Consolidated Summary Report <under Japanese GAAP>

For the six months ended June 30, 2016

August 2, 2016

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya
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Quarterly securities report issuing date: August 10, 2016 Dividend payment date: -
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 six months ended June 30, 2016

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parent	
Six months ended	million yen	%	million yen	%	million yen	%	million yen	%
June 30, 2016	98,318	4.6	5,504	77.2	5,642	63.0	3,214	59.1
June 30, 2015	93,993	—	3,106	—	3,461	—	2,020	—

(Reference) Comprehensive income June 30, 2016: (-7,944) million yen (— %); June 30, 2015: (2,211) million yen (— %)

	Earnings Per Share	Diluted Earnings per Share
Six months ended	yen	yen
June 30, 2016	32.35	32.34
June 30, 2015	20.35	20.34

The Company has changed its fiscal year end from March 31 to December 31 from the fiscal year ended December 31, 2014.Since the fiscal year end changed, the period of the six months ended June 30, 2015(from January 1, 2015 to June 30, 2015) is different from the previous year (from April 1, 2014 to September 30, 2014) for the comparison. As a result, the changes for the six months ended June 30, 2015 are not available.

(2) Financial Conditions

	Total Assets	Total Net Assets	Net Assets Attributable to KAGOME Shareholders to Total Assets	Total Net Assets per Common Stock
As of	million yen	million yen	%	yen
June 30, 2016	199,016	113,924	54.3	1,091.46
December 31, 2015	208,885	126,344	57.2	1,201.96

(Reference) Shareholders' equity as of June 30, 2016: 108,061 million yen; December 31, 2015: 119,480 million yen

2. Dividends on Common Stock

	Dividends per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended	yen	yen	Yen	yen	yen
December 31, 2015	—	—	—	22.00	22.00
December 31, 2016	—				
Fiscal year ending December 31, 2016(Forecast)		—	—	22.00	22.00

(Reference) Revision to dividend forecasts published most recently: None

3. Consolidated Forecasts for the fiscal year ending December 31, 2016

(% represents year on year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parent		Earnings Per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
For the year ending December 31, 2016	200,000	2.2	9,200	36.8	9,400	34.0	4,900	42.4	49.30

(Reference) Revision to financial forecasts published most recently: None

The consolidated forecasts for the year ending December 31, 2016 announced in the consolidated summary report on February 9, 2016 has been revised. For details, please refer to the "Notice of Revision of the Forecast of Consolidated Operating Results (ONLY JAPANESE)" announced on July 26, 2016.

4. Other (For more details, please see "Other information" in page 10)

(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) Application of special accounting method for preparing quarterly consolidated financial statements: Yes.

(3) 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.

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

(A) Total stocks outstanding including treasury stocks:	Jun.30, 2016	99,616,944 shares	Dec. 31, 2015	99,616,944 shares
(B) Treasury stocks:	Jun. 30, 2016	611,236 shares	Dec. 31, 2015	212,282 shares
(C) Average outstanding stocks:	6 months ended Jun. 30, 2016	99,361,197 shares	6 months ended Jun. 30, 2015	99,314,669 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.

1. Qualitative Information Regarding the Results from This Quarter

1) Explanation of Business Results

In this second quarter consolidated accounting period (January 1 to June 30, 2016) economic measures by the Bank of Japan and the government had little effect, and though some weakness was evident the Japanese economy continued a gradual path to recovery. Consumer spending continued to bottom out as consumer confidence worsened. The food industry remained in a rough situation, as raw materials unit prices and distribution costs rose, and the market contracted as a result of the falling birthrate, among other factors.

It was under these circumstances that we formulated our new three-year Mid-Term Management Plan, to be completed in December of 2018.

We will improve the social and economic value of our company by working on the key issues of this plan, which include (1) enhancing the value of existing businesses and categories, (2) creating new business models through innovation, (3) becoming more globalized, and (4) improving productivity by redesigning the way we work. As part of these efforts, in March 2016 we established Kagome Agri-Business Research and Development Center Unipessoal Lda. in Portugal, with the goal of creating new agricultural business on the global stage. We also established Kagome Axis Co., Ltd. with the goal of aggregating and standardizing our indirect business. It launched operations in April of this year, with sights set on transforming the way we work and transforming our profit structure.

