy and engages in business activities relating to the products and services. "Overseas Instant Noodles" business headquarters is composed of overseas subsidiaries that plan a comprehensive strategy and engage in business activities relating to the products and services.

Accordingly, the Company and its consolidated subsidiaries consist of segments classified by product and region based on business units and overseas subsidiaries. The Company has six reportable segments; "Seafood", "Overseas Instant Noodles", "Domestic Instant Noodles", "Frozen and Refrigerated Foods", "Processed Foods", and "Cold-Storage".

"Seafood" processes and sells seafood. "Overseas Instant Noodles" manufactures and sells instant noodles overseas. "Domestic Instant Noodles" manufactures and sells instant noodles in Japan. "Frozen and Refrigerated Foods" manufactures and sells frozen and chilled foods. "Processed Foods" manufactures and sells processed foods (excluding instant noodles, frozen and chilled foods). "Cold-Storage" freezes and stores food in cold warehouses.

(2) Basis of measurement of reportable segment net sales, income or loss and other material items

Accounting policies for the reportable segment information are substantially the same as those described in note "2. Summary of significant accounting policies". Income or loss by reportable segment is based on operating income on the consolidated statements of income.

(Adoption of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

As described in changes in accounting policies, due to amendments to the Japanese Corporation Tax Act, the Company and its domestic subsidiaries changed the depreciation method for facilities attached to buildings and structures, which were acquired since April 1, 2016, from the declining balance method to the straight line method. The Company and its domestic subsidiaries also changed the depreciation method in operating segments in the same manner. The effect of this change on segment incomes is immaterial.

(3) Information on reportable segment net sales, income or loss and other material items

2016

Millions of yen

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Total	Other	Total	Adjustments	Consolidated
Net sales: Outside customers	¥33,076	¥77,346	¥123,874	¥67,972	¥19,782	¥16,206	¥338,256	¥44,979	¥383,235	¥ 42	¥383,277
Intersegment	902	—	12	—	0	928	1,842	488	2,330	(2,330)	—
Total	¥33,978	¥77,346	¥123,886	¥67,972	¥19,782	¥17,134	¥340,098	¥45,467	¥385,565	¥(2,288)	¥383,277
Segment income (loss)	¥ (171)	¥12,143	¥ 10,011	¥ 3,853	¥ 883	¥ 1,655	¥ 28,374	¥ 372	¥ 28,746	¥ (432)	¥ 28,314
Segment assets	¥14,703	¥88,886	¥ 57,705	¥22,391	¥ 8,311	¥32,716	¥224,712	¥25,035	¥249,747	¥95,650	¥345,397
Other items: Depreciation and amortization	¥ 317	¥ 2,293	¥ 3,085	¥ 1,433	¥ 243	¥ 1,975	¥ 9,346	¥ 1,409	¥ 10,755	¥ 471	¥ 11,226
Increase in property, plant and equipment and intangible assets	160	876	9,549	529	337	4,800	16,251	2,016	18,267	819	19,086

2017

Millions of yen

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Total	Other	Total	Adjustments	Consolidated
Net sales: Outside customers	¥31,414	¥73,036	¥126,069	¥67,525	¥21,498	¥16,875	¥336,417	¥46,262	¥382,679	¥ —	¥382,679
Intersegment	1,010	—	—	—	—	853	1,863	424	2,287	(2,287)	—
Total	¥32,424	¥73,036	¥126,069	¥67,525	¥21,498	¥17,728	¥338,280	¥46,686	¥384,966	¥(2,287)	¥382,679
Segment income	¥ 191	¥11,810	¥ 10,048	¥ 4,943	¥ 729	¥ 1,688	¥ 29,409	¥ 1,059	¥ 30,468	¥ (982)	¥ 29,486
Segment assets	¥16,618	¥93,711	¥ 67,827	¥21,641	¥ 7,705	¥34,077	¥241,579	¥21,519	¥263,098	¥97,977	¥361,075
Other items: Depreciation and amortization	¥ 190	¥ 2,362	¥ 3,763	¥ 1,343	¥ 335	¥ 2,197	¥ 10,190	¥ 1,215	¥ 11,405	¥ 542	¥ 11,947
Increase in property, plant and equipment and intangible assets	126	1,626	12,137	504	327	3,821	18,541	543	19,084	715	19,799

