Toyo Suisan Kaisha, Ltd.

ANNUAL REPORT 2016

YEAR ENDED MARCH 31, 2016

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 fiscal 2016, ended March 31, 2016.

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 2016

During the fiscal year ended March 31, 2016, the Japanese economy sustained its gradual recovery on the back of continuing results from various economic measures and improvements in the employment and income environments. However, the slowdown of overseas economies including China and other emerging nations in Asia meant that downside risks still remained.

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 marketing activities in its efforts to face an increasingly competitive sales environment.

As a result, net sales were ¥383,277 million (up 0.5% year on year), operating income was ¥28,314 million (up 12.9% year on year), ordinary income was ¥29,489 million (up 10.7% year on year), and net income attributable to owners of parent was ¥18,364 million (up 8.6% year on year) for the current fiscal year.

June 2016

Masanari Imamura

Masanari Imamura
Representative Director and President

CONSOLIDATED FINANCIAL HIGHLIGHTS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
YEARS ENDED MARCH 31, 2015 AND 2016

		Millions of yen		Thousands of U.S. dollars (Note 1)
		2015	**2016**	**2016**
For the year:	Net sales	¥381,259	**¥383,277**	**$3,403,277**
	Operating income	25,076	**28,314**	**251,412**
	Net income attributable to owners of parent	16,902	**18,364**	**163,062**
At year-end:	Total assets	¥333,934	**¥345,397**	**$3,066,924**
	Total net assets	259,950	**266,200**	**2,363,701**
Per share of common stock:	Net income	¥165.5	**¥179.8**	**$1.60**
(in yen and U.S. dollars)	Cash dividends	50.0	**60.0**	**0.53**

Dollar amounts represent translations at the rate of ¥112.62 = US$1, the rate prevailing on March 31, 2016.

REVIEW OF OPERATIONS

Seafood Segment

Sales
33,076
million yen

In the Seafood Segment, in addition to conducting aggressive sales activities of processed seafood products such as salmon roe, cod roe, salmon, and shrimp targeting convenience stores and seafood deli sections of mass retailers, we also revised the types of fish handled and reduced inventory. Nevertheless, segment sales were ¥33,076 million (down 4.2% year on year) and segment loss was ¥171 million (compared with a segment loss of ¥770 million in the previous fiscal year).

Overseas Instant Noodles Segment

Sales
77,346
million yen

As for the Overseas Instant Noodles Segment, amid a harsh sales environment in the U.S. domestic market, where the food service industry grew on the back of a recovery in employment and processed food manufacturers competed against one another to secure special sales slots, sales were down, despite an increasing share of sales in the instant noodles category. In Mexico, the local currency progressively depreciated, and the sales volume declined. As a result, segment sales were ¥77,346 million (down 10.1% year on year). Segment profit was ¥12,143 million (down 0.2% year on year), due to higher utilization ratio at the Texas Plant and a fall in raw ingredients prices.

Domestic Instant Noodles Segment

Sales
123,874
million yen

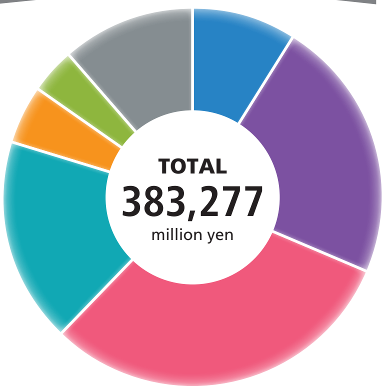
In the Domestic Instant Noodles Segment, price revision implemented in January 2015 led to changes in the market environment. Nonetheless, cup-type noodle sales were about the same year on year for the Japanese style noodle series centered on key branded products *Akai Kitsune Udon* and *Midori no Tanuki Ten Soba*, and for *Menzukuri*. A significant growth in sales was realized for the open-priced products such as *Gotsu Mori*, and we also saw brisk sales of the October-launched *Maruchan Seimen Cup*, resulting in increased sales for cup-type noodles as a whole. Total sales of bag-type noodles decreased year on year, partly owing to intensified competition. However, we put efforts into aggressive sales promotion activities and demand stimulation, mainly for the *Maruchan Seimen* series, which reached cumulative sales of 1.0 billion units. As a result, segment sales were ¥123,874 million (up 5.5% year on year) and segment profit was ¥10,011 million (up 8.7% year on year).

Frozen and Refrigerated Foods Segment

Sales
67,972
million yen

In the Frozen and Refrigerated Foods Segment, sales of fresh noodles increased as a result of aggressive sales activities such as the holding of consumer campaigns for our signature product series, the *Maruchan Yakisoba (Three-Meal Package)* and fresh ramen noodle varieties. In frozen foods, sales were firm due to the launch of ramen noodles for commercial use, household product yakisoba noodles, and edamame (green soybean) varieties. As a result, segment sales were ¥67,972 million (up 1.6% year on year) and segment profit was ¥3,853 million (up 9.0% year on year).

Net Sales by Segment



1	Seafood Segment	8.63%	33,076 million yen
2	Overseas Instant Noodles Segment	20.18%	77,346 million yen
3	Domestic Instant Noodles Segment	32.32%	123,874 million yen
4	Frozen and Refrigerated Foods Segment	17.74%	67,972 million yen
5	Processed Foods Segment	5.16%	19,782 million yen
6	Cold-Storage Segment	4.23%	16,206 million yen
7	Other Business Segment	11.74%	44,979 million yen

Processed Foods Segment

Sales
19,782
million yen

In the Processed Foods Segment, sales of rice benefited from strong sales of aseptically packed cooked rice products, a core product, as well as significantly higher sales of retort rice, especially for *Fukkura Osekihan* and *Genmai Gohan*. Sales of freeze-dried products also grew substantially for the core product five-meal packages of packet soup and for the *Cup Omochi Soup* series. As a result, segment sales were ¥19,782 million (up 8.1% year on year) and segment profit was ¥883 million (up 80.7% year on year) due to the increase in sales combined with the stabilization of rice prices.

Cold-Storage Segment

Sales
16,206
million yen

In the Cold-Storage Segment, we saw steady trading on a nationwide basis for goods on consignment including frozen foods and ice cream. As a result, segment sales were ¥16,206 million (up 4.0% year on year). Segment profit was ¥1,655 million (up 36.6% year on year) due to the increase in sales combined with a decrease in motive utility costs owing to energy-saving measures, etc.

Other Business Segment

Sales
44,979
million yen

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥44,979 million (up 5.6% year on year), while segment profit was ¥372 million (up 613.5% year on year).

Environmental data

Domestic business operations (in total)

Input	Energy	Electric power	Natural gas (town gas)	Class A heavy oil
	4,442 TJ	249,781 thousand kWh	28,839 thousand m^3	3,871 kl

Output	CO_2 discharged into atmosphere
	209 thousand t

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

Input	Energy	Electric power	Natural gas	Diesel
	1,922 TJ	63,811 thousand kWh	29,386 thousand m^3	159 kl

Output	CO_2 discharged into atmosphere
	95 thousand t

Overview of Social Contribution Activities

1 Diverse employee interactions

Our factories in the United States employ people from diverse ethnic and linguistic backgrounds. We strengthen workplace relations by holding lunch parties and gift lotteries during Halloween and Christmas. We also recognize employees for their contributions to workplace safety or their long service to the company. In these and other ways, we are creating pleasant workplace environments and a sense of unity.

2 Supporting local sports events

Maruchan de México, S.A. de C.V., a subsidiary that sells products in Mexico, hosts and sponsors local sports events. Every year, our "Maruchan Cup Youth Judo Championships" are highly anticipated, as only a small number of judo tournaments are held in Mexico. We also sponsor soccer tournaments for Mexican youngsters.

3 Youth kendo and judo classes

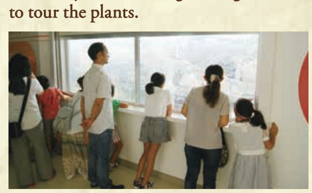
At our head office *dojo* (martial arts center), we held Maruchan Summer "Youth Kendo & Judo Classes" for elementary school students living nearby. Employees belonging to the kendo and judo clubs provided training for the students, after which we hosted a tournament-style competition allowing the students to show what they had learned.

