

Consolidated Summary Report <under Japanese GAAP>

for the six months ended September 30, 2013

October 24, 2013

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya
 Code number : 2811 URL <http://www.kagome.co.jp>
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 Quarterly securities report issuing date: November 8, 2013
 Dividend payment date: -
 Supplemental information for quarterly financial statements: Yes.
 Schedule for quarterly "investor meeting presentation": Yes.

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

1. Consolidated Financial Data for the Six Months ended September 30, 2013

(1) Results of Operations (% 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	%
Six months ended								
September 30, 2013	103,734	-2.0	5,021	-33.1	5,467	-30.5	3,994	-29.6
September 30, 2012	105,876	12.2	7,503	31.4	7,869	30.7	5,673	88.0

(Reference) Comprehensive income September 30, 2013: 6,370 million yen (31.7%), September 30, 2012: 4,837 million yen (59.8%)

	Earnings Per Share	Diluted Earnings per Share
	yen	yen
Six months ended		
September 30, 2013	40.17	—
September 30, 2012	57.04	—

(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
As of				
September 30, 2013	173,486	108,562	60.7	1,059.43
March 31, 2013	168,965	104,432	60.1	1,020.86

(Reference) Shareholders' equity as of September 30, 2013: 105,246 million yen; March 31, 2013: 101,539 million yen

2. Dividends on Common Stock

	Dividends per Share				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2013	yen	yen	yen	yen	yen
ending March 31, 2014	—	—	—	20.00	20.00
ending March 31, 2014(Forecast)	—	—	—	22.00	22.00

(*) Revision of forecasts for dividends on the presentation date of this Consolidated Summary Report: None.

3. Earnings Forecasts for the Fiscal Year ending March 31, 2014 (Consolidated)

(% 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 year ending March 31, 2014	195,000	-0.6	6,800	-26.7	7,200	-28.2	4,700	-27.5	47.26

(*) Revision of earnings forecasts on the presentation date of this Consolidated Summary Report: None.

4. Explanation of Operations Results

The environment surrounding the Japanese economy in the current consolidated cumulative second quarter (April 1-September 30, 2013) is that of a gradual improvement and maintenance of basic business confidence through Prime Minister Abe's economic policy of "Abenomics." For consumers there has been a greater concern regarding increasing pressures on household budgets due to factors including price increases for daily necessities and electricity. The future has not been clear.

For Kagome it 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 from the same period last year, and this is 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 same period last year yields a higher adjusted figure, so while in fact income has increased it did not meet the target specified in the plan drafted at the beginning of the period.

Domestically, beverages and food remain in essence unchanged from the year before, but did not reach the standard planned at the beginning of the period. However institutional and industrial products, gift products, fresh vegetables 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. Sales for that company showed a net increase during the consolidated cumulative first quarter, and sales also increased due to the conversion rate of the weak yen. The result was increased income.

In terms of profits, the ratio of costs of goods sold increased by three percentage points compared to the same period last year. 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 ratio of costs of goods sold is 0.5 percentage points, and this is largely due to fresh tomato market conditions and exchange rates having a negative impact on the company. The ratio of sales promotional costs to sales decreased 2.9 percentage points compared to the same period last year. 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 promotion 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 has in actuality risen 0.4 percentage points. Advertising and promotional expenditure was used within the direct marketing segment to secure new customers, and as such increased by 283 million yen.

Overseas a weakening of the yen in America, Europe and Australia led to increased revenues upon conversion, and in the local currency base as well profits increased in all areas including America, Europe, Australia and Asia.

As a result of the above, net operating profit has decreased from the same period in the previous year.

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

Item	(Units: Million Yen, %)							
	(1) Previous Consolidated Cumulative		(2) Previous Consolidated Cumulative		(3) Current Consolidated Cumulative		Actual Increase/Decrease {(3)-(2)}	
	Second Quarter		Second Quarter <Post-Adjustment>		Second Quarter			
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Change
Sales	105,876	100.0	100,796	100.0	103,734	100.0	2,937	2.9
Cost of Goods Sold	52,764	49.8	52,764	52.3	54,781	52.8	2,016	3.8
Gross Operating Income	53,111	50.2	48,032	47.7	48,953	47.2	920	1.9
Sales Commissions	2,575	2.4	2,575	2.5	2,746	2.6	170	6.6
Sales Promotion Costs	19,985	18.9	14,905	14.8	16,642	16.0	1,737	11.7 (Note 2)
Advertising and Promotional Expenditure	4,111	3.9	4,111	4.1	4,394	4.2	283	6.9
Freight & Storage Expenses	5,396	5.1	5,396	5.3	5,720	5.5	323	6.0
Labor Costs	7,626	7.2	7,626	7.6	7,948	7.7	322	4.2
Other	5,914	5.6	5,914	6.0	6,479	6.4	565	9.6
Sales Expense and General Administrative Expenses	45,608	43.1	40,528	40.3	43,931	42.4	3,403	8.4
Net Operating Profit	7,503	7.1	7,503	7.4	5,021	4.8	(2,482)	(33.1)

(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 goods sold ratio increased due to the negative effects of fresh tomato market conditions and exchange rates. The main reason for the increase in sales promotion costs is the recording of expenses using the old price system in the month the price change occurred, as stated above. This is a temporary situation, but expenses also increased to secure promotional vehicles. The increase in advertising and promotional expenditure and other expenses are due to their application as investment expenditures toward the realization of "Next 50."

