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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nisshin Seifun Group Inc.:

We have audited the accompanying consolidated balance sheet of Nisshin Seifun Group Inc. and its consolidated subsidiaries (the "Company") as of March 31, 2018, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we 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 the auditor's judgment, 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, the auditor considers 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, but 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 referred to above present fairly, in all material respects, the consolidated financial position of Nisshin Seifun Group Inc. and its consolidated subsidiaries as of March 31, 2018, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Other Matter

The consolidated financial statements of the Company for the year ended March 31, 2017, were audited by other auditors whose report, dated June 28, 2017, expressed an unqualified opinion on those statements.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 27, 2018

Nisshin Seifun Group Inc. and Consolidated Subsidiaries
Consolidated Balance Sheet
March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2018	2017	2018
CURRENT ASSETS:			
Cash and deposits (Notes 17and 19)	¥91,635	¥85,458	$862,528
Marketable securities (Notes 17and 19)	7,857	7,094	73,955
Receivables (Note 17):			
Trade notes and accounts	79,676	69,584	749,962
Other	1,489	1,322	14,015
Allowance for doubtful accounts	(193)	(197)	(1,817)
Inventories (Note 4)	71,882	64,012	676,600
Deferred tax assets (Note 14)	4,690	4,685	44,145
Other	8,402	6,898	79,085
Total current assets	265,442	238,858	2,498,513
PROPERTY, PLANT AND EQUIPMENT			
Land	42,208	41,447	397,289
Buildings and structures	55,979	55,441	526,911
Machinery and equipment	38,700	39,296	364,270
Construction in progress	10,337	4,587	97,299
Other	3,716	4,066	34,977
Total property, plant and equipment	150,942	144,840	1,420,764
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 18)	132,019	126,519	1,242,649
Investments in and advances to unconsolidated subsidiaries and associated companies	26,191	25,443	246,527
Net defined benefit asset (Note 6)	238	205	2,240
Deferred tax assets (Note 14)	3,045	3,541	28,662
Goodwill	5,623	7,050	52,927
Intangibles	6,786	8,039	63,874
Other assets	3,329	3,191	31,335
Allowance for doubtful accounts	(125)	(122)	(1,177)
Total investments and other assets	177,109	173,869	1,667,065
TOTAL	¥593,493	¥557,568	$5,586,342

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY	2018	2017	2018
CURRENT LIABILITIES:			
Short-term bank loans (Note 5)	¥ 6,714	¥ 8,408	$ 63,197
Current portion of long-term debt (Note 5)	1,547	1,690	14,561
Payables (Note 17):			
Trade notes and accounts	58,492	40,320	550,565
Income taxes payable	4,397	5,437	41,387
Accrued expenses	19,513	18,507	183,669
Other	23,593	15,468	222,073
Total current liabilities	114,258	89,833	1,075,471
LONG-TERM LIABILITIES:			
Long-term debt (Note 5)	7,859	5,735	73,974
Liability for retirement benefits (Note 6)	20,782	20,881	195,614
Provision for repairs	1,159	1,509	10,909
Long-term deposits received	5,402	5,401	50,847
Deferred tax liabilities (Note 14)	29,097	26,687	273,880
Other	1,139	714	10,721
Total long-term liabilities	65,441	60,928	615,973
EQUITY (Notes 7,8and 9):			
Common stock—authorized, 932,856,000 shares; issued, 304,357,891shares in 2018 and 2017	17,117	17,117	161,116
Capital surplus	12,894	12,898	121,367
Stock acquisition rights	189	175	1,779
Retained earnings	306,415	293,165	2,884,177
Treasury stock—at cost, 7,426,065 shares in 2018 and 2,374,365 shares in 2017	(11,695)	(2,026)	(110,081)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	69,467	65,475	653,869
Deferred gain (loss) on derivatives under hedge accounting	(473)	93	(4,452)
Foreign currency translation adjustments	6,352	7,836	59,789
Defined retirement benefit plans	(800)	(939)	(7,530)
Total	399,467	393,796	3,760,043
Noncontrolling interests	14,327	13,009	134,855
Total equity	413,794	406,805	3,894,898
TOTAL	¥593,493	¥557,568	$5,586,342

Nisshin Seifun Group Inc. and Consolidated Subsidiaries
Consolidated Statement of Income
Year Ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
NET SALES	¥540,094	¥532,040	$5,083,716
COST OF SALES	378,742	374,028	3,564,966
Gross profit	161,352	158,012	1,518,750
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 7,10and11)	134,152	132,500	1,262,726
Operating income	27,200	25,511	256,024
OTHER INCOME (EXPENSES):			
Interest income	305	160	2,871
Dividend income	2,412	2,393	22,703
Interest expense	(221)	(202)	(2,080)
Rent income	284	285	2,673
Foregin exchange loss	(52)	-	(489)
Share issuance cost	(54)	-	(508)
Gain on sales of fixed assets	1,007	387	9,479
Gain on sales of securities	357	401	3,360
Gain on sales of shares of subsidiaries and associates	-	1,880	-
Loss on disposal of fixed assets	(605)	(527)	(5,695)
Loss on impairment of long-lived assets (Note 13)	(129)	(958)	(1,214)
Loss on restructuring of production system (Note 12)	-	(323)	-
Equity in earnings of unconsolidated subsidiaries and associated companies	1,771	1,960	16,670
Other—net	155	221	1,459
Other income (expenses)—net	5,230	5,678	49,228
INCOME BEFORE INCOME TAXES	32,430	31,189	305,252
INCOME TAXES (Note 14):			
Current	8,664	9,924	81,551
Deferred	1,096	501	10,316
Total income taxes	9,760	10,426	91,867
NET INCOME	22,669	20,763	213,375
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1,330	1,296	12,519
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 21,339	¥ 19,466	$ 200,857

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 16):			
Basic earnings per share	¥71.47	¥64.50	$0.67
Diluted earnings per share	71.40	64.43	0.67
Cash dividends applicable to the year	29.00	26.00	0.27

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries
Consolidated Statement of Comprehensive Income
Year Ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
NET INCOME	¥ 22,669	¥ 20,763	$ 213,375
OTHER COMPREHENSIVE INCOME (Note 21):			
Unrealized gain on available-for-sale securities	3,945	9,459	37,133
Deferred gain (loss) on derivatives under hedge accounting	(570)	358	(5,365)
Foreign currency translation adjustments	(1,118)	(2,311)	(10,523)
Defined retirement benefit plans	109	225	1,026
Share of other comprehensive income (loss) in associates	111	(36)	1,045
Total other comprehensive income	2,478	7,694	23,325
COMPREHENSIVE INCOME	¥ 25,148	¥ 28,457	$ 236,709
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 23,419	¥ 27,545	$ 220,435
Noncontrolling interests	1,728	912	16,265

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2018

	Thousands	Millions of Yen											
							Accumulated Other Comprehensive Income						
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2016	301,683	¥ 17,117	¥ 12,834	¥ 147	¥ 281,324	¥ (2,289)	¥ 55,974	¥ (301)	¥ 9,859	¥ (1,144)	¥ 373,522	¥ 12,962	¥ 386,485
Net income attributable to owners of the parent					19,466						19,466		19,466
Cash dividends, ¥25.00 per share					(7,546)						(7,546)		(7,546)
Purchase of treasury stock	(1)					(2)					(2)		(2)
Disposal of treasury stock	301		62			265					327		327
Change of fiscal term of consolidated subsidiaries					(80)						(80)		(80)
Change in the parent's ownership interest due to transactions with noncontrolling interests			0								0		0
Net change in the year				28			9,501	395	(2,023)	204	8,107	46	8,153
BALANCE, MARCH 31, 2017	301,983	17,117	12,898	175	293,165	(2,026)	65,475	93	7,836	(939)	393,796	13,009	406,805
Net income attributable to owners of the parent					21,339						21,339		21,339
Cash dividends, ¥27.00 per share					(8,088)						(8,088)		(8,088)
Purchase of treasury stock	(5,426)					(10,164)					(10,164)		(10,164)
Disposal of treasury stock	374		(3)			495					491		491
Change in the parent's ownership interest due to transactions with noncontrolling interests			0								0		0
Net change in the year				13			3,991	(567)	(1,483)	138	2,093	1,318	3,411
BALANCE, MARCH 31, 2018	296,931	¥ 17,117	¥ 12,894	¥ 189	¥ 306,415	¥ (11,695)	¥ 69,467	¥ (473)	¥ 6,352	¥ (800)	¥ 399,467	¥ 14,327	¥ 413,794