4 Release of young fish

For the 17th time, personnel from our Tago Factory released scorpion fish fry into the ocean near Tago Port. People from local fishery cooperatives, as well as day-care and kindergarten children, joined us to release the 16,000 young fish. We also presented a class about *katsuobushi* (dried bonito flakes), which we manufacture at the Tago Factory, and common fish found in and around Japan.

5 Factory tours

All our factories offer tours of their facilities, which attract large numbers of local residents every year. We have erected special walkways at our Hokkaido and Kanto factories to allow neighborhood elementary schools and regional organizations to tour the plants.



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 is to management, and think it 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

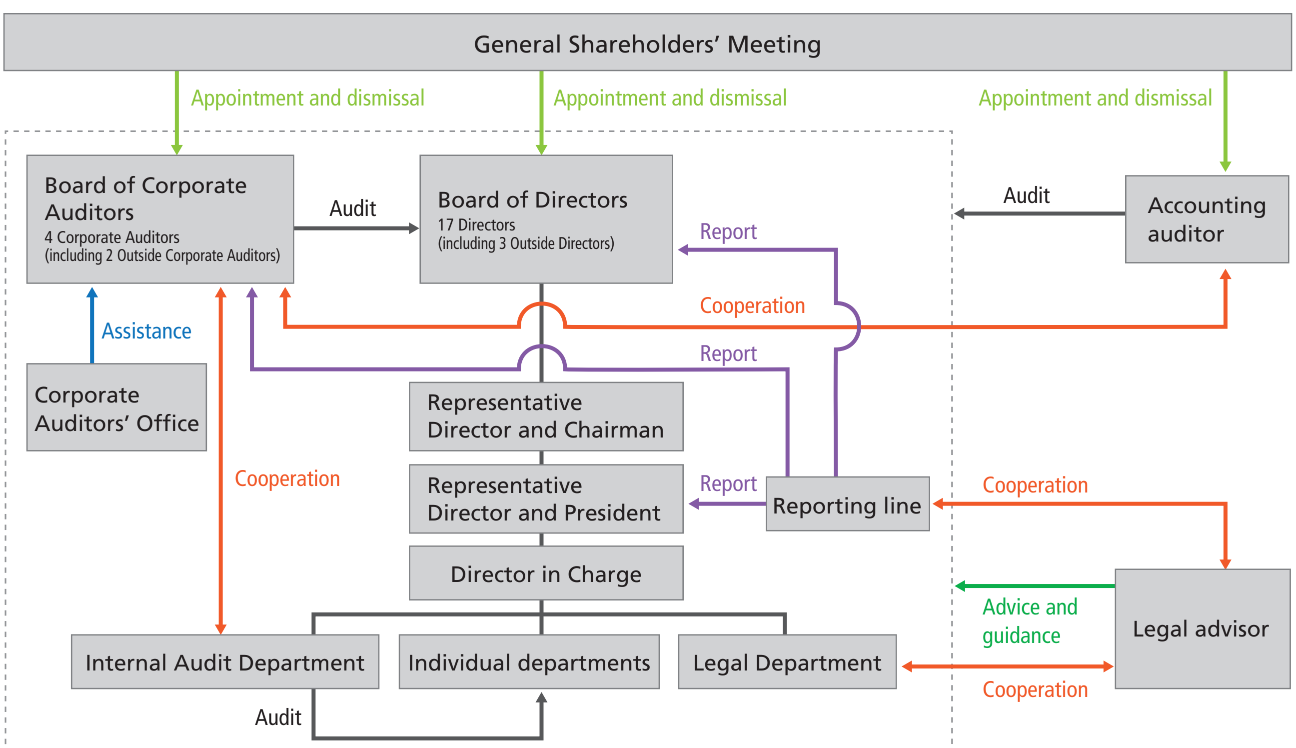
The Board of Directors serves as the Company's decision-making body. The Board of Directors comprises seventeen directors, including three outside directors. The Board of Directors generally convenes once a month, and also as needed. It thoroughly debates issues from the perspective of the group as a 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, 2015 AND 2016

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Current assets:			
Cash on hand and at banks (Notes 3 and 4)	¥ 68,332	¥ 73,565	$ 653,214
Notes and accounts receivable - trade (Note 4)	46,782	48,820	433,493
Unconsolidated subsidiaries and affiliates	258	440	3,907
Other	859	926	8,223
Less: Allowance for doubtful accounts	(485)	(490)	(4,351)
	47,414	49,696	441,272
Securities (Notes 3, 4 and 5)	38,000	39,000	346,297
Inventories	23,567	20,723	184,008
Deferred tax assets (Note 12)	1,574	1,679	14,909
Other current assets	2,356	2,426	21,542
Total current assets	181,243	187,089	1,661,242
Property, plant and equipment (Notes 7, 8, 11, 16 and 19):			
Buildings and structures	133,123	136,326	1,210,495
Machinery and equipment	107,704	109,621	973,371
Leased assets	4,670	4,444	39,460
Other	5,601	5,768	51,216
	251,098	256,159	2,274,542
Less: Accumulated depreciation	(165,520)	(172,519)	(1,531,868)
	85,578	83,640	742,674
Land	32,914	35,585	315,974
Construction in progress	2,177	5,716	50,755
Total property, plant and equipment	120,669	124,941	1,109,403
Intangible assets	3,232	3,055	27,127
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 4)	4,672	5,209	46,253
Investments in securities (Notes 4 and 5)	22,074	22,896	203,303
Deferred tax assets (Note 12)	1,228	1,274	11,312
Asset for retirement benefit (Note 9)	94	65	577
Other	722	868	7,707
Total investments and other assets	28,790	30,312	269,152
Total assets	¥333,934	¥345,397	$3,066,924

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)
	2015	2016	2016
Current liabilities:			
Short-term loans (Notes 4 and 8)	¥ 228	**¥ 275**	**$ 2,442**
Current portion of long-term debt (Notes 4 and 8)	30	**30**	**266**
Lease obligations (Notes 4 and 8)	275	**216**	**1,918**
Notes and accounts payable - trade (Note 4)	24,094	**22,714**	**201,687**
Unconsolidated subsidiaries and affiliates	677	**1,261**	**11,197**
Other	953	**1,302**	**11,561**
	25,724	**25,277**	**224,445**
Deferred tax liabilities (Note 12)	2	**2**	**18**
Income taxes payable	2,581	**3,515**	**31,211**
Accrued expenses	17,645	**19,506**	**173,202**
Other current liabilities	1,376	**1,668**	**14,811**
Total current liabilities	47,861	**50,489**	**448,313**
Long-term liabilities:			
Lease obligations (Notes 4 and 8)	4,179	**3,958**	**35,145**
Deferred tax liabilities (Note 12)	5,878	**4,212**	**37,400**
Reserve for retirement benefits for officers	223	**227**	**2,016**
Liability for retirement benefit (Note 9)	14,054	**18,552**	**164,731**
Asset retirement obligations	319	**315**	**2,797**
Other	1,470	**1,444**	**12,821**
Total Long-term liabilities	26,123	**28,708**	**254,910**
Total liabilities	73,984	**79,197**	**703,223**
Contingent liabilities (Note 17)			
Net assets (Notes 13 and 14):			
Shareholders' equity:			
Common stock-			
Authorized: 427,000,000 shares in 2015 and 2016			
Issued: 110,881,044 shares in 2015 and 2016	18,969	**18,969**	**168,434**
Capital surplus	22,517	**22,518**	**199,947**
Retained earnings	200,821	**213,568**	**1,896,359**
Treasury stock at cost			
Held by the Company:			
8,701,636 shares in 2015, 8,702,374 shares in 2016			
Owned by consolidated subsidiaries and affiliates:			
49,018 shares in 2015, 49,018 shares in 2016	(8,220)	**(8,225)**	**(73,033)**
Total shareholders' equity	234,087	**246,830**	**2,191,707**
Accumulated other comprehensive income:			
Net unrealized gain on investment in securities, net of taxes (Note 5)	7,050	**7,807**	**69,322**
Net unrealized gain (loss) on hedging derivatives, net of taxes (Note 6)	16	**(48)**	**(427)**
Adjustment on foreign currency translation	8,218	**3,218**	**28,574**
Accumulated adjustments for retirement benefit (Note 9)	337	**(2,377)**	**(21,106)**
Total accumulated other comprehensive income	15,621	**8,600**	**76,363**
Non-controlling interests	10,242	**10,770**	**95,631**
Total net assets	259,950	**266,200**	**2,363,701**
Total liabilities and net assets	¥333,934	**¥345,397**	**$3,066,924**

