Toyo Suisan Kaisha, Ltd.

ANNUAL REPORT 2019

YEAR ENDED MARCH 31, 2019

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.

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

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Forward-looking Statements

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

TO OUR SHAREHOLDERS

I would like to begin by expressing my sincere appreciation for our shareholders' continued support. We are pleased to report the business results for Toyo Suisan Kaisha, Ltd., for the fiscal year ended March 31, 2019.

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 2019

During the fiscal year ended March 31, 2019, although the Japanese economy continued to recover at a gradual pace, on the back of results from various economic measures and improvements in the employment and income environments, despite weakness in some parts of exports and production, the economy continued to be exposed to downside risks from the impacts of the trends in trade problems on the global economy, the uncertainties in overseas economies and fluctuations in the financial and capital markets.

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

As a result, net sales were ¥401,064 million (up 3.2% year on year), operating income was ¥23,662 million (down 11.2% year on year), and net income attributable to owners of parent was ¥18,439 million (up 0.0% year on year) for the current fiscal year.

June 2019

Masanari Imamura

Masanari Imamura
Representative Director and President

CONSOLIDATED FINANCIAL HIGHLIGHTS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
YEARS ENDED MARCH 31, 2018 AND 2019

		Millions of yen		Thousands of U.S. dollars (Note 1)
		2018	2019	2019
For the year:	Net sales	¥388,797	¥401,064	$3,613,189
	Operating income	26,652	23,662	213,171
	Net income attributable to owners of parent	18,431	18,439	166,117
At year-end:	Total assets	¥371,843	¥390,191	$3,515,234
	Total net assets	290,882	307,729	2,772,333
Per share of common stock:	Net income	¥180.5	¥180.5	$1.63
(in yen and U.S. dollars)	Cash dividends	60.0	70.0	0.63

Dollar amounts represent translations at the rate of ¥111.00 = US$1, the rate prevailing on March 31, 2019.

REVIEW OF OPERATIONS

Seafood Segment

Sales
29,999
million yen

In the Seafood Segment, although the Group focused on selling products at reasonable prices amid continued price rises in the price of fish for the core products of salmon, trout etc. as well as price rises in the cost of fish due to diminishing shore fish catches in Japan and other countries, competition intensified and sales volumes decreased. As a result, segment sales were ¥29,999 million (down 6.3% year on year), while segment income was ¥158 million (down 45.2% year on year).

Overseas Instant Noodles Segment

Sales
83,787
million yen

In the Overseas Instant Noodles Segment, sales increased in the U.S. owing to not only favorable sales of the bag-type noodle product *Ramen* series, and the cup-type noodle product *Instant Lunch* series, our signature products, which were boosted by a strengthening of in-store display promotions such as "back-to-school" sales and mass-display campaigns and the boosting of marketing activities using SNS and so forth, but also stronger sales of our *Yakisoba* series, for which we introduced new flavors, and our *Bowl* series, which began to be adopted by a greater number of mass retailers. In Mexico, sales increased thanks to favorable sales of cup-type noodles, our signature products, amid stable exchange rates for local currencies. As a result, segment sales were ¥83,787 million (up 14.7% year on year). Segment income was ¥9,583 million (down 3.9% year on year) due to the increases in raw materials costs, personnel expenses, distribution costs, despite factors contributing to higher profit such as increased sales volume and reduced sales promotion costs.

Domestic Instant Noodles Segment

Sales
127,571
million yen

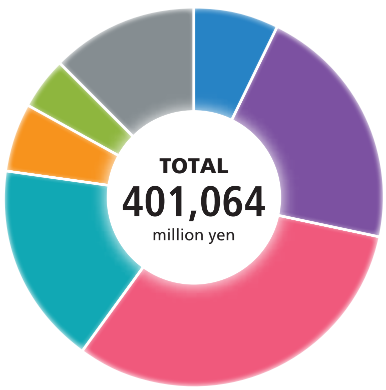
In the Domestic Instant Noodles Segment, sales were on roughly even with those of the previous year for cuptype noodles as a result of promotions to expand sales of the Japanese-style series such as *Akai Kitsune Udon*, whose 40th anniversary since its launch was central to these promotions, and *Midori no Tanuki Ten Soba*, as well as the *MARUCHAN QTTA* series and *Gotsu Mori* series, to both of whose lineups we added new items. In bagtype noodles, despite efforts such as stimulating new demand by launching new flavors in the *Maruchan Seimen* series, total sales decreased. As a result, segment sales were ¥127,571 million (down 1.1% year on year). Segment income was ¥7,860 million (down 5.4% year on year), mainly due to the increases in distribution costs and raw materials costs.

Frozen and Refrigerated Foods Segment

Sales
69,189
million yen

In the Frozen and Refrigerated Foods Segment, sales increased thanks to not only robust sales in fresh noodles for our signature product *Maruchan Yakisoba (Three-Meal Package)* series, but also significant growth in sales for new product *Pari-Pari Mugen* series, which offers a very tasty way to eat vegetables, new product *Tsuruyaka* series, whose preparation simply requires separating the noodles by water, and *Koku no Itteki* series, which was launched last year. Among frozen and chilled foods, sales were strong for collaboration products, new products such as those offered for a limited time only, and the household *Frozen Yakisoba Noodles*. As a result, segment sales were ¥69,189 million (up 0.8% year on year). Segment income was ¥4,544 million (down 13.8% year on year) due to an increase in raw materials costs and other expenses.

Net Sales by Segment



1	Seafood Segment	7.5%	29,999 million yen
2	Overseas Instant Noodles Segment	20.9%	83,787 million yen
3	Domestic Instant Noodles Segment	31.8%	127,571 million yen
4	Frozen and Refrigerated Foods Segment	17.3%	69,189 million yen
5	Processed Foods Segment	5.7%	22,667 million yen
6	Cold-Storage Segment	4.6%	18,463 million yen
7	Other Business Segment	12.2%	49,388 million yen

Processed Foods Segment

Sales
22,667
million yen

In the Processed Foods Segment, the packaged cooked rice and freeze-dried products markets continued to expand through increased opportunities for consumption accompanying changes in lifestyles. Amid this background, our new factories began operations, leading to increases in production capacity. This allowed us to execute aggressive sales promotion activities, including the launch of new products, the renewal of existing products, and consumer campaigns, leading to increased sales. As a result, segment sales were ¥22,667 million (up 6.3% year on year). The segment reported a segment loss of ¥978 million (compared with a segment income of ¥134 million in the previous fiscal year) owning to the increases mainly in depreciation associated with the start of operations of the new factories.

Cold-Storage Segment

Sales
18,463
million yen

In the Cold-Storage Segment, operations proceeded satisfactorily at the Heiwajima Cold-Storage Facility, which opened in March 2018. In addition, our aggressive sales activities resulted in robust sales to both new and existing customers from trade centered on frozen food and trade in incidental businesses such as customs clearance and transportation. As a result, segment sales were ¥18,463 million (up 4.6% year on year). Segment income was ¥1,610 million (down 20.9% year on year) due to the increase in depreciation associated with the Saitama Sugito Distribution Center and the Kobe Distribution Center, which were put into operation in January.

Other Business Segment

Sales
49,388
million yen

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥49,388 million (up 4.8% year on year), while segment income was ¥1,485 million (up 26.5% year on year).

Domestic Business Operations (in total)

INPUT	Energy	Electric power	Natural gas	Class A heavy oil
	4,757 TJ	263,597 thousand kWh	32,661 thousand m³	2,388 kl

OUTPUT	CO_2 discharged into atmosphere
	218 thousand t

Environmental Impact Data (Groupwide)

JAPAN

INPUT

Production plants

Energy	3,388 TJ
•Electric power	166,563 thousand kWh
•Class A heavy oil	2,248 kl
•Town gas	32,522 thousand m³
•Steam	56,382 GJ
Raw materials procurement	
•Raw materials	380 thousand t
•Packaging materials	70 thousand t
Refrigerant refill quantity	2,050 KG
Water resources	5,097 thousand m³

Production volume 460 thousand t

Logistics

Energy	394 TJ
(Total transportation volume)	171,300 thousand tkm

Offices

Energy	60 TJ
•Electric power	3,524 thousand kWh
•Town gas	139 thousand m³
•Gasoline	383 kl
•Class A heavy oil	140 kl
Refrigerant refill quantity	6 KG
Water resources	21 thousand m³

OUTPUT

Production plants

CO_2 discharged	153 thousand t
•NOx discharged	44 t
•SOx discharged	10 t
Industrial waste discharged	15,252 t
(final disposal volume)	0 t
Water discharged	3,631 thousand m³

Logistics

CO_2 discharged	27 thousand t

Offices

CO_2 discharged	3 thousand t
Industrial waste discharged	211 t
(final disposal volume)	0 t
Water discharged	21 thousand m³

*CO_2 discharged for Logistics is calculated from the scope of Toyo Suisan Kaisha, Ltd. under the Energy Saving Act (by specified handlers)

1 Switch over to natural refrigerant cooling equipment

The Toyo Suisan Group is replacing CFC refrigerants, which have a large greenhouse effect, with natural refrigerants (containing ammonia and CO_2) in its refrigeration facilities. Saihoku Toyo Kaisha, Ltd. has already switched over to natural refrigerant cooling equipment and is also working to reduce power consumption, which declined by 1,061 thousand kWh (63.7% year on year) based on April–December calculations.