	Thousands of U.S. Dollars (Note 1)											
						Accumulated Other Comprehensive Income						
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2017	$ 161,116	$ 121,404	$ 1,647	$ 2,759,460	$ (19,070)	$ 616,293	$ 875	$ 73,758	$ (8,838)	$ 3,706,664	$ 122,449	$ 3,829,113
Net income attributable to owners of the parent				200,857						200,857		200,857
Cash dividends, $0.25 per share				(76,130)						(76,130)		(76,130)
Purchase of treasury stock					(95,670)					(95,670)		(95,670)
Disposal of treasury stock		(28)			4,659					4,622		4,622
Change in the parent's ownership interest due to transactions with noncontrolling interests		0								0		0
Net change in the year			122			37,566	(5,337)	(13,959)	1,299	19,701	12,406	32,107
BALANCE, MARCH 31, 2018	$ 161,116	$ 121,367	$ 1,779	$ 2,884,177	$ (110,081)	$ 653,869	$ (4,452)	$ 59,789	$ (7,530)	$ 3,760,043	$ 134,855	$ 3,894,898

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries
Consolidated Statement of Cash Flows
Year Ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
OPERATING ACTIVITIES:			
Income before income taxes	¥ 32,430	¥ 31,189	$ 305,252
Adjustments for:			
Income taxes—paid	(10,710)	(11,397)	(100,809)
Depreciation and amortization	15,509	16,132	145,981
Amortization of goodwill	1,224	1,195	11,521
Loss on impairment of long-lived assets	129	958	1,214
Gain on sales of securities	(357)	(401)	(3,360)
Gain on sales of shares of subsidiaries and associates	-	(1,880)	-
Equity in earnings of unconsolidated subsidiaries and associated companies	(1,771)	(1,960)	(16,670)
Interest and dividend income	(2,717)	(2,553)	(25,574)
Interest expenses	221	202	2,080
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	(10,217)	1,636	(96,169)
Decrease (increase) in inventories	(8,010)	6,255	(75,395)
Increase in interest and dividends receivable	3,704	3,109	34,864
Increase (decrease) in trade notes and accounts payable	18,185	(9,272)	171,169
Increase (decrease) in interest payable	(217)	(161)	(2,043)
Decrease in liability for retirement benefits	(110)	(400)	(1,035)
Decrease (increase) in aseets for retirement benefits	(32)	8	(301)
Other—net	5,607	2,701	52,777
Total adjustments	10,439	4,173	98,259
Net cash provided by operating activities	42,869	35,361	403,511
INVESTING ACTIVITIES:			
Payments into time deposits	(4,369)	(1,820)	(41,124)
Proceeds from withdrawal of time deposits	5,128	2,530	48,268
Purchase of marketable securities	(2,955)	(1,842)	(27,814)
Proceeds from sales of marketable securities	2,970	1,816	27,956
Purchase of property, plant and equipment and intangible assets	(19,704)	(13,549)	(185,467)
Proceeds from sales of property, plant and equipment and intangible assets	898	767	8,453
Purchase of investment securities	(625)	(37)	(5,883)
Proceeds from sales of investment securities	858	853	8,076
Purchase of shares of subsidiaries and associates	(54)	(17)	(508)
Proceeds from sales of shares of subsidiaries and associates	122	102	1,148
Proceeds from redemption of shares of subsidiaries and associates	-	2,713	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation(Note 19)	-	3,206	-
Other—net	(334)	36	(3,144)
Net cash used in investing activities	(18,067)	(5,240)	(170,058)

FINANCING ACTIVITIES:			
Increase in short-term bank loans	-	400	-
Dcrease in short-term bank loans	(3,253)	(5,841)	(30,619)
Proceeds from long-term debt	3,369	1,951	31,711
Repayments of long-term debt	-	(2)	-
Proceeds from sales of treasury stock	339	327	3,191
Purchase of treasury stock	(10,164)	(2)	(95,670)
Dividends paid	(8,088)	(7,546)	(76,130)
Other—net	(795)	(757)	(7,483)
Net cash used in financing activities	(18,593)	(11,470)	(175,009)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,624	18,404	71,762
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	1,415	(246)	13,319
DECREASE IN CASH AND CASH EQUIVALENTS FROM ACCOUNTING TERM ALTERATIONS OF SUBSIDIARIES	-	(527)	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	90,837	72,960	855,017
CASH AND CASH EQUIVALENTS, END OF YEAR	¥98,461	¥90,837	$926,779

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements 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 accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2017 consolidated financial statements to conform to the classifications used in 2018.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Nisshin Seifun Group Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106.24 to $1, the approximate rate of exchange at March 31, 2018. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than a million yen are rounded down to the nearest million yen , except for per share infomation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation— The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries (the “Group”). As of March 31, 2018, the number of consolidated subsidiaries was 47.

The assets and liabilities of the subsidiaries are recorded based on the fair value at the time the Company acquires control of the respective subsidiaries, where all significant intercompany balances and transactions have been eliminated on consolidation.

Investments in one (one in 2017) unconsolidated subsidiaries and nine (nine in 2017) associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

There are some subsidiaries with fiscal period which is different from the Company as below;
Rogers Foods Ltd.: January 31st

Thai Nisshin Seifun Co., Ltd. and other 19 consolidated subsidiaries: December 31st

For the purpose of consolidation, the financial statements of the above subsidiaries for the financial years then ended have been used, and appropriate adjustments have been made for the effects of significant transactions between that dates and March 31, 2018.

Differences between the investment costs and the fair values of net assets of subsidiaries and entities using equity method have been amortized by the straight-line method over a period of mainly 10 years. Gain arising from a bargain purchase is recognized in the profit in the period.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements***—Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

c. ***Translation of Foreign Currency Accounts*** — Current and non-current receivables and payables denominated in foreign currencies are retranslated at prevailing rate at that date, and the resulting exchange differences are recognized in profit or loss in the period.
For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group’s overseas subsidiaries are translated into Japanese yen using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributable to non-controlling interests as appropriate).

d. ***Business Combinations***—Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

e. ***Cash and Cash Equivalents***— Cash and cash equivalents in the consolidated statement of cash flows comprise securities, time deposits, and certificates of deposit mature within three months of the date of acquisition. They are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

   Reconciliations between cash and deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows are presented in Note 19.

f. ***Allowance for Doubtful Accounts***— The Company and its domestic consolidated subsidiaries recognize allowance for doubtful debts against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty’s current financial position.

   Overseas consolidated subsidiaries recognize allowance for doubtful debts against trade receivables based on estimated irrecoverable amounts.

g. ***Inventories***—Inventories are stated at the lower of cost or net realizable value. For finished goods, cost for flour and bran is determined by the retail cost method and cost for other products is principally determined by the periodic average method. Costs of raw materials is determined based on a first-in-first-out basis..

h. ***Marketable and Investment Securities***— Securities other than those of subsidiaries and affiliates are classified into two categories: held-to-maturity or available-for-sale securities.

   Held-to-maturity securities, which are expected to be held to maturity with the positive intention and ability to hold to maturity, are reported at amortized cost. Securities classified as available-for-sale securities with fair market value are reported at fair value with unrealized gains and losses, net of the applicable taxes, reported in a separate component of net assets. Cost of available-for-sale securities with fair market value sold is determined by the moving-average method.

Securities classified as available-for-sale securities without fair market value are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

i. ***Property, Plant and Equipment***— Property, plant and equipment are carried At cost less accumulated depreciation and any accumulated impairment losses. The Company and its domestic consolidated subsidiaries depreciate property, plant and equipment (other than buildings acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016, which are depreciated using the straight-line method) using the declining balance method. Property, plant and equipment of its overseas consolidated subsidiaries are depreciated using straight-line method over their estimated useful lives.

   Intangible assets are amortized using straight-line method. Software for internal use is carried at cost less accumulated amortization, and it is depreciated over its estimated useful life (mainly five years) using straight line method.

j. ***Long-Lived Assets***—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k. ***Retirement and Pension Plans***— To provide for employees' and retired pension recipients' retirement benefits, the Group recorded the estimated amount of projected benefit obligation after deducting plan assets at the balance sheet date as net defined benefit asset and net defined benefit liability.

   The benefit formula method is used to attribute expected benefits to the period through the end of the year in calculating projected benefit obligation.

   Prior service cost is amortized by the straight-line method over a period equal to the average remaining years of service of the participants of the plans (mainly 15 years).

   Actuarial gain or loss is amortized primarily by the straight-line method over a period equal to the average remaining years of service of the participants of the plans (mainly 15 years) from the year following the year in which the gain or loss is recognized.

l. ***Stock Options***— Compensation expense for employee stock options (which were granted on and after May 1, 2006,) are recognized based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. In the balance sheet, the stock option is presented as stock acquisition rights as a separate component of equity until exercised.

m. *Stock-based Remuneration Plan*—

(1) Outline of transactions

Under the Plan, the Company shares vested in the Eligible Directors, etc. are acquired by a trust established by the Company (the “Trust”) using the money that the Company and the major subsidiaries contribute, and are vested in the Eligible Directors, etc. through the Trust. The Company shares calculated by a specific calculation method and cash for tax purpose, which are determined based on the stock remuneration base amount set out according to the positions and other factors of the Eligible Directors, etc., are vested in and granted to the Eligible Directors, etc. each year.

