



# Annual Report 2018

For the Year Ended 31st March 2018

---

## PROFILE

Since its establishment in 1958, MARUDAI FOOD CO., LTD. has been dedicated to offering delicious, high-quality meat products. In order to understand the latest consumer trends and to meet the needs of modern lifestyles, we have continuously strengthened our research, sales and production operations. Intending to become Japan's leading food company, we successfully listed our stock on the First Section of the Tokyo Stock Exchange in 1972.

Starting as a ham and sausage producer, Marudai Food has steadily expanded its range of products to include heat-processed, vacuum-packed food, dessert and beverage products and fresh meats. Ham and sausage, however, remain an integral part of our product line and continue to account for almost half of our sales.

While pursuing a leading position in the ham and sausage market, Marudai Food was eager to explore new avenues by developing precooked and processed foods, which went on sale in 1973. This long shelf-life food was developed to meet the specific need for fast meal preparation. Containing absolutely no preservatives and requiring only several minutes to prepare, Marudai precooked and processed foods have established a strong foothold in the market. Building on this success, we will make even greater efforts to create new products that satisfy the increasingly discriminating tastes of consumers.

## CONTENTS

FINANCIAL HIGHLIGHTS .....	1
TO OUR SHAREHOLDERS .....	2
PRODUCTS .....	3
CONSOLIDATED BALANCE SHEETS .....	5
CONSOLIDATED STATEMENTS OF INCOME .....	7
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME .....	8
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS .....	9
CONSOLIDATED STATEMENTS OF CASH FLOWS .....	10
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS .....	11
INDEPENDENT AUDITOR'S REPORT .....	34
DIRECTORS AND STATUTORY AUDITORS .....	35
OUTLINE OF THE COMPANY .....	36

---

## FINANCIAL HIGHLIGHTS

For the Years Ended 31st March 2018 and 2017

(Consolidated basis)

	Millions of yen, except per share amounts		Thousands of U.S. dollars, except per share amounts (Note)
	2018	2017	2018
Net sales .....	¥239,587	¥232,437	\$2,254,936
Profit attributable to owners of parent .....	1,842	3,285	17,337
Per share:			
Profit attributable to owners of parent (yen and dollars) .....	14.08	25.00	0.13
Profit attributable to owners of parent, diluted (yen and dollars) .....	–	–	–
Dividends (yen and dollars) .....	8.00	8.00	0.08
Total assets .....	¥132,070	¥129,340	\$1,243,012

Note: U.S. dollar amounts are translated from yen for convenience only at the rate of ¥106.25 to U.S.\$1.00.

## TO OUR SHAREHOLDERS

---



With the issuance of our company's 70th annual report, we hope that our shareholders are enjoying health and prosperity. We would also like to take this opportunity to express our deep appreciation for your continued support.

During the fiscal year ended 31st March 2018, the Japanese economy remained on a moderate recovery path owing to improvements in employment and income. On the other hand, the economic situation remained uncertain as concerns persisted about the downside risks of developments in overseas economies and the effects of fluctuations in financial markets.

With regard to our Processed Food Products business, challenging circumstances continued, as exemplified by

intensified sales competition exacerbated by tight consumer budgeting amid a continued labor shortage and an upward trend in logistics costs. In the Meat Products business, while prices of Japanese beef declined to levels lower than those of the preceding year, local market prices for U.S. beef exceeded those of the previous year. Looking to the pork market, prices of Japanese pork and U.S. pork exceeded the levels of the previous year, but weakened in the latter half of the fiscal year.

In these circumstances, the Marudai Food Group adhered to its basic policies—expanding the core business and fostering next flagship products; improving product development capabilities and strengthening technical capabilities—with the aim of gaining recognition as an enterprise with a social mission, namely, being a comprehensive food products company offering merchandise that satisfies the highest standards of safety and reliability.

As a result, consolidated net sales for the fiscal year ended 31st March 2018 increased by 3.1% year on year to ¥239,587 million. Operating income decreased by 49.7% to ¥2,370 million, and profit attributable to owners of parent decreased by 43.9% to ¥1,842 million.

Once again we would like to thank you, our shareholders, for your support and trust that we can rely on your continued confidence.

June 2018.

Tokuo Kudara  
President and Representative Director

A handwritten signature in black ink that reads "Tokuo Kudara". The signature is written in a cursive, flowing style.

**PRODUCTS**

The following table shows an analysis of the consolidated sales of MARUDAI FOOD CO., LTD. and its consolidated subsidiaries (together, the “Companies”) by product categories for the years ended 31st March 2018 and 2017:

	Millions of yen (percent of total net sales)		Thousands of U.S. dollars (Note)
	2018	2017	2018
Processed Food Products .....	¥165,290 (69.0%)	¥163,057 (70.1%)	\$1,555,671
Meat Products .....	74,137 (30.9%)	69,219 (29.8%)	697,760
Other .....	160 (0.1%)	161 (0.1%)	1,505
Total .....	<u>¥239,587</u>	<u>¥232,437</u>	<u>\$2,254,936</u>

Note: U.S. dollar amounts are translated from yen for convenience only at the rate of ¥106.25 to U.S.\$1.00.

---

## Processed Food Products

Our Ham & Sausage Products operations worked to expand sales by introducing new products such as “*Springy Crisp Pork Sausage*” and implementing various sales campaigns for our flagship products, which include “*Kunseiya-Ripened Pork Sausage*” and “*Itsumo Shinsen-Always Fresh Loin Ham.*” For our midsummer and year-end gift products, we sought to expand sales of our “*Ouha*” and “*Kousai*” series, which include products that have won the Monde Selection Grand Gold Quality Award in the category of food products. Despite these efforts, we continued to face a difficult business environment, that included stronger competition against a backdrop of reduced consumer spending. As a result, sales in the Ham & Sausage Products operations decreased by 1.7% year on year.

In our Precooked & Processed Foods operations, our “*Bistro Club Beef Curry*” and other retort curry products performed well. In addition, we worked to expand sales by introducing new products such as our updated “*Doria Sauce*” series and our “*Salad Chicken Trimmings.*” As for our desserts and beverages, our “*Three-layered Jelly Parfait*” performed well while our sales promotion efforts successfully focused on the “*TAPIOCA TIME*” series of beverages containing black tapioca.

Consequently, sales in the Precooked & Processed Foods operations increased by 4.9% year on year, and sales in the Processed Food Products segment increased by 1.4% year on year to ¥165,290 million. Operating income, however, decreased by 76.0% year on year to ¥684 million, due to lower profit margins arising from higher costs associated with logistics and utilities as well as a sales decline in our mainstay Ham & Sausage Products operations.

## Meat Products

In the Meat Product business, Japanese beef sales rose as market prices declined from the previous year. Sales of chilled beef from the U.S. remained strong in terms of both volume and total sales. However, while sales of chilled pork from the U.S. posted higher volumes, sales of Japanese pork, which focused on branded products, were sluggish.

As a result, sales in the Meat Products segment increased by 7.1% year on year to ¥74,137 million. Sluggish Japanese pork revenues, however, contributed to a 9.2% year-on-year decline in operating income to ¥1,528 million.

## Other

Sales in the Other business decreased by 0.4% year on year to ¥160 million, and operating income decreased by 12.0% to ¥158 million.

**CONSOLIDATED BALANCE SHEETS**

31st March 2018 and 2017

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Current assets:</b>			
Cash and time deposits (Notes 3 and 16) .....	¥ 8,710	¥ 16,371	\$ 81,976
Receivables:			
Trade notes and accounts (Note 3) .....	29,049	25,926	273,402
Other .....	447	681	4,207
Allowance for doubtful accounts .....	(17)	(24)	(160)
Inventories (Note 6) .....	16,050	14,845	151,059
Deferred tax assets (Note 10) .....	1,030	1,049	9,694
Advances and other current assets .....	826	645	7,775
Total current assets .....	56,095	59,493	527,953
<b>Investments and other assets:</b>			
Investment securities (Notes 3 and 4)			
Other .....	14,098	12,339	132,687
Deferred tax assets (Note 10) .....	160	149	1,506
Other .....	3,941	4,614	37,092
Allowance for doubtful accounts .....	(134)	(144)	(1,261)
Total investments and other assets .....	18,065	16,958	170,024
<b>Property, plant and equipment, at cost:</b>			
Land (Note 8) .....	18,996	19,056	178,786
Buildings and structures (Note 8) .....	50,702	49,715	477,195
Machinery and equipment (Note 8) .....	60,922	58,300	573,384
Lease assets .....	8,145	7,770	76,659
Construction in progress .....	3,685	327	34,682
	142,450	135,168	1,340,706
Less accumulated depreciation .....	(86,314)	(83,362)	(812,367)
Net property, plant and equipment .....	56,136	51,806	528,339
<b>Intangible assets</b> .....	1,774	1,083	16,696
<b>Total assets</b> .....	<b>¥132,070</b>	<b>¥129,340</b>	<b>\$1,243,012</b>