2017

Thousands of U.S. dollars

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Total	Other	Total	Adjustments	Consolidated
Net sales: Outside customers	$280,007	$651,003	$1,123,710	$601,881	$191,621	$150,414	$2,998,636	$412,354	$3,410,990	$ —	$3,410,990
Intersegment	9,003	—	—	—	—	7,603	16,606	3,779	20,385	(20,385)	—
Total	$289,010	$651,003	$1,123,710	$601,881	$191,621	$158,017	$3,015,242	$416,133	$3,431,375	$(20,385)	$3,410,990
Segment income	$ 1,703	$105,268	$ 89,562	$ 44,059	$ 6,498	$ 15,046	$ 262,136	$ 9,439	$ 271,575	$ (8,753)	$ 262,822
Segment assets	$148,124	$835,288	$ 604,573	$192,896	$ 68,678	$303,744	$2,153,303	$191,808	$2,345,111	$873,313	$3,218,424
Other items: Depreciation and amortization	$ 1,693	$ 21,054	$ 33,541	$ 11,971	$ 2,986	$ 19,583	$ 90,828	$ 10,830	$ 101,658	$ 4,831	$ 106,489
Increase in property, plant and equipment and intangible assets	1,123	14,493	108,183	4,492	2,915	34,058	165,264	4,840	170,104	6,373	176,477

Notes:

(a) "Other" incorporates operations not included in reportable segments, mainly packed lunches/deli foods.

(b) The details of "Adjustments" are as follows:

1) The adjustment of ¥42 million in net sales for the year ended March 31, 2016 was due to differences in elimination methods used for the reportable segment information and the consolidated financial statements.
2) The adjustment of ¥(432) million and ¥(982) million ($(8,753) thousand) in segment income (loss) for the years ended March 31, 2016 and 2017 include corporate expenses of ¥(1,035) million and ¥(1,224) million ($(10,910) thousand), respectively, which cannot be allocated to each reportable segment. The corporate expenses are mainly general and administrative expenses which are not attributable to any reportable segment. Other adjustments are mainly foreign currency translation adjustments resulting from elimination of know-how payments or other transactions from overseas subsidiaries for the years ended March 31, 2016 and 2017.
3) The adjustment of ¥95,650 million and ¥97,977 million ($873,313 thousand) in segment assets as of March 31, 2016 and 2017 include corporate assets of ¥95,344 million and ¥97,933 million ($872,921 thousand), respectively, which cannot be allocated to each reportable segment. Corporate assets are mainly long-term investments (investments in securities) of the Company and assets of administrative departments. Other adjustments are mainly due to application of the equity method.
4) The adjustments of ¥471 million and ¥542 million ($4,831 thousand) in depreciation and amortization for the years ended March 31, 2016 and 2017 include corporate expenses of ¥367 million and ¥515 million ($4,590 thousand), respectively.
5) The adjustments of ¥819 million and ¥715 million ($6,373 thousand) in increase in property, plant, and equipment and intangible assets for the years ended March 31, 2016 and 2017, respectively, are corporate assets which cannot be allocated to each reportable segment.

(c) Segment income (loss) is reconciled with operating income on the consolidated statements of income.

