Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi, Chiyoda-ku
Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Nisshin Seifun Group Inc. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

August 28, 2020

Nisshin Seifun Group Inc. and Consolidated Subsidiaries
Consolidated Balance Sheet
March 31, 2020

ASSETS	Millions of Yen 2020	Millions of Yen 2019	Thousands of U.S. Dollars (Note 1) 2020
CURRENT ASSETS:			
Cash and cash equivalents (Notes 17, 18 and 19)	¥56,550	¥107,374	$519,618
Receivables (Note 17):			
Trade notes and accounts	92,236	76,245	847,524
Other	3,492	2,032	32,087
Allowance for doubtful accounts	(524)	(232)	(4,815)
Inventories (Note 4)	79,854	73,348	733,750
Other (Note 18)	7,371	9,400	67,729
Total current assets	238,980	268,170	2,195,902
PROPERTY, PLANT AND EQUIPMENT			
Land	45,791	42,611	420,757
Buildings and structures	69,597	58,308	639,502
Machinery and equipment	48,769	41,393	448,121
Construction in progress	13,682	10,030	125,719
Other	7,360	3,974	67,628
Total property, plant and equipment	185,202	156,317	1,701,755
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 18)	115,407	122,697	1,060,434
Investments in and advances to unconsolidated subsidiaries and associated companies	20,332	26,962	186,823
Asset for retirement benefits (Note 6)	308	277	2,830
Deferred tax assets (Note 14)	9,059	6,064	83,240
Goodwill	42,743	5,016	392,750
Intangibles	25,972	5,446	238,647
Right-of-use assets	23,285	-	213,958
Other assets	5,048	3,924	46,384
Allowance for doubtful accounts	(126)	(122)	(1,158)
Total investments and other assets	242,031	170,264	2,223,936
TOTAL	¥666,215	¥594,754	$6,121,612

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2020	Millions of Yen 2019	Thousands of U.S. Dollars (Note 1) 2020
CURRENT LIABILITIES:			
Short-term bank loans (Notes 5 and 17)	¥13,491	¥ 8,558	$ 123,964
Current portion of long-term debt (Note 5 and 17)	6,456	1,319	59,322
Payables (Note 17):			
Trade notes and accounts	53,730	54,936	493,706
Income taxes payable	5,829	5,217	53,561
Accrued expenses	21,991	20,195	202,067
Other	29,559	24,579	271,607
Total current liabilities	131,058	114,806	1,204,245
LONG-TERM LIABILITIES:			
Long-term debt (Notes 5 and 17)	66,215	7,531	608,426
Liability for retirement benefits (Note 6)	22,443	21,169	206,221
Provision for repairs	1,335	1,464	12,267
Long-term deposits received	5,577	5,492	51,245
Deferred tax liabilities (Note 14)	29,055	24,664	266,976
Other	1,485	776	13,645
Total long-term liabilities	126,114	61,098	1,158,817
EQUITY (Notes 7, 8 and 9):			
Common stock—authorized, 932,856,000 shares; issued, 304,357,891shares in 2020 and 2019	17,117	17,117	157,282
Capital surplus	12,638	12,882	116,126
Stock acquisition rights	137	167	1,259
Retained earnings	332,342	319,705	3,053,772
Treasury stock—at cost, 7,079,592 shares in 2020 and 7,234,479 shares in 2019	(11,172)	(11,403)	(102,656)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	56,970	62,669	523,477
Deferred loss on derivatives under hedge accounting	(53)	(393)	(487)
Foreign currency translation adjustments	(11,689)	4,086	(107,406)
Defined retirement benefit plans	(1,158)	(728)	(10,640)
Total	395,134	404,105	3,630,745
Noncontrolling interests	13,908	14,743	127,796
Total equity	409,042	418,848	3,758,541
TOTAL	¥666,215	¥594,754	$6,121,612

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statement of Income

Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
NET SALES	¥712,180	¥565,343	$6,543,968
COST OF SALES	512,356	401,584	4,707,856
Gross profit	199,824	163,759	1,836,111
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 7, 10 and 11)	170,971	136,842	1,570,991
Operating income	28,852	26,916	265,111
OTHER INCOME (EXPENSES):			
Interest income	496	458	4,558
Dividend income	2,867	2,655	26,344
Interest expense	(3,163)	(257)	(29,064)
Loss on impairment of goodwill and long-lived assets	(5,224)	(72)	(48,001)
Gain on step acquisitions	7,272	-	66,820
Other—net	2,196	3,413	20,178
Other income (expenses)—net	4,444	6,198	40,834
INCOME BEFORE INCOME TAXES	33,296	33,113	305,945
INCOME TAXES (Note 14):			
Current	11,040	9,417	101,443
Deferred	(1,414)	109	(12,993)
Total income taxes	9,625	9,526	88,441
NET INCOME	23,670	23,586	217,495
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1,263	1,317	11,605
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 22,407	¥ 22,268	$ 205,890

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 16):			
Basic earnings per share	¥75.40	¥74.98	$0.69
Diluted earnings per share	75.35	74.90	0.69
Cash dividends applicable to the year	34.00	32.00	0.31

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries
Consolidated Statement of Comprehensive Income
Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
NET INCOME	¥ 23,670	¥ 23,586	$ 217,495
OTHER COMPREHENSIVE INCOME (Note 21):			
Unrealized gain (loss) on available-for-sale securities	(5,620)	(6,770)	(51,640)
Deferred gain (loss) on derivatives under hedge accounting	327	95	3,005
Foreign currency translation adjustments	(16,529)	172	(151,879)
Defined retirement benefit plans	(417)	44	(3,832)
Share of other comprehensive income (loss) in associates	(84)	(85)	(772)
Total other comprehensive income (loss)	(22,323)	(6,543)	(205,118)
COMPREHENSIVE INCOME	¥ 1,347	¥ 17,043	$ 12,377
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 649	¥ 15,965	$ 5,963
Noncontrolling interests	698	1,077	6,414

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2020

	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 (Loss) 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, 2018	296,931	¥ 17,117	¥ 12,894	¥ 189	¥ 306,415	¥ (11,695)	¥ 69,467	¥ (473)	¥ 6,352	¥ (800)	¥ 399,467	¥ 14,327	¥ 413,794
Net income attributable to owners of the parent					22,268						22,268		22,268
Cash dividends, ¥31.00 per share					(9,209)						(9,209)		(9,209)
Purchase of treasury stock	(85)					(190)					(190)		(190)
Disposal of treasury stock	277		(37)			483					445		445
Change in fiscal term of consolidated subsidiaries					230						230		230
Change in the parent's ownership interest due to transactions with noncontrolling interests			26								26		26
Net change in the year				(21)			(6,797)	80	(2,266)	72	(8,932)	415	(8,517)
BALANCE, MARCH 31, 2019	297,123	17,117	12,882	167	319,705	(11,403)	62,669	(393)	4,086	(728)	404,105	14,743	418,848
Net income attributable to owners of the parent					22,407						22,407		22,407
Cash dividends, ¥33.00 per share					(9,810)						(9,810)		(9,810)
Purchase of treasury stock	(76)					(190)					(190)		(190)
Disposal of treasury stock	231		(24)			421					397		397
Change in fiscal term of consolidated subsidiaries					39						39		39
Change in the parent's ownership interest due to transactions with noncontrolling interests			(219)								(219)		(219)
Net change in the year				(29)			(5,699)	340	(15,775)	(430)	(21,595)	(834)	(22,429)
BALANCE, MARCH 31, 2020	297,278	¥ 17,117	¥ 12,638	¥ 137	¥ 332,342	¥ (11,172)	¥ 56,970	¥ (53)	¥ (11,689)	¥ (1,158)	¥ 395,134	¥ 13,908	¥ 409,042

	Thousands of U.S. Dollars (Note 1)											
						Accumulated Other Comprehensive Income						
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain(Loss) 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, 2019	$ 157,282	$ 118,368	$ 1,535	$ 2,937,655	$ (104,778)	$ 575,843	$ (3,611)	$ 37,545	$ (6,689)	$ 3,713,177	$ 135,468	$ 3,848,645
Net income attributable to owners of the parent				205,890						205,890		205,890
Cash dividends, $0.30per share				(90,141)						(90,141)		(90,141)
Purchase of treasury stock					(1,746)					(1,746)		(1,746)
Disposal of treasury stock		(221)			3,868					3,648		3,648
Change in fiscal term of consolidated subsidiaries				358						358		358
Change in the parent's ownership interest due to transactions with noncontrolling interests		(2,012)								(2,012)		(2,012)
Net change in the year			(266)			(52,366)	3,124	(144,951)	(3,951)	(198,429)	(7,663)	(206,092)
BALANCE, MARCH 31, 2020	$ 157,282	$ 116,126	$ 1,259	$ 3,053,772	$ (102,656)	$ 523,477	$ (487)	$ (107,406)	$ (10,640)	$ 3,630,745	$ 127,796	$ 3,758,541

See notes to consolidated financial statements.

