

Consolidated Financial Results
for the Three Months Ended June 30, 2018
<under J-GAAP>

Company name: **Toyo Suisan Kaisha, Ltd.**
Listing: First Section of the Tokyo Stock Exchange
Securities code: 2875
URL: <https://www.maruchan.co.jp/>
Representative: Masanari Imamura, Representative Director and President
Contact: Chiyoko Matsumoto, General Manager of Accounting Department
TEL: +81-3-3458-5246 (from overseas)

Scheduled date of filing of quarterly securities report: August 13, 2018
Scheduled date of start of dividend payment: –
Preparation of quarterly results presentation materials: Yes
Holding of quarterly results briefing meeting: None

(Amounts less than one million yen have been omitted.)

1. Consolidated Operating Results for the First Three Months of FY2019
(from April 1, 2018 to June 30, 2018)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

Three months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Jun. 30, 2018	96,749	3.8	6,485	1.4	7,207	3.9	5,107	10.0
Jun. 30, 2017	93,249	2.4	6,399	(11.3)	6,938	(9.7)	4,644	(14.0)

Note: Comprehensive income Three months ended June 30, 2018: 9,897 million yen [80.4%]
Three months ended June 30, 2017: 5,487 million yen [– %]

Three months ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Jun. 30, 2018	50.01		–	
Jun. 30, 2017	45.48		–	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2018	374,959	297,634	76.5
As of Mar. 31, 2018	371,842	290,881	75.3

Reference: Equity

As of June 30, 2018: 286,670 million yen

As of March 31, 2018: 279,907 million yen

Note: Toyo Suisan Kaisha, Ltd. (the “Company”) and its consolidated subsidiaries have applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. The results for the fiscal year ended March 31, 2018 are those after retrospective application.

2. Dividends

	Full Year Dividends				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Year-end	For the year
	Yen	Yen	Yen	Yen	Yen
FY2018	–	30.00	–	30.00	60.00
FY2019	–				
FY2019 (Forecast)		30.00	–	30.00	60.00

Note: Revisions to the dividends forecasts most recently announced: None

3. Consolidated Results Forecasts for FY2019 (from April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	196,000	3.2	12,000	(6.2)	13,000	(6.5)	9,000	2.4	88.12
Full year	405,000	4.2	25,500	(4.3)	27,500	(3.8)	19,100	3.6	187.02

Note: Revisions to the results forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting procedures for preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - a. Changes in accounting policies due to amendments to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None

(4) Number of shares issued (common stock)

a. Number of shares issued at end of period (including treasury shares)

As of June 30, 2018	110,881,044 shares
As of March 31, 2018	110,881,044 shares

b. Number of treasury shares at end of period

As of June 30, 2018	8,751,898 shares
As of March 31, 2018	8,751,898 shares

c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2018	102,129,146 shares
Three months ended June 30, 2017	102,129,495 shares

* Quarterly financial results reports are not required to be subjected to quarterly reviews conducted by certified public accountants or an audit corporation.

* Explanation related to the appropriate use of the results forecasts and other items warranting special mention

(Caution regarding forward-looking statements)

Forward-looking statements in this document, including the results forecasts, etc., are based on the information available as of the date of the release of this document and the preconditions that the Company deemed to be reasonable; they are not meant to be a commitment by the Company, and a variety of factors in the future may cause actual results to differ materially from these forecasts. Please refer to Section: “(3) Explanation of forward-looking information, including consolidated results forecasts” of “1. Qualitative Information on Quarterly Consolidated Financial Results for the Three Months Ended June 30, 2018” on page 3 of the attachments for the preconditions for the results forecasts and items to exercise caution in the use of these results forecasts.

Index of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Results for the Three Months Ended June 30, 2018	2
(1) Explanation of the consolidated operating results.....	2
(2) Explanation of the consolidated financial position.....	3
(3) Explanation of forward-looking information, including consolidated results forecasts.....	3
2. Quarterly Consolidated Financial Statements	4
(1) Quarterly consolidated balance sheets.....	4
(2) Quarterly consolidated statements of income and comprehensive income.....	6
Quarterly consolidated statements of income (Cumulative).....	6
Quarterly consolidated statements of comprehensive income (Cumulative).....	7
(3) Notes to quarterly consolidated financial statements.....	8
(Notes on going concern assumptions).....	8
(Notes in the event of substantial changes in shareholders' equity).....	8
(Additional information).....	8
(Segment information).....	8

