

Consolidated Summary Report <under Japanese GAAP>

For the fiscal year ended December 31, 2014

February 12, 2015

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya
 Code number : 2811 URL <http://www.kagome.co.jp>
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 Annual general meeting date: March 27, 2015 Dividend payment date: March 12, 2015
 Securities report issuing date: March 20, 2015
 Supplemental information for financial statements: Available
 Schedule for "investor meeting presentation": Scheduled

(Amounts of less than one million yen are rounded down.)

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

(1) Operation results (% represents the change from the same period in the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended								
December 31, 2014	159,360	—	4,328	—	4,969	—	4,366	—
March 31, 2014	193,004	(1.6)	6,775	(27.0)	7,529	(24.9)	5,105	(21.2)

(Reference) Comprehensive income December 31, 2014: 13,498 million yen (— %); March 31, 2014: 10,464 million yen (-12.7%)

	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	%	%	%
Fiscal year ended					
December 31, 2014	44.01	44.00	3.8	2.6	2.7
March 31, 2014	51.39	—	4.9	4.3	3.5

(Reference) Equity in earnings by the equity method December 31, 2014: 72 million yen; March 31, 2014: 65 million yen

The Company has changed its fiscal year end from March 31 to December 31, as an associated amendment to the Articles of Incorporation has been approved at the Annual General Meeting of Shareholders held on June 18, 2014. Since the fiscal year end changed, in the fiscal year ended December 31, 2014, the consolidated results included the results for ten months, from March 1, 2014 to December 31, 2014, for the consolidated subsidiaries whose previous year ended at the end of February. Accordingly, the percentage changes comparing to the consolidation results for fiscal year 2013 with a twelve-month reporting period are not available. In addition, the results for twelve months, from January 1 to December 31, 2014, for the consolidated subsidiaries whose fiscal year ended at December 31 were also included as before.

(Reference)

The following percentages (percentage changes after adjustment) compare consolidated results for fiscal year 2014 with figures covering an adjusted nine-month period for fiscal year 2013(April 1, 2013 to December 31, 2013) for the Company, an adjusted ten-month period for fiscal year 2013(March 1, 2013 to December 31, 2013) for the consolidated subsidiaries whose previous fiscal year ended at the end of February and the remaining consolidated subsidiaries in light of previous fiscal year-end December 31, 2013.

Net Sales		Operating Income		Ordinary Income		Net Income	
million yen	%	million yen	%	million yen	%	million yen	%
159,360	0.6	4,328	(32.7)	4,969	(29.1)	4,366	(4.6)

(2) Financial Conditions

	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
Fiscal year ended				
December 31, 2014	203,413	124,566	58.8	1,204.77
March 31, 2014	183,621	113,023	59.1	1,094.07

(Reference) Shareholders' equity as of December 31, 2014: 119,615 million yen; March 31, 2014: 108,505 million yen

(3) Conditions of Cash flows

	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
Fiscal year ended				
December 31, 2014	1,753	(7,110)	1,793	18,960
March 31, 2014	(1,073)	(3,941)	2,322	22,295

2. Dividends on Common Stock

	Dividends per Share					Total dividends	Dividend payout ratio	Dividend on Net Assets ratio
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended								
March 31, 2014	—	—	—	22.00	22.00	2,188	42.8	2.1
December 31, 2014	—	—	—	16.50	16.50	1,641	37.5	1.4
Fiscal year ending								
December 31, 2015(Forecast)	—	—	—	22.00	22.00		54.6	

3. Consolidated Forecasts for the Fiscal Year ending December 31, 2015

(% 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 June 30, 2015	96,000	—	2,800	—	3,100	—	1,700	—	17.12
For the year ending December 31, 2015	200,000	—	7,100	—	7,600	—	4,000	—	40.29

From fiscal year 2014, the Company changed its fiscal year end from March 31 to December 31, which resulted in a nine-month consolidated reporting period (April 1, 2014 to December 31, 2014). Accordingly, the percentage changes comparing to the projected consolidation results for fiscal year 2015 with a twelve-month reporting period are not available.

