

Consolidated Summary Report <under Japanese GAAP>

For the fiscal year ended December 31, 2015

February 9, 2016

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya
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Annual general meeting date: March 25, 2016

Dividend payment date: March 8, 2016

Securities report issuing date: March 18, 2016

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, 2015

(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, 2015	195,619	—	6,723	—	7,015	—	3,441	—
December 31, 2014	159,360	—	4,328	—	4,969	—	4,366	—

(Reference) Comprehensive income December 31, 2015: 706 million yen (— %); December 31, 2014: 13,498 million yen (— %)

	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
Fiscal year ended	yen	yen	%	%	%
December 31, 2015	34.64	34.63	2.9	3.4	3.4
December 31, 2014	44.01	44.00	3.8	2.6	2.7

(Reference) Equity in earnings by the equity method December 31, 2015: 70 million yen; December 31, 2014: 72 million yen

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 changes for the fiscal year ended December 31, 2015 comparing with the consolidated results for fiscal year 2014 with a nine-month reporting period from April 1, 2014 to December 31, 2014 are not available.

In addition, for the same reason the changes for the fiscal year ended December 31, 2014 are also not available.

(Reference)

The following percentages (percentage changes after adjustment) for FY2015 (from January 1 to December 31, 2015) are comparing with the restated business results for the same previous period (from January 1 to December 31, 2014).

Net Sales		Operating Income		Ordinary Income		Net Income	
million yen	%	million yen	%	million yen	%	million yen	%
195,619	0.8	6,723	43.8	7,015	27.9	3,441	(29.7)

(2) Financial Conditions

	Total Assets	Total Net Assets	Net Assets Attributable to KAGOME Shareholders to Total Assets	Total Net Assets per Common Stock
Fiscal year ended	million yen	million yen	%	yen
December 31, 2015	208,885	126,344	57.2	1,201.96
December 31, 2014	203,413	124,566	58.8	1,204.77

(Reference) Shareholders' equity as of December 31, 2015: 119,480 million yen; December 31, 2014: 119,615 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
Fiscal year ended	million yen	million yen	million yen	million yen
December 31, 2015	12,039	(11,023)	1,555	21,075
December 31, 2014	1,753	(7,110)	1,793	18,960

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	yen	yen	yen	yen	yen	million yen	%	%
December 31, 2014	—	—	—	16.50	16.50	1,641	37.5	1.4
December 31, 2015	—	—	—	22.00	22.00	2,188	63.5	1.8
Fiscal year ending	—	—	—	22.00	22.00		48.6	
December 31, 2016(Forecast)								

3. Consolidated Forecasts for the Fiscal Year ending December 31, 2016

(% 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, 2016	97,000	3.2	2,600	(16.3)	2,900	(16.2)	2,000	(1.0)	20.12
For the year ending December 31, 2016	200,000	2.2	7,000	4.1	7,500	6.9	4,500	30.8	45.27

4. Other

(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: None.

(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, 2015 99,616,944 shares December 31, 2014 99,616,944 shares

(B) Treasury stocks: December 31, 2015 212,282 shares December 31, 2014 331,909 shares

(C) Average outstanding stocks: Fiscal year ended December 31, 2015 99,345,929 shares

Fiscal year ended December 31, 2014 99,227,844 shares

(Reference) Non-consolidated Financial Data

1. Non-consolidated Financial Data for the Fiscal Year ended December 31, 2015

(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, 2015	151,156	—	5,836	—	6,526	—	3,237	—
December 31, 2014	121,505	—	4,520	—	5,235	—	4,074	—

	Earnings Per Share	Diluted Earnings per Share
Fiscal year ended	yen	yen
December 31, 2015	32.59	32.58
December 31, 2014	41.06	41.06

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 changes for the fiscal year ended December 31, 2015 comparing with the operation results for fiscal year 2014 with a nine-month reporting period from April 1, 2014 to December 31, 2014 are not available.

