

October 31, 2017

Consolidated Financial Results for the Six Months Ended September 30, 2017 <under J-GAAP>

Company name: **Toyo Suisan Kaisha, Ltd.**

Listing: First Section of the Tokyo Stock Exchange

Securities code: 2875

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Scheduled date of filing of quarterly securities report: November 13, 2017

Scheduled date of start of dividend payment: December 5, 2017

Preparation of quarterly results presentation materials: Yes

Holding of quarterly results briefing meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen have been omitted.)

1. Consolidated Operating Results for the First Six Months of FY2018 (from April 1, 2017 to September 30, 2017)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Sep. 30, 2017	189,974	4.3	12,792	(4.9)	13,910	(2.1)	8,789	(10.6)
Sep. 30, 2016	182,111	(3.1)	13,445	7.5	14,211	8.9	9,832	18.6

Note: Comprehensive income Six months ended September 30, 2017: 10,581 million yen [836.0%]

Six months ended September 30, 2016: 1,130 million yen [(86.3)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
Sep. 30, 2017	86.06	—
Sep. 30, 2016	96.27	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2017	368,696	289,234	75.5
As of Mar. 31, 2017	361,074	281,795	75.1

Reference: Equity

As of September 30, 2017: 278,383 million yen

As of March 31, 2017: 271,198 million yen

2. Dividends

	Full Year Dividends				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Year-end	For the year
	Yen	Yen	Yen	Yen	Yen
FY2017	—	30.00	—	30.00	60.00
FY2018	—	30.00	—	—	—
FY2018 (Forecast)	—	—	—	30.00	60.00

Note: Revisions to the dividends forecasts most recently announced: None

3. Consolidated Results Forecasts for FY2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	400,000	4.5	30,000	1.7	31,500	1.1	21,400	2.7	209.54

Note: Revisions to the results forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting procedures for preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - a. Changes in accounting policies due to amendments to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None

- (4) Number of shares issued (common stock)

- a. Number of shares issued at end of period (including treasury shares)

As of September 30, 2017	110,881,044 shares
As of March 31, 2017	110,881,044 shares

- b. Number of treasury shares at end of period

As of September 30, 2017	8,751,813 shares
As of March 31, 2017	8,751,549 shares

- c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2017	102,129,392 shares
Six months ended September 30, 2016	102,129,593 shares

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* Explanation related to the appropriate use of the results forecasts and other items warranting special mention

Forward-looking statements in this document, including the results forecasts, etc., are based on the information available as of the date of the release of this document and the preconditions that Toyo Suisan Kaisha, Ltd. (the "Company") deemed to be reasonable; they are not meant to be a commitment by the Company, and a variety of factors in the future may cause actual results to differ materially from these forecasts. Please refer to Section: "(3) Explanation of forward-looking information, including consolidated results forecasts" of "1. Qualitative Information on Quarterly Consolidated Financial Results for the Six Months Ended September 30, 2017" on page 3 of the attachments for the preconditions for the results forecasts and items to exercise caution in the use of these results forecasts.

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1. Qualitative Information on Quarterly Consolidated Financial Results for the Six Months Ended September 30, 2017

(1) Explanation of the consolidated operating results

During the six months ended September 30, 2017, although the Japanese economy continued to recover at a gradual pace, a lack of clarity regarding the economic future still persisted owing to developments such as the slowdown in economic growth centered on emerging nations in Asia, which led to increasing uncertainty with regard to overseas economies.

Under these circumstances, the Toyo Suisan Group (hereafter, the “Group”), has remained committed to its mission “to contribute to society through foods” and “to provide safe and secure foods and services to customers” under the corporate slogan of “Smiles for All.” The Group continued to implement further cost reductions and promoted aggressive sales activities in its efforts to face an increasingly competitive sales environment.

As a result, net sales were ¥189,974 million (up 4.3% year on year), operating profit was ¥12,792 million (down 4.9% year on year), ordinary profit was ¥13,910 million (down 2.1% year on year), and profit attributable to owners of parent was ¥8,789 million (down 10.6% year on year) for the period under review.

The foreign exchange rate for the period was ¥112.74 to the U.S. dollar (¥101.05 to the U.S. dollar for the corresponding period of the previous fiscal year).