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Current liabilities:</b>			
Payables:			
Trade notes and accounts payable (Note 3) .....	¥ 23,330	¥ 23,349	\$ 219,576
Other .....	8,828	8,502	83,087
Short-term borrowings (Notes 3, 7 and 8) .....	5,130	4,537	48,282
Long-term debt due within one year (Notes 3, 7 and 8) .....	1,669	1,992	15,708
Short-term lease obligations (Notes 3 and 7) .....	923	1,045	8,687
Accrued income taxes .....	442	933	4,160
Allowance for bonuses .....	966	978	9,092
Other current liabilities .....	2,470	1,848	23,248
Total current liabilities .....	43,758	43,184	411,840
<b>Long-term liabilities:</b>			
Long-term debt due after one year (Notes 3, 7 and 8) .....	3,059	2,638	28,791
Long-term lease obligations (Notes 3 and 7) .....	4,134	3,771	38,908
Deferred tax liabilities (Note 10) .....	2,625	1,736	24,706
Liabilities for retirement benefits (Note 9) .....	793	1,297	7,464
Other long-term liabilities .....	717	423	6,748
Total long-term liabilities .....	11,328	9,865	106,617
<b>Contingent liabilities (Note 11)</b>			
<b>NET ASSETS (Note 12)</b>			
<b>Shareholders' equity:</b>			
Common stock			
Authorised — 200,000,000 shares			
Issued — 132,527,909 shares in 2018 (132,527,909 shares in 2017) ...	6,716	6,716	63,209
Capital surplus .....	22,086	22,086	207,868
Retained earnings .....	44,470	43,679	418,541
Treasury stock, at cost .....	(2,457)	(513)	(23,124)
Total shareholders' equity .....	70,815	71,968	666,494
<b>Accumulated other comprehensive income:</b>			
Unrealised gains on securities .....	6,396	5,040	60,198
Deferred gains (losses) on hedges .....	(9)	1	(85)
Foreign currency translation adjustments .....	35	38	330
Adjustments for retirement benefits .....	(730)	(1,195)	(6,871)
Total accumulated other comprehensive income .....	5,692	3,884	53,572
<b>Non-controlling interests</b> .....	477	439	4,489
Total net assets .....	76,984	76,291	724,555
Total liabilities and net assets .....	¥132,070	¥129,340	\$1,243,012

See accompanying Notes to Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF INCOME**

Years Ended 31st March 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Net sales</b> .....	¥239,587	¥232,437	\$2,254,936
<b>Cost of sales</b> .....	186,945	178,470	1,759,482
Gross profit .....	52,642	53,967	495,454
<b>Selling, general and administrative expenses (Note 13)</b> .....	50,272	49,257	473,148
Operating income .....	2,370	4,710	22,306
<b>Other income (expenses):</b>			
Interest and dividend income .....	304	305	2,861
Real estate rent .....	189	210	1,779
Interest expense .....	(182)	(206)	(1,713)
Gain on sale of securities, net (Note 4) .....	351	670	3,304
Loss on disposal of property, plant and equipment, net .....	(57)	(303)	(536)
Special retirement expenses .....	(26)	(843)	(245)
Loss on impairment of assets (Note 14) .....	(16)	(128)	(151)
Other, net .....	136	357	1,280
	699	62	6,579
<b>Income before income taxes</b> .....	3,069	4,772	28,885
<b>Income taxes (Note 10):</b>			
Current .....	1,084	1,464	10,202
Deferred .....	101	(23)	951
	1,185	1,441	11,153
<b>Profit</b> .....	1,884	3,331	17,732
<b>Profit attributable to non-controlling interests</b> .....	(42)	(46)	(395)
<b>Profit attributable to owners of parent</b> .....	¥ 1,842	¥ 3,285	\$ 17,337
		Yen	U.S. dollars (Note 1)
<b>Profit attributable to owners of parent per share (Note 2)</b> .....	¥14.08	¥25.00	\$0.13
<b>Profit attributable to owners of parent, diluted per share (Note 2)</b> ...	–	–	–
<b>Dividends per share</b> .....	¥ 8.00	¥ 8.00	\$0.08

See accompanying Notes to Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Years Ended 31st March 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Profit</b> .....	¥1,884	¥3,331	\$17,732
<b>Other comprehensive income:</b>			
Unrealised gains on securities .....	1,356	617	12,763
Deferred gains (losses) on hedges .....	(10)	22	(94)
Foreign currency translation adjustments .....	–	41	–
Adjustments for retirement benefits .....	465	872	4,376
Share of other comprehensive income of associates accounted for using equity method ...	(2)	2	(19)
Total other comprehensive income (Note 17) .....	1,809	1,554	17,026
<b>Comprehensive income</b> .....	¥3,693	¥4,885	\$34,758
<b>Comprehensive income attributable to:</b>			
Owners of the parent .....	¥3,651	¥4,839	\$34,363
Non-controlling interests .....	¥ 42	¥ 46	\$ 395

See accompanying Notes to Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

Years Ended 31st March 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Common stock:</b>			
Balance at beginning and end of the year .....	¥ 6,716	¥ 6,716	\$ 63,209
<b>Capital surplus:</b>			
Balance at beginning and end of the year .....	¥ 22,086	¥ 22,086	\$ 207,868
<b>Retained earnings:</b>			
Balance at beginning of the year .....	¥ 43,679	¥ 41,306	\$ 411,097
Cash dividends paid .....	(1,051)	(920)	(9,892)
Profit attributable to owners of parent .....	1,842	3,285	17,336
Increase resulting from exclusion of equity method affiliates .....	—	8	—
Balance at end of the year .....	¥ 44,470	¥ 43,679	\$ 418,541
<b>Treasury stock, at cost:</b>			
Balance at beginning of the year .....	¥ (513)	¥ (512)	\$ (4,828)
Purchase of treasury stock .....	(1,944)	(1)	(18,296)
Balance at end of the year .....	¥ (2,457)	¥ (513)	\$ (23,124)
<b>Unrealised gains on securities:</b>			
Balance at beginning of the year .....	¥ 5,040	¥ 4,423	\$ 47,435
Increase for the year .....	1,356	617	12,763
Balance at end of the year .....	¥ 6,396	¥ 5,040	\$ 60,198
<b>Deferred gains (losses) on hedges:</b>			
Balance at beginning of the year .....	¥ 1	¥ (21)	\$ 9
Increase (decrease) for the year .....	(10)	22	(94)
Balance at end of the year .....	¥ (9)	¥ 1	\$ (85)
<b>Foreign currency translation adjustments:</b>			
Balance at beginning of the year .....	¥ 38	¥ (4)	\$ 358
Increase (decrease) for the year .....	(3)	42	(28)
Balance at end of the year .....	¥ 35	¥ 38	\$ 330
<b>Adjustments for retirement benefits:</b>			
Balance at beginning of the year .....	¥ (1,195)	¥ (2,067)	\$ (11,247)
Increase for the year .....	465	872	4,376
Balance at end of the year .....	¥ (730)	¥ (1,195)	\$ (6,871)
<b>Non-controlling interests:</b>			
Balance at beginning of the year .....	¥ 439	¥ 396	\$ 4,132
Increase for the year .....	38	43	357
Balance at end of the year .....	¥ 477	¥ 439	\$ 4,489