Nisshin Seifun Group Inc. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows

Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
OPERATING ACTIVITIES:			
Income before income taxes	¥ 33,296	¥ 33,113	$ 305,945
Adjustments for:			
Income taxes—paid	(10,412)	(7,485)	(95,672)
Depreciation and amortization	21,235	14,951	195,121
Amortization of goodwill	5,672	1,324	52,118
Loss on impairment of goodwill and long-lived assets	5,224	72	48,001
Gain on step acquisitions	(7,272)	-	(66,820)
Interest and dividend income	(3,363)	(3,113)	(30,901)
Interest expenses	3,163	257	29,064
Changes in assets and liabilities:			
Decrease in trade notes and accounts receivable	3,883	2,697	35,680
Decrease (increase) in inventories	6,339	(1,700)	58,247
Increase in interest and dividends receivable	4,449	4,049	40,880
Decrease in trade notes and accounts payable	(16,989)	(2,666)	(156,106)
Decrease in interest payable	(3,145)	(257)	(28,898)
Increase in liability for retirement benefits	1,162	381	10,677
Increase in asset for retirement benefits	(31)	(38)	(285)
Other—net	(4,793)	(1,712)	(44,041)
Total adjustments	5,124	6,760	47,083
Net cash provided by operating activities	38,420	39,873	353,028
INVESTING ACTIVITIES:			
Payments into time deposits	(1,064)	(1,425)	(9,777)
Proceeds from withdrawal of time deposits	1,965	513	18,056
Purchase of property, plant and equipment and intangible assets	(21,919)	(18,233)	(201,406)
Acquisitions of available-for-sale securities	(2,325)	(2,780)	(21,364)
Proceeds from sales of available-for-sale securities	2,408	3,758,	22,126
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(77,189)	-	(709,262)
Other—net	1,281	(1,016)	11,771
Net cash used in investing activities	(96,844)	(19,184)	(889,865)

FINANCING ACTIVITIES:			
Increase in short-term bank loans	35,719	75	328,209
Decrease in short-term bank loans	(43,290)	(1,636)	(397,776)
Proceeds from long-term debt	10,000	1,105	91,886
Proceeds from issuance of bonds	19,888	-	182,744
Proceeds from sales of treasury stock	250	297	2,297
Purchase of treasury stock	(190)	(190)	(1,746)
Dividends paid	(9,810)	(9,209)	(90,141)
Purchase of shares of subsidiaries that does not result in change in scope of consolidation	(275)	(180)	(2,527)
Repayment of lease obligations	(3,549)	(389)	(32,610)
Other—net	(404)	(439)	(3,712)
Net cash provided by (used in) financing activities	8,337	(10,567)	76,606
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(51,537)	9,920	(473,555)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(1,451)	(202)	(13,333)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM ACCOUNTING TERM ALTERATIONS OF SUBSIDIARIES	713	(1,006)	6,552
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	107,374	98,461	986,621
CASH AND CASH EQUIVALENTS, END OF YEAR	¥56,550	¥107,374	$519,618

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 2019 consolidated financial statements to conform to the classifications used in 2020.

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 ¥108.83 to $1, the approximate rate of exchange at March 31, 2020. 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 information.

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements.

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, 2020, the number of consolidated subsidiaries was 72.

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.

With regard to Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. and two other companies among the consolidated subsidiaries, which have accounting periods different from the consolidated accounting period, the tentative financial statements as of the consolidated fiscal year-end are used.

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.

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; (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; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign associate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. ***Translation of Foreign Currency Accounts*** — Current and non-current receivables and payables denominated in foreign currencies are retranslated at prevailing rates 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.

Differences between the investment costs and the fair values of net assets of subsidiaries have been amortized by the straight-line method over a period of mainly 10 years. Gain arising from a bargain purchase is recognized as income on the acquisition date.

For the fiscal year ended March 31, 2020, PFG Topcol Pty Ltd. and its subsidiaries (Allied Pinnacle Pty Ltd. and 19 other companies) are newly included in the scope of consolidation due to the acquisition of PFG Topcol Pty Ltd. Additionally, Tokatsu Foods Co., Ltd., which had been an affiliate accounted for by the equity method, and its three subsidiaries are included in the scope of consolidation due to the acquisition of additional shares of Tokatsu Foods Co., Ltd.

e. ***Cash and Cash Equivalents***— Cash and cash equivalents comprises securities, time deposits, and certificates of deposit with a maturity of three months or less at the time of purchase. 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. ***Provision for repairs***— Certain consolidated subsidiaries recognize provisions for, at management's best estimates, the periodic repair of plant facilities.

h. ***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.

i. ***Investments***— Debt and equity 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.

Investments in one (one in 2019) unconsolidated subsidiaries and nine (nine in 2019) associated companies are accounted for by the equity method.

j. ***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.

k. ***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.

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

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.

m. ***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.

n. ***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.

o. ***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.

p. ***Right-of-use assets***— Right-of-use assets are depreciated by the straight-line method with no residual value.

q. ***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.

r. ***Derivatives and Hedging Activities***— The Group uses forward exchange contracts and currency option contracts as a mean of minimizing exposure arising from foreign currency fluctuations. Certain overseas consolidated subsidiaries use commodity futures and options on wheat solely for the purpose of mitigating future risks arising from fluctuations 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.

s. ***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.

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.

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.

t. ***Changes in Accounting Policy***
(Application of IFRS 16 "Leases")

From the beginning of the year ended March 31,2020, subsidiaries of the Group subject to application of IFRS have applied IFRS 16 ("Leases"), an accounting method in which an accounting method in which lessees are required to recognize right-of-use assets and lease obligations. Accordingly, an approach was adopted in which any cumulative impact of retrospectively applying this standard, regarded as a transitional measure, is recognized at the date of initial application.
The effects of this change on the consolidated financial statements for the year ended March 31, 2020 were immaterial.

u. New Accounting Pronouncements

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 Company expects to apply the accounting standard and guidance from the beginning of the year ending March 31, 2022.

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

v. Reclassification

Since this fiscal year ended March 31, 2020, the amount of cash and deposits presented in the balance sheet as of March 31, 2019 is disclosed as cash and cash equivalents. The amount reclassified to cash and cash equivalents is ¥5,401 million.

3. ADDITIONAL INFORMATION

Accounting estimates relating to the spread of the novel coronavirus (COVID-19)

Due to the impact of COVID-19, demand has been changing as the situations of customers and market environments of countries and regions around the world have been changing. While reasonable predictions of the scale of growth of the disease and the timeline for its retreat are difficult to formulate, based on the information available, the Company is developing estimates for accounting purposes that include those for impairment of non-current assets and the recoverability of deferred tax assets. These estimates are based on assumptions that project a gradual turn toward recovery over time despite ripple effects on demand for each product caused by a repeated pattern of temporary growth and retreat of the virus.

Since there are many uncertainties regarding the impact of the spread of COVID-19 on economic activities, if the above assumptions change, it may affect our consolidated results of operations.

4. INVENTORIES

Inventories at March 31, 2020 and 2019 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Merchandise and finished goods	¥ 29,024	¥ 24,681	$ 266,691
Work in process	4,441	5,479	40,807
Raw materials and supplies	46,387	43,188	426,234
Total	¥ 79,854	¥ 73,348	$ 733,750

Inventory write-downs of ¥399 million ($3,666 thousand) and ¥425 million based on the lower of cost or market method was deducted from the carrying amounts of inventories at March 31, 2020 and 2019, respectively.