In terms of net sales, we had an increase in income within Japan, as sales volumes increased thanks to solid performance in our main business of beverages. Despite the negative impact of the rising Japanese yen since the beginning of the year, Global sales also grew thanks to factors including the net growth of Preferred Brands Global, Inc. (PBI) which became a consolidated subsidiary at the end of May 2015.

In terms of operating income, the Japan business showed an overall increase, as efforts to make effective use of sales promotion expenses helped improve profitability along with the increases in net sales. Global business also showed an increase, as depreciation of goodwill for the global tomato business decreased, while the consumer business was buoyed by factors including the disposal of underperforming businesses in the Asia region, as well as net increases from making PBI into a consolidated subsidiary.

Also, in terms of extraordinary profits and losses, sales of company-owned real estate assets and compensation payments for expropriations were recorded as profits, while the losses that were recorded included disaster losses suffered from earthquakes in southern Taiwan and in Kumamoto, Japan, as well as losses from our voluntary recall of certain institutional and industrial canned diced tomato products.

As a result, net sales in the second quarter consolidated accounting period rose 4.6% from the same period the previous year, to ¥98.318 billion. Operating income was ¥5.504 billion, 77.2% higher than the same period the previous year, and ordinary income was ¥5.642 billion, 63.0% higher than the same period the previous year. Net income attributable to owners of the parent was ¥3.214 billion, 59.1% higher than the same period the previous year.

The following outlines performance by segment.

Note that we have changed the classifications of segments for reporting, for this first quarter consolidated accounting period. Starting with this first quarter consolidated accounting period, we have reviewed business performance management categories and changed the categorization of business segments. Special gifts that are part of internet and catalog sales, disaster prevention supplies, and sales promotions to corporations had been included under “Beverages” and “Institutional and Industrial,” but are now integrated together into “Gifts.” We have prepared numbers by segment for the first quarter of the previous fiscal year according to the new classifications.

Millions of Yen

Segment Name	Net Sales			Operating Income		
	Second Quarter Previous Year	Second Quarter This Year	Increase or decrease	Second Quarter Previous Year	Second Quarter This Year	Increase or decrease
Beverages	35,613	38,151	2,538	1,198	1,698	500
Food	11,339	11,346	7	507	914	407
Gifts	3,184	3,116	(67)	143	344	200
Agriculture	6,012	6,308	296	975	960	(14)
Direct Marketing	3,804	3,972	167	(76)	137	213
Institutional and Industrial	12,177	12,366	189	(315)	101	417
Others	7,579	8,000	421	270	356	85
Domestic Business Total	79,711	83,263	3,552	2,702	4,513	1,811
Global Institutional and Industrial	19,399	18,583	(816)	419	775	355
Seeds and Seedlings	2,341	1,914	(426)	199	147	(52)
Global Tomato Business Total	21,740	20,498	(1,242)	619	923	303
Consumer Business	546	3,111	2,565	(214)	67	282
Global Business Total	22,287	23,609	1,322	404	991	586
Subtotal	101,998	106,873	4,875	3,106	5,504	2,397
Deletions and Adjustments	(8,005)	(8,554)	(549)	—	—	—
Total	93,993	98,318	4,325	3,106	5,504	2,397

<Domestic Business>

Net Sales in our Domestic Business increased 4.5% from the same period the previous year, to ¥83.263 billion. Net sales for each different business were as follows.

(1) Beverage Business

Aiming to be “Health Beverages for Life” that can deliver on expectations consumers have for their health in the vegetable beverage category, we are focusing our efforts on developing and providing new value for consumers, and sparking demand for vegetable beverages as a whole, with “Building a Healthy Body” as our catch phrase.