See accompanying Notes to Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended 31st March 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Cash flows from operating activities:</b>			
Income before income taxes .....	¥ 3,069	¥ 4,772	\$ 28,885
Depreciation and amortisation .....	5,689	5,442	53,544
Loss on impairment of assets .....	16	128	151
Decrease in allowance for doubtful accounts .....	(17)	(117)	(160)
Decrease (increase) in liabilities for retirement benefits .....	194	(2)	1,826
Special retirement expenses .....	26	843	245
Interest and dividend income .....	(304)	(305)	(2,861)
Interest expense .....	182	206	1,713
Gain on sale of securities, net .....	(351)	(670)	(3,304)
Loss on valuation of investment securities .....	4	1	38
Loss on disposal of property, plant and equipment, net .....	57	303	536
Increase in receivables .....	(3,122)	(1,235)	(29,384)
Increase in inventories .....	(1,208)	(627)	(11,369)
Increase (decrease) in trade notes and accounts payable .....	(54)	1,478	(508)
Increase (decrease) in consumption tax payable .....	128	(875)	1,205
Other, net .....	762	446	7,170
Subtotal .....	5,071	9,788	47,727
Interest and dividends received .....	290	322	2,729
Interest paid .....	(182)	(206)	(1,713)
Income taxes paid .....	(1,183)	(1,145)	(11,134)
Payments for special retirement expenses .....	(843)	–	(7,934)
Net cash provided by operating activities .....	3,153	8,759	29,675
<b>Cash flows from investing activities:</b>			
Purchase of short-term investments and investment securities .....	(32)	(31)	(301)
Proceeds from sale of short-term investments and investment securities ...	545	1,145	5,129
Purchase of property, plant and equipment .....	(8,681)	(7,129)	(81,704)
Proceeds from sale of property, plant and equipment .....	819	433	7,708
Other, net .....	(206)	(135)	(1,938)
Net cash used in investing activities .....	(7,555)	(5,717)	(71,106)
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term borrowings .....	593	(862)	5,581
Proceeds from long-term debt .....	2,090	1,787	19,671
Repayment of long-term debt .....	(1,992)	(2,750)	(18,748)
Repayment of lease obligations .....	(949)	(918)	(8,932)
Cash dividends paid .....	(1,051)	(921)	(9,892)
Purchase of treasury shares .....	(1,944)	(2)	(18,296)
Other, net .....	(6)	(6)	(57)
Net cash used in financing activities .....	(3,259)	(3,672)	(30,673)
<b>Net decrease in cash and cash equivalents .....</b>	<b>(7,661)</b>	<b>(630)</b>	<b>(72,104)</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>16,371</b>	<b>17,001</b>	<b>154,080</b>
<b>Cash and cash equivalents at end of year (Note 16) .....</b>	<b>¥ 8,710</b>	<b>¥16,371</b>	<b>\$ 81,976</b>

See accompanying Notes to Consolidated Financial Statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For years Ended 31st March 2018 and 2017

## 1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of MARUDAI FOOD CO., LTD. (the “Company”) and its consolidated subsidiaries (together, the “Companies”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

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

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at 31st March 2018, which was ¥106.25 to U.S. \$1.00. These translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

## 2. Significant accounting policies

*Consolidation* - The consolidated financial statements include the accounts of the Company and its 28 subsidiaries. ALL of the Company’s subsidiaries have the same fiscal year end as the Company, 31st March.

All significant intercompany balances, transactions and profits have been eliminated. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiary. The difference between the cost of an investment and the equity in the assets at the date of acquisition is amortized over five years. Equity method accounting is applied to affiliates which are substantially controlled by the Company. Betagro MF Deli Co., Ltd. is being included in the scope of the Companies to which the equity method is applied.

*Cash and cash equivalents* - Cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered cash and cash equivalents.

*Securities* - Available-for-sale securities with available fair market value are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders’ equity. Realized gains and losses on the sale of such securities are computed using the moving average cost method. Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated using the moving average cost method.

If the market value of equity securities or available-for-sale securities declines significantly, the difference between the fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities is not readily available, such securities are written down to net asset value with a corresponding charge in the consolidated statement of income in the event the net asset value declines significantly. In these cases, the fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

*Derivatives and hedge accounting* - The Companies account for derivative financial instruments at fair value and recognize changes in the fair value as gain or loss unless the derivative financial instrument is used for hedging purposes. If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gain or loss resulting from changes in the fair value of the derivative financial instrument until the related loss or gain on the hedged item is recognized. However, foreign monetary obligations denominated in foreign currencies for which foreign exchange forward contracts are used to hedge foreign currency fluctuations are translated at the contracted rate if the forward contracts qualify for hedge accounting (“the alternative method”). Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed (“the special treatment”).

---

*Allowance for doubtful accounts* - An allowance for doubtful accounts is provided to cover possible losses on collection. With respect to normal trade accounts receivable, it is stated at an amount based on the actual rate of historical bad debts. For certain doubtful receivables, the uncollectible amounts are individually estimated.

*Inventories* - The Company and its domestic consolidated subsidiaries state inventories at the lower of average cost or net realizable value.

*Property, plant and equipment* - Property, plant and equipment are stated at cost. Depreciation is computed primarily using the declining balance method. However, the straight-line method is applied for depreciation of buildings acquired on or after 1st April 1998 and facilities attached to buildings and structures acquired on or after 1st April 2016. The useful life of buildings and structures ranges from 12 to 50 years. The useful life of machinery and equipment ranges from 4 to 10 years.

*Software* - The Company and its consolidated domestic subsidiaries include software in intangible assets and amortize it using the straight-line method over the estimated useful life of 5 years.

*Goodwill* - Goodwill is amortized over a period of 5 years using the straight-line method.

*Lease assets* - Assets under finance leases that do not transfer ownership of the lease assets are amortized using the straight-line method over the lease term with the assumption that the useful life coincides with the lease term and the residual value is zero.

*Research and development expenses* - Research and development expenses for the improvement of existing products and the development of new products, including basic research and fundamental development costs, are charged to expenses as incurred.

*Bonuses* - The Company and its consolidated domestic subsidiaries follow the general Japanese practice of paying bonuses to employees in July and December. The allowance for bonuses is determined based upon the estimated amounts to be paid in the subsequent period.

*Translation of foreign currencies* - Short-term and long-term receivables and payables denominated in foreign currencies are translated into Japanese yen at year-end rates.

*Accounting for Retirement Benefits* - Projected benefit obligations are attributed to periods on a benefit formula basis in determining retirement benefit obligations. Prior service costs are amortized by the straight-line method over a fixed period of 5 years, which is within the average remaining service years of the eligible employees, beginning in the fiscal year in which the prior service costs are recognized. Actuarial gains and losses are amortized by the straight-line method over a fixed period of 10 years, which is within the average remaining service years of the eligible employees, beginning in the fiscal year following the year in which the gains and losses are recognized. In determining the amount of retirement benefit obligations and retirement benefit costs, some small sized consolidated subsidiaries have adopted a simplified method in which the amount that would be required if all the employees retired voluntarily at the fiscal year end is treated as retirement benefit obligation.

*Income taxes* - The asset-liability approach is used to recognize deferred tax assets and liabilities for tax loss carryforwards and the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

*Amounts per share* - The computations of profit attributable to owners of parent per share of common stock shown on the consolidated statements of income are based on the weighted average number of shares outstanding during each financial period. Cash dividends per share shown in the consolidated statements of income are the amounts applicable to the respective years. Diluted profit attributable to owners of parent is not disclosed because the Company had no outstanding securities which might have diluted the per share amounts for the years ended 31st March 2018 and 2017.

---

#### *Accounting changes*

In line with the revisions to the Corporation Tax Act of Japan, the Company and its domestic subsidiaries have applied the Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016 (Practical Issues Task Force (PITF) No. 32, 17th June 2016) from the fiscal year ended 31st March 2017. Accordingly, the depreciation method for facilities attached to buildings and structures acquired on or after 1st April 2016 was changed from the declining balance method to the straight-line method. As a result, operating income, ordinary income and profit before taxes for the fiscal year ended 31st March 2017 each increased by ¥64 million.

#### *Accounting standards and relevant regulations that have not yet been adopted*

- Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, 30th March 2018)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, 30th March 2018)

#### (1) Summary

In accordance with this comprehensive accounting standard for revenue recognition, revenue is recognized through the application of the following five steps.

- 1: Identify the contract with the customer.
- 2: Identify the performance obligations in the contract.
- 3: Determine the transaction price.
- 4: Allocate the transaction price to the performance obligations in the contract.
- 5: Recognize revenue as the performance obligations are satisfied.

#### (2) Effective dates

The standard is scheduled to be applied from the beginning of the fiscal year ending 31st March 2022.

#### (3) Effect of application of the revised standard

The total numerical value of the effect of the application of the revised standard had not been determined as of the preparation of these consolidated financial statements.

#### *Reclassification*

Certain prior year amounts have been reclassified to conform to the current year's presentation.

#### *Additional Information*

The Company and its domestic subsidiaries have applied the Revised Implementation Guidance on Recoverability of Deferred Tax Assets (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, 28th March 2016) from the fiscal year ended 31st March 2017.

### **3. Financial instruments**

#### (1) Current status of financial instruments

##### ① Policy concerning financial instruments

The Group makes it a policy to limit fund investments to bank deposits and other investments in which the principal thereof is free from risk and raise funds principally through borrowings from financial institutions such as banks and issuance of corporate bonds. The Group uses derivatives to reduce foreign exchange and interest rate fluctuation risks but does not engage in any speculative transactions.

