Calbee
Harvest the Power of Nature.

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2018

April 1, 2017 to March 31, 2018

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, 2018

Calbee, Inc. **May 11, 2018**

Stock exchange listings: Tokyo 1st section, code number 2229
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Representative: Shuji Ito, President & COO, Representative Director
Scheduled date for the General Meeting of Shareholders: June 20, 2018
Scheduled date for distribution of dividends: June 21, 2018
Scheduled date for submission of the full year financial report: June 21, 2018
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, 2018 (April 1, 2017 to March 31, 2018)

(1) Consolidated Operating Results

Millions of yen, rounded down

	FY ended March 31, 2018		FY ended March 31, 2017	
		% change		% change
Net sales	251,575	-0.3	252,420	2.6
Operating income	26,828	-7.0	28,841	2.5
Ordinary income	26,179	-8.5	28,625	7.8
Profit attributable to owners of parent	17,330	-6.8	18,605	10.8
Earnings per share (¥)	129.72		139.24	
Earnings per share (diluted) (¥)	129.61		139.08	
Return on equity (%)	13.0		14.9	
Ordinary income to total assets ratio (%)	14.0		16.0	
Operating income to sales ratio (%)	10.7		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, 2018: ¥16,942 million (-9.8%)
FY ended March 31, 2017: ¥18,774 million (22.7%)

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2018	As of March 31, 2017
Total assets	192,137	182,011
Net assets	146,667	135,056
Shareholders' equity/total assets (%)	72.5	70.4
Net assets per share (¥)	1,043.37	958.60

Shareholders' equity: As of March 31, 2018: ¥139,375 million
As of March 31, 2017: ¥128,121 million

(3) Consolidated Cash Flows

Millions of yen, rounded down

	FY ended March 31, 2018	FY ended March 31, 2017
Cash flows from operating activities	9,358	25,958
Cash flows from investing activities	(6,258)	(13,404)
Cash flows from financing activities	(5,450)	(14,711)
Cash and cash equivalents at end of period	42,195	44,627

2) Dividends

Yen

	FY ended March 31, 2017	FY ended March 31, 2018	FY ending March 31, 2019 (forecast)
Interim period per share	0.00	0.00	0.00
Year-end dividend per share	42.0	42.0	48.0
Annual dividend per share	42.0	42.0	48.0
Total dividend amount (millions of yen)	5,620	5,622	–
Dividend payout ratio (consolidated) (%)	30.2	32.4	33.8
Net assets to dividends ratio (consolidated) (%)	4.5	4.2	–

Note: Total dividend amounts for FYs ended March 31, 2017 and March 31, 2018 include dividends of ¥7 million and ¥12 million, respectively, for Calbee shares held in trust.

3) Consolidated forecasts for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

Millions of yen

		% change
Net sales	255,000	1.4
Operating income	29,500	10.0
Ordinary income	29,000	10.8
Profit attributable to owners of parent	19,000	9.6
Earnings per share (¥)	142.23	

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.: None
3. Changes in accounting estimates: None
4. Restatements: None

(3) Number of outstanding shares (common stock)

	March 31, 2018:	March 31, 2017:
1. Number of outstanding shares (including treasury shares)	133,875,800 shares	133,821,800 shares
2. Number of treasury shares	292,997 shares	166,997 shares
	Fiscal year to March 31, 2018:	Fiscal year to March 31, 2017:
3. Average number of shares during the period	133,603,017 shares	133,620,921 shares

Note: Regarding Calbee stock held in trust as treasury stock within shareholders' equity, the number of treasury shares includes 292,165 of these shares as of March 31, 2018 and 166,165 of these shares as of March 31, 2017, and the average number of shares excludes 244,120 treasury shares during the year to March 31, 2018, and 174,935 treasury shares during the year to March 31, 2017.