To enhance value in tomato juice, we are coming forward with Japan’s first consumer packaged food products identified as having high-density lipoprotein (HDL), which boosts beneficial cholesterol. These went on sale in February, 2016, and have been selling well. For the “Yasai Seikatsu 100” series, we released “Yasai Seikatsu 100 Peel & Herb 200ml” in February 2016 and “Yasai Seikatsu 100 Smoothie Smooth Green Mix 330ml” in April 2016. As new concepts in vegetable beverages, we are focusing on nurturing them to become market staples. Furthermore, our marketing activities are going beyond product, advertising, and in-store promotions, and we are boosting integrated activities that include public relations partnerships with local governments and developing the health value of vegetables based on research. Additionally, customers have given us high praise for our seasonal products of Yasaiseikatsu 100, developed under the theme of “locally grown, nationally consumed.”

For the “Yasai Ichinichi Kore Ippon” series, we intensified our marketing for our “vegetable juice first” health catchphrase, encouraging consumers to drink vegetable juice before meals to keep blood sugar levels down after eating.

In March of 2016 we also expanded our “GREENS” product lineup with the launch of “GREENS Energy Purple” in six prefectures and in the Tokyo Metropolitan Area. GREENS is a new genre of beverage that turns freshness into value, made possible by our proprietary cold coarse-straining production method which brings out the true colors, fragrances, and textures of fruits and vegetables. GREENS Energy Purple has a strikingly vivid magenta color thanks to beets, a recently popular root vegetable.

These actions have helped us to increase our net sales.

In the category of probiotics, net sales declined due to intensified competition. To further bolster our efforts at communicating the “improved bowel function” and “plant-based lactic acid” values of Shokubutsusei Nyusankin Labre, we initiated the “Labretta Project” in June 2016. Constipation in children has been on the rise, and this project positions it as a social problem, aiming to reduce child constipation to zero.

As a result, net sales from the beverage business increased 7.1% from the same period the previous year, to ¥38.151 billion.

(2) Consumer Packaged Food Business

For tomato ketchup, we did more to communicate and promote the value of our products with the catch phrase “Control salt intake with tomatoes,” resulting in strong performance.

For tomato seasonings, we increased Japan-wide efforts to advocate “Tomato Pazza,” our promotional dish of tomato sauce-braised seafood and vegetables that are up to the cook to select. Our “cooking with more flavor and low salt in less time” concept has earned a positive response, while company-wide marketing efforts have helped it continue spreading beyond cooking at home, and into restaurant and take-home dishes as well.

For sauces, we released “Kagome Jojuku Sauce 50% Less Salt” in March of 2016. This sauce can be enjoyed without worrying about salt intake, and sales for it have been brisk.

As a result, net sales from the consumer packaged food business increased 0.1% from the same period the previous year, to ¥11.346 billion.

(3) Gift Products Business

Since sales in the gift products business at our company are structured around the market for Japanese midsummer and year-end gift giving, we focused our efforts on creating demand outside of gift giving occasions. Although the gift products market as a whole has been suffering as a result of lower demand for gift giving, we have poured our efforts into selling products that contain our own unique values of health, flavor, compassion, and seasonality. We have also made proposals that go so far as including development of consigned goods for a variety of new channels, such as Internet and catalog direct marketing, disaster prevention supplies, giveaways for corporations, and demand for souvenirs.

Despite these, net sales from the gift products business decreased 2.1% from the same period the previous year, to ¥3.116 billion.

(4) Agriculture Business

In the area of fresh tomatoes which is a key business, we boosted sales of high value added products such as “High Lycopene Tomatoes” in response to the heightened attention being paid to functional vegetables. And while fresh tomato shipping volumes were unstable due to inclement weather conditions, we strengthened our ability to deal with supply and demand, flexibly optimizing our product lineup. As a result, net sales increased, further buoyed by crop acreage that had expanded over the previous year.

We also boosted sales promotions for our “Packed Salads” series which were released in April of 2015. These salads have distinctive ingredients such as high-lycopene tomatoes and baby leaf vegetables, and are aimed at couple households and working women.

As a result, net sales from the agriculture business increased 4.9% from the same period the previous year, to ¥6.308 billion.

(5) Direct Marketing Business

Regarding our key products vegetable beverages, sales were good for “Tsubuyori Yasai” which has a distinctive texture that feels like actually eating vegetables. We are working to develop supplements into our next main product type after beverages, and supplements such as “Plant-Based Supplement Sulforaphane” have performed well. Additionally, seasonal consumer packaged food “Potage with the flavor of cold vegetables” has also performed well.