As a result, sales for the current consolidated cumulative second quarter have fallen by 2.0% in comparison to the same period last year, to 103.734 billion yen. Net operating profit has fallen 33.1% in comparison to the same period last year to 5.021 billion yen, and ordinary profit has fallen 30.5% in comparison to the same period last year to 5.467 billion yen. Furthermore, the company sold investment securities in its possession and recorded those gains as an extraordinary profit. As a result, net profit for the quarter fell 29.6% from the same period last year to 3.994 billion yen.

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

(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 current quarter.

(2) Utilization of unique accounting methods: Yes.

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

(A) Changes due to revision of accounting standards: None.

(B) Changes due to reasons other than (A): Yes.

(C) Changes in accounting estimates: Yes.

(D) Retrospective restatements: None.

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

(A) Total stocks outstanding including treasury stocks:

September 30, 2013	99,616,944 shares	March 31, 2013	99,616,944 shares
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(B) Treasury stocks: September 30, 2013	273,895 shares	March 31, 2013	152,284 shares
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(C) Average outstanding stocks: Six months ended September 30, 2013	99,451,949 shares
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Six months ended September 30, 2012	99,465,299 shares
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* Disclosure regarding the execution of the quarterly review process

This “Consolidated Summary Report” (Quarterly “Tanshin”) is outside the scope of the external auditor’s quarterly review procedure which is required by “Financial Instruments and Exchange Act”. Therefore, the quarterly review 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.

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1. Other Information

(1) Changes in significant subsidiaries

Not applicable.

(2) Utilization of unique accounting methods

Income taxes

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

(3) 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 second quarter ended September 30, 2013, these changes increased operating income, ordinary income and income before income taxes and minority interests by 426 million yen, respectively.

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2013 AND SEPTEMBER 30, 2013

Millions of Yen

	31-Mar-13	30-Sep-13
	Amount	Amount
Assets		
Current assets:		
Cash and deposits	¥ 18,498	¥ 19,586
Notes and accounts receivable	27,175	30,142
Marketable securities	14,817	12,677
Merchandise and finished goods	15,031	15,139
Work in process	590	114
Raw material and supplies	14,515	15,212
Other current assets	8,316	9,884
Allowance for doubtful accounts	(111)	(123)
Total current assets	98,835	102,633
Fixed assets:		
Property, plant and equipment:		
Buildings and structures, net	14,611	14,787
Machinery, equipment and vehicles, net	13,809	14,286
Tools and furniture, net	869	983
Land	12,814	13,329
Lease assets, net	1,373	1,171
Construction in progress	787	1,481
Total property, plant and equipment	44,265	46,040
Intangible assets:		
Goodwill	1,996	1,632
Software	2,802	2,451
Other intangible assets	382	360
Total intangible assets	5,182	4,444
Investments and other assets:		
Investment securities	14,421	14,087
Other assets	6,352	6,370
Allowance for doubtful accounts	(90)	(90)
Total investments and other assets	20,683	20,367
Total fixed assets	70,130	70,852
Total assets	¥ 168,965	¥ 173,486

Millions of Yen

	31-Mar-13	30-Sep-13
	Amount	Amount
Liabilities		
Current liabilities:		
Notes and accounts payable	¥ 14,803	¥ 13,806
Short-term borrowings	7,010	7,993
Current portion of long-term borrowings	1,006	2,004
Other payable	11,594	10,608
Income taxes payable	2,283	2,352
Accrued bonuses for employees	2,386	1,935
Accrued bonuses for directors	76	25
Other current liabilities	2,687	2,168
Total current liabilities	41,848	40,894
Long-term liabilities:		
Long-term borrowings	15,522	16,462
Liabilities for employees' retirement benefits	2,839	3,012
Other liabilities	4,322	4,553
Total long-term liabilities	22,684	24,029
Total liabilities	64,533	64,923
Net Assets		
Shareholder's equity:		
Common stock	19,985	19,985
Capital surplus	23,733	23,733
Retained earnings	54,599	56,605
Treasury stock	(212)	(418)
Total shareholder's equity	98,106	99,905
Accumulated other comprehensive income :		
Unrealized gain on available-for-sale securities	2,254	2,380
Deferred gain on derivatives under hedge accounting	1,664	2,412
Foreign currency translation adjustments	(485)	547
Total accumulated other comprehensive income	3,433	5,340
Minority interest	2,892	3,315
Total net assets	104,432	108,562
Total liabilities and net assets	¥ 168,965	¥ 173,486