1. Qualitative Information on Quarterly Consolidated Financial Results for the Three Months Ended June 30, 2018

(1) Explanation of the consolidated operating results

During the three months ended June 30, 2018, although the Japanese economy continued to recover at a gradual pace, on the back of continuing results from various economic measures and improvements in the employment and income environments, the economy continued to be exposed to downside risks from uncertainties in the overseas economies, such as those of China and other emerging nations in Asia and from fluctuation 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 ¥96,749 million (up 3.8% year on year), operating profit was ¥6,485 million (up 1.4% year on year), ordinary profit was ¥7,207 million (up 3.9% year on year), and profit attributable to owners of parent was ¥5,107 million (up 10.0% year on year) for the period under review.

The foreign exchange rate for the period was ¥110.45 to the U.S. dollar (¥111.96 to the U.S. dollar for the corresponding period of the previous fiscal year).

The operating results by segment are as follows.

In the Seafood Segment, although we focused on selling products at reasonable prices amid continued rises in the price of fish on account of diminishing fish catches, our sales volume diminished, particularly for tuna and fish egg products. As a result, segment sales were ¥7,865 million (down 4.3% year on year), while segment profit was ¥97 million (down 31.8% year on year).

As for the Overseas Instant Noodles Segment, sales increased in the U.S., as implemented sales campaign promotions, in-store display promotions on a mass scale, and other strategies provided strong sales to major trading partners. In Mexico, sales increased thanks to aggressive sales promotion activities of bag-type noodles to mass retailers and a favorable level of orders of cup-type noodles, our signature products, from wholesaler distribution routes. As a result, segment sales were ¥18,976 million (up 12.3% year on year). Segment profit was ¥2,352 million (down 2.8% year on year) due to the increases mainly in raw ingredients costs and personnel expenses.

In the Domestic Instant Noodles Segment, we increased sales in cup-type noodles through efforts to expand sales of our Japanese-style series such as *Akai Kitsune Udon* and *Midori no Tanuki Ten Soba*, and our other varieties such as *Gotsu Mori* and *Menzukuri*, and from strong sales of *MARUCHAN QTTA* series, which added new items to its lineup. As a result, segment sales were ¥29,021 million (up 1.6% year on year). Segment profit was ¥1,610 million (up 28.4% year on year), mainly due to an increase in sales and the reduction of advertising expenses, despite increases in raw ingredients costs, etc.

In the Frozen and Refrigerated Foods Segment, sales increased in fresh noodles thanks to robust sales of our signature product *Maruchan Yakisoba (Three-Meal Package)* series, and the introduction of *Tsuruyaka* series, new products whose preparation simply requires softening by water, and *Kinu no Hito Sara*, a two-meal-package Hiyashi Chuka (cold noodles), both of which products were launched in March 2018. Among frozen and chilled foods, sales were strong for collaboration products and new products such as those offered for a limited time only. As a result, segment sales were ¥17,946 million (up 0.8% year on year). Segment profit was ¥1,352 million (down 8.8% year on year), due to an increase in raw ingredients costs and other expenses.

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, and sales from packaged cooked rice and freeze-dried products increased. As a result, segment sales were ¥5,267 million (up 4.5% year on year). The segment reported a segment loss of ¥121 million (compared with a segment profit of ¥72 million in the corresponding period of the previous fiscal year) owing mainly to an increase in depreciation associated with the start of operations of a new factory.

In the Cold-Storage Segment, aggressive sales activities led to increased trade in incidental businesses such as customs clearance and transportation for new and existing customers, and in March 2018, operation started at the Heiwajima Cold-Storage Facility. As a result, segment sales were ¥4,582 million (up 3.5% year on year), while segment profit was ¥608 million (up 1.0% year on year).

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥13,088 million (up 6.6% year on year), while segment profit was ¥663 million (up 20.7% year on year).

(2) Explanation of the consolidated financial position

At the end of the first quarter of the fiscal year ending March 31, 2019, total assets increased by ¥3,116 million from the previous fiscal year-end to ¥374,959 million, and net assets increased by ¥6,753 million to ¥297,634 million. The main factors contributing to these results are as follows:

The main contributing factors for assets were increases in cash and deposits, buildings and structures, and construction in progress, in spite of a decrease in securities. The main contributing factors for liabilities were decreases in accrued expenses and income taxes payable. The main contributing factors for net assets were increases in retained earnings and foreign currency translation adjustment.

As a result of these factors, the equity ratio was 76.5%.