(Reference)

The following percentages (percentage changes after adjustment) compare the projection of consolidation results for fiscal year ending December 31, 2015 with adjusted consolidated results for fiscal year 2014 covering twelve-month periods (January 1, 2014 to December 31, 2014) for both the Company and its consolidated subsidiaries.

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
For the 2Q ending June 30, 2015	96,000	2.5	2,800	64.9	3,100	50.4	1,700	16.0
For the year ending December 31, 2015	200,000	3.1	7,100	51.8	7,600	38.5	4,000	(18.3)

4. Other (For more details, please see “Other information” in page 8)

(1) Changes in significant subsidiaries during the year: 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, procedures, estimates, retrospective restatements, etc.

(A) Changes due to revision of accounting standards: Yes.

(B) Changes due to reasons other than (A): None.

(C) Changes in accounting estimates: None.

(D) Retrospective restatements: None.

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

(A) Total stocks outstanding including treasury stocks:

December 31, 2014 99,616,944 shares March 31, 2014 99,616,944 shares

(B) Treasury stocks: December 31, 2014 331,909 shares March 31, 2014 441,335 shares

(C) Average outstanding stocks: Fiscal year ended December 31, 2014 99,227,844 shares

Fiscal year ended March 31, 2014 99,355,277 shares

* Disclosure regarding the execution of the annual review process

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

*Notes for using forecasted information etc.

(Caution regarding forward-looking statements)

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. 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.

(Method for obtaining supplemental information for annual financial statements)

Supplementary information will be published on TD-net for viewing in Japan, and on Kagome’s Website.

5. Qualitative Information Regarding the Results for the Current Fiscal Year

(1) Explanation of Operating Results

In accordance with the changes to the Company's accounting periods, the periods for the consolidated performance of the Company, consolidated companies that previously closed in February, and subsidiaries that previously closed in December now span from April to December (9 months), March to December (10 months), and January to December (12 months), respectively.

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)	Earnings per share (Yen)
* Fiscal year ended December 31, 2014	159,360	4,328	4,969	4,366	44.01
* (Reference) Same period in the previous year	158,344	6,428	7,013	4,575	46.03
* Adjusted change	0.6%	-32.7%	-29.1%	-4.6%	-4.4%
* Fiscal year ended March 31, 2014	193,004	6,775	7,529	5,105	51.39

* The previous year (year-on-year) amounts and adjusted changes represent the performance for the previous term for the Company and consolidated companies that previously closed in February projected out over a 9-month period (from April 1, 2013, through December 31, 2013) and a 10-month period (from March 1, 2013, through December 31, 2013), respectively. Changes are based on the comparisons with the "Same period in the previous year" figures below.

[Overview of the fiscal year under review]

During the consolidated fiscal year under review (April 1, 2014, to December 31, 2014), supported by the Abe administration's economic policies and other factors, economic conditions followed a moderate recovery trend in Japan, especially among export companies. Domestic consumption, however, slowed down due to the effects of a decline in real wages brought on by rising prices, unseasonal weather, and a reactionary dip in demand following last-minute rises ahead of a consumption tax hike in April. The food industry continued to experience difficult conditions associated with sluggish consumption as well as increases in the costs of imported materials, energy, and logistics.

Given the circumstances, Kagome focused its management on the following key issues: (1) improving value by enhancing product value, thereby boosting profitability; (2) increasing productivity; and (3) producing innovations.

Sales decreased for the domestic business segment, but overseas business posted gains that brought the total to a year-on-year increase. The main factors contributing to the decrease in sales in the domestic business segment were a reactionary dip in demand following last-minute rises ahead of the consumption tax hike, which affected the Company's core beverage business, as well as losses in sales due to intensified competition with other beverage products. For the overseas business segment, the main factors contributing to an increase in sales were: a gain in net sales for United Genetic Holdings LLC and United Genetics Turkey Tohum Fide A.S., companies that were made consolidated subsidiaries in December 2013; an increase in local currency-based net sales for many of the consolidated subsidiaries; and an increase in the yen value of net sales due to the depreciation of the yen.