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, 2015 AND 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Net sales (Note 19)	¥381,259	**¥383,277**	**$3,403,277**
Cost of sales (Note 10)	244,924	**240,491**	**2,135,420**
Gross profit	136,335	**142,786**	**1,267,857**
Selling, general and administrative expenses (Note 10)	111,259	**114,472**	**1,016,445**
Operating income (Note 19)	25,076	**28,314**	**251,412**
Non-operating income (expenses):			
Interest and dividends income	702	**835**	**7,414**
Interest expenses	(261)	**(277)**	**(2,460)**
Equity in gain under the equity method	84	**106**	**941**
Currency exchange gain (loss), net	296	**(283)**	**(2,513)**
Gain on donation of fixed assets	161	**—**	**—**
Gain (Loss) on sales or disposal of property, plant and equipment, net	(85)	**441**	**3,916**
Gain on sales of investments in securities (Note 5)	100	**146**	**1,296**
Impairment losses on fixed assets (Notes 11 and 19)	(37)	**(1,382)**	**(12,271)**
Subsidy received	363	**145**	**1,288**
Gain on bargain purchase	194	**—**	**—**
Compensation income	248	**—**	**—**
Other, net	801	**761**	**6,758**
Income before income taxes	27,642	**28,806**	**255,781**
Income taxes (Note 12):			
Current	9,414	**10,120**	**89,860**
Deferred	843	**(533)**	**(4,733)**
	10,257	**9,587**	**85,127**
Net income	17,385	**19,219**	**170,654**
Net income attributable to non-controlling interests	483	**855**	**7,592**
Net income attributable to owners of parent	¥ 16,902	**¥ 18,364**	**$ 163,062**

	Yen		U.S. dollars (Note 1)
	2015	2016	2016
Amounts per share of common stock (Note 15):			
Net income	¥165.5	**¥179.8**	**$1.60**
Cash dividends applicable to the year	50.0	**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, 2015 AND 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	**2016**	**2016**
Net income	¥17,385	**¥19,219**	**$170,654**
Other comprehensive income (Note 18):			
Net unrealized gain on investment in securities, net of taxes	3,891	**664**	**5,896**
Net unrealized gain (loss) on hedging derivatives, net of taxes	5	**(64)**	**(568)**
Adjustment on foreign currency translation	11,018	**(5,000)**	**(44,397)**
Adjustments for retirement benefit	(52)	**(2,789)**	**(24,765)**
Share of other comprehensive income of the affiliate accounted for using equity method	57	**(13)**	**(116)**
Total other comprehensive income	14,919	**(7,202)**	**(63,950)**
Comprehensive income	¥32,304	**¥12,017**	**$106,704**
Total comprehensive income attributable to:			
Owners of parent	¥31,641	**¥11,342**	**$100,710**
Non-controlling interests	663	**675**	**5,994**

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, 2015 AND 2016

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 in securities, net of taxes	Net unrealized gain (loss) on hedging derivatives, net of taxes	Adjustment on foreign currency translation	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2014	¥18,969	¥22,517	¥189,405	¥(8,208)	¥222,683	¥3,281	¥11	¥(2,800)	¥390	¥882	¥13,371	¥236,936
Cumulative effects of changes in accounting policy	—	—	(379)	—	(379)	—	—	—	—	—	(25)	(404)
Restated balance at March 31, 2014	¥18,969	¥22,517	¥189,026	¥(8,208)	¥222,304	¥3,281	¥11	¥(2,800)	¥390	¥882	¥13,346	¥236,532
Net income attributable to owners of parent	—	—	16,902	—	16,902	—	—	—	—	—	—	16,902
Cash dividends paid	—	—	(5,107)	—	(5,107)	—	—	—	—	—	—	(5,107)
Acquisition of treasury stock	—	—	—	(12)	(12)	—	—	—	—	—	—	(12)
Net changes in items except shareholders' equity	—	—	—	—	—	3,769	5	11,018	(53)	14,739	(3,104)	11,635
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

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 in securities, net of taxes	Net unrealized gain (loss) on hedging derivatives, net of taxes	Adjustment on foreign currency translation	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2015	$168,434	$199,938	$1,783,174	$(72,989)	$2,078,557	$62,600	$141	$72,971	$2,993	$138,705	$90,943	$2,308,205
Net income attributable to owners of parent	—	—	163,062	—	163,062	—	—	—	—	—	—	163,062
Cash dividends paid	—	—	(49,877)	—	(49,877)	—	—	—	—	—	—	(49,877)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	9	—	—	9	—	—	—	—	—	(18)	(9)
Acquisition of treasury stock	—	—	—	(44)	(44)	—	—	—	—	—	—	(44)
Net changes in items except shareholders' equity	—	—	—	—	—	6,722	(568)	(44,397)	(24,099)	(62,342)	4,706	(57,636)
Balance at March 31, 2016	$0	$9	$113,185	$(44)	$113,150	$6,722	$(568)	$(44,397)	$(24,099)	$(62,342)	$4,688	$55,496

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, 2015 AND 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Cash flows from operating activities:			
Income before income taxes	¥27,642	¥28,806	$255,781
Depreciation and amortization	11,609	11,226	99,680
Impairment losses on fixed assets	37	1,382	12,271
Gain on bargain purchase	(194)	—	—
Equity in gain under the equity method	(84)	(106)	(941)
Increase (Decrease) in reserve for retirement benefits	(48)	4	36
Increase (Decrease) in allowance for bonus to officers	(126)	119	1,057
Increase (Decrease) in allowance for doubtful accounts	(16)	5	44
Increase in liability for retirement benefit	752	521	4,626
Interest and dividends income	(702)	(835)	(7,414)
Interest expenses	261	277	2,460
Currency exchange loss (gain), net	(296)	283	2,513
Loss (Gain) on sales or disposal of property, plant and equipment, net	85	(441)	(3,916)
Decrease (Increase) in notes and accounts receivable, trade	2,629	(2,301)	(20,432)
Decrease in inventories	124	2,565	22,776
Increase (Decrease) in notes and accounts payable, trade	39	(628)	(5,576)
Increase (Decrease) in accrued expenses	(2,006)	1,967	17,466
Other, net	1,298	(781)	(6,936)
Subtotal	41,004	42,063	373,495
Interest and dividends income received	680	770	6,837
Interest expenses paid	(260)	(277)	(2,460)
Income taxes paid	(8,783)	(9,294)	(82,525)
Net cash provided by operating activities	32,641	33,262	295,347
Cash flows from investing activities:			
Payment for time deposits	(37,750)	(46,429)	(412,262)
Proceeds from maturities of time deposits	28,745	35,224	312,769
Purchase of securities	(105,500)	(99,500)	(883,502)
Proceeds from sales and redemption of securities	86,700	96,000	852,424
Payment for purchase of property, plant and equipment	(9,778)	(17,649)	(156,713)
Proceeds from sales of property, plant and equipment	99	1,211	10,753
Payment for purchase of intangible assets	(1,827)	(1,049)	(9,315)
Payment for purchase of investments in securities	(1,026)	(847)	(7,521)
Proceeds from sales of investments in securities	317	411	3,649
Payment for loans receivable	(2,581)	(2,319)	(20,591)
Collection of loans receivable	2,656	2,196	19,499
Other, net	(32)	56	497
Net cash used in investing activities	(39,977)	(32,695)	(290,313)
Cash flows from financing activities:			
Proceeds from short-term loans	929	904	8,027
Repayment of short-term loans	(903)	(856)	(7,601)
Proceeds from long-term debt	—	30	266
Repayment of long-term debt	(85)	(30)	(266)
Purchase of treasury stock of subsidiaries	(3,403)	(3)	(27)
Cash dividends paid	(5,096)	(5,612)	(49,831)
Other, net	(430)	(345)	(3,063)
Net cash used in financing activities	(8,988)	(5,912)	(52,495)
Effect of exchange rate changes on cash and cash equivalents	2,583	(825)	(7,325)
Net decrease in cash and cash equivalents	(13,741)	(6,170)	(54,786)
Cash and cash equivalents at beginning of year	47,421	33,680	299,059
Cash and cash equivalents at end of year (Note 3)	¥33,680	¥27,510	$244,273

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 rearrangements 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 financial statement items of prior fiscal period were reclassified to conform to the presentation for current fiscal 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, 2016, which was ¥112.62 to U.S. $1. The convenience translation should not be construed as representations 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 has 29 subsidiaries as of March 31, 2015 and 2016. The accompanying consolidated financial statements include the accounts of the Company and its 22 subsidiaries as of March 31, 2015 and 2016. The subsidiaries that are significant and substantially controlled by the Company are consolidated.