(2)Accounting method for transactions of delivering the Company’s own stock through trusts

In accordance with PITF No. 30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts," upon transfer of treasury stock to the employee stockownership trust (the "Trust") by the entity, any difference between the book value and fair value of the treasury stock is recorded in capital surplus. At year-end, the Company records (1) the Company stock held by the Trust as treasury stock in equity, (2) all other assets and liabilities of the Trust on a line-by-line basis, and (3) a liability/asset for the net of (i) any gain or loss on delivery of the stock by the Trust to the employee shareholding association, (ii) dividends received from the entity for the stock held by the Trust, and (iii) any expenses relating to the Trust.

n. *Leases*— All finance lease transactions are capitalized to recognize leased assets and lease obligations in the balance sheet and depreciated by the straight-line method over the lease period, with no residual value.

o. *Income Taxes*— The provision for income taxes is computed based on the profit before tax included in the consolidated statement of income. The asset and liability method is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Deferred income taxes are measured by applying currently enacted tax laws to the temporary differences.

p. *Derivatives and Hedging Activities*— The Group uses forward exchange contracts and currency option contracts as a mean of minimizing exposure arising from fluctuation in foreign currencies. Certain overseas consolidated subsidiaries use commodity futures and options on wheat solely for the purpose of mitigating future risks arising from fluctuation in commodity prices. The Group does not enter into derivatives transactions for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: derivatives are carried at fair value with any changes in unrealized gains or losses charged or credited to profit or loss; however, for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of a high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions. In addition, if forward exchange contracts qualify for hedge accounting, the related hedged items such as foreign currency receivables and payables are translated at the corresponding contracted rates.

Since the significant conditions of the hedging instruments and the related hedged items are the same and it can be considered that the fluctuations in the market would be completely eliminated during the period of hedging, the hedging activity is evaluated as highly effective.

q. *Per Share Information*—Basic earnings per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted earnings per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted earnings per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

r. *New Accounting Pronouncements*
Implementation Guidance on Tax Effect Accounting, etc.

On February 16, 2018, the Accounting Standards Board of Japan (ated statement of income at the beginning of the year (or at the time of issuance) with a
On February 16, 2018, the ASBJ revised aImplementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26).

In the course of transferring practical guidance related to accounting for income tax effects prescribed by the Japanese Institute of Certified Public Accountants to ASBJ, the ASBJ basically followed the contents and made required modifications to the cts prescribed by SBJ Guidance No.26).time of issuance)
(Major modified accounting treatments)
-Treatment of taxable temporary differences relating to subsidiary shares in non-consolidated financial statements
-Treatment of recoverability of deferred tax assets for entities fall under Type 1

The Company expects to apply these guidances from the beginning of the year ended March 31, 2019.

The Company is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

Accounting Standard for Revenue Recognition, etc.

On March 30, 2018, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition. " The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

Step 1 : Identify the contract(s) with a customer
Step 2 : Identify the performance obligations in the contract
Step 3 : Determine the transaction price
Step 4 : Allocate the transaction price to the performance obligations in the contract
Step 5 : Recognize revenue when (or as) the entity satisfies a performance obligation

The accounting standard and guidance are effective for annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2018.

The Company is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

3. BUSINESS COMBINATION

For the year ended March 31, 2017

<Business divestiture>

1. Overview of business divestiture

(1) Name of the receiver, name and description of the divested business

Name of the receiver: Air Water Inc.
Name of the divested business: Daisen Ham Co., Ltd.
Description of the divested business: Manufacturing and sales of processed meat products

(2) Rationale for business divestiture

The Group is taking several measures toward management challenges for a “restructured earnings foundation” that places emphasis on the bottom line as laid out in the new medium-term management plan “NNI-120 II” announced in May 2015, and is continuing to examine a restructuring of the business portfolio as one of those measures. On this occasion, the Company transferred all shares of Daisen Ham Co., Ltd. held by its consolidated subsidiaries, Nisshin Foods Inc., Oriental Yeast Co., Ltd., and Nisshin Associates Inc. to Air Water Inc. Agriculture and foods are key industries for Air Water Inc. which has a subsidiary in the business of processed meat, namely Saveur SS Inc. Daisen Ham Co., Ltd. will become a key company within the Air Water Group, improving its value as a company and its outlook for sustainable growth into the future.

(3) Date of divestiture
September 20, 2016

(4) Other matters concerning the summary of transaction, including legal form
Transfer of shares in consideration for cash or other assets only

2. Overview of accounting treatment conducted

(1) Gain on transfer from business divestitures
Gain on sales of shares of subsidiaries and associates amounts to ¥1,862 million

(2) Appropriate carrying value and details of assets and liabilities related to transferred business

	Millions of yen
	2017
Current assets	¥ 3,634
Noncurrent assets	2,426
Total assets	¥ 6,060
Current liabilities	¥ 2,308
Noncurrent liabilities	615
Total liabilities	¥ 2,924

(3) Accounting treatment
The difference between the sale price for the shares of Daisen Ham Co., Ltd. and its consolidated carrying value is included in "Gain on sales of shares of subsidiaries and associates".

3. Reportable segment that included the divested business
Processed Food

4. Estimated amount of divested business recorded in the consolidated statements of income for the year ended March 31, 2017

	Millions of yen
	2017
Net sales	¥ 3,887
Operating profit	22
Profit attributable to owners of parent	6

4. INVENTORIES

Inventories at March 31, 2018 and 2017 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Merchandise and finished goods	¥ 24,241	¥ 24,993	$ 228,172
Work in process	5,657	3,757	53,247
Raw materials and supplies	41,983	35,261	395,171
Total	¥ 71,882	¥ 64,012	$ 676,600

Inventory write-downs of ¥512 million ($4,819 thousand) and ¥840 million based on the lower of cost or market method was deducted from the carrying amounts of inventories at March 31, 2018 and 2017, respectively.

5. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans and long-term debt as of March 31, 2018 and 2017 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Short-term bank loans with average interest rate of 1.2568% at March 31, 2018	¥ 6,714	¥ 8,408	$ 63,197
Current portion of long-term bank loans with average interest rate of 1.4696% at March 31, 2018	1,178	1,336	11,088
Current portion of lease obligations	368	354	3,464
Total short-term bank loans and current portion of long term debt	8,260	10,099	77,748
Long-term bank loans at March 31, 2018 with average interest rate of 2.4396%, less current portion, due from 2019 to 2028	7,194	4,967	67,715
Long-term lease obligations at March 31, 2018, due from 2019 to 2031	665	767	6,259
Total long-term debt	7,859	5,734	73,974
Total	¥ 16,120	¥ 15,834	$ 151,732

* Average interest rates of bank loans represent the weighted-average rates for the outstanding balances at March 31, 2018.

* Disclosure of average interest rates of lease obligations has been omitted because the amounts of lease obligations recorded on consolidated balance sheet at March 31, 2018 were calculated based on inclusive-of-interest method.

The annual maturities of long-term bank loans within 5 years of March 31, 2018, excluding the current portion, are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2020	¥ 940	$ 8,848
2021	1,131	10,646
2022	980	9,224
2023	986	9,281

The annual maturities of long-term lease obligations within 5 years of March 31, 2018 excluding the current portion are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2020	¥ 248	$ 2,334
2021	181	1,704
2022	135	1,271
2023	89	838

The Group has entered into certain line-of-credit agreements with major financial institutions amounting to ¥28,730 million ($270,425 thousand) and ¥29,157 million at March 31, 2018 and 2017, respectively.

Bank loans outstanding under these line-of-credit agreements amounted to ¥3,583 million ($33,726 thousand) and ¥5,706 million at March 31, 2018 and 2017, respectively.

Contracted fees for these line-of-credit agreements amounted to ¥21 million ($198 thousand) and ¥19 million for the years ended March 31, 2018 and 2017, respectively. These amounts are presented as other non-operating expenses.

6. EMPLOYEES' RETIREMENT BENEFITS

The Group has unfunded lump-sum retirement plans and defined contribution pension plans to provide for employees' retirement benefits. The Company and certain consolidated subsidiaries also have funded defined benefit corporate pension plans limited for retired pension recipients. Certain consolidated subsidiaries enroll multiemployer defined benefit corporate pension plans. Certain consolidated subsidiaries apply the simplified method in computing projected benefit obligation. Besides these retirement benefits, certain employees may be entitled to additional special retirement benefits based on the conditions under which termination occurs.

