

# **Consolidated Financial Statements**

Year ended 31 March 2019 and 2018

Nippon Flour Mills Co.,Ltd.

## Independent Auditor's Report

The Board of Directors  
Nippon Flour Mills Co., Ltd.

We have audited the accompanying consolidated financial statements of Nippon Flour Mills Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2019 and 2018, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Flour Mills Co., Ltd. and its consolidated subsidiaries as at March 31, 2019 and 2018, and their consolidated financial performance and cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

June 27, 2019  
Tokyo, Japan

## 1. Consolidated financial statements

### (1) Consolidated financial statements

#### (i) Consolidated balance sheets

(Millions of yen)

	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	32,958	23,392
Notes and accounts receivable - trade	47,410	45,303
Merchandise and finished goods	15,508	14,481
Work in process	32	165
Raw materials and supplies	19,230	18,310
Other current assets	3,348	3,663
Allowance for doubtful accounts	(159)	(172)
Total current assets	118,330	105,143
Non-current assets		
Property, plant and equipment		
Buildings and structures	92,072	86,873
Accumulated depreciation	(54,913)	(53,303)
Buildings and structures, net *2, *3	37,159	33,569
Machinery, equipment and vehicles	116,691	111,075
Accumulated depreciation	(96,179)	(93,438)
Machinery, equipment and vehicles, net *2, *3	20,511	17,636
Land *3	40,032	37,373
Construction in progress	1,719	2,442
Other	11,631	11,258
Accumulated depreciation	(9,822)	(9,412)
Other, net *2, *3	1,809	1,846
Total property, plant and equipment	101,233	92,867
Intangible assets	1,376	1,424
Investments and other assets		
Investment securities *1, *3	65,472	66,854
Long-term loans receivable	1,117	84
Deferred tax assets	1,767	1,685
Net defined benefit asset	91	95
Other assets *3	4,548	4,634
Allowance for doubtful accounts	(620)	(624)
Total investments and other assets	72,377	72,730
Total non-current assets	174,988	167,022
Deferred assets	73	-
Total assets	293,392	272,166

(Millions of yen)

	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade *3	34,564	30,200
Short-term loans payable *3	19,201	22,528
Current portion of bonds	–	5,000
Income taxes payable	2,084	2,466
Accrued expenses	12,357	11,875
Provision for bonuses	615	611
Other current liabilities	7,276	4,992
Total current liabilities	76,100	77,675
Non-current liabilities		
Bonds payable	5,000	5,000
Convertible bond-type bonds with share acquisition rights	25,110	–
Long-term loans payable *3	12,041	12,075
Deferred tax liabilities	12,126	12,618
Net defined benefit liability	4,494	4,530
Accrued retirement benefits for directors	819	808
Other non-current liabilities	2,713	2,551
Total non-current liabilities	62,305	37,585
Total liabilities	138,405	115,261
<b>Net assets</b>		
Shareholders' equity		
Common stock	12,240	12,240
Capital surplus	11,262	11,415
Retained earnings	103,682	103,522
Treasury shares	(3,536)	(2,635)
Total shareholders' equity	123,648	124,542
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	26,424	27,495
Deferred gain (loss) on hedges	(2)	(14)
Foreign currency translation adjustment	572	725
Retirement benefits liability adjustments	(495)	(440)
Total accumulated other comprehensive income	26,498	27,765
Subscription rights to shares	287	211
Non-controlling interests	4,552	4,385
Total net assets	154,986	156,905
Total liabilities and net assets	293,392	272,166

(ii) Consolidated statements of income and comprehensive income  
(Consolidated statements of income)

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Net sales	335,399	323,495
Cost of sales	243,017	234,823
Gross profit	92,381	88,672
Selling, general and administrative expenses		
Freight, sales commission and other expenses	43,535	40,455
Provision for doubtful accounts	–	309
Salaries and wages	19,943	19,571
Retirement benefit expenses	986	1,324
Depreciation	1,138	1,205
Other	15,555	15,744
Total selling, general and administrative expenses *1	81,159	78,611
Operating income	11,222	10,060
Non-operating income (expenses)		
Interest income	121	80
Dividend income	1,316	1,253
Rent income on fixed assets	301	320
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	290	300
Foreign exchange gains	23	–
Gain on sales of securities	4	28
Interest expenses	(230)	(266)
Rent cost on fixed assets	(32)	(22)
Foreign exchange losses	–	(61)
Gain on sales of investment securities	41	22
Loss on sales and disposal of fixed assets *2	(182)	(158)
Impairment loss *3	(23)	(244)
Loss on valuation of investment securities	(55)	(103)
Demolition expenses *4	(384)	–
Expense on restructuring of factory *5	(139)	–
Other non-operating income (expenses), net	32	276
Total non-operating income (expenses), net	1,083	1,425
Profit before income taxes	12,305	11,486
Income taxes - current	3,725	3,567
Income taxes - deferred	(4)	(26)
Total income taxes	3,720	3,541
Profit	8,584	7,944
Profit attributable to non-controlling interests	129	293
Profit attributable to owners of parent	8,455	7,651

## (Consolidated statements of comprehensive income)

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Profit	8,584	7,944
Other comprehensive income (loss)		
Unrealized holding gain (loss) on securities	(1,220)	2,953
Deferred gain (loss) on hedges	12	(2)
Foreign currency translation adjustment	(147)	178
Retirement benefits liability adjustments	(54)	777
Share of other comprehensive income of entities accounted for using equity method	83	37
Total other comprehensive income (loss)	<u>(1,326)</u>	<u>3,944</u>
Comprehensive income	<u>7,258</u>	<u>11,889</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	7,183	11,588
Comprehensive income attributable to non- controlling interests	74	300

(iii) Consolidated statements of changes in net assets  
FY2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	12,240	11,415	103,522	(2,635)	124,542
Changes during period					
Dividends of surplus			(2,371)		(2,371)
Profit attributable to owners of parent			8,455		8,455
Change in scope of consolidation					–
Purchase of treasury shares				(7,001)	(7,001)
Disposal of treasury shares		0		7	7
Retirement of treasury shares		(169)	(5,923)	6,093	–
Change in ownership interest of parent due to transactions with non-controlling interests		15			15
Net changes of items other than shareholders' equity					
Total changes during period	–	(153)	160	(900)	(893)
Balance at end of current period	12,240	11,262	103,682	(3,536)	123,648

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance at beginning of current period	27,495	(14)	725	(440)	27,765	211	4,385	156,905
Changes during period								
Dividends of surplus								(2,371)
Profit attributable to owners of parent								8,455
Change in scope of consolidation								–
Purchase of treasury shares								(7,001)
Disposal of treasury shares								7
Retirement of treasury shares								–
Change in ownership interest of parent due to transactions with non-controlling interests								15
Net changes of items other than shareholders' equity	(1,070)	12	(153)	(55)	(1,266)	75	166	(1,025)
Total changes during period	(1,070)	12	(153)	(55)	(1,266)	75	166	(1,918)
Balance at end of current period	26,424	(2)	572	(495)	26,498	287	4,552	154,986

FY2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,240	11,412	98,361	(2,668)	119,346
Changes during period					
Dividends of surplus			(2,493)		(2,493)
Profit attributable to owners of parent			7,651		7,651
Change in scope of consolidation			2		2
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		3		33	36
Retirement of treasury shares					–
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes during period	–	2	5,160	32	5,195
Balance at end of current period	12,240	11,415	103,522	(2,635)	124,542

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance at beginning of current period	24,515	(12)	545	(1,220)	23,828	169	4,102	147,446
Changes during period								
Dividends of surplus								(2,493)
Profit attributable to owners of parent								7,651
Change in scope of consolidation								2
Purchase of treasury shares								(0)
Disposal of treasury shares								36
Retirement of treasury shares								–
Change in ownership interest of parent due to transactions with non-controlling interests								(0)
Net changes of items other than shareholders' equity	2,979	(2)	179	779	3,936	42	283	4,263
Total changes during period	2,979	(2)	179	779	3,936	42	283	9,459
Balance at end of current period	27,495	(14)	725	(440)	27,765	211	4,385	156,905



