ANNUAL REPORT 2018

YEAR ENDED MARCH 31, 2018

Toyo Suisan Kaisha, Ltd.

Smiles for All.

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

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, 2018.

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 2018

During the fiscal year ended March 31, 2018, the Japanese economy continued its gradual recovery, despite a slowing of improvement in some areas, but lack of clarity regarding the economic future still persisted owing to developments such as the slowdown in economic growth centered on emerging nations in Asia and the issue of Britain's departure from the EU, which led to increasing uncertainty with regard to overseas economies.

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

As a result, net sales were ¥388,797 million (up 1.6% year on year), operating income was ¥26,652 million (down 9.6% year on year), ordinary income was ¥28,571 million (down 8.3% year on year), and net income attributable to owners of parent was ¥18,431 million (down 11.5% year on year).

June 2018

Masanari Imamura

Masanari Imamura
Representative Director and President

CONSOLIDATED FINANCIAL HIGHLIGHTS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
YEARS ENDED MARCH 31, 2017 AND 2018

		Millions of yen		Thousands of U.S. dollars (Note 1)
		2017	2018	2018
For the year:	Net sales	¥382,679	**¥388,797**	**$3,659,266**
	Operating income	29,486	**26,652**	**250,842**
	Net income attributable to owners of parent	20,837	**18,431**	**173,468**
At year-end:	Total assets	¥361,075	**¥373,484**	**$3,515,144**
	Total net assets	281,795	**290,882**	**2,737,713**
Per share of common stock:	Net income	¥204.0	**¥180.5**	**$1.70**
(in yen and U.S. dollars)	Cash dividends	60.0	**60.0**	**0.56**

Dollar amounts represent translations at the rate of ¥106.25 = US$1, the rate prevailing on March 31, 2018.

REVIEW OF OPERATIONS

Seafood Segment

Sales
32,021
million yen

In the Seafood Segment, while there was increasing severity in business conditions due to a decrease in the haul of fish and harsher sales competition in the domestic market, the Company carried out initiatives to strengthen efforts in sales to various retailers and reassess procurement strategies. Furthermore, segment sales increased centered on mainstay products such as fish eggs, and salmon and trout. As a result, segment sales were ¥32,021 million (up 1.9% year on year). Segment income was ¥289 million (up 51.4% year on year), boosted by efforts to sell at appropriate pricing amid the soaring price of raw materials.

Overseas Instant Noodles Segment

Sales
73,049
million yen

In the Overseas Instant Noodles Segment, in the U.S., as strengthening initiatives with various trading partners, we aggressively implemented such strategies as in-store display promotions on a mass scale and coupon campaigns, which provided increased sales. In Mexico, sales increased due to the favorable level of orders from wholesaler distribution routes and the special sales campaigns carried out at major mass retailers. As a result, segment sales were ¥73,049 million (up 0.0% year on year) despite the impact of the stronger yen. Segment income was ¥9,977 million (down 15.5% year on year), due to the increases mainly in personnel expenses and transportation costs.

Domestic Instant Noodles Segment

Sales
129,008
million yen

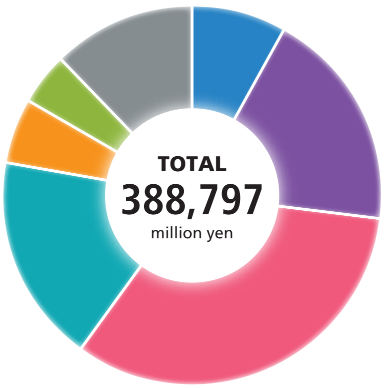
In the Domestic Instant Noodles Segment, in cup-type noodles, our signature products *Akai Kitsune Udon*, *Midori no Tanuki Ten Soba*, *Gotsu Mori*, and *Menzukuri*, whose recipe has been renewed to mark its launch of 25th anniversary, sold well. In addition, sales of *MARUCHAN QTTA*, which was launched in March 2017, was also steady, resulting increase in sales. In bag-type noodles, despite efforts such as stimulating new demand by launching new flavors and holding consumer campaigns in the *Maruchan Seimen* series, total sales decreased amidst a challenging overall market environment. As a result, segment sales were ¥129,008 million (up 2.3% year on year). Segment income was ¥8,311 million (down 17.3% year on year), mainly due to the increases in advertising costs and depreciation.

Frozen and Refrigerated Foods Segment

Sales
68,627
million yen

In the Frozen and Refrigerated Foods Segment, sales of fresh noodle products increased owing to the steady sales of the two-meal package *Maruchan Yakisoba Kiwami Futomen* series launched in February 2017, and the ongoing introduction of the new two-meal package fresh ramen noodle product *Koku no Itteki* series, despite the sales of our signature product *Maruchan Yakisoba (Three-Meal Package)* series being at the same level year on year. In chilled foods, *Maruchan Yakisoba Shumai*, *Maruchan Soup Wonton*, and newly launched *Maruchan Yakisoba Gyoza* sold well. In frozen foods, Rice Burger, which introduced new products, and *Chinchintei Abura Soba* sold well, resulting in increase in sales. As a result, segment sales were ¥68,627 million (up 1.6% year on year). Segment income was ¥5,272 million (up 6.6% year on year).

Net Sales by Segment



1	Seafood Segment	8.24%	32,021 million yen
2	Overseas Instant Noodles Segment	18.79%	73,049 million yen
3	Domestic Instant Noodles Segment	33.18%	129,008 million yen
4	Frozen and Refrigerated Foods Segment	17.65%	68,627 million yen
5	Processed Foods Segment	5.49%	21,330 million yen
6	Cold-Storage Segment	4.54%	17,656 million yen
7	Other Business Segment	12.12%	47,106 million yen

Processed Foods Segment

Sales
21,330
million yen

In the Processed Foods Segment, sales of packaged cooked rice decreased due to the impact of temporary adjustments to sales to ensure the stable supply in the period until completion of production capacity upgrades at a plant despite robust sales of brown rice, etc. of the retort packaged cooked rice products. In the freeze-dried products, sales increased due to the expansion of stores newly adopting products and the launch of new products. As a result, segment sales were ¥21,330 million (down 0.8% year on year) and segment income was ¥134 million (down 81.6% year on year), due to an increase in depreciation, etc. accompanying preparations to start operations at a new plant.

Cold-Storage Segment

Sales
17,656
million yen

In the Cold-Storage Segment, sales increased, owing to the efforts to actively capture new customers while strengthening initiatives with existing customers as well as the efforts to further enhance the transportation and customs clearance services. As a result, segment sales were ¥17,656 million (up 4.6% year on year). Although transportation and storage costs increased, segment income was ¥2,035 million (up 20.6% year on year) owing to contribution from reduced expenses achieved through making operations more efficient.

Other Business Segment

Sales
47,106
million yen

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥47,106 million (up 1.8% year on year), while segment income was ¥1,173 million (up 10.8% year on year).