Defined benefit plans

(a) The changes in projected benefit obligation during the years ended March 31, 2018 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Balance at beginning of year	¥ 27,294	¥ 29,623	$ 256,909
Service cost	1,233	1,266	11,606
Interest cost	182	185	1,713
Actuarial loss (gain)	39	(13)	367
Retirement benefits paid	(2,588)	(3,000)	(24,360)
Decrease resulting from exclusion of subsidiary from consolidation	-	(600)	-
Change of fiscal term of consolidated subsidiaries	-	(3)	-
Plan change	(145)	(171)	(1,365)
Other	0	7	0
Balance at end of year	¥ 26,015	¥ 27,294	$ 244,870

(b) The changes in plan assets during the years ended March 31, 2018 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Balance at beginning of year	¥ 6,618	¥ 7,945	$ 62,293
Expected return on plan assets	73	96	687
Actuarial loss	(15)	(64)	(141)
Retirement benefits paid	(1,262)	(1,416)	(11,879)
Contributions from the employer	57	57	537
Change of fiscal term of consolidated subsidiaries	-	(0)	-
Balance at end of year	¥ 5,470	¥ 6,618	$ 51,487

* Fair value of plan assets for the years ended March 31, 2018 and 2017 pertains to defined benefit corporate pension plans limited for retired pension recipients.

(c) Reconciliation between the balances of projected benefit obligation and plan assets and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheets as of March 31, 2018 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Funded projected benefit obligation	¥ 5,350	¥ 6,562	$ 50,358
Plan assets at fair value	(5,470)	(6,618)	(51,487)
	(120)	(55)	(1,130)
Unfunded projected benefit obligation	20,664	20,731	194,503
Net liability and asset recorded on the consolidated balance sheet	20,544	20,675	193,373
Net defined benefit liability	20,782	20,881	195,614
Net defined benefit asset	(238)	(205)	(2,240)
Net liability (asset) recorded on the consolidated balance sheet	¥ 20,544	¥ 20,675	$ 193,373

(d) The components of retirement benefit costs for the years ended March 31, 2018 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Service cost	¥ 1,233	¥ 1,266	$ 11,606
Interest cost	182	185	1,713
Expected return on plan assets	(73)	(96)	(687)
Amortization of actuarial loss	450	526	4,236
Amortization of prior service cost	(245)	(245)	(2,306)
Net retirement benefit costs	¥ 1,547	¥ 1,636	$ 14,561

* Retirement benefit costs incurred by consolidated subsidiaries that applied the simplified method were recorded as service cost.

(e) The components of remeasurements of defined benefit plans (before income tax effect) in other comprehensive income for the years ended March 31, 2018 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Prior service cost	¥ (245)	¥ (245)	$ (2,306)
Actuarial loss (gain)	395	474	3,718
Total	¥ 150	¥ 229	$ 1,412

(f) The components of remeasurements of defined benefit plans (before income tax effect) in accumulated other comprehensive income as of March 31, 2018 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Unrecognized prior service cost	¥ (1,081)	¥ (1,326)	$ (10,175)
Unrecognized actuarial loss (gain)	2,256	2,651	21,235
Total	¥ 1,174	¥ 1,325	$ 11,050

(g) Plan assets

(1) The components of plan assets are summarized as follows:

	2018	2017
General account	50%	50%
Bonds	44	45
Cash and deposits	6	5
Total	100%	100%

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

(h) Principal assumptions used for the actuarial calculation for the years ended March 31, 2018 and 2017 are set forth as follows:

		2018	2017
Discount rate	Principally	0.9%	0.9%
Expected long-term rate of return on plan assets	Principally	1.0%	1.0%

Defined contribution plans
The required contribution amount to defined contribution plans by the Group for the years ended March 31, 2018 and 2017 amounted to ¥875 million ($8,236 thousand) and ¥834 million, respectively.

7. STOCK OPTION PLANS

Stock option expenses included in "Selling, General and Administrative Expenses" in the accompanying consolidated statements of income for the years ended March 31, 2018 and 2017 amounted to ¥53 million ($499 thousand) and ¥74 million, respectively. Gain on cancel of unexercised stock options for the years ended March 31, 2018 and 2017 amounted to ¥1 million ($9 thousand) and ¥4 million, respectively.

At March 31, 2018, the Company and consolidated subsidiaries had the following stock option plans:

	2010 Plan	2011 Plan	2012 Plan	2013 Plan
Grantees	12 directors and 12 executive officers of the Company and 24 directors of consolidated subsidiaries	13 directors and 10 executive officers of the Company and 42 directors of consolidated subsidiaries	15 directors and 9 executive officers of the Company and 35 directors of consolidated subsidiaries	14 directors and 10 executive officers of the Company and 35 directors of consolidated subsidiaries
Type of stock	Common stock	Common stock	Common stock	Common stock
Number of shares granted	318,230 shares *1	424,710 shares *1	388,410 shares *1	373,890 shares *1
Grant date	August 18, 2010	August 18, 2011	August 16, 2012	August 20, 2013
Conditions for vesting	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified
Exercisable period	August 19, 2012-August 1, 2017	August 19, 2013-August 1, 2018	August 17, 2014-August 1, 2019	August 21, 2015-August 3, 2020

	2010 Plan *1	2011 Plan *1	2012 Plan *1	2013 Plan *1
Non-Vested (number of shares)				
Outstanding at beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Canceled during the year	-	-	-	-
Vested during the year	-	-	-	-
Outstanding at end of the year	-	-	-	-
Vested (number of shares)				
Outstanding at beginning of the year	41,140	70,180	62,920	220,220
Vested during the year	-	-	-	-
Exercised during the year	31,460	39,930	27,830	111,320
Canceled during the year	9,680	-	-	-
Outstanding at end of the year	-	30,250	35,090	108,900
Exercise price (Yen)	¥909	¥848	¥792	¥1,012
Exercise price (U.S. dollars)	$8.56	$7.98	$7.45	$9.53
Weighted-average market price upon exercise (Yen)	¥1,795	¥1,944	¥1,938	¥1,943
Weighted-average market price upon exercise (U.S. dollars)	$16.90	$18.30	$18.24	$18.29
Fair value as of grant date (Yen)	¥179	¥140	¥152	¥101
Fair value as of grant date (U.S. dollars)	$1.68	$1.32	$1.43	$0.95

	2014 Plan	2015 Plan	2016 Plan
Grantees	14 directors and 10 executive officers of the Company and 34 directors of consolidated subsidiaries	14 directors and 10 executive officers of the Company and 35 directors of consolidated subsidiaries	14 directors and 11 executive officers of the Company and 36 directors of consolidated subsidiaries
Type of stock	Common stock	Common stock	Common stock
Number of shares granted	337,700 shares *2	326,000 shares	339,000 shares
Grant date	August 19, 2014	August 19, 2015	August 15, 2016
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	August 20, 2016-August 2, 2021	August 20, 2017-August 1, 2022	August 16, 2018-August 1, 2023

	2014 Plan *2	2015 Plan	2016 Plan
Non-Vested (number of shares)			
Outstanding at beginning of the year	-	326,000	339,000
Granted during the year	-	-	-
Canceled during the year	-	-	-
Vested during the year	-	326,000	-
Outstanding at end of the year	-	-	339,000
Vested (number of shares)			
Outstanding at beginning of the year	276,100	-	-
Vested during the year	-	326,000	
Exercised during the year	60,500	19,000	-
Canceled during the year	-	-	-
Outstanding at end of the year	215,600	307,000	-
Exercise price (Yen)	¥1,159	¥1,748	¥1,753
Exercise price (U.S. dollars)	$10.91	$16.45	$16.50
Weighted-average market price upon exercise (Yen)	¥2,080	¥2,089	-
Weighted-average market price upon exercise (U.S. dollars)	$19.58	$19.66	-
Fair value as of grant date (Yen)	¥122	¥266	¥220
Fair value as of grant date (U.S. dollars)	$1.15	$2.50	$2.07

*1 The Company carried out a stock split by the ratio of 1.1 shares per share on October 1, 2013 and on October 1, 2014. Number of shares and prices in the above tables are restated to reflect the stock split.

*2 The Company carried out a stock split by the ratio of 1.1 shares per share on October 1, 2014. Number of shares and prices in the above tables are restated to reflect the stock split.

8. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a.Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.
The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.
Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b.Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c.Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. SUPPLEMENTAL INFORMATION FOR CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(a) Type and number of outstanding shares

Types of shares	Thousands of shares Year ended March 31, 2018 Balance at Beginning of Year	Increase in Shares during the Year	Decrease in Shares during the Year	Balance at Year End
Issued stock: Common stock	304,357	-	-	304,357
Treasury stock: Common stock	2,374	5,426	374	7,426

1. Treasury stock increased due to (a) a purchase based on the resolution of the Board of Director's meeting held on May 12, 2017 (5,334 thousand shares), (b) share vesting trust (88 thousand shares) and (c) a repurchase of odd-lot shares of less than one unit (2 thousand shares).
2. Treasury stock decreased due to (a) a disposal of odd-lot shares of less than one unit (0 thousand shares), (b) share vesting trust (84 thousand shares) and (c) exercise of stock options (290 thousand shares).
3. The number of treasury shares of common stock as of March 31, 2018 includes 4 thousand shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

Types of shares	Thousands of shares Year ended March 31, 2017 Balance at Beginning of Year	Increase in Shares during the Year	Decrease in Shares during the Year	Balance at Year End
Issued stock: Common stock	304,357	-	-	304,357
Treasury stock: Common stock	2,674	1	301	2,374

1. Treasury stock increased due to a repurchase of odd-lot shares of less than one unit (1 thousand shares).
2. Treasury stock decreased due to exercise of stock options (301 thousand shares).