##### ② Details of financial instruments and their risks and the Group's risk management system

The Group is exposed to credit risk arising from operating receivables such as trade notes and accounts receivable. To limit the risk, the Company conducts due date and outstanding receivable management by customer in accordance with its credit exposure management guidelines and has a grading system to evaluate the credit condition of its major customers every six months. The consolidated subsidiaries manage credit risk similarly, following the Company's credit exposure management guidelines.

The policy on investment securities is to hold equities that will contribute to sustainable enhancement of the Company's corporate value from a medium to long-term perspective for the purpose of maintaining and strengthening business relationships in accordance with the Procedures for Holding of Listed Securities. Investment securities are exposed to market price fluctuation risks, and identified fair values are periodically reported to the Board of Directors.

Operating payables, such as trade notes and accounts payables, are generally payable within one year. Some arise in connection with the import of raw materials and goods that are denominated in foreign currencies. The Company uses foreign currency forward contracts to reduce foreign currency fluctuation risk that arises from operating payables in foreign currencies.

The Group primarily uses loans to procure operating funds and lease receivables from finance leases to raise funds for capital expenditure. When the loans have floating interest rates, the Company is exposed to interest rate fluctuation risk. For most long-term loans with floating interest rates, the Company uses derivatives (interest rate swaps) for each individual loan as a hedge instrument to fix interest payments. Since the requirements for special treatment for interest rate swaps are satisfied, the Company uses the special treatment for the assessment of hedge effectiveness. To minimize counterparty risk, the Company follows its derivative transaction rules and enters such transactions only with highly rated financial institutions.

The Company is exposed to liquidity risk arising from its operating obligations and loan payables. To minimize this risk, the Accounting Department prepares statements of cash flows based on other divisions' reports and regularly updates the statements. The consolidated subsidiaries also manage liquidity risk in accordance with the methods used by the Company.

### ③ Supplementary explanation on fair values of financial instruments

The fair values of financial instruments include values based on market prices or reasonably calculated values when market prices are not available. Because a variety of factors, some of which are variable, are taken into account when calculating the values, the adoption of different assumptions may result in different values.

The contract amounts of the derivative transactions stated in "(2) Fair value of financial instruments" do not reflect the market risk involved in the derivative transactions themselves.

### (2) Fair value of financial instruments

The following table shows consolidated balance sheet amounts, fair value and any difference between book value and fair value as of 31st March 2018. However, financial instruments whose fair values were deemed difficult to determine are not included in the table (refer below to (\*2)).

	Millions of yen			Thousands of U.S. dollars (Note 1)		
	Consolidated balance sheet amounts	Fair value	Difference	Consolidated balance sheet amounts	Fair value	Difference
				2018		
① Cash and time deposits .....	¥ 8,710	¥ 8,710	¥ -	\$ 81,976	\$ 81,976	\$ -
② Trade notes and accounts receivable .....	29,049	29,049	-	273,402	273,402	-
③ Investment securities						
Available-for-sale securities .....	14,054	14,054	-	132,273	132,273	-
Total assets .....	51,813	51,813	-	487,651	487,651	-
① Trade notes and accounts payable .....	23,330	23,330	-	219,576	219,576	-
② Short-term borrowings .....	5,130	5,130	-	48,282	48,282	-
③ Long-term debt .....	4,728	4,722	(6)	44,499	44,442	(57)
④ Lease obligations .....	5,057	5,081	24	47,595	47,821	226
Total liabilities .....	38,245	38,263	18	359,952	360,121	169
Derivatives (*) .....	(13)	(13)	-	(122)	(122)	-

(\*) Derivative assets and liabilities are presented on a net basis.

(\*1) Determination of fair value for financial instruments and matters concerning securities and derivative transactions

ASSETS

- ① Cash and time deposits and ② Trade notes and accounts receivable

The fair value of these items are stated at book value. Because these instruments are settled in a short period of time, book value approximates fair value.

- ③ Investment securities

The fair value of these securities are based on prices on securities exchanges. For information on securities classified by the purpose for which they are held, refer to Note 4, "Securities."

LIABILITIES

- ① Trade notes and accounts payable and ② Short-term borrowings

The fair value of these items are stated at book value. Because these instruments are settled in a short period of time, book value approximates fair value.

- ③ Long-term debt and ④ Lease obligations

To calculate the fair value of these items, the combined amount of principal and interest is discounted by the interest rate considered applicable to similar new loans or lease transactions. For the fair value of long-term debt with floating interest rates subject to special treatment for interest rate swaps, the combined amount of principal and interest processed as a single item with the interest swap is calculated by discounting a reasonably estimated interest rate considered applicable to similar new loans.

DERIVATIVES

Refer to Note 5, "Derivative financial instruments and hedging transactions."

(\*2) Financial instruments whose fair values were deemed extremely difficult to determine

Category	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2018			
	Consolidated balance sheet amounts		Consolidated balance sheet amounts	
Unlisted stocks .....	¥44		\$414	

Since no market prices were available for the above financial instruments and their fair values were difficult to determine by an estimation of the future cash flows, these items were not included in "③ Investment securities-Available-for-sale securities."

(\*3) Estimated redemption amounts of monetary assets and available-for-sale securities with maturity dates after the consolidated balance sheet date

	Millions of yen			Thousands of U.S. dollar (Note 1)		
	2018					
	Within one year	Over one year but within five years	Over five years	Within one year	Over one year but within five years	Over five years
Cash and time deposits .....	¥ 8,710	–	–	\$ 81,976	–	–
Trade notes and accounts receivable .....	29,049	–	–	273,402	–	–
Investment securities						
Available-for-sale securities with maturity dates (bonds) .....	–	–	–	–	–	–
Total .....	¥37,759	–	–	\$355,378	–	–

(\*4) For estimated repayment amounts of long-term debt, lease obligations and other interest bearing debt, refer to Note 7, "Short-term borrowings, long-term debt and lease obligations."

The following table shows consolidated balance sheet amounts, fair value and any difference between book value and fair value as of 31st March 2017. However, financial instruments whose fair values were deemed difficult to determine are not included in the table (refer below to (\*2)).

	Millions of yen		
	2017		
	Consolidated balance sheet amounts	Fair value	Difference
① Cash and time deposits .....	¥16,371	¥16,371	¥ -
② Trade notes and accounts receivable ...	25,926	25,926	-
③ Investment securities			
Available-for-sale securities .....	12,296	12,296	-
Total assets .....	54,593	54,593	-
① Trade notes and accounts payable .....	23,349	23,349	-
② Short-term borrowings .....	4,537	4,537	-
③ Long-term debt .....	4,630	4,636	6
④ Lease obligations .....	4,816	4,838	22
Total liabilities .....	37,332	37,360	28
Derivatives (*) .....	1	1	-

(\*) Derivative assets and liabilities are presented on a net basis.

(\*1) Determination of fair value for financial instruments and matters concerning securities and derivative transactions

#### ASSETS

① Cash and time deposits and ② Trade notes and accounts receivable

The fair value of these items are stated at book value. Because these instruments are settled in a short period of time, book value approximates fair value.

③ Investment securities

The fair value of these securities are based on prices on securities exchanges. For information on securities classified by the purpose for which they are held, refer to Note 4, "Securities."

#### LIABILITIES

① Trade notes and accounts payable and ② Short-term borrowings

The fair value of these items are stated at book value. Because these instruments are settled in a short period of time, book value approximates fair value.

③ Long-term debt and ④ Lease obligations

To calculate the fair value of these items, the combined amount of principal and interest is discounted by the interest rate considered applicable to similar new loans or lease transactions. For the fair value of long-term debt with floating interest rates subject to special treatment for interest rate swaps, the combined amount of principal and interest processed as a single item with the interest swap is calculated by discounting a reasonably estimated interest rate considered applicable to similar new loans.

#### DERIVATIVES

Refer to Note 5, "Derivative financial instruments and hedging transactions."

(\*2) Financial instruments whose fair values were deemed extremely difficult to determine

Category	Millions of yen
	2017
	Consolidated balance sheet amounts
Unlisted stocks .....	¥43

Since no market prices were available for the above financial instruments and their fair values were difficult to determine by an estimation of the future cash flows, these items were not included in "③ Investment securities-Available-for-sale securities."

(\*3) Estimated redemption amounts of monetary assets and available-for-sale securities with maturity dates after the consolidated balance sheet date

	Millions of yen		
	2017		
	Within one year	Over one year but within five years	Over five years
Cash and time deposits .....	¥16,371	–	–
Trade notes and accounts receivable .....	25,926	–	–
Investment securities			
Available-for-sale securities with maturity dates (bonds) .....	–	–	–
Total .....	¥42,297	–	–

(\*4) For estimated repayment amounts of long-term debt, lease obligations and other interest bearing debt, refer to Note 7, “Short-term borrowings, long-term debt and lease obligations.”