In addition, for the same reason the changes for the fiscal year ended December 31, 2014 are also 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
Fiscal year ended	million yen	million yen	%	yen
December 31, 2015	175,994	115,436	65.6	1,161.08
December 31, 2014	176,427	114,374	64.8	1,151.86

(Reference) Shareholders' equity as of December 31, 2015: 115,417 million yen; December 31, 2014: 114,362 million yen

* 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) Analysis of Operating Results

[Overview of consolidated net sales for the fiscal year under review]

	Net sales (¥M)	Operating income (¥M)	Ordinary income (¥M)	Net income (¥M)	Net income per share (yen)
Fiscal year ended December 31, 2015	195,619	6,723	7,015	3,441	34.64
(Reference) Same period of the previous year*	194,020	4,676	5,485	4,896	49.35
Adjusted change*	0.8%	43.8%	27.9%	(29.7%)	(29.8%)
Fiscal year ended December 31, 2014 (year on year)	159,360	4,328	4,969	4,366	44.01

* The same period of the previous year refers to the period of the previous year (January 1, 2014, to December 31, 2014) that corresponds to the consolidated fiscal year under review (January 1, 2015, to December 31, 2015).

The adjusted change is in comparison with the same period of the previous year.

The changes in financial results given below are in comparison with the same period of the previous year.

During the consolidated fiscal year under review (January 1, 2015, to December 31, 2015), the Japanese economy continued to see gradual recovery, due in part to the effect of the economic policies implemented by the Japanese government and the Bank of Japan to shore up the economy. Meanwhile, consumer spending rallied relatively slowly. In terms of the food industry, conditions remained harsh, with the depreciating yen pushing up the costs of raw material imports and a lack of sufficient drivers sparking increases in logistics costs.

Amid such circumstances, Kagome has worked to increase corporate value and achieve sustained growth by focusing on three priority issues: (1) increasing value to refine product value and boost profitability, (2) improving productivity, and (3) implementing innovations for growth.

In regards to sales, domestic business revenues declined. The main factors included intensified competition in the core beverage business with other beverages. Meanwhile, international business revenues rose as the move to make Preferred Brands International, Inc. ("PBI") a consolidated subsidiary at the end of May 2015 brought about a net increase in net sales and the depreciation of the yen led to higher net sales totals in the U.S. and Asia on a yen-equivalent basis.

Despite the fall of net sales in the domestic business, the adverse effect on the cost of sales ratio caused by the rise in the unit prices of imported raw materials, and elevated logistics costs, efforts to improve productivity and other endeavors helped offset that negative impact and resulted in increased profits. International business also saw higher profits due to increased revenues in the U.S., the conversion of PBI into a consolidated subsidiary, and the revision of expenses at each consolidated subsidiary, among other factors. In the same period of the previous year, Kagome recorded ¥2.357 billion in gains from the sale of fixed assets, including the former Tokyo Branch Office property. These factors led to a decline in net income for the consolidated fiscal year under review.

As a result, net sales for the consolidated fiscal year under review rose 0.8% compared with the same period of the previous year to ¥195.619 billion. Operating income was up 43.8% compared with the same period of the previous year at ¥6.723 billion, while ordinary income was up 27.9% compared with the same period of the previous year at ¥7.015 billion. Net income for the consolidated fiscal year under review fell 29.7% compared with the same period of the previous year to ¥3.441 billion.

An overview of business results by segment is as follows:

Kagome implemented new names and classifications for its reporting segments beginning with the consolidated fiscal year under review. For more information, see “(5) Consolidated Financial Statement Notes (Segment Information, etc.)” in “5. Consolidated Financial Statement.”

(Unit: millions of yen)

Segment name	Net sales			Operating income		
	Same period of the previous year	Fiscal year ending December 31, 2015	Adjusted change	Same period of the previous year	Fiscal year ending December 31, 2015	Adjusted change
Beverage	80,970	74,425	(6,545)	2,761	2,266	(495)
Consumer packaged food	23,373	23,232	(141)	1,608	1,777	168
Gift product	7,941	8,006	64	(224)	91	316
Fresh vegetable	9,379	10,982	1,602	157	732	575
Direct marketing	8,532	8,777	244	86	888	801
Institutional and industrial	26,144	26,086	(58)	542	162	(380)
Other	15,494	15,491	(2)	573	601	28
Domestic business total	171,836	167,000	(4,385)	5,504	6,520	1,015
International institutional and industrial	36,917	40,350	3,432	(161)	886	1,048
Seeds and seedlings	3,164	3,756	592	(96)	(221)	(124)
Global tomato business total	40,082	44,106	4,024	(257)	665	923
Consumer business	752	3,839	3,087	(570)	(462)	108
International business total	40,834	47,946	7,111	(828)	203	1,031
Subtotal	212,671	214,947	2,276	4,676	6,723	2,047
Eliminations and adjustments	(18,650)	(19,327)	(677)	—	—	—
Total	194,020	195,619	1,598	4,676	6,723	2,047