Profits in both the domestic and overseas business segments declined. The main factors contributing to the decrease in the profits of domestic businesses were reductions in net sales and an increase in the cost-to-sales ratio resulting from higher prices of imported materials and the depreciation of the yen. Overseas business benefited from the profit contributions of newly consolidated subsidiaries, but the amortization of goodwill and other factors led to a decline in the segment's total profits.

As a result, net sales for the consolidated fiscal year under review rose 0.6% from the same period in the previous year to 159.36 billion yen. Operating income decreased 32.7% compared with the same period in the previous year to 4.328 billion yen, while ordinary income declined 29.1% compared with the same period in the previous year to 4.969 billion yen. Net income stood at 4.366 billion yen, a 4.6% drop from the same period in the previous year.

An overview of business results by segment is as follows:

(Unit: millions of yen)

Segment	Net sales			Operating income		
	Same period in the previous year	* Fiscal year ended December 31, 2014	Adjusted change	Same period in the previous year	* Fiscal year ended December 31, 2014	Adjusted change
Beverage	68,859	62,019	-6,840	3,404	2,247	-1,156
Food	17,483	17,579	95	770	1,193	423
Gift product	8,075	7,678	-396	523	427	-95
Fresh vegetable	7,845	7,457	-388	509	6	-502
Direct marketing	6,644	6,899	255	374	84	-289
Institutional and industrial	19,920	20,299	379	1,104	638	-466
Other	12,936	13,389	453	424	558	133
Domestic business total	141,765	135,323	-6,442	7,111	5,157	-1,954
U.S.	15,576	20,095	4,518	631	616	-15
Europe	10,779	12,313	1,534	-285	-267	18
Australia	3,675	5,521	1,845	-598	-634	-36
Global tomato business total	30,031	37,929	7,898	-252	-285	-33
Asia	3,290	3,204	-86	-431	-542	-111
Overseas business total	33,321	41,134	7,812	-683	-828	-145
Subtotal	175,087	176,457	1,370	6,428	4,328	-2,099
Eliminations and adjustments	-16,743	-17,097	-354	-	-	-
Total	158,344	159,360	1,015	6,428	4,328	-2,099

<Domestic businesses>

Net sales for domestic businesses decreased 4.5% compared with the same period in the previous year to 135.323 billion yen. Net sales for each business were as follows.

(1) Beverage business

In the vegetable beverage category, Kagome responded to the downward trends in household population by introducing the Smart PET in April 2014, updating the container size from 900 milliliters to 720 milliliters, and focused on fostering products sold in the new container. Using findings that showed how drinking vegetable juice before meals can help moderate post-meal increases in blood sugar, Kagome also pushed a “Vegetable Juice First” proposal.

To coincide with the introduction of Smart PET, the Company increased the percentage of vegetable blend used in the leading products from its Yasaiseikatsu 100 series that were released with Smart PET from 50% to 65%, thus boosting product value. Further, the Yasaiseikatsu limited-time products, which are offered in paper and Smart PET containers under the theme of “Locally Grown, Nationally Consumed” marketing campaigns, were well received by customers.

As for tomato juice, customers responded enthusiastically to Kagome Tomato Juice Premium, which boasts the natural aroma and taste of fresh-picked, grown-in-Japan tomatoes. The Company’s efforts to use Tomato Juice Premium in expanding Japan’s tomato-growing areas also garnered praise, winning the grand prize at the Food Action Nippon Awards 2014 (sponsored by the Food Action Nippon Awards 2014 Executive Committee and co-sponsored by the Ministry of Agriculture, Forestry and Fisheries).

The TV commercials and consumer campaigns the Company ran for the Yasai Ichinichi Kore Ippon series with an aim to acquire new customers proved popular.

Despite these measures, sales decreased from the same period in the previous year due to the effects of unseasonal weather in summer, intensified competition with other beverages, a reactionary dip in demand following last-minute rises ahead of the consumption tax hike, and other factors.

As a result, net sales for the beverage business decreased 9.9% compared with the same period in the previous year to 62.019 billion yen.