(Reference) Non-consolidated results for the fiscal year ended March 31, 2018

(1) Non-consolidated operating results

Millions of yen, rounded down

	FY ended March 31, 2018		FY ended March 31, 2017	
		% change		% change
Net sales	187,126	-2.0	191,030	4.3
Operating income	25,567	-0.2	25,606	9.4
Ordinary income	25,973	1.3	25,645	13.8
Net income	17,751	5.0	16,900	8.5
Earnings per share (¥)	132.86		126.48	
Earnings per share (diluted) (¥)	132.75		126.34	

(2) Non-consolidated financial position

Millions of yen, rounded down

	As of March 31, 2018	As of March 31, 2017
Total assets	175,158	164,019
Net assets	135,589	123,894
Shareholders' equity/total assets (%)	77.4	75.5
Net assets per share (¥)	1,014.97	926.89

Shareholders' equity: As of March 31, 2018: ¥135,582 million, As of March 31, 2017: ¥123,883 million

Financial Statements are not subject to audit by a certified public accountants or audit firms

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 9, 1. Overview of Operating Results (4) Consolidated forecasts.
2. The earnings per share forecast for the fiscal year ending March 31, 2019 is calculated using 133,582,803 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 11, 2018. 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 ended March 2018, the Japanese economy underwent a mild recovery primarily in the corporate sector due to the government's economic measures and monetary easing policies and a rally in exports and production accompanying a recovery in overseas economies. However, personal consumption has yet to recover amid continuing flatness in the consumer price index and persistent uncertainty surrounding overseas economies and policies, despite rising incomes due to factors such as higher wages. The food industry environment in which Calbee Group (hereafter "Calbee") operates is being affected by changes in Japan, such as the declining population due to a low birthrate and aging society, smaller household size and higher female workforce participation, which are leading to increased diversification of consumer preferences due to household composition and personal needs, with a greater emphasis on health and convenience, as well as price.

In this environment, Calbee advanced its business activities with its management based on the twin pillars of innovation (growth strategy) and cost reduction.

For the domestic business, we made adjustments to production and sales items for *Potato Chips* due to a shortage of potato supplies caused by typhoon damage in Hokkaido in the summer of 2016, but sales resumed after potato harvests got underway from the second quarter, and we focused on proactive sales promotional activities aimed at effecting a market recovery, such as the launch of local specialty flavor *Potato Chips* created jointly with localities across Japan's 47 prefectures. We also worked to improve profitability, promoting cost reductions by improving selling cost efficiency and other such measures.

In overseas business, we focused on the rebuilding of our business in the key region of North America, but due to delays in stabilization of sales and cost improvements the region had a significant effect on profit. However, in Indonesia, which we entered last fiscal year, we worked to increase sales through the expansion of sales channels and proactive sales promotional activities. In Spain, we dissolved our sales subsidiary Calbee Iberia, S.L. in October 2017 after determining that it was not feasible to expect material sales growth of bean-based snacks.

In working towards our full-fledged entry into the Chinese cereals market, we established and began operation of a *Frugra* production line in our Hokkaido factory, and from the second quarter launched cross-border e-commerce sales at our subsidiary in Hong Kong. Also, towards the further expansion of our *Frugra* business in the Chinese market we are advancing measures including the construction of a new production line in our Kyoto factory, which is preparing to begin operation in summer 2018, and establishing a new company for e-commerce business in mainland China, Calbee (Hangzhou) Foods Co., Ltd. (Hangzhou, China).

Consolidated net sales for the fiscal year ended March 2018 decreased 0.3% to ¥251,575 million. Operating income decreased 7.0% to ¥26,828 million due to the ongoing weak sales in the key region of North America in the overseas business, and higher costs, including a higher cost ratio due to lower utilization and increased selling costs, which were partially offset by cost reduction efforts, such as controlling selling costs, in the domestic business. The operating income ratio was 10.7%, a decrease of 0.7 percentage points. Ordinary income decreased 8.5% to ¥26,179 million due to factors including foreign exchange losses of ¥562 million. Profit attributable to owners of parent decreased by 6.8% to ¥17,330 million.

Millions of yen, rounded down

	FY ended March 31, 2018		FY ended March 31, 2017		Growth in yen	Growth on local currency basis
	Amount	%	Amount	%		
Domestic sales	217,774	86.6	223,441	88.5	－ 2.5%	－ 2.5%
Overseas sales	33,801	13.4	28,978	11.5	＋ 16.6%	＋ 13.5%
Total	251,575	100.0	252,420	100.0	－ 0.3%	－ 0.7%

Results by business are as follows.