2 Reducing environmental impact of transportation

Seeking to reduce CO_2 emitted during the transportation process, we are promoting a modal shift and switching from individual-lot deliveries to deliveries by chartered automobiles. Raising the loading capacity of chartered vehicles enables us to transport items more efficiently and thus lower environmental impacts.

Overseas Business Operations (in total)

INPUT	Energy	Electric power	Natural gas	Diesel
	2,103 TJ	68,327 thousand kWh	32,677 thousand m³	4 kl

OUTPUT — CO_2 discharged into atmosphere 103 thousand t

OVERSEAS

Energy 915 TJ
- Electric power 93,510 thousand kWh

Refrigerant refill quantity 647 KG

Water resources 222 thousand m³

Energy 4,757 TJ

Refrigerant refill quantity 2,703 KG

Water resources 5,340 thousand m³

Energy 2,103 TJ
- Electric power 68,327 thousand kWh
- Natural gas 32,677 thousand m³
- Diesel 4 kl

Raw materials procurement
- Raw materials 400 thousand t
- Packaging materials 50 thousand t

Water resources 797 thousand m³

Refrigerators

Capacity 600 thousand t

Domestic business facilities Total

Overseas business facilities

Maruchan

North America
Central America
China
India

Production volume 300 thousand t

CO_2 discharged 35 thousand t

Industrial waste discharged 146 t

(final disposal volume) 1 t

Water discharged 95 thousand m³

CO_2 discharged 218 thousand t

Industrial waste discharged 15,609 t

(final disposal volume) 1 t

Water discharged 3,747 thousand m³

CO_2 discharged 103 thousand t

Industrial waste discharged 19,953 t

(final disposal volume) 11,110 t

Water discharged 501 thousand m³

3 Releasing juvenile fish
▶Tago Factory

Since 1996, our Tago Factory has released juvenile scorpionfish and other fish into the ocean with the aim of protecting marine resources and revitalizing the local area. In May 2019, we held the event for the 21st time, releasing a total of 13,000 juvenile fish.

4 Reducing environmental impact of Overseas Instant Noodles business
▶Maruchan, Inc.

In addition to our domestic factories, we strive to minimize the environmental impact of our overseas instant noodle factories. For example, we use LEDs for lighting to lower electricity consumption, and we are reducing the volume of plastic and cardboard packaging materials, which we also recycle. In addition, we engage in activities aimed at improving the surrounding areas and workplace environments of some factories.

CSR Activities

Adoption of certified palm oil

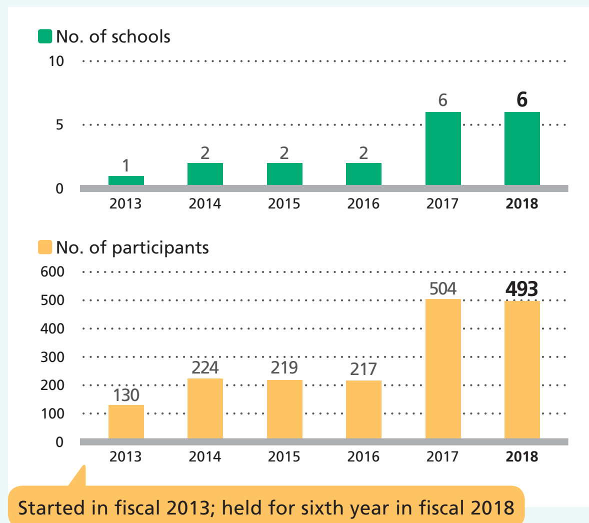
With respect to palm oil, a raw material for instant noodles, U.S. subsidiary Maruchan, Inc. joined the Roundtable on Sustainable Palm Oil (RSPO) in 2016, and the Toyo Suisan Group joined in January 2019, allowing a groupwide approach to sustainable procurement. Maruchan, Inc. aims to switch over to certified palm oil by the end of 2020. We will continue procuring certified palm oil that takes into consideration the natural environment and human rights issues of the countries of origin.

Fruit of the oil palm is a raw material for palm oil

Community workshops and factory tours

Our Sagami Factory conducts community workshops (our employees visit schools) and factory tours for students of elementary schools around Isehara City, where the factory is located. These forums, based on the theme of *Maruchan Yakisoba* (*Three-Meal Package*), reflect our close ties to the local community. In fiscal 2018, 308 students from four schools participated in the factory tours, and 185 from two schools participated in the workshops.

Participants in Community Workshops and Factory Tours (Sagami Factory)



Youth judo championships

Since 1986, we have hosted the Maruchan Cup Youth Judo Championships for elementary and junior high school students nationwide. In fiscal 2018, we held tournaments in seven regions in Japan, with participation by some 1,500 teams consisting of approximately 10,000 individuals. Several judo players who have participated in these championships over the years have since excelled in international tournaments. We also sponsor children's judo and kendo tournaments overseas. Maruchan de Mexico, S.A. de C.V., which sells our products in Mexico, organizes and sponsors youth judo and kendo tournaments and also promotes Japanese culture. In fiscal 2018, 46 people participated in the judo tournament, and 100 participated in the kendo tournament.

Maruchan Cup Youth Judo Championships

Maruchan Cup Judo Championships (children's section, Mexico)

CORPORATE GOVERNANCE

Toyo Suisan's Basic Approach to Corporate Governance

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

Board of Directors

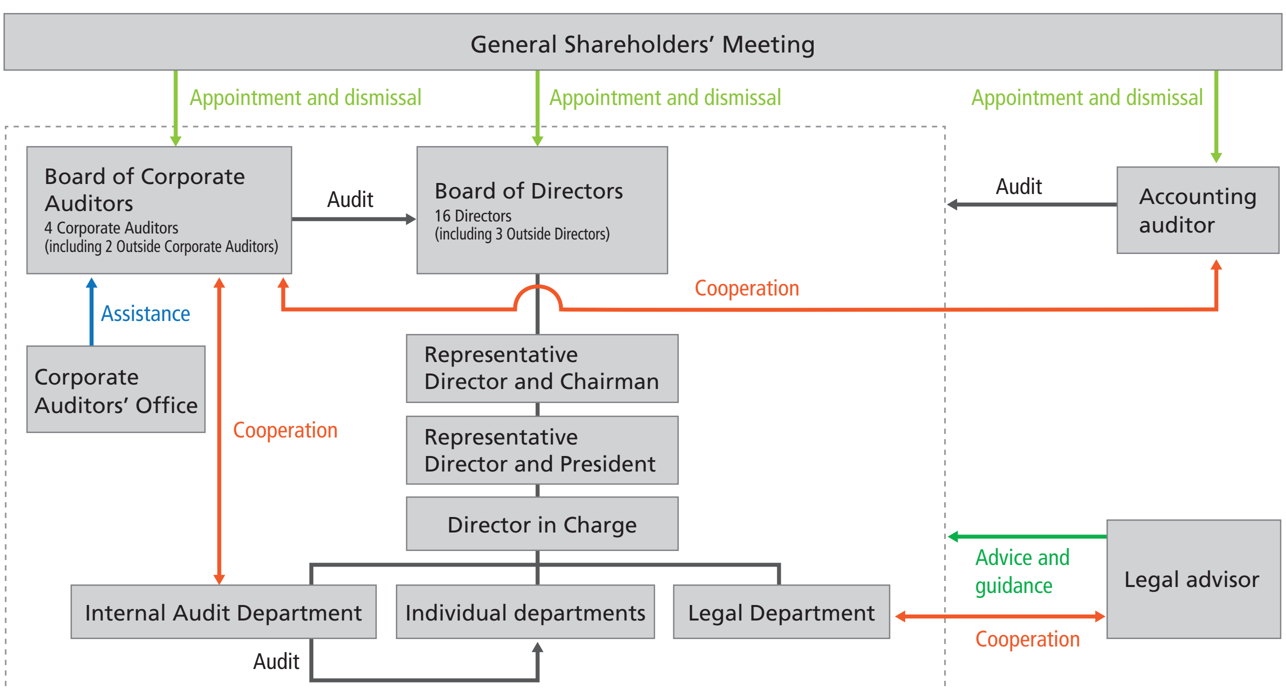
The Board of Directors serves as the Company's decision-making body. The Board of Directors comprises sixteen directors, including three outside directors. The Board of Directors generally convenes once a month, and also as needed. It thoroughly debates issues from the perspective of the group as a whole.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

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

Board of Corporate Auditors

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

CORPORATE GOVERNANCE STRUCTURE



* In addition, we have set up an internal reporting system called "Report Line" aimed at prevention and/or early detection and correction of legal violations and in-house fraud. This system, which is independent from top management, consists of an internal contact line (general inquiries, corporate auditor contact line), and an external contact line (handled by a lawyer).