Consolidated subsidiaries as of March 31, 2015 and 2016 are listed as follows:

Equity ownership percentage

Name of subsidiary	2015	2016
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	50.8	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	51.0

(*1) Incorporated in the U.S.A.
(*2) Incorporated in United Mexican States

The remaining 7 unconsolidated subsidiaries as of March 31, 2015 and 2016, whose combined assets, net sales, net income and retained earnings in the aggregate are not significant, compared to those of the consolidated financial statements of the Company and its consolidated subsidiaries, therefore, have not been consolidated with the Company.

Main unconsolidated subsidiaries as of March 31, 2015 and 2016 are listed as follows:

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

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

The Company has 3 and 5 affiliates as of March 31, 2015 and 2016, respectively.

The affiliate to which the equity method has been applied for the fiscal years ended March 31, 2015 and 2016 is listed as follows:

Equity ownership percentage

Name of affiliate	2015	2016
Semba Tohka Industries Co., Ltd.	26.4%	26.4%

The investments in the 7 unconsolidated subsidiaries as of March 31, 2015 and 2016, and 2 affiliates (Shimodatousui Corp., and Higashimaru International Corporation) and 4 affiliates (Shimodatousui Corp., Higashimaru International Corporation, and the other 2 affiliates) as of March 31, 2015 and 2016, 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 of the consolidated financial statements of the Company and its consolidated subsidiaries.

(3) Consolidation principles —

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

All significant intercompany transactions and account balances are eliminated in consolidation.

Unrealized intercompany profits are entirely eliminated, and the portion thereof attributable to non-controlling interests is charged to non-controlling interests.

Any differences excluding negative goodwill arising after the adoption of the "Accounting standard for Business Combinations" (Accounting Standard Board of Japan ("ASBJ") Statement No. 21, issued on December 26, 2008), which may arise on the acquisition date in elimination of cost of an investment in a subsidiary, and in the application of the equity method, are deferred and amortized on a straight-line basis over a period of five years from the date of acquisition.

(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.

In addition, 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 net income of the current year is translated into Japanese yen at the historical rates. Profit and loss accounts for the year are translated into Japanese yen using the exchange rates prevailing at the balance sheet date. Differences in yen amounts arising from the use of different rates are presented as adjustment on foreign currency translation in the net assets.

(5) Cash and cash equivalents —

Cash and cash equivalents in 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 fair market value are stated at fair market 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 fair 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 in the net assets section, 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 forms 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. The hedging relationships between the derivative financial instruments and the hedged items are highly effective in offsetting changes in 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, plus an amount for receivables other than doubtful receivables calculated using a historical write-off ratio during certain prior periods.

(9) Inventories —

Inventories are stated at the lower of principally the monthly moving-average cost or the net realizable value.

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

Depreciation of property, plant and equipment is computed mainly by the declining-balance method at rates based on the estimated useful lives of assets. Buildings excluding leasehold improvement and auxiliary facilities attached to buildings acquired on and after April 1, 1998 owned by the Company and its domestic consolidated subsidiaries are depreciated using the straight-line method.

The ranges 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 reflected 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 based on 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 in 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 lease obligations in the balance sheets and 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 accounting standard.

(13) Reserve for retirement benefits and pension plan —

(a) Retirement benefits for employees

The benefit formula method is used as a method of attributing retirement benefit obligations to the period through the end of the fiscal year. The past service costs that are yet to be recognized are amortized mainly over ten years, which is within the average remaining service period, using the straight-line method from the time when the difference was generated. The actuarial gains and losses that are yet to be recognized are amortized mainly over ten years, which is within the average remaining service period, using the straight-line method from the next year of the year in which they arise. Certain domestic consolidated subsidiaries apply the simplified method in calculating retirement benefit obligations.

(b) Retirement benefits for officers

The Company's certain domestic consolidated subsidiaries accrue the liabilities for retirement benefits to officers based on an amount equivalent to 100% of such benefits the subsidiaries would be required to pay 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) 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.

(15) Accounting for consumption tax —

Consumption tax is levied at the flat rate of 8% on all domestic consumption of goods and services (with certain exemptions). 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 liabilities on the consolidated balance sheets.

(16) Change in accounting policies —

(Adoption of Revised Accounting Standards regarding Business Combinations)

The Company and its domestic consolidated subsidiaries adopted "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013 (hereinafter, the "Business Combinations Accounting Standard")), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013 (hereinafter, the "Consolidation Accounting Standard")) and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013 (hereinafter, the "Business Divestitures Accounting Standard")) from the current fiscal year. As a result, the Company changed its accounting policies to recognize in capital surplus the differences arising from the changes in the Company's ownership interest of subsidiaries over which the Company continues to maintain control and to record acquisition related costs as expenses in the fiscal year in which the costs are incurred. In addition, the Company changed its accounting policy for the reallocation of acquisition costs due to the completion following provisional accounting to reflect such reallocation in the consolidated financial statements for the fiscal year in which the business combination took place. The Company also changed the presentation of net income and the term "non-controlling interests" is used instead of "minority interests." Certain amounts in the prior year comparative information were reclassified to conform to such changes in the current year presentation.

In the consolidated statement of cash flows for the fiscal year ended March 31, 2016, cash flows from acquisition or disposal of shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from financing activities" and cash flows from acquisition related costs for shares of subsidiaries with changes in the scope of consolidation or costs related to acquisition or disposal of shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from operating activities."

With respect to application of the Accounting Standards regarding Business Combinations, the Company followed the provisional treatment in article 58-2 (4) of the Business Combinations Accounting Standard, article 44-5 (4) of the Consolidation Accounting Standard and article 57-4 (4) of the Business Divestitures Accounting Standard with application from the beginning of the current fiscal year prospectively.

The effect of these changes on consolidated financial statements is immaterial.

3 Cash flow information:

Cash and cash equivalents as of March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Cash on hand and at banks	¥68,332	¥73,565	$653,214
Securities with an original maturity of 3 months or less	2,500	—	—
Time deposits with deposit term of over 3 months	(37,152)	(46,055)	(408,941)
Cash and cash equivalents	¥33,680	¥27,510	$244,273

4 Financial instruments:

(1) Outline of financial instruments

(a) Policy for financial instruments

The Company and its consolidated subsidiaries limit its financial investment only to short-term deposits and short-term loans receivable among group companies (cash management system), or similar items. In addition, it has a policy to manage cashflow primarily through short-term borrowings from group companies (cash management system). Derivatives 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 risk

Receivables such as trade notes and trade accounts are exposed to customer credit risk. The securities comprise domestic certificates of deposits with short-term maturities. Investment securities are exposed to the market price fluctuation risk.

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

Derivatives transactions are 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 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 conditions or other factors in the early stage, through bi-annually monitoring principal customers' financial conditions 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 part of its consolidated subsidiaries enter into foreign exchange forward contracts for the purpose of hedging against the foreign currency exchange fluctuation risk of their trade payables denominated in foreign currencies. With respect to investment securities, the Company is periodically monitoring fair values and financial positions of the related issuers.