The Company and its consolidated subsidiaries have applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. In its treatment of the fiscal year ended March 31, 2018, the Company and its consolidated subsidiaries retrospectively apply the aforementioned accounting changes to perform comparative analysis.

(3) Explanation of forward-looking information, including consolidated results forecasts

We have not changed our consolidated results forecasts for the first six months and the full term of the fiscal year ending March 31, 2019, as announced on May 11, 2018, because the results for the first three months were within our expectations. Should any changes occur in the future, the relevant information will be duly disclosed.

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of end FY2018 (March 31, 2018)	As of end 1Q FY2019 (June 30, 2018)
Assets		
Current assets		
Cash and deposits	75,770	79,934
Notes and accounts receivable - trade	54,161	54,074
Securities	43,000	35,000
Merchandise and finished goods	18,281	18,074
Work in process	329	323
Raw materials and supplies	5,214	5,519
Other	4,409	3,769
Allowance for doubtful accounts	(402)	(431)
Total current assets	200,763	196,264
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	57,777	60,733
Machinery, equipment and vehicles, net	30,516	31,940
Land	35,345	35,450
Leased assets, net	2,974	2,874
Construction in progress	8,305	9,986
Other, net	1,179	1,223
Total property, plant and equipment	136,098	142,209
Intangible assets		
Other	1,738	1,749
Total intangible assets	1,738	1,749
Investments and other assets		
Investment securities	31,316	32,802
Deferred tax assets	993	931
Net defined benefit asset	70	81
Other	1,192	1,251
Allowance for doubtful accounts	(331)	(331)
Total investments and other assets	33,241	34,735
Total non-current assets	171,078	178,694
Total assets	371,842	374,959

(Millions of yen)

	As of end FY2018 (March 31, 2018)	As of end 1Q FY2019 (June 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,036	25,071
Short-term loans payable	285	405
Lease obligations	229	226
Accrued expenses	21,082	18,232
Income taxes payable	2,614	952
Provision for directors' bonuses	66	13
Provision for removal cost of property, plant and equipment	16	16
Other	2,744	3,452
Total current liabilities	53,075	48,369
Non-current liabilities		
Lease obligations	3,766	3,716
Deferred tax liabilities	2,432	3,403
Provision for directors' retirement benefits	279	278
Net defined benefit liability	19,231	19,119
Asset retirement obligations	215	216
Other	1,960	2,220
Total non-current liabilities	27,885	28,955
Total liabilities	80,961	77,324
Net assets		
Shareholders' equity		
Capital stock	18,969	18,969
Capital surplus	22,942	22,942
Retained earnings	240,580	242,623
Treasury shares	(8,227)	(8,227)
Total shareholders' equity	274,265	276,308
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,680	10,762
Deferred gains or losses on hedges	(39)	4
Foreign currency translation adjustment	(1,941)	1,609
Remeasurements of defined benefit plans	(2,057)	(2,015)
Total accumulated other comprehensive income	5,642	10,361
Non-controlling interests	10,974	10,964
Total net assets	290,881	297,634
Total liabilities and net assets	371,842	374,959

(2) Quarterly consolidated statements of income and comprehensive income
 Quarterly consolidated statements of income (Cumulative)

(Millions of yen)

	1Q FY2018 (from April 1, 2017 to June 30, 2017)	1Q FY2019 (from April 1, 2018 to June 30, 2018)
Net sales	93,249	96,749
Cost of sales	58,378	61,004
Gross profit	34,870	35,744
Selling, general and administrative expenses	28,471	29,258
Operating profit	6,399	6,485
Non-operating income		
Interest income	267	346
Dividend income	223	234
Share of profit of entities accounted for using equity method	12	47
Foreign exchange gains	–	1
Rent income	83	84
Miscellaneous income	188	141
Total non-operating income	775	855
Non-operating expenses		
Interest expenses	65	63
Cost of lease revenue	15	12
Compensation expenses	100	2
Foreign exchange losses	13	–
Miscellaneous loss	40	55
Total non-operating expenses	235	134
Ordinary profit	6,938	7,207
Extraordinary income		
Gain on sales of non-current assets	14	7
Subsidy income	–	93
Total extraordinary income	14	100
Extraordinary losses		
Loss on sales and retirement of non-current assets	90	14
Loss on disaster	–	32
Other	6	–
Total extraordinary losses	96	47
Profit before income taxes	6,856	7,260
Income taxes - current	1,653	1,557
Income taxes - deferred	466	476
Total income taxes	2,120	2,033
Profit	4,736	5,226
Profit attributable to non-controlling interests	91	119
Profit attributable to owners of parent	4,644	5,107