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

Short-term bank loans and long-term debt as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Short-term bank loans with average interest rate of 1.1026% at March 31, 2020	¥ 13,490	¥ 8,557	$ 123,955
Current portion of long-term bank loans with average interest rate of 1.2705% at March 31, 2020	4,587	977	42,148
Current portion of lease obligations	1,869	342	17,174
Total short-term bank loans and current portion of long term debt	19,946	9,877	183,277
Long-term bank loans at March 31, 2020 with average interest rate of 1.3976%, less current portion, due from 2021 to 2034	15,226	6,771	139,906
Long-term lease obligations at March 31, 2020, due from 2021 to 2051	30,989	760	284,747
Unsecured 0.20% domestic standard bonds due in 2029	10,000	-	91,886
Unsecured 0.56% domestic standard bonds due in 2039	10,000	-	91,886
Total long-term debt	66,215	7,531	608,426
Total	¥ 86,164	¥ 17,410	$ 791,730

* Average interest rates of bank loans represent the weighted-average rates for the outstanding balances at March 31, 2020.

* 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, 2020 were calculated based on inclusive-of-interest method.

The annual maturities of long-term bank loans at March 31, 2020, excluding the current portion, are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2022	¥ 1,136	$ 10,438
2023	1,141	10,484
2024	1,147	10,539
2025	934	8,582
2026 and thereafter	10,867	99,853

The annual maturities of long-term lease obligations at March 31, 2020, excluding the current portion are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2022	¥ 1,697	$ 15,593
2023	1,376	12,644
2024	1,148	10,549
2025	616	5,660
2026 and thereafter	26,152	240,301

The annual maturities of bonds at March 31, 2020, excluding the current portion, are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2022	¥ -	$ -
2023	-	-
2024	-	-
2025	-	-
2026 and thereafter	20,000	183,773

The Group has entered into certain line-of-credit agreements with major financial institutions amounting to ¥38,442 million ($353,230 thousand) and ¥28,367 million at March 31, 2020 and 2019, respectively.

Bank loans outstanding under these line-of-credit agreements amounted to ¥5,665 million ($52,054 thousand) and ¥4,499 million at March 31, 2020 and 2019, respectively.

Contracted fees for these line-of-credit agreements amounted to ¥28 million ($257 thousand) and ¥22 million for the years ended March 31, 2020 and 2019, respectively. These amounts are included in other-net in the consolidated statement of income.

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥5,300 million ($48,700 thousand) at March 31, 2020 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2020	2020
Buildings and structures	¥ 3,785	$ 34,779
Land	3,278	30,120
Total	¥ 7,064	$ 64,909

6. RETIREMENT AND PENSION PLANS

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, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Balance at beginning of year	¥ 25,426	¥ 26,015	$ 233,630
Service cost	1,337	1,247	12,285
Interest cost	178	181	1,636
Actuarial loss	740	5	6,800
Retirement benefits paid	(2,053)	(2,030)	(18,864)
Increase due to new consolidations	48	-	441
Increase or decrease due to change of fiscal year end	52	5	478
Transfer from accrued expenses	311	-	2,858
Decrease due to business transfer	(138)	-	(1,268)
Other	(0)	1	(0)
Balance at end of year	¥ 25,903	¥ 25,426	$ 238,013

(b) The changes in plan assets during the years ended March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Balance at beginning of year	¥ 4,534	¥ 5,470	$ 41,661
Expected return on plan assets	36	40	331
Actuarial loss	(23)	-	(211)
Retirement benefits paid	(838)	(1,034)	(7,700)
Contributions from the employer	59	56	542
Balance at end of year	¥ 3,768	¥ 4,534	$ 34,623

* Fair value of plan assets for the years ended March 31, 2020 and 2019 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, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Funded projected benefit obligation	¥ 3,522	¥ 4,349	$ 32,362
Plan assets at fair value	(3,768)	(4,534)	(34,623)
	(246)	(184)	(2,260)
Unfunded projected benefit obligation	22,381	21,076	205,651
Net liability and asset recorded on the consolidated balance sheet	22,135	20,892	203,391
Net defined benefit liability	22,443	21,169	206,221
Net defined benefit asset	(308)	(277)	(2,830)
Net liability recorded on the consolidated balance sheet	¥ 22,135	¥ 20,892	$ 203,391

(d) The components of retirement benefit costs for the years ended March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Service cost	¥ 1,337	¥ 1,247	$ 12,285
Interest cost	178	181	1,636
Expected return on plan assets	(36)	(40)	(331)
Amortization of actuarial loss	370	308	3,400
Amortization of prior service cost	(209)	(245)	(1,920)
Net retirement benefit costs	¥ 1,640	¥ 1,451	$ 15,069

* 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, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Prior service cost	¥ (209)	¥ (245)	$ (1,920)
Actuarial (gain) loss	(393)	303	(3,611)
Total	¥ (602)	¥ 57	$ (5,532)

(f) The components of remeasurements of defined benefit plans (before income tax effect) in accumulated other comprehensive income as of March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrecognized prior service cost	¥ (626)	¥ (835)	$ (5,752)
Unrecognized actuarial loss	2,345	1,953	21,547
Total	¥ 1,718	¥ 1,117	$ 15,786

(g) Plan assets

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

	2020	2019
General account	51%	50%
Bonds	41	43
Cash and deposits	8	7
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, 2020 and 2019 are set forth as follows:

		2020	2019
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, 2020 and 2019 amounted to ¥1,563 million ($14,362 thousand) and ¥942 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, 2020 and 2019 amounted to nil and ¥13 million, respectively. Gain on cancel of unexercised stock options for the years ended March 31, 2020 and 2019 amounted to ¥2 million ($18 thousand) and ¥0 million, respectively.

At March 31, 2020, the Company and consolidated subsidiaries had the following stock option plans:

	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan
Grantees	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	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	Common stock	Common stock
Number of shares granted	388,410 shares *1	373,890 shares *1	337,700 shares *2	326,000 shares	339,000 shares
Grant date	August 16, 2012	August 20, 2013	August 19, 2014	August 19, 2015	August 15, 2016
Conditions for vesting	Not stated	Not stated	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified	Not specified	Not specified
Exercisable period	August 17, 2014-August 1, 2019	August 21, 2015-August 3, 2020	August 20, 2016-August 2, 2021	August 20, 2017-August 1, 2022	August 16, 2018-August 1, 2023

	2012 Plan *1	2013 Plan *1	2014 Plan *2	2015 Plan	2016 Plan
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	20,570	55,660	163,900	250,000	329,000
Vested during the year	-	-	-	-	-
Exercised during the year	14,520	43,560	56,100	27,000	31,000
Canceled during the year	6,050	-	-	6,000	-
Outstanding at end of the year	-	12,100	107,800	217,000	298,000
Exercise price (Yen)	¥792	¥1,012	¥1,159	¥1,748	¥1,753
Exercise price (U.S. dollars)	$7.28	$9.30	$10.65	$16.06	$16.11
Weighted-average market price upon exercise (Yen)	¥2,281	¥2,113	¥2,040	¥1,978	¥1,947
Weighted-average market price upon exercise (U.S. dollars)	$20.96	$19.42	$18.74	$18.18	$17.89
Fair value as of grant date (Yen)	¥152	¥101	¥122	¥266	¥220
Fair value as of grant date (U.S. dollars)	$1.40	$0.93	$1.12	$2.44	$2.02

*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 Committee, 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

	Thousands of shares			
	Year ended March 31, 2020			
Types of shares	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	**7,234**	**76**	**231**	**7,079**

1. Treasury stock increased due to (a) share vesting trust (75 thousand shares) and (b) a repurchase of odd-lot shares of less than one unit (1 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 (59 thousand shares) and (c) exercise of stock options (172 thousand shares).
3. The number of treasury shares of common stock as of March 31, 2020 includes 38 thousand shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

	Thousands of shares			
	Year ended March 31, 2019			
Types of shares	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	7,426	85	277	7,234

1. Treasury stock increased due to (a) share vesting trust (84 thousand shares) and (b) a repurchase of odd-lot shares of less than one unit (1 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 (67 thousand shares) and (c) exercise of stock options (210 thousand shares).
3. The number of treasury shares of common stock as of March 31, 2019 includes 21 thousand shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

(b) Stock acquisition rights

		Balance at March 31, 2020	
Category	Details of Options	Millions of yen	Thousands of U.S. dollars
Supplying company	Stock acquisition rights as stock options	**¥ 137**	**$ 1,259**
(Parent Company)	Total	**¥ 137**	**$ 1,259**

		Balance at March 31, 2019
Category	Details of Options	Millions of yen
Supplying company	Stock acquisition rights as stock options	¥ 167
(Parent Company)	Total	¥ 167

(c) Dividends

(1) Dividends paid to shareholders

Year ended March 31, 2020

Date of Approval	Resolution Approved by	Type of Shares	Amount		Amount per Share		Cut-off Date	Effective Date
			(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
June 26, 2019	**Shareholders**	**Common stock**	**¥4,755**	**$ 43,692**	**¥16**	**$ 0.15**	**March 31, 2019**	**June 27, 2019**
October 29, 2019	**Board of directors**	**Common stock**	**¥5,054**	**$ 46,439**	**¥17**	**$ 0.16**	**September 30, 2019**	**December 6, 2019**

* 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, 2019

Date of Approval	Resolution Approved by	Type of Shares	Amount	Amount per Share	Cut-off Date	Effective Date
			(Millions of yen)	(Yen)		
June 27, 2018	Shareholders	Common stock	¥4,455	¥15	March 31, 2018	June 28, 2018
October 29, 2018	Board of directors	Common stock	¥4,754	¥16	September 30, 2018	December 7, 2018

* Total dividends paid include ¥1 million 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.