<Domestic businesses>

Net sales for domestic businesses were down 2.8% compared with the same period of the previous year at ¥167 billion. Net sales for each business were as follows.

(1) Beverage business

In regards to the vegetable beverages category, we used the key phrase “vegetables with a high nutrient absorption rate” in reference to vegetable juice to appeal the value of consuming vegetables as juice, focusing on activities to spark demand for vegetable beverages as a whole. Specifically, we increased the value of the Yasaiseikatsu 100 series by increasing the vegetable content of the standard 200 ml paper-container products, which commemorated the 20th anniversary of its product launch in February 2015. In October, we launched the sale of easy-to-hold “Kagome Leaf Pack” at convenience stores only. Boasting even more fiber content than traditional offerings, the new Kagome Leaf Pack products enhance quality and value by delivering a more authentic texture and giving consumers a stronger sense of eating vegetables. In terms of promotions, we reinforced emphasis on making appeals of juice as an efficient way to consume vegetable through advertisements and in-store campaigns. Furthermore, the limited-time Yasaiseikatsu 100 products marketed under the theme of “Locally Grown, Nationally Consumed” were rated highly by customers.

As for tomato juice, we have been using only domestic raw materials for canned products since August 2015. Value has been increased to enable consumers to enjoy the deliciousness of tomatoes produced in Japan throughout the year.

In September, we launched GREENS, a new genre of fresh beverages that showcase the value of freshness. Customers have responded positively to the new products, which use Kagome's original cold coarse-straining production method to deliver the natural color, aroma, and texture of fruit and vegetables.

Despite the implementation of these measures, factors such as intensified competition with other beverages during the consolidated fiscal year under review resulted in a decrease in net sales.

In regards to the probiotics category, promotion was strengthened for the Plant-Based Lactic Acid Labre series. However, there was a decline in net sales despite these efforts.

As a result, net sales for the beverage business fell 8.1% from the same period of the previous year to ¥74.425 billion.

(2) Food business

On April 1, 2015, we revised the factory price of tomato ketchup due to factors such as a steep rise in the price of its raw material, tomato paste. In May, we held Omuraisu ("rice omelet") Stadium, a food event to determine the No. 1 rice omelet in Japan, as a measure to boost the demand for ketchup. We also strengthened in-store menu proposals, and sales remained strong even after the price revision.

As for the Anna Mamma Series, a lineup of products that make it easy for consumers to create authentic Italian dishes, we launched the new "Anna Mamma Neapolitan Pizza Sauce" in August. Enhanced menu proposals for special occasions like Halloween and Christmas bolstered strong sales.

In regards to sauce, on August 1, 2015, we revised the factory price of sauce due to the steep rise in the price of tomato paste and other raw materials. Net sales decreased for reasons that included the backlash from the surge in last-minute demand preceding the price revision.

As a result, net sales for the food business were down 0.6% from the same period of the previous year at ¥23.232 billion.

(3) Gift product business

Although declines in gift-giving demand continue to create challenging conditions throughout the gift product market, we introduced the "Premium Made-in-Japan Yasaiseikatsu Set," "Yasaiseikatsu Locally Grown, Nationally Consumed Kajitsu Meguri," and other products that showcase our unique value. Sales of these products were strong. We also worked to cultivate new demand by expanding the scope of Kagome's gift product business outside of gift giving. Proposals, which extended up to the development of private-label products, were made to a diverse range of new sales channels, such as online and catalog sales, disaster preparedness products, and gifts for corporate sales promotion.

As a result, net sales for the gift products business were up 0.8% from the same period of the previous year at ¥80.06 billion.