Domestic Business Operations (in total)

INPUT	Energy	Electric power	Natural gas	Class A heavy oil
	4,615 TJ	**254,714** thousand kWh	**33,166** thousand m³	**2,527** kl

OUTPUT	CO_2 discharged into atmosphere
	210 thousand t

Environmental Impact Data (Groupwide)

JAPAN

INPUT

Production plants

Energy	**3,272** TJ
•Electric power	156,443,000 kWh
•Class A heavy oil	2,386 kl
•Town gas	33,051,000 m³
•Steam	55,328 GJ
Raw materials procurement	
•Raw materials	370,000 t
•Packaging materials	70,000 t
Refrigerant refill quantity	**1,040** KG
Water resources	**5,068,000** m³

Logistics

Energy	**352** TJ
(Total transportation volume)	163,000,000 tkm

Offices

Energy	**60** TJ
•Electric power	3,239,000 kWh
•Town gas	115,000 m³
•Gasoline	472 kl
•Class A heavy oil	141 kl
Refrigerant refill quantity	**0** KG
Water resources	**24,000** m³

Production plants

Production volume
450,000 t

Logistics

Offices

OUTPUT

Production plants

CO_2 discharged	**147,000** t
•NOx discharged	42 t
•SOx discharged	6 t
Industrial waste discharged	**14,916** t
(final disposal volume)	57 t
Water discharged	**3,600,000** m³

Logistics

CO_2 discharged	**24,000** t

Offices

CO_2 discharged	**3,000** t
Industrial waste discharged	**185** t
(final disposal volume)	0 t
Water discharged	**24,000** 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 Reducing use of CFC refrigerants

The Toyo Suisan Group is planning to replace CFC refrigerants, which have a large greenhouse effect, with natural refrigerants (containing ammonia and CO_2) in its refrigerators. In fiscal 2017, we made such replacements at the Higashi-Ogishima No. 1 refrigerator facility, Nagoya refrigerator facilities, the facilities of Saihoku Toyo Kaisha, Ltd. in Kazo City, the Sapporo No. 3 facility, and those of Suruga Toyo Kaisha, Ltd. We also conduct meticulous daily inspections of our refrigeration facilities and air-conditioning systems to prevent leakage of CFC refrigerants.

2 Adoption of certified palm oil

In 2015, U.S. subsidiary Maruchan, Inc. joined the Roundtable on Sustainable Palm Oil (RSPO), and aims to switch over to certified palm oil by the end of 2020 under the Toyo Suisan Group's procurement policy. We will continue procuring palm oil that takes into consideration the natural environment and human rights issues.

Overseas Business Operations (in total)

INPUT	Energy	Electric power	Natural gas	Diesel
	1,936 TJ	63,415 thousand kWh	29,876 thousand m³	112 kl

OUTPUT	CO_2 discharged into atmosphere
	95 thousand t

OVERSEAS

Refrigerators		Domestic business facilities Total		Overseas business facilities	
Energy	931 TJ	Energy	4,615 TJ	Energy	1,936 TJ
•Electric power	95,032,000 kWh			•Electric power	63,415,000 kWh
				•Natural gas	29,876,000 m³
				•Diesel	112 kl
Refrigerant refill quantity	1,002 KG	Refrigerant refill quantity	2,042 KG	Raw materials procurement	
				•Raw materials	360,000 t
				•Packaging materials	50,000 t
Water resources	200,000 m³	Water resources	5,291,000 m³	Water resources	906,000 m³

Refrigerators

Capacity

540,000 t

Domestic business facilities

Total

Overseas business facilities

Maruchan

North America
Central America
China
India

Production volume

290,000 t

Refrigerators		Domestic business facilities Total		Overseas business facilities	
CO_2 discharged	37,000 t	CO_2 discharged	210,000 t	CO_2 discharged	95,000 t
Industrial waste discharged	189 t	Industrial waste discharged	15,289 t	Industrial waste discharged	11,384 t
(final disposal volume)	4 t	(final disposal volume)	60 t	(final disposal volume)	8,911 t
Water discharged	96,000 m³	Water discharged	3,720,000 m³	Water discharged	596,000 m³

3 Reducing use of packaging materials

We reduced the amount of polystyrene used in *Maruchan Seimen Cup* containers after confirming safety in terms of product quality and the suitability of machinery at the production site. We also started using packaging materials recycled mechanically from recovered PET bottles for part of the film used in our freeze-dried soup products.

Maruchan Seimen Cup

4 Turning waste into valuable resources

To reduce the amount of waste produced, we recycle waste and convert it into valuable resources. For example, sludge generated from wastewater treatment at our factories is converted into fertilizer, while products rejected by our manufacturing lines are converted into animal feed, and stretch film and polypropylene (PP) bands used in our refrigerators are converted into valuable resources.

CSR Activities

"Hand-Made *Ramen* Classes"

Our Hokkaido office holds annual "Hand-Made *Ramen* Classes" titled "*Ramen Dojo* for Kids —Taking On the Challenge of Making Hand-Made *Ramen* with *Maruchan* products" for local elementary and junior high school students and their guardians in cooperation with the Sapporo City Lifelong Learning Center ("*Chieria*"). In fiscal 2017, the third time for these classes, we attracted 11 children and their parents, for a total of 23 participants.

"Hand-Made *Udon* Classes"

Our Saitama Factory office holds annual "*Maruchan* Hand-Made *Udon* Classes" as a part of an experiential program for elementary school students. The classes are conducted by the Board of Education of Hidaka City, where one of our factories is located. In fiscal 2017, the fourth time for these classes, we attracted 17 participants from local elementary schools.

"Secrets of *Dashi*" Forums

We conduct nationwide food education forums entitled "Secrets of *Dashi*." We explain the role of *dashi* (soup stock) and its synergies with *umami* (taste sensation), as well as regional preferences, and we offer *dashi* tastings as well. In fiscal year 2017, a total of 605 people participated in these forums, which were held at nine venues.

Maruchan Cup Youth Judo Championships

Since 1986, we have held judo tournaments for elementary and junior high school students nationwide. In fiscal 2017, 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.