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

Year ended March 31, 2020

Date of Approval	Resolution Approved by	Type of Shares	Source of Dividends	Amount		Amount per Share		Cut-off Date	Effective Date
				(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
May 14, 2020	**Board of directors**	**Common stock**	**Retained earnings**	**¥ 5,055**	**$ 46,449**	**¥ 17**	**$ 0.16**	**March 31, 2020**	**June 26, 2020**

* 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, 2019

Date of Approval	Resolution Approved by	Type of Shares	Source of Dividends	Amount	Amount per Share	Cut-off Date	Effective Date
				(Millions of yen)	(Yen)		
June26, 2019	Shareholders	Common stock	Retained earnings	¥ 4,755	¥ 16	March 31, 2019	June 27, 2019

* Total dividends paid include ¥0 million 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.

10. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended March 31, 2020 and 2019 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Freight	¥ 51,263	¥ 35,968	$ 471,037
Sales promotion and sales incentives	41,209	40,707	378,655
Employees' salaries	18,858	14,627	173,279
Employees' bonuses and benefits	12,513	11,089	114,977
Retirement benefits	1,371	1,309	12,598
Other	45,757	33,142	420,445
Total	¥170,971	¥136,842	$ 1,570,991

11. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in selling, general and administrative expenses and manufacturing costs were ¥6,538 million ($60,075 thousand) and ¥6,168 million for the years ended March 31, 2020 and 2019, respectively.

12. BUSINESS RESTRUCTURING EXPENSES

"Business restructuring expenses" of ¥1,028 million ($9,446 thousand) for the year ended March 31, 2020 consist primarily of expenses related to the closure of the Minnesota-based New Prague Plant in the U.S. flour milling business, and expenses related to transfer of the pet food business. Business restructuring expenses for the year ended March 31, 2020 is included in other-net in the consolidated statement of income.

13. IMPAIRMENT LOSS

The Group recognized impairment loss on the following assets for the year ended March 31, 2020:

Location	Use (Business segment)	Item
United States	- (Flour Milling)	Goodwill
	Business assets (Flour Milling)	Buildings and structures; machinery, and equipment; others
Yamanashi, and others	Business assets (Other)	Buildings and structures; machinery and equipment
Kanagawa	Business assets (Other)	Buildings and structures; machinery and equipment; others

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

Regarding goodwill for the U.S. flour milling business in the Flour Milling Segment, following comprehensive consideration of factors surrounding a downturn in business performance due to intensifying sales competition, the Company conducted an impairment test in accordance with US-GAAP. Therefore, the book value of this business was written down to its fair value, resulting in an impairment loss of ¥3,003 million ($27,593 thousand). The impairment loss consists of ¥3,003 million ($27,593 thousand) for goodwill. A discount rate of 8.5% was used for the calculation of fair value.
Furthermore, following the decision to close the Minnesota-based New Prague Plant in the U.S. flour milling business, the book value of assets from this plant was written down

to the amounts deemed recoverable, resulting in an impairment loss of ¥866 million ($7,957 thousand). The impairment loss consists of ¥358 million ($3,290 thousand) for buildings and structures, ¥159 million ($1,461 thousand) for machinery and equipment, and ¥347 million ($3,188 thousand) for others.
The recoverable amount for the above group of assets was measured based on the net selling price at disposition.

Regarding manufacturing equipment for mesh cloth used in screen printing by NBC Meshtec Inc. in Other segments, the book value of the assets were written down to the amounts deemed recoverable since the book value exceeded future cash flows anticipated from this equipment due to changes in the market environment, resulting in an impairment loss of ¥912 million ($8,380 thousand). The impairment loss consists of ¥636 million ($5,844 thousand) for buildings and structures, and ¥276 million ($2,536 thousand) for machinery and equipment.
The recoverable amount for the above group of assets was measured based on the discounted cash flows from the continued use of the assets (discount rate of 15.1%).
Additionally, regarding the pet food manufacturing equipment of Nisshin Petfood Inc., the book value of assets were written down to the amounts expected to be recoverable by the date of business closure since a decision was made to exit from the manufacturing business at the end of March 2021, resulting in an impairment loss of ¥442 million ($4,061 thousand). The impairment loss consists of ¥99 million ($910 thousand) for buildings and structures, ¥323 million ($2,968 thousand) for machinery and equipment, and ¥19 million ($175 thousand) for others.
The recoverable amount for the above group of assets was measured based on discounted cash flows from the continued use of the assets (discount rate of 9.6%).

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 30.6% and 30.6% for the years ended March 31, 2020 and 2019, respectively.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2020 and 2019 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Deferred tax assets:			
Net defined benefit liability	¥ 6,582	¥ 6,282	$ 60,480
Investment securities	2,964	1,333	27,235
Loss on impairment of long-lived assets	2,157	547	19,820
Provision for bonuses	1,636	1,449	15,033
Intangible assets	1,327	1,329	12,193
Accrued sales incentives	1,186	1,064	10,898
Unrealized gain on fixed assets	881	965	8,095
Loss carryforward	795	897	7,305
Adjustments for lease transactions	633	-	5,816
Inventories	544	470	4,999
Depreciation	452	197	4,153
Accrued enterprise taxes	421	443	3,868
Provision for repairs	407	446	3,740 -
Other	2,625	2,285	24,120
Gross deferred tax assets	22,616	17,714	207,810
Valuation allowance	(4,737)	(2,783)	(43,527)
Deferred tax assets, net	¥ 17,878	¥ 14,931	$ 164,275

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (24,766)	¥ (27,175)	$ (227,566)
Intangible assets	(6,508)	-	(59,800)
Reserve for reduction entry of fixed assets	(1,827)	(1,869)	(16,788)
Underdepreciation	(1,528)	(1,670)	(14,040)
Retained earnings of subsidiaries and associates	(1,391)	(1,045)	(12,781)
Securities returned from employee retirement benefit trust	(964)	(964)	(8,858)
Other	(888)	(805)	(8,160)
Gross deferred tax liabilities	(37,874)	(33,530)	(348,011)
Deferred tax liabilities, net	¥ (19,995)	¥ (18,599)	$ (183,727)

Disclosure of the reconciliation between the statutory and effective tax rates for the year ended March 31, 2020 and 2019 is as follows:

	Year ended March 31 2020	Year ended March 31 2019
Statutory tax rate	30.6%	30.6%
Non-taxable dividend income and others	(0.7)	(0.6)
Non-deductible expenses	0.7	0.7
Tax credits	(1.2)	(1.5)
Equity in earnings of unconsolidated subsidiaries	(1.6)	(1.5)
Amortization of goodwill	4.5	0.2
Per capita inhabitant tax	0.6	0.6
Tax rate difference in foreign subsidiaries	0.4	(0.9)
Retained earnings of subsidiaries and associates	1.0	0.0
Share acquisition related cost	0.1	1.0
Gain on step acquisition	(6.7)	-
Business transfer related	1.2	-
Other	0.0	0.2
Effective tax rate	28.9%	28.8%

15. LEASES

The Group primarily leases information system equipment and software.