(b) Stock acquisition rights

Category	Details of Options	Balance at March 31, 2018 Millions of yen	Thousands of U.S. dollars
Supplying company	Stock acqusition rights as stock options	¥ 189	$ 1,779
(Parent Company)	Total	¥ 189	$ 1,779

Category	Details of Options	Balance at March 31, 2017 Millions of yen
Supplying company	Stock acqusition rights as stock options	¥ 175
(Parent Company)	Total	¥ 175

(c) Dividends

(1) Dividends paid to shareholders

Year ended March 31, 2018

Date of Approval	Resolution Approved by	Type of Shares	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Amount per Share (Yen)	Amount per Share (U.S. dollars)	Cut-off Date	Effective Date
June 28, 2017	**Shareholders**	**Common stock**	**¥3,926**	**$ 36,954**	**¥13**	**$ 0.12**	**March 31, 2017**	**June 29, 2017**
October 26, 2017	**Board of directors**	**Common stock**	**¥4,161**	**$ 39,166**	**¥14**	**$ 0.13**	**September 30, 2017**	**December 4, 2017**

* Total dividends paid include ¥1 million ($9 thousand) of the dividends to the Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

Year ended March 31, 2017

Date of Approval	Resolution Approved by	Type of Shares	Amount (Millions of yen)	Amount per Share (Yen)	Cut-off Date	Effective Date
June 28, 2016	Annual general meeting of shareholders	Common stock	¥3,621	¥12	March 31, 2016	June 29, 2016
October 27, 2016	Board of directors	Common stock	¥3,924	¥13	September 30, 2016	December 2, 2016

(2) Dividends with a cut-off date during the fiscal year but an effective date subsequent to the fiscal year

Year ended March 31, 2018

Date of Approval	Resolution Approved by	Type of Shares	Source of Dividends	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Amount per Share (Yen)	Amount per Share (U.S. dollars)	Cut-off Date	Effective Date
June 27, 2018	**Shareholders**	**Common stock**	**Retained earnings**	**¥ 4,455**	**$ 41,933**	**¥ 15**	**$ 0.14**	**March 31, 2018**	**June 28, 2018**

* Total dividends paid include ¥0 million ($0 thousand) of the dividends to the Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

Year ended March 31, 2017

Date of Approval	Resolution Approved by	Type of Shares	Source of Dividends	Amount (Millions of yen)	Amount per Share (Yen)	Cut-off Date	Effective Date
June 28, 2017	Annual general meeting of shareholders	Common stock	Retained earnings	¥ 3,926	¥ 13	March 31, 2017	June 29, 2017

10. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended March 31, 2018 and 2017 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Freight	**¥ 35,668**	¥ 35,161	**$ 335,730**
Sales promotion and sales incentives	**40,669**	40,576	**382,803**
Employees' salaries	**14,195**	14,190	**133,613**
Employees' bonuses and benefits	**10,666**	10,455	**100,395**
Retirement benefits	**1,248**	1,346	**11,747**
Other	**31,706**	30,772	**298,438**
Total	**¥134,152**	¥132,500	**$ 1,262,726**

11. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in selling, general and administrative expenses and manufacturing costs were ¥5,913 million ($55,657 thousand) and ¥5,648 million for the years ended March 31, 2018 and 2017, respectively.

12. LOSS ON RESTRUCTURING OF PRODUCTION SYSTEM

"Loss on restructuring of production system" of ¥323 million for the year ended March 31, 2017 is the expense relating to restructuring of production system for food business.

13. LOSS ON IMPAIRMENT OF LONG LIVED ASSETS

Loss on impairment of long lived assets for the year ended March 31, 2018 is immaterial and it has not been included in note13.

The Group recognized loss on impairment of long lived assets the following assets for the year ended March 31, 2017:

Location	Type of assets	Item
Ueda-shi, Nagano	Active pharmaceutical ingredients manufacturing facility	Buildings and structures, machinery, equipment and vehicles and others
Yokohama-shi, Kanagawa, and others	Assets to be disposed of (company housing and dormitory)	Building and structures

The Group classifies assets based on minimum units that generate cash flows essentially independent from the cash flows of other assets or groups of assets.

For active pharmaceutical ingredients manufacturing facility, the book values of such asset was written down to the amounts deemed recoverable since the book value exceeded recoverable value from such assets due to changes in market environment, resulting in impairment loss of ¥785 million. Loss on impairment of long lived assets on active pharmaceutical ingredients manufacturing facility consists of ¥275 million for buildings and structures, ¥482 million for machinery, equipment and vehicles, and ¥27 million for others.

The recoverable value of these assets for the Group was estimated based on the usage value (discount rates used in the calculation were 6.6%).

Loss on impairment of long lived assets other than the above is immaterial and has not been included above.

14. INCOME TAXES

Income taxes applicable to the Group consist of corporate tax, inhabitants' taxes and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of approximately 30.8% for the years ended March 31, 2018 and 2017, respectively.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2018 and 2017 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Deferred tax assets:			
Net defined benefit liability	**¥ 6,158**	¥ 6,166	**$ 57,963**
Provision for bonuses	**1,421**	1,359	**13,375**
Investment securities	**1,333**	1,368	**12,547**
Intangible assets	**1,322**	1,846	**12,444**
Accrued sales incentives	**1,119**	1,158	**10,533**
Unrealized gain on fixed assets	**1,023**	1,071	**9,629**
Loss on impairment of long-lived assets	**585**	807	**5,506**
Inventories	**516**	715	**4,857**
Loss carryforward	**514**	291	**4,838**
Accrued enterprise taxes	**396**	445	**3,727**
Provision for repairs	**353**	460	**3,323**
Unrealized gain on inventories	**232**	201	**2,184**
Depreciation	**219**	259	**2,061**
Other	**1,712**	1,789	**16,114**
Gross deferred tax assets	**16,909**	17,942	**159,159**
Valuation allowance	**(2,564)**	(2,856)	**(24,134)**
Amount offset by deferred tax liabilities	**(6,608)**	(6,859)	**(62,199)**
Deferred tax assets, net	**¥ 7,735**	¥ 8,227	**$ 72,807**

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**¥ (30,130)**	¥ (28,357)	**$ (283,603)**
Reserve for reduction entry of fixed assets	**(1,874)**	(1,731)	**(17,639)**
Retained earnings of subsidiaries and associates	**(1,029)**	(406)	**(9,686)**
Underdepreciation	**(1,012)**	(1,221)	**(9,526)**
Securities returned from employee retirement benefit trust	**(964)**	(964)	**(9,074)**
Other	**(763)**	(1,172)	**(7,182)**
Gross deferred tax liabilities	**(35,774)**	(33,853)	**(336,728)**
Amount offset by deferred tax assets	**6,608**	6,859	**62,199**
Deferred tax liabilities, net	**¥ (29,166)**	¥ (26,994)	**$ (274,529)**

Disclosure of the reconciliation for the year ended March 31, 2018 has not been inclided as the difference was less than 5% of the statutory tax rate.

Disclosure of the reconciliation between the statutory and effective tax rates for the year ended March 31, 2017 is as follows:

	Year ended March 31
	2017
Statutory tax rate	30.8%
Non-taxable dividend income and others	(0.8)
Non-deductible expenses	1.0
Tax credits	(1.1)
Effect of exclusion of subsidiary from consolidation	2.9
Equity in earnings of unconsolidated subisidiaries	(1.9)
Valuation allowance	0.8
Other	1.7
Effective tax rate	33.4%

Adjustments of deferred tax assets and deferred tax liabilities due to the income tax rate change

Due to enactment of the "Tax Cuts and Jobs Act" in the United States of America on December 22, 2017, the income tax rate was reduced from the fiscal year beginning on or after January 1, 2018. As a result, deferred tax assets and deferred tax liabilities of the consolidated subsidiaries of the Company in the United States of America were calculated based on the revised effective tax rate. The effects of this change were immaterial.

15. LEASES

The Group primarily leases information system equipment and software.

The future minimum lease commitments under noncancellable operating leases subsequent to March 31, 2018 and 2017 are summarized as follows:

(As Lessee)

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Due within one year	**¥ 279**	¥ 293	**$ 2,626**
Due after one year	**351**	603	**3,304**
Total	**¥ 630**	¥ 897	**$ 5,930**

(As Lessor)

	Millions of yen		Thousands of U.S. dollars
	2018	2017	**2018**
Due within one year	**¥ 45**	¥ 45	**$ 424**
Due after one year	**247**	292	**2,325**
Total	**¥ 292**	¥ 337	**$ 2,748**

16. PER SHARE INFORMATION

	2018	2017	2018
Earnings per share:			
Basic *1	¥ 71.47	¥ 64.50	$ 0.67
Diluted	71.40	64.43	0.67
Net assets per share *2	¥ 1,344.68	¥ 1,303.45	$ 12.66

Basic earnings per share is computed by dividing profit attributable to owners of the Company available for distribution to common shareholders by the weighted-average number of shares of common stock outstanding for the year.