CONSOLIDATED BALANCE SHEETS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
AS OF MARCH 31, 2018 AND 2019

ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2019	2019
Current assets:			
Cash on hand and at banks (Notes 3 and 4)	¥ 75,770	¥ 86,281	$ 777,306
Notes and accounts receivable - Trade (Note 4)	54,094	54,386	489,964
Amounts due from unconsolidated subsidiaries and affiliates	439	450	4,054
Other	1,269	1,440	12,974
Less: Allowance for doubtful accounts	(403)	(629)	(5,667)
	55,399	55,647	501,325
Securities (Notes 3, 4 and 5)	43,000	32,000	288,288
Inventories (Note 7)	23,825	26,224	236,252
Other	2,770	3,147	28,352
Total current assets	200,764	203,299	1,831,523
Property, plant and equipment (Notes 8, 12 ,18 and 21):			
Buildings and structures	136,573	155,031	1,396,676
Machinery and equipment	117,869	129,776	1,169,153
Leased assets	5,161	5,327	47,991
Other	6,005	6,307	56,820
	265,608	296,441	2,670,640
Less: Accumulated depreciation	(173,160)	(185,010)	(1,666,757)
	92,448	111,431	1,003,883
Land	35,345	35,622	320,919
Construction in progress	8,306	5,723	51,558
Total property, plant and equipment	136,099	152,776	1,376,360
Intangible assets	1,739	1,605	14,459
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 4)	5,189	4,565	41,126
Investment securities (Notes 4 and 5)	26,128	25,845	232,838
Deferred tax assets (Note 14)	993	1,166	10,505
Asset for retirement benefits (Note 10)	71	76	685
Other	1,192	859	7,738
Less: Allowance for doubtful accounts	(332)	—	—
Total investments and other assets	33,241	32,511	292,892
Total assets	¥371,843	¥390,191	$3,515,234

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)
	2018	2019	2019
Current liabilities:			
Short-term loans (Notes 4 and 9)	¥ 286	¥ 644	$ 5,802
Lease obligations (Notes 4 and 9)	229	255	2,297
Notes and accounts payable - Trade (Note 4)	24,675	25,001	225,234
Amounts due to unconsolidated subsidiaries and affiliates	1,362	1,320	11,892
Other	843	2,600	23,423
	26,880	28,921	260,549
Income taxes payable	2,614	1,910	17,207
Accrued expenses	21,082	21,111	190,189
Other	1,984	1,030	9,280
Total current liabilities	53,075	53,871	485,324
Non-current liabilities:			
Lease obligations (Notes 4 and 9)	3,766	3,665	33,018
Deferred tax liabilities (Note 14)	2,433	3,477	31,324
Reserve for retirement benefits for directors and other officers	280	302	2,721
Liability for retirement benefits (Note 10)	19,231	18,899	170,261
Asset retirement obligations	215	217	1,955
Other	1,961	2,031	18,298
Total non-current liabilities	27,886	28,591	257,577
Total liabilities	80,961	82,462	742,901
Contingent liabilities (Note 19)			
Net assets (Notes 15 and 16):			
Shareholders' equity:			
Common stock-			
Authorized: 427,000,000 shares in 2018 and 2019			
Issued: 110,881,044 shares in 2018 and 2019	18,969	18,969	170,892
Capital surplus	22,942	22,942	206,685
Retained earnings	240,581	252,892	2,278,306
Treasury stock, at cost			
Held by the Company: 8,702,879 shares in 2018 and 8,703,129 shares in 2019			
Owned by consolidated subsidiaries and affiliates: 49,018 shares in 2018 and 2019	(8,227)	(8,228)	(74,126)
Total shareholders' equity	274,265	286,575	2,581,757
Accumulated other comprehensive income (loss):			
Net unrealized gain on investment securities, net of taxes (Note 5)	9,681	9,854	88,775
Net unrealized loss on hedging instruments, net of taxes (Note 6)	(40)	(2)	(18)
Foreign currency translation adjustments	(1,942)	2,054	18,504
Adjustment for retirement benefits, net of taxes (Note 10)	(2,057)	(1,843)	(16,604)
Total accumulated other comprehensive income	5,642	10,063	90,657
Non-controlling interests	10,975	11,091	99,919
Total net assets	290,882	307,729	2,772,333
Total liabilities and net assets	¥371,843	¥390,191	$3,515,234

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, 2018 AND 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2019	2019
Net sales (Note 21)	¥388,797	¥401,064	$3,613,189
Cost of sales (Note 11)	241,990	254,754	2,295,081
Gross profit	146,807	146,310	1,318,108
Selling, general and administrative expenses (Note 11)	120,155	122,648	1,104,937
Operating income (Note 21)	26,652	23,662	213,171
Non-operating income (expenses):			
Interest and dividend income	1,529	2,187	19,703
Interest expenses	(259)	(252)	(2,270)
Equity in earnings of affiliate accounted for under the equity method	137	143	1,288
Foreign exchange loss	(239)	(12)	(108)
Relocation expenses for property, plants and equipment	(16)	(76)	(685)
Loss on sales or disposal of property, plant and equipment, net	(1,649)	(300)	(2,703)
Gain on sales of investment securities (Note 5)	67	232	2,090
Provision of allowance for doubtful accounts	(56)	(228)	(2,054)
Loss on write-down of investments in unconsolidated subsidiaries and affiliates (Note 5)	(146)	(727)	(6,550)
Impairment losses on fixed assets (Notes 12 and 21)	(22)	(201)	(1,811)
Subsidy received	605	811	7,306
Loss on disaster (Note 13)	—	(131)	(1,180)
Other, net	684	798	7,190
Income before income taxes	27,287	25,906	233,387
Income taxes (Note 14):			
Current	8,262	6,078	54,756
Deferred	214	876	7,892
	8,476	6,954	62,648
Net income	18,811	18,952	170,739
Net income attributable to non-controlling interests	380	513	4,622
Net income attributable to owners of parent	¥ 18,431	¥ 18,439	$ 166,117

	Yen		U.S. dollars (Note 1)
	2018	2019	2019
Amounts per share of common stock (Note 17):			
Net income	¥180.5	¥180.5	$1.63
Cash dividends applicable to the year	60.0	70.0	0.63

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, 2018 AND 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2019	2019
Net income	¥18,811	**¥18,952**	**$170,739**
Other comprehensive income (loss) (Note 20):			
Net unrealized gain (loss) on investment securities, net of taxes	1,090	**(82)**	**(739)**
Net unrealized gain (loss) on hedging instruments, net of taxes	(34)	**38**	**342**
Foreign currency translation adjustments	(4,569)	**3,997**	**36,009**
Adjustment for retirement benefits, net of taxes	58	**227**	**2,045**
Share of other comprehensive income (loss) of affiliate accounted for using the equity method	5	**(7)**	**(63)**
Total other comprehensive income (loss)	(3,450)	**4,173**	**37,594**
Comprehensive income	¥15,361	**¥23,125**	**$208,333**
Total comprehensive income attributable to:			
Owners of parent	¥14,837	**¥22,860**	**$205,946**
Non-controlling interests	524	**265**	**2,387**

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, 2018 AND 2019

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gain on investment securities, net of taxes	Net unrealized gain (loss) on hedging instruments, net of taxes	Foreign currency translation adjustments	Adjustment for retirement benefits, net of taxes	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2017	¥18,969	¥22,943	¥228,277	¥(8,226)	¥261,963	¥8,738	¥(6)	¥ 2,627	¥(2,124)	¥ 9,235	¥10,597	¥281,795
Net income attributable to owners of parent	—	—	18,431	—	18,431	—	—	—	—	—	—	18,431
Cash dividends paid	—	—	(6,127)	—	(6,127)	—	—	—	—	—	—	(6,127)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	(1)	—	—	(1)	—	—	—	—	—	—	(1)
Acquisition of treasury stock	—	—	—	(1)	(1)	—	—	—	—	—	—	(1)
Net changes in items except shareholders' equity	—	—	—	—	—	943	(34)	(4,569)	67	(3,593)	378	(3,215)
Balance at March 31, 2018	¥18,969	¥22,942	¥240,581	¥(8,227)	¥274,265	¥9,681	¥(40)	¥(1,942)	¥(2,057)	¥ 5,642	¥10,975	¥290,882
Net income attributable to owners of parent	—	—	18,439	—	18,439	—	—	—	—	—	—	18,439
Cash dividends paid	—	—	(6,128)	—	(6,128)	—	—	—	—	—	—	(6,128)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	(0)	—	—	(0)	—	—	—	—	—	—	(0)
Acquisition of treasury stock	—	—	—	(1)	(1)	—	—	—	—	—	—	(1)
Net changes in items except shareholders' equity	—	—	—	—	—	173	38	3,996	214	4,421	116	4,537
Balance at March 31, 2019	¥18,969	¥22,942	¥252,892	¥(8,228)	¥286,575	¥9,854	¥(2)	¥ 2,054	¥(1,843)	¥10,063	¥11,091	¥307,729

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gain on investment securities, net of taxes	Net unrealized gain (loss) on hedging instruments, net of taxes	Foreign currency translation adjustments	Adjustment for retirement benefits, net of taxes	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2018	$170,892	$206,685	$2,167,396	$(74,117)	$2,470,856	$87,216	$(360)	$(17,496)	$(18,532)	$50,828	$98,874	$2,620,558
Net income attributable to owners of parent	—	—	166,117	—	166,117	—	—	—	—	—	—	166,117
Cash dividends paid	—	—	(55,207)	—	(55,207)	—	—	—	—	—	—	(55,207)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	(0)	—	—	(0)	—	—	—	—	—	—	(0)
Acquisition of treasury stock	—	—	—	(9)	(9)	—	—	—	—	—	—	(9)
Net changes in items except shareholders' equity	—	—	—	—	—	1,559	342	36,000	1,928	39,829	1,045	40,874
Balance at March 31, 2019	$170,892	$206,685	$2,278,306	$(74,126)	$2,581,757	$88,775	$ (18)	$ 18,504	$(16,604)	$90,657	$99,919	$2,772,333