## (iv) Consolidated statements of cash flows

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Operating activities		
Profit before income taxes	12,305	11,486
Depreciation	7,428	7,791
Changes in net defined benefit asset and net defined benefit liability	(453)	(296)
Increase (decrease) in accrued retirement benefits for directors	10	(91)
Increase (decrease) in allowance for doubtful accounts	11	325
Impairment loss	23	244
Demolition expenses	384	-
Interest and dividend income	(1,437)	(1,333)
Interest expenses	230	266
Loss (gain) on sales of investment securities	(5)	(50)
Loss (gain) on valuation of investment securities	55	103
Foreign exchange losses	(28)	50
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(290)	(300)
Loss (gain) on sales of fixed assets	(2)	(207)
Loss on disposal of fixed assets	186	161
Decrease (increase) in notes and accounts receivable - trade	(2,171)	(3,204)
Decrease (increase) in inventories	(1,829)	(3,764)
Increase (decrease) in notes and accounts payable - trade	4,367	4,555
Increase (decrease) in accrued consumption taxes	376	(157)
Decrease (increase) in other receivables	123	(554)
Increase (decrease) in other payables	95	1,389
Other, net	548	999
Subtotal	19,927	17,410
Interest and dividend income received	1,444	1,358
Interest expenses paid	(239)	(269)
Income taxes paid	(4,069)	(3,280)
Net cash provided by (used in) operating activities	17,063	15,217

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Investing activities		
Decrease (increase) in time deposits	(62)	(550)
Purchase of fixed assets	(13,984)	(10,164)
Proceeds from sales of fixed assets	16	388
Purchase of investment securities	(568)	(1,302)
Proceeds from sales and redemption of investment securities	297	1,079
Payments for acquisition of business	–	(1,101)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(461)
Payments of loans receivable	(410)	(16)
Collection of loans receivable	26	33
Decrease (increase) in other investments	70	154
Net cash provided by (used in) investing activities	(14,614)	(11,941)
Financing activities		
Net increase (decrease) in short-term loans payable	(1,089)	1,547
Proceeds from long-term loans payable	2,908	7,156
Repayments of long-term loans payable	(5,175)	(3,069)
Redemption of bonds	(5,000)	–
Proceeds from issuance of convertible bond-type bonds with share acquisition rights	25,041	–
Proceeds from share issuance to non-controlling shareholders	150	–
Purchase of treasury shares	(7,028)	(0)
Cash dividends paid	(2,371)	(2,493)
Dividends paid to non-controlling interests	(14)	(16)
Repayments of finance lease obligations	(261)	(298)
Other, net	(23)	(1)
Net cash provided by (used in) financing activities	7,135	2,824
Effect of exchange rate changes on cash and cash equivalents	(55)	61
Net increase (decrease) in cash and cash equivalents	9,528	6,162
Cash and cash equivalents at beginning of period	20,556	14,368
Increase in cash and cash equivalents from newly consolidated subsidiary	–	25
Cash and cash equivalents at end of period *1	30,085	20,556

## Notes to consolidated financial statements

(Basis of preparation of the consolidated financial statements)

### 1. Basis of preparation

The accompanying consolidated financial statements of Nippon Flour Mills Co., Ltd. (the “Company”) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”), and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically within Japan so as to present them in a format which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2018 to conform to the classifications used for the year ended March 31, 2019.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates.

### 2. Scope of consolidation

- (1) Number and names of consolidated subsidiaries  
47 (47 in 2018) companies

Names of major consolidated subsidiaries

NIPPON Donut Co., Ltd., Nippon Rich Co., Ltd., NIPPON ENGINEERING CO., Ltd., NPF Japan Co., Ltd., NIPPON Frozen Foods Co., Ltd., OHMY Co., Ltd., Matsuya Flour Mills Co., Ltd., NIPPON SHOJI Co., Ltd., Fast Foods Co., Ltd., OK Food Industry Co., Ltd., NAGANO TOMATO Co., Ltd., Tofuku Flour Mills Co., Ltd., and Yamato Foods Co., Ltd.

- (2) Name of major unconsolidated subsidiaries  
NIPPON Logistics Co., Ltd.

(Reasons for exclusion of unconsolidated subsidiaries from the scope of consolidation)

Each of the 15 unconsolidated subsidiaries is small in scale and their total assets, sales and net profit or loss (amount corresponding to the equity interest) and retained earnings (amount corresponding to the equity interest) and others do not have a material effect on the consolidated financial statements.

### 3. Application of equity method

- (1) Number of unconsolidated subsidiaries and affiliates accounted for using equity method  
14 (14 in 2018) companies (of which six (six in 2018) unconsolidated subsidiaries and eight (eight in 2018) affiliates)

Names of major equity method companies

NIPPON Logistics Co., Ltd. and Chiba Grain Center Co., Ltd.

- (2) There are nine (nine in 2018) unconsolidated subsidiaries and 17 (16 in 2018) affiliates not accounted for using the equity method. They are not accounted for using the equity method because they have only a minor effect on the consolidated financial statements and have no significance as a whole in terms of net profit or loss (amount corresponding to the equity interest), retained earnings (amount corresponding to the equity interest) and others.

#### 4. Fiscal year end of consolidated subsidiaries

The consolidated subsidiaries whose balance sheet date is different from the consolidated balance sheet date are as follows:

Company name	Balance sheet date
Pasta Montana, L.L.C. and eight (nine in 2018) other companies	December 31*

\* Financial statements as of the balance sheet date of each consolidated subsidiary have been used. However, necessary adjustments are made on consolidation for significant transactions that occurred between the balance sheet date of these subsidiaries and the consolidated financial statements date.

#### 5. Significant accounting policies

(1) Valuation bases and methods for significant assets

(i) Securities

Other securities

Securities with available fair market values

Stated at fair value based on the market price at the end of the fiscal year (unrealized gain or loss is included as a separate component of net assets, and cost of securities sold is determined based on the moving-average method).

Securities without available fair market values

Stated at cost using the moving-average method.

(ii) Derivatives

Derivatives financial instruments are stated at fair value.

(iii) Inventories

Merchandise and finished goods

The Company and domestic consolidated subsidiaries mainly adopt the cost method based on the (monthly) gross average method (carrying amounts on the balance sheet are subject to the lower of cost or market value method), and foreign consolidated subsidiaries mainly adopt the lower of cost or market value method, with cost determined by the first-in first-out method.

Raw materials and supplies

For raw materials on an immediate sale basis, the Company and domestic consolidated subsidiaries mainly adopt the first-in first-out cost method (carrying amounts on the balance sheet are subject to the lower of cost or market value method). For other raw materials and supplies, they mainly adopt the (monthly) gross average method (carrying amounts on the balance sheet are subject to the lower of cost or market value method). Foreign consolidated subsidiaries mainly adopt the lower of cost or market value method, with cost determined by the first-in first-out method.

(2) Depreciation and amortization methods for major depreciable and amortizable assets

(i) Property, plant and equipment (excluding leased assets)

The Company and domestic consolidated subsidiaries mainly adopt the declining-balance method and foreign consolidated subsidiaries mainly adopt the straight-line method. However, the Company and domestic consolidated subsidiaries adopt the straight-line method for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016.

The estimated useful lives of major items are as follows:

Buildings and structures	3 to 50 years
Machinery, equipment and vehicles	4 to 12 years

(ii) Intangible assets (excluding leased assets)

The Company and domestic consolidated subsidiaries adopt the straight-line method.

Software for internal use is based on the estimated useful life as internally determined (five years).

(iii) Leased assets

The straight-line method is applied on the assumptions that the useful life equals the lease term and the residual value is zero.

For finance lease transactions in which ownership is not transferred commencing on or prior to March 31, 2008, the Company adopts an accounting method similar to that applied to operating lease transactions.