Millions of yen, rounded down

Sales		FY ended March 31, 2018		FY ended March 31, 2017
		Amount	Growth	Amount
1) Production and sale of snack and other foods business		247,577	−0.5	248,872
Domestic production and sale of snack and other foods business		213,775	−2.8	219,893
	Domestic snack foods	175,575	+0.7	174,305
	Domestic cereals	23,836	−21.7	30,436
	Other domestic foods	14,363	−5.2	15,152
Overseas production and sale of snack and other foods business		33,801	+16.6	28,978
	Overseas snack foods	31,266	+7.9	28,978
	Overseas cereals	2,534	−	−
2) Other businesses		3,998	+12.7	3,548
Total		251,575	−0.3	252,420

1) Production and sale of snacks and other foods business

Domestic production and sale of snack and other foods business

・Domestic snack foods:

Sales of domestic snack foods were almost flat year on year, with significant sales growth in *Potato Chips Crisp* and a return to growth for *Potato Chips* amid strong demand after production recovered from the second quarter, which was offset by sluggish sales of *Jagarico*, flour-based snacks and corn-based snacks.

Sales of domestic snack foods by product are as follows.

Millions of yen, rounded down

Sales	FY ended March 31, 2018		FY ended March 31, 2017
	Amount	Growth	Amount
Potato-based snacks	126,305	−0.4%	126,824
Potato Chips	77,007	+0.6%	76,583
Jagarico	35,695	−2.7%	36,685
Jagabee/ Jaga Pokkuru	13,602	+0.3%	13,556
Flour-based snacks	22,405	−1.7%	22,795
Kappa Ebisen	10,707	−3.8%	11,130
Sapporo Potato, etc.	11,697	+0.3%	11,664
Corn- and bean-based snacks	16,785	−2.2%	17,160
Other snacks	10,078	+33.9%	7,524
Domestic snack foods total	175,575	+0.7%	174,305

- Sales of potato-based snacks were almost flat year on year due to decreased sales of *Jagarico* from the effect of factors including the suspension of limited time items. This was partially offset by strong *Potato Chips* sales since the second quarter, reflecting persistent strong demand since the resumption of temporarily suspended production and sales of *Pizza Potato Chips* and other products with the Hokkaido potato harvest having gotten underway, and the successful launch of *Potato Chips* in local flavors of Japan's 47 prefectures, .
- Sales of flour-based snacks decreased year on year due to factors including a decrease in *Kappa Ebisen* limited time items.
- Sales of corn- and bean-based snacks decreased year on year as a result of weak sales of corn-based snacks, including popcorn.
- Sales of other snacks increased significantly year on year due to progress in expanding sales areas and flavor development of *Potato Chips Crisp*, which began sales in the second quarter of the previous fiscal year.

・Domestic cereals:

Sales of domestic cereals decreased year on year. Despite having enhanced the *Frugra* product lineup, variable overseas consumption caused a significant decrease in sales, and results were also impacted by the end of sales of cornflakes from this fiscal year.

・Other domestic foods:

Other domestic foods includes the bakery business and sales of processed potato products and potatoes as groceries.

Sales of other domestic foods decreased year on year due to decreased sales in the bakery business.

Overseas production and sale of snack and other foods business

・Overseas snack foods:

Sales of overseas snack foods increased year on year due to contributions from sales growth in new markets such as Indonesia entered last fiscal year, partially offset by a significant decrease in sales in the key region of North America due to weak sales of bean-based snack *Harvest Snaps* to major customers.

・Overseas cereals:

Sales of overseas cereals were being recorded from the second quarter with the beginning of operation of the new *Frugra* production line in our Hokkaido factory and the launch of *Frugra* sales in China via cross-border e-commerce.

Sales of overseas production and sale of snack and other foods business by region are as follows.