The operating results by segment are as follows.

In the Seafood Segment, while there was increasing severity in business conditions due to decrease in the haul of fish and harsher sales competition in the domestic market, segment sales increased centered on mainstay products such as fish eggs, and salmon and trout due to the strengthening of sales efforts to various retailers and the implementation of suitable procurement strategies. As a result, segment sales were ¥16,025 million (up 3.1% year on year). While segment profit was ¥298 million (compared with a segment loss of ¥22 million in the corresponding period of the previous fiscal year), due to an increase in sales and improvement in the cost of sales ratio.

As for the Overseas Instant Noodles Segment, in the U.S., we strove to strengthen initiatives with various trading partners and sales volume remained at the same level year on year with such activities as special sales campaigns for “new-school-term” sales. In Mexico, on the back of the improved situation of local currency depreciation, sales increased mainly due to the favorable level of orders from trading-company distribution routes and the special sales campaigns carried out at mass retailers. As a result, segment sales were ¥37,107 million (up 14.0% year on year). Segment profit decreased on a local currency basis due to the increases mainly in personnel expenses and transportation costs, but due to the weak yen, segment profit was ¥5,528 million (up 4.6% year on year).

In the Domestic Instant Noodles Segment, in cup-type noodles, in addition to efforts to increase sales of products such as our signature products *Akai Kitsune Udon*, *Midori no Tanuki Ten Soba*, *Gotsu Mori* and *Menzukuri*, whose recipe has been renewed to mark its 25th anniversary, sales of *MARUCHAN QTTA* also contributed, resulting in an overall increase in sales. In bag-type noodles, despite efforts such as stimulating new demand by launching new products and carrying out recipe renewals in the mainstay flavors in the *Maruchan Seimen* series, total sales decreased amidst a challenging overall market environment. As a result, segment sales were ¥56,441 million (up 1.7% year on year). Segment profit was ¥2,166 million (down 43.5% year on year), mainly due to the increases in advertising costs and depreciation.

In the Frozen and Refrigerated Foods Segment, sales increased in fresh noodles overall, due to such factors as the favorable sales of our signature product *Maruchan Yakisoba (Three-Meal Package)* series, contribution to sales from the two-meal package *Maruchan Yakisoba Kiwami Futomen* series newly launched in February 2017, and strong sales of *Kita no Ajiwai Zaru Ramen*. Other products selling well were *Maruchan Yakisoba Shumai* and *Maruchan Soup Wonton* in chilled foods and *Rice Burger* and *Chinchintei Abura Soba* in frozen foods. As a result, segment sales were ¥35,834 million (up 1.8% year on year). Segment profit was ¥2,881 million (up 15.8% year on year), due to an increase in sales.

In the Processed Foods Segment, sales of rice increased owing to robust sales of not only aseptically packed cooked rice products, a core product, but also retort rice such as brown rice and *sekihan* (sticky rice steamed with adzuki beans). In sales of freeze-dried products, the expansion of stores newly adopting products proceeded steadily. As a result, segment sales were ¥10,394 million (up 3.2% year on year). Segment profit was ¥124 million (down 62.1% year on year), due to higher prices for raw rice, an increase in fixed costs accompanying preparations to start operations at a new plant and other factors.

In the Cold-Storage Segment, segment sales were ¥9,045 million (up 4.5% year on year) thanks to aggressive sales activities that led to increased sales from storage and delivery services centered on agricultural and livestock products and frozen foods. Segment profit was ¥1,188 million (up 19.4% year on year) due to efforts to revise business operations, despite increases in freight storage fees, etc. associated with an increase in trading for goods on consignment.

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥25,125 million (up 2.1% year on year), while segment profit was ¥989 million (up 11.6% year on year).

(2) Explanation of the consolidated financial position

At the end of the second quarter of the fiscal year ending March 31, 2018, total assets increased by ¥7,621 million from the previous fiscal year-end to ¥368,696 million, and net assets increased by ¥7,439 million to ¥289,234 million. The main factors contributing to these results are as follows:

The main contributing factors for assets were increases notes and accounts receivable - trade and construction in progress, in spite of a decrease in securities. The main contributing factor for liabilities was an increase in accrued expenses. The main contributing factors for net assets were increases in retained earnings and valuation difference on available-for-sale securities.