#### 4. Securities

The following tables summarize historical costs and book values (fair values) of available-for-sale securities with available fair market values as of 31st March 2018 and 2017.

Securities with book values exceeding historical cost:	Millions of yen						Thousands of U.S. dollars (Note 1)		
	2018			2017			2018		
	Type	Historical cost	Book value	Gain	Historical cost	Book value	Gain	Historical cost	Book value
Equity securities .....	¥4,909	¥13,977	¥9,068	¥4,574	¥11,803	¥7,229	\$46,202	\$131,548	\$85,346
Bonds .....	–	–	–	–	–	–	–	–	–
Others .....	–	–	–	–	–	–	–	–	–
Total .....	¥4,909	¥13,977	¥9,068	¥4,574	¥11,803	¥7,229	\$46,202	\$131,548	\$85,346

  

Securities with book values not exceeding historical cost:	Millions of yen						Thousands of U.S. dollars (Note 1)		
	2018			2017			2018		
	Type	Historical cost	Book value	Loss	Historical cost	Book Value	Loss	Historical cost	Book value
Equity securities .....	¥77	¥77	¥(0)	¥579	¥493	¥(86)	\$725	\$725	\$(0)
Bonds .....	–	–	–	–	–	–	–	–	–
Others .....	–	–	–	–	–	–	–	–	–
Total .....	¥77	¥77	¥(0)	¥579	¥493	¥(86)	\$725	\$725	\$(0)

Unlisted stocks (carrying amount of ¥44 million (\$414 thousand)) as of 31st March 2018 and unlisted stocks (carrying amount of ¥43 million) as of 31st March 2017 were not included in the above table as no market prices for these securities were available and their fair values were deemed extremely difficult to determine by an estimation of the future cash flows.

Available-for-sale securities sold during the year:	Millions of yen						Thousands of U.S. dollars (Note 1)		
	2018			2017			2018		
	Type	Proceeds	Gains on sales	Losses on sales	Proceeds	Gains on sales	Losses on sales	Proceeds	Gains on sales
Equity securities .....	¥545	¥351	–	¥1,145	¥670	–	\$5,129	\$3,304	–
Bonds .....	–	–	–	–	–	–	–	–	–
Total .....	¥545	¥351	–	¥1,145	¥670	–	\$5,129	\$3,304	–

The Group recognized impairment loss on investment securities categorised as other securities with market value in the amount of ¥4 million (\$38 thousand) for the year ended 31st March 2018.

The Group recognized impairment loss on investment securities categorised as other securities with market value in the amount of ¥1 million for the year ended 31st March 2017.

When the value of stocks depreciated from 30% to 50%, the Company determined impairment loss by analyzing the operational performance of the issuing entities based on prevailing financial data and market value information such as discrepancies between the book value and the highest or lowest market value during the year.

## 5. Derivative financial instruments and hedging transactions

Derivative financial instruments and hedging transactions at 31st March 2018 were as follows:

### (1) Currency related

Hedge accounting method	Transaction types	Major hedged items	Millions of yen			Thousands of U.S. dollars (Note 1)		
			2018					
			Contract amounts	Due over one year	Fair value	Contract amounts	Due over one year	Fair value
Alternative method	Foreign exchange trading On purchased U.S. dollar	Accounts payable	¥1,300	–	(*) ¥(13)	\$12,235	–	\$(122)
	Total		¥1,300	–	¥(13)	\$12,235	–	\$(122)

(\*) Fair value is based on information provided by financial institutions at the end of the fiscal year.

### (2) Interest related

Hedge accounting method	Transaction types	Major hedged items	Millions of yen			Thousands of U.S. dollars (Note 1)		
			2018					
			Contract amounts	Due over one year	Fair value	Contract amounts	Due over one year	Fair value
Special treatment	Interest rate swaps Pay fixed, receive floating	Long-term debt	¥590	¥492	(*)–	\$5,553	\$4,631	–
	Total		¥590	¥492	–	\$5,553	\$4,631	–

(\*) According to the special treatment for interest rate swaps as applied to integrated and long-term debt, the fair value of the derivative financial instrument is included in the fair value of the long-term debt.

Derivative financial instruments and hedging transactions at 31st March 2017 were as follows:

### (1) Currency related

Hedge accounting method	Transaction types	Major hedged items	Millions of yen		
			2017		
			Contract amounts	Due over one year	Fair value
Alternative method	Foreign exchange trading On purchased U.S. dollar	Accounts payable	¥440	–	(*) ¥1
	Total		¥440	–	¥1

(\*) Fair value is based on information provided by financial institutions at the end of the fiscal year.

(2) Interest related

			Millions of yen		
			2017		
Hedge accounting method	Transaction types	Major hedged items	Contract amounts	Due over one year	Fair value
Special treatment	Interest rate swaps Pay fixed, receive floating	Long-term debt	¥1,348	¥934	(*)-
Total			¥1,348	¥934	-

(\*)According to the special treatment for interest rate swaps as applied to integrated and long-term debt, the fair value of the derivative financial instrument is included in the fair value of the long-term debt.

6. Inventories

Inventories at 31st March 2018 and 2017 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Finished goods and merchandise .....	¥ 9,000	¥ 8,094	\$ 84,706
Work in progress .....	513	403	4,828
Raw materials and supplies .....	6,537	6,348	61,525
	¥16,050	¥14,845	\$151,059

7. Short-term borrowings, long-term debt and lease obligations

Short-term borrowing at 31st March 2018 and 2017 consisted of short-term notes, which generally mature within one year, with average interest rates of 0.45% and 0.41%, respectively.

Long-term debt at 31st March 2018 and 2017 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Loans from banks, insurance companies and other financial institution at 0.16% to 1.15% maturing through 2028			
Secured .....	¥ 388	¥ 617	\$ 3,652
Unsecured .....	4,340	4,013	40,847
	4,728	4,630	44,499
Less current portion .....	(1,669)	(1,992)	(15,708)
	¥ 3,059	¥ 2,638	\$ 28,791

The aggregate annual maturities of long-term debt as of 31st March 2018 were as follows:

Years ending 31st March,	Millions of yen	Thousands of U.S. dollars (Note 1)
	2018	2018
2019 .....	¥1,669	\$15,708
2020 .....	1,263	11,887
2021 .....	783	7,370
2022 .....	603	5,675
2023 .....	348	3,275
2024 and thereafter .....	62	584
	¥4,728	\$44,499

The aggregate annual maturities of lease obligations as of 31st March 2018 were as follows:

Years ending 31st March,	Millions of yen	Thousands of U.S. dollars (Note 1)
	2018	2018
2019 .....	¥ 923	\$ 8,687
2020 .....	921	8,668
2021 .....	576	5,421
2022 .....	547	5,148
2023 .....	629	5,920
2024 and thereafter .....	1,461	13,751
	¥5,057	\$47,595

## 8. Pledged assets

Assets were pledged as collateral for short-term borrowings of ¥450 million (\$4,235 thousand), the current portion of long-term debt of ¥39 million (\$367 thousand) and long-term debt of ¥349 million (\$3,285 thousand) as of 31st March 2018 and for short-term borrowings of ¥200 million, the current portion of long-term debt of ¥229 million and long-term debt of ¥388 million as of 31st March 2017. The assets pledged are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Land .....	¥ 468	¥ 468	\$ 4,405
Buildings and structures .....	768	805	7,228
Machinery and equipment .....	147	174	1,383
	¥1,383	¥1,447	\$13,016

## 9. Retirement benefits

### (1) Outline of retirement benefit plans adopted

The Company and its consolidated subsidiaries have defined benefit corporate pension plans (fund type) and lump-sum retirement allowance plans as well as defined contribution plans. In the case of certain defined contribution plans, employees can select a defined contribution plan or advanced payment of retirement benefits. In some cases, additional severance benefits may be paid to the employees upon retirement.