As a result, net sales from the direct marketing business increased 4.4% from the same period the previous year, to ¥3.972 billion.

(6) Institutional and Industrial Business

In the institutional and industrial use market, changes in the social environment have created a variety of food market opportunities. We have focused on providing appealing new tomato and vegetable products and dishes in response to business categories that are expanding in this business climate. It should also be noted that as a quality control precaution, we voluntarily recalled certain canned tomato products in June 2016.

As a result, net sales from the institutional and industrial business increased 1.6% from the same period the previous year, to ¥12.366 billion.

(7) Other Businesses

Net sales altogether from other domestic businesses such as the transportation and warehousing business, real-estate rental business, parking business,solar power generation business, and contracted services business totaled ¥8.0 billion, an increase of 5.6% from the same period the previous year.

<Global Business>

Net sales in Global business increased 5.9% from the same period the previous year, to ¥23.609 billion. The appreciation of the yen had a negative impact of ¥2.092 billion compared to the same period the previous year.

The circumstances for each segment are as follows.

(1) Global Tomato Business

[Global Industrial and Institutional]

USA subsidiary Kagome Inc. had strong sales to its major foodservice clients. Portuguese subsidiary Holding da Industria Transformadora do Tomate, SGPS S.A. had strong net sales, doing business with major food companies in European countries. Australian subsidiary Kagome Australia Pty Ltd. increased its export sales to Southeast Asia. Taiwan Kagome Co., Ltd. was affected by the earthquake in southern Taiwan, but recovery efforts have proceeded quickly and on a local currency basis, net sales are at around the same level as the previous year.

Overall net sales from the Global industrial and institutional business increased on a local currency basis, but the appreciation of the yen resulted in a decrease of 4.2% from the same period the previous year, to ¥18.583 billion.

[Seeds and Seedlings]

Sales were slower for USA subsidiary United Genetics Holdings LLC, as the good tomato crop from the previous year caused its main clients, agricultural processing companies, to hold off their purchases of seeds.

The seeds and seedlings business also suffered negative effects from the appreciation of the yen, and overall net sales decreased 18.2% from the same period the previous year, to ¥1.914 billion.

(2) Consumer Business

In addition to the net increase in net sales from USA subsidiary PBI becoming a consolidated subsidiary at the end of May of 2015, sales to current customers were also strong. However, net sales decreased at Kagome (Shanghai) Beverages Co., Ltd. and at Thai subsidiary Osotspa Kagome Co., Ltd. due to the disposal of underperforming businesses in the Asia region.

While the appreciation of the yen had a negative effect, net sales from the consumer business were still 5.7 times higher than those of the previous year, at ¥3.111 billion.

2) Explanation of Financial Standing

In this second quarter consolidated accounting period, total assets decreased by ¥9.869 billion from the end of the previous accounting period. The appreciation of the yen had an exchange rate impact (referred to hereinafter as “exchange impact”) that amounted to a ¥9.308 billion decrease in the yen equivalent value on the financial statements of overseas subsidiaries.

Current assets decreased by ¥3.387 billion from the end of the previous accounting period.

Going into detail, “cash and deposits” increased by ¥22.854 billion, and “notes and accounts receivable – trade” increased by ¥1.631 billion yen due to seasonal circumstances. However, these were overshadowed because “securities” aimed at short-term fund management decreased by ¥13.115 billion, inventories (the total of “merchandise and finished goods,” “work-in-process” and “raw materials and supplies”) decreased by ¥6.666 billion due to seasonal circumstances and exchange impact, and for forward exchange contracts owned by the company, derivatives claims included in “others” decreased by ¥7.825 billion along with the appreciation of the yen.

Fixed assets decreased by ¥6.482 billion from the end of the previous accounting period.

In “Property, plant and equipment” there were fixed investments totaling ¥2.537 billion to expand our lineup of equipment and build rental facilities, among other things. However, exchange impact and ¥2.417 billion in depreciation resulted in a decrease of ¥2.731 billion from the end of the previous accounting period.

“Intangible assets” decreased by ¥2.396 billion from the end of the previous accounting period, largely due to amortization of goodwill and exchange impact.