(4) Fresh vegetable business

In regards to fresh tomatoes, which are core offerings, we strengthened the sale of high-value-added products, such as High Lycopene Tomatoes, in line with mounting interest in functional vegetables. In order to improve our demand-supply response capabilities from summer to autumn when the amount circulating on the market is low, we carried out measures such as adjusting the timing of the planting period and adding on apply bases. In addition to these measures taken, the hike in market prices caused by bad weather worked in Kagome's favor, and we achieved record net sales.

We also focused on nurturing the Salad Bank "Packed Vegetable Salad" series, which launched in April 2015 and centers on high-lycopene tomatoes and mesclun.

As a result, net sales for the fresh vegetable business were up 17.1% from the same period of the previous year at ¥10.982 billion.

(5) Direct marketing business

Sales of new products, such as Tsubuyori Yasai, a beverage that was launched last year and is characterized by a texture that gives the sense of eating grated vegetables, and the plant-based supplement Sulforaphane, which we continue to nurture as a mainstay to follow beverages, were strong. We also expanded the product lineup for the seasonal limited-edition Yasaiwo Ajiwau Potage soup, boosting sales of the product.

As a result, net sales for the direct marketing business were up 2.9% from the same period of the previous year at ¥8.777 billion.

(6) Institutional and industrial product business

In the institutional and industrial market, there is mounting interest in tomato and vegetable dishes as well as a demand for products that simplify the cooking process. We designated Tomato Ingredient, Tomato Sauce, Vegetable Ingredient, and Vegetable Beverage as priority product categories and focused efforts on solutions sales to customers.

Despite the implementation of such measures, net sales for the institutional and industrial product business were down 0.2% from the same period of the previous year at ¥26.086 billion.

(7) Other businesses

Combined net sales for other domestic businesses, which include freight, warehousing, real-estate leasing, parking, and solar power generation, remained steady relative to the same period of the previous year at ¥15.491 billion.

<International business>

Net sales for international business were up 17.4% from the same period of the previous year at ¥47.946 billion. Net sales were favorably affected in the U.S. and Asia when converted to yen by the depreciated value of the yen. The situation for each segment is as follows.

(1) Global tomato business

[International institutional and industrial]

At U.S. subsidiary KAGOME INC. and Portuguese subsidiary Holding da Industria Transformadora do Tomate, SGPS S.A., sales to major food services customers were strong. Although losses at Italian subsidiary Vegitalia S.p.A. improved significantly due to revisions of the company's business structure, the company's income fell below that of the same period of the previous year. Meanwhile, sales to existing local customers remained strong at Australian subsidiary Kagome Australia Pty Ltd. and Taiwan Kagome Co., Ltd.

As a result, net sales for the international institutional and industrial business were up 9.3% from the same period of the previous year at ¥40.350 billion.

[Seeds and seedlings]

Sales at United Genetics Holdings LLC, a U.S. subsidiary, were strong. Turkish subsidiary United Genetics Turkey Tohum Fide A.S.'s seedling business also expanded sales, with operations of a new seedling production base performing well.

As a result, net sales for the seeds and seedlings business were up 18.7% from the same period of the previous year at ¥3.756 billion.

(2) Consumer business

The conversion of PBI, a U.S. subsidiary, into a consolidated subsidiary in May 2015 led to an increase in net sales. Kagome (Shanghai) Beverages Co., Ltd. carried out a review and revision of the business scheme for Kagome (Hangzhou) Food Co., Ltd., which had decided to liquidate its business. Efforts were focused on expanding the sale of vegetable beverages in China, but net sales decreased. Meanwhile, net sales at Thai subsidiary Osotspa Kagome Co., Ltd. decreased due to factors such as intensified competition with competing tomato juice products, which represent the main focus for the company.

As a result, net sales for the consumer business were up 410.4% from the same period of the previous year at ¥3.839 billion.