With respect to the computation of diluted earnings per share, both net income attributable to owners of the parent and the weighted-average number of shares of common stock outstanding are adjusted assuming the exercise of rights relevant to potentially issuable shares.

Net assets per share are computed by dividing the net assets excluding stock acquisition rights and noncontrolling interests by the number of shares of common stock outstanding at the year end.

*1 When calculating basic and diluted earnings per share, treasury shares of the Company held in trust, for the purpose of its stock-based remuneration plan, by The master Trust Bank of Japan, Ltd are excluded from the calculation of the average number of common stock during the year.For the year ended March 31, 2018, the average number of shares of common stock for the Company shares held in the aforementioned trust was 22,246 shares.
*2 When calculating net assets per share, treasury shares of the Company held in trust, for the purpose of its stock-based remuneration plan, by The master Trust Bank of Japan, Ltd are excluded from the calculation of the average number of common stock during the year.As of March 31, 2018, 4,000 Company shares were held in the aforementioned trust.

The bases for calculating basic and diluted earnings per share are as follows:

	2018	2017
Profit attributable to owners of parent available for distribution to common shareholders	¥ 21,339 million ($200,857 thousand)	¥ 19,466 million
Weighted average number of shares for basic net income	298,575,490 shares	301,822,349 shares
Increase in shares of common stock		
Stock acquisition rights	307,190 shares	330,488 shares
Number of shares for diluted net income	298,882,680 shares	302,152,837 shares
Summary of potentially issuable shares that do not have a dilutive effect on net income per share		111 and 215 subscription rights to shares approved by the annual general meeting of shareholders at June 25, 2015 111 and 228 subscription rights to shares approved by the annual general meeting of shareholders at June 28, 2016

The bases for calculating net assets per share are as follows:

	2018	2017	2018
Total net assets	¥ 413,794 million	¥ 406,805 million	$ 3,894,898 thousand
Amounts deducted from total net assets			
Stock aquisition rights	189 million	175 million	1,779 thousand
Noncontrolling interests	14,327 million	13,009 million	134,855 thousand
Net assets attributable to shares of common stock	399,278 million	393,620 million	3,758,264 thousand
Number of shares of common stock used in the calculation of net assets per share	296,931,826 shares	301,983,526 shares	

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

(a) Overview

(1) Investment policy of financial instruments

The Group mainly operates funds for future strategic investments and manages temporary surpluses by secured time deposits and securities. The Group does not operate these funds for trading or speculative purposes. The Group obtains financing through bank borrowings for short-term financial requirements and bank loans, bond issuance and capital increases for long-term financial requirements, considering market conditions and other factors.

Investment securities are held when holding equity securities improves the mid-to long-term corporate value and is regarded as reasonable from the viewpoint of facilitation and enhancement of business partnership and joint venture, and building and enhancement of long-term and stable business relationship.

Derivative transactions are only utilized to hedge the following risks, and it is a policy not to enter into derivative transactions for trading or speculative purposes.

(2) Types of financial instruments and related risk and risk management

Cash and deposits are mainly time deposits and securities are mainly debt securities. These are exposed to credit risk and market fluctuation risk. The Group minimizes and diversifies these risks according to internal rules that state certain specified limits.

Receivables-Trade notes and accounts are exposed to credit risk. The Group monitors and reviews creditability of customers on a periodic basis. Credit exposure is controlled by counterparty limits.

Equity investments in companies are for the purpose of business relationship or capital alliances and exposed to market fluctuation risk. The Group reviews fair values of these investment periodically and verifies the reasonableness of mid-to long-term possession of major equity securities considering the risk and the returns at the Board of Directors meeting annually after ensuring business relationship, earnings and financial conditions, return to shareholders, creditworthiness, etc.

Payables-Trade notes and accounts are exposed to liquidity risk, however, most of them are due within one year and the Group manages the risk by preparing cash management plans.

(3) Supplemental information on fair value of financial instruments

As well as the values based on market prices, fair value of financial instruments includes values, which are reasonably calculated in case market prices do not exist. As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied. Also, for the contract amount and others regarding derivative transactions described in Note 22, the contract amount itself does not indicate market risk related to derivative transactions.

(b) Fair value of financial instruments

Carrying value on the consolidated balance sheets as of March 31, 2018 and 2017, fair value and differences are as follows. The financial instruments whose fair value is extremely difficult to determine are not included below.

	2018					
	Millions of yen			Thousands of U.S. dollars		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)	Carrying Value	Fair Value	Unrealized Gains (Losses)
Cash and deposits	¥ 91,635	¥ 91,635	¥ -	$ 862,528	$ 862,528	$ -
Receivables-Trade notes and accounts	79,676	79,676	-	749,962	749,962	-
Marketable securities and investment securities:						
Available-for-sale securities	135,910	135,910	-	1,279,273	1,279,273	-
Total assets	¥307,222	¥307,222	¥ -	$2,891,773	$2,891,773	$ -
Payables-Trade notes and accounts	58,492	58,492	-	550,565	550,565	-
Total liabilities	¥ 58,492	¥ 58,492	¥ -	$ 550,565	$ 550,565	$ -
Derivative transactions: (*)						
Hedge accounting not applied	(35)	(35)	-	(329)	(329)	-
Hedge accounting applied	(680)	(680)	-	(6,401)	(6,401)	-
Total derivative transactions	¥ (716)	¥ (716)	¥ -	$ (6,739)	$ (6,739)	$ -

	2017		
	Millions of yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
Cash and deposits	¥ 85,458	¥ 85,458	¥ -
Receivables-Trade notes and accounts	69,584	69,584	-
Marketable securities and investment securities:			
Available-for-sale securities	129,734	129,734	-
Total assets	¥284,777	¥284,777	¥ -
Payables-Trade notes and accounts	40,320	40,320	-
Total liabilities	¥ 40,320	¥ 40,320	¥ -
Derivative transactions: (*)			
Hedge accounting not applied	14	14	-
Hedge accounting applied	140	140	-
Total derivative transactions	¥ 154	¥ 154	¥ -

(*) Net assets and liabilities arising from derivative transactions are presented on a net basis with liabilities shown in parenthesis.

Note 1: Valuation method for financial instruments and information of investment securities are as follows:

Assets:

Cash and deposits and Receivables-Trade notes and accounts

The carrying value is deemed as the fair value since these are scheduled to be settled in a short period of time.

Marketable securities and investment securities
Fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or the price provided by the correspondent financial institutions.

Liabilities:
Payables-Trade notes and accounts
The carrying value is deemed as the fair value since these are scheduled to be settled in a short period of time.

Derivative transactions:
Please refer to Note 20.

Note 2: Unlisted equity securities of ¥27,363 million ($257,558 thousand) and ¥26,577 million whose fair values are unobservable as of March 31, 2018 and 2017, respectively, are not included in the above tables.

(c) The redemption schedule for financial instruments and securities with maturities as of March 31, 2018 and 2017 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
	Due in One Year or Less	Due in One Year or Less	Due in One Year or Less
Cash and deposits	¥ 91,635	¥ 85,458	$ 862,528
Receivables-Trade notes and accounts	79,676	69,584	749,962
Marketable securities and investment securities:			
Available-for-sale securities	7,866	7,105	74,040
Total	¥ 179,178	¥ 162,148	$1,686,540

18. INVESTMENT SECURITIES

(a) Information regarding available-for-sale securities with fair market value

	2018					
	Millions of yen			Thousands of U.S. dollars		
	Carrying Amount	Acquisition Cost	Unrealized Gains (Losses)	Carrying Amount	Acquisition Cost	Unrealized Gains (Losses)
Securities whose carrying value exceeds their acquisition cost:						
Equity securities	¥128,052	¥ 28,479	¥ 99,572	$ 1,205,309	$ 268,063	$937,236
Bonds:						
Government and municipal bonds	691	691	0	6,504	6,504	0
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	128,744	29,171	99,573	1,211,822	274,576	937,246
Securities whose carrying value does not exceed their acquisition cost:						
Equity securities	-	-	-	-	-	-
Bonds:						
Government and municipal bonds	7,165	7,166	(0)	67,442	67,451	(0)
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	7,165	7,166	(0)	67,442	67,451	(0)
Total	¥135,910	¥ 36,337	¥ 99,572	$ 1,279,273	$ 342,027	$937,236

