

Consolidated Balance Sheets

NH Foods Ltd. and Subsidiaries
March 31, 2018 and 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Assets:			
Current Assets:			
Cash and cash equivalents (Note 1)	¥ 60,335	¥ 82,639	\$ 569,198
Time deposits	14,518	18,616	136,962
Trade notes and accounts receivable (Note 1)	151,420	128,579	1,428,491
Allowance for doubtful accounts	(386)	(373)	(3,642)
Inventories (Notes 1, 2 and 7)	127,905	132,697	1,206,651
Deferred income taxes (Notes 1 and 8)		6,650	
Other current assets (Note 16)	9,901	10,590	93,406
Total current assets	363,693	379,398	3,431,066
Property, Plant and Equipment - At Cost, Less Accumulated Depreciation (Notes 1, 4, 6, 7, 13 and 15)	307,558	283,364	2,901,491
Intangible Assets, Less Accumulated Amortization (Notes 1, 5, 6 and 15)	10,457	4,715	98,651
Investments and Other Assets:			
Investments in associated companies (Notes 1 and 3)	14,427	5,100	136,104
Other investment securities (Notes 1, 3 and 15)	32,535	28,828	306,934
Other assets (Note 9)	12,897	11,244	121,670
Total investments and other assets	59,859	45,172	564,708
Deferred Income Taxes - Non-current (Notes 1 and 8)	13,509	7,627	127,443
Total Assets	¥755,076	¥720,276	\$7,123,359

See notes to consolidated financial statements.

Liabilities and Equity:	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
Current Liabilities:			
Short-term bank loans (Note 7)	¥ 40,446	¥ 48,804	\$ 381,566
Current maturities of long-term debt (Notes 7, 13 and 15)	8,051	12,822	75,953
Trade notes and accounts payable	113,654	101,857	1,072,208
Accrued income taxes (Notes 1 and 8)	8,699	8,920	82,066
Deferred income taxes (Notes 1 and 8)		1,402	
Accrued expenses (Note 9)	23,315	22,357	219,953
Other current liabilities (Note 16)	35,149	21,591	331,595
Total current liabilities	229,314	217,753	2,163,341
Liability under Retirement and Severance Programs (Notes 1 and 9)	13,655	13,268	128,821
Long-term Debt, Less Current Maturities (Notes 7, 13 and 15)	62,451	76,658	589,160
Deferred Income Taxes - Non-current (Notes 1 and 8)	1,613	2,561	15,217
Other Long-term Liabilities	1,904	1,680	17,962
Total Liabilities	308,937	311,920	2,914,501
Commitments and Contingent Liabilities (Notes 1, 9, 13 and 20)			
NH Foods Ltd. Shareholders' Equity:			
Common stock, no par value – authorized, 570,000,000 shares; issued: 2018 – 214,991,609 shares 2017 – 210,895,298 shares (Notes 7 and 11)	36,291	31,806	342,368
Capital surplus (Notes 7, 10 and 11)	63,190	58,873	596,132
Retained earnings:			
Appropriated for legal reserve (Note 11)	8,383	8,275	79,085
Unappropriated (Notes 11 and 21)	329,282	303,208	3,106,434
Accumulated other comprehensive income (Note 12)	3,663	2,005	34,556
Treasury stock, at cost: 2018 – 7,444 shares 2017 – 25,901 shares (Note 11)	(16)	(41)	(151)
Total NH Foods Ltd. shareholders' equity	440,793	404,126	4,158,424
Noncontrolling Interests	5,346	4,230	50,434
Total Equity	446,139	408,356	4,208,858
Total Liabilities and Equity	¥755,076	¥720,276	\$7,123,359

Consolidated Statements of Income

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31, 2018, 2017 and 2016

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2018	2017	2016	2018
Net Sales (Notes 1 and 16)	¥1,269,201	¥1,202,293	¥1,229,324	\$11,973,594
Cost of Goods Sold (Notes 2 and 16)	1,033,355	968,995	1,005,646	9,748,632
Selling, General and Administrative Expenses (Note 1)	186,628	179,496	174,471	1,760,642
Other Operating Costs and Expenses (Income) – Net (Notes 4, 5 and 6)	(66)	5,320	11,849	(623)
Gain from the Transfer through the Posting System (Note 1)	2,273			21,443
Interest Expense (Note 16)	1,172	1,140	1,384	11,057
Other Income (Expenses) – Net (Note 16)	70	1,770	(665)	660
Income from Continuing Operations before Income Taxes and Equity in Earnings of Associated Companies	50,455	49,112	35,309	475,989
Income Taxes (Notes 1 and 8):				
Current	16,517	15,787	12,905	155,821
Deferred	(2,412)	(1,257)	212	(22,755)
Total income taxes	14,105	14,530	13,117	133,066
Income from Continuing Operations before Equity in Earnings of Associated Companies	36,350	34,582	22,192	342,923
Equity in Earnings (Losses) of Associated Companies – Net of Applicable Income Taxes (Note 1)	1,069	485	(207)	10,086
Net Income from Continuing Operations	37,419	35,067	21,985	353,009
Loss from Discontinued Operations – Net of Applicable Income Taxes (Notes 16 and 19)		(12)	(3,230)	
Net Income	37,419	35,055	18,755	353,009
Net (Income) Loss Attributable to Noncontrolling Interests	(272)	(51)	3,024	(2,566)
Net Income Attributable to NH Foods Ltd.	¥ 37,147	¥ 35,004	¥ 21,779	\$ 350,443