(2) Food business

Net sales of tomato ketchup and sauces for the consolidated first quarter (from April 1, 2014, to June 30, 2014) decreased from the same period in the previous year due to a reactionary dip in demand following last-minute rises ahead of the consumption tax hike. However, the products performed steadily from July onward, recovering to a level above that of the same period in the previous fiscal year. As for nabe (hotpot) soup, Kagome's sales promotions focused on how the Company's delicious lineup of Sweet-Ripe Tomato Nabe Soup, Vegetable Potage Nabe Soup, and other products make it easy for kids to get their vegetables. In particular, customers favorably received the menu items that Kagome proposed for the Halloween and Christmas seasons, helping the nabe (hotpot) soup segment post an increase in sales compared with the same period in the previous year.

As a result, net sales for the food business increased 0.5% compared with the same period in the previous year to 17.579 billion yen.

(3) Gift product business

The overall market for ochugen (mid-year gifts) and oseibo (year-end gifts) continues to contract due to a decrease in gifting demand, consumers becoming more budget minded following the consumption tax increase, and other factors. Under these difficult conditions, Kagome broadened the scope of its gift product business through activities aimed at gaining greater market acceptance in new categories, including sweets and soup, and establishing new retail channels such as online direct marketing, which continue to expand. However, net sales decreased from the same period in the previous year.

As a result, sales for the gift product business decreased 4.9% compared with the same period in the previous year to 7.678 billion yen.

(4) Fresh vegetable business

Sales were strong for high value-added products including High-Lycopene Tomatoes, thanks partly to a rising interest in functional vegetables. Meanwhile, Kagome focused on fostering its new products, including the Salad Bank Series of salad vegetables, which came out in March 2014, and Tomato Cook, a seasoning lineup for fresh tomatoes that hit the market in April of the same year. However, net sales decreased from the same period in the previous year, as a drop in fresh tomato market prices from summer onward pushed down unit prices.

As a result, net sales for the fresh vegetable business decreased 5.0% compared with the same period in the previous year to 7.457 billion yen.

(5) Direct marketing business

Although sales of a leading product, Mainichi Nomu Yasai, decreased from the same period in the previous year, offerings like Tsubuyori Yasai, a new release in June 2014 that features a unique, real vegetable texture, helped the total vegetable beverage category stay level with the same period in the previous year. Sales were strong for products like the Yasai o Ajiwau Potage, which boasts the delicious flavor of select, domestically grown vegetables, the seasonal, limited-edition Shun products, including Momo Shibori and Kiyomi Shibori, the supplement lineup, which the Company is developing as a second pillar of business alongside beverages, and Fruttoma, a selection of jelly products made by combining tomatoes with other fruits.

As a result, net sales for the direct marketing business increased 3.8% compared with the same period in the previous year to 6.899 billion yen.

(6) Institutional and industrial product business

Kagome endeavored to increase sales in product categories it designated as areas of focus, namely the Tomato Ingredient, Tomato Sauce, Vegetable Ingredient, and Vegetable Beverage categories. In the institutional and industrial use market, tomato and vegetable menu items are generating increasing interest. By leveraging this trend, Kagome enhanced the tomato and vegetable product lineups and strengthened efforts to propose menu items for major operators of restaurants and prepared-food businesses, increasing net sales as a result.

As a result, net sales for the institutional and industrial product business increased 1.9% compared with the same period in the previous year to 20.299 billion yen.

(7) Other businesses

Combined net sales for freight, warehousing, real-estate rental, parking, agricultural material sales, solar power generation, and other domestic businesses increased 3.5% compared with the same period in the previous year to 13.389 billion yen.

<Overseas business>

Net sales for the overseas business segment increased 23.4% compared with the same period in the previous year to 41.134 billion yen. For many regions, the yen value of net sales increased due to the depreciation of the yen. Aside from this factor, the situation in each region is as follows.

(1) U.S.

Shipments for major local customers were favorable at Kagome Inc., an American subsidiary. Further, Kagome made United Genetics Holdings LLC a consolidated subsidiary in December 2013. This resulted in an increase in net sales for the company over the period from January to November 2014.

As a result, net sales in the U.S. increased 29.0% compared with the same period in the previous year to 20.095 billion yen.