Millions of yen, rounded down

Sales		FY ended March 31, 2018		FY ended March 31, 2017
		Amount	Growth	Amount
North America		9,843	－15.2%	11,606
Asia	Greater China*	8,718	＋67.1%	5,217
	South Korea	5,283	－1.0%	5,336
	Other Asian regions and Australia**	8,551	＋47.5%	5,798
Europe		1,404	＋37.7%	1,019
Overseas production and sale of snack and other foods business total		33,801	＋16.6%	28,978

*Greater China: Includes sales of snack foods and cereals from China, Taiwan and Hong Kong.

**Other Asian regions and Australia: Includes snack foods sales from Thailand, Philippines, Singapore, Indonesia and Australia.

2) Other businesses

Other businesses includes logistics and promotional tool sales.

Sales at other businesses increased year on year primarily due to increased 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, 2018 were ¥192,137 million, an increase of ¥10,126 million. The primary factors contributing to this outcome were increases in notes and accounts receivable-trade due to shift in payments to the following month due to a bank holiday on the last day of the period.

Liabilities decreased ¥1,484 million to ¥45,470 million, primarily due to a decrease in consumption taxes payable recorded within other under current liabilities.

Net assets increased ¥11,611 million to ¥146,667 million due to an increase in retained earnings.

The shareholders' equity ratio increased 2.1 percentage points from the end of the previous fiscal year to 72.5%.

(3) Overview of cash flows

Cash and cash equivalents as of March 31, 2018 were ¥42,195 million, ¥2,432 million lower than at the end of the previous fiscal year.

Cash flows from operating activities

Operating activities during the period ended March 2018 resulted in a net cash inflow of ¥9,358 million, a decrease in cash inflow of ¥16,599 million compared with the previous fiscal year, due to factors including an increase in notes and accounts receivable - trade and a decrease in accounts payable - other.

Cash flows from investing activities

Investing activities during the period ended March 2018 resulted in a net cash outflow of ¥6,258 million, a decrease in cash outflow of ¥7,146 million compared with the previous fiscal year, primarily due to an increase in inflows from proceeds from redemption of securities.

Cash flows from financing activities

Financing activities during the period ended March 2018 resulted in a net cash outflow of ¥5,450 million, a decrease in cash outflow of ¥9,261 million compared with the previous fiscal year, primarily due to a decrease in payments from change in ownership interests in subsidiaries that do not result in charge in scope of consolidation.

(4) Consolidated forecasts

Calbee will pursue growth by continuing management based on the twin pillars of innovation (growth strategy) and cost reduction with the purpose of increasing revenue and earnings.

In the domestic snack foods business, although production and sales of potato-based snacks in the fiscal year ended March 2018 were greatly affected by the shortage in potato supplies caused by typhoon damage in the summer of 2016, the potato harvest in the summer of 2017 produced sufficient output to support our aim of expanding sales in the fiscal year ending March 2019 by aggressively promoting production and marketing of potato-based snacks, *Potato Chips* in particular. The company will also drive the development of products that are in-line with the diversification of consumer needs and changes in household composition.

In the overseas snack foods business, the company will strive to improve profitability in North America by strengthening marketing activities and reducing costs, and also by continuing proactive marketing activities in Indonesia and the UK.

In the cereals business, in light of growing domestic demand for *Frugra*, the company will strive to capture new customers such as senior citizens by offering appealing solutions to health and other customer issues. Overseas, the company will promote sales growth in the Chinese market, after having established a new production line at the Hokkaido factory this year, and is planning to begin operation of a new line in the Kyoto factory in summer 2019.

Based on the above, for the fiscal year ending March 2019 we forecast consolidated net sales increasing 1.4% to ¥255,000 million, operating income increasing 10.0% to ¥29,500 million, ordinary income increasing 10.8% to ¥29,000 million, and profit attributable to owners of parent increasing 9.6% to ¥19,000 million.

2. Basic policy for profit distribution and dividends for fiscal year to March 2018 and 2019

Calbee recognizes that the distribution of profits to shareholders is an important management matter. Our policy is to consistently and actively distribute profits 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, the same as last fiscal year, for the fiscal year ended March 2018 (to be presented at the 69th Annual General Meeting of Shareholders, June 20, 2018). The consolidated payout ratio will be 32.4%.

