

Consolidated Summary Report <under Japanese GAAP>
for the year ended March 31, 2014

April 24, 2014

Company name: KAGOME CO., LTD
Code number: 2811
Representative: Naoyuki Terada, Representative Director & President
For inquiry: Tomoko Sone, General Manager, IR Department
Annual general meeting date: June 18, 2014
Securities report issuing date: June 11, 2014 Dividend payment date: May 28, 2014
Supplemental information for financial statements: Available
Schedule for "investor meeting presentation": Scheduled

Stock exchange listings: Tokyo and Nagoya
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(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Data for the Fiscal Year ended March 31, 2014

(1) Operations Results

(% represents the change from the previous fiscal year)

Fiscal year ended	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2014	193,004	(1.6)	6,775	(27.0)	7,529	(24.9)	5,105	(21.2)
March 31, 2013	196,233	9.0	9,278	9.6	10,025	8.8	6,480	53.7

(Reference) Comprehensive Income March 31, 2014: 10,464million yen (-12.7%); March 31, 2013: 11,981million yen (123.8%)

Fiscal year ended	Earnings Per Share	Diluted Earnings Per Share	Net income to Net Assets Attributable to KAGOME Shareholders	Ordinary Income to Total Assets	Operating Income to Net Sales
	yen	yen	%	%	%
March 31, 2014	51.39	—	4.9	4.3	3.5
March 31, 2013	65.15	—	6.7	6.3	4.7

(Reference) Equity in earnings by the equity method March 31, 2014: 65 million yen; March 31, 2013: 37 million yen

(2) Financial Conditions

Fiscal year ended	Total Assets	Total Net Assets	Net Assets Attributable to KAGOME Shareholders to Total Assets	Total Net Assets per Common Stock
	million yen	million yen	%	yen
March 31, 2014	183,621	113,023	59.1	1,094.07
March 31, 2013	168,965	104,432	60.1	1,020.86

(Reference)

Net Assets Attributable to KAGOME Shareholders March 31, 2014: 108,505 million yen; March 31, 2013: 101,539 million yen

(3) Conditions of Cash flows

Fiscal year ended	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the end of the period
	million yen	million yen	million yen	million yen
March 31, 2014	(1,073)	(3,941)	2,322	22,295
March 31, 2013	7,407	(1,781)	1,050	24,316

2. Dividends on Common Stock

Fiscal year ended	Dividends per Share					Total dividends	Dividend payout ratio	Dividend on Net Assets ratio
	1Q-end	2Q-end	3Q-end	Year-end	Total			
March 31, 2013	—	—	—	20.00	20.00	1,989	30.7	2.1
March 31, 2014	—	—	—	22.00	22.00	2,188	42.8	2.1
Fiscal year ending December 31, 2014(Forecast)	—	—	—	16.50	16.50		49.6	

3. Forecasts for the Fiscal Year ending December 31, 2014 (% represents the change from the same period in the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings Per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
For the 2Q ending September 30, 2014	109,000	5.1	4,800	(4.4)	5,000	(8.6)	3,000	(24.9)	30.25
For the year ending December 31, 2014	167,000	—	6,100	—	6,200	—	3,300	—	33.27

*Notes for forecasted information above.

The Company plans to change its fiscal year end from March 31 to December 31, provided an associated amendment to the Articles of Incorporation is approved at the Annual General Meeting of Shareholders to be held on June 18, 2014. If the fiscal year end changes, in the fiscal year ending December 31, 2014, the consolidated results will include the results for ten months, from March 1, 2014 to December 31, 2014, for the consolidated subsidiaries whose fiscal year ends at the end of February. The results for twelve months, from January 1 to December 31, 2014, for the consolidated subsidiaries whose fiscal year ends at December 31 will also be included as before.

(Reference)

The percentages below (percentage changes after adjustment) are percentage changes from the results of the Company for nine months, from April 1, 2013 to December 31, 2013, and its consolidated companies whose fiscal year ends at the end of February for ten months in this fiscal year, from March 1, 2013 to December 31, 2013, and the results forecast for these companies for the next fiscal year.

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
For the year ending December 31, 2014	167,000	5.5	6,100	(5.1)	6,200	(11.6)	3,300	(27.9)

(Reference) Non-consolidated Financial Data

4. Non-consolidated Financial Data for the Fiscal Year ended March 31, 2014

(1) Operations Results

(% represents the change from the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2014	162,774	(5.8)	7,019	(29.8)	7,812	(26.9)	4,541	(25.9)
March 31, 2013	172,756	6.7	10,002	(4.4)	10,687	(3.6)	6,128	26.7

	Earnings Per Share	Diluted Earnings Per Share
	yen	yen
Fiscal year ended March 31, 2014	45.71	—
March 31, 2013	61.61	—

(2) Financial Conditions

	Total Assets	Total Net Assets	Shareholders' equity to Total Assets	Total Net Assets per Common Stock
	million yen	million yen	%	yen
Fiscal year ended March 31, 2014	160,572	105,005	65.4	1,058.79
March 31, 2013	150,995	100,039	66.3	1,005.78

(Reference) Shareholders' equity as of March 31, 2014: 105,005 million yen; March 31, 2013: 100,039 million yen

* Disclosure regarding the execution of the audit process

This "Consolidated Summary Report" ("Tanshin") is outside the scope of the external auditor's audit procedure which is required by "Financial Instruments and Exchange Act". Therefore, the audit process has not been completed as of this disclosure in the "Consolidated Summary Report".

*Notes for using forecasted information etc.

This financial summary report contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the company and/or the group as a whole (the "forward-looking statements"). The forward-looking statements are made based upon, among other things, the company's current estimations, perceptions and evaluations. In addition, in order for the company to adopt such estimations, forecasts, targets and plans regarding future events, certain assumptions have been made. Accordingly, due to various risks and uncertainties, the statements and assumptions are inherently not guarantees of future performance, may be considered differently from alternative perspectives and may result in material differences from the actual result.