(2) Europe

Net sales for Holding da Industria Transformadora do Tomate, SGPS S.A., a subsidiary in Portugal, were mostly unchanged compared with the same period in the previous year. Net sales for the Italian subsidiary Vegitalia S.p.A. were largely on target. Further, Kagome made United Genetics Turkey Tohum Fide A.S. a consolidated subsidiary in December 2013. This resulted in an increase in net sales for the Company over the period from January to November 2014.

As a result, net sales in Europe increased 14.2% compared with the same period in the previous year to 12.313 billion yen.

(3) Australia

Net sales for the Australian subsidiary Kagome Australia Pty Ltd. increased due to factors including the timing of delivery to major local customers being changed from the end of last term to this term.

As a result, net sales in Australia increased 50.2% compared with the same period in the previous year to 5.521 billion yen.

(4) Asia

Net sales for Taiwan Kagome Co., Ltd. were largely on target. Due to the restructuring of the Company's vegetable beverage business in China, Kagome (Hangzhou) Food Co., Ltd., elected to undergo liquidation. Kagome (Shanghai) Beverage Co., Ltd. will take over the business under a reformed management system and work to improve revenues. Net sales for the Thai subsidiary OSOTSPA KAGOME Co., Ltd. over the period from January to August 2014 increased, thanks to the start of sales of consumer health beverages in September 2013.

As a result, net sales in Asia decreased 2.6% compared with the same period in the previous year to 3.24 billion yen.

Contents of Appendix

1. Other Information

- (1) Changes in significant subsidiaries 8
- (2) Changes in accounting policies, procedures, estimates, retrospective restatements, etc. 8

2. Consolidated Financial Statements

- (1) Consolidated Balance sheets 9
- (2) Consolidated Statements of Income and Comprehensive Income 11
- (3) Consolidated Statements of Changes in Net Asset 12
- (4) Consolidated Statements of Cash Flows 13

1. Other Information

(1) Changes in significant subsidiaries

Not applicable.

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

(Change due to revision of accounting standards)

Application of accounting standard for retirement benefits, etc.

The Paragraph 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No.26 issued on May 17, 2012) and Paragraph 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25 issued on May 17, 2012) have been applied from the first quarter of the fiscal year 2014. With the revision of the method for calculating retirement benefit obligations and service costs, the method of attributing expected benefit to periods has changed from a straight-line basis to the benefit formula basis and the method for determining the discount rate has changed from determination based on the average remaining periods of service to a method using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

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 impact resulting from the changes in the calculation method for retirement benefit obligations and service costs was added to or deducted from retained earnings at the beginning of this fiscal year 2014.

As a result, at the beginning of this fiscal year 2014, net defined benefit asset decreased by 6 million yen, net defined benefit liability increased by 117 million yen and retained earnings decreased by 79 million yen. In addition, the effect of these changes on operating income, ordinary income, and net income before taxes for the fiscal year ended December 31, 2014 was immaterial.

CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2014 AND DECEMBER 31, 2014

	Millions of Yen		Thousands of U.S. dollars
	March 31, 2014	December 31, 2014	December 31, 2014
	Amount	Amount	Amount
Assets			
Current assets:			
Cash and deposits	¥ 15,313	¥ 11,458	\$ 95,483
Notes and accounts receivable	30,616	33,202	276,683
Marketable securities	9,810	12,625	105,208
Merchandise and finished goods	19,781	18,693	155,775
Work in process	592	927	7,725
Raw material and supplies	20,092	25,383	211,525
Deferred tax assets	340	600	5,000
Derivative assets	6,229	14,473	120,608
Other current assets	4,984	5,650	47,083
Allowance for doubtful accounts	(377)	(171)	(1,425)
Total current assets	107,385	122,843	1,023,692
Fixed assets:			
Property, plant and equipment:			
Buildings and structures, net	15,324	15,317	127,642
Machinery, equipment and vehicles, net	15,899	17,259	143,825
Tools and furniture, net	1,073	1,094	9,117
Land	13,752	13,578	113,150
Lease assets, net	654	575	4,792
Construction in progress	2,008	3,783	31,525
Property, plant and equipment, net	48,712	51,609	430,075
Intangible assets:			
Goodwill	3,978	2,904	24,200
Property in trademarks	3	0	0
Software	2,212	1,903	15,858
Other intangible assets	379	358	2,983
Total intangible assets	6,574	5,166	43,050
Investments and other assets:			
Investment securities	14,885	17,630	146,917
Long-term loans receivable	1,293	2,280	19,000
Net defined benefit asset	6	—	—
Deferred tax assets	1,709	1,798	14,983
Other assets	3,139	2,159	17,992
Allowance for doubtful accounts	(84)	(74)	(617)
Total investments and other assets	20,948	23,794	198,283
Total fixed assets	76,235	80,570	671,417
Total assets	¥ 183,621	¥ 203,413	\$ 1,695,108

