Calbee
Harvest the Power of Nature.

Consolidated Financial Statements
For the Fiscal Year Ended March 31, 2017

April 1, 2016 to March 31, 2017

Calbee, Inc.

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS (consolidated)

Full Year Results for the Fiscal Year Ended March 31, 2017

Calbee, Inc. **May 12, 2017**

Stock exchange listings: Tokyo 1st section, code number 2229
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Managing Executive Officer / Chief Financial Officer
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Representative: Shuji Ito, President & COO, Representative Director
Scheduled date for the General Meeting of Shareholders: June 21, 2017
Scheduled date for distribution of dividends: June 22, 2017
Scheduled date for submission of the full year financial report: June 22, 2017
Availability of supplementary explanatory material: Available
Results presentation meeting: Yes (for institutional investors and analysts)

1) Consolidated results for the fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated Operating Results

Millions of yen, rounded down

	FY ended March 31, 2017	% change	FY ended March 31, 2016	% change
Net sales	252,420	2.6	246,129	10.8
Operating income	28,841	2.5	28,125	16.3
Ordinary income	28,625	7.8	26,545	3.6
Profit attributable to owners of parent	18,605	10.8	16,799	19.0
Earnings per share (¥)	139.24		125.88	
Earnings per share (diluted) (¥)	139.08		125.64	
Return on equity (%)	14.9		14.6	
Ordinary income to total assets ratio (%)	16.0		15.8	
Operating income to sales ratio (%)	11.4		11.4	

Notes: 1. The percentages shown above are a comparison with the same period in the previous fiscal year.
2. Comprehensive income: FY ended March 31, 2017: ¥18,774 million (22.7%)
FY ended March 31, 2016: ¥15,301 million (-14.9%)

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2017	As of March 31, 2016
Total assets	182,011	174,878
Net assets	135,056	131,469
Shareholders' equity/total assets (%)	70.4	69.1
Net assets per share (¥)	958.60	905.20

Shareholders' equity: As of March 31, 2017: ¥128,121 million
As of March 31, 2016: ¥120,912 million

(3) Consolidated Cash Flows

Millions of yen, rounded down

	FY ended March 31, 2017	FY ended March 31, 2016
Cash flows from operating activities	25,958	22,541
Cash flows from investing activities	(13,404)	(14,270)
Cash flows from financing activities	(14,711)	(2,859)
Cash and cash equivalents at end of period	44,627	47,323

2) Dividends

Yen

	FY ended March 31, 2016	FY ended March 31, 2017	FY ending March 31, 2018 (forecast)
Interim period per share	0.00	0.00	0.00
Year-end dividend per share	35.0	42.0	46.00
Annual dividend per share	35.0	42.0	46.00
Total dividend amount (millions of yen)	4,681	5,620	–
Dividend payout ratio (consolidated) (%)	27.8	30.2	32.4
Net assets to dividends ratio (consolidated) (%)	4.1	4.5	–

Note: Total dividend amounts for FYs ended March 31, 2016 and March 31, 2017 include dividends of ¥6 million and ¥7 million, respectively, for Calbee shares held in trust.

3) Consolidated forecasts for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

Millions of yen

		% change
Net sales	260,000	3.0
Operating income	30,000	4.0
Ordinary income	30,000	4.8
Profit attributable to owners of parent	19,000	2.1
Earnings per share (¥)	142.15	

Notes: 1. The percentages shown above are a comparison with the same period in the previous fiscal year.

Notes

(1) Transfers of important subsidiaries during the period (transfers of specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Changes in accounting policy, changes in accounting estimates, and restatements:
1. Changes in accounting policies following revisions of accounting standards: None
2. Changes in accounting policies other than 1.: Yes
3. Changes in accounting estimates: Yes
4. Restatements: None

Note: Changes made during the year to the depreciation method are included in Changes in accounting estimates and changes in accounting policy for which categorization is difficult. For further details, please see page 22, 4. Consolidated financial statements and key notes (5) Notes to consolidated financial statements - Changes in accounting policy.

(3) Number of outstanding shares (common stock)

	March 31, 2017:	March 31, 2016:
1. Number of outstanding shares (including treasury shares)	133,821,800 shares	133,769,800 shares
2. Number of treasury shares	166,997 shares	193,452 shares
	Fiscal year to March 31, 2017:	Fiscal year to March 31, 2016:
3. Average number of shares during the period	133,620,921 shares	133,452,595 shares

Note: Regarding Calbee stock held in trust as treasury stock within shareholders' equity, the number of treasury shares includes 166,165 of these shares as of March 31, 2017 and 192,620 of these shares as of March 31, 2016, and the average number of shares excludes 174,935 treasury shares during the year to March 31, 2017, and 204,036 treasury shares during the year to March 31, 2016.

(Reference) Non-consolidated results for the fiscal year ended March 31, 2017

(1) Non-consolidated operating results

Millions of yen, rounded down

	FY ended March 31, 2017		FY ended March 31, 2016	
		% change		% change
Net sales	191,030	4.3	183,220	9.4
Operating income	25,606	9.4	23,398	19.7
Ordinary income	25,645	13.8	22,531	5.5
Net income	16,900	8.5	15,570	19.7
Earnings per share (¥)	126.48		116.68	
Earnings per share (diluted) (¥)	126.34		116.46	

(2) Non-consolidated financial position

Millions of yen, rounded down

	As of March 31, 2017	As of March 31, 2016
Total assets	164,019	144,896
Net assets	123,894	111,589
Shareholders' equity/total assets (%)	75.5	77.0
Net assets per share (¥)	926.89	835.28

Shareholders' equity: As of March 31, 2017: ¥123,883 million, As of March 31, 2016: ¥111,574 million

The Financial Statement is not subject to audit

Appropriate use of financial forecasts and other items

1. Forecasts, etc., recorded in this document include forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For further information on assumptions used in forecasts please see Page 4, 1. Overview of Operating Results (4) Consolidated forecast
2. The earnings per share forecast for the fiscal year ending March 31, 2018 is calculated using 133,654,803 shares as the expected average number of shares for the period.
3. Calbee, Inc. has scheduled a conference for institutional investors and analysts for May 15, 2017. A video of the conference will be made available on our Japanese website after the conference.