### (2) Defined Benefit Obligation

① The changes in retirement benefit obligation for the fiscal years ended 31st March 2018 and 2017 (excluding those for which the simplified method was applied) were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Beginning balance of retirement benefit obligation .....	¥14,374	¥23,572	\$135,285
Service cost - benefits earned during the year .....	376	387	3,539
Interest cost on projected benefit obligation .....	115	117	1,082
Actuarial gains and losses .....	54	358	508
Retirement benefits paid .....	(901)	(1,119)	(8,480)
Decrease by abolishment of retirement benefit plan .....	-	(8,941)	-
Ending balance of retirement benefit obligation .....	¥14,018	¥14,374	\$131,934

② The changes in plan assets for the fiscal years ended 31st March 2018 and 2017 (excluding those for which the simplified method was applied) were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Beginning balance of plan assets .....	¥14,187	¥22,084	\$133,525
Expected return on plan assets .....	426	428	4,009
Actuarial gains and losses .....	135	(90)	1,270
Contribution from the employer .....	410	352	3,859
Retirement benefits paid .....	(724)	(764)	(6,814)
Decrease by abolishment of retirement benefit plan .....	-	(7,823)	-
Ending balance of plan assets .....	¥14,434	¥14,187	\$135,849

③ The changes in liabilities for retirement benefits of the plans for which the simplified method was applied for the fiscal years ended 31st March 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Beginning balance of liabilities for retirement benefits .....	¥1,110	¥1,027	\$10,447
Retirement benefit expenses .....	137	118	1,289
Retirement benefits paid .....	(38)	(35)	(357)
Ending balance of liabilities for retirement benefits .....	¥1,209	¥1,110	\$11,379

④ Reconciliation between the ending balance of projected benefit obligation and plan assets and liability and asset for retirement benefits recorded in the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Funded retirement benefit obligation .....	¥ 14,465	¥ 14,374	\$ 136,141
Plan assets .....	(14,434)	(14,187)	(135,849)
	31	187	292
Unfunded retirement benefit obligation .....	762	1,110	7,172
Net liability (asset) for retirement benefits recorded in the consolidated balance sheet .....	793	1,297	7,464
Liabilities for retirement benefits .....	793	1,297	7,464
Net liability (asset) for retirement benefits recorded in the consolidated balance sheet .....	¥ 793	¥ 1,297	\$ 7,464

Note: The plans to which the simplified method is applied are included.

⑤ The components of retirement benefit expenses were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Service cost - benefits earned during the year .....	¥ 374	¥ 386	\$ 3,520
Interest cost on projected benefit obligation .....	115	117	1,082
Expected return on plan assets .....	(426)	(428)	(4,009)
Amortisation of actuarial differences .....	617	544	5,807
Amortisation of prior service costs .....	–	2	–
Retirement benefit expenses calculated using the simplified method .....	137	118	1,289
Retirement benefit expenses on defined benefit plans .....	¥ 817	¥ 739	\$ 7,689
Special retirement expenses (*) .....	¥ 26	¥ 843	\$ 245

(\*)Recorded under other expenses. In addition, special retirement expenses for the fiscal years ended March 31, 2017 and 2018, consisted of lump-sum payments to employees who were transferred to a consolidated subsidiary.

⑥ Adjustments for retirement benefits

The components of adjustments for retirement benefits (before tax effect) were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Prior service cost .....	¥ –	¥ 3	\$ –
Actuarial gains and losses .....	698	1,214	6,569
Total .....	¥698	¥1,217	\$6,569

Note: The amounts of prior service costs and actuarial gains and losses for the fiscal year ended 31st March 2017 included reclassification adjustments of ¥1 million for prior service costs and ¥1,117 million for actuarial gains and losses in line with the transition to a defined contribution plan.

⑦ Accumulated adjustments for retirement benefits

The components of accumulated adjustments for retirement benefits (before tax effect) were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Unrecognised actuarial gains and losses .....	¥974	¥1,672	¥9,167
Total .....	¥974	¥1,672	¥9,167

⑧ Plan assets

The components of plan assets were as follows:

	2018	2017
Debt securities .....	45.6%	44.4%
Alternatives .....	24.3	23.9
Equity securities .....	20.7	21.5
General account .....	7.8	7.9
Short-term assets .....	1.6	2.3
Total .....	100.0%	100.0%

Note: Regarding alternatives, hedge fund investments are made for the purpose of risk diversification.

Method of determining long-term expected rate of return

The long-term expected rate of return on plan assets is determined by taking into consideration allocation of plan assets which are expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

⑨ Assumptions used for actuarial calculations for the fiscal years ended 31st March 2018 and 2017 were as follows:

	2018	2017
Discount rate .....	0.8%	0.8%
Long-term expected rate of return .....	3.0	3.0
Expected rate of salary increase:		
Lump-sum payment plans .....	4.6	4.6

Note: Because the defined benefit corporate pension plan (fund type) is a fixed amount system (point system) based on the number of years of service, the expected rate of salary increase is not used.

(3) Define Contribution Plans

The amount of required contribution to the defined contribution plans of the Companies was ¥289 million (\$2,720 thousand) for the year ended 31st March 2018 and ¥333 million for the year ended 31st March 2017.

## 10. Income taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporate taxes, inhabitants taxes and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of 30.9% for the year ended 31st March 2018.

The following table summarises the significant differences between the statutory income tax rate and the Companies' effective tax rate for financial statement purposes for the years ended 31st March 2018 and 2017.

	2018	2017
Statutory tax rate .....	30.9%	–
Non-deductible expenses, including entertainment expenses .....	1.4	–
Non-taxable income, including dividend received .....	(0.5)	–
Per capita inhabitants tax .....	3.5	–
Changes in valuation allowance .....	2.5	–
Tax credit for testing and research expenses .....	(2.5)	–
Tax rate difference between the Company and consolidated subsidiaries .....	2.8	–
Other .....	0.5	–
Effective tax rate .....	38.6%	–

Note: In the fiscal year ended 31st March 2017, the note has been omitted because the difference between the statutory tax rate and the effective tax rate after application of deferred tax accounting was less than 5% of the effective statutory tax rate.

Significant components of the Companies' deferred tax assets and liabilities as of 31st March 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Deferred tax assets:			
Loss on impairment of assets .....	¥ 968	¥ 1,113	\$ 9,111
Accounts payable on distribution expenses .....	335	320	3,153
Allowance for bonuses .....	307	314	2,889
Liabilities for retirement benefits .....	225	397	2,118
Long-term trade receivables .....	215	215	2,024
Loss carryforwards .....	175	271	1,647
Allowance for doubtful accounts .....	49	55	461
Other .....	658	669	6,192
Total deferred tax assets .....	¥ 2,932	¥ 3,354	\$ 27,595
Valuation allowance .....	(1,460)	(1,537)	(13,741)
Net deferred tax assets .....	1,472	1,817	13,854
Deferred tax liabilities:			
Unrealised gains on securities .....	(2,675)	(2,106)	(25,176)
Reserve for property, plant and equipment .....	(31)	(31)	(292)
Other .....	(201)	(218)	(1,892)
Total deferred tax liabilities .....	(2,907)	(2,355)	(27,360)
Net deferred tax assets .....	¥(1,435)	¥ (538)	\$(13,506)

---

## 11. Contingent liabilities

There are no matters to be reported.

## 12. Net assets

Under the Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus. Under the Japanese Corporate Law (“the Law”), in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets. Under the Law, both of these appropriations generally require a resolution of the shareholders’ meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends. The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the general shareholders’ meeting held on 28th June 2018, appropriations of retained earnings for year-end dividends applicable to the year ended 31st March 2018 were duly approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends: ¥8.00 (\$0.08) per share .....	<u>¥1,021</u>	<u>\$9,609</u>

## 13. Research and development expenses

Research and development expenses included in selling, general and administrative expenses for the years ended 31st March 2018 and 2017 were ¥963 million (\$9,064 thousand) and ¥848 million, respectively.

---

#### 14. Loss on impairment of assets

The Company recorded impairment loss on certain asset groups for the year ended 31st March 2018. The Company classified fixed assets into four categories: business assets, rental assets, idle assets and artwork. The Company groups its business assets by cash generating units and rental assets, idle assets and artwork by individual asset as these represent the smallest identifiable assets generating cash inflows. The Company records impairment loss for idle assets when the original carrying amount is below the estimated recoverable amount. The total impairment loss for the year ended 31st March 2018 consisted of ¥16 million (\$151 thousand) for investment and rental properties (Investments and other assets “Other”).

The recoverable amounts for idle assets were measured based on value in exchange, which was determined using independent appraisals.

The Company recorded impairment loss on certain asset groups for the year ended 31st March 2017. The Company classified fixed assets into four categories: business assets, rental assets, idle assets and artwork. The Company groups its business assets by cash generating units and rental assets, idle assets and artwork by individual asset as these represent the smallest identifiable assets generating cash inflows. The Company records impairment loss for idle assets and artwork when the original carrying amount is below the estimated recoverable amount. The total impairment loss for the year ended 31st March 2017 consisted of ¥86 million for investment and rental properties (Investments and other assets “Other”), ¥29 million for tools, furniture and fixtures and ¥13 million for structures.