- (3) Accounting policy for significant provisions
- (i) Allowance for doubtful accounts  
For the Company and domestic consolidated subsidiaries, allowance for doubtful accounts is provided based on past experience for normal receivables and using a specific estimate of the collectability of individual receivables from companies in financial difficulty in order to prepare for losses from bad debt.
  - (ii) Accrued retirement benefits for directors  
To provide for the payment of directors' retirement benefits, the Company and domestic consolidated subsidiaries reserve the amount required as of the end of the current fiscal year based on their internal regulations.
  - (iii) Provision for bonuses  
To prepare for the payment of bonuses to employees, the amount is provided based on the expected amount to be paid.
- (4) Accounting methods for retirement benefits
- (i) Method of attributing expected retirement benefits to periods  
In calculating retirement benefit obligations, the benefit formula basis is used as the method for attributing the expected retirement benefits to the periods.
  - (ii) Actuarial differences  
Unrecognized actuarial gains and losses are amortized by the straight-line method over a fixed period (ten years) which is within the average remaining service period of employees, starting from the respective fiscal years following the fiscal year in which they arose.
- (5) Significant hedge accounting method
- (i) Hedge accounting method  
Deferred hedge accounting is applied. Interest rate swaps that satisfy certain requirements are accounted for by the special treatment.
  - (ii) Hedging instruments and hedged items
 

· Hedging instruments	Interest rate swaps and forward exchange contracts
· Hedged items	Loans payable, receivables and payables denominated in foreign currencies or expected transactions denominated in foreign currencies
  - (iii) Hedging policy  
For interest rate-related transactions, hedges are entered into solely for avoiding risks arising from possible interest rate changes in the future. For currency-related transactions, forward exchange contracts are used to hedge risks arising from possible fluctuations of foreign exchange rates on transactions denominated in foreign currencies.
  - (iv) Assessment of hedge effectiveness  
The hedge effectiveness of interest rate swaps is assessed by comparing the accumulated cash flow changes of the hedged items and the accumulated cash flow changes of the hedging instruments. However, the assessment of hedge effectiveness has been omitted for interest rate swaps by which the risk of changes in interest rate would be entirely eliminated. For forward foreign exchange contracts, the evaluation of hedge effectiveness has been omitted as significant conditions are identical for the exchange contracts and the hedged items or scheduled transactions and it is assumed that market fluctuations or cash flow changes are offset at the time of commencement of hedging and thereafter.
- (6) Method and period for amortization of goodwill  
Goodwill is amortized by the straight-line method over a period of five to ten years.
- (7) Scope of cash and cash equivalents in consolidated statements of cash flows  
Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.
- (8) Method for processing deferred assets  
Bond issuance cost is amortized by the straight-line method across the period from the date of issuance until the date of redemption.

(9) Accounting methods for consumption taxes

Items subject to consumption taxes are accounted for at amounts exclusive of consumption taxes.

(Accounting standards issued but not yet effective, etc.)

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

(1) Summary

The International Accounting Standards Board (“IASB”) and the Financial Accounting Standards Board (“FASB”) jointly developed comprehensive accounting standards for revenue recognition and published the “Revenue from Contracts with Customers” (IFRS 15 at the IASB and Topic 606 at the FASB) in May 2014. Given that IFRS 15 is to be applied from fiscal years starting on or after January 1, 2018 and that Topic 606 is to be applied from fiscal years starting after December 15, 2017, the ASBJ has developed comprehensive accounting standards for revenue recognition and published them in conjunction with the implementation guidance. The basic policy of the ASBJ in developing accounting standards for revenue recognition is thought to be setting accounting standards incorporating the basic principles of IFRS 15 as a starting point from the standpoint of comparability between financial statements, which is one of the benefits of ensuring consistency with IFRS 15, and to be adding alternative accounting treatments without losing comparability if there is an item that should take into account practices, etc., that have been conducted in Japan.

(2) Scheduled date of application

These are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Effect of application of the aforementioned accounting standards, etc.

The effect of application of the “Accounting Standard for Revenue Recognition,” etc., on the consolidated financial statements is currently under review.

(Changes in presentation)

(Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) has been applied from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under non-current liabilities.

As a result, in the consolidated balance sheet for the fiscal year ended March 31, 2018, deferred tax assets under current assets decreased by ¥1,465 million, while deferred tax assets under investments and other assets increased by ¥303 million. Furthermore, other current liabilities under current liabilities decreased by ¥6 million, and deferred tax liabilities under non-current liabilities decreased by ¥1,155 million.

As deferred tax assets and deferred tax liabilities with the same tax authority are presented as offset amounts, total assets decreased by ¥1,161 million compared to the amount before the amendments.

In addition, in the notes on tax effect accounting, the annotation on “Tax Effect Accounting” (Note 8) (excluding total amount of valuation allowance) stipulated in Articles 3 to 5 of Partial Amendments to Accounting Standard for Tax Effect Accounting and the contents of the annotation (Note 9) have been added. However, among the said contents, the contents concerning the previous fiscal year have been omitted in accordance with the transitional treatment stipulated in Article 7 of Partial Amendments to Accounting Standard for Tax Effect Accounting.

(Consolidated statements of income)

“Gain on sales of fixed assets” presented separately in the previous fiscal year, is included in “Other non-operating income (expenses), net” in the current fiscal year, because the amount has become insignificant. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this presentation method.

As a result, ¥207 million presented as “Gain on sales of fixed assets” in the consolidated financial statements for the previous fiscal year has been reclassified as “Other non-operating income (expenses), net.”

(Consolidated balance sheets)

\*1 Investment securities in unconsolidated subsidiaries and affiliates are as follows:

(Millions of yen)

	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
Investment securities	6,133	5,798

\*2 Accumulated reduction entry amount deducted from the acquisition cost of property, plant and equipment due to acceptance of government subsidies and others are as follows:

(Millions of yen)

	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
	383	336

\*3 Assets pledged as collateral

(1) Assets pledged as collateral

(Millions of yen)

	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
Buildings and structures	2,453	2,863
Machinery and equipment	1,667	1,818
Land	2,376	2,380
Property, plant and equipment (other)	35	24
Investment securities	238	329
Investments and other assets (other)	395	411
Total	7,167	7,827

Of the above, assets pledged as collateral on mortgages of factory foundation are as follows:

(Millions of yen)

	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
Buildings and structures	1,624	1,630
Machinery and equipment	1,419	1,524
Land	1,255	1,255
Property, plant and equipment (other)	33	20
Investments and other assets (other)	233	250
Total	4,565	4,681

(2) Liabilities corresponding to assets pledged as collateral

(Millions of yen)

	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
Short-term loans payable	3,080	2,530
Long-term loans payable (including current portion)	2,156	2,710
Notes and accounts payable - trade	831	813
Total	6,068	6,053

Of the above, liabilities corresponding to mortgages of factory foundation are as follows:

(Millions of yen)

	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
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Short-term loans payable	1,880	1,230
Long-term loans payable (including current portion)	1,917	2,392
Total	3,797	3,622

\*4 The Company has provided guarantees for borrowings of its employees and others as follows:

	(Millions of yen)	
	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
Employees	10	12

(Consolidated statements of income)

- \*1 Research and development expenses included in general and administrative expenses are as follows:

		(Millions of yen)	
		FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
		3,346	3,187

- \*2 Loss on sales and disposal of fixed assets represents loss on retirement and sales of machinery and equipment, and others.

- \*3 Impairment loss

The Company recorded impairment loss on the following assets.

FY2019 (From April 1, 2018 to March 31, 2019)

Location	Purpose	Type
Kitakyushu city, Fukuoka	Idle assets	Land

The Group performs an impairment test per asset group such as assets group in business-use assets, which are grouped by region and other items based on the complementary characteristics of cash flows, a common asset group, rental assets and idle assets. For the above assets, the Group reduced the book value to the recoverable amount and the corresponding amount recorded as impairment loss in non-operating expenses totaled ¥23 million.

The recoverable amount was measured using the net realizable value based on actual transactions, etc.

FY2018 (From April 1, 2017 to March 31, 2018)

Location	Purpose	Type
Osaka city, Osaka and other cities	Business-use assets	Buildings and others

The Group performs an impairment test per asset group such as assets group in business-use assets, which are grouped by region and other items based on the complementary characteristics of cash flows, a common asset group, rental assets and idle assets. For the above assets, the Group reduced the book value to the recoverable amount and the corresponding amount recorded as impairment loss in non-operating expenses totaled ¥244 million.

The recoverable amount was measured based on value in use. However, the Group estimated the recoverable amount as zero because future cash flows are not likely.

- \*4 Demolition expenses

FY2019 (From April 1, 2018 to March 31, 2019)

These are demolition expenses incurred in line with the type 1 urban redevelopment project in the north district of Sendagaya 5-chome, etc.

- \*5 Expense on restructuring of factory

FY2019 (From April 1, 2018 to March 31, 2019)

These are expenses incurred for the construction of a new factory in Chita city, Aichi.