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1. Overview of operating results

(1) Overview of business performance

(All comparisons are with the same period of the previous fiscal year, unless stated otherwise.)

During the fiscal year under audit, the Japanese economy underwent a mild recovery overall as corporate capital investment and exports trended higher, supported by firmer employment and incomes. However, more time is needed for a general recovery in consumer sentiment and activity. Furthermore, the outlook for the business environment is uncertain on concern that personal consumption and corporate activities could deteriorate due to unstable overseas political situations, currency fluctuation risks, and rising energy prices.

The domestic snack foods market shrank slightly from the previous year due to decreased sales of corn-based snacks. However, the domestic cereal market continued to expand driven by strong growth of granola.

In this environment, Calbee Group (hereafter “Calbee”)' made adjustments to production and sales in its potato chips business, due to raw material supply shortages. A decrease in sales of potato chips was offset by sales expansion of *Potato Chips Crisp* fabricated potato chips, newly launched this fiscal year, and strong sales of flour-based snacks, and domestic snack business sales were generally unchanged from the previous year. Sales of cereal product *Frugra* grew significantly amid continued strong demand. As a result, total domestic sales increased year on year. In overseas business, sales decreased year on year due to the impact of the strong yen on foreign currency translation amounts.

Consolidated net sales for the year under audit increased 2.6% to ¥252,420 million. Operating income increased 2.5% to ¥28,841 million due to increased domestic sales, a lower raw materials cost ratio, a rise in costs associated with lower utilization in key overseas regions and an increase in domestic selling expenses. The operating income ratio was 11.4%, the same level as the previous year. Ordinary income increased 7.8% to ¥28,625 million due to a decrease in business commencement expenses for new overseas subsidiaries and inventory disposal costs. Profit attributable to owners of parent increased by 10.8% to ¥18,605 million due to a decrease in profit attributable to non-controlling interests resulting from a decrease in profit from overseas joint venture businesses, and sales, operating income and profit attributable to owners of parent all reached record highs.

Millions of yen, rounded down

	FY ended March 31, 2017		FY ended March 31, 2016		Growth in yen	Growth on local currency basis
	Amount	%	Amount	%		
Domestic sales	223,441	88.5	216,807	88.1	＋ 3.1%	＋ 3.1%
Overseas sales	28,978	11.5	29,321	11.9	－ 1.2%	＋ 9.4%
Total	252,420	100.0	246,129	100.0	＋ 2.6%	＋ 3.8%

Results by business are as follows.

1) Production and sale of snacks and other foods business

Net sales increased by 2.5% to ¥248,872 million, driven by sales growth in cereals, flour-based snacks and the launch of new snacks, which offset the impact of decreased sales of potato-based and corn-based snacks and lower sales in overseas business.

Snack foods:

Snack food sales increased 0.4% to ¥203,284 million.

- Potato-based snacks

  Net sales decreased 0.3% year on year to ¥126,824 million.

Potato Chips: Sales decreased 2.6% to ¥76,583 million due to production and sales adjustments on a potato supply shortage.

Jagarico: Sales increased 4.6% to ¥36,685 million driven by a product line-up enhanced through L-size products and flavor development.

Jagabee/Jaga Pokkuru: Sales increased 0.8% to ¥13,556 million despite decreased sales of Jagabee, mainly due to strong performance of *Jaga Pokkuru*.

- Flour-based snacks

Net sales increased 3.6% year on year to ¥22,795 million on growth in sales of *Sapporo Potato* due to a product renewal and successful proactive promotion activities.

- Corn- and bean-based snacks

Net sales decreased 7.5% year on year to ¥17,160 million on lower sales of popcorn.

- Other new snacks

Net sales grew strongly, increasing 36.6% year on year to ¥7,524 million due in part to the launch this fiscal year of our *Potato Chips Crisp* fabricated potato chips.

- Overseas business

Net sales decreased 1.2% year on year to ¥28,978 million on the effects of foreign currency exchange differences. Excluding foreign currency exchange effects, sales increased 9.4% year on year to ¥32,074 million. Sales fell in North America on the effects of the stronger yen, despite sales actually increasing in real terms on a recovery in sales of core product *Harvest Snaps* to large customers. Sales fell year on year in South Korea, where sales of *Honey Butter Chips* decreased and sales growth among new products was somewhat weak. Other regions such as the UK, where we made a full-fledged entry this fiscal year, and Indonesia, where we began sales this year, contributed to increased sales.

Cereals, bread and others;

Net sales increased 13.0% year on year to ¥45,588 million. This was mainly due to continued strong demand in cereal product *Frugra*, following an increase in production capacity and efforts to expand our product lineup, increasing 30.7% year on year to ¥29,196.

2) Other businesses

Net sales increased 9.2% year on year to ¥3,548 million due in part to higher potato-related sales, despite lower sales in the distribution business and a decline in promotional tool sales.

(2) Overview of financial position

(All comparisons are with the end of the previous fiscal year, unless stated otherwise.)

Total assets as of March 31, 2017 were ¥182,011 million, an increase of ¥7,133 million. The primary factor contributing to this outcome was a change in the date of payment for settlements causing an increase in Notes and accounts receivable - trade.

Liabilities increased ¥3,546 million to ¥46,954 million primarily due to an increase in short-term loans payable and income taxes payable.

Net assets increased ¥3,587 million to ¥135,056 million on an increase in retained earnings, despite the decrease in capital surplus and noncontrolling interests as a result of the acquisition of consolidated subsidiary, Calbee North America, LLC.

The shareholders' equity ratio increased 1.3 percentage points from the end of the previous fiscal year to 70.4%.

(3) Overview of cash flows

Cash and cash equivalents as of March 31, 2017 were ¥44,627 million, ¥2,696 million lower than at the end of the previous fiscal year. The main influencing factors are detailed below.

Cash flows from operating activities

Operating activities during the period under audit resulted in a net cash inflow of ¥25,958 million, compared to an inflow of ¥22,541 million for the previous fiscal year. Factors contributing this outcome included inflows of profit before income taxes and depreciation, partially offset by an increase in notes and accounts receivable – trade and outflows of income tax payments

Cash flows from investing activities

Investing activities during the period under audit resulted in a net cash outflow of ¥13,404 million, compared to an outflow of ¥14,270 million for the previous fiscal year. Factors influencing this outcome included outflows on the acquisition of fixed assets such as expansion of *Frugra* production lines and the acquisition of factories in South Korea and Indonesia.