5. Analysis of Operations Results

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings Per Share
Previous Consolidated Fiscal Year (Percent Change)	196,233 million yen (9.0%)	9,278 million yen (9.6%)	10,025 million yen (8.8%)	6,480 million yen (53.7%)	65.15 yen (53.7%)
Current Consolidated Fiscal Year (Percent Change)	193,004 million yen (-1.6%)	6,775 million yen (-27.0%)	7,529 million yen (-24.9%)	5,105 million yen (-21.2%)	51.39 yen (-21.1%)

[General Situation in the Current Consolidated Fiscal Year]

For Kagome, the current consolidated fiscal year (April 1, 2013 – March 31, 2014) is the inaugural year of our newly enacted “Next 50” mid-term management plan, a plan that will run through FY2015. Our major strategies include: creating new demand domestically, multi-regional/global growth overseas, resources strengthening and coordination/appropriate allocations, and Think GREEN KAGOME for growing together with society.

Sales have decreased, mainly due to the negative income effects (sales reductions and an equivalent amount of sales promotion cost reductions) that have resulted due to changes that went into effect in April 2013 to the prices of some of our primary products among domestic tomato ketchup, sauce, pasta sauce, and vegetable beverage products. Assuming the application of the current price system to the previous period yields a higher adjusted figure, so income has in fact increased.

Domestically, beverages were in essence slightly below the previous period. Primary causes include the backlash against last year’s favorable sales, inspired by news reports in February 2012 saying that the ingredients in tomato juice are effective for preventing metabolic syndrome, and decreased sales caused by our withdrawal from the vending machine business as of FY2012. Foods were in essence slightly below the previous period. However, the institutional and industrial product, gift product, fresh vegetable, and direct marketing segments continue to grow, and all of these business segments recorded their highest sales figures to date.

Overseas the Portuguese affiliated company Holding da Industria Transformadora do Tomate, SGPS S.A. was made a consolidated subsidiary at the end of June 2012. Accordingly, sales for that company showed a net increase during the consolidated cumulative first quarter (April – June 2013). In addition, sales at many consolidated subsidiaries in the local currency base increased due to the conversion rate of the weak yen. The result was increased income.

In terms of profits, the cost of sales ratio increased by 3.5 percentage points compared to the previous period. The principal reason for this was the above-mentioned reduction in sales that accompanied the price alterations of some primary products within Japan. The substantive increase in the cost of sales ratio is 0.9 percentage points, which is largely due to exchange rates having a negative impact on the company, and also due to the fresh tomato market conditions having a negative impact on the company during the consolidated cumulative first quarter. The ratio of sales promotion costs to sales decreased 3.5 percentage points compared to the previous period. The principal reason for this as well was the effect of price alterations, and as stated above was due to reductions to income and the equivalent reduction in sales promotion costs due to the price alterations. In April 2013, the month in which the price alterations occurred, a one-time temporary recording of sales promotional costs was made under the old price system. When considering the factors related to sales promotional costs, the ratio of sales promotional costs to sales is in actuality the same level as the previous period.

Overseas a weakening of the yen in America and Europe led to increased revenues upon conversion, and in the local currency base as well profits increased. In Asia, business was begun in Thailand in September, resulting in decreased profits due to factors such as the utilization of expenses for initial sales promotion.

As a result of the above, operating income has decreased from the previous period.

For reference, a consolidated income statement for the current consolidated fiscal year is given below detailing (1) the previous consolidated fiscal year, (2) the previous consolidated fiscal year adjusted to suppose the application of the current price system at that time, and (3) the current consolidated fiscal year.

(Units: Million Yen, %)								
Item	(1) Previous Consolidated Fiscal Year		(2) Previous Consolidated Fiscal Year <Post-Adjustment> (Note 1)		(3) Current Consolidated Fiscal Year		Actual Increase/Decrease {(3)-(2)}	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Change
Sales	196,233	100.0	186,816	100.0	193,004	100.0	6,188	3.3
Cost of Sales	99,556	50.7	99,556	53.3	104,639	54.2	5,082	5.1
Gross Profit	96,676	49.3	87,259	46.7	88,365	45.8	1,106	1.3
Sales Commissions	4,795	2.4	4,795	2.6	4,671	2.4	-123	-2.6
Sales Promotion Costs	37,751	19.2	28,333	15.2	30,234	15.7	1,900	6.7
Advertising and Promotional Expenditure	7,053	3.6	7,053	3.8	6,918	3.6	-134	-1.9
Freight & Storage Expenses	10,147	5.2	10,147	5.4	10,921	5.7	774	7.6
Labor Costs	15,584	7.9	15,584	8.3	16,020	8.3	436	2.8
Other	12,066	6.1	12,066	6.5	12,821	6.6	755	6.3
Selling, General and Administrative Expenses	87,398	44.6	77,980	41.8	81,589	42.3	3,608	4.6
Operating Income	9,278	4.7	9,278	4.9	6,775	3.5	-2,502	-27.0

(Notes) 1 Assuming the price system for the March 2014 period was applied to the March 2013 period.

2 Includes a one-time 875 million yen temporary recording of sales promotion costs under the old price system in April 2013, being the month in which the price system alteration occurred. When deducted, the ratio of sales promotion costs to sales in (3) is 15.2%.

The ratio between (3) and (2) shows the actual fluctuation in profits. Sales increased, and the cost of sales ratio increased due to the negative effects of exchange rates and fresh tomato market conditions. Sales promotion costs increased because of the one-time recording of expenses using the old price system in the month the price change occurred as stated above, and increased expenses to secure promotional vehicles.

As a result, sales for the current consolidated fiscal year have fallen by 1.6% in comparison to the previous period to 193.004 billion yen. operating income has fallen 27.0% in comparison to the previous period to 6.775 billion yen, and ordinary income has fallen 24.9% in comparison to the previous period to 7.529 billion yen. Furthermore, in August the company sold investment securities in its possession and recorded those gains as an extraordinary profit. In December, the company acquired additional stock in Tat Tohumculuk A.S. (currently United Genetics Turkey Tohum Fide A.S.), which was a non-equity method affiliated company in which Kagome had a 29% investment, making it into a consolidated subsidiary. Marginal profits from the gradual acquisition were recorded as an extraordinary profit. As a result, current net income fell 21.2% from the previous period to 5.105 billion yen.