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 120 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2014.

	Millions of Yen		Thousands of U.S. dollars
	March 31, 2014	December 31, 2014	December 31, 2014
	Amount	Amount	Amount
Liabilities			
Current liabilities:			
Notes and accounts payable	¥ 14,453	¥ 14,150	\$ 117,917
Short-term borrowings	4,801	6,477	53,975
Current portion of long-term borrowings	3,425	2,160	18,000
Other payable	9,333	10,233	85,275
Income taxes payable	1,076	262	2,183
Deferred tax liabilities	1,071	4,879	40,658
Accrued bonuses for employees	1,959	395	3,292
Accrued bonuses for directors	65	34	283
Derivative liabilities	21	41	342
Other current liabilities	3,481	3,742	31,183
Total current liabilities	39,689	42,380	353,167
Long-term liabilities:			
Long-term borrowings	22,638	27,119	225,992
Deferred tax liabilities	602	1,086	9,050
Net defined benefit liability	4,041	4,746	39,550
Other liabilities	3,625	3,514	29,283
Total long-term liabilities	30,908	36,466	303,883
Total liabilities	70,598	78,846	657,050
Net Assets			
Shareholder's equity:			
Common stock	19,985	19,985	166,542
Capital surplus	23,733	23,733	197,775
Retained earnings	58,013	60,116	500,967
Treasury stock	(703)	(517)	(4,308)
Total shareholder's equity	101,028	103,317	860,975
Accumulated other comprehensive income :			
Unrealized gain on available-for-sale securities	2,775	4,790	39,917
Deferred gain on derivatives under hedge accounting	4,027	9,321	77,675
Foreign currency translation adjustments	1,417	3,178	26,483
Remeasurements of defined benefit plans	(744)	(992)	(8,267)
Total accumulated other comprehensive income	7,476	16,297	135,808
Subscription rights to shares	—	12	100
Minority interest	4,518	4,939	41,158
Total net assets	113,023	124,566	1,038,050
Total liabilities and net assets	¥ 183,621	¥ 203,413	\$ 1,695,108

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

	Millions of Yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2014
	Amount	Amount	Amount
Net sales	¥ 193,004	¥ 159,360	\$ 1,328,000
Cost of sales	104,639	91,744	764,533
Gross profit	88,365	67,615	563,458
Selling, general and administrative expenses	81,589	63,286	527,383
Operating income	6,775	4,328	36,067
Other income			
Interest income	244	261	2,175
Dividend income	289	193	1,608
Equity in earnings of affiliates by the equity method	65	72	600
Foreign exchange gain	124	59	492
Other	424	531	4,425
Total other income	1,149	1,118	9,317
Other expenses			
Interest expense	195	216	1,800
Other	200	260	2,167
Total other expenses	395	477	3,975
Ordinary income	7,529	4,969	41,408
Extraordinary gain			
Gain on sales of fixed assets	326	2,357	19,642
Gain on sales of investment securities	677	—	—
Gain on step acquisitions	389	—	—
Gain on abolishment of retirement benefit plan	—	87	725
Total extraordinary gain	1,392	2,444	20,367
Extraordinary loss			
Loss on disposal of fixed assets	182	621	5,175
Impairment loss	147	127	1,058
Loss on valuation of investment securities	1	283	2,358
Loss on valuation of golf club memberships	0	0	0
Loss on liquidation of subsidiaries and associates	—	15	125
Loss on reorganization	261	191	1,592
Total extraordinary loss	592	1,238	10,317
Income before income taxes and minority interests	8,329	6,175	51,458
Income taxes			
Income taxes - current	3,112	1,567	13,058
Income taxes - deferred	163	238	1,983
Total income taxes	3,276	1,806	15,050
Income before minority interests	5,053	4,368	36,400
Minority interests in net gain (loss)	(52)	1	8
Net income	¥ 5,105	¥ 4,366	\$ 36,383
Addition: Minority interests in net gain (loss)	(52)	1	8
Income before minority interests	5,053	4,368	36,400
Other comprehensive income:			
Unrealized gain on available-for-sale securities	520	2,014	16,783
Deferred gain on derivatives under hedge accounting	2,333	5,304	44,200
Foreign currency translation adjustments	2,556	2,069	17,242
Remeasurements of defined benefit plans, net of tax	—	(252)	(2,100)
Share of other comprehensive income (loss) of an affiliate by the equity method	1	(5)	(42)
Total other comprehensive income	5,411	9,130	76,083
Comprehensive income	¥ 10,464	¥ 13,498	\$ 112,483
Of which attributable to shareholders of the parent	9,893	13,187	109,892
Of which attributable to minority interests	570	311	2,592