For the fiscal year ending March 2019, we plan to increase the annual dividend by ¥6 to ¥48 per share, for an effective consolidated payout ratio of 33.8%.

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, 2018	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	23,559	23,961
Notes and accounts receivable - trade	41,749	28,600
Securities	22,998	28,999
Inventories	10,748	9,895
Deferred tax assets	2,576	2,593
Other	5,323	3,868
Allowance for doubtful accounts	(23)	(33)
Total current assets	106,933	97,884
Non-current assets		
Property, plant and equipment		
Buildings and structures	67,961	67,093
Accumulated depreciation	(40,538)	(39,358)
Buildings and structures, net	27,423	27,734
Machinery, equipment and vehicles	99,524	97,368
Accumulated depreciation	(71,353)	(69,224)
Machinery, equipment and vehicles, net	28,171	28,144
Land	11,556	11,626
Leased assets	581	644
Accumulated depreciation	(225)	(166)
Leased assets, net	355	477
Construction in progress	4,523	1,840
Other	4,444	4,191
Accumulated depreciation	(3,378)	(3,179)
Other, net	1,066	1,011
Total property, plant and equipment	73,096	70,835
Intangible assets		
Goodwill	922	1,618
Other	2,468	2,864
Total intangible assets	3,391	4,483
Investments and other assets		
Investment securities	2,315	2,100
Long-term loans receivable	61	151
Deferred tax assets	1,995	2,307
Net defined benefit asset	2,175	1,984
Other	2,295	2,335
Allowance for doubtful accounts	(126)	(70)
Total investments and other assets	8,716	8,808
Total non-current assets	85,204	84,126
Total assets	192,137	182,011

	As of March 31, 2018	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,728	9,668
Short-term loans payable	1,129	1,107
Lease obligations	119	139
Accounts payable - other	6,273	6,595
Income taxes payable	5,252	5,577
Deferred tax liabilities	1	2
Provision for bonuses	3,863	4,247
Provision for directors' bonuses	117	139
Provision for stocks payment	53	50
Other	8,867	9,550
Total current liabilities	35,406	37,079
Non-current liabilities		
Lease obligations	214	308
Deferred tax liabilities	754	551
Provisions for directors' retirement benefits	491	507
Provision for management board incentive plan trust	90	111
Net defined benefit liability	7,674	7,669
Asset retirement obligations	659	654
Other	178	72
Total non-current liabilities	10,063	9,875
Total liabilities	45,470	46,954
Net assets		
Shareholders' equity		
Capital stock	12,033	12,020
Capital surplus	4,775	4,781
Retained earnings	123,647	111,936
Treasury shares	(1,073)	(539)
Total shareholders' equity	139,383	128,198
Accumulated other comprehensive income		
Valuation difference on available-for-sales securities	680	604
Foreign currency translation adjustment	57	492
Remeasurements of defined benefit plans	(745)	(1,173)
Total accumulated other comprehensive income	(7)	(77)
Subscription rights to shares	7	11
Non-controlling interests	7,284	6,924
Total net assets	146,667	135,056
Total liabilities and net assets	192,137	182,011

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Millions of yen, rounded down

	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Net sales	251,575	252,420
Cost of sales	142,671	140,847
Gross profit	108,904	111,573
Selling, general and administrative expenses	82,075	82,732
Operating income	26,828	28,841
Non-operating income		
Interest income	84	81
Dividend income	42	38
Real estate income	77	77
Other	223	338
Total non-operating income	428	536
Non-operating expenses		
Interest expenses	78	36
Foreign exchange losses	562	260
Depreciation	41	163
Business commencement expenses	—	131
Cost of real estate	35	37
Other	360	122
Total non-operating expenses	1,078	751
Ordinary income	26,179	28,625
Extraordinary income		
Gain on sales of non-current assets	6	11
Gain on liquidation of subsidiaries and associates	—	146
Subsidy income	185	107
Other	0	13
Total extraordinary income	193	279
Extraordinary losses		
Loss on sales of non-current assets	2	4
Loss on retirement of non-current assets	160	516
Impairment loss	97	584
Other	13	99
Total extraordinary losses	273	1,204
Profit before income taxes	26,099	27,700
Income taxes - current	8,756	9,161
Income taxes - deferred	270	(406)
Total income taxes	9,026	8,754
Profit	17,072	18,946
Profit (loss) attributable to non-controlling interests	(258)	341
Profit attributable to owners of parent	17,330	18,605