The recoverable amounts for idle assets were measured based on value in exchange, which was determined using independent appraisals. The recoverable amounts for artwork were calculated based on independent appraisals obtained from third-party art experts and others. The Company records impairment loss on artwork when the carrying amount is significantly below the estimated recoverable amount.

#### 15. Segment information

##### (1) Overview of the reportable segments

###### ① Method for determining reportable segments

The Group’s reportable segments are determined based on the availability of separate financial information for such segments that are examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and to assess business performance. The Group has divided its business operations into two reportable segments and an “Other” segment. Its reportable segments are “the Processed Food Products” segment and “the Meat Products” segment.

###### ② Description of the businesses that constitute each reportable segment

In the Processed Food Products segment, the Company purchases, manufactures and sells ham, sausage and cooked and processed foods. In the Meat Products segment, the Company purchases, manufactures and sells meat products.

##### (2) Methods of measurement for sales, profit (loss), assets, liabilities and other items for each reportable segment

Accounting policies adopted by the reportable segments are identical to those described in Note 2, “Significant Accounting Policies.”

(3) Segment information for the years ended 31st March 2018 and 2017

Segment information as of and for the fiscal year ended 31st March 2018 was as follows:

	Millions of yen						
	2018						
	Reporting segments			Other (*1)	Total	Adjustments (*2)	Consolidated (*3)
Processed Food Products	Meat Products	Total					
Sales:							
Sales to third parties .....	¥165,290	¥74,137	¥239,427	¥ 160	¥239,587	¥ –	¥239,587
Intersegment sales and transfers ...	–	–	–	938	938	(938)	–
Net sales .....	165,290	74,137	239,427	1,098	240,525	(938)	239,587
Segment income .....	684	1,528	2,212	158	2,370	–	2,370
Segment assets .....	85,768	17,693	103,461	295	103,756	28,314	132,070
Other items:							
Depreciation and amortisation (*4) ..	5,362	300	5,662	27	5,689	–	5,689
Increase in property, plant and equipment and intangible assets (*4) .....	10,553	294	10,847	29	10,876	0	10,876

	Thousands of U.S. dollars (Note 1)						
	2018						
	Reporting segments			Other (*1)	Total	Adjustments (*2)	Consolidated (*3)
Processed Food Products	Meat Products	Total					
Sales:							
Sales to third parties .....	\$1,555,671	\$697,760	\$2,253,431	\$ 1,505	\$2,254,936	\$ –	\$2,254,936
Intersegment sales and transfers ...	–	–	–	8,828	8,828	(8,828)	–
Net sales .....	1,555,671	697,760	2,253,431	10,333	2,263,764	(8,828)	2,254,936
Segment income .....	6,438	14,381	20,819	1,487	22,306	–	22,306
Segment assets .....	807,228	166,522	973,750	2,777	976,527	266,485	1,243,012
Other items:							
Depreciation and amortisation (*4) ..	50,466	2,824	53,290	254	53,544	–	53,544
Increase in property, plant and equipment and intangible assets (*4) .....	99,322	2,767	102,089	273	102,362	0	102,362

(\*1) The “Other” segment is business other than that of the reporting segments and includes the insurance agency business.

(\*2) Adjustments for total assets of ¥28,314 million (\$266,485 thousand) indicate assets not attributed to any other segments and comprise mainly cash and time deposits, investments in securities and investment and rental properties.

(\*3) Total segment income of the reporting segments and “Other” is equal to the operating income in the consolidated statements of income.

(\*4) Depreciation and amortisation and increase in property, plant and equipment and intangible assets include long-term prepaid expenses.

Segment information as of and for the fiscal year ended 31st March 2017 was as follows:

	Millions of yen						
	2017						
	Reporting segments			Other (*1)	Total	Adjustments (*2)	Consolidated (*3)
Processed Food Products	Meat Products	Total					
Sales:							
Sales to third parties .....	¥163,057	¥69,219	¥232,276	¥ 161	¥232,437	¥ –	¥232,437
Intersegment sales and transfers ...	–	–	–	904	904	(904)	–
Net sales .....	163,057	69,219	232,276	1,065	233,341	(904)	232,437
Segment income .....	2,849	1,682	4,531	179	4,710	–	4,710
Segment assets .....	77,677	16,535	94,212	298	94,510	34,830	129,340
Other items:							
Depreciation and amortisation (*4) ..	5,122	302	5,424	18	5,442	–	5,442
Increase in property, plant and equipment and intangible assets (*4) .....	9,652	201	9,853	28	9,881	2	9,883

(\*1) The “Other” segment is business other than that of the reporting segments and includes the insurance agency business.

(\*2) Adjustments for total assets of ¥34,830 million indicate assets not attributed to any other segments and comprise mainly cash and time deposits, investments in securities and investment and rental properties.

(\*3) Total segment income of the reporting segments and “Other” is equal to the operating income in the consolidated statements of income.

(\*4) Depreciation and amortisation and increase in property, plant and equipment and intangible assets include long-term prepaid expenses.

(4) Information about loss on impairment of assets by reportable segment

Information about loss on impairment of assets by reportable segments as of and for the fiscal year ended 31st March 2018 was as follows:

	Millions of yen						
	2018						
	Reporting segments			Other	Total	Adjustments	Consolidated
Processed Food Products	Meat Products	Total					
Loss on impairment of assets .....	–	–	–	–	–	¥16	¥16

	Thousands of U.S. dollars (Note 1)						
	2018						
	Reporting segments			Other	Total	Adjustments	Consolidated
Processed Food Products	Meat Products	Total					
Loss on impairment of assets .....	–	–	–	–	–	\$151	\$151

Information about loss on impairment of assets by reportable segment as of and for the fiscal year ended 31st March 2017 was as follows:

	Millions of yen						
	2017						
	Reporting segments			Other	Total	Adjustments	Consolidated
Processed Food Products	Meat Products	Total					
Loss on impairment of assets .....	-	-	-	-	-	¥128	¥128

(5) Information about amortisation and balance of goodwill by reportable segment

Information about amortisation and balance of goodwill by reportable segment as of and for the fiscal year ended 31st March 2018 was as follows:

	Millions of yen						
	2018						
	Reporting segments			Other	Total	Adjustments	Consolidated
Processed Food Products	Meat Products	Total					
Amortisation of goodwill .....	¥3	-	¥3	-	¥3	-	¥3
Balance of goodwill .....	5	-	5	-	5	-	5

	Thousands of U.S. dollars (Note 1)						
	2018						
	Reporting segments			Other	Total	Adjustments	Consolidated
Processed Food Products	Meat Products	Total					
Amortisation of goodwill .....	\$28	-	\$28	-	\$28	-	\$28
Balance of goodwill .....	47	-	47	-	47	-	47

Information about amortisation and balance of goodwill by reportable segment as of and for the fiscal year ended 31st March 2017 was as follows:

	Millions of yen						
	2017						
	Reporting segments			Other	Total	Adjustments	Consolidated
Processed Food Products	Meat Products	Total					
Amortisation of goodwill .....	¥108	-	¥108	-	¥108	-	¥108
Balance of goodwill .....	8	-	8	-	8	-	8

**16. Cash flow information**

The reconciliation of cash and time deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows as of 31st March 2018 and 2017 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Cash and time deposits in the consolidated balance sheets .....	¥8,710	¥16,371	\$81,976
Cash and cash equivalents in the consolidated statements of cash flows ....	¥8,710	¥16,371	\$81,976

Significant non-cash transactions as of 31st March 2018 and 2017 were as follows:  
 Newly recorded assets and liabilities related to finance lease transactions were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Lease assets and obligations .....	¥1,253	¥2,204	\$11,793

### 17. Comprehensive income

Amounts reclassified to profit attributable to owners of parent in the current period that were recognised in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Unrealised gains on securities:			
Increase during the year .....	¥2,276	¥1,555	\$21,421
Reclassification adjustments .....	(351)	(665)	(3,303)
Amount before tax effect .....	1,925	890	18,118
Tax effect .....	(569)	(273)	(5,355)
Subtotal .....	1,356	617	12,763
Deferred gains (losses) on hedges:			
Increase (decrease) during the year .....	(15)	32	(141)
Amount before tax effect .....	(15)	32	(141)
Tax effect .....	5	(10)	47
Subtotal .....	(10)	22	(94)
Foreign currency translation adjustments:			
Increase during the year .....	–	–	–
Reclassification adjustments .....	–	41	–
Subtotal .....	–	41	–
Adjustments for retirement benefits:			
Increase (decrease) during the year .....	81	(448)	762
Reclassification adjustments .....	617	1,665	5,807
Amount before tax effect .....	698	1,217	6,569
Tax effect .....	(233)	(345)	(2,193)
Subtotal .....	465	872	4,376
Share of other comprehensive income of associates accounted for using equity method:			
Increase (decrease) during the year .....	(2)	2	(19)
Total other comprehensive income .....	¥1,809	¥1,554	\$17,026

---

## 18. Subsequent events

Amendments to articles of incorporation regarding consolidation of shares and change in number of shares constituting one unit of stock

At the meeting of the Board of Directors held on 14th May 2018, it was decided to propose at the 70th Ordinary General Meeting of Shareholders to be held on 28th June 2018 amending the articles of incorporation to allow a consolidation of shares and change the number of company shares constituting one unit of stock. The proposals were approved at the General Meeting of Shareholders.