“Investments and other assets” decreased by ¥1.353 billion from the end of the previous accounting period due to causes including declines in the current value of investment securities held by the company.

Liabilities increased by ¥2.55 billion from the end of the previous accounting period.

This results from a ¥9.592 billion increase in “long-term loans payable” (including “current portion of long-term debt”) due to instruments such as syndicated loans, and ¥729 million of new “loan losses on voluntary product recall costs” involved with the voluntary recall of canned diced tomatoes for institutional and industrial use. On the other hand, “short-term loans payable” decreased by ¥2.631 billion and “unpaid income taxes” by ¥765 million thanks to repayments and such, “notes and accounts payable” decreased by ¥730 million, and deferred tax liabilities included in “others” in current liabilities decreased by ¥2.551 billion due to decreases in derivatives debts among other factors.

Net assets decreased by ¥12.42 billion from the end of the previous accounting period.

Going into detail, retained earnings increased by ¥3.214 billion as a result of “quarterly net profit attributable to owners of parent.” However, this was offset by the ¥2.188 billion surplus dividend, an ¥894 million decrease in “paid-in capital” resulting from additional acquisitions of stock in subsidiaries, a ¥1.013 billion decrease in “non-controlling shareholder interest,” and a decrease of ¥10.435 billion in “accumulated other comprehensive income” brought on by decreased current value of company-owned investment securities and the appreciation of the yen. “Treasury stock” increased by ¥1.115 billion (an equivalent decrease in net assets) as the employee stock ownership ESOP trust was reintroduced.

As a result, our capital adequacy ratio was 54.3% with net assets per share of ¥1,091.46.

(Explanation of Status Regarding Consolidated Cash Flows)

Cash and cash equivalents on a consolidated basis for this second quarter consolidated accounting period totaled ¥20.892 billion, a decrease of ¥182 million from the end of the previous accounting period.

The status of each type of cash flow is as follows.

Cash flow from operating activities resulted in net revenue of ¥8.603 billion (net revenue of ¥8.229 billion the same period the previous year). The main factors were quarterly income before income taxes and minority interests of ¥5.247 billion, ¥2.912 billion in depreciation and amortization, a decrease of ¥4.175 billion in inventories (all of which were net cash revenue), and an increase of ¥2.475 in sales trade receivables, as well as ¥2.464 billion which was paid for corporate income tax and other such expenses (all of which were net cash expenditures).

Cash flows from investing activities resulted in net expenditures of ¥12.892 billion (net expenditures of ¥6.723 billion the same period the previous year). The main factors were an expenditure of ¥10.036 billion on disbursement for time deposits, and an expenditure of ¥3.512 billion for acquisition of fixed assets.

Cash flows from financing activities resulted in net revenue of ¥4.848 billion (the same period the previous year had been net revenue of ¥4.063 billion). Main factors included ¥11.029 billion in revenue for long-term loans payable, ¥1.165 billion in net expenditures from net increase (decrease) of short term loans payable, ¥2.163 billion in expenditures from dividend payments, ¥1.378 billion in expenditures from the acquisitions of capital investment and subsidiary stock unrelated to changes in the scope of consolidation, and ¥1.115 billion in expenditures from increases and decreases of treasury stock.

3) Explanation of Future Forecast Information Such As the Consolidated Performance Forecast

A “Statement on the recalculation of the earnings forecast” was announced on July 26, 2016. The forecast for net sales for the period ending December 2016 remained at ¥200 billion, unchanged from was announced in the consolidated performance forecast on February 9, 2016. The forecast for operating income was raised to ¥9.2 billion, an increase of ¥2.2 billion. The forecast for ordinary income was raised to ¥9.4 billion, an increase of ¥1.9 billion. Forecasted quarterly net profit attributable to owners of parent was revised to ¥4.9 billion, an increase of ¥400 million.

The above forecast was created based on economic conditions at the time that the second quarter consolidated summary report was drafted. Various unforeseen factors could cause the actual performance results to differ from what is forecast here.

Contents of Appendix

1. Other Information

(1) Changes in significant subsidiaries

Not applicable.

(2) Application of special accounting method for preparing quarterly consolidated financial statements

Income taxes

Income taxes are calculated using the estimated annual effective tax rate including deferred tax assets and liabilities.