Cash flows from financing activities

Financing activities during the period under audit resulted in a net cash inflow of ¥14,711 million, compared to an outflow of ¥2,859 million for the previous fiscal year, due to outflows for cash dividends paid and the acquisition of shares in subsidiaries for consolidation.

Reference: Related cash flow indicators

	FY ended March 31, 2013	FY ended March 31, 2014	FY ended March 31, 2015	FY ended March 31, 2016	FY ended March 31, 2017
Equity ratio (%)	70.2	69.1	67.7	69.1	70.4
Equity ratio based on market price (%)	201.4	229.9	429.9	341.4	278.7
Debt service coverage (%)	0.0	0.0	0.0	0.0	0.0
Interest coverage ratio (times)	6,470.2	1,581.1	18,102.4	3,653.1	748.0

Equity ratio: Shareholders' equity /Total assets
Equity ratio based on market price: Market capitalization/Total assets
Debt service coverage: Interest-bearing debt/Operating cash flow
Interest coverage ratio: Operating cash flow/Interest paid

1. Calculations based on consolidated financial results figures for all indices.
2. Market capitalization = market price on last trading day of period x total shares outstanding at end of period (excluding treasury shares (residual Calbee shares held in trust as treasury shares included within shareholders' equity))
3. Operating cash flow is the Net cash provided from operating activities figure in the consolidated statement of cash flows.
4. Interest-bearing debt includes all debt on which interest is paid recorded in the liabilities section of the consolidated balance sheet.
5. Interest paid use the interest expenses paid figure in the consolidated statements of cash flows.

(4) Consolidated forecasts

The business environment for the year ahead is expected to remain uncertain due to stagnant consumer sentiment and significant fluctuations in foreign currency exchange rates. Concern over the shortage of raw materials caused by typhoons in Hokkaido during this period is expected to continue into the next fiscal year, contributing to a tough outlook for potato-based snacks.

Given these circumstances, Calbee will continue to pursue innovation (growth strategy) and cost reduction with the purpose of increasing revenue and earnings. In the domestic business the aim is to adjust production and sales items of some potato chips products and to strengthen marketing of products that do not use raw potatoes, such as fabricated potato chips. In the growth area of cereal products, the company will adjust its production structure to meet growing domestic and overseas demand for *Frugra*. In overseas business, the company will promote snack marketing activities that leverage growing health awareness in North America, and grow sales in the developing markets the company entered last year, such as Indonesia.

For the fiscal year ending March 31, 2018 we forecast consolidated net sales increasing 3.0% to ¥260,000 million, an increase of 4.0% in consolidated operating income to ¥30,000 million, an increase of 4.8% in consolidated ordinary income to ¥30,000 million, and an increase of 2.1% in profit attributable to owners of parent to ¥19,000 million.

These forecasts are based on a foreign exchange rate of: US$1 = ¥116.0, 100 won = ¥9.68.

2. Basic policy for profit distribution and dividends for fiscal year to March 2016 and 2017

Calbee recognizes that the distribution of profits to shareholders is an important management matter. Our policy is to consistently and actively distribute profits in accordance with our consolidated results while striving to improve our profitability and strengthen our financial position. We will leverage our internal reserves for capital investment and other measures aimed at raising our corporate value.

On the basis of our basic policy and in consideration of our consolidated results and financial position, we plan to pay an annual dividend of ¥42 per share, an increase of ¥7 per share, for the fiscal year ended March 31, 2017 (to be presented at the 67th General Meeting of Shareholders, June 21, 2017). The consolidated payout ratio will be 30.2%.

For the fiscal year ending March 31, 2018, we plan to increase the annual dividend by ¥4 to ¥46 per share.

As prescribed by Article 454 Clause 5 of the Companies Act, the Articles of Incorporation stipulate that the Company is able to pay interim dividends. However, a dividend will be paid once annually upon review of certain factors including the annual results.

3. Basic approach to selection of accounting standards

With the aims of enhancing management of the business and enabling international comparison of financial information in capital markets through the unification of accounting standards, Calbee is considering the adoption of International Financial Reporting Standards (IFRS).

4. Consolidated financial statements

(1) Consolidated balance sheets

Millions of yen, rounded down

	As of March 31, 2017	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	23,961	22,784
Notes and accounts receivable – trade	28,600	23,021
Securities	28,999	28,999
Inventories (Note 1)	9,895	9,268
Deferred tax assets	2,593	2,625
Other	3,868	4,230
Allowance for doubtful accounts	(33)	(4)
Total current assets	97,884	90,925
Non-current assets		
Property, plant and equipment		
Buildings and structures	67,093	63,958
Accumulated depreciation	(39,358)	(38,042)
Buildings and structures, net	27,734	25,915
Machinery, equipment and vehicles	97,368	91,084
Accumulated depreciation	(69,224)	(67,085)
Machinery, equipment and vehicles, net	28,144	23,998
Land	11,626	11,642
Leased assets	644	233
Accumulated depreciation	(166)	(112)
Leased assets, net	477	120
Construction in progress	1,840	7,506
Other	4,191	4,503
Accumulated depreciation	(3,179)	(3,526)
Other, net	1,011	976
Total property, plant and equipment	70,835	70,159
Intangible assets		
Goodwill	1,618	2,245
Other	2,864	3,314
Total intangible assets	4,483	5,559
Investments and other assets		
Investment securities (Note 2)	2,100	2,083
Long-term loans receivable	151	211
Deferred tax assets	2,307	2,004
Net defined benefit asset	1,984	1,561
Other (Note 2)	2,335	2,442
Allowance for doubtful accounts	(70)	(69)
Total investments and other assets	8,808	8,233
Total non-current assets	84,126	83,953
Total assets	182,011	174,878