## (Consolidated statements of comprehensive income)

## \*1 Reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Unrealized holding gain (loss) on securities:		
Amount arising during the year	(1,779)	4,203
Reclassification adjustments	23	54
Before tax effect adjustments	(1,756)	4,257
Tax effects	536	(1,304)
Unrealized holding gain (loss) on securities	(1,220)	2,953
Deferred gain (loss) on hedges:		
Amount arising during the year	32	(54)
Reclassification adjustments	(13)	50
Before tax effect adjustments	18	(3)
Tax effects	(5)	1
Deferred gain (loss) on hedges	12	(2)
Foreign currency translation adjustment:		
Amount arising during the year	(147)	178
Retirement benefits liability adjustments:		
Amount arising during the year	(420)	348
Reclassification adjustments	327	774
Before tax effect adjustments	(93)	1,123
Tax effects	39	(345)
Retirement benefits liability adjustments	(54)	777
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the year	83	37
Total other comprehensive income (loss)	(1,326)	3,944

(Consolidated statements of changes in net assets)

The Companies Act of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

FY2019 (From April 1, 2018 to March 31, 2019)

1. Class and total number of issued shares and treasury shares

(Thousands of shares)

	Number of shares as of April 1, 2018	Increase in number of shares during fiscal year	Decrease in number of shares during fiscal year	Number of shares as of March 31, 2019
Issued shares				
Common stock (Note 1)	82,524	–	3,700	78,824
Treasury shares				
Common stock (Note 2, 3)	2,225	3,705	3,705	2,226

- Notes:
1. The decrease in the number of issued shares of common stock was due to the retirement of treasury shares.
  2. The increase in the number of treasury shares of common stock was due to the acquisition of 3,705 thousand shares based on a Board of Directors resolution and the purchase of 0 thousand shares less than one unit.
  3. The decrease in the number of treasury shares of common stock was due to the retirement of 3,700 thousand shares based on a Board of Directors resolution, the disposal of 5 thousand shares through the exercise of stock options and the request for purchasing 0 thousand additional shares less than one unit.

2. Subscription rights to shares and treasury subscription rights to shares

Category	Breakdown of subscription rights to shares	Class of shares to be issued upon exercise of subscription rights to shares	Number of shares to be issued upon exercise of subscription rights to shares (Shares)				Balance as of March 31, 2019 (Millions of yen)
			As of April 1, 2018	Increase	Decrease	As of March 31, 2019	
Reporting company (Parent company)	Euro-yen denominated convertible bond-type bonds with share acquisition rights due 2025	Common stock	–	10,888,501	–	10,888,501	(Note) –
	Subscription rights to shares as stock options	–	–	–	–	–	287
Total		–	–	–	–	–	287

Note: The lump-sum method is used for the convertible bond-type bonds with share acquisition rights.

3. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 28, 2018	Common stock	1,206	15.0	March 31, 2018	June 29, 2018
Board of Directors meeting held on November 6, 2018	Common stock	1,164	15.0	September 30, 2018	November 30, 2018

(2) Dividends for which record date is in the fiscal year but whose effective date is in the following fiscal year

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 27, 2019	Common stock	1,304	Retained earnings	17.0	March 31, 2019	June 28, 2019

FY2018 (From April 1, 2017 to March 31, 2018)

1. Class and total number of issued shares and treasury shares

(Thousands of shares)

	Number of shares as of April 1, 2017	Increase in number of shares during fiscal year	Decrease in number of shares during fiscal year	Number of shares as of March 31, 2018
Issued shares				
Common stock	82,524	–	–	82,524
Treasury shares				
Common stock (Note 1, 2)	2,252	0	27	2,225

- Notes:
1. The increase in the number of treasury shares of common stock was due to the purchase of shares less than one unit.
  2. The decrease in the number of treasury shares of common stock was due to the disposal of 27 thousand shares through the exercise of stock options and the request for purchasing 0 thousand additional shares less than one unit.

2. Subscription rights to shares and treasury subscription rights to shares

Category	Breakdown of subscription rights to shares	Class of shares to be issued upon exercise of subscription rights to shares	Number of shares to be issued upon exercise of subscription rights to shares (Shares)				Balance as of March 31, 2018 (Millions of yen)
			As of April 1, 2017	Increase	Decrease	As of March 31, 2018	
Reporting company (Parent company)	Subscription rights to shares as stock options	–	–	–	–	–	211
Total		–	–	–	–	–	211

3. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 29, 2017	Common stock	1,286	16.0	March 31, 2017	June 30, 2017
Board of Directors meeting held on November 7, 2017	Common stock	1,206	15.0	September 30, 2017	November 30, 2017

(2) Dividends for which record date is in the fiscal year but whose effective date is in the following fiscal year

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 28, 2018	Common stock	1,206	Retained earnings	15.0	March 31, 2018	June 29, 2018



(Consolidated statements of cash flows)

- \*1 Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheets as follows:

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Cash and deposits	32,958	23,392
Time deposits with maturity over three months	(2,873)	(2,835)
Cash and cash equivalents	30,085	20,556

(Lease transactions)

(Lessee)

1. Finance leases transactions

Finance lease transactions in which ownership is not transferred

(1) Details of leased assets

Property, plant and equipment

Principally production facilities (machinery, equipment and vehicles) and others in the Food segment.

(2) Depreciation method of leased assets

Depreciation method of leased assets is described in “5. Significant accounting policies (2) Depreciation and amortization methods for major depreciable and amortizable assets” above.

Finance lease transactions in which ownership is not transferred commencing on or prior to March 31, 2008 are accounted using an accounting method similar to that applied to operating lease transactions. However, the description of this information has been omitted as the amount is immaterial.

2. Operating lease transactions

Future lease payments for non-cancelable operating lease transactions

(Millions of yen)

	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
Due within one year	18	21
Due after one year	36	40
Total	54	62

(Financial instruments)

1. Conditions of financial instruments

(1) Policy for financial instruments

The Group limits its fund management activities to short-term deposits and others, and procures funds through bank loans and issuances of corporate bonds. It conducts derivative transactions only for the purpose of hedging risks as described below within the scope of actual demand, and no speculative or high risk transactions are allowed in principle.

(2) Details and risks of financial instruments and risk management system

Notes and accounts receivable - trade, which are operating receivables, are exposed to customer credit risk. The Group reduces the risk by performing credit research into primary trading partners and controlling maturity dates of receivables of each customer and preparing reports on the balance for each customer.

Investment securities are primarily shares in companies with which the Group has business relationships, of which listed shares are exposed to market price fluctuation risk. Consequently, the market values of the listed shares are monitored on a quarterly basis.

Most of notes and accounts payable - trade, which are operating debts, are due within one year.

Among loans payable, short-term loans are mainly operating funds, and long-term loans are mainly for procuring funds relating to capital investments. Though some long-term loans are exposed to interest rate fluctuation risk, the Group hedges that risk by entering into derivative transactions (interest rate swap transactions).

Bonds payable are issued for the purpose of procuring funds for repayment of loans and operating funds.

Convertible bond-type bonds with share acquisition rights are issued for the purpose of procuring funds for business investments and the acquisition of treasury shares.

Derivative transactions are comprised of forward exchange contracts with the purpose to hedge exchange rate fluctuation risk in respect of foreign currency denominated operating receivables and operating payables, as well as interest rate swaps transactions with the purpose to hedge fluctuation risk in interest rates on loans payable. As to hedging instruments, hedged items, hedging policy, assessment of hedge effectiveness and others relating to hedge accounting, please refer to “5. Significant accounting policies (5) Significant hedge accounting method” above.

Derivative transactions are executed and controlled by internal rules for transaction authorization. In order to reduce credit risk, the counterparties to these derivative transactions are limited to major financial institutions with high credit ratings.

Operating payables and loans payable are exposed to liquidity risk. The Group manages the risk by each member company’s preparing a monthly plan for raising funds and other methods.

(3) Supplementary explanation on the fair values of financial instruments

The notional amounts of derivatives in “2. Fair values of financial instruments,” in themselves, do not reflect the market risk relating to the derivative transactions.

2. Fair values of financial instruments

Carrying amounts, fair values and their differences are shown in the following table. The amounts shown in the following tables do not include financial instruments whose fair values are deemed to be extremely difficult to determine (see Note 2 below).



FY2019 (As of March 31, 2019)

(Millions of yen)

	Carrying amount (*)	Fair value (*)	Difference
(1) Cash and deposits	32,958	32,958	—
(2) Notes and accounts receivable - trade	47,410	47,410	—
(3) Investment securities	54,760	54,760	—
(4) Notes and accounts payable - trade	(34,564)	(34,564)	—
(5) Short-term loans payable (excluding current portion of long-term loans payable)	(16,925)	(16,925)	—
(6) Bonds payable (including current portion of bonds payable)	(5,000)	(5,021)	(21)
(7) Convertible bond-type bonds with share acquisition rights	(25,110)	(25,500)	(390)
(8) Long-term loans payable (including current portion of long-term loans payable)	(14,317)	(14,132)	184
(9) Derivatives	(3)	(3)	—

(\*) Liabilities are presented in parentheses.