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

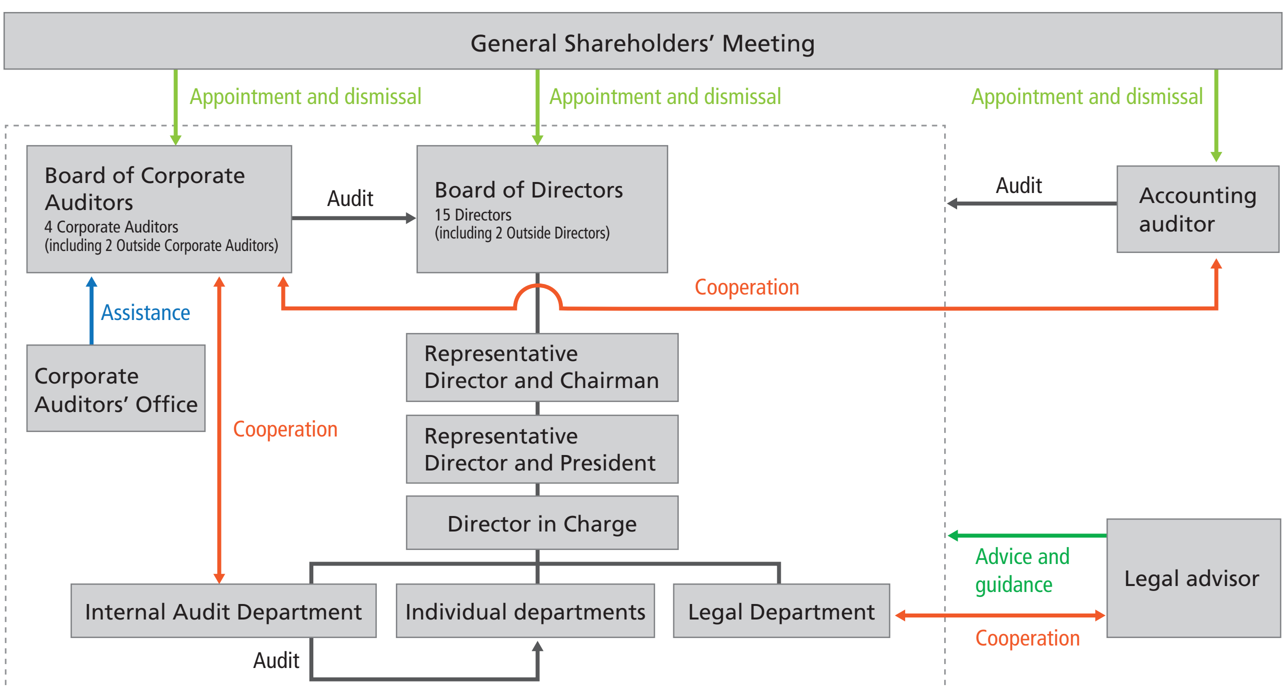
The Board of Directors serves as the Company's decision-making body. The Board of Directors comprises fifteen directors, including two outside directors. The Board of Directors generally convenes once a month, and also as needed. It thoroughly debates issues from the perspective of the group as a whole. 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, 2017 AND 2018

ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2018	2018
Current assets:			
Cash on hand and at banks (Notes 3 and 4)	¥ 78,209	¥ 75,770	$ 713,129
Notes and accounts receivable - Trade (Note 4)	50,288	54,094	509,120
Amounts due from unconsolidated subsidiaries and affiliates	420	439	4,132
Other	1,129	1,269	11,944
Less: Allowance for doubtful accounts	(493)	(403)	(3,793)
	51,344	55,399	521,403
Securities (Notes 3, 4 and 5)	43,000	43,000	404,706
Inventories	21,395	23,825	224,235
Deferred tax assets (Note 13)	1,825	1,650	15,529
Other	1,541	2,770	26,071
Total current assets	197,314	202,414	1,905,073
Property, plant and equipment (Notes 8, 12 ,17 and 20):			
Buildings and structures	141,418	136,573	1,285,393
Machinery and equipment	113,214	117,869	1,109,355
Leased assets	4,715	5,161	48,574
Other	5,998	6,005	56,518
	265,345	265,608	2,499,840
Less: Accumulated depreciation	(173,113)	(173,160)	(1,629,741)
	92,232	92,448	870,099
Land	35,337	35,345	332,659
Construction in progress	1,787	8,306	78,174
Total property, plant and equipment	129,356	136,099	1,280,932
Intangible assets	2,429	1,739	16,367
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 4)	5,209	5,189	48,838
Investment securities (Notes 4 and 5)	24,480	26,128	245,911
Deferred tax assets (Note 13)	1,470	984	9,261
Asset for retirement benefits (Note 10)	73	71	668
Other	1,076	1,192	11,219
Less: Allowance for doubtful accounts	(332)	(332)	(3,125)
Total investments and other assets	31,976	33,232	312,772
Total assets	¥361,075	¥373,484	$3,515,144

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)
	2017	2018	2018
Current liabilities:			
Short-term loans (Notes 4 and 9)	¥ 268	**¥ 286**	**$ 2,692**
Lease obligations (Notes 4 and 9)	244	**229**	**2,155**
Notes and accounts payable - Trade (Note 4)	22,978	**24,675**	**232,235**
Amounts due to unconsolidated subsidiaries and affiliates	1,361	**1,362**	**12,819**
Other	1,544	**843**	**7,934**
	25,883	**26,880**	**252,988**
Deferred tax liabilities (Note 13)	3	**4**	**38**
Income taxes payable	3,068	**2,614**	**24,602**
Accrued expenses	19,713	**21,082**	**198,419**
Provision for removal cost of property, plant and equipment	179	**17**	**160**
Other	861	**1,967**	**18,513**
Total current liabilities	50,219	**53,079**	**499,567**
Non-current liabilities:			
Lease obligations (Notes 4 and 9)	3,956	**3,766**	**35,445**
Deferred tax liabilities (Note 13)	4,022	**4,070**	**38,306**
Reserve for retirement benefits for officers	213	**280**	**2,635**
Liability for retirement benefits (Note 10)	18,846	**19,231**	**180,998**
Asset retirement obligations	229	**215**	**2,024**
Other	1,795	**1,961**	**18,456**
Total non-current liabilities	29,061	**29,523**	**277,864**
Total liabilities	79,280	**82,602**	**777,431**
Contingent liabilities (Note 18)			
Net assets (Notes 14 and 15):			
Shareholders' equity:			
Common stock-			
Authorized: 427,000,000 shares in 2017 and 2018			
Issued: 110,881,044 shares in 2017 and 2018	18,969	**18,969**	**178,532**
Capital surplus	22,943	**22,942**	**215,925**
Retained earnings	228,277	**240,581**	**2,264,292**
Treasury stock, at cost			
Held by the Company:			
8,702,530 shares in 2017 and 8,702,879 shares in 2018			
Owned by consolidated subsidiaries and affiliates:			
49,018 shares in 2017 and 2018	(8,226)	**(8,227)**	**(77,431)**
Total shareholders' equity	261,963	**274,265**	**2,581,318**
Accumulated other comprehensive income (loss):			
Net unrealized gain on investment securities, net of taxes (Note 5)	8,738	**9,681**	**91,115**
Net unrealized loss on hedging instruments, net of taxes (Note 6)	(6)	**(40)**	**(376)**
Foreign currency translation adjustments	2,627	**(1,942)**	**(18,278)**
Adjustment for retirement benefits, net of taxes (Note 10)	(2,124)	**(2,057)**	**(19,360)**
Total accumulated other comprehensive income	9,235	**5,642**	**53,101**
Non-controlling interests	10,597	**10,975**	**103,294**
Total net assets	281,795	**290,882**	**2,737,713**
Total liabilities and net assets	¥361,075	**¥373,484**	**$3,515,144**