Below is an overview of the results in each segment.

(Units: Million Yen)

Segment name	Net Sales			Operating Income		
	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year	Change	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year	Change
Beverages	96,093	87,811	-8,282	5,321	3,918	-1,403
Food	27,551	23,277	-4,273	1,683	1,185	-497
Gift Products	7,929	8,338	408	3	-129	-132
Fresh Vegetables	8,931	9,683	751	806	673	-132
Direct Marketing	7,700	8,277	576	478	375	-103
Institutional and Industrial Products	25,045	25,764	719	1,496	1,008	-488
Other	13,760	15,071	1,310	143	425	281
Domestic Business Total	187,013	178,225	-8,788	9,934	7,458	-2,475
America	11,762	15,576	3,813	551	631	80
Europe	5,859	10,779	4,920	-399	-285	113
Australia	3,766	3,675	-90	-546	-598	-51
Global Tomato Business Total	21,388	30,031	8,642	-394	-252	142
Asia	2,391	3,290	898	-261	-431	-169
Overseas Business Total	23,780	33,321	9,541	-656	-683	-27
Subtotal	210,794	211,546	752	9,278	6,775	-2,502
Transactions in segments	-14,560	-18,541	-3,981	—	—	—
Total	196,233	193,004	-3,228	9,278	6,775	-2,502

<Domestic business>

Domestic business net sales, including reductions caused by the revised price system in the beverage and food businesses, fell 4.7% from the previous period to 178.225 billion yen. The net sales for each business are as follows.

1) Beverage business

In the vegetable beverage category, sales were favorable for limited-time products in the “Yasaiseikatsu 100” series of products with abundant regional color that strongly evoke a sense of the seasons. These products symbolize the major marketing theme of “locally grown, nationally consumed,” including “Yasaiseikatsu 100 Citrus Depressa Mix” (released May 2013), “Yasaiseikatsu 100 Hokkaido Haskap Mix” (released June 2013), “Yasaiseikatsu 100 Kabosu Mix” (released August 2013 in the Western Japan area only), “Yasaiseikatsu 100 Niagara Mix” (released September 2013), “Yasaiseikatsu 100 La France Mix” (released October 2013), “Yasaiseikatsu 100 Yuzu Mix” (released November 2013), “Yasaiseikatsu 100 Tochiotome Mix” (released December 2013), “Yasaiseikatsu 100 White Peach Mix” (released February 2014), “Yasaiseikatsu 100 Dekopon Mix” (released February 2014), and “Yasaiseikatsu 100 Setouchi Citrus Mix” (released March 2014). The “Yasai Ichinichi Kore Ippon” series proposed products with value as preserved vegetable foods by extending the best-before date to 3.5 years for canned products. In this way, promotion was accomplished in channels with no past transactions. The “Yasai Ichinichi Kore Ippon Chonoshuku” series—targeted at seniors and with a concentrated quantity of 350 grams of vegetables (the daily required dose) in 125 milliliters—sold favorably due to distribution to retail stores and the release of “Yasai Ichinichi Kore Ippon Chonoshuku Shikkari Shokumotsu Seni” in September. In the tomato beverage segment, “TOMATO WATER,” a sports drink made from tomatoes, went on sale in July at convenience stores only. In August, the “Tomato Juice” made from the first crop of the season, which sells favorably every year, was released in a limited quantity. This low-temperature product offers the delicious flavor of fresh tomatoes. “TOMASH,” a carbonated beverage made from tomato juice with a uniquely refreshing flavor and attractive, clear color, was released in October and sold favorably.

Although these measures were implemented, the total in the vegetable beverage category decreased, partially due to the price system changes. In addition, the company was unable to make up for the “Tomato Juice” decline caused by reactions to the tomato boom, so the results were slightly below the previous period.

In the probiotics category the level remained below the previous year until August. However, “Plant-based Lactic Acid Labre Light: Ichinichi bun no tetsubun,” which offers functional value, was released in September, and TV commercials starring actor Ryuhei Matsuda were broadcast. In addition, “Plant-based Lactic Acid Labre Light: Collagen,” which contains collagen and one day’s worth of vitamin C, was released in February 2014. Accordingly, from the third quarter (October 1, 2013 – March 31, 2014), sales were favorable at 108% of the previous period.

As a result, net sales in the beverage business fell 8.6% from the previous period to 87.811 billion yen, including reductions caused by the changed price system.

2) Food business

Products were released and promoted based on the theme of “Tomato Discoveries”—activities to inspire customers to newly discover and re-discover the delicious and fun qualities of tomatoes. Tomato ketchup exceeded the previous period due to factors such as efforts made to propose Neapolitan Spaghetti menu items. The popular Neapolitan Stadium event was held in Yokohama in November 2013 to gather the best Neapolitan Spaghetti dishes from across the country as a symbol of the company’s menu item proposal efforts. In the tomato condiment segment, efforts were devoted to the cultivation of the easy-to-use “Tomato Pack” series in paper containers with few environmental impacts, which was released in March 2013. Tomato *nabe* (hotpot) products were popular due to increased customer convenience offered by the broth that can be enjoyed as-is, with no need to add water, that was released this fiscal year. Regarding pasta sauce, three flavors were released from the popular “Anna Mamma” bottled pasta sauce series in August. These products were highly evaluated because they allow customers to easily enjoy the rich, delicious flavor of tomatoes, and have sold favorably since their release. Sales of sauces were also strong.

The food business total decreased due to the changed price system, but it was in essence slightly above the previous period.

As a result, net sales in the food business fell 15.5% from the previous period to 23.277 billion yen, including reductions caused by the changed price system.