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

c. Liquidity risk management on fund raising

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

(d) Supplementary explanation concerning fair values of financial instruments

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

(e) Concentration of credit risk

The trade receivables from the Company's particularly major customer accounted for 31.9% and 32.9% as of March 31, 2015 and 2016, 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, 2015 and 2016 are as follows:

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

2015

Millions of yen

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	¥ 68,332	¥ 68,332	¥ —
(2) Notes and accounts receivable - trade	46,782	46,782	—
(3) Securities	38,000	38,000	—
(4) Investments in unconsolidated subsidiaries and affiliates	2,226	1,226	(1,000)
(5) Investments in securities Available-for-sale securities	21,515	21,515	—
Assets total	¥176,855	¥175,855	¥(1,000)
(1) Notes and accounts payable - trade	¥ 24,094	¥ 24,094	¥ —
(2) Short-term loans	228	228	—
(3) Long-term debt (*3)	30	30	0
(4) Lease obligations (*1)	4,454	4,410	(44)
Liabilities total	¥ 28,806	¥ 28,762	¥ (44)
Derivative transactions (*2)	¥ 25	¥ 25	¥ —

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) Investments in 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)**	**¥ —**

2016

	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	$ 653,214	$ 653,214	$ —
(2) Notes and accounts receivable – trade	433,493	433,493	—
(3) Securities	346,297	346,297	—
(4) Investments in unconsolidated subsidiaries and affiliates	20,405	12,280	(8,125)
(5) Investments in securities Available-for-sale securities	197,851	197,851	—
Assets total	$1,651,260	$1,643,135	$(8,125)
(1) Notes and accounts payable – trade	$ 201,687	$ 201,687	$ —
(2) Short-term loans	2,442	2,442	—
(3) Long-term debt (*3)	266	266	0
(4) Lease obligations (*1)	37,063	38,031	968
Liabilities total	$ 241,458	$ 242,426	$ 968
Derivative transactions (*2)	$ (568)	$ (568)	$ —

(*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 parenthesis.
(*3) Current portion of long-term debt is included in (3) Long-term debt.

Notes:

(a) Calculation method of fair values of financial instruments and securities, derivative transactions

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 short-term maturities of these instruments. The securities mainly comprise domestic certificates of deposits with short-term maturities.

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

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

Liabilities:

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

The carrying amounts approximate the fair values because of 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 of similar type of new borrowings and lease transactions.

Derivative financial instruments:

See the note on “6. Derivative financial instruments.”

(b) Financial instruments with no available fair values

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Unlisted equity securities	¥ 559	¥ 614	$ 5,452
Investments in unconsolidated subsidiaries and affiliates	2,446	2,911	25,848

These items are not included in “(4) Investments in unconsolidated subsidiaries and affiliates and (5) Investments in 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) The redemption schedule for financial assets with maturity dates subsequent to March 31, 2015 and 2016

2015

Millions of yen

	Within one year	One to five years	Over five to ten years	Over ten years
Cash on hand and at banks	¥ 68,332	¥—	¥—	¥—
Notes and accounts receivable - trade	46,782	—	—	—
Securities Certificates of deposits	38,000	—	—	—
Total	¥153,114	¥—	¥—	¥—

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**	**¥—**	**¥—**	**¥—**

2016

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	**$ 653,214**	**$—**	**$—**	**$—**
Notes and accounts receivable - trade	**433,493**	**—**	**—**	**—**
Securities Certificates of deposits	**346,297**	**—**	**—**	**—**
Total	**$1,433,004**	**$—**	**$—**	**$—**

(d) The redemption schedule for lease obligations with maturity dates subsequent to March 31, 2016

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

5 Securities:

(1) There was no held-to-maturity security as of March 31, 2015 and 2016.

(2) Available-for-sale securities with fair market value as of March 31, 2015 and 2016 are as follows:

2015

Millions of yen

	Carrying amount	Acquisition cost	Difference
Securities with carrying amount (fair value) exceeding acquisition costs: Equity securities	¥21,179	¥10,448	¥10,731
Securities with carrying amount (fair value) not exceeding acquisition costs: Equity securities	336	356	(20)
Other	38,000	38,000	—
	¥59,515	¥48,804	¥10,711

2016

	Carrying amount	Acquisition cost	Difference
	Millions of yen		
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

2016

	Carrying amount	Acquisition cost	Difference
	Thousands of U.S. dollars		
Securities with carrying amount (fair value) exceeding acquisition costs: Equity securities	$196,075	$ 95,045	$101,030
Securities with carrying amount (fair value) not exceeding acquisition costs: Equity securities	1,776	1,909	(133)
Other	346,297	346,297	—
	$544,148	$443,251	$100,897

(3) Details of available-for-sale securities sold during the fiscal years ended March 31, 2015 and 2016 are as follows:

2015

	Sales proceeds	Total gain on sale	Total loss on sale
	Millions of yen		
Equity securities	¥317	¥100	¥—

2016

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

2016

	Sales proceeds	Total gain on sale	Total loss on sale
	Thousands of U.S. dollars		
Equity securities	$3,649	$1,296	$—

6 Derivative financial instruments:

Contract amounts and fair values of derivative transactions by hedge accounting method for which hedge accounting is applied as of March 31, 2015 and 2016 are as follows:

2015

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 dominated in foreign currency	¥1,504	¥—	¥25
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	330	—	—
Total		¥1,834	¥—	¥25

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 dominated in foreign currency	¥1,923	¥—	¥(64)
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	293	—	—
Total		¥2,216	¥—	¥(64)

2016

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 dominated in foreign currency	**$17,075**	**$—**	**$(568)**
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	**2,602**	**—**	**—**
Total		**$19,677**	**$—**	**$(568)**

Notes:

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

(b) When forward foreign exchange contracts meet certain conditions, their corresponding hedged items are stated at the forward exchange contract rates. Such items are accounts receivable or payable and their fair values are included in those of their hedged items on the notes of "4. Financial Instruments."

7 Investments and rental property:

The Company and certain subsidiaries hold some rental properties and idle properties in Tokyo and other areas. Profit from those properties for the fiscal years ended March 31, 2015 and 2016 were ¥140 million and ¥138 million ($1,225 thousand), respectively.

In addition, the book value, net changes during the fiscal year and the fair values of such properties as of March 31, 2015 and 2016 are as follows:

			Millions of yen
		Book value	Fair Value
Balance at March 31, 2014	Increase / (Decrease)	Balance at March 31, 2015	Balance at March 31, 2015
¥1,529	¥206	¥1,735	¥5,387

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

			Thousands of U.S. dollars
		Book value	Fair Value
Balance at March 31, 2015	Increase / (Decrease)	Balance at March 31, 2016	Balance at March 31, 2016
$15,406	**$(1,279)**	**$14,127**	**$51,376**

Notes:

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

(b) The fair values of properties are mainly calculated internally based on the main-street land prices on a tax basis.

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

The average annual interest rate on short-term loans is 0.536% and 0.525% as of March 31, 2015 and 2016, respectively.

Long-term debt and lease obligations as of March 31, 2015 and 2016 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Loans from banks and other financial institutions due from 2015 to 2016 with mortgages and collateral, at interest rates ranging from 0.53% to 1.185%	¥ 30	¥ 30	$ 266
Lease obligations at the average interest rate of 7.283% for 2015 and 7.392% for 2016	4,454	4,174	37,063
Less current portion	(305)	(246)	(2,184)
Long-term debt and lease obligations	¥4,179	¥3,958	$35,145

The assets pledged as collateral and collective mortgages for long-term debt including current portion as of March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Property, plant and equipment, net of accumulated depreciation: Buildings and structures	¥ 191	¥—	$—
Land	263	—	—
Total	¥454	¥—	$—
Maximum amount of a revolving mortgage	¥1,200	¥—	$—

The aggregate annual maturities of long-term debt as of March 31, 2016 are as follows:

	Millions of yen	Thousands of U.S. dollars
2017	¥30	$266
2018	—	—
2019	—	—
2020	—	—
2021 and thereafter	—	—
Total	¥30	$266

The aggregate annual maturities of lease obligations as of March 31, 2016 are as follows:

	Millions of yen	Thousands of U.S. dollars
2017	¥ 216	$ 1,918
2018	190	1,687
2019	167	1,483
2020	156	1,385
2021 and thereafter	3,445	30,590
Total	¥4,174	$37,063

9 Reserve for retirement benefits and pension plan:

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

Defined benefit pension plans (all funded) are lump-sum or pension payment based on salary and service period of employees. Lump-sum severance payment plans (all unfunded) are lump-sum payment based on a point-based plan. Certain consolidated subsidiaries apply the simplified method in computing liability for retirement benefit and retirement benefit costs for their defined benefit pension plans and lump-sum severance payment plans. The tables below include plans to which the simplified method is applied.