FY2018 (As of March 31, 2018)

(Millions of yen)

	Carrying amount (*)	Fair value (*)	Difference
(1) Cash and deposits	23,392	23,392	—
(2) Notes and accounts receivable - trade	45,303	45,303	—
(3) Investment securities	56,495	56,495	—
(4) Notes and accounts payable - trade	(30,200)	(30,200)	—
(5) Short-term loans payable (excluding current portion of long-term loans payable)	(18,019)	(18,019)	—
(6) Bonds payable (including current portion of bonds payable)	(10,000)	(10,036)	(36)
(7) Convertible bond-type bonds with share acquisition rights	—	—	—
(8) Long-term loans payable (including current portion of long-term loans payable)	(16,584)	(16,250)	334
(9) Derivatives	(21)	(21)	—

(\*) Liabilities are presented in parentheses.

Note 1: Calculation methods of the fair value of financial instruments and matters relating to securities and derivatives

(1) Cash and deposits and (2) Notes and accounts receivable - trade

The book value is used as the fair value, given that the fair value is almost equivalent to the amount of the book value, as they are settled in a short time.

(3) Investment securities

Stocks are valued at prices on stock exchanges and bonds are valued at prices obtained from financial institutions. For matters concerning securities by holding purpose, please refer to note on "Securities."

(4) Notes and accounts payable - trade and (5) Short-term loans payable

The book value is used as the fair value, given that the fair value is almost equivalent to the amount of the book value, as they are settled in a short time.

(6) Bonds payable

The fair value of bonds payable with available fair market value is valued at market prices. The fair value of bonds payable without available fair market value is estimated by discounting the total amount of principal and interest at a rate that reflects the remaining periods of the bonds and the credit risk.

(7) Convertible bond-type bonds with share acquisition rights

The fair value of convertible bond-type bonds with share acquisition rights is valued at market prices.

(8) Long-term loans payable

The fair value of long-term loans payable is estimated by discounting the total amount of principal and interest using an interest rate that would apply if the full amount of the principal were newly borrowed at the year-end date. Most of long-term loans payable with variable interest rates qualify for special treatment for interest rate swaps and the fair value is calculated by discounting the total amount of principal and interest with the interest rate swaps, using an interest rate that would apply if it were newly borrowed at the year-end date.

(9) Derivatives

Please refer to notes on "Derivatives."

Note 2: Carrying amounts of financial instruments whose fair values are deemed to be extremely difficult to determine

(Millions of yen)

Category	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
Unlisted stocks and others	10,711	10,359

Unlisted stocks are not included in "(3) Investment securities" because they have no market prices and their fair values are deemed to be extremely difficult to determine as future cash flow cannot be estimated.

Note 3: Redemption schedule for monetary receivables and securities with maturities after the consolidated balance sheet date

FY2019 (As of March 31, 2019)

(Millions of yen)

	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Deposits	32,829	–	–	–
Notes and accounts receivable - trade	47,410	–	–	–
Securities and investment securities				
Other securities with maturities				
(1) Bonds (Corporate bonds)	193	195	228	117
(2) Other	–	101	255	–
Total	80,433	296	484	117

FY2018 (As of March 31, 2018)

(Millions of yen)

	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Deposits	23,258	–	–	–
Notes and accounts receivable - trade	45,303	–	–	–
Securities and investment securities				
Other securities with maturities				
(1) Bonds (Corporate bonds)	–	425	85	239
(2) Other	29	29	298	–
<b>Total</b>	<b>68,591</b>	<b>455</b>	<b>384</b>	<b>239</b>

Note 4: Repayment schedule for short-term loans payable, bonds payable, convertible bond-type bonds with share acquisition rights and long-term loans payable after the consolidated balance sheet date

FY2019 (As of March 31, 2019)

(Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	16,925	–	–	–	–	–
Bonds payable	–	5,000	–	–	–	–
Convertible bond-type bonds with share acquisition rights	–	–	–	–	–	25,000
Long-term loans payable	2,275	1,937	1,165	994	2,052	5,892
<b>Total</b>	<b>19,201</b>	<b>6,937</b>	<b>1,165</b>	<b>994</b>	<b>2,052</b>	<b>30,892</b>

FY2018 (As of March 31, 2018)

(Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term loans payable	18,019	–	–	–	–	–
Bonds payable	5,000	–	5,000	–	–	–
Convertible bond-type bonds with share acquisition rights	–	–	–	–	–	–
Long-term loans payable	4,508	2,394	1,991	766	875	6,047
<b>Total</b>	<b>27,528</b>	<b>2,394</b>	<b>6,991</b>	<b>766</b>	<b>875</b>	<b>6,047</b>

## (Securities)

## 1. Other securities

FY2019 (As of March 31, 2019)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	(1) Stocks	52,482	13,944	38,537
	(2) Bonds			
	(i) Government bonds and local government bonds	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	222	212	10
	Subtotal	52,704	14,156	38,547
Securities whose carrying amount does not exceed their acquisition cost	(1) Stocks	1,151	1,489	(338)
	(2) Bonds			
	(i) Government bonds and local government bonds	–	–	–
	(ii) Corporate bonds	582	747	(165)
	(iii) Other	–	–	–
	(3) Other	457	549	(91)
	Subtotal	2,191	2,787	(595)
	Total	54,896	16,943	37,952

Note: Unlisted stocks (carrying amount: ¥4,577 million) are not included in “Other securities” in the above table because they have no market prices and their fair values are deemed to be extremely difficult to determine.

FY2018 (As of March 31, 2018)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	(1) Stocks	54,692	14,675	40,017
	(2) Bonds			
	(i) Government bonds and local government bonds	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	174	153	21
	Subtotal	54,867	14,828	40,038
Securities whose carrying amount does not exceed their acquisition cost	(1) Stocks	553	697	(143)
	(2) Bonds			
	(i) Government bonds and local government bonds	–	–	–
	(ii) Corporate bonds	600	746	(145)
	(iii) Other	–	–	–
	(3) Other	472	514	(41)
	Subtotal	1,627	1,957	(330)
	Total	56,495	16,786	39,708

Note: Unlisted stocks (carrying amount: ¥4,560 million) are not included in “Other securities” in the above table because they have no market prices and their fair values are deemed to be extremely difficult to determine.

## 2. Other securities sold

FY2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
(1) Stocks	55	41	0
(2) Bonds			
(i) Government bonds and local government bonds	–	–	–
(ii) Corporate bonds	54	–	40
(iii) Other	–	–	–
(3) Other	148	3	–
Total	258	45	40

FY2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
(1) Stocks	61	22	–
(2) Bonds			
(i) Government bonds and local government bonds	–	–	–
(ii) Corporate bonds	–	–	–
(iii) Other	–	–	–
(3) Other	982	28	1
Total	1,044	50	1

## 3. Securities subject to impairment

In the previous fiscal year, the Company recognized ¥103 million as impairment loss for securities.

In the current fiscal year, the Company recognized ¥55 million as impairment loss for securities.

When the fair value of securities as of the end of the fiscal year declines by greater than or equal to 50% compared to their cost, the Company recognizes impairment losses, and when such decline is between 30% and 50%, the Company recognizes impairment losses for the amount deemed necessary taking into consideration the possibility of a recovery in value. For securities whose fair value is deemed to be extremely difficult to determine, the Company recognizes impairment losses of securities for which actual value at the consolidated balance sheet date declines by greater than or equal to 50 % compared to the cost, in principle, except in cases where there is a possibility of recovery in value.

(Derivatives)

1. Derivatives for which hedge accounting is not applied

FY2019 (From April 1, 2018 to March 31, 2019)

Not applicable

FY2018 (From April 1, 2017 to March 31, 2018)

Not applicable

2. Derivatives for which hedge accounting is applied

(1) Currency-related transactions

FY2019 (As of March 31, 2019)

Hedge accounting	Type of transaction	Major hedged items	Contract amount, etc. (Millions of yen)	Contract amount, etc. over one year (Millions of yen)	Fair value (Millions of yen)
Deferred hedge accounting	Forward exchange contracts				
	Buy				
	USD	Accounts payable - trade	1,071	-	(1)
	EUR		185	-	(1)
	Sell				
	USD	Accounts receivable - trade	91	-	0
Total			1,348	-	(3)

Note: Calculation methods of fair value Valued at prices obtained from counterparty financial institutions and others.