	2017		
	Millions of yen		
	Carrying Amount	Acquisition Cost	Unrealized Gains (Losses)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	¥122,623	¥ 28,767	¥ 93,855
Bonds:			
Government and municipal bonds	323	323	0
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Subtotal	122,947	29,091	93,855
Securities whose carrying value does not exceed their acquisition cost:			
Equity securities	16	18	(1)
Bonds:			
Government and municipal bonds	6,770	6,771	(1)
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Subtotal	6,787	6,789	(2)
Total	¥129,734	¥ 35,881	¥ 93,853

(b) Sale of securities classified as available-for-sale securities

Information regarding the sale of securities classified as available-for-sale securities for the years ended March 31, 2018 and 2017 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Equity			
Proceeds from sales	¥ 858	¥ 853	$ 8,076
Aggregate gains on sales	357	401	3,360

19. CASH FLOW INFORMATION

(1) Cash and deposits on the accompanying consolidated balance sheets and cash and cash equivalents on the accompanying consolidated statements of cash flows are reconciled as of March 31, 2018 and 2017 as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Cash and deposits	¥ 91,635	¥ 85,458	$ 862,528
Marketable securities	7,857	7,094	73,955
Total	99,493	92,553	936,493
Time deposits with maturities of more than three months	0	(745)	0
Debt securities with maturities of more than three months	(1,032)	(970)	(9,714)
Cash and cash equivalents	¥ 98,461	¥ 90,837	$ 926,779

(2) Assets and liabilities of subsidiary excluded from consolidation by stock sales

Major components of assets and liabilities of Daisen Ham Co., Ltd., which was excluded from consolidation by the stock sales and details of the difference between the sales price and net proceeds of the stock sales for the year ended March 31, 2017 were as follows:

	Millions of yen
	2017
Current assets	¥ 3,634
Noncurrent assets	2,426
Current liabilities	(2,308)
Noncurrent liabilities	(615)
Noncontrolling interests	(463)
Others	(50)
Gain on sales of shares of subsidiary	1,862
Sales price	4,484
Cash and cash equivalents	(1,387)
Net proceeds from the stock sales	¥ 3,097

20. DERIVATIVES

Derivative transactions for which hedge accounting is not applied at March 31, 2018 and 2017 are as follows:

	2018							
	Millions of yen				Thousands of U.S. dollars			
	Contract Amount and Others	Due after One Year	Fair Value	Unrealized Gain (Loss)	Contract Amount and Others	Due after One Year	Fair Value	Unrealized Gain (Loss)
Currency futures:								
Buy:								
Canadian dollars	¥ 896	¥ -	¥ 29	¥ 29	$ 8,434	$ -	$ 273	$ 273
Forward exchange contracts:								
Sell:								
U.S. dollars	¥ 234	¥ -	¥ 2	¥ 2	$ 2,203	$ -	$ 19	$ 19
Euro	39	-	0	0	367	-	0	0
Buy:								
U.S. dollars	503	-	(4)	(4)	4,735	-	(38)	(38)
Euro	42	-	(0)	(0)	395	-	(0)	(0)
Japanese yen	1	-	(0)	(0)	9	-	(0)	(0)
British Pound	19	-	(0)	(0)	179	-	(0)	(0)
Total	¥ 1,737	¥ -	¥ 28	¥ 28	$ 16,350	$ -	$ 264	$ 264
Commodity futures:								
Sell:								
Wheat	¥ 2,773	¥ 102	¥ 45	¥ 45	$ 26,101	$ 960	$ 424	$ 424
Buy:								
Wheat	4,519	-	(110)	(110)	42,536	-	(1,035)	(1,035)
Total	¥ 7,292	¥ 102	¥ (64)	¥ (64)	$ 68,637	$ 960	$ (602)	$ (602)

	2017			
	Millions of yen			
	Contract Amount and Others	Due after One Year	Fair Value	Unrealized Gain (Loss)
Currency futures:				
Buy:				
Canadian dollars	¥ 1,403	¥ -	¥ 28	¥ 28
Forward exchange contracts:				
Sell:				
U.S. dollars	¥ 342	¥ -	¥ (4)	¥ (4)
Euro	40	-	(0)	0
Buy:				
U.S. dollars	777	-	15	15
Euro	42	-	(0)	(0)
Japanese yen	2	-	(0)	(0)
Total	¥ 2,607	¥ -	¥ 38	¥ 38
Commodity futures:				
Sell:				
Wheat	¥ 3,671	¥ 5	¥ (2)	¥ (2)
Buy:				
Wheat	3,555	216	(45)	(45)
Commodity options:				
Sell put:				
Wheat	12	-	18	(6)
Sell call:				
Wheat	5	-	0	4
Buy call				
Wheat	20	-	4	(16)
Total	¥ 7,265	¥ 222	¥ (24)	¥ (66)

* Fair value of derivative transactions is stated based on the quoted market price and the price presented by the counterparty financial institutions.

Derivative transactions for which hedge accounting is applied at March 31, 2018 and 2017 are as follows:

		2018					
		Millions of yen			Thousands of U.S. dollars		
	Hedged Item	Contract Amount and Others	Due after One Year	Fair Value	Contract Amount and Others	Due after One Year	Fair Value
Benchmark method							
Forward exchange contracts:							
Sell:							
U.S. dollars	Anticipated foreign currency transactions	¥ 1,099	¥ -	¥ 23	$ 10,345	$ -	$ 216
Buy:							
U.S. dollars	Anticipated foreign currency transactions	4,687	-	(135)	44,117	-	(1.271)
Thai baht		1,606	-	(3)	15,117	-	(28)
Euro		935	105	(8)	8,801	988	(75)
Indian rupee		6,681	2,709	(556)	62,886	25,499	(5,233)
Allocation method							
Forward exchange contracts:							
Sell:							
U.S. dollars	Accounts receivables	¥ 131	¥ -	¥ -	$ 1,233	$ -	$ -
Buy:							
U.S. dollars	Accounts payables	29	-	-	273	-	-
Euro		2	-	-	19	-	-
		¥ 15,174	¥ 2,814	¥ (680)	$142,828	$ 26,487	$ (6,401)

		2017		
		Millions of yen		
	Hedged Item	Contract Amount and Others	Due after One Year	Fair Value
Benchmark method				
Forward exchange contracts:				
Sell:				
U.S. dollars	Anticipated foreign currency transactions	¥ 799	¥ -	¥ 2
Buy:				
U.S. dollars	Anticipated foreign currency transactions	3,862	-	88
Thai baht		1,178	-	47
Euro		639	-	2
Allocation method				
Forward exchange contracts:				
Sell:				
U.S. dollars	Accounts receivables	¥ 73	¥ -	¥ -
Buy:				
U.S. dollars	Accounts payables	175	-	-
Euro		0	-	-
		¥ 6,729	¥ -	¥ 140

21. OTHER COMPREHENSIVE INCOME

Reclassification adjustments and income tax effects attributable to other comprehensive income for the years ended March 31, 2018 and 2017 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Unrealized gain on available-for-sale securities:			
Gains (losses) arising during the year	¥ 5,725	¥ 13,681	$ 53,887
Reclassification adjustments	(5)	(154)	(47)
Before income tax effects	5,719	13,527	53,831
Income tax effects	(1,773)	(4,068)	(16,689)
Total	3,945	9,459	37,133
Deferred gain (loss) on derivatives under hedge accounting:			
Gains (losses) arising during the year	(813)	528	(7,652)
Reclassification adjustments	(7)	(15)	(66)
Before income tax effects	(821)	513	(7,728)
Income tax effects	250	(154)	2,353
Total	(570)	358	(5,365)
Foreign currency translation adjustments:			
Adjustments arising during the year	(1,118)	(2,311)	(10,523)
Defined retirement benefit plans:			
Adjustments arising during the year	(54)	(51)	(508)
Reclassification adjustments	205	280	1,930
Before income tax effects	150	229	1,412
Income tax effects	(41)	(4)	(386)
Total	109	225	1,026
Share of other comprehensive income (loss) in associates:			
Adjustments arising during the year	111	(36)	1,045
Total other comprehensive income	¥ 2,478	¥ 7,694	$ 23,325

22. RELATED PARTY TRANSACTIONS

Related party transactions for the year ended March 31, 2018 are as follows:

Directors, Major Individual Shareholders, etc.

Category	Name of company, etc., or individual	Percentage of Voting Rights, etc.	Transactions with Related Party	Nature of Transactions	Transaction Value	Item	Year-end Balance
Director and his/her close relative	Akio Mimura	Directly held 0.0	Director of the Company	Exercise of subscription rights to shares (Note 1)	¥11 million ($104 thousand)	-	-
	Masashi Nakagawa	Directly held 0.0	Director of the Company	Exercise of subscription rights to shares (Note 1)	¥10 million ($94 thousand)	-	-

Transaction conditions and methods used to determine conditions

Note 1: This refers to the exercise during the fiscal year ended March 31, 2018 of stock options granted by the resolutions of the Ordinary General Meeting of Shareholders held on June 26, 2013, and June 26, 2014. The "Transaction Value" represents the amount determined by multiplying the number of shares granted by the exercise of the stock options during the fiscal year ended March 31, 2018 by the exercise price.