Millions of yen, rounded down

	As of March 31, 2017	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,668	10,350
Short-term loans payable	1,107	-
Current portion of long-term loans payable	—	52
Lease obligations	139	64
Accounts payable - other	6,595	6,121
Income taxes payable	5,577	4,604
Deferred tax liabilities	2	1
Provision for bonuses	4,247	4,195
Provision for directors' bonuses	139	128
Provision for stocks payment	50	65
Other	9,550	7,884
Total current liabilities	37,079	33,469
Non-current liabilities		
Long-term loans payable	—	313
Lease obligations	308	93
Deferred tax liabilities	551	553
Provisions for directors' retirement benefits	507	527
Provision for management board incentive plan trust	111	121
Net defined benefit liability	7,669	7,489
Asset retirement obligations	654	645
Other	72	194
Total non-current liabilities	9,875	9,939
Total liabilities	46,954	43,408
Net assets		
Shareholders' equity		
Capital stock	12,020	12,008
Capital surplus	4,781	11,572
Retained earnings	111,936	98,013
Treasury shares	(539)	(609)
Total shareholders' equity	128,198	120,985
Accumulated other comprehensive income		
Valuation difference on available-for-sales securities	604	608
Foreign currency translation adjustment	492	904
Remeasurements of defined benefit plans	(1,173)	(1,585)
Total accumulated other comprehensive income	(77)	(72)
Subscription rights to shares	11	15
Non-controlling interests	6,924	10,541
Total net assets	135,056	131,469
Total liabilities and net assets	182,011	174,878

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Millions of yen, rounded down

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Net sales	252,420	246,129
Cost of sales (Note 1, 3)	140,847	139,095
Gross profit	111,573	107,033
Selling, general and administrative expenses (Notes 2, 3)	82,732	78,908
Operating income	28,841	28,125
Non-operating income		
Interest income	81	167
Dividend income	38	35
Real estate income	77	76
Other	338	297
Total non-operating income	536	576
Non-operating expenses		
Interest expenses	36	9
Foreign exchange losses	260	638
Depreciation	163	88
Business commencement expenses	131	515
Cost of real estate	37	32
Loss on abandonment of inventories	—	582
Other	122	289
Total non-operating expenses	751	2,156
Ordinary income	28,625	26,545
Extraordinary income		
Gain on sales of non-current assets (Note 4)	11	6
Gain on liquidation of subsidiaries and associates	146	—
Subsidy income	107	149
Gain on sales of shares of subsidiaries and associates	—	370
Other	13	27
Total extraordinary income	279	554
Extraordinary losses		
Loss on sales of non-current assets (Note 5)	4	3
Loss on retirement of non-current assets (Note 6)	516	227
Impairment loss (Note 7)	584	594
Other	99	150
Total extraordinary losses	1,204	976
Profit before income taxes	27,700	26,123
Income taxes - current	9,161	8,359
Income taxes - deferred	(406)	(267)
Total income taxes	8,754	8,091
Profit	18,946	18,031
Profit attributable to non-controlling interests	341	1,232
Profit attributable to owners of parent	18,605	16,799

Consolidated statements of comprehensive income

Millions of yen, rounded down

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Profit	18,946	18,031
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	(8)
Foreign currency translation adjustment	(578)	(2,253)
Remeasurements of defined benefit plans, net of tax	411	(468)
Total other comprehensive income (Note 1)	(171)	(2,730)
Comprehensive income	18,774	15,301
Comprehensive income attributable to:		
Owners of parent	18,599	14,848
Non-controlling interests	174	452

(3) Consolidated statements of changes in shareholders' equity

April 1, 2016 to March 31, 2017

Millions of yen, rounded down

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,008	11,572	98,013	(609)	120,985
Changes of items during period					
Issuance of new shares – exercise of subscription rights to shares	12	12			24
Dividends of surplus			(4,681)		(4,681)
Profit attributable to owners of parent			18,605		18,605
Disposal of treasury shares				69	69
Purchase of shares of consolidated subsidiaries		(6,803)			(6,803)
Net change of items other than shareholders' equity					
Total changes of items during period	12	(6,791)	13,923	69	7,213
Balance at end of current period	12,020	4,781	111,936	(539)	128,198

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	608	904	(1,585)	(72)	15	10,541	131,469
Changes of items during period							
Issuance of new shares – exercise of subscription rights to shares					(3)		20
Dividends of surplus							(4,681)
Profit attributable to owners of parent							18,605
Disposal of treasury shares							69
Purchase of shares of consolidated subsidiaries							(6,803)
Net change of items other than shareholders' equity	(4)	(412)	411	(5)		(3,617)	(3,622)
Total changes of items during period	(4)	(412)	411	(5)	(3)	(3,617)	3,587
Balance at end of current period	604	492	(1,173)	(77)	11	6,924	135,056

April 1, 2015 to March 31, 2016

Millions of yen, rounded down

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,975	11,543	84,956	(699)	107,774
Changes of items during period					
Issuance of new shares – exercise of subscription rights to shares	33	33			66
Dividends of surplus			(3,741)		(3,741)
Profit attributable to owners of parent			16,799		16,799
Disposal of treasury shares				90	90
Purchase of shares of consolidated subsidiaries		(3)			(3)
Net change of items other than shareholders' equity					
Total changes of items during period	33	29	13,057	90	13,210
Balance at end of current period	12,008	11,572	98,013	(609)	120,985

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	617	2,377	(1,116)	1,877	25	9,122	118,800
Changes of items during period							
Issuance of new shares – exercise of subscription rights to shares					(10)		56
Dividends of surplus							(3,741)
Profit attributable to owners of parent							16,799
Disposal of treasury shares							90
Purchase of shares of consolidated subsidiaries							(3)
Net change of items other than shareholders' equity	(8)	(1,473)	(468)	(1,950)		1,419	(530)
Total changes of items during period	(8)	(1,473)	(468)	(1,950)	(10)	1,419	12,669
Balance at end of current period	608	904	(1,585)	(72)	15	10,541	131,469