(3) Changes in accounting policies, procedures, estimates, retrospective restatements, etc.

(Changes in accounting policies)

(Application of Accounting Standard for Business Combinations and other Standards)

Starting with the first three-month period of the fiscal year ending December 31, 2016, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21; September 13, 2013, hereinafter “Business Combinations Accounting Standard”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22; September 13, 2013, hereinafter “Consolidation Accounting Standard”) and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7; September 13, 2013, hereinafter “Business Divestitures Accounting Standard”) and other standards. Accordingly, the Company’s accounting policies have been changed, the difference arising from a change in the Company’s ownership interest in a subsidiary over which the Company continues to have control is recorded as capital surplus and acquisition-related costs are expensed in the consolidated fiscal year when they are incurred. In addition, for business combinations to be performed at and after the beginning of the first quarter of fiscal year 2016, a method was changed to recognize an adjustment to the provisional amount arising from the finalization of the tentative accounting treatment relating to the allocation of acquisition cost in the consolidated financial statements for the quarter where the date of business combination belongs. Additionally, the Company has changed the presentation of net income and other related items, and the presentation of “minority interests” to “non-controlling interests”. To reflect this change in presentation, the reclassification of accounts has been made to the consolidated financial statements for the six months ended June 30, 2015 and the fiscal year ended December 31, 2015.

In the consolidated statements of cash flows for the quarter, cash flows from purchase or sale of the shares and capital of subsidiaries with no changes in the scope of consolidation are included in “Cash flows from financing activities” and cash flows from purchase related costs of the shares and capital of subsidiaries with changes in the scope of consolidation or costs related to purchase or sale of the shares and capital of subsidiaries with no changes in the scope of consolidation are included in “Cash flows from operating activities”.

The Business Combinations Accounting Standard and others were adopted in accordance with transitional treatments stipulated in Paragraph 58-2(4) of the Business Combinations Accounting Standard, Paragraph 44-5(4) of the Consolidation Accounting Standard and Paragraph 57-4(4) of the Business Divestitures Accounting Standard, and they have been prospectively adopted from the beginning of the first quarter of the fiscal year 2016.

Regarding the consolidated statements of cash flows for the quarter, the Company has applied the transitional treatments stipulated in Paragraph 26-4 of “Practical Guidelines on Accounting Standards for Preparing Consolidated Statements of Cash Flows” and has not reclassified the comparative information.

As a result, capital surplus decreased by 894 million yen at the end of this second quarter.

2.Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. dollars
	As of Dec. 31, 2015	As of Jun. 30, 2016	As of Jun. 30, 2016
Assets			
Current assets:			
Cash and deposits	¥ 8,413	¥ 31,268	$ 303,573
Notes and accounts receivable	32,088	33,720	327,379
Marketable securities	13,115	-	-
Merchandise and finished goods	20,874	18,427	178,903
Work in process	1,041	498	4,835
Raw material and supplies	23,698	20,022	194,388
Other current assets	16,977	8,829	85,718
Allowance for doubtful accounts	(305)	(249)	(2,417)
Total current assets	115,903	112,516	1,092,388
Fixed assets:			
Property, plant and equipment:			
Buildings and structures, net	17,089	16,287	158,126
Machinery, equipment and vehicles, net	19,674	18,010	174,854
Tools and furniture, net	1,138	1,086	10,544
Land	13,684	12,929	125,524
Lease assets, net	430	386	3,748
Construction in progress	1,605	2,189	21,252
Property, plant and equipment net	53,622	50,890	494,078
Intangible assets:			
Goodwill	7,616	6,148	59,689
Trademark right	2,392	1,988	19,301
Customer relationship	2,777	2,287	22,204
Software	1,522	1,515	14,709
Other intangible assets	365	337	3,272
Total intangible assets	14,675	12,278	119,204
Investments and other assets:			
Investment securities	19,764	18,123	175,951
Other assets	4,992	5,284	51,301
Allowance for doubtful accounts	(72)	(76)	(738)
Total investments and other assets	24,684	23,331	226,515
Total fixed assets	92,982	86,500	839,806
Total assets	¥ 208,885	¥ 199,016	$ 1,932,194

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 June 30, 2016.