(4) Information by geographic area

(a) Net sales

2016 — Millions of yen

	Japan	Americas	Other	Consolidated
Net sales	¥305,338	¥77,358	¥581	¥383,277

2017 — Millions of yen

	Japan	Americas	Other	Consolidated
Net sales	**¥309,187**	**¥73,066**	**¥426**	**¥382,679**

2017 — Thousands of U.S. dollars

	Japan	Americas	Other	Consolidated
Net sales	**$2,755,923**	**$651,270**	**$3,797**	**$3,410,990**

Note:

1) Net sales are classified by countries or regions based on location of customers.
2) The major countries or regions in each classification are as follows:
   Americas………………… U.S.A., Mexico
   Others…………………… China, Taiwan, Korea

(b) Property, plant and equipment

2016 — Millions of yen

	Japan	Americas	Consolidated
Property, plant and equipment	¥99,463	¥25,478	¥124,941

2017 — Millions of yen

	Japan	Americas	Consolidated
Property, plant and equipment	**¥104,813**	**¥24,543**	**¥129,356**

2017

	Japan	Americas	Consolidated
			Thousands of U.S. dollars
Property, plant and equipment	**$934,245**	**$218,763**	**$1,153,008**

(5) Information about major customers

2016

Name of major customer	Sales (Millions of yen)	Related reportable segment
MITSUI & CO., LTD.	¥99,099	Domestic Instant Noodles Segment

2017

Name of major customer	Sales (Millions of yen)	Sales (Thousands of U.S. dollars)	Related reportable segment
MITSUI & CO., LTD.	**¥96,620**	**$861,218**	Domestic Instant Noodles Segment

(6) Information about impairment loss on fixed assets

2016

Millions of yen

	Reportable segment								
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Other	Adjustments	Consolidated
Impairment loss	¥678	¥—	¥—	¥2	¥15	¥284	¥403	¥—	¥1,382

2017

Millions of yen

	Reportable segment								
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Other	Adjustments	Consolidated
Impairment loss	**¥—**	**¥—**	**¥145**	**¥616**	**¥10**	**¥—**	**¥12**	**¥—**	**¥783**

2017

Thousands of U.S. dollars

	Reportable segment								
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Other	Adjustments	Consolidated
Impairment loss	**$—**	**$—**	**$1,292**	**$5,491**	**$89**	**$—**	**$107**	**$—**	**$6,979**

(7) Information about amortization and unamortized balance of goodwill and negative goodwill by reportable segment

There was no amortization nor unamortized balances of goodwill and negative goodwill as of and for the years ended March 31, 2016 and 2017.

20 Subsequent events:

The Company's shareholders approved appropriation of retained earnings at the general meeting of shareholders held on June 29, 2017 as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥30.0 per share)	**¥3,065**	**$27,320**

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent Auditor's Report

To the Board of Directors of Toyo Suisan Kaisha, Ltd.:

We have audited the accompanying consolidated financial statements of Toyo Suisan Kaisha, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2017 and 2016, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Toyo Suisan Kaisha , Ltd. and its consolidated subsidiaries as at March 31, 2017 and 2016, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2017 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 29, 2017
Tokyo, Japan

CORPORATE DATA

AS OF MARCH 31, 2017

Head Office	13-40, Konan 2-chome, Minato-ku, Tokyo 108-8501, Japan Tel.: +81-3-3458-5111
Date of Establishment	March 25, 1953
Number of Plants	8
Number of Sales Offices	28
Number of Refrigerated Warehouses	14
Number of Subsidiaries and Affiliates	34
Number of Employees (Consolidated)	4,650
Consolidated Net Sales	¥382,678 million
Common Stock	Total Number of Shares Issuable: 427,000,000 shares Total Number of Shares Issued and Outstanding: 110,881,044 shares Paid-in Capital: ¥18,969 million
Number of Shareholders	9,781
Stock Exchange Listing	Tokyo (#2875)
Stock Transfer Agent	Sumitomo Mitsui Trust Bank, Limited, in Tokyo
General Shareholders' Meeting	The General Shareholders' Meeting is usually held before the end of June in Tokyo.