(4) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Cash flows from operating activities		
Profit before income taxes	27,700	26,123
Depreciation	7,297	7,570
Impairment loss	584	594
Amortization of goodwill	619	693
Increase (decrease) in allowance for doubtful accounts	29	(10)
Increase (decrease) in provision for bonuses	51	423
Increase (decrease) in provision for directors' bonuses	11	(70)
Increase (decrease) in provision for stocks payment	44	61
Increase (decrease) in net defined benefit liability	319	380
Decrease (increase) in net defined benefit asset	40	(96)
Increase (decrease) in provision for directors' retirement benefits	(19)	(46)
Interest and dividend income	(120)	(202)
Interest expenses	36	9
Foreign exchange losses (gains)	268	982
Subsidy income	(107)	(149)
Loss (gain) on sales of non-current assets	(7)	(2)
Loss on retirement of non-current assets	516	227
Decrease (increase) in notes and accounts receivable - trade	(5,549)	(2,193)
Decrease (increase) in inventories	(642)	(1,432)
Increase (decrease) in notes and accounts payable - trade	(734)	1,058
Increase (decrease) in accounts payable - other	1,957	365
Other, net	2,092	(2,985)
Subtotal	34,389	31,297
Interest and dividend income received	127	186
Interest expenses paid	(34)	(6)
Income taxes paid	(8,523)	(8,936)
Net cash provided by (used in) operating activities	25,958	22,541

Millions of yen, rounded down

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,372)	(19,066)
Proceeds from sales of property, plant and equipment	13	29
Purchase of intangible assets	(391)	(2,162)
Purchase of securities	(13,998)	(7,997)
Proceeds from redemption of securities	10,000	15,000
Purchase of investment securities	(16)	(15)
Proceeds from sales of investment securities	—	24
Payments of loans receivable	(0)	(150)
Collection of loans receivable	32	195
Payment into time deposits	(728)	(904)
Proceeds from withdrawal of time deposits	827	716
Payments for guarantee deposits	(175)	(121)
Proceeds from collection of guarantee deposits	152	223
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(92)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	42	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(108)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	62	—
Proceeds from subsidy income	107	149
Other, net	39	11
Net cash provided by (used in) investing activities	(13,404)	(14,270)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,070	—
Proceeds from long-term loans payable	—	390
Repayments of long-term loans payable	(354)	—
Proceeds from exercise of share options	20	56
Repayments of lease obligations	(107)	(60)
Cash dividends paid	(4,677)	(3,738)
Proceeds from share issuance to non-controlling shareholders	—	1,308
Dividends paid to non-controlling interests	(990)	(815)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(9,673)	—
Net cash provided by (used in) financing activities	(14,711)	(2,859)
Effect of exchange rate change on cash and cash equivalents	(538)	(660)
Net increase (decrease) in cash and cash equivalents	(2,696)	4,751
Cash and cash equivalents at beginning of period	47,323	42,572
Cash and cash equivalents at end of period (Note 1)	44,627	47,323

(5) Notes to consolidated financial statements

Notes related to going concern assumption

No applicable items

Significant items for the preparation of consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 27

(Name of consolidated subsidiaries)

Calbee Potato, Inc.
Snack Food Service Co., Ltd.
Garden Bakery, Inc.
Tower Bakery, Inc.
Star Bakery, Inc.
Calnac Co., Ltd.
Calbee Eatalk Co., Ltd.
Japan Frito-Lay Ltd.
ICS Investment Co., Ltd.
Studio Socio, Inc.
CalNeCo, Inc.
Calbee America, Inc.
Calbee North America, LLC
Haitai-Calbee Co., Ltd.
Qingdao Calbee Foods Co., Ltd.
Yantai Calbee Co., Ltd.
CFSS Co. Ltd.
Calbee Four Seas Co., Ltd.
Calbee E-commerce Limited
Calbee (Taiwan) Co., Ltd.
Calbee-URC, Inc.
Calbee Tanawat Co., Ltd.
Calbee Moh Seng Pte. Ltd.
PT. Calbee-Wings Food
Calbee Australia Pty Limited
Calbee (UK) Ltd
Calbee Iberia,S.L.

(Changes to the scope of consolidation)

Calbee established CalNeCo, Inc. and Calbee (Taiwan) Foods Co., Ltd. in August 2016, and Calbee Australia Pty in September 2016. These companies were included in the scope of consolidation from the consolidated fiscal year under audit.

In addition, due to the acquisition of shares in Studio Socio, Inc. in April 2017, it has been included in the scope of consolidation during the consolidated fiscal year under audit.

Following the liquidation of Calbee (Taipei) Foods Co., Ltd., which was within the scope of consolidation at the end of the previous fiscal year, it has been excluded from the scope of consolidation during the consolidated fiscal year under audit.

(2) Name of non-consolidated subsidiaries:

No applicable items

2. Application of the equity method

(1) Names of non-consolidated companies and affiliate companies accounted for by the equity method:

No applicable items

(2) Names of non-consolidated companies and affiliate companies excluded from accounting under the equity method:

Potato Foods Co., Ltd.
Hiroshima Agricultural Produce Distributors Cooperative

Reasons for exclusion from equity method accounting:

Companies excluded from equity method accounting do not have a material effect on items such as net income and retained earnings, and lack overall significance. Therefore they are excluded from equity method accounting.

3. Fiscal year-end of consolidated subsidiaries

All consolidated subsidiaries overseas, excluding Calbee Four Seas Co., Ltd. and ICS Investment Co., Ltd. have a fiscal year closing date of December 31.

For these companies, provisional financial results as of March 31 are used in the preparation of these consolidated financial statements. The fiscal year closing date of other consolidated subsidiaries is March 31.

4. Accounting standards

(1) Basis and method for valuation of major assets

1. Marketable securities:

a) Bonds held to maturity

Amortized cost method (straight-line method)

b) Other marketable securities

Securities with market price value

Fair value method based on market prices on the closing date of the consolidated fiscal year (unrealized gains and losses are reported as a separate component of shareholders' equity and cost of securities sold is calculated by the moving average method.)

Securities without market price

Accounted at cost by the moving average method

2. Inventories

Inventories held for regular sales:

Values calculated by acquisition cost method (Reduction in book value method used in cases of decline in profitability)

a) Finished goods and work in process

Calculated by the average method

b) Commercial goods, materials and stored goods:

Calculated by the moving average method

(2) Depreciation of noncurrent Assets

1. Property, plant and equipment (not including leased assets):

Calculated by the straight-line method.

The estimated useful lives for such assets are as follows:

Buildings and structures: 15 – 31 years

Machinery and equipment: 10 years

2. Intangible assets (not including leased assets):

Calculated using the straight-line method. However, software intended for internal use is amortized by the straight-line method over its estimated useful life (five years).