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1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. dollars
	31-Dec-14	31-Dec-15	31-Dec-15
Assets			
Current assets:			
Cash and deposits	¥ 11,458	¥ 8,413	\$ 70,108
Notes and accounts receivable	33,202	32,088	267,400
Marketable securities	12,625	13,115	109,292
Merchandise and finished goods	18,693	20,874	173,950
Work in process	927	1,041	8,675
Raw material and supplies	25,383	23,698	197,483
Deferred tax assets	600	634	5,283
Derivatives	14,473	10,297	85,808
Other current assets	5,650	6,044	50,367
Allowance for doubtful accounts	(171)	(305)	(2,542)
Total current assets	122,843	115,903	965,858
Fixed assets:			
Property, plant and equipment:			
Buildings and structures, net	15,317	17,089	142,408
Machinery, equipment and vehicles, net	17,259	19,674	163,950
Tools and furniture, net	1,094	1,138	9,483
Land	13,578	13,684	114,033
Lease assets, net	575	430	3,583
Construction in progress	3,783	1,605	13,375
Property, plant and equipment net	51,609	53,622	446,850
Intangible assets:			
Goodwill	2,904	7,616	63,467
Trademark right	0	2,392	19,933
Customer relationship	-	2,777	23,142
Software	1,903	1,522	12,683
Other intangible assets	358	365	3,042
Total intangible assets	5,166	14,675	122,292
Investments and other assets:			
Investment securities	17,630	19,764	164,700
Long-term loans receivable	2,280	2,010	16,750
Net defined benefit asset	1,798	994	8,283
Other assets	2,159	1,987	16,558
Allowance for doubtful accounts	(74)	(72)	(600)
Total investments and other assets	23,794	24,684	205,700
Total fixed assets	80,570	92,982	774,850
Total assets	¥ 203,413	¥ 208,885	\$ 1,740,708

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, 2015.

	Millions of Yen		Thousands of U.S. dollars
	31-Dec-14	31-Dec-15	31-Dec-15
Liabilities			
Current liabilities:			
Notes and accounts payable	¥ 14,150	¥ 15,204	\$ 126,700
Short-term borrowings	6,477	10,780	89,833
Current portion of long-term borrowings	2,160	834	6,950
Other payable	10,233	9,438	78,650
Income taxes payable	262	2,206	18,383
Deferred tax liabilities	4,879	2,788	23,233
Accrued bonuses for employees	395	572	4,767
Accrued bonuses for directors	34	56	467
Derivatives liabilities	41	13	108
Other current liabilities	3,742	3,827	31,892
Total current liabilities	42,380	45,722	381,017
Long-term liabilities:			
Long-term borrowings	27,119	25,701	214,175
Deferred tax liabilities	1,086	2,792	23,267
Net defined benefit liability	4,746	4,915	40,958
Other liabilities	3,514	3,409	28,408
Total long-term liabilities	36,466	36,818	306,817
Total liabilities	78,846	82,541	687,842
Net Assets			
Shareholder's equity:			
Common stock	19,985	19,985	166,542
Capital surplus	23,733	23,733	197,775
Retained earnings	60,116	61,916	515,967
Treasury stock	(517)	(314)	(2,617)
Total shareholder's equity	103,317	105,320	877,667
Accumulated other comprehensive income :			
Unrealized gain on available-for-sale securities	4,790	6,444	53,700
Deferred gains or losses on derivatives under hedge accounting	9,321	6,952	57,933
Foreign currency translation adjustments	3,178	1,787	14,892
Remeasurements of defined benefit plans	(992)	(1,024)	(8,533)
Total accumulated other comprehensive income	16,297	14,160	118,000
Subscription rights to shares	12	19	158
Minority interest	4,939	6,844	57,033
Total net assets	124,566	126,344	1,052,867
Total liabilities and net assets	¥ 203,413	¥ 208,885	\$ 1,740,708

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, 2015.