The future minimum lease commitments under noncancellable operating leases subsequent to March 31, 2020 and 2019 are summarized as follows:

(As Lessee)

	Millions of yen		Thousands of U.S. dollars
	2020	2019	**2020**
Due within one year	**¥ 456**	¥ 195	**$ 4,190**
Due after one year	**2,930**	130	**26,923**
Total	**¥ 3,386**	¥ 325	**$ 31,113**

(As Lessor)

	Millions of yen		Thousands of U.S. dollars
	2020	2019	**2020**
Due within one year	**¥ 204**	¥ 45	**$ 1,874**
Due after one year	**3,960**	202	**36,387**
Total	**¥ 4,165**	¥ 247	**$ 38,271**

(Lease transactions under IFRS)

(1) Right-of-use assets mainly consists of the right of use of land, buildings and structures.

(2) Depreciation method for right-of-use assets is consistent to those described in Note 2, "Summary of Significant Accounting policies."

16. PER SHARE INFORMATION

		2020		2019		2020
Earnings per share:						
Basic *1	¥	75.40	¥	74.98	$	0.69
Diluted		75.35		74.90		0.69
Net assets per share *2	¥	1,328.71	¥	1,359.49	$	12.21

*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 years ended March 31, 2020 and 2019, the average number of shares of common stock for the Company shares held in the aforementioned trust were 46,962 shares and 31,808 shares, respectively.
*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, 2020, and 2019, 38,400 Company shares and 21,900 Company shares were held in the aforementioned trust, respectively.

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

		2020		2019
Profit attributable to owners of parent available for distribution to common shareholders	¥	22,407 million ($205,890 thousand)	¥	22,268 million
Weighted average number of shares for basic net income		297,187,439 shares		297,016,222 shares
Increase in shares of common stock				
Stock acquisition rights		184,041 shares		306,092 shares
Number of shares for diluted net income		297,371,480 shares		297,322,314 shares
Summary of potentially issuable shares that do not have a dilutive effect on net income per share				

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

		2020		2019		2020
Total net assets	¥	409,042 million	¥	418,848 million	$	3,758,541 thousand
Amounts deducted from total net assets						
Stock acquisition rights		137 million		167 million		1,259 thousand
Noncontrolling interests		13,908 million		14,743 million		127,796 thousand
Net assets attributable to shares of common stock		394,995 million		403,937 million		3,629,468 thousand
Number of shares of common stock used in the calculation of net assets per share		297,278,299 shares		297,123,412 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. Thus, policies have been established to regularly determine actual market value, and with respect to each of the cross-shareholding stocks retained, to review the rationals of cross-shareholding at the meeting of Board of Directors on an annual basis, their trading situations, revenue and financial conditions, shareholder returns, creditworthiness, and other factors, and making risks and benefits analysis and capital costs associated with cross-shareholding.

Payables-Trade notes and accounts are mostly due within one year. Short-term bank loans are principally used to procure working capital. They are exposed to liquidity risk, however, the Group manages the risk by preparing cash management plans.

Long-term bank loans and bonds are principally used to procure funds necessary for business investments and others, and have fixed interest rates.

(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 20 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, 2020 and 2019, fair value and differences are as follows. The financial instruments whose fair value is extremely difficult to determine are not included below.

	2020					
	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	¥ 49,710	¥ 49,710	¥ -	$ 456,767	$ 456,767	$ -
Receivables-Trade notes and accounts	92,236	92,236	-	847,524	847,524	-
Debt and marketable equity securities:						
Available-for-sale securities	118,304	118,304	-	1,087,053	1,087,053	-
Total assets	¥260,251	¥260,251	¥ -	$2,391,353	$2,391,353	$ -
Payables-Trade notes and accounts	53,730	53,730	-	493,706	493,706	
Short-term bank loans	13,490	13,490	-	123,955	123,955	
Bonds	20,000	19,690	(309)	183,773	180,924	(2,839)
Long-term bank loans	19,814	19,669	(144)	182,064	180,731	(1,323)
Total liabilities	¥107,035	¥106,581	¥ (453)	$ 983,506	$ 979,335	$ (4,162)
Derivative transactions: (*)						
Hedge accounting not applied	133	133	-	1,222	1,222	-
Hedge accounting applied	(98)	(98)	-	(900)	(900)	-
Total derivative transactions	¥ 35	¥ 35	¥ -	$ 322	$ 322	$ -

	2019		
	Millions of yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
Cash and deposits	¥101,974	¥101,974	¥ -
Receivables-Trade notes and accounts	76,245	76,245	-
Debt and marketable equity securities:			
Available-for-sale securities	126,063	126,063	-
Total assets	¥304,283	¥304,283	¥ -
Payables-Trade notes and accounts	54,936	54,936	-
Shor-term bank loans	8,558	8,558	-
Bonds	-	-	-
Long-term bank loans	7,749	7,495	(253)
Total liabilities	¥ 71,243	¥ 70,990	¥ (253)
Derivative transactions: (*)			
Hedge accounting not applied	(290)	(290)	-
Hedge accounting applied	(570)	(570)	-
Total derivative transactions	¥ (861)	¥ (861)	¥ -

(*) 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.
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, and Short-term loans payable
The carrying value is deemed as the fair value since these are scheduled to be settled in a short period of time.

Bonds and Long-term loans payable
The market values of bonds and long-term loans payable and measured at the present value of future cash flows discounted by a rate that is set by using appropriate indices, such as JGB yields, and adding a credit spread.

Derivative transactions:
Please refer to Note 20

Note 2: Unlisted equity securities of ¥22,086 million ($202,940 thousand) and ¥28,165 million whose fair values are unobservable as of March 31, 2020 and 2019, respectively, are not included in the above tables.

(c) The redemption schedule for financial instruments and securities with maturities as of March 31, 2020 and 2019 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	**2020**
	Due in One Year or Less	Due in One Year or Less	Due in One Year or Less
Cash and deposits	**¥ 49,710**	¥ 101,974	**$ 456,767**
Receivables-Trade notes and accounts	**92,236**	76,245	**847,524**
Debt securities:			
Available-for-sale securities	**7,531**	7,353	**69,200**
Total	**¥ 149,478**	¥ 185,573	**$1,373,500**

18. INVESTMENTS IN DEBT AND EQUITY SECURITIES

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

	2020					
	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	¥109,498	¥ 27,177	¥ 82,320	$ 1,006,138	$ 249,720	$756,409
Bonds:						
Government and municipal bonds	7,157	7,156	1	65,763	65,754	9
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	116,656	34,334	82,322	1,071,910	315,483	756,427
Securities whose carrying value does not exceed their acquisition cost:						
Equity securities	1,281	1,733	(451)	11,771	15,924	(4,144)
Bonds:						
Government and municipal bonds	366	366	(0)	3,363	3,363	(0)
Corporate bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	1,648	2,099	(451)	15,143	19,287	(4,144)
Total	¥118,304	¥ 36,433	¥ 81,870	$ 1,087,053	$ 334,770	$752,274

	2019		
	Millions of yen		
	Carrying Amount	Acquisition Cost	Unrealized Gains (Losses)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	¥117,104	¥ 27,209	¥ 89,895
Bonds:			
Government and municipal bonds	1,569	1,569	0
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Subtotal	118,674	28,778	89,895
Securities whose carrying value does not exceed their acquisition cost:			
Equity securities	1,622	1,669	(47)
Bonds:			
Government and municipal bonds	5,766	5,768	(1)
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Subtotal	7,389	7,438	(48)
Total	¥126,063	¥ 36,216	¥ 89,846

As of March 31, 2020, the Company had ¥683 million of short-term investments included in other current assets.