3. Leased assets:

Finance lease assets that do not transfer ownership of the property to the lessee are depreciated using the straight-line method over the lease term with no residual value,

(3) Accounting standards for important provisions reserves

1. Allowance for doubtful accounts

The reserve for possible loan losses in respect of general claims is provided in the amount deemed necessary based on the historical loan-loss ratios, and in respect of doubtful claims in the amount deemed uncollectible based on assessment of each claim.

2. Provision for bonuses

To prepare for future bonus payments to employees, the Company makes provisions in the amount accrued based on the total estimated payment attributable to the consolidated fiscal period.

3. Provision for directors' bonuses

The reserve for executive bonuses is provided for payment of bonuses to executives, in the amount of estimated bonuses based on the total estimated payment attributable to the consolidated fiscal period.

4. Provision for stock payments

To prepare for future awards of Calbee shares to Group employees based on predetermined regulations for awarding stock, the necessary provisions are made based on the amount of

estimated stock award debt at the end of the consolidated fiscal year.

5. Provision for directors' retirement benefits
   To prepare for future retirement benefits payments to directors, the total amount of the necessary provisions at the end of the consolidated fiscal year are made based on internal regulations.

6. Provision for management board incentive plan trust
   To prepare for future awards of Calbee shares to directors, etc. based on predetermined regulations for awarding stock, the necessary provisions are made based on the amount of estimated stock award debt at the end of the consolidated fiscal year.

(4) Accounting method for retirement benefits

1. Period allocation methodology for the estimated retirement benefit amount
   The retirement benefit obligation is calculated by allocating the estimated retirement benefit amount until the end of the current fiscal year on a benefit formula basis.

2. Amortization of actuarial gains/losses and prior service cost
   Actuarial gains/losses are amortized pro rata in the years following the year in which the difference occurs by the straight-line method over the specified number of years (12 years) within the average remaining years of service of the employees.
   Prior service cost is amortized on a straight-line basis based on the specified number of years (5 years) within the average remaining service period of employees during the year incurred.

3. Application of the simplified method for small businesses
   Among regular employees, the necessary provisions at the end of the consolidated fiscal year for junior employees are recorded based on internal regulations.
   For certain consolidated subsidiaries, a simplified method is applied for the calculation of retirement benefit obligations and retirement benefit expenses in which the necessary retirement benefit provisions for voluntary resignations at the end of the consolidated fiscal year are recorded as retirement benefit obligations.

(5) Significant deferred assets
   Business commencement expenses
   Business commencement expenses are recorded as expenses in full at time of expenditure.

(6) Translation of foreign currency-denominated assets and liabilities
   Assets and liabilities denominated in foreign currencies are translated to yen at the exchange rates prevailing at the balance sheet date and differences are accounted for as income or losses.
   Assets and liabilities of foreign subsidiaries and others are translated to yen at the exchange rates prevailing at the balance sheet date, income and losses are translated into yen at the average market rates during the period and the translated amounts are included in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Amortization of goodwill
   Goodwill is amortized using the straight-line method over 5, 10 and 20 years.

(8) Scope of "cash and cash equivalents" on consolidated statement of cash flows
   The category 'cash' covers cash on hand, demand deposits, and easily convertible short-term investments with low risk of price fluctuation that are highly liquid and mature within three months of acquisition.

(9) Other important items affecting the preparation of these financial statements
   Accounting for consumption taxes
   Consumption tax and regional consumption tax are handled using the net of tax method.

Changes in accounting policy

Changes in accounting policy which are difficult to distinguish from accounting estimates

Until the end of last year, Calbee, Inc. and certain of its domestic consolidated subsidiaries mainly used the declining-balance method to depreciate property, plant and equipment. For the fiscal year under audit this has been changed to the straight-line method. Calbee foresees stable utilization of property, plant and equipment based on expansion of its domestic and overseas production facilities as well as revising investment policy. As a result of reviewing its depreciation method, Calbee concluded that the straight-line method to distribute expenses more evenly would be more appropriate to reflect its usage of property, plant and equipment.

Compared to the previous method, for the fiscal year under audit the impact on operating income is an increase of ¥1,915 million, and the impact on ordinary income and income before income taxes and non-controlling interests is an increase of ¥1,955 million.

Changes in the presentation method

Consolidated statements of income

“Depreciation,” that was contained in “Other” under non-operating expenses within our consolidated statement for the previous fiscal year (FY2016), has exceeded 10% of the total amount of non-operating expenses, and is presented as a separate line item within that for the current fiscal year (FY2017). To maintain year-on-year consistency, we have changed our method of presentation, with the ¥377 million total presented under “other” under non-operating expenses within our FY2016 statement presented as ¥88 million under “depreciation” and ¥289 million under “other” within our FY2017 statement.

Consolidated statements of cash flows

“Loss (gain) on sales of investment securities,” “decrease (increase) in accounts receivable – other,” and “increase (decrease) in accrued consumption taxes,” presented as separate line items under cash flows from operating activities within our consolidated statement for the previous fiscal year (FY2016), is, for reasons of immateriality, not presented as a separate line item within that for the current fiscal year (FY2017) but rather included within the “other” category. To maintain year-on-year consistency, we have changed our method of presentation, with the amounts of (¥395) million presented under “loss (gain) on sales of investment securities,” (¥167) million presented under “decrease (increase) in accounts receivable – other,” (¥1,617) million presented under “increase (decrease) in accrued consumption taxes,” and (¥805) million presented under “other” within our FY2016 consolidated statements of cash flows simply presented as (¥2,985) million under “other” within our FY2017 statement.