FY2018 (As of March 31, 2018)

Hedge accounting	Type of transaction	Major hedged items	Contract amount, etc. (Millions of yen)	Contract amount, etc. over one year (Millions of yen)	Fair value (Millions of yen)
Deferred hedge accounting	Forward exchange contracts				
	Buy				
	USD	Accounts payable - trade	943	-	(18)
	EUR		149	-	(2)
	Sell				
	USD	Accounts receivable - trade	79	-	(0)
Total			1,172	-	(21)

Note: Calculation methods of fair value Valued at prices obtained from counterparty financial institutions and others.

(2) Interest rate-related transactions  
 FY2019 (As of March 31, 2019)  
 Not applicable

FY2018 (As of March 31, 2018)

Hedge accounting	Type of transaction	Major hedged items	Contract amount, etc. (Millions of yen)	Contract amount, etc. over one year (Millions of yen)	Fair value (Millions of yen)
Special treatment for interest rate swaps	Interest rate swaps transactions Pay fixed and receive floating	Long-term loans payable	900	300	(Note)

Note: The fair value of derivative transactions subject to the special treatment for interest rate swaps is included in the fair value of the underlying long-term loans payable because such derivative transactions are accounted for together with the hedged long-term loans payable.

(Retirement benefits)

1. Overview of retirement benefit plan adopted by the Company

The Company and certain domestic consolidated subsidiaries have a defined benefit pension plan which includes a defined benefit corporate pension plan and a defined contribution plan, and the Company has established a retirement benefit trust. Certain other domestic consolidated subsidiaries have a retirement lump-sum plan as a defined benefit plan.

In the retirement lump-sum plan partially adopted by the domestic consolidated subsidiaries, liabilities for retirement benefits and retirement benefit cost are calculated using the simplified method.

Certain domestic consolidated subsidiaries are members of multi-employer corporate pension plans. For such multi-employer plans whereby the amount of plan assets corresponding to the member companies' contributions cannot be calculated reasonably, the same accounting treatment as that for the defined contribution plan is applied.

Regarding the Restaurant Industry JF Social Pension Fund that some domestic consolidated subsidiaries had joined, after receiving authorization for the transfer of the substitution part of future periods from the Minister of Health, Labour and Welfare on April 1, 2018, the fund has been dissolved as of January 1, 2019, and liquidation procedures are currently being carried out. Additional expenses to be borne by the Company are not expected to arise due to the dissolution of the said fund.

2. Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligations (excluding plans to which the simplified method is applied)

	(Millions of yen)	
	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Balance of retirement benefit obligations at beginning of period	16,446	16,428
Service cost	860	860
Interest cost	114	114
Actuarial gain or loss	39	53
Retirement benefit paid	(811)	(1,010)
Other	(16)	-
Balance of retirement benefit obligations at end of period	16,633	16,446

(2) Reconciliation of beginning and ending balances of plan assets (excluding plans to which simplified method is applied)

	(Millions of yen)	
	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Balance of plan assets at beginning of period	13,529	12,803
Expected return	206	193
Actuarial gain or loss	(381)	402
Employer's contribution	1,164	943
Retirement benefit payments	(653)	(812)
Balance of plan assets at end of period	13,866	13,529



(3) Reconciliation of beginning and ending balances of net defined benefit liability and net defined benefit asset relating to retirement benefit plans to which the simplified method is applied

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Net defined benefit liability and net defined benefit asset at beginning of period	1,519	1,422
Retirement benefit expenses	242	226
Retirement benefit paid	(73)	(107)
Contributions to plans	(51)	(48)
Other	(1)	24
Net defined benefit liability and net defined benefit asset at end of period	1,635	1,519

(4) Reconciliation of ending balances of retirement benefit obligations and plan assets and retirement benefit liabilities and assets in the consolidated balance sheets

(Millions of yen)

	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
Retirement benefit obligation for funded plans	17,356	17,110
Plan assets	(14,605)	(14,223)
	2,751	2,886
Retirement benefit obligation for non-funded plans	1,651	1,548
Net liabilities and assets recorded on the consolidated balance sheets	4,402	4,435
Net defined benefit liability	4,494	4,530
Net defined benefit asset	(91)	(95)
Net liabilities and assets recorded on the consolidated balance sheets	4,402	4,435

Note: Figures include those for plans to which the simplified method is applied.

(5) Retirement benefit expenses and the breakdown

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Service cost	860	860
Interest cost	114	114
Expected return	(206)	(193)
Amortization of actuarial gain or loss	327	774
Retirement benefit expenses based on simplified method	242	226
Other	(16)	—
Retirement benefit expenses relating to defined benefit plan	1,323	1,783

(6) Retirement benefits liability adjustments

Components of retirement benefits liability adjustments (before tax effect) are as follows:

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Actuarial gain or loss	(93)	1,123

(7) Accumulated retirement benefits liability adjustments

Components of accumulated retirement benefits liability adjustments (before tax effect) are as follows:

(Millions of yen)

	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
Unrecognized actuarial gains and losses	604	510

(8) Matters relating to plan assets

(i) Major breakdown of plan assets

The ratio of major classes in the plan assets are as follows:

	FY2019 (As of March 31, 2019) (%)	FY2018 (As of March 31, 2018) (%)
Bonds	33	32
Stocks	36	37
General account	1	1
Other	30	30
Total	100	100

Note: The total plan assets include a retirement benefit trust established for the corporate pension plan, accounting for 30% of the total plan assets as of the end of the current fiscal year (36% as of the end of the previous fiscal year).

(ii) Method for determining long-term expected rate of return on plan assets

To determine a long-term expected rate of return on plan assets, the Company considers the allocations of current and expected plan assets and the current and expected long-term rates of return from various assets that constitute the plan assets.

(9) Matters relating to calculation basis for actuarial assumptions

Calculation basis for major actuarial assumptions

	FY2019 (As of March 31, 2019) (%)	FY2018 (As of March 31, 2018) (%)
Discount rate	Mainly 0.8	Mainly 0.8
Long-term expected rate of return on plan assets	0.0 - 2.5	0.0 - 2.5
Expected rate of salary increase	0.0 - 3.8	0.0 - 3.9

### 3. Defined contribution plan

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Required contributions to defined contribution plan for consolidated subsidiaries	13	12

### 4. Multi-employer plans

Required contributions to the employees' pension fund (retirement benefit expenses) for multi-employer plans, which are treated similarly to defined contribution plan, totaled ¥19 million for the previous fiscal year and ¥6 million for the current fiscal year.

Regarding the Restaurant Industry JF Social Pension Fund that some domestic consolidated subsidiaries had joined, after receiving authorization for the transfer of the substitution part of future periods from the Minister of Health, Labour and Welfare on April 1, 2018, the fund has been dissolved as of January 1, 2019. As liquidation procedures are currently being carried out, this information has been omitted.

## (Stock options)

## 1. Corresponding account and amount of stock options charged as expenses

(Millions of yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Selling, general and administrative expenses	83	79

## 2. Details, size and changes in stock options

## (1) Details of stock options

	2018 Stock Options	2017 Stock Options
Category and number of grantees	Directors of the Company; 13	Directors of the Company; 13
Number of stock options by type of shares (Note)	46,900 shares of common stock	47,950 shares of common stock
Grant date	July 25, 2018	July 26, 2017
Vesting conditions	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.
Vesting period	From July 1, 2018 to June 30, 2019	From July 1, 2017 to June 30, 2018
Exercise period	From July 26, 2018 to July 25, 2048	From July 27, 2017 to July 26, 2047

	2016 Stock Options	2015 Stock Options
Category and number of grantees	Directors of the Company; 12	Directors of the Company; 11
Number of stock options by type of shares (Note)	51,700 shares of common stock	51,100 shares of common stock
Grant date	July 27, 2016	July 23, 2015
Vesting conditions	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.
Vesting period	From July 1, 2016 to June 30, 2017	From July 1, 2015 to June 30, 2016
Exercise period	From July 28, 2016 to July 27, 2046	From July 24, 2015 to July 23, 2045

	2014 Stock Options
Category and number of grantees	Directors of the Company; 9
Number of stock options by type of shares (Note)	61,700 shares of common stock
Grant date	July 24, 2014
Vesting conditions	In principle, the eligible person may exercise his/her share subscription rights on a lump sum basis between the subsequent day of the expiration of position as Director of the Company and the 10th day from such day.
Vesting period	From July 1, 2014 to June 30, 2015
Exercise period	From July 25, 2014 to July 24, 2044

Note: The number of stock options represents the number of shares. As the Company conducted a 1-for-2 share consolidation on October 1, 2016, the number of shares reflects the amount after the share consolidation.