(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, 2020 and 2019 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Equity			
Proceeds from sales	¥ 291	¥ 1,708	$ 2,674
Aggregate gains on sales	212	1,379	1,948

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, 2020 and 2019 as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash and deposits	¥ 49,710	¥ 101,974	$ 456,767
Debt securities included in current assets	7,523	7,336	69,126
Total	57,233	109,310	525,894
Time deposits with maturities of more than three months	-	(916)	-
Debt securities with maturities of more than three months	(683)	(1,019)	(6,276)
Cash and cash equivalents	¥ 56,550	¥ 107,374	$ 519,618

(2) Assets and liabilities of newly consolidated subsidiary by stock acquisition

Major components of assets and liabilities of PFG Topcol Pty Ltd., which was newly consolidated by stock acquisition and details of the difference between acquisition costs and net payment for the stock acquisition for the year ended March 31, 2020 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2020	2020
Current assets	¥ 34,243	$ 314,647
Noncurrent assets	59,275	544,657
Goodwill	41,101	377,662
Current liabilities	(15,483)	(142,268)
Noncurrent liabilities	(72,326)	(664,578)
Acquisition costs	46,810	430,120
Repayments of loans relating to the acquisition	29,835	274,143
Cash and cash equivalents	(1,590)	(14,610)
Net payment for the stock acquisition	¥ 75,055	$ 689,654

Major components of assets and liabilities of Tokatsu Foods Co., Ltd., which had been an affiliate of the Company, and were included in the scope of consolidation with its three subsidiaries due to the acquisition of the additional 51% of shares from other external shareholders and details of the difference between acquisition costs and net payment for the stock acquisition for the year ended March 31, 2020 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2020	2020
Current assets	¥ 26,066	$ 239,511
Noncurrent assets	29,197	268,281
Goodwill	11,808	108,499
Current liabilities	(26,328)	(241,919)
Noncurrent liabilities	(11,176)	(102,692)
Sub-total	29,568	271,690
Value at the acquisition by the equity method	(7,215)	(66,296)
Gain on step acquisition	(7,272)	(66,820)
Acquisition costs	15,080	138,565
Cash and cash equivalents	(12,946)	(118,956)
Net payment for the stock acquisition	¥ 2,133	$ 19,599

20. DERIVATIVES

Derivative transactions for which hedge accounting is not applied at March 31, 2020 and 2019 are as follows:

	2020							
	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	¥ 991	¥ -	¥ (49)	¥ (49)	$ 9,106	$ -	$ (450)	$ (450)
Forward exchange contracts:								
Sell:								
U.S. dollars	¥ 198	¥ -	¥ 0	¥ 0	$ 1,819	$ -	$ 0	$ 0
Euro	26	-	0	0	239	-	0	0
Buy:								
U.S. dollars	762	-	47	47	7,002	-	432	432
Euro	51	-	1	1	469	-	9	9
Japanese yen	2	-	0	0	18	-	0	0
British Pound	11	-	(0)	(0)	101	-	0	0
Total	¥ 2,044	¥ -	¥ 0	¥ 0	$ 18,782	$ -	$ 0	$ 0
Commodity futures:								
Sell:								
Wheat	¥ 4,076	¥ 6	¥ (86)	¥ (86)	$ 37,453	$ 55	$ (790)	$ (790)
Buy:								
Wheat	4,585	134	219	219	42,130	1,231	2,012	2,012
Total	¥ 8,661	¥ 141	¥ 133	¥ 133	$ 79,583	$ 1,296	$ 1,222	$ 1,222

	2019			
	Millions of yen			
	Contract Amount and Others	Due after One Year	Fair Value	Unrealized Gain (Loss)
Currency futures:				
Buy:				
Canadian dollars	¥ 1,079	¥ -	¥ (2)	¥ (2)
Forward exchange contracts:				
Sell:				
U.S. dollars	¥ 182	¥ -	¥ (0)	¥ (0)
Euro	33	-	0	0
Buy:				
U.S. dollars	911	-	(15)	(15)
Euro	58	-	(0)	(0)
Japanese yen	1	-	0	0
British Pound	6	-	0	0
Total	¥ 2,274	¥ -	¥ (19)	¥ (19)
Commodity futures:				
Sell:				
Wheat	¥ 2,934	¥ -	¥ 153	¥ 153
Buy:				
Wheat	6,018	-	(424)	(424)
Total	¥ 8,952	¥ -	¥ (271)	¥ (271)

* 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, 2020 and 2019 are as follows:

	2020						
		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	¥ 1,796	¥ -	¥ (39)	$ 16,503	$ -	$ (358)
Buy:							
U.S. dollars	Anticipated foreign currency transactions	4,496	-	55	41,312	-	505
Thai baht		2,294	-	(114)	21,079	-	(1,048)
Euro		513	-	(1)	4,714	-	(9)
Australian dollars		878	-	1	8,068	-	9
Allocation method							
Forward exchange contracts:							
Sell:							
U.S. dollars	Accounts receivables	¥ 336	¥ -	¥ -	$ 3,087	$ -	$ -
Buy:							
U.S. dollars	Accounts payables	12	-	-	110	-	-
		¥ 10,327	¥ -	¥ (98)	$ 94,891	$ -	$ (900)

	2019			
		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	¥ 1,535	¥ -	¥ (14)
Buy:				
U.S. dollars	Anticipated foreign currency transactions	3,710	-	26
Thai baht		948	-	18
Euro		537	-	(10)
Indian rupee		2,709	-	(122)
Australian dollars		46,836	-	(468)
Allocation method				
Forward exchange contracts:				
Sell:				
U.S. dollars	Accounts receivables	¥ 195	¥ -	¥ -
Buy:				
U.S. dollars	Accounts payables	17	-	-
Euro		1	-	-
		¥ 56,490	¥ -	¥ (570)

21. OTHER COMPREHENSIVE INCOME

Reclassification adjustments and income tax effects attributable to other comprehensive income for the years ended March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥ (7,826)	¥ (8,409)	$ (71,910)
Reclassification adjustments	(202)	(1,315)	(1,856)
Before income tax effects	(8,029)	(9,725)	(73,776)
Income tax effects	2,408	2,954	22,126
Total	(5,620)	(6,770)	(51,640)
Deferred gain (loss) on derivatives under hedge accounting:			
Gains (losses) arising during the year	525	134	4,824
Reclassification adjustments	(52)	2	(478)
Before income tax effects	472	137	4,337
Income tax effects	(145)	(41)	(1,332)
Total	327	95	3,005
Foreign currency translation adjustments:			
Adjustments arising during the year	(16,529)	172	(151,879)
Defined retirement benefit plans:			
Adjustments arising during the year	(764)	(5)	(7,020)
Reclassification adjustments	161	63	1,479
Before income tax effects	(602)	57	(5,532)
Income tax effects	185	(12)	1,700
Total	(417)	44	(3,832)
Share of other comprehensive income (loss) in associates:			
Adjustments arising during the year	(84)	(85)	(772)
Total other comprehensive income	¥ (22,323)	¥ (6,543)	$ (205,118)

22. RELATED PARTY TRANSACTIONS

There are no applicable matters for the year ended March 31, 2020.

Related party transactions for the year ended March 31, 2019 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	Yuji Koike	Directly held 0.0	Director of the Company (Note 2)	Exercise of subscription rights to shares (Note 1)	¥10 million	-	-
	Akio Mimura	Directly held 0.0	Director of the Company	Exercise of subscription rights to shares (Note 1)	¥10 million	-	-

Transaction conditions and methods used to determine conditions

Note 1: This refers to the exercise during the fiscal year ended March 31, 2019 of stock options granted by the resolutions of the Ordinary General Meeting of Shareholders held on June 26, 2014, and June 25, 2015. 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, 2019 by the exercise price.

Note 2: Yuji Koike has taken office as a director and managing executive officer as of June 26, 2019.

23. BUSINESS COMBINATION

a. Business combination through acquisition

On February 27, 2019, the Board of Directors resolved to acquire PFG Topcol Pty Limited ("PFG"), the parent company of Australian flour milling company Allied Pinnacle Pty Limited ("Allied Pinnacle"), an Australian flour milling company. It was resolved that the Company and its subsidiary Nisshin Flour Milling Inc. ("Nisshin Flour Milling") would conclude a share purchase agreement to acquire 100% of PFG shares from Pacific Equity Partners, an Australian private equity fund, etc. The acquisition took place on April 1, 2019.

1. Outline of the business combination

(1) Name and principal activity of acquired company
Name: PFG Topcol Pty Limited (holding company owning all shares of Allied Pinnacle)
Principal activity: Production and sale of wheat flour, prepared mix and bakery good-related ingredients

(2) Rationale for the business combination
In May 2018, the Group formulated a long-term vision entitled "NNI 'Compass for the Future'." As part of this vision, the Group is working to increase its global presence as "a globally operating company that assists 'healthy lifestyles' and plays a critical role in building 'the food infrastructure' of the future." To this end, the Group has positioned the overseas flour milling business as one of its operations for driving growth.

In recent years, Nisshin Flour Milling has been expanding its overseas business, purchasing U.S.-based Miller Milling Company, LLC in 2012, establishing Champion Flour Milling Ltd. in New Zealand in 2013, followed by the acquisition of a flour milling operation, and acquiring the Thailand-based Pacific Flour Milling Co., Ltd. in 2018, among other actions. The Group's latest acquisition will further accelerate its global presence and expand its overseas business.