Per Share Amounts (Note 1):	Yen			U.S. Dollars
Basic earnings per share attributable to NH Foods Ltd. shareholders				
Continuing operations	¥ 348.46	¥ 343.59	¥ 245.56	\$ 3.29
Discontinued operations		(0.12)	(31.72)	
Total	¥ 348.46	¥ 343.47	¥ 213.84	\$ 3.29
Diluted earnings per share attributable to NH Foods Ltd. shareholders				
Continuing operations	¥ 342.07	¥ 322.66	¥ 230.61	\$ 3.23
Discontinued operations		(0.12)	(29.72)	
Total	¥ 342.07	¥ 322.54	¥ 200.89	\$ 3.23

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31, 2018, 2017 and 2016

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2018	2017	2016	2018
Net Income	¥37,419	¥35,055	¥18,755	\$353,009
Other Comprehensive Income (Loss) – Net of Applicable Income Taxes (Note 12):				
Net unrealized gains (losses) on securities available-for-sale (Notes 1 and 3)	1,251	3,063	(677)	11,801
Pension liability adjustments (Note 9)	875	1,727	(4,082)	8,255
Foreign currency translation adjustments	(600)	(1,886)	(5,535)	(5,660)
Total other comprehensive income (loss)	1,526	2,904	(10,294)	14,396
Comprehensive Income	38,945	37,959	8,461	367,405
Net Comprehensive (Income) Loss Attributable to Noncontrolling Interests	(140)	565	3,677	(1,321)
Net Comprehensive Income Attributable to NH Foods Ltd.	¥38,805	¥38,524	¥12,138	\$366,084

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31, 2018, 2017 and 2016

	Millions of Yen								
	Common Stock	Capital Surplus	Retained Earnings Appropriated for Legal Reserve	Unappropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total NH Foods Ltd. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, April 1, 2015	¥24,166	¥51,038	¥7,905	¥262,887	¥8,126	¥(458)	¥353,664	¥2,760	¥356,424
Net income				21,779			21,779	(3,024)	18,755
Other comprehensive loss (Note 12)					(9,641)		(9,641)	(653)	(10,294)
Cash dividends (Note 11)				(9,370)			(9,370)	(41)	(9,411)
Transfer to retained earnings appropriated for legal reserve (Note 11)			245	(245)					
Acquisition of treasury stock (Note 11)						(10)	(10)		(10)
Disposition of treasury stock (Note 11)		(10)				11	1		1
Acquisition and capital increase of subsidiaries (Note 17)								6,094	6,094
Others		(70)					(70)	(129)	(199)
Balance, March 31, 2016	24,166	50,958	8,150	275,051	(1,515)	(457)	356,353	5,007	361,360
Net income				35,004			35,004	51	35,055
Other comprehensive income (Note 12)					3,520		3,520	(616)	2,904
Cash dividends (Note 11)				(6,722)			(6,722)	(22)	(6,744)
Transfer to retained earnings appropriated for legal reserve (Note 11)			125	(125)					
Acquisition of treasury stock (Note 11)						(9)	(9)		(9)
Disposition of treasury stock (Note 11)		(29)				31	2		2
Conversion of convertible bonds (Note 7)	7,640	7,770				394	15,804		15,804
Capital increase of subsidiaries		235					235	150	385
Others		(61)					(61)	(340)	(401)
Balance, March 31, 2017	31,806	58,873	8,275	303,208	2,005	(41)	404,126	4,230	408,356
Net income				37,147			37,147	272	37,419
Other comprehensive income (Note 12)					1,658		1,658	(132)	1,526
Cash dividends (Note 11)				(10,965)			(10,965)	(15)	(10,980)
Transfer to retained earnings appropriated for legal reserve (Note 11)			108	(108)					
Acquisition of treasury stock (Note 11)						(10)	(10)		(10)
Disposition of treasury stock (Note 11)		(33)				35	2		2
Conversion of convertible bonds (Note 7)	4,470	4,447					8,917		8,917
Issuance of new shares due to the exercise of stock options	15	(15)					0		0
Change in ownership interest of parent due to transactions with non-controlling		(82)					(82)	531	449
Capital increase of subsidiaries								357	357
Others								103	103
Balance, March 31, 2018	¥36,291	¥63,190	¥8,383	¥329,282	¥3,663	¥(16)	¥440,793	¥5,346	¥446,139