Consolidated statements of comprehensive income

Millions of yen, rounded down

	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Profit	17,072	18,946
Other comprehensive income		
Valuation difference on available-for-sale securities	76	(4)
Foreign currency translation adjustment	(633)	(578)
Remeasurements of defined benefit plans, net of tax	428	411
Total other comprehensive income	(129)	(171)
Comprehensive income	16,942	18,774
Comprehensive income attributable to:		
Owners of parent	17,400	18,599
Non-controlling interests	(457)	174

(3) Consolidated statements of changes in shareholders' equity

April 1, 2017 to March 31, 2018

Millions of yen, rounded down

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,020	4,781	111,936	(539)	128,198
Changes of items during period					
Issuance of new shares – exercise of subscription rights to shares	12	12			25
Dividends of surplus			(5,620)		(5,620)
Profit attributable to owners of parent			17,330		17,330
Purchase of treasury shares				(599)	(599)
Disposal of treasury shares				66	66
Purchase of shares of consolidated subsidiaries		(18)			(18)
Net change of items other than shareholders' equity					
Total changes of items during period	12	(5)	11,710	(533)	11,184
Balance at end of current period	12,033	4,775	123,647	(1,073)	139,383

	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	604	492	(1,173)	(77)	11	6,924	135,056
Changes of items during period							
Issuance of new shares – exercise of subscription rights to shares					(4)		21
Dividends of surplus							(5,620)
Profit attributable to owners of parent							17,330
Purchase of treasury shares							(599)
Disposal of treasury shares							66
Purchase of shares of consolidated subsidiaries							(18)
Net change of items other than shareholders' equity	76	(434)	428	69		360	430
Total changes of items during period	76	(434)	428	69	(4)	360	11,611
Balance at end of current period	680	57	(745)	(7)	7	7,284	146,667

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

(4) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Cash flows from operating activities		
Profit before income taxes	26,099	27,700
Depreciation	7,845	7,297
Impairment loss	97	584
Amortization of goodwill	600	619
Increase (decrease) in allowance for doubtful accounts	45	29
Increase (decrease) in provision for bonuses	(384)	51
Increase (decrease) in provision for directors' bonuses	(21)	11
Increase (decrease) in provision for stocks payment	48	44
Increase (decrease) in net defined benefit liability	396	319
Decrease (increase) in net defined benefit asset	35	40
Increase (decrease) in provision for directors' retirement benefits	(16)	(19)
Interest and dividend income	(127)	(120)
Interest expenses	78	36
Foreign exchange losses (gains)	382	268
Subsidy income	(185)	(107)
Loss (gain) on sales of non-current assets	(4)	(7)
Loss on retirement of non-current assets	160	516
Decrease (increase) in notes and accounts receivable - trade	(13,256)	(5,549)
Decrease (increase) in inventories	(938)	(642)
Increase (decrease) in notes and accounts payable - trade	117	(734)
Increase (decrease) in accounts payable - other	3	1,957
Other, net	(2,161)	2,092
Subtotal	18,813	34,389
Interest and dividend income received	131	127
Interest expenses paid	(73)	(34)
Income taxes paid	(9,512)	(8,523)
Net cash provided by (used in) operating activities	9,358	25,958