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, 2018 AND 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2019	2019
Cash flows from operating activities:			
Income before income taxes	¥27,287	¥25,906	$233,387
Depreciation and amortization	12,302	13,842	124,703
Impairment losses on fixed assets	22	201	1,811
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	146	727	6,550
Equity in earnings of affiliates accounted for under the equity method	(137)	(143)	(1,288)
Gain on sales of investments in securities, net	(67)	(232)	(2,090)
Increase in reserve for retirement benefits for directors and other officers	67	22	198
Increase in allowance for doubtful accounts	53	226	2,036
Increase (Decrease) in liability for retirement benefits	477	(58)	(523)
Interest and dividend income	(1,529)	(2,187)	(19,703)
Interest expenses	259	252	2,270
Foreign exchange loss, net	239	12	108
Loss on sales or disposal of property, plant and equipment, net	1,646	299	2,694
Increase in notes and accounts receivable - Trade	(3,994)	(127)	(1,144)
Increase in inventories	(2,604)	(2,253)	(20,297)
Increase in notes and accounts payable - Trade	1,773	182	1,640
Increase (Decrease) in accrued expenses	1,268	(79)	(712)
Other, net	149	(1,193)	(10,748)
Subtotal	37,357	35,397	318,892
Interest and dividend income received	1,422	1,899	17,108
Interest expenses paid	(259)	(252)	(2,270)
Income taxes paid	(9,150)	(6,016)	(54,198)
Net cash provided by operating activities	29,370	31,028	279,532
Cash flows from investing activities:			
Payments for time deposits	(55,489)	(63,694)	(573,820)
Proceeds from maturities of time deposits	53,213	57,478	517,820
Payments for purchase of securities	(81,000)	(81,000)	(729,730)
Proceeds from sales and redemption of securities	85,000	88,000	792,793
Payments for purchase of property, plant and equipment	(21,395)	(27,937)	(251,685)
Proceeds from sales of property, plant and equipment	167	24	216
Payments for purchase of intangible assets	(337)	(454)	(4,090)
Payments for purchase of investment securities	(175)	(29)	(261)
Proceeds from sales of investment securities	84	343	3,090
Payments for loans receivable	(1,835)	(1,324)	(11,928)
Collections of loans receivable	1,583	1,269	11,432
Other, net	(201)	(34)	(305)
Net cash used in investing activities	(20,385)	(27,358)	(246,468)
Cash flows from financing activities:			
Proceeds from short-term loans	1,051	1,180	10,631
Repayments of short-term loans	(1,033)	(822)	(7,405)
Purchase of treasury stock of subsidiaries	(1)	(1)	(9)
Cash dividends paid	(6,122)	(6,122)	(55,153)
Cash dividends paid to non-controlling interests	(141)	(146)	(1,315)
Other, net	(237)	(253)	(2,281)
Net cash used in financing activities	(6,483)	(6,164)	(55,532)
Effect of exchange rate changes on cash and cash equivalents	(320)	371	3,342
Net increase (decrease) in cash and cash equivalents	2,182	(2,123)	(19,126)
Cash and cash equivalents at beginning of year	23,228	25,410	228,919
Cash and cash equivalents at end of year (Note 3)	¥25,410	¥23,287	$209,793

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES

1 Basis of presenting the consolidated financial statements:

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

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

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

The translation of the Japanese yen amounts into U.S. dollar is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2019, which was ¥111.00 to U.S. $1. This convenience translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar at this or any other rate of exchange.

2 Summary of significant accounting policies:

(1) Scope of consolidation —

The Company had 29 and 28 subsidiaries as of March 31, 2018 and 2019, respectively. The accompanying consolidated financial statements include the accounts of the Company and 23 subsidiaries as of March 31, 2018 and 2019. The subsidiaries that are significant are consolidated.

Consolidated subsidiaries as of March 31, 2018 and 2019 are as follows:

Equity ownership percentage

Name of subsidiary	2018	2019
Hachinohe Toyo Co., Ltd.	100.0%	100.0%
Kofu Toyo Co., Ltd.	100.0	100.0
Fukushima Foods Co., Ltd.	100.0	100.0
Miyagi Toyo Kaisha, Ltd.	100.0	100.0
Shuetsu Co., Ltd.	100.0	100.0
Shinto Corporation	100.0	100.0
Imari Toyo Co., Ltd.	100.0	100.0
Fresh Diner Corporation	100.0	100.0
Tokyo Commercial Co., Ltd.	100.0	100.0
Choshi Toyo Kaisha, Ltd.	100.0	100.0
Yutaka Foods Corporation	50.9	50.9
Mitsuwa Daily Co., Ltd.	100.0	100.0
Saihoku Toyo Kaisha, Ltd.	100.0	100.0
Shonan Toyo Kaisha, Ltd.	100.0	100.0
Suruga Toyo Kaisha, Ltd.	100.0	100.0
Maruchan, Inc. (*1)	100.0	100.0
Maruchan Virginia, Inc. (*1)	100.0	100.0
Maruchan Texas, Inc. (*1)	100.0	100.0
Maruchan de Mexico, S.A. de C.V. (*2)	100.0	100.0
Sanmaru de Mexico, S.A.de C.V. (*2)	100.0	100.0
Maruchan do Brasil Serviços Ltda. (*3)	100.0	100.0
Pac-Maru, Inc. (*1)	100.0	100.0
Shimaya Co., Ltd.	61.0	61.0

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

The remaining six and five unconsolidated subsidiaries as of March 31, 2018 and 2019, respectively, whose combined assets, net sales, net income and retained earnings are not significant individually and in the aggregate to the consolidated financial statements, have not been consolidated.

The main unconsolidated subsidiaries as of March 31, 2018 and 2019 are as follows:

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

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

The Company has four affiliates as of March 31, 2018 and 2019.

The affiliate to which the equity method has been applied for the years ended March 31, 2018 and 2019 is as follows:

Equity ownership percentage

Name of affiliate	2018	2019
Semba Tohka Industries Co., Ltd.	26.4%	26.4%

The investments in the six and five unconsolidated subsidiaries as of March 31, 2018 and 2019, respectively, and three affiliates (Higashimaru International Corporation and other two affiliates) as of March 31, 2018 and 2019, are carried at cost since applying the equity method of accounting to these companies would not have had any material effect on net income and retained earnings in the consolidated financial statements.

(3) Consolidation principles —

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

All significant intercompany transactions and account balances are eliminated in consolidation. Unrealized intercompany profits are eliminated, and the portion thereof attributable to non-controlling interests is charged to non-controlling interests.

(4) Foreign currency translation —

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

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

(5) Cash and cash equivalents —

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

(6) Securities —

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

(7) Derivative financial instruments —

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

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

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

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

(8) Allowance for doubtful accounts —

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

(9) Inventories —

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

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

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

The range of useful lives are summarized as follows:

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

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

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

(11) Intangible assets (excluding leased assets) —

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

(12) Accounting for leases —

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

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

(13) Retirement benefits and pension plans —

(a) Retirement benefits for employees

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

(b) Retirement benefits for directors and other officers

Certain domestic consolidated subsidiaries accrue the liabilities for retirement benefits to directors and other officers based on an amount equivalent to 100% of such benefits which would be required to be paid if all eligible directors and other officers retired at the year-end date. The payments of retirement benefits to directors and other 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 —

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

(16) Standards and guidance not yet adopted —

1. The Company and its domestic consolidated subsidiaries

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018)

(a) Overview

The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying following 5 steps:

Step1: Identify contract (s) with customers.
Step2: Identify the performance obligations in the contract.
Step3: Determine the transaction price.
Step4: Allocate the transaction price to the performance obligation in the contract.
Step5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(b) Effective date

Effective from the fiscal year ending March 31, 2022.

(c) Effects of the application of the standards

The Company and its domestic consolidated subsidiaries are currently in the process of determining the effects of this new standard on the consolidated financial statements.

2. Overseas consolidated subsidiaries

Standards and guidance issued or revised by March 31, 2019 but not adopted are set out below.

The Company and its overseas consolidated subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

Name of the standard and guidance	Overview	Effective date
Revenue from Contracts with Customers (ASU 2014-09)	Revision of accounting treatment for revenue recognition	Fiscal year ending March 31, 2020
Leases (ASU 2016-02)	Revision of accounting treatment for lease transactions	Fiscal year ending March 31, 2021

(17) Change in presentation —

The Company and its domestic consolidated subsidiaries adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Standard No. 28, revised on February 16, 2018) (hereinafter "Partial Amendments to Tax Effect Accounting") from the year ended March 31, 2019. As a result, deferred tax assets and deferred tax liabilities are presented in "Investments and other assets" and "Non-current liabilities," respectively and certain changes are made to note "14. Income taxes".

As a result of this change, deferred tax assets previously presented in "Current assets" decreased by ¥1,650 million and deferred tax assets in "Investments and other assets" increased by ¥9 million as of March 31, 2018. Deferred tax liabilities previously presented in "Current liabilities" decreased by ¥4 million and deferred tax liabilities in "Non-current liabilities" decreased by ¥1,637 million as of March 31, 2018. Further, "Total assets" decreased by ¥1,641 million due to offsetting deferred tax assets and deferred tax liabilities of the same entity.