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, 2017 AND 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2018	2018
Net sales (Note 20)	¥382,679	¥388,797	$3,659,266
Cost of sales (Note 11)	237,693	241,990	2,277,553
Gross profit	144,986	146,807	1,381,713
Selling, general and administrative expenses (Note 11)	115,500	120,155	1,130,871
Operating income (Note 20)	29,486	26,652	250,842
Non-operating income (expenses):			
Interest and dividend income	1,280	1,529	14,391
Interest expenses	(266)	(259)	(2,438)
Equity in earnings of affiliate accounted for under the equity method	117	137	1,289
Foreign exchange gain (loss), net	192	(239)	(2,249)
Loss on sales or disposal of property, plant and equipment, net	(707)	(1,649)	(15,520)
Gain on sales of investment securities (Note 5)	7	67	631
Provision of allowance for doubtful accounts	(335)	(56)	(527)
Provision for removal cost of property, plant and equipment	(179)	—	—
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	(429)	(146)	(1,374)
Impairment losses on fixed assets (Notes 12 and 20)	(783)	(22)	(207)
Subsidy received	1,381	605	5,694
Other, net	699	668	6,287
Income before income taxes	30,463	27,287	256,819
Income taxes (Note 13):			
Current	10,309	8,262	77,760
Deferred	(1,070)	214	2,014
	9,239	8,476	79,774
Net income	21,224	18,811	177,045
Net income attributable to non-controlling interests	387	380	3,577
Net income attributable to owners of parent	¥ 20,837	¥ 18,431	$ 173,468

	Yen		U.S. dollars (Note 1)
	2017	2018	2018
Amounts per share of common stock (Note 16):			
Net income	¥204.0	¥180.5	$1.70
Cash dividends applicable to the year	60.0	60.0	0.56

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, 2017 AND 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2018	2018
Net income	¥21,224	¥18,811	$177,045
Other comprehensive income (loss) (Note 19):			
Net unrealized gain on investment securities, net of taxes	1,078	1,090	10,259
Net unrealized gain (loss) on hedging instruments, net of taxes	42	(34)	(320)
Foreign currency translation adjustments	(591)	(4,569)	(43,002)
Adjustment for retirement benefits, net of taxes	301	58	546
Share of other comprehensive income of affiliate accounted for using the equity method	19	5	46
Total other comprehensive income (loss)	849	(3,450)	(32,471)
Comprehensive income	¥22,073	¥15,361	$144,574
Total comprehensive income attributable to:			
Owners of parent	¥21,473	¥14,837	$139,642
Non-controlling interests	600	524	4,932

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, 2017 AND 2018

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income (loss)						
	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 (loss)	Non-controlling interests	Total net assets
Balance at March 31, 2016	¥18,969	¥22,518	¥213,568	¥(8,225)	¥246,830	¥7,807	¥(48)	¥ 3,218	¥(2,377)	¥8,600	¥10,770	¥266,200
Net income attributable to owners of parent	—	—	20,837	—	20,837	—	—	—	—	—	—	20,837
Cash dividends paid	—	—	(6,128)	—	(6,128)	—	—	—	—	—	—	(6,128)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	425	—	—	425	—	—	—	—	—	(624)	(199)
Acquisition of treasury stock	—	—	—	(1)	(1)	—	—	—	—	—	—	(1)
Net changes in items except shareholders' equity	—	—	—	—	—	931	42	(591)	253	635	451	1,086
Balance at March 31, 2017	¥18,969	¥22,943	¥228,277	¥(8,226)	¥261,963	¥8,738	¥ (6)	¥2,627	¥(2,124)	¥9,235	¥10,597	¥281,795
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

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Accumulated other comprehensive income (loss)						
	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 (loss)	Non-controlling interests	Total net assets
Balance at March 31, 2017	$178,532	$215,934	$2,148,489	$(77,421)	$2,465,534	$82,240	$ (56)	$ 24,725	$(19,991)	$86,918	$ 99,736	$2,652,188
Net income attributable to owners of parent	—	—	173,468	—	173,468	—	—	—	—	—	—	173,468
Cash dividends paid	—	—	(57,665)	—	(57,665)	—	—	—	—	—	—	(57,665)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	(9)	—	—	(9)	—	—	—	—	—	—	(9)
Acquisition of treasury stock	—	—	—	(10)	(10)	—	—	—	—	—	—	(10)
Net changes in items except shareholders' equity	—	—	—	—	—	8,875	(320)	(43,003)	631	(33,817)	3,558	(30,259)
Balance at March 31, 2018	$178,532	$215,925	$2,264,292	$(77,431)	$2,581,318	$91,115	$(376)	$ (18,278)	$(19,360)	$53,101	$103,294	$2,737,713

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, 2017 AND 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2018	2018
Cash flows from operating activities:			
Income before income taxes	¥30,463	¥27,287	$256,819
Depreciation and amortization	11,947	12,302	115,784
Impairment losses on fixed assets	783	22	207
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	429	146	1,374
Equity in earnings of affiliates accounted for under the equity method	(117)	(137)	(1,289)
Increase (Decrease) in reserve for retirement benefits for officers	(14)	67	631
Increase (Decrease) in allowance for bonus to officers	28	(130)	(1,224)
Increase in allowance for doubtful accounts	335	53	499
Increase in liability for retirement benefits	699	477	4,489
Interest and dividend income	(1,280)	(1,529)	(14,391)
Interest expenses	266	259	2,438
Foreign exchange loss (gain), net	(192)	239	2,249
Loss on sales or disposal of property, plant and equipment, net	707	1,646	15,492
Increase in notes and accounts receivable - Trade	(1,426)	(3,994)	(37,591)
Increase in inventories	(684)	(2,604)	(24,508)
Increase in notes and accounts payable - Trade	369	1,773	16,687
Increase in accrued expenses	265	1,268	11,934
Other, net	461	212	1,995
Subtotal	43,039	37,357	351,595
Interest and dividend income received	1,039	1,422	13,384
Interest expenses paid	(266)	(259)	(2,438)
Income taxes paid	(10,167)	(9,150)	(86,117)
Net cash provided by operating activities	33,645	29,370	276,424
Cash flows from investing activities:			
Payments for time deposits	(56,296)	(55,489)	(522,249)
Proceeds from maturities of time deposits	47,195	53,213	500,828
Payments for purchase of securities	(97,000)	(81,000)	(762,353)
Proceeds from sales and redemption of securities	93,000	85,000	800,000
Payments for purchase of property, plant and equipment	(17,097)	(21,395)	(201,365)
Proceeds from sales of property, plant and equipment	135	167	1,572
Payments for purchase of intangible assets	(48)	(337)	(3,172)
Payments for purchase of investment securities	(436)	(175)	(1,647)
Proceeds from sales of investment securities	31	84	791
Payments for loans receivable	(2,451)	(1,835)	(17,271)
Collections of loans receivable	2,144	1,583	14,899
Other, net	(21)	(201)	(1,892)
Net cash used in investing activities	(30,844)	(20,385)	(191,859)
Cash flows from financing activities:			
Proceeds from short-term loans	712	1,051	9,892
Repayments of short-term loans	(719)	(1,033)	(9,722)
Repayments of long-term debt	(30)	—	—
Purchase of treasury stock of subsidiaries	(1)	(1)	(10)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(200)	(1)	(9)
Cash dividends paid	(6,127)	(6,122)	(57,619)
Other, net	(405)	(377)	(3,548)
Net cash used in financing activities	(6,770)	(6,483)	(61,016)
Effect of exchange rate changes on cash and cash equivalents	(313)	(320)	(3,012)
Net increase (decrease) in cash and cash equivalents	(4,282)	2,182	20,537
Cash and cash equivalents at beginning of year	27,510	23,228	218,616
Cash and cash equivalents at end of year (Note 3)	¥23,228	¥25,410	$239,153