Millions of yen, rounded down

	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,583)	(9,372)
Proceeds from sales of property, plant and equipment	25	13
Purchase of intangible assets	(425)	(391)
Purchase of securities	(27,997)	(13,998)
Proceeds from redemption of securities	32,000	10,000
Purchase of investment securities	(116)	(16)
Payments of loans receivable	(60)	(0)
Collection of loans receivable	60	32
Payments into time deposits	(1,686)	(728)
Proceeds from withdrawal of time deposits	1,669	827
Payments for guarantee deposits	(170)	(175)
Proceeds from collection of guarantee deposits	152	152
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	42
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	62
Proceeds from subsidy income	185	107
Other, net	689	39
Net cash provided by (used in) investing activities	(6,258)	(13,404)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	82	1,070
Repayments of long-term loans payable	—	(354)
Purchase of treasury shares	(599)	—
Proceeds from exercise of share options	21	20
Repayments of lease obligations	(136)	(107)
Cash dividends paid	(5,617)	(4,677)
Proceeds from share issuance to non-controlling shareholders	816	—
Dividends paid to non-controlling interests	(16)	(990)
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	(5,450)	(14,711)
Effect of exchange rate change on cash and cash equivalents	(82)	(538)
Net increase (decrease) in cash and cash equivalents	(2,432)	(2,696)
Cash and cash equivalents at beginning of period	44,627	47,323
Cash and cash equivalents at end of period	42,195	44,627

(5) Notes to consolidated financial statements

Notes related to going concern assumption

No applicable items

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, 2018	FY ended March 31, 2017
Net assets per share (¥)	1,043.37	958.60
Earnings per share (¥)	129.72	139.24
Earnings per share (diluted) (¥)	129.61	139.08

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

	FY ended March 31, 2018	FY ended March 31, 2017
Total net assets on consolidated balance sheet (¥ million)	146,667	135,056
Amount attributable to common stock (¥ million)	139,375	128,121
Main differences (¥ million)		
Subscription rights to shares	7	11
Non-controlling interests	7,284	6,924
Number of shares of common stock outstanding (shares)	133,875,800	133,821,800
Number of shares of common stock as treasury stock (shares)	292,997	166,997
Number of common shares used for calculating net assets per share (shares)	133,582,803	133,654,803

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

	FY ended March 31, 2018	FY ended March 31, 2017
Earnings per share		
Profit attributable to owners of parent (consolidated) (¥ million)	17,330	18,605
Profit attributable to owners of parent attributable to common stock (¥ million)	17,330	18,605
Amount not belonging to common shareholders (¥ million)	—	—
Average number of shares during the period (shares)	133,603,017	133,620,921
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	109,671	155,564
Number of additional common shares	109,671	155,564
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, 174,935 treasury shares, and during the current consolidated fiscal year 244,120 treasury shares, were excluded from the average number of shares during the period used for calculating earnings per share and 166,165 treasury shares at the end of the previous fiscal year and 292,165 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

Transfer of shares in subsidiaries

Calbee has transferred 66.6% of its issued shares in consolidated subsidiary Garden Bakery Inc. (Garden Bakery) to Showa Sangyo Co., Ltd. (Showa Sangyo).

(1) Outline of business divestiture

1. Name of destination company

   Showa Sangyo Co., Ltd.

2. Details of the divested business

   Production and sales of bread and confectionary

3. The main reason for the business divestiture

   Garden Bakery was established in June 1996 as a 100% subsidiary, with the purpose of producing and selling breads and snack foods, and currently produces and sells pastries and filled and stuffed breads to convenience stores.

   Showa Sangyo has an integrated structure that engages in a range of operations from raw material procurement to product development to factory management, and by transferring 66.6% of shares in Garden Bakery to Showa Sangyo, we aim to further heighten Garden Bakery's product development capability and improve productivity by strengthening the business of both Showa Sangyo and Calbee.

4. Business divestiture date

   April 2, 2018

5. Outline of the transaction including legal format

   Transfer of shares with only cash equivalent assets as compensation

2) Outline of accounting process to be implemented

   Accounting will be processed in accordance with the Accounting Standard for Business Divestitures (Accounting Standard No.7, September 13, 2013) and Guidance on Accounting Standard for Business Combinations (Accounting Standards Board of Japan Standard No. 10, September 13, 2013)

(3) Reporting segment name which includes divested business

   Production and sale of snacks and other foods