	Thousands of U.S. Dollars (Note 1)								
	Common Stock	Capital Surplus	Retained Earnings Appropriated for Legal Reserve	Unappropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total NH Foods Ltd. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, March 31, 2017	\$300,056	\$555,407	\$78,066	\$2,860,452	\$18,915	\$(388)	\$3,812,508	\$39,906	\$3,852,414
Net income				350,443			350,443	2,566	353,009
Other comprehensive income (Note 12)					15,641		15,641	(1,245)	14,396
Cash dividends (Note 11)				(103,442)			(103,442)	(142)	(103,584)
Transfer to retained earnings appropriated for legal reserve (Note 11)			1,019	(1,019)					
Acquisition of treasury stock (Note 11)						(94)	(94)		(94)
Disposition of treasury stock (Note 11)		(311)				331	20		20
Conversion of convertible bonds (Note 7)	42,170	41,952					84,122		84,122
Issuance of new shares due to the exercise of stock options	142	(142)					0		0
Change in ownership interest of parent due to transactions with non-controlling		(774)					(774)	5,009	4,235
Capital increase of subsidiaries								3,368	3,368
Others								972	972
Balance, March 31, 2018	\$342,368	\$596,132	\$79,085	\$3,106,434	\$34,556	\$(151)	\$4,158,424	\$50,434	\$4,208,858

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31, 2018, 2017 and 2016

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2018	2017	2016	2018
Operating Activities:				
Net income	¥ 37,419	¥ 35,055	¥ 18,755	\$ 353,009
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	21,719	20,287	19,926	204,896
Impairment losses	1,631	2,285	11,081	15,387
Income taxes deferred	(2,412)	(1,257)	272	(22,755)
Foreign exchange translation adjustments	(3,285)	715	(3,193)	(30,991)
Increase in trade notes and accounts receivable	(22,168)	(796)	(113)	(209,132)
Decrease in inventories	5,743	1,305	5,894	54,179
Decrease (increase) in other current assets	416	742	(34)	3,925
Increase (decrease) in trade notes and accounts payable	9,883	7,705	(304)	93,236
Increase (decrease) in accrued income taxes	(203)	1,808	(598)	(1,915)
Increase (decrease) in accrued expenses and other current liabilities	7,396	(1,039)	232	69,774
Others – net	(1,513)	(1,556)	617	(14,273)
Net cash provided by operating activities	54,626	65,254	52,535	515,340
Investing Activities:				
Capital expenditures	(33,220)	(40,183)	(37,604)	(313,396)
Proceeds from sales of capital assets	3,607	1,211	1,839	34,028
Decrease (increase) in time deposits	3,636	(7,735)	(202)	34,302
Purchases of other investment securities	(2,482)	(624)	(2,798)	(23,415)
Proceeds from sales and maturities of other investment securities	1,808	2,481	475	17,057
Investments in associated companies	(8,929)	(195)	(1,891)	(84,236)
Net decrease in cash and cash equivalents resulting from purchase of business	(13,404)		(8,563)	(126,453)
Net increase in cash and cash equivalents resulting from sale of business	608	5,372		5,736
Others – net	(630)	1,402	(395)	(5,944)
Net cash used in investing activities	(49,006)	(38,271)	(49,139)	(462,321)
Financing Activities:				
Cash dividends	(10,980)	(6,744)	(9,411)	(103,584)
Increase (decrease) in short-term bank loans	(4,701)	4,063	18,506	(44,349)
Proceeds from debt	5,762	6,282	30,408	54,358
Repayments of debt	(18,556)	(15,277)	(32,614)	(175,057)
Contributions from noncontrolling interests	1,063	424	1,502	10,028
Acquisition of treasury stock	(10)	(9)	(10)	(94)
Others – net	(86)	(178)	(199)	(811)
Net cash provided by (used in) financing activities	(27,508)	(11,439)	8,182	(259,509)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(416)	(226)	(1,661)	(3,925)
Net Increase (Decrease) in Cash and Cash Equivalents	(22,304)	15,318	9,917	(210,415)
Cash and Cash Equivalents at Beginning of the Year	82,639	67,321	57,404	779,613
Cash and Cash Equivalents at End of the Year	¥ 60,335	¥ 82,639	¥ 67,321	\$ 569,198
Additional Cash Flow Information:				
Interest paid	¥ 1,222	¥ 1,136	¥ 1,496	\$ 11,528
Income taxes paid	16,534	14,305	13,165	155,981
Capital lease obligations incurred	2,367	3,864	4,686	22,330
Conversion of convertible bonds	8,917	15,771		84,123

See notes to consolidated financial statements.