Movements in retirement benefit obligations for the fiscal years ended March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Balance at beginning of the fiscal year	¥29,877	¥31,577	$280,385
Cumulative effects of changes in accounting policy	537	—	—
Restated balance at beginning of the fiscal year	¥30,414	¥31,577	$280,385
Service cost	1,615	1,665	14,784
Interest cost	289	295	2,619
Actuarial gain	352	4,119	36,575
Benefits paid	(1,093)	(1,095)	(9,723)
Balance at end of the fiscal year	¥31,577	¥36,561	$324,640

Movements in plan assets for the fiscal years ended March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Balance at beginning of the fiscal year	¥17,309	¥17,617	$156,429
Expected return on plan assets	2	2	18
Actuarial gain (loss)	(131)	(116)	(1,030)
Contributions paid by the employer	1,260	1,369	12,156
Benefits paid	(823)	(798)	(7,086)
Balance at end of the fiscal year	¥17,617	¥18,074	$160,487

Reconciliations from retirement benefit obligations and plan assets to liability (asset) for retirement benefits as of March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Funded retirement benefit obligations	¥25,144	**¥29,649**	**$263,266**
Plan assets	(17,617)	**(18,074)**	**(160,487)**
	7,527	**11,575**	**102,779**
Unfunded retirement benefit obligations	6,433	**6,912**	**61,375**
Total net liability (asset) for retirement benefits on the consolidated balance sheets	¥13,960	**¥18,487**	**$164,154**
Liability for retirement benefit	¥14,054	**¥18,552**	**$164,731**
Asset for retirement benefit	(94)	**(65)**	**(577)**
Total net liability (asset) for retirement benefits on the consolidated balance sheets	¥13,960	**¥18,487**	**$164,154**

Retirement benefit costs for the fiscal years ended March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Service cost	¥1,615	**¥1,665**	**$14,784**
Interest cost	289	**295**	**2,619**
Expected return on plan assets	(2)	**(2)**	**(18)**
Net actuarial loss amortization	692	**573**	**5,088**
Past service costs amortization	(344)	**(344)**	**(3,055)**
Total retirement benefit costs for the fiscal years ended March 31, 2015 and 2016	¥2,250	**¥2,187**	**$19,418**

The components of adjustments for retirement benefit (before applicable income tax effects) for the fiscal years ended March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Past service costs	¥344	**¥ 344**	**$ 3,055**
Actuarial gains and losses	(209)	**3,662**	**32,516**
Total	¥135	**¥4,006**	**$35,571**

The components of accumulated adjustments for retirement benefit (before applicable income tax effects) for the fiscal years ended March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Past service costs that are yet to be recognized	¥(3,087)	**¥(2,743)**	**$(24,356)**
Actuarial gains and losses that are yet to be recognized	2,699	**6,361**	**56,482**
Total	¥ (388)	**¥ 3,618**	**$ 32,126**

The components of plan assets for the fiscal years ended March 31, 2015 and 2016 are as follows:

	2015	2016
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 asset is determined considering current and expected distribution of plan assets and long-term rate of return derived from various components of the plan assets.

Assumptions used in determining the retirement benefit obligations for the fiscal years ended March 31, 2015 and 2016 are as follows:

	2015	2016
Discount rate	1.1%	**0.1-0.2%**
Long-term expected rate of return	0-1.0%	**0-1.0%**

10 Research and development expenses:

Research and development expenses for the fiscal years ended March 31, 2015 and 2016 were ¥1,428 million and ¥1,493 ($13,257 thousand), respectively.

11 Impairment losses on fixed assets:

For the fiscal years ended March 31, 2015 and 2016, 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**	2015	**2016**	**2016**
Business property	Buildings, machinery and equipment, land	¥23	**¥1,322**	**$11,738**
Idle property	Buildings, machinery and equipment, land	14	**60**	**533**
		¥37	**¥1,382**	**$12,271**

The Company and its consolidated subsidiaries classify their fixed assets into groups by the type of respective operations based on the business segment. Their idle properties are individually considered.

The book values of impaired business properties were reduced to recoverable amounts due to lowered profitability. The recoverable value was measured as the higher of (1) their net realizable value based on amounts mainly determined by valuation made in accordance with real estate appraisal standards or the value assessed for property tax purpose or (2) the present value of the expected cash flows from the ongoing utilization and subsequent disposition of the assets discounted at 9% in 2015 and 5% in 2016, respectively.

The book values of idle properties were reduced to recoverable amounts which were based on net selling prices.

12 Income taxes:

The income taxes applicable to the Company and its domestic consolidated subsidiaries include (1) corporation taxes, (2) enterprise taxes (excluding the part attributed to added value and capital) and (3) inhabitants' taxes which, in the aggregate, result in the statutory tax rate equal to approximately 35.6 % and 33.1% for the fiscal years ended March 31, 2015 and 2016, respectively.

The main components of deferred tax assets and liabilities as of March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Deferred tax assets:			
Liability for retirement benefit	¥4,515	**¥5,626**	**$49,956**
Impairment losses on fixed assets	1,729	**1,788**	**15,876**
Tax loss carryforwards	1,189	**1,412**	**12,538**
Accrued bonuses	700	**785**	**6,970**
Write-down of investments in unconsolidated subsidiaries and affiliates	439	**533**	**4,733**
Write-down of investments in securities	455	**322**	**2,859**
Other	2,247	**2,440**	**21,666**
Gross deferred tax assets	11,274	**12,906**	**114,598**
Less: valuation allowance	(4,140)	**(4,476)**	**(39,745)**
Total deferred tax assets	7,134	**8,430**	**74,853**
Deferred tax liabilities:			
Net unrealized gain on investment in securities	(3,283)	**(3,325)**	**(29,524)**
Special reserves for deferred gains on fixed assets	(3,372)	**(3,316)**	**(29,444)**
Depreciation at overseas consolidated subsidiaries	(2,348)	**(2,087)**	**(18,531)**
Reserve for special depreciation	(749)	**(563)**	**(4,999)**
Valuation differences of subsidiaries' assets in consolidation	(118)	**(116)**	**(1,030)**
Other	(342)	**(284)**	**(2,522)**
Total deferred tax liabilities	(10,212)	**(9,691)**	**(86,050)**
Net deferred tax liabilities	¥(3,078)	**¥(1,261)**	**$(11,197)**

The main differences between the statutory tax rate and the effective tax rate for the fiscal years ended March 31, 2015 and 2016 are not disclosed because the total differences are less than 5% of the statutory tax rates.

The "Act on Partial Revision of the Income Tax Act" (Act No. 15 of 2016) and the "Act on Partial Revision of the Local Income Tax Act" (Act No. 13 of 2016) were passed by the National Diet on March 29, 2016 and the income tax rates will be reduced from fiscal years beginning on or after April 1, 2016. Accordingly, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities is reduced from 32.3% which was used for the year ended March 31, 2015 to 30.9% in connection with temporary differences in assets or liabilities which are expected to be released in the fiscal years beginning on April 1, 2016 and 2017, and to 30.6% for the fiscal year beginning on April 1, 2018.

As a result, deferred tax liabilities, net of deferred tax assets, decreased by ¥8 million ($71 thousand) while income taxes - deferred, net unrealized gain on investment in securities, net of taxes increased by ¥120 million ($1,066 thousand) and ¥184 million ($1,634 thousand), respectively, and net unrealized gain on hedging derivatives, net of taxes and accumulated adjustments for retirement benefit decreased by ¥1 million ($9 thousand) and ¥56 million ($497 thousand), respectively.