3) Gift product business

The environment related to *ochugen* (mid-year gifts) and *oseibo* (year-end gifts) has been severe, and the overall market is shrinking. However, the company acquired high adoption ratios in each distribution channel and recorded its highest net sales figures to date. In addition to vegetable beverage gift products, domestically produced fruit juice gift products, and freeze-dried soup gift products that were introduced during the *oseibo* period, sales were favorable for products limited to specific corporations and other products with a premium impression. The company was able to cultivate demand beyond the *ochugen/oseibo* period, including Mother's Day and souvenirs, via sweet gift products such as "Tomattini" baked tomato confections and "Fruttoma" tomato jelly.

As a result, net sales in the gift product business rose 5.1% from the previous period to 8.338 billion yen.

4) Fresh vegetable business

At stores, opportunities were acquired for developments linking vegetable beverages and food, such as Tomato Fairs and Kagome Fairs, based on the theme of "Delicious Double Tomatoes!" In the realm of promotion, as a continuation of the previous year support was provided for the Tokyo Marathon in February 2014, and "High-Lycopene Tomatoes" and "Chiisa na Momoko" were distributed to runners as tomatoes officially recognized by the Tokyo Marathon. In this way, the consumption of tomatoes while playing sports was proposed. The quantity of fresh tomatoes harvested and supply was increased, and the highest net sales figures to date were recorded.

As a result, net sales in the fresh vegetable business rose 8.4% from the previous period to 9.683 billion yen.

5) Direct marketing business

Sales of "Drink Vegetables Every Day," a leading product, increased from July 2013 due to additional advertising methods implemented from June to acquire new customers. In addition, a product supply system was created for the "Shun" series of rare, seasonal juices, and sales were favorable. This series includes "Momo Shibori," a limited-quantity product that went on sale again for the first time in three years, and "Fuyu Shibori," made of seasonal winter carrots full of sweetness and nutrients. In addition, the enhanced product lineup (including supplements) also contributed to increased net sales.

As a result, net sales in the direct marketing business rose 7.5% from the previous period to 8.277 billion yen, and the highest net sales figures to date were recorded.

6) Institutional and industrial product business

The "Tomato Ingredient," "Tomato Sauce," "Vegetable Ingredient," and "Vegetable Beverage" product categories were designated as areas of focus, and efforts were made to increase sales. Results were seen from strengthening the support system for major users and institutional and industrial products, and net sales were favorable. "Tomato Discoveries" initiatives included the aforementioned Neapolitan Stadium event, for which collaboration with the food business was strengthened and efforts were made to promote Neapolitan Spaghetti menu items. Collaboration with other companies included cooperation with Ginza Cozy Corner Co., Ltd. to propose new tomato sweets that are delicious and fun. The jointly developed menu items and products, utilizing the strengths of both companies, were provided and sold at both companies' stores and were favorably received. In addition, "Potato Chips Kagome Tomato Ketchup Flavor"—Kagome's first collaborative product with CALBEE, Inc.—was released by CALBEE.

As a result, net sales in the institutional and industrial product business rose 2.9% from the previous period to 25.764 billion yen, and the highest net sales figures to date were recorded.

7) Other businesses

Net sales in other domestic businesses—including freight, warehousing, real-estate rental, parking, agricultural material sales, and solar power generation—rose 9.5% from the previous period to 15.071 billion yen.

<Overseas business>

Overseas business net sales rose 40.1% from the previous period to 33.321 billion yen. The situations in each region are as follows.

1) America

Net sales at KAGOME INC., the American subsidiary, increased due to the conversion rate of the weak yen. Shipments to major local customers were also favorable.

As a result, net sales in America rose 32.4% from the previous period to 15.576 billion yen.

2) Europe

Holding da Industria Transformadora do Tomate, SGPS S.A., the Portuguese subsidiary, was made into a consolidated subsidiary at the end of June 2012, resulting in a net sales increase at this company for the consolidated cumulative first quarter. Net sales at Vegitalia S.p.A., the Italian subsidiary, increased due to the conversion rate of the weak yen.

As a result, net sales in Europe rose 84.0% from the previous period to 10.779 billion yen.

3) Australia

Net sales at Kagome Australia Pty Ltd., the Australian subsidiary, were below the previous period due to factors such as the timing of planned sales of processed tomato products to major customers being moved back.

As a result, net sales in Australia fell 2.4% from the previous period to 3.675 billion yen.

4) Asia

Net sales at TAIWAN KAGOME CO., LTD. increased because of the conversion rate of the weak yen, but net sales in the local currency base were also of a level above the previous period. Net sales at Kagome (Hangzhou) Food Co., Ltd. rose due to increased production of vegetable beverages for the Hong Kong market, as well as the effects of the weak yen. OSOTSPA KAGOME CO., LTD. (which develops and sells beverage products in Thailand) released "Tomato Essence" health beverages in small "one shot" bottles to consumers in September.

As a result, net sales in Asia rose 37.6% from the previous period to 3.290 billion yen.

[Forecast for Next Period]

Because of planned changes to the accounting period, the consolidated earnings forecast for the next period is based on the consolidated period from April to December for Kagome (nine months), March to December for subsidiaries with accounting periods that end in February (10 months), and January to December for subsidiaries with accounting periods that end in December (12 months).

	Net Sales (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income per Common Stock (yen)
Fiscal Year Ending December 31, 2014 (Forecast)	167,000	6,100	6,200	3,300	33.27
Fiscal Year Ending March 31, 2014 (Results)	193,004	6,775	7,529	5,105	51.39
* Percent Change after Adjustment	5.5%	-5.1%	-11.6%	-27.9%	-27.7%

* For the percent change after adjustment, please see the reference material under 3. Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2014 in the summery information.

Profit is lower than the previous period due to expectations that the cost of sales ratio will increase, mainly because of rising prices in the global tomato market and negative impacts of the weak yen.