As a result of these factors, the equity ratio was 75.5%.

(Cash flows)

Cash and cash equivalents (hereafter, referred to as “cash”) as of the end of the second quarter of the fiscal year ending March 31, 2018 increased by ¥3,640 million (15.7%) from the end of the previous fiscal year to ¥26,868 million.

The respective cash flow positions during the six months ended September 30, 2017 are as follows.

Net cash provided by operating activities decreased by ¥2,192 million (15.7%) compared with the corresponding period of the previous fiscal year to ¥11,739 million. The main contributing factor was an increase in notes and accounts receivable - trade, despite an increase in accrued expenses.

Net cash used in investing activities increased by ¥2,988 million (159.4%) compared with the corresponding period of the previous fiscal year to ¥4,864 million. The main contributing factor was an increase in payments into time deposits.

Net cash used in financing activities decreased by ¥53 million (1.6%) compared with the corresponding period of the previous fiscal year to ¥3,239 million. The main contributing factor was a decrease in repayments of long-term loans payable.

(3) Explanation of forward-looking information, including consolidated results forecasts

We have not changed our consolidated results forecasts for the full term of the fiscal year ending March 31, 2018, as announced on May 12, 2017, because the results for the first six months were within our expectations. Should any changes occur in the future, the relevant information will be duly disclosed.

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of end FY2017 (March 31, 2017)	As of end 2Q FY2018 (September 30, 2017)
Assets		
Current assets		
Cash and deposits	78,209	78,504
Notes and accounts receivable - trade	50,315	53,604
Securities	43,000	41,000
Merchandise and finished goods	15,678	18,086
Work in process	409	338
Raw materials and supplies	5,307	5,086
Deferred tax assets	1,825	1,700
Other	3,062	2,973
Allowance for doubtful accounts	(493)	(375)
Total current assets	197,314	200,919
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	59,557	58,560
Machinery, equipment and vehicles, net	28,347	27,534
Land	35,336	36,191
Leased assets, net	2,970	3,167
Construction in progress	1,786	5,446
Other, net	1,356	1,261
Total property, plant and equipment	129,355	132,162
Intangible assets		
Other	2,428	2,022
Total intangible assets	2,428	2,022
Investments and other assets		
Investment securities	29,689	31,209
Deferred tax assets	1,469	1,377
Net defined benefit asset	73	67
Other	1,074	1,268
Allowance for doubtful accounts	(331)	(331)
Total investments and other assets	31,976	33,591
Total non-current assets	163,760	167,777
Total assets	361,074	368,696

(Millions of yen)

	As of end FY2017 (March 31, 2017)	As of end 2Q FY2018 (September 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,339	24,637
Short-term loans payable	267	277
Lease obligations	243	233
Accrued expenses	19,713	20,575
Income taxes payable	3,068	2,452
Deferred tax liabilities	2	2
Provision for directors' bonuses	196	26
Provision for removal cost of property, plant and equipment	179	52
Other	2,208	1,867
Total current liabilities	50,219	50,124
Non-current liabilities		
Lease obligations	3,955	3,846
Deferred tax liabilities	4,021	4,422
Provision for directors' retirement benefits	213	265
Net defined benefit liability	18,846	18,886
Asset retirement obligations	229	213
Other	1,794	1,702
Total non-current liabilities	29,060	29,337
Total liabilities	79,279	79,461
Net assets		
Shareholders' equity		
Capital stock	18,969	18,969
Capital surplus	22,942	22,942
Retained earnings	228,277	234,002
Treasury shares	(8,225)	(8,227)
Total shareholders' equity	261,963	267,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,738	9,618
Deferred gains or losses on hedges	(5)	28
Foreign currency translation adjustment	2,627	3,037
Remeasurements of defined benefit plans	(2,124)	(1,988)
Total accumulated other comprehensive income	9,235	10,695
Non-controlling interests	10,596	10,851
Total net assets	281,795	289,234
Total liabilities and net assets	361,074	368,696

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statements of income (Cumulative)

(Millions of yen)