CORPORATE PROFILE

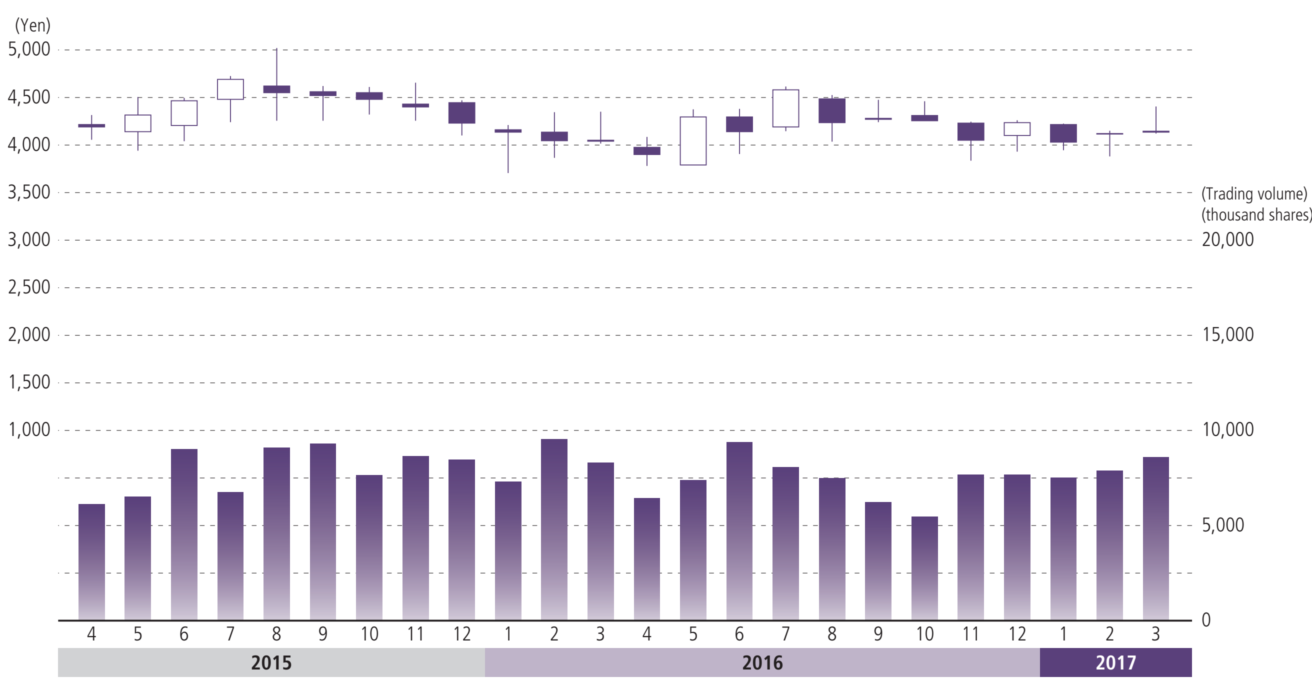
Since its beginnings at Tokyo's Tsukiji Market in 1953, where Toyo Suisan began its business of exporting frozen tuna, the company has grown into a diversified food products manufacturer, currently engaged not only in the business of seafood products, but in cold-storage and food processing businesses as well. We have always striven to generate new value.

We have created many long-selling products such as *Maruchan Yakisoba* chilled noodles, launched in 1975; *Akai Kitsune Udon*, launched in 1978; and *Midori no Tanuki Ten Soba*, launched in 1980. *Maruchan Seimen*, which was launched in 2011, has received high acclaim for creating new value in bag-type noodles.

In 1972, we established Maruchan, Inc. in Los Angeles, U.S.A. as our local subsidiary and today have four plants in the U.S. that produce instant noodles and a structure to supply North America.

We formulated the slogan "Smiles for All. Everything for a smile." in 2009, in the course of our development. The Toyo Suisan Group remains united in wanting to put a smile on the face of each of our shareholders and stakeholders through providing safe and delicious products and impeccable service.

Common Stock Price Range and Trading Volume



TOYO SUISAN