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, 2018, which was ¥106.25 to U.S. $1. This convenience translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar at this or any other rate of exchange.

2 Summary of significant accounting policies:

(1) Scope of consolidation —

The Company had 29 subsidiaries as of March 31, 2017 and 2018. The accompanying consolidated financial statements include the accounts of the Company and 22 and 23 subsidiaries as of March 31, 2017 and 2018, respectively. The subsidiaries that are significant are consolidated.

Consolidated subsidiaries as of March 31, 2017 and 2018 are as follows:

Equity ownership percentage

Name of subsidiary	2017	2018
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**
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) Newly incorporated in Brazil on September 12, 2017 and included in the scope of consolidation.

The remaining seven and six unconsolidated subsidiaries as of March 31, 2017 and 2018, 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, 2017 and 2018 are as follows:

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

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

The Company has five and four affiliates as of March 31, 2017 and 2018, respectively.

The affiliate to which the equity method has been applied for the years ended March 31, 2017 and 2018 is as follows:

Equity ownership percentage

Name of affiliate	2017	2018
Semba Tohka Industries Co., Ltd.	26.4%	**26.4%**

The investments in the seven and six unconsolidated subsidiaries as of March 31, 2017 and 2018, respectively, and four affiliates (Shimodatousui Corp., Higashimaru International Corporation, and the other two affiliates) and three affiliates (Higashimaru International Corporation and the other two affiliates) as of March 31, 2017 and 2018, respectively, are carried at cost since applying the equity method of accounting to these companies would not have had any material effect on net income and retained earnings in the consolidated financial statements.

(3) Consolidation principles —

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

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

The range of useful lives are summarized as follows:

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

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

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

(11) Intangible assets (excluding leased assets) —

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

(12) Accounting for leases —

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

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

(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 officers

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

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

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

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

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

(16) Accounting for consumption tax —

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

(17) Standards and guidance not yet adopted —

"Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018 (hereinafter, "Guidance No. 28")) and "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26 (revised 2018), February 16, 2018 (hereinafter, "Guidance No. 26"))

(a) Overview

The above guidance was revised in regard to the treatments for taxable temporary differences for investments in subsidiaries within the context of non-consolidated financial statements, and to clarify the treatments in determining recoverability of deferred tax assets in a company which was categorized as 'Type 1' according to the guidance.

(b) Effective date

Effective from the beginning of the fiscal year ending March 31, 2019.

(c) Effects of the application of the standards

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

"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 beginning of the fiscal year ending March 31, 2022.

(c) Effects of the application of the standards

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

3 Cash flow information:

Cash and cash equivalents as of March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Cash on hand and at banks	¥78,209	**¥75,770**	**$713,129**
Securities with an original maturity of 3 months or less	—	**4,000**	**37,647**
Time deposits with deposit term of over 3 months	(54,981)	**(54,360)**	**(511,623)**
Cash and cash equivalents	¥23,228	**¥25,410**	**$239,153**

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 31.1% and 29.8% of total trade receivables as of March 31, 2017 and 2018, 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, 2017 and 2018 are as follows:

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

2017

Millions of yen

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

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)**	**¥ —**

2018

	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	$ 713,129	$ 713,129	$ —
(2) Notes and accounts receivable - Trade	509,120	509,120	—
(3) Securities	404,706	404,706	—
(4) Investments in unconsolidated subsidiaries and affiliates	23,727	29,016	5,289
(5) Investment securities Available-for-sale securities	239,605	239,605	—
Assets total	$1,890,287	$1,895,576	$5,289
(1) Notes and accounts payable - Trade	$ 232,235	$ 232,235	$ —
(2) Short-term loans	2,692	2,692	—
(3) Lease obligations (*1)	37,600	38,532	932
Liabilities total	$ 272,527	$ 273,459	$ 932
Derivative transactions (*2)	$ (480)	$ (480)	$ —

(*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 new borrowings and lease transactions.

Derivative financial instruments:

See the note “6. Derivative financial instruments”.

(b) Financial instruments with no available fair values

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Unlisted equity securities	¥ 676	¥ 670	$ 6,306
Investments in unconsolidated subsidiaries and affiliates	2,812	2,668	25,111

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

2017

Millions of yen

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

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**	**¥ —**	**¥ —**	**¥ —**

2018

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	**$ 713,129**	**$ —**	**$ —**	**$ —**
Notes and accounts receivable - Trade	**509,120**	**—**	**—**	**—**
Securities Certificates of deposits	**404,706**	**—**	**—**	**—**
Total	**$1,626,955**	**$ —**	**$ —**	**$ —**

(d) Redemption schedule for lease obligations with maturity dates subsequent to March 31, 2018

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

5 Securities:

(1) There were no held-to-maturity securities as of March 31, 2017 and 2018.