(2) Consolidated Statements of Income and Comprehensive Income

	Millions of Yen		Thousands of U.S. dollars
	FY 2014 Apr.-Dec.	FY 2015 Jan.-Dec.	FY 2015 Jan.-Dec.
Net sales	¥ 159,360	¥ 195,619	\$ 1,630,158
Cost of sales	91,744	110,304	919,200
Gross profit	67,615	85,314	710,950
Selling, general and administrative expenses	63,286	78,590	654,917
Operating income	4,328	6,723	56,025
Other income			
Interest income	261	230	1,917
Dividend income	193	276	2,300
Share of profit of entities accounted for using equity method	72	70	583
Foreign exchange gains	59	-	-
Other	531	564	4,700
Total other income	1,118	1,141	9,508
Other expenses			
Interest expense	216	158	1,317
Foreign exchange losses	-	337	2,808
Other	260	353	2,942
Total other expenses	477	850	7,083
Ordinary income	4,969	7,015	58,458
Extraordinary gain			
Gain on sales of fixed assets	2,357	81	675
Gain on sales of investment securities	-	297	2,475
Gain on change in equity	-	152	1,267
Gain on forgiveness of debt	-	68	567
Gain on abolishment of retirement benefit plan	87	-	-
Total extraordinary gain	2,444	600	5,000
Extraordinary loss			
Loss on disposal of fixed assets	621	156	1,300
Impairment loss	127	69	575
Loss on valuation of investment securities	283	32	267
Business structure improvement expenses	-	548	4,567
Loss on valuation of golf club membership	0	-	-
Loss on liquidation of subsidiaries and associates	15	-	-
Loss on reorganization	191	-	-
Total extraordinary loss	1,238	806	6,717
Income before income taxes and minority interests	6,175	6,808	56,733
Income taxes			
Income taxes - current	1,567	3,706	30,883
Income taxes - deferred	238	(197)	(1,642)
Total income taxes	1,806	3,509	29,242
Income before minority interests	4,368	3,299	27,492
Minority interests in net income	1	(141)	(1,175)
Net income	¥ 4,366	¥ 3,441	\$ 28,675
Addition: Minority interests in net income	1	(141)	(1,175)
Income before minority interests	4,368	3,299	27,492
Other comprehensive income			
Unrealized gain on available-for-sale securities	2,014	1,653	13,775
Deferred gains or losses on derivatives under hedge accounting	5,304	(2,367)	(19,725)
Foreign currency translation adjustments	2,069	(1,849)	(15,408)
Remeasurements of defined benefit plans	(252)	(33)	(275)
Share of other comprehensive income of an affiliate by the equity method	(5)	2	17
Total other comprehensive income	9,130	(2,593)	(21,608)
Comprehensive income	¥ 13,498	¥ 706	\$ 5,883
Of which attributable to shareholders of the parent	13,187	1,303	10,858
Of which attributable to minority interests	311	(597)	(4,975)

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, 2015.

(3) Consolidated Statements of Changes in Net Asset

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, 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, April 1, 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
Cumulative effects of changes in accounting policies													
Adjusted 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
Cash dividends			(1,641)		(1,641)								(1,641)
Net income			3,441		3,441								3,441
Repurchase of treasury stock				(2)	(2)								(2)
Disposal of treasury stock				205	205								205
Change in scope of consolidation													
Other net changes in the year						1,653	(2,368)	(1,390)	(32)	(2,137)	7	1,905	(225)
Total changes of items during period	—	—	1,799	203	2,003	1,653	(2,368)	(1,390)	(32)	(2,137)	7	1,905	1,777
Balance, December 31, 2015	¥ 19,985	¥ 23,733	¥ 61,916	¥ (314)	¥ 105,320	¥ 6,444	¥ 6,952	¥ 1,787	¥ (1,024)	¥ 14,160	¥ 19	¥ 6,844	¥ 126,344

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, 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
Cumulative effects of changes in accounting policies													
Adjusted 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
Cash dividends			(13,675)		(13,675)								(13,675)
Net income			28,675		28,675								28,675
Repurchase of treasury stock				(17)	(17)								(17)
Disposal of treasury stock				1,708	1,708								1,708
Change in scope of consolidation													
Other net changes in the year						13,775	(19,733)	(11,583)	(267)	(17,808)	58	15,875	(1,875)
Total changes of items during period	—	—	14,992	1,692	16,692	13,775	(19,733)	(11,583)	(267)	(17,808)	58	15,875	14,808
Balance, December 31, 2015	\$ 166,542	\$ 197,775	\$ 515,967	\$ (2,617)	\$ 877,667	\$ 53,700	\$ 57,933	\$ 14,892	\$ (8,533)	\$ 118,000	\$ 158	\$ 57,033	\$ 1,052,867

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, 2015.