Moreover, carryforward rules have been revised. The limit of deduction from taxable income applicable to losses carried forward is amount equivalent to 60% of the taxable income before loss carried forward effective from the fiscal year beginning on and after April 1, 2016, to 55% effective from the fiscal years beginning on or after April 1, 2017, and to 50% effective from the fiscal years beginning on or after April 1, 2018.

The effect of this change is immaterial.

13 Net assets:

Under 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 the 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 appropriate 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 all 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, 2016, the shareholders approved cash dividends amounting to ¥3,065 million ($27,215 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2016. 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 fiscal years ended March 31, 2015 and 2016

	Thousands of shares	
Common stock outstanding	2015	2016
Balance at beginning of the fiscal year	110,881	**110,881**
Balance at end of the fiscal year	110,881	**110,881**

	Thousands of shares	
Treasury stock outstanding	2015	2016
Balance at beginning of the fiscal year	8,745	**8,751**
Increase due to purchase of odd stock	4	**0**
Increase due to change in equity in the affiliate accounted for using equity method	2	**0**
Balance at end of the fiscal year	8,751	**8,751**

(2) Dividends

(a) Dividends whose record date is attributable to the fiscal year ended March 31, 2015 but to be effective after the fiscal year

The Company resolved approval at the general meeting of shareholders held on June 26, 2015 as follows:

Dividends on Common stock

a. Total amount of dividends .... ¥2,554 million
b. Dividends per share ¥25.0
c. Record date .... March 31, 2015
d. Effective date.................................... June 29, 2015

The Company resolved approval by the board of directors meeting held on October 30, 2015 as follows:

a. Total amount of dividends .... ¥3,065 million
b. Dividends per share ¥30.0
c. Record date .... September 30, 2015
d. Effective date.................................... December 7, 2015

(b) Dividends whose record date is attributable to the fiscal year ended March 31, 2016 but to be effective after the 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
.... ($27,215 thousand)
b. Funds for dividends .... Retained earnings
c. Dividends per share ¥30.0
.... ($0.27)
d. Record date .... March 31, 2016
e. Effective date.................................... June 30, 2016

15 Per share information:

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

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Net income attributable to owners of parent	¥ 16,902	¥ 18,364	$163,062
Net income attributable to owners of parent related to common stock	16,902	18,364	163,062
Weighted-average amount of common stock (unit: thousands of shares)	102,133	102,130	

16 Leases:

(1) Finance leases

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

Leased assets are property, plant and equipment, which consists of warehouse facilities (buildings, machinery and equipment) for cold storage.

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

Leased assets are property, plant and equipment, which mainly consists 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 lessees are accounted for as operating leases.

Assumed amounts of acquisition cost, accumulated depreciation and book value as of March 31, 2015 and 2016 are as follows:

2015

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Book value
Machinery and equipment	¥33	¥26	¥7
Other	7	6	1
	¥40	¥32	¥8

2016

	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Machinery and equipment	¥33	¥30	¥3	$293	$266	$27
Other	7	7	—	62	62	—
	¥40	¥37	¥3	$355	$328	$27

The future minimum payments as of March 31, 2015 and 2016 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Due within one year	¥4	¥3	$27
Due after one year	4	—	—
	¥8	¥3	$27

Lease expenses and assumed amounts of depreciation on such finance lease contracts without ownership-transfer for the fiscal years ended March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Lease expenses	¥4	¥4	$36

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Assumed amounts of depreciation	¥4	¥4	$36

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 noncancelable operating leases as of March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Due within one year	¥ 82	¥ 58	$ 515
Due after one year	381	349	3,099
	¥463	¥407	$3,614

17 Contingent liabilities:

Contingent liabilities as of March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Guarantees of indebtedness for employees	¥55	¥40	$355

18 Comprehensive income:

(1) Reclassification adjustments on other comprehensive income for the fiscal years ended March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Net unrealized gain on investment in securities:			
Gains (losses) arising during the year	¥ 5,818	¥ 885	$ 7,858
Reclassification adjustments	(100)	(147)	(1,305)
	5,718	738	6,553
Net unrealized gain (loss) on hedging derivatives:			
Gains (losses) arising during the year	7	(89)	(790)
	7	(89)	(790)
Adjustment on foreign currency translation:			
Adjustments arising during the year	11,018	(5,000)	(44,397)
	11,018	(5,000)	(44,397)
Adjustments for retirement benefit:			
Adjustments arising during the year	(483)	(4,235)	(37,604)
Reclassification adjustments	348	229	2,033
	(135)	(4,006)	(35,571)
Share of other comprehensive income of the affiliate accounted for using equity method:			
Gains (losses) arising during the year	57	(13)	(116)
	57	(13)	(116)
Amount before income tax effects	16,665	(8,370)	(74,321)
Income tax effects	(1,746)	1,168	10,371
Total other comprehensive income, net of taxes	¥14,919	¥(7,202)	$(63,950)

(2) Income tax effects on other comprehensive income for the fiscal years ended March 31, 2015 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2016	2016
Net unrealized gain on investment in securities:			
Amount before income tax effects	¥ 5,718	¥ 738	$ 6,553
Income tax effects	(1,827)	(74)	(657)
Amount, net of taxes	3,891	664	5,896
Net unrealized gain (loss) on hedging derivatives:			
Amount before income tax effects	7	(89)	(790)
Income tax effects	(2)	25	222
Amount, net of taxes	5	(64)	(568)
Adjustment on foreign currency translation:			
Amount before income tax effects	11,018	(5,000)	(44,397)
Income tax effects	—	—	—
Amount, net of taxes	11,018	(5,000)	(44,397)
Adjustments for retirement benefit:			
Amount before income tax effects	(135)	(4,006)	(35,571)
Income tax effects	83	1,217	10,806
Amount, net of taxes	(52)	(2,789)	(24,765)
Share of other comprehensive income of the affiliate accounted for using equity method:			
Amount before income tax effects	57	(13)	(116)
Income tax effects	—	—	—
Amount, net of taxes	57	(13)	(116)
Total other comprehensive income			
Amount before income tax effects	16,665	(8,370)	(74,321)
Income tax effects	(1,746)	1,168	10,371
Amount, net of taxes	¥14,919	¥(7,202)	$(63,950)

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. They are reviewed regularly at the Board of Directors' meeting in order to determine distribution of management resources and evaluate business performance results.

The Company and its consolidated subsidiaries have business headquarters 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 it trades. "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 it handles.

Accordingly, the Company and its consolidated subsidiaries consist of segments classified by product and region based on business headquarters 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 about reported net sales, segment income and other material items

Accounting policies of the reportable segments are almost the same as those described in the notes of "2. Summary of significant accounting policies." Income by the reportable segment is based on operating income.

(Changes in measurement method of segment income or loss and other material items)

Effective from the fiscal year ended March 31, 2016, more reasonable allocation method has been applied for certain affiliates in order to refine actual situation of assets by reportable segment. Information about reported net sales, segment income and other material items for the fiscal year ended March 31, 2015 has also been rearranged accordingly.