<Domestic business>

According to the key phrase of, “Kagome grows in tandem with society,” the company is implementing activities and communication based on the belief that today’s corporations must contribute to health, longevity, and regional vitalization.

1) Beverage business

In the vegetable beverage category, in addition to drawing out the natural deliciousness of vegetables, efforts are being made to create demand and expand the overall market by more deeply cultivating the value of being able to consume vegetables in an easy fashion. Specifically, Kagome will enhance its ability to respond to the health-related expectations of individual consumers by offering “three-generation beverages,” and also being involved in a wide range of life situations including lifestyle rhythms and playing sports. In this way, the company’s aim is to sell beverages that customers will enjoy over many long years. To respond to recent changes in the number of people per household, the 720-milliliter “Smart PET” bottle was introduced as a new container that replaces the past 900-milliliter PET bottle. This new, ideal size is easy for a family to finish, and efforts are being made to promote and expand its usage.

Together with the introduction of the “Smart PET” bottle in April 2014, the vegetable blend ratio was increased from 50% to 65% for four standard products in the “Yasaiseikatsu” series (“Original,” “Murasaki no Yasai,” “Fruity Salad,” and “Taiyo no Tomato to Kajitsu”). The delicious flavor of these products has been preserved, while the amount of vegetables contained in one cup (approximately 180 milliliters) has been increased. Efforts to promote sales of these products will be made in the future. In addition, the development of limited-time products made from unique, local ingredients with a strong sense of the seasons will be continued, and activities will be carried out to deliver delicious regional flavors that are “locally grown, nationally consumed” throughout Japan. The aims of this are the acquisition of new customers and regional vitalization. In the realm of promotion, new ways of drinking beverages are being proposed via TV commercials starring pro tennis player Kimiko Date-Krumm. Namely, proposals are being made in which customers make smoothies by blending their favorite “Yasaiseikatsu 100” juice with vegetables, fruits, and other ingredients in a mixer. New situations for drinking beverages are also being proposed; the new Yasaiseikatsu Calisthenics project was started in April to support healthy lifestyles in the morning. Team Syachihoko, high-school-age entertainers from Nagoya, will serve as leaders to propose the consumption of vegetable juice at breakfast via the promotion of Yasaiseikatsu Calisthenics.

In the tomato beverage segment, the 200-milliliter “Amai Tomato,” a beverage that is unique for its sugar content of 10, was released in April as a product that symbolizes Tomato Discoveries in the Kanto region and further north. Efforts will be made to promote sales of this product in the future. In the realm of promotion, the promotion of tomatoes and exercise is being strengthened by proposing “tomato loading” as a diet that can be used to enhance and maximize the many ways that tomatoes support exercise by proactively incorporating tomatoes into everyday meals.

Approaches towards the senior generation will be strengthened for the “Yasai Ichinichi Kore Ippon” series via the

popular “Chonoshuku” series. The value of canned products as preserved vegetable foods will be continually proposed, and further efforts will be made for promotion in channels with no past transactions.

In the probiotics category, via “Plant-based Lactic Acid Labre Light: Collagen” and “Plant-based Lactic Acid Labre: α (Alpha)” (which were released in February), promotion will be strengthened of “Plant-based Lactic Acid Labre” products as enhancing the natural beauty of women to broaden points of contact with new customers.

2) Food business

Tomato Discoveries activities will be continually implemented. New products include “Kagome Odo no Aji: Neapolitan,” which was released in February 2014 to bring further excitement to the recent Neapolitan Spaghetti boom. This product allows customers to easily enjoy the juicy, rich flavor of sautéed Neapolitan Spaghetti at home just by mixing the sauce with spaghetti. Also released in February were the “Pan Nose Yasai” series of condiments that are spread on bread, allowing customers to easily enjoy delicious vegetables, and the “Salad Men” series of toppings that allow customers to create one-dish *somen* or *udon* noodle meals with vegetables. Via the cultivation and sales promotion of these new products, the “Kakeru Tomato” eating style of easily adding tomatoes to meals will be proposed.

3) Gift product business

The actual gift product market has been shrinking in recent years, but efforts will be made to create demand for the exchange of unique Kagome gift products, featuring healthiness, delicious flavors, thoughtfulness, and a premium impression. The company will work to broaden the scope of the gift product business and accomplish growth via efforts such as market establishment in new categories, including sweets and freeze-dried soups; strengthening flexible response abilities towards expanding sales channels such as online and catalog direct marketing; and cultivating demand via sales promotion to corporations.

4) Fresh vegetable business

The transmission of information will be enhanced regarding fresh tomato menu items, focused on “Round” and “Plum” tomatoes in the “Kokumi Tomato” brand, as well as the “High-Lycopene Tomato” and “Chiisa na Momoko” products to be cultivated. In particular, efforts will be made at retail stores to increase exposure opportunities and expand demand based on the theme of “Delicious Double Tomatoes!” via linked developments with Kagome’s products for home use. In addition, the “Salad Bank” series—Kagome’s first salad vegetables other than tomatoes—was released in Tokyo and six prefectures in the Kanto region in March 2014. Efforts will be made for new expansion in the salad vegetable market, which is expected to grow in the future, and also to promote growth in the Japanese agricultural industry.

5) Direct marketing business

Efforts will be made to acquire new customers, and for the further expansion of net sales, via trial campaigns and advertising investment focused on “Drink Vegetables Every Day.” In the future, the appeal of vegetables and fruits will be promoted—including beverages that showcase seasons or production areas—and products with multifaceted value that is not limited to health will be developed and sold. Moreover, efforts will also be made to expand supplements into Kagome’s second business pillar after beverages.

6) Institutional and industrial product business

Efforts will be made to promote sales in the major product categories of “Tomato Ingredients,” “Tomato Sauce,” “Vegetable Ingredients,” and “Vegetable Beverages.” Greater attention is being paid to tomatoes and vegetables in the institutional and industrial product market, and increasing numbers of tomato and vegetable menu items are being offered by users in the restaurant and prepared food industries. Growth will be aimed at by leveraging this trend and enhancing the proposal of menu items to introduce customers to delicious ways to enjoy tomatoes and vegetables. In addition, as part of the Tomato Discoveries activities, devoted efforts will be made to propose tomatoes in new fields such as desserts and Japanese-style cuisine.