	Millions of Yen		Thousands of U.S. dollars
	As of Dec. 31, 2015	As of Jun. 30, 2016	As of Jun. 30, 2016
Liabilities			
Current liabilities:			
Notes and accounts payable	¥ 15,204	¥ 14,474	$ 140,524
Short-term borrowings	10,780	8,148	79,107
Current portion of long-term borrowings	834	5,416	52,583
Other payable	9,438	9,628	93,476
Income taxes payable	2,206	1,440	13,981
Accrued bonuses for employees	572	477	4,631
Accrued bonuses for directors	56	23	223
Provision for voluntary recall of goods	-	729	7,078
Other current liabilities	6,628	3,637	35,311
Total current liabilities	45,722	43,977	426,961
Long-term liabilities:			
Long-term loans payable	25,701	30,712	298,175
Net defined benefit liability	4,915	4,731	45,932
Other liabilities	6,201	5,670	55,049
Total long-term liabilities	36,818	41,114	399,165
Total liabilities	82,541	85,091	826,126
Net Assets			
Shareholder's equity:			
Common stock	19,985	19,985	194,029
Capital surplus	23,733	22,839	221,738
Retained earnings	61,916	62,942	611,087
Treasury stock	(314)	(1,430)	(13,883)
Total shareholder's equity	105,320	104,336	1,012,971
Accumulated other comprehensive income :			
Unrealized gain on available-for-sale securities	6,444	5,372	52,155
Deferred gains or losses on derivatives under hedge accounting	6,952	1,691	16,417
Foreign currency translation adjustments	1,787	(2,341)	(22,728)
Remeasurements of defined benefit plans	(1,024)	(997)	(9,680)
Total accumulated other comprehensive income	14,160	3,724	36,155
Subscription rights to shares	19	32	311
Non-controlling interests	6,844	5,830	56,602
Total net assets	126,344	113,924	1,106,058
Total liabilities and net assets	¥ 208,885	¥ 199,016	$ 1,932,194

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 June 30, 2016.

(2) Consolidated Statements of Income and Comprehensive Income

	Millions of Yen		Thousands of U.S. dollars
	Six months ended Jun. 30, 2015	Six months ended Jun. 30, 2016	Six months ended Jun. 30, 2016
Net sales	¥ 93,993	¥ 98,318	$ 954,544
Cost of sales	52,996	54,210	526,311
Gross profit	40,996	44,108	428,233
Selling, general and administrative expenses	37,890	38,603	374,786
Operating income	3,106	5,504	53,437
Other income			
Interest income	121	119	1,155
Dividend income	177	210	2,039
Share of profit of entities accounted for using equity method	28	44	427
Insurance income	65	155	1,505
Other	248	198	1,922
Total other income	641	730	7,087
Other expenses			
Interest expense	90	121	1,175
Foreign exchange losses	66	320	3,107
Other	129	149	1,447
Total other expenses	286	592	5,748
Ordinary income	3,461	5,642	54,777
Extraordinary gain			
Gain on sales of fixed assets	35	579	5,621
Compensation income for expropriation	-	46	447
Gain on forgiveness of debt	69	-	-
Total extraordinary gain	105	625	6,068
Extraordinary loss			
Loss on disposal of fixed assets	26	46	447
Loss on valuation of investment securities	0	22	214
Loss on disaster	-	129	1,252
Expense for voluntary recall of goods	-	752	7,301
Loss on reorganization	-	69	670
Total extraordinary loss	26	1,020	9,903
Income before income taxes	3,540	5,247	50,942
Income taxes			
Income taxes - current	1,406	1,633	15,854
Income taxes - deferred	(14)	131	1,272
Total income taxes	1,391	1,764	17,126
Net income	¥ 2,148	¥ 3,483	$ 33,816
Attributable to shareholders of parent	2,020	3,214	31,204
Attributable to non-controlling interests	128	269	2,612
Other comprehensive income			
Unrealized gain on available- for- sale securities	1,256	(1,072)	(10,408)
Deferred gains or losses on derivatives under hedge accounting	(715)	(5,267)	(51,136)
Foreign currency translation adjustments	(531)	(5,118)	(49,689)
Remeasurements of defined benefit plans	47	28	272
Share of other comprehensive income of an affiliate by the equity method	4	2	19
Total other comprehensive income	62	(11,427)	(110,942)
Comprehensive income	¥ 2,211	¥ (7,944)	$ (77,126)
Attributable to shareholders of parent	2,154	(7,221)	(70,107)
Attributable to non-controlling interests	57	(722)	(7,010)

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 June 30, 2016.