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 120 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2014.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSET
FOR THE YEARS ENDED MARCH 31, 2014 AND DECEMBER 31, 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	Subscription rights to shares	Minority interests	Total Net Assets
Balance, April 1, 2013	¥ 19,985	¥ 23,733	¥ 54,599	¥ (212)	¥ 98,106	¥ 2,254	¥ 1,664	¥ (485)	—	¥ 3,433	—	¥ 2,892	¥ 104,432
Cumulative effects of changes in accounting policies													
Adjusted Balance, March 31, 2014	¥ 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
Other net changes in the year						520	2,363	1,903	(744)	4,043		1,625	5,669
Total changes of items during period	—	—	3,413	(491)	2,921	520	2,363	1,903	(744)	4,043	—	1,625	8,590
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
Cumulative effects of changes in accounting policies			(79)		(79)								(79)
Adjusted Balance, March 31, 2014	19,985	23,733	57,933	(703)	100,948	2,775	4,027	1,417	(744)	7,476	—	4,518	112,943
Cash dividends			(2,188)		(2,188)								(2,188)
Net income			4,366		4,366								4,366
Repurchase of treasury stock				(2)	(2)								(2)
Disposal of treasury stock				188	188								188
Change in scope of consolidation			4		4								4
Other net changes in the year						2,014	5,293	1,760	(247)	8,820	12	420	9,254
Total changes of items during period	—	—	2,182	186	2,368	2,014	5,293	1,760	(247)	8,820	12	420	11,622
Balance, December 31, 2014	19,985	23,733	¥ 60,116	¥ (517)	¥ 103,317	¥ 4,790	¥ 9,321	¥ 3,178	¥ (992)	¥ 16,297	¥ 12	¥ 4,939	¥ 124,566

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	Subscription rights to shares	Minority interests	Total Net Assets
Balance, March 31, 2014	\$ 166,542	\$ 197,775	\$ 483,442	\$ (5,858)	\$ 841,900	\$ 23,125	\$ 33,558	\$ 11,808	\$ (6,200)	\$ 62,300	—	\$ 37,650	\$ 941,858
Cumulative effects of changes in accounting policies			(658)		(658)								(658)
Adjusted Balance, March 31, 2014	\$ 166,542	\$ 197,775	\$ 482,775	\$ (5,858)	\$ 841,233	\$ 23,125	\$ 33,558	\$ 11,808	\$ (6,200)	\$ 62,300	—	\$ 37,650	\$ 941,192
Cash dividends			(18,233)		(18,233)								(18,233)
Net income			36,383		36,383								36,383
Repurchase of treasury stock				(17)	(17)								(17)
Disposal of treasury stock				1,567	1,567								1,567
Change in scope of consolidation			33		33								33
Other net changes in the year						16,783	44,108	14,667	(2,058)	73,500	100	3,500	77,117
Total changes of items during period	—	—	18,183	1,550	19,733	16,783	44,108	14,667	(2,058)	73,500	100	3,500	96,850
Balance, December 31, 2014	\$ 166,542	\$ 197,775	\$ 500,967	\$ (4,308)	\$ 860,975	\$ 39,917	\$ 77,675	\$ 26,483	\$ (8,267)	\$ 135,808	\$ 100	\$ 41,158	\$ 1,038,050

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 120 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2014.