Related party transactions for the year ended March 31, 2017 are as follows:

Directors, Major Individual Shareholders, etc.

Category	Name of company, etc., or individual	Percentage of Voting Rights, etc.	Transactions with Related Party	Nature of Transactions	Transaction Value	Item	Year-end Balance
Director and his/her close relative	Hiroshi Oeda	Directly held 0.0	Representative director and president of the Company (Note 2)	Exercise of subscription rights to shares (Note 1)	¥12 million	-	-
	Kazuo Ikeda	Directly held 0.0	Director and vice president of the Company (Note 3)	Exercise of subscription rights to shares (Note 1)	¥11 million	-	-

Transaction conditions and methods used to determine conditions

Note 1: This refers to the exercise during the fiscal year ended March 31, 2017 of stock options granted by the resolutions of the Ordinary General Meeting of Shareholders held on June 28, 2011, June 26, 2013, and June 26, 2014. The "Transaction Value" represents the amount determined by multiplying the number of shares granted by the exercise of the stock options during the fiscal year ended March 31, 2017 by the exercise price.

Note 2: Hiroshi Oeda has taken office as a special advisor as of June 28, 2017.

Note 3: Kazuo Ikeda has taken office as an executive advisor as of June 28, 2017.

23. SEGMENT INFORMATION

1. Overview of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular consideration by the Company's Board of Directors are being given in order to decide how resources should be allocated among the Group and evaluate operating results. The Company, as a holding company, develops and determines group strategy, allocates management resources, and evaluates operations by businesses segments of "Flour Milling," "Processed Food" and other business which are classified by products and services. Therefore, the Group's reportable segment comprises of "Flour Milling" and "Processed Food."

Primary products for each business segment are summarized as follows:

Flour Milling	Flour, bran
Processed Food	Prepared mix, flour for consumer use, pasta, pasta sauce, frozen food, daily dish, cake and bread ingredients, biochemical products, life science business, healthcare foods

2. Method of calculating net sales, income, assets and other items by reportable segment

Accounting policies of the reportable segments are consistent to those described in Note 1. "Summary of Significant Accounting Policies." Income by reportable segment is based on operating income. Intersegment transactions are based on prevailing market price.

3. Net sales, income, assets and other items by reportable segment

	Millions of yen						
	2018						
	Reportable segment						
	Flour Milling	Processed Food	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:							
Sales to external customers	¥ 234,799	¥ 254,000	¥ 488,799	¥ 51,295	¥ 540,094	¥ -	¥ 540,094
Intersegment sales and transfers	15,958	406	16,365	2,675	19,040	(19,040)	-
Total	250,758	254,406	505,164	53,970	559,135	(19,040)	540,094
Segment income	¥ 9,957	¥ 13,473	¥ 23,430	¥ 3,613	¥ 27,044	¥ 155	¥ 27,200
Segment assets	¥ 211,235	¥ 177,116	¥ 388,352	¥ 74,108	¥ 462,460	¥ 131,033	¥ 593,493
Other items:							
Depreciation and amortization	¥ 8,607	¥ 5,579	¥ 14,186	¥ 1,577	¥ 15,764	¥ (255)	¥ 15,509
Investment in affiliates using equity method	2,695	6,760	9,725	16,258	25,983	-	25,983
Increase in property, plant and equipment and intangible assets	11,660	8,783	20,443	1,157	21,601	(116)	21,484

	Millions of yen						
	2017						
	Reportable segment						
	Flour Milling	Processed Food	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:							
Sales to external customers	¥ 233,618	¥ 254,944	¥ 488,562	¥ 43,478	¥ 532,040	¥ -	¥ 532,040
Intersegment sales and transfers	16,910	426	17,336	2,951	20,288	(20,288)	-
Total	250,528	255,370	505,899	46,429	552,329	(20,288)	532,040
Segment income	¥ 9,823	¥ 12,426	¥ 22,250	¥ 2,956	¥ 25,206	¥ 304	¥ 25,511
Segment assets	¥ 200,279	¥ 161,119	¥ 361,399	¥ 61,803	¥ 423,203	¥ 134,365	¥ 557,568
Other items:							
Depreciation and amortization	¥ 8,791	¥ 6,070	¥ 14,861	¥ 1,552	¥ 16,414	¥ (281)	¥ 16,132
Investment in affiliates using equity method	2,764	6,234	8,998	16,175	25,173	-	25,173
Increase in property, plant and equipment and intangible assets	6,973	4,784	11,757	1,102	12,860	(170)	12,689

	Thousands of U.S. dollars						
	2018						
	Reportable segment						
	Flour Milling	Processed Food	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:							
Sales to external customers	$ 2,210,081	$ 2,390,813	$ 4,600,894	$ 482,822	$ 5,083,716	$ -	$ 5,083,716
Intersegment sales and transfers	150,207	3,822	154,038	25,179	179,217	(179,217)	-
Total	2,360,297	2,394,635	4,754,932	508,001	5,262,942	(179,217)	5,083,716
Segment income	$ 93,722	$ 126,817	$ 220,538	$ 34,008	$ 254,556	$ 1,459	$ 256,024
Segment assets	$ 1,988,281	$ 1,667,131	$ 3,655,422	$ 697,553	$ 4,352,974	$ 1,233,368	$ 5,586,342
Other items:							
Depreciation and amortization	$ 81,015	$ 52,513	$ 133,528	$ 14,844	$ 148,381	$ (2,400)	$ 145,981
Investment in affiliates using equity method	25,367	63,630	91,538	153,031	244,569	-	244,569
Increase in property, plant and equipment and intangible assets	109,752	82,671	192,423	10,890	203,323	(1,092)	202,221

1. The "Other" incorporates operations not included in reportable segments, including pet food, engineering, mesh cloths, handling and storage.
2. Adjustments of segment income refer to elimination of intersegment transactions. Adjustments of segment assets amounted to ¥141,859 million ($1,335,269 thousand) and ¥144,439 million for the years ended March 31, 2018 and 2017, respectively, consisted primarily of the Company's surplus funds (cash and deposits and securities) and investment securities.
3. Segment income is adjusted to operating income on the consolidated statements of income.

4. Geographic information

(1) Sales

2018			
Millions of yen			
Japan	U.S.	Other	Total
¥ 443,804	**¥ 63,546**	**¥ 32,743**	**¥ 540,094**

2017			
Millions of yen			
Japan	U.S.	Other	Total
¥ 440,836	¥ 59,999	¥ 31,205	¥ 532,040

2018			
Thousands of U.S. dollars			
Japan	U.S.	Other	Total
$ 4,177,372	**$ 598,136**	**$ 308,198**	**$ 5,083,716**

(2) Property, plant and equipment

2018			
Millions of yen			
Japan	U.S.	Other	Total
¥ 111,725	**¥ 21,871**	**¥ 17,346**	**¥ 150,942**

2017			
Millions of yen			
Japan	U.S.	Other	Total
¥ 113,691	¥ 18,475	¥ 12,673	¥ 144,840

2018			
Thousands of U.S. dollars			
Japan	U.S.	Other	Total
$ 1,051,628	**$ 205,864**	**$ 163,272**	**$ 1,420,764**

5. Information about major customers

	2018		
	Name of the related segment	Millions of yen	Thousands of U.S. dollars
Mitsubishi Corporation	**Flour Milling, Processed Foods and Other**	**¥ 61,944**	**$ 583,057**

	2017	
	Name of the related segment	Millions of yen
Mitsubishi Corporation	Flour Milling, Processed Foods and Other	¥ 62,097

6. Information about loss on impairment of long-lived assets by reportable segment

	2018
	Millions of yen
	Processed Food
Loss on impairment of long-lived assets	¥ 129

	2018
	Thousands of U.S. dollars
	Processed Food
Loss on impairment of long-lived assets	$ 1,214

	2017		
	Millions of yen		
	Processed Food	Corporate and elimination	Total
Loss on impairment of long-lived assets	¥ 785	¥ 173	¥ 958

Note: "Corporate and elimination" of ¥173 million is loss on impairment of long-lived assets for corporate assets which are not attributable to any reportable segment.

7. Information about amortization and unamortized balance of goodwill by reportable segment

	2018		
	Millions of yen		
	Flour Milling	Processed Food	Total
Amortization	¥ 1,054	¥ 170	¥ 1,224
Unamortized balance	5,309	313	5,623

	2017		
	Millions of yen		
	Flour Milling	Processed Food	Total
Amortization	¥ 1,024	¥ 170	¥ 1,195
Unamortized balance	6,565	484	7,050

	2018		
	Thousands of U.S. dollars		
	Flour Milling	Processed Food	Total
Amortization	$ 9,921	$ 1,600	$ 11,521
Unamortized balance	49,972	2,946	52,927

24. SUBSEQUENT EVENT

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2018, was approved at the Company's shareholders' meeting held on June 27, 2018:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥15 ($0.14) per share	¥4,455	$41,933