Certain information is added to note "14. Income taxes" as described in notes 8 (excluding total amount of valuation allowance) and 9 of explanatory notes to the "Accounting Standard for Tax Effect Accounting" as prescribed in Paragraphs 3 through 5 of the Partial Amendments to Tax Effect Accounting. However, information as of and for the year ended March 31, 2018 is not presented in accordance with the transitional treatment prescribed in Paragraph 7 of the Partial Amendments to Tax Effect Accounting.

3 Cash flow information:

Cash and cash equivalents as of March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Cash on hand and at banks	¥75,770	¥86,281	$777,306
Securities with an original maturity of 3 months or less	4,000	—	—
Time deposits with deposit term of over 3 months	(54,360)	(62,994)	(567,513)
Cash and cash equivalents	¥25,410	¥23,287	$209,793

4 Financial instruments:

(1) Outline of financial instruments

(a) Policy for financial instruments

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

(b) Details of financial instruments and related risks

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

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

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

(c) Risk management system for financial instruments

a. Credit risk management (customers' default risk)

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

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

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

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

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

c. Liquidity risk management and fund raising

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

(d) Supplementary explanation concerning fair values of financial instruments

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

(e) Concentration of credit risk

Trade receivables from the Company's major customer accounted for 29.8% and 29.9% of total trade receivables as of March 31, 2018 and 2019, 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, 2018 and 2019 are as follows:

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

2018

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	¥ 75,770	¥ 75,770	¥ —
(2) Notes and accounts receivable - Trade	54,094	54,094	—
(3) Securities	43,000	43,000	—
(4) Investments in unconsolidated subsidiaries and affiliates	2,521	3,083	562
(5) Investment securities Available-for-sale securities	25,458	25,458	—
Assets total	¥200,843	¥201,405	¥562
(1) Notes and accounts payable - Trade	¥ 24,675	¥ 24,675	¥ —
(2) Short-term loans	286	286	—
(3) Lease obligations (*1)	3,995	4,094	99
Liabilities total	¥ 28,956	¥ 29,055	¥ 99
Derivative transactions (*2)	¥ (51)	¥ (51)	¥ —

2019

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	**¥ 86,281**	**¥ 86,281**	**¥ —**
(2) Notes and accounts receivable - Trade	**54,386**	**54,386**	**—**
(3) Securities	**32,000**	**32,000**	**—**
(4) Investments in unconsolidated subsidiaries and affiliates	**2,624**	**2,167**	**(457)**
(5) Investment securities Available-for-sale securities	**25,176**	**25,176**	**—**
Assets total	**¥200,467**	**¥200,010**	**¥(457)**
(1) Notes and accounts payable - Trade	**¥ 25,001**	**¥ 25,001**	**¥ —**
(2) Short-term loans	**644**	**644**	**—**
(3) Lease obligations (*1)	**3,920**	**4,031**	**111**
Liabilities total	**¥ 29,565**	**¥ 29,676**	**¥ 111**
Derivative transactions (*2)	**¥ (1)**	**¥ (1)**	**¥ —**

2019

	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	$ 777,306	$ 777,306	$ —
(2) Notes and accounts receivable - Trade	489,964	489,964	—
(3) Securities	288,288	288,288	—
(4) Investments in unconsolidated subsidiaries and affiliates	23,640	19,523	(4,117)
(5) Investment securities Available-for-sale securities	226,811	226,811	—
Assets total	$1,806,009	$1,801,892	$(4,117)
(1) Notes and accounts payable - Trade	$ 225,234	$ 225,234	$ —
(2) Short-term loans	5,802	5,802	—
(3) Lease obligations (*1)	35,315	36,315	1,000
Liabilities total	$ 266,351	$ 267,351	$ 1,000
Derivative transactions (*2)	$ (9)	$ (9)	$ —

(*1) Current portion of lease obligations is included in (3) Lease obligations.
(*2) Assets/liabilities arising from derivative transactions are disclosed as the net amount, and the net payable is shown in parentheses.

Notes:

(a) Calculation method of fair values of financial instruments

Assets:

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

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

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

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

Liabilities:

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

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

(3) Lease obligations

The fair values of lease obligations are determined by discounting the aggregated values of the principal and interest using an assumed interest rate for similar lease transactions.

Derivative financial instruments:

See the note “6. Derivative financial instruments”.

(b) Financial instruments with no available fair values

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Unlisted equity securities	¥ 670	¥ 669	$ 6,027
Investments in unconsolidated subsidiaries and affiliates	2,668	1,941	17,486

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

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

2018 — Millions of yen

	Within one year	One to five years	Over five to ten years	Over ten years
Cash on hand and at banks	¥ 75,770	¥ —	¥ —	¥ —
Notes and accounts receivable - Trade	54,094	—	—	—
Securities Certificates of deposits	43,000	—	—	—
Total	¥172,864	¥ —	¥ —	¥ —

2019 — Millions of yen

	Within one year	One to five years	Over five to ten years	Over ten years
Cash on hand and at banks	¥ 86,281	¥ —	¥ —	¥ —
Notes and accounts receivable - Trade	54,386	—	—	—
Securities Certificates of deposits	32,000	—	—	—
Total	¥172,667	¥ —	¥ —	¥ —

2019 — 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	$ 777,306	$ —	$ —	$ —
Notes and accounts receivable - Trade	489,964	—	—	—
Securities Certificates of deposits	288,288	—	—	—
Total	$1,555,558	$ —	$ —	$ —

(d) Redemption schedule for lease obligations with maturity dates subsequent to March 31, 2019

See note "9. Short-term loans and lease obligations".

5 Securities:

(1) There were no held-to-maturity securities as of March 31, 2018 and 2019.

(2) Available-for-sale securities with a market value as of March 31, 2018 and 2019 are as follows:

2018 — Millions of yen

	Carrying amount	Acquisition cost	Difference
Securities with carrying amount (fair value) exceeding acquisition cost: Equity securities	¥25,347	¥10,854	¥14,493
Securities with carrying amount (fair value) not exceeding acquisition cost: Equity securities	111	117	(6)
Other	43,000	43,000	—
	¥68,458	¥53,971	¥14,487

2019

	Millions of yen		
	Carrying amount	Acquisition cost	Difference
Securities with carrying amount (fair value) exceeding acquisition cost: Equity securities	¥24,789	¥10,435	¥14,354
Securities with carrying amount (fair value) not exceeding acquisition cost: Equity securities	387	454	(67)
Other	32,000	32,000	—
	¥57,176	¥42,889	¥14,287

2019

	Thousands of U.S. dollars		
	Carrying amount	Acquisition cost	Difference
Securities with carrying amount (fair value) exceeding acquisition cost: Equity securities	$223,324	$ 94,009	$129,315
Securities with carrying amount (fair value) not exceeding acquisition cost: Equity securities	3,487	4,091	(604)
Other	288,288	288,288	—
	$515,099	$386,388	$128,711

(3) Available-for-sale securities sold during the years ended March 31, 2018 and 2019 are as follows:

2018

	Millions of yen		
	Sales proceeds	Total gain on sale	Total loss on sale
Equity securities	¥84	¥67	¥ —

2019

	Millions of yen		
	Sales proceeds	Total gain on sale	Total loss on sale
Equity securities	¥343	¥232	¥ —

2019

	Thousands of U.S. dollars		
	Sales proceeds	Total gain on sale	Total loss on sale
Equity securities	$3,090	$2,090	$ —

(4) Loss on write-down of investment securities during the years ended March 31, 2018 and 2019 are as follows:

During the year ended March 31, 2018 and 2019, the Company recorded losses on write-down of investment securities of ¥150 million (including ¥146 million for investments in unconsolidated subsidiaries and affiliates and ¥4 million for available-for-sale securities) and ¥728 million ($6,559 thousand) (including ¥727 million ($6,550 thousand) for investments in unconsolidated subsidiaries and affiliates and ¥1 million ($9 thousand) for available-for-sale securities), respectively.

The Company recognizes losses on write-down of investment securities based on the following criteria:

(a) All securities whose market value decline by 50% or more from acquisition cost.

(b) Securities whose market value decline between 30% or more and less than 50% from acquisition cost and without expected recoverability considering deviation between the market value and book values referring to the market price trend and considering financial ratios and other factors based on the published financial statements of the issuer.

6 Derivative financial instruments:

Contract amounts and fair values of derivative instruments for which hedge accounting is applied as of March 31, 2018 and 2019 are as follows:

2018

Millions of yen

Transaction types	Major hedged items	Contract amount	Contract amount due over one year	Fair value (a)
Foreign exchange forward contracts: Buying U.S. dollar	Future purchase transactions denominated in foreign currency	¥1,522	¥ —	¥(51)
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	206	—	—
Total		¥1,728	¥ —	¥(51)

2019

Millions of yen

Transaction types	Major hedged items	Contract amount	Contract amount due over one year	Fair value (a)
Foreign exchange forward contracts: Buying U.S. dollar	Future purchase transactions denominated in foreign currency	**¥1,090**	**¥ —**	**¥(1)**
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	**313**	**—**	**—**
Total		**¥1,403**	**¥ —**	**¥(1)**

2019

Thousands of U.S. dollars

Transaction types	Major hedged items	Contract amount	Contract amount due over one year	Fair value (a)
Foreign exchange forward contracts: Buying U.S. dollar	Future purchase transactions denominated in foreign currency	**$ 9,820**	**$ —**	**$(9)**
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	**2,820**	**—**	**—**
Total		**$12,640**	**$ —**	**$(9)**

Notes:

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

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

7 Inventories:

Inventories as of March 31, 2018 and 2019 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Merchandise and finished goods	¥18,281	**¥19,168**	**$172,685**
Work in progress	330	**333**	**3,000**
Raw materials and supplies	5,214	**6,723**	**60,567**
Total	¥23,825	**¥26,224**	**$236,252**

8 Investments and rental property:

The Company and certain subsidiaries hold rental properties and idle properties in Tokyo and other areas of Japan. Profit that means rental income less expenses from those properties for the years ended March 31, 2018 and 2019 were ¥138 million and ¥283 million ($2,550 thousand), respectively.