	2Q FY2017 (from April 1, 2016 to September 30, 2016)	2Q FY2018 (from April 1, 2017 to September 30, 2017)
Net sales	182,111	189,974
Cost of sales	113,997	119,737
Gross profit	68,114	70,237
Selling, general and administrative expenses	54,668	57,445
Operating profit	13,445	12,792
Non-operating income		
Interest income	339	543
Dividend income	251	253
Share of profit of entities accounted for using equity method	50	52
Foreign exchange gains	–	49
Rent income	169	168
Miscellaneous income	317	393
Total non-operating income	1,128	1,461
Non-operating expenses		
Interest expenses	134	130
Cost of lease revenue	34	31
Compensation expenses	25	86
Foreign exchange losses	63	–
Miscellaneous loss	105	95
Total non-operating expenses	362	343
Ordinary profit	14,211	13,910
Extraordinary income		
Gain on sales of non-current assets	8	16
Subsidy income	1,092	–
Other	–	3
Total extraordinary income	1,100	19
Extraordinary losses		
Loss on sales and retirement of non-current assets	36	546
Loss on valuation of shares of subsidiaries and associates	307	–
Impairment loss	512	10
Other	1	6
Total extraordinary losses	857	562
Profit before income taxes	14,454	13,367
Income taxes - current	4,544	4,320
Income taxes - deferred	(113)	102
Total income taxes	4,430	4,422
Profit	10,023	8,944
Profit attributable to non-controlling interests	191	155
Profit attributable to owners of parent	9,832	8,789

Quarterly consolidated statements of comprehensive income (Cumulative)

(Millions of yen)

	2Q FY2017 (from April 1, 2016 to September 30, 2016)	2Q FY2018 (from April 1, 2017 to September 30, 2017)
Profit	10,023	8,944
Other comprehensive income		
Valuation difference on available-for-sale securities	(424)	1,041
Deferred gains or losses on hedges	3	34
Foreign currency translation adjustment	(8,643)	410
Remeasurements of defined benefit plans, net of tax	161	147
Share of other comprehensive income of entities accounted for using equity method	10	3
Total other comprehensive income	(8,893)	1,636
Comprehensive income	1,130	10,581
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	913	10,249
Comprehensive income attributable to non- controlling interests	217	331

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	2Q FY2017 (from April 1, 2016 to September 30, 2016)	2Q FY2018 (from April 1, 2017 to September 30, 2017)
Cash flows from operating activities		
Profit before income taxes	14,454	13,367
Depreciation	5,555	6,081
Impairment loss	512	10
Share of (profit) loss of entities accounted for using equity method	(50)	(52)
Increase (decrease) in net defined benefit liability	315	252
Increase (decrease) in provision for directors' retirement benefits	(29)	52
Increase (decrease) in provision for directors' bonuses	(66)	(169)
Increase (decrease) in allowance for doubtful accounts	3	25
Interest and dividend income	(591)	(797)
Interest expenses	134	130
Foreign exchange losses (gains)	63	(49)
Loss (gain) on sales and retirement of property, plant and equipment	28	530
Decrease (increase) in notes and accounts receivable - trade	917	(3,261)
Decrease (increase) in inventories	(956)	(2,100)
Increase (decrease) in notes and accounts payable - trade	337	284
Increase (decrease) in accrued expenses	(694)	846
Other, net	(1,985)	705
Subtotal	17,947	15,855
Interest and dividend income received	599	740
Interest expenses paid	(134)	(130)
Income taxes paid	(4,480)	(4,727)
Net cash provided by (used in) operating activities	13,931	11,739
Cash flows from investing activities		
Payments into time deposits	(23,138)	(25,610)
Proceeds from withdrawal of time deposits	31,217	29,223
Purchase of securities	(50,000)	(41,000)
Proceeds from redemption of securities	50,000	43,000
Purchase of property, plant and equipment	(9,437)	(9,899)
Proceeds from sales of property, plant and equipment	37	31
Purchase of intangible assets	(156)	(242)
Purchase of investment securities	(421)	(14)
Payments of loans receivable	(1,059)	(1,207)
Collection of loans receivable	1,075	921
Other, net	8	(65)
Net cash provided by (used in) investing activities	(1,875)	(4,864)

(Millions of yen)