7) Other businesses

Business will be continually conducted, including freight, warehousing, real-estate rental, parking, agricultural material sales, and solar power generation.

<Overseas business>

In America, Europe, and Australia, raw materials (mainly tomatoes) are being produced, processed, and sold. Efforts will be made for growth in each region, and for growth that results in synergy throughout the overall global tomato business, by strengthening collaboration with Group companies. Regarding new businesses, United Genetics Holdings LLC was made into a subsidiary in December 2013. United Genetics Holdings LLC possesses business companies in five countries including America, and conducts business related to tomatoes, vegetables, and fruits—specifically seed development, production, and sales—on a global basis. In addition, additional stock in Tat Tohumculuk A.S. (name was changed to “United Genetics Turkey Tohum Fide A.S.” in February 2014)— previously a non-equity method affiliated company in which Kagome had a 29% investment—was acquired in December, making it into a consolidated subsidiary. This company is the top seller of seeds to grow tomatoes for processing in Turkey. By making United Genetics Holdings LLC and United Genetics Turkey Tohum Fide A.S. into consolidated subsidiaries, the vertically integrated value chain spanning from seedling development, raw material production, processing, and sales will be further strengthened, and competitive power will be improved.

In Asia, early-stage growth will be aimed at by promoting the construction of businesses based on local markets in each region (East Asia, the Association of Southeast Asian Nations [ASEAN], and India). New businesses include the establishment of Ruchi Kagome Foods India Pvt.Ltd. in June 2013, which will manufacture and sell processed tomato products in India, together with Mitsui & Co. and Ruchi Soya Industries Limited, a local food manufacturer. In addition, Kagome (Tianjin) Food Industry Co., Ltd. was established in September in China, and will sell manufactured and purchased tomato condiments to institutional and industrial customers. Preparations are underway for each company to begin carrying out local business.

6. Other (For more details, please see “Other Information” in page 14)

(1) Changes in significant subsidiaries during the current quarter: None.

Note: This section shows whether or not there is a change in Specified Subsidiaries (“*tokutei kogaisha*” in Japanese) that led to the change of the consolidation scope during the year.

(2) Changes in accounting policies, estimates and restatement

(i) Accounting changes due to revision of accounting standards: Yes.

(ii) Accounting changes due to reasons other than above : Yes.

(iii) Changes in accounting estimates: Yes.

(iv) Restatement: None.

(3) Number of common stocks outstanding at the end of the period

(A) Total stocks outstanding including treasury stocks:

FYE March 31, 2014	99,616,944	FYE March 31, 2013	99,616,944
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(B) Treasury stocks:

FYE March 31, 2014	441,335	FYE March 31, 2013	152,284
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(C) Average outstanding stocks:

FYE March 31, 2014	99,355,277	FYE March 31, 2013	99,465,073
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1. Other Information

(1) Changes in significant subsidiaries

Not applicable.

(2) Changes in accounting policies, procedures, estimates, retrospective presentation etc.

(Changes in accounting policies that difficult to distinguish from changes in accounting estimates)

Depreciation method of property, plant and equipment (excluding lease assets)

From April 1, 2013, KAGOME CO., LTD. and certain consolidated subsidiaries in Japan have changed their depreciation method of property, plant and equipment (excluding lease assets) from the declining-balance method to the straight-line method.

For the fiscal year ended March 31, 2014, these changes decreased depreciation by 1,068 million yen, and increased operating income, ordinary income and income before income taxes and minority interests by 996 million yen, respectively.

(Change due to revision of accounting standards)

Application of accounting standard for retirement benefits, etc.

As the “Accounting Standard for Retirement Benefits” (ASBJ Statement No.26 issued on May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25 issued on May 17, 2012) came into force from the fiscal year ended March 31, 2014, the Company applied these accounting standards and guidance, except the main clause of the standard and guidance each in Paragraph 35 and 67, from the end of the fiscal year ended March 31, 2014, changed the calculation method so as to recognize the difference between retirement benefit obligations and pension assets as net defined benefit asset or net defined benefit liability, and recorded most of the unrecognized actuarial gains or losses as net defined benefit liability.

As for the application of the Accounting Standard for Retirement Benefits, etc., and in accordance with Paragraph 37 that specifies transitional arrangements, the amount of financial impact resulting from accounting for net defined benefit liability as the deficit between retirement benefit obligations and pension assets was added to or deducted from the amount of accumulated other comprehensive income at the end of the fiscal year ended March 31, 2014. As a result, at the end of the fiscal year ended March 31, 2014, net defined benefit asset of 6 million yen and net defined benefit liability of 4,041 million yen was recorded, respectively, and the amount of accumulated other comprehensive income decreased by 744 million yen.

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2013 AND 2014

	Millions of Yen		Thousands of U.S. dollars
	2013	2014	2014
	Amount	Amount	Amount
Assets			
Current assets:			
Cash and deposits	¥ 18,498	¥ 15,313	\$ 148,670
Notes and accounts receivable	27,175	30,616	297,243
Marketable securities	14,817	9,810	95,243
Merchandise and finished goods	15,031	19,781	192,049
Work in process	590	592	5,748
Raw material and supplies	14,515	20,092	195,068
Deferred tax assets	700	340	3,301
Derivative assets	2,634	6,229	60,476
Other current assets	4,981	4,984	48,388
Allowance for doubtful accounts	(111)	(377)	(3,660)
Total current assets	98,835	107,385	1,042,573
Fixed assets:			
Property, plant and equipment:			
Buildings and structures, net	14,611	15,324	148,777
Machinery, equipment and vehicles, net	13,809	15,899	154,359
Tools and furniture, net	869	1,073	10,417
Land	12,814	13,752	133,515
Lease assets, net	1,373	654	6,350
Construction in progress	787	2,008	19,495
Property, plant and equipment, net	44,265	48,712	472,932
Intangible assets:			
Goodwill	1,996	3,978	38,621
Property in trademarks	11	3	29
Software	2,802	2,212	21,476
Other intangible assets	370	379	3,680
Total intangible assets	5,182	6,574	63,825
Investments and other assets:			
Investment securities	14,421	14,885	144,515
Net defined benefit asset	—	6	58
Deferred tax assets	2,247	1,709	16,592
Other assets	4,104	4,432	43,029
Allowance for doubtful accounts	(90)	(84)	(816)
Total investments and other assets	20,683	20,948	203,379
Total fixed assets	70,130	76,235	740,146
Total assets	¥ 168,965	¥ 183,621	\$ 1,782,728

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 103 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of March 31, 2014.