### 1. Share consolidation

#### (1) Purpose of consolidation

In accordance with the “Action Plan for Consolidating Trading Units,” all stock exchanges in Japan aim to harmonize the number of shares constituting one unit of stock, which is the trading unit of shares of common stock of domestically listed companies, to 100 shares by 1st October 2018. As a result, the Company, as an entity listed on the Tokyo Stock Exchange, proposes to change the number of its shares constituting one unit of stock to 100 shares. In consideration of our shareholders’ long-term ownership of our shares and medium- and long-term fluctuations in share prices, the Company is proposing to undertake a consolidation of shares for the purpose of maintaining a level of investment preferred by the stock exchanges (a minimum of ¥50,000 and a maximum of ¥500,000).

#### (2) Details of consolidation of shares

##### ① Class of shares to be consolidated

Common stock

##### ② Ratio of consolidation

On 1st October 2018, shares held by the shareholders of record in the shareholder register of 30th September 2018, (effectively 28th September) will be consolidated at a ratio of 5-to-1.

##### ③ Number of shares reduced due to consolidation of shares

Number of shares outstanding before consolidation (as of 31st March 2018) .....	132,527,909
Number of shares to be reduced through consolidation of shares .....	106,022,328
Number of authorized shares following consolidation of shares .....	26,505,581

Note: “Number of shares to be reduced through consolidation of shares” and “Number of authorized shares following consolidation of shares” are theoretical values calculated from the total number of shares outstanding before consolidation and the share consolidation ratio.

##### ④ Effect of consolidation of shares

Although the total number of shares outstanding will decrease to one-fifth as a result of the consolidation of shares proposal, net assets, etc., will remain unchanged. Thus, net assets per share will increase five-fold after the consolidation of shares. Therefore, excluding other factors such as stock market fluctuations, the asset value of the Company’s shares will remain unchanged.

#### (3) Treatment of fractional shares

Any fractional shares that may result from the proposed consolidation of shares, pursuant to the provisions of the Companies Act, will be sold by the Company in a block and the proceeds distributed to the shareholders who held the fractional shares in proportion to their respective holdings.

(4) Reduction in number of shareholders due to consolidation of shares

The shareholder composition according to the Company's shareholder registry as of 31st March 2018 was as follows.

	Number of shareholders (ratio)		Number of shares owned (ratio)	
Total shareholders .....	18,675	(100.00%)	132,527,909	(100.00%)
Shareholders of less than 5 shares .....	214	(1.15%)	312	(0.00%)
Shareholders of 5 shares or more .....	18,461	(98.85%)	132,527,597	(100.00%)

Note: As a result of the shareholder composition shown above, 214 shareholders who hold fewer than 5 shares (for a total of 312 shares held) will lose their status as shareholders once the shares are consolidated. However, before the consolidation of shares takes effect, these shareholders may use procedures such as a "purchase of less than one unit of stock" or "buyback of less than one unit of stock." In relation to such procedures shareholders are advised to contact their brokerage or the administrator of our shareholder register.

(5) Total number of shares authorized to be issued as of the effective date of consolidation of shares

40,000,000

In accordance with the share consolidation ratio, we will reduce the current 200,000,000 shares to 40,000,000 shares.

2. Change in the number of shares constituting one unit of stock

(1) Reason for change in number of shares constituting one unit of stock

This proposed change is in accordance with the "Action Plan for Consolidating Trading Units," a policy adopted by all stock exchanges in Japan.

(2) Details of change in number of shares constituting one unit of stock

We are proposing to reduce the number of shares constituting one unit of stock from 1,000 shares to 100 shares.

(3) Effective date of change

1st October 2018

3. Schedule of consolidation of shares and change in number of shares constituting one unit of stock

Date of resolution of Board of Directors .....	14th May 2018
Date of resolution of Ordinary General Meeting of Shareholders .....	28th June 2018
Effective date of consolidation of shares .....	1st October 2018
Effective date of change in number of shares constituting one unit of stock .....	1st October 2018
Effective date of change in total number of authorized shares .....	1st October 2018

Note: The effective date of the above consolidation of shares and the amendments to the number of shares constituting one unit of stock is 1st October 2018. However, due to the time required for processing a share trade, the trading unit of Company shares will be changed from 1,000 shares to 100 shares as of 26th September 2018, and the effect of the consolidation of shares will be reflected in the share price on that date.

---

4. Influence on information per share

Following the consolidation of shares, financial information per share released at the beginning of the preceding consolidated fiscal year will change as follows.

	Yen		U.S. dollars (Note 1)
	2018	2017	2018
Net assets per share .....	¥2,998.47	¥2,885.99	\$28.22
Profit attributable to owners of parent per share .....	70.39	124.98	0.66

Note: "Profit attributable to owners of parent per share after adjustment for dilutive shares" is not stated because there are no applicable dilutive shares.



## Independent Auditor's Report

To the Board of Directors of MARUDAI FOOD CO., LTD.:

We have audited the accompanying consolidated financial statements of MARUDAI FOOD CO., LTD. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at 31st March 2018 and 2017, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of MARUDAI FOOD CO., LTD. and its consolidated subsidiaries as at 31st March 2018 and 2017, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended 31st March 2018 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

*KPMG AZSA LLC*

31th July 2018  
Osaka, Japan

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

## **DIRECTORS AND STATUTORY AUDITORS**

(As of 29th June 2018)

President and  
Representative Director: Tokuo Kudara

Senior Executive and  
Managing Directors: Toshiharu Inoue  
Yoshio Kuramori

Managing Director: Yasushi Sawada

Directors: Shigeki Fukushima  
Nobuyoshi Katoh  
Wataru Fukiage  
Shigeyoshi Chiba

Outside Directors: Susumu Shimadzu  
Hideo Yano

Statutory Auditor: Yoshikazu Sawanaka

Outside Statutory Auditors: Takuji Okudaira  
Motoaki Nishimura

## OUTLINE OF THE COMPANY

(As of 31st March 2018)

Established: 10th June 1958

Stated Capital: ¥6,716 million

Number of Employees: 2,064

Head Office: 21-3 Midori-cho, Takatsuki-shi,  
Osaka, Japan

Branch Office: 4-7-5 Tsukiji, Chuou-ku,  
Tokyo, Japan

Sales Offices: The sales headquarters at the  
Company's head office in Osaka  
controls 10 distribution centers and  
3 regional sales departments which  
service 37 local outlets.

Plants: Hokkaido, Iwate,  
Niigata, Kanto,  
Ibaraki, Yokosuka, Shounan,  
Shizuoka, Matsusaka,  
Takatsuki, Okayama,  
Hiroshima, Karatsu

Overseas Office: Chicago, U.S.A

Major Subsidiaries:

Hokkaido Marudai Food Co., Ltd.

Tohoku Marudai Food Co., Ltd.

Shin-etsu Marudai Food Co., Ltd.

Chubu Marudai Food Co., Ltd.

Chu-Shikoku Marudai Food Co., Ltd.

Kyushu Marudai Food Co., Ltd.

Toda Foods Co., Ltd.

Azumino Food Co., Ltd.

Marushin Foods Co., Ltd.

Pioneer Foods Co., Ltd.

Umeya Co., Ltd.

Yahata Food Co., Ltd.

Hornmeier Co., Ltd.

Marudaifood Co., Ltd.

Marudai Meat Co., Ltd.

Meat Supply Co., Ltd.

Marbest Trading Co., Ltd.

Marudai Service Co., Ltd.

10 Other subsidiaries

Associated Company:

Betagro MF Deli Co., Ltd.



# MARUDAI FOOD CO., LTD.

*Head Office: 21-3 Midori-cho, Takatsuki-shi, Osaka, Japan*

*Telephone: 81-726-61-2518 Fax: 81-726-61-5006*