The book value, net changes during the year and the fair values of such properties as of March 31, 2018 and 2019 are as follows:

			Millions of yen
		Book value	Fair value
Balance at March 31, 2017	Increase / (Decrease)	Balance at March 31, 2018	Balance at March 31, 2018
¥1,643	¥57	¥1,700	¥6,389

			Millions of yen
		Book value	Fair value
Balance at March 31, 2018	Increase / (Decrease)	Balance at March 31, 2019	Balance at March 31, 2019
¥1,700	**¥1,721**	**¥3,421**	**¥8,835**

			Thousands of U.S. dollars
		Book value	Fair value
Balance at March 31, 2018	Increase / (Decrease)	Balance at March 31, 2019	Balance at March 31, 2019
$15,315	**$15,505**	**$30,820**	**$79,595**

Notes:

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

(b) Increase in the year ended March 31, 2019 is mainly due to an increase in cold storage warehouses with a book value of ¥1,175 million ($10,586 thousand) due to an increase in the portion used as rental property.

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

9 Short-term loans and lease obligations:

The average annual interest rate on short-term loans is 0.436% and 0.475% as of March 31, 2018 and 2019, respectively.

Lease obligations as of March 31, 2018 and 2019 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	**2019**	**2019**
Lease obligations at an average interest rate of 7.392% for 2018 and 2019	¥3,995	**¥3,920**	**$35,315**
Less current portion	(229)	**(255)**	**(2,297)**
Long-term debt and lease obligations	¥3,766	**¥3,665**	**$33,018**

The aggregate annual maturities of lease obligations as of March 31, 2019 are as follows:

	Millions of yen	Thousands of U.S. dollars
2020	**¥ 255**	**$ 2,297**
2021	**250**	**2,252**
2022	**217**	**1,955**
2023	**194**	**1,748**
2024 and thereafter	**3,004**	**27,063**
Total	**¥3,920**	**$35,315**

10 Retirement benefits and pension plans:

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

Funded defined benefit pension plans provide lump-sum or pension payments based on the current basic salary and length of service of employees. Unfunded lump-sum severance payment plans provide lump-sum payments based on a point-based plan. Certain domestic consolidated subsidiaries apply a simplified method that uses the amount that would be required to be paid at the year-end for voluntary termination as the retirement benefit obligations in computing liabilities for retirement benefits and retirement benefit costs.

The tables below include plans to which the simplified method is applied.

Movements in retirement benefit obligations for the years ended March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Balance at beginning of the year	¥37,579	¥38,670	$348,378
Service cost	1,905	1,896	17,081
Interest cost	81	83	748
Actuarial losses	293	105	946
Benefits paid	(1,188)	(1,327)	(11,955)
Balance at end of the year	¥38,670	¥39,427	$355,198

Movements in plan assets for the years ended March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Balance at beginning of the year	¥18,806	¥19,509	$175,757
Expected return on plan assets	1	0	0
Actuarial losses	(29)	(44)	(396)
Employer contributions	1,561	2,056	18,523
Benefits paid	(830)	(917)	(8,262)
Balance at end of the year	¥19,509	¥20,604	$185,622

Reconciliations from retirement benefit obligations and plan assets to liability (asset) for retirement benefits as of March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Funded retirement benefit obligations	¥31,209	¥31,696	$285,550
Plan assets	(19,509)	(20,604)	(185,622)
	11,700	11,092	99,928
Unfunded retirement benefit obligations	7,460	7,731	69,648
Total net liability for retirement benefits on the consolidated balance sheets	¥19,160	¥18,823	$169,576
Liability for retirement benefits	¥19,231	¥18,899	$170,261
Asset for retirement benefits	(71)	(76)	(685)
Total net liability for retirement benefits on the consolidated balance sheets	¥19,160	¥18,823	$169,576

Retirement benefit costs for the years ended March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Service cost	¥1,905	¥1,896	$17,081
Interest cost	81	83	748
Expected return on plan assets	(1)	(0)	(0)
Net actuarial loss amortization	756	773	6,964
Past service costs amortization	(344)	(344)	(3,099)
Total retirement benefit costs	¥2,397	¥2,408	$21,694

The components of adjustments for retirement benefits (before income tax effects) for the years ended March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Past service costs	¥344	¥ 344	$ 3,099
Actuarial losses	(434)	(624)	(5,622)
Total	¥ (90)	¥(280)	$(2,523)

The components of accumulated adjustments for retirement benefits (before income tax effects) as of March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Past service costs that are yet to be recognized	¥(2,053)	¥(1,709)	$(15,396)
Actuarial losses that are yet to be recognized	5,169	4,545	40,946
Total	¥ 3,116	¥ 2,836	$ 25,550

The components of plan assets as of March 31, 2018 and 2019 are as follows:

	2018	2019
Cash on hand and at banks	86%	86%
Life insurance general accounts	14	14
Other	0	0
Total	100%	100%

Method for determining long-term expected rate of return

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

Significant assumptions used in determining the retirement benefit obligations as of March 31, 2018 and 2019 are as follows:

	2018	2019
Discount rate	0.2%	0.1-0.2%
Long-term expected rate of return	0-0.3%	0-0.3%

*Wage increase index by age, which is calculated based on the level of employees and other factors, is used for the expected wage increase rate.

11 Research and development expenses:

Research and development expenses for the years ended March 31, 2018 and 2019 were ¥1,487 million and ¥1,870 ($16,847 thousand), respectively.

12 Impairment losses on fixed assets:

For the years ended March 31, 2018 and 2019, the Company and its consolidated subsidiaries recognized impairment losses on fixed assets for the following groups of assets.

		Millions of yen		Thousands of U.S. dollars
Use	Type of Assets	2018	2019	2019
Assets for business use	Buildings and structures, Machinery and equipment, Other and Land	¥19	¥201	$1,811
Idle assets	Buildings and structures	3	—	—
		¥22	¥201	$1,811

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

The book values of impaired business assets were reduced to the recoverable amounts due to reduced profitability. The recoverable amounts were measured at the present value of the expected cash flows from the ongoing utilization of the assets, which is evaluated at memorandum value since the future cash flows are expected to be negative, or measured at their net realizable value based on the value assessed for property tax purposes.

The book values of idle assets were measured at their memorandum value at March 31, 2018.

13 Loss on disaster:

Loss on disaster of ¥131 million ($1,180 thousand) mainly caused by the 21st typhoon of the 2018 season and the 2018 Hokkaido Eastern Iburi earthquake in September 2018 was recognized for the year ended March 31, 2019, based on the restoration cost.

14 Income taxes:

The income taxes applicable to the Company and its domestic consolidated subsidiaries include (1) corporation taxes, (2) enterprise taxes (excluding the elements based on added value and capital) and (3) inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of approximately 30.9% and 30.6% for the years ended March 31, 2018 and 2019, respectively.

The main components of deferred tax assets and liabilities as of March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Deferred tax assets:			
Liability for retirement benefits	¥ 5,885	¥ 5,817	$ 52,405
Impairment losses on fixed assets	1,556	1,502	13,532
Tax loss carryforwards (2)	963	1,040	9,369
Tax credits carryforward	—	955	8,604
Accrued bonuses	719	765	6,892
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	703	749	6,748
Unrealized gains and losses on intercompany asset transfers	697	689	6,207
Other	2,680	2,687	24,207
Gross deferred tax assets	13,203	14,204	127,964
Valuation allowance for tax loss carryforwards (2)	—	(701)	(6,315)
Valuation allowance for deductible temporary differences	—	(4,826)	(43,478)
Less: Valuation allowance (1)	(4,241)	(5,527)	(49,793)
Total deferred tax assets	8,962	8,677	78,171
Deferred tax liabilities:			
Net unrealized gain on investment securities	(4,289)	(4,170)	(37,567)
Special reserves for deferred gains on fixed assets	(3,533)	(3,614)	(32,558)
Depreciation of overseas consolidated subsidiaries	(1,588)	(2,169)	(19,540)
Unrealized gains and losses on intercompany asset transfers	(334)	(314)	(2,829)
Reserve for special depreciation	(269)	(173)	(1,559)
Valuation differences of subsidiaries' assets in consolidation	(116)	(116)	(1,045)
Other	(273)	(432)	(3,892)
Total deferred tax liabilities	(10,402)	(10,988)	(98,990)
Net deferred tax liabilities	¥ (1,440)	¥ (2,311)	$(20,819)

Notes:

(1) The valuation allowance increased by ¥1,286 million ($11,586 thousand), mainly due to increase in valuation allowance for tax credits carryforward at consolidated subsidiaries.