Quarterly consolidated statements of comprehensive income (Cumulative)

(Millions of yen)

	1Q FY2018 (from April 1, 2017 to June 30, 2017)	1Q FY2019 (from April 1, 2018 to June 30, 2018)
Profit	4,736	5,226
Other comprehensive income		
Valuation difference on available-for-sale securities	827	1,034
Deferred gains or losses on hedges	(0)	44
Foreign currency translation adjustment	(171)	3,551
Remeasurements of defined benefit plans, net of tax	73	48
Share of other comprehensive income of entities accounted for using equity method	21	(7)
Total other comprehensive income	750	4,671
Comprehensive income	5,487	9,897
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,317	9,827
Comprehensive income attributable to non- controlling interests	170	70

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumptions)

Not applicable

(Notes in the event of substantial changes in shareholders' equity)

Not applicable

(Additional information)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances)

The Company and its consolidated subsidiaries have applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. Accordingly, deferred tax assets were presented under "Investments and other assets" and deferred tax liabilities were presented under "Non-current liabilities."

(Segment information)

I. Three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

1. Information relating to net sales, profit and loss by each reportable segment

(Millions of yen)

	Reportable segment							Other (Note 1)	Total	Adjust- ments (Note 2)	Amount reported on quarterly consoli- dated financial statements (Note 3)
	Seafood Segment	Overseas Instant Noodles Segment	Domestic Instant Noodles Segment	Frozen and Refrigerated Foods Segment	Processed Foods Segment	Cold- Storage Segment	Total				
Net sales											
Net sales to outside customers	8,221	16,903	28,573	17,806	5,041	4,426	80,972	12,276	93,249	–	93,249
Intersegment sales or transfers	281	–	–	–	–	219	500	71	571	(571)	–
Total	8,502	16,903	28,573	17,806	5,041	4,645	81,473	12,347	93,821	(571)	93,249
Segment profit	143	2,419	1,254	1,482	72	602	5,974	549	6,524	(124)	6,399

(Notes) 1. The Other Business Segment is one which is not among the reportable segments and refers to a business which is mainly involved in the packed lunch/deli food business.

2. The negative ¥124 million in segment profit adjustments includes companywide expenses of negative ¥277 million which have not been allocated to each reportable segment, a ¥48 million adjustment to inventories, and other adjustments of ¥104 million. Companywide expenses refer mainly to general and administrative expenses which do not belong to any reportable segment. Other adjustments are mainly for offset and elimination of knowhow fees from overseas subsidiaries.

3. Segment profit is adjusted at the operating profit level on the quarterly consolidated financial statements.

2. Information relating to impairment loss on non-current assets or goodwill for each reportable segment

Not applicable.

II. Three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

1. Information relating to net sales, profit and loss by each reportable segment

(Millions of yen)

	Reportable segment							Other (Note 1)	Total	Adjust- ments (Note 2)	Amount reported on quarterly consoli- dated financial statements (Note 3)
	Seafood Segment	Overseas Instant Noodles Segment	Domestic Instant Noodles Segment	Frozen and Refrigerated Foods Segment	Processed Foods Segment	Cold- Storage Segment	Total				
Net sales											
Net sales to outside customers	7,865	18,976	29,021	17,946	5,267	4,582	83,660	13,088	96,749	–	96,749
Intersegment sales or transfers	229	–	–	–	–	269	499	22	522	(522)	–
Total	8,095	18,976	29,021	17,946	5,267	4,852	84,160	13,110	97,271	(522)	96,749
Segment profit (loss)	97	2,352	1,610	1,352	(121)	608	5,899	663	6,562	(76)	6,485

Notes: 1. The Other Business Segment is one which is not among the reportable segments and refers to a business which is mainly involved in the packed lunch/deli food business.

2. The negative ¥76 million in segment profit or loss adjustments includes companywide expenses of negative ¥297 million which have not been allocated to each reportable segment, a ¥96 million adjustment to inventories, and other adjustments of ¥124 million. Companywide expenses refer mainly to general and administrative expenses which do not belong to any reportable segment. Other adjustments are mainly for offset and elimination of knowhow fees from overseas subsidiaries.

3. Segment profit or loss is adjusted at the operating profit level on the quarterly consolidated financial statements.

2. Information relating to impairment loss on non-current assets or goodwill for each reportable segment
Not applicable.