(2) Available-for-sale securities with a market value as of March 31, 2017 and 2018 are as follows:

2017 Millions of yen

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

2018 Millions of yen

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

2018 Thousands of U.S. dollars

	Carrying amount	Acquisition cost	Difference
Securities with carrying amount (fair value) exceeding acquisition costs: Equity securities	**$238,560**	**$102,155**	**$136,405**
Securities with carrying amount (fair value) not exceeding acquisition costs: Equity securities	**1,045**	**1,101**	**(56)**
Other	**404,706**	**404,706**	**—**
	$644,311	**$507,962**	**$136,349**

(3) Available-for-sale securities sold during the years ended March 31, 2017 and 2018 are as follows:

2017 Millions of yen

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

2018 Millions of yen

	Sales proceeds	Total gain on sale	Total loss on sale
Equity securities	**¥84**	**¥67**	**¥ —**

2018 Thousands of U.S. dollars

	Sales proceeds	Total gain on sale	Total loss on sale
Equity securities	**$791**	**$631**	**$ —**

6 Derivative financial instruments:

Contract amounts and fair values of derivative instruments for which hedge accounting is applied as of March 31, 2017 and 2018 are as follows:

2017

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	¥1,300	¥ —	¥(6)
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	411	—	—
Total		¥1,711	¥ —	¥(6)

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)**

2018

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	**$14,325**	**$ —**	**$(480)**
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	**1,939**	**—**	**—**
Total		**$16,264**	**$ —**	**$(480)**

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, 2017 and 2018 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	**2018**	**2018**
Merchandise and finished goods	¥15,678	**¥18,281**	**$172,056**
Work in progress	409	**330**	**3,106**
Raw materials and supplies	5,308	**5,214**	**49,073**
Total	¥21,395	**¥23,825**	**$224,235**

8 Investments and rental property:

The Company and certain subsidiaries hold rental properties and idle properties in Tokyo and other areas of Japan. Profit from those properties for the years ended March 31, 2017 and 2018 were ¥138 million and ¥138 million ($1,299 thousand), respectively.

The book value, net changes during the year and the fair values of such properties as of March 31, 2017 and 2018 are as follows:

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

			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**

			Thousands of U.S. dollars
		Book value	Fair value
Balance at March 31, 2017	Increase / (Decrease)	Balance at March 31, 2018	Balance at March 31, 2018
$15,464	**$536**	**$16,000**	**$60,132**

Notes:

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

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

9 Short-term loans and lease obligations:

The average annual interest rate on short-term loans is 0.433% and 0.436% as of March 31, 2017 and 2018, respectively.

Lease obligations as of March 31, 2017 and 2018 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	**2018**	**2018**
Lease obligations at an average interest rate of 7.392% for 2017 and 2018	¥4,200	**¥3,995**	**$37,600**
Less current portion	(244)	**(229)**	**(2,155)**
Long-term debt and lease obligations	¥3,956	**¥3,766**	**$35,445**

The aggregate annual maturities of lease obligations as of March 31, 2018 are as follows:

	Millions of yen	Thousands of U.S. dollars
2019	**¥ 229**	**$ 2,155**
2020	**219**	**2,061**
2021	**214**	**2,014**
2022	**184**	**1,732**
2023 and thereafter	**3,149**	**29,638**
Total	**¥3,995**	**$37,600**

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 consolidated subsidiaries apply a simplified method in computing liabilities for retirement benefits and retirement benefit costs for their defined benefit pension plans. The tables below include plans to which the simplified method is applied.

Movements in retirement benefit obligations for the years ended March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Balance at beginning of the year	¥36,561	¥37,579	$353,685
Service cost	1,876	1,905	17,929
Interest cost	78	81	762
Actuarial losses	3	293	2,758
Benefits paid	(939)	(1,188)	(11,181)
Balance at end of the year	¥37,579	¥38,670	$363,953

Movements in plan assets for the years ended March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Balance at beginning of the year	¥18,074	¥18,806	$176,998
Expected return on plan assets	1	1	9
Actuarial losses	(33)	(29)	(273)
Employer contributions	1,434	1,561	14,692
Benefits paid	(670)	(830)	(7,812)
Balance at end of the year	¥18,806	¥19,509	$183,614

Reconciliations from retirement benefit obligations and plan assets to liability (asset) for retirement benefits as of March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Funded retirement benefit obligations	¥30,372	**¥31,209**	**$293,732**
Plan assets	(18,806)	**(19,509)**	**(183,614)**
	11,566	**11,700**	**110,118**
Unfunded retirement benefit obligations	7,207	**7,460**	**70,212**
Total net liability for retirement benefits on the consolidated balance sheets	¥18,773	**¥19,160**	**$180,330**
Liability for retirement benefits	¥18,846	**¥19,231**	**$180,998**
Asset for retirement benefits	(73)	**(71)**	**(668)**
Total net liability for retirement benefits on the consolidated balance sheets	¥18,773	**¥19,160**	**$180,330**

Retirement benefit costs for the years ended March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Service cost	¥1,876	**¥1,905**	**$17,929**
Interest cost	78	**81**	**762**
Expected return on plan assets	(1)	**(1)**	**(9)**
Net actuarial loss amortization	793	**756**	**7,116**
Past service costs amortization	(344)	**(344)**	**(3,238)**
Total retirement benefit costs	¥2,402	**¥2,397**	**$22,560**

The components of adjustments for retirement benefits (before income tax effects) for the years ended March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Past service costs	¥ 345	**¥ 344**	**$ 3,238**
Actuarial losses	(758)	**(434)**	**(4,085)**
Total	¥(413)	**¥ (90)**	**$ (847)**

The components of accumulated adjustments for retirement benefits (before income tax effects) for the years ended March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Past service costs that are yet to be recognized	¥(2,398)	**¥(2,053)**	**$(19,322)**
Actuarial losses that are yet to be recognized	5,603	**5,169**	**48,649**
Total	¥ 3,205	**¥ 3,116**	**$ 29,327**

The components of plan assets for the years ended March 31, 2017 and 2018 are as follows:

	2017	2018
Cash on hand and at banks	86%	**86%**
Life insurance general accounts	14	**14**
Other	0	**0**
Total	100%	**100%**

Method for determining long-term expected rate of return

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

Significant assumptions used in determining the retirement benefit obligations for the years ended March 31, 2017 and 2018 are as follows:

	2017	2018
Discount rate	0.2%	**0.2%**
Long-term expected rate of return	0-0.3%	**0-0.3%**

11 Research and development expenses:

Research and development expenses for the years ended March 31, 2017 and 2018 were ¥1,552 million and ¥1,487 ($13,995 thousand), respectively.

12 Impairment losses on fixed assets:

For the years ended March 31, 2017 and 2018, the Company and its consolidated subsidiaries recognized impairment losses on fixed assets on the following groups of assets.

		Millions of yen		Thousands of U.S. dollars
Use	**Type of Assets**	2017	**2018**	**2018**
Assets for business use	Buildings, machinery and equipment, land	¥529	**¥19**	**$179**
Idle assets	Buildings, machinery and equipment	254	**3**	**28**
		¥783	**¥22**	**$207**

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 as the present value of the expected cash flows from the ongoing utilization of the assets for the years ended March 31, 2017 and 2018. Since the future cash flows are expected to be negative, the assets were measured at their memorandum values at March 31, 2017 and 2018.

The book values of idle assets were measured at their memorandum value at March 31, 2017 and 2018.

13 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% for the years ended March 31, 2017 and 2018.