(2) Gross deferred tax assets, valuation allowances and total deferred tax assets recognized for tax loss carryforwards, broken down by expiration dates are as follows:

							Millions of yen
March 31, 2019	Within one year	One to two years	Over two to three years	Over three to four years	Over four to five years	Over five years	Total
Gross deferred tax assets for tax loss carryforwards (*1)	¥378	¥82	¥82	¥96	¥40	¥362	¥1,040
Valuation allowance	268	82	82	95	40	134	701
Total deferred tax assets recognized	110	—	—	1	—	228	(*2) 339

							Thousands of U.S. dollars
March 31, 2019	Within one year	One to two years	Over two to three years	Over three to four years	Over four to five years	Over five years	Total
Gross deferred tax assets for tax loss carryforwards (*1)	$3,405	$739	$739	$865	$360	$3,261	$9,369
Valuation allowance	2,414	739	739	856	360	1,207	6,315
Total deferred tax assets recognized	991	—	—	9	—	2,054	(*2) 3,054

(*1) Gross deferred tax assets for tax loss carryforwards are calculated using the enacted statutory tax rates.
(*2) Deferred tax assets of ¥339 million ($3,054 thousand) are recognized out of gross deferred tax assets for tax loss carryforwards of ¥1,040 million ($9,369 thousand) (calculated using the enacted statutory tax rates) as of March 31, 2019, which are expected to be recoverable based on the estimated future taxable income.

The following table summarizes the main differences between the statutory tax rate and the effective tax rate for the year ended March 31, 2019.

	2019
Statutory tax rate	30.6%
Permanently non-deductible expenses, including entertainment expenses	0.2
Permanently non-taxable income, including dividend income	(0.2)
Per capita inhabitants' taxes	0.4
Special deduction for corporation tax	(1.9)
Changes in valuation allowance	1.3
Difference in income tax rates applied to overseas consolidated subsidiaries	(4.1)
Other- net	0.5
Effective tax rate	26.8%

The main differences between the statutory tax rate and the effective tax rate for the year ended March 31, 2018 are not disclosed because the total differences is less than 5% of the statutory tax rate.

15 Net assets:

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

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

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

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

At the annual shareholders' meeting held on June 27, 2019, the shareholders approved cash dividends amounting to ¥4,087 million ($36,820 thousand). These cash dividends have not been accrued in the consolidated financial statements as of March 31, 2019 because such appropriations are recognized in the period in which they are approved by the shareholders.

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

(1) Type and number of shares issued and outstanding for the years ended March 31, 2018 and 2019

Thousands of shares

Common stock outstanding	2018	2019
Balance at beginning and end of the year	110,881	110,881

Thousands of shares

Treasury stock outstanding	2018	2019
Balance at beginning of the year	8,752	8,752
Increase due to purchase of odd stock	0	0
Increase due to change in equity in an affiliate accounted for using the equity method	—	—
Balance at end of the year	8,752	8,752

(2) Dividends

(a) Dividends paid in the current fiscal year

The Company resolved approval at the general meeting of shareholders held on June 28, 2018 as follows:

Dividends on Common stock

a. Total amount of dividends .... ¥3,065 million
b. Dividends per share ¥30.0
c. Record date .... March 31, 2018
d. Effective date.................................... June 29, 2018

The Company resolved approval by the board of directors meeting held on October 31, 2018 as follows:

Dividends on Common stock

a. Total amount of dividends .... ¥3,065 million
b. Dividends per share ¥30.0
c. Record date .... September 30, 2018
d. Effective date.................................... December 5, 2018

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

The Company resolved approval at the general meeting of shareholders held on June 27, 2019 as follows:

Dividends on Common stock

a. Total amount of dividends .... ¥4,087 million ($36,820 thousand)
b. Funds for dividends .... Retained earnings
c. Dividends per share ¥40.0 ($0.36)
d. Record date .... March 31, 2019
e. Effective date.................................... June 28, 2019

17 Per share information:

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

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Net income attributable to owners of parent	¥18,431	¥18,439	$166,117
Net income attributable to owners of parent related to common stock	18,431	18,439	166,117

	2018	2019
Weighted-average number of common stock (unit: thousands of shares)	102,130	102,129

Information on diluted net income per share is not disclosed because no potentially dilutive shares of common stock were issued or outstanding for the years ended March 31, 2018 and 2019.

Cash dividends per share are dividends applicable to the respective years, including dividends to be paid after the end of the year.

18 Leases:

(1) Finance leases

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

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

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

Leased assets mainly consist of communication devices and office equipment.

(2) Operating leases

The minimum commitments under non-cancelable operating leases as of March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Due within one year	¥ 78	¥ 70	$ 631
Due after one year	372	312	2,811
	¥450	¥382	$3,442

19 Contingent liabilities:

Contingent liabilities as of March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Guarantees for indebtedness of employees	¥18	¥11	$99

20 Comprehensive income:

(1) Reclassification adjustments on other comprehensive income for the years ended March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Net unrealized gain on investment securities:			
Gains arising during the year	¥ 1,703	¥ 31	$ 279
Reclassification adjustments	(63)	(231)	(2,081)
	1,640	(200)	(1,802)
Net unrealized gain (loss) on hedging instruments:			
Gains (losses) arising during the year	(45)	49	441
	(45)	49	441
Foreign currency translation adjustments:			
Adjustments arising during the year	(4,569)	3,997	36,009
	(4,569)	3,997	36,009
Adjustments for retirement benefits:			
Adjustments arising during the year	(322)	(149)	(1,342)
Reclassification adjustments	412	429	3,865
	90	280	2,523
Share of other comprehensive income of affiliate accounted for using the equity method:			
Gains (losses) arising during the year	5	(7)	(63)
	5	(7)	(63)
Amount before income tax effects	(2,879)	4,119	37,108
Income tax effects	(571)	54	486
Total other comprehensive income (loss), net of taxes	¥(3,450)	¥4,173	$37,594

(2) Income tax effects on other comprehensive income for the years ended March 31, 2018 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Net unrealized gain (loss) on investment securities: Amount before income tax effects	¥ 1,640	¥ (200)	$ (1,802)
Income tax effects	(550)	118	1,063
Amount, net of taxes	1,090	(82)	(739)
Net unrealized gain (loss) on hedging instruments: Amount before income tax effects	(45)	49	441
Income tax effects	11	(11)	(99)
Amount, net of taxes	(34)	38	342
Foreign currency translation adjustments: Amount before income tax effects	(4,569)	3,997	36,009
Income tax effects	—	—	—
Amount, net of taxes	(4,569)	3,997	36,009
Adjustments for retirement benefits: Amount before income tax effects	90	280	2,523
Income tax effects	(32)	(53)	(478)
Amount, net of taxes	58	227	2,045
Share of other comprehensive income of affiliate accounted for using the equity method: Amount before income tax effects	5	(7)	(63)
Income tax effects	—	—	—
Amount, net of taxes	5	(7)	(63)
Total other comprehensive income (loss) Amount before income tax effects	(2,879)	4,119	37,108
Income tax effects	(571)	54	486
Amount, net of taxes	¥(3,450)	¥4,173	$37,594

21 Segment information:

(1) General information about reportable segments

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

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

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

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

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

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

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

2018

Millions of yen

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Subtotal	Others	Total	Adjustments	Consolidated
Net sales: Outside customers	¥32,021	¥73,049	¥129,008	¥68,627	¥21,330	¥17,656	¥341,691	¥47,106	¥388,797	¥ —	¥388,797
Intersegment	1,005	—	—	—	—	1,015	2,020	224	2,244	(2,244)	—
Total	¥33,026	¥73,049	¥129,008	¥68,627	¥21,330	¥18,671	¥343,711	¥47,330	¥391,041	¥ (2,244)	¥388,797
Segment income	¥ 289	¥ 9,977	¥ 8,311	¥ 5,272	¥ 134	¥ 2,035	¥ 26,018	¥ 1,173	¥ 27,191	¥ (539)	¥ 26,652
Segment assets	¥18,767	¥95,691	¥ 67,117	¥21,919	¥15,211	¥38,012	¥256,717	¥18,909	¥275,626	¥96,217	¥371,843
Other items: Depreciation and amortization	¥ 179	¥ 2,304	¥ 4,252	¥ 1,244	¥ 459	¥ 2,261	¥ 10,699	¥ 1,056	¥ 11,755	¥ 547	¥ 12,302
Increase in property, plant and equipment and intangible assets	582	5,139	1,698	380	7,365	5,612	20,776	986	21,762	1,232	22,994

2019

Millions of yen

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Subtotal	Others	Total	Adjustments	Consolidated
Net sales: Outside customers	¥29,999	¥ 83,787	¥127,571	¥69,189	¥22,667	¥18,463	¥351,676	¥49,388	¥401,064	¥ —	¥401,064
Intersegment	1,049	—	—	—	—	1,060	2,109	90	2,199	(2,199)	—
Total	¥31,048	¥ 83,787	¥127,571	¥69,189	¥22,667	¥19,523	¥353,785	¥49,478	¥403,263	¥ (2,199)	¥401,064
Segment income (loss)	¥ 158	¥ 9,583	¥ 7,860	¥ 4,544	¥ (978)	¥ 1,610	¥ 22,777	¥ 1,485	¥ 24,262	¥ (600)	¥ 23,662
Segment assets	¥19,181	¥106,467	¥ 64,644	¥21,608	¥20,762	¥48,286	¥280,948	¥18,467	¥299,415	¥90,776	¥390,191
Other items: Depreciation and amortization	¥ 211	¥ 2,855	¥ 3,831	¥ 1,130	¥ 1,525	¥ 2,496	¥ 12,048	¥ 972	¥ 13,020	¥ 822	¥ 13,842
Increase in property, plant and equipment and intangible assets	309	4,288	1,085	554	6,747	13,166	26,149	735	26,884	3,507	30,391