Consolidated balance sheet

1. Inventories

(*Millions of yen*)

	As of March 31, 2017	As of March 31, 2016
Finished goods and commercial goods	4,117	3,473
Work in progress	1,351	1,340
Materials and stored goods	4,426	4,454

2. Non-consolidated subsidiaries and affiliate companies

(*Millions of yen*)

	As of March 31, 2017	As of March 31, 2016
Investment securities (stocks)	9	11
Other investments	2	2

3. Discount on notes receivable - trade

(*Millions of yen*)

	As of March 31, 2017	As of March 31, 2016
Discount on notes receivable -trade	544	—

Consolidated statements of income

1. Mark-down (or write-back where shown with a negative sign) in book value due to reduced profitability on inventories held for normal sale purposes:

(*Millions of yen*)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Cost of sales	(263)	98

2. Breakdown of main components of selling, general and administration expenses

(*Millions of yen*)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Sales promotion expenses	35,023	31,623
Advertising expenses	2,662	2,437
Freight	13,144	13,592
Remuneration and miscellaneous wages and salaries	11,224	11,757
Provision for directors' retirement benefits	72	76
Provision for bonuses	2,575	2,201
Provision for directors' bonuses	139	128
Provision for stock benefits	44	65
Retirement benefit expenses	753	738

3. R&D expenses included in the current financial year’s general and administrative expenses and in manufacturing expenses are as follows:

(*Millions of yen*)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Administrative and general expenses	2,033	2,092
Manufacturing expenses	134	102
Total	2,168	2,195

4. Breakdown of gain on sale of non-current assets

(*Millions of yen*)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Buildings and structures	0	―
Machinery, equipment and vehicles	10	6
Other	1	0
Total	11	6

5. Breakdown of loss on sale of non-current assets

(*Millions of yen*)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Machinery, equipment and vehicles	1	3
Land	1	―
Other	1	0
Total	4	3

6. Breakdown of loss on disposal of noncurrent assets

(*Millions of yen*)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Buildings and structures	96	41
Machinery, equipment and vehicles	305	171
Construction in progress	85	5
Other	29	8
Total	516	227

7. Impairment loss

Consolidated fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

Impairment loss on Group assets recorded as follows:

Location	Use	Type	Amount
Taipei City, Taiwan	Idle assets	Buildings and structures Machinery, equipment and vehicles Other property, plant and equipment	¥467 million
Utsunomiya City, Tochigi Prefecture, Japan	Business assets	Buildings and structures Machinery, equipment and vehicles Other property, plant and equipment Construction in progress	¥101 million
Barcelona, Spain	Business assets	Buildings and structures Machinery, equipment and vehicles Other property, plant and equipment	¥15 million

Reason for loss

With regard to the above idle assets, there are no future plans for their use and asset value has declined to less than the book value, and as a result the Company has reduced the book value to the recoverable amount.

With regard to the above business assets, it has been decided to withdraw from these businesses, and as a result the Company has reduced the book value to the recoverable amount.

Asset grouping method

Based on regional segmentation, idle assets with no plans for future usage are grouped by each asset.

Recoverable amount estimation method

The recoverable amount is higher of its fair value less costs of disposal and its value in use. Fair value less costs of disposal for which sales or other usage is unlikely, is recorded as having no value.

Consolidated fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

Impairment loss on Group assets recorded as follows:

Location	Use	Type	Amount
Utsunomiya City, Tochigi Prefecture, Japan	Idle assets	Construction in progress	¥215 million
Taipei City, Taiwan	Idle assets	Machinery, equipment and vehicles Other property, plant and equipment	¥194 million
Sumida Ward, Tokyo, Japan Other: 2 buildings	Shops	Buildings and structures, Other property, plant and equipment Other investments and other assets	¥160 million
Shimotsuma City, Ibaraki Prefecture, Japan	Idle assets	Machinery, equipment and vehicles	¥23 million

Reason for loss

With regard to the above idle assets, there are no future plans for use and the asset value has declined to less than the book value, and as a result the Company has reduced the book value to the recoverable amount.

With regard to the above shops, it has been decided to close the stores, and as a result the Company has reduced the book value to the recoverable amount.

Asset grouping method

Based on regional segmentation, idle assets with no plans for future usage are grouped by each asset.

Recoverable amount estimation method

The recoverable amount is higher of its fair value less costs of disposal and value in use. Fair value less costs of disposal for which sales or other usage is unlikely, is recorded as having no value.

Consolidated statements of comprehensive income

1. Adjustments and taxes in other comprehensive income

(*Millions of yen*)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Valuation difference on available-for-sale securities		
Amount during the term	(8)	363
Adjustment	—	(395)
Prior to adjustment for taxes	(8)	(31)
Taxes	3	22
Valuation difference on available-for-sale securities	(4)	(8)
Foreign currency translation adjustment		
Amount during the term	(488)	(2,565)
Adjustment	(139)	311
Prior to adjustment for taxes	(627)	(2,253)
Taxes	49	—
Foreign currency translation adjustment	(578)	(2,253)
Retirement benefit adjustment amount		
Amount during the term	197	(863)
Adjustment	409	210
Prior to adjustment for taxes	607	(652)
Taxes	(195)	184
Retirement benefit adjustment amount	41	(468)
Other comprehensive income total	(171)	(2,730)

Consolidated statements of changes in shareholders' equity

Consolidated fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

1. Type of common shares issued

Share type	Number of shares as of April 1, 2016	Increase	Decrease	Number of shares as of March 31, 2017
Common shares	133,769,800	52,000	—	133,821,800

Overview of change
Breakdown of increase in number of shares:
Increase through exercise of subscription rights: 52,000 shares

2. Treasury stock

Share type	Number of shares as of April 1, 2016	Increase	Decrease	Number of shares as of March 31, 2017
Common shares	193,452	—	26,455	166,997

Note: Number of treasury shares held in trust as of April 1, 2016 and March 31, 2017 were 192,620 shares and 166,165 shares respectively.

Overview of change
Breakdown for increase in number of shares:
Decrease through presentation of treasury shares for stock awards: 26,455 shares

3. Information on subscription rights
Subscription rights as stock options

Company	Details of subscription rights	Type of shares	Number of shares	Balance as of March 31, 2017
Company making submission	Subscription rights as stock options (round 2)	—	—	¥11 million

4. Dividends
(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
June 22, 2016 Regular shareholders' meeting	Common shares	¥4,681 million	¥35	March 31, 2016	June 23, 2016

Note: Amount of total dividends paid to shares held by Calbee in trust: ¥6 million.