The main components of deferred tax assets and liabilities as of March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Deferred tax assets:			
Liability for retirement benefits	¥ 5,775	¥ 5,885	$ 55,388
Impairment losses on fixed assets	2,039	1,556	14,645
Tax loss carryforwards	1,295	963	9,064
Accrued bonuses	793	719	6,767
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	665	703	6,616
Unrealized gains and losses on intercompany asset transfers	142	697	6,560
Write-down of investment securities	264	271	2,551
Other	2,611	2,409	22,673
Gross deferred tax assets	13,584	13,203	124,264
Less: valuation allowance	(3,950)	(4,241)	(39,916)
Total deferred tax assets	9,634	8,962	84,348
Deferred tax liabilities:			
Net unrealized gain on investment securities	(3,741)	(4,289)	(40,367)
Special reserves for deferred gains on fixed assets	(3,599)	(3,533)	(33,252)
Depreciation of overseas consolidated subsidiaries	(1,985)	(1,588)	(14,946)
Unrealized gains and losses on intercompany asset transfers	(240)	(334)	(3,144)
Reserve for special depreciation	(388)	(269)	(2,532)
Valuation differences of subsidiaries' assets in consolidation	(116)	(116)	(1,092)
Other	(295)	(273)	(2,569)
Total deferred tax liabilities	(10,364)	(10,402)	(97,902)
Net deferred tax liabilities	¥ (730)	¥ (1,440)	$(13,554)

The main differences between the statutory tax rate and the effective tax rate for the years ended March 31, 2017 and 2018 are not disclosed because the total differences are less than 5% of the statutory tax rates.

Due to enactment of the "Tax Cuts and Jobs Act" in the United States of America on December 22, 2017, the income tax rate applicable to the consolidated subsidiaries of the Company in the United States of America was reduced from 35% to 21% from the fiscal year beginning on or after January 1, 2018.

As a result, deferred tax liabilities, net of deferred tax assets, decreased by ¥700 million ($6,588 thousand) and income taxes – deferred decreased by ¥700 million ($6,588 thousand).

14 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 28, 2018, the shareholders approved cash dividends amounting to ¥3,065 million ($28,847 thousand). These cash dividends have not been accrued in the consolidated financial statements as of March 31, 2018 because such appropriations are recognized in the period in which they are approved by the shareholders.

15 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, 2017 and 2018

Thousands of shares

Common stock outstanding	2017	2018
Balance at beginning and end of the year	110,881	**110,881**

Thousands of shares

Treasury stock outstanding	2017	2018
Balance at beginning of the year	8,751	**8,752**
Increase due to purchase of odd stock	1	**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 29, 2017 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, 2017
d. Effective date.................................... June 30, 2017

The Company resolved approval by the board of directors meeting held on October 31, 2017 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, 2017
d. Effective date.................................... December 5, 2017

(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 28, 2018 as follows:

Dividends on Common stock

a. Total amount of dividends .... ¥3,065 million ($28,847 thousand)
b. Funds for dividends .... Retained earnings
c. Dividends per share ¥30.0 ($0.28)
d. Record date .... March 31, 2018
e. Effective date.................................... June 29, 2018

16 Per share information:

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

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Net income attributable to owners of parent	¥ 20,837	¥ 18,431	$173,468
Net income attributable to owners of parent related to common stock	20,837	18,431	173,468

	2017	2018
Weighted-average number of common stock (unit: thousands of shares)	102,130	102,130

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, 2017 and 2018.

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

17 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, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Due within one year	¥ 68	¥ 78	$ 734
Due after one year	388	372	3,501
	¥456	¥450	$4,235

18 Contingent liabilities:

Contingent liabilities as of March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Guarantees for indebtedness of employees	¥25	¥18	$169

19 Comprehensive income:

(1) Reclassification adjustments on other comprehensive income for the years ended March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Net unrealized gain on investment securities:			
Gains arising during the year	¥1,500	¥ 1,703	$ 16,028
Reclassification adjustments	(6)	(63)	(593)
	1,494	1,640	15,435
Net unrealized gain (loss) on hedging instruments:			
Gains (losses) arising during the year	58	(45)	(424)
	58	(45)	(424)
Foreign currency translation adjustments:			
Adjustments arising during the year	(591)	(4,569)	(43,002)
	(591)	(4,569)	(43,002)
Adjustments for retirement benefits:			
Adjustments arising during the year	(36)	(322)	(3,031)
Reclassification adjustments	449	412	3,878
	413	90	847
Share of other comprehensive income of affiliate accounted for using the equity method:			
Gains arising during the year	19	5	46
	19	5	46
Amount before income tax effects	1,393	(2,879)	(27,098)
Income tax effects	(544)	(571)	(5,373)
Total other comprehensive income (loss), net of taxes	¥ 849	¥(3,450)	$(32,471)

(2) Income tax effects on other comprehensive income for the years ended March 31, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Net unrealized gain on investment securities: Amount before income tax effects	¥1,494	**¥ 1,640**	**$ 15,435**
Income tax effects	(416)	**(550)**	**(5,176)**
Amount, net of taxes	1,078	**1,090**	**10,259**
Net unrealized gain (loss) on hedging instruments: Amount before income tax effects	58	**(45)**	**(424)**
Income tax effects	(16)	**11**	**104**
Amount, net of taxes	42	**(34)**	**(320)**
Foreign currency translation adjustments: Amount before income tax effects	(591)	**(4,569)**	**(43,002)**
Income tax effects	—	**—**	**—**
Amount, net of taxes	(591)	**(4,569)**	**(43,002)**
Adjustments for retirement benefits: Amount before income tax effects	413	**90**	**847**
Income tax effects	(112)	**(32)**	**(301)**
Amount, net of taxes	301	**58**	**546**
Share of other comprehensive income of affiliate accounted for using the equity method: Amount before income tax effects	19	**5**	**46**
Income tax effects	—	**—**	**—**
Amount, net of taxes	19	**5**	**46**
Total other comprehensive income (loss) Amount before income tax effects	1,393	**(2,879)**	**(27,098)**
Income tax effects	(544)	**(571)**	**(5,373)**
Amount, net of taxes	¥ 849	**¥(3,450)**	**$(32,471)**

20 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

2017

Millions of yen

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

2018

Millions of yen

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Total	Other	Total	Adjustments	Consolidated
Net sales: Outside customers	¥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	¥ 97,858	¥373,484
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