2019

Thousands of U.S. dollars

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Subtotal	Others	Total	Adjustments	Consolidated
Net sales: Outside customers	$270,261	$754,839	$1,149,288	$623,324	$204,207	$166,333	$3,168,252	$444,937	$3,613,189	$ —	$3,613,189
Intersegment	9,450	—	—	—	—	9,550	19,000	811	19,811	(19,811)	—
Total	$279,711	$754,839	$1,149,288	$623,324	$204,207	$175,883	$3,187,252	$445,748	$3,633,000	$ (19,811)	$3,613,189
Segment income (loss)	$ 1,423	$ 86,333	$ 70,811	$ 40,937	$ (8,811)	$ 14,505	$ 205,198	$ 13,379	$ 218,577	$ (5,406)	$ 213,171
Segment assets	$172,802	$959,162	$ 582,378	$194,667	$187,045	$435,009	$2,531,063	$166,369	$2,697,432	$817,802	$3,515,234
Other items: Depreciation and amortization	$ 1,901	$ 25,721	$ 34,514	$ 10,180	$ 13,739	$ 22,486	$ 108,541	$ 8,757	$ 117,298	$ 7,405	$ 124,703
Increase in property, plant and equipment and intangible assets	2,784	38,631	9,775	4,991	60,783	118,613	235,577	6,622	242,199	31,594	273,793

Notes:

(a) "Others" includes operations not included in reportable segments, mainly packed lunches/deli foods business.

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

1) The adjustment of ¥(539) million and ¥(600) million ($(5,406) thousand) in segment income for the years ended March 31, 2018 and 2019, respectively, include corporate expenses of ¥(1,119) million and ¥(1,138) million ($(10,253) thousand), respectively, which cannot be allocated to each reportable segment. The corporate expenses are mainly general and administrative expenses which are not attributable to any reportable segment. Other adjustments are mainly foreign currency translation adjustments resulting from elimination of know-how payments or other transactions with overseas subsidiaries for the years ended March 31, 2018 and 2019.
2) The adjustment of ¥96,217 million and ¥90,776 million ($817,802 thousand) in segment assets as of March 31, 2018 and 2019, respectively, include corporate assets of ¥96,205 million and ¥90,694 million ($817,063 thousand), respectively, which cannot be allocated to each reportable segment. Corporate assets are mainly long-term investments (investment securities) of the Company and assets of administrative departments. Other adjustments are mainly due to application of the equity method.
3) The adjustments of ¥547 million and ¥822 million ($7,405 thousand) in depreciation and amortization for the years ended March 31, 2018 and 2019, respectively, include corporate expenses of ¥541 million and ¥806 million ($7,261 thousand), respectively.
4) The adjustments of ¥1,232 million and ¥3,507 million ($31,594 thousand) in increase in property, plant, and equipment and intangible assets for the years ended March 31, 2018 and 2019, 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 by geographic area

(a) Net sales

2018 — Millions of yen

	Japan	Americas (U.S.A)	Others	Consolidated
Net sales	¥315,261	¥73,050 (¥49,335)	¥486	¥388,797

2019 — Millions of yen

	Japan	Americas (U.S.A)	Others	Consolidated
Net sales	¥316,434	¥83,796 (¥54,984)	¥834	¥401,064

2019 — Thousands of U.S. dollars

	Japan	Americas (U.S.A)	Others	Consolidated
Net sales	$2,850,756	$754,919 ($495,351)	$7,514	$3,613,189

Note:

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

(b) Property, plant and equipment

2018 — Millions of yen

	Japan	Americas (U.S.A)	Consolidated
Property, plant and equipment	¥109,935	¥26,164 (¥26,157)	¥136,099

2019

	Japan	Americas (U.S.A)	Consolidated
			Millions of yen
Property, plant and equipment	¥124,253	¥28,523 (¥28,517)	¥152,776

2019

	Japan	Americas (U.S.A)	Consolidated
			Thousands of U.S. dollars
Property, plant and equipment	$1,119,396	$256,964 ($256,910)	$1,376,360

(5) Information about major customers

2018

	Sales	
	Millions of yen	
Name of major customer		Related reportable segment
MITSUI & CO., LTD.	¥99,288	Domestic Instant Noodles Segment

2019

	Sales		
	Millions of yen	Thousands of U.S. dollars	
Name of major customer			Related reportable segment
MITSUI & CO., LTD.	¥100,570	$906,036	Domestic Instant Noodles Segment

(6) Information about impairment loss on fixed assets

2018 (Millions of yen)

	Reportable segment								
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Others	Adjustments	Consolidated
Impairment loss	¥ —	¥ —	¥3	¥ —	¥ —	¥ —	¥19	¥ —	¥22

2019 (Millions of yen)

	Reportable segment								
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Others	Adjustments	Consolidated
Impairment loss	¥169	¥ —	¥ —	¥ —	¥21	¥ —	¥11	¥ —	¥201

2019 (Thousands of U.S. dollars)

	Reportable segment								
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Others	Adjustments	Consolidated
Impairment loss	$1,523	$ —	$ —	$ —	$189	$ —	$99	$ —	$1,811

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

There was no amortization nor unamortized balances of goodwill and negative goodwill as of and for the years ended March 31, 2018 and 2019.

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, 2019 and 2018, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Toyo Suisan Kaisha , Ltd. and its consolidated subsidiaries as at March 31, 2019 and 2018, 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, 2019 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 27, 2019
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

CORPORATE DATA

AS OF MARCH 31, 2019

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	15
Number of Subsidiaries and Affiliates	32
Number of Employees (Consolidated)	4,732
Consolidated Net Sales	¥401,064 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	11,617
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

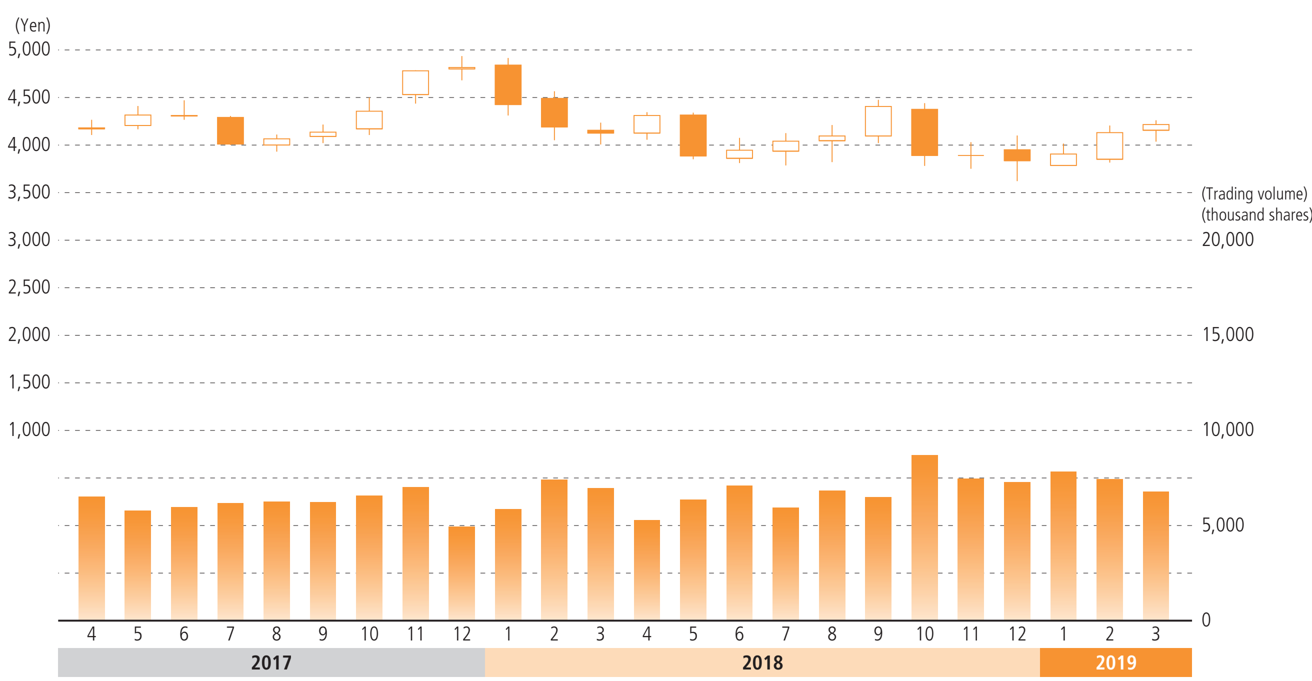
Since its beginnings at Tokyo's Tsukiji Market in 1953, where Toyo Suisan began its business of exporting frozen tuna, the company has grown into a diversified food products manufacturer, currently engaged not only in the business of seafood products, but in cold-storage and food processing businesses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