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

	Millions of Yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2014
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 8,329	¥ 6,175	\$ 51,458
Depreciation and amortization	5,214	4,635	38,625
Impairment loss	147	127	1,058
Amortization of goodwill	859	1,375	11,458
Interest and dividend income	(534)	(455)	(3,792)
Interest expense	195	216	1,800
Increase (decrease) in accrued bonuses	(459)	(1,595)	(13,292)
Increase (decrease) in other provisions	(2,889)	(220)	(1,833)
Increase (decrease) in net defined benefit liability	2,898	301	2,508
Equity in earnings of affiliates by the equity method	(65)	(72)	(600)
Loss (gain) on sales of securities-net	(679)	—	—
Loss (gain) on valuation of securities	1	283	2,358
Loss (gain) on sales and disposal of fixed assets-net	(144)	(1,736)	(14,467)
Loss (gain) on step acquisitions	(389)	—	—
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable	(1,342)	(2,803)	(23,358)
Decrease (increase) in inventories	(6,320)	(3,362)	(28,017)
Decrease (increase) in accounts receivable-other	1,013	(519)	(4,325)
Increase (decrease) in notes and accounts payable	(1,253)	365	3,042
Increase (decrease) in accounts payable-other	(1,120)	1,042	8,683
Decrease (increase) in other current assets	(557)	456	3,800
Increase (decrease) in other current liabilities	731	53	442
Other increase (decrease) - net	(655)	14	117
Subtotal	2,979	4,282	35,683
Cash received from interest and dividend income	533	440	3,667
Cash paid for interest expense	(203)	(301)	(2,508)
Cash paid for income taxes	(4,383)	(2,668)	(22,233)
Net cash provided by (used in) operating activities	(1,073)	1,753	14,608
Cash flows from investing activities:			
Disbursement for time deposits	(13,773)	(7,097)	(59,142)
Proceeds from repayment of time deposits	15,000	9,823	81,858
Purchases of marketable and investment securities	(1,121)	(4,037)	(33,642)
Proceeds from sales and redemptions of marketable and investment securities	7,540	224	1,867
Acquisition of fixed assets	(8,764)	(8,411)	(70,092)
Disbursement for disposal of fixed assets	(30)	(39)	(325)
Proceeds from sales of fixed assets	377	3,393	28,275
Payments of loans receivable	—	(873)	(7,275)
Payments for investment in capital in subsidiaries resulting in change in scope of consolidation	(2,840)	—	—
Purchase of stocks of an affiliate	(301)	(139)	(1,158)
Payments for investments in capital of non-consolidated subsidiaries	(13)	(50)	(417)
Other increase (decrease) - net	(15)	98	817
Net cash provided by (used in) investing activities	(3,941)	(7,110)	(59,250)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings - net	(3,852)	1,010	8,417
Proceeds from long-term borrowings	9,398	5,328	44,400
Repayments of long-term borrowings	(1,149)	(2,580)	(21,500)
Repayments of lease obligations	(175)	(91)	(758)
Proceeds from stock issuance to minority shareholders	627	187	1,558
Dividends paid	(1,989)	(2,181)	(18,175)
Dividends paid to minority shareholders	(45)	(66)	(550)
Decrease (increase) in treasury stock	(491)	186	1,550
Net cash provided by (used in) financing activities	2,322	1,793	14,942
Foreign translation adjustment on cash and cash equivalents	672	246	2,050
Net increase (decrease) in cash and cash equivalents	(2,021)	(3,316)	(27,633)
Cash and cash equivalents at beginning of year	24,316	22,295	185,792
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	(17)	(142)
Cash and cash equivalents at end of year	¥ 22,295	¥ 18,960	\$ 158,000

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