Australia's market for wheat flour-related products such as bread, cakes and noodles is supported by one of the highest population growth rates among the developed countries (approximately 1.6% annually), coupled with a strong economy boasting 26 years of continued positive growth, and rising demand for high-value-added products, such as organic products, etc. with growing health consciousness among consumers. For these reasons, it is expected that there will be sustainable market growth in the coming years.

Allied Pinnacle is a leading company with a significant share of Australia's wheat flour market (excluding flour used in starch production and other industrial applications), and also controls a significant market share of the market for prepared mix products, bakery-related ingredients and other products. Allied Pinnacle has business dealings with a number of major names in bread, confection and bakery good production, and has built a solid position in the wheat flour-related market.

Following the acquisition, the combination of expertise possessed by both Allied Pinnacle and the Group will enhance competitiveness in the market. Taking advantage of the sales and distribution networks of Allied Pinnacle and New Zealand-based Champion Flour Milling Ltd., it is expected that there will be synergies which may result in an improved operational efficiency is expected.

Additionally, the opportunity to develop business in Australia, a major wheat producing country, as well as gather wheat-related information and create relationships with wheat producers and grain companies, is also extremely meaningful from the perspective of strengthening the Group's raw material procurement capabilities.

Furthermore, the overlapping of Allied Pinnacle's sales network with the Group's own sales channels will also enable the capture of demand not only in Oceania but also in the Asian market, where the shift to a more western diet is occurring rapidly and demand for wheat flour is robust. For its part, the Group is reinforcing its foundations as a company responsible for "food infrastructure" in the promising Oceanian and Asian markets, aiming to achieve both "the maximization of corporate value" and "sustainable, cyclical growth."

(3) Date of business combination
April 1, 2019

(4) Legal form of business combination
Cash acquisition

(5) Entity name after business combination
PFG Topcol Pty Limited

(6) Proportion of voting rights acquired
100%

(7) The objective of the acquisition is to obtain 100% of voting rights.

2. Period of business results of the acquired company included in the consolidated financial statements
April 1, 2019 to March 31, 2020

3. Breakdown of acquisition cost and type of consideration

Consideration for acquisition	Cash and deposits	AUD 589 million(¥46,810 million)
Acquisition cost		AUD 589 million(¥46,810 million)

4. Name and amount of principal acquisition-related costs
The Company recognized acquisition-related costs, such as advisory fees, of ¥1,040 million ($9,556 thousand) in the consolidated statement of income for the year ended March 31, 2020.

5. Method for procuring funds for payment
Acquisition funds supplied entirely from fund on hand.

6. Amount of subsequent goodwill, reasons for goodwill incurred, amortization method and amortization period
(1) Amount of subsequent goodwill
¥41,101 million ($377,662 thousand)
(2) Reasons for goodwill incurred
Goodwill is incurred from reasonable estimate of expected excess earnings power in the future arising from further business development.
(3) Amortization method and amortization period
Amortization uniformly over 10 years

7. Amount and principal breakdown of assets acquired and liabilities assumed on date of acquisition

Current assets	¥34,243 million ($314,647 thousand)
Non-current assets	¥59,275 million ($544,657 thousand)
Total assets	¥93,518 million ($859,304 thousand)
Current liabilities	¥15,483 million ($142,268 thousand)
Non-current liabilities	¥72,326 million ($664,578 thousand)
Total liabilities	¥87,809 million ($806,846 thousand)

(Note)[1] "Amount of subsequent goodwill" in 6. above not included in assets and liabilities.

8. Allocated amount, description of type and weighted average amortization period for intangible assets outside of goodwill
(1) Amount allocated to intangible assets
¥21,733 million($199,697 thousand)
(2) Description of type
Client-related assets ¥21,733 million($199,697 thousand)
(3) Weighted average amortization period
13.5 years

9. Estimation and method of calculation of effect on Consolidated Statements of Income for the year ended March 31, 2020 if acquisition assumed completed on the first day of the fiscal year
No effect reported since the acquisition date occurred on the first day of the fiscal year.

b. Business combination through acquisition

On March 26, 2019, the Board of Directors resolved to acquire 51% of the common stock of the Company's affiliate, Tokatsu Foods Co., Ltd. ("Tokatsu Foods"), from other external shareholders. As a result of the acquisition, Tokatsu Foods became a consolidated subsidiary of the Company from the year ended March 31, 2020.

1. Outline of the business combination

(1) Name and principal activity of acquired company

Name: Tokatsu Foods Co., Ltd.

Principal activity: Freshly prepared dishes business (production and sale of bento boxes, seasoned rice balls, sandwiches, prepared dishes, noodles, salads and other prepared foods), frozen prepared dishes business (production and sale of commercial-use frozen bento boxes, frozen prepared dishes, frozen noodles)

(2) Rationale for the business combination

The Company has identified growth opportunities in the prepared dishes and other prepared foods business, and is taking steps to develop it as one of the Group's core operations. In December 2012, the Company entered into a capital tie-up with Tokatsu Foods, followed in January 2016 with the consolidation of Joyous Foods Co., Ltd., a supplier of prepared noodles, as a subsidiary. The Company conducted the current acquisition after determining that it would contribute to further expansion of its prepared dishes and other prepared foods and frozen foods businesses.

Established in 1968, Tokatsu Foods has had a leading presence in Japan as a comprehensive supplier of prepared dishes, and has developed a deli business targeting convenience stores along with a delivery-oriented frozen foods business. Prior to the business combination, the Company had developed a collaborative relationship with Tokatsu Foods over many years, both through outsourcing the production of deli dishes and frozen foods to Tokatsu Foods, and through the aforementioned capital tie-up. Leveraging the Group's research expertise and product development capabilities, the current acquisition is expected to further enhance these relations, as well as the Group's prepared dishes and other prepared foods business and its frozen foods business.

(3) Date of business combination

July 4, 2019

(4) Legal form of business combination

Cash acquisition

(5) Entity name of business acquired

Tokatsu Foods Co., Ltd.

(6) Proportion of voting rights acquired

1. Shares held prior to business combination	55,725 shares (Number of voting rights: 55,725) (Proportion of voting rights held: 49%)
2. Shares acquired	58,000 shares (Number of voting rights: 58,000)
3. Shares holding following business combination	113,725 shares (Number of voting rights: 113,725) (Proportion of voting rights held: 100%)

(7) The objective of acquisition is to obtain 100% of voting rights.

2. Period of business results of the acquired company included in the consolidated financial statements
   July 1, 2019 to March 31, 2020

3. Breakdown of acquisition cost and type of consideration

Market value of shares held prior to acquisition as of the acquisition date	¥14,488 million ($133,125 thousand)
Cash and deposits used in additional acquisition of shares	¥15,080 million ($138,565 thousand)
Acquisition cost	¥29,568 million ($271,690 thousand)

4. Name and amount of principal acquisition-related costs
   The Company recognized acquisition-related costs, such as advisory fees, of ¥190 million ($ 1,746 thousand) in the consolidated statement of income for the year ended March 31, 2020.

5. Difference between acquisition cost and total cost of individual transactions required for the acquisition
   The Company recognized gain arising from a step acquisition of ¥7,272 million ($ 66,820 thousand) due to the re-measurement of previously held equity interest in the acquired company.

6. Method for procuring funds for payment
   Acquisition funds supplied entirely from funds on hand.

7. Amount of subsequent goodwill, reasons for goodwill incurred, amortization method and amortization period
   (1) Amount of subsequent goodwill
   ¥11,808 million ($108,499 thousand)
   (2) Reasons for goodwill incurred
   Goodwill is incurred from reasonable estimate of expected excess earnings power in the future arising from further business development.
   (3) Amortization method and amortization period
   Amortized uniformly over 10 years

8. Amount and principal breakdown of assets acquired and liabilities assumed on date of acquisition

Current assets	¥26,066 million($239,511 thousand)
Non-current assets	¥29,197 million($268,281 thousand)
Total assets	¥55,264 million($507,801 thousand)
Current liabilities	¥26,328 million($241,919 thousand)
Non-current liabilities	¥11,176 million($102,692 thousand)
Total liabilities	¥37,504 million($344,611 thousand)

(Note)[1] "Amount of subsequent goodwill" in 7. above not included in assets and liabilities.