2018

Thousands of U.S. dollars

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Total	Other	Total	Adjustments	Consolidated
Net sales: Outside customers	$301,374	$687,520	$1,214,193	$645,901	$200,753	$166,174	$3,215,915	$443,351	$3,659,266	$ —	$3,659,266
Intersegment	9,459	—	—	—	—	9,553	19,012	2,108	21,120	(21,120)	—
Total	$310,833	$687,520	$1,214,193	$645,901	$200,753	$175,727	$3,234,927	$445,459	$3,680,386	$ (21,120)	$3,659,266
Segment income	$ 2,720	$ 93,901	$ 78,221	$ 49,619	$ 1,261	$ 19,153	$ 244,875	$ 11,040	$ 255,915	$ (5,073)	$ 250,842
Segment assets	$176,631	$900,621	$ 631,689	$206,297	$143,162	$357,760	$2,416,160	$177,967	$2,594,127	$921,017	$3,515,144
Other items: Depreciation and amortization	$ 1,684	$ 21,685	$ 40,019	$ 11,708	$ 4,320	$ 21,280	$ 100,696	$ 9,939	$ 110,635	$ 5,149	$ 115,784
Increase in property, plant and equipment and intangible assets	5,478	48,367	15,981	3,576	69,318	52,819	195,539	9,280	204,819	11,595	216,414

Notes:

(a) "Other" 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 ¥(982) million and ¥(539) million ($(5,073) thousand) in segment income for the years ended March 31, 2017 and 2018, respectively, include corporate expenses of ¥(1,224) million and ¥(1,119) million ($(10,532) 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, 2017 and 2018.
2) The adjustment of ¥97,977million and ¥97,858 million ($921,017 thousand) in segment assets as of March 31, 2017 and 2018, respectively, include corporate assets of ¥97,933 million and ¥97,847 million ($920,913 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 ¥542 million and ¥547 million ($5,149 thousand) in depreciation and amortization for the years ended March 31, 2017 and 2018, respectively, include corporate expenses of ¥515 million and ¥541 million ($5,092 thousand), respectively.
4) The adjustments of ¥715 million and ¥1,232 million ($11,595 thousand) in increase in property, plant, and equipment and intangible assets for the years ended March 31, 2017 and 2018, 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

2017	Millions of yen			
	Japan	Americas	Other	Consolidated
Net sales	¥309,187	¥73,066	¥426	¥382,679

2018	Millions of yen			
	Japan	Americas	Other	Consolidated
Net sales	**¥315,261**	**¥73,050**	**¥486**	**¥388,797**

2018	Thousands of U.S. dollars			
	Japan	Americas	Other	Consolidated
Net sales	**$2,967,162**	**$687,530**	**$4,574**	**$3,659,266**

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

2017

	Japan	Americas	Consolidated
			Millions of yen
Property, plant and equipment	¥104,813	¥24,543	¥129,356

2018

	Japan	Americas	Consolidated
			Millions of yen
Property, plant and equipment	**¥109,935**	**¥26,164**	**¥136,099**

2018

	Japan	Americas	Consolidated
			Thousands of U.S. dollars
Property, plant and equipment	**$1,034,682**	**$246,250**	**$1,280,932**

(5) Information about major customers

2017

Name of major customer	Sales (Millions of yen)	Related reportable segment
MITSUI & CO., LTD.	¥96,620	Domestic Instant Noodles Segment

2018

Name of major customer	Sales (Millions of yen)	Sales (Thousands of U.S. dollars)	Related reportable segment
MITSUI & CO., LTD.	**¥99,288**	**$934,475**	Domestic Instant Noodles Segment

(6) Information about impairment loss on fixed assets

2017

Millions of yen

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

2018

Millions of yen

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

2018

Thousands of U.S. dollars

	Reportable segment						Other	Adjustments	Consolidated
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage			
Impairment loss	**$ —**	**$ —**	**$28**	**$ —**	**$ —**	**$ —**	**$179**	**$ —**	**$207**

(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, 2017 and 2018.

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Toyo Suisan Kaisha, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2018 and 2017, 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, 2018 and 2017, 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, 2018 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 28, 2018
Tokyo, Japan

CORPORATE DATA

AS OF MARCH 31, 2018

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	33
Number of Employees (Consolidated)	4,639
Consolidated Net Sales	¥388,797 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	11,086
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

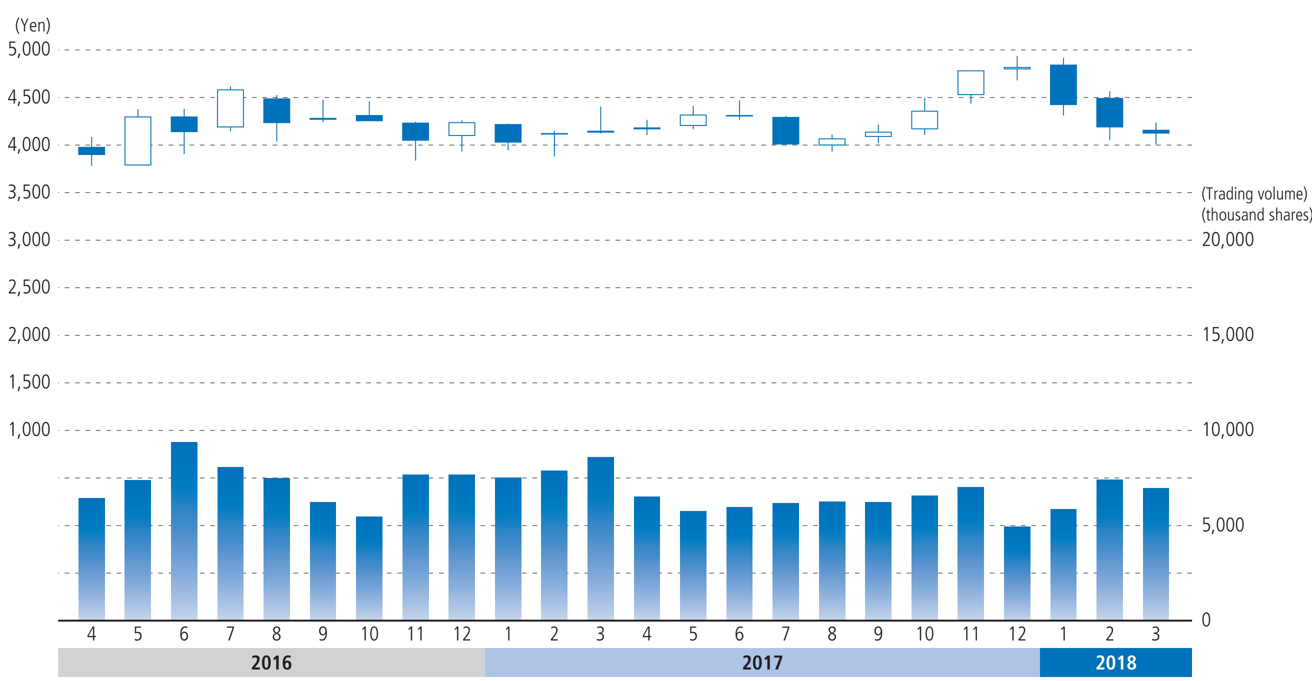
Since its beginnings at Tokyo's Tsukiji Market in 1953, where Toyo Suisan began its business of exporting frozen tuna, the company has grown into a diversified food products manufacturer, currently engaged not only in the business of seafood products, but in cold-storage and food processing businesses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