	Millions of Yen		Thousands of U.S. dollars
	2013	2014	2014
	Amount	Amount	Amount
Liabilities			
Current liabilities:			
Notes and accounts payable	¥ 14,803	¥ 14,453	\$ 140,320
Short-term borrowings	7,010	4,801	46,612
Current portion of long-term borrowings	1,006	3,425	33,252
Other payable	11,594	9,333	90,612
Income taxes payable	2,283	1,076	10,447
Accrued bonuses for employees	2,386	1,959	19,019
Accrued bonuses for directors	76	65	631
Derivative liabilities	0	21	204
Other current liabilities	2,686	4,553	44,204
Total current liabilities	41,848	39,689	385,330
Long-term liabilities:			
Long-term borrowings	15,522	22,638	219,786
Deferred tax liabilities	1,211	602	5,845
Liabilities for employees' retirement benefits	2,839	—	—
Net defined benefit liability	—	4,041	39,233
Other liabilities	3,111	3,625	35,194
Total long-term liabilities	22,684	30,908	300,078
Total liabilities	64,533	70,598	685,417
Net Assets			
Shareholder's equity:			
Common stock	19,985	19,985	194,029
Capital surplus	23,733	23,733	230,417
Retained earnings	54,599	58,013	563,233
Treasury stock	(212)	(703)	(6,825)
Total shareholder's equity	98,106	101,028	980,854
Accumulated other comprehensive income :			
Unrealized gain on available-for-sale securities	2,254	2,775	26,942
Deferred gain on derivatives under hedge accounting	1,664	4,027	39,097
Foreign currency translation adjustments	(485)	1,417	13,757
Remeasurements of defined benefit plans	—	(744)	(7,223)
Total accumulated other comprehensive income	3,433	7,476	72,583
Minority interest	2,892	4,518	43,864
Total net assets	104,432	113,023	1,097,311
Total liabilities and net assets	¥ 168,965	¥ 183,621	\$ 1,782,728

**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2013 AND 2014**

	Millions of Yen		Thousands of U.S. dollars
	2013 Amount	2014 Amount	2014 Amount
Net sales	¥ 196,233	¥ 193,004	\$ 1,873,825
Cost of sales	99,556	104,639	1,015,913
Gross profit	96,676	88,365	857,913
Selling, general and administrative expenses	87,398	81,589	792,126
Operating income	9,278	6,775	65,777
Other income			
Interest income	276	244	2,369
Dividend income	329	289	2,806
Equity in earnings of affiliates by the equity method	37	65	631
Foreign exchange gain	142	124	1,204
Other	387	424	
Total other income	1,174	1,149	11,155
Other expenses			
Interest expense	270	195	1,893
Other	156	200	1,942
Total other expenses	427	395	3,835
Ordinary income	10,025	7,529	73,097
Extraordinary gain			
Gain on sales of fixed assets	321	326	3,165
Gain on sales of investment securities	1	677	6,573
Compensation income	494	—	—
Gain on negative goodwill	214	—	—
Gain on change in equity	48	—	—
Gain on step acquisitions	—	389	3,777
Total extraordinary gain	1,079	1,392	13,515
Extraordinary loss			
Loss on disposal of fixed assets	238	182	1,767
Impairment loss	72	147	1,427
Loss on sales of investment securities	17	—	—
Write-down of investment securities	51	1	10
Write-down of golf club memberships	5	0	0
Loss on business liquidation	179	—	—
Loss on reorganization	—	261	2,534
Total extraordinary loss	565	592	5,748
Income before income taxes and minority interests	10,539	8,329	80,864
Income taxes			
Income taxes - current	4,671	3,112	30,214
Income taxes - deferred	(551)	163	1,583
Total income taxes	4,120	3,276	31,806
Income before minority interests	6,419	5,053	49,058
Minority interests in net loss	(60)	(52)	(505)
Net income	¥ 6,480	¥ 5,105	\$ 49,563
Addition: Minority interests in net loss	(60)	(52)	(505)
Income before minority interests	6,419	5,053	49,058
Other comprehensive income:			
Unrealized gain on available-for-sale securities	1,326	520	5,049
Deferred gain on derivatives under hedge accounting	2,571	2,333	22,650
Foreign currency translation adjustments	1,317	2,556	24,816
Share of other comprehensive income of an affiliate by the equity	346	1	10
Total other comprehensive income	5,562	5,411	52,534
Comprehensive income	¥ 11,981	¥ 10,464	\$ 101,592
Of which attributable to shareholders of the parent	11,742	9,893	96,049
Of which attributable to minority interests	238	570	5,534

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 103 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of March 31, 2014.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSET

FOR THE YEARS ENDED MARCH 31, 2013 AND 2014

Millions of Yen

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Remeasurements of defined benefit plans	Total Accumulated other Comprehensive Income	Minority interests	Total Net Assets
Balance, April 1, 2012	¥ 19,985	¥ 23,733	¥ 49,910	¥ (210)	¥ 93,418	¥ 927	¥ (884)	¥ (1,872)	—	¥ (1,829)	¥ 1,226	¥ 92,815
Cash dividends			(1,790)		(1,790)							(1,790)
Net income			6,480		6,480							6,480
Repurchase of treasury stock				(1)	(1)							(1)
Net change in the year						1,326	2,548	1,386	—	5,262	1,666	6,928
Balance, March 31, 2013	19,985	23,733	54,599	(212)	98,106	2,254	1,664	(485)	—	3,433	2,892	104,432
Cash dividends			(1,989)		(1,989)							(1,989)
Net income			5,105		5,105							5,105
Repurchase of treasury stock				(604)	(604)							(604)
Disposal of treasury stock				112	112							112
Change in scope of consolidation			297		297							297
Net change in the year						520	2,363	1,903	(744)	4,043	1,625	5,669
Balance, March 31, 2014	¥ 19,985	¥ 23,733	¥ 58,013	¥ (703)	¥ 101,028	¥ 2,775	¥ 4,027	¥ 1,417	¥ (744)	¥ 7,476	¥ 4,518	¥ 113,023

Thousands of U.S. Dollars

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Remeasurements of defined benefit plans	Total Accumulated other Comprehensive Income	Minority interests	Total Net Assets
Balance, March 31, 2013	\$ 194,029	\$ 230,417	\$ 530,087	\$ (2,058)	\$ 952,485	\$ 21,883	\$ 16,155	\$ (4,709)	—	\$ 33,330	\$ 28,078	\$ 1,013,903
Cash dividends			(19,311)		(19,311)							(19,311)
Net income			49,563		49,563							49,563
Repurchase of treasury stock				(5,864)	(5,864)							(5,864)
Disposal of treasury stock				1,087	1,087							1,087
Change in scope of consolidation			2,883		2,883							2,883
Net change in the year						5,049	22,942	18,476	(7,223)	39,252	15,777	55,039
Balance, March 31, 2014	\$ 194,029	\$ 230,417	\$ 563,233	\$ (6,825)	\$ 980,854	\$ 26,942	\$ 39,097	\$ 13,757	\$ (7,223)	\$ 72,583	\$ 43,864	\$ 1,097,311

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 103 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of March 31, 2014.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2014**

	Millions of Yen		Thousands of U.S. dollars
	2013	2014	2014
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 10,539	¥ 8,329	\$ 80,864
Depreciation and amortization	5,453	5,214	50,621
Impairment loss	72	147	1,427
Amortization of goodwill	712	859	8,340
Gain on negative goodwill	(214)	—	—
Loss on business liquidation	179	—	—
Interest and dividend income	(605)	(534)	(5,184)
Interest expense	270	195	1,893
Increase (decrease) in accrued bonuses	131	(459)	(4,456)
Increase (decrease) in other provisions	229	(2,889)	(28,049)
Increase in net defined benefit liability	—	2,898	28,136
Equity in earnings of affiliates by the equity method	(37)	(65)	(631)
Loss (gain) on sales of securities-net	16	(679)	(6,592)
Write-down of investment securities	51	1	10
Gain on sales and disposal of fixed assets-net	(82)	(144)	(1,398)
Compensation income	(494)	—	—
Gain on step acquisitions	—	(389)	(3,777)
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable	210	(1,342)	(13,029)
Increase in inventories	(4,616)	(6,320)	(61,359)
Decrease (increase) in accounts receivable-other	(525)	1,013	9,835
Increase (decrease) in notes and accounts payable	1,082	(1,253)	(12,165)
Decrease in accounts payable-other	(192)	(1,120)	(10,874)
Decrease (increase) in other current assets	31	(557)	(5,408)
Increase in other current liabilities	94	731	7,097
Other decrease - net	(175)	(655)	(6,359)
Subtotal	12,132	2,979	28,922
Cash received from interest and dividend income	632	533	5,175
Cash paid for interest expense	(278)	(203)	(1,971)
Proceeds from compensation	494	—	—
Cash paid for income taxes	(5,573)	(4,383)	(42,553)
Net cash provided (used in) by operating activities	7,407	(1,073)	(10,417)
Cash flows from investing activities:			
Disbursement for time deposits	(20,000)	(13,773)	(133,718)
Proceeds from repayment of time deposits	25,051	15,000	145,631
Purchases of marketable and investment securities	(5,314)	(1,121)	(10,883)
Proceeds from sales and redemptions of marketable and investment securities	7,306	7,540	73,204
Acquisition of fixed assets	(8,746)	(8,764)	(85,087)
Disbursement for disposal of fixed assets	(40)	(30)	(291)
Proceeds from sales of fixed assets	388	377	3,660
Disbursement for loans	(450)	—	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	36	—	—
Payments for investment in capital in subsidiaries resulting in change in scope of consolidation	—	(2,840)	(27,573)
Purchase of stocks of an affiliate	—	(301)	(2,922)
Payments for investments in capital of non-consolidated subsidiary	(46)	(13)	(126)
Other increase	104	128	1,243
Other decrease	(69)	(144)	(1,398)
Net cash provided (used in) by investing activities	(1,781)	(3,941)	(38,262)
Cash flows from financing activities:			
Decrease in short-term borrowings - net	(729)	(3,852)	(37,398)
Proceeds from long-term borrowings	13,279	9,398	91,243
Repayments of long-term borrowings	(9,568)	(1,149)	(11,155)
Repayments of lease obligations	(395)	(175)	(1,699)
Proceeds from stock issuance to minority shareholders	296	627	6,087
Dividends paid	(1,789)	(1,989)	(19,311)
Dividends paid to minority shareholders	(40)	(45)	(437)
Decrease (increase) in treasury stock	(1)	(491)	(4,767)
Net cash provided by financing activities	1,050	2,322	22,544
Foreign translation adjustment on cash and cash equivalents	90	672	6,524
Net increase (decrease) in cash and cash equivalents	6,766	(2,021)	(19,621)
Cash and cash equivalents at beginning of year	17,549	24,316	236,078
Cash and cash equivalents at end of year	¥ 24,316	¥ 22,295	\$ 216,456

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 103 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of March 31, 2014.