	2Q FY2017 (from April 1, 2016 to September 30, 2016)	2Q FY2018 (from April 1, 2017 to September 30, 2017)
Cash flows from financing activities		
Increase in short-term loans payable	418	883
Decrease in short-term loans payable	(430)	(873)
Repayments of long-term loans payable	(30)	–
Cash dividends paid	(3,063)	(3,058)
Dividends paid to non-controlling interests	(81)	(72)
Other, net	(106)	(118)
Net cash provided by (used in) financing activities	(3,292)	(3,239)
Effect of exchange rate change on cash and cash equivalents	(1,148)	5
Net increase (decrease) in cash and cash equivalents	7,614	3,640
Cash and cash equivalents at beginning of period	27,510	23,228
Cash and cash equivalents at end of period	35,124	26,868

(4) Notes to quarterly consolidated financial statements

(Notes on going concern assumptions)

Not applicable

(Notes in the event of substantial changes in shareholders' equity)

Not applicable

(Segment information)

I. Six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

1. Information relating to net sales, profit and loss by each reportable segment

(Millions of yen)

	Reportable segment							Other (Note 1)	Total	Adjust- ments (Note 2)	Amount reported on quarterly consoli- dated financial statements (Note 3)
	Seafood Segment	Overseas Instant Noodles Segment	Domestic Instant Noodles Segment	Frozen and Refrigerated Foods Segment	Processed Foods Segment	Cold- Storage Segment	Total				
Net sales											
Net sales to outside customers	15,539	32,541	55,514	35,186	10,067	8,658	157,506	24,605	182,111	—	182,111
Internal net sales or transfer between segments	497	—	—	—	—	438	936	228	1,164	(1,164)	—
Total	16,036	32,541	55,514	35,186	10,067	9,097	158,443	24,833	183,276	(1,164)	182,111
Segment profit (loss)	(22)	5,286	3,833	2,487	328	995	12,909	886	13,795	(350)	13,445

Notes: 1. The Other Business Segment is one which is not among the reportable segments and refers to a business which is mainly involved in the packed lunch/deli food business.

2. The negative ¥350 million in segment profit or loss adjustments includes companywide expenses of negative ¥603 million which have not been allocated to each reportable segment, a ¥11 million adjustment to inventories, and other adjustments of ¥240 million. Companywide expenses refer mainly to general and administrative expenses which do not belong to any reportable segment. Other adjustments are mainly for offset and elimination of knowhow fees from overseas subsidiaries.

3. Segment profit or loss is adjusted at the operating profit level on the quarterly consolidated financial statements.

2. Information relating to impairment loss on non-current assets or goodwill for each reportable segment

Statement omitted due to the immateriality of the amount.

II. Six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

1. Information relating to net sales, profit and loss by each reportable segment

(Millions of yen)

	Reportable segment							Other (Note 1)	Total	Adjust- ments (Note 2)	Amount reported on quarterly consoli- dated financial statements (Note 3)
	Seafood Segment	Overseas Instant Noodles Segment	Domestic Instant Noodles Segment	Frozen and Refrigerated Foods Segment	Processed Foods Segment	Cold- Storage Segment	Total				
Net sales											
Net sales to outside customers	16,025	37,107	56,441	35,834	10,394	9,045	164,849	25,125	189,974	—	189,974
Internal net sales or transfer between segments	552	—	—	—	—	474	1,027	131	1,158	(1,158)	—
Total	16,577	37,107	56,441	35,834	10,394	9,520	165,876	25,256	191,133	(1,158)	189,974
Segment profit	298	5,528	2,166	2,881	124	1,188	12,187	989	13,177	(384)	12,792

Notes: 1. The Other Business Segment is one which is not among the reportable segments and refers to a business which is mainly involved in the packed lunch/deli food business.

2. The negative ¥384 million in segment profit adjustments includes companywide expenses of negative ¥545 million which have not been allocated to each reportable segment, a ¥15 million adjustment to inventories, and other adjustments of ¥145 million. Companywide expenses refer mainly to general and administrative expenses which do not belong to any reportable segment. Other adjustments are mainly for offset and elimination of knowhow fees from overseas subsidiaries.

3. Segment profit is adjusted at the operating profit level on the quarterly consolidated financial statements.

2. Information relating to impairment loss on non-current assets or goodwill for each reportable segment
Statement omitted due to the immateriality of the amount.