(3) Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	Six months ended Jun. 30, 2016	Six months ended Jun. 30, 2016	Six months ended Jun. 30, 2016
Cash flows from operating activities:			
Income before income taxes	¥ 3,540	¥ 5,247	$ 50,942
Depreciation and amortization	2,888	2,912	28,272
Amortization of goodwill	727	388	3,767
Interest and dividend income	(298)	(330)	(3,204)
Interest expense	90	121	1,175
Increase (decrease) in accrued bonuses	(51)	(124)	(1,204)
Increase (decrease) in other provisions	127	714	6,932
Increase (decrease) in net defined benefit liability	(46)	(95)	(922)
Share of loss (profit) of entities accounted for using equity method	(28)	(44)	(427)
Loss on valuation of investment securities	0	22	214
Loss (gain) on sales and disposal of fixed assets- net	(8)	(532)	(5,165)
Compensation income for expropriation	-	(46)	(447)
Gain on forgiveness of debt	(69)	-	-
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable	(474)	(2,475)	(24,029)
Decrease (increase) in inventories	2,522	4,175	40,534
Decrease (increase) in accounts receivable- other	566	194	1,883
Increase (decrease) in notes and accounts payable	1,382	(322)	(3,126)
Increase (decrease) in accounts payable- other	(2,339)	914	8,874
Decrease (increase) in other current assets	(499)	(431)	(4,184)
Increase (decrease) in other current liabilities	321	76	738
Other- Increase (decrease)- net	(82)	384	3,728
Subtotal	8,267	10,747	104,340
Cash received from interest and dividend income	280	301	2,922
Cash paid for interest expense	(139)	(134)	(1,301)
Cash paid for income taxes	(179)	(2,464)	(23,922)
Proceeds from compensation for expropriation	-	153	1,485
Net cash provided by (used in) operating activities	8,229	8,603	83,524
Cash flows from investing activities:			
Disbursement for time deposits	(182)	(10,036)	(97,437)
Proceeds from repayment of time deposits	3	86	835
Purchases of marketable and investment securities	(11)	(6)	(58)
Proceeds from sales and redemption of securities	4,012	-	-
Collection of loans receivable	259	29	282
Acquisition of fixed assets	(1,953)	(3,512)	(34,097)
Proceeds from sales of fixed assets	168	549	5,330
Purchase of the shares and capital of subsidiaries with changes in the scope of consolidation	(9,003)	-	-
Other- Increase (decrease)- net	(16)	(2)	(19)
Net cash provided by (used in) investing activities	(6,723)	(12,892)	(125,165)
Cash flows from financing activities:			
Increase (decrease) in short- term borrowings	(2,870)	(1,165)	(11,311)
Increase (decrease) in commercial papers	10,000	-	-
Proceeds from long- term borrowings	-	11,029	107,078
Repayments of long- term borrowings	(1,642)	(518)	(5,029)
Repayments of finance lease obligations	(46)	(32)	(311)
Dividends paid	(1,624)	(2,163)	(21,000)
Purchase of the shares and capital of subsidiaries with no changes in the scope of consolidation	-	(1,378)	(13,379)
Proceeds from share issuance to non-controlling interests	132	193	1,874
Decrease (increase) in treasury stock	114	(1,115)	(10,825)
Net cash provided by (used in) financing activities	4,063	4,848	47,068
Foreign translation adjustment on cash and cash equivalents	6	(743)	(7,214)
Net increase (decrease) in cash and cash equivalents	5,576	(182)	(1,767)
Cash and cash equivalents at the beginning of period	18,960	21,075	204,612
Cash and cash equivalents at the end of period	¥ 24,537	¥ 20,892	$ 202,835

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 June 30, 2016.