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE 2ND QUARTERS ENDED SEPTEMBER 30, 2012 AND 2013

Millions of Yen

	2012	2013
	Amount	Amount
Net sales	¥ 105,876	¥ 103,734
Cost of sales	52,764	54,781
Gross profit	53,111	48,953
Selling, general and administrative expenses	45,608	43,931
Operating income	7,503	5,021
Other income		
Interest income	144	118
Dividend income	173	144
Equity in earnings of affiliates by the equity method	41	59
Foreign exchange gains	—	47
Other	204	215
Total other income	563	585
Other expenses		
Interest expense	139	79
Foreign exchange losses	14	—
Other	43	59
Total other expenses	197	138
Ordinary income	7,869	5,467
Extraordinary gain		
Gain on sales of fixed assets	320	323
Gain on sales of investment securities	1	670
Compensation income	490	—
Gain on negative goodwill	214	—
Gain on change in equity	48	—
Total extraordinary gain	1,075	994
Extraordinary loss		
Loss on disposal of fixed assets	64	100
Write-down of investment securities	16	—
Write-down of golf club memberships	4	—
Loss on business liquidation	0	—
Total extraordinary loss	87	100
Income before income taxes and minority interests	8,858	6,361
Income taxes		
Income taxes - current	3,249	2,205
Income taxes - deferred	(18)	11
Total income taxes	3,230	2,217
Income before minority interests	5,627	4,144
Minority interests in net income (loss)	(46)	149
Net income	¥ 5,673	¥ 3,994
Addition: Minority interests in net income (loss)	(46)	149
Income before minority interests	5,627	4,144
Other comprehensive income:		
Unrealized (loss) gain on available-for-sale securities	(286)	125
Deferred (loss) gain on derivatives under hedge accounting	(368)	735
Foreign currency translation adjustments	(481)	1,364
Share of other comprehensive income of an affiliate by the equity method	346	—
Total other comprehensive income (loss)	(790)	2,226
Comprehensive income	¥ 4,837	¥ 6,370
Of which attributable to shareholders of the parent	4,968	5,902
Of which attributable to minority interests	(131)	468

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 2ND QUARTERS ENDED SEPTEMBER 30, 2012 AND 2013

Millions of Yen

	2012	2013
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 8,858	¥ 6,361
Depreciation and amortization	2,497	2,466
Amortization of goodwill	354	417
Gain on negative goodwill	(214)	—
Interest and dividend income	(317)	(263)
Interest expense	139	79
Decrease in accrued bonuses	(393)	(508)
Increase in other provisions	211	164
Equity in earnings of affiliates by the equity method	(41)	(59)
Loss (gain) on sales of investment securities-net	15	(672)
Gain on disposal of fixed assets-net	(255)	(222)
Compensation income	(490)	—
Changes in assets and liabilities:		
Increase in notes and accounts receivable	(3,323)	(2,486)
Decrease in inventories	1,524	821
Increase in accounts receivable-other	(1,021)	(71)
Increase (decrease) in notes and accounts payable	2,555	(1,249)
Increase in accounts payable-other	1,312	34
Increase in other current assets	(462)	(488)
Decrease in other current liabilities	(163)	(313)
Other-net	(137)	610
Subtotal	10,648	4,620
Cash received from interest and dividend income	328	212
Cash paid for interest expense	(143)	(78)
Cash received from compensation	490	—
Cash paid for income taxes	(3,211)	(2,191)
Net cash provided by operating activities	8,112	2,562
Cash flows from investing activities:		
Disbursement for time deposits	(10,000)	(5,000)
Proceeds from withdrawal of time deposits	10,000	2,500
Purchases of marketable and investment securities	(7)	(6)
Proceeds from sales of marketable and investment securities	2,307	1,618
Acquisition of fixed assets	(3,406)	(4,352)
Proceeds from sales of fixed assets	390	334
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	36	—
Purchase of stocks of an affiliate	—	(301)
Other increase	88	40
Other decrease	(97)	(27)
Net cash used in investing activities	(688)	(5,194)
Cash flows from financing activities:		
Decrease in short-term borrowings	(1,182)	(607)
Proceeds from long-term borrowings	6,103	2,130
Repayments of long-term borrowings	(6,623)	(380)
Repayments of lease obligations	(194)	(135)
Proceeds from stock issuance to minority shareholders	76	—
Dividends paid	(1,760)	(1,983)
Dividends paid to minority shareholders	(40)	(45)
Repurchase of treasury stock	(0)	(205)
Net cash used in financing activities	(3,621)	(1,228)
Foreign translation adjustment on cash and cash equivalents	10	308
Increase (decrease) in cash and cash equivalents	3,813	(3,552)
Cash and cash equivalents at the beginning of year	17,549	24,316
Cash and cash equivalents at the end of 2nd quarter	¥ 21,363	¥ 20,764