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

Date to be confirmed	Type of stock	Source of dividends	Total dividends paid	Dividends per share	Dividend record date	Effective date
June 21, 2017 Regular shareholders' meeting	Common shares	Retained earnings	¥5,620 million	¥42	March 31, 2017	June 22, 2017

Note: Amount of total dividends paid to shares held by Calbee in trust: ¥7 million

Consolidated fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

1. Type of common shares issued

Share type	Number of shares as of April 1, 2015	Increase	Decrease	Number of shares as of March 31, 2016
Common shares	133,629,800	140,000	—	133,769,800

Overview of change
Breakdown of increase in number of shares:
Increase through exercise of subscription rights: 140,000 shares

2. Treasury stock

Share type	Number of shares as of April 1, 2015	Increase	Decrease	Number of shares as of March 31, 2016
Common shares	228,132	—	34,680	193,452

Note: Number of treasury shares held in trust as of April 1, 2015 and March 31, 2016 were 227,300 shares and 192,620 shares respectively.

Overview of change
Breakdown for increase in number of shares:
Decrease through presentation of treasury shares for stock awards: 34,680 shares

3. Information on subscription rights
Subscription rights as stock options

Company	Details of subscription rights	Type of shares	Number of shares	Balance as of March 31, 2016
Company making submission	Subscription rights as stock options (round 2)	—	—	¥15 million

4. Dividends
(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
June 25, 2015 Regular shareholders' meeting	Common shares	¥3,741 million	¥28	March 31, 2015	June 26, 2015

Note: Amount of total dividends paid to shares held by Calbee in trust: ¥6 million.

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

Date to be confirmed	Type of stock	Source of dividends	Total dividends paid	Dividends per share	Dividend record date	Effective date
June 22, 2016 Regular shareholders' meeting	Common shares	Retained earnings	¥4,681 million	¥35	March 31, 2016	June 23, 2016

Note: Amount of total dividends paid to shares held by Calbee in trust: ¥6 million

Consolidated statements of cash flows

1. Amounts of cash and cash equivalents presented as year-end balance and the consolidated balance sheet

(*Millions of yen*)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Cash and deposits	23,961	22,784
Fixed deposit exceeding 3-month deposit period	(333)	(460)
Commercial paper included in the securities account	3,999	1,999
Lease assets trust beneficiary rights included in the securities account	2,000	―
Beneficial rights for pecuniary trusts specified for joint operations included in the securities account	15,000	23,000
Cash and cash equivalents	44,627	47,323

Business combinations and other related matters

Consolidated fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

Transaction under common control

(Acquisition of equity interest in subsidiary)

Calbee, Inc. (hereafter "Calbee") resolved on January 23, 2017 that Calbee America, Inc. (hereafter "CAI") would acquire the entire equity interest held by R.D. Offutt Company (hereafter "RDO") in Calbee North America, LLC (hereafter "CNA"), of which previously RDO and CAI each held a 50/50 interest. This transaction was completed on January 31, 2017, making CNA a fully-owned subsidiary of CAI.

I. Overview of transaction

1. Name and business description of acquired company
   Name of acquired company: Calbee North America, LLC
   Description of business: Manufacture and sales of snacks
2. Date on which business combination was effected
   January 31, 2017
3. Legal form of business combination
   Acquisition of equity interest from non-controlling shareholders
4. Name of company after business combination
   No change in name
5. Other matters with regard to transaction
   To strengthen business in North America, CAI acquired equity interest in CNA from non-controlling shareholders and made CNA its fully-owned subsidiary.

II. Overview of accounting treatment

The acquisition was accounted for as a transaction with non-controlling shareholders under common control, based on ASBJ Statement No.21, "Accounting Standard for Business Combinations" and ASBJ Guidance No.10, "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures", issued on September 13, 2013.

III. Details to be reported in case of acquisition of equity interest in subsidiary

Purchase price and its breakdown
Purchase price of equity interest paid by cash: ¥9,673 million

IV. Details about change in shareholders' equity by transaction with non-controlling shareholders

1. Main reason for change in capital surplus
   Acquisition of equity interest in subsidiary
2. Amount of capital surplus decrease due to transaction with non-controlling shareholders:
   ¥6,803 million

Segment information and other

The Company has only one segment, "Production and sale of snacks and other foods", and consequently does not disclose information for operating segments.

Per Share Information

	FY ended March 31, 2017	FY ended March 31, 2016
Net assets per share (¥)	958.60	905.20
Earnings per share (¥)	139.24	125.88
Earnings per share (diluted) (¥)	139.08	125.64

Notes: 1) Net assets per share were calculated based on the following:

	FY ended March 31, 2017	FY ended March 31, 2016
Total net assets on consolidated balance sheet (¥ million)	135,056	131,469
Amount attributable to common stock (¥ million)	128,121	120,912
Main differences (¥ million)		
Subscription rights to shares	11	15
Non-controlling interests	6,924	10,541
Number of shares of common stock outstanding (shares)	133,821,800	133,769,800
Number of shares of common stock as treasury stock (shares)	166,997	193,452
Number of common shares used for calculating net assets per share (shares)	133,654,803	133,576,348

2) Earnings per share and earnings per share (diluted) were calculated based on the following:

	FY ended March 31, 2017	FY ended March 31, 2016
Earnings per share		
Profit attributable to owners of parent (consolidated) (¥ million)	18,605	16,799
Profit attributable to owners of parent attributable to common stock (¥ million)	18,605	16,799
Amount not belonging to common shareholders (¥ million)	—	—
Average number of shares during the period (shares)	133,620,921	133,452,595
Earnings per share (diluted)		
Profit adjustments attributable to owners of parent (¥ million)	—	—
Breakdown of additional common shares used for calculating earnings per share (diluted) (shares)		
Subscription rights to shares	155,564	251,478
Number of additional common shares	155,564	251,478
Residual securities not included in the calculation of profit after adjustment for residual securities due to the fact that these securities had no dilutive effect.	—	

3) The Company's own stock in the trust recorded as treasury shares under shareholders' equity includes treasury shares excluded from the average number of shares during the period used for calculating earnings per share and treasury shares excluded from the number of shares outstanding at the end of the fiscal year used for calculating net assets per share.
During the previous consolidated fiscal year, 204,036 treasury shares, and during the current consolidated fiscal year 174,935 treasury shares, were excluded from the average number of shares during the period used for calculating earnings per share and 192,620 treasury shares at the end of the previous fiscal year and 166,165 treasury shares at the end of the current fiscal year were excluded from the number of shares outstanding used for calculating net assets per share.

Subsequent events

No applicable items.