(2) Size and changes in stock options

The following describes the number of stock options that existed during FY2019 (fiscal year ended March 31, 2019). The number of stock options represents the number of shares.

(i) Number of stock options

	2018 Stock Options	2017 Stock Options	2016 Stock Options	2015 Stock Options	2014 Stock Options
Before vesting (Shares)					
As of March 31, 2018	–	47,950	43,000	33,700	32,800
Granted	46,900	–	–	–	–
Forfeited	–	–	–	–	–
Vested	–	2,300	2,700	–	–
Unvested	46,900	45,650	40,300	33,700	32,800
After vesting (Shares)					
As of March 31, 2018	–	–	–	–	–
Vested	–	2,300	2,700	–	–
Exercised	–	2,300	2,700	–	–
Forfeited	–	–	–	–	–
Exercisable	–	–	–	–	–

Note: As the Company conducted a 1-for-2 share consolidation on October 1, 2016, the number of shares reflects the amount after the share consolidation.

(ii) Unit price information

	2018 Stock Options	2017 Stock Options	2016 Stock Options	2015 Stock Options	2014 Stock Options
Exercise price (Yen)	1	1	1	1	1
Average price per share upon exercise (Yen)	–	1,854	1,854	–	–
Fair value per share at grant date (Yen)	1,798	1,667	1,512	1,590	1,008

Note: As the Company conducted a 1-for-2 share consolidation on October 1, 2016, per share price reflects the amount after the share consolidation.

3. Method for estimating the fair value of stock options

The method for estimating the fair value of the 2018 stock options granted in the current fiscal year is as follows:

(i) Valuation method: Black-Scholes Model

(ii) Main assumptions and estimation method:

	2018 Stock Options
Volatility of share price (Note 1)	21.1%
Estimated remaining outstanding period (Note 2)	Two years and seven months
Estimated dividend (Note 3)	¥30 per share
Risk-free interest rate (Note 4)	(0.11)%

Notes: 1. Calculated based on the stock market performance for the two years and seven months (from December 2015 to July 2018).

2. Estimated based on the average remaining service period for Directors at the allotment date of the stock options, which is based on the average service period of past Directors and the current service periods of incumbent Directors between their inauguration dates and the allotment date of stock options.

3. Dividend was estimated based on the actual dividends for the fiscal year ended March 31, 2018.

4. The yield on government bonds for the period corresponding to the estimated remaining outstanding period.

4. Method for estimating the number of stock options vested

Because it is difficult to reasonably estimate the number of stock options that will expire in the future, the number here reflects only stock options that have actually been forfeited.

## (Tax effect accounting)

## 1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)
Deferred tax assets		
Tax loss carried forward (Note 1)	1,133	1,719
Non-deductible accrued enterprise tax	208	208
Accrued bonuses	509	494
Net defined benefit liability	2,654	2,742
Loss on valuation of securities	71	71
Unrealized gain on sales of fixed assets	936	937
Loss on valuation of non-current assets	302	324
Other	1,958	1,542
Subtotal deferred tax assets	7,774	8,040
Valuation allowance for tax loss carried forward (Note 1)	(926)	-
Valuation allowance for total future deductible temporary differences, etc.	(1,038)	-
Subtotal valuation allowance	(1,965)	(2,292)
Total deferred tax assets	5,808	5,748
Amount offset by deferred tax liabilities	4,041	4,062
Net deferred tax assets	1,767	1,685
Deferred tax liabilities		
Reserve for reduction entry	2,813	2,848
Unrealized holding gain (loss) on securities	11,617	12,153
Gain on contribution of securities to retirement benefit trust	436	437
Other	1,299	1,240
Subtotal deferred tax liabilities	16,168	16,681
Amount offset by deferred tax assets	4,041	4,062
Net deferred tax liabilities	12,126	12,618

Notes: 1. Tax loss carried forward and amount of said deferred tax assets by deferred deadline  
FY2019 (As of March 31, 2019)

(Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Tax loss carried forward (*1)	135	108	43	63	5	777	1,133
Valuation allowance	(55)	(94)	(40)	(59)	(5)	(670)	(926)
Deferred tax assets	79	14	2	3	-	106	206

(\*1) Tax loss carried forward is the amount derived from multiplying by the effective statutory tax rate.

2. Significant components in the reconciliation of difference between the effective statutory tax rate and effective tax rate reflected in the consolidated financial statements

FY2019 (As of March 31, 2019)

The note is omitted as the difference between the effective statutory tax rate and the actual effective tax rate after tax effect accounting is equal to or less than 5% of the effective statutory tax rate.



FY2018 (As of March 31, 2018)

The note is omitted as the difference between the effective statutory tax rate and the actual effective tax rate after tax effect accounting is equal to or less than 5% of the effective statutory tax rate.

(Business combination)

FY2019 (From April 1, 2018 to March 31, 2019)

Not applicable

(Asset retirement obligations)

As of March 31, 2019

The Group recognizes liabilities relating to the restoration of real estate to its original state upon withdrawal from real estate based on real estate lease contracts for factories and others as asset retirement obligations. However, the description of this information has been omitted as the total amount of the obligations is immaterial.

As of March 31, 2018

The Group recognizes liabilities relating to the restoration of real estate to its original state upon withdrawal from real estate based on real estate lease contracts for factories and others as asset retirement obligations. However, the description of this information has been omitted as the total amount of the obligations is immaterial.

(Rental property and other real estate)

FY2019 (From April 1, 2018 to March 31, 2019)

The information has been omitted as the total amount of rental property and other real estate is immaterial.

FY2018 (From April 1, 2017 to March 31, 2018)

The information has been omitted as the total amount of rental property and other real estate is immaterial.

(Public facility management)

Not applicable

(Segment information)

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are group components which are regularly reviewed by the Board of Directors using the discrete financial information available to determine the allocation of management resources and evaluate business results.

The Group consists of three main business units classified by product types—Flour Milling, Food and Other. Each business unit formulates business strategies and promotes business activities.

The Group has classified its operations into two reportable segments: Flour Milling and Food.

The Flour Milling segment covers wheat flour, wheat bran, and buckwheat flour, while the Food segment covers wheat flour for home use, premixes, pasta, frozen foods, delicatessen foods, and rice flour.

2. Calculation methods of sales, income (loss), assets, liabilities and other items by reportable segment

The accounting methods used for reportable segments are the same as those described under “Basis of preparation of the consolidated financial statements.”

Profit figures of reportable segments are based on operating income. Inter-segment sales and transfers are based on prevailing market prices.

3. Information on sales, income (loss), assets, liabilities and other items by reportable segment

FY2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments			Other	Total	Adjustments	Amounts recorded on consolidated financial statements
	Flour Milling	Food	Total				
Net sales							
Net sales to external customers	102,736	195,696	298,432	36,966	335,399	—	335,399
Internal sales or transfers between segments	1,798	789	2,587	6,886	9,474	(9,474)	—
Total	104,534	196,485	301,020	43,853	344,874	(9,474)	335,399
Segment income	5,538	5,221	10,760	439	11,200	21	11,222
Segment assets	111,078	103,721	214,799	19,958	234,757	58,634	293,392
Other items							
Depreciation	2,894	3,318	6,213	885	7,099	328	7,428
Increase in property, plant and equipment and intangible assets	3,887	10,819	14,707	1,505	16,213	69	16,282

- Notes:
1. The “Other” column indicates businesses not included in the reportable segments, including pet food, health food and engineering.
  2. Segment income adjustment of ¥21 million includes elimination of inter-segment transactions and corporate expenses.
  3. Corporate assets included in adjustments of segment assets amounted to ¥59,889 million and mainly comprise the Company's surplus funds (cash and deposits, and securities) and property, plant and equipment concerning administrative departments.
  4. Adjustments amounting to ¥69 million for the increase in property, plant and equipment and intangible assets mainly relate to capital investment by the administrative departments and elimination of inter-segment transactions.
  5. Segment income is adjusted to reconcile total segment income to operating income on the consolidated financial statements.
  6. Depreciation expenses and an increase in property, plant and equipment and intangible assets include an increase in

long-term prepaid expenses and amortization thereof.