9. Allocated amount, description of type and amortization period for intangible assets outside of goodwill
   (1) Amount allocated to intangible assets
   ¥4,655 million ($ 42,773 thousand)
   (2) Description of type
   Client-related assets ¥4,655 million ($ 42,773 thousand)
   (3) Amortization period
   12 years

10. Estimation and method of calculation of effect on Consolidated Statements of Income for the year ended March 31, 2020 if acquisition assumed completed on the first day of the fiscal year

	Millions of yen	Thousands of U.S. dollars
	2020	2020
Net sales	¥ 27,283	$ 250,694
Operating income	406	3,731
Net income attributable to owners of parent	22	202

(Calculation method for estimation)

The calculated estimation reflects the comparative difference between net sales and profit/loss data reported in the Company's Consolidated Statements of Income and net sales and profit/loss data if the acquisition is assumed to have completed on the first day of the fiscal year. Furthermore, the estimated effect of goodwill and other intangible assets recognized at the date of acquisition is calculated as if such assets occurred at the beginning of the fiscal year. This note has not been audited.

24. 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", "Prepared Dishes and Other Prepared Foods" and other business which are classified by products and services. From the year ended March 31, 2020, the materiality of "Prepared Dishes and Other Prepared Foods" segment, which was included in "Processed Food", significantly increased in qualitatively and quantitatively because Tokatsu Foods Co., Ltd. became a consolidated subsidiary of the Group. Accordingly, the Group decided to show it as a separate segment with the aim to strengthen its management system. Therefore, the Group's reportable segment comprises of "Flour Milling", "Processed Food" and "Prepared Dishes and Other Prepared Foods".

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
Prepared Dishes and Other Prepared Foods	Bento boxes, prepared dishes and prepared foods such as cooked noodles

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 2. "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							
	2020							
	Reportable segment							
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:								
Sales to external customers	¥ 306,745	¥ 217,959	¥ 129,967	¥ 654,673	¥ 57,507	¥ 712,180	¥ -	¥ 712,180
Intersegment sales and transfers	16,507	1,465	4,991	22,963	2,406	25,369	(25,369)	-
Total	323,252	219,424	134,959	677,637	59,913	737,550	(25,369)	712,180
Segment income	¥ 9,326	¥ 12,895	¥ 1,736	¥ 23,958	¥ 4,698	¥ 28,657	¥ 194	¥ 28,852
Segment assets	¥ 294,565	¥ 159,399	¥ 60,065	¥ 514,031	¥ 73,642	¥ 587,674	¥ 78,540	¥ 666,215
Other items:								
Depreciation and amortization	¥ 11,780	¥ 5,005	¥ 3,142	¥ 19,928	¥ 1,546	¥ 21,475	¥ (239)	¥ 21,235
Investment in affiliates using equity method	3,370	159	-	3,530	16,649	20,179	-	20,179
Increase in property, plant and equipment, intangible assets, and right-of-use assets	7,629	9,094	3,474	20,198	1,731	21,930	(87)	21,843

	Thousands of U.S. dollars							
	2020							
	Reportable segment							
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:								
Sales to external customers	$ 2,818,570	$ 2,002,747	$ 1,194,220	$ 6,015,556	$ 528,411	$ 6,543,968	$ -	$ 6,543,968
Intersegment sales and transfers	151,677	13,461	45,861	210,999	22,108	233,107	(233,107)	-
Total	2,970,247	2,016,209	1,240,090	6,226,564	550,519	6,777,084	(233,107)	6,543,968
Segment income	$ 85,693	$ 118,488	$ 15,951	$ 220,142	$ 43,168	$ 263,319	$ 1,783	$ 265,111
Segment assets	$ 2,706,653	$ 1,464,660	$ 551,916	$ 4,723,247	$ 676,670	$ 5,399,926	$ 721,676	$ 6,121,612
Other items:								
Depreciation and amortization	$ 108,242	$ 45,989	$ 28,871	$ 183,111	$ 14,206	$ 197,326	$ (2,196)	$ 195,121
Investment in affiliates using equity method	30,966	1,461	-	32,436	152,982	185,418	-	185,418
Increase in property, plant and equipment, intangible assets, and right-of-use assets	70,100	83,562	31,921	185,592	15,906	201,507	(799)	200,708

	Millions of yen							
	2019							
	Reportable segment							
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Subtotal	Other	Total	Adjustments	Consolidated
Net Sales:								
Sales to external customers	¥ 245,943	¥ 215,037	¥ 43,745	¥ 504,726	¥ 60,616	¥ 565,343	¥ -	¥ 565,343
Intersegment sales and transfers	16,431	412	3,559	20,403	2,951	23,355	(23,355)	-
Total	262,375	215,450	47,305	525,130	63,568	588,699	(23,355)	565,343
Segment income	¥ 9,179	¥ 12,850	¥ 571	¥ 22,601	¥ 4,088	¥ 26,689	¥ 226	¥ 26,916
Segment assets	¥ 209,818	¥ 159,544	¥ 25,814	¥ 395,177	¥ 72,255	¥ 467,432	¥ 127,321	¥ 594,754
Other items:								
Depreciation and amortization	¥ 8,164	¥ 4,763	¥ 720	¥ 13,649	¥ 1,545	¥ 15,194	¥ (243)	¥ 14,951
Investment in affiliates using equity method	3,073	159	7,025	10,259	16,343	26,602	-	26,602
Increase in property, plant and equipment, and intangible assets	8,209	8,682	727	17,619	1,239	18,858	(139)	18,719

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 ¥78,540 million ($721,676 thousand) and ¥127,321 million as of March 31, 2020 and 2019, respectively, include offsetting of intersegment assets of ¥(118,562) million ($(1,089,424) thousand) and ¥(88,639) million, respectively and corporate assets of ¥197,103 million ($1,811,109 thousand) and ¥215,960 million, respectively. Corporate assets 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

2020		
Millions of yen		
Japan	Other	Total
¥ 545,992	¥ 166,188	¥ 712,180

2019			
Millions of yen			
Japan	U.S.	Other	Total
¥ 461,604	¥ 67,189	¥ 36,549	¥ 565,343

2020		
Thousands of U.S. dollars		
Japan	Other	Total
$ 5,016,925	$ 1,527,042	$ 6,543,968

Property, plant and equipment, and right-of-use assets

2020				
Millions of yen				
Japan	U.S.	Oceania	Other	Total
¥ 131,549	¥ 22,679	¥ 32,603	¥ 21,654	¥ 208,487

2019			
Millions of yen			
Japan	U.S.	Other	Total
¥ 110,629	¥ 24,405	¥ 21,282	¥ 156,317

2020				
Thousands of U.S. dollars				
Japan	U.S.	Oceania	Other	Total
$ 1,208,757	$ 208,389	$ 299,577	$ 198,971	$ 1,915,713

5. Information about major customers

	2020		
	Name of the related segment	Millions of yen	Thousands of U.S. dollars
FamilyMart Co.,Ltd.	Prepared Dishes and Other Prepared Foods	¥ 93,867	$ 862,510

	2019	
	Name of the related segment	Millions of yen
Mitsubishi Corporation	Flour Milling, Processed Foods and Other	¥ 63,426

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

	2020			
	Millions of yen			
	Flour Milling	Processed Food	Other	Total
Loss on impairment of long-lived assets	¥ 3,869	¥ -	¥ 1,354	¥ 5,224

	2019			
	Millions of yen			
	Flour Milling	Processed Food	Other	Total
Loss on impairment of long-lived assets	¥ -	¥ 72	¥ -	¥ 72

	2020			
	Thousands of U.S. dollars			
	Flour Milling	Processed Food	Other	Total
Loss on impairment of long-lived assets	$ 35,551	$ -	$ 12,441	$ 48,001

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

	2020			
	Millions of yen			
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total
Amortization	¥ 4,580	¥ 64	¥ 1,028	¥ 5,672
Unamortized balance	31,591	229	10,923	42,743

	2019			
	Millions of yen			
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total
Amortization	¥ 1,126	¥ 26	¥ 170	¥ 1,324
Unamortized balance	4,580	293	142	5,016

	2020			
	Thousands of U.S. dollars			
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total
Amortization	$ 42,084	$ 588	$ 9,446	$ 52,118
Unamortized balance	290,278	2,104	100,368	392,750