(4) Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	FY 2014	FY 2015	FY 2015
	Apr.-Dec.	Jan.-Dec.	Jan.-Dec.
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 6,175	¥ 6,808	\$ 56,733
Depreciation and amortization	4,635	5,894	49,117
Impairment loss	127	250	2,083
Amortization of goodwill	1,375	1,230	10,250
Interest and dividend income	(455)	(506)	(4,217)
Interest expense	216	158	1,317
Increase (decrease) in accrued bonuses	(1,595)	200	1,667
Increase (decrease) in other provisions	(220)	109	908
Increase (decrease) in net defined benefit liability	301	207	1,725
Share of loss (profit) of entities accounted for using equity method	(72)	(70)	(583)
Loss (gain) on sales of investment securities	-	(297)	(2,475)
Loss (gain) on valuation of securities	283	97	808
Loss (gain) on sales and disposal of fixed assets- net	(1,736)	75	625
Loss (gain) on change in equity	-	(152)	(1,267)
Gain on forgiveness of debt	-	(68)	(567)
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable	(2,803)	1,312	10,933
Decrease (increase) in inventories	(3,362)	(1,273)	(10,608)
Decrease (increase) in accounts receivable- other	(519)	(386)	(3,217)
Increase (decrease) in notes and accounts payable	365	612	5,100
Increase (decrease) in accounts payable- other	1,042	(1,132)	(9,433)
Decrease (increase) in other current assets	456	(46)	(383)
Increase (decrease) in other current liabilities	53	(49)	(408)
Other- Increase (decrease)- net	14	230	1,917
Subtotal	<u>4,282</u>	<u>13,204</u>	<u>110,033</u>
Cash received from interest and dividend income	440	534	4,450
Cash paid for interest expense	(301)	(181)	(1,508)
Cash paid for income taxes	<u>(2,668)</u>	<u>(1,517)</u>	<u>(12,642)</u>
Net cash provided by (used in) operating activities	<u>1,753</u>	<u>12,039</u>	<u>100,325</u>
Cash flows from investing activities:			
Disbursement for time deposits	(7,097)	(443)	(3,692)
Proceeds from repayment of time deposits	9,823	1,110	9,250
Purchases of marketable and investment securities	(4,037)	(59)	(492)
Proceeds from sales and redemption of securities	224	4,420	36,833
Acquisition of fixed assets	(8,411)	(6,974)	(58,117)
Proceeds from sales of fixed assets	3,393	221	1,842
Payments of loans receivable	(873)	(0)	(0)
Collection of loans receivable	37	292	2,433
Purchase of shares and capital of subsidiaries resulting in change in scope of consolidation	-	(9,612)	(80,100)
Purchase of shares of subsidiaries and associates	(139)	(1)	(8)
Payments for investments in capital of subsidiaries and associates	(50)	-	-
Other- Increase (decrease)- net	21	23	192
Net cash provided by (used in) investing activities	<u>(7,110)</u>	<u>(11,023)</u>	<u>(91,858)</u>
Cash flows from financing activities:			
Increase (decrease) in short- term borrowings	1,010	4,018	33,483
Proceeds from long- term borrowings	5,328	688	5,733
Repayments of long- term borrowings	(2,580)	(2,259)	(18,825)
Repayments of finance lease obligations	(91)	(85)	(708)
Proceeds from share issuance to minority shareholders	187	722	6,017
Dividends paid	(2,181)	(1,646)	(13,717)
Dividends paid to minority shareholders	(66)	(86)	(717)
Decrease (increase) in treasury stock	186	203	1,692
Net cash provided by (used in) financing activities	<u>1,793</u>	<u>1,555</u>	<u>12,958</u>
Foreign translation adjustment on cash and cash equivalents	246	(456)	(3,800)
Net increase (decrease) in cash and cash equivalents	<u>(3,316)</u>	<u>2,114</u>	<u>17,617</u>
Cash and cash equivalents at beginning of period	22,295	18,960	158,000
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(17)	-	-
Cash and cash equivalents at end of period	<u>¥ 18,960</u>	<u>¥ 21,075</u>	<u>\$ 175,625</u>

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