(3) Information about reported net sales, segment income and other material items

2015

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 customer	¥34,515	¥86,045	¥117,397	¥66,876	¥18,307	¥15,576	¥338,716	¥42,609	¥381,325	¥(66)	¥381,259
Intersegment	937	—	28	—	0	940	1,905	495	2,400	(2,400)	—
Total	¥35,452	¥86,045	¥117,425	¥66,876	¥18,307	¥16,516	¥340,621	¥43,104	¥383,725	¥(2,466)	¥381,259
Segment income (loss)	¥(770)	¥12,162	¥9,209	¥3,535	¥489	¥1,212	¥25,837	¥53	¥25,890	¥(814)	¥25,076
Segment assets	¥20,049	¥90,135	¥ 49,801	¥24,126	¥7,251	¥30,574	¥221,936	¥22,730	¥244,666	¥89,268	¥333,934
Other items: Depreciation and amortization	¥341	¥2,327	¥3,465	¥1,455	¥274	¥2,175	¥10,037	¥1,233	¥11,270	¥339	¥11,609
Increase in property, plant and equipment and intangible assets	220	1,603	1,442	1,238	296	1,295	6,094	2,942	9,036	1,132	10,168

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 customer	¥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

2016

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 customer	$293,696	$686,787	$1,099,929	$603,552	$175,652	$143,900	$3,003,516	$399,388	$3,402,904	$373	$3,403,277
Intersegment	8,009	—	107	—	0	8,240	16,356	4,333	20,689	(20,689)	—
Total	$301,705	$686,787	$1,100,036	$603,552	$175,652	$152,140	$3,019,872	$403,721	$3,423,593	$(20,316)	$3,403,277
Segment income (loss)	$(1,518)	$107,823	$88,892	$34,213	$7,840	$14,695	$251,945	$3,303	$255,248	$(3,836)	$251,412
Segment assets	$130,554	$789,256	$512,387	$198,819	$73,797	$290,499	$1,995,312	$222,296	$2,217,608	$849,316	$3,066,924
Other items: Depreciation and amortization	$2,815	$20,360	$27,393	$12,724	$2,158	$17,537	$82,987	$12,511	$95,498	$4,182	$99,680
Increase in property, plant and equipment and intangible assets	1,421	7,778	84,790	4,697	2,992	42,621	144,299	17,901	162,200	7,273	169,473

Notes:

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

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

1) The amounts of ¥(66) million and ¥42 million ($373 thousand) in net sales for the fiscal years ended March 31, 2015 and 2016, respectively, were due to differences in elimination methods used by the reportable segments and the financial statements.
2) The amounts of ¥(814) million and ¥(432) million ($(3,836) thousand) in segment income for the fiscal years ended March 31, 2015 and 2016 include companywide expenses of ¥(927) million and ¥(1,035) million ($(9,190) thousand), respectively, which cannot be allocated to each reportable segment. The companywide 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 fiscal years ended March 31, 2015 and 2016.
3) The amount of ¥89,268 million and ¥95,650 million ($849,316 thousand) in segment assets as of March 31, 2015 and 2016 include corporate assets of ¥88,441 million and ¥95,344 million ($846,599 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 for administrative departments. Other adjustments are mainly due to application of the equity method.
4) The amounts of ¥339 million and ¥471 million ($4,182 thousand) in depreciation and amortization for the fiscal years ended March 31, 2015 and 2016 include companywide expenses of ¥216 million and ¥367 million ($3,259 thousand), respectively.
5) The amounts of ¥1,132 million and ¥819 million ($7,273 thousand) in increase in property, plant, and equipment and intangible assets for the fiscal years ended March 31, 2015 and 2016, respectively, are corporate assets which cannot be allocated to each reportable segment.

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

(4) Information about geographic areas

(a) Net sales

2015 — Millions of yen

	Japan	Americas	Other	Consolidated
Net sales	¥294,741	¥86,061	¥457	¥381,259

2016 — Millions of yen

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

2016 — Thousands of U.S. dollars

	Japan	Americas	Other	Consolidated
Net sales	**$2,711,224**	**$686,894**	**$5,159**	**$3,403,277**

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., United Mexican States
   Others........................ People's Republic of China, Taiwan, Republic of Korea

(b) Property, plant and equipment

2015 — Millions of yen

	Japan	Americas	Consolidated
Property, plant and equipment	¥91,985	¥28,684	¥120,669

2016 — Millions of yen

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

2016

	Japan	Americas	Consolidated
			Thousands of U.S. dollars
Property, plant and equipment	$883,173	$226,230	$1,109,403

(5) Information about major customers

2015

	Sales	
	Millions of yen	
Name of major customers		Related reportable segment
MITSUI & CO., LTD.	¥94,876	Domestic Instant Noodles Segment

2016

	Sales		
	Millions of yen	Thousands of U.S. dollars	
Name of major customers			Related reportable segment
MITSUI & CO., LTD.	¥99,099	$879,941	Domestic Instant Noodles Segment

(6) Information about impairment

2015

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	¥—	¥—	¥—	¥9	¥17	¥—	¥—	¥11	¥37

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

2016

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	$6,020	$—	$—	$18	$133	$2,522	$3,578	$—	$12,271

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

2015

Millions of yen

	Reportable segment								
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Other	Adjustments	Consolidated
Negative goodwill: Amortization	¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥75	¥75
Unamortized balance	¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥—

There was no amortization nor unamortizaed balance of goodwill and negative goodwill for the year ended and as of March 31, 2016.

20 Subsequent events:

The Company's shareholders approved appropriation of retained earnings at the general meeting of shareholders held on June 29, 2016 as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥30.0 per share)	**¥3,065**	**$27,215**

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, 2016 and 2015, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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, 2016 and 2015, 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, 2016 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, 2016
Tokyo, Japan

CORPORATE DATA

AS OF MARCH 31, 2016

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)	4,696
Consolidated Net Sales	¥383,277 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	8,481
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

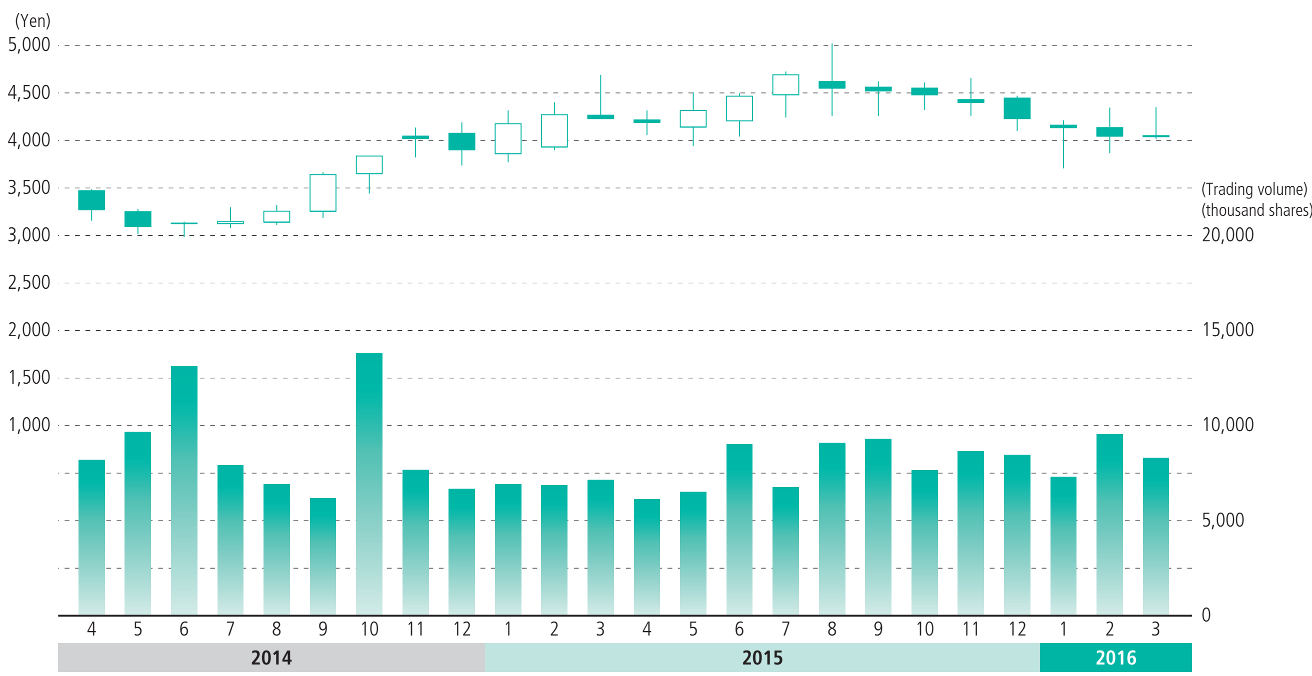
Since its beginnings at Tokyo's Tsukiji Market in 1953, where Toyo Suisan began its business of exporting frozen tuna, the company has grown into a diversified food products manufacturer, currently engaged not only in the business of seafood products, but in cold-storage and food processing businesses 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