7. Different criteria are applied for allocation of non-current assets to each segment and for allocation of relevant depreciation expenses to each segment, respectively.

FY2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments			Other	Total	Adjustments	Amounts recorded on consolidated financial statements
	Flour Milling	Food	Total				
Net sales							
Net sales to external customers	97,752	191,643	289,396	34,099	323,495	–	323,495
Internal sales or transfers between segments	1,781	644	2,425	2,394	4,820	(4,820)	–
Total	99,533	192,288	291,821	36,494	328,316	(4,820)	323,495
Segment income	5,216	4,435	9,651	374	10,025	35	10,060
Segment assets	107,136	93,983	201,120	19,004	220,125	52,040	272,166
Other items							
Depreciation	3,001	3,561	6,563	911	7,475	316	7,791
Increase in property, plant and equipment and intangible assets	2,486	6,359	8,846	1,884	10,731	8	10,739

- Notes:
1. The “Other” column indicates businesses not included in the reportable segments, including pet food, health food and engineering.
  2. Segment income adjustment of ¥35 million includes elimination of inter-segment transactions and corporate expenses.
  3. Corporate assets included in adjustments of segment assets amounted to ¥54,472 million and mainly comprise the Company’s surplus funds (cash and deposits, and securities) and property, plant and equipment concerning administrative departments.
  4. Adjustments amounting to ¥8 million for the increase in property, plant and equipment and intangible assets mainly relate to capital investment by the administrative departments and elimination of inter-segment transactions.
  5. Segment income is adjusted to reconcile total segment income to operating income on the consolidated financial statements.
  6. Depreciation expenses and an increase in property, plant and equipment and intangible assets include an increase in long-term prepaid expenses and amortization thereof.
  7. Different criteria are applied for allocation of non-current assets to each segment and for allocation of relevant depreciation expenses to each segment, respectively.

[Related information]

FY2019 (From April 1, 2018 to March 31, 2019)

1. Information by product and service

This information has been omitted as the same information is disclosed in Segment information.

2. Information by geographical area

(1) Net sales

This information has been omitted as net sales to external customers in Japan account for more than 90% of net sales recorded on the consolidated statement of income.

(2) Property, plant and equipment

This information has been omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

Name of customer	Net sales (Millions of yen)	Name of related segment
FamilyMart Co., Ltd.	49,688	Food
ITOCHU Corporation	42,738	Flour Milling and Food

FY2018 (From April 1, 2017 to March 31, 2018)

1. Information by product and service

This information has been omitted as the same information is disclosed in Segment information.

2. Information by geographical area

(1) Net sales

This information has been omitted as net sales to external customers in Japan account for more than 90% of net sales recorded on the consolidated statement of income.

(2) Property, plant and equipment

This information has been omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

Name of customer	Net sales (Millions of yen)	Name of related segment
FamilyMart Co., Ltd.	48,413	Food
ITOCHU Corporation	38,208	Flour Milling and Food

[Information on impairment loss on non-current assets by reportable segment]  
 FY2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Flour Milling	Food	Other (Note)	Adjustments and elimination	Total
Impairment loss	23	–	–	–	23

Note: The amounts in “Other” are those relating to the restaurant business and others.

FY2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Flour Milling	Food	Other (Note)	Adjustments and elimination	Total
Impairment loss	–	24	219	–	244

Note: The amounts in “Other” are those relating to the restaurant business and others.

[Information on amortization and balance of goodwill by reportable segment]

FY2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Flour Milling	Food	Other (Note)	Adjustments and elimination	Total
Amortization during current period	12	49	88	–	150
Balance at end of current period	–	186	436	–	622

Note: The amounts in “Other” are those relating to the restaurant business and others.

FY2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Flour Milling	Food	Other (Note)	Adjustments and elimination	Total
Amortization during current period	19	17	113	–	149
Balance at end of current period	12	59	520	–	592

Note: The amounts in “Other” are those relating to the restaurant business and others.

[Information on gain on bargain purchase by reportable segment]

FY2019 (From April 1, 2018 to March 31, 2019)

Not applicable

FY2018 (From April 1, 2017 to March 31, 2018)

Not applicable

[Related parties]

FY2019 (From April 1, 2018 to March 31, 2019)

Not applicable

FY2018 (From April 1, 2017 to March 31, 2018)

Not applicable

(Per share information)

(Yen)

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Net assets per share	1,961.17	1,897.64
Basic profit per share	108.78	95.34
Fully diluted profit per share	97.07	95.16

Note: Basis for the calculation of basic profit per share and fully diluted profit per share is as follows:

	FY2019 (From April 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2017 to March 31, 2018)
Basic profit per share		
Profit attributable to owners of parent (Millions of yen)	8,455	7,651
Amount not attributable to common shareholders (Millions of yen)	—	—
Amount pertaining to common stock (Millions of yen)	8,455	7,651
Average number of shares of common stock in the fiscal year (Thousands of shares)	77,733	80,257
Fully diluted profit per share		
Adjustments on profit attributable to owners of parent (Millions of yen)	(10)	—
<of which interest income (after deducting the amount equivalent to tax) (Millions of yen)>	[(10)]	[-]
Increase in common stock (Thousands of shares)	9,262	152
Summary of residual securities not included in calculation of fully diluted profit per share due to non dilutive effect	—	—

(Significant subsequent events)

Not applicable

(v) Consolidated supplemental schedules  
(Schedule of bonds payable)

Company name	Security titles	Issue date	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Interest rate (%)	Collateral	Maturity
Nippon Flour Mills Co., Ltd.	3rd Series of Unsecured Straight Bonds	April 19, 2013	5,000	–	0.389	None	April 19, 2018
Same as above	4th Series of Unsecured Straight Bonds	Same as above	5,000	5,000	0.524	None	April 17, 2020
Same as above	Euro-yen denominated convertible bond-type bonds with share acquisition rights due 2025 (Note 2)	June 22, 2018	–	25,110	–	None	June 20, 2025
Total	–	–	10,000	30,110	–	–	–

Notes: 1. Repayment schedule for five years after the consolidated balance sheet date is as follows:

(Millions of yen)

Due within one year	Due after one year within two years	Due after two years within three years	Due after three years within four years	Due after four years within five years
–	5,000	–	–	–

2. Information regarding bonds with share acquisition rights are as follows:

Security titles	Euro-yen denominated convertible bond-type bonds with share acquisition rights due 2025
Shares to be issued	Common stock
Issue price of stock acquisition rights (Yen)	Free of charge
Issue price of shares (Yen)	2,296
Aggregate amount of issue price (Millions of yen)	25,000
Aggregate amount of issue price of shares issued through the exercise of stock acquisition rights (Millions of yen)	–
Ratio of stock acquisition rights granted (%)	100
Exercise period of stock acquisition rights	July 6, 2018 to June 6, 2025

Note: When exercising each stock acquisition right, the bond regarding the stock acquisition right shall be funded. The price of the bond shall be equal to the face value of the bond.



## (Schedule of borrowings)

Category	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Average interest rate (%)	Repayment date
Short-term loans payable	18,019	16,925	0.49	–
Current portion of long-term loans payable	4,508	2,275	0.46	–
Current portion of lease obligations	242	199	–	–
Long-term loans payable (excluding current portion)	12,075	12,041	0.40	2020 – 2030
Lease obligations (excluding current portion)	481	421	–	2020 – 2028
Other interest-bearing debt	–	–	–	–
Total	35,328	31,863	–	–

Notes: 1. Repayment schedule for long-term loans payable and lease obligations (excluding current portion) for five years after the consolidated balance sheet date is as follows:

(Millions of yen)

	Due after one year within two years	Due after two years within three years	Due after three years within four years	Due after four years within five years
Long-term loans payable	1,937	1,165	994	2,052
Lease obligations	138	113	81	34

- Average interest rates are computed using interest rates at the end of the fiscal year.
- Average interest rates on lease obligations are not provided because the lease obligations stated in the consolidated balance sheet represent the amounts with interest equivalents not deducted from the total lease payments.

## (Schedule of asset retirement obligations)

The amount of asset retirement obligations at the beginning and at the end of the current fiscal year was not more than 1/100 of the amount of total liabilities and net assets at the beginning and at the end of the current fiscal year. Consequently, pursuant to Article 92-2 of the Regulations for Consolidated Financial Statements, this information has been omitted.